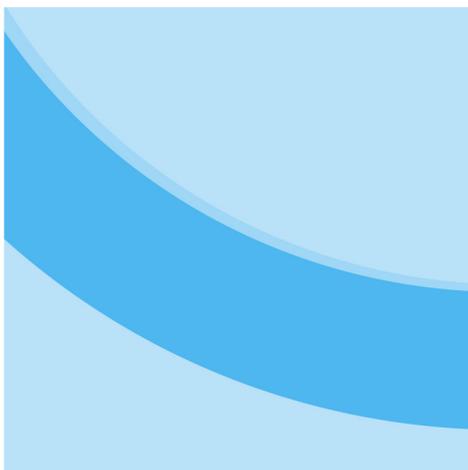
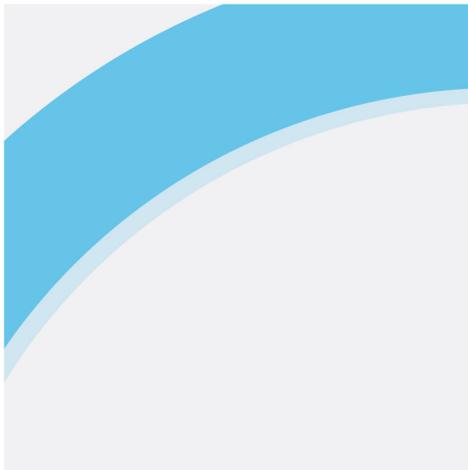
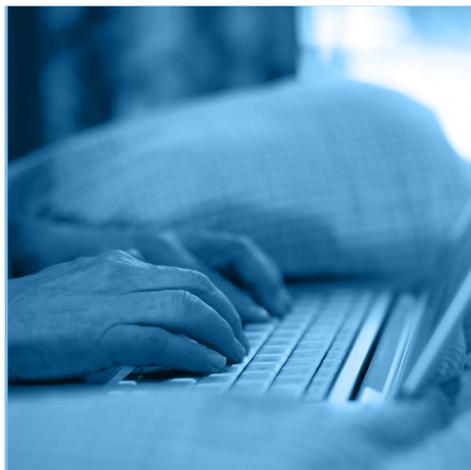


STATE  
OF THE  
MEDIA

THE  
CROSS-  
PLATFORM  
REPORT

QUARTER 4, 2011 — US



nielsen  
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# CONSTANT CONTENT: AMERICANS ARE VORACIOUS VIDEO VIEWERS

The average American watches nearly five hours of video each day, 98 percent of which they watch on a traditional TV set. Although this ratio is less than it was just a few years ago, and continues to change, the fact remains that Americans are not turning off. They are shifting to new technologies and devices that make it easier for them to watch the content they want whenever and wherever is most convenient for them. As such, the definition of the traditional TV home will evolve.

## "THE BEST SCREEN AVAILABLE": THE EVOLUTION OF THE TV SET

In the past year, the number of homes with an HDTV grew by more than 8 million. This suggests that the TV screen remains the dominant platform on which to consume content, even though the means by which the content is delivered to the screen might be shifting. Watching traditional—live and timeshifted—TV remains the bulk of all activity on TV sets, accounting for more than 33 hours per week despite a decline one half of one percent in time spent compared to Q4 2010. Consumers are, however, finding new ways to use their TVs.

When it comes to newly released movies, old TV shows and everything in between, consumers are increasingly turning to devices that enable them to watch streamed content on their big screen. Two-thirds of game consoles in homes are now connected to the Internet, creating a new conduit for content delivery. In fact, more than half of Netflix users watch on their TV set via a game console or over-the-top streaming device<sup>1</sup>.

## GAME ON: FROM PLAYTIME TO PLAYBACK

Consoles have become strategically positioned as a secondary gateway to TV content, and can now be found in 45 percent of TV homes, an increase of three percent over last year. With Netflix and other streaming apps, Blu-Ray players, social gaming and point of purchase seamlessly integrated into game consoles, it is no surprise that consumers are relying on their consoles to perform double (and triple) duty. The activities are adding up and contributing to the growing pie of content consumption through a gaming device.

In Q4 2011, Americans spent 30 percent more time on game consoles than they did in the same period of 2010, which saw an increase of 13 percent over the prior year. While time spent on game consoles spans gaming, streaming and other activities, the recent rise mirrors an increase in Internet-connected game consoles<sup>2</sup>, greater interest in streaming from consumers and more content available online.

Households without children are leading the way in new game console adoption<sup>2</sup>, demonstrating that game consoles are appealing to a range of audiences for a variety of purposes.

