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Foreword

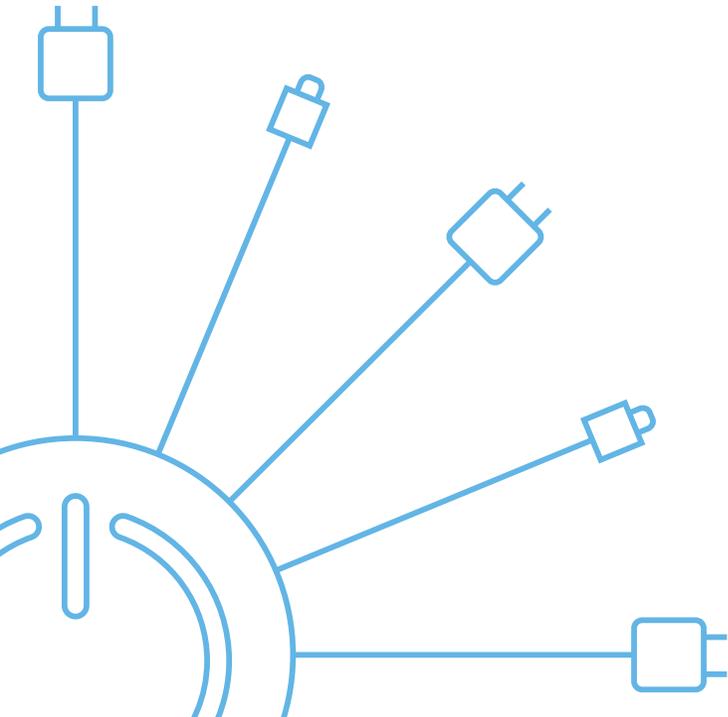
It's the year of content. And the pickings are plentiful for consumers who increasingly expect an 'all access' pass to media and entertainment.

In this seventh edition of Deloitte's annual Media Consumer Survey, we again present a view of how Australians are consuming different media and entertainment. We explore how this is changing and take a closer look at the behaviours, preferences and trends impacting the industry. We check out the new norms and delve more deeply into the value exchange between consumers and media.

It's fair to say content is everywhere. Yet its proliferation isn't always ideal, because the array of content and services makes it hard to understand what we can watch, how and where. So much so that 75% of respondents indicate they'd like the ability to search and discover all of their content in one place. We're also relying more on algorithms for discovery, but not all of us necessarily trust the results.

And it's easy to get distracted. In a content jungle, 91% of respondents multi-task while watching TV, predominantly by using social media. This can result in a type of 'passive consumption', which is concerning if it starts to impede our ability to filter important information – like the news we're consuming on social media.

Meanwhile, there are some new norms in our consumption behaviour. 'Telco-tainment' is on the rise, with 21% of video and music streaming service subscribers now receiving their subscription through a bundled internet or mobile plan. And the strategic importance of digital entertainment to telcos is unmistakable. Seventy percent of respondents cite the inclusion as a factor in their purchase decision, where 79% indicate it is a key reason for staying with their provider.



Open the digital turnstiles, because esports has experienced huge growth in recent years. The appeal lies in the way it combines three of our favourite entertainment activities – gaming, streaming and social. By far the biggest enthusiasts are Millennial males, 33% of whom have attended in-person or streamed an esports event online in the last 12 months, making esports a fast-growing channel for advertisers looking to reach this demographic.

In the past year, voice-enabled home digital assistants announced themselves into the Australian market, with 9% of respondents indicating they own at least one of these devices. Our tolerance for video advertising continues to decrease. And data privacy and protection remains a hot topic, with just 15% of respondents believing companies are taking adequate steps to protect their personal data.

Finally, it seems we are a nation of ‘extended sharers’. When asked how frequently they use subscription login information from someone not in their household to read or listen to digital content, a quarter of respondents said they did this at least monthly, with 14% of respondents borrowing someone else’s credentials at least once a week.

As always, our findings represent just a snapshot of Australian media consumer behaviours. In them, we hope you’ll gain fresh insights and meaningful perspectives that are useful and relevant to your organisation.



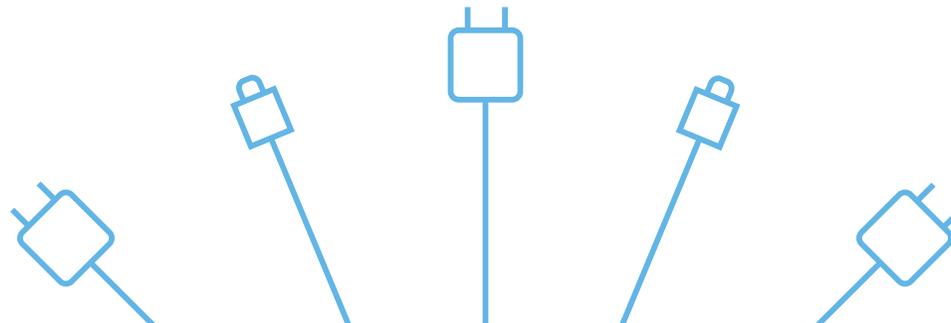
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About the survey

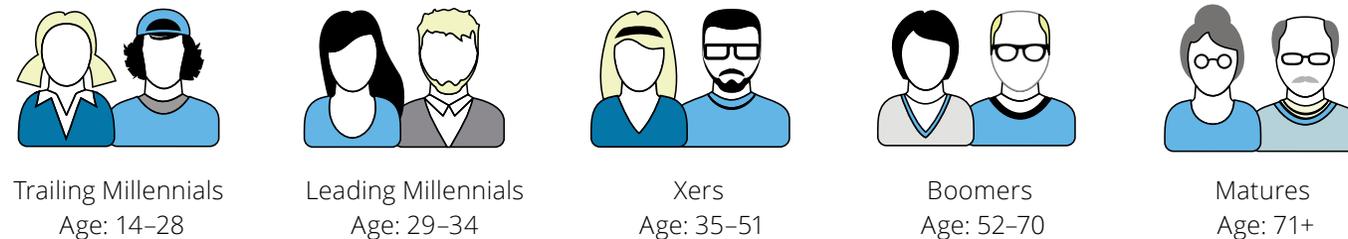
Focused on four generations and five distinct age groups, the Media Consumer Survey provides a snapshot of how people are interacting with media, entertainment and technology – it also considers their preferences in the future.

The report is undertaken yearly by an independent research organisation. It uses self-reported survey data from more than 2000 consumers surveyed in Australia.

Each year the survey is run, new questions or response options are added and some older questions or responses are removed – allowing us to monitor changes in media and entertainment consumption.

This is the seventh consecutive year of undertaking this research in Australia, and where possible, comparisons have been included to show how things have shifted over time. Where provided, growth rates reflect compound annual growth rates (CAGRs) over the relevant timeframe.

Figure 1: Survey participant age groups





A DIGITAL ENTERTAINMENT SNAPSHOT

SVOD continues to grow

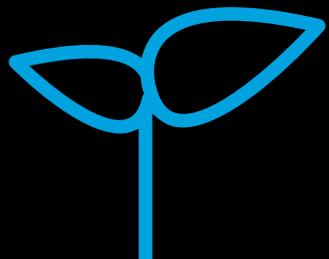
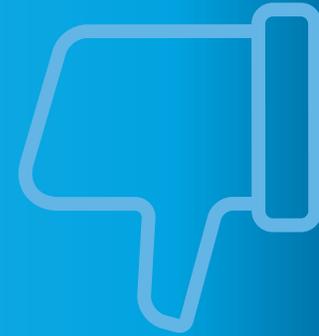
43% of respondents have a subscription in their household, up from 32% last year.

We are holding on to pay TV

Last year 20% of respondents indicated an intent to cancel, but subscriptions have remained stable at 31%.

Second thoughts on social

55% of respondents use social media daily, down from 59% last year and 61% the year before.



A digital entertainment snapshot

Time spread thinly

The close fought battle for our digital entertainment time presents itself in the wide choice of digital entertainment options available for consumers. We split our time almost evenly between our top three activities. Most is spent on watching streamed video, which accounts for 20% of total respondents' time, but only slightly ahead of social media (19%), followed by web and app browsing (15%).

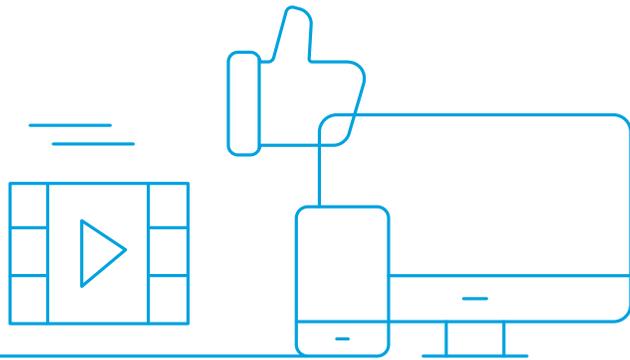
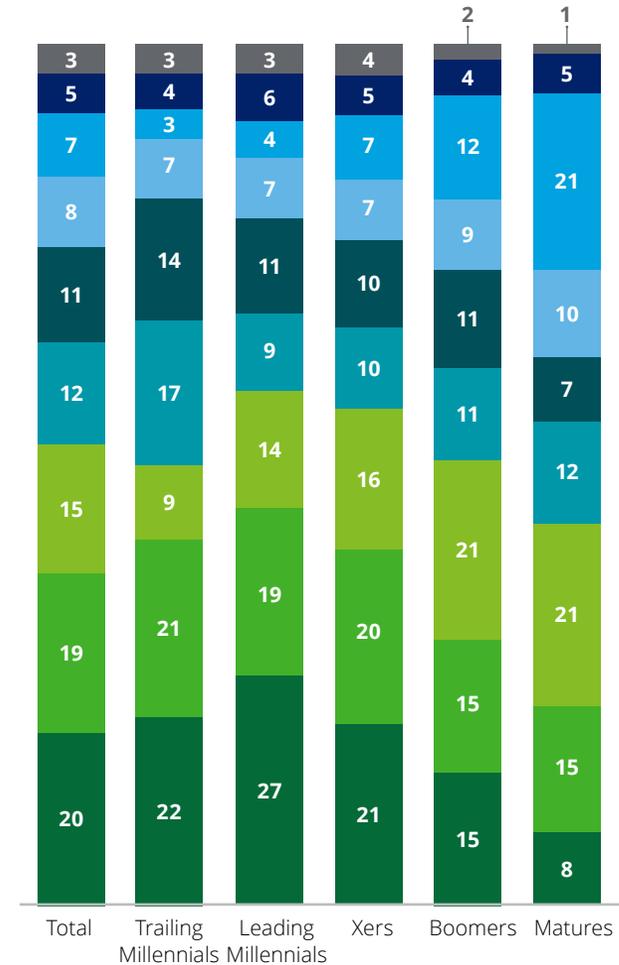


Figure 2: How we are spending our digital entertainment time

What percentage of your online/digital entertainment time is spent doing the following activities?

