IAB Video Content Discovery

By Eric John, Deputy Director, IAB Video Center of Excellence

Introduction

In July of last year, in Carlsbad California, IAB convened a group of business leaders in the digital video space to identify and discuss key issues facing the industry as the worlds of television and digital video continue to converge. During the day-long meeting, the discussion touched on various points of marketplace friction, in particular the changing nature of video content discovery and distribution.

One attendee asked the group, spurring a larger conversation: “What’s the equivalent of the “TV Guide” for new and future generations of consumers?” In early days of the TV industry, newspapers provided local TV listings, then came the TV guide, followed by the interactive cable menus that made it possible to quickly find a show or movie. Now, there are thousands of content channels, and a growing number of connected devices and platforms like OTT where consumers can access video content. But the question remains, how are people finding the programs they want to watch? And what should advertisers be aware of as they also seek to connect with consumers across a portfolio of options?

To help address these questions, IAB commissioned this Video Content Discovery Study, which was conducted in February of this year. It’s been well documented that US Adults are spending more time, with a broader array of devices, than ever before. From walls, to desks, to pockets – screens are everywhere. Indeed, the average US adult now juggles more than four connected devices. Three-quarters use a smartphone and more than half use a tablet. [i] At the same time, along with the emergence of new platforms and devices for viewing video, have come new levels of choice in content formats, genres, and pricing models, all of which impact the ways consumers approach their day to day video search and content selection behaviors.

To help focus our inquiry, the study examined three distinct video storytelling formats:

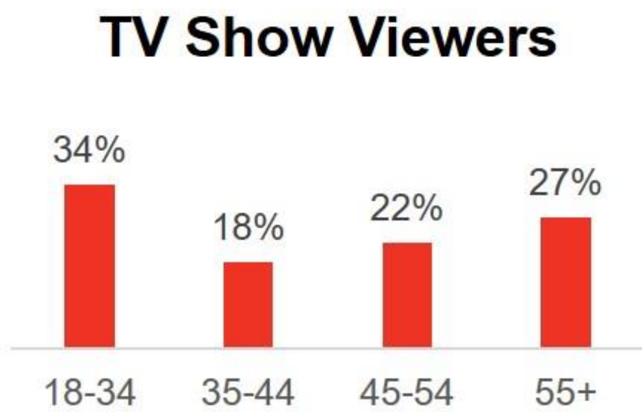
- Traditional TV[2]
- Subscription Series[3]
- Original Digital Video[4]

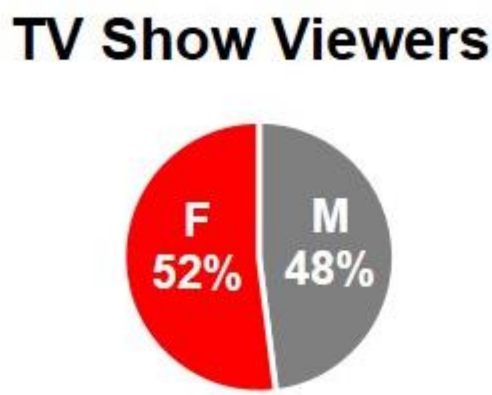
In short, we’ve found that, for each format of video content, who watches, how they become aware of content, what influences their decision to watch, and how they decide to ultimately engage with the content, are specific to the type of content. As you’ll see from the findings below, unlike the early days of television, when choice was limited to a few broadcast networks, today’s consumer is faced with a seemingly endless array of options, driven by technologies that both add to and reduce complexity to varying degrees. Our intention is not to point to a silver bullet solution or suggest what the ultimate next generation TV guide will look like. Rather it’s to identify key patterns in the customer journey, and look to those patterns as guidance for potential opportunities and areas for improvement for publishers and advertisers. We begin by first identifying who the primary consumers are of the three formats identified above, followed by how they hear about, search for and ultimately find the content they’re looking for.

Traditional TV Shows:

