



TAILOR-MADE TELEVISION: *DVR*

How Consumers Custom Design Their TV Viewing

☰ 1Q '18 REPORT

Time-Shifting: **More** Choices For Watching **More** Content

Time-Shifting refers to the ability of a consumer to access premium TV content when, where, and how it is most convenient for them. The options for time-shifting have grown, driven by the increasing demand consumers have to enjoy **more** content they love on their terms with **more** choices available to them.

This freedom of choice appeals to a wide range of viewers across age groups, income brackets and ethnicities, with each group having a specific preference on how they access content beyond live airings.

This three-report series will highlight the main ways consumers can time-shift their TV viewing: **DVR, Video-on-Demand (VOD), and TV Everywhere (TVE)**. We will define each, size the landscape, discuss how many consumers are time-shifting, and review the profiles of time-shifting consumers.

There Are Three Main Ways A Viewer Can Watch TV Content Outside Of A Live Airing

DVR (Digital Video Recorder): a Set-Top Box that records and stores television shows for viewing at a later time. Some MVPDs (*Cable, Telco or Satellite Provider*) offer Cloud DVR service, which allows users to view DVR'd content on mobile devices via the MVPD app, or on a computer via the MVPD's website.



VOD (Video-On-Demand): allows users to select and watch video content when they choose to, rather than at a specific broadcast time. This report is specifically referring to VOD viewed through MVPDs (*Cable, Telco or Satellite Provider*) via their set-top-box.

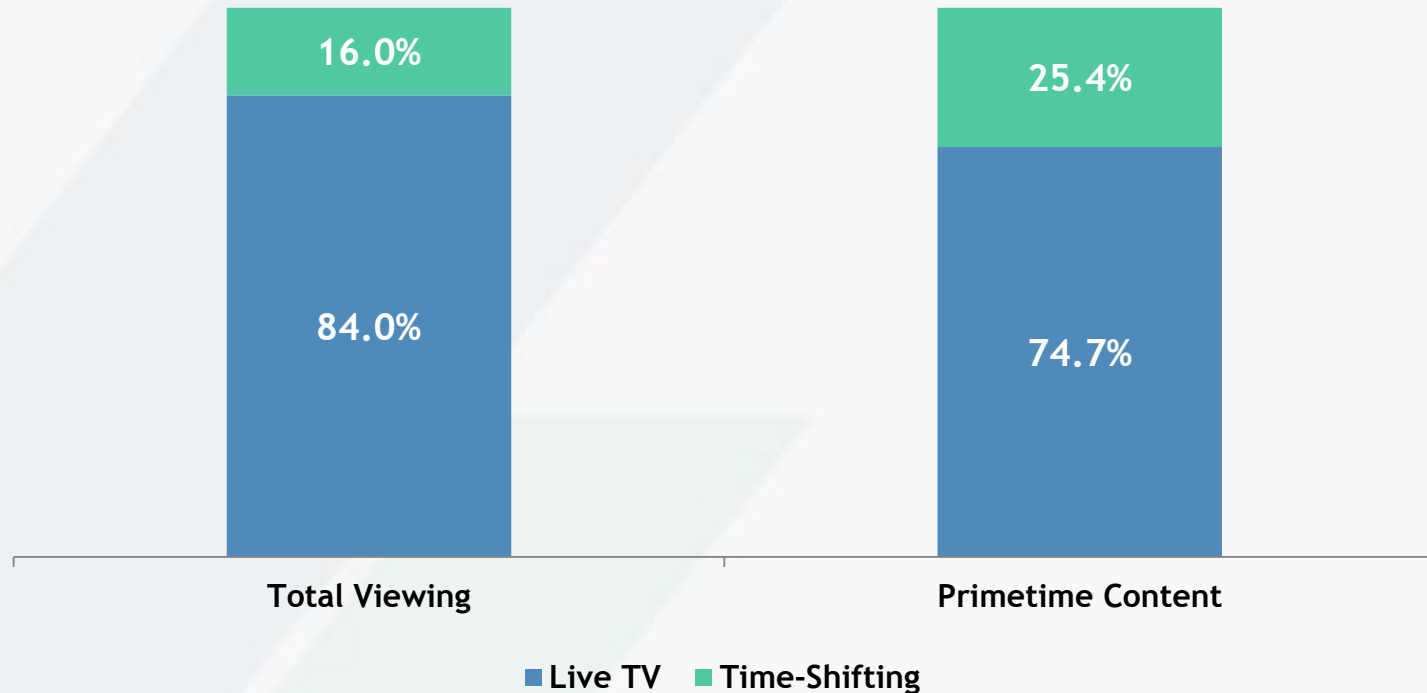


TVE (TV Everywhere): the ability for a viewer to watch TV and film content whenever and wherever they choose across devices (Smart TV, connected device, tablet, mobile device or computer). Content can be accessed through either the a broadcast or cable programmer (via MVPD authentication/user log-in) or an MVPD app (like Comcast Xfinity & Spectrum TV).



First, It Should Be Noted That Live TV Remains The Reigning Champ Of TV Viewing Time, Regardless Of The Time Of Day

Share of Total TV Viewing Time: Live TV vs. Time-Shifted TV



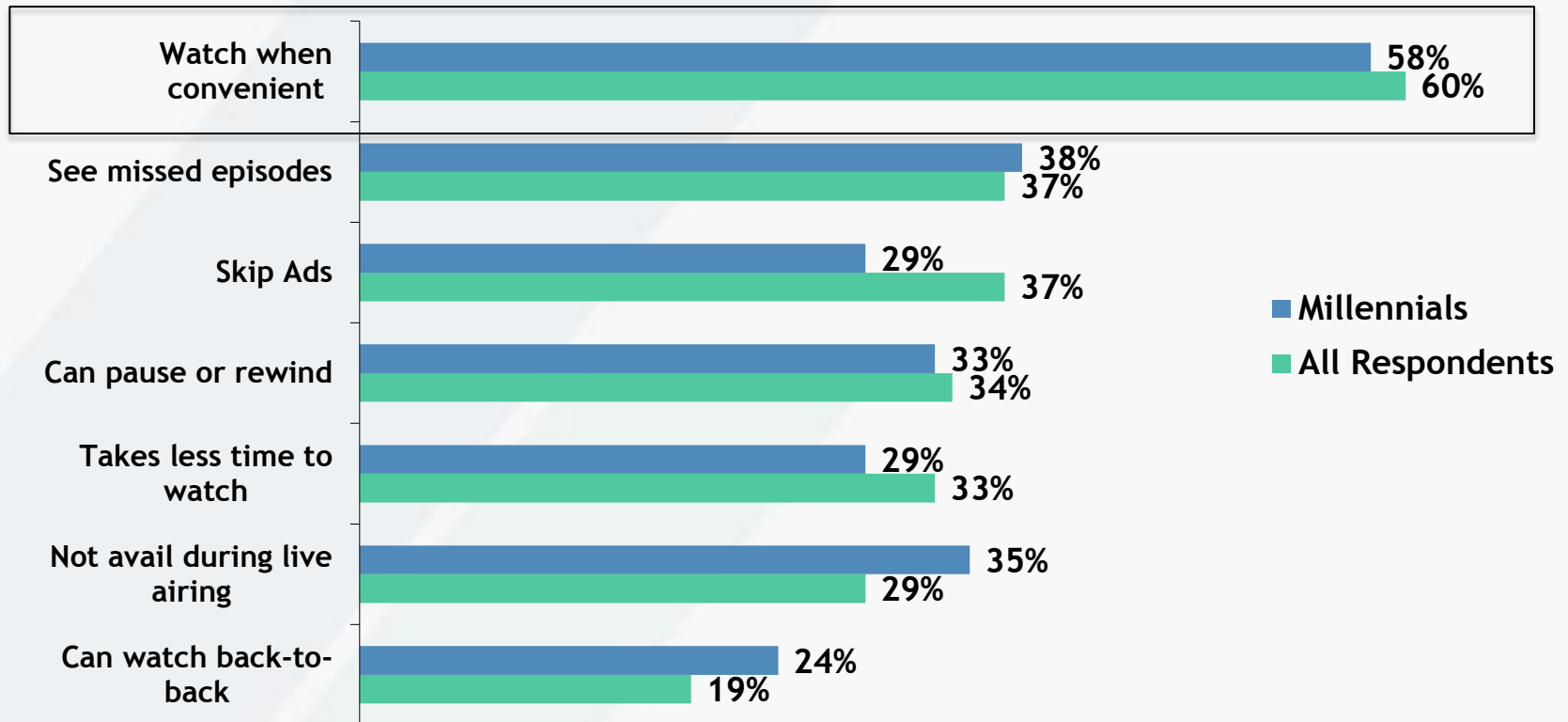
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Source: comScore TV Essentials, U.S., Full Year 2016, Live +15 Day DVR; comScore State of VOD Trend Report, Total U.S. Audience; Time-Shifted TV includes VOD and DVR.

