THE VIEWING REPORT

MAY 2015

BARB
BROADCASTERS' AUDIENCE RESEARCH BOARD

Our society has more data than ever before. Broadcasters, marketers and agencies can use and reuse this wealth of information in lots of secondary ways – solving problems, finding correlations and identifying sales potential.

BARB data are often the cornerstone of such analyses. Since 1981 BARB has been the official source of television figures in the UK. It’s known as the gold standard. This reputation has been won through vigilance on the quality of the data produced. And also because we continually develop new ways of measuring what the UK population is watching.

The Viewing Report is a glimpse under the bonnet of what we do. We hope you enjoy reading it.

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MEET SOME OF OUR CONTRIBUTORS

Paul Lee
Paul Lee is responsible for technology, media and telecoms research at Deloitte. For BARB, he considers the Gangnam Style effect: is short-form video a future or the future of television?

Jeremy Bullmore
Described as "adland's greatest philosopher", WPP advisory board member Jeremy Bullmore re-frames the debate around exaggeration, hyperbole, big data and existing forms of research

Sarah Mansfield
Sarah Mansfield, VP Global Media Europe and Americas, Unilever examines audience measurement from the perspective of a global client making media decisions involving huge budgets

Frances Ralston-Good
PHD's Chief Strategy and Innovation Officer, Frances Ralston-Good, considers how the creation of industry standards can help to cut through hyperbole and generalisations

Nigel Sharrocks
BARB's Chairman is interviewed on the challenges of delivering gold standard data for a £7 billion industry and implementing innovative measurement technologies

Simon Thomas
Group M's Strategic Systems Director takes a global view of audience measurement and finds BARB at the front of the pack in its approach towards measuring TV

A CHANGING CURRENCY

Welcome to the second edition of The Viewing Report.

When we published the first edition in November 2013, we set out to provide a state of the nation review of the way people are watching television and how this is changing. Following excellent feedback, here we are again with updated and expanded content within what we plan to be an annual report.

Chapter 1 investigates the dynamics behind the reported levels of television viewing. We're grateful to Paul Lee of Deloitte for his contribution on how short-form video fits into the future of television, while we also look at how the weather affects viewing levels.

Chapter 2 focuses on the challenges of delivering effective audience measurement. Sarah Mansfield of Unilever provides an advertiser's perspective and Frances Ralston-Good of PHD gives a media agency view. We're also delighted to feature the thoughts of Jeremy Bullmore, BARB's Chairman Nigel Sharrocks and Simon Thomas of Group M on how audience research is adapting in the era of big data.

And in the final trendspotting chapter, you'll find an update on many of the features from the first edition. We've also included some new analyses, including the take-up of SVOD services.

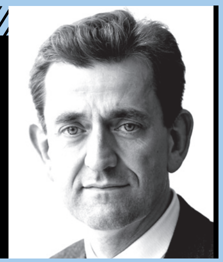
BARB's most recent customer survey shows that we continue to get a big tick for providing a trusted and respected gold standard. While there will always be a place for proprietary research, the importance of industry standards can't be underestimated. BARB is an expression of the collective values of the television and advertising industry and our status as an honest broker is imperative for cultivating a trusted currency that can be used by all.

Each and every day our customers expect delivery of a comprehensive and representative set of audience numbers. These data are used to plan and execute the investment, each year, of over £7 billion in programme and advertising schedules. It's a responsibility that BARB doesn't take lightly.

Naturally, we have to also ensure the continuous development of our services. High up on our to-do list is publication of viewing to online TV. First reports are due shortly and we expect them to be a prominent feature in the next edition of The Viewing Report.

I'd recommend a visit to www.barb.co.uk for our most current and up-to-date news. Not only are there updates on initiatives such as Project Dovetail, you'll also find the latest headlines on what people are watching.

Happy reading,



Justin Sampson
Chief Executive
BARB

THE IMPORTANCE OF INDUSTRY STANDARDS FOR THE DELIVERY OF A TRUSTED CURRENCY CAN'T BE UNDERESTIMATED – BARB IS AN EXPRESSION OF THE COLLECTIVE VALUES OF OUR INDUSTRY

CHAPTER 1

CHANGES IN VIEWING

SHORT-FORM: THE FUTURE OR A FUTURE?

Traditional television consists mostly of long-form programmes, of 30 minutes or longer. For decades, viewers have accepted these lengths, even though in other media, from music to films and from books to newspaper articles, there is far more variety.

Online video clips, typically ten minutes or shorter are perceived as challenging long-form. Industry commentators sometimes position them, incorrectly (in Deloitte's view), as substitutes for, or competitors of, each other.

The most successful traditional TV shows in the UK occasionally get more than 10m viewers. In comparison, Korean star PSY holds the title for the most-watched video on YouTube, Gangnam Style which has amassed over 2.2 billion views since its release in 2012. But it is not just slickly produced music videos that generate billions of hits: the home-made, low-budget clip can do even better.

By March 2015 PewDiePie, a UK-based Swede had amassed almost 8 billion views and 35m subscribers. Opening children's toys on camera can also generate billions of views: FunToyzCollector is the leader of this genre, with 5.4 billion views in less than four years.

Traditional television companies and production houses are responding to the challenge. Disney acquired Maker Studios for $500m; Fremantle, a subsidiary of RTL Group, in a joint venture with VICE Media has set up Munchies, an online food channel that provides short-form on-demand content; Channel 4 has created a hub for short-form content and appointed a commissioner for short-form. BBC3 has created an online space for short-form, two-to-ten minute documentaries.

So is short-form the long-term future of the format formerly known as television?

It is worth looking at the numbers more carefully. If we assume (generously) that every online view of Gangnam Style has been watched in its entirety, this would represent 159m hours of views, globally. That's slightly less than the first ten episodes of the 2014 series of Strictly Come Dancing in the UK (162m hours), or half of the entire series including results shows (321m hours).

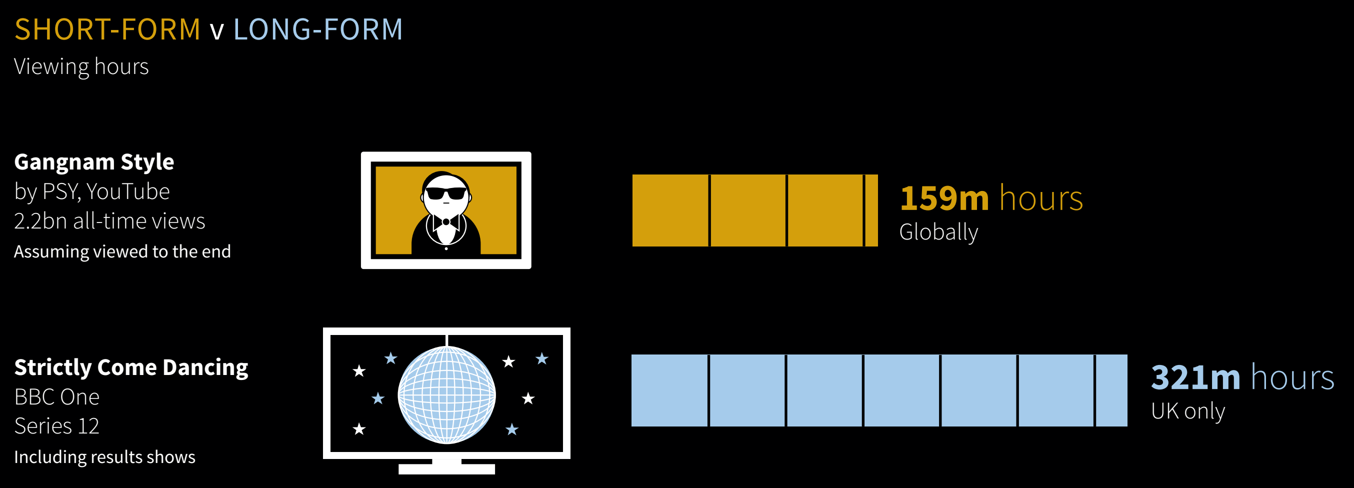
Looking at the totality of all short-form viewing, again globally, our estimate is that viewing of short-form content is about 10 billion hours per month. This is a spectacular achievement for a format that barely existed a decade ago, but it is equivalent to only 20 hours' worth of global consumption of long-form video (television programmes and movies).

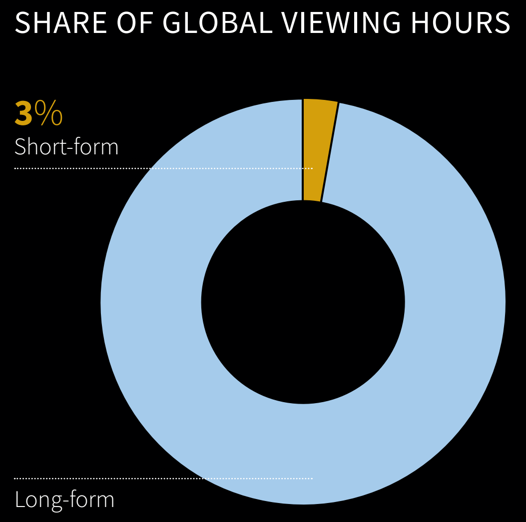
Deloitte estimates that in an average month over 360 billion hours of long-form video will be watched, principally on television sets, and mostly live. Short-form is therefore probably around 3% of all video watched on all screens. We do not expect this total to vary substantially over the coming years. Short-form revenues, globally, will be about $5 billion, but long-form content will generate $400 billion worldwide from advertising and subscription revenues alone.

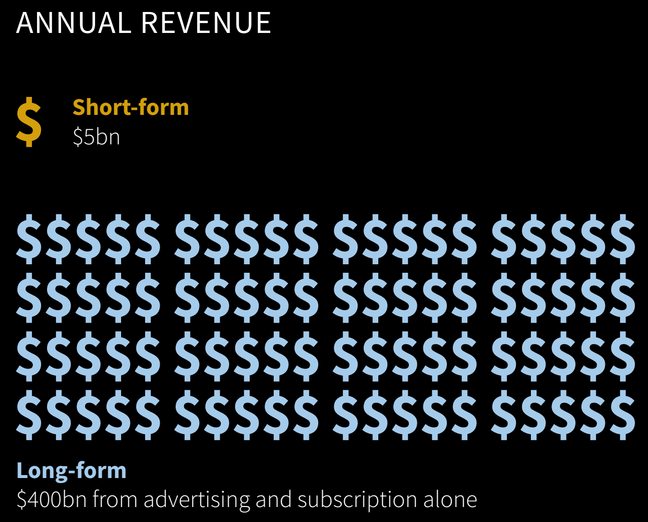
Arguably, comparing long-form with short-form in this way is unfair, and Deloitte does not disagree with this view. However the comparison is useful in demonstrating, by means of a common metric (viewing time), the strength and resilience of consumer demand for long-form television alongside the rise of short-form.

Consumers seem to prefer different devices for short-form and long-form. Conventional

SHORT-FORM SHOULD NOT BE CONSIDERED AS A DIRECT COMPETITOR TO "TRADITIONAL" LONG-FORM CONTENT – IT'S AN ADDITIONAL SCREEN-BASED MEDIUM THAT MEETS PREVIOUSLY UNSERVED NEEDS







Source: Deloitte

long-form television programmes, whether broadcast live or delivered on-demand, are typically watched on television sets; shorter video content is more typically watched on computers, smartphones and tablets. Different types of video suit different needs. Across the entire population, video clips are likely to be viewed through the day; long-form in the evening.

During the day we are more likely to have smartphones, PCs or tablets with us, and can spend a few minutes watching a clip, or sequence of clips. It fills small voids of time or it has a specific purpose. The most popular genres on short-form aggregation sites (unboxing of toys, video games, music videos and movie trailers) differ from the most-watched types of television programme. Short-form should not be considered as a direct competitor to "traditional" long-form content, but rather as an additional screen-based medium, addressing needs that were previously unserved or which are competed for by other media, such as magazines, guides to playing video games, or cookery books .

In the evening, most people want to relax, and prefer to watch a sequence of long-form content on a large television set, with choice ideally curated by a third-party. We do not want to put together ourselves a long sequence of five-minute videos for watching: we want someone else to do that for us, hence the emergence of TV shows such as MTV's Ridiculousness and Channel 4's Rude Tube. Furthermore, low-budget content with low-quality sound, may not work so well on larger screens, and with better speakers. The appeal of the shows above is that they are traditional TV shows: shot in a studio, with professional cameras and proper lighting, into which excerpts from a small selection of short-form clips are interspersed.

