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The Changing TV Experience: 2017

May 2017

Objectives and Methodology

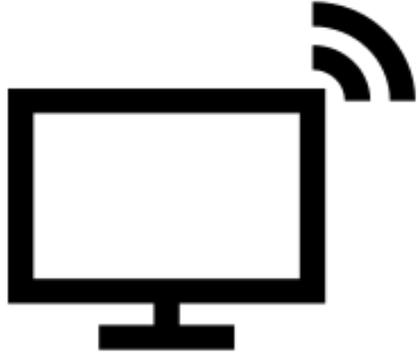
The consumer video landscape has been changing by leaps and bounds, from content sources and video types to viewing devices and platforms. In 2015 IAB conducted the first Changing TV Experience study to understand the behavioral shift of consumers' TV viewing experience on the big screen. What has changed 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)

Streaming Enabled TV



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.

Key Findings

➤ Digital video streaming is making inroads onto the big screen viewing 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.

Key Findings

- **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%).

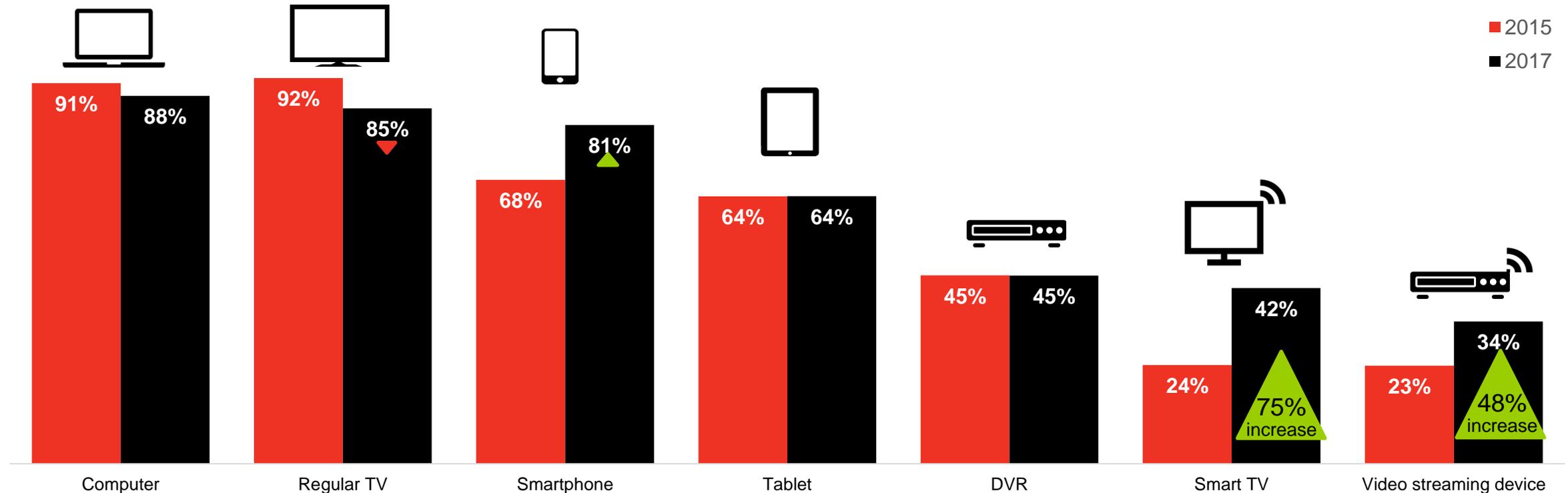
Streaming digital video on TV has moved to the mainstream

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+



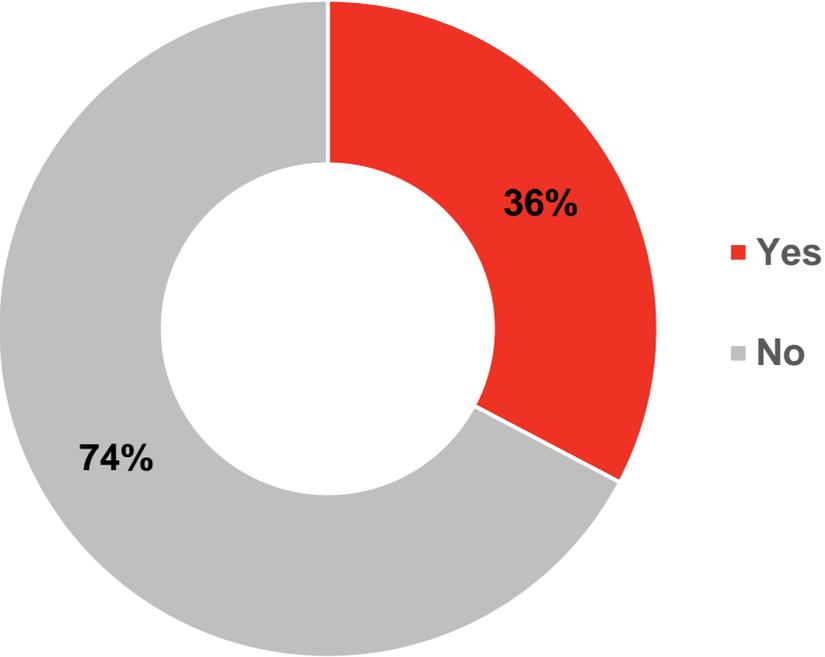
Q1.0. Which of the following devices do you or your household personally own?
Base: Adults 18+, 2017 n=821; 2015 n=651
IAB Research Using Maru/Matchbox's Springboard America Online Panel,
Representative of General US Adult 18+ Online Population, March 2017

Streaming Enabled TV ownership, including smart TVs and video streaming devices, has reached the majority of US adults

