



# Magid Research Highlights: Mobile and Digital Video and Entertainment

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January 6, 2015

## Magid Pedigree

- **Who We Are:** Frank N. Magid Associates, Inc. is a leading research-based consulting firm with expertise in media, communications and entertainment.
- **Fifty Years and Counting:** Since our first engagement with a local television station 50 years ago, we have been at the forefront of innovation in the media, entertainment and communications industries.
- **Coverage of Multiple Media Platforms:** We boast robust practices across all media platforms including print, broadcast and cable television, the Web, gaming and wireless.
- **Exceptionally Qualified Team:** Our team possesses PhDs and Master's degrees in statistics, marketing, media, engineering, journalism, anthropology, sociology, strategic communications and business, including analysts with advanced capabilities in qualitative and quantitative research methodologies.
- **Experienced Strategic Consultants:** Our strategic consultants include past operators in the print, television, Web, gaming and mobile industries.
- **Global Coverage:** Our team of 150 professionals operates out of offices in Minneapolis, Mumbai, New York, Los Angeles, San Francisco, Chicago, Atlanta, Dallas and Cedar Rapids. Magid's global network of partners extends across 44 countries to support our portfolio of international clients.

# About Magid

- Magid is renowned for its work in the media and entertainment industry, with both traditional and emerging players. We help develop and launch new products and services and work with clients to re-imagine their businesses, furthering content, marketing, distribution, advertising sales, programming, promotion, and branding efforts.

## Internet



## Games



## Print Media



## Mobile



## Cable MSOs



## TV & Cable Networks



## Methodology

**Magid Media Futures** is online survey of 2,400 consumers ages 8-64. The sample is matched to the US Census. The study evaluates media attitudes and behaviors of consumers as it relates to devices, video, TV, gaming, social networking and more. Data was collected from June 6-9, 2014. Study averaged 29 minutes

**The Magid Social Media Study** is an online quantitative study with 1,934 13-64 year-old social media users in the US, defined as those who use any major social networks, including Facebook, Twitter, Google+, Pinterest, and LinkedIn. The sample is nationally representative in terms of age, gender, and ethnicity. The study was fielded in November 2014.

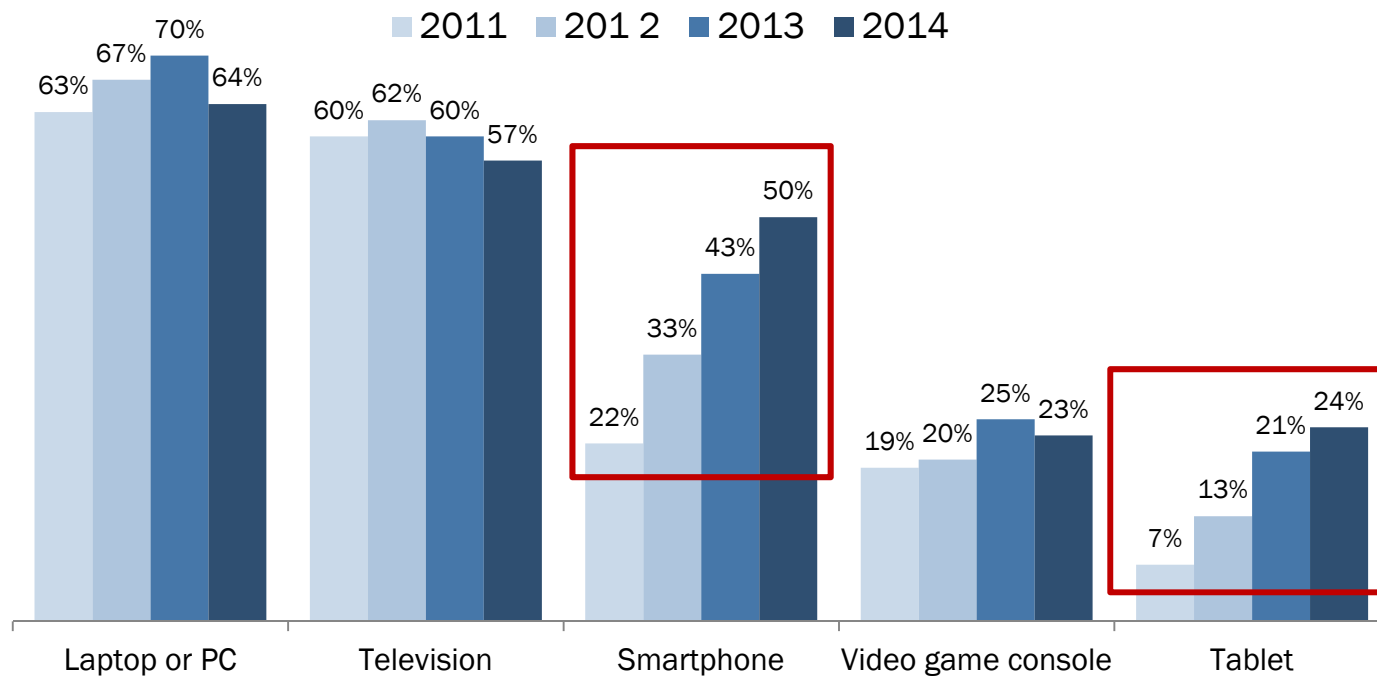




# Digital World And TV World

## Smartphones And Tablets Growing In Importance YOY – Look at those Hockey Sticks!

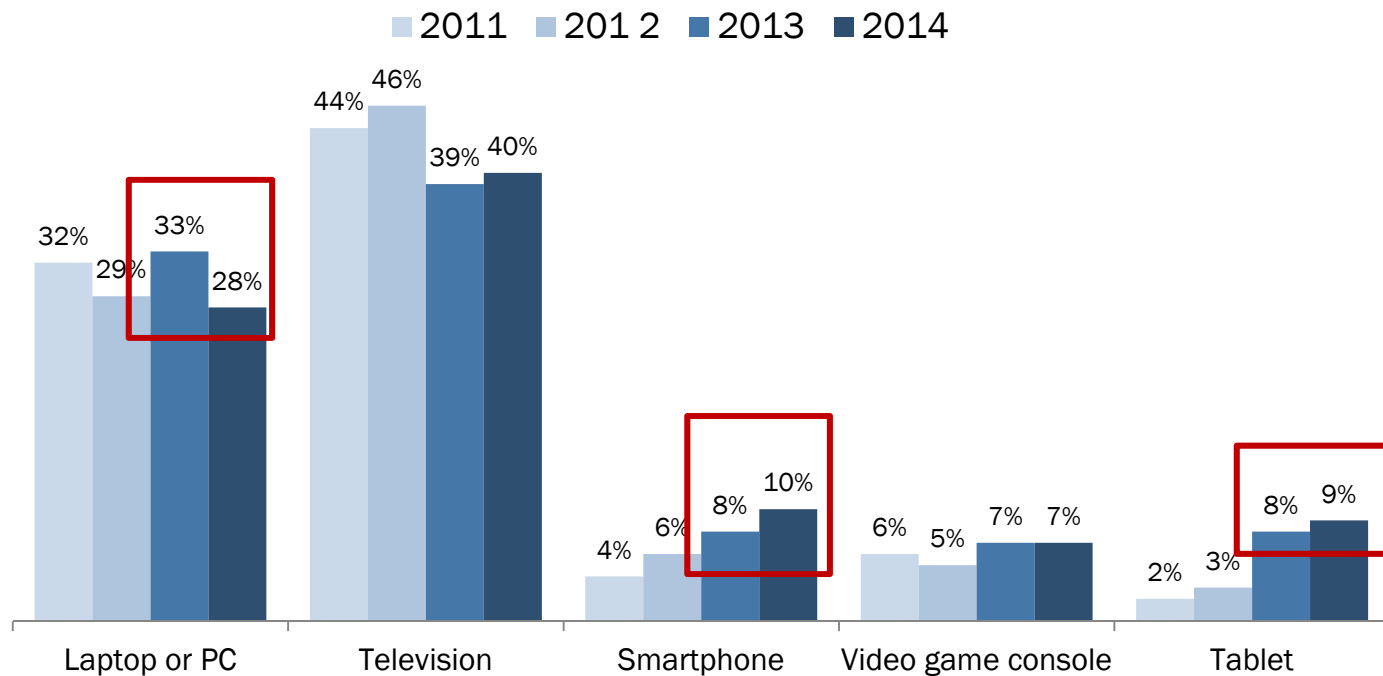
Which of the following would you not be able to live without?  
(Among total 8-64)



Base: Total Mention. N=2,400. Q1.1 Which of the following would you not be able to live without? Select all that apply.

## Top Platform for Entertainment – Laptop/PC/Tablet/Smartphone Equal Traditional TV

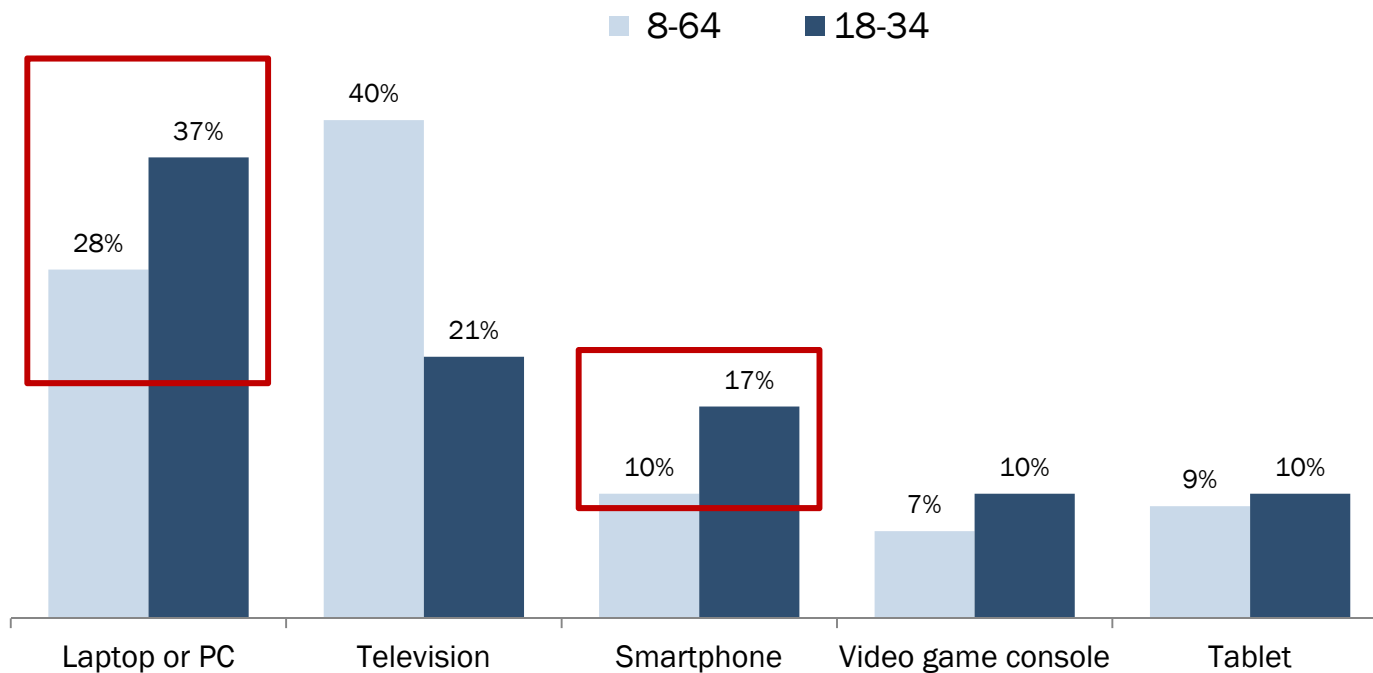
What is your primary medium for entertainment? Select only one.  
(Among total 8-64)



Base: Total Mention. N=2,400. Q1.2 What is your primary medium for entertainment? Select only one.

