The Changing TV Experience: 2017

May 2017
Objectives and Methodology

The consumer video landscape has been changing by leaps and bounds, from content sources and video types to viewing devices and platforms. In 2015 IAB conducted the first Changing TV Experience study to understand the behavioral shift of consumers' TV viewing experience on the big screen. What has changed in the TV viewing experience since then? What’s different, what’s the same, and what's new?

This 2017 update on the Changing TV Experience Study includes tracking of device ownership, video viewing trends by screen, and in particular the content and advertising experience and consumer engagement during digital video streaming on a smart TV or via a video streaming device in comparison to traditional linear TV viewing.

The IAB partnered with MARU Matchbox on this quantitative research. Research was conducted among MARU/Matchbox’s Springboard America online panel (~250,000 US members) using an online survey.

- N=821 representative of US 18+ year-olds
- The survey was fielded 3/17/2017 – 3/24/2017
- Statistical significance 2017 vs. 2015 is tested at a 95% confidence interval and is denoted with arrows (green=increase, red=decrease)
A “Streaming Enabled TV” is defined as a television that can access Internet-based video content, either by itself (a ‘Smart TV’) or through a connection to a ‘Video Streaming Device’ (e.g. Roku, Apple TV, Amazon Fire Stick, and the like).

- Streaming Enabled TV Owners = Those who own a smart TV or a video streaming device
- Streaming Enabled TV Viewers = Those who have watched digital video either on a smart TV or via a video streaming device connected to a TV
Key Findings

Streaming digital video on TV, either on a smart TV or via a video streaming device has moved to the mainstream.

• Streaming Enabled TV ownership, including both smart TVs and video streaming devices, has reached the majority of US online adults (56%) in 2017, up 56% from 2015. In comparison, regular TV ownership dropped from 92% to 85%.

• Streaming digital video on TV has become a daily habit – nearly half (46%) of Streaming Enabled TV owners are doing so daily, a significant increase from 32% in 2015.

• In addition, Streaming Enabled TV owners are streaming more digital video on TV than a year ago – 37% using a video streaming device, 28% on a smart TV. This is the strongest upward momentum across all digital screens.

• This increased streaming behavior is primarily driven by prevalence of Streaming Enabled TV devices, increased availability and quality of digital video content, and improved streaming experience.
• Although traditional linear TV viewing remains a dominant daily behavior among pay TV viewers (77% daily viewing), its momentum is slowing down. Linear TV viewers indicate a net -9% momentum compared to a year ago.

• This behavior is reflected in the share of viewing time on a TV screen. What it means to watch TV has fundamentally changed – among all American adults who own some type of TV, less than half (46%) of the time watching TV is spent on linear programming, 20% is dedicated to streaming digital video.

• In addition, 22% of Streaming Enabled TV owners say they “only or mostly” stream digital video on their TV, a sizable uptick from 11% in 2015.
The experience of streaming digital video on TV is on par with traditional linear TV viewing.

- The majority who have experienced both video streaming on TV and traditional TV viewing see no difference in quality between the two experiences (54%) or think the streaming experience is better (22%).

- TV shows (79%) and Subscription Streaming Original shows (70%) are streamed weekly on TV. Original Digital Video is also gaining a foothold on the big screen as 45% of Streaming Enabled TV viewers watch this type of digital video on TV weekly.

- Half of Streaming Enabled TV owners (50%) say they prefer to watch commercials over having to pay for ad-free subscriptions while streaming video on TV. Compared to 2015, they also report improved advertising experiences indicating that commercials during digital video streaming on TV are better, more memorable, and less disruptive than during traditional linear TV programming.
Key Findings

Digital video streaming on TV is a more engaging experience than traditional linear TV viewing.

- Multitasking on a second device continues to be a common phenomenon while watching programming on TV. However, multitasking incidence is lower when watching digital video (72%) than during traditional linear TV viewing (81%). Smartphones are the most popular second device (58% during traditional linear viewing, 56% during digital video streaming).

- While using another device, multitaskers tend to pay more attention to the TV screen during digital video streaming than during traditional linear viewing.

