



The iPad and its impact on traditional media

C21 Media's iPad Entertainment Summit: October 1st, 2010

David Cockram, Oliver & Ohlbaum

- Content on the move – facts and figures
- Print publishers are excited about the iPad – why?
- What are the lessons for television?

Content on the move – facts and figures

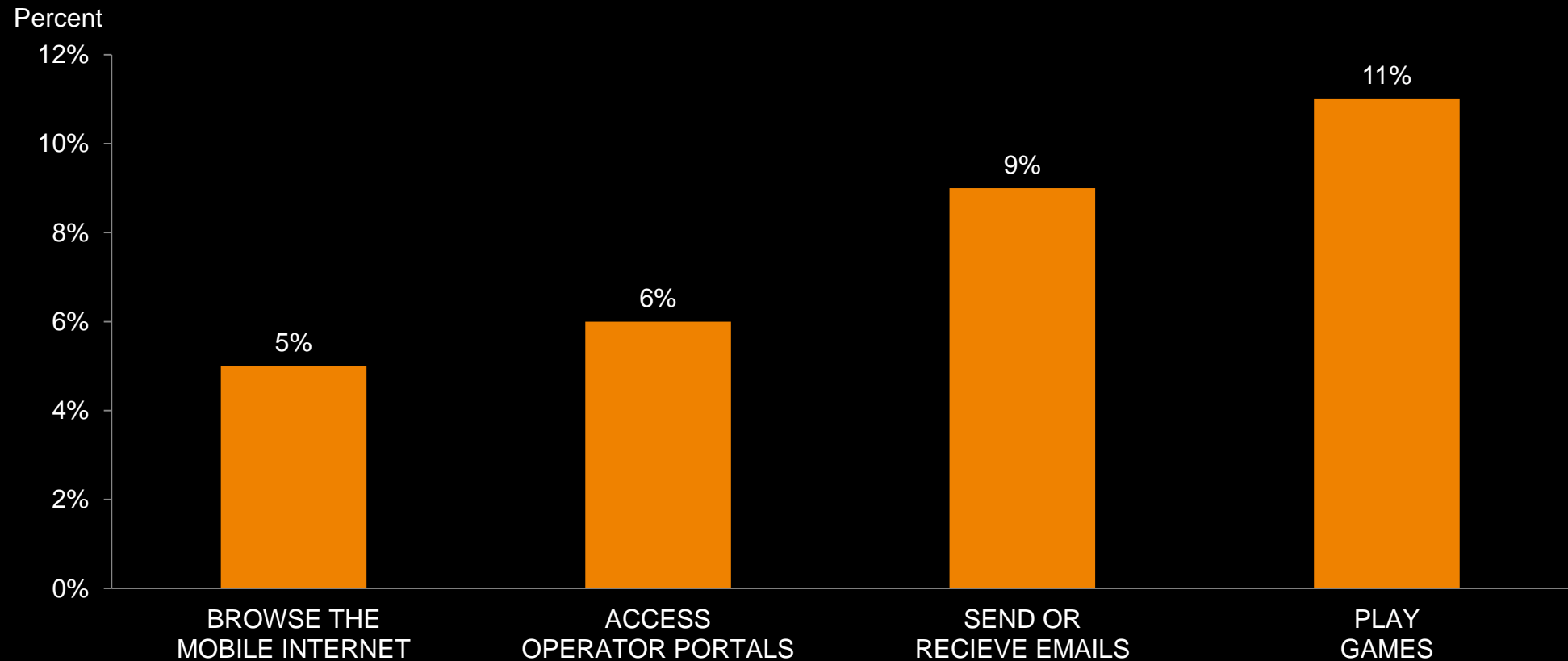
Life before Apple



Trends

The last decade saw painfully slow adoption rates for WAP and then 3G and then disappointing content usage rates

Average proportion of European consumers using the mobile Internet by type of activity, 2008



*n=4,286 (France, Germany, Italy, Spain, Sweden, UK)
Source: Jupiter Research Consumer Survey (9/08)

