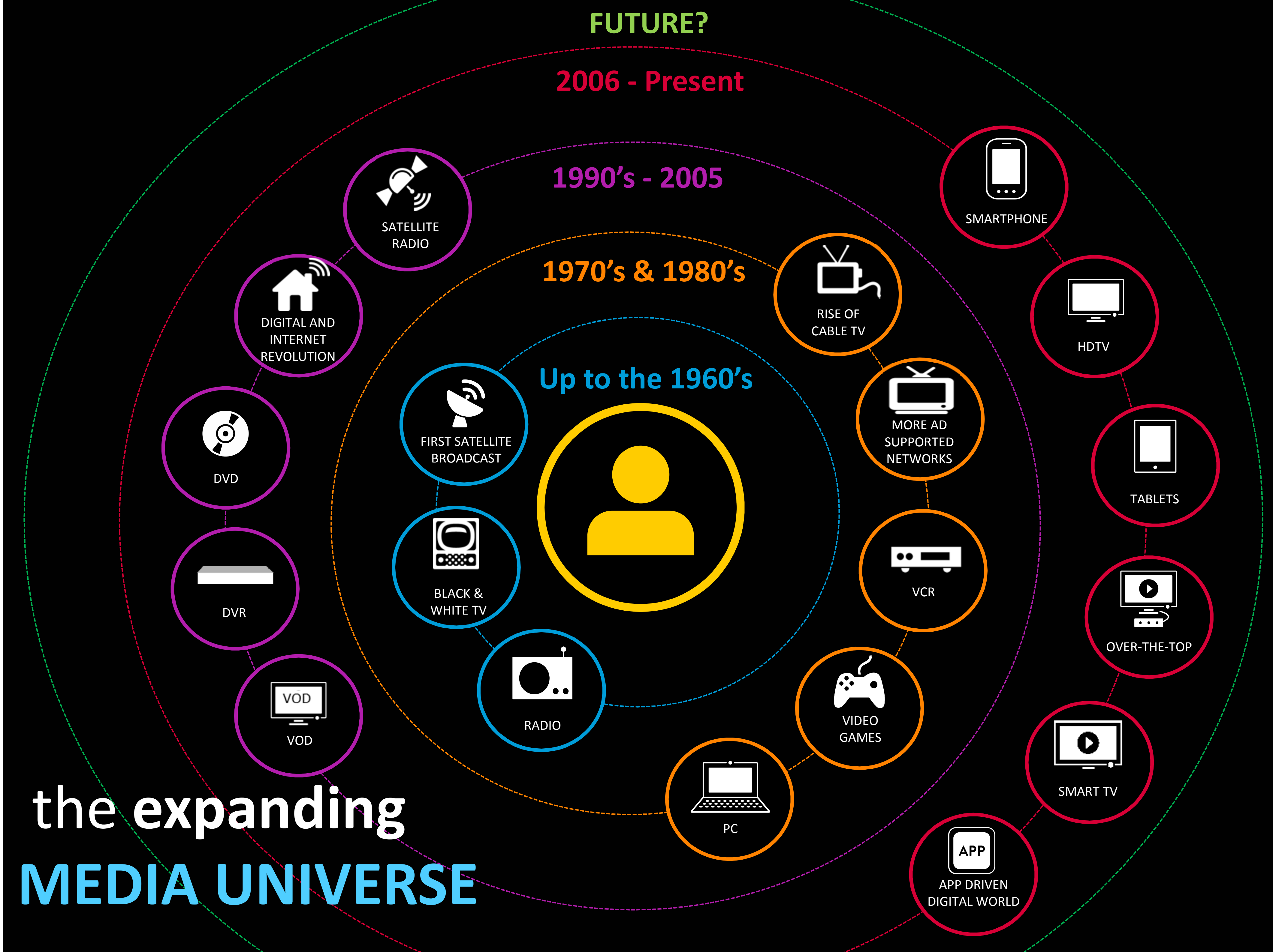
nielsen

COME ALONG FOR THE RIDE!
THE 2015 US MEDIA LANDSCAPE

Brian Fuhrer
SVP – Product Leadership
January 20, 2015

Thank you Finland!


FUTURE?
2006 - Present
1990's - 2005
1970's & 1980's
Up to the 1960's
FIRST SATELLITE BROADCAST
BLACK & WHITE TV
RADIO
RISE OF CABLE TV
MORE AD SUPPORTED NETWORKS
VCR
VIDEO GAMES
PC
SATELLITE RADIO
DIGITAL AND INTERNET REVOLUTION
DVD
DVR
VOD
VOD
SMARTPHONE
HDTV
TABLETS
OVER-THE-TOP
SMART TV
APP
APP DRIVEN DIGITAL WORLD
the expanding
MEDIA UNIVERSE

HBO To Launch Stand-Alone Online Service, Without Cable, In 2015: Time Warner Investor Day

by David Lieberman
October 15, 2014 7:33am

- BUSINESS
- MEDIA
- NEWS
- TECHNOLOGY
- BIG DEALS TV
- HBO
- HBO GO

In 2015 a standalone, over-the-top HBO Go service will launch in the the U.S, HBO Chairman and CEO Richard Plepler just confirmed, in a move that had been in the wind for some time.

MONEYBOX A BLOG ABOUT BUSINESS AND ECONOMICS. | JAN. 5 2015 4:18 PM

You Can Finally Watch Live News and Sports Without a Cable Subscription

By Will Oremus

9.7k 317

No cable subscription required.

