

State of the Media Consumer

Tracking the Pulse of the Market During Shelter-in-place

Wave 1

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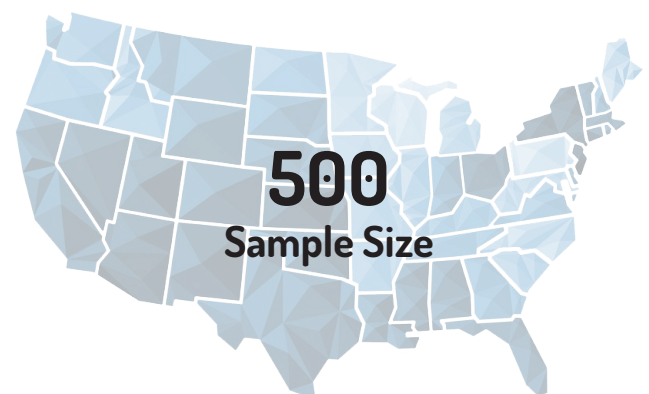
1 Introduction

It's imperative for us to stay connected with consumers to keep a pulse on the state of the market as our industry continues working to adapt to the ongoing changes brought about by COVID-19. This nationwide study is meant to capture key data that can help provide a vivid picture of market changes around media consumption in real-time, while also surfacing some emerging trends that will have long-term impacts on consumer habits.

This study fields weekly as the rapid change is best tracked on a regular cycle, and each wave will address topics that are most relevant to content creators, distributors and media industry executives during these uncertain times. As this study continues, feel free to reach out to subscribers@pilot.ly to recommend additional points of data tracking, we want to make sure we maximize value for all of our participants.

Methodology

Quantitative and qualitative data was collected leveraging Pilotly's proprietary platform. Quotas were set on the respondent pool to match national representation of age, gender, employment, education and ethnicity. Geographically, we fielded in 48 states.



2 Executive Summary

Key Study Insights

CONSUMERS ARE FEELING MORE ISOLATED AND NERVOUS BUT ARE RAMPING UP EXTRACURRICULAR ACTIVITIES

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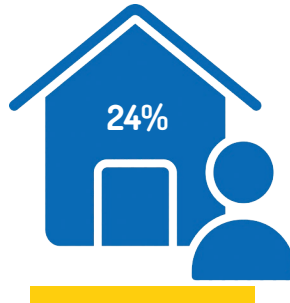
3 State of the Consumer

There are various schools of thought right now, as this crisis is unlike anything we've experienced in a generation. To help us get a better understanding of the state of consumers we created three cohorts, Sheltered-in-Place, Sheltered-in-Mind and Sheltered-from-Truth, with 5% of consumers in transition between cohorts. Today, Sheltered-in-Place

represents the largest subset of the nation at an estimated 63% of consumers and over time we expect Sheltered-from-Truth will predominantly shift towards the in-place cohort as well. Through the lens of these consumer cohorts, we will take a deeper look into how COVID-19 is affecting their lifestyles and personal well being.



Sheltered-in-Place



Sheltered-in-Mind

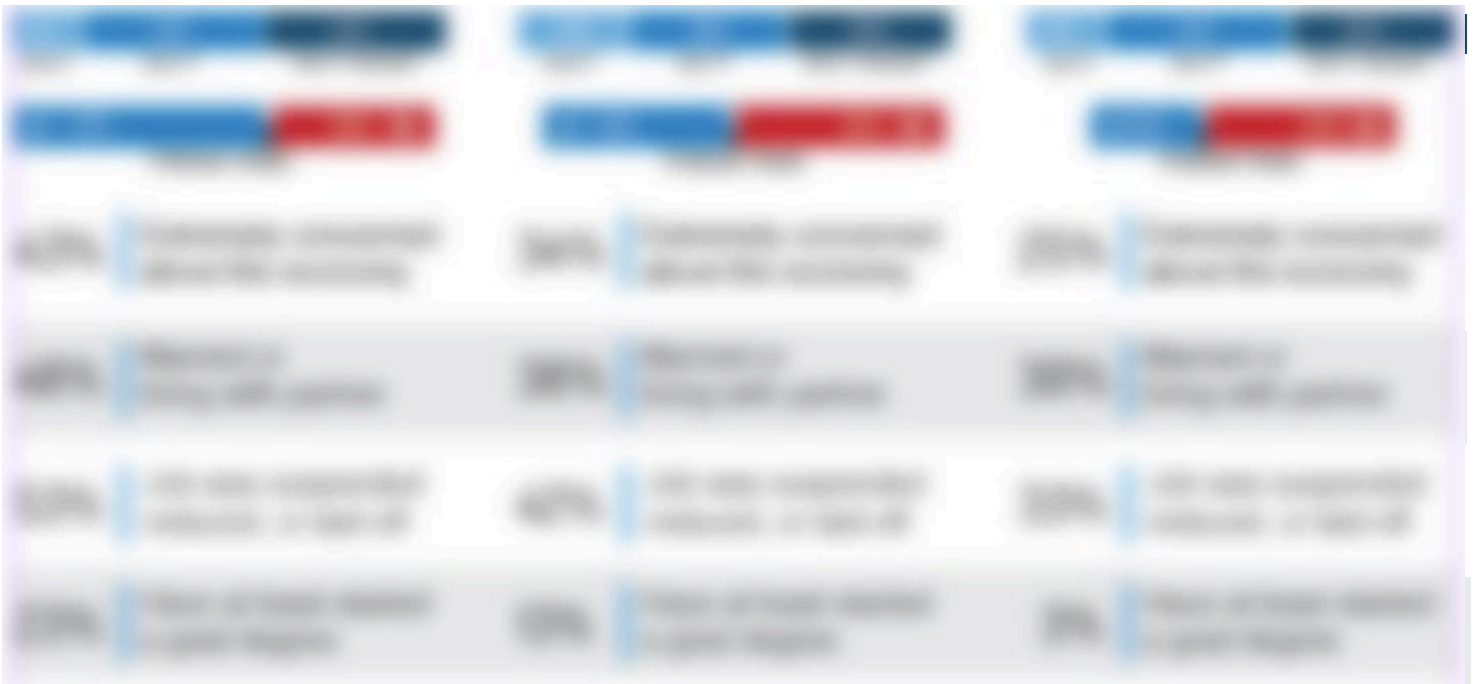


Sheltered-from-Truth

These consumers are taking the current conditions very seriously, only leaving their house for absolutely essential needs. They are adhering to Shelter-in-Place whether it was mandated or not.

While Sheltered-in-Minders are aware of the current crisis, they may still go visit friends while staying away from large groups and they spend more time out of the home with caution.

