



COVID-19:  
quicken the pace  
of change in media



Building a better  
working world

New EY consumer research of 2,500 households, conducted 27 May – 1 June, explores how perceptions, attitudes and needs towards technology, media and telecoms (TMT) products are changing as a result of the pandemic.

In the first report of this three-part series, *More engagement, more anxiety*, EY research explored how digital behaviours and attitudes in the home are in flux in the wake of COVID-19 and resulting lockdown measures. TMT providers should take note and act now to adapt to these shifting customer demands.

In the following report, *Broadband quality and resilience*, EY research found how lockdown measures and social distancing have placed a dramatic new importance on resilient and reliable home broadband connectivity.

This report, *COVID-19: quickening the pace of change in media*, looks at how the usage of content services and consumer attitudes towards them have changed. We look at how long-term trends have accelerated and how media and entertainment companies should view this as an opportunity to be exploited.

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# Long-term, structural shifts have accelerated since the pandemic

As a consequence of the COVID-19 pandemic, almost a fifth of households (19%) say their TV consumption habits have irreversibly changed – and it is higher still among the younger generation (18-24 year olds), at 23%.

The pandemic represented not so much a change of direction as an acceleration of a well-worn path. Consumers adapted much quicker than many companies, and the disruption, which was expected to take years to play out, happened in just a few months.

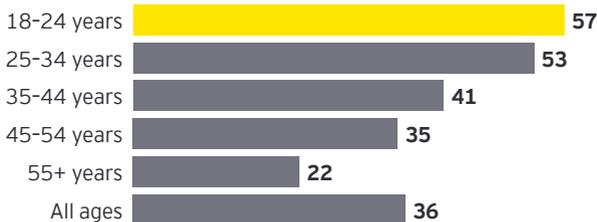
## Upsurge in streaming

Among all households, the pandemic and subsequent lockdown caused a spike in the use of streaming services. Over a third of households (36%) agree they were using streaming services more often, and this rises to more than half (57%) for young adults aged 18-24.

### Across the board, there has been an upsurge in the use of streaming services

Used TV streaming services more often as a result of the COVID-19 situation.

% of respondents who agree



In October 2019, according to the annual *Digital household* report, the average number of content streaming services used in the home was 3.4; that has now risen by more than 20% to 4.2. The big beneficiaries are both major global streaming services and public service broadcasters (PSBs), with broadcaster video on demand (BVoD) from the two main channels up significantly.

**Average number of content streaming services used in the home rises by more than 20%**

**3.4**  
in October 2019

**4.2**  
in May 2020

Long-term, structural shifts have accelerated since the pandemic

## **Rising digital adoption**

During lockdown, many consumers tried digital services for the first time – such as video conferencing and online shopping – and media was no exception. As they looked to fill the lockdown void with more content options, many consumers turned to catch-up services from broadcasters or other free platforms for the first time. Among all households, 11% tried broadcaster video on demand (BVoD) for the first time. More compelling, as an illustration of the acceleration of long-term shifts in digital adoption, was the rise in penetration among over 55s, with 15% trying BVoD for the first time.

If, on the one hand, there is a shift to digital content, on the other is added pressure on traditional media. This pressure became more acute during the pandemic. Despite the crisis and a heightening interest in news, only 6% of households claim they turned to traditional printed media for news. This is partnered by only a third of households (34%) believing newspapers coped well with the crisis, significantly less than the number of households that regarded social media companies as coping well (56%).



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# Streaming services step up in a crisis

The pandemic has firmly shifted the debate about streaming services. During lockdown, not only did they consolidate their position in the mainstream mix of media options but also, for many, they became an indispensable service.

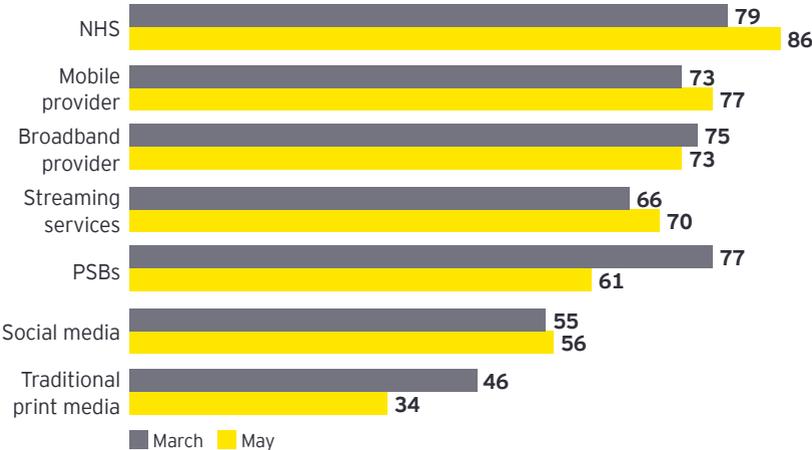
In March, as lockdown began, when asked how streaming services were coping with the pandemic, 66% agreed they were coping well. As lockdown continued, the 'favourability' rating rose higher, reaching 70%.

