

Digital Video and the Connected Consumer



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Split Screen

TV's undisputed popularity as the go-to entertainment device is ending. Now, as viewers shift their allegiance to other devices, media companies must identify new ways to package content and share it across multiple screens.

Are we watching the death of TV, on multiple screens? Not yet. But the way viewers consume video content is changing faster than ever before. The fifth annual multinational 'Accenture Digital Consumer Survey' puts this into focus.

Consumption of short-form video content on IP-connected devices keeps on growing. Take one example: the number of hours YouTube's billion-plus users spend watching content on the site is up 50 percent year-on-year – and over half of all views are on mobile devices¹. And now it's clear that viewership of long-form video content – like movies and television shows – is shifting emphatically from the TV to other digital devices (computers/laptops, smartphones and tablets).

It's a dramatic trend. Globally, the TV has lost 13 percent of its audience for this type of content in the past year (in the US, it's an 11 percent decline). And it's not just TV shows and movies that are increasingly being watched on non-TV devices. Ten percent fewer people around the world watched sports on a TV screen last year (Fig. 1).

We found that the TV is the only category of device experiencing uniform, double-digit usage declines, across different types of media worldwide, among viewers of nearly all ages. In other words, it's not just 'screenagers' who are turning their backs on the TV although 14–17 year-olds are abandoning TV screens faster than any other group. Profound changes are taking place in how all of us consume video content – and they're happening right in front our eyes (Fig.2).

Crucially too, we found that where people are watching TV, they're doing so in combination with at least one other device. 87 percent of consumers are also using their smartphone, tablet, game console, ebook or laptop whilst watching TV. In other words, the second screen is firmly established as a key element of the value proposition for all media companies.

For incumbent TV broadcasters, satellite and cable providers, these are truly pivotal developments. Our survey shows that consumers still trust established brands more than disruptive digital players. But with these same consumers switching

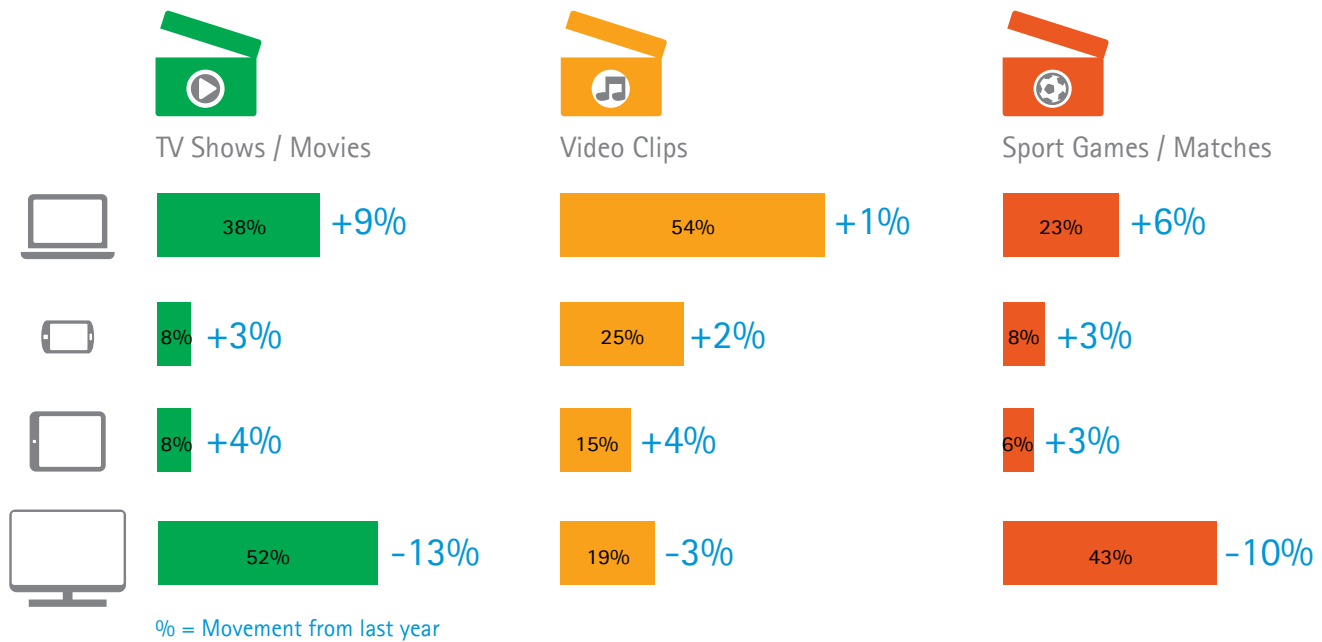
their allegiance from the TV to other devices, it's the new market entrants like Netflix, Amazon and BlinkBox that stand to win. Built around platforms that can capture and capitalize on the rich consumer data flowing from IP-connected devices, they're able to exploit seamless feedback loops between their audiences and their operations – by listening to their customers and tailoring content and services to this new reality. The incumbents MUST catch up to avoid squandering their brand advantage.

