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AN UNCOMMON SENSE
OF THE CONSUMER™

NEW ZEALAND MULTI-SCREEN REPORT

2015



TV AND VIDEO CONTENT ACROSS MULTIPLE SCREENS

EXECUTIVE SUMMARY

Consumers want the best of each world that each viewing device offers – to be connected to more video, at their convenience.

Traditional viewing via a TV set remains the most dominant form of video consumption in New Zealand, and TV screen use is actually increasing. The growth of new devices has enabled a variety of new avenues for watching video and streaming online is increasing rapidly.

In a multi-device home, the TV set is the primary viewing platform. The tablet becomes the choice for individual viewing when other household members have the large screen or there is a programme of interest online, and the smartphone is for entertainment when out and about.

Additional screens have increased New Zealanders overall time consuming video content. In the world of video, broadcasters and marketers now have many more opportunities to connect with people in a way that is relevant to where and when they are watching.

SNAPSHOT OF TV VIEWING

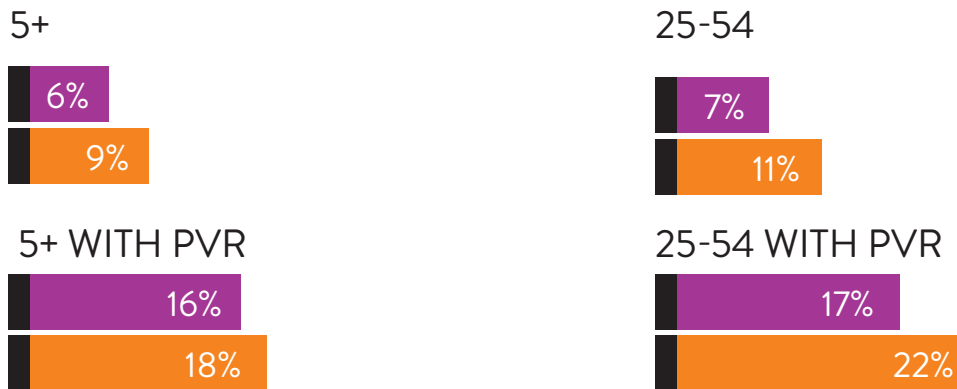
Over 3.5 million New Zealanders (92% of the population) watch an average of 20.5 hours of broadcast television each week (both free-to-air and subscription channels) on their in-home TV sets¹ and this increases to 95% of the population over a month¹¹. With 97% of households having a TV set, it is the most popular technology to watch video.

Most (91%) of all in-home TV viewing is live which is as the programme went to air. Time-shifted viewing has had slow and steady growth since its measurement began three years ago. This technology allows Kiwis to watch favourite shows and movies at a time that is most convenient. 9% of all viewing is in playback mode, that is, when viewers watch broadcast TV material they have recorded within seven days of original broadcast time using a device such as a PVR (Personal Video Recorder). This number increases to 11% for the key advertising demographic of 25-54 year olds. Peak viewing also sees increases in the amount of time-shifted viewing taking place.

