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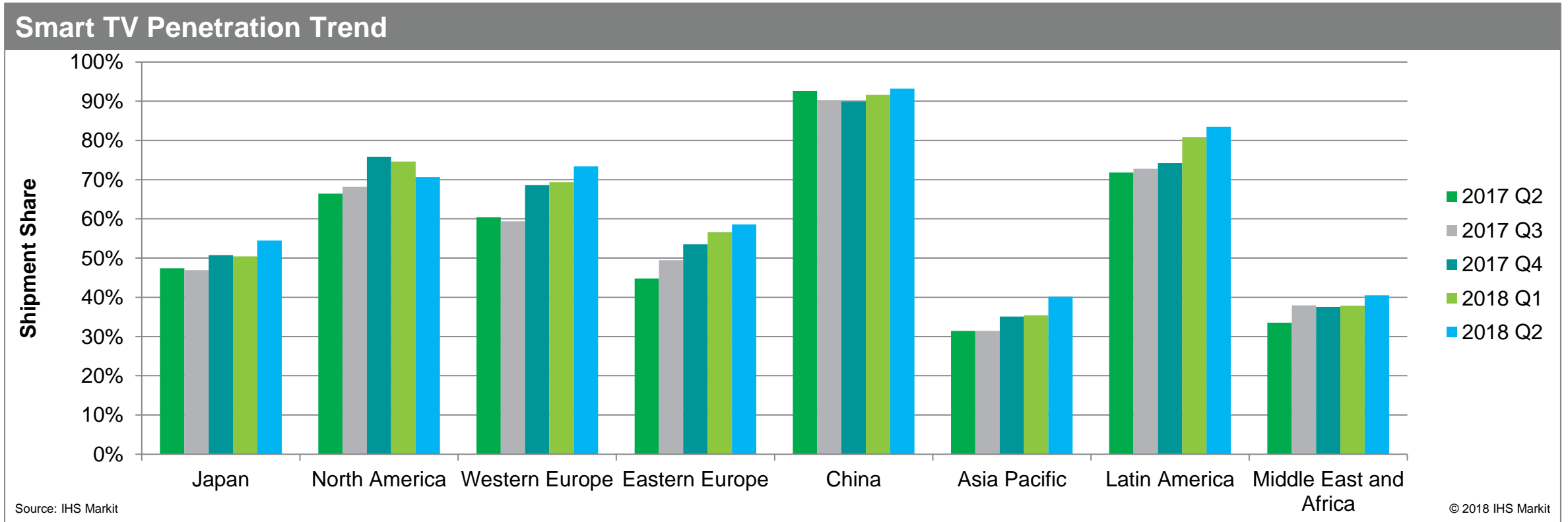
TV Market Update

Paul Gray, Research Director

HbbTV Symposium, Berlin, November 2018

Smart TV shipment share by region, Q2 2018

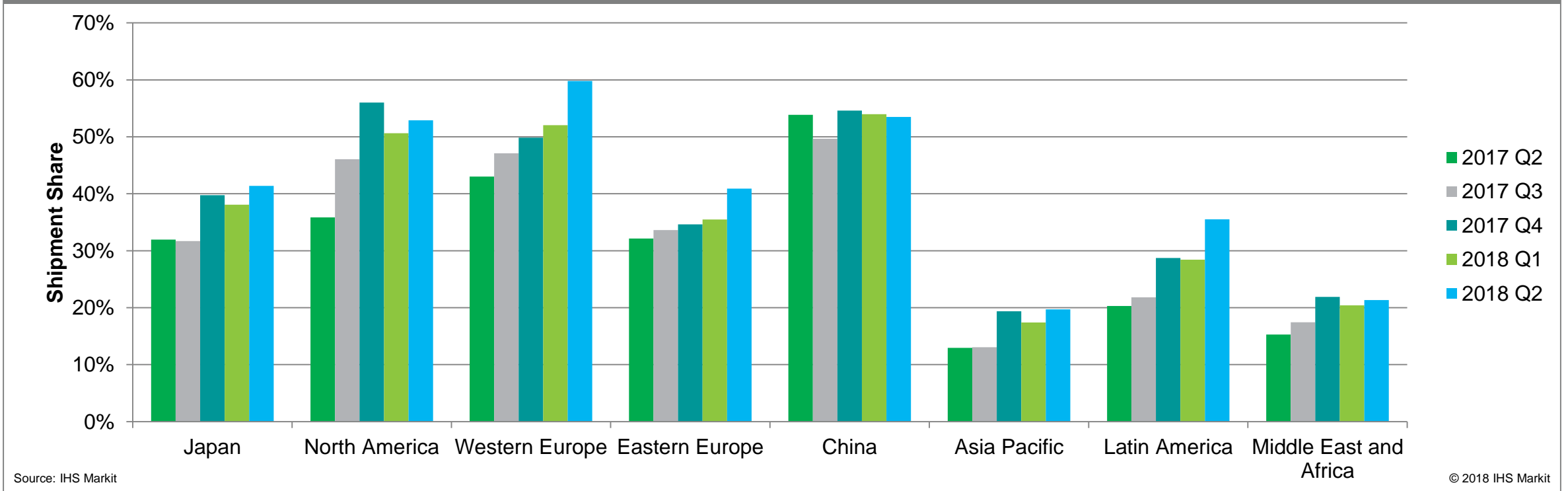
- Globally, smart featuring is now present in 70% of sets shipped in Q2 2018.
- China leads in penetration at 90% Latin America is a strong second, mandates Ginga interactivity.



