

# Pay-TV and the American Consumer

A Profile of Today's Audience and How It Will Change



**Stan Schatt**

Vice President & Research Director,  
Wireless Connectivity

**Clint Wheelock**

Vice President and Chief Research Officer

## Section 1.

### **THE AMERICAN CONSUMER AND PAY-TV**

#### 1.1 Introduction

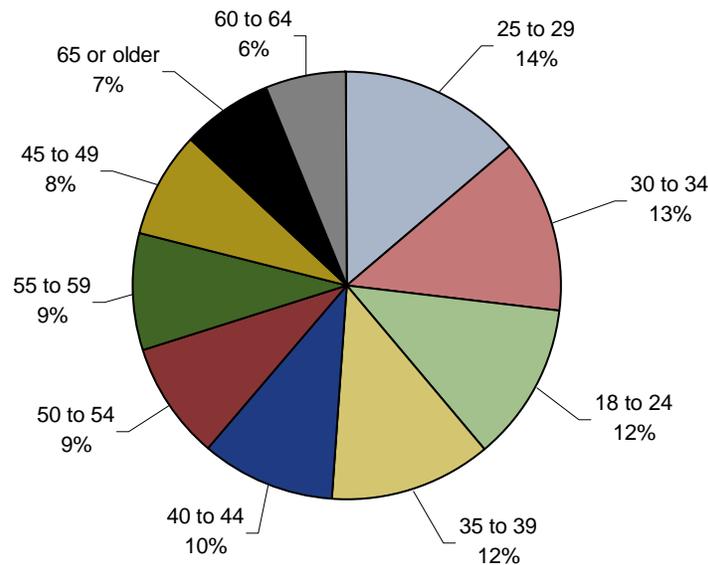
The behavior of the American consumer when it comes to TV viewing can be baffling, yet service providers and equipment vendors are betting billions of dollars that they can anticipate how rapidly Americans will embrace triple or quadruple play services and how stridently they will demand IPTV services. Yet, these are the same consumers who buy high definition televisions and then neglect to purchase HD premium packages. This lack of technological sophistication is also reflected in other ways – only a relatively small percentage of technologically savvy early adopters seem to know or care that they can connect their TVs directly to their computers.

The purpose of this white paper is to shed some light on the American consumer's attitude toward television viewing, and to take a closer look at how Americans view their service providers, what technologies and programming they currently embrace, and their price sensitivity towards various service offerings.

#### 1.2 About the Survey

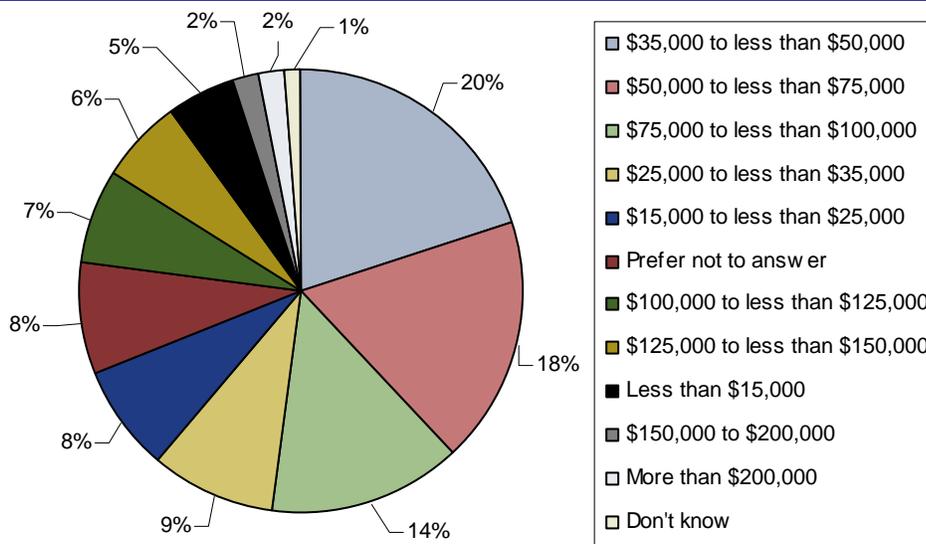
Much of this white paper is based on a survey of 1,002 online consumers in the United States completed in December 2007. Respondents were members of a large, third-party online consumer panel that consists of over 3 million consumers in North America, recruited by invitation, all of whom completed an in-depth profiling survey. The questionnaire was available to respondents between December 12 and 14, 2007. Although the overall topic of the questionnaire was television and video viewership, respondents were not required to own a TV; however, 99% of all respondents owned at least one TV and watched at least some TV during the week. The survey covered a number of different age groups, as shown in Chart 1.1, and a variety of different income groups, illustrated in Chart 1.2.