For younger generations, short-form may be an important source of video content. And for some people, this may last their lifetime; but for others, their preferences may change to those of their parents, and long-form may become their default choice for watching TV, because they prefer the complexity and involvement that long-form content offers.

A hugely important factor which commentators, and others in the communications industry would do well to remember, is that television viewing is typically quantified by viewers (live or within seven days) and online video by all-time views. There are fundamental differences between these two metrics, which are occasionally overlooked when comparing traditional TV with newer forms of video format.

Fair and balanced coverage of the relative scale of viewing to long and short-form will be helped considerably by the introduction of standardised metrics, which BARB is currently addressing.

There is also no certainty that a video is actually visible on a screen; it may well be playing under the line. There is no data on how many people may be watching each view, or knowing for sure how each online video is used. Music videos, like music stations on TV, may be playing music in the background, rather than being watched. Of the top ten all-time views on YouTube, which together have amassed billions of views, nine are music videos . Up to 40% of all online video views may be views of music videos.

In brief, short-form is just different to long-form. Those who herald the end of long-form would do well to remember Riepl's law – that we often accumulate, and rarely discard old modes of behaviour. Replacement is rare. There will be levels of demand for both short-form and long-form, like TV and cinema going, or social networks and meeting in bars. It is a human pattern, observable over millennia. Riepl, the German publisher made this observation in 1913 and it remains true today.

We do not expect short-form online content to usurp long-form traditional television. It is a parallel future, but not the future, of screen-based entertainment; and it is unlikely ever to be the predominant video format, as measured by hours watched or revenues. Short-form's success should be respected, but it needs to be put in context.

Paul Lee
Global Director of TMT Research
Deloitte

THOSE WHO HERALD THE END OF LONG FORM WOULD DO WELL TO REMEMBER RIEPL'S LAW – WE OFTEN ACCUMULATE AND RARELY DISCARD OLD MODES OF BEHAVIOUR

TRACKING SCREEN TIME

In any business sector there's a fine line between a willingness to embrace the future and a tendency to succumb to hyperbole. As we've just seen in Paul Lee's masterful analysis of short-form video's evolutionary trajectory, it's absolutely essential to maintain a sense of proportion during a time of great change.

For instance, when overall TV viewing declines year-on-year, as it did in 2014, some observers find themselves jumping to rather predictable conclusions. And yet, in the article that follows this one, we show that viewing can be affected by factors that may be as old-fashioned as they are (in hindsight) blindingly obvious. The weather really does affect how much telly we watch.

On the other hand, it would be a mistake to underestimate the potential for new technologies to create new ways of accessing content. In Chapter Three of this report we open up a new window on the latest thinking as regards Subscription Video On Demand and the timeshifted viewing of material recorded on PVRs. In both cases, our analysis raises thought-provoking issues.

We've made great strides in these two areas. But it's also worth noting that there's also been growth in an area that has not traditionally been subject to the same levels of scrutiny. In fact, it's such a grey area that it's still categorised under the misleading heading of non-TV uses of the screen.

Some of these uses have been with us for many years: for instance, watching a DVD or plugging in a games console. Others, though, are newer and include the use of platforms like Apple TV, Chromecast and Now TV. So it also includes any catch-up, archive or other on-demand services if the content wasn't broadcast as part of a linear schedule in the last four weeks.

As that definition implies, it turns out that growth in non-TV uses of the screen is actually being driven by activities that turn out to be TV by any other name. It's no accident that this is a sector where the major broadcasters and platforms, like Virgin Media, BT and Sky, as pioneers of broadband content distribution, play a prominent role.

Our challenge at BARB is to help understand how much of non-TV can actually be re-categorised as TV and reported accordingly, as and when that's appropriate. As part of this, we need to be more precise about the amount of time spent using each device that is plugged into the TV screen. We're on the case with this particular question and are working with Kantar Media to find a solution.

And of course, we need to think about other devices and are collecting data for viewing to timeshifted and on-demand content through laptop, desktop and tablet computers. In addition, we also have the ability to measure viewing to programmes that are premiered on a TV player prior to appearing in a linear schedule. Our target is to start reporting both these new measures by the end of this year.

WE HAVE MADE GREAT STRIDES IN UNDERSTANDING MANY AREAS OF THE NEW TV BEHAVIOUR AND WE ARE LOOKING FOR MORE PRECISE EXPLANATIONS OF "NON-TV" USE OF THE TV SCREEN

WEATHER REPORT

Television scheduling has always been a seasonal business. It's a matter of common sense: you don't have to have a detailed knowledge of Met Office stats to know that you'd be ill-advised to schedule one of your prime properties into July, the UK's sunniest month, or August. Likewise, you can pretty much bet on a captive audience for great stretches on either side of Christmas.

But this year, in partnership with RSMB, we've decided to have a crack at finding a detailed correlation between weather and television viewing.

Our initiative involved taking four years' worth of viewing data, both at a UK Network and an ITV regional level, and analysing them against five weather variables: mean temperature, maximum temperature, minimum temperature, rainfall and hours of sunshine.

In most cases, the two most important of these factors were, as you might predict, maximum temperature and hours of sunshine; though (again as you might expect) in regions with high rainfall, notably in the west of the country, precipitation is an important factor too.

And the bottom line is that what it's like outside really does have a significant impact. We found that, overall, 70% of year-on-year variability in audience levels can be attributed to the weather.

Interestingly, though, there are regional differences. Either because they're softies who stay indoors all the time anyway or because they're hard cases whose routines are never disrupted by a trivial thing like the temperature outside, Londoners and Geordies are relatively impervious to the weather.

Similarly, the behaviour of some age groups, particularly children and young adults, is relatively unaffected. Older demographics are far more subject to the dictates of the climate.

But by and large we can derive two general rules: firstly, for every degree Celsius increase in maximum temperature, viewing falls by around 0.76%; and secondly, for every increase in daily sunshine hour, we see a reduction in viewing of around 0.71%.

To take one practical example, we looked at Q1 2014, where viewing was down 7.2% year-on-year. Looking at the weather data, we found that average maximum daily temperature had increased from an average of 5.7C in 2013 to 9.0C in 2014; and daily sunshine hours jumped from 2.2 to 2.7.

Using our formula, we calculated that 3.0 points of that viewing decline could be attributed to the weather and that, consequently, the balance (4.2 points) must be down to other factors.

And of course it has to be remembered that the weather is hardly the sole factor underpinning viewing patterns: the strength of the schedule and the attractions of competing media must also be considered.

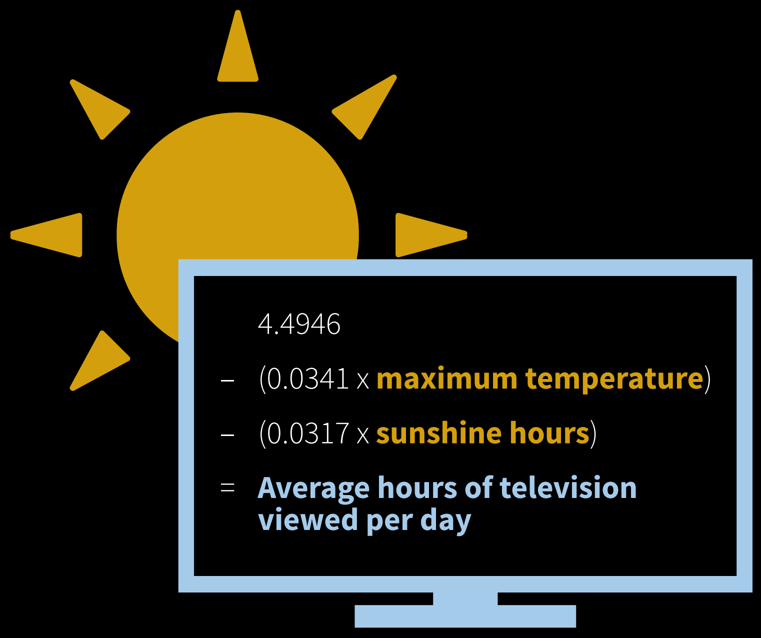
But in recent memory, some commentators have tended to assume that if TV ratings are down year-on-year, this proves that people must be dropping out of the broadcast stream in order to watch content on new platforms like Netflix or YouTube.

Our analysis here gives the lie to that non sequitur, showing as it does that there may be simpler (indeed, more elemental) factors in play. Our weather formula offers an important new method for analysing what can, at first sight, be perplexing variations in year-on-year viewing patterns.

OVERALL, 70% OF VARIABILITY IN AUDIENCE LEVELS CAN BE ATTRIBUTED TO THE WEATHER – FOR EACH INCREASE OF AN HOUR IN DAILY SUNSHINE WE SEE A REDUCTION IN VIEWING OF AROUND 0.71%

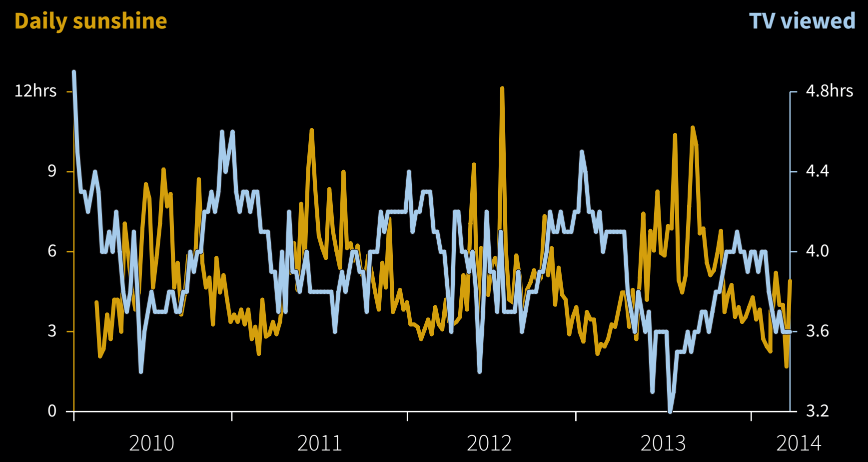
THE EQUATION

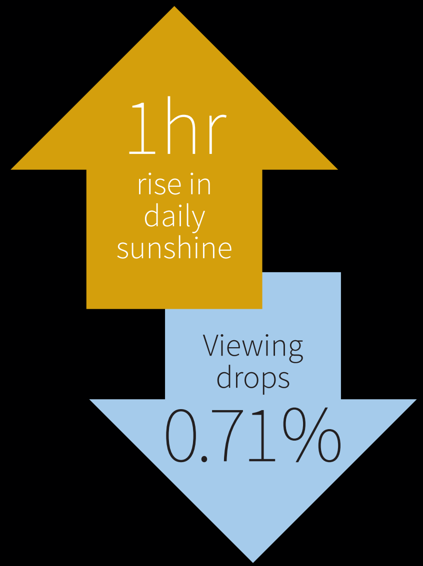
Daily viewing hours

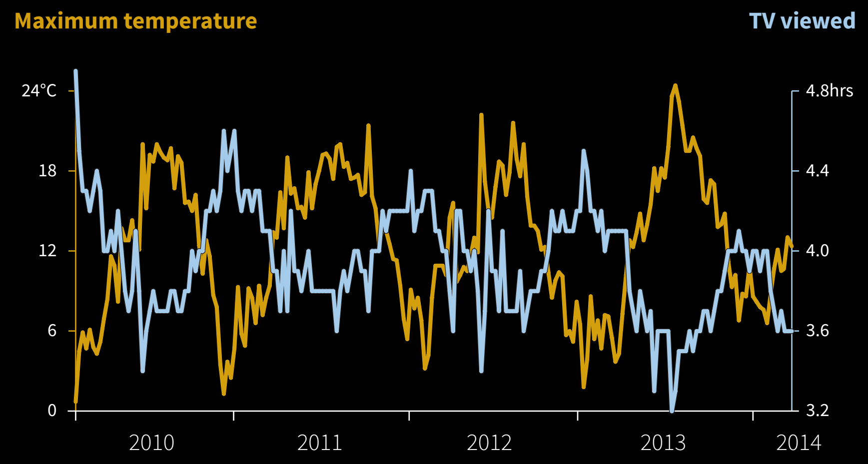


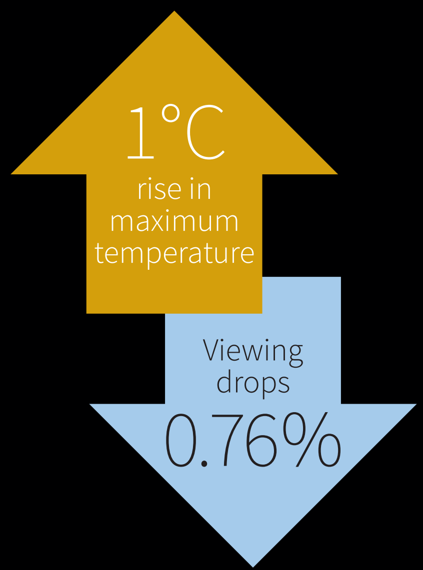
WEATHER AND VIEWING PATTERNS

Weekly averages









Sources: BARB, Met Office, RSMB

CHAPTER 2
MEASURING AUDIENCES

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THREE VIEWS ON THE HYBRID FUTURE

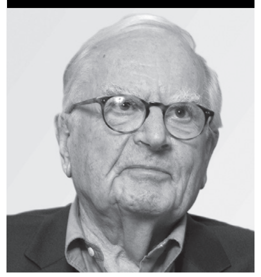
THE LONG VIEW ON BIG DATA

I've come to the conclusion that the most valuable contribution made by pioneers, enthusiasts, zealots, fanatics and evangelists is not the intrinsic merit of the innovations they so relentlessly champion but more the fact that they are invariably wrong.

