# SCREEN WARS

## THE BATTLE FOR EYE SPACE IN A TV-EVERYWHERE WORLD

MARCH 2015

nielsen

AN UNCOMMON SENSE
OF THE CONSUMER™

# DESPERATELY SEEKING THE AUDIENCE

## AROUND THE WORLD

76% enjoy the freedom of being connected anywhere, anytime

69% think face-to-face interactions are being replaced with electronic ones

63% believe bigger is better when it comes to screen size

65% prefer to watch video programming live, at its regularly scheduled time

49% say they watch live video programming content more if it has a social media tie in

Mobile phones are the most commonly cited go-to device for on-the-go viewing

Growing white-space digital opportunities include industries such as health care, education, grocery retailing and finance

We are living in a world of 24/7 connectivity. We access content on our own terms, and we like it that way. Across the globe, more than three-quarters (76%) of respondents in a Nielsen online survey of digital attitudes and behaviors say they enjoy the freedom of being connected anywhere, anytime. While this flexibility can be a benefit to us, it represents a huge challenge for brands and content providers vying for our attention.

Technology is dramatically transforming the way in which we interact with the world, including how we live, work and communicate. From keeping tabs on friends via social media, to skipping lines at the store by shopping online, technology continues to reshape our everyday habits. In fact, nearly seven-in-10 (69%) global respondents think face-to-face interactions are being replaced with electronic ones. And the digital landscape is only getting more crowded, as a new wave of digital devices, such as wearable and connected car technologies, gain traction.

The media industry, too, is experiencing a revolution, thanks to the proliferation of digital devices and access points, including TVs, connected TV's, smartphones, PC's, tablets and gaming consoles. The traditional boundaries between devices and formats have blurred, and content once confined to a single device can now be delivered across multiple platforms. And it's not just devices and platforms competing for our time and attention—fragmentation is occurring within mediums, too.

"It has never been more important to understand consumer behavior than in today's rapidly evolving digital environment," said Megan Clarken, executive vice president, Nielsen Global Watch Product Leadership. "Choice creates not only complexity, but also opportunity. The media industry must embrace the changing landscape and adapt their strategies to fit with this new reality, offering engaging and relevant content that is easily accessible across devices and channels."

While media fragmentation is happening across all formats, the findings in this report focus specifically on video programming, which we define as any type of content, such as TV, cable shows, professional video or user-generated content that is watched on your TV, PC, mobile phone, tablet or e-reader device. The Nielsen Global Digital Landscape Survey polled 30,000 online respondents in 60 countries to understand how the changing digital landscape is affecting how, where and why we watch video programming. We also examine consumption preferences for video programming, including the devices most commonly used for selected genres and the devices used to view video at home and on the go.

## ABOUT THE GLOBAL SURVEY METHODOLOGY

The findings in this survey are based on respondents with online access in 60 countries. While an online survey methodology allows for tremendous scale and global reach, it provides a perspective only on the habits of existing Internet users, not total populations. In developing markets where online penetration is still growing, audiences may be younger and more affluent than the general population of that country. In addition, survey responses are based on claimed behavior rather than actual metered data.

"WE ACCESS CONTENT ON OUR OWN TERMS, AND WE LIKE IT."

# A NEW VIEW

While the explosion of devices and platforms has given us more access to content and brands than ever before, video programming remains a strong influence in our lives. In fact, more than half of global respondents (55%) say video programs are an important part of their lives. The way audiences watch video, however, is shifting.

As it turns out, size does matter—when it comes to the way we like to watch video programming. The majority of global respondents (63%) think bigger is better when it comes to screen size, but they also appreciate the convenience and portability of mobile devices. Nearly six-in-10 global respondents (59%) think watching video programming on their mobile device is convenient. In addition, more than half (53%) say a tablet is just as good as a PC or laptop computer for watching programming.

Respondents also like the ability to control how and when they interact with content and brands. Sixty-four percent of global respondents say they catch up with their favorite programming by watching several episodes on the same day. The same percentage (64%) say watching time-shifted programming better accommodates their schedule. In addition, many consumers are using technology to limit the amount of advertising clutter in their lives. Two-thirds of global respondents say they switch to another channel when a commercial comes on.

