



Zooming in on household viewing habits



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The content landscape

Media providers have a huge opportunity to bring targeted premium content to consumers. Internet has become the new norm and consumers are willing to pay for premium content but are getting confused with too many options.

Zooming in on household viewing habits is the next in a series of findings from EY annual research into household attitudes and habits towards technology, media and entertainment and telecommunications (TMT) products and services within the home. The insights from the online survey of 2,500 Dutch consumers, conducted in September 2018, open the door into the nuances of today's digital household.

This report highlights the relationship of Dutch audiences to content services, examining what people watch, how and why. It reveals fascinating insights into how generational differences are shaping today's content consumption.

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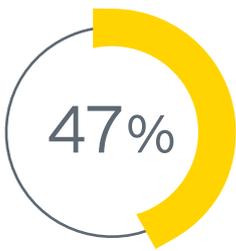
1 The rise of digital

Dutch households are changing how they consume content, streaming is the new norm



The internet is displacing traditional TV

TV has always been the cornerstone of video consumption. 25% of households nowadays take a broadband package that includes pay-TV. However, the balance has shifted as online habits consume a greater share of leisure time. Forty-seven percent of households have someone who spends a lot more time on the internet than watching traditional TV.

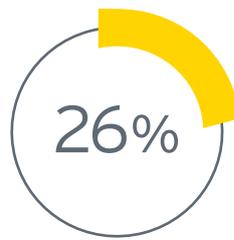


of households **spend more time on the internet** than traditional TV.

Broadcast TV viewing fading for younger audiences

While 53% of households watch broadcast TV channels nearly every day, this proportion falls substantially among younger groups. Only 26% of 18-24 year olds watch broadcast TV nearly every day, which is below the proportion who watch content streamed from dedicated platforms.

*Extrapolated to 2018

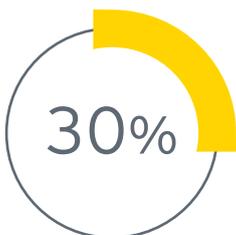


of 18-24 year olds **watch broadcast TV nearly every day**, compared with 29% that stream content from dedicated platforms nearly every day.

Streaming is a reality

The push of global streaming powerhouses combined with strong local brands has driven the uptake of streaming services. Thirty percent of households state that streaming via the internet is the primary way they watch TV programs and films at home. This jumps to 57% for younger consumers, those aged 18-24 years.

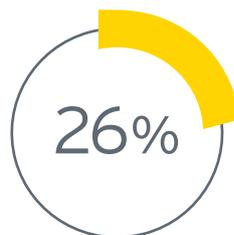
*Extrapolated to 2018



primarily **watch content via streaming** vs. 57% for younger consumers.

Multiscreen is the new norm

Just over a quarter of households (26%) often stream video content on multiple devices at the same time, up from 20% in 2017. Younger users are leading the way, with 64% of 18-24 year olds choosing to multiscreen. This is 10 times more than those aged over 66 (6%).



of households **multiscreen compared** with 20% in 2017.

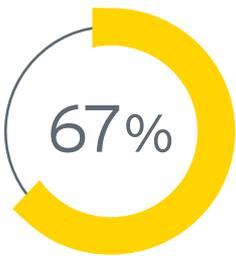
2 The confusion of too many content options

The enduring popularity of traditional channels alongside the mix of new services and formats leaves consumers frustrated about tracking their content choices



Traditional channels hold their own

Despite the spread of content options, the popularity of the traditional, incumbent channels remains surprisingly robust, irrespective of age. Two-thirds of households (67%) mainly watch content on the traditional channels. Perhaps surprisingly it represents a decrease from 68% in 2017.



of households mainly **watch programs on the five traditional TV channels,** down from 68% in 2017.

Streaming is a quality option

Streaming providers have established their credibility in the consumers' consciousness. Among all channels and content services in the Netherlands, including the traditional channels, the leading subscription streaming service ranks third in terms of the best quality of content according to 18-24 year olds (10%*).