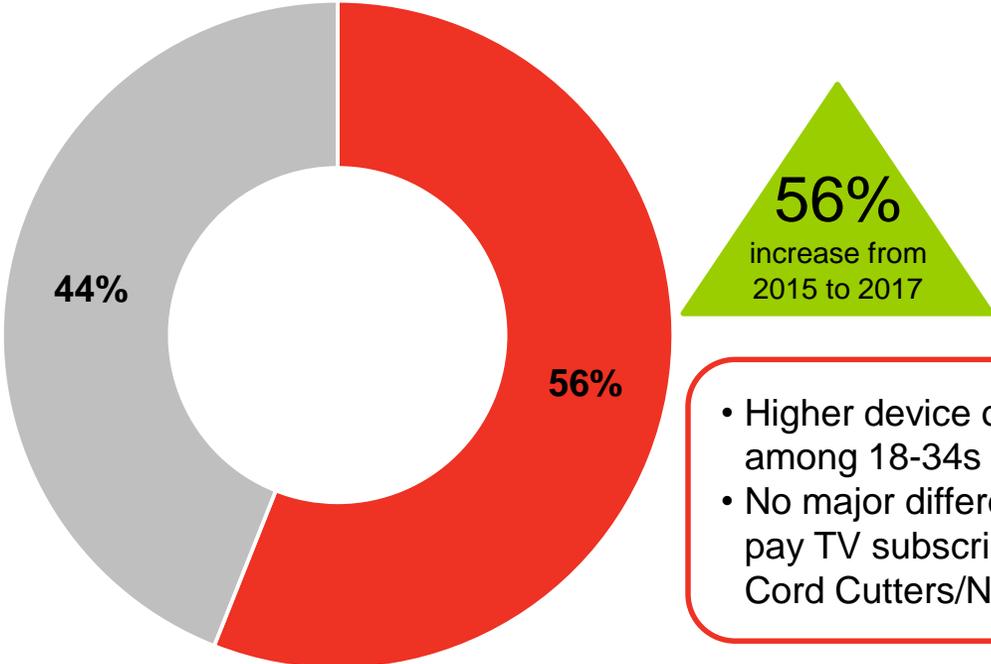
▶ Streaming Enabled TV Owned (including smart TVs and video streaming devices)

Among Adults 18+

2015



2017



- Higher device ownership among 18-34s (70%)
- No major difference between pay TV subscribers (58%) and Cord Cutters/Nevers (54%)

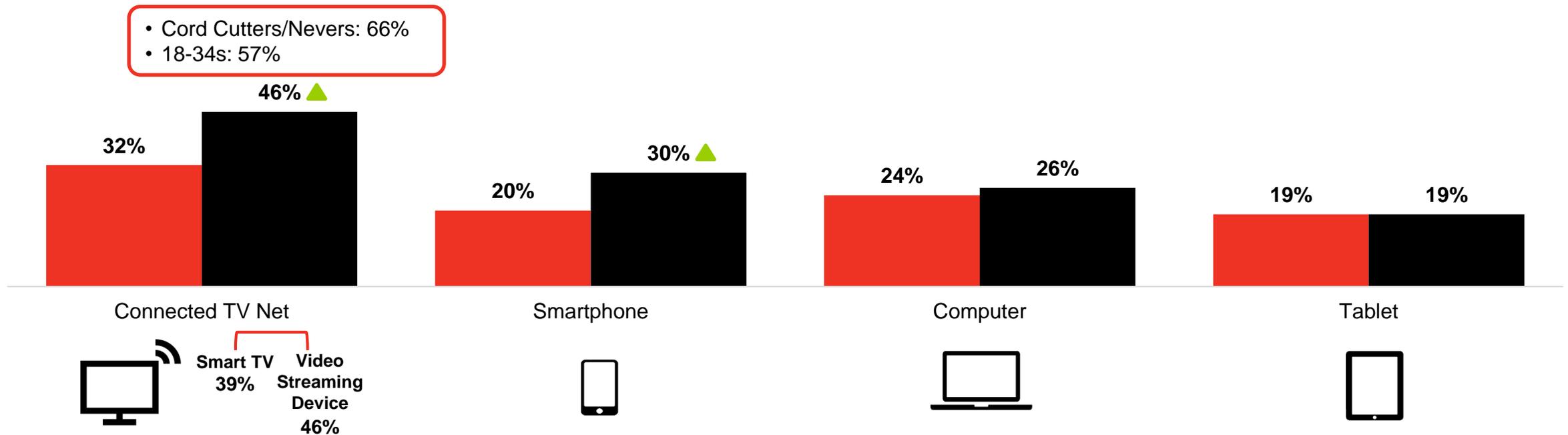
Q1.0. Which of the following devices do you or your household personally own?
Base: 2017 Adults 18+, n=821; 2015 total, n=651
IAB Research Using Maru/Matchbox's Springboard America Online Panel,
Representative of General US Adult 18+ Online Population, March 2017

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

■ 2015 ■ 2017



Q6.0. ["Daily" Summary] How often, if ever, do you watch or stream digital video to the following devices?
Base: Individually based to device owners
IAB Research Using Maru/Matchbox's Springboard America Online Panel,
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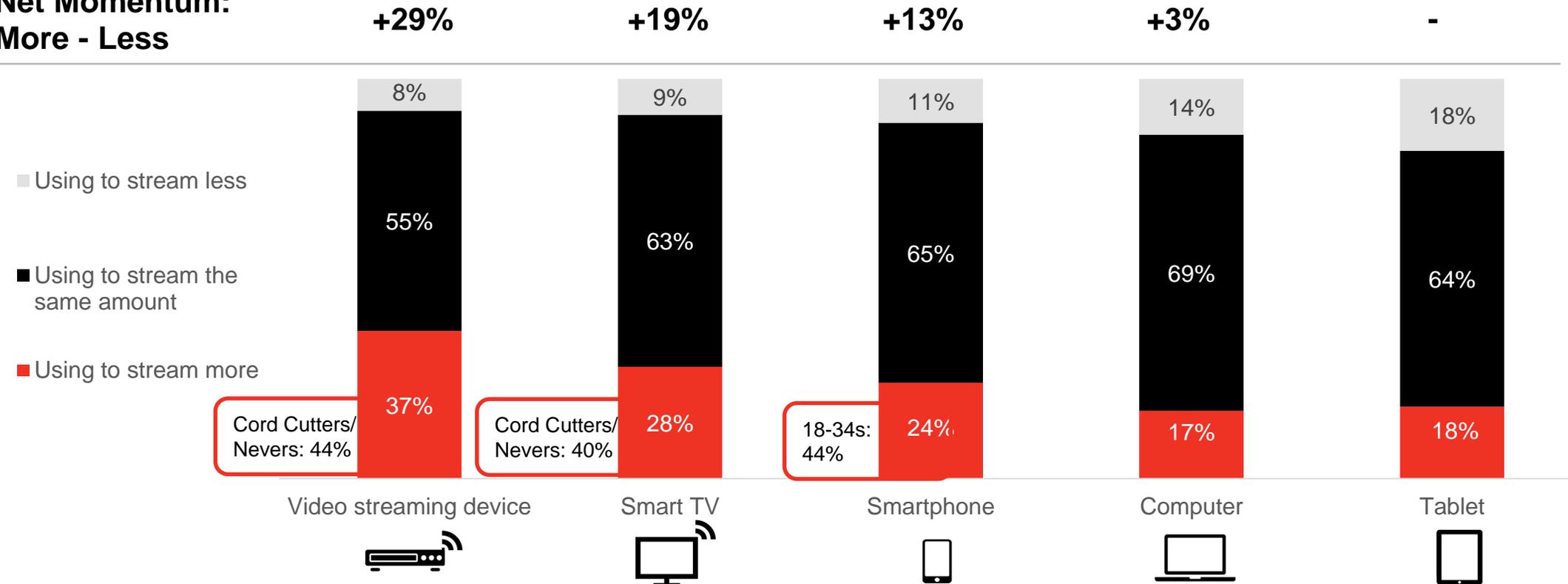
Streaming video on TV exhibits the strongest upward momentum than a year ago compared to other digital screens

