The CONNECTED TV Experience

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Sessions

Consumer Choice or Confusion

Business Models and Platforms

Content: Finding it and Sharing it

Advertising and Commercial Opportunities

Metrics

Panellists included

Tess Alps
Thinkbox

Chris Bird
LOVEFiLM

Simon Daglish
ITV

Oli Newton
Starcom MediaVest Group

Jonny Protheroe
Google

Anthony Rose
Zeebox

Edd Uzzell
Sony Europe

MediaTel Group | Events

The Connected TV Experience

11th - 12th October 2011

The Connected TV Experience event gave delegates the opportunity to find out more about all the technologies available on the market at a hands-on immersion session at iBurbia studios. On the second day, five lively panel-based sessions discussed content, business models, metrics and more, and YouGov released new survey data.

FULL HOUSE

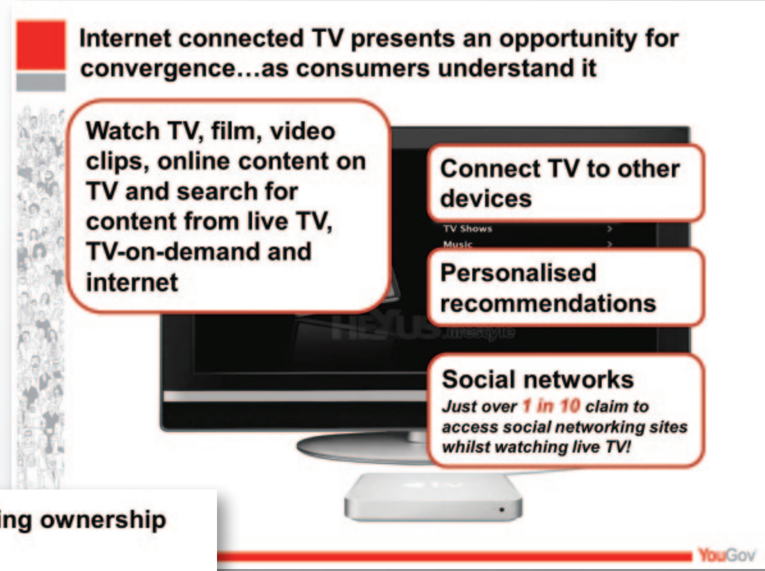
156 delegates in total...

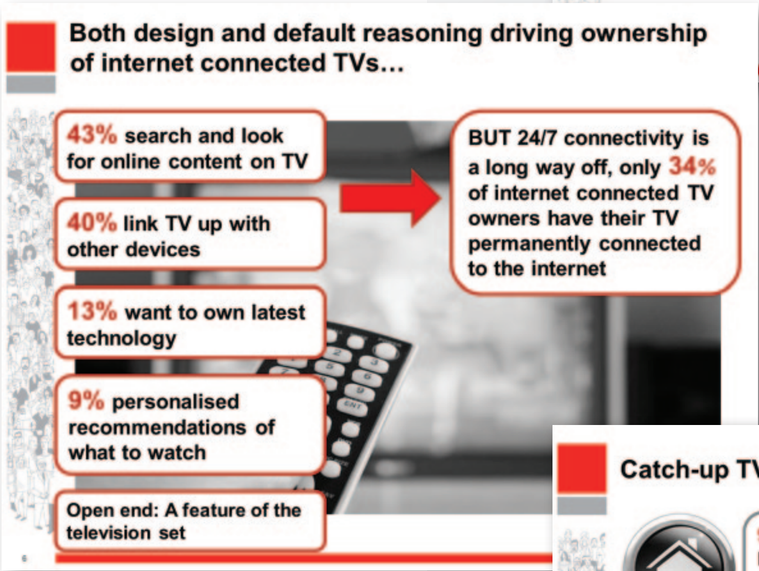
...from companies such as:

