In co-operation with The Future Foundation

DISCOVERY INSIGHTS 01

The rise of the television everywhere audience

Discovery NETWORKS

ABOUT DISCOVERY NETWORKS

Discovery Communications (Nasdaq: DISCA, DISCB, DISCK) is the world's #1 nonfiction media company reaching more than 1.8 billion cumulative subscribers in over 200 countries and territories.

Discovery is dedicated to satisfying curiosity through 147 worldwide television networks, led by Discovery Channel, TLC, Animal Planet, Science and Investigation Discovery, as well as US joint venture networks OWN: Oprah Winfrey Network, The Hub and 3net, the first 24-hour 3D network. Discovery also is a leading provider of educational products and services to schools and owns and operates a diversified portfolio of digital media services, including HowStuffWorks.com.

Kasia Kieli is the President and Managing Director of Discovery Networks Central & Eastern Europe, the Middle East and Africa (CEEMEA) and she has been with Discovery for more than 15 years. Discovery Networks CEEMEA has 10 channel brands that reach 175 million cumulative subscribers in 105 countries with programming customized in 19 languages and offices in Bucharest, Budapest, Istanbul, Kyiv, London, Moscow, Prague, Sofia and Warsaw.

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FOREWORD FROM DISCOVERY

John Hendricks launched Discovery Channel in 1985 with a mission to satisfy curiosity and make a difference in people's lives by providing the highest quality non-fiction content, services and products that entertain, engage and enlighten.

This continues to be our mission across Discovery Networks in Central and Eastern Europe, Middle East and Africa (CEEMEA) – a region that encompasses 105 countries across three continents. In each of these markets we broadcast up to ten channels from a list that includes Discovery Channel, TLC, ID, Animal Planet, Discovery Science and Discovery HD Showcase.

Despite the diversity of our markets the Discovery Networks portfolio has a resonance and appeal for TV viewers regardless of where they live – offering learning and insight in a manner which is both accessible and enjoyable.
With content at the heart of our business, we are well positioned to meet the demands of an ever-changing industry and there is no denying that broadcasting is going through its greatest evolution since it came into existence. Technological advances are improving the choices available to viewers and the viewing experience itself is at a pace unlike ever before. Our experience as a company has been that being at the forefront of change is a good thing.

For this reason, we have partnered with Future Foundation to produce Discovery Insights, a series of research reports which have the goal of gathering opinions of media experts and TV viewers to paint a picture of what we can expect from television in the future.

The first report explores how viewers in Central & Eastern Europe, Middle East and Africa will engage with TV in the future. It presents our findings from our original quantitative research amongst TV viewers in ten countries in this region as well as interviews with a panel of 10 TV and advertising experts.

We hope that you find this report an interesting and illuminating read.

Kasia Kieli
President & Managing Director
Discovery Networks CEEMEA

OUR INSIGHTS PANEL

David Brennan is the founder of Media Native and former Research and Strategy Director of Thinkbox, providing depth of expertise from his career in TV research and insight – UK

John Honeycutt is COO, Discovery Networks International, ideally-placed to provide insight on global TV viewing and content trends and futures – UK

Andrey Kholodny is Director of Media Products at Rostelecom and is one of the leading figures in the development of interactive TV services – Russia

Ekaterina Lapshina is Director of Development at TRK Ukrayina, one of Ukraine's most popular TV channels – Ukraine

Anna Lubowska is President of the Board of the Advertising Agencies Association of Poland (SAR) and Chief Operating Officer of MEC Global and one of the most prominent figures in the Polish advertising industry – Poland

Anthony Rose has been at the forefront of TV innovation in the 21st Century as the founder of Zeebox and the driving force behind the BBC's iPlayer – UK

Rory Sutherland is Executive Creative Director and Vice-Chairman, OgilvyOne London and Vice-Chairman, Ogilvy & Mather UK, one of the advertising industry's most influential figures and a passionate champion of using behavioural economics to understand consumer behaviour – UK

Ufuk Tarhan is a blogger and journalist who founded 'The Futurist' and brings her perspective as a keen advocate of the opportunities of social networks – Turkey

Mariusz Walter is the co-founder of TVN and one of the leading figures in the Polish TV market – Poland

Caleb Weinstein is SVP and General Manager of Distribution for Discovery Networks in Europe, Middle East & Africa (EMEA), a division of the number-one nonfiction media company Discovery Communications - UK

INTRODUCTION

A world without television is, for many, inconceivable. From its earliest days, television has captivated and enthralled a global audience. From the mind-boggling to the mundane, the Olympic to the operatic, the silly to the sublime, TV has become firmly embedded as one of the most important cultural and societal developments in modern history.

This is reflected in television consumption habits – for many decades, TV has been the single most important leisure activity globally. While the tides of popular culture have ebbed and flowed, TV has remained at the very epicentre of our overall media consumption.

Since the inception of television, there have been a number of fundamental changes to the way we live our lives - significant cultural shifts, huge technological revolutions, changes in the very fabric of society. And none of these shifts is so supercharged as the Digital Age, which heralds an entirely new era for television. The advent of the internet has introduced a vast range of new ways of accessing and interacting with information, entertainment, education, leisure....This report aims to explore how television is adapting, evolving and growing to accommodate entirely new consumption patterns in an increasingly connected, time-precious, fragmented world.

To help make sense of this brand new world, Discovery Networks commissioned consumer trends and research specialist The Future Foundation to explore how television may look in the future for viewers in Central and Eastern Europe, Middle East and Africa (CEEMEA).

HEADLINE FINDINGS OF THE REPORT

The Discovery Networks report has revealed some fascinating emerging trends in TV consumption across CEEMEA.

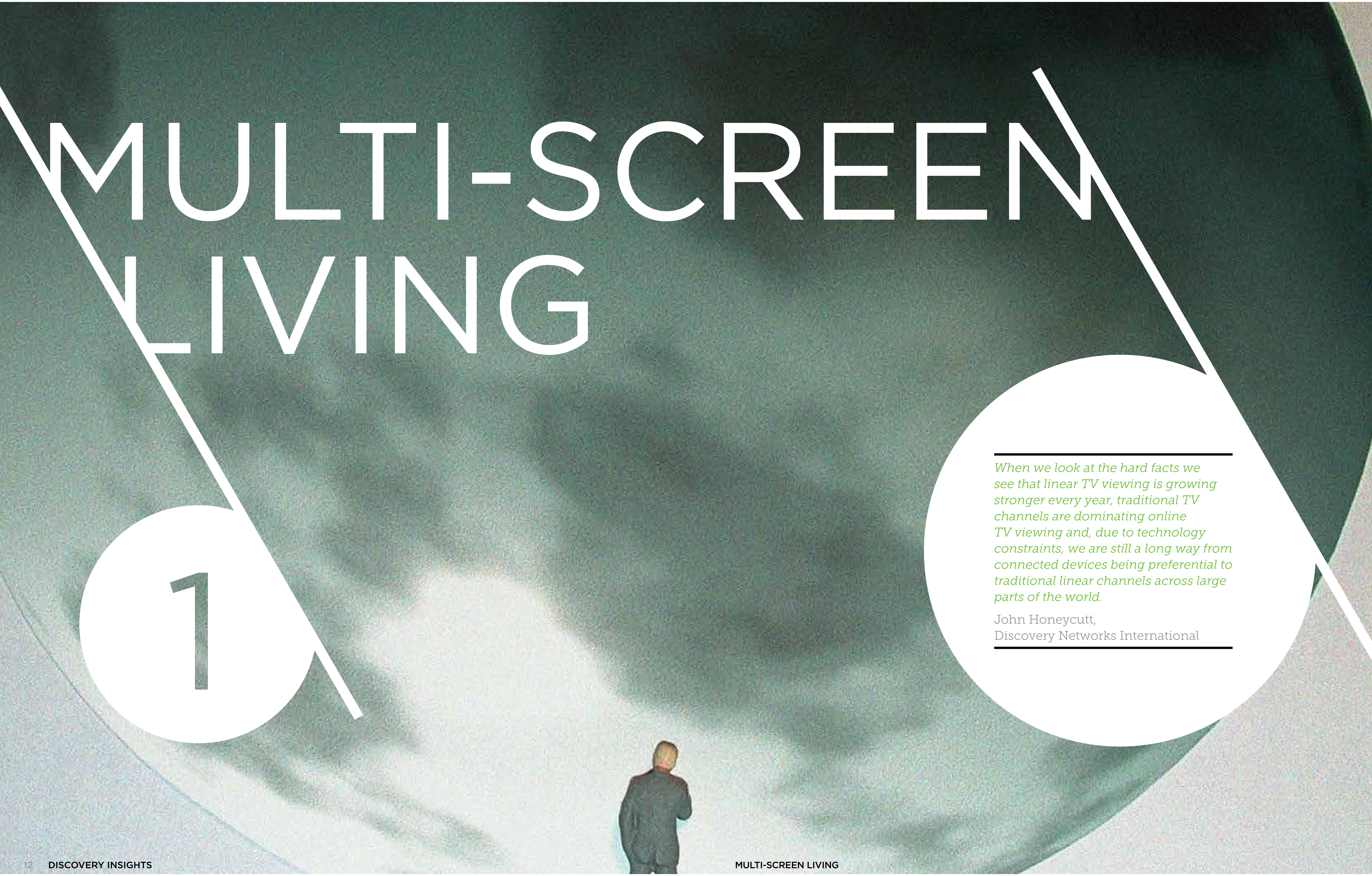
We discovered that Multi-Screen Living – or 'multi-tasking' across technology platforms – is becoming increasingly commonplace. Once a niche activity for only the most tech-savvy, it is now becoming more and more common for viewers to consume live online TV, watch via tablet/ other small-screen devices and engage with the internet at the same time as watching television. Young viewers and early adopters are also leading the way with more tech-enabled viewing habits – TV on demand, smartphone screening and on-the-go TV are all becoming more popular and desirable. For more on this, see **page 12.**

Patterns of time use provide an interesting area for exploration (see **page 26**), as the growing use of mobile phones and tablets for media consumption continue to revolutionise the ways in which we engage with TV. For the majority across the CEEMEA markets surveyed, there is a small but growing demand for short-form content – snippets of TV that allow viewers to 'snack' between bigger TV 'meals'. From this, the Future Foundation has developed two distinct types of viewer behaviour – 'Media Tourists' and 'Media Enthusiasts'. While Enthusiasts look for long-form content, seeking out as much extra content about their favourite shows as possible, Tourists will flit between a wide variety of different programmes, channels and genres.

In our increasingly time-pressured world, time maximising is becoming a more and more prevalent consumer behaviour – and television viewing is no exception to this. While the majority of TV viewers in CEEMEA continue to watch scheduled programming, there is a growing demand for off-schedule viewing – the ability to watch TV when it best fits into their lives. The future for this trend is a fascinating one, offering opportunities for on-demand/ catch-up TV and services that offer a way for viewers to search for, compare, evaluate, and ultimately choose and consume content with the greatest ease. This is the trend of Time Maximising. For more on this, see **page 40**.

One of the biggest cultural shifts sparked by the Digital Revolution has been the explosion in social networking and connectedness.

As a result, peer-to-peer and expert recommendation, reviews, and social and cultural capital have all come to the forefront of the connected generation. 'Social TV' (**page 52**) is a growing phenomenon, allowing viewers to share reviews, look for expert opinion/ recommendation, fill gaps in viewing schedules and – increasingly – to overlay social media on to media consumption, for example providing real-time feedback as TV is broadcast. CEEMEA viewers look for a mix of expert and personal recommendation and would be interested providing real-time feedback during a TV show.



MULTI-SCREEN LIVING

1

When we look at the hard facts we see that linear TV viewing is growing stronger every year, traditional TV channels are dominating online TV viewing and, due to technology constraints, we are still a long way from connected devices being preferential to traditional linear channels across large parts of the world.

John Honeycutt,
Discovery Networks International

1.1

KEY FINDINGS

- The traditional TV set will retain its prominent place in the home as it continues to innovate and improve. However, multi-screening is becoming more common - many tablet owners watch TV via their devices.
- Live online TV viewing is already commonplace across eight out of the ten markets we surveyed.
- TV on demand viewing is less common except for the young and Early Adopters – these groups will lead the shift to non-scheduled TV.
- Many would like to be able to access TV content wherever they are - new kinds of short form content might develop in response.
- Many early adopters engage in Media Meshing – using a second medium alongside the first to improve their enjoyment of a TV show.
- The second screen will invite content providers to offer content that can be consumed across different platforms – for example, the main event on the main screen but short extras that can be accessed on the short screen.
- We identify two types of TV viewer - the Tourist, who dips in and out of programmes/ channels/ genres for concise content; and the Enthusiast who wants much more detailed, additional content about favoured shows.

"With 75% of internet users under the age of 35, we know that people are consuming content wherever they can find it. And in order for us to remain a leader, we will evolve to feed that need."

Caleb Weinstein,
Discovery Networks EMEA

1.2

THE STATE OF PLAY: CURRENT UPTAKE OF NEW TV TECHNOLOGY

In many CEEMEA markets, plenty of viewers who are online already watch TV content on devices other than the main TV set. Across CEEMEA, 52% have watched live television online in the last 6 months. This varies from 64% in Romania and 62% in Turkey to 31% in South Africa and 27% in Hungary.

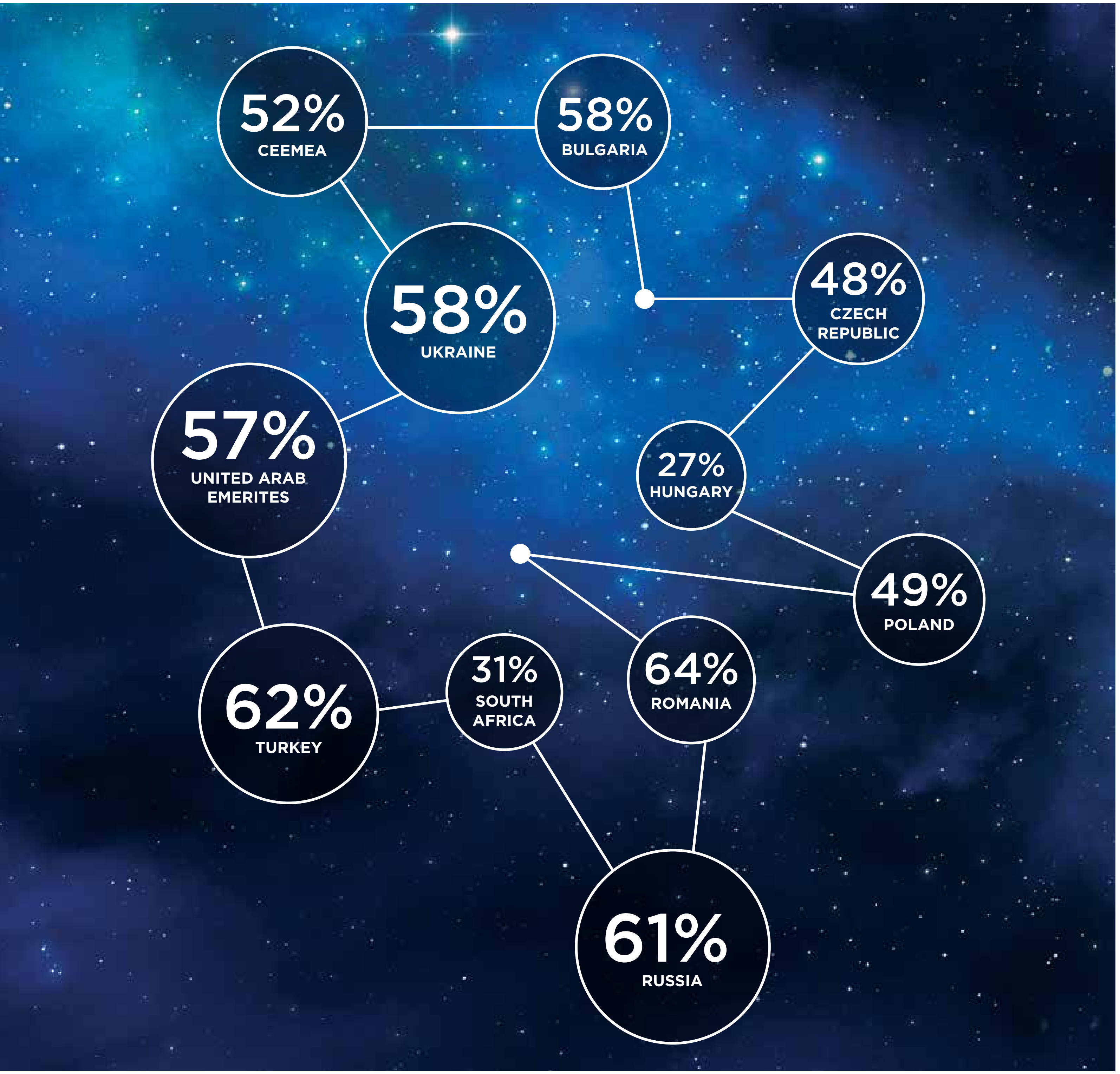
The proportion who watch catch-up TV online is lower, with 40% of the CEEMEA sample saying they have "watched/downloaded television on demand (after broadcast)". While again South Africa (31%) and Hungary (29%) lag behind other markets they are actually just as likely to watch catch-up TV than live TV online. Here it is the UAE which leads the way with 55% having watched catch-up TV online, followed by Russia with 52%.

