TV 2.0

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TV 2.0 is like the Internet; you will have to be "compatible" or not being…

Some findings:

1. TV 1.0 is being attacked on various fronts simultaneously:
    - The growing number of TV networks and distribution channels (DTT, cable satellite, IP, mobile, Ipod/Archos, etc.) is fragmenting the viewing audience. See TF1 (French leading channel) audience on Free http://adsl.free.fr/tv/audiences/ compared to its Hertzian model with 28% average share).
    - IP distribution that favors the shift from mass media to "personal" media. In other words, from Push TV (we receive a network formatted like CNN) to Pull TV (we create our own viewing content by "cherry picking": I want the last episode of 24 now, then a Rachmaninov concert and a soccer game after that, etc.). I think that although a passive, couch potato-style consumption will always remain high, viewers will become increasingly resistant to fixed programming.
    - "Multi-browsing": new generations are watching 2 or even 3 screens simultaneously (Internet/TV/mobile).
    - The Web 2.0 (more than 100 million downloads, 70,000 posts and 70 million visitors daily on YouTube, which has become the premier media in less than 2 years).
    - The content becoming more and more "multi-platform".

2. TV 2.0 is here earlier than anticipated:
    - This is the "enfant terrible" of the decrease in advertising revenues owing to the reduction in audiences; a result of the blowing open of the bastion of TV 1.0. The big corporations, like the previous generations of media companies, are insufficiently prepared and are leaving the way wide open for future media groups.
    - In the universe of the Web 2.0, the market players are quickly moving in to service both the new content and the new methods of consumption.
    - In the US, it took 17 years for cable to reach 10 million subscribers; this is estimated to be 5 years for TV on IP.
    - TV 2.0 is introducing massive changes: offers, business models, usage and again, where it hurts, the distribution of advertising budgets and organization of content.

3. Europe and the USA are developing differently:
    - HD TV experienced rapid growth in the US (see DIRECTV, Echostar), whereas in Europe today the level of service offers and HD providers is very low, although it is one of the most effective retention tools for the cab/sat operators.

- The same is true for PVR/DVR, another tool for developing consumer loyalty.
- Vast revenue is generated by “local avails” (advertising managed by the distribution network, who also receive the profits) at Comcast, TWC, Dish, etc.
- The American operators are more active in their participation and finance the networks they distribute.
- There is a much higher level of Internet integration in the media company strategies in the US.

4. Microsoft (Xbox 360 decoder, etc.), Apple, and the search engines (Google, Yahoo), and others, want to occupy the living room and they can do it; a big battle to remain at the center of the relationship.

What are the implications of these findings for interactive TV?
TV 2.0 is offering a totally new area of opportunity for interactivity that will transform the habits of television media consumption and will disrupt current professional practices.

Apart from the points mentioned above, three components are markedly different regarding the interactivity of TV on IP:

- The interactive services can be measured more easily and with greater accuracy (page by page in an application).
- As on certain cable networks (not all), customers can load their interactive content at no extra return path cost (thanks to free connection and communication).
- The availability and cost of bandwidth, which are critical issues for satellite and cable.

And in respect of content and applications:

- Creation of new types of interactive programs
- Improved and enhanced client-server infrastructures
- Integration of multi-platforms (TV, web, mobile, etc.) with transportable resources and applications.

The jury is still out for TV 2.0 and everything is still up for grabs, so will Microsoft or Google capture this market by fending off the ADSL operators who are unprepared for it, i.e. ADSL access providers customers using Media Center or a search engine as the main portal to contents?

There’s nothing left but to build strategies to be part of it…