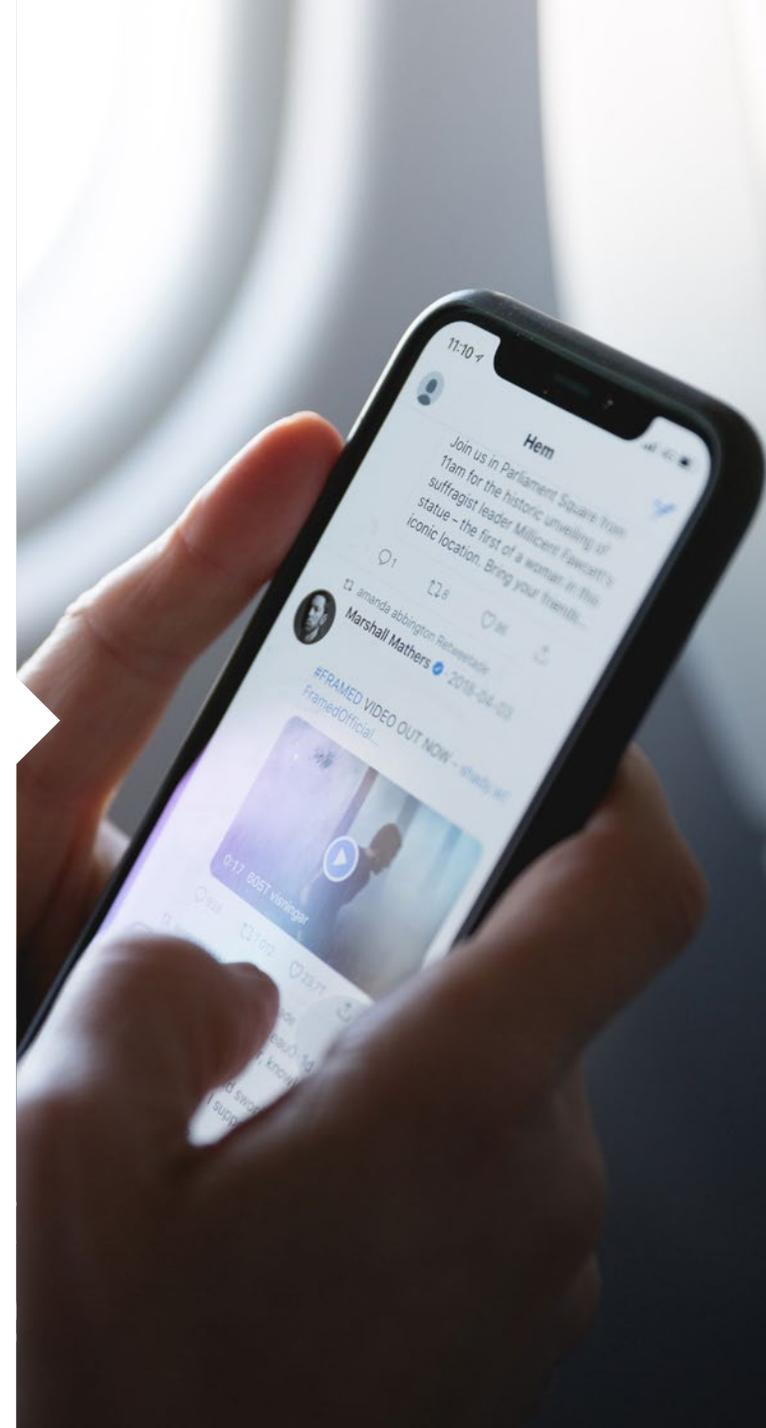
- Watching streaming video
- Consuming social media
- Browsing information websites or apps including news and magazines
- Playing games
- Listening to music
- Browsing educational websites or apps
- Other
- Using lifestyle/hobby services
- Listening to podcasts



When comparing the age groups, the time spent on each activity differs. Trailing Millennials spend less time browsing informational websites and apps (e.g. news) (9%) and instead spend more time gaming (17%) and listening to music (14%). In contrast, Leading Millennials are spending the most time of any group watching streamed video (27%) and they spend significantly less time gaming (9%). Boomers and Matures spend less of their time on social media (15% for both) and more of their time browsing informational websites and apps (21% for both).

The way we are spreading our time across digital entertainment reflects the convergence of these activities. Consumers don't need to visit specific platforms, apps, or websites to engage in a particular activity. We can stream video on social media and engage with social networks as we are gaming. Our music listening can be guided by social algorithms and we engage with streaming video, social content and games as we browse the web.

Content and platform owners will need to find ways to cut through and establish themselves as 'digital entertainment destinations of choice'. For some, this will mean a focus on one digital entertainment activity to create loyalty among consumers. For others, such as esports, creating digital entertainment experiences that cross-pollinate will ensure content and platform owners, as well as consumers, benefit from this convergence.

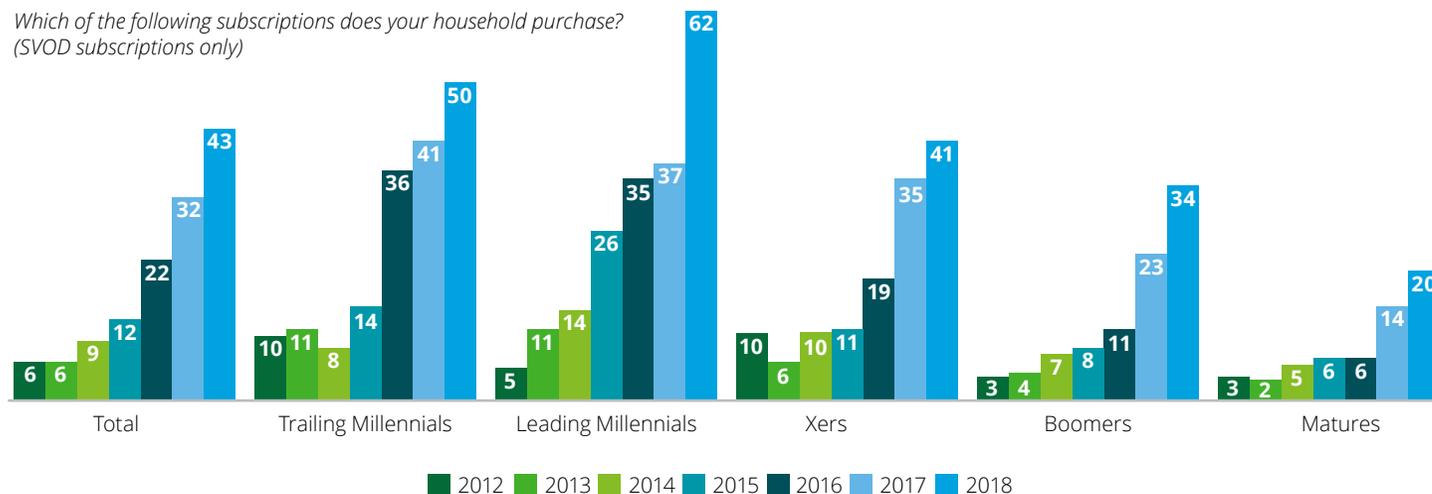


SVOD – don't stop me now

The popularity of streamed video shows no sign of waning. Respondents watch 13.5 hours of streamed content in an average week and 28% of respondents' streaming time is spent watching paid Subscription Video On Demand (SVOD) services – more than any other way of streaming video including free services such as YouTube or Vimeo.

Figure 3. SVOD ownership by age group

Which of the following subscriptions does your household purchase? (SVOD subscriptions only)



SVOD subscriptions have continued to grow this year. Almost half (43%) of total respondents purchase an SVOD subscription for their household, up from 32% last year, representing a 48% CAGR since 2014 when just 9% of respondents had a subscription. Fifty-seven percent of respondents say they require more than one video streaming service to get the content they are looking for, which is reflected in the fact that subscribers are now paying to use an average of two SVOD services.

The growth this year has come from the Leading Millennials, who have increased subscription numbers by 25%, as well as the Boomers who have increased by 11%. Australia continues to have three major SVOD players in Netflix, Stan and Foxtel Now (89%, 26%, and 23% of survey respondents with an SVOD service respectively), while YouTube Red (11%) and Amazon Prime (8%) had lower subscriber numbers among survey respondents. Amazon in particular will be one to watch in the next 12 months as it rolls out the full suite of Amazon Prime benefits including, for example, free delivery of physical goods. These benefits complement their SVOD service and present a unique value proposition for consumers.

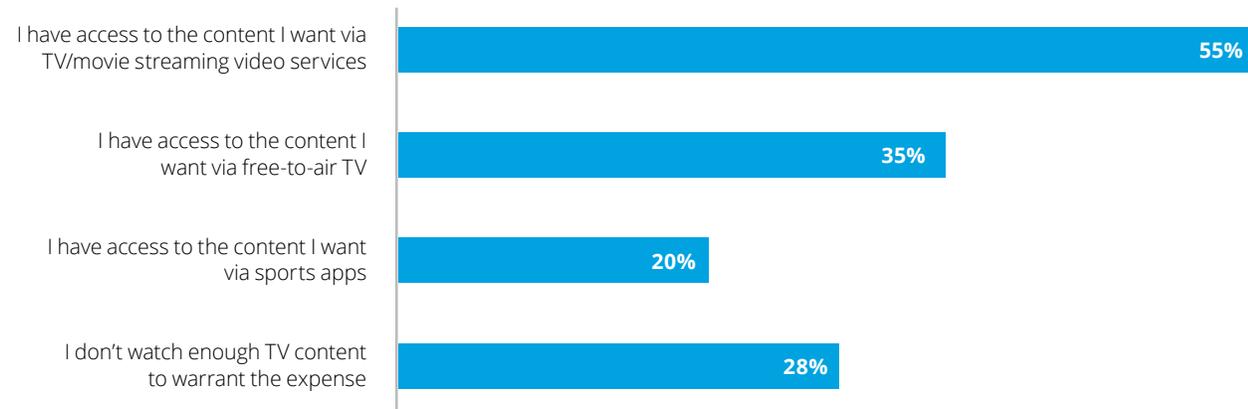


Stable cable – pay TV remains steady

Despite 20% of respondents indicating last year that they would cancel their pay TV subscription in the next 12 months, subscriptions have remained stable at 31%. Pay TV remains the most valued media content subscription for all age groups (except Trailing Millennials) beating SVOD, streaming music services, gaming, newspaper and magazine subscriptions. Sixteen percent of respondents indicated they are likely to cancel their subscription in the next 12 months, down from 20% last year. The primary reason for this intention to cancel across all age groups is the availability of content on streaming video services such as Netflix and Stan. Fifty-five percent of respondents intending to cancel their pay TV subscription cited this reason, a significant increase on 13% from last year. The exception to this is the Boomers who feel free-to-air TV provides sufficient content (43%).

