

Consumer Intelligence Series

Video content consumption: What do consumers want?

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Video content consumption

Goal: To explore current video subscription services as well as desires for new services and package options. Specific objectives were to explore consumer desires and attitudes toward:

- Consumers' current behavior and preferences for video packages, including why they prefer what they prefer
- Optimal video packages and amounts consumers are willing to pay
- Critical factors of influence for TV show/channel selection
- Willingness to watch ads in lieu of paying fees, by device
- Nature of interaction of mobile device use with traditional and online video
- Consumption patterns related to content viewing: live versus recorded

Our research:

- Survey of 1,008 respondents
- Focus groups with consumers 21-34 and 35-49
- Listening campaign of TV related conversations that happened in public forums



What consumers are saying now...

- 1** ***Traditional subscriptions still dominate.*** Consumers liken traditional cable subscription to basic household necessity, like a gas or water utility.
- 2** ***More, more and still more!*** Consumers subscribe to more than one service – enjoying the convenience of all kinds of content and original programming
- 3** ***You may also enjoy these titles.*** Consumers prefer automated technology recommendations to social media when it comes to discovering new content.
- 4** ***History repeats itself.*** Viewing history is the top influential factor for consumers when deciding on what TV shows/programming to watch.
- 5** ***Originality drives interest?*** For consumers (in particular the 25-34 age group), original programming is critical when selecting a subscription.
- 6** ***No time for real time.*** Convenience viewing is preferred to “live” viewing, even with the threat of social media spoilers.

What consumers are saying now...

- 7** ***Two (or more) screens are better than one.*** *Consumers rely on second screen for information, online conversations and well, everything else.*
- 8** ***Battle for content.*** *Effect of increased availability of Internet content on traditional packages and subscriptions*

Program Selection:

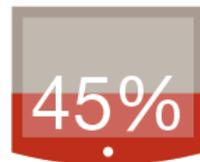
Of the following options, which three best reflect how you determine what TV shows/channels you are going to watch?



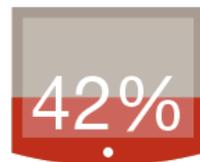
It's a show that I have watched in the past



It was recommended by a friend/family member directly



I just flip through the channels until I see something that interests me

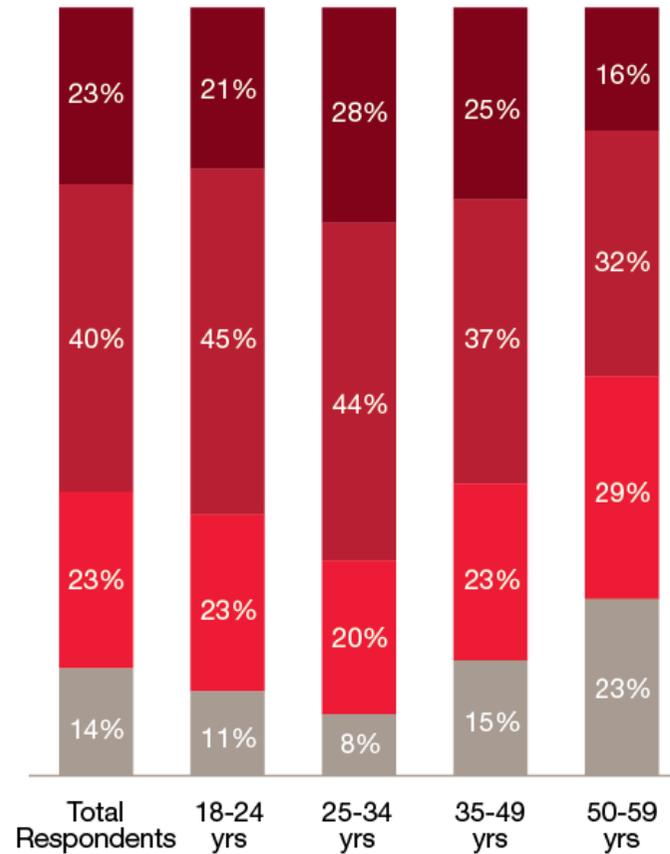


I saw a commercial—on TV, online, billboard, other



Was recommended from social media—not a friend or family member

***Original Programming:
How important is original programming in influencing your
interest in subscribing to a particular service?***