**Chart 1.1 Age of Survey Respondents**



(Source: ABI Research)  
 n=1002  
 SU-MCV-101 Survey  
 December 7, 2007

**Chart 1.2 Incomes of Respondents**



(Source: ABI Research)  
 n=1002  
 SU-MCV-101 Survey  
 December 7, 2007

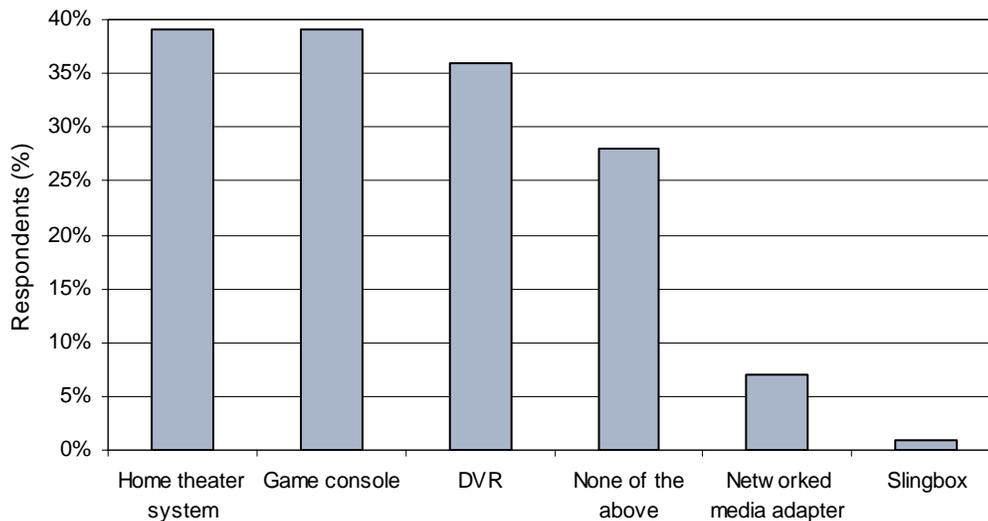
### 1.3 Inside the Consumer’s Living Room

As is illustrated in Chart 1.3, the consumer TV viewing environment is changing. The stereotypical vision of the 1950s living room with a sofa facing a TV with rabbit ear antennas has given way to a much more sophisticated electronic environment today. Consumers are creating their own home theaters. In fact, Best Buy stores target these consumers who want a theater experience at home, and even offer a demo area consisting of a living room – replete with comfortable chairs, home theater equipment AND popcorn. As Chart 1.3 reveals, over one-third of respondents have their own home theater system with multiple speakers to provide surround sound. They are just as likely to also have a game console attached to their TV as well as a digital video recorder (DVR) so they can record and play movies. Finally, a significant number of early adopters (7%) already have networked media adapters connecting their PCs and TVs so they can deliver PC and Internet content to their TVs. Almost half of respondents (42%) have home networks with multiple PCs connected to the Internet.

Game playing over the Internet is already a growing phenomenon, and it is clear that the interactive nature of games coupled with the future interactive nature of movies will require significant beefing up of not just last-mile bandwidth but also the amount of bandwidth associated with the uploading of information.

Over the next few years it will become a routine occurrence for people watching a movie on their home theater system to query about a specific actor or even request an alternative ending. Serious game players will use their DVRs to record key multiple-player battles so they can replay these specific historic games at a later time. Chart 1.3 also reveals that while the era of time-shifting is already here with DVRs, it has not yet arrived for place-shifting. Only 1% of respondents had a Slingbox attached to their TVs.

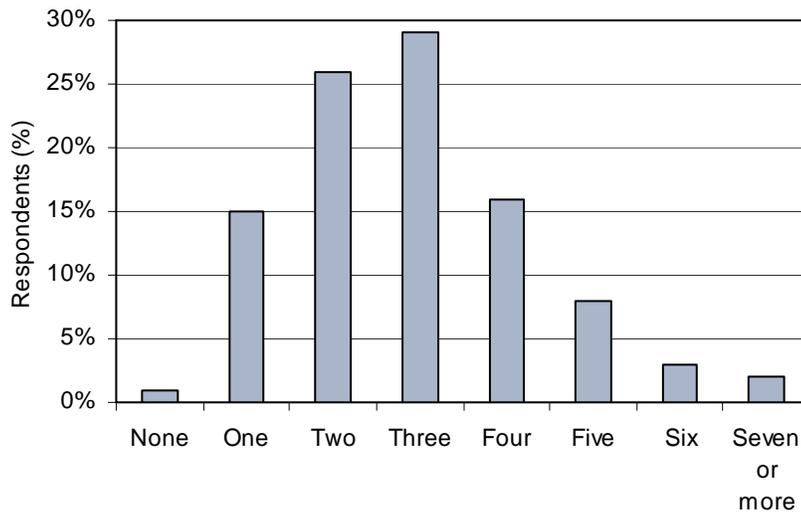
**Chart 1.3** Which of the following devices do you have attached to your TVs? Please check all that apply.



(Source: ABI Research)  
 n=990  
 SU-MCV-101 Survey  
 December 7, 2007

The average American home has multiple television sets, as Chart 1.4 reveals. In fact, a majority (58.6%) have three or more TVs in their home. Not all of these TVs have set-top boxes; in fact, 42% of respondents who subscribe to pay-TV have two or more set-top boxes in their homes. This is critical, because many TV viewers only purchase premium services for their main television, and limit their other TVs to basic services. This is one key reason why ABI Research believes that while Americans will initially be the primary audience for the more expensive set-top boxes with advanced features, they will also require basic set-top boxes for the TVs in their bedrooms. As a result, basic set-top boxes have a longer lifespan than newer, higher-end set-top boxes. This trend will have a long-term impact on set-top box manufacturer revenue, since basic set-top boxes command a lower average selling price than the more fully-featured products.

**Chart 1.4** *How many TV sets do you have in your home?*



(Source: ABI Research)  
 n=1002  
 SU-MCV-101 Survey  
 December 7, 2007

1.4 The Relationship between Customer and Pay-TV Service Provider

The relationship between pay-TV service provider and its customer is more a marriage of convenience than love. Chart 1.6 reveals that 20% of customers did not even realize that they had a choice. A quarter of all respondents were enticed by a special promotional offering. Few chose their service provider based on choice of content (16%) or quality of content (17%). Price (27%) was the single most-noted reason respondents gave for selecting their service providers. Sadly, only 9% chose based on customer service.