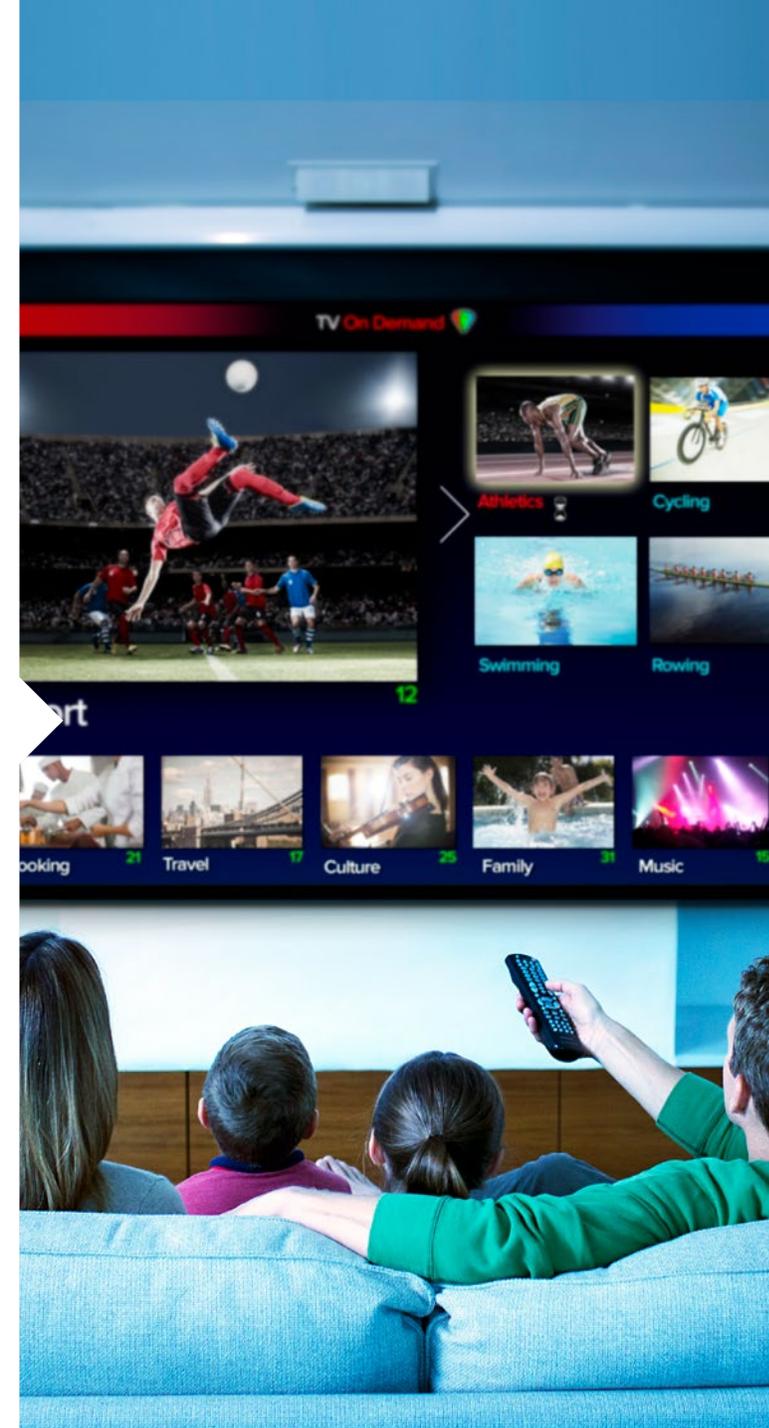
Figure 4: Reasons for cancelling pay TV subscription

You indicated that you are likely to cancel your pay TV service in the next 12 months. Tell us more about why you are considering cancelling? Please select all that apply.



Sports content and pay TV have always had a close relationship. Sport is the number one reason cited for continued pay TV subscription (22%) ahead of other major motives, such as value for money and bundling with home internet access (both 16%). But sports apps are becoming more popular and more readily available, and coupled with the increasingly frequent bundling of these apps with mobile and internet plans, there could be interesting times ahead for the pay TV and sport relationship. As an example, 10% of all male respondents indicated they hold an AFL Live subscription, 6% hold an NRL Live Pass and 11% hold an Optus Sport pass. Further, one in five respondents indicated they are likely to cancel their subscription in the next 12 months as they have access to the content they want through sports apps, and this is more than double for Millennial males at 43%.

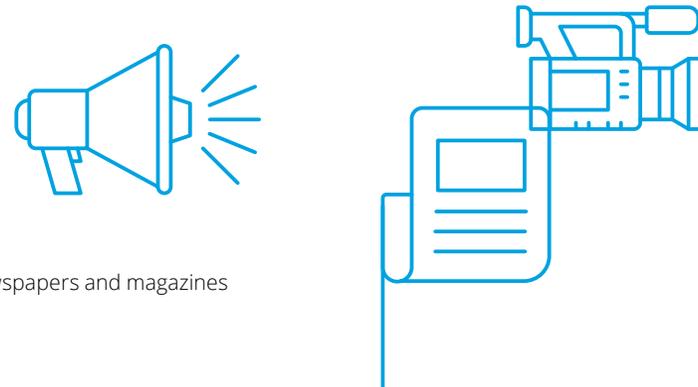
The delineation of Australian sporting rights between broadcast and digital is likely to slow any movement of sports fans away from pay TV, with apps such as AFL Live currently unable to stream live games to TVs. But this could be just a temporary blocker. The increasingly large amounts paid for rights point towards more creative and non-traditional joint bidding, and newer players such as telco providers are able to provide set top box platforms to stream directly to TVs. There is also the looming presence of digital giants such as Netflix, Amazon, and Facebook who, despite not yet delving into sports rights in Australia, all have Over the Top (OTT) potential of their own.



Survivor – news and magazines

Newspaper and magazine subscriptions are owned by 17% and 11% of respondents respectively (last year both were 16%), and as residual hard copy subscriptions endure, there may still be non-digital opportunities for both mediums. This is especially true for magazines where print remains our most popular format, with 38% of respondents still preferring to read printed hard copies. In comparison, 51% of respondents favour traditional¹ news formats, down from 55% last year.

Paying for news is still met with reluctance, with 64% of respondents agreeing that nothing would entice them to pay for news. While 22% of respondents would pay for news online in order to avoid ads, avoiding advertising is unlikely to be a major driver towards paid digital models. Instead, it is an increasing awareness of quality, integrity, and responsibility in news sources that's likely to play an important role in our willingness to pay – or not pay – for content. And the lucrative Leading Millennial demographic gives us a good clue – they list trust and brand association (26%), unique content (24%), and the alignment with their values (19%) as the reasons they would be more willing to pay for news.



Subscription loyalty is as important, if not more important, than new subscriber acquisitions. Fifty-nine percent of newspaper subscribers and 49% of magazine subscribers have held their subscriptions for three years or more, with Xers, Boomers, and Matures holding subscriptions for the longest. Bringing younger age groups into readership and then retaining their subscription loyalty will be critical, particularly as the Millennials become the dominant consumer segment.

64% of respondents agree that nothing would entice them to pay for news

¹ 'Traditional' includes TV news stations, variety/talk shows, radio, print newspapers and magazines



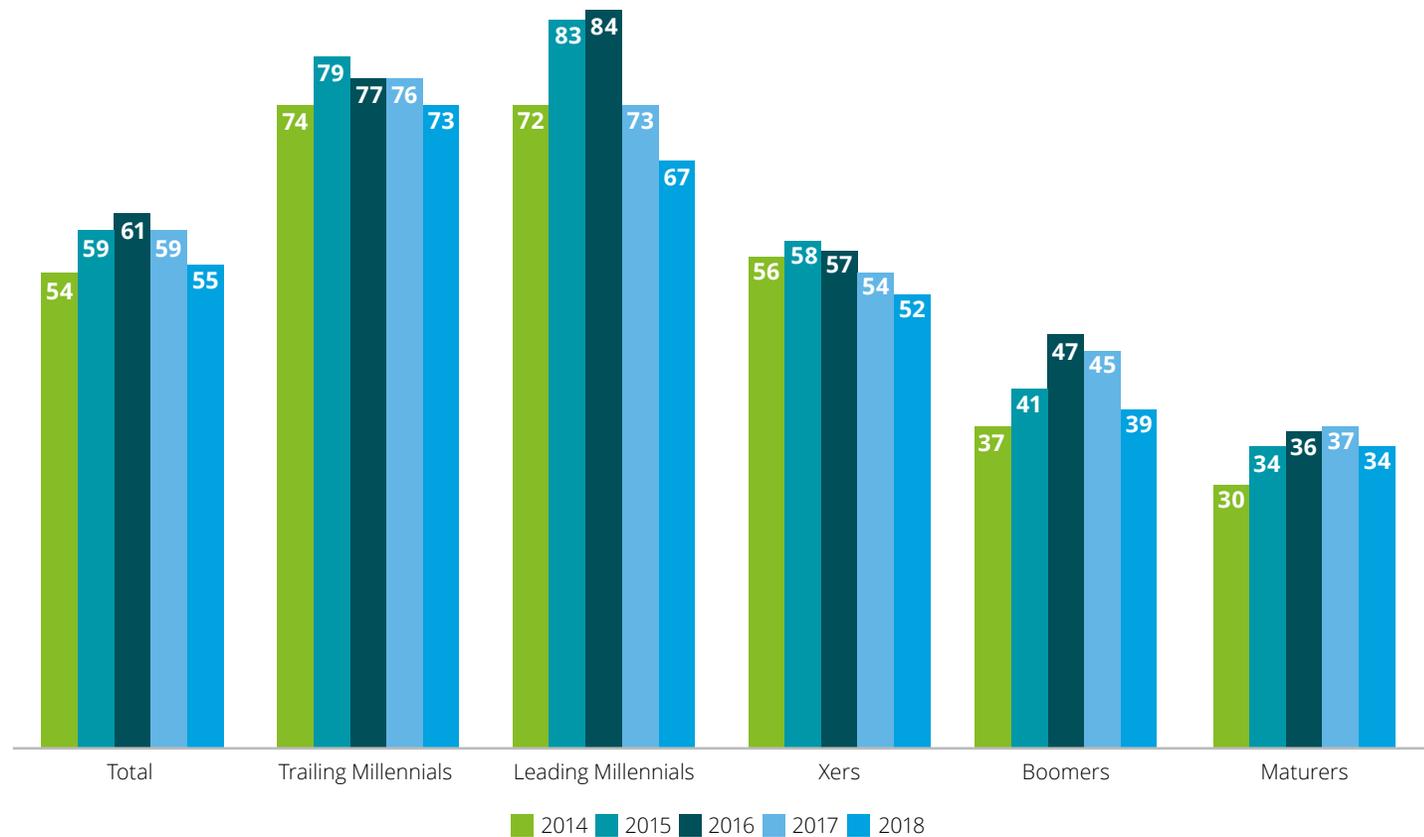
Social media – behaviours match attitudes

This year, there's a sharp decline in the percentage of respondents who feel time spent interacting with friends on social media is just as valuable as time spent together in-person. Last year, a majority (55%) felt that these interactions were equally valuable, this year that has declined by 15% to just 40% of total respondents.