## CONTENT DELIVERY: MORE OPTIONS THAN EVER

Even though TV sets are connected to more than one box or device these days, cable, telephone-company and satellite subscriptions remain the primary ways Americans receive their TV content. Despite shifts between those three, it will take major industry changes or consumer behavior swings to affect the subscription model anytime soon. That being said, game consoles have increasingly more access to content—whether paid or free—and a greater penetration within TV homes than even the DVR, underscoring the potential audience for content providers on this platform.

# STAY TUNED... DEVELOPMENTS TO WATCH

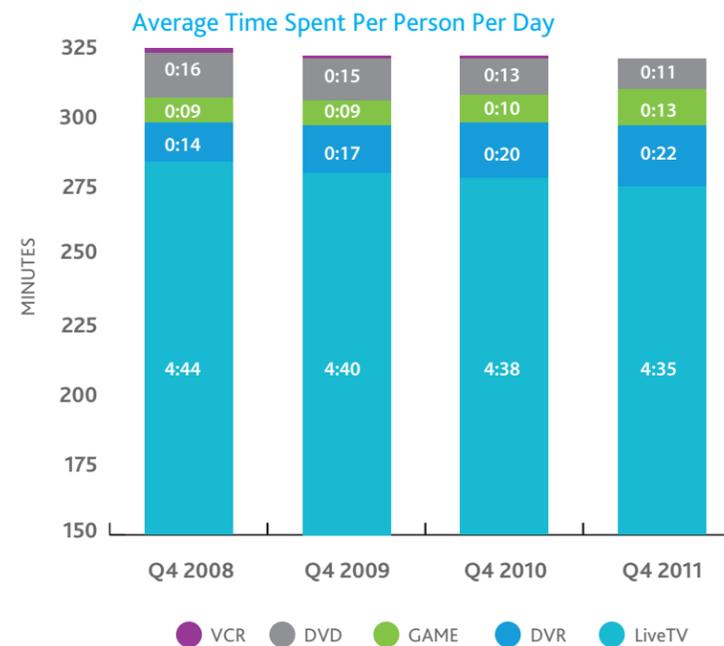
**Traditional TV Viewership:** After several years of consistent year-over-year growth, traditional TV viewing declined one half of one percent or roughly 46 minutes per month. This may be the result of leveling off after a period of sustained growth, weather and economic factors or of other viewing options. As more homes adopt DVRs and transition to timeshifted viewing, timeshifted TV growth has offset the bulk of live TV declines. Other potential factors include time spent using game consoles, tablets and other emerging devices.

**Defining the TV Home:** Last fall saw a slight decline in the number of Traditional TV homes in the U.S. This shift is prompting an important conversation around the definition of a "TV household" and a "TV viewer" as consumers continue to access Traditional TV content—in a variety of different ways. The pie is expanding, driven in part by the growing number of choices available to consumers for when, where, and how to watch content. As this trend continues, the media industry will be faced with some key decisions on how to incorporate these changes in terms of who and what is measured and reported.

**Kids' Viewing:** Kids are beginning to explore alternate viewing options beyond the primary TV, such as mobile phones, tablets, DVRs and game consoles. Among kids 2-11, timeshifted viewing grew roughly 20 percent over last year, which may be partly the result of whole-house DVRs that enable kids to watch timeshifted content on the home's secondary TV set. Kids are also spending more time on game consoles.

**"The Best Screen Available" Goes Mobile:** As of February 2012, smartphones now represent half of all mobile phones in the U.S.<sup>3</sup> With improving screens, Internet connectivity and the advantage of being "the best screen available" while on the go, smartphones are increasingly becoming portable TVs. In fact, 33.5 million mobile phone owners now watch video on their phones—an increase of 35.7 percent since last year. While mobile phones won't replace other screens anytime soon, they are part of the ever-increasing number of ways in which consumers can and will consume content when and where they want.

**Cable Provider-Enabled Timeshifting:** Cable companies are making it easier than ever for consumers to watch their favorite shows—without even having to set the DVR. Video-on-demand and cloud-based DVRs are examples of emerging technologies that are adding to time spent watching timeshifted content.



