

The State of OTT

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SR. DIRECTOR,
PRODUCT



Today's Agenda

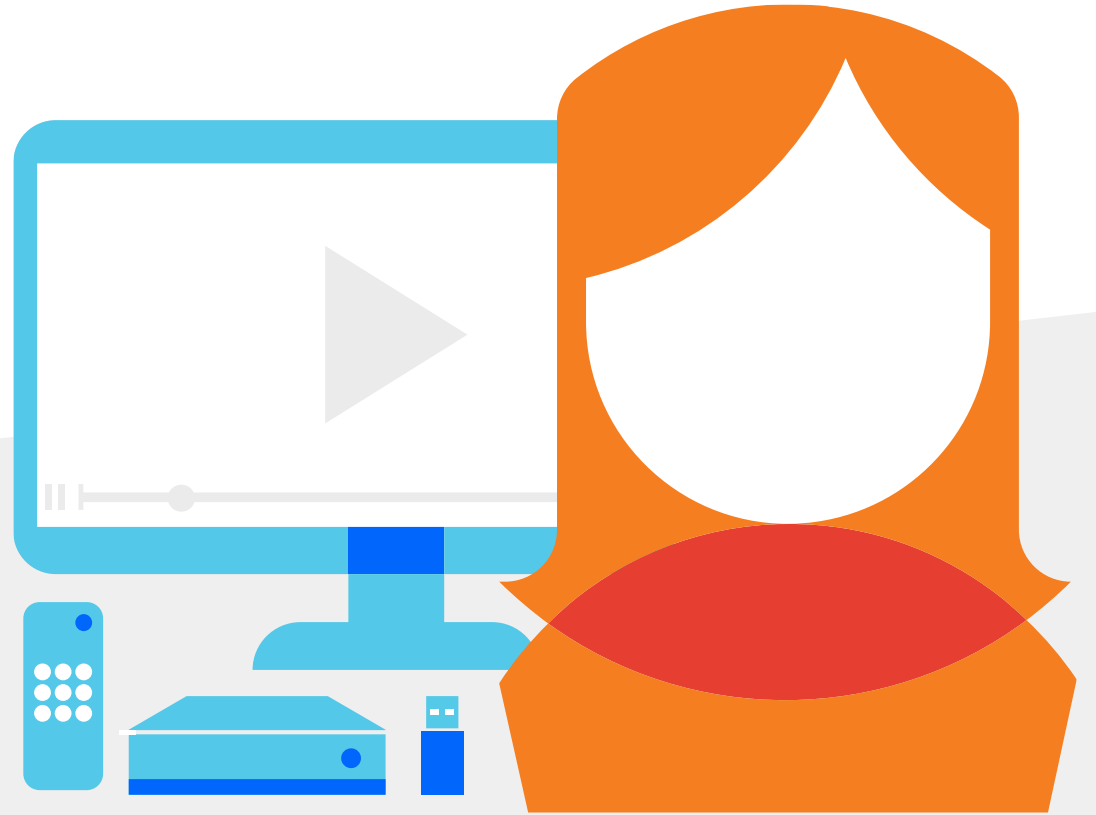
Definitions &
Methodology

OTT Today

In Context of Linear TV

Key Takeaways

Setting the Stage



The Total Home Panel comprehensively measures the connected home, including OTT and IoT devices

8,000+

homes participating daily

~93,000

devices every month

Nationally-distributed sample

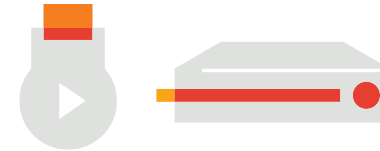


Mobile

Phone, Tablet
(All ages)



Network-connected Set-top Boxes



Streaming/OTT

Roku, Apple TV,
Chromecast, Fire TV



IoT & Other Devices

Thermostats, Security,
Smart Speakers



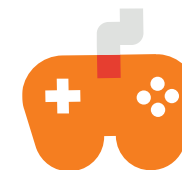
PC

Laptops,
Desktops



Home Theater:

Blu-ray Disc Player,
Smart TV



Game Consoles

Xbox, PlayStation,
Nintendo 3DS



Wearables

Apple Watch,
Samsung Gear

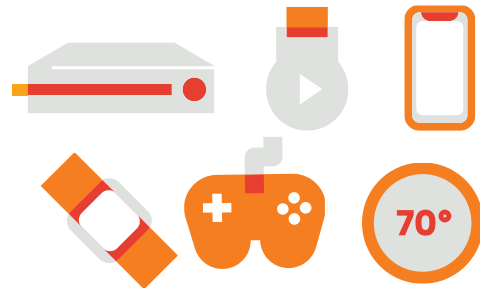
Total Home Panel offers several solutions to analyze and reach OTT viewers and device users

OTT Intelligence™



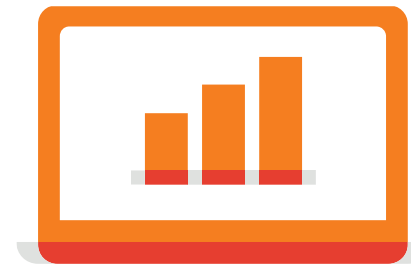
Measures over-the-top streaming content consumption across TV-connected devices.

Connected Home™



Delivers insight into the usage of all internet- or router-connected devices in the home – including IoT.

Custom Reports & Raw Data Feed



Provides unparalleled access to the complete Total Home Panel dataset for custom analyses.

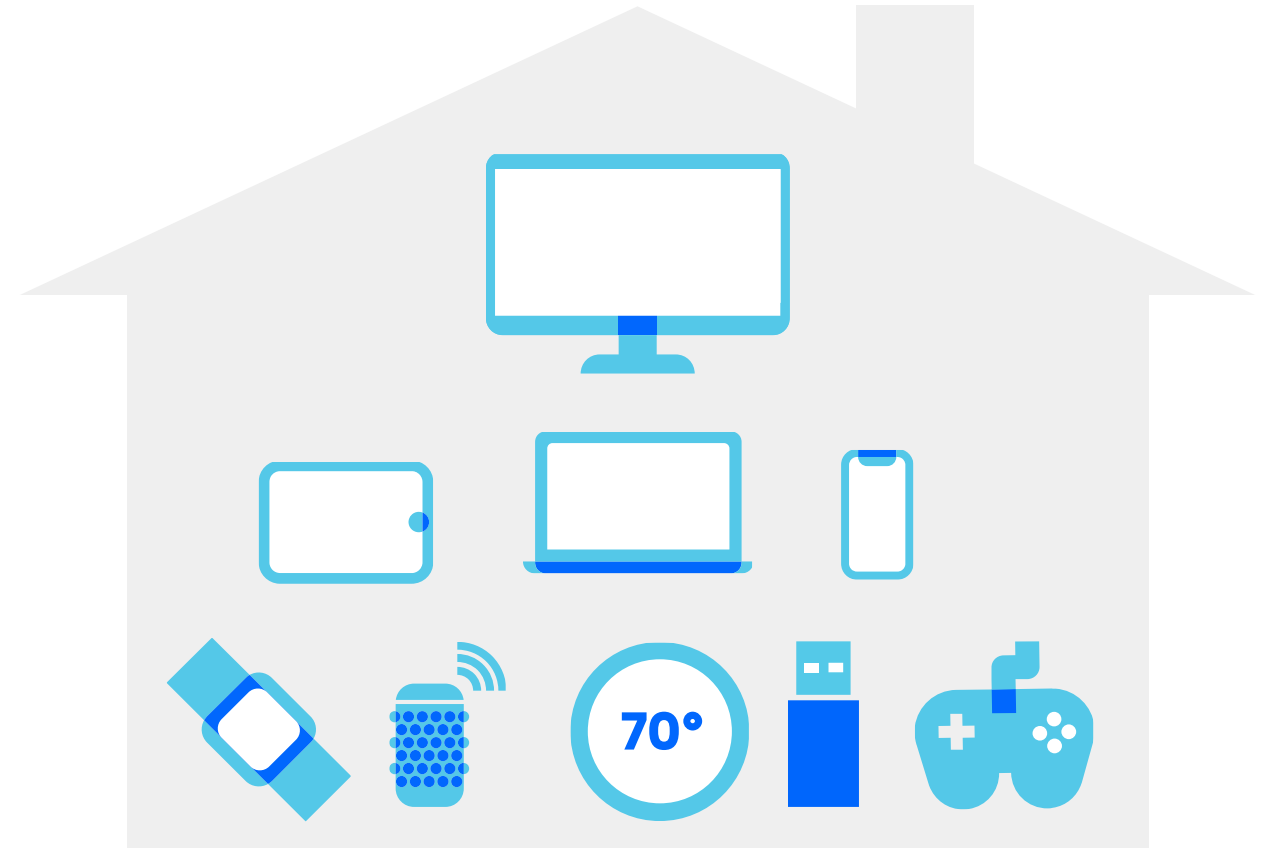
Audience Targeting



Enables media buyers to reach audiences based on their OTT, SVOD and gaming behaviors.

