



# Streaming

**The Future of Entertainment:**  
Emotional, Personal  
and Immediate

# INTRODUCTION

Consumers have never had greater choice or control of the types of content they consume, leading to a sea change in the ways in which consumers watch TV shows, movies and videos. There has been a significant shift towards the streaming and production of online content away from traditional terrestrial and satellite TV. On Netflix alone, it is estimated that it would take approximately 4 years<sup>1</sup> to watch all its content back to back, and this is growing.

The BBC is one of the terrestrial channels trying to respond to the rise of streaming. The corporation even parodies the destabilising impact of streaming in its brilliant satire W1A, with Siobhan Sharpe (Head of Brand) announcing the roll-out of a UGC (User Generated Content) service with the prophetic uberstatement “no one watches TV anymore, I mean no one, get over it, it’s over”. In February 2016, the corporation converted its BBC3 channel into an online-only media. Although the move was met with outcry, Damian Kavanagh (Controller, BBC3) recently stated that the ‘shift online has doubled its total brand reach and seen phenomenal growth on social platforms producing original content with true public purpose’. Furthermore, BBC3 won the Royal Television Society Channel of the year in 2017, indicating that its aim of ‘adapting to the change in viewing habits of its core audience’ has been successful.

This most sought-after audience is young adults, and this report explores how this generation is leading the way in streaming consumption, and how content providers need to respond.

Blockbuster TV shows such as Game of Thrones and The Walking Dead had a combined viewership of over 35 million in their last series. With such high viewing figures, this report examines the impact streaming is having on the broader entertainment industry, including cinema. It shows that there remains a place for cinema in a content rich environment but it needs to become a social hub that uses technology to offer a fully immersive experience.

---

The most sought-after audience is young adults, and this report explores how this generation is leading the way in streaming consumption, and how content providers need to respond.

---

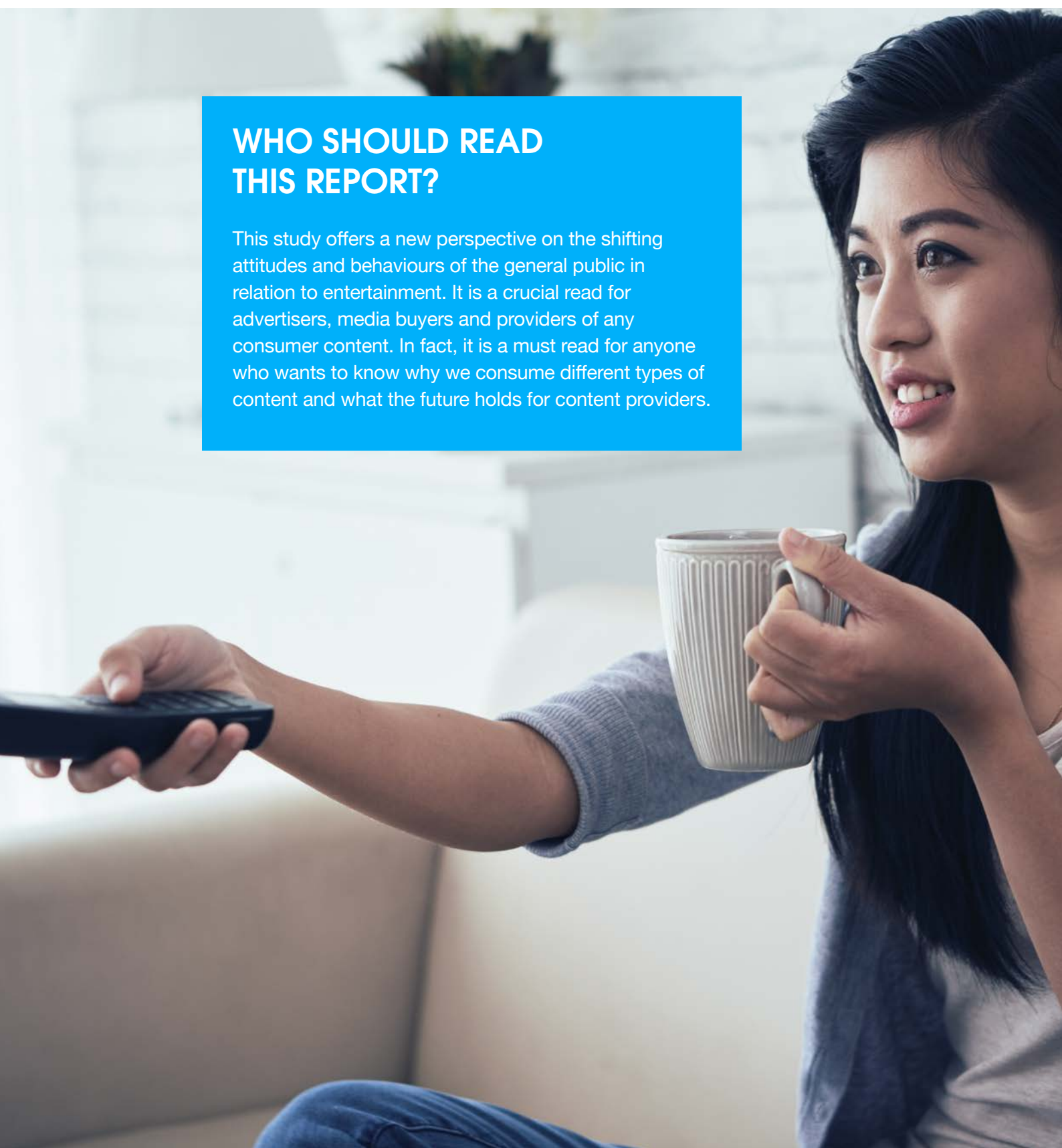


Our report shows that the future of content lies in personalisation, instant gratification and tapping into consumers emotional mindset to activate specific emotional responses. It also shows that fears of content overload and a drop in quality programming are unfounded and that the long-term economic viability of providing more content for multiple age groups is healthier than ever.

