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COURAGEOUS THINKING

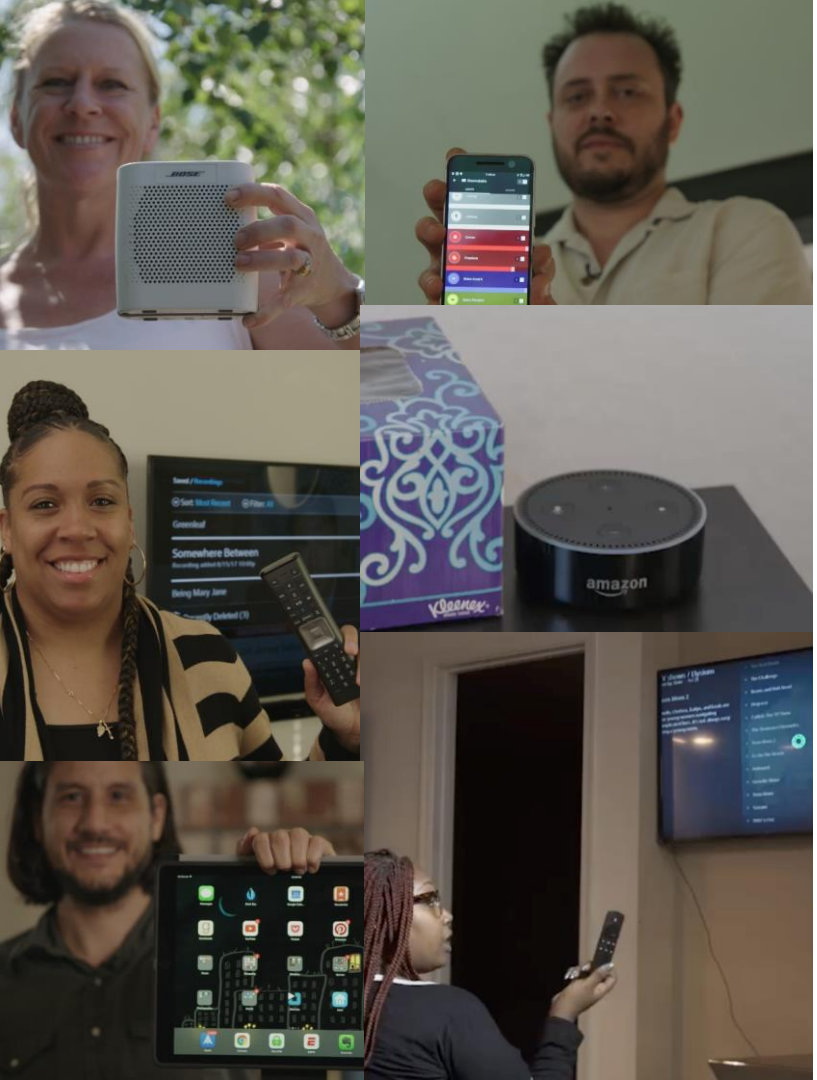
CTAM

CTAM Connected Consumer 2018:

Exploring how to Best Serve Connected Consumers, Today and in the Future

The smart home category *is* exciting!

"The Jetsons was right."
-Forbes, 2018



Objectives & Methodology

- Understand how the proliferation of seamless Internet connectivity is changing the way consumers engage with content, information and the world around them, and what they may want in the future
- Delve into how the media and entertainment industry can best serve the connected consumer today and in the future
- Online survey conducted in May/June 2018 with a total sample 2,401 consumers ages 18+, matched to US Census and representative of the U.S. adult population of Internet users

The Connected Consumer Market is Large and Multi-faceted.

