

OTT VIDEO TRENDS REPORT



grabyo

INTRODUCTION: TO THE REPORT

Video consumption habits are accelerating toward online and digital platforms. Today's audiences are mobile-first, and value convenience and flexibility when choosing what to watch and where to watch it.

Over-the-top (OTT) video platforms have been the main drivers of this change. The growth of Netflix has shown consumers that they can watch videos at a time that suits them, which has led to habitual on-demand viewing and binge watching.

Broadcasters are following this trend. Audiences now have choice. It does not matter if a viewer misses a TV episode the first time of airing, because they can catch up later on an OTT service or mobile app. In contrast, hardcore fans can watch the entire season of a new show just hours after release.

The launch of on-demand services, such as Sky Go, ITV hub, Comcast Xfinity and Canalplay offer flexibility for viewers who are less accustomed at planning a time to sit in front of a TV at an appointment to view.

Even the concept of a TV schedule is changing. The traditional Electronic Programme Guide (EPG) being replaced by images of the most popular shows and live events. Channels and networks such as the BBC, FOX and NBC once had prime position on the TV interface. Today you are more likely to see a preview for Game of Thrones than a promotion for the HBO channel.

Brands are being replaced by content, reducing the power of networks and increasing investment in hit shows and premium rights that consumers recognize.

Specialized services such as DAZN and Kayo Sports have entered the market to serve the large number of sports fans who have been largely left behind, as most premium sports rights are still owned and aired by pay-TV broadcasters globally. Live sports are restricted behind expensive paywalls, with many still locked into a TV schedule which has not changed format in many years.

Social platforms such as Facebook Watch, Twitter and YouTube TV are moving to fill the void in streaming services for viewers who have moved away from linear TV. The massive growth in short-form video, real-time highlights and viral videos is directly correlated with the widespread adoption of social media use on smartphones. Social platforms have entered into mainstream media rights acquisition with deals ranging from the NFL, to UEFA Champions League and the Roland-Garros French Open.

The growth of OTT and online streaming can no longer be considered as a secondary consideration for broadcasters. The launch of Disney+, HBO Max and Apple TV+ demonstrates the importance of OTT services and the scale of investment needed to capture today's audiences.

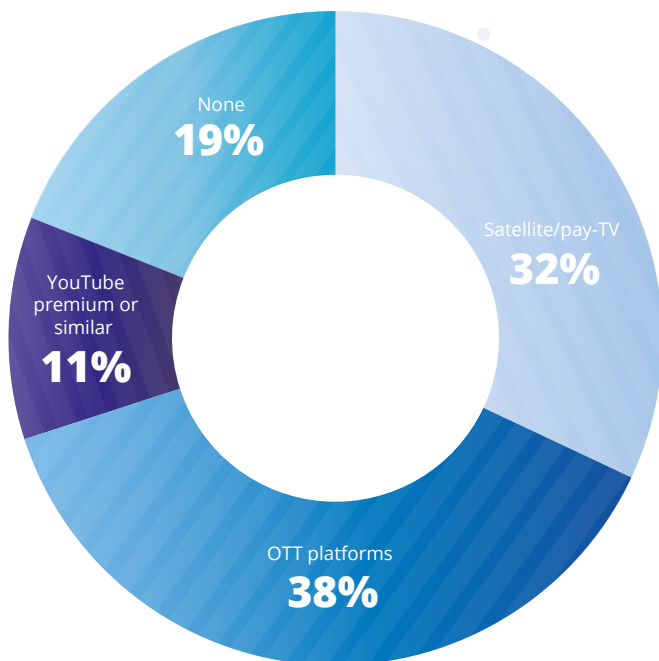
This report explores the current state of the global OTT market. How many consumers pay for these services? Which demographic groups use them the most? Will the growth of the OTT market continue to accelerate?

The report charts a potential course for this future. How many people are considering 'cutting the cord' and dropping TV services to watch online? How will device usage shape the future of video viewing?

The streaming wars have started, and there are many more battles to come.

ONLINE STREAMING GOES OVER THE TOP

Which media services do global consumers pay for?

