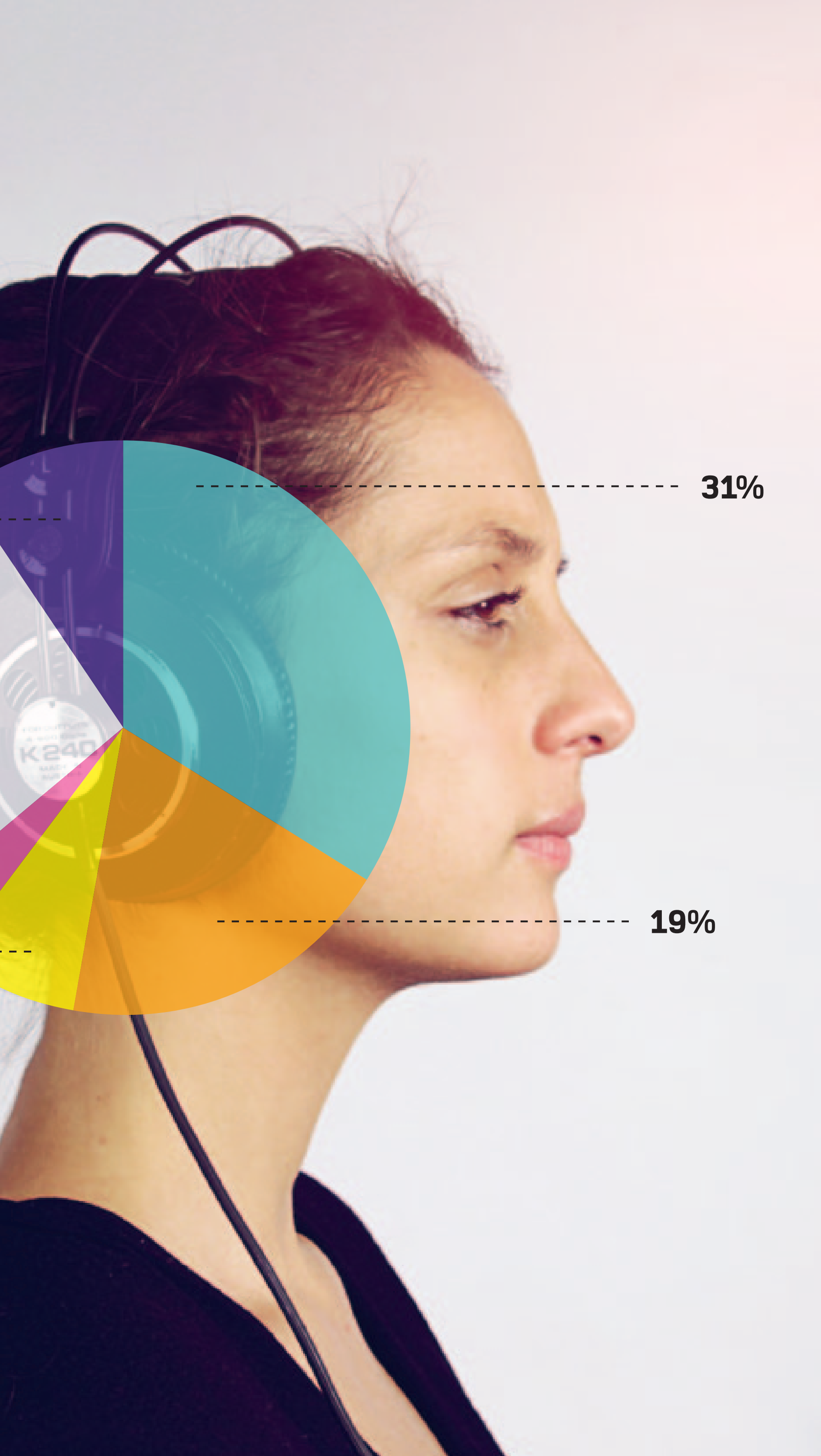


DR

DR Audience Research

Development of media 2010

Digitization, fragmentation and globalization

We are now through the first year of the new decade. Last decade was characterized by an increasing digitalization and fragmentation and the 10s will be a decade where the effect of these phenomenons will really stand out

The emergence of new Danish television channels is much declining in recent years and even though there is room for more, we are closer to a point of saturation for new Danish channels than before. There is a limit on how much money the Danes are willing to spend on pay-per-view TV and there is a limit for how much money advertisers will spend on TV-commercials and sponsorships. A lot is indicating that there is fragmentation on the supply list, for the TV market has peaked and it will therefore, prospectively be in TV-viewing that a continued fragmentation will occur. A development, which is particularly clear within the last five years, has been the main channels, DR1 and TV2, losing audience share to the niche channels. On average Danes watch more niche channels than ever before and both DR and TV2s main channels have never had a lower audience share than they did in 2010.

In May the governing political parties, Danish People's Party and Liberal Alliance, concluded a new media agreement that determines the framework for the media market in Denmark. The media agreement has to be formalized in contracts with DR and TV2; and results in a framework agreement for the new FM4 radio channel, which at this point is being used by DR's radio channel P2. This framework will highly influence how the media institutions supply is going to appear for the Danes. The agreement is valid up to and including the year 2014 and will therefore be a significant part of the framework for how the media market will develop in the 10s.

While TV-viewing figures set records, we are still listening to less radio; and commercial, nationwide radio has been long running with a deficit. This had led to new structures in the Danish radio market. SBS, who are owned by the German media group ProSiebenSat1, operate both FM5 and FM6 together with the government owned TV2, under the name Nova FM; and Berlingske Media, who are owned by the British Mecom under the name of Pop FM. At the moment it appears that the future of the FM4 radio channel will not have to fight for advertising funds, as it, to start with, is only allowed to receive sponsorships for the individual programs and will then be financed by license fees up to 100 million DKK (approximately 13,400,000 Euro) annually. FM 4 has to be a public service radio with talking and news.

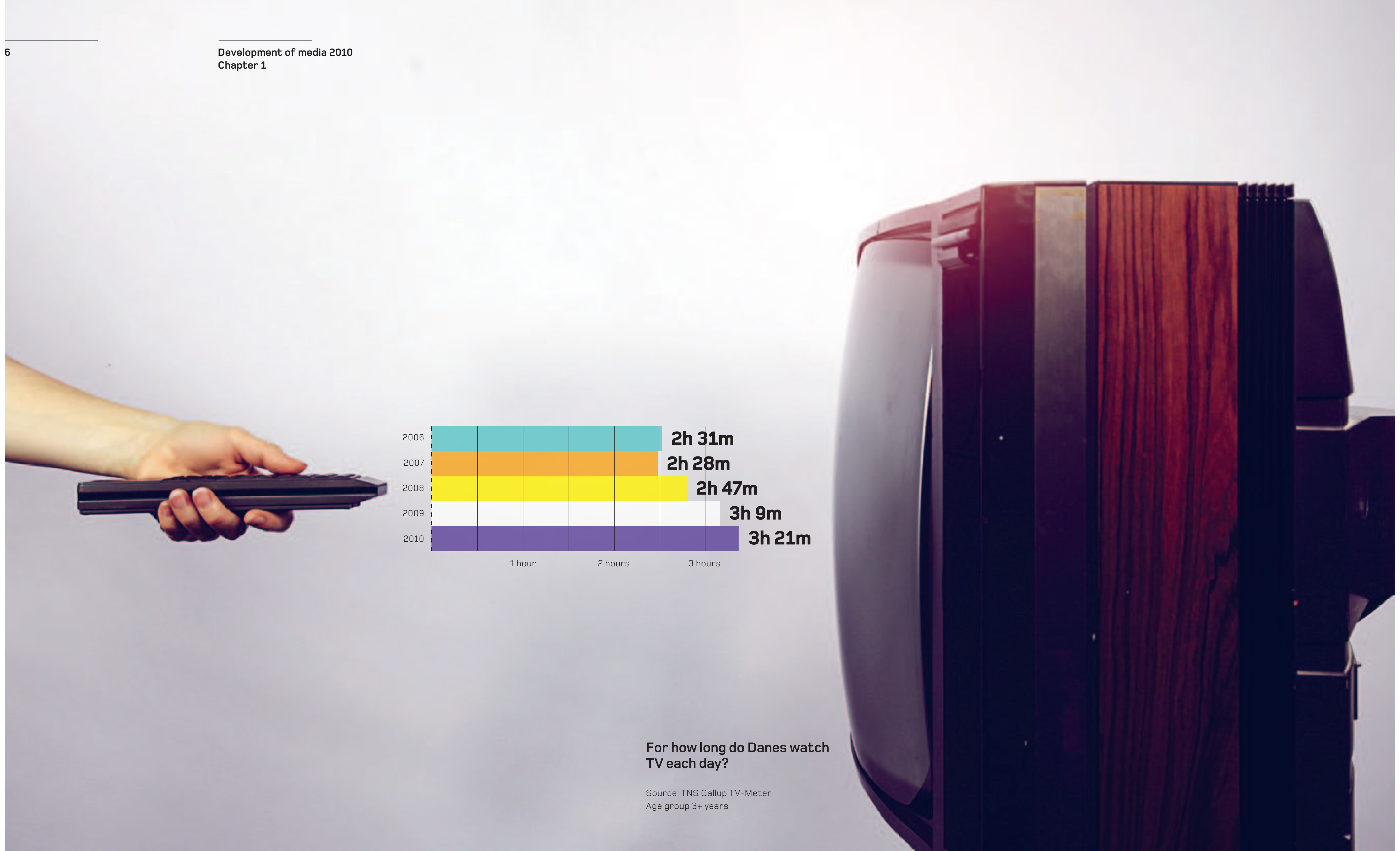
A lot is also happening with media technologies and many manufactures of TV screens are focusing on 3D technology. 3D TV is the biggest trend of the year but it is costly to produce media in 3D. This is a crucial barrier to getting 3D programs on to Danish TV screens. With particular reference to TV content like movies, nature programs and sports which can add extra value to 3D viewing, however you can anticipate that the majority of TV programs, even in the long run, will not be broadcast in 3D due to costs.

Even though virtually all Danes owns a cell phone, the use of features like news alerts, Facebook, YouTube and services such as Rejseplanen (a public transportation information service) have been accessible for few users. In 2010 something started. With the launch of the iPhone and the associated small programs, you can download on your cell phone called apps, there is now the opportunity for a shift in the paradigm on the market for mobile content. It is easy to charge a fee for apps and users appear prepared to pay for them. There is also an increase in the number of Danes that use such content on the internet and also on their cell phones and we no longer speak about the technology first-movers. Will the expected developments continue, we will in the coming years, experience even more Danes that replace their cell phones with a small pocket computer with mobile content and apps.

One of the most significant trends, in recent years, is that Danes use a large part of their internet usage time on internet giants like Facebook, Google and YouTube. They are American owned and take a large amount of Danish online advertising funds. In the coming years it is likely that large international companies will take even more of the Danes' media time and consequently the advertising funds. Google has; for example, great ambitions to become a part of our television at home in the living rooms.

DR Audience Research Department's yearly publication on the Danish media development is in your hands and I hope you will find it interesting.

Lars Thunø
Audience Research Manager
DR Audience Research



For how long do Danes watch TV each day?

Source: TNS Gallup TV-Meter
Age group 3+ years

Status on TV 2010: viewing time records and fragmentation of the Danish TV market

The first year with a fully digitalized TV market has no new headlines: Again in 2010 the viewing time increased and broke the previous viewing time records and the main channels lost audience shares. On the other hand DR had great success with the launch of three new channels and experienced hereby for the first time in five years an overall growth in audience shares for the channel group. TV2's channels were pressured by smaller, commercial channels

By Kurt Holm Jensen
and Signe Villumsen
Audience Researchers at DR

2010 can be nominated as the greatest TV year in recent times. Never before have the Danes watched this much TV and not since 1998 have so many Danes turned on their TVs so often each week. On average a Dane watches TV, 3 hours and 21 minutes a day and the Danes therefore have increased their daily viewing time, and have done so for the third year in a row. Despite that the TV market in 2010 was fully digitalized and as a result many Danes had access to more TV channels along with the soccer World Cup tournament, the increase in daily viewing was not as high as in the previous years. Nevertheless it seems impressive that Danes of all ages, this year again, found more time to watch TV. It is still the elderly Danes that watch the most TV, but again in 2010, it is particularly the younger Danes, aged between 15-24 years, that are increasing their TV viewing. Since 2007, this age group has increased their daily TV usage by more than 50 %, corresponding to an extra hour in front of the TV. The Danes also spent more minutes per day on the Internet in 2010, but the time usage was not taken from watching TV, as some might assume. The Danes have no problem in increasing their time usage in both media; and several studies indicate that many Danes – in particularly the younger Danes under 40 years of age - use both media simultaneously. The laptop is placed on the sofa, so you can watch Luksusfælden (Danish television program about Danes' personal finance) and update Facebook at the same time.

Danes watch more TV channels

In the battle of the viewers it was once again the two main channels, DR1 and TV2, who ended the year as the losers. The first year with full digitalization and an increased number of households with access to more TV channels was noticeable on both main channels' audience share, they once again have decreased. For the first time ever Danes spend, in total, less than half of their time usage on DR1 and TV2. It was especially during the daytime that Danes found alternatives on other channels, while the two main channels, with broader appealing content, had a smaller decrease during primetime from 20.00 – 22.00. It is especially this timeslot, where most Danes watch TV together with others and here DR1 and TV2 still seemed the most appealing; while the smaller channels, to a higher extent, gained ground in timeslots where there is opportunity to pursue special interests.