- In addition, more multitaskers indicate their activities on another device are mostly related to the video content or commercials being viewed during digital video streaming (34%) than during traditional linear viewing (29%).
Streaming digital video on TV has moved to the mainstream
Both smart TV ownership and video streaming device ownership experienced a double-digit increase from 2015 to 2017

Overall, 92% of American adults own some type of TV, including regular and smart TVs.

Devices Owned
Among Adults 18+

<table>
<thead>
<tr>
<th>Devices Owned</th>
<th>2015</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computer</td>
<td>91%</td>
<td>88%</td>
</tr>
<tr>
<td>Regular TV</td>
<td>92%</td>
<td>85%</td>
</tr>
<tr>
<td>Smartphone</td>
<td>68%</td>
<td>81%</td>
</tr>
<tr>
<td>Tablet</td>
<td>64%</td>
<td>64%</td>
</tr>
<tr>
<td>DVR</td>
<td>45%</td>
<td>45%</td>
</tr>
<tr>
<td>Smart TV</td>
<td>24%</td>
<td>42%</td>
</tr>
<tr>
<td>Video streaming device</td>
<td>23%</td>
<td>34%</td>
</tr>
</tbody>
</table>

Q1.0. Which of the following devices do you or your household personally own?
Base: Adults 18+, 2017 n=821; 2015 n=651
IAB Research Using Maru/Matchbox’s Springboard America Online Panel, Representative of General US Adult 18+ Online Population, March 2017
Streaming Enabled TV ownership, including smart TVs and video streaming devices, has reached the majority of US adults.

**Streaming Enabled TV Owned** (including smart TVs and video streaming devices)

Among Adults 18+

<table>
<thead>
<tr>
<th>Year</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>36%</td>
<td>74%</td>
</tr>
<tr>
<td>2017</td>
<td>44%</td>
<td>56%</td>
</tr>
</tbody>
</table>

- Higher device ownership among 18-34s (70%)
- No major difference between pay TV subscribers (58%) and Cord Cutters/Nevers (54%)
Streaming video on TV has become a daily habit - nearly half (46%) of Streaming Enabled TV owners do so daily

Devices Used To Stream Digital Video – Daily
Among Device Owners

- Cord Cutters/Nevers: 66%
- 18-34s: 57%

%

Connected TV Net

Smart TV 39%
Video Streaming Device 46%

Smartphone

Computer

Tablet

2015 2017

IAB Research Using Maru/Matchbox’s Springboard America Online Panel, Representative of General US Adult 18+ Online Population, March 2017
Streaming video on TV exhibits the strongest upward momentum than a year ago compared to other digital screens.

Cord Cutters/Nevers report a particularly stronger momentum of increased video streaming behavior on TV.

### Use of Devices to Stream More/Less Than Last Year
Among device owners

<table>
<thead>
<tr>
<th>Net Momentum: More - Less</th>
<th>+29%</th>
<th>+19%</th>
<th>+13%</th>
<th>+3%</th>
<th>-</th>
</tr>
</thead>
<tbody>
<tr>
<td>Using to stream less</td>
<td>8%</td>
<td>9%</td>
<td>11%</td>
<td>14%</td>
<td>18%</td>
</tr>
<tr>
<td>Using to stream the same amount</td>
<td>55%</td>
<td>63%</td>
<td>65%</td>
<td>69%</td>
<td>64%</td>
</tr>
<tr>
<td>Using to stream more</td>
<td>37%</td>
<td>28%</td>
<td>24%</td>
<td>17%</td>
<td>18%</td>
</tr>
</tbody>
</table>

Cord Cutters/Nevers: 44%

Cord Cutters/Nevers: 40%

18-34s: 44%

Q6.1. Thinking back to this time last year, would you say you are now using each of these devices less, the same amount or more to stream videos, shows or movies from the Internet?

Base: Individually based to device owners
IAB Research Using Maru/Matchbox’s Springboard America Online Panel, Representative of General US Adult 18+ Online Population, March 2017

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Top drivers of increased streaming behavior include prevalence of Streaming Enabled TV devices, increased availability and quality of digital video content, and improved streaming experience.

