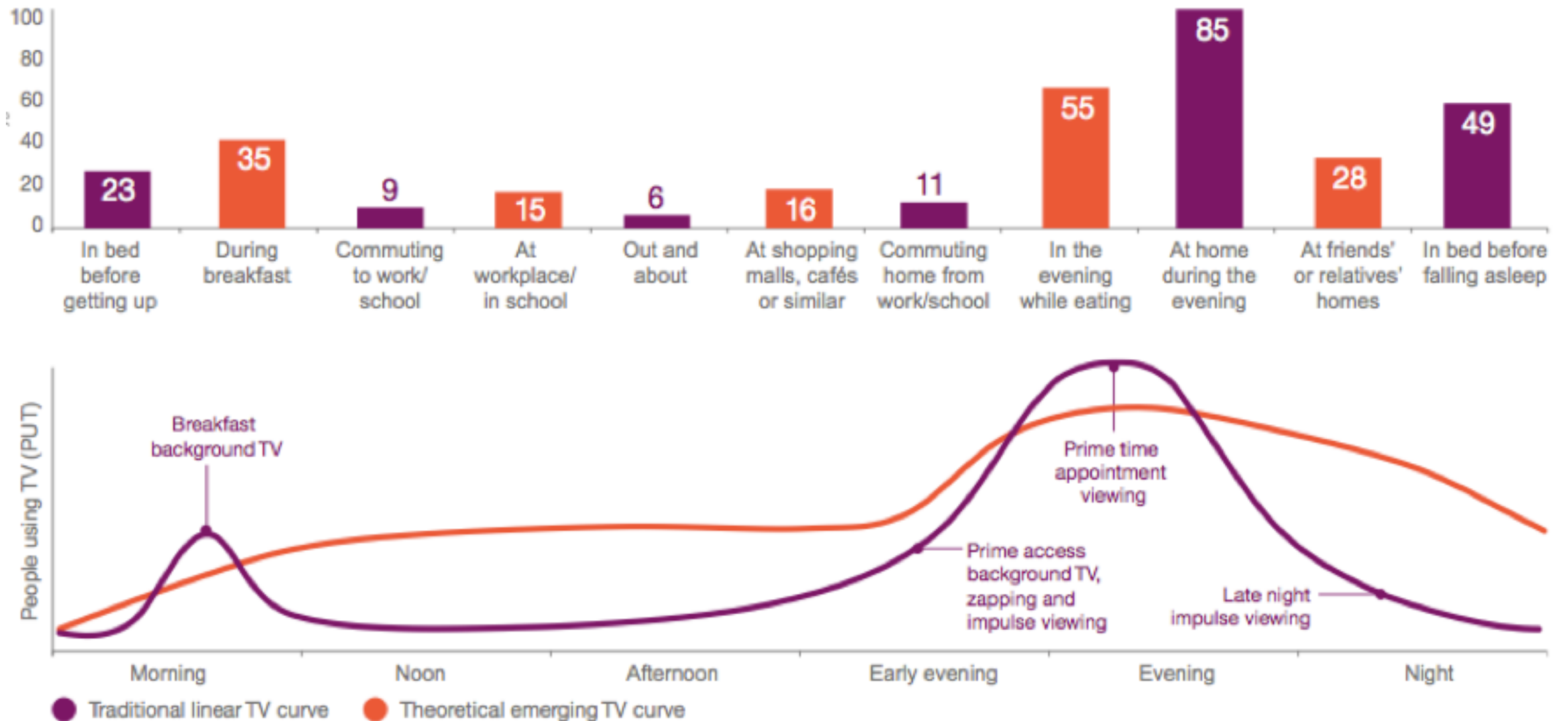


Prepared for: EPRA meeting, Berne 2015



Shifts in consumption



Shifts in consumption

- The disruption that's coming to TV is largely driven by the rapid growth of Over The Top (OTT) content and certain forms of time-shifted viewing/consumption, as well as other devices used as screens.
- Viewers mainly get more choice and more convenience; we're no longer watching the same thing at the same time and TV is becoming just another screen we can watch anything on...
- **Figure 1.** on the previous slide shows consumers video habits throughout the day, minutes of viewing throughout the day. We see many instances that were not technologically available before (while commuting, at workplace, out&about, at shopping, cafés, etc.). We basically see how our habits related to TV content consumption have changed significantly and our consumption of TV content is not a premium thing exercised in prime time or at home anymore.
- **Figure 2.** on the previous slide shows the effect of the "new ways" of consumption of TV on what we know as "daily curve". The traditional TV viewing curve (purple line) shows a peak at breakfast, followed by a drop-off throughout the day, followed by a larger peak in the evening. The emerging viewing curve (orange line), however, sees sustained higher viewing levels throughout the day. The usage is flatter and continues later into the night. Viewing content is becoming a continuous activity rather than one that is treated as an act of relaxation and luxury. TV is now seen as an ever-present commodity, which people expect to be able to access anywhere and at any time.

