#1 29% of all TVs are **Smart TVs**, and 93% of Smart TV owners **connect their TV to the Internet** — compared to 78% in 2013. This development is fueled by the wider offering and the intensive use of on-demand video content. **82%** use **apps for movies and series**, making it the **top content category** on Smart TVs.

#2 78% of all Smart TVs in the UK market have been **bought in the last 2 years**, thus providing the **highest technology standards** and **easy access** to the desired on-demand video content provided by broadcasters and other Video on Demand (VOD) services.

#3 Already **37% of TV viewing time** on Smart TVs is spent on **on-demand** content. Since Smart TV owners watch more traditional TV programs and also more on-demand content than Non-Smart TV users, **Smart TVs fuel TV consumption** in general.

#4 Smart TVs have arrived among the wide population, but still Smart TV owners are **younger** and characterized by a **higher household income** than owners of traditional TVs — making them an attractive audience for advertisers. Echoing the results from the Smart TV study in 2013, Smart TVs are mainly used by **above average educated family people** in the **20–49-year-old age group** with **high online affinity**.

#5 The Smart TV is primarily used as a **family entertainment device** with an average of **2.7 persons** watching — mainly during **prime-time**.

#6 This study again shows that **ads on Smart TVs** are highly **engaging** and have significant impact especially on **purchase intent**. The **big screen** combined with **interactive ad formats** and the **influential target group using Smart TV features regularly** remain key drivers for the effectiveness of Smart TV advertising.
RESEARCH OBJECTIVES

- To analyze Smart TV penetration, understand TV content consumption and profile Smart TV owners. As a follow-up to the smartclip Smart TV Ad Effectiveness Study in 2013 this study primarily focuses on the changing TV content consumption.

- How do Smart TV and Non-Smart TV users consume TV content today – considering Video on Demand and traditional TV programs?

- What is the profile of Smart TV and Traditional TV owners, and who is using the Smart TV features?

- What are the key drivers for Smart TV growth and usage?

- What is the perception and impact of Smart TV advertising?
This study was conducted by smartclip in collaboration with LG and executed by Nielsen in 4 countries in August 2015.

**TOTAL SAMPLE**

Identification of TV owners (Smart TV and Non-Smart TV/Traditional TV) by screening questions in first part of the questionnaire in order to analyze Smart TV market penetration.

Sample size: 23,870 in total

<table>
<thead>
<tr>
<th>Country</th>
<th>Sample Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK</td>
<td>3,750</td>
</tr>
<tr>
<td>Germany</td>
<td>12,181</td>
</tr>
<tr>
<td>Spain</td>
<td>5,115</td>
</tr>
<tr>
<td>Brazil</td>
<td>2,824</td>
</tr>
</tbody>
</table>

**SURVEY RESPONDENTS**

Further questioning of purchase decision makers of current TV for deeper analysis of TV content consumption.

Sample size: n=700 per country (400 Smart TV owners, 300 Non-Smart TV/Traditional TV owners)

2,800 in total
SMART TVS HAVE ARRIVED AMONG THE WIDE POPULATION AND PROVIDE THE LATEST TECHNOLOGY STANDARDS

- 78% of Smart TV owners purchased their Smart TV within the last 24 months
- 29% of TVs in UK are Smart TVs
- 93% connect their TV to the Internet

[UK data; Base: All respondents; (Smart) TV owners]
CONNECTIVITY AND ADVANCED FEATURES, PICTURE QUALITY AND SCREEN SIZE ARE KEY BUYING FACTORS FOR SMART TVs

SMART TV OWNERS | NON-SMART TV/TRADITIONAL TV OWNERS

PICTURE QUALITY: 42 | 39
PRICE: 32 | 39
DURABILITY: 29 | 28
SOUND QUALITY: 30 | 31
SCREEN SIZE: 27 | 23
WARRANTIES & A/S: 20 | 16
TV TYPE: 22 | 14
CONNECTIVITY: 19 | 10
ADVANCED FEATURES: 19 | 6
BRAND: 17 | 11
USER EXPERIENCE: 17 | 16
ENVIRONMENTAL FRIENDLY: 13 | 12
DESIGN: 19 | 16

[UK data; Base: All respondents]
93% of Smart TV owners are actually using their Smart TV features. Also all age groups take advantage of the Internet connection of their TV.
SMART TVs ARE THE MAIN DEVICE FOR CONNECTING THE TV TO THE INTERNET

The majority directly connects their TV to the Internet by the integrated Internet functionality of their Smart TV (81%), but also Non-Smart TV owners are connected via other devices.

