IAB Ireland

Video On Demand – Wave 2

May 2015

In association with:

Agenda

REACH

What is the reach of VOD & who is a VOD user?
(Market Reach & Profile)

TRENDS

What are the key market trends for VOD usage in the last 6 months?

TIME

How do VOD viewers spend their time viewing VOD across various platforms and vs. TV?

REACTION

How do VOD viewers react to advertising?

Study Methodology

iab Ireland wanted to understand and provide marketers with a wide range of insights into the consumption and attitudes towards **Video On Demand (VOD)**

About the study

The first wave of this online survey was conducted by Nielsen in September 2014, and presented to the industry in early December.

The second wave took place in March 2015, and comprised of two phases:

1. A population representative sample of 796 Adults 16+ to measure the reach & profile of VOD viewers in the country

2. A sample* of 1,021 Adults 16+ who are VOD viewers to understand their VOD behaviour in the last 6 months, and to identify any trend changes vs. the previous wave conducted in September 2014 [Wave 1 = W1]

*Wave 2 sample in March 2015 was matched on age, gender, housekeepers, and housekeepers with kids to Wave 1 sample that was conducted in September 2014

Definitions

- *By VOD we mean streamed and downloaded content*
- VOD includes both professionally produced and user-generated content, whatever the length of the video.
- *By online we mean activity on any device e.g. tablet, smartphone, desktop, SmartTV, games console*.

For ease of understanding

There are two forms of content duration are referred to throughout the presentation. For ease of understanding, they'll be referred to as follows:

- Short-form = < 10 mins
- Long-form = > 10 mins

Similarly, references to housekeepers & housekeepers with kids will be referred to as follows:

- HSK = Housekeepers
- HSK+K = Housekeepers with kids

Key Insights

1. Two-thirds of Irish adults have viewed VOD in the last six months

2. Daily VOD consumption has increased across all demographics, and by 5% overall

3. VOD delivers hard to reach audiences

4. Free services are the most popular platforms and deliver the highest reach

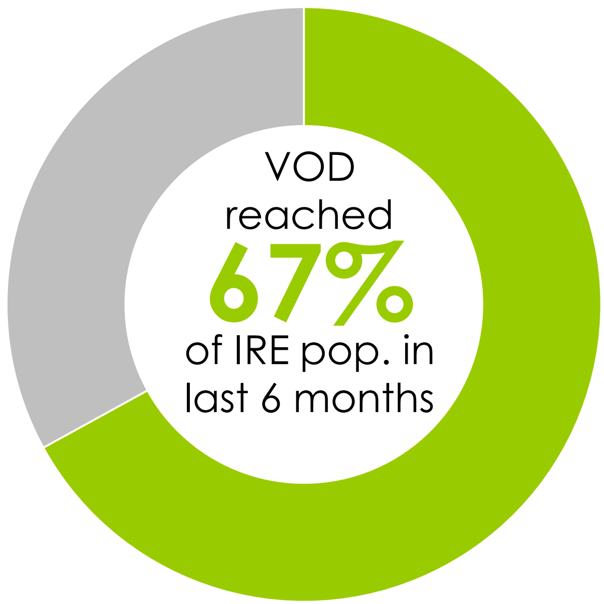
‘REACH’

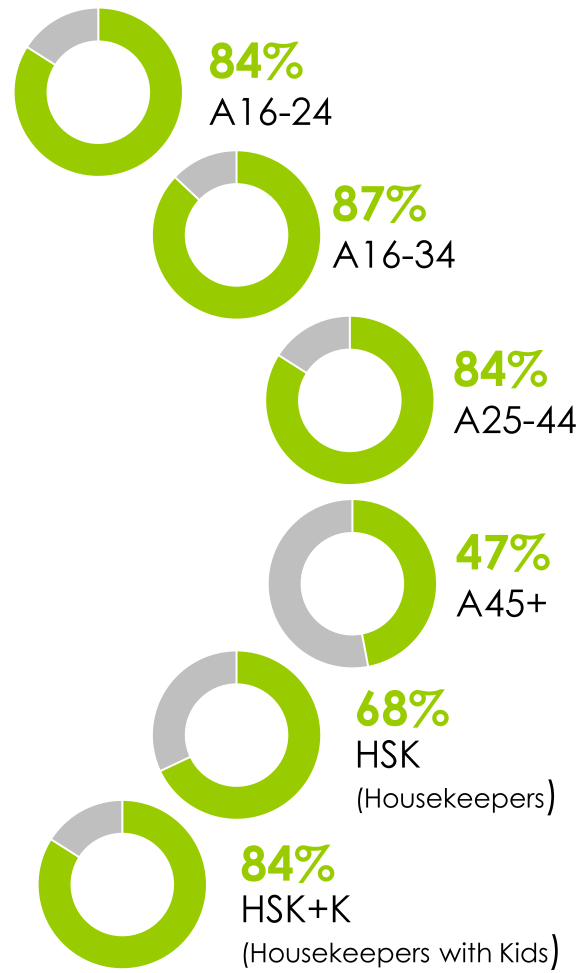
What is the reach of VOD & who is a VOD user?

(Market Reach & Profile)

2 in 3 viewed VOD in the last 6 months with an even higher incidence amongst younger audiences and Housekeepers with Kids

VOD | Reach in Last 6 Months
Adults 16+ IRE Population

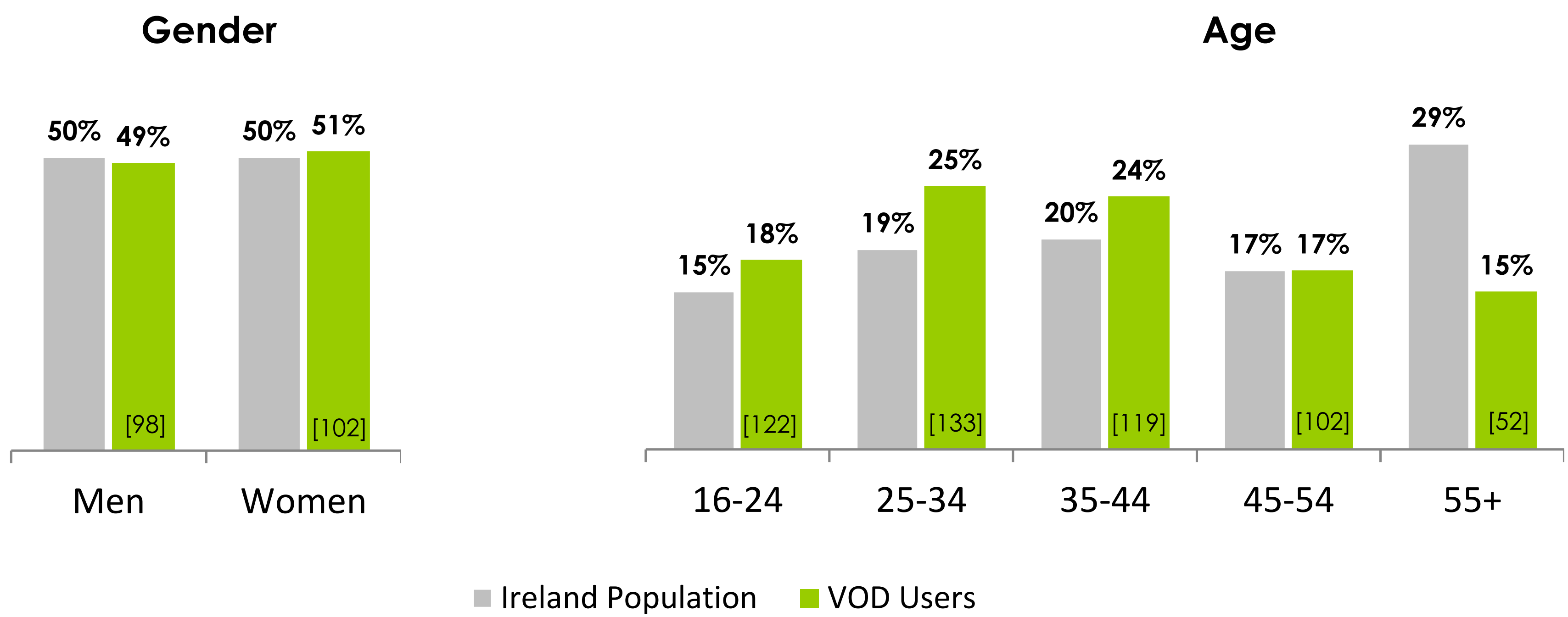




Q1: Have you watched any of the following types of Video on Demand (VOD) content online in the last 6 months?
Base: Population Representative Sample | All=796; 16-24=117; 16-34=269; 25-44=312; 45+=367; HSK=728; HSK+K=272
Nielsen | Prepared For: IAB Ireland - Video On Demand (Wave 2)

Those under 45 are more likely to view VOD

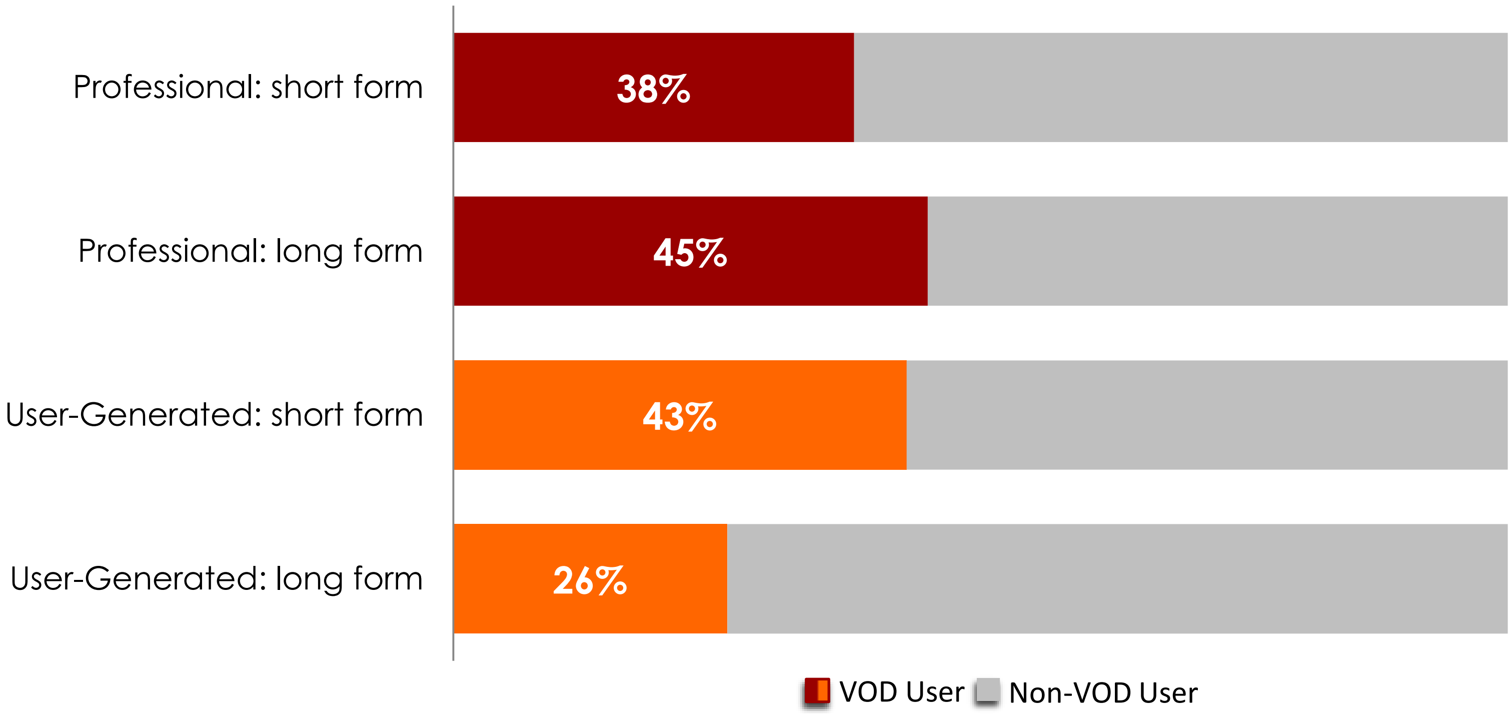
VOD User Profile (Last 6 Months) | Profile % & [Index v IRE Population Profile]
Adults 16+ who are VOD viewers



