



Zooming in on household viewing habits



Building a better
working world

The content landscape

Zooming in on household viewing habits is the next in a series of findings from EY annual research into household attitudes and habits towards technology, media and entertainment and telecommunications (TMT) products and services within the home. The insights from the online survey of 2,500 UK consumers, conducted in September 2018, open the door into the nuances of today's digital household.

This report highlights the relationship of UK audiences to content services, examining what people watch, how and why. It reveals fascinating insights into how generational differences are shaping today's content consumption.

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1 The rise of digital

Households are changing how they consume content



The internet is displacing traditional TV

TV remains the cornerstone of video consumption, with 51% of households taking a broadband package that includes pay-TV. However, the balance has shifted as online habits consume a greater share of leisure time. Fifty-four percent of households have someone who spends a lot more time on the internet than watching traditional TV.



Broadcast TV viewing fading for younger audiences

While 42% of households watch broadcast TV channels nearly every day, this proportion falls substantially among younger groups. Only 17% of 18-24 year olds watch broadcast TV nearly every day, and this is well below the proportion who watch content streamed from dedicated platforms nearly every day.



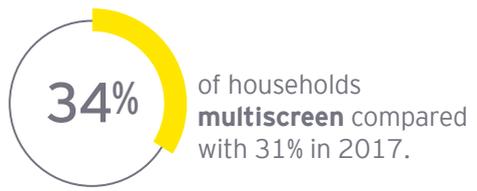
Streaming is a reality

The push of global streaming powerhouses combined with strong local brands has driven the uptake of streaming services. Thirty percent of households state that streaming via the internet is the primary way they watch TV programs and films at home. This jumps to 64% for younger consumers, those aged 18-24 years.



Multiscreen is the new norm

Just over a third of households (34%) often stream video content on multiple devices at the same time, up from 31% in 2017. Younger users are leading the way, with 62% of 18-24 year olds choosing to multiscreen. This is 10 times more than those aged over 66 (6%).



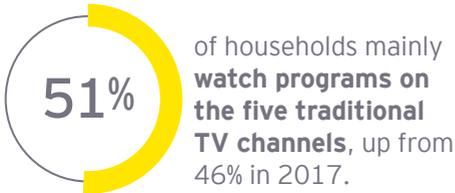
2 The confusion of too many content options

The enduring popularity of traditional channels alongside the mix of new services and formats leaves consumers frustrated about tracking their content choices



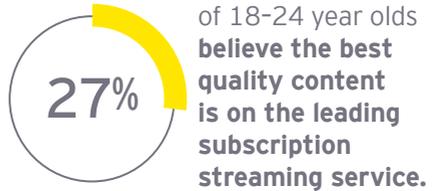
Traditional channels hold their own

Despite the spread of content options, the popularity of the traditional, incumbent channels remains surprisingly robust, irrespective of age. Half of households (51%) mainly watch content on the traditional channels. Perhaps surprisingly it represents an increase from 46% in 2017.



Streaming is a quality option

Streaming providers have established their credibility in the consumers' consciousness. Among all channels and content services in the UK, including the traditional channels, the leading subscription streaming service ranks third in terms of the best quality of content (13%) an increase of 3% from 2017. Most notable is how among those aged 18-24, over a quarter (27%) believe this leading subscription, streaming service has the best content of all services and channels.



Short form adds to the mix of content choices

The adoption and popularity of different content formats is also influenced by age. In viewing short form video clips online, three quarters (76%) of the 25-34 age range are doing so, this is up from 72% in 2017. The penetration of tablets and premium smartphones is driving consumption for many of this millennial age group. In comparison, for those aged over 66, the consumption of short form slumps to 31%.



Too much content causes confusion

24% of all households said they found it difficult to track the availability of their favorite content across different services, apps and platforms. Notably for those aged 18-24, who are more likely to engage with multiple content providers, the figure rose to 39%. TMT companies will need to give consumers greater clarity and become more proactive in providing and even pushing content.