Courtesy of Sling TV

It's Here: ESPN Without Cable

The TV bundle continues to molt: A new product from Dish makes ESPN and a handful of other channels available over the Internet for $20.

DEREK THOMPSON | JAN 5 2015, 4:09 PM ET

Tim Heitman/USA TODAY Sports

television

HBO Without Cable, Coming In 2015

OCTOBER 15, 2014 11:31 AM ET

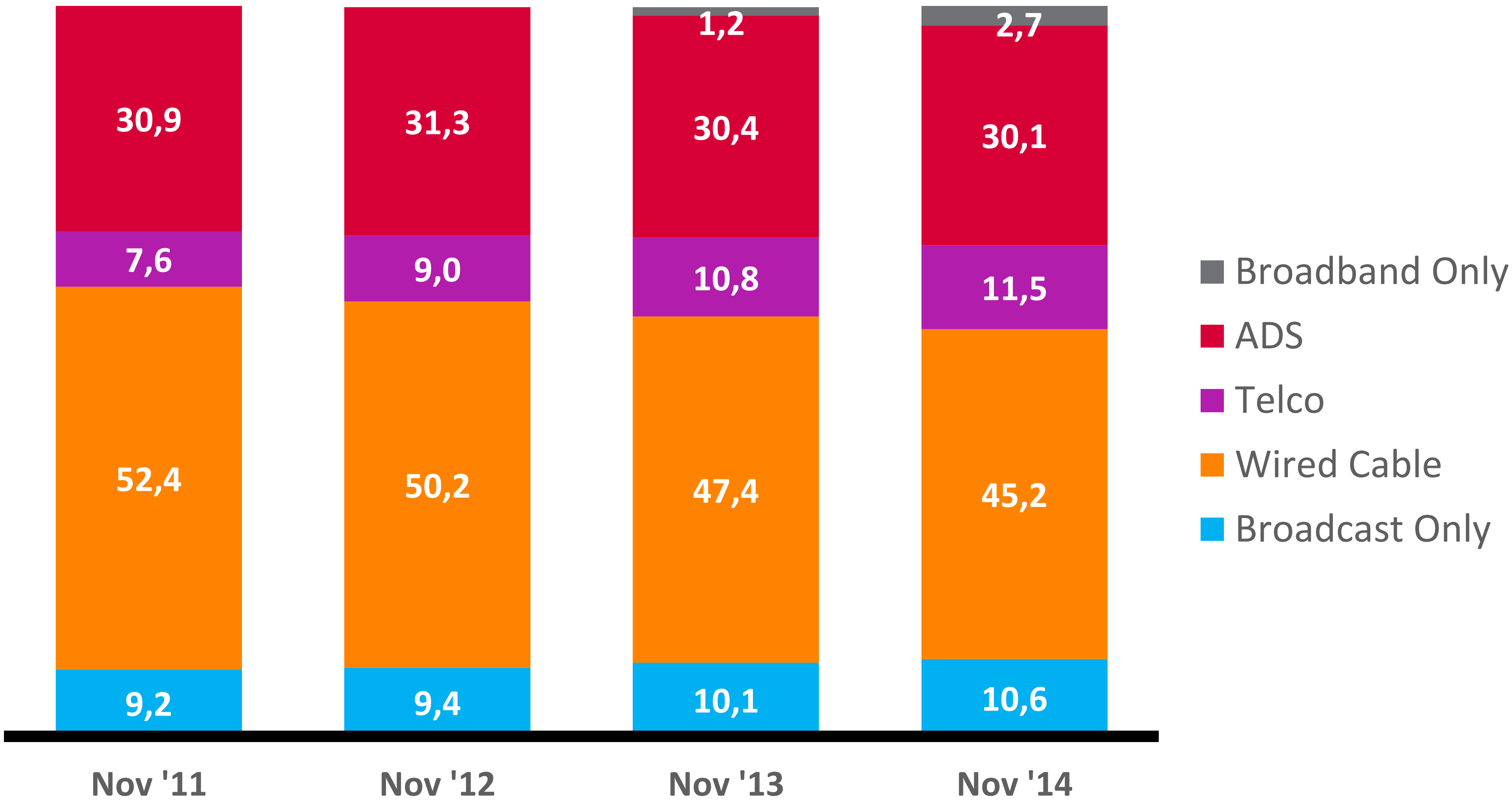
LINDA HOLMES

Lena Dunham and Allison Williams star in *Girls*, one of several popular HBO shows that stand-alone streaming could include.

