



TAILOR-MADE TELEVISION: *VOD*

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.

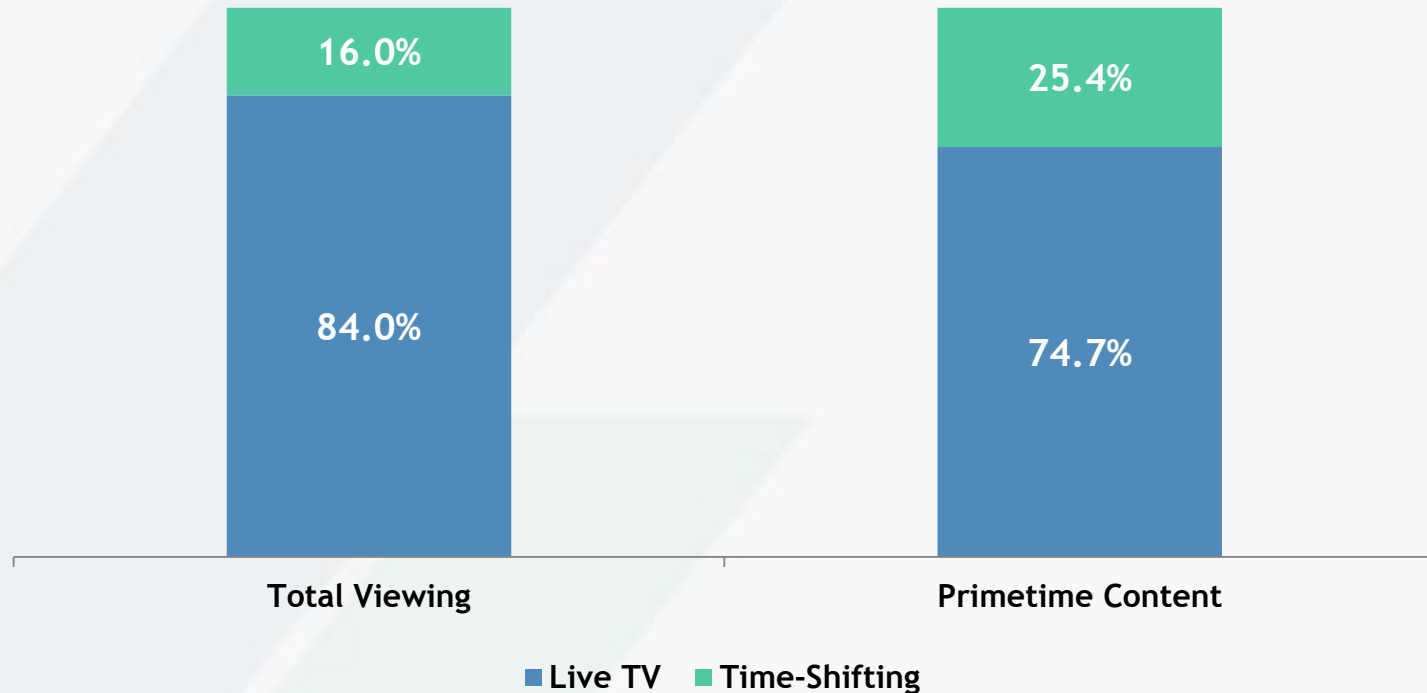


TVE (TV Everywhere): the ability for a viewer to watch TV and film content whenever and wherever they choose across devices (Smart TV, connected device, tablet, mobile device or computer). Content can be accessed through either a broadcast or cable programmer (via MVPD authentication/user log-in) or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



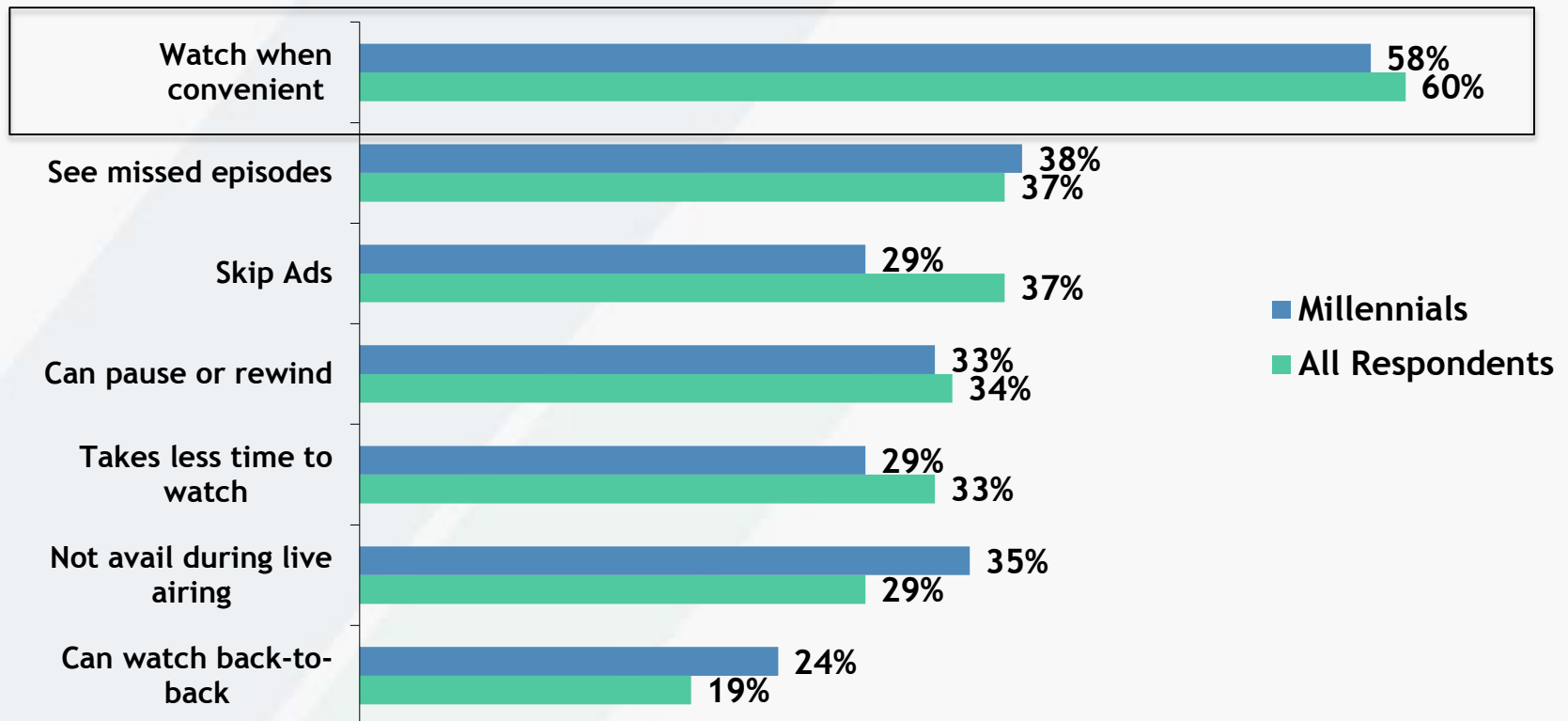
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Source: comScore TV Essentials, U.S., Full Year 2016, Live +15 Day DVR; comScore State of VOD Trend Report, Total U.S. Audience; Time-Shifted TV includes VOD and DVR.