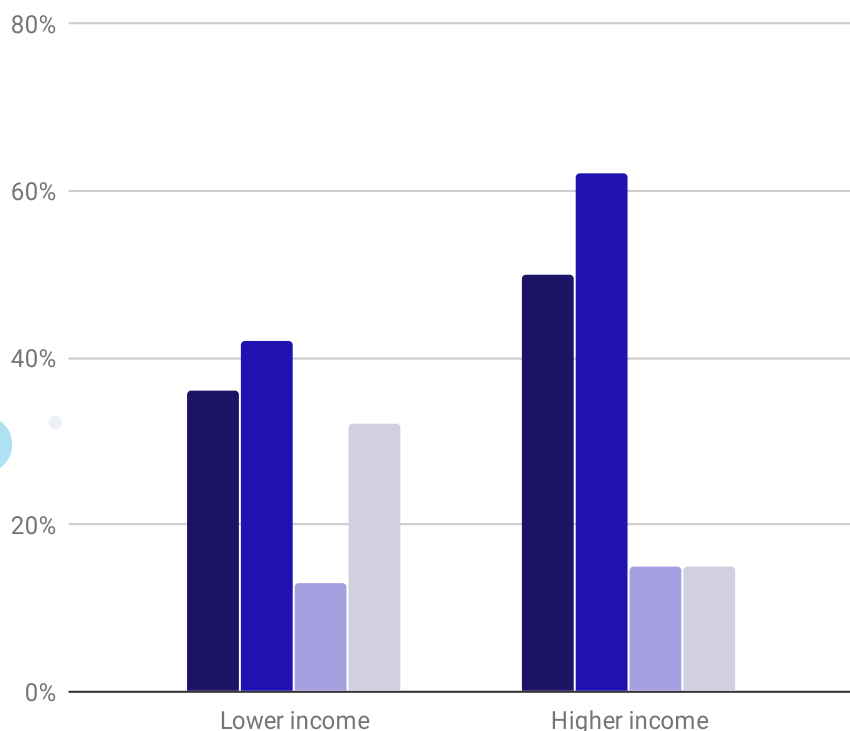


The majority of consumers pay for at least one online streaming service.

Driven by the global dominance of Netflix and Amazon Prime over the past five years, we are seeing local online services experiencing rapid growth, including DAZN across Europe, YouTube TV and Hulu in the U.S, and Kayo Sports in Australia.

Which media services are consumers paying for in core segments?

■ Satellite/pay-TV ■ Online video platforms (eg. Netflix, Amazon Prime)
■ YouTube Premium or similar ■ None



Consumers are able to find various OTT platforms at a price they can afford.

Services have begun to tier packages to suit consumers in various segments. On top of a basic package at \$9* (around £7) per month, Netflix offers multi-screen viewing and HD resolution for \$4 more*, and Ultra-HD resolution and further watching options for \$7 more*.

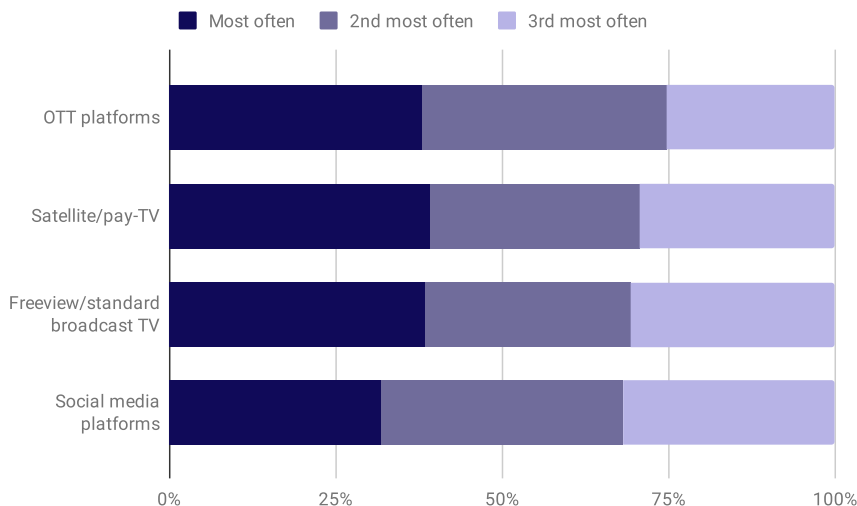
Major players are also increasing their content and rights portfolios. From Amazon Prime's acquisition of live tennis rights to Netflix's \$15B investment in original programming, OTTs are broadening their appeal to a wide demographic of audiences.

