

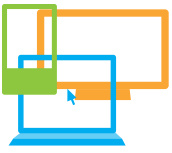
Television,
Internet and
Mobile Usage
in the US



Three Screen Report

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What Consumers Watch: Technology Enhances the Video Experience

HDTV, Timeshifting, Broadband and Smartphones Contribute to Higher Levels of Video Viewing

Video viewing across all major media platforms continues to be fueled in part by the adoption of technologies that improve the consumer experience whether it be quality or convenience. Penetration of HDTVs, DVRs, broadband and smartphones increased at double- or even triple-digit rates during the last two years.

- **HDTV:** More than half of US TV households now have a high-definition television and receive HD signals; between Q1 2008 and Q1 2010, HDTV penetration grew 189%
- **DVR:** More than a third of homes have a digital video recorder, up 51% from Q1 2008 to Q1 2010, making it possible for more viewers to watch TV programs on their own schedule
- **Broadband:** 63.5% of homes now have broadband Internet access, with high-speed connections that improve online video delivery
- **Smartphones:** Nearly a quarter of households (up 38% year-over-year) have smartphones (mobile phones with advanced operating systems), making it easier for consumers to “place shift” and watch video wherever they are

HDTV’s rapid growth is important for a number of reasons. First, high-definition raises the bar for programmers and advertisers and increases consumer experience expectations on other platforms. Second, HD sets still tend to be found disproportionately in high-income, highly educated households that are often characterized by lower viewing. HD-capable households actually watch 3% more primetime TV than

Q1 2010 Highlights:

- The amount of time spent watching television is still increasing: viewers watched two more hours of TV per month in Q1 2010 than in Q1 2009
- Average time spent simultaneously using TV and Internet in the home grew 9.8%, to 3 hours and 41 minutes per month
- The number of people who are timeshifting has grown 18% since last year to 94 million, with the average user now timeshifting 9 hours and 36 minutes per month
- The mobile video audience grew 51.2% year-over-year, surpassing 20 million users for the first time
- 52.7% of US homes now have HDTVs and receive HDTV signals

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HD-non-capable households, which may help drive viewing among segments of audiences marketers find most important.

Timeshifting, including DVR and Video-On-Demand, is another technology which appears to be bolstering consumption. The timeshifting audience increased by 14%, to more than nine and a half hours per month. As timeshifting increases, the rate of commercial viewing during playback remains steady. On average, viewers watched 45% of commercials during

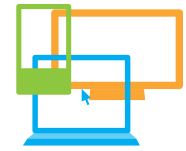


Table 1

Trended US Penetration by Technology					
	May 23	Q1 2010	Q1 2009	Q1 2008	% Dif Q1 2008-Q1 2010
HDTV: penetration of capability receivability within TV households	52.7%	47.9%	32.0%	16.6%	+ 189%
DVR: penetration within TV households	36.6%	36.2%	30.9%	24.0%	+51%
Broadband: penetration amongst individuals 2+	n/a	63.5%	60.7%	51.3%	+24%
Smartphones: penetration amongst mobile subscribers 13+	n/a	22%	16%	10%	+120%

Sources: HDTV/DVR penetration estimates derived from Install counts in National People Meter Sample. Broadband penetration derived from Nielsen's RDD/ Online panel profile questionnaire, reflected as % of individuals 2+ in US HH's with broadband internet access at home. Smartphone penetration estimate derived from Nielsen Mobile Insights surveys.

timeshifted playback in Q1 2010 compared with 43% in Q1 2009. At the same time, the continued growth of timeshifting is creating more opportunities for viewers to catch missed programs or try new ones.

Beyond the TV, technology is helping drive video use on the "second" and "third" screens. The proliferation of broadband access is bolstering online video, creating an alternative mass outlet for distributing television content and "timeshifting" long-form TV. Similarly, the increased popularity of smartphones has created yet another opportunity for

distributing video of all kinds outside of traditional broadcast and cable TV airing times and places.

In an era when many feel the quality and diversity of video content is at an all-time high, it's clear that there's more at work than programming alone. Technology enhancements also contribute significantly to the quality of the consumer experience—yet another reason today's consumers watch more video, across time and place, than ever before.

