



2010: Year In Review

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Contents

■ Technology in the Home	Page 4
■ Ratings Performance	Page 8
■ New Channels	Page 16
■ Top Programs	Page 20
■ Time-Shift Viewing	Page 22
■ Catch-up TV	Page 26
■ Ad Revenue Performance	Page 28
■ Summary	Page 30
■ About the Data	Page 34

Technology in the Home

3 in 4 homes now have a digital TV

The switch to digital TV is well underway. More than 75 per cent of Australian households have now converted their primary TV set to digital – giving viewers access to all the additional free-to-air digital multi-channels on offer. Personal video recorders (PVRs) are also growing in popularity, allowing viewers to record several programs, while watching another.

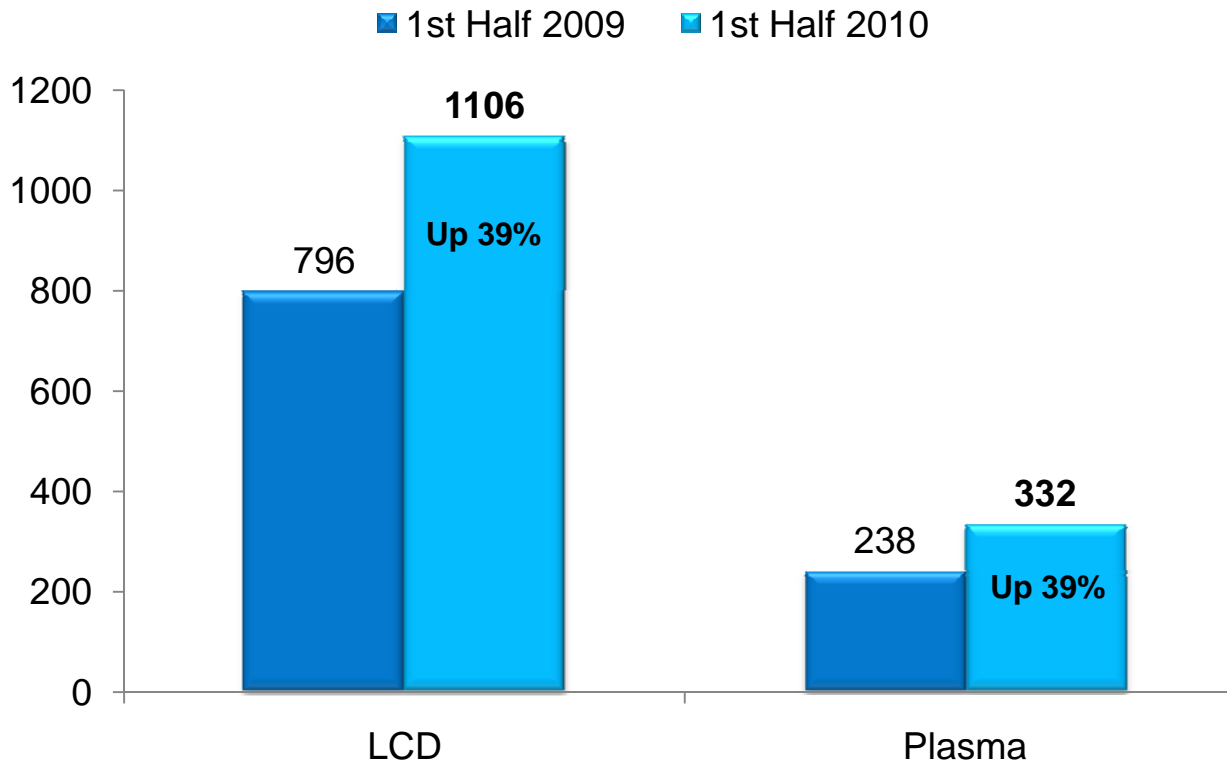
Penetration Levels of Technology in the Home

- ↑ Digital television penetration – 75% (increasing)[#]
- ↑ Personal video recorders – 34.7% (increasing)⁺
- Pay TV – 29.6% (flat)[^]
- ↑ 3D TV - <5% (increasing)[·]

Consumers' appetite for TV isn't waning

LCD and plasma TV sales for the first half of 2010 were up 39 per cent, compared with the same period last year. This sales growth is phenomenal, particularly in the absence of Government stimulus – which fuelled growth in the year prior. It is one of the few categories within consumer electronics to experience sales growth in 2010.

'000s Unit Sales – LCD & Plasma TVs – 1st Half YOY Comparison



High-definition TV is the new standard

High-definition (HD) has become the new television standard. While 100 per cent of LCD and plasma TV sales are HD, full HD 1080p format TVs now account for the majority of flat-screen TVs sold.