**"WATCHING TV IN A LINEAR FASHION IS CHANGING FOR MANY, AS WE ARE NOW IN MORE CONTROL OF WHAT WE WATCH, WHEN WE WATCH AND WHERE WE WATCH," SAID CLARKEN. "MOST IMPORTANT IS UNDERSTANDING HOW VIEWING PATTERNS ARE SHIFTING AND DETERMINING THE DRIVING FORCES BEHIND THE CHANGE. WHILE TECHNOLOGY CONTINUES TO EVOLVE, SO TOO ARE OUR HABITS AS A DIRECT RESULT. MULTI-TASKING HAS TAKEN ON A WHOLE NEW MEANING AS OUR DIGITAL DEVICES ENABLE US TO CONNECT IN WAYS—AND IN PLACES—WE MAY NEVER HAVE THOUGHT POSSIBLE."**

## VIEWERS HAVE GREATER POWER OVER HOW, WHEN AND WHERE THEY WATCH

### GLOBAL AVERAGE PERCENTAGE WHO STRONGLY OR SOMEWHAT AGREE

**67%**
Switch to another channel when a commercial advertisement comes on

**65%**
Prefer watching video programming live

**64%**
Often catch up with their favorite programming by watching several episodes on the same day

**64%**
Say watching time-shifted programming better accommodates their schedule

**63%**
Think the biggest screen is the best screen for watching video programming

**59%**
Say watching video programming on their mobile device is convenient

**53%**
Think a tablet is just as good as a PC or laptop computer

Source: Nielsen Global Digital Landscape Survey, Q3 2014

# THE PUSH HAS NOW BECOME THE PULL

Despite our domination over the dial, scheduled viewing hasn't gone away for most of us. In fact, 65% of global respondents still prefer to watch video programming live, at its regularly scheduled time. The continued preference for live programming is further supported in part by social media, which serves as the digital age's proverbial water cooler. The power is shifting from the provider to the people.

More and more frequently, real-time conversations on social media are replacing physical gatherings around the water cooler to talk about a previous night's episode of our favorite TV show. Not only does watching in real-time avoid spoilers, but live TV has become a social event that goes way beyond the confines of our living rooms. More than half of global respondents (53%) say they like to keep up with shows so they can join the conversation on social media, and nearly half (49%) say they watch live video programming more if it has a social media tie in. Forty-seven percent of global respondents say they engage with social media while watching video programming.

Asia-Pacific and Africa/Middle East respondents are particularly engaged in social media while viewing, exceeding the global average for attitudes related to social media use. For example, 65% of Asia-Pacific and 57% of African/Middle Eastern respondents watch live programming if it has a social media tie in (compared with 49% globally). In addition, more than six-in-10 respondents in Asia-Pacific (64%) and Africa/Middle East (62%) say they like to keep up with shows so they can join the conversation on social media.

Using social media while watching video programming is only one example of second-screen usage. Getting ancillary content, researching information about characters, playing mobile games or reading/watching behind-the-scenes interviews are becoming common practices. More than half of global respondents (58%) say they browse the Internet while watching video programming.

"THE SECOND, THIRD AND SOMETIMES FOURTH SCREEN IS BECOMING A FUNDAMENTAL EXTENSION OF THE VIEWING EXPERIENCE," SAID CLARKEN. "WHILE MULTIPLE SCREENS GIVE VIEWERS MORE OPTIONS, THEY ALSO GIVE CONTENT PROVIDERS AND ADVERTISERS MORE OPPORTUNITIES AND WAYS TO REACH AND ENGAGE WITH VIEWERS. WELL-DESIGNED EXPERIENCES CAN NOT ONLY MAKE THE VIEWING EXPERIENCE MORE ENJOYABLE, BUT THEY MAXIMIZE THE TIME USERS SPEND INTERACTING WITH BRANDS, TOO."