4K TV shipment share by region, Q2 2018

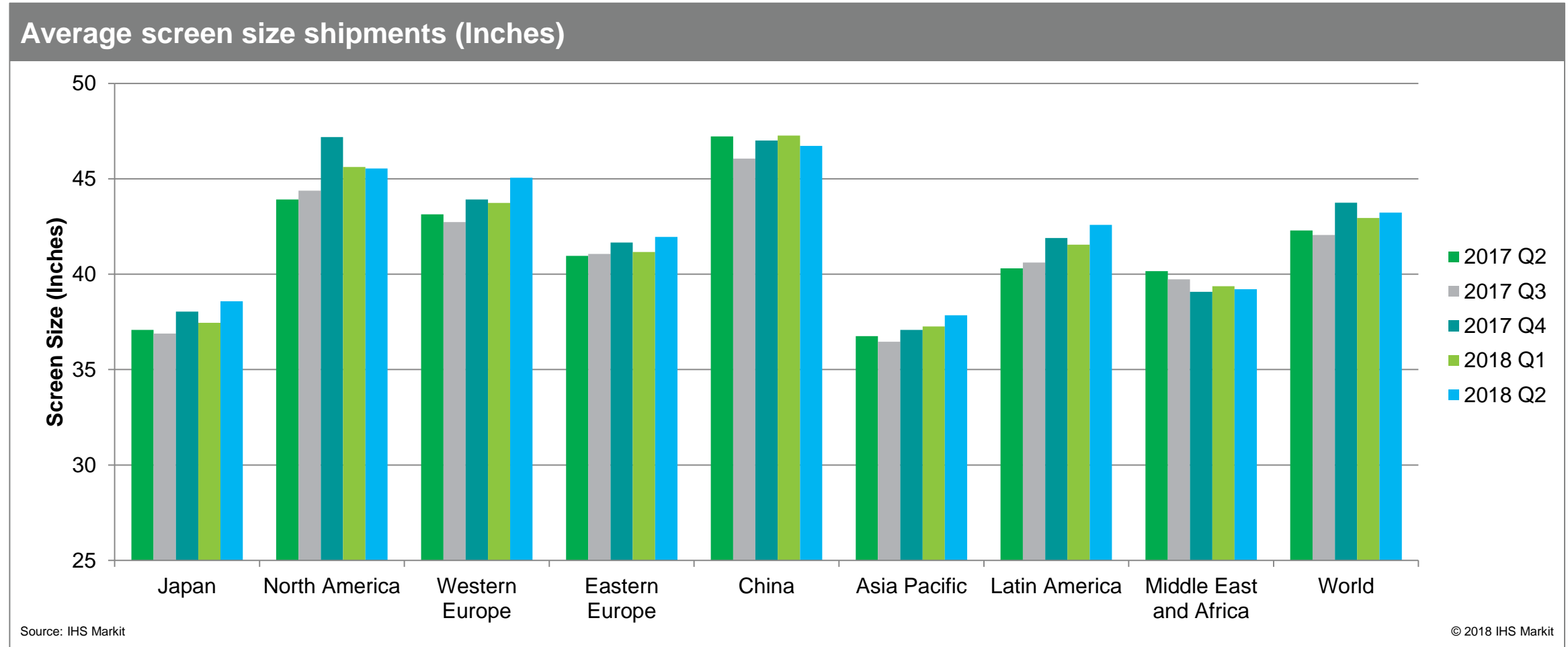
- 60% of shipments in Western Europe are 4K resolution.
- Japan lags somewhat, due to a preference for smaller (non-4K) screen sizes.