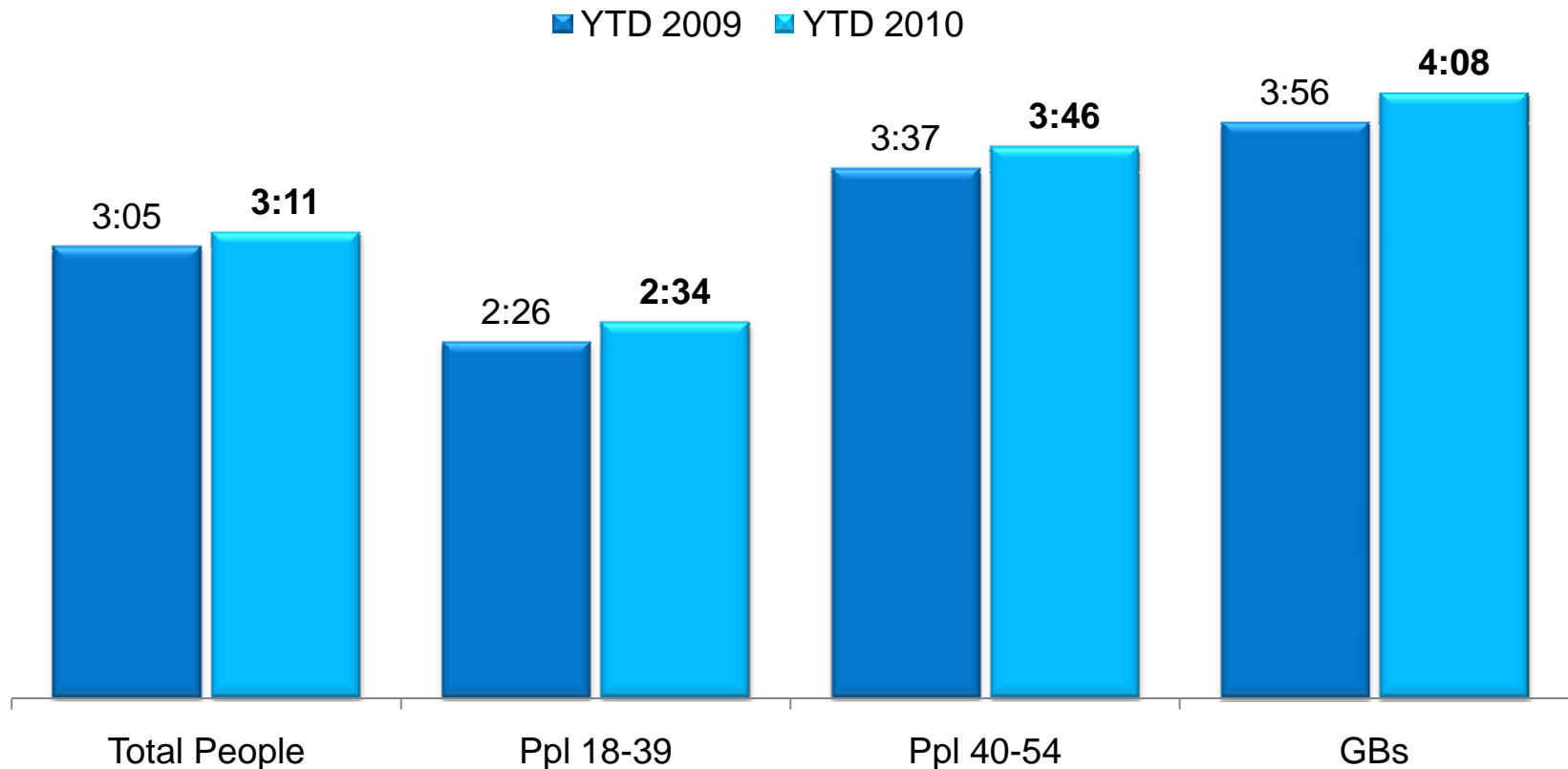


Ratings Performance

Australians are watching more TV in 2010

Despite the plethora of entertainment and media options now available to consumers, TV consumption is on the rise. Daily metro TV viewing has increased to 3 hours and 11 minutes in 2010 (up from 3 hours and 5 minutes for the same period last year).

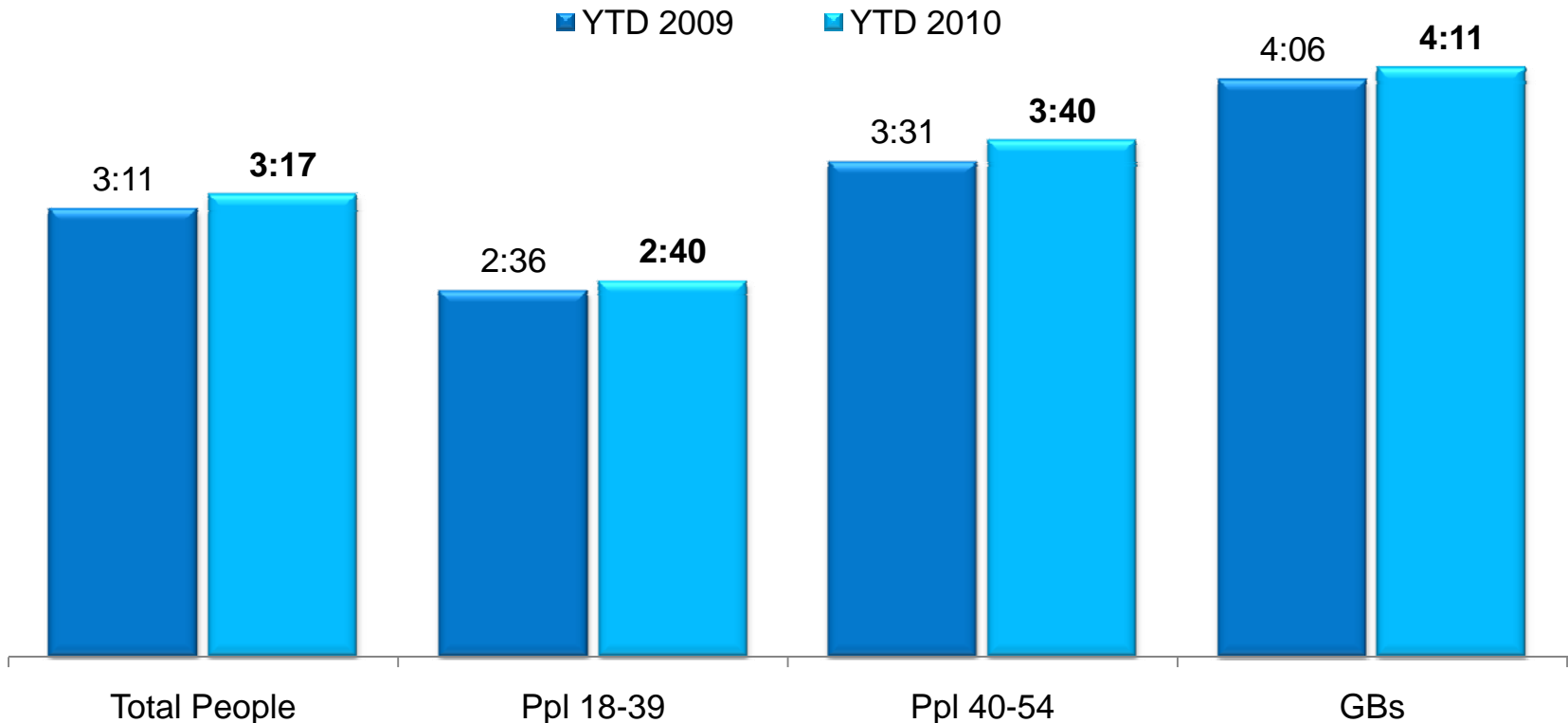
Daily Time Spent Viewing – All TV – Survey YTD Comparisons - Metro



Regional television viewing is up too

Regional television viewing is also up in 2010, with regional-based viewers watching 3 hours and 17 minutes of television a day (up from 3 hours and 11 minutes for the same period last year).

