



Perspectives on TV: dual screen, catch-up, connected
TV, advertising, and why people watch TV

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Foreword

You may recall a time in your life when your language skills and curiosity fused such that everything you said began with a plaintive “Why?”

In this year’s report, we endeavour to answer five of the questions about television that we have been asked most often – and most plaintively over the past year. Some of the questions are driven by the emergence of technologies which are shaping the viewing experience, such as second screens and connected TV. Some are driven by behaviour, such as understanding why we watch so much television despite the fervent complaining about what’s on. The final section concerns one of the major sources of funding for television – advertising – and why it has been so resilient over the last decade, despite the advance of new ad options, including a widening range of online ad formats.

We hope you enjoy this year’s perspectives on the UK television market and wish you all the best for this year’s Festival.



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WHY WE WATCH SO MUCH TV

Six billion hours. And that's in a quiet month. The amount of time the UK devotes to television continues to astound and perplex.

About 54.2 million people watch television in a given week, according to measured consumption data. This is equivalent to a reach of about 95 per cent of the population aged 4+.¹ On a typical evening in the United Kingdom, at about 9pm, some 27 million people are watching television.²

If we add in an estimate of TV viewing that is not currently measured, that is programme viewing on computers, tablets and smartphones, and by the under 4s,³ in a busy month total TV viewing in the UK is equivalent to all the time spent on all social networks worldwide – some 6.5 billion hours.⁴

Exactly why television occupies so much of our collective time – about a quarter of our waking hours – has been the subject of much debate for decades. Many pundits have foreseen an imminent plummet in TV viewing.⁵ The arrival of new, more efficient ways of watching television, and perceived falling standards of programming, are among the factors expected to precipitate a fall in TV viewing. Pundits can be fallible: TV viewing volumes have remained stable.

Looking ahead, Deloitte's assessment is that a sharp, imminent plunge in TV viewing is unlikely.

Why people watch TV

The principal reason why people watch television in the quantities they do is because television provides a daily stream of high-quality but low-cost content, which is diverse and popular, engaging and relaxing. It is also sufficiently entertaining and informative that viewers are willing, in seeming perpetuity, to come back for more.⁶

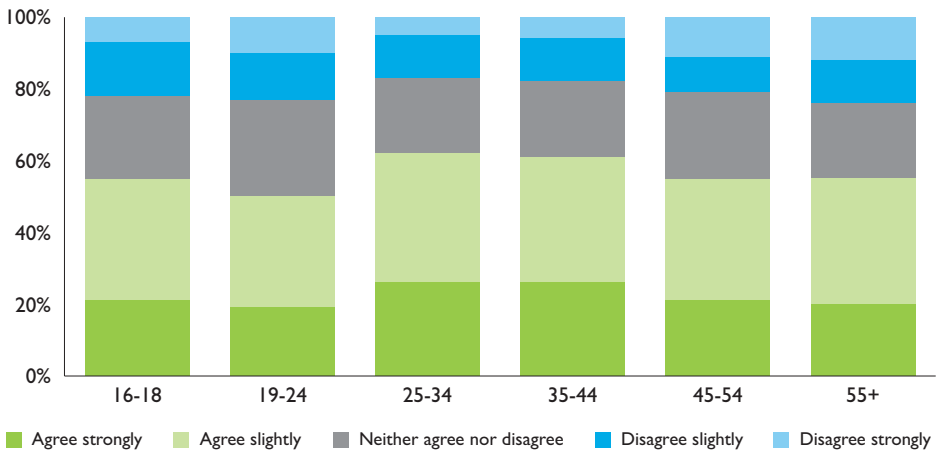
As well as satisfying our needs for entertainment and information, television is also a key enabler of another fundamental human need – being social.

Not all of us watch TV purely out of choice. For some – likely to number in the millions – a motivation for watching TV is to fill time. As TV offers so many hours of content, all at the push of a remote control button, it is a popular choice (or fallback) for just passing time.

TV's enduring and voluminous appeal is down to multiple factors. And as long as television continues delivering this and subject to no other medium being able to emulate TV's offer, it is likely to maintain – at our collective behest – its grip on our time.

Only nine per cent of our survey respondents disagreed “strongly” with the statement “I cannot imagine my life without television”; 22 per cent of the entire sample and 26 per cent of 25-44 year olds agreed “strongly”.⁷

Figure 1: Spectrum of agreement with the statement: “I cannot imagine life without television.”



Source: Deloitte/GfK, June 2012. Sample: all respondents (4,006, nationally representative)

High-quality and low-cost

The emergence of civilisation went hand-in-hand with the development of the first forms of popular entertainment. Storytelling, contest and drama have always been core to entertainment, and in relatively recent years, television has been appropriated to deliver this entertainment.

Entertainment has for millennia been professional, as talent is scarce and stagecraft expensive. Sharing the most precocious talent (actors and storytellers) and the best sets across as wide an audience as possible has long been the target business model. Television has extrapolated these dynamics, and through national and global distribution, enabled production budgets in the tens of millions of pounds to be shared among hundreds of millions of viewers.⁸

Television's huge reach enables its production costs, which can run into millions of pounds per hour, to be shared across millions of viewers. As television's reach is greater than most other media, it is hard for any other medium to compete with it.

When presented with a choice we tend to opt for higher quality outputs – hence the marked preference for professional TV productions over user-generated content. We also opt for lower prices. Television blends high production values with competitive pricing.

The relatively low cost of television also applies to the cost of television sets, which have fallen steadily over time. In the 1970s, businesses were built on renting television sets, which were otherwise unaffordable for millions. By 2011, the cost of a TV set was sufficiently low so that even though it was a non-World Cup year, 9.3 million TV sets were sold, equivalent to one new TV set for every three households in the UK.⁹ The purchase of new TV sets tends to encourage viewing.

Something for almost everyone

Television's diversity makes it highly inclusive.

Television offers an increasingly wide range of genres and programmes catering for the UK's diverse spectrum of tastes, stratified by an ever richer blend of nationalities and social classes. A small proportion of the population claims not to have a television, but for the other 98 per cent, television addresses, in various dosages, a need.

Television can deliver complex, but rewarding, Scandinavian thrillers that dominate dinner party conversations in select postcodes in North London.¹⁰ The same medium can deliver coverage of darts in high definition behind a pay wall, as well as a daily serving of soap operas watched by a faithful audience of millions. It is our trusted source of news, with news bulletins dominating the top 100 programmes watched week in, week out.¹¹



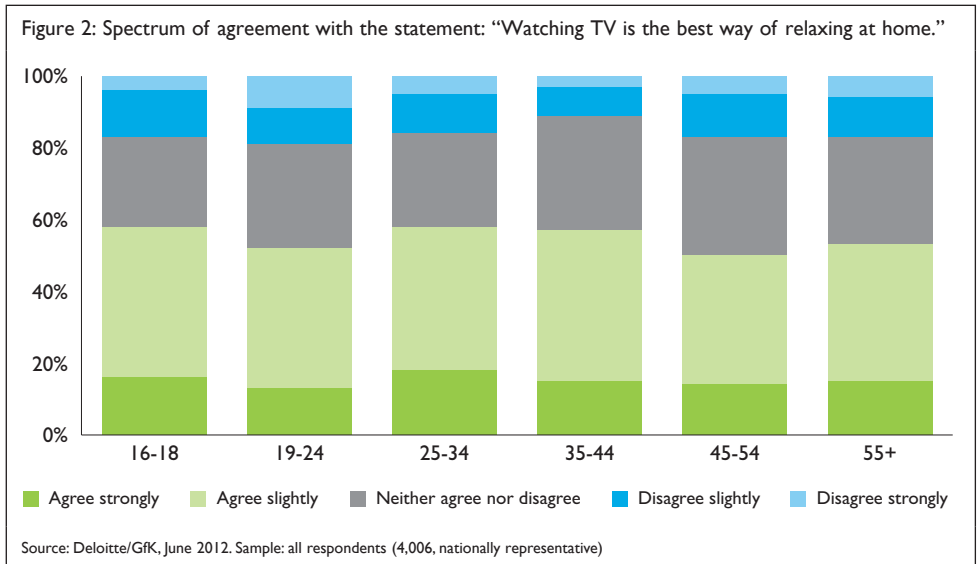
Television can offer multiple variants of the same genre. *The Million Pound Drop*, *Who Wants To Be A Millionaire*, *University Challenge*, *Britain's Best Brain*, *Pointless* and *Cleverdicks* are all examples of quiz shows, each appealing to different audiences.

Near 100 per cent reach multiplied by, for tens of millions of us, several hours of TV viewing a day adds up to over six billion hours viewing per month.

Engaging and relaxing

What people want from television is as varied as our population. For some, TV's primary role is to inform, via documentaries and the news. But the majority of us look to television as a primary way to relax.

At the end of a day we seek out entertainment that enables us to wind down while still being engaged. For over half of the population, TV is the "best way" of doing this (see Figure 2 for breakdown by age). TV's capacity to relax is higher among women: 57 per cent "strongly" or "slightly" agree with the statement "Watching TV is the best way of relaxing at home"; for men the proportion is 50 per cent.¹²



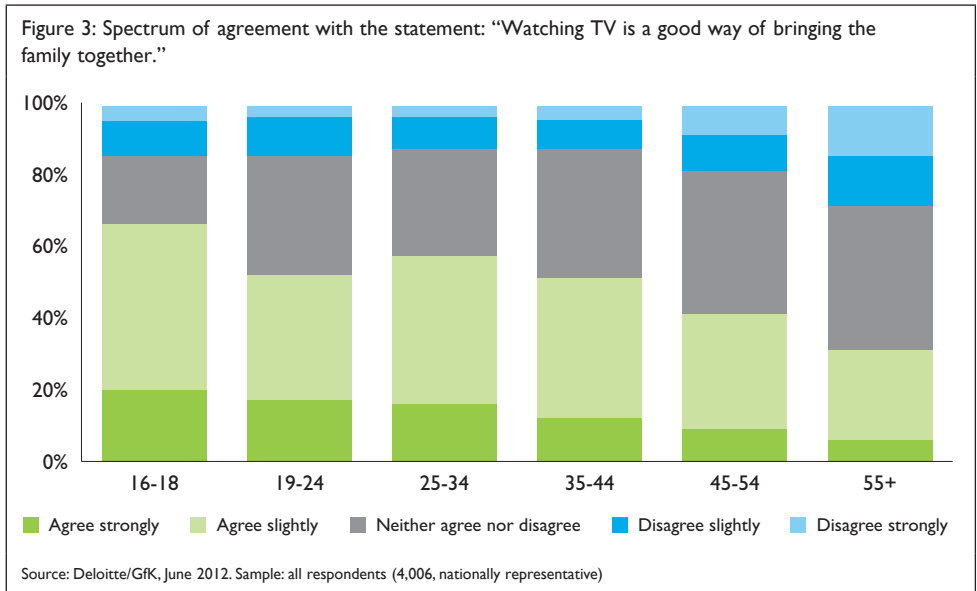
Television is the original social network

Humans are a highly social breed. The majority of us are happiest when in the company of others, indoors, outdoors, during leisure time or in offices. Many of us struggle without a regular dosage of social activity. Television often provides the motivation to gather with partners, friends, families and occasionally thousands of strangers.

Thus we use TV not just for the content, but also as a justification for being with others.

Television's ability to bring the family together is particularly noted by younger age groups: two-thirds of 16-18 year olds we polled agreed "strongly" or "slightly" with the statement "Watching TV is a good way of bringing the family together" (see Figure 3).