Consumers see this tech becoming “the new normal”, but not there yet

CONSUMERS CONSIDER IT POPULAR …

52% say it’s already the new “normal”, or makes sense for most people

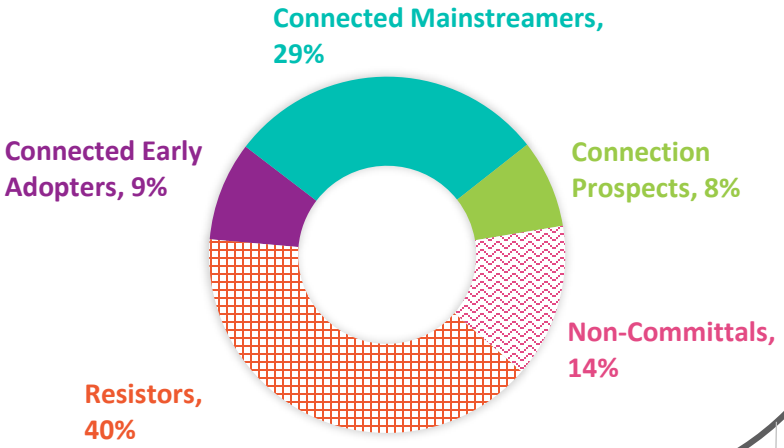
…YET IT’S RARE AMONG THEIR PEERS

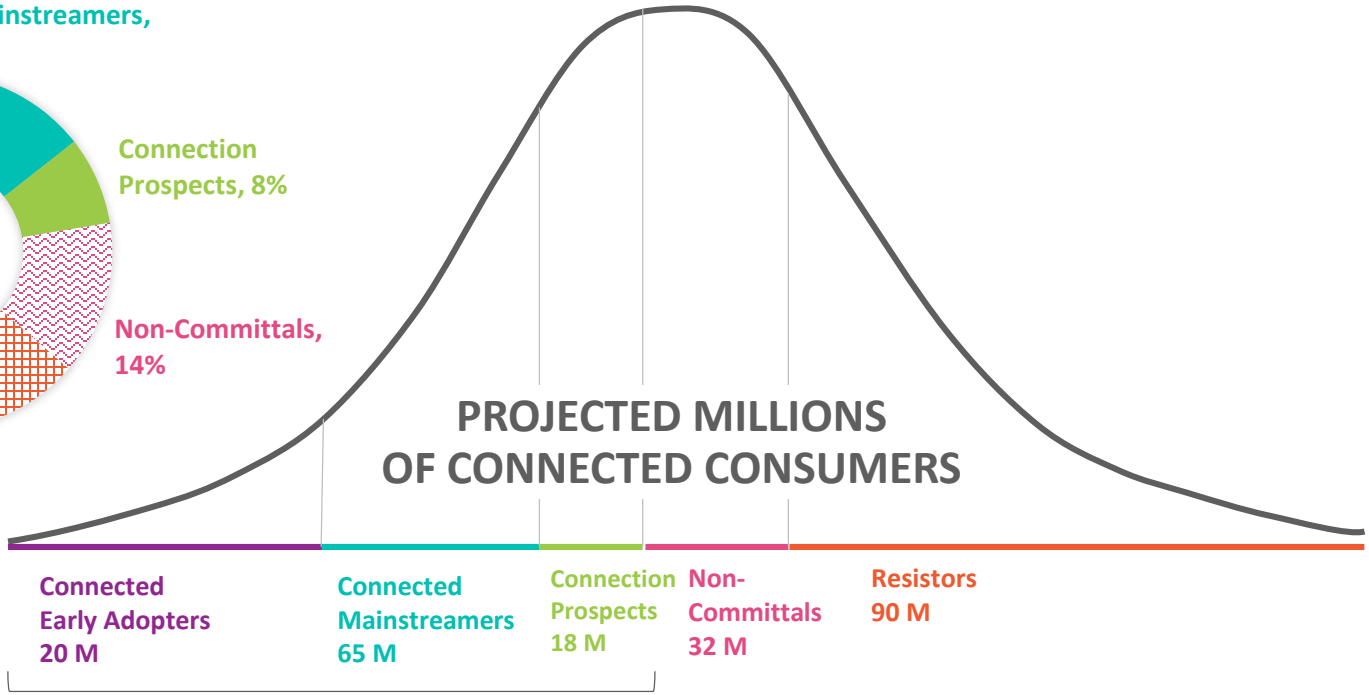
58% say none or only a few of their peers are using it

(…EXCEPT HALF OF CONNECTED EARLY ADOPTERS DO SEE “ALL” OR “MOST” IN THEIR SOCIAL CIRCLE USING SMART HOME DEVICES)

The target market exceeds 100 M U.S. adults

So far, response to connected technologies fits overall tech adoption patterns





CTAM Connected Consumer 2018

Younger adults, especially homeowners and parents, are a key focus.

THE CONNECTED EARLY ADOPTERS

Much more male
Younger
Parents
Homeowners
Heavy Tech + Video

9% OF THE MARKET

31% FEMALE

69% ESP. MALE

ESP. AGES
18-34
(52%, vs. 31% avg)

ESP. KIDS IN HOUSEHOLD
(61%, vs. 31% avg)

ESP. HOMEOWNER
(77%, vs. 57% avg)

PAY TV **89%**
(vs. 74% avg)

HOUSEHOLD INCOME
75K+
(43% vs. 26% avg)

(Less so <40K, 22% vs. 40% avg)

TECH STATUS:
- Smart speakers 67%
- Game Console 82% vs 38%
- Pay TV customers 89% vs 74%
- Satellite 27% vs 20% telco 18% vs 12%
- Home security 69% vs 25%
- 3+ streaming services
- Live TV Weekly+ 91% vs 76%
- OnDemand 76% vs 38%

THE CONNECTED MAINSTREAMERS

Younger Parents Homeowners Mid + Upper $ Streaming Oriented

29% OF THE MARKET

50% FEMALE

50% MALE

ESP. AGES

18-34

(40%, vs. 31% avg)

ESP. KIDS IN HOUSEHOLD

(40%, vs. 31% avg)

ESP. HOMEOWNER

(64%, vs. 57% avg)

PAY TV **79%**

(vs. 74% avg)

HOUSEHOLD INCOME

100K+

(21% vs. 14% avg)

(Less so <40K, 31% vs. 40% avg)

TECH STATUS:

- Have smart home tech
  - Smart speakers 47%, thermostat 32%, cameras 29%, garage door 27%
- Video game console 47% (vs. 38% avg)
- Smart TV 52% (vs. 40% avg)
- Home security 42% (vs. 25% avg)

THE CONNECTION PROSPECTS

More Gen X
Middle Income
Tablets
Streaming Oriented

8% OF THE MARKET

52% FEMALE

48% MALE

ESP. AGES

35-54

(46%, vs. 36% avg)

ESP. KIDS IN HOUSEHOLD

(35%, vs. 31% avg)

ESP. HOMEOWNER

(52%, vs. 57x% avg)

PAY TV **73%**

(vs. 74% avg)

HOUSEHOLD INCOME

20-50K

(40% vs. 31% avg)

TECH STATUS:

- No smart home tech, but intend to buy it within 6 months (esp. speakers)
- Tablet users 65% (vs. 49% avg)
- Video game console 49% (vs. 38% avg)
- Less home phone 44% (vs. 54% avg)
- Less home security 14% (vs. 25% avg)

27% intend to buy (more) connected tech. SOON.