Already significant numbers in most CEEMEA markets watch TV online. In most countries this is not driven by age. In Bulgaria 60% of those aged 18-30 have watched TV online compared to 61% aged 45+. For Ukraine, 57% aged 18-30 and 61% aged 45+. Access to the internet in the first place is the true driver of watching TV online rather than age so as internet penetration rises among older age groups then the online TV audience will rise too. Younger viewers are more likely to watch catch-up TV online. 51% in Czech Republic aged 18-30 have watched TV on demand online, against 24% aged 45+. In South Africa, 43% against 18%. In CEEMEA, most outside of the younger generation remain wedded to the TV schedule. But many of today's young adults are now more flexible with their TV viewing schedules and are more open to watching TV outside the broadcast stream. Tomorrow's young adults will have grown up with the freedom to be able to choose when they want to watch what they want to watch and as a result, the shift in viewing behaviour to non-scheduled TV will be led by younger viewers.

Viewing TV via smaller screens – smartphones and tablets – is in its early stage in CEEMEA though penetration of these new technologies is rising fast. 46% of our sample own a smartphone and 21% a tablet. *Cont.*

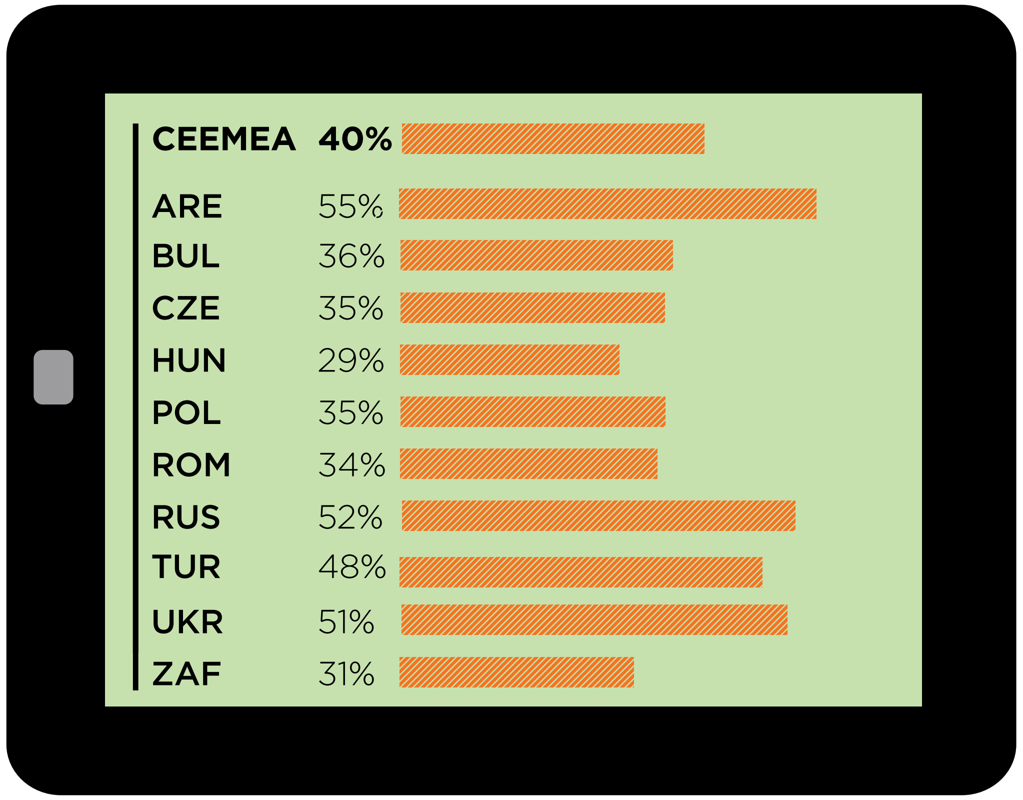
INTERNET ACTIVITIES VIA ANY MEANS: WATCHING LIVE TELEVISION

'Which of the following if any, have you done on the internet in the last six months? Watched live television".
Via any method of internet connection.



INTERNET ACTIVITIES VIA ANY MEANS: WATCHING TV ON DEMAND

'Which of the following if any, have you done on the internet in the last six months? Watched/downloaded television on demand (after broadcast)". Via any method of internet connection.



Among smartphone owners some have watched TV via their smartphone though a minority. In Turkey 21% of smartphone owners have watched live TV via their smartphone and 15% TV on demand; in the UAE 15% in each; in other CEEMEA countries proportions are lower.

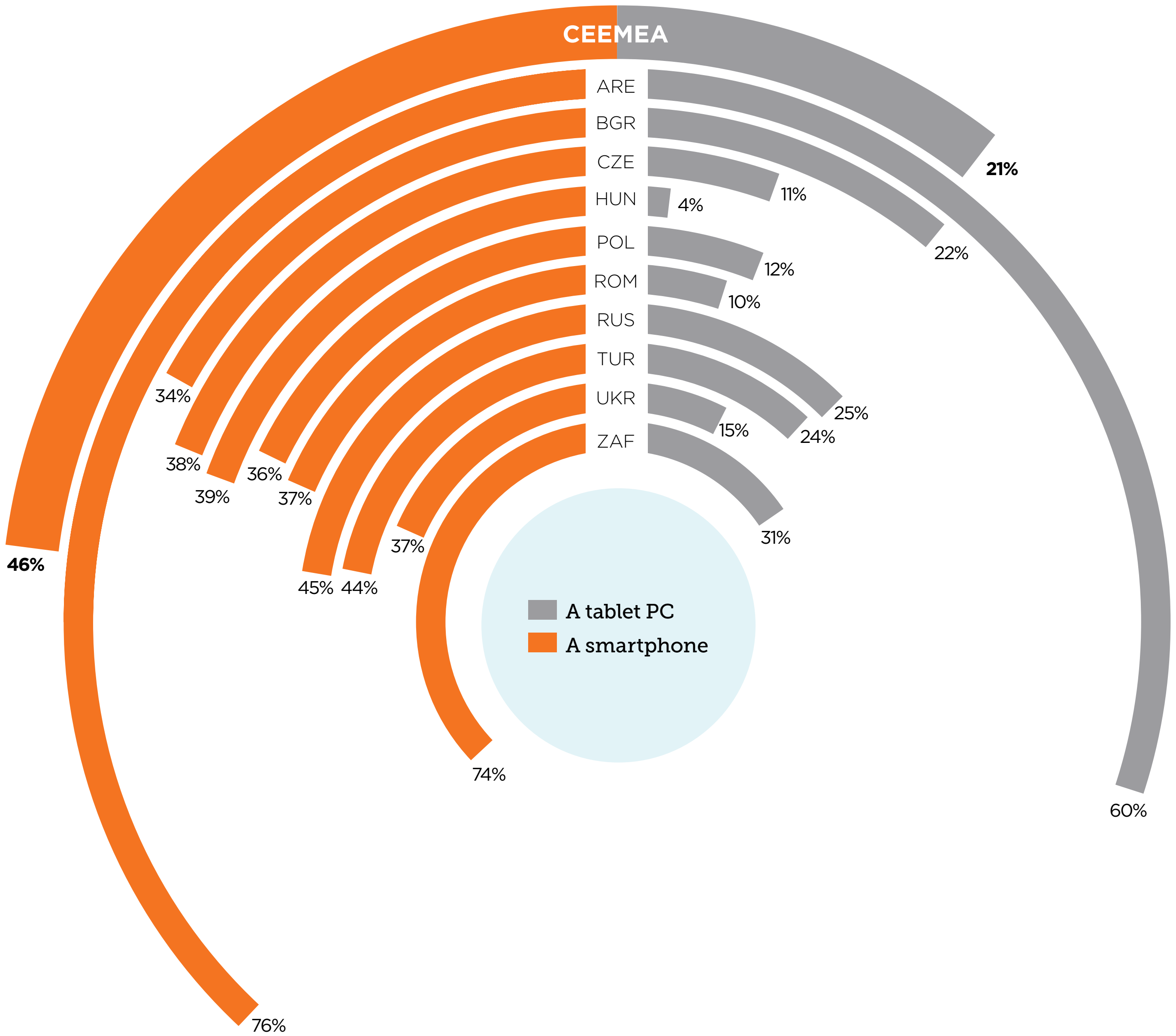
As consumers become more familiar with smartphones and specs and networks improve, these numbers will rise.

Tablets did not even exist just a few years ago and are seeing a remarkably rapid adoption curve in comparison with previous technologies. The tablet's larger screen readily lends itself to watching TV. The Middle East markets are leading the way, ahead of Central and Eastern Europe, with around a third of tablet owners in Turkey (34%) having watched live TV on their tablets and 28% in the UAE. Among tablet owners, the tablet is a more popular means of watching TV than the small screen of the smartphone. There will be more potential for growth in viewing TV via tablets than on smartphones owing to tablet's larger screen size. In future, the story might get more complicated, with intermediate screen sizes being developed at an astonishing rate; larger-screen smartphones, mini tablets, and genuine hybrid 'phablets'.

The question for TV is how to thrive in this new screen environment.

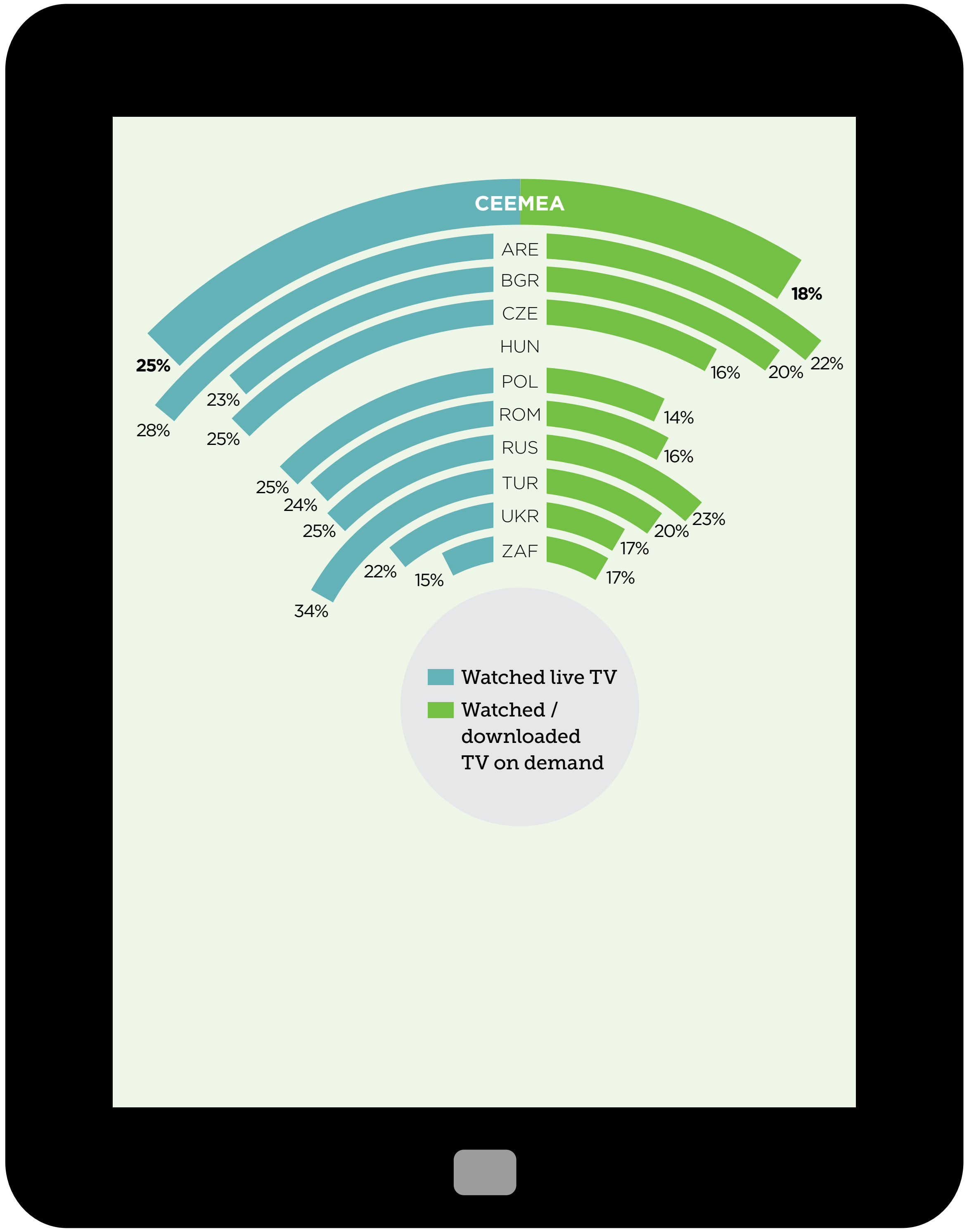
TECHNOLOGY OWNERSHIP

"Which of these do you have?"



INTERNET ACTIVITIES VIA TABLET PC: WATCHING LIVE TELEVISION

'Which of the following, if any, have you done on the internet in the last six months?
Via tablet PC, among tablet owners.



1.3

THE FUTURE SCREEN ENVIRONMENT

We certainly do not predict the death of the traditional television set. Its sheer capabilities, its size, the ever-improving quality of the content and visual specifications, its central place in the living room in so many homes, and the launch of smart TVs will all help TV thrive even as digital media grows.

Recent statistics from OFCOM's International Communications Market report show how TV viewing per person is rising in many countries. The television set will continue to innovate and up its game in response to smaller screens to maintain this central place, which it is uniquely positioned to enjoy.

"The TV screen is usually the biggest and the best and it's usually got the whole room designed around it. So for most people it's got a prime location and coupled with the size, the quality of the screen and everything else will mean most television viewing of long form narrative led audio visual content will continue to be via the TV screen for quite some time."

David Brennan,
Media Native

With the rise of smartphones and tablets, TV also has a place on smaller screens within the home too, as Anthony Rose explains:

"My experience from [BBC's] iPlayer was that TV viewing peaks at 9pm on a TV set and iPlayer on a laptop peaks at 10pm, so it seems that often people are either getting to their laptops late in the evening or they're watching a programme that's just finished on TV, on iPlayer afterwards. However, when you looked at the stats for iPlayer usage on iPhone, it peaked at midnight during weekdays and 10am on Saturdays and Sundays, which clearly showed that people are using their iPhone not as a mobile device, but as a TV in their bedroom, they're simply watching in bed, which I think was quite a surprise."