About this report

- **The State of OTT is sourced from Comscore OTT Intelligence™**, which is powered by OTT consumption data from 75+ OTT services and accounts for the overwhelming majority of OTT usage.
- **When publishing or using information from this presentation**, please cite Comscore as sourced at the bottom of each slide and with regard to our [data usage policy](#).



KEY CONTRIBUTORS TO THIS WEBINAR:

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How do we define over-the-top (OTT)?

OTT Content

Any Internet-based video content streamed on a device that can connect to a TV or via functionality within the TV itself (i.e. smart TVs).

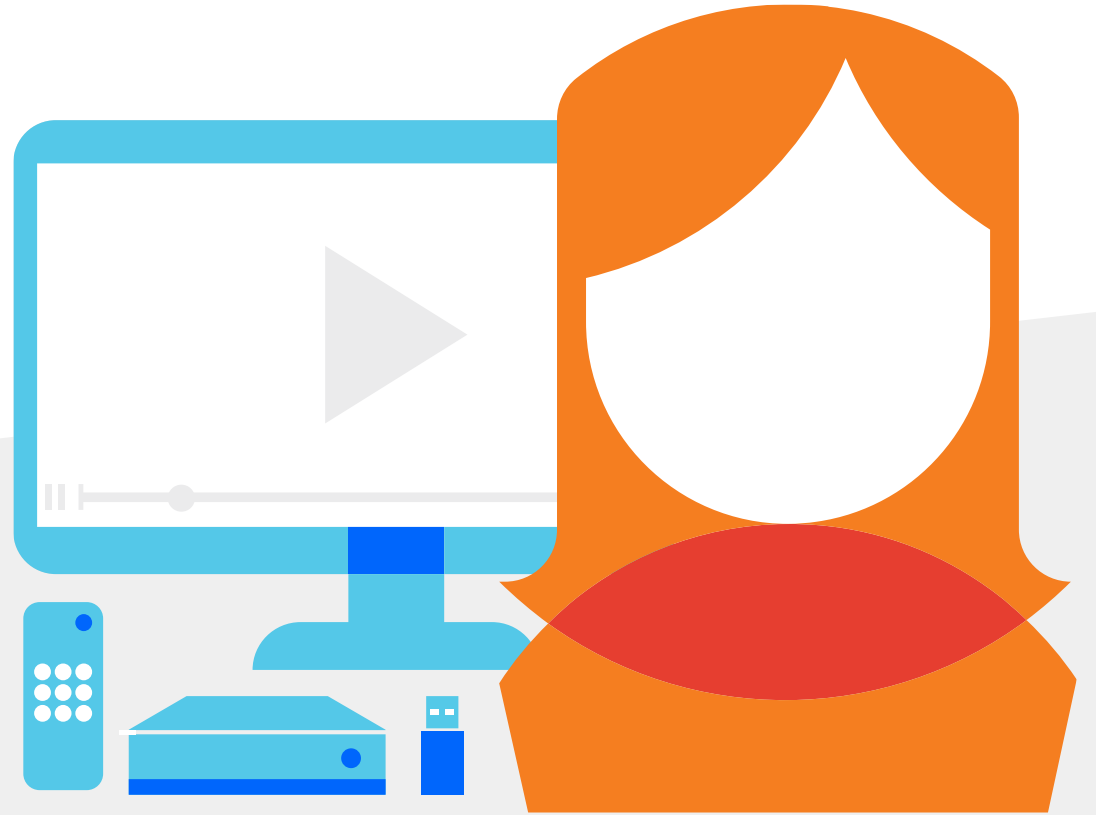
Can include programming from subscription video-on-demand (SVOD) services, ad-supported services (AVOD), free VOD, and transactional VOD (e.g. iTunes).

OTT Devices

Devices that deliver media by connecting to a TV or via functionality within the TV itself (i.e. smart TVs).

Common OTT device brands include Roku, Amazon Fire, and Apple TV.

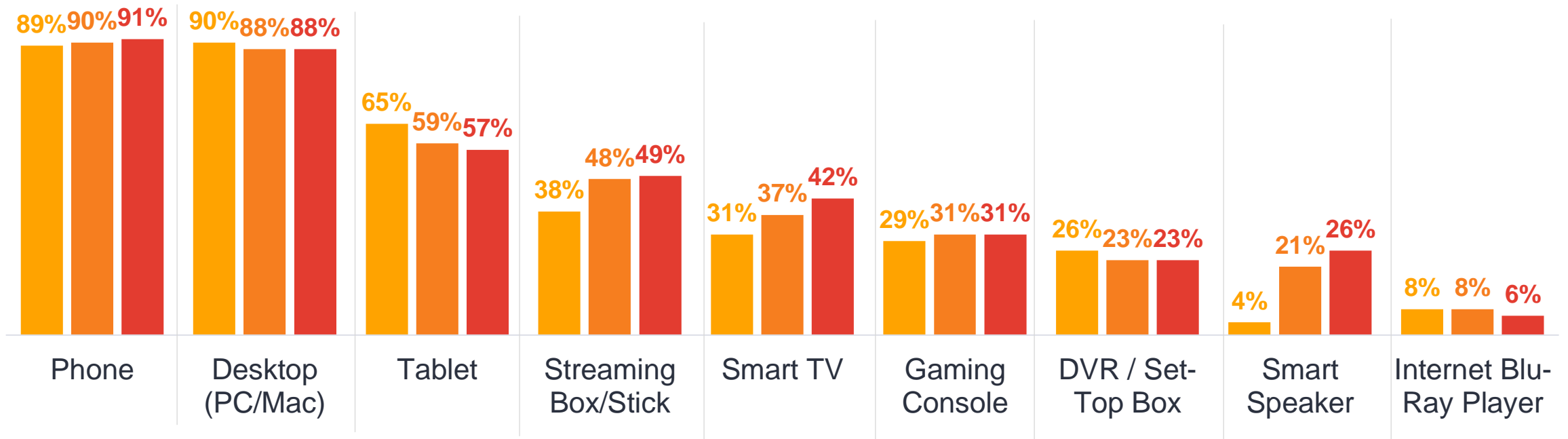
OTT Today



Traditional digital devices are still the most prevalent, but most OTT devices are showing significant growth

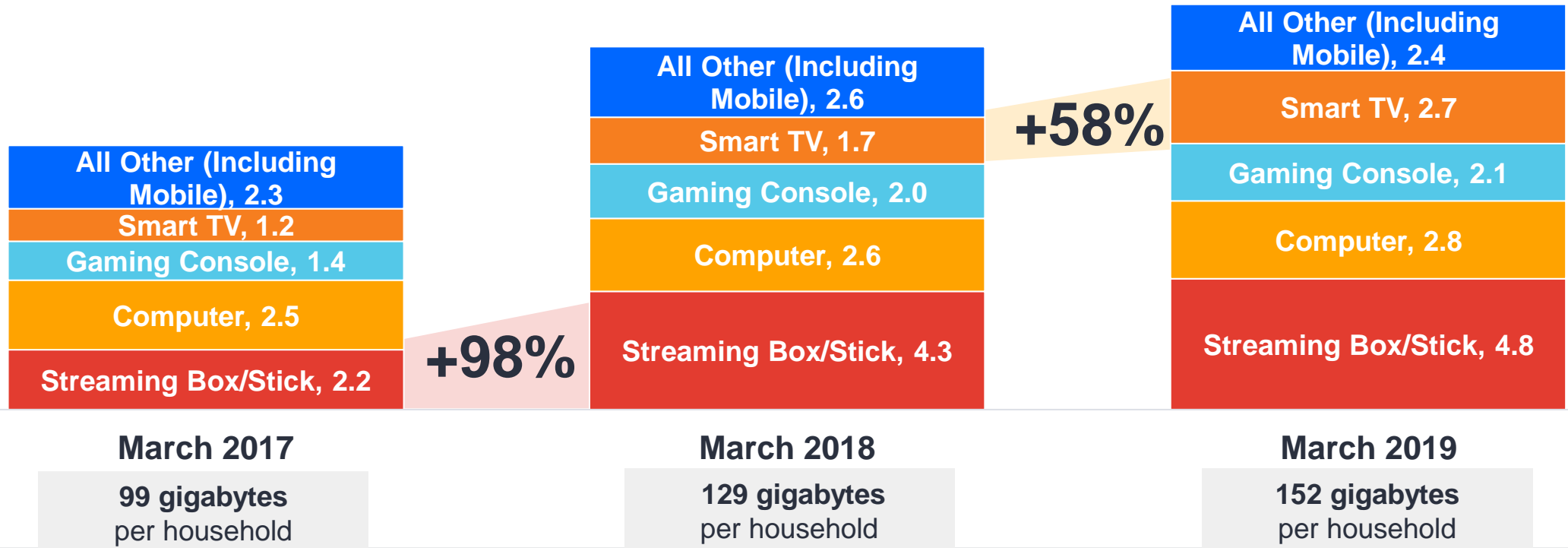
Household Reach Among U.S. Wi-Fi Households in March

■ March 2017 ■ March 2018 ■ March 2019

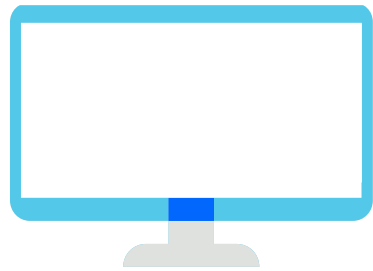


Homes are using more bandwidth than ever before – driven by use of streaming boxes/sticks and smart TVs

Total Gigabytes of Data Received in All U.S. Wi-Fi Homes (Billions)



OTT viewing has become a mainstream media behavior in the U.S.



