



# Handheld:

Insights on the Evolution of Video



April 2019

# More video is being consumed than ever before, but there are major changes in **the way** consumers are watching

Those who remember the early 1980s might recall running home from school or work to watch their favorite TV show. This kind of “appointment viewing” habit started to change as technology like the VCR in 1984, and later, DVDs in the early 2000s, gave consumers more choice over when and how they watched these shows.

By the time the internet introduced streaming from Netflix, Hulu, and others in the 2010s, consumers could finally watch what they wanted, when they wanted.

Pre-1980s

Appointment  
Viewing



watch  
when it's on

1984

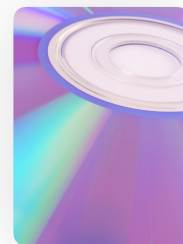
VCR  
the birth of time shifting



watch when  
we're ready

2000s

DVDs  
the rise of personal  
collections & bingeing



watch more  
of what we want

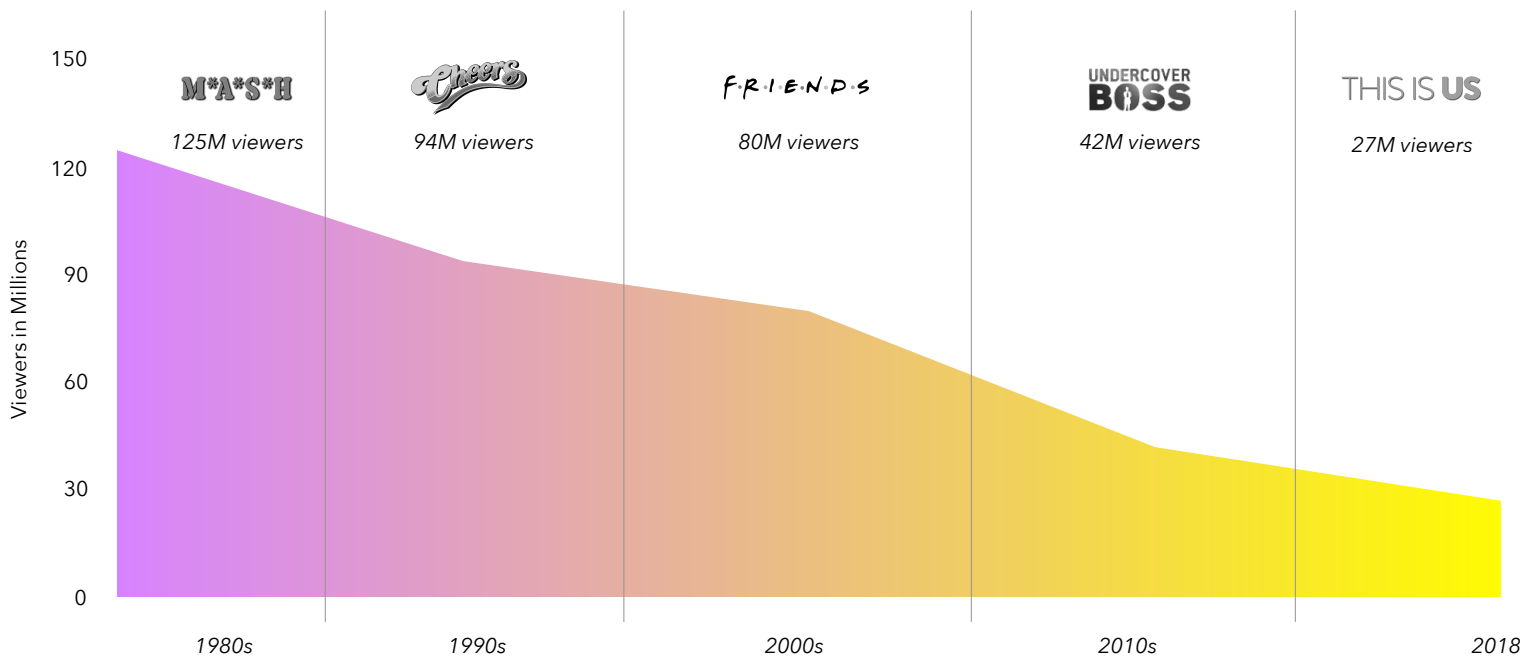
# This change in TV-viewing behavior, coupled with democratized content creation, has had a massive effect on TV viewership.

TV finales exemplify this change. The MASH finale drew 125 million people when it aired in 1983.<sup>1</sup> With time-shifted TV and more programming choices, fewer people began to tune in live. Live viewership of TV finales has steadily declined over the years.

