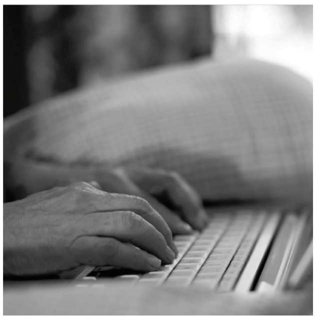
AUSTRALIAN MULTI-SCREEN REPORT

QUARTER 4, 2011




TRENDS IN VIDEO VIEWERSHIP BEYOND CONVENTIONAL TELEVISION SETS

VIDEO CONTENT ACROSS MULTIPLE SCREENS

The ability to view video content continues to be stimulated and enhanced by the advancement of technology beyond conventional television sets. Smaller, more mobile devices and improved connectivity are also providing new opportunities.

This report highlights the trend of video viewership[1] in Australian homes across televisions, computers and mobile smartphones by combining[2] data from the OzTAM and Regional TAM ratings panels and Nielsen's National NetView panel, Nielsen Online Ratings, Nielsen Australian Online Consumer Report and Consumer & Media View database.

The overall hierarchy of viewership across all technologies, along with increasing content convergence, continue to show a strong positive relationship with screen size, with viewers demonstrating a preference to watch content on the largest screen available.

TABLE 1: TECHNOLOGY PENETRATION

	Q4 2010	Q1 2011	Q2 2011	Q3 2011	Q4 2011
Digital Terrestrial Television (DTT): Penetration within TV households[3]	85%	90%	92%	94%	95%
Completely DTT: Penetration within TV households (Homes capable of receiving DTT on each working TV within the home)	48%	55%	61%	65%	70%
Personal Video Recorder (PVR): Penetration within TV households	33%	37%	40%	42%	44%
Internet Connection: Household penetration[4]	77%	77%	77%	76%	77%
Tablets: Household penetration[5]	N.A.	N.A.	8%	9%	10%
Smartphones: Mobile phone subscribers[6]	N.A.	35%	46%	46%	49%

REPORT HIGHLIGHTS

Access to **digital terrestrial television** broadcasts continues to increase. During the course of 2011, two Television Audience Measurement (TAM) markets switched off analogue transmission – Regional Victoria (May) and Regional Queensland (December). This, along with the declining prices of new TV sets, has continued to drive the incidence rate of digital TV sets.

As at the end of Q4 2011, 95% of all homes were estimated to have access to digital broadcasts on at least one TV set in the home.

- This estimate is up from 90% for Q1 2011.
- Homes that can receive digital terrestrial broadcasts on all television sets in the home increased during 2011 from 55% to 70%.
- The combination of these two factors gives more viewers greater choice and access to broadcast content and stimulating viewership via more traditional means.

[1] Video content is defined as a stream where both audio and video are detected. Video viewership excludes adult and advertising content, as well as downloaded content.

[2] Wherever possible, geographic and demographic data have been matched for like comparisons.

[3] Source: DTT, PVR estimates are based on install levels from the Combined OzTAM Metro and Regional TAM panels as at last date of each period (Q1=end of P4, Q2=end of P7, Q3=end of P10, Q4=end of P13).

[4] Source: Estimates for Internet connection from combined OzTAM Metro and Regional TAM quarterly Establishment Surveys (ES). Quarterly ES waves are conducted within standard calendar quarters.

[5] Source: Estimates for Tablets penetration from OzTAM Metro quarterly Establishment Surveys (ES). Quarterly ES waves are conducted within standard calendar quarters.

[6] Sources: Nielsen Australian Online Consumer (AOC) Report of online consumers aged 16+(Q1 2011), The Nielsen Telstra Smartphone Index Report of mobile users aged 16+ Q2 2011 & Q3 2011 and Nielsen Consumer & Media View national population aged 14+.

- Average monthly time spent viewing all broadcasts in the home has increased by 6.1% (or 6.5 hours) when compared to Q4 2010. It is worth noting that television viewing behaviour (as seen in Table 2) reflects the seasonality fluctuations, with increased viewing during winter time.