The increased fragmentation was also visible in other areas, than just a decrease in audience share, for the main channels. As more channels come to the market and as access to more channels in the Danish homes increase, the Danes' TV viewing has also spread across many more channels. A few years ago, in 2007, 90 % of Danes' TV viewing was allocated on 15 different channels, while in 2010 it was allocated on 26 different channels. It is especially the young who watch many channels. 90 % of the 12-20 year olds' TV viewing in 2007 was allocated to just 13 channels – in 2010 it was over 32 channels. The fact that this age group allocates their TV viewing this way, gives us an indication that the next generation of adult media consumers, to a high extent, will individualize their media consumption.

An increase for DR TV for the first time in five years

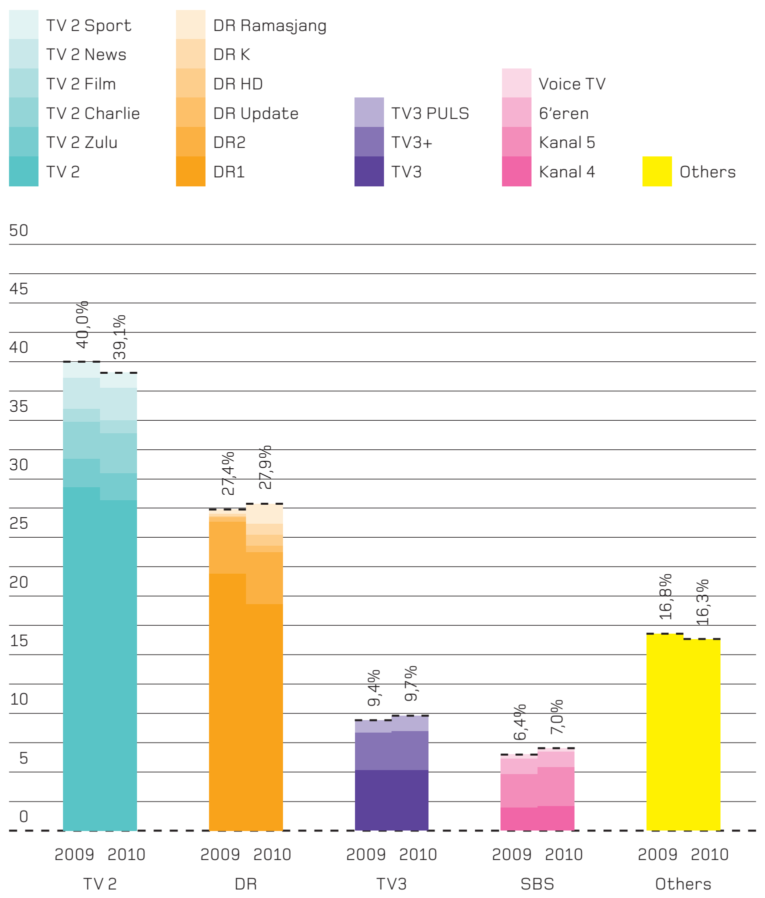
In 2010, DR TV broke the negative trend. After losing audience support continually since 2005, DR TV experienced a little tailwind and concluded 2010 with 27.9 % of the Danes viewing time compared to 27.4 % in 2009.

The launch of DR's three new TV channels, DR K, DR HD and DR Ramasjang and the launch of DR Update on the digital broadcasting late in 2009 was the salvation for the DR family in 2010. Collectively the four new channels accounted for a little more than 4 % of the TV viewing by the end of the year. The newcomers compensated the loss which DR1 received and in total DR TV ended up with a positive 0.5 % audience share. DR's main channel continued its decrease in 2010 and for the first time ever DR1 accounted for less than 20 % of the Danes' TV viewing despite particular success' such as Borgen (Danish Drama series) and X Factor (Singing talent show). The latter remains the most watched TV program in 2010. More specifically DR1 lost 2.7 audience share and ended the year on 19.2 %. Therefore, DR lost more than 10 % of its audience share in just seven years. With the launch of the three new TV channels, there is no doubt that a part of DR's loss of audience share, is due to an internal cannibalization; for instance children now have DR Ramasjang and great drama series are also aired in HD quality on DR HD. This cannot explain the total decrease in DR1's audience share; even without the new channels in the DR family, it seems unlikely that DR1 would not have lost audience share. In particular the main channels have lost audience share to the niche channels in the past few years and DR1 has continually experienced a decrease in audience share since 2004.

Audience share allocated on channel families in 2009 and 2010

All day. Source: TNS Gallup TV-Meter, Age group: 3 + year olds

Percent



While DR1 had a historically bad year, DR2 had a good 2010. 4.6 % of the Danes' TV viewing occurred on DR2, which is not far away from the channels' best result. In 2010 the greatest success was once again Bonderøven (a farmer who lives the old fashion way) but also the new program Nak & Æd had a good grip on viewers.

TV 2 Charlie and TV 2 News were not able to ensure growth in the TV 2 family

Even though TV 2 Charlie in 2010 had its best year so far, with a total audience share on 3.4 % and despite TV 2 News also gaining more viewing minutes, it was just enough to limit, but not prevent, the TV 2 family's loss of audience share in 2010. Also here, it was primarily the main channel that decreased in audience share. A weak first quarter laid the foundation for a year where TV 2's main channel, in total, lost 1.2 % audience share. Without a strong December, as a consequence of the European Women's Handball Championship the result would have been worse. This, in combination with the small losses on both TV 2 Zulu and TV 2 Sport, meant the bottom line for the TV 2 family ended up at 39.1 % of the Danes' TV viewing with a total loss, compared to 2009, of 0.9 % audience share. If we look at the TV 2 family's development from a longer perspective the yearly result is the worst since TV 2 Charlie was launched in 2004.

TV3 and SBS are increasing

The story was different for the other commercial channels in 2010. Both TV3 and SBS channels, in 2010, experienced a tidy increase of about a half audience share point each. When we look exclusively at the commercial universe of channels, measured among the 21-50 year olds, the increase was even more significant. The increase, in the TV3 group's audience rating, is caused primarily by the fact that TV3 Puls aired for all 12 month in 2010, against only 9 months in the previous year. One of the channels most important attractions was the UEFA Cup. In addition, soccer had a positive impact on the audience share for TV3+, which has benefited from FC København's success in the Champions league.

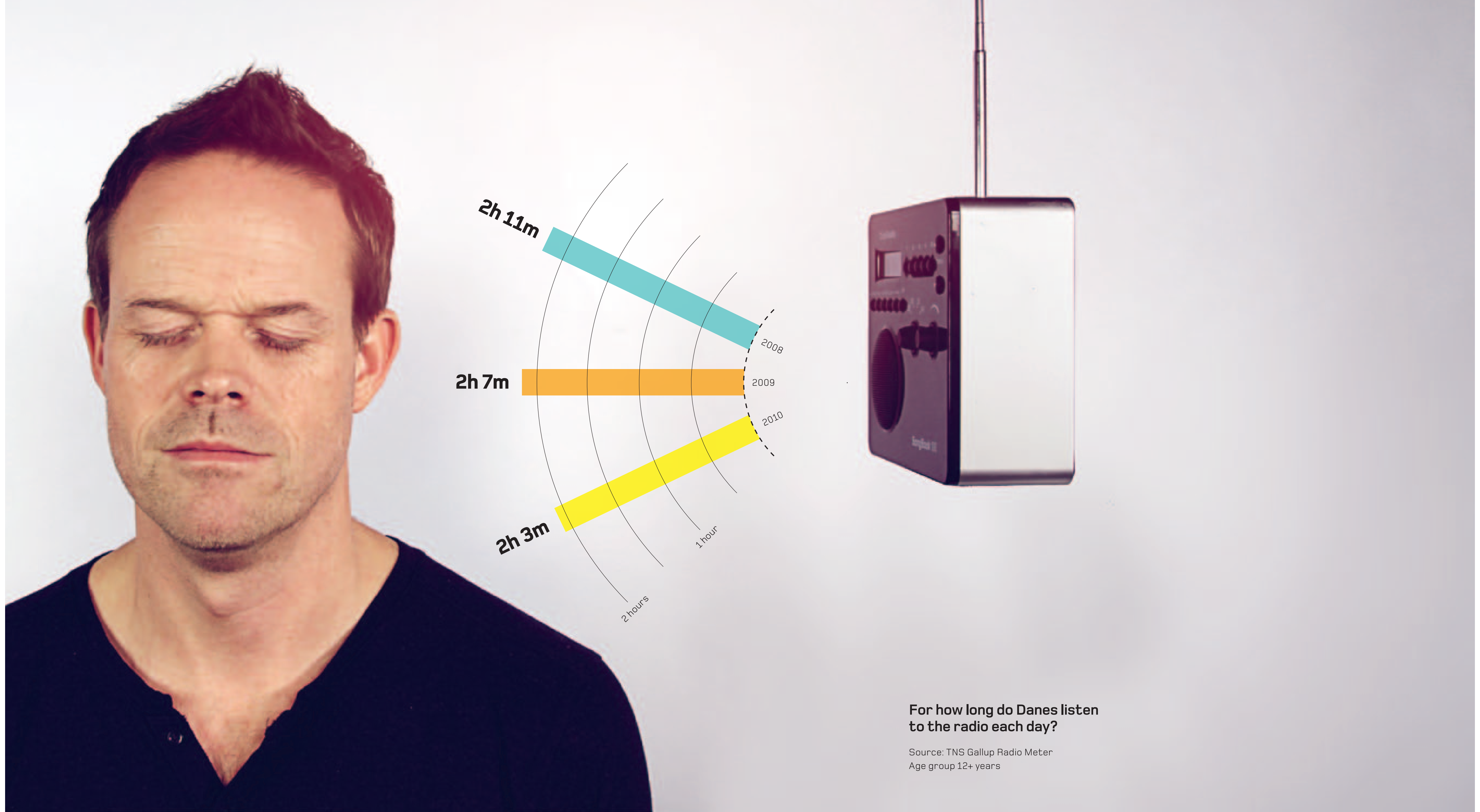
SBS's channel Kanal 4 and 6'eren did not significantly increase their audience share in 2010. Instead it was the main channel, Kanal 5, which pulled up the share points. One of the reasons was the increased audience share in the timeslot between 19 and 20, with a result of the program "4-Stjerners Middag". Despite the competition from a similar program in the same timeslot, on TV3, the celebrity cooking show pulled Kanal 5 in the right direction. Collectively this tough competition means that TV 2 has been pressured on news and regional programs within younger target groups, which were previously considered untouchable.

The advertising market is recovering

Overall the smaller commercial channels did well; they also were successful in the commercial channel universe amongst commercially interested viewers, those aged between 21-50 years. Therefore, they had more 'goods on the shelf' to sell to the advertisers, in the shape of higher audience ratings – the so called TRP's – Target Rating Points.

2010 offered the advertising market, after a terrible 2009, an opportunity to regain some of the lost turnover. The total amount of TV advertising increased according to DRRB (Danish Advertising and Relationship Agencies) by 12 %, from January to October 2010. This did not mean that the market was back at the high level it was before the financial crisis, but for the industry it was important that there was a positive growth rate; this started in the second quarter of 2010 and the financial crisis thereby loosened its grip on the Danish TV advertising market. The forecast for 2011 indicates that the turnover on the advertising market will continue to increase; the trend analysis from TNS Gallup suggests a growth of 5 %.

In the new digital TV world it is TV 2's position in the market, as the only channel with a fully nationwide advertising campaign, that is theoretically threatened, as all Danish households potentially can gain access to other commercial TV channels. Even though TV3 and SBS' channels have gained additional recognition, after the analogue shutdown, there is still some way up to TV 2's level. Viasat have not wished that TV3's channels should become a part of Boxer's program package and Viasat does not distribute any SBS channels in their own satellite TV package.



For how long do Danes listen to the radio each day?

Source: TNS Gallup Radio Meter
Age group 12+ years

Status on radio 2010: Stabile year for DR, dramatic year for the commercials

The Danes' amount of listening time and the amount of times Danes weekly turn on the radio decreased again in 2010 from 2009. After the bankruptcy of Talpa Radio the available frequency got a new owner in the form of a collaboration between SBS Radio and Berlingske Media; and in 2010 it was clear that 2011 was to forecast new times for Danish radio. DR shall hand down FM4, now used by P2, and the frequency will be submitted for commercial tender

By Dennis Christensen
and Peter Niegel
Audience Researchers at DR

In 2008, the average Dane listened to radio 2 hours and 11 minutes a day and this number decreased to 2 hours and 7 minutes in 2009. In 2010 the daily listening time continued to decrease and totaled 2 hours and 3 minutes. So this is another year where Danes spend 4 minutes less a day in the company of the radio, than the year before. This development is not unique to Denmark, as many other European countries experienced an equivalent decrease in the usage time of radio media. In 2009 the radio was in weekly contact with 94.7 % of Danes and this number also decreased in 2010. The media was this year in contact with 94.2 % of the Danes per week.