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

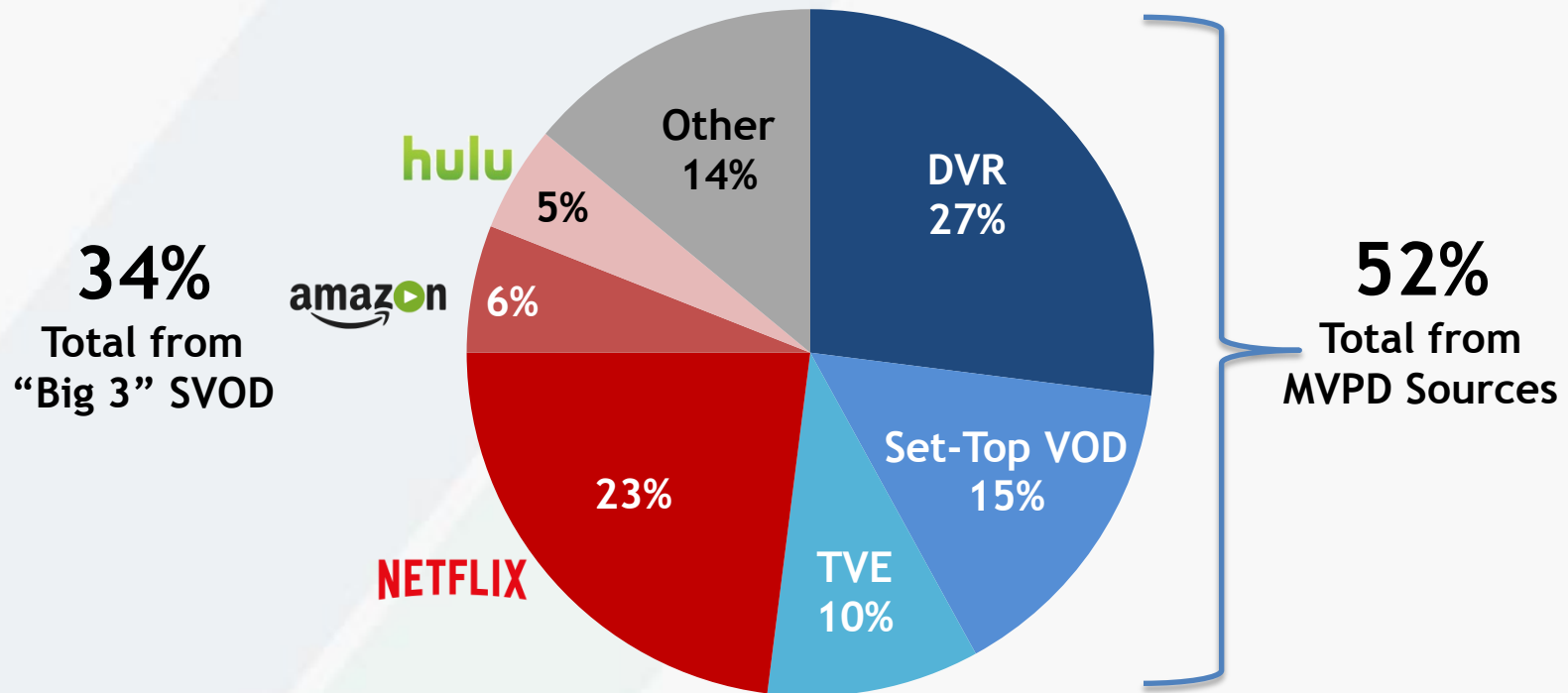


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Source: HUB Entertainment research 3/15; Survey of 1,210 TV consumers 16-74 who watch at least 5 hours of TV/week and have broadband home access; What do you consider to be the biggest benefits of watching episodes of a current show at a later time?

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?

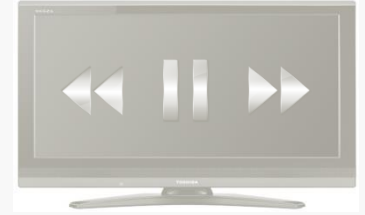


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Source: Hub Entertainment Research, *The Battle for Share of Mind*, January 2018. TVE: Authenticated TV Everywhere, from a network or pay TV operator's website/app; Based on total viewing (TV & movies).

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MVPD Video-on-Demand - What You Need To Know

1. *More Access*

- ✓ 75 million consumers - primarily affluent, younger and educated - have access to MVPD VOD in the U.S.

