ICASA

TV viewing - attitudes, habits and practices

Phase 3 of RFQ 004/06/2018

October 2018

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Methodology

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- Six focus groups held at the Real Life Research venue in Sunninghill between 2nd and 11th October;
- 6-8 respondents participated per group (Total sample: 45), split by segment as follows:

Group 1	Group 2	Group 3	Group 4	Group 5	Group 6
DStv Premium subscribers * Premium * Showmax N=7	DStv mid-range subscribers * Compact Plus *Compact *Family N=6	DStv Basic/ StarSat Subscribers * Access *EasyView *StarSat N=8	Free-to-Air Viewers * SABC * eTV N=8	Youth with DStv Now App N=8	OTT viewers *Netflix *Showmax N=8

Segment profiles

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Demographic profiles

	Premium	Compact	Basic	FTA	Now app	OTT
Gender	Both	Both	Both	Both	Both	Both
Age	30-45	26-36	26-50	21-48	15-24	30-45
Race	All	All	Black	Black	All	All
Language	English	English / vernacular	English / vernacular	Vernacular	English	English
Education	Tertiary	Matric / tertiary	Matric / tertiary	Matric	Scholars / tertiary	Matric / tertiary
Employed	Full time	Full time	Full time	Full time	Full time	Full time
Position	Middle manager/ self employed	Middle manager/ self employed	Worker	Worker	-	Middle manager / worker

