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The State of the Media Democracy

Deloitte's Reality Check on the Future of Media
Second Edition

Select Highlights

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About Deloitte's State of the Media Democracy Survey, Second Edition

To continue to shed light on how different generations are "consuming" media — and what their future media preferences are likely to be — Deloitte's Technology, Media and Telecommunications (TMT) practice commissioned a second edition of its State of the Media Democracy survey. Why a "Media Democracy?" Because this is an age in which everybody contributes—not just the traditional media companies.

The survey results provide keen insights into the different generations and their media consumption habits. A complete listing of the categories covered in the survey is below. The highlights that follow are just a small sampling of the numerous trends and data points the survey revealed.

- Advertising's Multi-Platform World
- Media Time Use
- Amplification
- Media Platforms: Usage & Preferences
- Baby Boomers
- Millennials (Leading vs. Trailing)
- Cell Phones: Moving to Center Stage
- Music Insights
- Dawn of a New "TV" Era
- Newspaper Insights
- Future of the Media Democracy
- Radio Insights
- Gaming Goes Mainstream
- Rise of the Personal Broadcaster
- Gender Attitudinal Differences
- Search
- Generation X
- Social Networking & Community Insights
- Internet Insights
- Technology Insights
- Magazine Insights
- Telecom Insights
- Matures
- Television & DVR Insights
- Media Products: Ownership & Preferences
- Viral/Social Activities
- Media Services: Subscriptions & Preferences

The online survey was commissioned by Deloitte and conducted by Harrison Group, an independent research company, between October 25 and October 31, 2007. The survey polled 2,081 U.S. consumers between the ages of 13 and 75. The survey results have a margin of error of plus or minus three percentage points.

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Generational Insights

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Talking ‘Bout the Generations

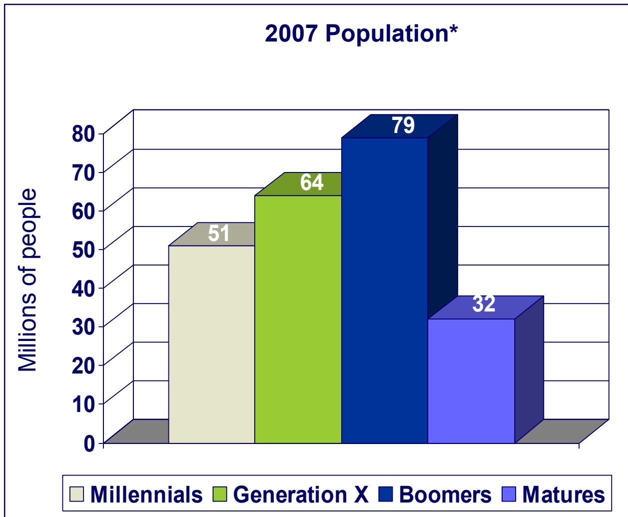
Millennials – Ages 13-24 (Birth Years: 1994-1983)

- Trailing Millennials – ages 13-18
- Leading Millennials – ages 19-24

Generation X – Ages 25-41 (Birth Years 1982-1966)

Baby Boomers – Ages 42-60 (Birth Years 1965-1947)

Matures – Ages 61-75 (Birth Years 1946-1932)



*U.S. Census Bureau - Population Division U.S. Interim Projections 2000 - 2050

Generational Insights – Millennials

- Millennials are the most likely to derive entertainment from multiple media sources
- They spend the most amount of time with media per week
  - 82 hours vs. 78 hours average overall; almost 11.7 hours a day spent with media
- Most active with video gaming, music and using the Internet for socializing
  - They are the alphas when it comes to user-generated content
  - However, they are the least active as far as Internet surfing, visiting fewer Websites per week than any other generation
- They watch the least amount of television per week
- They are more open to product placement advertising
- Millennials, along with Xers, are leading the way as far as watching video content on their Internet and handheld devices
- For Millennials, the cell phone is moving to center stage as an entertainment device
- Trailing Millennials live in households that own more media products than Leading Millennials
- Both groups embrace the Media Democracy more than any other generation, but, overall, Leading Millennials are more involved
- Trailing Millennials really only surpass Leading Millennials when it comes to music and video games