[UK data; Base: Those who have their TV connected to the Internet]
Among Smart TV owners, the TV is the main device for watching traditional TV programs, but also Video on Demand is mostly watched via TV (76%) – followed by computers (16%).

[UK data; Base: Smart TV owners]
ALREADY 37% OF TV VIEWING TIME ON SMART TVS IS SPENT ON ON-DEMAND CONTENT

37% of Smart TV owners watch on-demand content via the Internet connection of their Smart TV every day. On average Smart TV owners watch traditional TV programs 4 hours per day and spend 2.3 hours per day on Video on Demand content.

TRADITIONAL TV PROGRAMS: 4.0 HOURS PER DAY
VIDEO ON DEMAND: 2.3 HOURS PER DAY

[UK data; Base: Smart TV owners; Usage on weekdays and weekends]
MOVIES AND SERIES ARE THE MOST POPULAR CONTENT ON SMART TVS

The most used apps on Smart TVs are apps for watching movies and series. 82% of Smart TV app users watch video content via Smart TV apps – compared to 37% in 2013. In the past 2 years the VOD offering has become much wider, this fuels the desire for watching on-demand content and thus for Smart TVs.

[UK data; Base: Smart TV owners / App users]
ALSO ON-DEMAND CONTENT IS MAINLY WATCHED DURING PRIME-TIME

Video on Demand consumption on Smart TVs shows a similar pattern throughout the day as traditional TV – with an even more significant peak in the evening. This again proves the relevance of prime-time advertising on Smart TV platforms.

[UK data; Base: Smart TV owners]

<table>
<thead>
<tr>
<th>Time</th>
<th>VOD/ON-DEMAND CONTENT</th>
<th>TRADITIONAL TV PROGRAMS</th>
</tr>
</thead>
<tbody>
<tr>
<td>6 AM - 9 AM</td>
<td>12</td>
<td>24</td>
</tr>
<tr>
<td>9 AM - 12 PM</td>
<td>14</td>
<td>24</td>
</tr>
<tr>
<td>12 PM - 6 PM</td>
<td>18</td>
<td>32</td>
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<tr>
<td>6 PM - 8 PM</td>
<td>37</td>
<td>64</td>
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<td>8 PM - 11 PM</td>
<td>60</td>
<td>77</td>
</tr>
<tr>
<td>11 PM - 1 AM</td>
<td>18</td>
<td>28</td>
</tr>
<tr>
<td>1 AM - 6 AM</td>
<td>5</td>
<td>6</td>
</tr>
</tbody>
</table>
SMART TV OWNERS WATCH MORE TRADITIONAL TV PROGRAMS THAN NON-SMART TV OWNERS

Smart TV owners spend **more time watching traditional TV programs** than Non-Smart TV owners and also **watch more channels**. Thus Smart TVs fuel TV consumption in general.

**FREQUENCY OF WATCHING TRADITIONAL TV PROGRAMS**

- **Smart TV owners**
  - **Several times per day**: 70%
  - **Once a day**: 18%
  - **Not daily**: 12%

- **Non-Smart TV/Traditional TV owners**
  - **Several times per day**: 56%
  - **Once a day**: 28%
  - **Not daily**: 15%

**AVERAGE VIEWING TIME PER DAY**

- **Weekdays**:
  - **Smart TV owners**: 3.7 hours
  - **Non-Smart TV/Traditional TV owners**: 3.4 hours

- **Weekends**:
  - **Smart TV owners**: 4.8 hours
  - **Non-Smart TV/Traditional TV owners**: 4.3 hours