Our behaviours are starting to catch up with our reported attitudes. Last year, Leading Millennials led the 'unliking of social' and nearly half of respondents felt they were spending too much time on social media (46%). Daily usage of social media platforms continues to decrease, down to 55% from 59% last year and nearly back on par with 2014 levels (54%). The proportion of respondents who are 'heavy users' of social media, i.e. update or check their profile at least 10 times a day, has also decreased to 9% (12% last year), driven mainly by a decline among Trailing Millennials. Just 15% of Trailing Millennials are heavy users in 2018, compared with 26% last year.

Figure 5: Daily usage of social networks by age group

How often do you update or check your profile/social network?
(Summary of daily usage)



That's not to say that social media is not popular – 85% of respondents and 95% of Millennials are active on some form of social media. Facebook continues to reign supreme and is the platform on which every age group spends the most time each week. Connecting with our friends and family continues to be our focus on social media, with reading posts from friends (60%), messaging friends (53%) and looking at photos (46%) the top three activities on social media.

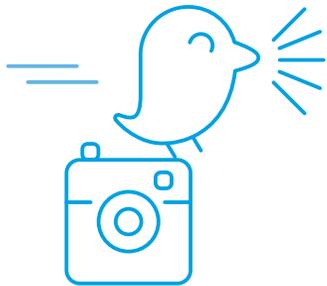
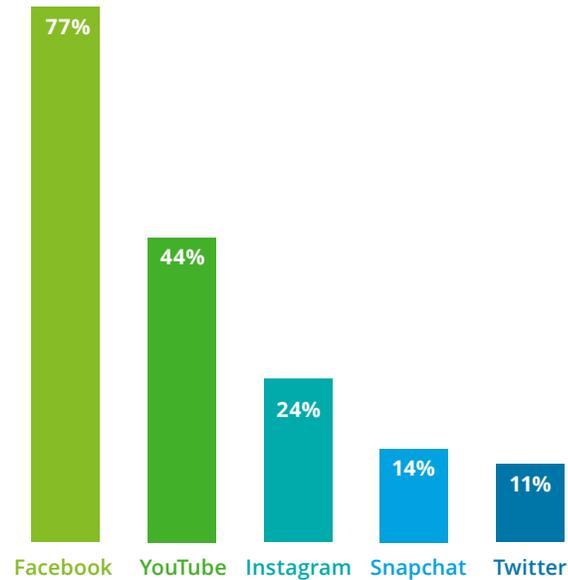
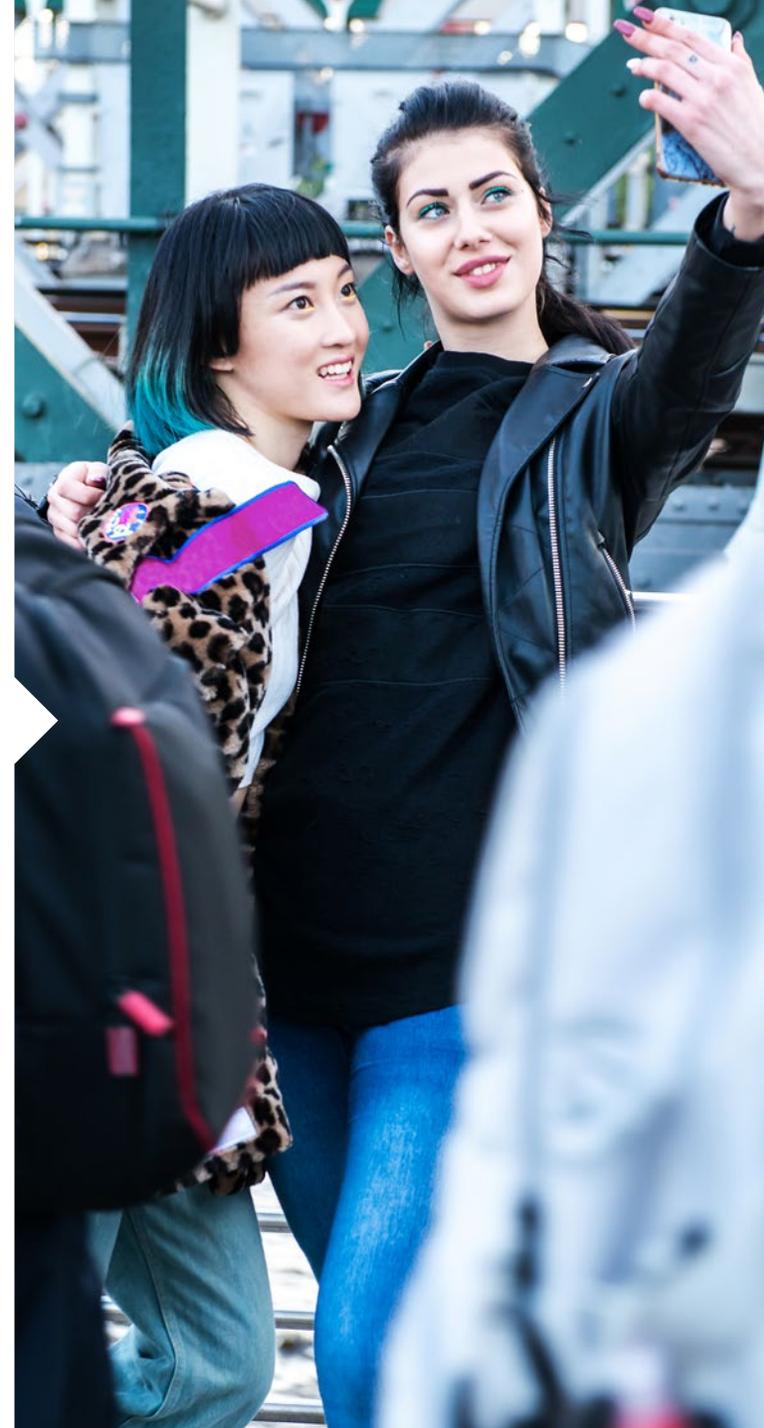


Figure 6: Top five social media platforms
Which of the following social media platforms do you spend the most time on each week? Please select up to three. (Summary of top five platforms)



Age Group	Facebook	YouTube	Instagram	Snapchat	Twitter
Trailing Millennials	70%	52%	37%	29%	12%
Leading Millennials	77%	55%	29%	20%	14%
Xers	79%	46%	20%	8%	11%
Boomers	81%	30%	13%	1%	8%
Matures	84%	16%	3%	1%	3%

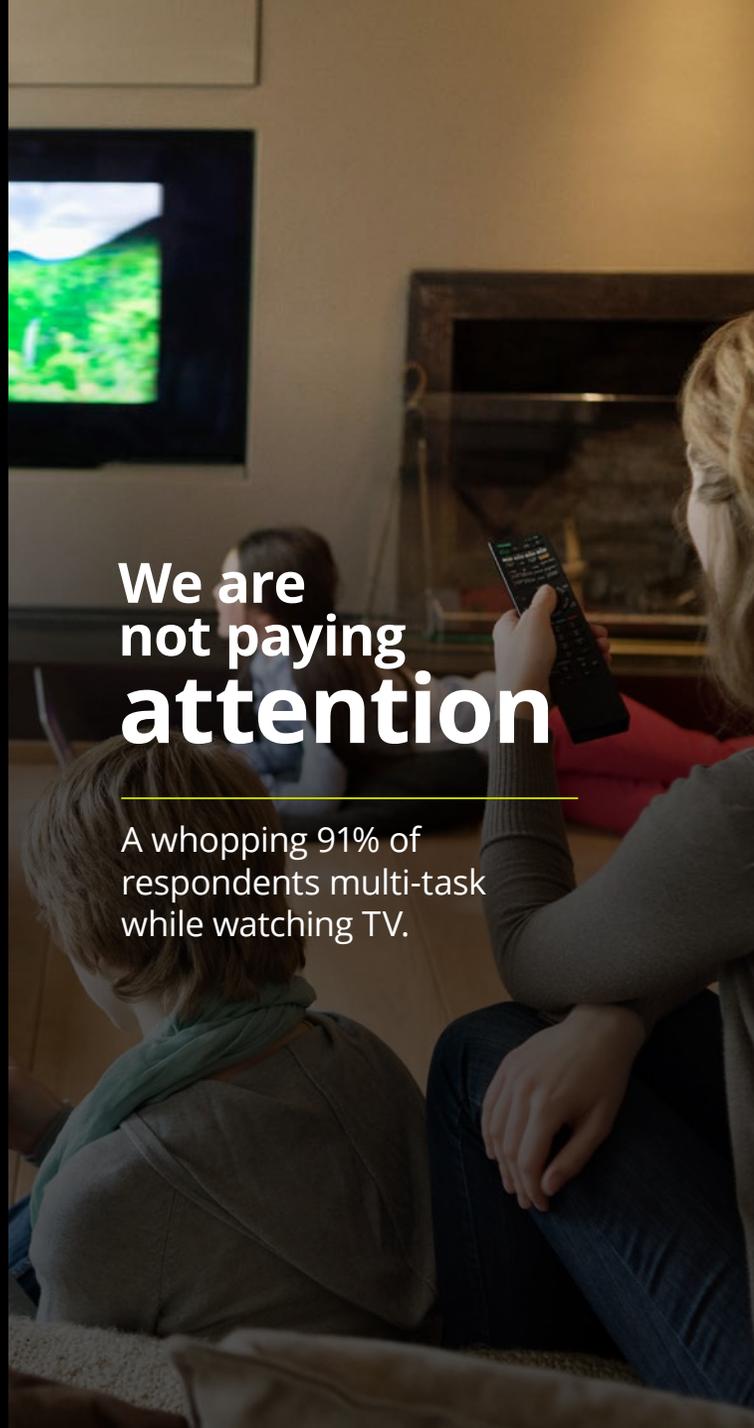




THE PROLIFERATION OF CONTENT

We want to **simplify** our search

75% of respondents want the ability search and discover all streaming video content in one place.



We are not paying **attention**

A whopping 91% of respondents multi-task while watching TV.



Australian content is important to us

58% of respondents feel local content on streaming services is important.



The proliferation of content

So much content, so much choice

One factor that originally made SVOD services such as Netflix or Stan and music services such as Spotify and Apple Music so attractive was the aggregation of content in one place. When it comes to these services today, Australian media consumers certainly value volume. Eighty-four percent of respondents value extensive libraries of TV shows and 83% value extensive libraries of movies. But as the number of SVOD services and OTT apps in Australia grows, and content becomes more fragmented across them, discovery is set to become more important than ever.

Traditional means of discovery are still effective, with 55% of respondents identifying TV commercials and 57% identifying friends and family as their most common sources of discovery for new TV shows or movies.

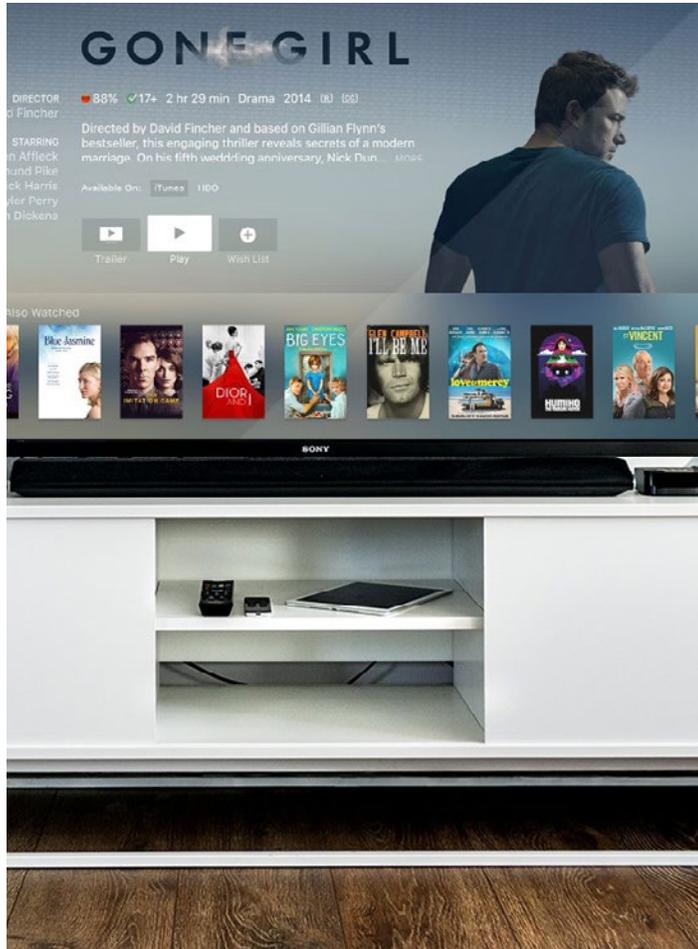
Discovery within streaming video services is less common, with only 26% of respondents finding new content through browsing content libraries, and 18% doing so through personalised recommendations.

SVOD subscribers expect their data to be used to develop personalised content recommendations and to support discovery, but confidence in these recommendations could be higher. Nearly a quarter of SVOD users neither value (21%) nor are confident (23%) in the personalised content recommendations provided to them, indicating that recommendations are not useful or, more likely, we don't always perceive the algorithm results as accurate.

Nearly a quarter of SVOD users neither value (21%) nor are confident (23%) in the personalised content recommendations provided to them

With data and Artificial Intelligence (AI) also driving content creation and investment decisions on many services, the impact of less than effective algorithms may also be felt beyond surfacing content. Investment in content production is being increasingly guided by data on audience preferences and behaviour, but the data is gathered through a combination of analytics and AI, and inputs such as the often self-perpetuating results of recommendation engines, could cause 'AI cognitive bias'.





Seventy-seven percent of respondents find it easy to see what's available when using a video streaming service. But as content continues to spread across a growing number of services and apps, subscribers may have more difficulty finding what is available where. Major content players like Disney, global music stars like Jay-Z, or sporting codes like the AFL have the advantage of brand recognition to drive users to their services, whereas few consumers would be readily aware of exactly what content is on an SVOD service, beyond the major titles. One solution is a search and discovery approach to aggregation, rather than a content approach.

75% of respondents agree they would like to search and discover all of their content in one place

Seventy-five percent of respondents agree they would like to search and discover all of their content in one place. OTT media devices such as Telstra TV and Apple TV have responded by providing universal search features that shift aggregation to discovery, making it possible to search across multiple content services for all content available rather than aggregating the content itself into one service. YouTube TV and Amazon channels have gone one step further and placed aggregation in the hands of audiences, making it easier to 'pick and mix' and subscribe to channels and services in one place – an offering that will sound very familiar to pay TV services.



Have you been paying attention?

In Australia, multi-tasking in front of the TV is ubiquitous. This year and last year, 91% of respondents multi-tasked while watching TV, up from 79% in 2014 when we first started reporting. This is even more pronounced for Millennials, 96% of whom multi-task. We're inseparable from our smartphones, which makes them the multi-tasking device of choice across all respondents. Fifty-eight percent use smartphones while watching TV, ahead of laptops and tablets at 29% and 28% respectively.

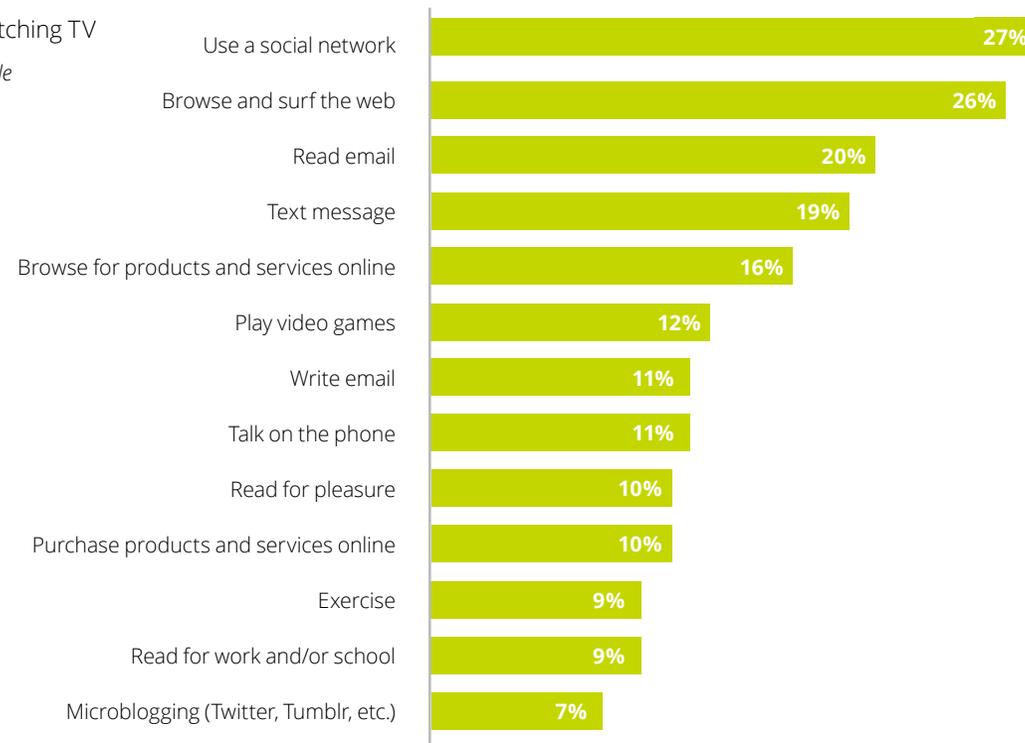
We just love to connect while watching TV, through web browsing (26%) emailing (20%) and texting (19%). TV and social media are the most popular combination, with 27% using social media at least three quarters of the time they're watching TV, and this is even higher for Millennials at 43%.

Multi-tasking can result in passive consumption – watching, reading, browsing and playing multiple forms of media simultaneously, without fully focusing, interacting or engaging with them.

Passive consumption might be quickly scrolling through an Instagram feed as you watch a movie on Stan, or turning on free-to-air TV in the background while checking your email.

Figure 7: Multi-tasking while watching TV

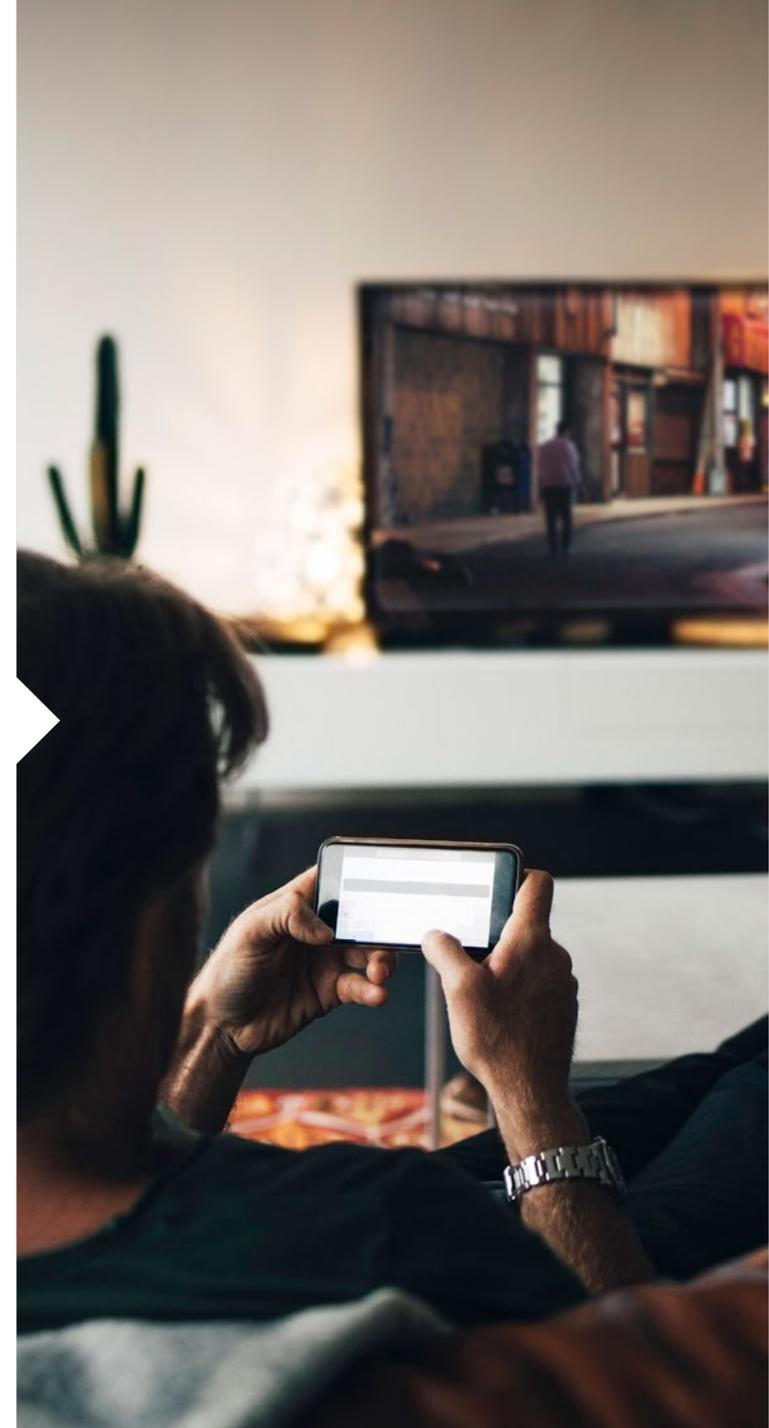
*Which are things you typically do while watching your TV at home?
(Always/almost always summary)*