Mark Schafer/HBO

DISTRIBUTION SHIFTING FROM WIRED CABLE

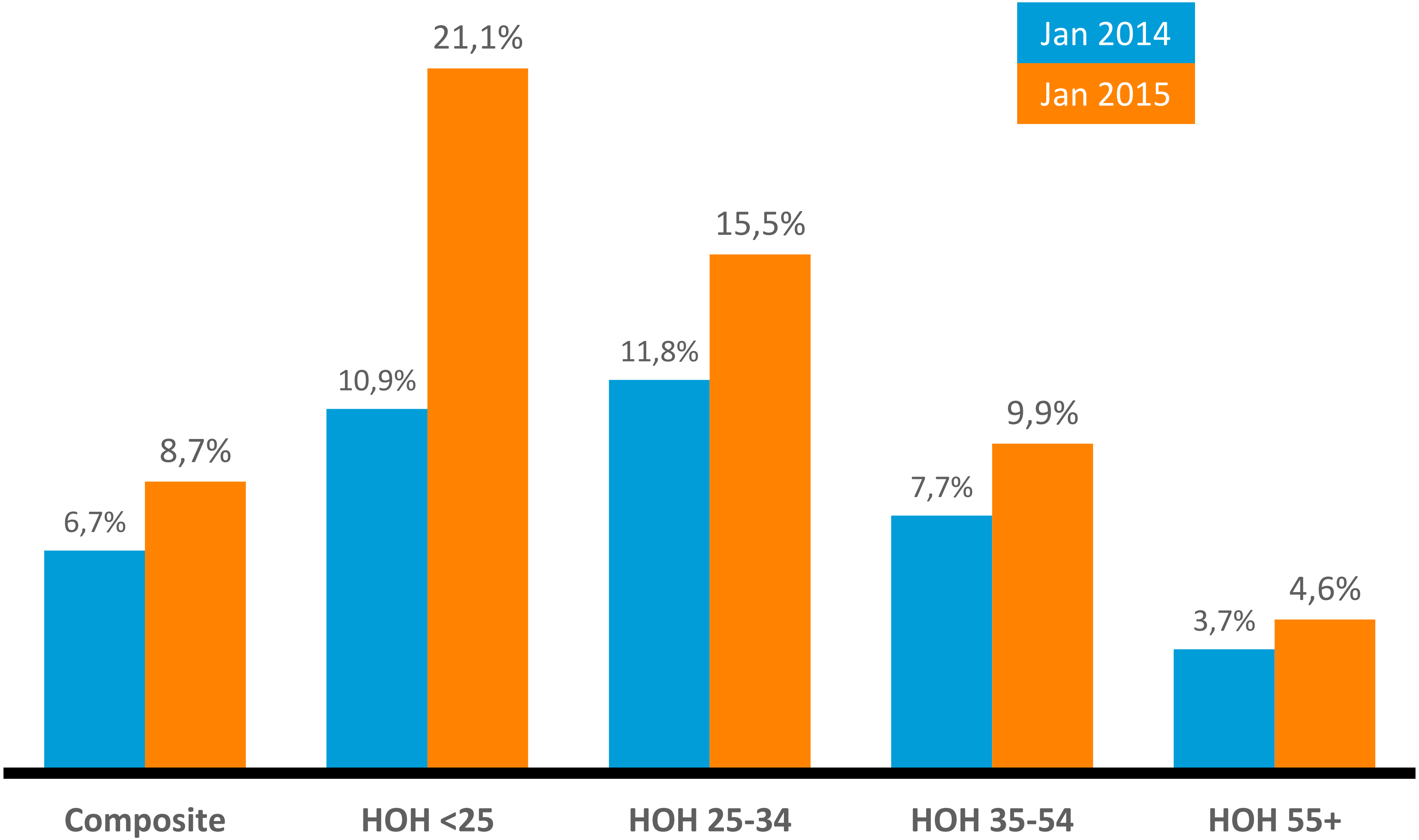
Percent of Total US



Source: Nielsen NPM, data from the 15th of each month, based on scaled installed counts.
Percent of Total US is based on a sum of the four breaks listed and is slightly higher than total Composite households.
Broadband Only Households broken out from the ADS bucket