"We are a business that produces ratings. And if you can't measure it, you can't sell it. The problem is, the currency that we use, Nielsen ... is just unable now to follow all the consumer changes that are happening."


Alan Wurtzel, president of research and media development, NBC Universal

"The most comforting explanation, if you're a TV programmer, is that the ratings drop isn't real — people are still watching the same amount of TV, but it's not being measured correctly."

AdAge, Nov 2014

"As the landscape changes, it will be most interesting to see how the measurement providers keep up with technology to ensure audiences are being captured across all platforms. If the audiences aren't being measured properly, they will have debatable value to advertisers. THE LIVING ROOM VS. THE WHOLE WIDE WORLD."

Lori Hiltz, CEO, Havas Media North America

A family of three is sitting on a grey couch in a modern living room. The woman on the left is wearing a bright pink sweater and holding a smartphone. The young girl in the middle is wearing a pink patterned shirt and holding a tablet. The man on the right is wearing a light blue button-down shirt and holding a laptop. They are all looking at their respective devices. The background shows a dining area with white chairs and a table.

**The TV audience measurement industry is in a
state of unrest**

**SHIFTING VIEWING HABITS
CALL FOR SHIFTING TV VIEWING ANALYTICS**

Big data in use

House of Cards = David Fincher + Kevin Spacey + popular British series

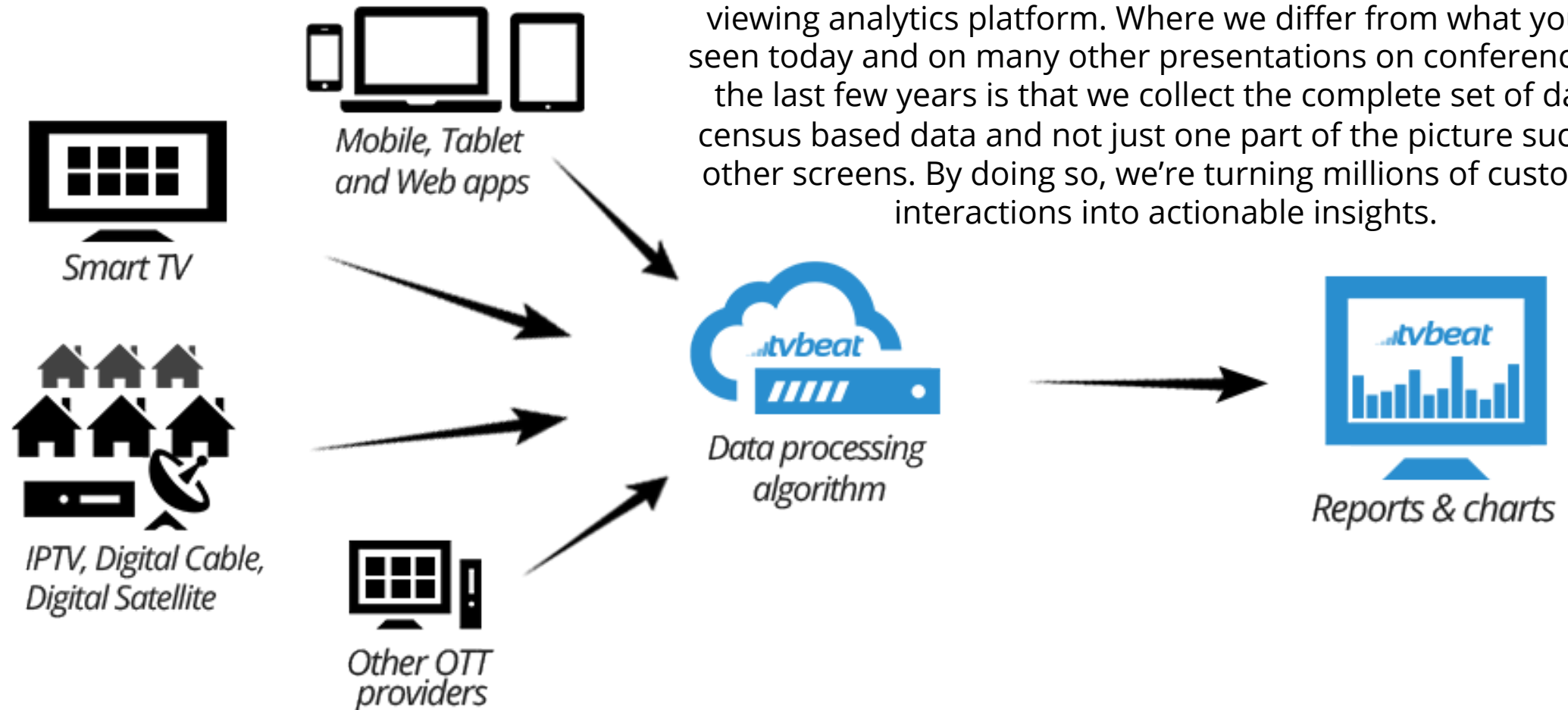


- a healthy share had streamed the work of Mr. Fincher, the director of “The Social Network,” from beginning to end
- films featuring Mr. Spacey had always done well, as had the British version of “House of Cards.”
- with those three circles of interest, Netflix was able to find a Venn diagram intersection