Anthony Rose,
Zeebox

Phablets and larger-screen smartphones will lend themselves better to this kind of viewing than conventional, smaller smartphones.

Smaller screens can work alongside, not against, the big screen. The second screen can be used to complement the first; through a more social form of TV watching; through the possibility of screens synching with each other; through potential future demand for more bite sized content or new forms of content.

These trends will not become mainstream overnight. Behavioural changes can take many years. At present many in CEEMEA watch TV online but it is the younger generation who are really starting to move away from the broadcast schedule and make use of on-demand. TV viewing habits are deeply ingrained and moving away from these will be a slow process. The new behaviours and attitudes towards TV of the early adopters will take a lot of time to become commonplace.

"Portable devices are not a substitution for traditional TV viewership; rather an addition to that. It mainly depends on the availability of a TV screen whenever a particular TV event is on. For example when you can't reach a TV screen on time to get access to a live football match and you're very committed to see it on a portable device, because you have something to discuss with your peers the next morning, but you will be unlikely to use a portable device to watch a TV series or a TV movie, unless you have no other choice."

Ekatirina Lapshina,
TRK, Ukraine

1.4

TV OUT AND ABOUT: FUTURE INTEREST

Will viewers of the future want to use their portable devices to watch TV out of home – on the train or bus, or while waiting in a queue? As Ekatirina Lapshina of TRK notes, there will be some interest for this in specific contexts:

Our research also suggests that there is some demand for watching TV out and about. In some CEEMEA markets there is a lot of interest in a device / service that allowed you to access TV content wherever you are. 61% in South Africa are interested in this; 56% in Romania; 55% in Bulgaria and Ukraine. Viewers in Czech Republic and Hungary are less interested. This interest will grow. In the research we have identified a set of Early Adopters; these are viewers who are more likely to own or regularly use new technologies such as tablets and smartphones. Their behaviours, opinions and desires are a guide to where technology-led trends could go in future as penetration and usage of mobile technologies grows.

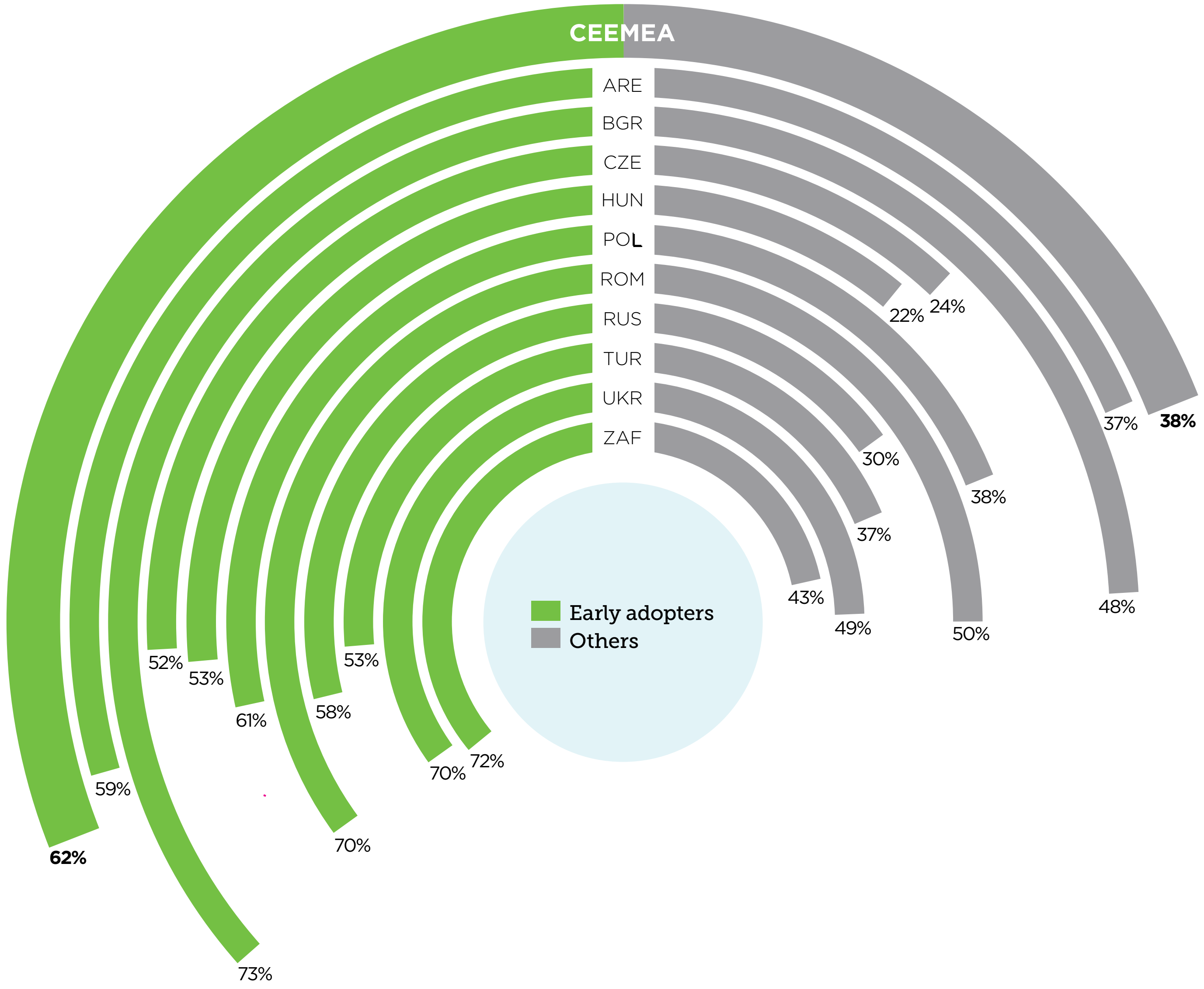
Early Adopters are much more likely to be interested in watching TV out and about. While only 27% of the total sample in Hungary are interested, this rises to 53% among Early Adopters. In Poland, 44% rising to 61%.

Portable devices could help TV content fill moments of what used to be dead time for viewers. This is the trend of Smart Boredom – using smartphones, tablets and other devices to fill moments when we used to be bored.

Viewers of the future will want content to fill these moments of the future. There will be an evolution in the content environment. Viewers will be able to watch previews or trailers before watching the main event on the big screen that evening. A bus journey into work could be filled by watching extra footage they have downloaded from the show they enjoyed the previous day.

INTEREST IN ACCESSING TELEVISION CONTENT ON THE GO

"In the future, would you be interested in using a device/service that could do any of the following? Allowed me to access my TV content wherever I am e.g. On a smartphone or tablet"



"With 75% of internet users under the age of 35, we know that people are consuming content wherever they can find it. And in order for us to remain a leader, we will evolve to feed that need."

Caleb Weinstein,
Discovery Networks EMEA

1.5

MEDIA MESHING: A SECOND SCREEN REVOLUTION?

"The frequency with which audiences interact with television already makes quite a compelling contribution to the picture of today's world. This is a surprising evolution in the way viewers participate in shaping media and it is clear to me that this type of communication is definitely going to be on the increase. The Polish market is certainly going to become increasingly active in this aspect."

Mariusz Walter, TVN, Poland

Media Meshing – using a second screen alongside the first – can improve enjoyment of a TV show. Many across CEEMEA, particularly in Eastern Europe, are interested in this.

As Mariusz Walter points out, already many viewers enjoy using the second screen to interact with TV. This will become even more commonplace. The smaller screen will be important as a second screen – to be used while watching TV, to enhance the TV viewing experience. 59% in Ukraine and 49% in Russia and sizeable minorities in Romania, Turkey and Poland agree that "using the internet can enhance my TV viewing experience (e.g. posting about a TV show on social networking sites, looking up information about a programme)".

Many enjoy being able to find out information about their favourite TV programmes online – over half in Poland and Russia say they like to be able to do this. Early Adopters are particularly enthusiastic about doing this. The steep adoption curve of smartphones and tablets is creating a second screen revolution. As usage grows, more will use the small screen to complement enjoyment of the big screen. The smaller screen allows a viewer to explore content in more depth.

"I often refer to TV as the main screen and the iPad as the depth device, so if you want to go deeper, you go deeper on the iPad."

John Honeycutt,

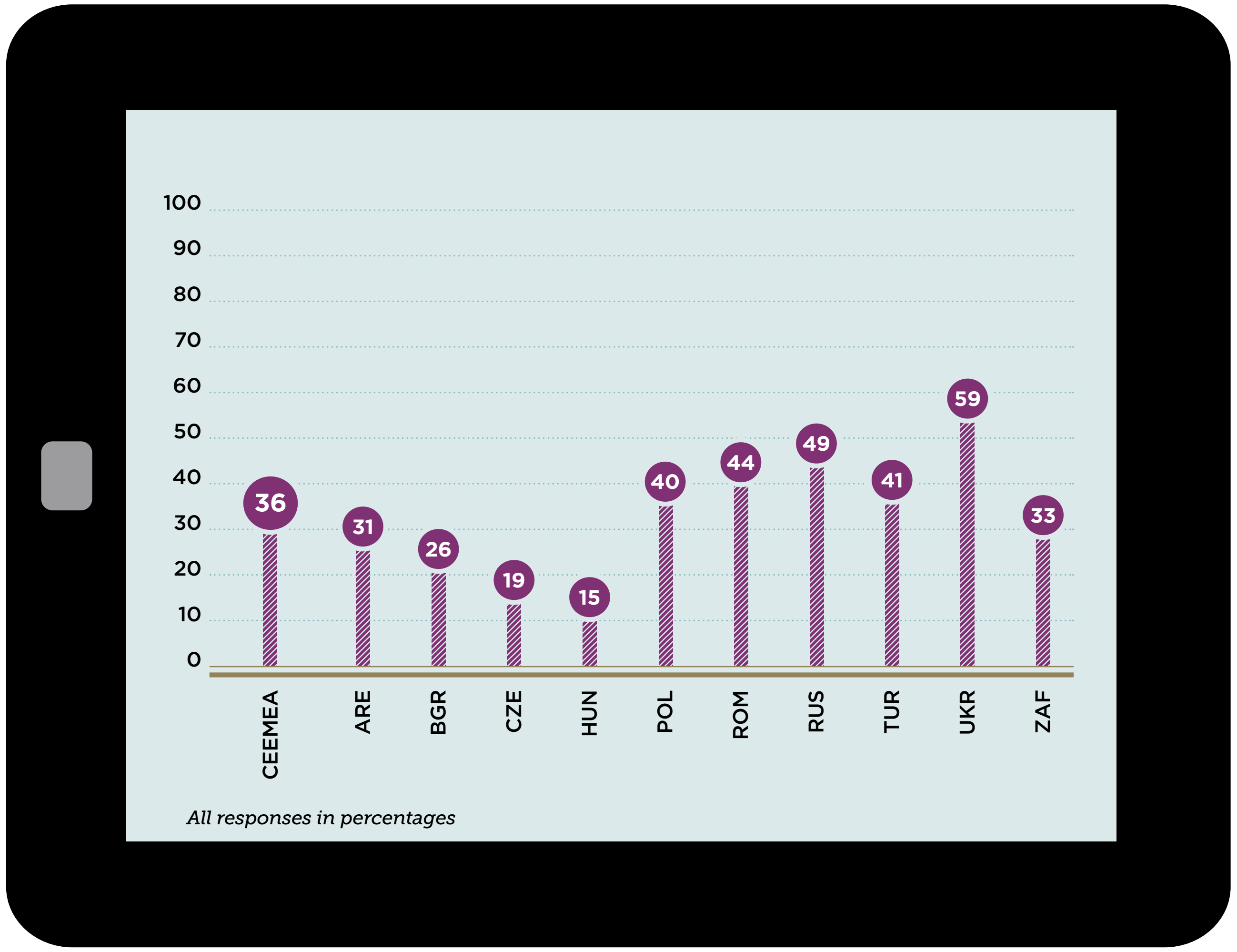
These findings echo other recent international TV reports which find that watching TV while browsing the internet or using social media is now commonplace.

The internet is not just a disruptive influence on TV – a challenge for eyeballs. The second screen is already used to enhance enjoyment of the first. Already in CEEMEA, over two thirds (68%) look up information on the internet about a programme while they are watching it, including over half in each country surveyed. 58% look up information about a channel they are watching.

Over a third (34%) engage more socially and "talk about the programme I am watching online via social networking sites e.g. Facebook/Twitter/blogs/forums". This is much more popular among Early Adopters who consume media in a more social fashion.

USING THE INTERNET TO ENHANCE TV VIEWING EXPERIENCE

"Which of the following do you agree with? Using the internet can enhance my TV viewing experience (e.g. Posting about a TV show on social networking sites, looking up information about a programme."

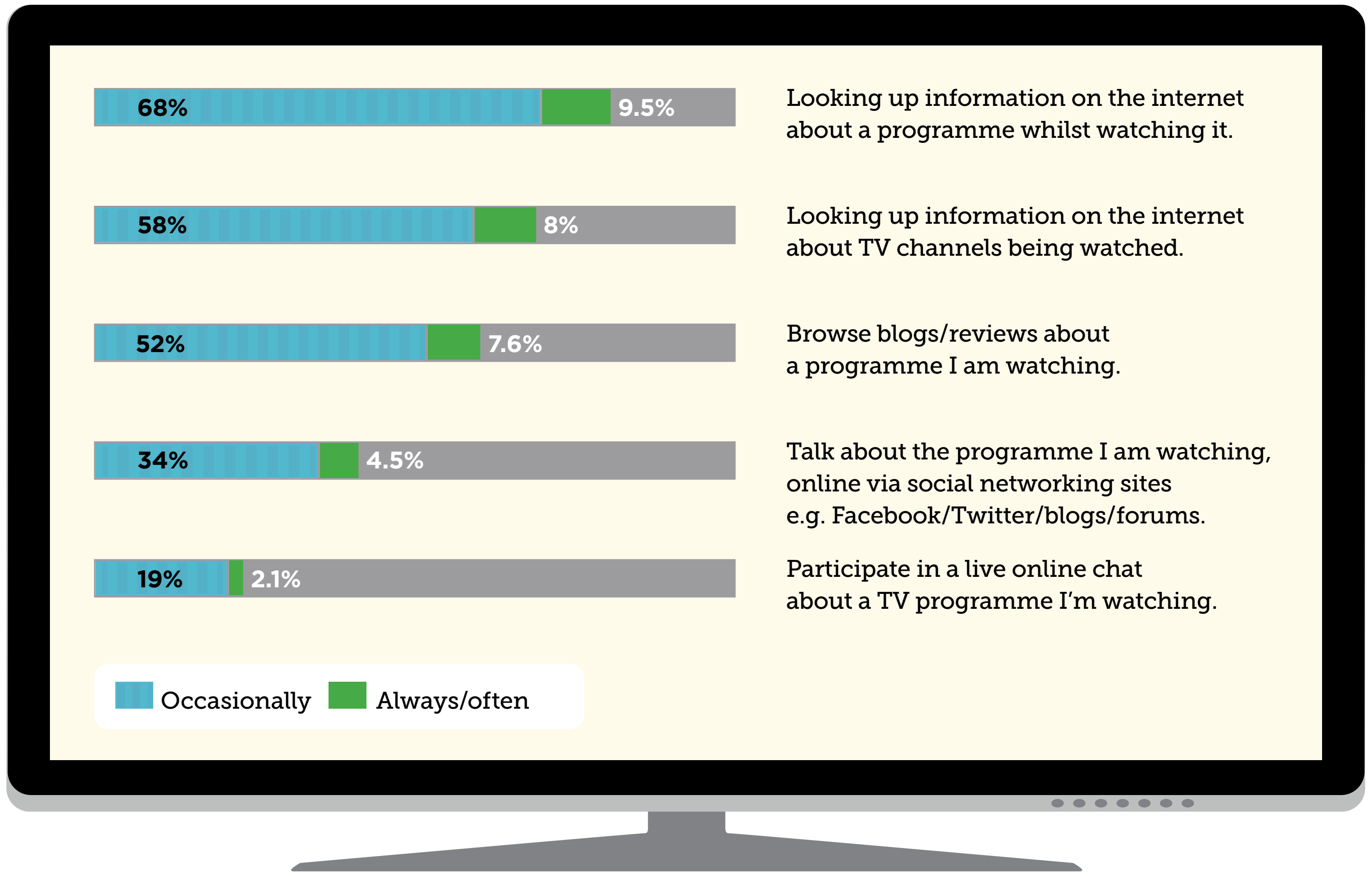


The type of content viewers are watching will also determine the way in which they will engage with TV socially. TV content that is inherently live – such as a sports event or the final of a talent show – will in future see more Over and more real-time chatter on social media. TV content that mixes moments of low and high attention can also leverage moments within the programme when a viewer might be tempted to use the second screen to engage with the first. Quality and high-attention TV content can also benefit in a different way from the second screen. The second screen will deepen the experience as curious viewers search for information about the programme or channel – or look up additional, related content that they might want to watch or consume later.

