

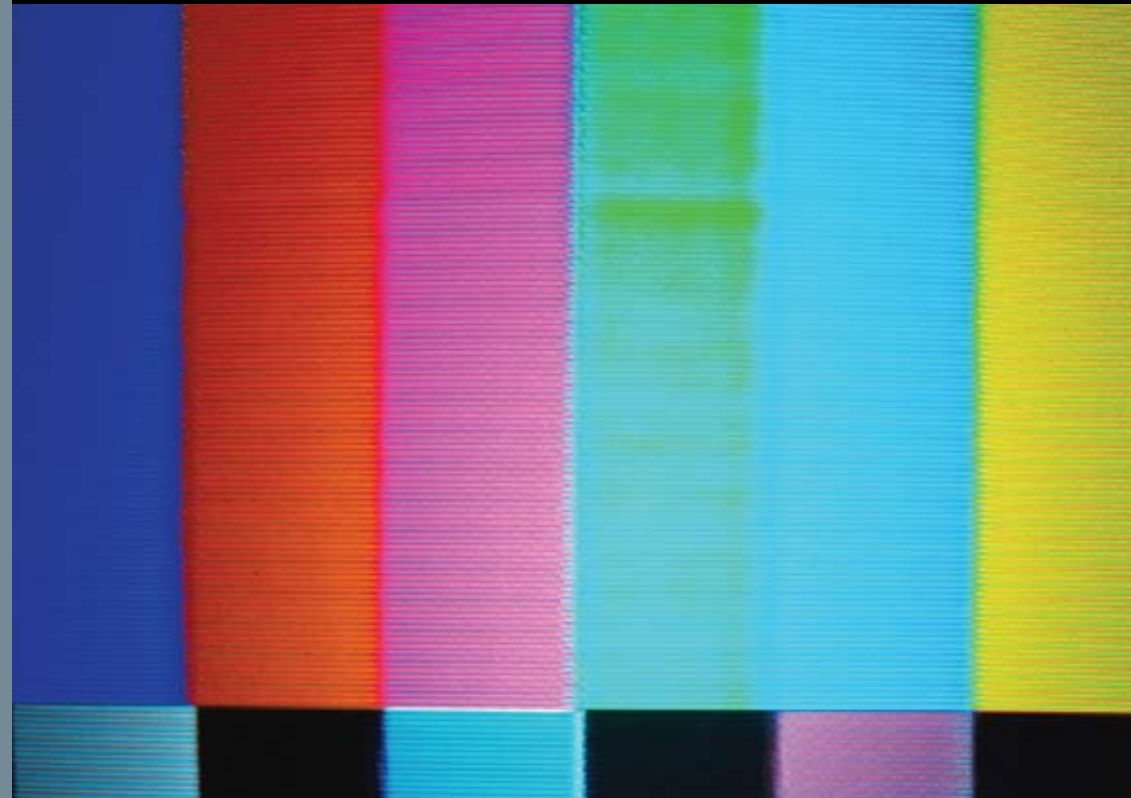
## Chapter 2

Watching television  
content on a TV set

“I...watch a lot of ‘on demand’ programmes...It means I can be a lot more relaxed in the way I plan my life and don’t think ‘did I set the recorder properly’”

(C, Mainstream focus group)

OLSWANG



“I love to skip the ads”

(N, Kids focus group)



Convergence is arriving from two separate directions – the first being the introduction of viewer choice and control in the consumption of television content through the “traditional” TV set.

This choice and control is enabled both by increasingly sophisticated transmission networks – providing the ability to receive TV programmes “on demand” through services such as BT Vision and Virgin Media’s on demand offering - and by the increasing penetration of set-top boxes which incorporate hard drives to deliver personal video recorder (PVR) functionality.

The poster-child for this face of convergence is the Sky+ PVR, now in over 4 million homes (nearly half of all Sky homes). While Sky+ is primarily known for its ability to allow consumers to record what they want and watch it later, with a “series link” feature to ensure viewers do not miss any episodes of their favourite shows, certain Sky+ devices now also allow Sky to provide an on demand experience (branded as “Sky Anytime”) through the “pushed” automatic recording of programmes to a reserved partition of the hard drive.

