What television is: 2013
An industry of industries
Television today is little changed from a decade ago and yet at the same time profoundly different. The ways in which we consume television have altered relatively little, but supply has evolved markedly.

Consider that a decade ago, the majority of TV sets sold were 25 inches or smaller.\(^1\) Sixteen million homes received analogue TV signal.\(^2\) Sixty per cent of the country only had five channels.\(^3\) High definition was yet to launch. Netflix distributed DVDs in the post to 1.5 million subscribers.\(^4\) There were fewer than 100,000 online video subscribers in the UK. YouTube had not been founded. Google generated over $1 billion in revenue for the first time.\(^5\) Broadband speeds started at 128 Kbit/s,\(^6\) and there were still only two million broadband households.\(^7\) 3G had just launched. The smartphone was still arguably a work in progress. A tablet was medicinal. And Mark Zuckerberg was still living in a dorm at Harvard.

Yet, despite all this change, TV consumption patterns in the UK have changed remarkably little. Ten years ago we spent about four hours watching television, with viewing peaking in the evening, as we do now.\(^8\) A decade back, 88 per cent of viewing was on a household’s main TV set, just one per cent higher than in 2012.\(^9\) Today, we watch 90 per cent of our television live, only moderately less than in 2003. The main public service broadcast (PSB) channels had 59 per cent audience share in multichannel homes in 2003;\(^10\) in 2012 that had fallen seven percentage points, or less than a point per year.\(^11\) In 2003, television was a principal news outlet, with three quarters of the population regarding it as the main source of world news.\(^12\) Today 74 per cent regard TV as the best way of staying in touch with what’s going in the world.\(^13\) In 2007, spend on TV products, services and equipment represented slightly over one per cent of GDP. In 2012 the proportion had fallen by 0.05 per cent.\(^14\)

The television industry has maintained this continuity (and constancy) of demand against a background of unrelenting evolution in the supply of TV. Over the past decade, the mix of players has expanded to include a growing number of global content players, including online pure plays. Commercial relationships now span not just co-productions with foreign broadcasters, but also collaborations with social networks. The pay TV technology bundle now includes connected personal video recorders (PVRs), dongles for making televisions connected, and connectivity at home and in public spaces.\(^15\) The share of industry revenue for each type of participant has changed, with pay TV being the biggest winner.

Changes to supply have meant that for the consumer what TV is in 2013 is markedly superior to the 2003 variant. Today, UK viewers have near-total control over what they want television to be. Multiple providers of TV content distribute programming via a range of networks, to the device of your choice, at the time of your choosing, and with a range of payment options, including ad-funded.

The evolution of the TV industry in recent years has been significant, and it is worth taking stock to understand the industry’s current dynamics, in terms of revenue flows (into, within and out of the sector), consumption patterns and attitudes to television. This report, produced at the invitation of the Royal Television Society, provides a selection of Deloitte LLP’s views on what television is today. The report is based on financial and industry reports, a survey of 2,500 UK viewers contributed by GfK, and discussions with over 50 industry executives in the UK and abroad.\(^16\) Our analysis of revenue flows focuses on 2007, 2011 and 2012, to provide medium-term and near-term comparisons.

We trust you find this report valuable, and hope that it is a useful complement to the debate at the Royal Television Society’s Cambridge Convention 2013.

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The television industry generated £17.5 billion in revenues in 2012, down half a billion pounds from 2011, and up £700 million from 2007 (see Figure 1). Excluding the value of television-related consumer equipment, revenues increased by £2.3 billion between 2007 and 2012.

Pay television gained the most market share and enjoyed the highest increase in nominal revenues over the period (see Figure 2). Subscriptions represented 24 per cent of all revenue in 2007 and 31 per cent in 2012. Spend on pay TV rose constantly throughout the period, despite pressures on disposable income. Deloitte’s analysis on the recent performance of the pay TV market, which includes the rise of subscription video-on-demand (SVOD) is in the chapter “Pay television: the industry’s growth engine” (page 8).

Consumer technology experienced the heaviest decline in share, falling ten percentage points to 17 per cent over the period. Declining spend on consumer technology was due mostly to a consistent fall in spend on TV sets over the period, which was the result of lower unit sales and falling average selling prices. Figure 3 provides a breakdown of consumer technology sales by TV sets, all DVD players (including Blu-ray) and set-top boxes (including personal video recorders sold into the retail market).

Advertising maintained constant share of all revenues over the period, at 23 per cent in 2007 (£3.7 billion), and 22 per cent in 2011 (£3.9 billion) and 2012 (£3.9 billion). Excluding consumer technology revenues, advertising’s share fell from 31 per cent in 2007 to 27 per cent in 2011 and 2012. TV advertising’s nominal revenues appear resilient, with fluctuations driven principally by the economic cycle. However scope for growth in TV advertising revenues seems limited. An analysis of the sector’s prospects is provided in the chapter: “Advertising and sponsorship: resilient but not rising” (page 10).
Exports of TV content experienced strong growth: international content spend (non-UK broadcasters’ spend on UK primary commissions and secondary content acquisitions) increased from four per cent in 2007 to nine per cent in 2012, with nominal value increasing almost £1 billion over the period to £1.6 billion in 2012.

The UK devotes about a quarter of all waking time – four hours – to watching the small screen, yet total spend on television is about one per cent of GDP. Its share of GDP changed little between 2007 and 2012, from 1.18 per cent to 1.14 per cent (see Figure 4). Excluding sales of TV equipment, which fell sharply over the period, share of GDP rose from 0.87 per cent to 0.95 per cent.

The chapter, “The case for channels in a digital world” (page 15), looks at the characteristics of successful channels in broadcast and online contexts.

The television industry can also earn a discount on content costs through providing a window display for sales of other media. This impact may not be factored into accounts. TV has a particular ability to break new products, services and talent.

For example, the exposure it offers is a key driver of book sales. The second most successful author since records began is Jamie Oliver, with sales of £124 million. In 2012, 24 of the top 100 books sold by volume were books tied to TV programmes, biographies or autobiographies of TV personalities, novels written by TV celebrities (David Walliams being the most successful in this respect), or books which were adapted for TV series (such as Game of Thrones).

Figure 4. TV industry revenues as a proportion of GDP

Books promoted in some regard via TV represented about 16 per cent of the top 100 by sales volume, and 26 per cent by gross value, and were equivalent to about £50 million pounds.