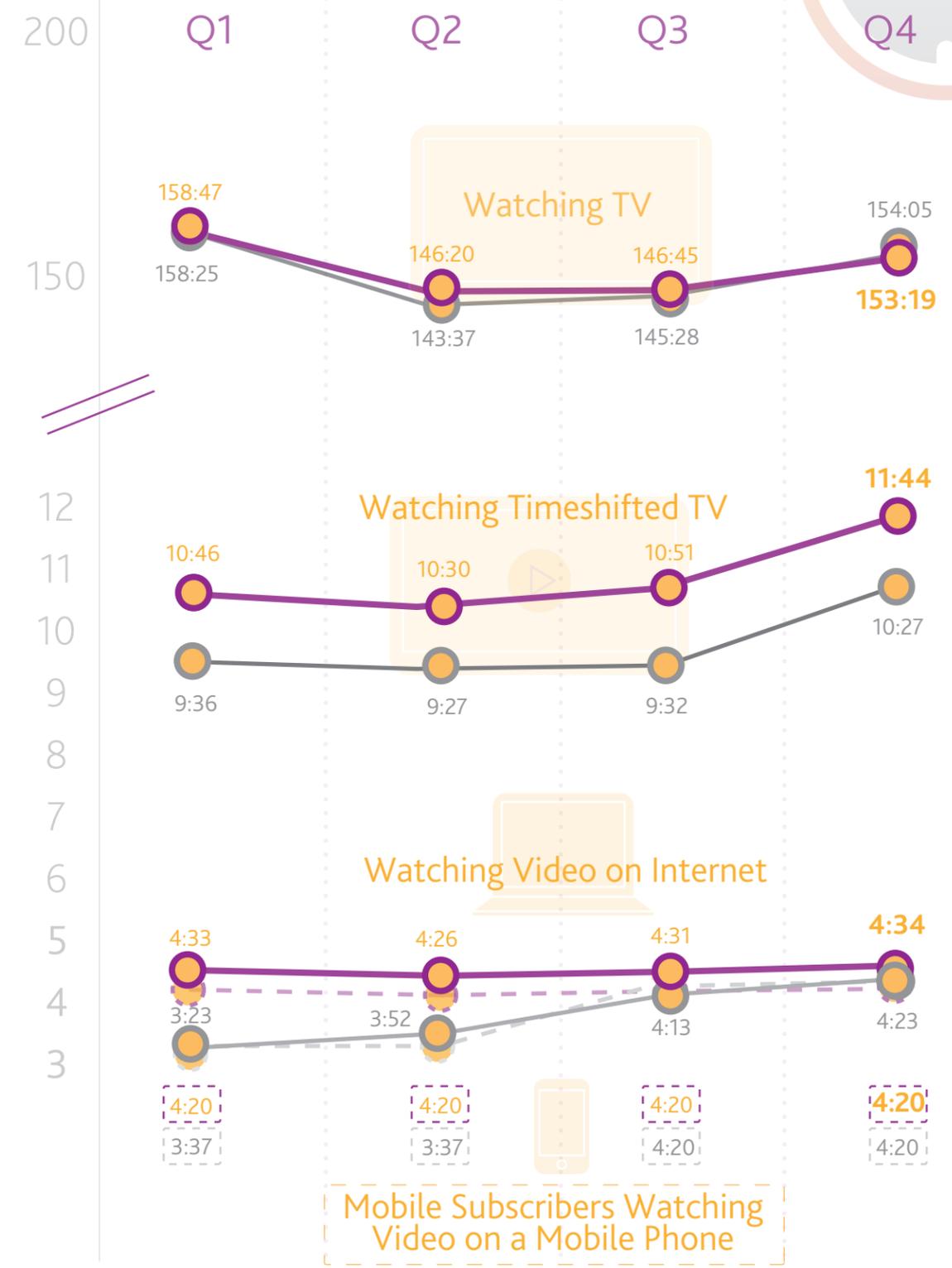
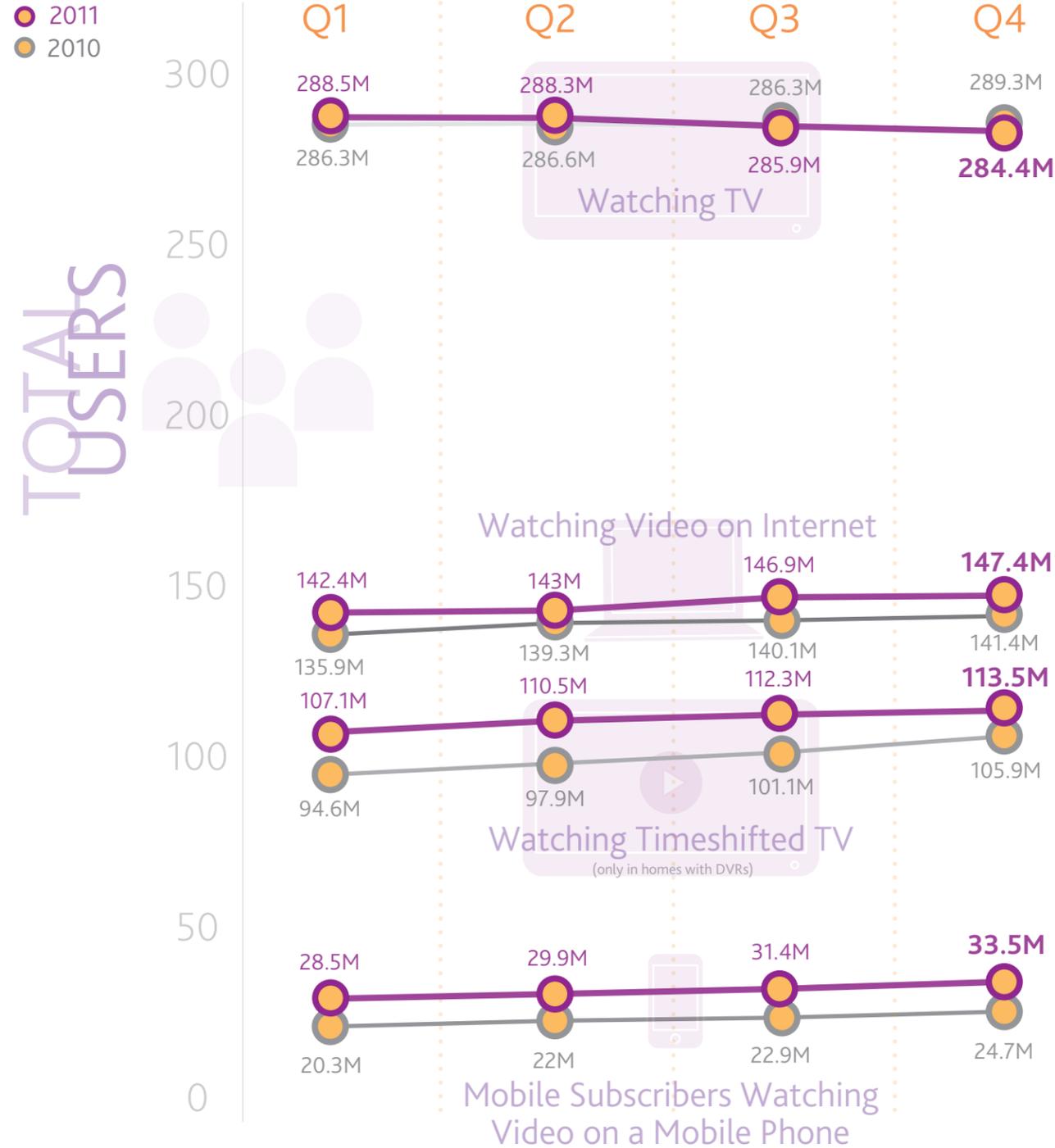
Dounia Turrill  
Cross-Platform Practice Lead

