GOING WITH THE FLOW: HOW TO CAPTIVATE VIDEO STREAMERS

THE OPINIONS AND BEHAVIORS OF ADULT BROADBAND USERS
INTRODUCTION

HOW DO VIEWERS STREAM VIDEO?

We believe that consumers are streaming video at an ever-increasing rate, and on more devices—across their television sets, computers, smart phones and tablets.

There are expanding choices for their viewing pleasure spanning free content, consumer-generated content, studio content and original programming from new and highly creative (and motivated!) sources like Netflix and Amazon Prime. Some of the long-established leading providers of content have entered the streaming video fray in recent months, including HBO, CBS, the NFL and the MLB to name only a few.
CSG thought it was important to explore the impact of all of this streaming viewership on the consumer’s opinion:

- Do they value streaming?
- Does streaming change the way they feel about traditional television offerings?
- What are their expectations for managing the expanding catalog of video content from a growing number of sources?

To measure behaviors and assess their opinions and values, CSG worked with TDG Research to survey adult video streamers (herein ‘streamers’) from across the United States. This document explores key insights from this study.

**KEY FINDINGS**

We have confirmed that viewers are streaming video, and paying for it, at tremendous rates, on numerous devices.

The TV is the preferred device for streaming, and while total hours of TV watching is consistent across all age groups, younger groups spent the majority of their TV time Streaming Video On Demand rather than watching live broadcast television.

The prevalence of streaming impacts the perceived value of traditional TV services, and service providers are cautioned that there are noted intentions to downgrade or disconnect Pay TV subscriptions this year.

There is a marked trend for subscribing to more than one streaming service, and as a result, subscribers greatly value subscription management “features” that facilitate their finding and paying for these services through a single service.

Service providers will delight customers through increased partnerships and constructing a consolidated subscriber portal for searching, content management and billing across each personalized bundle of video content.

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**18-34s SEE NET DECREASED VALUE IN THEIR PAY TV SERVICES**

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SURVEY METHODOLOGY

In January 2016, CSG sponsored an online survey of 1,900 US adult broadband users that stream video—be it short-form, long-form, premium, or free—to one or more Internet-connected devices.

The survey was administered to a randomly chosen group drawn from a panel of more than two million US adults. Quotas were set to ensure that the collection of respondents was representative of US adult video streamers.

All sample surveys and polls may be subject to multiple sources of error, including, but not limited to sampling error, coverage error, and measurement error.

SURVEY TERMINOLOGY

For a detailed glossary of terminology used in the survey, please refer to this appendix.

Key terms used throughout this document include:

- **STREAMER**: An individual who views long- or short-form video, whether free or paid-for.
- **DEVICE**: Devices explored include TVs, PCs, laptops, smartphones, and tablets.
- **SVOD**: Streaming Video on Demand is watching non-broadcast content on an internet-connected device.
- **ALL VIDEO STREAMERS (AVS)**: The total population of the survey respondents in all charts.
- **OTT**: In the context of this survey, OTT means Streaming Video on Demand when viewed on a TV.
- **PREMIUM VIDEO SERVICES**: SVOD services for which the streamer pays a fee, whether one-off or on a subscription basis.

THE TOTAL POPULATION OF SURVEY RESPONDENTS (AVS) WAS COMPRISED OF THESE KEY DEMOGRAPHICS:

- **ANNUAL HOUSEHOLD INCOME**
  - UNDER $30,000: 26%
  - $30,000-$39,999: 11%
  - $40,000-$49,999: 11%
  - $50,000-$74,999: 19%
  - $75,000-$99,999: 12%
  - $100,000-$149,999: 10%
  - $150,000+ : 1%

- **AGE**
  - 18-24: 19%
  - 25-34: 18%
  - 34-44: 19%
  - 45-54: 20%
  - 55-64: 16%
  - 65+: 8%

- **GENDER**
  - FEMALE: 51%
  - MALE: 49%
VALUE OF STREAMING VS. PAY TV

THE VALUE OF STREAMING

Respondents were asked if they currently subscribe to these premium services: Netflix, Amazon Prime, Hulu, Sling TV, HBO Now, Sony Vue, CBS All Access, any premium sports service, or other.