## Digital Devices, NOT Television, are PRIMARY Platforms for Entertainment Among 18-34 Year Olds

What is your primary medium for entertainment? Select only one.  
(Among total 8-64)



Base: Total Mention. N=2,400. Q1.2 What is your primary medium for entertainment? Select only one.





# MOBILE OVERVIEW

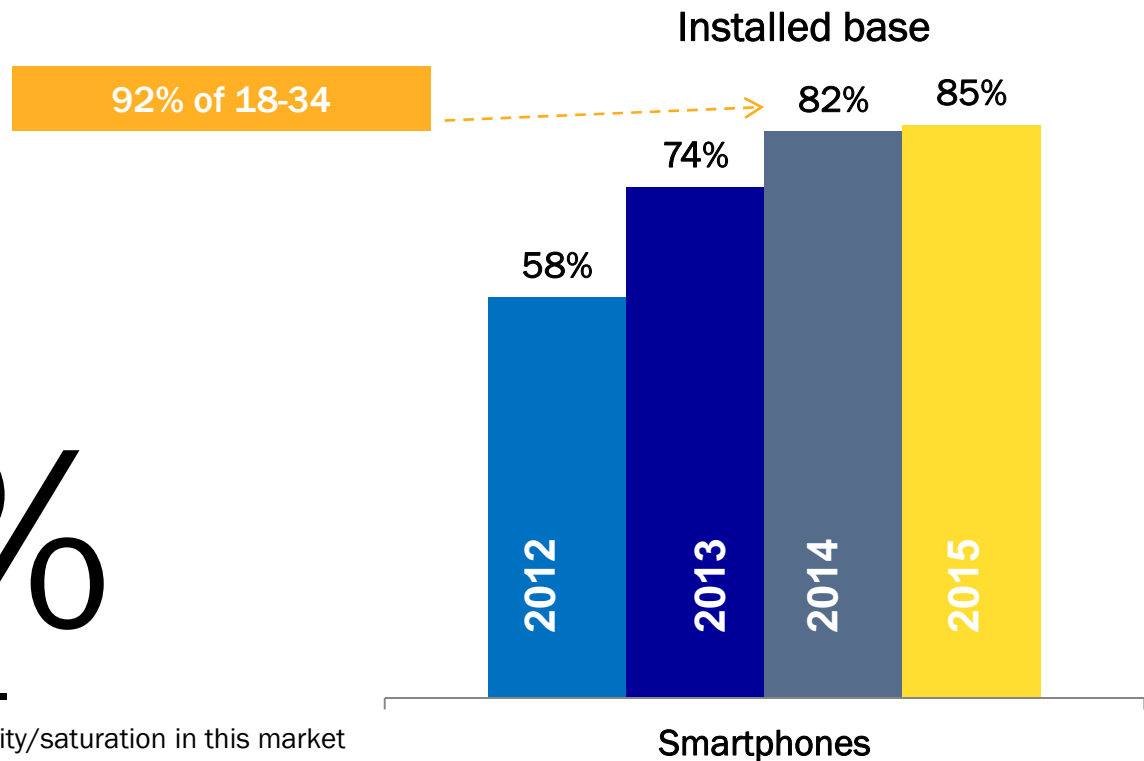
## Smartphone Is Saturated, Growth Slowing

82%

+11%

Annual growth.

We are quickly approaching terminal velocity/saturation in this market



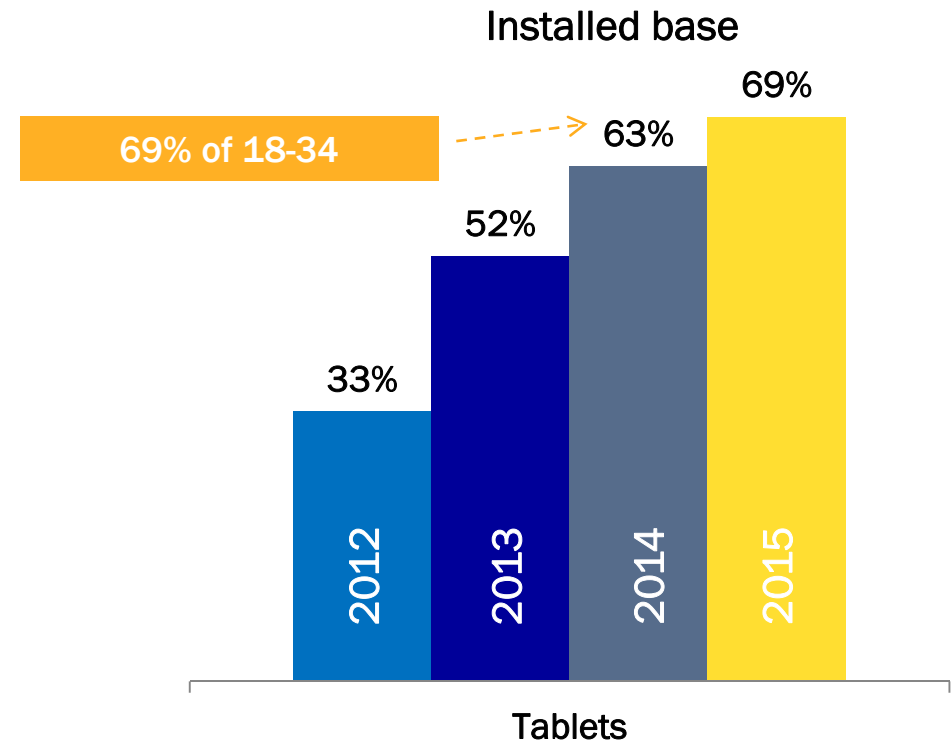
Base: n=2,500 mobile users; QE: Which best describes your ownership and/or usage of the following devices? I own a and use a smartphone or owned by someone else in home and I use a smartphone.  
QE1: Even if already owned, how likely is it that you will purchase or receive one of the following within the next 12 months?

# Tablet Penetration Continues To Grow

And still has lots of room to grow

+21%

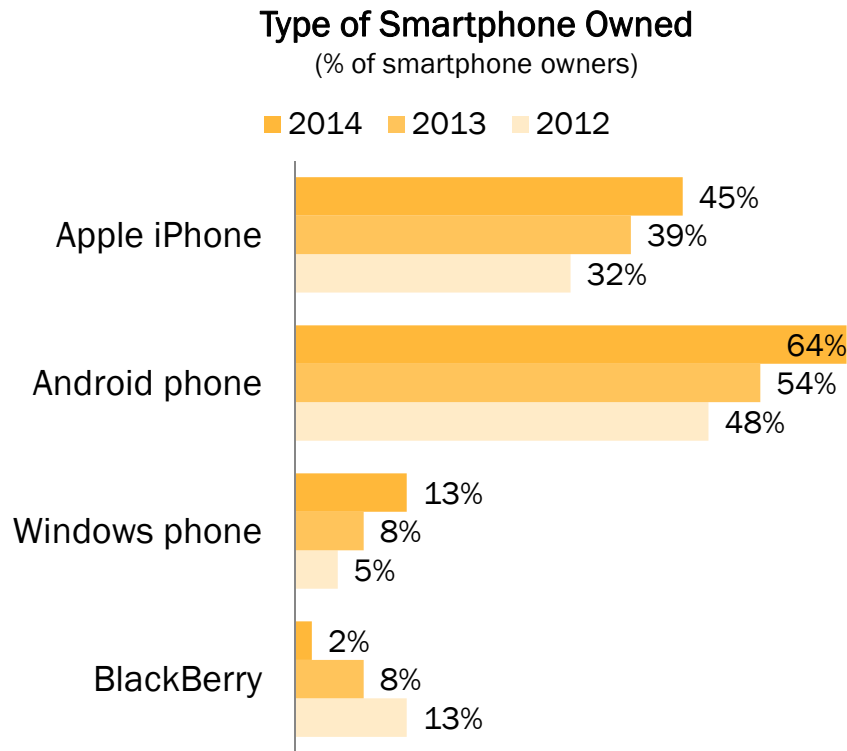
Growth from 2013



Base: n=2,500 mobile users; QE: Which best describes your ownership and/or usage of the following devices? I own a and use a tablet or owned by someone else in home and I use a tablet.  
QE1: Even if already owned, how likely is it that you will purchase or receive one of the following within the next 12 months?

# Smartphone Market Is A Two OS Race

13% of phones owned are also available in Windows



iOS retains premium users vs. Android:



**Wealthier:** 29% >\$75K  
**More Executive:** 23%  
**Less Technical:** 5%  
**Younger:** 32% 13-24, 22% students



**Lower income:** 20% >\$75K  
**Less Executive:** 17%  
**More Technical:** 8%  
**Older:** 31% 45+

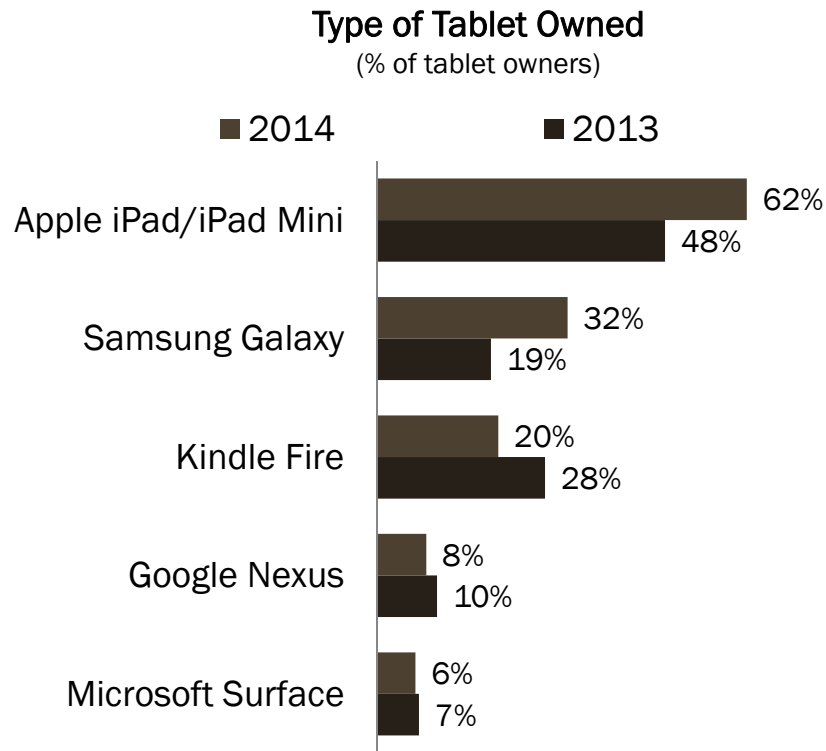
Base: Smartphone Owners n=1951

Q24: Which smartphone do you use? Select all that apply. QCD: What's your current employment status? Select one. QCG: Which of the following best describes your occupation? QCH: What was the last grade or level of school you completed? QCI: What is your approximate annual household income before taxes? This includes the combined salary of all household members who work, income from pension, Social Security, etc.



# Tablet Market Increasingly Fragmented

Samsung and iPad ownership is up, but numbers could be misleading



Base: Tablet Owners n=1508.

Q1: Which tablet do you use? Select all that apply.