4K TV Penetration Trend

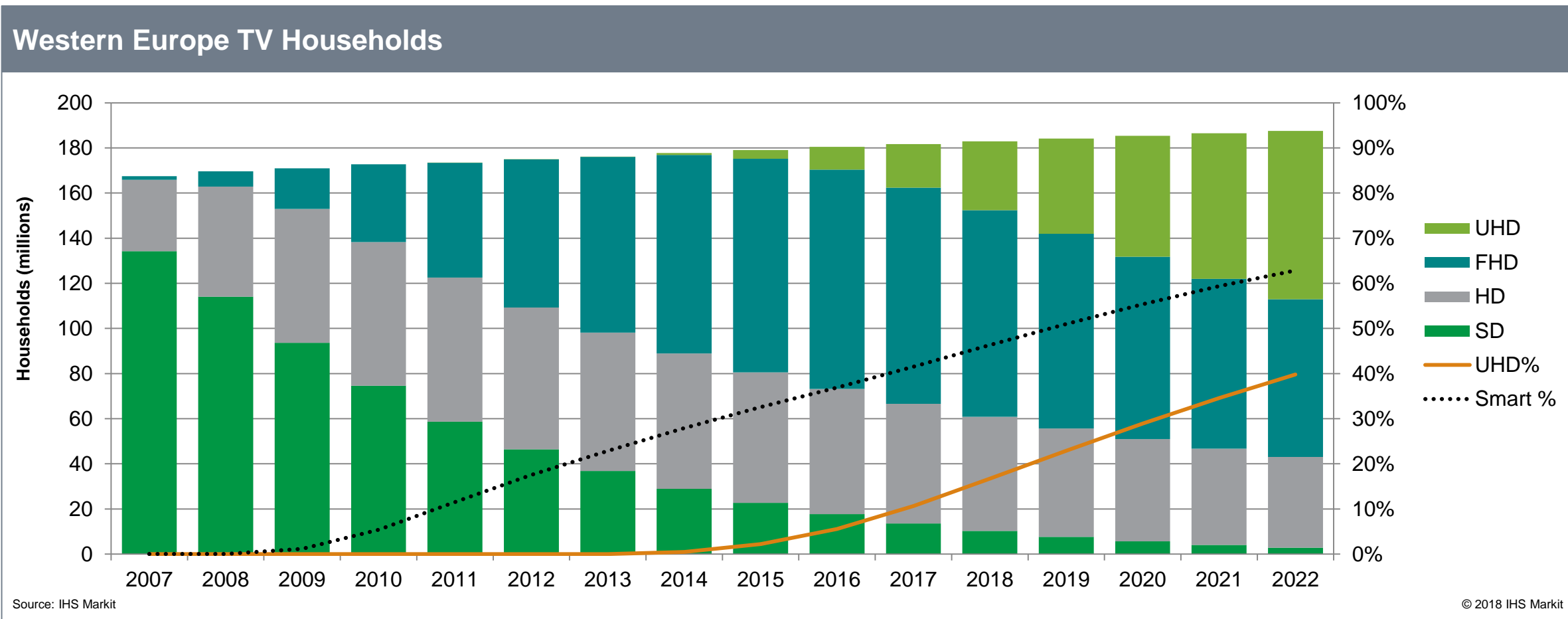


Screen size trend: Q2 2018

- Western Europe closing rapidly on North America and China, despite very different home sizes.