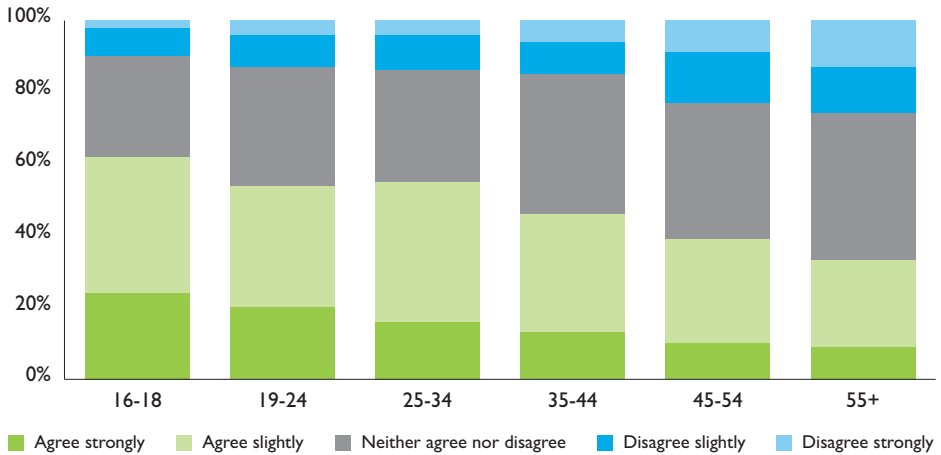
As we accrue devices, watching television together is likely to take on a new twist. In families with multiple devices, we may end up watching different programmes from the same sofa.



The social nature of television is reinforced by the tendency for TV viewing to be greater when programmes are watched with others. Most entertainment tends to be consumed collectively, whether watching sports or enjoying comedy, with just one other person, or tens of thousands.¹³ The preference for watching in company is strongest among the youngest age groups (see Figure 4).

The proliferation of social networks and high penetration of Instant Messaging (IM), email and other forms of digital communication, add to the social nature of television, through enabling discussion of what's watched across multiple households anywhere in the world.

Figure 4: Spectrum of agreement with the statement: "Watching TV with others is much more enjoyable than watching on my own."



Source: Deloitte/GfK, June 2012. Sample: all respondents (4,006, nationally representative)

Millions of people are not seeking the most productive way of watching television

A commonly heard lament is that we are all working longer hours than ever; we therefore have less spare time than ever and we have even less time for television. For such individuals personal video recorders (PVRs)¹⁴ and on-demand access to television are no doubt a major boon.

While those observations may be applicable to some, they may not be typical of the average citizen, who might not be looking for every technological means of optimising TV consumption. It is not everyone's aim to pack as much TV as possible into allotted viewing time.

The 55+ represent a third of the UK population aged over 16; older generations tend to watch the most television. Unemployment levels may also be an influence.¹⁵

In our survey, about 12 per cent agreed "strongly" with the statement that "I watch television as it's better than doing nothing".¹⁶ A further 36 per cent agreed "slightly" with the statement.¹⁷

Television's ability to entertain on a budget is reflected by the 20 per cent of respondents who agreed "strongly" with the statement "I watch television as it's cheaper than going out".¹⁸ A further third agreed "slightly" with the statement. Only seven per cent disagreed "strongly", with the proportion rising to 16 per cent among upper middle classes.

For some, then, television exists partly to fill a gap.

I, television

Why we watch television in such quantities is likely to continue to fascinate. Everyone's experience of pleasure from, and frustration with, television differs slightly. Television is what we want it to be, as it enables each of us to mould our personal viewing habits. But the core attractions are common to most of us: entertainment, relaxation and a means to be social.





For each of the past 21 years, the UK public has been polled for its views on the state of TV programming.

Every year, between 30 and 40 per cent of respondents have considered TV programming to have “got worse”.¹⁹ Only about one in ten respondents typically assess television as having improved.²⁰

Resilience in diversity

Yet lamenting the state of what's on TV is not – and has never been – reflected in TV audiences. Over the lifetime of this survey average TV viewing has varied little.²¹

Criticising programming may reflect a popular fondness for complaint rather than a material, substantive problem that might elicit a material, substantive reaction in the form of a sharp drop in time spent on TV, or a decline in pay TV revenues.²²

Indeed, we define ourselves as much by what we like, as by what we do not like. Quality is very personal and subjective. Thus what is on television, in its entirety, is never likely to please everyone, nor is it designed to. What some applaud as complex and demanding drama will be considered inaccessible by others; what some commend as classical, family entertainment may be damned as glitzy and vacuous by others.

To put this in numbers, every day in the UK there are 52 hours of first-run programmes on public service broadcaster (PSB) channels alone.²³ This is about one eightieth of the total. Across all channels (free-to-air and pay), 4,000 hours of mainstream genre programmes are broadcast every day. Over the course of a year, three million hours of programming are emitted. Yet the average viewer watches just 1,460 hours.²⁴

In short, we elect not to watch over 99.95 per cent of everything that's broadcast – largely because it is, by a fair margin, physically impossible.

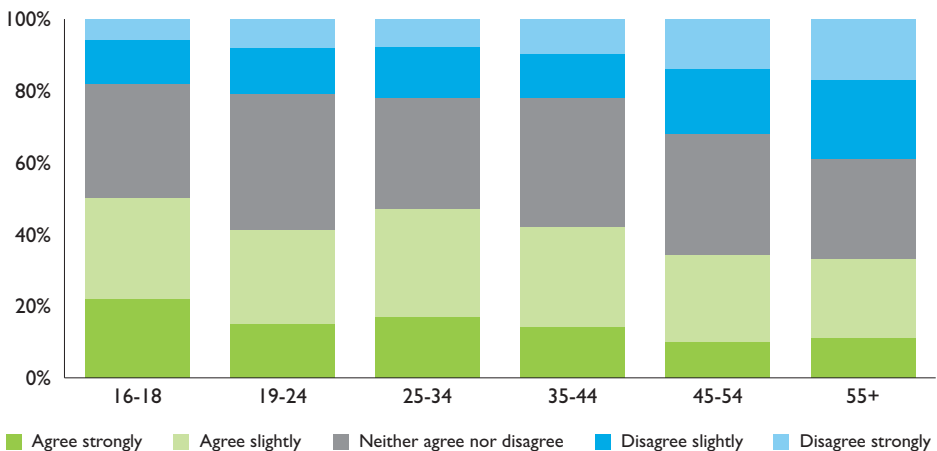
The grumble that there's nothing on TV may simply reflect television's diversity. The sheer quantity of TV programming means that inevitably we will dislike or ignore the majority of what is on. But this differs little from other media, be it music, books, newspapers or blogs.

It's not all that bad

Further, balancing the perennially disappointed third who consider standards to be falling are some more positive results in other polls. In research conducted for this report, 13 per cent of respondents agreed "strongly" with the statement "The quality of TV programmes is nowadays better than ever before". A further 25 per cent agreed "slightly" with the statement. Only 12 per cent disagreed "strongly"; a further 17 per cent disagreed "slightly".²⁵

Younger viewers have a more positive view of TV's progress: 46 per cent of 16-34 year olds agreed "slightly" or "strongly" with the statement (see Figure 5). This contrasts with 33 per cent among those aged 55+.²⁶

Figure 5: Spectrum of agreement with the statement: "The quality of TV programmes is nowadays better than ever before."



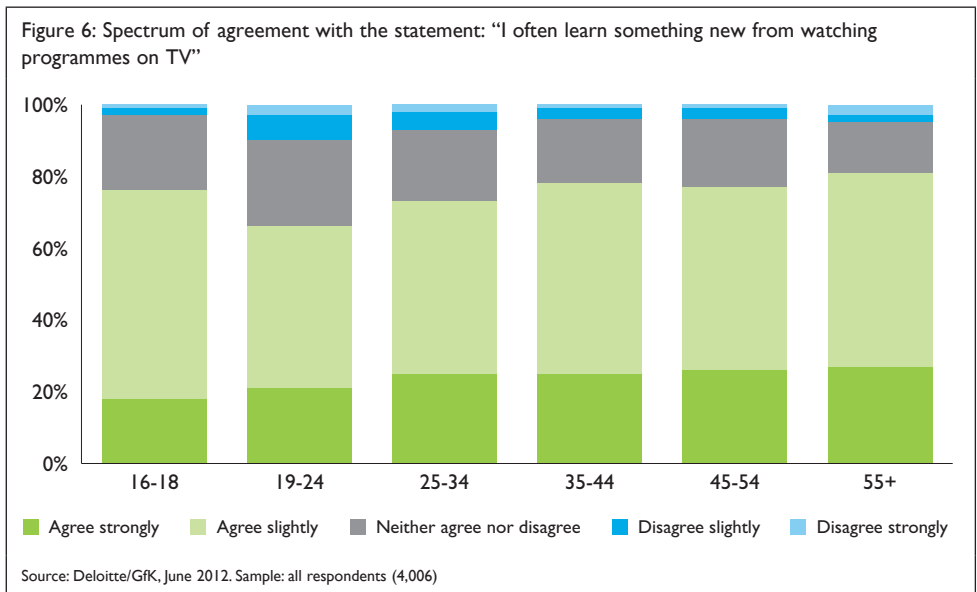
Source: Deloitte/GfK, June 2012. Sample: all respondents (4,006)

Younger viewers' greater satisfaction with television's progress may be related to their lower, and possibly more selective, consumption of TV. Their greater use of technology to determine what to watch, when to watch and on which device may also be a factor.

Those aged 16-24 generally watch two to three hours per day; the 55+ watch over five hours per day and the 65+ are watching close to six hours a day.²⁷ The 16-34 year old age group with access to a personal video recorder (PVR) time shifts about 20 per cent of viewing; among 65+ the ratio is closer to ten per cent.²⁸

Learning from TV

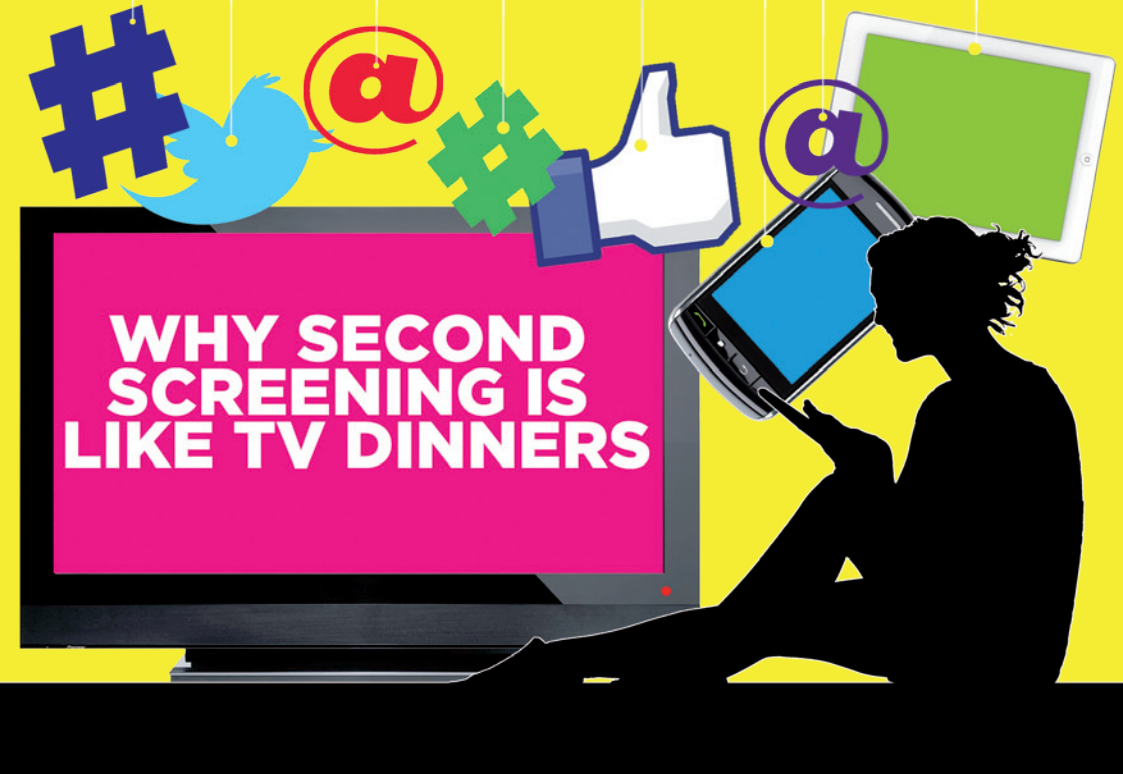
The UK's satisfaction with TV programmes is evidenced by other research. Three-quarters of respondents agreed "strongly" or "slightly" with the statement "I often learn something new from watching programmes on TV" (see Figure 6 for breakdown by age group). By contrast, just one in a hundred disagreed "strongly" with the statement.



