

Recognition of the impact of hybrid and Connected TV on the digital TV industry came as David Docherty, chairman of the UK's Digital Television Group (DTG) – responsible for setting digital TV standards – suggested that Connected TV would be “the game-chang-

mainstream product, we have to get back to basics,” he suggested. According to Danker, lessons could be learnt from the mobile industry, where users download and utilise mobile apps that are relevant. “When you sit back on your sofa, what would you find relevant, what would enhance your TV experi-

we’ve succeeded when the technology becomes invisible.”
FREE. Ilse Howling, managing director, of UK DTT platform Freeview, saw free TV as a core component of the hybrid future. “Do consumers know what hybrid TV is, and frankly, do they care?” she wondered, suggest-

CONNECTING TO A

Many media observers suggest that the future of TV viewing will centre on IP content delivered to Connected TVs as part of a hybrid viewing experience. How much is hype and how much is reality?

What are the opportunities and challenges? A number of industry experts shared their thoughts at two major events recently. Colin Mann reports.



er” for the industry and, as such, the DTG was setting up a hybrid TV task force to work with counterpart bodies in the UK and abroad to ensure the UK’s lead in digital television was transferred to the hybrid domain.

Docherty was delivering the opening address at the DTG Summit 2012, held in London in early March 2012, where, notwithstanding his assertions, other speakers delivered more cautious assessments of hybrid prospects and challenges.

BASICS. Daniel Danker, general manager, BBC iPlayer, noted that the catch-up platform had been optimised for some 400 connected devices and a quarter of UK households, but told a cautionary tale of a parent having to get to grips with often obscure terminology and concepts in activating a Connected TV. “If Connected TV is going to become a

ence?” he asked.

“We need to bring catch-up and on-demand to its most natural home, which of course is the TV.” He recommends that first and foremost, Connected TV services needed to make TV better.

“Connected TV services should start with broadcasting. A Connected TV needs to be more like a TV and less like a PC. It should

HYBRID

be simple, it should be seamless, and it should be done without stress.”

“I believe Connected TV can make TV better,” he declared. “By 2015, over half the BBC iPlayer hits will be via the living room TV. By 2017, nearly every UK household will have connectable TV. Whether they use it or not, is up to us,” he said. “We’ll know

ing that repeated warnings that new technology was rendering linear broadcast TV irrelevant or obsolete had been wrong. “The innovations that people like most are the things that improve what they already do,” she said, echoing Danker’s comments. “People don’t care how it gets there so long as it’s wonderful to watch.”

“While hybrid TV remains the sensible, long-term direction of travel for consumers and therefore for us as the industry, what is needed is a trusted friend to help make the adoption of that new technology and behaviour feel comfortable and natural,” she suggested. “That’s my concern: How we can make a seamless experience?”

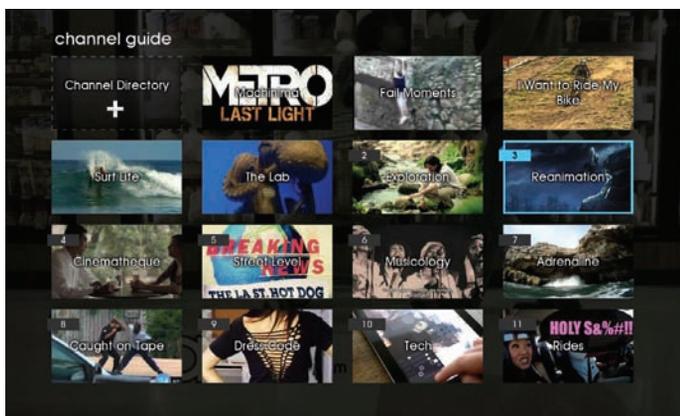
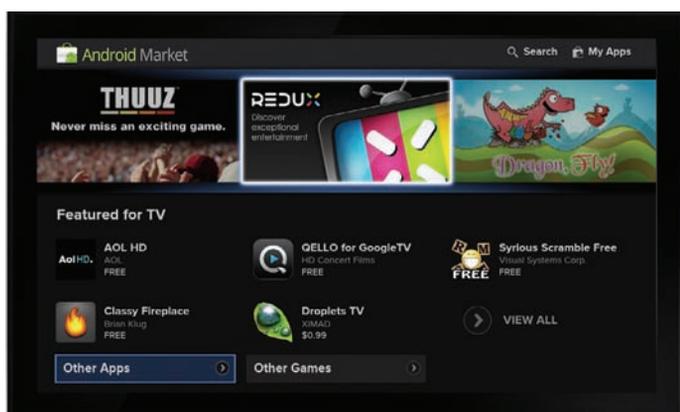
Describing Freeview as “the perfect part-



“If Connected TV is going to become a mainstream product, we have to get back to basics.”
DANIEL DANKER, BBC

ner” in such an environment, Howling said that new services and innovations should work within the free television market. “That’s how I’d like to see hybrid television evolve,” she concluded.