### Reasons for Streaming More

Among those who stream more video on TV than a year ago:

- **I bought/received a new device that streams video**
  - 2017: 54%
  - 2015: 50%

- **There is more online video content available to stream now**
  - 2017: 46%
  - 2015: 46%

- **Streaming video to my device has gotten easier**
  - 2017: 46%
  - 2015: 32%

- **There is better online video content available to stream now**
  - 2017: 39%
  - 2015: 32%

- **I like being able to pause or replay what I’m watching**
  - 2017: 40%
  - 2015: 34%

- **I have more streaming subscriptions now**
  - 2017: 40%
  - 2015: 33%

- **There is more free online video content available to stream now**
  - 2017: 38%
  - 2015: 32%

- **I prefer to stream shows vs. watch them on TV**
  - 2017: 38%
  - 2015: 29%

- **I can find stuff to watch faster with streaming services vs. with TV**
  - 2017: 21%
  - 2015: 22%

- **I like searching for videos more with streaming services vs. with TV**
  - 2017: 13%
  - 2015: 20%

- **I cancelled my cable/satellite subscription(s)**
  - 2017: 18%
  - 2015: 13%

- **I have more free time now**
  - 2017: 24%
  - 2015: 11%
Digital video streaming is making inroads onto the big screen
Although live TV viewing remains a dominant daily behavior, its momentum is slowing down with a net negative compared to a year ago.

**Cable/Sat/Telco Offerings Viewed Daily**
Among those with pay TV

- Overall pay TV daily viewing: 85%
  - 77% More older viewers watch live TV daily - 45-54: 87% 55+: 90%
  - 30% DVR recording
  - 16% Set top box VOD

**View More/Less**
Among pay TV subscribers who watch this type of TV content

<table>
<thead>
<tr>
<th>Net Momentum: More - Less</th>
<th>-9%</th>
<th>+9%</th>
<th>+5%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Watching Less</td>
<td>22%</td>
<td>14%</td>
<td>17%</td>
</tr>
<tr>
<td>Watching the Same Amount</td>
<td>65%</td>
<td>62%</td>
<td>61%</td>
</tr>
<tr>
<td>Watching More</td>
<td>13%</td>
<td>23%</td>
<td>22%</td>
</tr>
</tbody>
</table>

Q6A. ("Daily" Summary) You indicated that your household currently subscribes to a cable, satellite, or telco TV service. How often do you watch TV content in the following ways?
Base: Have a pay TV service, n=662
Q6B. Thinking back to this time last year, would you say you are now watching TV content less, the same amount or more in the following ways?
Base: Those who watch type of TV content
IAB Research Using Maru/Matchbox’s Springboard America Online Panel, Representative of General US Adult 18+ Online Population, March 2017
What it means to watch TV has changed - Less than half of viewing time on a TV screen is spent on linear programming, 20% on digital video streaming.

% of Time Spent Watching Each on a TV Screen

Among Total TV Owners

- Live TV: 46%
- Streamed digital video: 20%
- DVR recording: 15%
- Video On Demand: 6%
- Other: 8%
- Downloaded video: 5%

Cord Cutters/Nevers spend more time streaming to TV – 46%

Among Streaming Enabled TV Owners

- Live TV: 39%
- Streamed digital video: 24%
- DVR recording: 16%
- Video On Demand: 7%
- Other: 9%
- Downloaded video: 6%

Those with Streaming Enabled TV spend more time on digital video streaming (24%)

Q3b. [Mean Summary] Think of all your video content viewing on a TV screen, including both smart TV and regular TV sets. In a typical week, what’s the percentage of your time spent watching each of the following? Base: Adults 18+ who own any type of TV, n=753. Who own a streaming enabled TV, n=453

IAB Research Using Maru/Matchbox’s Springboard America Online Panel, Representative of General US Adult 18+ Online Population, March 2017
Nearly a quarter of Streaming Enabled TV owners are mostly streaming digital video on TV, a sizable uptick from 11% in 2015