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

**Net Momentum:
More - Less**



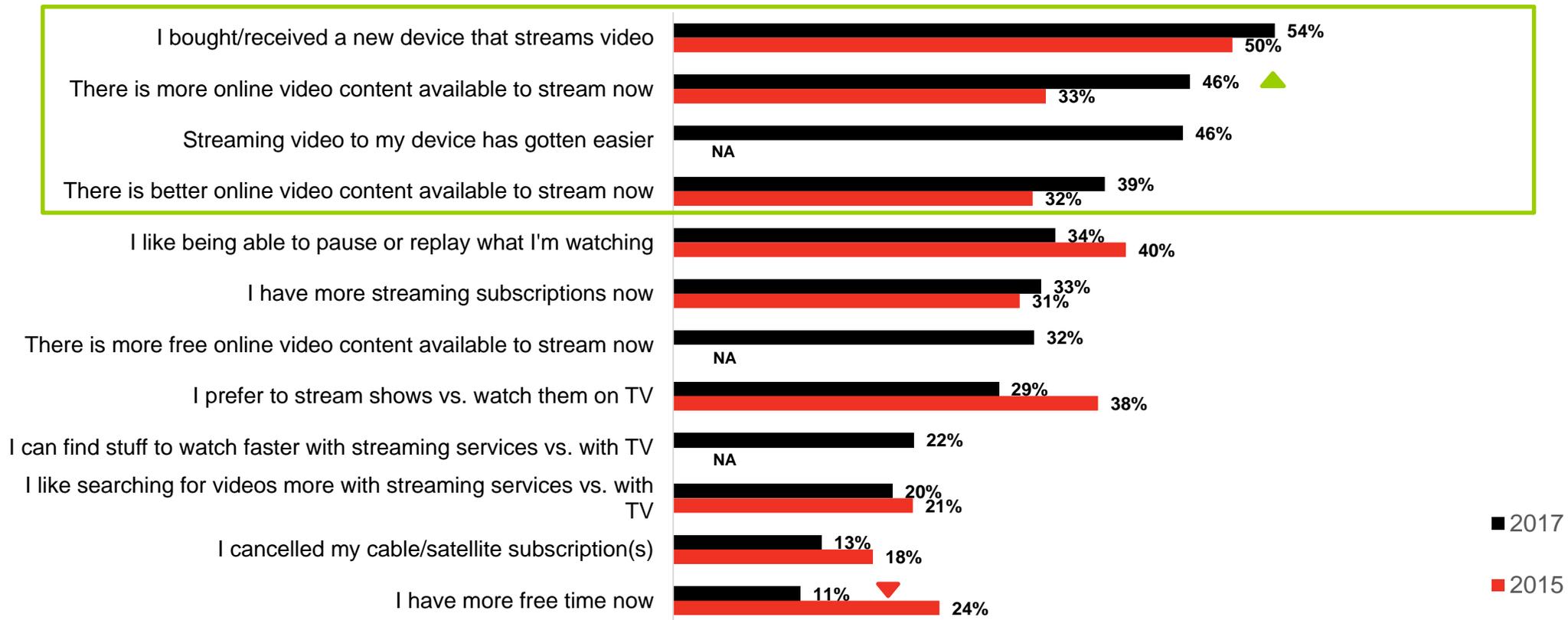
Q6.1. Thinking back to this time last year, would you say you are now using each of these devices less, the same amount or more to stream videos, shows or movies from the Internet?

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

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



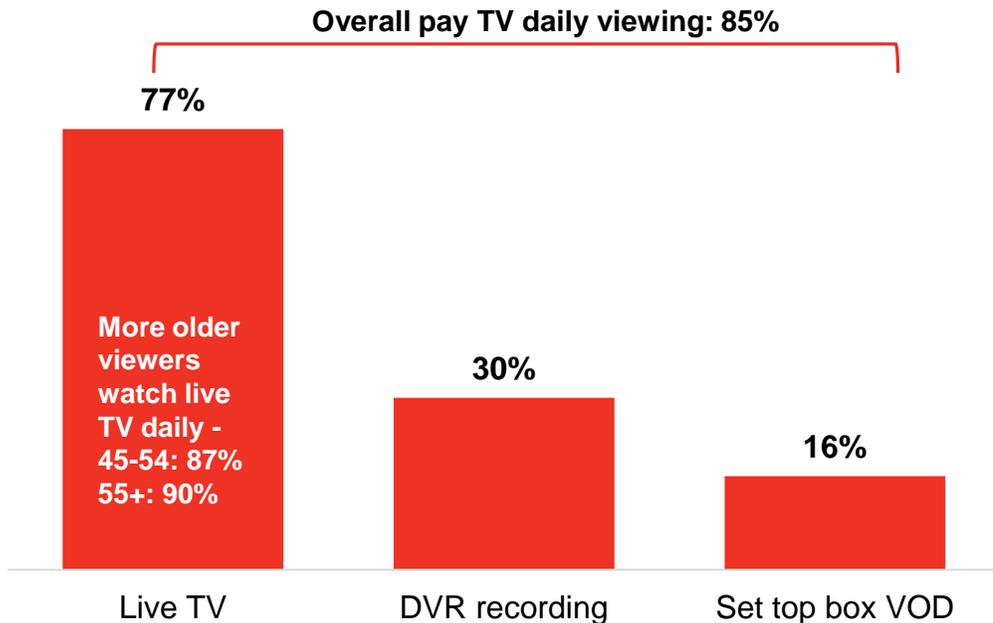
Q6.1a. You said you are now streaming video to your TV more than a year ago. Why is that?
 Base: Streaming Enabled TV owners who are streaming more, 2017 n=158, 2015 n=84
 IAB Research Using Maru/Matchbox's Springboard America Online Panel,
 Representative of General US Adult 18+ Online Population, March 2017