Perhaps the truism that Chart 1.6 supports the most is that pay-TV providers have only a tenuous hold on the vast majority of their subscribers, and they are vulnerable to churn. Several respondents voiced their frustration with their service providers' pricing. The following comments reflect customer discontent:

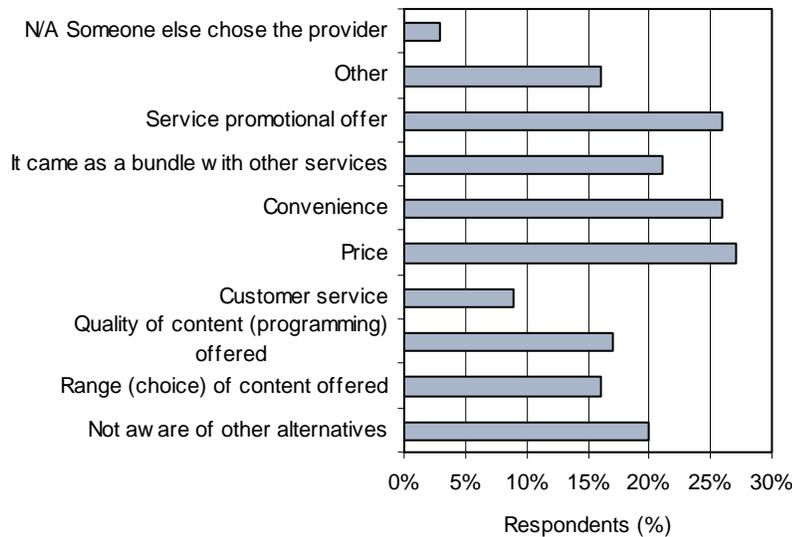
"I feel that cable prices have become outrages."

"My pay-TV service changes prices constantly."

"Cable is too expensive for having as many commercials as it has."

"The price for cable/dish TV is way too expensive...."

Chart 1.5 Why did you choose your pay-TV service provider? Please check all that apply.



(Source: ABI Research)  
 n=655  
 SU-MCV-101 Survey  
 December 7, 2007

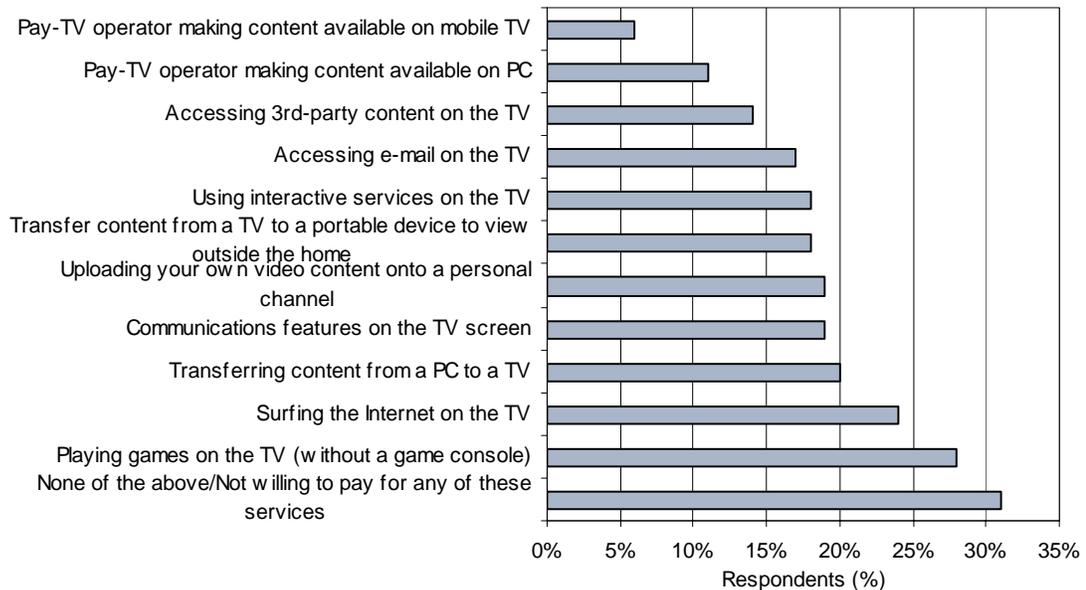
1.5 **The Bottom Line: New Services Consumers Would Buy**

Service providers have not yet reached a consensus on what new video services consumers will embrace. At this embryonic stage of development of video services, there are a couple of critical obstacles that must be removed before the widespread adoption of any of these services. Significant customer education is certainly required, as is simplification of user interfaces. The processes required for many of the potential new services listed in Chart 1.7 must be simplified to the point that their underlying technologies are transparent. One example is the transferring of content from a TV to a portable device such as a mobile phone or portable media player for viewing outside of the home. While 18% of respondents professed interest in such a service and 20% expressed interest in transferring content from a PC to a TV, customers need to be protected from the hassle of grappling with the intricacies of Windows.

Chart 1.7 also reveals that a significant number of respondents would be interested in various ways of extending communications functionality to their TVs. While 19% of respondents expressed a willingness to purchase communications features such as the ability to send calls to voicemail using their remotes or instant messaging, 17% wanted to be able to access e-mail on their TVs. These numbers suggest a market for a triple play service.

The fact that 18% of respondents want to transfer content from their TVs to portable devices such as mobile phones and portable media players and that 6% specifically wanted pay-TV content available on their mobile TVs, means that a quadruple play service offering would make a good deal of sense, particularly if these services did not require any technical expertise.