Who Watches

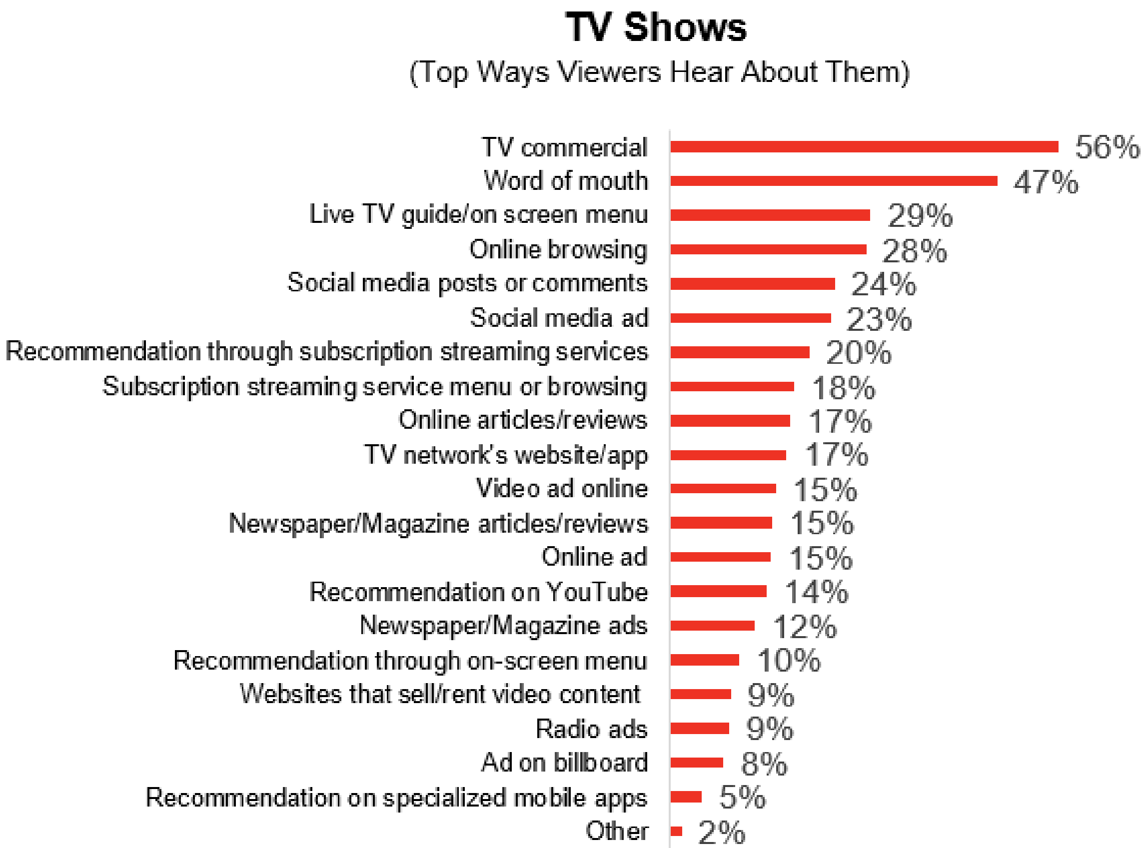
Among the viewers of Traditional TV Shows (TTVS), we find that while just over 1-in-3 (34%) are in the age range of 18 to 34, there is relatively broad engagement (and slightly more balance) across the age spectrum with viewership of Traditional TV Shows, compared to the other types of video content we'll be exploring here. This makes some sense, given the broad range of content created under its umbrella. Additionally, we find that TV Show Viewers tend to skew slightly Female (again, a slight departure from the rest of the types of video content we studied).





Discovery: how they hear about it

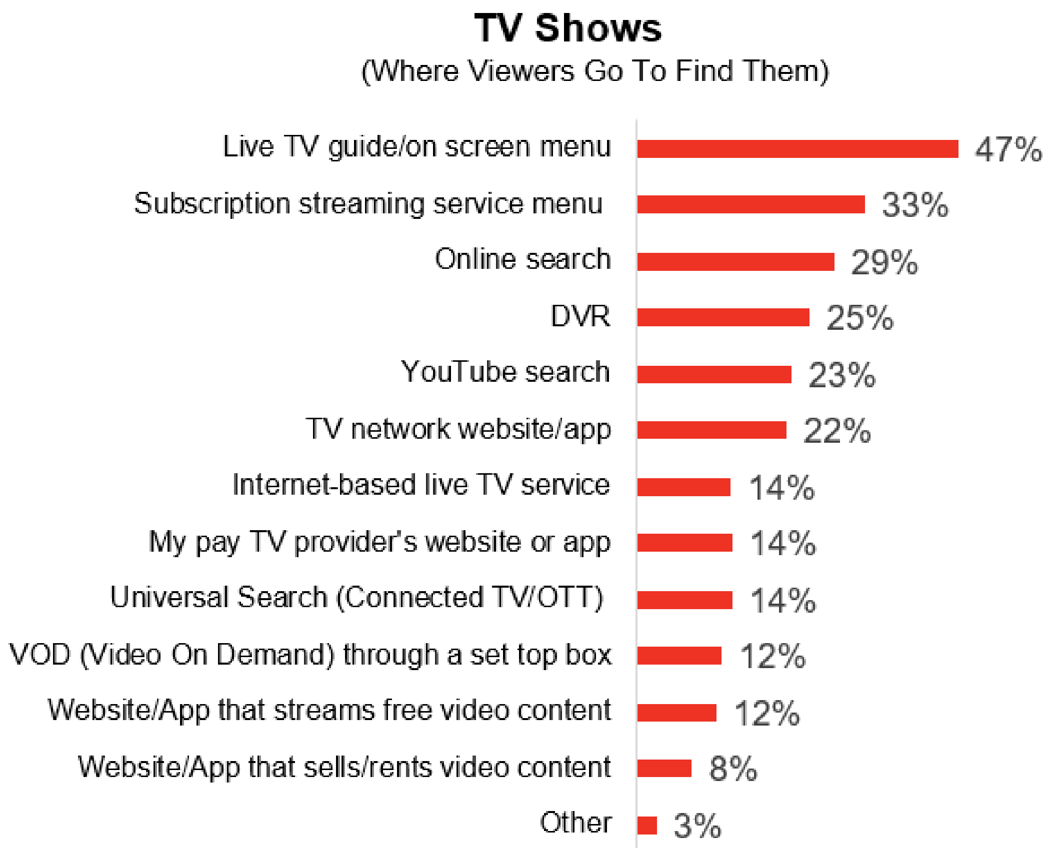
The main way consumers say they discover TV Shows is… on TV! Specifically, via TV commercials, which is how 56% of TTVS viewers say they typically hear about them. Word of Mouth is another important way viewers say they typically hear about TV Shows (at 47%). General screen-time plays a role as well, as both Live TV Guides/On Screen Menus (at 29%), and general Online Browsing (at 28%) are significant sources for TTVS awareness. And finally, Social Media contributes to the process, with 24% of TTVS viewers saying they typically hear about TV Shows from Social Media Posts or Comments, and 23% citing Social Media Ads as a typical way they hear about TTVSs.