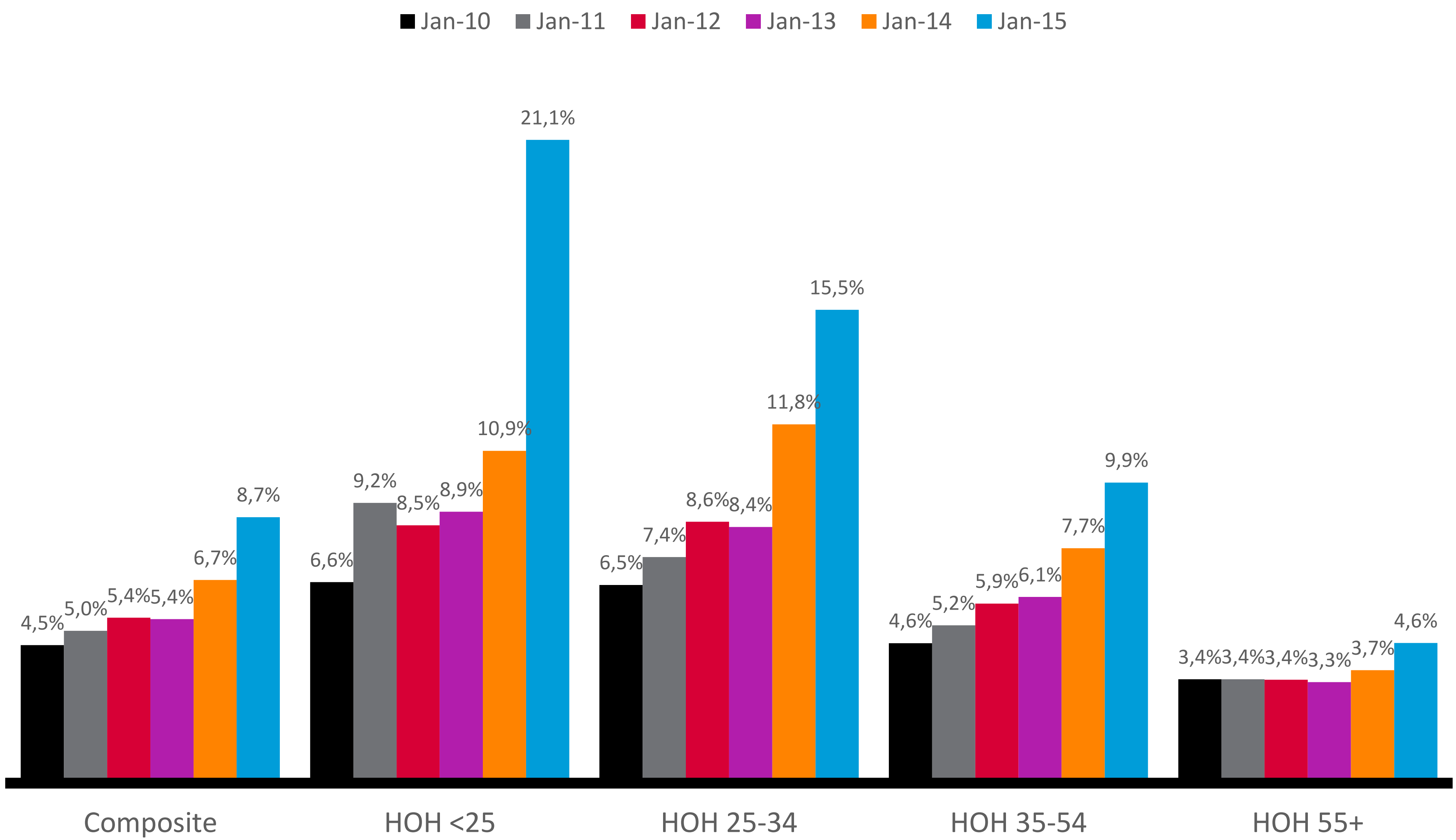
HOUSEHOLDS WITH INTERNET AND NO CABLE

Cord-nevers meet the cord-cutters?



HOUSEHOLDS WITH INTERNET AND NO CABLE

A trending perspective…



VIEWING ON THE TELEVISION SCREEN IS CHANGING

A look at traditional television viewing and total television screen time

LIVE TV - Encoded Live TV content originating from the TV set or any device connected to the TV (DVD player, game console, internet connected device, audio-video), AOT, encoded Cross Platform VOD

TIME SHIFTED TV - DVR, encoded Recently Telecast VOD,DVD recorders, server based DVR's, services like Start Over

Non HUT Sources:
Unencoded content being viewed on the TV through these devices would credit to these sources

DVD - Includes when the device is being used to playback a DVD/Blu-Ray, connected players streaming content, etc.

GAME CONSOLES - Includes when a game console is being used to play a video game, watch a movie, stream content, etc.

INTERNET CONNECTED DEVICES - OTT streaming devices (Apple TV, Roku, Google Chromecast, etc.) or Smartphone connected to the TV

A/V

AUDIO-VIDEO - Computers, tablets, karaoke machines, video camcorders, security/digital cameras connected to the TV

All devices must be connected to the TV to be captured within HUT/PUT or Non HUT Sources

LOWER PUTS ACROSS DEMOGRAPHICS

Actual use of television glass to view Live or time-shifted content

Composite, PUT Viewing Source
M-Su 6AM-6AM

Interval	P2+	P2-11	P12-17	P18-34	P18-49	P25-54	P55+
09/23/2013 - 12/01/2013	20.5	14.5	12.1	15.9	18.0	20.1	28.7
09/22/2014 - 11/30/2014	19.5	13.2	10.9	14.0	16.6	19.1	28.4
Percent Change	**-5%**	**-8%**	**-9%**	**-12%**	**-8%**	**-5%**	**-1%**

HUT/PUT includes Live usage plus any playback viewing within the measurement period. Time-shifted TV is playback primarily on a DVR but includes playback from encoded Recently Telecast VOD, DVD recorders, server based DVR's and services like Start Over

