

Market Snapshot

OTT Video Viewership: The Role of Mobile

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In the past decade, consumer viewing habits have shifted radically.

Video viewership on mobile devices has greatly increased, with hours viewed on these devices growing 545% in just ten years. Mobile viewing – that is, viewing on a smartphone or tablet – now accounts for over 20% of all video consumption hours among heads of US broadband households.

Mobile video viewers are increasingly consuming not just social video but also online video from over-the-top video services such as Netflix and from pay-TV providers such as YouTube TV. Generation Z has embraced mobile as their most frequently used viewing platform, in contrast to prior generations who spend more of their viewing hours on TVs.

This Market Snapshot investigates the changing role of mobile among consumers, as well as its importance among different demographics, particularly Generation Z.



Findings presented in this report are based on a survey of 10,026 heads of US broadband households fielded in 2020 from March 8th to April 3rd, when the COVID-19 virus first began spreading across the greater United States.

During this time period consumers began spending extended time indoors as events were cancelled and schools closed, and states began issuing social distancing recommendations and shelter-in-place orders.

Video Viewing Trends in US Broadband Households

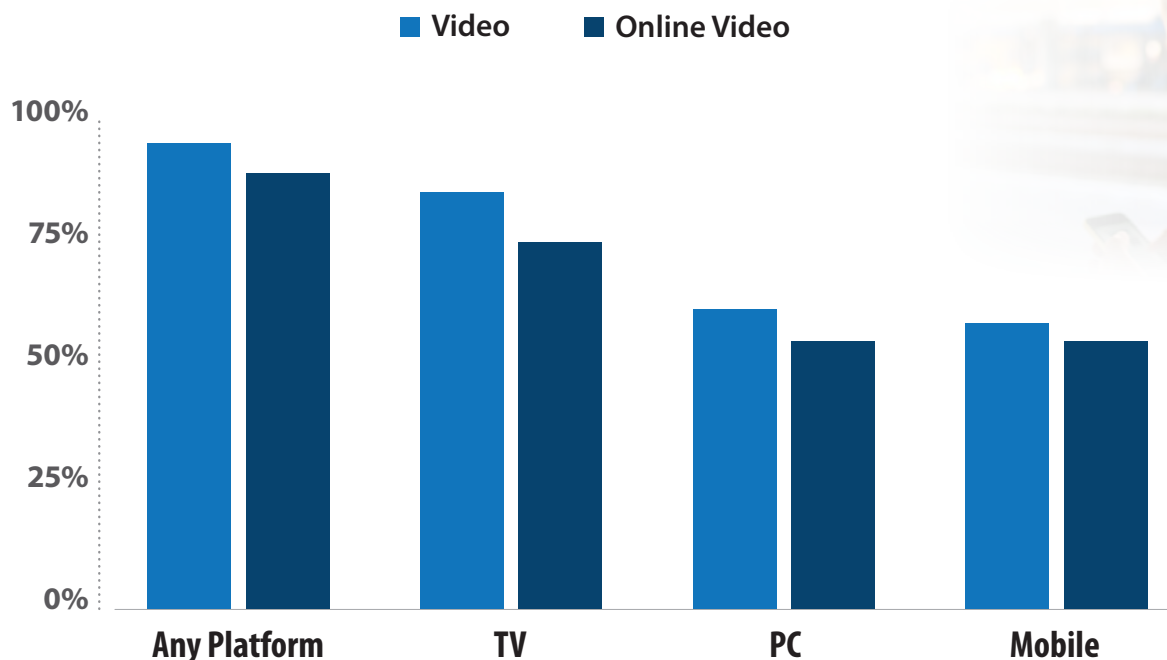
Since the introduction of the PC, and later smartphones and tablets, consumers' viewing habits have evolved to include these new device types alongside the television. These devices have become increasingly important to consumers, with mobile devices and PCs capturing roughly half of consumer-reported viewing time.

Companies in the entertainment space, particularly those targeting members of Generation Z, must make mobile and PCs part of their strategy.

Viewership by Top Platforms: Connected TVs, Mobile, and PCs

The TV has historically dominated viewing, but adoption of mobile devices and support for mobile by video services have helped grow mobile viewership to over half of heads of US broadband households.

Platforms Used For Watching Video



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Consumer Video Viewing

90% of heads of US broadband households view video content from online sources or services on some type of internet-connected device within their homes.

Roughly 50% view online content on a mobile device such as a smartphone or tablet, or on a computer.

80% view online content on a TV screen, either via the TV itself or via a connected streaming device.

The vast majority of consumers who view content on mobile devices access their content via online sources or services.