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

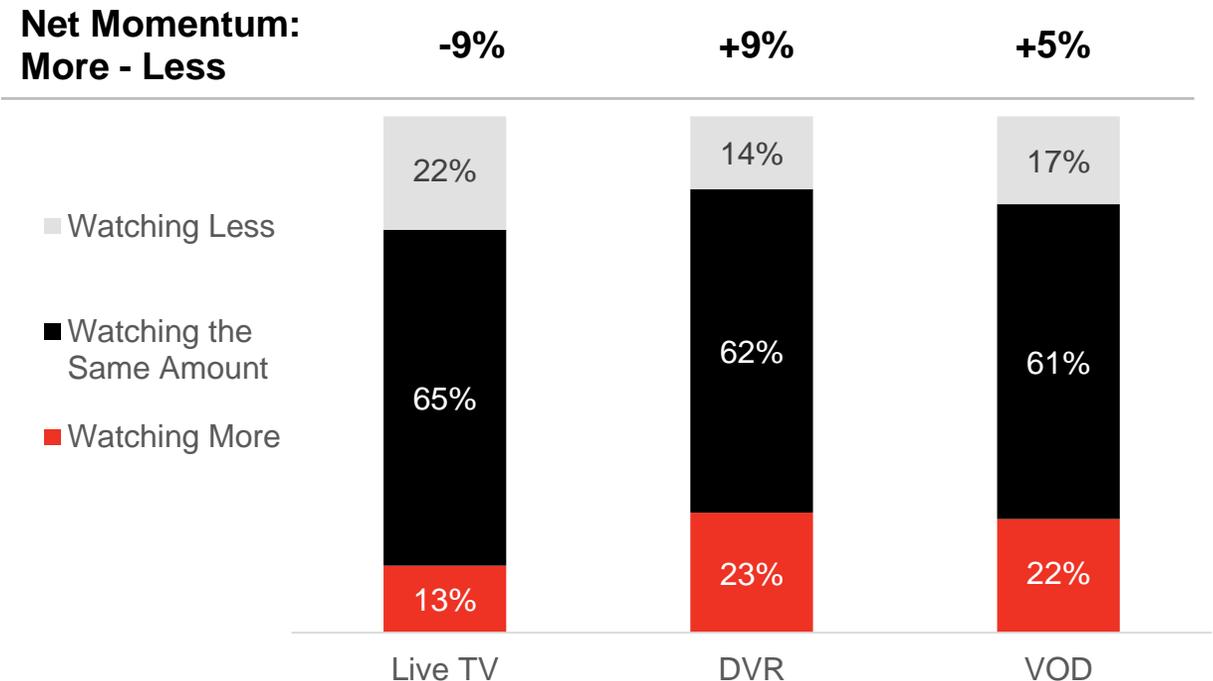
➤ Cable/Sat/Telco Offerings Viewed Daily

Among those with pay TV



➤ View More/Less

Among pay TV subscribers who watch this type of TV content



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

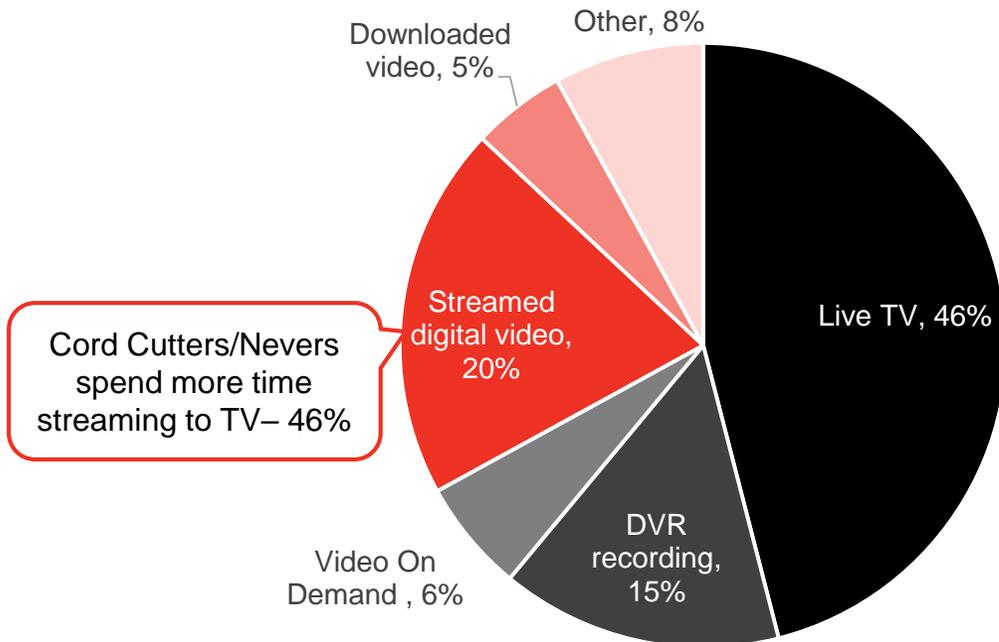
IAB Research Using Maru/Matchbox's Springboard America Online Panel,