Daily Time Spent Viewing – All TV – Survey YTD Comparisons - Regional

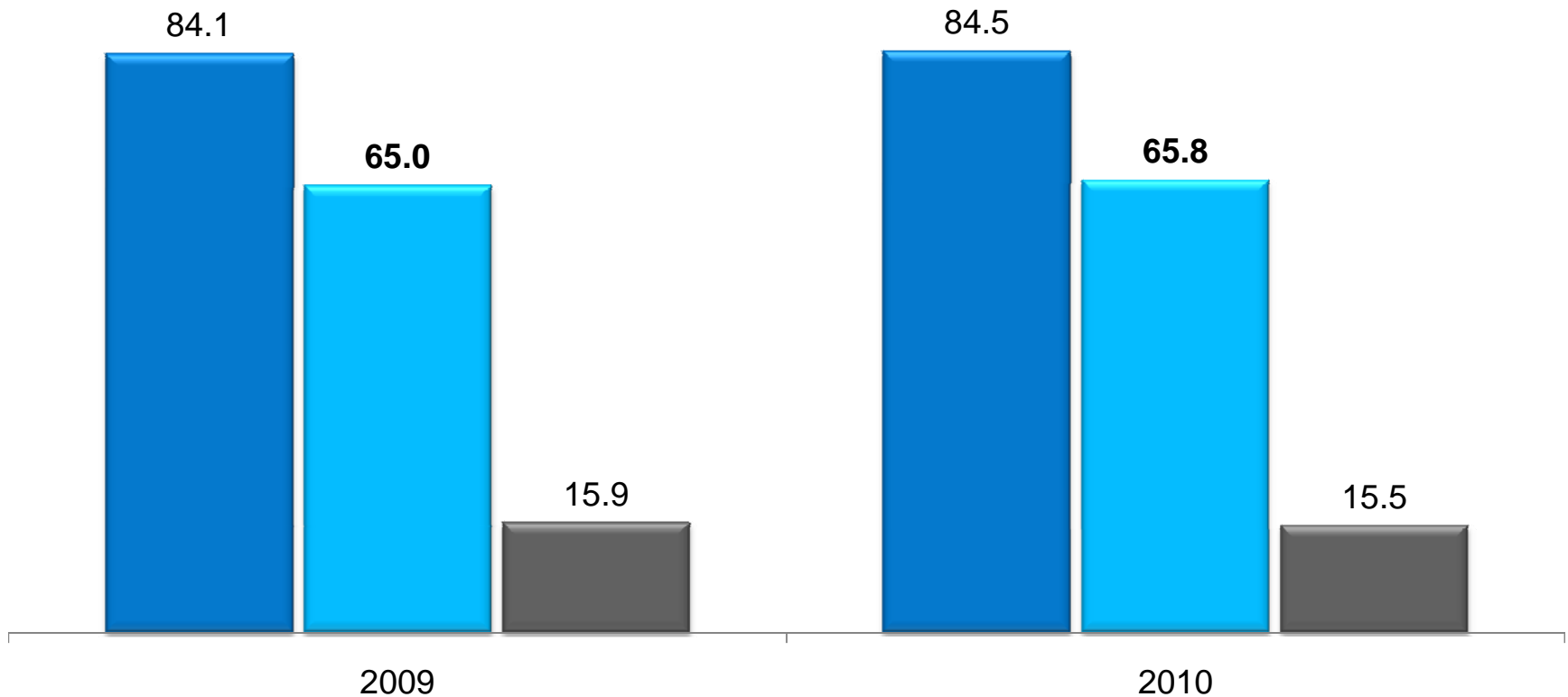


Free TV's share of prime-time viewing is up

Free TV's prime-time share has increased from 65.0 to 65.8 per cent across 5 cap cities – in part, due to the new digital channels. Pay TV's share is down year-on-year.

