



DECODING THE DEFAULT

WHICH TV SOURCES CONSUMERS
CHOOSE FIRST, AND WHY

JUN
2018



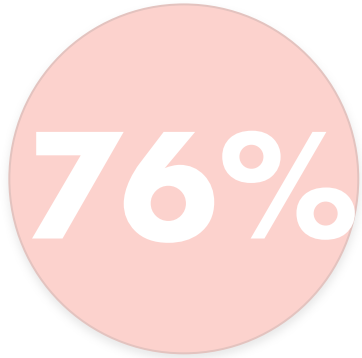
at&t

The great majority of TV viewers still subscribe to pay TV:



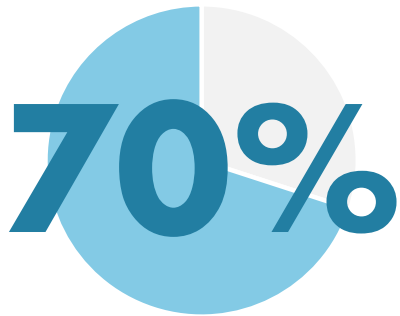
of viewers have a traditional cable, satellite, or telco TV bundle

The great majority of TV viewers still subscribe to pay TV:



of viewers have a traditional cable, satellite, or telco TV bundle

But the number of sources that viewers have to choose from every time they sit down to watch is growing:



of pay TV subs also use
at least one SVOD

The average viewer uses

4.5

different TV sources





WITH SO MANY CHOICES, IT'S CRITICAL TO KNOW NOT ONLY WHAT SERVICES PEOPLE USE, BUT WHICH IS THEIR

DEFAULT SOURCE:

**THE FIRST THING THEY TURN ON
WHEN THEY WANT TO WATCH TV**



This goal of this study: to explore which sources and devices represent the home base for TV

The survey explores viewers *default* TV choices...

PLATFORMS

Which providers are emerging as consumers' default source for TV, and which are usually backups?

SEGMENTS

Which sources are most likely to be the default for specific groups of TV consumers?

SCENARIOS

Which sources are used first in particular viewing situations?

CONTENT

Why do people choose particular TV providers over others as their default source?

We surveyed 1,933 TV consumers

- Age 16 to 74
- Watch at least 1 hour of TV per week
- Have broadband at home
- U.S. census balanced
- Data collection completed in June 2018





Executive Summary

When it's time to watch TV, viewers choose from a growing number of methods of accessing content

AVG. TV SOURCES USED
(Per Viewer)

2018

4.5

2014

3.7



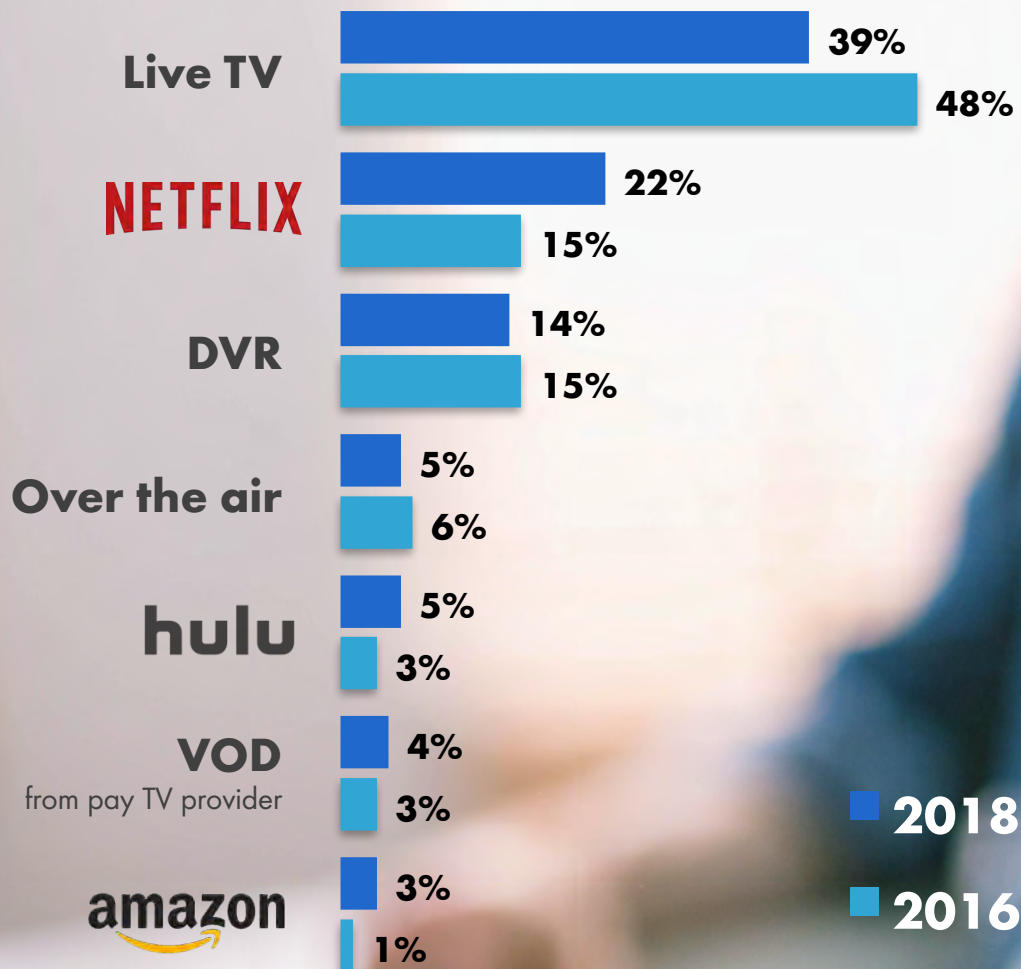
Sources counted:

Live TV, VOD, DVR, authenticated TV Everywhere, SVOD platforms, direct-to-consumer network subscriptions, and free with ads sources

In 2018, the number who say that live TV is their default source is at an all time low

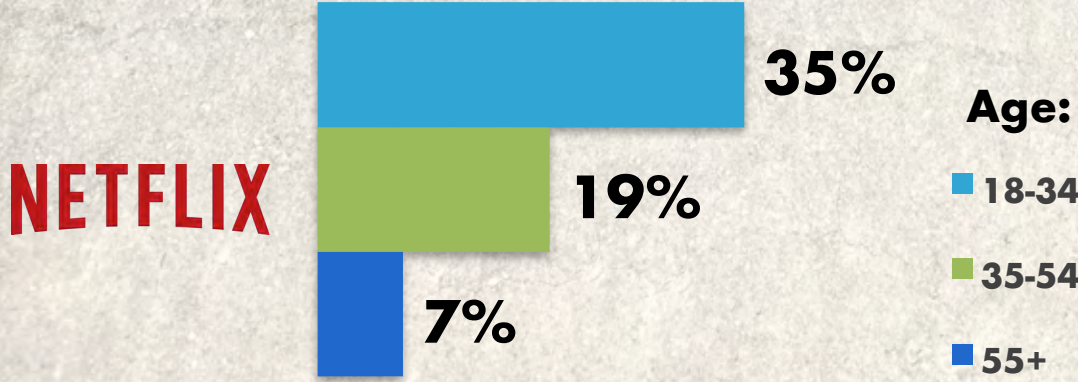
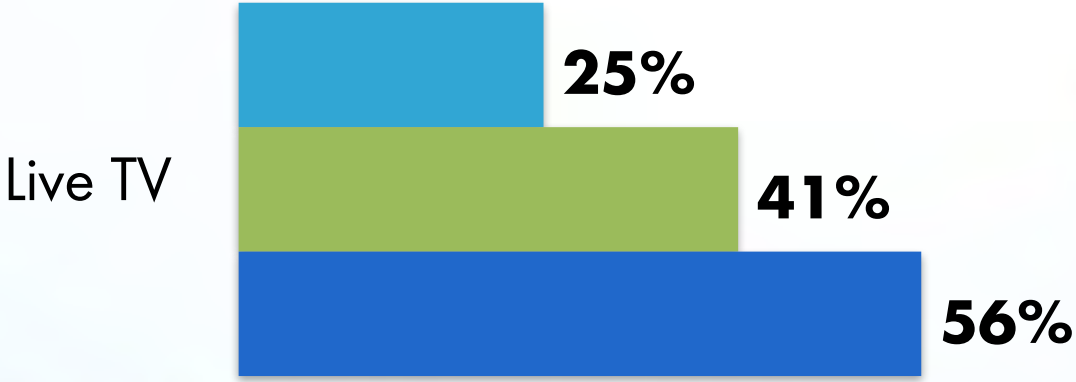
What's your default TV source?

"The first thing you turn on when you want to watch TV"



Young viewers are much more likely to default to watching online TV sources – especially Netflix

What's your default TV source?
"The first thing you turn on when you want to watch TV"

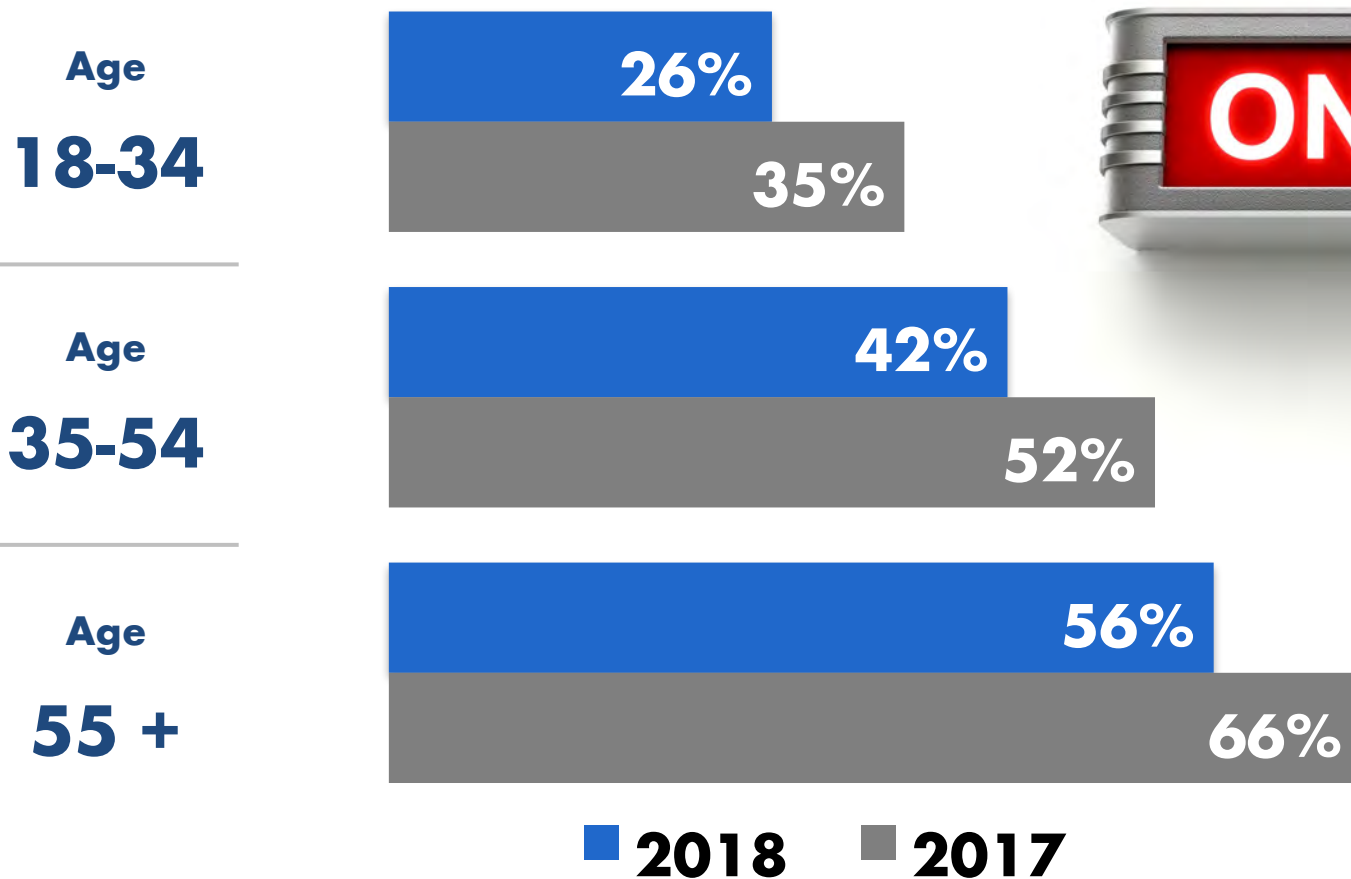


...but even older consumers are turning away from live TV as the default...

What's your default TV source?

"The first thing you turn on when you want to watch TV"

% Live TV : 2018 vs. 2017

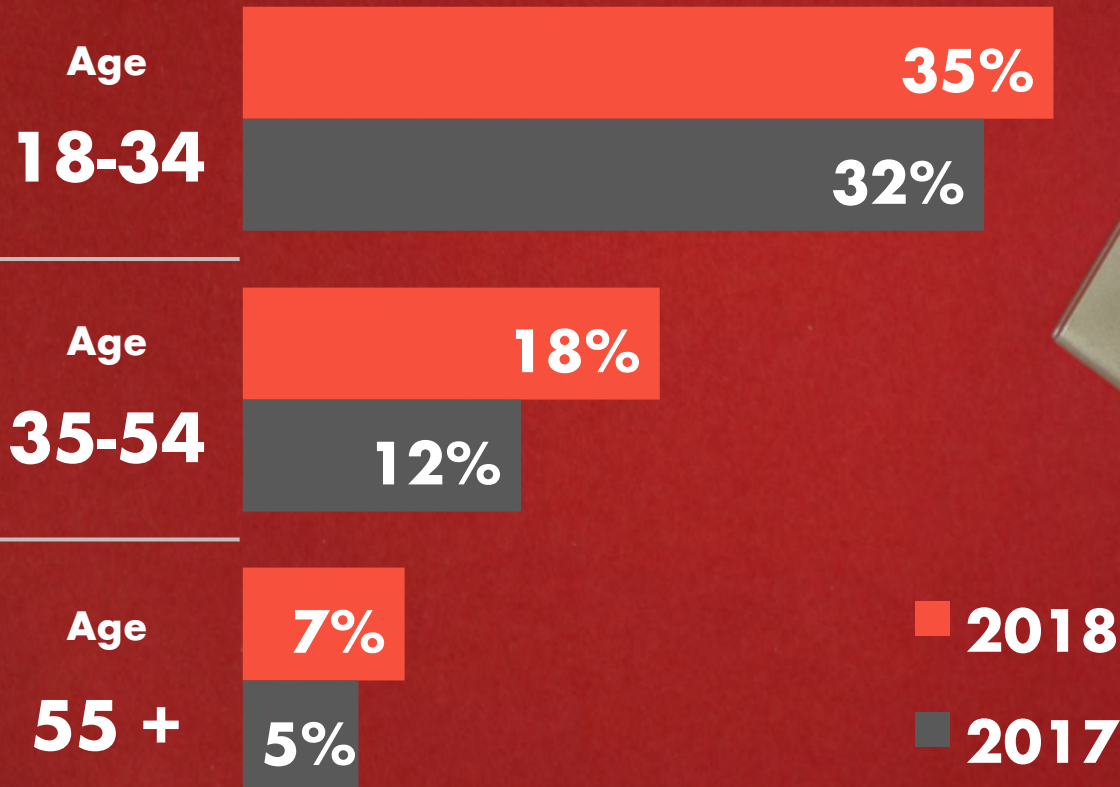


...while Netflix has gained as a default among all age segments

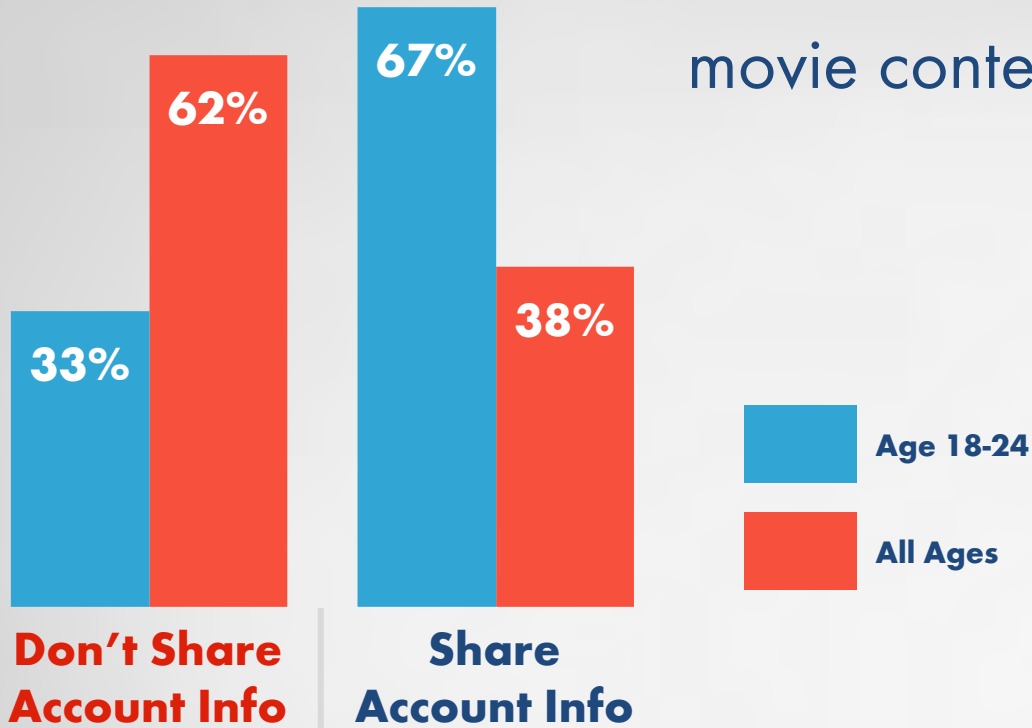
What's your default TV source?

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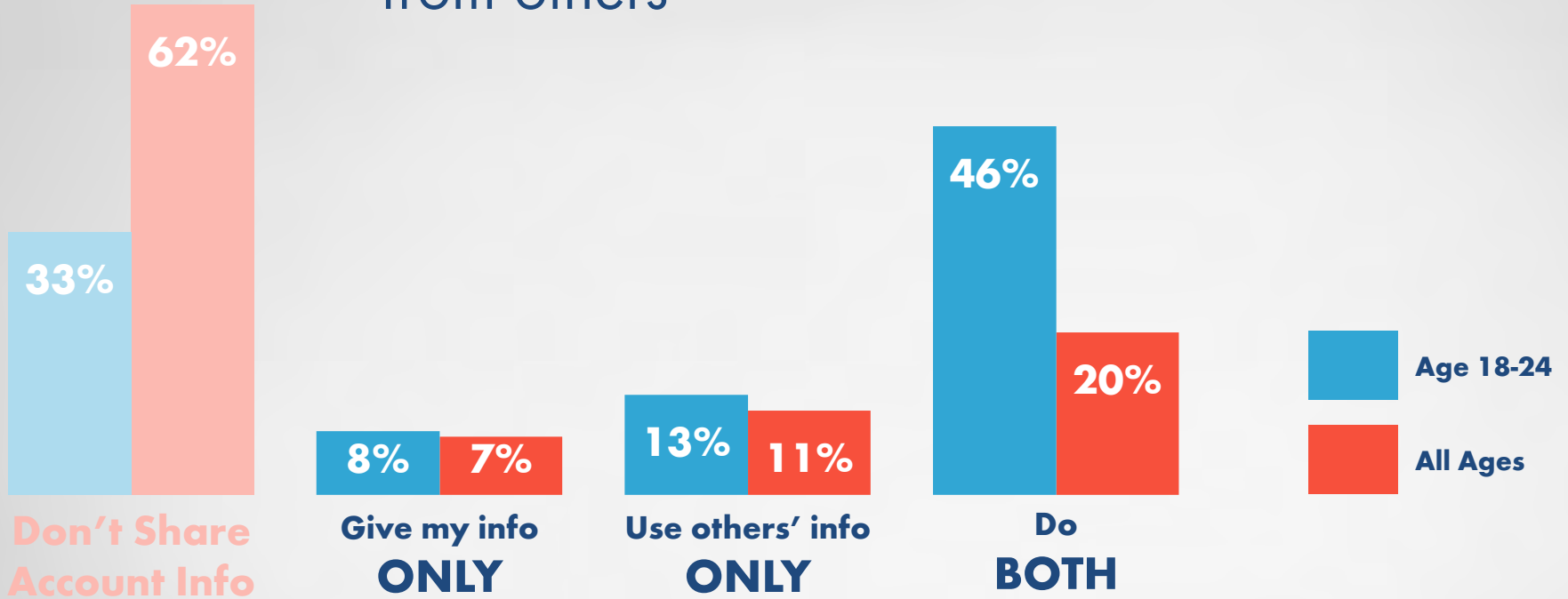
% **NETFLIX**: 2018 vs. 2017



Two-thirds of viewers age 18-24 share account information to watch TV or movie content.



...and nearly half of young viewers both share account info, *and* use account info they get from others





Use of the Set Top Box

Three in four TV consumers still have a traditional pay TV subscription from a cable, satellite, or telco provider

DO YOU HAVE A PAY TV SUBSCRIPTION?

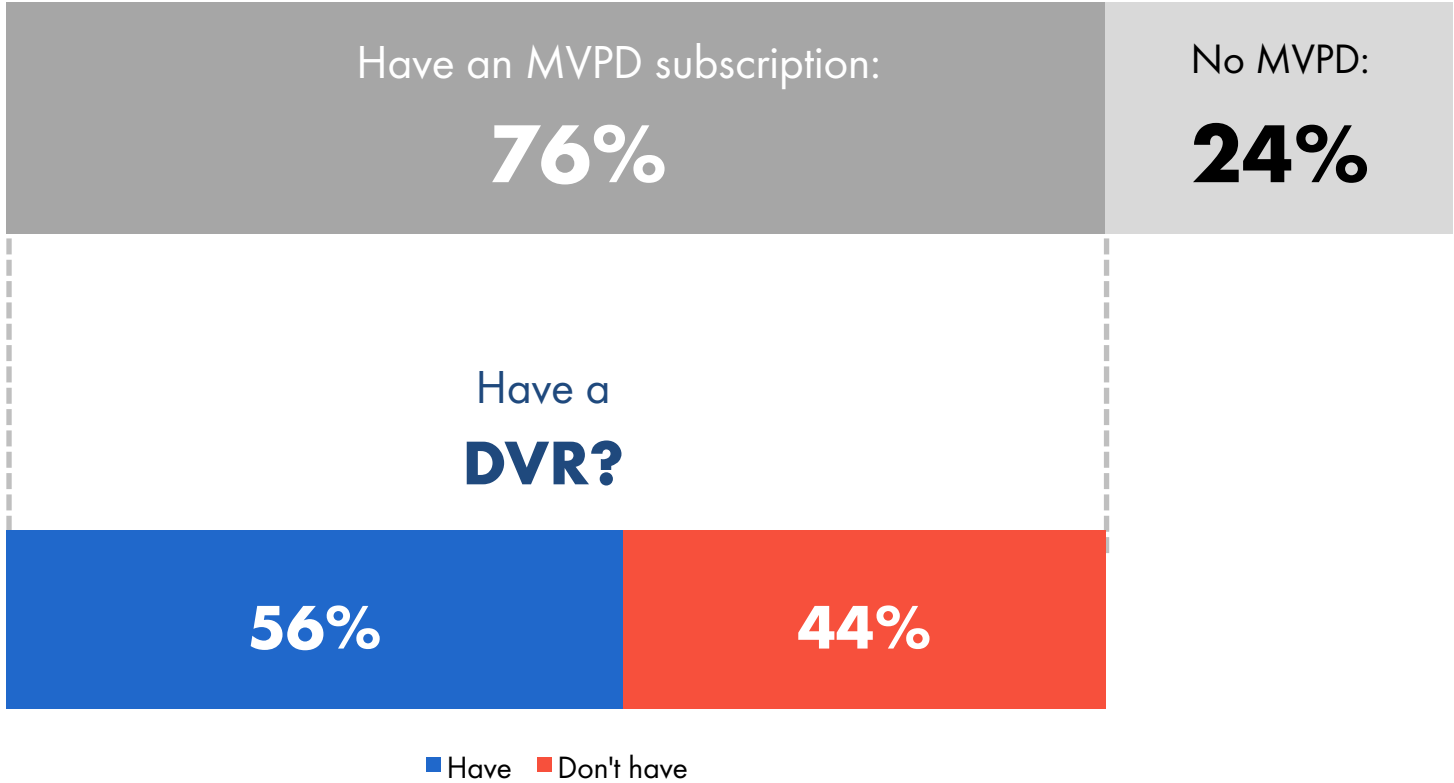
Have an MVPD subscription:

76%

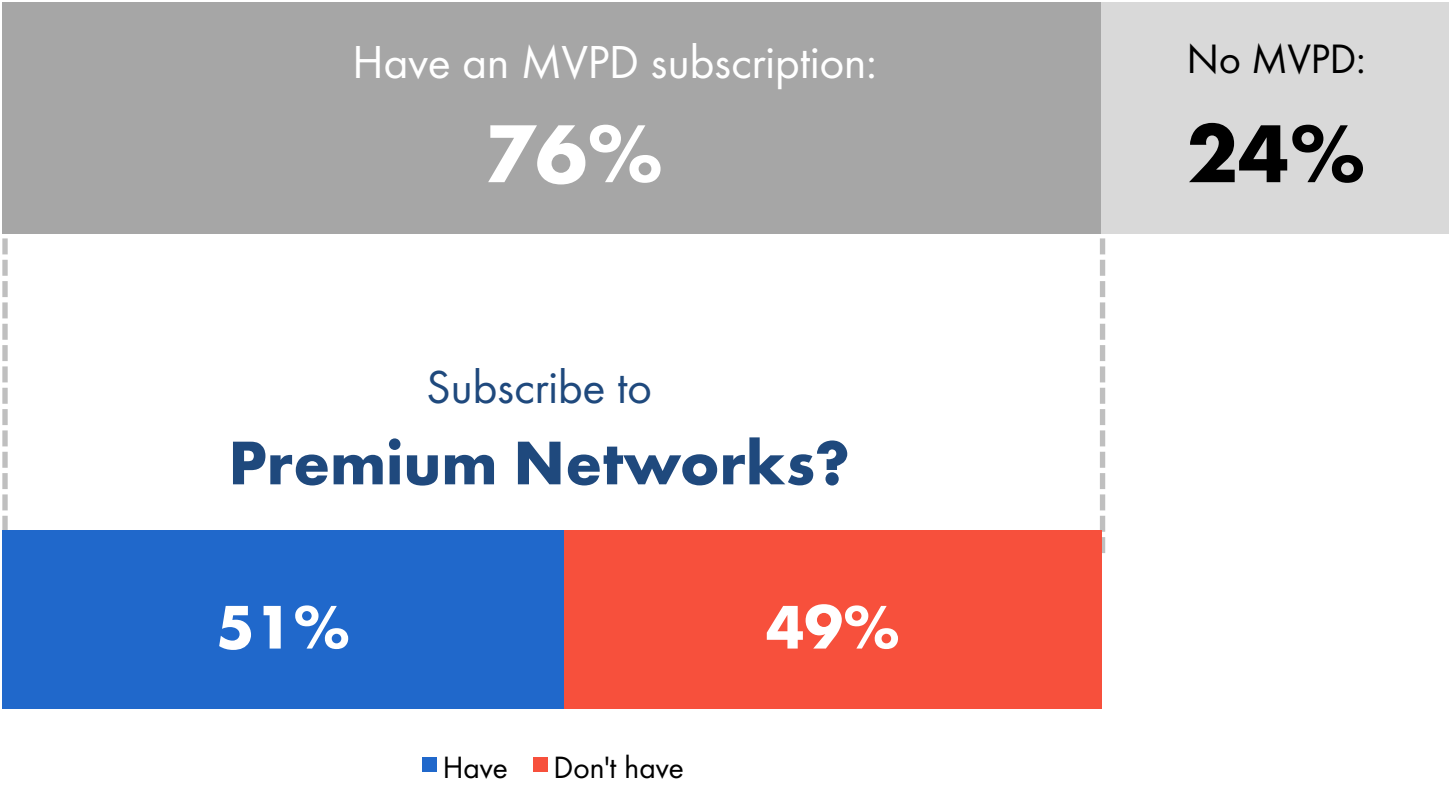
No MVPD:

24%

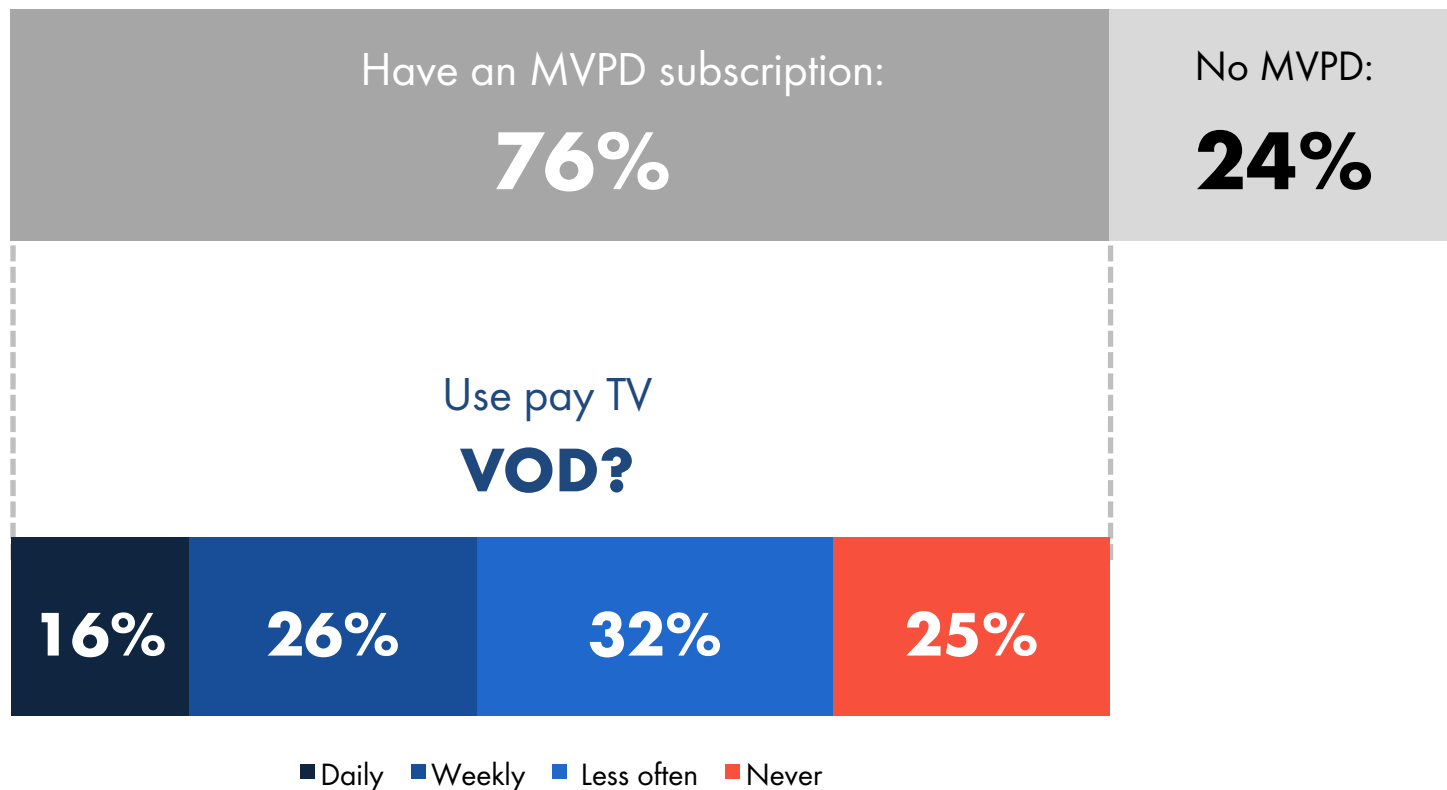
Live TV is just one way for MVPD subscribers to access content: more than half can also watch from a DVR



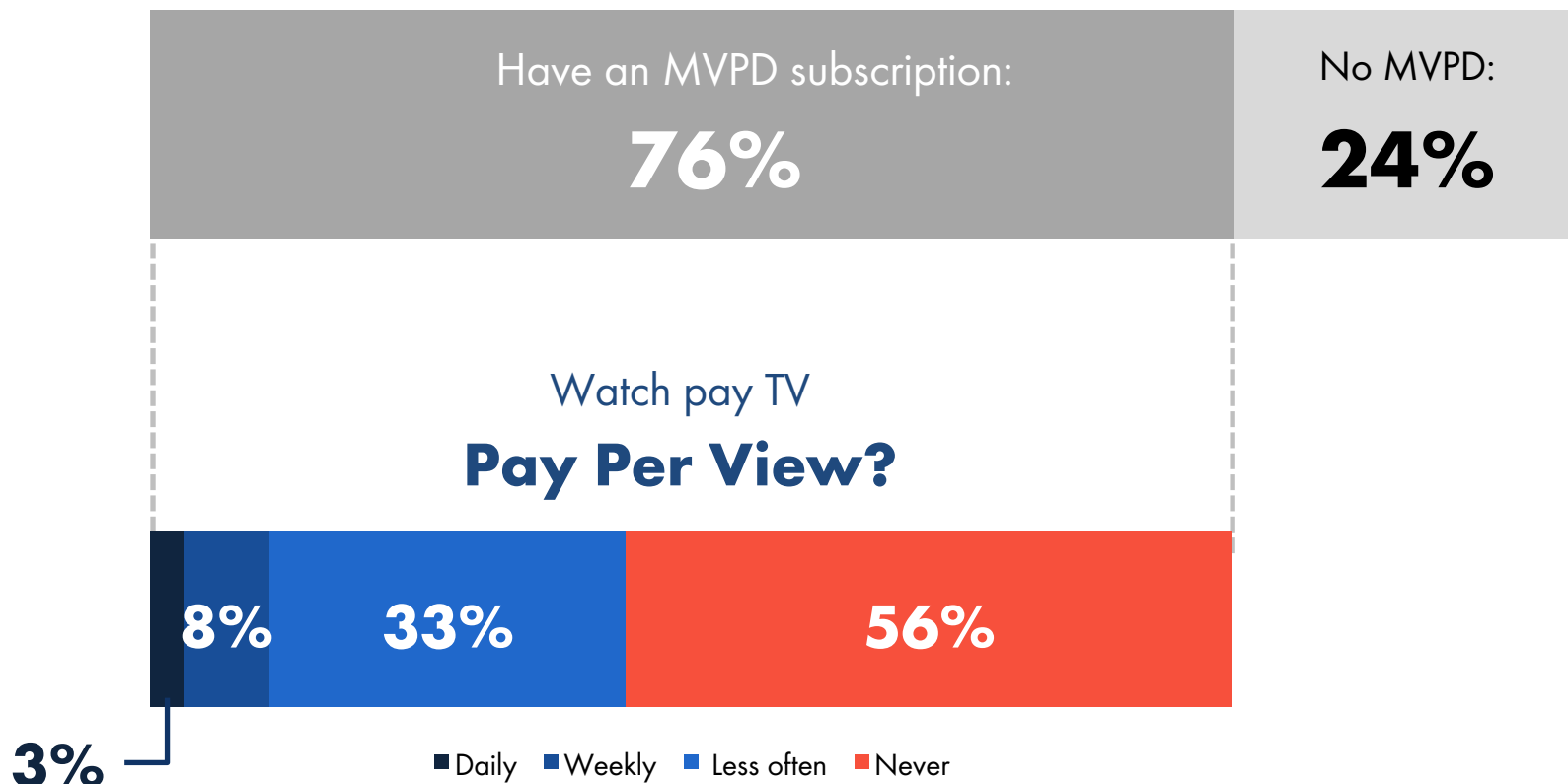
In addition, about half of MVPD customers subscribe to at least some premium networks



More than 4 in 10 MVPD subscribers use VOD at least weekly to access TV content



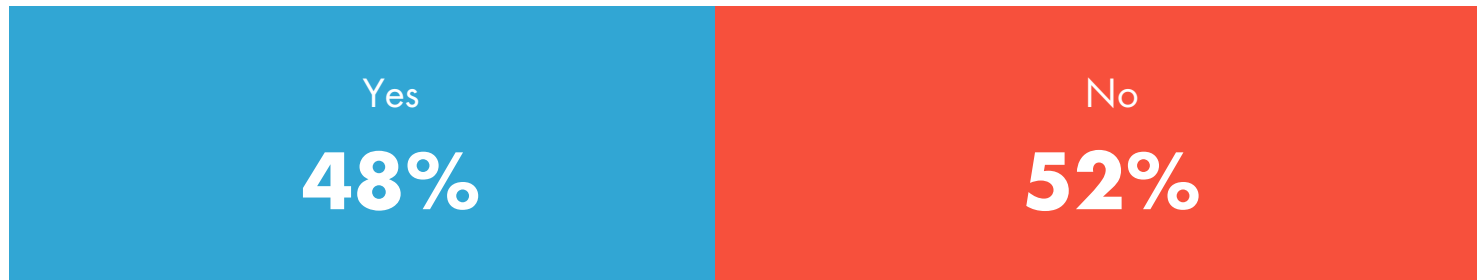
On the other hand, only 11% say they order PPV content at least weekly via their MVPD; 56% never use it



Other methods of access for MVPD subs: half at least sometimes use MVPD-based or network-based TV Everywhere

DO YOU USE AUTHENTICATED TV EVERYWHERE?

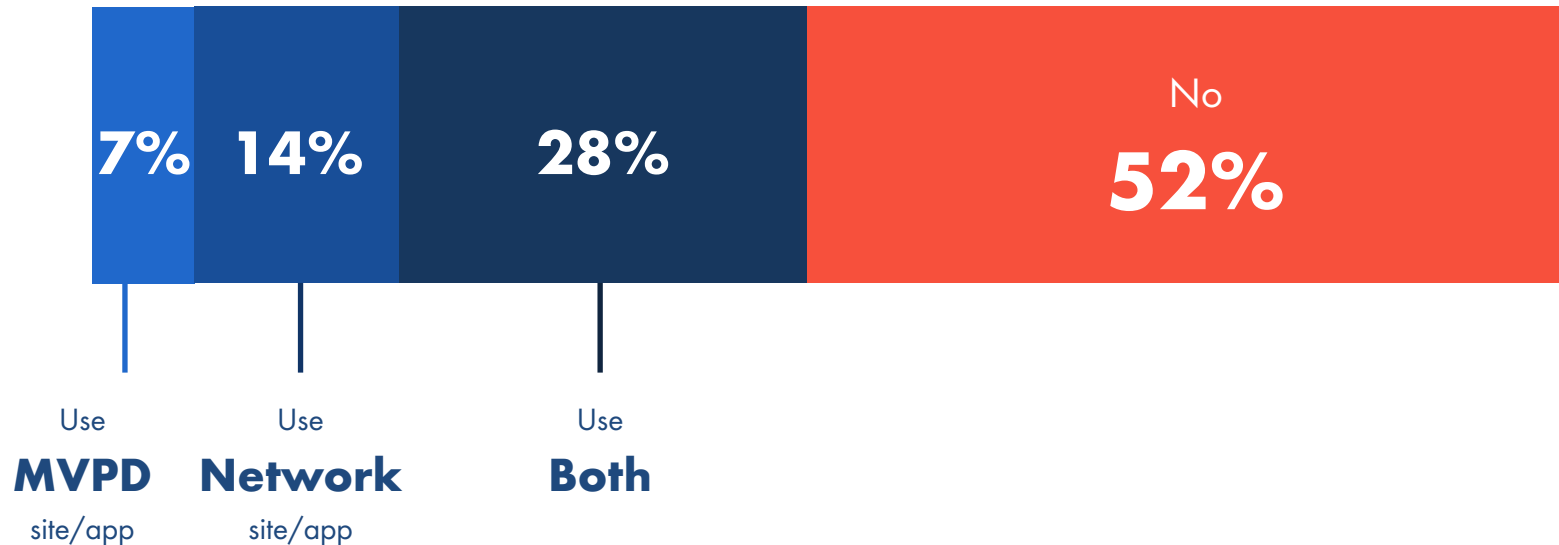
AMONG PAY TV SUBSCRIBERS



Of the subs who do use TV Everywhere to some degree, more than half say they use both MVPD and network sites or apps

DO YOU USE AUTHENTICATED TV EVERYWHERE?

AMONG PAY TV SUBSCRIBERS

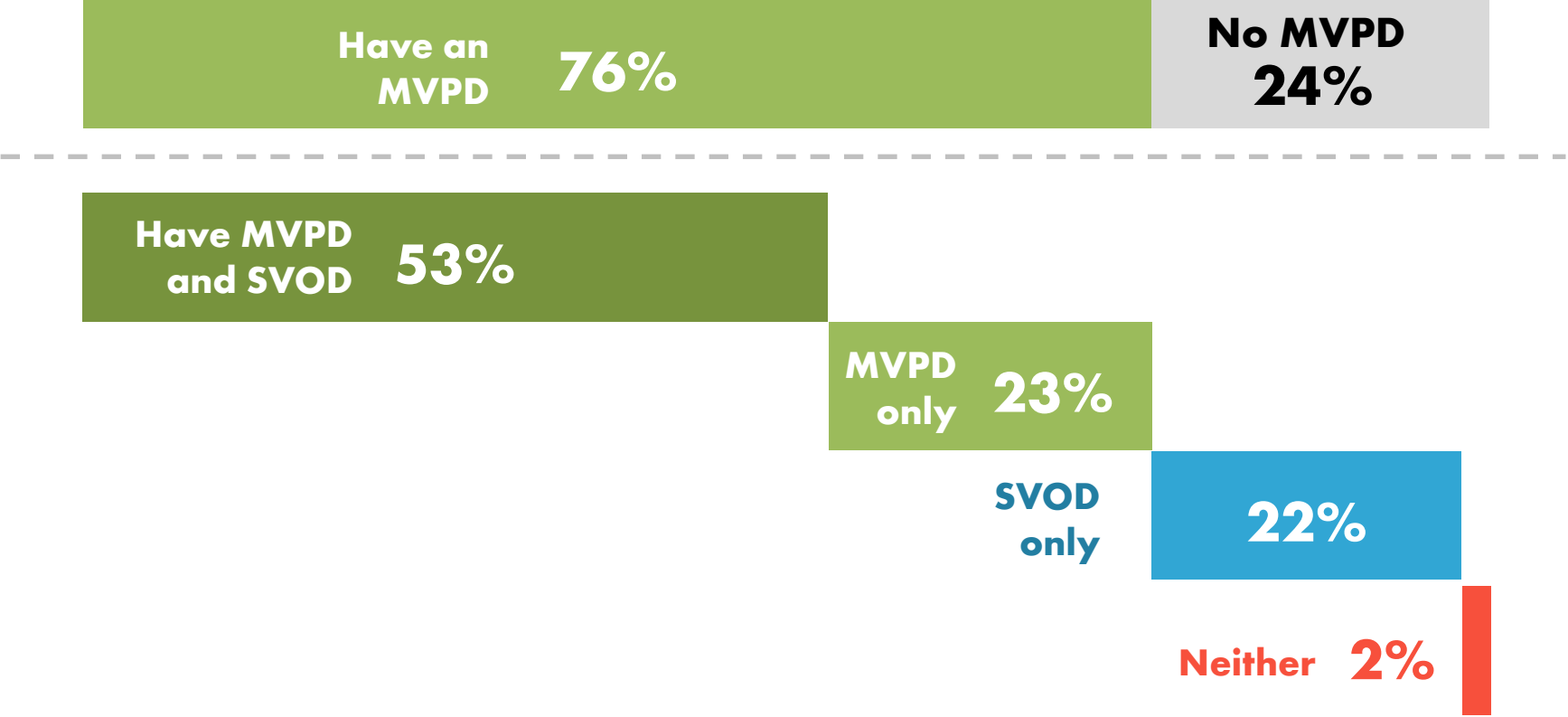




Use of OTT Platforms

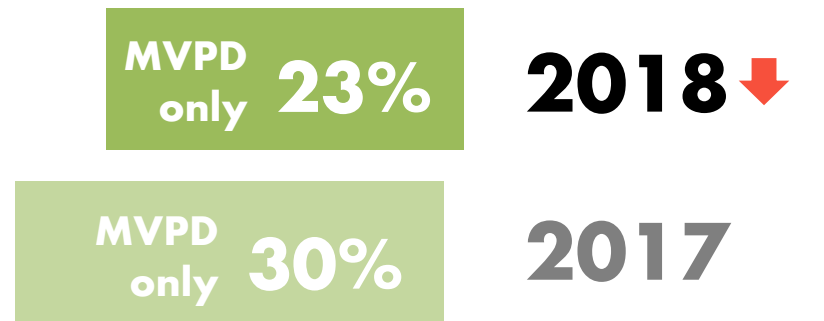
Multiple access methods also include online services: over half all consumers have BOTH traditional MVPD and SVOD

DISTRIBUTION: MVPD VS. SVOD SUBSCRIPTIONS



Multiple access methods also include online services: over half all consumers have BOTH traditional MVPD and SVOD

The proportion of MVPD subs without an SVOD is significantly lower than in 2017...



↓ Significantly lower vs. 2017

Multiple access methods also include online services: over half all consumers have BOTH traditional MVPD and SVOD

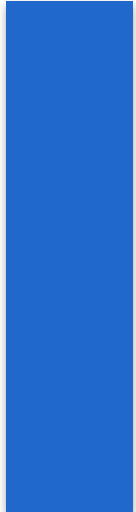
...while the proportion who have an SVOD but not a traditional pay TV bundle has doubled.



Three-fourths of consumers subscribe to one of the “big 3” SVODs: Netflix, Amazon Prime, or Hulu

SUBSCRIPTION TO THE “BIG THREE”:
INDIVIDUALLY AND IN COMBINATION

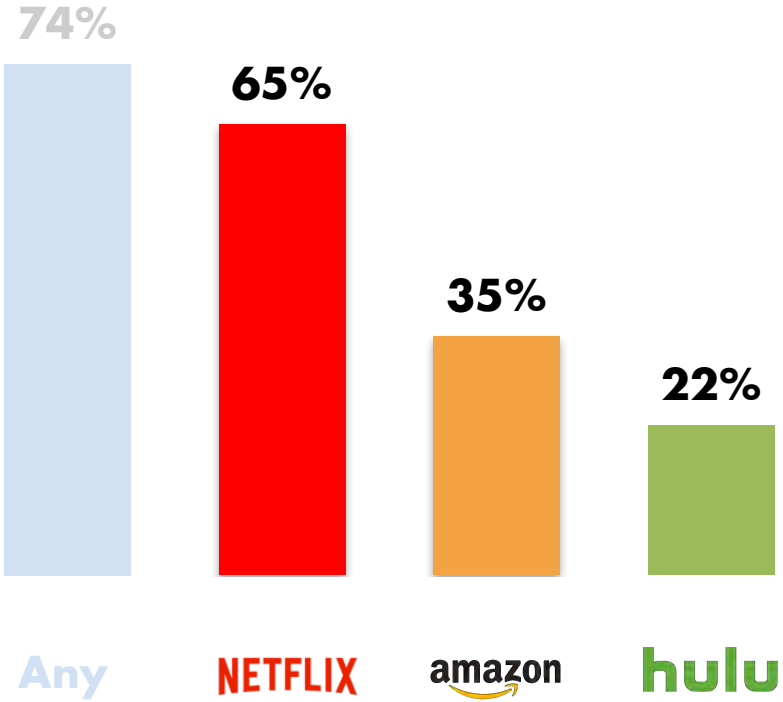
74%



Any

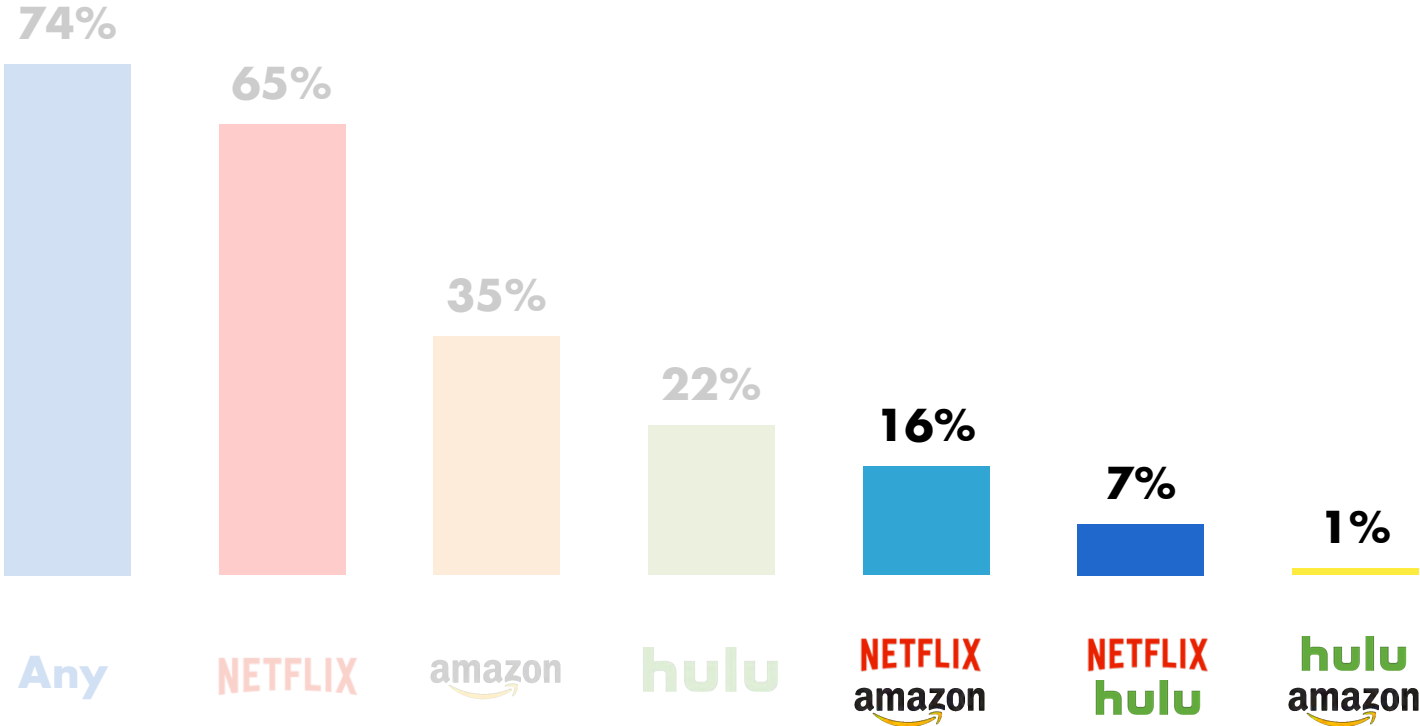
Netflix continues to have a significant subscriber edge over Amazon and Hulu

SUBSCRIPTION TO THE "BIG THREE":
INDIVIDUALLY AND IN COMBINATION



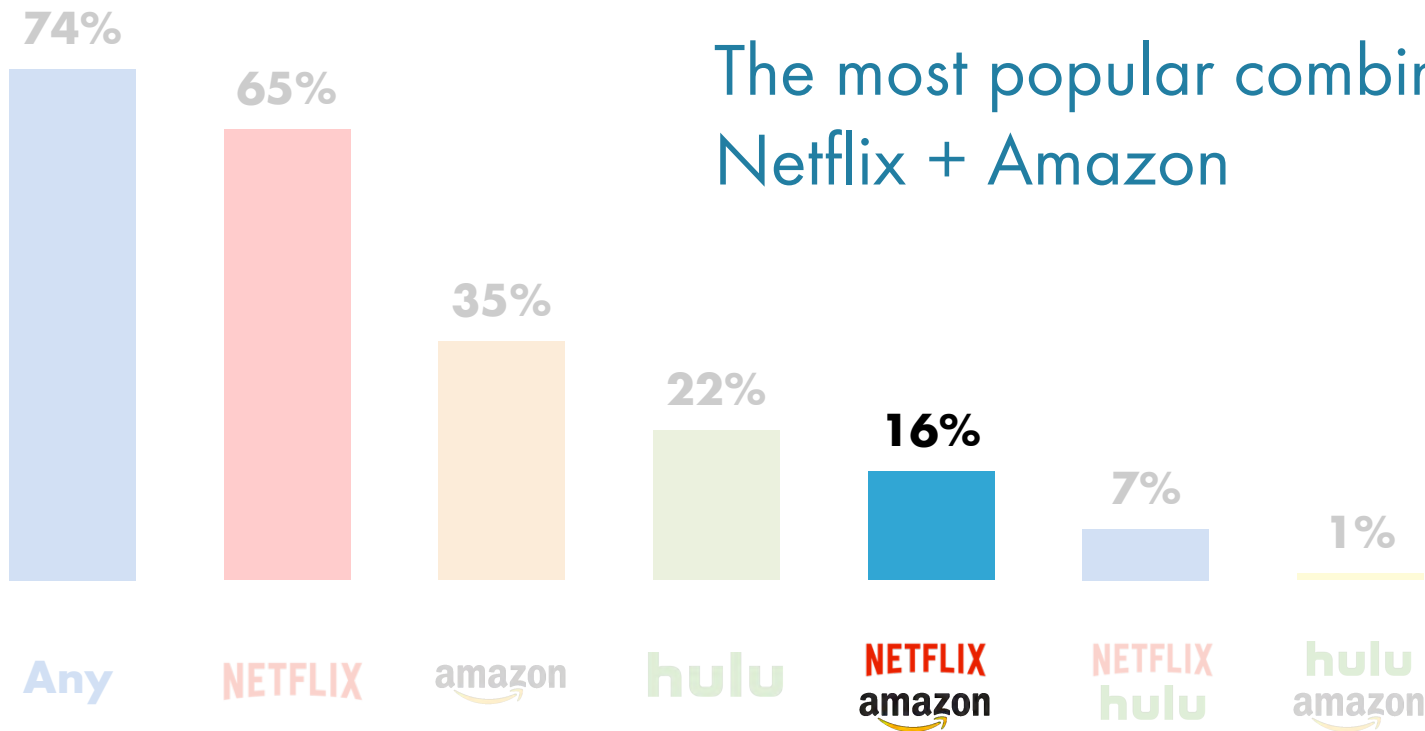
But as we've seen over the past two years, more and more consumers subscribe to multiple SVODS

