



# 20

**AT HOME VIDEO TRENDS**



# 20



**UNITED STATES**

grabyo

# FOREWORD

The beginning of 2020 marked a period of change for the US video industry. As consumption habits began to shift in favour of online and mobile video, the streaming wars had begun.

This year, HBO Max and NBC's Peacock have joined a host of other streaming services in competing with the giants of Netflix and Amazon Prime Video. All hoping to capture a share of the US streaming market, which is still growing at an expanding rate, these services have invested heavily in new content to expand their offering.

Fast-forward to March, and daily life as we know it completely changed. The COVID-19 health pandemic forced consumers across the US to shelter-in-place at home and stay safe.

With out-of-home entertainment unavailable, use of in-home entertainment, including watching TV, streaming video and online gaming, soared. Consumers are now watching more video than ever before, with increased time at home creating more demand for a wider range of services and channels to meet their needs.

This report explores how this radical change in the lives of consumers has affected the video industry. We surveyed over 2,000 consumers from across the US to find out how they have been buying and watching video since March 2020. The report compares these findings with data collected from over 2,000 US consumers in January 2020 to analyse how spending habits and attitudes towards video viewing have changed during the lockdown.

We will discuss the competitive online streaming market and find out if the increase in subscriptions across the US market will remain. Social isolation has given consumers more time to try new streaming services, and decide which ones they like.

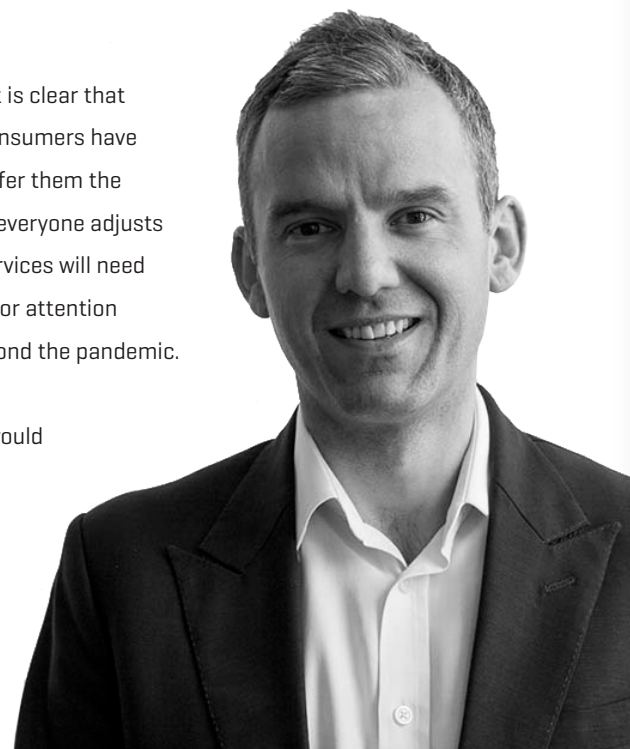
The report examines the impact on the pay-TV market. Our Value of Video report, released earlier this year, predicted a sharp decrease in the amount of US pay-TV subscribers in the next five years. In that report, consumers indicated that linear pay-TV will drop to just 30% of the paid video market by 2025. This research shows how US consumer perspectives have changed with so much more time spent at home.

We also explore how lockdown has impacted the use of devices to watch video, and whether those who don't pay for video are still using the same channels and services as before.

The long-lasting impacts of the pandemic for consumers are not yet known, but it is clear that some of the changes impacting the media industry are unlikely to be reversed. Consumers have had more time to weigh their options and discover exactly which video services offer them the most value. Video providers have had to shift to new video production models as everyone adjusts to being at home. Linear broadcasters, media publishers and online streaming services will need to be ready to react to these changes or risk losing consumers for good. The war for attention has been intensified by COVID-19 and shifts in behaviour look set to continue beyond the pandemic.

We hope you enjoy the report. You can find our contact details at the back if you would like more information or to discuss our findings. Stay safe everyone.

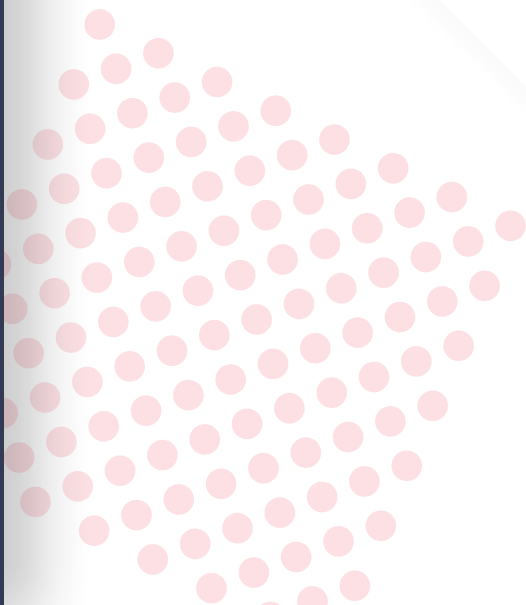
**Gareth Capon**  
CEO, Grabyo



# CONTENTS

- 1. PAY-TV VS STREAMING**
- 2. ONLINE STREAMING SURGE**
- 3-4. LOCKDOWN'S LASTING EFFECT?**
- 5. CORD CUTTING AND THE FUTURE**
- 6. THE MULTI-PLATFORM ERA**
- 7. THE FUTURE OF SPORTS CONTENT**
- 8. SUMMARY**
- 9. ABOUT GRABYO**