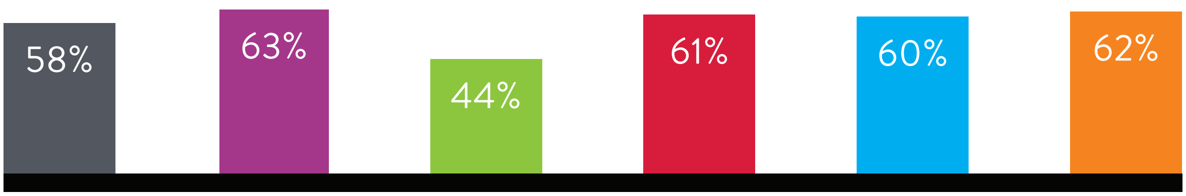
## SECOND AND THIRD SCREENS ARE BECOMING AN EXTENSION OF THE VIEWING EXPERIENCE

### PERCENTAGE WHO STRONGLY OR SOMEWHAT AGREE

GLOBAL AVERAGE ASIA-PACIFIC EUROPE
AFRICA/MIDDLE EAST LATIN AMERICA NORTH AMERICA

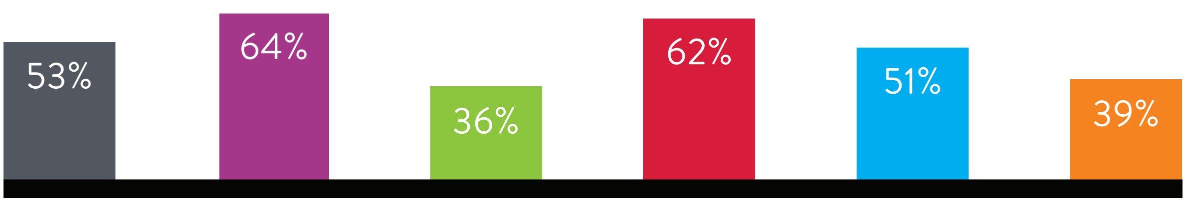
### SECOND SCREEN

I BROWSE THE INTERNET WHILE WATCHING VIDEO PROGRAMMING

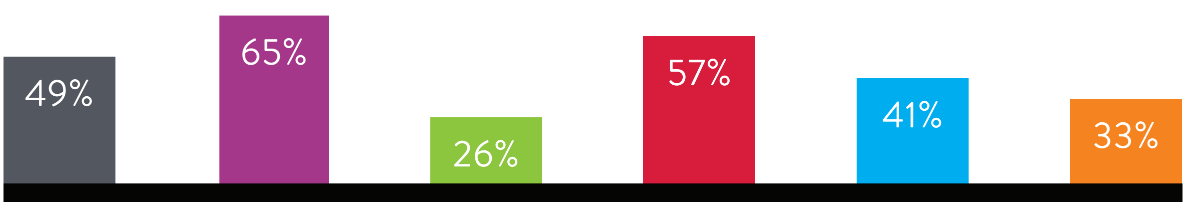



### SOCIAL MEDIA

I LIKE TO KEEP UP WITH SHOWS SO I CAN JOIN THE CONVERSATION ON SOCIAL MEDIA




I WATCH LIVE VIDEO PROGRAMMING CONTENT MORE IF IT HAS A SOCIAL MEDIA TIE IN




Source: Nielsen Global Digital Landscape Survey, Q3 2014

# STRATEGIES FOR SECOND-SCREEN SUCCESS:

- **Be Social:** Nielsen research shows that social media can increase program awareness, make the experience more enjoyable for audiences and keep viewers engaged. The desire to be part of the collective conversation can be a powerful motivator to tune in live. Second-screen strategies should include an interactive/social component that allows users to interact and turn the program into a "can't miss" event or experience.

- **Be (Inter)active:** Keep content fresh to maximize time spent with the content and drive repeat visitation. Also, include interactive experiences to make users feel involved and deepen their connection with the program.

- **Be Available:** Designers cannot focus on a single screen. Rather, they must ensure content is accessible wherever users are and that the user experience is enjoyable across all devices.

# DEVICES PROLIFERATE BUT TV STILL DOMINATES

Whether it's watching a sporting event, news show, documentary or movie, TV remains at the center of video consumption. It is the most frequently cited device for watching nearly all types of programming genres included in the survey—by a wide margin. The exception: short-form video (typically less than 10 minutes long), which is cited as more commonly viewed on computers, mobile phones and tablets. A computer is the second-most commonly mentioned viewing device for nearly all genres, and it tops the list of devices used to watch short-form content. A smaller, but notable, proportion of consumers watch video content on a mobile phone or tablet, while viewing on e-readers and/or gaming consoles has not yet gained traction.

TV is the primary device of choice for viewing video across all generations, but its leadership status is highest among older consumers. The percentage of respondents who say they watch on a television is highest among the Silent Generation (ages 65+), Baby Boomers (ages 50-64) and Generation X (ages 35-49) and lowest among Generation Z (ages 15-20) and Millennials (ages 21-34). On average, 91% of Silent Generation respondents say they watch video programming on TV, followed by 84% of Baby Boomer, 75% of Generation X and 62% of Millennial and Generation Z respondents.

