



Media markets: What to expect in 2010

- *TV advertising to outperform other traditional media*
- *Mobile apps – expect fierce competition in 2010*
- *Motion control tech will underline unique capabilities of consoles*
- *Connected home moves closer to a reality*

London 12th January 2010: Screen Digest's media analysts have prepared their predictions for the coming year and beyond. As we leave 2009 behind - one of the hardest for the media sector in recent years, what can we expect from the last year of the decade?

TV Advertising will outperform other traditional media

It is no secret that 2009 was the worst year ever recorded for advertising. All media categories saw falling ad revenues, with TV outperforming other traditional media - despite being down 13 per cent on average.

In 2010 the return of economic stability will be mirrored by a stabilisation of ad spending to -1.2 per cent on average in Europe. However Screen Digest's econometric model suggests that a minimum GDP growth of two to three per cent (at current prices) is historically required to trigger any advertising spending recovery – and economic forecasts from IMF currently remain short of this figure.

Vincent Letang Head of Advertising Intelligence at Screen Digest says "Although business confidence indexes have been improving since March 2009, the 'green shoots' heralded in Q4 for TV advertising failed to materialise. With no advertisers expected to bring their expenditure to pre-2009 levels, Screen Digest

remains cautious about the prospects for 2010. However for TV the picture is different; ad prices hit an all-time low in the second half of 2009 and will gradually recover during 2010. This combined with the positive benefits of the World Cup suggest TV advertising will outperform other traditional media.

Mobile apps – expect fierce competition in 2010

2009 was the most successful year for mobile content ever, primarily due to the success of Apple's App Store which Screen Digest forecasts to generate €890m in revenues and 4.4bn application downloads in 2010. Not all application stores will achieve the same level of success and the business model will take some time to reach mass market adoption.

Ronan de Renesse, Senior Analyst says "Despite the success Apple has enjoyed with its Apps, we believe the exploding number of application stores and corresponding development platforms poses a danger by creating unnecessary market fragmentation. Market consolidation is a long way off. The huge corporations behind those application stores - Apple, Google, Nokia, Samsung, Microsoft, Vodafone and Orange - will be happy to compete with each other, and the sheer size of the market will offer enough room for them all to co-exist."

New motion control technology from PS3 and Xbox 360 will help reinforce the unique gaming proposition offered by consoles

2009 was noteworthy for the continued rise of games markets beyond the traditional console business - especially social network games and app store sales for smart phones. 2010 will herald a new phase of technological development on consoles as manufacturers seek to maintain their market dominance. Not only will new motion control gaming solutions for both PS3 and Xbox 360 elongate the lifecycle of the high definition consoles – giving manufacturers and game publishers more time to realise a return on their investments - but it will allow them to compete more directly with this generation's leading console, Nintendo's Wii.

Screen Digest forecasts that online games markets will be worth an increased 24 per cent of a combined physical and online market in the US in 2010, up from 18 per cent in 2009. Screen Digest Head of Games, Piers Harding-Rolls says “Physical retail still dominates in market share terms, but with heavy growth in games content consumption on alternative devices and platforms, competition for gamers’ spend is growing steadily. Motion control games offer a unique respite for console platforms. They are as yet unique and can’t be replicated by alternative platforms or on-demand solutions and so they represent an important development for both Sony and Microsoft.”

Online video content will continue to move closer to the TV as the ‘connected’ home becomes a reality 2010

Connected games consoles, set-top-boxes and TVs that connect directly to the internet are making it easier than ever to get online video content to the television. European broadcasters are actively looking to deliver content directly to the TV – with Project Canvas in the UK and HbbTV in Europe leading the charge. This is in direct contrast to the US, where the broadcaster networks have limited their over-the-top ambitions to the PC.

The leading connected device in the living room will continue to be the games console. By the end of 2010, 20.2m Xbox 360s will be actively* connected to the internet. By the same measure, 20.1m PS3s and 25.8m Nintendo Wii’s will be connected online.

Dan Cryan, Head of Broadband at Screen Digest says “We are only at the beginning of the digital living room as TV sets, Blu-ray players and other set top boxes are increasingly getting connected to the Internet and providing services that people are actually going to use. For the moment games consoles have a significant lead in getting internet content to the TV as their processing power and significant local storage makes them easy to upgrade and add new services.”

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Note to editors

* By which we mean at least once in the past year

About this research

The research in this press release is taken from Screen Digest's intelligence services that cover mobile, broadband, games and advertising. More information www.screendigest.com.

About Screen Digest

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