Media Consumption in a Wireless World

How the new 'convergence culture' is changing television, radio and newspapers as we know them

This is an extract from the Media Consumption in a Wireless World report produced by nVision's pan-European service.

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Introduction

Digital television, podcasting, online newspapers, i-tv, blogging… All these phenomena are the offspring of today's relentless computing-and-communications revolution – and are profoundly changing how people across Europe consume traditional media.

How are all these developments changing the 'old' media as we know it? How are European consumers actually responding to the revolution?

And what does the future hold for the creation of content and for the ability of each medium to carry commercial messages on behalf of brand-owners?

Executive summary

Digital technologies, broadband and the rollout of next-generation mobile devices have created the (multiple) platform for a new media era. We currently inhabit a period of transition, characterised by the key realities described in Section 1:

Media convergence: there is a move from medium-specific content toward content that flows across multiple media channels.

Media everywhere: thanks to the portability of new communication technologies, we are entering an era where media will be accessible at any time and at any location. This means that Europeans today can carry a lot of computing power in their pockets – 77% own a mobile phone – the highest penetration rate being amongst those aged 15-24. They are already starting to use them not only for personal communications but also for media and entertainment purposes.

Internet usage: the online environment is becoming a privileged information and communications space. 50% of Europeans are currently regular internet users. These figures are forecast to increase to 66%. Other media are readjusting to this reality.

Multi-tasking: consumers no longer focus their attention only on their TV while they sit on the couch – they are also online, talking on the phone and/or reading a newspaper. Nearly 59% of Europeans claim to use the internet while watching TV or listening to the radio. Especially for young people, multi-tasking is a way of life.

Participation: the rise of two-way technologies enables Europeans to become their own publishers, movie makers, artists, song creators and story tellers. Many are starting to do so.

Fragmentation: the explosion of channels and on-demand options are eating into the mass audiences of the past. The possibility of choosing between numerous channels varies considerably across countries, yet choice explosion will continue to boom into the future.

These realities are transforming dramatically the whole media landscape. We look in more detail into the effects in every single 'traditional' medium in the next sections of the report. Section 2 explores the changing face of television. It looks at consumption figures, the process of digitalisation across Europe and interactivity. It also poses some questions on the future of entertainment in relation to TV content.

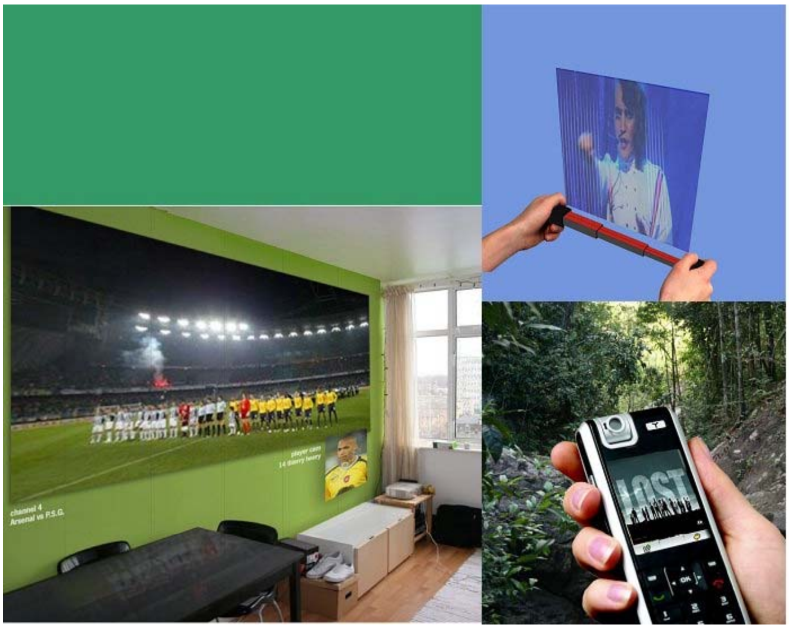
Section 3 looks more closely at the changes taking place within the radio sector and, in particular, to the phenomenon of podcasting.

Section 4 refers to newspapers and the main challenges facing the sector in the near future.

1. Convergence culture

1.1. An era of media transition

Picture 1 Convergence culture



Source: nVision 2007

Media consumption is more than ever before characterised by uncertainty, flux and unpredictability. Consumers are shifting their time and spending budgets in favour of new, digital media. Driven by steadily increasing numbers of PCs and broadband connections at home, the way consumers receive information and entertainment is changing dramatically in most European countries.

