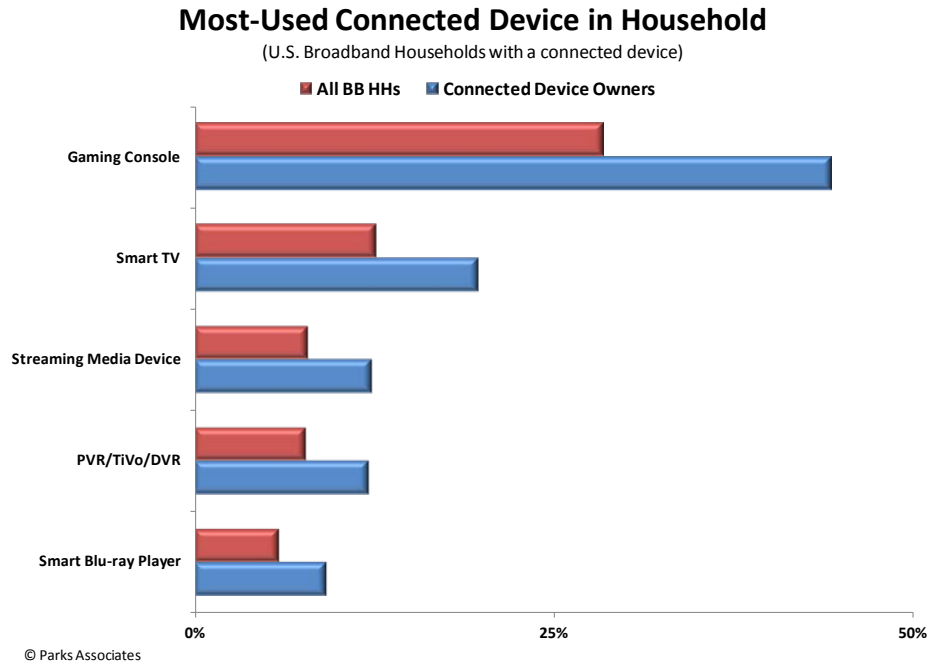


**Synopsis**

This report examines the challenges and opportunities of generating recurring monthly revenue from selling content placement and advertising revenues. It provides a five-year global forecast for the share of recurring monthly revenue that connected devices may obtain as well as their impact on video subscriptions and ad revenues for MSOs and telcos.

**Usage of Connected Devices in U.S. Broadband Households**



**Publish Date:** 3Q 14

"Revenue streams from alternate sources have the potential to be more profitable than unit sales," said Barbara Kraus, director, research, Parks Associates. "However, for the near-term, unit sales will continue to be the cornerstone of the business model. Manufacturers cannot monetize a device that is not used in a household."

**Contents**

**The Bottom Line**

**Dashboard**

**1.0 Report Summary**

- 1.1 Purpose of Report
- 1.2 Scope of Report

**2.0 Market Landscape**

- 2.1 Consumer Adoption of Home Entertainment Devices
- 2.2 The Competitive Landscape

**3.0 Market Drivers for Alternate Revenue Streams**

- 3.1 Low Profit Margins
- 3.2 Higher Profit Potential of Alternate Revenue Streams
- 3.3 The Decline of Hardware

**4.0 Market Barriers to Alternative Revenue Streams**

- 4.1 Low User Base
- 4.2 Company Culture
- 4.3 Device Purchasing Cycles
- 4.4 Unsatisfactory User Experience
- 4.5 Expanded Pay-TV Set-Top Boxes

**5.0 CE Device Business Models**

5.1 Hardware-Based CE Business Models

- 5.1.1 Value Equation
- 5.1.2 Innovation
  - Technology
  - Form Factors
  - Larger Screen Sizes
  - Flexible Displays
  - Game-Changing Form Factors
  - New Features

- 5.1.3 Premium Products
- 5.1.4 Single Brand Ecosystems

5.2 Alternate Revenue CE Business Models

- 5.2.1 The Alternate Revenue Market
- 5.2.2 Content Services Model
  - Other Content Services Fees
- 5.2.3 Subscription Models
  - Subscription Sales
  - Subscription Services
- 5.2.4 Vertical Integration Model
- 5.2.5 E-Commerce Transactions
- 5.2.6 Advertising
  - Data and Analytics

**6.0 Alternate Revenue Potential**

- 6.1 Models for Key Industry Players
- 6.2 Subscription Sales
- 6.3 Subscription Services
- 6.4 Content Services

**7.0 Implications and Recommendations**

**8.0 Appendix**

- 8.1 Research Approach/Sources
- 8.2 Glossary
- 8.3 Company Index

**Figures**

- Consumer Adoption of Home Entertainment Devices
- Home Entertainment Product Ownership in Germany, Spain, and the U.K.
- Annual CE Purchases (2007 - 2013)
- U.S. Households with Internet-Connected CE (2010 - 2014)
- Households with Internet-Connected CE in Germany, Spain, and the U.K.
- Percentage of Broadband Households Connecting CE Devices to the Internet in the U.S.
- Percentage of Broadband Households Connecting CE Devices to the Internet in Western Europe
- Competition for Unit Sales vs. Competition for Alternative Revenue Streams
- Average Price of an HDTV
- Percentage of Broadband Households with a Pay-TV Service Subscription
- Average Price of a 50-Inch or Larger Smart TV
- Screen Sizes of Flat-Panel TVs
- CE Buyers by CE Spending Segments

CE Spending by Income Level  
 CE Spending by Age Group  
 Average Monthly Content Expenditure for Most-Used Connected Device  
 Average Monthly Content Expenditure for Most Used Connected Device  
 New Business Model Players for Home Entertainment Devices  
 Share of 2014 Sales by Manufacturer  
 Most-Used Connected Devices  
 Average Time Spent per Person by Platform  
 Google Comparison of Rich Media Ads to Text and Standard Display Ads  
 Ecosystem for Alternate Revenue Business Models  
 Percentage of Broadband Households with OTT Subscriptions  
 Content Subscriptions Accessed Through a Connected Device  
 Alternate Revenue Stream Models for Key Industry Players  
 Examples of Subscription Sales Revenue Scenarios  
 Examples of Services Subscription Revenue Scenarios  
 Example of Content Services Revenue Scenarios

**Company Index**

Amazon	LG Display
Apple	LinkedIn
Apple TV	Microsoft
Best Buy	Netflix
Brightline	Pandora
CEDIA	PlayStation
Comcast	Roku
Corning Glass	Samsung
Double Helix	Samsung Display
Facebook	Seura
Fan TV	Simulmedia
Google	Sony
GoPago	Time Warner Cable
HBO	Twitter
Hulu	Ultraviolet
Instagram	Vizio
Intel	Vutec
Kaleidescape	Xbox
LG	Xbox One
	YouTube

**Attributes**

**Parks Associates**  
15950 N Dallas Expwy,  
Suite 575  
Dallas TX 75248

800.727.5711 toll free  
972.490.1113 phone  
972.490.1133 fax

parksassociates.com  
sales@  
parksassociates.com

Authored by Barbara Kraus  
Executive Editor: Tricia Parks  
Published by Parks Associates

© September 2014 Parks Associates  
Dallas, Texas 75248

All rights reserved. No part of this book may be reproduced, in any form or by any means, without permission in writing from the publisher.

Printed in the United States of America.

**Disclaimer**

Parks Associates has made every reasonable effort to ensure that all information in this report is correct. We assume no responsibility for any inadvertent errors.