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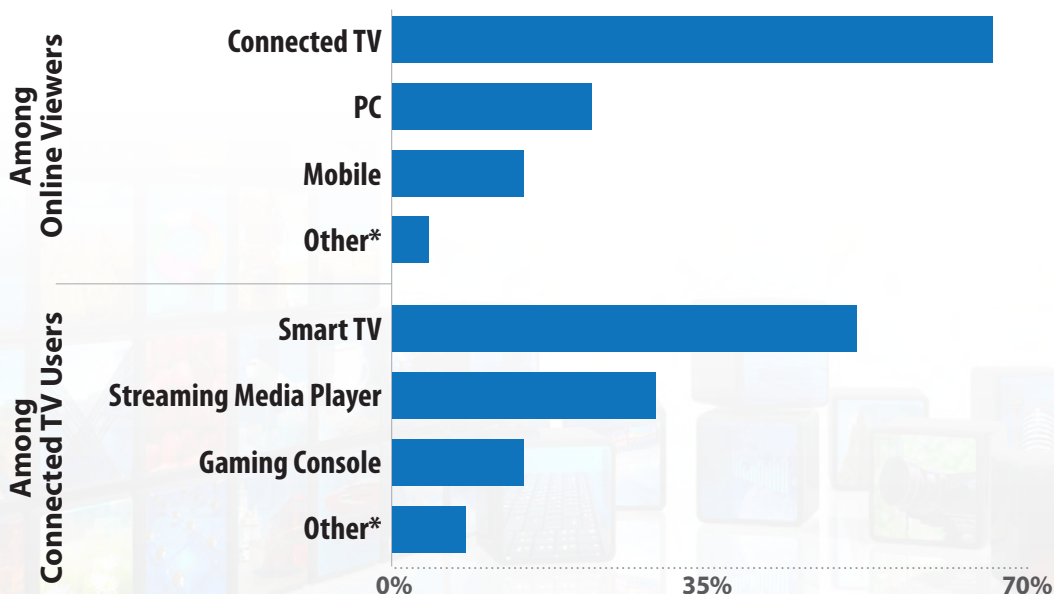
Primary Devices for Viewing Video

While many consumers consider their primary streaming device to be a TV, 15% of heads of US broadband households, or 13M, prefer mobile devices as their primary streaming device.

High preference for mobile devices among members of Generation Z strongly suggests use of mobile devices will continue to grow as this generation ages into adulthood.

Consumers generally prefer larger screened devices for viewing online video. In order of preference, consumers view via their connected TVs, their desktop or laptop computers, and then mobile devices.

Primary Device Used to Watch Online Video



*Includes smart standalone Blu-ray players and smart PVRs/DVRs.

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Share of Viewing Time by Platform – Impact of Platform on Hours Viewed

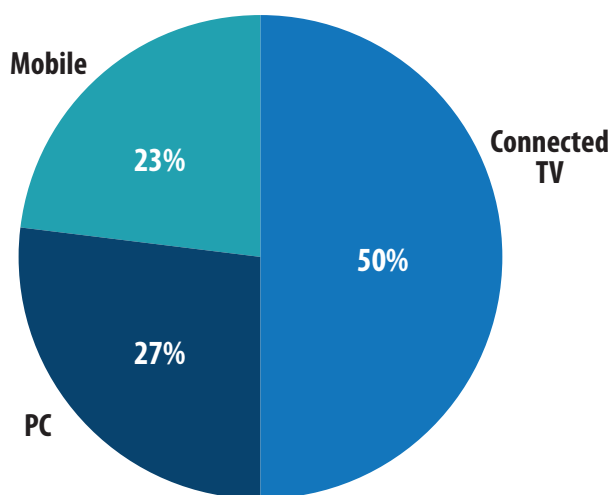
Preference for a particular device does not necessarily equate to actually using that device to watch content. For example, while the connected TV has the largest share of time spent viewing, its share is proportionally lower than what consumers' reported preferences would indicate. PCs, and especially mobile devices, over-index in their share of viewing time relative to consumers' stated preferences.

- Mobile captures 23% of consumer-reported viewing time, followed by PCs with slightly over a quarter of viewing time, and connected TVs capturing half of consumer-reported viewing time.
- Share of viewing time varies sharply by generation, with younger generations reporting much greater hours spent viewing on mobile devices and PCs.

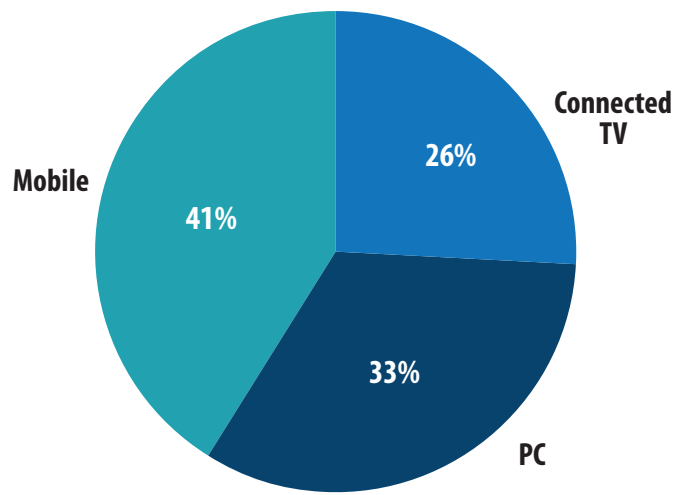
Preference for mobile is higher among younger generations – 36% of Gen Z heads of households consider a mobile device to be their primary streaming device vs. 15% of heads of US broadband households overall.

