Multi-screen in demand: Consumer interest in cross screen services

The line between traditional broadcast TV and online multimedia content is blurring as consumers freely embrace a multi-screen digital lifestyle. Equipped with high-speed network access and a fast-growing array of connected devices — smartphones, PCs, netbooks, tablets and more — today's consumers have the freedom to watch multimedia content from any source on any screen. As a result, the TV and video experience is quickly turning into a portable multimedia experience in which new devices become new platforms for watching personalized content.

Consumers are driving multimedia evolution by demanding converged cross screen services and a superior quality of experience (QoE). They want a flexible viewing experience in which personalized content — live sports, recorded TV shows, on-demand movies, user-generated content — goes wherever they go and can be shifted from device to device.

For most consumers, however, the current multi-platform viewing experience is fragmented and lacks true cross screen capabilities. Consumers can get appealing video services directly from content providers but these services offer limited capabilities, device support and quality of service.

As demand for cross screen services grows — and as the telecommunications business becomes a content delivery business — service providers will have new opportunities to leverage their service delivery platforms and collaborate with content providers to develop converged multi-screen offerings. By offering compelling free and premium content, simple payment mechanisms and efficient multi-screen viewing options, service providers can boost multimedia revenue, reduce churn and become key players in the evolving multimedia value chain.

Uncovering new multimedia consumption patterns

Every new multimedia offering needs a receptive target audience with strong growth potential to achieve mass market success. Recent studies reveal that a global audience is ready and waiting for multi-screen services.

In the United States, for example, widespread fixed and wireless broadband access is combining with an exploding smartphone market to bring multimedia consumption to new screens. According to Nielsen's influential Three Screen Report for Q1 2010, almost two-thirds of US households have access to broadband Internet connections. More than 191 million Americans use the Internet; 134.5 million watch video content over the Internet. Nearly a quarter of US households have multimedia-friendly smartphones, up 38 percent year over year. In the first three months of 2010 alone, 20 million mobile subscribers watched multimedia content on their mobile devices.

Consumers in the US aren't abandoning their TVs in favor of smartphones and PCs. They're adding new screens and applications that complement TVs in an effort to build a flexible digital lifestyle. This desire for flexibility is spurring usage and consumption across many different screens. Mobile video (+51.2%), time-shifted TV (+18.1%) and Internet on PC (+17.3%) lead the way in year-over-year user base growth. At the same time, average TV consumption is up two hours (+1.3%) a month.

The popularity of new devices and applications is evident in the American multimedia diet. Each week, the typical US consumer watches more than 35 hours of live TV and over two hours of time-shifted TV. US consumers also spend nearly four hours on the Internet, watch 20 minutes of online video and consume four minutes of mobile video — more if they're young or own smartphones. As smartphones, tablets and other portable connected devices become more popular with consumers — and broadband and Wi-Fi® coverage improves — the user base will continue to grow across all screens, including TVs. [1]

Multi-screen hits the market

Broadcasters, content providers and service providers are attempting to capitalize on new viewing trends by extending live, time-shifted and VoD content to new platforms. In the US, cable operators Time Warner and Comcast are selling premium TV content to broadband and mobile subscribers through their TV Everywhere initiative. Google is bringing TVs, mobile phones and the Web together with Google TV. In the United Kingdom, the pioneering BBC iPlayer service reaches millions of users — and a wide variety of connected devices — with live, catch-up and VoD content. KPN, the Dutch incumbent, plans to extend its IPTV service to multiple screens, offering catch-up, VoD and live pausing capabilities.[2] Many others are following suit with their own multi-screen offers.

Coverage of the 2010 FIFA World Cup raised interest in multi-screen services as broadcasters around the world took the opportunity to test full multi-screen offerings on a massive worldwide audience. The success of many of these multi-screen offerings dispelled concerns that online and mobile content would cannibalize the tournament's strong traditional TV audience.