The proliferation of digital consumer devices is generating a wealth of usage data that can only be harvested through digital platforms. Development of these platforms, and supporting talent and capabilities, is therefore a top priority. For incumbent broadcasters, programmers and content makers, what's needed is a marriage of art and science – decisive competitive edge will be the prize for organizations that can enhance decades of content creation, curation and editorial experience with the feedback that audiences are now so willing to share.

1. Source: April 2015, www.youtube.com/yt/press/en-GB/statistics.html

Figure 1: Preferred device when accessing different types of digital content

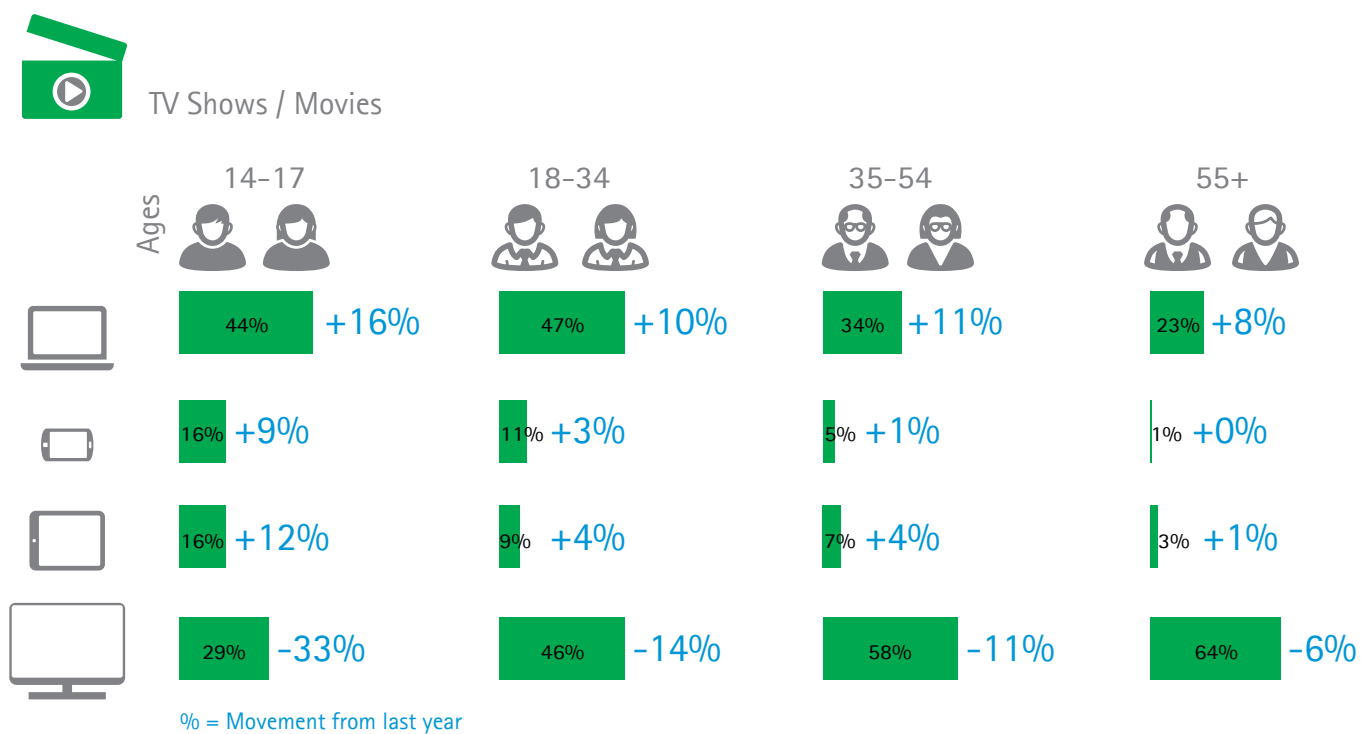
% Users selecting 1 or 2 preferred devices for each of the digital content



Source: 2015 Accenture Digital Consumer Survey.

