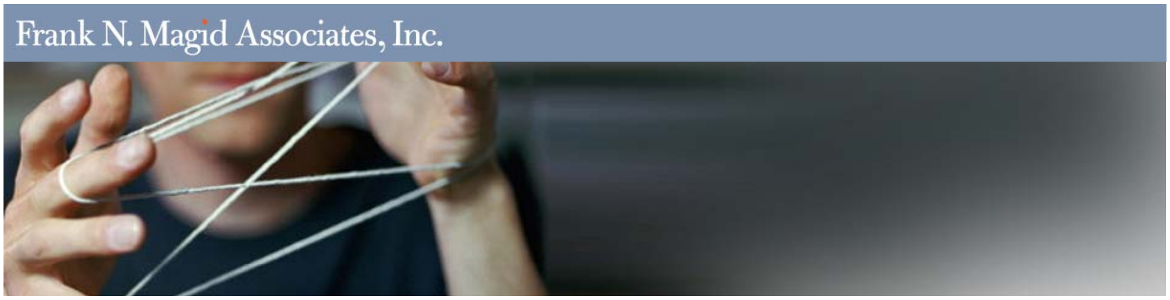


The OMVC Mobile TV Study: Live, Local Programming Will Drive Demand For Mobile TV

INTRODUCTION

U.S. mobile consumers appear ready to embrace live mobile TV, with nearly half saying that watching live digital television (DTV) via a mobile device is appealing. This interest is driven in large part by local programming, with nearly 90% of mobile device owners expressing interest in watching live news and weather programming on-the-go.

This national study, conducted by Magid Media Labs® in partnership with the Open Mobile Video Coalition (OMVC) identifies several key aspects of the mobile DTV viewing experience, intended adoption and use, and critical business model considerations such as advertising acceptance and interest in subscription models. Key findings include:

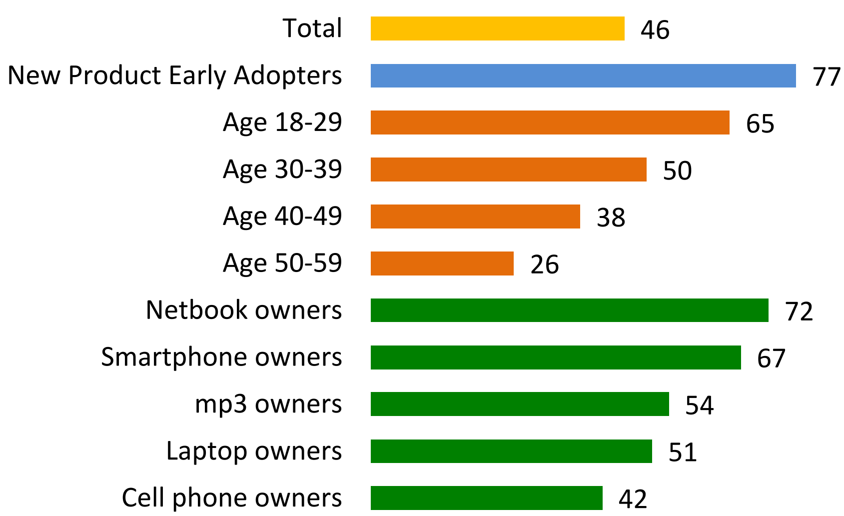
- Forty-six percent of mobile device owners find the idea of watching live digital television on a mobile device “appealing.” Strong interest is led by younger consumers and “early adopters” of new products, but is still significant among all demographics.
- Local news and information content drives live mobile DTV, with 88% of respondents expressing interest in watching this content on a mobile device. The appeal is particularly high among young adult Millennials (adults 18-29), as interest is double their current daily consumption on TV.
- Sixty-five percent of respondents expressed interest in watching some form of entertainment programming on a mobile device, as did 44% for sports.
- Mobile devices make for mobile consumption as respondents said they would watch DTV outside the home, including at work and while commuting.
- Among those with minor children in the household, 31% would give the mobile device to their child to watch in the car, and 10% would give the device to their child in the home.
- Interest in premium content is also strong, with 36% saying they would consider paying for it.
- Falling in line with interest, 47% of respondents said they are likely to consider purchasing a mobile device that allows them to watch live television programming when they are available.
- Advertising acceptance is high, with 49% saying they would watch commercials on their mobile device.
- Live programming is critical in the overall mobile DTV mix, with 51% saying they want it to be part of the experience, compared to just 18% that prefer a strictly on-demand model.