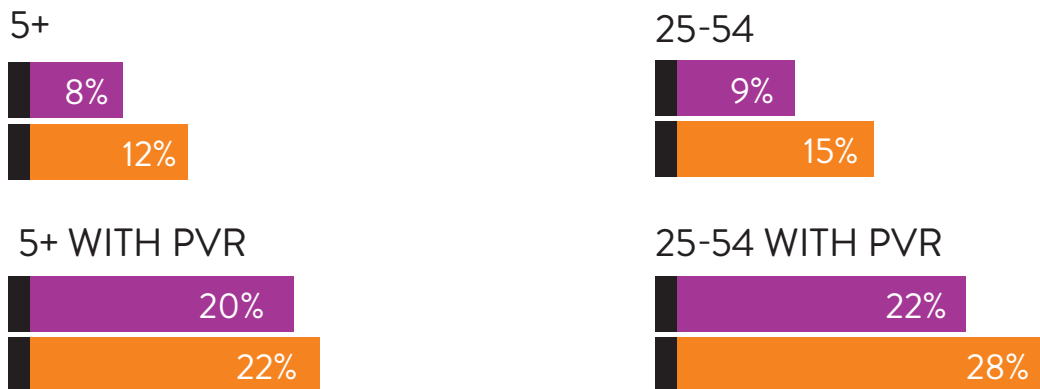
TIME-SHIFTED VIEWINGⁱⁱⁱ

● 2012* ● 2014

ALL DAY VIEWING



PEAK VIEWING



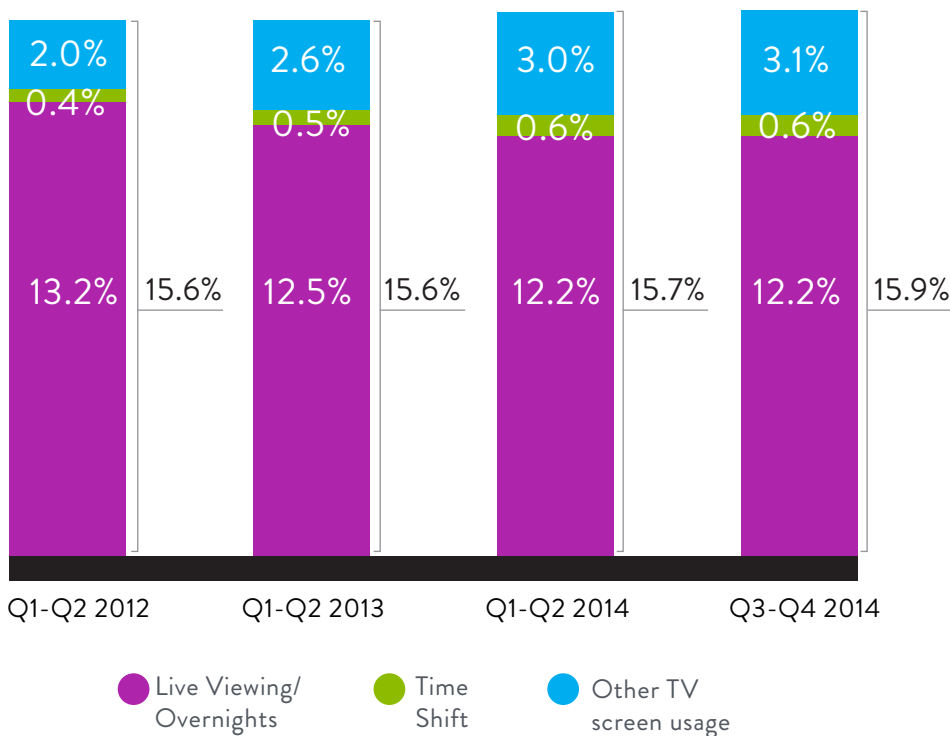
This growth is partly attributed to the increase in the number of households with a PVR since early 2012. Half (52%) of New Zealand homes now have a PVR (increased from 45%) and is also slightly higher for 25-54 year olds (54%)^{iv}. For PVR households, 18% of all day viewing is time-shifted, and this increases to 22% for peak viewing. The main genres driving time-shifted viewing are soaps and drama.

TOTAL TV SCREEN USAGE

New Zealanders total use of the TV set has been growing slightly, averaging out at 15.9% TARP (Target Audience Rating Point) across the whole day (Q3 and Q4 2014). Live viewing/ overnights and time-shifted has been steady over the past year.