Figure 2: Frequency of accessing digital content

% Users that are accessing content "daily" AND "weekly"



Source: 2015 Accenture Digital Consumer Survey

Reports of TV's demise are premature, but...

None of this is to say that TV's demise is imminent. In America, for instance, TV viewing is still the favorite entertainment pastime – and by a long way. But our survey shows that people, across age groups and geographies, are spending more time surfing the web and watching streaming services, and less time in front of their televisions.

Why? A number of reasons come into play: not least smartphones with larger screens which make it easier to view video content on-the-move, away from home and, indeed, at home. The trend for binge-viewing series like Breaking Bad and Game of Thrones on OTT platforms adds momentum. A recent survey shows why. One-third of all respondents in the Arris 2014 Consumer Entertainment Index said they use their mobiles for binge-viewing, with one quarter using their laptops².

And looking ahead, we're seeing a number of emerging trends that

point to an accelerated shift away from the TV as the primary screen. Availability of live linear, for example, with sports viewing on mobile devices is gaining traction (shown by traffic through Star India's "hotstar" and starsports during the 2015 Cricket World Cup). Increased availability of content offline is another factor, with increased downloads of content across geographical barriers (e.g. DISH's international package and Starz's newly launched subscription online video service – Starz Play Arabia – aimed at young viewers connecting via mobile devices). And, although yet to have a significant impact, the predicted increase of in-car viewing (as connected/driverless cars enter the mainstream) will further fuel out-of-home video consumption.

Recent research by tracking firm Nielsen throws existing developments into stark relief. It shows how growing numbers of households in the US are opting to dump their TVs altogether and go "broadband only" (2.8 percent of all households neither

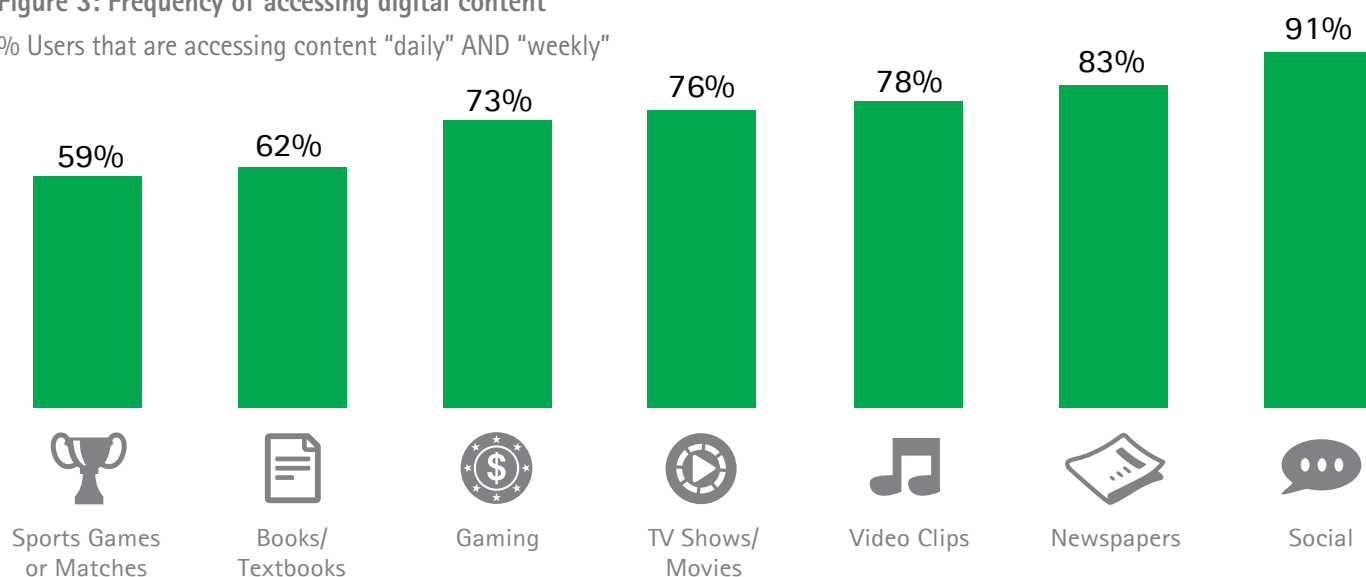
subscribe to cable nor pick up a broadcast signal, almost three times last year's total).

