



Understanding the Social TV phenomenon and its likely impact on television

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Agenda

The Social Audience

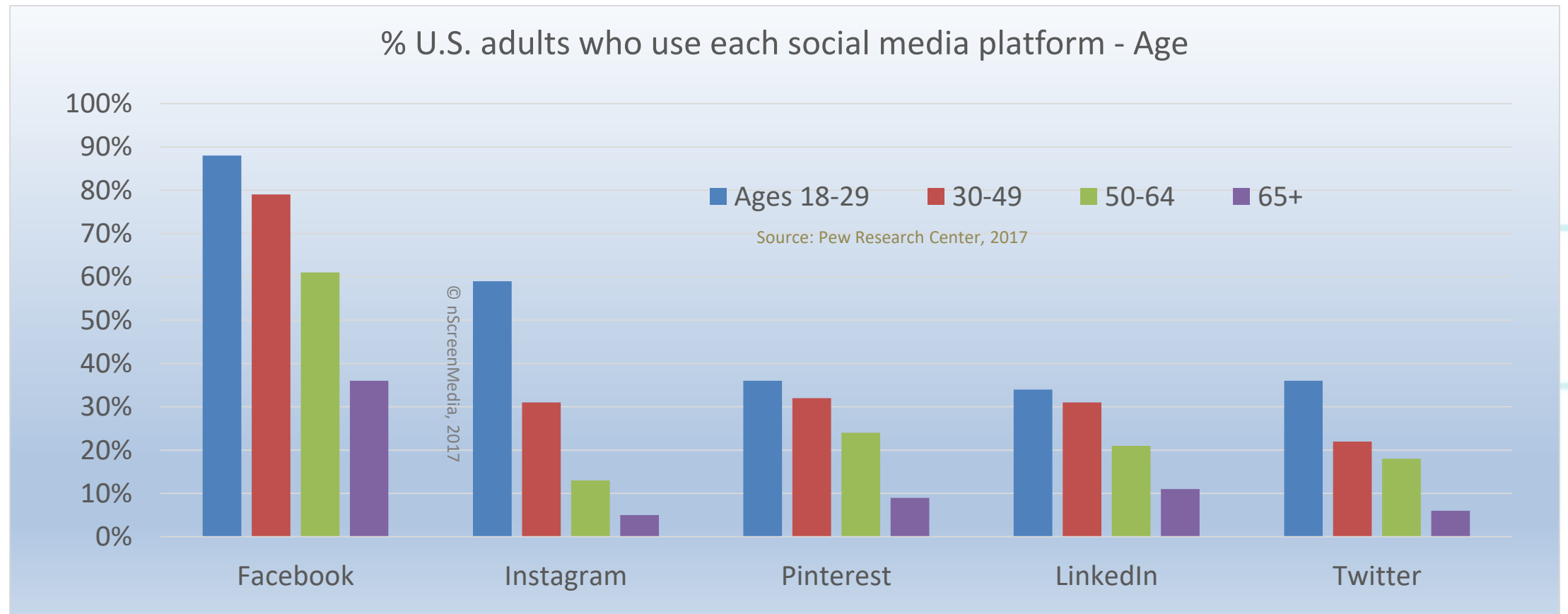
Social Moving Toward TV

Why TV taking social seriously

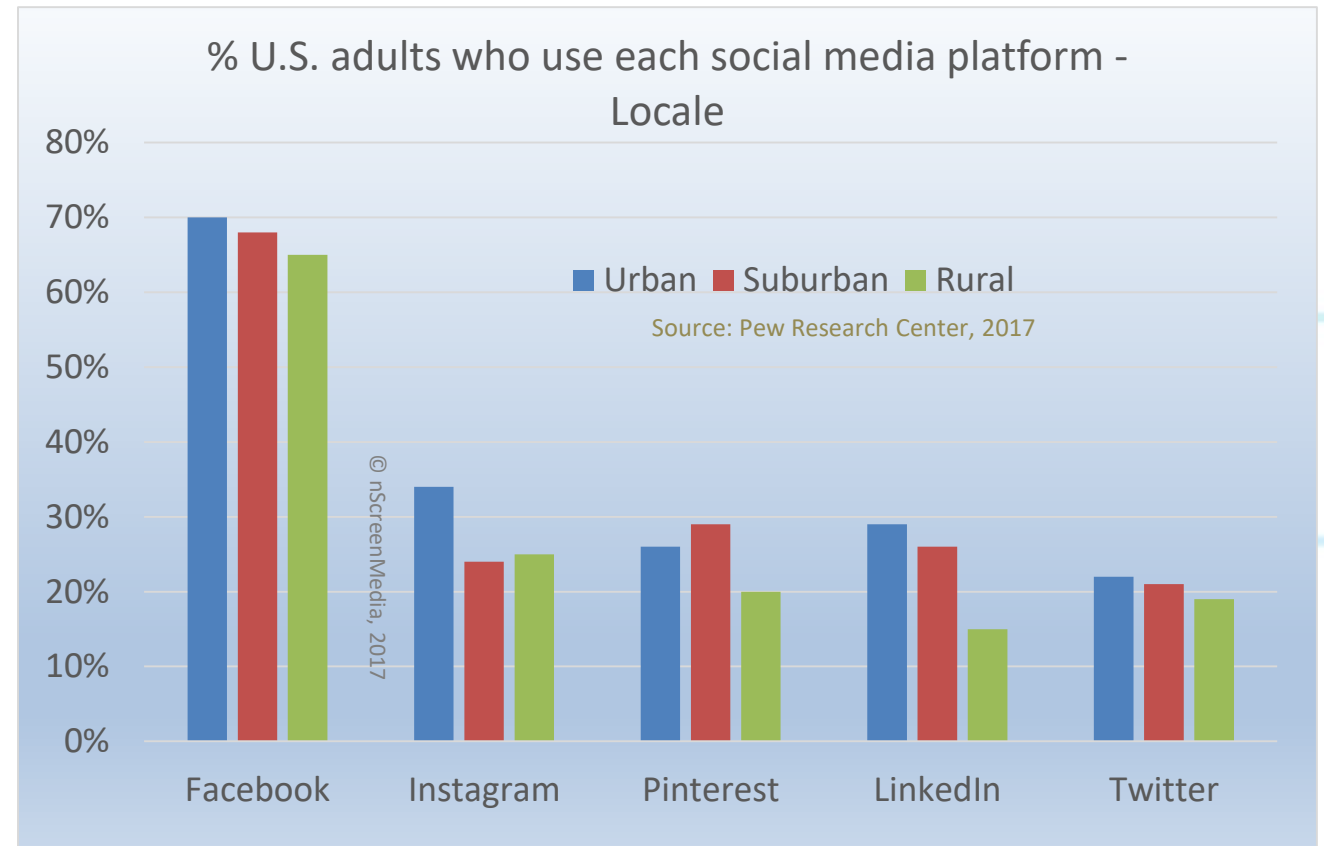
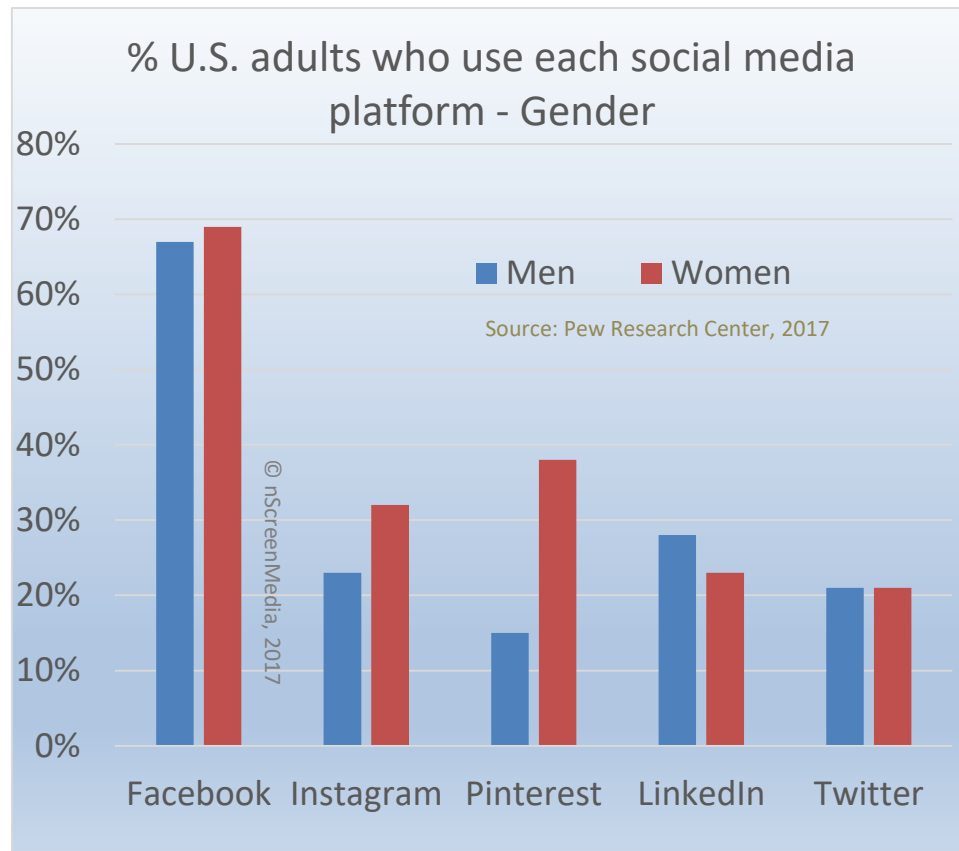