Source: NPOWER, Dual Feed

TOTAL USE ON TV SCREEN BRIDGES GAP WITH TV

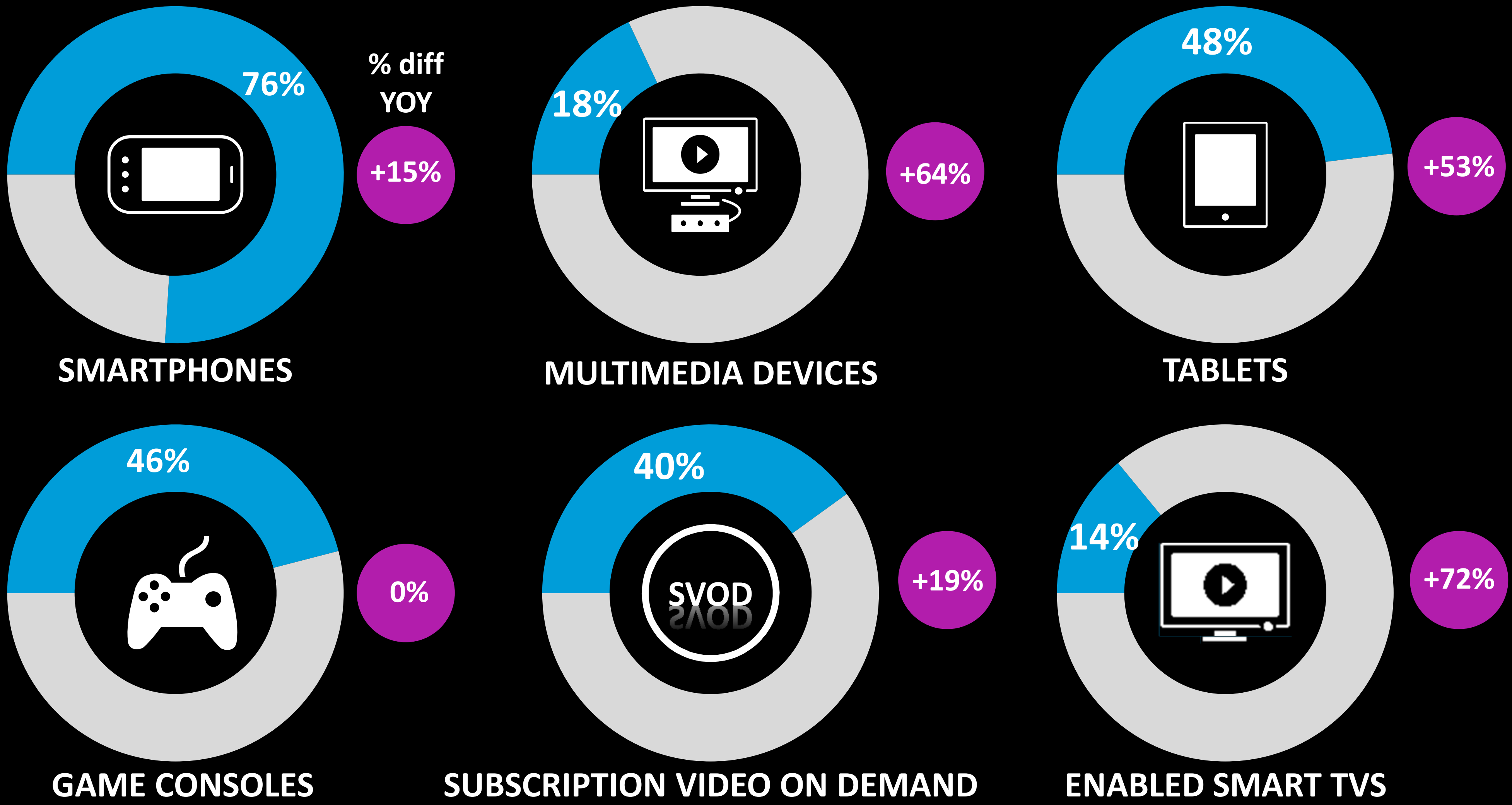
…but still lower across demographics

Composite, PUT Viewing Source
M-Su 6AM-6AM

Interval	P2+	P2-11	P12-17	P18-34	P18-49	P25-54	P55+
09/23/2013 - 12/01/2013	22.4	17.4	14.9	19.0	20.4	22.1	29.3
09/22/2014 - 11/30/2014	21.7	16.4	14.1	17.6	19.4	21.3	29.2
Percent Change	**-3%**	**-6%**	**-6%**	**-7%**	**-5%**	**-4%**	**0%**

Source: NPOWER, Dual Feed, Total Use of TV includes time spent using non-Hut devices connected to the television set (DVD, Game Consoles, Over the top devices, etc…)

