Q3 2019

BRIGHTCOVE GLOBALVIDEO INDEX
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The third quarter can be a slow one for traditional TV. It’s a time of summer reruns, a few summer replacement series, and a lot of filler as viewers head off on vacation, enjoy more time in the outdoors and, generally, watch less television.

But Q3 traditionally also has been a solid quarter for pay-TV providers. The July-September period often has shown a rebound from Q2 defections.

For pay-TV operators, this past quarter was anything but a rebound as more than 1.74 million subscribers abandoned their providers, nearly twice the number that left in Q3 2018. And, while some of the losses have in the past been moderated by sign ups to Internet pay-TV services like DirecTV Now and Sling TV, gains there were much slower than a year ago. The two services added 20,000 subscribers, compared to a combined add of more than 75,000 in Q3 2018.

One more nail in pay-TV’s coffin: Pay-TV set-top box connections hit their lowest level in the U.S. since 2010. Just 47% of TVs in all U.S. homes are still connected to a set top (STB) box from a pay-TV service.

Things are very different in the streaming world. Among Brightcove’s media customers, total video views increased more than 8% in Q3 2019 from Q2 2019. That compares to a 5% increase between Q2 and Q3 2018. The bottom line? More video is being consumed than ever before. Globally, year-over-year, every device, but computers, saw double-digit growth in terms of total video views.

The biggest change in views this year among our customers was in Asia-Pacific, up 31% quarter over quarter. Europe was up 15%, and the U.S. and Canada saw viewing gains of 12%.

Not surprisingly, much of that growth could be attributed to Tweens and Teens who — in the U.S., at least — have more than doubled the amount of online video they watch everyday, according to a report from Common Sense Media. More than half (56%) of Tweens (those 8 to 12-years-old) said they watch online video daily, up from 24% in 2015. Among Teens (13 to 18-year-olds), 69% said they watch daily, up from 34%. In 2015, 61% of Teens said they enjoyed watching TV “a lot,” while watching online videos ranked fifth at 46%. Teens in 2015 ranked watching online video and watching TV as their second favorite at 45%, behind listening to music.

Today, 67% of Tweens rank watching online video first, with watching TV fifth (50%). Teens still have watching online video in second place (58%) behind listening to music, but watching TV has dropped to 33%, fifth place behind playing video games and using social media.

And, while Teens ranked watching online video as their fifth-favorite activity in 2015, it ranked second this year with 58% saying they enjoyed it “a lot.” Music (74%) ranked first, with video games (43%), social media (41%) and watching TV (33%) trailing.

Even more telling, live TV viewing among Teens has dropped from 48% (54 minutes a day) in 2015 to 24% (25 minutes a day) in 2019. Time shifted viewing on TV (which includes subscription services like Netflix) has increased to 40% from 33% and watching TV “on other devices” increased to 36% from 19% in 2015.

Obviously, streaming is the new TV.

That’s one reason AMC Networks expects its four SVOD services to have up to seven million subscribers and up to $500 million in revenue by 2024. They added about 400,000 subs in Q2, CEO of AMC Networks.
Josh Sapan told analysts during its Q2 2019 earnings call, “We see significant opportunities with our specialty SVOD services that offer a new way to serve fans,” he said.

AMC isn’t alone obviously; Apple launched its SVOD service, Apple TV+, in November and quickly was followed by Disney+, which rolled out on the 12th of the same month in the U.S., Canada and the Netherlands. Disney has eyes on reaching more than 90 million subscribers within five years, about two-thirds from international markets.

How media companies are reaching their audiences is changing, evolving faster than most media companies expected.

Randolph Stevenson, AT&T’s chairman and CEO, during its Q3 earnings call noted that the era of watching content when you wanted, where you wanted and on any device you chose caught the industry off guard, arriving “sooner than we or anyone else anticipated.”

