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Count this as one giant “congratulations,” a slap on the back. Get yourself a cup of coffee on the house. Whether you’re a broadcaster, OTT provider, or a content owner going over the top direct to consumers, you’ve earned (at the very least) a big smiley face.

Why? Your customers — by and large — are happy with you.

A recent survey from U.S. researcher J.D. Power found that customers of subscription video on-demand services are far more satisfied with their services than pay-TV subscribers... much, much more. The survey found SVOD users gave streaming companies an average 823 points (on a 1,000-point scale) for performance and reliability, content, cost of service, ease of use, communication, and customer service.

Compare that to the most recent J.D. Power study of pay-TV customers. Last September, the organization found that customers rated their pay-TV service at 723, an improvement of 12 points from the previous year, but still, well, meh.

Another survey, from the University of Michigan’s Ross Business School, the American Customer Satisfaction Index, delivers an even more sour view of pay TV, giving the industry a 65 (out of 100), which ranks it below airlines, municipal utility companies and health insurers.

And consumers aren’t just taking a grin-and-bear-it approach. In Q2, U.S. pay-TV providers lost 812,000 subscribers, their worst quarter ever.

But OTT providers and content owners are seeing just the opposite. CBS All Access and Showtime each have more than 1 million subs, Sling TV is nearing that number, while Netflix and Amazon battle it out on a global scale with tens of millions of subscribers.

Worldwide, the streaming industry is seeing phenomenal growth, both in the number of subscribers and in the number of services that are rolling out.

It’s a heady time to be a streamer.

But, as the industry becomes more crowded, the low-hanging fruit a higher reach, delivering quality and reliability will become more critical; knowing your audience, even more so.

This quarter’s Video Index delivers deep insights that only Ooyala can provide about the business of streaming, looking at power AVOD, SVOD and TVOD users. Power users visit your platform most often, watch the most video and watch on devices that are often different than those watched by less-engaged customers.

AMONG OUR POWER USER FINDINGS:

♦ On an AVOD news site, for example, users visit 37% more during the workweek than on weekends and use computers to consume content for longer periods, compared to the average user who uses a mobile phone.

♦ Visitors to an AVOD entertainment platform on Thursdays and Fridays watch 17% more content than they do Monday to Wednesday, and 37% more than they do on Saturday and Sunday.
76% of power users on an SVOD entertainment platform visit 2–3 days a week, with peak viewing occurring Friday and Saturday. Mondays see the least traffic from power users.

And a transactional platform (TVOD) sees its slowest traffic early in the week and an explosion of streaming on weekends: about 13X more than weekdays.

VIDEO ADVERTISING TRENDS:

Programmatic continued to gain traction globally as more publishers made more quality content available and as open-market RTB deals continued to grow.

CPMs also grew across the board, with second-price auctions moving up to $19–$21 CPM.

THE IMPACT OF CHURN ON SVOD SERVICES:

Creating a perception of value is crucial to retaining customers, as 39% of customers who churn out cite a “lack of value.”

230 million Americans have access to at least one SVOD subscription.

90% will pay extra for “perks” like access to discounts and special offers.

More than three-quarters would pay an extra $3.99 per month for perks.

MOBILE VIDEO TRENDS:

51% of all plays are mobile, an increase of 15% from a year ago and 203% from 2014.

Plays on smartphones increased 10% from a year ago.

Plays on tablets increased 51% from a year ago.

TIME WATCHED BY DEVICE AND VIDEO LENGTH:

Short-form video (0–5 minutes) dominates share of viewing time on smartphones at 55%.

Medium-form video (5–20 minutes) earns 18–20% of viewing time on smartphones, tablets and computers.

Long-form video (20 minutes or longer) makes up almost all viewing time on set-top devices (92%) and 46% of tablet time.

IOS OR ANDROID:

98% of video plays on mobile devices are on iOS or Android.

iOS owned 52% of video plays on smartphones.

91% of videos viewed on tablets in Q2 2015 were via iOS, but Apple’s share has declined to just 65% a year later.

