



Cross-Platform Television Viewing Time

Consumers embrace on-demand TV in the US and Europe

Fateha Begum, Senior Analyst

IHS Technology
technology.ihs.com



miptv.

mipcom.

Cannes, France

<http://www.miptv.com> <http://mipcom.com>

12/12/2014

Page

- 3. Introduction**
4. US: The Netflix effect continues to impact consumers' viewing habits in the US
5. US: Online long-form consumption's threefold increase between 2011 and 2013
6. UK: Traditional TV viewing time has fallen below historic levels
7. UK: OTT sVoD services added more viewing hours in 2013 than FTV
8. France: Non-traditional viewing compensates for the first traditional viewing decline in five years
9. France: Economic woes saw catch-up TV services cannibalise paid-for VoD content
10. Germany: Traditional TV viewing time fall for the second consecutive year
11. Germany: Infrastructure and content investment will help boost pay TV VoD views in coming years
12. Italy: High unemployment continues to drive total television viewing
13. Italy: Online FTV consumption growth slows
14. Spain: Time spent viewing television has continued to rise
15. Spain: sVoD hours tripled, FTV hours doubled in the year
- 16. About us**

Consumers around the world are now able to view content on demand on a variety of devices: digital video recorders, pay TV set-top boxes and internet-connected devices.

IHS Technology tracks the deployment and consumer use of these devices around the world. In this report, we focus on developments in the US and five major European countries.

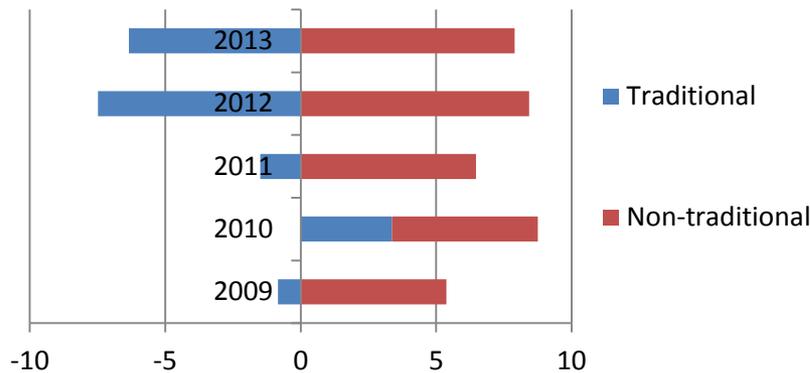
Some of the key findings:

- Linear TV viewing fell significantly in all but one of the six countries (Italy being the exception) in 2013. In the UK, the decline was 11 minutes per person, in the US, seven minutes.
- Online sVoD services (notably Netflix) increased total TV viewing in the US, with 14 billion hours of sVoD long-form content viewed.
- Only 8% of German TV households had access to true VoD services in 2013.
- Linear TV viewing in Italy was up four minutes a day in 2013; on-demand viewing up six minutes.
- Free on demand viewing grew 46% year-on-year in 2013 in Spain.

