

UPRISING: COLLEGE STUDENTS & CHANGING VIDEO PREFERENCES

A Parks Associates Whitepaper

The background of the entire page is a vibrant blue with a complex pattern of light rays and bokeh effects. In the lower half, there is a stylized illustration of various digital devices: a large desktop monitor, a laptop, a tablet, and a smartphone. These devices are depicted in a layered, overlapping manner. Interspersed among the devices are several film strips, some of which are partially unspooled, suggesting a connection between digital media and traditional film. The overall aesthetic is high-tech and modern.

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College Students—a Trendsetting, Market-driving Force.

Their media consumption habits differ greatly from other age groups, and they set new media trends going forward. Market trends are shifting, with young consumers showing differences in preference and habit from their older counterparts.

Moreover, 18-22 years of age is a formative time when younger consumers are out on their own for the first time, developing viewing habits and preferences independent from their family's viewing behaviors.

This whitepaper investigates college students' video viewing habits in order to gain insight on the market's future, particularly in regards to services, licensing, business models, revenues, and advertising.

To understand their perspectives and opinions, Parks Associates performed a qualitative study of 57 students attending colleges across the United States. Students participated in phone interviews and open-ended surveys regarding the following key questions:

- How and why do college students consume media today?
- How valuable is TV access and content to college students?
- How do college students choose video services, and what service features do they value most?
- How do college students pay for their services?
- How do college students plan on watching content in the future?
- What can industry players do to engage college students now as an investment towards developing future customer relationships?

The Value of Television and Other Screens

In generations past, TV was an important and highly valuable commodity, especially among young people. However, in light of a shifting market and a multiscreen environment, this value is beginning to change.

College students do not prioritize TV. This preference does not necessarily imply that college students do not enjoy or value TV content and services—in fact, the majority own or have access to a TV. However, the typical college student's schedule does not align well with linear TV programming and very few have a DVR, so their TV video consumption lags that of other consumer groups.

The vast majority of college students in this study either own a TV or have easy access to one.

Of the sixteen who consider having a TV to be important or very important, most use it to consume pay-TV content. A notable minority, however, value their television set for playing games on a console. 36 respondents, nearly two-thirds of the study sample, said that TV was either unimportant or very unimportant to them.

The most commonly cited reason for finding TV unimportant is that students rarely have time to watch linear TV. DVR usage among students is extremely rare, so students find alternative means to watch their favorite shows and movies on demand.

Students still prefer a TV to other screen types for watching programming, but this preference does not necessarily translate into consumption of content originating via TV services.

Ultimately, the importance of the TV is lessened because the majority of content available on the TV can also be accessed from a computer. One of the most commonly cited reasons for watching on a computer or television set is the size and quality of their screens, and screen preference is almost equally split between computer and TV. However, computers offer greater portability, and students often carry laptop computers with them throughout the day.

Almost none of the students surveyed or interviewed own tablets. Of the few who did, about one-half actually watched video content on the device. Watching video on a smartphone is a common practice, but both those who do and do not watch video on their phones note that the screen is too small to fully enjoy the experience. Also, the battery usage and data consumption for video viewing are too high to watch entire TV shows or movies on the device.

Only nine out of the 57 college students surveyed felt that having a TV is very important to them, compared to the **19 who felt it was not important at all.**

“The TV as a stand-alone thing is just unimportant. At the end of the day, it's just a screen like my computer. I mean, I'd rather watch on my TV because it's a bigger screen, but if I didn't have a TV, I'd probably be just fine because all the shows come from my computer anyway.”

Every student surveyed watches video on their computers; over 90% of the 57 students that participated in the study also use an online video service.