Of all the services listed in the survey, only the NHS saw a bigger increase in sentiment during the pandemic (79% to 86%).

## Perception of streaming services increased during the pandemic

How well or badly do you think each of the following are currently coping with the COVID-19 situation?

% of respondents who agree they are coping well

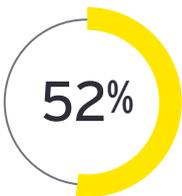


In lockdown, streaming services adapted quickly, becoming a de facto public service. Many expanded their libraries of available content, some benefited from the online premiere of blockbuster movies scheduled for cinema release, and major new streaming services launched. These services addressed an urgent customer need – 45% of households with children reported an increase in streaming, versus 36% of all households.



of households reported an **increase in streaming usage** during the pandemic.

Positive perceptions of streaming services need to be considered by broadband providers in their own messaging and planning. During the pandemic, network reliability and resilience became a major issue for households. Industry definitions of poor reliability focus on network outages, but more than half of households (52%) define it as buffering when undertaking online activities such as streaming. Even when performance issues occur, it is the broadband provider that receives consumer criticism rather than the streaming provider. A deeper appreciation of this issue will help network providers ensure service consistency and quality of customer experience.



of households **define network reliability as a lack of buffering** when using online services such as streaming.

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# PSBs must act urgently or miss the opportunity

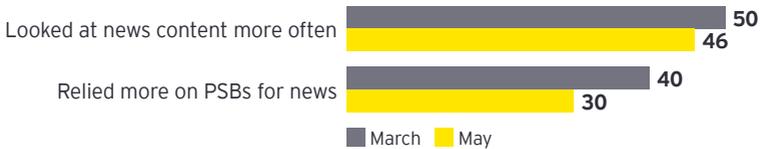
In contrast to perceptions of streaming services, PSBs find themselves coming out of lockdown in a more precarious position. They need to quickly refocus if they are to build on their recent success.

In the early weeks of lockdown, consumption of public service content rose exponentially, driven largely by news and current affairs. At the outset, half the population (50%) admitted they were looking at more news content and 40% said explicitly that they were relying more on PSBs. As lockdown began to ease, interest in news waned slightly to 46%, but reliance on PSBs fell further to 30%. Just as the interest in news was falling, as was, more significantly, the dependency on PSBs, 43% of households admitted fatigue with COVID-related news.

## PSBs and their role in the provision of news declined throughout lockdown

Looking at news more often and reliance on PSBs as a result of the COVID-19 situation.

% of respondents who agree



At the start of lockdown, confidence in PSBs was high, with over three-quarters of households (77%) agreeing they were coping well. By the end of May, this had not only fallen to 61% but also, significantly, it was below streaming services (70%).

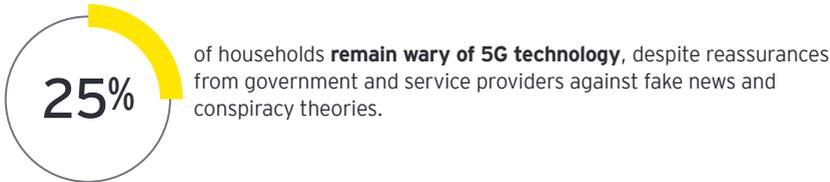
From the outset, PSBs have been innovative, particularly given the hiatus on new productions. On their streaming services, they loaded up their content offerings with boxsets and archives, establishing these as more expansive than the catch-up services they are often seen to be. For PSBs, this was a learning experience that accelerated their understanding of their audiences. In order to ensure they do not miss out on the opportunity, PSBs need to urgently translate their learnings into design and execution of their long-term digital strategies and the redefinition of their purpose.

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# Collaboration across the ecosystem is required to fight fake news

During the pandemic, the use of social media, as with many other media, skyrocketed, with 38% of households reporting higher than normal use. However, despite the increased activity, levels of mistrust remained high or even increased.

Mistrust was highest among younger demographics and also rose the most. Initially, in March, 24% of 18-24 year olds said they mistrusted social media less than before the pandemic, but by May, as lockdown began easing, mistrust had risen to 29%. A big part of the issue centres on fake news, which saw new levels of focus. If swift action is not taken to quash fake news at its source, it has wide-ranging impact, including societal, financial and economic.



Social media companies are historically seen as responsible for combatting fake news, and that has remained unchanged in the past few months, shifting from 67% to 68% of households holding them accountable. Why the Government needs to step up and step in is because of the increasing perception of its responsibility, which over the same period rose from around half (52%) to 61%.

## Shared responsibility for tackling fake news

Social media and the Government are not doing enough to stop the spread of fake news.