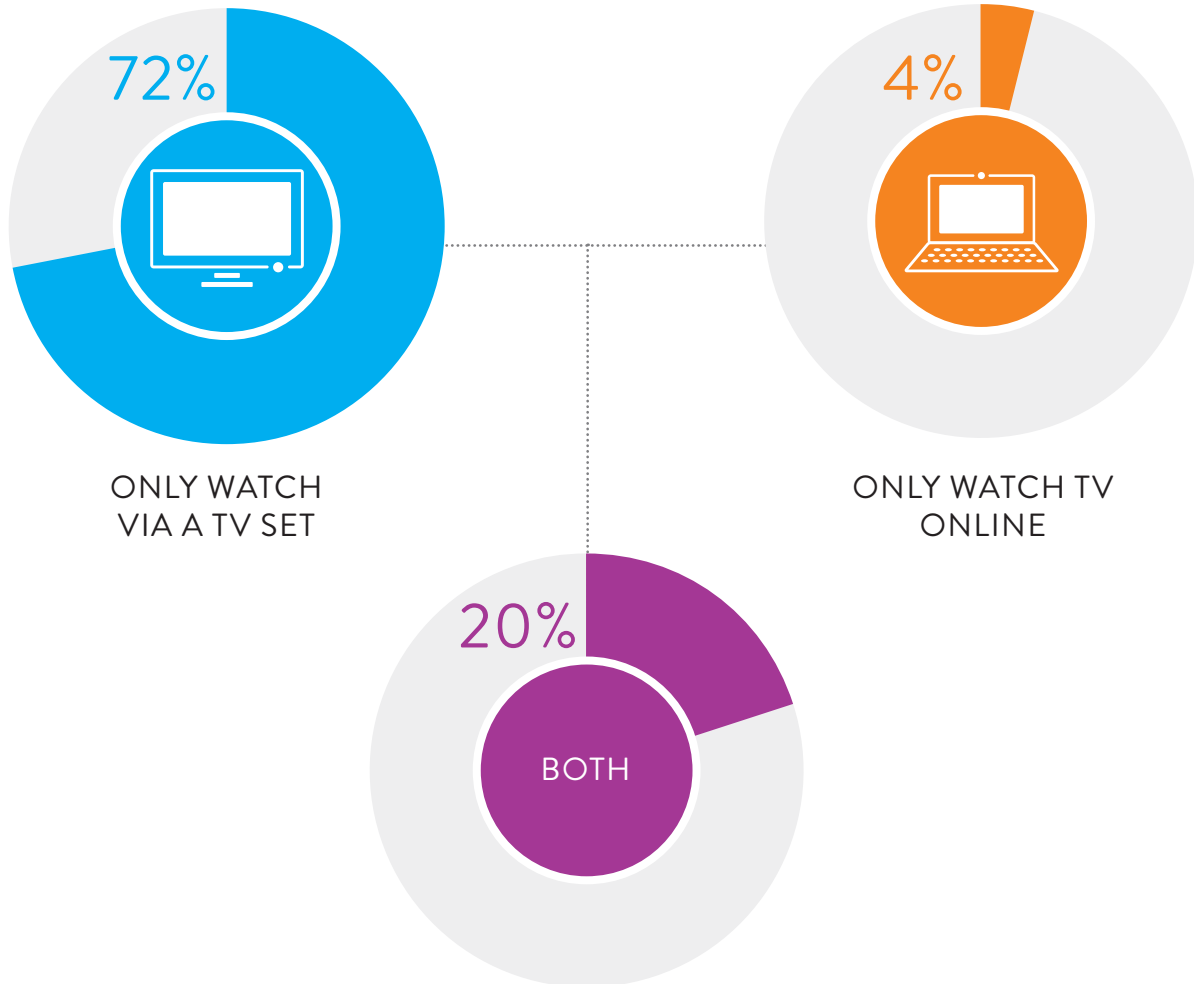
Over the past three years, the amount of time spent using TV screens for non-broadcast use ('other screen use') has increased. This reflects take-up of a range of devices that can be attached to TV sets, including games consoles, PVRs and online services, as well as the increasing penetration of TV's with the capability to connect with the internet: now an estimated 10% of homes. However, such secondary TV screen use has not caused live or time-shifted viewing to decline of note in the last two years. Moreover, people are spending more time with their TV sets overall, and using their TV for a growing number of purposes.

TARP – AUDIENCE RATING OF TOTAL INDIVIDUALS^v



A TARP, or Target Audience Rating Point, is the typical audience at any one period in time expressed as a percentage of the total potential audience. For example, on average at any one minute in the period Q3 –Q4 2014 an estimated 15.9 per cent of New Zealanders were using their in-home TV screens.

'Other TV screen usage' examples include gaming, viewing internet-delivered services and browsing, or watching time-shifted television they have recorded beyond seven days from original broadcast. i.e. when people use their TV screens for purposes other than watching live or time-shifted broadcast television.