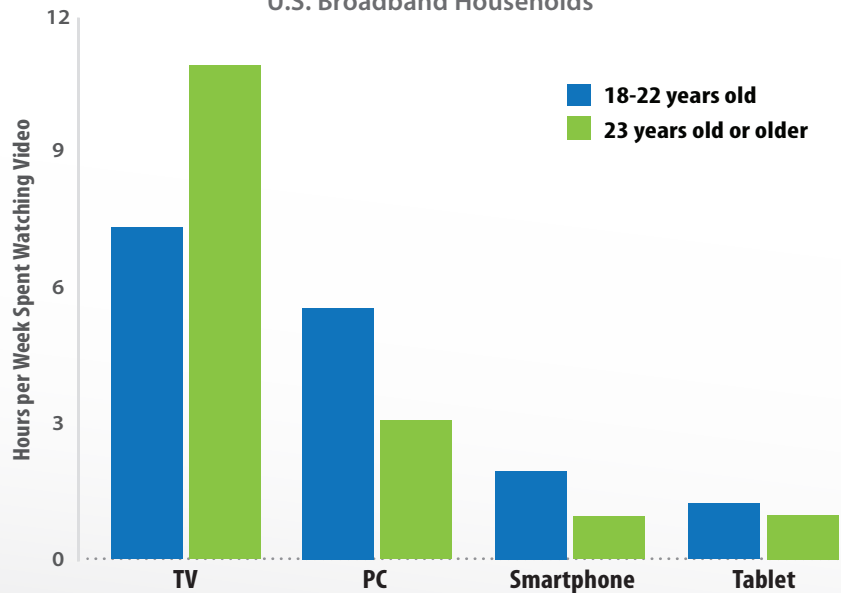
Age Differences in Platform Usage

A Parks Associates 2014 survey of U.S. broadband homes reveals the differences in viewing by platforms among age groups.

On average, college-age consumers spend almost twice as long viewing video on the computer and smartphone as do older consumers. They also spend much less time viewing video on televisions.

Hours per Week Spent Watching Video On Devices

U.S. Broadband Households



© Parks Associates

Use and Perception of Pay TV

Given students' limited budgets, how many subscribe to pay-TV services? With schedules and incomes that differ from the typical broadband population, do college students value pay-TV-services differently than most consumers?

Though a majority of students surveyed have a pay-TV service, few had options in choosing a pay-TV service.



Linear TV is not conducive to college students' busy and variable schedules, so they value convenience in a video service above all. Services that can cater to their on-demand habits ultimately will be more successful.



Over 60% of the students involved in the study have a pay-TV service.

However, very few proactively chose to have pay-TV access. Instead, students' pay-TV services are typically included in student housing and off-campus apartments.

A common theme running through responses to several questions was an inability for students to watch linear TV—but not necessarily because they don't want to. Students often find it difficult to consistently clear out their schedules to keep up with their favorite shows when they are broadcast. As a result, the convenience of on-demand and OTT video viewing services increases these services' popularity among this demographic significantly.

College students value convenience and ease of use in their media service preferences, and these aspects are even more important than content or price. This preference is also evident regarding the video viewing device students prefer. Almost everyone who preferred a screen other than a TV mentioned how computers or phones are more convenient than TVs.

In discussing their current video services, college students often lamented the lack of variety and availability of content for both pay-TV and online video services.

Students who were accustomed to DVR use in their parents' home now miss having that functionality.

Online Video and Perceptions of Ownership

How do college students pay for their TV and video services?



Many students do not pay for their video service. Whether it is included with their apartment or it is being paid for by a friend or family member, many college students avoid paying for video services.

College students highly value online video for its convenience, yet in most cases, they do not value online video enough to pay for it. While almost all college students surveyed regularly watch content from services such as Hulu, Netflix, HBO GO, and Amazon Prime, very few pay for the services themselves. Often, an inability to pay for the services is not the reason against purchasing.

Instead, 20 of the students with access to online video say that they weigh the value and their use of the service against the cost. Rather than subscribing themselves, many students use a parent's, friend's, relative's, or roommate's online video service. In a few cases, the student did not know the subscriber firsthand, only that he or she was *"a relative of a friend of a friend."*

52 of the 57 students have access to an online video service, and 17 want more content options from their service.



OTT Innovations & Pay-TV Response

OTT services have gained a foothold with consumers on the basis of convenience and availability of content. In addition to offering multiscreen access, services such as Netflix, Hulu, and others were quick to adopt content recommendations. Many continue to innovate in that area. For example, Netflix allows households to create separate profiles for each user. Consumers also turn to OTT services to find content that is unavailable from broadcasters or pay-TV providers.

As pay-TV providers add TV Everywhere, improve discovery, and increase the content available online, consumers will have less of a need for alternatives.



Password sharing, which is a violation of video services' terms of agreement, is pervasive, and the legality or moral questionability has little bearing on those who admit to doing so. Instead, the idea of ownership of content is seen by students as an indistinct, malleable concept.

It is possible that online video service "freeloaders" will eventually purchase accounts for themselves. However, at least two-thirds of respondents indicate that they would either find someone else's account to use or go without the service entirely if the person paying dropped their subscription.

Respondents showed no guilt or embarrassment when admitting to accessing others' paid services. Using other users' accounts to watch video is common and acceptable behavior to these college students.

With "free" options readily available, legitimate or not, many students will not consider paid video services. For some, free online video made available on network websites is sufficient. For others, an online video service is simply a luxury that they can easily do without.

"I probably wouldn't pay for my own. If my parents dropped, I'd use a friend's password. If they dropped, I'd use a different friend's password. There's like an infinite number of passwords that I could use and not pay for it."



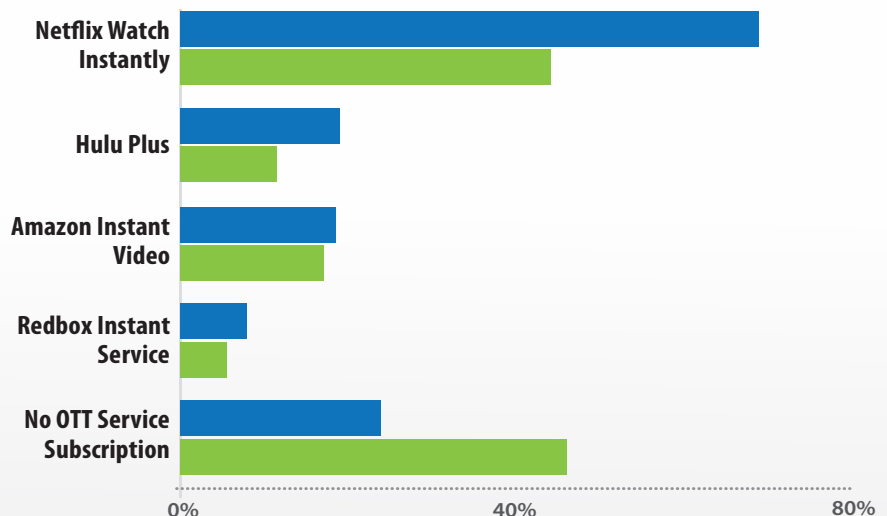
Age and OTT Subscriptions

Parks Associates surveys show that college-age consumers have a slightly lower penetration rate for pay-TV services compared to older consumers (82% vs. 87%). At the same time, 76% of 18-22 year olds have an online video subscription compared to 53% of consumers over 23.

OTT Service Subscriptions

U.S. Broadband Households

■ 18-22 years old ■ 23 years old or older



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Future Viewing Plans

College students' lives and schedules change dramatically when they leave college. How will their media consumption habits change?

Nearly two-thirds of students expect that their habits will change, though there is no consensus as to how their video consumption will differ. This finding suggests that students' current video consumption behaviors are not necessarily predictive of their future media consumption habits.

When asked how they thought that their media consumption habits would change after they graduated or left college, respondents give a wide variety of answers. Their answers were split between the expectation that their video consumption would stay the same, increase, or decrease after graduation.

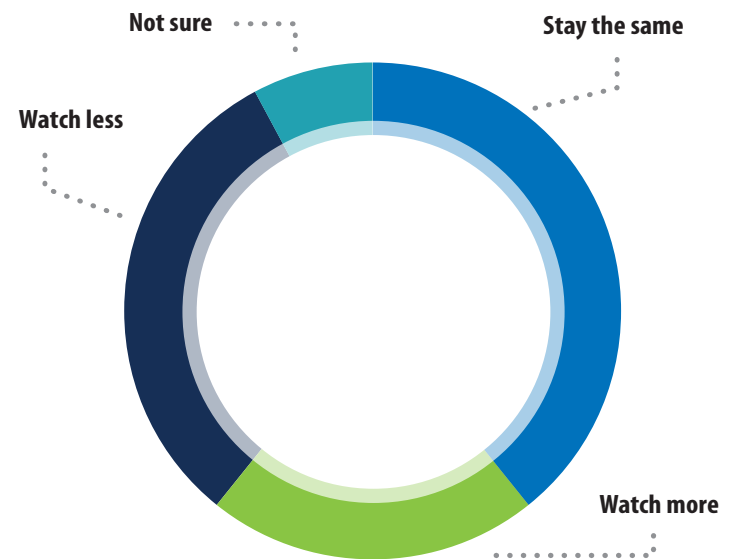
Those who expect little to no change in their video consumption include both students who watch little to no TV currently and those who are heavy video consumers.