An increasing proportion of homes also have access to **time-shifting devices** such as PVRs allowing for more opportunity to control and dictate personal viewing schedules. Currently 44% of all homes have access to PVR functionality in their homes.

- The increasing penetration of this technology may be contributing to the increase in overall playback viewing observed during 2011.
- Average monthly time spent viewing in playback mode has increased by 4.5 hours (60%) since Q4 2010 to an average of 12 hours per month.

Household **Internet connectivity** remains stable at 77% meaning no change in potential access to online video content. This trend is contrasted by monthly time spent accessing the Internet on PC with an increase of almost 1 ½ hours per month (3% increase) in Q4 2011 on the previous quarter.

Similarly watching online video has increased by approximately 13% on the previous quarter.

Technology ownership in the home is also advancing through **tablet devices** offering easy, mobile and flexible online access with specific applications available to facilitate online video consumption. An estimated 10% of Metro households surveyed during Q4 2011 claim to own at least one tablet device. According to Nielsen's Australian Online Consumer report, watching any viewing video content on tablets grew from just 2% of the total online population at the end of 2010, to 5% by the end of 2011.

Ownership of smartphones is a similarly dynamic category, with an estimated 49% of the National population aged 14 years or over owning such a device. Video usage on mobile phones is largely dictated by available services and associated service costs. Current estimates suggest that this usage is relatively small but growing rapidly.

TABLE 2: MONTHLY TIME SPENT (H:M)

	Q4 2010	Q1 2011	Q2 2011	Q3 2011	Q4 2011
Watching any TV in the home[7]	107:07	108:51	116:09	121:52	113:38
Watching Playback TV	7:29	8:36	9:58	12:21	12:00
Using Internet on a PC[8]	N.A.	43:33	42:29	42:27	43:54
Watching any video on Internet	N.A.	2:07	2:39	3:03	3:27
Watching any video on a mobile phone[9]	N.A.	0:35	N.A.	N.A.	1:20

[7] Source: Combined OzTAM Metro and Regional TAM databases with overlap homes de-duplicated. Calculation is based on the average of the end of calendar month Cumulative Average Time Viewed (ATV) within each quarter, excluding Guests. Viewing to 'traditional' TV is based on consolidated data.

[8] Online usage source: Nielsen NetView (Q1-Q3 2011) and Nielsen Online Ratings (Q4 2011 onwards) - Using Internet on PC excludes adult content and application. Figures are National and for people 2+.

[9] Smartphone usage source: Nielsen Australian Online Consumer (AOC) Report for respondents aged 16 and over. Estimate based on reported weekly time spent by average number of weeks in a month (4.3). National figure only produced annually. Q1 figure from 2010-2011 AOC Report (February 2011 edition). Q4 figure from 2011-2012 AOC Report (February 2012 edition).

Approximately 99% of Australian households have at least one working TV[10]. Overall, TV monthly reach has increased from 97% in Q4 2010 to 98% currently amongst Australians nationally[11], whilst viewing broadcast content in playback has continued to increase in keeping with the continued growth of PVR ownership. Monthly reach of broadcast playback TV has increased from 35% in Q4 2010 to 41% in Q1 2011.

Internet usage via PC is relatively stable with Q1 figures, while online video consumption has grown 5% across the year.

Mobile phone ownership is predictably high (77% of the total population or 93% of people aged 14 years or more[12]) and stable whilst watching video via mobile phone continues to consistently trend upwards in reach, albeit from a small base. Mobile phone ownership is measured amongst people aged 14 years or over.

TABLE 3: OVERALL USAGE (000s), MONTHLY REACH

	Q4 2010	Q1 2011	Q2 2011	Q3 2011	Q4 2011
Watching any TV in the home[13]	20,901	21,364	21,436	21,408	21,433
Watching Playback TV	7,582	8,068	8,466	8,714	9,021
Using Internet on a PC[14]	N.A.	13,623	13,821	14,263	13,692
Watching video on Internet	N.A.	9,437	9,944	10,508	9,892
Owning/using a mobile phone (people 14+)[15]	N.A.	17,215	17,384	17,375	17,431
Downloading and watching video on a mobile phone (past 30 days, people 14+)	N.A.	517	537	581	602

Note: Estimated TAM coverage area population base (i.e. excluding non-coverage areas of NT, remote SA etc) are 21,522,000 (2010) and 21,850,000 (2011).