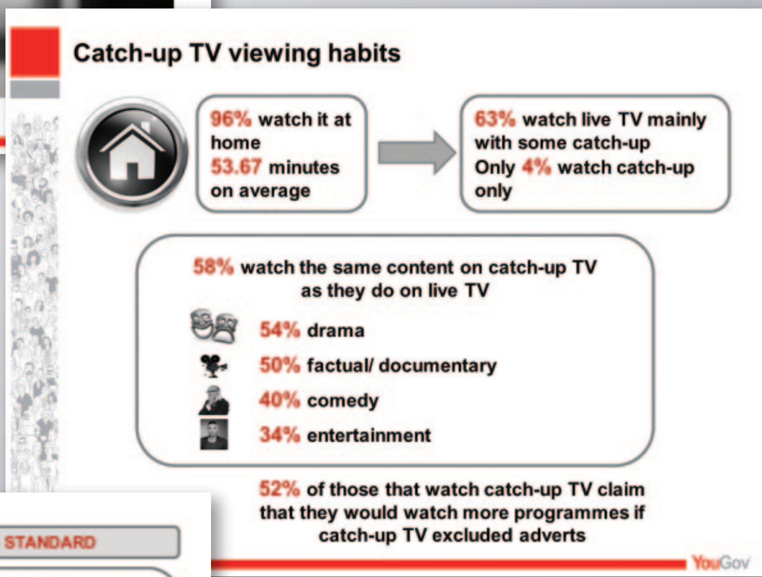
Arqiva
Blinkbox
Mindshare
Target Media
Channel 4
Freeview
ITV
BSkyB
P&G Kantar Media OMD
M2M Media Walker Media
Turner Broadcasting UKTV
Starcom Mediavest Group

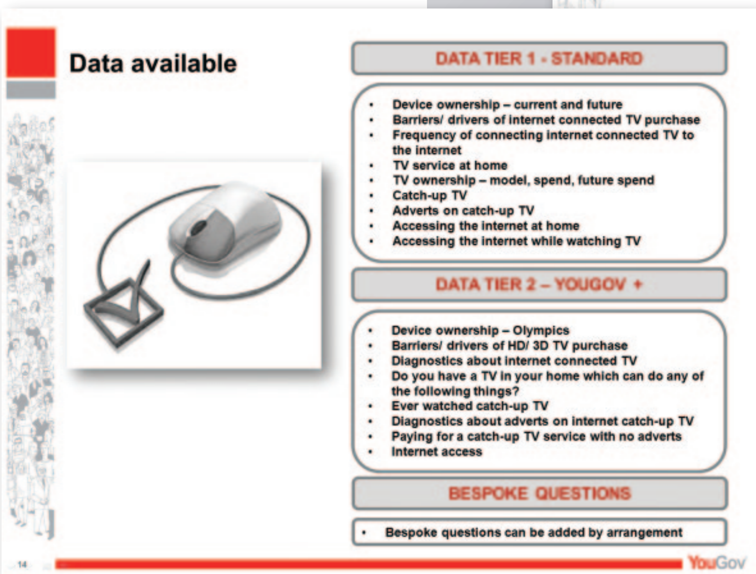
ConnectedTV Survey
presentation

Adele Gritten
Head of Media and Financial Services Consulting, YouGov









This quarterly survey is available via **MediaTel's ConnectedTV product**

Go to…
connectedtv.mediatel.co.uk

A plug and play experience?

Liz Jaques
Newsline Editor, MediaTel Group

Only a small percentage of people are actively seeking connected functionality when purchasing a new TV set.

"Consumers look at screen size, how good the TV looks and price when buying a new set, not necessarily the ability to connect to the internet," LoveFilm's Chris Bird (pictured) told delegates on day two of the event at RBS in London.

HMDG's Greg Grimmer claims that 12% of consumers purchased a internet-enabled television simply because they were buying a new TV and that is the latest on the market, rather than for connectivity. But whatever the purchase motivation, connected televisions are reaching households - according to Ofcom, 4.6% of homes now have an internet-enabled TV. And, of the ten million televisions sold in the UK in 2010, one million were internet-enabled.

But the question is, how many of those are connected? "Even people who have the devices don't understand the capabilities," Bird said. "We have an awful long way to go to educate viewers".

Rhys McLachlan, Mediacom, believes this will take time, but says that the industry has come a long way so far. "There has been a sizeable change - lots of people already have the products and all TV sets will be web-enabled in the next 12 months, but connectivity will come later," he said.

Samsung's Dan Saunders agreed, reminding delegates that connected TVs "only launched in the UK in 2010 - and Samsung only started marketing this year. It is still early days for getting consumers to understand the value proposition of connected TV".

Saunders also pointed out that each manufacturer's offering differs greatly - with "maturity of each service at different levels", which, if anything, makes it more difficult to educate consumers.

Bill Scott from easeltv, a connected TV design and application development company, says that to change consumer behaviour, we need to see more apps delivering a TV experience. "The real challenge for us is to make the app experience a non-threatening one for consumers. The television sits in a family environment, it is not the same as a PC. We need to exploit the true context of TV in the home - it should be a lean-back experience. At the moment, connected TV apps and services are not consistent with the way people use TV today."

From the audience, Bob Auger, CUE Entertainment, asked whether retailers should educate consumers at the point of purchase, which follows on from a comment on the previous day that Currys doesn't have an internet connection to be able to demo connected TVs.