Big data in use

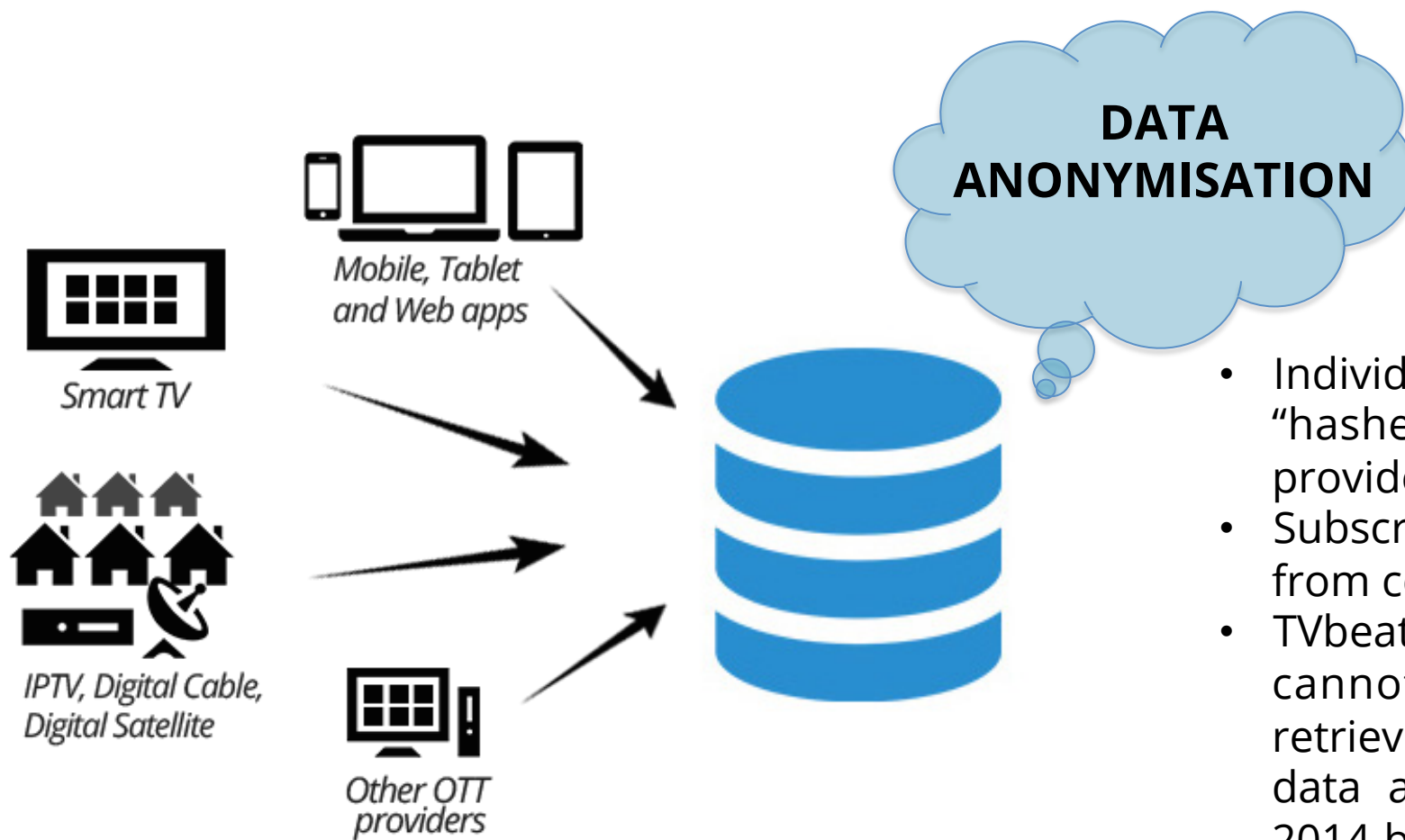
- Big data is not a new concept, not even in TV industry
- House of Cards is already the most streamed piece of content in the United States and 40 other countries
- Netflix executives knew it would be a hit before anyone shouted “action
- House of Cards is directed by David Fincher, featuring Kevin Spacey and its British version was a hit!; the three facts Netflix knew from start. Running the number on 27mil subscribers in US + 33mil worldwide the result are: a healthy share of subscribers had streamed the work of Mr. Fincher, the director of “The Social Network,” from beginning to end; films featuring Mr. Spacey had always done well, as had the British version of “House of Cards”
- While careers and entire networks have been made and lost based on the mysterious alchemy of finding a hit, Netflix seems to be making it look easy, or at least making it a product of logic and algorithms as opposed to tradition and instinct