# VIEWING IN REVIEW:

## A QUARTER-OVER-QUARTER LOOK AT MEDIA CONSUMPTION

Americans are creatures of habit when it comes to their video viewing. In 2011, watching traditional TV and video on a computer dipped in Q2 and Q3 months as consumers headed outside to enjoy the nice

weather. Other types of emerging viewing--timeshifting and mobile--were not affected by seasonality; over the past two years, these platforms have seen consistent quarter-over-quarter and year-over-year growth.



Note: For specific context on Total Users see Table 2 Overall Usage of Number Users Persons 2+ Monthly Reach and on Time Spent see Table 3 Monthly Time Spent in Hours : Minutes Per Users Person 2+ of Each Medium

# HOW PEOPLE WATCH

**TABLE 1.** A Week in the – Life Weekly Time Spent in Hours: Minutes – By Age Demographic for Entire US Population

	K 2-11	T 12-17	A 18-24	A 25-34	A 35-49	A 50-64	A 65+	P 2+	Hispanic 2+	African- American 2+
On Traditional TV°	24:09	22:14	25:34	29:55	34:16	42:16	47:13	33:43	28:12	46:11
Watching Timeshifted TV° (all TV homes)	1:57	1:31	1:40	3:18	3:19	3:06	1:53	2:34	1:34	1:59
Watching Timeshifted TV° (only in homes with DVRs)	4:03	3:22	3:57	6:52	6:38	7:00	5:51	5:45	4:57	4:53
Using the Internet on a Computer**	0:32	1:25	3:53	5:57	6:10	5:16	2:36	4:03	2:50	3:40
Watching Video on Internet*	0:08	0:23	0:51	0:54	0:40	0:25	0:12	0:30	0:32	0:34
Mobile Subscribers Watching Video on a Mobile Phone^	NA	0:14^^	0:14	0:15	0:07	0:02	<0:01	0:08	0:10	0:13

Source: Nielsen. Table 1 is uniquely based on the Total Population in the US—all 298 million Americans over age 2—whether or not they have the technology.