In response, McLachlan said only a small amount of education is needed from people selling the sets because, on the whole, "we're a digitally-enabled country - people pick these things up". Although he added that it would help if sets were automatically-enabled - "it is about simplicity, which would remove the requirement for manufacturers to educate".

"There are certainly issues around user experience... if we can find a way to get apps and services up and running at the press of a button, we'll overcome these hurdles (of getting people to discover themselves)," Bird added. "We've been advertising what people can get via their LoveFilm app for a year and we've spent a lot of money. We'll continue to do this to ensure the experience is as easy as possible for consumer."

Meanwhile, Saunders explained that the user experience is better in top models, though he recognises that manufacturers generally need to improve usability. He pointed out that the functionality offered in high end products tends to trickle down to low end models very quickly, without directly confirming what features the new Samsung range will offer.

Choice + complexity = Inertia

David Brennan
MediaTel Newsline Columnist

What was always seen as TV's greatest weakness - its passive audience - is actually its greatest strength. It's a fact of life that the predominant mindset when we are watching TV is "entertain me... but don't make it too hard!"

We are engaged rather than attentive (two very different things) and will almost always go for the simplest, quickest, most convenient option. I believe that is the fundamental reason why the linear schedule has remained so strong and why on-demand has primarily been a complement rather than a competitor. Choice and complexity (and three clicks is considered complex in TV land) tend to breed inertia.

I was reminded of this when I attended the TV technology showcase at iBurbia. Nigel Walley took us on an energetic and comprehensive journey through all of the different ways consumers can already access the content they love, sometimes via three different routes within the same TV platform (Virgin Media - I'm looking at you!).

It was impressive, confusing, beguiling and occasionally dumbfounding... often all at the same time. If the audience of intelligent, experienced, techno-literate media executives that MediaTel normally attracts couldn't keep up with who provides what under which branding, then what chance is the poor old consumer going to have?

We are already seeing signs of a growing inertia, despite most people's enthusiasm for television (they've certainly spent enough on the technology over the last five years!). It is a major factor behind the low numbers of people connecting their laptops to their TV sets even though they simultaneously opine that they wish they could watch on-demand programming via the main set.

It is why up to half of those people purchasing internet-connected TV sets don't use that connectivity at all (and a high proportion of those that do use it in a very limited way). It is part of the reason why on-demand viewing of TV programmes is still only a tiny proportion of the total, despite it being almost ubiquitous these days.

After looking at the range of options now flooding the market - from platforms, broadcasters, aggregators, middleware providers and set manufacturers to name a few - it is difficult to separate the good from the bad, and consumers are going to struggle to see the benefits of one over the other.

What will set the winners apart, I feel, is functionality and design that is geared to (and intuitively understands) the TV environment, rather than to a technical specification. The winners will know that they will have to make navigation simple, TV-centric (i.e. more rich media) and immediate; three clicks is about the limit. But, most of all, the market will need to consolidate and to make the proposition simple. Otherwise, if it's too much choice and too hard to make that choice, then it will be no choice at all, as far as the average TV viewer is concerned.

The upside of inertia is the potential for deep-seated change, and I saw enough from the iBurbia session to know that, when we start making use of all the opportunities that smart TVs can offer, then change will come. For the moment, though, it doesn't look like coming from those who have earned their success in the more lean-forward world of the internet.

Plenty for the speakers at the event to ponder...

"YouView still vital"

Liz Jaques
Newsline Editor, MediaTel Group

"YouView is still going to be incredibly important", predicted Bill Scott from easeltv.

YouView, which claims to be "everything you've ever wanted from TV in one easy-to-use box" was due to launch in 2009 and is now expected before the Olympics in 2012. Scott says it is a "great shame" that is has been delayed but it remains important for the market because it has support from all the main broadcasters.

"The great thing about YouView is that it allows broadcasters to develop a relevant on-demand experience, which works for the consumer. And there is an element of control, which is very important to them."

"YouView will be vital to the quality of consumer experience, creating seamless links between linear and on-demand, which will allow the broadcast partners to lead the way."

However, Mediacom's Rhys McLachlan disagreed: "I think YouView is two years too late. It had a chance but it has lost it.... The general public is unaware of YouView. It's technology lags behind others and it is too late to market."

Torin Douglas, BBC media correspondent, who chaired the session, added that the Apple iPad was delayed for two years but launched in the right way, with a great brand behind it, so was still a success. Will YouView follow a similar path? HMDG's Greg Grimmer believes content will be the key: "Those who market well and own the best content will win".

"Consumers are always driven by content. There is a constant battle - whose got what and how easy can you get it to customers," LOVEFiLM's Chris Bird added.