The most watched TV episode of 2018 was the Superbowl Sunday episode of *This Is Us*, and that brought in only 27 million viewers.<sup>2</sup> It's important to note that this is not a commentary on the quality of shows, but an indicator of the explosion of choices for viewers and the impact of time-shifted viewing.

## TV Episode Viewership<sup>3</sup>

most-viewed series episode per decade



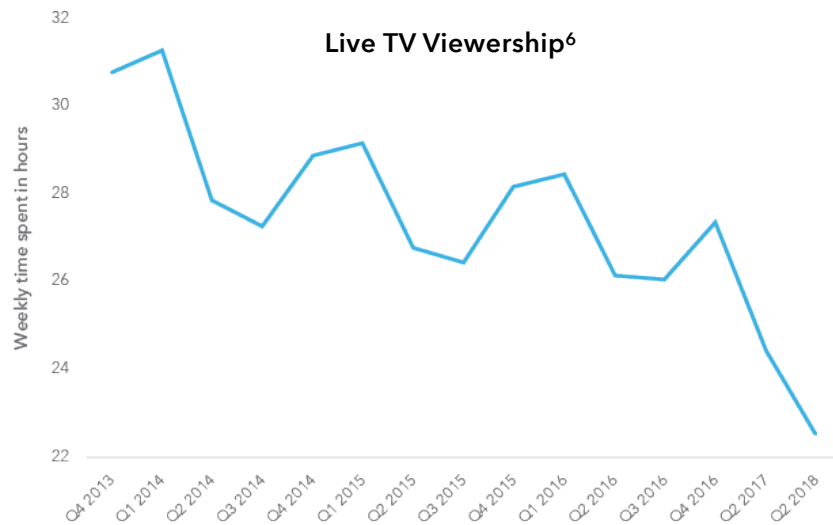
<sup>1</sup>Source: Nielsen Media Research, 2018

<sup>2</sup>Source: Nielsen Media Research, 2018

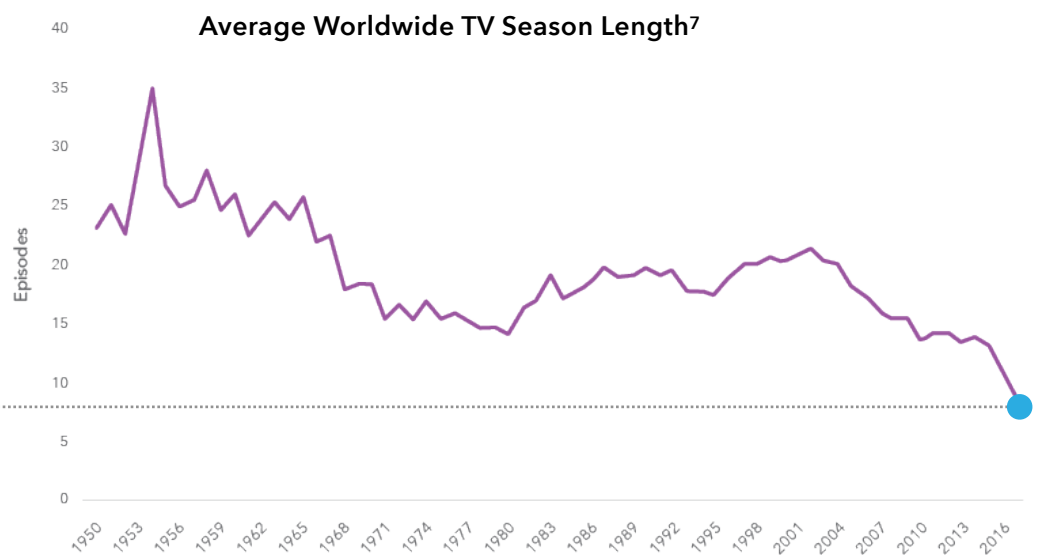
<sup>3</sup>Source: Nielsen Media Research, 2018

# While people are consuming video more than ever before, there are major changes in the way that audiences watch TV.

Although overall TV viewership is growing, that growth is concentrated entirely in time-shifted TV. Live TV viewership is diminishing, especially among younger viewers (ages 18-24).<sup>4</sup>



Additionally, TV season length is also on the decline.<sup>5</sup>



**41% drop in season length since 2003**



<sup>4</sup>Source: Nielsen Total Audience Report, 2018

<sup>5</sup>Source: Ben Lindbergh, "Mourning the Loss of the Long TV Season"

<sup>6</sup>Source: Nielsen Total Audience Report, 2018

<sup>7</sup>Source: Ben Lindbergh, "Mourning the Loss of the Long TV Season", 2017, Trivs Bell, The Movie Database, 2017



# Video accounts for more than half of total media consumption—and the time spent is growing at a faster rate than any other media.