Introduction

US: The Netflix effect continues to impact consumers' viewing habits

US: Growth in average daily TV viewing time by medium (mins/person) *



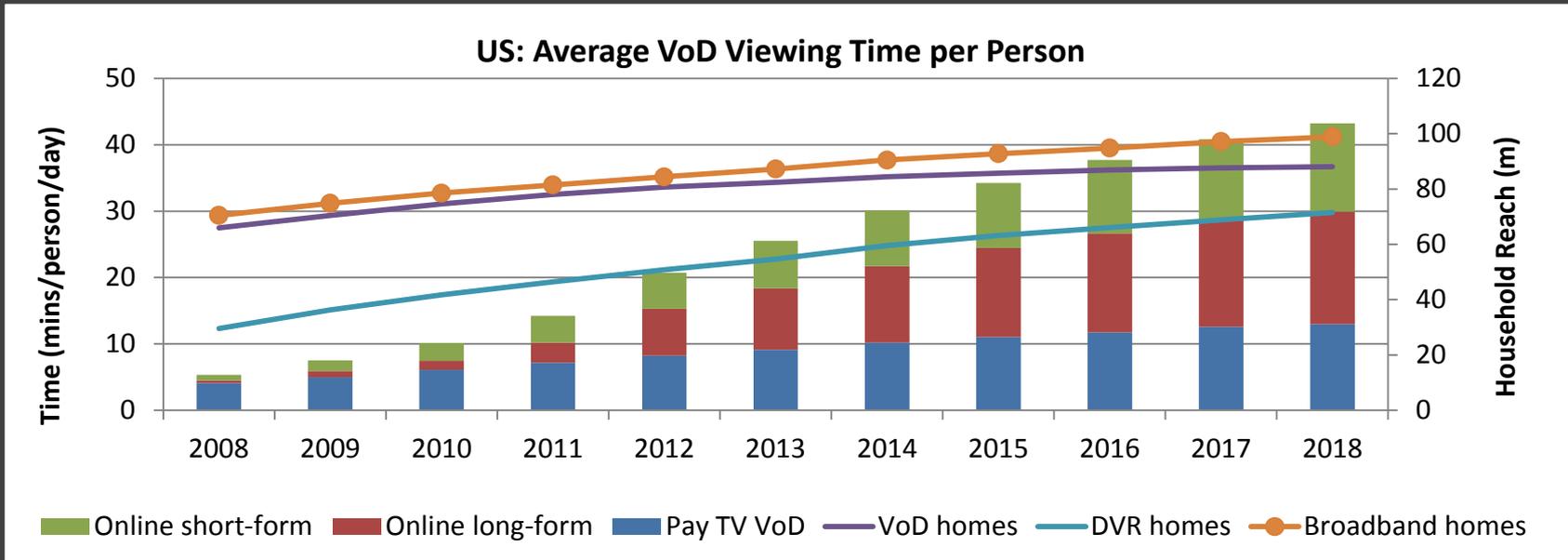
- In the US, time spent viewing long-form content online is increasing at the expense of traditional TV
- Linear viewing fell by an average of seven minutes per person per day in 2013, well below the historical average of roughly 248 minutes
- Linear declines were paralleled by a fall in pay TV subscriptions for the first time in the US, with a net decline of 0.1 million pay TV homes in the year
- Total TV viewing increased by one minute per day in the year, with the help of online video services
- Growth in DVR household penetration has remained relatively stable over the years
- DVR time-shifting has increased from 51 minutes in 2008 to just below 56 minutes in 2012 on a per DVR household basis

US: platform penetration

	Household penetration (%)
Pay TV	84.2
Digital TV	94.5
DVR (Pay)	48.9
VoD/nVoD	69.1
Broadband	71.1

**Source: IHS, Nielsen*

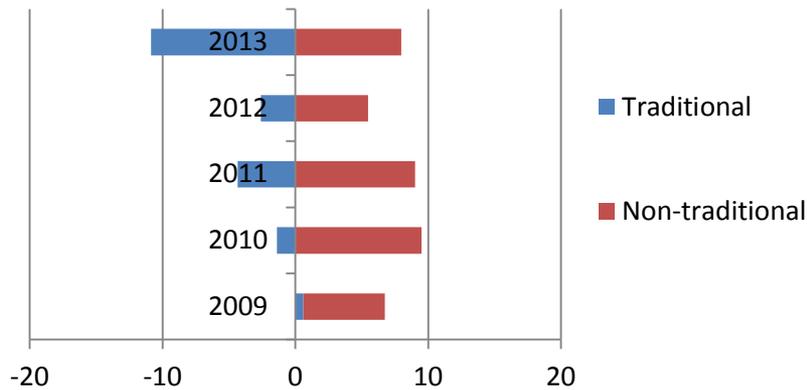
US: Online long-form consumption increased threefold between 2011 and 2013, reaching nine minutes per day per person in 2013



- There were 14 billion hours of content consumed over-the-top (OTT) on subscription video-on-demand (sVoD) in 2013, up by 3.6 billion on 2012. Approximately 45 million subscribers generated five billion movie views and 28 billion TV show views
- Movie transactions continued to grow while growth in TV transactions slowed down. FTV growth also slowed down, though achieving more than 33 billion views, equating to 16 billion hours
- Time spent viewing on-demand content on pay TV increased by two minutes to just over nine minutes in 2013, marginally higher than online long-form
- IHS forecasts that online long-form will overtake pay TV VoD in the next year on a minutes per person basis.