Online content consumption is no longer the preserve of early adopters. In fact, frequent access to digital content is now the norm. Globally, 78 percent of consumers are watching video clips online daily and weekly; 76 percent are watching TV shows and movies either via the internet or through a dedicated app.

Capitalizing on the digital surge, we're seeing increasing disruption from "cord cutters" on both sides of the Atlantic. This is starting to transform how viewers watch and pay for TV – and it's a trend that extends far beyond Netflix, Amazon and YouTube. Significantly, the same live channels and shows that broadcast on TV are bypassing cable contracts and streaming straight to the viewer. Media companies right across the spectrum are in on the act: HBO's doing it with HBO Now. CBS is doing it with Live TV. Dish is doing it with Sling TV. Sony's doing it with PlayStation Vue. And Apple will be doing it later this year.

Figure 3: Frequency of accessing digital content

% Users that are accessing content "daily" AND "weekly"



Source: 2015 Accenture Digital Consumer Survey

2. Source: April 2015, www.youtube.com/yt/press/en-GB/statistics.html



Welcome to the multi-screen world

Multi-screen usage is now a fact of life for most of us. Whether we're checking emails and tweeting commentaries while watching a sports game on TV, or catching up on a favorite program while traveling, we're all viewing more and more digital content on a screen or device other than our traditional TV.

Our survey shows that overall 37 percent of consumers now own a combination of smartphones, laptops, desktops and tablets. It also found that 16 percent of consumers own a connected TV, in addition to a combination of these other devices. And more importantly, they're using

these devices to access all kinds of content on a daily basis (Fig.4).

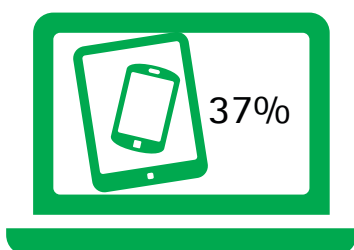
We found that as many as 87 percent of consumers are now using the TV and a second screen together, in ways that complement each other, whether that's getting more information on a TV program, accessing social media to get reactions to what they're watching on the TV screen, or shopping online (particularly popular amongst TV viewers in the Asia-Pacific region). The smartphone is the most frequent companion device (for 57 percent of multi-tasking viewers), just ahead of computers/laptop devices (favored by

50 percent of multi-taskers). Drilling down deeper, it was less surprising to find that smartphones are preferred by 14-17 year-olds, and computers/laptops by 45-54 year-olds (Fig.5).

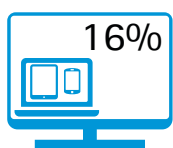
Clearly it's time for media companies to continue developing a new generation of services that plug into this second-screen phenomenon. Viewing habits will need to be integrated into existing offerings to capture loyalty and help drive additional revenues, and the ability to deliver a seamless experience across devices looks set to be an increasingly important differentiator.