The truth is, every American needs to act accordingly to end the pandemic and this cohort "doesn't get what all the fuss is about". Sheltered-from-Truthers are doing their best to live normal lives.



1 Gen Z defined as age 18-24
2 Gen Y defined as age 25-39
3 Gen X / Boomer defined as age 40-54

Social and Mental Well-Being

As the nation transitions away from daily social interactions with less opportunity to leave their homes it is important to monitor how much they feel like the COVID-19 crisis is affecting their lives. These feelings will shift purchase habits, employee norms, extracurricular activities and much more.

Over half our nation is nervous about COVID-19 and at least moderately concerned about how it will make them feel isolated. We will continue to track how people are feeling internally as well as how they feel about key external factor that tie back to mental health.



All



in-Place

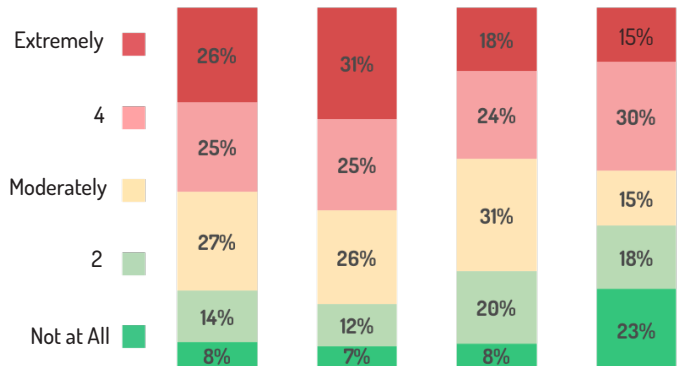


in-Mind



from-Truth

How do you see COVID impacting your financial livelihood in the coming months?

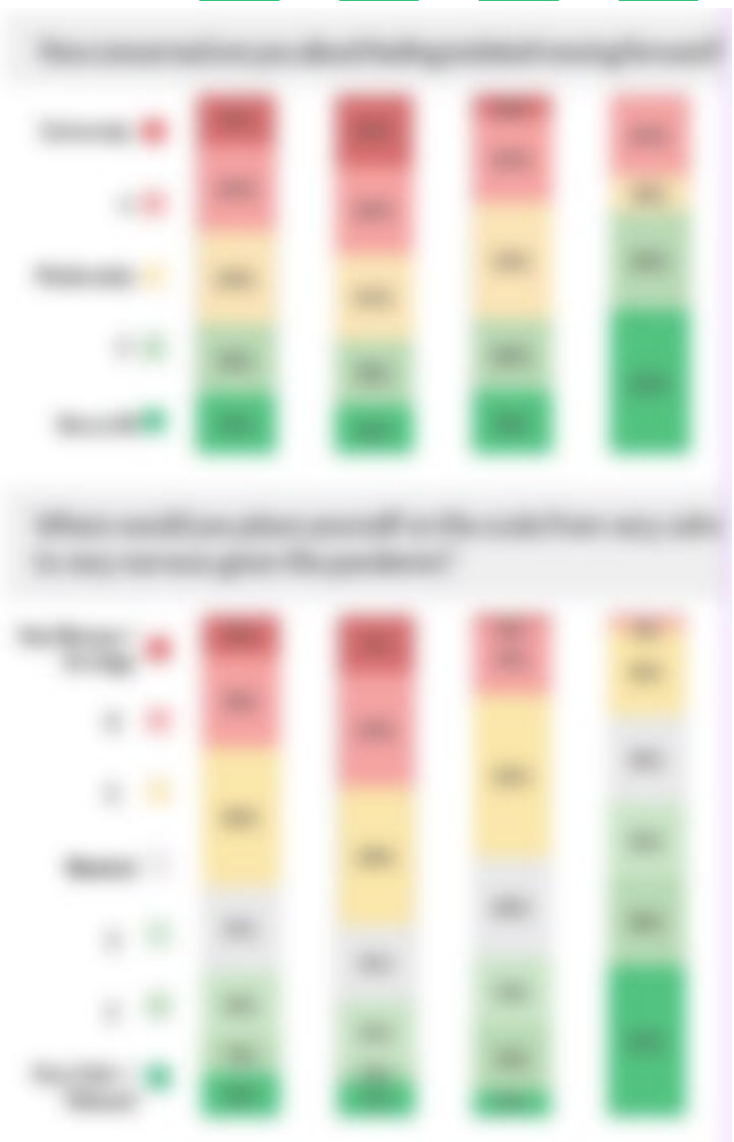


4% Respondents Self-Reported They Attend Therapy Regularly

As people feel more isolated, nervous or in financial crisis mental health will become an even more important topic to address in marketing, entertainment and news. We will keep an eye on this in coming months.

Generally I am concerned for the rapid spread of the disease and the number of people who seem to be contracting it. I don't have that for myself or my family specifically, but I am practicing social distancing and do not want contribute to the spread of it.

— Respondent 45, Middle-aged in Place

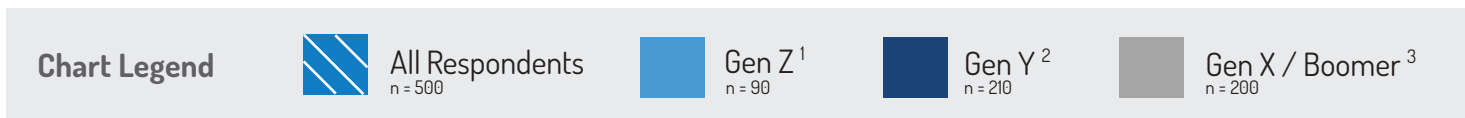
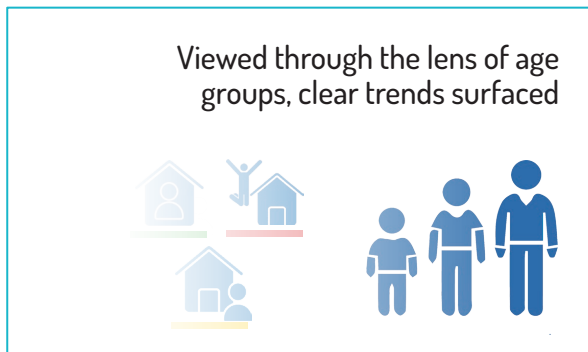