3 Making money from content

The evolution of what audiences value and are willing to pay for is driven by generational preferences



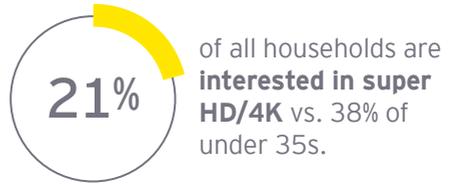
Value for money streaming

Consumers are becoming more discerning about the services they subscribe to and pay for. So far, the UK has remained relatively unscathed by cord cutting but pay-TV service providers need to be wary. Almost half (44%) of households that stream content see better value from their streaming provider than from any pay-TV operator they subscribe to. Add to that the undecided (30%) and it rises to nearly three quarters of households.



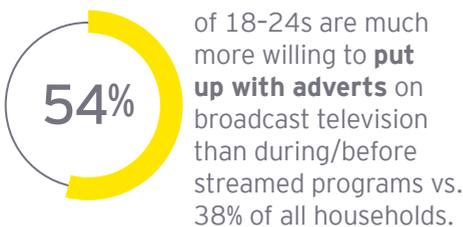
Assumptions on premium are challenged

As content distributors deploy premium and add-on services to extract greater value from households, there is clearly no one-size-fits-all. A nuanced approach is needed. For example, despite heavy investment by device companies and content distributors, on average only 21% of households expressed an interest in super HD or 4K. Skewed by age, the average for under 35s rises to 38%.



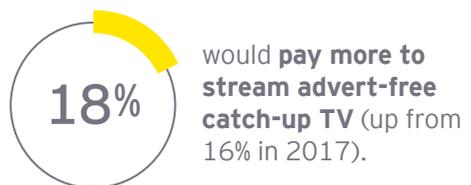
A time and place for advertising

With the rise of streaming services alongside traditional broadcast models, there is a distinction in the mind of consumers in the value proposition of these different services. Leading streaming services are less reliant on advertising or avoid it entirely, which is reflected in consumers' attitudes. Thirty-eight percent of households are much more willing to put up with adverts on broadcast television than streamed services. It jumps to 54% for those aged 18-24.



Two sides to the advertising coin

Traditional channels can take hope from audiences' greater willingness to accept advertising on broadcast television. As they evolve their streaming platforms, they can also take hope from audiences' willingness to pay for a premium to stream catch-up TV without advertising. At the right price point 18% of households agree that they would pay a premium to stream catch-up TV without advertising. A number that increases year-on-year.



4 Priorities for content companies

1

Be “intelligent” about getting content to audiences

Increasingly, audiences struggle to keep track of their content services and navigate their options. TMT companies will need to move away from traditional models of program guides and big budget marketing, instead building artificial intelligence (AI) enabled recommendation engines to “push” content. In doing so, they will improve user experience, reduce marketing costs and better exploit their content assets.

2

Tap into premium demand scenarios

Only a deeper understanding of preference can ensure content companies avoid being swept up in the hype of new technologies and services. TMT companies can unlock premium services by being strategic in how they invest in, utilize, price and bundle technologies to reach audiences in the home. They need to effectively balance “upselling” premium services to realize value without “over selling” which ultimately frustrates consumers, damages relationships and destroys value.

3

Obsess about your consumer

Consumers vary significantly in how they consume content and attribute value. Leading TMT companies need to move even further away from one-size-fits-all towards personal experiences. This will involve consolidating their data and insights, aligning their organization around a single view of each customer and building a platform of meaningful offerings and services that can be easily and intuitively customized.

We hope you have found this useful – and there is more to come.



Overall report



Out now.

Visit ey.com/uk/tmtdigitalhome2019 to open the door into the nuances of today's digital home.

1 Zooming in on household viewing habits

The following upcoming reports on the digital home will focus in-depth on specific areas to draw out fresh insights from the research. Take a look at what you can expect to come and an extra sample of the findings.

2 Taking new steps into the smart home

32% of households would like to control their home appliances through a new device or app.



3 Putting trust at the heart of the digital home

43%

agree that GDPR will significantly improve the security of their personal data.

4 Dispelling the myth of the digital native

53%

of 18-24 year olds like to have the most up-to-date smartphones compared with 23% of everyone else.

5 Exceeding customer expectations

32%

of households would pay more for their broadband in return for good customer service.

For more insight into the digital home and how to serve it, please contact:

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