**TABLE 2.** Overall Usage – Number of Users 2+ (in 000's) – Monthly Reach

	Q4 11	Q3 11	Q4 10	% Diff Yr to Yr
On Traditional TV°	284,445	285,858	289,284	-1.7%
Watching Timeshifted TV° (all TV homes)	143,881	140,251	137,112	4.9%
Watching Timeshifted TV° (only in homes with DVRs)	113,453	112,271	105,936	7.1%
Using the Internet on a Computer**	194,118	194,716	191,237	1.5%
Watching Video on Internet*	147,388	146,873	141,420	4.2%
Using a Mobile Phone^	232,663	232,455	230,300	1.0%
Mobile Subscribers Watching Video on a Mobile Phone^	33,526	31,364	24,708	35.7%

Source: Nielsen.

**TABLE 3.** Monthly Time Spent in Hours:Minutes – Per User 2+ of Each Medium

	Q4 11	Q3 11	Q4 10	% Diff Yr to Yr	Hrs:Min Diff Yr to Yr
On Traditional TV°	153:19	146:45	154:05	-0.5%	-0:46
Watching Timeshifted TV° (all TV homes)	11:44	10:51	10:27	12.3%	1:17
Watching Timeshifted TV° (only in homes with DVRs)	26:10	24:27	25:52	1.2%	0:18
Using the Internet on a Computer**	24:57	24:59	24:41	1.1%	0:16
Watching Video on Internet*	4:34	4:31	4:23	4.2%	0:11
Mobile Subscribers Watching Video on a Mobile Phone^	4:20	4:20	4:20	0%	0:00

Source: Nielsen. Unlike Table 1, this table is based on total users of each medium. Additional Note: TV viewing patterns in the US tend to be seasonal, with usage patterns different in winter months than summer months—sometimes leading to declines/increases in quarter to quarter usage.

**TABLE 4a.** Monthly Time Spent in Hours: Minutes Age Demographic

	K 2-11	T 12-17	A 18-24	A 25-34	A 35-49	A 50-64	A 65+	P 2+
On Traditional TV°	109:06	100:50	120:50	136:40	154:52	190:43	213:59	153:19
Watching Timeshifted TV° (all TV homes)	8:50	6:54	7:55	15:08	15:00	14:03	8:36	11:44
Watching Timeshifted TV° (only in homes with DVRs)	18:19	15:20	18:41	31:25	30:02	31:39	26:32	26:10
Using the Internet on a Computer**	5:30	10:27	24:39	31:06	30:18	28:25	22:08	24:57
Watching Video on Internet*	2:18	4:03	8:10	6:30	4:39	3:24	2:26	4:34
Mobile Subscribers Watching Video on a Mobile Phone^	NA	5:25	4:20	4:03	3:37	3:15	1:27	4:20

Source: Nielsen. Unlike Table 1, this table is based on total users of each medium. Traditional TV and Timeshifted viewing estimates are based on persons in TV Households (297 million). Watching Timeshifted TV (only in homes with DVRs) based on persons in DVR Households (127 million).

**TABLE 4b.** Monthly Time Spent in Hours: Minutes Age Demographic – Additional Demos

	A 18-34	A 18-49	A 25-54	A 55+
On Traditional TV°	130:07	141:55	153:36	205:40
Watching Timeshifted TV° (all TV homes)	12:09	13:30	14:54	11:10
Watching Timeshifted TV° (only in homes with DVRs)	26:46	28:25	30:36	29:44
Using the Internet on a Computer**	28:43	29:32	30:40	24:45
Watching Video on Internet*	7:06	5:52	5:09	2:45
Mobile Subscribers Watching Video on a Mobile Phone^	4:20	4:20	3:37	2:10

Source: Nielsen. Unlike Table 1, this table is based on total users of each medium. Traditional TV and Timeshifted viewing estimates are based on persons in TV Households (297 million). Watching Timeshifted TV (only in homes with DVRs) based on persons in DVR Households (127 million).

**TABLE 5.** Video Audience Composition – Monthly Time Spent By Gender

	M2-17	F2-17	M 18-49	F 18-49	M 50+	F 50+	M2+	F2+
On Traditional TV°	106:47	105:19	137:10	146:36	190:13	208:47	146:48	159:34
On the Internet**	3:24	2:50	6:31	5:19	3:31	2:46	5:04	4:08
On Mobile Phones^^	NA	NA	4:20	4:20	2:10	2:53	4:20	4:20

Source: Nielsen. (Based on Total Users of each medium)