**Chart 1.6** *Which of the following capabilities would you be willing to pay for, assuming each was available at a price that you considered reasonable? Check all that apply.*



(Source: ABI Research)  
 n=829  
 SU-MCV-101 Survey  
 December 7, 2007

## 1.6 Finding the Right Price Point for New Services

Chart 1.6 reinforced the notion that pay-TV customers are very price-sensitive, with 20% of respondents indicating that price was the reason they selected their service provider. Since Chart 1.7 reveals significant interest in new services, the question is how service providers can bundle existing and new services and price them in such a way that customers would be willing to buy them. Chart 1.8 reveals the scope of the problem by describing the current pricing structure for respondents for basic TV service excluding additional video services. It shows that almost half (47%) of respondents spend \$60 or more a month for basic service.

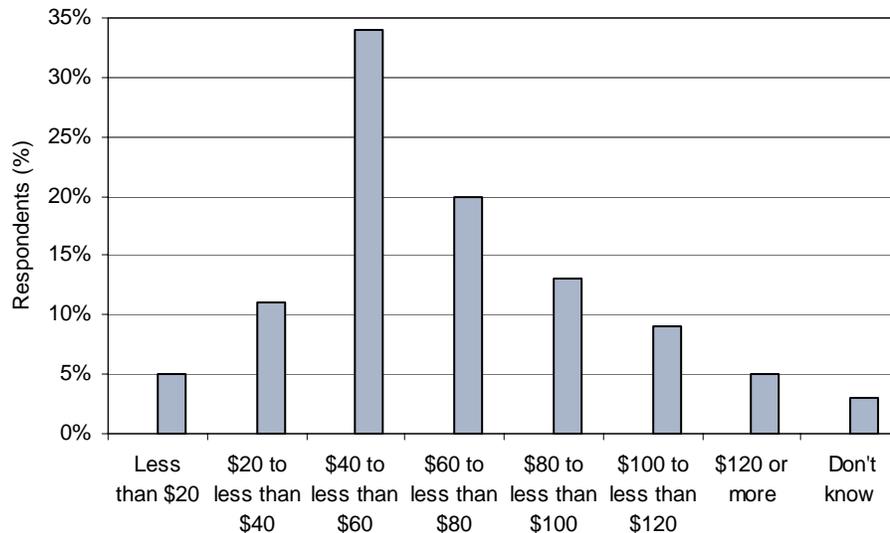
Furthermore, a majority of respondents indicated that they spend between \$10 and \$20 a month for DVR service. Let us assume that any kind of movie package and Internet service pushes the cost significantly over \$100 – and this is without any voice service or additional services such as interactive gaming, etc.

The point is that customers who are opting for video service based primarily on attractive pricing and promotions are likely to find the \$100 or even the \$150 price points as tipping points that could push them to alternative providers. The strategy that might prove effective for service providers is to move from one large bundle to a series of options, much the way that mobile operators offer data plans based on types of users. Respondents complained a good deal about being forced to pay for channels that they never looked at.

So, providing bundles in which the customers choose specific groups of channels could work. In other words, a family package might include certain premium channels (Disney, Family, Lifetime, Oxygen, etc.) and exclude others (Golf, NFL, Playboy, etc.). There could even be a price per channel option in which subscribers build their own package. Tied to these packages would be attractive options.

For an additional \$10 per month, for example, a customer could add the ability to move content from TV to mobile phone. An additional \$20 might bring communications features such as instant messaging and the ability to read e-mail on the screen. The point is that any three neighbors might have completely different looking packages and different price points, yet each might feel that they are receiving a customized package that is tailored to their particular interests at a reasonable price. Right now, everyone is forced to receive a very large bundle of cable channels and then pay for groups of premium movie channels. This makes life much easier for the service providers' back office employees, but it creates customer dissatisfaction.

**Chart 1.7** *Approximately how much do you pay for TV service every month (standard monthly set, excluding any additional charges for services such as pay-per-view/video-on-demand or DVR service)?*