Ads (of all kinds) play a big role, not only in discovery, but beyond that to influence consumer's content choices. 81% of Traditional TV Show viewers say that ads of all kinds influence what they watch. And among those viewers of Traditional TV Shows who say they hear about them via Digital Ads, 94% say that ads influence what they watch.

<u>Finding Traditional TV Shows</u>

Viewers of Traditional TV Shows are an intentional bunch, as 75% say they usually know what they want to watch, and look for it specifically. Regardless of intent, however, when viewers go to find Traditional TV Shows, 47% say that they use the Live Guide/On Screen Menu (32% say this is their most-used method), 33% say that they use Subscription Streaming Service Menus, and 29% say they turn to Online Search.



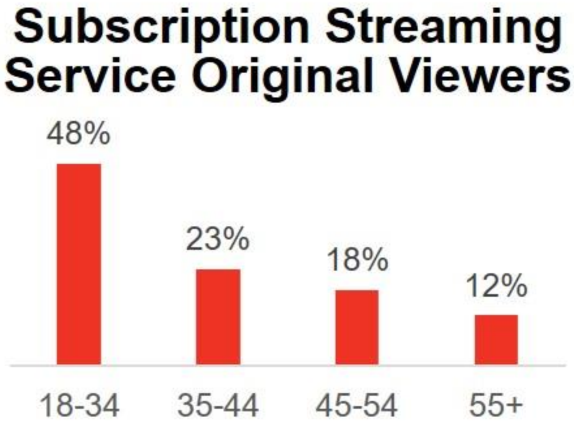
How Viewers Typically Watch Traditional TV Shows

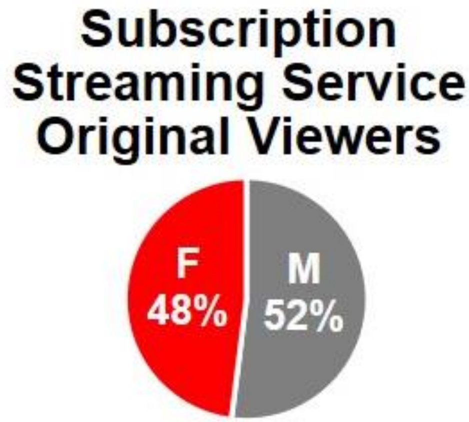
When it's time to actually start watching, 54% of TTVS viewers say that Live TV is where they typically turn to do so. Reflecting however, the consumer's growing expectation for and interest in on-demand viewing, subscription Streaming Services are ranked the second most favorite choice, (38% say they typically go there), followed by viewing via DVR (cited by 31%). In terms of screen choice, it's all about The Big One – 85% say that TV is the screen on which Traditional TV Shows are typically watched.