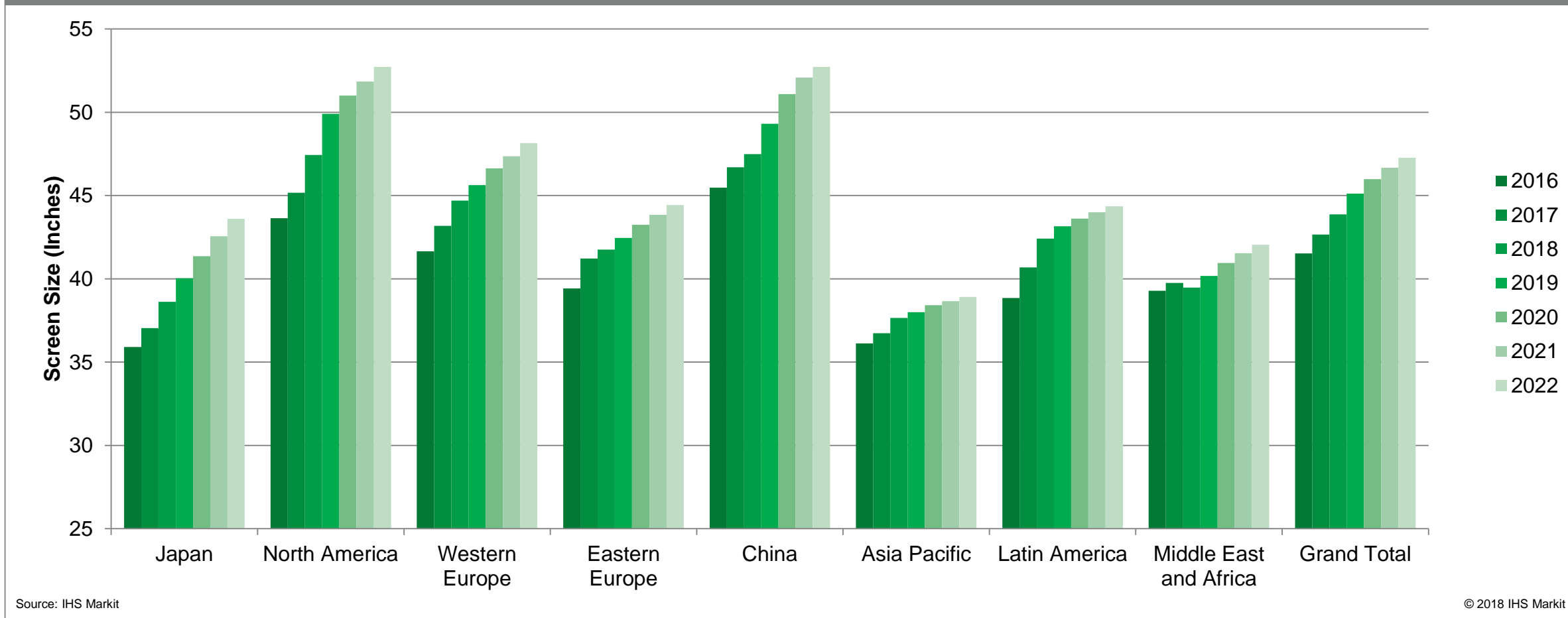


63% of households smart TV in 2022



Screen size forecast

Average screen size forecast (Inches)