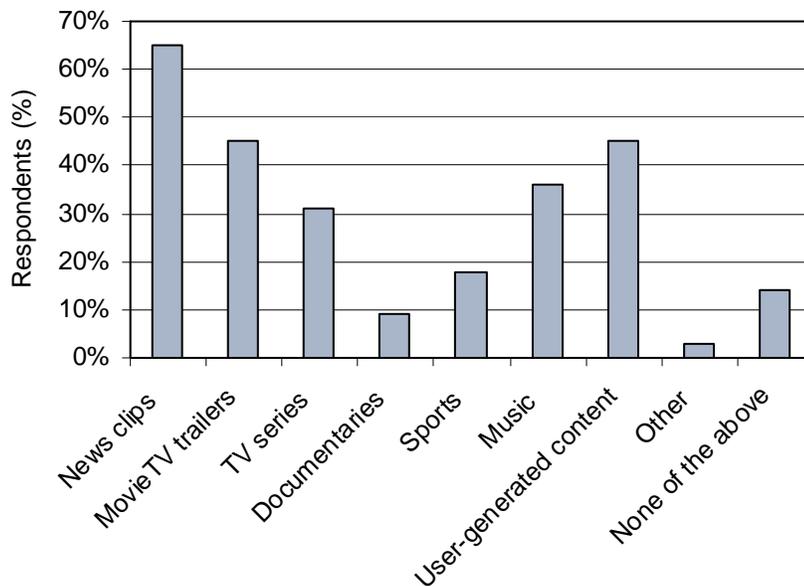


(Source: ABI Research)  
 n=655  
 SU-MCV-101 Survey  
 December 7, 2007

1.7 Online Video Viewing Habits

ABI Research believes that both web TV and IPTV will grow significantly over the next few years. Chart 1.9 reveals the type of online video content that respondents currently watch. What is particularly intriguing about the results is that 86% of respondents were already viewing online video content. While the number of people viewing news (65%) is not surprising, what is surprising is the number that is viewing user-generated content such as clips from sites like YouTube (45%). While one could argue that respondents were a bit more Internet-savvy than the average consumer since they took an Internet survey, the number for the general population is obviously still very significant. The large numbers of respondents (31%) who viewed their TV series online explains the efforts of service providers to make such content available via a wide range of portable devices, including smartphones and laptops.

**Chart 1.8** Which of the following types of video content do you watch online? Please check all that apply.



(Source: ABI Research)  
 n=1002  
 SU-MCV-101 Survey  
 December 7, 2007

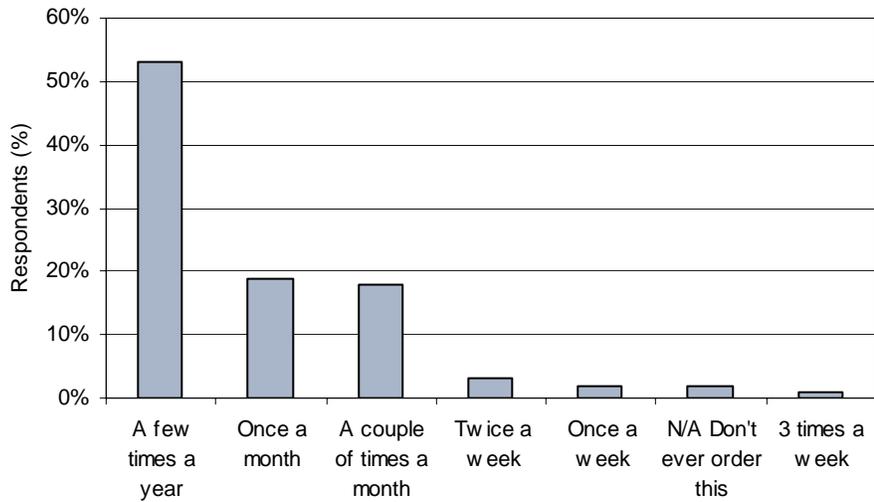
Only 5% of respondents actually pay for the video content they watch online, and the vast majority of those that do, pay less than \$5 per week. Almost half of the respondents who view video content online (46%) are spending about the same amount of time doing so as they did a year ago. In fact, 12% of respondents are spending less time viewing online video content. The conclusions one can draw are:

Online video content must become more compelling or easier to find and access for this audience to grow. The question of whether users will pay for online video content has not yet been satisfactorily answered. The fact that the majority of respondents who already pay for such services are paying only \$5 per week may have set a ceiling since it might be difficult to raise prices for such a service unless there is a good deal of value-added features.

### 1.8 Pay-Per-View Services

Almost a third of respondents (29%) have used pay-per-view services to view movies, documentaries, sporting events, concerts and musical events, and TV series. As far as monthly viewing, by far the highest number of respondents (19%) viewed movies. Chart 1.10 displays the respondents' frequency of pay-per-view movie watching. Over a third of this group (37%) paid for movies once or twice a month. One challenge for service providers is to increase the frequency of pay-per-view watching.

**Chart 1.9** *How often do you use pay-per-view services to watch movies?*



(Source: ABI Research)  
 n=295  
 SU-MCV-101 Survey  
 December 7, 2007

### 1.9 Time Shifting

Given the continued high use of pay-TV services, it is easy to assume that consumers are still within a legacy framework for watching TV in a linear format and not taking more control of their media. This assumption proves false, however, as can be seen by the fact that 36% of those surveyed are using some form of DVR. While some use TiVo, the dominant name in non-service provider DVRs, our research shows that a solid majority (73%) of those who have pay-TV and a DVR use set-top box DVRs supplied by their pay-TV providers. To complicate matters, though, this group represents only 61% of all DVR owners in the survey. This high penetration of service provider DVRs shows that a significant number of consumers, while still getting a substantial amount of their entertainment through traditional closed-network delivery, are increasingly taking advantage of disruptive technologies such as time-shifting, even if they are in packages sold by traditional providers of entertainment services.

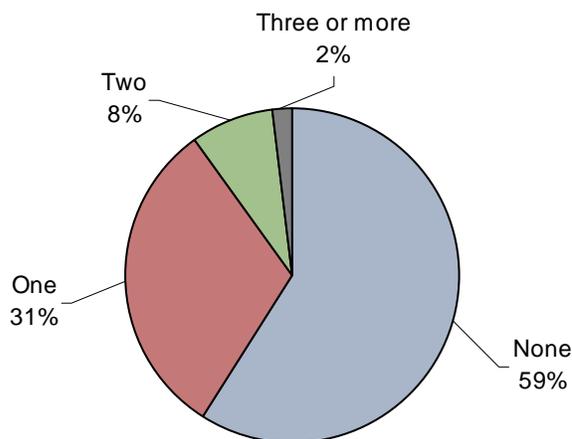
### 1.10 The Advertising Model

Respondents were asked on what type of content they would be willing to watch advertisements in exchange for viewing the content for free. The responses were approximately three times higher than the responses when respondents were asked if they would watch advertisements in exchange for cheaper service. Almost one-fifth of respondents (18%) would refuse to watch advertisements in exchange for free content. Still, the number of those surveyed who would watch advertisements is intriguing, particularly for pay-per-view services (37%), video content on a PC, TV on a mobile phone (20%), and video clips on a mobile phone (19%). The combination of ad-splicer technology coupled with detailed demographic information that mobile operators and service providers have about their customers could make it feasible to offer an advertisement model. Of course, too many ads would surely increase the number of customers who would opt out of such a service. More research needs to be done on precisely what the tolerance level is and whether this tolerance level is based in part on the type of ads. Presumably ads would be relevant to viewers, since they would be narrow-casted based on specific customer information.