Subscription Service Originals

Who Watches

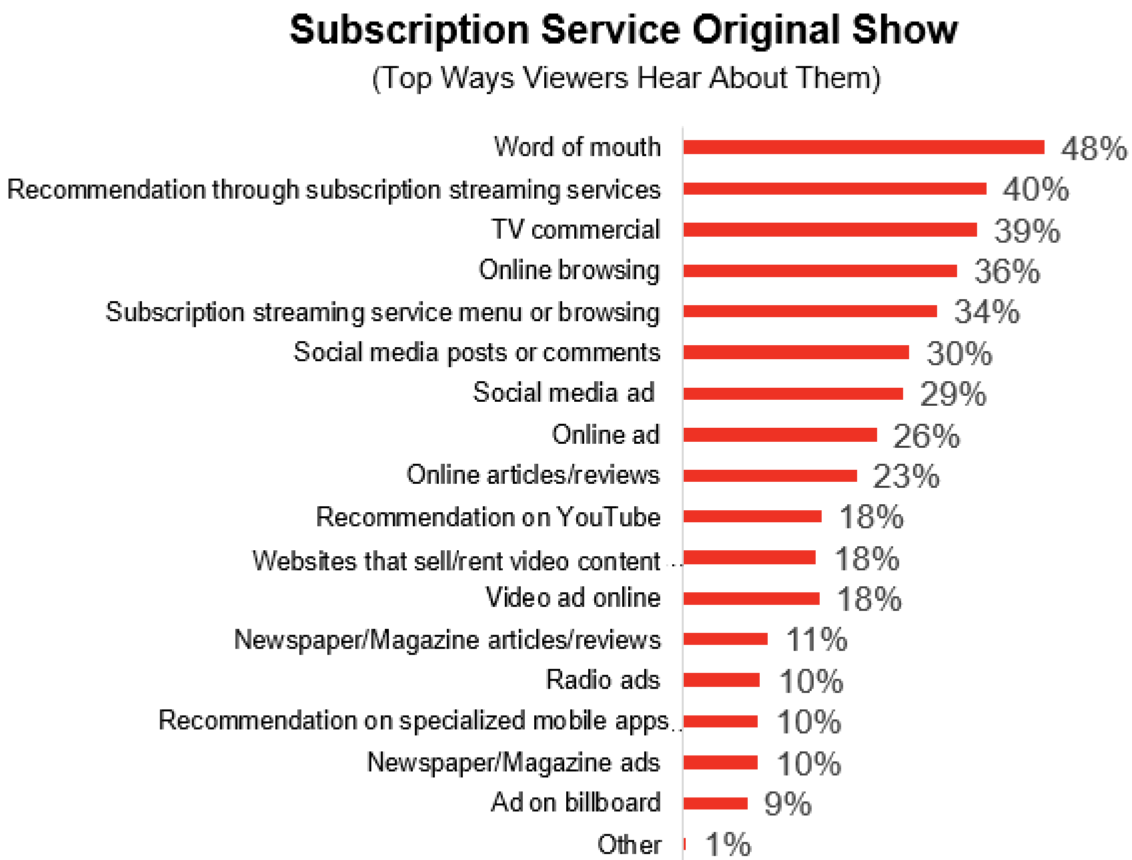
When it comes to viewers of Subscription Service Originals (SSOs), for example, Netflix's Stranger Things, Amazon's The Man in the High Castle, and Hulu's The Path, we begin to see a divergence towards a significantly younger-skewing audience, relative to that of Traditional TV Shows. Fully 48% of US adults who say they watch Subscription Service Originals are between 18 to 34 years old. Nearly a quarter (23%) are between the ages of 35 to 44, and the older consumers get, the smaller their share of this audience is. Also, the slight Female skew of Traditional TV Show Views is inverted here, with Subscription Streaming Service Original viewers leaning Male by the same percentage (52%).