TV is also a key shop front for comedy. Deloitte’s estimate is that exposure helps the comedy industry achieve over £50 million in box office and DVD sales per year. The most successful comedians earn the lion’s share of these revenues. In 2011, Peter Kay is estimated to have earned about £20 million from touring and DVDs. Last year Michael McIntyre’s box office receipts were £21 million.
Television also helps sell music. Exposure on the small screen increases the likelihood of talented individuals attaining stardom. It introduces new and existing music, for example through televised concerts, to a wider audience. According to discussions with industry executives, the odds for a talented individual or group breaking through diminish considerably without television exposure. About one in three winners of TV talent shows become stars; otherwise the ratio is one in ten.

Our analysis has focused on in-flows, and transfers of money within the industry. One of the areas we have looked at is content creation, the basis for which is story telling. The chapter, “The rise of the writer” (page 17), looks at the cost trends for drama.

Television is richer for its diversification and stratification: it meshes better with what individual customers want from television. Its content is far more diverse; its delivery is far more flexible; there is a broader base of suppliers offering services at a wider range of price points.

The plurality of the offer nurtures and satiates an ever widening range of content tastes, such that today’s TV is a mass medium characterised by myriad permutations. This enables what television is to become increasingly personalised, even if the public service broadcast channels continue to dominate viewing share. A head of household in Central London may consider television to be “gorging” on every episode of Modern Family in rapid sequence. His best friend may regard House of Cards as quintessential television. Media executives down the road in Soho might define TV as any gritty, nihilistic and unsolvable crime drama shot in hues of grey and preferably garnished with subtitles. But for 20 million people every day, has an hour’s worth of soap opera at its foundation.22

Television has always reflected trends in society: today it is the closest thing we have to a magic mirror.23

Bottom line

For many decades there were three choices of what to watch. With the arrival of pay TV in the late 1980s, supply started to proliferate. The number of suppliers of programming continues to rise today, with the growth of video-on-demand (VOD) and digital download to own (DTO) content, and with fixed and mobile operators bundling content into their connectivity services. Viewers do not seem fazed by this: they appear comfortable maintaining multiple suppliers.

Television is richer for its diversification and stratification: it meshes better with what individual customers want from television. Its content is far more diverse; its delivery is far more flexible; there is a broader base of suppliers offering services at a wider range of price points.
Television today is an amalgam of industries. Each major TV business incorporates multiple divisions which perform diverse and symbiotic functions, from production to play-out. Each division receives and generates revenues. As part of the analysis for this report we have mapped the flows of revenues into, within and out of the sector. This mapping, based on available public and purchased data sets, as well as conversations with industry executives, has helped us understand the total value of the industry.

The diagram on the next two pages provides Deloitte’s assessment of revenue flows for 2012 (the equivalent diagram for 2007 and 2011 is available upon request).

We have identified revenue flows based on the following value chain for the industry:

- viewers and advertisers provide base funding for the sector to platform owners
- revenues then flow through to channel owners
- content creators receive payments from the channel owners
- content actors are in turn funded by content creators.

There are multiple revenue out-flows to external bodies, with major payments made for transmission, sports rights and content imports. Additional major in-flows are from international commissions and content exports.

The revenue flows for content actors have no values attached to them as we have not been able to identify an existing source of industry data splitting out revenues by type of content actor.

As part of Deloitte’s ongoing analysis of the UK television sector, we plan to map revenue flows for additional years and integrate new players into the value chain analysis.
Deloitte UK TV value chain analysis: 2012

Platform owners

Advertisers
- Advertising: £143m
- Subscriptions: £5,300m

Viewers
- TV devices: £2,938m
- Retail and rental: £415m
- Retail and rental: £48m

Channel owners

Commercial PSB
- Advertising: £2,641m
- Transmission: £5m
- Licence fees: £2,719m
- Transaction funded digital platforms
- Transaction funded retail

PSB
- Subscription funded digital platforms
- Flow through
- Transmission: £42m
- Ad-funded digital platforms
- Advertising: £440m
- Advertising: £465m

Pay TV
- Distribution: £133m
- Distribution: £152m
- Distribution: £100m
- Subscription funded digital platforms
- Transmission: £5m
- Subscription: £62m

Pure channel owner
- Pay TV operator channel
- Advertising: £171m
- Acquisitions: £35m
- Acquisitions: £251m
- Acquisitions: £210m
- Acquisitions: £82m
- Commissions: £1,01m
- Commissions: £350m
- Commissions: £139m
- Commissions: £368m
- Commissions: £308m
- Commissions: £508m

Sports governing bodies: £1,405m

International commissions
- £893m

Content
- £724m
- £578m

Content creators
- Advertisers
- Platform owners
- Channel owners

Retail and rental
- £415m
- £48m

Subscription funded digital platforms
- £62m

Transaction funded digital platforms
- £48m

Transaction funded retail
- £415m

Transmission
- £42m
- £5m
- £6m

Advertising
- £143m
- £2,641m
- £465m
- £440m
- £143m

Viewers
- £2,938m
- £415m
- £48m

Advertisers
- £143m
- £5,300m

Commercial PSB
- £2,641m
- £5m
- £2,719m
- £415m
- £48m

PSB
- £724m
- £578m

Subscription funded digital platforms
- £62m

Transaction funded digital platforms
- £48m

Transaction funded retail
- £415m

Transmission
- £42m
- £5m
- £6m

Advertising
- £2,641m
- £465m
- £440m
- £143m
Pay television has been the growth engine of the TV industry since 2007, adding £1.29 billion in revenues over the six years to 2012 (see Figure 5). Its share of all TV service revenues increased from 24 per cent in 2007 to 31 per cent in 2012. By far the largest component of pay TV in-flows is subscription revenue, which accounted for 99 per cent of the total in 2012. The fastest growing component of pay TV between 2011 and 2012 was subscription funded digital platforms, which grew 148 per cent from a low base of £25 million.

Pay TV’s revenue increase has been counter-cyclical. In 2009 the UK economy contracted by four per cent: subscription revenues rose by seven and a half per cent. Between 2008 and 2011, years in which consumer confidence was low, subscription revenues increased by just under £1 billion.

Why pay TV revenues have grown
Exogenous and endogenous factors have driven this growth over the period.

Pay television’s core appeal lies in two principal areas: content and technology. Subscribers are paying for additional content, even though most of what they watch – 61.5 per cent of viewing in digital satellite households in the first five months of 2013 and 69.7 per cent in digital cable households – is free-to-air programming on PSB channels.24

In terms of technology, subscribers are paying to have greater control over when, where, on what device, and in what definition they consume television.