DR increase despite a decrease for the media

On the surface, the traditional radio continues to be 'in the red', but under the surface there are different sides to the story. 2009 was a tough year for the radio media. SBS fired half of their employees and Talpa was declared bankrupt and these are the consequences we have experienced. FM6, that 100FM previously aired on, was not used in large parts of 2010 and the replacement, Pop FM, first started to air at the end of the year. The commercial business, in all, ran at a slower pace until Pop FM started business. On average Danes listen to commercial radio channels, 31 minutes a day in 2009 and the listening time decreased to 25 minutes a day in 2010. However DR Radio experienced increasing listening times in 2010. The average Dane listened to 1 hour and 36 minutes of DR Radio in 2009 and in 2010 the amount was 1 hour and 39 minutes; therefore, there is an increase of 3 minutes per day per Dane. It is uplifting for this media to note that it is particularly young adults aged between 20 and 40 years, who increased their listening time the most in 2010 - a group that does not normally listening to the radio. The situation is then, that commercial radio has had such a large decline, even DR's increase was not enough to counterbalance the loss. And that is why 2010 was just another year where the radio media, in total, decreased.

Changes in the balance of power on the commercial market

The aforementioned changes, in listening time, also reveal how the balance of power between DR and the commercial business occurred in 2010.

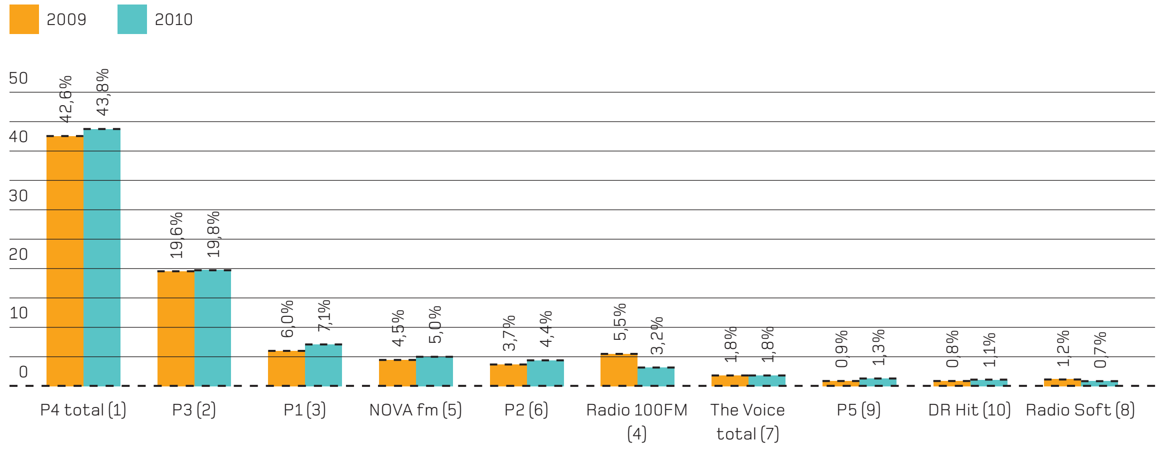
In 2009, 23% of Danes' radio listening was to the commercial channels and this percentage dropped to only 20.1% in 2010. The commercial channels lost most listening shares amongst women and the young listeners under the age of 40. In other words the most costly loss, resulting from the closing of 100FM, was within the group of commercially attractive listeners.

Top 10. Listening share 2009 and 2010

Placement (2009 placement in paragraphs)

Source: TNS Gallup Radio Meter. Age group 12+ years

Percent

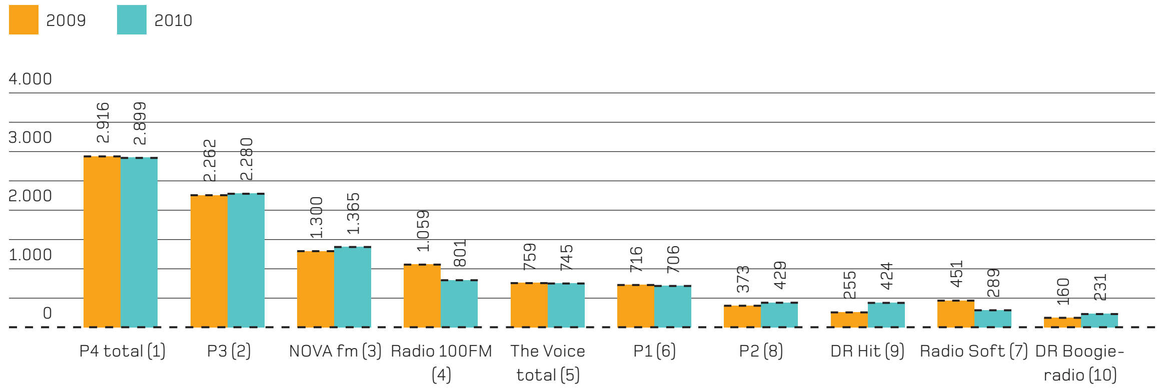


Top 10. Number of weekly listeners in 2009 and 2010

The numbers in paragraphs are 2009 placements

Source: TNS Gallup Radio Meter, Age group 12 + years

Number of listeners in thousands



The commercial problems were also evident in an overall lower level of contact to the Danish listeners. In 2009 66.3% of Danes listened to commercial radio every week and this number decreased to 62.5% in 2010. However DR's weekly contact increased from 86.3% to 86.8%.

The commercial decrease was, of course, not evenly distributed. Radio 100FM lost its broadcasting license on FM6 and its presence on DAB, with both 100FM and Radio Soft; and therefore became significantly less listened to in 2010. However SBS Radio, through its collaboration with Berlingske Media, won the available FM6 frequency and are now dominating both commercial and nationwide channels; and are the only commercial operators left on DAB. The two main competing nationwide sales networks in Denmark are still SBS Radio (i.e. Nova FM, The Voice and Pop FM) and ddr (The Danish Radio agency, who operate 100FM and Radio Soft in its portfolio). In 2009, ddr had a listening share of 15.6% and SBS a share of 7.5%. In 2010 SBS increased to 8.1% and ddr decreased to 12.0%. In a year where the commercial radio had a decline, SBS had on the other hand, succeeded in increasing but not enough to counter ddr's decline. The majority of the commercial radios audience share loss went to DR.

P1 continues to increase

2010 was not a year to create larger displacements in audience share figures between the ten Danish main radio channels. Radio channels, P3 and P4, affirmed their position as the Danes' preferred choice of radio and increased their total listening share from 62.2% to 63.6%. Radio 100FM and Radio Soft fell a few places down the list, but the other channels' placements on the list are unchanged.

P1 managed to continue the large growth that was based in the latter half of 2009 and ended up with 7.1% of the radio listening share. By comparison P1 had 4.9% of the listening in 2008. The growth is therefore very significant.

The radio channel P2, which will be moving in 2011 due to the release of the fourth nationwide radio frequency, also had a good 2010. In relation to both listening share and the number of listeners, P2 increased in 2010, even though in many ways it was a difficult year.

DR's digital channels also saw an increase. In particular channels like Boogieradio, P5 and DR Hit experienced a steady growth in the listening numbers and in total DR's channels, which only air digitally, increased from 3.9% in 2009 to 4.8% in 2010. In 2010 24.8% of Danes listened to DR's digital offerings during a week.

2010 therefore ends up as a quiet year with relatively small changes to the displacement of the Danes' radio usage. The usage time is a little less however a new station, Pop FM, has not been on the market long enough to have had any great impact on this.

New media agreement causes changes on the radio market.

In 2010 the governing political parties, The Danish People's Party and Liberal Alliance, agreed on a new media agreement. One of the fundamental radio initiatives that came out of the settlement was the decision that DR no longer had the FM4 frequency at its disposal, which DR has aired on since 2001. The frequency will be submitted to tender again in 2011 and everyone, except DR, can apply for the right to run the new News/Talk radio with national funds up to a maximum of 100 million DKK (13.4 mill Euro). As such, DR and radio channel P1 can certainly look forward to a fierce competition in Public Service radio, from the end of 2011. At the moment, the speculations are numerous and the actual knowledge about what the new channel will feature and its impact, is limited. What is known for sure, is that the new editor will take over the FM4 frequency from the 1st of November 2011.

DR's new channel strategy

2010 was also the year where DR announced its new radio strategy. It is a strategy where the current 20 radio channels on FM, DAB and Internet, will change to a structure of 10 more equally leveled radio channels across all distribution platforms- with the exception of FM. At the same time, P1's frequency will be shared among P1 and P2 as a consequence of the media agreement in 2010.The objective, to reduce the portfolio of channels from 20 to 10 channels, is to provide Danes with a relatively wide selection of radio content, but at the same time move DR's DAB and online products away from the "musical jukebox" channels. By that, it is possible to make the coming radio channels to a higher extent resemble what you would associate with the radio media. Meaning: a focus on flow, hosts and atmosphere. Channels with host profiles and a live-feel, will allocate DR's resources on fewer but stronger channels.

The commercial sales partnerships

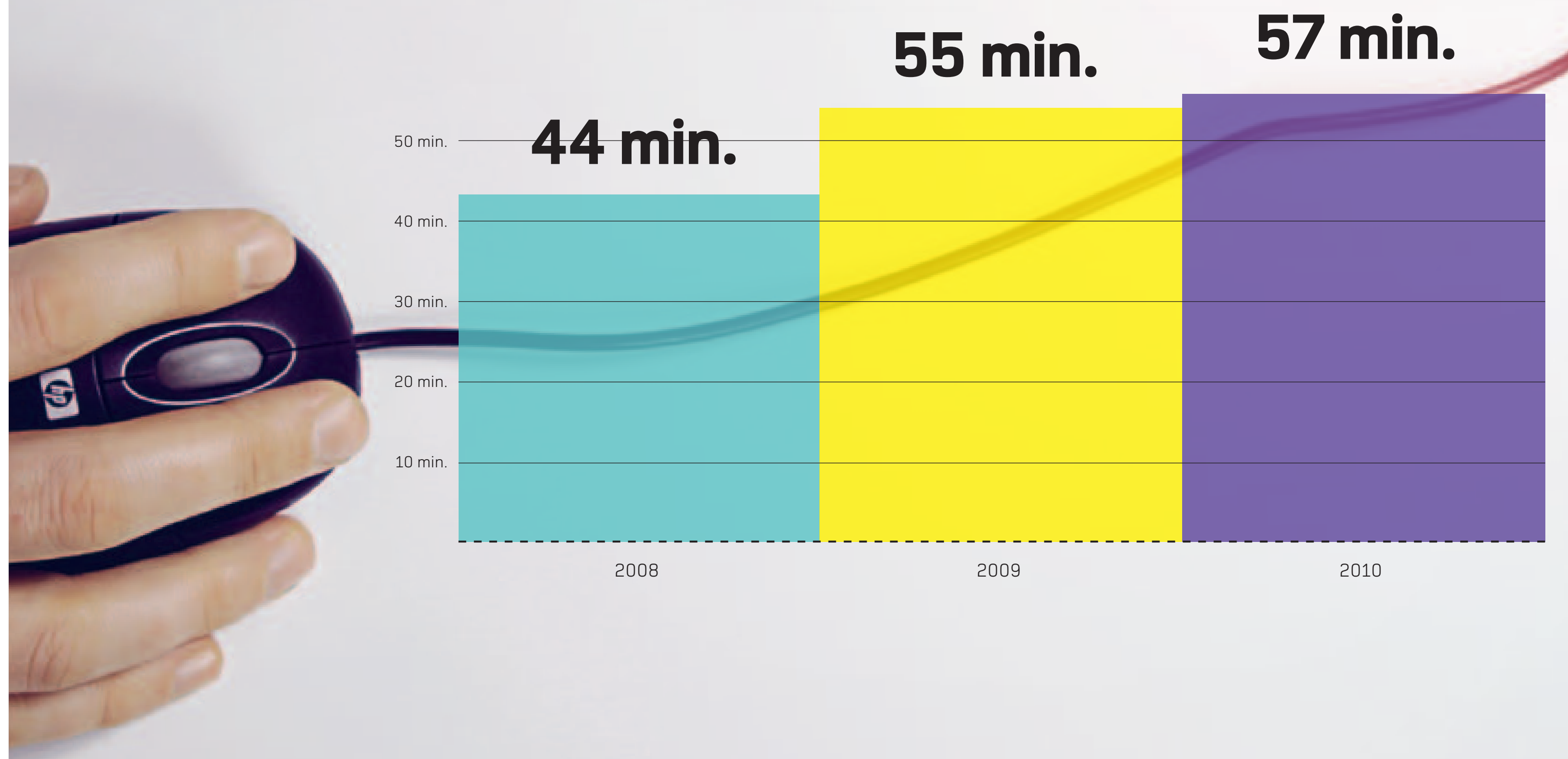
ddr – Danish Radio association

ANR
Radio Aura
Radio M
Radio ABC
Radio Alfa
Radio ABC Solo FM
Go!FM
Radio 100FM
Radio Soft
Radio Horsens
Radio Horsens Classic
Radio Sydhavsøerne
Skala FM
Radio Skive
Radio 3 Fyn
Radio SLR
Radio Køge
Radio Mojn

SBS Radio

Nova FM
The Voice
Pop FM
VLR
Radio 1
Silkeborg Guld

Source: www.danskeradiobureau.dk and www.sbsradio.com/da



How much time do Danes spend on web sites each day?