**prices correct at time of writing.*

ONLINE STREAMING GOES OVER THE TOP



Which video services do consumers use most often?



The majority of consumers rank online video services as their first or second choice for viewing video.

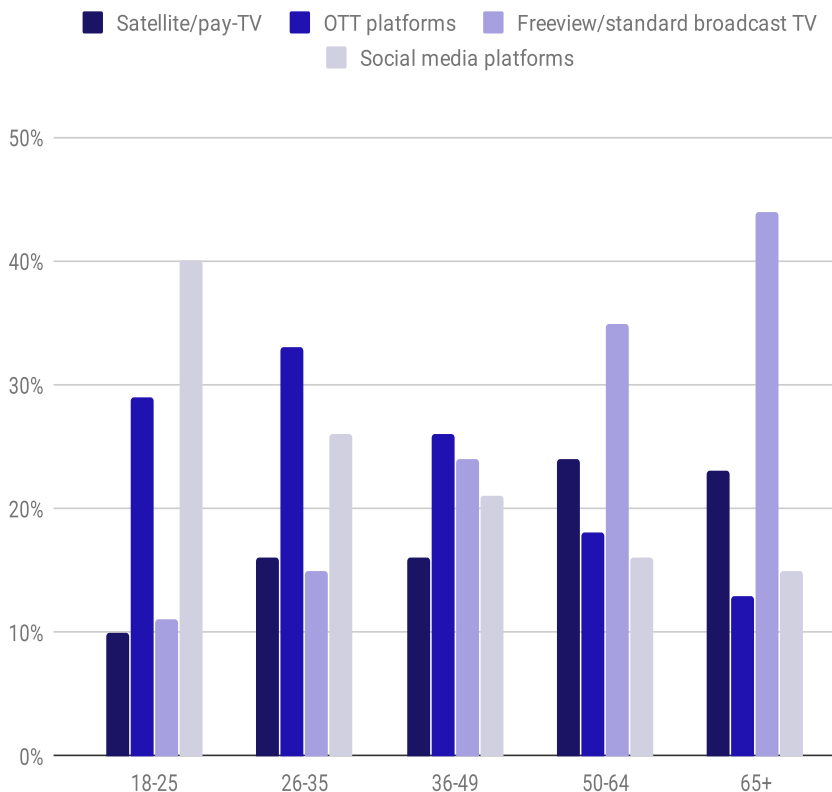
OTT video is now more popular than linear TV in all countries included in this study.

Which video services are used most often across age groups?

TV viewing is falling rapidly among under 35s - the number of linear TV ads seen by 16- to 34-year-old viewers at the beginning of 2019 fell by a fifth compared with one year previous.

While TV still largely dominates the screen time of older consumers, quality content now has the ability to draw all ages to new platforms.

Programming such as the BBC's 'Killing Eve' aired on broadcast TV, but the BBC also released the entirety of Killing Eve's Season Two on iPlayer.