INTEND TO PURCHASE IN THE NEXT 6 MONTHS:

16% Any Smart Speaker

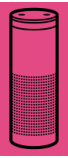
17% Any Connected Smart Home Security device

23% Any Connected Smart Home Solution/Device

44% of Caregivers intend to purchase connected home devices in the next 6 months (vs. 25% of non-Caregivers)

Smart speakers are likely to drive demand and future intent; partnerships and voice-activation integration will be vital

Qualitative 2017:



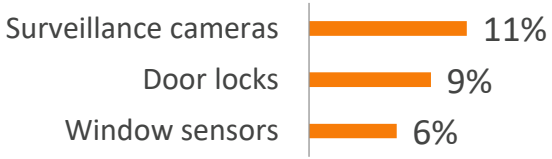
Significant promise in voice controlled digital assistants

Speakers are big & growing, but aren't the whole story.

"Own & Regularly Use"

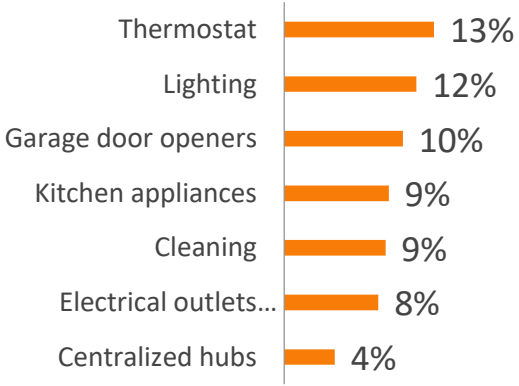
17%

Connected home Security



27%

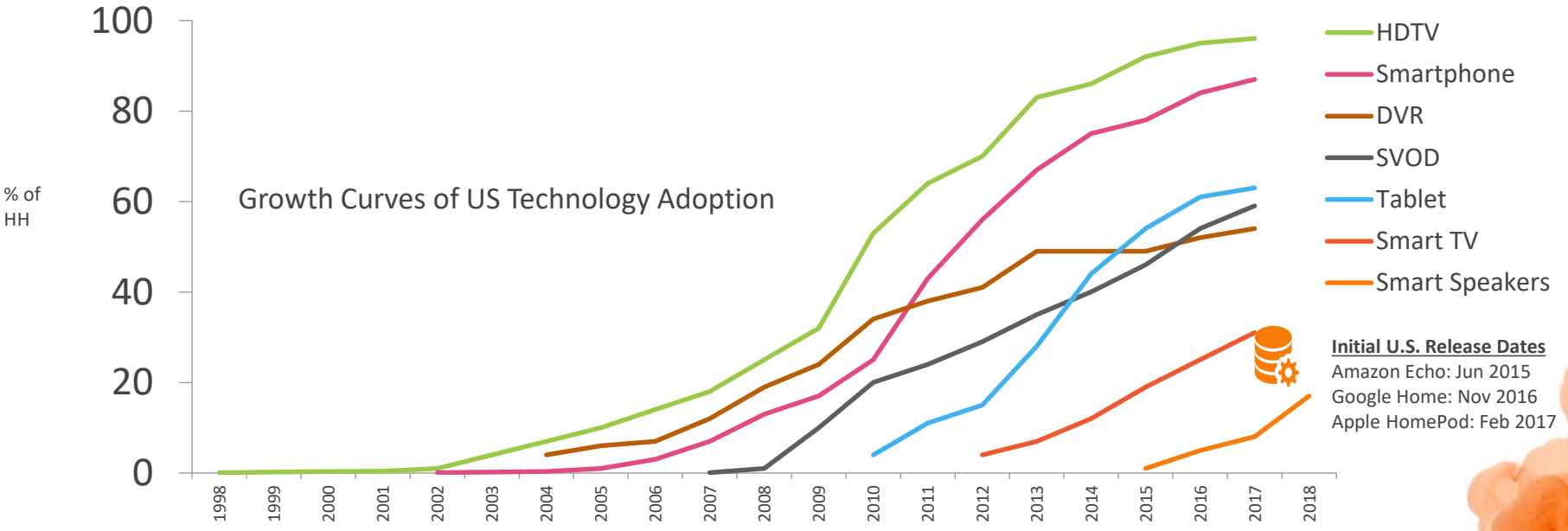
Connected home solutions/ appliances



17%

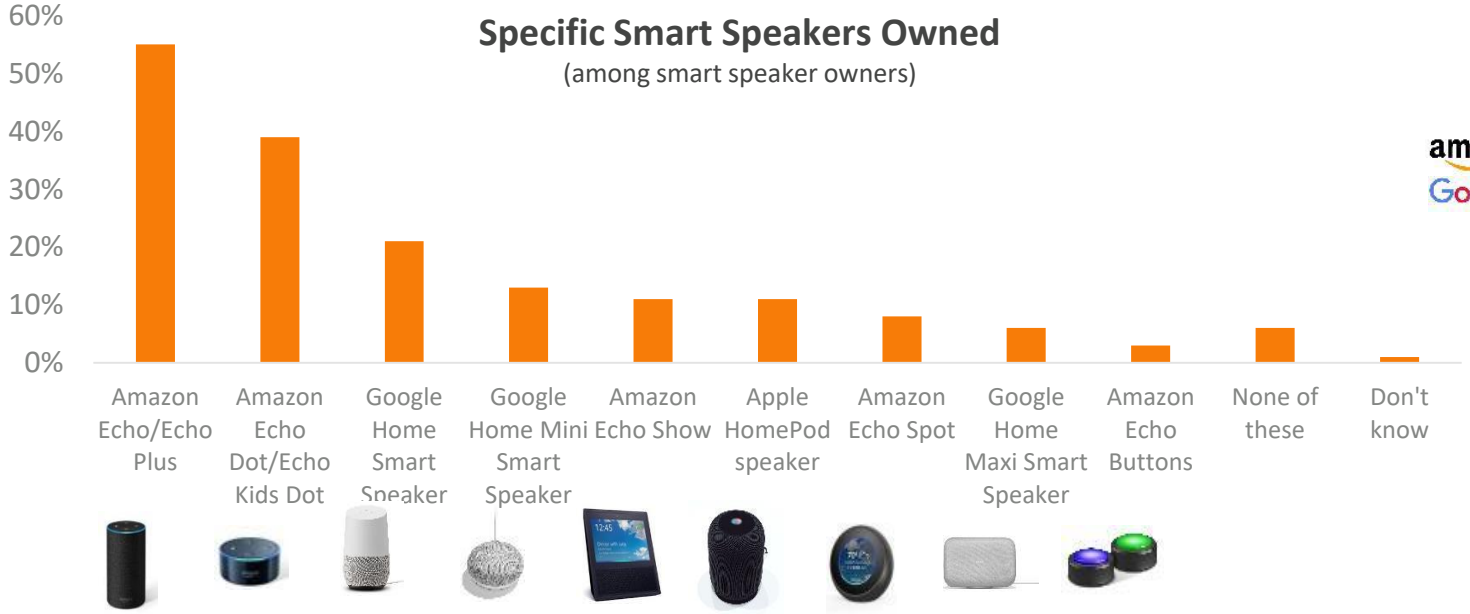
Voice-activated Speakers

Smart speaker growth mirrors recent tech



Initial U.S. Release Dates
Amazon Echo: Jun 2015
Google Home: Nov 2016
Apple HomePod: Feb 2017

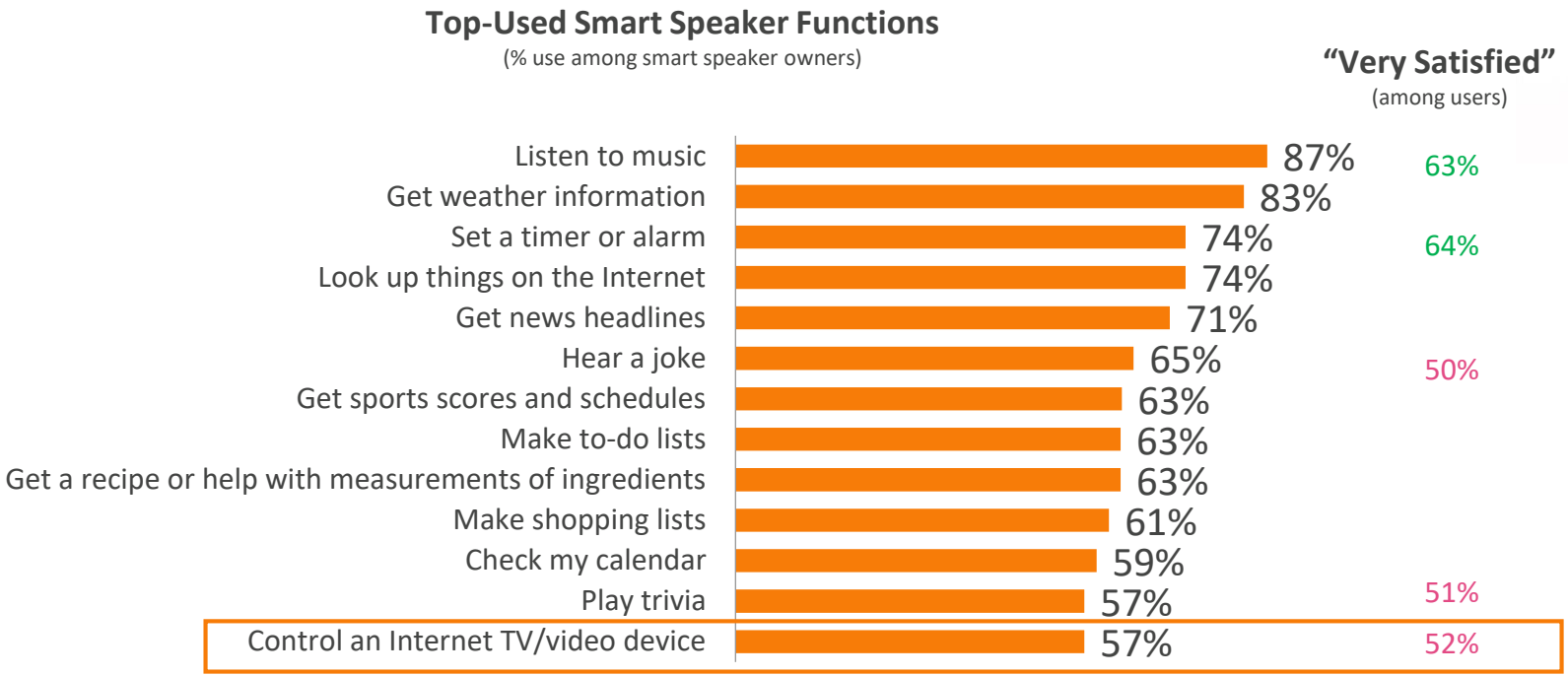
Amazon dominates current smart speaker ownership