UK: Traditional TV viewing time has fallen below historic levels

UK: Growth in average daily TV viewing time by medium (mins/person) *



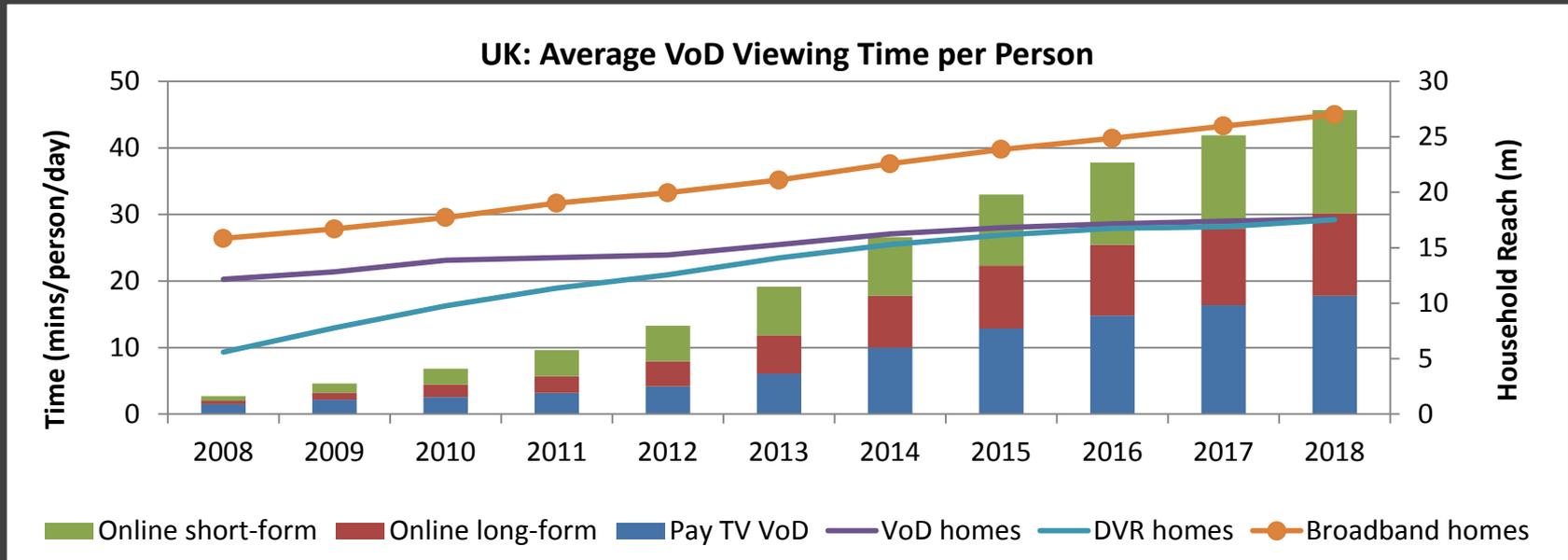
- Traditional TV viewing saw the largest year-on-year decline since records began, down by nearly 11 minutes a day in 2013
- This is the fourth consecutive year of decline, and marks the first time that average viewing time fell below the typical range of 216 to 225 minutes
- When combining both linear and non-linear viewing (broadcast, pay TV VoD and DVR time-shifting), average daily viewing time fell by seven minutes year-on-year
- DVR penetration rose by five percentage points in the year, with Sky continuing to roll out its connectable HD set-top boxes, and IPTV operators BT and TalkTalk offering the YouView set-top
- The launch of YouView helped to transition Freeview households to the VoD and DVR time-shifting world for the first time
- Despite the addition of 1.4 million DVR households in the year, time-shifted viewing saw little growth on a per person basis, and declined on a per DVR household basis

UK: platform penetration

	Household penetration (%)
Pay TV	52.8
Digital TV	100
DVR (Pay)	50.1
VoD/nVoD	54.4
Broadband	75.8

**Source: IHS, BARB, Thinkbox*

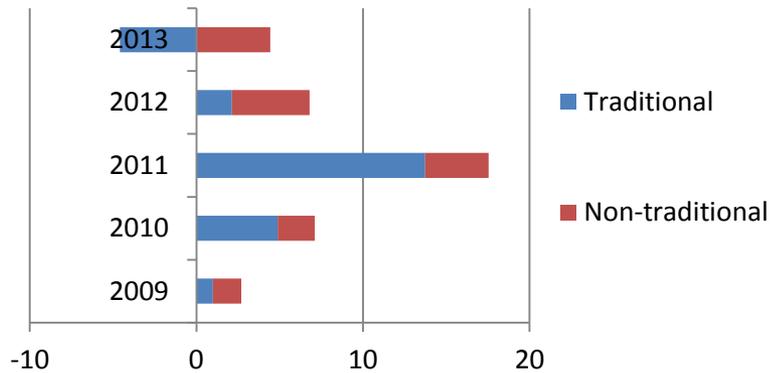
UK: OTT sVoD services added more hours in 2013 than FTV, with time spent on sVoD now half of that on FTV



- OTT sVoD minutes doubled in the year, with more than 0.7 million hours of content consumed. However, growth had slowed down compared to 2012, driven by sVoD service launches – annual sVoD movie views grew by 183% YoY in 2013, compared to nearly 600% in 2012
- Online FTV content saw more than 7 billion views, up 16% on 2012. Of the additional views in 2013, BBC iPlayer accounted for more than 6 in 10, and for 4 in 10 of all FTV views in 2013
- The growth in online video consumption has prompted traditional pay TV operators to enhance their VoD offerings, with heavy marketing around TV box sets to compete with OTT sVoD services
- More than half of all pay TV VoD minutes were of catch-up TV content, with an additional 15% of other free TV content (library content & boxsets)