Our research found that pay TV subscribers ranked the personal video recorder (PVR) and a greater choice of channels as the two aspects of their service that provided the greatest value for money. The PVR was ranked first out of three by 20 per cent of subscribers, and ‘more channels’ was rated in the top three by almost half of all subscribers (see Figure 6).

Behavioural change prompted by the economic climate is likely to have played a part in the increase in overall subscriptions between 2007 and 2012. When consumer confidence is weak, people tend to go out less, but some compensate for this by upgrading ‘staying-in’, and this includes subscribing to pay TV, or upping an existing package.

However as the economy recovers, and consumer confidence lifts, it is unlikely that households will give up their subscriptions. Pay is a firmly established part of what television is for 13.5 million UK households, and the trend looks unlikely to reverse in the near-term.25

Furthermore, an increasing take-up of triple play packages makes households less likely to cancel their subscriptions, as they would pay more if each element of the bundle were purchased individually. According to our research, the bundling of lower-cost telephony services was the third most appealing feature of pay TV from a value for money perspective.26
Pay TV can still grow
The growth in pay TV has slowed considerably. In 2012, year-on-year growth for all forms of pay TV was 1.6 per cent; for subscriptions it was 0.9 per cent. This compares to a compound average rate of 5.6 per cent between 2007 and 2012.

This slowdown has raised the question: is pay TV’s growth phase over? Deloitte’s view is that this is not yet the case, and nominal spend on television can still increase in the medium term: the UK’s demand for television products and services has not yet been fully satisfied.

Two of the drivers of increased pay TV revenues are likely to be content stacking, encouraged by strong SVOD offerings, and higher spend per subscriber.

SVOD encourages content stacking
Demand for media is rarely a zero sum game: we tend to accumulate, rather than choose. This is likely to be no different with pay TV. People are willing to have multiple suppliers of TV content, with distribution via a range of networks (cable, satellite, broadband and antenna), if this is what is needed to access all the content they want.

Among our survey respondents, about half used subscription video-on-demand (SVOD) services in addition to pay TV.27 Indeed, Deloitte estimates SVOD revenues to reach about £160 million this year, a £100 million increase on 2012, with some households swapping spend out of physical DVDs, or physical DVD rental services into SVOD.28

The US market has similar content stacking characteristics, but based on significantly higher bases of pay TV (over 90 per cent of households) and SVOD customers (over 30 million). According to one study, 57 per cent of pay TV customers subscribed to Netflix, half belonged to Amazon Prime and 18 per cent to Hulu Plus. Eight per cent of the sample subscribed to all three services.29

A key enabler of viewers’ ability to accumulate suppliers is broadband speeds. The faster these get, the more viable broadband becomes as a means of delivering TV programmes. In the UK, broadband speeds have been increasing by double digit amounts every year.30 In the 12 months to May 2013, the average speed jumped 64 per cent to 14.7 Mbit/s, about four times the performance in November 2008. Upgrades to high speed broadband provide a one-off jump in broadband speed and in the year to June 2013, about two million households upgraded to high-speed broadband.31

Increased spend on content is likely to be driven by increasing flexibility in payment and distribution options. For example, programming formerly available only via satellite TV and delivered to a set-top-box is now available via broadband-delivered pay-per-view or as an SVOD service.32

Spend per subscriber
A further driver of pay TV revenues is increased spend with the same supplier. There appears to be scope to upgrade customers to bigger packages in the medium-term, and price rises applied to a large customer base can deliver a significant uplift to overall revenue.

One immediate upgrade is to high-definition (HD) television. In the first six months of 2013, Sky added 225,000 HD subscription products to its base.33

The rising size of TV sets may well encourage upgrades to HD: the larger the size of television set, the greater the chance of pixelated images from standard definition (SD) transmission. In 2012, about 12 per cent of TV sets sold were 42 inches or larger in size. For those already with HD service, the next upgrade, likely to appear in 2014 or 2015, is ultra HD, also known as 4K. This offers four times the resolution of current HD. Presently, 4K TV sets are available from about £4,000.34 Access to 4K channels may incur an additional fee.

One of the most competitive areas of pay TV at present is sports. The prices paid for sports rights have increased significantly over 2007-2012, and there may be further increase in the near-term. Higher spend on rights is likely to trickle down into higher subscriptions over time.

Bottom line
Pay television is a firmly established element of the UK television industry, and is a complement to ad-funded and licence fee-funded television. It is supplying aspects of television that were formerly under-served, and which the PSB model would struggle to deliver.

In our view, the pay TV revolution has not yet come to an end. It is entering another phase, with more suppliers, types of content, delivery options, price points and underlying business models. This should enable consumers to be served more comprehensively.
Television advertising generated £3.73 billion in revenues from commercials and programme sponsorship in 2012 (see Figure 7). Adding in revenues from the broadcasters’ ad-funded digital platforms took the total to £3.87 billion.

Net advertising revenue (NAR) declined by two per cent in 2012 from 2011, to £3.5 billion. Increases in sponsorship (up ten per cent) and advertising funded digital platform revenue (up 27 per cent) did not fully compensate for the fall in NAR. The year-on-year fall in NAR was partly the result of atypical viewing patterns caused by the Olympic Games in August. The Games earned host broadcasters the BBC an exceptional share of viewing, and as a consequence, caused commercial TV audiences to dip. The current outlook for 2013 is that TV advertising revenues will be four per cent higher than 2012.

### Why TV advertising has held up despite the digital ad revolution

The explanation for the resilience in TV advertising is straightforward: there is no other medium that attracts such a consistently large audience (26 million TV households) over such a protracted period (four hours daily per viewer) and on such large displays (12 per cent of TV sets sold in 2012 were 42 inches or larger).

Commercial TV’s share of all viewing is generally about two-thirds, which is equivalent to about four billion collective hours or more in the UK every month.

To give a sense of perspective to TV’s current share of our attention, over a decade into the digital revolution, for every hour spent watching television, about three minutes are spent on YouTube and two minutes on Facebook.

Television commercials continue to resonate with the UK public. A survey undertaken for this report in June 2013 found that 52 per cent of the UK public considered TV one of the top three advertising media with the most impact. This marked the fifth year that television has come top of this ranking.

However the proportion of respondents ranking TV among their top three has fallen steadily over the past five years from a high of 64 per cent in 2009. This is a similar trend, albeit with a less severe decline, to that experienced by other traditional media formats (see Figure 8).