Content on the move – facts and figures

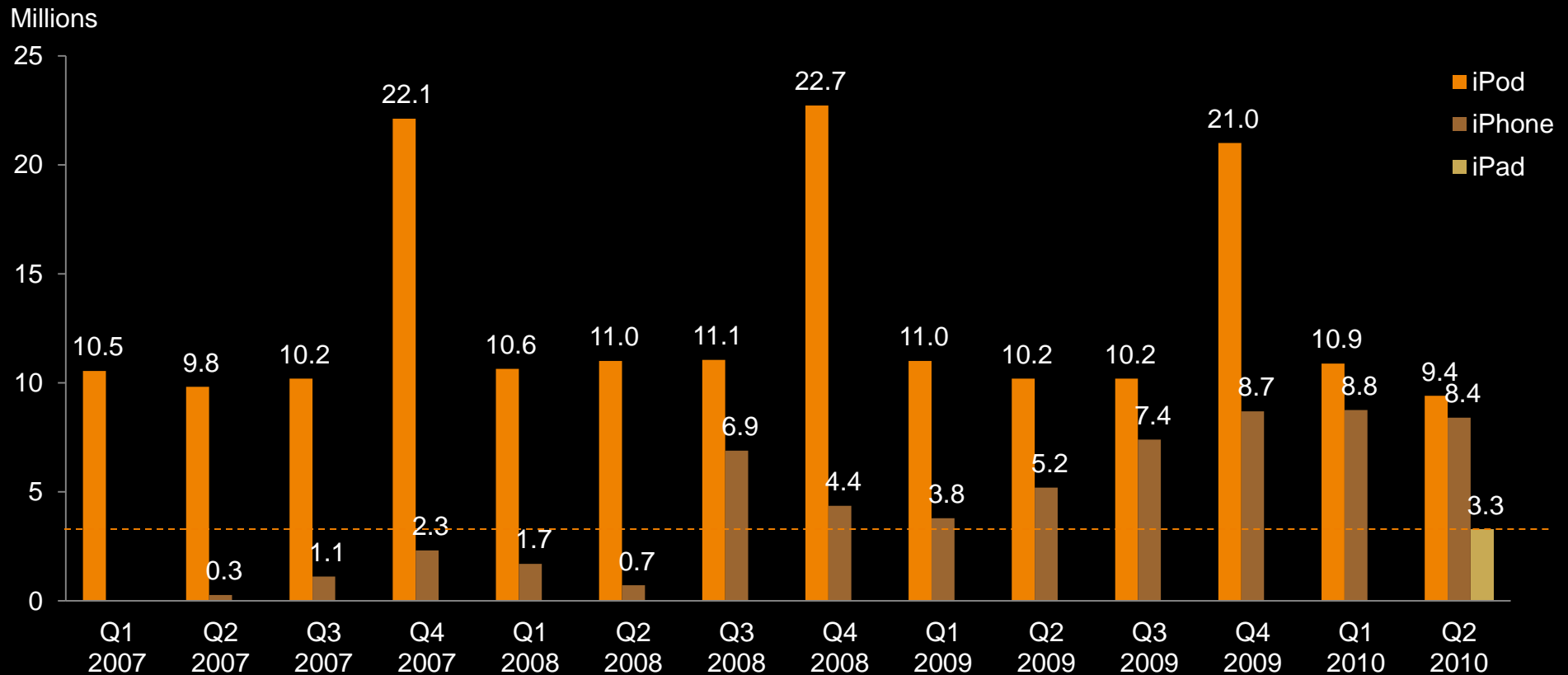
Promising start for iPad



Trends

Apple sold 3.3m iPads in the first quarter of sales of the product – it took 7 quarters before the iPhone sold that many

