

TV Strengthens “Super Media” Status

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Reports of the death of traditional TV are greatly exaggerated according to the 2011 predications list by the Technology, Media and Telecommunications (TMT) practice at Deloitte who believes that its influence over other media will continue to grow.

Specifically, Deloitte's research shows that it expects 40 million new viewers to tune in for the first time over 2011 and that more than 140 billion more hours of content will be watched around the world. Such enhanced viewing will drive a 20% increase in pay-TV revenues with a commensurate \$10 billion rise in global advertising revenue to \$191 billion.

This represents a fifth consecutive year of growth, from \$174 billion in 2007 to \$191 billion in 2011, and Deloitte says that this contrasts sharply with newspapers' decline in advertising revenue from \$126 billion to \$93 billion over the same period. The TMT's forecast of 6% increase in 2012 would take TV advertising revenue beyond the \$200 billion mark: more than twice as much as for newspapers.

The TMT recognises that every year heralds a new innovation for TV sets and predicts that tens of millions will be sold in 2011 featuring a search function that allows viewers to “pull” content via simple search applications on the menu screen or, at its most sophisticated, by locating content from broadcast, streamed and stored content.

However, Deloitte does not believe that this will necessarily translate into huge changes in viewing behaviour. Outlining very clearly why this would be the case, Ed Shedd, lead media partner of Deloitte said: “The television set is continually evolving and tens of millions will be sold in 2011 with a search function that allows viewers to “pull” content via simple search applications on the menu screen. However the inherently passive nature of watching television means the only pulling that most viewers may want to do is pulling up a chair.”

One technology which Deloitte does have high hopes for is the digital video recorder (DVR) which the TMT believes will proliferate in 2011. It predicts that over half the households in the UK will own a digital video recorder by the end of 2011. However, it cautions that that this does not herald the decline of display advertising.

Explained Jolyon Barker, global lead for Deloitte's TMT: “We predict that DVR penetration in the UK will exceed 50% of TV households by year end 2011; but TV advertising will be almost entirely unaffected. While DVRs provide the technological capacity to skip ads, the majority of DVR owners are likely to continue watching their television live. TV ad rates may go up or may go down for various reasons this year but DVR penetration probably won't be one of them.”

Deloitte notes that TV ads will be ignored only if viewers record every single show they watch, including sport matches, reality show finals and news bulletins, so they can deliberately avoid commercials. It insists that even commercials viewed at 12 times the normal speed leave an impression on viewers, specifically the last advert before the show restarts.