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Share of Online Video Viewing Time Per Platform: US Broadband Households



Share of Online Video Viewing Time Per Platform: Gen Z



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41% of GenZ households report mobile is the top viewing platform in terms of time spent viewing content.

Mobile vs. Connected TVs vs. PCs: Understanding Viewing Preferences

Over half of consumers view video on a mobile device in some form or fashion. The majority view on multiple devices, including their mobile device, a TV, and a PC.

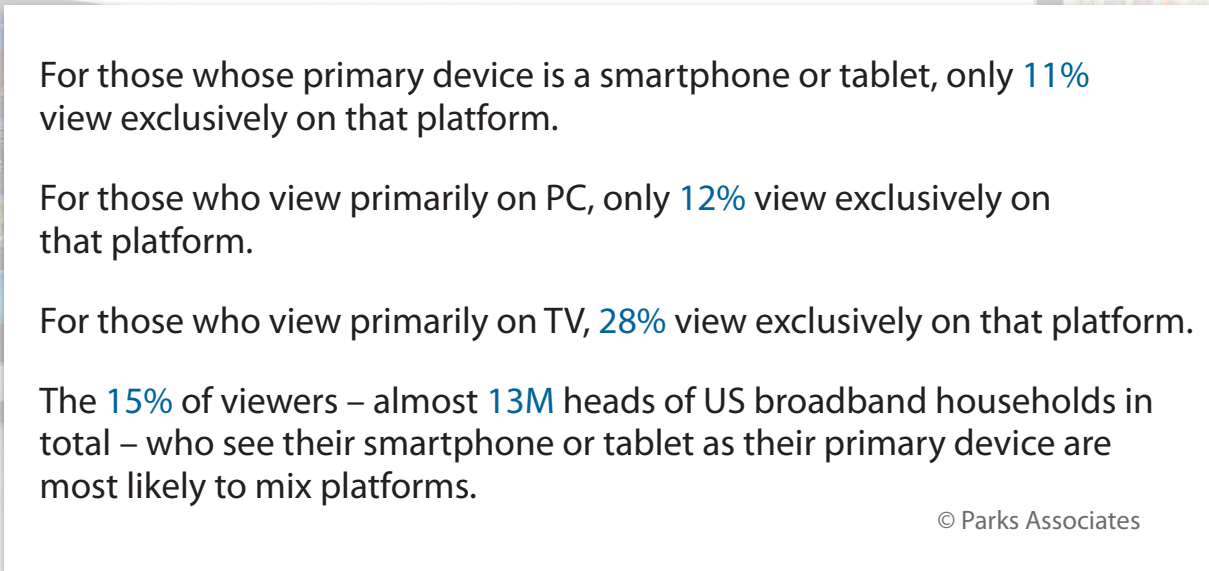
Viewing on mobile devices accounts for 34% of social video viewing, 25% of VOD viewing, but just 11% of live TV viewing. There is certainly room to grow for pay-TV¹ providers and others looking to deploy their solutions on mobile devices.

A Majority of Viewers are Multiscreen

Although the TV is the primary device for roughly half of heads of US broadband households, most consumers watch content on multiple device types. In the coming years, multiscreen viewing will continue to increase as viewership grows on mobile devices and PCs.

Parks Associates has found that the almost two-thirds of heads of US broadband households who view online video content prefer to stream on a mix of platforms. In terms of exclusive viewing, slightly over a quarter of online video viewers consume content solely on a connected TV. Only a small percent exclusively view via their PC or mobile device.

Even among consumers who claim that one device is their primary device, multiscreen viewing is strong.



For those whose primary device is a smartphone or tablet, only **11%** view exclusively on that platform.

For those who view primarily on PC, only **12%** view exclusively on that platform.

For those who view primarily on TV, **28%** view exclusively on that platform.