NEW ZEALANDERS WATCHING TV CONTENT OFFLINE/ ONLINE^{VI}

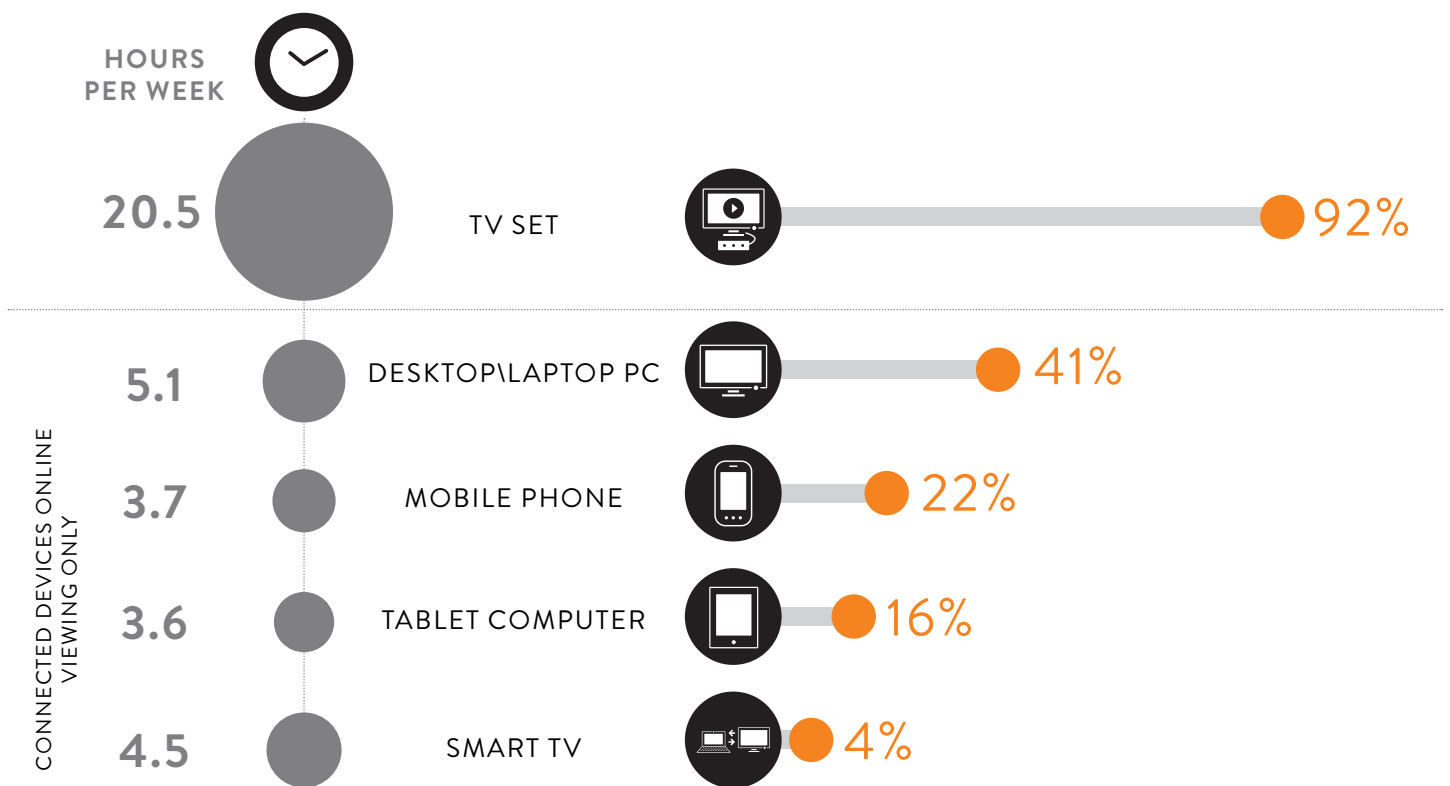
930,000 watch TV content on a device other than a traditional TV set (i.e. viewing via the internet). 160,000 of these people only watch TV content online (i.e. no broadcast content) which equates to 4% of the population. This brings the total TV viewing population, in a week, to over 3.7 million people (96% of the population). The additional TV time adds 1.5 hours per week to a viewer's schedule, taking the average weekly viewing for New Zealanders to 22 hours.

- 3,547,000 watch TV on a traditional TV set (92%)
- 930,000 watch TV on another device (via the internet)
- 3,706,000 watch on either device (96% of the population)

VIDEO VIEWING BY DEVICE

Half of all New Zealanders (1.9 million) watch online video content each week, and they view an average of 7.3 hours per week^{vii}. However, this is still considerably less than viewing via television sets (population and time spent).