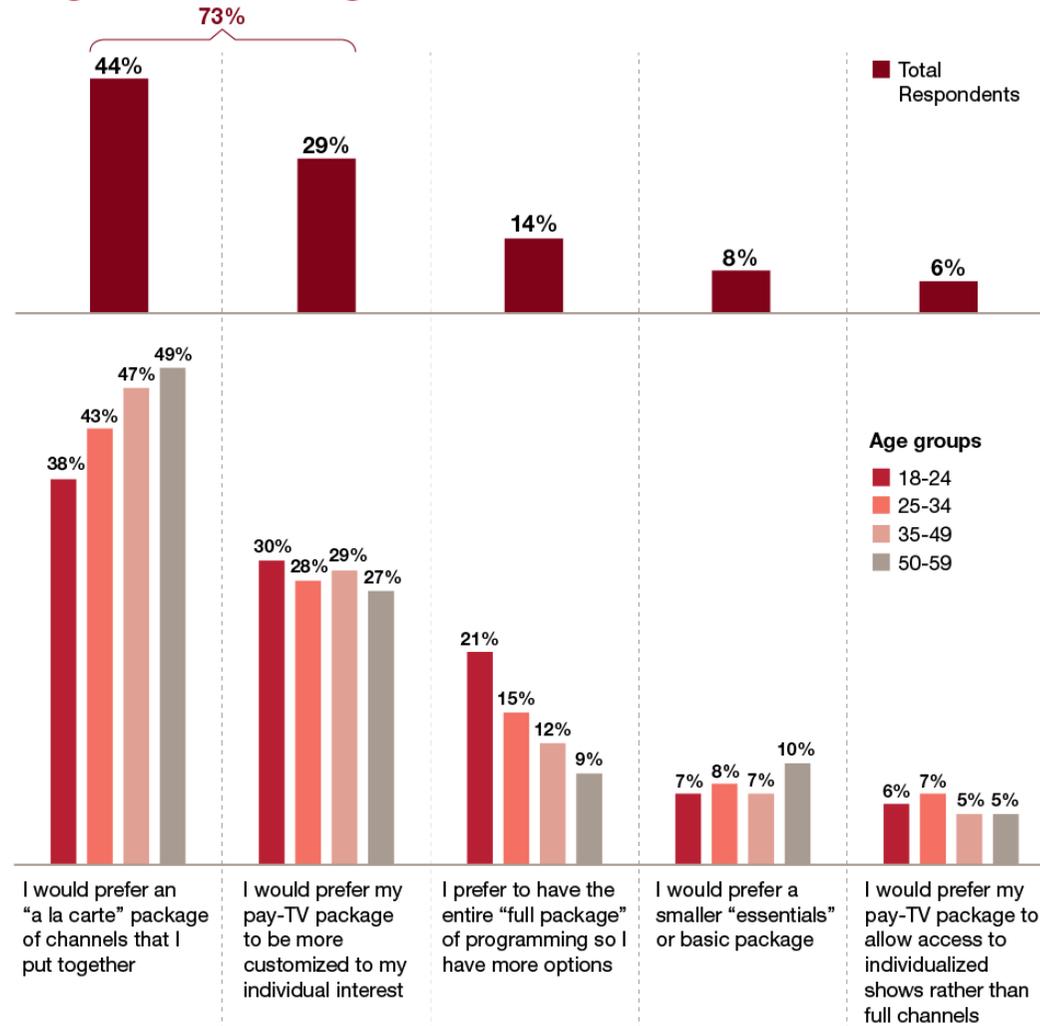


What consumers want and what they are willing to pay...