Social a plus or a minus for TV

Can Facebook and YouTube transition to TV

Understanding the social media audience



Understanding the social media audience



Usage of social media by device - US

Smartphone by far the most used device

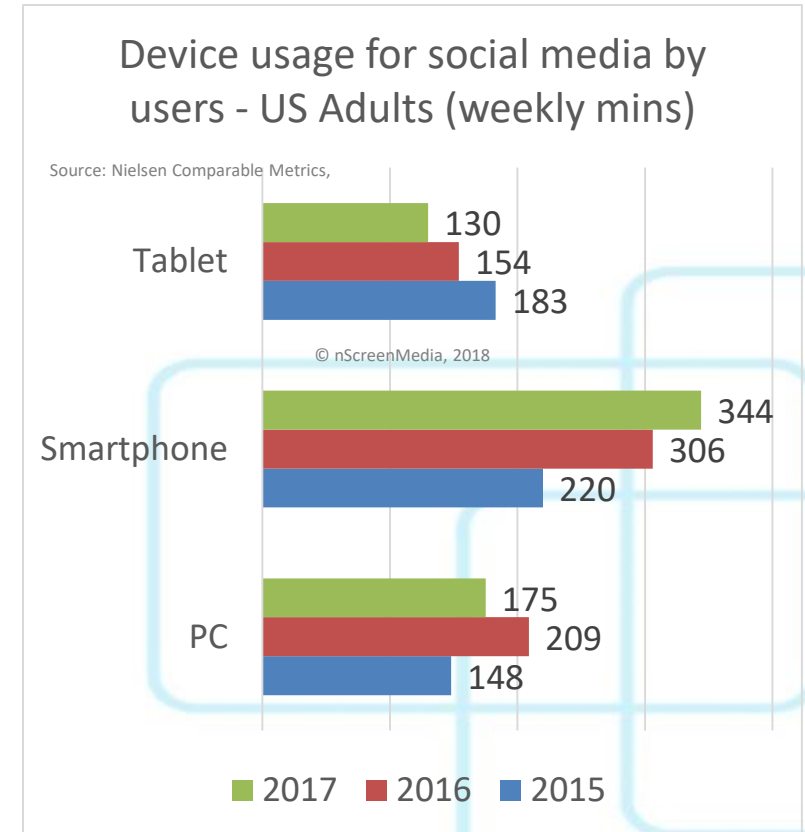
- 49 minutes per day
- An increase of one third year-over-year