Figure 4: Combined product ownership of major device categories per country

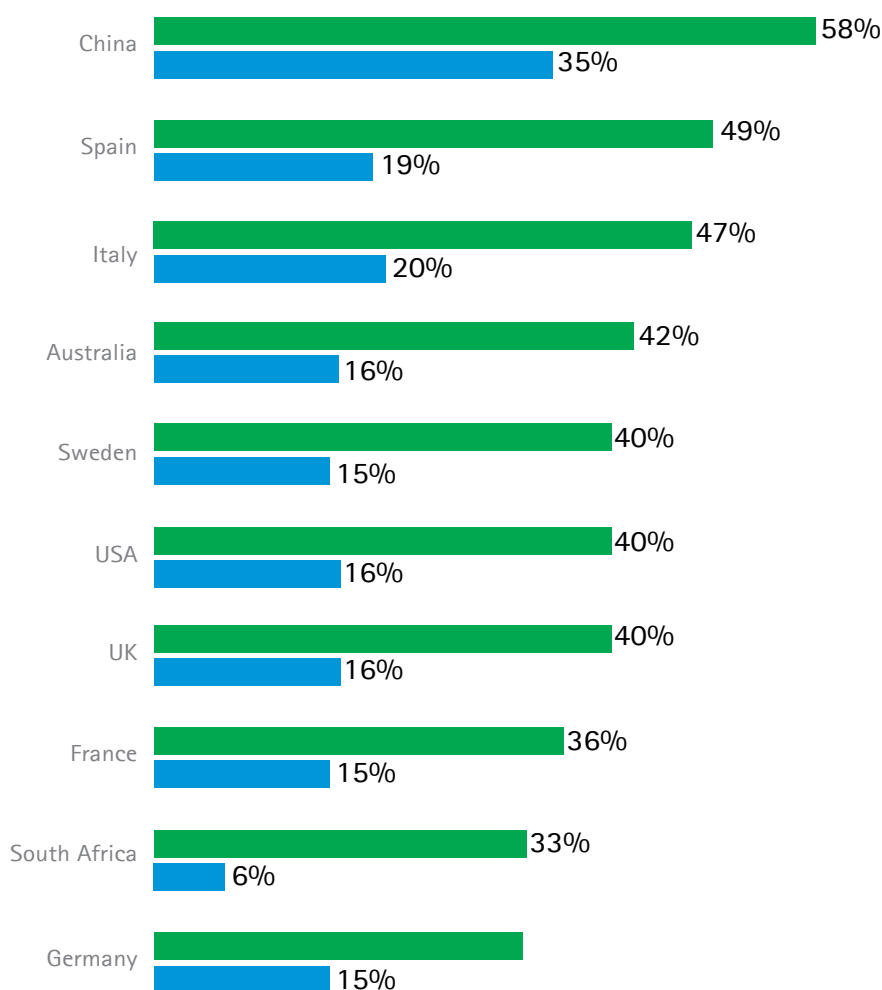
Overall



% Consumers in Each Country owning a combination of Tablet, Laptop/desktop and Smartphone



% Consumers in Each Country owning a combination of Tablet, Laptop/desktop, Smartphone and Connected TV



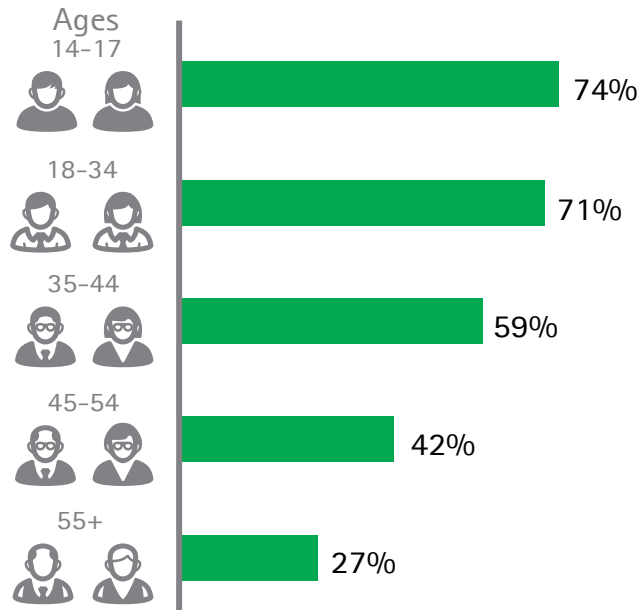
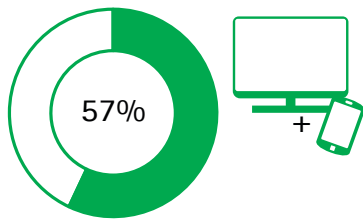
Sample base: all respondents | N=24000

Source: 2015 Accenture Digital Consumer Survey

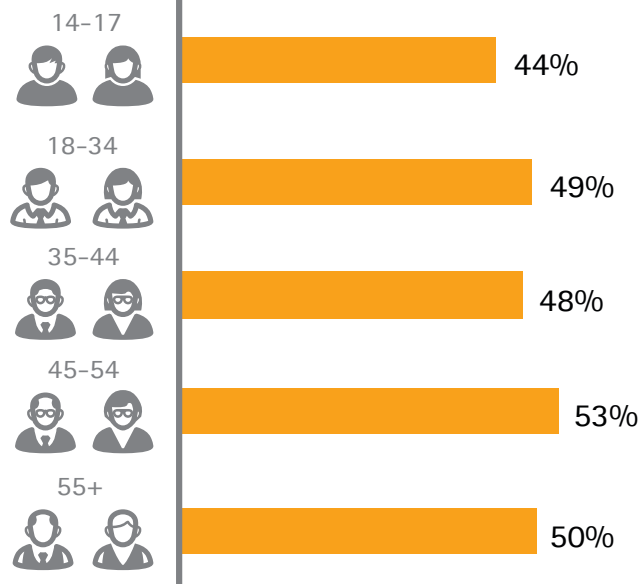
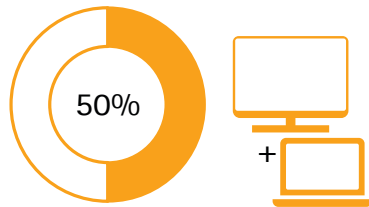
Figure 5: Consumers multi-tasking by using more than one device simultaneously