Q1: Have you watched any of the following types of Video on Demand (VOD) content online in the last 6 months?
Base: Population Representative Sample | All=534
Note: Any differences of +-1% are due to the round-up of decimals
Nielsen | Prepared For: IAB Ireland - Video On Demand (Wave 2)

Long-form professional content has the greatest reach

Type of VOD Content | Reach in Last 6 Months
Adults 16+ IRE Population



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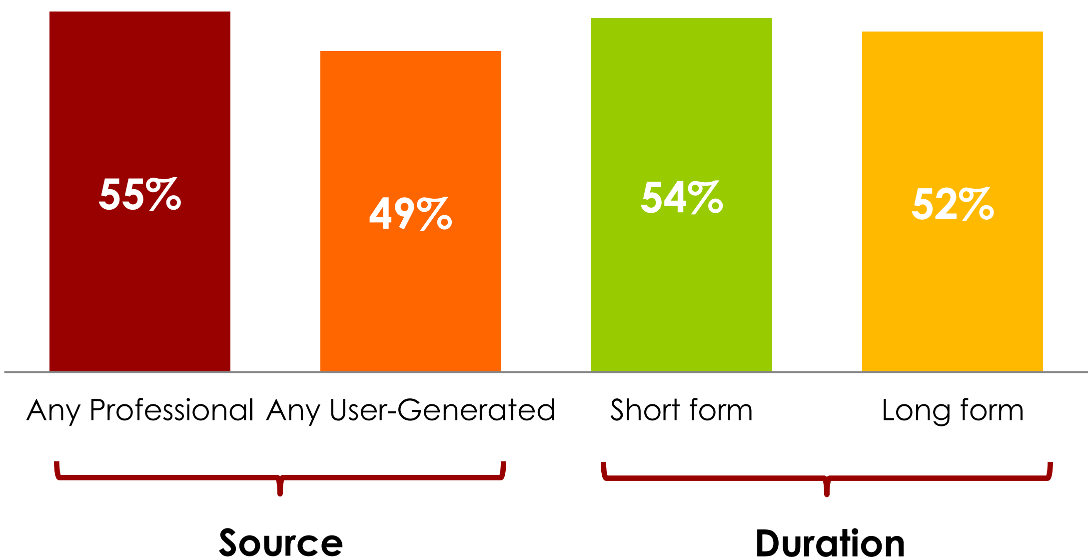
Nielsen | Prepared For: IAB Ireland - Video On Demand (Wave 2)

Professionally produced content had higher reach

Type of VOD Content | Reach in Last 6 Months
Adults 16+ IRE Population



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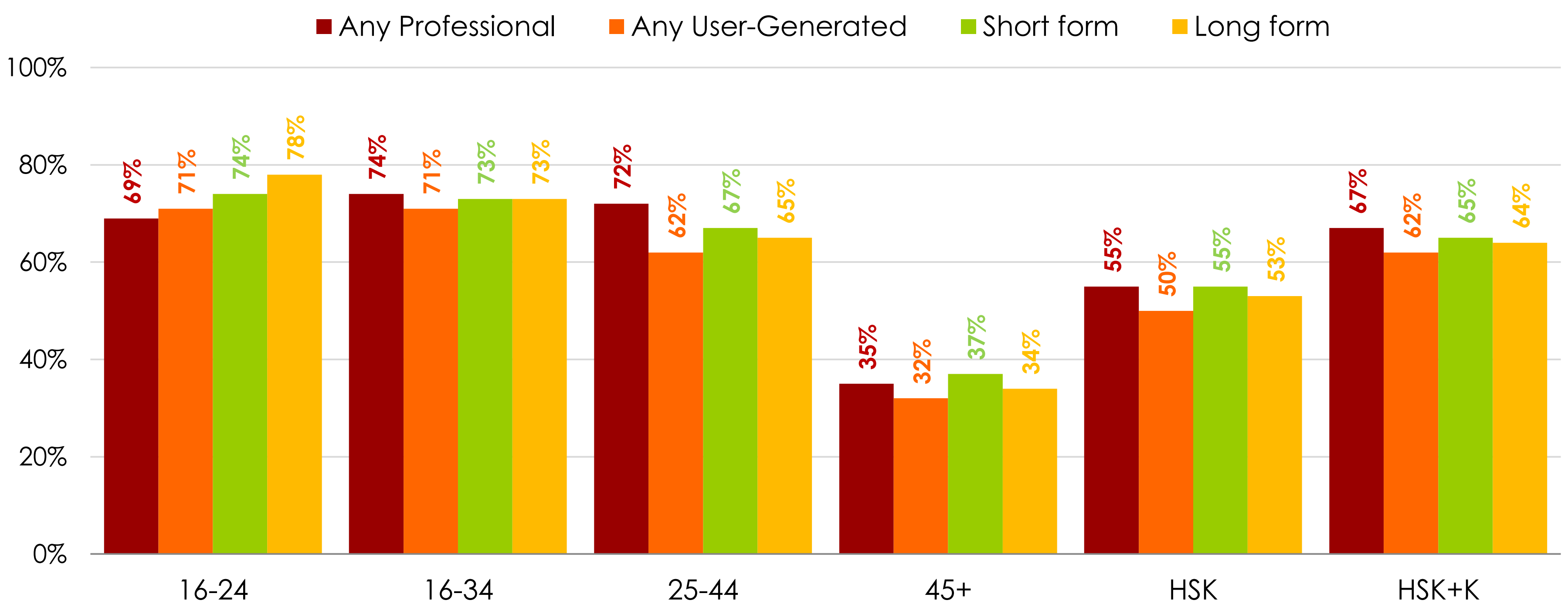
Base: Population Representative Sample | All=796
Nielsen | Prepared For: IAB Ireland - Video On Demand (Wave 2)

Strong adoption of variety of content amongst younger audiences and Housekeepers with Kids

Type of VOD Content | Reach in Last 6 Months
Adults 16+ IRE Population



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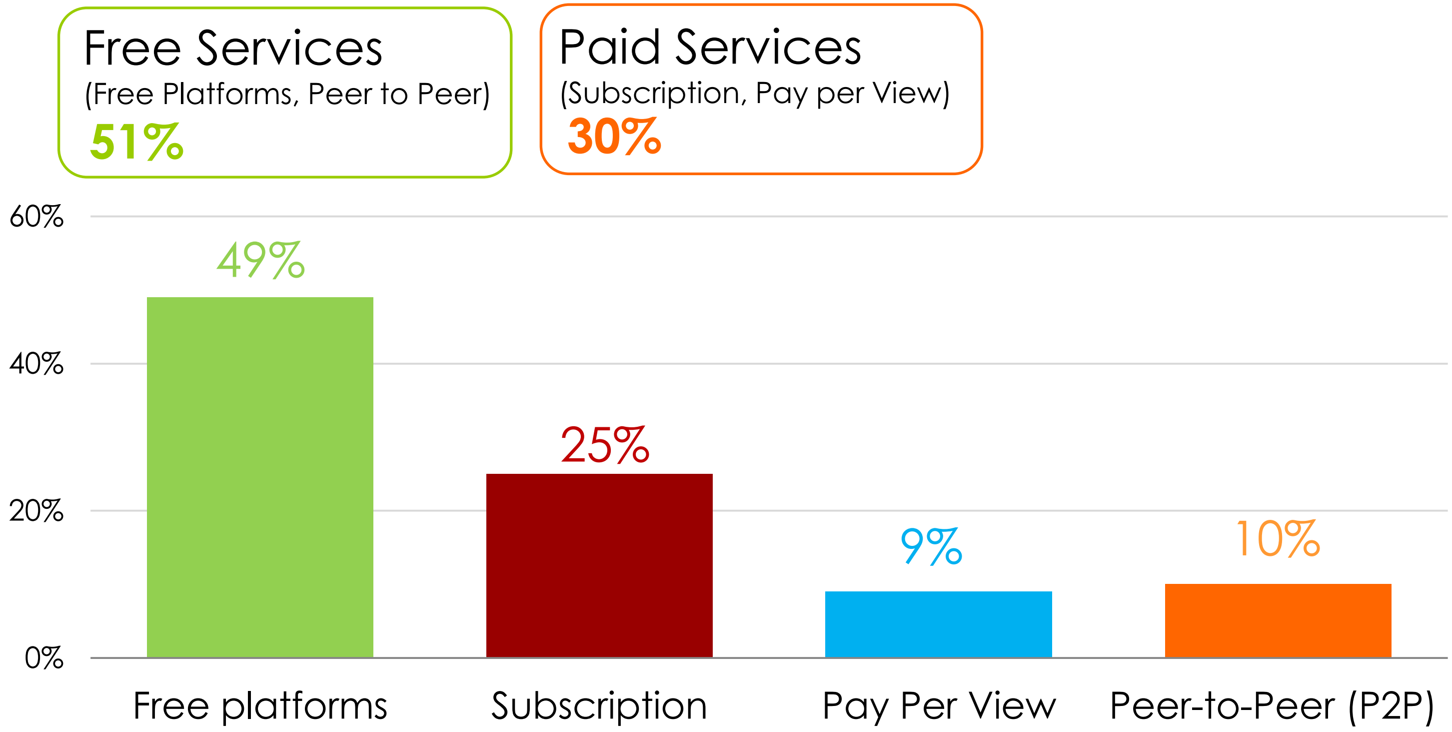
Free services deliver the highest reach