Convenience (Not Ad Avoidance) Is The Top Reason For Time-Shifting Programs

This Convenience Allows Users The Opportunity To Consume More Content By Catching Up On Missed Shows And Binging Multiple Episodes

Top Reasons For Time-shifting TV Shows

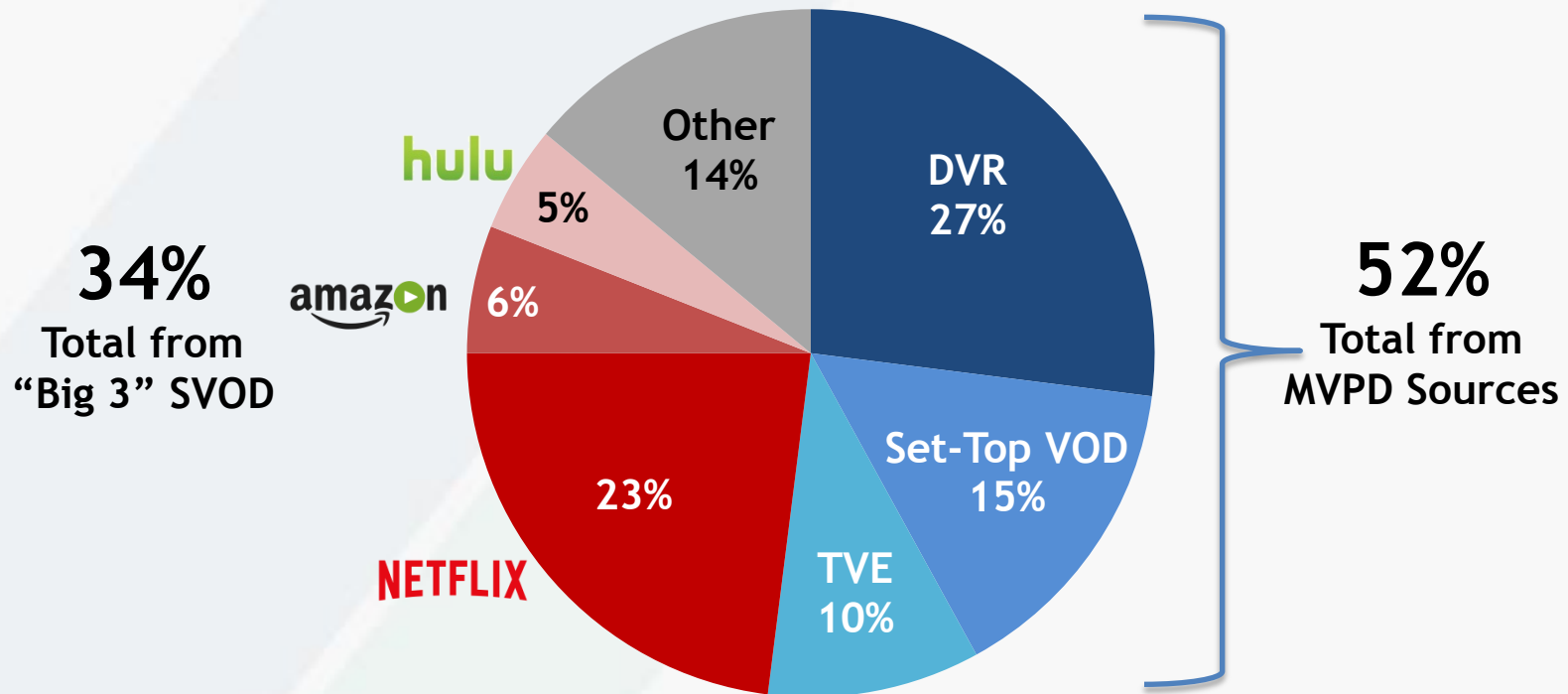


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Source: HUB Entertainment research 3/15; Survey of 1,210 TV consumers 16-74 who watch at least 5 hours of TV/week and have broadband home access; What do you consider to be the biggest benefits of watching episodes of a current show at a later time?

Despite All Of The Options Consumers Have, Half Of Time-Shifted Viewing Is Through MVPDs Via DVR, Set-Top VOD And TV Everywhere

How is Your Time Shifted Viewing Distributed?



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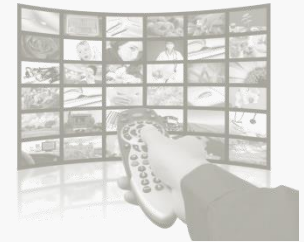
Source: Hub Entertainment Research, *The Battle for Share of Mind*, January 2018. TVE: Authenticated TV Everywhere, from a network or pay TV operator's website/app; Based on total viewing (TV & movies).

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DVR Usage - What You Need To Know

1. Just over half of Households (54%) have a DVR, which means 46% of HHs don't have the ability to record programs for playback.
 - ✓ DVR use is concentrated among adults aged 35-54
2. DVR owners love TV content, those households with a DVR:
 - ✓ Watch 37% *more* TV than households without a DVR
 - ✓ Watch the overwhelming majority (81%+) of their programming *live*
3. DVR viewing occurs throughout the day with only 39% of total time spent happening during Primetime.
4. Programming like News and Sports is most often viewed live due to their 'real time' nature, as well as non-fiction genres like Travel and Documentaries.
5. Viewers are recording content from across a wide variety of genres and topics, signaling their commitment and interest in getting more TV programming.

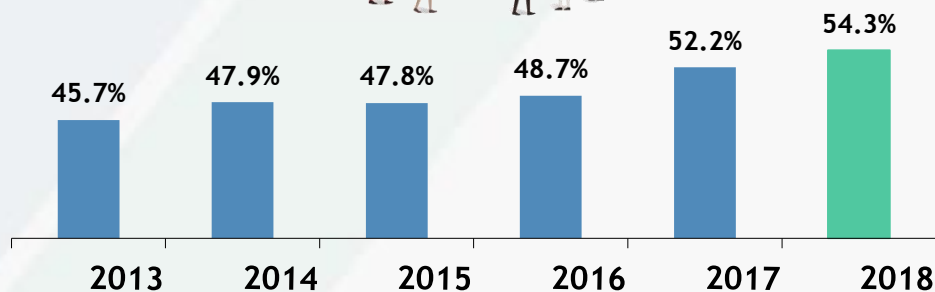
Just Over Half Of U.S. TV Households Own A DVR

Total U.S. DVR Penetration

Non-DVR HHs
45.7%
(54,640,000 TV HHs)



DVR HHs
54.3%
(64,960,000 TV HHs)