**Time Spent Watching Traditional Live TV vs. Streaming Digital Video**
Among Streaming Enabled TV Owners

- **Only / Mostly watching traditional live TV**
  - 62% in 2015
  - 51% in 2017

- **Half watching traditional live TV, half streaming digital video to TV**
  - 27% in 2015
  - 27% in 2017

- **Only / Mostly streaming digital video to TV**
  - 11% in 2015
  - 22% in 2017

Cord Cutters/Nevers are more likely to stream digital video to the TV (68%) in comparison to those who have pay TV (16%)

Q8.1A. Overall, about how much of your viewing time would you say is spent watching traditional live TV vs. streaming digital video to your TV set? My video viewing time is spent...

Base: Streaming Enabled TV owners, 2017 n=461, 2015 n=153
IAB Research Using Maru/Matchbox’s Springboard America Online Panel, Representative of General US Adult 18+ Online Population, March 2017
Digital video streaming experience on TV is on par with traditional linear TV viewing
Most who have experienced both traditional TV viewing and digital video streaming on TV continue to see the experiences the same or streaming is better.

Thinking about the TV shows/movies that you watch from your cable/satellite/fiber optic provider and those that you stream from the Internet to your TV, how would you compare the two?

Those Who Stream Video on TV and Have Pay TV

<table>
<thead>
<tr>
<th>Year</th>
<th>Regular Pay TV Service Provider is a Better Experience</th>
<th>Both are the Same</th>
<th>Streaming from the Internet is a Better Experience</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>25%</td>
<td>24%</td>
<td>51%</td>
</tr>
<tr>
<td>2017</td>
<td>24%</td>
<td>22%</td>
<td>54%</td>
</tr>
</tbody>
</table>

Q8.2. Thinking about the TV shows/movies that you watch from your cable/satellite/fiber optic provider and those that you stream from the Internet to your TV, how would you compare the two?

Base: Those who stream videos to TV and have pay TV: 2017, n=324. 2015, n=196

IAB Research Using Maru/Matchbox's Springboard America Online Panel, Representative of General US Adult 18+ Online Population, March 2017
I prefer watching longer videos like a movie or TV show on a Connected TV than on a smartphone/tablet

75%

I am more likely to watch short videos (less than 15 minutes) on a smartphone/tablet than on a Connected TV

62%

Cord Cutters/Nevers: 83%

18-34s: 73%
Long-form content is streamed most often on TV; Original Digital Video is gaining a foothold on the big screen besides desktop and mobile

Devices Used to Stream Weekly+
Among Those Who Stream Video On This Device

- **TV Shows**
  - (either currently airing on TV or aired in the past)

- **Subscription streaming service originals**
  - (e.g., Netflix’s Stranger Things, Amazon’s The Man in the High Castle)

- **Original digital videos**
  - (professionally produced, available free online, e.g., Funny or Die)

Q10b-10e How often, if ever, do you stream and watch [content type] on the following devices?
Base: Those who stream video on this device
IAB Research Using Maru/Matchbox’s Springboard America Online Panel, Representative of General US Adult 18+ Online Population, March 2017
Half of streamers of digital video on TV prefer commercials over paying for ad-free subscriptions; compared to 2015, more streamers reported improved ad experiences

### Agreement with Advertising Statements (% completely or somewhat agree)

Among Those Stream Video on TV

<table>
<thead>
<tr>
<th>Statement</th>
<th>2017</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>I am more likely to stream video to my TV because fewer commercials are shown than on regular TV</td>
<td>58%</td>
<td>54%</td>
</tr>
<tr>
<td>I would prefer to watch commercials while streaming video to my TV than pay for a subscription</td>
<td>50%</td>
<td>44%</td>
</tr>
<tr>
<td>The commercials shown during video I stream to my TV are less disruptive than those shown on regular TV</td>
<td>44%</td>
<td>38%</td>
</tr>
<tr>
<td>The commercials shown during videos I stream to my TV are better than those shown on regular TV</td>
<td>34%</td>
<td>23%</td>
</tr>
<tr>
<td>The commercials shown during video I stream to my TV are more memorable than those shown on regular TV</td>
<td>32%</td>
<td>27%</td>
</tr>
</tbody>
</table>