Representative of General US Adult 18+ Online Population, March 2017

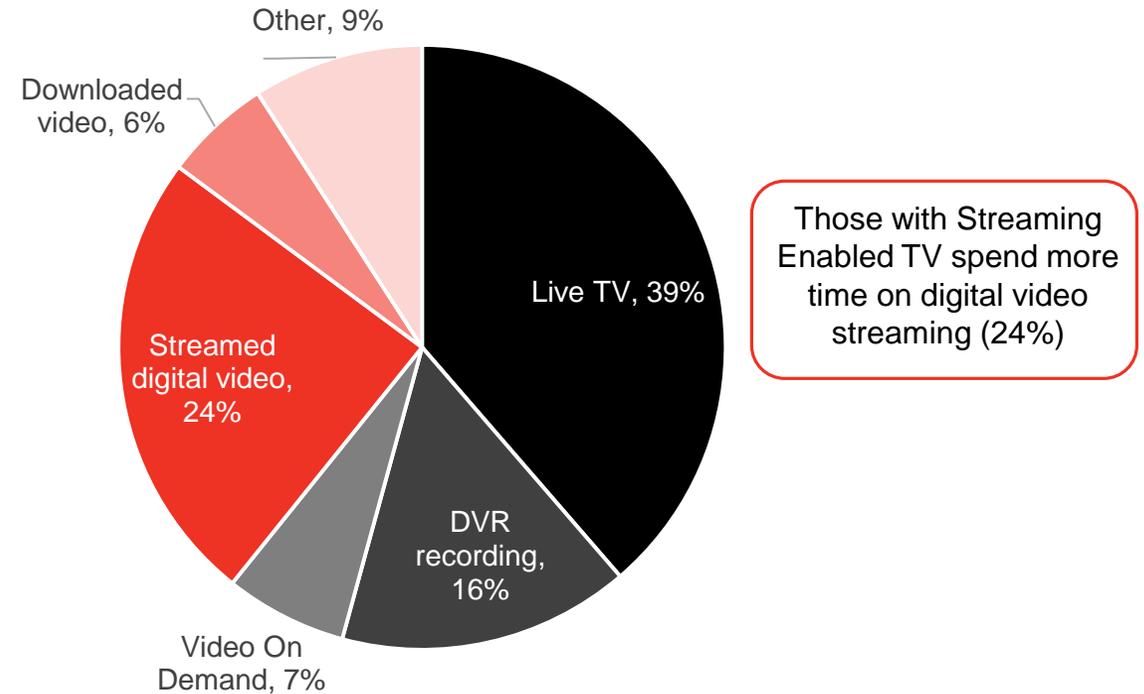
What it means to watch TV has changed - Less than half of viewing time on a TV screen is spent on linear programming, 20% on digital video streaming

➤ % of Time Spent Watching Each on a TV Screen

Among Total TV Owners



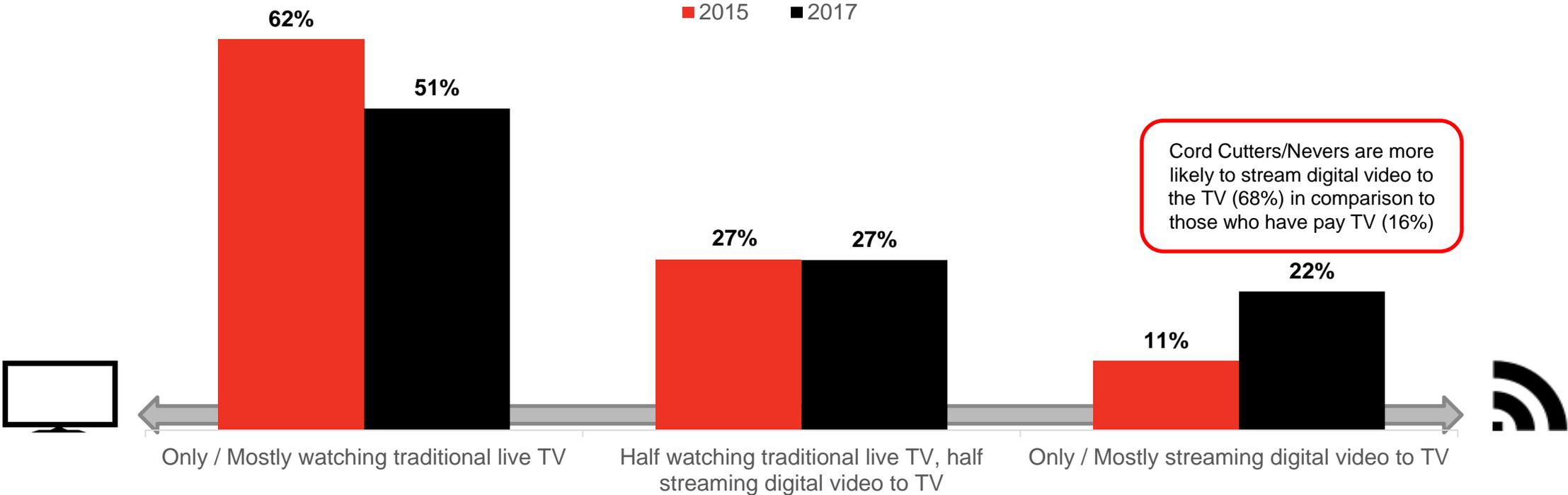
Among Streaming Enabled TV Owners



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



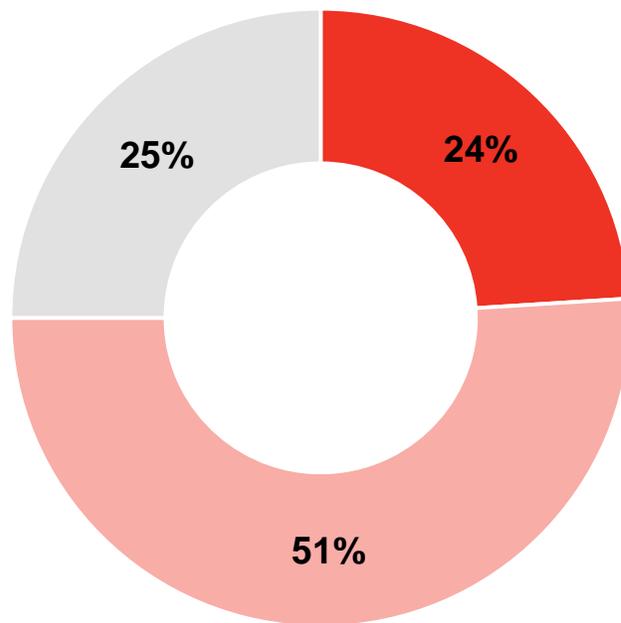
Digital video streaming experience on TV is on par with traditional linear TV viewing