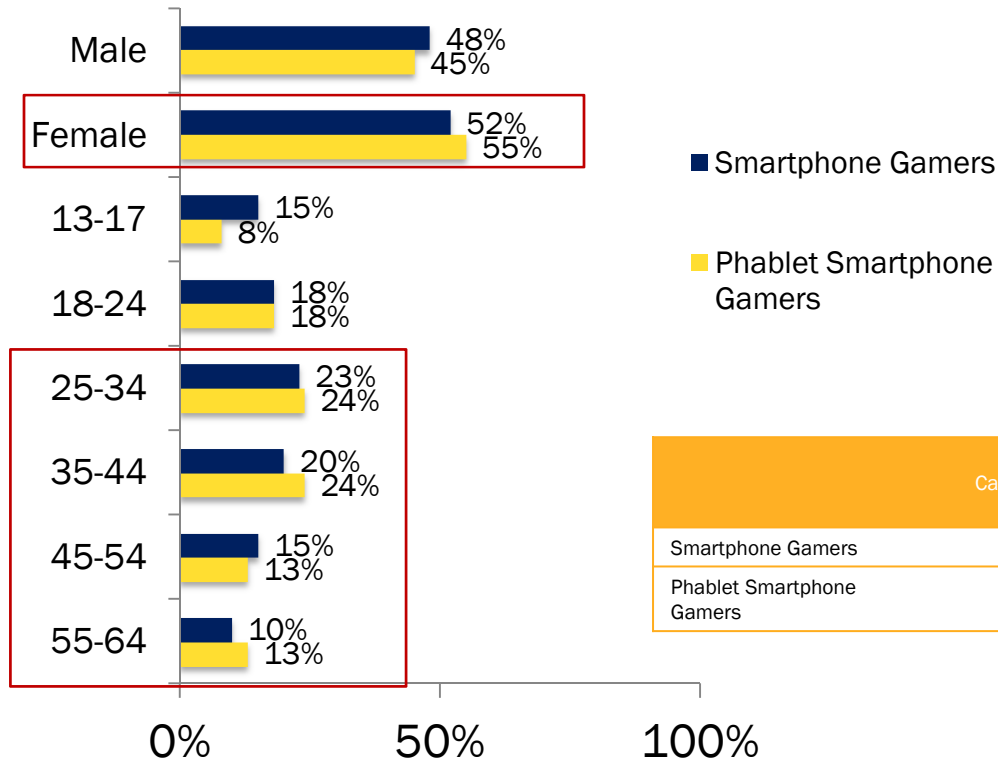
Q1.1: You said you use multiple tablets. Which tablet is your primary tablet? Select one.



# PHABLET

# Phablet Smartphone Gamers

More Likely To Be Female, 25-64, More Diverse, and Wealthier



	Caucasian	Hispanic/Latino	African American	Asian	HH Income >\$75k/year
Smartphone Gamers	61%	20%	12%	5%	27%
Phablet Smartphone Gamers	55%	18%	17%	8%	36%

Not shown: 'Other'

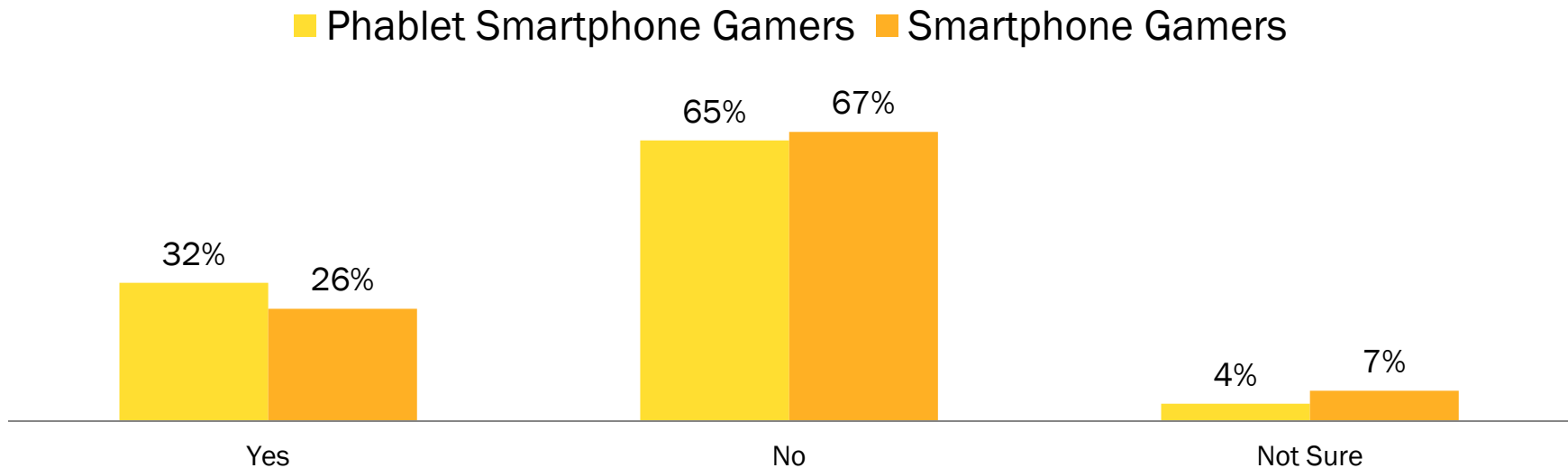
Base: Smartphone Gamers n=1028; Phablet Smartphone Gamers n=165.

QB: What is your gender? QC.2: Which of the following best describes your racial/ethnic background?

QD: How old are you? QCI: What is your approximate annual household income before taxes? This includes the combined salary of all household members who work, income from pension, Social Security, etc.

## Phablet Smartphone Gamers are More Likely to Delay Their Purchase of a Tablet Because of Their Phablet

Are you delaying the purchase of a new tablet because you have a smartphone?



Base: Smartphone Gamers n=1028; Phablet Smartphone Gamers, n=165.  
Q25.3: Are you delaying the purchase of a new tablet because you have a smartphone?





# Digital Video Viewing



# Huge digital video frequency growth, mobile/Connected TV must drive future momentum

- Digital video viewing frequency growth has been huge – but future growth will have to come from increasing mobile and Connected TV use
- Smartphones and tablets both continue to be used as TVs

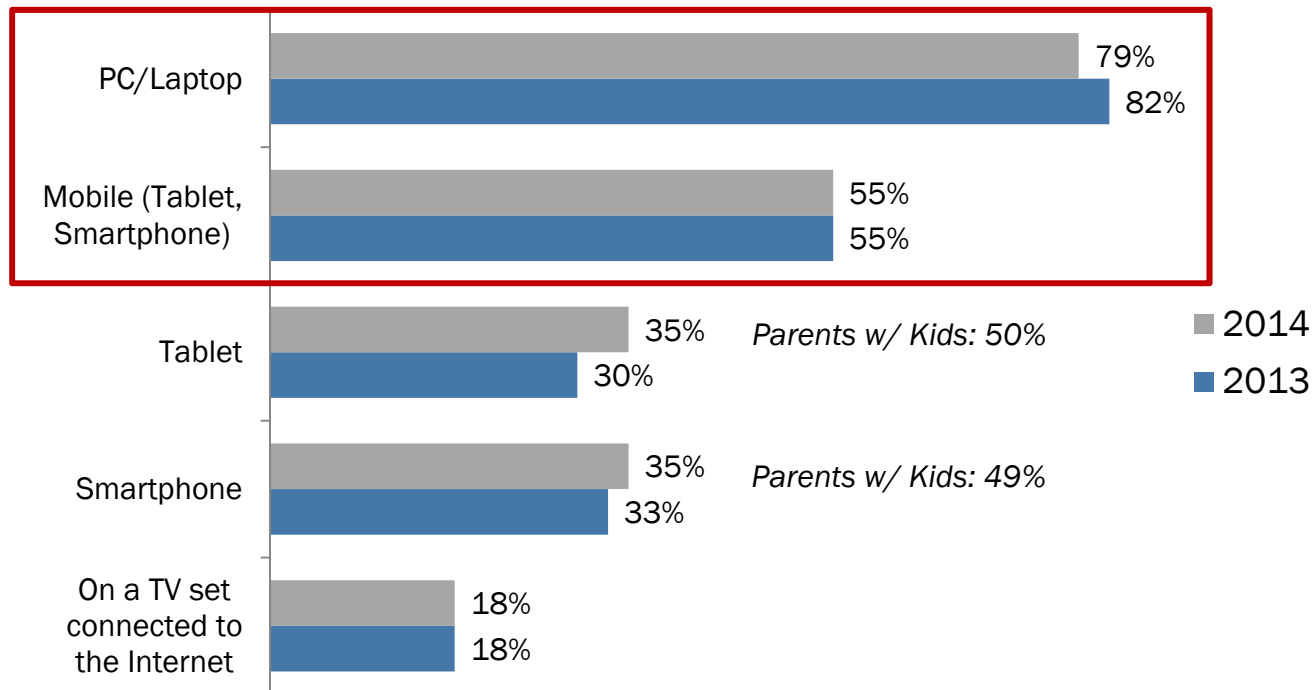


# Video Is All About Screen Availability

Future growth in digital video will come from mobile, Connected TVs given PC penetration

## Which devices do you currently use to watch online video?

(Among Online Video Viewers)



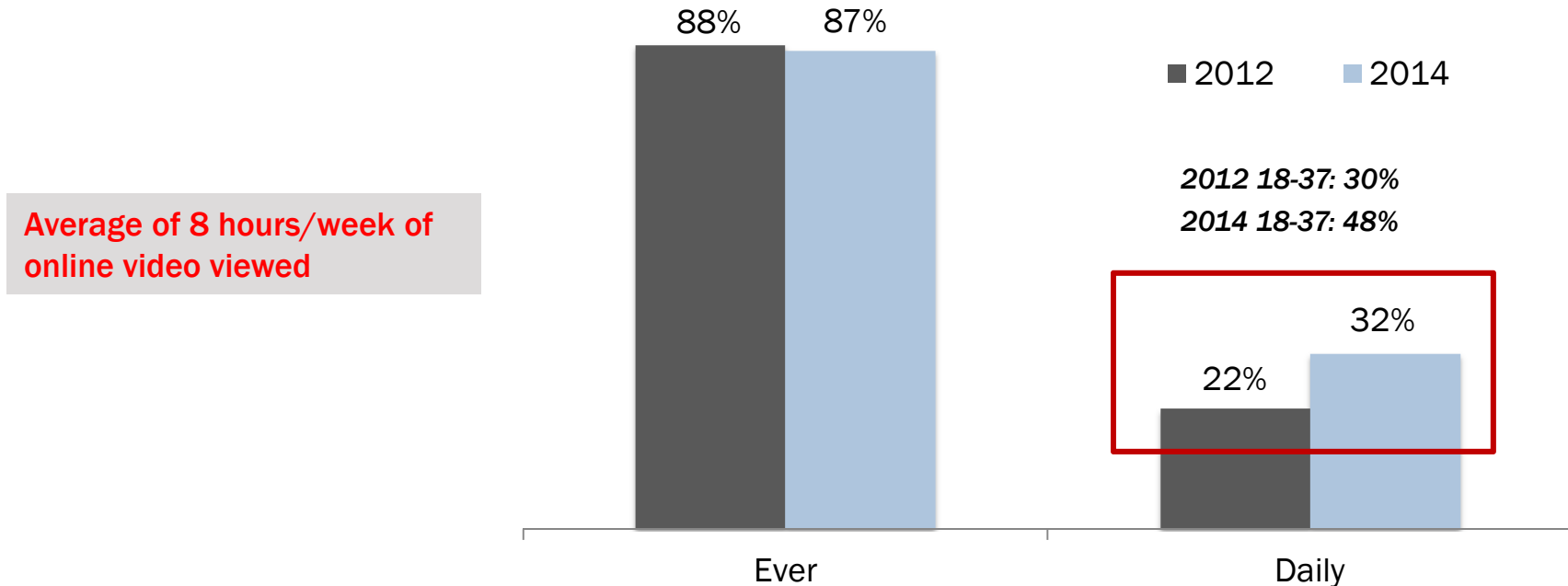
Base: Online video viewers, N=2081. Q86.1A Which devices do you currently use to watch online video content? Select all that apply.

