



Overview

Across channels and audiences, the shift to digital media is clear. Consumption of digital content is now mainstream among younger segments, and older audiences are quickly catching up. This could create a revenue shortfall for media companies – many of whom still rely heavily on traditional revenue sources, which are rapidly declining, and have not yet figured out how to make equivalent money from digital media. Based on input from more than 3,000 consumers around the world, our most recent research provides insights into the emerging media battlefield and guidance for revitalizing aging business models.

IBM Institute for Business Value

Media's looming revenue gap

Digital-driven challenge for traditional business models

Connected experiences drive adoption

Consumers are trading mobile phones for smart phones, printed books for e-readers, and traditional television sets for Internet-connected TVs. Media consumption has not just gone digital; it's connected. With their "always on" devices, consumers are just clicks away from a virtually limitless selection of music, video, games, shopping, news and more.

The third annual IBM Digital Media Consumer Study – part of a research series that has surveyed nearly 10,000 consumers over the past three years – reveals that digital media use has grown at a staggering pace. Between 2007 and 2009, mobile music and video adoption increased fivefold, and online newspaper penetration more than tripled. Among surveyed consumers, 53 percent are regular users of social networking sites, and 40 percent regularly read online newspapers. In terms of digital content consumption, consumers have clearly moved beyond the trial stage.

Massive Passives catch up

Although consumption of digital content is still dominated by the heaviest Internet users – Kool Kids (under age 24) and Gadgetiers (early adopters) – older generations are following. Unlike previous years' findings, this year's research shows that growth in more established digital media services such as social networking and online newspapers sites is now being driven primarily by the Massive Passives (typically older than 45).



