



THE UK TELEVISION LANDSCAPE REPORT

A quarterly review of population
trends and changes in how people
can watch television

Q4 2016



Analysis by





THE UK TELEVISION LANDSCAPE REPORT

HELLO,

Welcome to the latest edition of The UK Television Landscape Report, a quarterly report that reviews population trends and changes in how people can watch television.

Advances in technology have brought new ways for viewers to watch their favourite programming. News coverage of these developments is extensive, not least because of the dominant place that television still occupies in our collective consciousness. Yet frequently, this coverage can overstate the impact of the new and overlook enduring strengths of the television industry.

Each year, BARB interviews over 53,000 people for our Establishment Survey. It is a vital part of the services that we commission to deliver daily viewing data from a representative panel of over 5,100 homes. The Establishment Survey identifies shifts in the landscape that we have to monitor, while also providing new panel homes and details for our weighting scheme. Household demographics are naturally an important part of what we ask about in the Establishment Survey, although we also focus on the ways in which people can watch television.

The UK Television Landscape Report features articles that delve into certain parts of the data. For this report we look at two questions.

- What role do PVRs play in the way we watch television? Timeshifting continues to grow as we leave video cassettes behind and start to embrace smart TV apps.

- Will today's young adults and children increase their television viewing as they get older, as previous generations did? We investigate how changes in lifestyles inform what might happen.

The report also includes updates to our regular trackers, including take up of SVOD services and device access in the UK. For BARB customers, there are additional interactive features to this report; you'll find these after logging on to our website.

What this report doesn't do is explore changes in viewing behaviour. That remains the principal focus for our annual publication, The Viewing Report. Side by side, these two complementary reports provide insight on the changing ways in which people can watch television and the ways in which they do.

I hope that you enjoy this edition and welcome your feedback.

Justin Sampson
Chief Executive
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CONTENTS

4

RE-RECORD NOT FADE AWAY

PVR households are more likely to have children, be of a higher social grade and subscribe to VOD services. But will PVRs continue to be the way they choose to timeshift their viewing?

11

LIFESTAGES AREN'T WHAT THEY USED TO BE

There has always been a connection between settling down with a partner and settling down in front of the TV. Are new generations putting off both?

15

TV LANDSCAPE TRACKERS

We track metrics which define the TV landscape



**RE-RECORD
NOT FADE
AWAY**



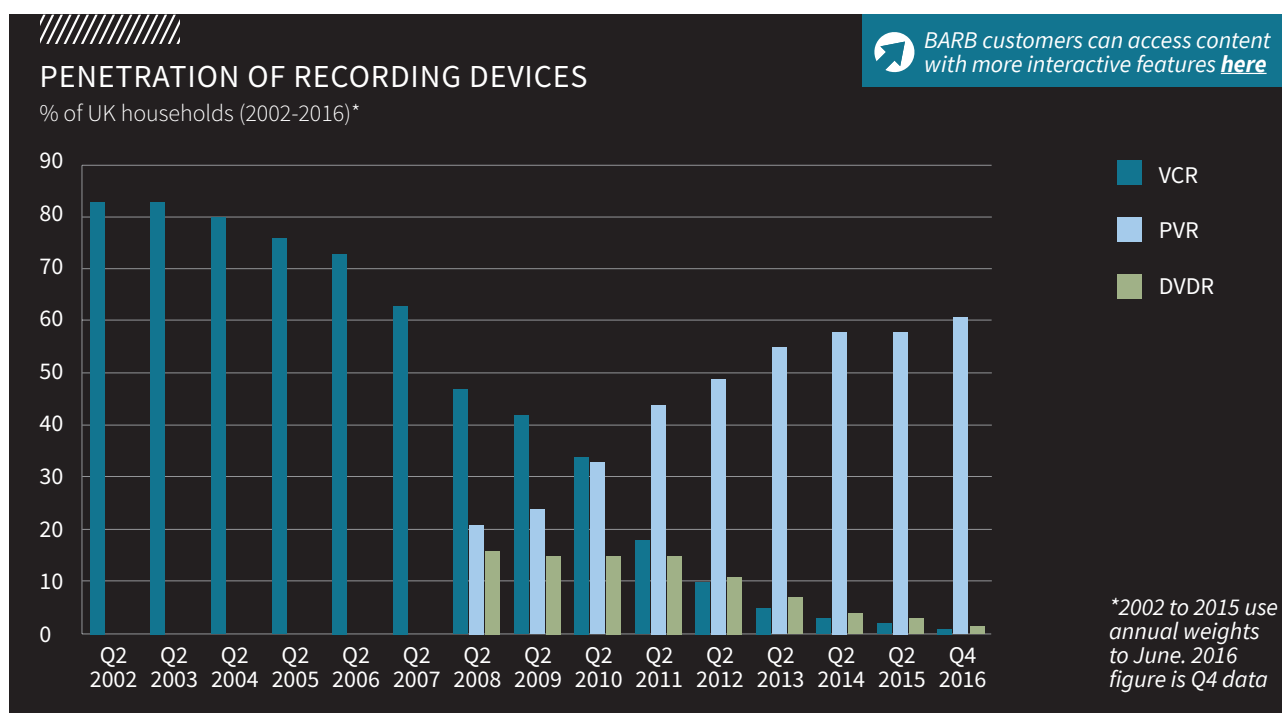
RE-RECORD NOT FADE AWAY

In 1985 an iconic animatronic skeleton came on our screens and entered our lives, eulogising about the quality of Scotch videocassettes. With Scotch, it was said, you could record and re-record and the picture will not fade away, alongside a rather catchy jingle that certainly didn't fade away anytime soon.

These video cassettes of course were for use in a Video Cassette Recorder, the prized possession of many a

household in the UK. No longer would you have to suffer missing your favourite television programme, the VCR was here to the rescue.

So embedded did the VCR become that in the summer of 2002, around 83% of UK households had a VCR in their home.



However, one year prior to this, a new product entered the UK retail market. Sky customers were offered a new Sky+ box. This box allowed the viewer to pause live television and record their favourite shows onto a hard-drive embedded within the box itself. There were no tapes, there were no disks. This was a new age, the age of the Personal Video Recorder (PVR).

Since the introduction from Sky, other platform operators have followed suit with their own version of a PVR, including the re-introduction of TiVO in the UK, through Virgin Media.

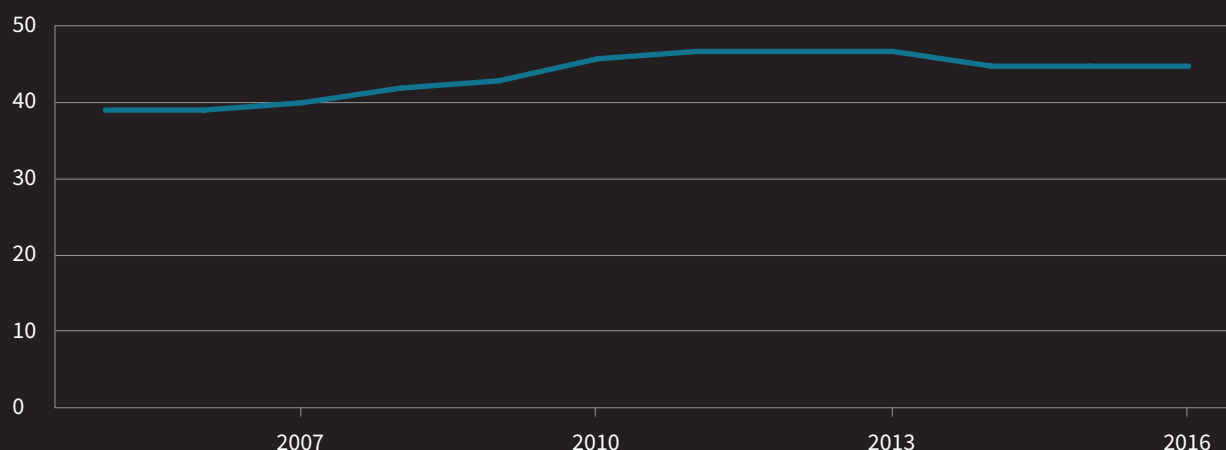
The impact on the humble VCR has been stark. From being in 83% of TV households in 2002, by the end of 2016 this figure was only 1%.

