



BSAC Business Briefing

TV Consumption Trends in the Multi-Screen Era

October 2012

Traditional TV Viewing Is Holding Up Well

Despite all the hype about social networking, ‘over-the-top’ video services, smartphones, video games, and other alternative leisure activities, good old-fashioned TV viewing has remained remarkably resilient. In fact, the average number of hours watched by individuals in the UK has actually risen by eight per cent since 2004 – from 3.7 hours to 4.0 hours in 2011 (according to BARB). The rejoinder to this is often to suggest that the overall average must hide some differing trends within particular age groups – particularly in the younger demographic. Actually, according to BARB data, the only age group that appears to be watching less TV these days is the 25-34-year one: their viewing fell from 3.5 hours a day in 2004 to 3.3 hours last year. The robust character of TV viewing is far from unique to the UK, with a similar trend to stable or increased viewing being witnessed in most countries.

Most Viewing Is On The Primary Display

Many households own multiple TV sets, but interestingly most TV viewing is still concentrated on the primary ‘living room’ display. Indeed, since 2002, average daily viewing on the primary set has increased by 12 per cent to 209 minutes per day, up from 187 minutes. This leaves an additional average 33 minutes viewing a day to be shared amongst other TV sets in the home.

While the number of new TV sets purchased each year has been increasing, it is notable that the number of households depending on only a single TV set has actually risen: from 35 per cent in 2002 to 40 per cent in 2011. This could be explained by a variety of factors, including the growing size and sophistication of the primary TV set, as well as the increasing use of other Internet-enabled devices like PCs, tablets and smartphones as alternative ways to view video content within the home.

Unsurprisingly, the majority (57 per cent) of viewing on the primary TV set tends to be ‘social’ viewing, with at least two people viewing concurrently. Conversely, around two thirds (68 per

cent) of viewing on secondary TV sets – in bedrooms, kitchens, etc, - tend to involve only one person.

Linear Versus Non-Linear Viewing

A useful distinction can be made between ‘linear’ and ‘non-linear’ viewing. Linear viewing refers to traditional live, scheduled programming, while non-linear means any programming that is watched ‘on-demand’, with the consumer in control of the viewing experience. We can distinguish between three categories of non-linear viewing: time-shifted viewing via use of a DVR (Digital Video Recorder), video-on-demand via a pay TV set-top box, and Internet-delivered ‘over-the-top’ video consumption of some kind.

Live Viewing Dominates Even In DVR-Enabled Homes

According to Ofcom survey data, just under half (47 per cent) of UK households own a DVR, up appreciably from the 11 per cent recorded in 2006. Contrary to some common perceptions, live viewing is still dominant in DVR-equipped homes. In 2011, DVR-enabled time-shifted viewing accounted for 15 per cent of all viewing in DVR-equipped households – up only two per cent from the early adopters who owned a DVR back in 2006. In absolute terms, this means an average of 34 minutes a day is spent watching content recorded on the DVR – with nearly half of this representing programming that was recorded on the same day as the live broadcast. Use of DVR technology is noticeably biased towards the younger demographic, with the 25-34 and 16-24-year-old segments both watching more than 20 per cent of their TV on a time-shifted basis.

Pay TV Video-On-Demand Growing

Video-on-demand (VoD) usage is growing within homes that subscribe to Virgin Media and BT Vision services and will likely be a growing feature of Sky viewing in future as that platform is increasingly enhanced by broadband-enabled services. Since 2008, the average number of VoD views in Virgin Media homes has almost tripled – from 33m to 90m views per month in 2011. The vast majority of this VoD consumption is accessed with no additional charge to Virgin subscribers. However, as a proportion of total UK viewing time (i.e. across households with VoD services and those without), VoD viewing via pay TV platforms accounts for just one per cent according to IHS Screen Digest estimates.

Online Catch-Up TV Viewing Is Stable

IHS Screen Digest forecasts that broadband Internet penetration in the UK will exceed 70 per cent of households this year and provides an increasingly viable distribution platform for TV programming. At the same time, the proliferation of Internet-connectable consumer devices that enable consumption of video content, both within and outside the home, makes it ever easier to access TV content.

According to Ofcom survey data, 37 per cent of people with home Internet claim to watch catch-up online TV services. Perhaps unsurprisingly, it is the youngest demographic (16-24-year olds) who view online catch-up content most regularly – 30 per cent of this group claim to do so at least once per week and an additional 18 per cent less often (48 per cent overall).