64 MM
homes used OTT



66%
reach
among homes with Wi-Fi

The average home viewed

86 hours

of OTT content across the month...



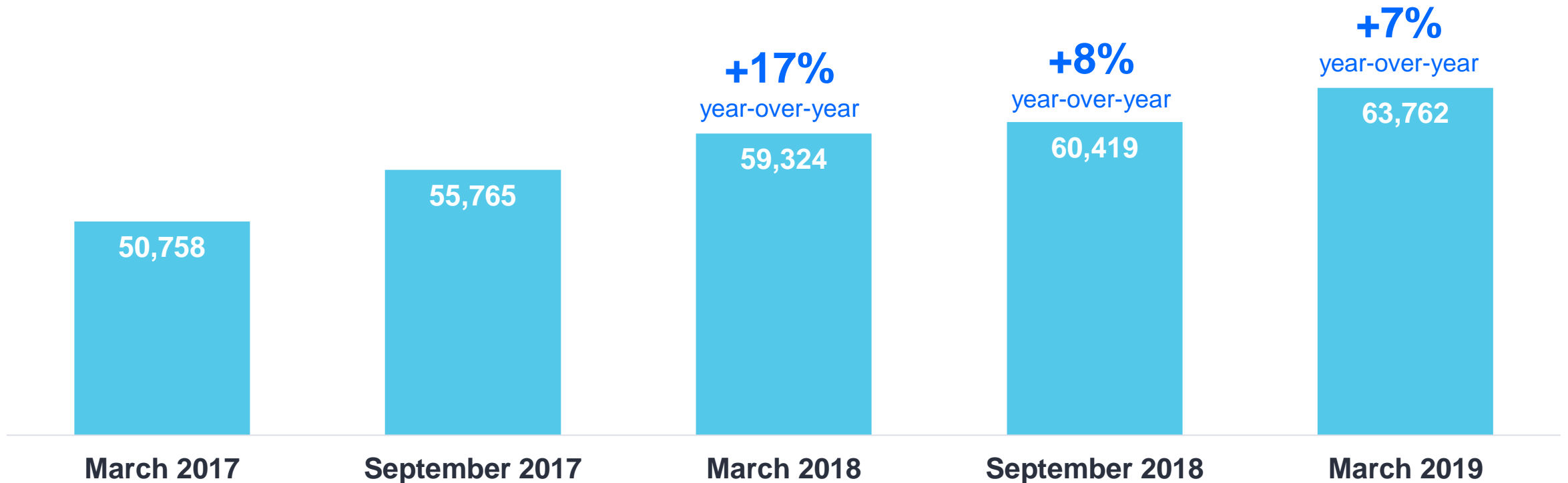
...this was spread across

**17 average
viewing days**



The number of households streaming OTT is still growing, but at a slower rate than last year

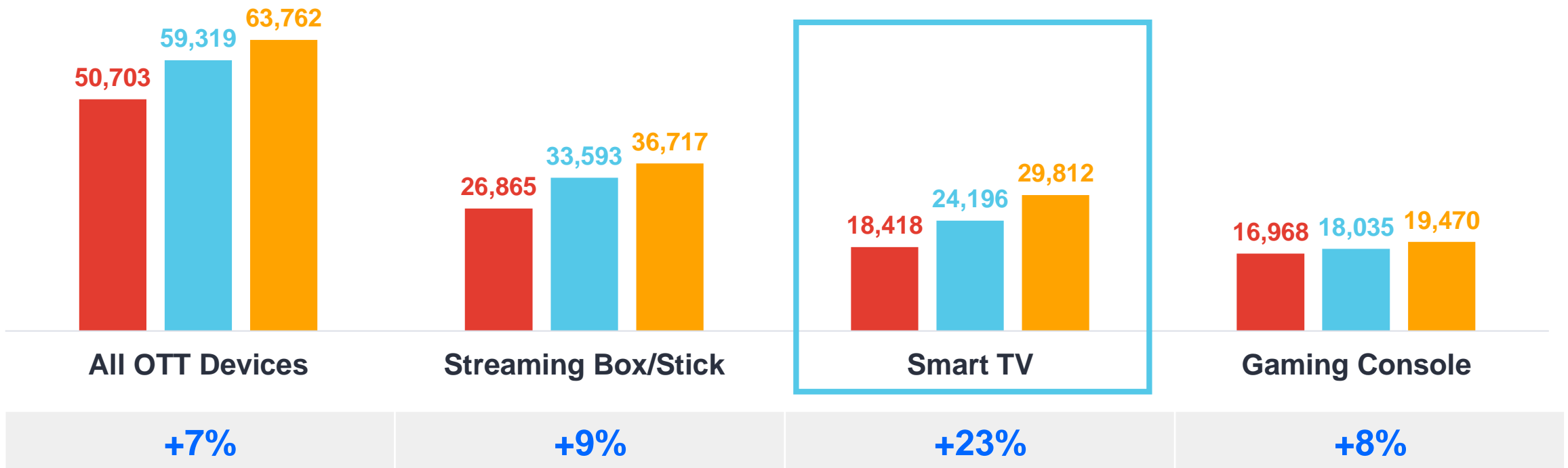
Total OTT Households (Millions)



Smart TVs are the fastest growing streaming segment

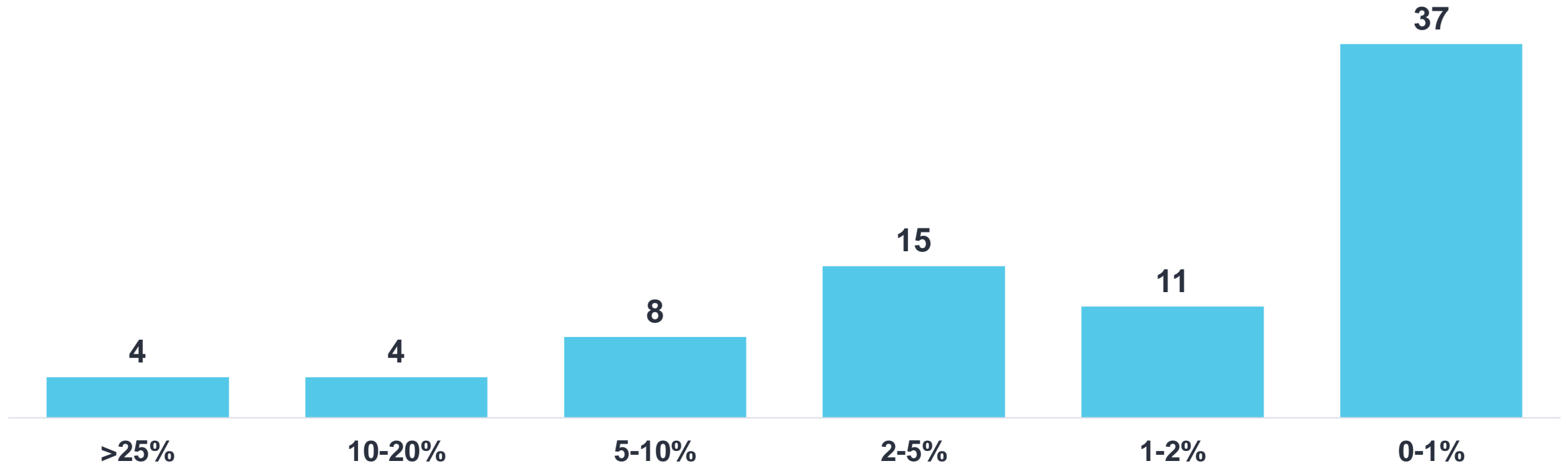
Total Households that Stream OTT Content (000)

■ March 2017 ■ March 2018 ■ March 2019



OTT streaming is a long-tail situation, with a few high-reach and many low-reach services

Number of Apps by Percent Reach of OTT Streaming Households



Time spent streaming OTT is mainly spent on the “big four” with pure-play virtual MVPDs next