The introduction of the PVR was seen as a game changer for commercial television. In a world where the viewer can record what they like without the need for tapes and, even more, pause live-TV and skip the adverts, this was a potentially serious issue.





AVERAGE NUMBER OF COMMERCIALS SEEN PER PERSON PER DAY



Source: BARB /Thinkbox – 30 Second Equivalents

However, the demise of the television commercial spot has not happened and, in fact, it has since gone from strength to strength. In a non-zero sum game, the PVR, with the help of an expanding multi-channel market and smart media planning, has contributed to an increase in the average number of television commercials people see each day.

So, what can the Establishment Survey tell us about PVR ownership; what kind of people and what kind of households have these, and where next for recording devices?

THE BATTLE FOR THE REMOTE

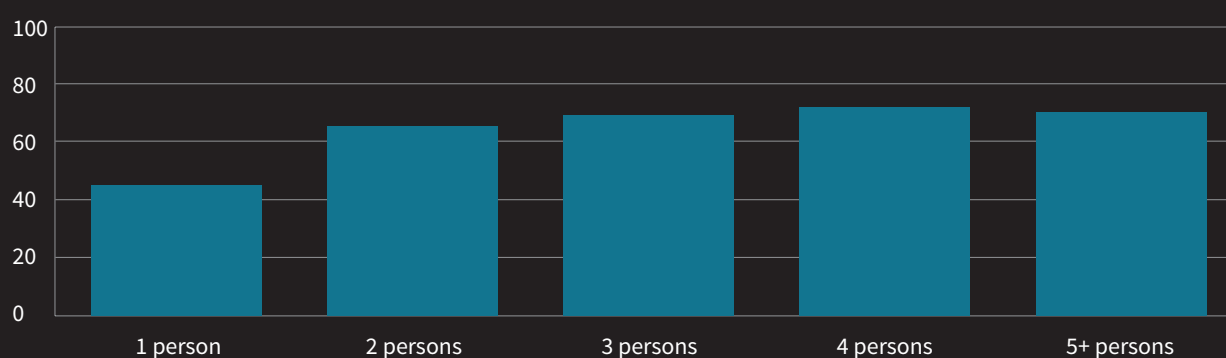
A common source of household discord over the years has been the decision of what to watch on TV. Of course, these discussions are not always necessarily democratic and in

many families there is a status that holds prestige above most: the person in charge of the remote control.



PVR PENETRATION BY HOUSEHOLD SIZE

Q4 2016, % households



With the plethora of channels and rich content covering many different genres, it's fair to say that it's not always possible to please everyone in the household at the same time. The ability for the family to sit and watch one programme together, whilst also recording another, means that no person should miss their favourite show – regardless of whether they are in charge of the remote.

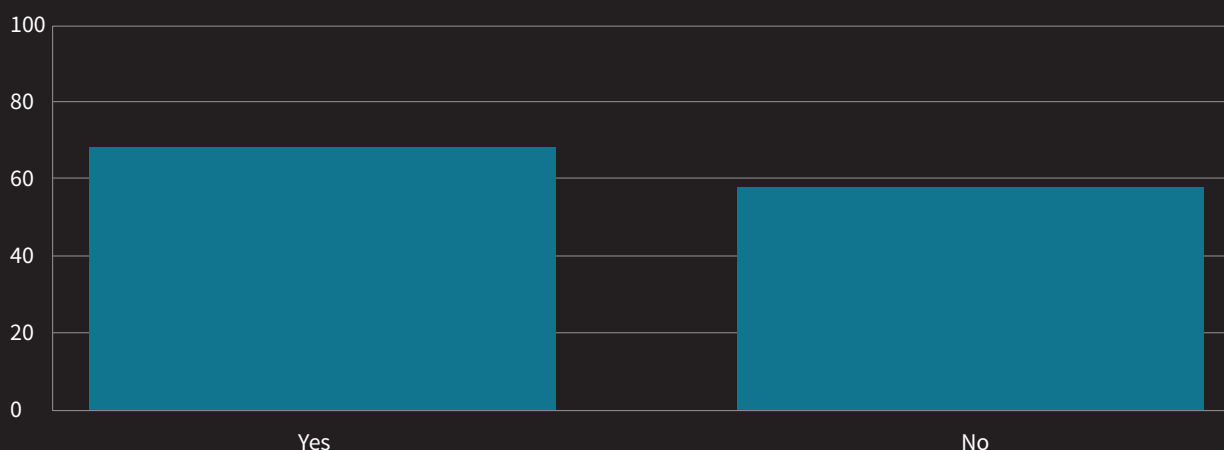
This bears true with the data we find from the Establishment Survey. The more people in a household, the more likely that household is to have need and use of a PVR. Across Q4 2016, only 45% of single person households had a PVR, but for households with 4 or more, this rises to 71%.





PVR PENETRATION BY PRESENCE OF CHILDREN

Q4 2016, % households



It's therefore not surprising that households with children are also far more likely to have the need for a PVR. In fact,

69% of households with children have a PVR, compared to 58% for households that don't.

SOCIAL CLIMBERS

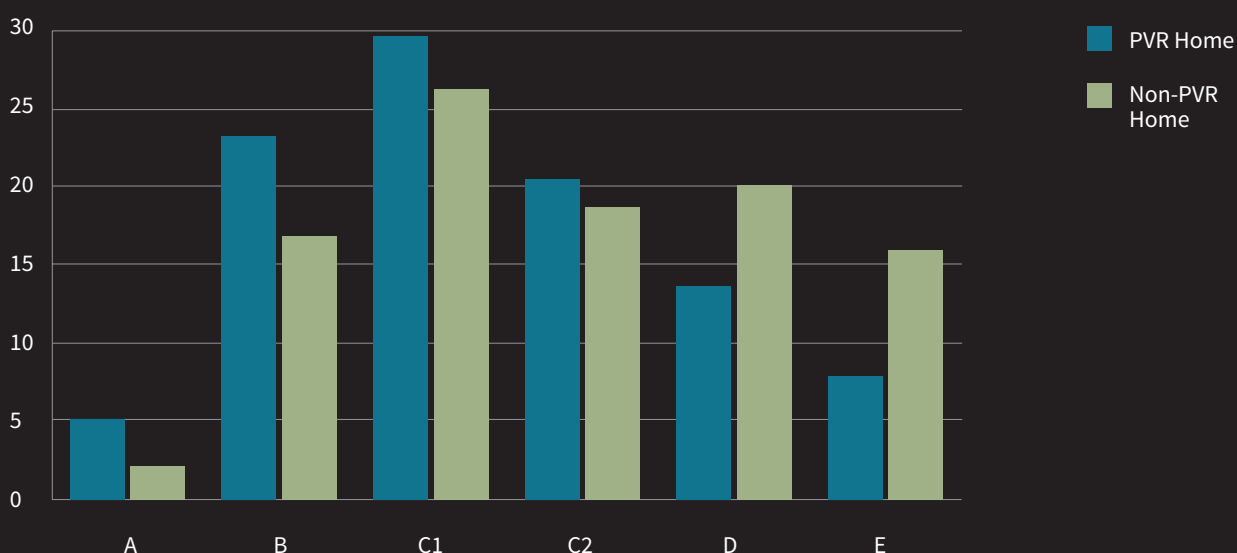
Society is used to identifying those who are well-off by the clothes they wear or cars they drive and of course, where they live. But rather than asking whether someone drove the latest BMW or Audi, a better indicator may be whether the person has a PVR.