For its part, the telco is looking to leverage its mobile delivery, placing a big bet on its next-gen 5G mobile service. Which, looking at smartphone penetration in the U.S., even among younger users, may be a winner. Some 91% of 18-year-olds own a smartphone, Common Sense Media found, up from 77% in 2015.

There aren’t many media companies that don’t recognize the need to adopt new delivery strategies to make room for streaming. But they may not realize the need to make those changes now, expecting, perhaps, a return to the “good old days” of big bundles on pay-TV that pay them a premium.

If you’re among that group, check out what Disney CEO Bob Iger had to say during the company’s investor day in April... maybe it’ll change your mind:

“The pace of change is extraordinary, and the dynamism of the marketplace is both powerful and permanent.”

Stay tuned.

Jim O’Neill
Brightcove Principal Analyst,
Videomind Editor-In-Chief

POINT OF VIEW

“...and the dynamism of the marketplace is both powerful and permanent.”
How we watch sports content

- Sports content of all lengths is watched to completion most often on connected TVs
- Most sports content views are on mobile devices
- Mobile views for sports have nearly doubled in the past year
- Mobile views dominate in every region but the Middle East/Africa

iOS vs. Android

- Video views on iOS devices have steadily lost ground to Android devices and now trail Android in market share by nearly 16 percentage points
- APAC had the highest share of views on Android: 90%
- Japan and South Korea saw the highest share of views on iOS: 67%
- Android outduels iOS in four of seven regions

Engagement patterns by device

- Short-form video views increased 48% Y/Y, with desktops seeing 58% of video starts
- Medium-form views increased 10% Y/Y, with smartphones seeing 68% of video starts
- Long-form views increased 17% Y/Y, with smartphones seeing 64% of video starts
- Ultra-long-form views increased 29%, with smartphones seeing 55% of video starts

Video trends by device

- Tablets and smartphones made up 62% of all video views compared to computers
- Smartphones held 52% of video views, up from 41% a year ago
- Tablet’s share in Q3 was 10%, a slip of less than 1% from a year ago
- Computers saw a decline in video view shares to 38% in Q3, from 48% in Q3 2018
- From Q3 2018 to Q3 2019, connected TV (CTV) video views increased 37%
- Completion rates on connected TVs increased 83% year over year
Sports plays an enormous role in the broadcasting industry and steadily is moving into a major role among streamers, too. ESPN, Amazon, YouTube, DAZN and others are leveraging streaming to reach new audiences — as well as existing audiences that already are migrating to streaming for their general entertainment needs aside from sports. Audiences are ready for the change.

Sixty-three percent of sports fans say they’re willing to pay for an all-sports channel, according to a study from USC’s Annenberg School for Communication and Journalism. More than half (56%) said they’d pay more for a streaming channel than their current pay-TV sports offering (that number increases to 78% for “intense” sports fans).

And it’s not just the game that matters. Half of sports fans said they watch supplemental sports programming, with 60% of Millennials saying that extra content was important to them.

And the leagues are listening. The NBA this year, for example, launched an OTT offering. Amazon has continued to work with the NFL and Thursday Night Football. DAZN is making a huge play for the UK’s Champions League rights and Spain’s top football league, La Liga, is looking for new ways to take its OTT play, LaLigaSports TV, to an international audience this year.

**MOBILE? COMPUTER? CONNECTED TV?**

Content from Brightcove’s customers who specialize in sports is watched on all devices. Smartphones get more than half (54%) of all sports video views and saw the number of video starts increase 49% in the past year, compared to a 22% increase in Q2. Completion rate hovers near 42% on smartphones, the lowest for any device — an indication that mobile devices are used primarily to “touch base” with an event, check scores, watch highlights and the like.

**HOW WE WATCH SPORTS CONTENT**

**CHANGE IN SPORTS VIEWS BY DEVICE Q3 2019 (PCT.)**

**SPORTS CONTENT COMPLETION RATES Q3 2019 (PCT.)**
Computers are the next most common devices for sports viewing, accounting for 40% of views. However, computers are the only devices that show a decline in video views, down 17% from a year ago, after slipping 5% in Q2. But, completion rate is 60%, the second best of all devices.

