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The Web of Entertainment

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By redefining the way people receive and distribute information, the Internet has provided a new dimension for people to express themselves freely. This has been further facilitated by tools such as Blogs and Podcasts, which enable people to share their opinions, ideas, etc., without bothering about how to reach the end audience. The Internet has acted as a catalyst for the development of new means of entertainment, such as mobile phones, IP TV, online games, iPod, etc. Today, it has become an invisible web woven around our lives on which we depend for all our requirements, whether it be entertainment, information or communication.

In today's fast-paced times, where we juggle with the myriad demands of our personal and professional lives, where there is hardly any time to "stand and stare", stress has become a part of our day-to-day lives. And this is primarily the reason that entertainment has gained prominence like never before. The media and entertainment industry today is booming and there are opportunities galore. Technological innovations in this sector have completely re-defined the parameters of entertainment.

Till a few years back, newspapers, magazines, journals, radio, television, and cinema houses were the primary means of mass communication and entertainment. However, the advent of Internet and the increased availability of broadband has revolutionised every aspect of our lives. According to research by eTForecasts, the number of Internet users worldwide has increased from 420 million in 2000 to 1 billion at the end of 2005, reaching 15.7 percent of the world population. By 2011, the number of Internet users is expected to reach 2 billion, accounting for 30 percent of the world population. The growing popularity of the Internet and broadband has compelled people in the traditional media to re-think their future strategy. One of their major worries is the rapid onslaught of online advertising, which is threatening to divert advertising revenues generated through traditional channels, such as the print media, radio and television. According to a study by Outsell, a California-based research firm, spending on online advertising and advertising on search engines is expected to grow at 19 and 26 percent, respectively, in 2006.

Although online media poses a threat, it also creates opportunities for the existing channels to better understand the tastes and preferences of their audience. In order to safeguard their present and future revenues, the traditional media has become very proactive, targeting the online audience with niche offerings, hitherto unheard of. This is best illustrated by publications, such as *The Wall Street Journal*, *The Financial Times*, *The Washington Post*, etc., which have beefed up their online presence. The online channel complements their print offerings, ensuring that users do not shift loyalties to their competitors. However, every threat holds an inherent opportunity, and this is truly applicable in this case. By pricing their online versions aggressively and offering a plethora of advanced features, these publications have managed to turn the tide in their favour. While *The Financial Times* claims that it attracts about 3.7 million users to its site every month, *The Wall Street Journal* claims that it was visited by more than 700,000 paid users in 2005 alone, making it the largest subscription-based paid news site online. However, it still remains to be seen whether the traditional media is able to defend its classified advertising revenues from the new age Web companies, such as Google, Yahoo, etc. According to the Boston Globe website, this market is currently estimated to fetch annual revenues in excess of USD 150 billion.

The increasing use of Internet has also created a strong demand for new content, which is partly being met by the users themselves. Modern technology has made it possible for people to create and distribute content over the Internet. New tools, such as blogs and podcasts, allow users to share their ideas, opinions, feelings, etc., with

others more rapidly and cost effectively. Blogs serve as an online diary, allowing the author to voice his/her opinion on any topic, share experiences or write creatively without having to chase a publishing medium to get the message out. The popularity and impact of blogs can be gauged from the fact that they were used as a medium to spread messages of hatred and intolerance in the recent French riots. Podcasts allow users to publish and distribute audio content over the Internet. These podcasts can be easily downloaded on to a computer or on a personal music player. An article published on BusinessWeek online states that the tool is becoming so popular that it was recently used by a prominent French political party to address the ever-expanding online audiences. And the effort did not go to waste! The podcast attracted 50,000 viewers.

The Internet has not only impacted the way people gather and spread information, but has also changed the way they entertain themselves. The advancements in IP technology and the advent of broadband have helped transform the PC - hitherto known to be associated only with work and office - into a full-fledged entertainment provider. TV broadcasters are facing new competition from ISPs, who have started offering a number of TV channels over their broadband networks by teaming up for content with leading production houses. The escalating demand for advanced services and increased competition has led to the creation of new means of entertainment, such as satellite radio, mobile phones, video iPods and software, which allow users to upload/download audio content over the Internet. All this has led to the mushrooming of the mobile content market over the Internet, which is not just limited to the download of polyphonic ring tones and wallpapers, but also includes music, TV, games and other software that was available only on a PC a few years back. Research from LogicaCMG predicts the global mobile content market (including ring tones, wallpapers, games, etc.) to reach EUR 7.6 billion by mid-2006.

As a result, many new devices have evolved over time and include features that were once unimaginable. The ubiquitous cellphone was only meant to ease communication and make people more accessible. However, in today's times, communication is just one of the many purposes that a cellphone is used for. The modern cellphone acts as an entertainment device by combining features such as mobile television, gaming, radio, and support for audio and video content, into a single device. Today cellphones are equipped with a large memory chip – similar to the hard disks used in computers – allowing users to store a large amount of information on their personal phones. In Europe, mobile operators are trying to lure customers by providing differentiated offerings such as Mobile TV. A company called '3' launched a mobile TV service in October 2005, while Vodafone launched its mobile TV service for its European users in December 2005.