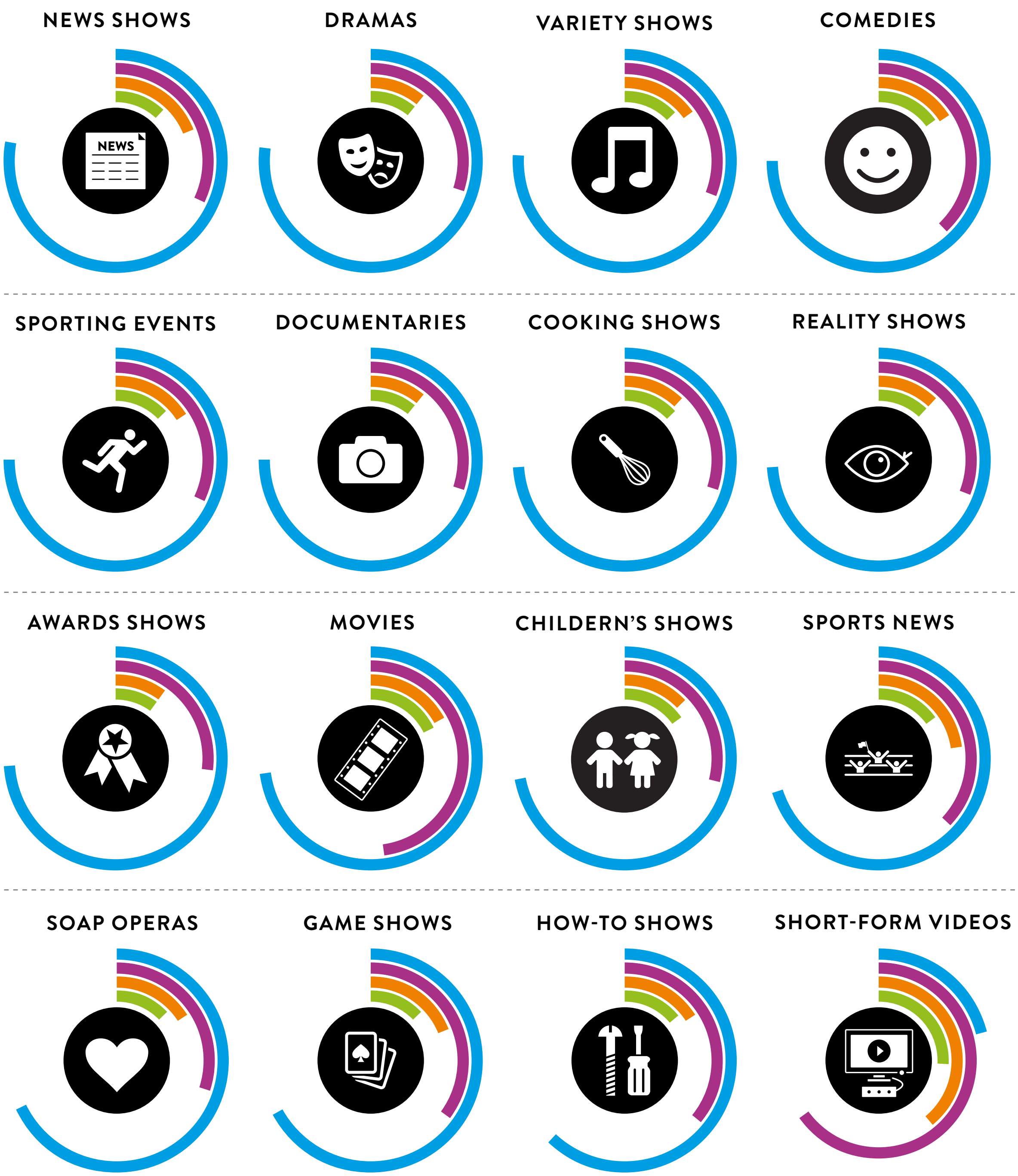
Computer and mobile phone use, on the other hand, is highest among the youngest consumers. More than four-in-10 Generation Z and Millennial respondents (42% each) say they watch video programming on a computer, compared with 31% of Generation X, 25% of Baby Boomer and 15% of Silent Generation respondents. Similarly, one-fifth of Millennial and Generation Z respondents (22% and 20%, respectively) say they watch on a mobile phone, compared with 14% of Generation X, 6% of Baby Boomer and 2% of Silent Generation respondents. Tablet use is highest among Millennial and Generation X respondents, cited by 16% and 15% of respondents, respectively. In comparison, 12% of Generation Z, 8% of Baby Boomer and 4% of Silent Generation respondents say they watch video on a tablet.

THE INFOGRAPHIC ON THE NEXT PAGE PROVIDES AN IN-DEPTH VIEW OF THE DEVICES CONSUMERS ARE USING TO WATCH VIDEO PROGRAMMING.