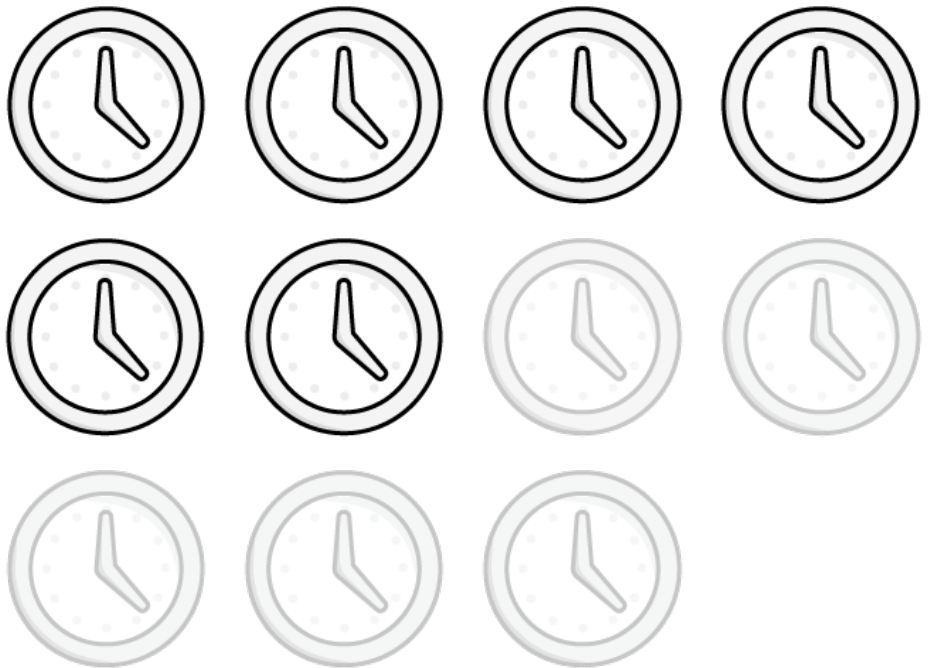
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of the 11 hours spent with media are devoted to video on any device.<sup>8</sup>

That figure has grown

**30 minutes**

since Q3 of 2017, and analysts believe it shows no sign of slowing.<sup>8</sup>



As the definition of TV becomes increasingly fluid, mobile has opened additional opportunities to provide viewers with high-quality content—where they want it, when they want it and how they want it.

As of August 2018, mobile phones have become the dominant device for watching online video,<sup>9</sup> surpassing computers and other internet-connected devices.

2019 is shaping up to be an inflection point, and it is forecasted that mobile will surpass traditional TV *entirely* as the medium attracting the most entertainment minutes in the US.<sup>10</sup>