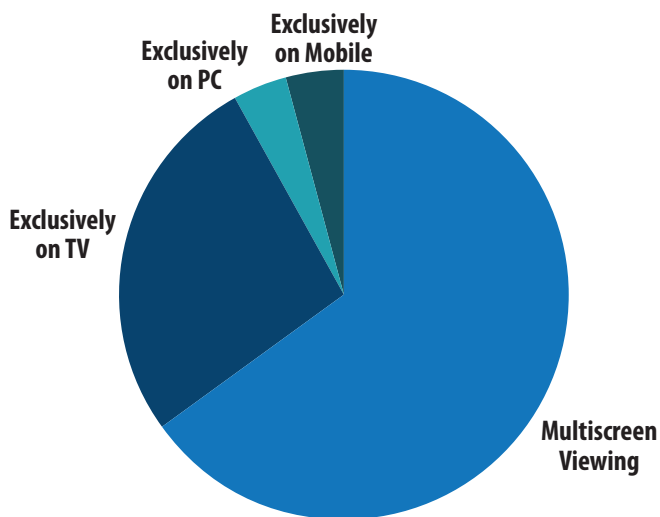
The **15%** of viewers – almost **13M** heads of US broadband households in total – who see their smartphone or tablet as their primary device are most likely to mix platforms.

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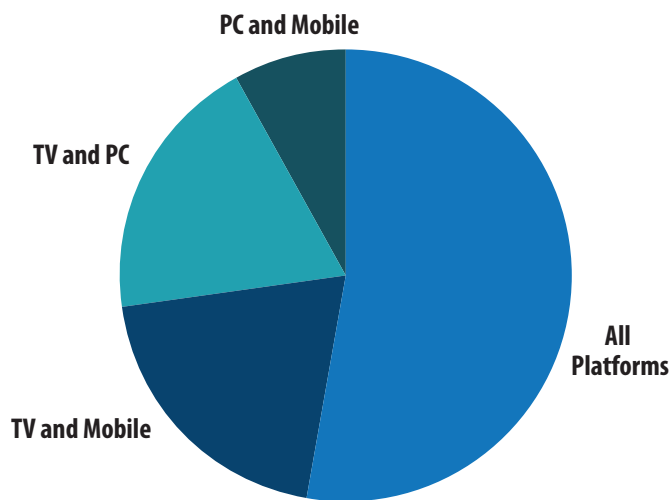
¹ Parks Associates defines "pay-TV" as a subscription-based service offering access to a bundle of live, linear channels of content. This includes satellite-based services such as DISH or DIRECTV, cable TV services such as Comcast Xfinity, and over-the-top services such as Google's YouTube TV.

Consumers who mix platforms typically view on all three – a connected TV, a PC, and a mobile device. The next most common overlaps are between the TV and mobile device, or the TV and PC. Least common are those who cut out the TV entirely and view on a combination of their PC and mobile devices. However, this still equates to almost 4M households viewing exclusively on mobile devices.

Multiscreen vs. Exclusive Viewing



Multiscreen Viewing Mix



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Types of Video Watched on Mobile vs. TV vs. PCs

Consumers watch a diverse mix of content types on mobile devices including VOD, social, live-streamed content, pay-TV content, and content downloaded to their device. This mix differs from that of other platforms, with a greater emphasis on VOD and social video.

Average Viewing Hours per Week

7
Hours
Per Week

Mobile: Mobile has a more diverse share of viewing time than TVs. Heads of US broadband households watch an equal mix of video from YouTube and other social media sites and video from over-the-top video services such as Netflix. Consumers also watch a fair mix of app-based live-TV, as well as livestreamed video from Twitch and Facebook.



10
Hours
Per Week

PC: PC viewing falls somewhere between TV and mobile viewing habits – PC viewers watch an equal mix of on-demand and live TV content, while a smaller percentage view content from YouTube and livestreams from Twitch and other sources.



20
Hours
Per Week

TV: The largest share of time watched is live TV, including live TV from broadcast stations, cable channels, and online video services. The next largest segment is video on demand from services such as Netflix or Crackle.



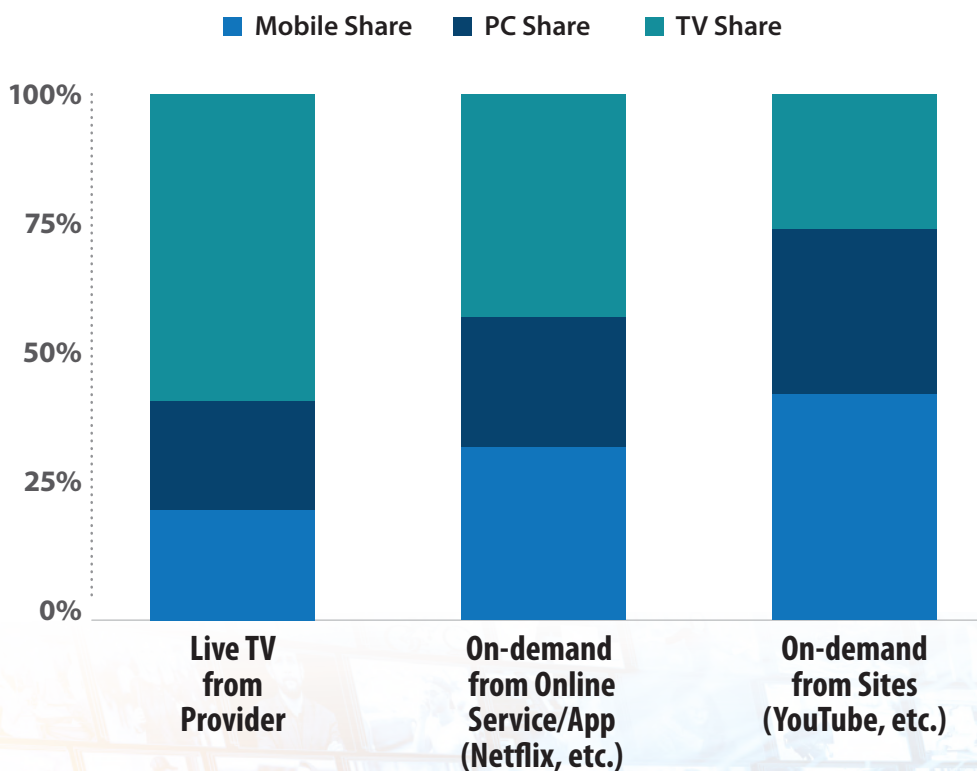
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Impact of Screen Size on Viewing Habits

