

DIGITAL VIDEO BENCHMARK

ADOBE DIGITAL INDEX Q2 2015

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Key insights

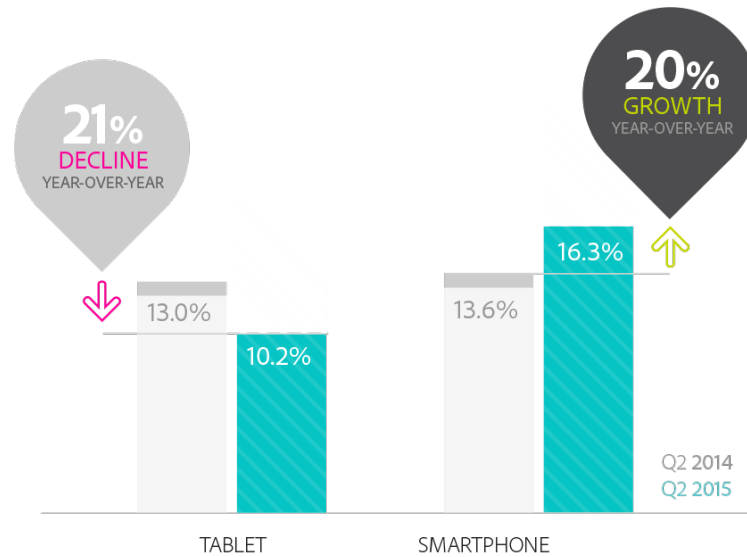
- 1. TV Everywhere viewers consume more:** Even without a major event (Olympics, World Cup etc) TVE viewing rose by 63% YoY. Active TVE viewership (pay-TV subscribers watching TV online) grew by 19% YoY, but has stagnated in the past 3 quarters and is down 4% QoQ.
- 2. Apple TV increases its share:** Share of TV Everywhere viewing via OTT devices jumped to 21%, an increase of 110% YoY. Apple TV increased its share of TV Everywhere viewers by 10% QoQ, while the share of viewers for other connected TV devices (like Roku) saw marginal to no movement.
- 3. OTT is device of choice for the 'Plural' or 'Post-Millennial' generation (born since '97) and binge watchers:** “Teens & Toons” content viewers are trading iPads for OTT devices. The share of youth-oriented TV viewing on OTT devices increased by 153% YoY, while the iOS share declined 32% YoY. OTT has also become the device of choice for binge watchers with frequency of viewing up 35% YoY.
- 4. Online video ads (non-authenticated content) saw an increase:** Frequency of online video ad viewing showed strong growth across every genre of content – up 30% YoY, with reality TV viewers watching the most ads per video view. Tablet viewing grew by 29% YoY; smartphones by 16% YoY. TV Show and Movie sites had a more than 7X higher viewer frequency rate than sites with a mix of video and written content.

ONLINE VIDEO

Device type share of online video starts

Mobile share of overall online video viewing didn't grow, with tablet declines cancelling out smartphone growth. The case for mobile to overtake desktop as the primary method for viewing unauthenticated content in the next two years is hitting a few speed bumps in the form of slowing tablet usage.

Slowing tablet sales is driving a decrease in the share of tablet video viewing, which was **down by 21% YoY**

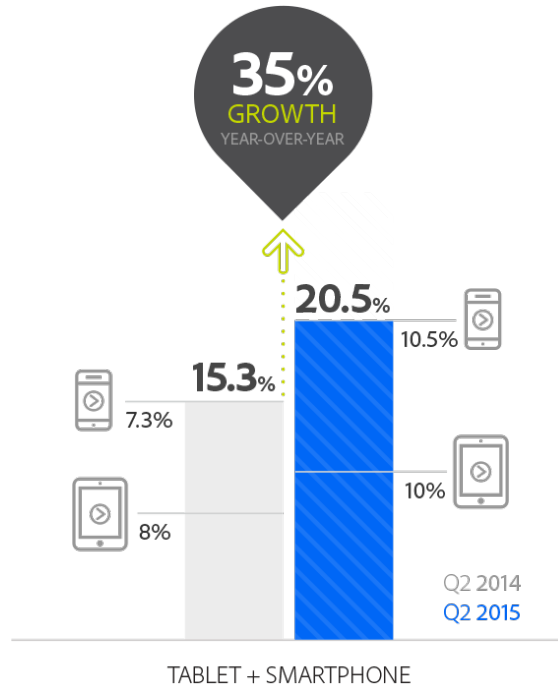


Share of smartphone viewing **increased YoY by 20%**, helping offset the decline in tablet viewing and helping maintain the share of mobile viewing at 26.5%

ONLINE VIDEO

Device type share of online video starts (via TV sites) (via TV sites)

Mobile share of online video viewing via TV programming sites **grew 35%** to just under 21% of unauthenticated video viewing



TV programming sites are geared towards showing a **longer form of content**, thus understanding the metrics surrounding video viewing via TV sites provides insight on how consumers engage with longer form content



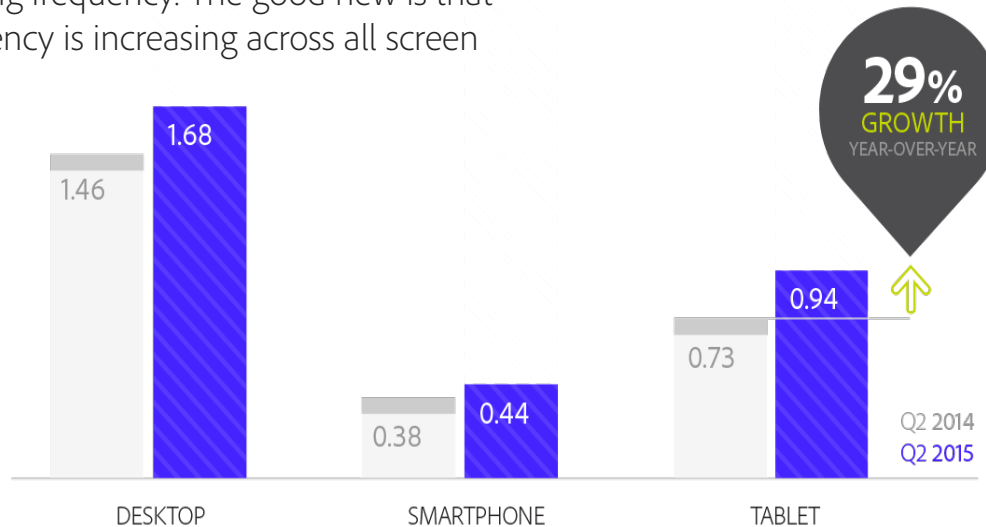
GLOBAL MOBILE SHARE OF ONLINE VIDEO STARTS (TV SITES)

SOURCE: ADOBE ANALYTICS

ONLINE VIDEO

Viewing frequency by device type (via TV sites)

Screen size is a predictor of online video viewing frequency. The good news is that frequency is increasing across all screen sizes



The viewing frequency **via a tablet grew 29% YoY** to 0.94 video views per visitor



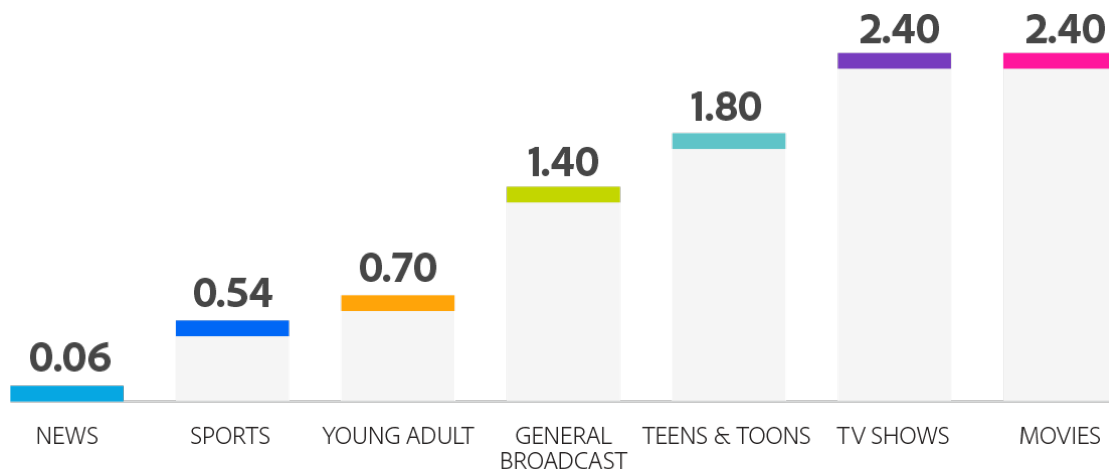
GLOBAL ONLINE VIDEO VIEWING FREQUENCY
(TV SITES MONTHLY AVERAGE VIEWS PER VISITOR)

SOURCE: ADOBE ANALYTICS

ONLINE VIDEO

Viewing frequency by channel type (via TV sites)

Video is a highly engaging format that entices users to interact with content at a higher rate. Content providers have an opportunity to use video as a tool to increase site activity and interaction, ultimately increasing monetization opportunities.



Sites where the channel type is strictly aimed at delivering video content (TV Show and Movies) have more than a **7x higher viewing frequency rate** than sites with a mix of video and written content (News and Sports)



GLOBAL ONLINE VIDEO VIEWING FREQUENCY BY CHANNEL TYPE
(TV SITES MONTHLY AVERAGE VIEWS PER VISITOR)

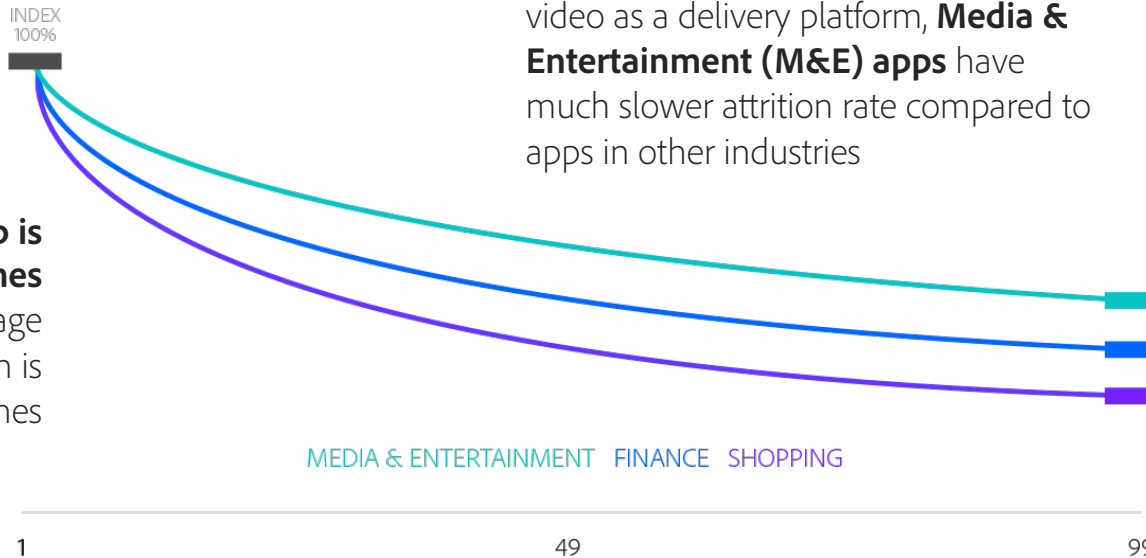
SOURCE: ADOBE ANALYTICS

ONLINE VIDEO

Half life of app by industry

Aided by rich content and leveraging video as a delivery platform, **Media & Entertainment (M&E) apps** have much slower attrition rate compared to apps in other industries

The average M&E app is launched 21.1 times compared to the average shopping app which is launched 13.5 times



ERROSION OF APP LAUNCHES AFTER THE FIRST USE
(2012 THROUGH Q2 2015)

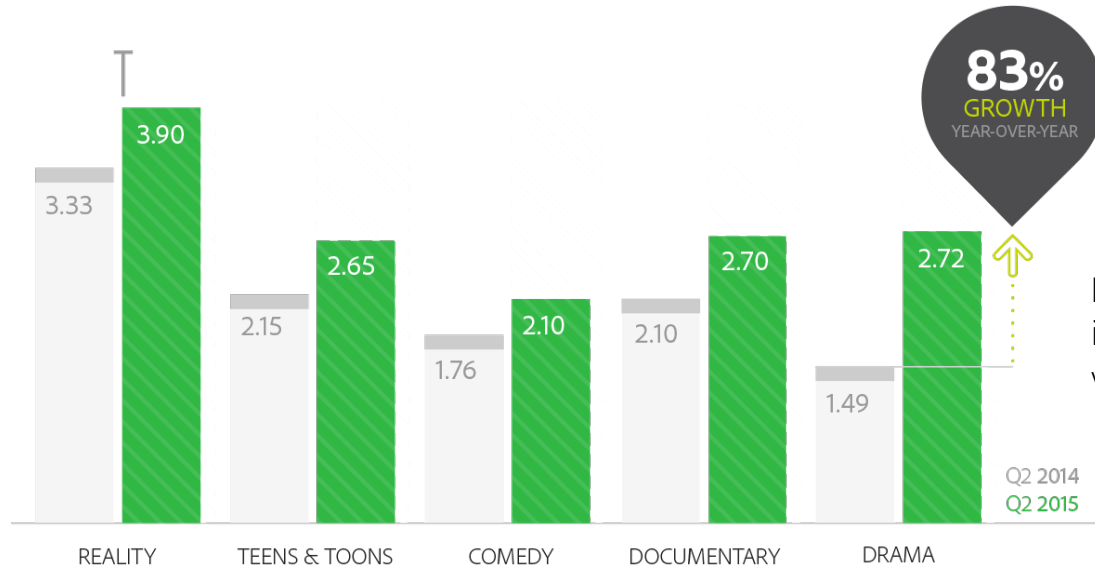
SOURCE: ADOBE ANALYTICS

ONLINE VIDEO

Ad viewing frequency by genre

Viewers of **reality TV** are viewing the most ads per video view.

The average ad start per video start in Q2 2015 was **2.81**, that is up **30%** over Q2 2014



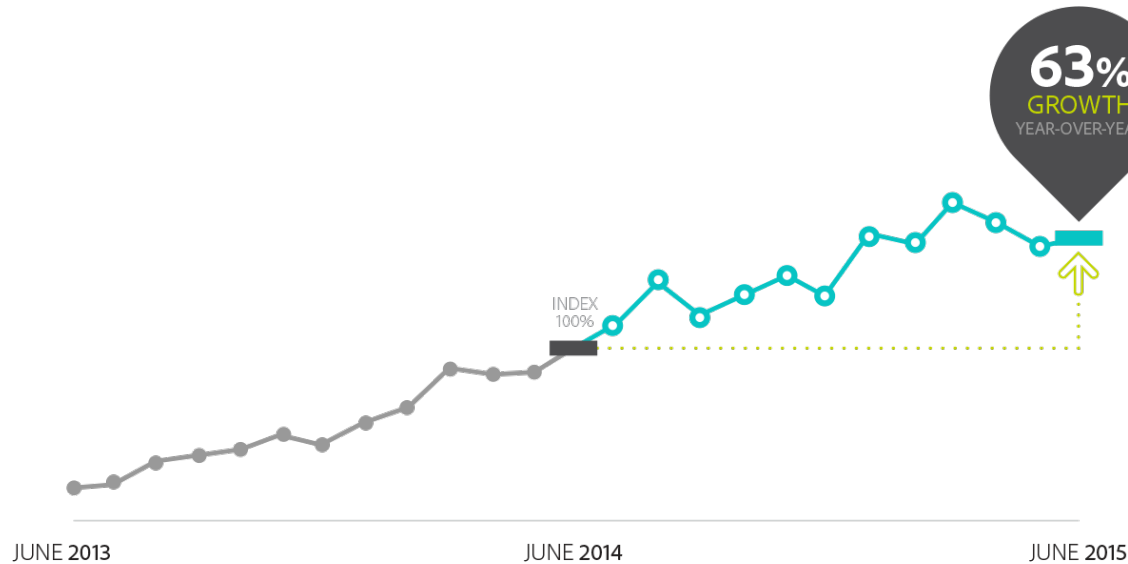
Drama had the largest increase in ad-start to video-start ratio



GLOBAL MONTHLY AVERAGE AD START PER VIDEO START BY EPISODE GENRE
SOURCE: ADOBE ANALYTICS

TV EVERYWHERE

Authenticated video growth by share of access type



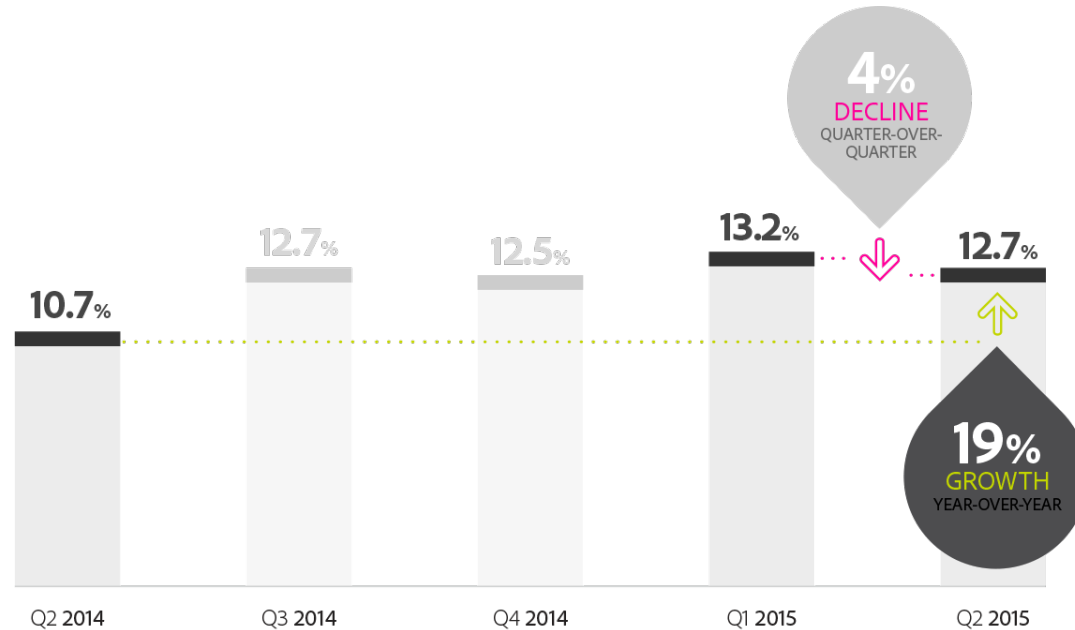
Even without a major event to fuel growth, authenticated video viewing **still posted strong gains**



TV EVERYWHERE AUTHENTICATED VIDEO VIEWING GROWTH
SOURCE: ADOBE PRIMETIME

TV EVERYWHERE

Active monthly share of Pay-TV viewers



Active viewership **grew** on a YoY basis, but had a slight QoQ decline



TV EVERYWHERE SHARE OF ACTIVE MONTHLY PAY-TV VIEWERS
SOURCE: ADOBE PRIMETIME

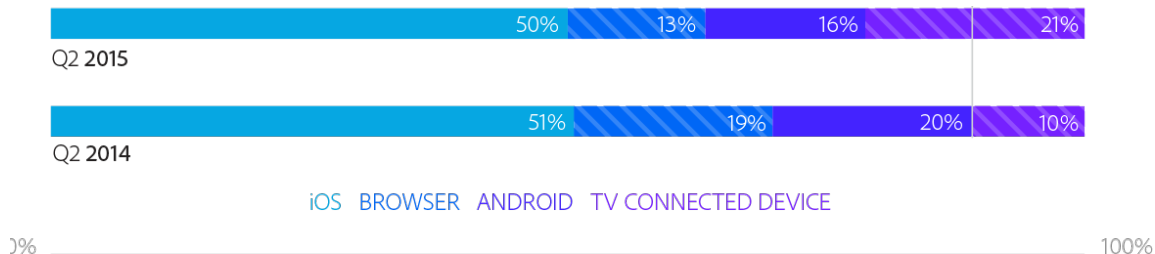
TV EVERYWHERE

Share of authentications by access type

The push to get authenticated TV back into the living room has succeeded, but growth has leveled off

110%
GROWTH
YEAR-OVER-YEAR

Share of authenticated viewing via a **TV connected device** was 21%, an increase of 110% YoY



SHARE OF TV EVERYWHERE AUTHENTICATIONS BY ACCESS TYPE

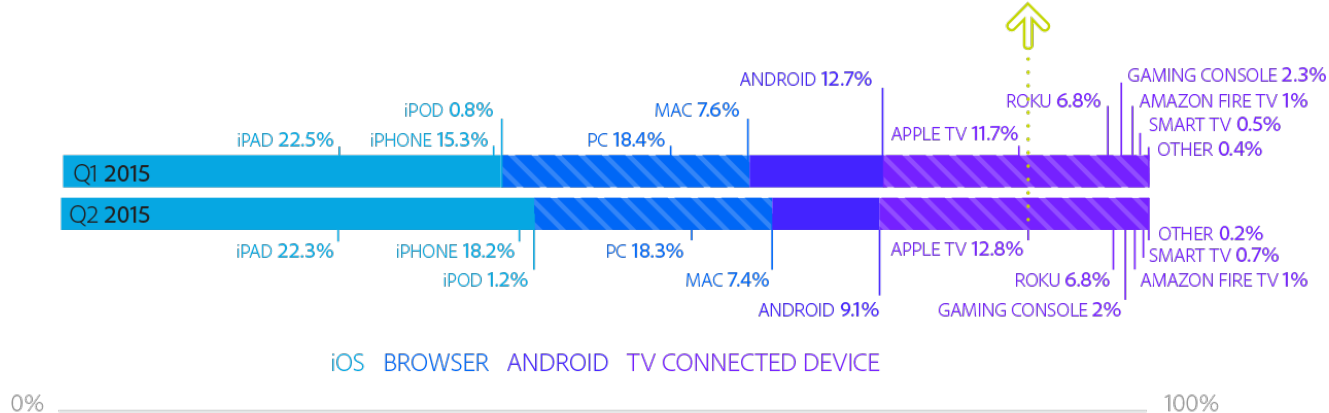
SOURCE: ADOBE PRIMETIME

TV EVERYWHERE

Share of users by device type

10%
GROWTH
QUARTER-OVER-
QUARTER

Despite the share of viewing via TV connected device **shrinking QoQ**, the share of viewers via an **Apple TV increased**



SHARE OF TV EVERYWHERE USERS BY DEVICE TYPE

SOURCE: ADOBE PRIMETIME

TV EVERYWHERE

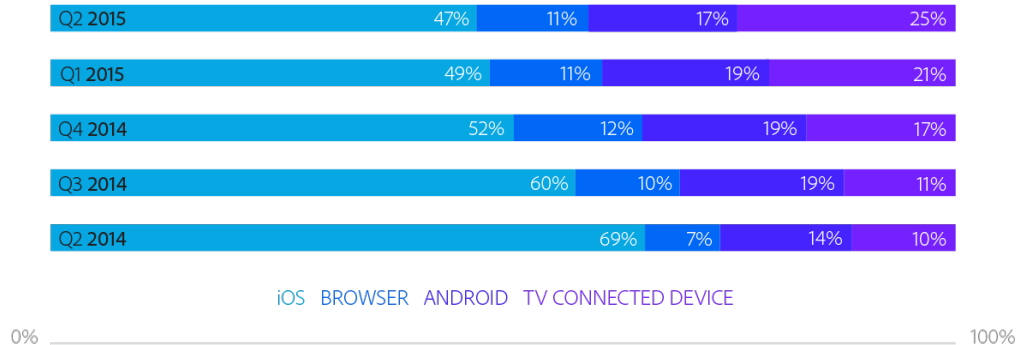
Share of authentications by access type (teens & toons)

The Plural/Post Generation—composed of those born after 1997—is swapping their iPads and iPhones for TV connected devices like Apple TV and Roku

Share of iOS children's television viewing **declined 32% YoY**



The share of teens & toons themed TV everywhere authentications viewed on a TV connected device **grew 153% YoY**, to 25%



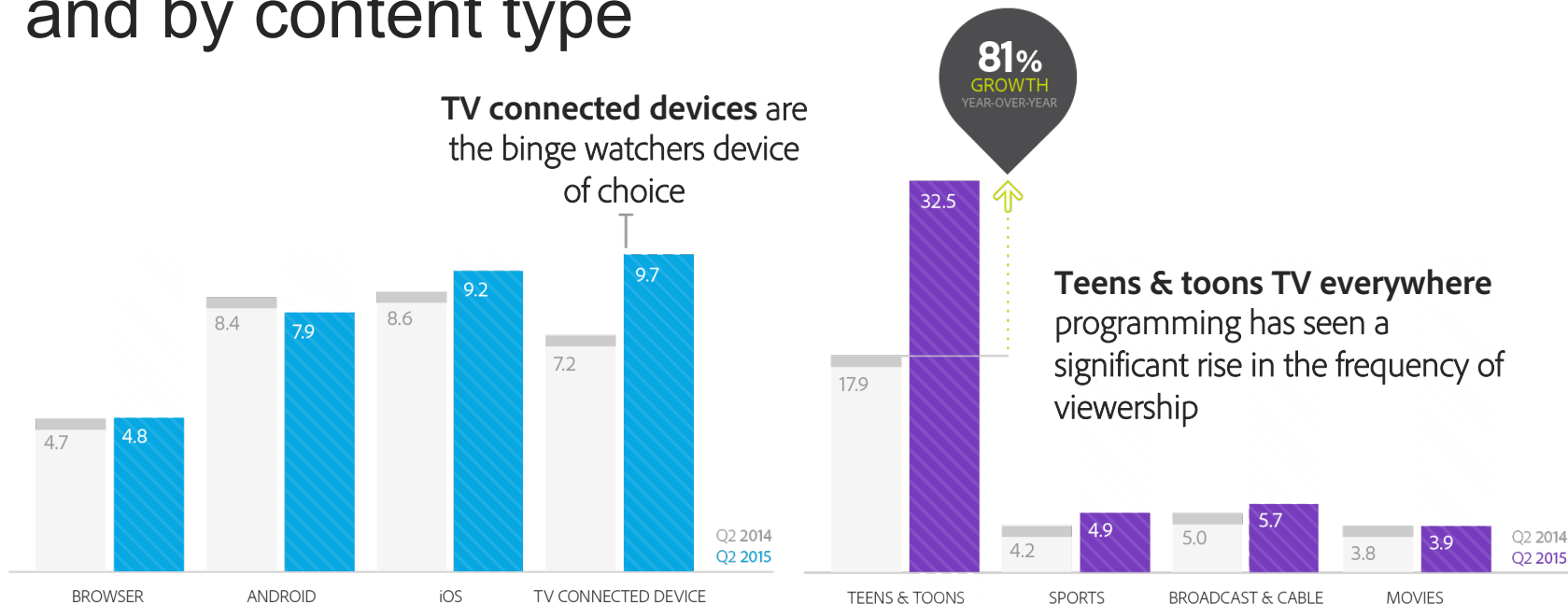
This trend towards connected TV streaming built **gradually over the last five quarters**, ending in Q2 2015



SHARE OF TV EVERYWHERE AUTHENTICATIONS BY ACCESS TYPE
SOURCE: ADOBE PRIMETIME

TV EVERYWHERE

Viewing frequency by access type and by content type



TV EVERYWHERE VIEWING FREQUENCY BY ACCESS TYPE
(MONTHLY AVG. AUTHENTICATED VIDEO/VISITOR)
SOURCE: ADOBE PRIMETIME



TV EVERYWHERE VIEWING FREQUENCY BY GENRE
(MONTHLY AVG. AUTHENTICATED VIDEO/VISITOR)
SOURCE: ADOBE PRIMETIME

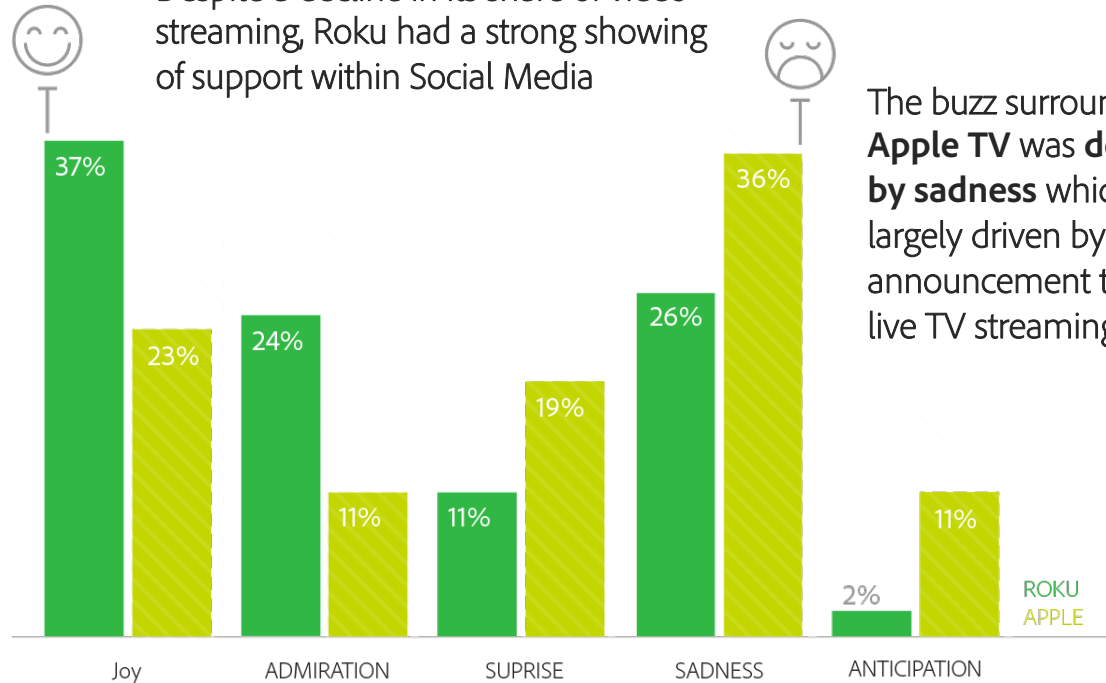
TV EVERYWHERE

Social buzz

30% of social buzz surrounding Roku was related with joy and users saying that they "love their Roku"

Despite a decline in its share of video streaming, Roku had a strong showing of support within Social Media

The buzz surrounding Apple TV was dominated by sadness which was largely driven by the announcement to delay live TV streaming



TV EVERYWHERE SOCIAL BUZZ
SOURCE: ADOBE SOCIAL

ADOBE DIGITAL INDEX

Methodology

This report is based on consumer video viewing from 2014 and 2015. It consists of the aggregated and anonymous data from sites gathered from Adobe Analytics, Adobe Primetime, and Adobe Social. Adobe does not use any personally identifiable information to generate this report. In addition, Adobe does not know the personal identity of those viewing digital videos.

Sample information includes:

- 159 billion total online video starts
- 1.49 billion TV Everywhere authentications
- 101 million mobile app launches
- 300+ different sites and apps acting as access points for TV Everywhere

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Glossary

- Ad start ratio: Total ad starts per video start
- Online video start: Any browser based unauthenticated video start
- Viewing frequency: Video start per unique viewer
- Monthly video view time: Average time spent per month viewing video per person
- Authenticated video: Video content that requires credentials from multichannel video programming distributor (MVPD)
- Active monthly viewer: Viewer who authenticates at least once per month
- Monthly unique visitor: Total number of unique visitors for the month
- Access type
 - Browser includes Chrome, IE, Firefox, and Safari on both PC and mobile devices
 - iOS app is an app on any Apple mobile device
 - Android app is an app located on any Android mobile device
 - Gaming console and OTT includes data from apps on Xbox, PS4, Apple TV, Roku, and other similar devices
- TV Everywhere video viewing frequency: Authenticated video starts per monthly unique visitor

ADOBE DIGITAL INDEX

Tables

Erosion of app launches after first use

Launches	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33
Finance	100%	92%	87%	84%	81%	78%	76%	74%	72%	70%	69%	67%	66%	65%	64%	63%	62%	61%	60%	59%	58%	57%	57%	56%	55%	54%	54%	53%	53%	52%	51%	51%	50%	50%
Media & Entertainment	100%	95%	92%	90%	88%	86%	84%	83%	81%	80%	79%	78%	77%	76%	75%	74%	73%	72%	71%	71%	70%	69%	68%	68%	67%	66%	66%	65%	65%	64%	64%	63%	63%	62%
Shopping	100%	90%	84%	79%	75%	72%	69%	67%	64%	62%	60%	59%	57%	56%	54%	53%	52%	51%	50%	49%	48%	47%	46%	45%	45%	44%	43%	42%	42%	41%	40%	40%	39%	39%
	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	
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	62%	61%	61%	60%	60%	59%	59%	58%	58%	58%	57%	57%	56%	56%	56%	55%	55%	55%	54%	54%	53%	53%	53%	52%	52%	52%	52%	51%	51%	51%	50%	50%	50%	
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	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	
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	26%	26%	26%	26%	25%	25%	25%	25%	24%	24%	24%	24%	24%	23%	23%	23%	23%	23%	22%	22%	22%	22%	22%	21%	21%	21%	21%	21%	21%	21%	20%	20%	20%	

TV Everywhere authenticated video viewing growth by access type

	6/2013	7/2013	8/2013	9/2013	10/2013	11/2013	12/2013	1/2014	2/2014	3/2014	4/2014	5/2014	6/2014	7/2014	8/2014	9/2014	10/2014	11/2014	12/2014	1/2015	2/2015	3/2015	4/2015	5/2015	6/2015
Authenticated Video Start Growth	20%	22%	36%	39%	43%	50%	45%	58%	65%	88%	85%	87%	100%	115%	139%	120%	131%	142%	132%	166%	161%	187%	174%	159%	163%

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