	Among Speaker Owners	Among Total
amazon	80%	16%
Google	33%	6%
	11%	2%

Initial U.S. Release Dates
Amazon Echo: Jun 2015
Google Home: Nov 2016
Apple HomePod: Feb 2017

Speaker functions for TV need improving



Top 13 "used" features, in rank order

Smart Speaker owners use or are interested in *many* TV functions

VIEWER ENGAGEMENT

20% to 28% Are Using Smart Speaker "TV or Movie Content" Functions, If not using, most are Sampling or are Interested in using each:

(among smart speaker owners, ranked by % using or sampling)

- Launch streaming apps
- Learn info on a movie or TV show
- Control basic TV functions
- Set TV reminders or alerts
- Pause, play, rewind, and fast forward
- Tune to a specific TV show, movie, or service
- Get recommendations
- Find out when a movie or TV episode will be available
- Pause on one TV or device, resume on another
- Find out new TV shows or movies added to On Demand
- Find out which On Demand shows or movies are the most popular

- Record a TV show or movie
- Play trivia games related to TV or movies
- Provide reviews or summaries
- Skip ahead through the commercials
- Create personalized lists of TV shows or movies

- Play specific scenes on your TV
- Play short clips or bonus content
- Let TV shows/movies customize your home atmosphere
- Jump back 8 seconds to re-watch something

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Connecting to Connected Consumers can mean Enhanced Business.

ACQUISITION

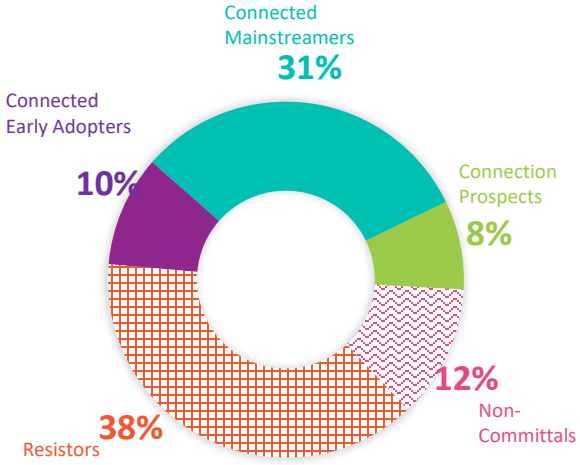
RETENTION

VIEWER ENGAGEMENT

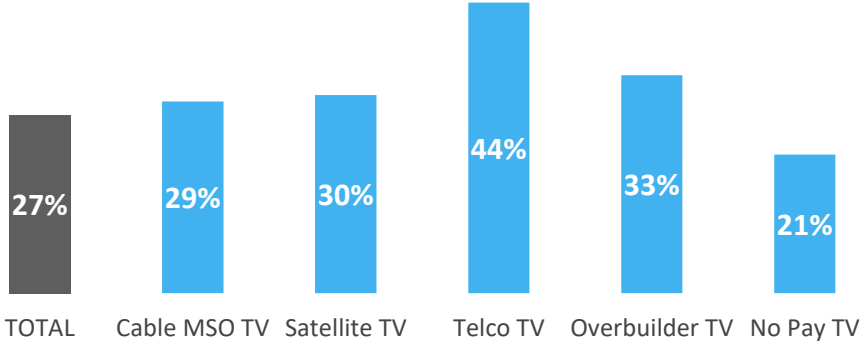
Purchase intent is strong with Pay TV, esp. for Telco TV customers

ACQUISITION

Connected Tech status
among Pay TV customers



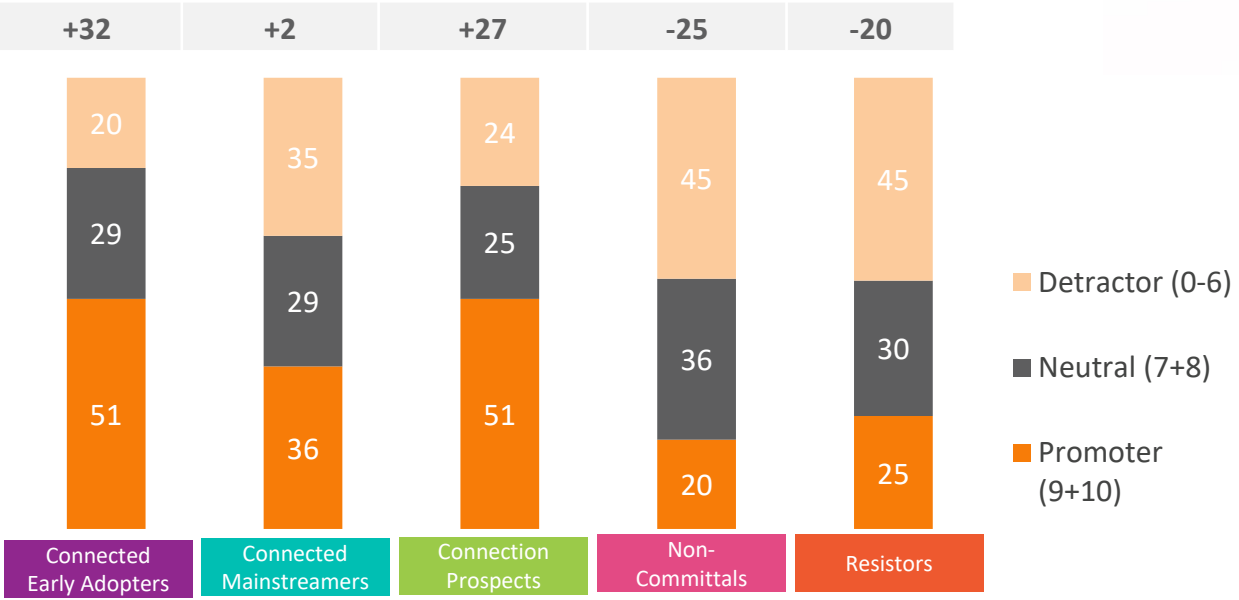
Intend any Connected home device purchase
by MVPD TV Subscription Status