France: Total TV viewing time remains unchanged as non-traditional viewing compensates for the first decline in traditional viewing in five years

France: Growth in average daily TV viewing time by medium (mins/person) *



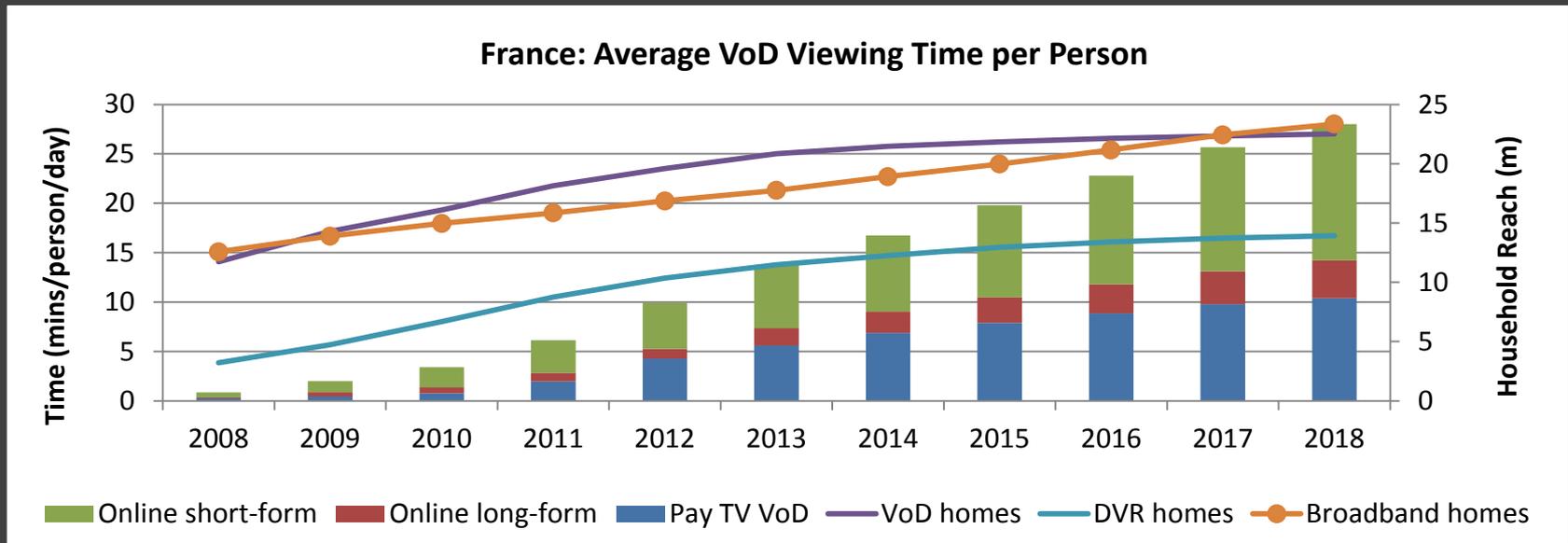
- Linear TV viewing saw its first decline in five years, with average daily time spent per person falling by five minutes compared to 2012, though it remains well above pre-recession levels
- DVR time-shifted growth continues to see a slowdown, adding only 0.6 minutes in the year
- Despite France having one of the highest DVR penetration rate, DVR viewing makes up the smallest proportion of total TV viewing compared to the other big five European markets at only 2%
- A high pay TV on-demand penetration has meant that pay TV VoD viewing remains prominent in the market at more than 2% of total TV viewing, on par with the UK
- Total TV viewing time remained unchanged in 2013 year-on-year as non-traditional TV viewing mechanisms increased by four minutes, just about making up for the shortfall in linear declines

France: platform penetration

	Household penetration (%)
Pay TV	76.4
Digital TV	94.6
DVR (Pay)	42.3
VoD/nVoD	76.8
Broadband	64.2

*Source: IHS, Mediametrie, TF1

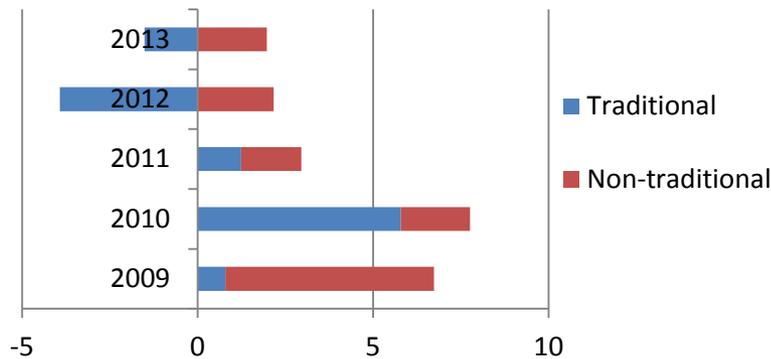
France: Economic woes saw catch-up TV services cannibalise paid-for VoD content