% Multi-tasking users selecting all applicable devices used while watching TV

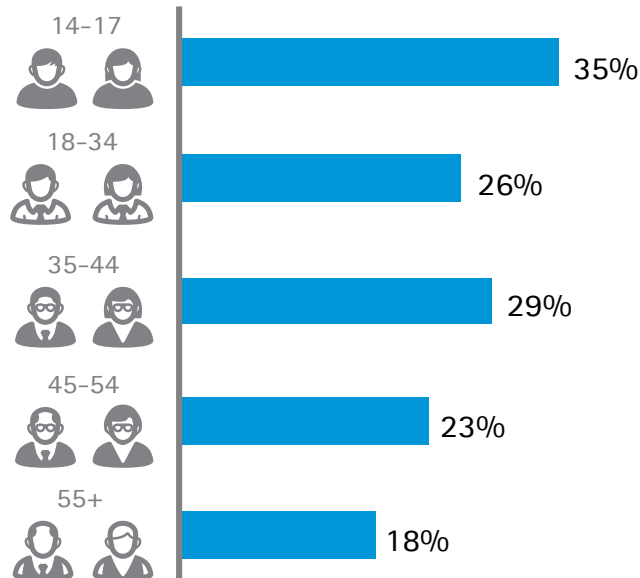
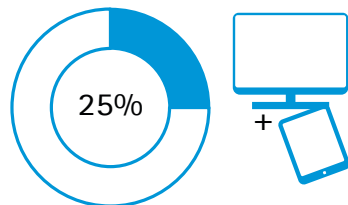
Tv + Smartphone



Tv + Laptop/desktop



Tv + Tablet



Sample base: Respondents owning the specific devices and multi-tasking while watching TV | N=17048
Source: 2015 Accenture Digital Consumer Survey

Focus on the quality

The availability of video services online is growing all the time – and so is the number of consumers that are willing to pay for them (22 percent worldwide, up 4 percent in the past year). Increasingly, however, as consumers view more of their content online, we're seeing quality stand out as a key concern. Expectations of seamless HD content experiences are feeding through to IP-connected devices and with 89 percent of viewers now watching long-form video on connected devices, it's perhaps no surprise to find that 42 percent are complaining about advertising placement, buffering, or the time it takes for videos to load and start playing (33 percent). Underinvestment in the network is clearly beginning to take its toll (Fig.6).