From Establishment Survey data, we can see that high social grade households are far more likely to have a PVR than those of lower social grade. 58% of all households with PVRs are in the ABC1 social grade grouping, compared to 45% of households without PVRs.



PVR OWNERSHIP BY SOCIAL GRADE

Q4 2016, % households



There are of course multiple factors affecting these skews. Price points for a start, but also that PVR technology

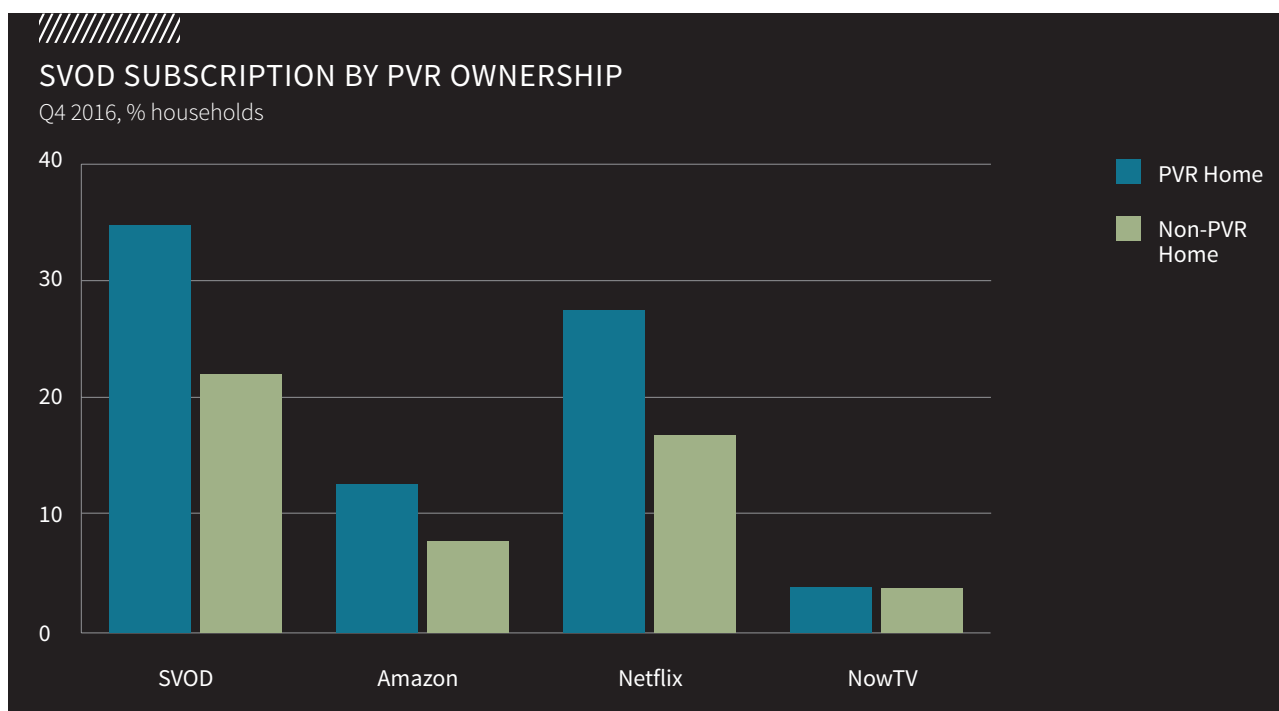
tends to be pushed by pay-tv platform operators whose customers are already likely to be of a higher social grade.



OFF THE RECORD

We know that a PVR offers the ability to record more of our favourite TV programmes than ever before but with the latest technologies offering even more tuners, we must ask, is there a limit to how much people want to watch? Apparently there isn't. Even with these facilities, PVR owners want more.

As Gordon Gekko would say, "greed is good". And that's certainly the case with PVR owners as they are also more likely to sign-up for premium subscription VOD services.



If they can't find what they want on the planner, then they will find it via streaming services. If you're a Netflix subscriber you are 25% more likely to have a PVR than a non-subscriber.

Of PVR owners, 35% subscribe to at least one SVOD service. This compares to only 22% of non-PVR owners.

It's therefore not surprising that the latest in set-top box technology is now integrating both streaming and recording facilities within the same offering. Not only does this cater to the viewers' needs and habits, it acknowledges the changing ways in which television content is delivered to our big screens.

SHAKEN NOT STIRRED

When you think of the latest gadgets and technology, you may think of James Bond. In every film, Q would equip Bond with gadgets that felt like a sneak peek into the future.

Now PVRs have a new gadget courtesy of Q, Sky Q. (Although it doesn't include an exploding pen.)

Following on from the evolutionary offering by EE which offers five tuners, the Sky Q box has 12 tuners. Only four are specifically assigned for recording while the others are used to stream to a variety of devices on the home network.

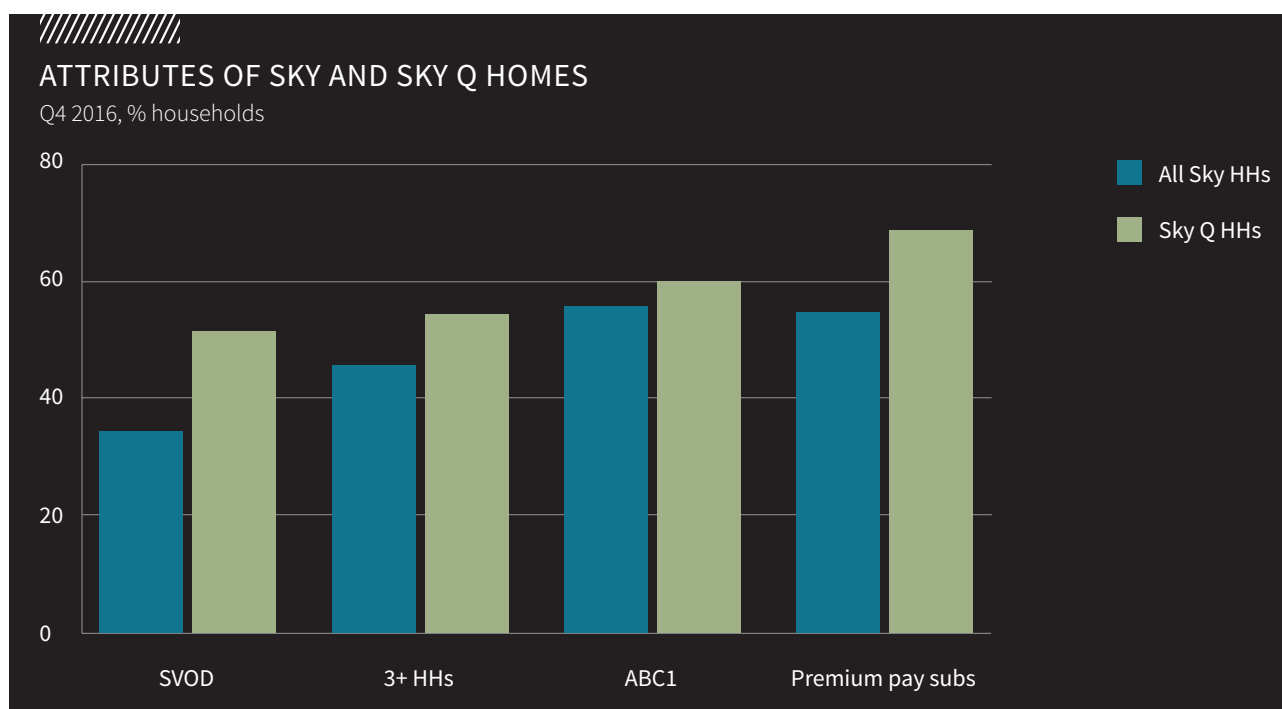
As with EE, Sky Q offers a much larger hard-drive on which

to store and, more importantly, organise your own content registry.