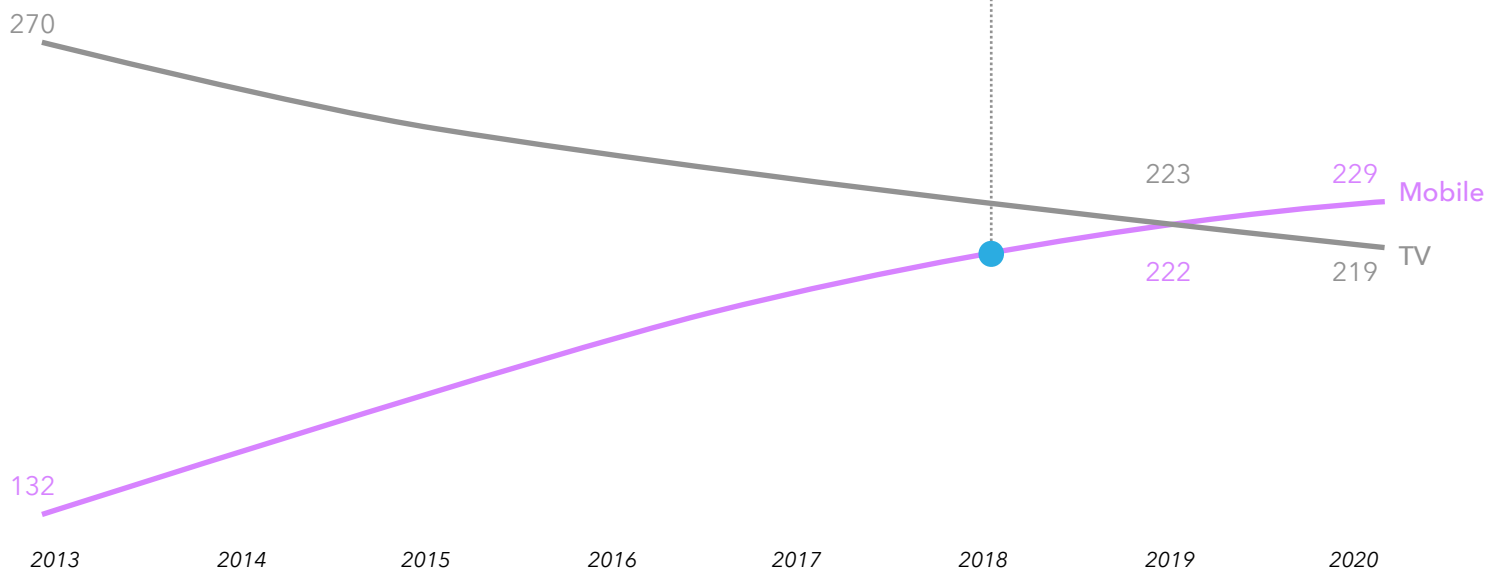
US adults spent an average of

3.5 HOURS

daily on mobile in 2018

### Average Time Spent per Day with TV & Mobile Devices by US Adults<sup>11</sup>

minutes



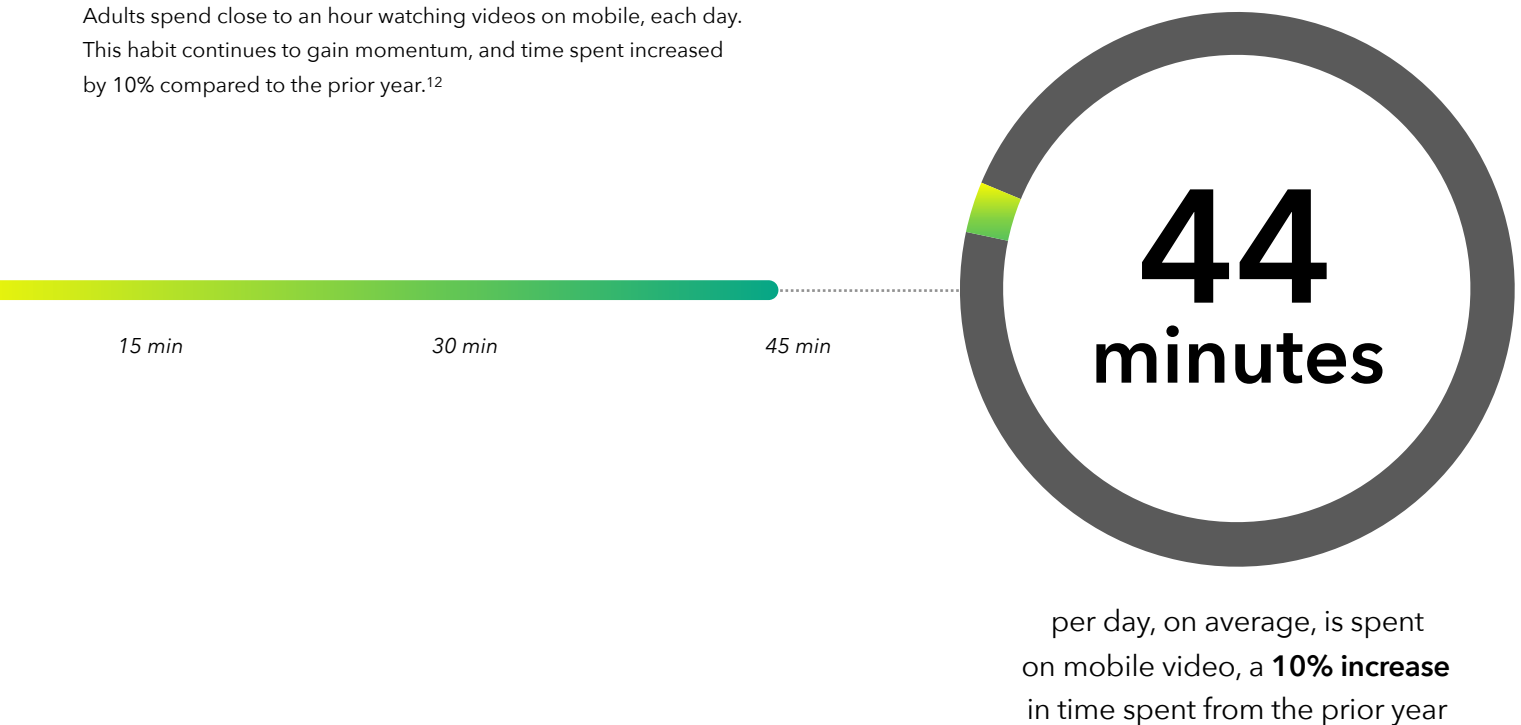
<sup>9</sup>Source: Limelight Networks, via Statista, 2018