On a platform-by-platform basis, consumers report watching more hours of content on larger-screened devices. The primary viewing device also tends to be larger screened as well. Consumers in general view more on TVs than on PC, and PC more than mobile devices. However, this comes with caveats and as mentioned earlier is not true for Generation Z.

- **Consumers tend to view more hours of live TV content on a TV screen than on a PC or mobile device.** For video from online services, over half of viewing hours take place on a non-TV device such as a PC or mobile device. For social video from sites such as YouTube, a majority of viewing happens on PCs or mobile devices.
- **Both millennials and Generation Z consume most of their video-on-demand content on mobile devices or PCs.** In fact, Generation Z reports an overall higher share of hours viewed on smaller screened devices than larger screened devices – with most viewing taking place on mobile, then PC, then TVs.

Share of Time Spent Watching Content



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Generational Changes in Video Viewership: the Rise of Mobile and Fall of TVs?

Companies in any industry face the challenge of changing their business plans and operations in order to meet the demands of their customer base. Each new generation brings with it different needs and wants, causing the downfall of some businesses and the rise of others. In this respect Generation Z is no different. However, their habits are markedly different than prior generations – they view most heavily on mobile devices, and the TV ranks below the PC in its share of hours watched.

Share of Viewing Time by Platform among Different Generations

Younger generations consume **much more** online video than do older generations.

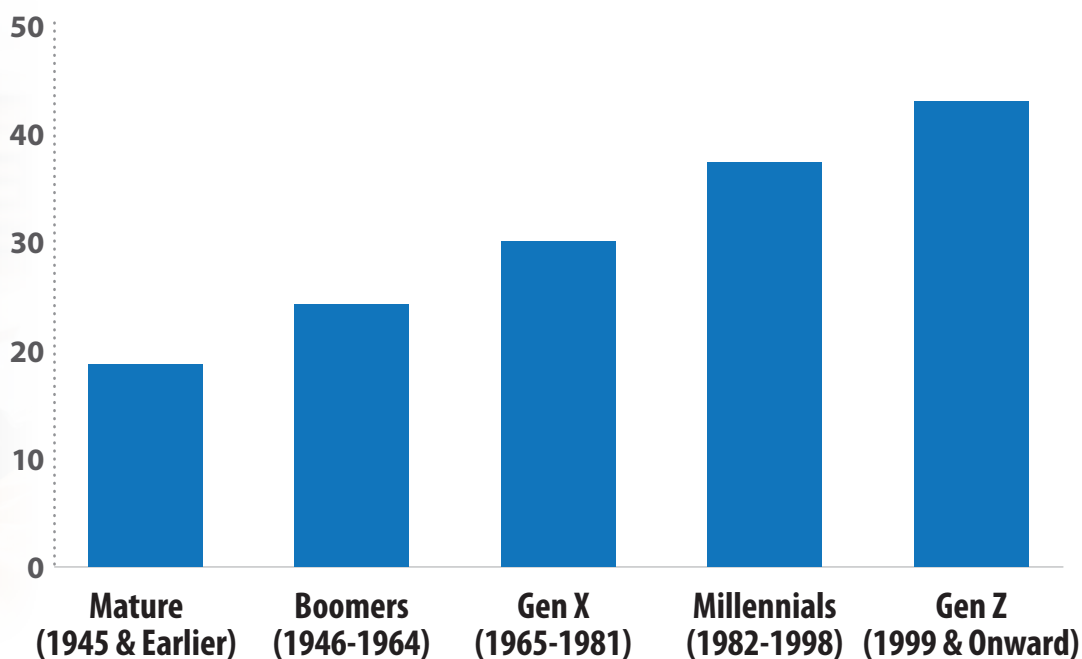
On average Gen Z consumes **43** hours of online video per week, **13** hours more per week than prior generations.