Users watch video for longer on iOS devices than on Android devices, but the gap is narrowing slightly.
In other industries, they might be referred to as cash cows. In the online video industry, they’re the customers every video service wants: power users. They’re the viewers who are willing to come back to a site time and again and count their viewing time in hours instead of minutes.

This quarter we turned our focus to power users, looking to isolate their behavior and give you an inside look at how they consume ad-supported video on-demand (AVOD), subscription-supported video on-demand (SVOD) and transactional video on-demand (TVOD).

We defined a “power user” as a customer who visited on more days each month — at least seven days per month but typically many more — and made more frequent visits each day than an “average” customer. To put it simply, power users consume far more content than an average user.

These power-user insights can help you make the most of the viewing experience and revenue opportunities associated with your most loyal and engaged viewers, and also show how to turn more of your audience members into power users.
THE POWER AVOD USER

Our sample of AVOD power users came from two different types of sites:

♦ News platforms where the majority of content is short form (5 minutes or less).
♦ General entertainment platforms that include sports, news and episodic TV, with medium (5–20 minute) and long (20 minute and longer) content generally seeing the highest consumption, although short content also is available.

AVOD NEWS PLATFORM

Top-line view:

Most power users access the platform during the middle of the week, meaning only a small portion, about 26%, visit more than 10 times in a month. Interest peaks midweek and falls off especially hard on weekends. They grab their content in two or three short gulps during the day, and for the day watch about 9–18 minutes in total.

Updating content with high frequency, lengthening videos and including live content throughout the day — even to the point of launching aggregated newscasts streamed at set times — could increase the “stickiness” of a platform. Offering even more premium content — like an SVOD newscast on specific topics (sports are a great example) — also helps to create a hybrid model that attracts a different user. To drive more views on weekends, a weekend wrap up, or deeper dives into topics and more direct commentary on events could help.

Frequency of visits:

♦ Among all power users, 65% visit between seven and 10 days a month
♦ About 13% return 11 or 12 days a month.
♦ Virtually none visited more often than 22 times a month.

Days of the week:

News site viewing is steady throughout the workweek, with the traffic to the site fairly balanced daily, but declining nearly 37% over the weekend.

Time watched is a much different story:

♦ Weekday viewing time averages nearly 6X as long as weekends.
♦ Viewing time spikes on Wednesdays and Thursdays, with time watched outpacing the rest of the workweek by more than 2X and nearly 9X as long as on the weekend.
♦ Wednesday is a big day for both the number of plays and time watched. Plays are 6% higher than the average for the workweek; time watched soars some 76% more than the Monday–Friday average.
♦ The fewest views occur on Saturday, followed by Sunday.

Frequency of visits:

ARMONIC NEWS PLATFORM POWER USERS

AVERAGE DAYS VISITED

9.97

AVERAGE TIME PER PLAY

8.4 minutes

AVERAGE TIME WATCHED PER DAY

16.2 minutes

Time per play:

It makes sense that for news publishers, viewers are likely to stay for shorter time periods, sampling news and video at multiple times during the day:

♦ 72% of time per play among power users was for sessions shorter than 9 minutes in length.
♦ 19% of time per play was between 9 and 18 minutes.
♦ The remaining 9% was for sessions lasting between 18 and 36 minutes.

On an average day, power users spend as much as 36 minutes a day watching video on the platform; but the vast majority, 75%, stay as long as 18 minutes. Neither number is unusual in that users are returning multiple times to catch up on news and sports.

Principal devices used:

PCs were the devices of choice for power users catching up on the news as more than 90% of them eschewed mobile devices; 10% of power users, split evenly, used smartphones and tablets.

Among the larger population of users, interestingly, about 70% consumed content on mobile phones, 20% with computers and 10% with tablets.
AVOD ENTERTAINMENT PLATFORM

Top-line view:

Consuming AVOD entertainment programming is all about mobility for power users, with about 90% of them using either mobile phones (48%) or tablets (42%) to consume content. That’s true for the general audience as well, as more than 60% of average users watch on mobile devices. So make sure content — both entertainment and ads — appears correctly for each device. Search and recommendation should be consistent with a solid interface. It also may be a good time to experiment with some vertical content and ad formats, as research shows increased engagement, especially among younger users who are mobile-dependent.