Only 6% of video views are on tablet devices, and that after a 31% increase in views in Q3 and a 41% increase in Q2. Tablets have a completion rate just slightly higher than smartphones, 45%.

While connected TV views made up less than 1% of all sports video views, the year-over-year change in views was 319%. Q2 saw views increase 82% Y/Y. Completion rate, as you’d expect, was the highest among all devices, 68%. Connected TVs also saw average viewing minutes 4X higher than any other device.

iOS OR ANDROID?

In terms of operating systems, Android and iOS had a similar split among sports viewing as they did across general entertainment. Android leads globally with 58% of video views. In terms of completion rates, Q3 was a wash. There was no clear leader between iOS and Android.

But, iOS smartphone users tended to watch more minutes than Android users do, about half again as much. Among tablet users, it was a dead heat.

HOW LONG DO VIEWERS WATCH?

Viewers — hands down — watch sports content to completion on connected TVs more than any other device. And, in fact, the data shows that sports is one content type where screen size does have an impact on completion rates. Across the board — for all lengths of content — connected TVs have the best completion rate, followed by computers, tablets and smartphones.

For short-form content (0-5 mins.), completion rates on connected TVs top 71%. Computers, the next-biggest screens, see completion rates of 61%, followed by tablets (46%) and smartphones (44%).

Medium-form content (6-20 mins.), also sees the best completion rate on CTVs (75%). Computers (45%), tablets (34%) and smartphones (32%) follow.

With long-form content (21-40 minutes), the hierarchy is the same: Connected TV completion rates are 66%. Computers (53%), tablets (41%) and smartphones (31%).

Ultra-long-form content (41+ mins.) actually sees a less-broad spread, although the completion rate for connected TVs is highest at 36%. Computers are at 22%, tablets 19% and smartphones trail at 10%.

Regional variation

In every region but the Middle East and Africa, smartphone views are dominant, by a large margin. Much of that is because sports content — at this point, anyway — continues to be dominated by short, snackable content like highlights that can be consumed on the go.

We expect that to change as more premium sporting events make their way over the top.

THE BOTTOM LINE

Want a good rule of thumb as to the screen size you need to be best at delivering? All of them. Because, even though completion rates for all content is highest for connected TVs, every device sees completion rates exceeding 30% for all content lengths, aside from ultra-long-form content. There, it’s best to remember that bigger is better.
VIDEO TRENDS: DEVICES

THE GLOBAL PICTURE
One of the more difficult aspects of launching a streaming service is the abundance of devices a content owner has to get their assets to. Will it be watched primarily on a 70-inch smart TV? Connected via Roku or Amazon’s Fire TV? Or maybe on a smartphone or tablet? Android or iOS? And, of course, computers, where streaming video first was viewed. Leave any option out and you potentially lose a segment of your audience. And, as we’ve seen in past reports, regional differences in device preferences can be vastly different. In the Asia-Pacific region, for example, Android is king of mobile devices. That’s a big difference from Japan/Korea, where iOS rules.

MOBILE DEVICE TRENDS
We continue to see big changes in the role mobile devices play in the ecosystem. Tablets and smartphones made up 62% of all video views compared to computers (connected TV and smartTV are a separate measurement, below).

Smartphones held 52% of video views, up from 41% a year ago and 49% in Q2. It’s the first time smartphones held the majority of views and marks only the second time that smartphones have had a bigger share of video views than computers. Total views on smartphones were up a whopping 55% year over year and up 15% since Q2.

Global completion rates for all content types on smartphones was 41% during the quarter, up from 40% a year earlier. Tablet’s share of video views hasn’t wavered in recent quarters. Tablet’s share in Q3 was 10%, a slip of less than 1% from a year ago, after three consecutive quarters at 11% of video views. Despite the lack of change in terms of share, tablet views have grown over the past year. In Q3, they saw a 12% increase in actual video views. Viewers who watched videos on tablets completed 45% of content, up from 41% in Q3 2018.