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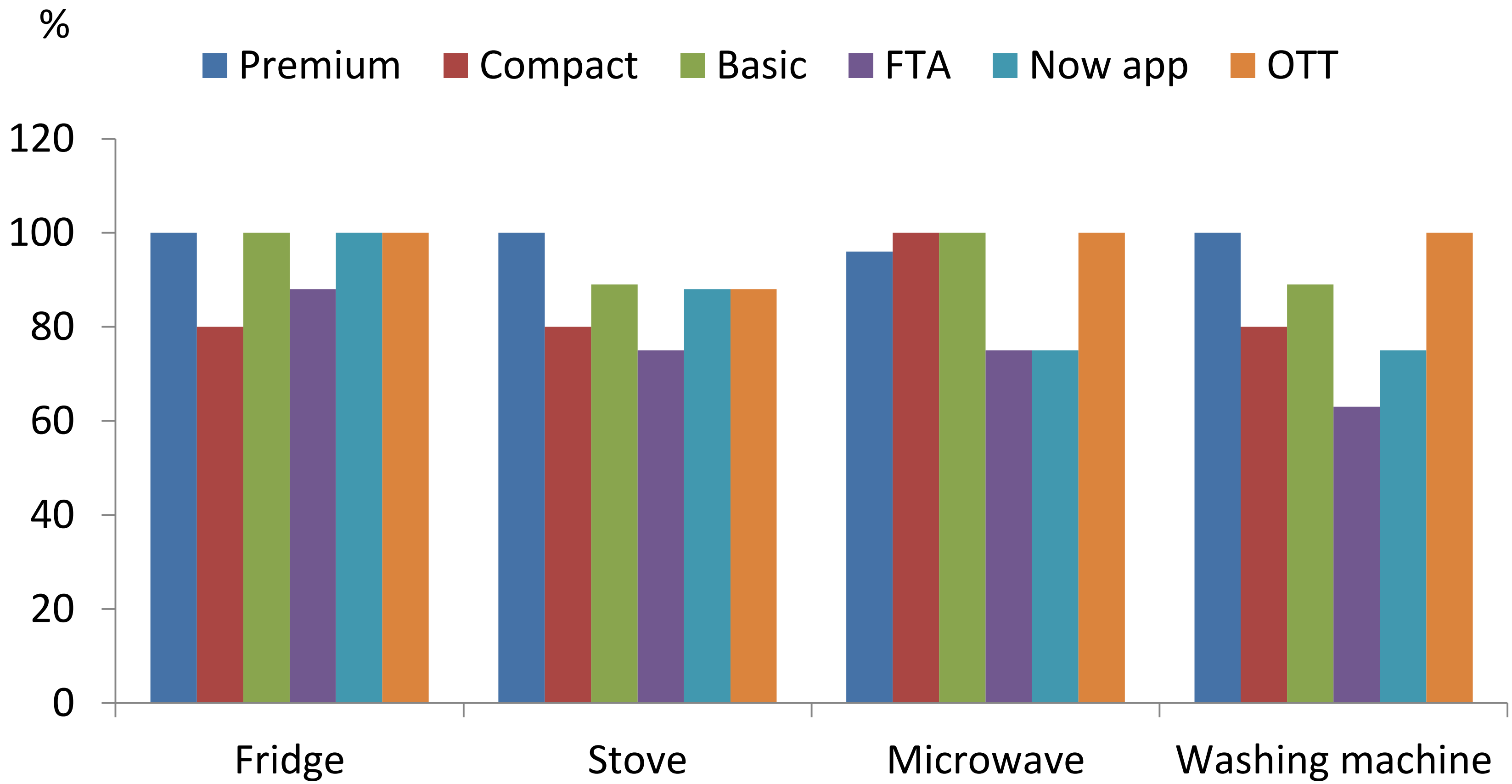
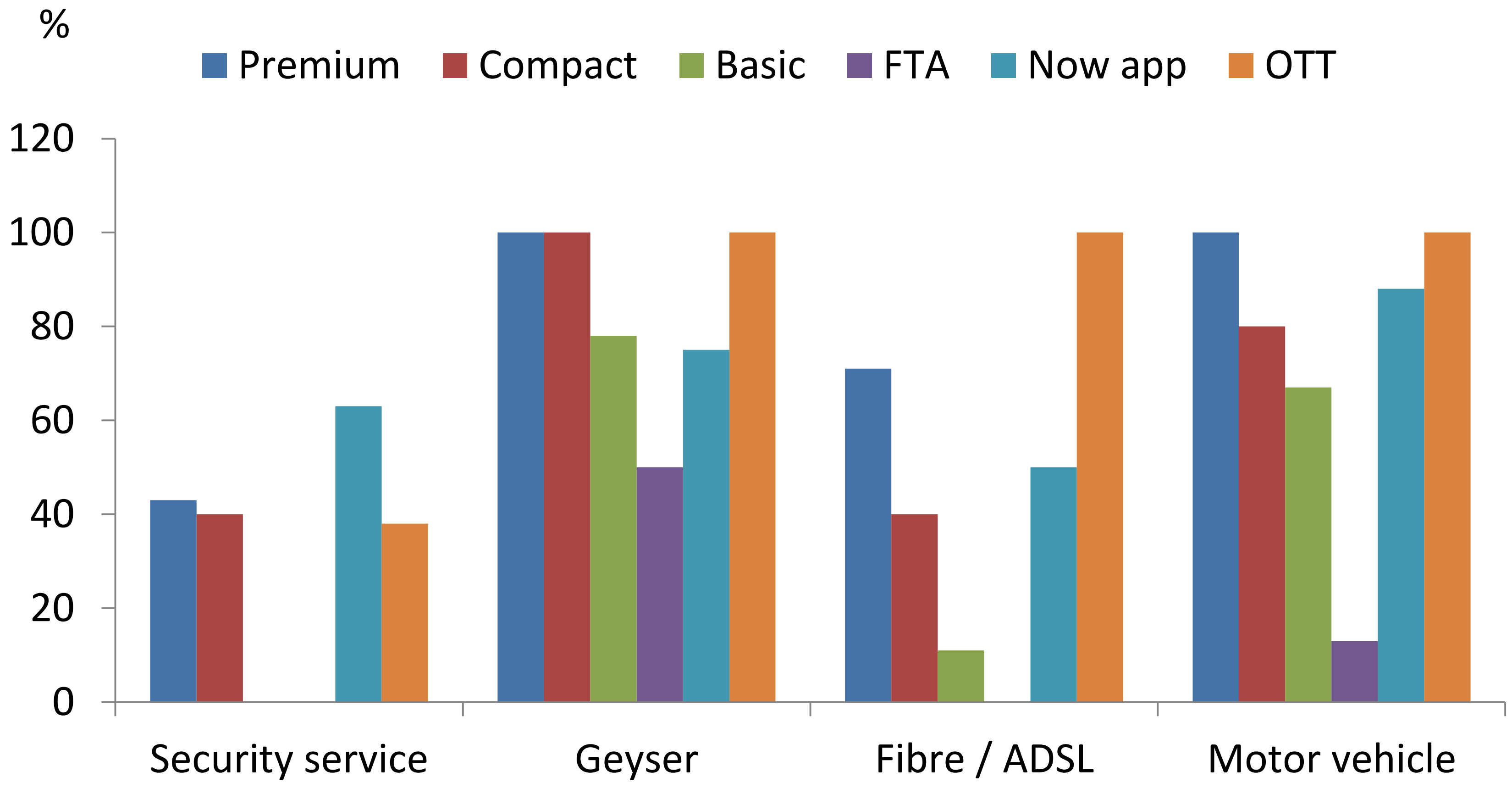
Household profiles

