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May 23, 2016

## State of the Nation: New Zealand — media, technology and wanting it all ‘on demand’

Roy Morgan Research CEO Michele Levine today presented the latest New Zealand State of the Nation in Auckland, with a special Spotlight on Media, Technology and the rise of ‘On Demand’.

**Key findings of the presentation include:**

### The New New Zealand – Smartphones Now Mainstream

- Not only do **over three in four New Zealanders now have a smartphone** (76%), but the majority of *all types of people* now carry this multi-media device in their pockets or purses, as revealed by the national Helix Personas psychographic segmentation tool.
- New Zealanders **rely on smartphones**—and the device’s inherent portability, multi-functionality and 24/7 internet-connectivity is driving consumers’ desire (and expectation) to access everything ‘on demand’.
- Only a few years ago, it was predominantly only ‘early adopters’ and the ‘professional mainstream’ who owned a smartphone; now, even **most ‘technophobes’** – including most Kiwis aged 65 and older – are using the device.
- **40% of smartphone owners say they ‘can’t live without’ their mobile phones**, and a majority of say they now *need* the device: to juggle work and personal life (61%); when travelling overseas (58%); for personal security (56%); or to access the internet (54%).

### The State of ‘On Demand’

- **83% of Kiwis access one or more types of content ‘on demand’**. This includes 57% who visit news or newspaper websites during the week; 52% who stream or download music, radio, TV or films and 50% who visit YouTube in an average four weeks; 24% who already have a Subscription Video On Demand service at home; and 12% who watch any of the free-to-air TV networks’ shows via Catch-Up.

### Subscription Video On Demand vs Sky

- Although Spark’s Lightbox launched in mid-2014, the arrival of US juggernaut **Netflix** a year ago drove a rapid expansion of SVOD: by the final quarter of 2015, 904,000 Kiwis (24%) had access to at least one of these services in their home. Looking at the number of homes with service rather than number of people in those homes, Netflix had 264,000 subscribers; **Lightbox** 128,000 and Sky’s **Neon** just 22,000 by the end of last year.
- Our research reveals that **41% of SVOD subscribers say they like to shut themselves off from the rest of the world while at home**, compared with the norm of 37% of Kiwis. This

could well reflect the rise of on-demand 'binge-viewing' – where people watch an entire season of shows in one go rather than each week through traditional broadcast TV.

- Helix Personas segmentation reveals that Metrotechs are the least likely to have Sky (just 40%), the most likely to visit YouTube (58%), and are *among* the most likely to have SVOD (28%) – **the top community for SVOD is now Leading Lifestyles (29%)**, however they have kept their Sky (54%), suggesting for this group more of an 'add-on' approach to the new cheaper 'on demand' options. Battlers have also been above-average early adopters of SVOD (25%), due perhaps to a lower price point than Sky, which only 48% of this group has in the home. The older Golden Years community is the most likely to have Sky's Pay TV (57%), but the least likely to have SVOD (17%).

#### Streaming and Downloading

- Streaming of music, radio, TV and movies has taken off, while the proportion of Kiwis downloading this content has increased more modestly. **46% of Kiwis now stream one or more content types** (up from 28% in 2012), while 23% download (up from 20%).

#### Most Kiwis Now Visit YouTube

- Last week, YouTube launched its premium Red service in New Zealand, and said the target market is the under-35s. Our data shows **69% of Kiwis aged 14-24 and 56% of 25-34 year-olds visit YouTube** in an average four weeks.
- Overall, 50% of New Zealanders visited YouTube in an average four weeks in 2015.

#### TV show audiences: Broadcast vs Catch-Up vs Recording

- New technology changes behaviour—but sometimes even newer technology brings the behaviour back in fashion. As Kiwis abandoned their VCRs in favour of DVD Players from 2001 to 2008, the proportion recording TV shows fell from 70% to 42%. Today, DVD players are now on the way out, in favour of DVRs and PVRs—and **once again the majority of Kiwis (56%) record TV shows**.
- During the week, overall **77% of Kiwis watch free-to-air TV shows via broadcast, 39% record shows, and 12% watch catch-up**. One in 20 (5%) now watch FTA TV programming *only* by recording or catch-up stream—not the broadcast.
- We surveyed not just how many, but *how* Kiwis watched 232 free-to-air TV shows in 2015. Although there was a wide range of behaviour across the shows and channels, the 'average' show has 71% of its audience watching via the broadcast, 3% watching a live stream, 21% recording, 4% watching it on catch-up and 1% from a pirated download.
- In 2015, **Silent Witness was the show with the lowest share of its audience watching via Broadcast** (just 40%, with the other 60% watching via one of the other ways). Other shows with less than half their total audiences tuned in to the broadcast included **Downton Abbey, Grey's Anatomy, Elementary, Reno Rumble and The Blacklist**.
- News and current affairs, talk and game shows are among those with the *highest* proportion of viewers watching live on TV: **over 90% of Prime News – First at 5.30, Millionaire Hot Seat, Breakfast, Seven Sharp and One News Tonight viewers are watching it via the broadcast**.

- **53% of Smartphone owners and 60% of Tablet owners now surf online while watching TV.** 30% and 31% respectively have looked up a website because of something they've seen on TV.
- However even though fewer are watching shows via live broadcast, the TV remains by far the primary device of choice for 'TV viewing': **only 5% of the average TV show is being watch on a computer, mobile or tablet.**

More Time with Media Than Ever – And It's Exhausting!

- 92% of Kiwis say the internet is their preferred media to use at least once on a normal weekday—and **22% use the internet all weekday**: from breakfast to midmorning, lunch to afternoon, through to dinner and after dinner.
- Our time spent with traditional everyday media of TV and Radio has declined since 2012, but this time has been *more* than compensated by our internet usage. The average Kiwi spends a cumulative **8.5 hours on a normal weekday with TV, Radio and Internet** (which includes 'multi-media' time such as online browsing while watching TV or listening to the radio)—up from 7.5 hours combined in 2012. And this is all due to the internet, which added 101 minutes a day to our media consumption even as we tuned out of 37 minutes worth of TV and Radio.
- With all this extra time spent using media, the proportion of Kiwis who say there are '**not enough hours in the day**' has also gone up: from 59% in 2012 to 67% last year. And the more internet we use, the more we feel the day is too short! 71% of heavy internet users (who are online for 35 or more hours a week) agree there aren't enough hours in the day, compared with only 64% of people online for only up to 15 hours a week.

**For more information or to organise an interview with CEO Michele Levine, please contact:**

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