Data from UKOM/Nielsen suggests a total of around 25m viewers watch online catch-up TV services each month – a level that has remained relatively stable over the last year or so. The dominant force in catch-up TV remains the BBC's iPlayer, which consistently achieves a monthly unique audience in excess of 7m viewers compared to fewer than 2m for each of the other broadcaster catch-up services (ITV Player, 4OD, Demand Five, Sky).

Netflix Stimulates Competition In Online TV/Movie Sector

The rest of the UK online video segment has become more competitive since the launch here of a streaming-only film and TV service from Netflix in January 2012. Overall, the total unique audience for online video in the UK is around 25m individuals – about 55 per cent of the adult population. By far the leading player is still Google's YouTube, which recorded a unique audience of over 24m people in August 2012 – so pretty much everybody viewing online video is using YouTube!

UKOM/Nielsen data suggests that, amongst dedicated online TV and movie services in the UK, Amazon's LoveFilm has been growing its unique audience base impressively – from 1.6m in March 2011 to 2.5m in March 2012 and 3m in August. However, since the LoveFilm website is also where subscribers to the DVD/Blu-ray rental service visit to select their disc choices, this growth should not necessarily be taken as evidence of a similar growth in streaming-only subscribers.

Arch rival Netflix had a unique audience of 1m people visiting its website in August, but claimed to have signed up 1m subscribers across the UK and Ireland. It is worth noting, however, that as many as one sixth of the subscriber base is believed to be on a free trial. Visitors to the Netflix website spent an average of 34 minutes there – compared to 14 minutes on LoveFilm, which is consistent with a proportion of site visitors being there to select their disc rental choices. All the other specialized online TV/movie services in the UK – including Sky Go – generate unique monthly audiences of 1.5m or below. It should be noted, however, that there are methodological differences in how these figures are arrived at. BSkyB's own data, for example, shows Sky Go achieving 1.8m monthly unique.

Internet Connected Devices Are Proliferating

As noted above, use of Internet-connected devices beyond the PC is on the rise. Arguably, one of the most significant trends is the increasing penetration of directly connected TVs (sometimes termed 'smart TVs'). More than 20 per cent of all TV sets sold in the UK this year will be connectable and IHS Screen Digest estimates that 2.2m will actually be connected to the Internet

by end-2012. This compares to a little over 9m connected games consoles, 3.4m stand-alone set-top boxes (e.g. Apple TV, Roku), about 1m Blu-ray players, and around 5m pay TV set-top boxes (e.g. Sky set-top boxes connected to broadband). By comparison, there will be close to 8m tablets in use in the UK by end-2012 – over 80 per cent of which are Apple iPads. This, of course, pales in comparison to the number of smartphones in use (about 38m), most of which also allow some form of online TV consumption.

Connected TVs are, of course, particularly significant, because they allow catch-up and other online VoD services to be viewed on the primary display in the home. Consumer research undertaken for Ofcom found that 51 per cent of those with directly connected TV sets had watched catch-up TV on them, a slightly lower figure than those connecting their TV via a third party device (54 per cent).

Multi-Screen Viewing On The Rise

Despite the growing penetration of connected devices, the use of PCs for consumption of the main broadcaster online catch-up TV services has remained – perhaps surprisingly – resilient. However, the trend is definitely towards consumption on non-PC devices. BBC iPlayer requests via the PC fell from 60 per cent of all requests in August 2011 to 54 per cent in August 2012. The most significant shift in iPlayer consumption is towards tablets and smartphones: the proportion of all requests via tablets increased from 3 to 10 per cent over the year, while those from smartphones doubled from 6 to 12 per cent over the same period. Consumption via ITV Player follows a broadly similar trend, with 50 per cent via PC and 15 per cent via a combination of tablet and smartphone.

Total Non-Linear Viewing Is Still Less Than 10 Per Cent Of All Viewing

Overall, IHS Screen Digest estimates that total online viewing now accounts for almost three per cent of all TV viewing in the UK. Combining all 'channels' of non-linear viewing (DVR plus pay TV VoD plus online TV), we estimate that almost 10 per cent of all viewing was done on an on-demand basis by the end of 2011. And, of course, conversely over 90 per cent was still traditional live TV viewing.