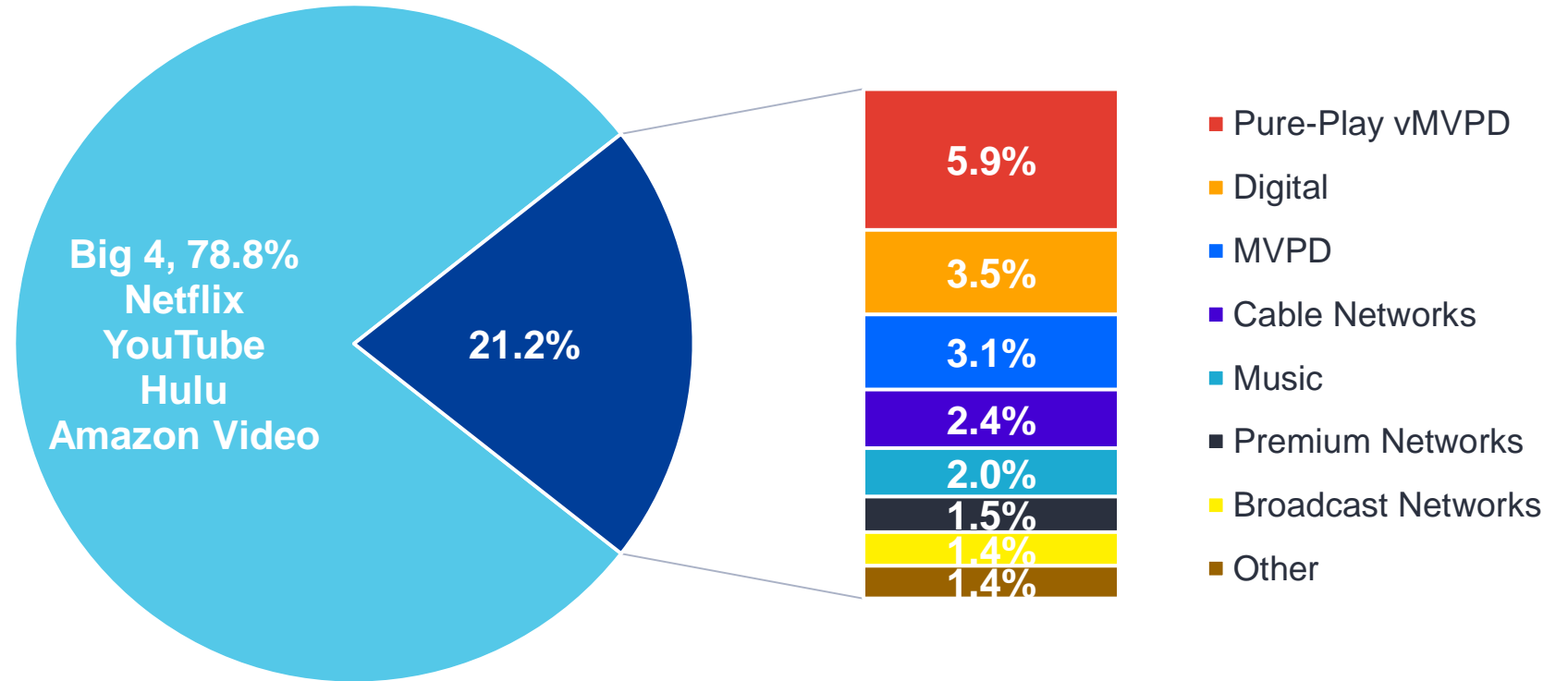
Time Spent on OTT Streaming by OTT Service Type

Definitions

An **MVPD** is a multichannel video (linear TV) programming distributor (cable/satellite companies).

A **virtual MVPD (vMVPD)** distributes linear TV content through the Internet, such as SlingTV, DirecTV Now, and PlayStation Vue.

A **pure-play vMVPD** is a service that is exclusively a vMVPD, excluding services like YouTube and Hulu that have substantial non-linear, digital-only content.

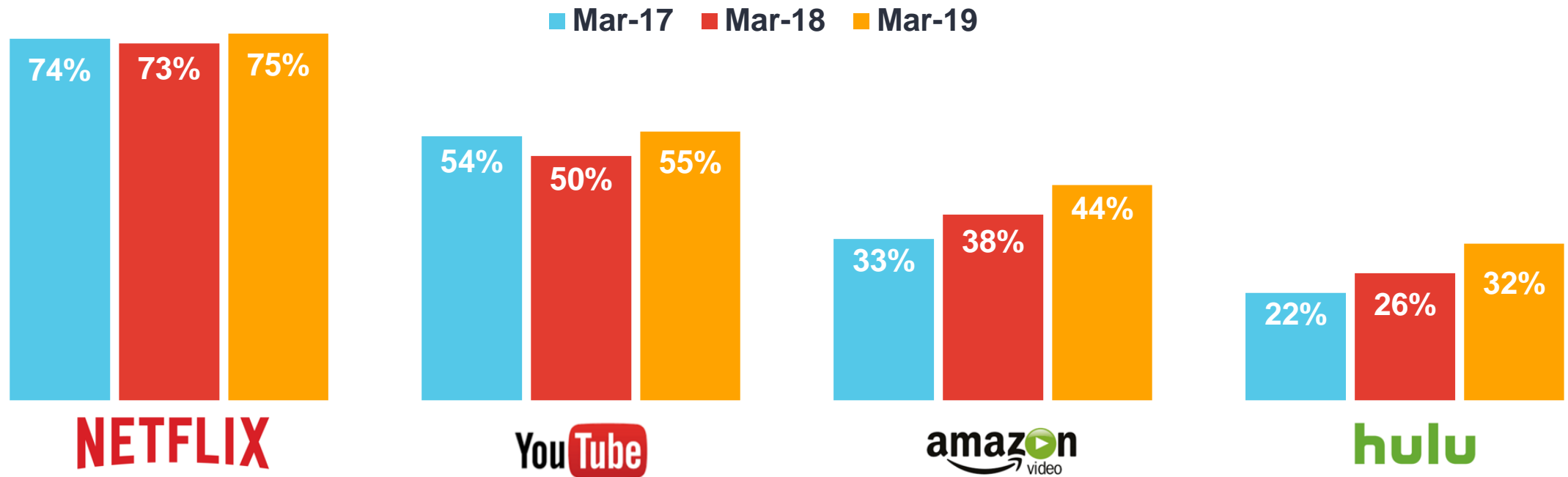


The use of pure-play virtual MVPD services on OTT is increasing but much more slowly than in the past



The “big four” have significant penetration into all OTT households with Hulu and Amazon growing the most