(% intending any additional device Solutions or Security types not yet owned, or Smart speaker whether owned or not)

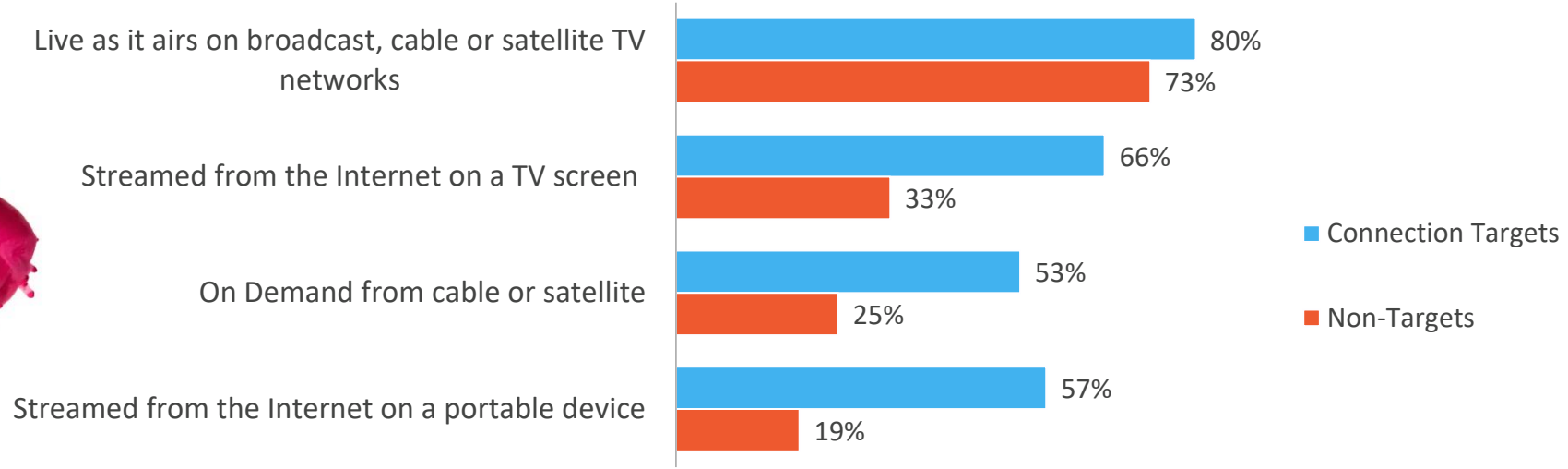
Connected consumers are happy TV customers