Source: FDIM/Gemius
Age group 15+ years, January – October

Status on the web 2010: The American web sites are increasing

The Internet media is mature, the visitor growth is limited and it was primarily amongst the more elderly Danes that the time usage on the Internet increased in 2010. It was a tough competition amongst the Danish web sites and the large American web sites continued to increase in occupying the Danes' time usage. Facebook, Google and YouTube used a third of all the time the Danes spend on the Internet

By Carsten Andreasen
and Uffe Høy Svenningsen
Audience Researchers at DR

Even though there are still a group of Danes of about 10 % with no access to the Internet, 2010 saw continued visitor growth amongst Danes. Like the previous year we can speak about a mature media, which has said goodbye to its pioneer days with large growth rates. On average about 3.8 million Danes over the age of 15 used the Internet every month between January and October in 2010; and this is an increase of approximately 90,000 people compared to the same period in 2009. The Internet has therefore got slightly more visitors per month and this is entirely because of an increase in the older portion of population. In 2010 the number of visitors over the age of 60 increased with over 60,000 compared to 2009, while those aged between 41-60 years also increased greatly.

One thing is how many Danes use the Internet and another thing is to what extent. Also here there was a moderate growth rate, as the time usage increased modestly. Danes spent, on average, 57 minutes a day on the Internet in the first ten months of 2010, compared to 55 minutes in the same period in 2009.

The largest web sites got bigger

The Internet is extremely fragmented and therefore the number of web sites that Danes use appears to be endless.

The Internet usage in Denmark is also characterized by an increased concentration. Danes spent 44% of their time on the ten largest web sites in 2010, whereas this number was 41% in 2009. It is mainly American web sites that dominate this development. Facebook, Google, YouTube, MSN and WindowsLive accounted for a total of 39% of the Danes' usage in 2010 and this is a significant increase of 3 percent from 2009.

If we turn our attention away from time usage, to the reach and look of the web sites with the most visitors, the picture is not new. Generally it is, as mentioned above, Google, Facebook and YouTube that attracted most Danes. These three web sites managed to bring in new visitors and Google, Facebook and YouTube all had a significant growth in monthly visitors. This is impressive as the sites already had extremely high levels in 2009. Generally speaking all Danish Internet visitors used Google during a month, while Facebook and YouTube on average were used by respectively 2.5 million and 1.7 million Danes over the age of 15. This reach could not be matched by any Danish web site.

News sites are increasing

If we look at the Danish media sites, then the large newspapers had a good year with two digits growth rate in 2010 in relation to visitor's time usage. Especially BT.dk was able to lift the total time usage among its visitors and increased by over 50%, but also JP.dk, Ekstrabladet.dk, Politiken.dk and Berlingske.dk all grew by more than 15%. The Danish news sites are becoming more and more important in the Danish news consumption.

DR.dk, TV2.dk, Ekstrabladet.dk and BT.dk got the most visitors in total. And here continued a trend we have witnessed over the past years: DR.dk was not able to match earlier large growth rates, while TV2.dk, Ekstrabladet.dk and BT.dk raised their levels. As such the two first mentioned are getting closer to DR.dk's formerly so untouchable first place on this range, when measured on monthly visitors amongst Danish media sites.

Amongst the other large newspapers Politiken.dk and JP.dk grew by respectively 1% and 5%, while it was the opposite story for Berlingske, which lost 5% of its visitors compared to the same period in 2009.

Within recent years there has been a high focus on the Danes' IT skills and their ability to use public web sites, and in 2010 there was an increase in public initiatives for Internet usage. One of the initiatives that got great attention was the launch of NemID, which is a more secure expansion of the Digitale Signatur. National IT and Telecom Agency and DanID's log in to web banks, public services etc. have already received a great deal of

The 10 largest web sites measured on time consumption

Publisher	Time share
Facebook.com	17,2%
Google.dk	11,4%
Youtube.com	2,9%
Windowslive.dk	2,7%
Google.com	2,6%
Ekstrabladet.dk	2,1%
Msn.dk	1,6%
Tv2.dk	1,6%
Dba.dk	1,0%
Dr.dk	1,0%

Source: FDIM/Gemius
Age group 15+ years
Period: January – October

Time share states the web sites' share of the total time consumption on the Internet.

The list above is based on two different measurements, both conducted by FDIM, where FDIM-members data has a higher validity compared to Google and Facebook. Microsoft's Windows Messenger is not included in the list, as it is not a web site.

The 20 largest web sites in Denmark measured in visitors

Publisher	2010	Development from 2009
Google.dk	3.334.000	7%
Facebook.com	2.507.000	5%
Google.com	2.182.000	-4%
Youtube.com	1.713.000	8%
Krak.dk	1.486.000	-5%
Dr.dk	1.426.000	-2%
Tv2.dk	1.362.000	5%
Windowslive.dk	1.350.000	-3%
Ekstrabladet.dk	1.217.000	2%
Microsoft.com	1.190.000	1%
Msn.dk	1.149.000	2%
Dmi.dk	1.148.000	13%
Wikipedia.org	1.147.000	4%
Dba.dk	979.000	-4%
Degulesider.dk	958.000	-11%
Eniro.dk	848.000	-15%
E-boks.dk	821.000	12%
Bt.dk	805.000	5%
Danskebank.dk	796.000	-5%
Nemadgang.dk	786.000	105%

Source: FDIM/Gemius
Age group: 15+ years
Period: January till October 2009 and 2010

The list above is based on two different measurements, both conducted by FDIM, where the FDIM-members data has a higher validity compared to Google and Facebook. Microsoft's Windows Messenger is not included in the list, as it is not a web site.

criticism through the media due to security breaches and breakdowns , but despite the bumpy start NemID reached two million users in December. The Danish Internet had also a large influx of visitors on a number of public sites, for example nemadgang.dk, skat.dk and borger.dk; and according to Statistics Denmark the share of Danes who use the Internet to submit forms to the public services, increased from 33% in 2009 to 50% in 2010.
Even though publically Denmark's digital growth continues, the greatest challenge is still to include those Danes who have difficulties using a computer and the Internet.

Web TV becomes more commercially attractive

Web TV is another aspect of the Internet that is increasing and both in relation to viewer and commercially it is starting to be very interesting. The quality has become much better in recent years, the usability is really good due to new solutions based on more modern technology like Flash and HTML5; and there is agreement on which types of technology and what content formats can be used in advertisements on web TV, which is a large step towards a sustainable market in Denmark.

So far, there is no sufficient data for the Danish web-TV market, but it is still possible to present an overview based on FDIM's list. This list do not include TV2 Sputnik or MSN, who have a lot of video watching on the web; but it is still YouTube who are clearly dominating this feature . When it comes to the Danish publishers, DR.dk very much has a leading role with about 8-10 times more time usage than its nearest competitors. This large usage at DR is driven by three things: The new possibility of watching TV live in the user-friendly Flash-format, watching children's TV consisting of Oline and Ramasjang, and finally to watch great drama series like Borgen.

Despite the increase of web-TV it is still traditional broadcasting TV that clearly dominates the total TV viewing. Web-TV represents a half percent of all the time Danes, in total, watch DR. The development over the next years is particularly expected to occur on new screens, for example on smart phones and tablet PCs; or old screens with new possibilities for example TV with Internet access.

Share of TV programs on DR1 and TV 2 in the evening programming with many, medium and few viewers

Source: TNS Gallup TV-Meter
Age group: 3+ years

Who wants to become a viewers-millionaire? Viewer community in a fragmentation time

The TV media thrives and the same applies to the fragmentation. As TV 2, as well as DR, is trying, to their best ability, to maintain the power of gathering the Danes in front of the TV screen, this task is not easy and will not become any easier. This article tests the main channels' ambitions compared to the numerical facts. What will it take to gather a million or more Danes today – is it the "light" or "heavy" types of programs that work the best as glue of the great viewer communities?

By Niels Marslev
Audience Researcher at DR

TV2 announced, a couple of years ago, that their main channel was "The Dane's greatest community" and that this position should be cemented. The ability to gather the Danes is also a part of DR's official vision and here the main channel DR1 is an obvious tool to do so - "Together with DR1" is the current slogan. The Public service stations' joint ambition is conflicting with the well-established mega trend of more individualization of almost all kinds of consumption – including TV viewing, that as we are aware is available on several channels now compared to just a few years ago.

Entertainment has the greatest gathering force

From 1993 to 1998 the News genre accounted for a little over 40% of all programs on DR1 and TV2, and gathered over a million viewers. Only these two main channels are relevant in this context. The Regional News accounted for over 20% of viewers and the broader Current Affairs genre, which includes programs like Station 2 (crime program), Kontant (consumer program) and DR Dokumentaren (documentary) added 7%. This means that News and Current Affairs programs accounted for, at the time of the survey, about 70% of the viewing community. This is not the situation today. Today the News genre stands for just 15% of the millionaire programs and News and Current Affairs accounts for approximately 40%. Entertainment and Music has replaced the News, as that content category that is most likely to gather over a million viewers in front of the TV screen. Almost a third of the programs in the period between 2008 – 2010 comes from these program genres – X Factor (talent show), Vild med Dans (Dancing with the stars), Melodi Grand Prix (Eurovision Song contest) and Hvem vil være Milionnær (Who wants to become a Millionaire) are amongst the most frequently visiting guests on the list of popular programs. What is light and heavy content is partly a matter of taste, but it does not offend anyone also if Sports and Fiction are added to the lighter end of the scale; which has also passed News and Current Affairs and equates to approximately 55% of the viewer community. In the middle is the category of Information and Culture, whose content is wide spread, but only accounts for 3-4% of the millionaire programs – commonly known formats include Årgang 0, Sporløs, Kender du Typen, Spise med Price and a few documentaries with a broader content.

The dominance of Entertainment programs, reflect the TV stations significant focus on creating a strong content within this genre. But the noticeable change within the last 15-20 years also reflects the potential of Entertainment programs, as a dominant genre, in a time

Main genre share of programs with over 1 mill. viewers

Programs on DR1 and TV 2 in the evening programming schedule
Source: TNS Gallup TV-Meter, Age group: 3+ years
Percent

where it can seem like a general lack of gathering points. A few will argue that DR1 and TV2 today are focusing less on sending News with a large audience appeal. In essence information carrying material has all odds against them in a media reality, where information sources are not exactly in short supply and where the availability of News has also increased. It is no coincidence, that the most watched News programs are the TV-Aviser (21 o´clock News), which is aired in the break between the two parts of X-Factor.

Only the Danish works

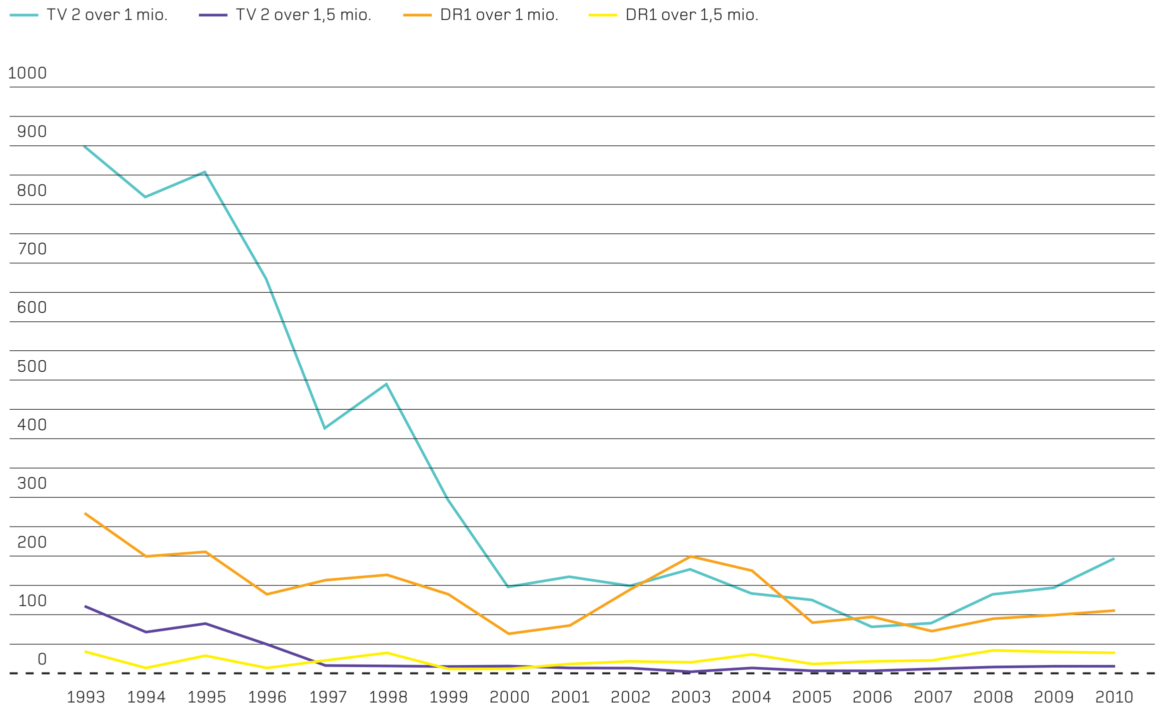
No matter the genre the programs must be, almost without exception, Danish to reach a million viewers. Except for The Eurovision Song contest, a couple of the purchased Station 2 programs and sports productions from foreign countries where Danes participated, there were no foreign millionaire programs on Danish TV from the end of 2007 until Christmas 2010; where three different movies succeeded due to the manageable competition during the Holidays. With these small exceptions even the greatest Blockbuster movies does not manage to cross the line. We Danes want programs produced in our own language and with us in focus.