## TV IS THE PRIMARY DEVICE CHOICE FOR WATCHING VIDEO

### SELF-REPORTED DEVICE PREFERENCES FOR WATCHING VIDEO BY GENRE*

TELEVISION   COMPUTER   MOBILE PHONE   TABLET




Source: Nielsen Global Digital Landscape Survey, Q3 2014

* Among respondents who say they watch this type of programming

# "BEST IN SCREEN" NOW SHOWING ON A DEVICE NEAR YOU

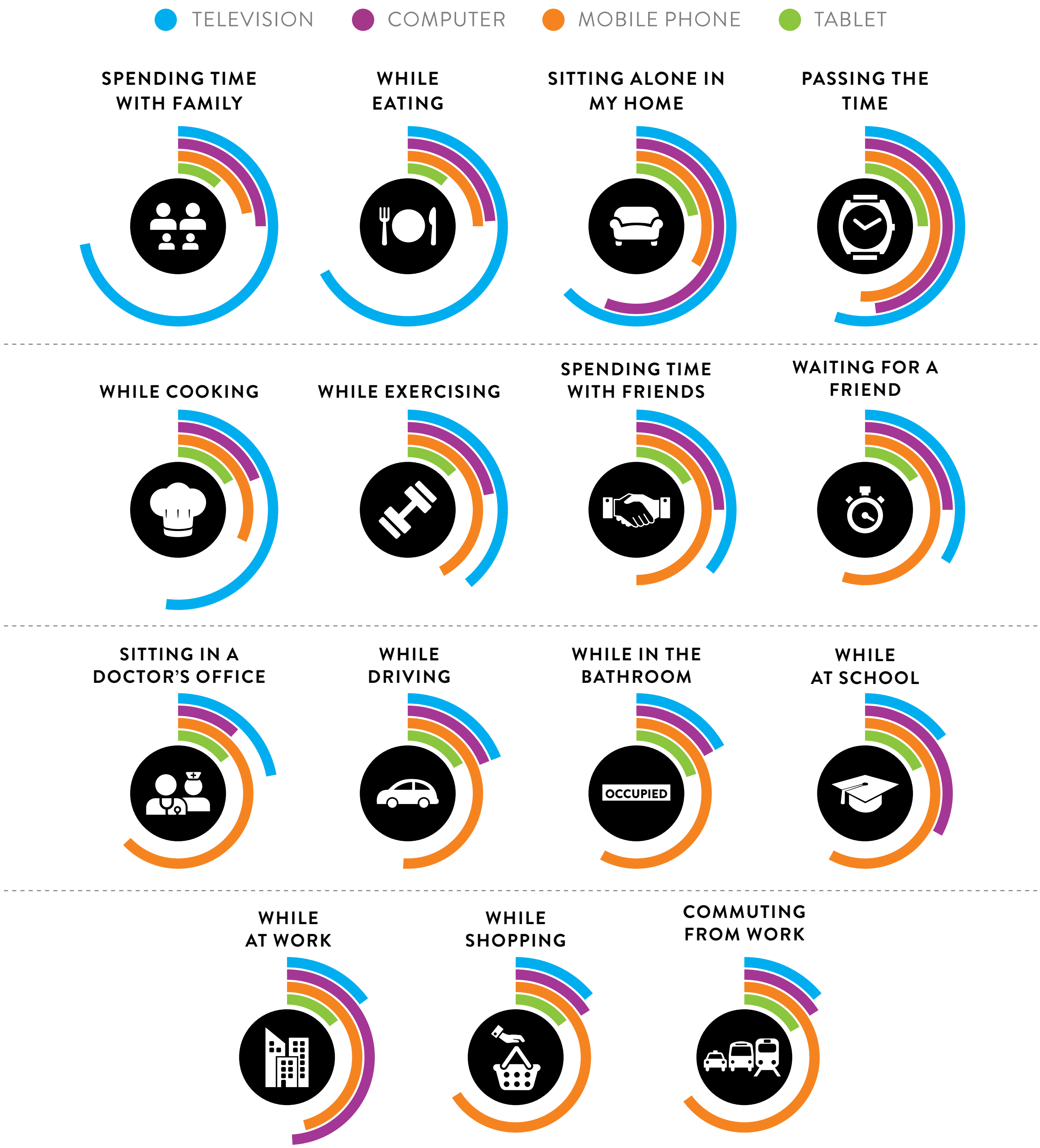
While TV remains the primary device for video consumption in the home, mobile phones are the most commonly cited go-to device for on-the-go viewing. But the full story is actually more complicated.

Device viewing is largely situational; it depends on where we are, whom we're with and what we're doing. Even at home, the traditional TV may not automatically be the go-to device. For example, among respondents who watch video programming when they're home alone, the largest percentage (63%) say they watch video programming on the TV, but computer is a relatively close second, cited by 56% of global respondents. In addition, 34% percent say they use a mobile phone and 22% cite a tablet to watch video programming.

"The lines between devices continue to blur and the best available screen for viewing may vary widely as viewers move through the day," said Clarken. "Audiences will choose the device that is most compatible with their needs at the time they want to watch. Therefore, content must seamlessly flow across time, location and device."

## PREFERRED SCREEN DEPENDS ON ACTIVITY AND LOCATION

### SELF-REPORTED DEVICE PREFERENCES FOR WATCHING VIDEO BY ACTIVITY*




Source: Nielsen Global Digital Landscape Survey, Q3 2014

*Excludes respondents who do not take part in or do not watch programming while doing this activity

# MOBILE VIEWING PREFERENCES VARY BY REGION

There are a few regional differences in how viewers watch video programming. In-home preference of mobile phones for video viewing is higher in Asia-Pacific, Africa/Middle East and Latin America than in Europe and North America. For example, among viewers who say they watch video programming when they're home alone, 41% in Africa/Middle East, 40% in Asia-Pacific and 38% in Latin America say they do so on a mobile phone, compared with 24% in Europe and 22% in North America.

Outside the home, mobile phone use is similar in Asia-Pacific, Africa/Middle East and Europe. It's above the global average in Latin America and below in North America. For example, among respondents who watch video programming on their commute to and from work, 59% of respondents in Africa/Middle East, 62% in Europe and 66% in Asia-Pacific watch on their mobile phone, compared with 80% in Latin America and 48% in North America.