Computers
To every up, there’s a down. In the case of mobile, the growth has come at the expense of computers, which saw a decline in video view shares to 38% in Q3, from 48% in Q3 2018. Overall, desktop views declined 3% from a year ago, the only device to see fewer video plays in Q3 2019 Y/Y.

Content on computers was completed most often during the quarter, some 59%. That’s up from 55% a year earlier.

CONNECTED TVS
For connected TVs, the story is about consistent growth in video views. From Q3 2018 to Q3 2019, CTV video views increased 37%. That increase followed on the heels of another 37% jump between Q2 2018 and Q2 2019. Completion rates for video on connected TVs increased 83% in the quarter as more premium content came over the top.

REGIONAL DEVICE SEGMENTATION
As we mentioned earlier, the devices viewers watch most often varies greatly from region to region. Nevertheless, in Q2, every region except for North America (which was down slightly) saw double-digit growth in smartphone video share.
In Q3, that trend continues, but we also saw North America add views:

- Middle East/Africa: 60%, up from 45% (+33% Y/Y);
- Japan/Korea: 58%, up from 46% (+26% Y/Y);
- Europe: 55%, up from 43% (+28% Y/Y);
- Latin America: 54%, up from 45% (+20% Y/Y);
- Australia/New Zealand: 36%, up from 27% (+43% Y/Y);
- APAC: 77%, up from 55% (+40% Y/Y); and,
- The Americas: 35%, up from 33% (+6% Y/Y).

Combined with tablet’s share, mobile video views took share away from desktops in every region — and made up more than half of all video views in every region but North America and Australia/New Zealand. Even in those two regions, mobile share neared the 50% mark, at 43% and 46% respectively.

Six of the seven regions saw double digit Y/Y growth in combined mobile share, led by 36% growth in APAC, 31% in the Middle East/Africa, 24% in Australia/New Zealand, 23% in Europe, 19% in Latin America and 15% in Japan/Korea. North America saw combined mobile growth top 7% Y/Y.

Two of the seven markets saw mobile share top 75%; Japan/Korea at 77% and APAC at 79%.

Video viewing on connected TVs continued to see growth everywhere but in Asia-Pacific, which was down 15% Y/Y. That’s not too surprising as streaming services in the APAC region are in an aggressive growth phase, with many of them — including Netflix in India and Malaysia — offering mobile-only services at a reduced rate, thus flooding the market with new mobile consumers.

Video views on connected TVs were up double digits in North America, Japan/Korea and the Middle East/Africa. CTV video views were up 2X in Australia/New Zealand and Latin America, and more than 4X in Europe.

**THE BOTTOM LINE**

In a fast-evolving ecosystem like streaming video, whether you’re a content creator that’s looking to lure Millennials and Gen Edge viewers with shorter mobile content (think Quibi), or one that wants to be family friendly with an audience that ranges in age from three to eighty-three (Disney+), regional variation and viewing habits will be a huge issue for you.

Knowing what device is most popular for consuming short, medium and long content is crucial intelligence you shouldn’t launch without.
iOS VS. ANDROID

As we noted in the Q2 Video Index, video views on iOS devices have steadily lost ground to Android devices, despite Apple iPhone having a global market share of around 50%. The third quarter was no different as users, especially the emerging middle class in younger markets like Latin America, APAC and the Middle East/Africa, have opted for less-expensive Android smartphones.

Smartphones from several Chinese device manufacturers, as well as from local mobile operators that have formed partnerships with device manufacturers, are acting as catalysts for the growth of Android. Those local entrants, especially, have further sweetened the pot by offering reduced-price voice and data bundles, putting smartphones on the leading edge of the consumer digital migration and providing users with mobile-first access to the Internet and video.

In Q3, video views on iOS devices trailed Android in market share by nearly 16 percentage points globally. A year ago, iOS had a four percentage point lead on Android globally. Video views on nearly three out of five mobile devices (58%) were based on the Android OS in Q3.