Future Foundation's nVision global research from 2012 found that use of the second screen is often higher in CEEMEA than in western markets – at least among those that are internet users. Over half the Future Foundation's online sample "Looked up information on the internet about something I'm watching on TV in Russia, Turkey, Poland, Czech Republic, compared with under half of the US, UK, Germany and France.

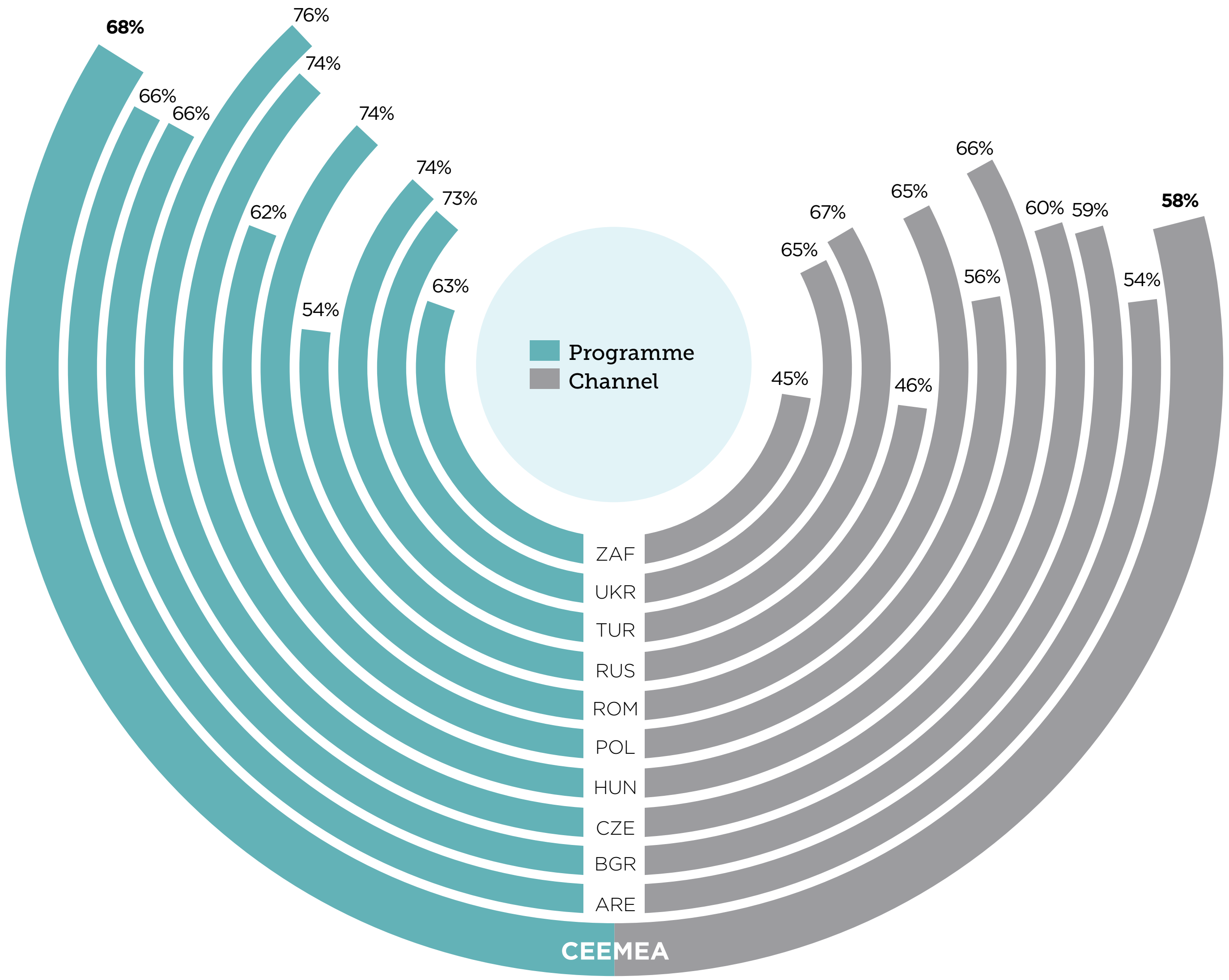
TV SECOND SCREEN ACTIVITIES — CEEMEA TOTAL

“How often do you do the following whilst watching TV.”



LOOKING UP INFORMATION ON THE INTERNET ABOUT TV PROGRAMME/CHANNEL BEING WATCHED

“How often do you do the following whist watching TV?
Looked up infomation on the internet about the (...) I'm watching on TV.” % who do it always/often or occasionally.



1.6

TOURISTS VS. ENTHUSIASTS

Mobile devices / second screens will encourage new approaches to consuming TV content. They will enable two typologies of TV viewing in particular: the Tourist and the Enthusiast.

A Tourist viewer will flit between a wide variety of different programmes, channels and genres. A viewer who has skipped an episode of a soap or a series might want to catch up with a short highlights package (a format that is established in sport, though until recently this content has been tied to schedules).

A majority of viewers in CEEMEA agree that "I watch a greater variety of TV shows than I used to", a classic Tourist behaviour. This is most popular in Poland and Romania, with over half in South Africa, Russia, Bulgaria and UAE also agreeing. And it is only in the Ukraine, where the Tourist viewing behaviour is weakest, where more disagree than agree.

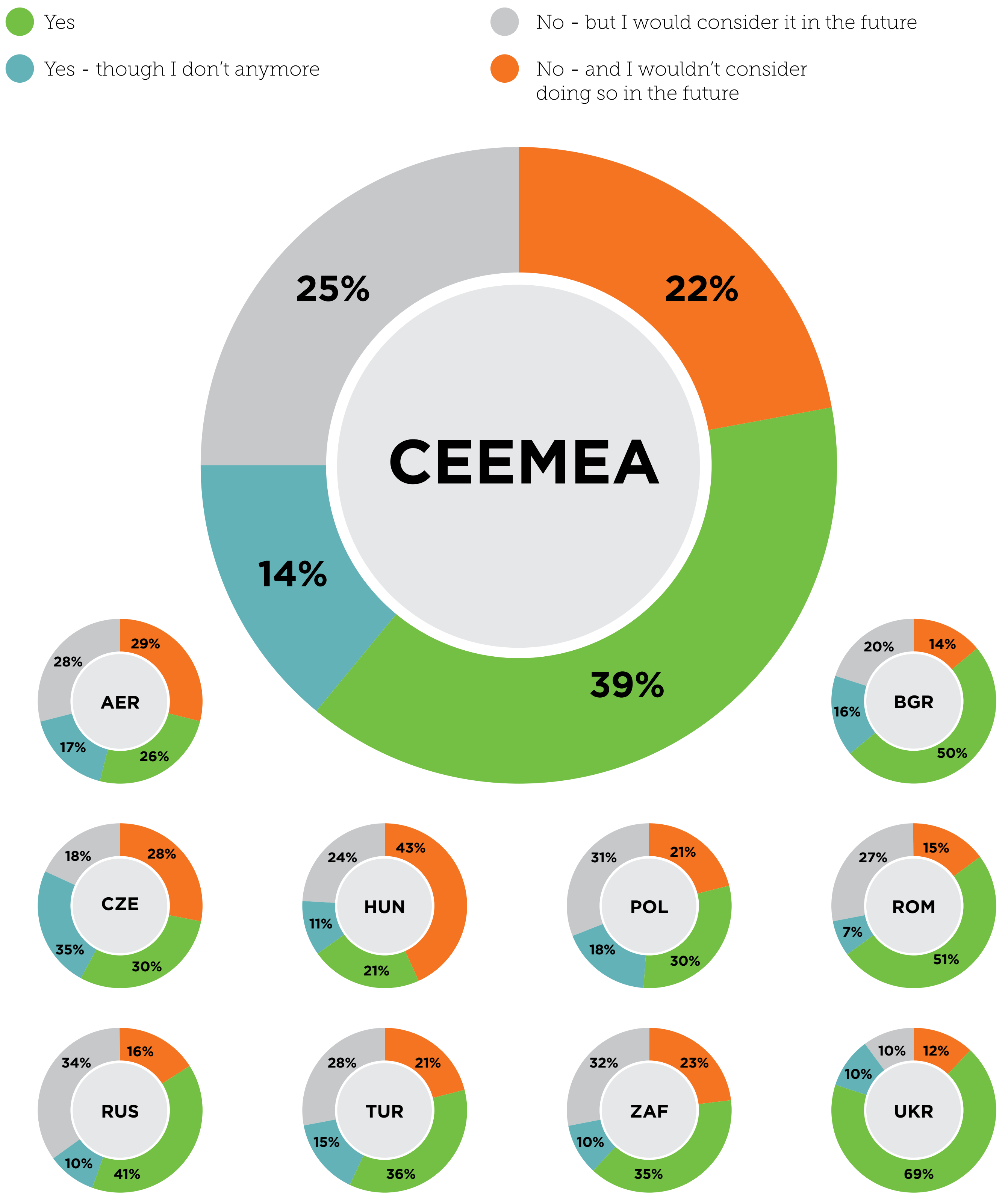
Many are potential Enthusiasts. Just over half (52%) of viewers in CEEMEA have accessed extra content online about programmes they watch and many others would consider doing so. This rises to 63% among our Early Adopters; Enthusiasts are well served by new technology. This Enthusiast behaviour is most popular in Ukraine and is less popular in Hungary. An Enthusiast will appreciate extra content about their favourite shows or series.

No viewer will be a Tourist or an Enthusiast all the time; they are two ends of the spectrum. Many viewers will be Tourists some of the time and Enthusiasts for their favourites.

Both Tourist and Enthusiast behaviours will benefit from the development of new TV technology. Opportunities exist for TV brands (whether programme or channel) to tap into the Enthusiast mindset with extra online content for viewers' favourite programmes that can be accessed on any device. Some TV brands can cater to the Tourist by allowing curious viewers to sample shorter content.

ACCESSING EXTRA CONTENT ONLINE FROM A TV PROGRAMME

"Have you ever done any of the following?
Accessed extra content online about programmes I watch on TV i.e. Interviews, deleted scenes etc."



1.7

THE MULTI-SCREEN FUTURE

In future, TV content consumption will become more flexible:

One innovation which TV content providers might offer for the second screen will be: content that can be consumed across different platforms (or even transmedia content, where the multi-platform experience is integral to the content narrative). Short videos or interactive content, for instance relating to a drama or documentary series, could be offered that can easily be accessed on the smaller screen. This would add to the experience and enjoyment of watching the main event.

Some forms of content are more suited to the smaller screen than others:

Some types of content will be able to leverage the second screen best: content where the quality shines through or where the storytelling is strong enough; or content with essential interactive appeal, such as a successful talent show. And others, such as shorter content or highlights clips, will delivered by the second screen better and in the end, what consumers want according to Caleb Weinstein is *'great'* content first and foremost, and only secondarily, technology as a means to access it.

"How you create a piece of content for consumption on a mobile phone is very different than creating a piece of content for consumption on a 55 inch screen; you position graphics differently, you edit it differently. So just making the assumption you can take something that was shot for television and slam it down to a phone in a three inch screen is not a good consumer experience."

John Honeycutt, Discovery Networks International

"In future the consumption of content will be much more flexible than it is right now and it will be flexible in terms of means of transportation of content and a screen on which the content is being consumed. So we already see evolving multi-screen viewership in the households that we study in the Ukraine and we also see that the number of TV screens is increasing."

Ekatirina Lapshina, TRK, Ukraine

1.8

CONCLUSIONS

Fortunately for content providers, we conclude from the findings of our report that the TV set is not going to be expelled from the front rooms of CEEMEA viewers in favour of small screens; the broadcast schedule will not be abandoned in favour of online engagement.

What we find instead is a revolution in how viewers will engage with content and a glimpse in a future of much more personalised, tailored access to programming. Content providers must work hard to keep up with growing consumer demand for catch-up TV, on-the-go access to content, second-screening and all manner of non-scheduled broadcasting. Short form content is one important example, enabling consumers to keep up with content in ways that suit their lifestyles.

Contrary to the beliefs of some more pessimistic commentators, we believe that the internet and social media are not disruptive influences to TV – rather they can help stimulate greater engagement with TV. Many Early Adopters in CEEMEA already engage in Media Meshing – using a second medium alongside the first to improve their enjoyment of a TV show. This can be leveraged both by live event TV, which invites a social media overlay, and by high quality, high attention TV that can engage the viewer online after the TV experience.

TIME MAXIMISING

2

When we look at the hard facts we see that linear TV viewing is growing stronger every year, traditional TV channels are dominating online TV viewing and, due to technology constraints, we are still a long way from connected devices being preferential to traditional linear channels across large parts of the world.

John Honeycutt,
Discovery Networks International

2.1

KEY FINDINGS

- The vast majority in CEEMEA watch most of their TV as it is broadcast - but there is palpable demand for off-schedule programming, allowing viewers to watch what they want when they want, rather than adhering to a broadcast schedule. Technological advance will boost the development of this trend.
- Choice management is a growing concern, with the result that many find it difficult to choose what to watch.
- There is interest in a TV maximising service to recommend TV shows to viewers based on their preferences and TV viewing history.
- There is a future for bite-sized content, designed to fit into busy lives. Watching TV via mobile phone is a definite consideration, especially among Early Adopters.
- While long-form TV content is not under threat, potential exists for some new kinds of short-form content to sit alongside long-form.
- There is scope for media snacking – bite sized content.

2.2

LIVE AND NON-LIVE

Much has been made of the declining importance of the TV schedule. The rise of on-demand services, of catch-up viewing, of being able to access the content you want, when you want. The growing penetration of broadband, the development of IPTV services and the emergence of Smart TVs will further challenge traditional schedules.

Across CEEMEA, 72% agree that they "would prefer to watch TV when I want rather than when the schedule dictates" – a powerful statement of the demand for accessing content on the viewer's own terms. Bulgaria lags some way behind here, with 41% agreement, but in other countries this is a strong motive (especially in Poland with 85% agreement). In most countries surveyed, a significant minority strongly agree. So the interest in accessing content independent of its broadcast date is strong.

"We have chosen to look primarily at the 'on demand' opportunities that our pay television distribution partners are creating because we know they share our interest in maintaining the content production engine of pay TV."

Caleb Weinstein,
Discovery Networks EMEA

Currently the vast majority of respondents in each country do watch most of their television viewing as it is broadcast. In Bulgaria, 96% watch most of their viewing this way; in Poland, 75%. Even among Early Adopters, most within each CEEMEA country watch most of their viewing live. The move to non-live has begun but in CEEMEA so far it is in its is in its infancy.

This will not mean the death of live TV content. Several forces will keep live TV content vital. Some TV is inherently live, such as sports events:

"There will just be some events which will gain mass audience. In Poland we had Euro 2012 recently and we had record audience results, so there is still a place for mass programmes which we know make the streets empty."

Anna Lubowska,
SAR and MEC

Some TV content is strengthened by being watched live, such as popular drama serials or current affairs shows; social media can overlay onto such content and energise them. Some TV content is developed specifically in order to be a live event: for example, talent contests, reality TV shows and mechanisms like audience voting and live results.

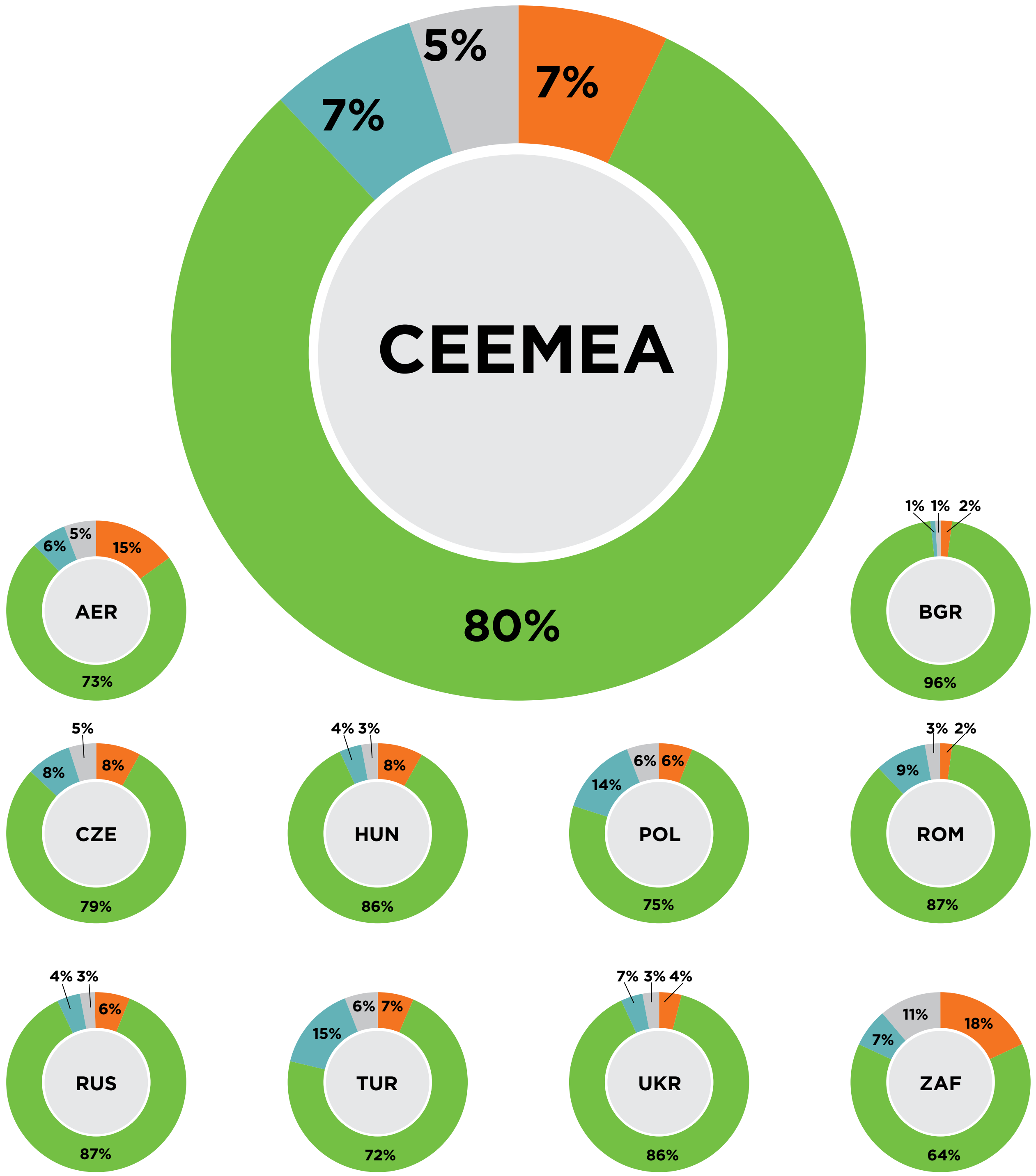
Non-live TV has challenged TV content providers, who will continue to up their game and create ever more compelling reasons to watch live TV.

There are some basic human motivations for watching live TV that will remain strong; the family sitting down together to watch a show in the evening at an arranged time; the desire to just sit down and watch whatever is on.
One challenge for TV brands that might be harder to solve is how to measure non-live TV accurately, particularly on-demand movie libraries or user-generated content.

MOST COMMON METHOD OF WATCHING TV

best describes how you do most of your television viewing?”.

- Watching TV programmes as they are broadcast
- Watching catch-up TV
- Watching video-on-demand content
- Recording TV to watch at a later date (e.g. through your PVR)



“Is the market for long form narrative led audio visual entertainment programming going to change substantially?’ I think the answer is no.”

David Brennan, Media Native

2.3

FUTURE DEMAND FOR BITE SIZED CONTENT

The viewer of today – and tomorrow – lives an often busy, time-pressured life. But when we asked CEEMEA viewers if they would prefer TV programmes to be shorter, only a minority agreed. There was no country in which a majority said yes. It was only in the UAE and Turkey that even significant minorities showed a mild desire for TV programmes to be shorter; interestingly, these are the two countries with the greatest use of content on-the-go.

Except in South Africa and Hungary, few viewers actively disagreed that “I would like TV programmes to be shorter”. There is some potential for some new forms of shorter content to sit alongside long form content.

Some viewers have watched clips of their favourite shows on their mobile device but more striking was the proportion who said that they would consider it. In eight out of ten countries a majority say that they have done this or would consider doing so. This was even more interesting when we looked at our Early Adopters. 51% of Romanian Early Adopters have watched TV clips of their favourite shows on their mobile and only 10% would not consider doing this. In Poland, 43% and 11%.

One way that additional forms of short content can co-exist with long-form content is: short form content that ties in to long form. Andrey Kholodny of Rostelecom notes that TV content providers will eventually need to meet this potential.

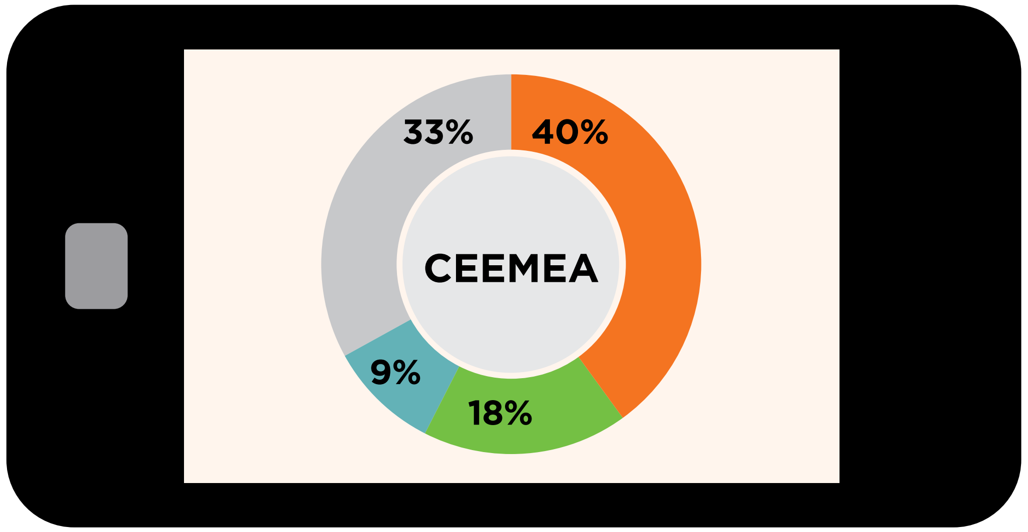
Mobile devices in future might sync with the TV set. A viewer of the future might be able to start watching a programme on the conventional TV and, with a minimum of fuss, pick back up where they left off – on the train, perhaps or even at home (say, watching on their tablet in bed). This is not how most TV viewing will be but it would be an advantage for viewers to be able to do so.

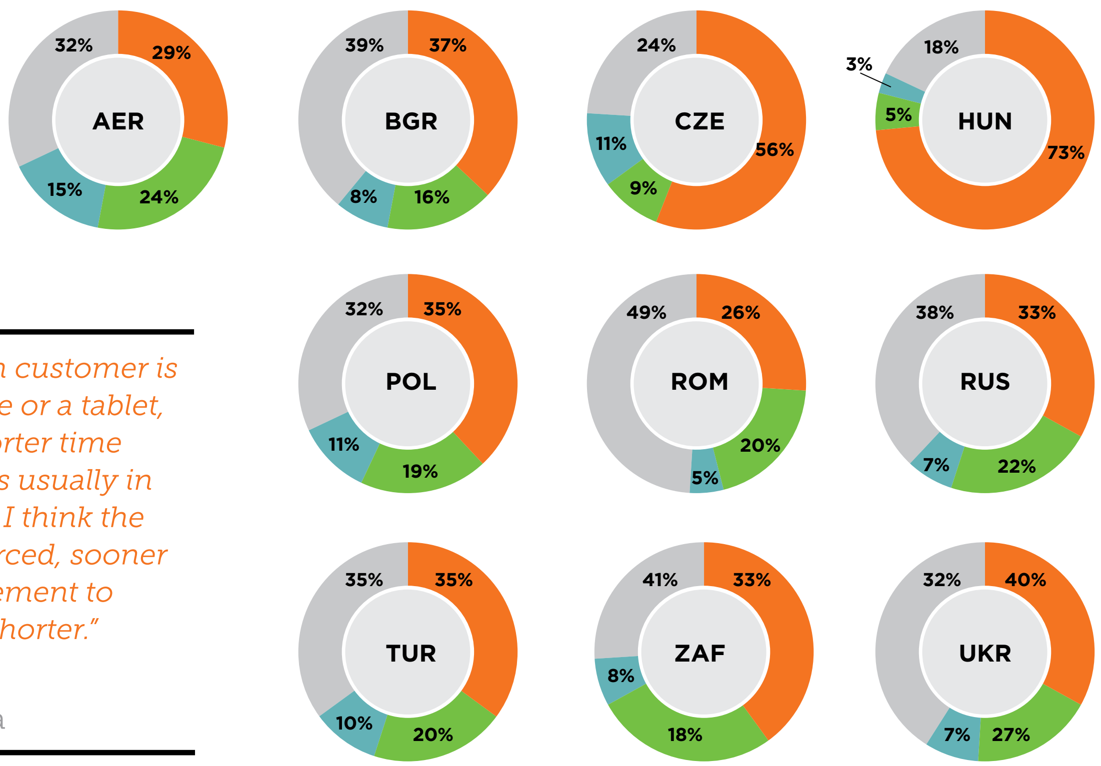
There will be a steady growth of short form content that will tie in to established longer-form content. And media snacking will not mean the death of high-quality high-attention programming but can complement it. The short form can strengthen the long form and strengthen TV.

WATCHING TV-CLIPS ON YOUR MOBILE PHONE

"Have you ever done any of the following?
Watched clips of my favourite programme on my mobile phone".

- Yes
- Yes- though I don't anymore
- No - but I would consider doing so in future
- No - and I wouldn't consider doing so in future





"The smaller screen customer is using a smartphone or a tablet, which means a shorter time that the customer is usually in front of the screen. I think the channels will be forced, sooner or later, to a requirement to make the content shorter."

Andrey Kholodny, Rostelecom, Russia

2.4

MAKING THE MOST OF YOUR VIEWING TIME

How will viewers of the future make the most of their viewing time in this more complicated, diverse viewing environment? Over half of viewers in nine out of the ten countries surveyed say that they "sometimes find it difficult to choose a programme to watch", with this feeling strongest in Czech Republic and Poland. There are so many channels and so many programmes to choose from, and this will become ever more so as the usage of on-demand and catch-up TV grows.

There is perceived dissatisfaction with being tied to the schedule. A minority in every country in CEEMEA agree that "TV schedules tend to reflect what I want to watch", with particularly low agreement in Czech Republic, Bulgaria and Hungary (though satisfaction is highest in Russia where almost half agree).

In future we will see a movement towards services that offer a way to maximise your TV viewing time – being able to find what you want to watch without having to spend too much time and effort in the actual searching process itself.

Viewers will appreciate services that easily allow them to search for, compare, evaluate, and ultimately choose and consume content with the minimum of fuss and the greatest ease of use. Viewers are sometimes overwhelmed with navigating a surplus of choice, do not always want to be limited by the schedule and are unsure of exactly what they would most like to watch.

Viewers will not always want to be ruthless time-maximisers. Plenty will often just want to sit down and watch whatever is on; others will enjoy browsing through favourite channels and seeing what takes their fancy. And as Rory Sutherland explains, there is no such thing as pure maximising behaviour:

"One of the vital things about TV is that people make decisions and their choice architecture does not exist through utility maximisation, which of these 300 channels shall I watch?"

Rory Sutherland, Ogilvy

A future service will cater to all of these needs, offering a front page portal linking to several favourite channels and reminding viewers of what's on that evening.

2.5

PERSONALISED SCHEDULES AND VIDEO-ON-DEMAND OF THE FUTURE

In this future, what content will 'rise to the top' if viewers enjoy greater the ability to compare and evaluate TV content? What will viewers turn to with the greater choice they will enjoy? Quality will persist; high production values and compelling content will be rewarded.

A TV maximising or scheduling service needs to take account of the individual or family's particular tastes. Ideally it would be able to integrate their viewing history and stated or intuited preferences in terms of channel, type of content and particular programmes.

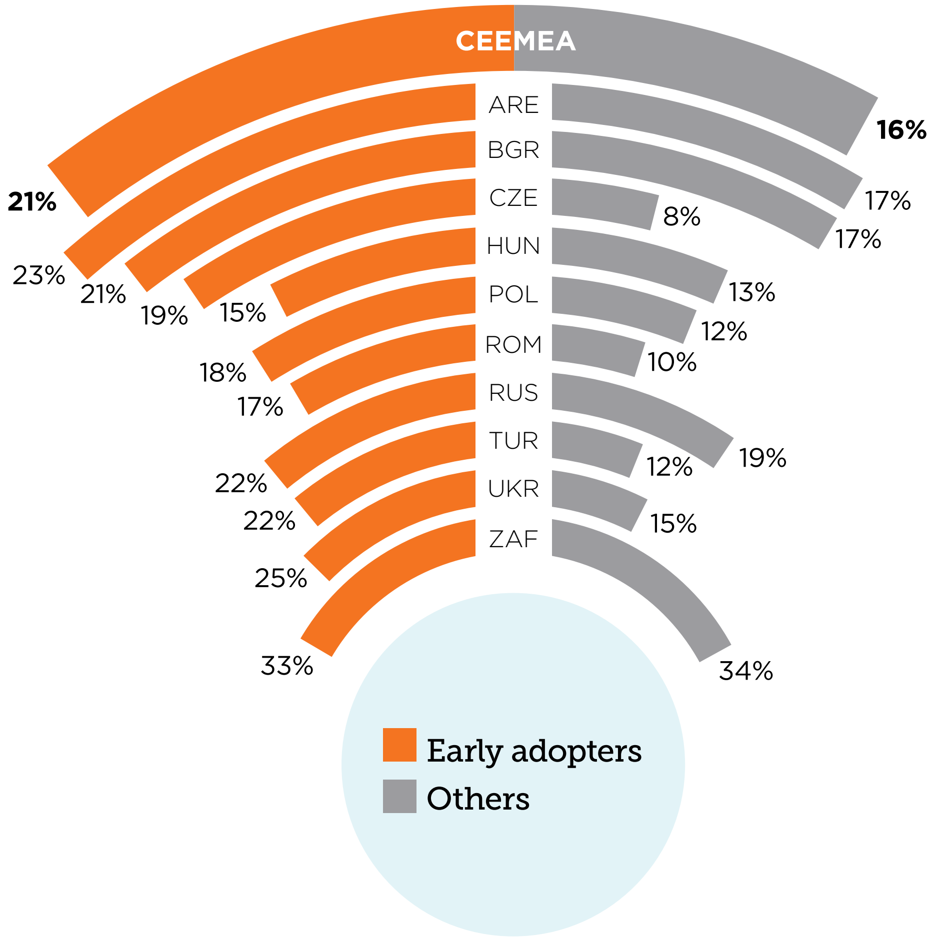
51% of the total CEEMEA sample would be interested in a service that could "recommend TV shows to you based on your preferences and TV viewing history". There is especially strong support in South Africa with 67% interested and Romania (62% interested) though less in Ukraine and Hungary. *Cont.*

INTEREST IN A DEVICE THAT RECOMMENDED TV PROGRAMMES BASED ON PREFERENCE

"In the future, would you be interested in using a device/service that could do any of the following? Automatically record TV shows that might be of interest to you".

PAYING FOR A RECOMMENDED TV SCHEDULE

"Which of the following would you pay for?
A recommended TV schedule lined up for me each evening from all my favourite channels".



Despite the high level of interest in a personalised recommendation service, fewer would pay for one, though still some 17% across CEEMEA would consider paying for this. South African viewers, who we saw were more likely to be interested in a personalised TV recommendation service, are also the most likely to pay for a recommended TV schedule.

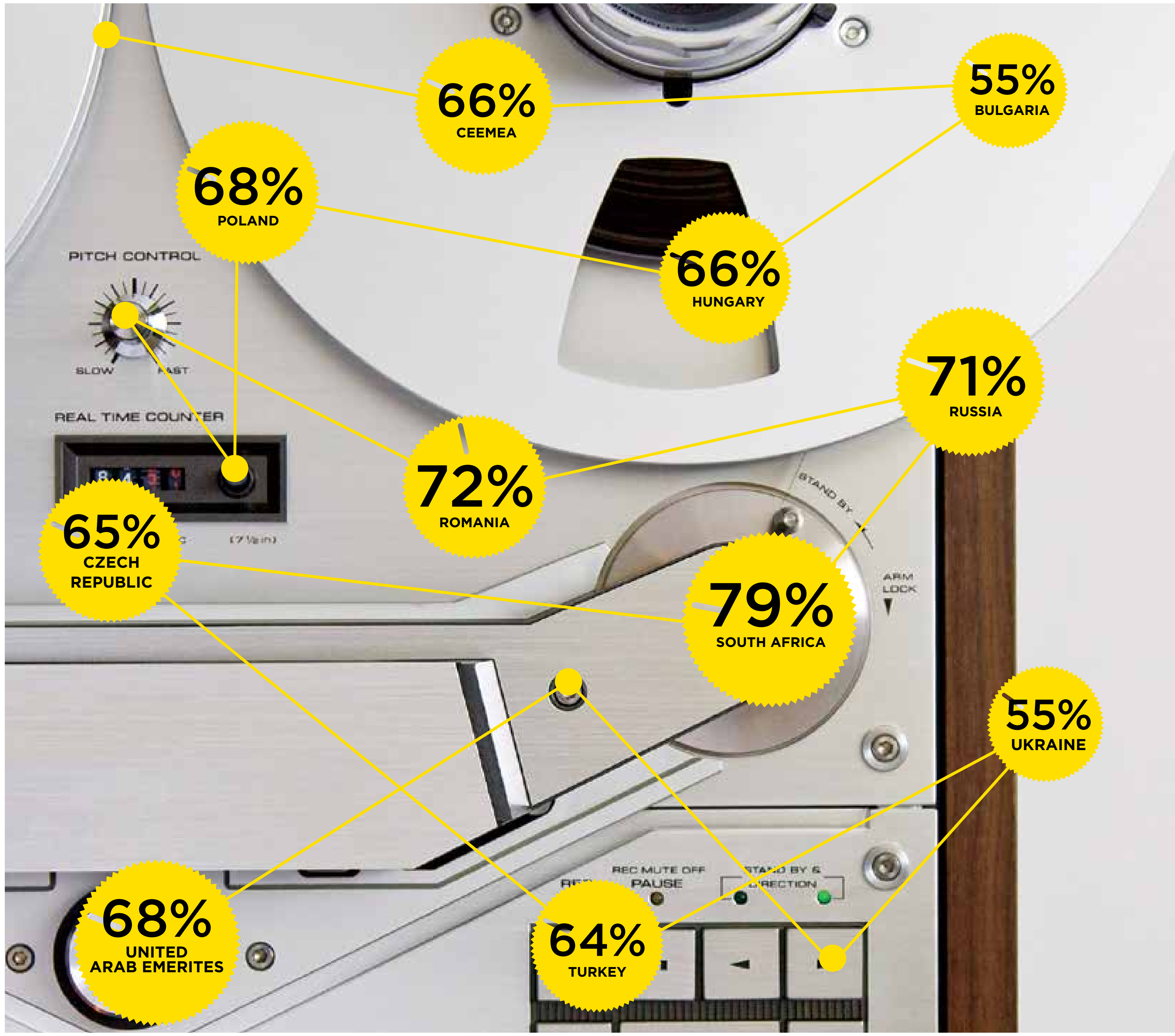
The service must also be easy to use. The bulk of viewers in each country "would like new technology to be so easy to use that I don't have to read a manual", including some 86% in Russia. A TV recommendation or maximising service must demonstrate Simple Complexity – a simple, intuitive interface that does not require a mental battle but with great technological ability beneath the surface.

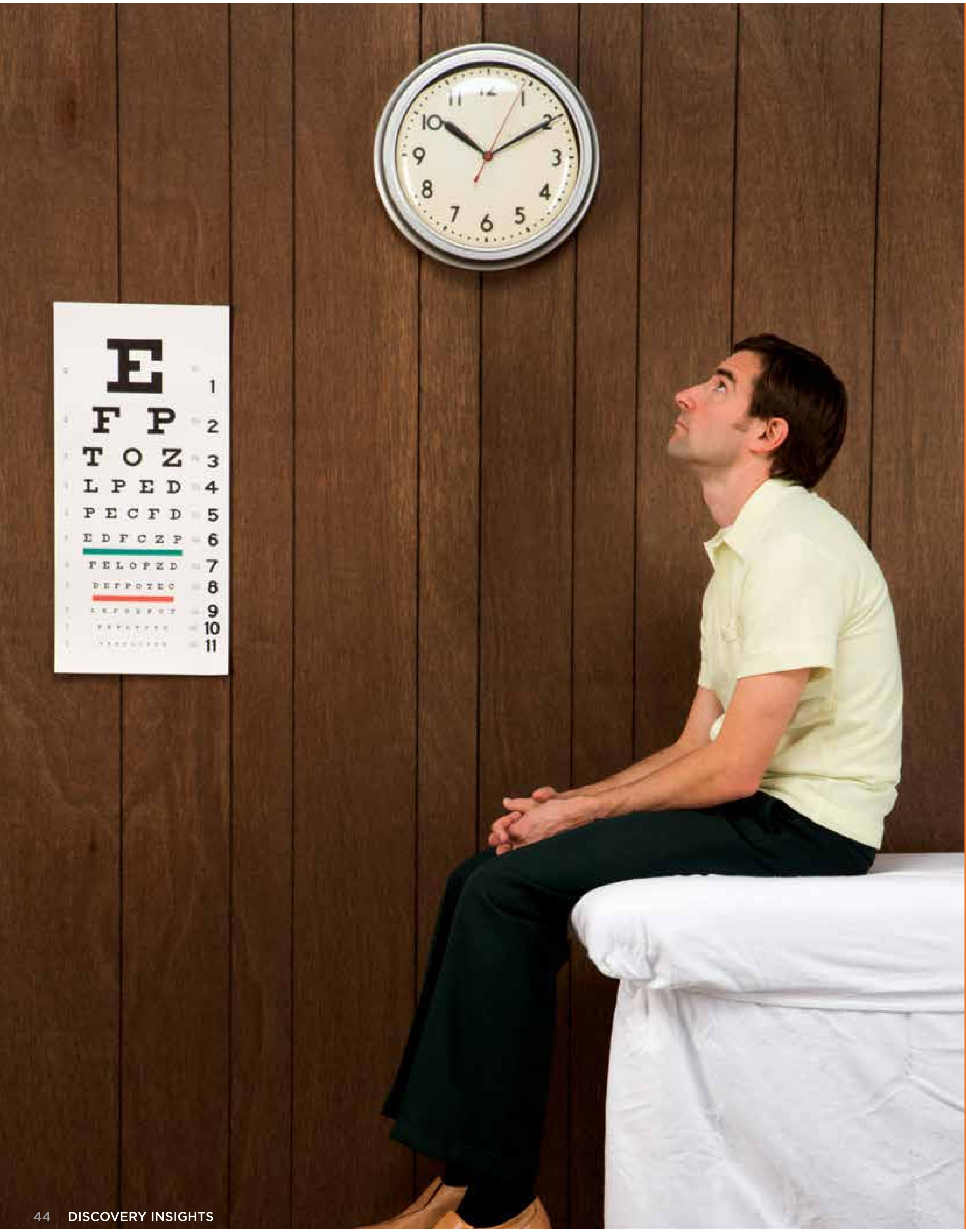
Such services also need to cater to the Tourist and Enthusiast viewing modes that we explored earlier. The Enthusiast might want to be able to find extra content (or even user generated content) relating to their favourite show easily. The Tourist might want to be able to access a condensed version or perhaps the best episode in a comedy or documentary series.

A TV maximising service also needs to provide time-saving efficiency through automation; for example, pro-actively making recommendations for the user rather than the user always having to go to the trouble of searching and evaluating the options on offer. A majority in each CEEMEA country would be interested in a device or service that could "automatically record TV shows that might be of interest to you". 79% in South Africa and 72% in Romania would be interested; support is not as overwhelming in Bulgaria and Ukraine though still over half (55%).

INTEREST IN A DEVICE THAT AUTOMATICALLY RECORDED TV SHOWS THAT MIGHT BE OF INTEREST

"In the future, would you be interested in using a device/service that could do any of the following?
Automatically record TV shows that might be of interest to you".





2.6

CONCLUSIONS

As time becomes an increasingly precious commodity, consumers find themselves continually having to make decisions about how to spend their time.

This is a trend that can be seen from the boardroom to the living room. Thus we predict a growing demand for short form TV content – snack-sized programmes, highlights shows, teasers and trailers. This doesn't necessarily constitute a threat to long-form programming – but if one only has a few minutes to spare, between meetings, on the commute home or on the journey from one activity to the next, there will inevitably be some compromise, some blurring of the borders between what constitutes a leisure activity demanding a chunk of the day and a snack to be consumed as one goes about one's day to day life.

This trend will inevitably be impacted by the direction of technological advance – as smartphones and tablets become engrained in our lives, so too will Smart Boredom (the practise of filling 'downtime' with smart consumption) be enlivened. And as mobile devices begin synching more seamlessly with TV, there will emerge an environment ripe for new forms of content.

In future, broadcasters looking to meet demand will need to rethink their scheduling strategies. While we do not foresee a dramatic shift away from traditional scheduling, broadcasters simply cannot ignore the demand for personalised services that immerse viewers in their preferred content at a time and place that suits them. There will always be space for established viewing events – live shows, family programming, etc – but the majority of consumers are now looking for ways to enrich their leisure time at their own convenience.

Choice management is increasingly required to help viewers pick through the sea of programme options. There is plenty of demand for a TV maximising service to recommend TV shows to viewers based on their preferences and TV viewing history. Most are also interested in an automated service that could record and recommend shows that viewers might like. And all this while still remembering that not all viewers will always want to be ruthless time-maximisers - future services must allow viewers to maximise but must not put off those who just want to turn to a favourite channel. ●

3 INFLUENCE AND SOCIAL TELEVISION

> *"In the future there will be four ways of helping you navigate the content that's available and that's a combination of a trusted source, friends, a recommendation engine and simply what is most popular and getting that balance right is vital."*
>
> Anthony Rose,
> Zeebox

3.1

KEY FINDINGS

- Despite the explosion in social media, expert sources of recommendation such as reviews still remain strong in viewing decisions. A mix of expert and personal recommendation is the preferred influence in CEEMEA.
- Many often don't know what to watch – a gap which a social scheduling or recommendation service, integrating opinions of friends, peers, reviews and experts into its recommendations, would be well-placed to fill.
- Many CEEMEA viewers would be prepared to provide real-time feedback during a TV show, particularly if they were incentivised.
- The trend of Performative Media – the social media overlay onto our media usage primarily through social networking / sharing services – is popular among CEEMEA Early Adopters.
- This will strengthen the idea of TV as social capital: TV providing something interesting to talk about, share and engage in through an extroverted mode of TV viewing.

3.2

SOURCES OF INFLUENCE

Our research asked who and what most influenced viewers when they are trying to decide what to watch on TV. A mix of more formal sources of influence (experts, reviewers and TV guide recommendations) and personal recommendations is vital to TV viewers. Expert reviews will remain critical. As yet, social media is hardly a disruptive influence on TV viewing choices.

Friends and family in general came out top. This is nothing new; the recommendations of friends and family were not born with the internet or social media:

"It's still your social group which is around you... five years ago it was just mostly verbal recommendation, 'I watched that series, it's really good'. Now it's more and more about social networks but this is just to communicate with your reference group."

Andrey Kholodny, Rostelecom, Russia

Almost as high came trailers during/between other TV programmes. Currently "friends/contacts on social networking websites" are much weaker sources of influence – even among those who use social networks. But the story is not this simple. Social networkers are, in nine out of the ten CEEMEA markets (Ukraine being the exception), more likely to say that friends and family are one of their most important sources of influence on their TV viewing choices. 44% of social networkers agree with this, against 33% among non-social networkers. Word of mouth is a stronger source of influence for social networkers generally.

More formal or expert sources of authority such as online and printed TV guides, online reviews and newspaper/magazine reviews all garner some support, with online TV guides the top of these. In total, guides

Expertise, deference to authority, outsourcing my decisions to other people is cognitively rational. I don't want to make every decision for myself, it's too tiring.