### Figure 7. UK television advertising revenues, 2007, 2011 and 2012

<table>
<thead>
<tr>
<th></th>
<th>2007 (£m)</th>
<th>2011 (£m)</th>
<th>2012 (£m)</th>
<th>2007‑2012 CAGR</th>
<th>2011‑2012 year on year change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net advertising revenues (NAR)</td>
<td>3,576</td>
<td>3,619</td>
<td>3,547</td>
<td>-0.2%</td>
<td>-2.0%</td>
</tr>
<tr>
<td>Sponsorship</td>
<td>191</td>
<td>168</td>
<td>184</td>
<td>-0.7%</td>
<td>9.5%</td>
</tr>
<tr>
<td>Advertising funded digital platforms</td>
<td>6</td>
<td>113</td>
<td>143</td>
<td>88.6%</td>
<td>26.5%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>4,122</td>
<td>3,899</td>
<td>3,873</td>
<td>-1.2%</td>
<td>-0.7%</td>
</tr>
</tbody>
</table>

Source: Deloitte analysis, August 2013, based on data from Ofcom, 2013 and IHS Screen Digest, 2013

### Figure 8. Types of advertising with the greatest impact, 2009‑2013

**Question:** Which of the following types of advertising do you think have the greatest impact on you personally (3 answers only)?

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>Average growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>TV adverts</td>
<td>-5%</td>
<td>-17%</td>
<td>-11%</td>
<td>0%</td>
<td>-18%</td>
<td>Average growth</td>
</tr>
<tr>
<td>Newspapers</td>
<td>64</td>
<td>30</td>
<td>15</td>
<td>19</td>
<td>18</td>
<td>Average growth</td>
</tr>
<tr>
<td>Magazines</td>
<td>56</td>
<td>58</td>
<td>60</td>
<td>57</td>
<td>52</td>
<td>Average growth</td>
</tr>
<tr>
<td>Cinema</td>
<td>57</td>
<td>58</td>
<td>58</td>
<td>57</td>
<td>52</td>
<td>Average growth</td>
</tr>
<tr>
<td>Cinema</td>
<td>57</td>
<td>58</td>
<td>58</td>
<td>57</td>
<td>52</td>
<td>Average growth</td>
</tr>
<tr>
<td>Radio</td>
<td>15</td>
<td>12</td>
<td>10</td>
<td>8</td>
<td>8</td>
<td>Average growth</td>
</tr>
</tbody>
</table>


Weighted base: All respondents: 2013 (2,517 respondents), 2012 (2,005 respondents answering the module), 2011 (4,000 respondents), 2010 (2,027 respondents) 2009 (2,071 respondents). For all years, respondents could select three options only.
Television’s share of all display advertising revenue has been relatively stable over time, varying between 22 and 24 per cent in the period 2007 to 2012.\(^4\) By contrast, publishing’s share of UK advertising revenues fell from 41 per cent to 23 per cent in 2012.\(^4\)

The performance of television relative to digital ad formats has also been robust. The highest rated digital advertising medium over the last three years was opt-in emails, rated among the top three formats by between 13 to 14 per cent of respondents in three separate surveys undertaken in 2011-2013.\(^3\) Video ads and banner ads on websites fared less well, ranking among the top three for only two per cent of respondents.

TV’s share of advertising revenues looks to remain stable until an alternative medium appears that can compete with the reach and impact of TV.\(^4\)

**TV advertising’s growing pains**

TV has been able to defend its share of advertising. But it has also struggled to increase it. This contrasts with online advertising, whose proportion has risen steadily, reaching 33 per cent in 2012 from 17 per cent in 2007.\(^5\)

Further, advertising’s share of all TV service revenues has declined steadily since 2007, when its share was 23.9 per cent. By 2011 it had declined to 21.6 per cent and last year it fell to 21.4 per cent. Without the contribution from ad-funded digital platforms, advertising’s share would have been a further 0.8 per cent smaller in 2012. TV advertising’s share of nominal GDP has also dropped, from 0.27 per cent in 2007, to 0.25 per cent in 2011 and 0.24 per cent in 2012.

TV’s nominal advertising revenues are buffeted by the economic cycle, even if its share of total ad revenues is relatively constant. In a rising economy, the growth in nominal spending on ads may be several times the rate of change in GDP. But in a downturn, the decline can be significant. Between 2007 and 2009 net advertising revenues (NAR) fell 12 per cent or £441 million pounds. The scale of variability in ad revenues complicates budgeting, and requires significant contingency reserves to be set aside.

One approach to improving revenues would be – subject to regulation – to increase the volume of ads seen, while maintaining the price per commercial impact. The number of impacts per person per day rose steadily between 2007 (40 impacts) and 2011 (47), but has since changed little (see Figure 9).

This might reflect a ceiling on the number of impacts, at close to a trillion per year, that UK viewers are willing to tolerate. It may also reflect the conclusion of the digital switchover process.

This suggests that for TV advertising revenues to grow, the industry needs to look at ways of increasing the price paid per commercial impact.

There are multiple options available, which require careful evaluation. In the remainder of this chapter, we look at two of these: quantifying TV’s impact on online behaviour and addressable advertising.

**TV and online behaviour**

One of online advertising’s strength is the ability to track the path from advert through to purchase. TV’s impact on purchasing is known: it is after all a vast shop window and the growing base of connected devices that accompany our viewing can serve as a personal till.

But TV lacks a mechanism whereby its impact on purchasing online can be trailed. Establishing a link between an individual’s viewing of commercials with online activity could evidence the impact that TV has, hence increasing its marketing value.

There is ample evidence of the power of television on search.\(^6\) Brands typically experience a 60 to 80 per cent jump in searches on brand terms during the campaign.\(^7\) But at present there is little blending of measured TV viewing data with online behaviours. Demonstrating the link between viewing and online activity could increase the value of TV advertising, as it would provide further evidence of TV’s ability to persuade.