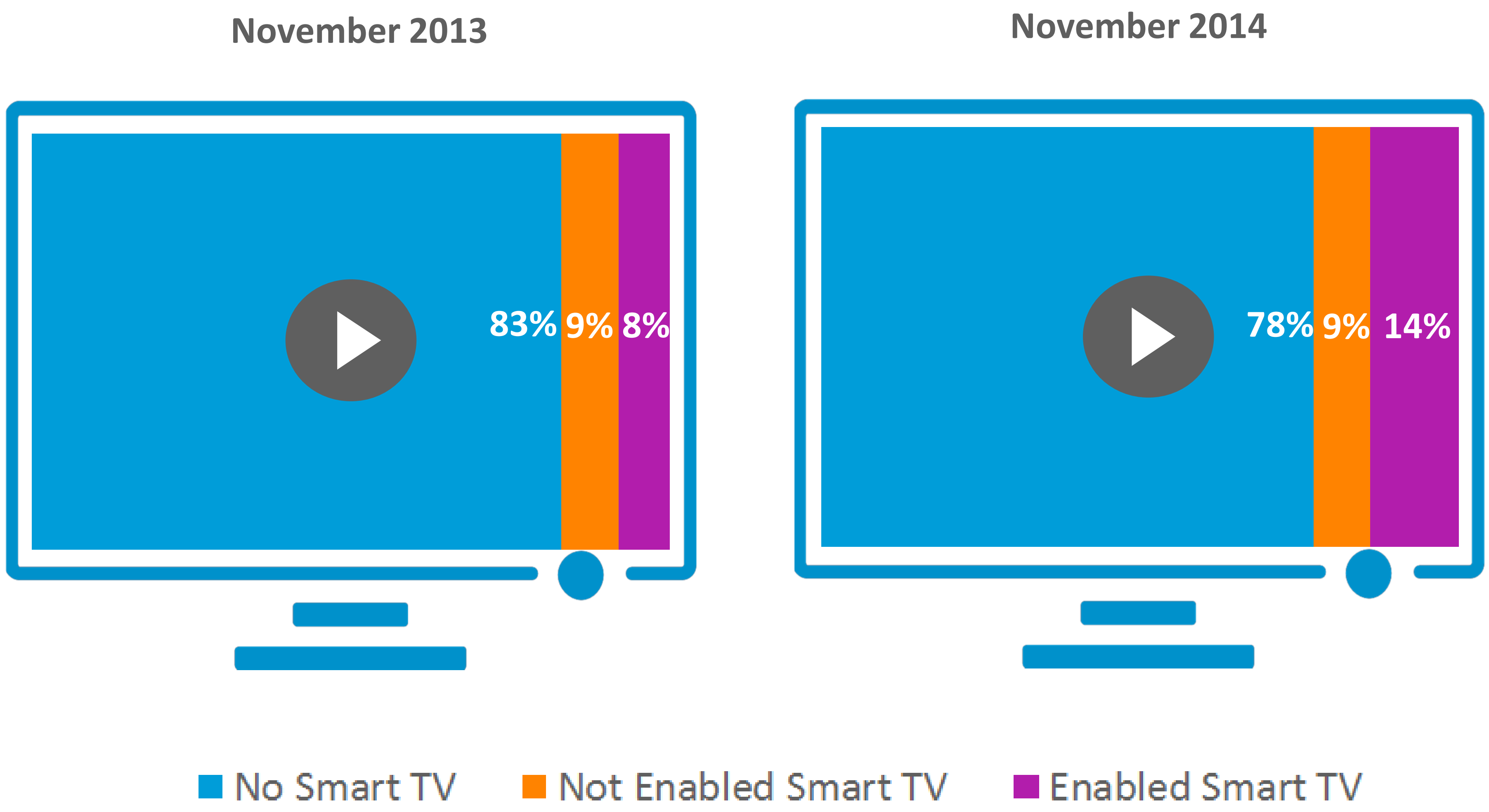
TECHNOLOGY DELIVERING MORE OPTIONS



Source: NPOWER HHLD, Custom Data Smart TV - November 2014, Mobile Insights P13+ - October 2014
% Diff for SVOD based on January 2014

SMART TV PENETRATION

Enabled Smart TV Continues to increase year over year



Source: Nielsen Custom Data HHLD

UPTICK FOR OVER-THE-TOP USE

Traditional sources lower year over year

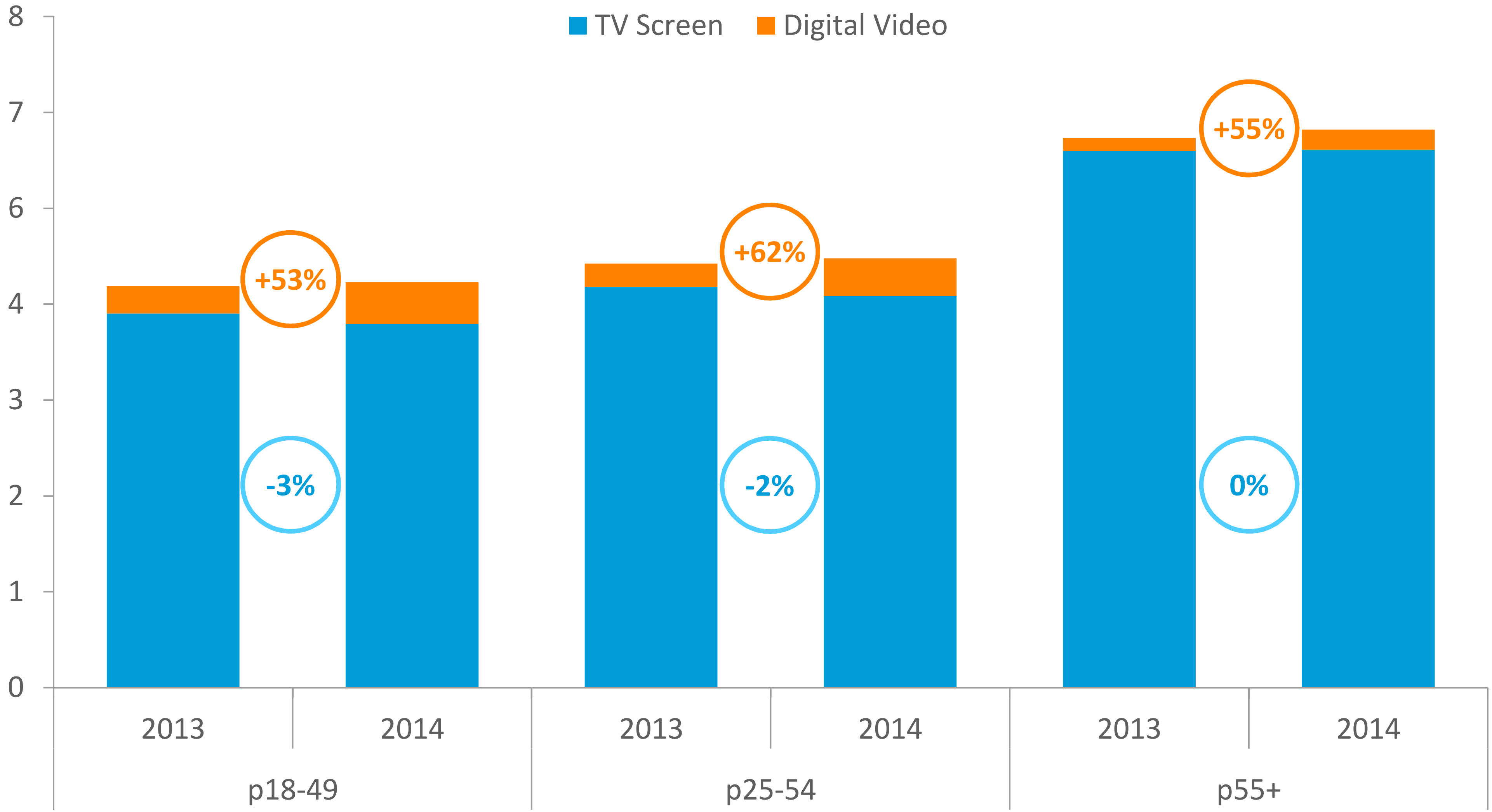
First 9 weeks of the Broadcast Season (2013 VS. 2014)