Passive consumption of social media may mean we engage less fully, which in turn may have consequences on the way we engage with news. With 17% (up from 14% last year) of all respondents relying on social media as their primary news source, combined with passive consumption behaviour and the prevalence of fake news, we're in real danger of not filtering fact from fiction. Given 62% of respondents are concerned about fake news on social media, this is particularly intriguing. What does this mean for our Millennial contingent, potentially the most passive of all? Our highest multi-taskers and highest TV/social media multi-taskers are also the highest users of social media as their primary news channel (28%).

Multi-tasking while watching TV advertising is an established ad-blocking behaviour. Today, 68% of respondents multi-task more often while watching TV advertisements than they do while watching digital advertisements. While this can present challenges in competing for attention, advertisers should also take note of this opportunity to innovate. Connected devices such as smart TVs and OTT media boxes are now common, present in 52% and 28% of respondent households respectively, providing a perfect basis for using data optimisation to target audience attention across multiple devices.

68% of respondents multi-task more often while watching TV advertisements than they do while watching digital advertisements



A place to call home

\$18bn of cultural and audience value was generated by the Australian screen production industry in 2016ⁱ. Australian screen content is important to our national culture. It reflects our identities and communities and enables the sharing of local stories. The ever-growing popularity of streaming video means Australian content on SVOD services is essential to reaching mass Australian audiences. It's also critical for ongoing investment and the sustainability of the Australian film and television industry, both locally as well as through global distribution. And it's valued by consumers, with 58% of survey respondents agreeing the availability of local content on streaming services is important to them.

The majority of respondents (68%) are easily able to find local content and 71% feel it's also easy to identify which content is Australian. However, a 2017 report by RMITⁱⁱ found that

Australian content only represented between 2% and 2.5% of total content available on Netflix Australia, and 9.5% on local SVOD service Stan. So even though audiences are able to readily discover Australian content on SVOD, the library available to them to watch is still relatively small. This may be the reason that although the majority of respondents recognise the importance of having Australian content available on SVOD services, only 40% of respondents said it was currently a factor in deciding whether to subscribe.

The introduction of SVOD local content quotas and levies could address this disparity. And it's easy to see why such measures are appealing to Australian content creators and owners, particularly in regards to global platforms in Australia. In 2016/17, the total Australian expenditure on local drama production was AUD\$1.28 billionⁱⁱⁱ. Of this, \$610m was foreign investment and online drama investment only contributed \$14 million to overall expenditure^{iv}.



In comparison, Netflix alone estimates its total 2018 content spend will be US\$8 billion (AU\$10.4 billion)^v. Finding a way to access content investment on a larger scale and to reach large SVOD audiences both locally and on global platforms would provide a significant boost to Australian content industries.

Above all, audiences – and consequently SVOD services – value good content. 86% of respondents using SVOD services value the quality of original content on their service; they even value it above having extensive libraries or availability of recent TV shows or movies. Quality content and not just volume is key – you can quota us on that.





NEW AND EMERGING NORMS

Bundled up

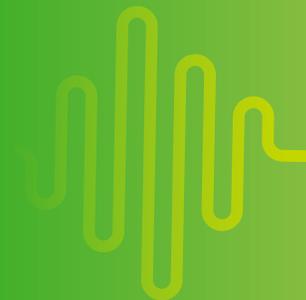
21% of respondents who subscribe to video and music streaming services receive their subscription through their telco plans.

Watch me play

33% of Millennial males have attended or streamed an esports event in the last 12 months.

Now we're talking

15% of both Leading Millennials and those earning more than \$100k own at least one voice-enabled home digital assistant.



New and emerging norms

The rise of telco-tainment

The relationship between telecommunication providers and entertainment is getting personal. Pay TV and internet plans have been bundled up for some time and the lure of unmetering (the unlimited use of data) for entertainment services has long been used to alleviate concerns about data usage, particularly in video streaming. At the same time increased video and music streaming delivered over internet and mobile networks is driving a rapid increase in data usage. Telcos may be enjoying the insatiable appetite for data, but they are also investing to provide more bandwidth while OTT apps and services benefit from increased usage and revenue. This sets up OTT entertainment apps as the perfect mate for telco offerings and is central to the rise of telco-tainment.

Beyond their partnerships with pay TV providers, set top boxes such as Fetch and Telstra TV provide telcos with their own spot in living rooms and a claim on the coveted HDMI1 connection. These devices help telcos to develop entertainment offerings and bundle subscriptions with both mobile and internet plans. And it has been effective – 21% of video and music streaming service subscribers receive their subscription through a telco plan. This is even higher in total Millennial subscribers (27%).

Entertainment bundles are also an effective tool for both customer acquisition and retention. Seventy percent of total respondents with entertainment bundles indicated the included subscription was a factor in purchasing their mobile or internet plan, while 79% of total respondents said it made them more likely to stay with their provider.

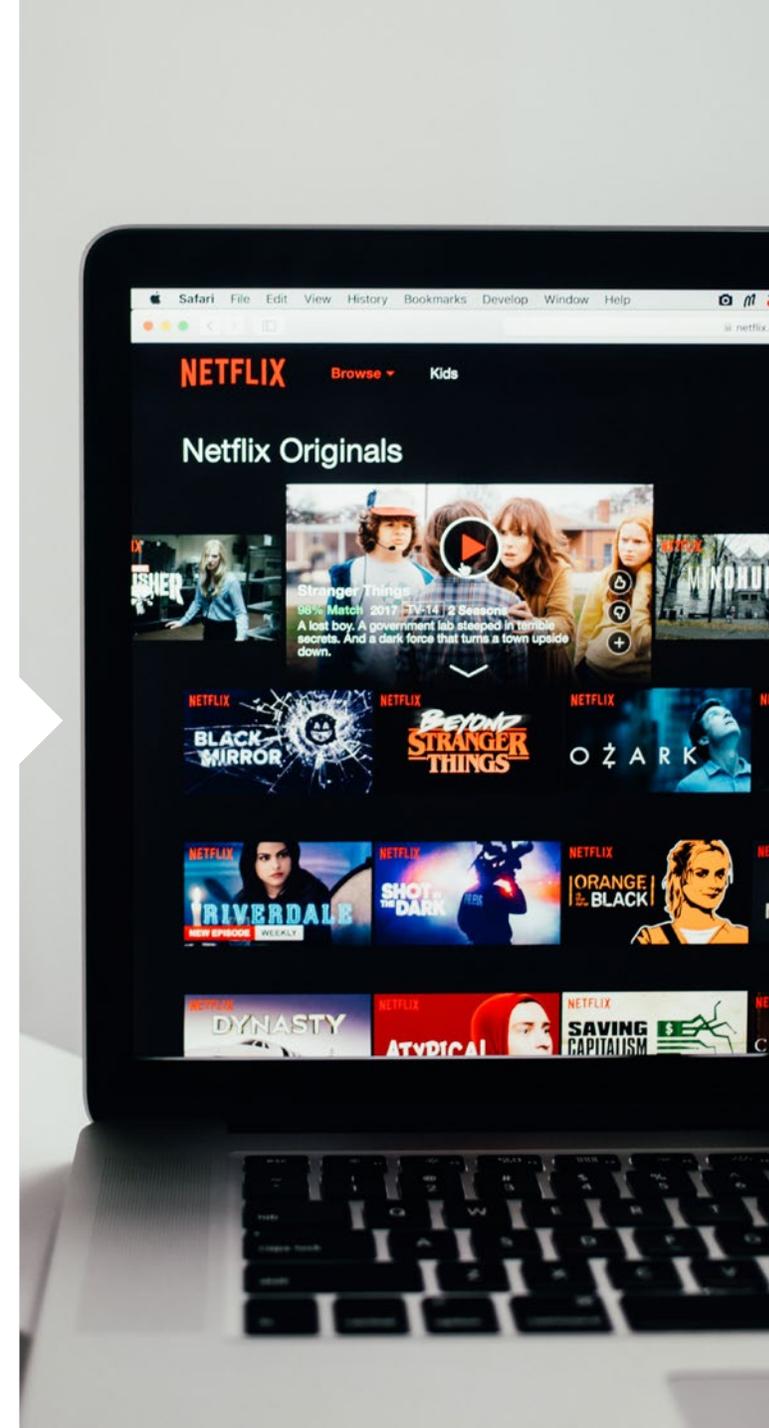
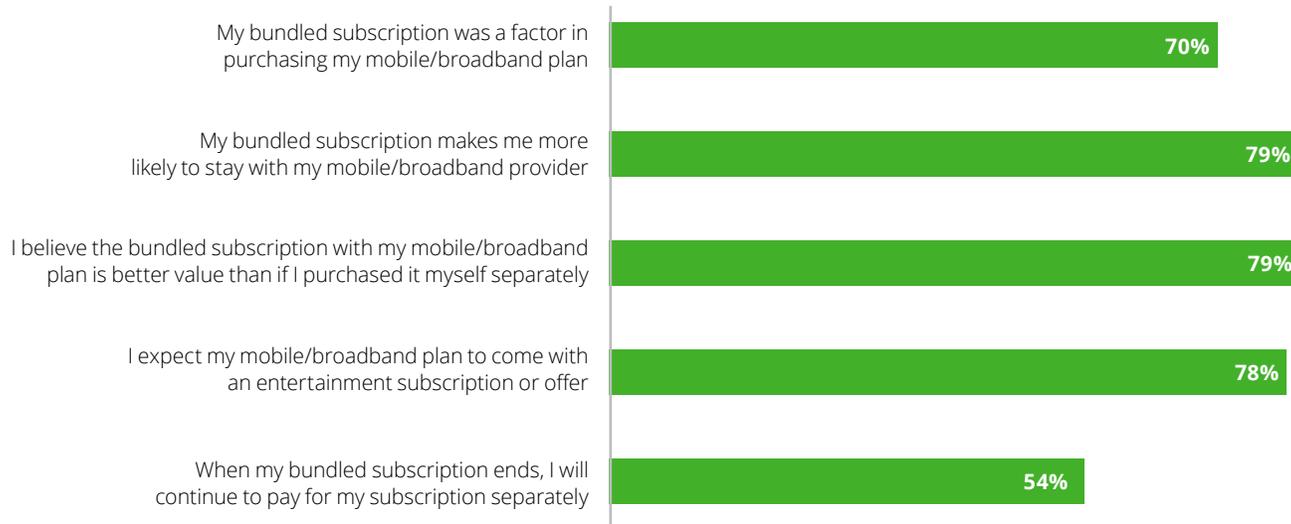
Features like carrier billing also make it easier for customers to pay for their own non-included subscriptions through their telco. For many, the inclusion of entertainment subscriptions has even become an expectation. Seventy-eight percent of total respondents expect their mobile phone or internet plan to come with one.