On Google TV, Scott (pictured) said it is "not good enough", though he expects the search giant to spend enough money to get it right eventually. "Google took a web-based approach and got it wrong. They misunderstood what connected TV is all about," he said.

However, Scott was positive about YouTube, claiming that content partners are able to monetise 42% of YouTube videos now. And, according to Grimmer, advertisers and creatives are particularly interested in branded YouTube channels, which is "good news for YouTube and good news for traditional 30 second spot ads".

Simon Daglish on ITV's pay TV strategy

Liz Jaques
Newsline Editor, MediaTel Group

The "Business Models and Platforms" panel reached near consensus that channel brands will remain key - acting as the ultimate content recommendation engines. As consumers become confused by the choice in the digital TV arena, trusted channel brands will continue to have an important role to play.

But where does this leave free to air broadcasters, which risk seeing advertising revenues falling? Simon Daglish (pictured) was fairly tight-lipped about ITV's pay TV strategy, which should come into play in the next 18 months. Although he did say that content will have to be "bloody good" for consumers to pay for it. Not just behind the scenes or out-takes he made clear.

"We need to work with advertisers and customers to formulate the best way to monetise the TV landscape and provide a better experience than we already do," the ITV group commercial director said. "The vast majority of our business is still the 30 second spot - it is working extremely well at the moment. You just have to look at the latest Yeo Valley ad during The X Factor... it drives interaction rather than cannabalises it."

Referring to the future as a "mixed economy", Daglish re-iterated that ITV's strategy is to see 50% of revenue generated from advertising and 50% from "other forms", which will include selling content, though he admitted the UK audience is "used to everything being free".

"If we were to go for a micro-payment option, content would need to be at such high value - something consumers can't get anywhere else - and delivered in a way they haven't currently got access to," he said.

When asked whether ITV's strategy will include allowing consumers to pay to access a future episode - say next week's Downton Abbey - Daglish said the broadcaster was "looking into it... we can't dismiss it, or anything else - there are so many things on the table". Graham Lovelace, a fellow panellist, was quick to dismiss this particular opportunity - "I can tell you it won't work."

In 18 months, we can expect to see ITV's pay TV strategy emerging, which will start off on a small scale at first, Daglish confirmed. "We will make mistakes on the way and we will learn from them," he said.

He admitted that the new landscape is far from easy for the consumer. "People are confused by the array of what is out there. They rely on brands such as the BBC to decide for them - to pull the best content," he said. "Viewers want it to be easy, which is why channels one to five get the bulk of TV viewing. For brands going forward, it is an important area... we dismiss that at our peril."

THE MEDIA NATIVE

One screen or two?

David Brennan
MediaTel Newsline
Columnist

The morning sessions were in danger of breaking out into violent agreement at times, but was all the more informative for it, as a new consensus is emerging regarding what 'connected TV' actually means and where the opportunities lie.

Expectations have been adjusted to the new reality of a challenging advertising climate, entrenched TV brands and the demand for VOD content following a very different curve to what had been predicted.

That said, there was a guarded optimism regarding how connected TVs (or preferably, smart TVs but never internet TVs, I was told during coffee break) can expand and enhance the delivery of content and services to the consumer.

For me, the most interesting debate was around what happens on which screen? To begin with, there was a sense that more and more of the action would be happening via the newly-connected TV sets, although the pace of change might be slow. Only one in eight households claim to have a connected TV, but I hesitate to call it a smart TV as only one in three of them has it permanently connected to the internet.

While that is happening, other screens might be taking an increasing share of the living room action. It was pointed out more than once that the TV is a shared screen (most of the time - with second and third screens more personal, so activities such as social networking or shopping are more suited to them. As screens proliferate and orchestrated media content becomes more accessible, it is possible that our smartphones, tablets and laptops may be doing much of the work that smart TVs would have been expected to do.

There was also excitement about those devices becoming smart remote controls and navigation aids. That sounds like a really positive development, although three separate remotes vying for control of the one set would definitely not work in my living room!

About a year ago, when connected TVs were first becoming a reality, I was asked to predict whether the consumer would eventually go for one screen or two; would everything migrate to the connected TV screen or would we be using second screens for most activities beyond viewing?

As a man who feels that having my cake and eating it should be a minimum negotiating position, I said both!

My feelings then were that the big screen is primarily about immersive entertainment and anything that gets in the way of that wouldn't work; so connectivity would mainly be about immediate access to on-demand TV content and simple, non-intrusive interactivity (voting, liking, saving etc.).

I also predicted some social networking, with communities based around the programme content, might work on the big screen, but that would be it. Second screens would be for most other social activities and deeper or more open-ended response interactions, as well as stuff completely unrelated to what was on the telly. Most of what I heard yesterday reinforced those views.

