THE UK TELEVISION LANDSCAPE REPORT

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

Q1 2017

BARB

Analysis by

REDSHIFT

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ISLES OF TELEVISION WONDER

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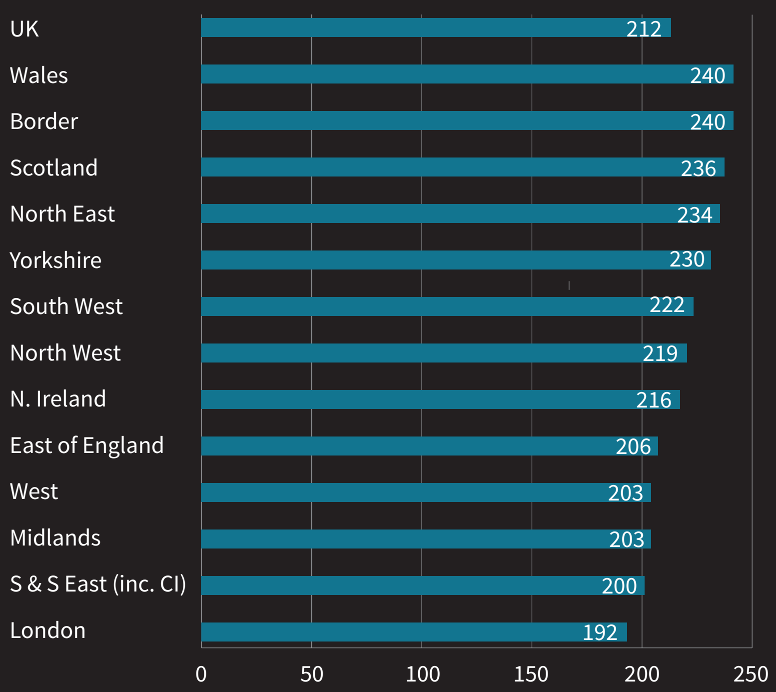
As the first scenes of the London 2012 Opening Ceremony flashed across our screens, we were reminded of the four nations of the United Kingdom joining under one flag to compete together as one. The tones of Jerusalem, Flower of Scotland, Danny Boy and Bread of Heaven, sang by children from across the country, didn't fail to stir the emotions of those watching. It was a symbol and acknowledgement of the four different cultures of these lands.

But even within these nations, thousands of years of historical socio and economic context still to this day provide rich differences in how we go about our lives.

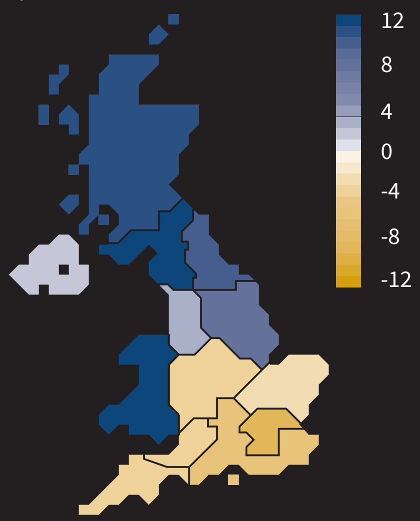
And this is even so when it comes to consuming media. How media interacts and plays a role in our lives changes depending on where we live in the country. We are able to see this within BARB, as data are published at a regional level as well as a UK level. For example, below, these data are based on ITV local regions, although these can also be analysed at a BBC editorial region level.

WHICH REGIONS WATCH THE MOST TELEVISION?

Average daily minutes per person, 2016



Variation in daily minutes of viewing per person compared to UK, 2016
+/- % vs UK



What is clear, is that there are stark differences in television viewing habits depending on where in the UK one resides. Wales, the Borders and Scotland watch the most television, while London and the South East of England watch the least. If you live in Scotland, you are likely to watch 23% more television than someone living in London.

But why is this? What makes those in Wales and Scotland likely to watch more television than those in Northern Ireland and the majority of England? Well, from the Establishment Survey we are able to investigate further into how different characteristics across the United Kingdom help to shape and influence our television

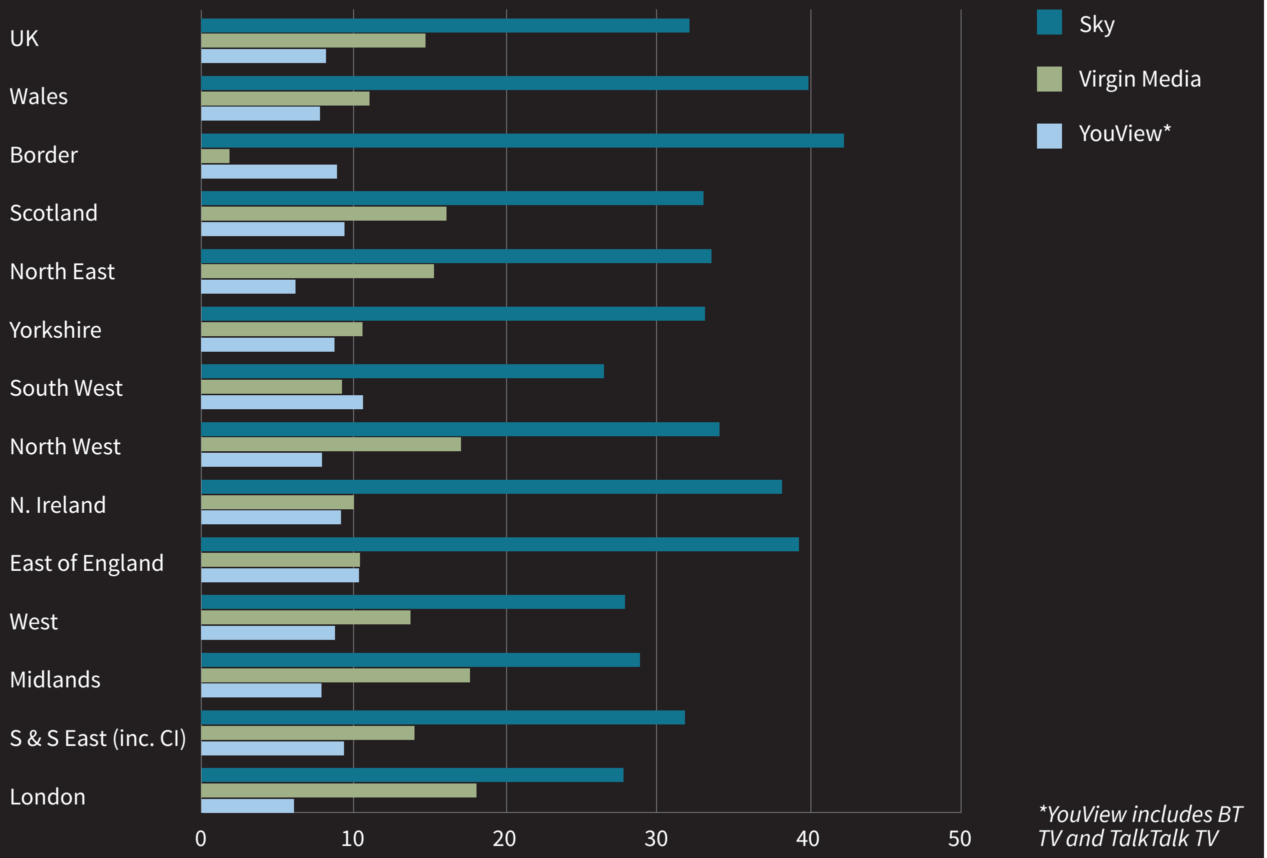
A GOOD RECEPTION

Not so long ago, the only way in which to access television was through an aerial, most often stuck to the top of your home, but in many cases also portable. Individuals up and down the country, desperately trying to point their aerial in the direction of the local transmitter to get the best signal and picture possible. Where we lived and where our transmitter was, impacted hugely to the reception we got. The physical geography of where we lived, mattered. It was far easier to get channels from the Crystal Palace transmitter in the relatively flat lowlands of London, than it was from the towering Moel-Y-Parc transmitter in Wales, where the heights of the Snowdonia mountains would obstruct the line of sight.

It is little wonder then that how we receive our television changes based on where we live, and as such gives insight into the different geographical constructs of the country itself.

PLATFORM POPULARITY THROUGHOUT THE UK

Penetration, % homes, Q1 2017

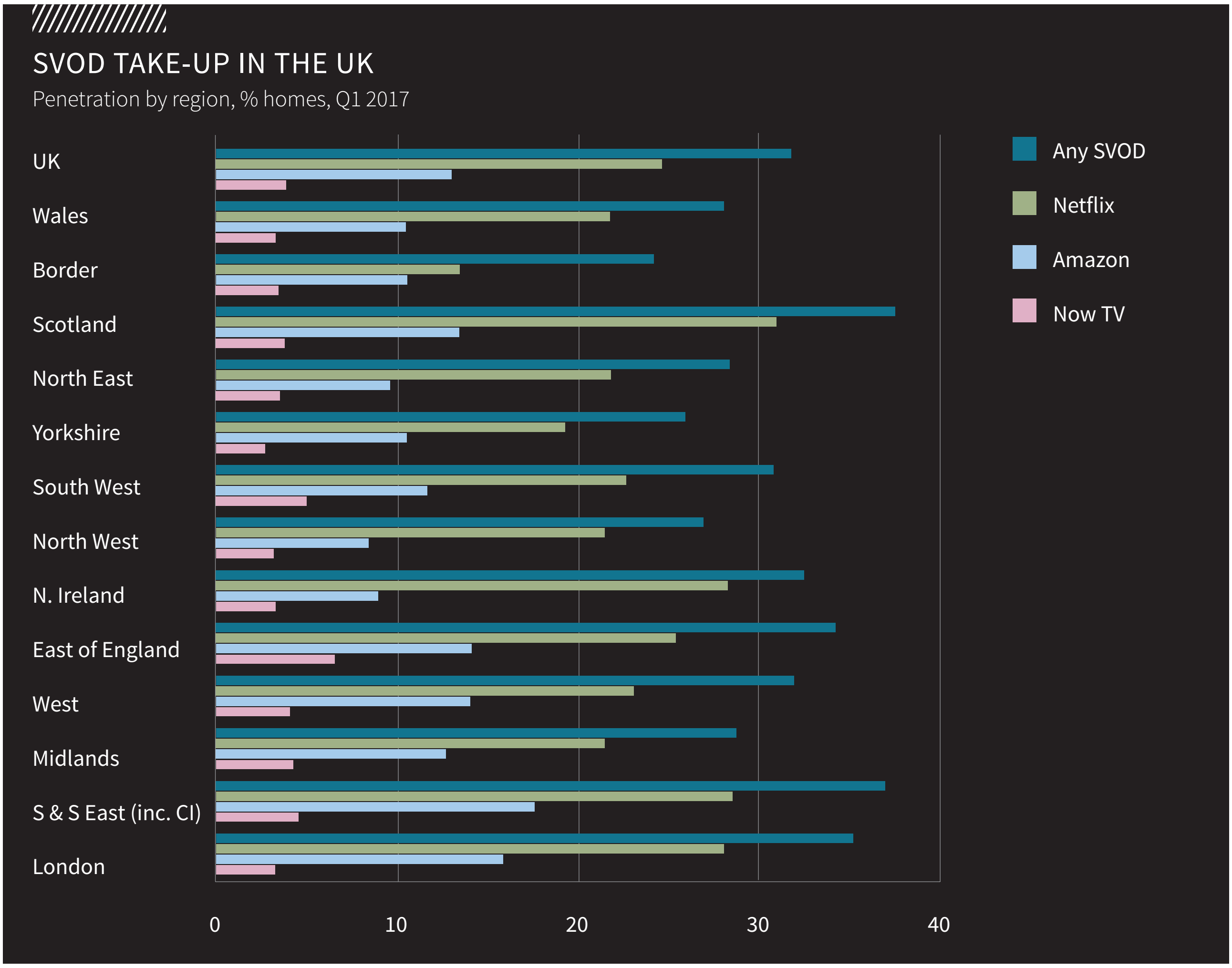


*YouView includes BT TV and TalkTalk TV

Across the UK, 32% access their television channels through the Sky platform, but this drops to 29% in London and increases to 42% in the Borders and 40% in Wales. Interestingly, for Virgin Media the penetration is entirely dependent on whether there is existing cable infrastructure in the area or not, with many households in the UK physically unable to get access to cable. This is most noticeable with results in the Borders with little to no cable availability. The result being that the Borders has the highest penetration of Sky households in the entire UK. Scotland and London on the other hand, lead the way in cable penetration with over 16% and 18% of households respectively with Virgin Media subscription.

SÌNTEIS VOD

In just five years SVOD services such as Netflix have quickly established themselves within the household TV landscape. Augmenting our broadcast line-up, we are able to select from a wide variety of archive content as well as newly acclaimed productions. Across the UK as a whole, Netflix was estimated to be in 25% homes in Q1 2017, and for any SVOD service this figure was 32%. However, that figure differs significantly depending on where we are in the country.



What can be seen here is that it is the Scottish who lead the way in SVOD take up, with Netflix subscription now in 31% of homes and Amazon in 13% of homes. We've already seen that Scotland is one of the highest consumers of broadcast TV but it seems it doesn't stop there, they want more.

Interestingly, along the Scottish and English Borders, we see the lowest levels of SVOD take-up in the country. The area that first underwent a full switch to digital television is also the least likely to look for subscription VOD services to augment its broadcast viewing. As we've already seen, the Borders have little to no cable network coverage and therefore unable to benefit from the bundling of SVOD and cable services that often arises. This leaves homes in the Borders reliant on other connected devices to the TV as their source of watching SVOD. A clear sign of the symbiosis of SVOD services integrated with broadcast providers. Whereas Virgin Media integrate Netflix within its own EPG, the Sky platform does not, meaning the differentials in platform penetrations can have direct consequences on household SVOD services.

And although it is the Scottish who lead the way in Netflix subscriptions, it is the South East of England that favour Amazon Prime Video, with 18% of households subscribing to these services against a UK figure of 13%. Perhaps this is content related, with those in the South East choosing Amazon for particular programmes and genres. Or perhaps there is something else at hand, and it is related to higher e-commerce rates in this area of the country. These households could be taking advantage of Amazon's bundling of free next day delivery together with subscription to their Video and Music services.

SIZING UP

WHICH REGIONS WATCH ON THE BIGGEST SCREENS?

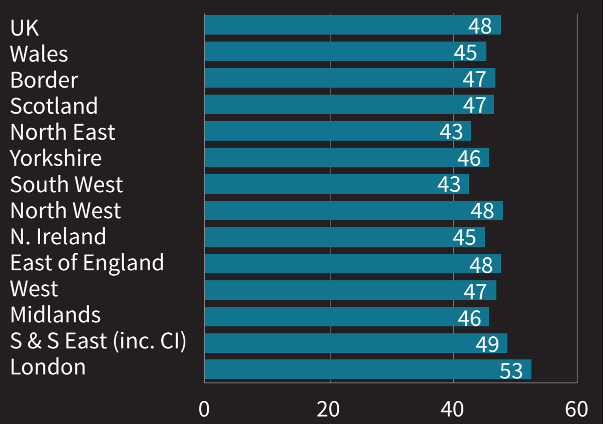
% homes with a TV set at least 50 inches, Q1 2017

We saw earlier that those in Scotland and also the North East of England, like to watch more television than most of the rest of the country. But it's not just the quantity that matters here, it's the quality. Together with Northern Ireland, households in the North East and Scotland are far more likely than anywhere else in the UK to have at least a 50 inch TV screen. If they are going to watch television, it is going to be on the largest screen possible.

WORKING NINE TO FIVE

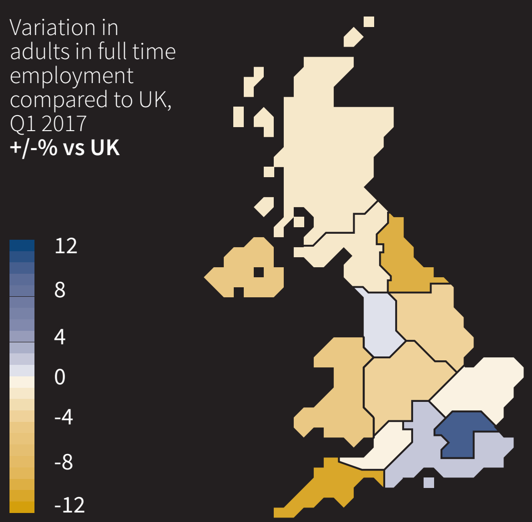
THE WORK AND TV LIFE BALANCE

% of adults in full time employment, Q1 2017



Variation in adults in full time employment compared to UK, Q1 2017

+/-% vs UK



As with most media, we consume it across different times of the day, suiting differing needs: escapism, relaxation, information. We choose to engage with the media of our choice and, where we can, at the time of our choice. Of course, there are only 24 hours in any day, and commitments during the day have a direct consequence on how and when we are able to consume our favourite media. Not least of all these commitments are those through our employment. Being at work nine to five naturally inhibits whether we can watch our favourite programme on television.

Therefore, it is only natural to assume the employment rate has direct impacts on the ability of viewers to watch television. With high employment rates, the time pressures on viewers to watch what they want to watch at home on the TV set are like never before.

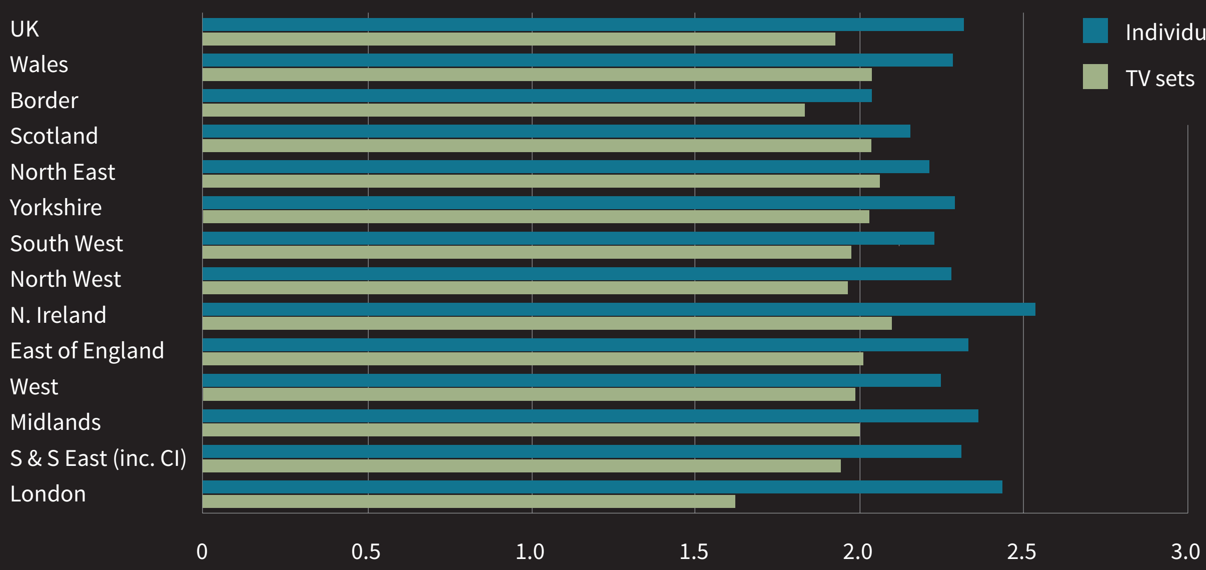
We can see from the Establishment Survey that London has the highest full time employment rates in the UK of 53%, followed closely by the South East of England, North West and East with 49%, 48% and 48% respectively. With high employment rates coupled together with longer commuter times in the South East, it is therefore little wonder that London has the lowest viewing levels within the UK as a whole.

SCREEN SHARER

Although television has always been a medium for sharing together with your family, it is not surprising that we might not always agree on what to watch. Therefore we are often faced with the choice of recording our preferred show and watching at another time, or of course watching on another TV set in the home. It therefore goes to follow that the more people who live in your home, the more opportunity there is for disagreement and the need for more than one TV set.

REGIONAL DIFFERENCES IN TV SETS PER CAPITA

Average number of Individuals/TV sets per home, Q1 2017



In the UK, there are on average 2.3 individuals per household. In those households, there are on average 1.9 TV sets. That's an average of 0.8 TV sets per person, so not quite a TV each.

Now, looking across the UK, we can see that the assumptive theory holds true and there is a relationship between more people in the home and the more TV sets in those homes. Northern Ireland has the highest average number of individuals per household, and also the highest average number of TV sets.

However, as if often the case, London is the exception to this rule. London has the second highest number of people living per household but the lowest number of TV sets. An area of significant migration and of increasing housing costs has meant that first time buyer rates within London and the South East are much lower than the rest of the county.

This has led to higher than average household sizes. As for the number of TV sets, London has the highest rate of households without TV sets, with a younger and more transient demographic than the rest of the UK. If you're regularly on the move between house-shares, the last thing you may want is the burden of a 40 inch flat screen TV to carry.

Whatever the reason, the impact on TV viewing is significant; fewer screens competing for more eyeballs. Perhaps this is the real reason for all those unhappy faces on the London commute?

WE KNOW WHERE YOU LIVE

Across the UK today, households up and down the country will settle down this evening to watch their favourite television programmes. But how they watch those programmes, on what type of screen and through which platform they receive it, may just depend on whereabouts they live.

THINK OF THE CHILDREN

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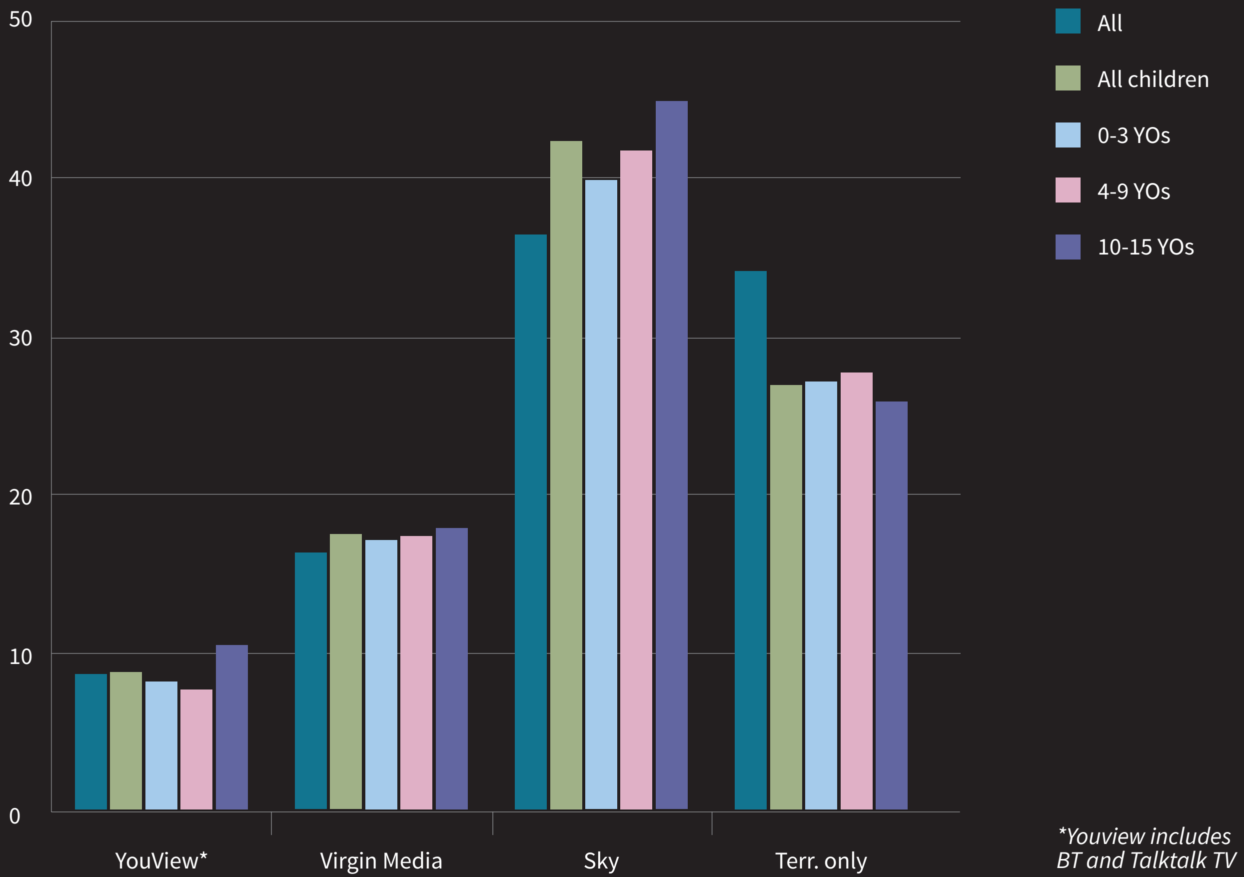
As demographic cohorts go, there is one more than any other that has experienced the most profound and instrumental change across the last 20 years. Children today are exposed to new freedoms, technologies and pressures unknown to their counterparts throughout history. The connected world allows instant access to a world outside their own, instant messaging, and instant media. Whereas as adults adapt to change and new habits at a slow and almost reluctant pace, children embrace and thrive on the utility that these changes offer.

In media, this is especially pertinent as we try to understand how audiences will be in the future and how people will want to consume and access their media. It's fair to say, when it comes to choice, children have more than they have ever had. In a world of media planning, this means they are a more complex demographic than ever before.

CHILDREN ARE MORE LIKELY TO HAVE SKY OR VIRGIN MEDIA

% penetration by age group, Q1 2017



Youview includes BT and Talktalk TV

Despite the seemingly overwhelming number of options for children to consume media, television offers them a relatively small amount of personal choice. Their television channel portfolio is ultimately decided by the parent, the bill payer. And as such, children today are constrained to the platform or television providers chosen by their parents or guardians. Although as with many household decisions, the child's influence may impact greatly.

The table above shows the extent to which this influence may manifest. As a proportion of their cohort, children are more likely to have Sky or Virgin Media subscriptions than the rest of the adult population, and far less likely to only have access to a digital terrestrial aerial reception. This is potentially a reflection of the lifestage demands of the parent, but also the child's needs for a wider spectrum of programme and channel genres.

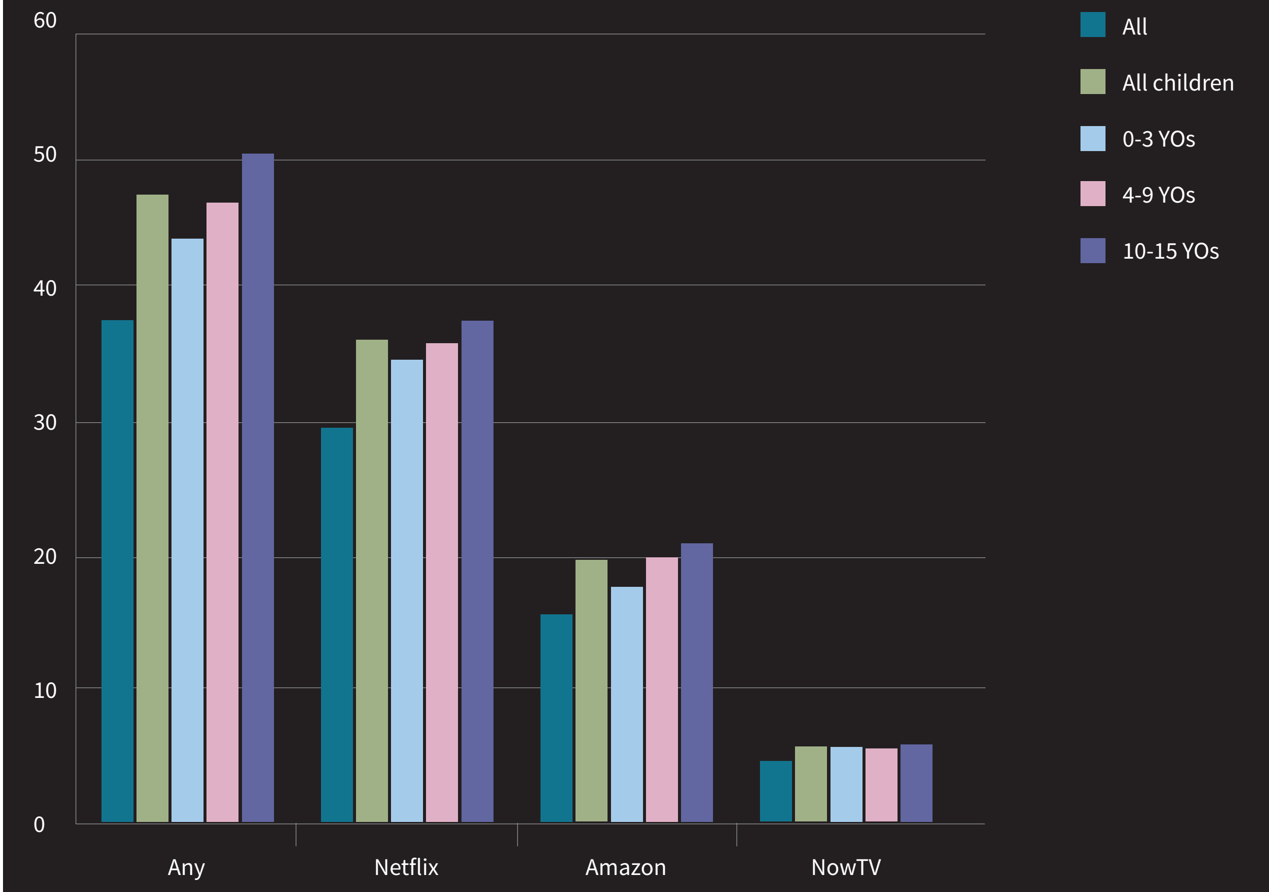
NETFLIX NIPPERS

So, in terms of reaching children, on average they have more potential exposure to more broadcast channels than most other demographics. You may think this would result in them watching more channels. Well, in reality it doesn't work that way. Children by their nature have different tastes and genre requirements and also a much shorter viewing daypart window in which to watch their television, i.e. before bed-time. In BARB's recent annual Viewing Report we identified that on average a child watches 6.8 different broadcast channels each week, compared to 9.7 by the general population.

It should be noted that this covers just programming to broadcast channels watched within seven days, and so this doesn't include viewing to programming that exists outside of this definition. Not least from those offered by SVOD services.

A HIGH PROPORTION OF CHILDREN HAVE ACCESS TO SVOD SERVICES

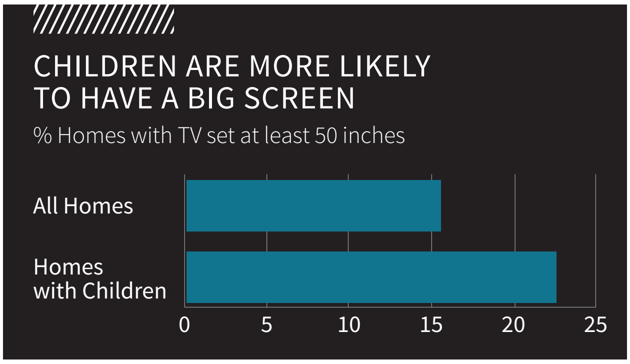
% penetration by age group, Q1 2017



Latest data suggest that SVOD services are available in 32% of all households. As a proportion of all individuals, that amounts to 39% of the population in the UK with access to a premium SVOD service. However, if we look specifically at children, the figure is even higher, with 48% of all children having access to SVOD. In terms of Netflix, although 30% of the population have access to Netflix, for children this is 37%. Likewise, for Amazon, 20% of children have access compared to 16% of all individuals.

What we can see is a clear skew towards households with children, in terms of preference for SVOD subscriptions. For broadcasters, these services, available to nearly half of all children, offer another competitive channel for the TV screen.

GENERATION SQUARE-EYES



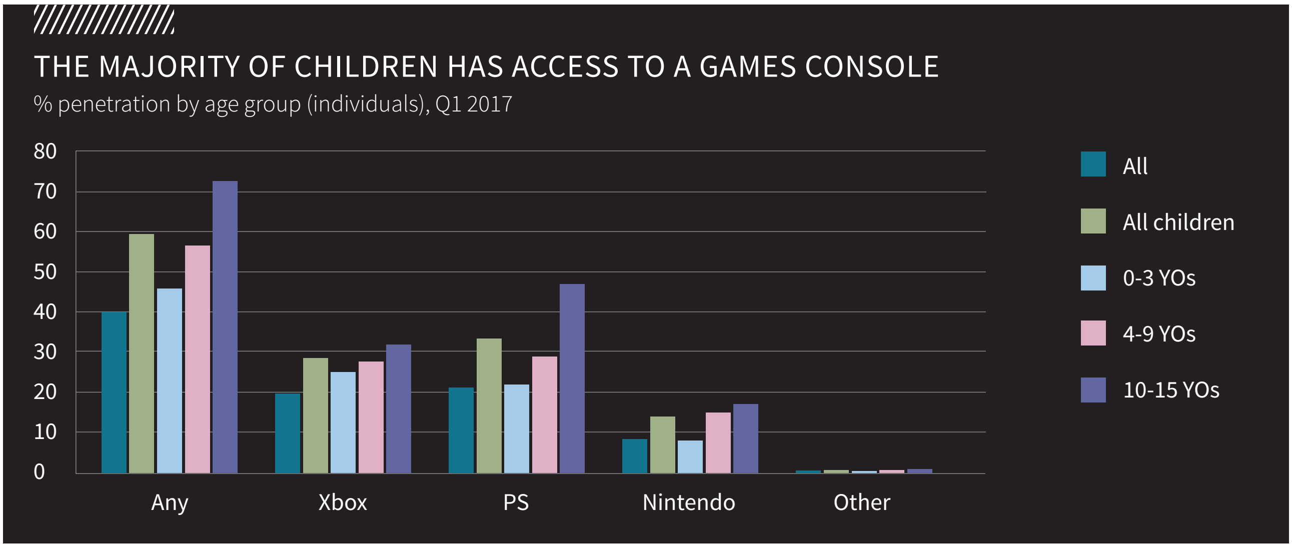
When it comes to the number of screens, children, certainly within the older segment, utilise them more than most. Social media, as well as short form video, play an important role in their use of smartphones and their media usage in general, providing a personal experience outside of family life.

But although it's fair to say the mobile is an important screen for children, it is also not the only screen. It is interesting how the traditional TV set is as dominant in a child's household as ever.

What we see is that children are more likely to have access to a large screen than anyone else. Whereas only 16% of all households have a big screen, more than one in five households with children have a screen of over 50 inches in size. This is a demographic that will subsequently grow up, understanding and appreciating the experience of viewing premium television content on a large and immersive TV set.

NO NOOBS HERE

From the Sinclair ZX81 and Commodore64 through to today, parents up and down the country have been faced with the same issue of their children monopolising the TV screen to play their favourite computer games. Today, there remain three primary gaming systems: the Playstation, Xbox and Nintendo.



Of all individuals in the UK, nearly 40% of us have access to at least one of these in our homes. But for children, this rises to nearly 60%. The most popular system being the Xbox which is available to 33% of children, compared to 28% for the Playstation. Interestingly, of the two, the Xbox skews significantly towards older kids in the 10-15 bracket. As with SVOD, the games console and gaming in general is another format competing for TV Screen time alongside broadcast television.

CHILDREN ARE OUR FUTURE

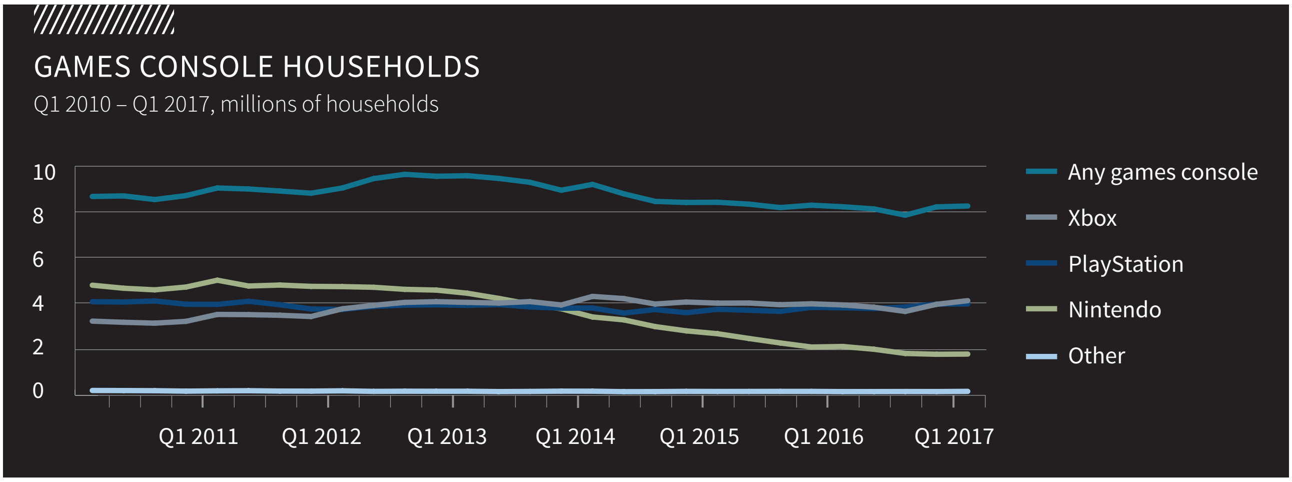
As technology continues to develop and new devices and platforms enter the consumer market, it is sometimes difficult to understand how these will impact our own future media habits. By looking at how children today are interacting with media and devices alike, it might provide glimpses of what's to come for future adults. So, to steal a few words from the late great Whitney Houston, remember, 'Children are our future'.

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.

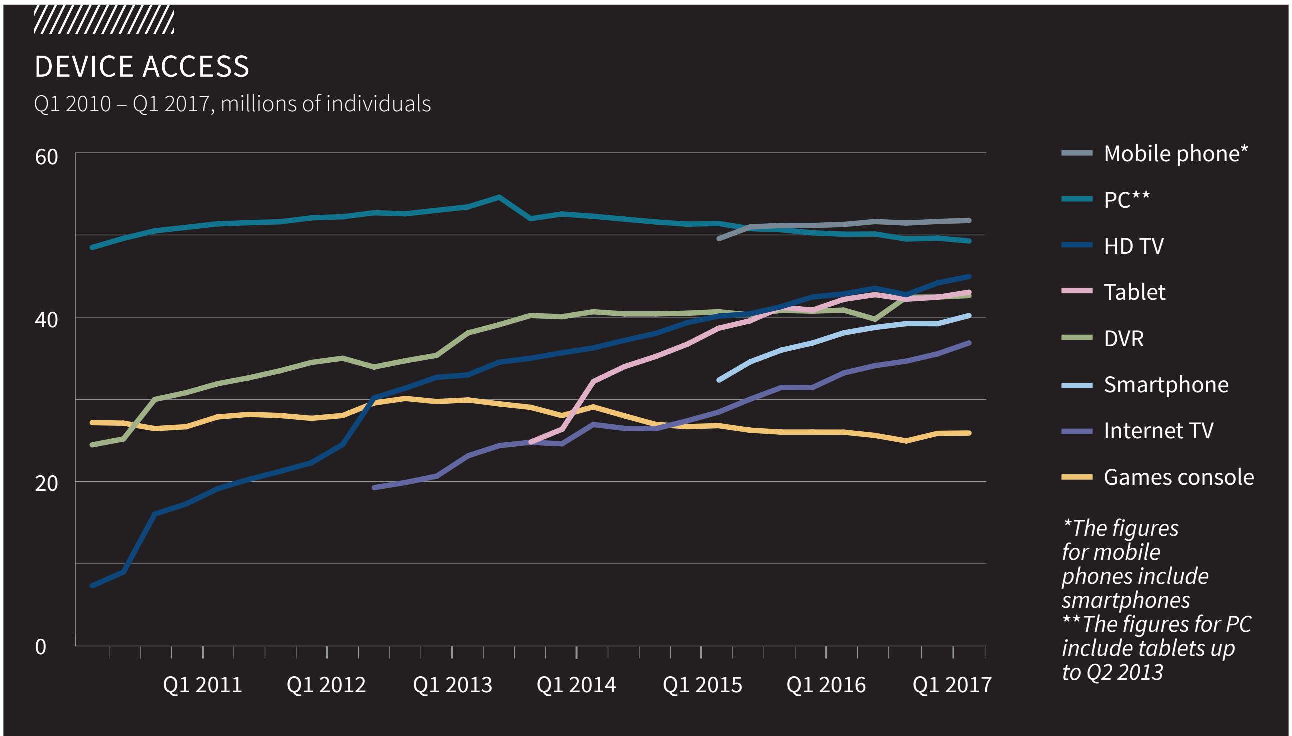
Tracking key metrics offers insights into the changing nature of the UK TV landscape. In many cases, the pace is slow; the question is, how steady?

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. Recent declines in the overall ownership, driven by Nintendo, have now stopped, with overall ownership holding steady at 8.2m households. We featured the recent declines in ownership in the Q1 2016 edition of the UK Television Landscape Report.

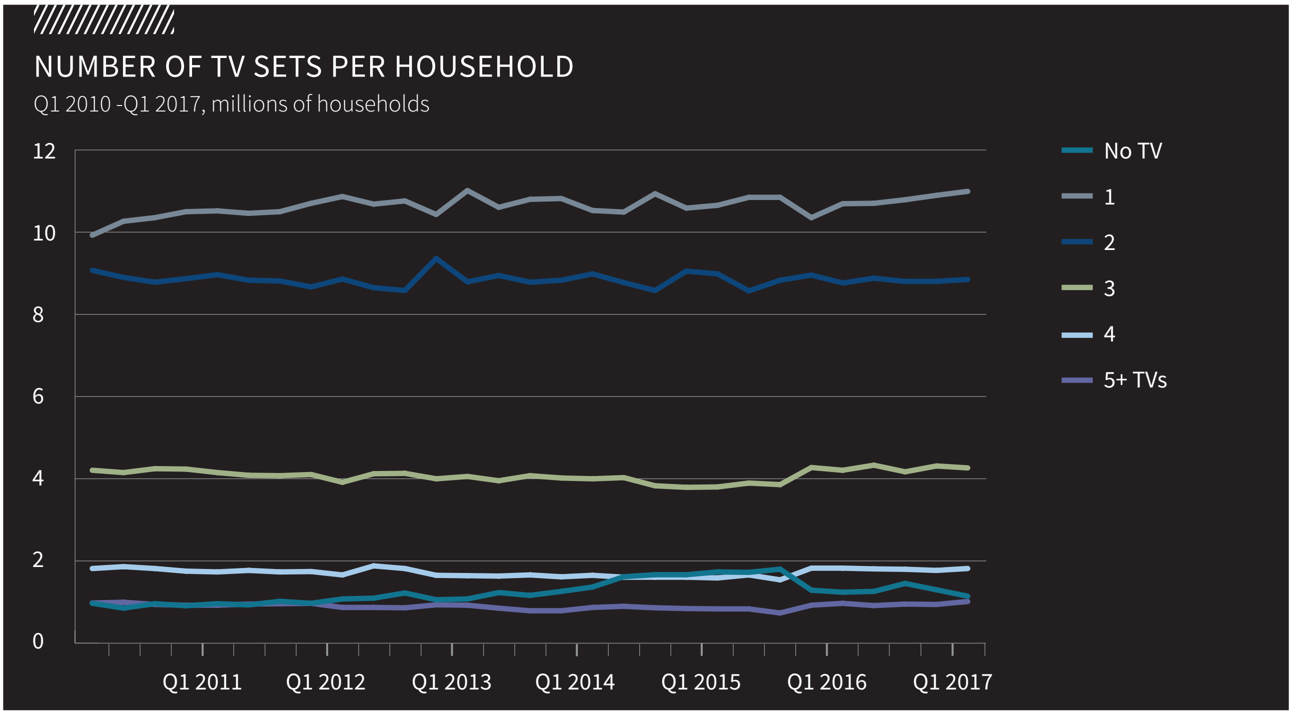
DEVICE ACCESS



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.

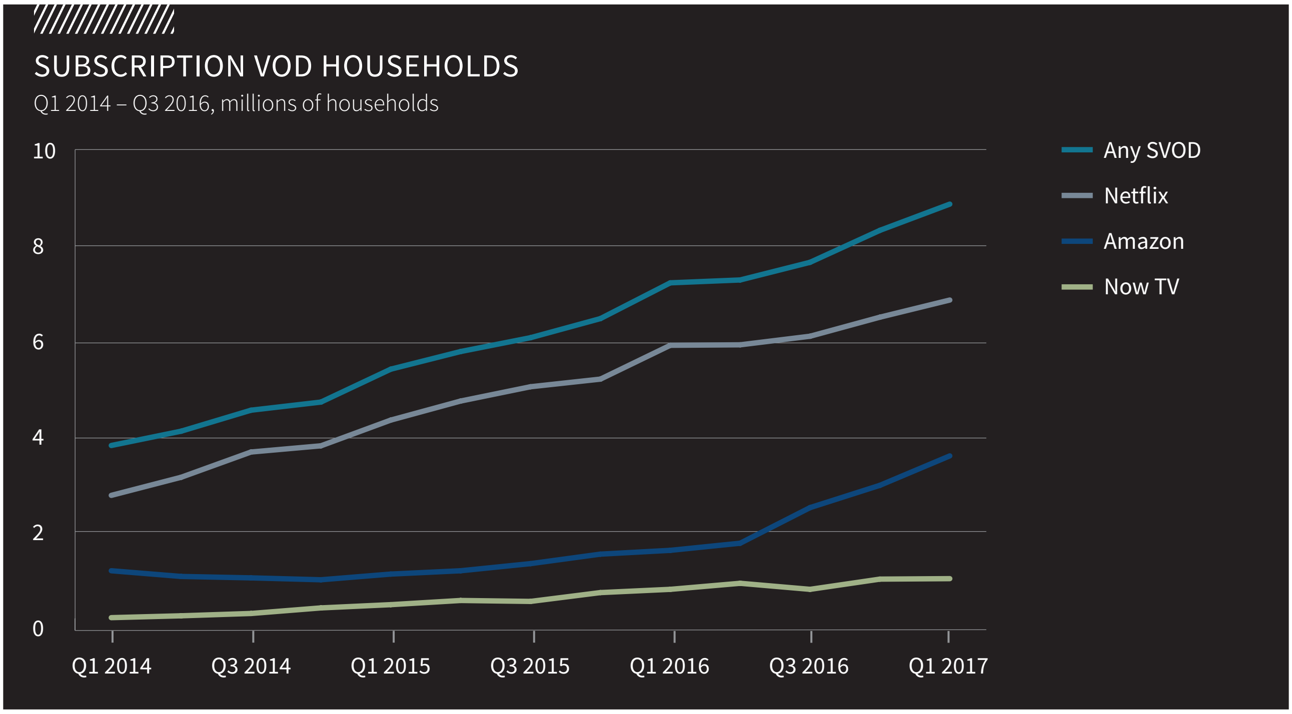
Growth in smart (internet) TVs within UK households continues with nearly 37m households now with an internet TV. It is likely at current growth rates that access to smart TVs will overtake PVRs in 2018. HD TV ownership continues to grow as late adopters replace old legacy TV sets.

NUMBER OF TV SETS PER HOUSEHOLD



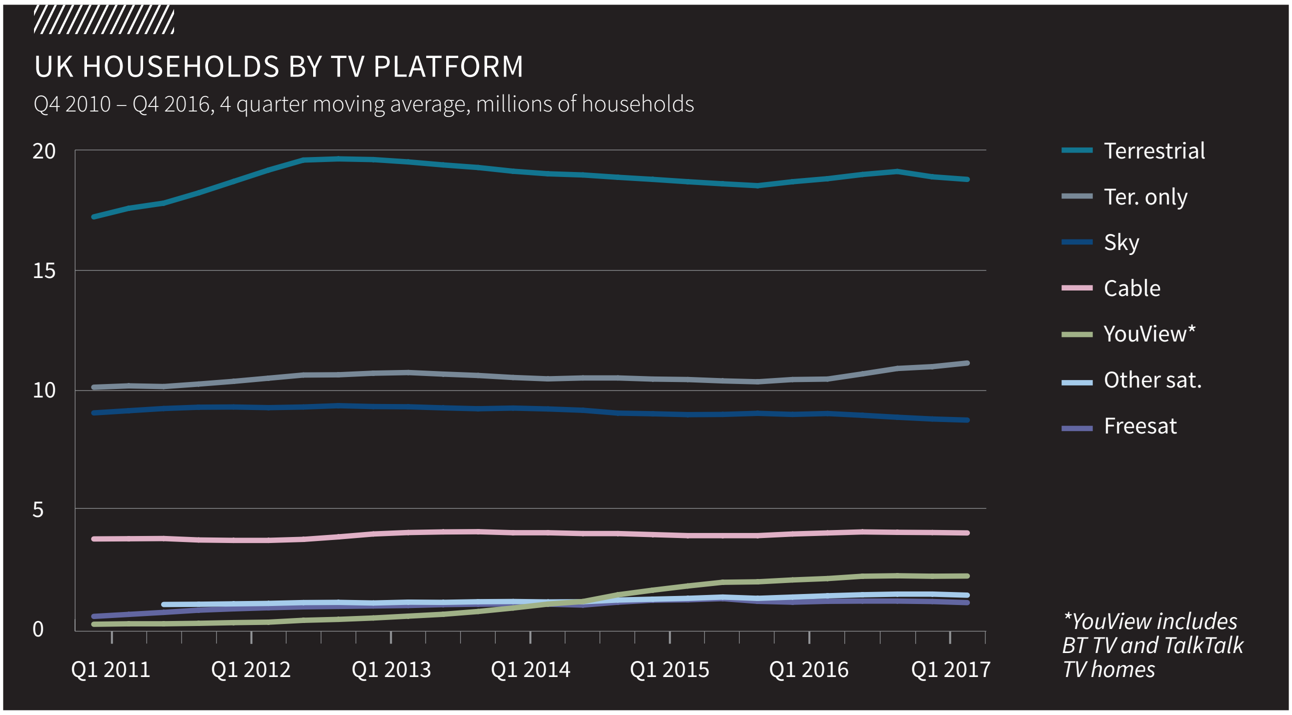
The definition of a working TV set changed at the end of 2015. Sets which respondents claimed had not been used to watch TV over the past six months and sets for which respondents could not specify the means of reception (cable, satellite, terrestrial, etc.) are now included in the definition. In Q1 2017, it was estimated that there were 1.1m households without a TV set.

SUBSCRIPTION VOD HOUSEHOLDS



Access to subscription VOD services grew by 8.9% in Q1 2017, with just under 8.9m households subscribing to at least one of these services. Amazon continues to grow at the strongest rate, increasing by 17% quarter on quarter and is now available in 3.6m subscribing households. Netflix, available in 6.9m, grew at 5.2% in the quarter. Now TV grew at 0.9% and is available in over 1m households.

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.

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