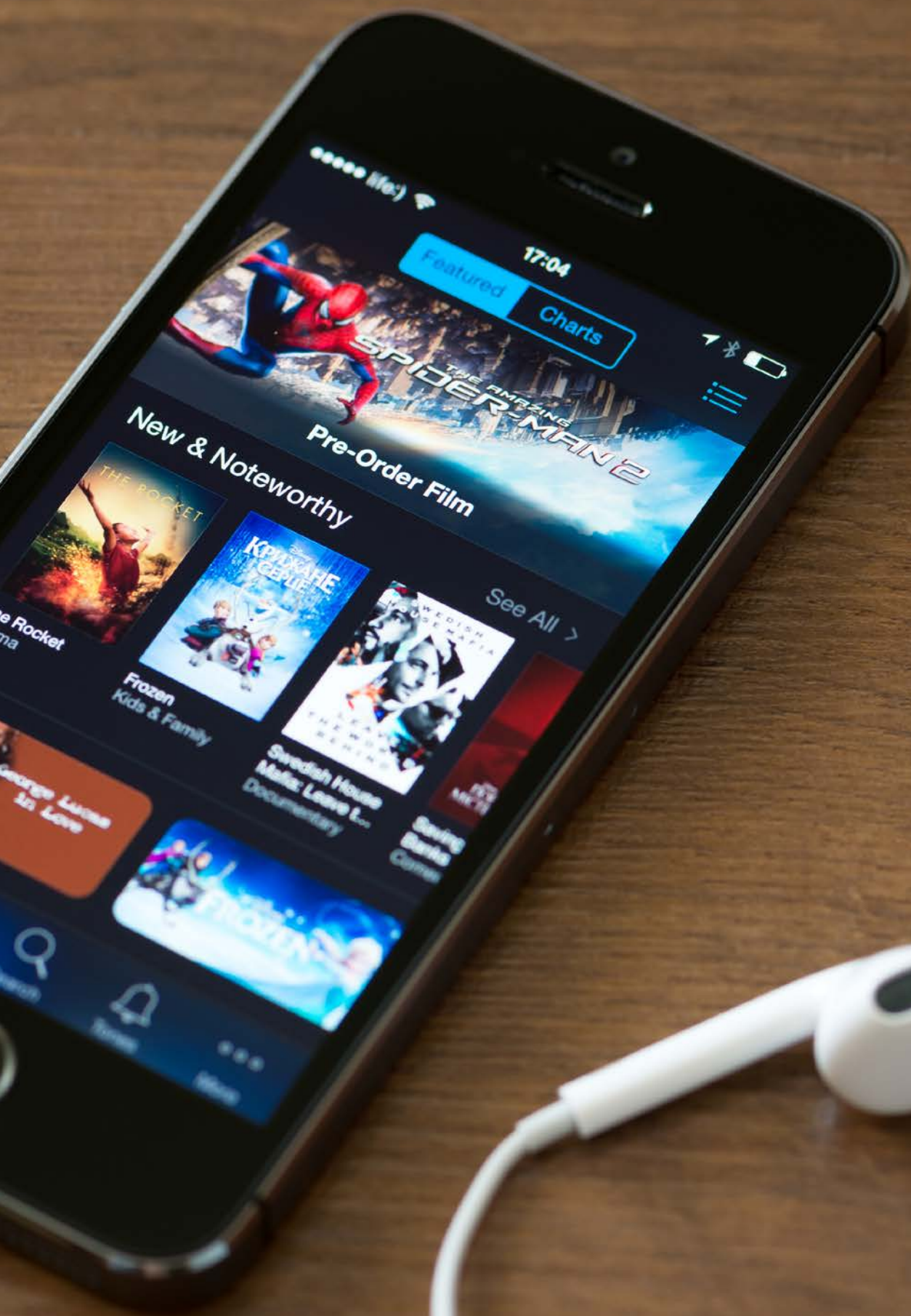
All data is open sourced and freely available to interested parties on the Opinium website [opinium.co.uk](https://www.opinium.co.uk).

## WHO SHOULD READ THIS REPORT?

This study offers a new perspective on the shifting attitudes and behaviours of the general public in relation to entertainment. It is a crucial read for advertisers, media buyers and providers of any consumer content. In fact, it is a must read for anyone who wants to know why we consume different types of content and what the future holds for content providers.





