



## Television Industry Landscape Update

April 10, 2020

### Overview

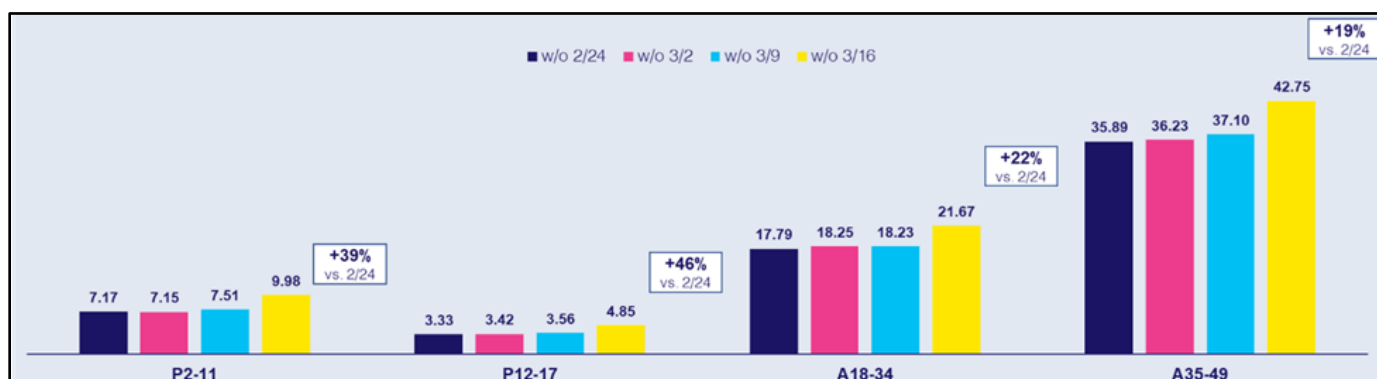
With the onset of the Coronavirus pandemic and the extreme lifestyle changes that have been imposed upon most of the nation's population, people's media consumption habits are evolving significantly as well.

Television continues to be a main source of both information and diversion, and not surprisingly, viewership has surged in some programming areas, like news, while dipping considerably in others, like sports networks.

The summary that follows incorporates recent, related findings and trends and has been culled from a variety of established industry sources.

### Insights

- Not surprisingly, with millions more Americans now at home with little or less to do, television viewership has increased meaningfully across all dayparts and demographics.
- Clearly, this new environment has created opportunities for direct marketers to reach and motivate portions of the population that previously may not have been cost-effective prospects bases for DRTV advertisers. Alternately, some proven DRTV programming and networks that have been historically successful response vehicles need to be re-evaluated at this point in time, so testing these, plus other DRTV variables, becomes even more critical.
- The chart below (Source: Video Advertising Bureau) shows these trends for some demographic age groups through March 22, 2020, and there is no reason to believe that they've become more pronounced since then.



## General Trends

- Versus the last week in February 2020, U.S. 18-34-year-olds collectively spent 83 million more hours watching television during the first week of the stay-at-home edict.
- The night and overnight dayparts have now become opportunities for more advertisers, as key buying groups are staying up later.
- Adults 18-34: have spent 12% more time watching late night programming in the period, while also dedicating 45% more time watching daytime television (9:00 AM –4 PM, Monday – Friday).
- The increased desire for current information is shown by the growth in the weekly time spent watching ad-supported TV news. This has translated into an increase of 81% for adults 18-34; 66% for adults 35-49; and 43% for adults 50-64.
- Messaging has become even more scrutinized and important in light of the current situation. A VAB report found that “56% of consumers were pleased to hear brands taking action like making donations of goods and services and 43% said they want messages that were ‘reassuring’ from the brands they trusted.”
- DTC advertisers have realized this environment offers expanded opportunities, as eliminating the need for face-to-face transactions is now seen as a motivational selling point, as their sales are captured via 800-numbers and/or online transactions.

## Cable Television Trends

While cable television viewing in general has surged recently, not all networks have realized an increase in viewership, and those that have experienced significant variance.

So, while many DRTV advertisers should be able to mine cable TV for additional prospect groups in this environment, careful attention should be paid to network selection and testing, as a number of them have lost viewership recently.

However, even this dynamic can potentially be lucrative for a DRTV advertiser, as many of these networks have dropped their rates considerably, and these new efficiencies could also present emerging opportunities.

Not surprisingly, the news networks are dominating the ratings. Per Adweek, for the week of March 30:

- Fox News remained the top of basic cable network, for both prime time total viewers & Adults 25-54, remaining #1 in both categories for the third consecutive week.

