

# Keeping Jim in the Broadcasting System

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**Terri Wills**  
Manager, Nordicity Group Limited

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# Broadcasting in Canada

- **88% of Canadians watch tv with a BDU subscription – and pay \$50+ for the privilege**
- **13% watch TV free via off-air – with restricted choice and quality**
- **29% between ages 9 and 29 view tv content online – for free**

# Future of U.K. Broadcasting: Free Digital Will Dominate

**1990s  
Market Share**

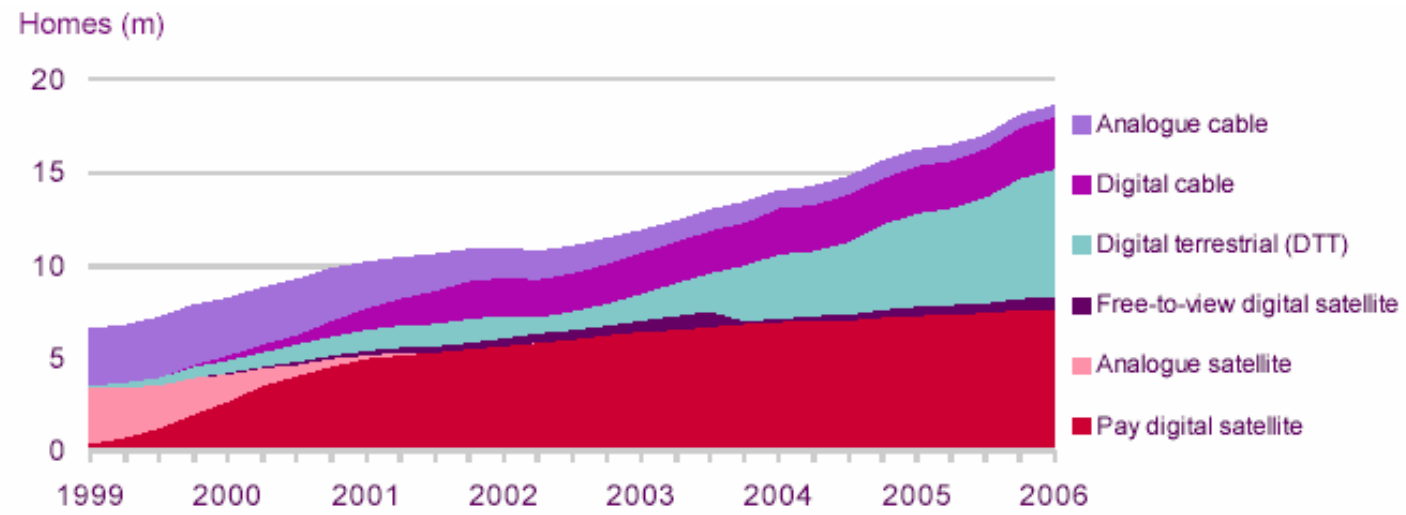
1. Free over-the-air
2. Subscription DTH
3. Subscription Cable

**2007  
Market Share**

1. Free Digital DTT
2. Subscription DTH
3. Subscription Cable

**2015  
Anticipated  
Market Share**

1. Free Digital – DTT + DTH
2. Online On-Demand
3. Subscription Sat/Cable



Source: Operator figures, sales data and Ofcom estimates

# Future of U.K. Broadcasting: Implications of Free Digital

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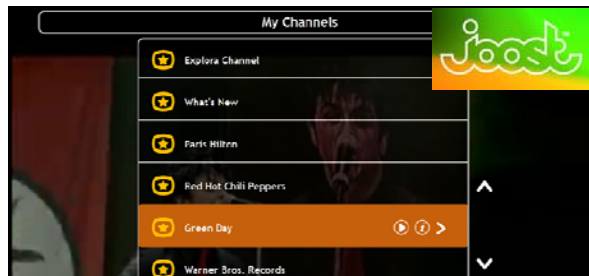


- Via free digital, broadcasters retain a direct route with consumers and maintain viewing share;
- High-quality content in linear schedules will serve three purposes;
  - Introduce viewers to ‘serendipity’ content not easily done in an online world;
  - Maintain strong broadcaster brands which may drive consumption of broadcaster content online;
  - May prevent many consumers from going fully ‘over-the-top’ as free high quality content is readily available;
- In turn, online will offer:
  - Catch-up potential;
  - The long-tail of archive content from linear schedules past...