Mustn't grumble

The British character is often meant to include a stiff upper lip – stoicism in the face of adversity. However, this trait seems not to apply when it comes to television, based on the volumes of complaints about what is on TV.

Yet whingeing about what's on TV is not necessarily a bad thing – it reflects diversity in output and an interest in what is being broadcast. Being complained about has always bettered being ignored, after all; if television did not matter, there would be neither complaints nor catcalls.



The rise of second screening – the use of other screens while watching TV – has been a source of excitement and concern for many of the TV and technology executives we have met with over the last year.

How pervasive are second screens and who is using them? What are they being used for? Is all content watched with a second screen? How intense is the usage and how distracting is it? How important is second screens' connectivity, given that the television typically, is not? How will the threat manifest? How can second screening bolster viewing? What return on investment does second screening deliver? Will second screening compete or complement with connected TV?

The downsides are various – and possibly overplayed. They could cause the number of ads we watch to fall. They could deplete the time devoted to watching TV, and the attention paid when doing so. For pay TV households, this could reduce the perceived value of subscriptions. But upsides are also evident – second screening can retain or increase attention paid to the incumbent alpha screen, that is the television.

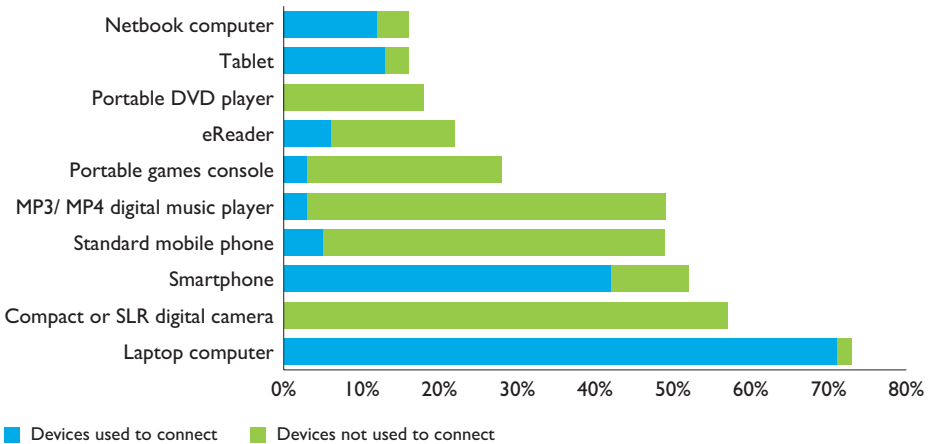
Second screening has been steadily emerging for years

Second screening has not appeared overnight. The ingredients required for second screening have been available and improving for over five years.

The majority of UK broadband homes have had Wi-Fi connections since 2008.²⁹ 3G has been available since 2002. Over 80 per cent of households have a computer; most of these are laptops. The majority of people in the UK now have a smartphone – albeit of varying capability. On average, UK citizens now have two portable, connected devices each (see Figure 7). Early adopters, about ten per cent of the population, boast an average four connected devices each.³⁰

The top three connected second screens owned are laptops, smartphones and tablets. Smartphone ownership is concentrated among younger age groups; tablet ownership is more evenly balanced.

Figure 7: Devices owned, split by those connected to the Internet



Note: UK respondents own, on average, four mobile devices and connect over 40 per cent of these. Some respondents might have multiple devices from each category.

Source: Deloitte Global Mobile Consumer Survey, UK data, May 2012. Sample: all respondents owning one or more device (2,019 respondents).

As the number of devices we have increases, the proportion of these devices which remain unused during a programme is likely to increase. Those taking tablets and smartphones into the living room are likely to opt for the larger screen.

Those using laptops, tablets and smartphones and wanting to discuss programmes via the Internet (or just chat with friends) might opt for the laptop due to its physical keyboard.

An accumulation of devices in the living room is unlikely to lead to constant swapping between different screens, largely as it is simply too much hard work.

Younger age groups are most likely to have multiple screens – often a combination of laptop and smartphone. Over the last five years, TV viewing among the age groups with the highest concentration of second (or third or fourth) screens has been largely stable at about just under three hours for 16-24 year olds and just over three hours for 25-34 year olds.

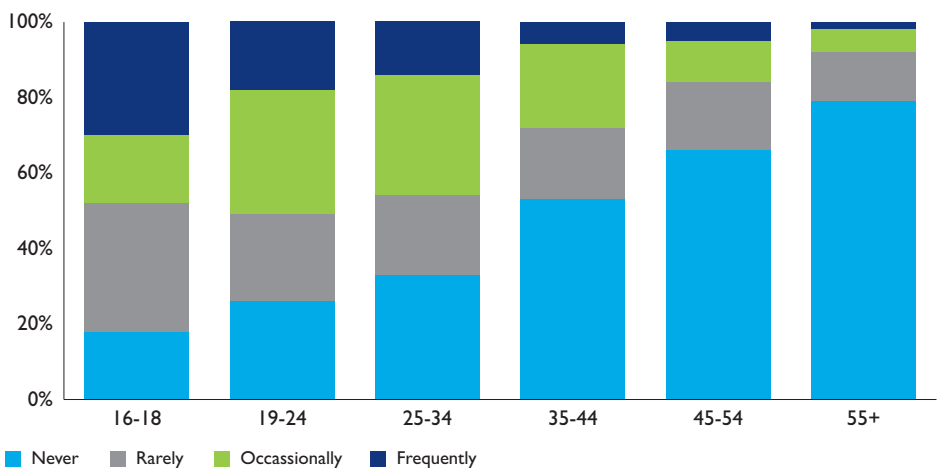
One could argue that second screens have had no impact on TV viewing. But it could also be that second screen activity helped maintain viewing. Conversely it could be claimed that without a less distracted audience, TV viewing might have risen.

Second screening is more about talking about content than interacting with programmes

Television is driving much of the existing second screen activity, but its impact is far greater in driving conversations *about* a programme, as opposed to interaction *with* the programme.

A lot of the most active second screening among younger age groups is purely in the form of talking about what's on TV, using email, social networks and other communications tools simply to discuss what we're viewing. About half of all 16-24 year olds do this "frequently" or "occasionally". Only one in five 16-18 year olds and one in four 19-24 year olds "never" use the Web to talk about what they're watching. Conversely 79 per cent of over 55s "never" use the Web to talk about what they're watching on TV (see Figure 8).

Figure 8: Frequency of communication with others via the Internet about the programme being watched by messaging, email, Facebook, Twitter

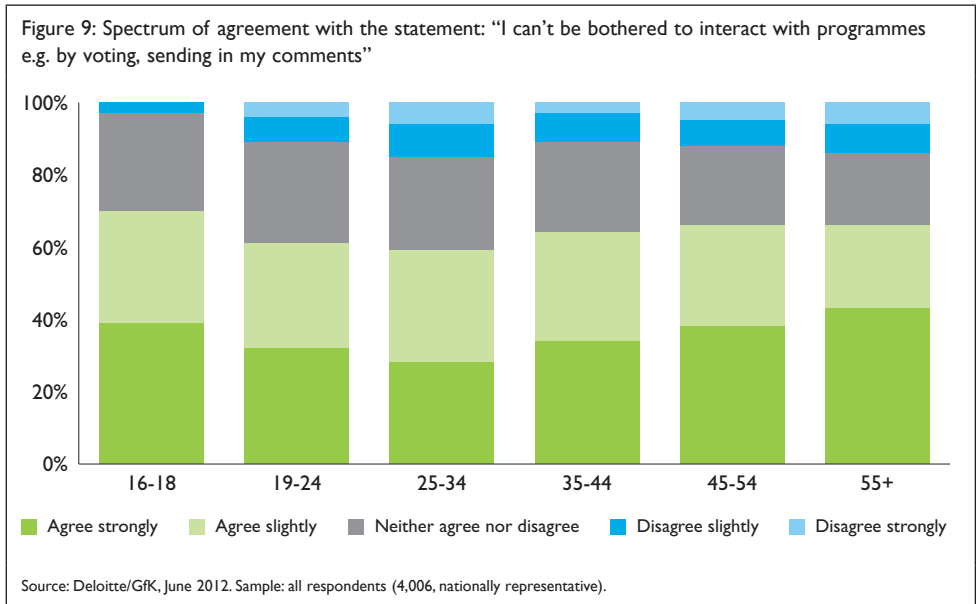


Source: Deloitte/GfK, June 2012. Sample: all respondents answering this module (2,000, nationally representative).

Conversely, the majority of those using second screens state that they do not want to use them to interact *with* programmes.

About two thirds of respondents agreed “slightly” or “strongly” with the statement “I can’t be bothered to interact with programmes” (see Figure 9). Only four per cent expressed strong disagreement with this statement. This is a similar proportion to those participating “frequently” in the programme they are watching by playing along, voting, sending a message or photo (see Figure 11).

While there was some variation by age, it was modest. The majority (59 per cent) of the group least negative about interacting (25-34 year olds) preferred not to interact with the programmes.



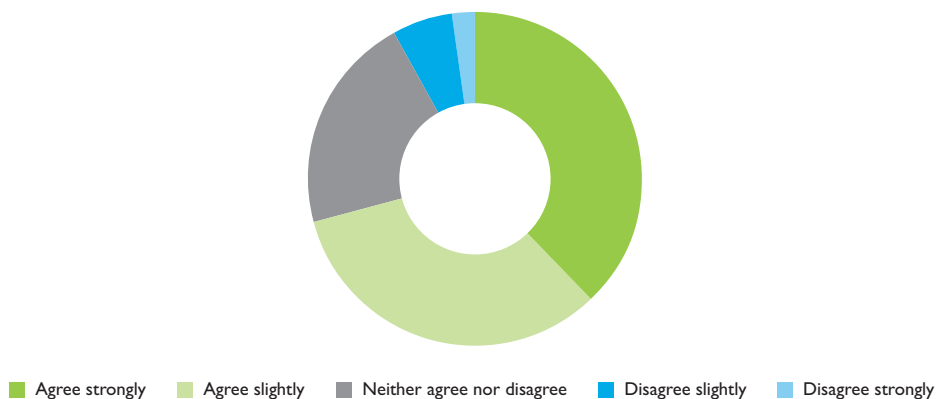
Second screening is not for everyone or every programme

Television viewing is often used to relax, as discussed in the chapter *Why we watch so much television*. While some may enjoy combining viewing with another activity, this is not for everyone, nor for every programme.

Almost three quarters of respondents agreed “strongly” or “slightly” with the statement “If I am really enjoying a programme, I don’t really want to use another device at the same time” (see Figure 10).

The number of screens owned had little impact on the need to second screen. Respondents with a tablet computer – who typically also own a laptop and smartphone – poll just two per cent higher, a difference which may simply be down to statistical factors.³¹

Figure 10: Spectrum of agreement with the statement: “If I am really enjoying a programme, I don’t really want to use another device at the same time”



Source: Deloitte/GfK, June 2012. Base: All respondents who use a device to access the Internet (1,241 respondents)

Second screening does not need to be simultaneous

Second screening is often perceived as an activity that takes place while watching a programme. However much second screen activity may well take place after a programme has been viewed, particularly if the content requires all the viewers’ attention while the programme is being watched.