Technology



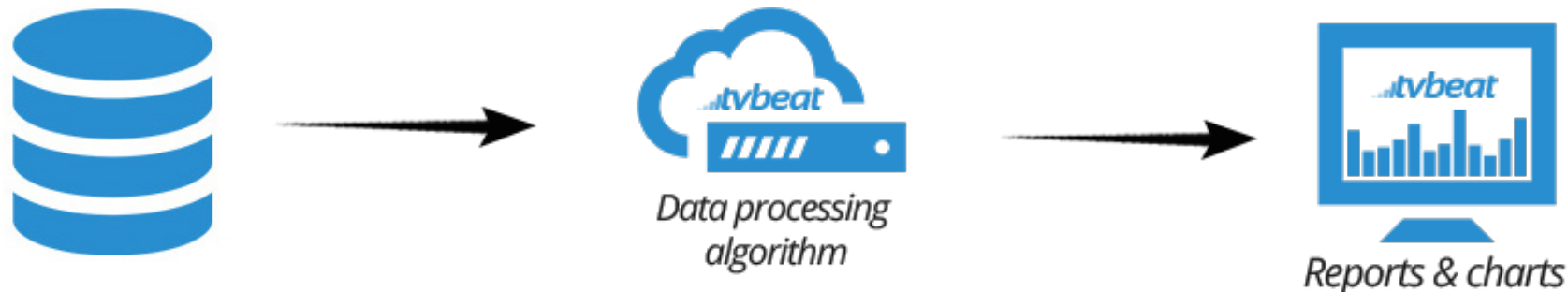
TVbeat connects data from existing digital, cable, satellite or IPTV networks and any other OTT solutions in a single hybrid TV viewing analytics platform. Where we differ from what you've seen today and on many other presentations on conferences in the last few years is that we collect the complete set of data, census based data and not just one part of the picture such as other screens. By doing so, we're turning millions of customer interactions into actionable insights.

Data privacy



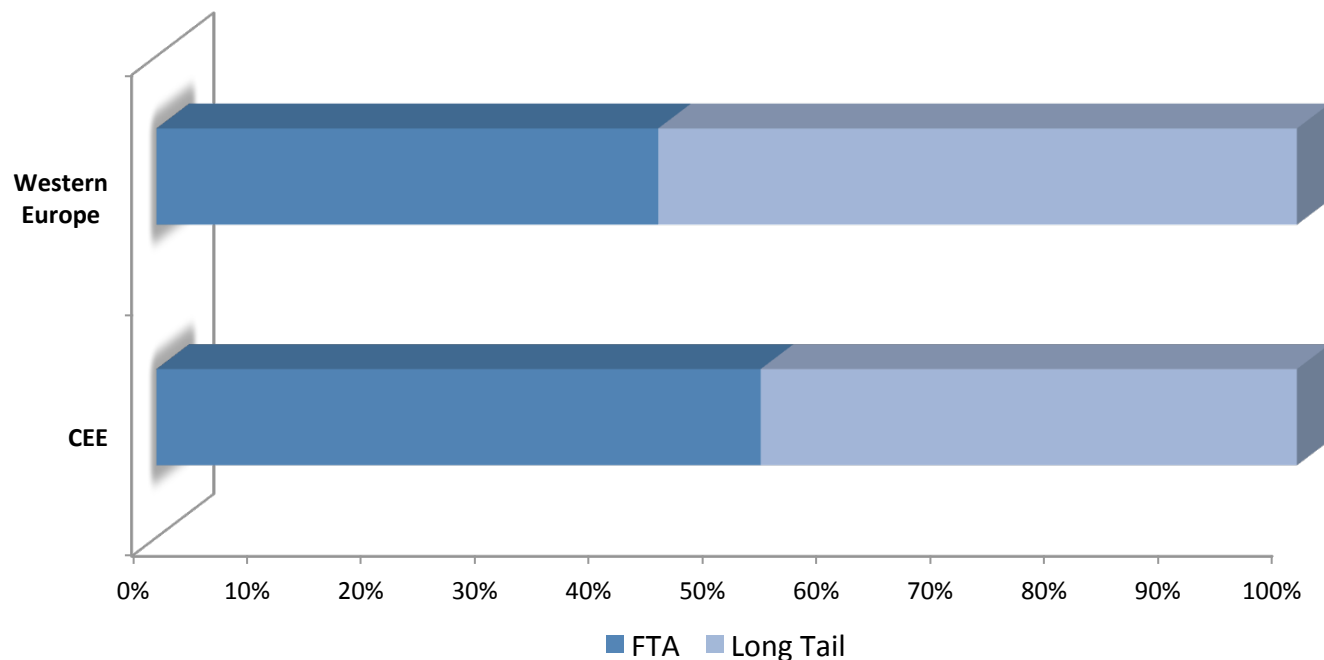
- Individual subscriber is given unique “hashed” ID by pay TV and/or OTT provider
- Subscribers who “opt out” are excluded from collection
- TVbeat receives hashed ID’s and TVbeat cannot reverse the process and/or retrieve any PII in line with guidelines for data anonymisation published in April 2014 by EU Commission (EU Commission, Article 29, April 2014)