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\(^1\) TV: Enders Analysis, BARB/InfoSys+1, July 2013

**Figure 9. Commercial impacts per day, 2003 to H1 2013**

<table>
<thead>
<tr>
<th>Year</th>
<th>Full year impacts</th>
<th>H1 impacts</th>
<th>Commercial impacts watched per day</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>63.1</td>
<td>62</td>
<td>62</td>
</tr>
<tr>
<td>2004</td>
<td>64.6</td>
<td>63.9</td>
<td>64.6</td>
</tr>
<tr>
<td>2005</td>
<td>68.6</td>
<td>67.9</td>
<td>68.6</td>
</tr>
<tr>
<td>2006</td>
<td>74.2</td>
<td>73.5</td>
<td>74.2</td>
</tr>
<tr>
<td>2007</td>
<td>79.0</td>
<td>78.3</td>
<td>79.0</td>
</tr>
<tr>
<td>2008</td>
<td>83.2</td>
<td>82.4</td>
<td>83.2</td>
</tr>
<tr>
<td>2009</td>
<td>87.9</td>
<td>87.1</td>
<td>87.9</td>
</tr>
<tr>
<td>2010</td>
<td>92.9</td>
<td>92.1</td>
<td>92.9</td>
</tr>
<tr>
<td>2011</td>
<td>98.3</td>
<td>97.5</td>
<td>98.3</td>
</tr>
<tr>
<td>2012</td>
<td>104.4</td>
<td>103.6</td>
<td>104.4</td>
</tr>
<tr>
<td>2013</td>
<td>110.7</td>
<td>109.8</td>
<td>110.7</td>
</tr>
</tbody>
</table>

Source: Enders Analysis, BARB/InfoSys+1, July 2013
Television’s ability to encourage search and purchase can be seen in research undertaken for this report. Eleven per cent of all respondents searched for a product having seen an advert or sponsorship on TV; among 16-24 year olds, the proportion was more than double, at 24 per cent (see Figure 10). Thirteen per cent of all respondents and 18 per cent of 16-24 year olds bought the product advertised.

The link between TV and online purchasing activity seems apparent; the industry needs to determine how much investment would be required, and what the drawbacks would be, of evidencing the connection between viewing and buying.

**Addressable advertising**

Traditional display advertising is considered by some commentators as inefficient as ads may be viewed by people who are not being targeted. Traditional TV advertising might thus be doubly wasteful: expensively produced TV ads reach people that are not target customers.

So the challenge is to deliver TV ads to people who really want to see them.

Blending TV advertising with multiple large data sets (also known as big data) could enable addressable advertising. In this model, each household, and where possible each viewer, receives an advert based on analysis of multiple sets of data for that person.

This could be a combination of data that are collected by a range of different entities, such as: income levels, age, marital status, spending patterns and creditworthiness. These data collectively would mean a viewer would only be shown ads for items he or she would want to purchase. One example of addressable advertising was commissioned by an insurance company, which targeted renters only for a campaign about rental insurance.

The theory of addressable advertising is compelling; the reality is far more challenging. In the near-term, the extent of addressable advertising may be limited to providing targeting by UK region, equalising the capability of satellite TV transmission with terrestrial transmission.
The key issues to consider are:

- Rationalising the disparate data sets required to identify which home or categories of users should receive each ad is resource-intensive. Aligning metadata across multiple data sets can require significant preparation. Indeed it may be cheaper simply to allow for a proportion of wastage. Rather than deploy a team to prepare data, an advertiser could simply buy more air time.

- Viewers can receive programming via multiple sources: every network and every video portal has its standards and ways of collecting user data. A multi-channel video campaign that made use of addressable adverts may need multiple implementation projects to be able to reach the majority of a population.

- Creating TV ads is expensive; creating multiple TV ads to target different audiences (by age group, by income level) is even more cost-intensive.

- Advertising sometimes benefits from imprecision. It is hard for even the best retailers to know exactly who their target market may be or who the target influencers in a household may be. Precise targeting may blunt advertising’s scatter-gun benefits.

- TV ads are already targeted to an extent in so far as each programme can be expected to attract a certain demographic type of viewer in required quantity. Female skewing products can be advertised in the breaks of programmes likely appeal to women. Advertisers may not need any more precision than this.
Our research on the UK market suggests that just over a quarter of respondents would like to have adverts based on their preferences and products they normally buy (see Figure 11). The same proportion would like to have TV ads that match the programmes they watch. But almost two fifths of respondents wanted a variety in their TV ads.

**Bottom line**

TV advertising is in both a great and challenging place. There is at present no alternative medium with its characteristics. This helps it generate close to £4 billion in net revenues per year. But it also appears unable to increase its revenues much beyond this level, and as a consequence TV advertising’s share of GDP is slowly but steadily declining.

The industry needs to look at ways of increasing the prices it can charge, given that UK viewers may not want to consume more. It needs to evaluate each option carefully and be fully aware of the costs of each approach to raising prices.
A channel’s value is material, much as any brand has worth.

A successful free-to-air channel persuades more people to watch the same programme. A strong pay channel has slightly different performance metrics: its success is predicated not just on viewing numbers, but also the volume of subscribers it is able to sign up or the monthly fee it can charge.

A strong broadcast channel is trusted by its viewers to choose the content that they like watching, scheduled at a time convenient to them, and offering an appealing mix of genres. Broadcast channels take on the chore of selection. At the end of the day, when viewing peaks, choosing what to watch from a diverse menu of choices is a task that many of us outsource as we prefer to relax. Indeed over half of us watch TV because we consider it the best way to relax at home (see Figure 12).

A strong channel is more able to encourage viewers to watch new programmes. This is partly because it is trusted to select, but also because it is able to promote new programmes through trailers. According to a survey conducted for this report, 85 per cent of new programme discovery is via trailers on television.

Successful channels are also characterised by a consistent, distinctive tone of voice. Key to this is the existence of a few tent pole programmes that define the channel’s character and which typically the channel has commissioned and nurtured over the years. Examples include Doctor Who, Downton Abbey, The Inbetweeners and A League Of Their Own.

Channels with strong brands should be able to earn a higher payment from pay TV channels for the right to carrying their programming.

Strong channels can exist in both broadcast and online worlds. A successful broadcast channel performs strongly in live viewing, personal video recorder (PVR) catch-up and on-demand. According to our research, the channel that people watch has a strong bearing on awareness (see Figure 13) and usage (see Figure 14) of broadcasters’ on-demand services. Those who watch the BBC most are aware of the BBC’s iPlayer. Those who watch ITV most have the highest incidence of usage of ITV Player in the last month.
But a channel need not have a broadcast outlet to succeed; a video-on-demand (VOD) only channel can also succeed as long as it has a strong identity, most likely defined by content it is famous for. For example Netflix has in recent months become well-known for high-end drama that it has commissioned and which is exclusive to it. A year ago its advertising was more focused on back catalogue programming.

A well-performing channel family has a common identity across all its channels, with the quality of commissioning at its core. Each member of the family needs to have a distinct identity, such as an age group or genre focus.

Bottom line

A channel has value, as it performs a function that is valued. The wider the choice we are offered, the more we need an editor.