- 1** ***We want what we want when we want it.*** *The mantra of customization and personalization remains loud and strong*
- 2** ***Pick a number.*** *What is the number of channels consumers are willing to access to customize their a la carte package?*
- 3** ***How much for a custom experience?*** *Consumers put a price tag on a la carte shows and channels.*
- 4** ***Never mind the ads.*** *Consumer say ok to ads if it will save them money on fees. But wait, that doesn't apply to small screens.*

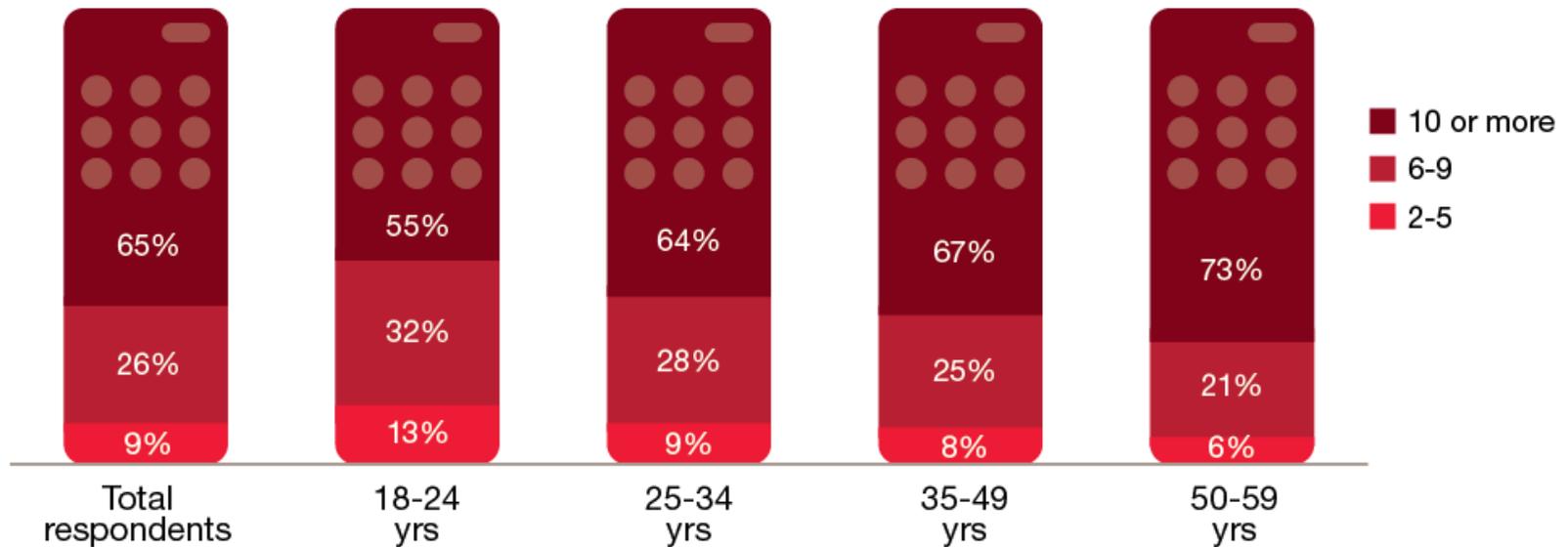
A la carte:

Please indicate which of the following packages best reflects your preference for Pay TV Packages:



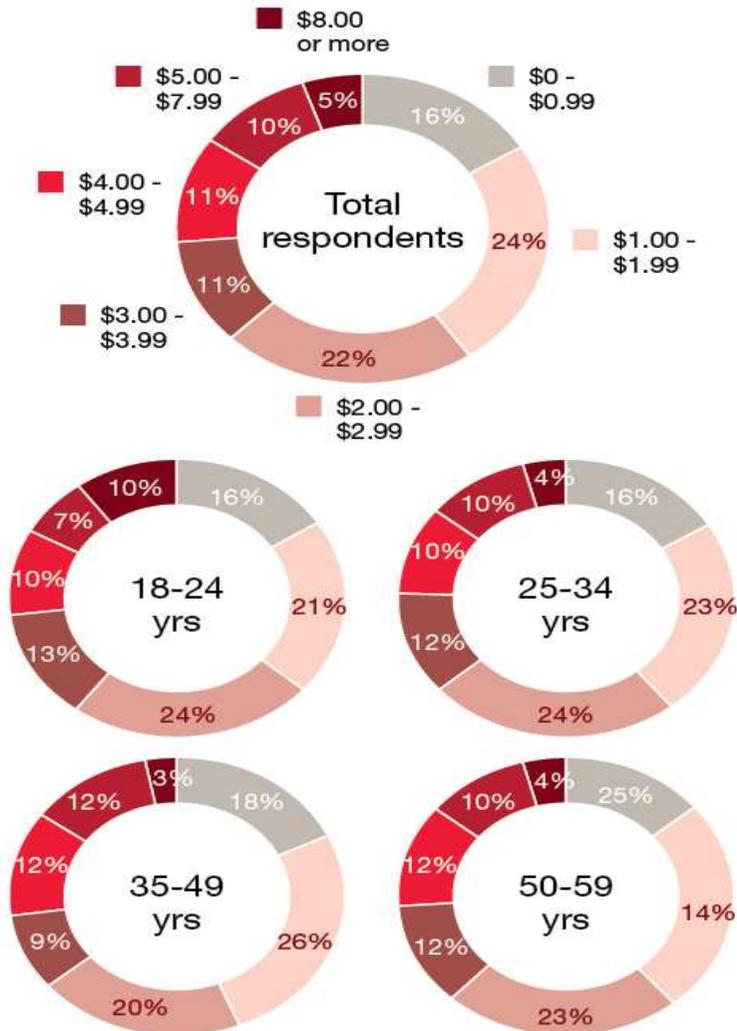
A la carte:

How many different channels would you be willing to go to in order to put together your “a la carte” or custom package?

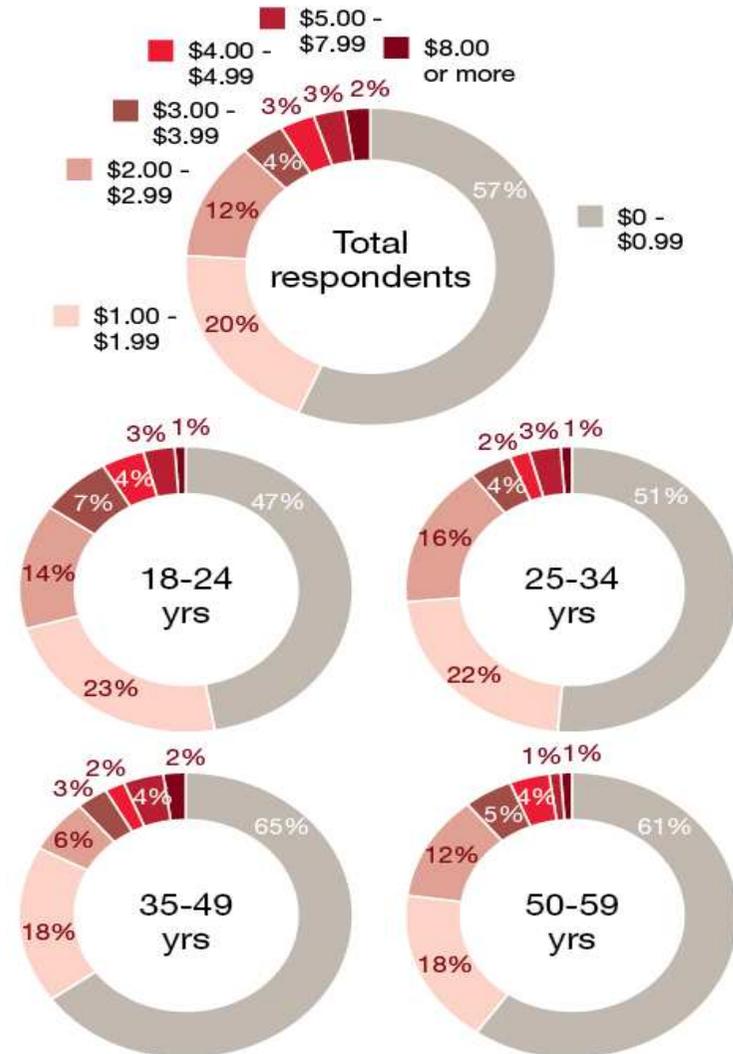


Pricing: How much would you be willing to pay?