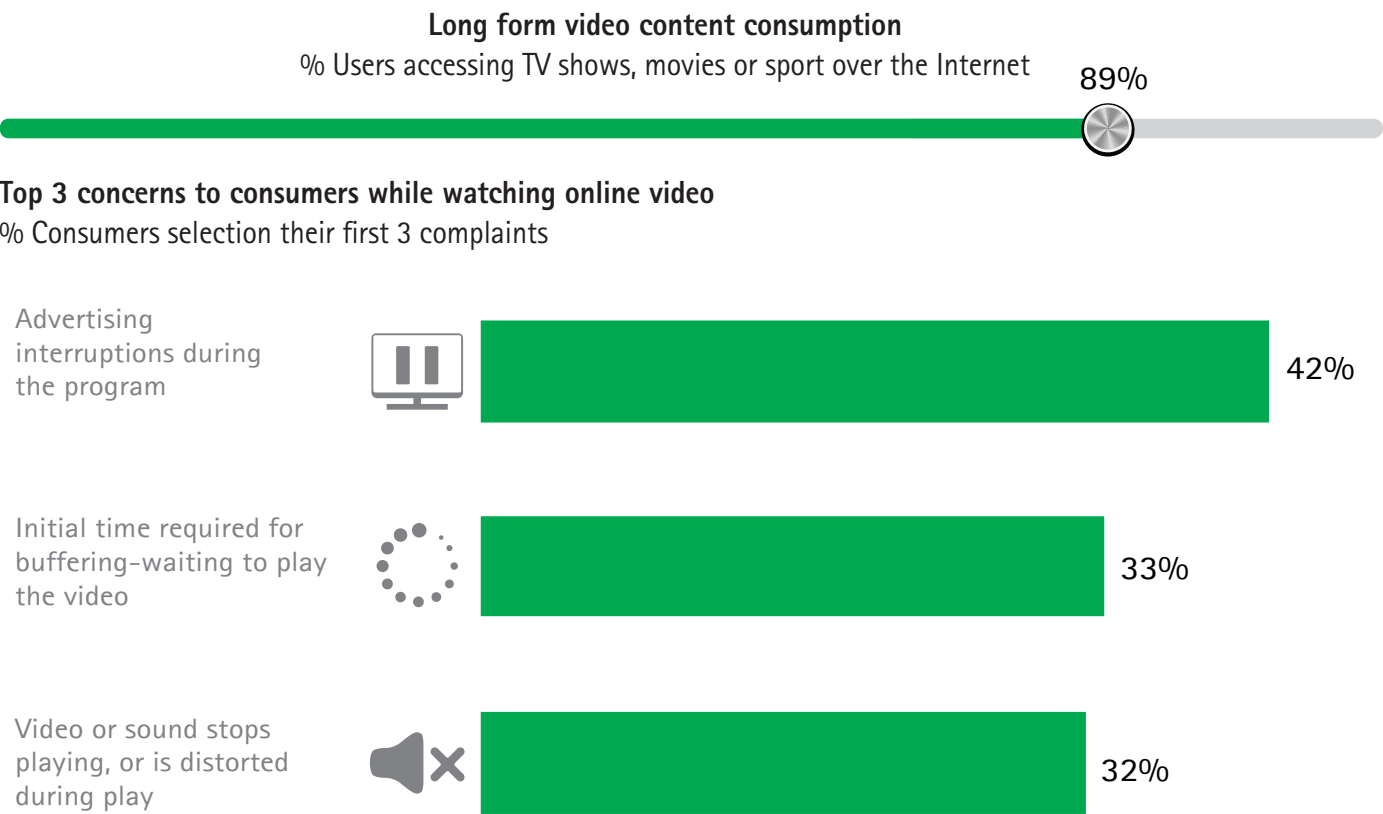
This creates some real opportunities. Respondents said they'd be willing to pay for online video services if more variety of premium content was available, there were less advertising interruptions and better video and audio quality was experienced. Quality is a particular concern for viewers in the Middle East and Latin America. But it's also a major factor in Europe and the US (for 42 percent and 32 percent of viewers, respectively). Higher investment in broadband networks will help drive more viewers online. And media companies that can bridge the quality gap between should reap the rewards.

It's evident that providers' investments in network quality will help drive better performance in

customer retention. Although networks' bandwidth quality has improved in the past year, more than half of consumers still report facing poor internet connections on a frequent basis – via home broadband and mobile internet. Consumers are now less prepared than they were a year ago to pay extra for a more reliable internet connection. Increasingly they expect this to be an integral "part of the package".

The clock is ticking. Our research shows that 39 percent of consumers are planning to switch to a new broadband provider in the next 12 months (because of poor quality internet), and 43 percent of consumers are planning to switch to a new mobile operator in the next 12 months for the same reason.

Figure 6: Consumers watching long-form video content over the internet on any screen



Sample base: respondents over 18yo accessing long-form video content | N=21283
Source: 2015 Accenture Digital Consumer Survey

Play to your strengths

Crucially, our research shows that incumbent operators have an opportunity to dominate the new video content marketplace – provided they play to their strengths. Consumers place far higher trust in these organizations' ability to deliver quality content and support for video-over-the-internet services (Fig. 7).

But if they don't act now, they risk wasting this valuable brand advantage. The new generation of disruptive digital players may still be less trusted brands, but they're purpose-built for a digital world where people are increasingly likely to consume video content via IP-connected devices other than the TV. These devices allow for much

