



TV+ proliferating portable screens = viewing+

TV viewing in the United Kingdom, measured by average viewing per person (AVP), has risen every year since 2006. In 2011 it is forecast to rise further, taking average daily viewing to more than four hours per day, equivalent to a quarter of our waking hours.

In May 2011, television viewing measured by aggregate viewing hours (AVH) rose by six per cent year-on-year. This is an increase of 364 million hours.⁵ To put this rather large number in perspective, it is equivalent to double the entire time the United Kingdom spent on Facebook, LinkedIn and Twitter in the same month.⁶ Not too shabby for a medium that has been, and continues to be, prophesied to disappear.⁷

The question is: can television viewing rise further? None of the dozens of industry executives we interviewed for this year's report thought AVH and AVP would rise further. The most bullish expected consumption to plateau.

A counter view is possible: there are several factors that could, in combination, drive TV viewing up. Some are supply-driven, such as a rise in the quality of television, quantified as the volume of television that the mass market wants to watch, rather than solely what TV critics rave about. Some are cyclical, such as the state of the economy, with television viewing possibly correlating with unemployment levels.

Some factors are indirect, most notably the expected growth in the number of portable screens among UK TV viewers.

Portable screens proliferate.

A steady growth in ownership of, or access to, portable devices with screens of sufficient quality to watch television, such as laptops, tablets and smart phones could drive increased TV viewing in the short term.

Tablets and smart phones are likely to see strong increases from their current installed base. Tablets are still relatively new to all markets – earlier this year about one million tablets had been sold in the United Kingdom. Tablet sales should remain strong through 2014 as a growing range, at a range of price points, come to market.

Our research found that tablet computers are as likely to be purchased as televisions over the next 12 months.⁸

Over the next four years, as existing owners of feature mobile phones (basic phones with small screens) upgrade their devices, Deloitte expects the UK smart phone base to rise from 30 per cent to over 60 per cent.

All laptops and tablets sold will be of sufficient quality to watch (mostly pre-recorded) TV. A growing range of smart phones sold today have screens of sufficient size, resolution, brightness and contrast to enable TV viewing. Screens have evolved significantly from the first days of mobile TV when watching football was an exercise in spotting the ball.

Demand for portable screens is likely to be strongest among younger age groups, which tend to be earlier adopters of technology and also place a greater emphasis on technology relative to other purchases. This is also the group which watches less television – so the opportunity for uplift is potentially higher.

More portable screens mean more opportunities to watch TV.

A growing number of portable screens should increase the opportunities we have to watch TV, in the same way that mobile phones give us more opportunity to make phone calls. The greater the opportunity, the greater the likelihood we might end up watching TV outside of the home.

Watching pre-recorded television on a portable device is likely to become increasingly commonplace, particularly during 'dead times' or otherwise unproductive gaps during the day, such as commutes, while waiting for people, during lunch breaks or to help pass the time.

Catching up on TV is likely to compete with reading free sheets or books, email and social networks, 'snacking' on video games, listening to music and calling up long lost friends.

For families with children, of any age, portable screens are also likely to be increasingly used to entertain back seat passengers on road trips.

As ownership of portable screens increases, the travel industry is likely to offer streamed video content, delivered over Wi-Fi or in-seat wired connections, from servers on the vehicle, train or plane.⁹ This enables transport operators to offer entertainment services without the capital expenditure of deploying screens to every seat. On long distances, the main content consumed is likely to be films; for shorter distances, TV is likely to predominate.

Portable screens are also likely to be used in the home, serving as temporary TVs whenever the main TV set is showing something else. Portable screens are unlikely to displace the main TV set. It will remain the default for watching any TV, as TV normally displays and sounds better on a bigger screen.

Portable screens will be used like PVRs.

The lack of a nationwide network of sufficient speed to support streaming of video to devices means that the majority of TV watched outside of the home will be pre-loaded.

A key challenge with many of the mobile TV offerings to date has been the lack of consistently good network quality to be able to stream video to a device. Today, and over the next few years, this is likely to remain an issue, except when stationary and within range of an uncluttered public Wi-Fi hot spot. Where cellular networks are of sufficient quality to support streaming, costs may be prohibitive. Watching an hour's TV streamed to a device via some of the UK's mobile networks could use up an entire month's data allowance.

Streaming is not a prerequisite to watching TV while out and about. Pre-loading content onto a portable device when at home, the office or wherever a good Wi-Fi network exists circumvents the need for network access. Pre-loading content could readily become a habit for those who want to watch television in this way.