Mean average weekly consumption of online video by Gen Z is roughly **6** hours per day.

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Weekly Hours of Online Video Viewed



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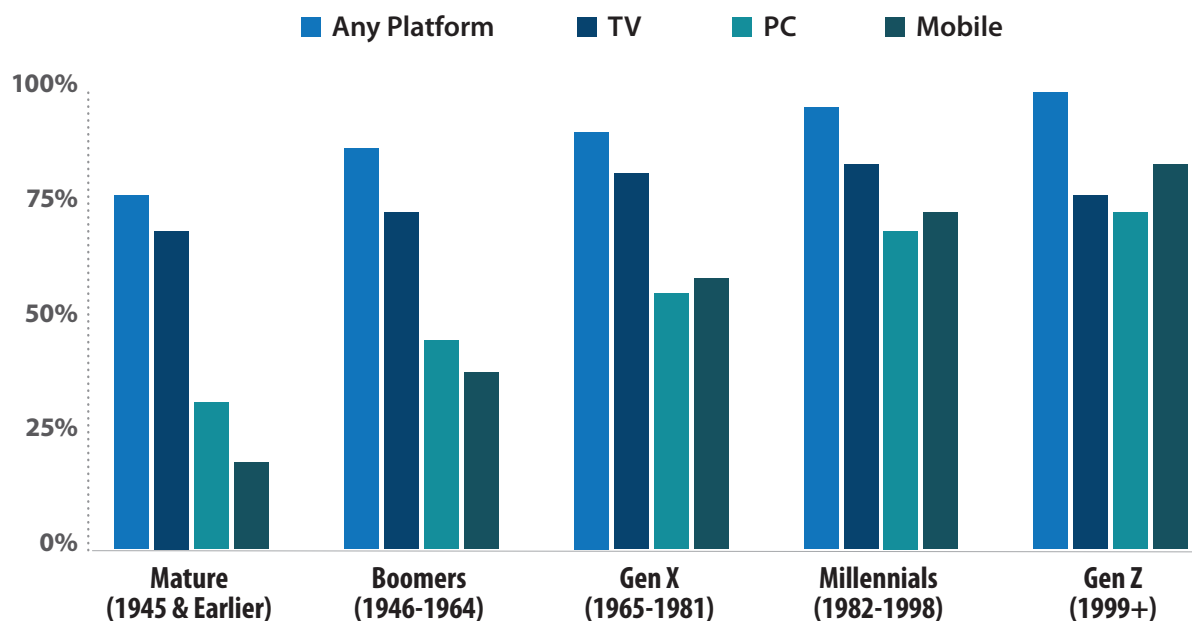
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Platform Adoption

For millennials to the mature category (including members of the Silents and Greatest Generation), connected TVs are the most widely adopted platform for viewing online video. However, for each subsequent generation, the importance of the TV has diminished. The PC is commonly a secondary viewing device for baby boomers and older, but for Gen X, millennials, and Gen Z, adoption of mobile devices for online video viewing has surpassed that of PCs.

Younger generations are much more likely to spend their time watching video on mobile devices or a PC than older generations. For Generation Z, mobile is their top viewing platform for all forms of online video, followed by PCs, with the TV in last place.