[10] Source: Combined OzTAM Metro and Regional TAM quarterly Establishment Survey (ES), Q4 2011.

[11] Estimated National Television Audience Measurement (TAM) population within the coverage area of 21,522,000 (2010) and 21,850,000 (2011).

[12] National population aged 14 years or more of 18,712,000 and total people of 22,706,000. Based on Australian Bureau of Statistics (ABS) estimated resident population as at 30th June 2010. Estimates are a forecast for 30th June 2011.

[13] Source: Combined OzTAM Metro and Regional TAM databases with overlap homes de-duplicated - calculation is based on the average of the calendar month cumulative reach audience (0200-2600) within the quarter. 'Watching TV' and 'Watching Playback TV' are both based on Consolidated data.

[14] Source: Nielsen NetView (Q1-Q3 2011) and Nielsen Online Ratings (Q4 2011 onwards) – Internet activity (using and watching) excludes adult content and application. Figures are National and for people 2+.

[15] Mobile phone ownership and usage sourced from Nielsen Consumer & Media View.

TABLE 4: A MONTH IN THE LIFE – Q4 2011

	KIDS[16]	TEENS[17]	P18-24	P25-34	P35-49	P50-64	P65+	ALL PEOPLE[18]
Watching any TV in the home[19]	71:43	59:46	54:16	96:11	125:40	155:52	175:59	113:38
Watching Playback TV	6:24	6:58	7:34	11:38	15:09	16:54	13:16	12:00
Using the Internet on a PC[20]	7:47	14:31	28:54	62:39	54:25	50:53	31:36	43:54
Watching any video on Internet via PC	1:39	2:53	5:00	5:12	3:23	3:07	1:51	3:27
Watching any video on a mobile phone[21]	N.A.	1:29	2:54	2:55	0:57	0:18	0:00	1:20

Monthly time spent viewing video content on traditional TV has grown across all age groups since the beginning of 2011 with the exception of People 25-34. People 18-24 in particular exhibited a large increase during the course of 2011.

Playback of broadcast TV content is increasing at an even faster rate. This has occurred across most age groups, with People 18-24 and People 50-64 having the largest proportionate growth.

Overall PC Internet time spent is up marginally. The older demographics of People 50-64 and People 65+ are driving the growth, while most other age brackets have experienced moderate declines.

Online video consumption has increased across all age demographics during 2011. This increase has been considerable for most age groups.

Video consumption via mobile phones is estimated from a population aged 16 years and over. At an overall average time estimate of 1 hour 20 minutes per month (up significantly since Q1), the main users are those aged 18-34, averaging almost 3 hours per month.

The combination of the extended screens (PC and mobile phone) usage for any video content still accounts for just 4% of video consumption on traditional TV.

[16] Combined Metro OzTAM and Regional TAM data defines 'Kids' aged 0-12 and Nielsen Netview aged 2-11.

[17] Combined Metro OzTAM and Regional TAM data defines 'Teens' aged 13-17, Nielsen Netview aged 12-17 and Nielsen AOC aged 16-17.

[18] Mobile phone population based on people aged 16+.

[19] Source: Combined OzTAM Metro and Regional TAM databases with overlap homes de-duplicated - calculation for 'Traditional TV' and 'Playback' is based on the average of the end of calendar month cumulative average time viewed (ATV) within each quarter, excluding guests (0200-2600). Viewing to 'traditional' TV is based on consolidated data. Q1 (weeks 1-13), Q2 (weeks 14-26), Q3 (weeks 27-39), Q4 (weeks 40+).

[20] Source: Nielsen NetView (Q1-Q3 2011) and Nielsen Online Ratings (Q4 2011 onwards). Using Internet on PC excludes adult content and application. Estimate is the average of the 3 months within the calendar quarter. Figures are National and for people 2+.

