

Latest global trends on consumer media preferences and behaviours

JOHANNESBURG, SA: As digitisation radically transforms the way people around the world interact with media content, and as media consumption trends and behaviour continue to evolve, Deloitte has released new research that highlights a number of compelling global trends that can help TMT companies develop effective business strategies and achieve long-term business growth.



Consumers around the world remain highly engaged in media of all forms, even as the variety of media formats, sources, and devices continues to expand. The survey shows that traditional media such as television (TV), radio, newspapers, and magazines remain dominant and consumer affinity for them remains high. Yet new media platforms are likely to be the primary source of future growth in technology, media, and telecommunications (TMT). At the same time, while the role of the Internet in influencing consumer behaviour remains indisputable, this new study raises questions about the effectiveness of online advertising and confirms the growing influence of social media platforms.

"We call this new, digital world a 'media democracy' because consumers vote with their actions and wallets for new content types, media devices, distribution platforms, advertising models, and pricing schemes," says Mark Casey, Deloitte TMT leader, Southern Africa. "Also, with the rise of the Internet and social media, every individual now has the power not just to consumer content, but to produce it as well."

These findings are the result of the fourth edition of Deloitte's annual *State of the Media Democracy* survey, a global study of media trends and how consumers around the world are interacting with media, entertainment, information, and advertising. Commissioned by Deloitte's Technology, Media & Telecommunications (TMT) practice, the survey includes responses from 12 991 consumers in seven countries including Brazil, Germany, Japan, the United Kingdom, the United States, South Korea, and India.

Television remains the top media platform, but the way people view video content is changing

Although television continues to be the most popular media platform around the world, consumers in most countries surveyed say their computer has become more of an entertainment device than their television. Use of video-sharing sites is growing exponentially, except in Germany where it remains almost nil. At the same time, in the United States and Germany, video viewing on a show's official website has more than doubled in the last year. Additionally, consumption of user-generated content continues to increase across the board. However, surveyed consumers generally find user-generated content less entertaining than previously reported, with its primary appeal being that it is free.

Although live viewing remains by far the most common way of watching TV, it is gradually being supplanted by the use of digital video recorders (DVRs), especially in Germany where DVR consumption has more than doubled. According to the survey, DVRs are used for about 25% of all TV viewing in the United States, the United Kingdom, and Japan. In other surveyed countries, the percentage of TV viewing done with a DVR is still in the low to mid single digits.

"The bottom line is that TV is likely to remain dominant for quite some time, but will continue to face growing pressure from other platforms such as the Internet," says Casey. "To remain competitive in this area, companies will need to continue to uncover new ways of combining TV and Internet platforms."

Traditional advertising remains the most influential, while the sway of online advertising is declining

According to the survey, traditional forms of advertising such as TV, radio, and print ads continue to have the most influence and impact with consumers. Specifically, TV remains number one by a wide margin. However, its lead is shrinking in the face of increased competition from the Internet and other new advertising media.

Interestingly, the survey raises some questions about the effectiveness of online advertising. Though the influence of online ads placed third globally, their influence appears to be declining and they are generally regarded as more annoying than print ads. Exceptions are Japan, where online ads hold the number one position, and Korea, where online ads are almost as powerful as TV ads.

"Despite continued growth in Internet use, the influence of Internet advertising on buying behaviour remains relatively low in the majority of countries surveyed, and in many cases is declining," says Casey. "The Internet has vast potential for promoting and influencing consumer behaviour, but these trends suggest that a new approach to online marketing may be required."

"Instead of relying on online ads that are little more than electronic versions of print ads, companies may want to consider doing more to capitalise on the Internet's interactive capabilities by creating intelligent, customised advertising that targets the needs and interests of individual consumers," explains Casey.

Yet in terms of methods used to gather consumer intelligence, the study shows that consumers in most countries are reluctant to provide personal information to receive advertising that better targets their needs, or to have website browsing activities tracked for that same purpose. Where other key traditional methods of advertising are concerned, the influence of magazine ads achieved second place globally, but was flat when compared with last year's survey. The survey also reveals that newspaper ads are actually rising slightly in influence, while radio ads hold the fifth position, but are rising - especially in the United States and the United Kingdom.