TV 2 has the most, DR1 the greatest viewer communities

In the first half of the '90s, TV 2

Programs with over 1 mill. viewers and 1,5 mill. viewers

Programs on DR1 and TV 2 in the evening programming
Source: TNS Gallup TV-Meter, Age group: 3+ years
Number of programs



aired almost every day programs with more than one million viewers – the yearly average for 19-nyhederne (19 o'clock News) was over one million viewers until 1996 – and the yearly total for the programs in this league ranged between 8-900. On the contrary, DR1 has never reached 300 millionaire programs within a year and only twice it reached over 200 programs. In the second half of the 90s it went dramatically downhill for TV2 a result of fewer viewers for the News and regional programs; and in the years 2003-2007 the two channels were head to head with a slightly decreasing trend. Thereafter once again came more viewer millionaires as the past three years have seen increased TV viewing. The last decade has noted the fragmentation, not to any mentionable level, weaken the main channels' power to gathering people. The increase in the last three years has been highest for TV 2, which now has created more millionaire programs than DR1. One is tempted to say that when it comes to creating large viewer communities, TV2 are more capable of delivering the goods. Sporadically programs reach 1.5 million viewers. TV 2 has succeeded in doing so less than ten times a year, though this has increased since 2006. DR has, since 2001, managed more so than the competition. It is not a coincidence that all DR's self-produced drama series, and since Rejseholdet aired for the first time in 2000, there has been close to or over 1.5 million viewers on average per program. The channels' capacity seems to have strengthened – the last three of years has been particularly successful for DR1 in relation to generating large viewer communities. The most obvious explanation is that X Factor has joined the drama series prestigious company. When considering TV 2, it is only really the larger sporting events and the Finale of Dancing with the Stars that has gathered the viewers in this way. When it comes to the ability to air programs, which seriously have the ability to become "talk of the town", DR1 is the one to take first place.

To the extent when you talk about a rivalry between the two predominant channels, it inevitably ends up as a tie. Regardless of the individual channels' fate, it is encouraging for Danish public service TV, that the rapid weakening of the media's most striking competition has slowed down already in the first years of the new millennium and that the past three years actually have showed a positive trend in this area; even though the number of viewer millionaires of the good old days will rarely return.

The daily attractions have become fewer

Is everything just peace and quiet for the old giants?

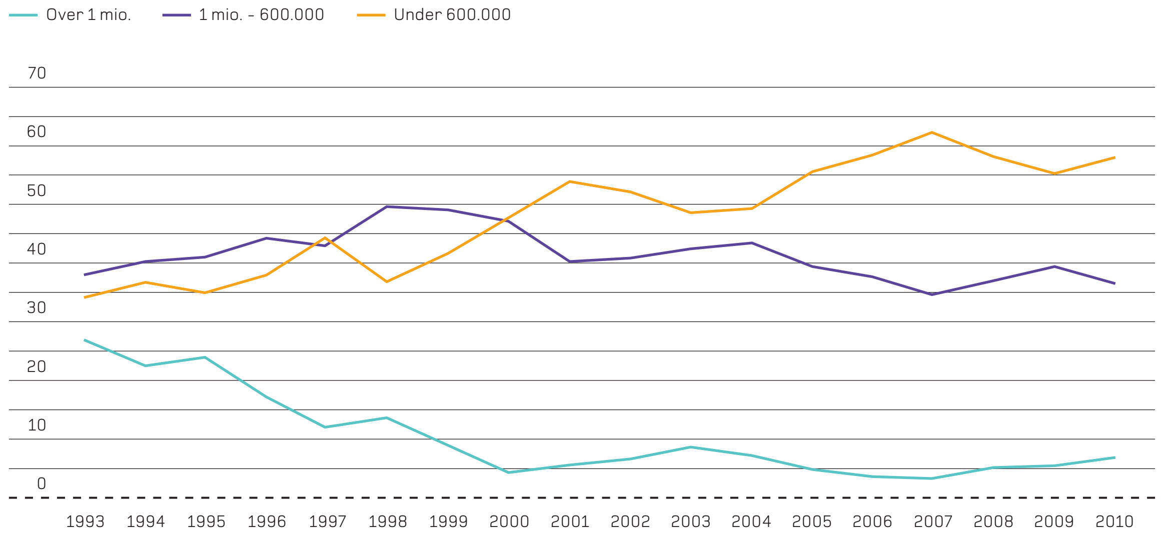
Even though they keep a

Programs on DR1 and TV 2 with more, medium and few viewers

Share of programs in the evening programming

Source: TNS Gallup TV-Meter, Age group: 3+ years

Percent

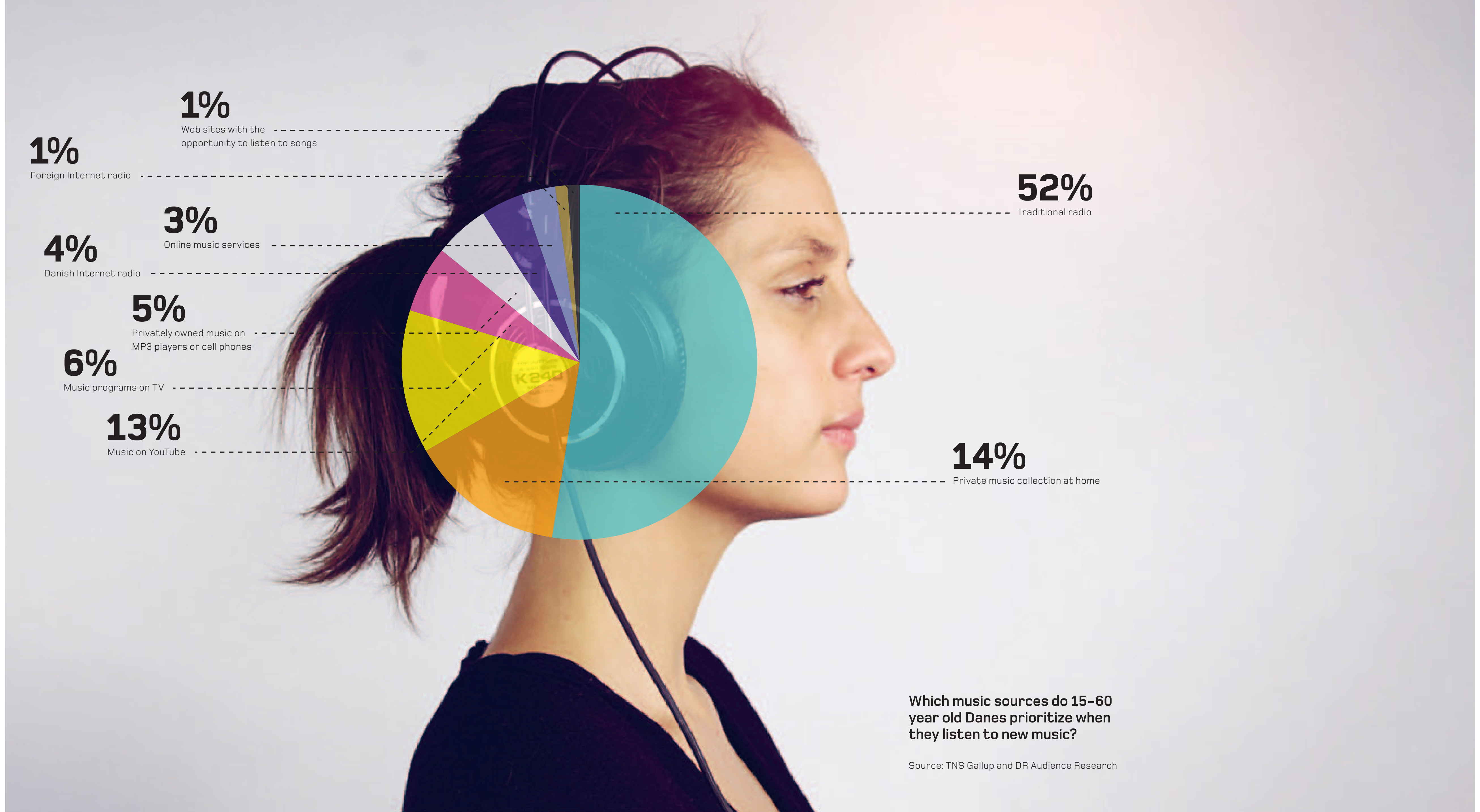


unique position as the only channels that are able to gather really large proportions of the population, with all sails set, there is also a less glamorous every day life to consider. And here the picture is completely different. If we make an indelicate tri-partition of the total of the evening programming of about 80,000 programs aired since 1993 on DR1 and TV 2, it will draw a clear picture; the small programs(those with under 600,000 viewers) accounted in the beginning for about 35 % of the total programs, but now they account for a total of 55-60% of the programs; with a record of 62% in the most difficult year, 2007, for the TV media. Over half of the large channels' programs during the evening programming must be characterized as in terms of small viewer when compared to the history of DR1 and TV 2.

Programs in the middle class (between 600,000 and one million viewers) have accounted for a more constant share of around 40%. But for the programs in the top league – the ones who exceed the million – it has, as already mentioned, decreased significant from over 20% of all programs from the beginning of the period too approximately 5% now, however they have experienced an increase in recent years. With an expression taken from a popular program on DR1 you can say that there is "plenty of butter" on the main channels, but that the butter is spread out in a thin layer on the evening programming – but accumulates in large lumps on Friday night, Sunday night and on other special occasions.

The viewer millionaires of tomorrow

As long as the TV media is healthy and powerful, then the main channels will also be so; now and then, succeeding in gathering over a million viewers for their programs, once in a while even more, even though the fragmentation in general has not yet hit its peak. Despite the increasing viewing time the last three years, Danes do not watch exceptionally more TV on an international basis. If the Danes willingness to spend time on watching TV will continue, it is very likely, that we will get more millionaire programs. It has been difficult to predict the viewing times ups and downs and the prediction also assumes that the main channels' reach and audience share maintaining a certain critical mass. The main News flagships will still gather over a million viewers on the flow channels' most powerful nights or on special occasions and it cannot be excluded that their current, relatively low figures in general can be maintained. If we want to generate an increase in the number of viewer millionaires, there is no doubt, that the main source will be great entertainment, well supplemented with Danish success on the world's sporting arenas.



Which music sources do 15–60 year old Danes prioritize when they listen to new music?

Source: TNS Gallup and DR Audience Research

YouTube is Top of the Pops

The radio has always been a part of the Danish homes and a new study shows that this media is the source from which most Danes listen to music. Music does not necessarily come from either the radio or a private music collection in the Danish homes and it is striking, that more young people turn on YouTube when they listen to music rather than turning on the radio. The study shows a significant difference between younger and older people's usage of music

By Dennis Christensen
and Uffe Svenningsen
Audience Researchers at DR

In the fall 2010, DR Audience Research and TNS Gallup have completed a study amongst Danes aged 15 - 60 years concerning their music habits and music usage. The study shows that radio and owning a private music collection (digital or analogue) are still the two largest sources for listening to music; but at the same time the results indicate that there are some clear generational differences. As expected it is younger people who have the largest usage of music and to a great extent they use newer sources for listening to music. Most strikingly a total of 88% of 15-25 year olds use YouTube when they listen to music and that is equal to those using a private music collection at home. In comparison, 75% of the young people listen to FM radio when they want to listen to music and that makes YouTube one of the most popular music distributers amongst young Danes.

People aged 15–25 year also have a high usage of music from radio, private music collections and MP3 players; similarly internet radio, TV music programs, online music services and web sites with singular music tracks, relatively speaking is also primarily consumed by younger people. The usage of the older age group is in brief characterized by at large usage of radio and private music collections – with less use of alternative sources.