<sup>10</sup>Source: eMarketer, *Mobile Time Spent 2018, 2018*

<sup>11</sup>Source: eMarketer, *Mobile Time Spent 2018, 2018*

# Additionally, time spent with mobile continues to increase.

Adults spend close to an hour watching videos on mobile, each day. This habit continues to gain momentum, and time spent increased by 10% compared to the prior year.<sup>12</sup>



<sup>12</sup>Source: eMarketer, *Mobile Time Spent 2018*, 2018

# Gen Z and Millennials lead this trend, spending nearly 5 hours per day on their phones.

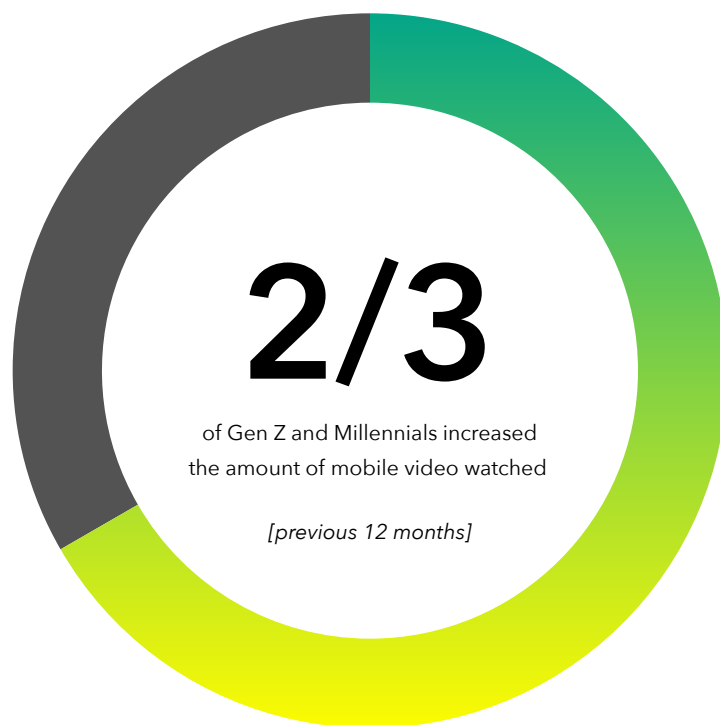
Of that time spent,

**37%**

is dedicated to watching video.<sup>13</sup>



Young people are watching more video content on mobile than ever before. Nearly two-thirds (65%) of Gen Z and Millennials say they have increased the amount of mobile video they watch over the past year.<sup>14</sup>



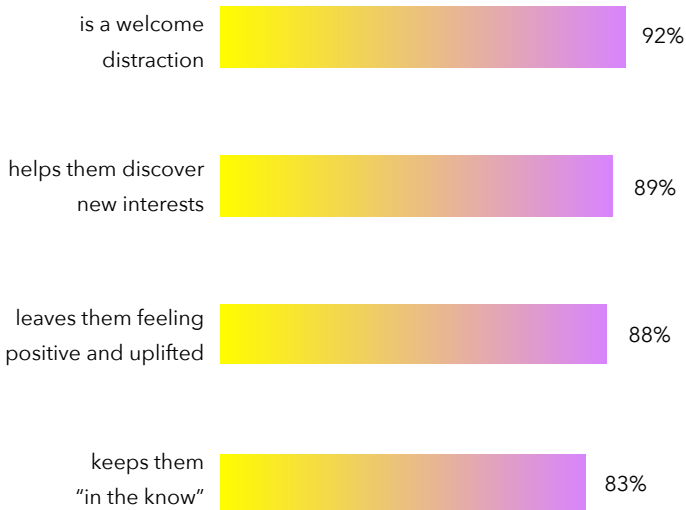
<sup>13</sup>Source: National Research Group, State of the Small Screen, 2018

<sup>14</sup>Source: 2019 U.S. NRG Study commissioned by Snap Inc. Gen Z = A13-22 years-old, Millennial = A23-35 years-old

# Consistency across age and gender implies that consumers, regardless of life stage, see the effects of technology more closely interwoven in their daily lives.