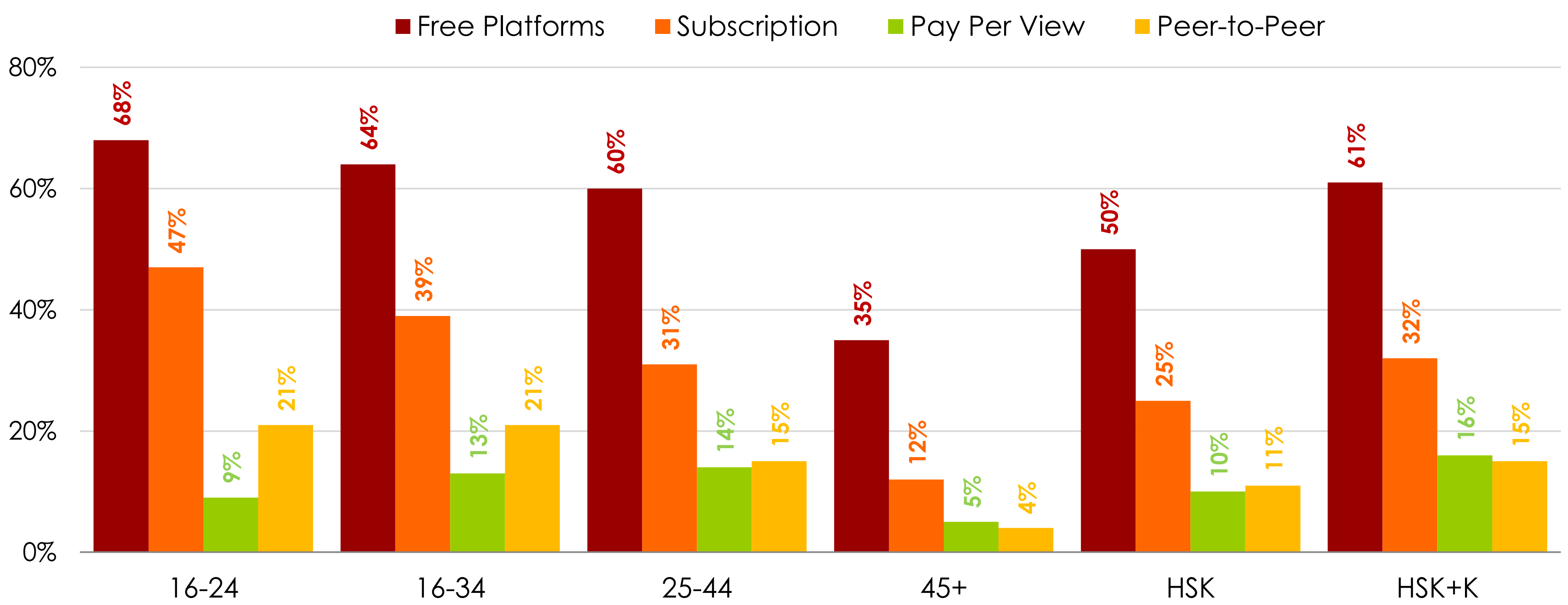
Service Platforms used to access VOD | Reach in Last 6 Months
Adults 16+ IRE Population



Q3. By which method do you access Video on Demand (VOD) content?
Base: Population Representative Sample | All=796)
Nielsen | Prepared For: IAB Ireland - Video On Demand (Wave 2)

Over 60% of Adults under 45 and Hsk+Kids used free services for viewing VOD content in the last 6 months

Service Platforms used to access VOD | Reach in Last 6 Months
Adults 16+ IRE Population



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Market Reach - Summary

- VOD has reached two-thirds of Irish A16+ in the last 6 months
- Reach exceeded 80% for younger audiences and HSK+K
- VOD users are grazing across the range of source and duration options available
- Free services dominate reach delivery

TRENDS (Amongst VOD viewers)

What are the key differences in VOD usage over the last 6 months?

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A change of focus

Results in the first section were based on the **national adult population**

In this section, the focus moves to **VOD viewers**, and comparing responses from the two survey waves.

Identifying what's significant

This section focusses on changes from Wave 1, and potential trends that are emerging. We've highlighted changes that are statistically significant with the following symbols:

▲ Indicates a significant increase vs Wave 1

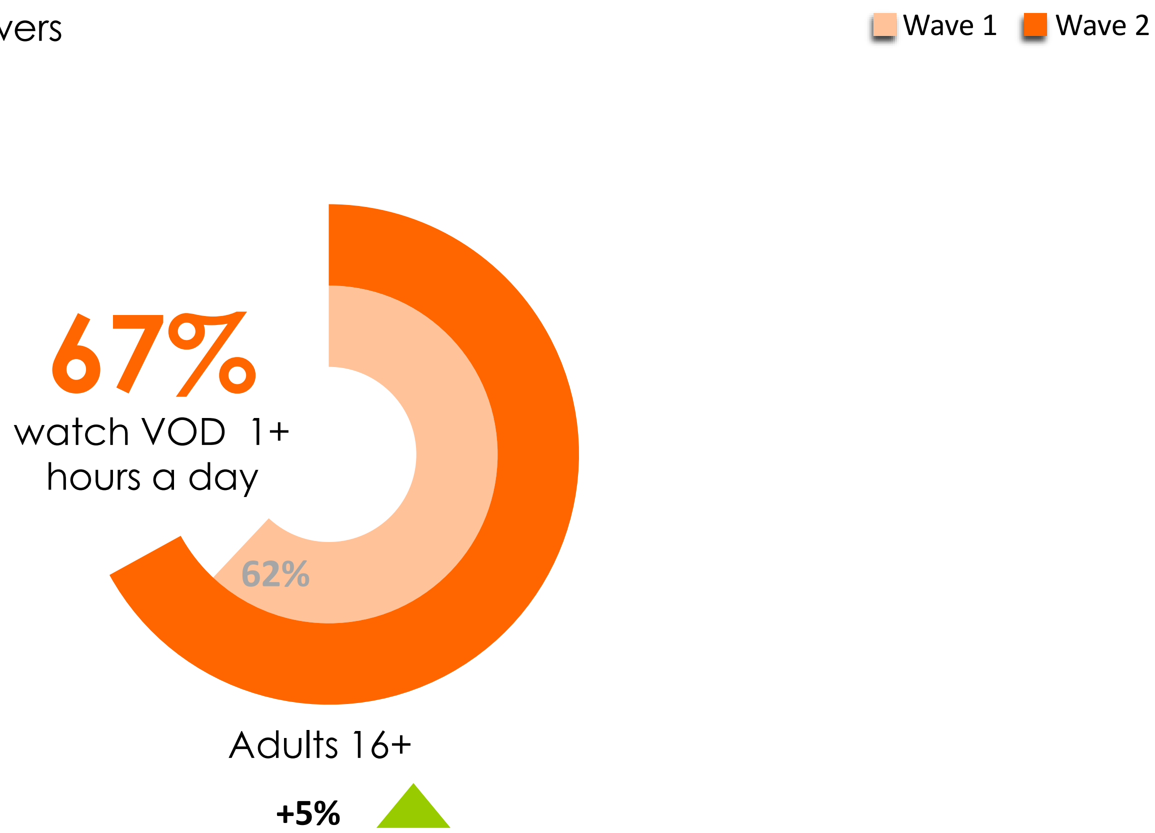
▼ Indicates a significant decrease.

Statistical significance has been tested at the 95% confidence level.

Significant difference vs. W1: at 95% confidence level

Those claiming to view VOD for 1+ hours a day has increased significantly in the last 6 months

Daily Usage of VOD content
Adults 16+ who are VOD viewers

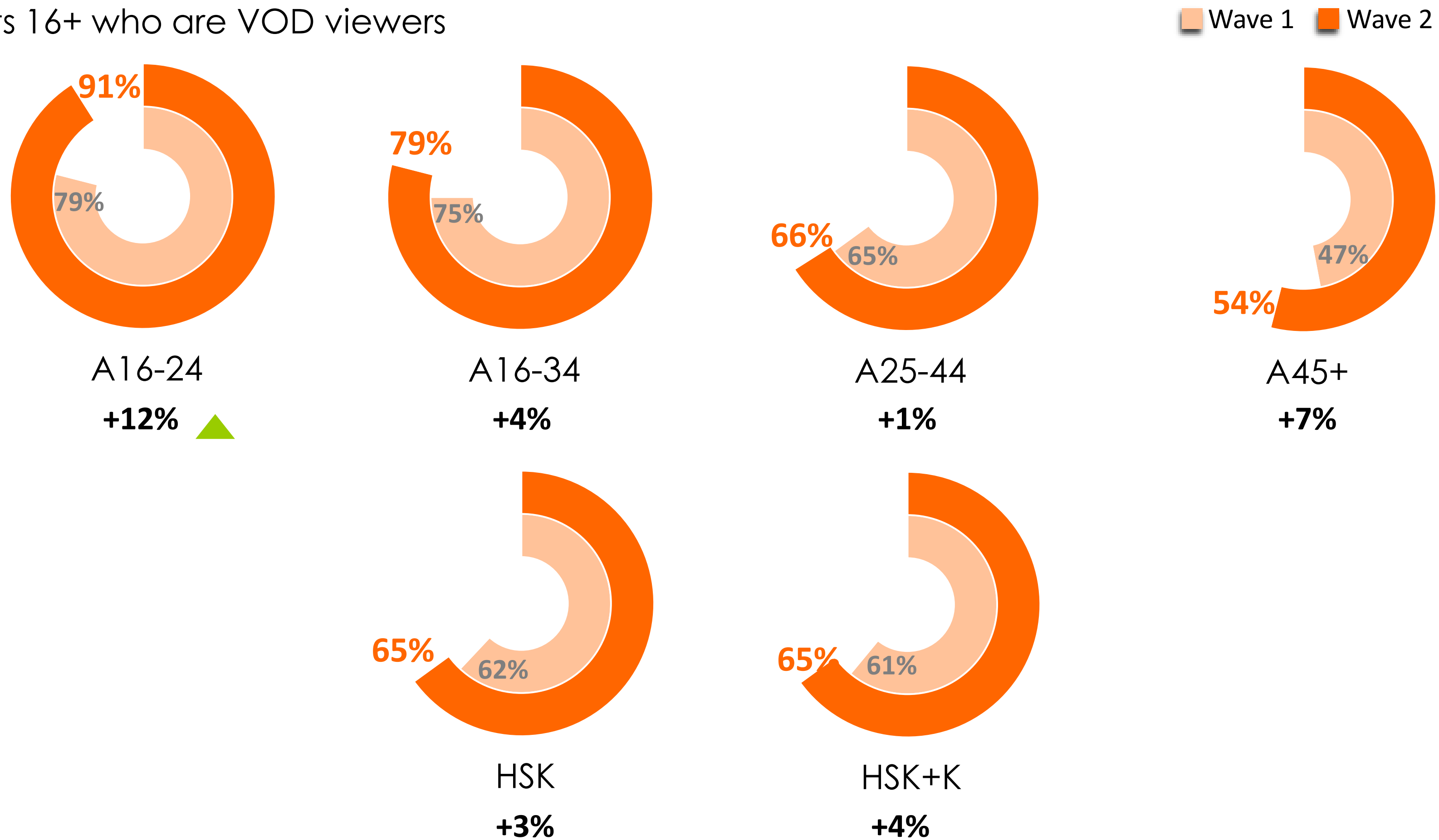


Q26: Please think about your TV viewing (excluding viewing Video on Demand content if you use your TV set to do so) and then your Video on Demand viewing (on any device) across a typical day. On average how many hours a day do you spend watching each?
Base: Viewed VOD content in last 6 months | All= 1,021
Nielsen | Prepared For: IAB Ireland - Video On Demand (Wave 2)

Significant difference vs. W1: at 95% confidence level

Claimed viewing of VOD for more than 1 hour per day increased for all demographics

Daily Usage of VOD content
Adults 16+ who are VOD viewers



Q26: Please think about your TV viewing (excluding viewing Video on Demand content if you use your TV set to do so) and then your Video on Demand viewing (on any device) across a typical day. On average how many hours a day do you spend watching each?
Base: Viewed VOD content in last 6 months | All= 1,021; 16-24=184; 16-34=439; 25-44=541; 45+= 296; HSK= 868; HSK+K= 388
Nielsen | Prepared For: IAB Ireland - Video On Demand (Wave 2)

Significant difference vs. W1: at 95% confidence level

A significant increase in the number of 16-24 year olds claiming to watch more VOD than TV.