For such content it may only be after transmission that viewers want to go online to find out more about the programme’s storyline, acting talent, or issues raised by it.

Some in the industry may not consider this linked usage of TVs and connected devices as pure second screening. However it is still likely to be beneficial, particularly in encouraging viewing of the rest of the series.

Distracted viewing is decades old

Concerns about the potential distraction from second screening often assume that TV viewing was not distracted prior to the arrival of the second (and in some cases third and fourth) screen. Yet distraction has, for the majority of households, always been a regular feature of television viewing: we are accustomed to blending viewing and other activities.

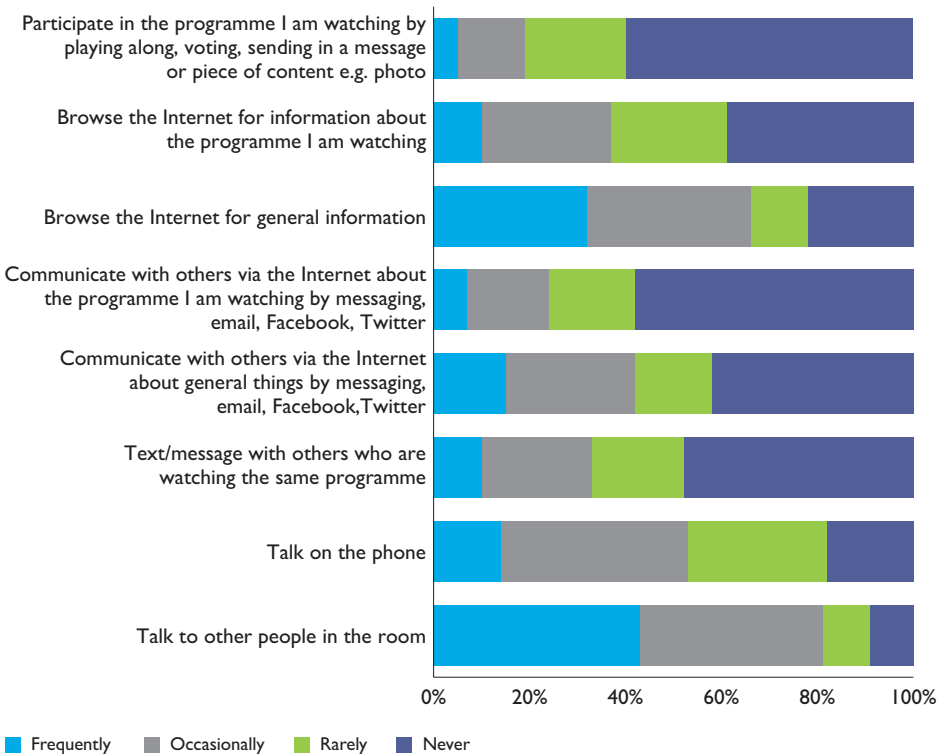
For example, about 80 per cent talk “frequently” or “occasionally” to other people in the same room while watching TV (see Figure 11).

Browsing the Internet undertaken “frequently” by a third of the sample, might be a brand new technology-enabled distraction. Or it might simply represent the swapping of an analogue distraction for a digital one. Browsing while watching television typically means flitting between a preferred set of websites, often comprising of news, sports and e-commerce. Time spent on these may be a substitute for reading newspapers and magazines, or looking through catalogues.

The third most popular activity – communicating with others via the Internet – is in large part a migration of the millennia old practice of communicating updated and enhanced thanks to 21st century tools.

Second screening may therefore not represent a significant additional distraction from current viewing patterns.

Figure 11: Activities undertaken while watching television programmes



Source: Deloitte/GfK: All respondents answering this module (2,000, nationally representative)

Second screening can drive awareness and attention

The opportunity for television is that the new screens can help reinforce existing viewing, encouraging us to watch the entirety of a programme or making us more likely to watch the next episode and hopefully the entire series. The impact is likely to vary by programme.³²

Companion content available via websites and apps that allow us to play along with everything is available for a range of content from *Top Gear* to *Dynamo*, from *Million Pound Drop* to *Antiques Roadshow*.³³

Some apps are focused on branding, such as the many games available for *Top Gear*. You can play along with competitors, such as for the *Million Pound Drop*, seeing how well you can do at home, with performance most likely technologically enhanced by search engines. You can speculate by guessing the value of the treasures brought along to the *Antiques Roadshow*.

Or you can simply be reminded that the programmes about to broadcast – one obvious but useful feature with the *Dynamo* app, and then rate the magic tricks performed on a scale of one to “sick”. Specialised second screen apps are also available, such as Zeebox, which is designed to accompany viewing. Other apps and websites, such as Twitter, enable users to filter in commentary on a specific programme or channel.

All official second screen usage, in the form of apps and websites, is likely to bolster TV viewing to an extent. A simple reminder that a programme is on may help gather scatter-minded fans of a programme. Playing a branded game is likely to maintain awareness of a programme. Reading tweets on a programme can inject an additional frisson for some programmes.

Assessing the return on investment

Any investment in second screen content is likely to have an opportunity cost: reducing resources for first screen (television) content. Programme makers face the predicament of whether to invest all their funds and creative energies in making the main screen content as good as possible, or creating a blended first and second screen experience that has more impact, in the currency of additional viewers or more attentive viewers, than just a single screen experience.

The challenge for bespoke second screen content today is that it is likely to be relatively expensive as we are still in an experimental, bespoke phase. Part of the cost of creating second screen content is in making mistakes.

In time, creating official second screen experiences should become more formulaic and more easily reduced to a template. The more standardised second screen content creation becomes, the easier it should be to attain a positive return on investment.

Second screens and connected TV apps will complement and conflict

Some second screen usage is on a second screen as the application cannot yet readily be delivered onto a television set.

Over time the base of connected TVs should steadily rise. As that happens, some second screen usage is likely to migrate to the main screen. Simple “play along” apps, such as those for quiz shows, could move to a corner of the TV set.

But other second screening uses, particularly conversations about what's being watched on television, are likely to remain personal, and remain on secondary screens.

Second screen and connected TV can co-exist.

Second screening and TV dinners

The merits and demerits of second screens will likely be debated for many years to come. Over time, official (created by broadcasters) and ad hoc (improvised by viewers) second screen experiences will evolve and improve. They will give to television as much they might take away. They will be loved as much as they might be disdained.

Second screening may well end up with a similar status as eating in front of the TV: an everyday experience for some; absolutely unthinkable for others. But, one thing is certain: it is here for good.





There are ample grounds to be amply sceptical about the need for connected TV.

For decades the television set has thrived at two tasks: receiving and displaying content. The TV can now take inputs from aerials, satellite dishes, personal video recorders (PVRs) and DVD players, games consoles and PCs. Over the past decade, the size of TV sets we purchase has got steadily bigger.³⁴

Other devices we use when watching television – laptops, tablets and smartphones – offer two-way connectivity, and are now in the majority of homes. Over the past three years more TV sets have been sold in the UK than there are households, but only a small proportion of these have had connectivity built in.³⁵ According to our survey, six per cent of respondents own a TV set with built-in Wi-Fi.

Do we really need our TVs to be connected too?

The need for connectivity looks starker still when you estimate how many homes already have all the ingredients for connected TV – albeit not necessarily in the same box – yet how few actively use this functionality. Up to 70 per cent of homes have at least one way of connecting their TVs, either via an integrated connection (sometimes marketed as smart TV³⁶), or more commonly via a peripheral device such as a connected games console (see side bar on to how to connect your TV).

By contrast just 16 per cent of all respondents use their TV to watch catch up TV on a regular basis.³⁷ Only eight per cent use their TVs regularly to watch films on demand.³⁸ As for what “regular” might mean, if we look at all TV-on-demand, the current average level of requests is running at about one a week.³⁹ Almost half of respondents have never used their TV to watch video-on-demand (VOD).

As for TV apps, which are typically portals to additional content, such as broadcaster on-demand sites and pure-play on-demand sites such as Netflix, LOVEFILM or blinkbox, about five per cent of all respondents use these “frequently”, and just four per cent download further apps “frequently”.

Looking at other ways of using connectivity, usage is again modest relative to the total potential base. About 12 per cent of our respondents claim to use their TVs for email “regularly”; for social networks, the figure is nine per cent.

Does this data mean that there is really no mainstream need for connected TV? In 2012 the answer may be no, but in the medium-term, frequent usage is likely to become mainstream.

Young, wealthy and equipped

Today, there are certain groups of users which report much heavier usage than the average. Younger age groups, those in higher socioeconomic groups (who tend to be wealthier) and those with more devices are most likely to be heavier users of connected TV.

Nearly 20 per cent of wealthier respondents had exhibited higher regular usage of TVs to access TV-on-demand at 19 per cent versus a national average of 16 per cent⁴⁰; for 25-34 year olds the figure was 24 per cent and for those with tablets it was 28 per cent.⁴¹

Deloitte's expectation is that over time, these more regular usage patterns will become adopted by other age groups and income groups.



How to connect a TV without having a connected TV

TVs can either incorporate the components required to offer two-way connectivity or else be attached to a connected device.

For example a TV can be connected to a PC. Browsing, watching VOD and any other form of connected usage of a PC will be displayed on the TV screen. All you need is a cable, such as a High Definition Multimedia Interface (HDMI) cable, costing a mere £1. Older computers may lack an HDMI port, but Video Graphics Array (VGA) and Universal Serial Bus (USB) ports are ubiquitous on most laptops and HDMI converters for VGA and USB connections are readily available.

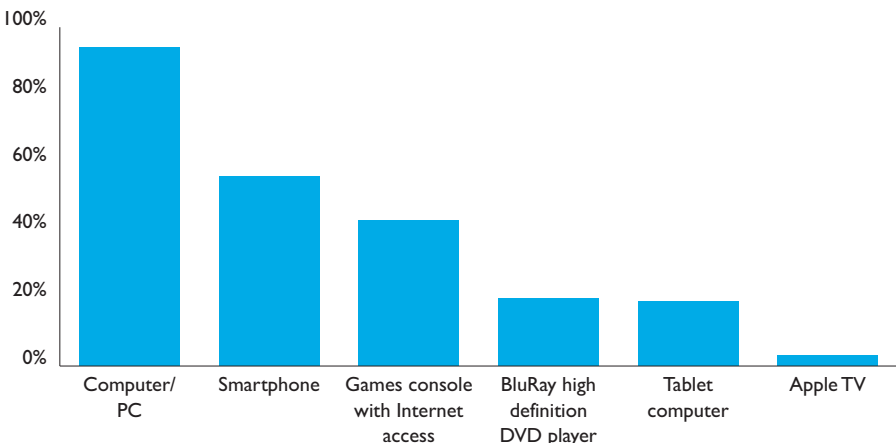
Among our sample, PC penetration registers at just over 90 per cent. Being an online survey, PC penetration is skewed a little higher than the actual. The vast majority of PCs are connected – and in homes with desktop PCs, running a wire between the computer and the television may be problematic, for technological or aesthetic reasons. But taking all this into account, we estimate that at least 70 per cent of UK homes have a laptop computer that can be connected to a television, and over 75 per cent of UK households now have broadband connectivity.⁴²

If connecting a computer to a television is for any reason challenging, one option is to use a games console that features built-in connectivity.⁴³ Forty-three per cent of respondents had such a console. For some homes a console may be an easier way of connecting a TV compared to a PC as the former is more likely to be permanently connected to the TV set.