Or to put it rather more charitably: they're not entirely wrong - they're just wrong in the scale of the revolutions they so confidently forecast.

A history of innovation suggests that new entrants seldom totally supersede the incumbents. A hundred years after the introduction of motorised transport, who would have put money on the bicycle enjoying its best ever period of popularity?

Jeremy Bullmore
WPP Advisory Board Member; Former MRS President



But the exaggeration, the hyperbole, the unbridled enthusiasm with which new ideas are heralded serve a valuable purpose: not despite being inaccurate but precisely because they are.

For change to take place, the established order must feel the first faint stirrings of unease. The prospect of obliteration must at the very least be entertained. Old ways of doing things need to be re-examined with new eyes. If you're going to defend your position against some over-confident upstart, you'd better give your own act a ruthlessly rigorous quality check.

Like others, I've been an absorbed observer of the big data debate. While never fully understanding it - not least because "it" seemed to have so many different definitions and capabilities thrust upon it - the sheer evangelism of its proponents made me think; and the apparent absurdity of some of their claims made me think even harder. I found it difficult to believe that something called big data would render all existing forms of research instantly obsolete.

What will happen, I predict (but not with the hyperactive confidence of its proponents) is that the addition of big data will greatly enrich the nature and sensitivity of the available knowledge on which people in our business have to make huge and expensive decisions. And that the never-entirely-credible threat of world domination will have served as a salutary wake-up call to everyone in the business.

If the big boys of big data had been more reasonable, more restrained - more accurate - this benign process of absorption might have taken a great deal longer to take effect.

RESEARCH MODELS THAT MATTER

Should we maintain a sense of perspective where big data is concerned? Is Jeremy Bullmore right?

Many of us, particularly those who have to make media decisions involving huge amounts of money based on data analysis, believe that he is. The future will surely be about getting the best out of all forms of number crunching, old and new. What's more, it will be about getting everything to work together productively.

And of course it's also important to acknowledge that big data – the analysis of mammoth data sets derived from a wide spectrum of consumer behaviours – isn't an entirely new concept. Look, for instance, at Tesco's Clubcard scheme. It was actually launched in 1995, when the internet was still in its infancy and online advertising had barely begun.

Sarah Mansfield
VP Global Media Europe and Americas, Unilever

Tesco has kept every scrap of purchase data collected through the scheme, amounting to billions of lines of code: and the insight this has generated has been a powerful weapon in its marketing armoury.

Twenty years on, the internet era has opened up all kinds of possibilities to track consumer activity. Commercial use of big data, for things like market research and targeting advertising to individuals, helps to subsidise many products and services. But there's an important caveat here: we as businesses have a corporate duty to act responsibly in protecting people's data. We need to instil trust in consumers that we have proper oversight of how information is used.

And, equally, we must be absolutely clear about what it is we're counting and measuring. New data streams often appear to offer seductively fine levels of granularity, until you realise that they're really only measuring machine activity. The data doesn't always tell you who's at the machine or the level at which they're engaged.

In other words, there's still a role for established forms of research in analysing how people behave and also in helping us understand why they do what they do. The most meaningful insights will surely come from harnessing new data streams and making them work in tandem with established sources.

This sort of structural integration is a hugely important issue for those of us at the forefront of developing cross-platform media metrics. Unilever in particular is supportive of the "Measurement Mandate" in the US, which is seeking to evolve a single currency to trade both television and online inventory.

Last November, for instance, we proposed a new definition of online ad viewability. We're confident it can help address enduring concerns about how much of our advertising inventory is actually seen by human beings. This is destined to be a long-running debate; but the way forward, surely, is to ensure that we keep the best of both worlds: big data, yes, but also more people-orientated techniques too.

There's every likelihood that big data will enrich our understanding of the world. But it's hardly likely to destroy the usefulness of the established research techniques already out there.

BARB'S PERSPECTIVE

Project Dovetail is BARB's strategy to deliver robust cross-device viewing for all linear and on-demand content. The best way to achieve this is by creating a hybrid system that will harness the complementary strengths of panel data and device-based data.

The BARB panel provides continuous observations of how people watch on different devices and platforms. This is critical so we can report programme and campaign reach, the demographic profiles of audiences and the number of viewers in front of a screen at one time.

Data collected from the web servers and set-top boxes that deliver content to devices provide a different value. These sources mean we can work with larger effective sample sizes, thereby reducing variability and sampling error.

Our objective is to integrate these different data sources into one resilient set of audience figures, to be published each day.

THERE IS NOTHING LIKE FIRST-HAND EVIDENCE

"It is a capital mistake to theorise before one has data. Insensibly one begins to twist facts to suit theories, instead of theories to suit facts". So wrote Sir Arthur Conan Doyle on the method of his most famous character, but his point is equally well made when it comes to the world of TV, its apparent decline and the rise of video.

The advent of Project Dovetail, bringing with it the promise of gold standard measurement across linear and online television and video could not be more timely given the context of today's AV marketplace.

It's no secret that traditional viewing habits are changing. Whilst reach is being maintained at 94.6%, minutes have fallen by 4.5% (10 minutes) year-on-year, a change that when combined with high demand brings a sharp increase in the price of linear TV for advertisers.

However it is a fundamental misunderstanding to believe that we are witnessing a drop off in TV viewing. Rather we are witnessing an evolution, for running alongside this linear ratings drop off is a totally different tale as video consumption has never been so high.

Thinkbox research demonstrates that we are watching an average of 5 hours a day across a host of devices and platforms: on catch-up and streaming services; in home and out of home; on the move and on our phones; on subscription, for free and via ad funded models, and 80%+ of this is content from the "traditional" broadcasters.

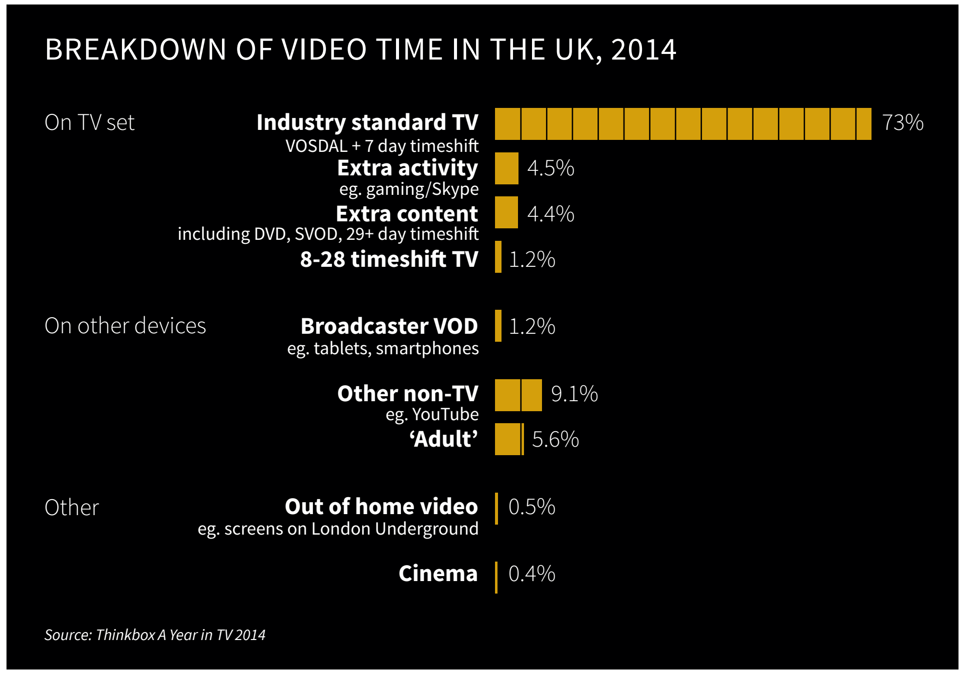
Those that are close to the world of TV are more than familiar with the reality of viewing evolution, but it bears repetition and emphasis, whether you call viewing AV or VOD, whether it is live or timeshifted, the vast majority of viewing is delivered by the traditional broadcasters. When you tot up all the viewing and convert it to good old impacts, 95% are delivered by the members of BARB and whilst it is the case that we have many means of developing new types of content with new partners, if you have a film that dramatizes your brand promise, you need eyeballs.

To illustrate the point I'll use a non-commercial example; the still amazing BBC iPlayer received 201m requests from computers for BBC content in January of 2015, but in same month 6.7 billion requests for BBC TV content were delivered through the TV. The iPlayer on tablet gets the press because, let's face it, it's cool, but it is still the tippetty tip of the iceberg when it comes to viewing. We can deduce industry accepted estimates for the proportion of viewing that is through a desktop or laptop computer, which is no more than 1%. Add in tablets and this grows to perhaps 2%, so to look at the picture through just the lens of devices would be myopic.

However what this does emphasise in my view is that the vernacular of TV needs to move on and swiftly. A lexicon which is steeped in the past suffers from over-familiarity; language which is no longer precise somehow diminishes the promise of the medium. Terms such as "Overnights" mean less when nearly half the measured viewing of a flagship show such as Broadchurch takes place over the first week rather than the first night. Overnight data become an outmoded metric of success when you can look at the 8-28 day data for Christmas Day's Frozen, which saw a 24% uplift during the 8-28 day viewing window.

So, how do we as planners ensure a complete and accurate picture of AV viewing behaviour in the meantime and how do we describe it in a more modern, more precise manner? Even with Project Dovetail, those who are not members of BARB will not be measured. At this point we do have to ask ourselves why online partners wouldn't want to be part of a common currency that helps clients and agencies understand the whole picture.

WHETHER YOU CALL IT AV OR VOD; LIVE OR TIME SHIFTED, 95% OF VIEWING IMPACTS ARE DELIVERED BY BROADCASTERS REPORTED BY BARB AND IF YOU HAVE A FILM THAT DRAMATIZES YOUR BRAND PROMISE, YOU NEED EYEBALLS



When the dust settles what those that spend and those that buy need is a standardised and consistent metric for the measurement of AV advertising reach. We are already starting to see the advent of agency and broadcaster specific definitions of multi-device viewing, we really do not need multiple currencies confusing what is an already complex picture.

BARB is developing such a currency. Average commercial streams is a metric that takes into account the number of devices and length of time consumed, and is as comparable to a TVR as possible. But alongside this currency we need to seek a more modern blend of language with tools that gives an understanding of depth and breadth – perhaps the three standardised measures of viewing reach and minutes by device? The non-standard format has been a bane of online planning for years. Let's not have that walled garden approach start to undermine our AV landscape with rhetoric and marketing replacing common sense and sound measurement.

In the words of the great detective, when it comes to the truth of viewing: "Never trust to general impressions… but concentrate yourself upon detail".