Share of Daily Viewing (VOD vs. TV)
Adults 16-24 who are VOD viewers

Watch **more VOD** than TV

W1: 45% → **56%** ▲

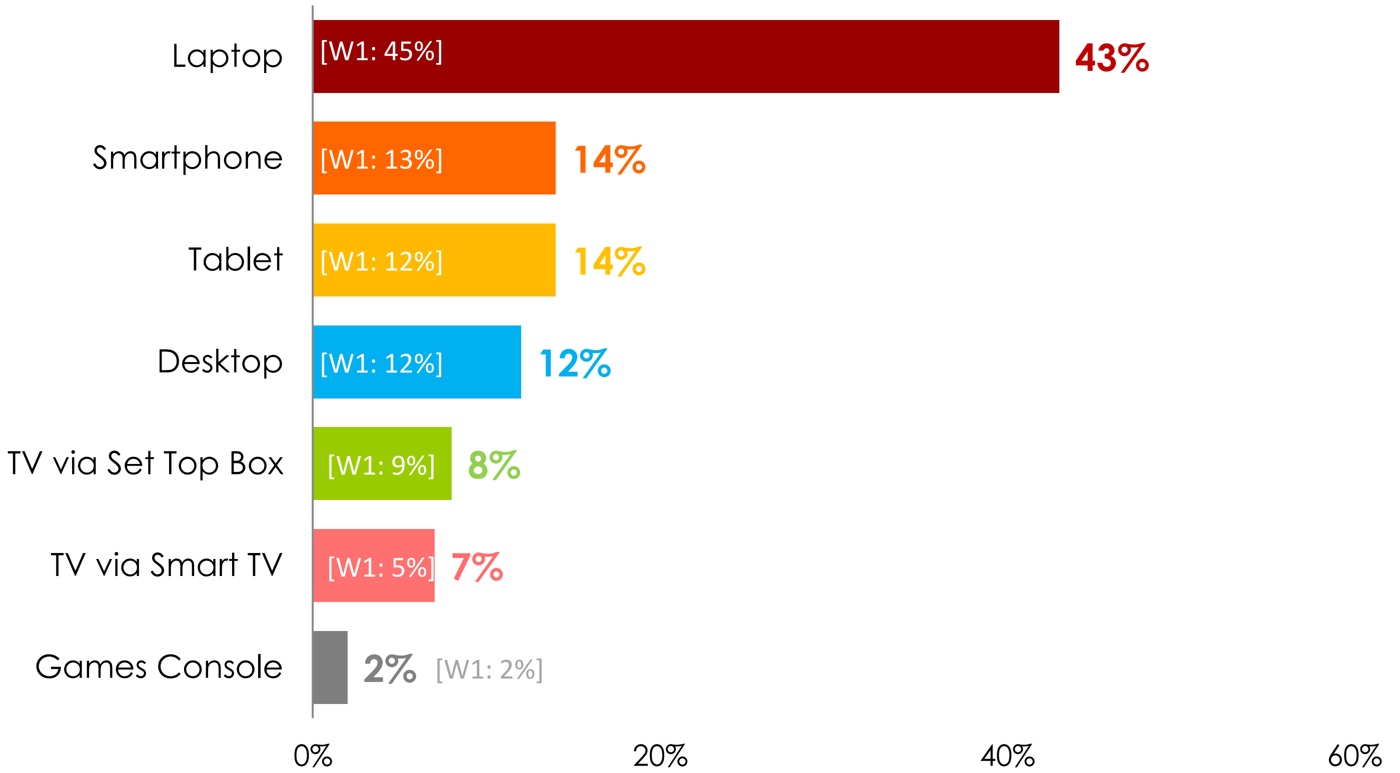
+11%

Q26: Please think about your TV viewing (excluding viewing Video on Demand content if you use your TV set to do so) and then your Video on Demand viewing (on any device) across a typical day. On average how many hours a day do you spend watching each? | Base: Viewed VOD content in last 6 months 16-24 =184

Significant difference vs. W1: at 95% confidence level

Laptops remain the preferred device for watching VOD

Devices preferred for viewing VOD content
Adults 16+ who are VOD viewers

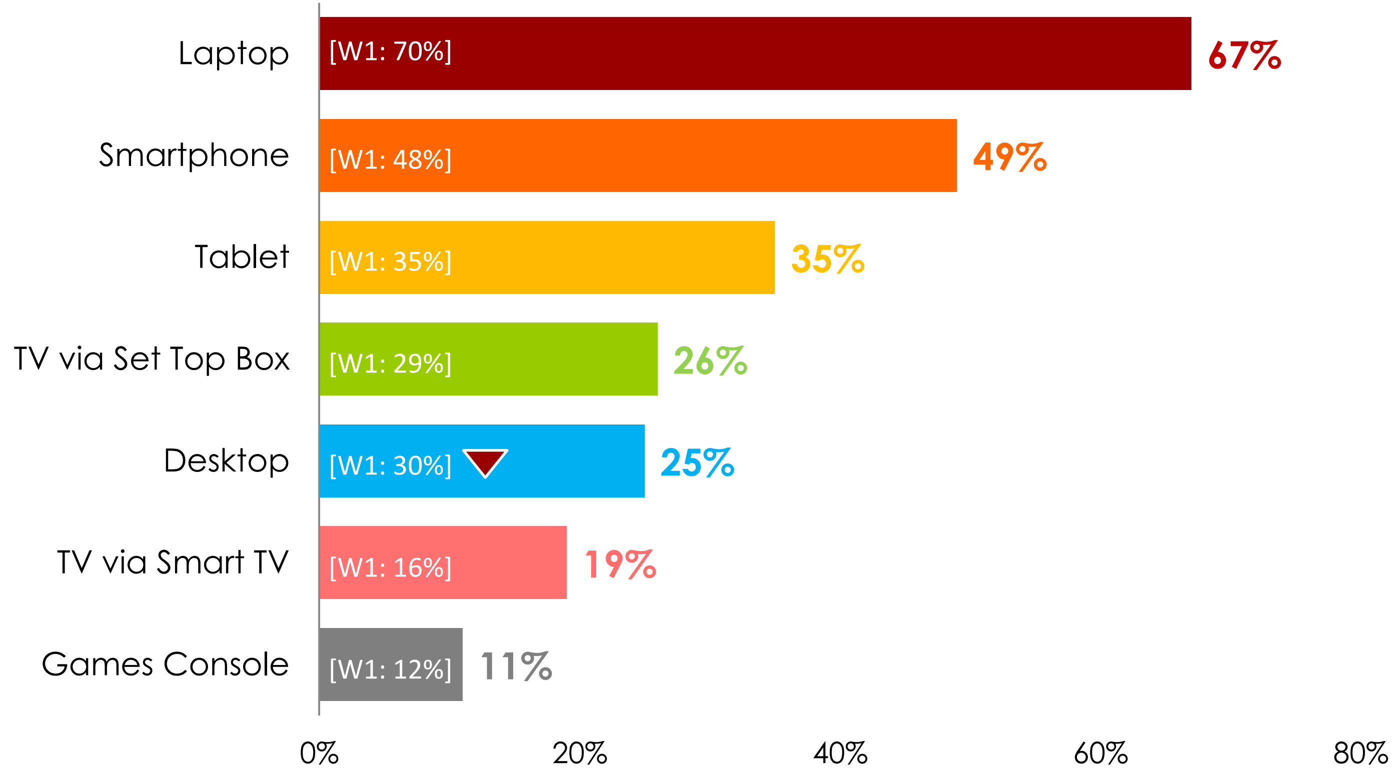


Q5. On which device/s do you prefer MOST to watch Video on Demand (VOD) content?
Base: Viewed VOD content in last 6 months | Those that use device to view VOD
Nielsen | Prepared For: IAB Ireland - Video On Demand (Wave 2)

Significant difference vs. W1: at 95% confidence level

Laptops and Smartphones are the most used for viewing VOD content with desktop usage declining

Devices used for viewing VOD content
Adults 16+ who are VOD viewers

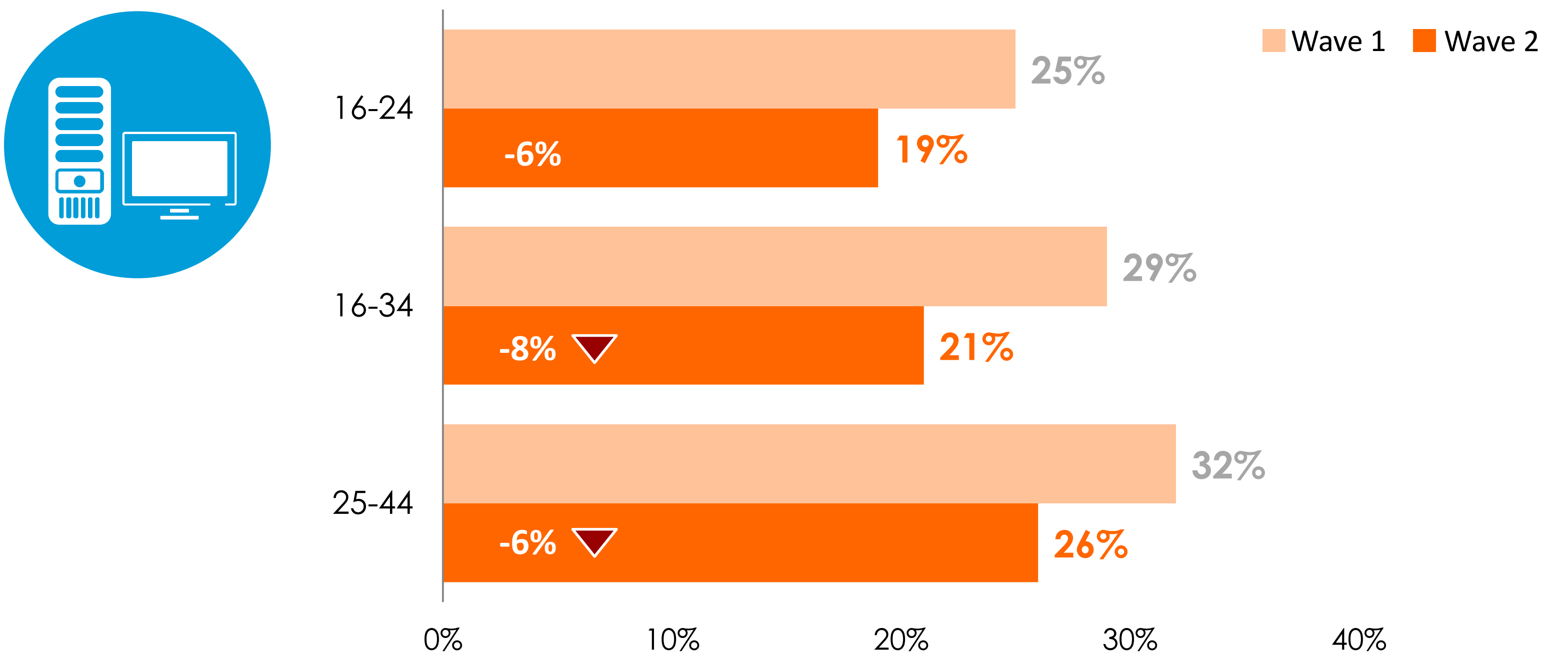


Q4. On which device/s have you watched each of the following types of Video on Demand (VOD) content?
Base: Viewed VOD content in last 6 months | All= 1,021