Generational Insights – Xers

- Xers are strong drivers of media trends today
  - Greatest increase is in relation to cell phones and video games as sources of entertainment
- They are very much tied to their computers
  - Overall, they spend the most amount of time online, driven by the time they spend online for work and the time they spend online for personal interests
  - They visit more Websites per week than any other generation -- number has grown since 1st survey
  - They do not trail Millennials by much when it comes to interaction with user-generated content
- They are leading the DVR revolution
  - 14% of all commercials being viewed in fast forward mode (35% among DVR owners)
- They are most likely to enjoy watching movies at home and have a home theater system
- Xers are more influenced by Internet advertising than they are by print
- They are bringing their enjoyment of gaming with them into their nesting years
  - Gaming is now considered “family time” for many Xer parents
- Xers are just as likely to read newspapers online as in print… but they still prefer print

Generational Insights – Boomers and Matures

- Matures continue to be the “reading generation,” as they are most likely to say they prefer reading books, magazines and newspapers
  - Print is the preferred format for both Boomers and Matures
- Matures also place the greatest amount of importance on the television
- Both continue to value land-line communications over cell phones
- After television, print advertising is the way to reach them… especially newspapers for matures
- Half of all Boomers are visiting online gaming sites to play games
- Search engine result advertising is the most influential type of online advertising for both Boomers and Matures
- One-third of all Boomers would rather pay for online content in exchange for not being exposed to advertisements
- One-quarter of all Matures would rather pay for online content in exchange for not being exposed to advertisements
- Matures value their desktop computer more than any other media device they own

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Select Findings: Dawn of a New "TV" Era

- **The majority of Americans consider their computer more entertaining than their TV**

BUT . . .

- **TV content and TV-like content has the opportunity to dominate the future**

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The Computer as/is Entertainment

- Entertainment is found in many media platforms today (from TVs and computers to cell phones and video games) and the trend is growing
- A majority of all ages now place the computer ahead of the television as a source of entertainment
- The desire to integrate the Internet and computer with the television is also growing

Summary of Agree Strongly/Somewhat						
	1st Edition %	2nd Edition %	Millennials %	Xers %	Boomers %	Matures %
My computer has become more of an entertainment device than my TV	--	**69**	80	74	64	51
I would like to be able to easily connect my home television (plasma, LCD, etc.) to the Internet so that I can view videos or downloaded content from the Internet on my television, or view anything at all that I have on my PC	47	**58**	71	66	49	35

Q. Please indicate how much you agree or disagree with the following statements

Entertainment, Entertainment Everywhere

- Over one-third of all consumers are watching TV shows online (15 point increase from our first survey)
- Home TV is still the most used platform for viewing video content, however on a daily or almost daily basis…
  - Over one-third of all consumers are viewing video on their computers
  - A quarter of Millennials and Xers are viewing video content on their cell phones
  - A significant minority of Millennials and Xers are viewing video on a portable handheld device

Internet Activities (Summary of Frequently/Occasionally)						
	1st Edition %	2nd Edition %	Millennials %	Xers %	Boomers %	Matures %
Watching TV shows online	23	**38**	52	48	28	13

Video Content Viewing Platforms Used (Summary of Daily/Almost Daily)					
	Total %	Millennials %	Xers %	Boomers %	Matures %
Home TV	**64**	64	70	63	58
Personal Computer (laptop or desktop)	**37**	41	42	33	27
Cell phone	20	**26**	**26**	15	9
Other portable or handheld device (i.e., Video iPod, PSP)	10	**18**	**13**	3	0

Q. How frequently do you use the following devices to watch video content?

Q. How often would you say you are doing the following online activities in a typical 7-day week?

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Select Findings:
Cell Phones Moving to Center Stage

- Most think of the world as a two-device or two-platform world
- But it is not TV vs. Internet; the cell phone is a potent entertainment force and media device

Cell Phones: Moving to Center Stage

- The percentage of consumers using cell phones as an entertainment device increased by 12 points since our first survey in early 2007
- Each generation was, in part, responsible for the increase, but . . .
  - Xers, followed by Millennials, were most responsible for the increase in cell phones being considered entertainment
  - Boomers use of cell phones as an entertainment device more than doubled

Summary of Agree Strongly/Somewhat	1st Edition %	2nd Edition %	Millennials %	Xers %	Boomers %	Matures %
I use my cell phone as an entertainment device	24	**36**	62	47	17	4