2. *More Content*

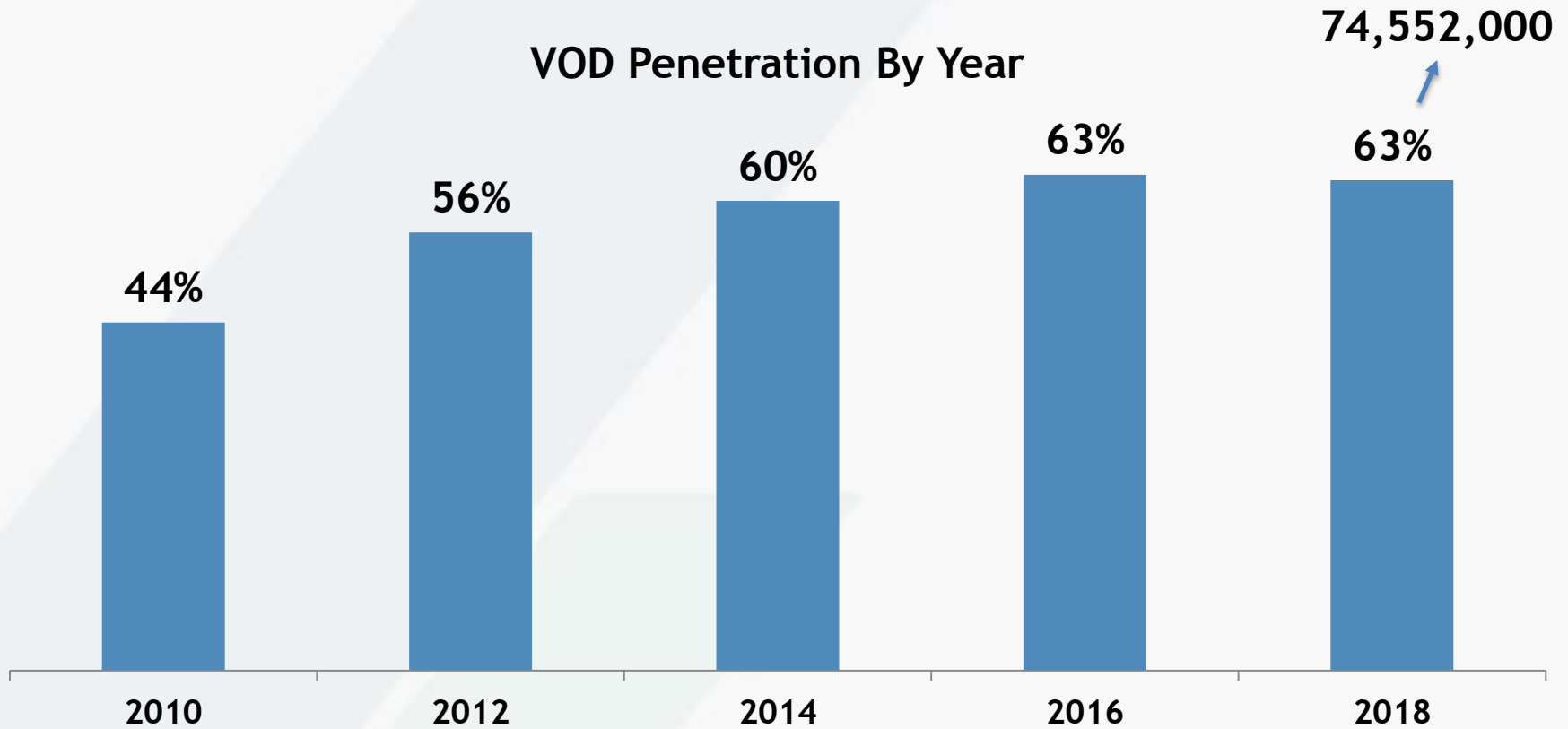
- ✓ MVPD is the original bingeing platform as 73% of VOD users like to catch up on multiple episodes at one time
- ✓ Choice has exploded as the average MVPD library now reflects 93,200 titles per month, far surpassing what the three major SVOD services offer
- ✓ Time spent with VOD has seen a double-digit increase over the last two years

3. *More Advertising Opportunities*

- ✓ In the past 3 years, VOD ad impressions have increased nearly threefold
- ✓ With pods averaging less than four advertisers per break, VOD offers exclusive environments for advertisers' messaging
- ✓ VOD ad insertion capabilities allow for advanced targeting and ensure viewability—no bots or fraud

In The U.S. Almost 75 Million Consumers Have Access To MVPD VOD

VOD Penetration By Year



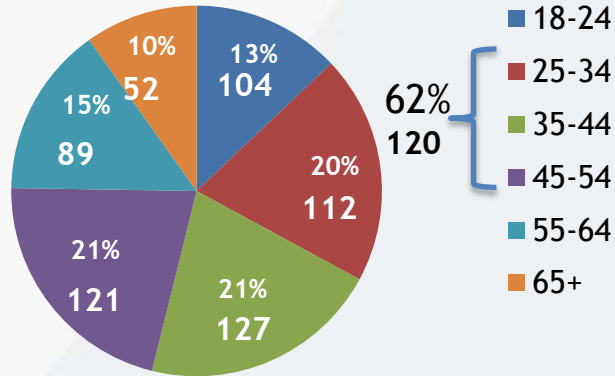
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Source: Nielsen VOD penetration; January of each year, MVPD VOD.

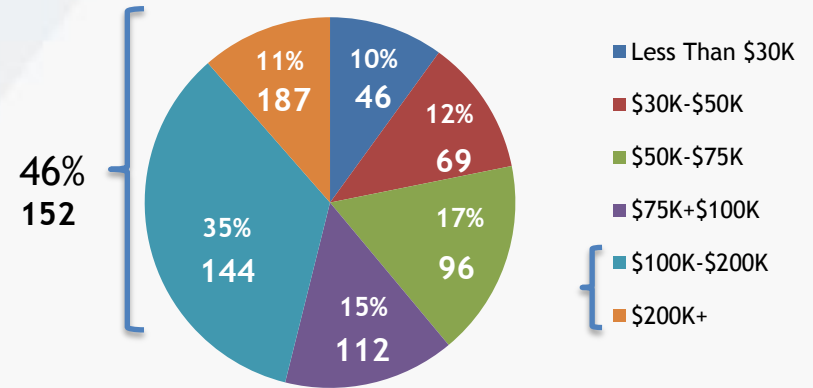
These 75 Million VOD Users Tend To Be Younger and More Affluent Than The Average Adult