We no longer consume media as we used to do. A whole range of new technologies enable us to archive, appropriate, recirculate and even create media content. There are many more ways now to connect with others and consume media. Data from the US tells that the average American home now has 26 different electronic devices for communication and media (8th Annual Household and Teen CE Ownership Study, April 2006). The key question is: to what extent are European audiences using the new possibilities? As we will see in the course of this report, they are just starting to use them – and the future looks therefore challenging and also uncertain for the current media sector.

Professor Henry Jenkins from the MIT explores this phenomenon in his book 'Convergence Culture: Where Old and New Media Collide'. By convergence, he refers to the flow of content across multiple media platforms, which at the same time involves the cooperation between multiple media industries. He argues that the convergence process will entail a migratory behaviour from audiences – they will go anywhere in search of the kinds of entertainment experiences they want.

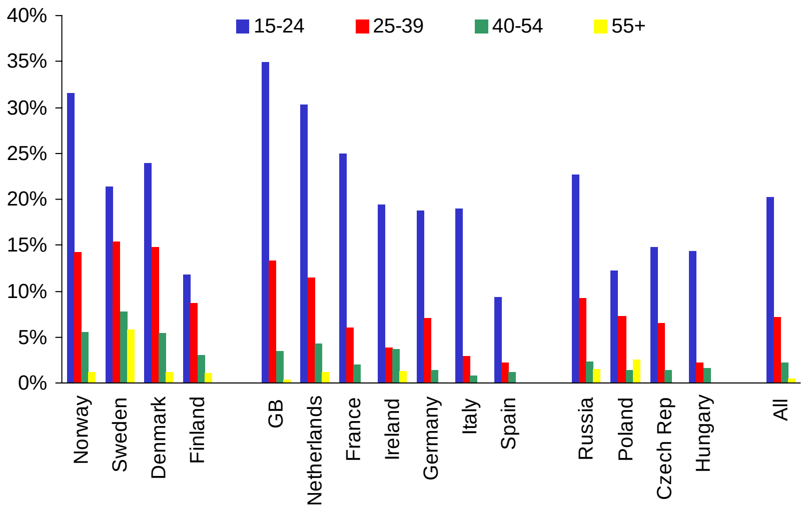
Convergence requires all companies involved in the media sector to rethink old assumptions about what it means to consume media. If previously consumers were assumed to be passive, the new consumers are active. They are nomadic and show a declining loyalty to any single option. They are more socially connected and more involved, taking media into their own hands.

Yet the convergence process does not simply consist of old media being displaced by new media. The emerging paradigm assumes that old and new media will interact in ever more complex ways. This is an era of transition and predictions are thus problematic. In this report we provide data on the state of 'old media' today in Europe and the key consumer trends affecting their development. Before that, we devote our first section to analysing the implications of a convergence culture and the five key realities that are transforming the whole of the media landscape.

1.2. Wireless world

Chart 1 Using a mobile phone to listen to music

% who claim to use a mobile phone to listen to music, by age within country



Source: nVision Research Base: 11,000 aged 15+ / 5,000 aged 16-64 (Nordics), 2006

Thanks to the proliferation of channels and the portability of new communication technologies, we are entering an era where media are ubiquitous. Communication tools are no longer place-bound, which means that Europeans today can carry a lot of computing power in their pockets.

Our most recent survey shows that 77% of Europeans own a mobile phone – the highest penetration rate being amongst those aged 15-24 (around 90%). Still, a small proportion (5%) claim to use it to access the internet (mobile phone-based internet access is also low in the US). 10% say they use their mobile phone to play games, and the same proportion to send/receive picture messages. More relevant though is that already 20% of those aged 15-25 use their mobile phone to listen to music.

The abundance of options affects the way Europeans spend their time. The average European on a typical day spends more time than ever before communicating and using media devices – television, radio, iPods and mobiles. According to a study from the US, about 30% of the observed waking day of university students is spent with media as the sole activity, compared to 21% spent on work activity, while an additional 39% of the day is spent with media while involved in some other activity.