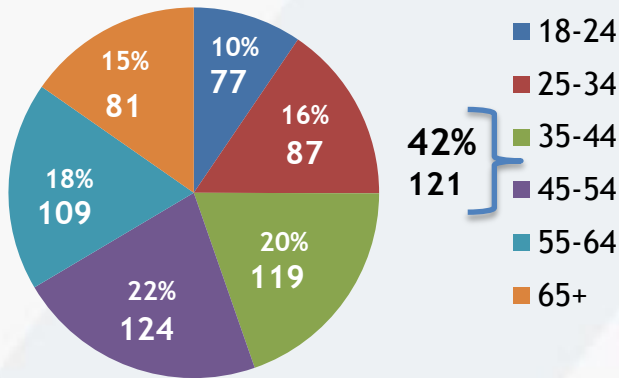


While DVR Penetration Has Been Steadily Rising, Just Over Half Of HHs Have A DVR

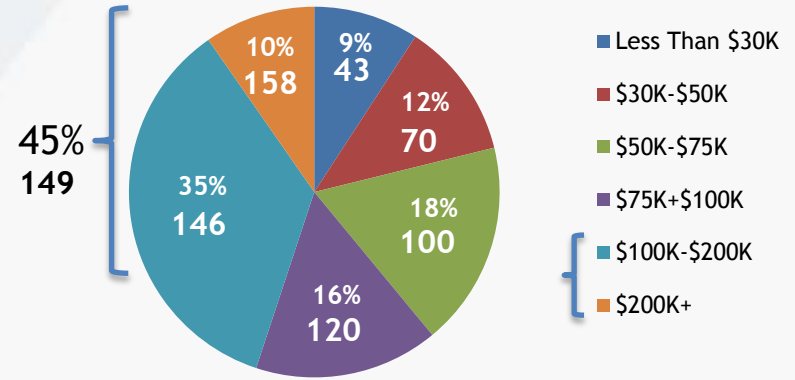
DVR Users Are More Affluent & Educated Than The Average Adult

Watch TV Programs Using A DVR (Index vs. Avg Population)

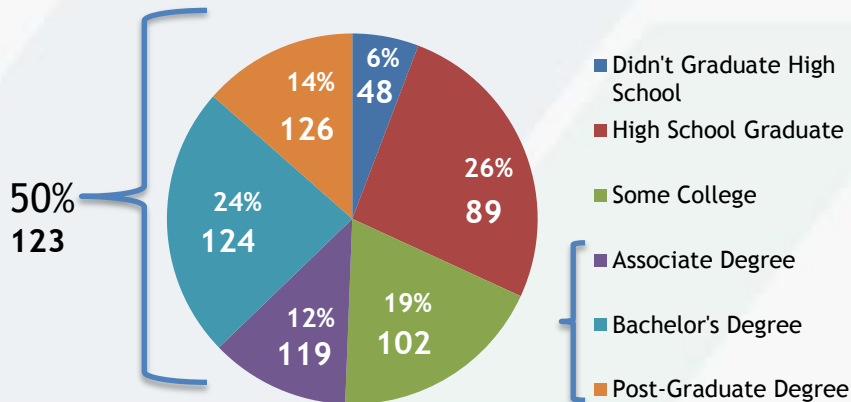
Age



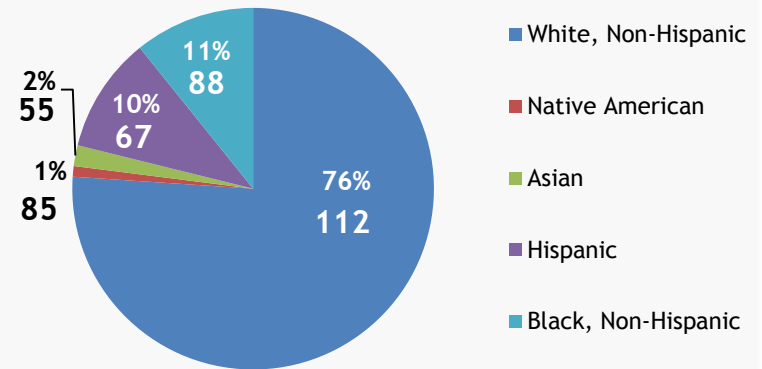
HHI



Education



Ethnicity

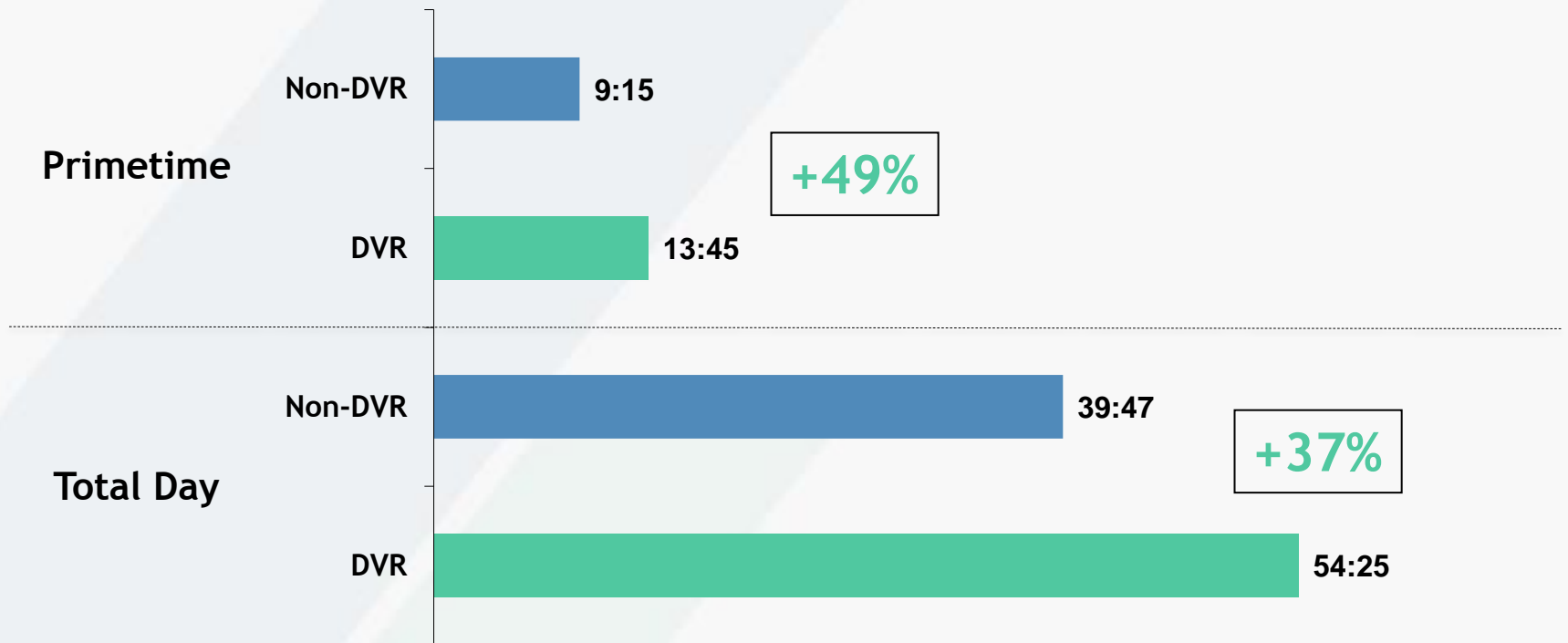


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Source: 2017 GfK MRI Doublebase, "How often watch TV programs in the following ways compared to 12 months ago-Using a DVR"; Includes index v. general population.