CONTENTS



# PAY TV VS STREAMING

## Which video services are US consumers paying for while at home?

With many consumers across the US put under shelter-in-place rules since early March, in-home media consumption has risen above levels predicted by Nielsen.\* This has enabled consumers to closely evaluate their video

subscriptions. Nielsen reported that US consumers spent at least 3.5B aggregate hours per week streaming video between March and May 2020\*. Many have opted to spend more on streaming services as a result.



## PAY-TV SERVICES

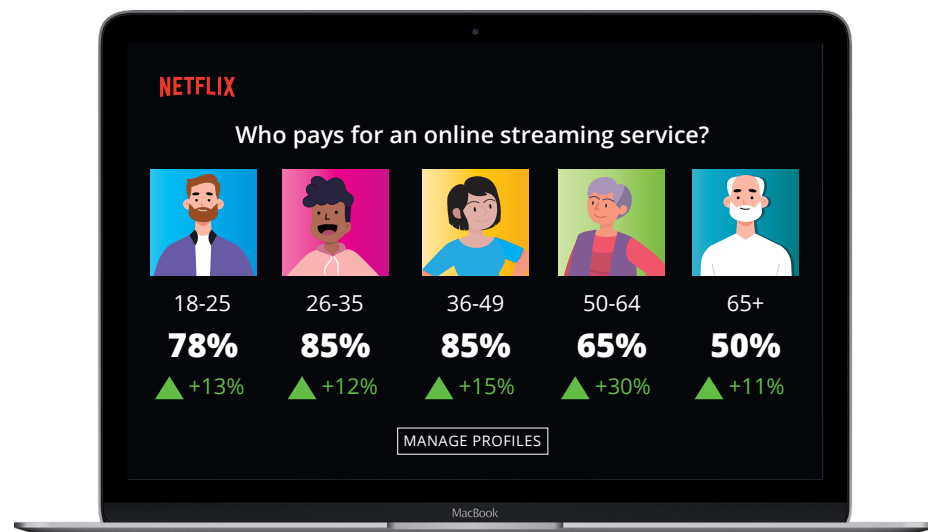
# 56%

## +4% FROM JAN 2020

## ONLINE STREAMING SERVICES

# 72%

## +13% FROM JAN 2020



Video subscription habits are beginning to align across all age groups in the US. 50% of over 65s now report they subscribe to a streaming service, with 30% growth in online streaming subscriptions in the 50 to 64 year old segment since January. US consumers have shown an appetite for broadcast TV services during lockdown, however, the long term economic impacts of the pandemic on consumer spending power may be a key driver of a greater shift to lower priced, more flexible streaming video services.

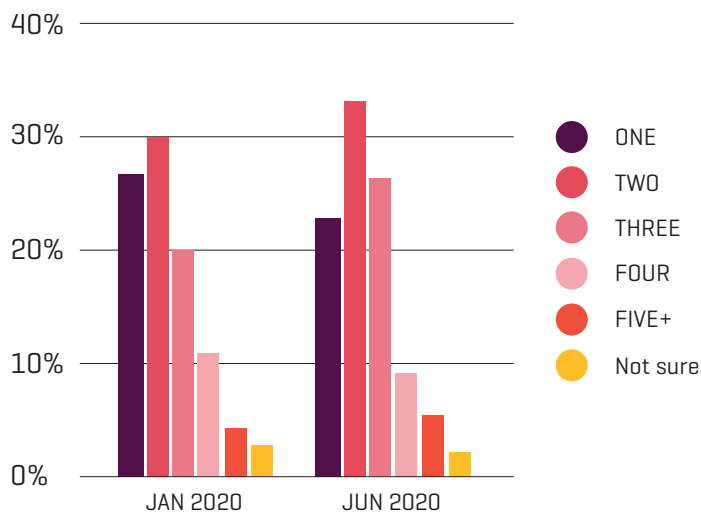
**11% of US consumers do not pay for a video service**



# ONLINE STREAMING SURGE

As online streaming continues to gain rapid penetration in the US market, consumer purchasing habits are beginning to take shape.

## How many streaming services do US consumers pay for?



**More than 25% of US consumers now pay for three or more streaming services.**

The number of consumers with one streaming subscription has fallen by 11%, whereas the number of consumers with two subscriptions has risen 10%.