SUBSCRIPTION TO THE "BIG THREE": INDIVIDUALLY AND IN COMBINATION



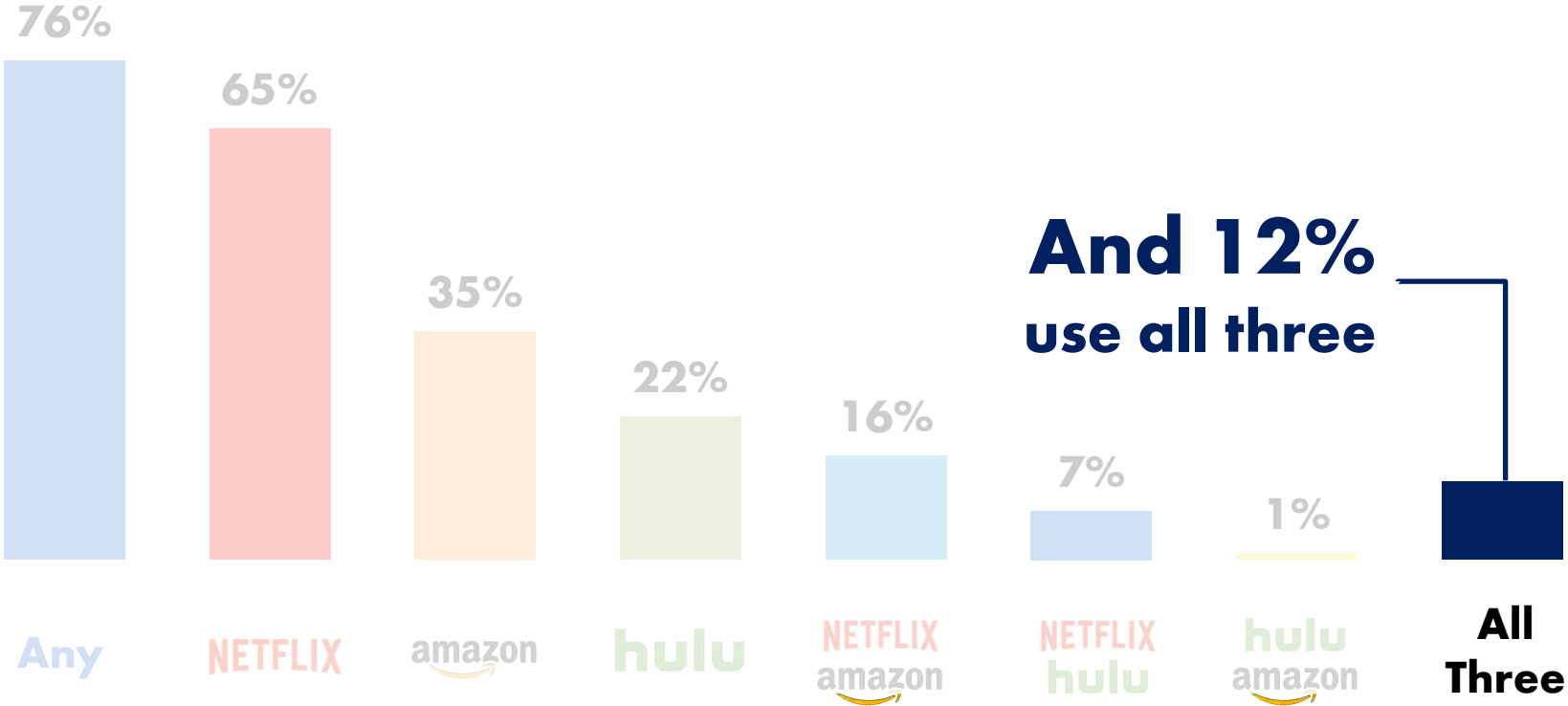
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SUBSCRIPTION TO THE "BIG THREE":
INDIVIDUALLY AND IN COMBINATION



But as we've seen over the past two years, more and more consumers subscribe to multiple SVODS

SUBSCRIPTION TO THE "BIG THREE": INDIVIDUALLY AND IN COMBINATION



All in all, among those who subscribe to any of the big 3, half subscribe to more than one

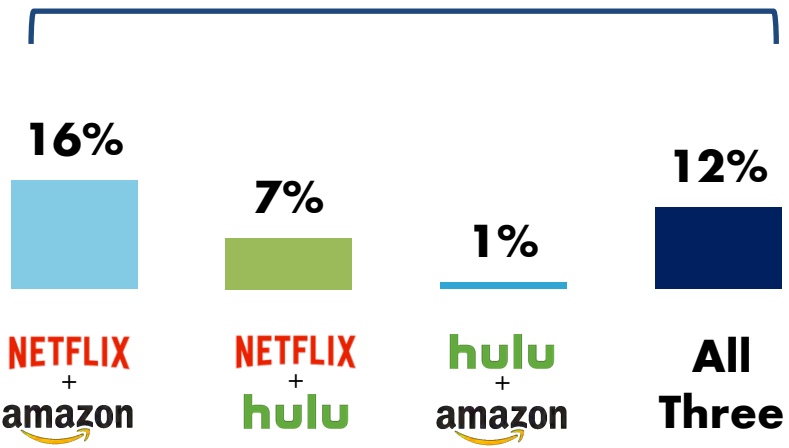
SUBSCRIPTION TO THE "BIG THREE":
INDIVIDUALLY AND IN COMBINATION

74%



Any

36%



Netflix is a big factor in the adoption of SVOD platforms in general

WHICH DID YOU SUBSCRIBE TO FIRST?

AMONG THOSE WHO USE 2 + OF "BIG 3"

81%



NETFLIX

More than 80% of those who use multiple "Big 3" SVODs say they started off using Netflix

Netflix is a big factor in the adoption of SVOD platforms in general

WHICH DID YOU SUBSCRIBE TO FIRST?

AMONG THOSE WHO USE 2 + OF "BIG 3"



Few say Amazon or Hulu were the first subscription they used.

What needs do multiple SVOD users hope to meet?

WHY DID YOU ADD MORE SUBSCRIPTIONS TO YOUR FIRST ONE?

First subscription:

NETFLIX

Netflix users add new platforms to get access to more shows generally, plus specific shows they've heard about

For Greater Selection

43%

For Specific Shows

40%

For More Movies

33%

For Original Shows

29%

Those who added more SVODs after Netflix did so mostly to access specific shows they wanted to watch

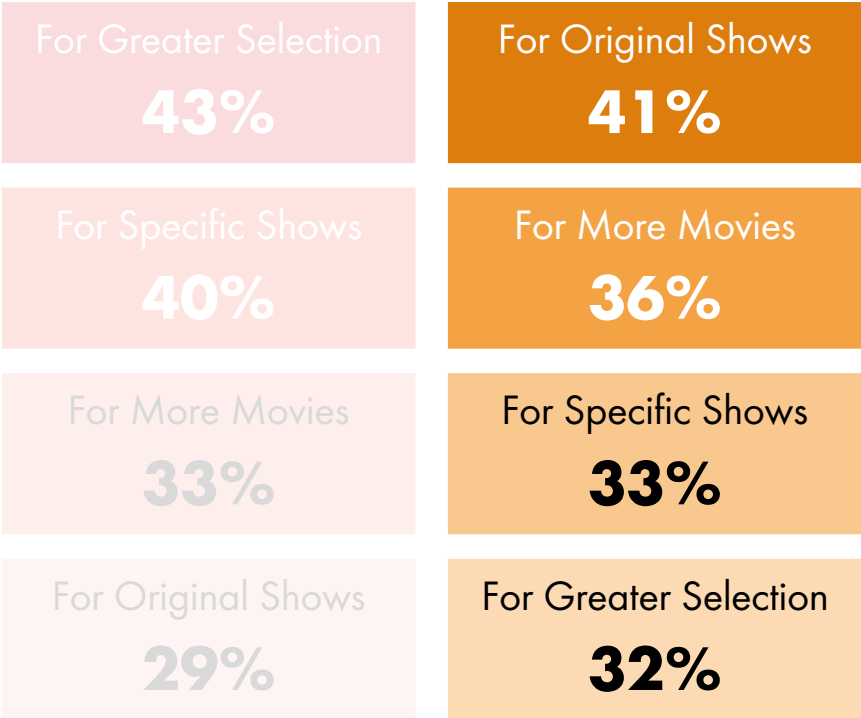
WHY DID YOU ADD MORE SUBSCRIPTIONS TO YOUR FIRST ONE?

First subscription:

NETFLIX

amazon

Amazon users add new platforms to get access to original shows on other platforms



Those who added more SVODs after Netflix did so mostly to access specific shows they wanted to watch

WHY DID YOU ADD MORE SUBSCRIPTIONS TO YOUR FIRST ONE?

First subscription:

NETFLIX

amazon

hulu

Hulu subs are similar: they add other SVODs for greater selection generally, and specific shows

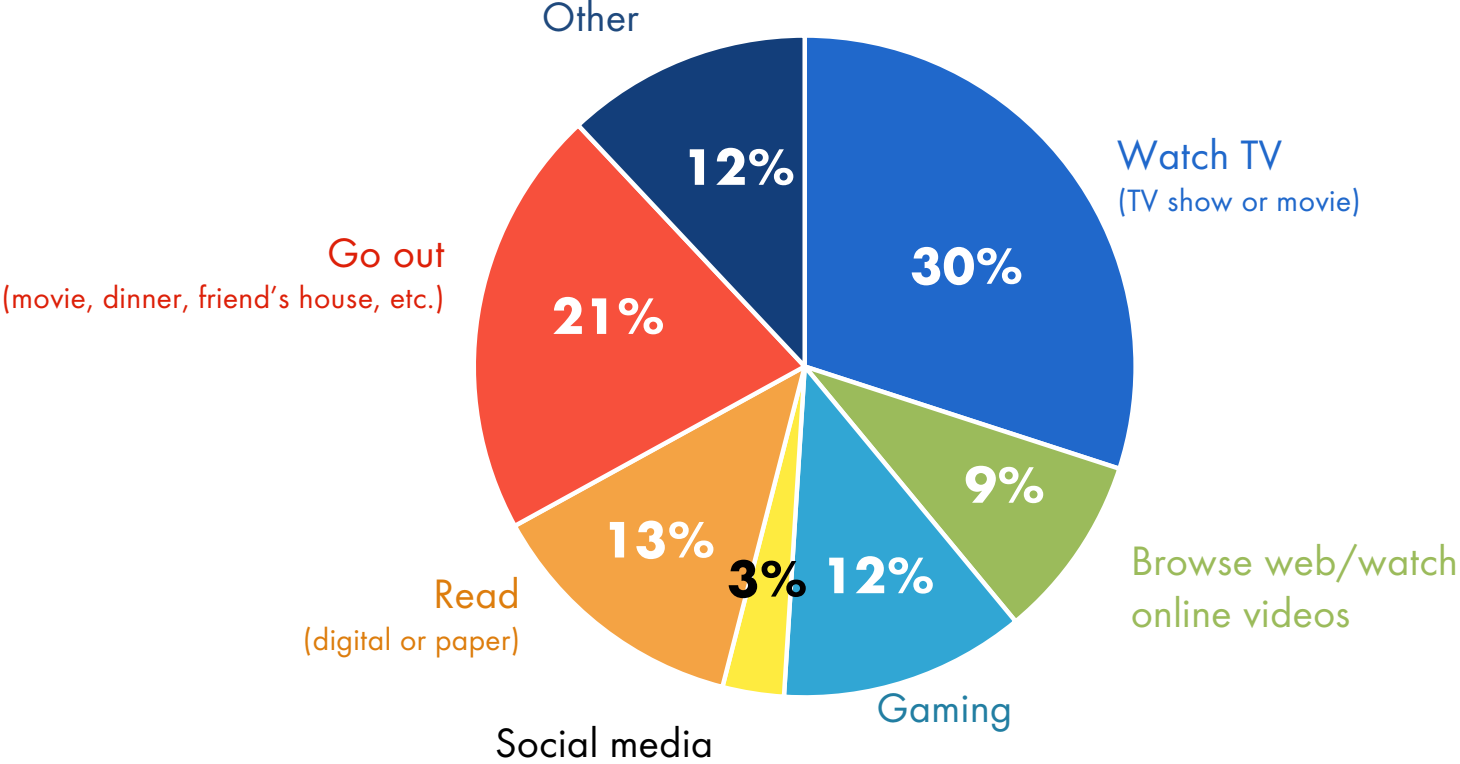
For Greater Selection 43%	For Original Shows 41%	For Greater Selection 50%
For Specific Shows 40%	For More Movies 36%	For Specific Shows 45%
For More Movies 33%	For Specific Shows 33%	For Original Movies 44%
For Original Shows 29%	For Greater Selection 32%	For More Movies 41%



TV Default: Choice of Sources

Although TV is more likely than any other activity to be named as consumers' top entertainment option, just 30% pick it first

WHAT'S YOUR DEFAULT FORM OF ENTERTAINMENT?



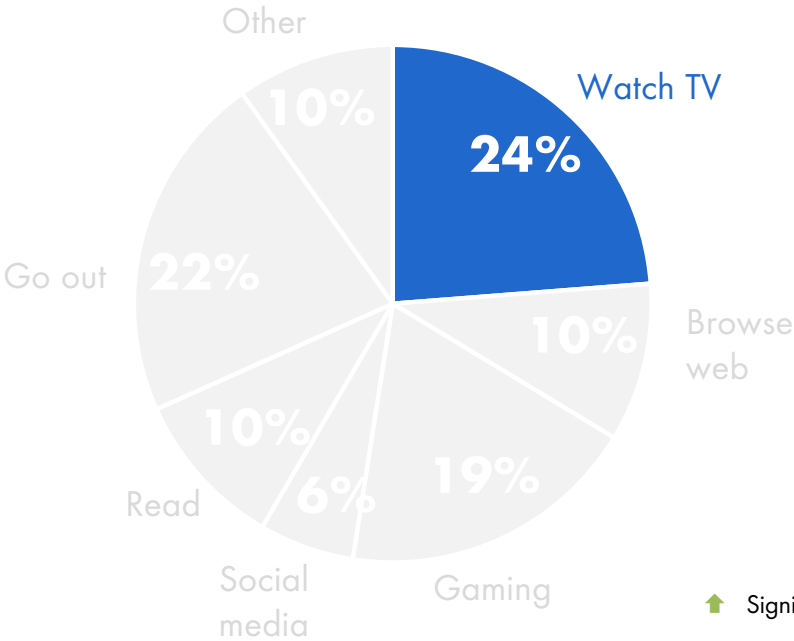
Q12B. In general, what's your favorite thing to do when you have free time for entertainment?

NOTE: Based on those watching 5+ hours of TV per week

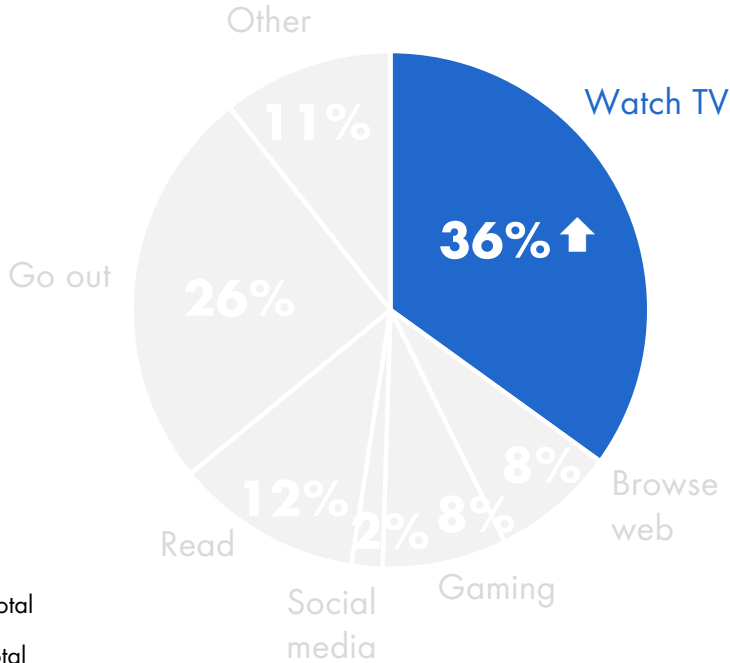
Older consumers are 10 points more likely than younger consumers to say TV is their preferred form of entertainment

WHAT'S YOUR DEFAULT FORM OF ENTERTAINMENT?

**Age
18-34**



**Age
55-74**



↑ Significantly higher vs. total
↓ Significantly lower vs. total

Q12B. In general, what's your favorite thing to do when you have free time for entertainment?

NOTE: Based on those watching 5+ hours of TV per week

Turning to TV sources, we looked at the total number of sources viewers **AT LEAST SOMETIMES** use, including the following:

Live TV from MVPD

Watching shows on a linear basis, through an MVPD set-top box

DVR

Recordings from an MVPD DVR

VOD

On-Demand content from an MVPD

SVODs

The big three SVODs: **NETFLIX** **hulu** **amazon**
Prime instant video

Free online services with ads

Such as **SONY CRACKLE** **VUDU** | Movies on Us

TV Everywhere

From MVPD or TV networks sites and apps

VMVPDs

Virtual MVPDs, such as **slings**
TELEVISION **DIRECTV NOW**

Direct To Consumer online networks

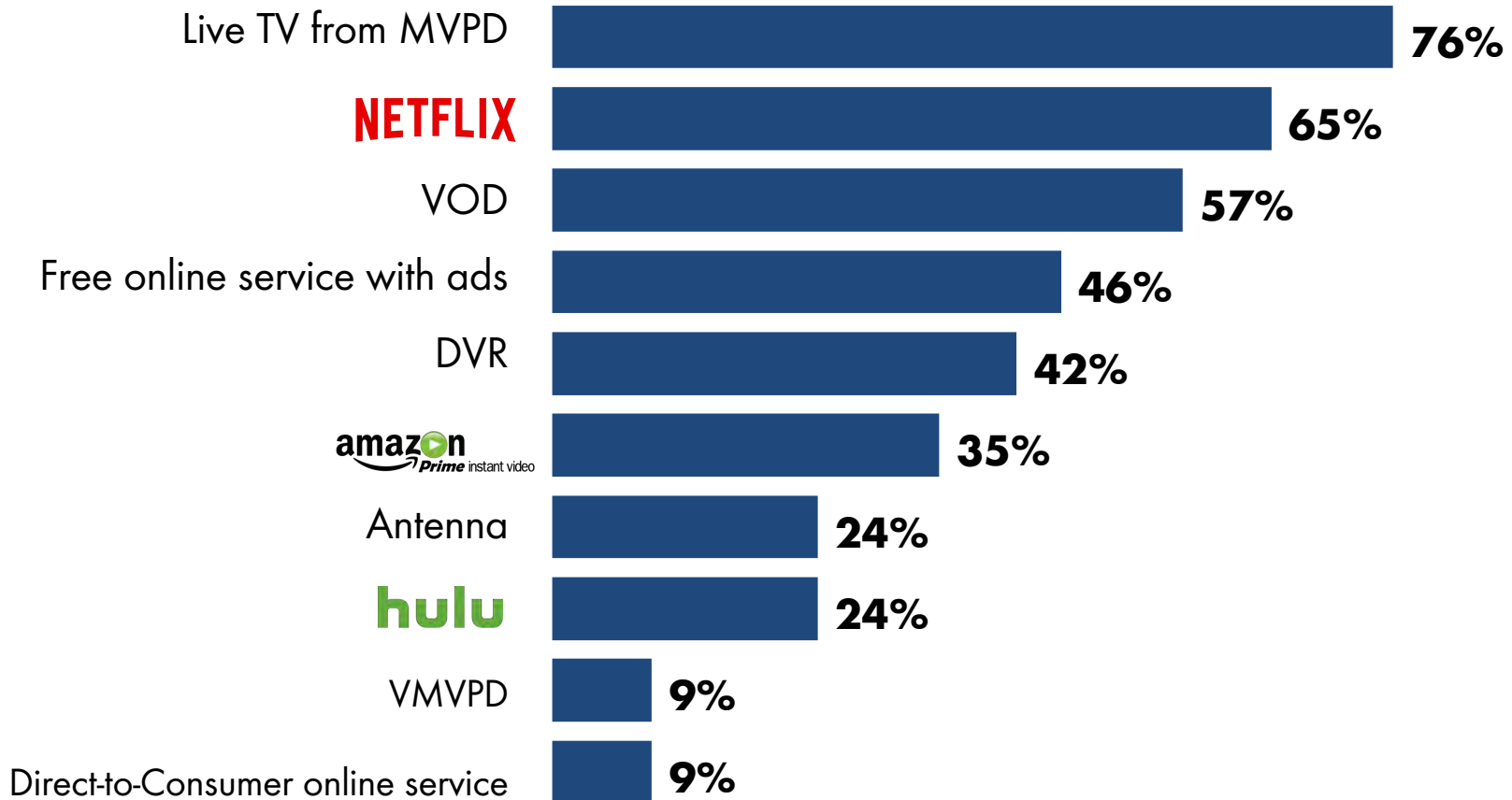
Such as **CBS ALL ACCESS** **HBO NOW**SM

Antenna

Over the air viewing with an antenna

Among all consumers, live TV from MVPD, Netflix, and VOD are the most likely to be used to any extent

WHICH OF THESE SOURCES DO YOU AT LEAST SOMETIMES USE FOR TV VIEWING?



NOTE: Based on those watching 5+ hours of TV per week

We also looked at which combinations of all of these services consumers use...

TOP COMBINATIONS OF SERVICES USED CURRENTLY

Traditional MVPD	Virtual MVPD	SVOD	Direct-to-Consumer	Free Service	Antenna/OTA	TOTAL
✓		✓				19%

...the most common combination: 19% have an MVPD and an SVOD subscription—and NOTHING else

We also looked at which combinations of all of these services consumers use...

TOP COMBINATIONS OF SERVICES USED CURRENTLY

Traditional MVPD	Virtual MVPD	SVOD	Direct-to-Consumer	Free Service	Antenna/OTA	TOTAL
✓		✓				19%
✓		✓		✓		18%

...another 18% have MVPD and SVOD subscriptions, and occasionally use free, ad-supported online sources

We also looked at which combinations of all of these services consumers use...

TOP COMBINATIONS OF SERVICES USED CURRENTLY

Traditional MVPD	Virtual MVPD	SVOD	Direct-to-Consumer	Free Service	Antenna/OTA	TOTAL
		✓				19%
✓		✓		✓		18%
✓						17%

...the third most common service scenario: 17% of TV consumers MVPD service by itself, with no other serviced used at all

We also looked at which combinations of all of these services consumers use...

TOP COMBINATIONS OF SERVICES USED CURRENTLY

Traditional MVPD	Virtual MVPD	SVOD	Direct-to-Consumer	Free Service	Antenna/OTA	TOTAL
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...no other individual combination of sources is used by more than 4% of consumers

		✓		✓		4%
		✓			✓	4%
		✓		✓	✓	4%
		✓				4%
✓		✓		✓	✓	4%
✓				✓		3%
✓		✓			✓	2%
✓		✓	✓	✓	✓	2%
✓	✓	✓	✓	✓	✓	2%
ALL OTHERS						16%

All in all, the average TV consumer uses 4.5 different sources of TV to some extent

Mean Number of Individual TV
Sources Used at Least Sometimes, Per Viewer*

4.5

*Sources counted: MVPD set-top/live TV, VOD, DVR, Netflix, Amazon, Hulu, OTA, individual VMVPDs, individual Direct-to-Consumer online services, TV Everywhere, free ad-supported online services

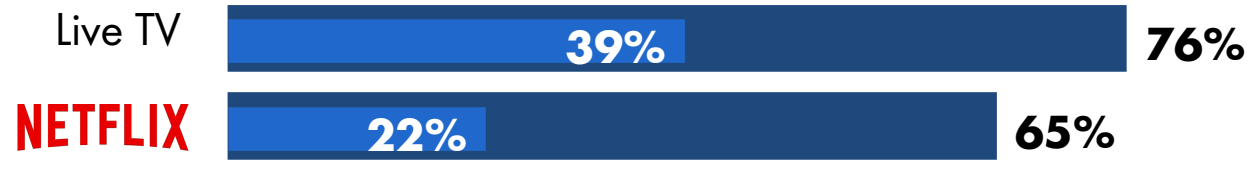
With that range of sources at consumers' disposal, we next looked at...

Which source do consumers consider their “default”
or TV home-base...

**“The first thing you turn on when
you want to watch TV”**

Live TV from one's MVPD service is the TV "home base" for 4 in 10 consumers; 22% say it's Netflix

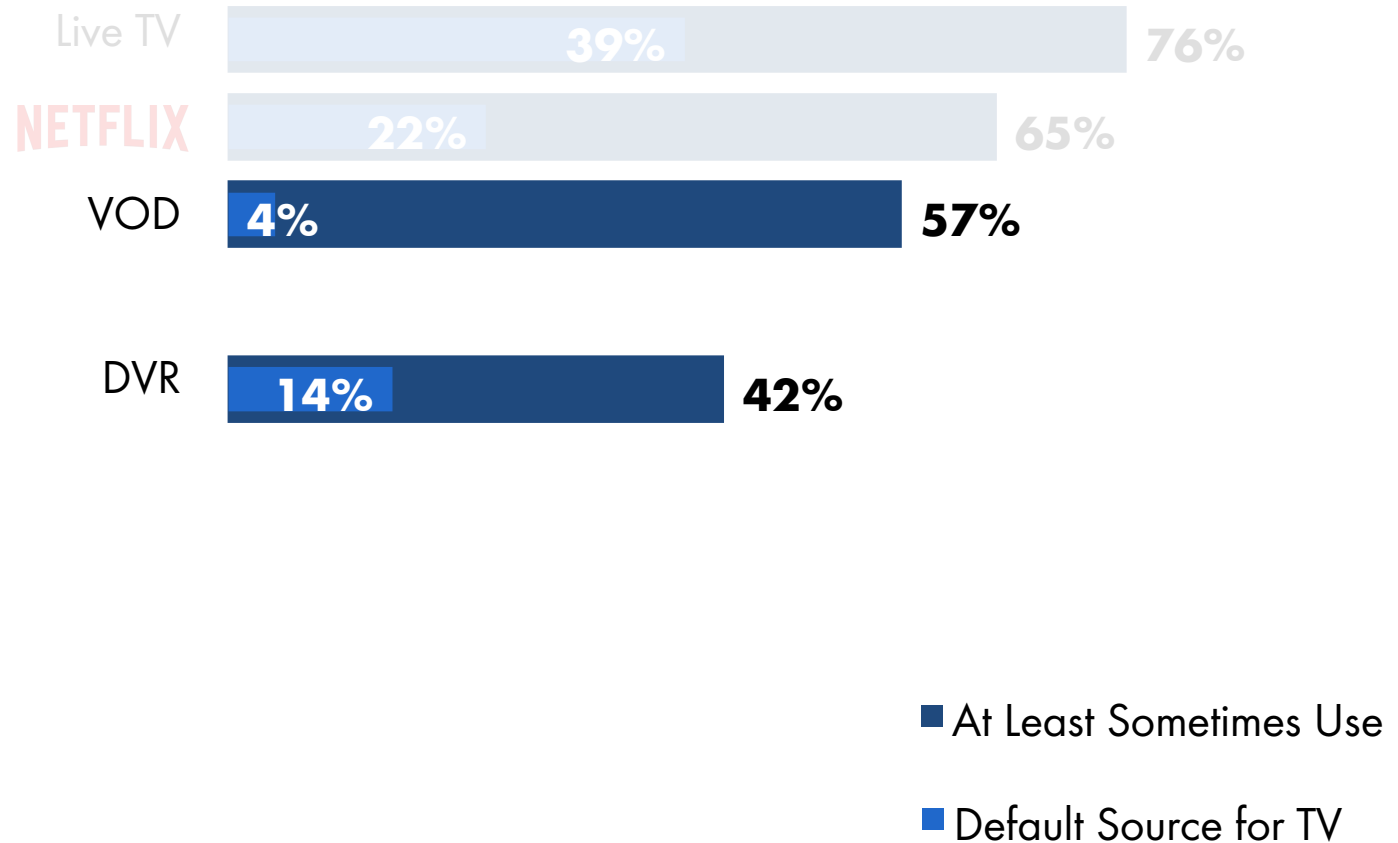
WHICH OF THESE SOURCES IS YOUR "DEFAULT" TV SOURCE:
THE ONE YOU TURN ON FIRST WHEN YOU WANT TO WATCH TV?



