



IN THIS ISSUE:

1 – BOOKS TO DRIVE THE DEBATE

2 – THE FUTURE OF TV

3 – US CDI BACK IN POSITIVE TERRITORY

1 – BOOKS TO DRIVE THE DEBATE

The National Chamber Foundation (NCF), a non-profit affiliate of the US Chamber of Commerce, is dedicated to identifying and fostering public debate on emerging critical issues. NCF's mission is to drive the policy debate on the important emerging issues by formulating arguments, developing options, and influencing thinking in an effort to move the American business agenda forward.

For those still looking for holiday gift suggestions, here are the Foundation's top reading selections for this year:

Disrupting Class: How Disruptive Innovation Will Change the Way the World Learns

by Clayton M. Christensen

According to recent studies in neuroscience, the way we learn doesn't always match up with the way we are taught. If we hope to stay competitive – academically, economically, and technologically – we need to rethink our understanding of intelligence, reevaluate our educational system, and reinvigorate our commitment to learning. In other words, we need “disruptive innovation.” Clayton M. Christensen and co-authors Michael B. Horn and Curtis W. Johnson take one of the most important issues of our time – education – and apply Christensen's theories of “disruptive” change using a wide range of real-life examples.

The Innovator's Prescription: A Disruptive Solution for Health Care

by Clayton M. Christensen

In *The Innovator's Prescription*, a comprehensive analysis of the strategies that will improve health care and make it affordable, Clayton M.

Christensen applies the principles of disruptive innovation to the broken health care system with two pioneers in the field – Dr. Jerome Grossman and Dr. Jason Hwang. Together, they examine a range of symptoms and offer proven solutions.

House of Cards: A Tale of Hubris and Wretched Excess on Wall Street

by William D. Cohan

In *House of Cards*, William Cohan does more than recount the incredible panic of the first stages of the financial meltdown. Cohan beautifully demonstrates why the seemingly invincible Wall Street money machine came crashing down. He chronicles the swashbuckling corporate culture of Bear Stearns, the strangely crucial role competitive bridge played in the company's fortunes, the brutal internecine battles for power, and the deadly combination of greed and inattention that helps to explain why the company's leaders ignored the danger lurking in Bear's huge positions in mortgage-backed securities.

The Numerati

by Stephen Baker

Every day we produce loads of data about ourselves simply by living in the modern world: we click web pages, flip channels, drive through automatic toll booths, shop with credit cards, and make cell phone calls. Now, in one of the greatest undertakings of the twenty-first century, a savvy group of mathematicians and computer scientists is beginning to sift through this data to dissect us and map out our next steps. Their goal? To manipulate our behavior – what we buy, how we vote – without our even realizing it. In this tour de force of original reporting and analysis, journal-

Trend Analysis That Builds Business Decisions

ist Stephen Baker provides us with a fascinating guide to the world we're all entering – and to the people controlling that world.

The Ascent of Money: A Financial History of the World

by Niall Ferguson

Niall Ferguson follows the money to tell the human story behind the evolution of finance, from its origins in ancient Mesopotamia to the latest upheavals on what he calls Planet Finance. In *The Ascent of Money*, Ferguson shows that finance is in fact the foundation of human progress. What's more, he reveals financial history as the essential backstory behind all history.

The Second World: How Emerging Powers Are Redefining Global Competition in the Twenty-First Century

by Parag Khanna

In *The Second World*, scholar Parag Khanna, chosen as one of *Esquire's* 75 Most Influential People of the Twenty-First Century, reveals how America's future depends on its ability to compete with the European Union and China to forge relationships with the Second World, the pivotal regions of Eastern Europe, Central Asia, South America, the Middle East, and East Asia that are growing in influence and economic strength.

Climate of Extremes: Global Warming Science They Don't Want You to Know

by Patrick J. Michaels

Climatologists Patrick J. Michaels and Robert Balling Jr. explain that climate science is hardly unbiased, even though the global climate community itself believes that any new finding has an equal probability of making our climatic future appear more or less dire. Michaels and Balling examine all aspects of the apocalyptic vision of climate change making headlines almost every day: Hurricanes pumped up by global warming; rapid melting of Greenland and Antarctica resulting in 20 feet of sea-level rise in the next 90 years; global warming occurring at an increasing

pace; and a massive increase in heat-wave related deaths. Each one of these pop-culture icons of climate change turns out to be short on facts and long on exaggeration.

The Tyranny of Dead Ideas: Letting Go of the Old Ways of Thinking to Unleash a New Prosperity

by Matt Miller

In *The Tyranny of Dead Ideas*, Matt Miller offers a unique blend of insights from history, psychology, and economics to illuminate where today's destructive conventional wisdom came from and how it holds our country back. He also introduces us to a new way of thinking – what he calls “tomorrow's destined ideas” – that can reinvigorate our economy, our politics, and our day-to-day lives. These destined ideas may seem counterintuitive now, but they will coalesce in the coming years in ways that will transform America.

Immigration Reform: We Can Do It If We Apply Our Founders' True Ideals

by Godfrey Muwonge

In *Immigration Reform*, Godfrey Y. Muwonge, a Ugandan-born, naturalized US citizen and previous appellate lawyer and deportation defense advocate, demystifies the polarizing subject of immigration reform in the United States by posing difficult questions about both ethical and political considerations. The book sorts out, from among the facts and myths, a balanced list of issues America needs to address.

The World is Curved: Hidden Dangers to the Global Economy

by David Smick

The World Is Curved picks up where Thomas Friedman's *The World Is Flat* left off, giving readers the consummate insider's guide to the back offices of central bankers, finance ministers, even prime ministers. David Smick describes how today's risky environment came to be – and why the mortgage mess is a symptom of potentially far more devastating trouble.