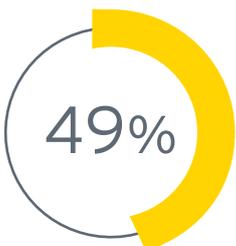
*Extrapolated to 2018



of 18-24 year olds **believe the best quality content is on the leading subscription streaming service.**

Short form adds to the mix of content choices

The adoption and popularity of different content formats is also influenced by age. In viewing short form video clips online, three quarters (66%) of the 25-34 age range are doing so, this is up from 62% in 2017. The penetration of tablets and premium smartphones is driving consumption for many of this millennial age group. In comparison, for those aged over 66, the consumption of short form slumps to 21%.



of households watch **short video clips online.**

Too much content causes confusion

25% of all households said they found it difficult to track the availability of their favorite content across different services, apps and platforms. TMT companies will need to give consumers greater clarity and become more proactive in providing and even pushing content.



find it **difficult to track content across services, platforms and apps.**

3 Making money from content

Younger generations have a lower tolerance for ads, but are willing to pay for premium streamed content



Value for money streaming

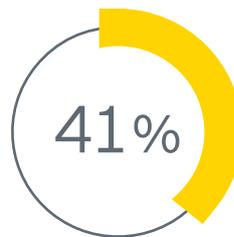
Consumers are becoming more discerning about the services they subscribe to and pay for. So far, the Netherlands have remained relatively unscathed by cord cutting but pay-TV service providers need to be wary. Over half of all households watch streamed movies almost every day or often (55%), whereas just 18% does so when it comes to premium movie channels they subscribe to.



of households **watch movies streamed on online services** 'almost every day' or 'often'.

Demand for gadgets and technology is on the rise

Being among the first to own novelties such as the latest smartphones, tablets and smart devices is valuable to younger generations. 41% of 18-24 year olds state that they are highly interested in new technologies and prefer being early adopters, whereas just 7% in the 66+ age category agree with this statement.



of 18-24 year olds value having **the latest gadgets and preferably before the rest.**

A time and place for advertising

With the rise of streaming services alongside traditional broadcast models, there is a distinction in the mind of consumers in the value proposition of these different services. Leading streaming services are less reliant on advertising or avoid it entirely, which is reflected in consumers' attitudes. Thirty-nine percent of households are much more willing to put up with adverts on broadcast television than streamed services. It jumps to 54% for those aged 18-24.



of 18-24s are much more willing to **put up with adverts** on broadcast television than during/before streamed programs vs. 39% of all households.

Two sides to the advertising coin

Traditional channels can take hope from audiences' greater willingness to accept advertising on broadcast television. As they evolve their streaming platforms, they can also take hope from audiences' willingness to pay for a premium for stream catch-up TV without advertising. At the right price point 16% of households agree that they would pay a premium to stream catch-up TV without advertising. A number that increases year-on-year: 12% agreed with this statement in 2017.



would **pay more to stream advert-free catch-up TV** (up from 16% in 2017).

4 Priorities for content companies

1

Personalize content and offerings to meet each customer's unique needs

Consumers vary significantly in how they consume content and attribute value. Leading TMT companies need to move even further away from one-size-fits-all towards experiences that are tailored, personal and relevant. This will involve consolidating their data and insights, aligning their Organizations around a single view of each customer and building a platform of meaningful offerings and services that can be easily and intuitively customized.

2

Tap into premium demand scenarios

Only a deeper understanding of preference can ensure content companies avoid being swept up in the hype of new technologies and services. TMT companies can unlock premium services by being strategic in how they invest in, utilize, price and bundle technologies to reach audiences in the home. They need to effectively balance "upselling" premium services to realize value without "over selling" which ultimately frustrates consumers, damages relationships and destroys value.

3

Make data-driven content decisions to move from 'feeling' towards 'knowing'

Increasingly, audiences struggle to keep track of their content services and navigate their options. With the shift towards digital platforms, TMT companies have access to a wealth of customer data, giving them a unique opportunity to act based on hard data. In doing so, they will improve user experience, reduce marketing costs and better exploit their content assets.

We hope you have found this useful
– and there is more.

Overall report



Out now.

Visit ey.nl/digitalhome to open the door into the nuances of today's digital home.