	Premium	Compact	Basic	FTA	Now app	OTT
Mean No. in household	3.4	3.2	3.9	4.8	4.9	4.6
Mean h/hold income	R38,600	R27,800	R9,300	R6,700	R37,200	R45,600
Dwelling	Town house/ cluster	Town house / free standing	Single room / free standing	Free standing house	Flat / town house/ cluster	Free standing house
Own/rent	Own	Own	Own/rent	Own	Own/rent	Own
Gated community	Yes	Yes / no	No	No	Yes/no	Yes/no

Household appliances



Household amenities



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Lifestyle profiles

	Premium	Compact	Basic	FTA	Now app	OTT
Means of transport	Car	Car / bus	Taxi / bus /car	Walk / taxi	Car / taxi	Car
Credit card	57%	80%	33%	0%	25%	50%
Debit card	75%	100%	78%	100%	88%	100%
Home loan	43%	20%	0%	0%	0%	50%
Invest-ments	43%	40%	22%	0%	13%	50%

Lifestyle profiles

	Premium	Compact	Basic	FTA	Now app	OTT
Funeral policy	71%	60%	78%	100%	38%	75%
Life insurance	100%	20%	44%	25%	50%	88%
Medical aid	71%	40%	22%	0%	88%	88%
Education policy	14%	0%	14%	0%	38%	38%

Communication / entertainment equipment

	Premium	Compact	Basic	FTA	Now app	OTT
Cellphone	0%	0%	44%	38%	13%	25%
Smartphone	100%	100%	89%	63%	88%	100%
Laptop	86%	100%	78%	25%	88%	100%
Tablet	86%	80%	22%	13%	63%	63%
E-reader	0%	0%	0%	0%	0%	13%
Games console	43%	0%	11%	0%	25%	63%
Radio	71%	40%	56%	100%	63%	50%
Landline phone	29%	20%	11%	13%	13%	38%

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TV viewership equipment

	Premium	Compact	Basic	FTA	Now app	OTT
Number of TVs	1 - 3	1 - 2	1 - 3	1 - 2	1 - 3	1 - 6
Number of Smart TVs	1 - 2	1 - 2	1 - 2	0 - 1	1 - 3	1 - 6
Standard decoder	57%	60%	100%	0%	38%	13%
PVR decoder	71%	20%	0%	0%	63%	88%
Explora	14%	20%	0%	0%	0%	13%

Viewership

Group 1: DStv Premium

Popular Channels / Shows	• Sport (soccer), news, Mzanzi, lifestyle, documentaries • Channels 161, 203, 403, 404, 170-180, 180-186
Observations	• TV is a communal, family activity • Sport is a key Premium driver • Children watch live, adults use Catch Up for their content • Cord cutting is a consideration - sport prevents downgrade • Netflix plus sport has broadest appeal • Minimal data costs due to high wifi usage (fibre to home) • Prefer a la carte with no fixed term contract • High incidence of Catch Up and binge watching • Busy people with limited TV viewing time
Devices	• Smart TV, smartphone, tablet, laptop

Group 2: DStv Compact/Compact Plus

Popular Channels / Shows	• Soccer (Laduma), soccer 411, Generations, wildlife, cartoons • Some have Netflix
Observations	• Child driven subscription and channel selection • High incidence of Catch Up for adults (limited TV viewing time) • TV enables control over children when parents absent • Parents binge watch on weekends • Repetition a cause of low level of satisfaction • Cartoons a major driver • Children watch cartoons, Netflix and YouTube
Devices	• Smart TV, some tablet& laptop

Group 3: DStv Basic / StarSat

Popular Channels / Shows	• Music, cartoons, series, news, movies • Isibaya, Isidingo, Rhythm City
Observations	• Some cord shaving from Premium and Compact, not seen as value due to limited viewing time and need to restrict children's viewing • Social connection between package and status • Reasonable level of satisfaction although repeats are a problem • Mzanzi (161) most sought after channel • A la carte would cause respondents to reconsider subscription level
Devices	• TV