### 1.11 The HD TV Owner and HD Services

Just as TV manufacturers hoped, consumers are quickly moving towards HD television ownership. Chart 1.10 reveals that 40% of respondents have one or more high definition TVs in their home. What is significant is that only 43% of respondents who have high definition TVs subscribe to an HD package from their pay-TV operators. This represents a significant opportunity for service providers to educate these customers and explain the value of such services. In some cases, the customers might not even realize such services are available. In other cases, it might take some creative bundling of services by providers to keep the overall cost down to an attractive level and yet lock in such customers. Customers who are locked into services that they feel are customized to their particular viewing habits are far less likely to churn than others who simply continually price shop.

**Chart 1.10** How many HDTVs do you have?



(Source: ABI Research)  
n=990  
SU-MCV-101 Survey  
December 7, 2007

## 1.12 Trends Likely to Impact Pay-TV

### 1.13 The Growth of IPTV

The number of IP-enabled set-top boxes will grow significantly between 2007 and 2013. As early deployments in Europe indicate, these set-top boxes will have native IP functionality for both closed and open Internet delivery. The Asia-Pacific region is seeing significant growth in both IPTV and web TV (open Internet delivery rather than Internet viewing through a secure service). The issue surrounding bandwidth on IP video networks is prompting some STB vendors to incorporate quality of service assurance on their products. At the IPTV World Forum in March 2007, Brix announced that it would incorporate an IPTV quality agent into Hwacom IP STBs. The HC-100 STB will include the agent to collect video-performance information and metrics. This allows for IP video monitoring and insight into network quality. Among Hwacom customers in the IPTV arena is Chunghwa Telecom of Taiwan.

### 1.14 New Devices and Connectivity Make Portable-Viewing Easier

The iPhone has had an enormous impact on Apple's smartphone competitors. The result will be an entirely new set of mobile phone products that will combine ease of use with display quality that will encourage customers to view video. Several portable device manufacturers are already considering 4G technology such as WiMAX to provide higher bandwidth and more assured connectivity. In a recent report, ABI Research described the explosive growth potential for an entirely new set of devices – Mobile Internet Devices (MID) that will not only have Wi-Fi connectivity, but also 3G/4G radios. Some of these devices will focus on multimedia, including video.

### 1.15 Cable Companies Face Bandwidth Reality

### 1.16 Verizon's "Gamble" Pays Off

Verizon has been installing its FiOS network and offering what it calls FiOS TV service. While deploying such a fiber network is far more expensive than AT&T's approach, which deploys copper to the customer's premises, the far greater bandwidth available with Verizon's approach will pay dividends. The reason is that interactive gaming and video services will require enormous bandwidth – both for downloads and uploads. Cable operators are at a severe disadvantage when it comes to supporting such services since most of their bandwidth is dedicated to downloading content. ABI has forecast a massive spending by cable operators through 2012 in an effort to catch up when it comes to capacity, but clearly Verizon will already have digested the capital expenditures and be in a much better financial position to sustain growth.

### 1.17 US Consumers Begin to Mirror Asia-Pacific Counterparts

Because of government programs to mandate broadband in several Asia-Pacific countries, consumers there have been early adopters of a number of high-bandwidth applications that utilize video. In Japan and South Korea, Web TV, IPTV, online karaoke, and online gambling are all popular services. China's consumers are embracing IPTV, Web TV, online gambling, online shopping, and video on demand. As IP-enabled set-top boxes are deployed in greater numbers, US consumers will eventually embrace the same video-centric services as their Asian counterparts.

### 1.18 **The Lowering of Walls between Private and Open Delivery Networks for Video**

Today, the inclusion of IP backchannels is becoming more common in carrier set-top boxes. Devices such as the DirecTV HD20 HD DVR set-top box include Viiv technology for connecting to a PC, while others such as EchoStar's STBs include HomePlug LAN for connecting to the network. The explosion of IPTV in countries across Europe means that most of these boxes will have native IP connectivity for both closed and open Internet delivery. These developments will accelerate as service providers respond to increased calls from consumers to allow them to access their own content acquired over the Internet, as well as personal content such as digital photos and home video.

### 1.19 **Online Gaming Takes Off**

One Internet truism is that it is very difficult to lose money offering online gambling or pornography. Since over one third of respondents to ABI Research's survey reported that they have a game console (39%), a home theater system (39%), and/or a DVR (36%) attached to their TV, alliances with game console manufacturers (e.g. IPTV services through the Xbox 360) could represent significant opportunities for online content/gaming services.

### 1.20 **Next-Generation Services Will Develop Slowly**

Survey results described in this white paper indicate very limited interest in next-generation value-added services, such as transferring content from TV to PC, communications services on TV, etc., although clearly such interest is greater among younger respondents. While viewing video content online is widespread, there are far different expectations for video content on a PC rather than on a TV. Video viewing on the web can be described as free, low-resolution, snackable content.