# Future of Canadian Broadcasting: Jim

Jim goes to university

No room or money for a tv... doesn't buy cable package.  
buys broadband for school...



Watches tv favourites online: CSI, Sopranos, and  
Discovery Channel on Joost

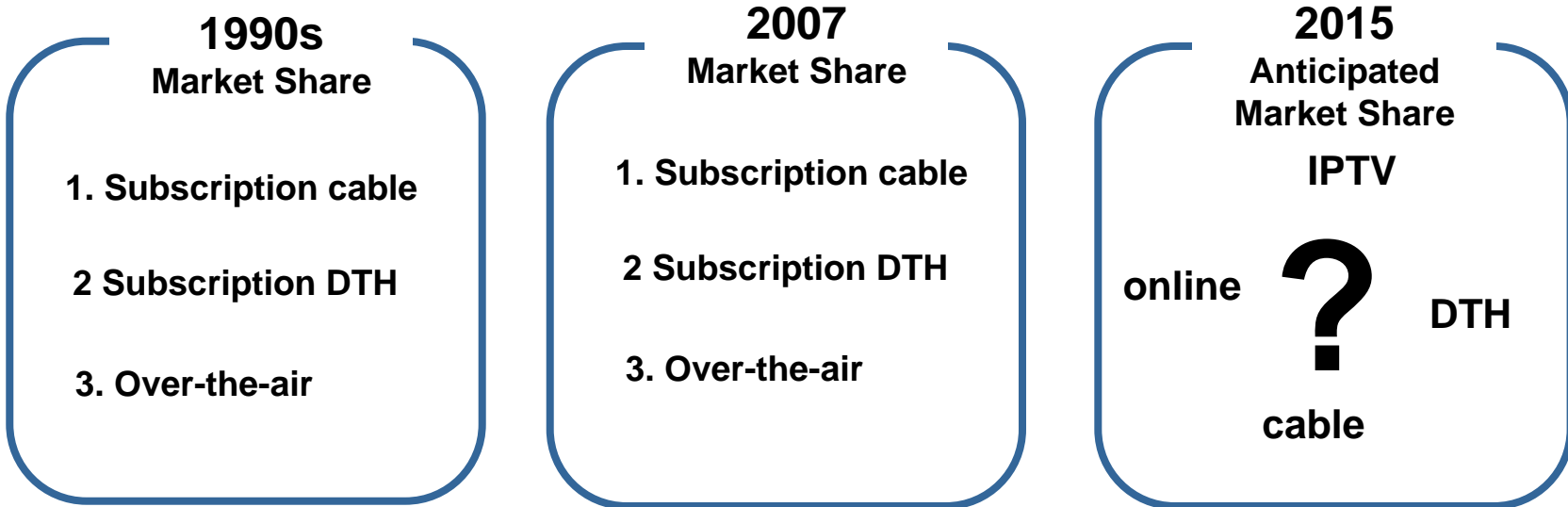
Jim rarely engages with a Canadian broadcaster ....  
online for the *Corner Gas* and goes to the pub for hockey



Graduates from university with student debt... not sure why he  
should buy a BDU package for \$50+/month when he gets his  
favourites for free .... Replaces laptop with big iMac screen and  
Apple TV

**The Broadcasting Act fails to impact Jim**

# Future of Canadian Broadcasting: Implications of Jim



## Implications

- Should broadcasters support a free digital solution to keep viewers from bypassing them altogether?
- Should BDUs consider a cheap basic *basic* package coupled with PPV and VOD upsell to stave off consumers avoiding them altogether?
- Can CanCon survive the economics of the long-tail – e.g. how many Jims need to view *Corner Gas* on Joost to ensure adequate revenue share along the value chain?

**About Nordicity: [www.nordicity.com](http://www.nordicity.com)**

**Terri Wills: [twills@nordicity.com](mailto:twills@nordicity.com)**