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

2015

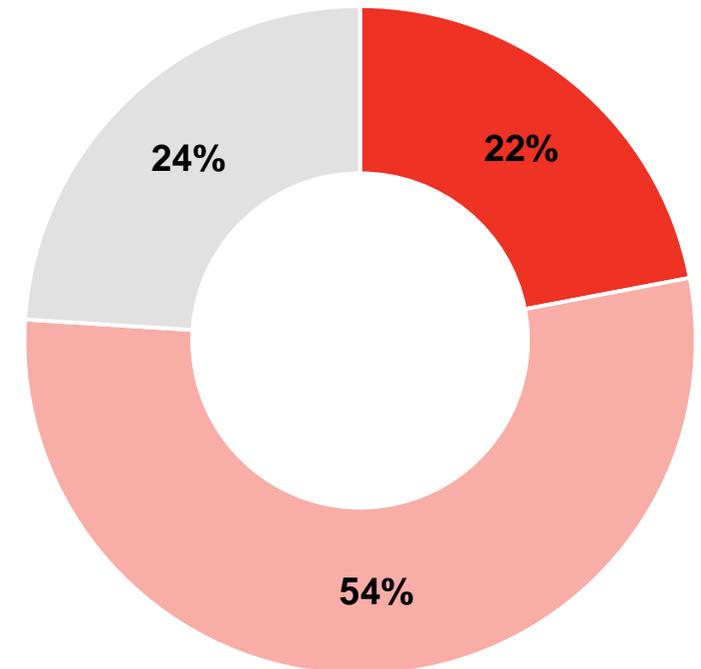


Regular pay TV service provider is a better experience

Both are the same

Streaming from the Internet is a better experience

2017



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?

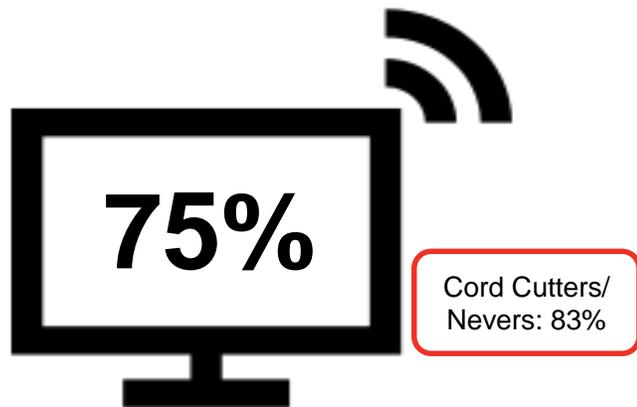
Base: Those who stream videos to TV and have pay TV: 2017, n=324. 2015, n=196
IAB Research Using Maru/Matchbox's Springboard America Online Panel,
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Streamers of digital video to TV prefer to watch long form video on the big screen over mobile devices

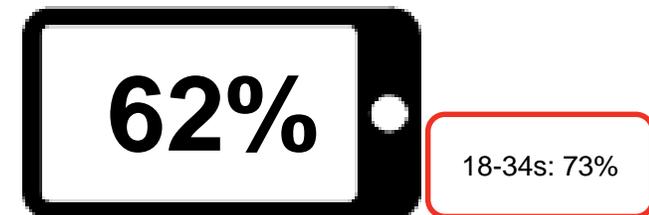
➤ Agreement with Viewing Method Preferences *(% completely or somewhat agree)*

Among Those Who Stream Video on TV

I prefer watching longer videos like a movie or TV show on a Connected TV than on a smartphone/tablet



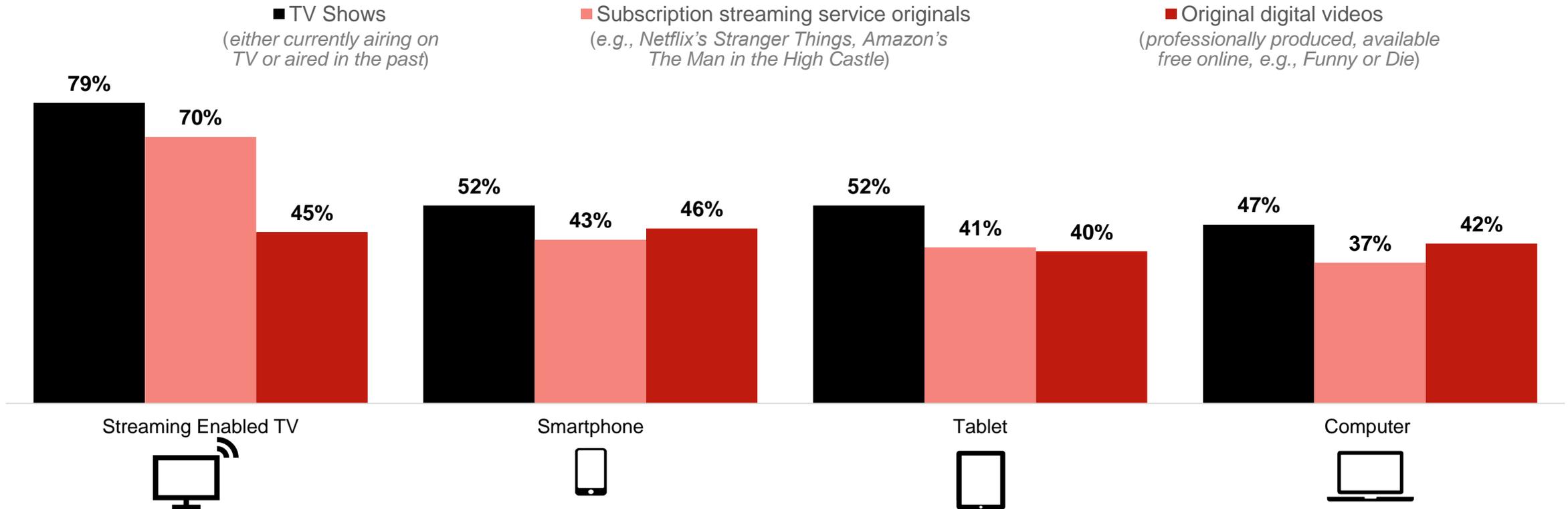
I am more likely to watch short videos (less than 15 minutes) on a smartphone/tablet than on a Connected TV