**TABLE 6.** Video Audience Composition – Monthly Time Spent in Hours: Minutes Ethnicity & Race

	White	African-American	Hispanic	Asian
On Traditional TV <sup>o</sup>	150:11	209:08	127:47	95:41
Watching Timeshifted TV <sup>o</sup> (all TV homes)	13:01	8:59	7:09	8:08
Watching Timeshifted TV <sup>o</sup> (only in homes with DVRs)	27:30	22:11	22:25	20:46
Watching Video on Internet**	3:58	6:19	6:10	8:43
Mobile Subscribers Watching Video on a Mobile Phone <sup>^</sup>	3:37	4:20	4:20	4:20

Source: Nielsen. (Based on Total Users of each medium for Persons 2+)

**TABLE 7a.** Video Audience Composition – Age Demographic

	K 2-11	T 12-17	A 18-24	A 25-34	A 35-49	A 50-64	A 65+
On Traditional TV <sup>o</sup>	10%	5%	7%	12%	21%	25%	19%
On the Internet**	8%	7%	9%	17%	27%	22%	10%
On Mobile Phones <sup>^</sup>	NA	11%	22%	29%	26%	9%	1%

Source: Nielsen. (Based on Total Users of each medium)

**TABLE 7b.** Video Audience Composition – Age Demographic – Additional Demos

	A 18-34	A 18-49	A 25-54	A 55+
On Traditional TV <sup>o</sup>	19%	41%	42%	35%
On the Internet**	26%	53%	52%	24%
On Mobile Phones <sup>^</sup>	52%	78%	59%	7%

Source: Nielsen. (Based on Total Users of each medium)

**BOOMERS** SPEND  
**MORE** TIME THAN  
MILLENNIALS USING  
THE **INTERNET** ON  
A COMPUTER

**TABLE 8a.** Cross-Platform Homes – Ranked by In-Home Streaming Behavior

Stream Quintile	# of Persons (in 000's)	Average Daily Minutes		
		Stream	Internet <sup>+</sup>	TV
<b>Stream 1</b>	<b>29,521</b>	<b>20.7</b>	<b>61.6</b>	<b>241.2</b>
Stream 2	29,510	2.7	36.5	273.3
Stream 3	29,518	0.9	24.6	271.0
Stream 4	29,504	0.3	16.4	286.4
Stream 5	29,528	0.0	9.2	277.2
Non-Streamers	90,762	0.0	1.1	256.4
All	238,342	3.1	18.9	264.7

Source: Nielsen. Based on Nielsen Cross-Platform Homes for Persons 2+ in Internet households<sup>oo</sup>

**TABLE 8b.** Cross-Platform Homes – Ranked by In-Home Internet Behavior

Internet Quintile	# of Persons (in 000's)	Average Daily Minutes		
		Stream	Internet <sup>+</sup>	TV
<b>Internet 1</b>	<b>36,285</b>	<b>12.7</b>	<b>84.4</b>	<b>311.0</b>
Internet 2	36,286	4.7	25.0	277.3
Internet 3	36,296	1.8	9.9	271.6
Internet 4	36,270	0.6	3.1	249.3
Internet 5	36,297	0.2	0.4	251.8
Non Internet Users	56,908	0.0	0.0	240.1
All	238,342	3.1	18.9	264.7

Source: Nielsen. Based on Nielsen Cross-Platform Homes for Persons 2+ in Internet households<sup>oo</sup>

**TABLE 8c.** Cross-Platform Homes – Ranked by In-Home Television Viewing Behavior

TV Quintile	# of Persons (in 000's)	Average Daily Minutes		
		Stream	Internet <sup>+</sup>	TV
<b>Television 1</b>	<b>47,394</b>	<b>2.5</b>	<b>26.8</b>	<b>626.0</b>
Television 2	47,373	2.3	19.7	326.6
Television 3	47,389	2.6	17.1	209.4
Television 4	47,383	3.3	16.0	124.0
Television 5	47,384	4.8	15.0	38.9
Non Television Viewers	1,419	1.0	8.3	0.0
All	238,342	3.1	18.9	264.7

Source: Nielsen. Based on Nielsen Cross-Platform Homes for Persons 2+ in Internet households<sup>oo</sup>

# DEVICE AND DELIVERY PENETRATION

**TABLE 9.** Television Distribution Sources - Number of Households (in 000's)

Market Break	Q4 11	Q3 11	Q4 10
Broadcast Only	11,043	11,050	11,147
Wired Cable	60,473	61,192	63,393
Telco	8,452	8,284	7,339
Satellite	34,553	34,653	34,273

Source: Nielsen. Based on the Universe Estimates for the 15th of each month within the quarter.