<u>Discovery: how they hear about Subscription Service Originals</u>

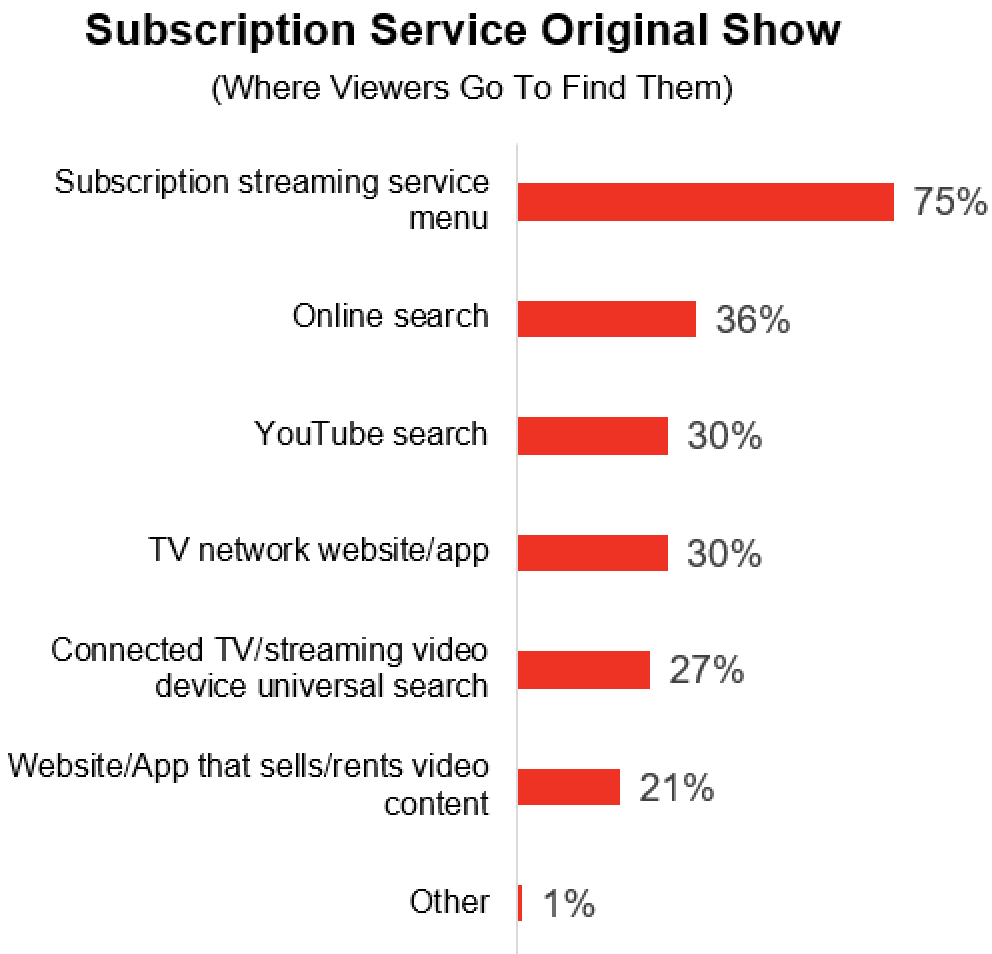
Subscription Service Originals (SSOs) tend to receive a lot of buzz (HBO's Game Of Thrones was "by far" the most popular show in the world in 2016, according to an analysis by Parrot Analytics[5]), and our research shows that Word of Mouth is the most often cited way (at 48%) that viewers of SSOs hear about them. Subscription Service providers (Netflix most famously) have invested significant resources in their on-screen user interfaces and highly personalized recommendation engines, and our research suggests these investments may be paying off, as Recommendation Through Subscription Streaming Services is the second most mentioned way SSO viewers hear about these shows (at 40%), and Subscription Streaming Service Menu or Browsing is at 34%. Additional ways that lead how SSO viewers say they hear about SSOs are TV Commercials (39%) and Online Browsing (36%).



Ads (of all kinds) are as influential in helping SSO viewers decide what to watch as they are for TTVS – 82% of SSO viewers say that ads (of all kinds) influence what they watch. Digital Ads, in particular, also remain particularly influential for SSO Viewers as 92% of SSO viewers who say they hear about these shows via Digital Ads say that ads influence their choices.

Finding Subscription Service Original Shows

Just over two thirds (68%) of SSO viewers are looking for a specific show when they watch, and the vast majority of them (75%) say they turn to the Subscription Streaming Service menu when it's time to watch (in fact, a clear majority – 60% - say this is the method they use the most). Other significant (but far less common) ways that SSO viewers find shows include Online Searches (at 36%) and YouTube Searches (30%).



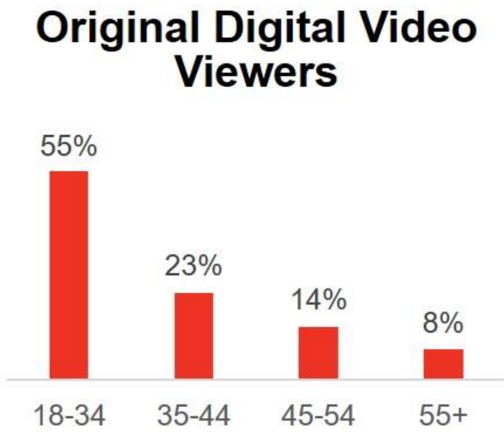
How Viewers Typically Watch Subscription Services Original Shows

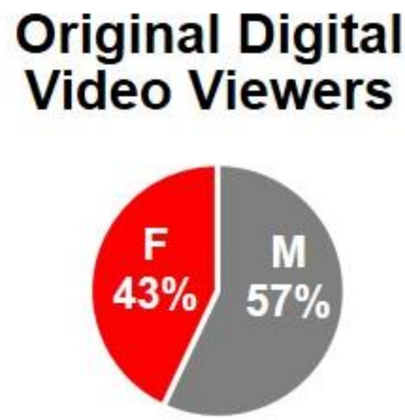
Once SSO viewers have heard about a show, found where to watch, and are finally ready to do so, essentially all of them (95%) say that they turn to the Subscription Streaming Service itself to watch it. Other methods occasionally employed are turning to websites/apps that sell or rent video (e.g. iTunes), or employ other unspecified methods.