The remaining sections of this report outline the key findings from this study in greater detail.

INTEREST IN LIVE MOBILE DTV

Consumers expressed strong interest in watching live, local, mobile DTV stations on mobile devices. The near-future availability of live local news, sports, traffic, weather, emergency alerts, and other favorite programs on mobile devices appealed to 46% of all respondents, with highest interest among young adults in the Millennial generation (ages 18-29) and also a consumer segment identified as new product "early adopters." Only 24% rated the concept as somewhat or very unappealing, while 30% were non-committal (neither appealing nor unappealing). These findings suggest that local TV can attract young Millennials if desired content reaches their preferred usage occasions. The lower, but still strong interest among the 30-39 (50%) and 40-49%) age groups also suggest the potential for wider market penetration relatively quickly, especially given the strong programming content interests for live mobile DTV discussed in this report.

Live Mobile DTV Rated as Very or Somewhat Appealing



A more strongly-conditioned question tested intent to use: What are the chances that you would use your mobile device to watch live television programs? The results were a bit more qualified, as 36% said they definitely or probably would, while 32 % said they may or may not, and another 32% probably or definitely would not. Projected usage again was highest among early adopters (71% definitely or probably), young adults (48%), owners of Smartphones (54%), and Netbooks (61%), and men (40%).

A similar percentage — 37% — of mobile device owners said they expected to watch live mobile DTV programs at least a few times a week, and 49% said they would at least once a week. The same segments identified above also were above average on this indicator.

CONTENT

When mobile DTV is available, what kinds of programs will consumers want to see?

News is the clear leader for mobile DTV content. Nine in ten respondents (88%) said they would watch at least one of several news categories measured. Most notably, interest in mobile news programming among young adult Millennials (18-29 years old) is quite strong compared to their relatively weak local news viewing on standard television sets.

Among the news categories tested, breaking news (76%), emergency reports (75%) and weather (74%) topped the list, and they tend to be localized in focus. Other types of news programs trailed but still had large support in the 50-59% range. Entertainment programs rank lower but still appeal to two-thirds of device owners.

It is well-known that television news viewing on conventional TV sets skews old. In the present survey, current *daily* viewing of local TV news programs starts at only 26% for the 18-29 age-group, then increases with age up to 65% for those 50-59.

The 18-29 Millennial age-group, however, is about average in their interest in various mobile DTV news programs tested, and they are above average in the entertainment and sports categories. For example, 52% want local or regional news, 72% each want emergency reports and weather, and 61% want live news events. These findings suggest that one of the problems with conventional TV news for young adults is that it doesn't match their preferred usage occasions.

Programs Interested In Watching On Mobile DTV		
Total	**Age 18-29**	
88%	**92%**	**Net News/Weather**
76%	77%	Breaking News (e.g., disaster reports, court decisions, local accidents)
75%	72%	Emergency reports (e.g., school closing, severe weather, etc.)
74%	72%	Weather
59%	52%	Local or regional news
56%	61%	Live events as they happen (e.g., important press conferences, big public events, election returns, etc.)
54%	52%	Traffic
50%	48%	National news
65%	**79%**	**Net Entertainment**
47%	60%	Situation Comedies
43%	48%	Dramas
31%	42%	Reality Programs
30%	38%	Variety Programs (e.g., Jay Leno, etc.)
15%	14%	Daytime or nighttime soaps
33%	42%	Other types of programs
44%	**51%**	**Net Sports**
35%	42%	National sports
34%	41%	Local or regional sports