How Consumers are Spending Time

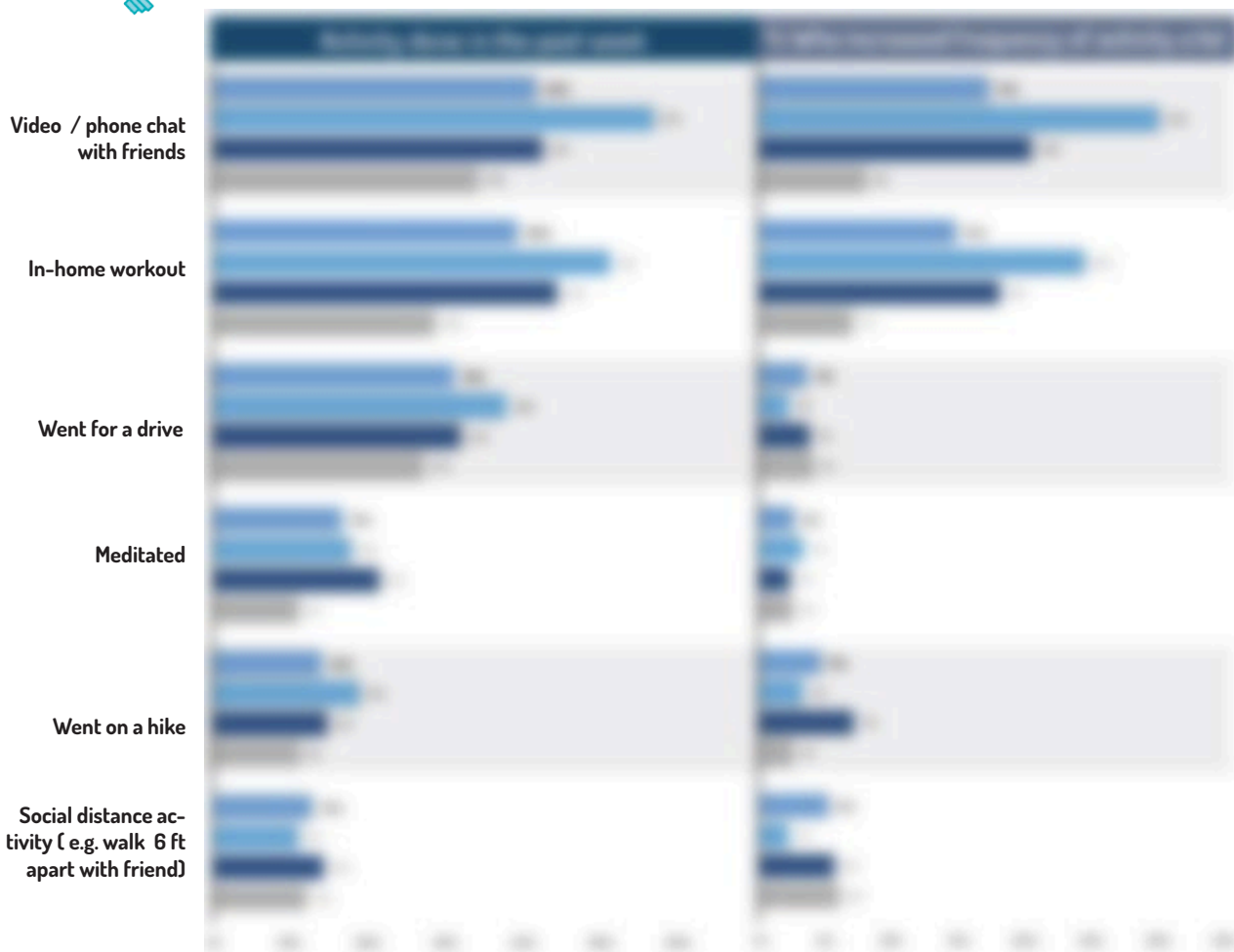
The way consumers carry about day-to-day is going to continue to change and to track this we've laid out a set of key activities to monitor. In our analysis we found

clear trends surfacing relating to the Gen Z, Gen Y and Gen X / Boomer consumer groups.

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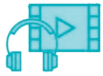
Social, Physical, Mental Health Activities



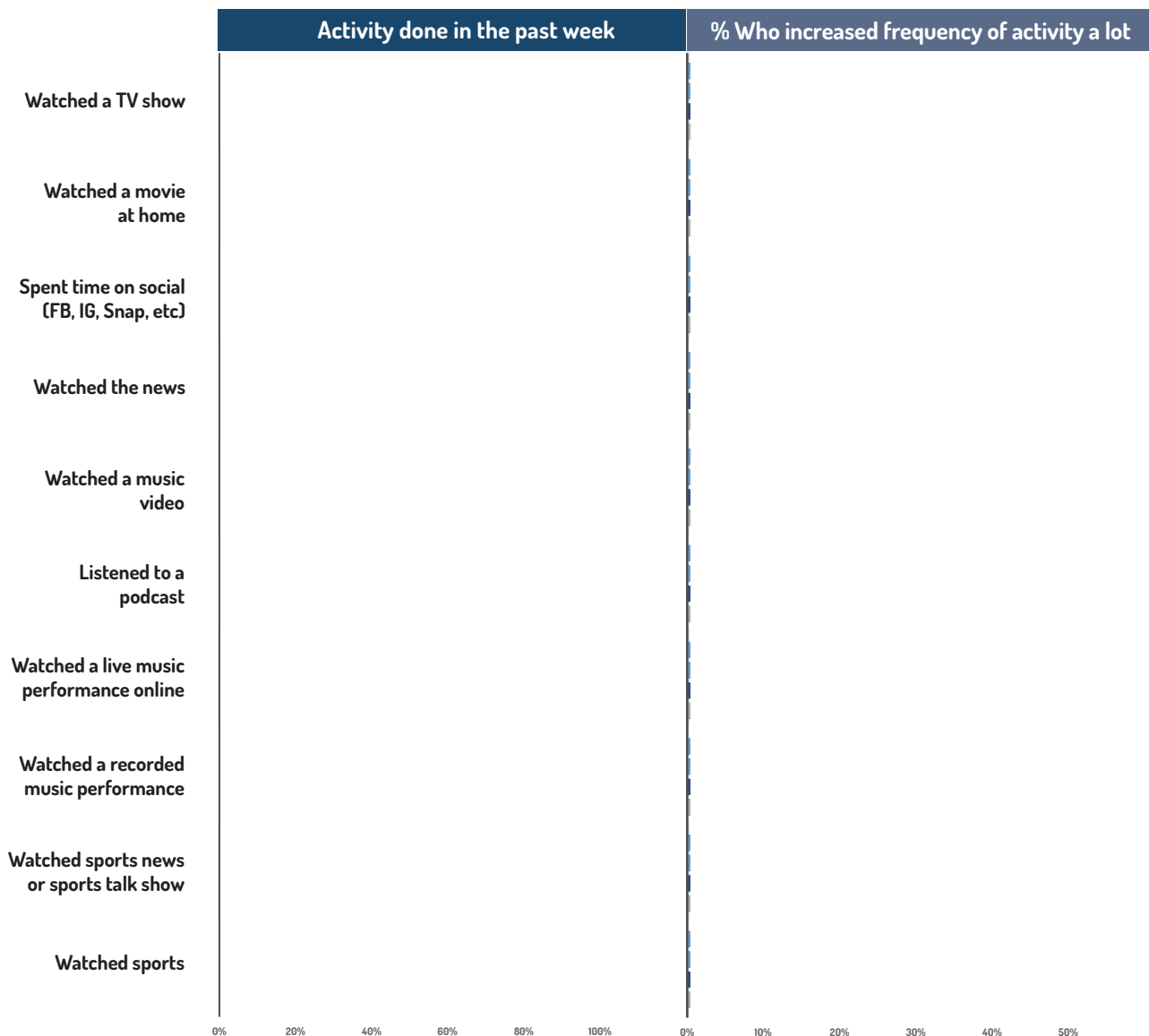
¹ Gen Z defined as age 18-24
² Gen Y defined as age 25-39
³ Gen X / Boomer defined as age 40-54