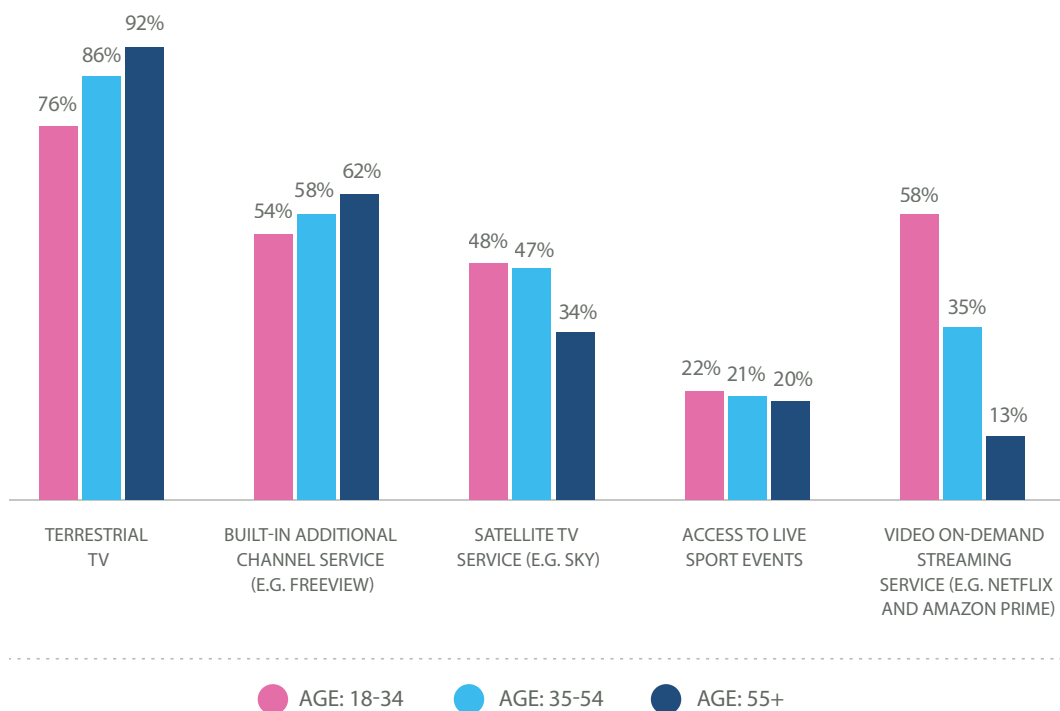


# Programming should fit around me and my life

Terrestrial TV continues to have a high viewership but increasingly more and more content is being streamed. Accessibility is key, as Video on Demand (VoD) has changed consumption patterns from traditional appointment to view programming, to watching whenever you like. Users are choosing to view VoD as they can mould it around their lives rather than the other way around. There will always be space for live sports/music/news programmes on terrestrial TV but forward thinking VoD services give the option to download content for viewing when there is no internet access (such as when commuting).

VoD is particularly popular among the young (Figure 1), as this generation are more impatient and expect instant gratification. This is reflected in Netflix's release of entire series in one go, rather than the traditional one per week. Some of the most popular shows on Netflix such as Narcos and Stranger Things were released in a full series block, this is perfectly tailored to the younger generation.

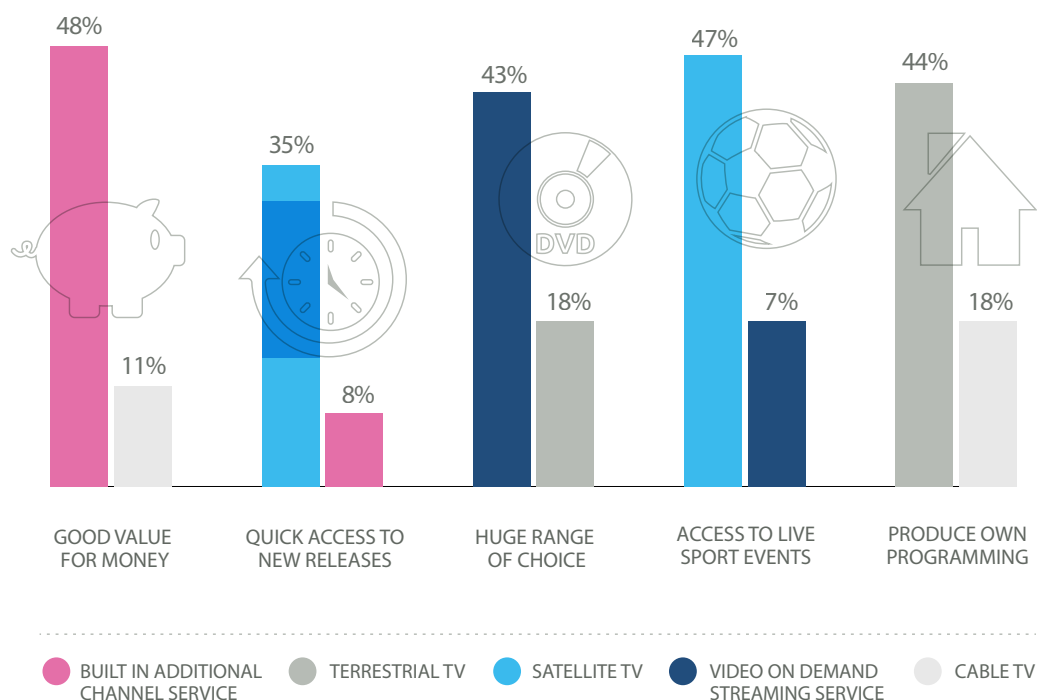
Figure 1: Regular watchers (at least once a week) by age group



## Whilst the media landscape is fragmented, VoD is beginning to offer more diverse reasons to view

There are clear differences in the reasons to choose different broadcasting and entertainment services. Built-in options, such as Freeview, offer value for money, whereas Sky/Satellite TV relies heavily on access to live sports events. Terrestrial TV enjoys the best perceived talent, sound and vision quality and original content. However, VoD already delivers more diverse reasons to view, providing greater personalisation, choice and overall happiness than other broadcasting and entertainment services (Figure 2). Streaming services are also aggressively targeting their perceived shortcomings, investing in attracting the best actors and directors with bigger budgets and greater directorial freedom.

Figure 2: Services most and least associated with positive attributes







# Reasons to change the channel

For satellite television, perceived shortcomings with customer service are cited as a concern. Furthermore, the cost of the monthly subscription fee is a barrier, particularly when compared to the cost, personalisation and range offered by streaming services. The lack of choice and ad breaks are perceived reasons to change the channel from terrestrial television (Figure 3). Whilst the key barrier for streaming services lies in the belief that they are complicated to use (with this heavily biased towards the older 55+ group) (Figure 4). However, this is likely to fade as all generations become increasingly familiar with digital streaming services.