Original Digital Video

Who Watches

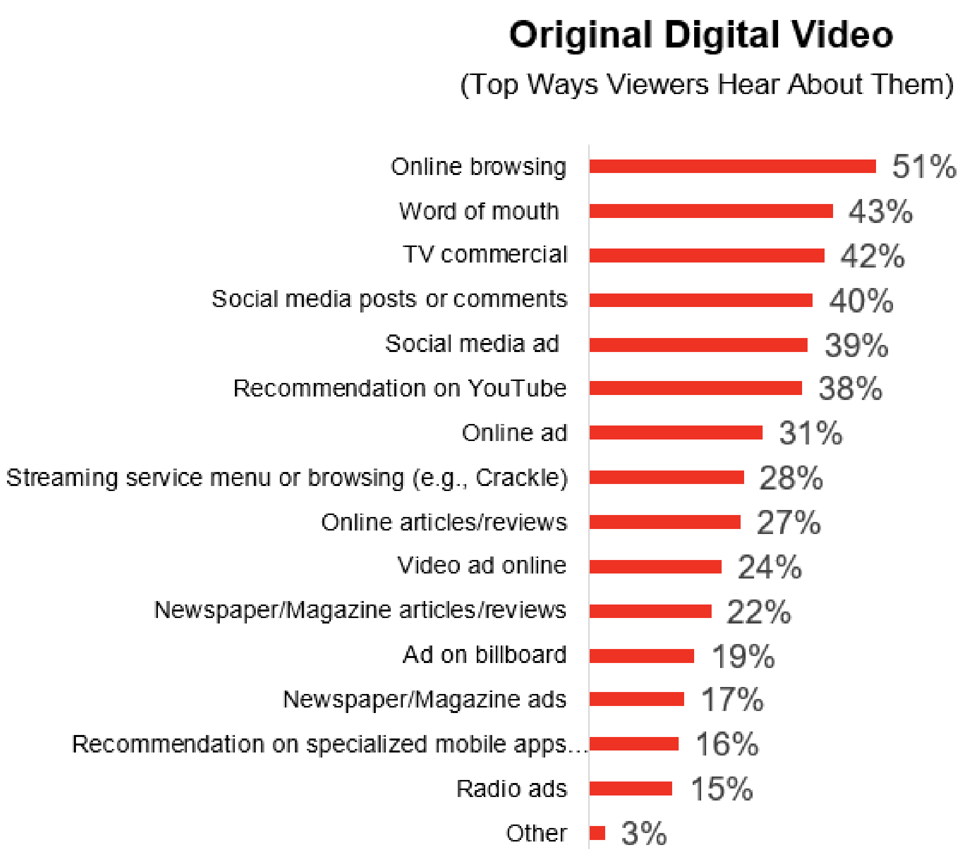
Original Digital Video (ODV) - which is professionally produced video, available for free online, typically supported by advertising, is viewed by a much less broad base of the population than are either Traditional TV Shows or Subscription Service Originals, and it skews considerably younger as well – more than half of the ODV audience is between the ages of 18 and 34 (55%), while less than one quarter (22%) is over 45. ODV viewers also are more likely to be Male (57%).