TRUSTED. David Cutts managing director, of digital TV technology specialist S&T, agreed that the hybrid experience should feel to the consumer that it was like broadcast, that the whole experience should be trusted as though it’s broadcast. “That’s not necessarily always the case in Connected TV today,” he admitted.



FUTURE

Klaus Illgner-Fehns, managing director of public broadcaster technology research institute IRT, agreed with Howling that the customer is not interested in the technology, “but you need a technology platform which enables a seamless experience,” he argued, noting that consumers want services. IRT is a leading player in Hybrid Broadcast Broadband TV (HbbTV) - both an industry standard and promotional initiative for hybrid digital TV to harmonise the broadcast, IPTV, and broadband delivery of entertainment to the end consumer through Connected TVs.

Eddie Abrams, principal, Vision 360, a consulting and technology solutions business working with operators, manufacturers and retailers in the over-the-top space, suggested

that in the future, symmetrical broadband and improved CE devices would make cloud-based Internet-on-demand time shifting and place-shifting universal.

STANDARDS. Paul Szucs, senior manager, technology standards at Sony, speaking on behalf of collaborative industry standards body the Open IPTV Forum (OIPF), noted that open standards were essential for the industry to develop to its true potential. “With

OTT, an application is developed vertically and supplied to the consumer on a limited number of devices. He recommended a move towards a horizontal market where the consumer has free choice.

He nevertheless accepted that existing players “can’t change their systems overnight.” “It’s a gradual process but we’re seeing signs of tangible movement,” he reported. “I’m convinced an open standards based ecosystem is the foundation for mass-market success. It’s not going to happen tomorrow, but in the long-term, it has to be based on open standards and is essential for the OTT hybrid,” he concluded.

Simon Gauntlett, technology director at the DTG, and editor of the ‘D-Book’ – the technical specification for DTT in the UK - noted significant agreed enhancements

from the BBC and ITV, and suggested that the DTG’s intention going forward was to build on the great success of IDTV (Integrated Digital TV) sales in the UK, bearing in mind predictions such as that from Futuresource, which saw 55% of UK TV households owning a smart TV by 2015.

CONSUMERS. Richard Bullwinkle, chief evangelist, Rovi, said the company had spent a lot of time working with its TV set manufacturer customers and hiding in the back of consumers’ homes seeing how they interact with their products. As such, he had a number of observations on what consumers wanted from hybrid TV. “They want a blend of over-the-air and cable, satellite free content with access to over-the-top. That’s a very simple thing, but



The Key Features of Hybrid TV

- A blend of over-the-air and cable / satellite content with access to rich over-the-top content
- The ability to run apps
- The ability to update software and services after sale

The Current Challenges

- Consumer demand and awareness
- Broadband connectivity
- User interface complexity
- Fragmentation of content

Hybrid TV: A Vision for the Future

- Any device with a screen is a TV
- Linear TV delivered over IP
- More content compartmentalization and fragmentation

it’s important to mention that over 93 per cent of all television viewing is still live TV,” he advised. “With hybrid TV we’re trying to get someone who leans back with his beer to lean forward.”

Another requirement was the ability run apps. “Our research shows that apps are downloaded initially, but not utilised there-

after,” he advised, pointing out that as consumers lean forward, “they really just use content apps”. Also important was the ability to update software and services after sale. He suggested that anyone buying a Connected TV in the UK over the Christmas/New Year period would expect the service to be updateable to include access to Netflix, launched in early January.

An important factor was consumer demand and awareness. Noting that current figures suggested that just 52% of Connected TVs ever sold ever talk to the Internet, Bullwinkle said: “That’s our problem; we have to market what the advantages are. Retail is not doing a good enough job explaining to people the advantages of connecting the TV, how they would connect, what services they’ll get if they do connect.”