Not surprisingly, 80 percent of streamers subscribe to at least one premium service. Among these subscribers, half of them subscribe to more than one service.

A similar trend was discovered when exploring the adoption of streaming sports: 40 percent of sports package users subscribe to more than one service.

From these behaviors we conclude that the attributes of streaming—seeking out specific content in which they are interested and viewing it on demand, meaning on whatever device at whatever time they choose—are greatly valued. Once a user experiences this from one service they are likely to seek more of the same.

PREMIUM SPORTS SUBSCRIPTIONS

Respondents indicated whether they knew of, once subscribed to or currently subscribe to these premium sports services:

- Verizon go90
- NBA League Pass
- NHL Center Live
- MLB TV
- NFL Network Gamepass
- UFC Stream
- WWE Network

Streamers were asked “Professional and collegiate sports leagues have also offered standalone apps—that is, you pay for specific leagues without having to subscribe to a cable or satellite service. How familiar are you with each of the following standalone streaming services?”

HOW MANY PREMIUM SPORTS SERVICES DO YOU CURRENTLY SUBSCRIBE TO?

- Subscribe to at least one premium sports service
- Subscribe to more than one premium sports service
THE VALUE OF “TRADITIONAL” TV

Among streamers, we explored their views towards the fundamental attributes of “traditional” television:

- Watching “live” shows when first broadcast (defined as “live” for this survey and not the Nielsen definition that includes a DVR window)
- Having access to an extensive “bundle” of Pay TV channels that make up the traditional cable or satellite package
- Commercials

The good news is that SVOD has a net positive impact on watching live TV shows across all age demographics. One can imagine that having access to a large catalog of content backlog—say, all of the past episodes of “X-Files,” “Mad Men” or “Game of Thrones”—enables viewers to catch up with the most popular shows and become more engaged as new episodes are broadcast.

The not so good news is that because of SVOD, the younger age groups—Millennials and Generation X—value traditional Pay TV services offered by cable or satellite providers less. Providers should take note that expectations are high among this set and the availability of alternate sources of content means they will become more difficult to retain as they value traditional services less.

Impact of SVOD in “Traditional” TV

The net impact reflects the percentage of respondents who indicated the value of

- Watching live TV shows
- Having access to traditional home TV services

had significantly increased (scores of 6 or 7) less the percentage of respondents who indicated the value of these activities had significantly decreased (scores of 1 or 2).

The value of live TV shows for all is greatly enhanced by access to streaming video, while the 18-44s see a decline in the value of traditional Pay TV services.

MILLENNIALS DISLIKE COMMERCIALS

The survey asked respondents various questions about their attitudes towards commercials. This chart illustrates the sentiments with which they most strongly agreed (top 2 scores on a 5-point scale).

The younger age groups demonstrate significantly stronger dislike of commercials than the older audiences.

Additionally, the 18-24 group represents fervent commercial avoidance (43 percent often or always avoid) at a much greater rate than the overall population (35 percent).
COMMERCIAL AVOIDANCE

So, the strongest feelings about commercials are the Millennials, and guess what—they don’t like them! They are more likely to avoid commercials than any other age group.

Millennials’ negative views of commercials are stronger than any other age group:

→ They leave the room when they come on more than others
→ They consider them an interference more than others
→ They hate them more than others!

Providers should take note; it is likely that this avoidance behavior will continue as they age, and they will be looking for alternatives to their video content that minimize their exposure to commercials.

DEVICES & VIEWING TIME

STREAMING ON MULTIPLE DEVICES

The TV dominates when streaming video, likely reflecting both its size (optimized for the best viewing experience) and the fact that video entertainment is still largely an in-home activity.

Smartphones, laptops and tablets are also used extensively, most so in the youngest age groups, reflecting the appeal of video portability.