Apple's mobile device sales per calendar quarter, Q1 2007 to Q2 2010



Content on the move – facts and figures

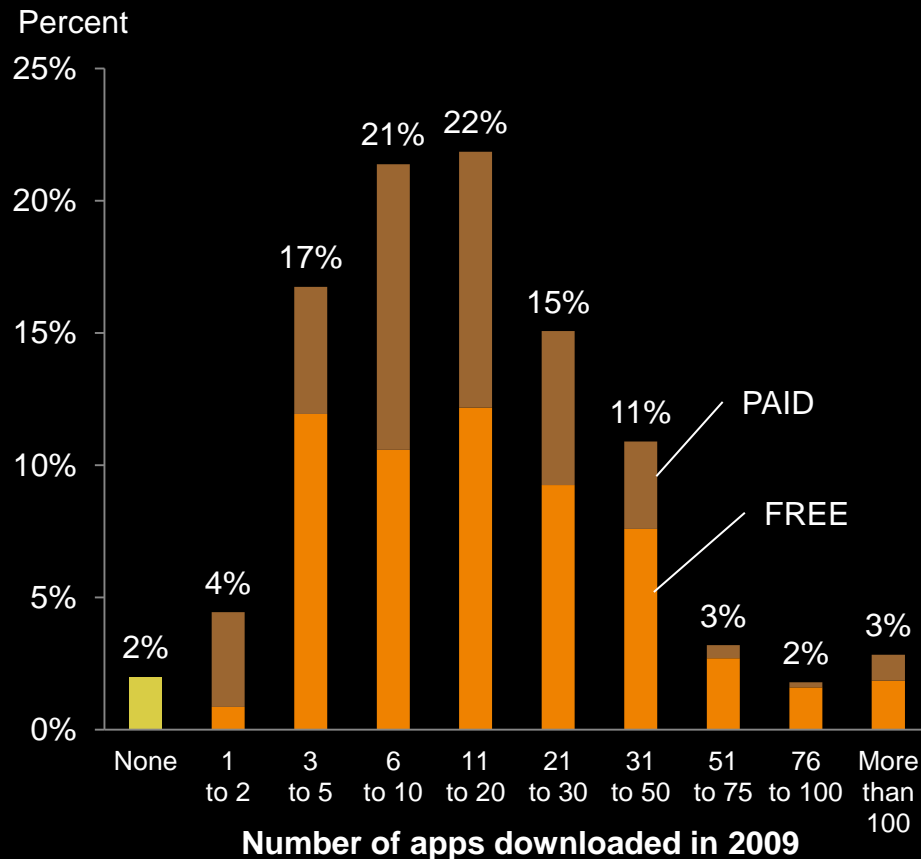
Strong willingness to pay



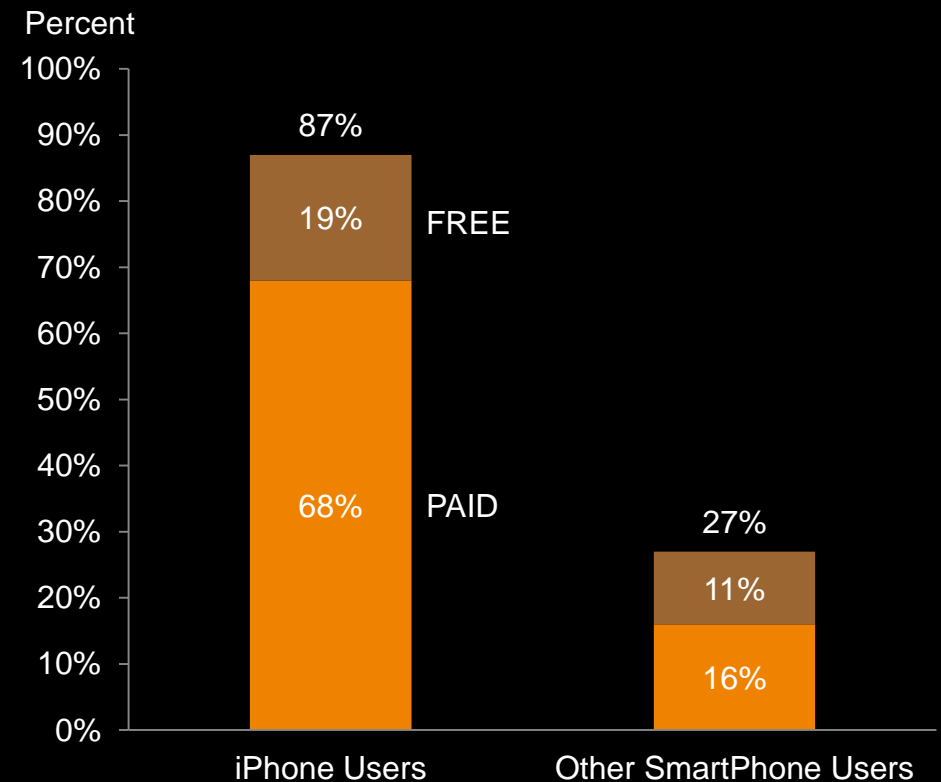
Trends

There is a strong willingness among mobile app users to pay for apps – O&O research suggests that around £70m was spent on mobile applications in the UK in 2009

The number of applications downloaded by UK smart phone users, 2009



Proportion of iPhone and other smart phone users that downloaded at least one app, 2009



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- Print publishers are excited about the iPad – why?

- What are the lessons for television?

Print publishers are really excited about the iPad – why?

The views of major publishers



Trends

“Magazine publishers have before them what they have long dreamed of: an opportunity to transfer the magazine qualities of deep immersion, high resolution images, long-form journalism and storytelling to a digital format”

Nicholas Coleridge, Managing Director, Condé Nast UK

“I got a glimpse of the future last weekend with the Apple iPad. It is a wonderful thing...if you have less newspapers and more of these...it may well be the saving of the newspaper industry”