Table 2

A Week in the Life Weekly Time Spent in Hours:Minutes – By Age Demographic Q1 2010								
	K2-11	T12-17	A18-24	A25-34	A35-49	A50-64	A65+	P2+
On Traditional TV*	25:48	24:28	26:45	32:03	36:35	44:20	48:54	35:34
Watching Timeshifted TV*	1:32	1:20	1:31	3:00	2:50	2:30	1:17	2:09
Using the Internet on a PC**	0:24	0:59	2:57	5:21	6:28	5:00	2:35	3:52
Watching Video on Internet**	0:04	0:10	0:30	0:36	0:31	0:18	0:07	0:20
Mobile Subscribers Watching Video on a Mobile Phone^	n/a^^	0:18^^	0:10	0:07	0:03	0:01	<0:01	0:04

Source: The Nielsen Company. Based on Total Population in the U.S.

How to Read Table 2:

This chart is based on the total population in the US -- all 294 million Americans over age 2 -- whether or not they have the technology. As of Q1 2010 the average American spends the following time weekly: 35 hours, 34 minutes watching television; approximately 2 hours timeshifting; 3 hours, 52 minutes using the Internet; 20 minutes watching online video; and 4 minutes watching mobile video.

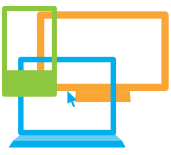


Table 3

Overall Usage Number of Users 2+ (in 000's) – Monthly Reach				
	Q1 2010	Q4 2009	Q1 2009	% Diff Yr to Yr
Watching TV in the home ^o	286,225	286,945	284,491	+ 0.6%
Watching Timeshifted TV ^o	94,599	90,768	80,066	+ 18.1%
Using the Internet on a PC ^{**}	191,301	190,885	163,110	+ 17.3%
Watching Video on Internet ^{**}	134,501	138,135	131,102	+ 2.6%
Using a Mobile Phone [^]	229,495	228,048	217,855	+5.3%
Mobile Subscribers Watching Video on a Mobile Phone [^]	20,284	17,583	13,419	+ 51.2%

Source: The Nielsen Company



Table 4

Monthly Time Spent in Hours:Minutes Per User 2+					
	Q1 2010	Q4 2009	Q1 2009	% Diff Yr to Yr	Hrs:Min Diff Yr to Yr
Watching TV in the home [*]	158:25	153:47	156:24	+ 1.3%	+ 2:01
Watching Timeshifted TV [*]	9:36	9:13	8:22	+ 14.7%	+ 1:14
Using the Internet on a PC ^{**}	25:26	26:32	29:15	-13.1%	- 3:49
Watching Video on Internet ^{**}	3:10	3:22	3:00	+ 5.9%	+ 0:11
Mobile Subscribers Watching Video on a Mobile Phone [^]	3:37	3:37	3:37	Flat	0:00

How to Read Table 4:

As of Q1 2010 the 292 million people in the US with TVs spend on average 158 hours, 25 minutes each month tuning into television. Q1 2010 data shows that 134 million people watching video on the Internet spent on average 3 hours, 10 minutes during the month doing so. As of 1Q10 the 20.3 million people who watch mobile video in the US spend on average 3 hrs, 37 minutes each month watching video on a mobile phone.

Source: The Nielsen Company. Based on total users of each medium.

Editor's Note for Table 4: TV viewing patterns in the US tend to be seasonal, with TV usage higher in the winter months and lower in the summer months, sometimes leading to a decline in quarter to quarter usage.

Editor's Note for Tables 3 & 4: Due to enhancements to Nielsen's online measurement services (Nielsen Netview and Nielsen Video Census) in June 2009, current online data is not trendable before June 2009.



Table 5

Monthly Time Spent in Hours:Minutes – Age Demographic Q1 2010								
	K2-11	T12-17	A18-24	A25-34	A35-49	A50-64	A65+	P2+
On Traditional TV*	114:04	108:05	124:22	143:32	161:51	195:17	218:48	158:25
Watching Timeshifted TV*	6:48	5:54	7:04	13:30	12:36	11:01	5:47	9:36
Using the Internet on a PC**	4:28	8:16	22:28	30:16	32:29	28:14	22:53	25:26
Watching Video on Internet**	1:24	2:09	5:33	4:30	3:34	2:20	1:27	3:10
Mobile Subscribers Watching Video on a Mobile Phone^	n/a^^	7:13	5:47	3:15	2:53	2:10	1:44	3:37

Source: The Nielsen Company. Based on total users of each medium.