It is a practice similar to setting a personal video recorder (PVR) to record. Downloading to a portable screen could become as easy as PVR recording has become.

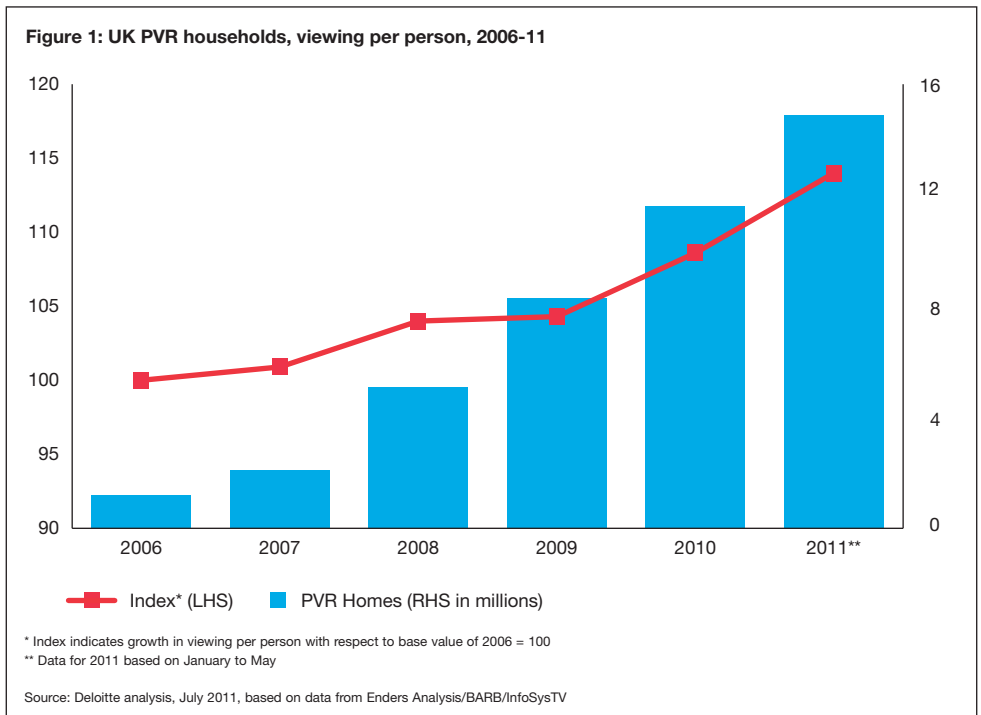
Falling memory prices – a memory card the size of a basic PVR is currently available for under £40 – already enable tens of hours of TV content, at a resolution optimised for mobile devices, to be downloaded and stored. Multiple applications are available that facilitate the recording of streamed video onto portable video.¹⁰ For smart phone owners, the phone can soon become the PVR in your pocket.

Portable TV viewing outside of the home is likely to be additive.

The TV-related technological advances that have had most success historically have typically increased television consumption. This impact is also likely with portable screens.

If the quality of TV content remains strong, portable TV viewing devices are likely to encourage more viewing, with on-the-go TV additive to regular in-home television.

One parallel that could be drawn is with PVRs, whose penetration has grown steadily over the past five years, as have aggregate viewing hours and average viewing per person (see Figure 1).



Advances in non-glare screen technology may enable viewing of TV outdoors by 2015.

Through 2015, the technology underlying portable screens should improve steadily. They are likely to get lighter, and thus more portable; they should get more robust too.

Screen technology should also improve, with one major possible innovation being the launch of colour screens that work in direct sunlight.¹¹ This would enable watching TV in a park on a sunny day, in the same way that eReaders with elnk allow electronic books to be read outdoors.

Viewing+ requires a lot of co-ordination – but it is an opportunity worth exploiting.

Television consumption could rise to an average 253 minutes per day – even if we were to assume that living room TV consumption has reached a plateau – as long as the on-the-go service is made easy to use.

Higher TV consumption could benefit a number of players. It could make content more valuable – subject to content rights being in place. It could help television reach younger viewers, by placing TV wherever their day may take them, rather than requiring them to be in front of a TV set. It would allow more adverts to be viewed – albeit within shorter breaks – reflecting more staccato consumption patterns of TV on the move. Content offered via transport providers could be sold on a pay-per-view basis, exploiting the expected roll-out of built-in wireless payment systems (known as near field communications) into mobile phones.

The only way is up? We shall see.