Percent Reach of Total OTT Streaming Households



The majority of OTT viewing households still have a traditional TV subscription



65%
CABLE/SATELLITE
SUBSCRIBERS



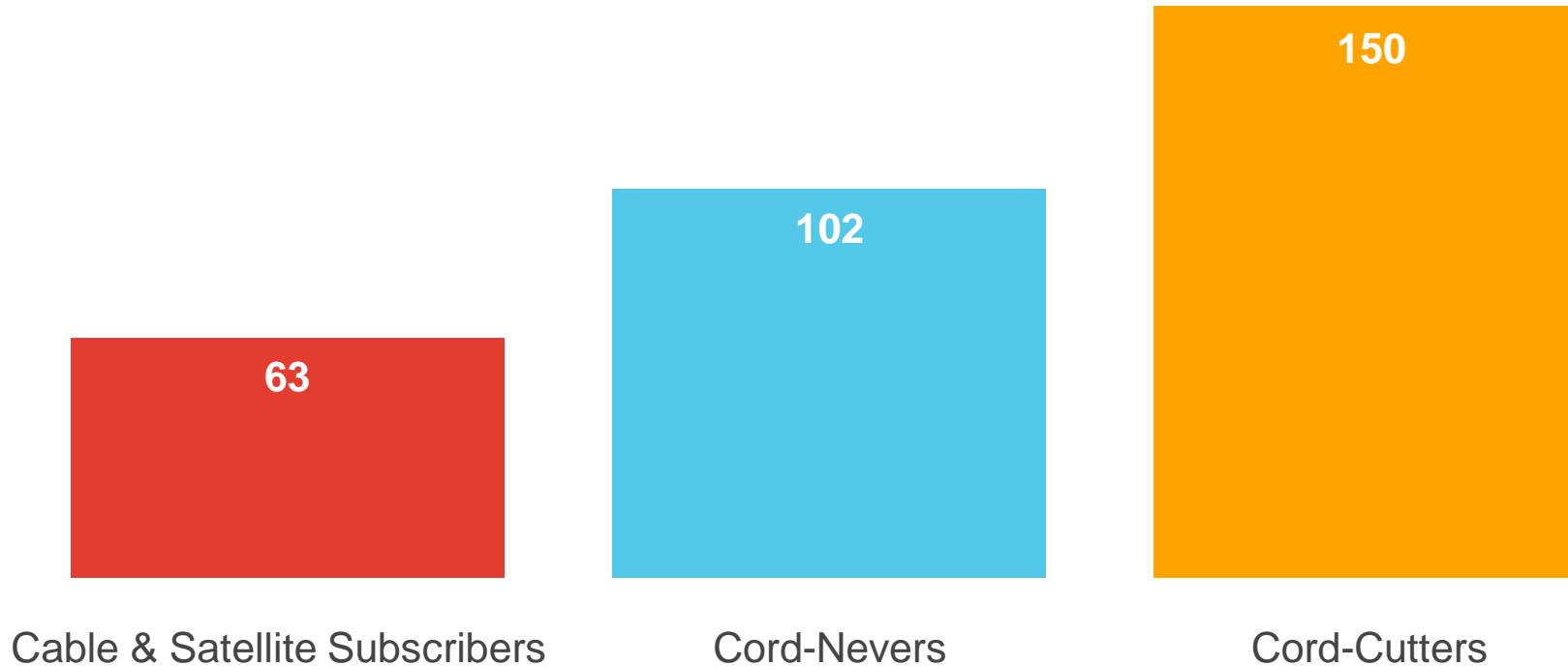
19%
CORD CUTTERS



16%
CORD NEVERS

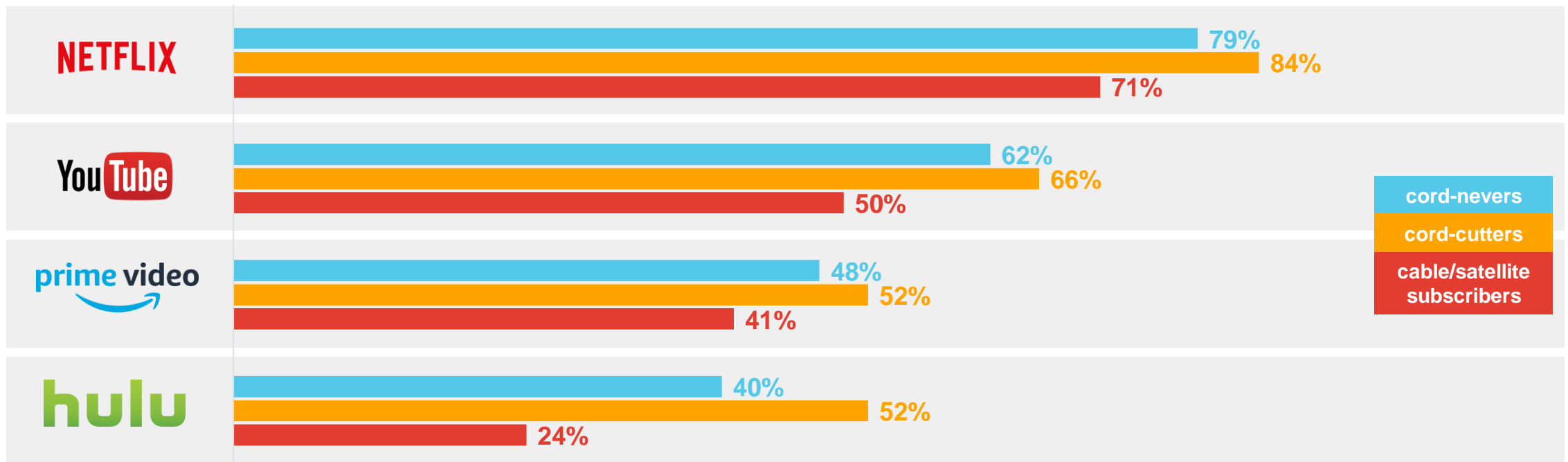
Cord-cutters are significantly more engaged with OTT streaming than cord-nevers

Average OTT Viewing Hours per OTT Streaming Household by TV Service Type



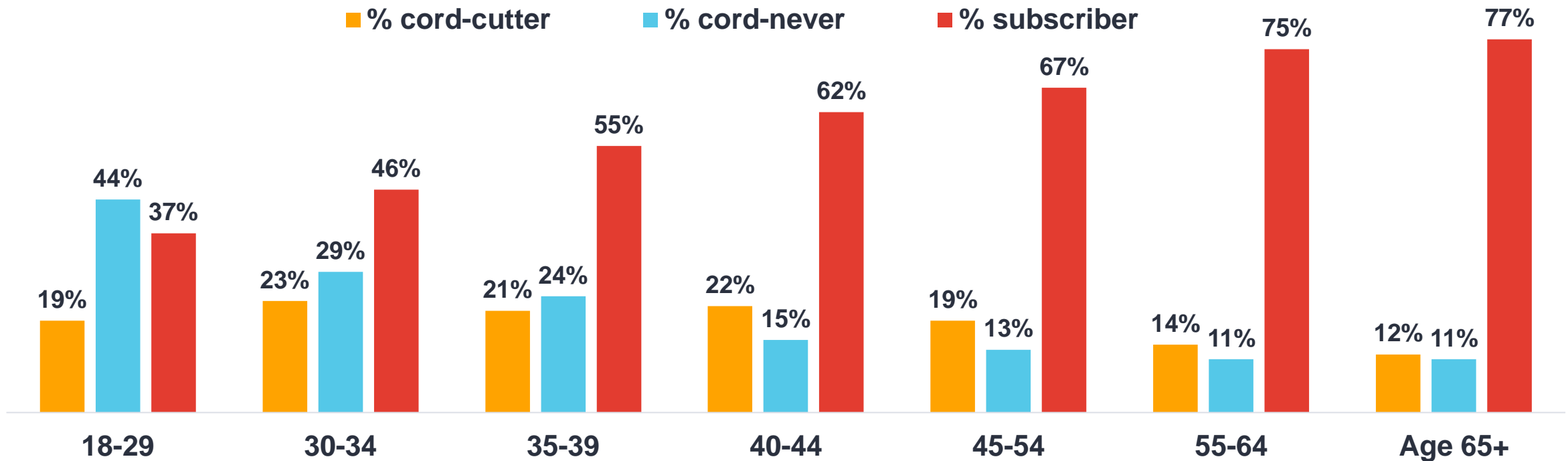
While Netflix reaches the most OTT homes, Hulu over-indexes with cord-cutters and cord-nevers

Reach of Total OTT Households



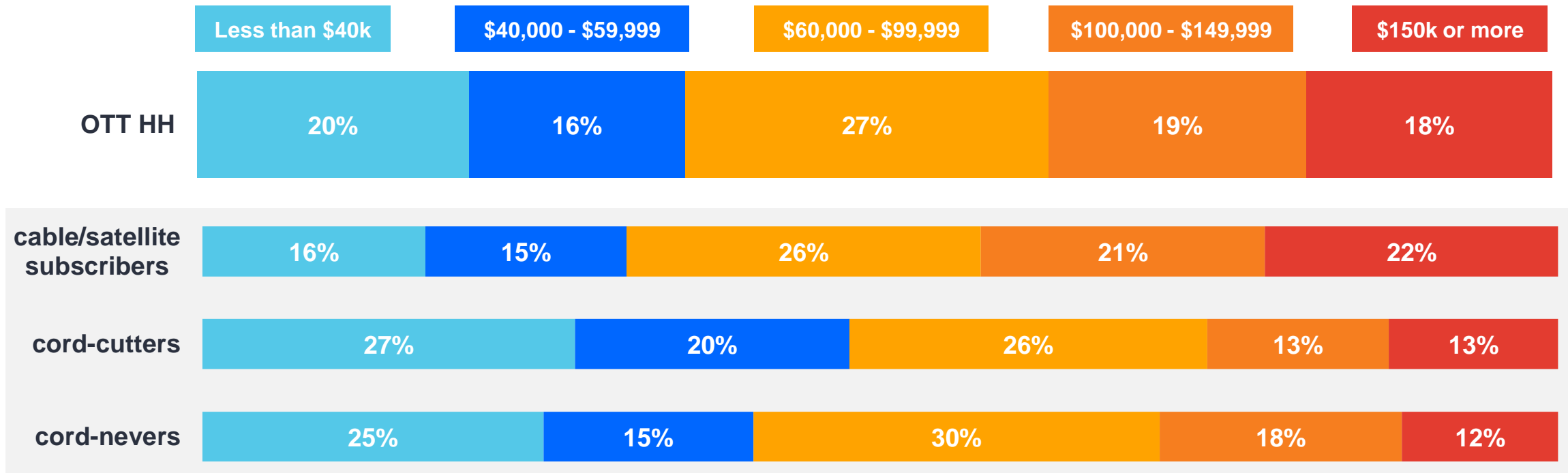
Homes with heads of household under 40 are more likely to be cord-nevers than cord-cutters; homes with heads of household under 30 are more likely to be cord-nevers than subscribers