Over the next few months, consumers will see more couch time than ever before. We're only two weeks into isolation measures and already TV is seeing a noticeable boost in viewership. 70% of people said they watched TV and a movie in the past week, with over 30% of consumers noting their amount of viewership has increased a lot of the past week. Gen Z is leveraging social media more than ever to stay in touch with friends as they go into shelter-in-place (learn more about their platform of choice in Consumer Media Habits section), and in general it appears they have more time on their

hands as they are increasing TV, movie and social media use. Gen Y/Boomers have become more tuned into the news with our current crisis at hand, with 39% reporting they increased news viewing by a lot. Naturally live performances and sports viewing are becoming the least likely activities, but musicians have been collaborating and finding clever ways to engage with and grow their fanbases. We anticipate virtual music performance will see an increase in viewership over the next 60 days, with primary viewership coming from social platforms like Facebook and Instagram.



Entertainment Activities



1 Gen Z defined as age 18-24

2 Gen Y defined as age 25-39

3 Gen X / Boomer defined as age 40-54

As isolation continues, the gaming industry is going to see a new set of consumers get involved, while current gamers will have more time to play overall. In general these activities are not seeing massive shifts quite yet, but seeing 16% of Gen Z and Gen Y state that they've increased their single-player gaming a lot over the past week is an early indicator that in coming waves, we could see a noteworthy shift in this activity.

97% Less U.S. Retail Foot Traffic ¹

While online shopping is still taking place, retail is in peril with our population becoming increasingly sheltered. While there has been a tremendous boost in orders for groceries and essentials in major markets, it is to be seen if people continue buying non-essentials, such as, luxury goods and vehicles.



Gaming, Food and Shopping Activity

Activity done in the past week	% Who increased frequency of activity a lot
Ordered delivery or pickup food	15%
Played single-player console video games	16%
Played multi-player console video games	10%
Shopped for clothes online	10%

¹ SOURCE : Bloomberg Intelligence, Cowen & Company

Video Chats, The New Social Norm

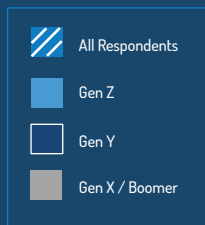
Without the ability to leave the house, video based

How are you video chatting with friends?



The Virtual Background Wave

As we continue to search for places marketing dollars may go, branded virtual backgrounds are an interesting mode of consumer engagement.



Zoom is not yet perceived as social

It leads use cases for video chats but primarily for enterprise and ease of large group chats. Facetime and FB Messenger remain social leaders

4 Consumer Media Habits

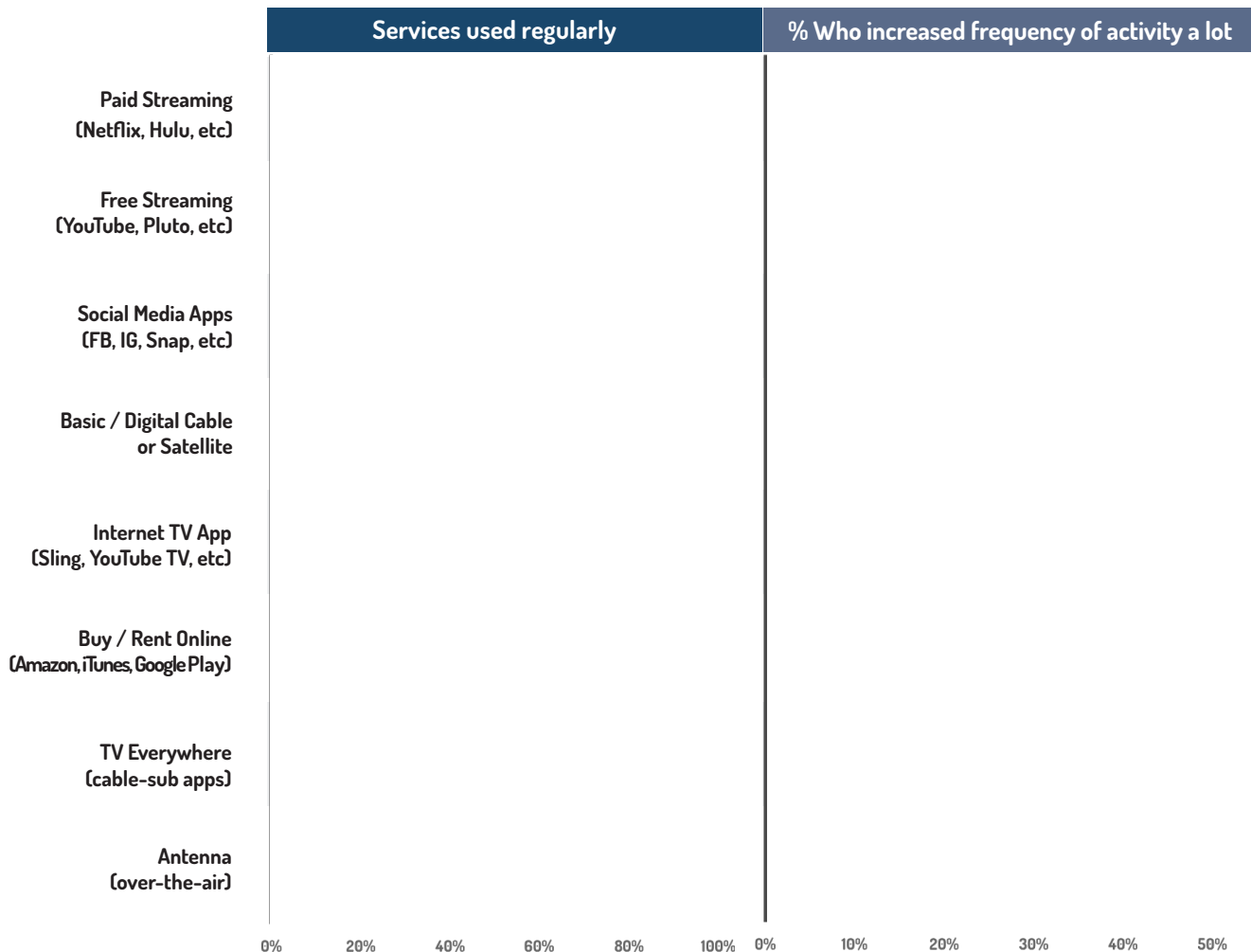
Content Sources of Choice

Most common ways viewers discovered content in the past week

- Scroll through a streaming app to find something **33%**
- I had it on my list to watch from before the crisis **26%**
- From friends or coworkers via social media / email **26%**
- Advertising on TV **23%**
- From friends or coworkers in person **20%**