PC is still very popular

- 25 minutes per day
- Declining in usage
- Something to do to take a break at work?

Tablet is fading

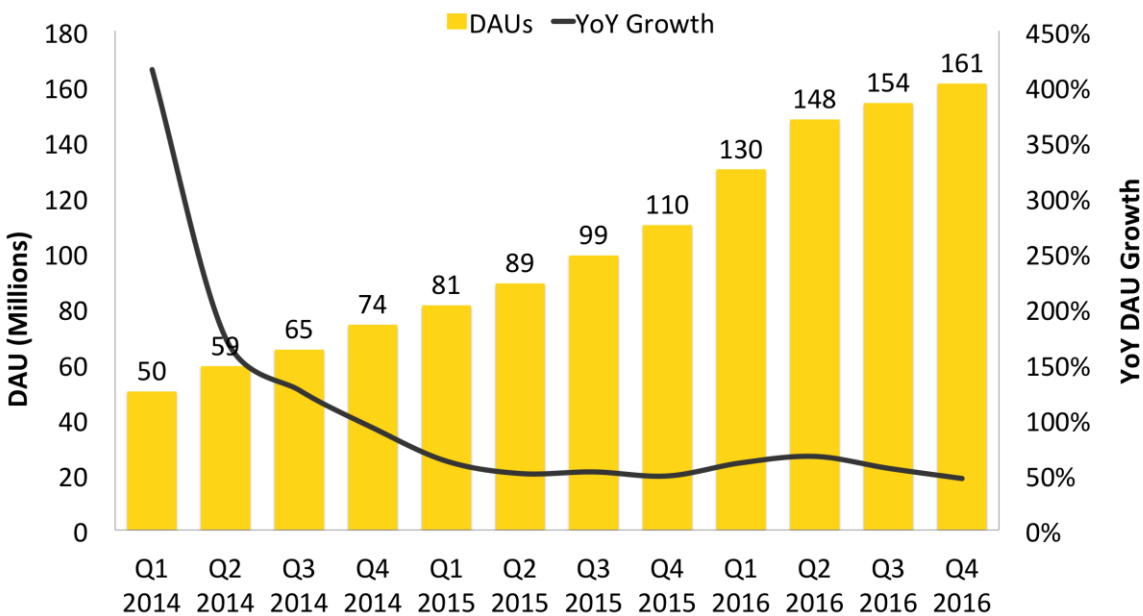
- 19 minutes per day
- Down from 3 minutes from one year earlier