OTT Viewing Segments by Head of Household Age



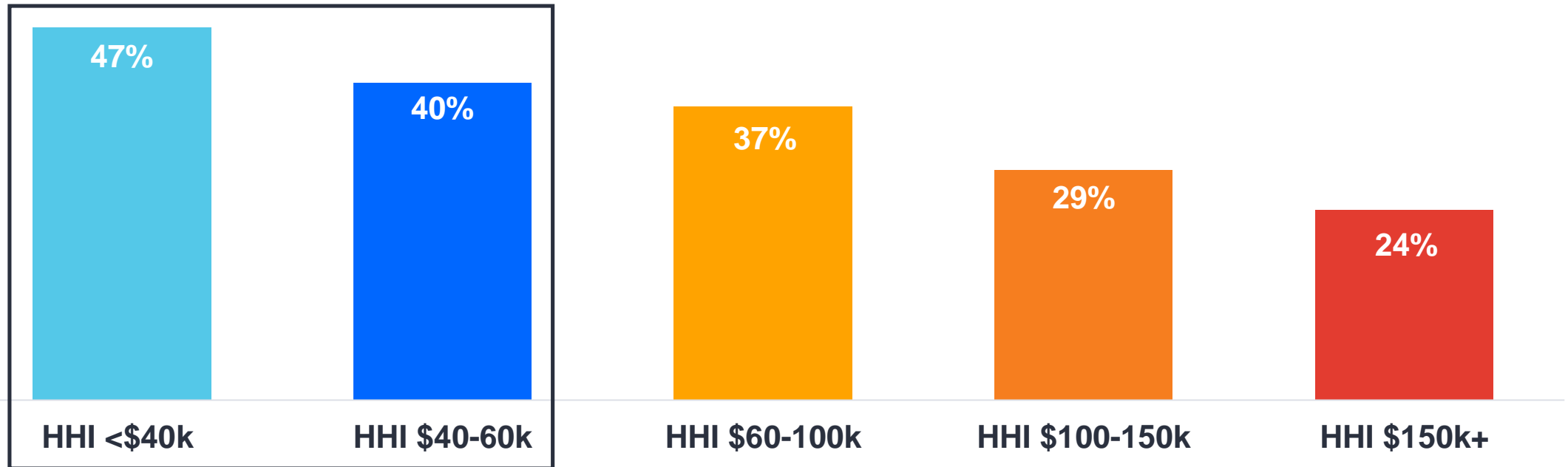
Subscriber households have much higher incomes than cordless households

Household Income: Percent Composition by Household Device Type

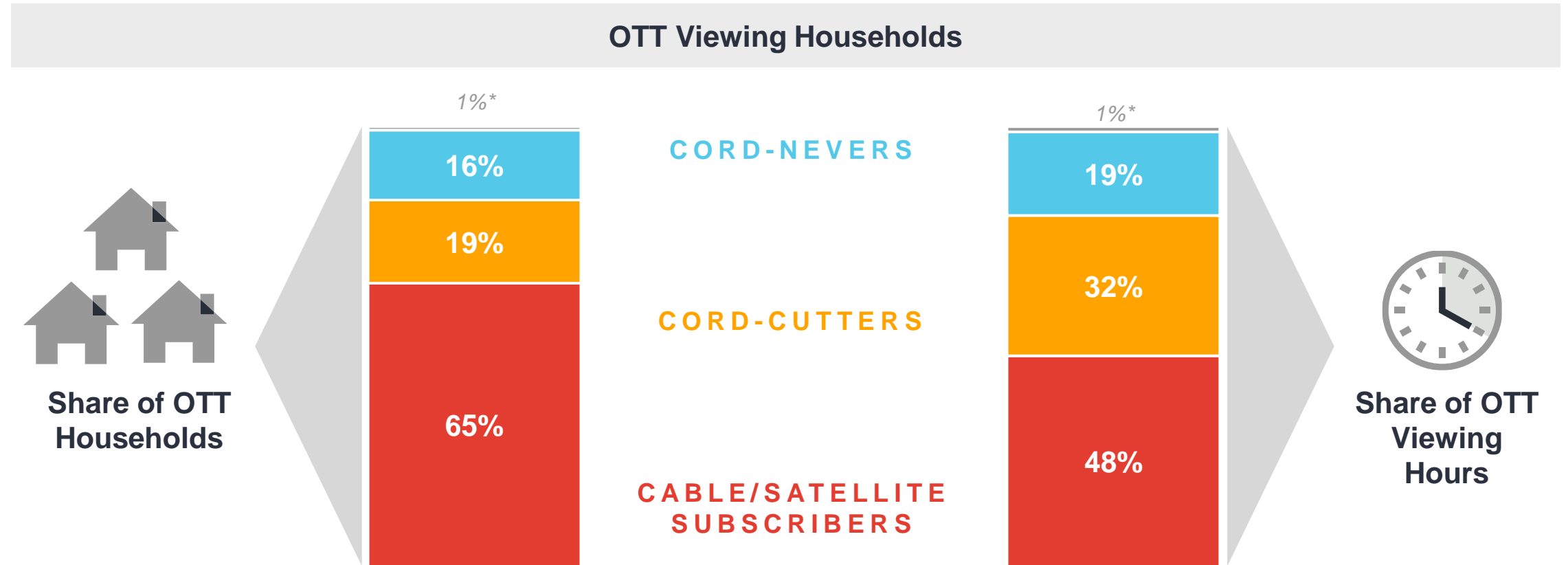


Lower-income households are nearly twice as likely to be cordless than those with higher-income

Percent of Household Income Viewing Segment that is “Cordless”



Most OTT households are still subscribers, but subscribers account for less than half the time spent watching OTT services



Cable and satellite subscribers who do not yet stream OTT pose a major growth opportunity