- FNC has now run 13 consecutive weeks as the most-watched cable network in total day (2.5 million viewers), and 11 consecutive weeks as most-watched in prime time (4.1 million viewers).
- The network aired 12 of the top 15 cable telecasts in the 25-54 demo, according to live-plus-same-day data from Nielsen.
- However, Fox News was down from the prior week, when it set records: -5% in total prime time viewers, -5% in total day viewers, -8% in the prime time demo and -6% in the total day demo.
- CNN was also extremely strong. It finished ahead of MSNBC as the second-most-watched network on basic cable, not just in total day (1.55 million vs. 1.34 million) but also in prime time (2.2 million vs. 2.1 million), and in Adults 25-54.
  - CNN was also the second-most-watched network on all of cable in Adults 25-54, and posted 200% growth in total prime time viewership from the comparable week in 2019.
  - CNN was +3% in total prime time viewers, but -5% in total day viewers from the prior week. The network held steady in the A25-54 demo during prime time, but was -7% in the total day demo.
- Though MSNBC was behind CNN for the week in Total Viewers, it still finished No. 3 across cable in the category.
  - The network earned a top 10 spot in the key A25-54 demo as well.
  - However, MSNBC dropped, week-to-week: -10% in total prime time viewers, -9% in total day viewers. The A25-54 demo audience drop-off was more pronounced: -16% in prime time and -15% in total day.
- Other non-news networks have performed strongly as well. The cable rankings for the week of March 30:
  - **Top 10 Cable Networks (Total Prime Time Viewers)**
    1. Fox News (4,019,000)
    2. CNN (2,219,000)
    3. MSNBC (2,104,000)
    4. TLC (1,167,000)
    5. HGTV (1,156,000)
    6. History (1,085,000)
    7. Hallmark Channel (1,043,000)
    8. TBS (990,000)
    9. TNT (917,000)
    10. Food Network (891,000)
  - **Top 10 Cable Networks (Total Day Viewers)**
    1. Fox News (2,511,000)
    2. CNN (1,553,000)
    3. MSNBC (1,356,000)
    4. HGTV (756,000)
    5. Food (626,000)
    6. Hallmark (620,000)
    7. History (590,000)

8. Nickelodeon (536,000)
9. Investigation Discovery (511,000)
10. TNT (511,000)

○ **Top 10 Cable Networks (Adults 25-54, Prime Time)**

1. Fox News (769,000)
2. CNN (718,000)
3. TBS (528,000)
4. TLC (443,000)
5. TNT (441,000)
6. Food (415,000)
7. USA (371,000)
8. HGTV (368,000)
9. MSNBC (359,000)
10. AMC (348,000)

○ **Top 10 Cable Networks (Adults 25-54, Total Day)**

1. Fox News (538,000)
2. CNN (485,000)
3. TBS (284,000)
4. Food Network (269,000)
5. HGTV (245,000)
6. MSNBC (234,000)
7. TNT (228,000)
8. USA (228,000)
9. A&E (205,000)
10. Investigation Discovery (204,000)

### Video on Demand (VOD)

Predictably, a surge of video on demand (VOD) consumption has been seen recently. This trend was further bolstered in March as a number of providers made their offerings more attractive by shifting some of their big screen content to their on-demand platforms. This increase is illustrated in the chart below (Source: ComScore):

Monthly Performance: All VOD Percent Change Year-Over-Year			
AVERAGE TRANSACTIONS / SUBSCRIBER HOUSEHOLD*			
MONTH	2019	2020	% CHANGE
MARCH	12.39	16.09	29.8%
FEBRUARY	10.83	13.07	20.6%
JANUARY	12.28	13.32	8.5%

comscore

\*Source: Comscore OnDemand database

- For all set-top box-based VOD combined, March saw a nearly 30% increase in average transactions per-household among existing subscribers. The average subscribing household accessed, purchased or rented 16 titles over the course of the month. That's nearly four more transactions per VOD subscribing household than in March 2019.
- Of the VOD subcategories, Subscription Video on Demand (SVOD) had the highest growth, with a 53% increase in average transactions year-over-year. Free on Demand (FOD) was next, with a 21% increase for the same time period.
- This has increased as the month progressed: week-by-week results show an upward trend, with the week of March 29 having the highest growth for any week in 2020, with a +57% vs. the same week in 2019. Within the VOD categories, SVOD increased 116%, while FOD and TOD saw 38% and nearly 41% increases, respectively.
- Also, year-over-year for the top VOD genres, the largest increase was in "Fitness" (+147%), "Life and Home" (+64%), "Premium" (+54%) (e.g., HBO, Showtime, and Starz content). Interestingly, "Music" is down 10% over this same time.

## Summary

- For the most part, the television viewing trends that began to emerge in the early stages from the Coronavirus shutdown have continued, with viewership surging among most demographic groups and within all dayparts.
- This evolving media environment has created opportunities for many direct marketers to now deliver their messaging to larger audiences within dayparts which previously may not have been realistic targets for DRTV advertisers.
- However, the reverse dynamic is also true in some cases, as some proven DRTV vehicles have lost significant audience share. These still could be viable though, as many of these have slashed their rates, and are now delivering enhanced cost-efficiencies in an effort to move their inventory.
- Not surprisingly, the three major cable news networks continue to draw huge audiences, and should be effective for many DR advertisers, if the rates remain efficient. Additionally, local broadcast news programming remains a highly trusted source for information, and should be tested as well, wherever possible.
- Some non-news cable networks have shown strong recent numbers as well. These are primarily reality-based as well, with TLC, HGTV & Food among the top performers.
- VOD demand has increased too, as some providers have upgraded their content offerings to attract new audiences now looking to fill their unexpected time off.