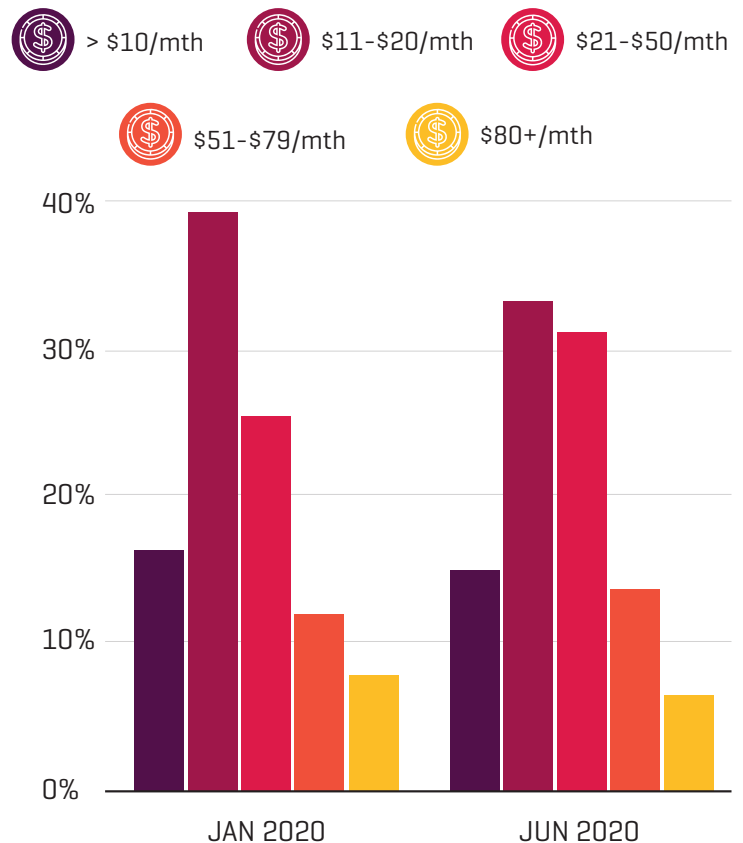
With a decrease in linear pay-TV subscriptions across many age groups, alongside the launch of Disney+, HBO MAX and Peacock, **US consumers are shifting their video spend across a greater number of more flexible, affordable streaming services.**

## How much do US consumers spend on online streaming?

**65% of US streaming customers currently spend between \$11-\$49 per month on video subscriptions**, which equates to between two to five services.

With 30% of streaming customers spending between \$21-\$50 there is evidence of a strong willingness to pay more for video services and content.

As total spend reaches \$50 per month for consumers it becomes comparable to traditional pay-TV/cable subscriptions, and as respondents have indicated that lower price is a key factor in choosing streaming services over pay-TV, so we can expect growth to slow beyond these levels.





# LOCKDOWN'S LASTING EFFECTS

89% of the U.S population report that they pay for video services, be it pay-TV/cable or an online streaming service.

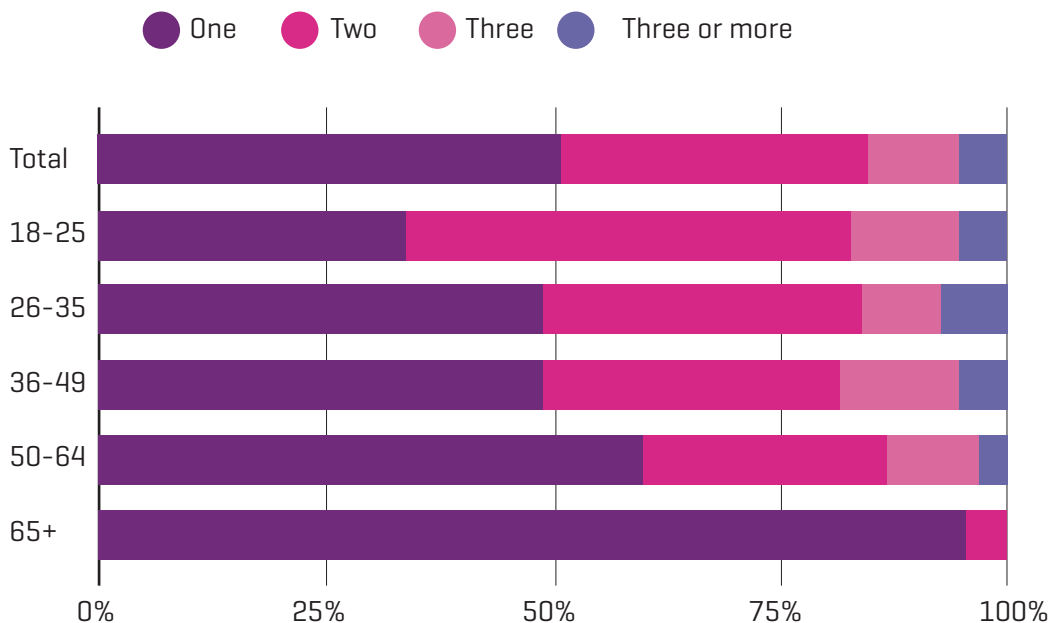
1/3 of these video customers state they have acquired additional streaming services since March.