Rupert Murdoch, Chairman and Chief Executive, News Corporation

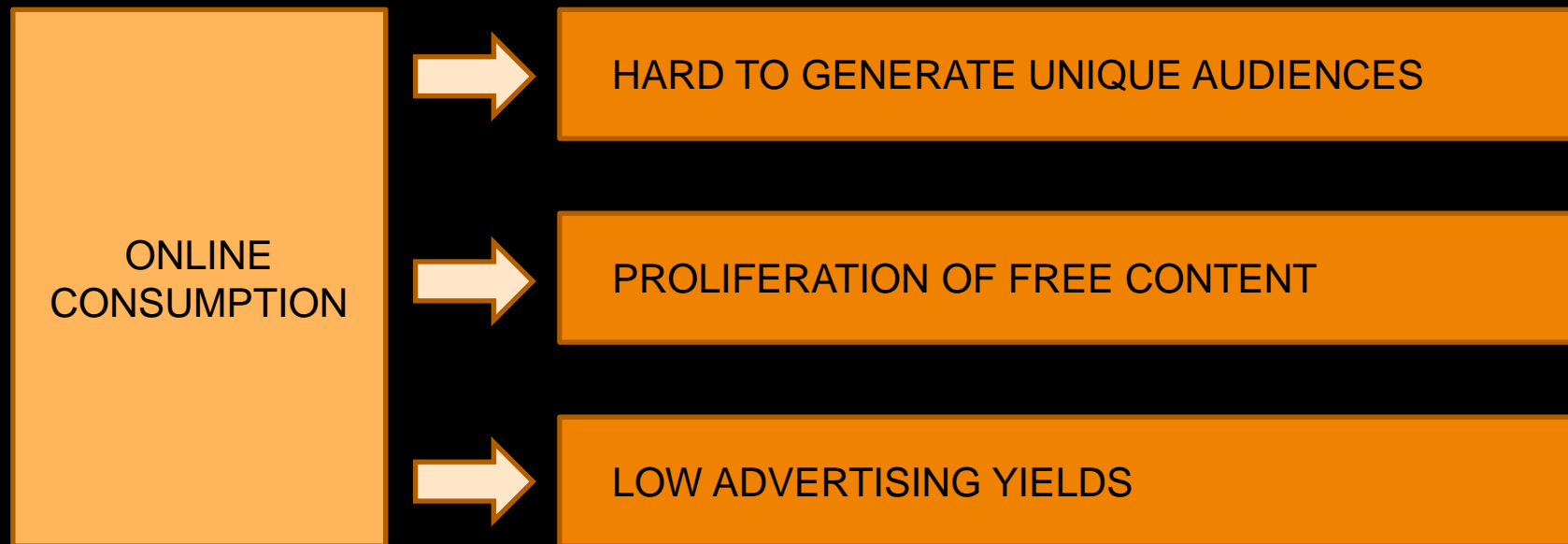
What are the lessons for television?

Impact of the Internet



Trends

Online consumption of newspapers has hit publishers hard with circulation falling faster than ever and both print classified and display advertising spend declining



Print publishers are really excited about the iPad – why?

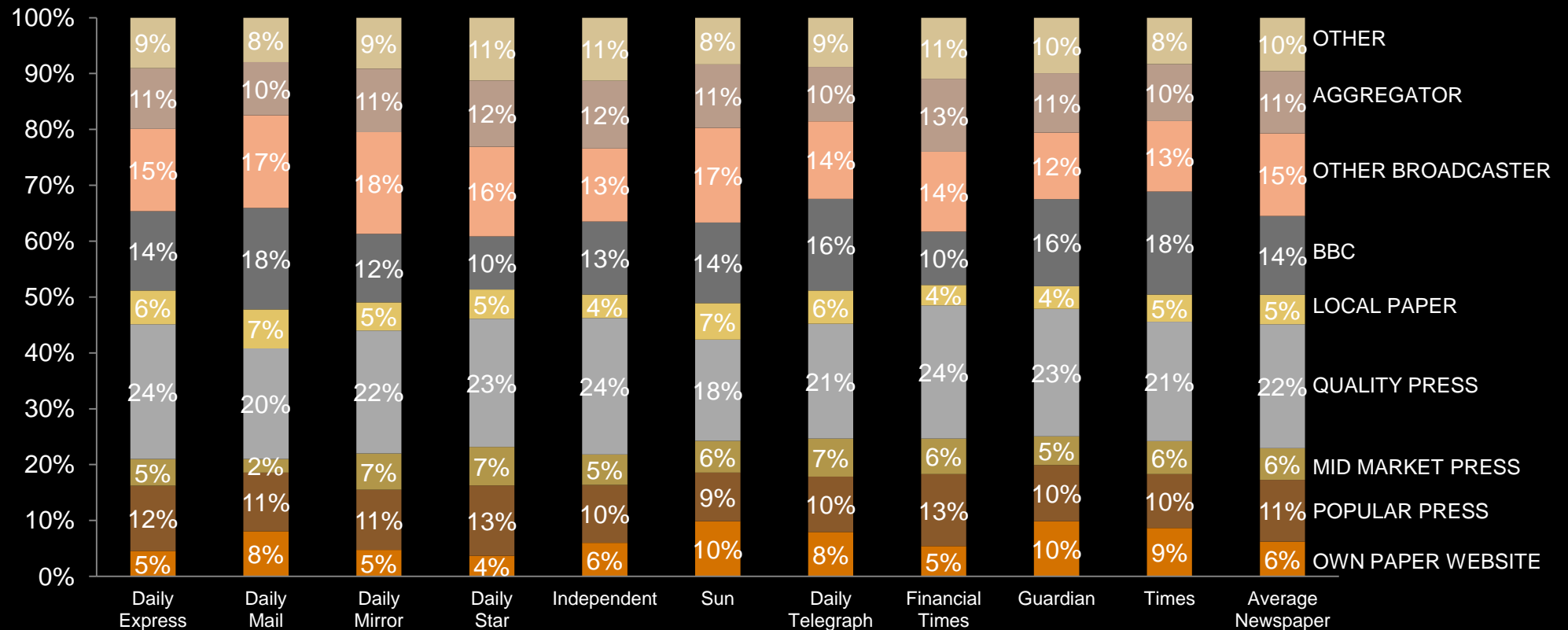
Online news consumption is different



Less than 10% of online news consumption is attributable to the website of readers' claimed favourite newspapers