In addition, Sky Q offers the ability to stream or download certain recordings to your devices. This means that if you record and watch programmes on the move, you can then pick back up from where you left off on your TV set.

Following EE and Sky, Virgin Media have launched their own V6 TiVo box that also offers multi-tuner and hybrid functionalities.

We are in a new age of the PVR and this is just the beginning.



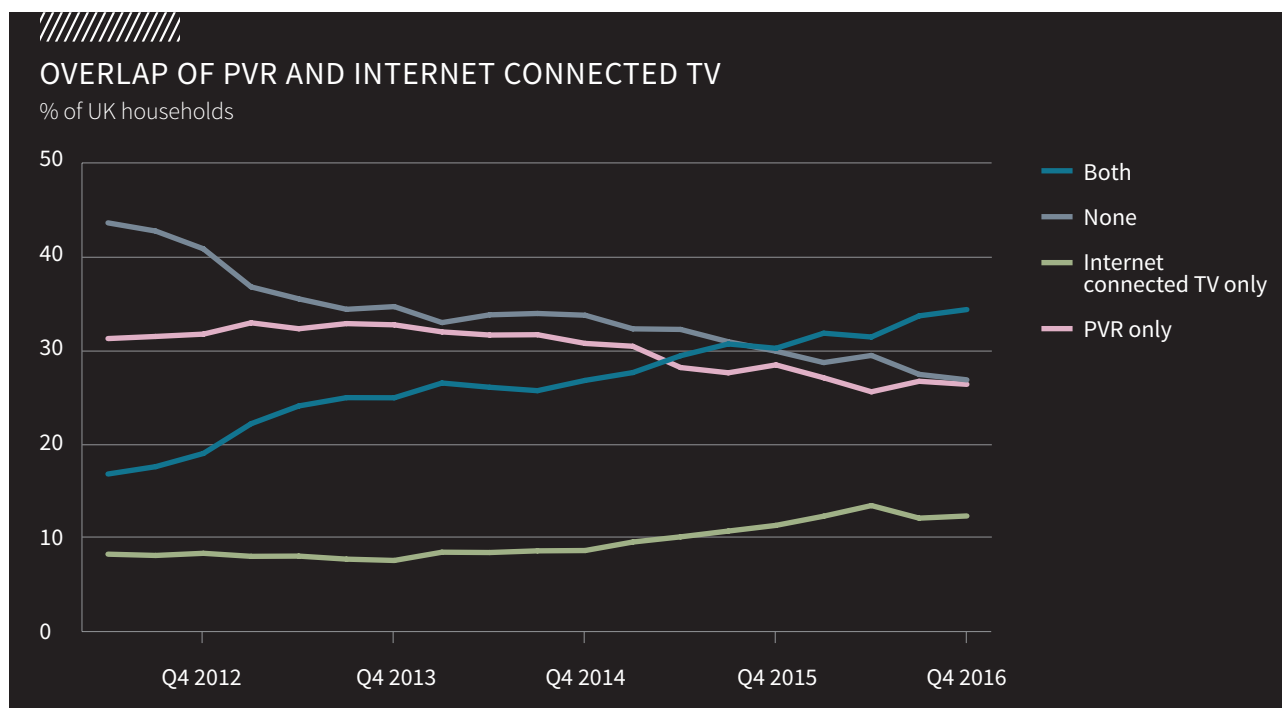
PLAYING CATCHUP

The Establishment Survey provides a rich understanding of how PVRs have established themselves in UK households and displaced the dominance of the VCR. However the PVR has not yet become as prevalent as the VCR once was.

Fewer households now have linear broadcast recording facilities than they did 15 years ago. This may seem counter-intuitive to the background of an expanding multi-

channel broadcasting environment. However, alongside the development of PVR technology there has also been the rapid progress in connected or smart TV technology.

What need is there for a separate set-top box to record a programme when catch-up services are now available and integrated within the TV set itself?



Establishment Survey data show that 32% of homes that don't have a PVR have an internet connected TV set in the home. This suggests that nearly 3.5m homes are choosing

not to have a recording device and instead relying on catch-up player apps as their source of timeshift.

ONLY TIME WILL TELL

The PVR continues to play an important role in how we watch television. But with hard-drives getting larger and with the cloud also offering potentially limitless storage

for recordings, there is just one question that needs answering: where on earth will people find the time to watch it all?

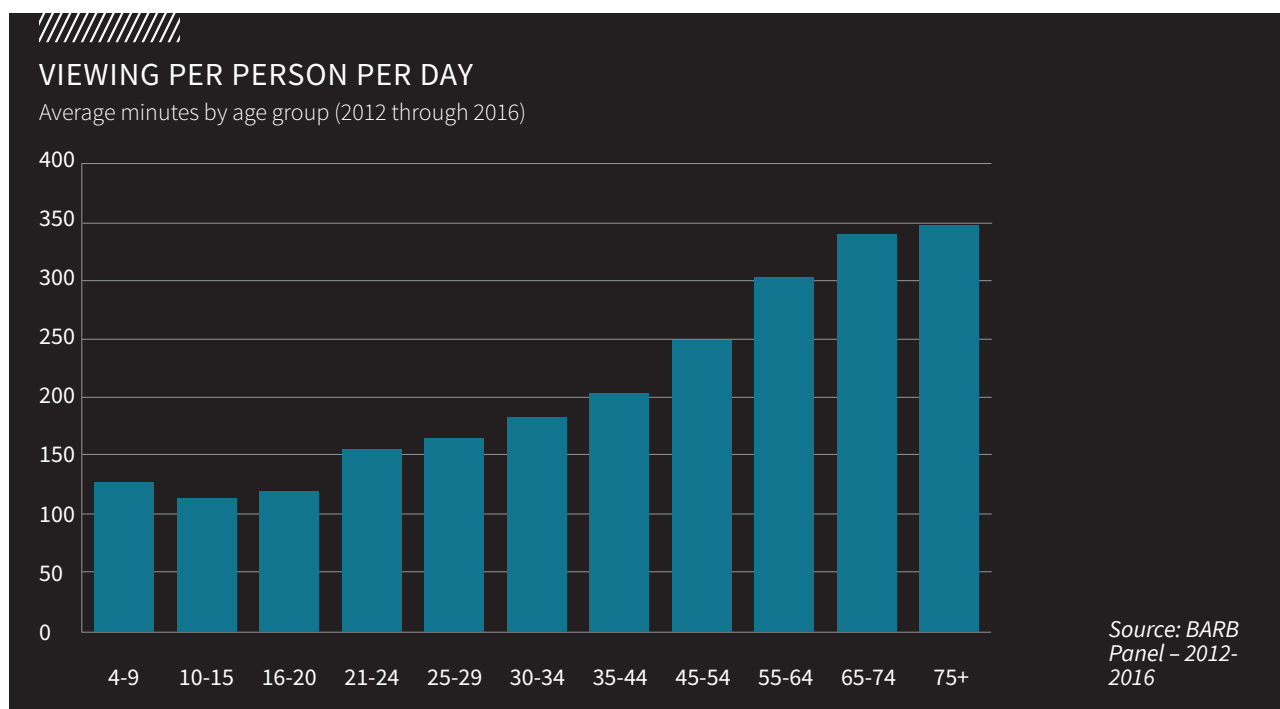
**LIFESTAGES
AREN'T WHAT
THEY USED
TO BE**



LIFESTAGES AREN'T WHAT THEY USED TO BE

As human beings we go through a constant period of change in our lives. Whether we are Baby Boomers, Generation X, Millennials or indeed the latest, Generation Z, one thing remains constant: we age.

