



FTI Consulting Survey Shows Tablet Users Willing to Pay for Digital Content

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Study Points to Untapped Monetization Opportunities for Content Providers

LOS ANGELES, Sept. 27, 2011 /PRNewswire via COMTEX/ -- FTI Consulting, Inc. (NYSE: FCN), the global business advisory firm dedicated to helping organizations protect and enhance their enterprise value, has found in a new consumer survey that tablet users are not only ardent consumers of digital content but also are more willing to pay for online subscriptions. These results suggest that well-formulated digital media strategies may offer new revenue prospects to traditional media.

In a study entitled "The Effect of Tablets on U.S. Content Consumption," FTI Consulting compares the digital media consumption habits of people who own tablet computers -- such as the Apple iPad, Samsung Galaxy or Motorola Xoom -- against those individuals who use only smartphones, laptops or desktops. The study, available for download at www.ftidigital.com/tabletstudy, examines usage behavior in all media categories (newspapers, magazines, television, movies, music) and shows that tablet ownership clearly affects the ways in which individuals consume news, magazines, video and music with particular implications for the print media sector that has been the hardest hit by the transition to digital over the past decade.

For example, among all survey respondents, 74 percent say they read news online, but only 21 percent pay for that online news access -- and just 7 percent who do not currently pay say they would be willing to do so. Fifty-three percent of tablet users (and 35 percent of non-tablet users) indicate they could be induced to pay for some features: for example, about half of users ages 18-45 indicate they might pay for a digital and print combination subscription if bundled together.

"If you are asking whether people who currently refuse to pay for online newspapers will begin to pay, then you are focused on the wrong opportunity. Media companies may win a small number of converts focusing on 'new' customers; but the real opportunity exists among individuals who currently have print subscriptions or are regular newsstand purchasers. It's these individuals who can be enticed to pay for a bundled print/digital subscription that offers special features unavailable to non-subscribers," said Bruce Benson, a Senior Managing Director and Global Leader of Communications, Media and Entertainment Solutions at FTI Consulting.

More broadly, the report demonstrates that when a person becomes a tablet user, there is a clear difference in the way he or she consumes online and offline content, whether that's news and magazines or television and movies. Key findings of the report for specific media formats are:

- **Magazines** -- Though online magazine subscription rates are low, 66 percent of U.S. women say they have not changed their magazine purchasing behavior because of having access to content online, opening a clear opportunity for a compelling, tablet-formatted digital magazine bundled with print.
- **Television** --The FTI Consulting report reveals that tablet users of all ages are significantly more likely to upgrade their cable or satellite subscriptions compared with non-tablet users. Some groups especially are eager to upgrade their TV subscriptions: 30 percent of tablet users ages 18-24 years and 31 percent of tablet users who earn between \$100,000 and \$149,000 upgraded their TV or satellite TV subscriptions in order to be able to access increased programming through their tablet.
- **Movies** -- Seventy percent of tablet users who earn between \$50,000 and \$74,000 and 80 percent of tablet users between the ages of 18-24 years purchase movies on DVD/Blu-ray/VHS or other physical formats and also consume online video. While more than half of respondents have not changed their behavior regarding purchases and rentals of movies because of online access, roughly one-third state they have stopped or reduced their theater going, DVD purchases and/or rentals. The feature most worth paying for among all age groups is content that still is in theaters.
- **Music** -- More than 50 percent of all respondents (and more than 60 percent of respondents under 45 years of age) are willing to pay for music online if that music easily can be shared across the various devices they own.

"Tablets offer an important new front to woo consumers who already have shown a willingness to consume and pay for content. While tablet devices are not the panacea for the ills of the consumer entertainment and news media industries, these devices clearly can provide a valuable and viable boost for revenue-challenged content production and media companies," added Benson. "Tablets must be understood for the potential they offer. A key element in stemming the decline of traditional revenue streams and monetizing digital revenue is to focus on what tablet users consume and want to consume and to provide that content to them with a reasonable value proposition."

One other interesting finding of the report is that while tablet users consume more digital media than do non-tablet users, tablets are not the favored device for social media interactions or communication. Instead, tablets are used primarily for consumption and appear to serve as "discovery devices" for video content online, possibly driving some users to increase TV subscription expenditures after becoming a tablet owner. The report also reveals that both tablet and non-tablet users show strong willingness to substitute digital for conventional media when they have online alternatives available.

Survey Methodology

Data for the Mobile Device & Digital Media Survey were collected through an online survey conducted between May 24, 2011, and June 2, 2011, with a total of approximately 1,000 respondents in the United States and 500 in the United Kingdom. Survey participants were drawn from a sample of mobile/smartphone users in the United States and the United Kingdom, who tend to be younger and well-educated. In terms of gender, the U.S. sample skews female, while in the United Kingdom, it is more male.

About FTI Consulting

FTI Consulting, Inc. is a global business advisory firm dedicated to helping organizations protect and enhance enterprise value in an increasingly complex legal, regulatory and economic environment. With more than 3,700 employees located in 22 countries, FTI Consulting professionals work closely with clients to anticipate, illuminate and overcome complex business challenges in areas such as investigations, litigation, mergers and acquisitions, regulatory issues, reputation management and restructuring. The company generated \$1.4 billion in revenues during fiscal year 2010. More information can be found at <http://www.fticonsulting.com/>.

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