Online news consumption habits of traditional newspaper readers

Percentage of online news consumption time



Source: Oliver & Ohlbaum survey of 2,600 individuals in November 2009

Print publishers are really excited about the iPad – why?

New business models



Trends

The iPad offers a way to price discriminate between customers

- Free or low prices on the open Internet for limited basic text services
- Premium full newspaper with high quality video and additional content



Print publishers are really excited about the iPad – why?

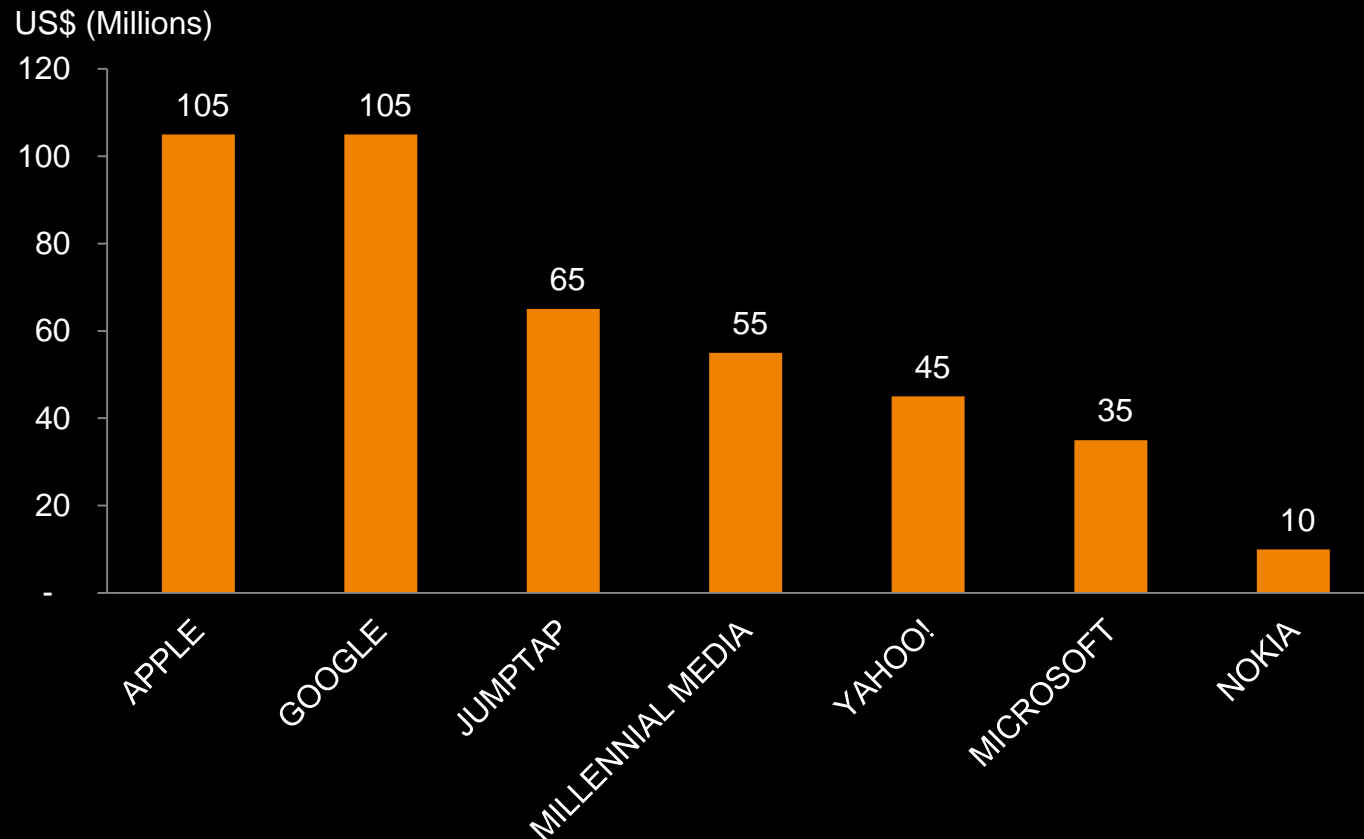
Advertising



Trends

The iPad offers a way to control advertising (even if shared with Apple) and offer value added advertising opportunities

Forecast global mobile advertising revenues, 2010



Print publishers are really excited about the iPad – why?