OTT Streaming Households (000) – Subscribers & Cordless

■ OTT Streaming HHs - March 2017 ■ OTT Streaming HHs - March 2019

50% 60% OTT Penetration 67% 77%

+6.49MM

+6.56MM



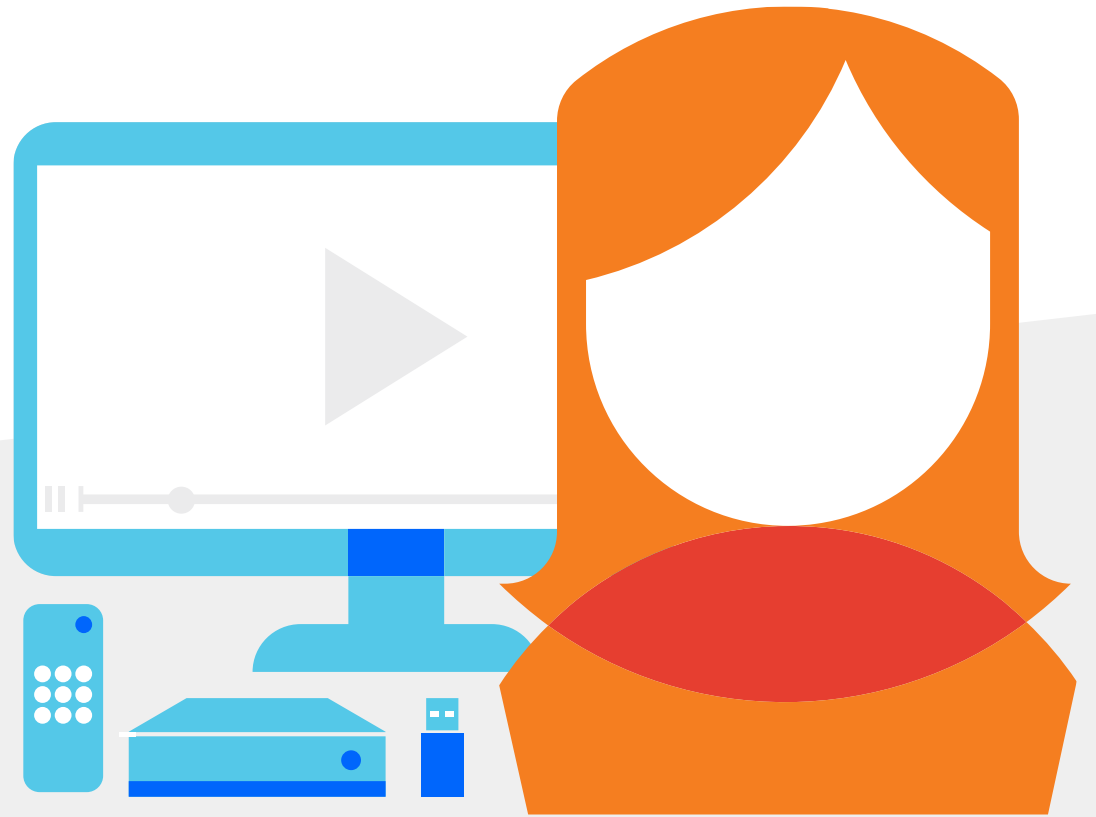
Cable/Satellite Subscribers

Cordless

27.3MM do not stream

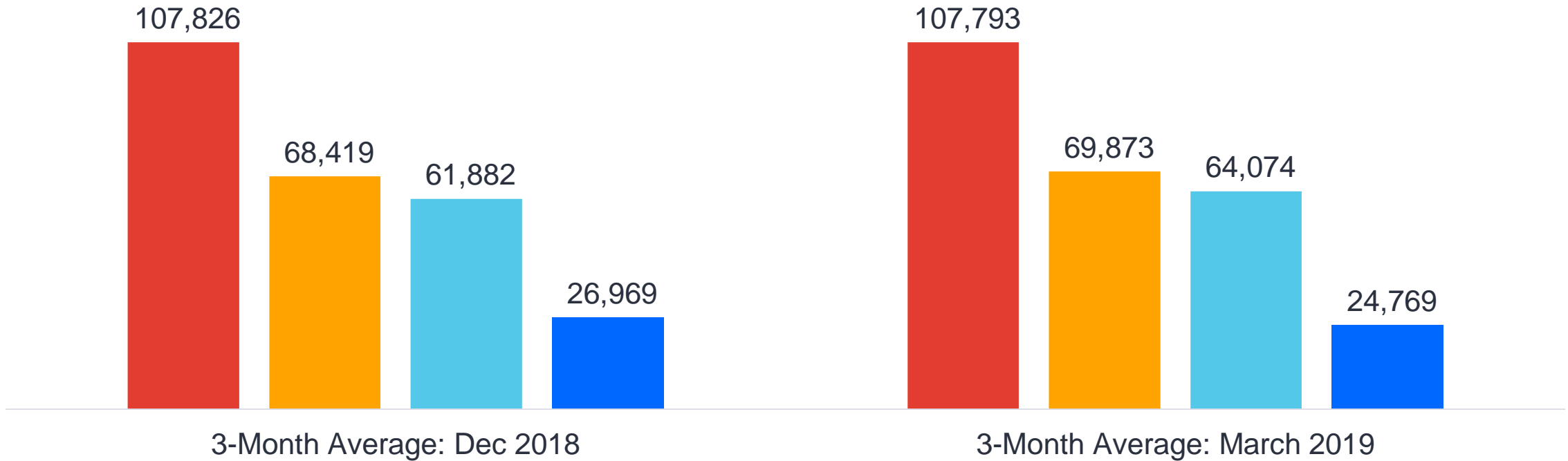
6.8MM do not stream

OTT in Context of Linear Television



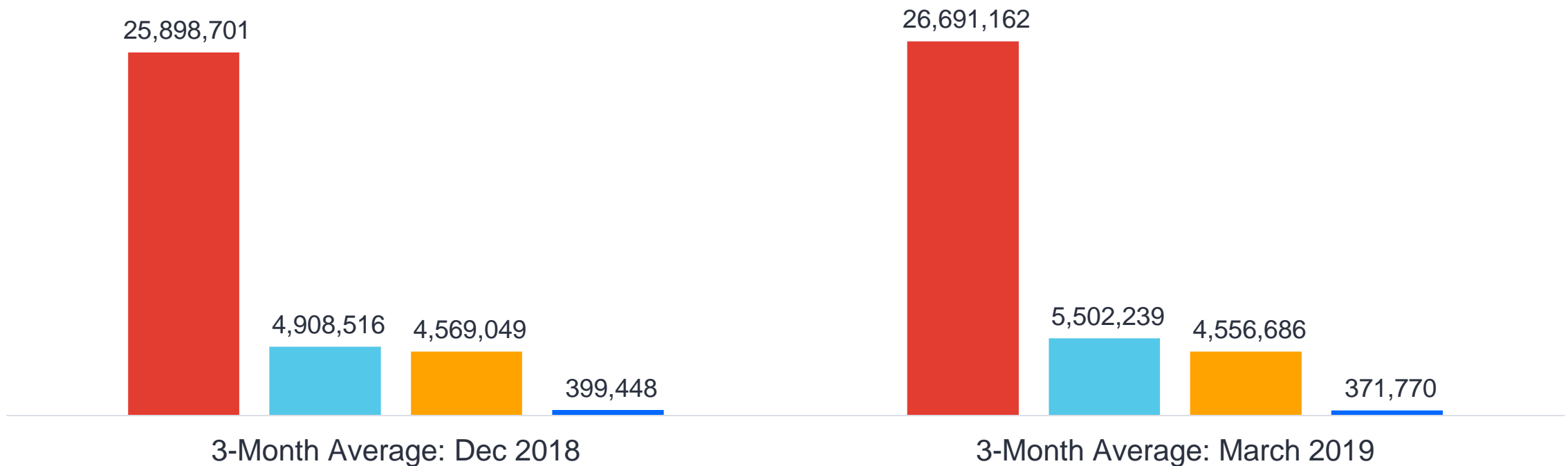
There are nearly as many OTT households as there are DVR households

Total Viewing Households per Month (000) – Live TV, DVR, OTT, VOD



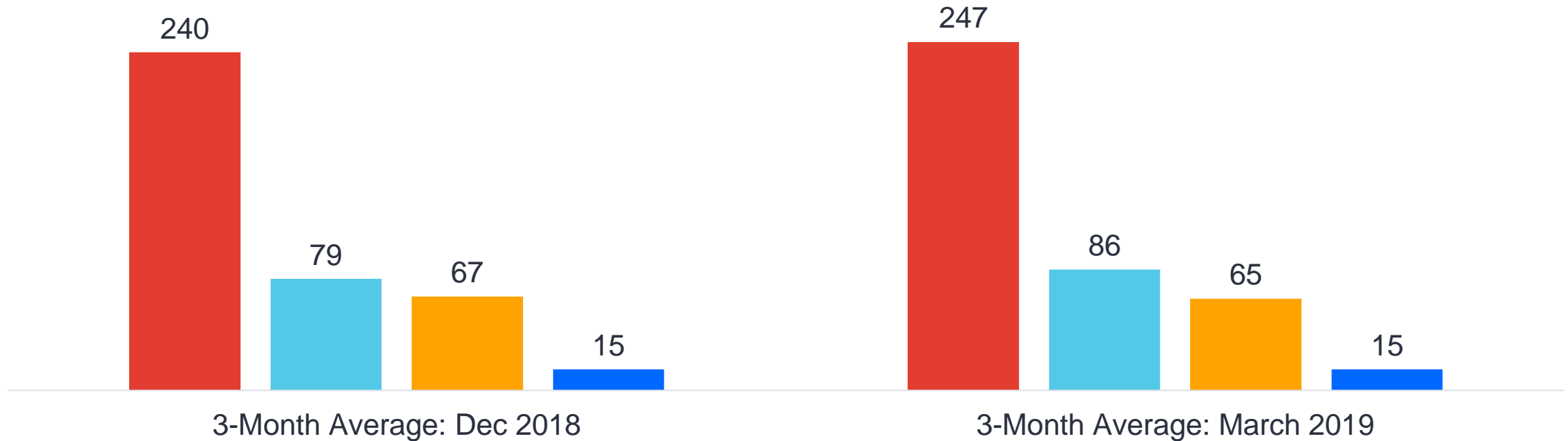
Total time spent on OTT has just begun to exceed total time spent on DVR

Total Viewing Hours per Month (000) – Live TV, DVR, OTT, VOD

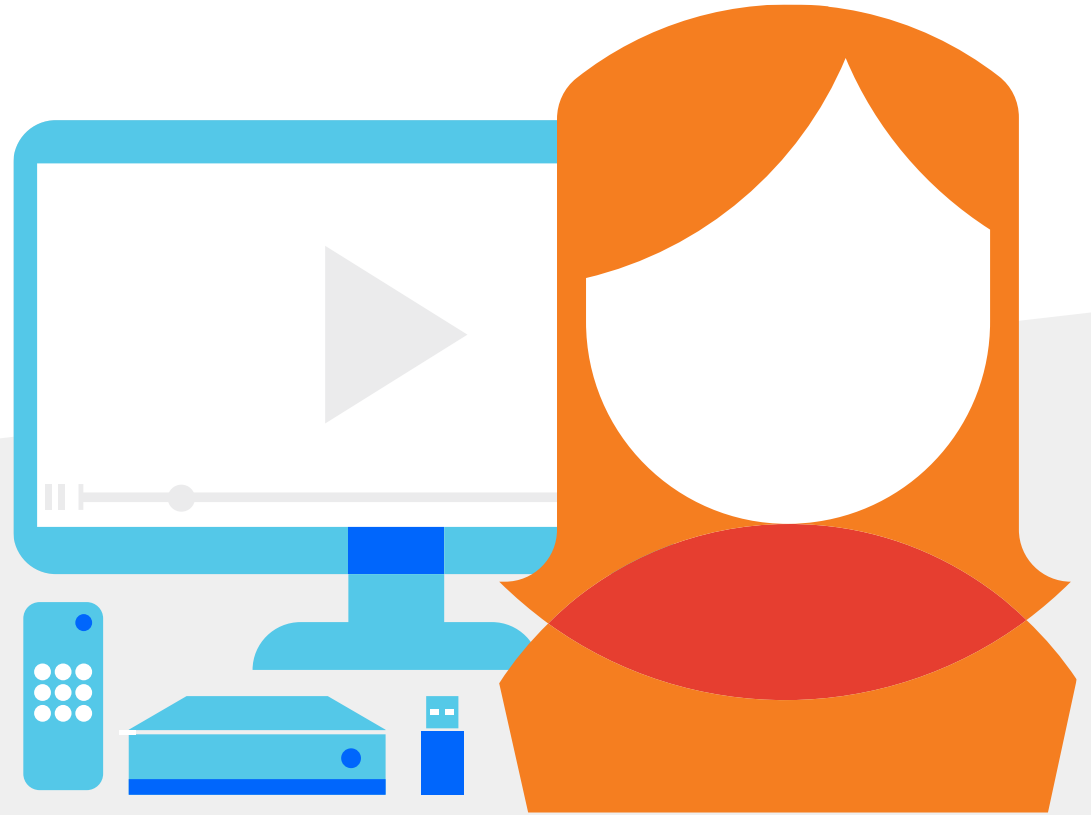


This broadcast season, hours per household spent with OTT are higher than hours per household on DVR