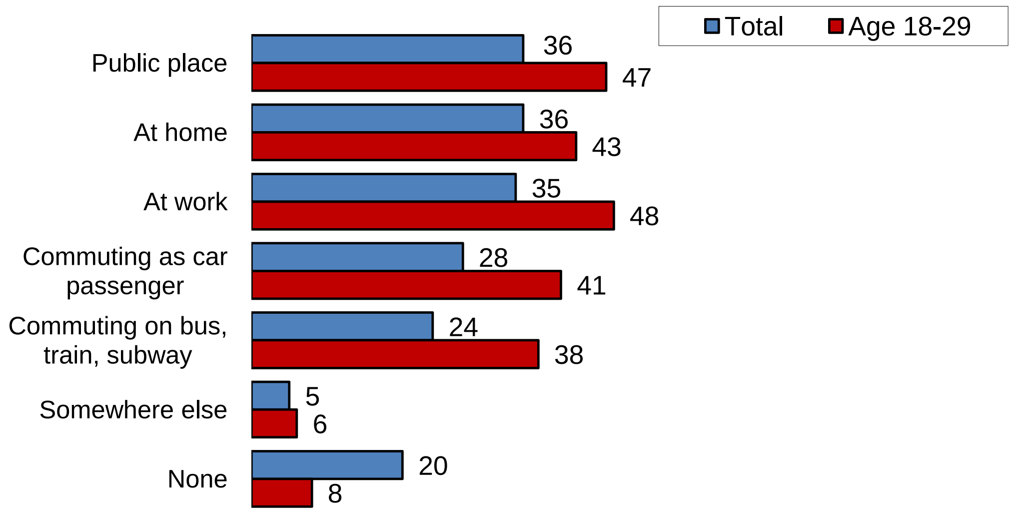
Base: Total. Multiple Responses Accepted

When it comes to mobile DTV, consumers want *both* real-time and recorded programming for mobile devices. When presented the choice, 41% of all respondents said they want both options, while 18% chose on-demand and 10% said real time. This nets to 51% wanting live and 59% wanting on-demand. Among early adopters, 52% want both real time and on-demand, while 22% said on-demand only, and 15% said real time; these results were about the same as for age 18-29 Millennials.

VIEWING ENVIRONMENT

Device owners say they likely would watch DTV programs in a variety of settings, with the top locations including public places, the home, and the workplace during breaks. Young adults and early adopters are above average for each location, which is consistent with their stronger interest in mobile DTV generally. The preferred locations seem to have little relation to preference for different types of programming.

Most Likely Locations Would Watch Mobile DTV Programs



Device Segments

Two device segments—laptops or Netbooks, and smartphones—dominate when respondents project their future live mobile DTV viewing. Those who expect to use laptops/Netbooks for mobile DTV are the larger and more broadly representative group. Smartphone ownership continues to grow rapidly and device convenience likely will increase in relevance for consumer choice.

Respondents in general said they would be most likely to watch live mobile DTV on a laptop or Netbook (45%), with 19% for Smartphones and 14% for cell phones.

However, among the 46% of respondents who rated live mobile DTV as appealing, 49% said that they would prefer laptops or Netbooks, while 31% chose Smartphones (31%). Smartphone owners prefer those devices for live mobile DTV over laptops/Netbooks by a 51% to 38% margin, while laptop or Netbook owners strongly favor those devices.

These two groups are distinct in some ways but are mostly very similar in their likely usage patterns. They are about the same in their content interests, including live mobile news. They also are very similar in expected usage occasions, although the smartphone group more likely wants to check mobile DTV at work. They have the same desire for both live and on-demand programming, and similar interest both in premium content and tolerance for commercials.

Those favoring smartphones are somewhat younger, more affluent and are more likely to be early adopters. On the other hand, early adopters in general are just as likely to prefer smartphones as laptops/Netbooks.