Several device pairs are notable within the survey results:

→ TV + PC is the most prevalent combination of devices used (57 percent of AVS), indicating a preference for larger screen sizes when watching video
→ Tablets + smartphones is the least prevalent combination (29 percent of AVS), confirming the appeal of larger screens
SWITCHING BETWEEN DEVICES

Our survey revealed that over 40 percent of streamers age 18-44 switch between devices when streaming their programs. For example, they will finish watching their program on a TV if they started on a PC or mobile, and vice versa. A significant contrast to their senior counterparts with only 12 percent of streamers over 45 years of age reporting the same behavior.
HOW MUCH STREAMING?

Millennials (18-34) stream more than all other demographic groups on every device type.

The 14.8 hours this group spends on OTT, or streaming activity on their TV, represents >50 percent of their total TV time for the week, whereas the general population spends 43 percent of their total TV time on OTT or streaming video activity.

HOWMuch Streaming?

MILLENNIAL CONCLUSIONS (THE FUTURE OF TV?)

- In general they hate commercials
- They have a greater tendency to not pay for traditional Pay TV services
- They have a greater propensity to subscribe to multiple premium services for programmed content and sports
- Streaming is a more valued and more prevalent activity for them and they benefit from switching content from one device to another
FUTURE PLANS FOR PAY TV

CURRENT USE OF PAY TV

Within the survey we measured current use of Pay TV services.

Among the total population (AVS), 30 percent do not currently subscribe to a Pay TV service of any sort (cable or satellite) from any provider.

Among Young Millennials, that proportion jumps to 50 percent. Unless significant value can be proven to them, there are already so many options for them that it will be difficult to capture them as a user/subscriber as they age!

FUTURE USE OF PAY TV

Providers take note: >20 percent of the total population of streamers are likely to downgrade, cancel or switch providers in the next six months!

Young Millennials show a lesser tendency to downgrade, cancel or switch but remember that they are a lesser tendency to downgrade, cancel or switch, but previously we saw that they are the least likely to be a current user/subscriber.
ANALYSIS: WHY DOWNGRADE/CANCEL?

The primary reason for planning to downgrade or cancel Pay TV services among all the total population is cost of service, being the top reason for 90 percent of future downgraders and 88 percent of future cancelers.

Availability of alternatives such as Netflix and other subscription services is a significant consideration, and figures more prominently in a decision to cancel (influences 82 percent of would-be cancelers) than to downgrade (influences 82 percent would-be downgraders).

Both of these factors would seemingly lead to the conclusion that Pay TV is a poor value, which is cited by 61 percent of potential downgraders and 71 percent of potential cancelers.

VALUE-ADDED “FEATURES” AND BUNDLES

MANAGING SUBSCRIPTIONS AND SERVICES

Our survey explored their attitudes towards subscription management features, including:

- Consolidated billing and payment across subscription services, reducing numerous charges to a single invoice thereby facilitating the financial management of their video services
- A bundled discount across multiple services, which can drive increased adoption of incremental services at a discounted rate and drives customer loyalty and reduces churn
- Search features across all subscriptions to enhance the user experience. Facilitating search through a single portal drives viewership and stickiness
- Recommendation features across all subscriptions also enhances the user experience, and also stimulates viewership and stickiness

With the number of streaming service options available increasing, and the viewing time for these services on the rise, it is natural that streamers would value features that assist with managing these services.
WHEN YOU THINK ABOUT YOUR VIDEO STREAMING EXPERIENCES, HOW VALUABLE WOULD BE GETTING A DISCOUNT FOR SUBSCRIBING TO MULTIPLE STREAMING SERVICES

- All video streamers who rank multi-service discount valuable or extremely valuable
- Video streamers who subscribe to more than one service and rank multi-service discount valuable or extremely valuable

WHEN YOU THINK ABOUT YOUR VIDEO STREAMING EXPERIENCES, HOW VALUABLE WOULD BE HAVING A SINGLE BILL FOR ALL MY FEE-BASED STREAMING SERVICES (NETFLIX, AMAZON, HULU, ETC.)