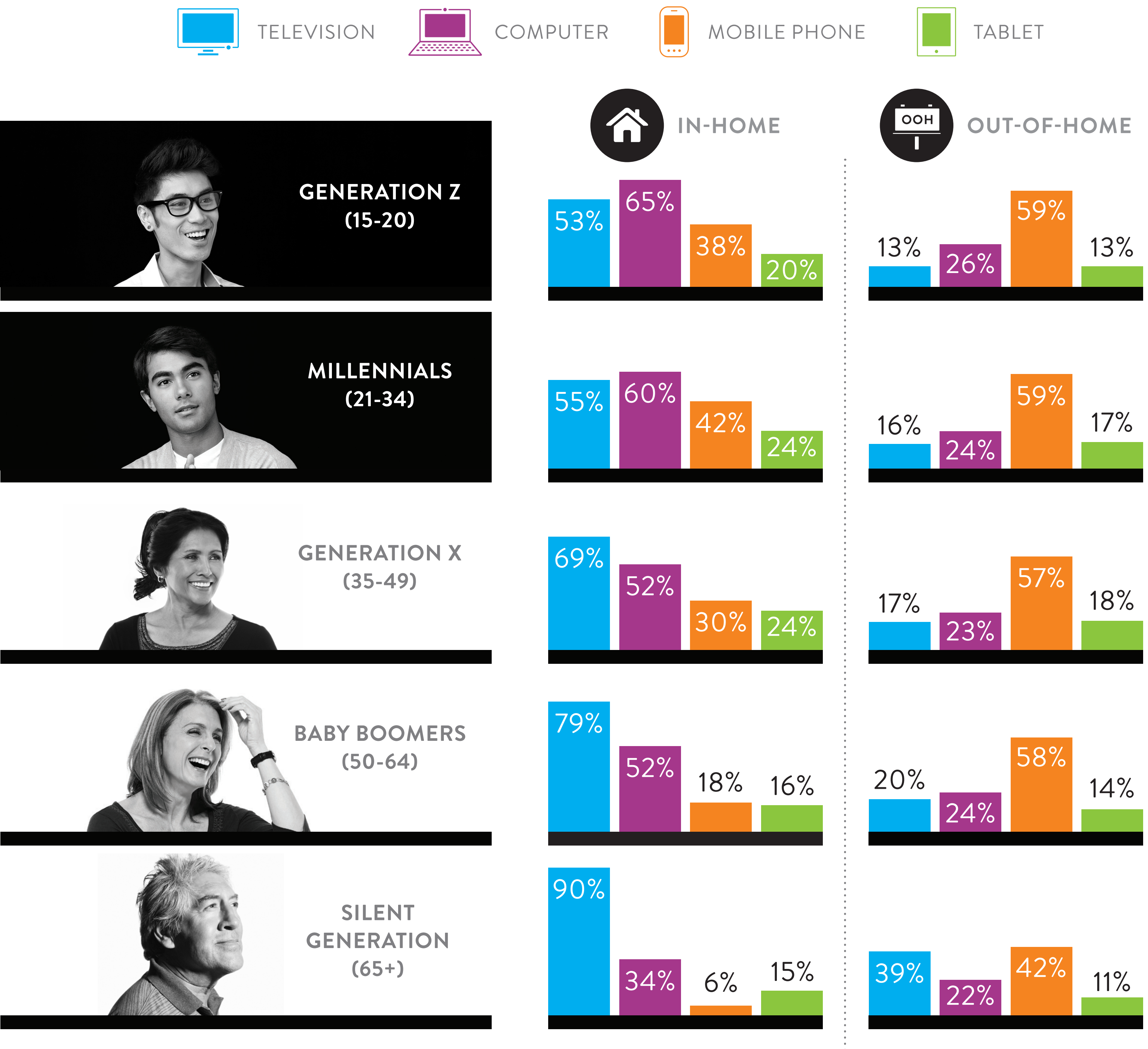
Generation Z and Millennial respondents are more likely than their older counterparts to report using one or more devices to watch video in all of the locations included in the survey. In-home use of mobile phones and computers is particularly high among the youngest consumers. Forty-two percent of Millennial and 38% of Generation Z respondents who watch video while sitting at home say they do so on their mobile phone, compared with 30% of Generation X, 18% of Baby Boomer and 6% of Silent Generation respondents.

Outside the home, a mobile phone is the device of choice for nearly all generations. Sixty-six percent of Generation X and Baby Boomer respondents who watch video on their commute home from work do so on a mobile device, while 65% of Millennial, 64% of Generation Z and 56% of Silent Generation respondents do so, too. Similarly, among respondents who watch video while shopping, 74% of Baby Boomer, 70% of Silent Generation, 66% of Generation X and Millennial and 65% of Generation Z respondents say they watch on a mobile phone.