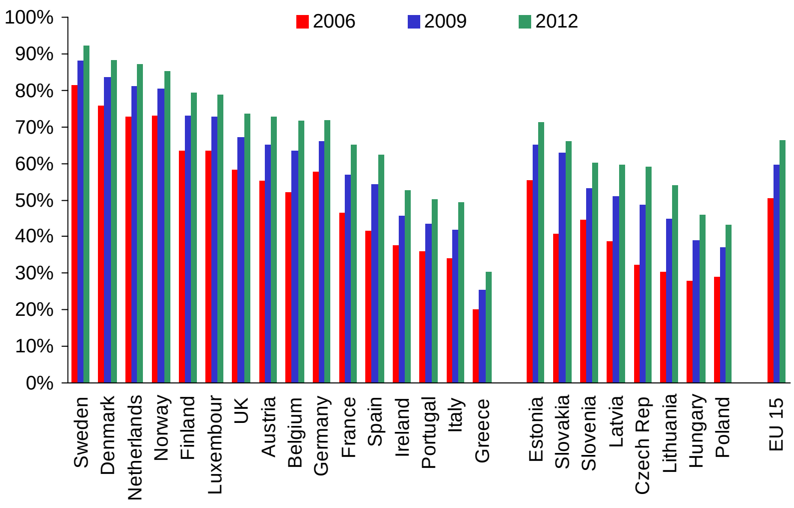
Of more importance than the actual figures are the feature-based services that those mobile phones are and will increasingly be able to perform. All these portable devices change the settings in which people enjoy media content and participate in communication. Increasingly they will want to talk and browse the internet when they are in cars and trains, in line at the bank, waiting on street corners or walking through the park.

Also, the fact that the young population constitutes the fastest growing segment of mobile communication users favours the entertainment function as this is the social group more predisposed towards it.

1.3. Internet usage

Chart 2 Internet usage forecast in Europe

% of adults in selected EU countries who use the internet at least once a week, by country



Source: Eurostat/nVision Base: 1,000-2,000 per country aged 15+

Another key reality by which to understand the progress of media consumption is the proliferation of internet usage. As Henry Jenkins says, "history teaches us that old media never die...what dies are simply the tools we use to access media content – the 8-track, the Beta tape." Television did not kill radio. It perhaps displaced it as a storyteller medium, so radio became the primary source for listening to music. The internet will not kill television, radio nor newspapers. Yet it will readjust some of their functions.

Regarding the uses of the internet, it is important to acknowledge that broadband connections are becoming more widespread, reaching at present 23% of EU 25 households and forecast to reach 36% in 2009. Our research shows that as people gain experience online they depend on it more.

Research from the Pew Internet Research Centre (based on US data) has found that broadband connections amplify and intensify internet use. So people spend more time logged-on, do more activities more frequently and transfer offline activities online.

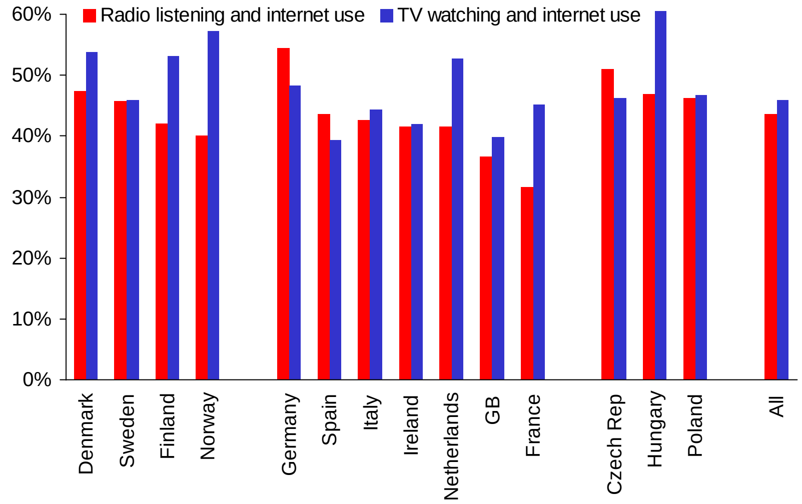
However, any analysis focused on the online world in Europe needs to consider the key country differences that persist across the continent. The chart above shows current levels of usage and what is forecast for the next three and six years. While the internet appears to be the norm across the Nordic region and the Netherlands, with the UK and Central European countries catching up. Southern Europe still lags far behind. Within the CEE, there is a group of countries which is also gathering apace. Prospects are positive for the region; they are projected to even surpass some of their Southern European counterparts.