Homes With A DVR Consume 37% More Television Than Non-DVR Homes

Time Spent Per Week With TV DVR v. Non-DVR HH

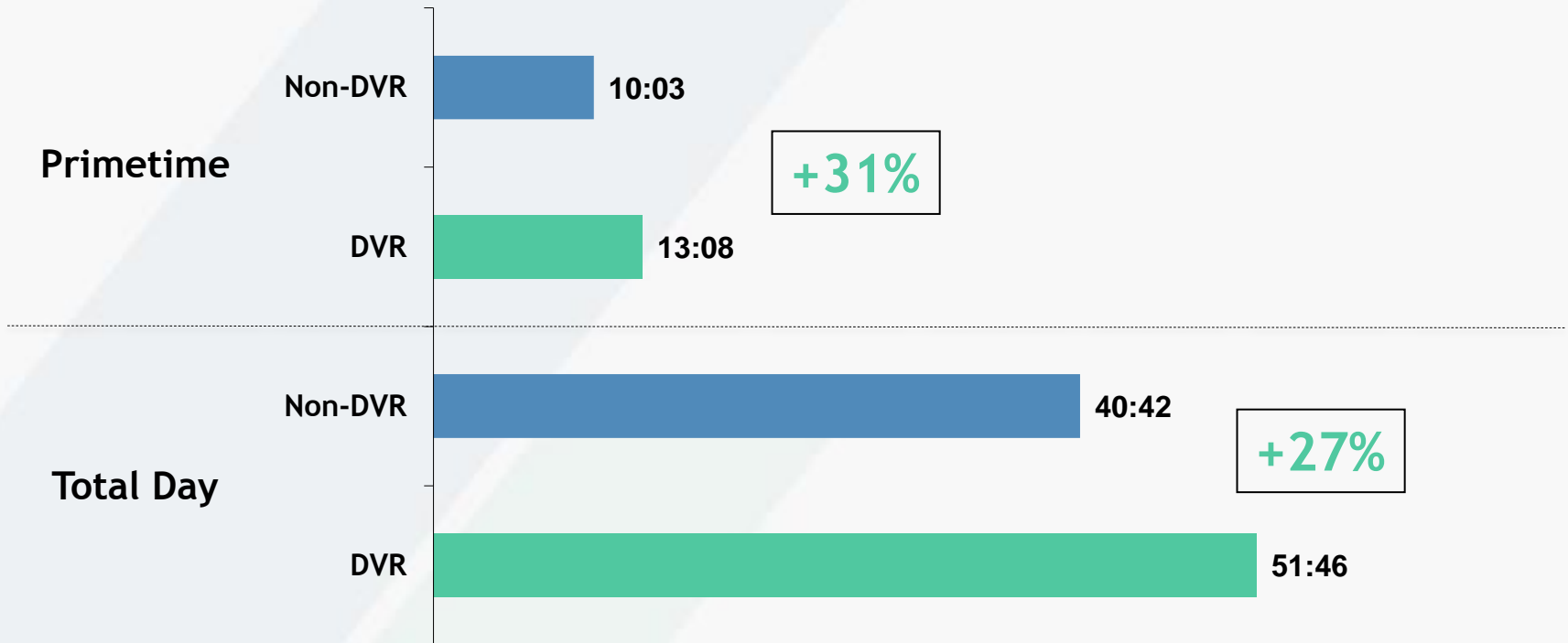


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Source: VAB Analysis of Nielsen NPower Live+7 HUT/PUT; Time Spent of DVR vs. Non-DVR HH; Prime=M-Sa 8-11&Su 7-11p; M-Su 6a-6a; 9/25/2017 - 1/14/2018.

This Is Also True Among Affluent Homes; DVR Homes Are Heavier Consumers Of TV Than Non-DVR Homes

Time Spent Per Week With TV
DVR v. Non-DVR HH (\$100K+ HHI)



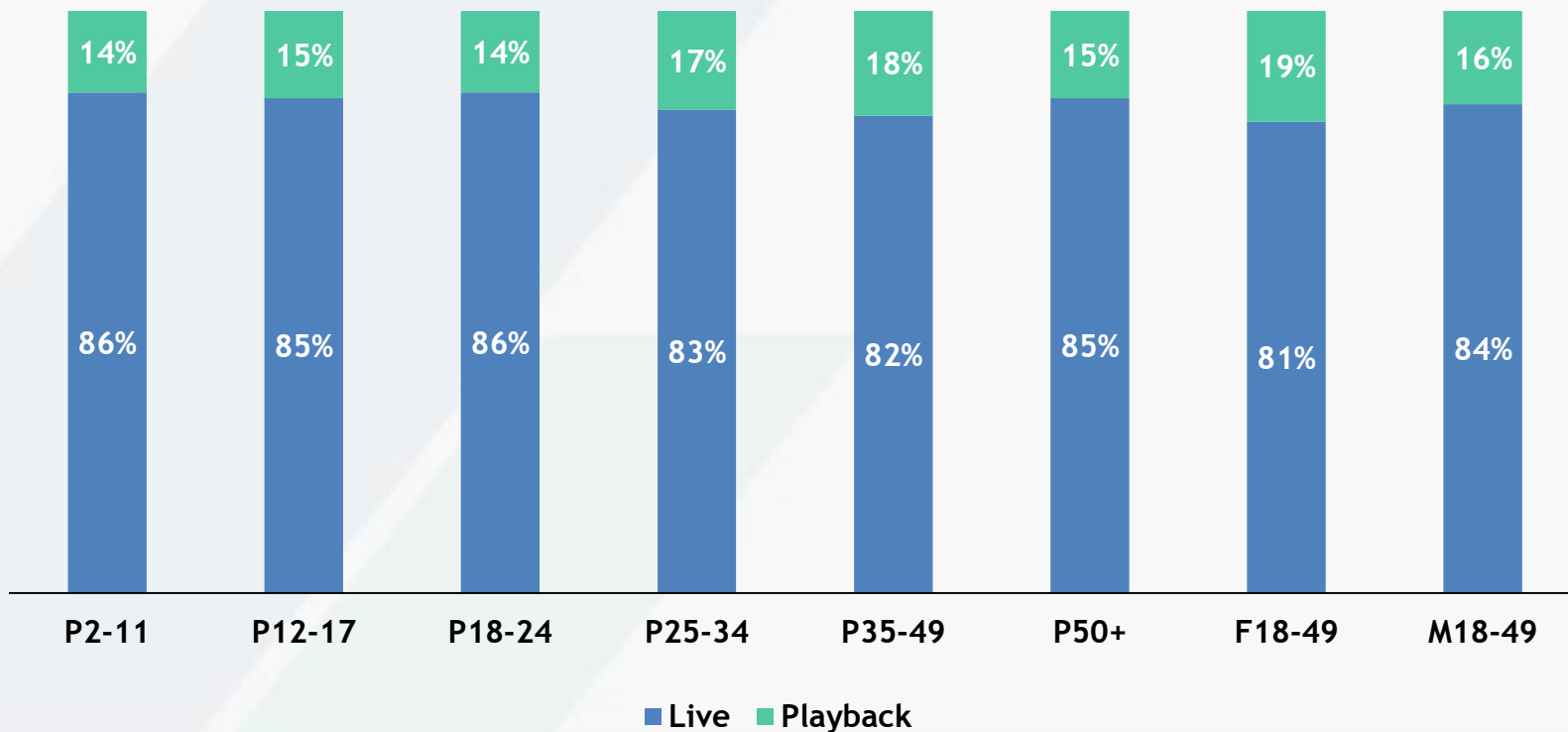
VAB: TAILOR-MADE TELEVISION

Source: VAB Analysis of Nielsen NPower Live+7 HUT/PUT; Time Spent of Affluent (HH w/ \$100K+) DVR vs. Non-DVR HH; Prime=M-Sa 8-11&Su 7-11p; M-Su 6a-6a; 9/25/2017 - 1/14/2018.