INTEREST. “Rovi has just started running the online movie store for Dixons,” he advised. “Dixons now has a vested interest in every customer who comes in looking for a TV, saying ‘By the way, this television is connected, and it’ll connect to the Dixons movie service,’” he reported. “Consumer demand and awareness is the first step in getting a TV connected.”

Problems could still exist with broadband connectivity. Major CDNs had warned of the dangers of consumption rising above a certain level, causing the Internet to crash, while User Interface (UI) complexity needed to be addressed, with content owners preferring their product to be discretely identified and rebranded, rather than under the set-manufacturers own branding.

According to Bullwinkle, hybrid TV in the future should consider a number of observations. “Every device with a screen is a TV. As you look at the upcoming generations, they are happy to look at whatever screen is closest to them and easiest to get to,” he noted. “People are watching more television by themselves. That’s a very liberating thing for young people,” he suggested. For Bullwinkle, Linear TV delivered over IP was a “very interesting trend”. “Up until now, all OTT content and all hybrid TV has been on-demand. Linear TV is coming to IP networks. IPTV streaming will change things dramatically.” Another challenge would be content compartmentalisation and fragmentation. “That’s a problem for us because we’re a discovery firm helping



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ROBIN PEMBROKE,
ITV



What this means for... Broadcasters

More Competition



More Complexity



More Opportunity



“The consumer will ultimately decide how fast and how far technological changes will be adopted and influence our industry going forward.”

STEVE PLUNKETT, RED BEE MEDIA

find content,” he admitted.

OPPORTUNITY. At a Westminster Media Forum event in late January looking at the opportunities of Connected

TV for broadcasters, Robin Pembroke, managing director of online and on demand, ITV, said that Connected TV was an opportunity that broadcasters would have to take really seriously.

“We’re well positioned to do exciting things there but if we don’t grasp it now with both hands, then it’s got a risk of biting us. It doesn’t follow that just because we’ve got the biggest commercial linear audiences in the UK that they are going to blindly follow us to those Connected TV devices which are a new technology that open up opportunities for new competitors to come and grasp the attention of the viewer,” he warned.

“iPad was a device that definitely went mainstream in 2011 and if you look on the iPad download charts today, you’ll see it’s the TV broadcaster brands that are leading the way in terms of consumption of TV content on that device. You’ve got BBC iPlayer, ITV Player, 4 On Demand, Sky Go, all of them are in the top 20 downloads on the iPad. ITV Player has been a top 20 app ever since it launched last June and we’ve had over three million downloads, it’s our fastest growing platform at the moment for people to watch TV on a new device.”

MAINSTREAM. “We feel that this year, 2012, Connected TVs will hit the mainstream too. Not because of one device, but because of a plethora, you’ve got amazing devices from a lot of manufacturers, from Samsung, we’ve got

the launch of YouView coming, you’ve got many manufacturers launching Google TVs, and who knows, Apple TV which may emerge at the end of the year,” he suggested.

He noted that the emergence of digital TV opened the doors to competition, with traditional broadcasters having to fight harder to keep audience’s attention. “The most popular digital channels by a long way, and those that are growing fastest year on year are those that are grouped around those families of broadcaster brands, it’s ITV2, ITV3, BBC3, BBC4, E4 and More4,” he advised.

“So, with Connected TV, it’s one of those opportunities again. It opens up the doors to more competition and so we’ve got to be on our toes to make sure that we compete and there’s three things that we’re focusing on to make sure that we are a winning brand there.

The first of those is content and associating content with us as a broadcaster. It’s blindingly obvious that we’ve got to continue to invest in just making the most amazing compelling content that people want to watch.”

DEALS. Noting that what people really want to do is watch “great stuff”, there were opportunities for ITV not just to distribute to ITV Player on these devices but also to make deals with platforms and OTT providers, such as with Netflix, with LOVEFiLM, and with Sky Anytime Plus where people could watch ITV content on services that run on Connected TV devices.

Ease of use was important. “We have to work really hard to make it as simple as possible to watch our content on these devices. A priority for us this year is to get that experience onto Connected TV. And fortunately we’ve got the launch of YouView this year and central to that is a really easy way to find all of the catch up content either by a backwards EPG or search using the YouView application which is a great innovation,” he suggested.