Frances Ralston-Good
Chief Strategy & Innovation Officer
PHD UK

BARB IS DEVELOPING THE AVERAGE COMMERCIAL STREAMS METRIC, WHICH TAKES INTO ACCOUNT THE NUMBER OF DEVICES AND LENGTH OF TIME CONSUMED

THE VIEWING REPORT
INTERVIEW

A VIEW FROM THE CHAIR

BARB Chairman Nigel Sharrocks is interviewed by media journalist and commentator, Kate Bulkley.

Nigel Sharrocks
Chairman
BARB

Kate Bulkley
Journalist and commentator

For its entire 34-year history, data from the Broadcasters' Audience Research Board has been considered the gold standard for the television and advertising industries when it comes to TV viewing numbers.

But the organisation that's at the heart of the UK's £7 billion TV programme and advertising business is now at its most significant crossroads, with companies born in the digital world producing their own sets of figures, with samples much greater than those traditionally used by the research industry.

Indeed, the relentless march of Google and Twitter and Facebook has piqued the interest of the advertising establishment and planted what some have characterised as a time bomb under traditional TV ratings providers.

Add to that the continuing fragmentation of audience viewing to include devices that are not the traditional telly in the corner of the lounge, and you have a heady mix.

Into this scenario has stepped BARB's chairman, the 58-year-old giant of the media business Nigel Sharrocks who joined BARB 18 months ago.

Having run the film division for Warner Bros Pictures UK (he worked on the release of the first three films in the staggeringly successful Harry Potter franchise) and been a senior executive in the advertising industry for more than 20 years, including CEO of Aegis Media until May 2013, Sharrocks has the industry contacts and the gravitas to help make sure that BARB doesn't become irrelevant in this fast-changing media world.

"There are some huge decisions that need to be made and we need the engagement of very senior people in the industry in order to make that happen, and that's where I can help," explains Sharrocks. "BARB has been a sort of black box that people could rely on and that's fine but to set the course for the future people need to know much more than that."

Through Project Dovetail BARB had already begun working out how to add new devices and how to track new viewing behaviours even before Sharrocks joined, but it's clear that he is keen to ramp up the speed of the changes that will fuse the best of both worlds – take the quality of the BARB data and blend it with larger audience data sets to create a new hybrid measurement system.

"Dovetail is taking a lot of different techniques to answer a lot of the questions coming from advertisers, broadcasters and brands," says Sharrocks. "There are a lot of questions about how much viewing is coming through on-demand viewing from online players. Particularly as the penetration of tablets increases, there are certain sub-groups of viewers, especially younger viewers, who are spending a significant amount of time viewing video on mobile devices," he notes. These devices have traditionally not been tracked by BARB.

Sharrocks calls himself a pragmatist and certainly the changes that BARB is looking to make in how it takes its traditional audience panel of 5,100 homes into the connected, on-demand and mobile viewing world must be done carefully.

"I don't underestimate how difficult this is going to be," says Sharrocks. "I liken it to an American expression: how do we change all four wheels on the car while continuing to do 70 miles per hour in the outside lane? That's the kind of challenge we're looking at."

He also recognises that smaller channels can often feel underrepresented by BARB and is keen to make this a priority as well. Pretty quickly thereafter we find ourselves talking about Sky, which polls 500,000 of its set-top boxes daily to gather very targeted information.

Sharrocks strongly believes that adding this kind of return path data is one of the keys to the future of BARB, though he admits talks with both Sky, Virgin Media and other platform operators are at the early stages. "We could potentially fuse return path data with the BARB panel to give an effective sample size of up to 100,000, which could be really transformational for BARB," he explains. "It's not just about the panel. It's about a hybrid future."

Given how fast the media world is changing Sharrocks is concerned with speed: he wants BARB to rollout the Dovetail data to its stakeholders in a more timely fashion, even if that means the data are still in "beta" i.e. not part of the reporting cycles that BARB customers are used to. Viewing on PCs has been tracked on the panel since late 2012, while tablets were added last August. Sharrocks would like first data sets released in the next few months.

Obviously there are technical complexities involved in assessing these new data and lining them up with BARB's traditional panel, but Sharrocks clearly does not like to hear too much about any mitigating circumstances that may be holding things up. Research companies who work with BARB have not, in his opinion, been innovative enough, something that he is keen to put the spotlight on later this year when BARB's current research contract goes up for tender; a new contract is scheduled to begin in 2019.

Sharrocks was one of the first CEOs in the advertising business to create a structure where the new digital business and the legacy businesses both reported into the same person, allowing them to both run the businesses in an optimal manner and at the same time share lessons across the two. He believes that BARB needs to be able to "move at the speed of the fastest rather than the speed of the slowest" of its stakeholders and suppliers. Creating a new BARB underpinned with a hybrid data set is what will make it fit for the future.

Sharrocks also defends BARB against what he calls easy barbs from the big digital players who look at BARB as old-fashioned and out of touch. "Yes, it is more challenging to get the data we're looking for and yes it is taking a bit longer, but I think the big digital players realise that their challenges are a lot bigger than they first thought. The digital players jump from what is device-based data and refer to it as audiences but it isn't," says Sharrocks. "Advertisers aren't interested in just knowing that the set is on, they want to know who's sitting on the sofa."

Sharrocks believes that BARB needs to both continue to embrace innovation and yet keep what it does best front and centre. It's about moving the gold standard that BARB continues to provide today into a hybrid data future without throwing the baby out with the bathwater.

US-born Kate Bulkley is a journalist based in the UK with over 30 years' experience covering media and technology.

DOVETAIL BRINGS TOGETHER MANY TECHNIQUES TO ANSWER OUR CUSTOMERS' QUESTIONS – WE HAVE TO REMEMBER THAT ADVERTISERS WANT TO KNOW WHO'S SITTING ON THE SOFA, NOT JUST THAT THE SET IS ON

THE GLOBAL PERSPECTIVE

Telly has never been as good or as exciting. Still highly resilient globally, as it adapts and expands into digital audio-visual opportunities, TV has new direct competitors like You Tube, Facebook, Netflix and Amazon. New or extended consumer services and monetization models are emerging at a frightening pace, with new viewing opportunities across the screens and in most locations.

Simon Thomas
MEC & GroupM
Global Analytics and Insight

In contrast many countries' cross-screen TV + Online Video audience measurement solutions are in development, or do not effectively measure mobile / app based viewing, perhaps use unsuitable data fusions, or cannot get access to potentially key data such as STB Return Path Data. Or, such projects just do not exist in many countries yet.

Contrary to some claims, neither TV itself, nor the 30 second spot are dead quite yet. Live viewing will remain a significant share of total viewing around the globe for years to come, but for younger digital native audiences VOD and catch-up viewing on all screens is growing rapidly.

Advertisers and media agencies find it increasingly difficult to understand why non-linear audience measurement has not evolved fast enough to reflect these changes in viewing patterns amongst key audiences, or offer cross-screen planning and trading currencies. This is a continued handicap in investment accountability and justification for increased shares of spend in brand building campaigns. Something has to change given the $225 billion (Source: 2015 forecast, GroupM) spent on television advertising around the world.

The marketeers' primary focus remains on the consumer, and the content and context within which the brand experience and message is delivered. Accurate granular multi-screen video audience measurement metrics for both programme content and advertising spots that are available in a timely manner and at an affordable cost are crucial to investment accountability.

THE UK IS ONE OF THE MOST COMPLEX AND RESPECTED MARKETS IN THE WORLD – BARB HAS ADOPTED A PRAGMATIC BALANCE BETWEEN ROBUST METHODOLOGY AND ACCURACY

In the UK BARB has adopted a pragmatic balance between robust methodology and accuracy, scoping for traditional panel depth, but also granularity across broadband/4G channels – and of course it all has to be affordable to the industry stakeholders who pay.

The UK is one of the most complex and respected markets in the world, and BARB is often looked at as a gold standard or template by other countries. But even BARB is facing challenges in delivering audience data on the new consumption patterns. But doing a daily overnight fusion under Project Dovetail is a unique challenge to overcome for anyone.

Apart from in France, we are seeing hybrid panel hubs with fused census data solutions developed in more European countries based on the UK, Dutch and Swedish pilots. These hybrids will measure consumer exposure across live, timeshift, catch-up and pure demand VOD, increasingly covering multiple screens and platforms for the main channels and their online properties.

But where JICs (Joint Industry Committees) / MOCs (Media Owner Committees) exist, how far will the measurement coverage extend across the new broadband and mobile video channels? Or perhaps these channels might develop their own measurement currencies? In the US the emergence of Rentrak set-top box measurement might see Nielsen's panel approach threatened due to the unique structure of the US AV marketplace.

The digital side of the business such as the IABs in the US and around Europe, and organisations like 3MS in the USA, have introduced a consumer based metric of "viewable" impressions or eGRPs. These may help bring online measurement more in line with our traditional panel based TV measures, but for too long machine impressions and last-click attribution has been the assumptive currencies of the new digital publishers. With 'viewable' consumer based metrics, it enables a basic level of combined net reach and GRPs to be reported to advertisers

The increasing complexity and innovation means that the industry will remain challenged for some time to come, and BARB is likely to be one of the leading organisations, alongside for example SKO, Mediameterie in France, and MMS in Sweden. However major global advertisers, their network agencies, and some of the disruptive new media channels may not be prepared to wait for sophisticated solutions to finally emerge after years of development.

Global respect for BARB is regularly confirmed to me in my international travels, and their robust research approaches are unashamedly plagiarised by some. Our industry worldwide has a tough balancing act to achieve in getting accurate, innovative audience measurement that meets everyone's needs, that can incorporate wider big data usage for analysis and evaluation at a cost each marketplace is willing to pay. It looks to me to be a finely judged challenge.

And of course we all wanted it all yesterday – globally.

CHAPTER **3**

TRENDSPOTTING

A QUICK REALITY CHECK

If its prospects were to be measured solely in terms of favourable media coverage, then Netflix would be guaranteed a very bright future indeed.

Netflix has as an effortless ability to capture headlines and beneath these headlines, there's almost always a glowing analysis constructed around a two-part narrative: firstly, that its recent subscription growth will inevitably accelerate; and secondly, that we're now witnessing a genuine structural break from the past. The Netflix generation, it is argued, won't own a TV set and will have absolutely no exposure whatsoever to traditional linear TV channels.

In other words, it's almost always presented as a paradigm shift story, with Netflix (and other similar subscription video on-demand services like Amazon Instant Video) billed as nemesis for the TV establishment.

As we've pointed out elsewhere (in our broader analysis of platform uptake) Netflix is not exactly the first digital platform to be given this sort of billing. Clearly, though, it has outgrown its heritage as a DVD rental business and has successfully evolved into a premium online subscription platform whose flagship programming property, House of Cards, continues to win critical plaudits.

In the fourth quarter of 2014, it put on around 4m new subscribers worldwide to hit 57.4m and it now expects, at the very least, to repeat that growth each quarter. Our figures here show that 14.1% of UK homes now subscribe.

It's a bold strategy. Though, as more experienced TV companies know only too well, money is no guarantor of audiences. Sceptics will tend to point out, for instance, that Netflix's most recent flagship commission, Unbreakable Kimmy Schmidt, is actually an NBC reject.

Good programming will obviously attract viewers - and no one's quibbling about the likes of House of Cards. But if you're after evidence of a paradigm shift, then you should look away now. The most telling nugget from our main bar chart is the notion that Netflix indexes poorly against households that don't have a TV. (The households that probably consume video entertainment via broadband on other sorts of digital screen.)

In other words, digital natives are not huge fans of Netflix. Actually Netflix viewers tend to be found in cable households (Virgin Media promotes it as part of its TiVo package); they tend to be people who own three or more TV sets and also subscribe to sports and movie packages. They are, not to put too fine a point upon it, inveterate telly addicts.

It's also interesting to note that the SVOD market as a whole in the UK was actually flat in the fourth quarter, with modest Netflix growth coming at the expense of a small loss at Amazon. Competition in this sector will intensify if YouTube goes ahead with plans for introducing paid for subscriptions.