**"GENERATION Z AND MILLENNIALS, THE DIGITAL NATIVES, ARE VORACIOUS CONSUMERS OF MEDIA AND MOBILE PHONES ARE AT THE CENTER OF THEIR LIVES," SAID CLARKEN. "FOR YOUNGER CONSUMERS, THE MOBILE PHONE IS NO LONGER JUST FOR USE ON THE GO, BUT EVERYWHERE—EVEN THEIR LIVING ROOMS. CONTENT PROVIDERS AND ADVERTISERS NEED TO BE FLEXIBLE WITH THEIR APPROACHES IN ORDER TO REACH CONSUMERS WHERE THEY ARE, ON THE DEVICE THEY ARE USING AND DURING THE ACTIVITIES IN WHICH THEY PARTICIPATE."**

## YOUNGEST CONSUMERS ARE HEAVIEST MOBILE USERS, REGARDLESS OF LOCATION

### AVERAGE PERCENTAGE WHO SAY THEY USE DEVICE TO WATCH VIDEO PROGRMMING IN SELECTED LOCATION*




Source: Nielsen Global Digital Landscape Survey, Q3 2014

* Among those who watch video programming in a selected location

# THE NEXT WAVE OF DIGITAL WHITE-SPACE OPPORTUNITIES

Today, people across the globe use electronic devices for three primary purposes: relationship building/maintaining, information gathering and entertainment viewing. More than six-in-10 global respondents say they use electronic devices to connect with family and friends (65%), get news (63%), listen to music (63%) and/or take pictures/videos (61%). But how do we plan to use electronic devices in the future, and where are the best opportunities for future growth?

Rating the willingness to use an electronic device for 14 activities, a few common themes emerge across the globe.

**HEALTH CARE:** Sharing medical information is among the top activities for which respondents are willing to use an electronic device in all five regions. This is particularly attractive in developing regions where access to medical services may not be as readily available. Sixty percent of respondents in Asia-Pacific, 52% in Africa/Middle East, 50% in Latin America say they're willing to use an electronic device to share medical information; 45% in North America and 39% in Europe are willing.

**EDUCATION:** More than half of global respondents (52%) say they're willing to use an electronic device to get an education. Willingness is highest in Asia-Pacific and North America (57% in each region); it's lowest in Latin America (36%), but this region also has the highest percentage of respondents who say they're already using an electronic tool to get an education.

**GROCERY RETAILING:** While less than one-third of global respondents (32%) say they currently use an electronic device to buy groceries, nearly half (48%) are willing to do so. Willingness is highest in the regions with the highest percentage of respondents already buying groceries electronically (Asia-Pacific and Africa/Middle East). North America, which has the lowest percentage of respondents who say they're currently buying groceries with an electronic device, follows closely behind. Half of respondents in each region (54% in Africa/Middle East, 51% in Asia-Pacific and 50% in North America) are willing to use an electronic device to buy groceries, while four-in-10 respondents in Latin America (46%) and Europe (40%) are willing to do so.

**FINANCE:** Fewer developing-market respondents say they're currently using electronic devices to pay bills and conduct banking business, but there is interest to do so in the future. More than four-in-10 respondents in Asia-Pacific (47%), Africa/Middle East (44%) and Latin America (41%) say they are willing to pay their bills with an electronic device. Similar percentages (46% in Asia-Pacific, 45% in Africa/Middle East and 36% in Latin America) are willing to conduct banking business with an electronic device.

## TOP DIGITAL OPPORTUNITIES BY REGION

### PERCENTAGE WHO ARE DEFINITELY/SOMEWHAT WILLING TO USE AN ELECTRONIC DEVICE FOR SELECTED ACTIVITIES

| GLOBAL AVERAGE | |
|---|---|
| SHARE MEDICAL INFORMATION | 52% |
| GET AN EDUCATION | 52% |
| BUY GROCERIES | 48% |
| FIND A JOB | 46% |
| CONDUCT RESEARCH | 44% |
| PAY BILLS | 40% |
| FIND A DATE | 40% |
| CONDUCT BANKING BUSINESS | 38% |
| WATCH VIDEO PROGRAMMING CONTENT | 36% |
| TAKE PICTURES/VIDEOS | 32% |
| SHARE PICTURES/VIDEOS | 32% |

| EUROPE | |
|---|---|
| GET AN EDUCATION | 45% |
| BUY GROCERIES | 40% |
| SHARE MEDICAL INFORMATION | 39% |

| ASIA-PACIFIC | |
|---|---|
| SHARE MEDICAL INFORMATION | 60% |
| GET AN EDUCATION | 57% |
| CONDUCT RESEARCH | 56% |

| LATIN AMERICA | |
|---|---|
| SHARE MEDICAL INFORMATION | 50% |
| BUY GROCERIES | 46% |
| PAY BILLS | 41% |

| NORTH AMERICA | |
|---|---|
| GET AN EDUCATION | 57% |
| BUY GROCERIES | 50% |
| FIND A JOB | 46% |

| AFRICA/MIDDLE EAST | |
|---|---|
| BUY GROCERIES | 54% |
| SHARE MEDICAL INFORMATION | 52% |
| CONDUCT BANKING BUSINESS | 45% |

Source: Nielsen Global Digital Landscape Survey, Q3 2014

# LOOKING FOR DIGITAL EXPANSION OPPORTUNITIES? LOOK TO THE YOUNG, BUT DON'T FORGET THE OLD

Millennial, Generation Z and Generation X respondents have the highest self-reported digital participation rates for the majority of the activities included in the survey, and they are also the most willing to participate in those they're not already doing.