- At Least Sometimes Use
- Default Source for TV

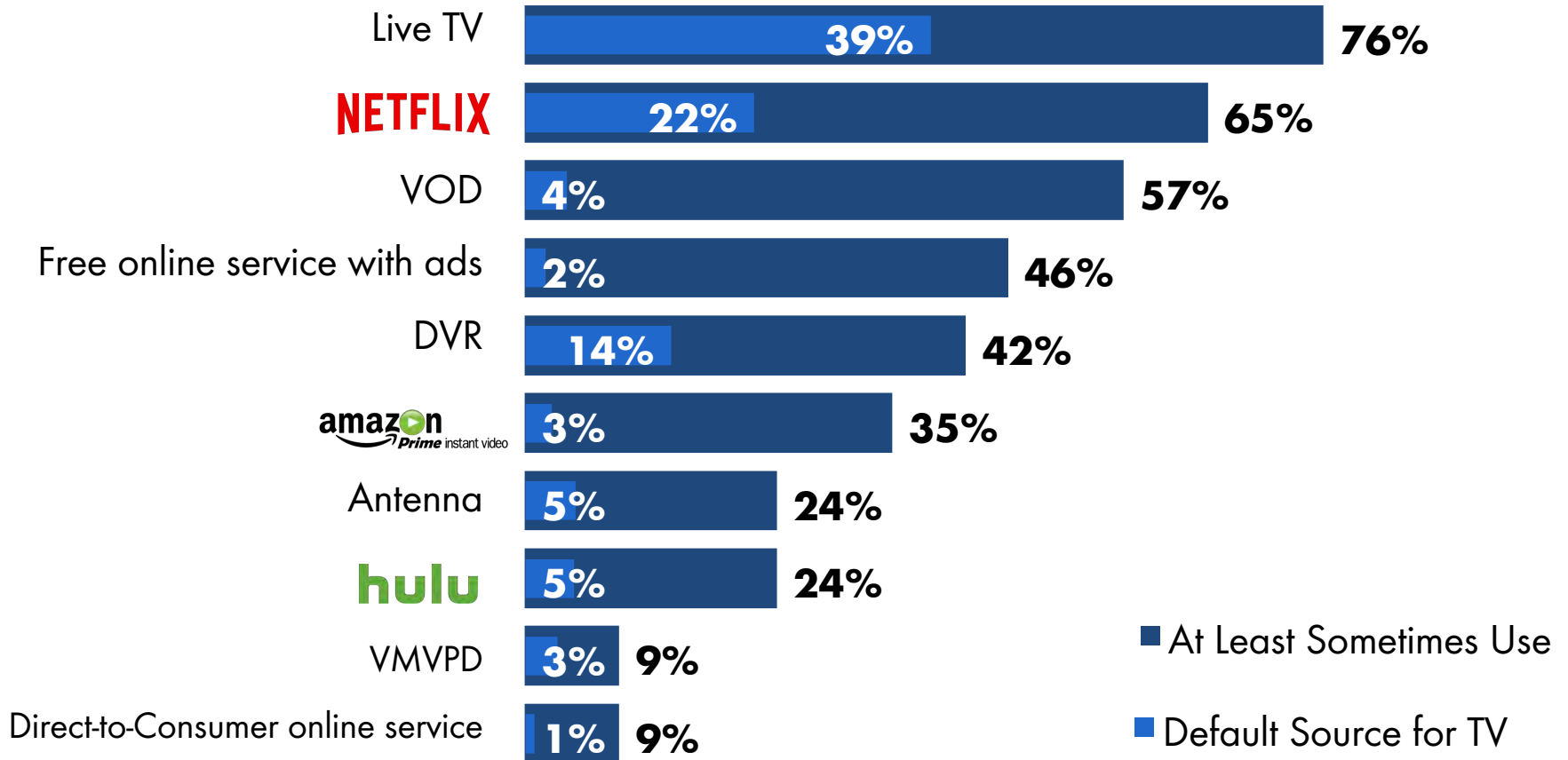
Ranked third is the DVR; as we've seen in the past, VOD is rarely consumers' default source, despite widespread use generally

WHICH OF THESE SOURCES IS YOUR "DEFAULT" TV SOURCE:
THE ONE YOU TURN ON FIRST WHEN YOU WANT TO WATCH TV?



No other TV source is named by more than 5% of consumers as their first source for TV

WHICH OF THESE SOURCES IS YOUR "DEFAULT" TV SOURCE:
THE ONE YOU TURN ON FIRST WHEN YOU WANT TO WATCH TV?

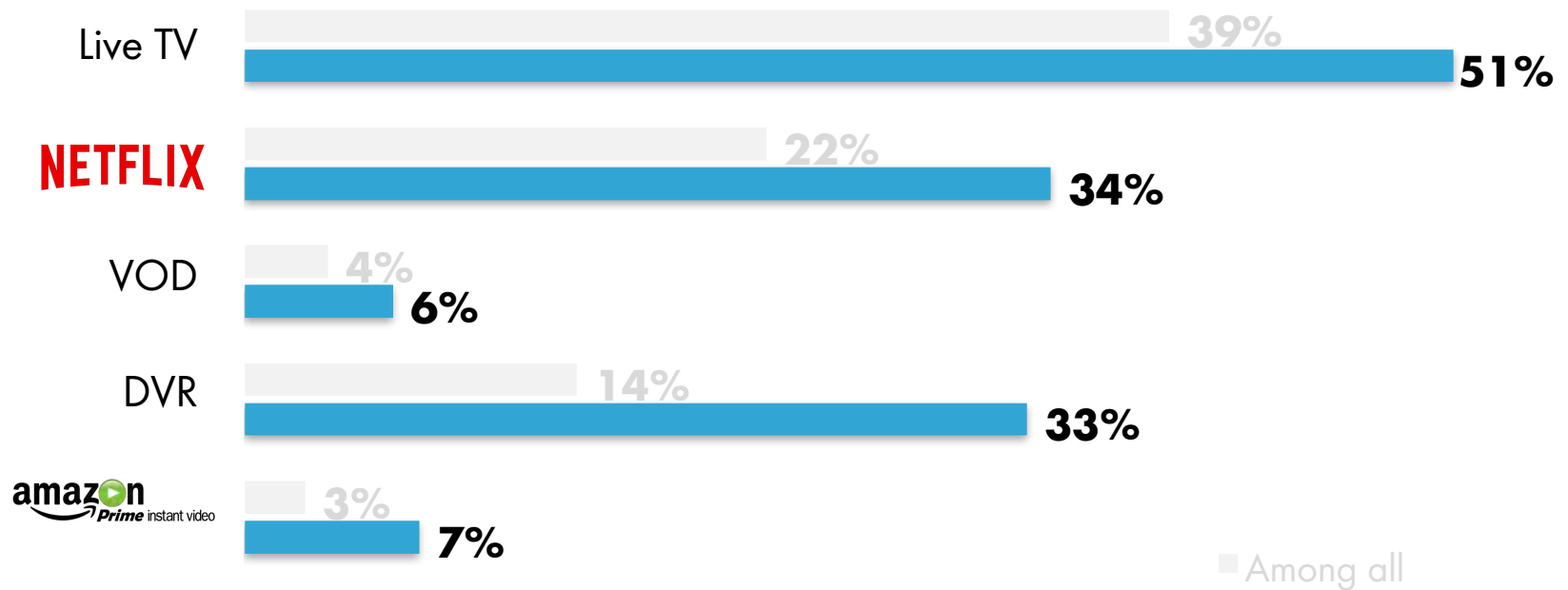


Q6A: Which would you say is your "default" source—the one you are most likely to turn to first when you want to watch something?

NOTE: Based on those watching 5+ hours of TV per week

We can also look at default source among those who actually use each service (vs. the overall consumer base)...

WHICH OF THESE SOURCES IS YOUR DEFAULT FOR TV VIEWING?

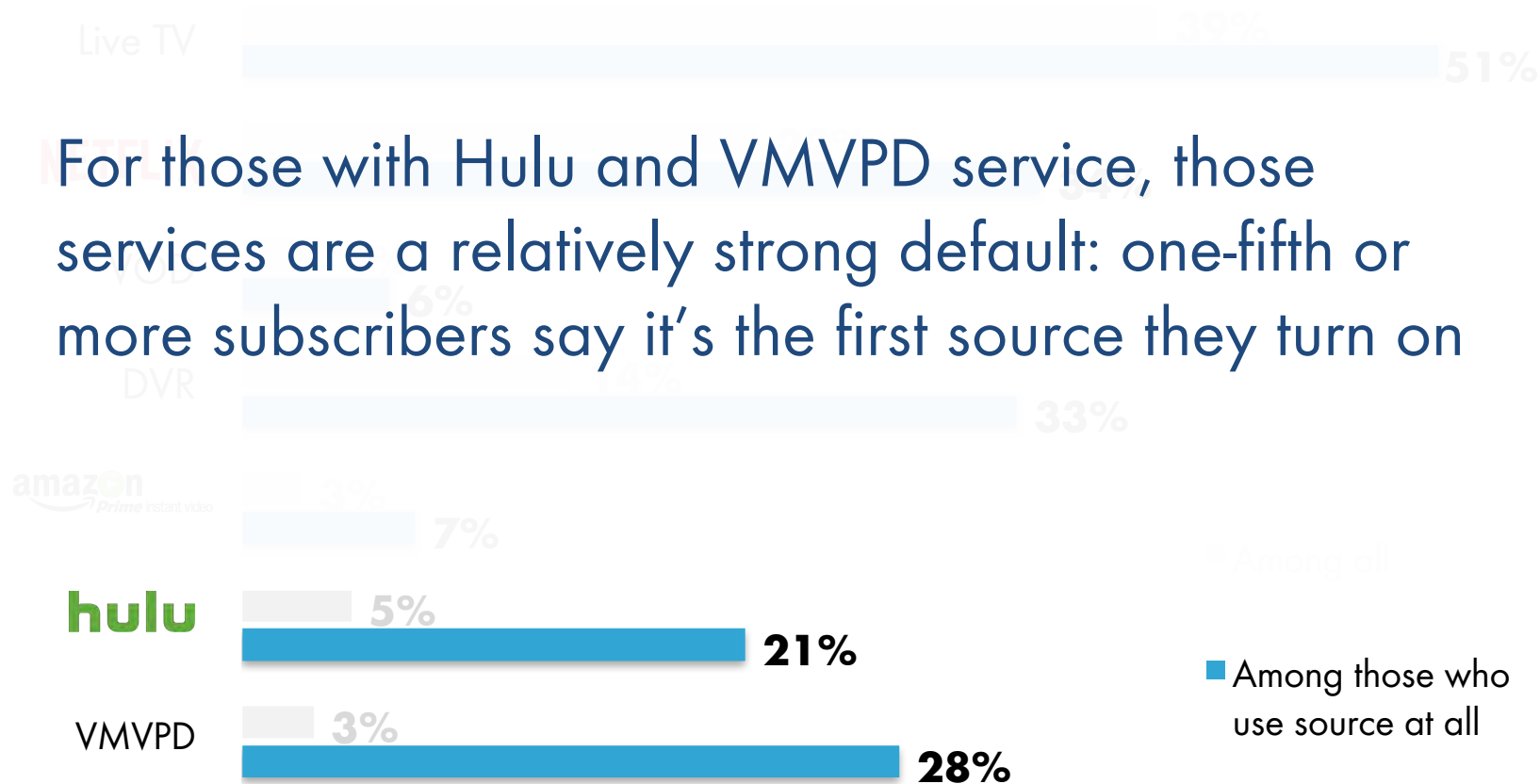


Live TV still comes out on top among users;
Netflix is tied for second, with DVR

■ Among those who use source at all

We can also look at default source among those who actually use each service (vs. the overall consumer base)...

WHICH OF THESE SOURCES IS YOUR DEFAULT FOR TV VIEWING?



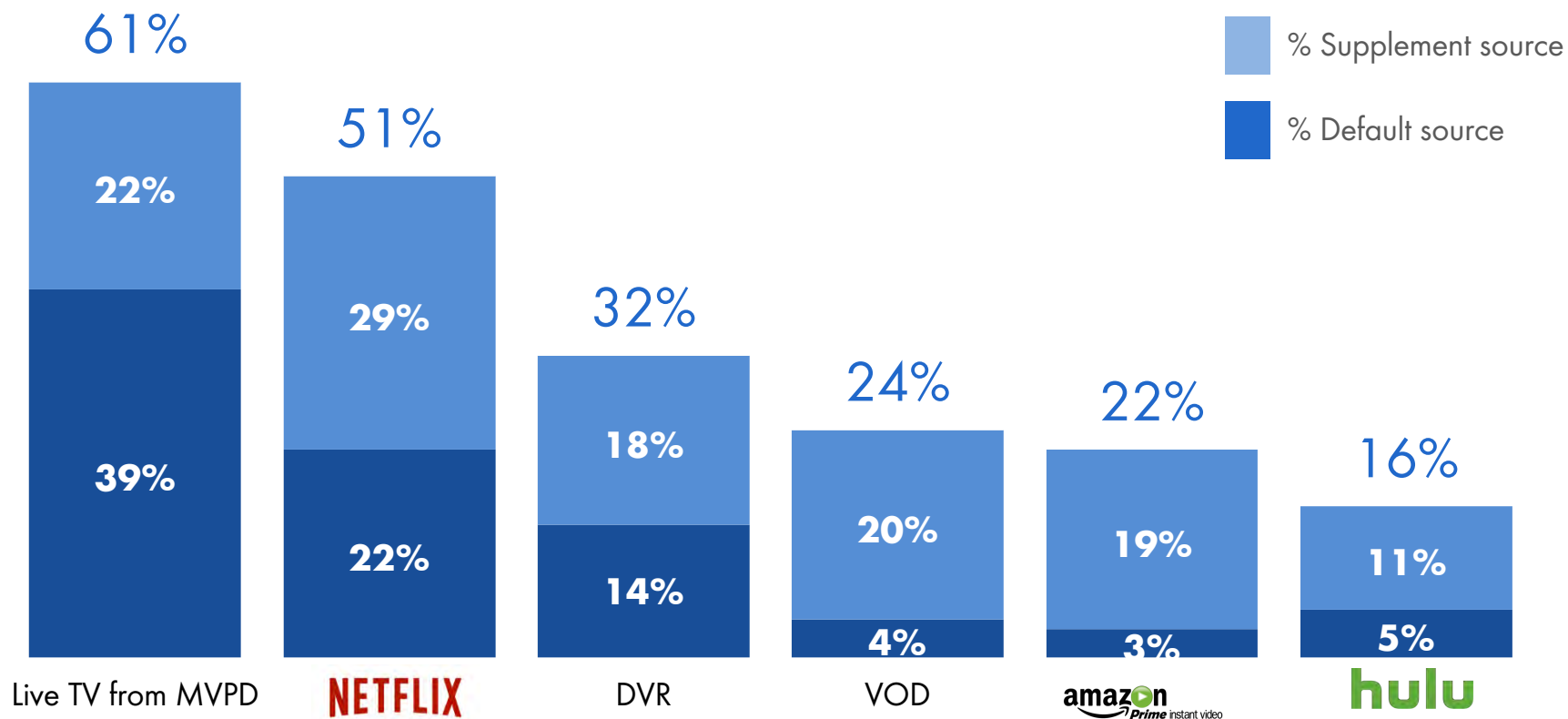
For those with Hulu and VMVPD service, those services are a relatively strong default: one-fifth or more subscribers say it's the first source they turn on

In addition to viewers' overall default source, we also asked about their primary "back-up" sources of TV

Which sources are your main **supplements** to your default source? The ones you use often, but not as often as your default.

Although live TV is most likely to be consumers' default OR main supplement, Netflix is just 10 points behind, well ahead of DVR

WHAT'S YOUR DEFAULT/WHAT ARE YOUR MAIN SUPPLEMENTS TO YOUR DEFAULT?



Q6A: Which would you say is your "default" source?

6G: Next, which sources are your main supplements to your default source?

NOTE: Based on those watching 5+ hours of TV per week

Those who default to live TV are most likely to say Netflix is their main supplement, along with DVR and MVPD VOD

WHAT'S YOUR DEFAULT/WHAT ARE YOUR MAIN SUPPLEMENTS TO YOUR DEFAULT?

Default source of TV is...

Supplements to default source:

Live TV

Live TV

–

NETFLIX

36%

DVR

34%

VOD

32%

amazon

16%

hulu

7%

Q6A: Which would you say is your “default” source—the one you are most likely to turn to first when you want to watch something?

Q6G: Next, which sources are your main supplements to your default source? The ones you use often, but not as often as your default.

For those who default to Netflix, Amazon and Hulu are the most common supplemental sources

WHAT'S YOUR DEFAULT/WHAT ARE YOUR MAIN SUPPLEMENTS TO YOUR DEFAULT?

Supplements to default source:	Default source of TV is...	
	Live TV	NETFLIX
Live TV	--	22%
NETFLIX	36%	--
DVR	34%	7%
VOD	32%	14%
amazon	16%	30%
hulu	7%	23%

Q6A: Which would you say is your "default" source—the one you are most likely to turn to first when you want to watch something?
 6G: Next, which sources are your main supplements to your default source? The ones you use often, but not as often as your default.

Live TV is by far the most common supplement for those who default to shows on their DVR

WHAT'S YOUR DEFAULT/WHAT ARE YOUR MAIN SUPPLEMENTS TO YOUR DEFAULT?

Supplements to default source:	Default source of TV is...		
	Live TV	NETFLIX	DVR
Live TV	-	22%	77%
NETFLIX	36%	-	31%
DVR	34%	7%	-
VOD	32%	14%	19%
amazon	16%	30%	13%
hulu	7%	23%	4%

Q6A: Which would you say is your "default" source—the one you are most likely to turn to first when you want to watch something?
 6G: Next, which sources are your main supplements to your default source? The ones you use often, but not as often as your default.

We then asked consumers, open-endedly, why each particular source is their default

What are the main reasons **[SOURCE]** is your default source for TV viewing?

Among those who default to live TV...

Access to the most recent content, including live sports, is a key reason for treating linear TV as one's first stop

"It is the most recent content."

"I usually like to see what's on Live Television first. If there isn't anything on, I watch one of my recorded shows or movies on my DVR."

"I love to watch live sports and that's the main way to get them."

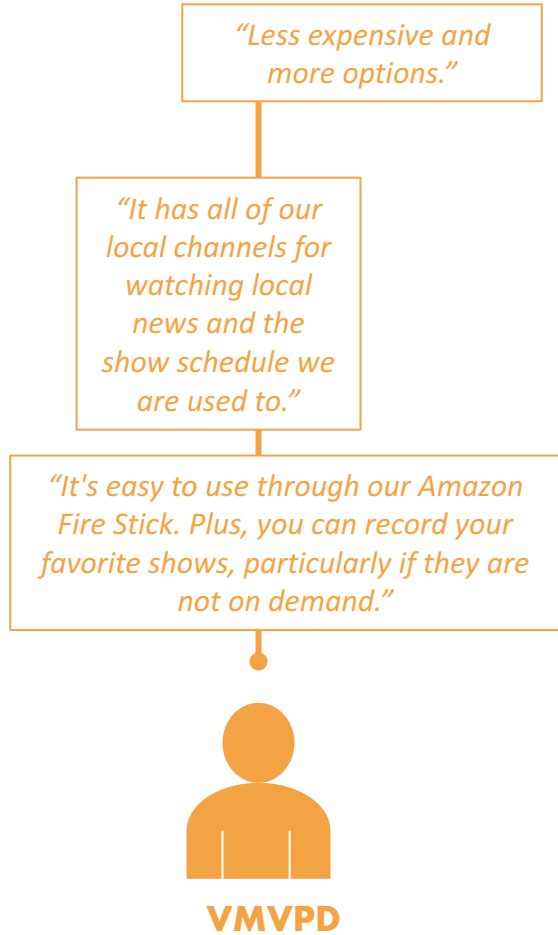
"I like to watch shows at night when they are actually on. I do use on-demand when I'm not at home or to record an on-going series."



Live TV

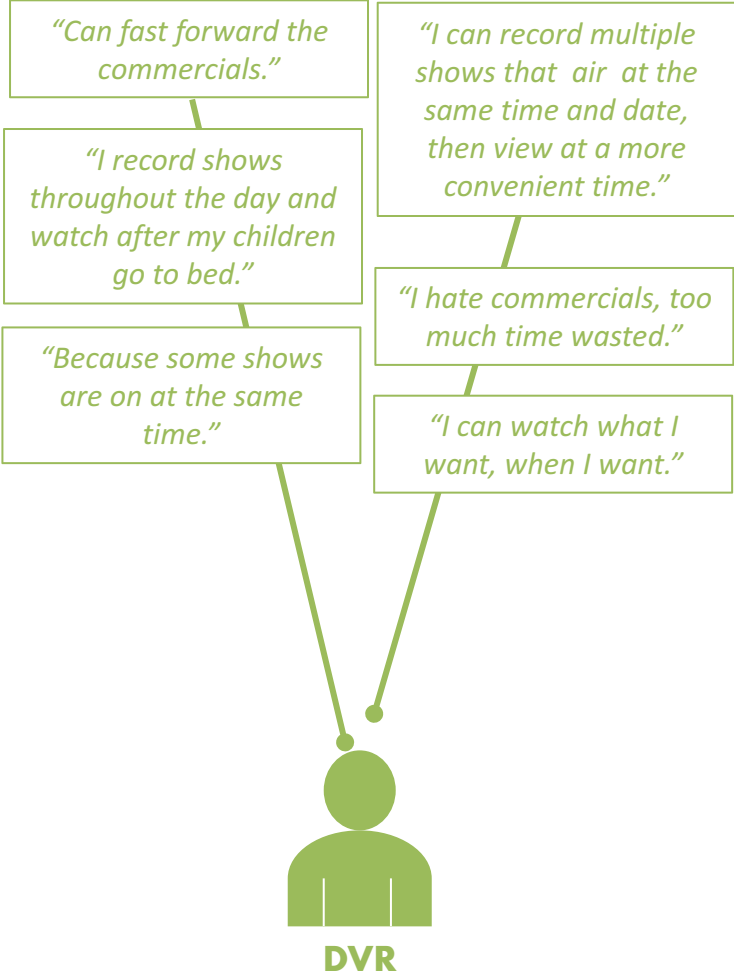
For those defaulting to a VMVPD...

The top reasons have to do with access to local programming and favorite series—and the relatively low price point offers positive reinforcement



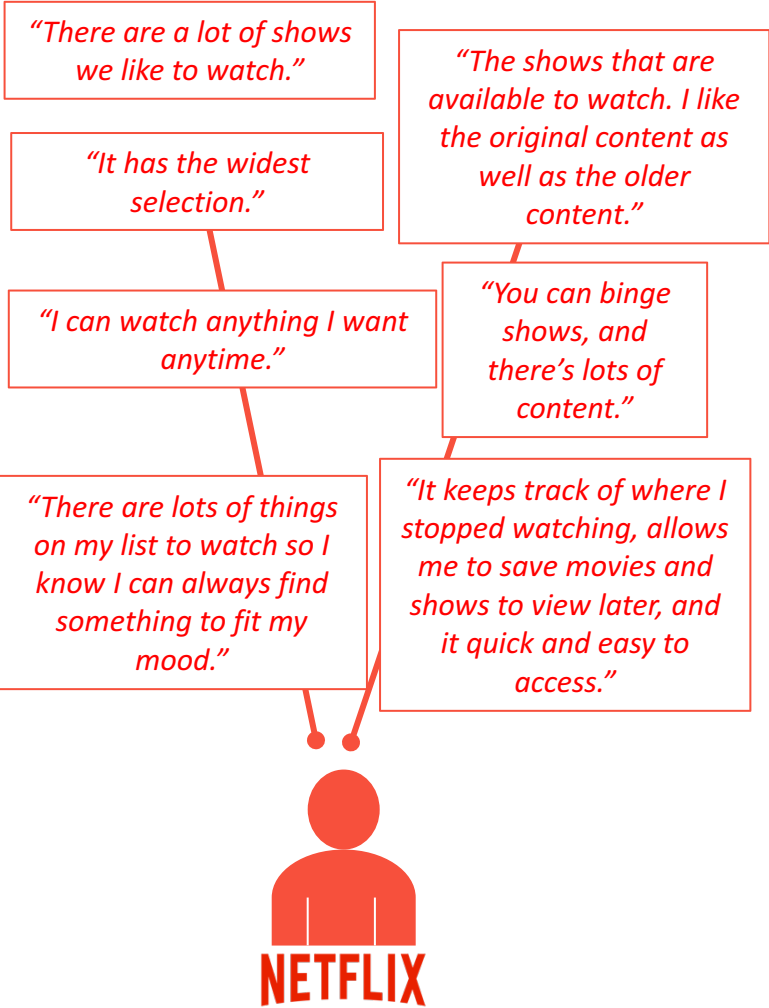
For those defaulting to DVR...

Personal curation, and ad-skipping, are the main reasons for turning first to the DVR



Among those who use Netflix as their default...

Reasons include breadth of content, viewing features (pick up where you left off), and importantly, Netflix originals



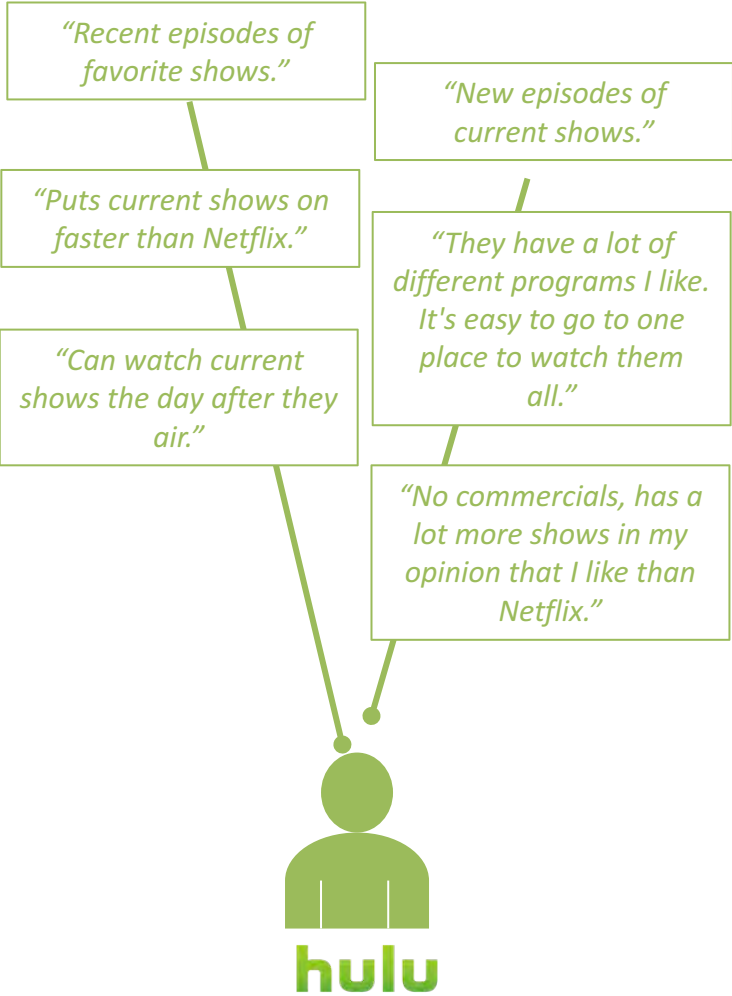
For those who default to Amazon Prime...

Variety and selection are key reasons, but some are also driven by the other benefits offered by the service (e.g., free Amazon shipping)



Consumers who default to Hulu...