- Market and industry analysis
- Strategic business direction
- Growth dynamics

- Trend identification and analysis
- Keynotes and presentations
- Proprietary research and reports

Trend Analysis That Builds Business Decisions

2 – THE FUTURE OF TV

Traditional TV viewership is waning, while other kinds of video entertainment consumption rise, writes Brian Steinberg in *Advertising Age*. The top 20 shows on broadcast TV during the 1979-1980 TV season reached some 21% of households; these days, top shows reach around 12%. Total viewership for the top four broadcast networks in the current season through mid-November has slumped 42% since the same period in 1994.

In the meantime, other technologies that provide access to video keep growing.

TIME-SHIFTED TV

Digital video recorders were in 31 million TV households, or 27% of the total, at the end of the first quarter of 2009, according to Interpublic Group's Mediabrands; the figure is expected to rise to 51.1 million, or 42%, by 2014. Video on demand was in 43.1 million TV households, or 42% of TV households at the end of the first quarter of 2009, and is likely to reach 66.6 million, or 64%, by 2014.

MOBILE

Apple sold 7.4 million iPhones in its recently completed fourth quarter, each capable of playing video representing 7% unit growth over the year-earlier period – just one indication of the potential growth of mobile video.

COMPUTER SCREEN

Nielsen says video streams online rose from more than 95.3 billion in 2008 to more than 104.3 billion between January and October of 2009. The year, of course, is not yet over. Mediabrands sees households with broadband access growing to 87.4 million households by the end of 2014, compared with 71 million households at the end of the first quarter of 2009.

HULU

Overall streams per month at Hulu, the video-sharing site owned jointly by Walt Disney, News Corp. and NBC Universal, stood at 583.2 million in September of 2009, according to comScore Video Metrix. Overall streams at the site for the year-earlier period stood at 145.8 million.

FACEBOOK, MYSPACE

Nielsen says time spent viewing video on social networking sites increased 98% year over year, from 503.8 million minutes in October 2008 to 999.4 million minutes in October 2009. In conjunction, the number of online video streams viewed on social-networking and blog sites increased 45% year-over-year, from 240.8 million streams in October 2008 to 349.5 million in October 2009.

STEAMERS

A host of gadgets will start to function as ersatz set-top boxes, allowing us to find content and stream it to the screen we want. Blu-ray, Microsoft's Xbox, Roku, and Apple TV are just some of the devices that stream movies and other web-ready content, but in the future, users might just rely on them to watch TV series as well.

NEW SCREENS

This Christmas, a new category of internet-connected TV set is due out in stores from such manufacturers as Sony and Samsung. Retailer Best Buy will be including the CinemaNow service that allows users to download movies and other content through the TV they purchase. While these are likely to be aimed at early technology adopters, they mark a first step towards the ultimate goal: A TV that streams high quality content while allowing for interactivity.

Consulting in:

- Market and industry analysis
- Strategic business direction
- Growth dynamics

Providing:

- Trend identification and analysis
- Keynotes and presentations
- Proprietary research and reports

Trend Analysis That Builds Business Decisions

IMPLICATIONS

A realization has already begun to emerge that the TV screen is really just a monitor. And when content can be filtered through one big screen, those who know how to command an audience can choose to feed those consumers directly.

When the big screen in our living room finally converges into one that can deliver both TV

and internet content, the game will certainly change. It doesn't take too much imagining to foresee that in five to 10 years, many consumers will be able to access their online life with a TV remote, and the big screen will behave more like a touchscreen: It will know what shows we like, what music to offer us, and which social network sites and e-mail to feed us.

3 – US CDI BACK IN POSITIVE TERRITORY

The Consumer Demand Index is back in positive territory and significantly above November 2008, driven by a strong demand for food and grocery store items. The CDI is up to +8 points from -25 in November last year. The food index is at its highest level since February 2008. The CDI's three-month moving average is at its highest level since September 2008.

DEMAND FOR CARS UP

The percentage of households that have decided to buy a new car is up to 6.3% in November from 4.9% in October 2009.

DEMAND FOR DURABLES ON HOLD

Demand for furniture, white goods and radio/TV is at 18.2%, slightly below the October level and significantly lower than in November 2008. For the second month in a row only 1.5% of households have decided to buy white goods. Demand for radio/TV is doing better, but all the three items are at a historical low level.

DEMAND FOR FOOD AND GROCERY STORE ITEMS SIGNIFICANTLY UP – CLOTHING ON HOLD

The net index for clothing and footwear is at a low level and nearly unchanged for the last four months. Demand for food and grocery store items is significantly up from last month and from October 2008.

DISAPPOINTING DEMAND FOR TOYS

Demand for toys is only marginally up from October and significantly below November 2008. Demand for kitchenware is slightly down from October and also below the level in November 2008.

NUMBER OF UNDECIDED DOWN AGAIN

The percentage of households that have not yet decided to buy any of the items surveyed (excluding clothing and food) is down from 60% in October to 57% in November.

The Consumer Demand Index is a monthly survey of American households' buying plans for the next 90 days. Unlike other measures of consumer "confidence" or "sentiment," the CDI measures what percentages of US households are, in the next 3 months, actively planning to buy in a wide range of durable and non-durable goods, including cars, white goods, PCs, TVs, home furnishings, kitchenware, clothes/footwear, and food/groceries. We also measure, uniquely, what percentage of households are NOT in the market in ANY of the product categories surveyed.

The CDI consistently anticipates the direction of movements in both ISM (supply management) and CPE (consumer expenditure) surveys and, according to two recent independent analyses, outperforms competing indexes (Conference Board, University of Michigan) in predicting consumer behavior.

For more information and to subscribe, go to www.consumerdemand.com.