If a PC or connected console cannot facilitate the connectivity, you can also use a BluRay DVD player (owned or accessible to 20 per cent of respondents); a connected PVR (of which the UK installed base is about seven million)⁴⁴ or even a smartphone (we estimate about ten million of these are capable of video streaming).⁴⁵

Televisions can also be connected via specialised peripherals designed for delivering streaming TV such as Apple TV or Roku, but the base for these is small, at just a few percentage points (see Figure 12).⁴⁶

Figure 12: Penetration of devices that can be used to connect televisions to the Internet



Question: Which of the following devices do you have access to?

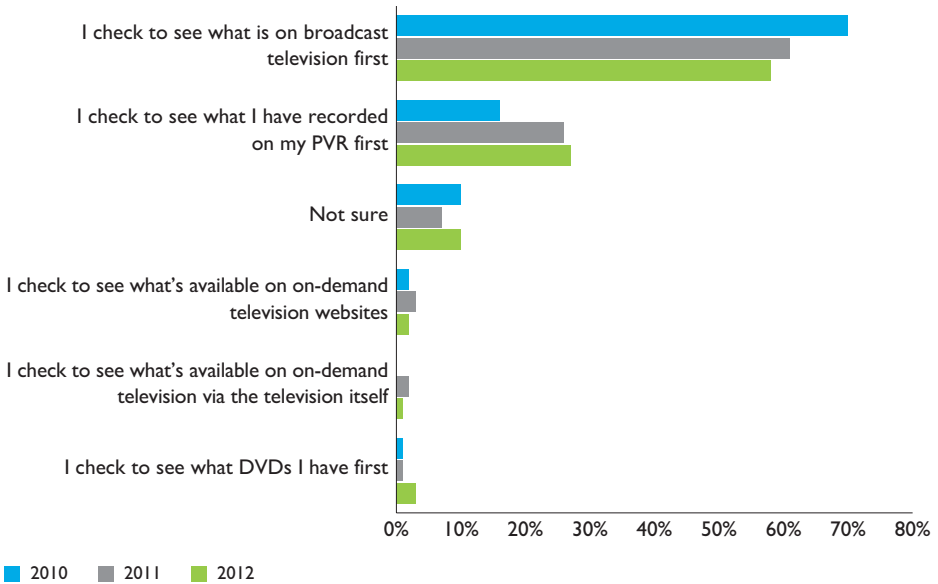
Source: Deloitte/GfK: All respondents answering this module (4,006, nationally representative)

Catalysts for connected TV

The key drivers of higher usage of connected TV are likely to be greater ease-of-use, content, faster and more reliable broadband speeds, and enhanced catch-up television services, such as the backward electronic programme guide (EPG).

One of connected TV's challenges is that while the effective base is high, at about 70 per cent, our tendency to inertia means that usage will be a direct inverse of the hassle involved in connecting. The television set is one of the simplest devices to use; press a button and you change channel. The simplicity of channel selection is one major factor behind PVR owners' continuing tendency to default to checking live TV first ahead of reviewing what is stored on their PVR first (see Figure 13).

Figure 13: Default behaviour among PVR owners when seeking out TV / video content, 2010-12



Question: When seeking out TV/video content, which one of the following are you most likely to do first?

Sources: Deloitte/GfK, June 2012, June 2011 and Deloitte/YouGov, July 2010. Sample: All those with a PVR (982 respondents, 2012; 839 respondents, 2011; 958 respondents, 2010). The 2011 and 2012 samples include 16-17 year olds.

Accessing content via a peripheral is often harder, and the hard bit, for someone sitting on a sofa may simply be getting up to go to another room to pick up a laptop that could be used to enable VOD.

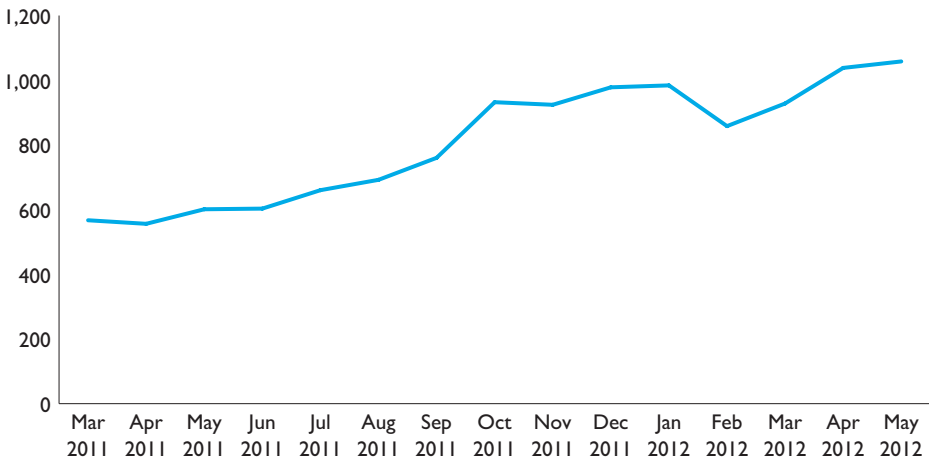
Remembering the sequence of steps required to mirror content on a tablet to a PC may also be, relatively speaking, a little too much hassle compared to zapping through a few more channels. Using an accelerometer-based remote control, as may be required with some games consoles, again may be too fiddly. The service may be used once, but the memories of the fumbled first attempt might put off trying again.

Content is absolutely critical to the need for using connected TV. This will mostly be in the form of access to popular TV content. But it may also be in the form of apps that are designed for TV programmes, applicable to television sets and the various ways TV sets are used aside from watching programmes. For example, apps enabling access to foreign radio stations might prove popular.

Another challenge, that should steadily be overcome, is the quality of broadband connections. Unlike broadcast, supply of bandwidth is relatively finite. The more successful that VOD becomes among residents in a neighbourhood, the greater the chances of congestion. Even a few instances of buffering of video will rankle, as this will tend to compare poorly to broadcast via digital terrestrial, satellite or cable.

Between March 2011 to May 2012, online video volume in the UK has increased markedly by over 86 per cent (see Figure 14). Supply of bandwidth has increased too, but this may not match changes in demand in a particular neighbourhood.

Figure 14: UK total Internet video viewer hours (millions)



Source: Enders Analysis, 2012, based on data from comScore, 2012

An additional boost to usage might come from a steady improvement in the overall VOD offer. Content will be key, with relevance and appeal of the catalogue mattering far more than size. A VOD service offering with just a handful of programmes, but the very ones that everyone is talking about, would likely be worth far more than one offering thousands of archive programmes from the 1970s.

In terms of ease of use, the closer the VOD menu becomes to the EPG, the more it is likely to be used. Familiarity should encourage usage.

Furthermore, as facilities like a backward EPG, which enable you to see the schedule for the prior week and start watching any programme from this on-demand, are also likely to stimulate usage.⁴⁷

Second screening comes to the main screen

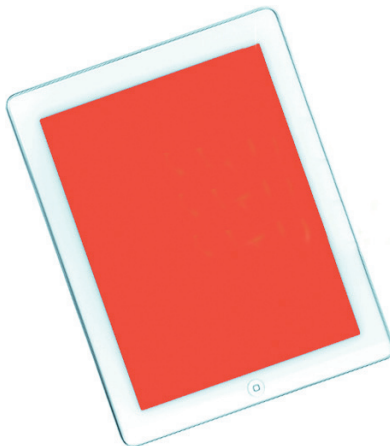
A significant trend in TV consumption is second screening. One reason why TV apps have had to go on to a second screen is because either TVs are not connected, or else accessing connectivity in a TV has proven too difficult.

Some apps – those which can unobtrusively co-exist with what is being shown on the main screen – may well migrate to the main screen as connectivity becomes more mainstream. The ability to show comments and tweets from a defined group of friends on the main TV screen would make it easier to follow comments while watching the television. Play-along apps could show how your score compares with the on-screen competitors in a corner of the screen.

Measuring consumption behaviour

Connected TV can also add value for broadcasters.

It could prove a valuable way of gathering data on viewer behaviour which could then be blended with browsing behaviour. The ability to track how TV viewing (ads or programmes) affects search and browsing behaviour would be fascinating for advertisers. Understanding how TV viewing might drive demand for other digitally-distributed media, from eBooks to apps for other devices, would be useful for other content creators.



A key component in our home TV ecosystems

Connected TV is never likely to be the source of all the content we watch – or indeed all the non-TV content that can be accessed via a set's connection.

From a technology perspective, our broadband networks might struggle with the enormous volumes of video content viewed every day. If the high definition viewing becomes the norm, distributing this via a network could be challenging.

From a behavioural perspective, most of us are unlikely to want to choose everything we watch – we would rather leave choice in the hands of professional schedulers, much as we still choose to leave the choice of individual songs we listen to with radio disc jockeys.

While the majority of what is watched may never be delivered online, most might desire the option. Choosing may be a chore, but choice is valued.

Connected TV is likely to end up becoming appreciated in a similar manner to the PVR, whose principal value is affording greater control over what and when we watch programmes, but which is only used occasionally.

PVRs are now mainstream in UK households. Half of our respondents own or have access to one.⁴⁸ Most PVR owners exploit its capability by exception, not as a rule: in PVR homes, only about 20 per cent of TV is watched from the PVR. But among pay TV subscribers, who account for the bulk of PVRs in the UK, the device is the most valued aspect of their subscription.⁴⁹

Over time, connected TV may well earn a similar level of affection.

HDMI?

VOD?

VGA?

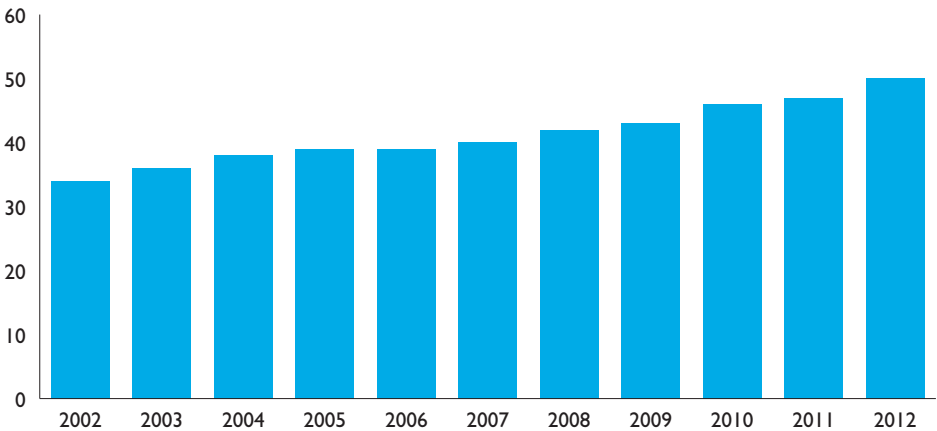


Nearly a trillion ads: that's what UK viewers are forecast to watch in 2012. Measured ads viewed were running at 49 per viewer per day in Q1 2012 (see Figure 15), a figure that does not include fast-forwarded commercials, ads watched by under four year olds, or TV video-on-demand (VOD) ads watched on computers or mobile devices.

We will watch almost a trillion ads despite the fact that two of the most popular channels, and about a third of all viewing, are entirely ad-free.