Snapchat

Snapchat Daily Active Users And Year-Over-Year Growth

Global

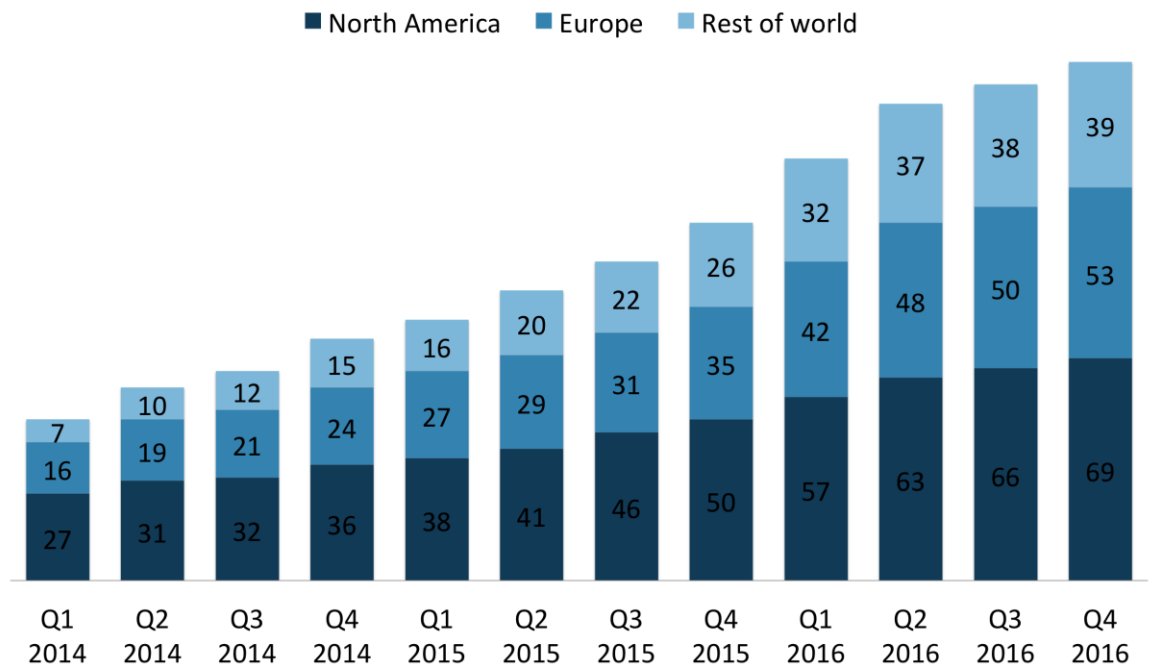


Source: Snap

BI INTELLIGENCE

Snap Daily Active Users By Region

Millions



Source: Snap

BI INTELLIGENCE

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What are they watching

 **tubular** Top Overall Creators
Global | Facebook | All Genres | Apr 2017

Rank	Name	V30	ER30	Views
1	 UNILAD Unilad	5,953,637	1.0x	2,960,758,120
2	 NTD Television NTD	3,752,310	1.3x	2,801,314,859
3	 LADbible The LADbible Group	7,159,619	0.8x	2,729,848,272
4	 Viral Thread Jungle Creations	4,895,127	0.9x	2,676,985,311
5	 MetDaan MetDaan	3,709,807	0.9x	1,175,216,168
6	 The Dodo Group Nine Media & The Dodo.com, Inc.	2,702,249	1.3x	1,104,665,126
7	 9GAG: Go Fun Yourself	8,428,224	0.9x	1,089,973,753
8	 Food Network Scraps Networks Interactive	3,234,274	0.7x	1,021,777,106
9	 5-Minute Crafts	3,738,576	0.9x	1,005,047,798
10	 Daily Mail Daily Mail	3,844,529	0.8x	953,637,815

Viral Entertainment

- 9GAG, Group Nine's The Dodo, UNILAD, NTD TV, Viral Threat, The LADBible

Crafts and DIY very popular content categories

- MetDaan, 5-Minute Crafts, Food Network

News

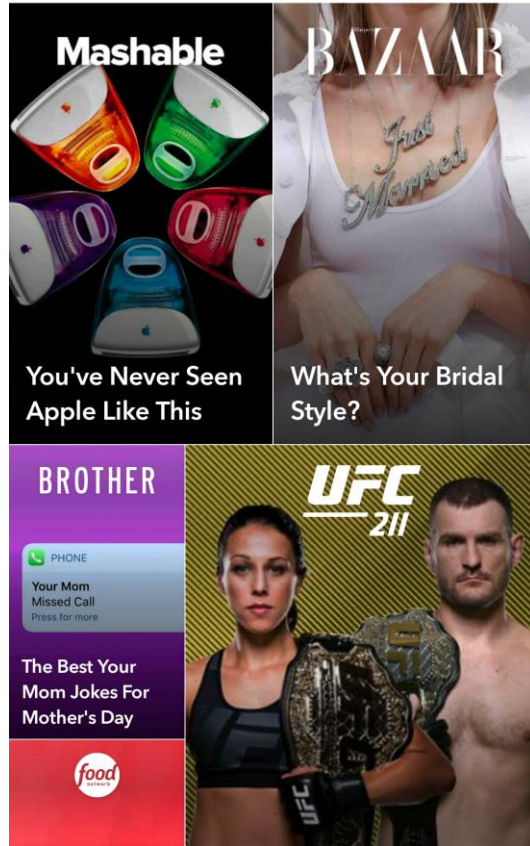
- Daily Mail

Lifestyle

- MetDaan

Social Media moving toward television models

◀ Discover



Twitter NFL streaming

- 10 Thursday night games in '16-'17 season
- Averaged 2.7M viewers/game
- 265,580 viewers per minute