Q8.1. ["Top 2 Box" Summary] How much do you agree or disagree with the following statements?
Base: Those who stream videos to TV
IAB Research Using Maru/Matchbox’s Springboard America Online Panel, Representative of General US Adult 18+ Online Population, March 2017
Streaming digital video on TV is a more engaging experience than traditional linear TV viewing.
Consumer engagement when streaming video on TV is higher than Traditional linear viewing – Multitasking on another device is less prevalent

**Devices Used While Watching Traditional TV**

Among pay TV Customers with a 2nd Device

- 81% Use any device while watching
- 58% Smartphone
- 46% Computer
- 35% Tablet

**Devices Used While Streaming Digital Video on TV**

Among Streaming Enabled TV Owners with 2nd Device

- 72% Use any device while watching
- 56% Smartphone
- 38% Computer
- 32% Tablet

Q4.0.1 Which of the following devices, if any, do you use simultaneously while watching traditional live TV programming on a TV screen?

Q4.0.2 Which of the following devices, if any, do you use simultaneously while watching digital video streamed to a TV screen?

Base: Those who own a computer/tablet/smartphone and have pay TV / Streaming Enabled TV

IAB Research Using Maru/Matchbox's Springboard America Online Panel, Representative of General US Adult 18+ Online Population, March 2017
42% streamers of video on TV say they are less likely to go online using another device than they would while watching traditional TV

**Agreement with Statements** (% completely or somewhat agree)

Among Those Who Stream Video on TV

42% agree that they are less likely to go online using my smartphone, tablet or computer while streaming a video on TV vs. watching regular TV.
Multitaskers on another device tend to pay more attention to TV when streaming digital video than when watching traditional linear programming.

### Level of attention to the TV screen vs. another device

Among multitaskers on each device while viewing video content on TV.

<table>
<thead>
<tr>
<th>Device</th>
<th>Traditional TV</th>
<th>Digital Video Streaming</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traditional TV</td>
<td>38%</td>
<td>45%</td>
</tr>
<tr>
<td>Digital Video Streaming</td>
<td>48%</td>
<td>52%</td>
</tr>
<tr>
<td>Computer</td>
<td>46%</td>
<td>53%</td>
</tr>
<tr>
<td>Smartphone</td>
<td>44%</td>
<td>42%</td>
</tr>
<tr>
<td>Tablet</td>
<td>41%</td>
<td>41%</td>
</tr>
</tbody>
</table>

**Q5.2**. When you are watching traditional live TV programming on a TV screen and using another device, how would you describe your level of attention to the TV screen and/or the device? Is your attention... Base: Adults 18+ who multitask while watching traditional TV

**Q5.3**. When you are watching digital video streamed to a TV screen and using another device, how would you describe your level of attention to the TV screen and/or the device? Is your attention... Base: Adults 18+ who multitask while streaming digital videos to TV

More multitaskers indicate their activities on another device are related to video content or commercials when streaming digital video to TV.

Activities on Other Devices Related to Video Content or Commercials

Among multitaskers on any device

While watching Traditional TV

- 29% say their activities on other devices are mostly/completely related to TV or commercials
- 27% mostly unrelated
- 20% half related, half unrelated
- 9% completed related

While streaming video on TV

- 34% say their activities on other devices are mostly/completely related to TV or commercials
- 23% mostly unrelated
- 20% half related, half unrelated
- 17% completed related
- 11% mostly related

Q5.3.2. Overall, how would you describe your typical activities on the other device(s) while watching the following type of video content on a TV screen? Activities on the other device(s) are...

Base: Adults 18+ who multitask while watching traditional TV, n=566; Adults 18+ who multitask while streaming digital video to TV, n=289

IAB Research Using Maru/Matchbox’s Springboard America Online Panel, Representative of General US Adult 18+ Online Population, March 2017
A changed TV experience: What it means to watch TV has fundamentally changed. The viewing experience on the big screen, which used to be dominated by traditional linear programming, has gradually given way to digital video streamed on TV. This shift opens up another important touch point for brands to dynamically connect and engage with consumers.