Use of Viewing Platforms

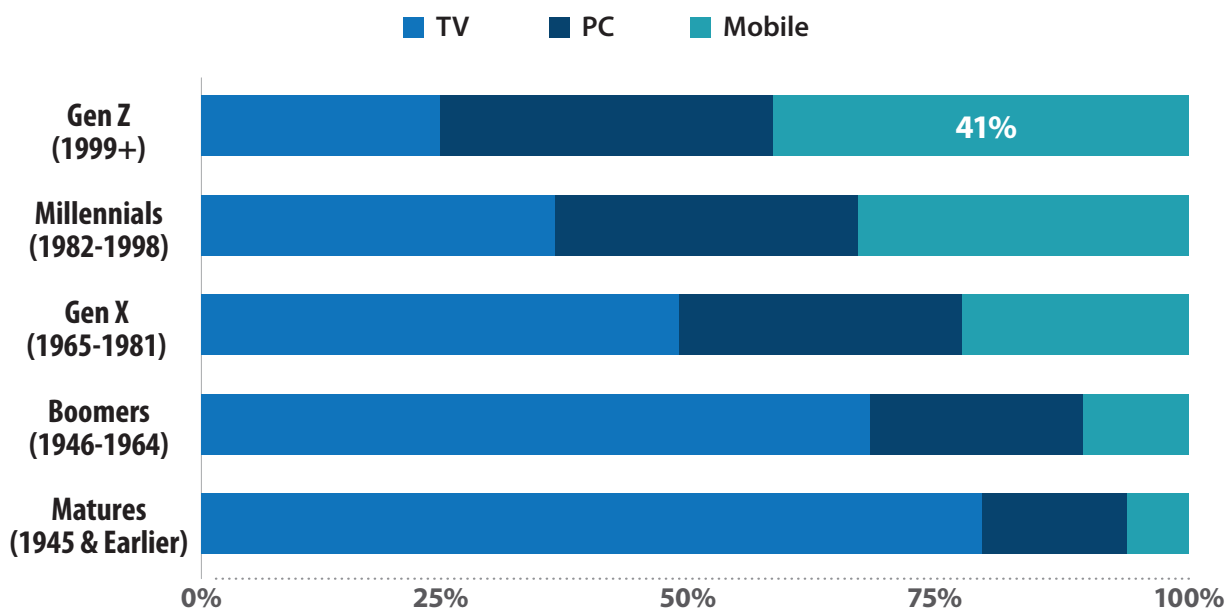


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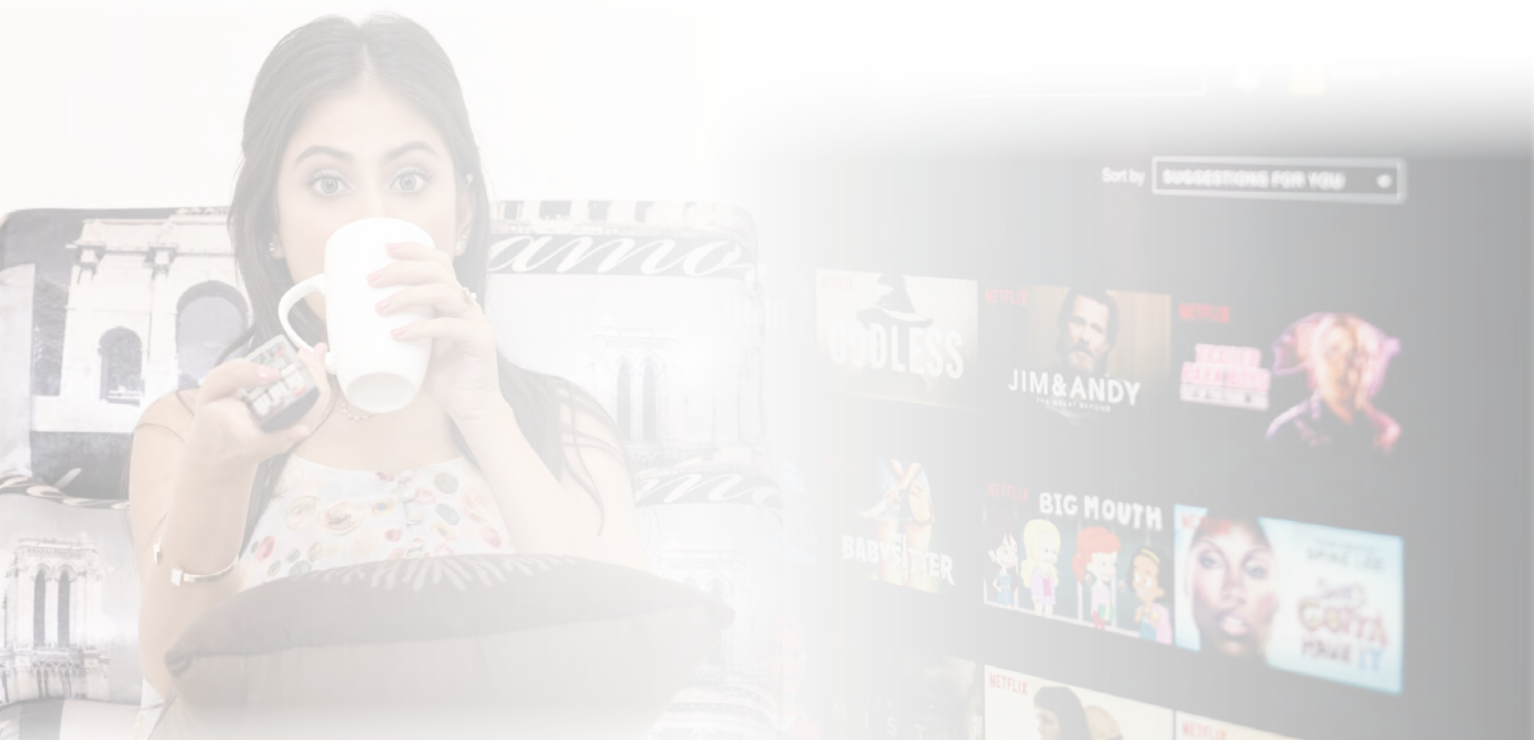
A higher percentage of Gen Zers view online video on mobile devices than on connected TVs. In fact, fewer members of Gen Z view content on a TV than millennials and Gen X. Gen Z also reports the highest rate of PC viewing out of the adult generations. Unsurprisingly, Gen Z enjoys the highest rate of platform mixing out of all adult generations.