% Share of Viewing – 6pm to midnight – Survey YOY Comparisons - Metro

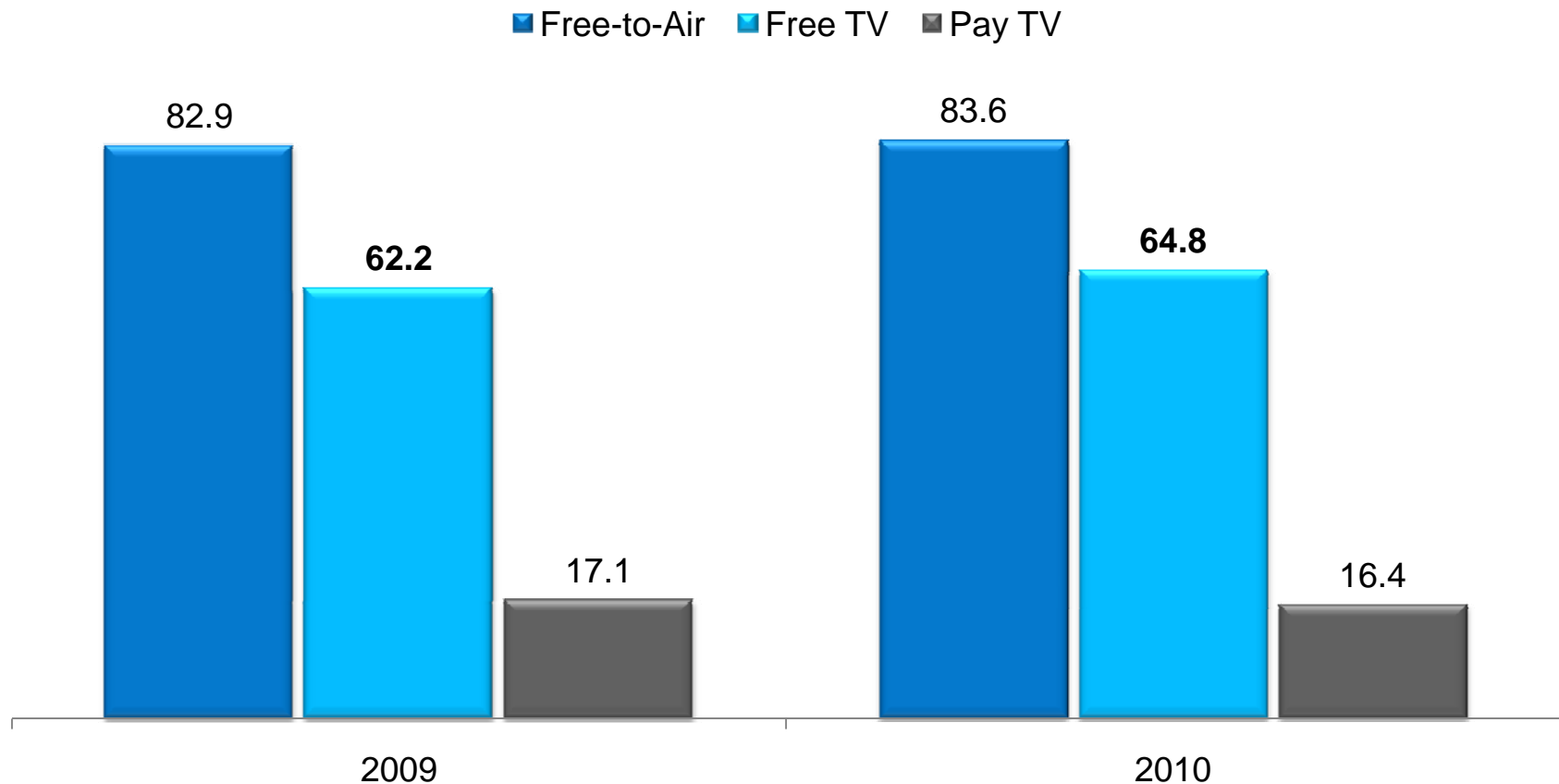
■ Free-to-Air ■ Free TV ■ Pay TV



Free TV's regional prime-time share is up too

Free TV's nightly share of viewing in regional markets has also increased to 64.8 per cent in 2010. Pay TV's share is down year-on-year in regional markets.

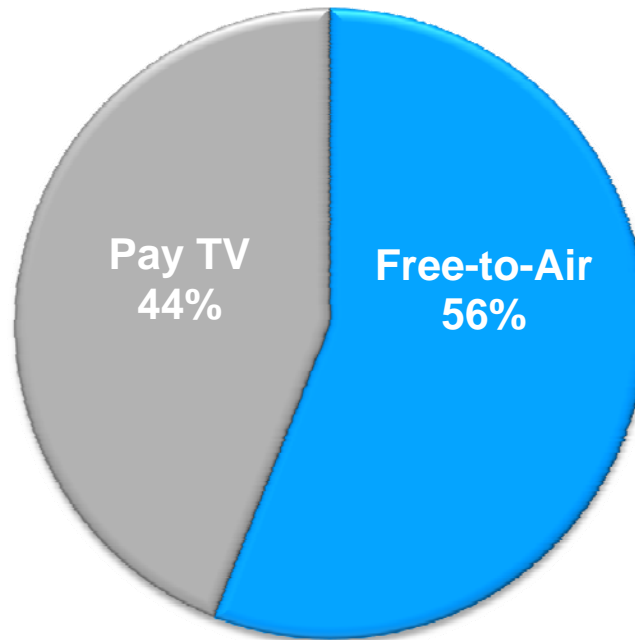
% Share of Viewing – 6pm to midnight – Survey YOY Comparisons - Regional



Pay homes watch more free-to-air in prime-time

People in pay TV households are spending more of their prime-time viewing watching free-to-air TV. Free-to-air's evening share of viewing rose to 56 per cent in 2010 (up from 54 per cent the year prior), while pay TV's share declined to 44 per cent. Free-to-air TV's share of daily viewing also increased in 2010.

% Share of Viewing – 6pm to midnight – National Pay TV Database



Free TV audiences up in 2010 across key demos

In 2010, Free TV saw average audience increases across all key demographics in both metro and regional markets, *both* across the day and during prime-time.

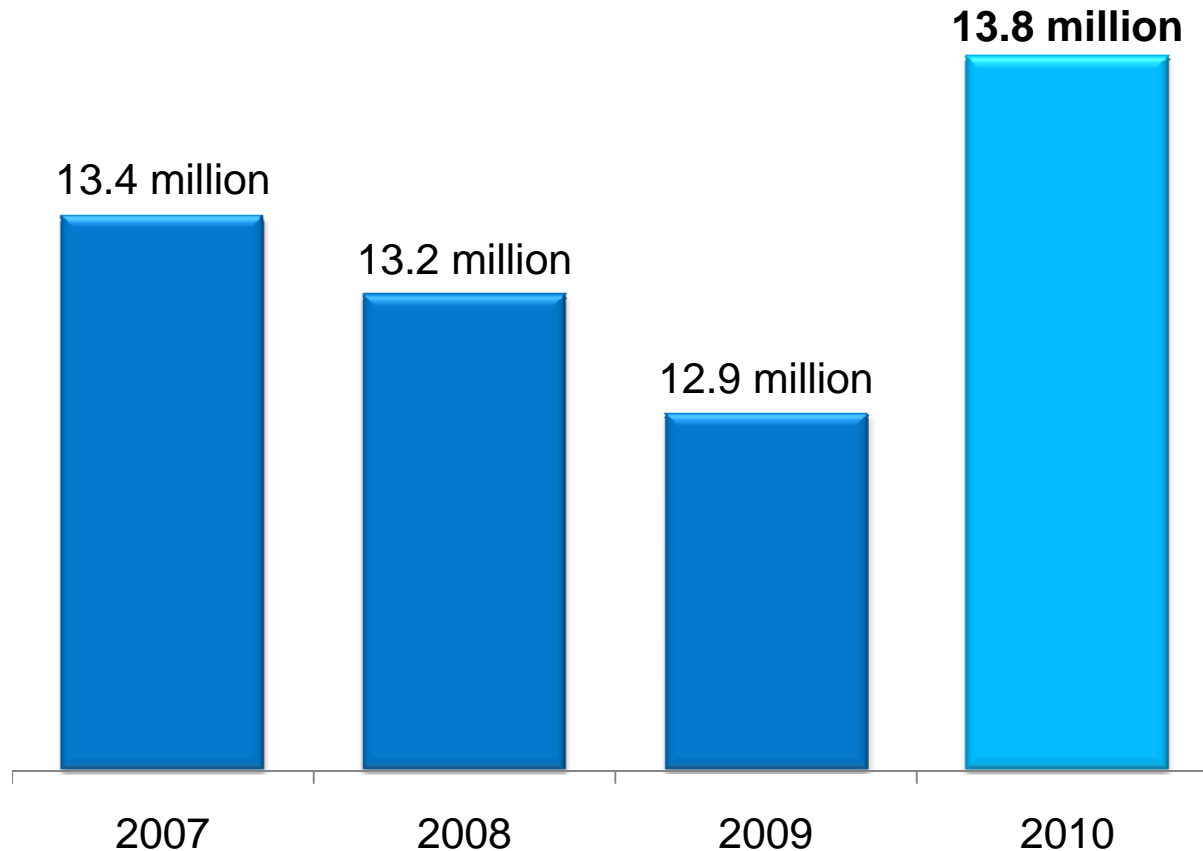
Average Audiences – Free TV & Pay TV - Survey YTD Comparisons

