

Zero TV households on the rise

Ryan Nakashima, The Associated Press (The Chronicle Herald April 7, 2013)

LOS ANGELES — Some people have had it with TV. They've had enough of the 100-plus channel universe. They don't like timing their lives around network show schedules. They're tired of \$100-plus monthly bills.

A growing number of them have stopped paying for cable and satellite TV service, and don't even use an antenna to get free signals over the air. These people are watching shows and movies on the Internet, sometimes via cellphone connections. Last month, the Nielsen Co. started labelling people in this group Zero TV households, because they fall outside the traditional definition of a TV home. There are five million of these residences in the U.S., up from two million in 2007. Winning back the Zero TV crowd will be one of the many issues broadcasters discuss at their national meeting, called the NAB Show, taking place this week in Las Vegas.

While show creators and networks make money from this group's viewing habits through deals with online video providers and from advertising on their own websites and apps, broadcasters only get paid when they relay such programming in traditional ways. Unless broadcasters can adapt to modern platforms, their revenue from Zero TV viewers will be zero. "Getting broadcast programming on all the gizmos and gadgets — like tablets, the backseats of cars, and laptops — is hugely important," says Dennis Wharton, a spokesman for the National Association of Broadcasters.

Although Wharton says more than 130 TV stations in the U.S. are broadcasting live TV signals to mobile devices, few people have the tools to receive them. Most cellphones require an add-on device known as a dongle, but these gadgets are just starting to be sold. Among this elusive group of consumers is Jeremy Carsen Young, a graphic designer, who is done with traditional TV. Young has a working antenna sitting unplugged on his back porch in Roanoke, Va., and he refuses to put it on the roof.

"I don't think we'd use it enough to justify having a big eyesore on the house," the 30-year-old says. Online video subscriptions from Netflix Inc. and Amazon.com Inc. — which cost less than \$15 a month combined — have given him and his partner plenty to watch. They take in back episodes of AMC's *The Walking Dead* and The CW's *Supernatural*, and they don't need more, he says. He doesn't mind waiting as long as a year for the current season's episodes to appear on streaming services, even if his friends accidentally blurt out spoilers in the meantime. With regular television, he might have missed the latest developments, anyway.

"By the time it gets to me to watch, I've kind of forgotten about that," he says.

For the first time, TV ratings giant Nielsen took a close look at this category of viewer in its quarterly video report released in March. It plans to measure their viewing of new TV shows starting this fall, with an eye toward incorporating the results in the formula used to calculate ad rates. "Our commitment is to being able to measure the content wherever it is," says Dounia Turrill, Nielsen's senior vice-president of insights.

The Zero TV segment is increasingly important, because the number of people signing up for traditional TV service has slowed to a standstill in the U.S. Last year, the cable, satellite and telecoms providers added just 46,000 video customers collectively, according to research firm SNL Kagan. That's tiny when compared to the 974,000 new households created last year. While it's still 100.4 million homes, or 84.7 per cent of all households, it's down from the peak of 87.3 per cent in early 2010.

Nielsen's study suggests that this new group may have left traditional TV for good. While three-quarters actually have a physical TV set, only 18 per cent are interested in hooking it up through a traditional pay TV subscription. Zero TVers tend to be younger, single and without children. Nielsen's senior vice-president of insights, Dounia Turrill, says part of the new monitoring regime is meant to help determine whether they'll change their behaviour over time. "As these homes change life stage, what will happen to them?"

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