Significant difference vs. W1: at 95% confidence level

The decline in usage of desktops is being driven by the under 45 age groups

Usage of Desktop for viewing VOD content
Adults 16+ who are VOD viewers



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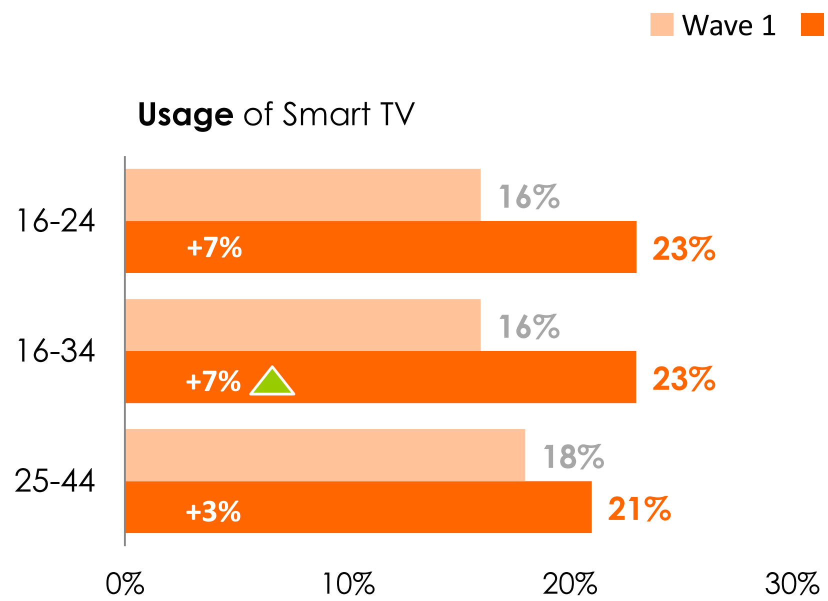
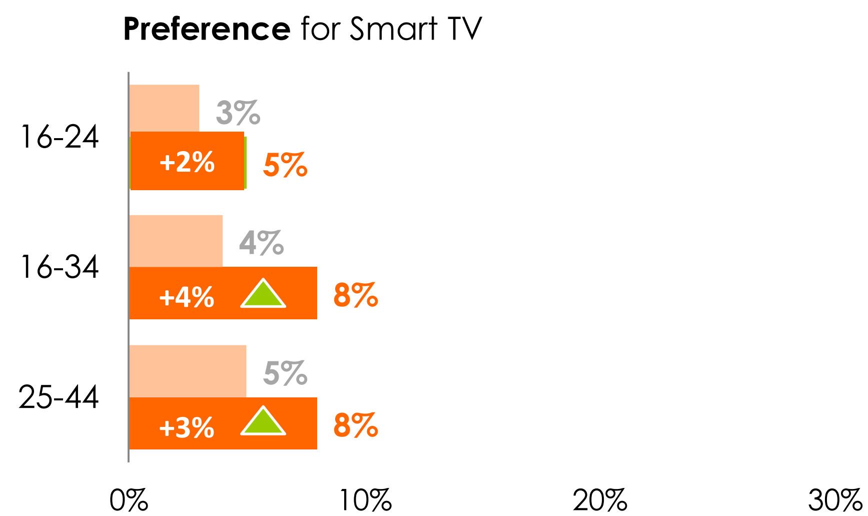
Base: Viewed VOD content in last 6 months | 16-24=184; 16-34=439; 25-44=541
Nielsen | Prepared For: IAB Ireland - Video On Demand (Wave 2)

Significant difference vs. W1: at 95% confidence level

Whilst the use of and preference for Smart TV viewing of VOD content is on the rise amongst the under 45s

Usage of Smart TV for viewing VOD content
Adults 16+ who are VOD viewers





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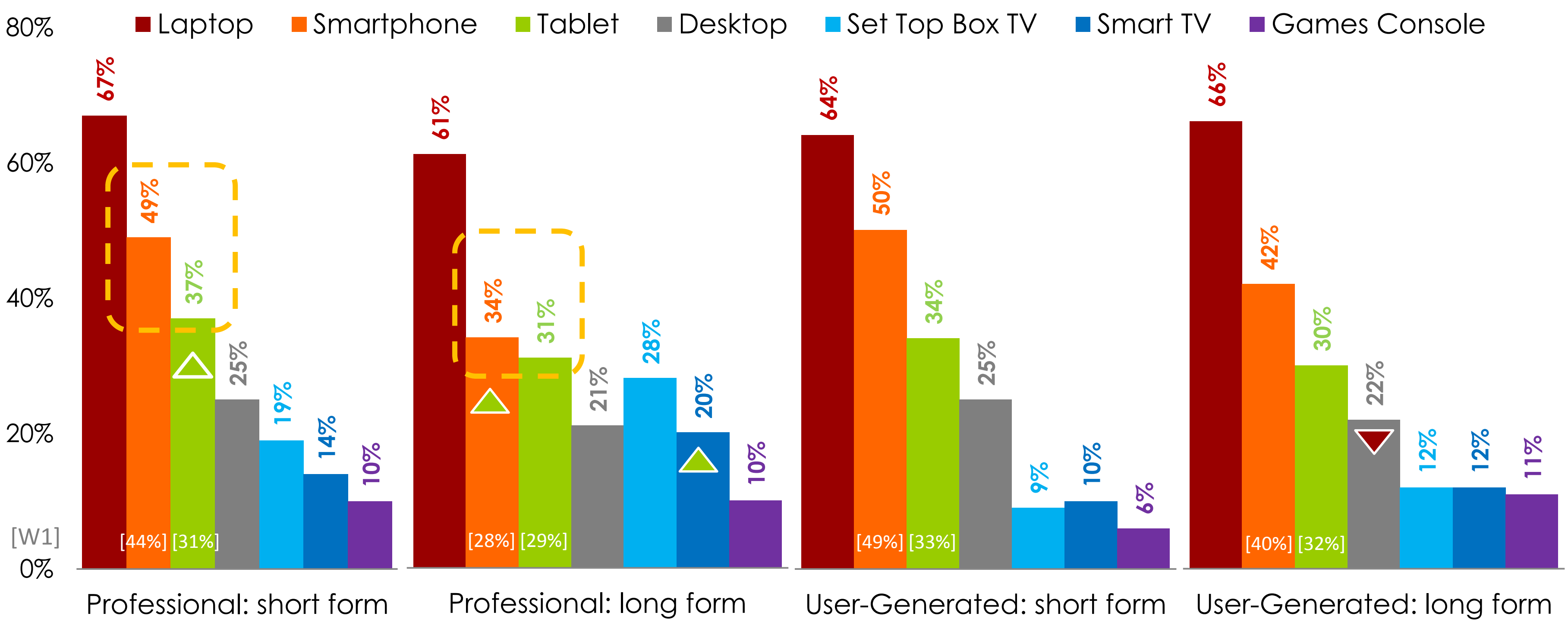
Base: Viewed VOD content in last 6 months | All= 1021; 16-24=184; 16-34=439; 25-44=541
Nielsen | Prepared For: IAB Ireland - Video On Demand (Wave 2)

Significant difference vs. W1: at 95% confidence level

Usage of Tablets and Smartphones to view Professional content has grown in the last 6 months

Devices used for watching each type of content
Adults 16+ who are VOD viewers

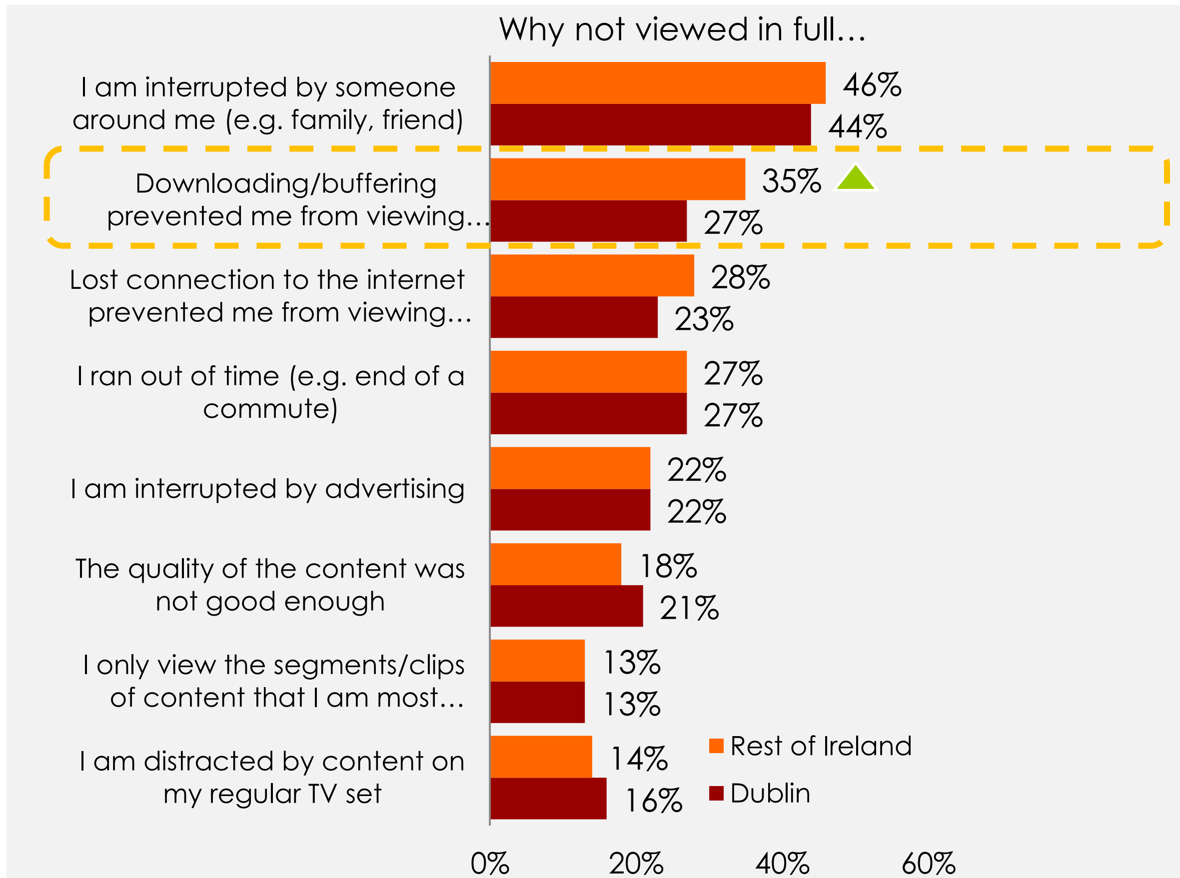


Q1: Have you watched any of the following types of Video on Demand (VOD) content online in the last 6 months?
Q4. On which device/s have you watched each of the following types of Video on Demand (VOD) content?
Base: Viewed VOD content in last 6 months | All (n= 415-703)
Nielsen | Prepared For: IAB Ireland - Video On Demand (Wave 2)

Significant difference vs. W1: at 95% confidence level

Poor internet connectivity as a barrier to viewing is more prevalent outside of Dublin

Barriers to watching content in full (By Residence Area)
Adults 16+ who are VOD viewers