		Free TV		Pay TV
		Metro	Regional	National Pay TV
2am - 2am	Total Ppl	5.2%	7.9%	-1.9%
	Ppl 16-24	0.2%	-1.6%	-3.4%
	Ppl 25-39	5.5%	9.3%	3.9%
	Ppl 40-54	5.0%	9.7%	-5.2%
	Ppl 55+	9.6%	10.9%	-3.3%
	GB	8.4%	7.5%	-2.1%
	Ppl OG1	5.1%	16.2%	-2.5%
6pm - Midnight	Total Ppl	6.9%	8.8%	-2.6%
	Ppl 16-24	1.4%	-2.0%	0.4%
	Ppl 25-39	8.0%	10.4%	4.6%
	Ppl 40-54	6.0%	10.8%	-8.8%
	Ppl 55+	11.0%	12.6%	-3.0%
	GB	9.5%	8.5%	-3.6%
	Ppl OG1	6.1%	16.1%	-2.9%

Free TV's reach has hit a 4-year high

Free TV's average daily reach remains unrivalled and hit a four-year high in 2010. Every day, 13.8 million Australians are tuning in to commercial free-to-air television – this is up from 12.9 million in 2009!

Free TV's Average Daily Reach - Survey YTD Comparisons

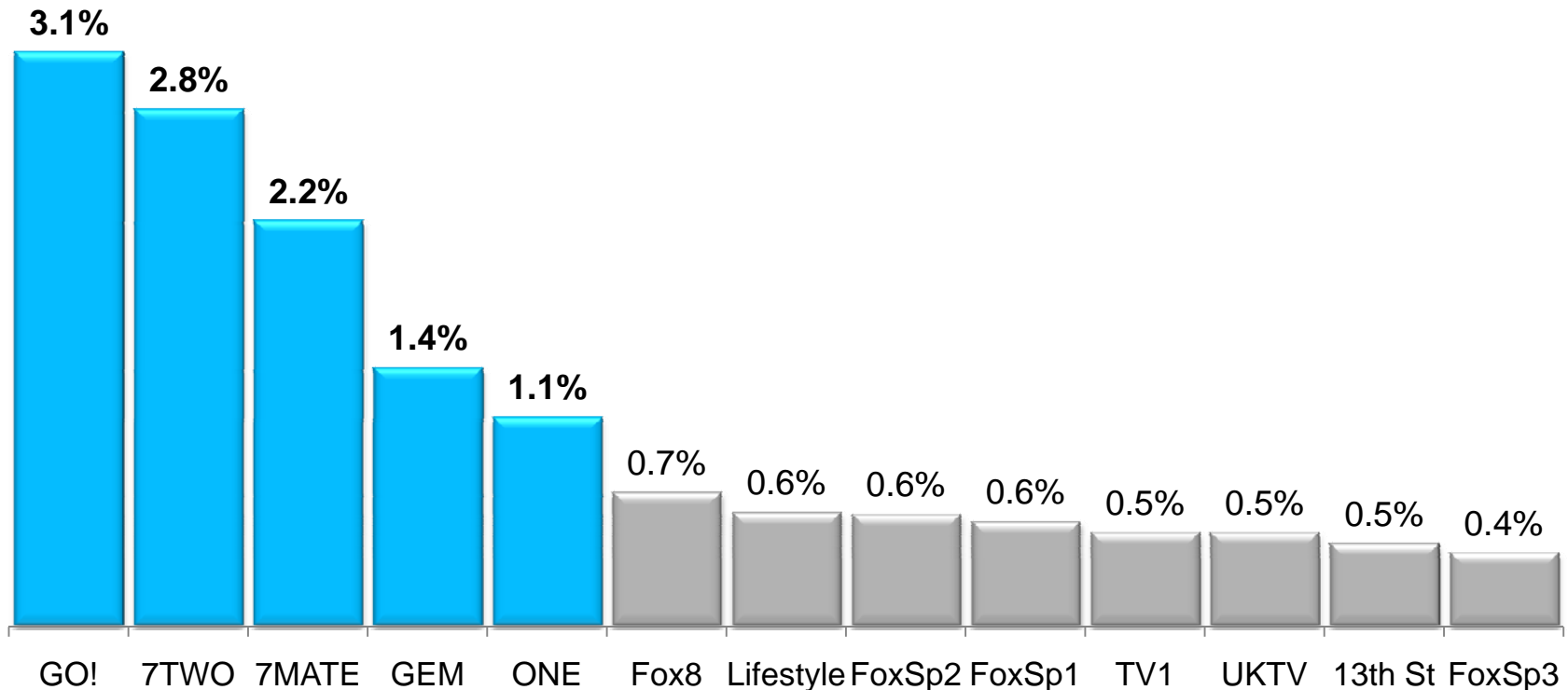


New Channels

Free TV's new channels are a hit with viewers

For the 2010 survey year, the new Free TV channels collectively accounted for over 10 per cent of daily viewing (2am to 2am) and nightly viewing (6pm to midnight) in metro markets. The new channels have contributed to an overall increase in Free TV's share of viewing.