DEVICES USED TO WATCH VIDEO IN THE LAST 7 DAYS^{viii}



Under-45 year olds are the main group to consume video content online. There is a vast gap between generations for consuming video content online. Under-45 year olds are more than twice as likely as someone over 54 years old to watch video online, with a lesser gap for those in the 45-54 year old age group. 56% of the main trading demographic for the advertising industry, 25-54 year olds, watch video content online in any given week.

While the younger you are, the more likely you are to watch video on a smartphone, this differs with tablets where 35-44 year olds are ahead of 25-34 year olds for using this device to view streamed content.

Tablets are now owned by 26% of New Zealanders and 59% have Smartphones (both increasing from 2012 when they were 9% and 51% respectively). Smartphones are used by more than one in five New Zealanders to watch video content online and 16% for tablets. Both of these mobile devices have an average per week viewing time at just over three and half hours. Two in five New Zealanders watch online video via their desktop.

25-54 year olds are much more likely to own a mobile device and be connected to the internet at home. Only 36% of people 55 years old and over own a smartphone which is a far contrast to 25-54 year olds (71%). The most likely age group to own a tablet is 35-44 year olds (37%), eight and six points higher than 25-34 and 45-54 year olds respectively.

Strong growth in mobile devices allows audiences to watch where and when they want. Tablets provide a user experience more likely to replicate the TV screen, at least for the individual viewer. This is beneficial when the main TV set is already being used or to keep the kids entertained while you watch your show. It is also used to access online video that is not available through a traditional TV. Whilst smartphones keep viewers entertained while in waiting rooms, travelling and to share content with friends and family while they are out and about.

Televisions with the capability to connect to the internet (e.g. 'smart' or 'hybrid' TVs, whether actually connected or not) are now in 10% of homes. The transition to smart TVs is still in its infancy with 4% using them to watch online video, but this small group already average 4.5 hours a week viewing on the device. We expect this to grow as technology becomes cheaper, broadband faster and more online video content available. With longer-form content generally preferred to be viewed on a larger screen, smart TVs could lessen usage of the tablet for in-home programme viewing in the future, bringing TV sets in the home even closer to 100% penetration.



TECHNOLOGY IN THE HOME (25-54 YEAR OLDS REACH IN BRACKETS)

Q3, 2012

Q3, 2014

98%



1. TV SET IN THE HOME

97% (97%)

45%



2. PVR

52% (54%)

8%



3. INTERNET/SMART TV

10% (13%)

75%



4. HOUSEHOLDS WITH INTERNET CONNECTION

80% (86%)

9%



5. TABLETS

26% (32%)

51%



6. SMARTPHONE

59% (71%)

N/A



7. PC/LAPTOP IN THE HOUSEHOLD

60% (63%)

1 – TV set in the home (Main Household Shoppers 15+) – Source: CMI Q3 2012 and Q3 2014 Annual Database

2 – Household ownership of Personal Video Recorder (Main Household Shoppers 15+) – Source: CMI Q3 2012 and Q3 2014 Annual Database

3 – Household ownership of Internet/Smart TV (Main Household Shoppers 15+) – Source: CMI Q3 2012 and Q3 2014 Quarterly Database

4 – Access to Internet at home (Main Household Shoppers 15+) – Source: CMI Q3 2012 and Q3 2014 Annual Database

5, 6 & 7 – Individual Ownership of devices (All People 15+) – Source: CMI Q3 2012 and Q3 2014 Quarterly Database. PC/ Laptop cannot be trended due to change in question from household to personal ownership of these devices during this time period.



SUMMARY TABLE FOR VIDEO WATCHING BY DEVICE

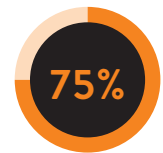
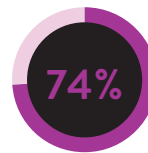
	Incidence in Home/ Personal Ownership	% of population watched video in last seven days	Time Spent viewing per user (hours)
TV	97%	92%	20.5
Desktop/Laptop PC	60%	41%	5.1
Smartphone	59%	22%	3.7
Tablet	26%	16%	3.6

INTERNATIONAL COMPARISONS

WHEN WATCHING VIDEO CONTENT, HOW DO WE STACK UP AGAINST THE U.S. AND OUR NEIGHBOURS AUSTRALIA? CONSUMER TECHNOLOGY TRENDS IN THESE MARKETS MAY BE A PRECURSOR TO HOW MORE MOBILE WE MIGHT BECOME IN THE NEAR FUTURE.