Total Hours/Household per Month – Live TV, DVR, OTT, VOD

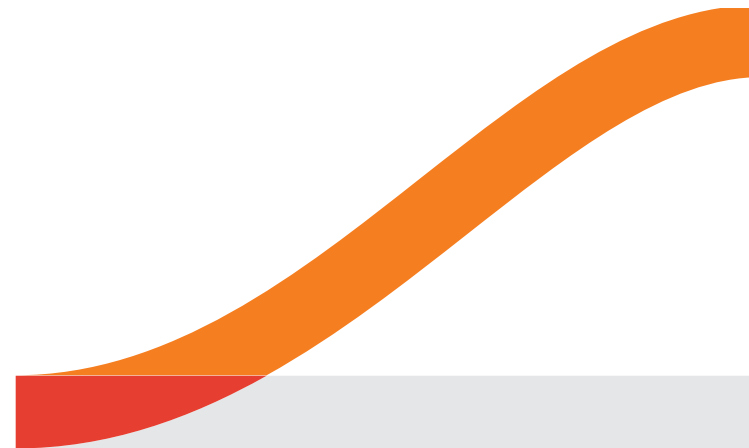


Summary



Key takeaways

Growth in OTT
is **decelerating**



Key takeaways

OTT is a four-horse race
and the “big four” are gaining audiences with their live TV offerings



Key takeaways

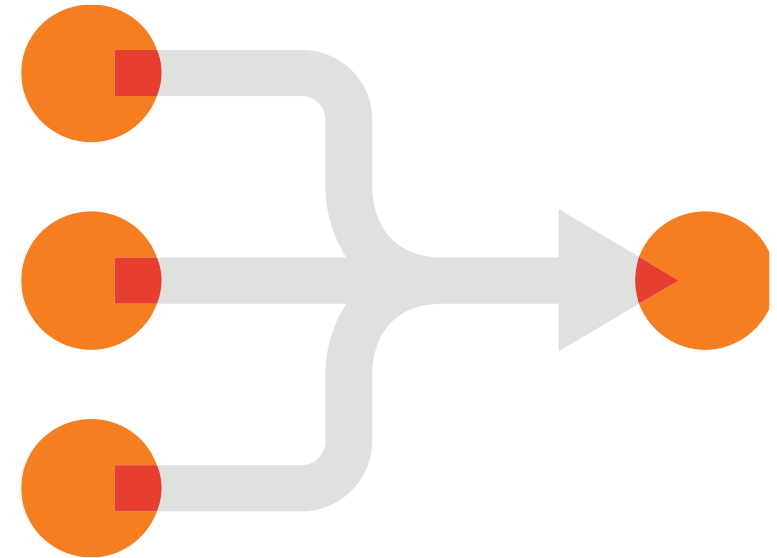
The majority of OTT households **still subscribe to traditional TV**



Key takeaways

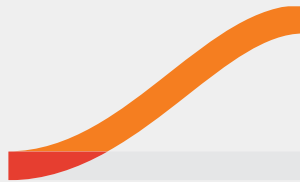
Traditional cable MVPDs have the advantage (for now) of being the ISP and can push customers into a bundle

With the advent of 5G, that dynamic changes

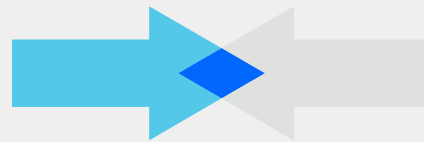


Key takeaways

Growth in pure-play vMVPDs is **decelerating**



As vMVPD prices **increase**, they come closer to parity with traditional MVPD services



For vMVPDs, **raising awareness (not to mention programming) is expensive**; for many players, there is only so much runway to operate at a loss



Key takeaways

As ad models change,
behavior adapts

People liked VOD until fast-forward started to be disabled, then they went back to DVR where they can still skip ads



Key takeaways

Is **OTT** the new DVR?





Thank you!

Questions?

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Definitions of Key Terms

- **Cordless:** A home that has no traditional pay-TV service (cable/satellite)
- **Cord-cutter:** A home that has had a traditional pay-TV (cable/satellite) subscription in the past five years.
- **Cord-never:** A home that has not had a traditional pay-TV (cable/satellite) subscription in the past five years.
- **Computer:** All PC and Mac computers, including desktops and laptops. Excludes tablets and smartphones.
- **Heavy streamers:** The top 20 percent of OTT households based on duration.
- **Light streamers:** The bottom 50 percent of OTT households based on duration.
- **Medium streamers:** The next 30 percent of OTT households (after heavy streamers) based on duration.
- **MVPD:** Multichannel video (live TV) programming distributor (cable/satellite companies).
- **Over-the-top (OTT):** Any video streamed on a device that can connect to a TV, or functionality within the TV itself, to facilitate the delivery of Internet-based video content, such as Roku, Apple TV, Smart TVs, game consoles, etc.
- **OTT streaming households:** Homes with OTT devices that stream content on those devices.
- **OTT services/apps:** Any app or service that provides content via OTT and bypasses traditional distribution (e.g. Netflix, Hulu, etc.).
- **Pure-play vMVPDs:** OTT services that are exclusively vMVPDs, excluding services like YouTube and Hulu that have substantial non-linear content.
- **Smart TV:** An internet-connected television on which users can stream OTT content.
- **Streaming box/stick:** Refers to devices that connect to a TV for the purpose of streaming video (e.g. Roku, Amazon Fire TV, Apple TV, and Chromecast).
- **Virtual MVPD:** An OTT service that provides multiple television channels through the internet without supplying its own data transport infrastructure (i.e. coaxial cable, fiber, or satellite technology).
- **Wi-fi homes:** Refers to the 97 million U.S. homes that have wireless internet.

OTT Services Included – March 2019

1.	ABC	20.	Discovery Entertainment Streaming	39.	NBC Sports	58.	Spotify
2.	ABC News			40.	NCAA March Madness Live	59.	Starz
3.	ACORN.TV	21.	Disney Now			60.	Syfy Now
4.	Adult Swim	22.	ESPN	41.	Netflix	61.	TBS
5.	Amazon Music with Prime Music	23.	Fandango	42.	NewsON	62.	The Vidmark Channel
		24.	FOX News	43.	Newsy: Video News	63.	Tubi TV
6.	Amazon Video	25.	Fox Now	44.	NHL	64.	Twitch
7.	AMC Mobile	26.	Fox Sports Go	45.	Nick Jr.	65.	USA Network
8.	Apple TV iTunes	27.	Fubo.tv	46.	Pandora Radio	66.	VEVO
9.	Beachbody On Demand	28.	FXNow	47.	Paramount Network	67.	Vh1
10.	Bravo Now	29.	HBO Go/Now	48.	PBS	68.	VRV/Crunchyroll
11.	Cartoon Network Video	30.	Hulu	49.	PBS KIDS Video	69.	VUDU Movies and TV
12.	CBS All Access	31.	iHeartRadio	50.	Philo	70.	Watch TNT
13.	CBS News	32.	JW Broadcasting	51.	Playstation Vue	71.	Watch TruTV
14.	CNN Go	33.	Mixer	52.	Pluto.TV	72.	WWE
15.	Crackle	34.	MLB.tv	53.	Reuters TV	73.	XBox Movies & TV
16.	CWTV	35.	Nat Geo TV	54.	Showtime	74.	Xfinity Stream
17.	Dailymotion	36.	NBA App	55.	Showtime Anytime	75.	Xumo
18.	DC Universe	37.	NBC	56.	Sling	76.	YouTube
19.	DirecTV Now	38.	NBC News	57.	Spectrum TV		