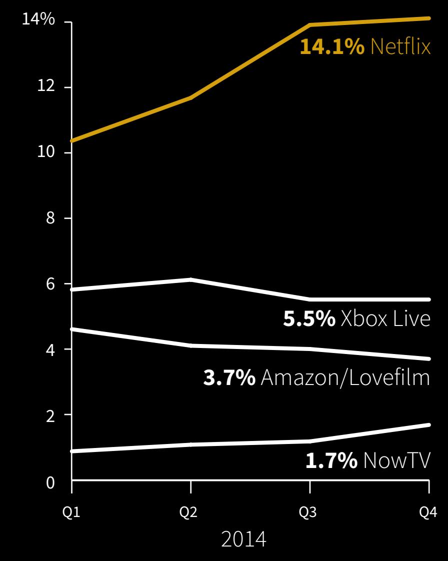
This isn't to suggest there's cause for complacency at the big TV networks. Far from it. In the future modest Netflix successes may begin to exercise disproportionate effects on share of viewing. But the point here is that this is likely to be an old-fashioned sort of programming battle, taking place on the more level playing fields of entertainment brands and perception of content quality.

There's an unshakable millenarian faith in some quarters of the business world that established TV networks will ultimately suffer the same sort of fate as, say, Eastman Kodak in the world of photography. Based on our analysis of the figures here, we'd suggest that this doomsday scenario is, to say the least, unlikely to be triggered by the rise of Netflix.

NETFLIX VIEWERS ARE NOT DIGITAL NATIVES, THEY ARE HEAVY TV VIEWERS – FUTURE BATTLES WILL BE BASED ON THE QUALITY OF PROGRAMME CONTENT AND CHANNEL BRAND LOYALTY

HEADLINE NUMBERS

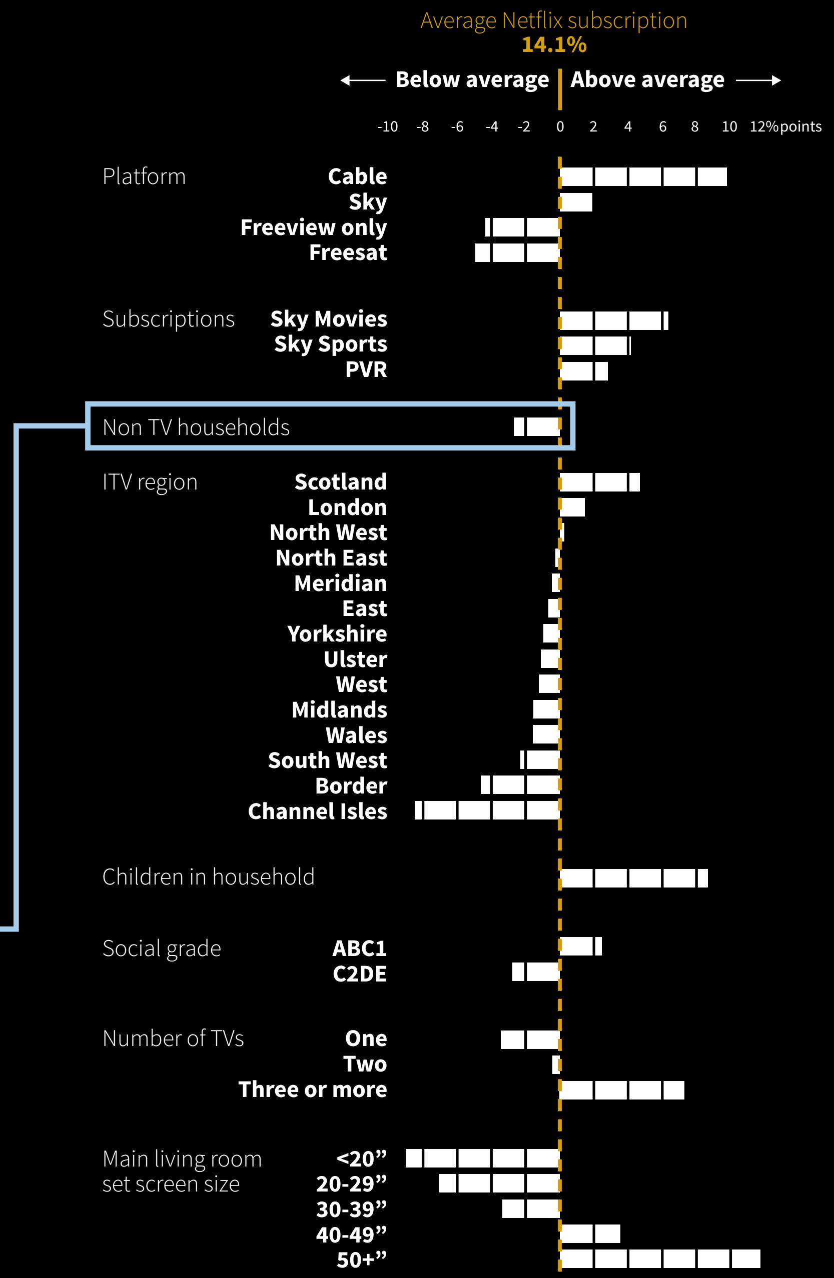
% of homes subscribing, 2014



Digital natives are not huge fans of Netflix

WHO SUBSCRIBES TO NETFLIX?

Netflix subscriptions compared across different households, Q4 2014



Source: BARB Establishment Survey

THE ON DEMAND FACTOR

In our last viewing report, we pointed out that our catch-up TV behaviour hadn't changed much in recent years. Then we went on to argue that it wasn't likely to change very much in the foreseeable future.

Well, we were wrong. There's something new happening here. It's not massively significant as yet… but if it matures into a full-blown trend, it will have huge implications.

In short, the shape of our playback curve, derived from an analysis of Sky users, has changed, and the theory is that it has changed thanks to the advent of Sky On Demand.

To date, the playback curve has tended to indicate that, when we timeshift stuff, we don't shift it by very much. In fact, every year going back to 2008, 24 hour timeshift has accounted for almost 60% of Sky timeshift.

This year, the 24 hour playback figure on Sky playback is closer to 50%. The big question is: why? Is this because of the arrival of Sky On Demand?

Sky On Demand is a hybrid service. It offers access to the material that the major broadcasters offer via their internet catch-up platforms; but when you select a programme, you can't stream it directly to your TV, it downloads onto your hard drive and you have to access it via your planner, where it sits alongside all the other programmes you've recorded.

It's proving popular. We're now able to measure Sky On Demand usage against the conventional use of the Sky+ pvr: in July 2013, On Demand accounted for just over 6% of all Sky timeshift; by December 2014, the figure was 11%.

This growth in popularity is almost certainly the main factor reshaping our playback curve. By splitting out the timeshift curve between Sky+ playback and On Demand viewing, it is clear to see the shift in behaviour and significance this has. Just looking at 28 day timeshift in its own right, around 60% of Sky+ playback is performed within 24 hours of broadcast, compared to around 30% for On Demand timeshift. This represents a clear divergence and change in the way people are consuming content in relation to its broadcast date and time. Obviously, almost by definition, On Demand usage will impact on the 0-24 hour timeshift figure. After all, some material isn't even available online until 24 hours after broadcast.

Yet that doesn't entirely explain what's going on here. Of course, it might just be a reflection of the fact that our relationship with technology gets more complicated every year. We have so many different ways to access content; perhaps, as a direct consequence, we don't rush to access shows we've not been able to watch live.

And yet, while this sort of speculation is fascinating, we shouldn't lose sight of the immediate reality, which is that total timeshifted viewing is increasing. Up from 11.3% in 2013 to 12.3% last year, it makes a hugely valuable contribution to overall viewing figures.

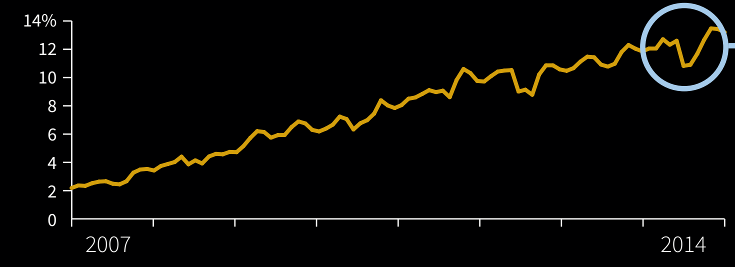
And that's before we consider 8-28 day viewing figures, which don't show up in the Total TV ratings (they are based on the 7-day total): across 2014, 8-28 day timeshift added an extra 1.67%.

Changes to the shape of the playback curve are, to say the least, interesting. One thing's sure: it's a phenomenon we'll continue to monitor very closely indeed.

THE SHAPE OF THE PLAYBACK CURVE IS CHANGING – IN JULY 2013, ON DEMAND ACCOUNTED FOR JUST OVER 6% OF ALL TIMESHIFTED VIEWING IN SKY HOMES; BY DECEMBER 2014, THE FIGURE WAS 11%

TOTAL TIMESHIFTED VIEWING IS INCREASING

% timeshift viewing



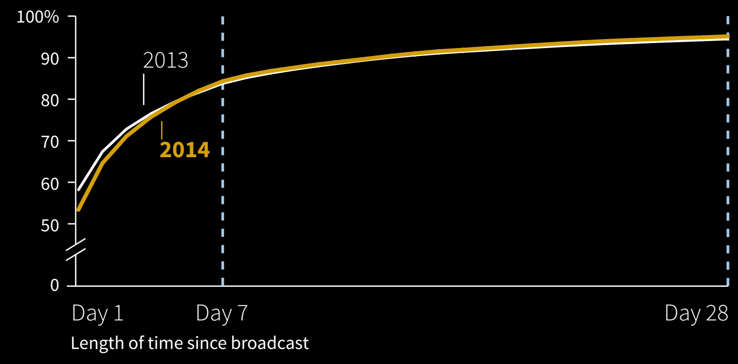
Average timeshift viewing in 2014

12.3%

Up from 11.3% in 2013

A SHIFT IN TIMESHIFTING

% of Sky timeshift by length of time since broadcast, 2013 and 2014



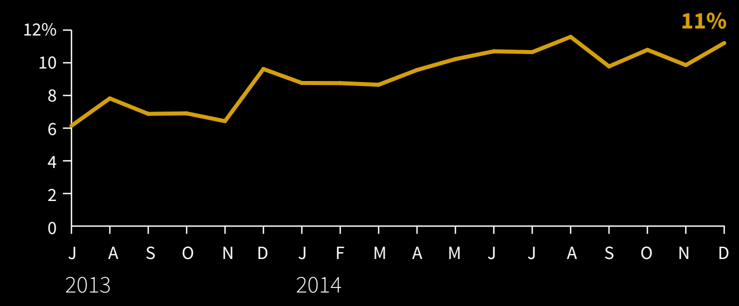
In 2014 8-28 day timeshift added

1.67%

to total viewing figures

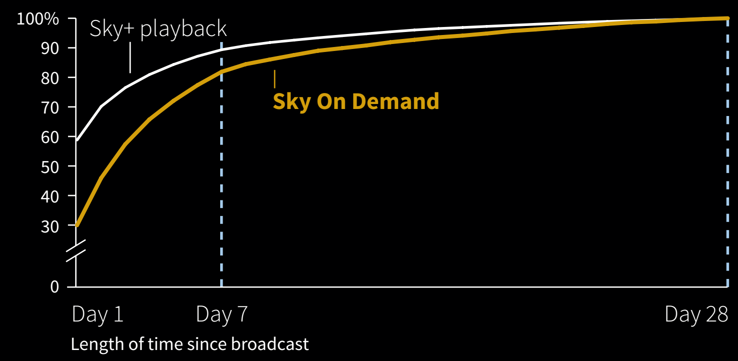
THE ADVENT OF SKY ON DEMAND

Sky On Demand's % share of all Sky timeshift viewing



CHANGING BEHAVIOURS?

% of 28 day Sky timeshift viewing by length of time since broadcast, 2014



Source: BARB, RSMB

PVR: LONG-TERM LEADER?

Is the PVR merely a stop-gap technology? Is it about to suffer the fate of its 80s and 90s precursor, the VHS-chewing video cassette recorder?

Some observers, most notably at the early-adopting end of the tech market, have been asking these questions for the last couple of years now; but last year, people in the wider media world began asking them too.

And indeed, in the last Viewing Report, we confessed we were somewhat perplexed by the shape of the PVR ownership curve. Surely, we argued, the PVR has to be regarded as one of the cornerstones of civilised domestic life in the 21st Century. And yet our bar chart shows penetration beginning to plateau out at around three quarters of UK households.

Of course it's always possible to point out that there's no universal rule for predicting the uptake curve of a domestic appliance, even one absolutely destined to become a mainstay of all our lives.

TV, after all, took a while to get going. In both the UK and the US, household penetration of TV sets was just shy of 10% in 1950. The curve broke the 90% mark in 1962 in the US; in the UK, we had to wait until 1967 to reach the same point.

So the PVR curve isn't all that shabby in comparison, having climbed from just under 10% penetration to around 75% in seven short years.

Yet it's now possible to argue that we're not a million miles from the high water mark where the PVR is concerned. And comparisons with the fate of the VHS machine are interesting.

In both the US and the UK, penetration of the VHS machine peaked at around the 90% mark then began declining just after the turn of the century as the PVR began to make VHS look like a temperamental and antiquated technology.

Likewise, in 2015, it's possible to ask: Who needs a pvr when you can have (internet-delivered) video on-demand?

And yet, the difficulty with this analogy is that the cassette player was unambiguously superseded in the late 1990s. Online video on-demand hasn't quite delivered that killer punch. It doesn't deliver what the PVR does. Not yet.

Simply put, we're a long way away from seeing the emergence of an online TV content cloud. Outside of the four-week catch-up window, online video on-demand is good for some movies and the sorts of TV properties that have attained box-set status, but very little else.

If you want to keep quirkier stuff, you really do have to curate your own content on the hard drive of your PVR. The pool of archive material is still relatively shallow.

And, as our figures show, there's a wide spectrum of timeshifting behaviours these days. The people who find their PVRs indispensable are those with the greatest pressures on their time: hard-pressed housewives with children, young adults who are out on the town during peak time and people who work long hours. In contrast, if you're over 65, the chances are that you'll have the ample opportunities to watch live TV.

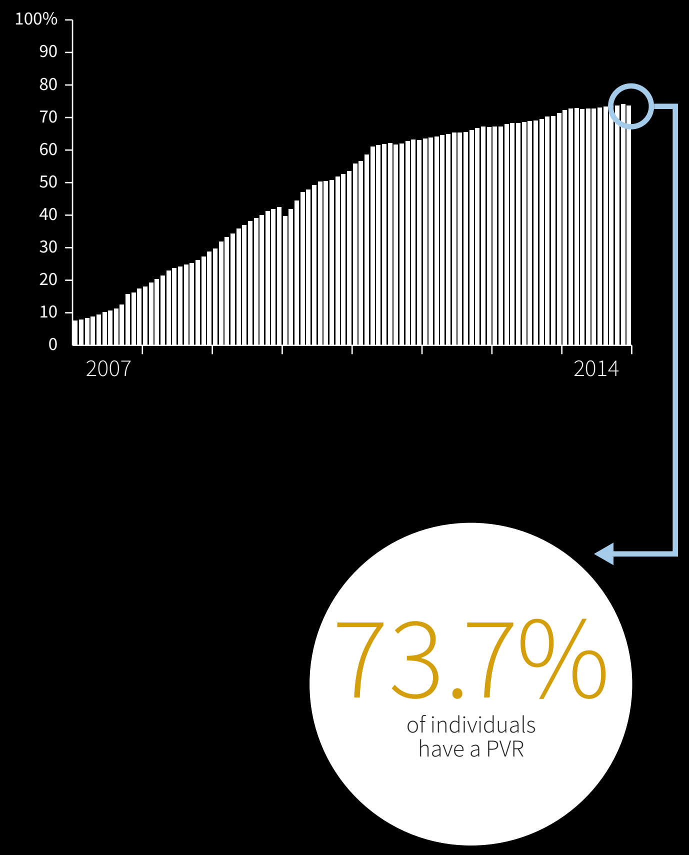
So, are the PVR-less 25% of households holding out for the advent of next-generation VOD services? It's possible, of course. But it's also possible that these are households turned on by neither technology nor television.

It's a thought.

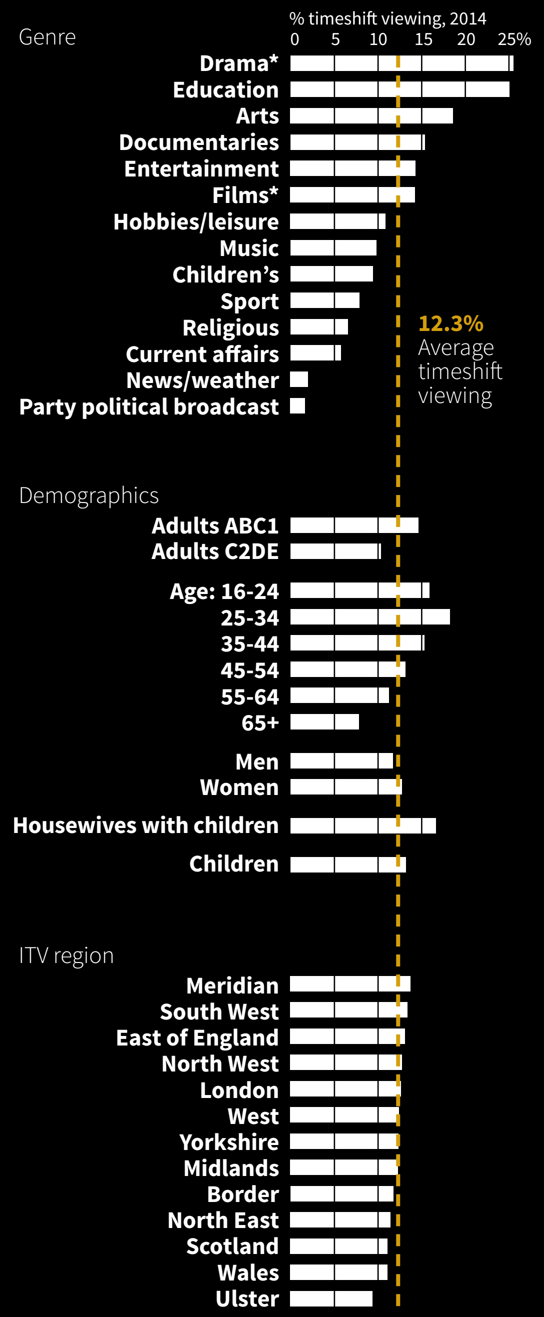
WE ARE STILL A LONG WAY FROM THE ONLINE TV CONTENT CLOUD – OUTSIDE OF THE FOUR WEEK CATCH UP WINDOW, ONLINE VOD IS BEST FOR MOVIES AND BOX SET QUALITY CONTENT

THE PVR HIGH WATER MARK

% of individuals with a PVR



TIMESHIFTING BROKEN DOWN BY



** Drama includes series, soaps, single plays; films include cinema, TV and other, Source: BARB*

ALL IN THE FAMILY

The channel story is about stability and continuity, especially if you look not so much at individual stations but at families of channels.

True, the BBC's plan to make BBC3 a wholly-online brand, might cause us to revise this theory somewhat. The move, planned for later this year, is likely to impact on the BBC's totality of viewing. Yet the BBC is almost certainly working on strategies to compensate by improving the pulling power of its other channels.

And if there's one thing that our share data tell us, it's that media owners have become highly adept at portfolio management. It's never good news when your lead assets lose share but it's far easier to swallow if there's a compensating upswing at less high profile channels within the family.

ITV, Channel 4 and 5 now have a good spread of assets complementing their flagship brands; while, of the major players, Sky is clearly the most diversified (in share terms) family of all.

In terms of absolute winners and losers, the margins are slender. It's worth noting that the BBC family was slightly up in 2014 year-on-year (though we're talking about a gain of less than a percentage point) while all of its major rivals (its fellow "terrestrial" families plus Sky) were slightly down.

UKTV, Viacom and Discovery all recorded modest gains. Yet we shouldn't get carried away here. The long tail is still a long way away from wagging the television dog: the top five channels on the EPG still account for 52% of all viewing.

A notable change this year is the appearance of CSC Media at number ten.

CSC, formerly Chart Show Channels, has a fascinating corporate history: evolving from a single television programme, The Chart Show, originally ran on Channel 4 in the late 1980s before moving on to ITV.

The show's production company then used the programme's format as the kernel for a standalone music channel; when that proved a success, it began building an empire by launching or acquiring other entities in this space. The company now owns 15 channels across music, general entertainment, movies and children's genres.

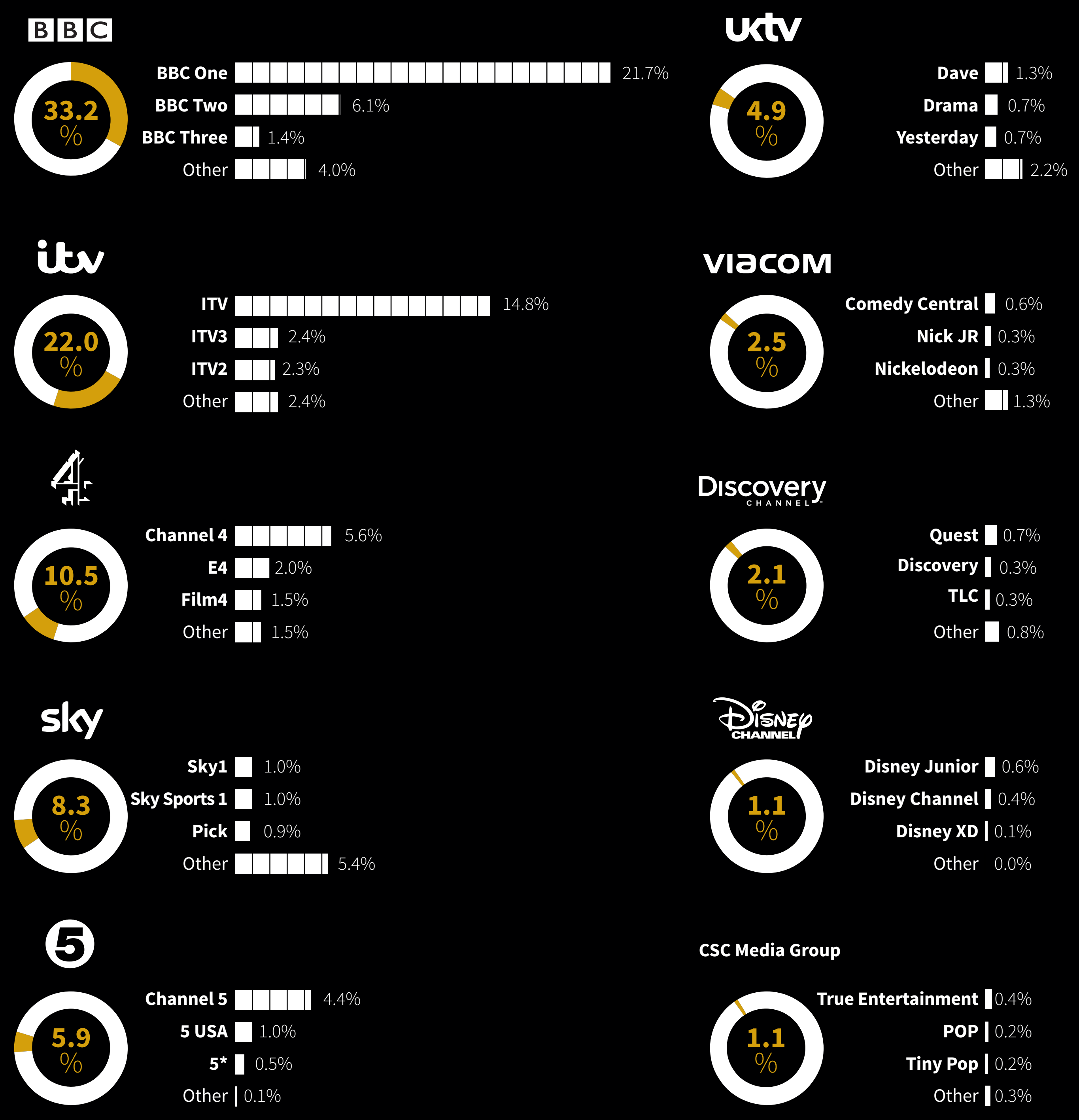
It's an intriguing story about what can be achieved by stitching together modest (and not so modest) propositions aimed at relatively niche but well-defined audiences.

