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## **TV vs. the PC: Changing Consumer Habits?**

Television has so far been a moving image-based, point to multi-point service and a one-way channel of communication, capable of delivering mass entertainment to passive audiences. It is in virtually every home and average daily TV viewing time in the European Union amounts to 204 minutes (Eurostat, 2002). On the contrary, the PC is a text-based, point-to-point interactive - or 'on demand' - service, mainly used for business and education. Users purchase a PC with the purpose of being able to fulfil their college coursework, surf the Internet, communicate via e-mail, engage in on-line chats and deal with electronic commerce. Compared with the television, where people sit back and enjoy, a PC screen is used by sitting close, lean forward and interact.

Therefore the TV and the PC seem to serve different purposes and apparently function in different markets, the former in the 'entertainment world' and the latter in the 'learning world', where users normally conduct internet style services via the PC terminal. This suggests that the substitutability of TV and the Internet is questionable. Still, technology gurus argue that digital technology, and in particular the introduction of interactive digital television (iDTV) will change the nature and the economics of the medium. Indeed, iDTV can offer services previously confined in the PC domain, that is, e-learning, e-commerce, e-mail, home shopping and banking, gambling, etc, in addition to being able to offer mainstream programming, These may vary dependent on the available bandwidth and whether a telephone line or cable is attached to the TV for the viewer to send information to the provider. In any case iDTV is a technology that offers the remarkable potential for widening media access, changing viewing habits, creating new types of programmes and enhancing interactivity.

But does it?

There are at least three pre-conditions for iDTV to flourish and bring the Internet to mass market. First, high penetration levels of digital TV in EU households are required; second, industry investments are essential; third, and perhaps most importantly, consumer habits must change. Let us now turn into these issues in some more detail.

### ***Moderate iDTV Adoption***

Although TV ownership is almost universal, the number of EU households watching digital television (the technology that allows enhanced services) is still limited and varies greatly between EU countries. Dataxis (2005) found that DTV penetration in June 2005 was particularly high in Britain (63.5%), Ireland (38.1%), Sweden (28.9%) and Finland (28.6%). However, in large countries like Germany and Spain the viewings were just above 17%, while the situation was slightly better in the other large territories of Italy (26.9%) and France (25.3%). DTV adoption was particularly low in the smaller territories of Belgium (3.7%), Greece (5.6%) and the Netherlands (12.4%), while most of the Eastern and Central European countries joined the EU in 2004 had negligible DTV penetration rates. DTV penetration across the EU was around 24% of households (see Table 1). Such moderate DTV penetration levels do not leave much optimism for mass access of Internet services via the TV set.

**Table 1: DTV Household Adoption in Europe (June 2005)**

<b>COUNTRIES</b>	<b>SUBSCRIBERS (000)</b>	<b>PENETRATION (%)</b>
Austria	288	8.8
Belgium	159	3.7
Cyprus	16	6.5
Czech Rep.	90	2.2
Denmark	477	19.2
Estonia	9	1.5
Finland	693	28.6
France	6664	25.3
Germany	6678	17.1
Greece	218	5.6
Hungary	154	3.9
Ireland	533	38.1
Italy	6039	26.9
Latvia	18	2.0
Lithuania	8	0.6
Luxembourg	1	0.6
Malta	2	1.5
Netherlands	873	12.4
Poland	1275	9.3
Portugal	769	15.1
Slovakia	15	0.8
Slovenia	7	1.0
Spain	2498	17.3
Sweden	1300	28.9
U.K.	15713	63.5
<b>TOTAL EU 25</b>	<b>44497</b>	<b>23.7</b>

**Source:** Dataxis (2005)

**Note:** includes the four DTV platforms - satellite, terrestrial, cable and IPTV

### *The market perspective*

Second, the market reacted cautiously towards the commercial potential of developing television with Internet applications. WebTV, launched by Microsoft in the late 1990s, went out of business soon afterwards. At the time the New Economy as a whole was facing a slowdown – if not a crisis – owing to the dot.com bust which led to an unimpressive consumer demand for new technologies. Eventually WebTV was replaced by MSNTV and forms part of Microsoft's MSN division. Alongside with other gadgets, such as TiVo and ReplayTV developed by other market players, MSNTV is smart and simple to use, but has not yet proved commercially viable. Still, company investments in these diverse technologies reveal a renewed interest in new media, six years after the bursting of the dot.com bubble. This interest is triggered by the vision of convergence between telecommunications, the Internet and media industries. Technological convergence is hardly a new concept; it used to be a buzzword associated with all the hype in the late 1990s. The difference is that this time the talk is supported by technology that works and by huge investments.

British Telecommunications, for example, once a traditional telecommunications company, is planning to offer a version of television which will allow broadband customers to download films from a back-catalogue on demand via their phone-line and to watch and rewind the movie as they please for a certain amount of time. News Corporation has spent close to \$1 billion (£578 million) for various Internet sites, including the purchase of Easynet broadband provider for £211 million and the popular social networking phenomenon MySpace.com, with 35 million regular users on both sides of the Atlantic. It seems that the market is going through an evolutionary change and the major companies are quick to respond to have good chance of playing a key role. But will consumers be equally quick to respond to these changes too?