Those who expect their video habits to change after college—whether they expect their consumption to increase or decrease in the future—give a common reason for this change: work schedules. Students who expect their video consumption to increase expect their future work schedules to be less hectic and more structured than their current schedules. As a result, these students expect that they will have more free time to watch TV and a schedule that is better aligned with linear TV programming. Many note that they will watch the news more often on TV in the future.

Students who expect their video consumption to decrease believe that their future careers will be much more difficult and time consuming than their college classes, meaning that they will have much less time to watch TV or movies in the middle of the day as they do now.

These findings suggest that many of these college students will sign up for a pay-TV or online video service after graduation. However, there will be a persistent minority of college students who simply do not have adequate interest in TV to subscribe.

How will your TV habits change after graduation? U.S. college students in the study



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Pay-TV Strategies to Secure Future Subscribers

How can the television services industry better leverage their existing relationships with college students and develop new business among college-age consumers?

▶ TV and video services must make their services as convenient as possible to keep their current college student subscribers as loyal customers and engage new potential customers. Pay-TV and online video providers should tailor services for college audiences as a way of laying the foundation for future relationships with paying customers.

The majority of students believe that their TV viewing habits will probably change with their schedules. This attitude is good news for pay-TV service providers. It indicates that college students' low consumption and valuation of paid video services are not necessarily predictive of the industry's future.

In fact, several students say that they look forward to receiving a TV service that is better than basic cable and to watching their favorite shows when they air.

“*Primetime TV is designed for people who have 9 to 5 jobs. Not college students like us. Like, when my parents get home from work, they watch TV. When I get home from class, I have football games, homework, sorority events, studying, and a part-time job to do. I would literally never be able to watch my shows when they came on.*”

Video service providers can lay the groundwork for future business by **engaging students while still in college.**

Impact of the Youngest Generation

The youngest generation of consumers is growing up in a world where time- and place-shifting of content are a given. As a result, the perception and branding of content and services are set for a fundamental change.

Pay-TV providers have to offer access via a variety of methods and build value beyond aggregation in order to compete in ways other than price. Content producers need to cultivate audience-building and program branding in a way that can enhance their larger network/corporate brand.

Apps, second-screen experiences, enhanced metadata, social networking, and other tools are now key components for the new era of service and content branding.

Being included in a basic cable package is valuable to a network in building an audience of young viewers.

Most college students did not have the choice to select and purchase their own TV and video services. Those students who do have pay-TV services often are provided the services as a bundle with their housing fees. Even with such access, many students still do not watch linear pay TV. The services provided to them are simply not enticing enough or not offered in a way that fits their variable schedules. Service providers must cater to college students' on-demand style of watching video and offer opportunities for mobile viewing and the ability to access previously broadcast content apart from the set-top box DVR.

Many of these students are a captive audience because they receive basic pay-TV services as part of their monthly housing, but the misalignment of the service delivered and the needs of college students is evident and does not help build subscriber loyalty.

Pay-TV providers have the opportunity to demonstrate the value of pay TV to this emerging audience in a way that sets them up to be future subscribers, both for TV and multiscreen viewing.

Providing satisfactory service today will result in new customers for the future.

The importance of engaging college students also flows to the companies that own and create the content. Most students have access to only the most basic cable packages, with a limited set of channels.

For the shows and networks that are not included in a basic cable package, alternative viewing options are imperative. Furthermore, online access of content is becoming increasingly vital in an on-demand viewing environment. Content producers should take advantage of students' desire to watch video on their own time and on any device.

Young consumers are the future of the video services industry. Understanding and addressing their preferences spell long-term success for all players in this ecosystem.





About The Author

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Hunter Sappington is a research intern at Parks Associates. He is a senior at Baylor University, working towards his BA with a double major in film and digital media and in new media advertising. At Baylor he works under the athletic video production arm of Baylor Marketing, focusing on live production and marketing at Baylor Vision. Hunter was nominated to the KTA journalism honor society in 2014 by Baylor University's journalism faculty. He has previously worked in marketing and merchandising with Major League Soccer team FC Dallas.



About Parks Associates

Parks Associates is an internationally recognized market research and consulting company specializing in emerging consumer technology products and services.

Founded in 1986, Parks Associates creates research capital for companies ranging from Fortune 500 to small start-ups through market reports, primary studies, consumer research, custom research, workshops, executive conferences, and annual service subscriptions.

The company's expertise includes new media, digital entertainment and gaming, home networks, Internet and television services, digital health, mobile applications and services, consumer electronics, energy management, and home control systems and security.

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