The fact is that the online environment is becoming a privileged information and communications space – and this changes the expectations and behaviour of users. Consumers are getting more used to downloading, storing and accessing content from a PC, which takes on the role of a content server. This reality holds the possibility of completely transforming people's consumption of media content and entertainment.

1.4. Multi-tasking

Chart 3 Simultaneous media usage

% who use the internet at the same time as listening to the radio/watching TV at least sometimes, by country



Source: nVision Research Base: 9,000 internet users aged 15+, 2006

Clearly the uptake of new media effects people's media habits. What certainly seems to be happening is that people are increasingly 'media-multitasking'.

The chart above shows that around 45% of people claim to listen to the radio or watch television at the same time they use the internet. For some years now radio has become an 'ambient' experience and it seems television is taking the same path. For instance, people record that they watch TV all evening – and, in sequence, they eat dinner with the family, put children to bed and then go online. What happens then with the attention devoted to TV content? As people reallocate their shares of time, they slice their attention even more thinly by packing multiple activities into their daily time.

Especially for young people, multi-tasking has become a way of life. They tend to watch TV while they are also doing other things: phoning their friends, surfing the net, playing an electronic game.

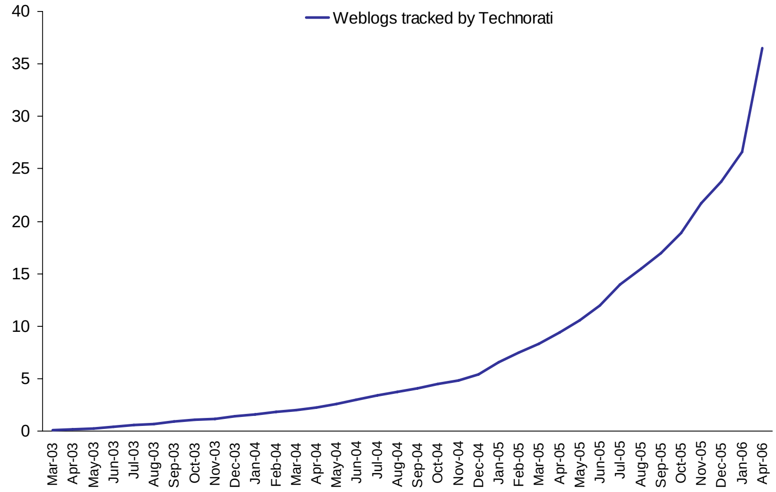
They are multi-taskers often living in a state of 'continuous partial attention', a term coined by Linda Stone, a technology consultant. The ubiquity of gadgets and media allows younger workers to shift back and forth quickly between tasks, chat with their friends or research for projects, pursue diversions, etc. They are scanning all available data sources for the optimum inputs. This is not the same as multitasking but a step further forward. To pay continuous partial attention is caused by a desire not to miss anything. It means to effectively scan new opportunities and optimise the best ones. It is an always-on outlook, anywhere, anytime.

This trend imposes obvious consequences on the media sector. Consumer attention is fragmented across more media – making TV advertisements increasingly less effective. In our new-media era, audiences will occasionally be large, but often small and often tiny. It seems that progressively consumers feel comfortable integrating different media, so advertisers will need to adapt their messages to the new reality. (See nVision report 'Marketing in the New Media Age').

1.5. The age of participation

Chart 4 Number of blogs

In millions



Source: OECD/Technorati/nVision

Another key reality is that the rise of two-way technologies enables Europeans to become their own publishers, movie makers, artists, song creators and story tellers. We observe that the blog phenomenon and the trend for 'participatory media' is emerging quickly everywhere. According to recent data, people in France have created around 3 million blogs, in Spain around 1.5 million, in Italy 200,000, in the Netherlands 600,000 and in Poland around 1.4 million blogs have been created (Source: The Blog Herald, The Singaport Internet Research Centre, latest available data is December 2006). Data from the US reveals that 57% of teenage internet users have made a creative contribution to the online commons.

The old, 'Industrial Era' media model was built on big companies making decisions about what to produce for passive audiences to consume. It was a top-down system, built on the broadcast (one-to-many) framework where barriers to entry were high and where trained professionals decided what was news and entertainment.