- The pay TV on-demand market saw an unprecedented decline in transactions and consumer revenue in 2013 as a result of low disposable income and a weak cinema release slate
- Catch-up TV consumption grew, driven by free content. Consumers are disinclined to spend on online content
- The pay TV VoD market declined by 5% in the first half of 2013 year-on-year, while online video remained relatively flat. An increase in the addressable base helped maintain OTT video as buy rates declined per consumer
- FTV viewing also saw large increases on online platforms, with the number of views up by 1.2 million year-on-year, the largest increase as of yet, compared to only 0.4-45 million annually in the two years prior
- IHS expects pay TV VoD buy-rates to increase again 2015 onwards as the economy improves, though failing to return to previous levels as consumption shifts to online platforms in the interim

Germany: Traditional TV viewing time saw a fall for the second consecutive year

Germany: Growth in average daily TV viewing time by medium (mins/person) *



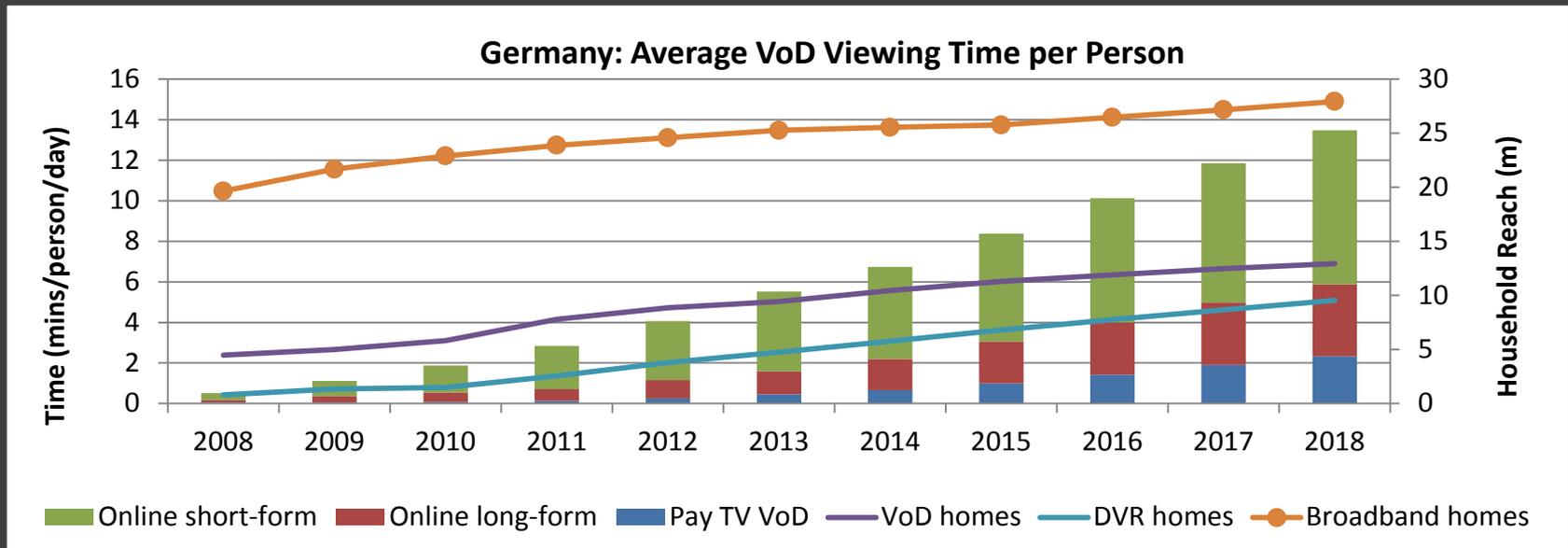
- Traditional TV viewing declined by one and a half minutes in the year. Non-traditional TV viewing, excluding online short-form, increased by less than one minute, failing to fully compensate for the decline
- Average daily TV viewing time increased by less than one minute per person in 2013, largely due to a one minute increase in online short-form content
- Germany remains a free TV heavy market, with a relatively low digital TV penetration. A third of households use analogue cable as their primary TV platform – thus without access to DVRs or VoD services
- Nearly 18% of TV households have access to a DVR via free satellite or DTT. Growth in DVR time-shifting as a proportion of total TV viewing time has slowed down, remaining around the 5% mark
- Given the low penetration of VoD and DVRs, the declines in linear viewing are unlikely to be due to major shifts in consumption habits