# Huge Jump In Digital Video Viewing Over Last Two Years

Given saturation of “ever” watchers, future boom will have to be from existing video viewers

## Frequency Of Viewing Any Type Of Video Online On A Computer, Tablet, Or Smartphone

(Among 8-64 US Internet Users)



Base: Total, N=2,400. Q85. About how often would you say you watch any type of video content online on a computer, tablet or smartphone? Average viewing hours among total viewers.



# As Much Video Consumed On Smartphones As Tablets

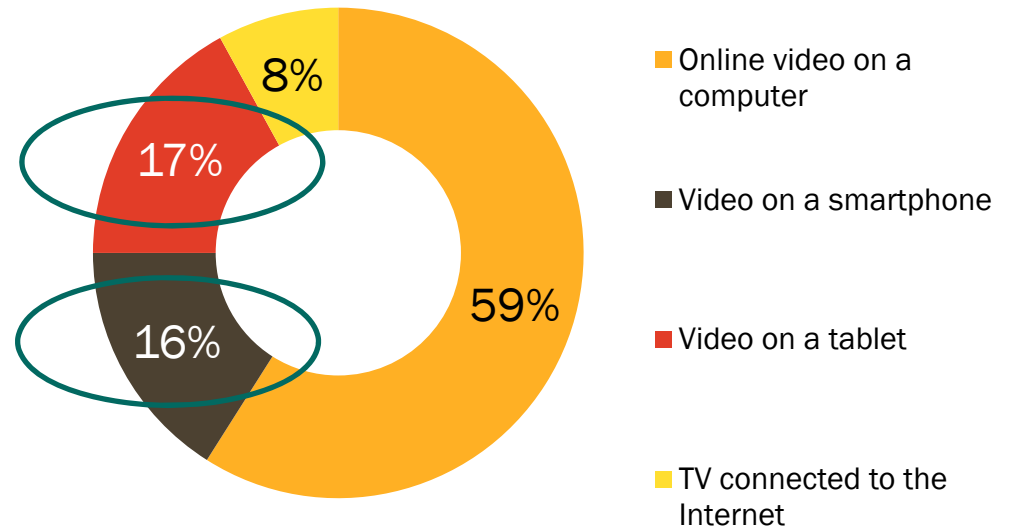
Speaks to their use cases – smartphones for video on the go, tablets as a second screen

In a typical week what percentage of video you watch is viewed online on a computer, smartphone, tablet, or a TV connected to the Internet?

Among online video viewers

# 33%

of all video viewing time spend is on smartphone or tablet.



Base: Online video viewers, N=2081. Q86.2A. In a typical week what percentage of video you watch is viewed online on a computer, smartphone, tablet or a TV connected to the Internet? Must add up to 100%.

# Among Owners, More Video On Mobile Than PC

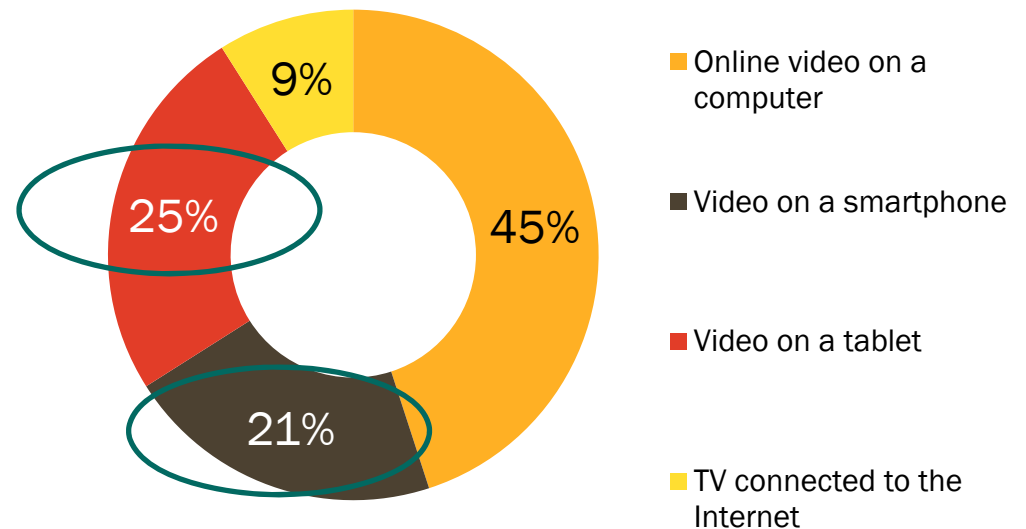
And tablet gets more time spend than smartphone, showing its relative video strength

In a typical week what percentage of video you watch is viewed online on a computer, smartphone, tablet, or a TV connected to the Internet?

Among online video viewers that own a smartphone, a tablet, and a PC

# 46%

of all video viewing time spend is on smartphone or tablet.

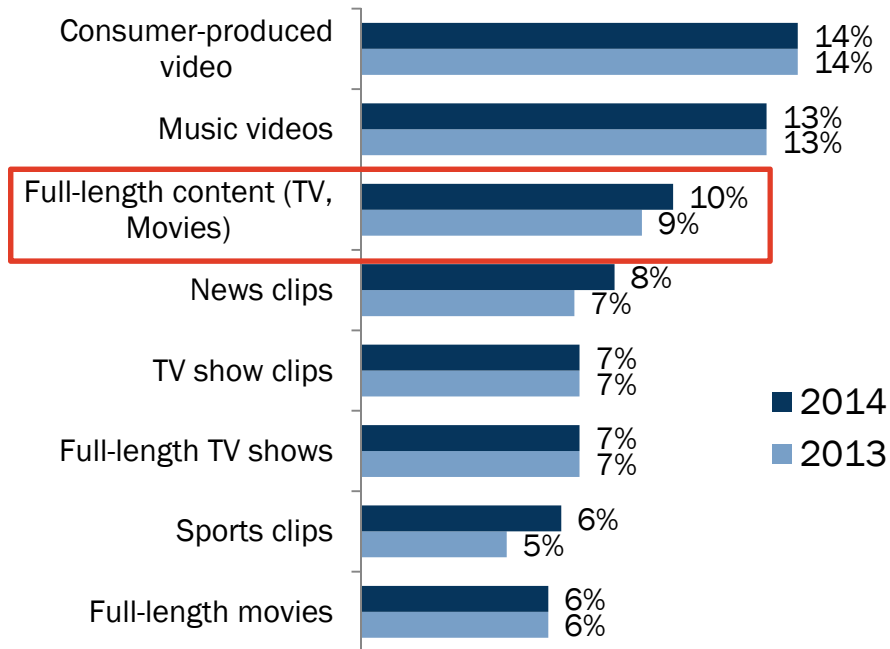


Base: Online video viewers that own a Laptop/PC, smartphone, and tablet. N=869. Q86.2A. In a typical week what percentage of video you watch is viewed online on a computer, smartphone, tablet or a TV connected to the Internet? Must add up to 100%.

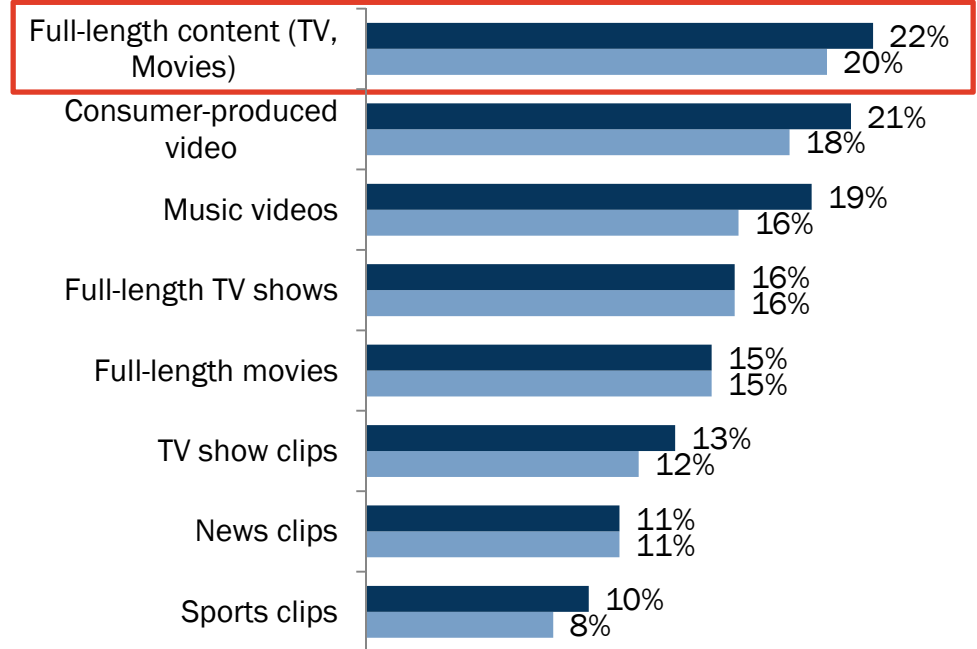
# Smartphones And Tablets Are TVs and Movie Theatres

Full-length movies and TV are again tablets' primary video use

**Types of Videos Watched Weekly+ On Smartphone**  
(Among 8-64 US Internet Users)



**Types of Videos Watched Weekly+ On Tablet**  
(Among 8-64 US Internet Users)



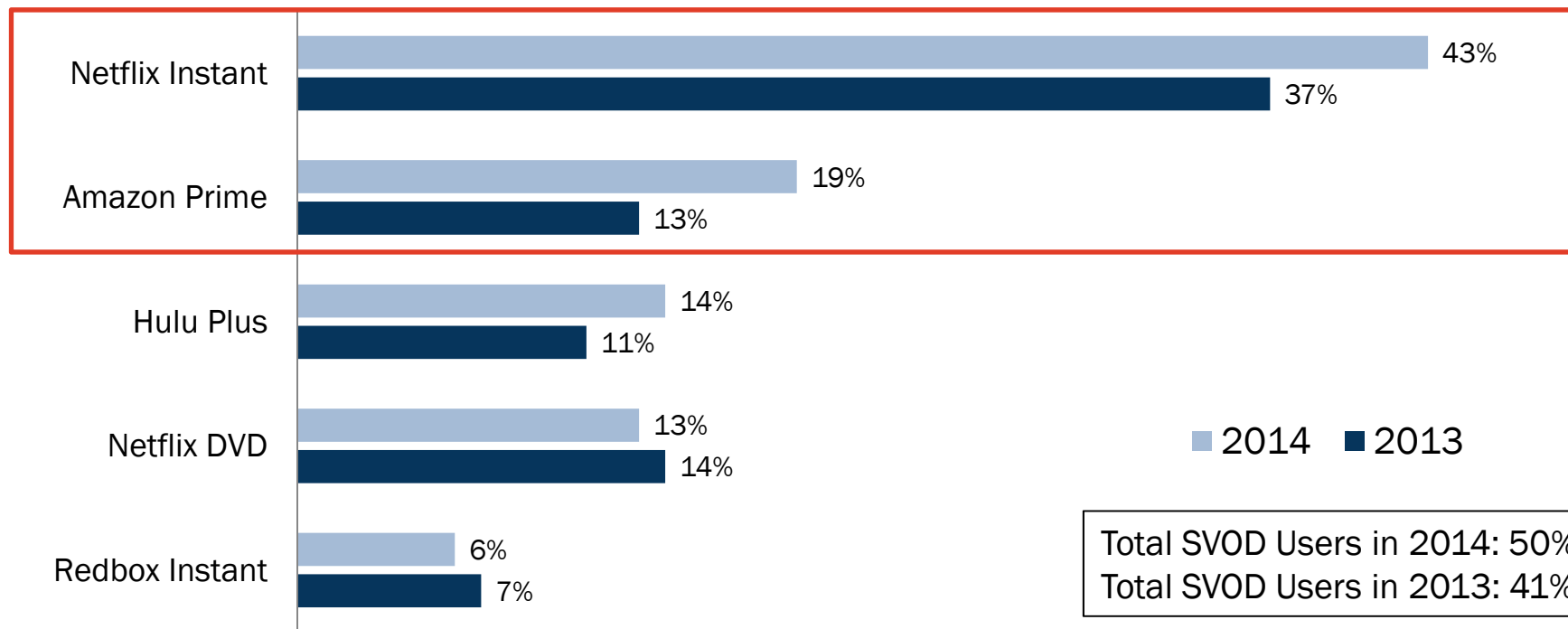
Base: Total Mention, N=2400. Q7.9. Which of the following types of video do you watch regularly (at least once per week) on your tablet? Select all that apply.  
Q173 You said that you watch videos on your smartphone. Which types of videos do you like to watch regularly on your smartphone? Select all that apply.