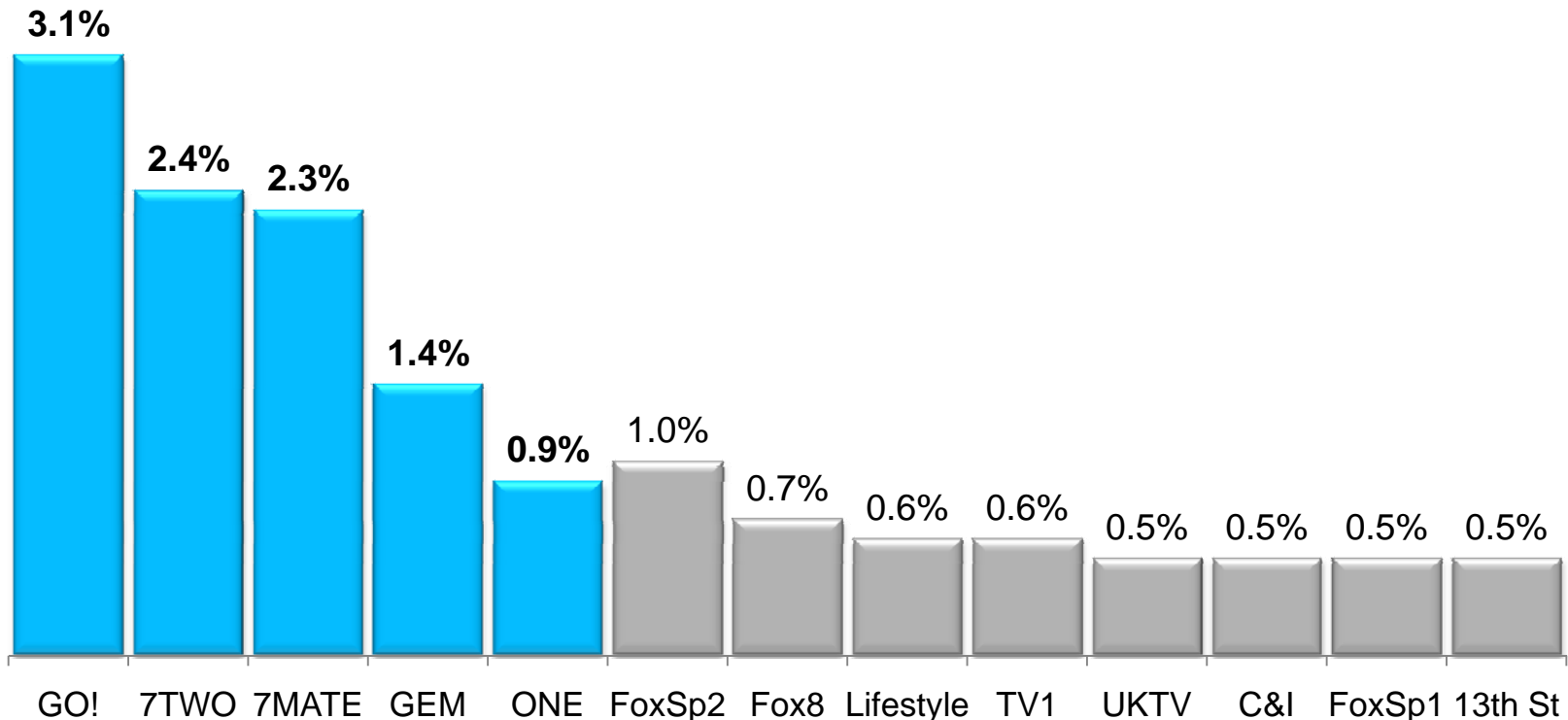
% Share of Viewing – 6pm to midnight - Multi-Channel Comparison – Metro



New channels popular in regional markets too

Similar shares for Free TV's new digital channels can be found in regional markets too. The new Free TV channels collectively accounted for around 10 per cent of daily and nightly viewing in regional markets for the survey year.

% Share of Viewing – 6pm to midnight - Multi-Channel Comparison – Regional



New research proves impact of new channels

Quantitative consumer research conducted in October 2010 confirms the impact of the new channels on viewing behaviour and attitudes towards the free-to-air platform.

The study found that people are finding more of what they want to watch on free-to-air TV. 73 per cent say the new channels are providing them with more choice than ever before and 6 in 10 people say the new channels are now part of their regular television repertoire.

The new channels are also driving higher satisfaction levels of free-to-air TV overall. An overwhelming majority of respondents (7 out of 10) say free-to-air TV is getting better.

The study also reveals that 1 in 3 people are watching more TV now that they have access to the new channels.



Top Programs

Top 40 programs

Free TV has had a blockbuster year with several programs smashing ratings records.

TOP PROGRAMS - OVERALL		
1	MASTERCHEF AUSTRALIA - WINNER ANNOUNCED	5,213,304
2	MASTERCHEF AUSTRALIA - FINALE NIGHT	4,638,376
3	AFL: GRAND FINAL: PRESENTATIONS	4,283,764
4	2010 MELBOURNE CUP - THE RACE	3,663,855
5	STATE OF ORIGIN NSW V QLD 1ST - MATCH	3,636,677
6	AFL: GRAND FINAL: COLLINGWOOD V ST KILDA	3,548,099
7	AFL: GRAND FINAL RE-MATCH: C'WOOD V ST KILDA	3,456,719
8	AFL: GRAND FINAL RE-MATCH: PRESENTATIONS	3,347,210
9	RUGBY LEAGUE GRAND FINAL	3,319,539
10	STATE OF ORIGIN NSW V QLD 2ND - MATCH	3,227,115
11	2010 AUST OPEN - MEN'S FINAL	3,216,160
12	UNDERBELLY: THE GOLDEN MILE - EP 1	3,091,633
13	AFL: GRAND FINAL: POST-MATCH	3,082,275
14	JUNIOR MASTERCHEF AUSTRALIA - LAUNCH	3,001,680
15	2010 MELBOURNE CUP - RACE PRESENTATION	2,889,779
16	STATE OF ORIGIN NSW V QLD 3RD - MATCH	2,848,774
17	PACKED TO THE RAFTERS	2,839,386
18	UNDERBELLY: THE GOLDEN MILE - EP 2	2,789,553
19	AFL: ON THE GROUND	2,734,172
20	THE X FACTOR - THE WINNER ANNOUNCED	2,645,885