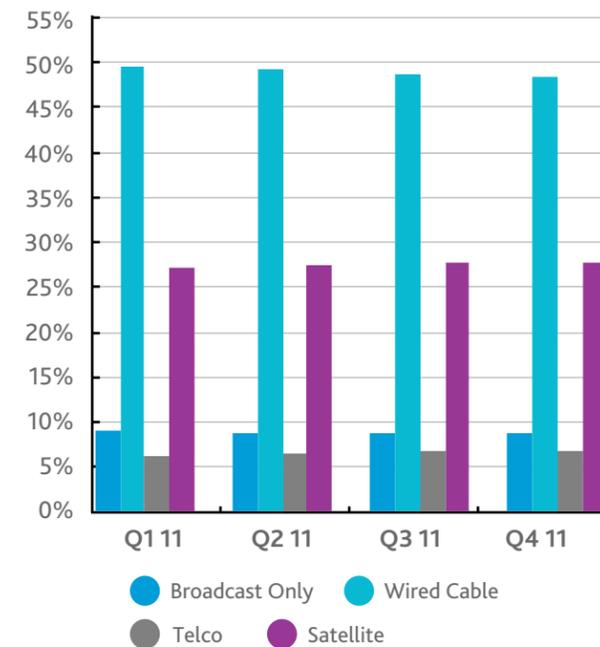
**TABLE 10.** Cable/Satellite with Internet Status - Number of Households (in 000's)

	Q4 11	Q3 11	Q4 10
Broadcast Only and Broadband	5,122	5,104	4,491
Broadcast Only and No Internet/Narrowband	5,911	5,869	6,130
Cable Plus and Broadband	79,238	80,824	78,525
Cable Plus and No Internet/Narrowband	22,381	22,329	25,610

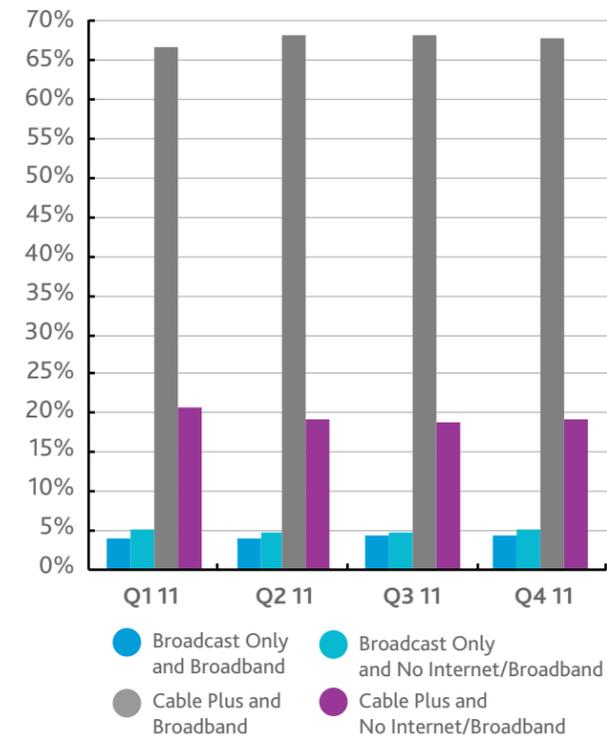
Source: Nielsen. Based on the Universe Estimates for the 15th of each month within the quarter.

Please see "Glossary" definitions in footnotes on last page.

**CHART 1.** Television Distribution Sources



**CHART 2.** Cable/Satellite with Internet Status



**TABLE 11.** Television Distribution Sources - By Ethnicity

Market Break	White	African-American	Hispanic	Asian
Broadcast Only	8%	11%	15%	10%
Wired Cable	53%	56%	45%	52%
Telco	7%	8%	7%	13%
Satellite	31%	26%	34%	25%

Source: Nielsen. Based on Universe Estimates for the entire quarter.

**TABLE 12.** TV Households with Devices (in 000's)

	Q4 11	Q3 11	Q4 10
Any DVD Player *	97,922	99,103	100,335
Any DVR	46,954	46,652	42,866
Any High Definition TV	80,223	79,980	71,900
Any Video Game	51,255	52,084	49,735

\*BluRay included in count.

Source: Nielsen.

**TABLE 13.** Mobile Device Penetration by Ethnicity

	White	African-American	Hispanic	Asian
Smartphone	42%	50%	51%	60%
Feature phone	58%	50%	49%	40%

Source: Nielsen. Based on scaled installed counts for the entire quarter.



#### FOOTNOTES FOR TABLES IN THIS REPORT:

- ° On Traditional TV includes Live usage plus any playback viewing within the measurement period. Timeshifted TV is playback primarily on a DVR but includes playback from VOD, DVD recorders, server based DVR's and services like Start Over.  
  