<u>Discovery: how they hear about Original Digital Video</u>

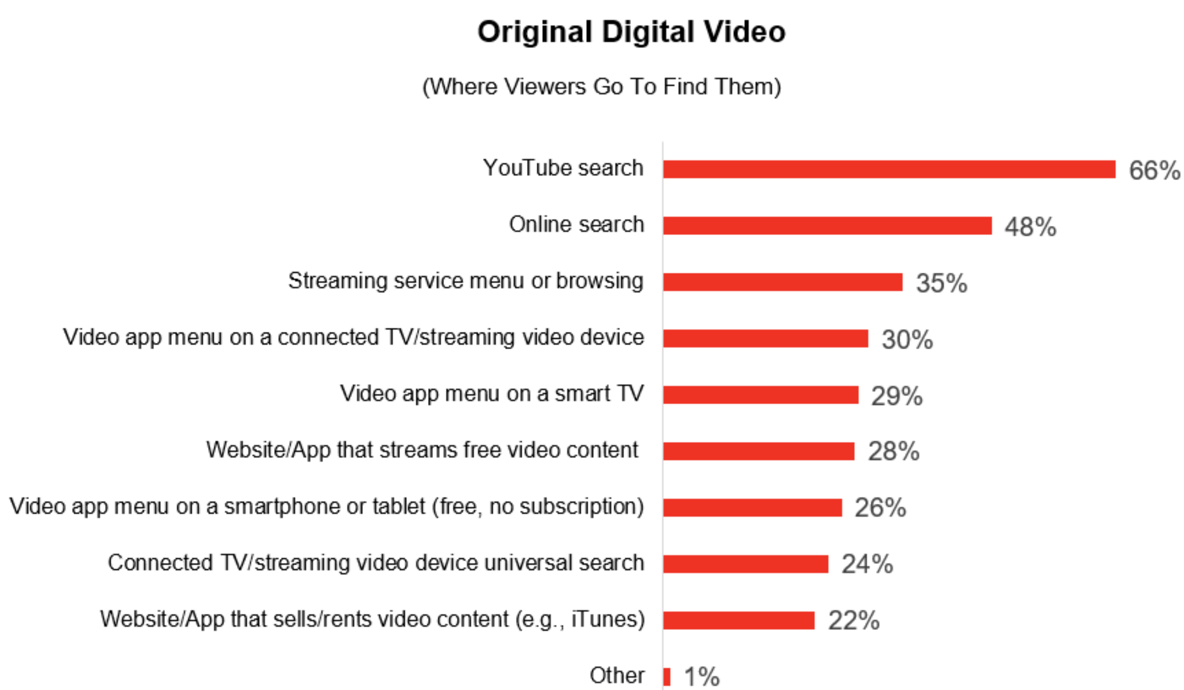
Given that online is Original Digital Video's native environment, it's perhaps not too surprising that the way that most ODV viewers say they hear about these videos is via Online Browsing (51%). Word of Mouth and TV Commercials are the second and third most typical ways ODV viewers hear about them (at 43% and 42%, respectively), and Social Media rounds out the Top 5, with Posts and Comments at 40%, and Social Media Ads at 39%.



Ads (of all kinds) are slightly less influential in moving Original Digital Video viewers beyond awareness to influencing their decision to watch ODV than they are for TTVS and SSO, as 79% of ODV viewers say that ads influence them, but when ads do influence, they have an extremely powerful impact, with fully 39% of ODV viewers saying ads influence their decision to watch ODV **a lot** (compared to 22% of TTVS viewers' decisions to watch that format, and 30% of SSO viewers to watch that format). Digital Ads remain as impactful on ODV viewers' decision to watch that content as they are for viewers of other content types engaging with those – 93% of ODV viewers who say they hear about these videos via Digital Ads say that ads influence their video choices.

Finding Original Digital Video

When it comes to trying to find ODV content, a significant majority (66%) of ODV viewers say they turn to YouTube Search to find those videos (and 40% say it's the method they use the most). Online Search more broadly is another popular tactic, with 48% of ODV viewers saying they do this. Subscription Streaming Services are another often used resource (35%). And as TVs become increasingly connected screens for all types of video engagement, it's perhaps not surprising to find that nearly a third of ODV viewers say they use Video App Menus on Connected TVs/Video Streaming Devices (30%) to find ODV content as well.



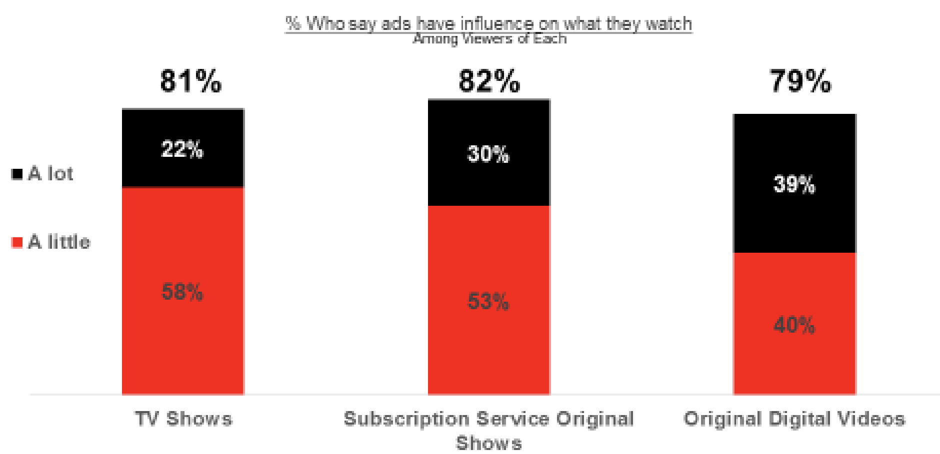
How Viewers Typically Watch Original Digital Video

Free Streaming Apps and Websites are the top ways in which ODV viewers say they actually watch this content. The vast majority of ODV viewers cite computers as the top screen on which they engage with this content. 74% of ODV viewers say that they watch this content to take a break, and when they do watch it's hard to stop with just one – 83% of ODV viewers say they watch more than one video in a sitting. Though a broad category in which there is a lot of content being produced, for ODV viewers it's not just a random set of disconnect videos – indeed, 61% of ODV viewers say that they follow specific YouTube stars.

