The business future of TV: latest survey from Oliver and Ohlbaum

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Media Consultants Oliver and Ohlbaum have some dire warnings in their latest predictions for TV as it enters a period of unprecedented commercial and structural upheaval.

They also have some news for non-telly media: some of it relatively cheerful. Newspapers are going to be less effected by the downturn according to their new survey of consumer intentions. Both local and national papers are more resilient than many other forms of media and entertainment.

'Out-of-home' entertainment such as bingo will face more desertions (although cinema will keep its head above water) but when the economy gets tough the consumer stays at home. In-home entertainment, like on-screen football, is a part of people's lives that they will continue to pay for, even when personal incomes fall.

Other headlines from the Oliver and Ohlbaum online survey include some depressing news for those companies who hoped to make money out of mobile video. Young people like it but they are not paying for content, instead they are making it themselves or using free stuff.

BBC iPlayer is now virtually as poular as YouTube for people to watch online video, and they tend to spend more time when they do.

Social networking site Facebook continues to top the polls and is growing fastest. Interestingly, consumers are spreading their loyalties, joining more than one site and using them for different purposes. Myspace for music, Facebook for friends, etc

But is the bubble bursting for online? Not really, web 2.0 is moving from interactivity to functionality but rates of usage are still increasing. But they won't pay. 78% said they would not use sites if charged £1 per month.

But what next? In his forecast for the next five years O&O's Mark Oliver's pointed out the obvious fact that 'this is not a good time for a recession' and that the TV industry is facing a 'perfect storm'.

The challenges are coming together:

1. Macro Advertising shift
2. The recession
3. Fragmentation and distintermediation
4. Rising competitive intensity

Basically, TV, Oliver said, is moving from managed competition to unmanaged competition. Regulators don't have all the answers and companies will 'have to look after themselves' more.

He predicted yearly 6%, 7% and 4% annual falls in advertising revenue picking up again to 6% growth in 2012.

Putting his economist hat on, Oliver warned that if we are seeing a global correction away from private to public sector then we will see a further blow to medium term advertising revenues.

Pay TV continues to be more attractive because more content is being bundled in while the headline charge remains the same.

There will continue to be move from linear to non-linear but a growth overall in TV viewing.

Key investment from broadcasters needs to be respond to disintermediation of advertising. Basically, advertisers can go to other platforms such as ISPs and search to reach customers so broadcasters have to put themselves in to that linking.

TV channels are increasingly less distinct. They are using spin-off channels to challenge for each others audiences. (Young – old, upmarket – down-market). Means they need more content just when revenues are declining.

But that content, says Oliver, will move out of PSB genres into more commercially effective types of programming.

Overall he predicts marginally less commission spend, although rising Web 2.0 spend.

So the headlines are that we face tough times, although there are significant opportunities for growth. But listen closely when the O&O experts point out that their predictions do not allow for big moves in terms of regulatory shifts, new market entrants or further economic transformations. They have a good record on predictions, but things have never looked more unpredictable.