Households With A DVR Watch Significantly *More* Live TV Than Recorded TV

Across Demos, Time Spent Viewing Live Dominates

% Live v. Playback Minutes: Total Day



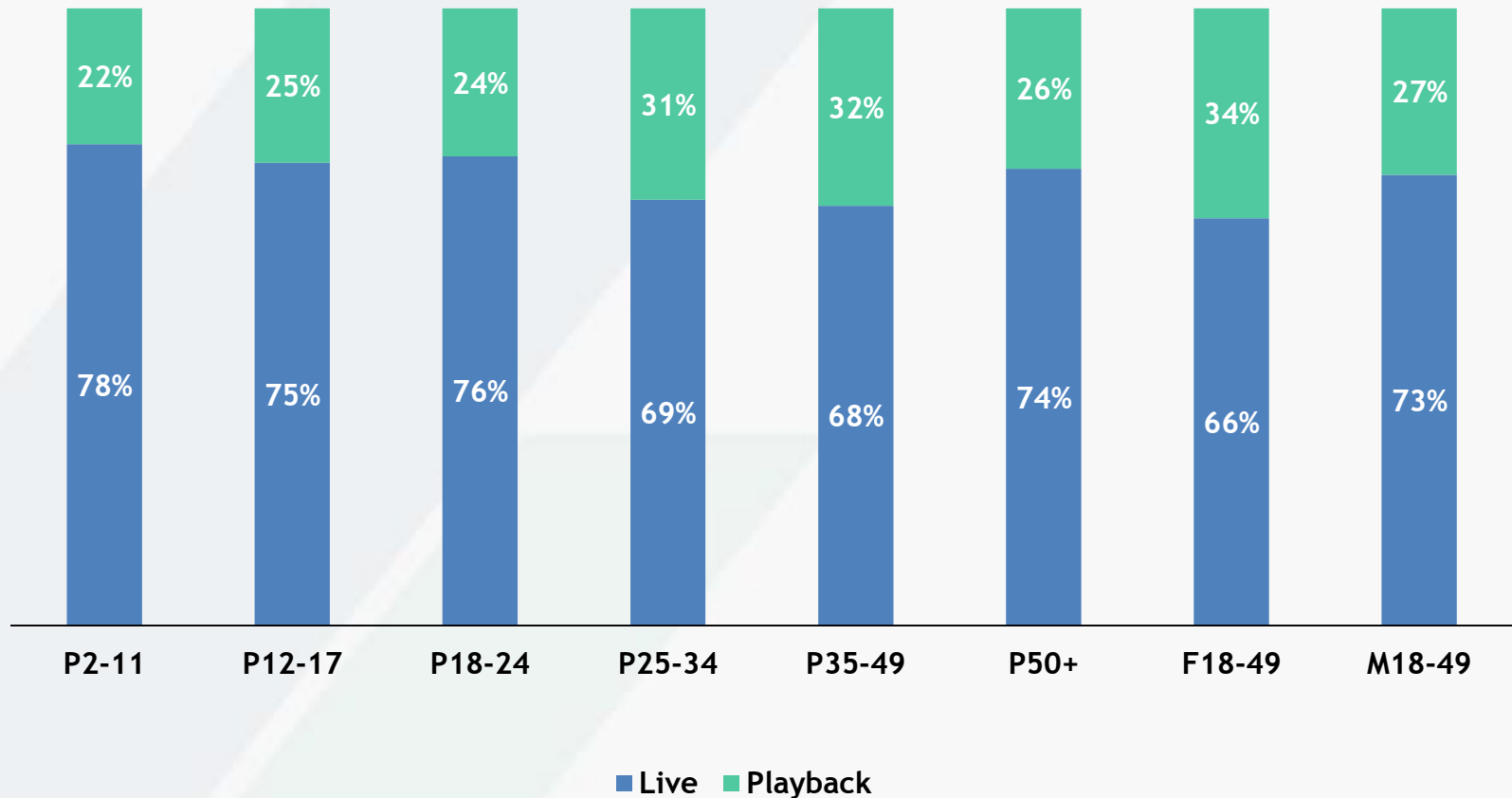
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Source: Nielsen NPower R&F Time Period Report, Total Day, Base= DVR HHs, Live vs. Live+7, Ad-supported Cable TV, broadcast TV, 9/25/17 - 1/14/18.



Even For Prime, The Most Time Shifted Daypart, The Majority Is Viewed Live

% Live v. Playback Minutes: Primetime

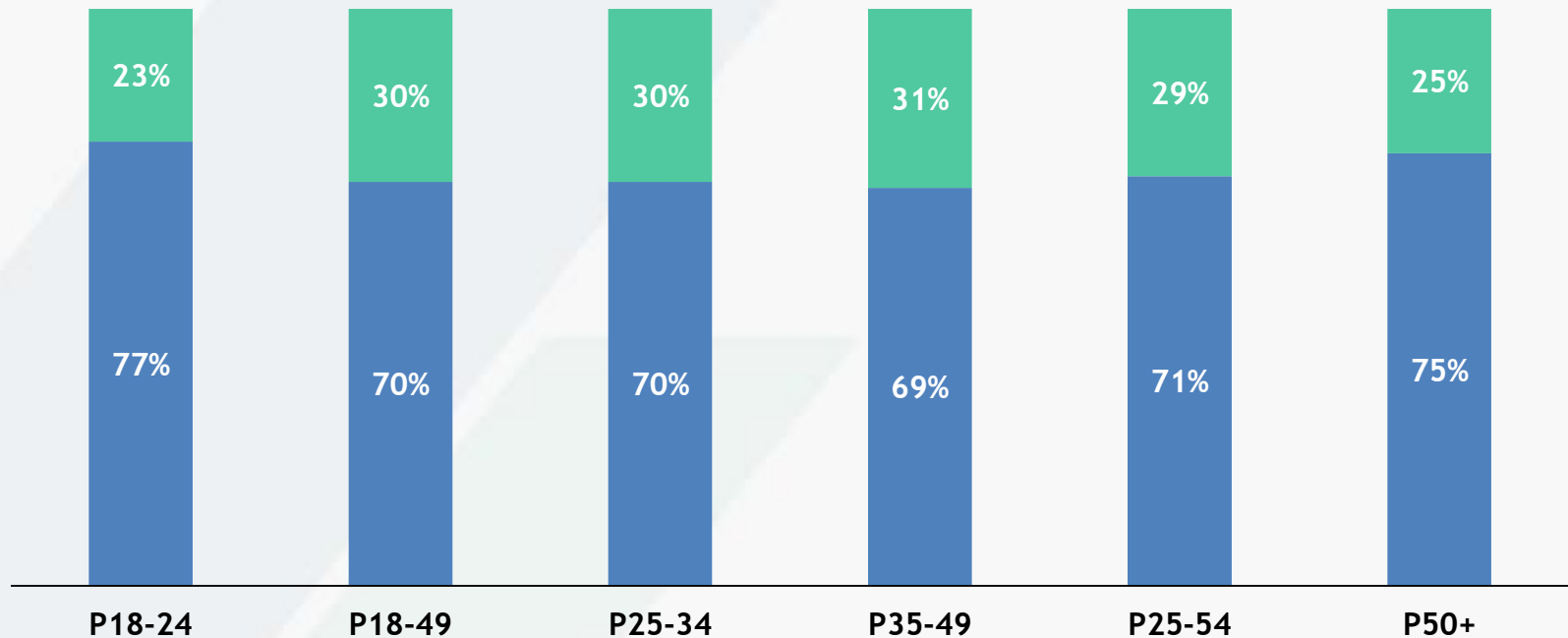


VAB: TAILOR-MADE TELEVISION

Source: Nielsen NPower R&F Time Period Report, Primetime, Base= DVR HHs, Live vs. Live+7, Ad-supported Cable TV, broadcast TV, 9/25/17 - 1/14/18.