And while we all age differently, in television at least, there are clear and distinct stages in our lives that can be segmented. These are often referred to as lifestages.



Television viewing undergoes a slow decline from childhood into teenage years. It then increases again as young adults leave the family home and set out into the world. As householders in their own right, and with control of the TV set, viewing levels increase. This does come with competing pressures on time, be they social activities or other factors relating to a much more transient lifestyle.

As adults start to climb in their careers and thoughts turn to settling down, buying a house and potentially starting a family, television viewing starts to increase once more.

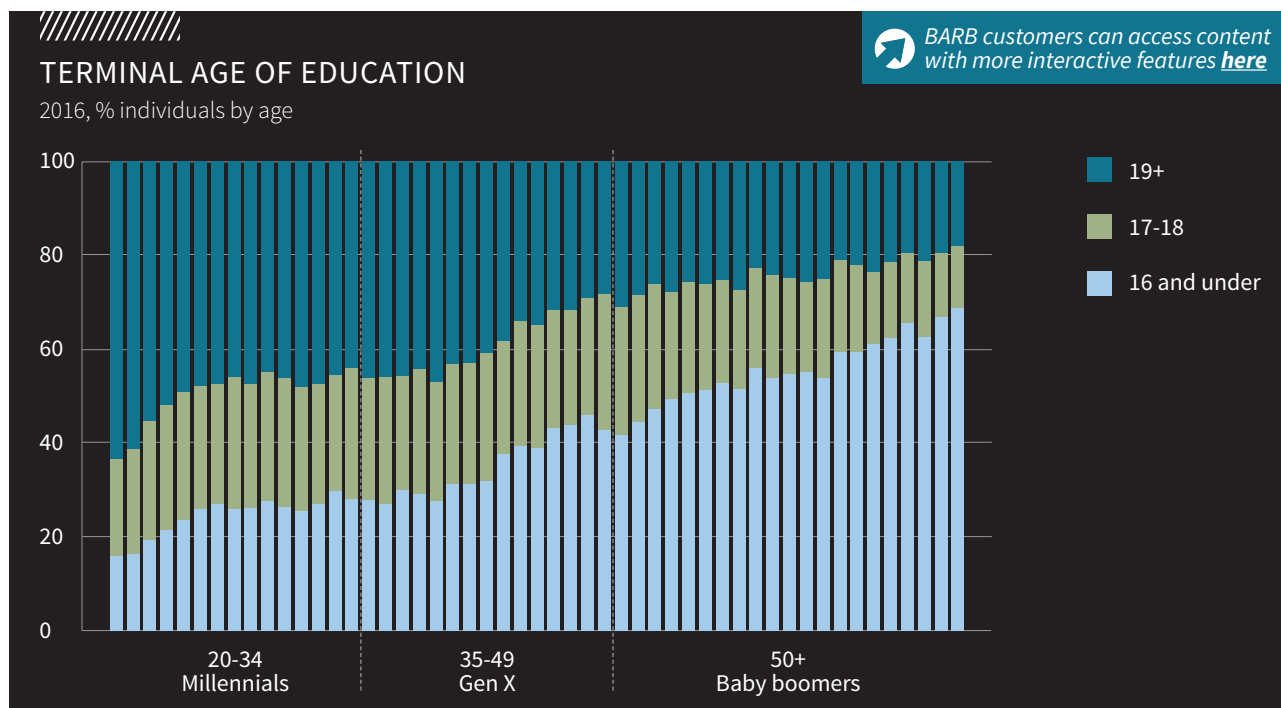
In recent years, with declining audiences for both children and young adults, the question has arisen as to whether previous lifestage trends in viewing behaviours are still relevant to the future. Do changes in environment, and new ways to watch television content, mean that future adults won't be watching the TV set in the same way as their own parents did and indeed do now?



EDUCATION, EDUCATION, EDUCATION

As Tony Blair stated at the Labour Party conference in 1996, the future government's three main priorities were all to be education. And it is fair to say, not only across the last 20 years, but indeed the last 50, the UK education system has changed significantly.

In higher education, record numbers apply and are accepted into university each year. This is also true of further education where more young adults are staying on at school after the age of 16 to learn.



The above chart identifies that for 20-24 year olds today, 56% have stayed in education after the age of 19. In comparison, for those aged 55+, this number was only 19%. So, as individuals, young adults today are staying in education longer than they have done in the past, staggering the transition away from living at home with their parents.

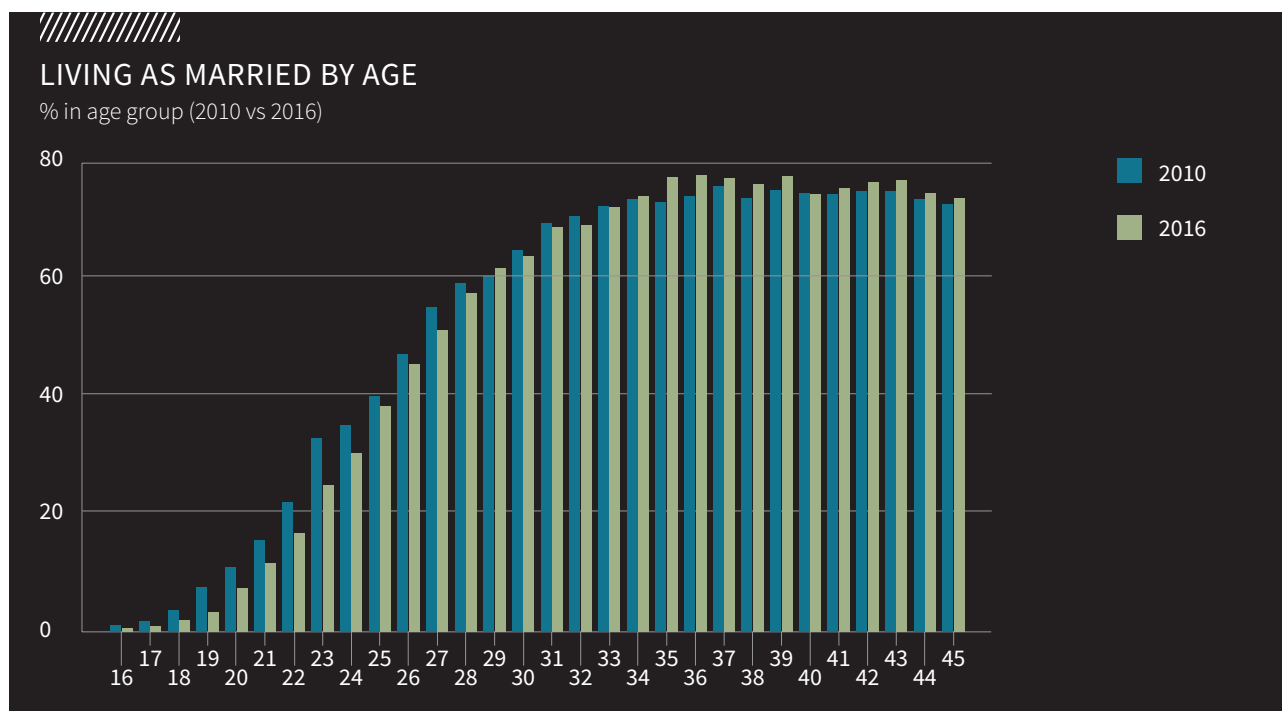
As a result the expected increase in television viewing for today's generation of 20-24 year olds is delayed, especially in comparison to previous generations.