Yet the need and value of a channel in a digital world is often questioned. Precisely because digital encourages vastly greater supply, either in the form of hundreds of channels, or millions of programmes from the archive, or hundreds of millions of video clips, the strong, well-run channel – regardless of how this is distributed – is more valuable than ever. For the first few years of YouTube’s life, content was accessed via most watched lists or a search engine. In recent years it has established free and paid-for channels, to fast-track the selection process.53

The impact of strong channels could be bolstered further through adapting some of digital’s tool kit, for example by collecting data from individual viewers. These could be used to communicate with and provide additional programme content to those who sign up.

Channels’ resilience is evident in other media, not just television. For over a decade, music fans have had access to tens of millions of tracks. Yet for the last five years, radio’s reach and hours per week have remained largely constant, at 90 per cent of adults and 20 hours respectively.54 The most popular national show, Chris Evans’ Breakfast Show on BBC Radio 2, enjoys an audience of ten million.55

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**Figure 14. Usage of on-demand TV services in the last month**

**Question:** Which of the following on-demand TV services have you used in the last month?

<table>
<thead>
<tr>
<th>On-demand service used in the last month</th>
<th>BBC iPlayer</th>
<th>ITV Player</th>
<th>4oD</th>
<th>Demand 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>55%</td>
<td>39%</td>
<td>37%</td>
<td>28%</td>
</tr>
<tr>
<td>BBC1</td>
<td>64%</td>
<td>38%</td>
<td>33%</td>
<td>24%</td>
</tr>
<tr>
<td>BBC2</td>
<td>54%</td>
<td>26%</td>
<td>28%</td>
<td>18%</td>
</tr>
<tr>
<td>ITV1</td>
<td>47%</td>
<td>47%</td>
<td>36%</td>
<td>29%</td>
</tr>
<tr>
<td>Channel 4</td>
<td>59%</td>
<td>43%</td>
<td>57%</td>
<td>23%</td>
</tr>
<tr>
<td>E4</td>
<td>35%</td>
<td>30%</td>
<td>35%</td>
<td>35%</td>
</tr>
<tr>
<td>Channel 5</td>
<td>27%</td>
<td>16%</td>
<td>42%</td>
<td>18%</td>
</tr>
</tbody>
</table>

Source: Deloitte/GfK, June 2013

Weighted base: Respondents who heard of the following catch-up TV services: BBC iPlayer (2,212), ITV Player (2,055), 4oD (1,587), Demand 5 (1,264)
The status of the writer in television has risen markedly in recent years. Earnings for the most in-demand talent have grown accordingly. According to conversations with industry executives, total compensation for the top 20 has increased by upwards of 30 per cent over the past five years. Earnings for less well known writers, however, have remained largely unchanged.

Fee per hour has risen modestly, but for the top cadre, total compensation has been boosted by additional payments, such as for executive producer credits, or show-runner and format-creator roles. Furthermore, in some cases bonuses are paid for return series, and writers may be entitled to a share of profits from secondary sales.

While higher fees do affect production budgets, particularly for drama, they are generally not preventing projects from being given the green-light. Certainly demand for top writers is not abating – the wait for their services currently stretches into years, and demand may intensify in the near-term.

The profile of leading UK writers may ascend still further
A combination of developments is driving the demand for UK writers, and the total compensation they receive.

One longer-term, steady, change is the growing role of the small screen as the home for complex storytelling, as cinema increases its attention on animation and special effects blockbusters: *Lincoln*, winner of two Oscars, almost went straight to television in the US.56

The more storytelling that takes place on TV, the greater the demand for writers. UK writers are particularly popular.57 Their domestic track record is considered an indicator of global potential of their creations, either in the form of a remake or a finished product.58

A recent trend has been the growing number of potential customers for new drama. Online TV platforms are increasingly commissioning content, rather than just aggregating it, on the basis that success may be contingent upon offering original, exclusive content.59

The profile of writers is also being boosted by the need to co-produce high-end TV productions, so as to share cost. When pitching projects, the credibility of the writer can be critical, and this accentuates the demand for the most established talent.

The confluence of: increased demands on the best writers, longer wait times, and the temporary relocation of some writers may precipitate a long-awaited transition: the adoption of writers’ rooms. But this will only apply for a minority of drama (see side bar: Writing becomes a team effort, for a minority of content).

Writing becomes a team effort, for a minority of content
Historically, the British approach to writing has been to rely on duos or individuals to write programmes.60 This has restricted the lifetime of a programme to a couple of series, with six episodes in each. This works for a UK market in which viewing is concentrated among relatively few channels: the main PSB channels retain slightly over 50 per cent audience share. Short runs enable a wide variety of content to be shown, which is what the UK public is accustomed to.

But when it comes to exports, short runs are, in general, harder to sell abroad at an attractive price. If funding production costs for high-end programmes increasingly relies on exports then writing cannot rely on one or two individuals to generate ten hours’ worth of content.

Selling short-run series is hard for several reasons. For one, in some markets, such as the US, the expectation is that series run for at least ten episodes. So it may not be until two or even three series of a UK production have been recorded before the 12 or 18 accumulated episodes can be marketed. As it may have taken three years to record these 18 episodes, the on-screen talent may have age markedly in the four months that it takes to watch the programme, or a weekend if watched via an on-demand platform.

Short runs can also be harder to sell due to the higher per-episode marketing cost. Prospective customers would prefer a series’ run to stretch over months, rather than weeks, and would also prefer a series to return over multiple years and not run out of steam after two. Returning series are easier to market, and have predictable audience shares.

Succeeding in the export market may therefore require the adoption of writing teams large enough to be able to write ten hours or more content. Another benefit of the writers’ room is that it can help identify and nurture future writing stars.

Writers’ rooms are likely to become more popular, but this is from a very low base. The use of teams to write scripts is likely to demand on the appetite among commissioners to move to longer runs of series as a norm.
Story telling is fundamental to entertainment, and television is a principal entertainment medium. This makes writers core to television, and their importance is likely to grow in the near-term. Broadcasters should anticipate possible near-term developments with regard to the demand for writers and the total compensation they expect.

Some top-tier writers may relocate temporarily abroad, to remake their stories for other audiences, with the most likely destination being the US, where the market is sufficiently large to justify commissioning a localised version of a UK hit series. A package of writer, producer and some of the on-screen talent should increase the likelihood of a transplanted programme being as much of a success in the US market as it was in the UK.

Average compensation for UK-based writers – not just the top echelon – may rise. It is worth noting some recent trends in the US market. Members of the Writers Guild of America West (WGAW) reported writing fees $667 million from 3,508 members in 2012, a 40 per cent rise in earnings per writer from 2007, when 3,356 writers earned $456 million (see Figure 15). Over the same period WGAW writers’ aggregate earnings from movies declined 35 per cent to $343 million, and earnings per writer declined 15 per cent.