Q15 Now we would like you to think about the full length TV programmes/series that you watch when viewing Video on Demand (VOD) content. If on occasion you do not watch the full VOD content in one viewing, which of the following reasons explains why you only watch part of the content? Base: Viewed VOD content in last 6 months & watch professional video content > 10 minutes long (n= 193-510)
Nielsen | Prepared For: IAB Ireland - Video On Demand (Wave 2)

Significant difference vs. W1: at 95% confidence level

Downloading/buffering preventing viewers from viewing in programmes in full impacts Dublin less

Barriers -Downloading/buffering prevented me from viewing content in full
Adults 16+ who are VOD viewers

Last 6 Months

All
[W1: 27% > W2: 33%]

Rest of Ireland
[W1: 29% > W2: 35%]

Dublin
[W1: 24% > W2: 27%]

Q15 Now we would like you to think about the full length TV programmes/series that you watch when viewing Video on Demand (VOD) content. If on occasion you do not watch the full VOD content in one viewing, which of the following reasons explains why you only watch part of the content? Base: Viewed VOD content in last 6 months Watch professional videos over 10 minutes long | All = 845; Rest of Ireland = 518; Dublin = 327

Significant difference vs. W1: at 95% confidence level

Trends from Wave 1 - Summary

The statistically significant differences in Wave 2 vs Wave 1 were:

- Daily VOD viewing (1+hrs) has increased
- Daily viewing increased for all demos, but especially 16-24s
- More than half of 16-24s claim to watch more VOD than TV on the average day
- Desktop usage in decline; SmartTVs are growing; Smartphones increasingly preferred for professional content
- Downloading/buffering is an increasing barrier outside of Dublin to viewing content in full

TIME (Amongst VOD viewers)

How do VOD viewers spend their time viewing VOD across various platforms?

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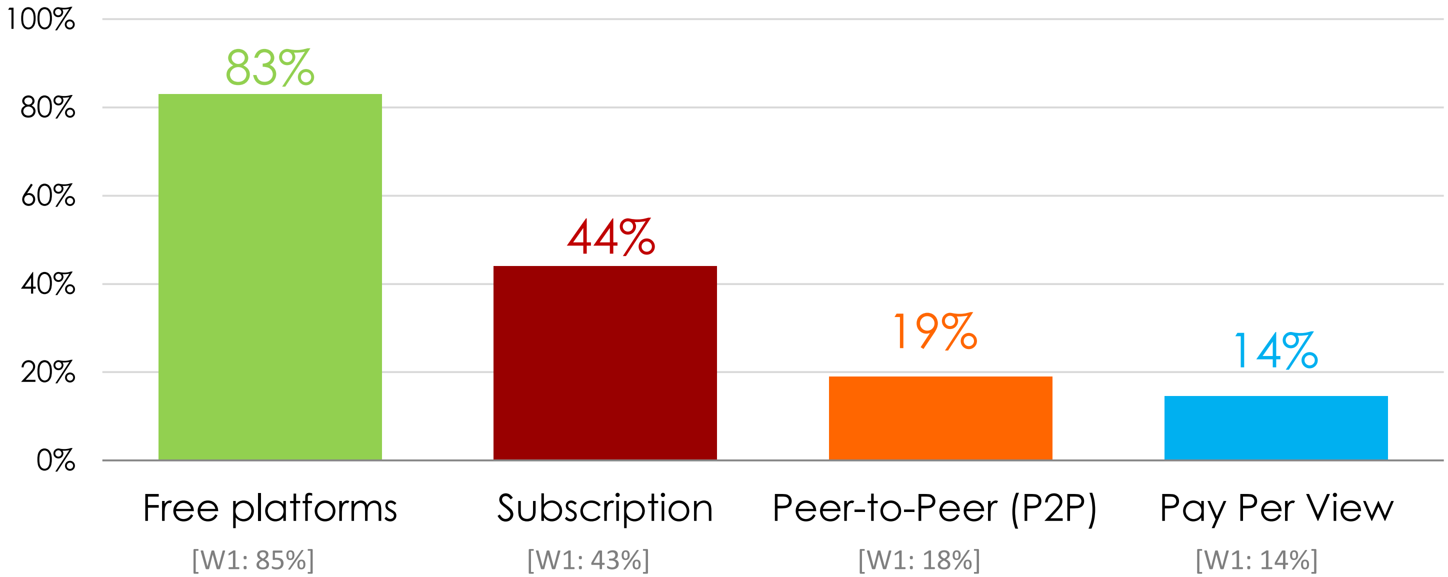
Free services continue to be the most common platform to access video content

Service Platforms used to access VOD
Adults 16+ who are VOD viewers

Free Services
(Free Platforms, Peer to Peer)
86% [W1: 90%]

Paid Services
(Subscription, Pay per View)
52% [W1: 51%]

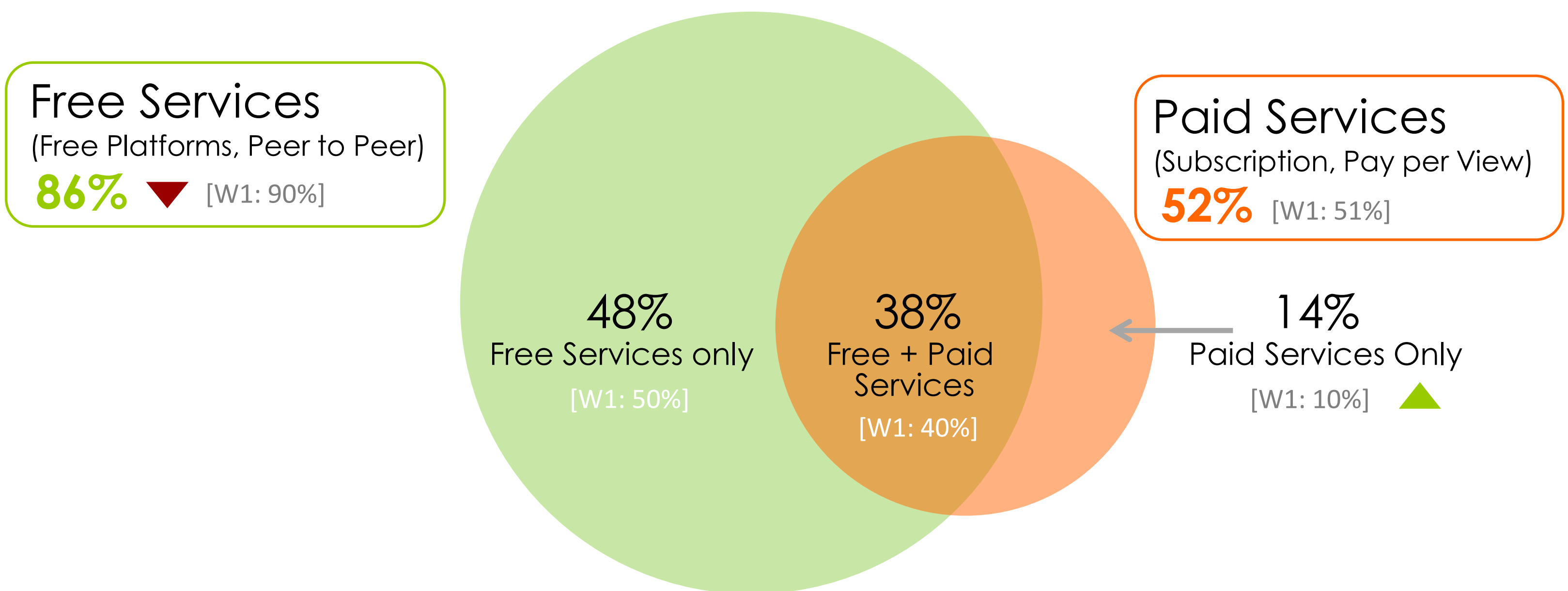


Q3. By which method do you access Video on Demand (VOD) content?
Base: Viewed VOD content in last 6 months | All (n= 917)
Nielsen | Prepared For: IAB Ireland - Video On Demand (Wave 2)

Significant difference vs. W1: at 95% confidence level

The proportion accessing content using only paid services has increased in the last 6 months

Service Platforms used to access VOD
Adults 16+ who are VOD viewers



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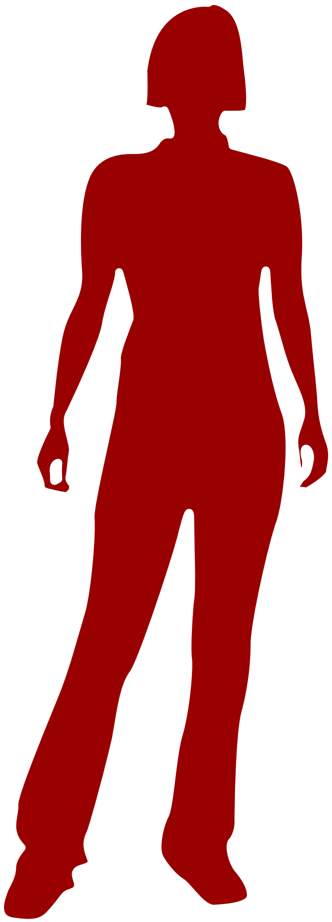
Base: Viewed VOD content in last 6 months | All (n= 917)
Nielsen | Prepared For: IAB Ireland - Video On Demand (Wave 2)

Significant difference vs. W1: at 95% confidence level

While free services remain the most popular, younger adults are not averse to paying for content



The most popular method of accessing content - **free services** - consistent across all targets
87% of **A16-24** (index 105)
[W1: A16-24 87%;]

Higher use **(65%)** of **paid services** amongst **A16-24** (index: 125) and amongst **A16-34 (60%)** (index: 115)
[W1: A16-24 58%; A16-34 55%]

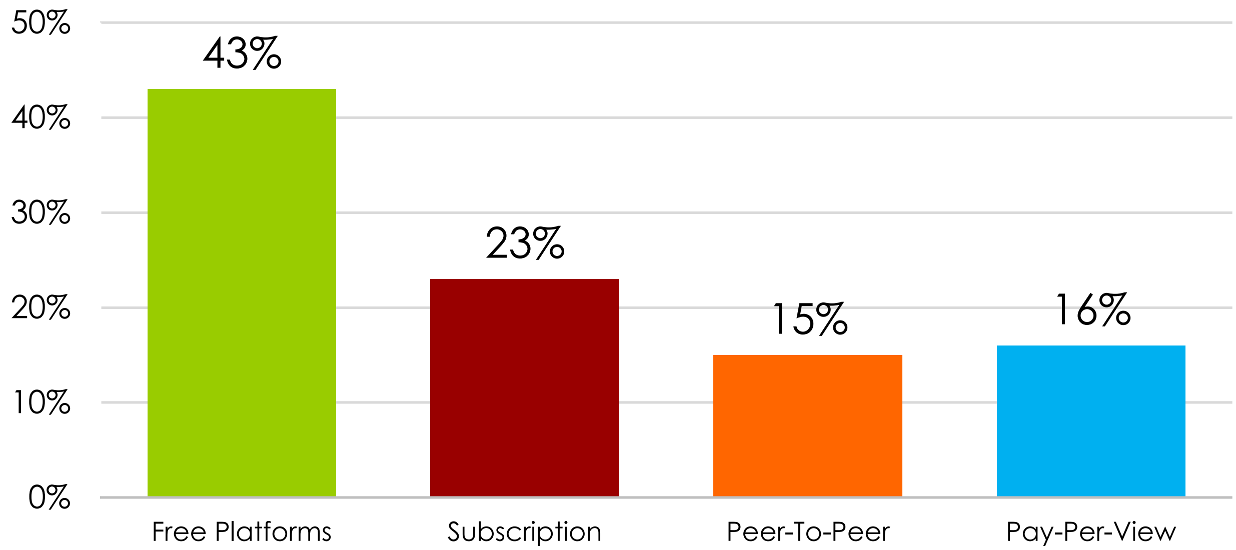
Over 1 in 4 (28%) of **A16-24** VOD viewers use **Peer-to Peer services** compared to **1 in 10 (10%)** of **A45+**
[W1: A16-24 23%; A45+ 9%]