As only 16% of this audience visits more than 14 times a month, consider holding back some top-performing content for those days of the week where traffic is slower, especially weekends which are noticeably slow, to try and add views. Fridays are exceptional for AVOD entertainment traffic; consider applying a premium to Friday CPMs to leverage the popularity of Friday content.

Frequency of visits:

- 64% of power users visit between seven and 10 days a month.
- About 20% return between 11 and 14 days a month.
- Some 16% of viewers return more often, some every day.

Days of the week:

Viewers here are most engaged on Thursdays and Fridays, when we see a spike of both the number of plays and of time watched:

- Plays are 17% higher than the workweek and 37% higher than Saturday–Sunday.
- Sunday sees the fewest plays — and time watched — of any day.
- Time watched on Thursday and Friday is 13% higher than the average for Monday–Friday and 78% higher than Saturday–Sunday.

Time per play:

- 62% of sessions were ~45 minutes long.
- About 25% of time/play was ~60 minutes.
- The remainder of plays were more than 1 hour.

73% of power users spend as much as 156 minutes a day on the platform, with the remaining 27% spending more time. Most power users, about 59%, spend between 45 minutes and 120 minutes on the site.

41% of users spend between 121 minutes and a whopping 448 minutes watching video on the platform.

Principal devices used:

For catching up on general entertainment and watching some news and sports, power users relied almost exclusively on mobile devices, with more than 45% using smartphones and nearly as many choosing tablets. PCs made up just 10% of devices used by power users.

Among average users, smartphones were the device of choice of 55% of users, computers just more than 35% and the remainder, about 10%, tablets.
THE POWER SVOD/TVOD USER

Our sample of SVOD and TVOD power users came from general-interest entertainment sites that offer either:

♦ Subscription-based TV titles and the ability to watch current TV in catch-up mode
♦ A wider variety of movies, catalog TV titles and box sets for purchase and limited-time rental.

SVOD ENTERTAINMENT PLATFORM

Top-line view:

Traffic is consistent across the week, although Sundays and early in the week have fewer visits.

That viewing profile may be due to “tentpole” linear programming and then catch-up viewing during the next 24–72 hours; that viewing, in turn, may fuel discovery of more content by viewers eager to consume similar content. Leveraging that early uptake with recommendations could help drive more viewing.

Meanwhile, only 23% of power users visit more than 14 days a month. Nearly all power users use a computer (97%) to view content, compared to just 65% of all users.

Consider debuting some premium content early in the week to pull more traffic to those days.

Also, make sure access on tablets, mobile phones and set-top devices is easy and consistent. Expanding viewership across devices could add to subscription numbers.

Frequency of visits:

♦ 71% of power users visit seven to 12 days a month.
♦ About 15% return between 13 and 16 days a month.
♦ Days of activity rarely exceed 24 days a month.

Days of the week:

♦ Users are active on the site most heavily between Tuesday and Saturday, with only a modest fall-off of engagement on Sunday and Monday.
♦ The strongest viewing, in terms of time watched, occurs Wednesday through Saturday, when subscribers stay about 10% longer than the full-week average.
♦ Time watched peaks on Friday and Saturday, when viewers spend 20% more time watching than the rest of the week. Viewing on Sunday and Monday is off nearly 17% from the rest of the week.
♦ The number of plays for power users stays fairly steady throughout the week, with just a small decrease on Mondays, the least active day of the week.

Time per play:

As expected, time per play among SVOD subscribers who use the platform to watch longer content and/or to binge watch was nearly twice that of AVOD users:

♦ 70% of sessions were between 120 minutes and 150 minutes.
♦ About 20% of sessions were between 150 minutes and 180 minutes.
♦ 10% of sessions were in excess of 180 minutes.

When these power users visit the platform, nearly 91% of them spend between 120 minutes and a whopping 390 minutes viewing content throughout the day.

About 9% spend between 391 and 504 minutes a day watching video when they visit.