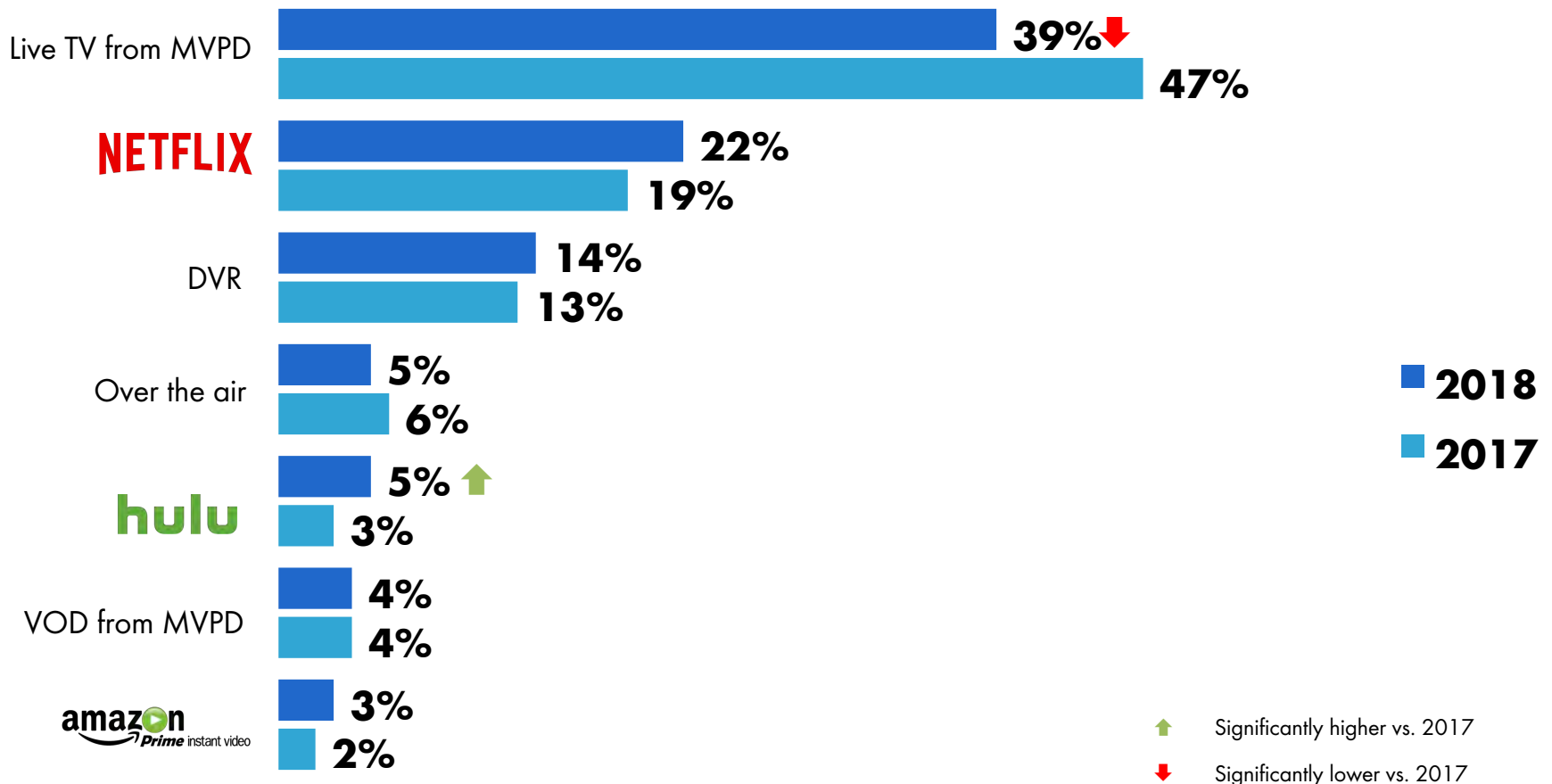
Cite recent content as main reasons, including episodes of shows currently airing on TV networks



Although Live TV is still the most common default among all consumers, it's dropped a significant 8 points since 2017

WHICH OF THESE SOURCES IS YOUR DEFAULT SOURCE FOR TV SHOWS?

2018 vs. 2017



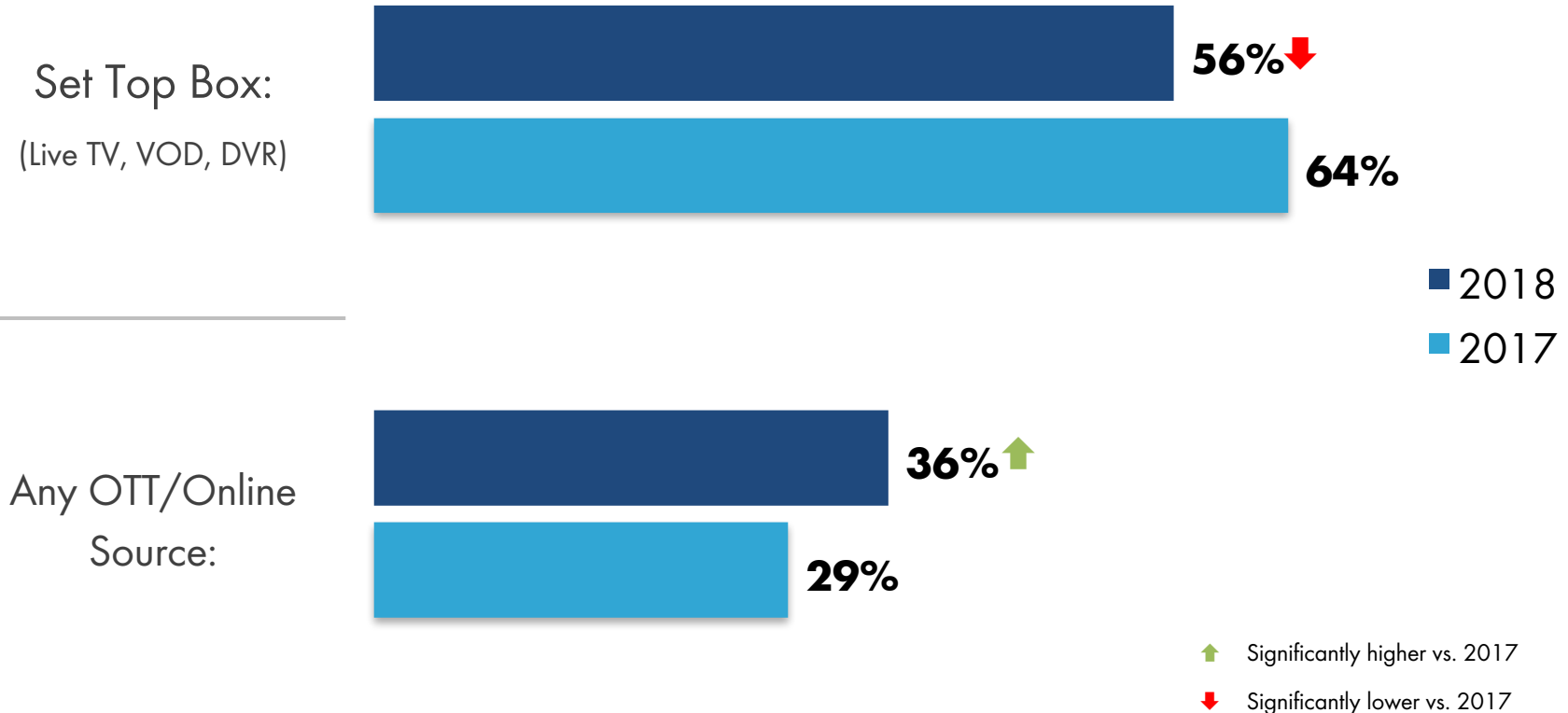
Q6A: Which would you say is your "default" source—the one you are most likely to turn to first when you want to watch something?

NOTE: Based on those watching 5+ hours of TV per week

In fact, MVPD set-top sources in general have lost ground as defaults, while online sources in general have gained

WHICH OF THESE SOURCES IS YOUR DEFAULT SOURCE FOR TV SHOWS?

2018 vs. 2017



Q6A: Which would you say is your "default" source—the one you are most likely to turn to first when you want to watch something?

NOTE: Based on those watching 5+ hours of TV per week

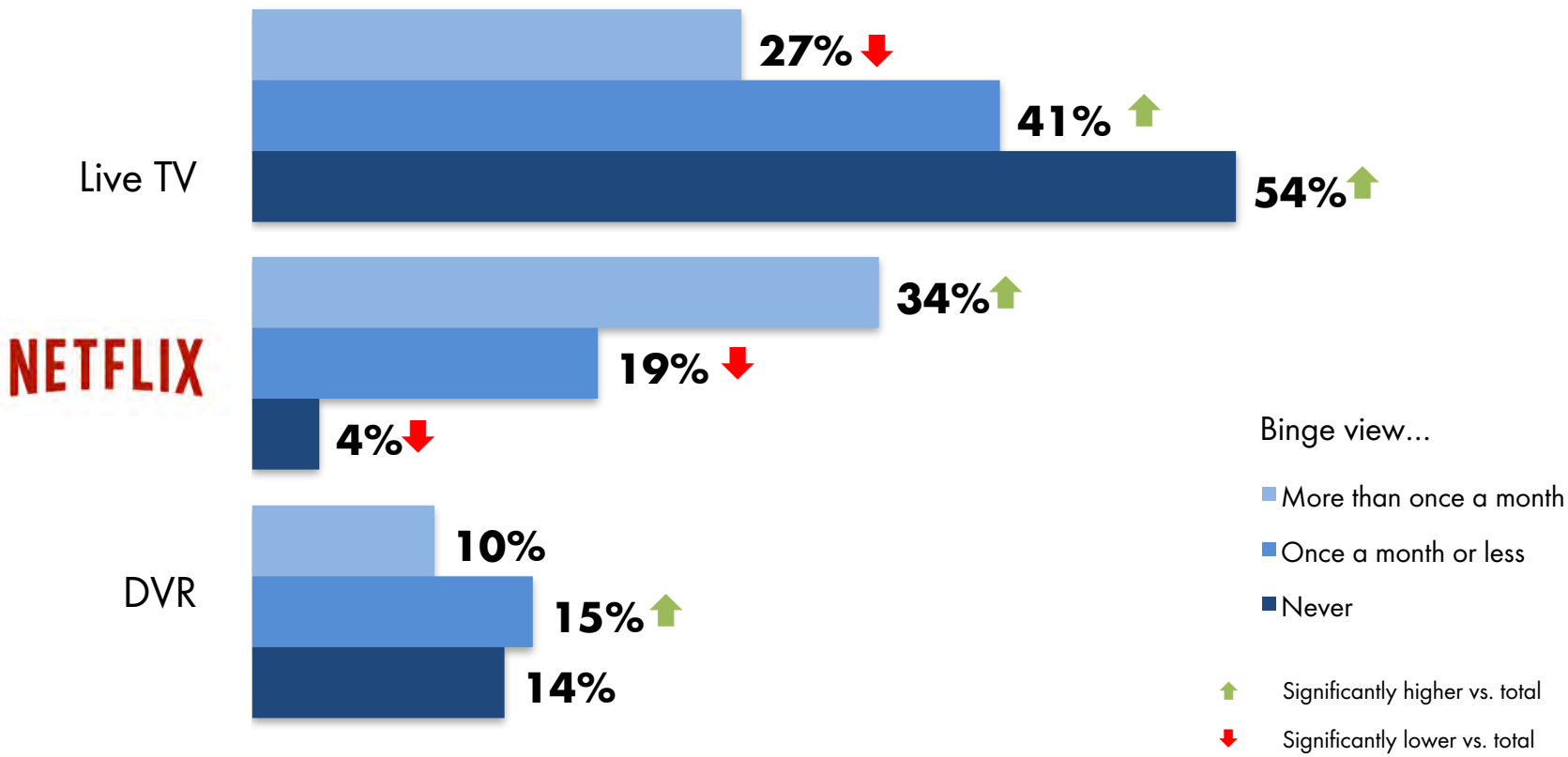


TV Defaults: by Segment

As we've seen in prior studies, Netflix is by far the top default choice for frequent binge-viewers

WHICH OF THESE SOURCES IS YOUR DEFAULT SOURCE FOR TV SHOWS?

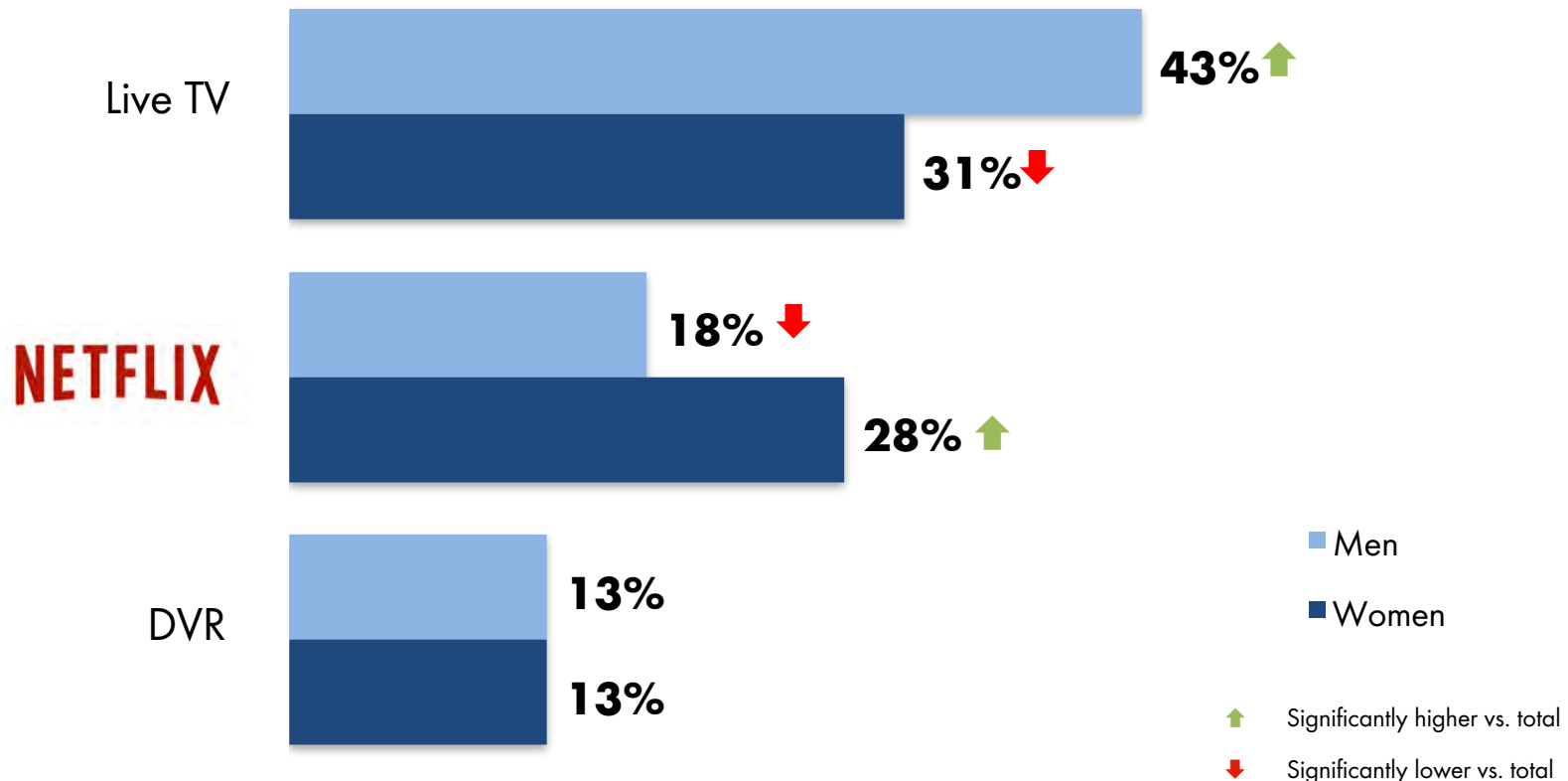
BY FREQUENCY OF BINGE VIEWING



Men are more likely to default to live TV than women; women are more likely to default to Netflix than men

WHICH OF THESE SOURCES IS YOUR DEFAULT SOURCE FOR TV SHOWS?

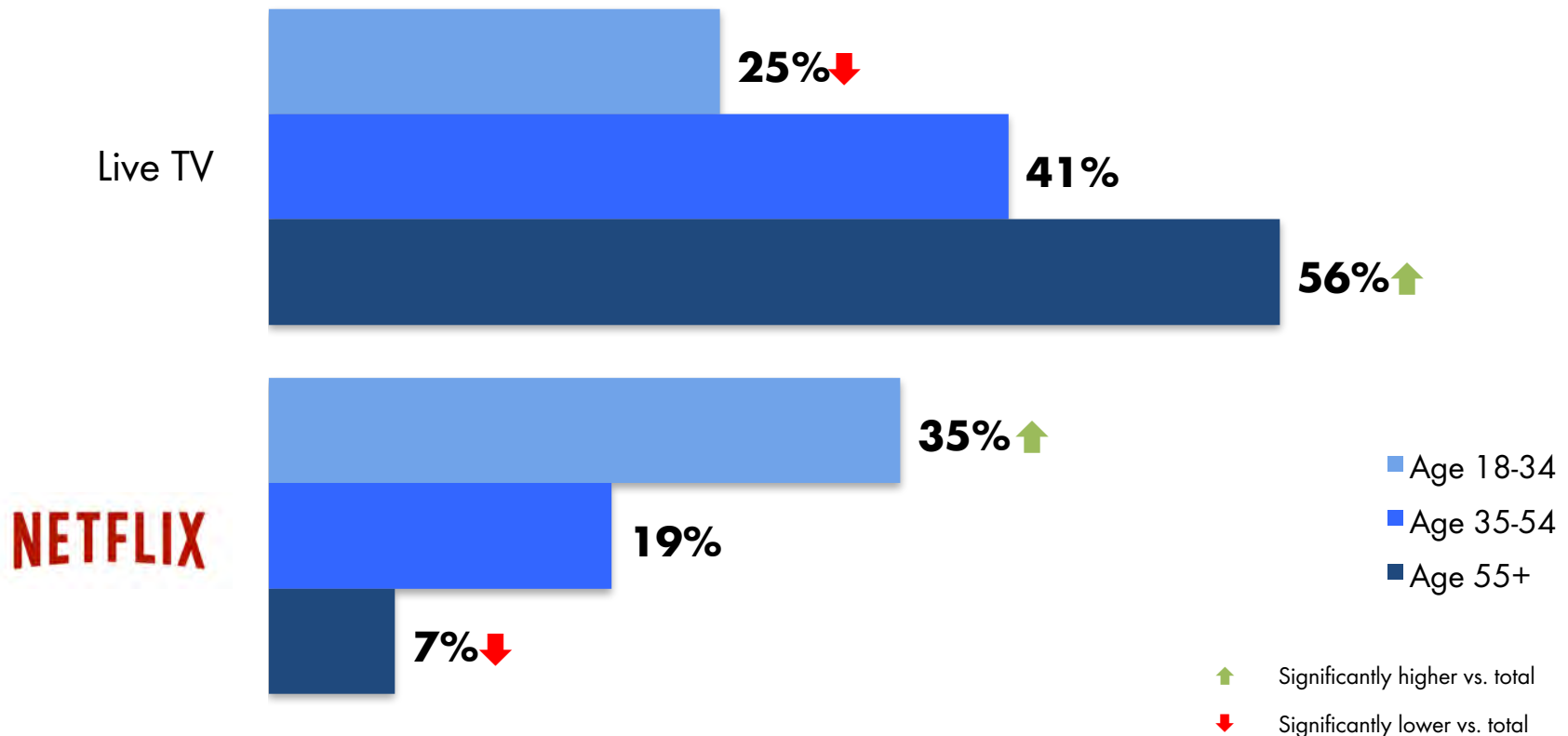
BY GENDER



We also see dramatic differences by age, with young consumers much more likely to pick Netflix as their first TV stop

WHICH OF THESE SOURCES IS YOUR DEFAULT SOURCE FOR TV SHOWS?

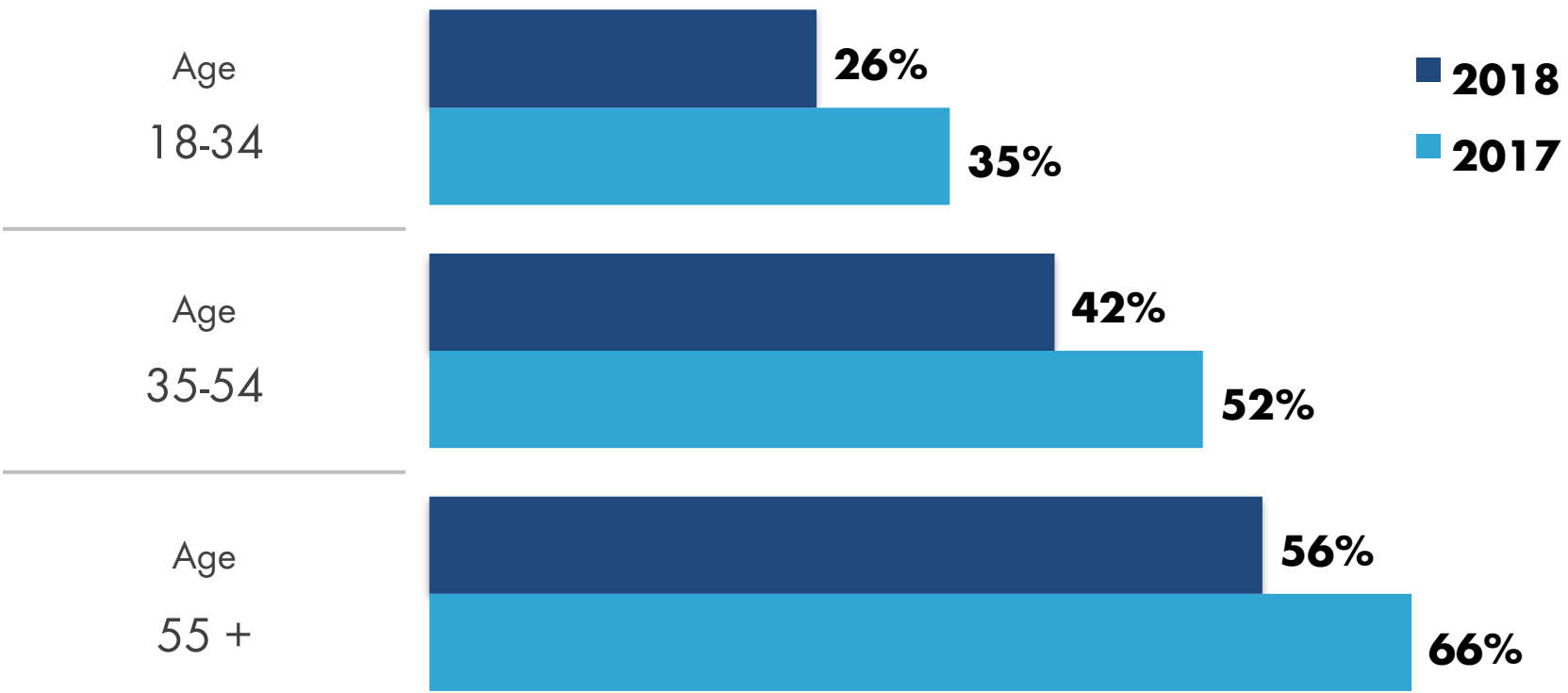
BY AGE



Importantly, live TV has dropped as the default source among all age groups, including older consumers

% WHO DEFAULT TO **LIVE TV**

BY AGE GROUP: 2018 VS. 2017



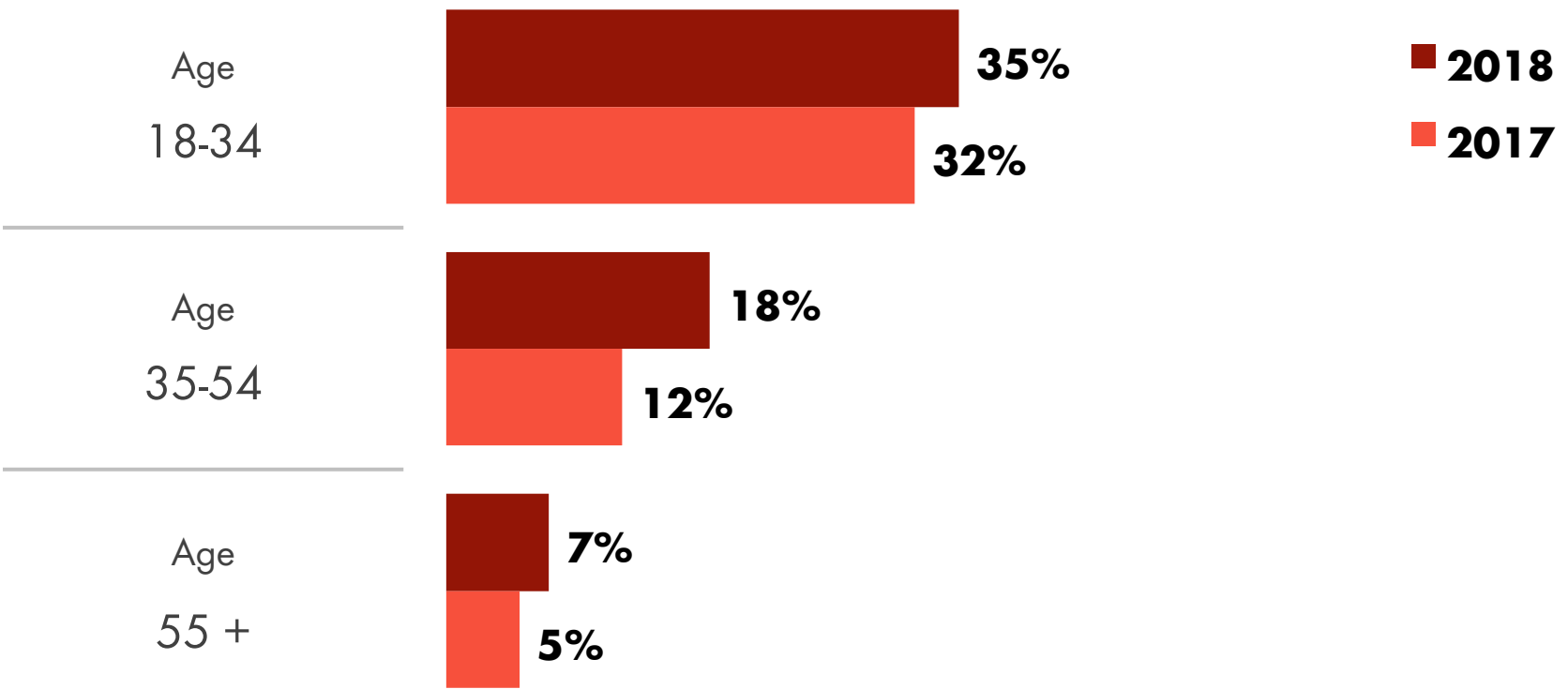
Q6A: Which would you say is your "default" source—the one you are most likely to turn to first when you want to watch something?