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



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



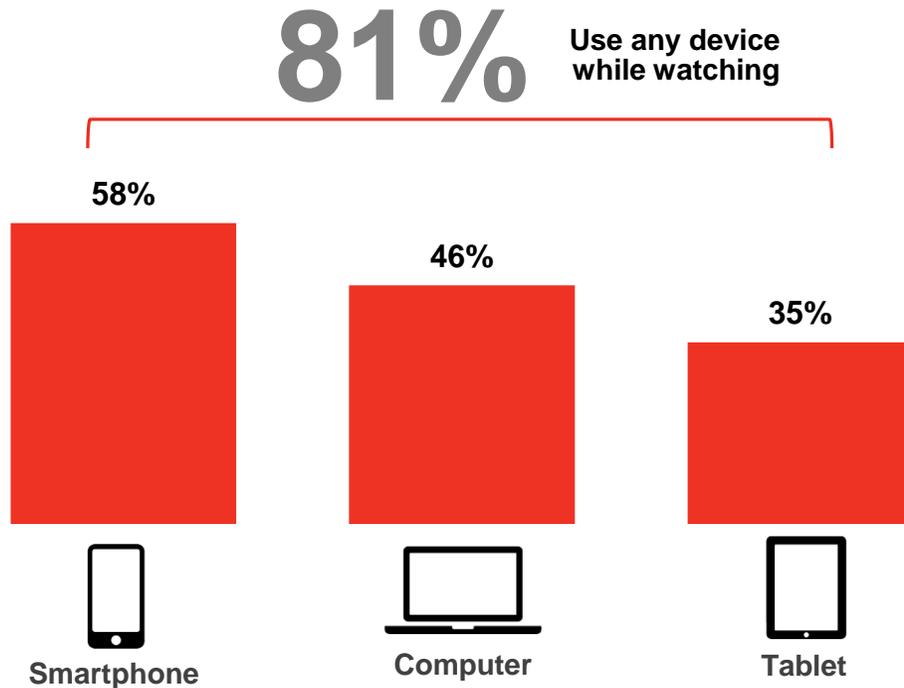
Q8.1. ["Top 2 Box" Summary] How much do you agree or disagree with the following statements?
 Base: Those who stream videos to TV
 IAB Research Using Maru/Matchbox's Springboard America Online Panel,
 Representative of General US Adult 18+ Online Population, March 2017

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

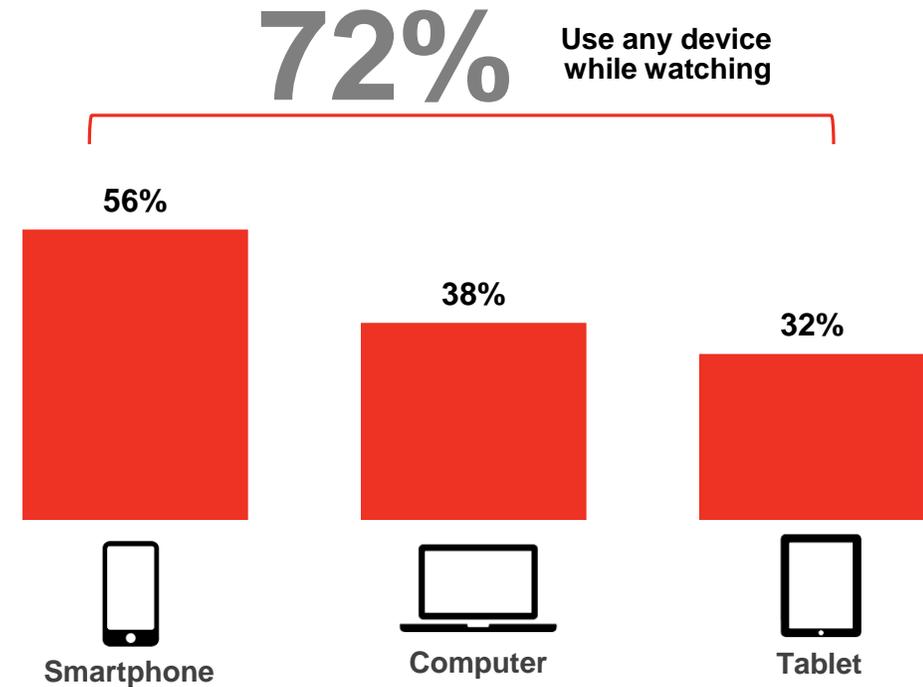
› Devices Used While Watching Traditional TV

Among pay TV Customers with a 2nd Device



› Devices Used While Streaming Digital Video on TV

Among Streaming Enabled TV Owners with 2nd Device



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

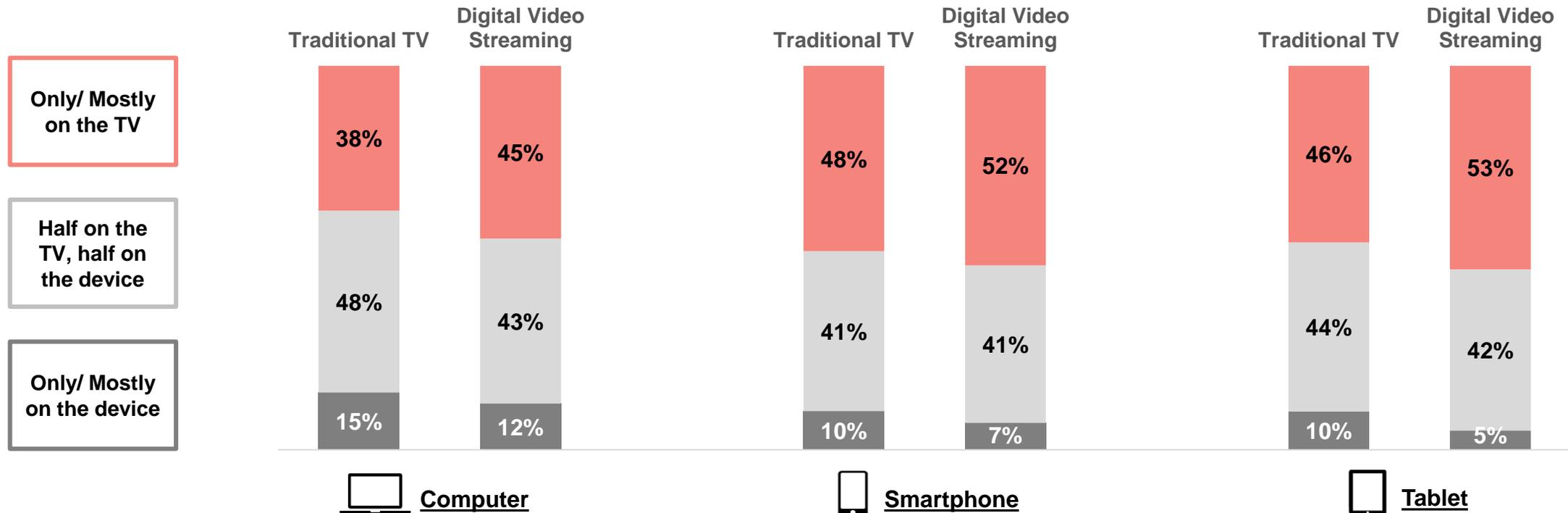


**agree that they are less likely to go online
using my smartphone, tablet or computer
while streaming a video on TV
vs. watching regular TV**

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



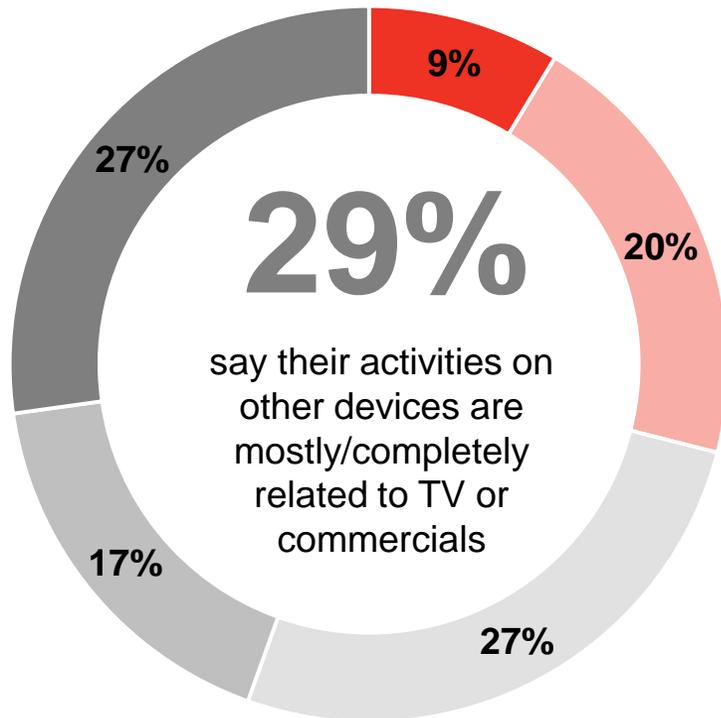
Q5.2. When you are watching traditional live TV programming on a TV screen and using another device, how would you describe your level of attention to the TV screen and/or the device? Is your attention...Base: Adults 18+ who multitask while watching traditional TV
 Q5.3. When you are watching digital 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
 IAB Research Using Maru/Matchbox's Springboard America Online Panel, Representative of General US Adult 18+ Online Population, March 2017

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

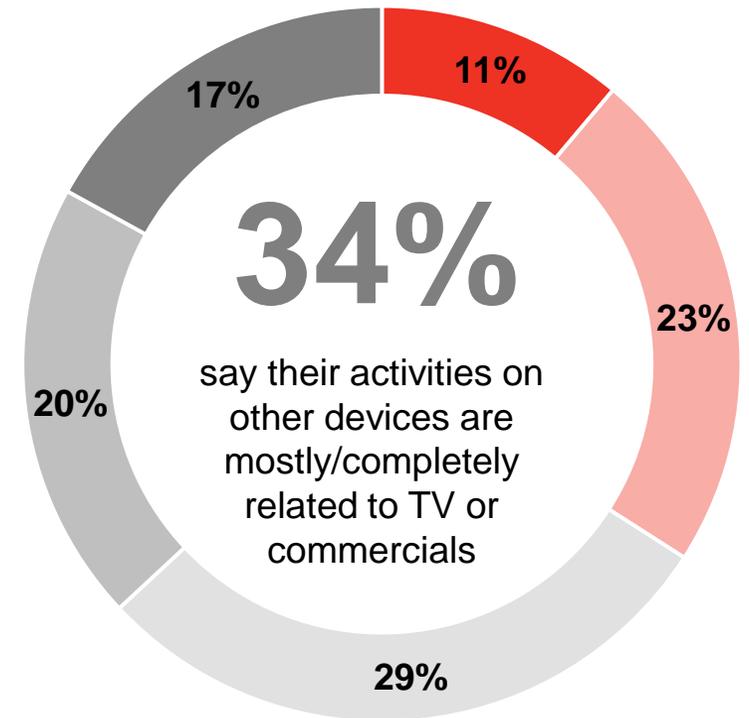
▶ Activities on Other Devices Related to Video Content or Commercials

Among multitaskers on any device

While watching Traditional TV



While streaming video on TV



Completed related

Mostly related

Half related, half unrelated

Mostly unrelated

Completely unrelated

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

Implications

- ❖ **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



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APPENDIX

Profile of Streaming Enabled TV Owners

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

Typical multitasking activities while viewing video content on TV

➤ Top Multi-tasking Activities By Device

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

		Total
Smartphone 	Check social media, unrelated to the video	72%
	Email, unrelated to the video	67%
	Browse the Internet, unrelated to the video	66%
	Catch up on news	55%
	Look up info about/post about something else	53%
	Play games	50%
Computer 	Browse the Internet, unrelated to the video	77%
	Email, unrelated to the video	73%
	Shop	64%
	Check bills/finances	60%
	Catch up on news	56%
	Check social media, unrelated to the video	56%
	Look up info about/post about something else	54%
Tablet 	Browse the Internet, unrelated to the video	64%
	Email, unrelated to the video	56%
	Shop	54%
	Check social media, unrelated to the video	54%
	Play games	51%

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