

# The On-Demand Market

## Handing Over Control

Bite Sized Thought Piece

2009



The multichannel TV homes universe has grown from 29% at the end of 2000 (Ipsos MediaCT's Technology Tracker), to over 88% of homes (Ofcom Q3 2008). This has been largely driven by Freeview's DTT offering and the looming digital switchover. Along with greater choice and interactive features, one of the key benefits has been the digital television recorder (DVR), a piece of technology that places the viewer in control and has arguably revolutionised TV viewing for the c.5.7 million households that own one (Ofcom Q3 2008).

Our research tells us that, rather than using DVR technology primarily to avoid ads, viewers are using it to give them greater choice and more control over viewing. It seems that the DVR has been a huge step towards viewer empowerment – but it has not killed off the traditional TV schedule.

88% of DVR users 'always' or 'almost always' check what is on live TV before watching a recorded programme (on DVR).

*(Ofcom Communications Market Report 2008)*





## On-demand via the internet as well as the TV screen

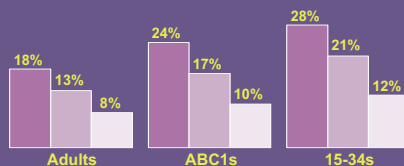
In recent years there has been an explosion in the amount of video content available online, as well as growth in the audiences watching content both online and via IPTV services. All players in the terrestrial TV market now offer on-demand content via the internet.

Whilst Virgin Media, BT Vision and Tiscali TV have opened up true on-demand content to the TV viewer, (with Virgin announcing in September 2008 that the proportion of its TV subscribers “regularly” accessing the on-demand service had passed 50%), the on-demand TV audience remains limited given that Sky and Freeview continue to dominate in TV households.

The market for online viewing of TV content has, however, recently experienced huge growth. BBC's iPlayer had 750,000 users in January 2008, growing to 1.4 million users by April (Source: BBC Press release). Recent research conducted for BARB by Ipsos MediaCT showed that 18% of adults had ever watched TV programmes via the internet. 13% had done so in the past month (with 8% in the past week).

### Viewing of TV programmes via the internet

□ Ever watched via internet   ■ Watched in past month   ■ Watched in past week



Base: 5127 adults May-June 2008, Source: BARB (Ipsos MORI Capibus).

## TV viewing online has a specific role

Viewing TV in a cosy lounge setting is an entirely different experience compared to viewing content online. The TV tends to be the first port of call for TV programming and has a specific role to play in social viewing situations such as sports and movies and for situations where relaxation is the main objective. Viewing online is more suited to repeat and catch-up viewing, viewing alone, a programme of very specific interest or a bite-size clip. The Tiscali TV Trends Report (2008) indicates that the majority of viewers (62%) preferred to watch on-demand content through their TV rather than the PC - and our own research confirms this.

In the short term we don't expect traditional linear TV viewing to change much, at least not until PC content can be easily accessed via the TV screen. For now, as reported by our Engage survey, there are some key barriers to overcome, with two thirds (68%) agreeing that the picture is noticeably inferior online compared with the TV and that online TV programmes take too long to load (67%).

Whilst TV viewing is unlikely to shift over to the PC in the short term, programme makers should utilise as many distribution channels as possible to increase audiences, promote viewer engagement and maximise revenues. However, they must understand the differences between viewing occasions as considerable success can be made of online content that complements the broadcast content.



# Generating revenue via advertising in on-demand content

Key to the success of on-demand content, both on screen and online, will be revenue generation, with advertising just one possible route. Research by Ipsos MediaCT in the US showed that the majority consuming video online find the inclusion of advertising a 'reasonable' expectation, given that they are freely accessing content, with some significant differences by programme genre.

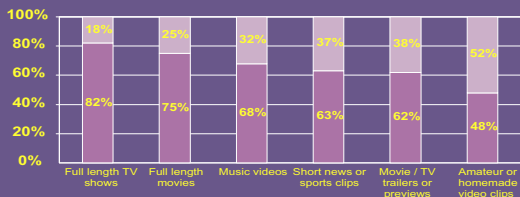
An alternative revenue model is paid-for content. Our Engage research reported that 62% of those with access to video-on-demand services agreed "I am not prepared to pay more for additional programming when I already pay for the multi-channel service". However, when presented with different types of programming that they could access on-demand, they were in fact willing to pay:

Episode of a drama/comedy series or music video: ~ 30p  
Sporting event: over £1

*(Ipsos MediaCT's Engage research 2007, base 262 with access to VOD)*

## How reasonable is it to have advertising in the following free video content?

□ Very reasonable / Somewhat reasonable  
■ Not very reasonable / Not at all reasonable



Base: (US) All who have downloaded or streamed video content (1,102) Feb 2008

Older movie: ~ 50p  
Recently released movie: ~ £1.50





## The future and researching this market

Viewing habits are changing as more content becomes accessible via on-demand services. The extent to which on-demand viewing takes off will determine the impact on TV schedules and the traditional TV spot. There is likely to be a generation gap in the short term, with older age groups more likely to rely on the traditional TV schedule. However, with digital switchover looming and increasing broadband speeds, true convergence of the computer and TV screen will soon become a reality with vast libraries of on-demand content available and full control placed in the hands of the viewer. Research challenges will be numerous and Ipsos MediaCT is experienced and well placed to help.

**For more information, please contact:**

Sara Rice  
Tel.: +44(0)20 8861 8000  
Email: [sara.rice@ipsos.com](mailto:sara.rice@ipsos.com)  
[www.ipsos-mori.com](http://www.ipsos-mori.com)



Ross Williams  
Tel.: +44(0)20 8861 8000  
Email: [ross.williams@ipsos.com](mailto:ross.williams@ipsos.com)  
[www.ipsos-mori.com](http://www.ipsos-mori.com)