51% of these new subscribers have added one additional streaming service, 34% added two, and 15% have subscribed to three or more additional streaming services. Taking the average US price of a standard subscription at \$13.00 per month, and applying these findings to the latest US Census Bureau data for the population of US adults [18+], the results indicate that **US consumers have increased spending by more than \$1 billion per month on streaming** since the start of the pandemic, **which equates to an uplift of 22%.**



**1/3 of paying US video customers have subscribed to at least one additional online streaming service since March 2020**

## How many additional streaming subscriptions do US video customers have?



The price points and flexibility of streaming services suit younger consumers, who have a greater desire to access video across multiple devices.

This demand for availability of content on all devices is now more commonplace for older consumers too, as awareness increases of the convenience and flexibility of streaming.



## Why have US video customers subscribed to additional streaming services?

52%



**More time at home to watch**

49%



**For family entertainment**

31%



**Recommendation of friends**

26%



**To replace the lack of live events**

21%



**Was planning to anyway**

# LOCKDOWN'S LASTING EFFECTS



Which streaming platforms do US consumers currently pay for?

79%

+20% since Jan 2020

NETFLIX

58%

+38% since Jan 2020

prime video

41%

+14% since Jan 2020

hulu

34%

+42% since Jan 2020

Disney+

17%

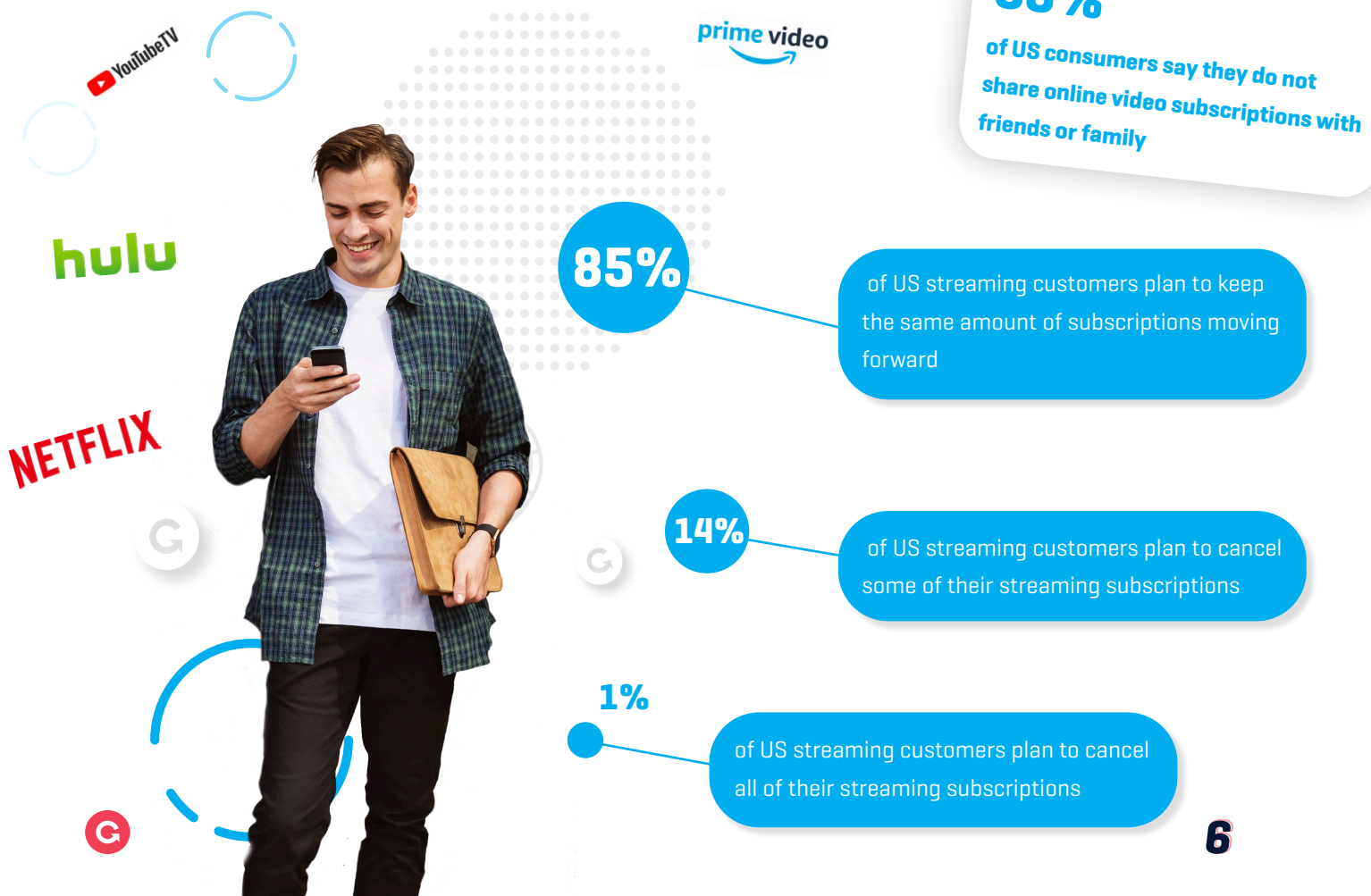
+31% since Jan 2020

YouTubeTV

During lockdown, Disney+ has grown its US subscriber base by almost 50%, while Netflix and Amazon Prime have grown by at least 20%.