Data privacy



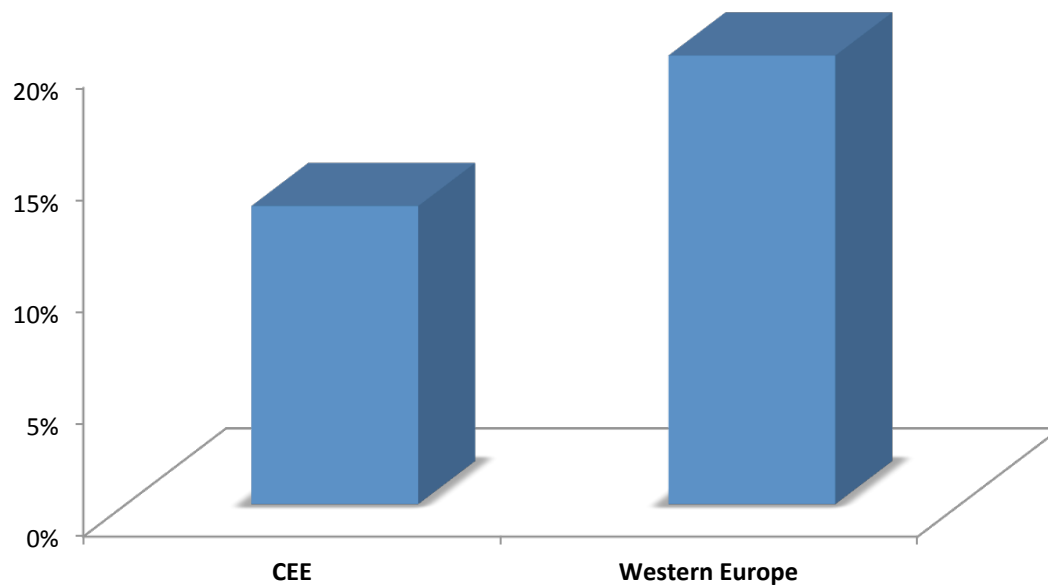
- Aggregated data (X% of HHS have watched content Y, on channel Z)
 - No individual analysis enabled
 - Smallest audience available for analytics is 500 HHS (subscribers)
-

FTA (national channels) & Long Tail consumption



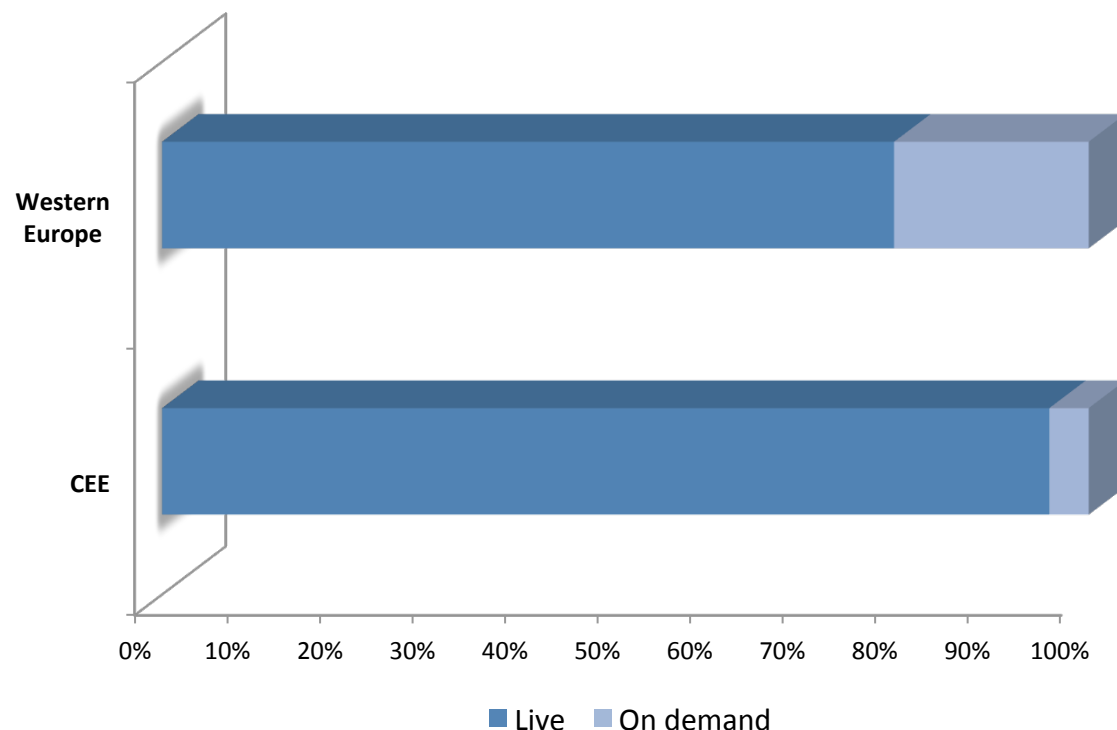
- FTA are free-to-air national channels (legacy & new DTT channels); Long Tail are pay TV channels
- In Western Europe consumption dedicated to pay TV channels surpasses consumption of FTA channels among pay TV population; the trend is evident in CEE region as well
- The growing penetration of pay TV platforms resulting in growing importance of consumption of pay TV channels eliminates the basic difference between FTA and pay TV channels, the accessibility