Watch VOD Programming

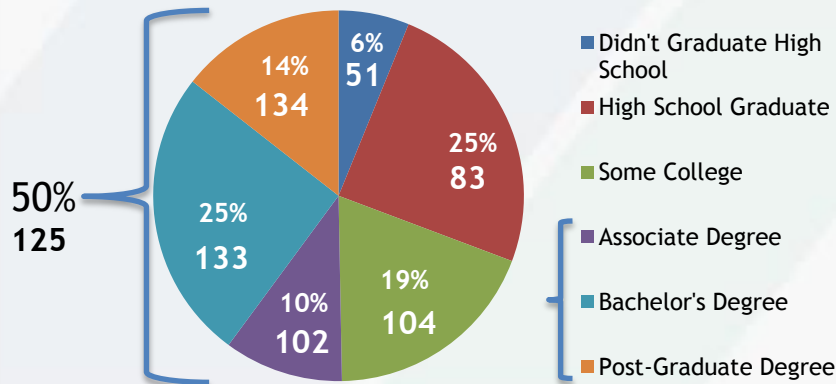
Age



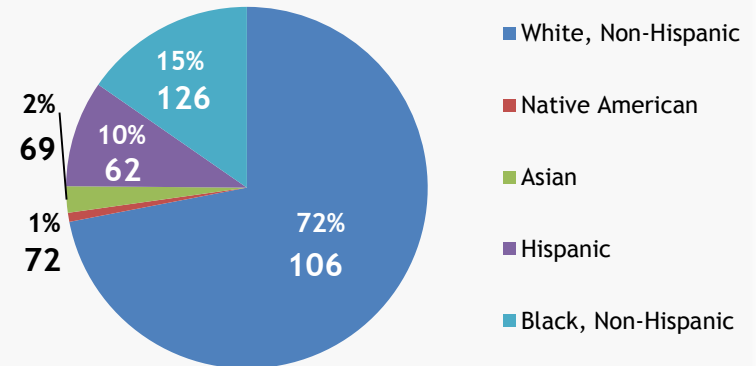
HHI



Education



Ethnicity

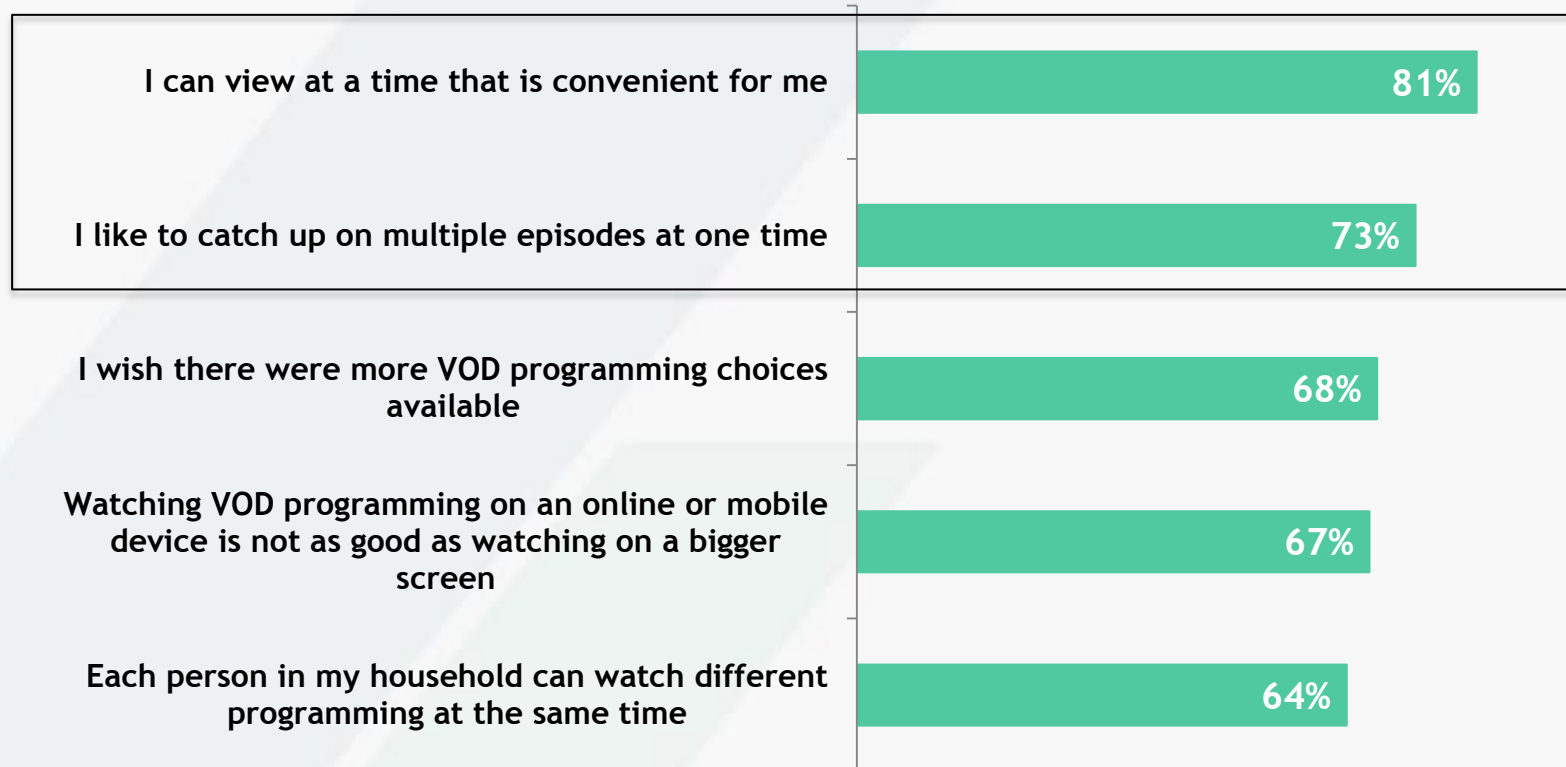


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Source: 2017 GfK MRI Doublebase, "Video-On-Demand # of Times Watched Past 30 days-TV/Shows/Movies (Any)"; Includes index v. general population.

Many Viewers Binge On VOD Programming Since It Offers The Convenience Of Watching What They Want, When They Want

% of VOD Viewers Who Somewhat/Strongly Agree With...



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Source: Nielsen Global VOD Survey 3Q15, Total Audience; North America

Recognizing This Consumer Demand For Customized Viewing, The Amount Of VOD Content Made Available Through MVPDs Has Exploded

Average U.S. Operator Pieces of VOD Content Offered Per Month



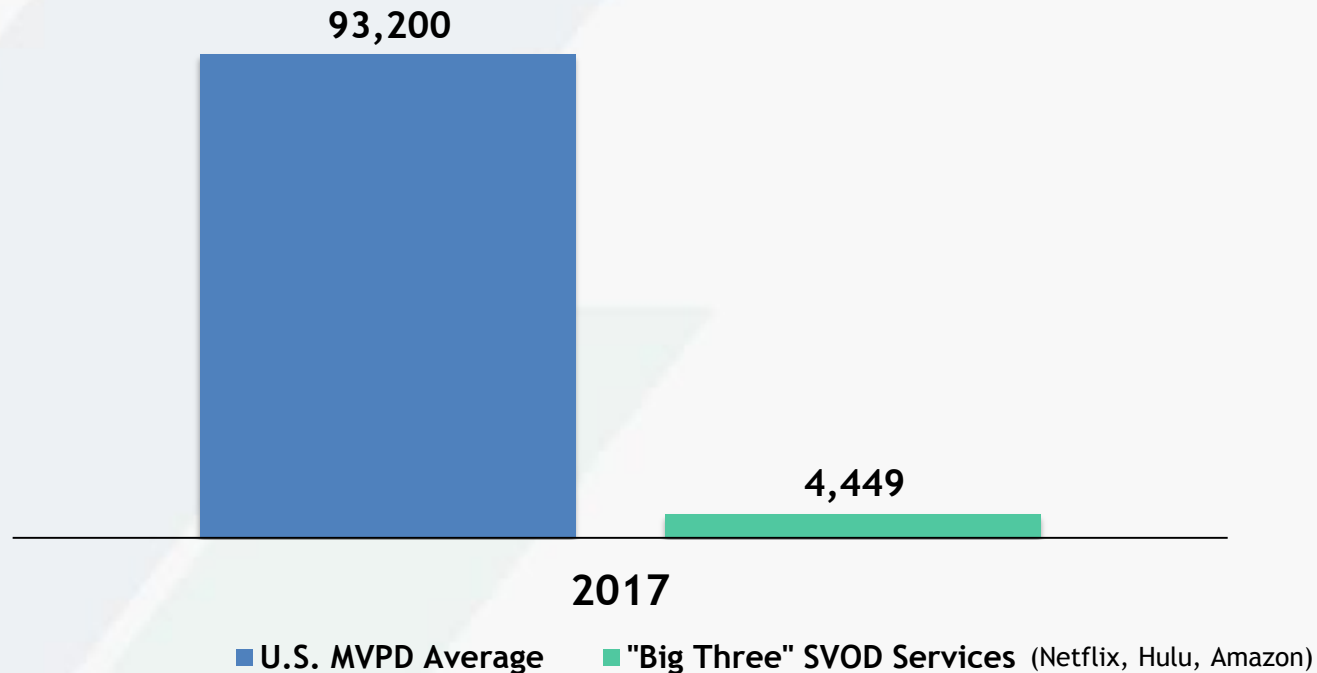
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Source: SNL Kagan Multichannel Trends; Count represents average monthly title selections among U.S. wireline operators, reflecting turnover and refreshed content and are not comparable to average titles available simultaneously. 2/18