A few activities, however, have cross-generational appeal. More than half of consumers in all generations say they use digital devices to get news and connect with friends and family. In addition, more than half of Generation Z, Millennial, Generation X and Baby Boomer respondents say they use electronic devices to listen to music and take or share photos. Not surprisingly, digital participation among Silent Generation respondents in these activities is significantly lower. However, there are a few activities where older generations participate at higher rates than their younger counterparts and they include: banking, paying bills and conducting research.

**"THE PERVASIVE REACH OF DIGITAL'S INFLUENCE IS FAR AND WIDE, REACHING ALL DEMOGRAPHIC SEGMENTS," SAID CLARKEN. "WHILE DIGITAL USAGE LEVELS FOR CERTAIN ACTIVITIES MAY BE UNEVEN TODAY ACROSS AGE GROUPS, THAT IS CHANGING EVERY DAY AND WILL CONTINUE TO DO SO IN THE YEARS TO COME."**

## COUNTRIES IN THE STUDY

### EUROPE

| MARKET | INTERNET PENETRATION |
|---|---|
| Austria | 87% |
| Belgium | 90% |
| Bulgaria | 59% |
| Croatia | 71% |
| Czech Republic | 78% |
| Denmark | 97% |
| Estonia | 83% |
| Finland | 97% |
| France | 83% |
| Germany | 87% |
| Greece | 60% |
| Hungary | 75% |
| Ireland | 79% |
| Israel | 76% |
| Italy | 59% |
| Latvia | 75% |
| Lithuania | 69% |
| Netherlands | 96% |
| Norway | 95% |
| Poland | 67% |
| Portugal | 65% |
| Romania | 51% |
| Russia | 61% |
| Serbia | 65% |
| Slovakia | 82% |
| Slovenia | 76% |
| Spain | 75% |
| Sweden | 95% |
| Switzerland | 89% |
| Turkey | 57% |
| United Kingdom | 90% |
| Ukraine | 42% |

### ASIA-PACIFIC

| MARKET | INTERNET PENETRATION |
|---|---|
| Australia | 94% |
| China | 47% |
| Hong Kong | 81% |
| India | 20% |
| Indonesia | 28% |
| Japan | 86% |
| Malaysia | 67% |
| New Zealand | 95% |
| Philippines | 41% |
| Singapore | 80% |
| South Korea | 92% |
| Taiwan | 80% |
| Thailand | 30% |
| Vietnam | 44% |

### LATIN AMERICA

| MARKET | INTERNET PENETRATION |
|---|---|
| Argentina | 75% |
| Brazil | 54% |
| Chile | 67% |
| Colombia | 62% |
| Mexico | 49% |
| Peru | 42% |
| Venezuela | 50% |

### MIDDLE EAST / AFRICA

| MARKET | INTERNET PENETRATION |
|---|---|
| Egypt | 53% |
| Pakistan | 15% |
| Saudi Arabia | 67% |
| South Africa | 52% |
| United Arab Emirates | 96% |

### NORTH AMERICA

| MARKET | INTERNET PENETRATION |
|---|---|
| Canada | 95% |
| United States | 87% |

Source: Internet World Stats, June 30, 2014

## ABOUT THE NIELSEN GLOBAL SURVEY

The Nielsen Global Digital Landscape Survey was conducted between Aug. 13, 2014, and Sept. 5, 2014, and polled more than 30,000 consumers in 60 countries throughout Asia-Pacific, Europe, Latin America, the Middle East, Africa and North America. The sample has quotas based on age and sex for each country based on its Internet users and is weighted to be representative of Internet consumers. It has a margin of error of ±0.6%. This Nielsen survey is based only on the behavior of respondents with online access. Internet penetration rates vary by country. Nielsen uses a minimum reporting standard of 60% Internet penetration or an online population of 10 million for survey inclusion. The Nielsen Global Survey, which includes the Global Consumer Confidence Index, was established in 2005.

## ABOUT NIELSEN

Nielsen N.V. (NYSE: NLSN) is a global performance management company that provides a comprehensive understanding of what consumers Watch and Buy. Nielsen's Watch segment provides media and advertising clients with Total Audience measurement services across all devices where content — video, audio and text — is consumed. The Buy segment offers consumer packaged goods manufacturers and retailers the industry's only global view of retail performance measurement. By integrating information from its Watch and Buy segments and other data sources, Nielsen provides its clients with both world-class measurement as well as analytics that help improve performance. Nielsen, an S&P 500 company, has operations in over 100 countries that cover more than 90 percent of the world's population.

For more information, visit www.nielsen.com.



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