This increase in subscriptions looks to remain stable once life resumes to normal, as **85% of Americans state they will keep all of the subscriptions they currently have**. This uptake in streaming looks to be one of the permanent changes from social isolation as streaming services have built strong customer loyalty once they have acquired new subscribers.

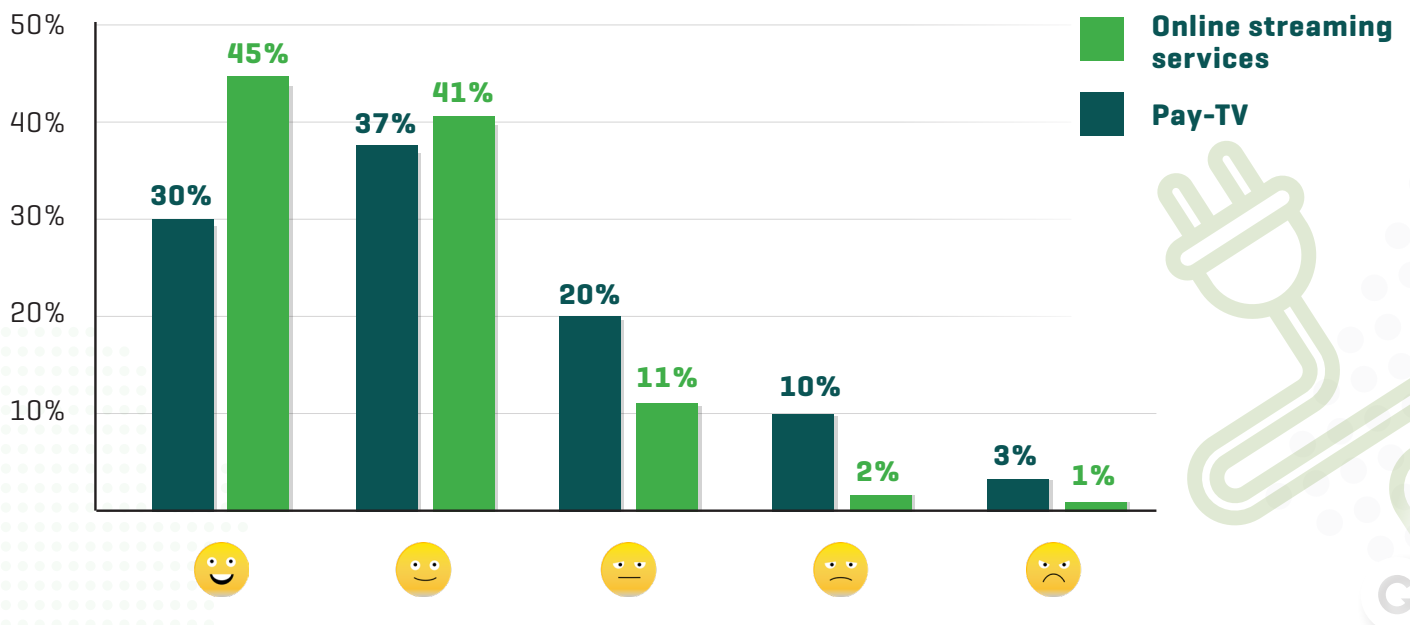
Will these additional subscriptions last?