Q3. By which method do you access Video on Demand (VOD) content?
Index vs. A16+ VOD Viewers in the last 6 months
Base: Viewed VOD content in last 6 months (n= 184-1021)
Nielsen | Prepared For: IAB Ireland - Video On Demand (Wave 2)

Significant difference vs. W1: at 95% confidence level

Free platforms are used the most on a daily basis

Daily viewing of VOD content via platform
Adults 16+ who are VOD viewers



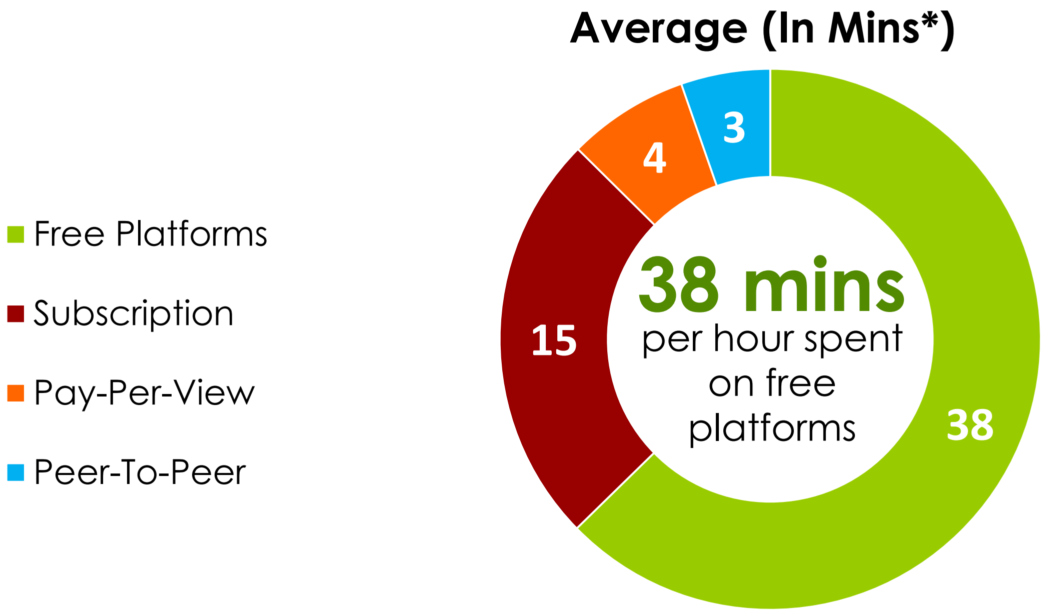
Under 35s more likely (**56%**) to use **"free platforms"** on a daily basis than over 35s (34%)

Under 35s also more likely (29%) to use **subscription services** on a daily basis than over 35s (16%)

Q27A: Thinking about your Video on Demand (VOD) viewing, how often have you viewed video content via the following platforms?
Base: Viewed VOD content in last 6 months & use platform: Free Platforms=827; Subscription=442; Peer-to-Peer=189; Pay Per View=132
Nielsen | Prepared For: IAB Ireland- Video On Demand (Wave 2)

Nearly two-thirds of a typical hour of viewing VOD is spent watching free content

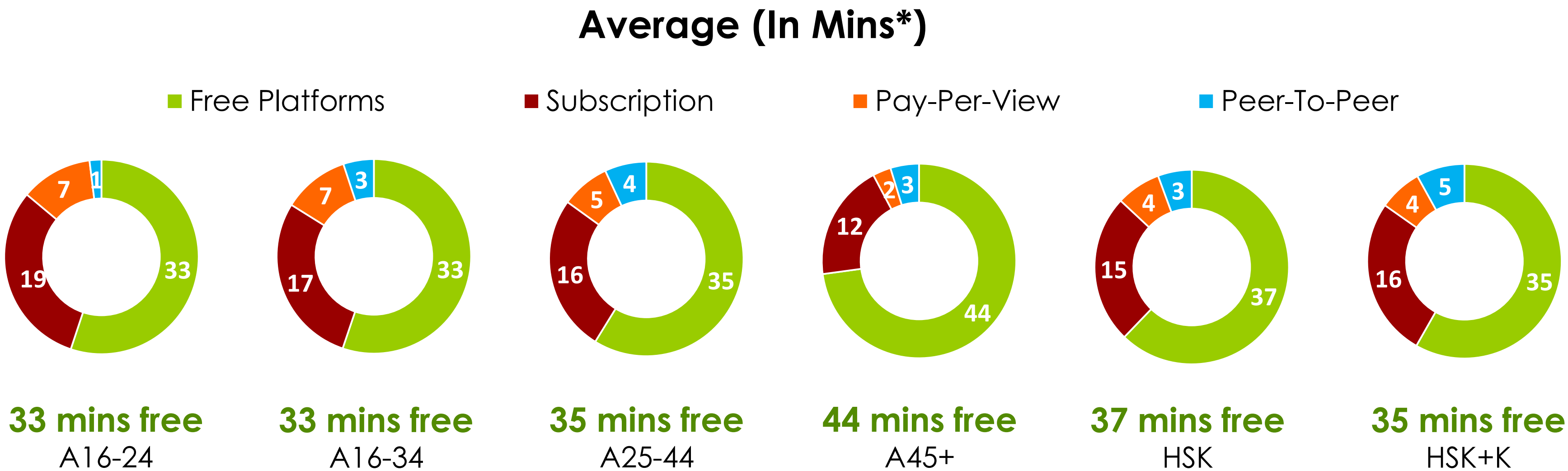
Average Time spent viewing VOD content
Adults 16+ who are VOD viewers



*Re-percentage from 100 mins to 60 mins
Q27B:Assuming you had 100 minutes to watch VOD content, on any normal day, how many of these 100 minutes would you typically spend on watching VOD content with each of the following platforms.
Base: Viewed VOD content in last 6 months: All=1,021;
Nielsen | Prepared For: IAB Ireland - Video On Demand (Wave 2)

45+ claim a higher propensity to watch free content within a typical hour

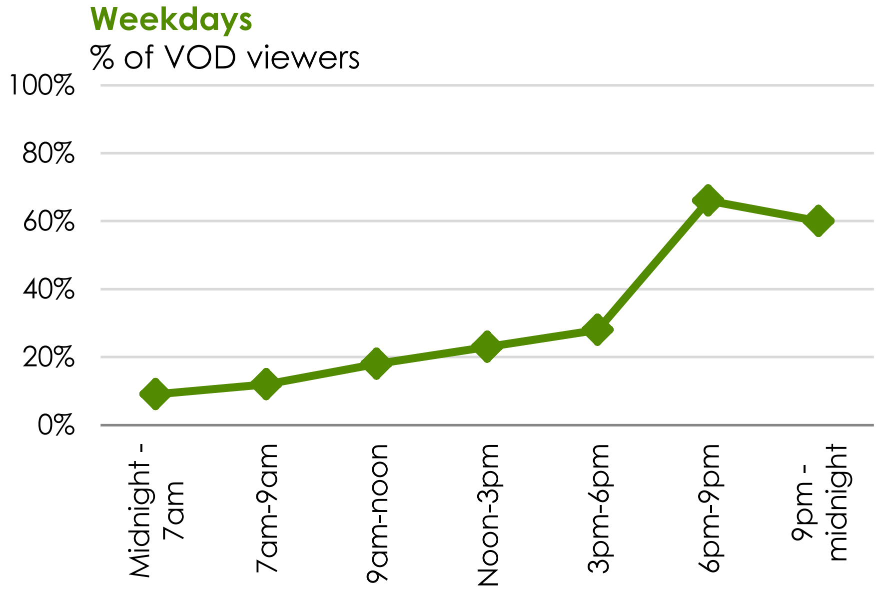
Average Time spent viewing VOD content
Adults 16+ who are VOD viewers



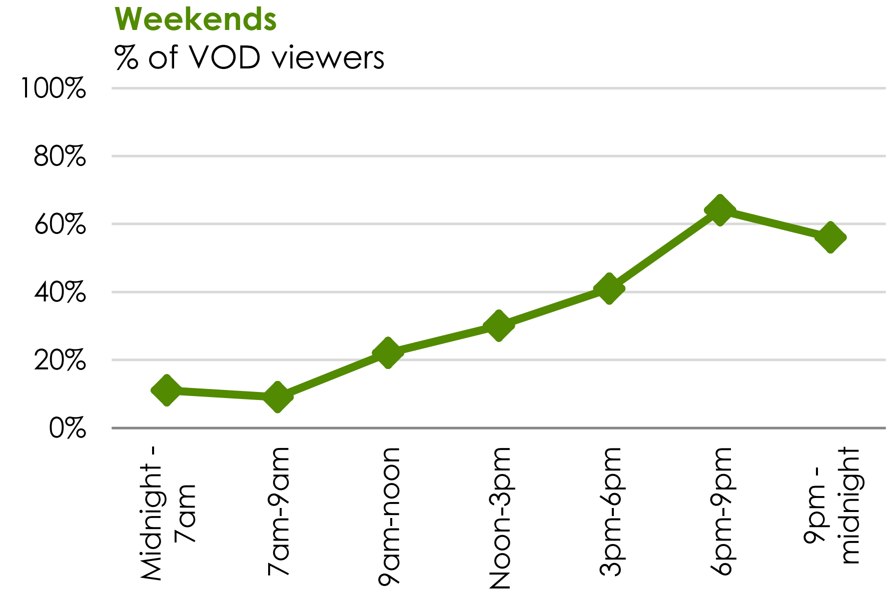
*Re-percentage from 100 mins to 60 mins
Q27B:Assuming you had 100 minutes to watch VOD content, on any normal day, how many of these 100 minutes would you typically spend on watching VOD content with each of the following platforms.
Base: Viewed VOD content in last 6 months: 6-24=184; 16-34=439; 25-44=541; 45+=296; HSK=868; HSK+K=388
Nielsen | Prepared For: IAB Ireland - Video On Demand (Wave 2)

VOD viewing rises sharply during traditional early prime-time TV hours (6pm-9pm)

Time of Day: VOD Viewing
Adults 16+ who are VOD viewers



[W1: Follows same pattern]



[W1: Follows same pattern]