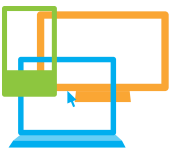


Table 6

Video Audience Composition – Q1 2010									
	By Age Demographic							By Gender	
	K2-11	T12-17	A18-24	A25-34	A35-49	A50-64	A65+	F2+	M2+
On TV*	10%	6%	8%	12%	22%	24%	18%	54%	46%
On the Internet**	7%	6%	8%	17%	30%	23%	10%	54%	46%
On Mobile Phones [^]	n/a ^{^^}	19%	15%	29%	26%	10%	2%	45%	55%

Source: The Nielsen Company. Based on total users of each medium.

Table 7

Persons 2+ Watching TV and Using the Internet on a PC Simultaneously At Least Once Per Month at Home ^{ooo}				
	March 2010	Sept 2009	March 2009	% Diff Yr to Yr
% of Persons Using TV/Internet Simultaneously ^{ooo}	58.7%	58.7%	61.5%	-4.6%
Estimated Number of Persons Using TV/Internet Simultaneously (000) ^{ooo}	133,907	133,389	138,002	-3.0%
Time Spent Simultaneously Using TV/Internet Per Person in Hours:Minutes	3:41	3:11	3:21	9.8%
Average % of TV time Panelists spent also using the Internet	3.4%	3.1%	2.6%	29.0%
Average % of Internet time Panelists spent also using TV	33.9%	30.1%	29.6%	14.6%

Source: The Nielsen Company

FOOTNOTES FOR CHARTS ABOVE:

- ° TV in the home includes those viewing at least one minute (reach) within the measurement period. This includes Live viewing plus any playback 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.
- * TV in the home 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.
- ** Internet figures are from home and work. 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 monthly averages over the course of the quarter. Due to enhancements to Nielsen NetView and Nielsen VideoCensus in June 2009, trending of previously-reported data with current results may show percentage differences attributable to these product enhancements.
- [^] The average monthly unique users of mobile phones and mobile video in Q1 2009, Q4 2009 and Q1 2010, projected based on Nielsen telecom flowshare, surveys and historical CTIA projections of US wireless subscriptions. 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 who access mobile video through any means (including mobile Web, subscription-based, downloads and applications). In the Q1 2010 Three Screen Report, Nielsen updated the methodology for "People using a mobile phone" to the 13+ population to align with the projection of mobile video viewers, and all other mobile video estimates.
- ^{^^} Nielsen's mobile survey reports mobile video usage for those users 13 and older. Thus, 12-17 is T13-17 for all mobile data.
- ^{oo} A65+ base size too small to report mobile video hours:minutes.
- ^{ooo} Figures from December 2009 forward are from Nielsen's single source electronic measurement of TV and internet in the Convergence Research Panel and the National People Meter panel. Figures prior to December 2009 are from the Convergence Research Panel only. PCs owned by the home are measured, including laptops. PCs owned by an employer are NOT included. This measurement currently is not projectable to the total US population. NOTE: Simultaneous users are those that simultaneously used the TV and the internet for at least one minute during the month. TV in the Home includes those viewing at least one minute (reach) within the measurement period. This includes Live viewing plus any playback within the measurement period. Simultaneous Users are weighted to the sum of weights of internet homes in Nielsen's National TV sample. Weighting has not been applied to the other statistics. March 2009 is 2/23/09-3/29/09, September 2009 is 8/31/09-9/27/09, March 2010 is 3/1/10-3/28/10.



Key Conclusions:

- While mobile subscribers watching video on a mobile phone is still only a small fraction of the audience, the year-over-year growth is a notable 51.2%
- Over half (55%) of the mobile video audience is aged 25-49, not teens as some might think
- Simultaneous usage of television and PC, while down year-over-year in March, remains fairly constant

Trends to Watch:

- As smartphone penetration continues to proliferate, consumers will be increasingly using these devices (versus PCs) to access the Internet
- With networks beginning to develop loyalty programs for their shows (via apps, etc.), social media will play a larger role in audience engagement
- 3D televisions and content hitting the market may cause a change in viewing behaviors and programming demand for a small but important audience segment
- The emergence of other connected devices, including tablet computers like Apple's popular iPad, will create additional options for media consumption anytime, anywhere



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