43% found their content discovery path different in the past week

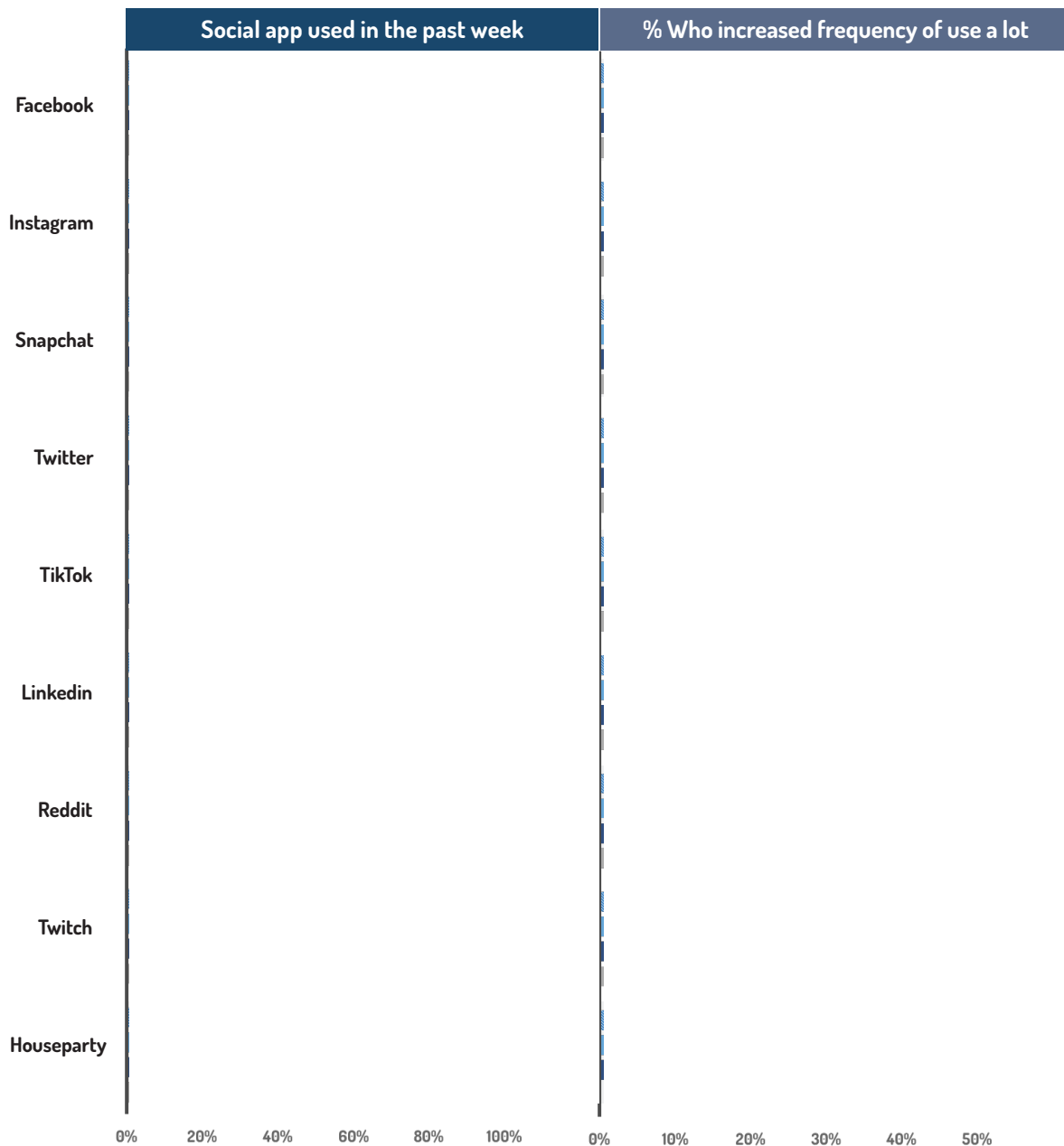
Which services do you use regularly to watch video content ?



Social Content

Social media has many functions, but curated video is over 50% is not surprising. We expect this stat to remain

Which social media apps have you used in the past week?