WITH THIS RING, I THEE WED

Moving in together, or indeed getting married, is a major step in any person's life. And while spending an evening in together watching TV may not seem like the most exciting

part of this lifestage, this change has a significant effect on how we consume television.



Across the last five years, what we see from the Establishment Survey is a demographic shift towards young adults getting married or living together at a later time in their lives. In 2010, around 15% of 16-24s were either married or living as married. However, by 2016 this figure has fallen to 11%.

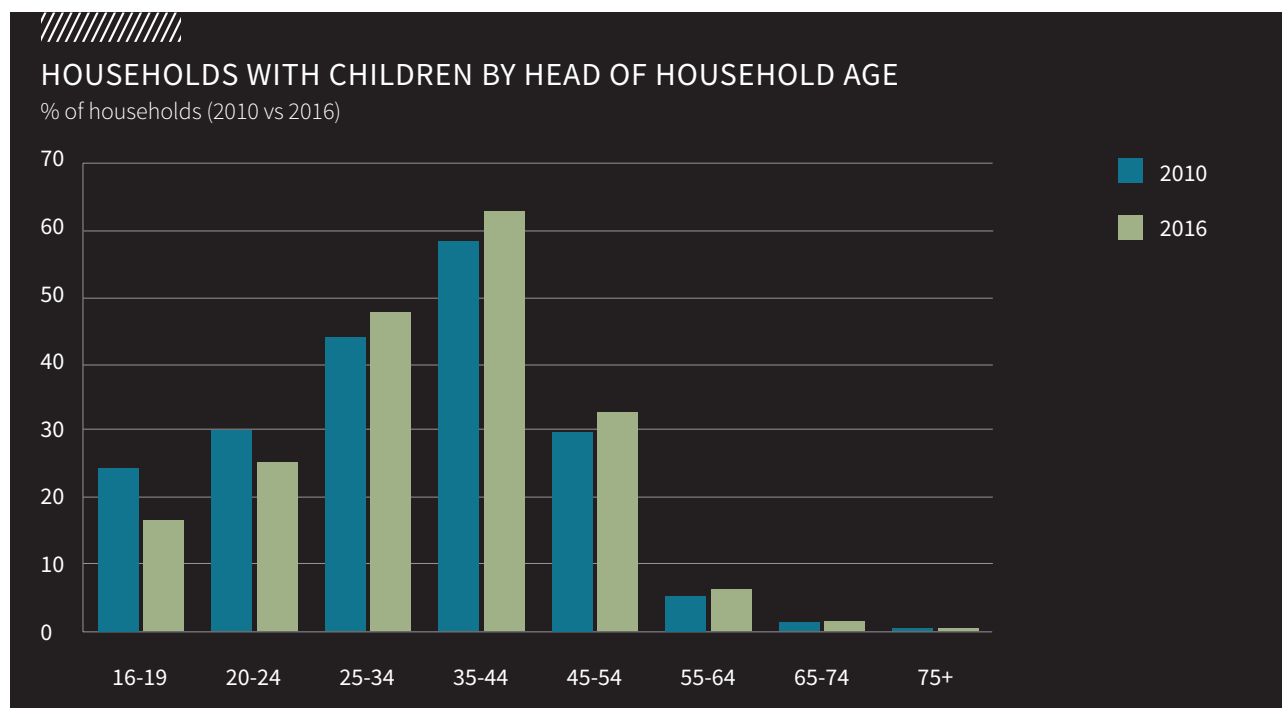
This could be due to a number of external factors such as increased housing costs. But the impact on viewing levels, as with education, may mean that lifestage effects once experienced previously at these ages are now occurring at a later stage.



THE PATTERN OF TINY FEET

There are probably few things as disruptive to a household as the arrival of a new child. The requirements on the parents to care for their newborn are a responsibility

like no other. And with new pressures on the household, downtime becomes not only a valuable commodity but a necessity.



Television has often played an important role in this respect, and it shows: 16-34 parents watch over twice as much television daily than their counterpart householders without children. It is therefore clear that the arrival of a child impacts heavily on the television viewing habits of this age group.

So, how is this changing? Well, from Establishment Survey data, we can see at what age householders are likely to have a child and indeed how this has changed. What the data show is that there is a marked decrease in the proportion of young adult householders having children; it's clear that parenthood is being pushed back to a later time in people's lives.

In 2010, 30% of homes where there is a 20-24 year old head of household had a child, but by 2016 this figure had fallen to 25%. This might be a socio-economic effect. In a time of austerity, younger adults put off the move to parenthood to ensure their finances are more established. Either way, we know from viewing data, that this delay in lifestage also will have effects on overall viewing levels.

So, we're all getting older and there is no stopping that. But how we are getting older is changing. These lifestages and experiences will ultimately impact upon how we consume media on a day by day basis. As Walt Disney famously said, "getting old is mandatory, growing up is optional".



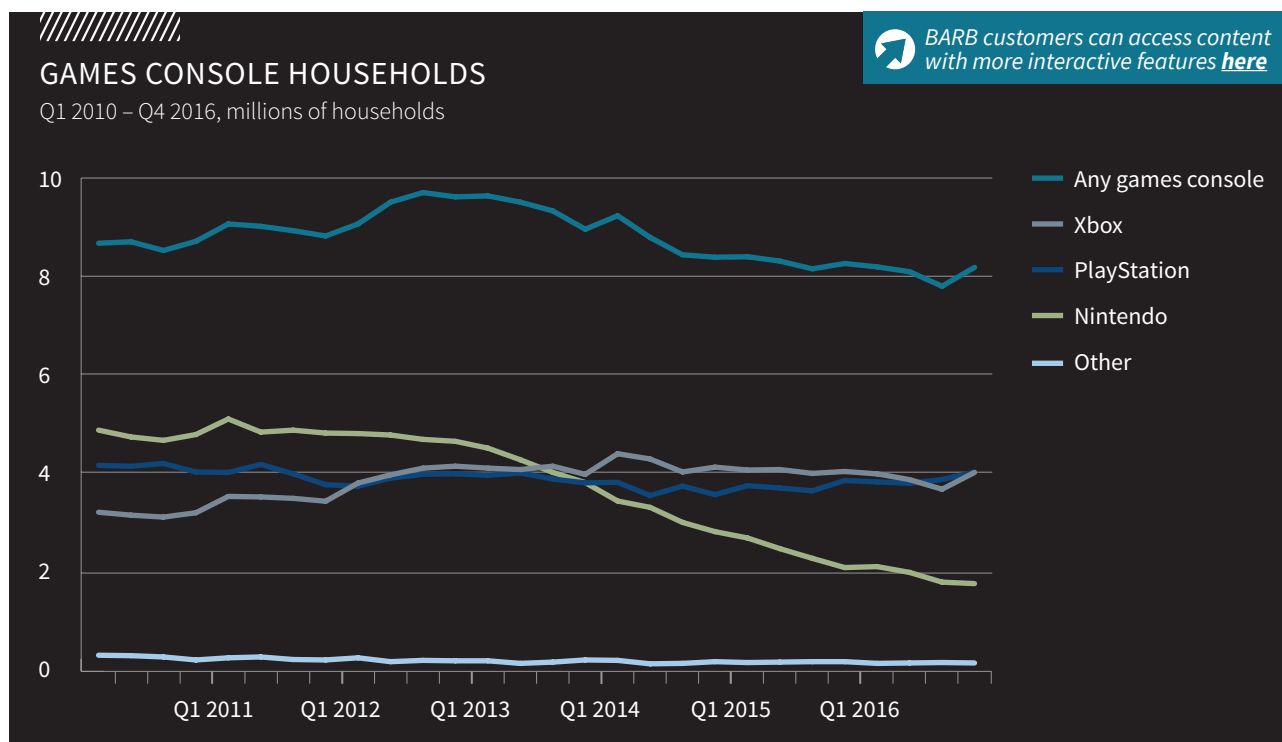
TV LANDSCAPE TRACKERS

The UK Television Landscape Report tracks key metrics which define the television landscape over time. The trackers feature in each edition of the report, and we will add to the number of trackers as we go.