What needs to happen?



Trends

For print publishers to fully benefit from the iPad revolution they probably need some rivals to Apple in the device market

- Know more about their customers and subscribers
- Gain some control of the advertising platform



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What are the lessons for television?

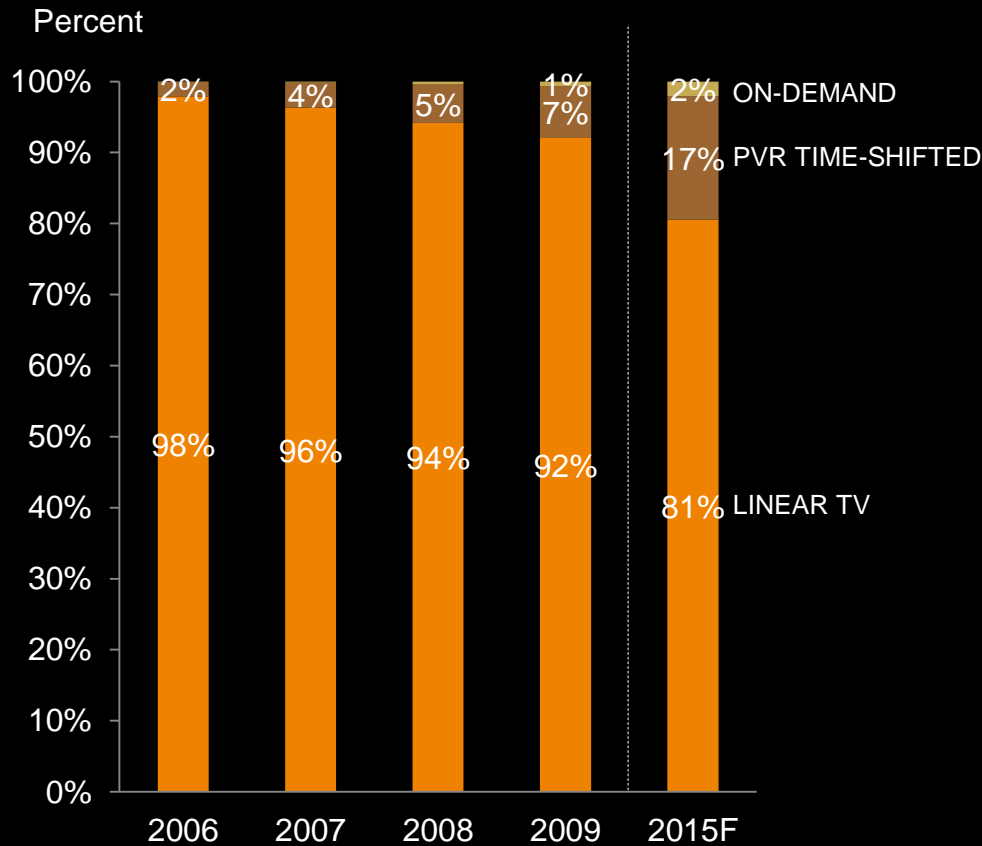
Its not like TV



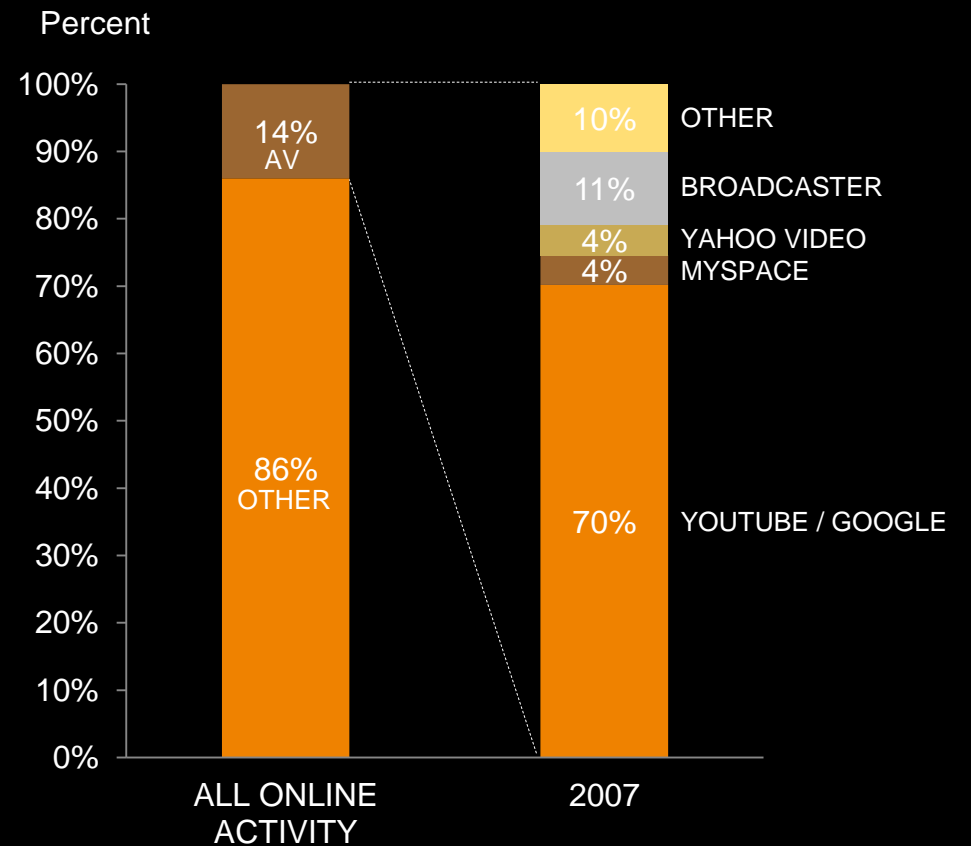
Trends