### *Patterns of media usage*

The over-hype about iDTV ignores the psychology of media usage: most people want television for entertainment and relaxation. As already mentioned, TV is a 'shared medium' and watching it involves a relaxed and passive usage, in which the viewer typically consumes whatever the network brings. In direct contrast to computing, which is seen as an active medium driven by individual 'users', television is considered a passive

medium consisting of multiple ‘viewers’ (see Table 2). It may be the case that technologies are converging so that the boundaries between television, computing and telecommunications are blurred. Still, convergence is more about *behaviour* than about technology; it is not so much an issue of whether the computer or the television will dominate in the home, but rather what consumer-citizens will do with these devices, how they intend to use them. And the fact is that television has not traditionally been associated with work and learning.

**Table 2: Differences between PCs and TVs**

<b>Personal Computer</b>	<b>Television</b>
Single person experience	Any number of people can watch the same TV
User sits close to the screen	Used sitting from a distance
Screens are high resolution/quality	A TV screen is larger but with lower resolution/quality
Screens typically display static images	Displays constantly moving images
Active, controllable medium	TV viewing is ‘passive’
Constant interaction via a keyboard /mouse	There is little or no interaction, via a remote control

Source: Blachford, 2003

The most favourite television programmes in the majority of EU countries are the so-called couch potato services, including FIFA world championship, blockbuster movies, children programming and news programmes. Despite the emergence of the multi-channel environment, in most EU countries people settle down for a small range of traditional channels which capture large audiences by showing shared moments of national or international interest (see Iosifidis, Steemers & Wheeler, 2005).

The other observation is that people prefer passive viewing and largely ignore iDTV, the two-way technology that permits viewers to order products and play video game shows. Viewers have shown little or no interest in interacting with the broadcasters and have not got excited about the features and benefits of interaction. They are not prepared to play an active role, i.e. choose the camera to view a particular football game, choose the plot in a film, etc. It follows that iDTV has yet to capture a mass audience almost a decade and a half after it was first introduced.

The social habit of watching television from a distance limits user interaction possibilities and therefore reinforces the passive nature of the medium. Viewer habits cannot change easily and it would thus be difficult to convince citizens to start using TV for work, learning and business services, such as home banking, monitoring finances or even buy airline tickets in front of a TV. Technology gurus like Gilder (1992) and Negroponte (1995) predict that future TV will look like a PC and capitalise the power the Internet brings to television and buying habits. However, and despite the rhetoric about convergence, people do not want a television that functions as a PC – what they want is better TV (Sims (1999). Alongside all this hype about convergence and the launch of new gadgets, there lies a simple fact: people want to access high quality content that is both popular and innovative. A study by the British communications super-regulator Ofcom revealed that viewers prefer to watch channels that provide a balanced TV diet of trusted and familiar programming with innovative, quality, original and high-risk output (Ofcom, 2004).

### **So, is DTV a substitute for the Internet?**

DTV has not yet proved to be a substitute for the Internet. Currently there is little evidence that DTV is the gateway to a mass Internet use in any EU country. The technology might be there, but as the market struggles with consumer habits, there is little evidence that TV and the Internet will converge into a single electronic medium. There are doubts over the ability of DTV to deliver the Internet at homes.

For the foreseeable future, the only certainty is that the personal computer and the television set will continue to be used separately and perform different tasks. This could lead to two possible scenarios. One is that television and the Internet may never become substitutes but instead they will complement each other. History teaches us that new technologies do not necessarily replace the older ones but in most cases co-exist. Television has not made cinema redundant, mobile telephony complements fixed telephony, and newspapers can be read online. Technological advancements will allow viewing high-quality audiovisual material on a computer screen, but this does not mean that the role of the television will diminish.

Another possibility is that the two devices will come together in the future. Indeed there is enormous potential of merging a mass-market medium, like the TV, with the world's biggest virtual library, the PC. Such a merger is likely to make information services accessible to more

people via different terminals and therefore liberate them from ‘the tyranny of the PC’. On the industry side the major companies have so far taken a conservative approach in their plans for web TV or interactive TV, as the market is risky. But recent corporate activity confirms a renewed interest in the field. Firms need to ensure there will be market demand in the future in order to continue investing in the field. Such a demand will most certainly derive from younger generations. Children who will grow up with wide availability of advanced new media technologies may be more willing than their parents were to use TV-based technology for information and learning or PC-based technology for entertainment.

The high-tech lives of 10 to 12-year-olds include game consoles, computer, mobile phones, but also offline activities and an interest in television. However, the younger generation will expect interactivity to be part of television and will not settle for ‘linear TV’ (standard scheduled TV). While linear broadcast channels will remain important for some time, some types of content – such as news – will increasingly be accessed on-demand via different distribution mechanisms. At the same time interactivity will be a recognised part of DTV. But for consumers to care and respond to these opportunities and tap into a powerful new appetite for participation in the creative process, regulators and firms have to ensure that the infrastructure is there, that the technology really works, and above all, that high quality content is available.

Then it does not matter whether it is ‘television goes Internet’ or it is the ‘Internet goes television’ (or even whether Internet-style services and audiovisual material can be accessed via other devices, such as a mobile phone). What does matter is that people will have access to a wide range of services via various terminals, a necessary precondition for achieving the information society. The PC and TV will not exactly be fulfilling the same function or become fully overlapping, but cross-fertilisation will take place as both will be used as platforms for the web.



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