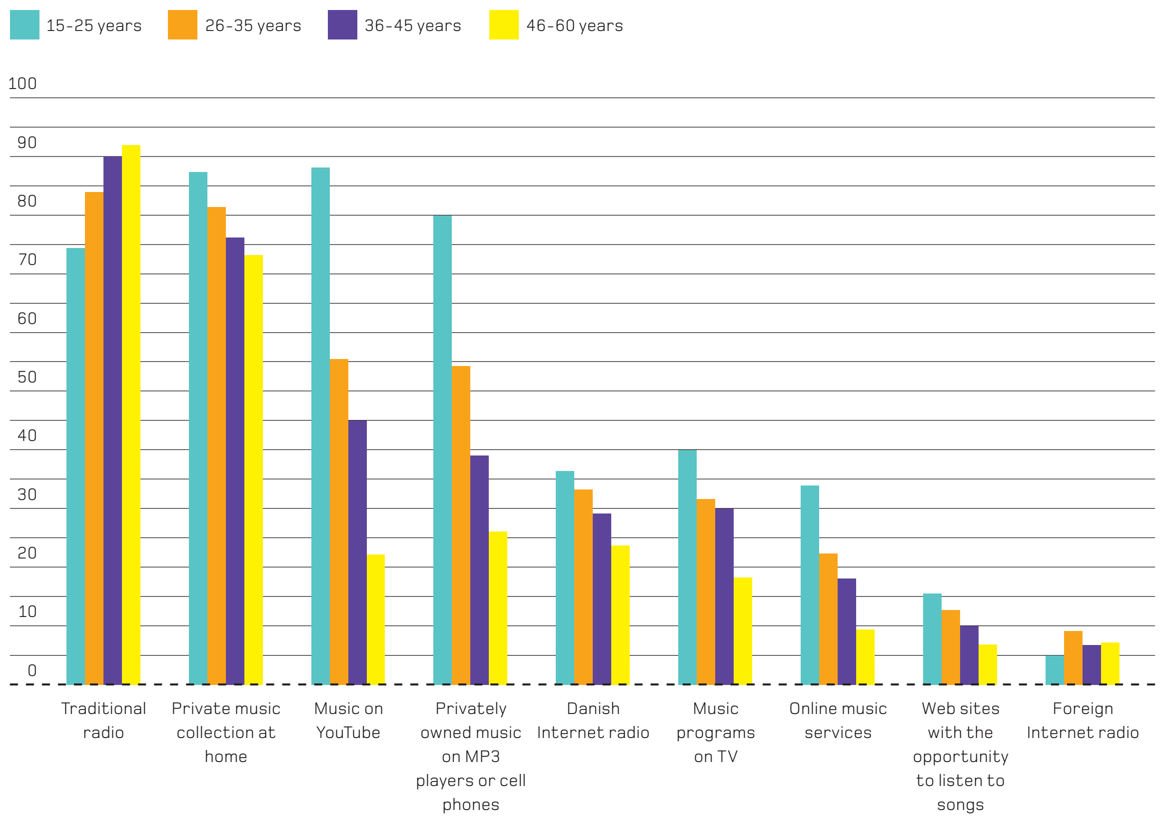
Long live the record collection and the radio

In the pursuit of quick headlines and a focus on new technologies, you often forget that traditional broadcasting methods, such as TV and radio, still have a great grip on the Danish people. It is the same story when it comes to music. Here the traditional radio is still the most used media compared to other methods for the usage of music – quickly followed by the Danes private music collections. The latter is of course in constant development, as LP's have become CDs which have turned into audio files etc. Bottom line is that conducting your private music collection is still a very popular sport among the Danes.

Younger Danes' music collections consist, without a doubt, of less LP's, CD's and entire albums than their parents' generation; yet it is not unusual for Danes under the age of 26 to have their own private music collection. On the contrary, 87% of young people inform us that they use a private collection at home; when considering all participants in the study, the figure was 78%. So even though the young people use a myriad of music sources, it does not mean that the private music collection has lost its significance. Conversely, it shows that even though the radio is used by 75% of young people to listen to music this medium is being used less compared to the older age group. Overall the radio is used as a music source by 87 % of the respondents of the study and those in the group aged over 35 years it was more than 90 %.

Which of the following ways/places are you using to listen to music?

Source: TNS Gallup and DR Medieforskning
Percent



The study also shows that the radio is still the most popular source when Danes want to listen to new music. Danes also buy new music for their private collection and browse YouTube to find it, but both to a significantly lesser extent.

The young people's increased usage of alternative music sources, breaks the status that the radio and record stores had previously and how they defined what music was popular amongst the young people. Consumer patterns indicate a new trend; where it was once enough to have your hit played on one or more radio stations; it is now also very important to have a channel on YouTube, make your music available on your web site and license it for the many online music services.

Online music services in progress

One in every five respondents used online music services such as TDC Play, Grooveshark and Last.fm. In comparison, a third of young people use the aforementioned services this is a similar amount to those using Danish online radio. Amongst all who use online music services it is the payment service provided by TDC Play that is the largest, with coverage of 51%. A close second is the American free of charge service Grooveshark with 36%. However there is a large age difference on the user distribution of these services. TDC Play is the largest amongst online service users, aged over 25 years, and Grooveshark is mostly used by the younger user group aged 15-25 years.

More than a third of the online service users believe that they spend less money on music than they did previously, while only 11% believe that they spend more money on music now. A lot indicates that these services, in their current format, will continue to pressure music sales like MP3 files already have done so the last 10 years. This is no surprise as services like Grooveshark are free of charge and have a giant catalogue of music available. Even though the spending habits have decreased it does not seem like the services take usage time from other sources. Over half of the users believe that they listen to more music than before, while only 14% believe that they now spend less time on other music sources. So the services increase the total usage time that Danes spend listening to music.

Easy, Free and New – online music services strength and weaknesses

The study identifies three clear reasons why we use online music services. They are easy to use and very accessible, they are free of charge and they provide the newest music. These reasons are also a challenge for these services if they shall operate legally and earn money for the company itself, the record companies and the artists. If they have to offer music free of charge it creates major limitations for their business plans. At the same time they have to make the newest music available which often demands difficult agreements with the rights holders of the music. The model for free of charge music sources are usually financed by advertisements, for example Spotify- which is available in a number of European countries. However the quantity of advertisements must be kept to a minimum to maintain ease of use and accessibility does not disappear. In other words, it is a very difficult market to be successful in and that is why a lot of these providers have a short life or operates on the edge of the law.

Last.fm and BibZoom (The Danish libraries service) are a very good example of this. Despite a long life and having a stable economic background, Last.fm only holds 11% of the online music users in this media source. That is low when compared to TDC Play and Grooveshark. The service was formerly free of charge but now it cost approximately 30 DKK (4 Euros) a month and it is a little outdated because the users are not able to choose the music they wish to listen to. And despite the fact that the BibZoom service is free of charge, it is only being used by 9% of the online music users and illustrates one of the challenges. The service has been proclaimed as a failure due to the low number of users and the reason for this is primarily due to the lack of new music available. As the supply of online music services is so large today, it is very easy for the users to substitute one for another and that is why it is so difficult to compete against those that are "free of charge" or "the newest", even when on paper you have an attractive product.

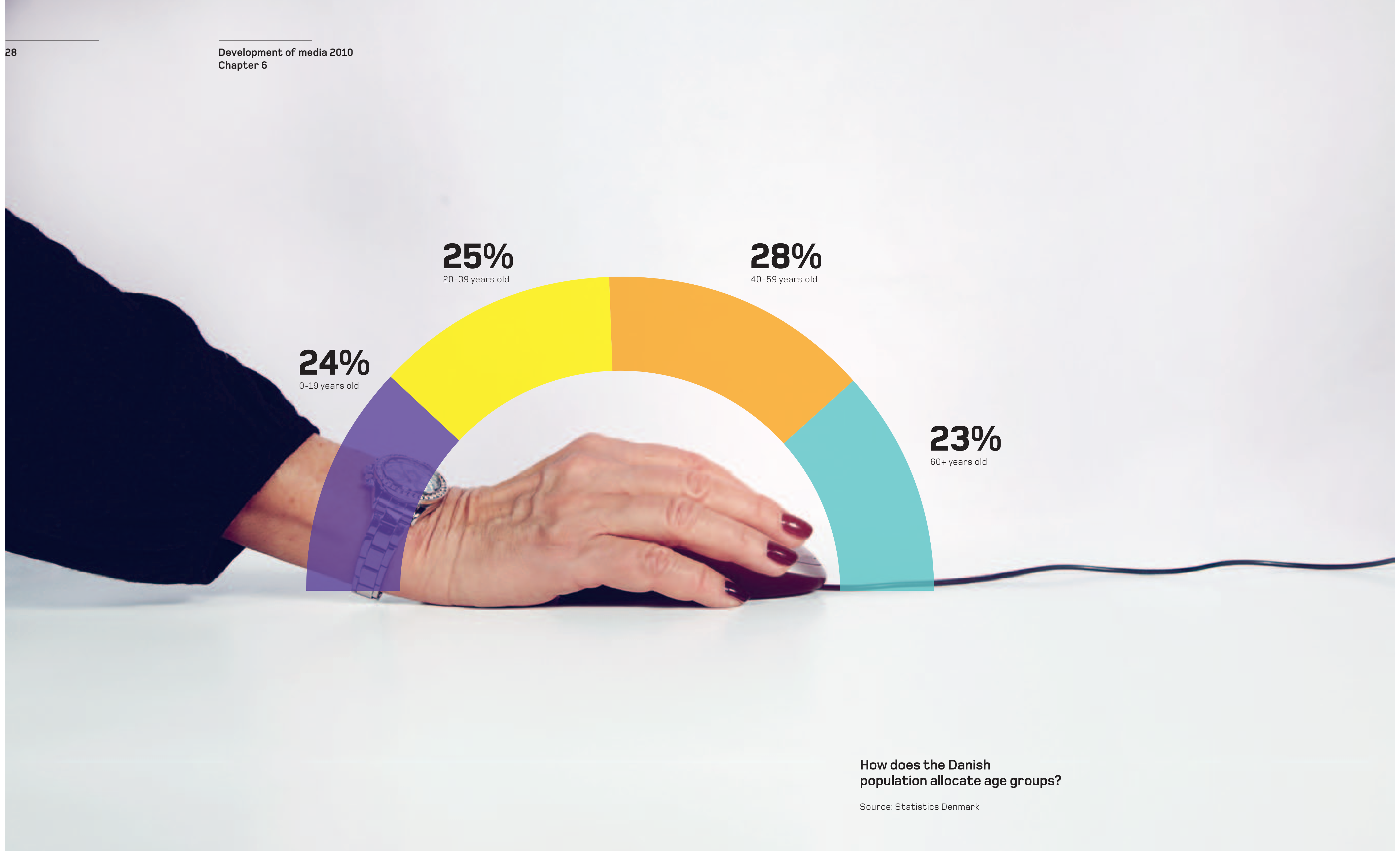
The future of music listening

Despite the overall issues there is no doubt that online music services have a great potential in the future media market. Firstly, young people are ready to take on the new possibilities that the so-called 'cloud computing' gives, where more and more content goes from the products to services. At the same time it is becoming more common to use your cell phone to access Internet services when you are on the go.

In several European countries it has been possible to access Spotify, which is both free and legal and the service has already proved itself in Norway and Sweden. According to NRK Spotify's free of charge version is used by over half of all Norwegian Internet visitors between the age of 20-29 years, and that is significantly more than amongst the older Norwegians, who participated in the study . In Sweden, 60 % of the 9-19 year olds use the service at least weekly, while this coverage is 53% for the age group of 20–34 years. To conclude Spotify is widely used in both Norway and Sweden and the attitude towards the service is strongly age-dependent. In Sweden 25 % of the users of Spotify use, by their own account, the service every day and with this comes large time usage. If the same development happens in Denmark, great changes are expected over the coming years. And even though both radio and the private music collections of individuals stand strong their position will, without a doubt, become redefined amongst music users. The question to be asked is just how great an impact there will be.

About the study

The study was conducted in November with 1,078 responses from an online panel consisting of Danes aged between 15 – 60 years. Therefore it is not 100% representative of the population but a survey particularly concerning young Danes usage of music.



How does the Danish population allocate age groups?

Source: Statistics Denmark

Tomorrows 60+ generation will change the media landscape

The number of Danes aged over 60 years account for an increasing section of the population and tomorrows 60+ generation will be better educated and remain in the labor market longer. This development will cause changes in this generations' media use: the use of Internet will increase significantly, while TV usage will decrease

By Nomi Kjærsgaard
and Anne Lærke Larsen
Audience Researchers at DR

1.3 million, almost a fourth of all Danes, are over the age of 60 and that number is increasing. Never-theless, the 60+ generation is often an overlooked target group in the media business. Frequently there is a focus on children, young people and the commer-cially attractive 15-50 year olds; however, the over 60 year's age group have a high level of media consumption and take up a lot of space in the media picture.

Never before, have the 60+ generation been so highly edu-cated and never have so many Danes over the age of 60 been on the labor market as there are now. A lot is indicating that this development is set to continue. The famous 68 generation is on their way to live life in their 60s and is expected to have additio-nal impact on this development.

The development in the 60+ generation will be visible in media consumption. If we look at the 60 plus age group, in particular those who are highly educated and work, it is evident that their TV usage is lower, whilst their radio usage and especially their Internet usage is higher than the average 60+ generation. As the age group 60 years or older and their media consumption are set to increase in the big picture these changes will cause a change in the general media landscape.

Most people aged 60, on the labor market, use the Internet

As an overall group, the 60+ generation watches more TV, listens to more radio and use the Internet less than the rest of the population. But if you look under the surface, there is an indication that changes are on their way. One of the biggest changes is that more people aged over 60, are still on the labor market. Today, 20% of people aged 60 years and above are employed; this is a signifi-cant increase since 1998, where the number was as low as 13 %. According to the Copenhagen Institute for future studies this development will continue.

This will, to a great extent, affect the media consumption of persons aged 60+ and it is in terms of Internet usage where the greatest effect will be wit-nessed. About half of persons aged 60+ that are not employed, use the Internet on a monthly basis. But amongst those that are employed, eight out of ten use the internet every month and that is equivalent to the average usage of the rest of the population. This significant difference is connected to the fact that the use of Internet is a crucial part of many jobs and as such persons aged 60+ who are employed, are introduced to the Internet and have become familiar with the media through the job.