**NUMBER OF CHANNELS**

- **Smart TV owners**: 7.9
- **Non-Smart TV/Traditional TV owners**: 7.1

*UK data; Base: All respondents*
TRADITIONAL TV PROGRAMS ARE MAINLY USED FOR WATCHING SERIES, MOVIES ARE THE MOST-WATCHED VOD CONTENT

Movies and series are the most watched content in traditional TV programs and via Video on Demand, with series leading the ranking in traditional TV programs. Also news and live shows play a bigger role in traditional TV programs.
WAYS OF ACCESSING ON-DEMAND CONTENT

The majority (84%) of Smart TV users mainly access on-demand content via the Smart TV portal and integrated apps, but also the Red Button is used to get access to the Red Button offering of broadcasters.
The primary reason for watching Video on Demand is the **wider choice of content** that can **easily** be **accessed independent of broadcast schedules**.
SMART TV OWNERS TEND TO WATCH TOGETHER MORE THAN NON-SMART TV OWNERS AND ALSO LOOK AT A BIGGER SCREEN

- 70% vs. 60% watching together with family or friends
- 2.7 people in front of screen vs. 2.3
- 80% of TVs are above 40” vs. 48%

[UK data; Base: All respondents]
SMART TV OWNERS ARE YOUNGER THAN OWNERS OF TRADITIONAL TVS

Smart TV owners are the most sought-after younger target groups. 74% of Smart TV owners are between 15 and 49 years old.

[UK data; Base: All respondents]
SMART TV OWNERS ARE WELL-EDUCATED FAMILY PEOPLE WITH HIGH PURCHASING POWER

- **33%/19%**
  - **£40,800+**
  - ANNUAL HOUSEHOLD INCOME

- **77%/72%**
  - WITH COLLEGE/UNIVERSITY OR GRADUATE DEGREE

- **48%/47%**
  - MALE

- **70%/55%**
  - MARRIED / LIVING WITH PARTNER

- **55%/43%**
  - HAVE CHILDREN

[UK data; Base: All respondents]
SMART TV OWNERS OWN MORE INTERNET-CAPABLE DEVICES THAN TRADITIONAL TV USERS

The high online-affinity of Smart TV owners is also indicated by the ownership of other Internet-capable devices. 69% of Smart TV owners have a Tablet PC – compared to 57% of Non-Smart TV owners.

<table>
<thead>
<tr>
<th>Device</th>
<th>Smart TV Owners</th>
<th>Non-Smart TV/Traditional TV Owners</th>
</tr>
</thead>
<tbody>
<tr>
<td>Laptop Computers</td>
<td>80</td>
<td>81</td>
</tr>
<tr>
<td>Desktop Computers</td>
<td>57</td>
<td>52</td>
</tr>
<tr>
<td>Tablet PC</td>
<td>69</td>
<td>57</td>
</tr>
<tr>
<td>Smartphone</td>
<td>85</td>
<td>83</td>
</tr>
<tr>
<td>Gaming Console</td>
<td>24</td>
<td>12</td>
</tr>
</tbody>
</table>

[UK data; Base: All respondents]
AWARENESS OF SMART TV ADVERTISING AND HIGH (INTER)ACTION

59% are aware of Smart TV ads

53% have interacted with Smart TV ads

65% engaged in some kind of action, for example talking about the product or purchasing it

[UK data; Base: Daily VOD users; Those who are aware of Smart TV ads]
After interacting with the ad 41% of Smart TV owners consider buying the product – compared to 18% in 2013. 30% search for information about the product or brand via the Internet and 27% make the purchase straightaway.
REASONS WHY USERS INTERACT WITH SMART TV ADS

Just like in the Smart TV study in 2013, the key factor for successful advertising and interaction is relevance. But also appealing ads and remembering previous advertising provide motivation to engage with an ad.

- **56%** The ad was for a product I was interested in buying
- **17%** The ad looked nice
- **32%** The ad had a promotion or special deal that I was interested in
- **56%** The ad was for a brand I have seen advertised before
- **12%** The ad caught my attention

(UK data; Base: Those who interacted with Smart TV ads)
The primary advantage of advertising on Smart TVs compared to other digital devices that allow to watch video content is the big screen.
THANK YOU!