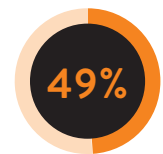
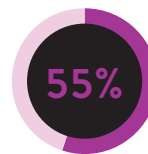
SMARTPHONE OWNERSHIP



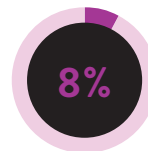
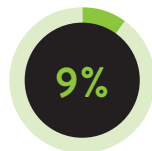
THE PENETRATION OF PVRs IN NEW ZEALAND HOMES IS ON PAR WITH AUSTRALIA AND AHEAD OF THE U.S.



PVR IN THE TV HOME



% OF VIEWING THAT IS TIME-SHIFTED



Total time shifted viewing in Australia and U.S. is 8% and 10% respectively of all on-air TV viewing, which is on a par with New Zealand (9%).

Digital video viewing is well and truly making headway. The average daily time watching video online in the U.S. has increased by 62% in the last year for the prime 25-54 year old demographic. In Australia, the average monthly time spent watching video online grew by 42% from Q3 2013 to Q3 2014. (all people aged 2+)

NIELSEN SOURCING NOTES

ⁱ Consumer & Media Insights (CMI) Q2-Q3 2014, AP 10+

ⁱⁱ Television Audience Measurement (TAM), Average Monthly Cume 2014, AP 10+

ⁱⁱⁱ TAM shown as % of total viewing audience. Note * Period covers 15 Jan – 30 June 2012 ; TSV measurement launched in NZ 15 Jan 2012. 2014 is for the period 1st July to 31st December 2014.

^{iv} CMI Q3 2012 and Q3 2014 Annual Database, (Main Household Shoppers 15+)

^v TAM, All day audience rating – total people

^{vi} CMI Q2-Q3 2014, AP 10+

^{vii} CMI Q2-Q3 2014, AP 10+

^{viii} CMI Q2-Q3 2014, AP 10+

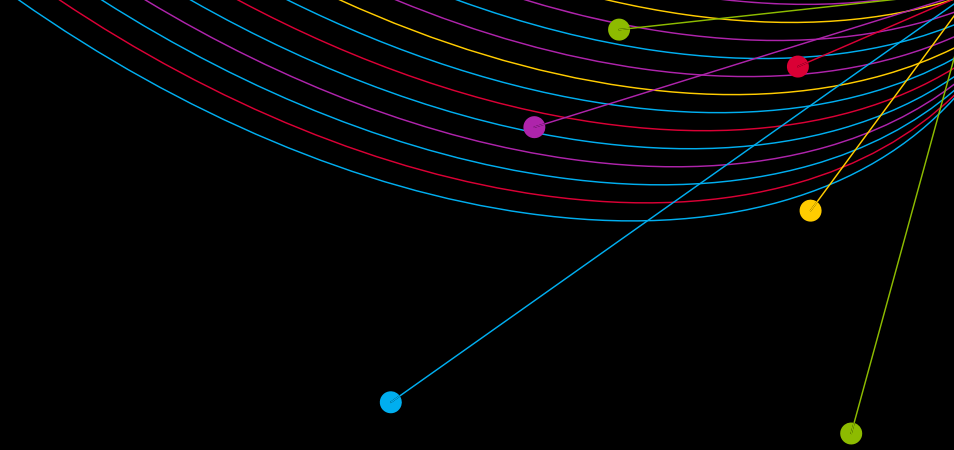
Questions asked for video watching online by device : “Which of the following have you used to watch TV/video/movies online in the last 7 days (includes watching video/TV programmes on YouTube, TV Ondemand services, streamed movies etc.) and how much time watching TV/video/movies online in the last 7 days via each device?”

^{ix} Australian Multi-Screen Report Quarter 3, 2014. For smartphone ownership, Australia is AP 16+

^x US Total Audience Report, December 2014. For smartphone ownership, U.S. is AP 13+

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. 15/8436



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