Figure 3: Services most and least associated with negative attributes

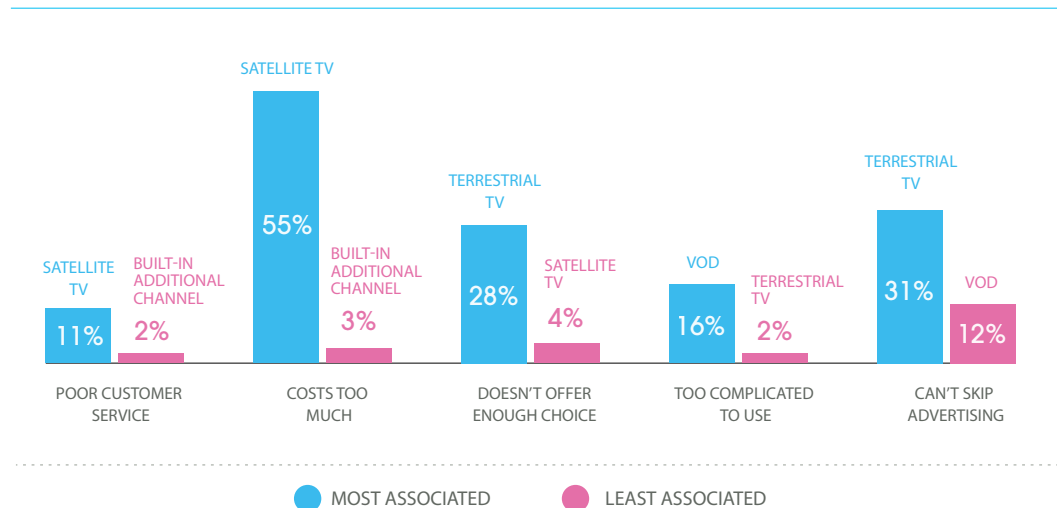
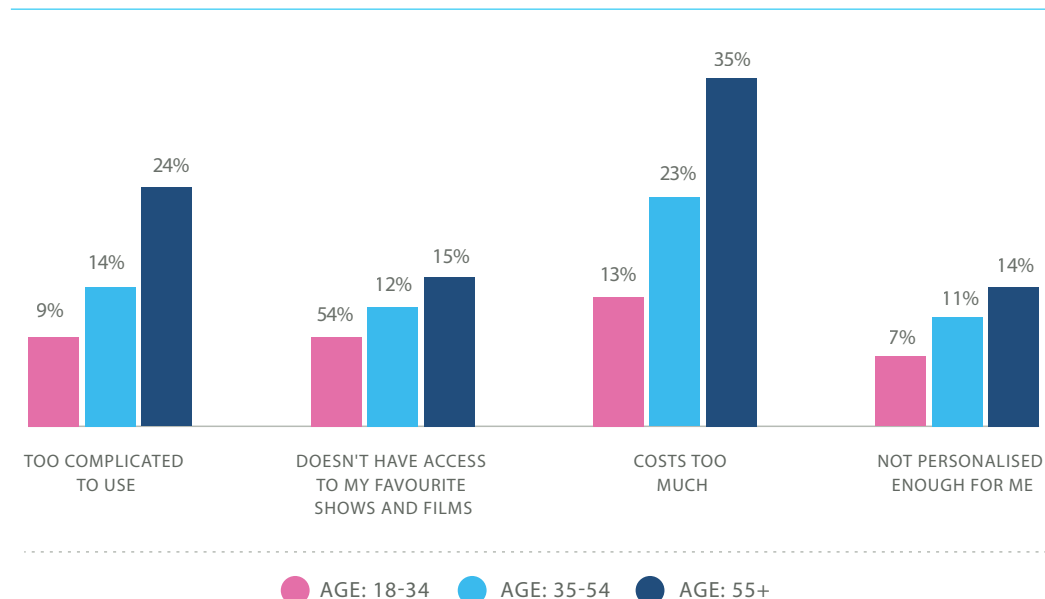


Figure 4: VOD negative attributes split by age group









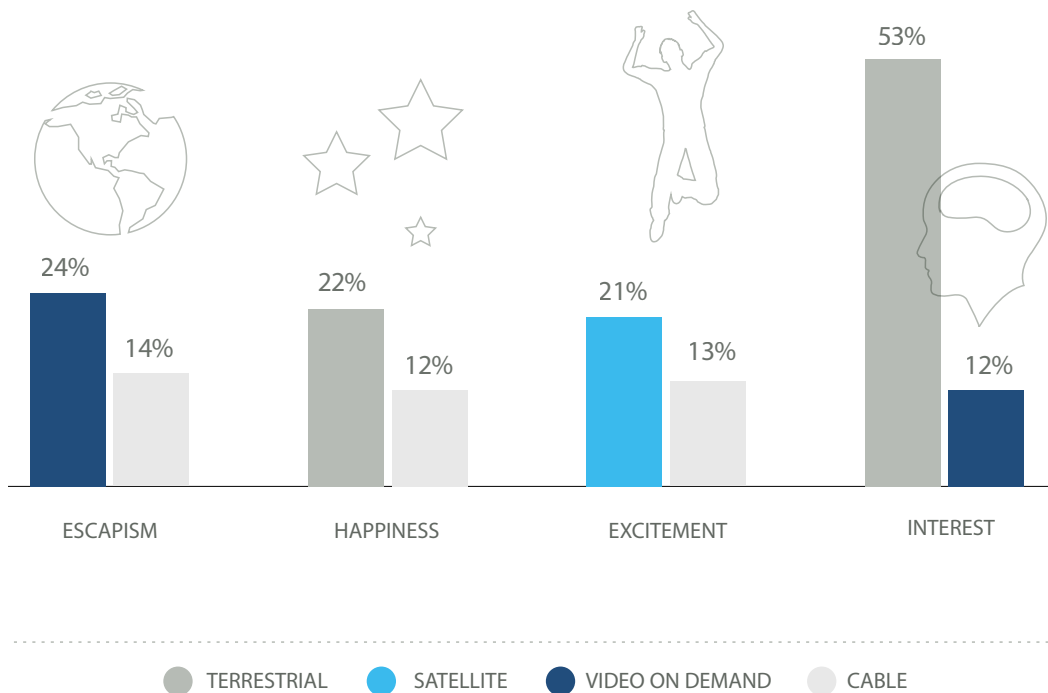


## Beyond the Binge - satisfying the emotions of a new generation

There was a belief that the rise of smartphones, YouTube and falling attention spans would lead to an explosion of bite size content. However, the quality of programming on offer, coupled with the release of entire series box sets has created a culture of binge watching for streaming services. This manifests itself in very different mindsets for those watching VoD in comparison to terrestrial television. The proliferation of binge watching on streaming services, leads to a sense of excitement and escapism, traditionally the preserve of a trip to the cinema (Figure 5). Terrestrial TV still enjoys hugely successful, appointment to view shows such as 'Strictly' and 'Bake Off', which lends this content a sense of happiness and interest.