It proves that our Family Fortunes-style league table is not exactly set in stone. It's further evidence for the proposition that there's life outside the established television giants and the multinational media conglomerates.

THE LONG TAIL IS STILL A LONG WAY AWAY FROM WAGGING THE TELEVISION DOG – THE TOP FIVE CHANNELS STILL ACCOUNT FOR 52% OF ALL VIEWING

FAMILY FORTUNES

% share of audience, 2014. For the Top Ten broadcaster groups



Where applicable, channels include HD and +1 variants. Source: BARB

SHIFTING GENRES

If you didn't already have an inkling about this and were asked to guess the rankings here, you'd probably struggle to come close. Yes, you'd stand every chance of getting the first two. Entertainment, not least shiny floor talent shows; and drama, including soaps. These two genres have always been the mainstays of early peak. But would you guess documentaries for the third spot? Above sport and films? Probably not.

And would you have reckoned on the declining importance of films? The performance of this category, going back over the last few years, is perhaps slightly surprising, given the amount of movie material that appears most nights on the first couple of pages of the EPG.

A closer inspection might remind you of the fact that free-to-air channels don't offer much on the way of premium and first-run movie content. So the status of this category in raw ratings terms is surely a reflection of the fact that subscription TV has been so successful in bidding for the plum properties. The ratings potential for a film in pay-TV is, by definition, slightly diminished.

And that's an issue in the sports genre too, though the subscription effect is by no means as pronounced, thanks to the Government's policy on protecting "Crown Jewels" events for free-to-air broadcast.

That policy is subject to almost inexorable erosion, however; and it was telling that Sky recently picked up rights to golf's Open Championship; a development that would have been unlikely even five years ago.

In short, sport's ratings performance depends largely on whether it has been a good year for Crown Jewel events: and as a consequence it tends to be the wild card in our genre analysis.

Last year, for instance, was a bumper year for feel-good festivals of international tournament sport on free-to-air TV. We had the Winter Olympics in Sochi in February, the Fifa World Cup in Brazil in June and July and the Commonwealth Games in Glasgow in July and August.

A good year for sport usually means a relatively poor year for other mainstream genres and, indeed, this proved the case in 2014. But it's worth remembering that this is only relative; there's every reason to believe we're still in the midst of a Golden Age of television drama and entertainment. Some segments of the tech industry may not like it, but the medium, creatively, is still in very fine fettle indeed.

As for documentaries, our unlikely entry at number three, the relative strength of this category from year to year depends largely on the way that individual broadcasters choose to classify individual programmes.

In short, there's only one real nagging worry about the genre figures. It's worth mentioning this because in last year's report we reckoned we could actually see some grounds for optimism here.

We're talking about kid's TV, which during 2014 slipped below a 5% share for the first time ever.

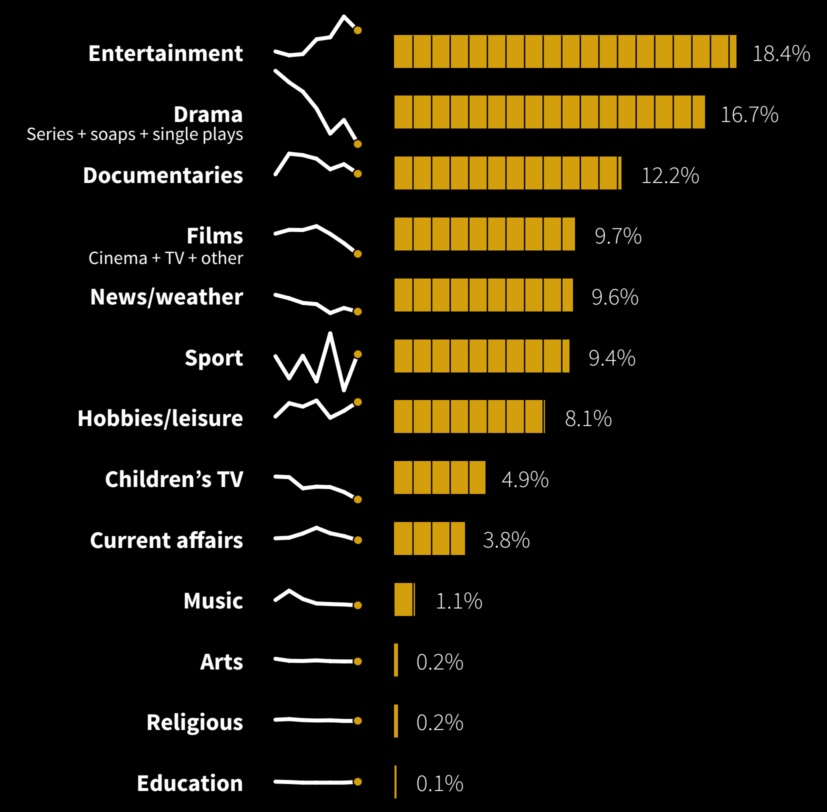
There are all sorts of good moral reasons why the medium shouldn't shirk its duty in this area and there are equally pressing pragmatic imperatives too. It has always been acknowledged that every generation falls out of love with TV in its late teens and early 20s, yet finds its way back as it settles down.

What will happen, though, if people never get the chance to fall in love with TV in the first place?

THE DATA REFLECT THAT WE ARE STILL IN THE MIDST OF A GOLDEN AGE OF TELEVISION DRAMA AND ENTERTAINMENT – THE MEDIUM, CREATIVELY, IS STILL IN VERY FINE FETTLE

THE GENRE RANKINGS

Trend in % share of audience, 2008–2014 % share of audience, 2014



THE DECLINE IN THE IMPORTANCE OF FILMS

Number of films on TV with an audience over 2.5m, and the Top Ten 2004 and 2014

Source: BARB

2004 Top Ten
1 Shrek
2 What Women Want
3 Unbreakable
4 Die Another Day
5 Harry Potter And The Philosopher's Stone
6 About A Boy
7 What Lies Beneath
8 Lara Croft: Tomb Raider
9 The World Is Not Enough
10 Bridget Jones's Diary

2014 Top Ten
1 Skyfall
2 Marvel Avengers Assemble
3 Harry Potter And The Deathly Hallows: Part 2 (on 1 January)
4 Puss In Boots
5 War Horse
6 Madagascar 3: Europe's Most Wanted
7 Harry Potter And The Deathly Hallows: Part 2 (on 30 December)
8 Indiana Jones And The Kingdom Of The Crystal Skull
9 Kung Fu Panda 2
10 Pirates! An Adventure With Scientists

MARKET RULES STILL RULE

YouTube was ten years old on Valentine's Day earlier this year. It was hailed in 2005 as the most potent game changer in a generation. Indeed, it has inspired the launch of a whole host of online television services, some of them very successful, some less so.

To drop a few names in no particular order: the BBC iPlayer, the catch-up services of the commercial broadcasters, SeeSaw, Apple TV, Hulu in the US and Joost everywhere (and then nowhere).

The latest game changers are the SVOD platforms like Amazon Instant Video and Netflix. (We look at them in detail on page 26.)

New delivery systems are always likely to drive new behaviours. It has been a decade in which we've never been far away from assertions that conventional TV is dead. Or is dying. Or will soon be dead. Why bother watching on a clumsy old TV screen when you can access the content you want, when you want it, on your own portable, personal screen?

Come to think of it, why bother owning a TV set at all?

In short, the YouTube years have added up to a decade of perpetual revolution.

Or so you'd think. Actually, in some respects, we've barely left square one. Behaviour patterns are considerably less volatile than people would have you believe.

In 2013, there were 1,070,000 households with broadband but no conventional TV set. In 2014, the figure was 1,103,000. That's 4.3% of all households.

Yes, as you'd expect, the pattern is most pronounced when you look specifically at younger demographics living in the areas of densest population: 12.4% of households predominantly containing 16-24-year-olds in "metro" areas have broadband but no TV.

But you could argue that, from a historical perspective, the 4.3% figure is remarkably low. Granted, the number of TV-less households with broadband has grown threefold since 2009. But on the other hand, the generation of digital natives, those who were in their teens and early 20s when YouTube launched, are now in their 20s and early 30s.

And somewhere along the way, seemingly, they've been persuaded that it might be a good idea to acquire a TV set. In other words, our figures here tend to suggest that reports of the death of the TV medium, as envisioned by some elements of the digerati, are slightly premature.

Of course, there's more work to be done in exploring what's really happening in the broadband-only universe. To this end, we're bringing forward plans to recruit a new panel, around 200-strong, representing just these households.

As for the market share split for the dominant TV delivery platforms, the picture remains relatively stable. Cable is a largely urban choice, largely because it's not widely available in areas of low population density.

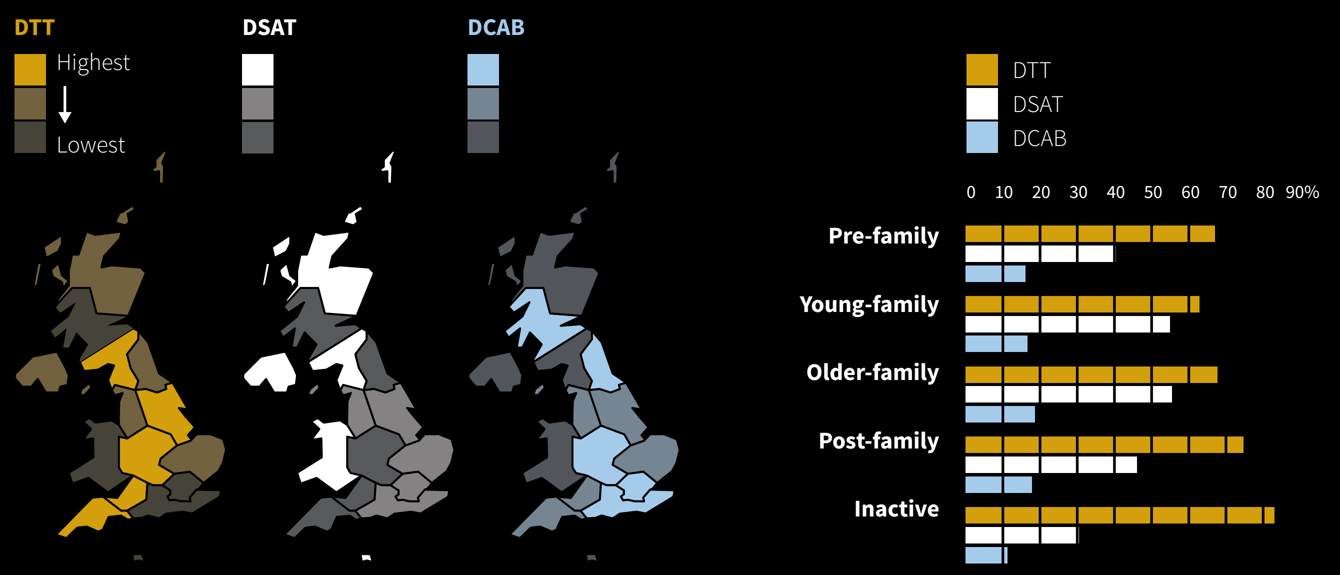
Satellite still boasts a good spread across the whole spectrum of life-stage groupings. But the most interesting life-stage profile, as far as platform penetration is concerned, is the inactive (formerly known as retired) category. There are 8051 homes (31% of the UK total) in this classification and it's possible to speculate that these are the households least likely to contain digital early-adopters: 83% of them have DTT, only 11% have cable.