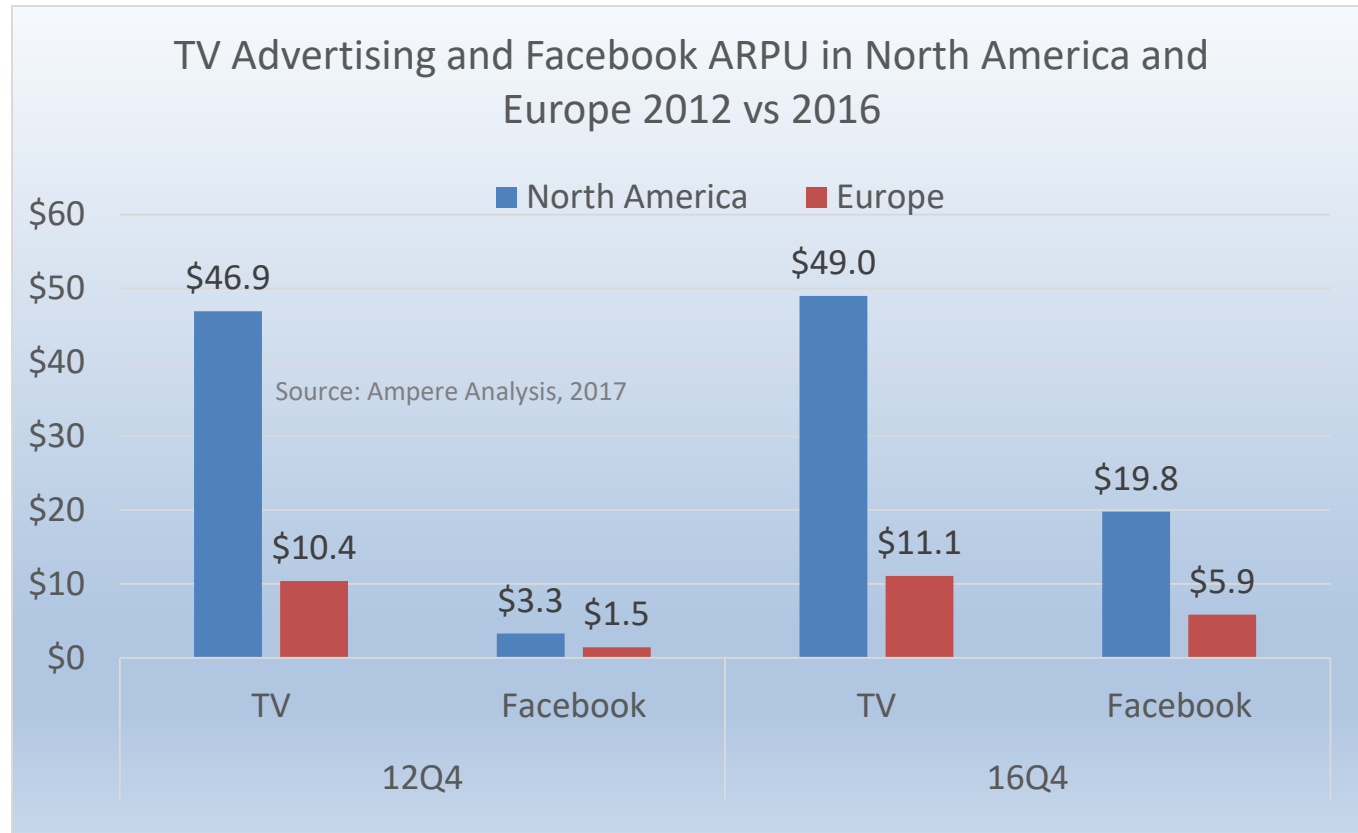
Facebook pushes Live with pro content

- Paid \$50M to premium providers to use platform in '16
 - **Buzzfeed, New York Times, CNN**
 - **Also paid influencers to make live video**
 - **Saw 300% increase in live videos Jan – May 2016**

Snapchat looking to Hollywood for Discover originals

- Looking for everything, from reality to comedy
- Still targeting shorter form

Why social media wants into TV business – reason 1



Chasing TV advertising rates

Facebook advertising ARPU catching up to TV

- In Europe, 53% of TV ARPU
- Up from 14% in 2012
- In North America, 40% of TV ARPU
- Up from 7% in 2012

Why social media wants into TV business – reason 2



“Because of all the signals we have the relevancy we can bring both in advertising and in media is incredibly powerful.”

Matthew Corbin, Global Product Marketing at Facebook

Advertisers want them to be there

- Advertisers are combining digital and TV ad budgets
- Allocating the money based on accountability

Advertisers prefer social over other digital sites, including TV sites, and ad platforms like Videology

- Advertiser Perceptions found 68% of advertisers preferred social
- Over demand side ad platforms, Hulu, MCNs, even YouTube!

Carriage Deals are evolving

TOP SNAPCHAT DISCOVER PARTNERS

The New York Times THE WALL STREET JOURNAL **BuzzFeed** The Washington Post

CNN

VULTURE
COM

NATIONAL
GEOGRAPHIC

VOGUE

BAZAAR

Entertainment
WEEKLY

COSMOPOLITAN

REFINERY29

COMPLEX

Vox

The
Economist

Esquire

**POPULAR
MECHANICS**

COMEDY TV LINE3

MTV

IGN

Mashable

VICE

ESPN

**food
network**

iHeartRADIO

People

hr bleacher report

E! NEWS

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SCREENMEDIA

Snapchat Discover

- 60 partners and counting

Revenue sharing has been standard

- Paid out about \$58 million in revenue-sharing payments to Discover publishers in 2016

Not anymore

- Now pays flat license fee
 - **Hearst, ESPN, Vice kept old deals**
 - **Two new deal partners received \$2-4M each**
- Multi-year deals with guaranteed 1st year
 - **Opt out after first year**
- Keeps ad revenue
 - **Can sell campaigns across partner content**

Things are still changing

- Wants to create own content, compete with TV with longer format content

No one size fits all

“There is a wide range of deals. Unfortunately no one size fits all. Some deals are just licensing content like traditional TV deals. Others are rev share on advertising. Most hovering around 50/50 or 55/45.”

Senior Exec at Top Digital Originals Producer

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Why TV is taking social seriously

YouTube clips are a new kind of TV viewership, a new kind of TV publicity

Fox's Empire is a YouTube juggernaut

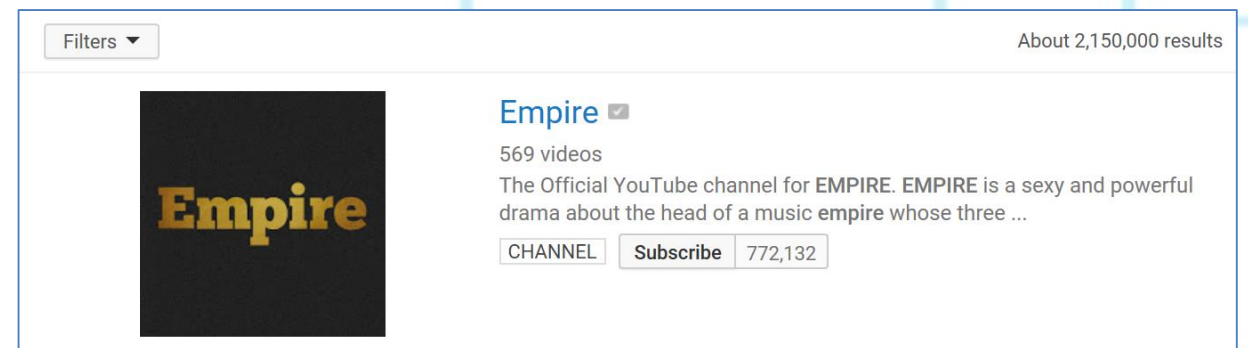
- There are 106M Empire related clips on YouTube
- 95% of those are user uploaded

NBC programs on YouTube have generated 13.4B views

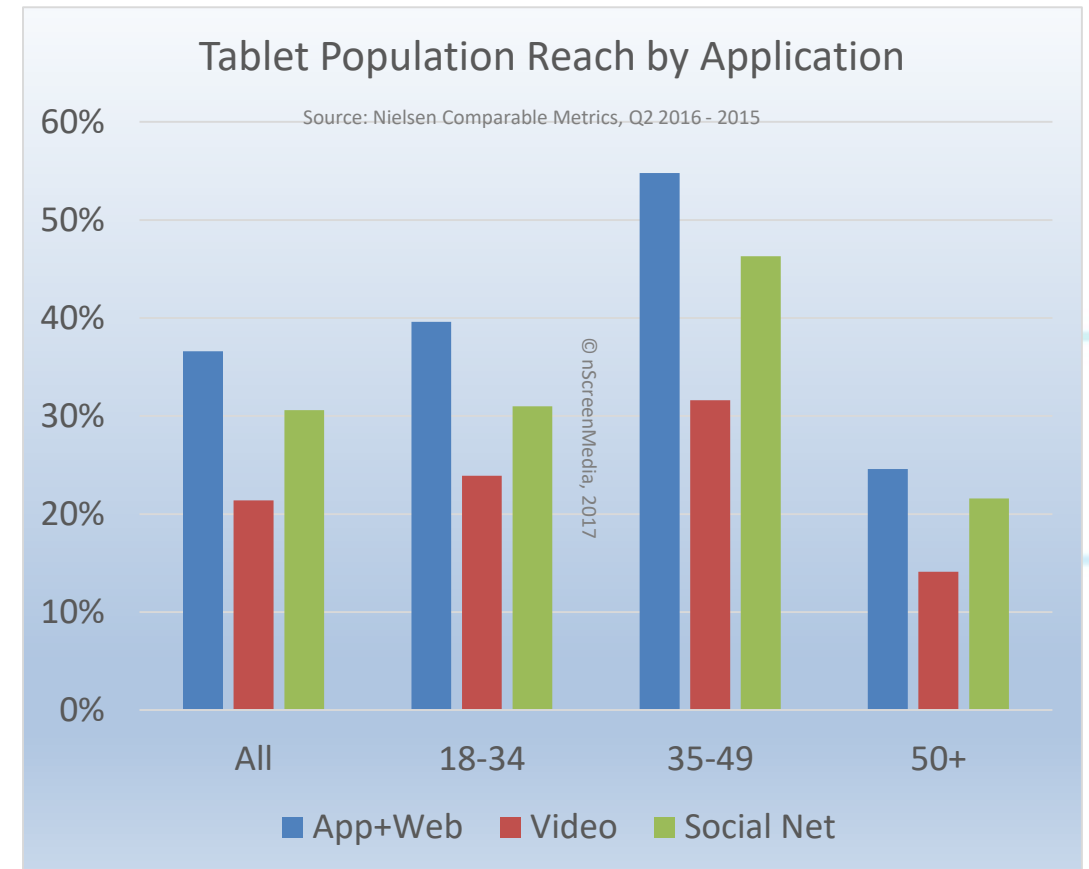
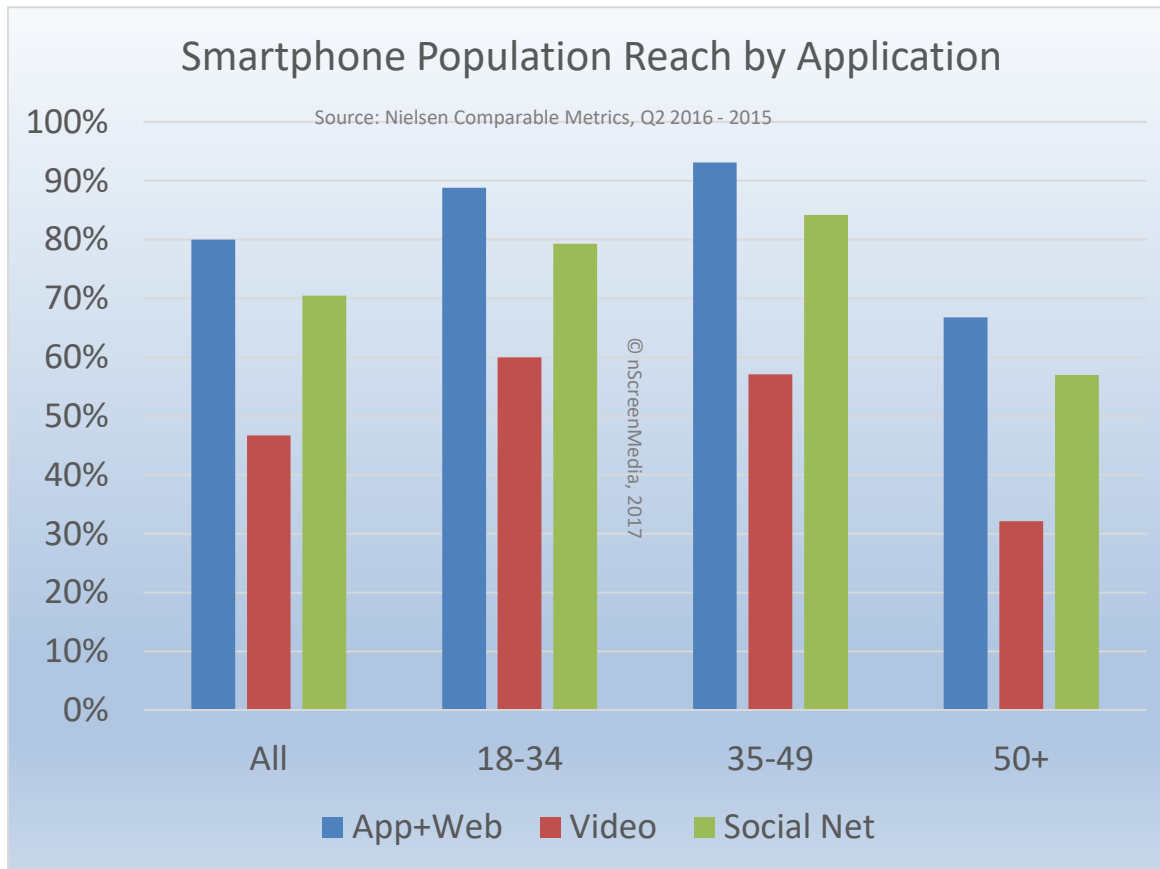
- Fox 3.6B

Doesn't drive much revenue

- But is an excellent promotional tool



For video, social has the best reach



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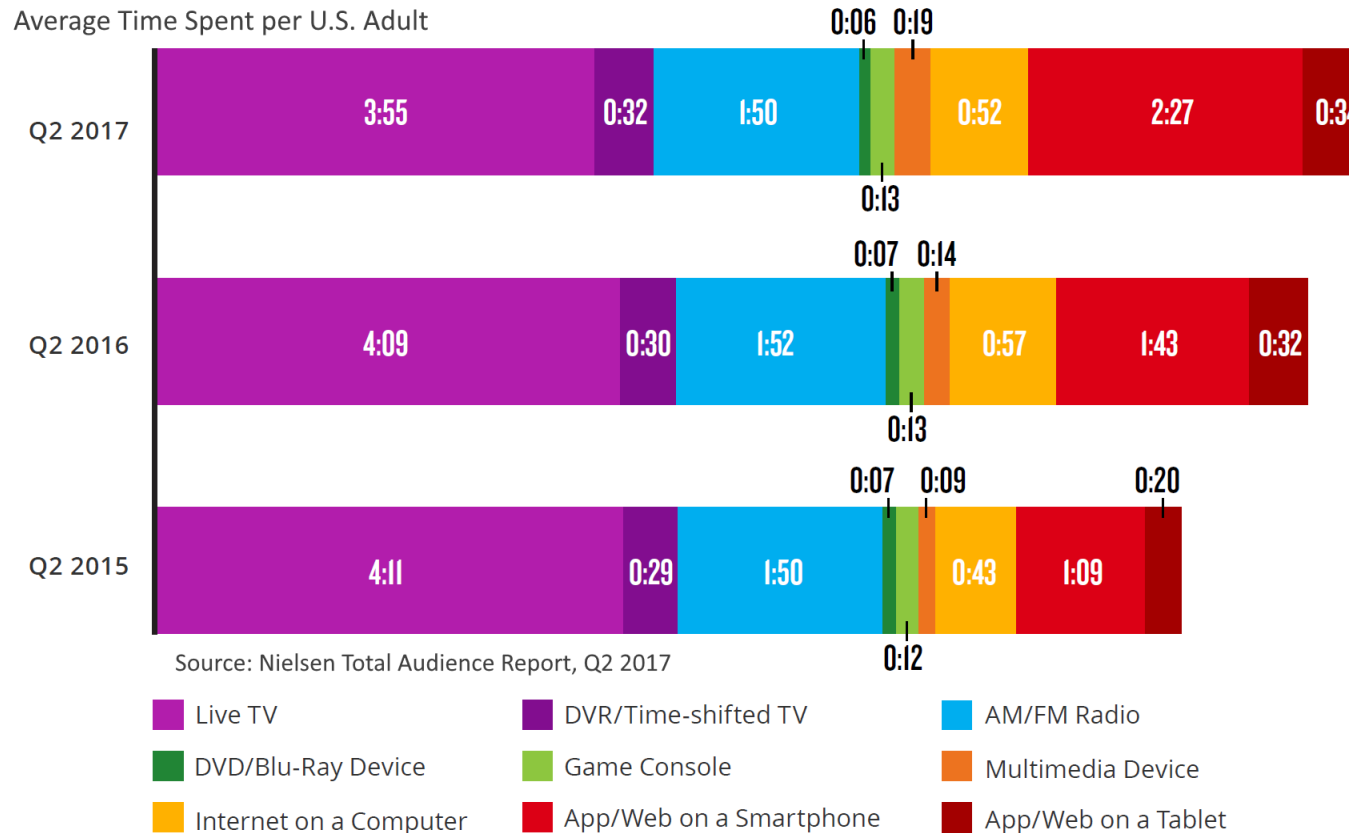
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Is social detracting from television?



On the face of it, no

- Average time with TV has not declined much over last 3 years
- While other media use has increased dramatically

But consumers are paying much less attention to television

- Many of these media activities overlap
- 85% of US population use the Internet while watching TV
 - **Once a month or more**

Will social video compete or compliment TV?

Social is already competing with TV for ad revenue

- Advertisers allocating TV and digital from same pool
- Favoring accountable platforms

Twitter success with NFL

- Shows social can deliver an audience
- Amazon paid 10X what Twitter did for same rights to Thursday night games

For scripted social is a great discovery platform

- The place viewers want to discuss, share their experiences with a favorite show

Not a good environment for longer form scripted viewing

- When the focus is the show, tweets/posts detract from the experience

Could it be a better platform for news, sports, reality?

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YouTube transitions to TV

Two-thirds of YouTube viewers say they watch some on TV screen

- Time people spent watching on TV doubled 2016-2017

Viewing on TV resembles TV viewing

- Peak viewing occurs at primetime

Cord-cutters watch much more YouTube video

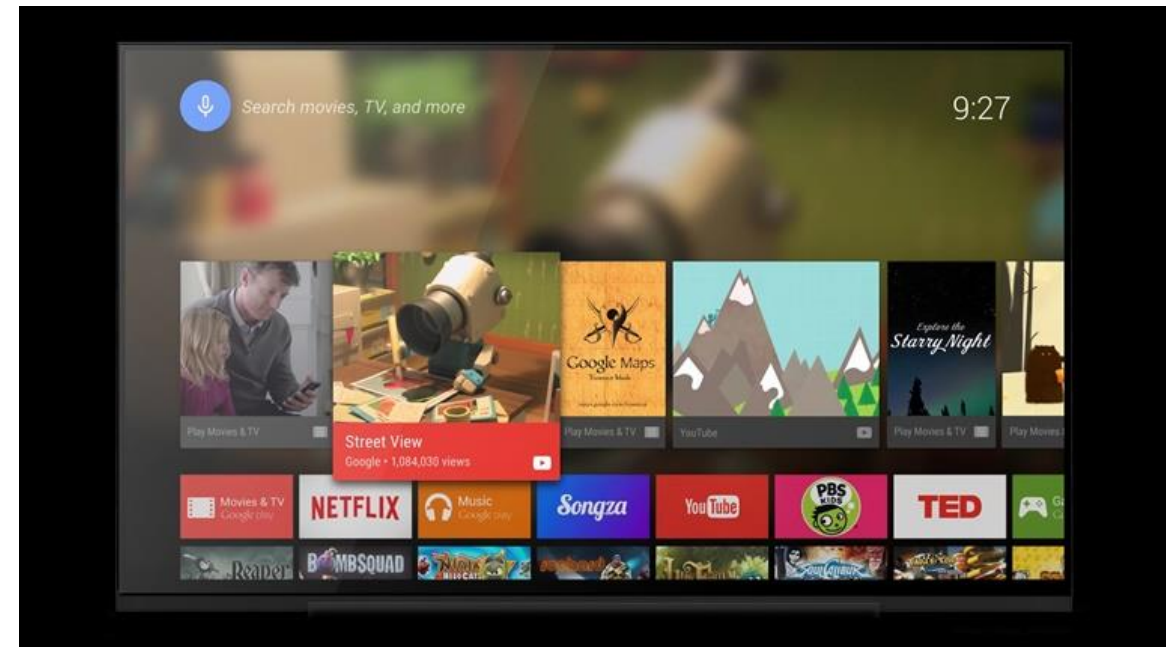
- 25 hours per month
- 17 hours per month in the average streaming home

Pay TV operators are helping YouTube get there

- Comcast, UPC Hungary, others put YouTube on STB

BUT YouTube has huge problems with brand safety

- Creators are unhappy also



Facebook's path to the TV cloudy

Investing in original video for new Watch tab

- Content from Tastemade, MLB, Mike Rowe, A&E, etc.
- Is willing to spend \$1B on original content
- Bid \$600M for streaming rights to Indian cricket

Has delivered a new TV app

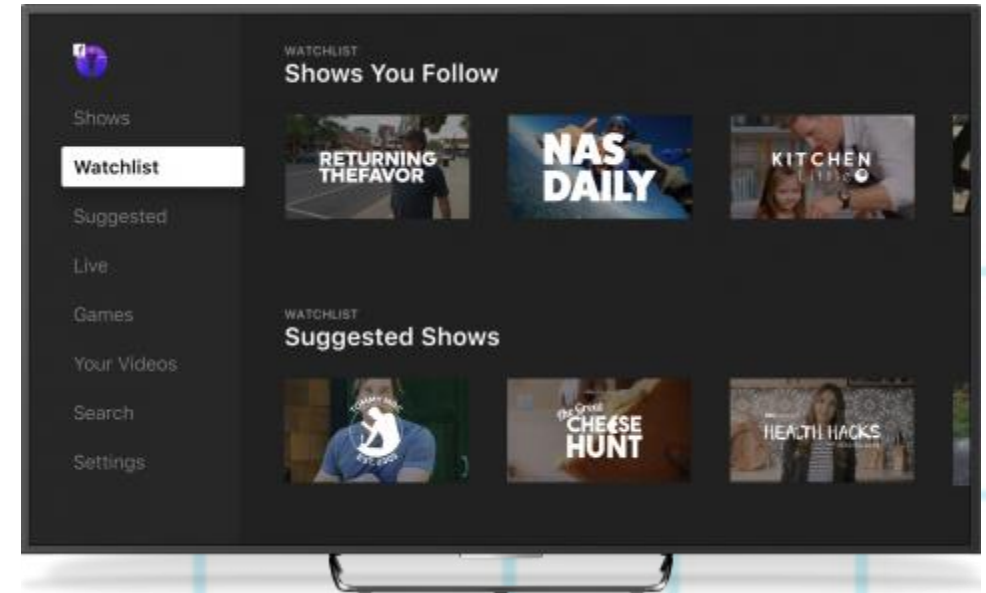
- Amazon Fire TV, Apple TV, Android TV, Samsung TVs

Will be difficult to transition users

- Experience optimized for mobile
- Is an interactive experience
- TV is essentially a passive viewing activity

Struggling with privacy issues

- Cambridge Analytica Scandal



Is Facebook and YouTube safe enough for
TV advertisers?

About nScreenMedia

nScreenMedia is a resource to the Digital Media Industry as it transitions to the new infrastructure for multi-screen delivery. Through a mix of informed opinion, news, information and research nScreenMedia helps you make sense of multi-screen media.

www.nscreenmedia.com

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