## 1.21 Conclusion

The home network is becoming a common sight in American homes where almost half (42%) of survey respondents report deploying one. Americans are expanding their home networks to include other electronic appliances including their DVRs, their game consoles, and their TVs. Two-thirds of respondents subscribe to some kind of pay-TV service. It is pretty clear that many subscribers are at risk and likely to churn since customers often select their service provider based on cost or a particular promotion. Rarely do they cite excellent customer service or superior programming content. One problem for service providers is that most people appear to be watching the same amount of TV as they did the previous year. It is not clear if that is because Americans find content to be unappealing or they are far too busy doing other things.

While the majority of respondents subscribe to Pay-TV services, less than half subscribe to premium packages. This gap represents significant opportunity for service providers. While respondents do order pay-per-view services, particularly movies and sporting events, they do so very infrequently. One major challenge for service providers is to create pricing packages that are perceived as having high value for a reasonable cost. The problem is that the current tiered pricing structure which includes basic cable, premium channels, video on demand, DVR service, and HD service, bring costs up so high that it begs the question of how they can add some of the new services – such as TV access on mobile devices – and still offer a package that falls within customer budget guidelines. Service providers will likely need to come up with creative packages that offer a number of a la carte offerings with significant perceived cost savings for targeted buckets of services.

Advertising is a viable way for service providers to entice customers to try new services. A significant number of respondents indicated that they would be willing to tolerate a certain amount of advertising in exchange for free services. The comments from a number of respondents in this survey indicate that customer tolerance of advertisements is limited, and it will be a challenge to determine precisely how many ads are tolerable. Still, only a small group of respondents would be willing to watch ads in exchange for a reduced price on new services, so a free model seems much more viable.

## Section 2.

### RELATED REPORTS

#### **Broadband Video and Internet TV: Analysis of Pay and Ad-Supported Distribution Networks and Enabling Back-End Services for Broadband Video**

The upsurge in the amount of quality video available on the public Internet has created monumental shifts in attitudes over the past year about whether online video will be a viable and growing market for monetization of video assets. This shift has been most notable among large content owners such as TV networks. It is also seen in providers of online video destination sites, as well as both back-end publishing, and syndication capabilities, and CDNs that are helping to enable these services as they provide necessary bandwidth, caching, and video acceleration services. This study examines every aspect of the online video market from consumer adoption of Internet video (examining 2 broad-based consumer surveys taken in April 2007 and October 2006), the back-end enabling service providers in the BBV ASP, CDN, and ad-network markets. It also explores the different business models for online video such as ad-supported (forecasts of ad revenues, ad types, and total ad-supported video views), as well as pay markets (download to own, rental, and subscription).

[http://www.abiresearch.com/products/market\\_research/Broadband\\_Video\\_and\\_Internet\\_TV](http://www.abiresearch.com/products/market_research/Broadband_Video_and_Internet_TV)

#### **Over-the-Top Internet Video to the TV: Analysis of Consumer Platform and Services Options**

The market for premium Internet content is expanding widely, as nearly all major studios and content aggregators work to ensure that some of their most prized content is available to consumers. ABI Research believes that bridging the divide between the Internet and the TV is one of the major challenges confronting this market. In this report, we evaluate the viability of the consumer platform/service solutions available today. The number of different offerings include video game consoles, hybrid set-top boxes managed by video service providers, and Internet set-top boxes (such as Apple TV), and PVRs from vendors that are not service providers.

[http://www.abiresearch.com/products/research\\_brief/Digital\\_Media\\_Research\\_Brief/107](http://www.abiresearch.com/products/research_brief/Digital_Media_Research_Brief/107)

#### **Video-On-Demand Evolution to IP and Ad Insertion**

ABI Research's VOD study provides an overview of the growth in VOD subscribers, VOD program downloads, VOD servers, and VOD-enabled CPE for CATV, DBS, DTT, and Telco TV services. Additionally, the report addresses emerging issues, such as consolidation in the market, concurrent usage and planning, emerging applications such as time-shifted video, the move to an IP VOD environment supporting mobile and broadband VOD, and integration of ad-insertion technology. This report provides forecasts for equipment and subscribers as well as download forecast and analysis. It also supplies vendor-operator relationship analysis. Finally, research examines VOD deployments in the hotel industry, providing a forecast of rollouts by room as well as identifying examples of VOD rollouts in the industry

[http://www.abiresearch.com/products/market\\_research/Video-on-Demand\\_Evolution\\_to\\_IP\\_and\\_Ad-Insertion](http://www.abiresearch.com/products/market_research/Video-on-Demand_Evolution_to_IP_and_Ad-Insertion)

### **Mobile Internet Devices and UMPCs**

Despite being hampered into 2009 by technology limitations as well as high ASPs, Ultra Mobile PC (UMPC) markets will grow steadily, achieving 4.68 million units shipped in 2012. Mobile Internet Devices (MIDs) will strike a responsive chord with consumers, and by 2012, 90 million MIDs will ship. MID customers will include Lifestyle Boomers, Gen Y Social Networkers, Young Gamers, Frugal Generalists, and Multimedia Enthusiasts. The UMPC's technology challenges include the need for low power consumption CPUs that can still run Vista applications, lower-priced displays, batteries with longer life, lower-priced flash drives, and more user-friendly input devices. The Mobile Internet Device faces serious competitive challenges from single-purpose devices, evolving smartphones, and some UMPCs. Wireless connectivity will be a key part of MIDs. Mobile WiMAX and WCDMA connectivity will be integral components. This study examines ultra mobile devices, including both Mobile Internet Devices and ultra mobile PCs. It evaluates their market potential, their technology challenges, the strategies of the major vendors entering this market, and the types of users and the key applications that will drive these users to adopt this new platform.