# Use Of Digital Over the Top (OTT) Services

## Over 20% YOY Growth in SVOD Services

% Who Subscribe To The Following Video Services  
(Among 8-64 US Internet Users)



Magid Media Futures 2014. Base: Total respondents, n=2400. Q28: Do you, or does anyone in your household, subscribe to any of the following? Select all that apply.



## Netflix Leads OTT Provider Satisfaction



- Netflix is the satisfaction leader with 81% of subscribers satisfied or very satisfied; Hulu Plus close behind at 78% of subscribers
- Hulu Plus subscribers are more satisfied with its TV show selection (78%) than any other OTT provider, and they are also highly satisfied with cost (subscription models score high)
- Hulu Plus' satisfaction lags behind for movie selection (55% vs. 71% for Netflix) and content organization (65% vs. 75% for Netflix)
- Netflix subscribers are largely satisfied across the board, but Netflix stands out for its ease of use, subscription model, and image quality

# OTT Viewers Are A Pay TV Threat

Hulu users are especially dissatisfied with Pay TV and show high cord-cutting intent



- Lowest satisfaction with Pay TV (39% rate Pay TV service as 1-3 out of 5)
- **More likely to be cord-cutter intenders (6% vs. 2.9% total pop.)**
- Most likely to cite PC as primary entertainment medium (37%)



- **More likely to be cord-cutter intenders, but the least so of any OTT service (4%)**
- Most likely to cite TV as primary entertainment medium (33%)



- **More likely to be cord-cutter intenders (6% vs. 2.9% total pop.)**
- Most likely to use Internet-connected TV (75%)

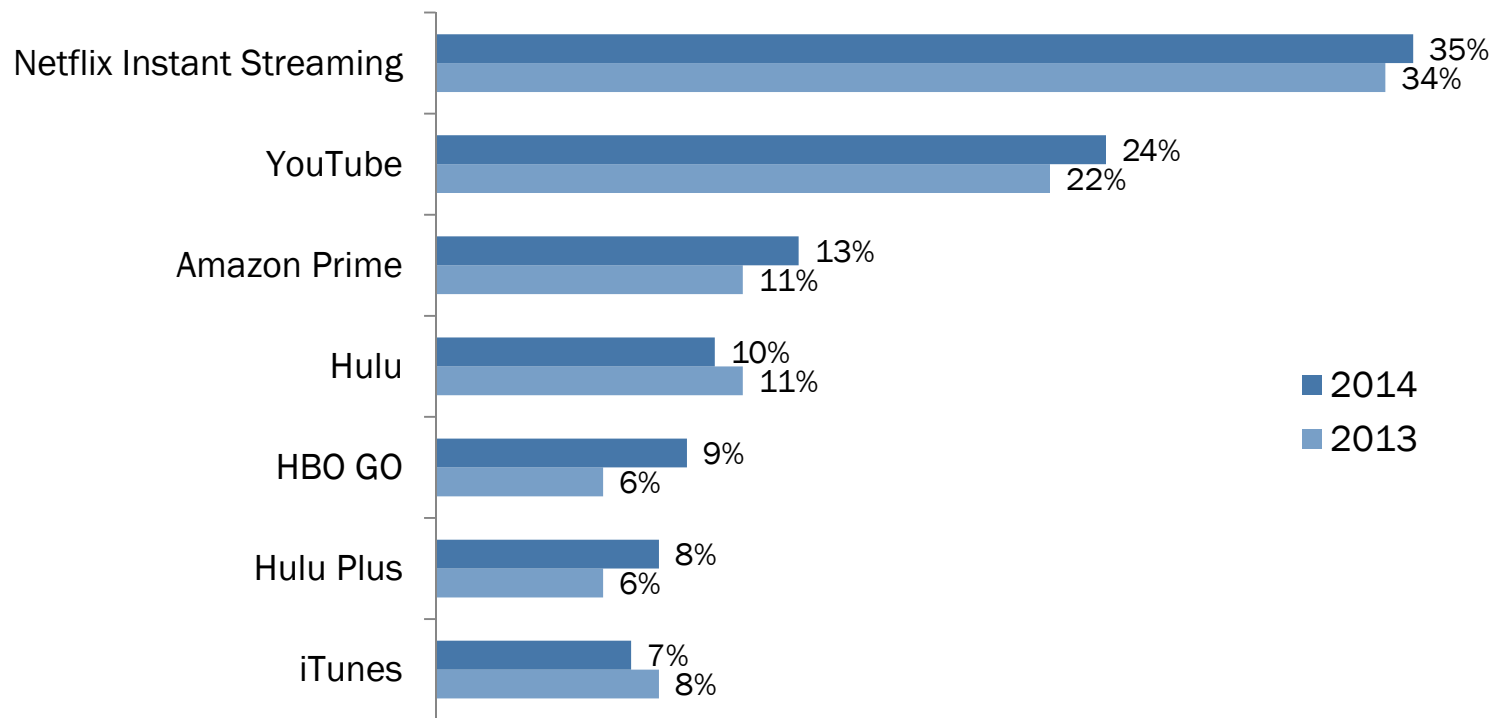


- Watch the most online video weekly+ (84%)
- **More likely to be cord-cutter intenders (6% vs. 2.9% total pop.)**
- Most likely to own tablet (77%)

Base: Hulu Classic Viewers N=485. Hulu Plus Subscribers N=329. Netflix Subscribers N=1090. Amazon Prime Video Subscribers N=416.

## Netflix Top Source For Digital Movie Viewing Today

Which of the following sources do you ever use to watch movies? Select all that apply.



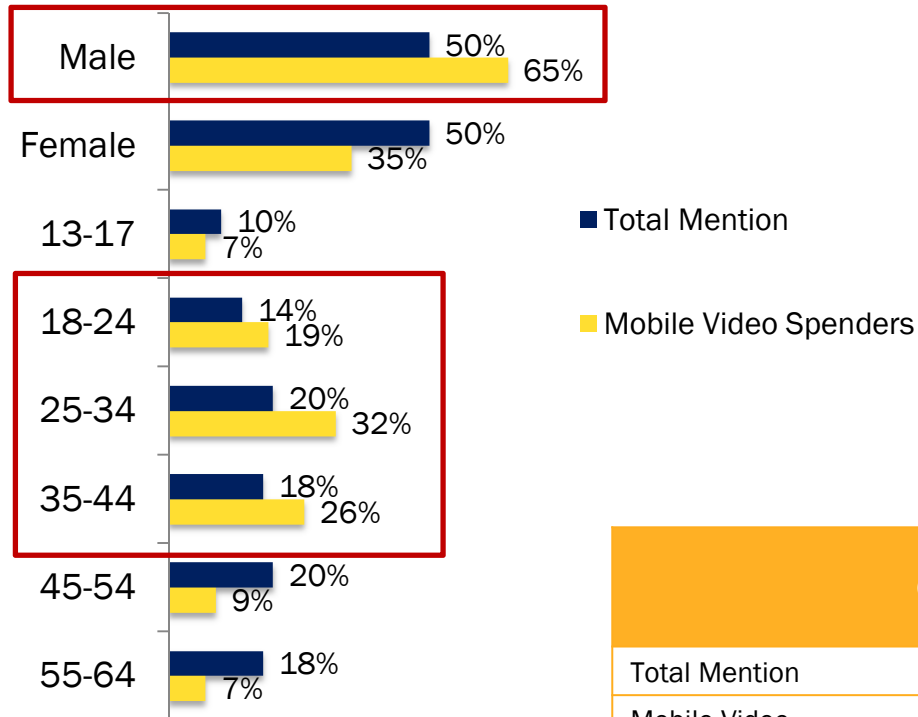
Base: Total mention, N=2400. Q28B Which of the following sources do you ever use to watch movies? Select all that apply.

## SVOD Service Overlap; Hulu+ And Amazon Prime Users Sample Other Services Heavily

	hulu	h <sup>+</sup>	NETFLIX	amazon instant video
hulu	-	58%	26%	39%
h <sup>+</sup>	40%	-	23%	35%
NETFLIX	58%	76%	-	69%
amazon instant video	33%	44%	26%	-
Any Of The Above Services	73%	92%	48%	81%

Base: Hulu Classic Viewers N=485. Hulu Plus Subscribers N=329. Netflix Subscribers N=1090. Amazon Prime Video Subscribers N=416.

## Mobile EST Spenders Are Very Attractive Demo



**\$73**

Average spend on video in the last 12 months on Tablets among spenders

**\$55**

Average spend on video in the last 12 months on Smartphones among spenders

	Caucasian	Hispanic/Latino	African American	Asian	HH Income >\$75k/year
Total Mention	63%	17%	13%	4%	27%
Mobile Video Spenders	60%	22%	9%	7%	44%

Not shown: 'Other'

Base Magid Mobile Study: Total, n=2500; Mobile Video Spenders, n=434. Q11.1: How much have you spent on the following categories on your tablet in the last 12 months? Q30.1: How much have you spent on the following categories on your smartphone in the last 12 months? QB: What is your gender? QC.2: Which of the following best describes your racial/ethnic background? QD: How old are you? QCI: What is your approximate annual household income before taxes?