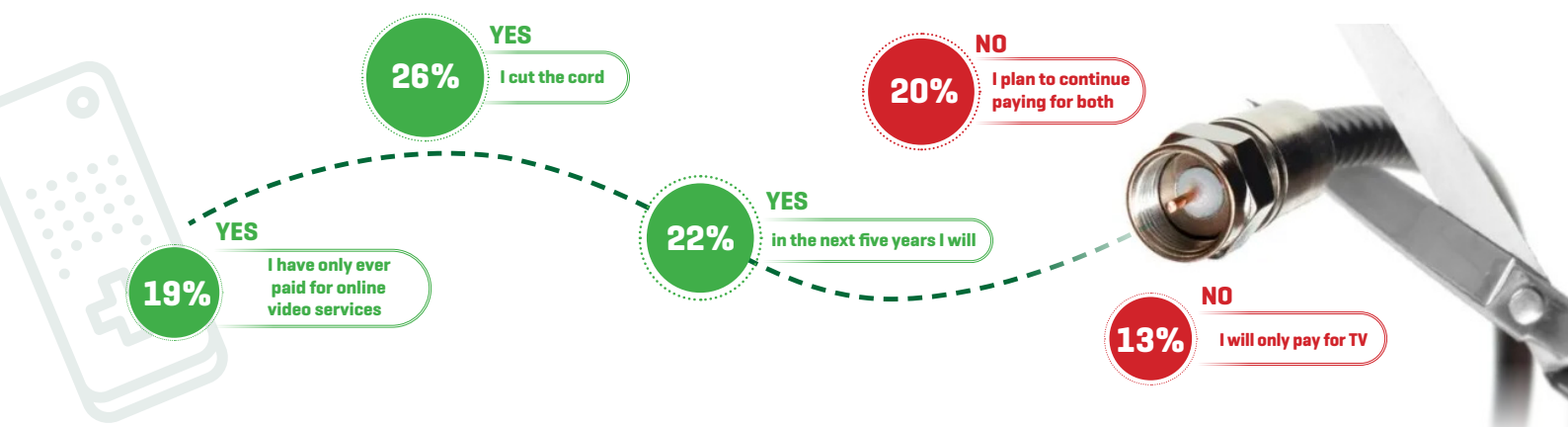
# CORD CUTTING AND THE FUTURE

Social isolation measures in the US have shifted consumer spending habits on video subscriptions towards streaming, but how has it changed the perception of value in the video market? Consumer attitudes towards the value of pay-TV and streaming services are arguably as important as current spending behaviours, and will shape the US video market in 2020 and beyond.

## How do US consumers rate the value of pay-TV/cable and online streaming subscriptions?



## Are US consumers planning to pay for online video services exclusively in the future?\*



**During lockdown, attitudes towards cord-cutting in the US have shifted towards a multi-platform model.** In January 2020, 14% of paying video customers planned to pay for both TV and streaming. Today, this has increased to 20% of customers. These new findings indicate that pay-TV will retain a 33% market share in five years' time,

which has slightly increased from a forecast of 28% in Grabby's January survey. However, as consumers begin spending less time at home when social isolation restrictions are lifted, **attitudes may change as flexibility and accessibility become priorities again.**



# THE MULTI-PLATFORM ERA

## Which platforms do US consumers regularly use to watch video?

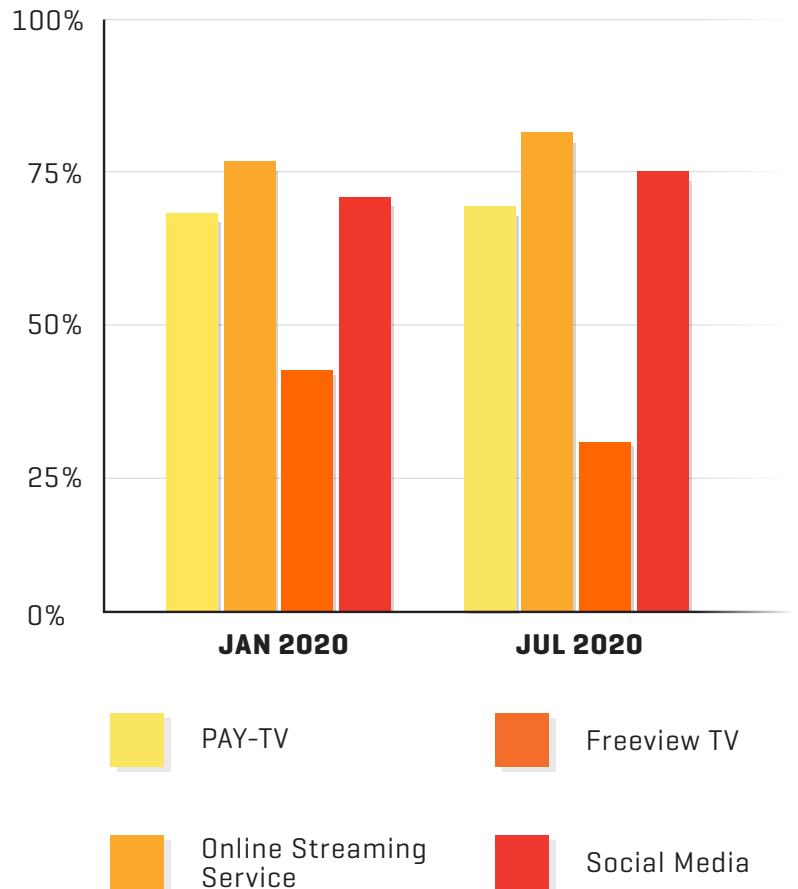
A 2020 report from We Are Social\* found that **more than 50% of the world's population is now on social media.**

This is significant for the media industry as these platforms are transitioning from purely networking to entertainment destinations.