In Fact, MVPD VOD Catalogues Easily Dwarf The Limited Libraries Of The Three Major SVOD Services

With Something Available On-demand For Everyone, MVPD's Content Variety Truly Is Unmatched And Only Continues To Grow

Average U.S MVPD vs. Average SVOD Library Comparison
of Titles Available (Monthly Average)



Source: VAB analysis of SNL Kagan February 2018 data (MVPD catalogs reflect cable and telco MVPDs, excludes satellite MVPDs) for end of year 2017, title counts represent reported average monthly selections at year end unless noted as an estimate, counts reflect turnover and refreshed content and are not comparable to average titles available simultaneously, includes TV Shows and Movies. SVOD data represents the latest month with available data: Netflix (January 2018), Hulu (December 2017) & Amazon (November 2017)), includes TV Shows and Movies.

Time Spent With MVPD VOD Has Increased 11% In The Past Two Years

Average Monthly Hours Spent With MVPD VOD Per TV



Average Monthly VOD Plays Per TV

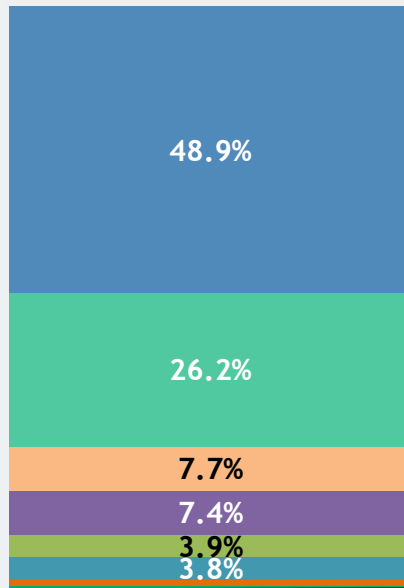
15.9

16.5

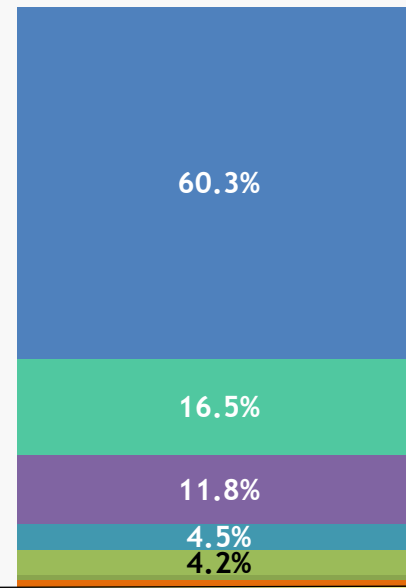
General Entertainment And Kids Shows Account For The Majority Of VOD Plays And Time Spent

46% (218 index) of VOD Viewers Have Kids Living At Home, Accounting for the Large Proportion of Kids Content Viewed Via VOD

Share of Transactions



Share of Time Spent



- General Entertainment
- Kids
- Music
- Movies
- Life & Home
- News & Information
- Hispanic
- Sports
- Events & Specials
- The Cutting Edge

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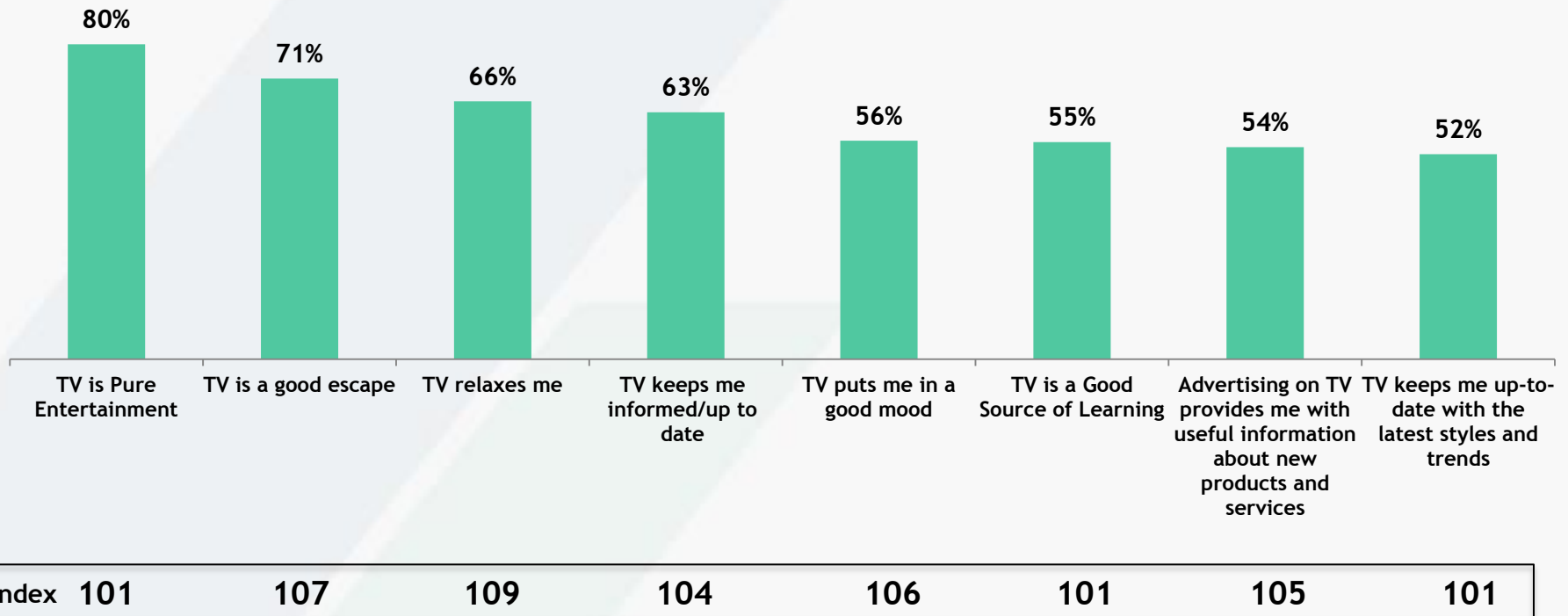
Source: comScore State of VOD Report 2017, MVPD VOD, Q3 2017; 2017 GfK MRI Doublebase, "Video-On-Demand # of Times Watched Past 30 days-TV/Shows/Movies (Any)".