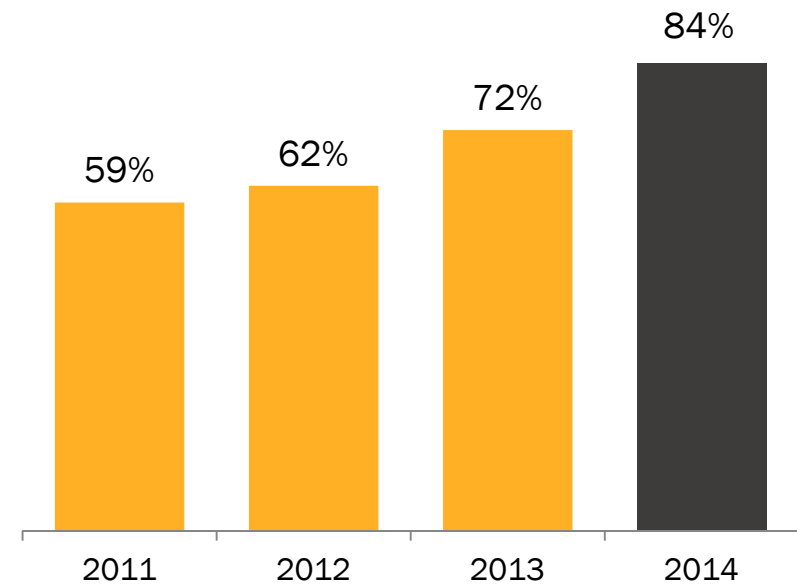
# SOCIAL NETWORKS



## Social Network Use Hitting Its Peak



Use of Social Networks Regularly  
(Among Internet users 8-64)



## Consumer Reported Social Time Spend Still Inching Up, Dominated By Facebook

- **2.8 hours**

Per day spent using social networks on  
average among users in 2014

- **2.6 hours**

Per day spent using social networks on  
average among users in 2013

- **3.7 hours**  
Regular PC  
Gamers

- **3.2 hours**  
Regular  
Smartphone  
Gamers

- **3.2 hours**  
Regular Tablet  
Gamers

% of time spend by social network:

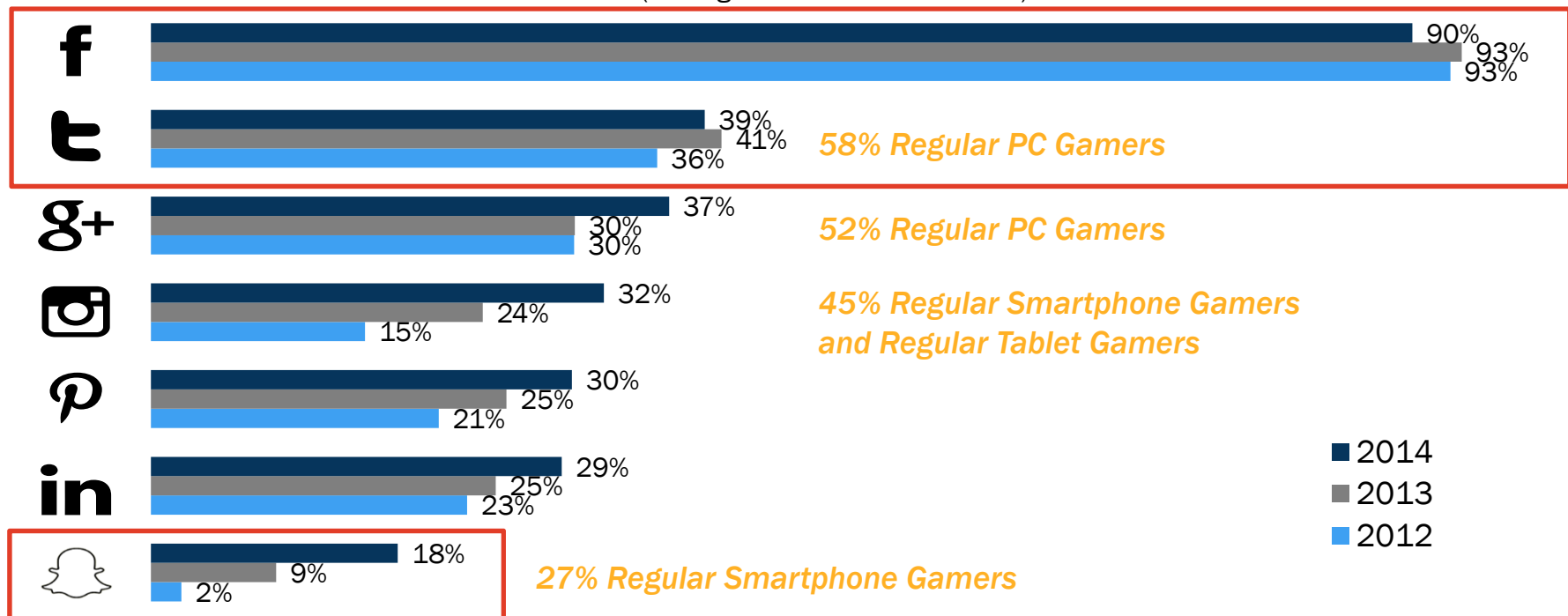
	<u>2014</u>	<u>2013</u>	<u>2012</u>
<b>f</b>	54%	57%	58%
<b>t</b>	18%	17%	17%
<b>i</b>	16%	13%	10%
<b>p</b>	16%	14%	13%
<b>g+</b>	14%	14%	15%

Base: Social Media Users 13-64. N=1,786 (2013 N=1,828). Q24: How many hours do you spend on social networking sites on an average day? Q25: Of the time you spend on social networking each day, what proportion of that time do you spend with each of these social networks in an average day?

# Facebook And Twitter Seeing Small Declines

Explosive growth of Instagram, Snapchat, Google+ looks to be eating at FB, Twitter dominance

Social Media Used  
(Among total social media users)

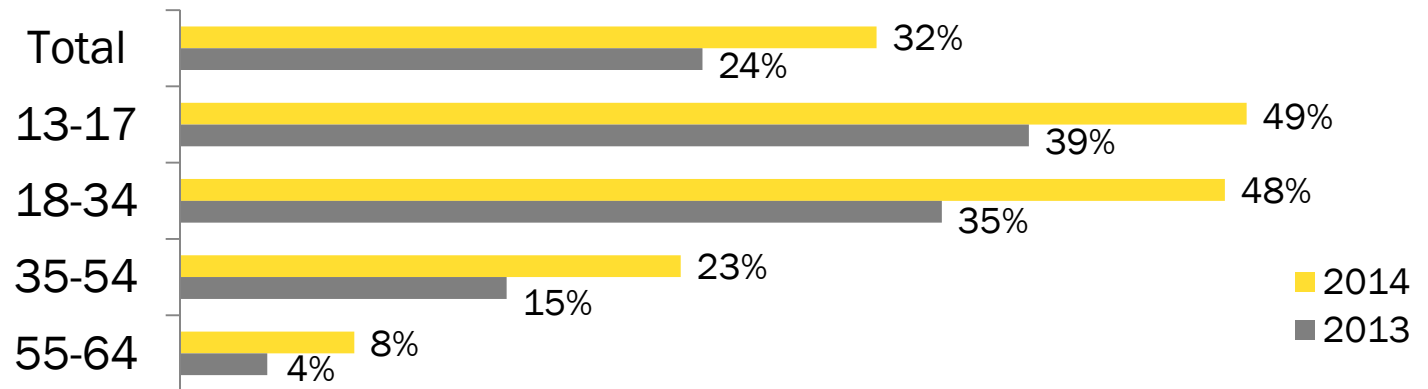
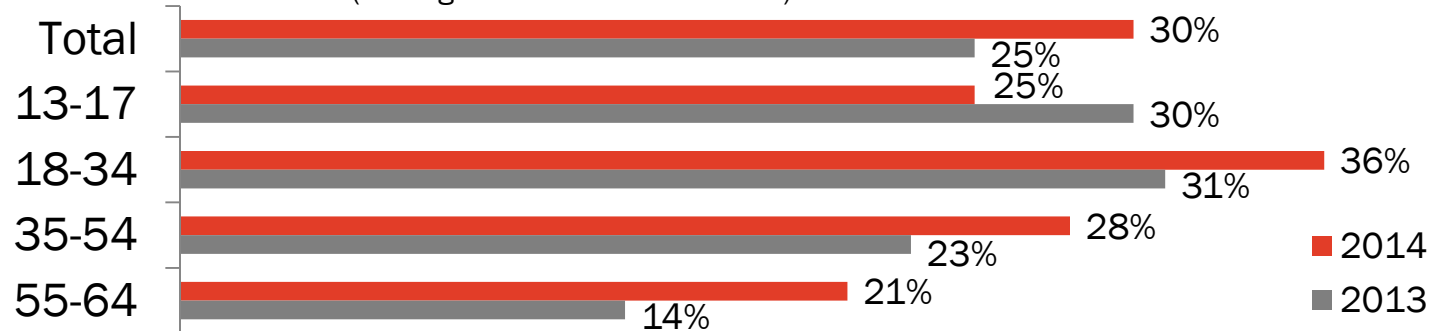


Base: Social Media Users 13-64. N=1,934 (2013 N=1,828) (2012 N=2012). Q1: Which of the following social media do you use?

## While Pinterest and Instagram Surge Broadly

### Social Media Networks Used

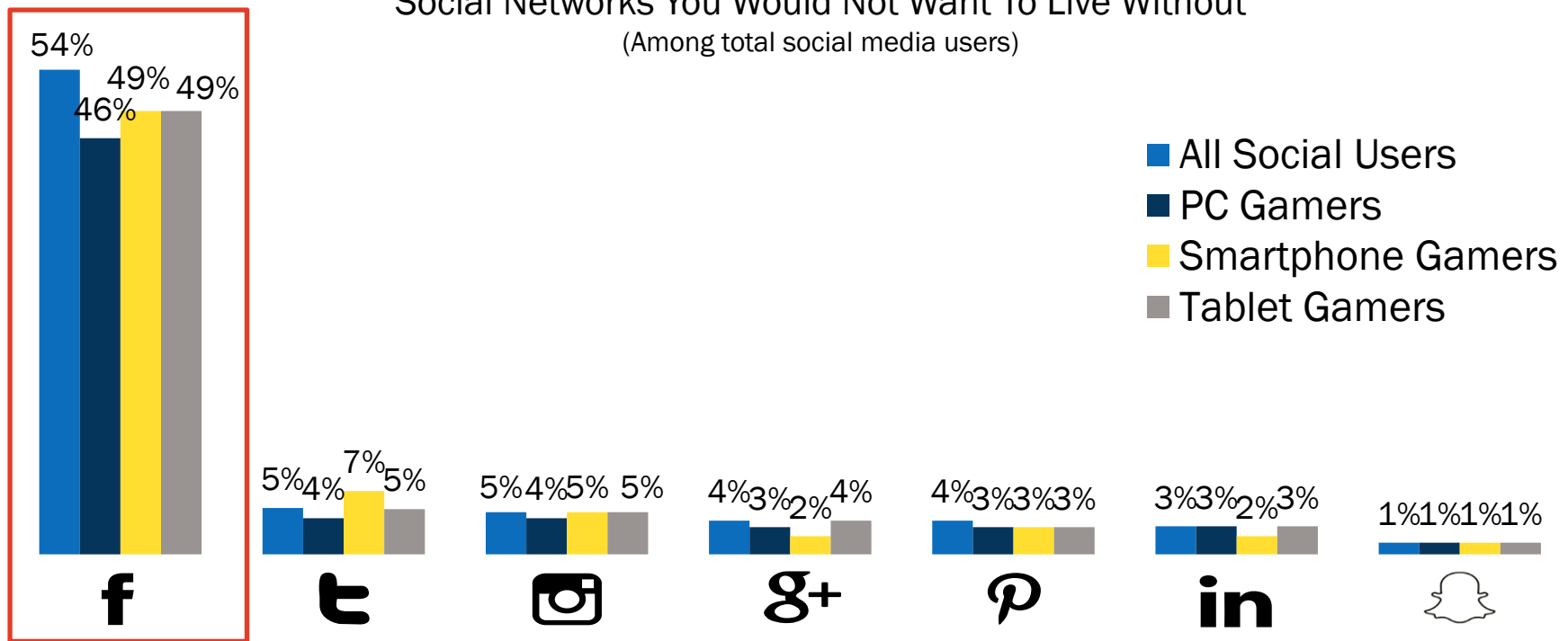
(Among total social media users)



Base: Social Media Users 13-64. (2014 N=1,934) (2013 N=1828) (2012 N=1937). Q1: Which of the following social media do you use?  
For 2012, 13-17 year old percentages are based on 12-17 year olds