NOTE: Based on those watching 5+ hours of TV per week

On the other hand, Netflix has increased at least directionally as the default among each age segment

% WHO DEFAULT TO NETFLIX

BY AGE GROUP: 2018 VS. 2017

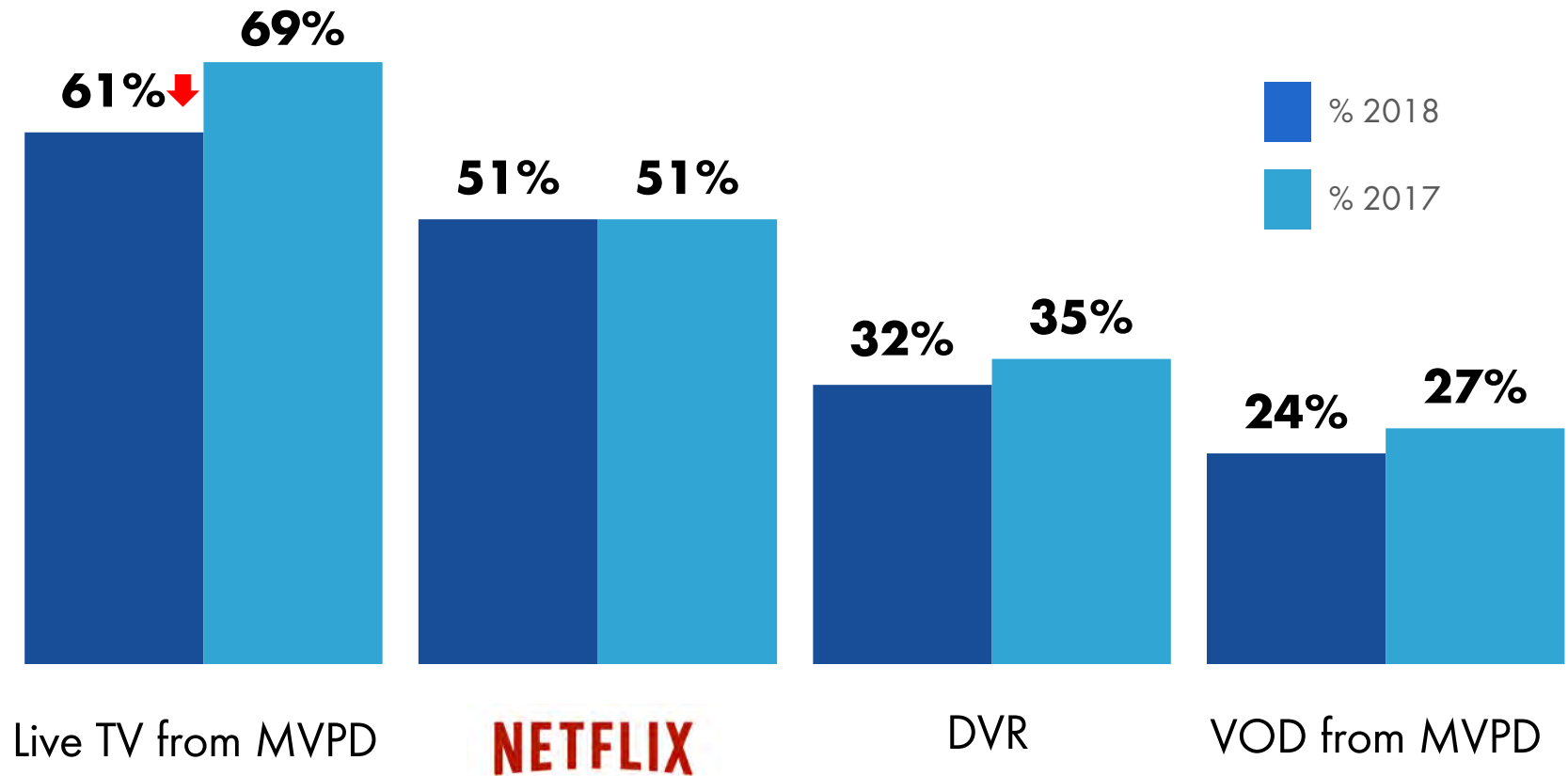


Q6A: Which would you say is your "default" source—the one you are most likely to turn to first when you want to watch something?

NOTE: Based on those watching 5+ hours of TV per week

Live TV has declined as EITHER the default OR a main supplement as well: 61%, vs. 69% in 2017

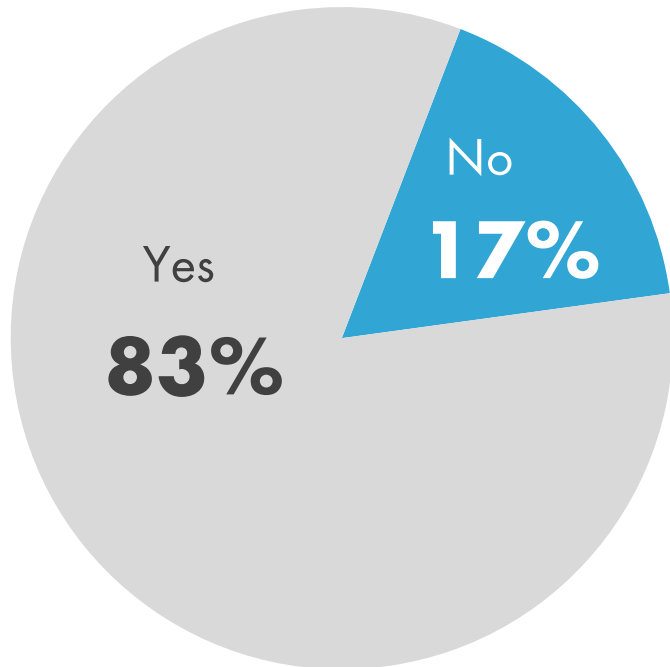
WHAT'S YOUR DEFAULT/WHAT ARE YOUR MAIN SUPPLEMENTS TO YOUR DEFAULT?
Total Default Or Supplement



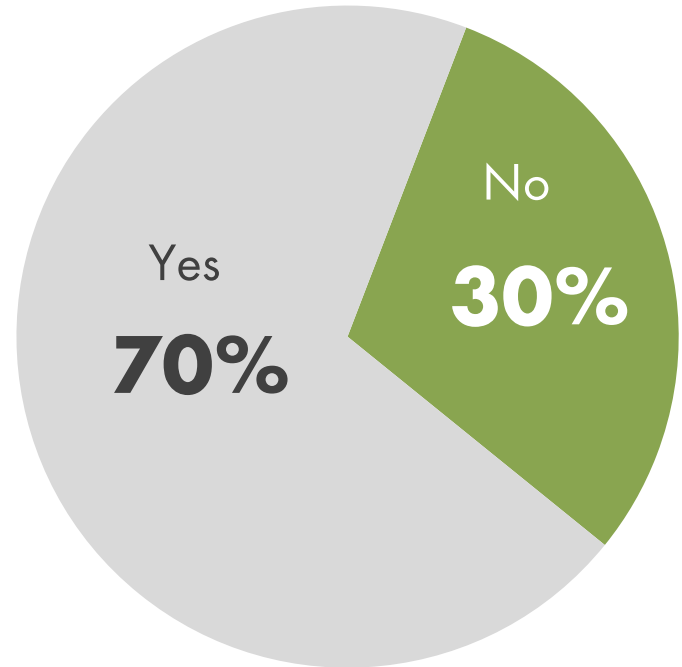
↓ Significantly lower vs. 2017

Nearly 1 in 5 say their default TV source has changed since last year; nearly 1 in 3 say it's changed in the past two years

DID YOU HAVE THE SAME DEFAULT TV SOURCE **ONE YEAR AGO?**



DID YOU HAVE THE SAME DEFAULT TV SOURCE **TWO YEARS AGO?**



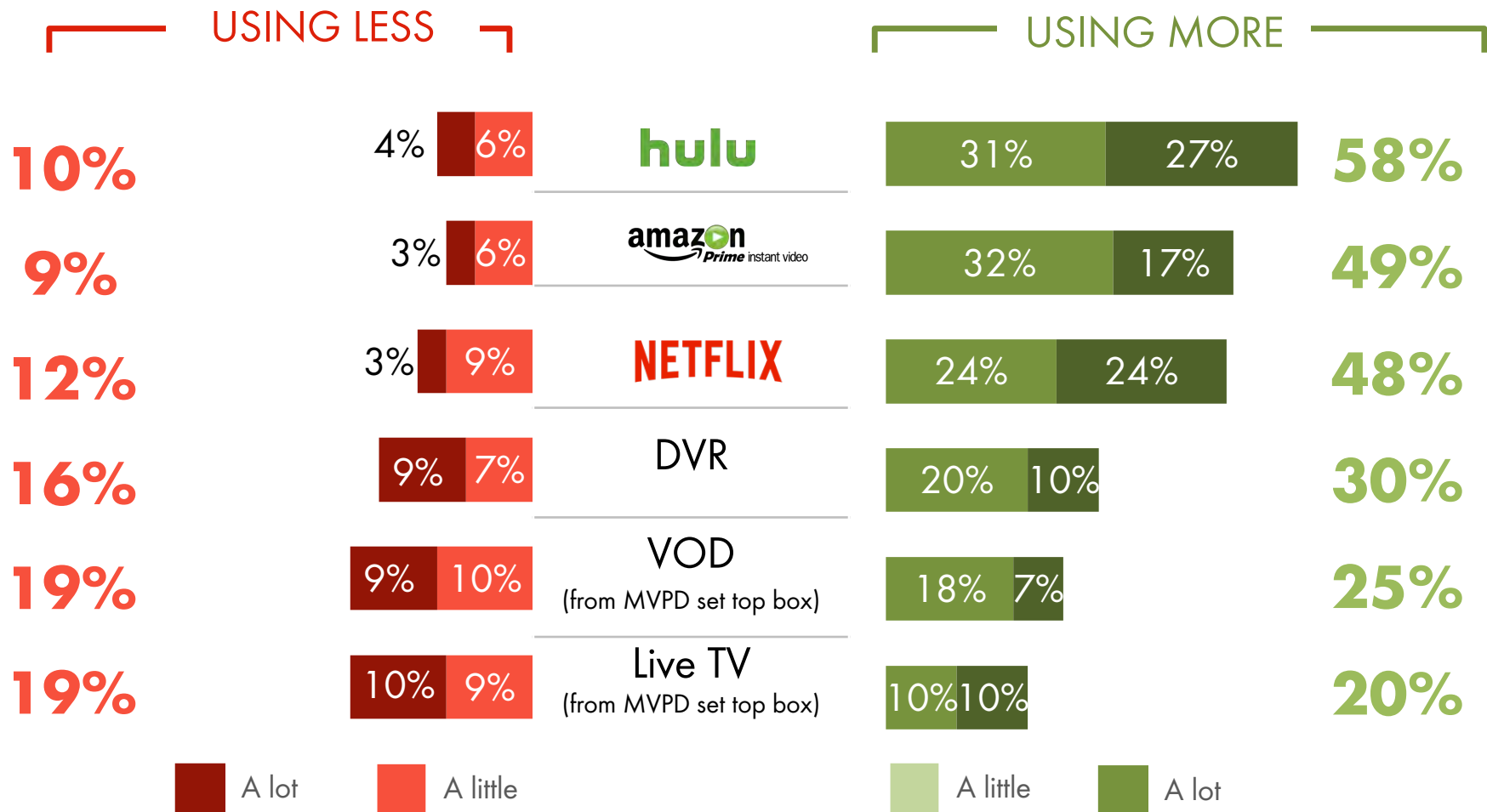
The most common default shift path: from an MVPD set-top source to Netflix, a change made by 8% of all TV consumers

MOST COMMON DEFAULT SHIFTS IN PAST TWO YEARS
% of All Respondents

Former Default	Current Default	%
Any MVPD source (live, VOD, DVR)	NETFLIX	8%
One MVPD source (live, VOD, DVR)	Different MVPD source (live, VOD, DVR)	6%
Online source	MVPD source (live, VOD, DVR)	1%

Consumers are 4-6 times more likely to say they've increased their use of the big 3 SVODs than say they've decreased

ARE YOU USING THAT TV SOURCE MORE OR LESS THAN ONE YEAR AGO?





TV Defaults: by Scenario

In addition to viewers' overall default source, we also asked about their preferred source in specific viewing situations

We presented respondents with
26 viewing scenarios

In addition to viewers' overall default source, we also asked about their preferred source in specific viewing situations

We presented respondents with
26 viewing scenarios

Then: we asked them which TV source
they'd turn on first in each scenario

The situations we tested:

Specific show

Watch a specific show you already have in mind

Channel surfing

When browsing for something to watch with nothing specific in mind

Background

Have a show on in the background while you do something else

Full attention

Focus on a show you're watching without any distractions

Catch-up viewing

Watch an episode of a show from earlier this week that you missed live

Past season viewing

Watch an episode from a past season of a show

Binge viewing

Watch multiple episodes of a show back to back to back

Relaxing

Watch something that will help you relax and not have to think

Watch on the go

Watch something while you're mobile: commuting, in a waiting room, on a break at work, etc.

The situations we tested:

Alone	Watching by yourself
With a Friend	Watch a show together with a friend
With your Significant Other	Watching with your spouse or boyfriend/girlfriend
With Family	Watching with several members of your family
Alone (but Together)	Watching in a room where other people are watching something different on another screen or device
Live Sports	Watch live sports
Breaking News	Watch a breaking news story
Local TV	Watch the local news or other local shows from the area where you live
Morning	Watching in the morning before you leave for the day
Evening	Watching in the evening after dinner

The situations we tested:

Most important viewing

Watch a show or event where you want to make absolutely sure there are no video or technical problems

Connection

Watch a show that helps you feel connected with other viewers

Provocative

Watch a show that makes me think

Reliable

Watch a show that's comfortably predictable

Cheer Up

Watch a show that lifts my spirits

Learning

Watch a show that teaches me something new

Shorter Content

Watch a video that's shorter than a full-length show—for example, an interview with a show's star or a behind-the-scenes video

The most common Live TV “default” use cases: breaking news, local programming, and channel surfing

Live TV

Breaking News

71%

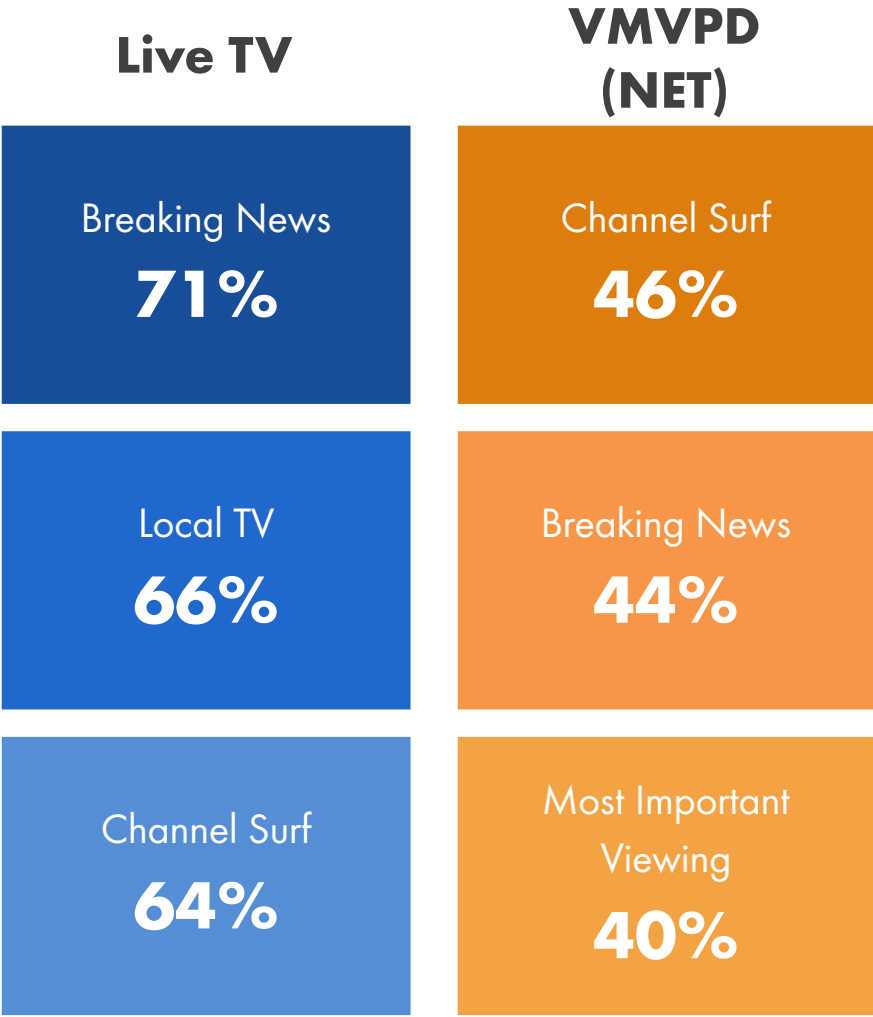
Local TV

66%

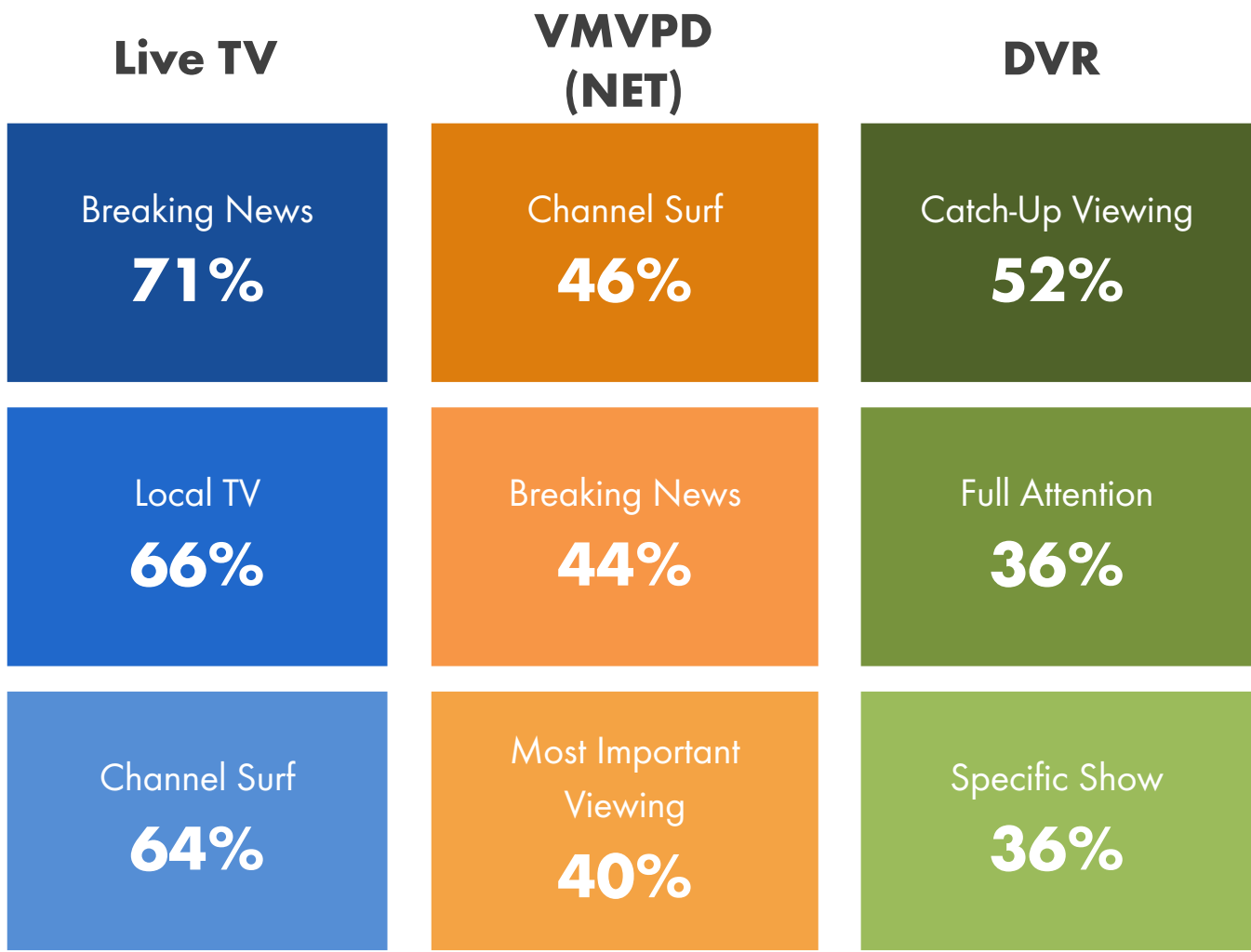
Channel Surf

64%

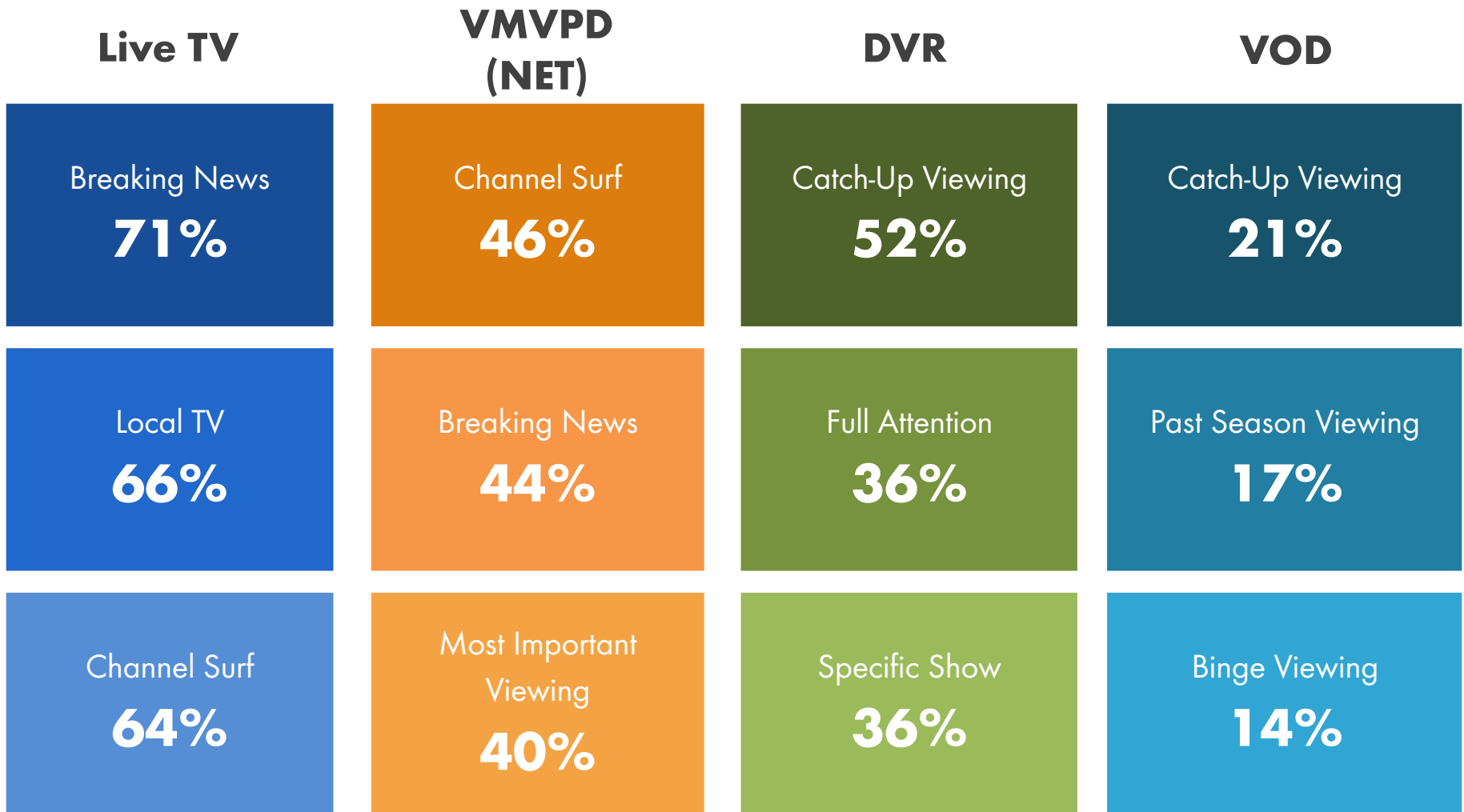
Channel surfing and breaking news are also the most common scenarios for using VMVPDs



DVRs are used mostly when consumers want to catch up, but they're also especially useful when shows require full attention



VOD has a much less clearly defined set of “default” uses, although catch-up viewing comes out on top



Top default situations for SVODs: binge viewing for Netflix, catch-up for Hulu, and past-season viewing for Amazon

NETFLIX

Binge Viewing

59%

Past Season Viewing

49%

Watching Alone

36%

hulu

Catch-Up Viewing

34%

Past Season Viewing

24%

Specific Show

22%

amazon
Prime instant video

Past Season Viewing

14%

Provocative

13%

Binge Viewing

12%



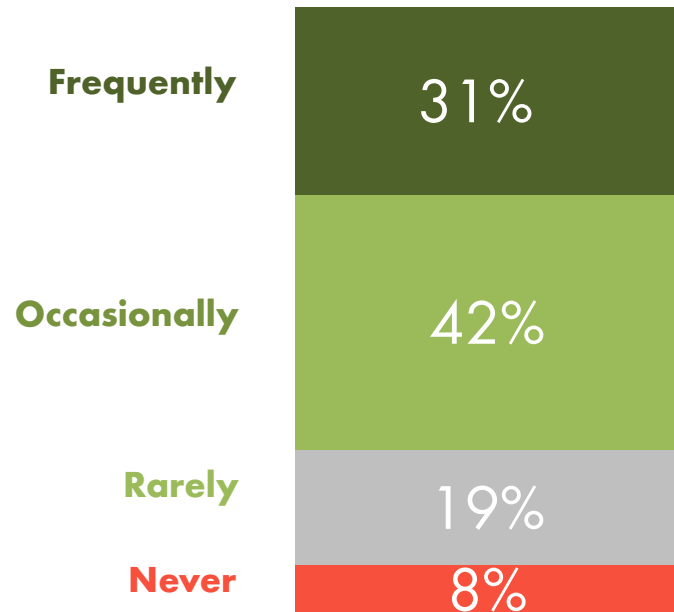
Impact of Original Content

Three-fourths of subscribers to Netflix, Hulu, or Amazon at least occasionally watch online original/exclusive shows

HOW OFTEN DO YOU WATCH ONLINE ORIGINAL SHOWS?