On a less positive note, terrestrial TV is found more boring (13%) and frustrating (6%) than VoD (4% and 3% respectively), due to more limited choice, compared to thousands of hours of choice on VoD and Sky. A further concern is that streaming services are winning the battle for the youth with just 7% finding VoD boring compared to 20% for terrestrial TV. Built in channels have the best value for money (48%)

Figure 5: Emotional response of each service (most and least associated)



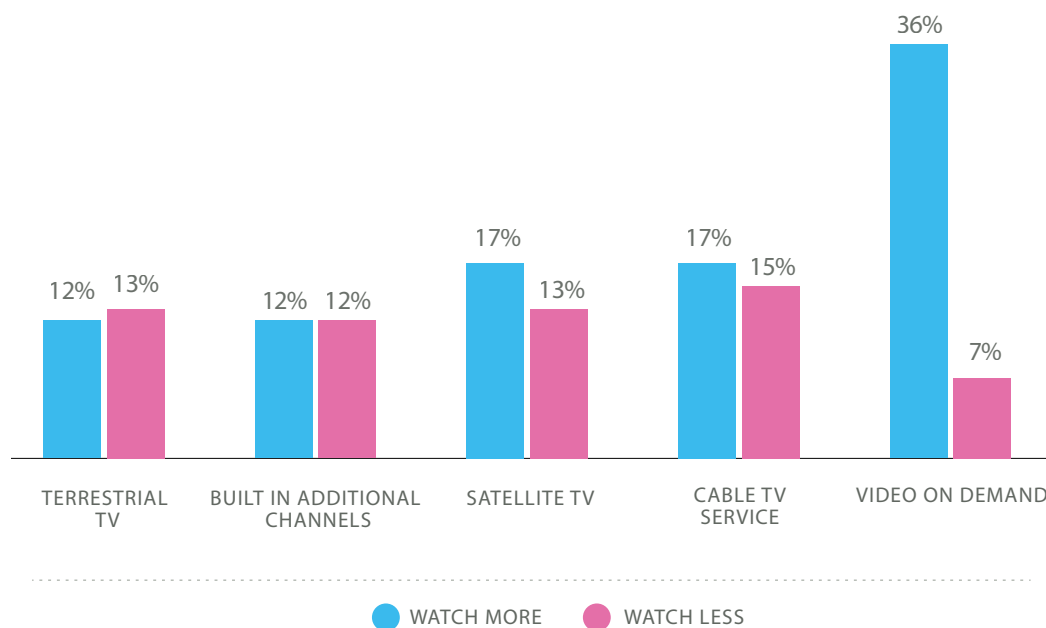


# Streaming will continue to revolutionise the media landscape

Streaming is likely to increase exponentially in the next year, with 29% growth in viewership. More encouragingly for traditional content providers, this increase in streaming doesn't come at the cost of traditional channels, with all other content providers remaining largely static (Figure 6). This suggests that consumers feel there is a case for multiple channels to choose from, or alternatively, that no single service delivers everything they need.

Looking at this by age, 45% of 18-34s think that they will consume more VOD content compared to 26% of 55s+. This shows how large the current content market is. Almost half of content users think that they will consume more over the coming year. This is a clear indication to service providers that the market is not only growing significantly but is also here to stay. If other companies can better their online offering with either an increase in quality programming or showing prized content, then their market share can increase. Since it costs less to retain consumers than generating new ones this can increase long term profitability.

Figure 6: increase or decrease in service viewing



## Battle of the brands

The individual content providers offer different experiences, our research shows that NowTV viewers are the most likely to have an emotional reaction when watching the content evoking escapism, happiness and interest. SkyGo also fared well in the escapism category (Figure 7).

These positive emotional associations for NowTV are likely to be due to the wide variety and quality of content available, with the brand scoring highest on the range of choices (64%) and best quality actors/directors (33% joint with Netflix).

However, it is important to note that the study fielded during the launch of Game of Thrones Series 7, inflating scores for both SkyGo and NowTV, as this show is a flag bearer for escapism.

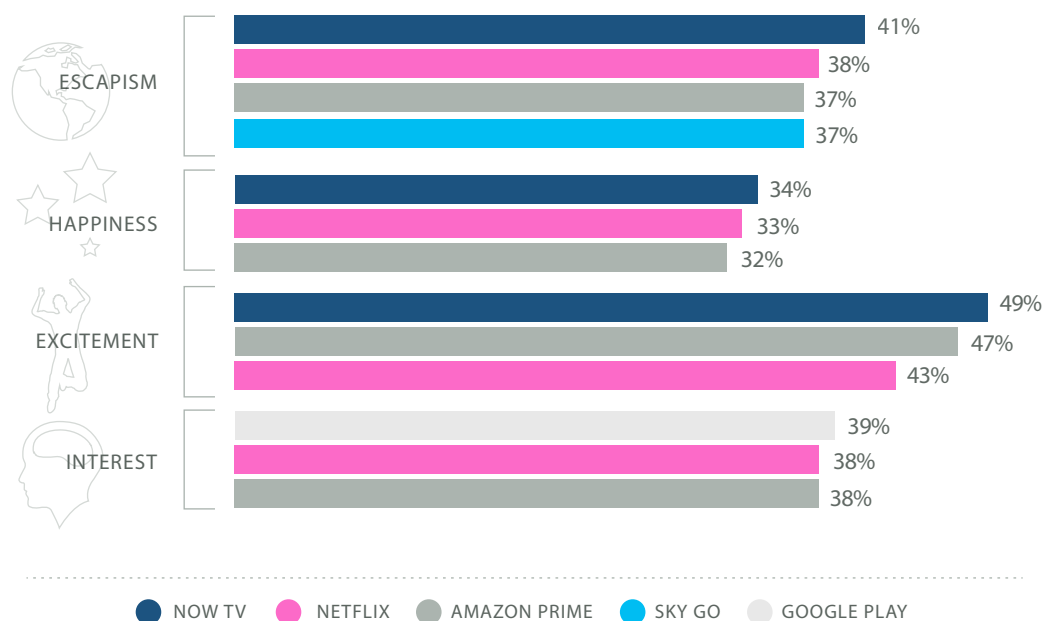
The comparatively large amount of frustration that Amazon Prime customers experience is likely to be caused by the fact that Prime had the highest level of technical issues (6%), costs too much (14%) and doesn't have access to customers favourite shows (10%).