Principal devices used:

Power SVOD users consuming catch-up TV and general episodic TV used PCs more than 90% of the time, with tablet devices showing up about 5% of the time and, surprisingly, smartphones nearly non-existent.

Among all users, however, smartphones were used nearly 30% of the time, behind computers (more than 60%), but ahead of tablets (just less than 10%).
TVOD ENTERTAINMENT PLATFORM

Top-line view:
For transactional video on-demand (TVOD) services, it’s not so much about how many subscribers you have (although a healthy cache of credit cards on record makes for more potential customers in the long term), but more about how easy it is to use the platform for rentals, how many devices it works on and how easy it is to find — and rent — content.

TVOD power users visited the platform most often on weekends.

To expand viewing to other days of the week, consider making special offers to power users — like discounts and access to special content — on weekdays only. Studies show that SVOD users are willing to spend to receive these perks; TVOD users likely will as well.

To create a more diverse universe of devices that are being used, discount codes or BOGO offers on content watched on mobile devices, for example, could be a regular staple.

To capitalize on already heavy weekend usage, emails with suggestions on “what to watch this weekend” could drive additional consumption. As one Ooyala customer found, emails sent out 24 hours ahead of assumed consumption tend to be effective because that’s how long it takes some viewers to decide to watch a film.

Frequency of visits:
- 71% of power users visit between 8 and 10 days a month.
- About 15% return to the platform between 11 and 12 days a month.
- Few return more than 17 days a month.

Days of the week:
It’s clear that in the minds of many consumers TVOD services are replacing the weekly trip to the video store/kiosk. TVOD users showed a strong affinity for weekend time watched and plays, with weekends registering 13X more of both. Tuesday through Thursday time watched and playing time are minimal.

Time per play:
Time per play on the TVOD site also was longer than AVOD samples, but less than SVOD power users:
- 70% of sessions were between 72 minutes and 90 minutes.
- Nearly a quarter (24%) of sessions stretched 91 minutes to 120 minutes.
- The remaining 6% were between 121 minutes and 165 minutes.

Like the SVOD power users, TVOD users tend to binge.

More than 90% of power users spend 120 to 300 minutes viewing content on the days they visit the site. Just 4% spend 90 minutes or less viewing content and 6% watch more than 300 minutes.

THE BOTTOM LINE

There are significantly different profiles among AVOD, SVOD and TVOD power users; even different traits within the AVOD power-user community.

That means content owners will have to adapt business tactics to the distribution strategy they choose.

SVOD and TVOD platforms that feature long-form content like episodic TV and movies experience extremely heavy traffic for extended periods of time, suggesting rampant binging by their subscribers who consume large amounts of content at a sitting. That means they’ll need to make sure to cycle new content in regularly for their audience, or risk losing them.

The cost of content will mean providers may have to be flexible in their subscription rates, setting them high enough to offset the cost of content, but not so high that they’ll drive users away or fail to attract them in the first place.

For AVOD sites, meanwhile, understanding what ad loads users will accept will be crucial, as will the ability to offer fresh ads rather than repeatedly showing the same one over and over.

Both news publishers and general entertainment providers will need to produce — or contract for — new content that can keep viewers engaged. Both could also consider premium sites without ads, à la Hulu and CBS All Access, which both could launch ad-free sites later this year.
How viewers watch television isn’t the only thing that’s changing... brands increasingly are going online to reach consumers, especially younger ones, who have trended away from traditional TV viewing. Magna Global, for example, in May announced plans to move $250 million in traditional linear TV spending to online video. Why? Traditional TV just isn’t being watched as much. It’s being replaced by online video.

"In the past, we weren’t taking a bite out of linear budgets for a number of reasons," said David Cohen, US president of Magna Global. “But really, over the last six months, we’ve been trying to knock down those barriers in earnest. We realize this is a marathon, not a sprint, so as time goes on we recognize that there will need to be new opportunities we include.”

The migration of capital is expected to accelerate over the next few years, with eMarketer forecasting digital ad spend to surpass TV by 2017 in the United States. PwC, in its Global Media and Entertainment Outlook, said it expects mobile video ad revenues to track at a 30.3% CAGR, reaching $13.3 billion in 2020, up from $3.5 billion in 2015.