Compared to TV usage, there is a significant difference between the two groups. While those aged over 60 , without employment, watch TV for 4 hours and 27 minutes a day, those who are employed, watch only 3 hours and 40 minutes each day. That is approximately 45 minutes less TV every day. And it is clear, that it is not age that is a crucial factor but whether or not you are employed. If we look solely at persons aged 60-65 ye-ars, it shows that this age group, where unemployed, actually watch approximately 45 minutes more TV a day than those who are employed.

On radio the trend is the contrary to that of TV. Out of those employed aged 60+ years, three out of four listens to the radio on a daily basis; while for the rest of the population it is only half who listens to radio on a daily basis. Regional radio is popular, 54% of persons aged 60+ year, who are also employed, listen to the radio channel P4 on a daily basis compared to only 27% of the total population.

The highly educated have a lower TV usage

One of the reasons that more people remain in employment after the age of 60, is that a lot more persons within this age group are higher educated than they were before. This is because these jobs, that require a higher level of education, often do not require physical strength and as such more people over the age of 60 can continue in these jobs for a longer period. In 1991, 63% of 60–69 year olds had primary education as their

Facts

The share of Danes aged 60 years or more, have since 2005 increased from 20% to 23%.

The share of persons within the 60+ age group, who are employed, has since 1998 incre-ased from 13% to 20%.

highest completed education; but in 2010 this number decre-ased to 33%. And this develop-ment continues: If we consider persons aged 50-59 years, who will be a part of tomorrows 60+ generation, then the percentage of people with only a primary level of education in 2010 is down to 27%. And the number drops further down to 21% amongst those currently aged 40-49 years. This development means that more people in the 60+ generation, in the future, will have a higher education. At present, 23% of all people aged between 60–69 years, have a higher education, while this is applicable to 31% of those aged between 40–49 years.

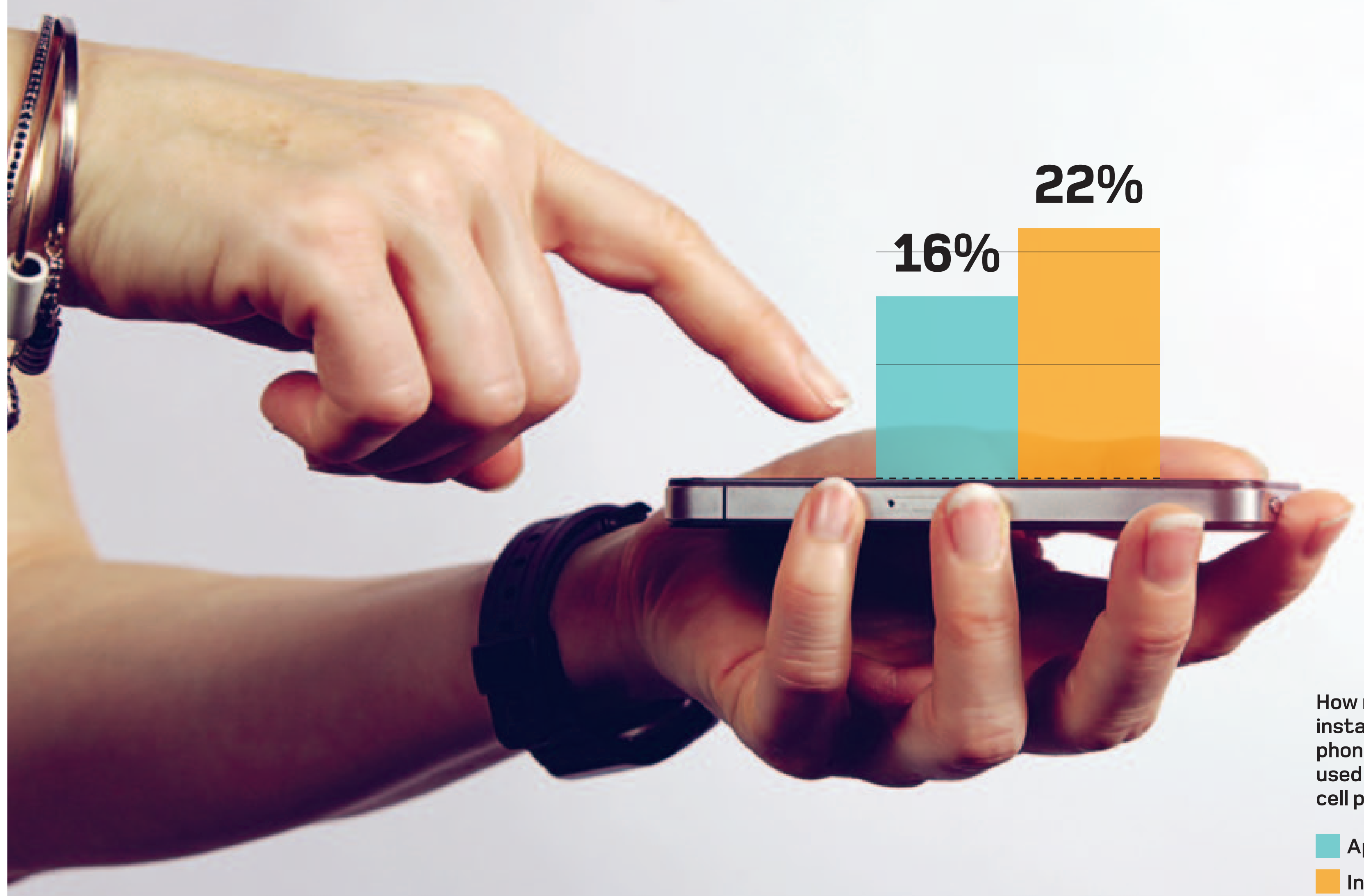
Education, therefore, seems to have a great influence on media consumption of the 60+ generation and it is particularly their usage of Internet media where the parting of the waves occurs.

Amongst those Danes aged over 60 years, whom have a higher education, 75% use the Internet each month, while the same is applicable for 32% of those who have a primary edu-cation as their highest education level. In this group, two out of three people do not use the In-ternet at all on a monthly basis.

It also appears that TV usage is correlated with education level. Those aged 60+, who have a primary education as their highest education level, watch an average of 4 hours and 47 minutes of TV each day; while people with a higher education watch one hour and 12 minutes less, namely 3 hours and 35 mi-nutes on a daily basis.

The new 60 + generation

Those aged 60+ who are employed and have a higher education, watch less TV, listens to more radio and use the Internet especially more than the average person aged over 60. Everything indicates that this group amongst the 60+, will increase in the future. If we try to generalize these tendencies as to what the average media consumption of the 60+ gene-ration is going to look like in the future, the forecast of Internet use is relatively simple. It is here the greatest changes will take place, because the Internet is still a relatively new media, which to a large extent the oldest part of the population has never really become acquainted with. This is not the case among the new 60+ generation, who will be accusto-med Internet users and there-fore the use of the Internet amongst those aged 60+ will in-crease significantly in the future. Even though Danes have never watched as much TV, as what they do now; and even though it is actually the 60+ generation that pulls up the average, there is no indication to suggest that this development will continue. The group aged 60+, which is growing, watch significantly less TV and this will affect the average TV usage figures of those aged 60+. You can even question whether it will result in a decrease in average TV usage for the whole population; as the growing 60+ generation assigns great weight to the average. With radio it is a little more dif-ficult to forecast the future. On the one hand, a great part of the growing 60+ age group listens to more radio than the average; but on the other hand, radio li-stening has in general decreased somewhat. Considering the two trends alongside each other; the conclusion must be that radio listening in the 60+ generation is likely to stay on the same level as now and will do so in the future. One thing is for certain: Danes aged over 60 years represent a growing part of the population and the usually overlooked part of the population will therefore have a greater significance for the media market of tomorrow.



How many Danes have installed an app on their cell phones, and how many have used the Internet on their cell phone in a month in 2010?

Apps

Internet

Source: Megafon and DR Audience Research
Age group: 15 + years

Internet on the cell phone gathers speed

In just one year, there has been a significant increase in the number of Danes who use the Internet on their cell phones. This is particularly due to apps, which are one of the most talked about media trends in 2010. Apps on the cell phone are just the beginning because they are already available on smaller computers and Internet connected flat screens

By Jacob Lyng Wieland
Audience Researcher at DR

It has long been predicted that the Internet would capture the cell phone and become a mass phenomenon amongst cell phone users but the development has been a long time coming. However, new numbers indicate that a serious breakthrough is on its way and that is especially due to Apples iPhone, which with its user friendly app store has made it easy and relevant for many to use the Internet on their cell phone.

In the fall of 2010, a study made by the research institute Megafon shows that more than every fifth Dane has uses the Internet on their cell phones at least once a month. Compared with a similar study conducted previously, that figure has almost doubled in just one year. It is mainly younger men who are online on their cell phones and it is particularly the so-called apps that have created this development. Apps, an abbreviation of 'applications', is basically a small program that provides access to content or expand the functionality of the cell phone.

iPhone drives the development
Apple's iPhone was launched in 2007 and has ever since been predicted to change our understanding of what a cell phone is. And that presumption is not completely inaccurate. Although it has been possible to earn money on particular areas like games, ringtones and wall papers for several years, it has never experienced such a mass distribution of earnings on the content for cell phones. That is why content producers especially have been busy investigating new earning possibilities and it is here where Apple has had a significant impact. Apps have been the key to making a lot of Danes use their cell phone for reasons other than just talking and texting. It has created a whole new market for content producers that wish to make money on cell phone content because Apple has, with their App Store, where apps are subject to approval by Apple, made it easy to charge for apps. Just as important is that the users have shown a willingness to pay for this content for their cell phones. For many years it has been a challenge to develop business models on the Internet and to create breeding grounds for user payment and those that have tried have done so without appreciable success. But with apps it looks like it is actually possible to sell content on the Internet.

The development has increased rapidly and today Apple is not the only service provider on the market. Google has accompanied them and launched the Android Market for their mobile device platform and Nokia has also developed Ovi Store. Mobile manufactures, software manufactures and content producers are all heavily investing in apps because they have already achieved impact beyond the common small percentage of the technology happy first-movers.

App-users hang on
If we look at the Danes use of cell phones, then 16 % have at some point installed an app on their cell phones. Those who have downloaded apps are predominantly male and under the age of 40. It is therefore younger men that constitute the largest group of app users in Denmark. The income level reveals at the same time that it is especially a mix of students and working people that account for the core group of app users. And it is basically the same people who download apps that also use the Internet on their cell phone.

When a person has been hooked on downloading apps to their cell phone it sticks. Over half of the app users download new apps at least on a monthly basis and there is even a small core, of about a fourth of all app users, who do it several times a week.

The remaining group, about 40% of the users, downloads apps less frequently. Here you find app users who have downloaded the necessary apps for their cell phone and have gained the desired functionality and you also find the app users who have tried various apps when they got their new cell phone and have subsequently lost interest for the craze.

IPhone owners are heavy users of apps
This article claims that Apples

About the study

The study has been conducted by Megafon for DR Audience Research in October 2010 amongst Danes over the age of 15.

iPhone is an important part of the development and it is clear that in particularly the owners of iPhone handsets downloads apps. When Danes have got an Apple iPhone in their hand it is almost a natural process to download an app for it. 9 out of 10 iPhone owners have downloaded apps and when considering all people that have downloaded apps the iPhone owner represent almost 40% of that figure. This is a high proportion especially considering only 7 % of all Danes have an iPhone.

Even though Apple has made it easy for users to download apps, their business methods have still met a great deal of skepticism. If a manufacturer wants to sell a program at the App Store, Apple take a proportion of the revenue. At the same time Apple has to approve all programs for the App Store before they can be sold and they forbid amongst other things pornographic content.

This means that the daily paper Ekstra Bladet had to abolish there naked "page 9 girl" in their iPhone app. Another challenge for many content providers is that today users can pretty much access the same content through their web sites as what they can through the app. Several operators has announced plans to offer exclusive content through the paid app and this is where it gets interesting, to see if the users willingness to pay stops. A lot of apps cost less than 10 DKK (1.3 Euro) and a lot indicates that the price level does not scare off app users. At the same time it is less risky to test different paid apps due to the low costs.

Apps are not just for the cell phone
It is not only cell phones that apps have taken by storm. The small programs are also a large part of Apples highly acclaimed tablet computer, the iPad, also Samsungs tablet computer Galaxy is based on apps. A number of new flat screens have access to the Internet and here it is possible to install apps. It is typically small programs that provide the ability to check email, Facebook or update your Twitter profile. The term apps is something we will see much more of.

There are good reasons to keep an eye on apps. First and foremost the development indicated that the users are willing to pay for small programs which make them very attractive to develop. This means that the supply of apps will continue to grow just as the competition will result in a lot of apps of a high quality. Additionally it would appear that the app concept is comprehensible for the users. It is a small program that expand the functionality of the cell phone, tablet computer, TV and in a near future also many other media devices. With general development, where the Internet becomes more integrated in our daily life, the apps is an obvious media for content because it exploits the distribution of the Internet but discards a lot of the complexity that is found on the world wide web and traditional web sites.