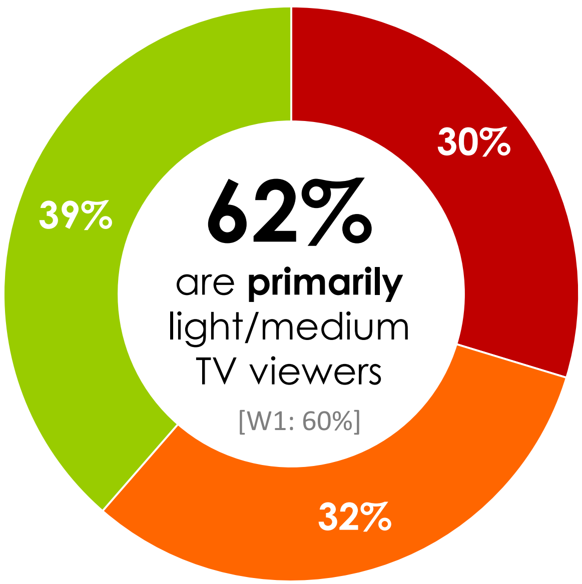
Q10. When during the week (Monday-Friday) do you watch the following types of Video on Demand (VOD) content?
Q12. When during the weekend (Saturday-Sunday) do you watch the following types of Video on Demand (VOD) content?
Base: All= 1,021

Significant difference vs. W1: at 95% confidence level

Video On Demand can help reach light/medium TV viewers

TV Viewing
Adults 16+ who are VOD viewers

Average **Daily TV** Viewing %



16-34 VOD viewers are **more likely** to be **light**/**medium** **TV viewers** (71%)

[W1: 68%]

Heavy TV Viewers (3+ hours per day)
Medium TV Viewers (1-2 hours per day)
Light TV Viewers (Less than 1 hour per day)

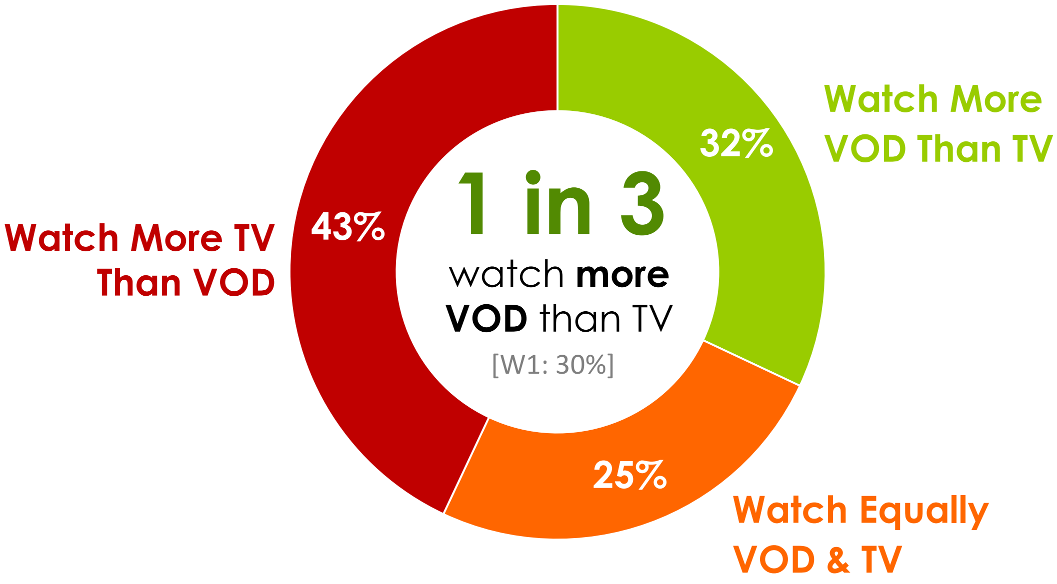
Q26: Please think about your TV viewing (excluding viewing Video on Demand content if you use your TV set to do so) and then your Video on Demand viewing (on any device) across a typical day. On average how many hours a day do you spend watching each? | Base: All = 1,021; 16-24=184
Nielsen | Prepared For: IAB Ireland - Video On Demand (Wave 2)2

Significant difference vs. W1: at 95% confidence level

Nearly a third of VOD viewers claim to watch more VOD than TV, rising to over half amongst Adults 16-24

Share of Daily Viewing (VOD vs. TV)
Adults 16+ who are VOD viewers

Share of Average
Daily TV vs. Daily VOD Viewing %



Watch *more* VOD than TV

W1: 45% → **56%** ▲

A16-24

W1: 27% → **29%**

HSK+K

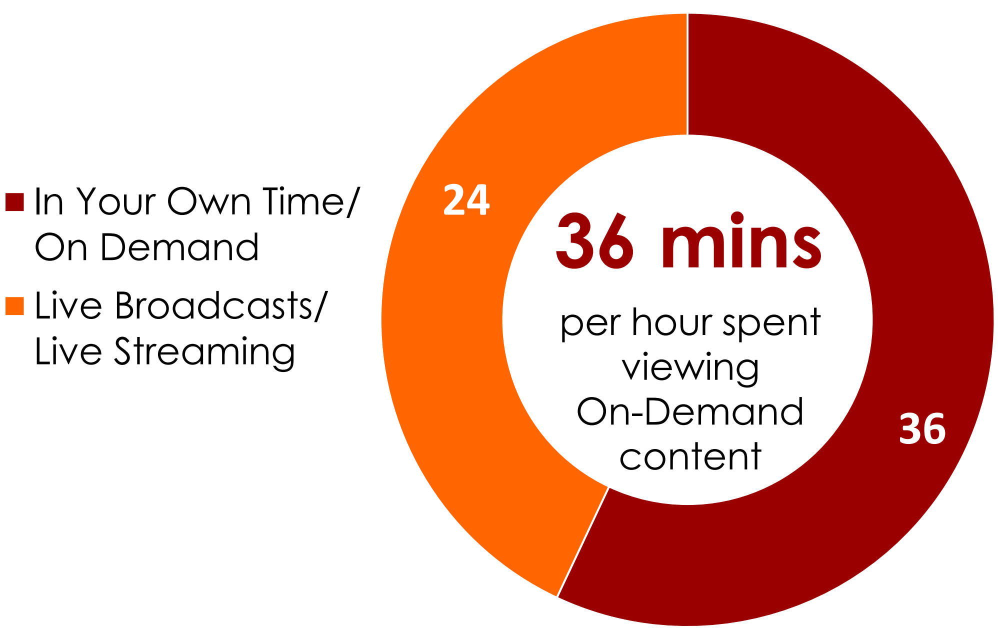
Q26: Please think about your TV viewing (excluding viewing Video on Demand content if you use your TV set to do so) and then your Video on Demand viewing (on any device) across a typical day. On average how many hours a day do you spend watching each? | Base: 1,021-184

▲▼ Significant difference vs. W1: at 95% confidence level

VOD viewers claim to spend more time viewing full length TV programmes/series on-demand

Average Time spent viewing
Live Broadcasts/Live Streaming vs. In Your Own Time/On-Demand
Adults 16+ who are VOD viewers

Average (Mins*)



Amount of time spent per hour viewing **On-Demand content** is similar across age groups

*Re-percentage from 100 mins to 60 mins
Q27B:Assuming you had 100 mins to watch full length TV programmes/series, any normal day, how many of these 100 mins would you typically spend watching via TV broadcast/live streaming & how many minutes watching in your own time/on-demand.
Base: Viewed VOD content in last 6 months: All=1,021; 16-24=184; 16-34=439; 25-44=541; 45+=296; HSK=868; HSK+K=388

Time - Summary

- Free services continue to dominate access to VOD content
- Nearly two-thirds of time spent viewing VOD is via free services
- One-third of VOD viewers claim to watch more VOD than TV, with 56% of 16-24s making that claim
- VOD can help reach light/medium TV viewers

REACTION

How do VOD viewers react to advertising?

iab. ireland nielsen

Advertising is not a barrier to viewing VOD content

Advertising Interruption
Adults 16+ who are VOD viewers & recall advertising in & around VOD content

4 in 5

VOD viewers who watch long form programming (78%) **did not** feel that **interruption by advertising was a barrier** to watching content in full

[W1: 79%]

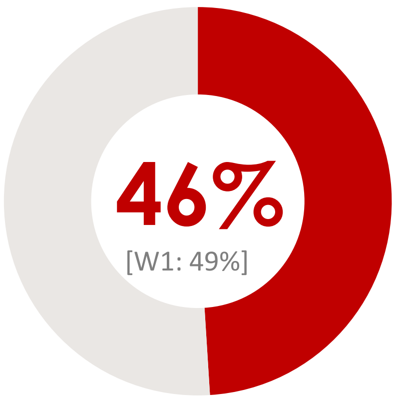
72%	75%	79%	80%	78%	77%
[W1: 73%]	[W1: 77%]	[W1: 81%]	[W1: 78%]	[W1: 79%]	[W1: 82%]
A16-24	A16-34	A25-44	A45+	HSK	HSK+K

Q15: Now we would like you to think about the full length TV programmes/series that you watch when viewing Video on Demand (VOD) content. If on occasion you do not watch the full VOD content in one viewing, which of the following reasons explains why you only watch part of the content? A: I am interrupted by advertising | Base: Watch full length TV programmes/series on VOD (All n= 703; 16-24 n= 149; 16-34 n= 329; 25-44 n= 371; 45+ n= 183; HSK n= 593; HSK+K n= 261)

Significant difference vs. W1: at 95% confidence level

1 in 2 are happy to watch advertising in return for free content

Advertising Acceptance within any type of VOD content
Adults 16+ who are VOD viewers & recall advertising in & around VOD content



1 in 2

VOD viewers are **very/somewhat happy** to watch advertising in order to consume content for free (Any VOD content)

A16-24	A16-34	A25-44	A45+	HSK	HSK+K
49%	51%	51%	37%	47%	52%
[W1: 59%]	[W1: 57%]	[W1: 53%]	[W1: 38%]	[W1: 48%]	[W1: 56%]

Q21: How happy are you to watch adverts in and around the following types of Video on Demand (VOD) content in order to be able to watch content for free? A; Very/Somewhat/Happy
Base: Those who recall seeing advertising in & around each type of VOD content (All n= 763; 16-24 n= 143; 16-34 n= 334; 25-44 n= 407; 45+ n= 214; HSK n= 642; HSK+K n= 293)
Nielsen | Prepared For: IAB Ireland - Video On Demand (Wave 2)

Significant difference vs. W1: at 95% confidence level

Advertising in & around Video On Demand content leads to further brand engagement

Advertising Reaction
Adults 16+ who are VOD viewers & recall advertising in & around VOD content

Actions ever done following exposure to advertising…

23%
visited brand's website/physical location
[W1: 26%]

16%
Clicked on the ad to find more info about the brand
[W1: 17%]

28%
searched for the brand/ product on the internet
[W1: 24%]

9%
have **bought** the brand
[W1: 10%]

19%
Amplified message about brand via **word of mouth**
[W1: 19%]

Q25: As a result of seeing advertising whilst watching each of the following VOD content, have you done any of the following?
Base: Those who recall seeing advertising in & around VOD content (n= 763)
Nielsen | Prepared For: IAB Ireland - Video On Demand (Wave 2)

Significant difference vs. W1: at 95% confidence level

Video On Demand: Key Insights

Key Insights

1. **Two-thirds of Irish adults have viewed VOD in the last six months** (87% A16-34, 84% Hsk +kids, 47% A45+)

2. **Daily VOD consumption has increased +5% in the last 6 months** – up by +12% A16-24s +7% A45+

3. **VOD delivers hard to reach audiences: 71%** of 16-34 VOD viewers are more likely to be light / medium TV viewers

4. **Free services are the most popular platforms and deliver the highest reach: 86%** accessed VOD via free platforms

IAB Ireland

Video On Demand – Wave 2

May 2015

In association with: