

Digital Media Trends

Münchener Kreis

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Digitization of content,
new access technologies and end devices
change consumer usage of media.

Consumer trends in media

1. Media content is increasingly available online
2. Advertising landscape in change
3. Consumers want easy access to content of their choice
4. Lower entry barriers to create & distribute content
5. Media is becoming more interactive
6. Search is becoming the “front door” to the internet
7. Multi-channel content distribution is growing
8. Mobile content and services continue to grow

1. Media content is increasingly available online

Examples

- Music: Download/streaming services – iTunes, MSN Musicstore, Rhapsody
- TV/Film: CinemaNow, MovieLink, T-Online Vision, P2P (BitTorrent, Kazaa,...)
- Radio: Streaming radio, Podcasting
- Newspapers: Full editions of NYT, USA Today, WSJ, FAZ, Die Welt, FTD
- Magazines: Spiegel, Stern, Business Week (Newsstand, Zinio)
- Books: eBooks, Audible downloadable spoken word
- Games: Xbox LIVE, PlayStation 2 on-line



2. Advertising landscape in change

Examples

- Newspaper and special interest magazines classified ads: cars, job markets, real estate, personals, etc. move to online sites e.g. autoscout24.de, eBay
- TV spots appear on internet websites e.g. LA Times, NYT
- Ads are skipped on PVRs
- Search engine based ads revenue at Google doubled in 2003/2004
- Online ads can be better targeted based on consumer behaviour, location
- Ads are generated real-time in online video games

3. Consumers want easy access to content of their choice

Examples

- Music: record store -> Amazon order -> song download
- Book: bookstore -> Amazon order -> ebook download
- EPG and PVR time shifting
- Video on Demand – T-Online Vision
- News over internet – Spiegel online, BBC



4. Lower entry barriers to create & distribute content

Low investment in technical equipment (PC), free software tools and access via internet enable many people to create and distribute content.

Examples

- Blogs
- Wikipedia community generated, free, encyclopaedia. >1M entries, 100 languages
- Podcasting allowing consumers to create and distribute radio programs
- Special interest TV programs



5. Media is becoming more interactive

Examples

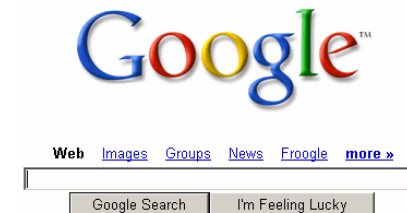
- Internet
- Skybox TV set top box red button interactive services in the UK
- Premium rates services e.g SMS (voting, betting) and telephone callback services e.g. Pop Idol US generated 360M phone votes in third series
- TV commercials are starting to introduce interactive components



6. Search is becoming the “front door” to the internet

Examples

- Google is becoming the de facto “front door” to the internet to access content and information (250 to 300 million searches per day)
- Online news journals are themselves advertising on Google in order to bring users to their sites (NYT, Washington Post, National Public Radio, etc.)
- In the TV world, EPGs are increasingly the starting point/main navigation tool for users to find, store content (Tivo, Sky EPG, etc.)
- Standard Digital Radio EPGs were launched in the UK end of 2004 (Radioscape; IMG/Pure)



7. Multi-channel content distribution is growing

Examples

- Music – CD, DVD-Audio, radio (satellite, broadcast, DAB, DRM, Visual radio), download, mobile, ring tones, storage cards (Robbie Williams on MMC card)
- Television – over internet IPTV, DVB, mobile, DVD (growth in TV series releases), P2P exchanges
- Games – internet, consoles, mobile
- Film – Theatre, DVD, VOD, PPV, Satellite, TV, mobile, internet P2P exchanges
- Book – hardcover, paperback, eBook, audiobook
- Newspaper – printed paper, ePaper, mobile, Avantgo, NewspaperDirect
- Magazine – printed, ePaper, Avantgo

8. Mobile content and services continue to grow

Examples

- Mobile phone unit worldwide sales were over 600 million in 2004
- 3G services started in Europe
- Portable audio players sales are surging – Apple iPod
- Portable video players, DVD players are being launched on the market (Archos, MS Portable Media Center)
- Digital Video Broadcasting on handheld devices (DVB-H) in field tests



In the next 10 years,
the media industry will undergo
a more drastic change than ever in its history.