For Pembroke, the final thing to do with Connected TVs was experiment with the business model. “We’ve got to learn both where our content is going to drive most value for us and our shareholders, and that means we’ve got to invest hard. We’ve got to invest in distribution mechanisms to be able to distribute our content to third party services and it also means we’ve got to invest so that we can trial a blend of free and pay content on the ITV Player,” he advised. “We’re also continuing to innovate with our advertisers to bring them new forms of advertising that Connected TV devices enable. Targeted advertising, new more interactive formats of video on demand and also second screen commercial opportunities as well. In summary, we’ve got to remain hyper aware of when technology like Connected TVs really change consumer behaviour,” he concluded.

ENGAGEMENT. Charles Constable, managing director, digital platforms, Arqiva, admitted that in terms of the specific question of the opportunity of the Connected television for broadcasters, he didn’t think he really knew precisely what the best opportunities would be in the connected world. “But I do know that the core ingredient that you need, the fundamental ingredient that you need is engagement, engagement with audiences, viewers, users, consumers.”

He suggested that broadcasters were incredibly well positioned, possibly better so than anybody else, to take advantage, “and that’s because I think their basic job is to create engagement. I think broadcasters who either capture the attention of significant audiences such as ITV, or address the real passions of more targeted groups are those that are in the best position to take these challenges on.”

He suggested that in the traditional linear world, the PSBs (Public Service Broadcasters) through their ability to attract large-scale audi-

ences and to market and schedule across a portfolio of digital channels, had increased their aggregate share of viewing. “And they performed even better in terms of non linear viewing to PVRs, and they increased their share further and even better still when it comes to long form video on demand, which makes you wonder whether they could perform even better still in a fully connected world.”

CONFUSION. He suggested a Connected TV future would be “more congested, more fragmented”, with a greater risk of new players inserting themselves into the value chain to the living room. To help counter confusion in the living room, Constable suggested it was going to be important that to build platforms of scale so that the market doesn’t fragment into wide range of diverse, different gateways for the viewer.”

Although he felt that Sky and cable were well positioned, he worried for channels on such platforms, “that sort of sit in bundles, they rely on being stapled to something else for their living, with pressure being placed on their subscription income and neither managed to pass the test of aggregating large audiences or creating that band of passionate dedicated followers to convert into successful connected opportunities.”

He said that YouView and Freeview - both ventures in which Arqiva had a stake – had exciting future prospects. “If we get it right and we’re excited by the way the trials are going, YouView will offer any broadcaster on the platform the chance to deliver a wide range of connected services from a clear, uniform, user-friendly interface to one of the major connected platforms in the UK market.”

ATTENTION. Although he suggested that YouView would probably be the main connected platform on DTT, he felt there would be other ways to connect directly to viewers, including via DTT capacity itself.

“So I think that those with Freeview slots,



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DAVID CUTTS, S&T

slots on the Freeview EPG will have a really excellent opportunity to take advantage of the connected market place. Getting people’s attention is one core element but there are many others that I think broadcasters have a particular challenge to rise to... including a determination to innovate and try things, a willingness to embrace new devices, real permission to fail so that you can learn, a far greater passion about understanding audiences, adopting agile development and time frames to work in new ways especially with respect to new commercial models. These issues I think pose huge challenges for the incumbent players and it’s only the successful broadcasters, those that rise to these challenges that will be the successful broadcasters in the connected world,” he predicted.

EYEBALLS. Mohammed Hamza, media and communications analyst at research firm SNL Kagan, agreed that broadcasters were well placed to take advantage of the on-demand world. “All the eyeballs at the moment are definitely on broadcast channels, you only have to look at catch up TV services such as the iPlayer to get an idea of how consumers are beginning to view TV on-demand, and I think in terms of advertising, this affords them some of the best opportunities as well,” he advised.

He suggested there were three things that needed to be considered when looking at pay-TV platforms and on-demand platforms, which boiled down to the user interface, the search and discovery tools and the video-on-demand platform.

He said that in terms of the user interface there would be a lot of technologies that were going to allow pretty dynamic and advanced advertising, with search and discovery allowing people to dig in a lot more deeply into existing content, driving its awareness and brands around that. In terms of VoD, he noted that with Virgin Media there had been something like 1.1 billion VoD views in the first nine months of 2011. “That’s really quite phenomenal so if you can build applications around that, I think that’s going to be a huge opportunity,” he suggested.



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“You need a technology platform which enables a seamless experience.”

KLAUS ILLGNER-FEHNS, IRT



PAY-TV. “So I firmly believe that broadcasters best opportunity actually lies within the pay-TV platform and I say that because I think the likes of Virgin Media and TiVo and Sky with its TV everywhere Sky Go platform, are actually pretty much there, they’re ready and they’ve already started to trial things like advertising, and looking beyond linear TV.”