One of the panellists in the afternoon session also emphasised the growth of second screen activity, increasingly aligned to what was being viewed on TV, describing it as "massively disruptive". I must admit, that got me bridling for the first time all day. It was partly because I'd already heard 'disruptive' at least twenty times already but also because it is totally inappropriate in the context of how second screens (note the name!) are being used. All of the evidence suggests that they are creating new opportunities for broadcasters and advertisers to generate more engagement, loyalty, conversation and, ultimately, response. How could that be 'disruptive'?

The dictionary has two definitions of 'disrupt'. The first - "to interrupt the usual course of a process or activity" - doesn't really do it for me, because I think laptops and smartphones and tablets enhance the flow of what was happening in the first place, often mimicking the ways people already play along with TV content. But I suspect it is the second definition - "to destroy order, or the orderly progression of something" - that the term 'disruptive' is generally implying.

It's a great term for consultants or solution providers to use within their pitch documents but less helpful when applied to a thriving eco-system where, for viewer and advertiser alike, the whole definitely becomes greater than the sum of the parts.

My fear is that a 'disruptive' mindset might cause us to ignore the core activity that drives that eco-system and focus on the disorder; after all, it's happened before!

It was noted several times during the conference that the TV mindset is very different to the technologist mindset, often in the context of explaining the failure of some TV solution or another, and I think 'disruptive' is very much part of the technologist mindset.

Most consumers hate disruption and seek to contain it as much as they possibly can. Most innovation is absorbed into existing needs states and behaviour patterns, and nowhere is that more true than television. This became the theme of the penultimate session, which I shall refer to as Tess Alps vs The Technologists, and gained the biggest laugh of the day when Tess wondered aloud whether the obsession with personalisation (when 70% of TV viewing is shared) was because most technologists might live alone.

A recent Deloitte Study I referred to, pointed out that in a third of UK households (I think), there are regularly more screens than scatter cushions in the living room.

Whatever is happening on each of those screens will be significant in itself, and when they can be synced-up into an orchestrated media moment it could be almost magical. Yeah, magical. A much better word than disruptive and more about what our media is meant to provide.

Alps laments Google's "mis-placed energy"

Derek Jones
Managing Director, MediaTel Group

Google's new broadband homes research initiative came under the microscope during the final session of the day - Metrics. Tess Alps, chief executive of Thinkbox (pictured), questioned why Google should be proceeding with this outside the industry - "It seems like mis-placed energy. Why don't you bring your money and energy to BARB...it's a bit slower, but would get to a better place?"

Alps' comment came just a week after BARB announced its own plans for solving the missing broadcast viewers conundrum.

Jonny Protheroe, research manager at Google put forward a calm response to a series of points around trust, technical ability and motivation. He said that speed was of the essence, but "Google will look to share or partner in the future".

Protheroe said that Google's cross-media panel (built by Kantar) would aim to "answer questions we get all the time from agencies, such as incremental reach, simultaneous device usage and how TV drives online pages like search".

The survey was still in its early stages, but would launch early next year, he said. "There is no decision on whether it will be free yet, but nobody will be prevented from having acess to data." He expected to bring industry partners on board to steer it and fund it in time. "It doesn't make sense for a media owner to be the only one behind it, but we'll put it out there first and if people use it and there is value in it, people will support it."

From the floor, UKOM's general manager, James Smythe spoke of the "philanthropic Google", but admitted UKOM just did not have the funding to explore further into these areas. Its concentration was still on reporting video fully - planned for release in the New Year. Both Smythe and BARB's CEO Bjarne Thelin were clear that Google had many hurdles to overcome to deliver its aim, but Thelin accepted "we need to stop relying on one supplier...we may benefit at the end of the day."

Earlier Thelin was told by Rhys McLachlan, Mediacom's head of futures, that the time for discussion was well past. "The VOD market will be worth £25m-£30m next year - it's too late for dialogue." McLachlan was referring to BARB's Measurement Sciences Forum, announced last week to agree industry standards and how data from the new web TV meter with Kantar should be reported - "people are still comparing apples and pears," said Thelin. The survey will see 11,000 homes in a year reporting web TV as well as linear TV...it's not about the start of something, it's about pulling the industry together. We are within touching distance now.... we need a joined-up approach, rather than seeing things fragment."

"We would love to move at a faster pace, but we have to be careful with the BARB panel."

David Fletcher, head of analytics & insight at MEC, was supportive. "Everyone wants it to move faster, but people hold it back and there are lots of technical challenges. They have to go at the pace they go."