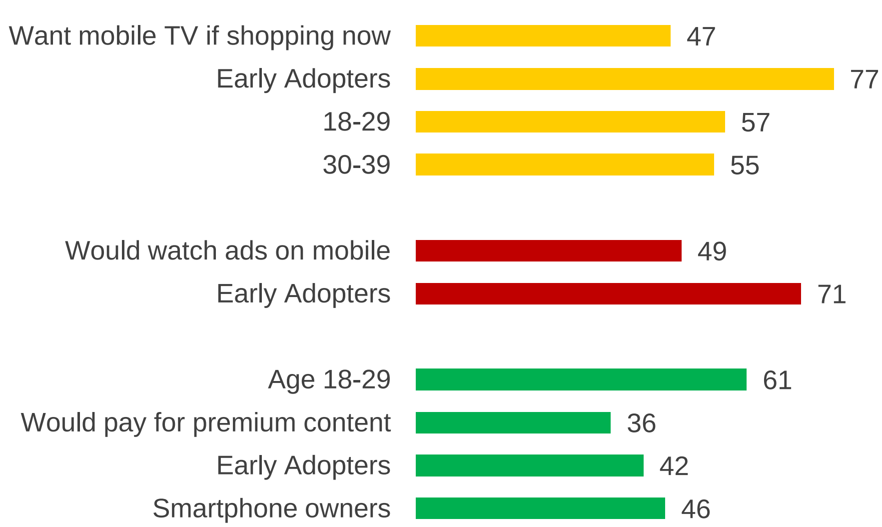
BUSINESS CONSIDERATIONS

As live mobile DTV becomes available, we see immediate opportunity for device manufacturers to capitalize. About half (47%) of device owners said they would be interested in obtaining a mobile device with live DTV capability if they were shopping in the near future for a new mobile device. The early adopter segment (77%) is well ahead of other types of respondents. The 30-39 age-group (55%) is about even with the 18-29 segment in intent to purchase as well, which indicates broader acceptance.

Opportunity also exists on the content side, with half of mobile device owners (49%) saying they definitely or probably would be willing to *watch* (not just *tolerate*) advertisements or commercials during live mobile DTV programs in order to have free access. Young adults (61%) and early adopters (71%) also are the most positive about this trade-off.

Premium content also has potential, with more than one-third (36%) of respondents expressing interest in paying for premium content, such as recent movies, premium sporting events, etc. on a subscription or pay-per-view basis. Early adopters (61%), Adult Millennials (42%) and Smartphone owners (46%) are most interested in this content.

Business Model Concept Interest



METHODOLOGY

The Open Mobile Video Coalition (OMVC) commissioned Frank N. Magid Associates' Magid Media Labs® to conduct a study to test interest in live mobile television. This research was executed in November, 2009 and is based on a national online panel sample of 1,007 respondents age 18-59. Respondent demographics were statistically balanced to ensure that the data is representative of the U.S. Internet-user population in this age-group.

To identify early adopters, the survey included five questions about propensity to shop for things that are new, to be among the first to try new technologies, and to tell others about new brands or technology. These questions were combined into a five-point index to place those who tend to be earlier or later adopters of new products. Two-thirds (65%) of early adopters are male, and early adopters skew young. While early adopters and young people overlap, they are not congruent. Almost half of early adopters are 18-29, but only about one-fourth of respondents in that age-group are early adopters.

All respondents own some type of mobile device, although they were not screened for ownership.

Conventional cell phone	78%
Smartphone (iPhone, Blackberry, Treo, etc.)	28%
Laptop	69%
Netbook	7%
Portable mp3 player	64%
Other	20%

Additional Input: OMVC Mobile TV Study

Quotes Attributable to Jaime Spencer, Director, Magid Media Labs®

On Millennials And News Consumption

- We know from previous research in our Millennials Strategy Program® that Millennials are deeply interested in local news and information. Traditional delivery methods just do not appeal to their sensibilities. Making local news and information content available on Millennials' terms greatly increases the appeal of this content.

- Millennials actually have a strong connection with local TV news brands. The more they watch, the lower their evaluations. They believe these stations have information they need, although local TV is just not delivering it in a way that is compelling for them.

On Smartphone Usage

- We see from previous studies that another quarter of the mobile phone user base presently is interested in purchasing a Smartphone. From our perspective, Smartphone penetration will reach 50% quickly.

- Smartphone users are mobile super-consumers. They are far more likely than feature phone owners to use the device for functions beyond talking and texting. In fact, Smartphone users spend more time doing things like browsing mobile Web sites on their phones than they do talking.

- The Smartphone is like a catalyst: People who get them become more than device owners. They adopt a mobile lifestyle. Live mobile DTV fits very nicely into that mobile lifestyle. As the number of Smartphones increases, so will the demand for live mobile DTV.

On Laptops

- The laptop has become a personal living tool for all generations. There is really nothing it can't do when it comes to media and communicating. As it continues to be a more important element of our lives, it only makes sense that consumers will want to use it to watch live DTV. It delivers a great combination of mobility, convenience, and a quality video experience.

On Mobile Content In General

- The mobile landscape is exploding, yet we don't see a clear leader in that space. This is especially true for the local picture. We believe that broadcasters have the opportunity to own this platform locally, but they need to be aggressive and have content that will drive use. Live DTV is a great asset here.

- Mobile phone owners associate their devices with safety and functionality. This meshes very well with the brand position of many local TV newsrooms. These stations have a great opportunity to leverage that brand connection.