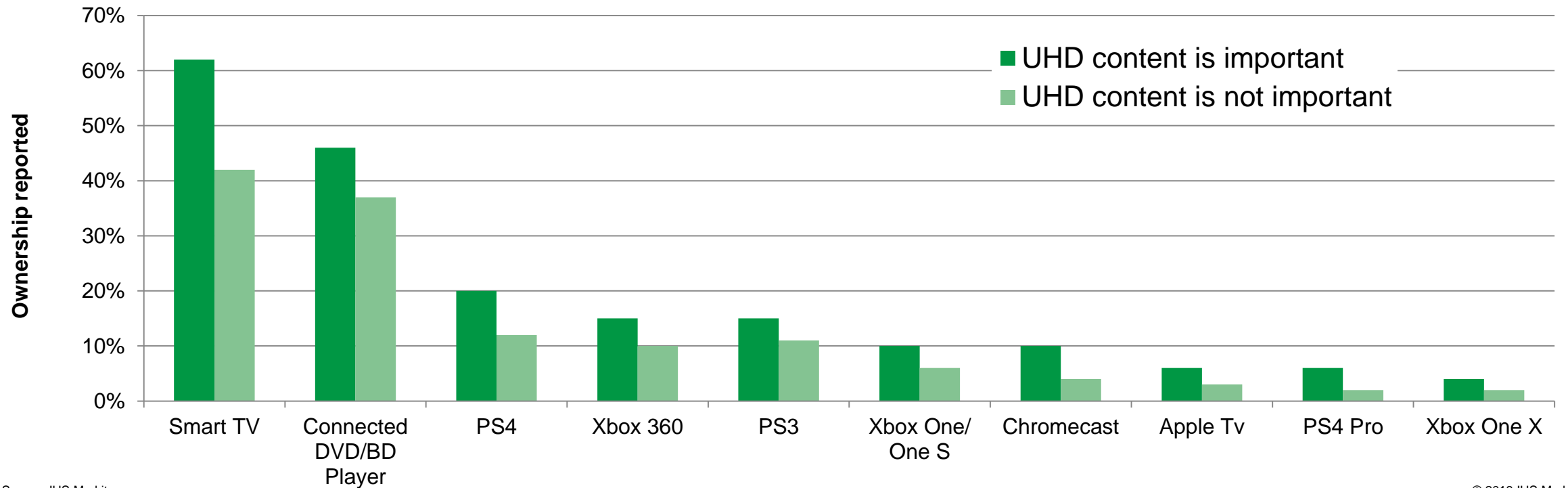
Source: IHS Markit

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Content consumption

Device ownership: UHD-positive consumers

Devices owned by respondents stating UHD Content important



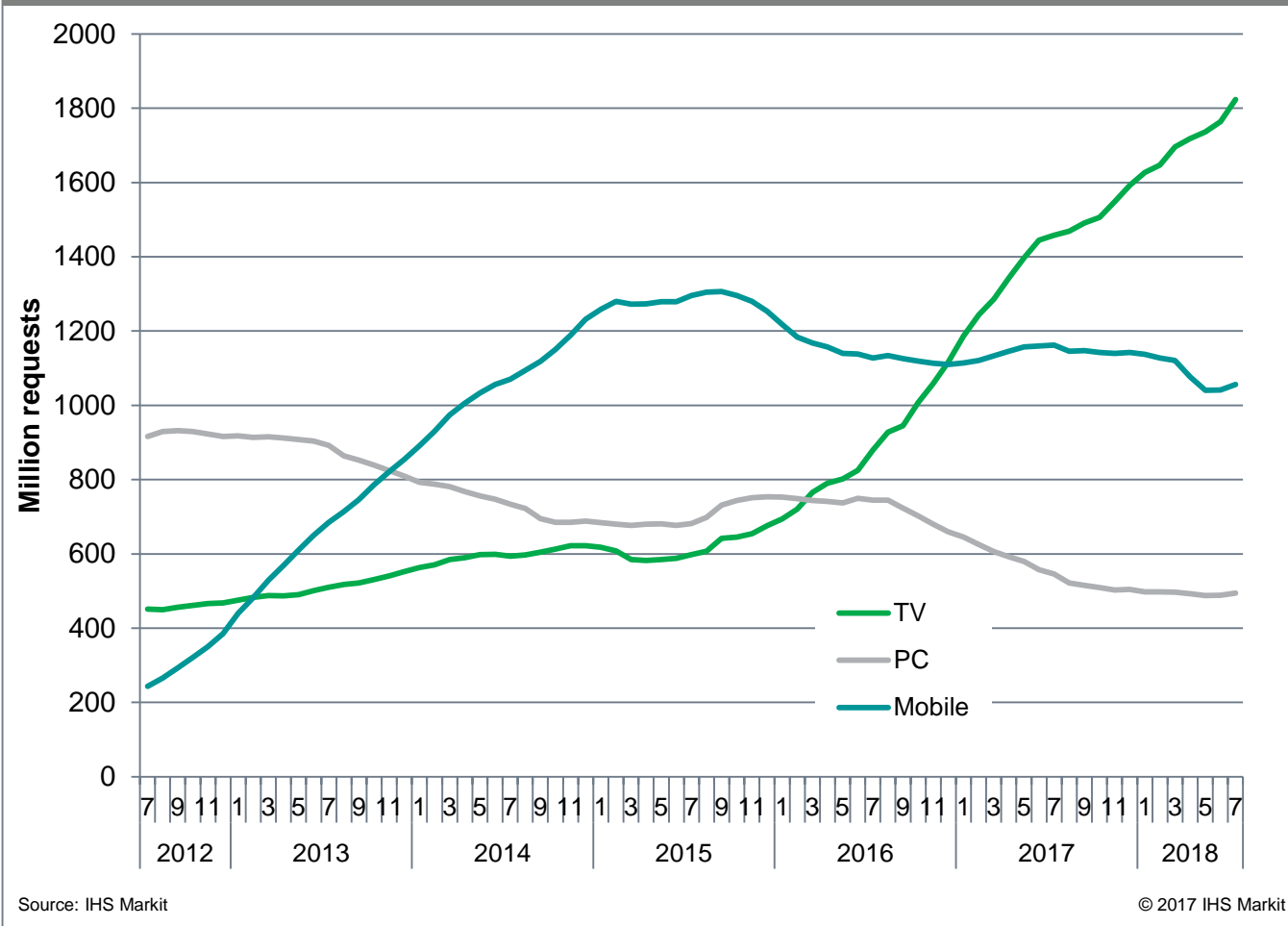
Source: IHS Markit

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- Surprising that Smart TV is not 100% - as all 4K TVs have Smart TV functionality!
- Clearly UHD is a halo factor even for conventional subscribers.