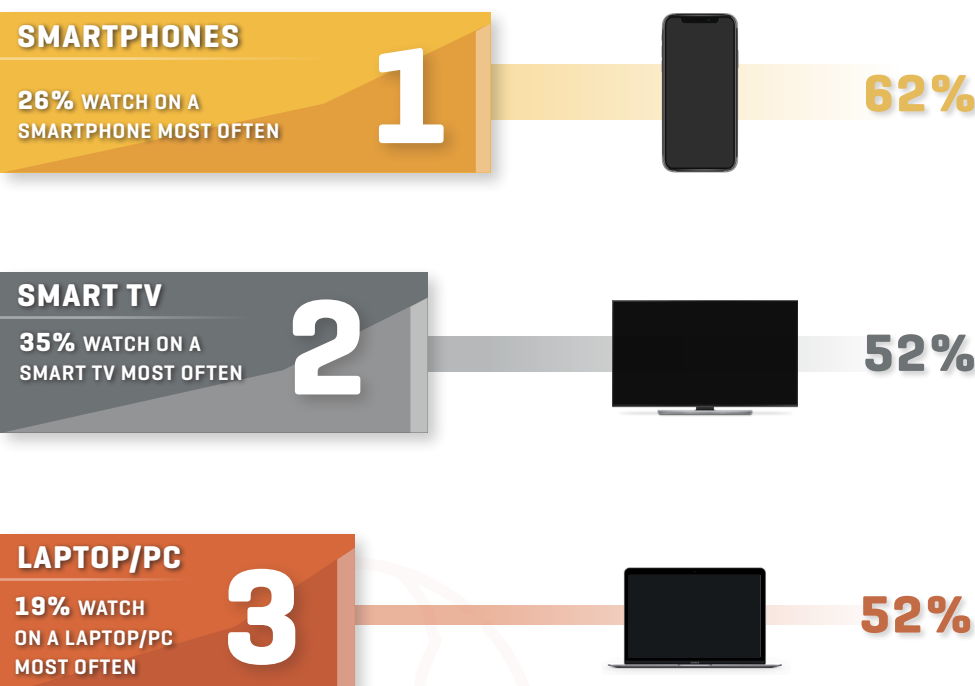
**US consumers who want free access to video are turning away from free-to-air linear TV and are using social platforms** to watch clips, interactive content series and live streams.

During lockdown in the US, many broadcasters and publishers have taken to experimenting with live social video formats. Consumers have engaged with these broadcasts and their interactive elements, dictating more of what they see on screen.

**This type of viewing experience is now heading into the mainstream.**



## Which devices do US consumers use to watch video?



- 4<sup>TH</sup>** **37% watch video using a cable box** - 33% of those watch on a cable box most often
- 5<sup>TH</sup>** **37% watch video using a streaming device** - 27% of those watch on a streaming device most often
- 6<sup>TH</sup>** **34% watch video using a tablet** - 10% of those watch on a tablet most often
- 7<sup>TH</sup>** **24% watch video using a traditional TV (not internet-connected)** - 18% of those watch on a traditional TV most often
- 8<sup>TH</sup>** **19% watch video using a games console** - 19% of those watch on a games console most often



# THE FUTURE OF SPORTS CONTENT

The absence of live sport in the summer of 2020 has resulted in huge pent up demand for live action. To keep fan engagement high, athletes, clubs and federations began producing more raw, unfiltered content for their social and digital channels. Fans were able to access archive content across social and digital platforms, including full-length matches and watch-a-longs, all while connecting with other fans.

84% of US sports fans currently watch content regularly on streaming platforms, 74% watch regularly on pay-TV services, while 76% watch sports regularly on social media.

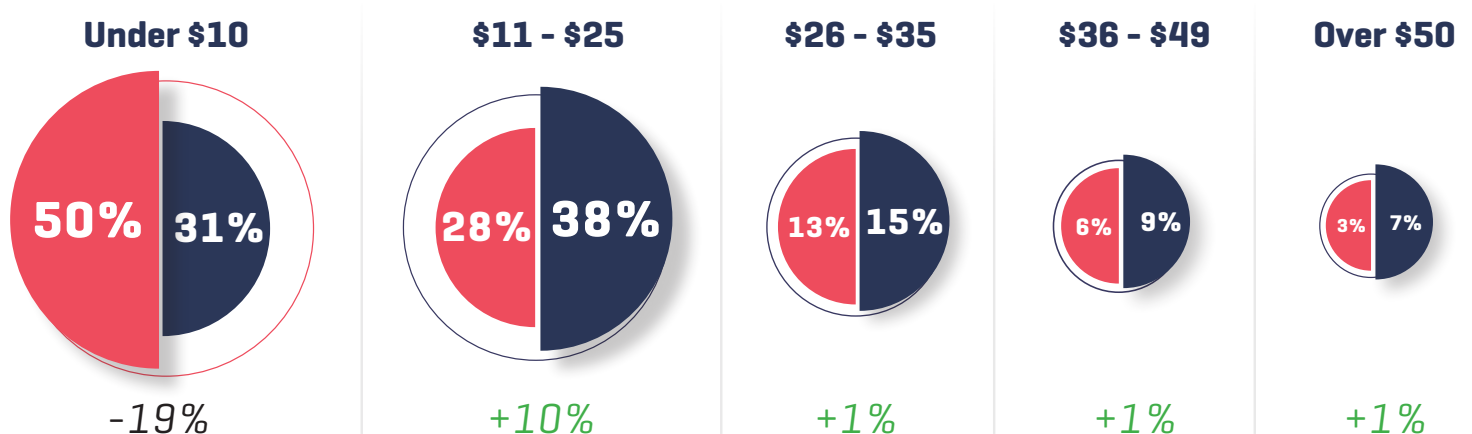
**With increased online consumption during lockdown, including live sport, fans are now more receptive to streaming sports online.**