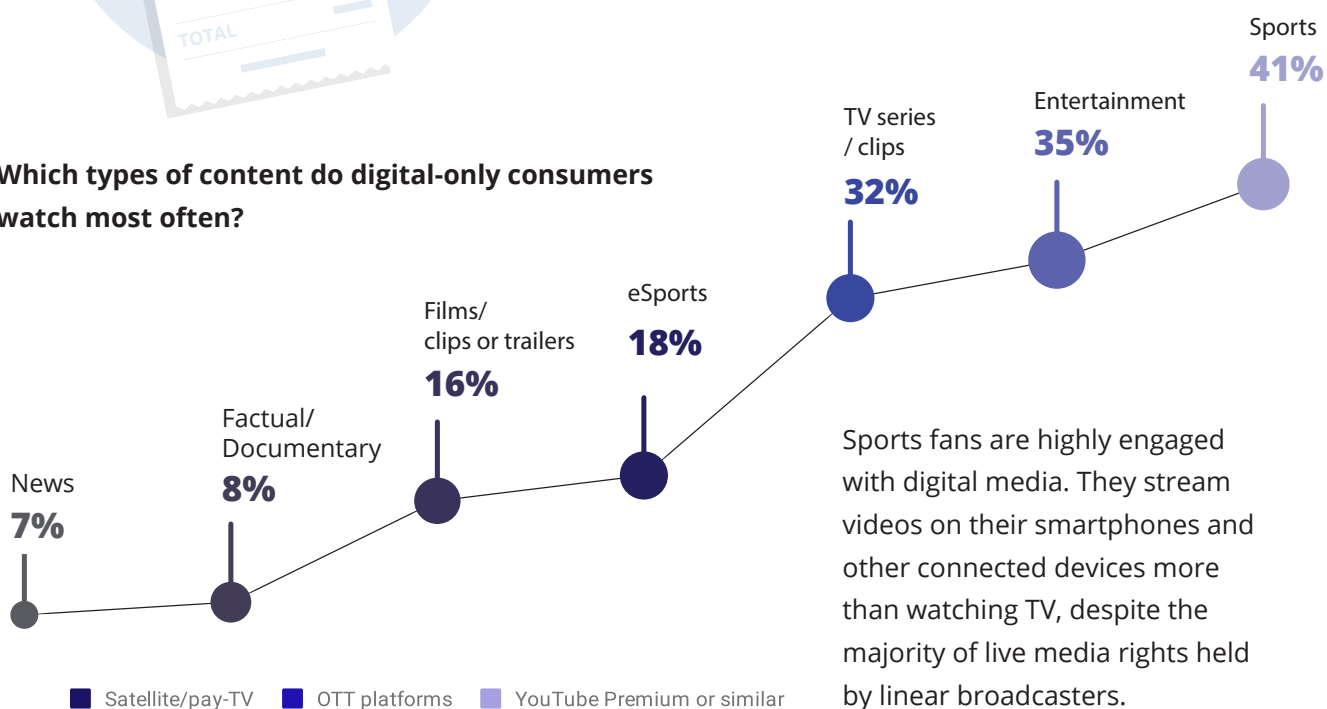


After the second episode aired on TV in June 2019, the BBC reported that over 18,000 people watched all 13 episodes in the following two days. Binge watching behaviour on OTT platforms are not restricted to major premieres such as Game of Thrones or Stranger Things.

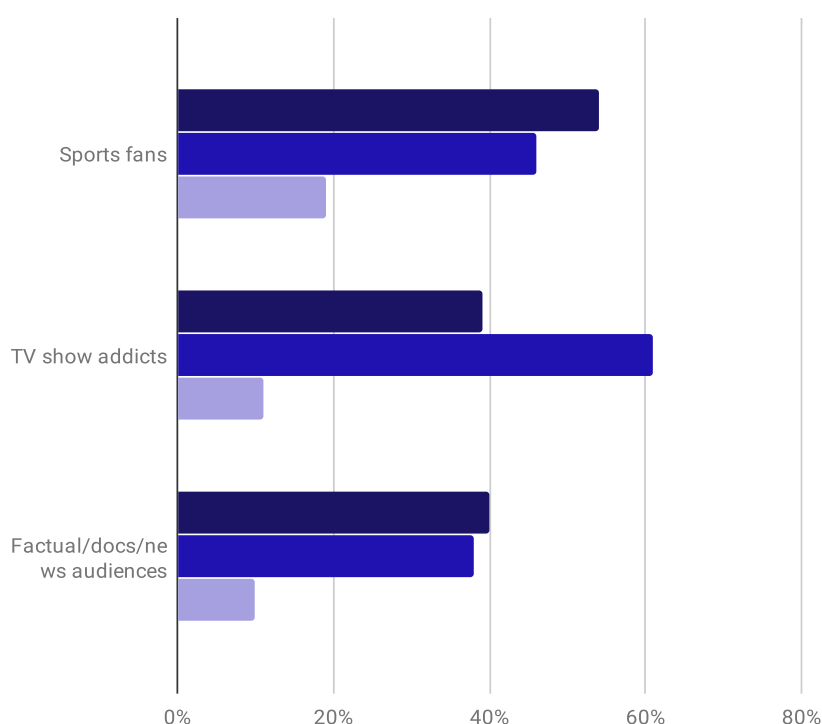
DIGITAL ONLY CONSUMERS



Which types of content do digital-only consumers watch most often?



Sports fans are highly engaged with digital media. They stream videos on their smartphones and other connected devices more than watching TV, despite the majority of live media rights held by linear broadcasters.