Generational Comparison by Survey Edition (Summary of Agree Strongly/Somewhat)	Millennials 1st Edition %	Millennials 2nd Edition %	Xers 1st Edition %	Xers 2nd Edition %	Boomers 1st Edition %	Boomers 2nd Edition %
I use my cell phone as an entertainment device	46	**62**	29	**47**	9	**17**

Q. Please indicate how much you agree or disagree with the following statements

Cell Phone Applications Use

- Overall, Millennials – who are less likely to be footing the cell phone bills -- are using various cell phone applications the most… but Xers are close behind

Cell Phone Applications: Summary of Use Frequently/Occasionally

	Total %	Millennials %	Xers %	Boomers %	Matures %
Digital camera (still pictures)	63	**80**	**75**	49	32
Text messaging	61	**86**	**75**	44	15
Games	44	**65**	**55**	28	11
Video camera	41	**56**	**52**	29	12
Internet access	35	**45**	**46**	25	11
Email	32	**42**	**40**	24	12
Music Download	29	**48**	**36**	15	3
MP3 player	27	**45**	**33**	12	4
Download additional games from online	24	**37**	**32**	14	3
Watch professionally created content (TV, movies, news)	19	**26**	**26**	12	5
Watch user-generated videos (like YouTube)	18	**28**	**21**	12	2
GPS (global positioning service)	12	**16**	**18**	8	3

Q. Thinking about the features included on your cell phone, please check the answer that best describes your usage of each cell phone feature.

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Select Findings: Gaming Goes Mainstream

- **Gaming is ubiquitous**
- **Gaming as ‘young, male and adolescent’ is a myth**

Video Gaming: Gender Usage and Attitudes

- A surprising 50% of females (and over half of all consumers) view video games as an important source of entertainment
- Over three-quarters of male Xers feel the same
- No surprise that Millennial males are the dominant force as far as frequency and time spent playing

Usage and Attitudes		Males					Females				
	Total	Total	Millennials	Xers	Boomers	Matures	Total	Millennials	Xers	Boomers	Matures
Videogames, PC games and Internet games have become an important entertainment source to me: Agree Strongly/ Somewhat	56%	62%	89%	**77%**	44%	20%	**50%**	62%	55%	44%	31%
Play Video games (handhelds, PC, console, cell phone) Daily/Almost Daily	12%	17%	**36%**	17%	5%	1%	6%	11%	7%	4%	1%
Hours in a typical week play video games (among those who play): Hours	3.7 Hrs	4.8 Hrs	**6.1 Hrs**	4.3 Hrs	2.8 Hrs	--	2.6 Hrs	3.0 Hrs	2.7 Hrs	1.5 Hrs	--

Online Gaming

- Over 60% of all consumers visit an online gaming site to play games – up noticeably from our first survey
- Strong numbers across all generations
  - Half of all Boomers and almost half of all Matures
  - Almost three-quarters of Millennials and more than two-thirds of Xers

Internet Activities (Summary of Frequently/Occasionally)						
	1st Edition %	2nd Edition %	Millennials %	Xers %	Boomers %	Matures %
Visiting online gaming sites, where you can actually play games	49	**61**	72	68	**51**	**43**

Q. How often would you say you are doing the following online activities in a typical 7-day week?

Familial Gaming

- Increasingly, gaming is becoming a mainstream activity
- Almost half of “kid gamers” play video games with their parents
- And of those parents who are “gamers”, nearly three-quarters play games with their kids at least sometimes
  - About half of their total gaming time is spent playing their own games; about one-third spent playing with their kids

Familial Gaming	
Kid Gamers with a Parent who Plays Videogames	**46%**
Play with them often/very often	22%
Play with them at least sometimes	50%
Played within the past week	39%
Parent gamers with a kid who plays videogames	**44%**
Play with them often/very often	42%
Play with them at least sometimes	**71%**

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Select Findings: Advertising's Multi-Platform World

- Consumers choose entertainment, not platforms, and so should advertisers and content producers
- All online ads are not created equal: advertisers should examine the taxonomy of ads and plan accordingly
- The increasing popularity of video/online games and virtual worlds (i.e., Second Life) opens new venues and formats for advertising
- People prefer ad-supported content vs. "paid-for" online content
- Traditional advertising is an important driver of web traffic – but the dominance of "someone's recommendation" presents extraordinary potential for social networks as an ad platform