Similarly, Affluent Consumers, Who Have The Most Means To Time-shift, Are Viewing The Majority Of Their Primetime TV Live

% Live V. Playback Minutes In HHI \$100K+: Primetime

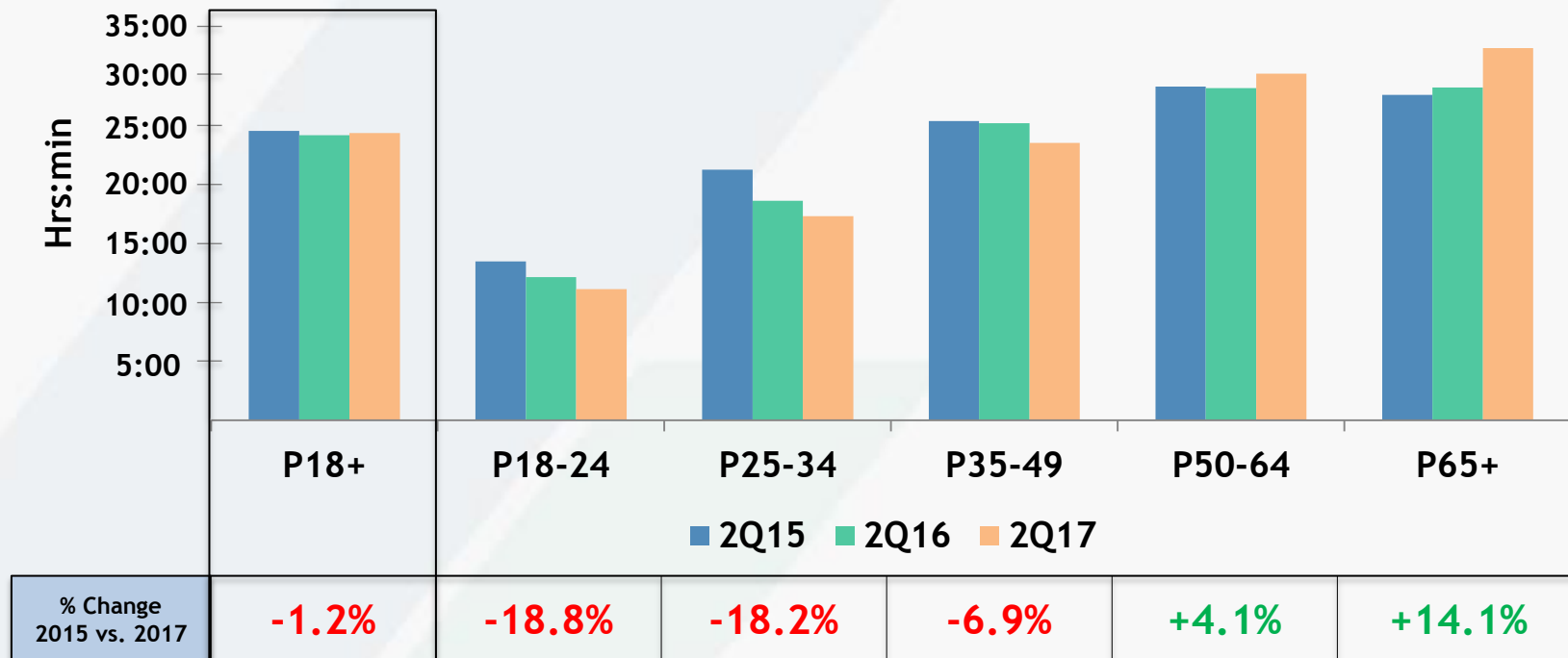


VAB: TAILOR-MADE TELEVISION

Source: Nielsen NPower R&F Time Period Report, Primetime, Base= DVR HHs, Live vs. Live+7, Ad-supported Cable TV, broadcast TV, 9/25/17 - 1/14/18.

DVR Usage Has Been Steadily Rising Over The Last Two Years Among Older Demos, While Millennials' Use Has Declined

Time Spent With DVR/Time-Shifted TV/Monthly
(Hrs:min)



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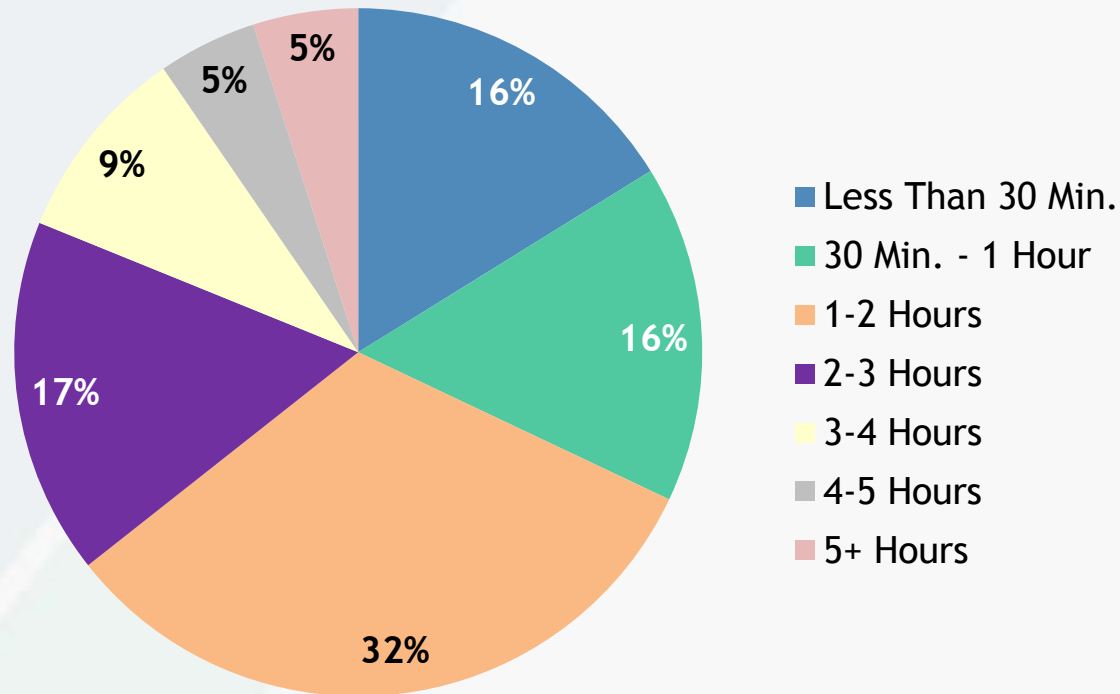
Source: Nielsen Total Audience Report 2Q17, 2Q16.

Two-Thirds Of Active Daily DVR Users Spend Less Than Two Hours Per Day Watching Content Through A DVR

DVR Households Typically Watch 7 Hours Total of Ad-Supported TV Per Day, With The Majority Watched Live

“On Average, How Much Of Your Daily TV Viewing Time Is Spent Watching Previously Recorded/DVRed TV Shows & Movies?”