There is a broad recognition that these networks and devices have a dramatic effect on people’s viewing habits:

*“I ... watch a lot of ‘on demand’ programmes through Virgin. It means I don’t mind missing something as I know I can watch it at a later date. It means I can be a lot more relaxed in the way I plan my life and don’t think ‘did I set the recorder properly’.”* (C, Mainstream focus group)

**Q: “Have things like Sky+ changed how you watch TV?”**

**N:** “Yes, I can watch it whenever I want, I’m not watching TV when I don’t want to and if two things are on at the same time, we can record one.”  
(Kids focus group)

Our quantitative survey results demonstrate the extent to which consumers are adopting a range of devices and services to improve their experience of viewing television content on the traditional TV set. Looking at the consumption of television programmes by our Tech Vanguard, it is no great surprise to find that live TV is still the means by which these respondents are most likely to consume television, with 42% spending at least five hours a week watching live TV<sup>7</sup>. However, other ways of watching are catching up fast (notwithstanding the lower overall levels of penetration of these other devices and services), with 36% of the Tech Vanguard watching television content recorded using DVD recorders, digital video recorders (DVRs) or PVRs (such as Sky+) for at least five hours a week<sup>8</sup> and 16% watching five hours or more of television each week through “on demand” services (to TV, not PC), such as those provided by BT Vision and Virgin Media<sup>9</sup>.

The Kids and the Mainstream are quickly adopting this new functionality too - with the Kids even ahead of the Tech Vanguard in their “on demand to TV” consumption (18% of Kids watching at least five hours of on demand TV content every week)<sup>9</sup>.

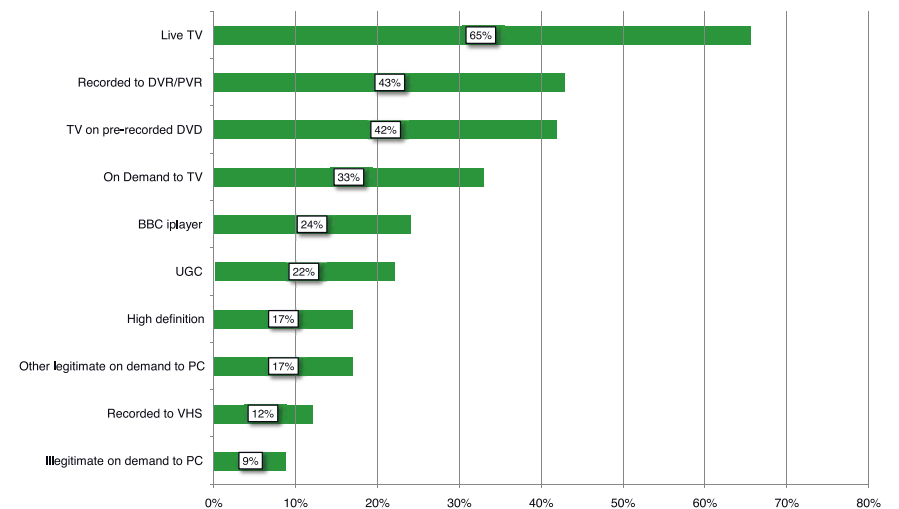
Despite some obvious “late adopter” behaviour (for example, 20% of Laggards still spend at least an hour a week watching programmes they have recorded onto VHS)<sup>10</sup>, across the entire survey base some 43% are spending an hour or more a week watching programmes recorded to DVD recorders, DVRs or PVRs, and 33% are spending at least this much time watching on demand television content on their TV sets (see Figure 1-11(a) below).

The Kids in our focus groups were also enthusiastic about the ad-skipping capabilities of services such as Sky+ (“I love to skip the ads”; “I skip them because they are boring”, N and I, Kids focus group). However, one participant, when his focus group was asked if they skipped ads when watching on Sky+, remarked: “if I remember it’s recorded I do,” (W, Kids focus group) suggesting that Kids are increasingly unaware of whether they are watching live or recorded television (itself an indication of the assimilation of these devices into normal viewing behaviour).

**Figure 1-11(a)**

Thinking about TV programmes (not movies), how much time per week do you spend watching each of the following?