Germany: platform penetration

	Household penetration (%)
Pay TV	57.1
Digital TV	68.5
DVR (Pay)	12.3
VoD/nVoD	24.4
Broadband	62.5

**Source: IHS, Arbeitsgemeinschaft Fernsehforschung (AGF)*

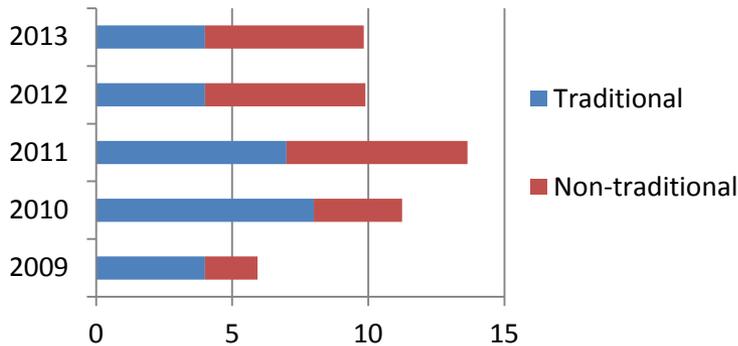
Germany: Increased investment in network infrastructure will help boost pay TV VoD views in coming years, in addition to enhanced content offerings



- Only 8% of TV households had access to true-VoD services in 2013, which is forecast to grow to 20% by year-end 2018
- UnityMedia launched a next-gen set-top box & a multiscreen initiative in 2014, while KD & Deutsche Telecom increased broadcaster VoD content. Deutsche Telekom also partnered with OTT sVoD service Maxdome. Sky Deutschland increased its online presence through TV Everywhere and standalone sVoD service, Snap TV.
- The digital video market grew by 36% in 2013 YoY in terms of value. The number of online movie transactions grew by 50%, with nearly 90% of transactions on a rental basis
- sVoD services accounted for 20% of OTT video revenues, with views expected to triple in 2014
- FTV views increased by 10% year-on-year exceeding 3 billion views in the year, of which RTL accounted for a third

Italy: High unemployment continues to drive total television viewing, despite a shrinking pay TV market

Italy: Growth in average daily TV viewing time by medium (mins/person) *



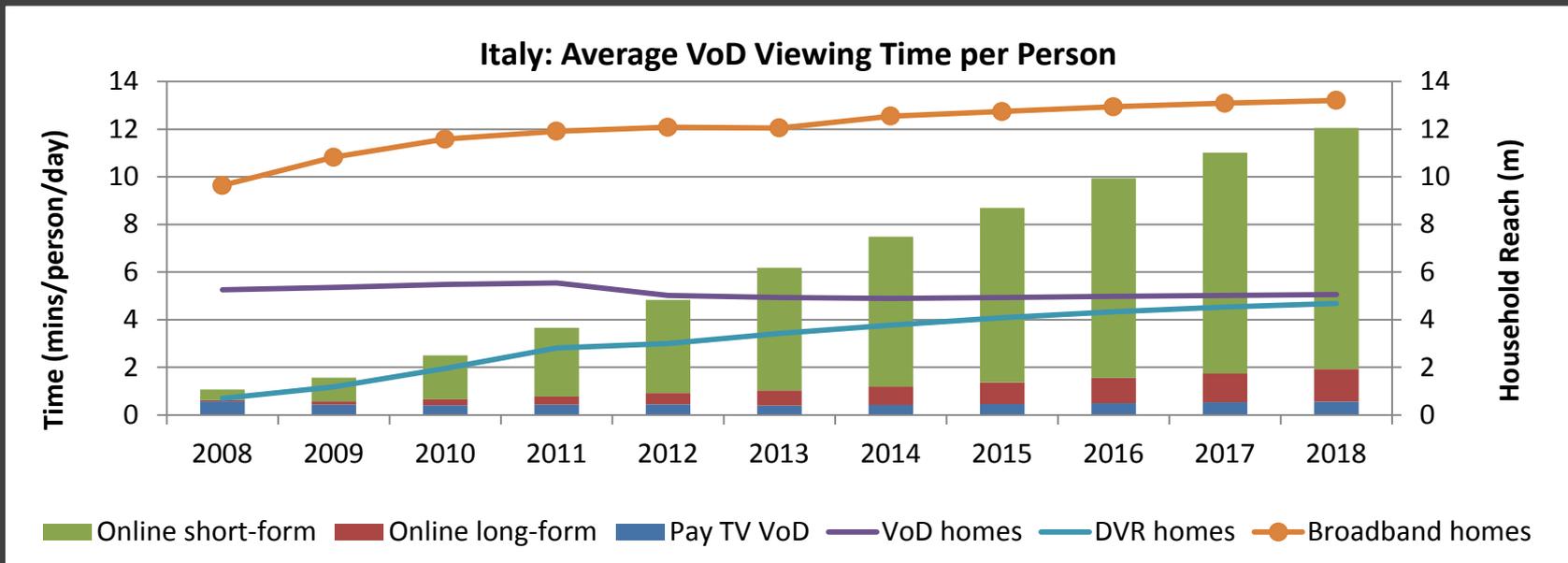
- Linear TV viewing time continued to grow in Italy as high unemployment remains a problem – the only market of the big five European to see linear TV growth
- In 2013, individuals watched an additional four minutes of broadcast TV a day when compared to 2012. Time spent viewing non-traditional TV grew by nearly six minutes a day
- The additional time spent watching both linear and non-linear TV was the same as the level of growth seen in 2012
- DVR time-shifting continued to grow significantly, accounting for seven per cent of total TV viewing, and 77% of all non-traditional viewing
- Pay TV subscriptions continued to decline though at a lesser extent than 2012, as Sky Italia net losses were down. However, a low pay TV penetration has meant that VoD and DVR penetration remains low in the market