It was Netflix, however, who came out the strongest - winning best value for money (47%), best quality actors/directors (33%) (alongside NowTV), ease of use (49%) and most significantly overall happiness (79%). Netflix also did not feature in the top spot for any of the barrier categories.

Our research shows that NowTV viewers are the most likely have an emotional reaction when watching the content evoking escapism, happiness and interest.



Figure 7: Streaming services most associated with positive emotions



18-34s are clearly more engaged emotionally with content than the older age groups, with millennials proving more likely to associate streaming services with escapism, happiness, excitement and interest. Millennials are also more likely to score streaming services higher on all the positive rational associations (except live sports) when compared to the other age brackets.





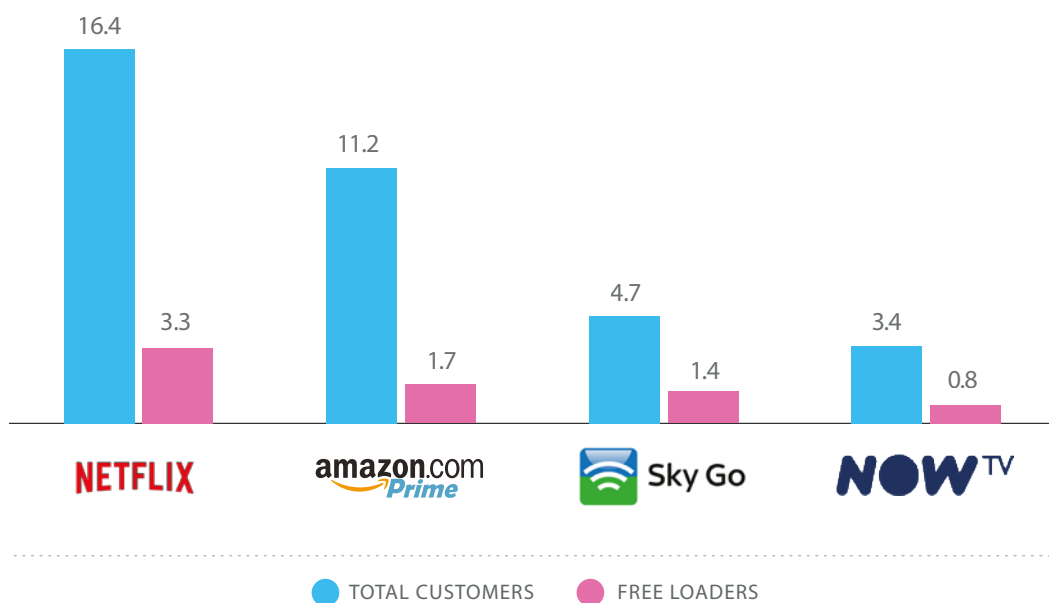
## Account Sharing – great marketing or an expensive problem?

Streaming platforms allow multiple profiles on one account so it is not surprising to find that not all who stream content pay for the subscription themselves. 20% of Netflix users don't pay for it at all and only 15% pay part of the subscription. This equates to 16.4m total Netflix users across the UK, of which 3.27m do not pay the subscription fee. This is much the same for Amazon Prime out of 11.2m users, 1.7m do not pay for the account (Figure 8). This is quite a significant number, although this cannot be considered lost revenue as these services offer multiple profiles per account, it is interesting to see that around a fifth do not purchase the services yet still consume their content. The content subscription industry is the only industry which operates in this manner.

Our research shows that the average Netflix account has 1.9 users, Amazon Prime 1.2 users and Sky Go 1.6 users. Out of those who share an account 65% share it with their partner and two thirds (59%) with their immediate family members.

Looking at all VoD services the total number of accounts shared with an ex is 463,124. This is quite a large amount of accounts which are either used unknowingly or allowed to share out of goodwill.

Figure 8: Users of streaming platforms in millions





## How does cinema react to the threat of streaming?

VoD is undoubtedly on the increase, and this has the potential to impact the broader entertainment industry, especially cinema. Previously, cinema was the pinnacle of the TV and movie industry with film having the biggest budgets and best actors but this is beginning to change with Netflix investing heavily in big-budget films such as *War Machine* (\$60m) and *Okja* (\$50m). This explains why there are growing concerns within the film industry and why the industry's chief film event Cannes included the rule that all entrées have a guaranteed theatrical release to clamp down on the streaming service.

Looking at our data, three quarters say that the rise of online streaming platforms has had no effect on their cinema use, while a quarter say it has decreased their use (Figure 9). This largely supports the statement made by Vue CEO Tim Richards who said their major competition is not with Netflix or the Internet, but with sporting events, bowling and nightclubs.

This not only demonstrates that cinemas are holding their own against streaming platforms despite the threat, but also reveals that the cinema industry's real enemy lies outside of broadcasting and streaming services. Cinemas have recognised the threat of other entertainment forms (and to a lesser extent streaming services) on their market share and are improving their experience to retain their customers.

The cinema industry is therefore going boutique: innovations such as outdoor film clubs, iconic film screenings with special guests, greater focus on food and drink along with membership schemes are broadening out the experience and making the cinema a social hub for the community. Personalisation (and the concept of bringing the living room into the cinema) has become an essential feature of the modern cinema, with targeted screenings attempting to entice consumers to opt for the big screen rather than a café, restaurant or club. It is not unusual for cinemas to offer mother and baby sessions during the morning/early afternoon, and PictureHouse Central in London's West End has gone a step further by hosting canine-friendly screenings.

Similarly, technological innovations are enhancing the experience such as 4DX incorporating wind, motion water and scent to the film and 'Super Screen' which is a wall-to-wall, ceiling high screen providing a higher quality 3D experience making the experience fully immersive. This evolution in technology and the cinema going experience could be key in keeping up with streaming platforms as cinema's quality will always be consistently higher. The issues arise when cost comes into this, new types of screens and experiences are costly and the cost for innovation is then passed onto customers.