VOD Offers Growing Advertising Opportunity

VOD Users Have A Positive Attitude Towards TV in General And TV Advertising Specifically

VOD Users- Percent Who Agree



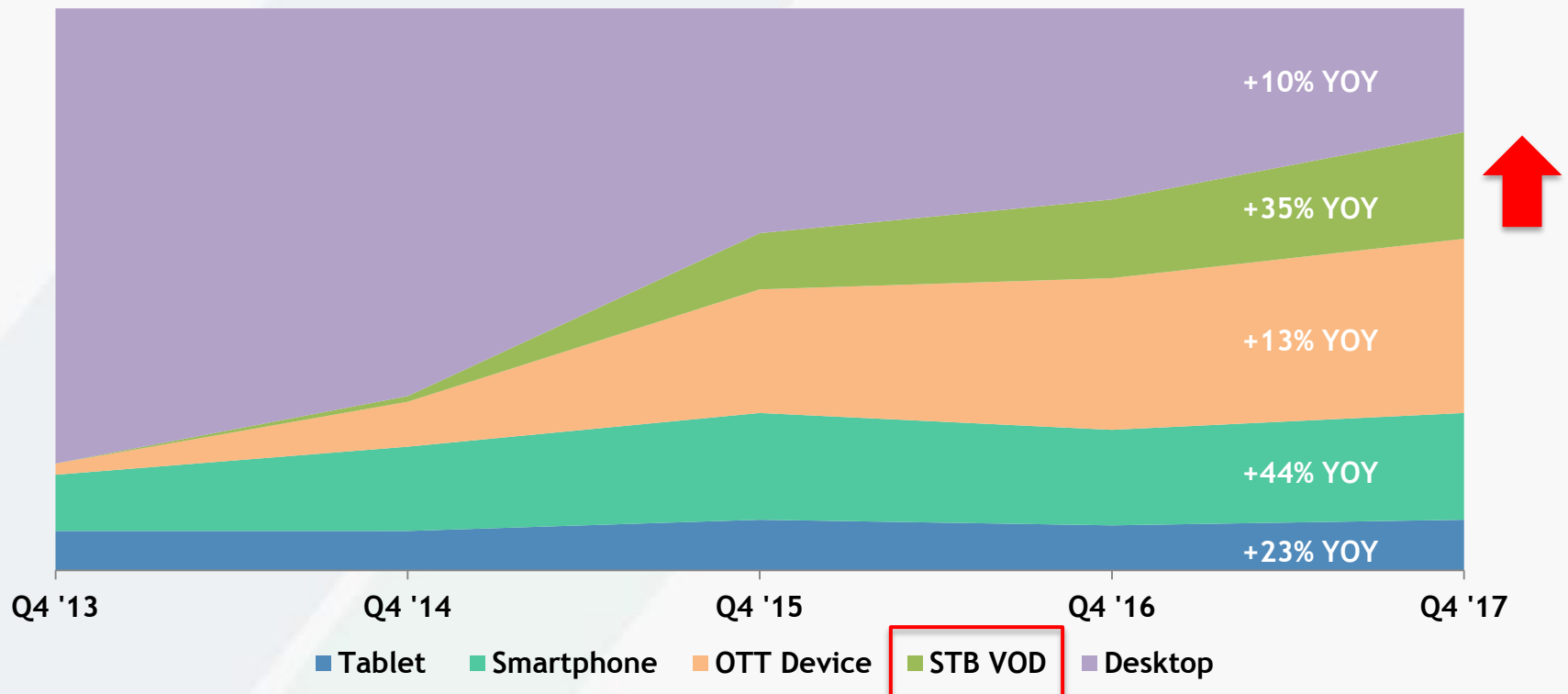
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Source: 2017 GfK MRI Doublebase, "Video-On-Demand # of Times Watched Past 30 days-TV/Shows (Any)"; includes index v. general population.

Set-Top-Box VOD Is One Of The Biggest Areas Of Growth Within The VOD Advertising Ecosystem

Dynamically Inserted STB VOD Ads Increased 35% YOY, Accounting For 19% Of Total Share In Q4 2017