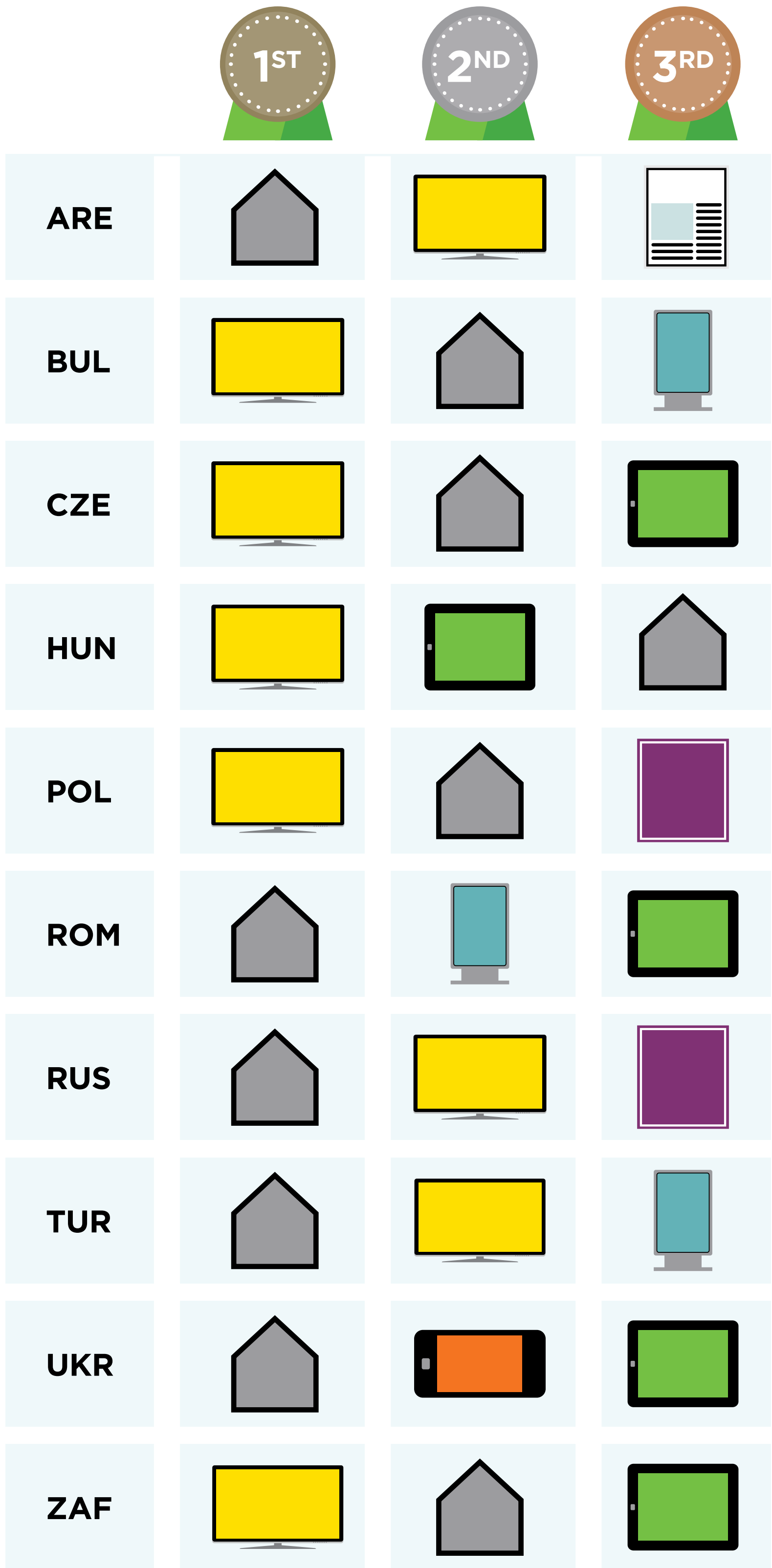
Rory Sutherland. Ogilvy

and reviews are certainly influential: Future influence will not operate in the same way when future generations of smart TVs become more widespread across the region. Already among internet users in CEEMEA, online TV guides are valued more highly than printed TV guides, and online reviews more than reviews in newspapers/ magazines. The challenge for TV technology brands will be to find a way to integrate these sources of influence into future TV services and this is something that many viewers will appreciate.

CEEMEA viewers are not short of potential sources of influence nor are they short of quality TV content. But the sheer volume of both can be overwhelming and this suggests that smart ways are needed to integrate these sources of influence into guides and schedulers.

FACTORS THAT INLUENCE WHAT TO WATCH ON TV

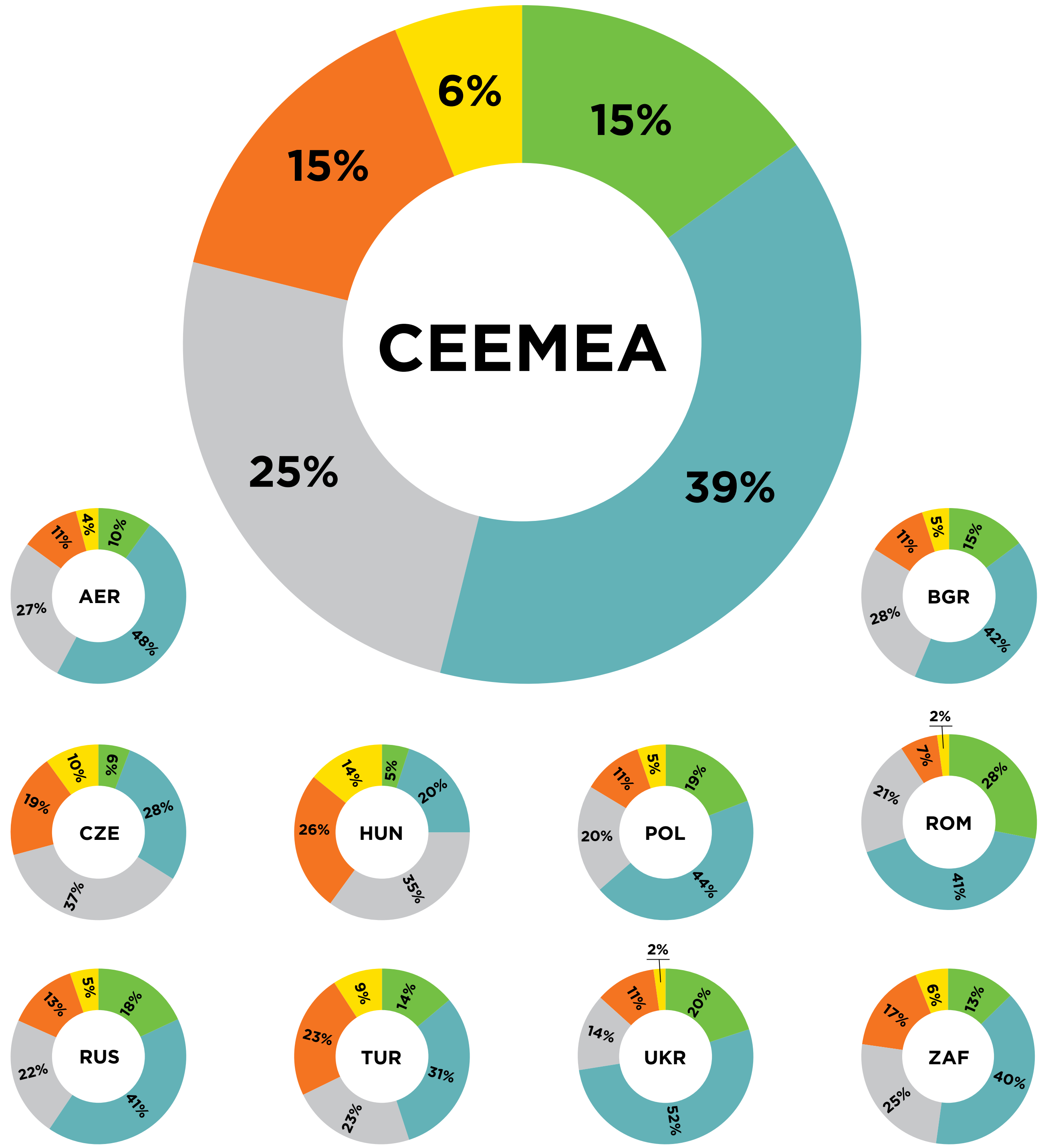
"When you are trying to decide what to watch on television, which of the following most influence your decision? Please choose up to three".



CURRENT TV CONTENT

"There is more good TV content to watch than there used to be".

- Agree strongly
- Agree
- Neither agree or disagree
- No, and I wouldn't consider doing so in the future
- Disagree strongly



"You'll pick up your tablet or your smartphone and you'll see a new fangled programme guide that gives you a list based on trusted authority, what friends are viewing, things that the server recommends for you based on your profile and also what's popular and you'll choose at that point what to watch and it won't matter whether it plays on your smartphone or your tablet or your TV, they'll all be synchronised with each other."

Anthony Rose,
Zeebox

3.3

A SOCIAL SCHEDULER

Across CEEMEA, social networking is now commonplace, especially among the young. Some 78% of internet users in Russia have used a social networking website in the past six months and 75% in South Africa. In each country at least two thirds of those aged 18-30 are social networkers.

While many TV programmes and channels have entered the social media space, too often social media and the internet is seen as a disruptive force rather than an opportunity:

"Involve them. TV channels are quite weak on this [engaging with viewers via social media] right now, because they see social media and the internet as competition. They don't use that social media channel much."

Ufuk Tarhan, Blogger & Journalist, Turkey

Other leading TV reports have noted the potential for social media to drive TV viewing. A 2012 report from Informa looked at how 'Chatterboxing' (talking about TV on social media) can create a drive to live. For TV brands, the difference between this and offline word of mouth is the ability – in future – to be able to measure and leverage.

There is potential for a 'social scheduler' in future – a service that would be able to recommend TV programmes and channels to viewers based not just on the viewer's own history or stated preferences but on those of their friends, peers and other sources of influence. A social scheduler would help a viewer integrate trusted sources of recommendations into the choice mechanism itself.

The social scheduler would work through social sharing: viewers sharing their opinions of TV programmes and channels on social media websites. Already sharing content is extremely commonplace. Exactly half of all CEEMEA viewers have shared something they've found online, rising to 63% of 18-30s and 75% of Early Adopters.

The ideal social scheduling service would have to incorporate a sophisticated array of factors. It would integrate the choices, preferences and recommendations of our friends and the general viewing public but also those who are like us – viewers who share our viewing tastes and content/ channel preferences.

A social scheduler would allow viewers to provide real-time feedback. A majority in each CEEMEA country surveyed would be prepared to provide feedback in real time during a TV show for the production company. Some viewers could be incentivised financially to provide more detailed feedback on a range of aspects of programmes and channels.

The social aspect of a smart social scheduler ought not to be too intrusive. Only a minority of viewers across CEEMEA would be interested in a device/service that allows you to see what TV their friends were watching at a given moment. Even among Early Adopters it is only in Turkey and Russia where this kind of service garners the support of over a third.

The social scheduler could remove some of the gap between word-of-mouth recommendations on social networks and the choice of what to watch:

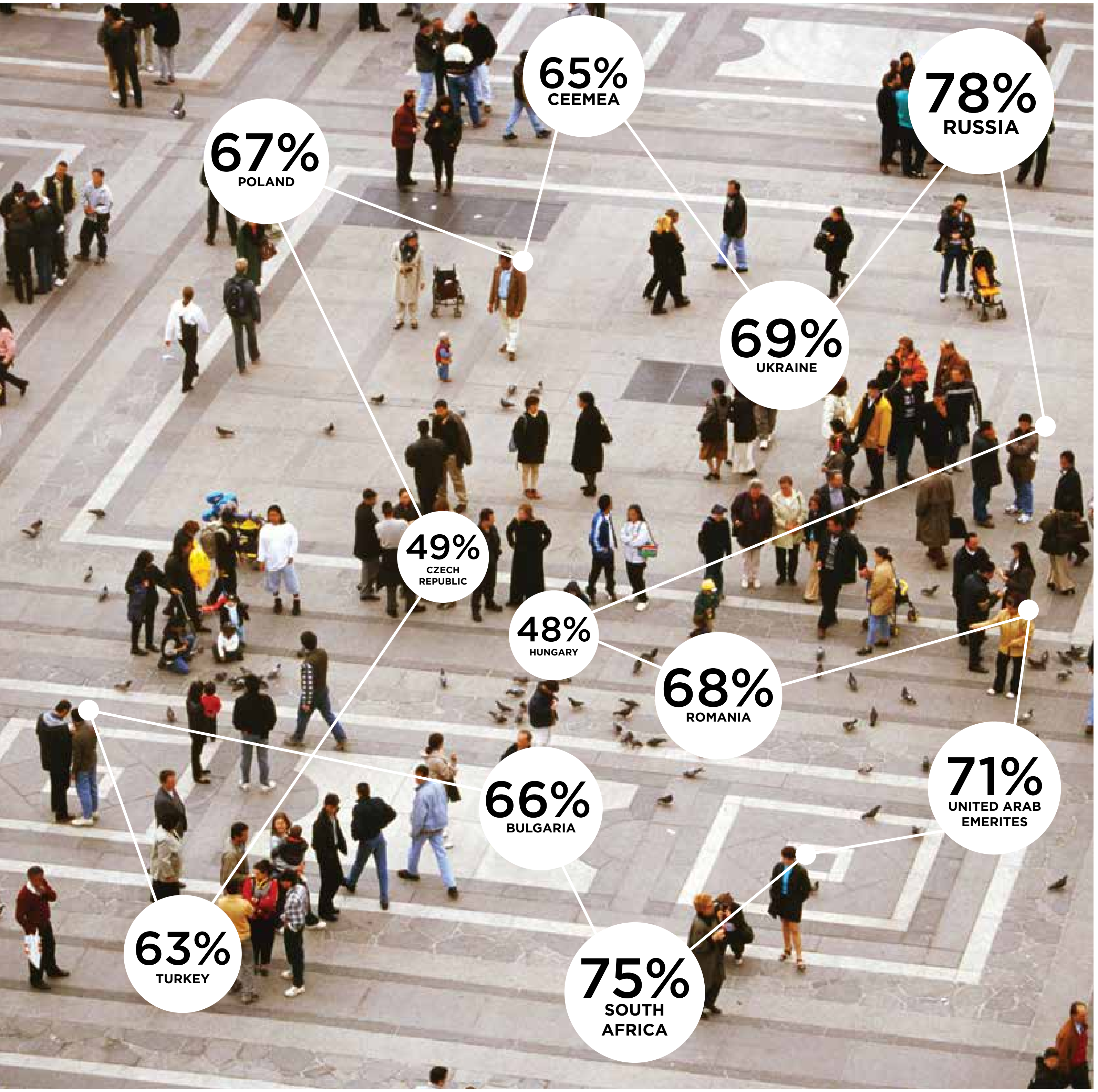
"I think clearly the influence of friends is going to increase simply because the friction between the recommendation and the playing is going to be dramatically less... but you still need to go back a level, which is: the friends are going to be recommending things to you, but what drove that in the first place?"

Anthony Rose, Zeebox

A social scheduler would incorporate expert opinion as well as the views of our friends or peers; reviews are still likely to remain an important factor in our TV viewing choices. This is not to be underestimated. ●

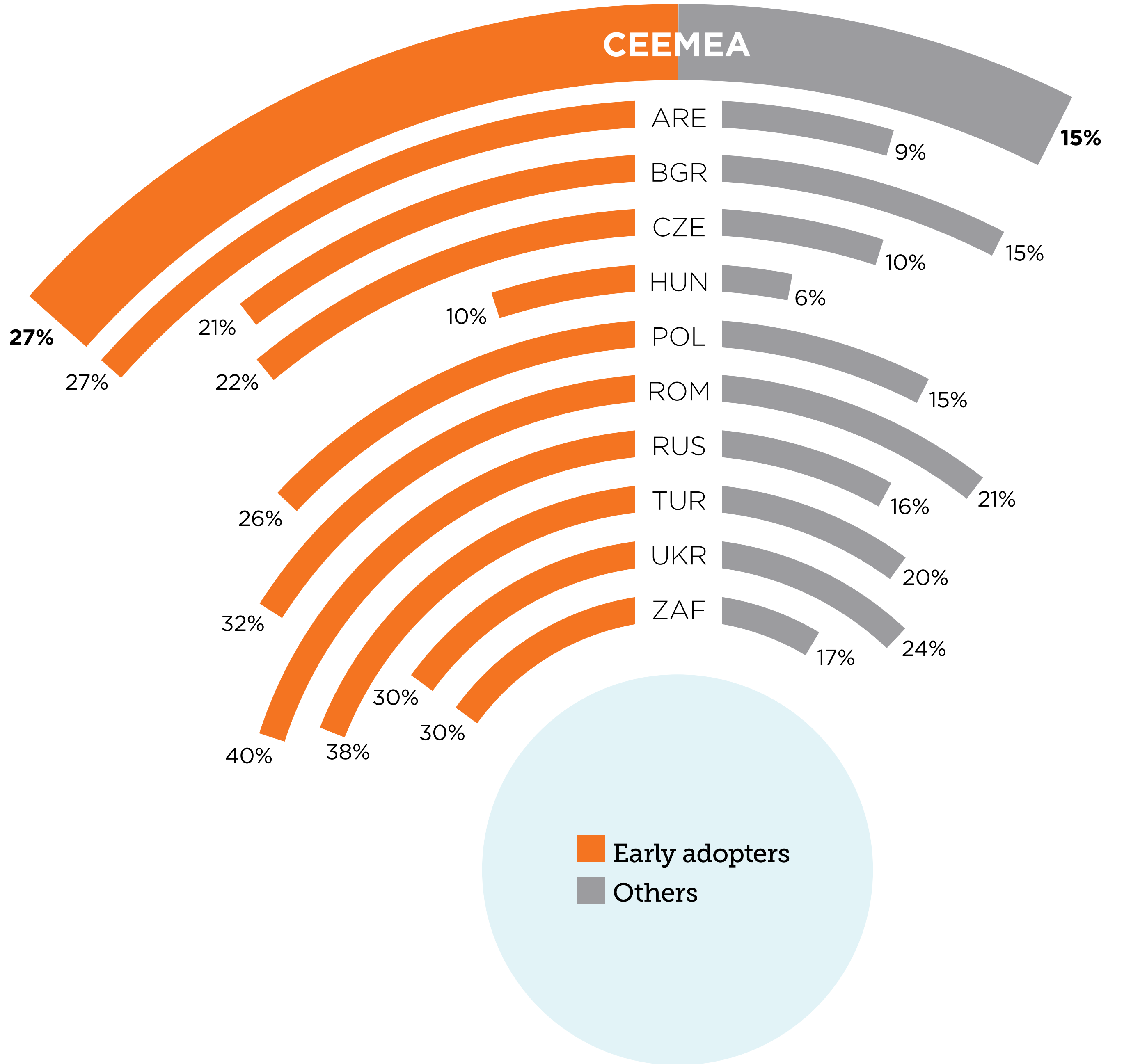
INTERNET ACTIVITIES VIA ANY MEANS: SOCIAL NETWORKING

"Which of the following, if any, have you done on the internet in the last six months? Used a social networking website'. Via any method of internet connection.