**Would US sports fans pay to watch sport exclusively on online streaming platforms for the rest of the year?**



January 2020  
July 2020

**How much would US sports fans pay to watch sport on online streaming platforms per month?**



**Sports fans have been convinced of the value of online streaming platforms during social isolation.** 69% of sports fans would now be willing to spend over \$10 per month on an online streaming service that carries live sports and highlights (VOD). Sports streaming platforms such as DAZN and ESPN+ already offer this type of service, with DAZN achieving 950% year-on-year growth in 2019.

There is a huge opportunity for broadcasters and rights holders to launch a dedicated streaming service for sports fans who want to watch online. NBC's Peacock has entered the market with premium rights to sports such as the EPL.

**Offering this flexibility, and a reduced cost per month, opens up a much larger market of customers that have moved away from linear TV.**



# SUMMARY



Video consumption habits are rapidly aligning across all age demographics in the US

# 65%

Online streaming services now have a 65% penetration rate in those aged 50-64 in the US



Over 1/3 of paying video customers purchased at least one new streaming service



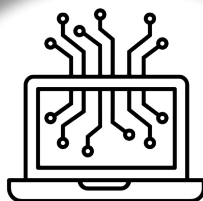
This report has discovered a rapid increase in social video viewing across all age demographics



The reception to new social video formats has been positive and likely to encourage media companies to continue drawing audiences to their social platforms



New social experiences have been most prevalent in the sports industry



Now is the time for sports broadcasters to move towards a streaming distribution model



New consumption habits have caused a shift in attitudes towards watching sports on digital platforms



With rapid growth in streaming adoption in older consumers, the risk to audience share is now lower for sports broadcasters to move to streaming

Back in February our Value of Video report stated that the future of the TV is the internet, and predicted this future wasn't far away. This report reinforces that trend. Streaming services have been the big winners with consumers forced to stay at home.



# ABOUT GRABYO

Grabyo is the leading cloud video platform. Grabyo's lightweight services are the future of broadcast - equipping partners with the tools to manage agile video distribution strategies across all major digital, OTT and social platforms.

Delivered as a SaaS platform and accessed through a web browser, Grabyo is trusted by major publishers and rights holders across the world. The platform has strategic partnerships across OTT, social media and broadcast including Twitter, Facebook, YouTube, Instagram, Twitch and Snap. In 2019, Grabyo partners created over 650,000 clips and 16,500 live broadcasts, generating more than 12 billion video views.

To find out how Grabyo can help you action the results of this report, get in touch with us at [hello@grabyo.com](mailto:hello@grabyo.com).

To learn more about the report, or for press enquiries, please contact [scott@grabyo.com](mailto:scott@grabyo.com)



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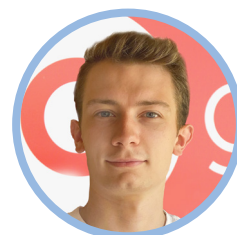
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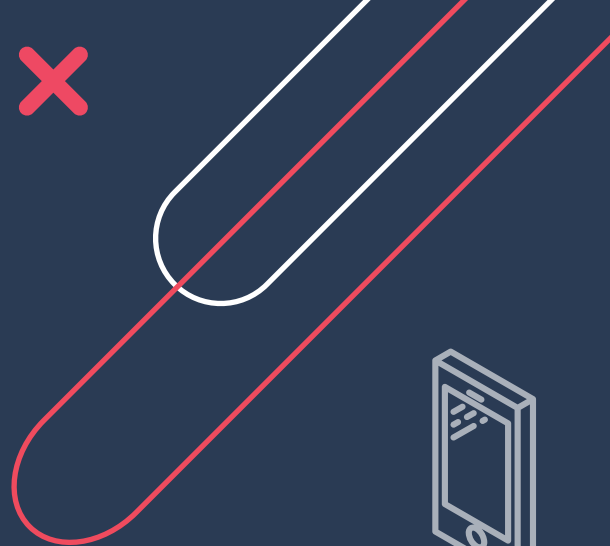
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