Italy: platform penetration

	Household penetration (%)
Pay TV	33
Digital TV	100
DVR (Pay)	13.6
VoD/nVoD	19.6
Broadband	50.4

**Source: IHS, Mediaset*

Italy: Online FTV consumption growth slowed down in the year as the number of broadband homes fell

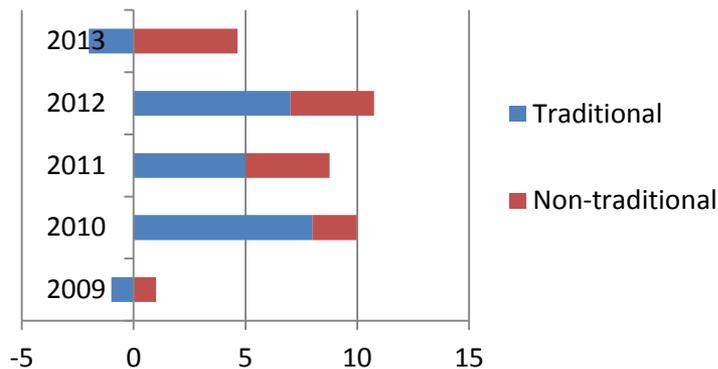


- Growth in FTV online viewing slowed down in the year as broadband connections fell for the first time, losing 0.03m households year-on-year
- Online FTV consumption saw a slowdown in growth, with the total number of hours increasing by 11% year-on-year in 2013, down from a 24% annual growth rate in 2012
- Nonetheless, time spent viewing video content online continued to grow
- Subscription viewing saw a threefold increase, with approximately 64 million hours spent in 2013 – nearly half of that spent on FTV TV viewing. This comes largely from bundled sVoD service, Sky Go, while standalone sVoD uptake remains low
- Pay TV VoD is forecast to see little growth as Sky Italia controls the majority of the market. Telecom Italia will continue to see IPTV declines while it focuses on its OTT service

Source: IHS, Nielsen

Spain: Despite a contracting pay TV market, time spent viewing television has continued to rise