Much of the growth is expected to be driven by programmatic trading, an effective, more efficient method of reaching large-scale audiences.

**PROGRAMMATIC TRADING**

Open market RTB deals — which make up about 50% of the programmatic spend/budget — saw strong Q/Q growth in all markets, increasing nearly 50% in Q2.

For the open RTB marketplace, Q2 saw CPMs remain quite high, about $9.50 for long-tail inventory. CPMs for fixed price deals averaged between $15 and $17. In second-price auctions, meanwhile, CPMs were even higher: $19–$21.

But while growth was very strong in April, May and June, we expect that growth market-wide to slow slightly in Q3 as more brands keep some of their budget in hand to spend during Q4’s traditionally strong season. In the U.S., spend likely also will be driven by the 2016 elections in November, while in other global markets holiday programmatic spending is expected to rise.

That’s good news for premium content owners who are open to programmatic ads (and especially political ads, as many publishers tend to reject this content) because brands will be willing to spend more for the best content.

That supply of premium content available to programmatic buyers continues to grow. While all regions are seeing some expansion, it was most pronounced in northern and southern Europe where programmatic has established a market. The global shift indicates that more brands are becoming comfortable with programmatic, where ad agencies know they can use the technology to reach specific groups of users for their brands.

**GENERAL ADVERTISING TRENDS**

**Pre-roll ad impressions**

Pre-roll ad impressions continue to migrate toward mobile devices as an increasing amount of video is watched on smartphones and tablets.

Publishers maintained the highest level of pre-roll impressions on computers (50.4%), followed by mobile phones (31.8%) and tablets (17.7%).

With broadcasters, computer pre-roll ad impressions remained near half (49.5%), with mobile phones (20.2%) ahead of tablets (15.4%) and smart TVs (14.9%).

Among all customers, computers continued to outpace mobile phones, tablets and smart TVs. All three, however, will likely see a continued erosion in ad impressions on PCs, as mobile phones and tablets continue to be the devices of choice for those watching an increasing variety of video.
Pre-roll ad completion rates

Ad completion rates generally were highest among broadcasters. Completion rates for pre-rolls viewed on smart TVs (95%) were significantly higher than for ads viewed on computers (91%), tablets (90%) and mobile phones (87%) during the quarter. Broadcasters, because of the premium nature of their content — and the fact that content often is specifically requested — often see very high completion rates for any advertising.

For publishers, pre-roll ad completion rates on smart TVs were highest at 83%, with tablets just 2 points behind at 81%. Computers (76%) and mobile phones (74%) were further behind.

The length of content that publishers serve up, often snackable bits that consumers casually graze, often deliver lower ad completion rates. Premium broadcast content by its nature tends to be more engaging.

THE BOTTOM LINE

Programmatic advertising continues to gain ground and see increased spending in Europe and in other regions where agencies, brand and publishers have experienced its advantages.

eMarketer expects U.S. programmatic to grow at a compound annual growth rate exceeding 143% through 2018 as the technology’s benefits, including ease of transactions and its ability to target audiences, become better known.

For brands looking to maximize reach and the effectiveness of a campaign, programmatic is an ideal tool.

Regardless of platform — broadcaster or publisher — the highest-quality content generates the highest results for advertisers. Brands are beginning to recognize this and, as a result, are making more premium content available.

Agencies, too, have begun to deliver more high-quality advertising content, which helps make certain consumers aren’t forced to watch the same ad for a product over and over again, a major sticking point for consumers.

Maximized engagement — for both content and advertising — will maximize monetization.
THE IMPACT OF CHURN ON SVOD SERVICES

Churn is the reality — and the bane — of subscription video on demand providers. But, for many subscribers, the “easy in, easy out” nature of an SVOD subscription is of critical importance, a refreshing alternative to most pay-TV providers’ annual contracts.

Content providers are coming to terms with churn. As CBS COO Joseph Ianniello said at an investor conference in August:

“With any direct a la carte service, churn is always higher. What drives churn down is that you have something at the end of that (to keep customers coming back).”

For CBS, that might mean looking at how Showtime positions its hits, like Homeland and Ray Donovan. For CBS All Access, it could be the creation of content that can only be seen on that monthly service, like the soon-to-be-released Star Trek: Discovery, its first OTT-only content.

Sling TV CEO Roger Lynch, meanwhile, looks at customers’ coming and going on a different level, saying at INTX this year that unlike traditional pay-TV providers, who face subscriber acquisition costs that can top $800 (for marketing, installation, set-top boxes and even deals offered for premium content deals), SVOD services spend virtually nothing activating and de-activating customers; it’s a very different relationship.

“When they come back it’s not like they cost us money to start them up again. They’re just paying us money again,” Lynch said. The real challenge to minimizing churn is to “make it interesting for them year-round to try to make more revenue out of them.”

Churn rates, according to consumer tech researcher Parks Associates, can be extremely high, but the cost, as noted by Sling TV’s Lynch, may be minimal.

“Customer acquisition costs for an OTT subscription service are relatively low, particularly compared to pay TV,” said Parks’ Director of Research Brett Sappington. “But OTT video services will eventually have to capture and retain their customer bases over time in order to survive in the long term.”

Who Churns?

In Q2, we teamed up with subscription payment specialist Vindicia to look at how to sweeten an SVOD offering to make it more sticky, and, in the process, reduce churn and increase revenues.

Their survey of 1,000 American adults found that 74% had at least one OTT subscription video on-demand service and that 45% ranked video services as their most important subscription services. Nearly half (46%) said their SVOD service was the one they used most often, and well more than half — 58% — used their favorite subscription service more than 11 hours a week.

Respondents, asked what their top reason was for subscribing, said:

♦ Convenience.
♦ Value of the service.
♦ Cost savings.
♦ Selection. And,
♦ Personalization.
IMPORTANCE OF SUBSCRIPTION SERVICES

WEEKLY USE OF SERVICES
HOW OFTEN DO YOU UTILIZE YOUR MOST FREQUENTLY USED SERVICE IN AN AVERAGE WEEK?
THE BOTTOM LINE

Despite the inevitable churn every SVOD service will experience, there are ways to sweeten the SVOD pot so churn can be mitigated.

**Offer subscribers extra perks.** Vindicia found that 90% of all subscribers are willing to pay for extra subscription perks like access to discounts and special offers. More than three-quarters would be willing to pay up to $3.99 extra per month and 84% say they’d be willing to pay up to $1.99 extra per month.

**Create a perception of value that makes leaving a difficult decision.** 39% of respondents to Vindicia’s survey cited a lack of value in their subscription; 36% said they didn’t want the financial obligation. While making it easy to subscribe — and unsubscribe — is crucial to getting subscribers to join initially, offering financial inducements that make it more worthwhile to stay than leave may reduce churn. For instance, a service that costs $9.99/mo. ($120/year), could offer a $25 quarterly subscription or $99 annual subscription.

**Make payments easy.** Vindicia also found that 13% of subscribers who churned cited billing complications as their reason, pointing to the importance of making it easy for subscribers to pay... the way they want to.
We’ve been charting the number of mobile views for as long as the Video Index has been published. As we’ve been expecting for the past five quarters, **video views on tablets and smartphones now make up more than half — 50.6% to be exact — of all video views.** That’s 15% higher than it was a year ago, 203% more than in Q2 2014, and 346% more than in Q2 2012.

Smartphones made up most of all video plays in Q2 2016, about 43%. Tablet plays, meanwhile, made up about 8% of all video plays. That’s an increase of 10% for smartphones from a year ago, and 51% for tablets.

It’s really not a surprise, as video plays on mobile devices have been steadily rising every quarter and have been flirting with 50% for months. The increasing popularity of mobile video is due in large part to continued adoption of smartphones and tablets in every geography in the world. Emerging markets, especially, are seeing huge growth as lower-cost smartphones have been pushed out to the market.