Tracking key metrics offers insights into the changing nature of the UK TV landscape. In many cases, the pace is slow; the question is, how steady?



GAMES CONSOLE HOUSEHOLDS



The games console tracker follows the number of homes with a games console connected to a TV set. The Establishment Survey tracks each generation of the three main console brands: Sony PlayStation, Microsoft Xbox and Nintendo. There has been a gradual decline in the

total market since late 2012 that has primarily been driven by a downturn in ownership of Nintendo consoles. We featured this in the Q1 2016 edition of the UK Television Landscape Report.



DEVICE ACCESS

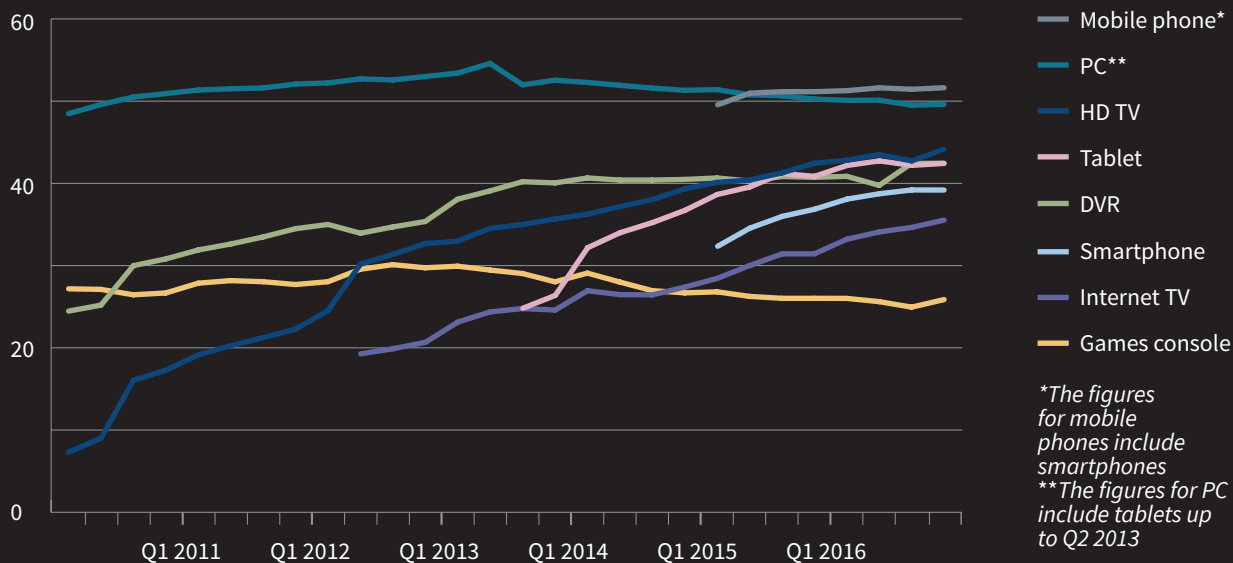


DEVICE ACCESS

Q1 2010 – Q4 2016, millions of individuals



BARB customers can access content with more interactive features [here](#)



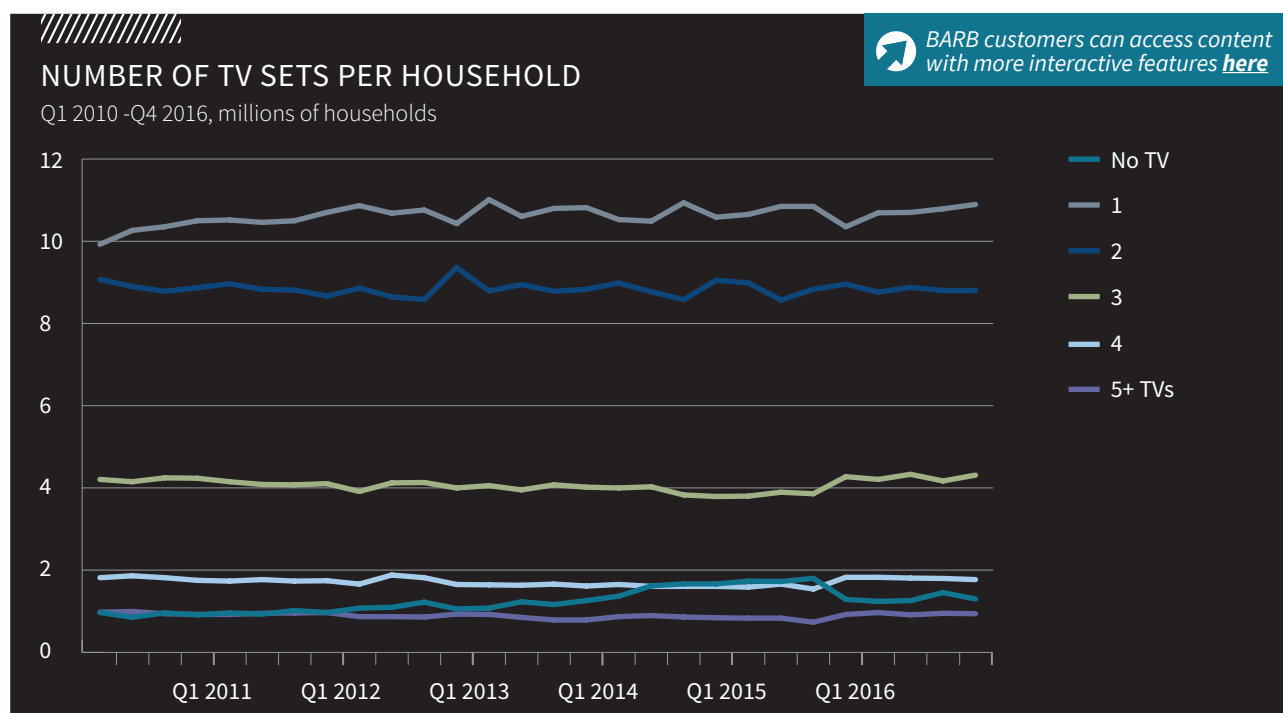
The Establishment Survey considers devices on a household level, so if any member of a household owns a device, then every member of that household is considered to have access. The one exception to this is mobile phones (including smartphones), which are considered to be individual devices, so if a household member owns a mobile phone, other members of the household are not considered to have access.

The trend for more homes to acquire HD TVs and TVs that can connect to the internet continues, while penetration of both smartphones and tables is showing some signs of flattening out. An uptick in games console ownership

in the last quarter of 2016 needs to be reviewed in coming quarters to assess whether the gradual decline in ownership has been reversed.