Audio-visual viewing trends on the iPad are much more likely to resemble online viewing patterns than video-on-demand

UK total television set viewing time by type, 2006 to 2015



Online TV viewing by content type, 2008



What are the lessons for television?

Can mobile command a premium?

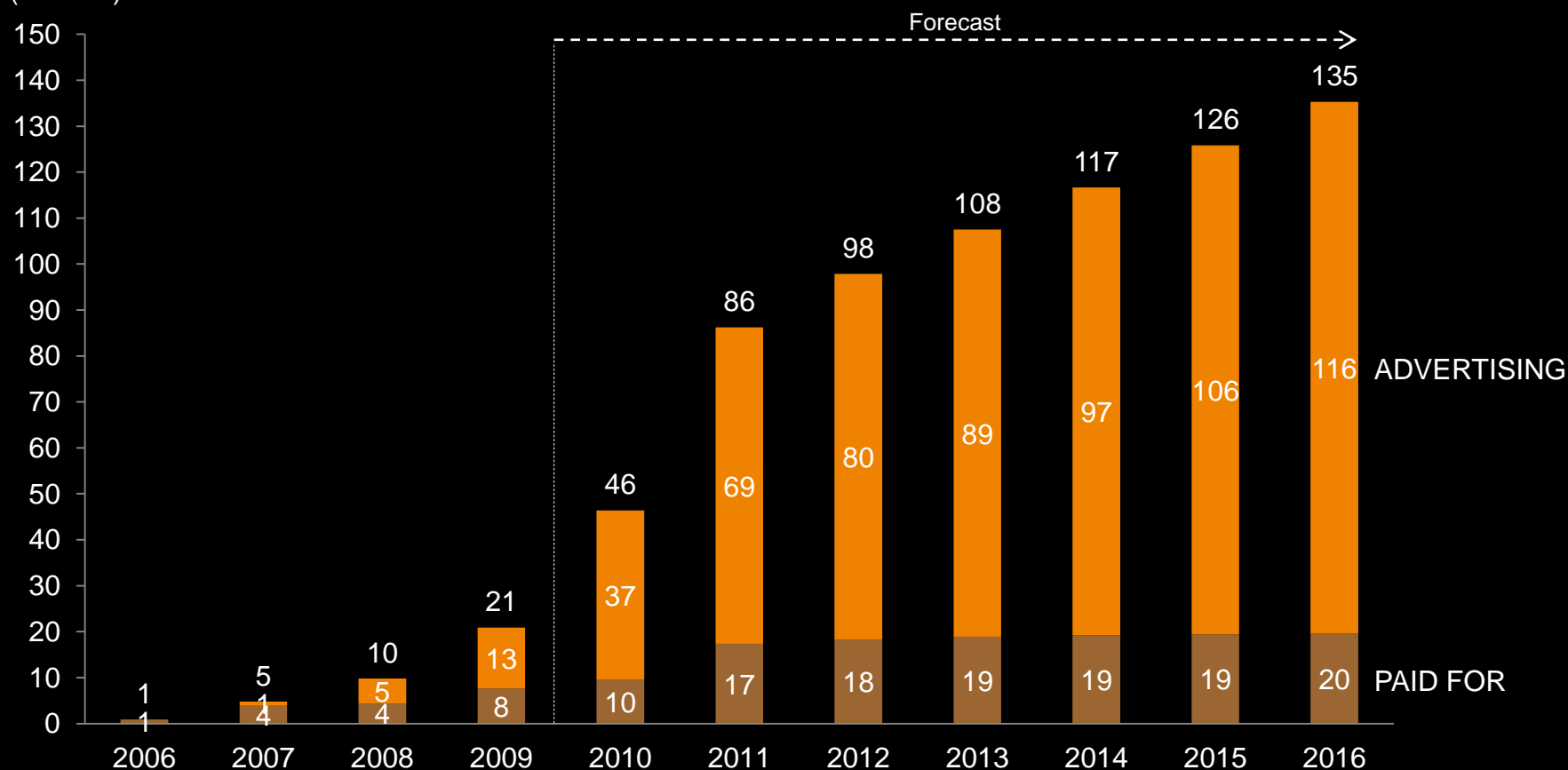


Trends

Services like Apple TV may offer an opportunity to expand the VOD market – but demand for premium content is limited