(Base: people who watch DVR content daily)

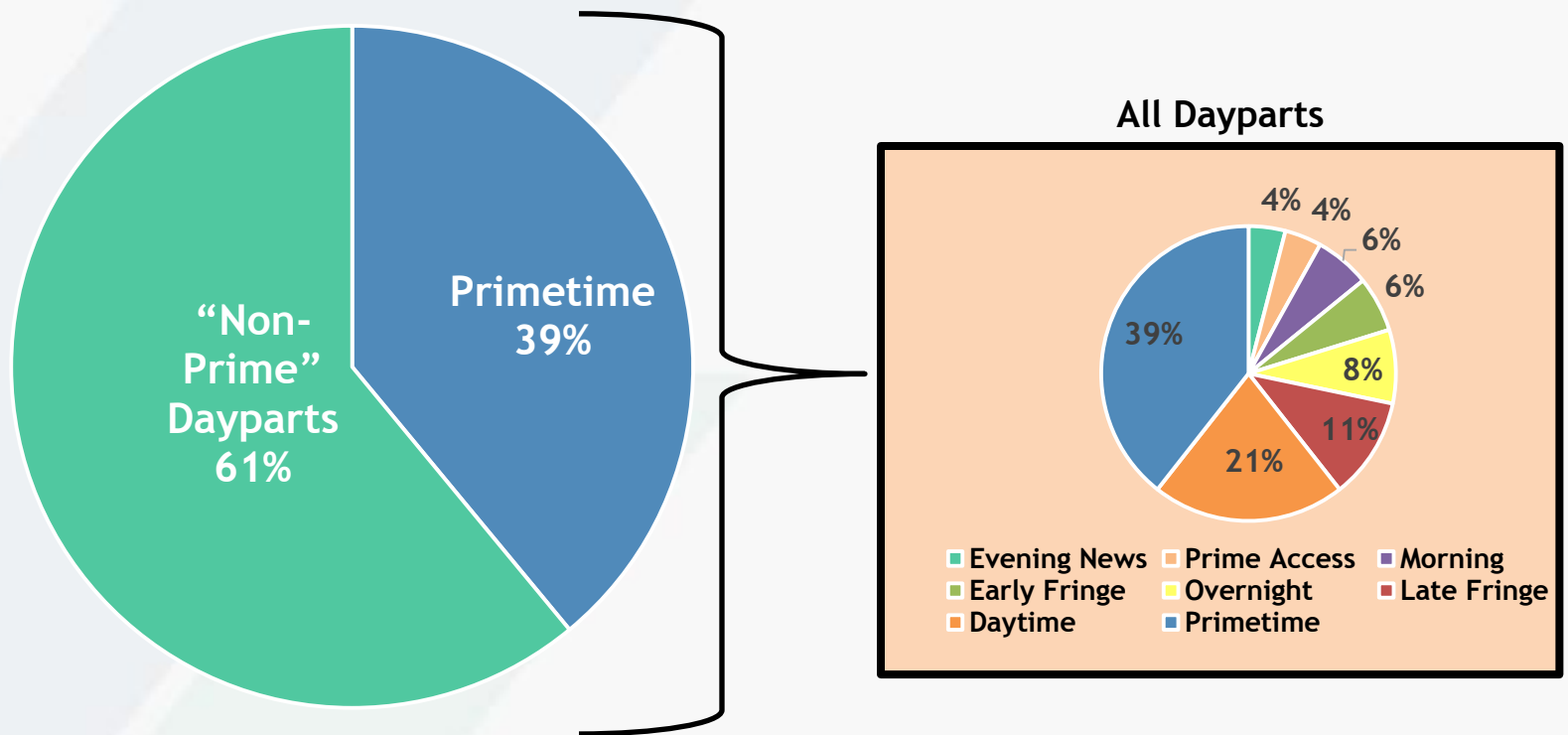


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Source: VAB analysis of data from TiVo, Q3 2017 Online Video and Pay-TV Trends Report: Consumer Behavior Across Pay-TV, OTT, Connected Devices and Content Discovery. Daily Time Spent Watching TV: VAB analysis of Nielsen R&F Time Period Report, Live +7, Households, broadcast calendar comparison (3Q'17); “TV” reflects all ad-supported broadcast & cable TV.

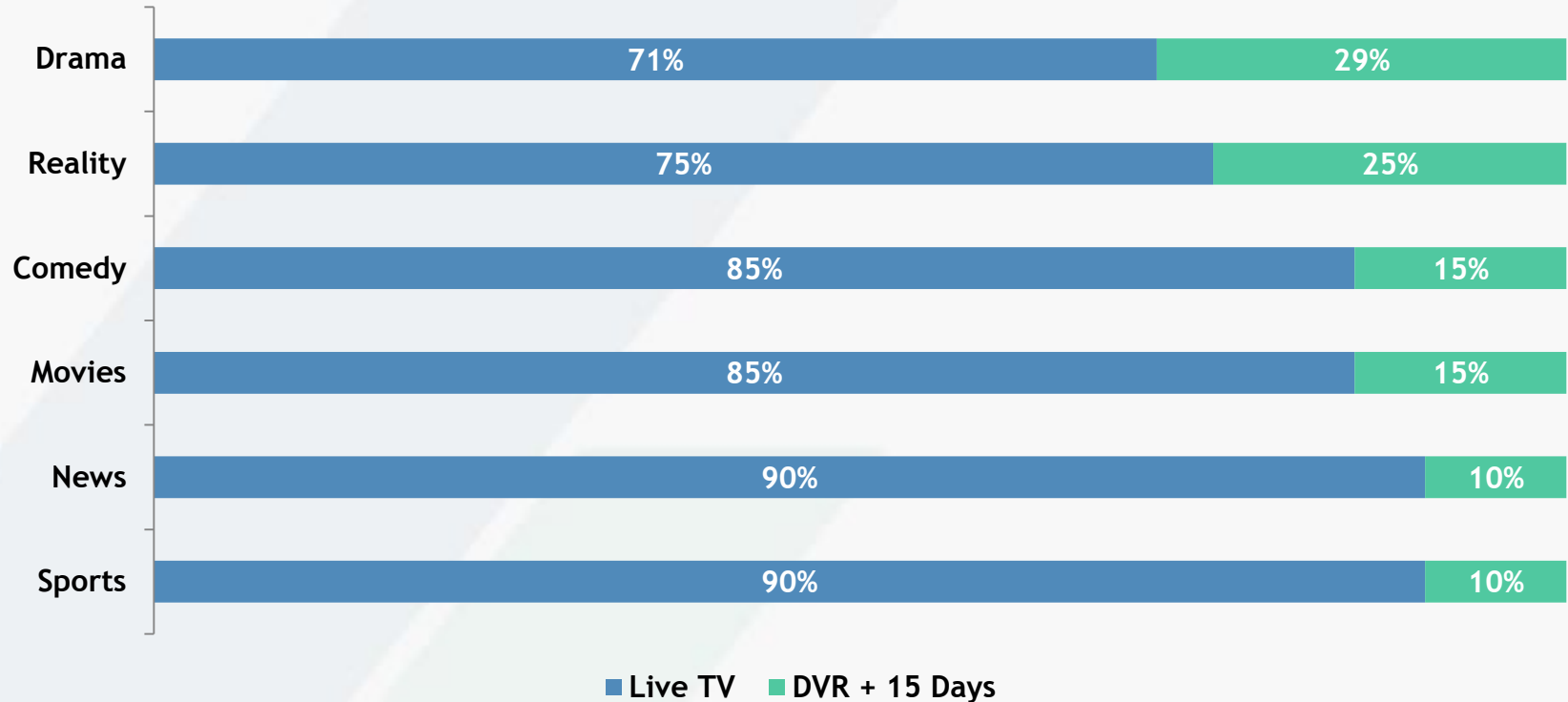
Only 39% Of Total Time Spent With DVR Viewing Is Done During Primetime Hours