---

Looking at our data, three quarters say that the rise of online streaming platforms has had no effect on their cinema use

---

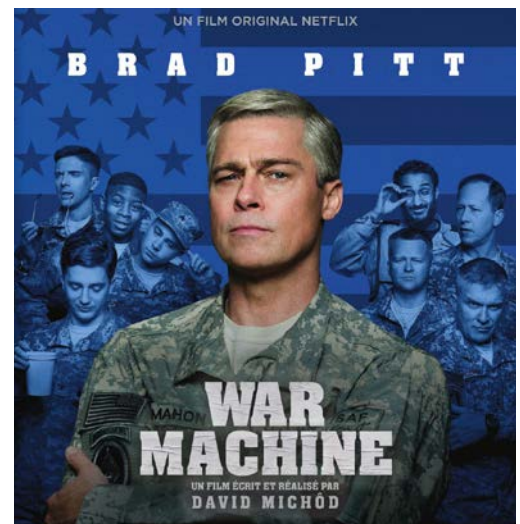
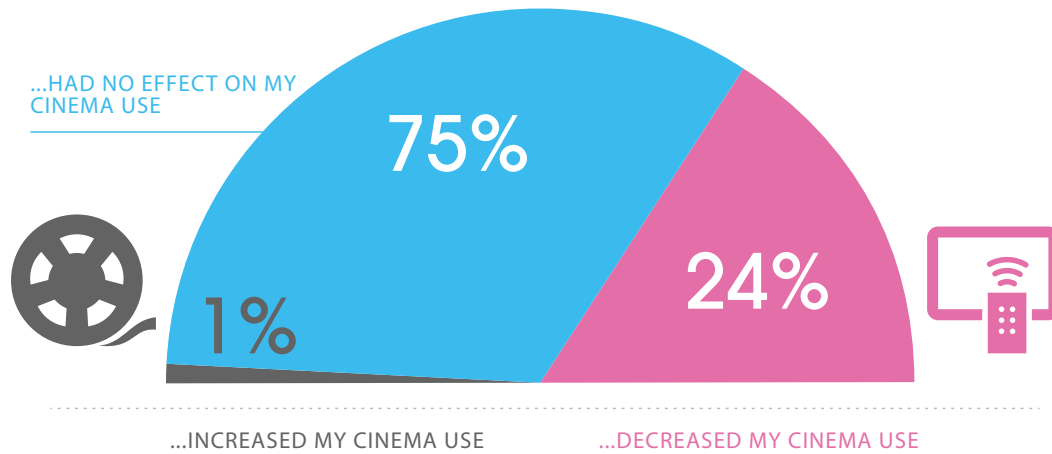




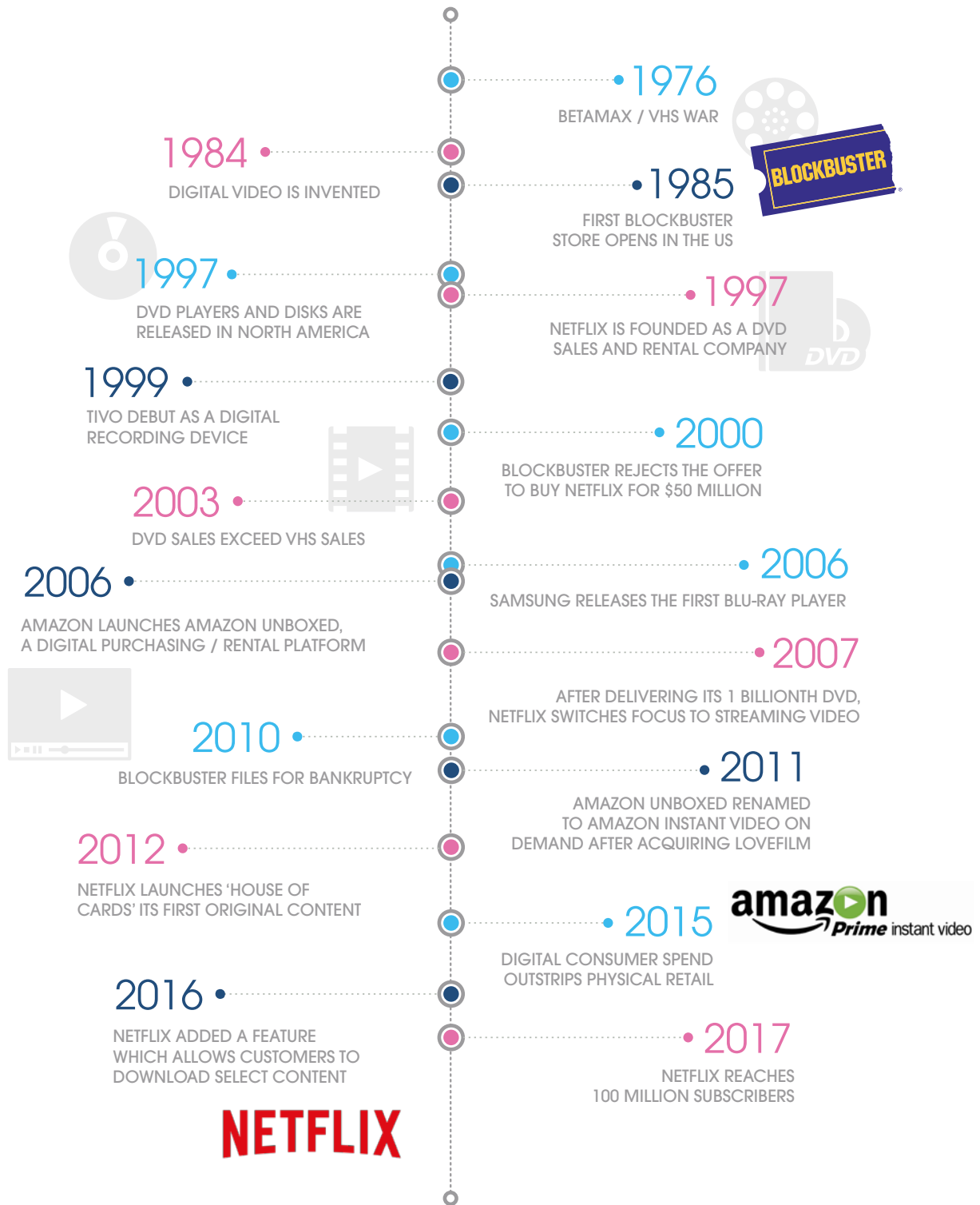
Figure 9: Impact of streaming on cinema use

THE RISE OF ONLINE STREAMING PLATFORMS HAS...