Long Tail Incremental Reach



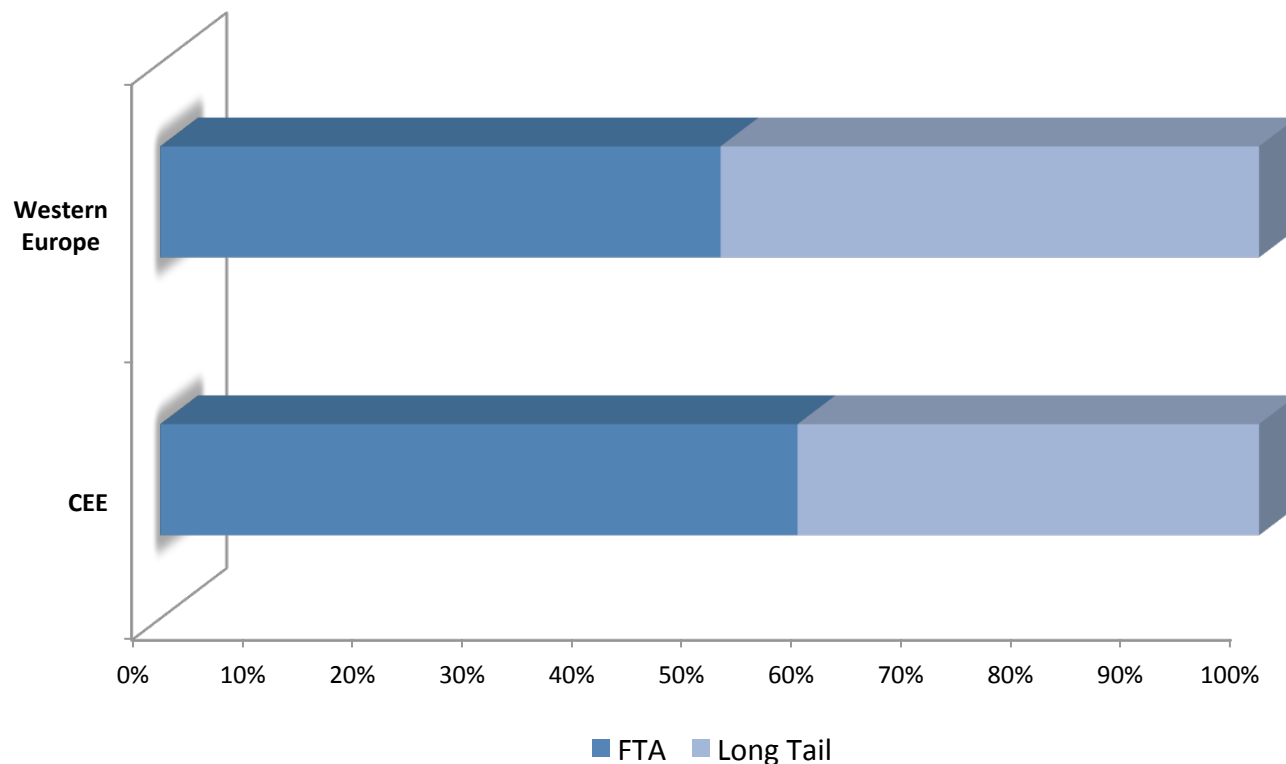
- Incremental Reach – proportion of pay TV population consuming exclusively pay TV channels (Long Tail) in an average week
- In Western Europe over 20% of pay TV population in an average week consumes only pay TV channels content
- In CEE region the trend is the similar and 15% of pay TV population in an average week consumes only pay TV channels content