Smart TV usage: BBC iPlayer consumption trend

BBC iPlayer TV content playbacks by device type: rolling year



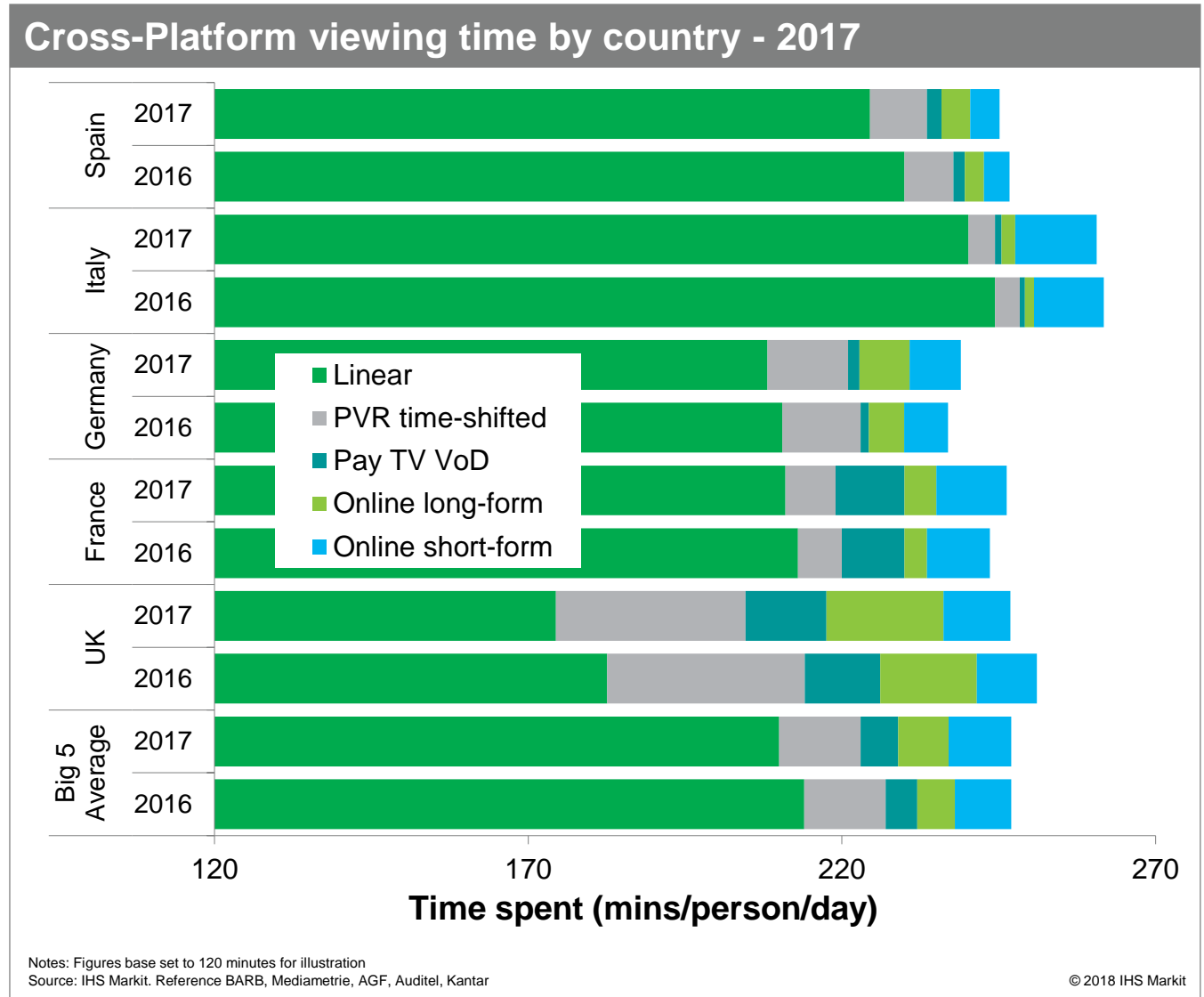
- PC and mobile are gateways to increased TV screen* on-demand viewing.
- Consumers use mobile devices to try new services, transferring viewing to the TV screen for intensive consumption.
- > Out-of-home usage does not compete with TV, but a new audience opportunity.

*TV screen viewing by smart TV, streaming box or games console.

TV viewing trends

- Viewing shifting to on-demand, on many devices, in and out of home.
- Daily viewing time in the EU 5 relatively stable for past six years.
- Linear viewing time declined across all five.
- PVR time-shifted viewing plateau in all market > except UK: second year of decline.
- Limited evidence of cord-cutting in Europe
- Online share of viewing time increased, average: > + 10 minutes /person/day of online short-form content, > + 8 minutes long-form content.
- TV providers need to be innovative to retain customers, audience shares and revenues.