TOP PROGRAMS - OVERALL		
21	JUNIOR MASTERCHEF AUSTRALIA - WINNER ANNOUNCED	2,615,931
22	MASTERCHEF AUSTRALIA	2,563,877
23	2010 AUST OPEN - WOMEN'S FINAL	2,551,834
24	AFL: ON THE GROUND RE-MATCH	2,506,723
25	AFL: GRAND FINAL RE-MATCH: POST-MATCH	2,506,532
26	HAMISH & ANDY'S CARAVAN OF COURAGE: GB&IRELAND	2,501,826
27	SUCH IS LIFE: TROUBLED TIMES OF BEN COUSINS - WED	2,495,512
28	STATE OF ORIGIN NSW V QLD 1ST - PRE MATCH	2,481,512
29	MASTERCHEF AUSTRALIA - CHALLENGE	2,478,099
30	2010 MELBOURNE CUP - THE MOUNTING YARD	2,432,020
31	JUNIOR MASTERCHEF AUSTRALIA - TOP 50	2,418,263
32	UNDERBELLY: THE GOLDEN MILE	2,410,610
33	UNDERCOVER BOSS PREMIERE	2,390,132
34	2010 AUST OPEN - MEN'S FINAL INTRODUCTION	2,332,846
35	THE BLOCK - WINNER ANNOUNCED	2,324,334
36	MASTERCHEF AUSTRALIA - LAUNCH	2,319,528
37	AUSTRALIA'S GOT TALENT	2,272,862
38	HAWKE	2,230,093
39	SUCH IS LIFE: TROUBLED TIMES OF BEN COUSINS - THU	2,215,176
40	RUGBY LEAGUE GRAND FINAL PRESENTATION	2,211,919

Source: OzTAM & RegionalTAM, 5 cap cities & 4 agg regional markets, consolidated ratings for weeks 1-48 2010, total people, metro and regional audiences are added to form a combined average audience estimate and ranking, Free TV programs (ex sneak peeks). Data compiled December 2010.

Time-Shift Viewing

PVR viewing delivering incremental audiences

The inclusion of PVR homes into the television ratings panels at the end of 2009 means we can now measure the incremental viewing occurring in these households.

A review of the top 40 time-shifted programs in 2010 shows that PVR viewing is delivering significant incremental audiences. Each of the top 40 time-shifted programs delivered an additional 107,000-180,000 more viewers, once PVR viewing is taken into account.

Top 40 time-shifted programs (1-20)

Rank	Program	Genre	Preliminary Overnight	Consolidated	% Increase	Audience Increase
1	PACKED TO THE RAFTERS	Drama	2,659,000	2,839,000	6.8	180,000
2	GLEE MON	Light Ent	1,397,000	1,563,000	11.9	166,000
3	GLEE WED	Light Ent	1,530,000	1,686,000	10.2	156,000
4	HOUSE EP 2	Drama	1,353,000	1,500,000	10.9	147,000
5	THE AMAZING RACE	Reality	751,000	898,000	19.6	147,000
6	HOUSE	Drama	1,003,000	1,148,000	14.5	145,000
7	SHERLOCK	Drama	1,500,000	1,644,000	9.6	144,000
8	THE GOOD WIFE WED	Drama	1,016,000	1,155,000	13.7	139,000
9	SUCH IS LIFE: THE TROUBLED TIMES OF BEN COUSINS-WED	Sports Event	2,359,000	2,496,000	5.8	137,000
10	UNDERBELLY: THE GOLDEN MILE -EP 2	Drama	2,746,000	2,881,000	4.9	135,000
11	NCIS	Drama	1,878,000	2,010,000	7.0	132,000
12	CRIMINAL MINDS-MON	Drama	1,495,000	1,626,000	8.8	131,000
13	THE PACIFIC	Drama	1,760,000	1,891,000	7.4	131,000
14	HAMISH & ANDY'S CARAVAN OF COURAGE: GB & IRELAND	Light Ent	2,359,000	2,489,000	5.5	130,000
15	THE PACIFIC - EP.2	Drama	1,506,000	1,634,000	8.5	128,000
16	HOUSE WED	Drama	958,000	1,083,000	13.0	125,000
17	THE GOOD WIFE	Drama	1,332,000	1,457,000	9.4	125,000
18	GLEE	Light Ent	1,783,000	1,907,000	7.0	124,000
19	UNDERBELLY: THE GOLDEN MILE	Drama	2,288,000	2,411,000	5.4	123,000
20	BONES	Drama	1,733,000	1,855,000	7.0	122,000

Source: OzTAM & RegionalTAM, 5 cap cities & 4 aggregated markets, total people, ratings for weeks 1-48 2010, Free TV programs (ex sneak peeks), regular programs are an average for the period, metro and regional audiences are added to form a combined average audience estimate, programs on this list are ranked based on the average audience increase. Data compiled December 2010.

Top 40 time-shifted programs (21-40)

Rank	Program	Genre	Preliminary Overnight	Consolidated	% Increase	Audience Increase
21	GREY'S ANATOMY	Drama	1,404,000	1,524,000	8.5	120,000
22	UNDERBELLY: THE GOLDEN MILE -EP 1	Drama	3,010,000	3,129,000	4.0	119,000
23	CITY HOMICIDE	Drama	1,339,000	1,458,000	8.9	119,000
24	SUCH IS LIFE: THE TROUBLED TIMES OF BEN COUSINS-THU	Sports Event	2,096,000	2,215,000	5.7	119,000
25	PARENTHOOD	Drama	1,198,000	1,316,000	9.8	118,000
26	CITY HOMICIDE-EP.2	Drama	1,152,000	1,270,000	10.2	118,000
27	BROTHERS & SISTERS	Drama	1,159,000	1,275,000	10.0	116,000
28	BROTHERS & SISTERS-TUE	Drama	1,182,000	1,298,000	9.8	116,000
29	CASTLE	Drama	1,276,000	1,390,000	8.9	114,000
30	SURVIVOR: NICARAGUA	Reality	737,000	849,000	15.2	112,000
31	PRIVATE PRACTICE	Drama	849,000	959,000	13.0	110,000
32	COVERT AFFAIRS - EP.2	Drama	474,000	584,000	23.2	110,000
33	OFFSPRING - TELEMVIE	Drama	1,529,000	1,639,000	7.2	110,000
34	OFFSPRING	Drama	1,326,000	1,435,000	8.2	109,000
35	COVERT AFFAIRS	Drama	966,000	1,075,000	11.3	109,000
36	RUSH EP 2	Drama	1,026,000	1,135,000	10.6	109,000
37	SURVIVOR: HEROES VS VILLAINS -REUNION	Reality	1,024,000	1,132,000	10.5	108,000
38	RUSH	Drama	1,205,000	1,313,000	9.0	108,000
39	GREY'S ANATOMY-EP.2	Drama	1,383,000	1,490,000	7.7	107,000
40	HAWKE	Movie	2,113,000	2,220,000	5.1	107,000

Source: OzTAM & RegionalTAM, 5 cap cities & 4 aggregated markets, total people, ratings for weeks 1-48 2010, Free TV programs (ex sneak peeks), regular programs are an average for the period, metro and regional audiences are added to form a combined average audience estimate, programs on this list are ranked based on the average audience increase. Data compiled December 2010.