Live & On demand (time shift & catch-up) consumption



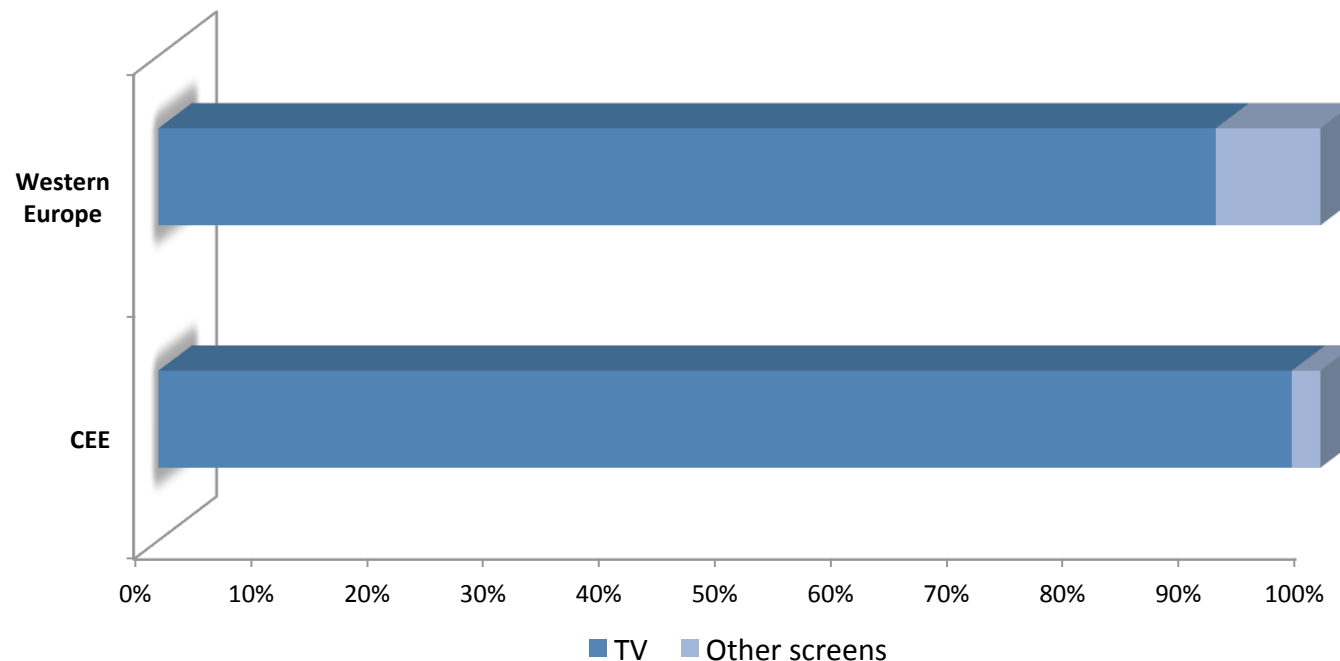
While in CEE region the consumption of content in time-shift and/or catch-up among pay TV population is still developing and amounts in total viewing time with just 2%, in Western Europe the trend is showing healthy growth over the past few year and its share in total viewing is already significant, amounting for about 20% of total viewing time.

On demand (time shift & catch up) consumption FTA / Long Tail



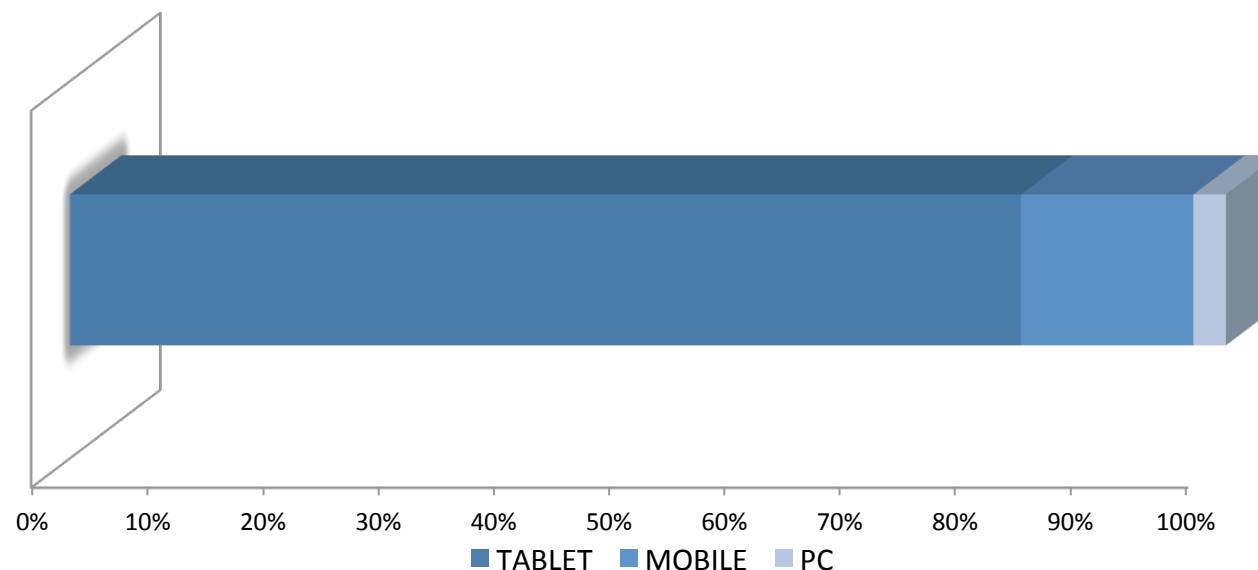
- In Western Europe pay TV channels amount for 50% of total consumption in time-shift & catch-up mode among pay TV population
- But in CEE region, locally relevant content on FTA is still the king and amounts for over 60% of consumption in time-shift & catch-up mode

TV & other screens consumption



- Consumption of content on so called “other screens” is growing in importance
- While in CEE region it is still in development due to accessibility and economic power of customers, in Western Europe consumption on screens different from TV set (PC, tablet, mobile) amounts for almost 10% of total consumption