In the US, ESPN broke viewership records with its live tournament coverage on TV, PCs and smartphones. The US-Algeria matchup on June 23 was the highest-rated and most-watched soccer game in ESPN's history, with a TV audience of 6.1 million viewers. The match also drew the largest-ever US audience — 1.1 million unique viewers — for a sports event broadcast on the Web.[3]

ESPN learned that the different screens complemented one another and increased overall audience time. For example, multi-platform users accounted for 26 percent of users but consumed 47 percent

[1] Nielsen Three Screen Report, Volume 8, US Q1 2010

[2] "KPN TV plans multi-screen future". Broadband TV News, June 1, 2010.

[3] "ESPN XP World Cup Dispatch #3 (Through 6/27/2010) – Out of Home Provides Lift". ESPN MediaZone, July 1, 2010.

of content on the average day. Multi-platform users also spent two hours and 24 minutes of this time watching TV, compared with 1 hour and 24 minutes for the average TV-only viewer.[4]

Alcatel-Lucent research confirms emerging multi-screen trends

Alcatel-Lucent began researching the global multi-screen market in 2008 and has engaged with consumers in North America, Europe, Asia and South America. Through these engagements, the company has developed a greater understanding of current multimedia consumption patterns. It has also confirmed emerging trends within the mass market, such as the rapidly increasing use of the Internet and connected devices to consume video content; the spread of multimedia consumption across many devices; growing consumer interest in cross screen services and features; and consumers' willingness to pay for multi-screen services.

Western Europe: Surveying the digital media experience

In early 2010, Alcatel-Lucent surveyed consumers in Western Europe to evaluate multimedia consumption patterns and gauge consumer interest in converged multi-screen offerings. The survey spanned seven countries and reached 2,800 consumers, each with a home PC and broadband Internet and mobile phone services.

Europeans and Americans aren't that different (as multimedia consumers)

Survey results show that broadband-connected Western European consumers are well equipped for multimedia consumption, having access to two or more home computers on average. Two-thirds of these consumers use a home Wi-Fi network; 91 percent own a digital camera; and 67 percent own a webcam. Users surveyed declared that they spent more time in front of their PC screens (3 hours and 40 minutes) than in front of their TV screens (2:30). As a consequence, the rate of multitasking is high: 81 percent of European consumers have sent messages, checked online email, surfed the Web or watched videos on other devices while watching TV.

Watching video content is the most popular Internet-based activity for broadband-connected Europeans: 80 percent of consumers watch short video clips on Web sites like YouTube and Dailymotion. Television is fourth on the list, with 55 percent of consumers using the Internet to watch live and time-shifted TV content. Nearly 90 percent of consumers use PCs, laptops or netbooks to watch video content. A quarter of all surveyed consumers watch mobile video content.

As in the US, the smartphone continues to be the major change agent in Europe. More than a third of all tested consumers own smartphones or touchscreen-enabled mobile phones. Smartphones clearly boost multimedia usage in general and mobile video consumption in particular: Half of Western European smartphone owners watch Internet video, compared with a quarter of those with feature phones. Thirty percent of smartphone owners use these devices to watch TV; six percent watch daily.

European interest in converged multi-screen offerings

Participants were asked to indicate their interest in a multi-screen video service that could extend their current paid TV service (IPTV, cable or satellite) to PCs and mobile devices. The proposed

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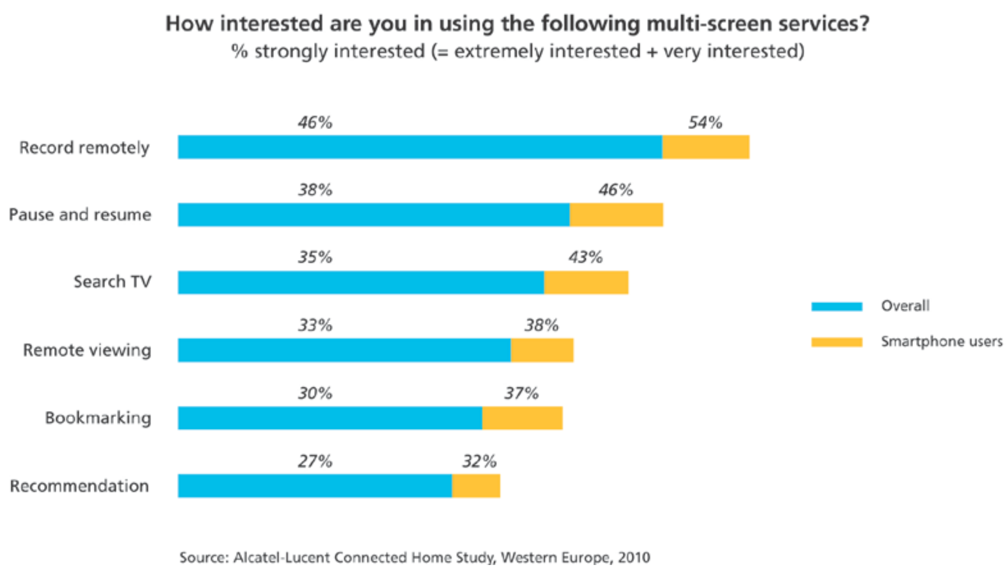
[4] "ESPN XP World Cup Dispatch #5 — Ten Things ESPN Learned During the World Cup". ESPN MediaZone, July 16, 2010