NUMBER OF TV SETS PER HOUSEHOLD

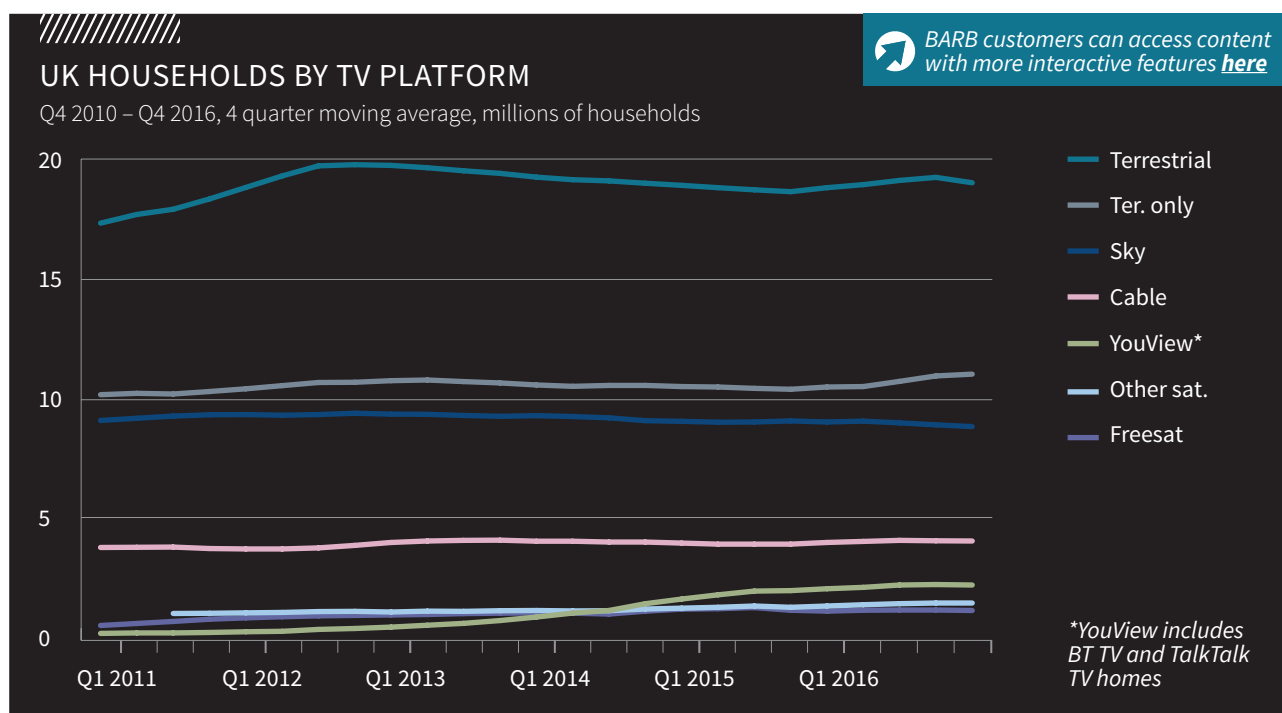


The definition of a working TV set changed at the end of 2015. Sets which respondents claimed had not been used to watch TV over the past six months and sets for which respondents could not specify the means of reception

(cable, satellite, terrestrial, etc.) are now included in the definition. A detailed description of the change in definition can be found [here](#). In Q4 2016, it was estimated that there were 1.3m households without a TV set.



UK HOUSEHOLDS BY TV PLATFORM



This tracker focuses on the platforms viewers use to watch linear TV. The platform categories used are as follows.

Cable: households that claim to receive cable; these households are almost entirely Virgin Media customers.

Freesat: homes which have access to Freesat, either through a set top box or integrated into the TV set. This does not include former Sky homes who do not have a live subscription but continue to use their Sky set top box to watch free satellite channels.

Other satellite: this category includes former Sky subscribers as well as viewers watching smaller, typically international, satellite service providers like Polsat.

Sky subscription: homes who pay for a Sky subscription package (not including Now TV customers who don't pay for a Sky subscription package).

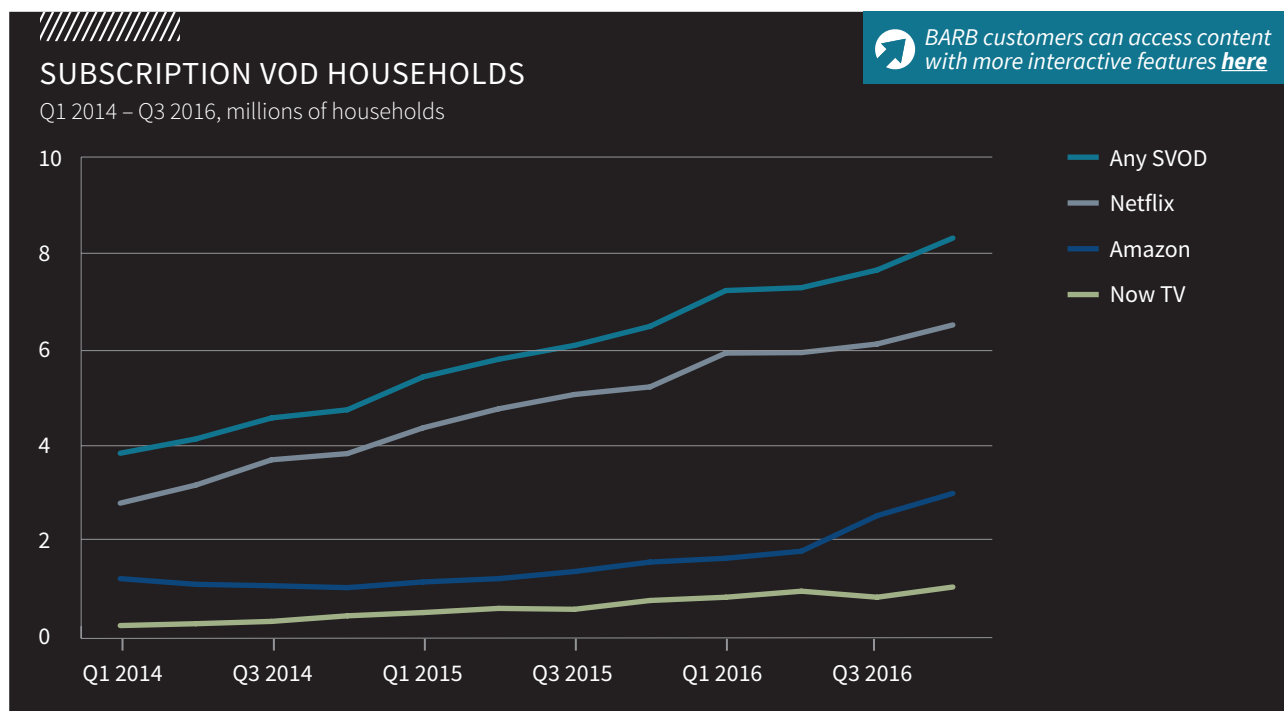
Terrestrial: all homes which have access to digital terrestrial TV via their aerials. This includes any homes across all categories which also have access to terrestrial.

Terrestrial only: the subset of terrestrial households that do not have access to either cable or satellite reception. This includes most BT TV, TalkTalk TV and YouView homes.

YouView: all households who have the BT, TalkTalk or YouView platforms. The great majority of these homes will be using the YouView interface, but the figure will include a small number of homes using older versions of BT TV and TalkTalk TV.



SUBSCRIPTION VOD HOUSEHOLDS



Access to subscription VOD services grew considerably in Q4, with over 8.3m households subscribing to at least one of these services. Amazon continued its recent acceleration in growth, perhaps fuelled by the high-profile launch of *The Grand Tour*, and is now available in over 3m

households. Now TV is estimated to be available in 1m households. Netflix remains the largest subscriber service with an estimate of 6.5m households subscribing in Q4 2016.





Analysis by