WiFi, too, is becoming ubiquitous globally, with more than 15 billion WiFi units expected to have been shipped globally by the end of 2016, according to the WiFi Alliance, an industry trade group. **Cisco’s Visual Networking Index** forecasts 56% of smartphone traffic and 71% of tablet traffic will be offloaded to WiFi by 2020, with the number of public WiFi hotspots expected to reach 432.5 million by 2020, up 7X from 64.2 million in 2015.

That combination allows users to increasingly watch video on their mobile devices without using up cellular data.

As mobile plays neared the 50% mark recently, however, growth has slowed. But, we believe there’s still a lot of room for continued expansion. Much of it will be driven by younger users whose first screen is — and always will be — a mobile one.
THE RISE OF MOBILE VIDEO
Q2 2016

SHARE OF PHONE VIDEO PLAYS
SHARE OF TABLET VIDEO PLAYS
SUM OF PHONE + TABLET VIDEO PLAYS
A recent study using Nielsen data showed **Millennials continuing to turn away from traditional television**, decreasing viewing time nearly 5% between 2014 and 2015. But smartphone video showed an increase of 38% and tablet viewing an increase of more than 90% over the same period.

**According to the Pew Research Center:**

- 90% of U.S. adults own mobile phones; 64% of American adults own a smartphone.
- More than 85% of young adults own a smartphone.
- 68% of smartphone owners use their phone at least occasionally to follow along with breaking news events, with 33% saying that they do this “frequently.”
- 75% of viewers age 18–29 watch video on smartphones.
- 46% of viewers age 30–49 watch video on smartphones.
- Almost 90% of Millennials say they are never without their smartphones.

We expect those trends to continue.

**Smartphone users (about 2.08 billion in 2016) outnumber tablet users (about 1.15 billion) globally, and that not likely to change. Sales of both devices have slowed as they’ve become more ubiquitous, especially in developed markets. Some estimates say smartphones will grow to 2.66 billion by 2019 and Ericsson’s Mobility Report estimates 6.1 billion users globally by 2021. Statista, meanwhile, estimates 1.51 billion tablets in use globally by 2019.**

**THE BOTTOM LINE**

Mobile video is no longer just an increasingly important piece of a provider’s strategy, but one that has moved forcefully to center stage.

To make the most of your assets, make sure they load and play seamlessly on video devices and focus content especially on younger users who have already made their decision on which screen is their main one.

While tablets currently make up just 16% of all mobile plays, that’s increased from 12% a year ago. Tablets are more likely to be used as a second — or third — screen in homes for watching high-end premium long-form content. Leverage that to engage viewers.
Think the smartphone market is all about Apple’s iOS? Think again.

In terms of video plays, Android and iOS are in a neck-and-neck race. The two make up better than 98% of all smartphone plays with Android phones holding a (slight) edge in Q2 of 50% to 48% for iOS devices, identical to where the two were a year ago.

As far as the amount of time spent watching video on a smartphone or tablet, that’s another tight battle, but one in which the iPhone has a slight edge that’s grown in the past year. In Q2 2016, iPhones owned 52% of the time watched, compared to 47% for Android phones. A year earlier, it was a dead heat: 49% each.

Tablets are another story, one that still is dominated by iOS, which had more time to grab market dominance with iPads. But even there, we’re seeing Android claw back share as manufacturers push more Android tablets — especially lower-end consumer products — into the market.

In Q2 2015, Apple held a massive 91% of video views on tablets, compared to just 6% for Android tablets.

But, while iPads still have a commanding lead in video views, that gap is narrowing: iPads now have 65% of tablet video views compared to 34% for Android.

The amount of time users spend watching video on iPads compared to Android devices remains vastly in favor of iOS, although there has been some movement. iPads’ share of time watched was 93% a year ago, compared to just 6% for Android. In Q2 2016, almost three-quarters of video time watched on tablets was on iPads (73%) compared to 27% for Android devices.

Despite efforts by other operating systems, iOS and Android remain the joint “king of the mobile hill,” with more than 98% of worldwide market share.

But the pot is still being stirred, with Apple losing market share in every major market but China in Q1 2016, according to Kantar Worldwide. Globally, Android is the market leader with 66% market share, compared to 28% for iOS. Android has roughly 59% share in the U.S. — where its sales are nearly 2X those of the iPhone’s — and 71% in Europe’s “Big 5” markets (EUS).