The easy availability of mobile content has also brought a fresh lease of life into the portable music player market. One such example is the launch of Apple's iPod, which has seen tremendous growth in popularity, especially among the youth. Recently, Apple launched an iPod version that has the ability to store videos, photos, etc. The company registered a 207 percent increase in sales of iPods, which increased from 4,580,000 units in Q1 2005 to 14,043,000 units in Q1 2006. Realising the market potential for such devices, Sony recently launched its Walkman range of phones, which are capable of storing a large amount of data, i.e., music, games, etc., over a memory chip. Many other cellphone manufacturers are expected to launch similar devices in the near future.

The media and entertainment industry is thriving and the potential is literally as diverse as the thought processes of marketers, innovators, content developers and telecom operators. The advent of new products and technologies creates immense opportunities for expansion and innovation. One such innovation is Blogs, which is expected to become a primary medium of public communication as major news portals, news sites, entertainment portals, gaming sites and others continue to launch them. They will complement the information in print media and would provide users a different perspective based on views of the online audience. The print media will continue to be preferred wherever factual information is required and the authenticity of information needs to be proved. Blogs would prove useful for marketers and producers seeking to gather feedback on their products and services. Recently, marketers have started tracking blogs to study consumer experiences with new products and services. This is expected to become a major tool for them in the near future and might impact the launch and market strategy of new products and services. Subject-specific blogs, similar to chat rooms, will also become widespread, enabling marketers, etc., to refine their search.

The growing popularity and increasing user base of the Internet will also result in the print, radio, and television media becoming more aggressive and targeting users through various means, such as portals and mobile content to retain their user base. In 2005, BBC entered into an agreement with ROK player to distribute its mobile content to mobile users. Similarly, CBS partnered with Google in February to distribute its video content over

Google's Video Store. Production houses and television channels are expected to work in close tandem to produce exclusive content that can be distributed over IP TV and mobile phones. This is expected to further induce people to opt for mobile TV and IP TV subscriptions, which are already gaining popularity in Europe. A Screen Digest study forecasts European broadband TV subscribers to grow from the current 0.6 million to 8.7 million in 2009.

The demand for content and the need to bring innovative offerings to the market might also result in an increase in the number of mergers and alliances between different content developers, production houses, broadcasters, etc. This will encourage competition and lead to the creation of an oligopolistic market, where the consumer is, in fact, the King.

Summary

The growing stress levels have increased the significance of entertainment like never before. This has been further facilitated by tools such as Blogs and Podcasts, which enable people to share their opinions, ideas, etc., in a fast and cost-effective manner. There was a time when media and entertainment were restricted to newspapers, magazines, journals, radio, television and cinema houses. However, the advent of the Internet completely changed the way people receive and react to information. It gave ordinary people the opportunity to share their ideas, experiences and opinions with others sitting across the globe. The growing popularity of the Internet created demand for fresh content. A part of this demand was met by the users themselves through tools such as blogs and podcasts. While blogs allow the author to voice his/her opinion on any topic without having to chase the conventional publishing media, podcasts allow users to publish and distribute audio content over the Internet. Both these mediums are becoming increasingly popular among the online audience and are expected to play a more crucial role in the future.

The Internet not only helped people express themselves more freely, but also led to innovations in technology. Today, it is being used as a medium to distribute video, audio, games and other types of entertainment content. The availability of new content over the Internet will provide a boost to the IP TV market in Europe, which, is currently in a nascent stage.

Competition and advancements in technology have also led to the introduction of new gadgets, such as advanced mobile phones, iPod, etc. These gadgets further provided an impetus to firms engaged in creating and distributing mobile content. Today, the mobile content market is not just limited to ring tones and wallpapers, but includes mobile TV, audio and video content, games, software, etc. The ubiquitous cellphone has now become a complete entertainment provider. The latest trend is airing TV programmes on 3G mobile phones.

With such exciting developments taking place, the future no wonder will have many surprises in store. For instance, blogs will complement topics published in the traditional media and will provide users with a different perspective based on the views of the online audience. They are also expected to be used by marketers to gauge consumer behaviour. The print media will become more aggressive and try to retain users by making its presence felt more strongly by offering innovative services. All these developments are likely to benefit the consumer making him 'the king'!

About Evalueserve

Evalueserve (EVS) is a global research and analytics services company, and is the pioneer of Knowledge Process Outsourcing (KPO) industry in India. We provide Business and Market research, Investment research, Data Analytics, Intellectual Property research and Emerging Markets research. With a team size of over 980 highly qualified analysts, we are the largest third party KPO company in the world. Our analysts are located in Gurgaon, India and Shanghai, China, and are supported by a team of Client Executives based in North and South America, Europe, Asia-Pacific and the Middle East.

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