Share Of Average Minutes Viewed In DVR Playback By Daypart: A18-49



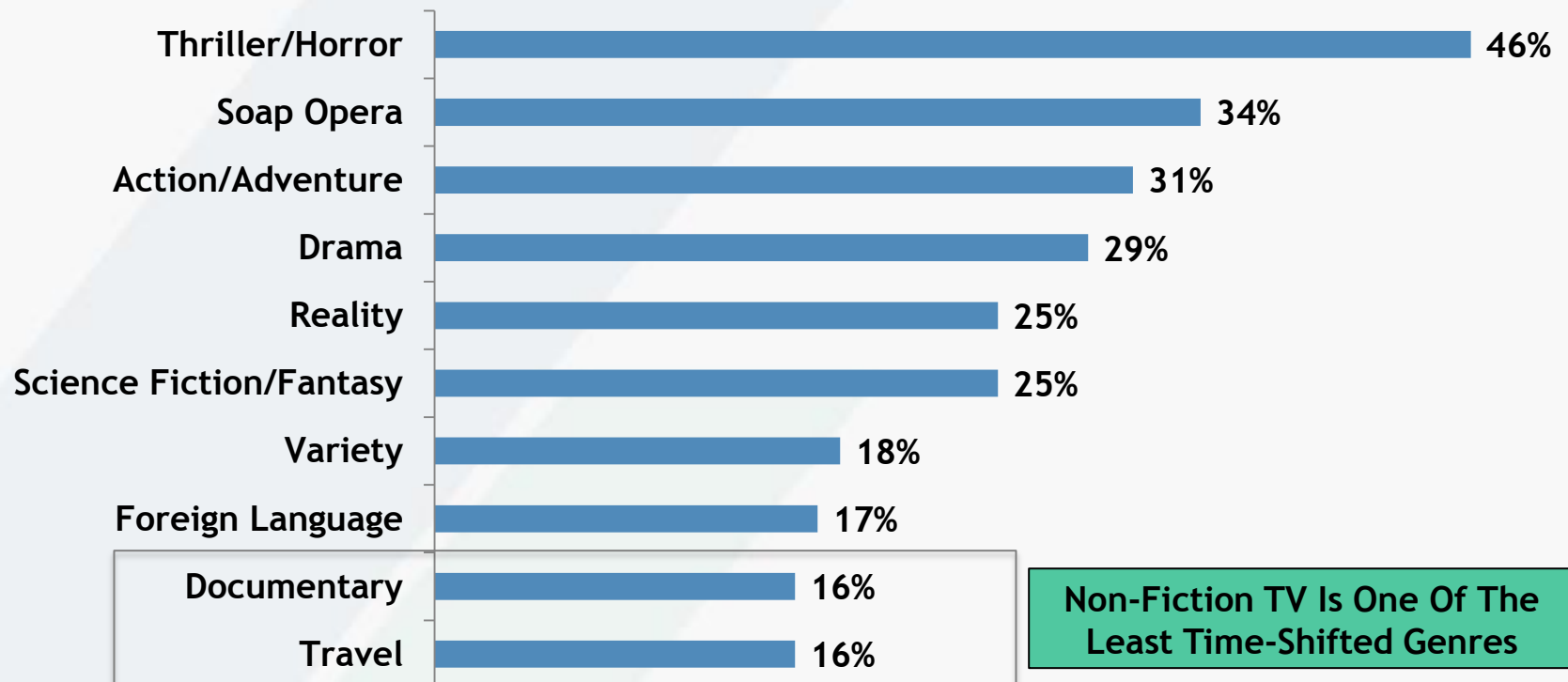
From A Genre Perspective, Sports And News Have The Highest Rate Of Live Viewing Due To Their “Real-Time” Nature

Live TV and DVR Time Split by Genre



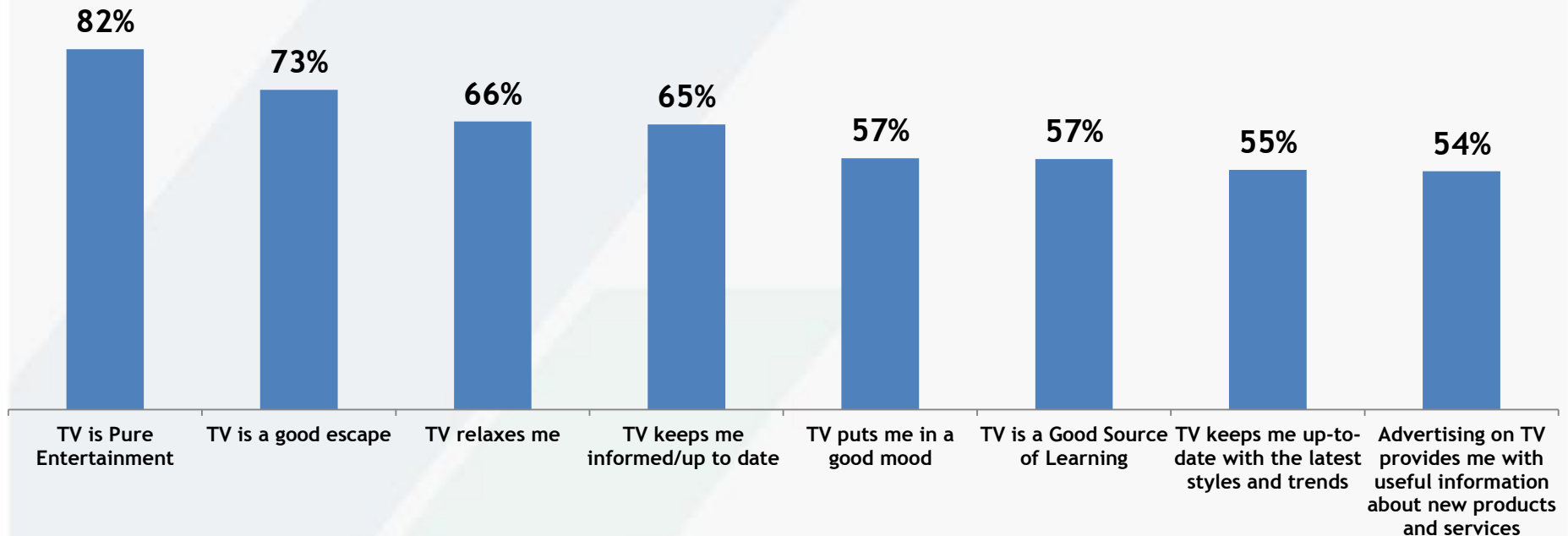
At The Same Time, Viewers Demonstrate Their Commitment To The TV Content They Love And Crave By Recording A Wide Variety Of Programming

Genres with Highest Percentage of Time-Shifted DVR Viewing



Which Makes Sense Since They Primarily Watch TV Programs To Be Entertained

DVR Users: Percent Who Agree



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Source: 2017 GfK MRI Doublebase, "How often watch TV programs in the following ways compared to 12 months ago- Using a DVR".



Time-Shifting Segmentation

DVR Users Are Likely To Be Mature, Affluent Adults Who Enjoy The Convenience Of TV Viewing On Their Own Time

	<u>DVR User</u>	<u>VOD Viewer</u>	<u>TVE Viewer</u>
Who:	Slightly older than VOD viewers & more affluent than TVE users Median Age: 47 Average HHI: \$92K	Younger than DVR users & the most affluent & educated Median Age: 43 Average HHI: \$93K	The youngest and most ethnically diverse viewers Median Age: 39 Average HHI: \$67K
What:	Drama, Reality, Thrillers & Soap Operas	General Entertainment & Kids Programming	Live TV & Sports, Library Content, Exclusive Content, & Current Episodes
When:	Throughout the day, with the majority occurring outside of Primetime	On their own time, when they can binge-watch multiple episodes	Whenever & Wherever
Why:	Convenience and watching on their own time	Convenience and having a range of content available	Binge-watching premium content on the go
How:	On a TV through a set-top-box recorder or on mobile devices via Cloud DVR through an MVPD	On a TV viewed through MVPDs (Cable, Telco or Satellite Provider) via their set-top-box	Across devices through either a broadcast or cable programmer or an MVPD app

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Source: 2017 GfK MRI Doublebase, DVR User: “How often watch TV programs in the following ways compared to 12 months ago-Using a DVR”; VOD Viewer: “Video-On-Demand # of Times Watched Past 30 days-TV/Shows/Movies (Any)”; TVE Viewer: Watch TV programs in the following ways - Through a TV network’s app”.

These DVR Users Are Slightly Older Than VOD Viewers & More Affluent Than TVE Viewers

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For More Information on Time-Shifted Viewing, Check Out
All Of The Reports From Our Series

*Tailor-Made Television: How Consumers Custom Design
Their TV Viewing*



DVR



Video-On-Demand



TV Everywhere

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