Per channel per month



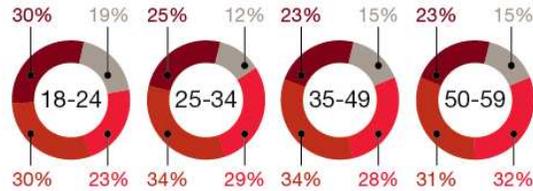
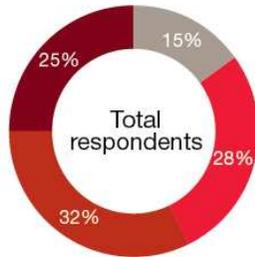
Per show per month



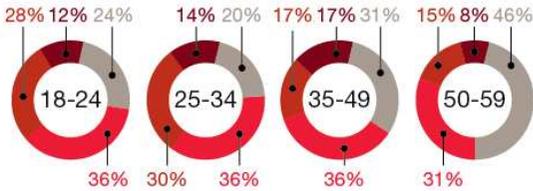
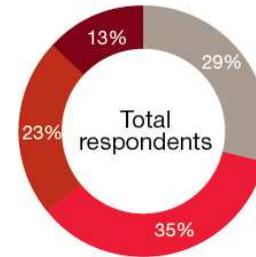
Advertising: Number of ads willing to watch



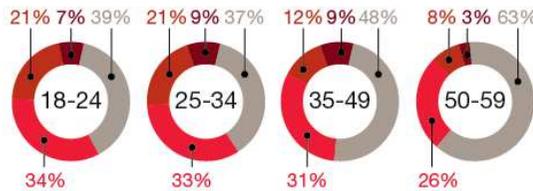
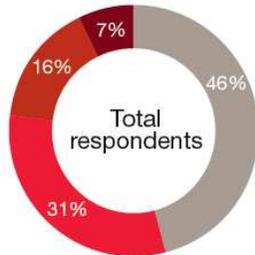
Television
60%



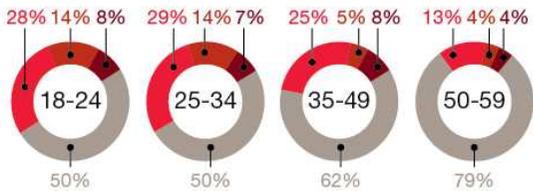
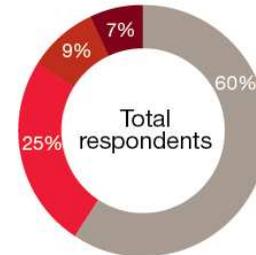
Computer
58%



Tablet
47%



Cell phone
47%



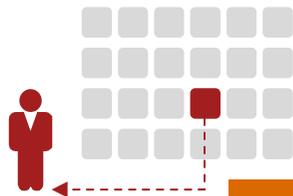
■ 3 ads or more ■ 2 ads ■ 1 ad ■ 0 ads

Implications to your company



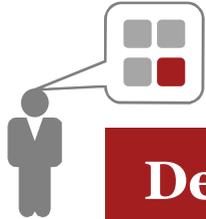
Make traditional video subscriptions even more viable with original programming and customization options.

Push live TV consumption, since certain shows (especially news, sports, and reality genres), can command more of a "live" presence. TV Everywhere services are growing in usage and importance to consumers and can differentiate subscription providers.



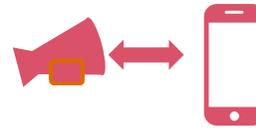
Develop recommendation engines to help drive content discovery. Having an online presence with a strong content recommendation engine opens the door to content discovery.

Implications to your company



Develop programming, pricing options – designed by the subscription services – for subscription services to "excite" the consumer by making them feel more empowered.

Offer customers, as an upgrade, a list of specific shows/channels from which to customize.



Create ad-attached packages for TV and computer.

There may be an opportunity to "wean into" acceptance on the smaller screens if fees are more substantially reduced.

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