

Australian Video Viewing Survey

Household Consumption across Formats

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Abstract: In late 2020, Venture Insights conducted a video consumer survey of 1,003 Australian households. This paper provides an overview of the results. A television set remains the most common device for watching video, but a substantial majority of households also watch video on PCs, tablets and smartphones. Internet-connected TVs are now common. Only 24% of households currently have a 4K or better TV, but 44% of households anticipate buying a 4K TV set over the next three years. More than half of households do not subscribe to a pay-TV service. Of those which do, two-thirds have Foxtel. Netflix remains dominant in the Australian subscription video market, while its main competitors are each subscribed to by about one-fifth of households. Most survey respondents expect their video consumption to remain stable across all formats over the next year.

Keywords: Video viewing, household consumption, survey

Introduction

Venture Insights conducted a video consumer survey of Australian households in late November/early December 2020, in collaboration with Swinburne University of Technology. The survey was conducted nationally for 1,003 respondents, with a representative survey sample across demographic and regional groupings. Those respondents who watch free-to-air TV, pay TV, catch-up TV or Subscription Video on Demand (SVOD) services qualified to participate in this survey.

This paper reports on a single, recent survey. For a more detailed analysis of trends over time, see our latest Video Entertainment Market Outlook ([Venture Insights, 2021](#)).

This survey was about consumer viewing of video and TV services, and the kinds of services we asked about in the survey are:

- “Free-to-air television”: this is traditional television programming (e.g., ABC or Channel Nine) delivered through an aerial or antenna on your TV or roof. The TV broadcaster decides when each program is broadcast, in a linear sequence.
- “Pay TV”: this is multi-channel television that you pay for monthly (e.g., Foxtel). The service provider decides when each program is broadcast, in a linear sequence.
- “Catch-up TV”: this includes any free-to-air programming delivered over the Internet by the free-to-air broadcasters (e.g., ABC iView or 7Plus). It includes both:
 - Live streaming of free-to-air programming, so you can watch the free-to-air broadcast over the Internet at the same time as everyone else, and
 - Delayed streaming of free-to-air programming, so you can view their programs at a later time of your choosing
- “Subscription video on demand” (SVOD): This is TV you pay for monthly (e.g., Netflix or Stan), delivered over the Internet. You decide when to view each program.
- “Video services” does not include physical media like videotapes or DVDs.

Note that, with a sample size of 1,003 respondents, sample proportions in the full sample can be determined with 95% confidence to within approximately 3 percentage points (under the Normal assumptions for an unbiased sample). Sampling errors for subgroups, such as age groups, may be larger.

Television Viewing

We asked our respondents which kinds of television they watched.

- Free-to-air television (FTA TV) was watched by 88% of respondents. There was a measurable difference across age groups, with 81% in the 18-24 group watching FTA TV, while 98% of the 65+ group did.
- Pay TV was watched by 41% of respondents, mainly Fetch TV or Foxtel (whether they paid for it or not). The least likely to watch pay TV were the 55-64 age group, where only 29% were pay TV watchers. In the 18-44 group, watching was higher at around 50%.
- SVOD services were watched by 47% of viewers, and BVOD (Broadcaster Video on Demand, FTA-provided on-demand TV) was watched by 51%. SVOD viewing was highest for the 25-34 age group at 67%, and lowest for the 65+ group at only 20%.
- BVOD was more evenly distributed, peaking with the 35-44 age group at 60% and lowest for the 65+ age group at 39%. The contrast with SVOD appears to reflect lower willingness to pay for TV amongst old demographics, which is also evident in pay TV watching.

For all these results, while sampling errors may be larger than 3 percentage points for each age group, the results are sufficiently variable that it is likely that differences between age groups are significant.

Video Devices in Households

We asked the survey respondents what and how many devices they use to watch videos in their households. Only 1% of households had no television. The average number of sets was 1.83 sets per household. About half (47%) the respondents have one TV set and one-third (32%) have two TV sets at home. In addition:

- 12% of the respondents do not use a PC to watch video, while 44% have one PC that is used to watch videos in their households. A further 44% have more than one PC at home.
- 35% of the respondents do not use a Tablet to watch videos, while 40% have one Tablet that is used to watch videos in their households; 25% have more than one Tablet they use for video at home.
- 12% of the respondents do not use a Smartphone to watch videos, while 32% have only one Smartphone that is used to watch videos in their households; 56% have more than one Smartphone they use for video at home.

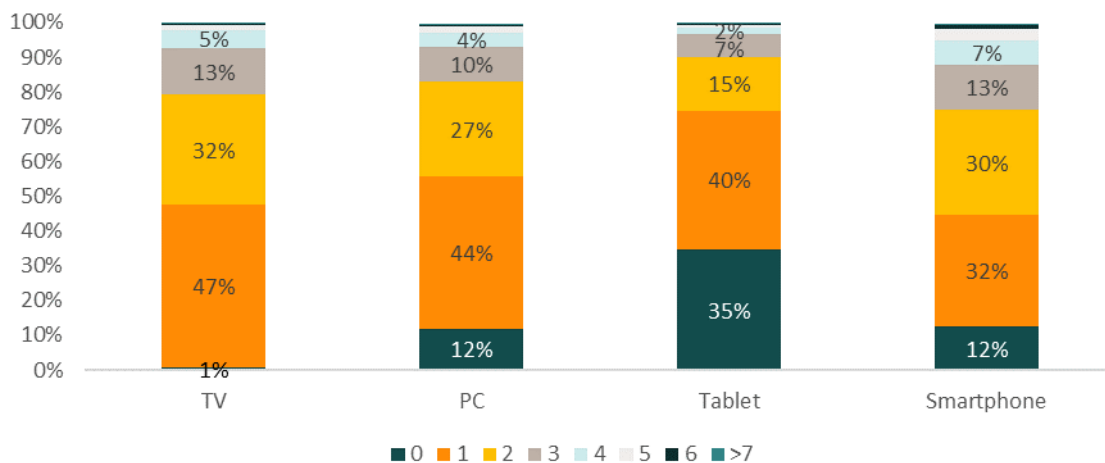


Figure 1. Number of screen devices used to watch video services inside households
(Source: Venture Insights consumer survey, n = 1,003)

An interesting finding is that, while many households have multiple TV sets, the vast majority (98%) of homes had a main TV in the household where most or all household viewing takes place.

In summary, there was a TV in almost every household surveyed. There are more Smartphones and TVs per household than PCs or Tablets being used to watch video. On average, there were

1.85 smartphones and 1.83 TVs per household used to watch video, while this number was 1.58 for PCs and 1.05 for Tablets.

Internet connection in TV sets

We asked the survey respondents if their main TV was connected to the Internet: 69% answered in affirmative. Of those who watched SVOD or BVOD, around 79% had an Internet-connected TV. This suggests that around 20% of SVOD and BVOD services are watched on devices other than television. Internet-connected TVs were most common in younger age groups, peaking at 82% for 25-34 year olds, and declining steadily to 39% for the 65+ group.

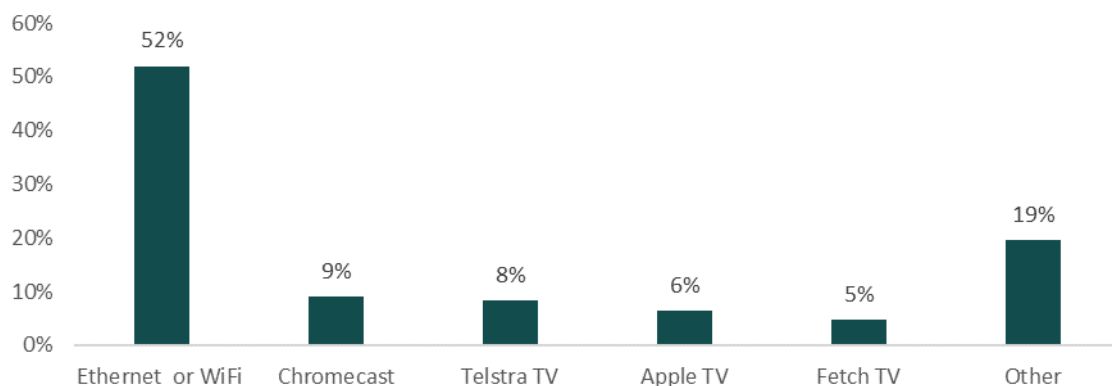


Figure 2. How is your TV connected to the Internet?
(Source: Venture Insights consumer survey, n = 1,003)

For respondents with more than one TV set, 56% had other TV sets in the household connected to the Internet.

The most common way of connecting to the Internet was through an Ethernet cable or Wi-Fi, but other devices were also commonly used as the Internet connection device, particularly Chromecast, Telstra TV, Apple TV and Fetch TV devices.

The reasons for not connecting the main TV to the Internet are shown in Figure 3. The TV being too old and a lack of appetite for Internet-based programming were the top two reasons, chosen by 42% each. These numbers were similar for the main and other TVs in the household.

The average reported age of television sets was 4.4 years, suggesting that TVs are being turned over fairly often. Of the respondents, 31% had their main TV between 1-2 years old, 21% between 3-4 years old and 22% between 5-6 years old. However, amongst those who were not connected to the Internet, 42% reported that the age of their television was a factor. This suggests many of these viewers are unaware that relatively cheap devices can be used to connect even an old television set.

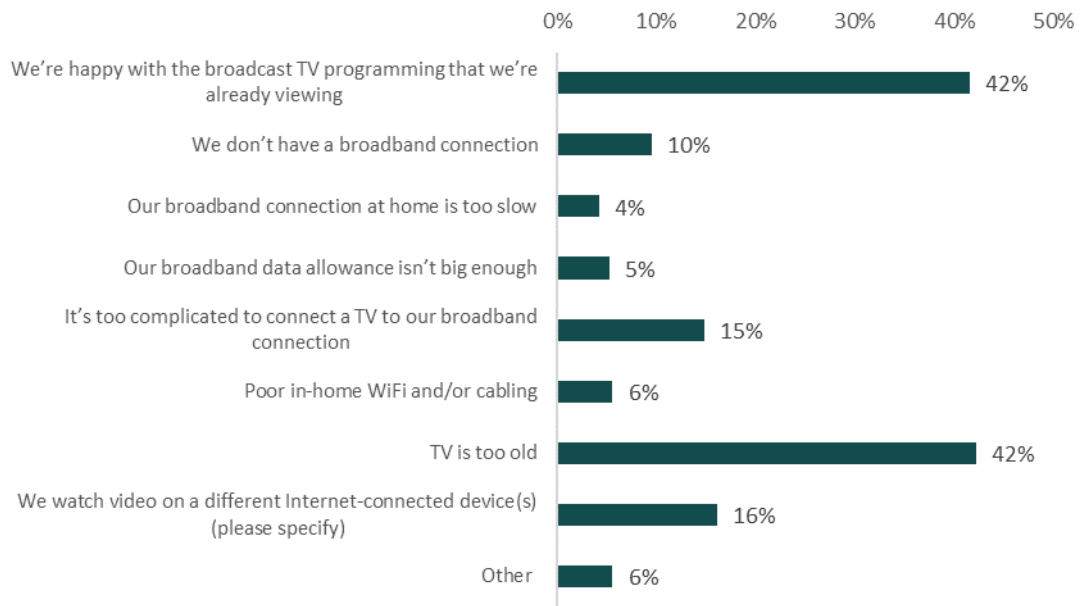


Figure 3. Reasons for not connecting main TV to the Internet (more than one option could be selected)
 (Source: Venture Insights consumer survey, n = 1,003)

TV definition

4K televisions are becoming a fixture in many households. The reported highest screen definition in the household is shown in Figure 4: 24% of households reported a 4K or better screen. Only 9% reported a standard definition screen as their highest definition screen.

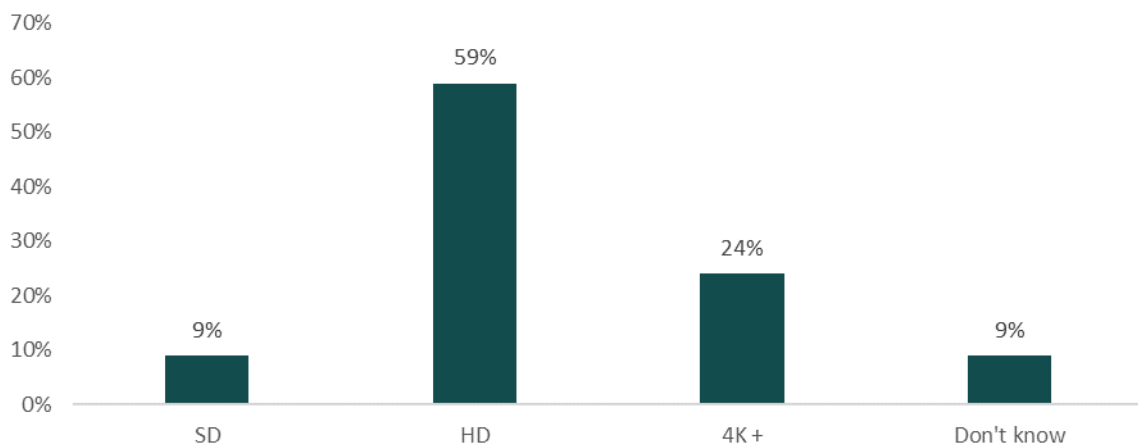


Figure 4. What is the highest definition television set in your household?
 (Source: Venture Insights consumer survey, n = 1,003)

In addition, many households plan to buy 4K TV sets. A total of 44% of households have clear plans to buy (or buy another) 4K or better set in the next 3 years (Figure 5). This has clear implications for network demand as 4K content becomes more commonly available on SVOD and BVOD services.

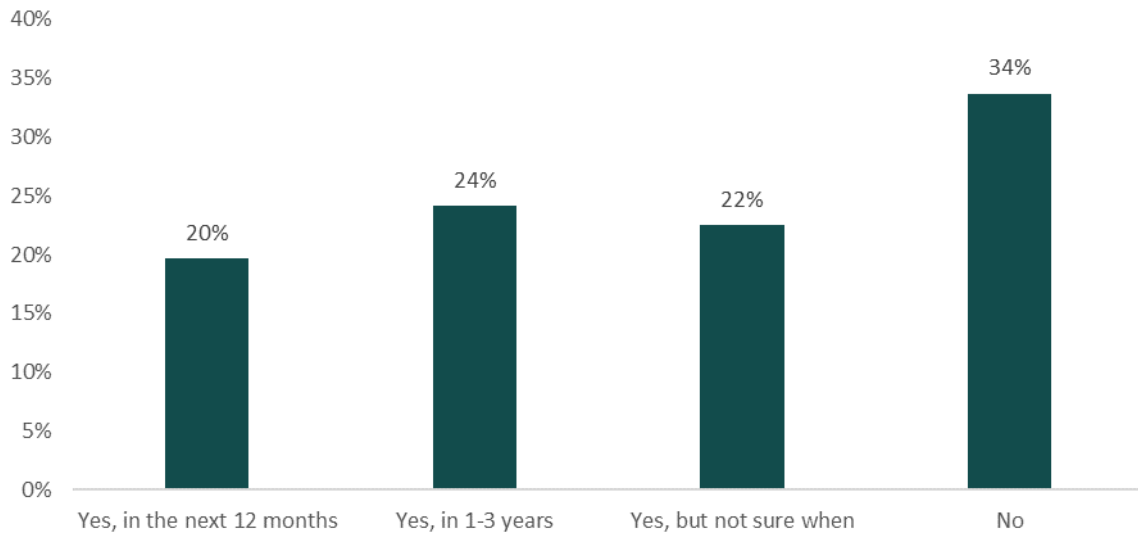


Figure 5. Do you have any plans to buy (or buy another) 4K or better definition TV?
(Source: Venture Insights consumer survey, n = 1,003)

Pay and On-Demand Viewing Patterns

Pay TV viewing

We asked the survey respondents about the services they use to watch pay TV. About half of households (54%) do not watch pay TV. Among those who watch pay TV, approximately two-thirds watch Foxtel pay TV and the rest watch Fetch TV.

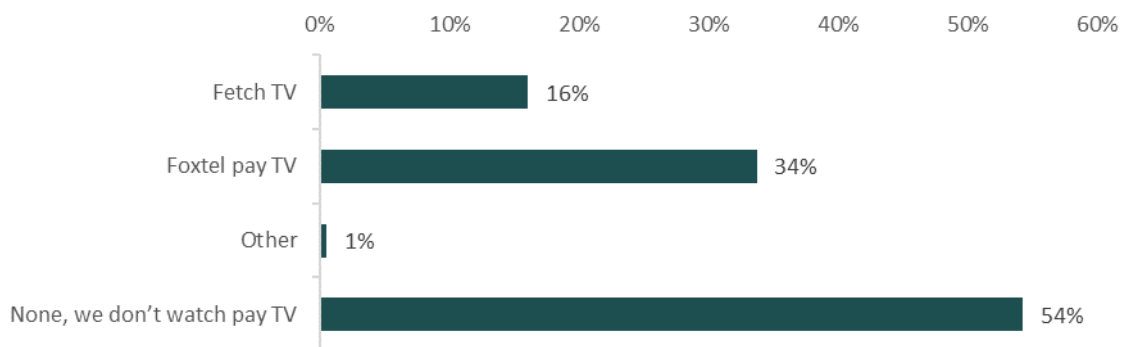


Figure 6. Services used to watch pay TV in the households
(Source: Venture Insights consumer survey, n = 1,003)

We asked the respondents the reasons for not watching pay TV. Affordability was the main reason chosen by 36% of the respondents. The next two major reasons were a lack of interest in their programming (27%) and the perception that they were not value for money (24%).

BVOD viewing

Of our survey respondents' households, 57% watch BVOD (including "catch-up") services at home. The top two reasons for not watching BVOD were a lack of time to watch it (54%) and TV not being equipped to access catch-up TV (21%).

Among the respondents who watch catch-up TV, a majority (71%) watch it on their television. Computers and tablets are the next two popular devices, with 39% and 30% of the households using them to watch catch-up TV.

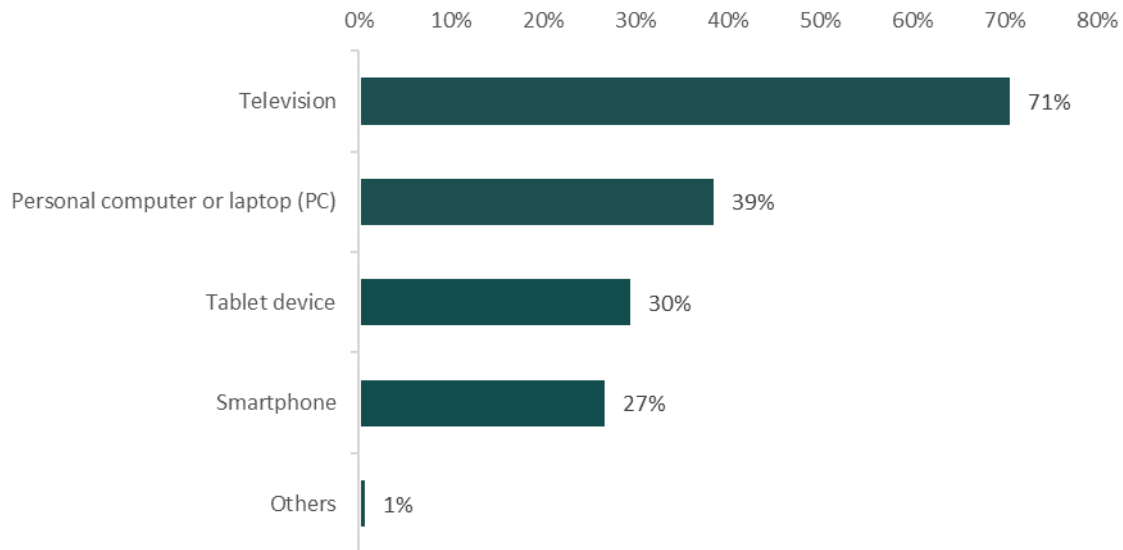


Figure 7. Kinds of devices used to watch catch-up TV in households. (Respondents could pick multiple options.)
(Source: Venture Insights consumer survey, n = 576)

SVOD viewing

Over the last five years, the growth of SVOD has driven a significant transformation in TV viewing habits. Audiences today have unprecedented choice when it comes to content and how to watch it. SVOD has led to intense competition in the video market and is responsible for a general decline in FTA and pay TV minutes over time (barring the COVID-19 period). The result is fragmentation of the industry, with a move away from a single, homogeneous bundle of channels to a much more diverse set of content choices. Venture Insights estimates that SVOD subscriptions overtook pay TV subscriptions in Australia in 2016. COVID-19 has provided a massive boost to SVOD revenues, which will continue to grow at a 9.3% CAGR through to 2024. For details, read our latest Video Entertainment Market Outlook ([Venture Insights, 2021](#)).

Netflix has maintained its dominance of the Australian SVOD market. We estimate that Netflix has 5 mn+ paying subscribers in Australia. However, the SVOD market is entering a new era of streaming wars with new international players with deeper pockets emerging. We expect new players like Disney+ and Apple TV+ to focus on grabbing market share over revenues. Both Disney+ and Apple TV+ are priced about 50% cheaper than the comparable Netflix or Stan plans.

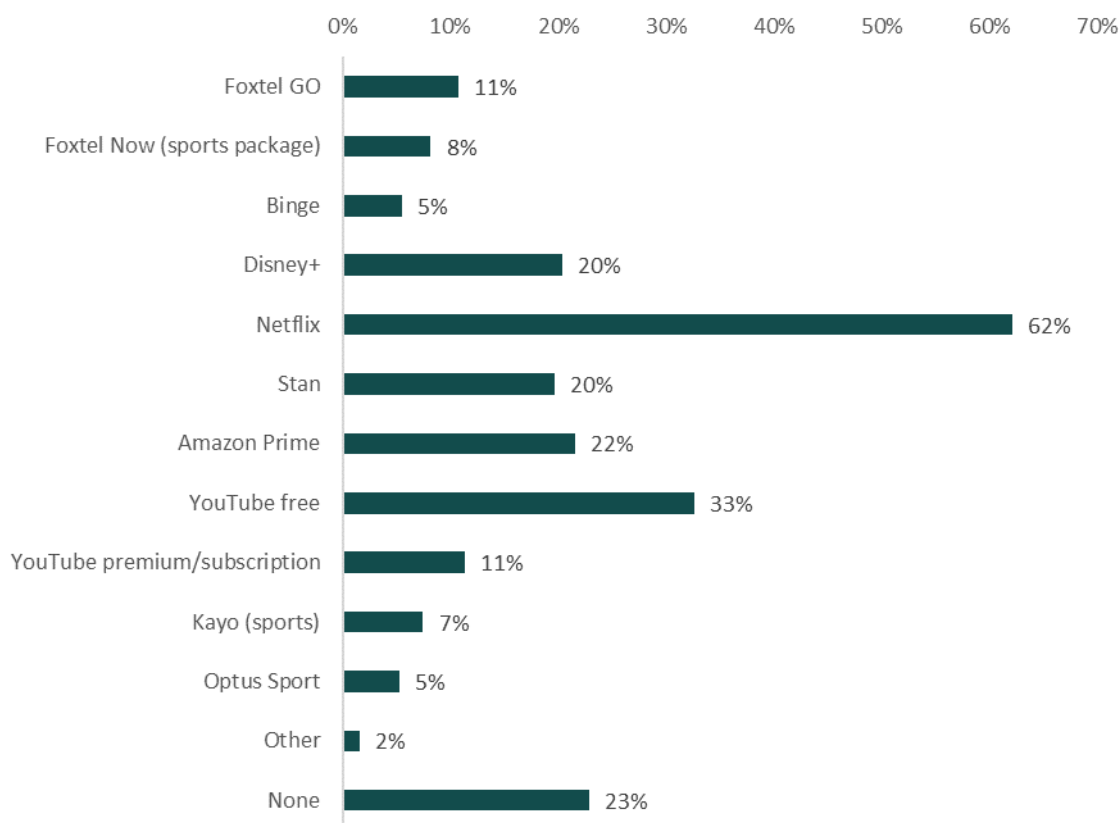


Figure 8. SVOD services used in households
(Source: Venture Insights consumer survey, n = 1,003)

We asked our survey respondents which SVOD services are used in their households. Netflix was the most popular service with 62% of the Australian households using it. Disney+, Stan and Amazon Prime were being used in approximately 20% of the households each. About a quarter (23%) of the households did not use any SVOD service, the top three reasons for which were cost of the SVOD services (35%), uninteresting programming (31%) and lack of time (21%). YouTube Free is not a subscription service but was included for comparison (see Figure 8).

Of the respondents whose households watch SVOD services, only 6% were planning to cancel SVOD service(s) in the next 12 months. On the other hand, we also asked *all* the households if they had plans to subscribe to any new SVOD service during this period: 8% of all respondents had plans to subscribe to a new SVOD service in the next 12 months. The difference between respondents cancelling and joining was within the error margin for this survey, and thus we expect the SVOD penetration to remain stable in the next 12 months. This is consistent with our forecast that the SVOD growth rate will fall significantly in 2021.

Future Viewing Trends

We asked the survey respondents who were already watching FTA TV, pay TV, catch-up TV and SVOD TV how they thought their viewing of those services would change over the next twelve months.

The future behaviour of consumers is hard even for the respondents to predict, and much depends on how events develop over 2021. In addition, this survey was taken in late November/early December 2020, at the end of a long period of lockdowns and border closures. The economy was recovering, but clarity had not emerged on the vaccination program. To some extent, we expect these responses to reflect a pessimistic view of 2021, and an expectation of ongoing restrictions on live entertainment, cinema and similar activities. They also reflect an expectation of more working from home, which would reduce travel time and increase time available for TV viewing. We therefore interpret them as a ceiling on TV viewing, which would not be met if these pessimistic assumptions are not borne out.

The pattern of responses was remarkably similar for each kind of television. Solid majorities did not expect their viewing time to change, but those who expected more viewing outweighed those who expected less in all four cases.

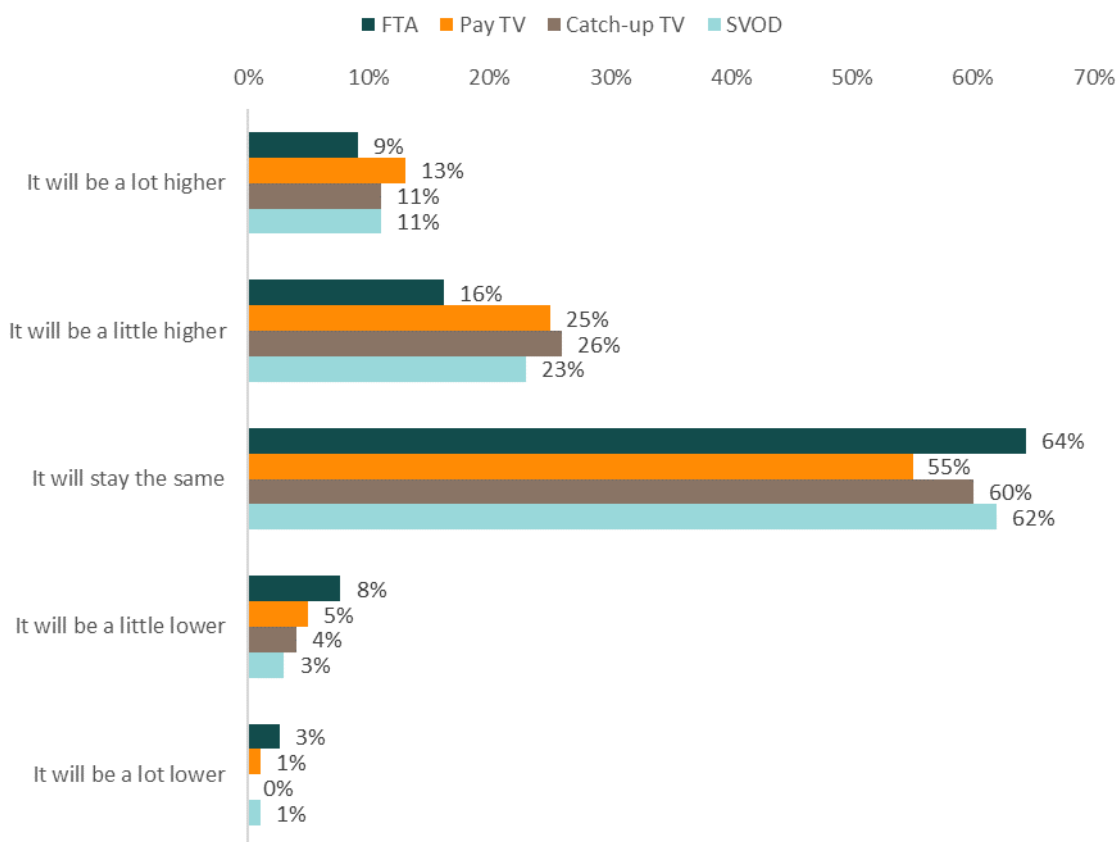


Figure 9. How do you think your household consumption will change over the next twelve months? (Source: Venture Insights consumer survey, n = 1,003)

A majority (64%) did not expect FTA TV consumption to change during this time, 25% expected it to be higher, and 11% expected it to be lower. We anticipate that the survey respondents who said it will be higher in the next 12 months might be influenced by the increase in the FTA viewing due to COVID-19 lockdown and the increase in working from home.

Regarding pay TV, 38% respondents said it will be higher in the next one year, and only 6% said it will be lower. Although average viewing time for pay TV had been declining over the years, there was an increase in viewing in the twelve months to June 2020 due to COVID-19. Of the respondents who watch pay TV, only 5% were planning to cancel the plan in the next 12 months. On the other hand, we asked all the households if they had plans to subscribe to any new Pay TV during this period: 8% of all respondents had plans to subscribe to a new pay TV service in the next 12 months. Within the margin of error, these results do not indicate a significant movement in pay TV subscribers over 2021.

For catch-up TV over the next 12 months, 37% of respondents said it will be higher, and only 4% said it will be lower. This response is similar to pay TV and FTA TV, as described above.

For the household consumption of SVOD over the next 12 months, 34% of respondents said it will be higher, and only 4% said it will be lower. This is consistent with Venture Insights' SVOD forecasts.

In summary, the survey respondents expected their viewing to be stable or slightly increase in the next 12 months across all formats. Overall, we think this response reflects the pandemic impact and an associated increase in working from home.

Conclusion

This report has presented our survey results across 1,003 households and highlights their video viewing habits, video devices used, and viewing expectations over the next 12 months across FTA, Pay TV, Catch-up TV and SVOD formats.

TV remains the most ubiquitous device to watch video. Almost all households surveyed had one or more TV sets. In the survey, 88% of the households also watch video on PC(s), 65% on Tablet(s) and 88% on Smartphone(s).

Internet-connected and 4K TVs are now common: 69% of households have an Internet-connected TV. In contrast, only 24% currently have a 4K TV or better, but 44% of households anticipated buying a 4K TV set (or another 4K set) over the next 3 years. These results have clear implications for network demand as 4K content becomes more available on VOD services.

Netflix has maintained its dominance in the Australian SVOD market with 62% of the Australian households using it. Disney+, Stan and Amazon Prime are being watched in approximately 20% of the households each. About a quarter (23%) of the households do not use any SVOD service, the top three reasons being the cost of the SVOD services (35%), uninteresting programming (31%), and lack of time (21%).

Most survey respondents expect their video consumption to remain stable across formats (FTA, Pay TV, Catch-up TV and SVOD) over the next year. Venture Insights forecasts that FTA TV and Pay TV viewing will decline over the long term. However, COVID-19 and an associated increase in working from home has led to an increase in viewing across formats. This survey suggests that viewing could remain stable in the near future if the economy opens slowly, restricting non-TV entertainment options.

Reference

Venture Insights. (2021). 2021 Video Entertainment Market Outlook. 28 January. Available at <https://www.ventureinsights.com.au/product/2021-video-entertainment-market-outlook/>