



MAGNAGLOBAL
ON-DEMAND QUARTERLY

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MAGNAGLOBAL On-Demand Quarterly: January 2011

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Updated Internet Access, DVR, VOD Forecasts

- Our revised year-end 2016 forecast for **DVR subscriber households** now stands at 61.8 million (50% of TV households), up from 37.9 million (32% of TV households) as of the end of the third quarter of 2010. By 2016, we expect that **Video On Demand** – which we now redefine to include OTT services – will reach 70.1 million households (approximately 57% of television households). This compares with 51.1 million VOD households (44% of total TV households) at the end of the third quarter of 2010.
- As of the end of the third quarter of 2010, approximately 83.6 million homes – 70.9% of the total – were online; 90.4% of these homes accessed the internet using broadband services. Our long-term **internet access forecasts** now call for 98.8 million households to be online in 2016, of which 97.8 million will have broadband services.

DVR and VOD News

DVR Subscriptions Continue to Grow in the US...

- **DirectTV** now has 8.9 million DVRs by our estimates, as ~75% of new subscribers took either HD and/or DVR boxes during 3Q10. This compares to 7.6 million DVR subscribers at **DISH Network**. 49.8% of satellite subscribers now have DVRs.
- Meanwhile, **Comcast** added 190,000 advanced service customers during the quarter. With 9.9 million HD and/or DVR subscribers, Comcast has approximately 5.8 million DVR subscribers – over 25% of the company's total subscriber base.
- **Time Warner Cable's** DVR subscriptions increased by 13,000 in 3Q10 (vs. 61,000 in 2Q10 and 111,000 in 1Q10). Total DVR subscribers totaled 4.6 million at quarter's end, 36.5% of the company's subscriber base.
- **Charter** recently mentioned that nearly half of its digital subscribers have HD and/or DVR boxes, or approximately 36.3% of its subscriber base. Penetration remains low at predominantly smaller market cable systems; we estimate only 17.4% of Charter's subscriber base has DVRs as of 3Q10.
- At **Mediacom**, management recently stated that 44% of the company's digital subscribers have HD and/or DVR boxes, approximately 26.2% of their total subscriber base. We estimate that only 18.0% of Mediacom's subscribers have DVR services.

...And Around the World

- The leading market for DVRs – and on-demand content deployments – outside of the United States remains the United Kingdom. With DVR penetration rates exceeding 70% at Sky and approaching 30% at Virgin, the two companies video on demand services are also growing. Virgin announced that it delivered 73 million VOD views per month during the third quarter, to 59% (or 2.8 million) of its subscribers, equating to an average of 33 views per user per month in the quarter, up from 31 in 2Q10 (the company reported 73 million video on demand views to its 3.7 million digital video subscribers). Unable to offer the same technological solution for VOD, towards the end of 2010 Sky began to phase the roll-out of Anytime+, expanding on its existing Anytime “push-VOD” offering to consumers with Sky's broadband connections integrated into their set-top boxes. The new service – similar to DirecTV's DirecTV Cinema – offers access via the internet to hundreds of content assets for on-demand retrieval.

ABOUT MAGNAGLOBAL

MAGNAGLOBAL is the strategic global media unit responsible for forecasts, insights and negotiation strategy across all media channels on behalf of **Mediabrand**s, part of **Interpublic Group** (NYSE: IPG). MAGNAGLOBAL works with the brands within these respective holding companies on behalf of their clients. With \$32 billion in global media billings according to RECMA, MAGNAGLOBAL exercises serious clout.

MAGNAGLOBAL's clout is driven by much more than simply buying power. Our sophisticated approach to managing data and insights delivers actionable intelligence to our affiliated planning and buying teams around the world. We do not sacrifice individual client objectives for the sake of a consolidated negotiation, but instead negotiate collectively when it is in the interests of each individual client to do so.

This enables us to offer each client maximum value and cost-effectiveness, with local, regional and global media owners. Just as important, our ability to be nimble provides us with flexible scale: through our client-centric approach our negotiations are led by individual client needs, and the highest degree of confidentiality is always maintained.

MAGNAGLOBAL also provides strategic advisory services and analytical tools for assessing the media industry. We specialize in analysis of advertising-supported media sectors, including distribution services (such as cable, satellite and telecom services) as well as related technologies which impact the media economy.

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