VOD Ad View Composition and Growth by Device



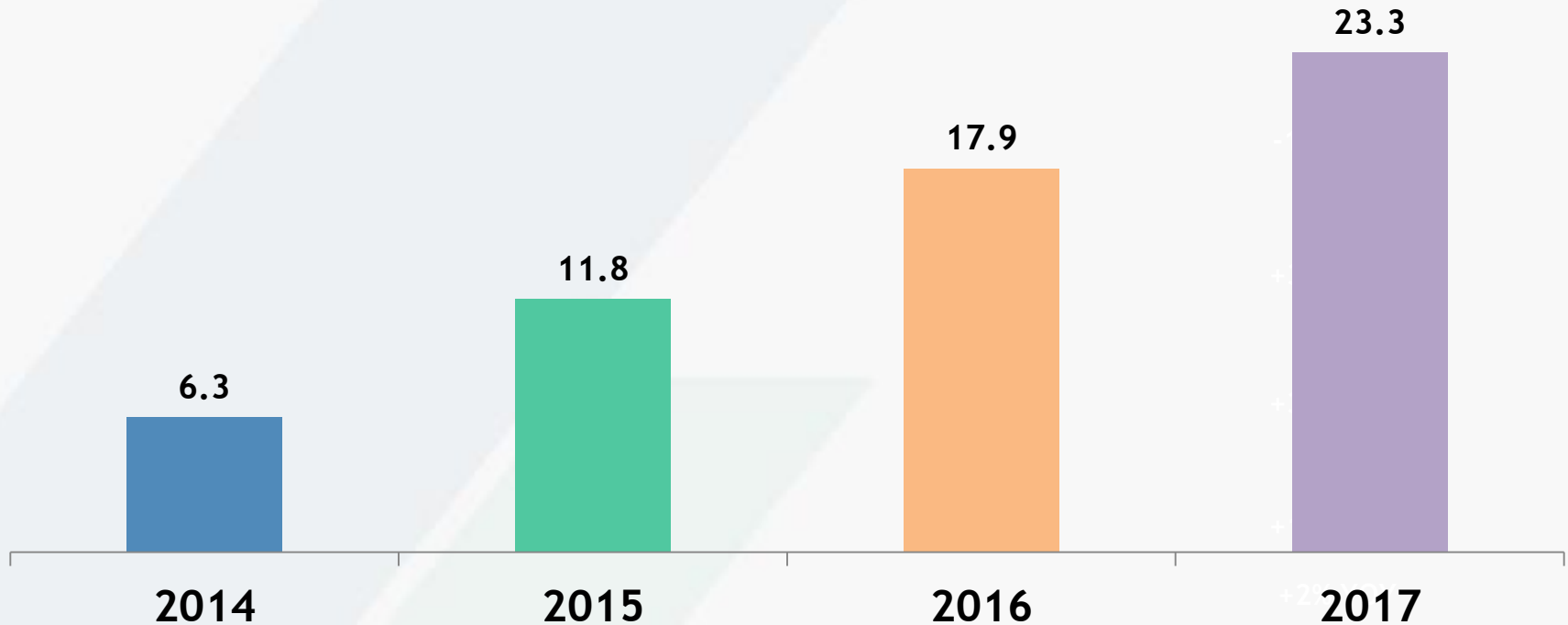
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Source: FreeWheel VMR Report, Q4 2017; Ad View Composition and Growth by Device, U.S. Q4 2013 - Q4 2017.

In The Past Three Years, VOD Ad Impressions Have Increased Nearly Threefold

Ad Impressions: 2014 -2017
(Billions)



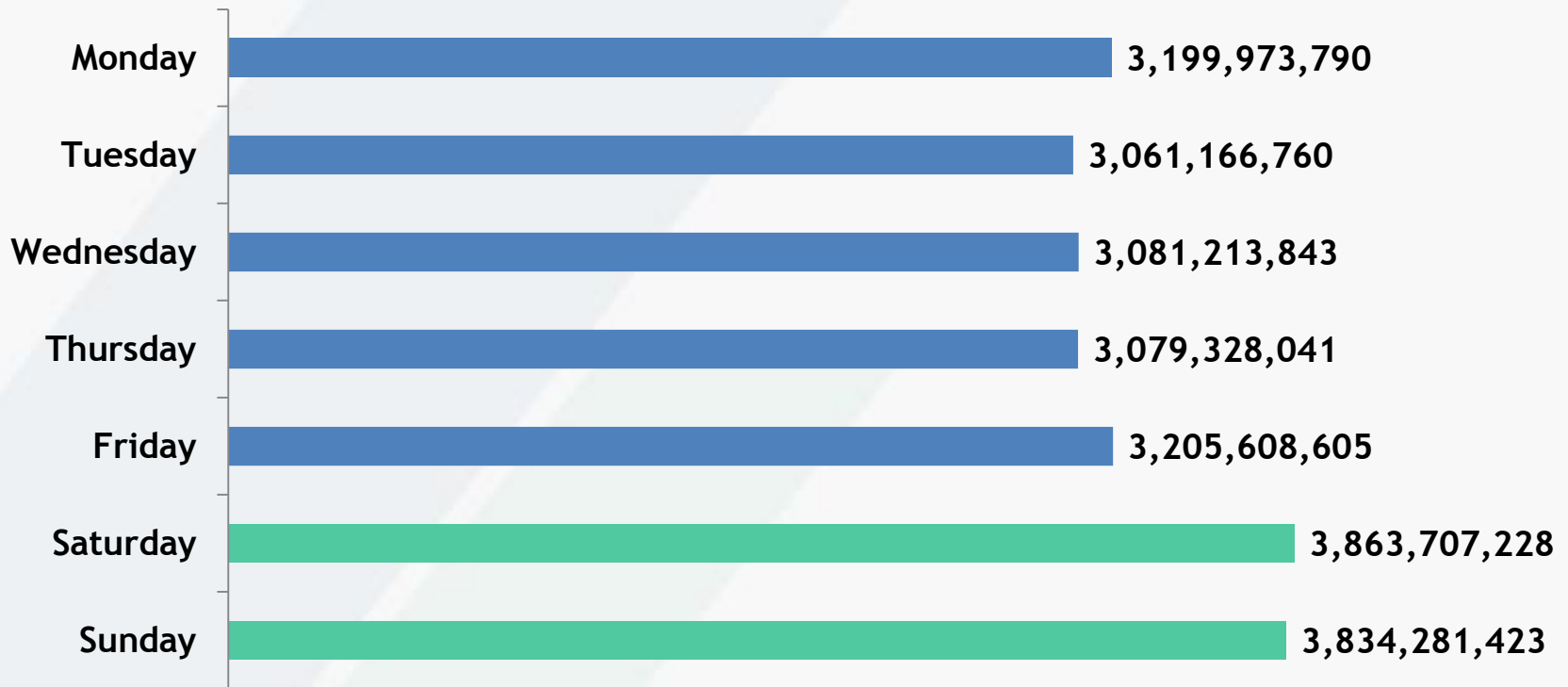
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Source: 2018 Canoe Ventures, LLC. *VOD Ad Impression: 2017 Full-Year Insights Report*; January 2014 - December 2017. Impressions based on 36M households on Charter Spectrum, Comcast, and Cox.