service would provide seamless access to the same TV and video content, content management features and QoE anywhere, anytime, on any device.

Overall, 50 percent of respondents expressed interest in the service, with 27 percent showing strong interest. Interest was greatest among smartphone owners, with these levels rising to 64 and 36 percent, respectively. These results suggest that the potential success of multi-screen video services will grow as smartphone penetration increases. With current estimates stating that smartphones will make up 46 percent of the North American and 54 percent of the Western European mobile markets by 2015[5], the potential for growth is great.

Of the proposed TV and video features, remote recording, pause and resume, program guide searching, and multi-screen bookmarking — the ability to stop viewing on one screen and resume viewing from the same point on another screen — received the strongest support. Once again, interest among smartphone owners consistently outpaced that of the general audience (Figure 1), supporting the view that smartphone growth will accelerate multi-screen adoption and multimedia consumption.

Figure 1: Interest in multi-screen features — Western European Connected Home Study

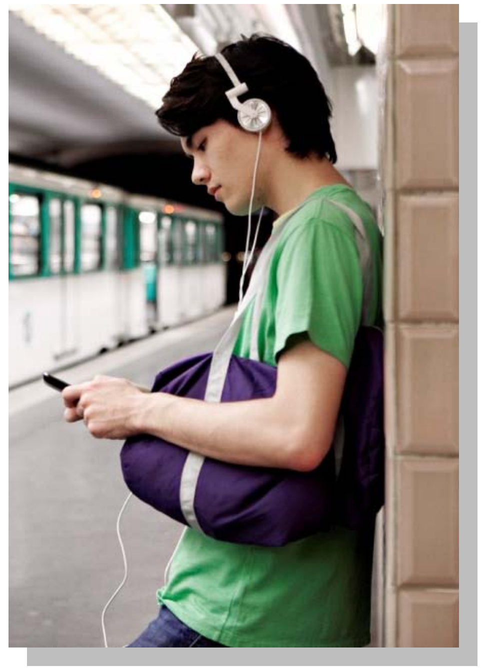


Into the future: Multi-screen and the youth market

In March 2010, Alcatel-Lucent turned to its Global Youth Lab to gauge interest in multi-screen video services among young consumers. Targeting savvy mobile and Internet users — early adopters who will influence technology choices in the coming years — the Global Youth Lab gathered input from over 2100 consumers aged 13 to 26 across Asia, Europe, North America and South America. Its study aimed to determine the overall appeal and potential of multi-screen services, focusing on purchasing criteria, intent and preferences, service feature use and prioritization, service provider preferences and "stickiness" relative to multi-screen services.

5 "Global Smartphone Sales Forecast by Country, Western Europe and North America". Strategy Analytics, June 30, 2010.