In the new 'Information Era', there is no difference between producers and consumers. People do both. Consumers create, remix and share media. They like to rate and rank media content. In the words of Lee Rainie, from the Pew Internet Life Project, "this truly is the Age of Amateur Experts."

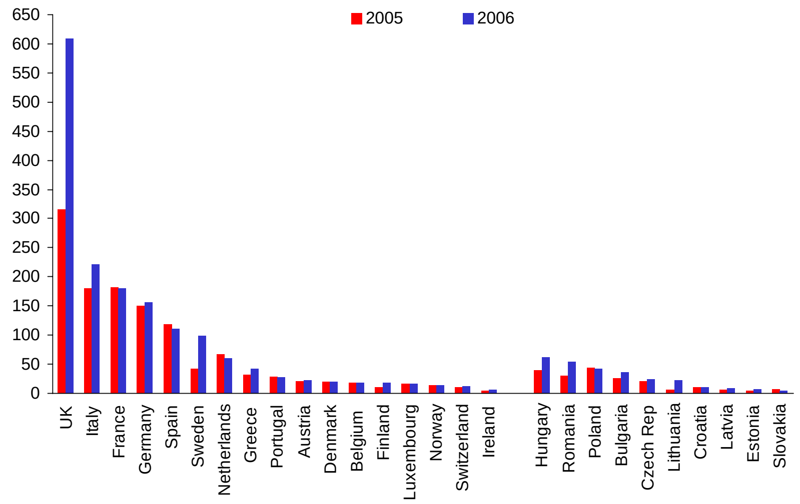
This does not mean that every media consumer interacts within a virtual community, but in Europe many are starting to do so. They discuss what they see with their friends, family members or online forums.

Another key question here is: what role will user-generated content play in mainstream viewing, listening or readership? Increasingly traditional media will reference the online stratosphere: check this blog, see this 'Youtube' clip. What seems likely is that as audiences get more used to participation, they will require constant innovation from content providers.

1.6. Fragmented media environment

Chart 5 Number of TV channels available

By country



Source: European Audiovisual Observatory Yearbook/nVision

So the European media environment is transforming into a very competitive and highly fragmenting one. Increased choice, quality and interactivity are changing dramatically the experience with any type of media. Since 2000 the number of available TV channels in Europe has doubled to a staggering 1,600 channels (Source: Booz/Allen/Hamilton, 2006). The number of daily newspapers in Europe has increased just by 14% in the last 5 years, yet online editions have shot up by 93%.

The chart above is quite revealing on the figures of expanded choice across all countries. The massive, regular, national TV audiences (for fixed-schedule programmes on a constricted number of often public-service channels) of the 1980s and 90s may be under threat.

Media fragmentation is driving attention away from traditional media channels. Over the next decade, European audiences will quite possibly move away from the scheduled world towards an on-demand service, where viewers will decide what is consumed and how.

In addition to expanded choice, digitalisation means more innovative and rich experiences for consumers. By making content digital, media becomes device-agnostic. Both digital audio and digital video can be played on a computer, MP3 player, mobile phone or home entertainment system. Because of the digital nature of the format, devices are able to process and present multiple media types. Digital video recorders or mobile media players allow consumers to watch content when and where they choose. The possibilities are endless.

Within this debate, Chris Anderson's concept of 'The Long Tail' is highly influential. Anderson argues that as distribution costs lower and as (thanks to the internet) media content providers can keep more backlist titles in circulation, niche content will proliferate. 'The Long Tail' model assumes an increasingly savvy media consumer, who will actively seek out content of interest and who will take pride in being able to recommend that content to friends. Media planners need to keep this process under continuous review.

Further contents of this report

- Television in a digital world
    - TV consumption remains unrivalled
    - Towards digital television
    - Mobile consumers; Interactivity
    - 'Business'
    - 21st Century entertainment, and its impact on TV Content
    - The end of mass audiences?
    - Home entertainment convergence
- What does convergence culture mean for the radio?
    - Radio goes digital
    - Listening is a secondary activity
    - Podcasting
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- Newspapers
    - Diverse Europe
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    - Reading online
- Concluding remarks

This is an extract from the Media Consumption in a Wireless World report produced by nVision's pan-European service. To view the full report or to discuss the service please contact Carolyn MacLeish on +44 (0)20 3042 4747 or carolynm@futurefoundation.net

In May 2005 The Future Foundation was acquired by Experian Business Strategies.