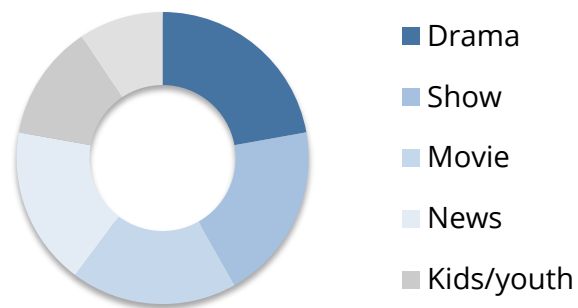
Devices usage (Western Europe)



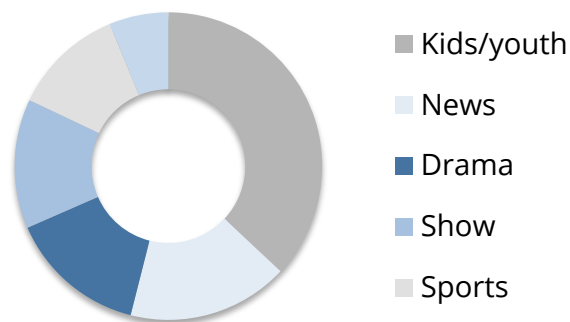
- The most used “second screen” is tablet, which comes as no surprise and it amounts for more than 80% of total “second screens” usage
- It is followed by mobile that amounts for 10% of second screens usage with high growth potential due to infrastructure development (LTE, wifi, etc.)

Top genres (Western Europe)

TV sets

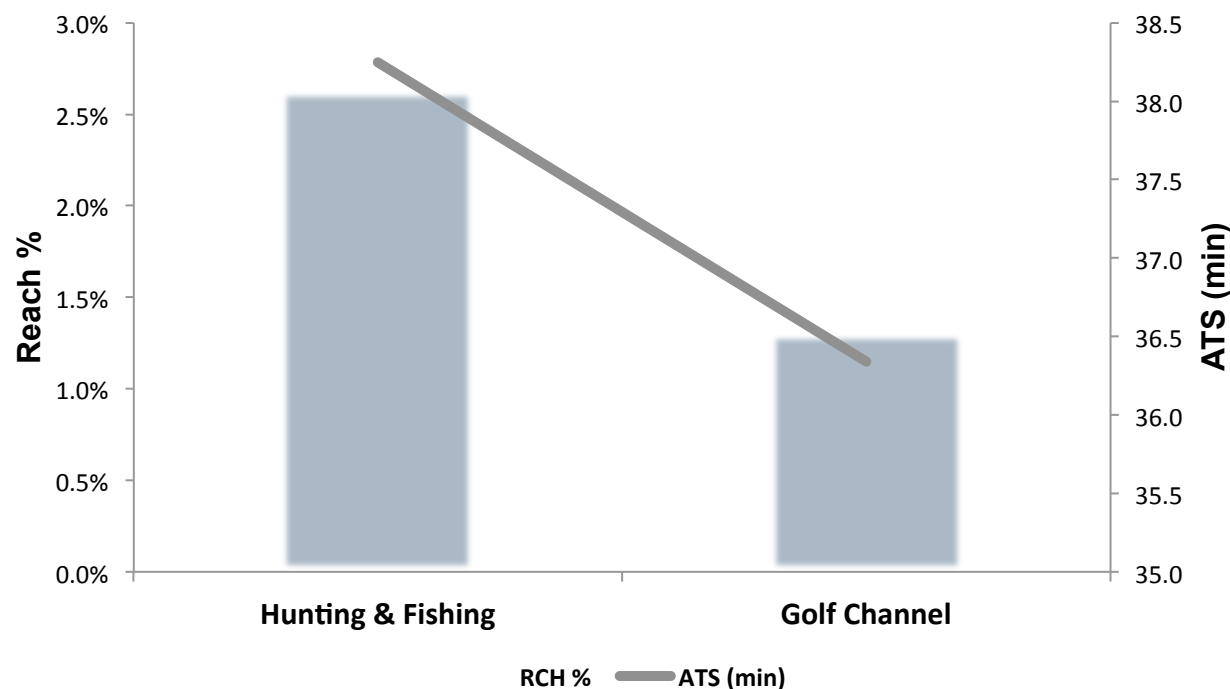


Other screens



- Comparing the content genres consumed on TV sets VS. Second screens interesting trends can be observed:
- 4 genre categories appear among top 5 on both screen type: Drama, Shows, News and Kids/Youth content while Movies are among top 5 only on the big screen, e.g. TV and Sports only on the second screen (*it is important to note that consumption of sports is heavily dependent on the period taken into analysis and therefore should not be considered relevant for this analysis*)
- On the big screen (TV set) the consumption of top 5 categories is evenly distributed while on the second screen we observe dominance of Kids/Youth content

Niche channels Case



- Audience fragmentation is growing (people watching content they have interest in, when & where convenient for them)
- Very niche channels, like Hunting&Fishing and Golf channel attract niche audience (about 1,5-2% of audience), still, viewers of these channels spend consistent 40 minutes a day with the channels



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