Methodology

Aggregated and anonymous data from Adobe Experience Cloud

- Consumer video viewing data from January 2015 – January 2017

Sample information includes:

- 4+ billion TV Everywhere authentications in North America
- 300+ different sites and apps acting as access points for TV Everywhere

Data from different Adobe Experience Cloud solutions:
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Big Screen TVE Viewing Steals from the Small Screen

Mobile share of viewing dipped below 50% in Q3 2016 and has not recovered since

- Consumers traded in their mobile viewing: share decreased from 54% to 46% over the last 2 years
- TVCDs now account for 32% of the viewing activity, up from 20% two years earlier

TVCDs surpass browsers

- TVCDs surpassed browsers and became the second most popular device (32% vs. 22%, respectively) in January 2017
TVCDs: The Beast of Burden for TVE Viewing Growth

TVCDs lead TVE growth for video starts

- TVCDs grew by 349% over the past two years and is the only segment whose growth continues to accelerate
- Both mobile (phone / tablet) and browser access grew at less than 20% YoY after stronger gains the year before

Overall video viewing and users continue to rise

- TVE video starts: Increased +102% in two years
- TVE viewers: Increased +110% in two years
TVCDs gained ground by stealing screen time from channels in all genres

- Music & Movies and Sports channels saw their share of activity decrease more on mobile devices than on browsers
- Browsers are the big losers for Broadcast & Cable and News content; their share of viewing dropped by more than 30%
- Mobile news is the only segment that maintained its share of TVE viewing

### Share of TVE Video Starts By Genre and Device

<table>
<thead>
<tr>
<th>Genre</th>
<th>Mobile</th>
<th>Browser</th>
</tr>
</thead>
<tbody>
<tr>
<td>Music &amp; Movies</td>
<td>-28%</td>
<td>-16%</td>
</tr>
<tr>
<td>Sports</td>
<td>-14%</td>
<td>-4%</td>
</tr>
<tr>
<td>Teens and Toons</td>
<td>-11%</td>
<td>-16%</td>
</tr>
<tr>
<td>Broadcast &amp; Cable</td>
<td>-11%</td>
<td>-31%</td>
</tr>
<tr>
<td>News</td>
<td>4%</td>
<td>-33%</td>
</tr>
</tbody>
</table>
Lower Price Points Spurred TVCD Holiday Sales Growth

**TVCDs are here to stay, not a passing fad**

- TVCDs continue to be a popular purchase during the holidays, with sales increasing each year

**Lower priced units saw larger increases**

- Revenue up 17% YoY, while unit sales increased by 37%
- While Apple and Roku introduced new premium devices, less-premium offerings by all manufacturers continue to lower the entry point for consumers

**Consumers expect convenience**

- Not only do consumers want on-demand content on their bigger screens, 2/3rds of them are open to buying their home electronics online (ADI Millennial Survey 2017)
TVE and TVCD cater to consumer preferences

Younger generations are keen on mobile video consumption

- 75% of millennials watch TV or movies at least once a month on mobile devices while only 54% of older generations share the same viewing habits
- 43% of millennials watch multiple TV shows or movies per week on a mobile device

Younger generations are more accustomed to the idea of limited use, on-demand goods

- 63% of millennials agree that there is no need to own something if they can access it when they need it (i.e. digital movie and book rentals, Uber instead of a car, music as a service [Spotify], etc.)
Consumers Tune In to TVCDs During Evening Hours

TVE peaks during traditional TV viewing hours
- During the week half of all TVE activity (50%) is in the evening and prime time slots (between 4PM and 11PM) – peaking in the 9 o’clock hour

Mobile and TVCD are roughly split in terms of usage throughout the day
- Mobile wins during the day and prime time; TVCDs are the evening device
- Combined, the two access types account for over 75% of all video starts of TVE
- Weekdays account for 64% of all TVE starts
Advertisers Still Not On Par With Digital Video Opportunity

Video ad eyes shift from desktop to mobile
- Mobile video ad impressions: +53% YOY
- Desktop video ad impressions: -27% YOY

Gaps in the video experience result via delivery methods
- Mobile formatted ads served on mobile see a 60% completion rate
- Desktop formatted ads served on mobile see a 47% completion rate

Gaps in the video experience also affect cost
- 2 out of 3 video ads are completed, effectively raising costs 48%
Video advertisement cost has increased 13%

- TVCD CPMs for video ads are 2x the cost of mobile
- Video advertisement costs are higher than mobile search and display

Advertising costs far outpace inflation since advent of digital

- Traditional advertising costs for Primetime Television and Super Bowl advertising has increased 3x and 4.3x more than inflation since 1997
Advertisers aren't as active with video ad impressions

- Advertisers are active 25% of the time; avg. number of months: 3.7 out of 15
- Less than half the advertisers (44%) are in market half the time (8 out of 15 months)

Majority of advertisers testing with small campaigns, few are running very large campaigns

- Biggest advertisers deliver 3.0x (mobile) to 5.1x (desktop) more impressions than the typical advertiser
Consumers Continue to Be Selective on Smartphones

Fewer unauthenticated videos are started on a per-visit basis

- Videos per visit has decreased -31% and -23% on smartphone and desktop devices, respectively.
- Time on a phone is precious: Smartphone users start 42% fewer videos per visit than desktop users.

**Smartphone** users start **42% fewer** videos per visit than desktop users.
All time high: 1 in 5 cable TV viewers utilize TVE content

Even in a market dominated by large SVOD providers, TVE gains ground
• As of Q4 2016, 20.5% of all cable-TV households are utilizing TVE functionality
Frequency of TVE viewing holds relatively steady

Android frequency up; iOS down

- Android +8% YoY
- iOS -15% YoY

[Bar chart showing Android and iOS TVE viewing frequency change from Q4 2015 to Q4 2016]

TV EVERYWHERE VIEWING FREQUENCY BY ACCESS TYPE (NORTH AMERICA)
SOURCE: ADOBE PRIMETIME
TVE Viewing Changes During the Weekend

- TVE doesn’t extend the viewing day, it reinforces it by peaking at the same times traditional TV
  - Weekdays account for 64% of video starts, 36% on weekends – where viewing is spread more evenly throughout the day
Casual Viewers Are Sedentary, While Video Junkies Are Out And About

Over half of smartphone watch TVE from one location
• Less than half (43%) of accounts accessing TVE from a smartphone record 2 or more locations
• Computers are more stationary (80% of users watch from one location)

But the real video junkies are on the move
• Smartphone users with 3+ locations account for half of smartphone TVE usage (57%)
Glossary

- TVE: TV Everywhere
- TVCD: TV Connected Device (IE: Roku, Apple TV)
- Ad start ratio: Total ad starts per video start
- Online video start: Any browser based unauthenticated video start
- Viewing frequency: Video start per unique viewer
- Monthly video view time: Average time spent per month viewing video per person
- Authenticated video: Video content that requires credentials from multichannel video programming distributor (MVPD)
- Active monthly viewer: Viewer who authenticates at least once per month
- Monthly unique visitor: Total number of unique visitors for the month
- Access type
  - Browser includes Chrome, IE, Firefox, and Safari on both PC and mobile devices
  - iOS app is an app on any Apple mobile device
  - Android app is an app located on any Android mobile device
  - Gaming console and OTT includes data from apps on Xbox, PS4, Apple TV, Roku, and other similar devices
- TV Everywhere video viewing frequency: Authenticated video starts per monthly unique visitor