Spain: Growth in average daily TV viewing time by medium (mins/person) *



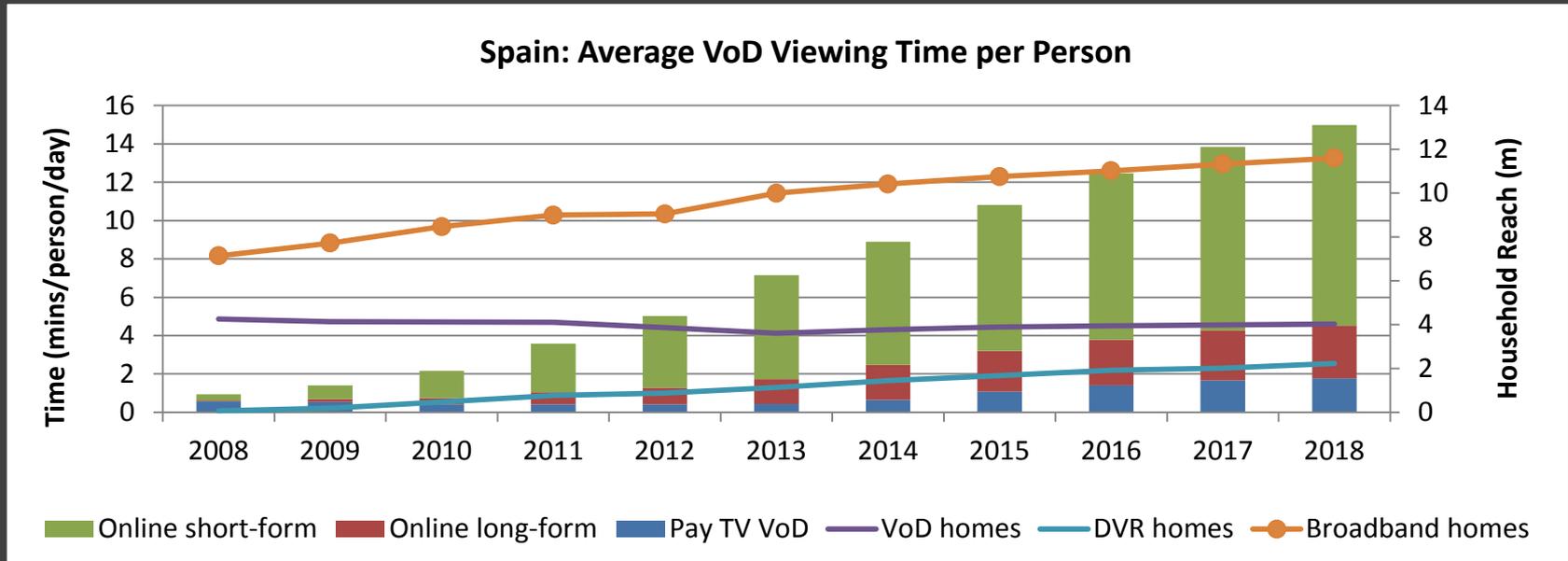
- Total television viewing time increased by two minutes each day per person in 2013 YoY, driven by a four minute increase in non-traditional TV viewing, while traditional broadcast TV saw a fall of two minutes in the year
- In the past three years, Spain has seen jumps in the proportion of total TV viewing which is non-traditional. In 2013, non-traditional TV viewing methods' contribution increased by two percentage points year-on-year
- Though there was a small fall in time spent viewing traditional TV between 2012 and 2013, it remains well above historic levels – an additional five minutes per day were spent in 2013 when compared to 2011, the second highest of time spent
- The pay TV market continued to contract in Spain, though it saw an upturn in Q4 2013 following changes in IPTV strategies
- Broadband homes jumped in the year, following a year of stagnation in 2012

Spain: platform penetration

	Household penetration (%)
Pay TV	22
Digital TV	99.1
DVR (Pay)	6.5
VoD/nVoD	20.7
Broadband	59.3

**Source: IHS, Kantar Media, Atres Media*

Spain: Improvements in broadband uptake boosted online video consumption with sVoD hours tripling and FTV hours doubling in the year



- FTV long-form viewing saw its highest level of growth yet, with a total of 111 million additional hours spent viewing content compared to 2012
- FTV views grew by 46% year-on-year in 2013, compared to a 34% annual growth rate in 2012
- The pay TV VoD transactions continued to decline though the rise in IPTV subscribers in Q4 2013 helped to lessen the extent of the decline
- Total transactions saw an annual decline of 1.5 million in 2013, compared to a decline of 3.3 million in 2012. Q4 2013 movie transactions were up by 16%, though Q2 declines were heavy
- Though Digital Plus lost 100,000 subscribers in the year, it added nearly 20,000 IP-VoD connected homes

About the Author

IHS Technology: Industry Analysis and Insights Covering Global Media Markets

RESEARCH AREAS

- Advertising
- Broadband Media
- Cinema
- Games
- Television Media
- Video Media

COVERAGE

- 50+ analysts worldwide
- 100+ countries covered
- 350+ customers supported

MEDIA SOLUTIONS

Subscription Services
20+ intelligence services combining forecasts, topical reports, and analyst insights

Monthly Publications

- Media & Technology Digest

For more information visit: technology.ihs.com

Email: technology_emea@ihs.com

This report is brought to you by

MIPTV/MIPCOM

MIPTV & MIPCOM are the world's leading content markets for creating, co-producing, buying, selling, financing, and distributing entertainment & TV programs across all platforms.

MIPTV & MIPCOM respectively take place every April and October, each bringing together over 12,000 professionals from 100 countries.

Our websites

miptv.

<http://www.miptv.com>

mipcom.

<http://www.mipcom.com>

To follow us:



<http://feeds.feedburner.com/mipworld/ABNF>



<http://twitter.com/mip>



<http://youtube.com/mipmarkets>



<http://facebook.com/mipmarkets>



<http://linkd.in/mipmarkets>



<http://flickr.com/photos/mipmarkets>

To download our MIPTV / MIPCOM app:

<http://bit.ly/mymipapp>