Figure 15: Daily commercial impacts per viewer aged 4+, UK, 2002-Q1 2012



Note: data for 2012 is for Q1 only.⁵⁰

Source: BARB, 2012

In 2011, TV ad revenues grew at triple the rate of the UK economy, that is 2.4 per cent versus 0.8 per cent.⁵¹ Nominal revenues reached £3.6 billion, an all time high and significantly higher than global ad revenues for all social networks during the same period.⁵²

The UK's willingness to consume ads in such quantities and advertisers' continued eagerness to invest billions in TV advertising perplexes many commentators, some of whom regard the traditional TV advertising model, based on the 30-second spot, as fundamentally broken.⁵³

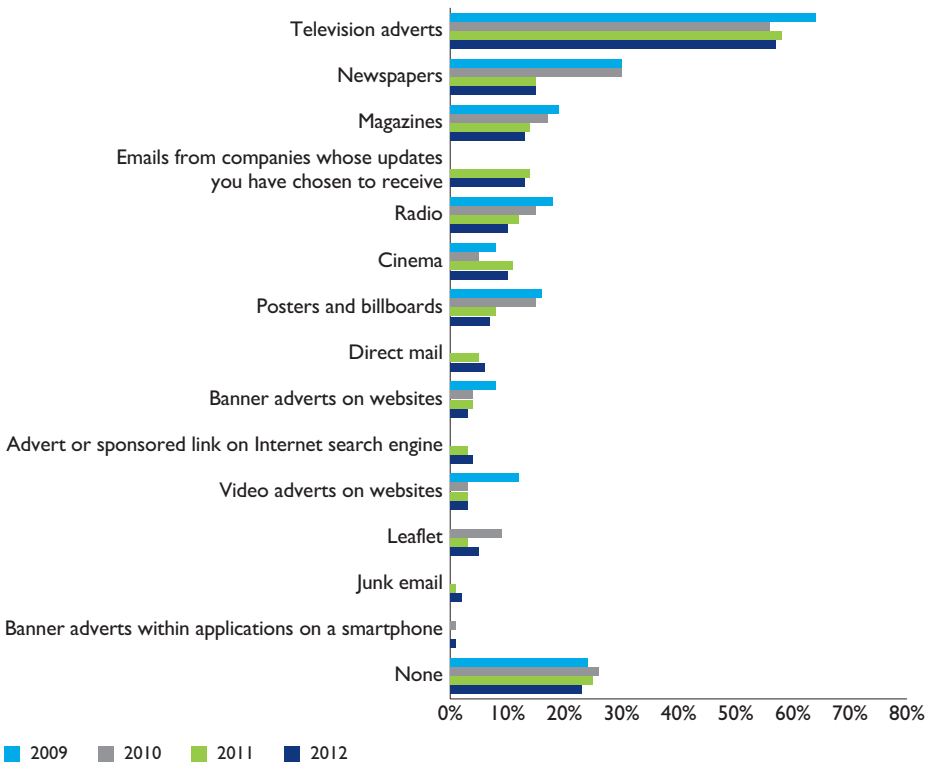
Deloitte's view, based on quantitative and qualitative research, is that the traditional TV advertising model, as of mid-2012, is neither broken nor breaking⁵⁴. It has, for the fourth year running, maintained its number one ranking as the advertising medium with the greatest impact – and by a clear margin (see Figure 16).

HATE IT?

YOU'RE WORTH IT

LOVE IT?

Figure 16: Display advertising format reported as having most impact, 2009-2012



Question: Which of the following types of advertising do you think have the greatest impact on you personally? Please select up to three answers.

Source: Deloitte/GfK, 2011 and 2012; Deloitte/YouGov, 2009 and 2010 Source: Deloitte/GfK, June 2012 and June 2011; Deloitte/YouGov, July 2010 and July 2009. Sample: 2012 (4,006 respondents), 2011 (4,000 respondents), 2010 (2,027 respondents) 2009 (2,071 respondents)

There are several conditions sustaining TV advertising. If these continue, then TV advertising should continue to remain dominant relative to other advertising media, even if in nominal terms its performance stagnates or dips in the short term.

Condition 1: Advertising remains a necessary and accepted source of funding for TV content

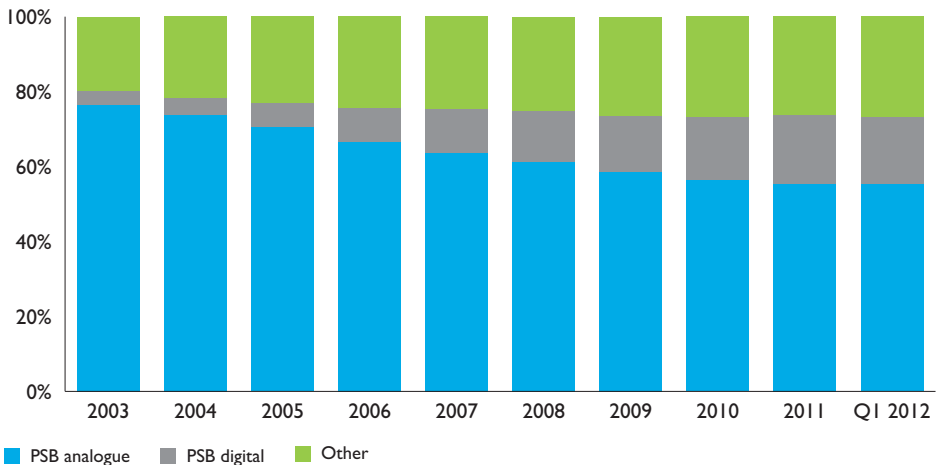
There are now some 15 million pay TV households in the UK; this figure confounds those who had prophesied that the British public would never pay for something that they had previously had for no cost aside from a share of the licence fee.⁵⁵

Yet while pay TV has grown strongly, and may well continue to grow, over ten million households do not have pay TV and the majority of these might not ever want to subscribe. Some might not as they cannot afford pay TV; others may determine that their needs are satisfied by free-to-air channels.⁵⁶

Now that digital switchover is almost complete, it is notable that the free-to-air channel families command over 73 per cent of viewing share – a share that has been stable since 2010 (see Figure 17).

Content costs for free-to-air channels have been in modest, steady decline for several years. But the investment remains in the billions of pounds per year. In 2011, ad-funded public service broadcasters spent about £1.7 billion on all content.⁵⁷

Figure 17: Total Public Service Broadcaster (PSB) market share, split by pure digital and legacy analogue channels, 2003-Q1 2012⁵⁸



Source: Enders Analysis, 2012, based on data from BARB/InfoSysTV

Funding that free-to-air content can realistically only be met by advertising. Trading free, quality content for viewing adverts is an exchange that millions of viewers seem happy to accept. One reason for this is that many are pragmatic about the necessity of this exchange; another key factor is that tens of millions of people in the UK might actually like adverts (see Condition 4: Adverts remain among the most entertaining content on television). And this includes the younger age groups that are often assumed to deplore traditional advertising.⁵⁹ And it also includes the vast majority of pay TV consumers who fund television through subscriptions *and* advertising.

Condition 2: TV ads (still) have no equal

TV advertising can deliver audiovisual messages to receptive national audiences numbering in their millions. There is no other display medium that offers equivalent reach and quality of message. This is why it is so powerful for brand advertising; it is why new companies, such as dot-com start ups, have, for over a decade, relied on television to create awareness. At present about ten per cent of TV revenues are generated from dot-com campaigns.

Advertising is multi-faceted and every campaign will have a different objective. But for companies aiming for fast, national reach, that are looking to promote a new brand, product or service, at present there is no equivalent.⁶⁰

TV's impact is evident in this year's survey of the UK public. As in recent years – and as we have seen in other markets around the world – TV ads continue to be regarded as having the most impact relative to other traditional and online display media (see Figure 16).⁶¹

Condition 3: TV advertising remains sufficiently broad and targeted

Television advertising has long been criticised for its lack of targeting. Yet those making these complaints are rarely the advertisers, who seem content with the balance of targeting available via television.

Television programming is diverse – few programmes have sufficiently broad appeal to capture the majority of viewers at any time of day. The diversity of programming makes the audience of any particular programme fairly predictable. Audiences can be predicted by genre (predominantly male viewers for football), or even by programme type (18-34 year olds for Channel 4's *Million Pound Drop* versus university-educated middle-class viewers BBC 4's *Only Connect*).

Television audiences are also large, and for advertisers this means the ability to reach potential customers, as well as to reinforce brand messages with existing customers. In the few instances where TV adverts have been targeted by household, not only was the preparation of the campaign extremely costly, but some campaigns ended up targeting existing customers only, rather than reaching targets.

No advertising medium is perfect – but this is precisely why multiple different advertising formats exist. The rise of the Internet has enabled a myriad of new forms of advertising to emerge, each emerging far greater levels of targeting. When deeper targeting is needed, advertisers use alternative media which offer this. But they are not reducing TV's share of all UK advertising revenue – which has remained steady since 1995 – to deliver this.⁶²

Condition 4: Adverts remain among the most entertaining content on television

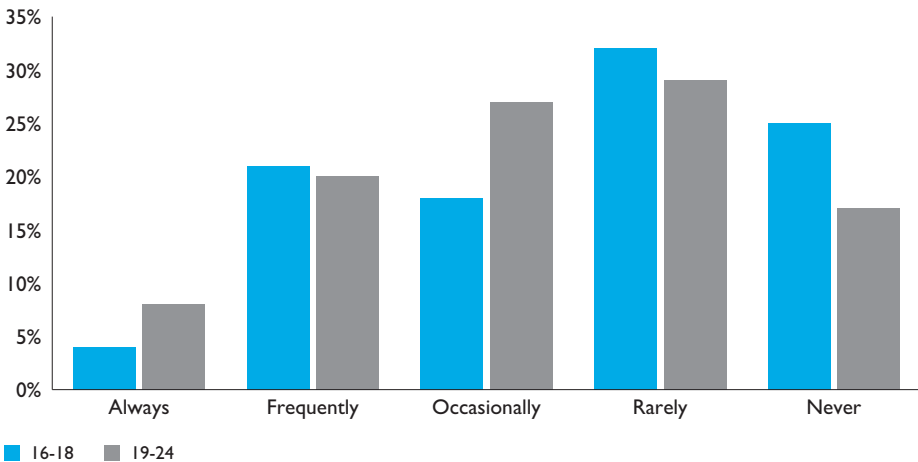
People like likeable content. This truism is often overlooked when it comes to TV ads.

Some of the most viewed TV ads rank on a per-minute basis, as among the most expensive productions ever – rivalling, pro rata, the costliest movies yet made.⁶³ This investment has also helped make TV ads some of the most entertaining and memorable content ever.⁶⁴ The best TV ads, like the best songs, are willingly consumed on dozens of occasions, over the course of decades. Even programmes based on compilations of ads attract sizeable audiences.

According to our research the UK's most memorable advertising campaigns have been almost exclusively on television. Of respondents with a favourite campaign, 84 per cent indicated these were TV- based. No other medium polled more than 2 per cent.⁶⁵ Television has maintained its ability to influence the national dialogue, introduce new words and catchphrases, often with the assistance of an animal.⁶⁶

The appeal of a good ad is shown by personal video recorder (PVR) owners' willingness to rewind a commercial break to see an ad they like or to stop fast-forwarding to see an ad at normal speed. Almost 30 per cent of 16-24 year olds "always" or "frequently" stop fast-forwarding through ads if they see one they like (see Figure 18). This is a similar result to what we saw in last year's survey.⁶⁷

Figure 18: Frequency of stopping fast-forwarding upon seeing an advert or trailer that interests the viewer when watching pre-recorded TV via PVR



Question: When you are watching pre-recorded television via your PVR, how often do you do the following things?

Source: Deloitte/GfK, June 2012. Sample: all those of age between 16-24 with a PVR (94 respondents)

TV advertising's ability to entertain is a function of marketing executives' ability to sign-off budgets. A big budget does not guarantee the popular appeal of an advertising campaign, but it can help secure the best directors, writers and acting talent as well as the most impressive visual effects and sets.

In straitened times, big budget productions in any genre are likely to struggle at sign-off. Big-budget productions are often accompanied by major campaigns. So any slowing down in the production of blockbuster TV commercials may have a deflationary impact on TV advertising.⁶⁸ As a consequence, TV becomes a more affordable advertising medium for smaller companies which tend to have relatively modest budgets for air time and production.⁶⁹

In challenging economic times, long-term TV advertisers that formerly focused on brands via creative, memorable adverts may be inclined to focus more on the tactical, manifested by a skew to promotions-based ads.⁷⁰ Such commercials are rarely garlanded for their creativity and are likely to be less palatable in large doses.

