

OLIVER WYMAN

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Rise in online viewing forces media companies to make choices - but are they damned if they do, damned if they don't?

- Traditional TV viewing falls among 18-34 year-olds in key markets like the U.S.
- While the media sector recovered nearly two-thirds of the market value it lost in 2008, the competition to steal share rather than grow has intensified.
- Online content providers and distributors continue to make gains; Chinese content providers and distributors' market value increased by more than 200%.

New York, NY, January 29, 2010 – While the media sector performed strongly in 2009, recovering \$200 billion of value, or 63% of what it lost in 2008, online content providers and distributors made up more than half of these gains, according to Oliver Wyman's 2010 *Communications, Media, and Technology State of the Industry Report*. The report found that the largest gains were in China, where media sector market value increased by 200%. The report, which analyzes the top 450 publicly quoted companies worldwide in the CMT industries, suggests that the trend toward online media cannibalizing traditional platforms could edge the industry toward a "zero-sum game" and increase the pressure on existing players to sharpen online strategies.

Online video viewing minutes increased in 2009 by 50% in the U.S. and 30% in Spain, with TV shows and movies accounting for around half of these minutes. "These averages, however, mask the full extent of the change among the subset of the population that watches long-form content online," said Robert C. Fox, a Partner in Oliver Wyman's Communications, Media, and Technology practice. "In the U.S., for example, among those who watch long-form video online, 15% of their total long-form viewing is online and their linear TV and DVD viewing decreased in 2009. Similarly among all 18-34 year-olds, a key advertising demographic, all forms of viewing other than online and mobile dropped in 2009," he added.

"The pace of growth in online-video viewing is striking," said Mr. Fox. "However, while the platform is still in its infancy, the behavior of today's online population suggests that much of this growth will come at the expense of traditional platforms. Video could be headed for a zero-sum game," he added.

To receive a copy of Oliver Wyman's 2010 *Communications, Media, and Technology State of the Industry Report*, or to speak with an Oliver Wyman partner on this topic, please contact Liz Egan at 617-424-3721 or elisabeth.egan@oliverwyman.com.

About Oliver Wyman

With more than 2,900 professionals in over 40 cities around the globe, Oliver Wyman is an international management consulting firm that combines deep industry knowledge with specialized expertise in strategy, operations, risk management, organizational transformation, and leadership development. The firm helps clients optimize their businesses, improve their operations and risk

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