	Persons 18-49			Persons 25-54		
	2013	2014	% Diff	2013	2014	% Diff
PUT Viewing Source	34.5	32.1	-7%	39.1	37.1	-5%
Premium Pay	1.2	1.0	-12%	1.4	1.2	-14%
AOT	1.8	1.8	1%	1.8	1.9	7%
Time-Shifting	5.3	5.4	2%	6.2	6.3	2%
DVD Playback	1.6	1.4	-11%	1.6	1.5	-9%
Video Game Console	2.4	2.6	9%	1.7	1.8	4%
Internet Connected Devices	0.5	1.0	121%	0.5	0.9	93%

Source: Nielsen, NPOWER, HHLD, Prime, L+7

MEDIA TIME INCREASINGLY FUELED BY DIGITAL

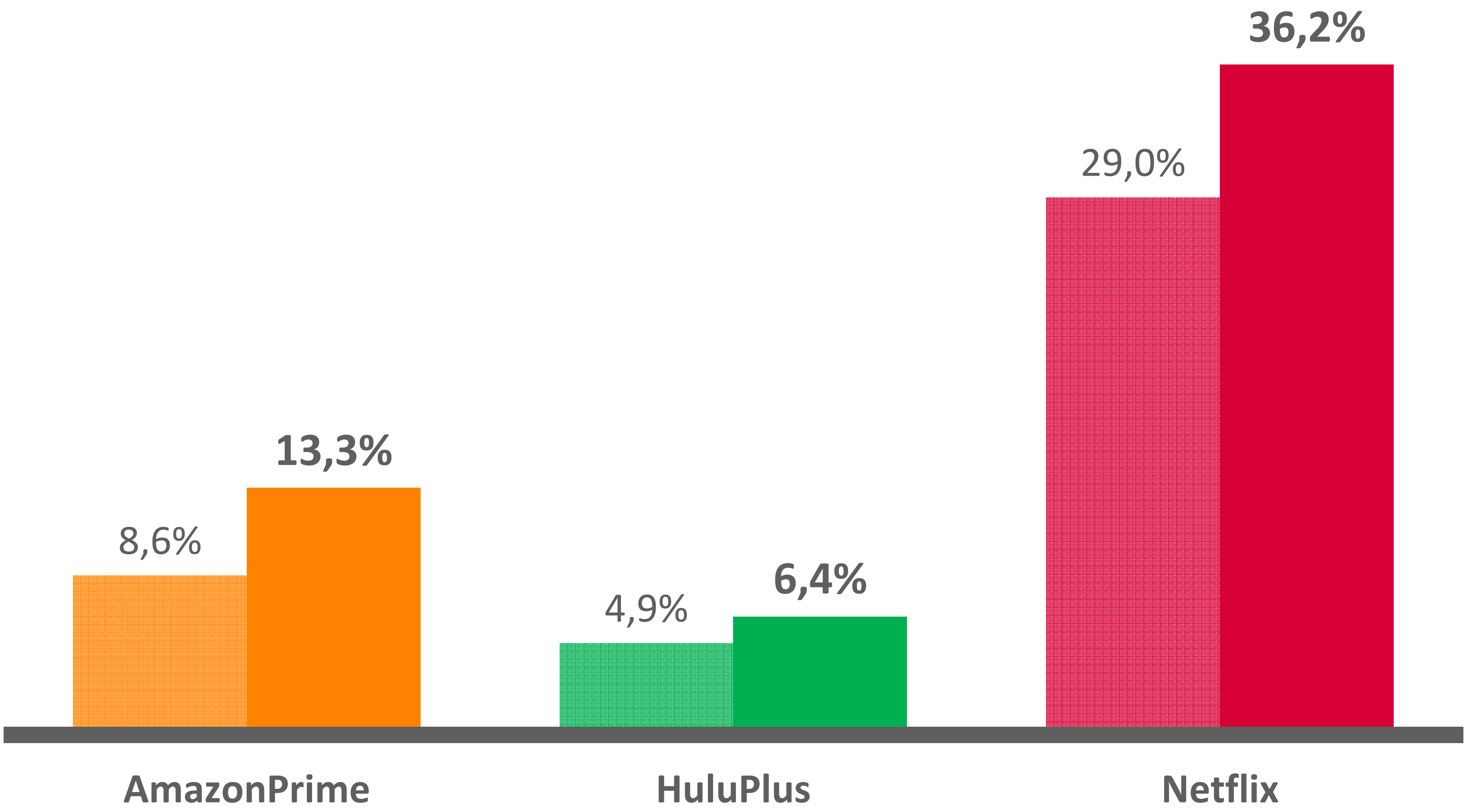
Average Daily Time Spent (Hours)