REGIONAL TRENDS
As in Q2, four regions were firmly in the Android camp for mobile devices overall:

- Asia-Pacific (90%)
- The Middle East/Africa (81%)
- Latin America (81%)
- Europe (72%)

Asia-Pacific’s 90% share is an all-time high and likely won’t be swayed by anything Apple does... iPhones and tablets are just too expensive for the bulk of the market.

What may seem surprising is Europe’s predilection for Android devices, something that has been the norm for several quarters. In fact, Apple’s market share is dwarfed by Android across Europe in terms of device ownership. Apple iOS has just a 26% market share in the region for devices, with video views on those devices indexing slightly higher at 28%.

Only Japan/Korea (67%), Australia/New Zealand (59%) and North America (51%) remain iOS dominant, and both North America and ANZ have seen declines in iOS share over the past five quarters.

SMARTPHONE TRENDS
The biggest changes, obviously, have been in the fast-evolving smartphone category. Globally, the share of video views on Android smartphones hit 62% in Q3, up from 50% a year ago.

Most of that growth is occurring in developing markets, where Android smartphones dominate.

In APAC, for example, views on Android phones increased 205%, compared to just 21% growth in iOS views. The Middle East/Africa also saw strong Android growth, with views up 107%.

Regionally, video views on Android smartphones outnumber those on iOS in five markets:

- APAC (91%)
- Latvia (84%)
- The Middle East/Africa (82%)
- Europe (74%)
- North America (54%)

Still, total video views on iOS smartphones increased 34%. iOS dominated in just two regions:

- Japan/Korea (68%)
- Australia/New Zealand (53%)

And, in both regions there has been some erosion in iOS share, with ANZ iOS share down six percentage points and iOS stalwart Japan down one percentage point since Q3 2018.

GLOBAL IOS VS. ANDROID SHARE Q3 2019
(SMARTPHONES)
**TABLET TRENDS**

Tablets? It’s still an iOS (iPad) world… for now. That’s a legacy of the rapid consumer adoption of the iPad since its launch on April 3, 2010. That isn’t to say Android hasn’t made gains. Although video views on iPads globally topped 59% in the quarter, they’re down from 60% a year ago.

Regionally, video views on iPads held the edge in five markets:
- Australia/New Zealand (79%)
- North America (75%)
- Japan/Korea (62%)
- Latin America (58%)
- Asia-Pacific (54%).

Of those, iOS has extended its edge in just two markets over the past year, North America and Japan/Korea, while losing share slightly in the other three.

Video views on Android tablets are higher in two markets in Q3:
- Europe (55%)
- The Middle East/Africa (52%)

Both regions have shown strong growth in the number of views on Android tablets over the past 12 months, with Europe up from 46% and the Middle East/Africa up from 47%.
The number of short-form (0-5 minutes) video views remain larger than any other category, a true staple of the online video industry as more news and sports items, movie trailers and short entertainment assets continue to be voraciously consumed on all devices. There were 11X more views in Q3 of short-form videos than medium form — more than 6X as many as long-form and 6X more than plays of ultra-long content. Short-form remains the bulk of videos on the Internet. And those numbers have been stable for several quarters... every category of content has grown in terms of total assets coming to over-the-top, although there have been some changes in the devices we use to watch. While the biggest screens, such as connected TVs, have seen significant growth, so have the smallest — smartphones. Tablets and computers have seen some share decline, but continue to see increasing video views.

**SHORT-FORM VIDEO (0–5 MINUTES LONG)**

Short-form videos are enormously popular. As a category, the number of video views increased 48% Y/Y in Q3. They made up 58% of plays on computers, 37% of plays on smartphones and 5% of plays on tablets. On connected TVs, they made up less than 1% of plays.

The number of videos played across all devices increased Y/Y with smartphones seeing the largest increase (73%), followed by views on connected TVs (49%), tablets (39%) and computers (37%).