Consolidated responses for all viewing types: percentage viewing for at least one hour per week. Base: All respondents.



<sup>7</sup> See Annex, Figure 1-1(b)

<sup>8</sup> See Annex, Figure 1-2(b)

<sup>9</sup> See Annex, Figure 1-4(b)

<sup>10</sup> See Annex, Figure 1-3(b)

## The beginnings of a Sky+ backlash?

Despite the significant adoption and obvious appreciation of Sky+ amongst many respondents, some negative views about Sky+ were expressed, principally as a result of cost, and in particular by members of one Tech Vanguard focus group. Several stated that they did not think Sky+ to be worth the money, including one person who had churned out of Sky+ and had purchased a Freeview PVR box instead:

*"We did have Sky plus but I think the cost far outweighed the benefits. We now have something very similar in that you press to record and it picks up whole series and records to a hard drive but it's through freeview so doesn't cost a monthly subscription."* (N, Tech Vanguard focus group)

This is surprising to us, given that, in prior years, survey respondents had consistently identified Sky+ as one of the devices that they most valued in their lives and were least likely to want to lose.

The rise of internet piracy, discussed in more detail in Chapter 6, also appears to be having an effect on the perceived value of Sky+ amongst some members of the Tech Vanguard:

*"I am aware of Sky+ and similar services but I do not feel they are worth the price tag. As a competent computer user I can access the majority of the content I want from a large amount of sources for free. Once I have it I can then manipulate it (fast forward, put on iPod) in ways that aren't possible with Sky+."* (G, Tech Vanguard focus group)

This comment demonstrates the extent to which all convergent activity is interdependent – this respondent considers the value of Sky+ in the context of his ability to replicate (and even exceed) its functionality through his use of computer technology. Especially in the light of the present economic climate, we expect to see an increase in the number of consumers exploring and adopting the various "free" options (legal or otherwise) open to them on other platforms.

## DVD is not dead

Another key feature of the current consumption of television content on the traditional TV set is the ongoing popularity of the DVD. Indeed, the DVD format continues to defy industry expectations, with over 160 million DVDs sold in the UK over the first three quarters of 2008 (a record) and the total for the year expected to top 250 million, following the usual Q4 peak<sup>11</sup>.

This popularity is borne out both by the quantitative survey results and also by the focus group discussions. Across the survey base as a whole, 42% of respondents watch at least one hour per week of television content on pre-recorded DVDs (see Figure 1-11(a) on page 22). As we will see in Chapter 4, viewing figures are even higher for pre-recorded movies on DVD, with 53% of respondents spending at least one hour per week watching movies on DVD (a higher percentage than any other medium - even live TV) (see Figure 2-10(a) on page 46). Perhaps surprisingly, whilst the medium of DVD is relatively unsophisticated today compared with other, newer, viewing methods, these results are at their highest amongst the Kids, with 53% watching at least an hour of television content (and some 69% watching at least an hour of movies) on DVD each week<sup>12</sup>.

The use by our focus group respondents of DVD (to watch both pre-recorded television programmes and movies) suggests that, in part, its popularity lies in the fact that the DVD is itself a “convergent” format. Following initial purchase (or rental), it can be watched at a time and in a place and on a device chosen by the consumer – our Kids focus groups describing probably the broadest range of DVD viewing experiences:

*I: “iplayer is limited but with DVD you can watch it whenever u want”*

*L: “Sitting in bed viewing on the laptop”*

*R: “At a sleepover watchin a horror”*

*M: “With ma friends when were watchin a comedy”*

*N: “I watched Spiderman 3...on my laptop while surfing the net, so I was a little distracted”*

*W: “I watch it on TV the most ... occasionally I watch it on laptop”*

*W: “Watching poc 3 in my room =]”*

*I: “I sometimes watch it on the PS3 for the big screen”*

*S: “lol my laptop is really set up for home entertainment”.*

(Kids focus groups)

The DVD provides a bridge between watching television and movie content “in the traditional way” on a TV set and watching on a desktop or laptop PC. In Chapter 3 we explore more broadly what use is being made of computers as audiovisual entertainment devices.

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<sup>11</sup> Source: British Video Association

<sup>12</sup> See Annex, Figures 1-5(b) and 2-5(b)