Although a higher percentage of Gen Zers report watching video on a connected TV than report watching on a PC, the PC has a higher share of hours viewed.

Share of Online Video Viewing Time Per Device



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Use of Subscription OTT Services, Ad-Based Services, and Pay-TV Services

The ability to adjust to changing generational habits in video consumption will determine companies' ultimate success in the market. Without capturing younger viewers, it will be difficult for video services to continue operating in the long run. This is particularly a risk for the pay-TV industry, which has been underrepresented on mobile.

- **Pay-TV subscriptions are very generational;** 80% of Baby Boomers and older report a having pay-TV subscription, while only roughly 60% of Gen Z report having such a subscription.
- **Younger generations subscribe to OTT services at a much higher rate than older generations.** Over 90% of millennials and over 95% of Gen Z subscribe to such services.
- **Ad-based online video has much lower penetration:** viewership is highest among Millennials at 38%; however, Gen Z viewership is lower, on par with Gen X, at 27%.

In terms of preferred devices for accessing these services:

Live TV

The TV is generally where the highest consumption of video occurs. However, half of millennials and 60%+ of Gen Zers consume live TV on a PC or mobile device.

VOD or ad-supported OTT

The TV is the preferred platform for most generations; however, a great deal of viewing occurs on other devices. Among members of Gen Z, 41% of OTT viewing happens on mobile devices, with the PC having the second largest share and connected TVs the lowest.



Impact of Household Income: Generational Shift or Economics

There have been several hypotheses as to why Gen Z doesn't own or use televisions to the same extent as earlier generations. Perhaps this young generation hasn't been able to buy a TV yet, or maybe they can't afford a good one. However, these inhibitors, even if true, would not explain Gen Z's high viewership on mobile.

- **Consumers who view video, particularly those who view online video, report higher average household income than those who do not view video.** This is strongly generational – retired individuals tend to have lower household incomes, and also watch less online video in general.
- **Gen Z reports the lowest average household income of any tested generation, including the retired population.** As of 2020, the oldest members of Gen Z are 21 years of age or younger, which for many would be at the very beginning of their careers and represent their lowest earning years. This generation reports lower ownership of smart TVs and other connected TV products that would make viewing worthwhile.
- **While Generation Z reports the lowest rates of TV ownership of any generation,** and tends to do more of their online video viewing on other devices, they report similar purchase intentions for smart TVs as millennials.
- **Members of Gen Z who own and use smart TVs also have viewing habits that are close to that of non-smart TV peers** – with mobile having the largest share of viewing hours, followed by PC, and then TV.



Key Takeaways

Solutions targeting the mobile application market – as well as browser-based solutions serving PCs – will be increasingly important as more members of Generation Z venture into adulthood and move into their own households.

While consumers will continue to purchase televisions, the importance of the TV to viewers is diminishing as share of viewing time continues to grow for PCs and especially mobile devices.

Younger consumers in general report high viewership on mobile devices; Gen Z in particular reverses the trends of older generations by embracing mobile as their top viewing platform.

Viewership on mobile is not only social video – heads of US broadband households watch an equal mix of over-the-top video from services such as Netflix and video from social media sites such as YouTube.

A majority of video viewers are multiplatform, and video services must be prepared to support these viewers by offering solutions that enhance the multiplatform viewing experience.

Solutions that support the multiplatform viewing experience, as well as viewership on mobile devices, will be critical in improving customer satisfaction and gaining market share among millennials and members of Generation Z.



Penthera is a global software company that develops and deploys products that remove friction and improve the mobile video experience. With tools that include mobile video download, content subscriptions, and buffer-free streaming technology, Penthera helps OTT providers compete in a crowded marketplace and improve key business metrics such as viewer engagement, increased revenue, and churn-reduction. Penthera works with leading media and entertainment brands around the world: CBS, Fox, HBO Europe, Liberty, AMC, Globo, Showtime and many other streaming providers. Led by Michael Willner, Chairman and CEO, and Dan Taitz, President and COO, Penthera is transforming how the world accesses mobile video. See our thought leadership on our: Blog, Insights Page, Twitter, and LinkedIn.

For more information, visit www.penthera.com or contact us at press@penthera.com.



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Kristen Hanich heads Parks Associates' consumer electronics and mobility research, with expertise in other verticals including connected cars, mobile networking, healthcare, wellness, and independent living. She leads a mix of custom and syndicated research projects throughout the year, with a focus on major players and emerging trends. Kristen specializes in bridging the gap between data-driven and narrative approaches to understanding the consumer markets via a mix of qualitative and quantitative research

approaches.

Kristen has dual master's degrees in applied anthropology and public health from the Universities of North Texas in Denton and Fort Worth. She earned her BSc in health at the University of Texas at San Antonio and has a graduate certificate in Geographic Information Systems.

INDUSTRY EXPERTISE: Consumer electronics, mobility services and devices, connected health and wellness

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