Figure 15. Annual earnings per writer from television, US ($)

![Graph showing annual earnings per writer from television, US ($).](image)

Source: Earnings and Employment in Television, Writers Guild of America, West, Annual Report, June 2013

Broadcasters can respond to this trend in different ways, including co-finance with other broadcasters or platforms (such as video-on-demand aggregators) and increasing focus on emerging writers.

British writers are in demand – but should not get complacent. International demand for stories is not limited to English language writers, as has been evidenced by remakes of Scandinavian drama.
Deloitte was invited to produce this research as a companion to the Royal Television Society’s Cambridge Convention 2013. Deloitte’s roles and responsibilities have entailed the research, writing and publishing of the report.

The research approach for this report has been to blend four sources of commentary and data on the UK television market:

• Discussions with executives from the television industry in the UK and abroad, held between March and August 2013.

• Analysis of the flows of revenues into, within and out of the UK television market based on public sources, such as company annual reports, trade association reports, specialist industry analysts and news articles.

• Inputs from an online survey of 2,517 nationally representative respondents in the UK looking at a wide span of TV consumption patterns and attitudes to TV. The survey was fielded by GfK and based on a question set written by Deloitte and GfK reflecting inputs from industry executives. Fieldwork took place during June-July 2013. Respondents were sampled and weighted to reflect the UK adult population (16+).

• Selected inputs from Deloitte’s other programmes of quantitative research, such as the UK data from the Global Mobile Consumer Survey, an online survey which includes a quantification of penetration and usage of mobile devices among 4,020 UK respondents. The survey was fielded by Ipsos MORI and took place during May-June 2013.

Views expressed by third parties providing input for this report are not necessarily those of Deloitte.

For further information about this research please contact paullee@deloitte.co.uk.
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GfK
GfK conducted the survey and undertook the research as part of its support for the RTS Cambridge Convention 2013. GfK is one of the world’s largest research companies, with around 13,000 experts working to discover new insights into the way people live, think and shop, in over 100 markets, every day. GfK is constantly innovating and using the latest technologies and the smartest methodologies to give its clients the clearest understanding of the most important people in the world: their customers.

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The Royal Television Society (RTS)
The Royal Television Society is Britain’s leading forum for television and related media. Membership is open to everyone with an interest in the medium. The RTS was granted its Royal title in 1966 and HRH The Prince of Wales became Patron of the Society in 1997.

The RTS brings together people to exchange ideas, debate and explore key issues. The RTS Awards are an internationally recognised hallmark for quality and originality.

For over 80 years, the RTS has provided the UK’s main platform for debate about the future of television. Its lectures, events and publications make a substantial contribution to raising standards and developing practice. The RTS organises dinners with influential speakers, lectures, monthly sessions on current issues, and the world famous biennial Cambridge Convention sets the agenda for the future.

The RTS is an educational charity and runs activities to support students and people starting out in the industry.

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www.deloitte.co.uk/mediaconsumer
#mediaconsumer

TMT Predictions 2013
www.deloitte.co.uk/tmtpredictions
#TMTPredictions

TV: Why? Perspectives on television in words and numbers, 2012
www.deloitte.co.uk/television
#deloittetv
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Endnotes

1. Source: The Communications Market 2012, Figure 2.12, Ofcom, 2012. See: http://stakeholders.ofcom.org.uk/binaries/research/cmr/cmr12/UK_2.pdf


8. Total viewing per day for individuals aged 4+ was 224 minutes in 2003, about a quarter of an hour less than in 2013. Source: The ITV merger ten years on, Figure 9, Enders Analysis, 9 April 2013. See: http://www.endersanalysis.com/content/publication/itv-merger-ten-years (requires subscription to read the full article)

9. Source: The Communications Market 2004 – Television, Figure 2.60, Ofcom, 2013. See: http://stakeholders.ofcom.org.uk/binaries/research/cmr/cmr13/UK_2.pdf

10. Source: The Communications Market 2013, Figure 2.63, Ofcom, 2013. See: http://stakeholders.ofcom.org.uk/binaries/research/cmr/cmr13/UK_2.pdf

11. Source: The Communications Market – 2013, Figure 2.63, Ofcom, 2013. See: http://stakeholders.ofcom.org.uk/binaries/research/cmr/cmr13/UK_2.pdf

12. Source: The Communications Market 2004 – Figures 105 and 106, Ofcom, August 2004. See: http://stakeholders.ofcom.org.uk/binaries/research/cmr/telecoms.pdf (73 per cent regarded TV as the main source of national news; 78 per cent regarded it as the main source of world news.)

13. Source: Deloitte/Gfk, June 2013. Respondents were asked to state their view on a range of statements about television, including “TV is the best way of keeping in touch with what’s going on in the world”. Of those stating an opinion (1,762 respondents), 74.2 per cent agreed strongly or slightly with the statement.


15. Sources: Virgin Media website, as accessed on 30 August 2013. Virgin Media provides Wi-Fi on the London Underground at no additional cost to its customers. See: http://my.virginmedia.com/wifi/index.html; Sky website, as accessed on 30 August 2013, Sky Broadband Unlimited, Connect, or Fibre customers get access to its Wi-Fi hot spots at no additional charge. See: http://help.sky.com/broadband/connect-your-devices/connect-to-sky-wifi

16. For more information on the inputs into this report, see chapter ‘About the research’.

17. Source: Writing their way into a fortune: the top 50 biggest-selling authors of all time, This is MONEY, 10 September 2012. See: http://www.thisismoney.co.uk/money/celebritymoney/article-2200999/Jamie-Oliver-JK-Rowlings-50-biggest-selling-authors-time.html

18. Gross value of the top 100 books, multiplying sales volume by recommended retail price (RRP) was £294 million. Books promoted via television were worth £76 million at full RRP. Source: Nielsen. For commentary on book sales, see: Top 100 best-selling books of 2012, Guardian. See: http://www.theguardian.com/news/datablog/2012/dec/28/top-100-best-selling-books-2012/list; for the full table, see: https://docs.google.com/spreadsheet/ccc?key=0AonYZs4MzlZbdF82UW9QWXZ2V9d1JJWJRb1BVQXc

19. For more information on revenues generated by stand-up, see: Comedy rich list: Peter Kay tops list of UK’s richest comedians, Mirror, 26 May 2013. See: http://www.mirror.co.uk/3am/celebrity-news/comedy-rich-list-peter-kay-1911365

20. Source: The super-rich stand-ups: Britain’s top comedians are earning up to £20m for a single a tour, Mail Online, 3 March 2012. See: http://www.dailymail.co.uk/news/article-2100092/Ricky-Gervais-Peter-Kay-Britains-comedians-earning-20m-single-tour.html

21. Source: McIntyre is world’s most successful comedian, The Telegraph, 10 January 2013. See: http://www.telegraph.co.uk/culture/comedy/9792765/McIntyre-is-worlds-most-successful-comedian.html
22. Soap operas typically make up the majority of the most watched programmes in the UK every week. In the week of 1 to 7 July 2013, soap operas occupied seven of the top 10 slots, and 13 of the top 20. This was an exceptional week, with tennis taking the top two spots. Source: Top 100 Network Programmes, Broadcast, 12 July 2013.