## Despite All This, Facebook Is Still The Only Network Considered An Essential Utility

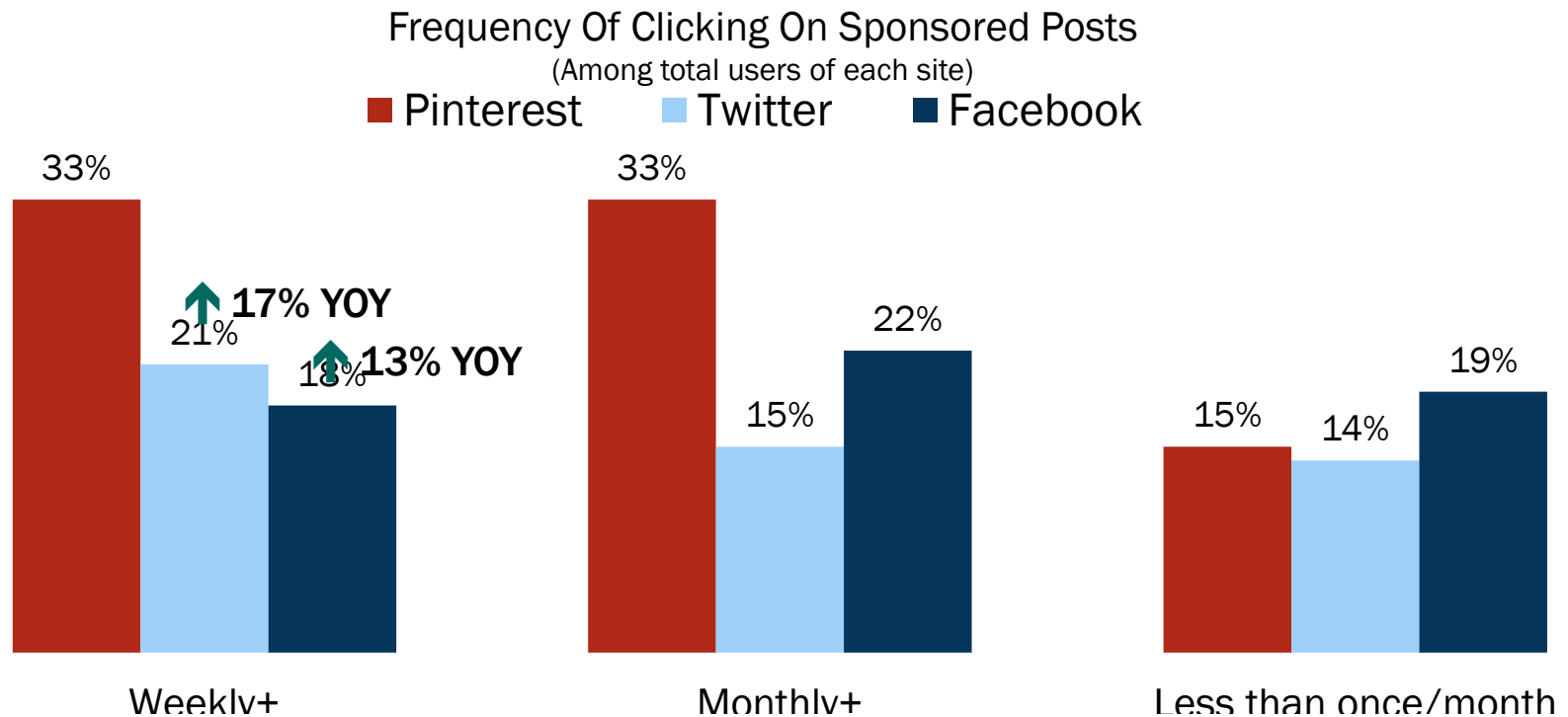
Social Networks You Would Not Want To Live Without  
(Among total social media users)



Base: Social Media Users 13-64. N=1,934 (2013 N=1,828). Q21: Which of the following social media could you not live without?

# Display Ads Drawing Increasing Clicks

Pinterest users clicking on promoted content at nearly twice the rate of Facebook, Twitter users



*All regular gamers are more likely to click on sponsored ads daily (PC gamers 2X as likely)*

Base: Facebook/Twitter/Pinterest Users 13-64. N=Varies. Q58/Q88/Q113: How often do you click on sponsored posts on Facebook/Twitter/Pinterest?

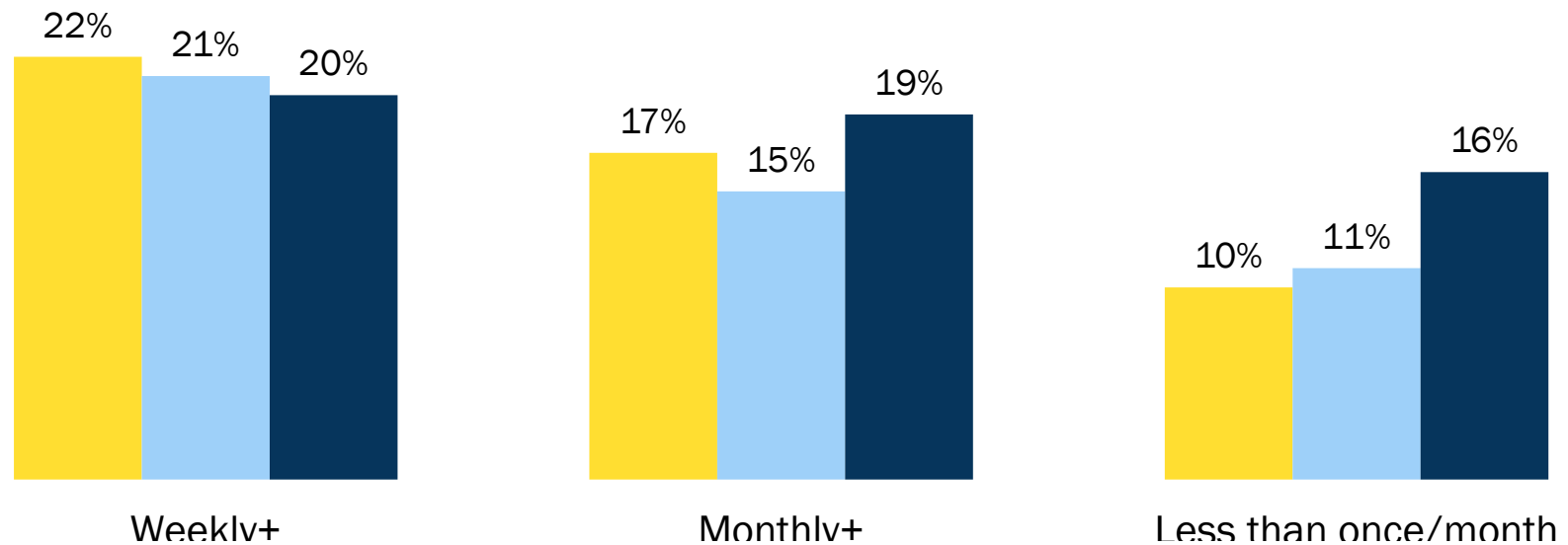


# Newer Video Ads Also Drawing Strong Engagement

A good sign as digital video CPMs continue to climb, especially for premium content

Frequency Of Clicking On Video Ads  
(Among total users of each site)

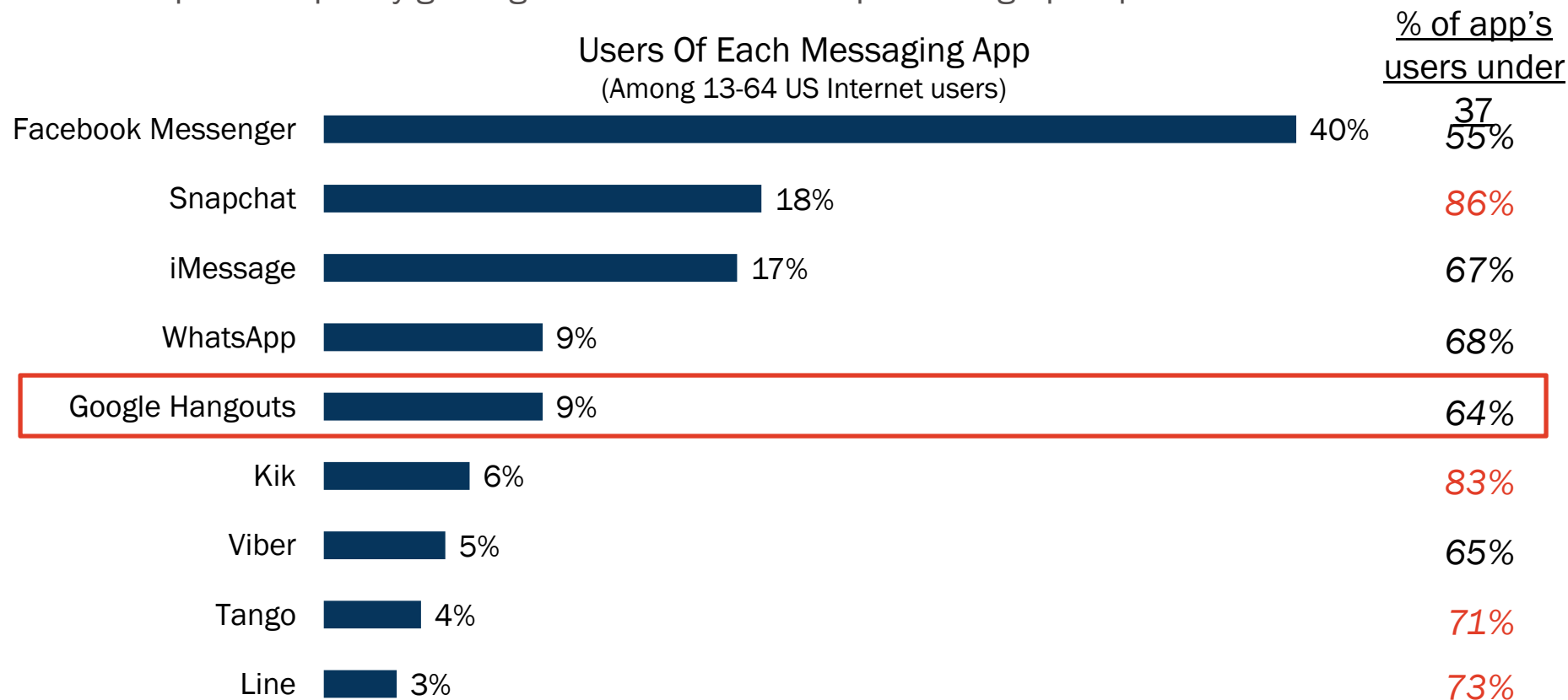
■ Instagram ■ Twitter ■ Facebook



Base: Facebook/Twitter/Instagram Users 13-64. N=Varies. Q58/Q88/Q113: How often do you click on sponsored posts on Facebook/Twitter/Instagram?

# Facebook Is The Dominant Player In Messaging Too

But Snapchat is quickly gaining steam and has a unique demographic profile



Base: Total Internet users 18-64 years-old. N=2,400. Q74: Which of the following messaging services or apps do you currently use?

# All Messaging Apps Will See Time Spend Boosts

Facebook less so, while smaller messaging-only competitors could see big increases

Expected Change In Time Using Various Messaging Apps In The Next 12 Months

Net = More time - Less time

(Among users of each app)



Line  
28%



WeChat  
24%



WhatsApp  
20%



Google Hangouts  
16%



KakaoTalk  
16%



Whisper  
15%



iMessage  
14%



Snapchat  
10%



Nimbuzz  
9%



Kik  
9%



Secret  
8%



Viber  
7%



Tango  
7%



Facebook  
Messenger  
3%

Base: Social Media Users 13-64. N=Varies. Q138: In the next 12 months, do you expect to spend more, less or the same amount of time using these messaging apps?