Catch-up TV

Catch-up TV driving viewing

2010 saw Free TV networks launch enhanced catch-up TV services:

- Seven, leveraging the growing appetite for video streaming through Yahoo!7, launched its new catch-up TV portal Plus7.
- Nine, building on its previous catch-up services on ninemsn, launched its new and improved long-form offering, FIXPlay.
- Ten revamped and significantly enhanced its online offering by launching WatchTV.

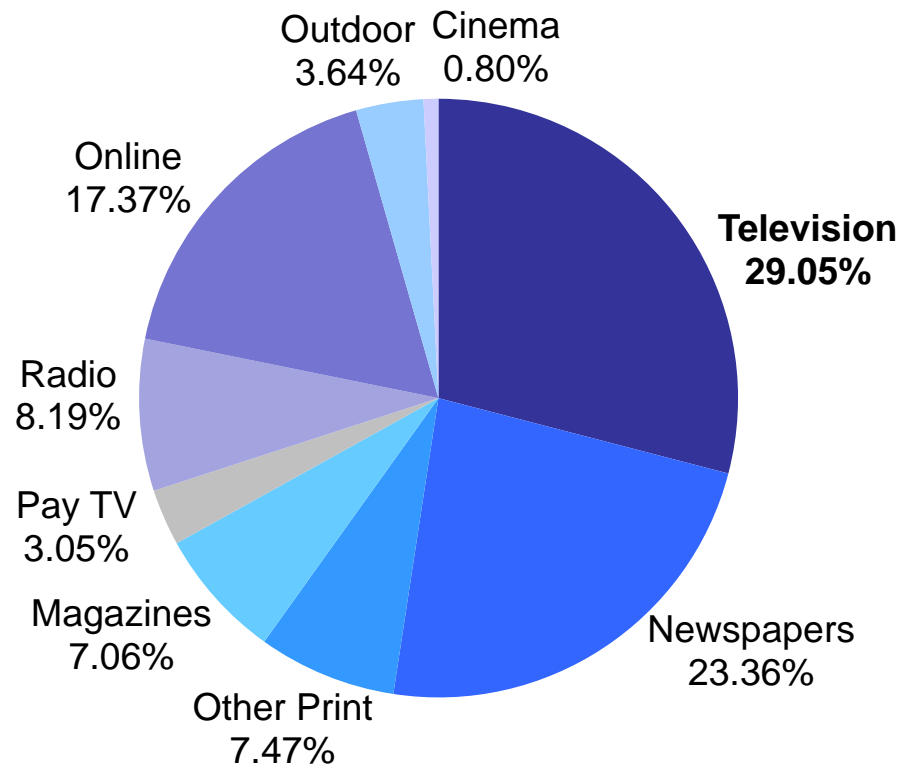
Not only are catch-up services providing viewers with access to their favourite programs that they may have missed or want to watch again, additional content and features enable viewers to truly immerse themselves and engage with their favourite programs, on a much deeper level.

Ad Revenue Performance

Free TV drove record ad revenue growth in 2010

Free TV networks posted record year-on-year ad revenue growth in 2010 of 17.8 per cent (Jan-June half). CEASA data for the 2009-10 financial year shows commercial TV grew its share of ad revenue from 28 per cent in 08-09 to 29 per cent in 09-10. Commercial free-to-air television was the only 'traditional' ad medium to see year-on-year share growth.

Share of Main Media Expenditure – FY'09-'10



Summary

A watershed year for Free TV

2010 was a phenomenal year for the free-to-air television platform which saw a raft of new developments:

- **The introduction of PVR homes into the ratings panels** - signaling a new era in television ratings measurement.
- **The launch of enhanced catch-up TV services** - providing viewers with more ways to view and engage with their favourite content online, for free.
- **The first Australian market to switch-off** its analogue TV signal.
- **The launch of brand new commercial free-to-air digital TV channels** – 7Mate and Gem – with an additional digital channel, Eleven, set to launch in January.
- A world first – **the first-ever live free-to-air 3D TV broadcast.**

All key measures increased in 2010

2010 was also a stellar year for ratings. All of Free TV's key ratings measures are up year-on-year:

- ↑ **Time spent watching television** – up on year prior.
- ↑ **Share of prime-time viewing** – up on year prior.
- ↑ **Average daily reach** – a four-year high.
- ↑ **Average audiences** – increases across all major demographics.
- ↑ **Time-shift viewing** – adding incremental audiences.

Free TV also attracted **record ad revenue growth** in 2010.

Ratings records were smashed

Free TV consistently delivered massive audiences throughout the year. And what's more, a number of Free TV programs have delivered record audiences, across a range of different genres:

- The first game of the 2010 *NRL State of Origin* drew the **highest ever audience** for a State of Origin match.
- *Such is Life: The Troubled Times of Ben Cousins* drew massive audiences over two nights making it **one of the highest-rating documentaries ever**.
- The *150th Melbourne Cup* set a new record becoming the **highest rating horse-racing event ever**.
- The *Packed to the Rafters - Death of a Rafter* episode was the **highest-rating Australian drama episode ever**.
- And the *MasterChef Grand Finale* became the **highest-rating program in Australian TV ratings history**.

About the Data

About the data

- Free-to-air ratings figures include both the commercial free-to-air broadcasters (Free TV) as well as the public broadcasters (ABC & SBS).
- Free TV figures do not include ABC & SBS.
- Regional figures exclude Tasmania.
- Ratings records are since the introduction of OzTAM and RegionalTAM ratings.
- All figures are based on consolidated ratings, unless noted otherwise.
- Please note panel change from 27 December 2009 when reviewing year-on-year comparisons.

For more information, contact Free TV on (02) 8968 7100.