A maturing media platform: Streaming enabled TV as a media platform has demonstrated the ability to delivery audience scale and engagement. The difference between traditional TV viewing and digital video streaming on TV is hardly discernable. The maturing viewing experience coupled with continued audience growth will further ensure video streaming on TV is a viable and robust media and advertising platform.

Invest in content, the growth driver: The increased availability and quality of digital video content contribute to the growth of video streaming on TV. Besides long form content (e.g., TV shows and movies) which is streamed most often to TV, Original Digital Video is also finding its home on the big screen. Brand marketers and media buyers need to continue investing in diverse and high quality digital video content across platforms as the TV experience shifts.

Improve advertising experience on all fronts: The video streaming experience on TV has proven to provide a more engaged audience than traditional linear TV viewing. It presents a great opportunity to deliver relevant and delightful advertising experiences that further amplify brand messaging and create a positive brand connection.
Thank You
## Profile of Streaming Enabled TV Owners

<table>
<thead>
<tr>
<th></th>
<th>Total US Adults</th>
<th>Streaming Enabled TV Owners</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gender</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>50%</td>
<td>53%</td>
</tr>
<tr>
<td>Female</td>
<td>50%</td>
<td>47%</td>
</tr>
<tr>
<td><strong>Age</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>18-34</td>
<td>34%</td>
<td>40%</td>
</tr>
<tr>
<td>35+</td>
<td>66%</td>
<td>60%</td>
</tr>
<tr>
<td><strong>Household Composition</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Married/Living with partner</td>
<td>63%</td>
<td>70%</td>
</tr>
<tr>
<td>Kids at home</td>
<td>43%</td>
<td>52%</td>
</tr>
<tr>
<td><strong>Socio-economic Status</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employed full-time</td>
<td>52%</td>
<td>62%</td>
</tr>
<tr>
<td>Annual income $75K or more</td>
<td>38%</td>
<td>46%</td>
</tr>
<tr>
<td><strong>Cord Status</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pay TV subscribers</td>
<td>81%</td>
<td>84%</td>
</tr>
<tr>
<td>Cord Cutters/Nevers</td>
<td>19%</td>
<td>16%</td>
</tr>
<tr>
<td><strong>Device Ownership</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Computer</td>
<td>88%</td>
<td>92%</td>
</tr>
<tr>
<td>Smartphone</td>
<td>81%</td>
<td>91%</td>
</tr>
<tr>
<td>Tablet</td>
<td>64%</td>
<td>78%</td>
</tr>
<tr>
<td>Smart TV</td>
<td>42%</td>
<td>74%</td>
</tr>
<tr>
<td>Video streaming device</td>
<td>34%</td>
<td>61%</td>
</tr>
</tbody>
</table>
### Top Multi-tasking Activities By Device

Among Those Who Use the Device While Watching Any Video Content on A TV Screen

<table>
<thead>
<tr>
<th>Device</th>
<th>Total</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Smartphone</td>
<td>Check social media, unrelated to the video</td>
<td>72%</td>
<td>Email, unrelated to the video</td>
<td>67%</td>
<td>Browse the Internet, unrelated to the video</td>
</tr>
<tr>
<td>Computer</td>
<td>Browse the Internet, unrelated to the video</td>
<td>77%</td>
<td>Email, unrelated to the video</td>
<td>73%</td>
<td>Shop</td>
</tr>
<tr>
<td>Tablet</td>
<td>Browse the Internet, unrelated to the video</td>
<td>64%</td>
<td>Email, unrelated to the video</td>
<td>56%</td>
<td>Shop</td>
</tr>
</tbody>
</table>

Q5.1.2. When you are watching video content on a TV screen and using another device, what kinds of activities do you do on your device?

Base: Adults 18+ who use smartphone while watching TV (N=444); Adults 18+ who use computer while watching TV (N=347); Adults 18+ who use tablet while watching TV (N=261)

IAB Research Using Maru/Matchbox’s Springboard America Online Panel, Representative of General US Adult 18+ Online Population, March 2017