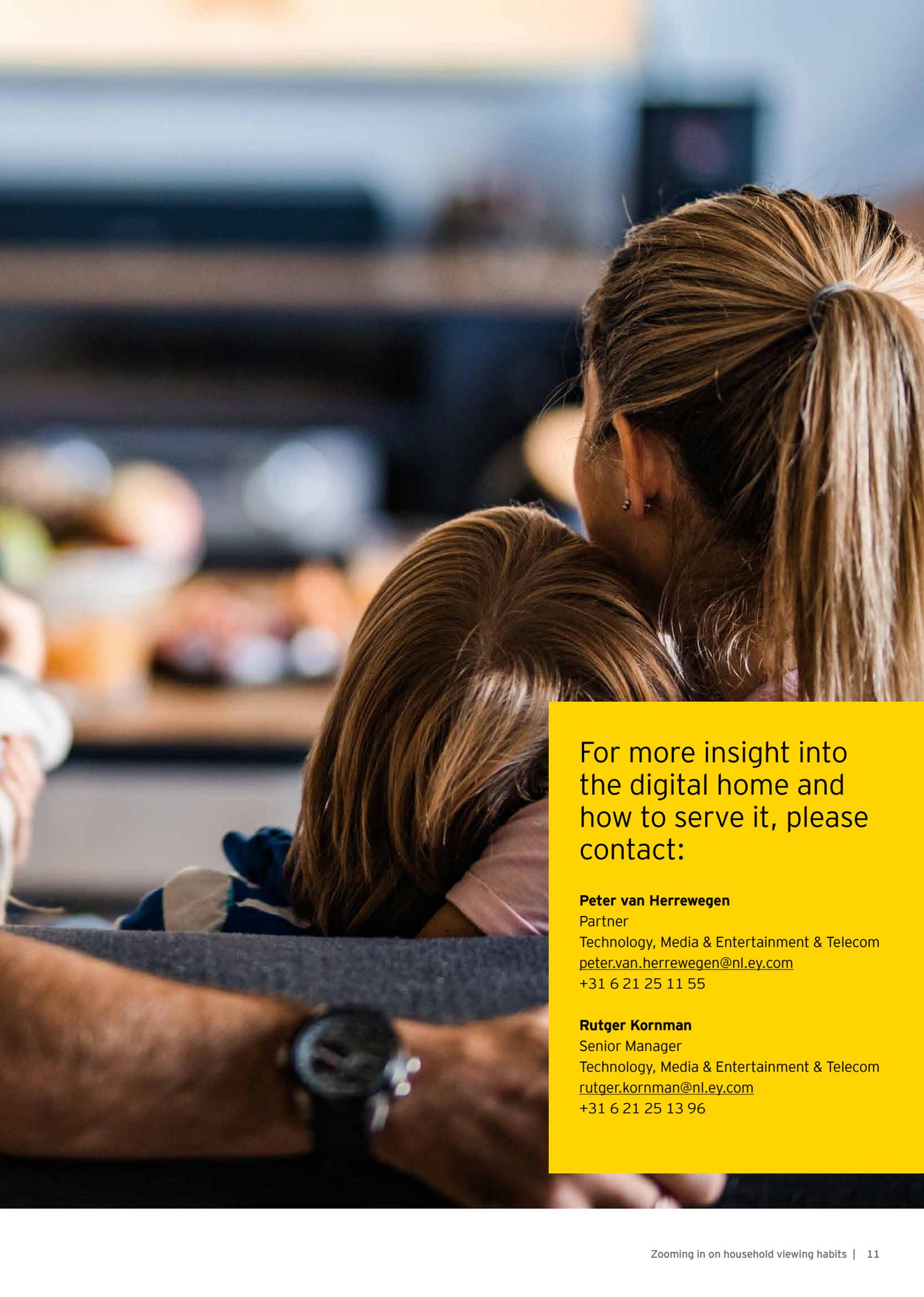
1 The digital revolution continues

Netherlands consumers – especially younger generations – continue to take a shine to new products, premium services and experiences.

2 Digital anxieties are on the rise

65%

Of households are very cautious about disclosing personal financial information online, even to a trusted brand.



For more insight into
the digital home and
how to serve it, please
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