Knowing individual market trends is crucial; having access to detailed analytics that provide actionable business insights can be the difference between success and failure.

THE BOTTOM LINE

The days of being able to roll out an app for the iPhone or iPad and believe that you have the market covered are fading. While iOS remains the operating system of choice for viewing video, that lead is quickly evaporating. Video providers must have an option for Android users or risk losing customers — particularly in the critical Millennial demographic.
iOS VS. ANDROID: PHONES
Q2 2016

48% iOS
47% ANDROID
52% OTHER

65% iOS
65% ANDROID
73% OTHER

iOS VS. ANDROID: TABLETS
Q2 2016

34% iOS
27% ANDROID
73% OTHER

2% iOS
1% ANDROID
0% OTHER
ENGAGEMENT PATTERNS BY DEVICE TYPE

Over the past dozen quarters that the Video Index has been produced, one thing has remained a constant: The screen at hand — be it a smartphone, tablet, computer or TV — is the primary screen to the user at that moment. This quarter is no different.

SHORT-FORM VIDEO (0–5 MINUTES LONG)

Smartphones remain the “go-to” screen for short form video, with 55% of all time watched being “snackable” video.

Computers also see a significant amount of time watched being short-form, about 45%, outpacing tablets (35%) and set-top devices (5%).

MEDIUM-FORM VIDEO (5–20 MINUTES LONG)

For medium-form video, any screen appears to be the “right” screen.

Smartphones share of time watched is 20%, followed by tablets (18%) and computers (18%). Set-top devices are surprisingly under-represented at only 3%.

LONG-FORM VIDEO (20 MINUTES LONG OR MORE)

For long-form, the biggest (and best) screens attract a far larger share of time watched; this is the only type of video that appears to be that regimented.

Nearly 92% of all time spent using set-top devices is with long-form video, which isn’t that surprising as episodic television and movies still are most often consumed in the home.

The second most-used screen for long-form? Tablets, with more than 46% of time watched. The combination of portability, screen quality and ubiquitous WiFi availability make them a “crossover” for many users.

More than a third (37%) of time watched on computers is long-form video and a quarter (25%) of time watched on smartphones is long-form video.

THE BOTTOM LINE

Every screen presents opportunities. While viewers are open to watching anything on any screen, there are obvious favorites (although they can vary by region).

Long-form content — hour-long TV shows, movies and live sports — are most often watched on the biggest screen available. Medium-form content — episodic TV, for example — is enjoyed on all screens. Smartphones and computers remain the bastion of short-form video.

Knowing which video is consumed most often on a certain device will help you build a successful business strategy.
SHARE OF TIME WATCHED BY DEVICE AND VIDEO LENGTH Q2 2016

SHORT-FORM (0–5 MINUTES)  
MID-FORM (5–20 MINUTES)  
LONG-FORM (20 MINUTES OR MORE)
ABOUT OYOALA’S GLOBAL VIDEO INDEX

This report reflects the anonymized online video metrics of the vast majority of Ooyala’s 500+ customers, whose collective audience of hundreds of millions of viewers spans nearly every country in the world. This report does not document the online video consumption patterns of the Internet as a whole. But the size of the Ooyala video and advertising footprint, along with the variety of our customers, results in a representative view of global consumption and engagement trends.

ESPN, Sky Sports, Foxtel, NBCUniversal, RTL (Germany), M6 (France), TV4 (Sweden), Mediaset (Spain), STV (UK) and Singapore’s Mediacorp: these are just a few of the hundreds of broadcasters and media companies who choose Ooyala.

Ooyala is a subsidiary of Telstra, the largest telecommunications company in Australia, providing fixed and mobile services to millions of consumers, as well as advanced network applications and services to enterprise clients in Australia and overseas.

Headquartered in Silicon Valley, Ooyala has offices in New York, London, Stockholm, Sydney, Tokyo, Singapore, Cologne, Paris, Madrid, Chennai and Guadalajara, and sales operations in dozens of other countries across the globe.

For more information, visit www.ooyala.com.