- All video streamers who rank a single bill valuable or extremely valuable
- Video streamers who subscribe to more than one service and rank a single bill valuable or extremely valuable

WHEN YOU THINK ABOUT YOUR VIDEO STREAMING EXPERIENCES, HOW VALUABLE WOULD BE HAVING A SINGLE POINT OF SEARCH FOR ALL MY STREAMING SERVICES

- All video streamers who rank universal search valuable or extremely valuable
- Video streamers who subscribe to more than one service and rank universal search valuable or extremely valuable

WHEN YOU THINK ABOUT YOUR VIDEO STREAMING EXPERIENCES, HOW VALUABLE WOULD BE HAVING CONTENT RECOMMENDATIONS THAT WORK ACROSS ALL MY STREAMING SERVICES

- All video streamers who rank recommendations valuable or extremely valuable
- Video streamers who subscribe to more than one service and rank recommendations valuable or extremely valuable

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VALUE OF STREAMING FEATURES

These results illustrate the increasing value respondents place on having access to streaming features.

The percentage of all respondents that highly valued (top 2 scores) any combination of 1, 2, 3 or all 4 of these features:

- Single bill
- Multi-line discount
- Universal search
- Universal recommendations

46 percent of the streaming population values at least three of these four features.

Providers who offer bundles of these features across multiple, disparate SVOD offers will deliver a superior customer experience to their subscribers.

CSG CONCLUSIONS

As the alternatives for subscriber content increases, services providers should address current concerns and invest in valued features to ensure they not only maintain but enhance the streamer’s experience and stem the planned tide of downgrades and cancellations.

Focus on the price. Not by an intensifying price war, but by offering more options for packaging and pricing the specific content that streamers want. Personalize the bundle.

Provide a user experience on par with the most popular competitors, making content transportable across devices and providing enhanced features like recommendations and search, not only for a single service but across as many distinct services through partnerships wherever possible.

Offer aggregated billing, discounting and payment options to the all-important subscribers of more than one service or type of content.

HOW MANY STREAMING FEATURES DO YOU VALUE?

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ABOUT THIS SURVEY

SURVEY TERMINOLOGY

Streamer: an individual who streams short-form or long-form video content, whether premium (paid for) or free, on an internet-connected device

SVOD: Streaming Video on Demand is the act of watching non-broadcast video content on an internet-connected device

ABU: Adult Broadband User, 18 years of age or older

AVS: All Video Streamers, or the total population of survey respondents before any demographic breakdown is applied

Devices: in this survey, respondents identified their usage across five types of internet-connected screens

   → TVs. In this survey, the term “over the top” or “OTT” specifically refers to watching SVOD content on a TV
   → Laptop computers
   → PCs
   → Tablets
   → Smartphones

Standalone Streaming Services: this term reflects premium video service, or those that are available for a fee and can be decoupled from traditional Pay TV (cable or satellite) services (such as Netflix, Hulu, CBS All Access)

AGE DEMOGRAPHICS

Fairly uniform age breakdowns were applied to these survey respondents, and we have named these groups as below (reflecting minor adjustments to the demographic boundaries used by Nielsen):

   → 18-24 years Young Millennials
   → 25-34 years Millennials
   → 35-44 years Generation X
   → 45-54 years Young Baby Boomers
   → 55-64 years Older Baby Boomers
   → 65+ years Silent Generation

ABOUT CSG

CSG simplifies the complexity of business transformation in the digital age for the most respected communications, media and entertainment service providers worldwide. With over 35 years of experience, CSG delivers revenue management, customer experience and digital monetization solutions for every stage of the customer lifecycle. The company is the trusted partner driving digital transformation for leading global brands, including Arrow, AT&T, Bharti Airtel, Charter Communications, Comcast, DISH, Eastlink, iFlix, MTN, TalkTalk, Telefonica, Telstra and Verizon.

At CSG, we have one vision: flexible, seamless, limitless communications, information and content services for everyone. For more information, visit our website at csgi.com and follow us on LinkedIn, Twitter and Facebook.


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