We live in the digital future

The inventor of the term Cyberspace, author William Gibson, has always spoken a lot about the future and amongst other things repeated the sentence: *The future is already here – it's just not very evenly distributed.* With that in mind, we will look at how it is already possible to live in a digital media world, which invades our lives more and more, even though it lies far away from most Danes' everyday life. Often the digital media world comes in to our lives in small portions, for instance when we get a new smart cell phone or experience new things on the Internet. Slowly but surely, it changes our media habits

By Carsten Andreasen
Audience Researcher at DR

We now live in a digital media world and it gradually makes sense to talk about the new digital reality. After many years of talking about how the future of media will look, it is has now arrived. We have past a turning point where distribution in almost all cases are digital, the business models are almost set and the issues with content right, slowly starts to adjust the digital reality, where platforms and borderlines play a smaller part than before. At the same time, usability is beginning to accelerate and, most significant of all, is that the users are slowly starting to change their habits. The last ten years the number of Danes, who feared, that modern technology will end up taking power from the humans, has halved.

Experiences are in focus
One of the most significant changes, we are experiencing at the moment, is the transition from focusing on the device to focusing on the experience itself; for example the television itself has become less important compared to the actual TV experience and radio has become a listening experience. A development, where content exists on many different devices and where it is not standard, that TV programs will be watched on the large TV in the living room, even though this is still here where the majority of TV is being watched. In coming years a missed episode of the Danish TV series, Borgen or Lærkevej, will probably be watched on your cell phone on the train to work or on your laptop in your summerhouse. TV and radio is no longer something that has to come out of a TV set or a radio, when the broadcaster determines what time is most suitable. At the same time the Internet becomes more and more integrated into the traditional devices like television and radio, like the way apps have become a significant part of cell phones. Whether it is a PlayStation, a box or the TV itself that can access the Internet, then the Internet access gives the user more freedom to choose just what content they are interested in. The digitalization means that users to a higher extent choose both where and when they will use the different media content.

We have not seen the full potential in Denmark.
In many ways, Apple has in the past years shown the golden path with well-designed products with a high focus on feeling of exclusiveness, have given easy but limited access to the new digital world. Apple's iPhone has revolutionized the Danes' use of mobile Internet and the tablet computer, led by Apple's iPad, have the potential to bring Internet out of the offices and onto the Danes' sofas to a larger extent than the laptop. iTunes is similarly, with its worldwide success, highly important for the music industry. How the digital media market will develop over the next couple of years is, however, a more open question. If we look at the American market, Apple is a very strong business player who offers sale and rental of movies and TV series; Amazon and Microsoft offer similar competing products. On the contrary if we look at DVD's then the services are not usually compatible and the users will often be locked to one supplier. Other strong competitors are services like Hulu and NetFlix. Hulu uploads almost all the newest TV series for free on their website against the display of advertisements and are owned by several of the largest media players, like NBC, Fox and ABC all into one collaboration. NetFlix is a service, where the users, against a monthly subscription of about 45 DKK (6 Euros), can watch all the movies and TV series they wish, they have an impressive large selection of content and the content can be watched directly on the computer, cell phone or TV. These types of services have not been seen on the Danish and large parts of European market yet and this is due to the very complex rights structures there are connected to this market. This will, without a doubt, delay the digital development in Denmark for several years.

Meet the digital Danes
On the next pages you will meet three people and families who all live in a digital reality. They are all fictitious, but based on high-technology capable people and their experiences with new technological possibilities, gadgets and ordinary Danes' use of the technology in the DR Audience Researchers' test room, GadgetLab, and the daily work with tendencies on the media market. We have only used technology that is available on the market or that will be released within the next six month.

New technological possibilities are not linked to a fact that everybody will embrace them. Some lack interest, others lack the skills to manage in the digital world, but with these stories we will present a digital development that will most likely take place in many Danish households within the next 3 to 5 years.

Mette

Mette is 23 years old and studies Sociology. In her dorm room she has a laptop and her TV is connected to the cable network, so there are lots of possibilities for traditional media use. She is often on the go and the portability is therefore essential for her life.

Mette therefore uses her iPad a lot. On the iPad she has most of her study books, her calendar and email and it is here she can look up information on Wikipedia or get the daily news. When she is at the university she writes notes on her iPad and they automatically get synchronized with her laptop at home via the Internet. At night Mette often watches TV series bought on iTunes for her iPad.

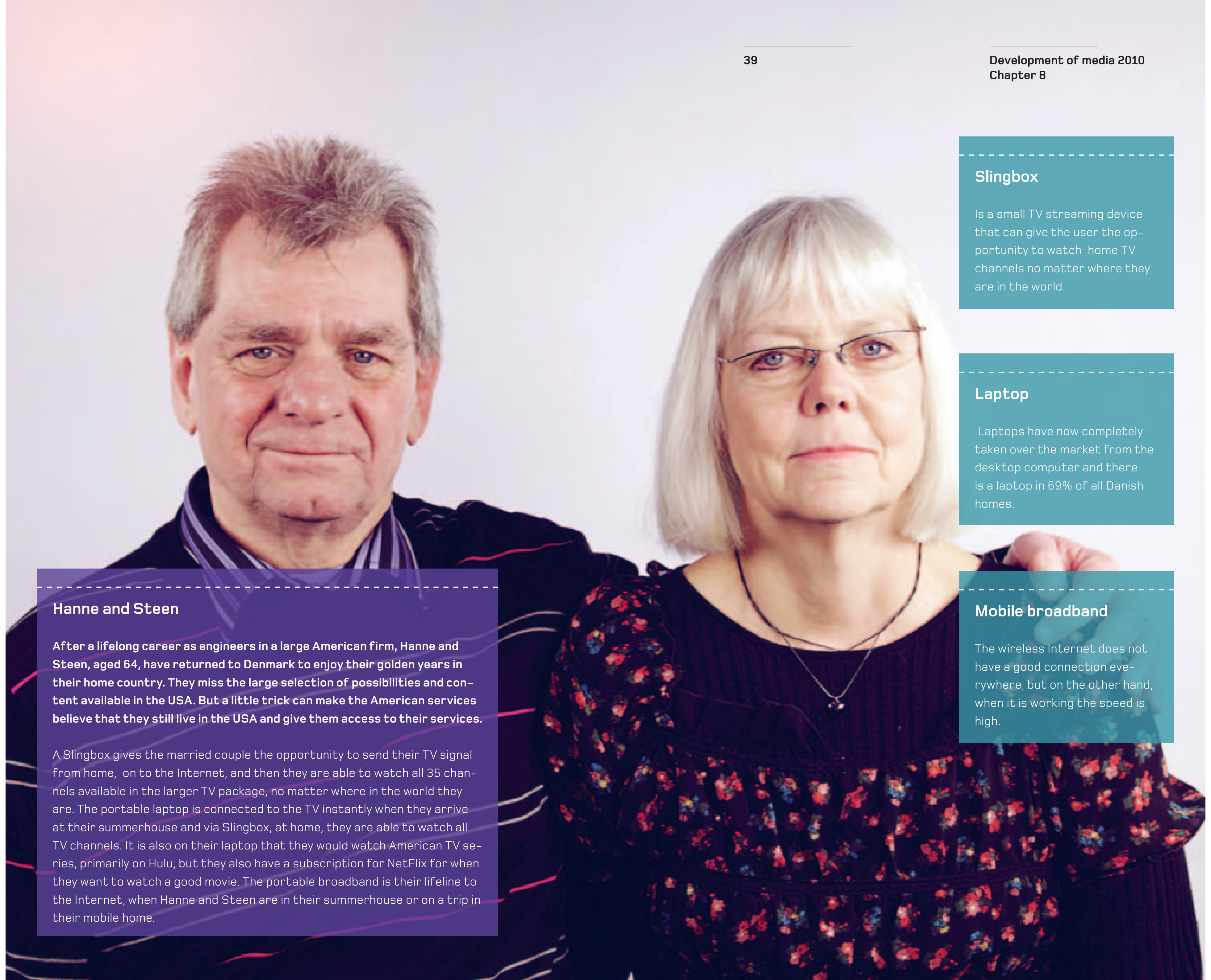
Mette also has an iPhone. On this she listens to her own music, in the MP3 format from iTunes, but she also listens to the radio channel, P3, and stream music from the foreign music services; Spotify and Pandora, where she can create her own personal radio channel. Mette is also very excited about Facebook on her iPhone, as it is more manageable. Moreover, Mette is diabetic and she likes that her new electronic diabetes pen transfers data to the Internet via her iPhone, where she regularly can record her blood sugar, medication use, what she eats and her running times. It all happens on a web page, where she can see how her condition is developing and can compare herself to other users and talk to other diabetics.

iPad

Apple's model of a tablet computer, that can be used for music and video, Internet surfing, email and electronic books. It has a very reader-friendly screen and a long battery life.

iPhone

The dominating cell phone within the group of smart phones. A combination of cell phone, music player and pocket computer with GPS.



Hanne and Steen

After a lifelong career as engineers in a large American firm, Hanne and Steen, aged 64, have returned to Denmark to enjoy their golden years in their home country. They miss the large selection of possibilities and content available in the USA. But a little trick can make the American services believe that they still live in the USA and give them access to their services.

A Slingbox gives the married couple the opportunity to send their TV signal from home, on to the Internet, and then they are able to watch all 35 channels available in the larger TV package, no matter where in the world they are. The portable laptop is connected to the TV instantly when they arrive at their summerhouse and via Slingbox, at home, they are able to watch all TV channels. It is also on their laptop that they would watch American TV series, primarily on Hulu, but they also have a subscription for NetFlix for when they want to watch a good movie. The portable broadband is their lifeline to the Internet, when Hanne and Steen are in their summerhouse or on a trip in their mobile home.

Slingbox

Is a small TV streaming device that can give the user the opportunity to watch home TV channels no matter where they are in the world.

Laptop

Laptops have now completely taken over the market from the desktop computer and there is a laptop in 69% of all Danish homes.

Mobile broadband

The wireless Internet does not have a good connection everywhere, but on the other hand, when it is working the speed is high.

The Poulsen Family

The parents, Martin and Nanna are respectively 34 and 35 years of age two years ago, took the plunge and terminated their cable TV subscription. They still use TV and media to a high extent, but they just watch in other ways. Martin has also bought an Internet radio, so he can listen to Danish radio podcasts (Harddisken and Orientering on P1) and any of the many BBC radio channels, in the kitchen while he prepares the packed lunches for Otto aged 4 and Sille aged 7.

Over the past couple of months, Nanna has digitalized all of their DVDs and stored them on their computer, and now the children are able to easily choose a movie they want to watch through Apple TV with a small remote control. If the TV not available, the movies can also be watched on the computer or on one of their cell phones – all streamed from the family's network. Nanna and Martin do also rent movies and TV series from iTunes on Apple TV, which they watch, when they have time to relax. When they watch TV they use the laptop that is connected to the TV. Either it is DR NU, when they want to watch Bonderøven or TV 2 Sputnik, when the family wants to watch the news or Desperate Housewives.

The family has also bought the new Xbox with Kinect, which provides them with the opportunity to play family friendly games, where you use your whole body to dance, do sports or other things. The new Microsoft technology creates a 3D picture of the players and tracks their movements; likewise it is able to recognize faces and voices. The family also have a PlayStation 3, that not only is a powerful game console, but also works as a media center and is able to show movies, photos and play music from the family's network on the TV.

The family has also bought a 3D TV, which they mostly use for playing 3D games on their PlayStation, however Martin is especially looking forward to watching sports in 3D. There is still not many movies available in 3D, but they have watched a couple and they are very impressed with the quality. The TV is also capable of converting a 2D picture to 3D, but this did not impress the family. The family's digital brain is known as Network-attached storage (also called the NAS). It is a small box with an enormous storage capacity, where the family's DVD collection, downloads, podcasts are stored. It is also here that the budget, letters and all of the family photos are stored, so they can be accessed from all of the family's computers no matter if it is in the children's room or the laptop in the living room.

PlayStation3

Sony's game console still offers some of the greatest graphics on the market and at the same time works as a player of BluRay-discs which can display movies in a very impressive quality.

3D TV

The new 3D TV screens are not significantly more expensive than a regular new TV and provide a very impressive 3D experience. However, they require special glasses and a specific content.

NAS

A small box, approximately the size of a shoebox, which can store thousands of movies, photos and hours of music. The NAS' content can be accessed from all computers, game consoles and similar devices in the house.

Internet radio

Internet radio is able to play all the traditional FM and DAB channels, but also thousands of Internet channels. Many of them are also able to play podcast. The listener can therefore choose when he or she wants to listen to a program.

Apple TV

Apple's suggestion for a small, cheap box that makes it possible, in an easy and elegant way, to watch movies and the like on TV screens.

Xbox with Kinect

Microsoft's suggestion for a game console where you use your body to control the device. It is fun and very futuristic. The device shows a great potential, but the technology is still an embryo.

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Mediaindex
FDIM (The Association of Danish Interactive Media)
Gemius Denmark
The National IT & Telecom Agency
Megafon
TNS Gallup
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Other sources
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NRK (Norwegian Broadcasting Corporation)
Politiken
SR (Swedish Radio)
www.danskeradiobureau.dk
www.sbsradio.com/da

DR Audience Research in brief
DR Audience Research is DR's department of analysis. It is an independent department whose purpose is to give listeners, viewers and users a perspective of DR's many products and to follow developments in the media.

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Graphic design and photos
DR Design

Print
Hertz Bogtrykkergården