Most Influential Advertising

- All consumers rate TV advertising as the most impactful
- Overall, online advertising is now in a virtual tie for #2 with magazines
  - Xers are most open to online advertising
  - Matures place print advertising in the #2 and #3 spots behind TV advertising – with newspapers in a virtual tie with TV for #1

Advertising Types with Impact

	Total %	Millennials %	Xers %	Boomers %	Matures %
TV	85	85	85	86	86
Online	**65**	66	**71**	64	53
Magazines	**63**	58	60	68	**69**
Newspapers	56	39	48	66	**85**
DVDs	12	17	15	8	4
In-theater advertising (pre-movie)	12	20	14	5	3
Video Games	7	15	8	3	-

Q. When you encounter ads in the following media, which have the most impact on your buying decision?

Most Influential Online Advertising

- Internet ads that provide the greatest amount of targeting and relevance do the best
  - Boomers and Matures are most influenced by the “top 3”
- Millennials and Xers are more responsive to product placement

Internet Advertising Influences

	Total %	Millennials %	Xers %	Boomers %	Matures %
Search engine result ads	78	67	77	**87**	**87**
Ads I interact with that provide information/ entertainment	62	55	58	68	73
Banner ads	60	53	59	63	71
Pre-roll ads (ones you must view first before viewing a video)	31	36	30	28	28
Post-roll ads (additional information that is provided after a video)	19	21	19	19	17
Ads embedded in videos (on the screen while a video is playing)	17	**22**	**22**	12	9
Ads or products placed within online virtual worlds (i.e. Second Life, There.com, MTV's Virtual World, etc.)	17	**23**	**19**	14	7
Ads or products placed within video games	15	**23**	**16**	8	8

Q. Thinking now about advertisements you encounter online, which type of online advertising influences you the most?

Ad-Supported vs. "Paid-For" Online Content

- A minority of consumers indicate a willingness to pay for an ad-free online experience
  - Millennials and Xers indicate a greater willingness to pay
- A majority of those who are willing to pay, are willing to pay $25 or more

Summary of Agree Strongly/Somewhat	Total %	Millennials %	Xers %	Boomers %	Matures %
I would rather pay for online content (news, information, sports, games, social interaction sites, movies, music, and TV) in exchange for not being exposed to advertisements	37	**42**	**43**	32	25
$25 or more is a reasonable fee to pay per year for online content in exchange for not being exposed to advertisements					
Among total population	41	43	46	37	36
Among those who agree they would rather pay for ad-free online content	**60**	62	65	57	55

Q. Please indicate how much you agree or disagree with the following statements

Q. If you were to purchase online content in exchange for not being exposed to advertisements, what would you consider to be a reasonable amount to pay over the course of the year?

Driving Traffic to Websites

- Word of mouth is in a virtual tie with Internet search engines for driving traffic to websites, but a strong case can be made for all types of advertising
- Conscious efforts by advertisers to drive people to their websites appear to be working

Internet Site Visit Influencers: Summary of Frequently/Occasionally

	1st Edition %	2nd Edition %	Millennials %	Xers %	Boomers %	Matures %
Someone's recommendation	81	**89**	92	95	85	81
Results from using Internet search engines	83	**88**	88	91	88	85
Seeing an advertisement on TV	63	81	82	85	79	78
Seeing an advertisement in magazines	--	72	73	76	70	67
Advertising I see at other websites	--	72	76	77	70	58
Sales and product offers I receive in emails	--	68	*62*	73	70	70
Noticing a product or service placed within television shows and movies that I watch	--	68	72	73	65	58
Seeing an advertisement in newspapers	--	66	*58*	67	70	72
Hearing an advertisement on the radio	49	61	65	71	60	45
Seeing an advertisement at a movie theater	--	44	63	54	33	11
Seeing an advertisement in a video game	--	33	55	40	19	7

Q. How often would you say you visit websites as a result of the following?

Advertising Attitudes

- Strong openness exists to further engage with Internet advertising… but on the consumers terms
  - Relevance and value need to exist
- Advertising in magazines (and newspapers) edges out online advertising
- As with online content, a minority show a willingness to pay for commercial-free TV content