As the quality of adverts declines, viewers' appreciation and tolerance of TV advertising are likely to fall accordingly. Our survey results are already hinting at a possible drop in appreciation for TV advertising. Over the previous years, the younger age groups had always been those ranking TV ads highest for impact. In 2010, 63 per cent of respondents rated TV advertising as having the highest impact; in 2011 it climbed to 69 per cent. This year it fell to 56 per cent.

Condition 5: The UK economy does not topple

It is quite possible that TV advertising revenues will fall over the next 12 months. As we write, the UK is in a recession – a double dip no less – and advertising spend tends to follow the economic cycle.

A fall in TV advertising revenues would no doubt be interpreted by some commentators as the start of the end of traditional TV advertising. A decline in ad revenues would be significant – it remains a key source of funding of the UK's TV sector, and is likely to remain so in the long term. But TV's nominal revenues should be compared to its share of all advertising which has remained relatively steady for decades.⁷¹

TV's share of all advertising is the acid test of the real value of TV ads; were this to drop precipitously, a rewrite of the business model for television would be required.

A modest fall in TV advertising's share might be in part an adjustment following its record share of all advertising spend in 2010 and 2011. For the moment, the outlook looks challenging and unpredictable.



About the research

Deloitte has produced this report as part of its continuing support for the MediaGuardian Edinburgh International Television Festival (MGEITF). This is the sixth year in which Deloitte has proudly supported the Festival.

Deloitte's roles and responsibilities have entailed the research, writing and publishing of the report. The principal research inputs include:

- discussions between January and July 2012 with executives, investors, analysts and journalists working in and with the television industry in the United Kingdom, the rest of Europe and North America.
- an online survey of 4,006 nationally representative respondents, undertaken by GfK and based on a question set written by Deloitte and GfK reflecting inputs from industry executives.⁷² Fieldwork took place during June 2012. The survey was modularised and the sample split in half so that a representative sample of 2,003 respondents answered each of the two sets of modules. This modularised approach was implemented to ensure quality of response throughout the entire questionnaire. Respondents were sampled/weighted to reflect the UK adult population (16+).
- copious consumption of television and second screen apps.

Existing analyses of the television industry, including previous years' reports for MGEITF, are available from www.deloitte.co.uk/television or please contact paullee@deloitte.co.uk

The research themes were determined through consultation between Deloitte, executives from the television, general media, technology and telecommunications industries, GfK and the MGEITF.

Views expressed by third parties providing input for this report are not necessarily those of Deloitte.

Notes

1. For the week of July 2 to July 8, BARB measured an estimated viewing audience of 54.2 million, equivalent to 94.45 per cent reach, based on those aged 4+. Average daily reach that week was 44.4 million, equivalent to 77.5 per cent reach. Source: Weekly Total Viewing Summary, BARB, July 2012. See: <http://www.barb.co.uk/report/weekly-viewing>
2. In 2011, the average weekday viewing audience for 9pm was 26.78 million. This is based on the population aged 4+. Source: Figure 2.43, The Communications Market 2012, Section 2: TV and audio-visual, Ofcom, July 2012. See: http://stakeholders.ofcom.org.uk/binaries/research/cmr/cmr12/UK_2.pdf
3. 3-5 year olds in the US watch about 2 hours of television a day. 59 per cent of children aged under 2 regularly watch over an hour of television a day. Source: TV has negative impact on very young children's learning abilities, Medical News Today, 6 July 2005. See: <http://www.medicalnewstoday.com/releases/26985.php>
4. In October 2011, comScore estimated that the total time spent on all social networks worldwide was 6.7 billion hours, representing about 20 per cent of all time spent online. See: People Spent 6.7 Billion Hours on Social Networks in October, comScore, 4 January 2012. See: <http://www.comscoredata.com/2012/01/people-spent-6-7-billion-hours-on-social-networks-in-october/>. In the same period – October 2011, the average weekly viewing per person was 28 hours and 21 minutes, implying 113 hours of monthly viewing per person. The average population aged 4+ during the period was 57.59 million people. Thus, time spent on watching TV in a month is approximately 6.5 billion hours. For average weekly viewing per person for October 2011, see: Barb Monthly Total Viewing Summary: http://www.barb.co.uk/report/monthly-viewing?period%5B%5D=2011001&button_submit=View+Figures; for the average population aged 4+ during October 2011, see: Barb Monthly Universe Summary: http://www.barb.co.uk/report/monthly-universe-summary?period%5B%5D=2011001&button_submit=View+Figures
5. The End of the Television, Technorati, 11 February 2012. See: <http://technorati.com/entertainment/tv/article/the-end-of-the-television/>; Life after Television, George Gilder, 1994. See: <http://www.seas.upenn.edu/~gajl/cvvgg.html>; Let's Just Declare TV Dead and Move On, TechCrunch, 27 November 2006. See: <http://techcrunch.com/2006/11/27/lets-just-declare-tv-dead-and-move-on/><http://www.techcrunch.com/wp-admin/post.php?action=edit&post=3865-2/>; Internet downloads could see the end of television by 2012, Mail Online, 7 October 2008. See: <http://www.dailymail.co.uk/sciencetech/article-1071310/Internet-downloads-spell-end-television-2012.html>
6. For a detailed analysis of why people watch television, written in 1988 but whose core analysis remains intact, see: Television and its Audience, Patrick Barwise and Andrew Ehrenberg, 1988
7. Deloitte/GfK, June 2012, table 33. Sample: all respondents (4,006 respondents, nationally representative).
8. The cost per episode of major UK productions can be up to £1 million. US shows can cost considerably more with talent costs being a major factor. Source: British TV drama such as Downton Abbey and Titanic will sink without tax breaks, Guardian, 18 March 2012. See: <http://www.guardian.co.uk/media/2012/mar/18/british-television-drama-tax-breaks>; Source: HBO lays a big-bucks bet on 'Boardwalk', Variety, 7 August 2010. See: <http://www.variety.com/article/VR1118022673?refCatId=14>; Source: Plum Role: History's Ultimate Godfather, The New York Times, 25 March 2011. See: <http://www.nytimes.com/2011/03/27/arts/television/the-borgias-a-showtime-mini-series-starring-jeremy-irons.html>
9. Source: The Communications Market 2012, Section 2: TV and audio-visual, Ofcom, July 2012. See: http://stakeholders.ofcom.org.uk/binaries/research/cmr/cmr12/UK_2.pdf
10. This article heralds the roster of "intelligent and creative television" and notes how a television series can generate "much intellectual buzz and frisson". Source: The small screen gets better, Gillian Tett, Financial Times, 29 June 2012. See: <http://www.ft.com/intl/cms/s/2/0ed8ef6a-c0b1-11e1-9372-00144feabdc0.html#axzz21TTvMwUd>
11. In the week commencing 25 June 2012, television news bulletins filled 27 of the top 100 programmes. Source: Top 100 network programmes, Broadcast, 5 July 2012. See: <http://www.broadcastnow.co.uk/ratings/top-100-network-programmes/5044130.article?blocktitle=TOP-100-NETWORK-PROGRAMMES&contentID=37585>
12. Deloitte/GfK, June 2012, table 30. Sample: all respondents (4,006 respondents, nationally representative).
13. Based on discussions with industry executives.
14. In some markets Personal Video Recorders (PVRs) are also known as Digital Video Recorders (DVRs)

15. In many developed countries, including the UK, unemployment levels have risen over the last five years. In June 2012, the number of those unemployed for over a year was at its highest level since 1996. Among those working part time, according to official data, 1.42 million people are doing so because they cannot find full-time work. Surprise fall in UK unemployment, Financial Times, 16 May 2012. See: <http://www.ft.com/cms/s/0/8df12980-9f36-11e1-a455-00144feabdc0.html#axzz2IMgB5aVL>
16. Deloitte/GfK, June 2012, table 41. Sample: all respondents (4,006 respondents, nationally representative).
17. Deloitte/GfK, June 2012, table 41. Sample: all respondents (4,006 respondents, nationally representative).
18. Deloitte/GfK, June 2012, table 42. Sample: all respondents (4,006 respondents, nationally representative).
19. See Figure 2.71, The Communications Market 2012, Section 2: TV and audio-visual, Ofcom, July 2012. See: http://stakeholders.ofcom.org.uk/binaries/research/cmr/cmr12/UK_2.pdf
20. See Figure 2.71, The Communications Market 2012, Section 2: TV and audio-visual, Ofcom, July 2012. See: http://stakeholders.ofcom.org.uk/binaries/research/cmr/cmr12/UK_2.pdf
21. For example, the average weekly viewing for June 2002 was 25 hours and 52 minutes per person as compared to 27 hours and 29 minutes per person in June 2012. Source: BARB viewing figures, 1998-2012, Monthly Total Viewing Summary 1992-2009, BARB. See: http://www.barb.co.uk/report/monthly-viewing?_s=4
22. To see more on the passion for grouching and naysaying, see: The Olympics strike back, 20 July 2012, FT Magazine: <http://www.ft.com/cms/s/2/23aa35f2-d13c-11e1-8957-00144feabdc0.html>
23. PSB channels refer to the BBC, ITV, Channel 4 and Channel 5. Each broadcaster has multiple channels.
24. Source: Section 2.2.7 for the number of hours of programming emitted yearly and Section 2.3.1 for the average number of hours watched daily, The Communications Market 2012, July 2012. See: http://stakeholders.ofcom.org.uk/binaries/research/cmr/cmr12/UK_2.pdf
25. Deloitte/GfK, June 2012, table 36. Sample: 4,006 respondents, of which 1,234 were, aged 16-34 and 1,376 were aged 55+.
26. Deloitte/GfK, table 36, June 2012. Sample: 4,006 respondents, of which 1,234 were, aged 16-34 and 1,376 were aged 55+.
27. See Figure 2.42, The Communications Market 2012, Section 2: TV and audio-visual, Ofcom, July 2012. See: http://stakeholders.ofcom.org.uk/binaries/research/cmr/cmr12/UK_2.pdf
28. See Figure 2.62, The Communications Market 2012, Section 2: TV and audio-visual, Ofcom, July 2012. See: http://stakeholders.ofcom.org.uk/binaries/research/cmr/cmr12/UK_2.pdf
29. According to Ofcom, since 2008, over 50 per cent of UK households have got a wireless router; In Q3 2008, 57 per cent of UK homes had a wireless router. Source: The Communication Market 2010: UK, Figure 4.12, Ofcom, August 2010. See: <http://www.ofcom.org.uk/static/cmr-10/UKCM-4.12.html>
30. Early adopters are categorised as those who agreed with the following statement: "I'm always keen to use new technology products as soon as they enter the market". In this survey, 201 respondents self-classified as early adopters, representing 10 per cent of the sample. Source: Deloitte/YouGov, May 2012.
31. All who use a device to access the Internet whilst watching TV (1,241). 289 respondents own or have ready access to a tablet computer. Source: Deloitte/GfK, June 2012, table 251.
32. For a discussion on the impact of Twitter (which is typically accessed via a second screen) on TV viewing, see: Does Twitter drive TV ratings, Red Bee Media, 25 May 2011: <http://www.redbeemedia.com/blog/does-twitter-drive-tv-ratings>
33. For readers unfamiliar with UK programmes: Top Gear is an entertainment show based around motor vehicles; Dynamo is an entertainment show based on magic and illusion; Million Pound Drop is a quiz show; Antiques Roadshow is an entertainment programme based around valuation of participants' antiques.
34. In Q1 2012, 11.5 per cent of TV sets sold in the UK were 43 inches or larger; in 2007, the proportion was just 3 per cent. In Q1 2012, 34.5 per cent of sets sold were 33 inches or larger. Source: GfK quoted in: Figure 2.12. The Communications Market 2012, Section 2: TV and audio-visual, Ofcom, July 2012: http://stakeholders.ofcom.org.uk/binaries/research/cmr/cmr12/UK_2.pdf
35. Deloitte/GfK, June 2012, table 6. Sample: all respondents (4,006, nationally representative).
36. Smart TV sets are not necessarily connected: they are marketed as "smart", but might require the purchase of an additional part, known as a Wi-Fi dongle, to enable connected usage. Smart TV sets that do not have connectivity fully built in can also be connected by attaching any peripheral with connectivity, such as certain games consoles, a laptop computer, a BluRay DVD player.
37. Deloitte/GfK, June 2012, tables 12 and 13. Sample: all respondents (4,006, nationally representative).
38. Deloitte/GfK, June 2012, tables 12 and 13. Sample: all respondents (4,006, nationally representative).