Consumers are feeling the love, with 79% of respondents thinking their bundled subscription presents better value than if they purchased it separately. And as telcos increasingly enter into content rights deals to attract and retain customers, particularly with sports, their consumers are also getting access to more entertainment content. Conversely, for non-customers, exclusive deals (such as last year's English Premier League with Optus Sport) can leave them with no access at all.



Figure 8: Attitudes towards bundled subscriptions

Please indicate how much you agree or disagree with the following statements.
(Summary of those with a streaming subscription service bundled with their broadband or mobile plan and who strongly agree/somewhat agree)



Esports – the perfect storm

The increasing popularity of esports can be partially attributed to its fusion of so many forms of entertainment. It brings together social, streaming, and gaming, with the appeal of the sports genre and the addition of e-commerce in the form of in-game purchases that also often add to players' prize money pools. Add this to the 'event factor', meshing digital with physical entertainment where huge audiences either attend in-person or stream the events live, and you have a genre of entertainment that opens a myriad of advertising and sponsorship opportunities.

Esports audiences tend to be mainly concentrated on a small number of digital platforms, with a mix of live and on-demand viewing. The most popular digital platform is YouTube (58%) followed by TV broadcasts (35%), Twitch (28%) and the websites of individual game

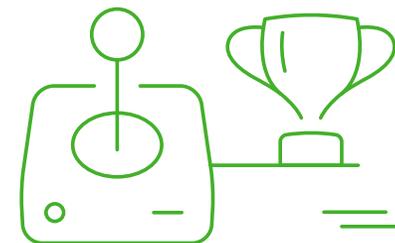
developers (22%). Awareness of these esports platforms comes primarily through social media (42%), game developers (25%), fellow gamers (24%) and esports teams or team owners (24%).

Fourteen percent of total respondents have attended in-person or streamed an esports event, for example League of Legends, in the last 12 months. This is largely driven by Millennials (26%) with the biggest enthusiasts being Millennial males, of whom 33% have attended or streamed an event, making esports a fast-growing channel for advertisers looking to reach this demographic.

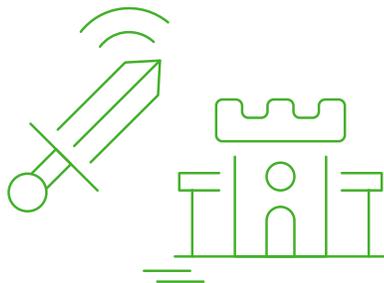
Millennial male esports enthusiasts watched an average of 20 esports events last year: four events in-person, six events over live-streaming and 10 events using on-demand streaming. The esports appeal for Millennial males can be understood in the way it combines the three entertainment activities they spend most of their

time engaging in. Millennial males spend 20% of their digital entertainment time gaming, second only to streaming video (22%) and followed by social media (15%) – making esports the perfect storm of entertainment for them.

This is the key to esports' advertising potential. Not only are gaming and social media popular entertainment activities for this segment, they are also highly influential advertising channels, with nearly half of male Millennial respondents (47%) saying advertising in gaming is a medium to high influence on their purchasing decisions, just above that other key element of esports – social media (46%). They are also well-versed with in-app payments – 35% make in-app purchases within games on mobile.



The multiplayer online battle arena format provides marketing opportunities beyond simple advertising and the biggest challenge may be choosing which opportunity to take. The fusion of many forms of entertainment also means there are multiple channels beyond just the arena and broadcast, including chat and messaging, e-commerce, streaming channels, product placements, and team and player sponsorships. And, as celebrity endorsements such as the Fortnite/Drake collaborations have shown, we're only just witnessing the beginning of esports' ability to combine so many influential advertising opportunities into the one activity.



Finding your voice

In the past year, voice-enabled home digital assistants announced themselves into the Australian market. Google Home launched in July 2017, Apple HomePod in January 2018 and Amazon Alexa in February 2018 and survey respondents are living up to Australia's reputation as rapid adopters of consumer tech with 9% already indicating they own at least one of these devices. Younger age groups and higher income earners lead adoption with 15% of both Leading Millennials and those with \$100K+ annual incomes owning them in their homes.

Australia is only in the early stages of adoption and yet penetration rates are already close to the US, where 15% of respondents indicated they owned a voice assistant^{vi}.

And it looks like we could be adopting the technology faster than our US counterparts – given devices had already been in the US market for three years at the time of the survey compared to just one year in Australia. This is the first time we have tracked uptake of voice assistants, but comparing adoption of other new devices such as smart watches may indicate the growth trajectory to come. Following the Apple Watch launch in 2015, when smart watches hit the mainstream market, our year-on-year ownership doubled (5% in 2015, to 11% in 2016) before reaching 14% this year.

Among those that do own voice-enabled home digital assistants, respondents have more than one in their household (an average of 1.5), which suggests the technology is in more than just one room of the house. No distinction is drawn between the 'mini' versions of these devices and the full size speakers that were first to market. However, the low price point of the mini devices is a likely contributor to this multiple ownership, as is the availability of bundled devices with other offers in market.





There is also evidence that use of voice-enabled digital assistants is becoming a regular behaviour, with 55% of owners using their devices each day (59% for Millennials) and 86% of owners using their device at least once per week (90% for millennials). Searching or requesting information (26%) is the most valued use of voice-enabled home digital assistants, with Boomers and Matures valuing this functionality even more highly at 39% and 35% respectively. This hints at a significant challenge for brands in the world of voice, where the expectation is that half of searches will happen without a screen by 2020^{vii}. Voice search is rapidly establishing itself as a key marketing channel, but for marketers there is little room for error. In the past, search optimisation has been about getting onto the front page of web search results.

In the world of voice, there is only one answer to any given question, making SEO for voice even more important. This also poses genuine challenges in the world of content discovery, where audiences may not necessarily know what they want to ask for.

With voice assistants being driven by AI that increasingly gets to know our preferences so well, cut through for new brands and content could also prove to be a challenge. It could be that in the future marketers will need to market to, as much as through, the AI platforms. Voice advertising, bidding for voice 'result position' and voice product affiliations will become part of a standard marketing campaign. But consumer preferences will still be important and language, recall, and loyalty will be critical – if consumers do not have enough awareness or affinity with a brand, product, or piece of content to ask for it by name, it will be left to an algorithm to guide the customer's conversation.





THE VALUE EXCHANGE

Give us the option

63% of respondents would abandon a short form video completely if they weren't given the option to skip the ads, up from 58% last year.



Transparency drives trust

76% of respondents would be more comfortable with companies having their data if they were able to see and edit what was being collected.



Millennials care to share

40% of Millennials regularly share their entertainment subscription login details with someone who is not in their household.



The value exchange

Ad-acceptable limits

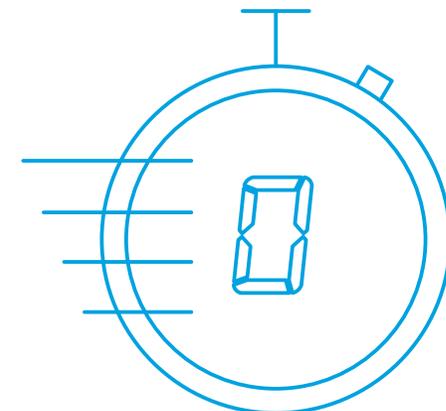
As attention spans diminish and content consumption habits become more fragmented, advertisers must continue to find ways to stand out and get consumers to pay attention. Sixty percent of respondents agree that they pay more attention to bite sized pieces of content (ten seconds or less) than to longer ads (30 seconds or above). The introduction of six second ads into the paid advertising eco-system may be an effective industry response to this consumer behaviour. However, the shorter length is not yet resonating with ad buyers, with some premium publishers citing that less than 10% of their total online advertising inventory comprises of six second video pre rolls^{viii}.

The length of content as compared to the length of the advert does not seem to be a major factor in our tolerance, with only 36% of respondents agreeing that when watching a longer video

they are more likely to watch the ads. But we are also becoming less tolerant of watching video advertising at all, and that has an effect on whether we watch the actual video content itself. Sixty-three percent of respondents suggested they would abandon a short form video completely if they weren't given the option to skip the ads, up from 58% last year. Online video providers are offering more opportunities to skip or mute video ads, but the balance of delivering a good consumer experience while protecting advertising revenue is still a tricky one to reach – 82% of respondents agree they will skip a video ad if given the option to do so, up from 77% last year.

Consumers are willing to pay to avoid adverts for some content, and paywalls and subscription-based services have provided a way to cater for consumer adversity to advertising while also generating revenue.

But the willingness to pay in order to avoid differs greatly across content types. While 40% agree they would rather pay for online movies in exchange for not being exposed to advertisements, only 22% of all respondents felt the same way about paying for online news in order to avoid advertising (down from 28% last year). Avoidance of advertising in streaming video services also continues to be a highly valued feature of SVOD subscriptions, with an overwhelming 93% of subscribers saying they value that it allows them to watch content without advertisements.



Use of ad-blocking software has remained at the same level as last year with 32% of all respondents claiming to use ad-blocking software to avoid ads (31% last year, up from 28% in 2016). But it is not a case of 'all or nothing'. Of those who use ad-blocking software, the ability to take control of the advertising they are exposed to is a significant driver in doing so, with 73% agreeing they use ad-blocking software because it allows them to block ads selectively.

