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Is Online Really Changing TV?

Americans are spending more time than ever viewing video, the internet and mobile devices. And, interestingly, they are watching more television as well.

The average American now watches 151 hours of television a month, up five minutes on a year ago. The big change though is in how they are watching. Time-shifted television – recorded programmes on DVR or TiVo – increased by an hour and 40 minutes a month to more than seven hours.

New Zealand television viewing has also increased; it had its strongest year ever last year, with the average person watching three hours and eight minutes a day (103 hours per month), up 8.6 percent on 2007. There were also 99,800 more people watching TV than in 2007 – total viewers 3,924,400.

So when you consider the impact of 'other screens' and the uptake of applications, clearly, if we look to the US, we shouldn't be worried.

Fragmentation of the media makes it more interesting to reach audiences – or is it more difficult? Rather than simply fragmenting audiences further, additional screens are generating additional audiences.

Time-shifted viewing is the big mover and best viewing screen alternative to traditional TV. With the uptake of DVR/MySky players here, it will continue to grow.

Time-shifted viewing has always been a scary one for advertisers, as it is pretty obvious that most of us are fast-tracking the ads. But how much of this is now happening in NZ?

Roy Morgan reports that 24 percent of New Zealanders have a DVR in their home – that's 818,000 people. At December 2008: 49,801 homes had MySky, almost doubling in six months. While MySky penetration is probably not as high as TiVo in the US, our DVR usage is in line.

The US statistics compiled by ACNielsen report 90 percent of time-shifted viewing is done within three days; three quarters of which occurs within just one day. This is all about convenience of viewing. Twenty percent of playbacks, however, take place within just five minutes of the live broadcast. This is, potentially, evidence that people might be looking to avoid commercials.

Nielsen figures in the US tell us that those in the 35-44 year age group are the strongest viewers, watching six percent of time-shifted TV, and the 18-24 demographic watch four percent.

TVNZ and TV3 have both added another significant stream to their viewing audience by gaining the rights to broadcast online – called 'on demand'. While it could be argued that it pulls viewers away from live TV, the numbers suggest that it is incremental viewing. *Shortland Street* had over 78,000 streams in one week. This is especially true of the international shows which TVNZ have gained access to.

While time-delayed viewing points towards product placement deals to overcome 'ad interruption', 'on demand' is actually very simple and totally interactive. You pay for what is seen, so if a viewer skips forward to the second half and your ad is in the first half, you don't pay. If the viewer is drawn by your advertising message, they can link to a website or promotional page to support the message – banners can also help reinforce the product/brand. You don't even need a TVC – suddenly digital files can give you access to a TV audience. Now there's an opportunity, particularly if budgets are tight!

Watching video on the internet is an entirely different story. Twenty-four percent of Americans watch a news clip online weekly, 20 percent watch *YouTube* or other user-generated video, 15 percent view sports news and eight percent watch a TV show.

The first three are all about content, and therefore not quite so controllable, however banners and integration into high-usage sites is key. But it could also be about ensuring that partnerships are structured strongly across multiple platforms.

As you would expect, it's the younger demographic (18-24) viewing the most video on the web, with Nielsen reporting a five-hour-a-month average. Those aged 25 to 34 view four hours – with that viewing done mostly at work.

Then there is the third screen – or is it the first? – the mobile handset. US Nielsen figures show mobile viewers grew nine percent in the fourth quarter of 2008 to 11 million.

While TV/video viewing on mobile is not the strongest usage as yet, there is real desire for this type of material. An independent report from the US stated:

- 55 percent of respondents are interested in mobile TV and video.
- 51 percent are willing to accept advertising in return for free TV and video content versus 54 percent in 2008.
- 25 percent view content in between daily activities, 16 percent in transit and 11 percent while waiting in line.

So mobile is all about downtime and quick grabs. It is also about content made for mobile viewing – something that now needs consideration with the uptake of 3G phones.

Where does this leave advertisers? With more to consider. It's not just about which shows are their consumers 'must views', it's also about how viewers are watching those shows or content.

Vertical placement is key – if you have an ad, take it broader, there are other screens to consider which add additional audiences.

Consider 'communities'; if you know your audience loves to watch a programme, think about greater integration – mobile and web viewing. Test on lower entry-level mediums to gauge interest in your communities.

TV is not dead. TV is being asked to transform and so it should. Now the TV networks have the ability to add some real value to their partners and create outstanding opportunities.

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