23. The diversity of television today is well summed up in the concluding paragraph on this essay on TV critics, who need to have an "eclectic range": The fall and the rise of the TV critic, Financial Times, 23 August 2013. See: http://www.ft.com/cms/s/0/5af41f8b-0a65-11e3-aebc-00144feabeac0.html#axzz2dg0xh4a9 (requires subscription to read the full article).

24. PSB share of viewing in pay TV homes is increasing. In 2003, PSB share of viewing was 56.9 per cent in DST homes and 61 per cent in DCT homes. Source: General and PSB viewing trends, Enders Analysis, 24 June 2013. See: http://www.endersanalysis.com/content/publication/general-and-psb-viewing-trends (requires subscription to read the full article).


27. Source: Deloitte/GfK, June 2013, base: respondents who subscribed to subscription-based video-on-demand services in the last month (287). Respondents were asked how much they agreed or disagreed with the statement "I use this in addition to my pay TV services".


30. Headline broadband speed is only one factor which affects the quality of service of video-on-demand service, whether free-to-use or subscription based. Other factors include the proximity of the television set to the Wi-Fi router: obstacles between the Wi-Fi router and the TV set or other device receiving the signal; the time of day: as broadband is a rivalrous service, the more people using broadband services in the same neighbourhood at the same time, the greater the potential disruption; the quality of the Wi-Fi router: Internet traffic does not need to travel over Wi-Fi within the home; indeed using a power line connection, whereby the signal is routed via the mains cables within the house, can increase performance significantly. According to discussions with industry executives, a growing number of households are using power line networks for video transmission, in order to get a better quality of service.


32. Sky's sports content is now available via a streaming peripheral on a per-day basis; its movies are available on a subscription basis. Source: NOW TV website as accessed on 30 August 2013. See: https://shop.nowtv.com/


38. TV size data from GfK, 2013 and is for flat panel TV sales in Great Britain. The majority of viewing is on large TV screens, even if the majority of those with smartphones and tablets may have watched a television programme on a smaller device at some time.

39. Based on analysis undertaken by Thinkbox using data from June 2013 data from BARB and UKOM.


41. See: Figure 6, The ITV merger ten years on, Enders Analysis, 9 April 2013 (requires subscription to read the full article).

42. See: Figure 7, The ITV merger ten years on, Enders Analysis, 9 April 2013 (requires subscription to read the full article).

43. See: Deloitte/GfK, June 2013, June 2012, June 2011. Sample sizes were: 2013 (all respondents, 2,517), 2012 (respondents answering the module, 2,005), 2011 (all respondents, 4,000 respondents).
44. In the US market, one source cited prices of $29 to reach 1,000 people (CPM). This compares to $1.30 for mobile. Mobile ads favour coexistence, not disruption. Financial Times, 11 August 2013. http://www.ft.com/cms/s/0/c07f8554-01f0-11e3-8918-00144feab7de.html#axzz2dg0Xh4a9 (requires subscription to read the full article).

45. Source: Figure 7, The ITV merger ten years on, Enders Analysis, 9 April 2013 (requires subscription to read the full article).


48. The addressable advert can be played in a number of ways. For broadcast, the advert can be preloaded onto a hard drive on the set top box then played back during the ad break. With a video-on-demand service, the advert can be inserted into the content stream.

49. Source: Addressable TV ads take step forward in US, Campaign, 3 September 2012. See: http://www.campaignlive.co.uk/news/1148074/

50. For example, when Neighbours moved from the BBC to Five in 2008, audience share dropped by about four per cent, equivalent to 300,000 viewers at that time of day. Source: Neighbours becomes good friend to Five channel five, Broadcast, 13 February 2008. See: http://www.broadcastnow.co.uk/neighbours-becomes-good-friend-to-five-channel-five/767799.article (requires subscription to read the full article)


52. The question asked was: “How do you find out about what’s on TV? Please tell us how often you find out about TV programmes in the following ways.” This question was asked of all respondents (2,517). Source: Deloitte/GfK, UK, June 2013, base: 2517 (nationally representative sample).

53. Source: YouTube subscription channels off to slow start – but is that a problem? The Guardian, 19 July 2013. See: http://www.theguardian.com/technology/2013/jul/19/youtube-subscription-channels-slow-start

54. Source: UK radio industry: key metrics, Ofcom, 2013. See: Figure 3.1, http://www.theguardian.com/technology/2013/jul/19/youtube-subscription-channels-slow-start

55. UK writers are also involved in productions led by French production houses. For example Canal Plus and Gaumont International Television have hired British writers Neil Purvis and Robert Wade to write its Barbarella series. See: http://www.hollywoodreporter.com/news/skyfall-writers-neal-purvis-robert-416327

56. In a speech to the University of Southern California, Steven Spielberg commented that studios were now more focusing on the biggest titles, and that it made more sense to invest $250 million in blockbuster than smaller amounts on lower budget, “interesting, really personal” projects. http://www.independent.co.uk/arts-entertainment/films/news/steven-spielberg-and-george-lucas-warn-of-movie-industry-implosion-and-50-tickets-is-this-the-end-of-hollywood-as-we-know-it-8658179.html

57. What television is: 2013

60. Debates over the best approach to write television in a UK context stretches back for decades. For a discussion on the topic from 2002, see: Team Writing – Smells like team spirit, Broadcast, 25 July 2002. http://www.broadcastnow.co.uk/team-writing-smells-like-team-spirit/1150489.article (requires subscription to read the full article)

61. In the US, individuals can receive payments for different roles, with the most common additional role being production. While average writers’ fees have increased, in some cases an individual’s income may have declined due to a reduction in revenues from other roles.


63. FX has remade the Bridge, which was lead written by Hans Rosenfeldt http://www.contactmusic.com/opinion/the-bridge-american-remake-diane-kruger_3754300