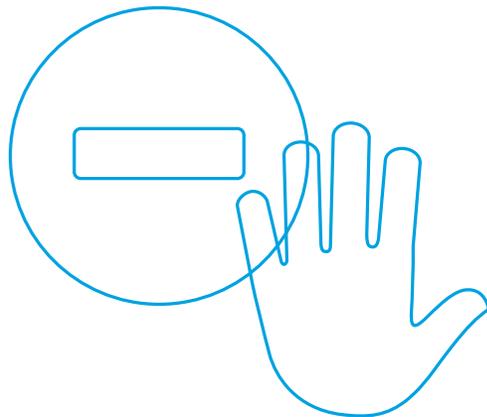


Figure 9. Paying for content to avoid ads
Indicate how much you agree or disagree with the following statements. (Agree strongly/agree somewhat summary)

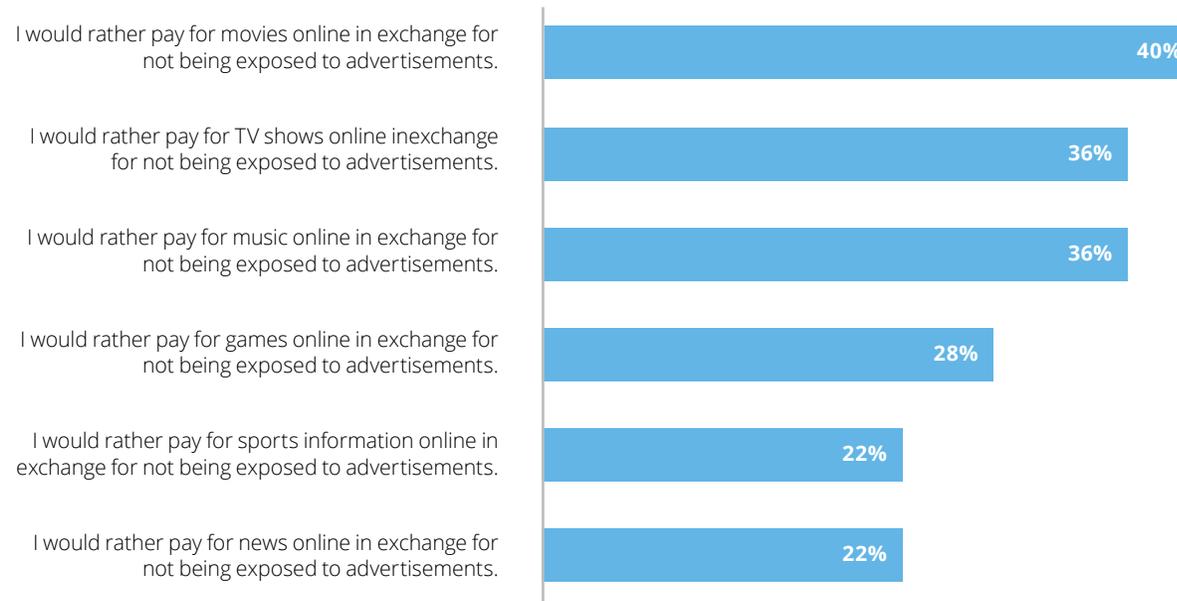
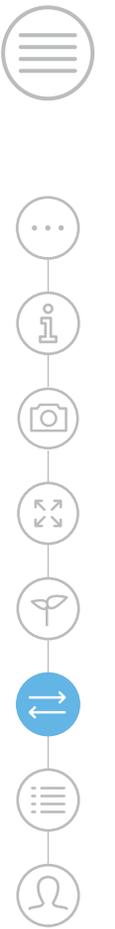
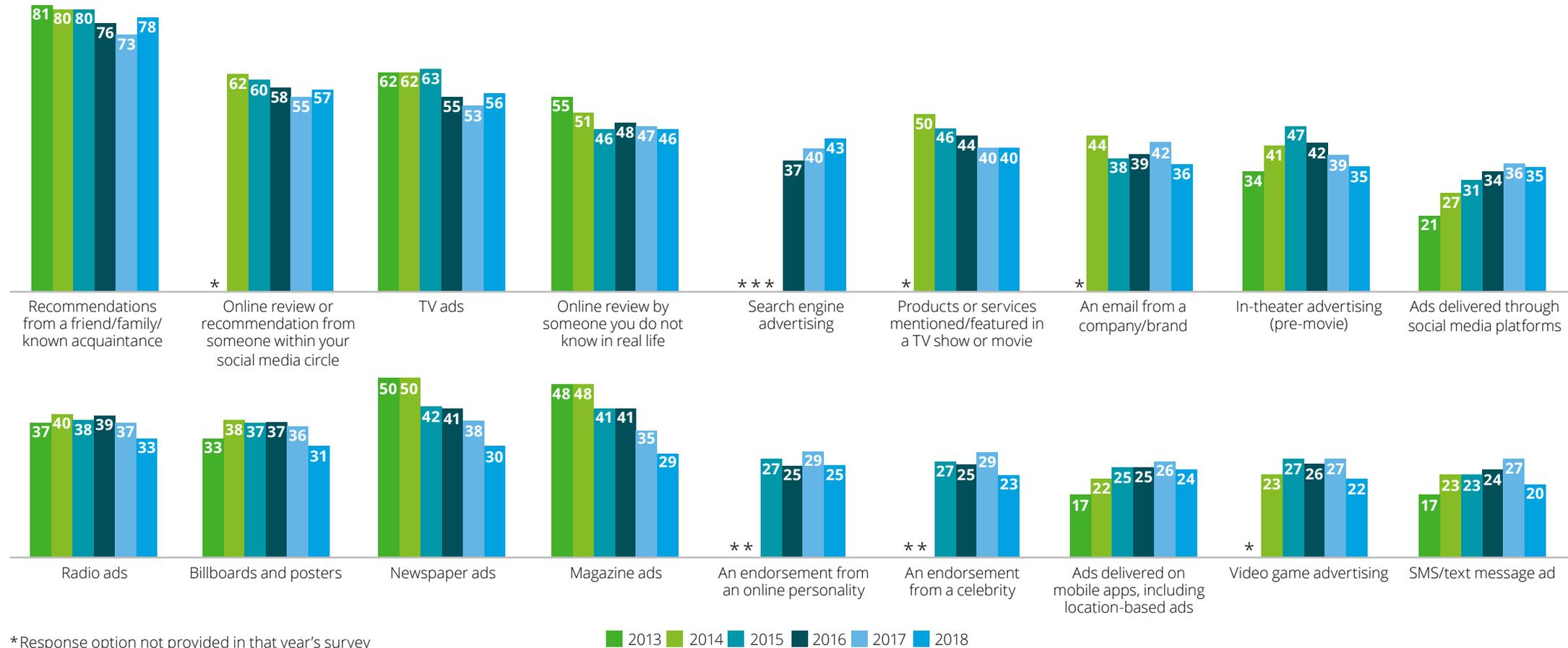


Figure 10: Most important influences on buying decisions
 To what degree do the following influence your buying decisions? (Medium/high summary)



Data trust – once is not forever

Media businesses rely heavily on data to drive personalisation and content discovery. But for any business that relies on consumers choosing to share their personal data, the past 12 months haven't been the easiest.

Cambridge Analytica's unauthorised use of personal information to target and politically manipulate US voters – and Facebook's failure to report the breach in their systems – heightened public fears. There's now widespread concern that data is at best not treated with the appropriate care, and at worst is actively used against those who choose to share it.

Australians have watched these developments from afar, and while there has been no major data security crises of that scale reported down under just yet, consumers are still suffering from a lack of trust. Just 15% of survey respondents believe companies are taking adequate steps to protect their personal data.

This concern comes with the emphatic belief that 'once is not forever' when it comes to sharing information. Survey respondents almost unanimously (93%) believe they should have the right to ask a company to permanently delete their data. And 76% stated they would request permanent deletion even if it resulted in a negative impact to their service, such as no personalised recommendations, no automatic logins and no saved payment information. The 'shared data for perceived value' exchange is shifting. Companies wanting to continue collecting data will need to either better demonstrate to customers the value of aspects such as personalisation or find new value to exchange altogether.

Businesses will need to understand what might entice an individual to happily hand over their data – and to whom. There is good news here for telcos as they continue to move into the media and entertainment space: 52% of respondents indicated they were among the companies

most trusted with their data, second only to financial services providers and banks (70%). Streaming services and social media fare less well, trusted by 20% and 15% respectively, and given the importance of data to these businesses, addressing consumer unease will be critical.

The solution likely lies in transparency. Seventy-six percent of total respondents said they'd be more comfortable sharing their data if they were able to see and edit what had been collected, and 68% indicated that they were interested in taking on those responsibilities if able to do so. Those living in the EU have already been empowered in this way by the implementation of the General Data Protection Regulation (GDPR) – a comprehensive set of regulations that give individuals augmented control and visibility over their personal data and how companies use it.



Sharing is caring

While Australians have wholeheartedly embraced media subscriptions, whether we pay for them ourselves varies by type of media. In fact, only around half of respondents are paying directly for their pay TV, streaming video and music services (50%, 55% and 58% respectively). Gaming fares slightly better with 60% of subscribers paying directly, while direct payment for print/digital subscriptions of news and magazines sit at 62% and 67% respectively. The results, particularly for pay TV, video and music may be attributed to two increasingly popular subscription behaviours – instead of paying directly for a personal subscription, many of us now enjoy subscription services bundled with our mobile phone and broadband plans, or we share an account with other people.

We're keeping it in the family with the introduction of the popular 'family' or 'household' accounts on media services such as Spotify,

Stan, Netflix and Foxtel Now. These enable households to pay a subscription price for simultaneous and multi-device access, which is cheaper than holding multiple individual accounts. Shared accounts for pay TV and streaming music are the most popular, both with 18% of respondents paying through a group or family subscription, followed by video streaming services (17%), gaming (16%) and news (14%). This requires organisations to think differently about consumers as 'households' – with different consumers behind just one subscription. It also presents data collection and analytics challenges, with several different users potentially consuming content using the one profile.

It also seems friends are family for some, as our use of 'household' accounts extends beyond the intended definitions. When respondents were asked how frequently they use subscription login information from someone not in their household to watch, read or listen to digital content, a quarter (26%) said

they did this 'extended sharing' at least monthly, with 14% of respondents doing it at least once a week. Millennials are by far the biggest extended sharers, with 40% of them doing it at least monthly and 23% at least weekly. TV and movie content accounts for the majority of this extended sharing (61%), but sports content also features heavily, particularly with Leading Millennials – over 20% say that sport is the content that they most often use other people's logins to watch, compared with just 9% of total Millennials. And higher income earners are also extended sharers, with almost a third of those in the \$100k bracket using someone else's login details at least once a month.

Whether it is a sign of our collaborative generosity or an indicator of our love of bending the rules, account sharing is firmly engrained in our media behaviour. Certainly, it's good for many, but it also potentially represents significant lost revenue for media and entertainment companies.



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