Box set 'binging' has been the main growth area for OTT platforms, and many services are capitalizing on this trend. Netflix is reportedly spending \$15B on original content in 2019, while Amazon Prime's investment is around the \$7B mark. Apple has focused its OTT launch around exclusive programming, while Disney has pulled its properties from external services to bolster its own launch, while spending millions of dollars to add new, original programming such as "The Mandalorian".



WHICH ONLINE VIDEO SERVICES ARE CONSUMERS USING REGULARLY?

GLOBAL

Netflix	54%
Amazon Prime Video	30%

UNITED KINGDOM

Netflix	58%
BBC iPlayer	55%
ITV Player	43%
Amazon Prime Video	33%
Sky Go/Virgin TV Go	23%
BT Sport	11%
Other	10%

UNITED STATES OF AMERICA

Netflix	64%
Amazon Prime Video	39%
Hulu	31%
YouTubeTV	27%
Other	17%
Comcast Xfinity	30%
FuboTV	3%

SPAIN

Netflix	54%
Amazon Prime Video	35%
Movistar+	34%
Other	22%
Atresplayer	17%
DAZN	4%
Now TV/Sky Espana	4%

FRANCE

Netflix	51%
Other	28%
France.tv	23%
Amazon Prime Video	17%
CanalPlay	17%
beIn Sports Connect	9%
SALTO	2%

GERMANY

Netflix	40%
Amazon Prime Video	38%
Other	34%
RTL - TV	15%
Sky GO	14%
Eurosport Player	6%
DAZN	6%

ITALY

Netflix	38%
Amazon Prime Video	33%
Other	32%
Sky GO	22%
Mediaset Play	19%
DAZN	16%
Eurosport Player	4%

AUSTRALIA

Netflix	61%
7 Plus	31%
9 Now	29%
Other	27%
10 Play	25%
Amazon Prime Video	10%
Kayo	4%

FUTURE GROWTH: ONLINE VIDEO

16% of pay-TV customers
report watching video most
often on digital devices

58%

of those who are
planning to cut the
cord in the next 3
years pay for an OTT
service

65%

of those who have
cut the cord pay for
an OTT service

Which devices do digital-only video audiences use to watch video most often?

45%

Smartphones

41%

Smart TV / streaming devices
(eg. Amazon Fire Stick, Apple TV)

33%

Television set (not Smart TV)

19%

Tablet

26%

Laptop/desktop
computer

15%

Games console



CONCLUSION

OTT platforms are now the most popular paid, premium video services available to consumers globally. This trend is consistent across income segments and interest groups for individuals under 50 years old.

Consumers who pay for online streaming services use them more often than any other video service. This change in behaviour is not restricted to the smartphone generation and cord cutters. Pay-TV subscribers indicate that OTT and digital video viewing is overtaking hours spent watching linear broadcasts.

The shift to OTT is unstoppable. Younger, digitally-native consumers will grow up without an understanding of a traditional TV schedule or linear, appointment to view experience. Video viewing on broadcast TV will continue to decline. OTT platforms will be the major beneficiary of this change, becoming the platform of choice for all TV and video consumption, both live and on-demand.

Cord-cutting will become more commonplace, as broadcasters and publishers focus their efforts on capturing the vast online audiences. As the breadth of content availability increases, consumers will have options to move away from broadcast pay-TV, without sacrificing access to their favourite shows or sporting events.

Premium content is growing rapidly in the OTT market. By the end of 2019, consumers in multiple territories will be able to access Netflix, Amazon Prime Video, Disney+, Apple TV+, DAZN, Now TV and many other local services.

This trend will continue as sports federations, TV networks and new digital publishers launch direct-to-consumer services 'over the top'. Broadcasters will lose the dominant position of aggregators to TV services and will not be able to control access for consumers as was common in the pay-TV era.

Consumers will soon be able to choose between expensive linear TV packages with many channels they don't watch, or to cherry-pick from affordable monthly subscriptions with OTT providers which are tailored to their interests.

Our data shows that OTT services are hugely popular as they are more affordable, more convenient and more flexible than pay-TV. This is what consumers want, and their behaviour reflects this.

Broadcasters need to evolve their offerings to be more flexible, more accessible and more personalised in order to thrive in the new media age, or risk becoming obsolete.

The future of TV is the internet.

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