YOUTUBE WAS LAUNCHED IN 2005 AND HAILED AS THE MOST POTENT GAME CHANGER IN A GENERATION – AFTER 10 YEARS THE NUMBER OF TV-LESS HOUSEHOLDS IS STILL ONLY 4.3%

THE MARKET SHARE SPLIT REMAINS RELATIVELY STABLE

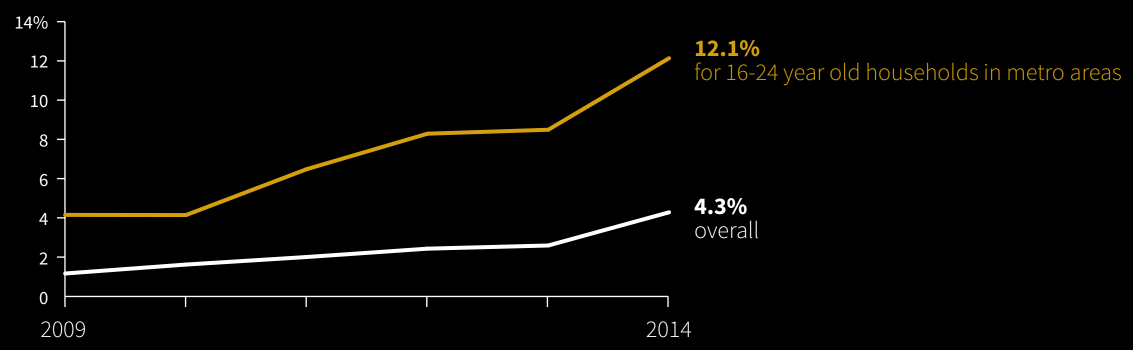
% platform penetration by ITV region, 2014

% platform penetration by lifestage demography, 2014*



EVEN DIGITAL NATIVES END UP OWNING A TV

% of homes with broadband but no TV



* Total penetration figures exceed 100% since households can have more than one platform. Source: BARB Establishment Survey, year measured as 12 months to end-June, 2014 to end-December

BIGGER IS NOT ALWAYS BETTER

As always, our deliberation of trends in screen sizes comes in three compartments: the very large, the very small and the very real reality of our living spaces in the here and now.

First the very large. Those who believe that the future will be about gargantuan screens headed again this year to the Consumer Electronics Show in Las Vegas, where this time around there was an added twist (or should that be curve?) to the sales pitch: the pick of the huge (100 inch +) screens were parabolic or concave in shape.

Why? It boils down to basic ergonomics. In any normal-sized room you're never going to be able to take in the whole of a 100 inch TV screen. After all, you wouldn't choose to sit inches away from a cinema screen, would you? To get any enjoyment from a huge screen you have to be more than 20 feet away from it. With the average size of our rooms getting smaller every year, we just don't have the space to accommodate leviathan furniture of any sort.

The concave screen notion is a (partial) attempt to address this viewability problem: it's designed to give you a more immersive experience, one in which, according to one CES enthusiast "viewers can see more of the picture without moving their heads."

Interestingly, this immersive notion is also one that's starting to drive the agenda at the other end of the size spectrum. Over the course of the last year or so, those who believe that tiny screens are the way forward have been exploring three related product philosophies: systems for suspending "heads up" displays in your near field of vision (Google Glass); wrap-round virtual reality headsets (Oculus Rift); and hands-free structures for dangling your smart phone in front of your face (Google Cardboard, Samsung Gear VR and an as-yet-unnamed product from Apple).

The signals here are mixed: the plug was pulled (though perhaps only temporarily) on Google Glass back in January; but Oculus, which was acquired by Facebook in July 2014 in a deal valued at over $2 billion, is now gearing up for launch.

Understandably, Facebook is confident that the system, which features a 5½ inch display (about the width of the average head) encased in a sealed "scuba mask" unit, will change the way we interact with all audio visual content, from games to TV.

Meanwhile, back in the UK's living rooms, we continue to watch TV on modestly-sized flat screen TVs. And yes, the average size is continuing to increase. But not by much. As predicted in the last Viewing Report, a majority of UK homes now owns a TV screen in the 33-50 inch classification. 3% (up a point on last year) now own a 51 inch plus screen.

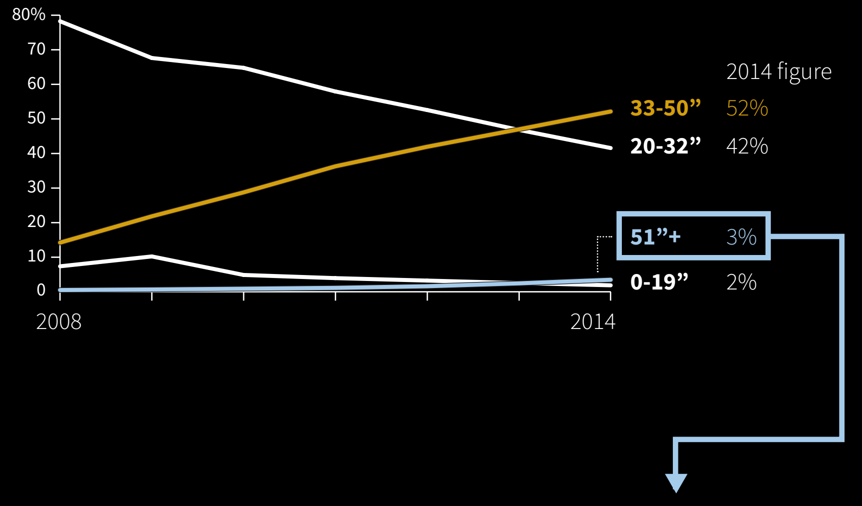
Lastly, it is with great sadness that we can confirm the continuing demise of 3D TV. 3D was heralded in 2010 as the future of television; however, with viewer interest lukewarm at best, the BBC decided to phase out production in 2013 and last autumn, Sky revealed that it was no longer going to offer Premier League matches in 3D. Football was the cornerstone of Sky's marketing strategy here; so, although other 3D content is still available, the party is essentially over.

The major set manufacturers are continuing to ship "3D ready" sets but their "replacement cycle" strategies will now focus on persuading people to trade up to ultra high definition (also known as 4K) kit.

IN THE UK WE CONTINUE TO WATCH TV ON MODESTLY SIZED FLAT SCREEN TVS – BUT THE NOTION OF THE IMMERSIVE EXPERIENCE IS STARTING TO DRIVE THE AGENDA AT THE SMALLER END OF THE SCREEN SPECTRUM

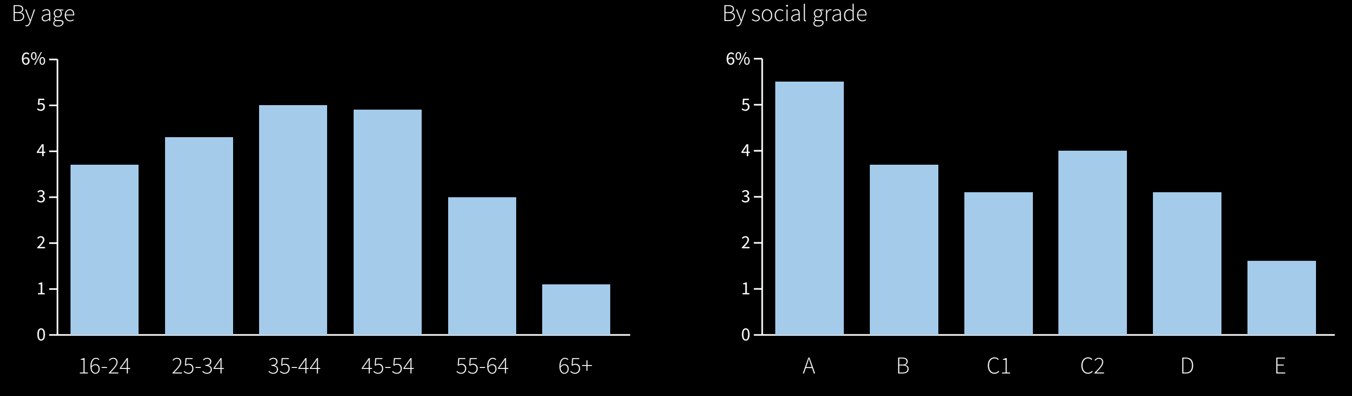
OVER HALF OF UK HOMES OWN A 33+ INCH SCREEN

% of TV homes with a maximum screen size in inches of…



UK'S LARGE SCREEN OWNERS

% of each age or social grade owning a 51"+ screen, 2014



Figures may not add up due to rounding Source: BARB Establishment Survey, year measured as 12 months to end-June, 2014 to end-December

BARB BOOT CAMP

BARB now runs regular IPA-accredited training sessions to help those in the media and advertising industries get the most out of our data.

The two hour Boot Camp module offers an overview of the BARB panel, how it works and how the data are collected. There is also input from broadcasters, schedulers and advertisers on how the data are used. Whether you are new to the industry or just need a refresher, this module is the perfect opportunity to ask questions and get to know BARB.

So far these sessions have proved very popular and beneficial to our clients:

“*It was great to hear about how BARB actually works logistically. This is a perspective that we don't often get to see.*
Senior scheduler, BT

“*Really useful overview and refresher of key info. Good to hear about what's coming up.*
Research executive, Fremantle

We are also launching a more advanced training session called BARB Reboot. This will go into more detail about our data and help you explore their potential.

These courses will not only help you get to grips with how the BARB data work but also why they are so valued in our industries.

“*BARB data underpin some £5 billion of television trading. As the medium and the measurement become ever more complex it is essential for users to keep on top of the basics. These courses will ensure that users understand the accountability BARB provides and appreciate what it takes to create a gold standard.*
Lynne Robinson, Research director, IPA

All sessions are free and held at our offices in central London. To book a place or receive more information, please contact Client Services: sarah.mowbray@barb.co.uk

SOME FREQUENTLY ASKED QUESTIONS

What types of viewing are reported by BARB?

BARB's figure for Total TV viewing encompasses all viewing positively identified to TV channels, both live at the time of broadcast and timeshifted up to seven days after broadcast. Timeshifted viewing includes both playback of recordings and viewing to on-demand services via the TV set.

The Total TV figure includes viewing to all channels that are reported by BARB as well as viewing to the majority of non-reported channels. BARB also makes available data on these other types of viewing:

- Timeshifted viewing taking place between 8 and 28 days after broadcast, itemised by channel.
- Timeshifted viewing via Sky+ set top boxes taking place 29 or more days after broadcast, itemised by channel
- Unidentified viewing that takes place via any TV set (including smart TV), set-top box, PVR, games console, DVD or blu-ray machine and streaming devices such as Apple TV, Chromecast or Now TV, such as

  – viewing to any catch-up, archive or subscription on-demand services if the content wasn't broadcast as part of a linear schedule in the last four weeks
  – use of any of these devices for other purposes - e.g. playing a game on a games console, and
  – surfing the EPG when the EPG doesn't share the screen with a TV channel.

How is viewing to online TV and video collected?

Software meters are installed on desktop, laptop and tablet computers in approximately 25% of panel homes that have a broadband connection. This proportion is growing all the time.

The meters identify television content through a combination of audio matching and the collection of metadata tags.

Data are not currently reported for online TV and video. We intend to publish, for all participating media owners, viewing to live streams and on-demand content.

Where is viewing to catch-up/on-demand services reported?

On-demand viewing is identified via audio matching. Provided the programme being viewed was broadcast on a reported channel within the previous 28 days, viewing will be matched and reported to that channel as timeshifted viewing.

If the content provided by these services has not been broadcast within the past 28 days, any viewing will be unmatched and reported as unidentified viewing.

How is viewing by platform identified?

The set meter is connected to the TV set and all peripheral devices, to identify which device is the source of the content shown on the screen. Every piece of viewing is currently assigned to one of four viewing platforms.

- Digital Terrestrial: viewing where the source of the content is identified as a TV set or set-top box able to receive DTT
- Digital Satellite: viewing where the source of the content is identified as a satellite box
- Digital Cable: viewing where the source of the content is identified as a cable box
- Other: viewing where the source of the content is a device without a means of broadcast reception (e.g. games console, streaming TV device); or, viewing to content via an internet-connected set top box that is not able to be received via broadcast.

Our website is full of data, videos and articles to keep you up to date with what's happening at BARB.

Go to the What's Next section for the latest details on Project Dovetail, as well as an animation explaining why BARB is planning a hybrid future. You can also find on our website three short videos that explain how the BARB panel currently works and how we collect our data.

Of course, we still provide consolidated viewing figures for all BARB reported channels in What's New but this now includes 28 day data too. While you're there, you can also read articles and analysis from the BARB team and other exciting contributors.

For more data and information, take a look at our Resources section. Here you can find our recent surveys, further contacts, videos, and some facts and figures going back to when it all started in 1981.

To stay updated with our latest posts and projects, join our mailing list by following the sign-up link on our website or contacting Communications: charlotte.martin@barb.co.uk

You can also contact enquiries@barb.co.uk with any questions or feedback.

Full contact details of the BARB team can be found on our website under About Us.

Remember to follow us on Twitter @BARBtelevision and you can also find us on LinkedIn as Broadcasters' Audience Research Board.

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