Top 2 Box

73%



**All Subs to
Big 3 SVODs**

Viewing of online originals is dramatically higher among binge viewers vs. non-binge viewers

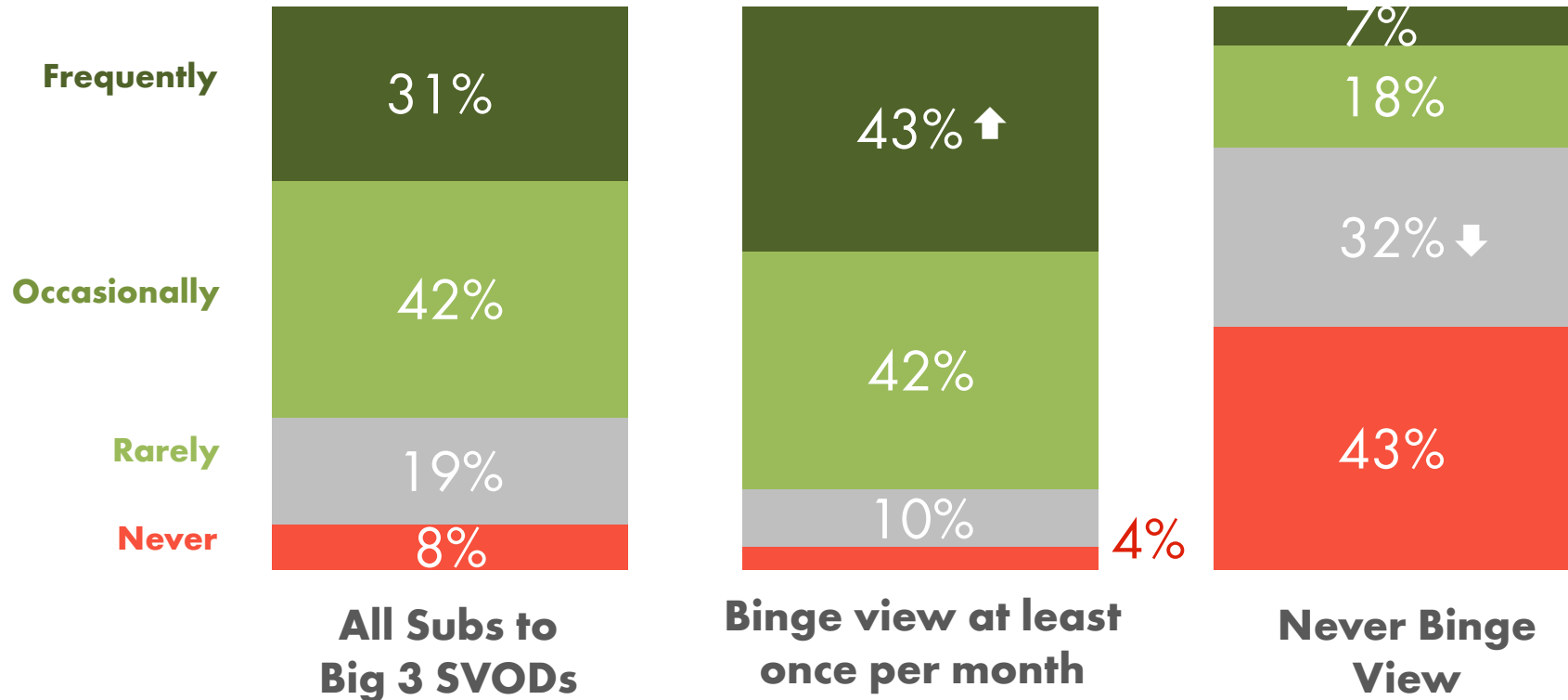
HOW OFTEN DO YOU WATCH ONLINE ORIGINAL SHOWS?

Top 2 Box

73%

85% ↑

25%



↑ Significantly higher vs. 2017 ↓ Significantly lower vs. 2017

Originals are also significantly more popular among 18-34 year-olds vs. 35-64 year-olds

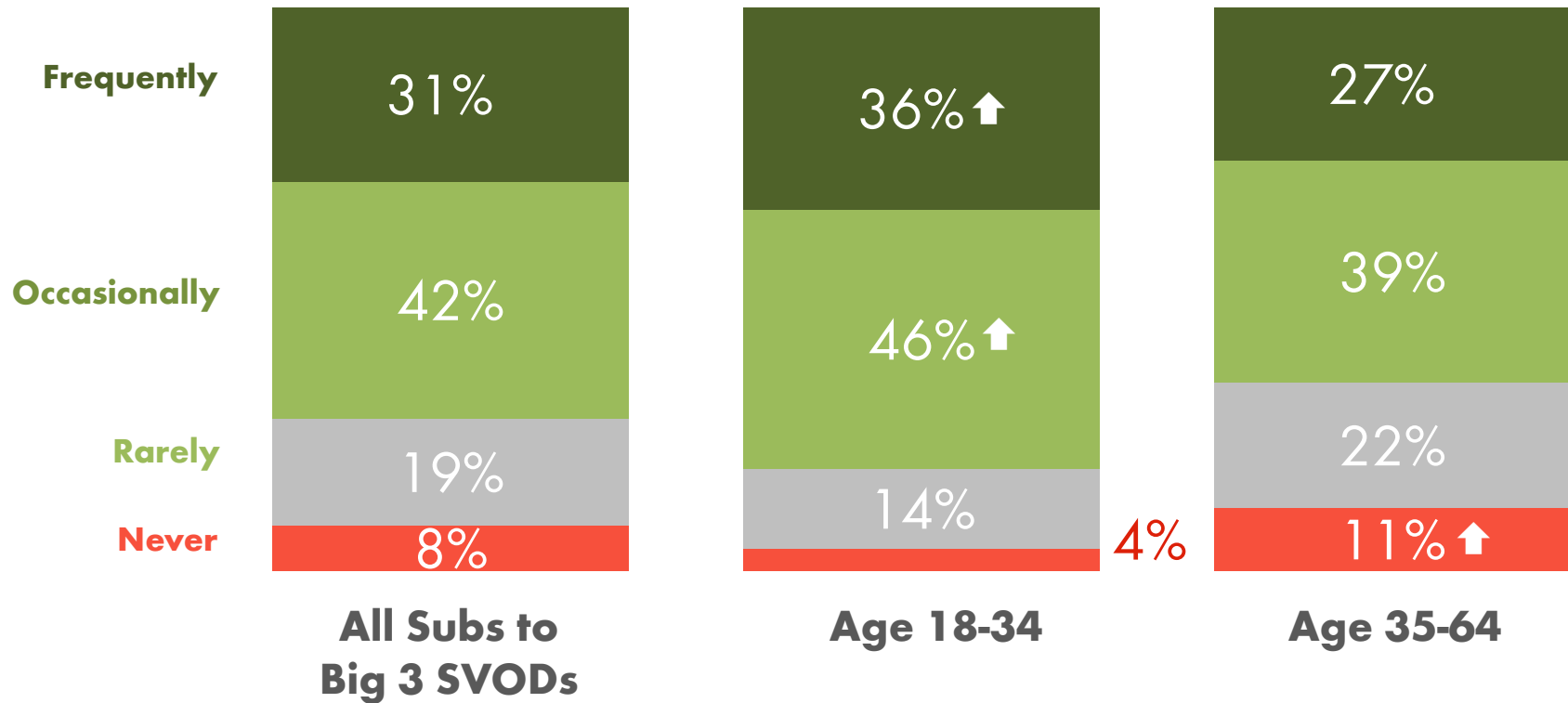
HOW OFTEN DO YOU WATCH ONLINE ORIGINAL SHOWS?

Top 2 Box

73%

82% ↑

66%



Significantly higher vs. 2017



Significantly lower vs. 2017

Two-thirds of Big 3 SVOD subs say online originals make them more likely to treat an SVOD as their default TV source...

HOW LIKELY ARE YOU TO DEFAULT TO AN ONLINE SOURCE FOR TV BECAUSE OF ORIGINAL PROGRAMMING?

Top 2 Box

68%

A lot

30%

Little

38%

Not

32%

All Subs to Big 3 SVODs

Two-thirds of Big 3 SVOD subs say online originals make them more likely to treat an SVOD as their default TV source...

HOW LIKELY ARE YOU TO DEFAULT TO AN ONLINE SOURCE FOR TV BECAUSE OF ORIGINAL PROGRAMMING?

Top 2 Box

68%

A lot

30%

Little

38%

Not

32%

All Subs to Big 3 SVODs

... Including nearly 1 in 3 saying it makes them a LOT more likely

4 in 10 binge viewers say originals make them a lot more likely to default to an SVOD, vs. only 4% of those who don't binge

HOW LIKELY ARE YOU TO DEFAULT TO AN ONLINE SOURCE FOR TV BECAUSE OF ORIGINAL PROGRAMMING?

Top 2 Box

68%

78%↑

36%

A lot

30%

42%↑

32%

4%

Little

38%

36%

64%↑

Not

32%

23%

All Subs to Big 3 SVODs

Binge view at least once per month

Never Binge View

↑ Significantly higher vs. 2017

↓ Significantly lower vs. 2017

Online originals also have a much greater default impact on young consumers vs. older viewers

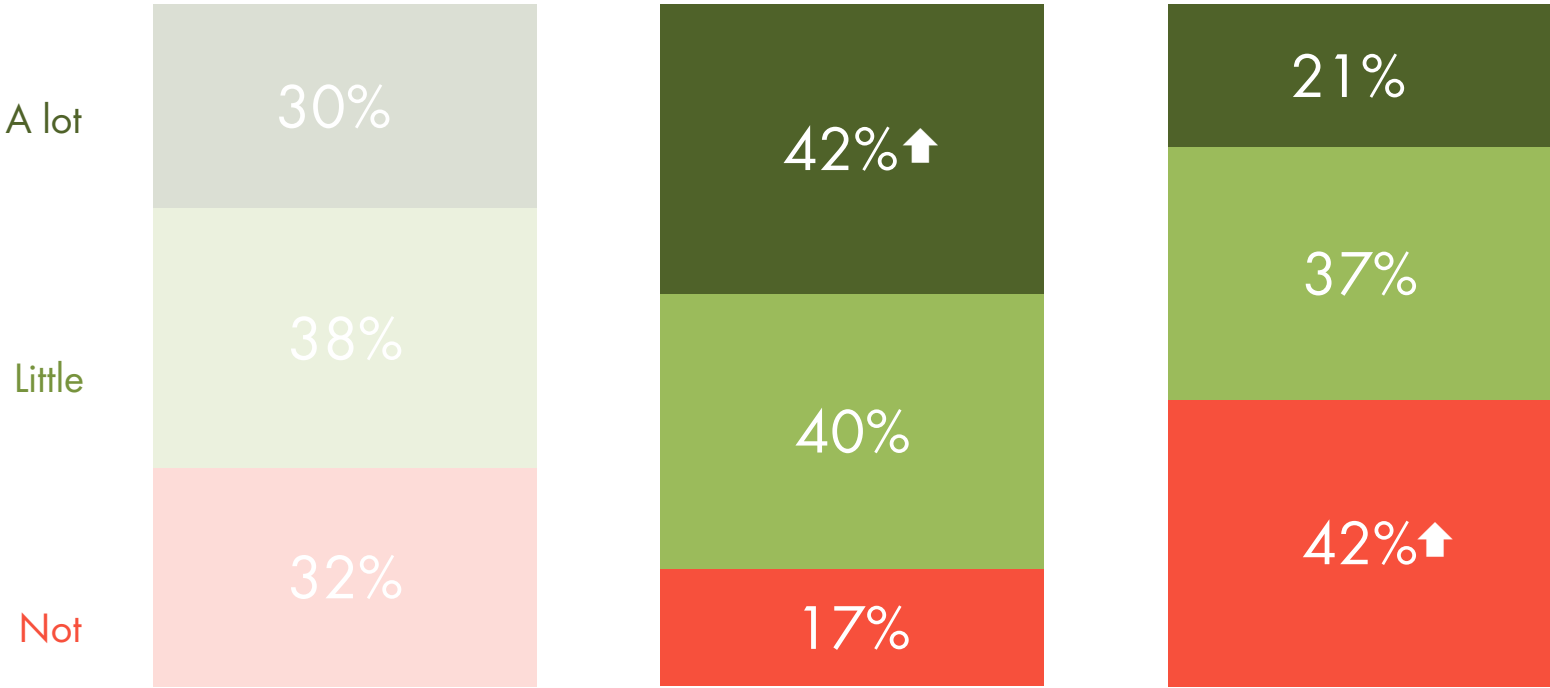
HOW LIKELY ARE YOU TO DEFAULT TO AN ONLINE SOURCE FOR TV BECAUSE OF ORIGINAL PROGRAMMING?

Top 2 Box

68%

82%↑

58%



All Subs to Big 3 SVODs

Age 18-34

Age 35-64

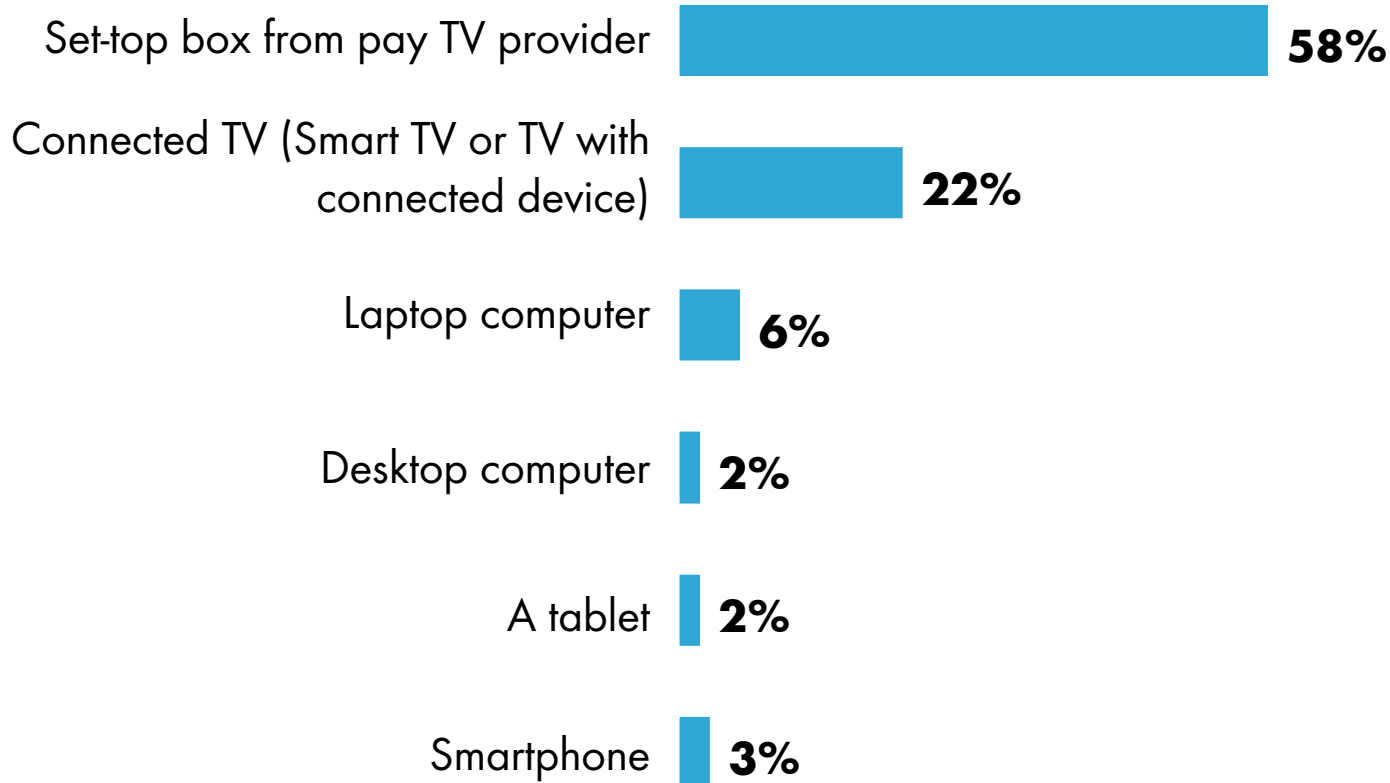
↑ Significantly higher vs. 2017 ↓ Significantly lower vs. 2017



TV Defaults: Screens and Devices

Nearly 6 in 10 TV consumers say the MVPD set-top box is their default viewing device

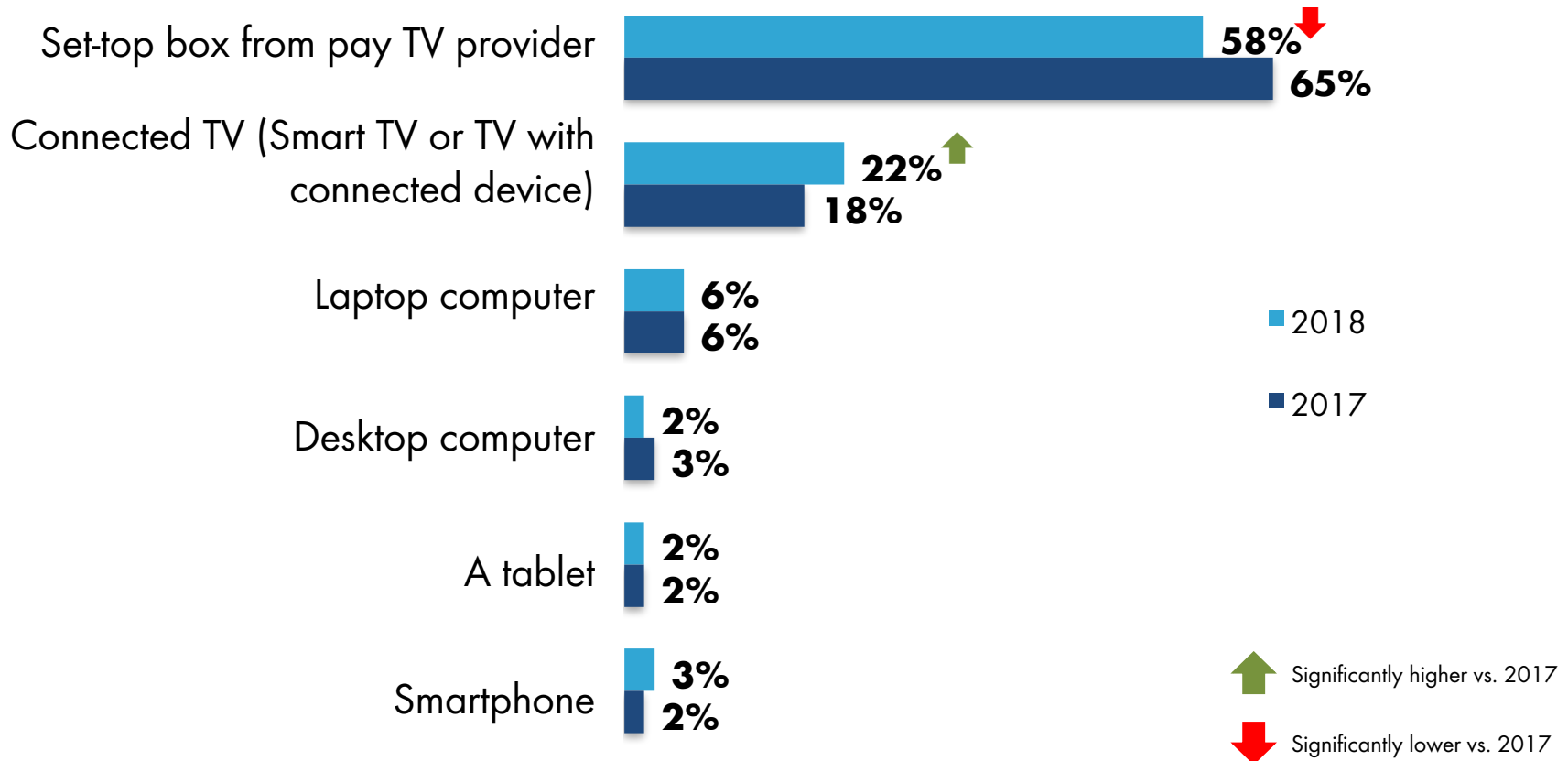
WHICH OF THESE DEVICES IS YOUR DEFAULT FOR TV VIEWING?



However, as with default sources, the set-top box is less likely to be cited as the default device vs. last year

WHICH OF THESE DEVICES IS YOUR DEFAULT FOR TV VIEWING?

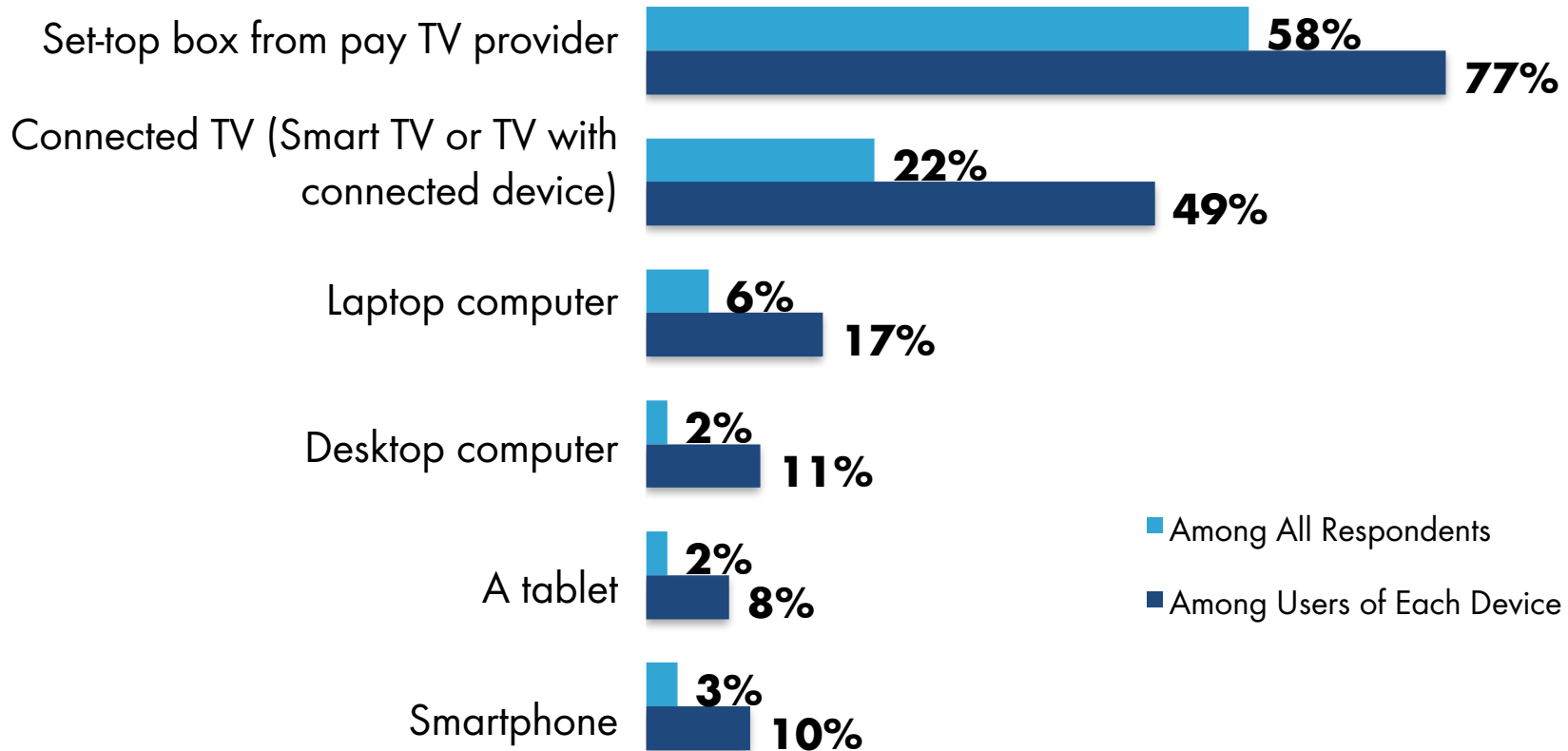
ALL RESPONDENTS: 2018 vs. 2017



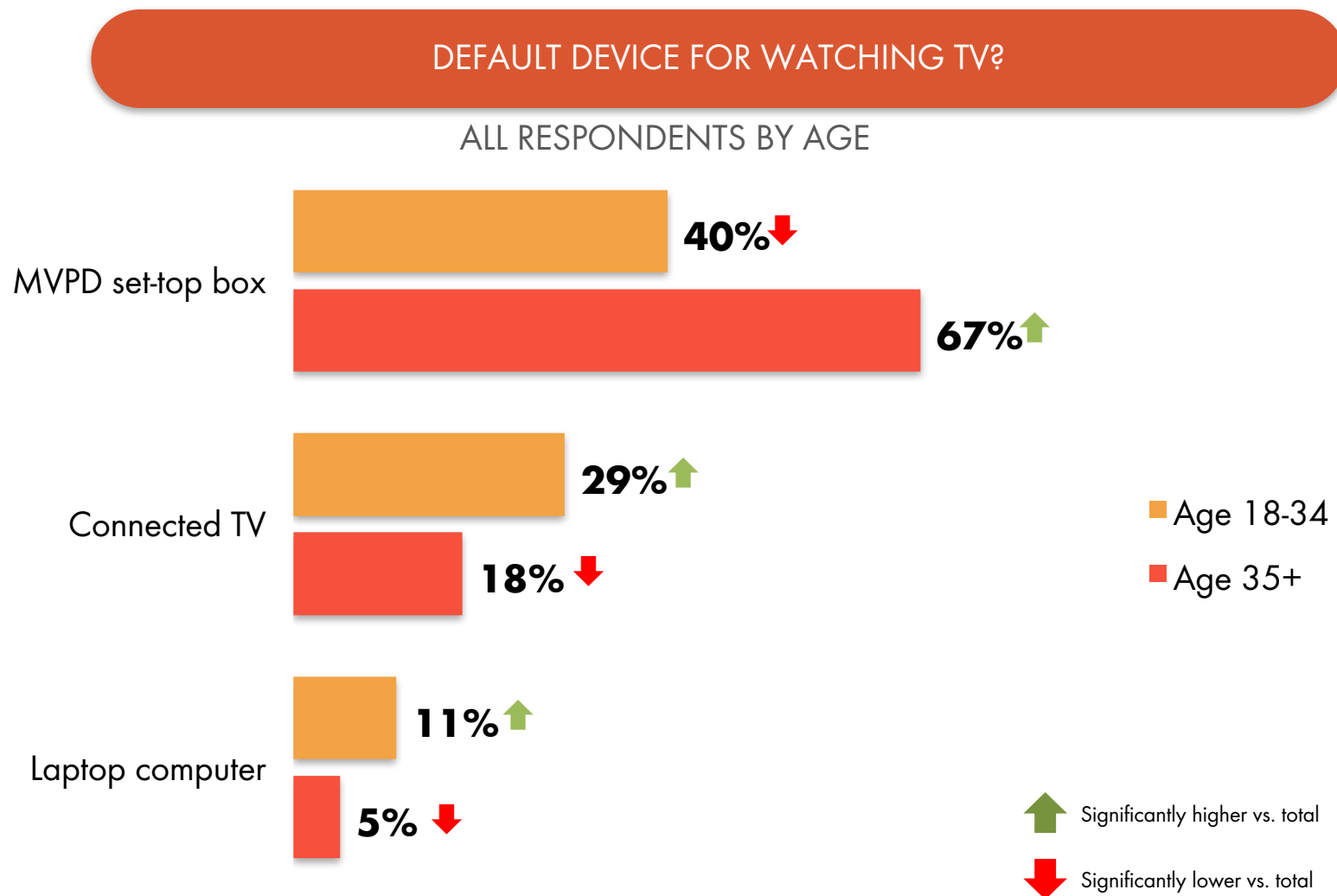
Nearly half of those who have a connected TV (Smart TV or separate device) use that as their device home-base

WHICH OF THESE DEVICES IS YOUR DEFAULT FOR TV VIEWING?