Summary of Agree Strongly/Somewhat	Total %	Millennials %	Xers %	Boomers %	Matures %
I would willingly be exposed to more online advertisements if it meant I could receive free content that I found valuable.	67	74	75	61	51
I would click on more Internet ads if they were more targeted to my needs.	66	72	67	64	55
I find any type of Internet ad to be more intrusive than print advertisements in newspapers and magazines.	65	67	65	61	66
I tend to pay greater attention to print advertising in magazines than any type of advertising on the Internet.	59	61	57	57	61
I tend to pay greater attention to print advertising in newspapers than any type of advertising on the Internet.	55	48	55	58	64
I would pay an annual subscription fee for my favorite TV shows to watch them without advertisements.	39	47	45	31	29

Q. Please indicate how much you agree or disagree with the following statements

New Ad Platforms: Social Networks & Communities

- Social networking is on the rise
- Over one-third of Millennials and one-quarter of Xers are participating in online Virtual Worlds

Content-Generating Activities (Summary of Currently Do)						
	1st Edition %	2nd Edition %	Millennials %	Xers %	Boomers %	Matures %
Socializing (via social networking sites, chat rooms or message boards)	37	**54**	78	60	38	23
Maintaining a profile on a social networking site (MySpace.com, Facebook.com, Classmates.com, Friendster.com, Linked-in.com)	NA	45	71	51	30	10
Participating in online virtual worlds (i.e. Second Life, There.com, MTV's Virtual World, etc.)	NA	21	**36**	**25**	10	2

Q. Please indicate your experience with each of the following

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Select Findings:
The Rise of the "Personal Broadcaster"

- **The Media Democracy is alive and well!**
- **32% of consumers actually consider themselves to be a "broadcaster" of their own media**
- **45% are creating personal content for others to see (up 11 points from our 1st edition survey)**
- **54% are increasingly making their OWN entertainment (up 14 points from our 1st edition survey)**
- **69% of consumers are watching/listening to content created by others (up 17 points from our 1st edition survey)**

Self as Entertainment

- Consumers (especially Millennials and Xers) are increasingly creating their own entertainment
- Not only are they creating entertainment for themselves, but nearly one-in-three considers themselves to be "broadcasters" of their own media
- All generations are showing an increase from the first survey to the second survey in making their own entertainment

Summary of Agree Strongly/Somewhat

	1st Edition %	2nd Edition %	Millennials %	Xers %	Boomers %	Matures %
I am increasingly making my own entertainment through editing my own photos, videos and/or music.	40	**54**	69	62	45	30
With all the technology available to me today, I actually consider myself to be a "broadcaster" of my own media.	--	**32**	46	38	23	10

Generational Comparison by Survey Edition (Summary of Agree Strongly/Somewhat)

	Millennials 1st Edition %	Millennials 2nd Edition %	Xers 1st Edition %	Xers 2nd Edition %	Boomers 1st Edition %	Boomers 2nd Edition %
I am increasingly making my own entertainment through editing my own photos, videos and/or music.	56	**69**	46	**62**	31	**45**

Q. Please indicate how much you agree or disagree with the following statements

The Growth of User-Generated Content

- There continues to be significant demand for non-traditional media content – and it is growing
- Content creation also continues to grow

Internet Activities (Summary of Frequently/Occasionally)						
	1st Edition %	2nd Edition %	Millennials %	Xers %	Boomers %	Matures %
Watching/listening to content created by others (Web sites, photos, videos, music and blogs)	52	**69**	86	73	64	40
Creating personal content for others to see (web sites, photos, videos, music and blogs)	34	**45**	70	48	33	17

Q. How often would you say you are doing the following online activities in a typical 7-day week?

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Learn More

For more information about these and other findings from the 2nd Edition of Deloitte's *State of the Media Democracy* survey, please contact:

Ed Moran, Director of Product Innovation
Deloitte Services LP
212-436-6839
emoran@deloitte.com

Phil Asmundson, National Industry Leader – Technology, Media and Telecommunications
Deloitte & Touche USA LLP
203-708-4860
pasmundson@deloitte.com

Ken August, National Sector Leader – Media & Entertainment
Deloitte & Touche USA LLP
213-996-5686
kaugust@deloitte.com

Eric Openshaw, National Sector Leader – Technology
Deloitte & Touche USA LLP
714-913-1370
eopenshaw@deloitte.com

Press Inquiries, contact Jonathan Gandal at jgandal@deloitte.com

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