Source: The Nielsen Cross-Platform Report Quarter 3 2014

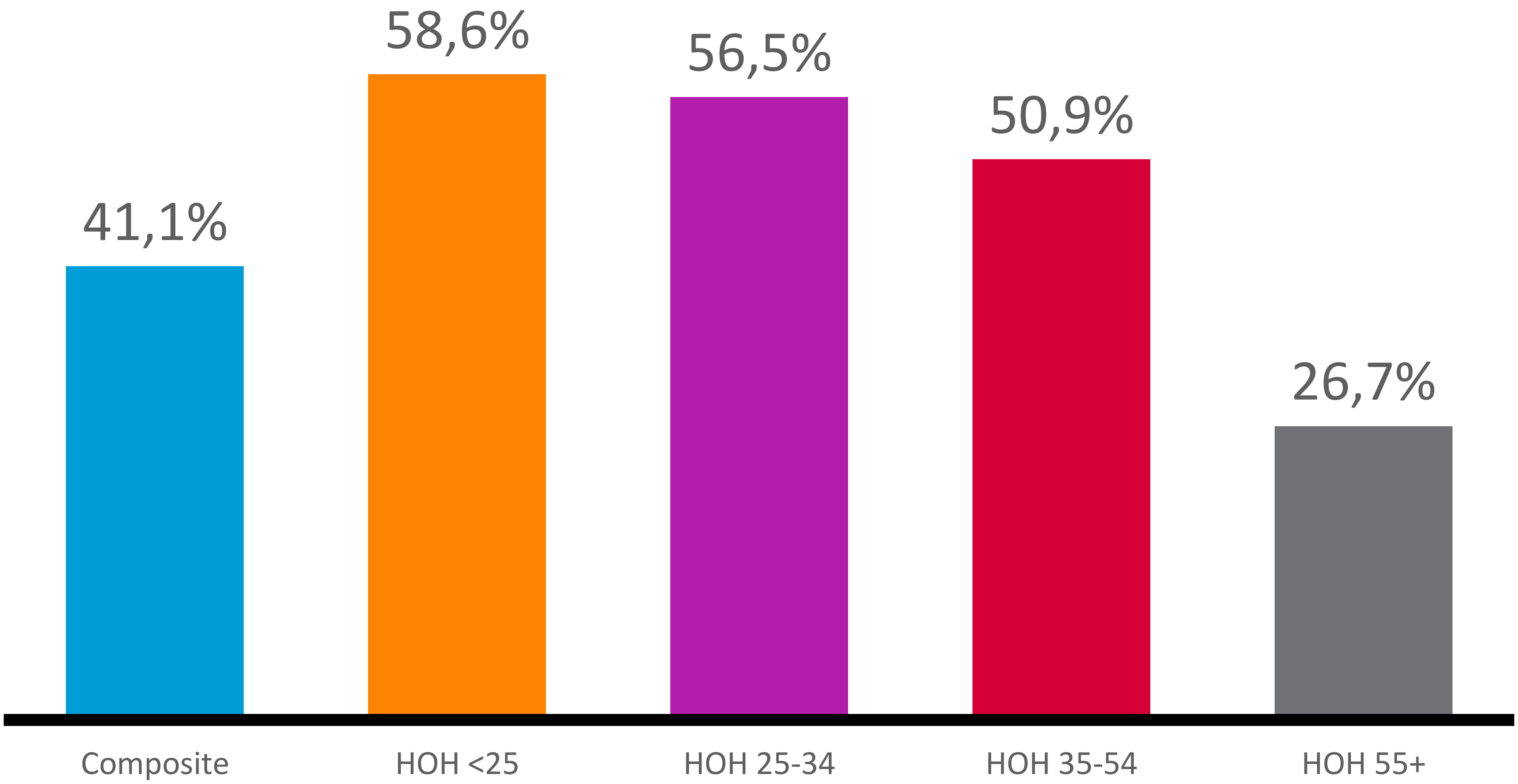
YEAR OVER YEAR GROWTH OF SVOD SERVICES

US household penetration in December 2013 and December 2014



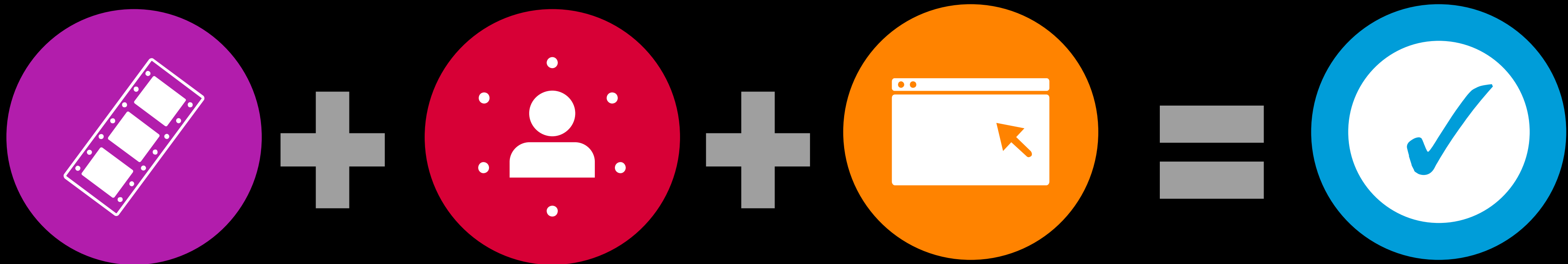
SUBSCRIPTION VIDEO ON DEMAND PENETRATION

Households with access to Amazon Prime, HuluPlus, or Netflix video services



Source: Npower, NPM
Data Interval: 01/01/2015

KEYS DRIVERS FOR VIDEO CONSUMPTION



CONTENT ACCESSIBILITY INTERFACE SUCCESS

IN SUMMARY

What does this change mean?

- Live TV will exist as long as there are big events, live sports and news, but for other types of programs, consumers are increasingly adopting VOD platforms.
- Subscription VOD will continue in popularity due to convenience and ease of use, but ongoing sustainability will be dependent on content acquisition, and bandwidth considerations.
- Content owners will look more closely at distribution deals to understand relationship and impact on traditional revenue models given expansion and penetration implications.
- Mobile devices (smartphone and tablets) will play an increasing role in video consumption, but will likely be complementary as opposed to substitutive.

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AN UNCOMMON SENSE
OF THE CONSUMER™