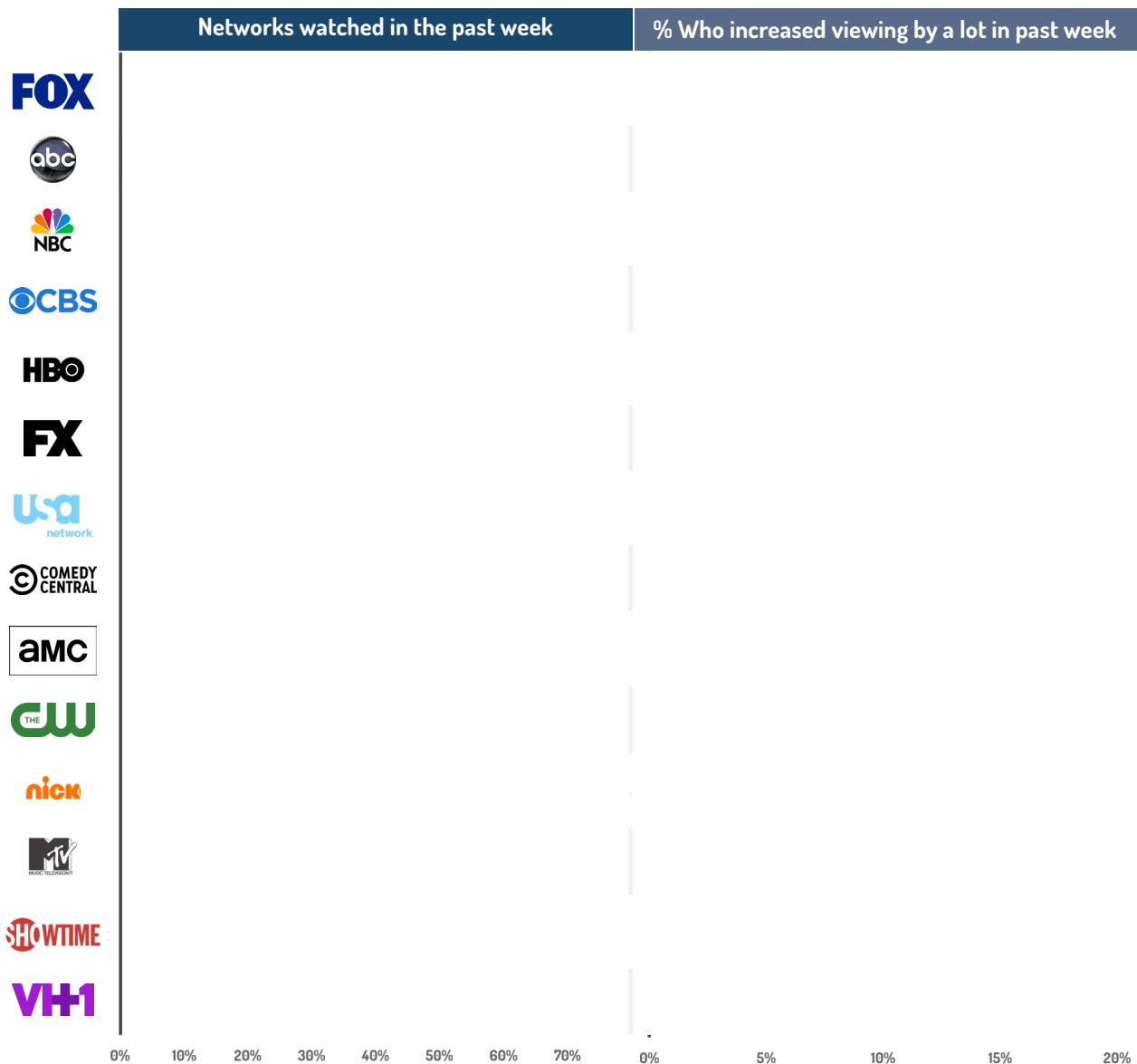
Network TV Viewing Trends

Linear TV's place in the home is still secure as long as it is delivering local and national news, but overall entertainment consumption will be reducing over time with the lack of sports, live events and upcoming new TV shows for networks.

Of the Americans who are still watching network television, about half are watching the major broadcast

networks, with about 1 in 10 reporting increases in their broadcast watching by a lot. Meanwhile, streaming has seen a much more significant boost (see Subscription Streaming) and TV networks will need to begin planning an alternative approach to programming if shelter-in-place continues over the next 90-days. The largest concern for this segment of distribution is advertising dollars.

Which TV networks have you watched a show on in the past week?



Network TV relies primarily on two things: advertisements and carriage fees. Live events and new premium series should be magnets for media spend but with both of these options off the table for months to come, many have been reduced to offering made good ad packages and relying on carriage fees. Even carriage fees could be in question for the networks (20%), as they command the biggest chunk of the cable bill but are currently used for their top content. If network revenues continue on this path, there will be trickle down effects to content budgets. We will keep an network health as well as overall advertising. If we see a mass exodus to streaming as shelter-in-place continues, network TV could be looking at a whole new business model for 2021.

"You have more time to watch it, however daytime is still the best and I am not used to daytime tv. So I can stream movies, binge series and discover anything interesting on Netflix, Amazon and Hulu."
 -Female 27, Shuffled in Place

HBO falls into the next tier of watching with about a quarter of network TV viewers reporting that they watched it in the past week more than all non-premium cable networks in this tier. Even though less people watch HBO when compared to broadcast television, similar numbers report having increased their watching by a lot in the past week, primarily driven by Gen Z and Gen Y. HBO ownership is something to keep an eye on as they make a big move to launch HBOMax and free access to HBO's legacy library throughout the COVID-19 crisis.



56 Pilots Turns into 1 Pilot Overnight

This year, the five broadcast networks had ordered 56 television pilots. ABC picked up its last pilot March 9, one week before the production shutdown. Only one pilot, "B Positive," for CBS from prolific producer Chuck Lorre ("The Big Bang Theory") and writer Marco Pennette ("Mom"), had finished shooting before production halted. Now, the other 55 pilots are in limbo.

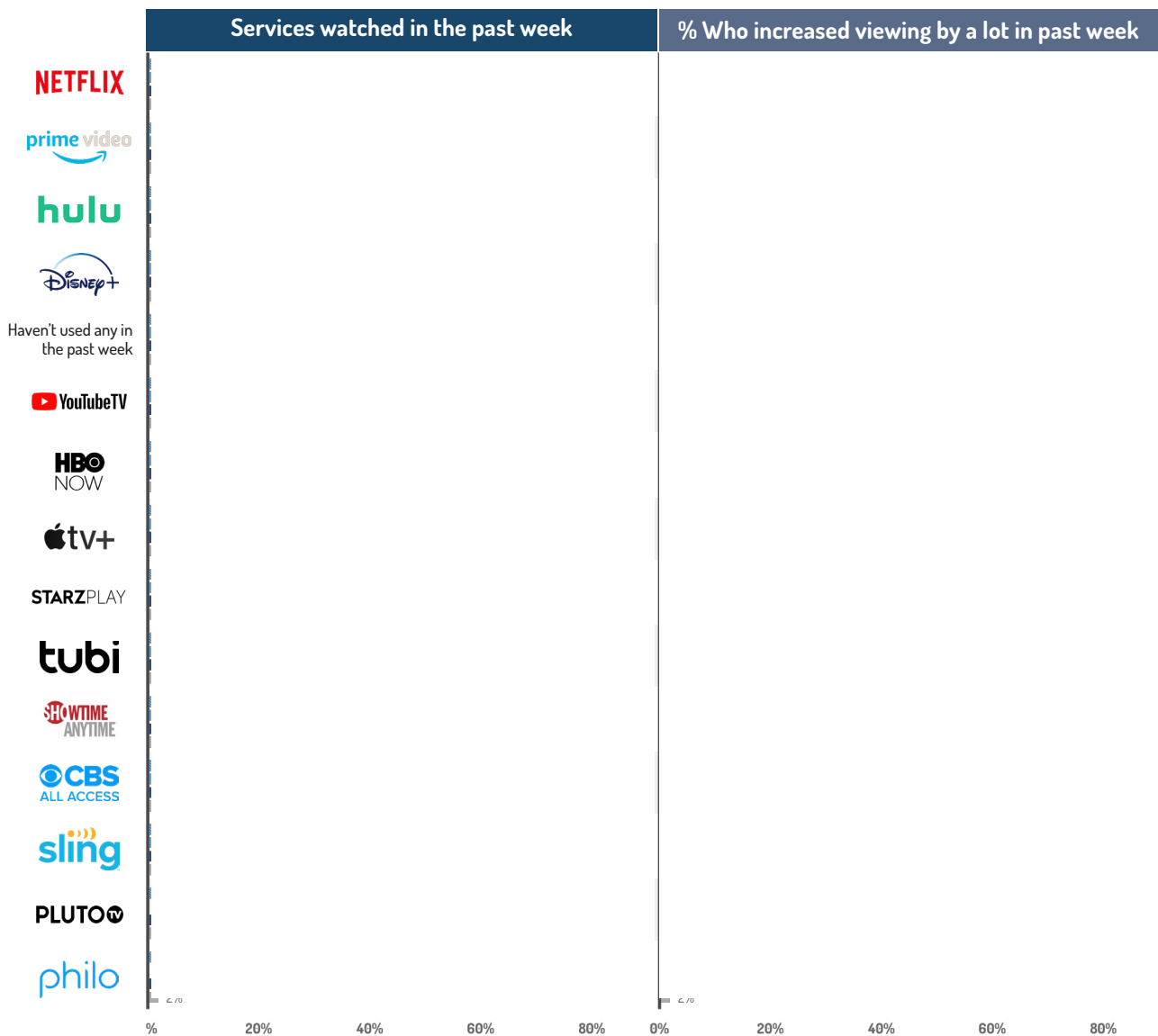
Subscription Streaming

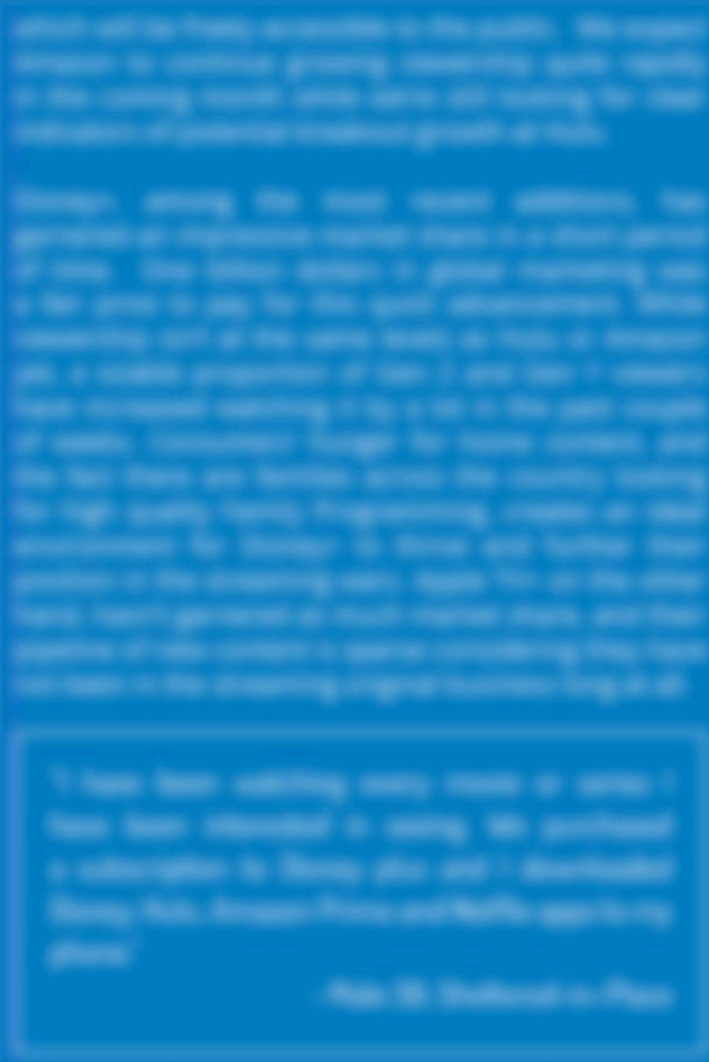
Subscription streaming is the dominant factor for home entertainment right now, and this segment continues to be led by the defacto SVOD platform, Netflix. Two-thirds of those accessing content through paid streaming watched it in the past week, and one-third claimed that they've increased watching by a lot, especially those who regularly watch Netflix.

Amazon Prime Video continues to grow its viewership as, by way of Prime membership, they have a constant

pool of potential subscribers regardless of their original content pipeline. Hulu is still battling them out for a second place spot on the streaming charts, but their business goals are now shifting as they are packaged with Disney+ and ESPN into a holistic offering. Amazon and Hulu had similar levels of viewing and increases in the past week; however, Amazon has not only pushed out a Prime Cinema effort around day-in-date movies (see Transactional Streaming), they also have partnered with SXSW to allow for the first true virtual film festival

Which streaming services have you watched a show on in the past week?

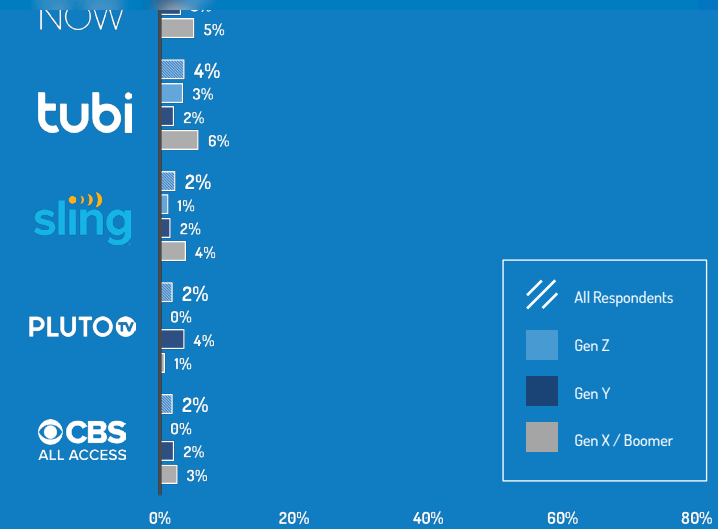




With Youtube’s TV offering, live and on-demand TV are slowly becoming more popular, clearing the path to more cord cutting. However, at this time it is unlikely that consumers will opt in for more streaming live TV, with less reasons to watch live.

While HBO is thriving as part of a cable subscription, only a few paid streaming viewers are watching HBO Now. We expect this number to increase with HBO’s announcement of free streaming of parts of their catalogue for the coming weeks. Furthermore, the roll-out of HBOMax in May will be accompanied by a new set of originals which will be ideal timing to feed the TV viewing frenzy.