[http://www.abiresearch.com/products/market\\_research/Mobile\\_Internet\\_Devices\\_and\\_UMPCs](http://www.abiresearch.com/products/market_research/Mobile_Internet_Devices_and_UMPCs)

### **IP Video Set-Top Boxes**

ABI Research's study of IP customer premises equipment covers IP STBs, residential gateways, and features of IP STBs. Analysis includes shipment and market value forecasts for STBs and gateways. For IP STBs, this analysis is broken into categories reflective of feature combinations on boxes. Additionally, the report provides insight into the decoder market for IP STBs as well as the shipment of boxes that are MPEG-2 and MPEG-4/advanced codec-enabled.

Besides IP STB analysis, the research examines telecom-deployed hybrid STBs. These combine IP video with one of three other video platforms: cable, satellite, or terrestrial. This report also provides operator-vendor insight, market-share analysis worldwide and in various regions, and SWOT analysis of the major vendors in the IP STB space.

[http://www.abiresearch.com/products/market\\_research/IP\\_Video\\_Set-Top\\_Boxes](http://www.abiresearch.com/products/market_research/IP_Video_Set-Top_Boxes)

### **Asia-Pacific Set-Top Box Markets**

The heat is now on for digitization in the television industry. Broadcasting in most countries, including those in the Asia-Pacific region, is shifting from analog programming towards digital. Operators and vendors are upgrading infrastructure and equipment in order to maintain an edge in a highly competitive industry. Vendors are gradually switching to production of digital set-top boxes in line with market demand, and in anticipation of full-analog switchover to digital. While digital take-up in the Asia-Pacific region is definitely increasing, growth rates will vary among different countries, influenced by factors such as technology, infrastructure, pricing, and regulations; in some instances, geography will also play a part.

This study examines markets in five key Asia-Pacific countries – Australia, China, Japan, South Korea, and India – and market conditions for the four video platforms – cable TV (CATV), satellite (DBS), terrestrial (DTT), and telco TV (IP). Topical discussions also include an overview of technology, vendor environments, and analysis of the competitive landscapes occupied by the various platforms.

[http://www.abiresearch.com/products/market\\_research/Asia-Pacific\\_Set-Top\\_Box\\_Markets](http://www.abiresearch.com/products/market_research/Asia-Pacific_Set-Top_Box_Markets)

### **IPTV in China**

Since 2005, IPTV has been a sizzling topic in the Chinese telco arena. IPTV is viewed by the Chinese government as the platform of choice, since it is aligned to its long-term plan of unifying broadband, Internet, and television. However, as IPTV picks up speed in the Chinese domestic market, we see that its fate will depend not only on its X-factor, but also on the Chinese regulators. This study examines the Chinese regulatory and market environment for the IPTV industry. Topical discussions also include an overview of the technology issues, and the vendor environment.

[http://www.abiresearch.com/products/market\\_research/IPTV\\_in\\_China](http://www.abiresearch.com/products/market_research/IPTV_in_China)

### **Telco TV Infrastructure**

In this study, ABI Research tackles business issues surrounding the deployment of telecom video solutions and the IP video technology that underlies it. The report details vendor activity – from contracts to business plans to mergers and acquisitions – along with emerging operations decisions that telecom video providers must make regarding competitive threats, revenue leveraging, and service integration.

The report includes analysis of subscriber growth for telecom video networks along with service revenue growth. On the equipment side, there are forecasts for head-end and middleware solutions, along with contract and market-share information for equipment vendors.

[http://www.abiresearch.com/products/market\\_research/Telco\\_TV\\_Infrastructure](http://www.abiresearch.com/products/market_research/Telco_TV_Infrastructure)

### **Assessing CATV Bandwidth Expansion Solutions**

The demand for new services such as HDTV, VOD, and gaming is pushing bandwidth limitations on CATV networks. Operators must find cost-effective ways of expanding the spectrum and bandwidth on their video networks without compromising service quality. A number of solutions have emerged that target passive network elements, video servers, encoding technology, access networks, and QAM modulation. This report from ABI Research examines a number of these solutions and provides a market assessment and cost-benefit analysis.

The solutions evaluated in the research include rate-shaping, expansion of CATV spectrum, node splitting, switched digital video, PON overlay, home-gateway bandwidth management, and MPEG-4 deployment. An assessment of the potential and actual market value, as well as a cost-benefit and return-on-investment analysis, is provided for each of these technologies.

[http://www.abiresearch.com/products/market\\_research/Assessing\\_CATV\\_Bandwidth-Expansion\\_Solutions](http://www.abiresearch.com/products/market_research/Assessing_CATV_Bandwidth-Expansion_Solutions)

## **SOURCES AND METHODOLOGY**

Much of this white paper is based on a survey of approximately 1,002 online households in the United States completed in December 2007. The survey covered a number of different age groups, as shown in Chart 1 and across a variety of different income groups, illustrated in Chart 2. For the forward looking analysis, we applied our deep understanding of technology markets to the survey results and other important consumer market indicators to discuss trends around the future of consumer media consumption over the next five years.

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©2008 ABI Research  
PO Box 452

69 Hamilton Avenue  
Oyster Bay, NY 11771 USA

Tel: +1 516-624-2500

Fax: +1 516-624-2501

<http://www.abiresearch.com/analystinquiry.jsp>

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