The first casualty of streaming was the home rental and DVD industry. Before the introduction of VoD services, consumers would purchase a DVD of a film or TV series, now the VoD services has a huge range of titles for the price of one DVD a month. The falloff in DVD sales is going the same way as the DVD and Video rental industry. According to ERA stats<sup>2</sup>, the sale of physical DVD sales fell by 16.9% in 2016 to £894m, compared with Digital Video revenues which increased by 22.8% to £1.3bn. The speed in the shift towards streaming services is fast, digital consumer spend outstripped physical retail for the first time in 2015 and is showing no signs of slowing down.





## CONCLUSION

**Media industries are starting to arise from a period of sustained disruption with a newfound sense of optimism and determination. Through the recognition of the changing face of the consumer, companies are producing emotionally-driven and hard-hitting content.**

Further to this, they are adjusting to the fragmented audience by personalising content to specific groups. These alterations come at a time where there have been wide-spread suggestions that traditional terrestrial TV and cinema are well past their sell by date. Our findings, however, suggest the opposite. Rather than the end of an entertainment era, our results suggest that the industry is moving in an entirely new direction. Characterised by personalisation, the winners in this new approach will be those who develop content where the customer is at the forefront of thinking, rather than simply the product itself. There is a growing understanding across the industry that the experience is as important as the physical content itself.

There is a clear trend towards personalisation. Consumers (particularly the younger generation) will increasingly expect to watch what they want, when they want, across whichever device they want. Big budget quality programming and the release of entire series box sets on VoD means that people watch this channel for a sense of escapism and excitement; whereas appointment to view shows on Terrestrial TV such as 'Bake off', spark national discussion and debate and generate an emotional boost of interest and happiness. The future of content lies in covering all the emotional needs and event programming to deliver those water cooler conversations.

---

**There is a clear trend towards personalisation. Consumers (particularly the younger generation) will increasingly expect to watch what they want, when they want, across whichever device they want.**

---



At present, the service that looks to be most at threat from the rise of streaming services is Satellite/Cable Television. It is suffering the opposing threat of technology from streaming services offering greater range and personalisation, alongside terrestrial and built-in options making its monthly subscription fee eye-watering. Whilst streaming is predicted to grow exponentially in the next year, this doesn't yet come at the cost of more traditional providers. This suggests that whilst streaming is gaining momentum, it isn't yet considered as a direct replacement for other services.



The next challenge will be a content provider who combines the benefits of streaming (personalisation, choice, range and quality) with the benefits of other channels (appointment to view shows and live events). Cinema is not yet directly threatened by the rise of streaming as it is combating the threat by evolving its customer experience and broadening out the cinema's role in the community. All of the innovations benefit the consumer, from tech making the experience immersive to better quality food and drink making the cinema a broader social destination. However, the challenge facing cinema is to justify the rising price against a backdrop of consumer expectations for immediate and free content.





## Technical Appendix

Opinium conducted an online survey between the 18th and 21st of August 2017. The survey was conducted amongst a nationally representative sample of over 2,000 UK adults. The results have been weighted to reflect nationally representative criteria across gender, age, region, working status and social grade in the UK.

<sup>1</sup> Automated Insights <https://automatedinsights.com/blog/netflix-statistics-how-many-hours-does-catalog-hold>

<sup>2</sup> Entertainment Retailers Association <http://eraltd.org/news-events/press-releases/2017/entertainment-sales-reached-63bn-in-2016/>



## ABOUT THE AUTHORS



### **Wez Eathorne //**

Wez is a Research Director with 20 years' experience specialising in Brand and Communications research. Wez is fascinated by the destabilising impact of digital streaming and how this offers consumers the ability to control and personalise what they watch.

**[wezeathorne@opinium.co.uk](mailto:wezeathorne@opinium.co.uk) :: 020 7566 3191**



### **James Nicandrou //**

James has experience on both thought leadership and custom projects in technology and consumer habits. He has recently turned his attention to the entertainment industry working on brand planning and advertising awareness.

**[jamesnicandrou@opinium.co.uk](mailto:jamesnicandrou@opinium.co.uk) :: 020 3119 3681**



### **Faye Gibbons //**

Faye focuses on brand evaluation and advertising at Opinium. She has helped clients in the UK and globally understand key insights from campaigns to inform their strategy and recognise important stakeholders.

**[fayegibbons@opinium.co.uk](mailto:fayegibbons@opinium.co.uk) :: 020 7566 7430**



### **James Stevens //**

James works across Opinium on a range of UK and International projects as part of the thought leadership and finance teams. James has experience amongst consumer and secondary research for media and retail agencies.

**[jamesstevens@opinium.co.uk](mailto:jamesstevens@opinium.co.uk) :: 020 3119 3683**



## About Opinium

OPINIUM is an award winning strategic insight agency built on the belief that in a world of uncertainty and complexity, success depends on the ability to stay on pulse of what people think, feel and do. Creative and inquisitive, we are passionate about empowering our clients to make the decisions that matter. We work with organisations to define and overcome strategic challenges – helping them to get to grips with the world in which their brands operate. We use the right approach and methodology to deliver robust insights, strategic counsel and targeted recommendations that generate change and positive outcomes.

**[www.opinium.co.uk](http://www.opinium.co.uk) :: [research@opinium.co.uk](mailto:research@opinium.co.uk) :: 0207 566 3190**



What people  
think, feel and do.