ALL RESPONDENTS VS. USERS OF EACH DEVICE



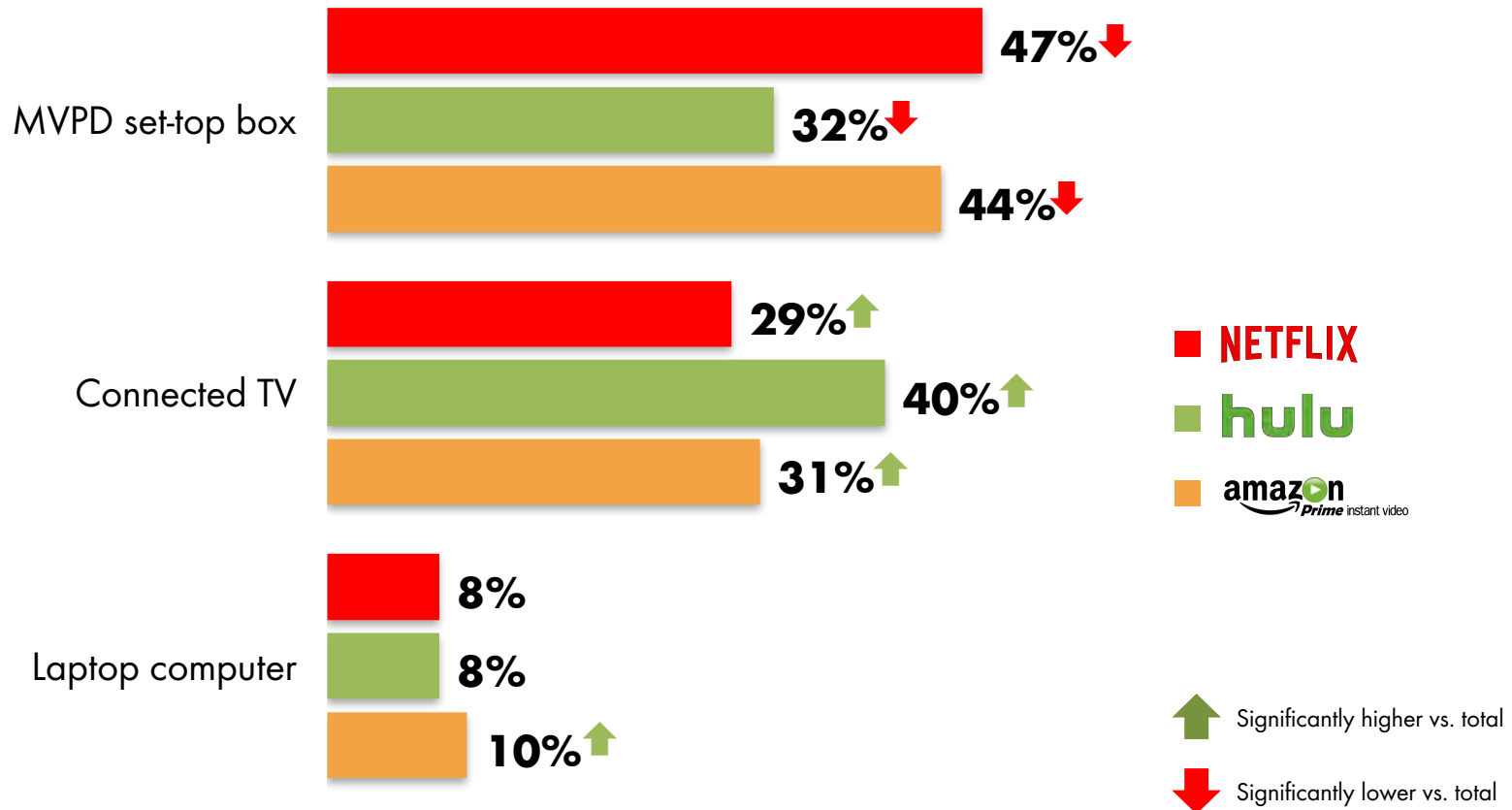
The MVPD set top box is a much stronger first-stop for older consumers than younger consumers



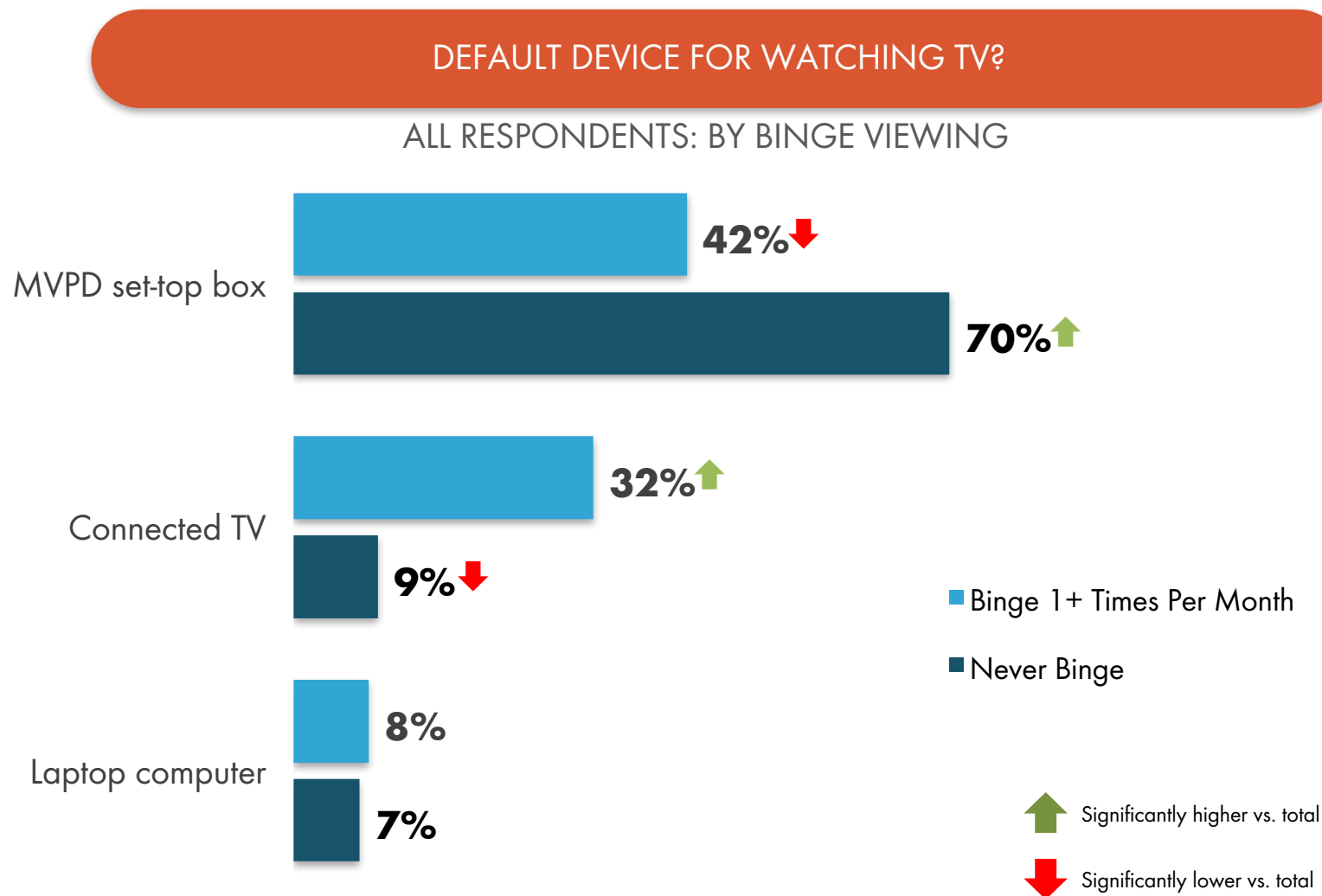
SVOD subscribers are more likely than average to default to a connected TV, especially Hulu subs

DEFAULT DEVICE FOR WATCHING TV?

ALL RESPONDENTS: BY SVOD SUBSCRIPTION

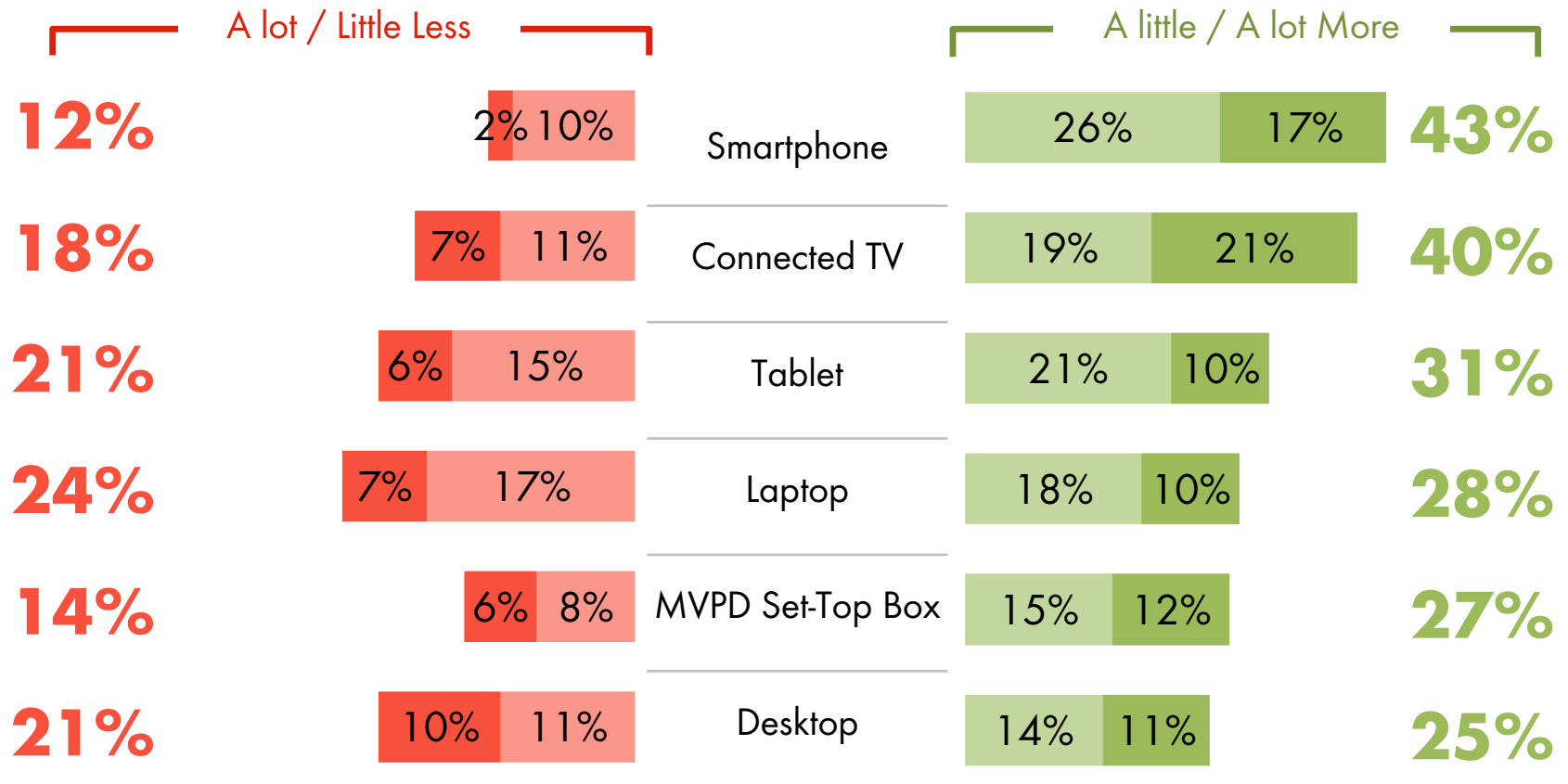


Connected TVs are also more likely to be default devices among binge viewers



Consumers say that on balance, they're using phones and connected TVs more often for viewing than a year ago

HOW DOES YOUR DEVICE USE COMPARE WITH 1 YEAR AGO?





Credential Sharing

One-fourth of all consumers have given out their online TV credentials to a family member or friend

HAVE YOU EVER **GIVEN SOMEONE YOUR ACCOUNT INFO**
TO WATCH TV SHOWS ONLINE?

Yes, a family member  **23%**

Yes, a friend  **7%**

No  **74%**

26%

have given someone
else their account info

A higher 3 in 10 have used someone else's online TV credentials to access content

HAVE YOU EVER **USED SOMEONE ELSE'S ACCOUNT INFO**
TO WATCH TV SHOWS ONLINE?

Yes, a family member  **23%**

Yes, a friend  **9%**

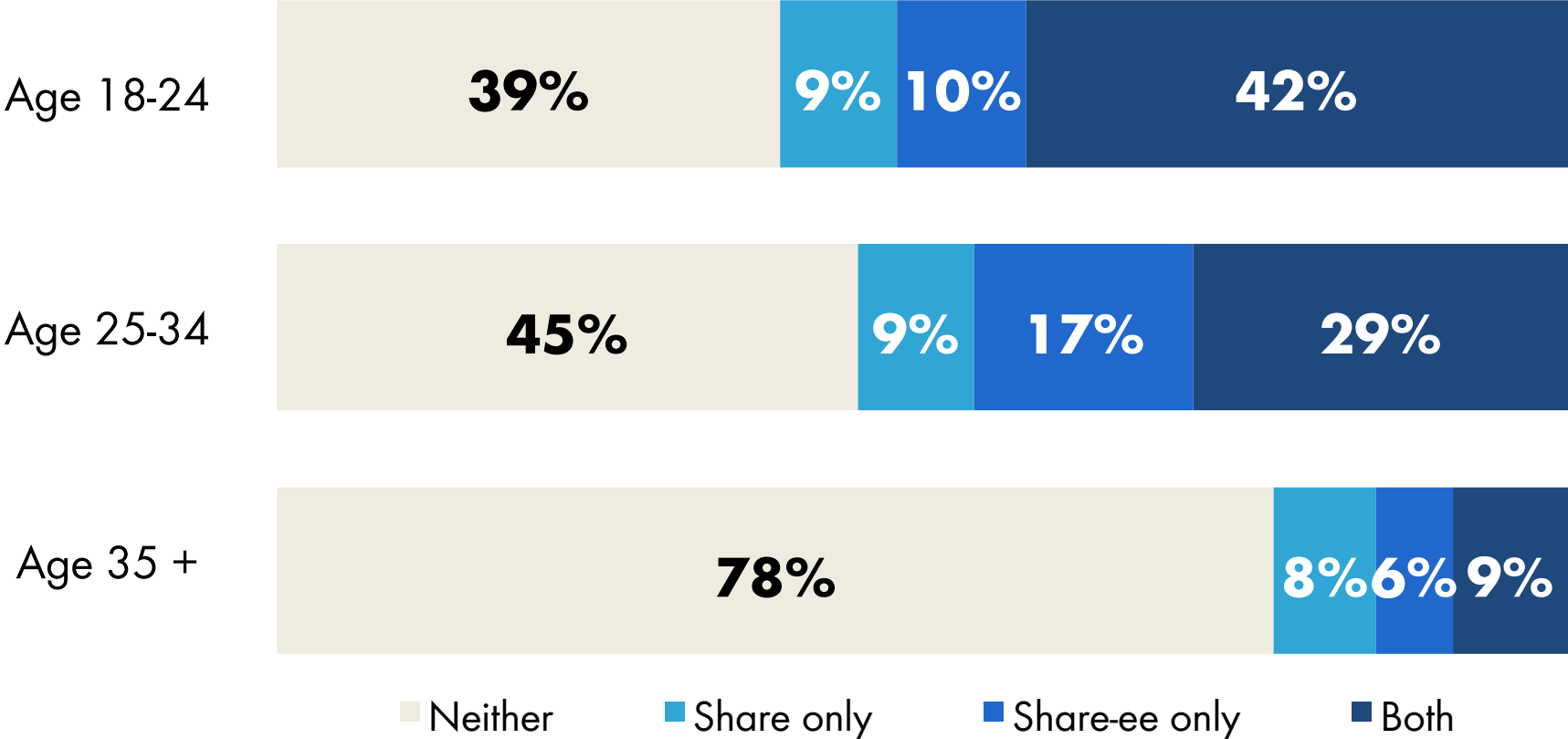
No  **71%**

29%

have received someone else their account info

More than 4 in 10 of the youngest consumers have BOTH given out and used someone else's login information

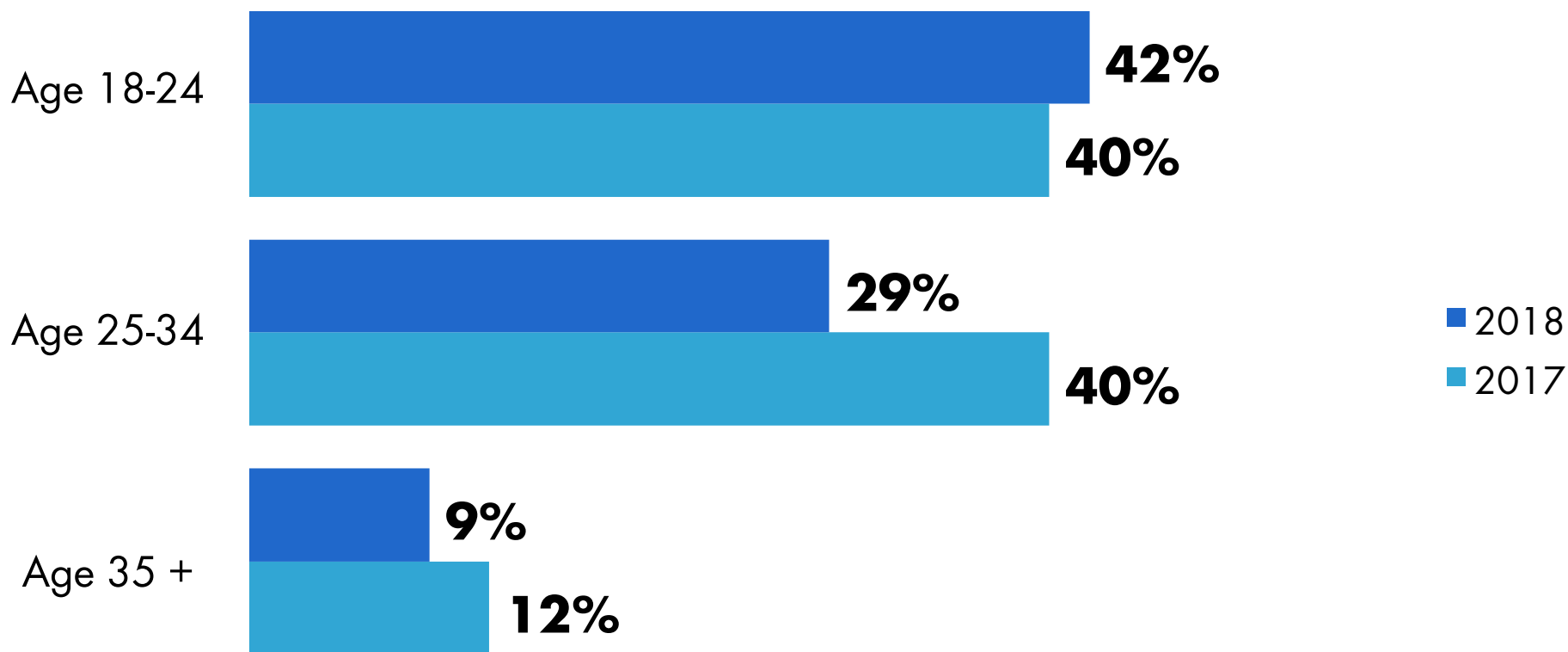
HAVE YOU SHARED OR USED ANOTHER'S ACCOUNT INFORMATION?



Q5A: Have you ever given your login information to a family member or to a friend?
Q5B: Have you ever used the login information of a family member or friend?

The proportion of “givers AND receivers” is higher among 18-24 year-olds than last year

HAVE YOU SHARED OR USED ANOTHER'S ACCOUNT INFORMATION?
% WHO BOTH GIVE TO OTHERS AND USE OTHERS



Young viewers are also more likely to have used someone's else's account very recently: i.e., "today"

WHEN WAS THE LAST TIME YOU
USED SOMEONE ELSE'S ACCOUNT?

AMONG THOSE WHO HAVE USED SOMEONE ELSE'S CREDENTIALS

Age 18-34

Age 35+

18%

Today

10%

16%

Yesterday

19%

21%

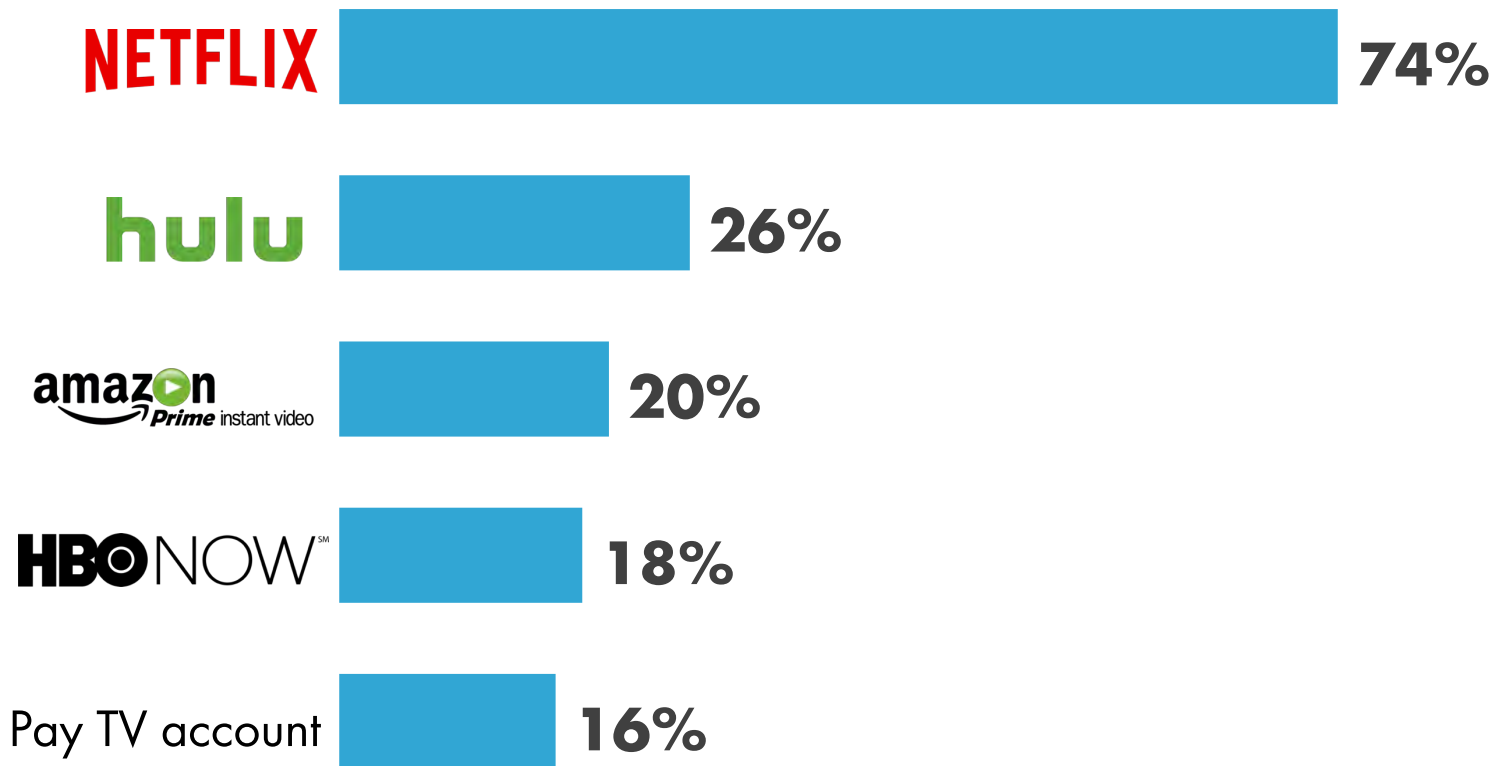
This week

16%

Those who have used someone else's log-in are much more likely to have used it for Netflix than for any other service

ACCOUNT SHARE-EES: WHICH PLATFORMS DID YOU USE?

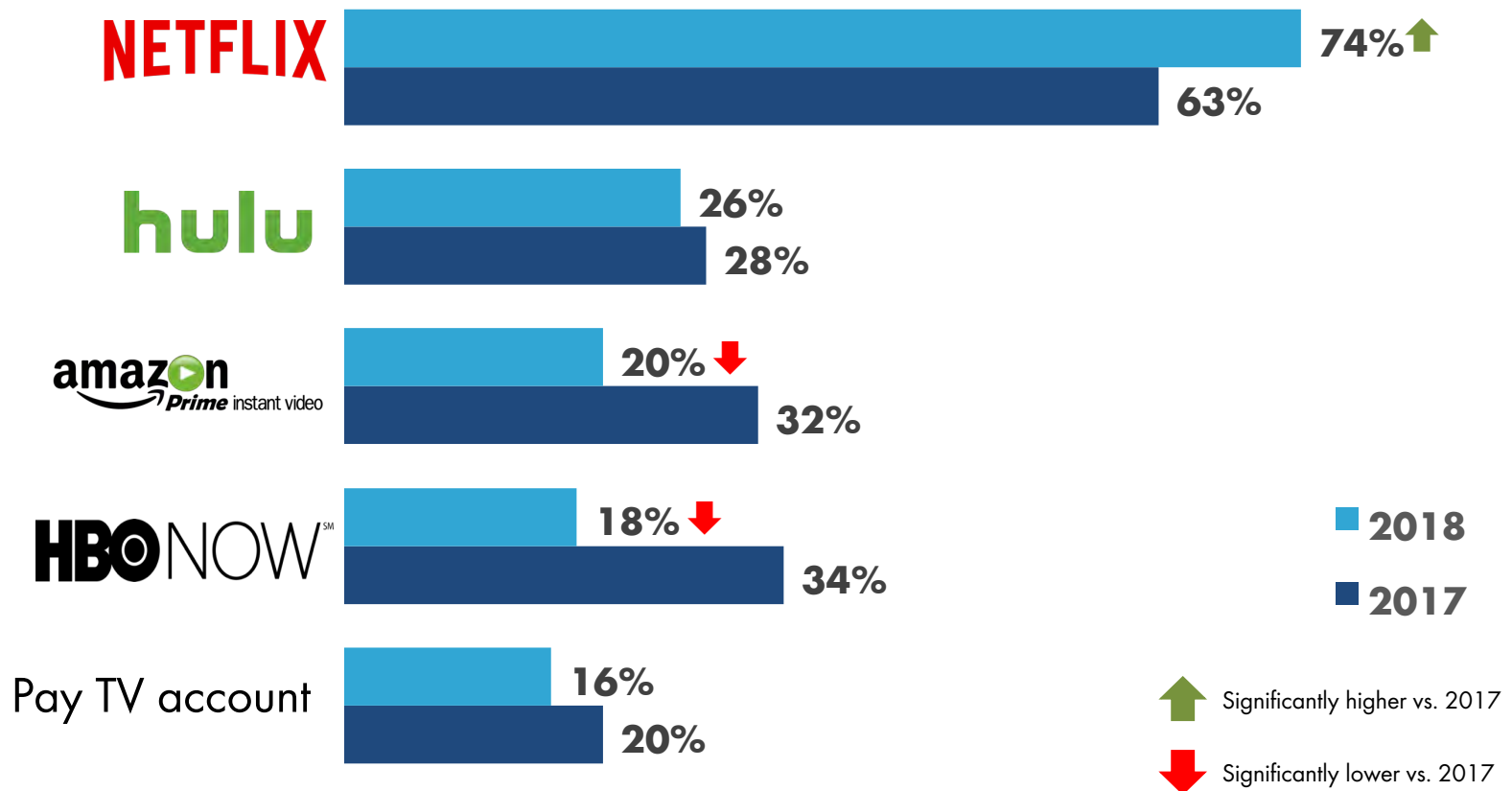
AMONG THOSE WHO HAVE USED SOMEONE ELSE'S CREDENTIALS



The proportion using someone else's Netflix credentials has jumped more than 10 points in the past year

ACCOUNT SHARE-EES: WHICH PLATFORMS DID YOU USE?

AMONG THOSE WHO HAVE USED SOMEONE ELSE'S CREDENTIALS





Conclusions

Decoding the Default

- The number of TV sources available to consumers continues to grow
 - And rather than pick just one, viewers are adopting many
 - In that environment, the source they consistently turn on first is likely to be the one they'll stick with long-term, especially if they decide to scale back
- The MVPD set-top box has been steadily losing ground to online options as the TV default
 - One reason: linear TV's sweet spot has become relatively limited: It's the default for breaking news, sports, and lean-back viewing
 - ...While online sources are meeting a broader range of important needs: binge viewing, past-season catch-up, and provocative online originals
- Service integration is one way MVPD set-top sources can stay relevant as a TV home base
 - Namely, by offering the best of both live and OTT content, at a price point consumers are happy with
 - Otherwise, we may begin to see a shift: from live TV as the most common TV default, to live TV as a supplement to online rivals