On Traditional TV reach includes those viewing at least one minute within the measurement period. This includes Live viewing plus any playback within the measurement period. Fourth Quarter 2011 Television data is based on the following measurement interval: 9/26/2011 – 12/25/2011. As of February 2011, DVR Playback has been incorporated into the Persons Using Television (PUT) Statistic.
- °° In response to client requests for the ability to recreate these quintiles of time spent, for Q2 2011 the production of the underlying data has been fully migrated to the NPOWER system. In addition to allowing clients that subscribe to the Nielsen Cross-Platform Service to generate these and associated reports, it also incorporates production sample weighting (detailed in Chapter 3 of the National Reference Supplement) and universe projections.  
  
Beginning in Q3 2011 report, average daily minutes statistics calculated by averaging the total minutes from all persons in the quintile including non-users. Q1 and Q2 reports averaged the total minutes from users only.
- \* In July 2011 an improved hybrid methodology was introduced in Nielsen's NetView and VideoCensus product. This methodology combines a census-level accounting of page views and video streams where Nielsen measurement tags have been deployed in order to project audience and behavior to the full universe of all Internet users. For VideoCensus, the portion of the total video streams calibrated by census data, previously allocated to Home/Work computers, are now allocated to other devices and locations such as smart phones and viewing outside of home and work. This change affects both "Watching Video on the Internet" and "Using the Internet" figures. Numbers prior to this timeframe and after implementation are therefore not trendable.  
  
Hours:minutes for Internet and video use are based on the universe of persons who used the Internet/watched online video. All internet figures are weekly or monthly averages over the course of the quarter. Data for Q4 2010 (Tables 2 &3) have been corrected to include restated data. Data for NetView were restated from February 2010 through October 2010 and VideoCensus were restated from March 2010 through November 2010 due to technological issues which understated time spent metrics. All data were computed via custom analyses reports using Nielsen NetView and Nielsen Video Census data.
- ^ Video user projection, time spent and composition data based on survey analysis of past 30 day use during the period. The mobile video audience figures in this report include mobile phone users (aged 13+) who access mobile video through any means (including mobile Web, subscription-based, downloads and applications).
- ^^ Nielsen's mobile survey reports mobile video usage for those users 13 and older. Thus, 12-17 is T13-17 for all mobile data.

#### A SPECIAL NOTE ON WATCHING TIMESHIFTED VIEWING REACH (TABLE 2 ONLY):

- = In previous editions, Watching Timeshifted TV was inadvertently labeled "all TV homes" when data was actually for "only in homes with DVRs." For your convenience, we now provide both data points. Therefore data from "Watching Timeshifted TV (all TV homes)" in previous reports should now be trended to "Watching Timeshifted TV (only in homes with DVRs)."

#### A SPECIAL NOTE ON INTERNET AUDIENCES:

- + Due to a change in the type of call used behind Facebook's AJAX interface, Nielsen NetView data for Facebook page views and duration were underreported for June and July. This was corrected with August-forward reporting. This affects the "Using the Internet on a Computer" and "Internet" time spent figures provided in this report.  
  
Yahoo! Mail and Yahoo! page view and duration data shows an artificial decrease for May-November 2011 and do not reflect the actual activity on these sites. This was corrected with December forward reporting. This affects the "Using the Internet on a Computer" and "Internet" time spent figures provided in this report.

#### GLOSSARY:

**TV Household:** A home with at least one TV capable of tuning to at least one channel. For example, television sets that are not updated for digitally transmitted content would not count under the current guidelines.

**Traditional TV:** Watching live or timeshifted content on a television set delivered by broadcast signal or a paid TV subscription.

**Watching Timeshifted TV (only in homes with DVRs):** A home where a physical DVR box is located and connected to the television.

**Wired Cable:** Traditional cable delivered through wires to your home.

**Telco:** A paid TV subscription delivered fiber-optically via a traditional telephony provider.

**Satellite:** A paid TV subscription where the signal is distributed to an orbiting satellite. The amplified signal is then re-transmitted to the home and received via a dish. (Sometimes also referred to as "dish").

**Broadband:** A paid, high-speed Internet access delivered via DSL, Cable Internet through cable provider, Fiber-Optic Service, U-Verse, Satellite Internet, Data Card (aircard that connects to a cellular phone network) or PC tethered to cell phone (cellular phone network).

**Narrowband:** A household that accesses the Internet via a telephone line (often referred to as dial up).

**Broadcast Only:** A mode of television content delivery that does not involve satellite transmission or cables (ie—a paid service). Also commonly referred to as "Over-the-air."

**Over-the-top:** Devices that piggyback on normal distribution channels (cable, satellite, etc) to pull content directly from the Internet and deliver it to the television set. Can be equipments such as dvd players, video game consoles, web-enabled televisions, etc.



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