Source: IHS Markit annual Cross-Platform Viewing Time report





BODYGUARD

Home Episodes Clips Characters



 Watch now

Episode 1
Series 1 Episode 1 of 6

Last on



Sun 26 Aug 2018
21:00
BBC ONE

More episodes

PREVIOUS

You are at the first episode

NEXT

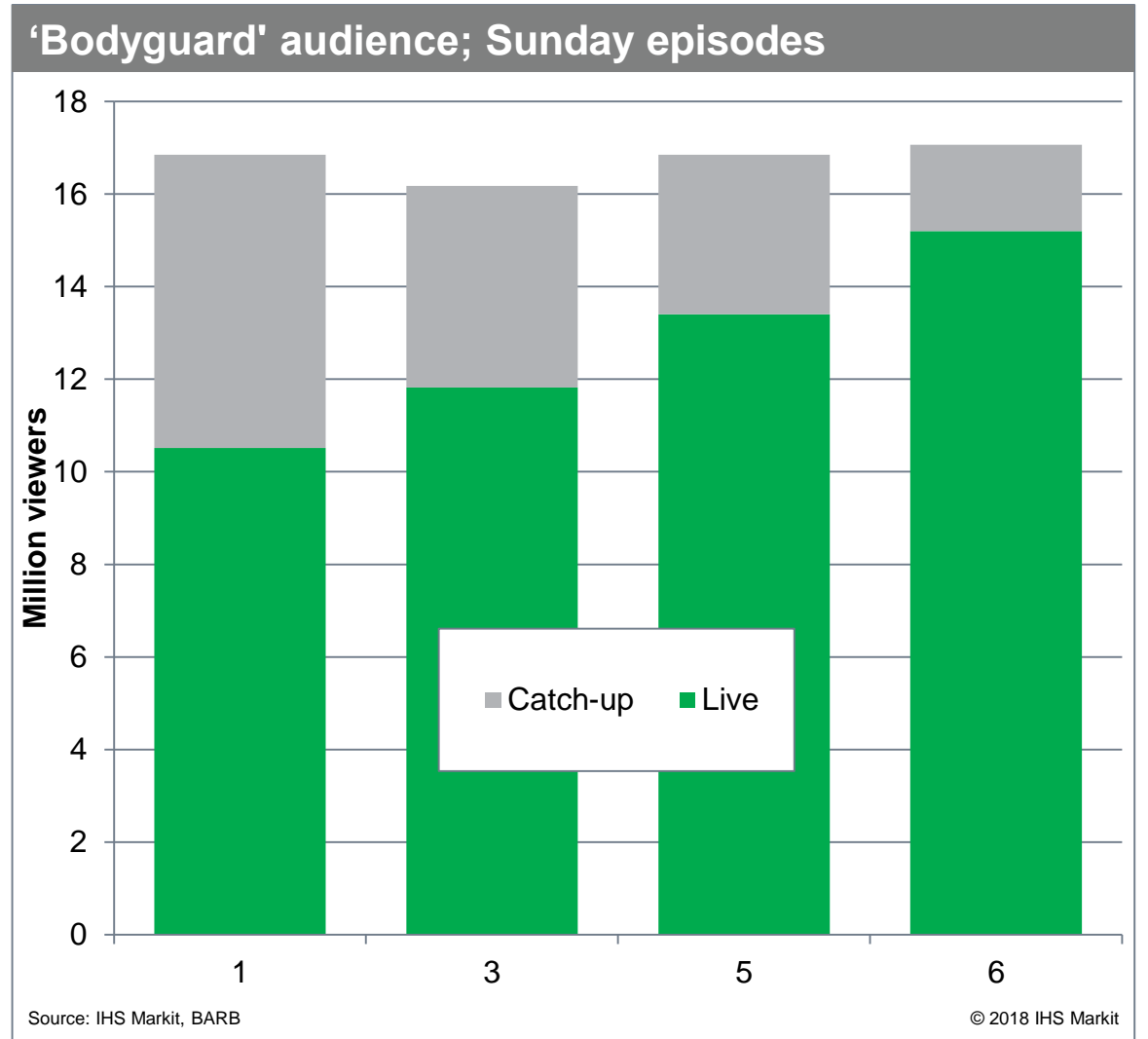
Episode 2
Series 1



See all episodes from Bodyguard

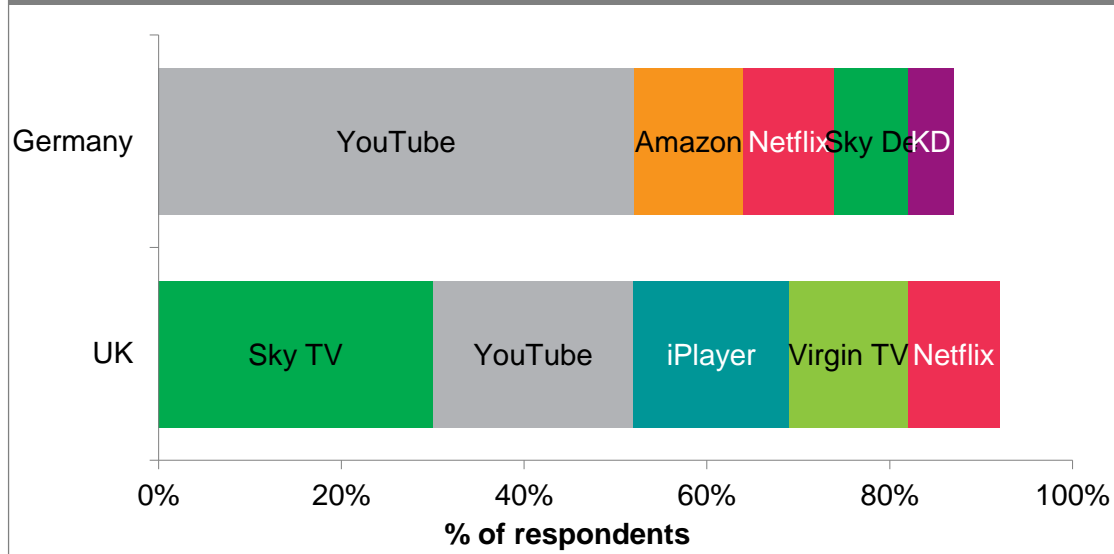
BBC 'Bodyguard' audience

- Catch-up drives the live audience
- Viewers recruited via catch-up (iPlayer): joined the live audience later in series.
- On-demand driving linear viewing
- 35 million downloads of the Bodyguard on iPlayer. Box set viewing afterwards.
- Biggest total audience since 2002!
- **HbbTV key technology for audience development.**



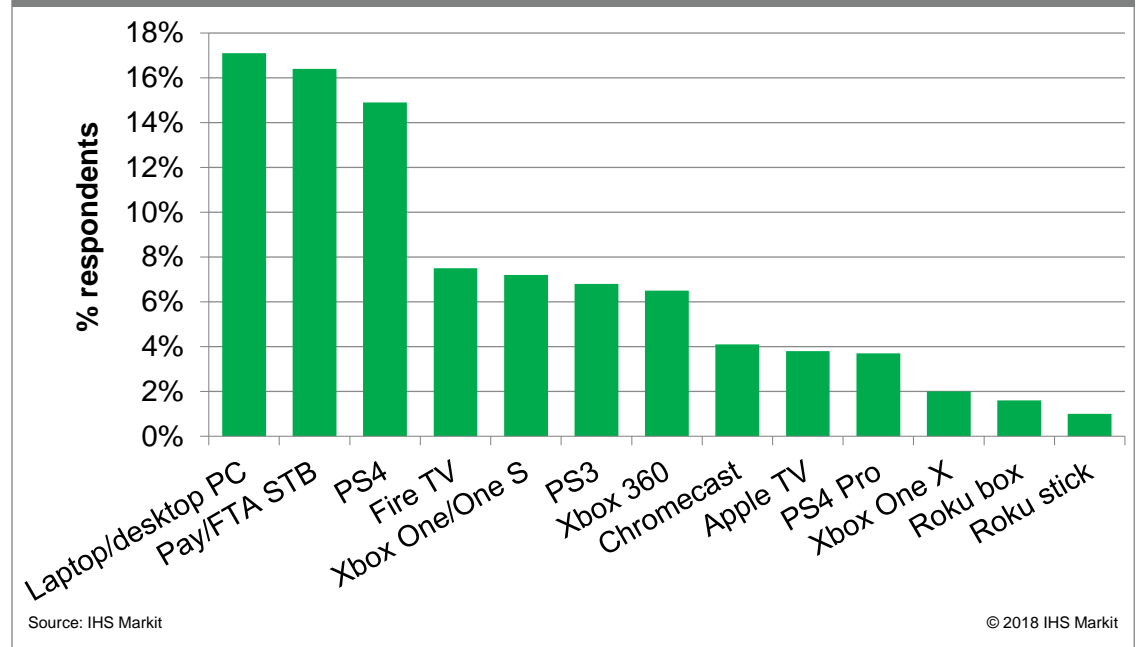
UK & Germany: Consumer Behaviours

UK & Germany: First choice of video service for content



Notes: n=4,802 nationally representative internet users, survey conducted April 2018. Q. 31. On an average day, which of the following devices and services is your first choice when looking for something to watch?
 Source: IHS Markit © 2018 IHS Markit

UK & Germany: Devices attached to Primary TV Screen



Source: IHS Markit © 2018 IHS Markit

- Low pricing, original/exclusive content and wide distribution of OTT services have resulted in rapid uptake, consumers taking multiple subscriptions.
- Consumers increasingly go first to OTT video providers for content.
 - > Figures even more alarming by age group, nearly 90% of 17-24 year olds in Germany and 66% in the UK turn to YouTube and Netflix first.
- Pay TV operators must continue to drive value amongst subscribers to retain subscriptions, revenues and viewing time.
- Households with an existing pay TV subscription more likely to have an OTT subscription.
 - > Overlap between Sky TV customers with Netflix doubles for 17-24 year olds compared to the average across all age groups.
- OTT video subscribers also more likely to engage with their pay TV service and regularly use additional pay TV features such as VoD and multiscreen.

Source: Connected Devices & Media Consumption, Q1 2018. N=4,802 nationally representative internet users.

Thank you!

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