Weekends Deliver More Ad Impressions On An Average Daily Basis Than Weekdays

Heavier Use On Weekends Demonstrates VOD Viewers' Motivation To Watch On Their Own Time

2017 Ad Impressions by Day of Week

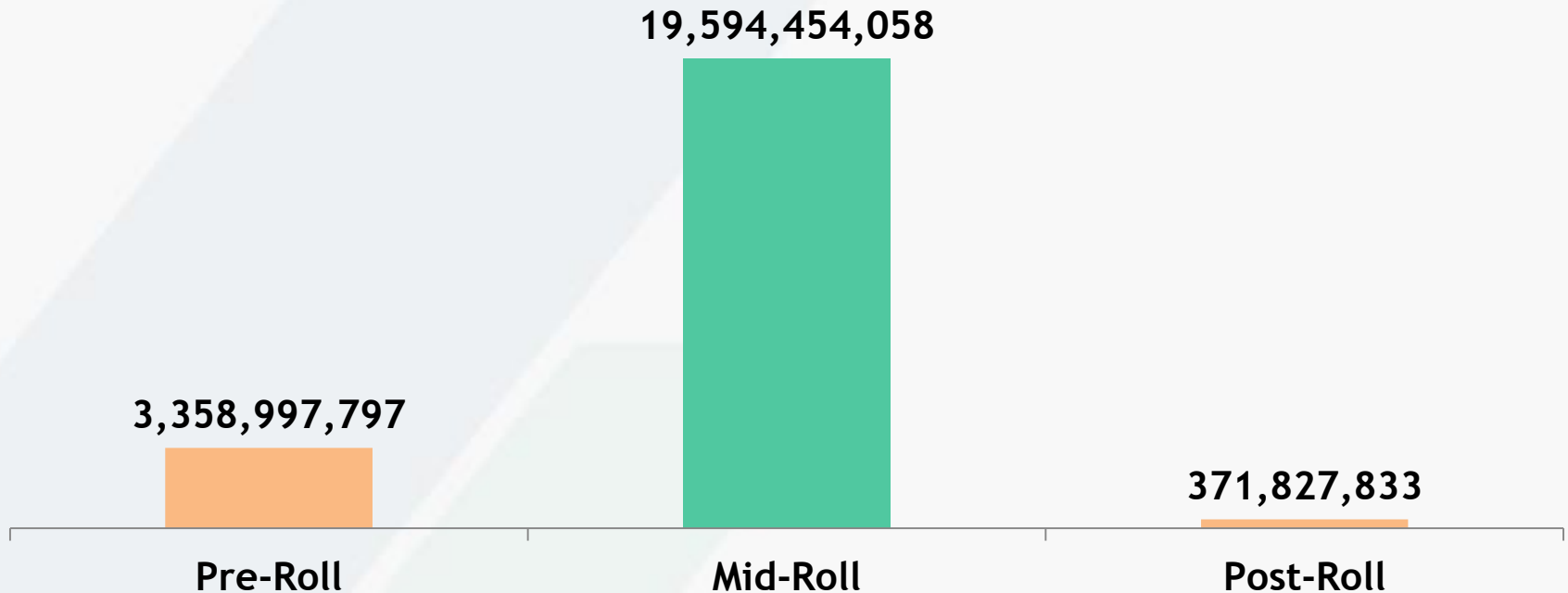


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Source: 2018 Canoe Ventures, LLC. *VOD Ad Impression: 2017 Full-Year Insights Report*; January 2014 - December 2017. Impressions based on 36M households on Charter Spectrum, Comcast, and Cox.

The Majority Of Ad Impressions Are Available In The Mid-Roll Ad Break

2017 Ad Impressions by Break



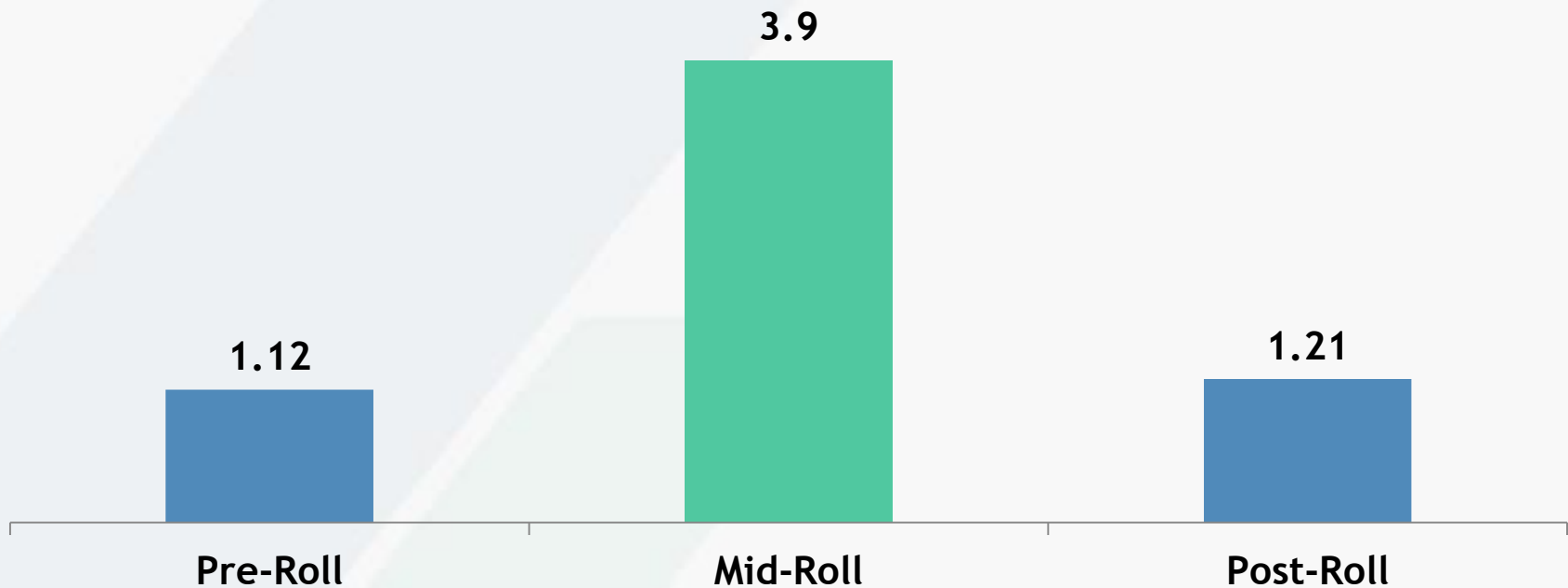
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Source: 2018 Canoe Ventures, LLC. *VOD Ad Impression: 2017 Full-Year Insights Report*; January 2014 - December 2017. Impressions based on 36M households on Charter Spectrum, Comcast, and Cox.

On Average, There Is Very Little Clutter Within VOD Pod Breaks Which Allows For More Focused Attention To Ads

VOD Offers A Level Of Premium Exclusivity To Advertisers By Pod Break

Average Spots per Break



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Source: 2018 Canoe Ventures, LLC. *VOD Ad Impression: 2017 Full-Year Insights Report*; January 2014 - December 2017. Impressions based on 36M households on Charter Spectrum, Comcast, and Cox.



Time-Shifting Segmentation

VOD Viewers Are Likely To Be Affluent Adults Who Enjoy Binge-Watch Programming With Their Kids

	<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 VOD Viewers Are Younger Than DVR Users & The Most Affluent & Educated Out Of All Groups

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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

[Find All Three Reports Here](#)

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No platform drives business like
TV's premium video-at-scale