Consumers attribute increases in time spent with mobile video to a combination of advances in technological capabilities, increases in available video content, and an ever-growing amount of time spent on the internet.

## For Gen Z and Millennials, watching mobile video via app or website...<sup>15</sup>



Mobile video satisfies a desire for a personal entertainment experience. Teens and young adults see mobile video as a welcome distraction (92% agree) that helps them discover new interests (89%) and keeps them in the know (83%)—a confluence of factors that amount to feeling positive and uplifted (88%) after watching mobile video.<sup>16</sup> Viewership of mobile content is also highly personal, with a person's individual interests ranking as the biggest influence on video viewership.<sup>17</sup>

Functional features like search, discovery and aggregation are key to facilitating the emotional benefits of mobile video.<sup>18</sup>

Helping users find what they're looking for—either via easy-to-navigate search functions or with personalized recommendations—prompts video engagement at a high level.



<sup>15</sup>Source: 2019 U.S. NRG Study commissioned by Snap Inc., How important is it that an app or website helps you feel each of the following ways when you're watching video on your smartphone? [Top2Box Agree]

<sup>16</sup>Source: 2019 U.S. NRG Study commissioned by Snap Inc., Top2Box Agree

<sup>17</sup>Source: 2019 U.S. NRG Study commissioned by Snap Inc.

<sup>18</sup>Source: 2019 U.S. NRG Study commissioned by Snap Inc.



# What's next?

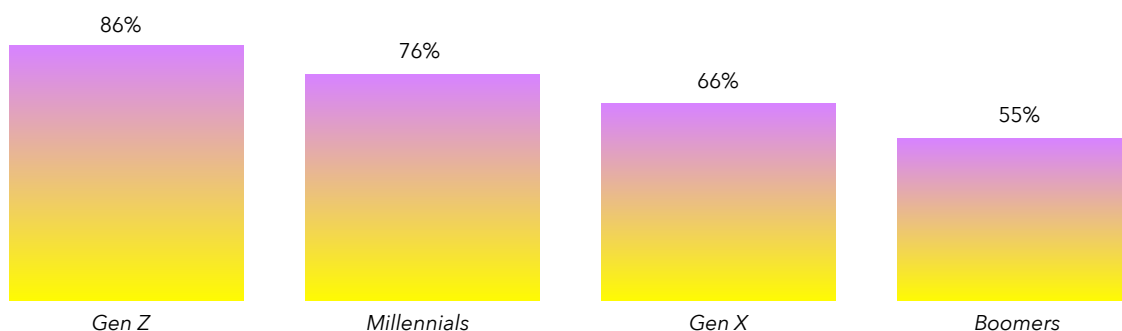
## Short-form. 10 minutes or less.

As mobile grows to be the dominant medium of consumption, content must adapt to be mobile-first. Short-form content, typically defined as content lasting 10 minutes or less, is emerging as a viable solution.<sup>19</sup> Where more traditional long-form content is akin to a full meal, short-form is like an on-the-go snack: consumed alone, satiating a quick need, and bringing a little excitement to the day.

Mobile dominates short-form as consumers' medium of choice. Over 80% of adults use their mobile phones to watch short videos, outranking computers and TVs substantially.<sup>20</sup>

Skewing younger and highly mobile, short-form content is uniquely suited to satisfy media diets of the future. In NRG's 2018 study *State of the Small Screen*, 47% of all time spent watching mobile video was dedicated to short-form.<sup>21</sup> Young people lead this trend, with 76% of Millennials and 86% of Gen Z saying they watch at least 1 hour of short-form content weekly.<sup>22</sup> Video creators are responding with content that mirror consumers' shifting interests: 75% of videos published in 2018 were less than two minutes long, up from 56% the previous year.<sup>23</sup>

**% Watching 1 Hour+ of Short-Form Video Weekly<sup>24</sup>**



<sup>19</sup>Source: Google Ads

<sup>20</sup>Source: Emarketer, *Mobile Time Spent 2018, 2018*

<sup>21</sup>Source: National Research Group, *State of the Small Screen, 2018*

<sup>22</sup>Source: National Research Group, *State of the Small Screen, 2018*

<sup>23</sup>Source: Vidyard, *Video in Business Benchmarks Report, 2018*

<sup>24</sup>Source: National Research Group, *State of the Small Screen, 2018*

# User-generated content like social stories and casual videos engage consumers.

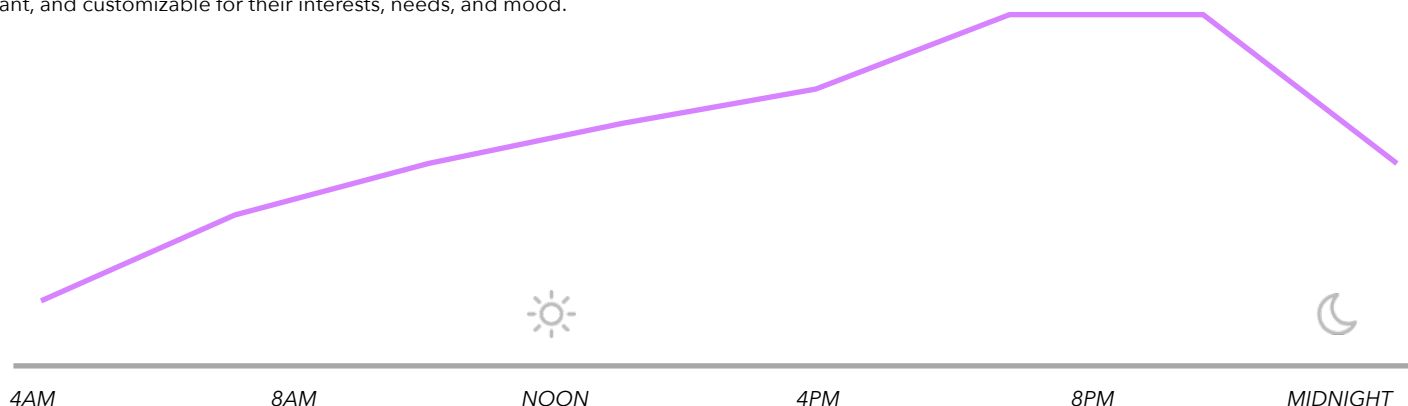
Nearly all of those surveyed (97%) agreed that they watch short videos created by their friends or influencers, with 74% attesting to viewing user-generated-content at least daily.<sup>25</sup> This percentage is even higher among younger Gen Zs (13-17 years-old), 80% of whom watch user-generated content at least once a day.<sup>26</sup>

But consumption of premium short-form content is becoming an increasingly important part of young people's media routines. 60% of Gen Zs and Millennials watch premium mobile short-form content at least weekly.<sup>27</sup> Younger Gen Z viewers are emerging as early adopters of this type of content, with nearly 4 in 10 saying they watch premium short-form on a daily basis.<sup>28</sup>

Allowing viewers to exert control over the video experience is crucial to making it feel personal. Not only do Gen Zs and Millennials want easy access to video content wherever and whenever they are (which 81% consider important), but they also want to control the *content itself*.<sup>29</sup> This is particularly true of digitally-native Gen Zs: while three-quarters of both Gen Z and Millennials want to be able to tap through content at their own pace, even more 13-17 year-olds consider haptic interaction a must-have (78%).<sup>30</sup> Younger audiences increasingly see mobile video as a "choose your own adventure" offering - available whenever they want, and customizable for their interests, needs, and mood.

Premium short-form is gaining traction because of its customizable, flexible nature - giving viewers the high-quality production value of TV without the time commitment. Premium short-form, watched most during the traditional prime-time TV slot of 5-11 PM, clearly delivers on similar need states as TV.<sup>31</sup> Overall, 54% say they watch premium short-form on weekend evenings, with slightly more attesting to general weekend viewing.<sup>32</sup> Millennials, older and less likely to be in school, over-index on late-night (11PM-1AM) viewing, while school-age Gen Zs are more likely to watch in the early afternoon, perhaps during a lunch break.<sup>33</sup> A smaller time commitment and the flexibility to watch when and where a daily schedule permits, combined with its emotional storytelling appeal, makes premium short-form an unparalleled offering for the digital age.

% Who Watch Short-Form Video, by Hour<sup>34</sup>



<sup>25</sup>Source: 2019 U.S. NRG Study commissioned by Snap Inc.  
<sup>26</sup>Source: 2019 U.S. NRG Study commissioned by Snap Inc.  
<sup>27</sup>Source: 2019 U.S. NRG Study commissioned by Snap Inc.  
<sup>28</sup>Source: 2019 U.S. NRG Study commissioned by Snap Inc.

<sup>29</sup>Source: 2019 U.S. NRG Study commissioned by Snap Inc.  
<sup>30</sup>Source: 2019 U.S. NRG Study commissioned by Snap Inc.  
<sup>31</sup>Source: 2019 U.S. NRG Study commissioned by Snap Inc.  
<sup>32</sup>Source: 2019 U.S. NRG Study commissioned by Snap Inc.