Although accepting that things were moving “very quickly” in terms of technological developments, he suggested that ultimately, the TV viewing experience wasn’t broken and didn’t need to be fixed; “but broadcasters definitely need to keep up with what’s going on in terms of viewing habits over and above the primary screen so we’re talking companion screens. How multi-screen applications work really without interfering with or diminishing the viewing experience is going to be a key factor.”

Steve Plunkett, director, technology and innovation, Red Bee Media, said the television industry was arriving at a fascinating junction between technology and TV,

particularly in the TV.

EVOLUTION. Noting the evolution of TV technology and the advent of Connected TVs, he said that connectivity was bringing more content to Connected TVs but also more services, suggesting that plugging in the information intelligence of the Internet to a connected TV was something that the industry hadn’t really exploited much at all to date.

In terms of content, there was ever-increasing content choice. “That’s obviously one outcome of having additional levels of connectivity to our televisions, almost overwhelmingly content increases.” He noted Red Bee Media consumer research which suggested that 74% of people said they often couldn’t find something interesting to watch on live television. “So technology can help,” he suggested.

In the Connected TV future, he foresaw a lot more competition. “That’s already a given and broadcasters need to find a way to differentiate themselves in this more competitive landscape and technology can play a role in

doing that. We’re going to see more complexity, I think already the broadcast community has had to invest heavily in new skills, software skills, user interface, user experience designers, roles that didn’t exist previously in the television industry and have existed in the software industry, coming onto and into the broadcast domain and broadcasters need to develop an ecosystem of partnerships, I think it’s difficult to go alone in this space, so companies like zeebox and others who provide tools and technology to enable that journey will become ever more important,” he predicted.

ENGAGEMENT. From an opportunity perspective, he suggested there was a lot of new ways to engage with an audience that could create more data, that data in turn can influence planning activities and commissioning activities. “There’s a lot of direct transactional monetisation possibilities, whether it’s targeted adverts on a Connected TV or second screen or transactability and retailability on the second screen in relation to Connected TV, lots of fascinating potential in that space.”

For consumers, he suggested it was too early to tell. “We’re entering a brave new world as far as technology and television is concerned. We do know that consumers have an increased appetite, an increased awareness of technology in their general lives, consumer technologies are being adopted more quickly recently than they ever have been in the past, so there’s lots of opportunity here and some uncertainty as to how it will be adopted. To use a well-used phrase in terms of television content, if content is King, then the consumer is King Kong and they will ultimately decide how fast and how far these technological changes will be adopted and influence our industry going forward. It should be fun.”

Fifth of TV sets Internet-connected by 2016

The number of TV sets connected to the Internet will reach 551m by 2016 for the 40 countries covered in a new report from Digital TV Research (DTVR), up from 124 million at end of 2010. According to the Connected TV Forecasts report, this translates to 20% of global TV sets by 2016, up from only 6% at end of 2010.

Despite this rapid growth, only 8.9% of global TV sets will be connected to the Internet

by 2016. However, this is up from a mere 1.4% at end-2010. Proportions will vary considerably from one country to the next, with South Korea the market leader in 2016 (boasting 15% penetration).

The gross proportion of TV households with a connected set will be 43% by 2016, up from 11% in 2010. According to report author Simon Murray, these are gross figures, as it is possible that one TV household can have several sets connected to the Internet. “For example, a TV household could own a Connected TV set, and may also have a connected fixed

games console. This report identifies five different ways by which a set can be connected to the Internet – and one form of connection does not exclude the other forms,” he explains.

Noting that there are several ways by which a TV set can be connected to the Internet, DTVR advises that the most popular at present is via the fixed games console (Wii, PlayStation 3 and Xbox), which accounted for 79m of the end-2010 total.

However, sales of Connected TV sets (with a built-in Ethernet connection and, increasingly,

widgets/applications) are taking off, especially as retail prices are beginning to fall. Soon most sets on sale will have the ability to connect to the Internet (though not all homes buying these sets will hook up to the Internet).

There were 31 million installed connected TV sets by the end of 2010, with DTVR predicting this number will rocket to 244m by 2016. The number of connected TV sets will exceed the number of connected games consoles by end-2012. Nearly a fifth of TV households will have a connected TV set by 2016, up from only 2.6% at end-2010.