Magid 40



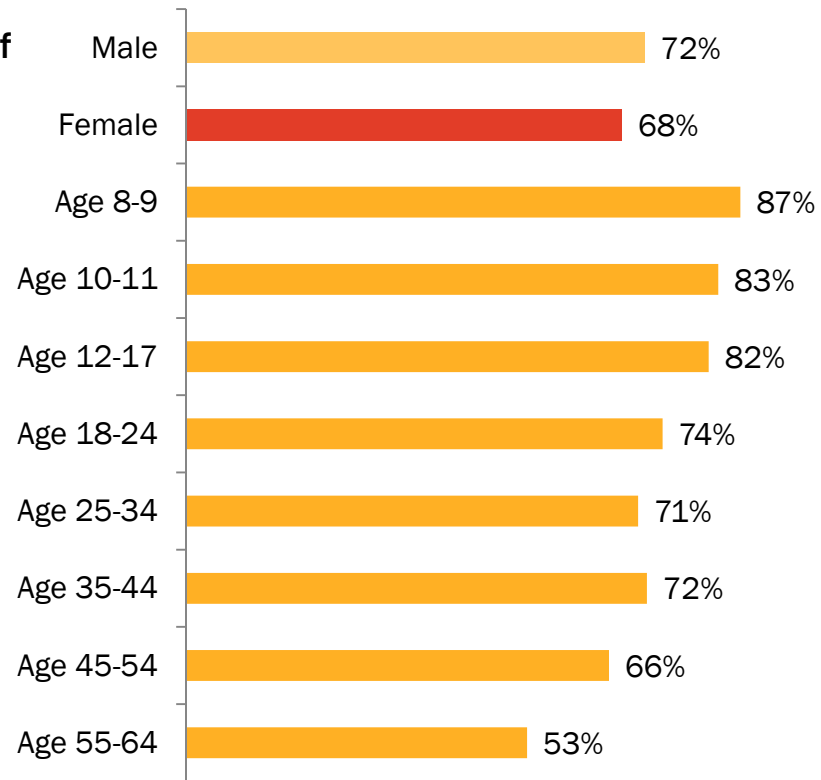
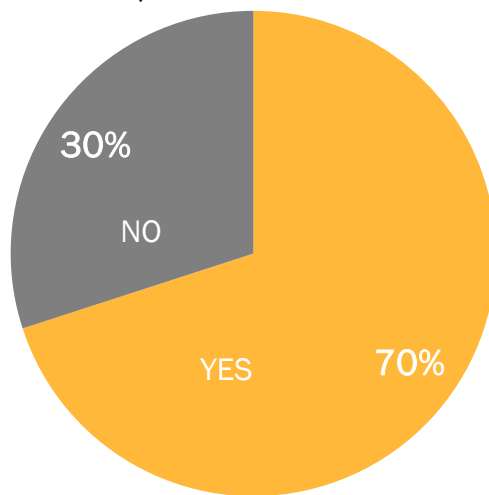
# OVERALL GAMING

# Majority Of Consumers Play Some Type of Electronic Game

Percentage of consumers that play some type of electronic game

**70%**

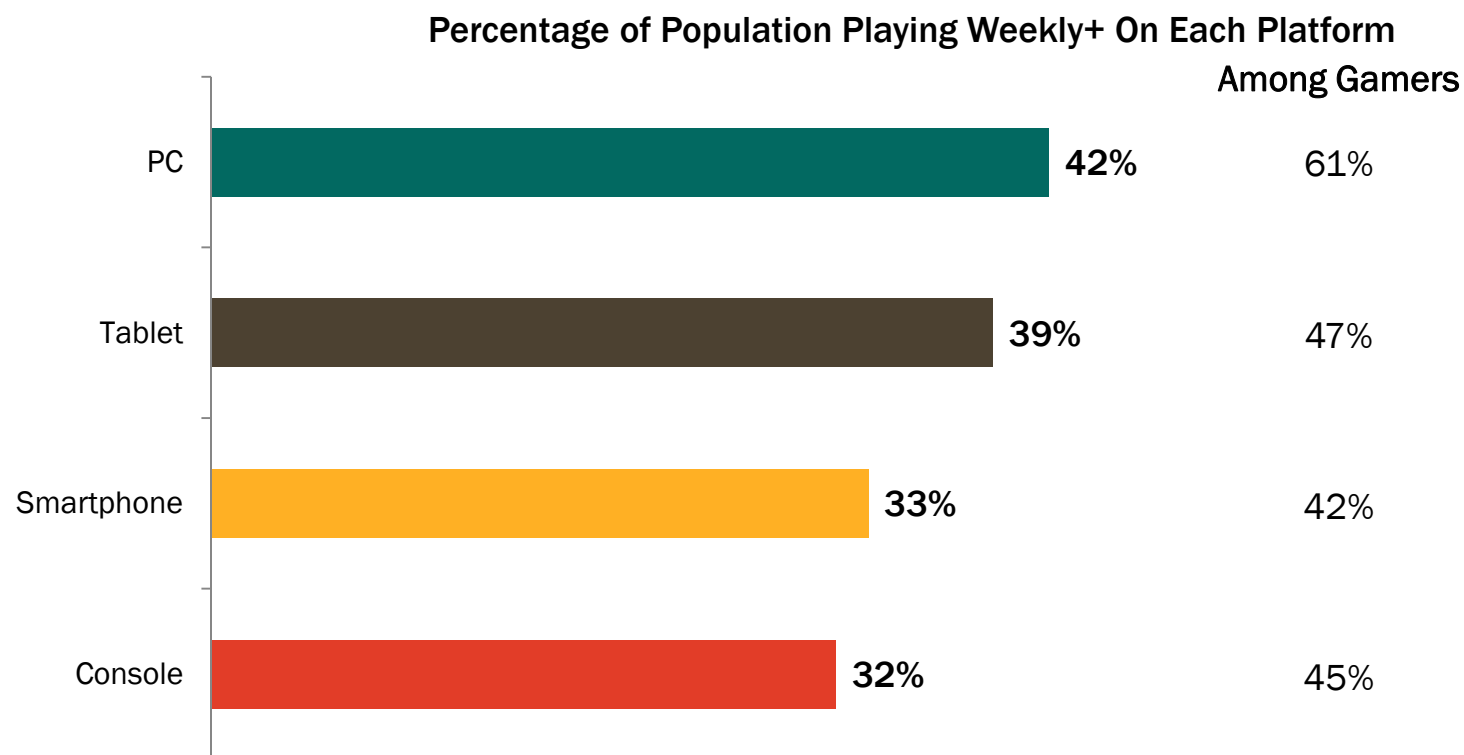
Up from 69% in 2013



Base: All Respondents. N=2400. Q116 Do you ever play any video or computer games? This includes console games, handheld games, smartphone/tablet games, games you play on Facebook or games you play on your computer.



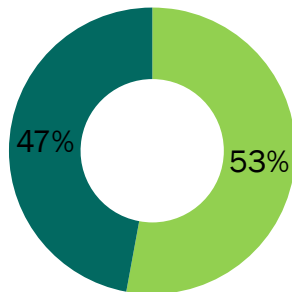
# PC Most Popular Gaming Platform Overall



Base: Total Mention 8-64. N=2400. Q117 How often do you play games on the following? Q7.8/170. Which of the following things do you do regularly (at least once per week) on your smartphone/tablet?

## Weekly+ Console Players The Youngest, Skew Male

Weekly+ PC Gamers

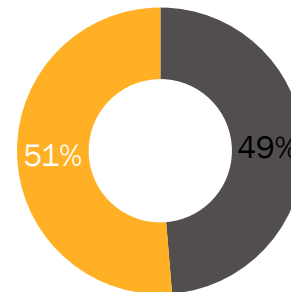


**34 yrs**

Average age of weekly+ PC Gamer

■ Male  
■ Female

Weekly+ Smartphone Gamers

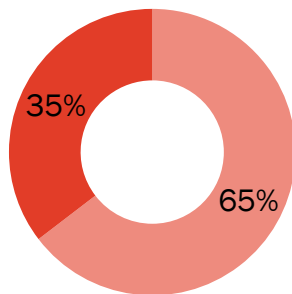


**32 yrs**

Average age of weekly+ PC Gamer

■ Male  
■ Female

Weekly+ Console Gamers

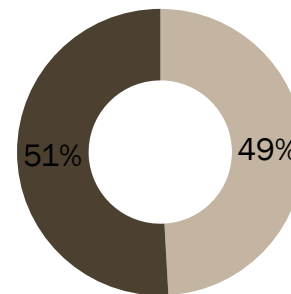


**28 yrs**

Average age of weekly+ PC Gamer

■ Male  
■ Female

Weekly+ Tablet Gamers



**31 yrs**

Average age of weekly+ PC Gamer

■ Male  
■ Female

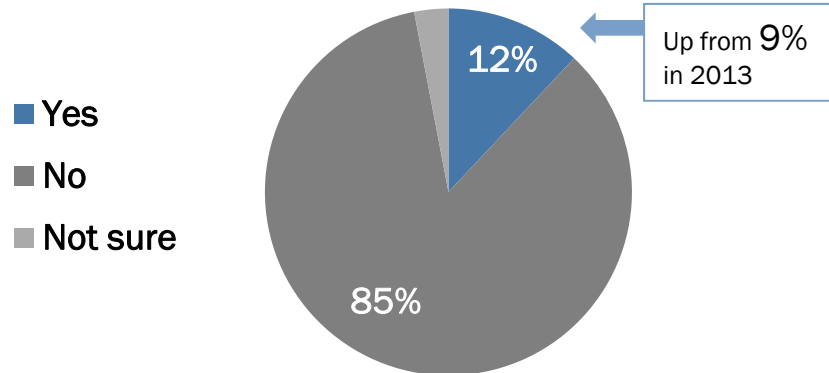
Base: All gamers, N=1676. Q117 How often do you play games on the following? Q7.8/170. Which of the following things do you do regularly (at least once per week) on your smartphone/tablet?



# ESPORTS

# Months

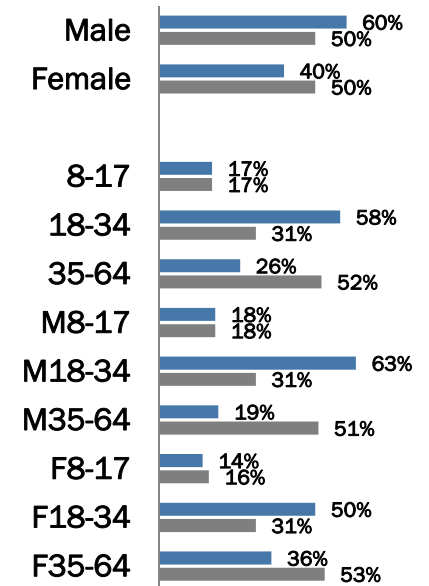
“In the past 12 months, have you watched any eSports programming online or attended any eSports events? eSports is the name for competitive gaming. This could include organized competitions in the forms of leagues and tournaments for real-time strategy, massively-multiplayer online or fighting games to name a few.”



	Caucasian	Hispanic/Latino	African American	Asian	Avg. HH Income: >\$75,000
Total Mention	64%	17%	13%	5%	27%
eSports viewers	40%	30%	20%	7%	39%

## Age Breakout

■ eSports viewers  
■ Total Mention





**Thank You Very  
Much. Contact Us!**

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**Magid**