INTEREST IN A DEVICE ALLOWING YOU TO SEE WHAT TV YOUR FRIENDS WERE WATCHING AT THE SAME TIME AS YOU.

"In the future, would you be interested in using a device/service that could do any of the following? Allowed you to see what TV your friends were watching at the same time as you".



> *"I think the internet and I think the advent of all digital technology has been the biggest boost to TV we could have hoped for. Many people in TV don't see it as an opportunity, they just see it all as a threat, the threat of disruption, but actually it all plays to television's strengths, which is why TV survived all the technologies that were meant to kill it."*
>
> David Brennan, Media Native

3.4

PERFORMATIVE MEDIA

Integrating social media and online sharing into TV scheduling and recommendation services lies in the future. But already social media is providing a valuable accompaniment to TV content:

The death of TV has been predicted before, both in the 1990s as the result of fragmentation in a multi-channel world and then in the late 2000s with the growth of broadband and online video. However, Eurodata TV Worldwide has shown that many of the biggest European markets are showing, if anything, growth in TV viewing and social media and second screens will complement this:

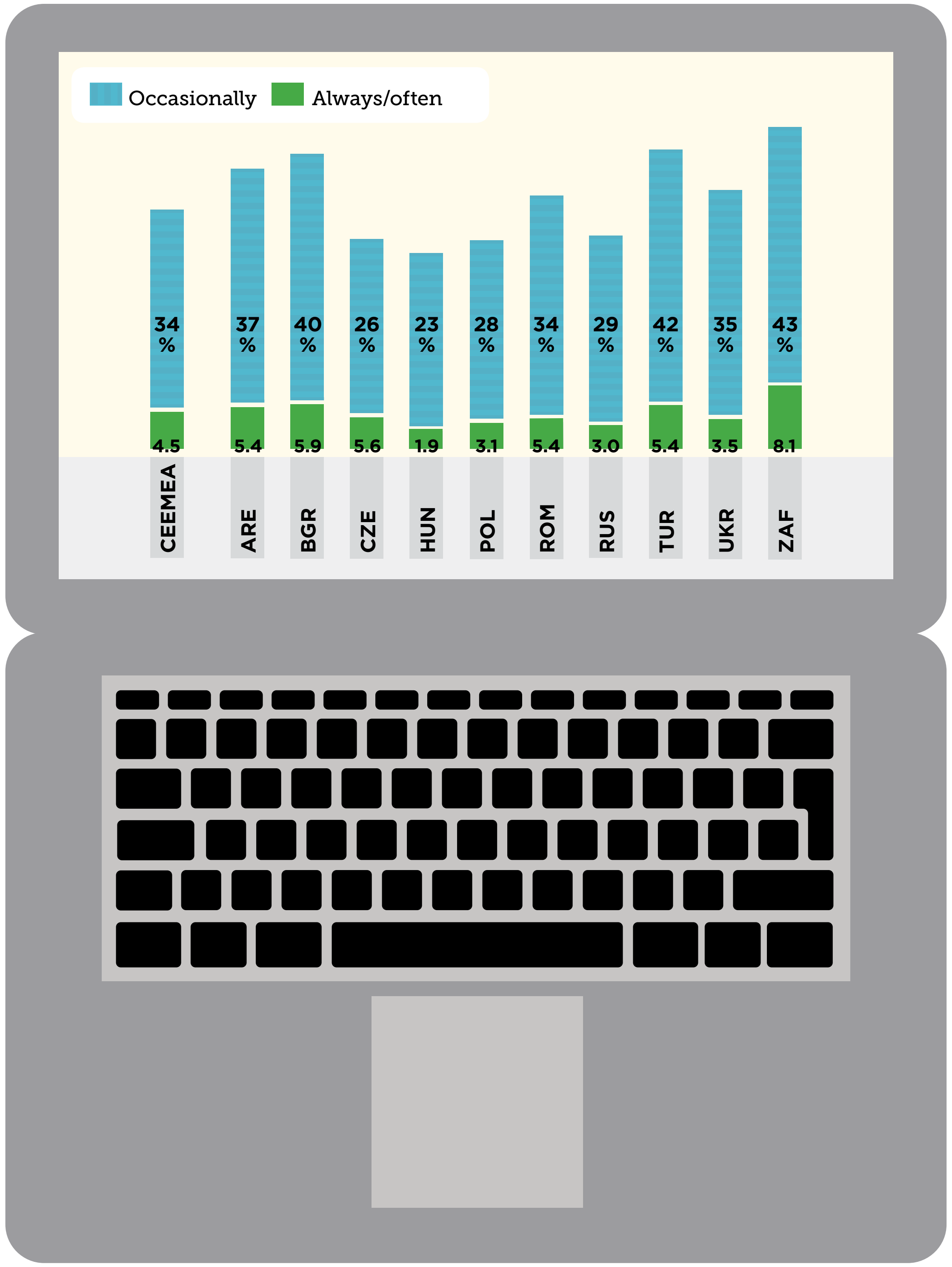
The trend of Performative Media is about the growing phenomenon of using smart and social technology to broadcast our media consumption to our friends and beyond. This is a trend that will exert a more and more powerful impact on how we manage and present our online – and media – lives.

Across CEEMEA just over a third of our sample say that they sometimes talk about the programmes they are watching online via social networking sites. This ranges from 42% in South Africa and Turkey to around a quarter in Czech Republic and Hungary. And among Early Adopters this rises to 44%. (Only 8% of Early Adopters say that they always do this. Some kinds of content lend themselves to this kind of sharing mode more than others.)

According to Future Foundation's nVision Global research from 2012, CEEMEA stacks up well in the global context here. For example, 34% of online respondents in Czech Republic, 39% in Turkey and 41% in Poland have "Chatted with friends/family online about a TV programme while watching it" against 34% in the UK, 30% in the US and a global average of 40% in Future Foundation's 24-market study. *Cont.*

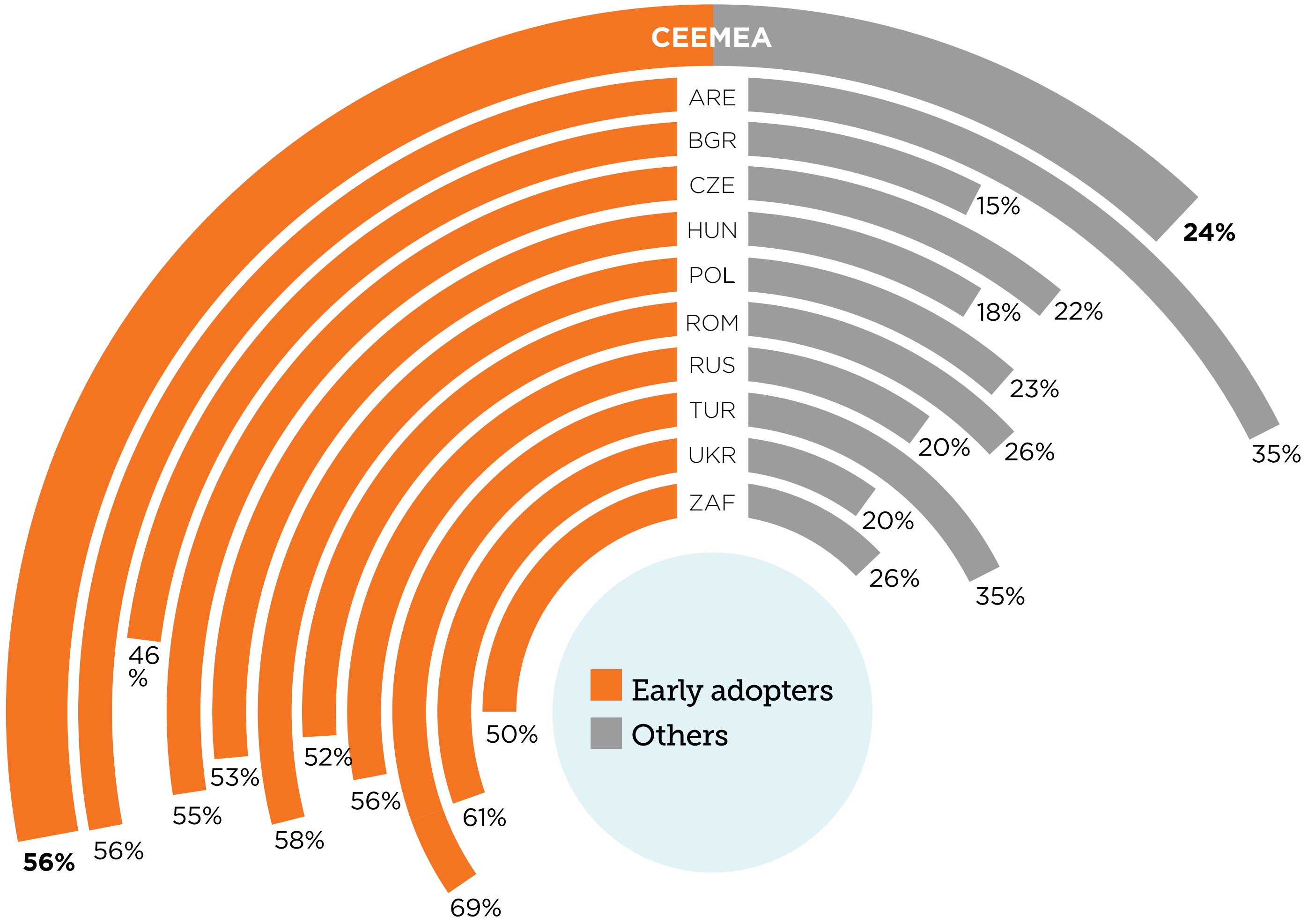
TALKING ABOUT PROGRAMMES VIA SOCIAL NETWORKING SITES WHILE WATCHING TV

"How often do you do the following while watching TV? Talk about the programmes I am watching online via social networking sites e.g. Facebook/Twitter/blogs/forum.



INTERNET ACTIVITIES VIA ANY MEANS: LOOKING UP/POSTING INFORMATION ABOUT A TV SHOW WHILE WATCHING IT

"How often do you do the following while watching TV?
Talk about the programmes I am watching online via social networking sites e.g. Facebook/Twitter/blogs/forum



Many already look up information or post about the TV programmes they are watching in real time. 34% across CEEMEA do this, including almost half of viewers in the UAE and Turkey and 56% of Early Adopters.

Many viewers prefer to watch some TV shows at the same time as their friends, a trend particularly prominent in Ukraine (71%) and more prominent among Early Adopters. Watching TV shows at the same time as your friends allows for the most effective social media overlay onto the viewing experience (sharing opinions while you are watching) for those shows which are best watched in real time. This is a driver of Performative Media.

Performative Media is relevant for two kinds of TV content. The first, as has been explored in some other recent leading reports, is the live experience; a sports event, a talent show, perhaps a popular drama series: shows whose value is derived in large part from the live nature of the viewing. Here the real-time social accompaniment and shared commentary complements the real-time viewing.

The second is where TV viewing provides social capital – something to talk about, to provide a bit of social status for having watched it or being able to talk about it; for example, an award-winning drama series or a critically acclaimed factual show. In this sense, some degree of TV watching is not just for its own sake (the inherent, individual enjoyment) but for its social capital value. The Performative Media trend will dial up this effect.

So there will be a shift from introverted to extroverted media consumption. Extroverted media consumption is nothing new; some TV viewing has always been chosen for social reasons (the watercooler conversation) but Performative Media will energise it. This will be valuable for certain types of TV programmes and channels; those that are highly acclaimed or perceived to be quality content. At the same time this is not the end for introverted viewing – a family watching together might feel no need to turn to social media to discuss a programme – but those who want to watch in an extroverted manner will be able to do so.

"Social media networks like Twitter serve as a 21st century "virtual water-cooler" both increasing engagement with viewers and reinforcing the need for 'common, shared and linear experiences. Social media means that the channels that truly have 'TV to talk about' will thrive. "

John Honeycutt,
Discovery Networks International

This trend will play perfectly into the idea of a social scheduler. The sharing, social, extroverted TV viewing mode that Performative Media describes is exactly the fuel that the social scheduler needs. ●

3.5

CONCLUSIONS

As with many other sectors, recommendation comes via a mix of expert and peer/ personal influence. In this sense, social media has not changed the nature of social connectedness, it has opened up new avenues for human interaction. Viewers continue to look to both experts and friends for recommendations on the best programmes to watch and we foresee no change in this behaviour.

What is interesting about this trend is the role social capital has to play – TV content, by its very nature, provides a continuous stream of 'water-cooler moments' – the big reveal in a drama series, the exciting 89th-minute goal, the life-affirming example of human achievement. There is no reason to believe these will ever be forsaken. And as we move towards a future of 'same screen' technology - the television which broadcasts the latest show while displaying real-time updates from Facebook, Twitter, news sites, email services – thus the Performative Media trend will come to the fore, as we look to accrue cultural credit via what we're watching. ●

APPENDIX

1

Future Foundation is a leading international consumer futures business.

Since their launch in 1996, Future Foundation has worked to meet the strategic needs of businesses through the application of consumer insight. They identify measure and examine trends, attitudes and behaviours through the rigorous analysis of quantitative and qualitative research. And their robust programme of research anticipates the likely impact of the evolving consumer environment and helps businesses identify new market and revenue opportunities.

For more information please visit
www.futurefoundation.net

2

Discovery Networks conducted online quantitative research in ten markets across CEEMEA: Bulgaria, Czech Republic, Hungary, Poland, Romania, Russia, South Africa, Turkey, Ukraine and United Arab Emirates.

In each, we interviewed 500 respondents. This allowed a robust sample size in each market including the ability to look at demographic or behavioural sub-groups, and gave a good spread of coverage across the CEEMEA region. The samples were recruited to give a good representation of the online population in each market. Fieldwork took place between 21st May and 1st June 2012 and was conducted by Research Now.

We conducted expert interviews during June and July 2012. The views expressed are those of the individuals only.

Country abbreiviations are as follows:
ARE: United Arab Emerites
BGR: Bulgaria
CZE: Czech Republic
HUN: Hungary
POL: Poland
ROM: Romania
RUS: Russian Federation
TUR: Turkey
UKR: Ukraine
ZAF: South Africa

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