Use of social media continues to rise across demographics and is seen as potential alternative to online advertising

Social media is already the fourth most popular Internet activity globally - behind only search, email, and news - and is rising fast among all age groups surveyed.

"Until now, companies have focused a lot of resources on online advertising - not necessarily because it is more effective, but because it is similar to traditional advertising and therefore familiar and comfortable," explains Casey. "But with the declining influence of online advertising, companies may consider increasing their use of social media to generate buzz and influence customer perceptions."

According to the survey, consumers in most countries say that online reviews and ratings influence their buying decisions more than any form of Internet advertising. "This suggests that social media - not traditional online advertising - might be the

best way to promote products and services on the Internet." Says Casey

The Internet is now challenging TV for consumers' time and attention

Globally, consumers rated Internet use as their number three favourite e-media pastime, behind TV and music. Interestingly, popularity of the Internet remained flat in the United States but rose significantly everywhere else. In addition, online video is driving demand for faster Internet connections, and many people claim they would be willing to pay more for a faster connection.

The music market is growing, but is increasingly fragmented across platforms

Consumers around the world rated music as their second favourite media, and its popularity and consumption are growing in every country surveyed. However, as the number of music platforms increases, consumption is being spread ever thinner, meaning that the use of specific individual music platforms is generally declining - even as aggregate consumption increases.

For example, the survey shows that use of digital music players is declining across the board, even while digital music consumption is skyrocketing. Radio's popularity is also rising, with AM/FM radio rated number one globally as a way to listen to music, and CDs ranked as number two, though declining significantly in all markets. Adoption of digital radio remains in the single digits.

Wireless data applications are driving growth in the mobile sector

Phones with advanced features are proliferating - already outselling portable computers - and their uses are expanding to include online search, social media, applications purchases, product and service purchases, entertainment, and global positioning. Survey results show that more people have combined voice and data plans than "voice-only" plans (with the exception of Brazil and India).

According to the survey, the most popular mobile phone features are built-in cameras and text messaging, followed by video cameras, Internet access, music players, and email. In some cases, consumers don't use a phone feature because they feel it is too expensive or better handled by a different device. However, in most cases, the main barrier to an application's success is that consumers simply don't see a need for it.

"One application that is especially popular is the use of mobile phones for online search," explains Casey. "At the moment, consumers are mostly doing standard web searches, but the survey shows consumers are very interested in using phones with GPS technology to find local stores and services and as a result, significant growth in this area is expected in the future."

Printed media is more popular than ever, but content providers still struggle to get paid

In most markets, the popularity of newspapers - printed or online - is up significantly. Yet where paying for content is concerned, online newspaper subscriptions are way down in major markets such as the United States, the United Kingdom, and Germany. Globally, reading newspapers in printed format actually increased over the past year. Yet traditional print media companies in most surveyed countries continue to face an uphill battle getting consumers to pay for content. According to the survey, the vast majority of respondents (between 77% and 89%) will not pay for online news because they believe the quality of free online news is sufficient. As well, print magazine subscriptions are also mostly flat, despite consumers' preference for printed magazines over their digital equivalents.

Interest in electronic games is rising in most markets

Popularity of electronic games as a "favourite media" pastime is flat in the United States, and down in the United Kingdom, but up everywhere else. Globally, personal computers (PCs) and dedicated video game consoles are equally popular game

platforms. Most gamers still play by themselves against the game, while only half play with or against other people in the same room. Even fewer play with or against other players online.

Newer movie delivery platforms are gaining ground

The most popular way to watch a new movie release continues to be disc or videotape, followed by cable and satellite TV, while movie downloads, along with streaming video from free online sites, have more than doubled in most countries. However, a growing number of consumers are using both discs and download to watch movies, and the use of mail-order movie services are up significantly since last year.

Demand for media portability is a growing trend

Consumers around the world have a strong desire for the ability to easily move content from one platform to another. And, as the number of media platforms expands, this demand will only become more challenging.

About the *State of the Media Democracy* survey

The fourth edition of Deloitte's global study of media trends and consumer behaviour was commissioned by Deloitte's Technology, Media & Telecommunications (TMT) practice and conducted by independent research firms in late 2009 and early 2010. Results from the survey include data from 12 991 consumers in seven countries including Brazil, Germany, Japan, the United Kingdom, the United States, and, new this year, South Korea and India.

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