For consumers who use any type of video streaming service, it's worth noting that nearly half (49%) say that they prefer to do so via their TV (using its on-screen menu and the remote) when they are looking for something to watch. 29% say they prefer using a website, 15% cite mobile apps as their preferred method. It's also worth noting that 7% say they prefer to simply use their voice (via voice activated platforms like Amazon's Alexa, which can be used to discover content available to watch or listen to Amazon Fire TV), or Apple's Siri (to find TV shows, movies and content on iTunes, as well as on YouTube and a wide range of apps and channels).

Implications for Content Creators

As this study highlights, specific formats have evolved with specific associated customer journeys. The strategic question facing media companies is how, in a seemingly endless world of choice, can they best attract and retain customers for their services? From a distribution and discovery perspective, the cross-platform content creator's playbook will increasingly require deep knowledge of their most important customers and prospects, testing and optimizing a variety of packaging and bundling strategies to meet their demand for content, wherever, whenever and however they want it. Also, it's important to keep in mind that ads influence the majority of viewers, with some video content type viewers more strongly influenced than others.



Social Media plays an increasingly important role in terms of both organic content promotion as well as targeted paid media tactics to aid in content discovery and awareness and to increase distribution, through platforms including Twitter, Facebook, YouTube and SnapChat. Social media also influences video content viewing choices particularly among ODV viewers. 57% of them say social media has a strong influence on what they watch.

Expect the role of voice activated search and artificial intelligence to grow in the content discovery realm. While today it represents a small (7%) portion of the discovery process – voice activated assistance is expected to gain influence as these services become smarter and tailored to consumer preferences through machine learning and via integration in more interfaces, appliances and devices in homes and cars.

In order to stay connected with consumers, media companies (including traditional licensors and syndicators of content) will need to become more adept at direct-to-consumer marketing, to reach consumers wherever they are. People-based deterministic data and the ability to track and measure audiences and their activity across devices is becoming increasingly important and valuable. Content-rich media companies will need to become data-rich companies in order to compete in a continuously shifting digital and mobile-centric landscape where consumers expect to find and access their favorite content anywhere, across any number of screens.

Continued work in the development and design of intuitive, easy to use search interfaces is key to reducing friction and complexity within the growing universe of connected devices, platforms, services, and apps.

Implications for Advertisers

The survey results demonstrate that advertising and promotion are core drivers of content discovery, and while integrated strategies are critical, creative and messaging must be designed in device and context specific ways to be effective, particularly for mobile users. Media mix approaches should tap and amplify word of mouth and social amplification strategies.

Key elements of the marketer's integrated tool kit should include: TV commercials, ads on social platforms, video content consumption platforms, online ads, newspaper and magazine ads, billboards and ads served on streaming service interfaces.

Similar to publishers, advertisers are going to need to prepare for future AI-driven content interfaces and devices that interact more proactively with consumers. Advertisers serving video ads especially into new emerging media forms like 360 Video, VR and AR will need to be prepared in terms of thinking through more complex branching narratives.

Next Steps and Future Studies

As part of its mission to simplify the video supply chain and provide best practices and education for brands, agencies, and media companies, IAB and the Video Center of Excellence will continue to examine the changing nature of video content consumption and its implications for advertising through the continued convergence of television and digital video. Looking beyond the realm and process of content discovery, IAB will be releasing--also during the Digital Content New Fronts--a study called "The Changing TV Experience". This in-depth study examines the ongoing shift in consumers' television viewing habits, and offers marketers insights into how best to reach audiences as OTT / connected TV and multi-screening behaviors become more prevalent.

We welcome you to join the discussion. If you're an IAB member and would like to participate in IAB's Video Center committees and working groups, please email committees@iab.com.

Additional Notes:

1 – Unless otherwise noted, all data here refers to research conducted by the IAB in partnership with MARU/Matchbox, conducted among MARU/Matchbox's Springboard America online panel (~250,000 US members) using an online survey.

- n=802 representative of US 18+ year-olds

- The survey was fielded 3/14/2017- 3/23/17

2 - TV shows (either currently airing on TV or aired in the past)

3 - Subscription-based streaming service original shows (e.g., Netflix's Stranger Things, Amazon's The Man in the High Castle, Hulu's The Path)

4 - Original digital videos (professionally-produced, available free online, made for digital shows or online clips/extras from TV shows, e.g., FunnyOrDie, PewDiePie, Bad Lip Reading, Awesomeness TV, PopSugar, etc.)

5 – As cited by: http://uk.businessinsider.com/most-popular-tv-shows-2016-12

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[i] Forrester Annual Benchmark On The State Of US Consumers And Technology In 2016