<sup>33</sup>Source: 2019 U.S. NRG Study commissioned by Snap Inc.  
<sup>34</sup>Source: 2019 U.S. NRG Study commissioned by Snap Inc.,  
When do you normally watch each of the following types of  
videos on your smartphone?

# Initial forays into original programming have yielded mixed results, giving content creators or brands who can do it right a big opportunity.

Though the conditions couldn't be better for short-form on digital, platforms continue to experiment to uncover what content resonates best with the mobile audience, and many have struggled to maintain viewership and a sustainable business model. In spite of the hurdles facing short-form content, brands are all betting on mobile video. Quibi has raised \$1B in funding, and has secured deals with prestigious directors, producers and actors, spending up to \$6M per episode.<sup>35</sup> In September, BuzzFeed announced they would restructure their content teams in favor of prioritizing video.<sup>36</sup> Apple, Amazon Studios, Hulu, and Netflix have each ordered series of short-form content intended for mobile viewing, and several major Chinese media companies have followed suit.<sup>37</sup> However, to date, there remains plenty of unexplored territory in this entertainment arena, making it a big opportunity for brands who can develop a blueprint for success.

Given the opportunity that exists in the mobile short-form video space, it's vital to understand who is watching, when and where they are watching and, most importantly, the needs this content fulfills in consumers' everyday lives. Brands must understand why more viewers are switching to short-form mobile content in order to truly be successful in this space.

Snapchat is a mobile video entertainment destination. The video-driven Discover platform is seeing particular growth, where 30% more people are watching Publisher Stories and Shows every day compared to last year, and each person is consuming more Stories per day on average.<sup>38</sup>

The platform's variety of new approaches to mobile video has attracted wide audiences. Driven by a robust roster of shows that cater to a broad range of interests, 21 unique shows in Discover reached a monthly active audience of over 10M viewers in Q3 2018.<sup>39</sup> While unscripted series, interactive series and memes/collective series are generally some of the most popular content types on the platform, these shows stand out as especially effective:

- Snapchat's mobile version of ESPN's SportsCenter brings the classic sports talk-show to an engaged audience, with 60% of viewers tuning in 3+ times per week<sup>40</sup>
- Snap Original The Dead Girls Detective Agency, produced with television giant NBC Universal, reached more than 14 million unique viewers, and over 40% of those who watched the first episode went on to complete the entire season<sup>41</sup>
- Bitmoji Stories, an interactive take on the meme format, reached over 40 million viewers in December 2018<sup>42</sup>

<sup>35</sup> Source: Jonathan Shieber, *Still a year away from launch, Quibi keeps adding talent*, 2018

<sup>36</sup> Source: Todd Spangler, *BuzzFeed shuts down podcasts*, 2018

<sup>37</sup> Source: David Bloom, *Everyone's getting into short-form*, 2018

<sup>38</sup> Source: Snap Inc. internal data Q4 2018

<sup>39</sup> Source: Snap Inc. internal data Q3 2018

<sup>40</sup> Source: Snap Inc. internal data Q4 2018

<sup>41</sup> Source: Snap Inc. internal data Q4 2018

<sup>42</sup> Source: Snap Inc. internal data December 2018



Collaborating with established television networks on mobile-native versions of traditional shows and entertainment, Snapchat is developing innovative content that's made for mobile, while retaining all of the storytelling and emotional benefits of linear TV.

Research with NRG found that the content trending most among Snapchatters is also trending elsewhere online: memes, unscripted originals, and autonomous sensory meridian response (ASMR).<sup>43</sup>

Snapchat's initial run of series has shown it can successfully deliver on a premium experience. Having scored two Creative Arts Emmy for James Corden's *Next James Corden* and a nomination for *The Voice*, it's clear that Snapchat can credibly provide high-quality content. But even more than that, what Snapchat's Originals have done best is effectively integrate the medium into their content. It's in the *translation* of the meaning of TV—rather than an attempt to completely replicate the experience—that seems to be working for Snapchat.<sup>44</sup>

INTERACTIVE  
UNSCRIPTED  
MEMES ASMR ORIGINALS



<sup>43</sup>Source: 2019 U.S. NRG Study commissioned by Snap Inc., When was the last time you did any of the following things on Snapchat?

<sup>44</sup>Source: Troy Patterson, "How Snap Originals beat Facebook and Instagram in adapting to social media", 2018