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Group 4: SABC / eTV

Popular Shows	• Soccer, news, reality • Skeem saam, Scandal, Rhythm City, Generations, Inzalo
Observations	• Commuting constitutes a large part of their day, costs at least R400 a month, resulting in limited TV viewing time • Viewing stops around 10pm • Access to DStv sport through tavern or friends • Child pressure to subscribe to DStv • Tight discipline over children's viewing habits • Cartoons shown in the morning only, problem after school • Satisfaction level is low, SABC quality & quantity in decline • No value in TV license • Would be interested in an a la carte bouquet of children's programmes, soccer, Mzanzi, African documentaries, wildlife and reality shows at R250 per month
Devices	• TV only

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Group 5: Youth with Now app

Popular Channels / Shows	• Comedy, series, movies • Pretty Little Liars, Ben 10, Big Bang Theory, soccer, music, Mzanzi, gospel, TLC
Observations	• High incidence of pre and post school watching • Incidence of smartphone viewing over 60% • Data cost ranges from R200 to R800 per month • Incidence of binge watching highest among females • Social pressure to be current with series • Most households on Premium, some cord shaving to Compact • Some preference for viewing on smartphone or tablet due to earphones and no family interference
Devices	• TV, tablet, smartphone

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Group 6: OTT

Popular Channels	• Soccer and news • Nat Geo, Netflix, Channel 161, series
Observations	• Netflix primarily kid driven • Adults binge watch on weekends on Catch Up • Data seen as a cost of household connectivity • All watch YouTube • Low incidence of awareness of Cell C black, not used • Maximum of 15 channels viewed, full bouquet a waste • A la carte preferred • TV gives household control in absentia • High incidence of pre and post school viewing
Devices	• Multiple TV sets, tablet, laptop, smartphone • TV set viewing highest overall, followed by smartphone

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Satisfaction

	Mean	Range	Comments
Premium	7.0	6 - 8	Too many repeats Does not represent value
Compact	5.5	4 - 8	Too many repeats Mainly children's entertainment
Basic	6.6	5 - 8	Add channel 161 to bouquet Would pay more for a la carte
FTA	6.1	4 - 9	No kids channels in the afternoon Would upgrade if affordable
Now app	7.9	7 - 9	New season late in South Africa Too many movie repeats
OTT	7.5	6 - 9	Too many repeats Content is old

Number of channels viewed

	Mean	Range
Premium	8	3 – 15
Compact	10	5 - 20
Basic	6	4 - 10
FTA	3.5	3 - 4
Now app	8	4 - 15
OTT	15	10 - 20

Conclusions

Subscribers are becoming more discerning

- There is demand for a la carte packages across all subscriber segments
- For a family, package selection is a compromise at present
- Package selection correlates with household income and perceptions of value
- Catch Up and online streaming have changed viewing habits
- Subscribers resent watching a fraction of the channels available in their package

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Fibre is the disrupter in the subscription market

- Allows viewers to watch what they want when they want
- Cord cutting and shaving is likely to increase
- The incidence of alternative devices used to watch programmes has increased
- Devices correlate with age so that incidence of smartphones is highest amongst the youth, trending through tablets and laptops to TV sets for middle aged and older respondents

There is a social dimension to TV

- It enables parental control in absentia during working hours and ensures children stay at home after school
- It serves as a communal and family focal point when they gather around a favourite program
- At work and at school it is a topic of conversation, causing respondents to feel isolated if they are not able to discuss latest developments in a series or a sporting activity
- The level of subscription is a determinant in a family's social standing

There are differences between subscriber / viewer segments

- Data cost is a constraint for middle income households whereas wealthy households treat the cost of data as a cost of connectivity for the household
- Amongst Premium and Compact subscribers, sport and children's programming are the strongest drivers
- Amongst SABC and eTV viewers, soap operas and series are the primary viewing channels. These respondents generally believe a news channel is a right and should not incur a cost
- Overall, the demographic profile of the household determines viewing behavior
- No segment is satisfied with their viewing options

Demand options

- Appendix 1 details preferences by subscriber segment.
- This data was used to derive the three options put forward to test the cross price elasticity of demand

Thank you

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