39. As of the end of 2011, ITV player's run rate was about 12 million requests per month, up from about 6 million per month in 2006. Source: ITV Video-on-Demand Statistics & Performance 2007 – 2011, VOD Professional, 8 March 2012. See: <http://www.vodprofessional.com/features/itv-video-on-demand-statistics-performance-2008—2011/>. iPlayer TV requests averaged about 140 million for TV in January-April 2012. Source: BBC iPlayer Performance Pack Jan-Apr 2012: <http://www.bbc.co.uk/mediacentre/latestnews/2012/iplayer-performance-jan-apr.html>
40. "wealthier" refers to those categorised as "upper middle class", representing six per cent of the overall sample of the survey (253 respondents). Source: Deloitte/GfK, June 2012, table 5.
41. Deloitte/GfK, June 2012, table 5. Samples: all respondents (4,006, nationally representative), 25-34 year olds (777), upper middle class (253), tablet owners (755).
42. UK Fixed Telecoms market, broadband and telephony trends to Q1 2012, Enders Analysis, June 2012.
43. The following games consoles have connectivity built in: Sony PS3, Xbox 360 and Nintendo Wii. PS2 and Xbox models do not have built in connectivity.
44. About half of UK homes have a PVR. All Virgin Media, BT Vision and TalkTalk TV homes have a connected PVR. Sky HD PVRs incorporate connectivity.
45. According to our survey just over half the population has a smartphone. However the capabilities of these vary and typically only high end smartphones, with more powerful processors and graphics capabilities are able to deliver services like video streaming. Some models can be connected to TVs via HDMI ports; others offer specialist docking stations and if you have access to neither of these, adapters are available. Sony Mobile offers a docking station that enables you to connect your smartphone to a television set. See: <http://www.sonymobile.com/gb/products/accessories/livedock-multimedia-station>; some models of Apple's iPhone supporting content mirroring via Apple TV. Source: Apple TV: How to use AirPlay Mirroring. See: <http://support.apple.com/kb/HT5209>; Kanex is one company that offers an adapter to enable a smartphone to output to a television set. Source: Kanex MHL HDMI adapter: Smartphone's screen on an HDTV, CNET, 30 August 2011. See: http://news.cnet.com/8301-17938_105-20099353-1/kanex-mhl-hdmi-adapter-smartphones-screen-on-an-hdvt/
46. Apple TV and Roku units sold about 7 million units worldwide in 2011. Source: Apple TV, Roku need Google to take dedicated streaming STBs mainstream, 23 July 2012. See: <http://www.rapidtvnews.com/index.php/2012072323178/apple-tv-roku-need-google-to-take-dedicated-streaming-stbs-mainstream.html>
47. Freeview is planning to launch backwards EPG functionality, which will pit the platform against forthcoming IPTV service YouView. Source: Freeview backwards EPG set to challenge YouView, Broadcast, 26 April 2012. See: <http://www.broadcastnow.co.uk/news/broadcasters/freeview-backwards-epg-set-to-challenge-youview/5040948.article>
48. Deloitte/GfK, June 2012, table 5: Sample: all respondents (4,006, nationally representative).
49. 44 per cent of respondents that answered this question rated the PVR aspect of their subscription providing among the top 3 elements providing value for money. The PVR was rated top by 20 per cent of respondents. Deloitte/GfK, June 2012, table 93. Sample: all respondents with pay TV (2,568).
50. In Q1 2012, the average viewer in the UK saw 49 ads per day. Source: TV Report – Q1 2012, Thinkbox, 2012. See: <http://www.thinkbox.tv/server/show/nav.1860>
51. UK TV advertising revenue sourced from Ofcom. Source: The Communications Market 2012, Section 2:TV and audio-visual, Figure 2.3, Ofcom, July 2012. See: http://stakeholders.ofcom.org.uk/binaries/research/cmr/cmr12/UK_2.pdf; Source: UK GDP growth for 2011 revised down to 0.8%, Guardian, 24 February 2012. See: <http://www.guardian.co.uk/business/2012/feb/24/uk-gdp-growth-2011-revised-down>
52. UK TV advertising revenue sourced from The Communications Market 2012, Section 2: TV and audio-visual, Figure 2.3, Ofcom, July 2012. See: http://stakeholders.ofcom.org.uk/binaries/research/cmr/cmr12/UK_2.pdf; UK GDP data from UK GDP growth for 2011 revised down to 0.8%, Guardian, 2012. See: <http://www.guardian.co.uk/business/2012/feb/24/uk-gdp-growth-2011-revised-down>; Facebook's 2011 ad revenues were \$3.1billion. See: Facebook IPO Show Ad Revenue Increased 69% in 2011, Search Engine Watch, 2 February 2012: <http://searchenginewatch.com/article/2143126/Facebook-IPO-Show-Ad-Revenue-Increased-69-in-2011>
53. Source: Broadcast business is about managing decline, V-net, 8 September 2011. See: <http://www.v-net.tv/broadcast-business-is-about-managing-decline/>
54. For a view on advertising trends in the US, including a comparison of how TV's \$60 billion advertising revenues compare to other media, see: Modern TV Advertising Trends Differ from Those of Years Past, Advertising News, 5 April 2012: <http://advertisingnews.org/modern-tv-advertising-trends-differ-from-those-of-years-past/>
55. Arguably, in some respects the detractors were correct in that the influx of money into the television sector from the entrance of pay TV means that today's television is nothing like what we had prior to pay TV. It is not just that we have hundreds more channels; it is also arguably the case that production values, storylines and the range of acting talent are far superior to what we had before.

56. Pay-as-you-go movie service is aimed at the 13 million homes reluctant to take on pay-TV. Source: Now TV is Sky's most significant strategic move since broadband, Guardian, 16 July 2012. See: <http://www.guardian.co.uk/business/blog/2012/jul/16/now-tv-sky-pay-movie-service?newsfeed=true>;
57. Figure 2.29 and Figure 2.30 Source: The Communications Market 2012, Section 2: TV and audio-visual, Ofcom, July 2012. See: http://stakeholders.ofcom.org.uk/binaries/research/cmr/cmr12/UK_2.pdf
58. Analogue channels are BBC1, BBC2, ITV1, Channel 4, Channel 5. All other family channels are considered digital.
59. Source: Broadcast business is about managing decline, V-net, 8 September 2011. See: <http://www.v-net.tv/broadcast-business-is-about-managing-decline/>
60. Google spent \$70 million on TV advertising in 2011, in zero it spent nothing. Source: Once Shunning Ad Promos, Google Now Flaunts Itself, Wall Street Journal, 27 March 2012. See: <http://online.wsj.com/article/SB10001424052702304177104577303581175364006.html>; For a historical perspective on dot com spending, see: Online brands on TV, Thinkbox: <http://www.thinkbox.tv/server/show/ConWebDoc.767>;
61. Deloitte/GfK, 2011 and 2012; Deloitte/YouGov, 2009 and 2010 Source: Deloitte/GfK, June 2012 and June 2011; Deloitte/YouGov, July 2010 and July 2009. Sample: 2012 (4,006 respondents), 2011 (4,000 respondents), 2010 (2,027 respondents) 2009 (2,071 respondents); One emerging form of TV advertising is that on smart phones. In a separate piece of research, Deloitte asked a representative sample of smartphone owners for its views on mobile advertising. Of those that had come across advertising (about two thirds of those with smartphones that were used to connect to the Web), 83 per cent claimed to ignore ads; 40 per cent deleted the message; 19 per cent asked not to receive any further messages from the advertiser. The research was carried out in May 2012. For more information, see: www.deloitte.co.uk/mobileuk
62. TV's share of all UK advertising expenditure has remained mostly between 27 per cent and 29 per cent since 1995. Source: Advertising Association Expenditure Report 1995-2011, referenced in Monthly TV Report May 2012, Thinkbox, June 2012. See: <http://www.thinkbox.tv/server/show/nav.1041>
63. For some examples of overall costs of advertising campaigns, see: Guinness sidesteps rights rules, Guardian, 7 September 2007: <http://www.guardian.co.uk/media/2007/sep/07/advertising>;
64. Apple's "Think Different" campaign from 1997 remains a key marketing case study today. Source: Steve Jobs Was Digital Maverick but Marketing Traditionalist, AdAge Digital, 7 October 2011. See: <http://adage.com/article/digital/steve-jobs-digital-maverick-marketing-traditionalist/230311/>
65. Deloitte/GfK, June 2012, table 109. Sample: all those with a favourite advertising campaign (1,103 respondents), among the half of respondents answering this module (2,005 respondents).
66. For example see: Beating the drum: Cadbury's gorilla is voted favourite TV ad for 2007, Guardian, 11 December 2007: <http://www.guardian.co.uk/business/2007/dec/11/cadburyschwepesbusiness.advertising>; Simples! Meerkat catchphrase leads tweetups, jeggings and staycations as word of 2009, Daily Mail, 30 December 2011: <http://www.dailymail.co.uk/news/article-1239253/Words-2009-Meerkat-catchphrase-Simples-leads-tweetups-jeggings-staycations-word-year.html>; Andrex puppy 'killed off' after nation's favourite TV dog character replaced with CGI, Telegraph, 02 December 2010: <http://www.telegraph.co.uk/culture/tvandradio/8174230/Andrex-puppy-killed-off-after-nations-favourite-TV-dog-character-replaced-with-CGI.html>
67. See TV+: TV's relationship with advertising, social networks, shopping, technology and companion devices, Deloitte LLP, 2011. See: www.deloitte.co.uk/television
68. In the UK, price is a function of impressions. As TV broadcasters are mandated to sell all available minutage, if short-term demand stays constant and commercial impressions increase then by definition price must decrease.
69. For a discussion of what happened with TV advertising in 2009 in the UK, see: Steve Jobs Was Digital Maverick but Marketing Traditionalist, Independent, 8 June 2009: <http://www.independent.co.uk/news/business/news/cost-of-tv-ads-falls-to-lowest-in-decades-as-recession-bites-1699462.html>
70. For a discussion on promotions-focused TV ads, see: What John Lewis and other stores' TV ads tell us about Christmas 2011, Guardian, 15 November 2011: <http://www.guardian.co.uk/tv-and-radio/2011/nov/15/john-lewis-ad-christmas-2011>
71. Source: Monthly TV Report May 2012 references the Advertising Association Expenditure Report 1995-2011, Advertising Thinkbox, June 2012: <http://www.thinkbox.tv/server/show/nav.1041>
72. The survey sample is broken down as follows: men (49 per cent), women (51 per cent); 16-18 (two per cent), 19-24 (nine per cent), 25-34 (19 per cent), 35-44 (16 per cent), 45-54 (19 per cent), 55+ (34 per cent); access to/ownership of PVR (50 per cent), tablet computer (19 per cent), smartphone (56 per cent). Further splits are available upon request.

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