UK commercial PSB on-demand revenue* by type, 2006 to 2016

£ (Millions)



*gross revenues to broadcasters after agency commission and revenue share payments to platforms and third-party syndicated websites

Source: Broadcaster Company reports, Oliver & Ohlbaum Analysis

What are the lessons for television?

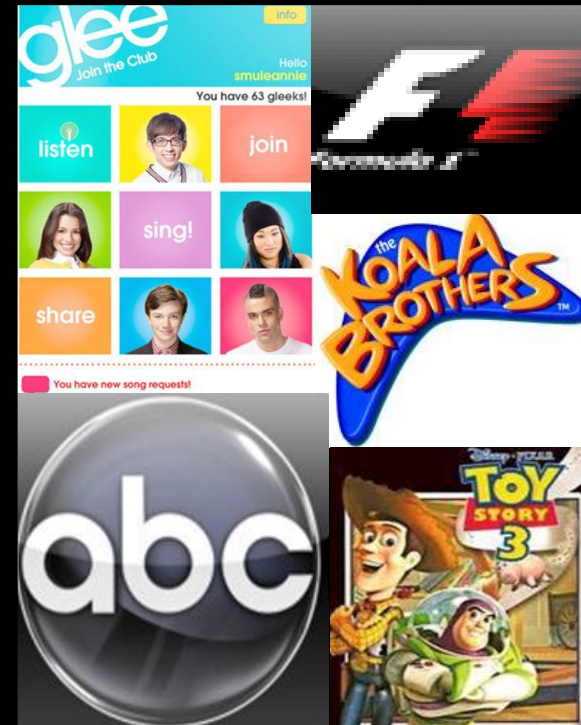
What media apps are popular?



Trends

Only a handful of the top iPhone apps are from media content producers – broadcaster aggregators and children’s brands have had the most success to date

TOP PERFORMING TRADITIONAL MEDIA IPHONE APPS	
TOP 200 PAID APPS	TOP 200 FREE APPS
PEPPA PIG	BBC NEWS
THE CUBE	SKY SPORTS NEWS
GLEE	SKY MOBILE TV
THE GUARDIAN	BBC RADIO
JAMIE OLIVER	SKY SPORTS
ARMSTRONG & MILLER	TOY STORY 3
THOMAS TILT & GO	ESPN GOALS
WHO WANTS TO BE A MILLIONAIRE	SKY NEWS
	GALAXY RADIO
	HEART RADIO



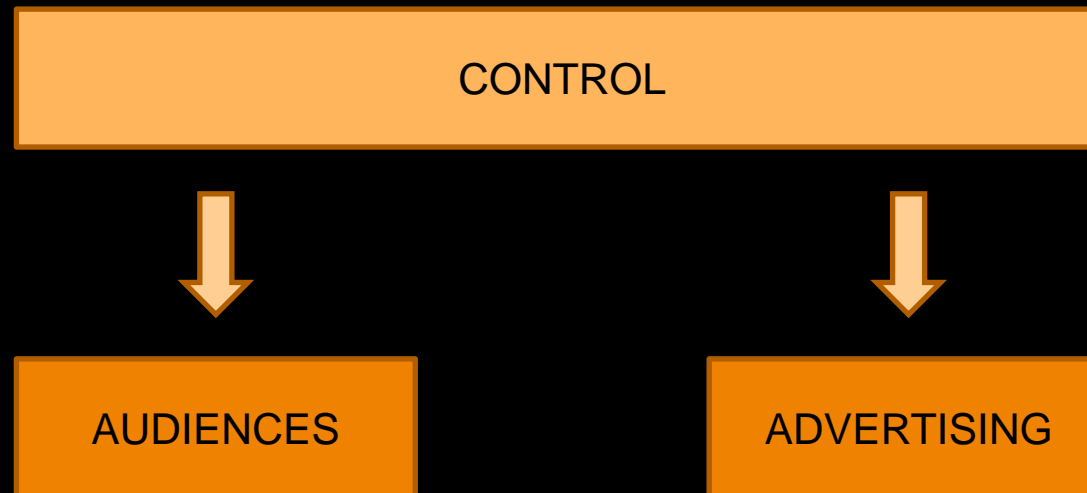
What are the lessons for television?

Risks for the TV sector



Trends

The TV sector must be wary of losing control of audiences and advertisers to Apple and other aggregators



Conclusions and questions



Trends