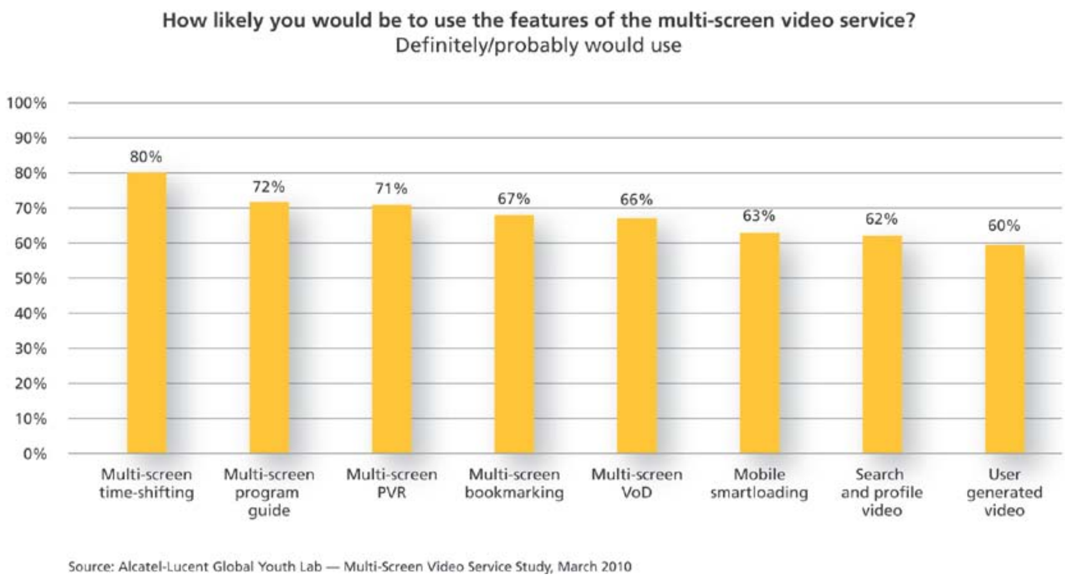
The proposed service offering would provide seamless access to all types of video content on TVs, PCs and mobile devices, a consistent QoE across all devices, and easy access to relevant TV and video features. The offering would also enable consumers to watch videos online or offline courtesy of a unique technology — Mobile Smartloading — that would push content to their smartphones according their individual preferences.



Overall interest was high: 64 percent of respondents liked the service, 71 percent would use it, and 65 percent would be willing to pay for it. Primary purchasing criteria was evenly split between multi-device access, ease of use and portability, with roughly one-third of respondents choosing each. Over 30 percent of all young consumers would pay a premium on their current subscription to add multi-screen services. Forty percent of non-bundlers would be very interested in purchasing a triple play bundle that included free multi-screen video capabilities; 19 percent would accept ads to gain access to a reduced-cost or free multi-screen service.

Advanced TV and video features generated significant interest; several drew support from over two-thirds of respondents. This may be a predictable result given that many youth have grown up with time-shifting, VoD and PVR services. But it is no less encouraging to service providers seeking new sources of multimedia revenue. Multi-screen time-shifting, program guide, PVR and bookmarking features were the most popular, as shown in Figure 2.

Figure 2: Interest in multi-screen features — Alcatel-Lucent Global Youth Lab



The Global Youth Lab study revealed how much the multimedia experience has evolved for young consumers. For example, PCs (37%) and mobile devices (35%) were the preferred devices for consuming video content, well ahead of TVs (21%). Questions about who should provide multi-screen services were similarly revealing: Internet service providers (ISP) and mobile service providers each earned one-third of support, well ahead of telecommunications service providers at 15 percent. There were also encouraging signs for service providers seeking greater stickiness: 63 percent of respondents said they would remain loyal to their current ISP if it offered a multi-screen video service.

Why go multi-screen?

Multi-screen represents a rare opportunity to capitalize on an emerging market that has built-in demand. Millions of consumers — across every market and demographic — are adopting new connected devices and viewing habits to gain greater access to multimedia content. By combining their unique strengths, content and service providers can give these consumers exactly what they're demanding: a flexible digital media experience in which personalized content is always available on every device. By delivering compelling multi-screen services, providers can capture and retain consumer interest, generate sustainable multimedia revenue and secure a central role in the multimedia value chain.

Learn more

An industry-leading supplier of multimedia and IPTV solutions, Alcatel-Lucent has experienced market research and consulting services teams that can help you seize the multi-screen opportunity in your market. To learn more about Alcatel-Lucent's in-depth market research, end-user insights and innovative multi-screen solutions, visit:

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