% of respondents who agree



Combating fake news requires an ecosystem-wide solution involving collaboration between platforms, regulators and news providers. Technology innovation such as blockchain and the deployment of more sophisticated, artificial intelligence (AI) capabilities offers some insight into how companies can execute, but only if they can do so across the industry at scale. Failure to do so risks alienating audiences and advertisers, and questions the growth and viability of such platforms.

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# Subscription services demonstrate stability

For a long time, the drivers of pay-TV uptake in the UK were sports and premium movies: the former frequently as a loss-leader explicitly to drive subscription growth. During the pandemic, despite the lack of live sporting content, consumption of sports has remained strong.

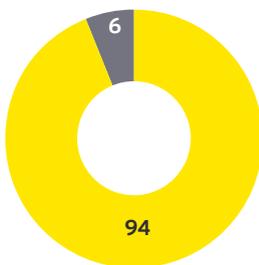
The reluctance of many subscribers to remove sports from their subscriptions underlines its role as an integral part of the value proposition of pay-TV. Sport holds a disproportionate value in the mind of subscribers, so for many, a subscription without access to sport is perceived as far lower value than the cost of the package suggests.

During the pandemic, only 6% of households claim to have paused their subscription to sports services and only 3% cancelled altogether. To put this in context, 14% of households said they were trying to spend less on content and communication services during COVID-19, yet one of the easiest areas for reducing discretionary spend remained resilient. Even without live sport, the vast majority of subscribers still paid for and retained their sports packages.

## Sport media packages remain resilient

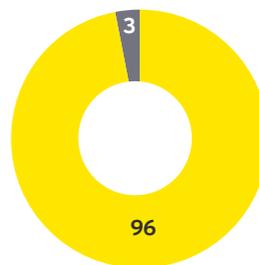
What decisions have you made about sports packages as a consequence of the COVID-19 situation?

% of respondents



of household have downgraded their TV package to **pause sports** content.

■ Percentage of households that downgraded their TV package to pause sports content



of households have downgraded their TV package to **cancel sports** content.

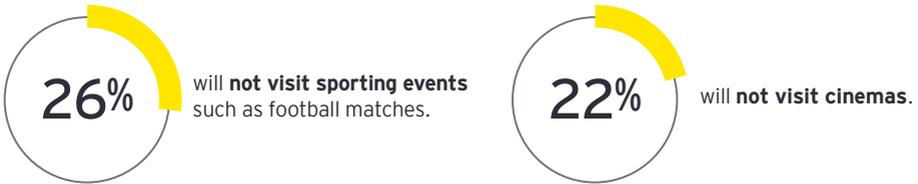
■ Percentage of households that downgraded their TV package to cancel sports content

## Subscription services demonstrate stability

Despite the easing of lockdown, the return of live sports could create a window of opportunity for content services, particularly with the sharing of some sports among multiple media outlets. As sports events continue behind closed doors, a quarter of sports fans (26%) say they will even continue to stay away from events such as football matches until a vaccine is in widespread circulation. Although lockdown may be coming to an end, the viewing figures could remain high for some time to come.

In a related way, premium movies could represent a similar boost to pay services. Studios will remain reluctant to release blockbusters until cinema attendance increases, but 22% of respondents claim they will only return to the cinema if a vaccine is in place. This is likely to extend the straight-to-streaming model that we have seen in recent months, further improving the pay-TV proposition.

### Hesitation to return to entertainment activities until a vaccine is in place



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# Actions for content providers to take now

The pandemic has accelerated structural, long-term changes in the media and entertainment industry. Consumers adapted quickly and, in some cases, so did service providers. Consumption levels will normalise, but consumers are unlikely to revert en masse to past behaviours. Instead, companies need to learn and apply the lessons learned from this experience.

# 1

## Accelerate transformation plans

Companies need to remodel and reforecast their plans for the future, using new insights from their pandemic experience. They will need to reconsider their data inputs, with an emphasis on behavioural groups and personas rather than traditional demographic modelling. This will result in bringing forward their digital plans for engaging with their audiences and consumers. Incumbents need to reassess their streaming strategies: in particular, in the context of their overall mix of services.

# 2

## Rapidly repurpose the organisation for a different future

The pandemic demonstrated the speed with which customers and markets change. It also demonstrated which companies could pivot quickly and those that were unable to do so. Instead of appending a new normal to existing business models, it is critical to reimagine the enterprise. Building an agile organisation which is better able to anticipate and react to the changing market will future-proof the enterprise.

# 3

## Understand and implement new content models

Lessons must be learned from the recent experience to adapt content models. This will involve understanding what role specific genres have in customer perceptions of value, such as sports and archived content, while tapping into new sources of insight, such as social media, and exploring release and distribution alternatives, for example challenging windowing for blockbuster content. Above all, content providers should be careful not to conflate recent success with future performance and instead filter out what was an exception, such as news, from what really worked.

For more insight  
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and how to serve it,  
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EYG no. 005480-20Gbl

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