In the coming study waves, we will be tracking HBOMax and Quibi awareness, and post May 1st this study will track their market adoption.

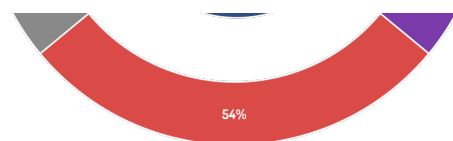


Transactional Streaming

Electronic sell-through (EST) has always been an

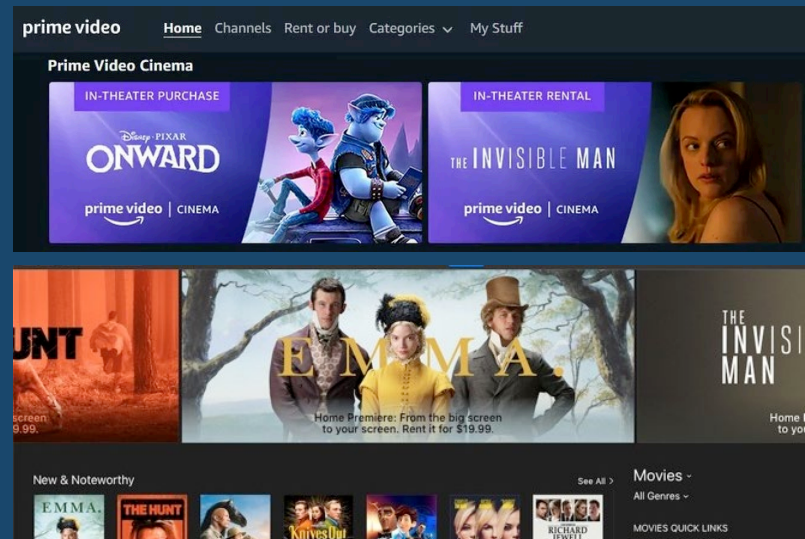
EST Platform Use Over Past Week

they're the only streaming platform that has transactional content intermingled with their subscription content. Now that they have optimized their user experience to minimize purchase confusion, Amazon offers the most intuitive transition from viewing older seasons on



Prime to the latest season episodic purchases. YouTube is a direct benefactor of Google search, as results for streaming content favor YouTube over Google Play. iTunes is only available to Apple product owners, but even with that in mind, it outperforms Google Play. Google is looking to increase viewership during shelter-in-place by offering \$5 credits for YouTube and Play, which one-fourth of transactional viewers received in the past month.

Content purchases are primarily for travel and home viewing, but given the current climate, we expect it to be primarily in-home viewing by the end of month. Another unexpected effect of a shift to in-home viewing is the availability of theatrical movies through streaming on the release date, since theaters are closed for business.



expect to see a lot of innovation. During this short time frame, this model will either be proven or shelved again for years to come.

5 Content Trends

Consumer Content Preferences

Americans most often reported watching Drama content

15% have increased watching by a lot, driven by Gen Y

Which of the following genre's of content have you watched in the past week?



than comedies. One in five TV watchers have increased watching news programming by a lot, more so than any

After Drama, Comedy, and News the content most often report a large increase in viewership of Documentaries

134% more in demand than Tiger King in its heyday. It is still early days, this is the first show to catch serious buzz post shelter-in-place measures. Taking a look at channels that drove the buzz around Tiger King could provide some guidance on connecting with audiences over the next few months.

TIGER KING
MURDER, MAYHEM AND MADNESS

“Started watching Tiger King, which is strange and weird but also captivating at the same time.”

– Female 40

Shelter-in-Place Productions

With most production crews and studios across the country coming to a complete halt this has put our daily host in an interesting predicament. This group of talent has a particular need to stay relevant, they can't disappear from their viewers homes for months at a time. In addition, many of them feel a duty to continue delivering comedy and important messaging as our country struggles through COVID. This has led to some alternative production measures in the homes of hosts or in a few cases, empty studios.

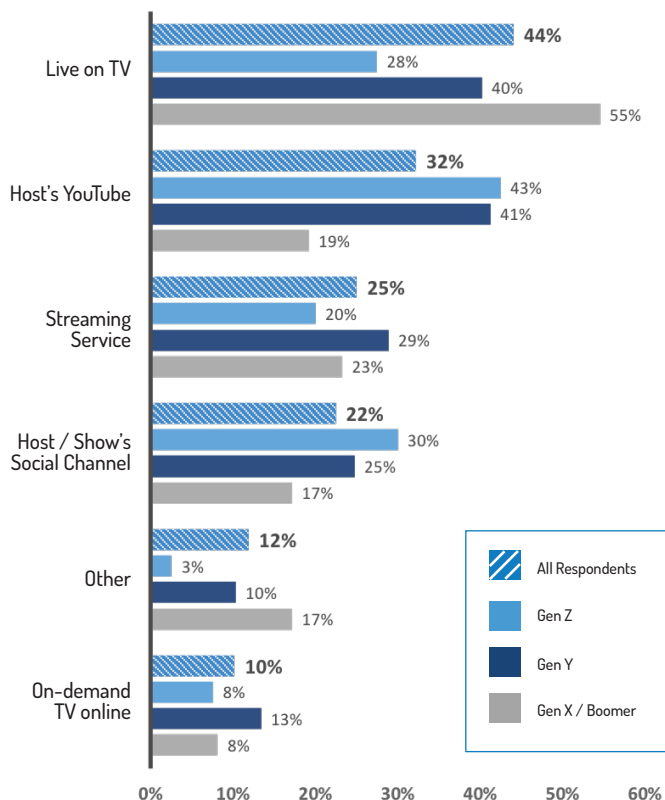
While some networks are filling their day/late-night air time with re-runs, Jimmy Fallon, Trevor Noah and others are capturing up to 50k views every day as they've organized their teams to operate remote. We're seeing use of consumer video chat like never before and there will continue to be innovations in creative collaboration

73% Noticed Changes in Late Night or Day Time Shows in the Past Week

as we move further along with shelter-in-place. YouTube is the most popular place for both viewers to catch their favorite late night shows that are no longer on TV and for hosts to post their videos.

These programs are key for ad sales teams at their respective networks but they cannot monetize their talent's personal YouTube channels. We expect new models to surface that allow for clever brand messaging within alternative productions.

How Viewers Are Watching Comedy News / Late Night Shows



Pilotly is the world's first market research platform built for creative content, helping the top creators of the world better understand their audience. Our capabilities span monadic ad testing to feature length film analysis. As a team we continue to invest our time better understanding what makes a great creative execution so we can provide solutions to help you optimize your content and business operations.

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