



Longer Form Content (Movie/TV Show) Streaming Continues Strong Growth
With Growing Appetite for Longer Form Online Content, Consumers Show Interest in
Monthly Subscription-based Models for Online Streams

New York, NY, December 18, 2008 — Americans have embraced streaming video, often at the expense of video downloading. Recent data from Ipsos MediaCT's *MOTION* study confirms that nearly six in ten (57%) U.S. Internet users 12 years of age and older have streamed video in the past 30 days – 7% higher versus the end of 2007. In comparison, one in five (22%) have downloaded video in the past 30 days.

One commonly held belief for long-form video formats, such as movies and TV shows, is that they benefit the most from downloading, since it allows consumers to save, potentially "own" their downloaded videos, and have the ability to port these videos to other devices. However, it is clear that consumers are seeking other alternatives rather than paying the current prices associated with a movie or TV show download. In addition, many consumers may be reticent to download movies and TV shows due to potential storage and portability issues on their PCs and portable devices, as few downloaders and streamers have ever burned their videos onto DVD or transferred them to other devices.

Ipsos MediaCT conducted a pricing analysis among downloaders and streamers to determine price sensitivity for movies and single episode TV shows. For movies, consumer trial for one full-length movie download would be maximized well below the current pricing offered by most downloading websites, which often charge prices closer to the current retail price of a DVD. The Ipsos analysis also revealed that a majority (59%) of downloaders and streamers would prefer to have physical copies at current download prices. Since many consumers do not have the ability or knowledge to create a physical copy from a download, movie distributors may consider offering their movie downloads at lower prices than DVDs.

"U.S. consumers have shown their willingness to adopt new technologies, as demonstrated by their use of the myriad of digital services offered by the Internet," explains Brian Pickens, Senior Research Manager at Ipsos MediaCT. "However, consumers need that initial trial incentive, and offering movie downloads at a price lower than DVDs would help drive trial. While there may be a cannibalization concern for physical DVDs by lowering the price for online movie downloads, a strong demand for physical DVDs remains. The movie download option could prove to be a significant revenue source for the studios."

When considering TV shows, past 30 day TV show streaming currently resides at a quarter (25%) of the streamer/downloader population, which is double the proportion seen in early 2007 (12%). It is clear that the free streaming offered by the major networks is having a profound impact on the digital video industry, as those who miss a single episode of their favorite program can view the episode they missed and do not feel the need to own it.

A key finding in the Ipsos research is consumer willingness to pay for Movie/TV Show streams. Ipsos MediaCT also analyzed the ideal pricing for a monthly subscription-based service to an online website with unlimited streaming of movies, TV shows and other events. Ipsos researchers found that acceptable monthly service charges fall in the \$5 - \$10 per month range for an unlimited version of video streaming service, while also alleviating the storage challenges inherent in video downloading. Brian Pickens concluded: "Obviously, this is driven by the long-form content available to the consumer for subscription, but it is important to note monthly streaming services could become a significant subscription-based opportunity versus fee-based downloads for video content. While we have seen ad-subsidized streaming grow dramatically in the past six months with sites like Hulu, Veoh and



Fancast—providing a significant outlet for ad-supported streamed content—we are also seeing consumer willingness to pay a subscription to have online access to long-form video content streams such as movies and TV shows.”

Another important aspect of the digital video streaming model relates to the equal proportions of men and women who have streamed a TV show in the past 30 days. While downloading is dominated by 18-34 year olds and men, the video streaming model will provide advertisers with the opportunity to reach a broader and demographically diverse audience.

Methodology

Data were sourced from the August 2008 deep dive wave of fieldwork as part of Ipsos MediaCT's **MOTION** study, which was conducted via online interviews among digital video downloaders or streamers aged 12 years and older. The downloaders and streamers represented in the data have been confirmed to be representative of the market based on our telephone research among a representative U.S. population aged 12 and older. To learn more about **MOTION**, a quarterly syndicated tracking programming researching the U.S. online video market, please visit:

<http://www.ipsosinsight.com/knowledge/techcomm/products/motion.aspx>

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