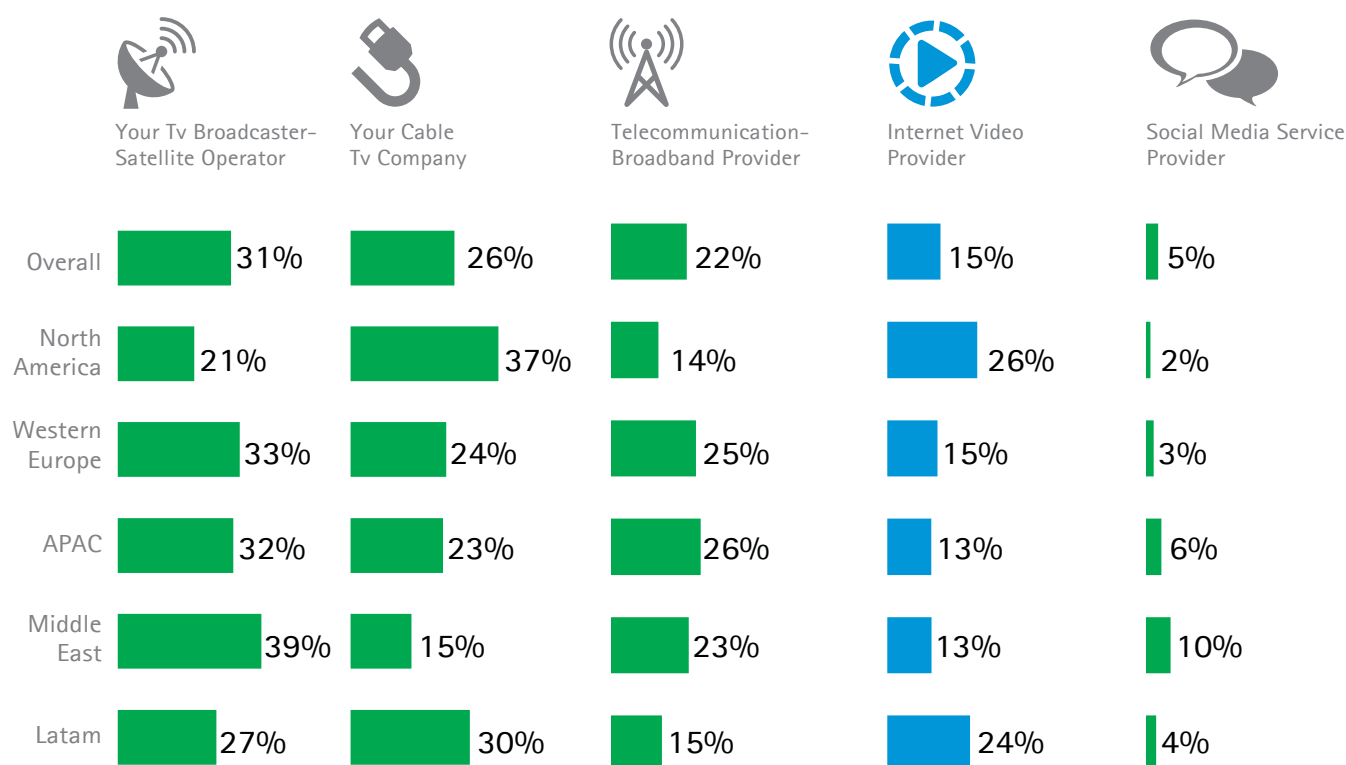
more seamless feedback, and the new entrants have all built platforms to capture this.

It's these feedback loops that facilitate disruptive internet video providers to know their audiences, continuously test new content and services, and respond with real agility and intuition. From now on, understanding consumers and ensuring decision-making is centered on consumer insights will both be increasingly key to the success and, ultimately, the survival of incumbent operators. This relentless focus on consumer optimization will have an impact on all elements of a broadcaster's business: from content decision-making to implementing converged

operating models and exploiting the data advantage – using advanced analytics to make continuous and increasingly relevant content recommendations to individual consumers.

Figure 7: Most trusted providers for a quality video over the Internet service on TV screen

% Users selecting one preferred provider from the below options



Innovate, differentiate, dominate

Evidently therefore, broadcasters need to start investing aggressively in multi-device platforms, as well as securing teaming relationships that leverage their footprints further into the multi-device space. A simple repackaging of the same programming available anywhere is unlikely to make the grade.

We know consumers are looking for much more than the same old, same old. They're ready and waiting to place their trust in providers that can deliver the right package, to the right device, at the right price, and with the right quality. For established companies, as we've shown, there's everything to play for. Provided they

can develop the digital capabilities they need to establish and sustain direct relationships with their consumers, customize content and experiences, and engage everywhere, they'll be able to build on their existing brand advantage to powerful effect.



About Accenture

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About Pulse of Media

Digital Video and the Connected Consumer forms part of the Pulse of Media study. Pulse of Media is based on a collection of hypotheses developed by Accenture subject matter advisors, strategy consultants, architects and engineers working in the field. These hypotheses have been screened against inputs from an array of sources including the 2015 Accenture Digital Consumer Survey, third party data analysis, academic literature, the flow of venture capital funding and dialogue with industry commentators, operators and disruptors. Join the conversation [#pulseofmedia](https://twitter.com/pulseofmedia) or please visit www.accenture.com/pulseofmedia.

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