[21] Nielsen Australian Online Consumer (AOC) Report – audience profile is based on all mobile phone users aged 16+ in Australia. National figures only produced annually. Q1 figure from 2010-2011 AOC Report (February 2011 edition). Q4 figure from 2011-2012 AOC Report (February 2012 edition).

TABLE 5: VIDEO AUDIENCE COMPOSITION (AGE, GENDER) – Q4 2011

	KIDS	TEENS	P18-24	P25-34	P35-49	P50-64	P65+	Females	Males
On Traditional TV[22]	11%	4%	5%	12%	22%	24%	21%	53%	47%
On Internet[23]	4%	10%	12%	24%	27%	16%	6%	38%	62%
On Mobile Phones[24]	N.A.	2%	33%	37%	23%	5%	0%	38%	62%

Video Audience compositions show subtle differences in profile.

The television audience profile, being more traditional and well established, is stable and has an older skew in comparison to the online audience (45% of the television audience is aged 50 years or more compared to 22% of the online audience).

The online audience is also skewed more towards males in comparison to traditional TV (62% compared to 47%).

Comparisons and interpretation of mobile phone users is complicated by the audience measurement of people aged 16 and over.

Rebasing the TV and Online profiles to a comparable universe profiling people aged 18 and over shows marked differences between the TV audience and mobile phone video users, with 95% of mobile use being for those under 50, compared to 47% for the TV viewers.

KEY OBSERVATIONS

- Technological advances are enabling new avenues for video viewing.
- Traditional TV watching remains high, increasingly augmented by playback viewing.
- Viewing of video via the Internet is increasing.
- Smartphone usage is on the rise but still relatively low in comparison to viewing on larger screens.

[22] Source: Combined OzTAM Metro and Regional TAM databases with overlap homes de-duplicated. Audience profile is based on the average audience of the calendar months within each quarter (0200-2600) using consolidated data.

[23] Source: Nielsen NetView (Q1-Q3 2011) and Nielsen Online Ratings (Q4 2011 onwards). Using Internet on PC excludes adult content and application. Estimate is the average of the 3 months within the calendar quarter. Figures are National and for people 2+..

[24] Nielsen Australian Online Consumer (AOC) Report – audience profile is based on all mobile phone users aged 16+ in Australia. National figures only produced annually. Q1 figure from 2010-2011 AOC Report (February 2011 edition). Q4 figure from 2011-2012 AOC Report (February 2012 edition).

EXPLANATORY NOTES

- Video content is defined as a stream where both audio and video are detected. Video viewership excludes adult and advertising content, as well as downloaded content.
- Wherever possible, geographic and demographic data have been matched for like comparisons.
- Panel install incidence rates for DTT and PVR are based on combined OzTAM Metro and Regional TAM panels as at last date of each period (Q1=end of P4, Q2=end of P7, Q3=end of P10, Q4=end of P13).
- National Establishment Survey (ES) estimates are based on combined OzTAM Metro and Regional TAM quarterly waves. Quarterly ES waves are conducted within standard calendar quarters.
- Nielsen Australian Online Consumer (AOC) report and Nielsen Telstra Smartphone Index report are National based population aged 16+.
- National viewing estimates are based on the combined OzTAM Metro and Regional TAM databases with overlap homes de-duplicated. Calculation is based on the average of the end of calendar month Cumulative Average Time Viewed (ATV) within each quarter, excluding Guests. Viewing TV is based on consolidated data.
- Mobile phone ownership and usage sourced from Nielsen Consumer & Media View.
- TAM data defines 'Kids' as panel members aged 0-12, 'Teens' aged 13-17 and 'Male' / 'Female' as total individuals aged 0+.
- Nielsen Netview defines 'Kids' as panel members aged 2-11, 'Teens' aged 12-17 and 'Male' / 'Female' as individuals aged 2+.
- Nielsen Australian Online Consumer report defines 'Teens' as respondents aged 16-17 and 'Male' / 'Female' respondents aged 16+.

FOR MORE INFORMATION

Should you require more information about any content in this report, please refer to the list below.

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