In North America and Australia/New Zealand, the majority of short-form content is consumed on computers. In all other regions, mobile devices are used more often to watch short form.

**MEDIUM-FORM VIDEO (6–20 MINUTES LONG)**

Medium-form video is the smallest category in terms of assets, but still saw a 10% increase in plays across all devices. Medium-form content was viewed on smartphones more than on any other device, making up 68% of plays. Computers saw 21% of plays, tablets 6% and connected TV 5%.

Video views increased on CTVs (117%) and smartphones (925%), but declined on computers (-22%) and tablets (-15%).

In North America, Australia/New Zealand and Europe, as with short-form content, computers see a plurality of video views for medium-form, with smartphones dominant — by a big margin — in APAC, Japan/Korea, LatAm and the Middle East/Africa.

**LONG-FORM VIDEO (21–40 MINUTES LONG)**

Long-form video — episodic TV, for example — also saw a general increase in the number of plays in the category, with smartphones seeing most starts (64%) in the quarter, followed by computers (15%), tablets (10%) and CTVs (10%).

Overall, long-form views were up 17% Y/Y, with CTVs seeing an increase of 65% and smartphones up 31%. Long-form views declined on desktops (-22%) and tablets (-3%).

In North America, smartphones edge desktop for long-form consumption, with similar results in Japan/Korea.

**SHARE OF TIME WATCHED BY DEVICE AND VIDEO LENGTH Q3 2019**

![Chart showing the distribution of time watched by device and video length for Q3 2019. Desktops dominate, followed by phones, tablets, and CTVs.]
In Australia/New Zealand, CTVs hold an edge, while in Europe and LatAm, computers are used about half the time. In APAC and the Middle East/Africa, mobile is the device of choice for long-form content by a very wide margin.

**ULTRA-LONG-FORM VIDEO (41+ MINUTES)**

Ultra-long-form video — sports, movies and documentaries, for example — saw broad growth across all devices but computers. Smartphones again saw the most video starts (55%), followed by computers (19%), tablets (14%) and CTVs (13%). The 39% growth across the category was second only to short-form (+49%) in overall growth. CTVs nearly doubled video views, growing 89% in the quarter. They were followed by smartphones (46%) and tablets (6%). Computers saw 9% fewer video views than they had a year earlier.

With ultra-long content, screen democracy takes hold in North America more than anywhere else, with each device seeing about one-quarter of video starts.

Australia/New Zealand trends toward CTVs; Europe, LatAm and the Middle East/Africa trend toward computers (barely), while Japan/Korea and APAC are dominated (in a big way) by smartphone views.

**THE BOTTOM LINE**

Regardless of asset length, video views grew across all categories and — in almost every case — across all devices. As more consumers become comfortable with grazing for content across all devices, those numbers will continue to increase. Computers will still be the home of short-form assets because they’re easiest to graze there. Smartphones, especially as more users eschew land-line-delivered Internet in favor of mobile 5G service, will continue to see increases in video views for longer content. Share of views for CTVs will continue to grow — in developed markets — but likely will see only modest growth in markets that are mobile first, like APAC, the Middle East/Africa and Latin America.
Brightcove Inc. (NASDAQ:BCOV) is the leading global provider of powerful cloud solutions for managing, delivering, and monetizing video experiences on every screen. A pioneering force in the world of online video since the company’s founding in 2004, Brightcove’s award-winning technology, unparalleled services, extensive partner ecosystem, and proven global scale have helped thousands of companies in over 70 countries achieve better business results with video. To learn more, visit www.brightcove.com.

The Brightcove Global Video Index report reflects the anonymized, aggregated, online video metrics of Brightcove customers, whose collective audience of hundreds of millions of viewers spans nearly every country in the world. This report does not document the online video consumption patterns of the Internet as a whole. But the size of Brightcove’s video footprint, along with the variety of our customers, delivers a representative view of global consumption and engagement trends.