RETENTION



Connected consumers are highly video-active

VIEWER ENGAGEMENT

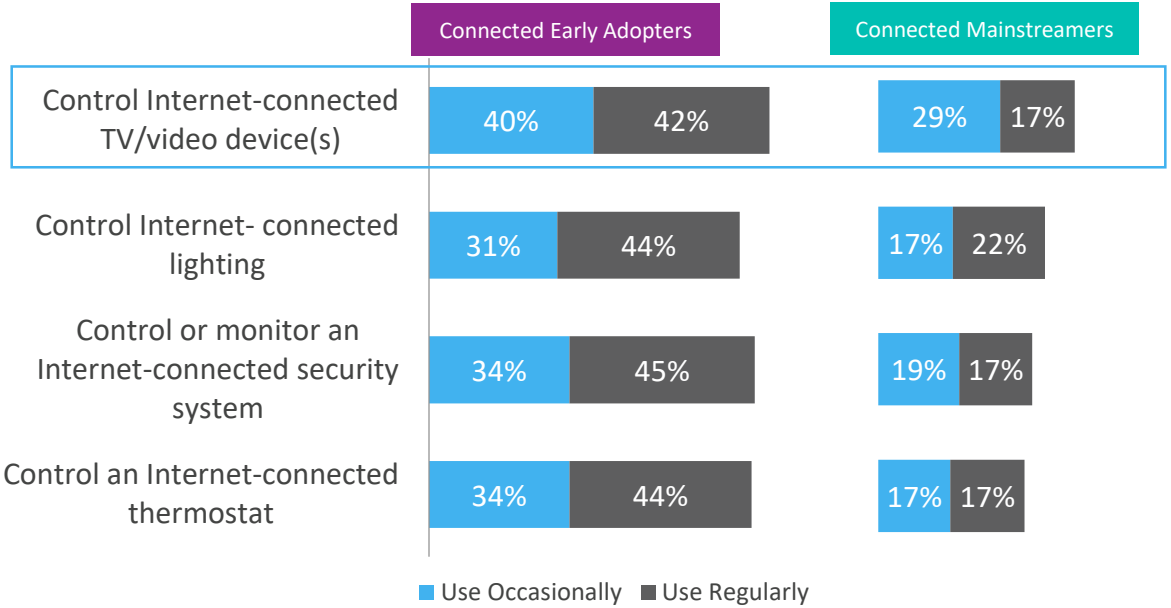


VIEWER ENGAGEMENT

Finding and controlling TV are common desires and functions

Smart Speaker "Control" Functions Used

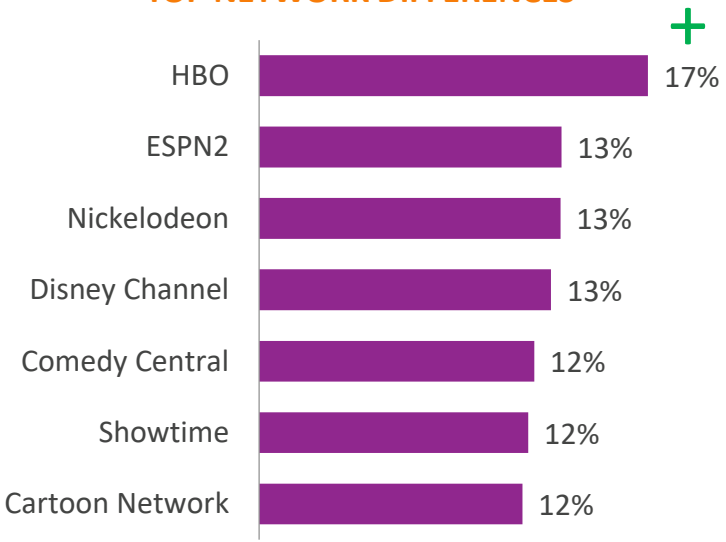
(among smart speaker owners)



TV programmers have an enthusiastic audience in connected consumers

VIEWER ENGAGEMENT

TOP NETWORK DIFFERENCES



+

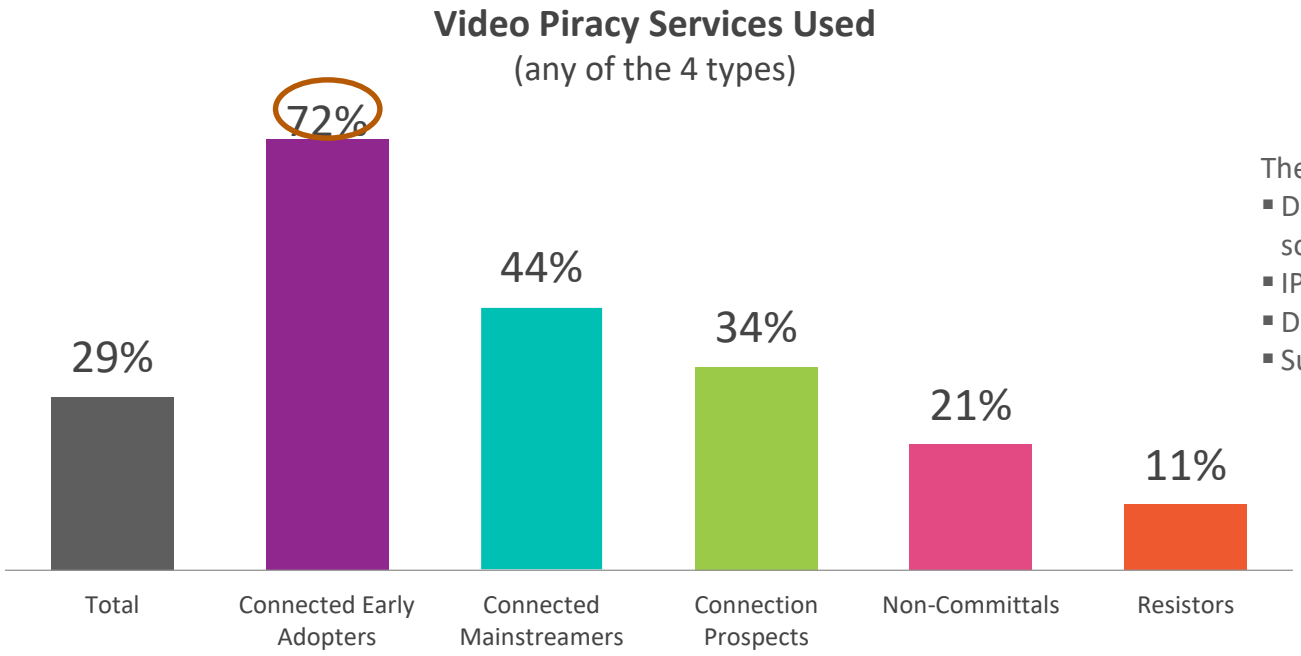
Connected Early Adopters difference in "regularly watch" vs. all others

Providers can still drive value with customers who have experienced pirated content

Qualitative 2017:

Password sharing and impermissible content access will continue

Video piracy is high among connected consumers



The 4 types described were:

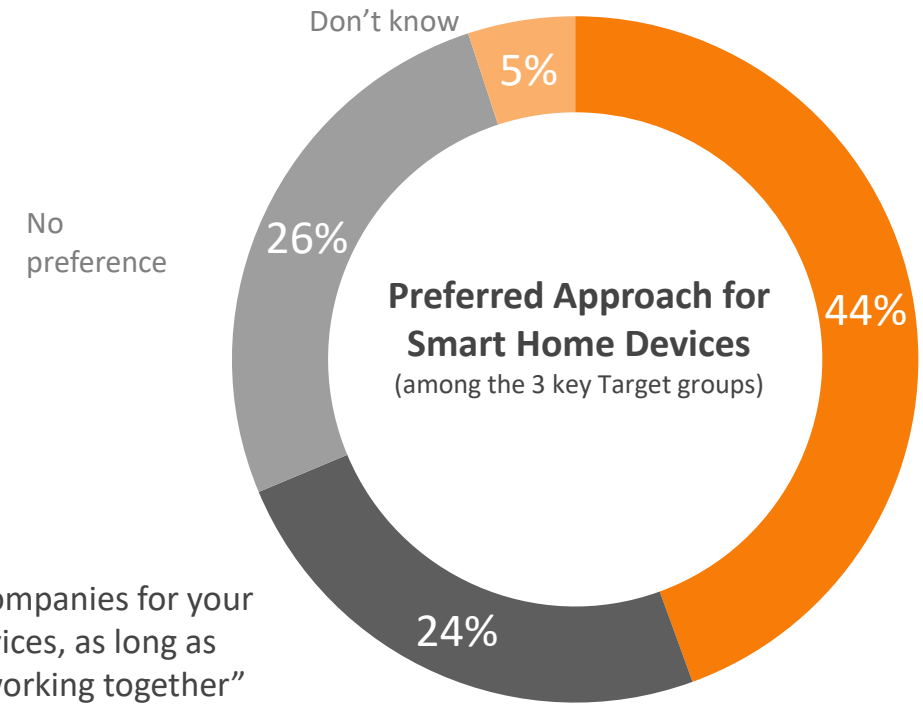
- Devices that come with software
- IPTV subscriptions
- Deals with free programming
- Subscriptions thru SmartTV

Simplicity
is opportunity.

Qualitative 2017:

The best enabler will win

Instinct is to stay with a single company



"Use one company for as many different devices/services as possible, so things will easily work together"

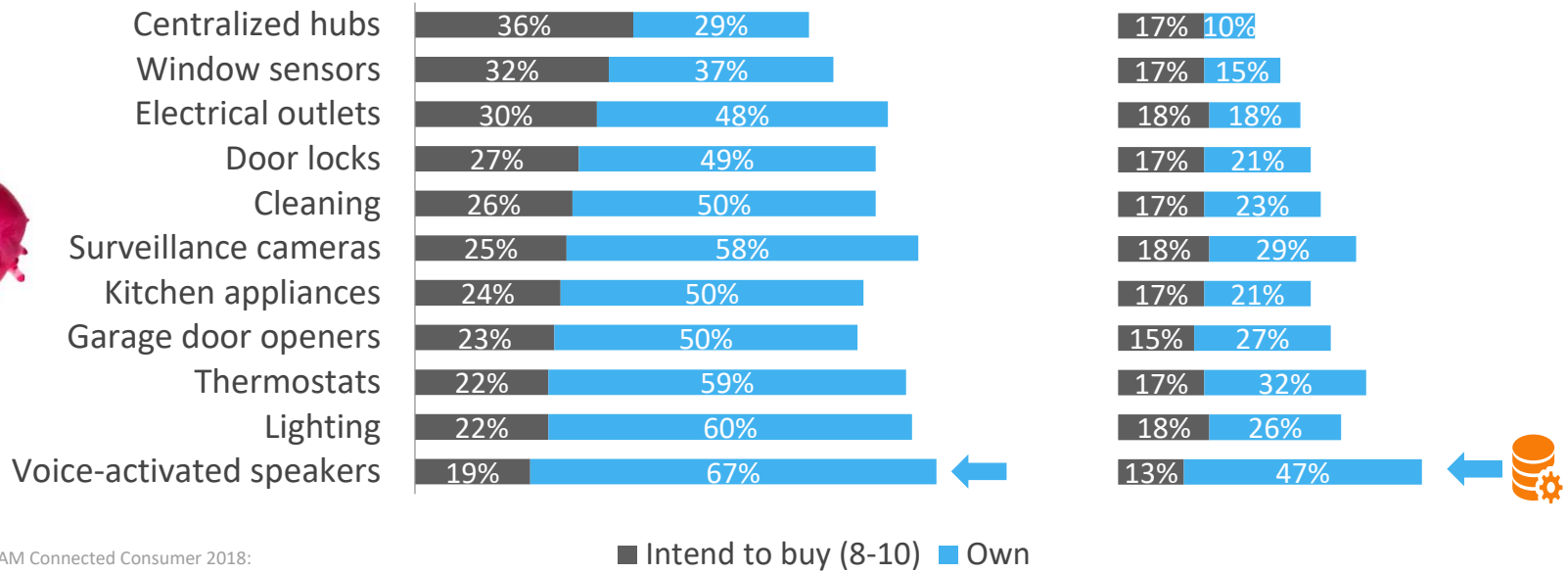
"Choose different companies for your various devices/services, as long as you can get things working together"

Connected Early Adopters want hubs; Connected Mainstreamers are less focused

Connected Home Device Purchase Intent vs. Ownership

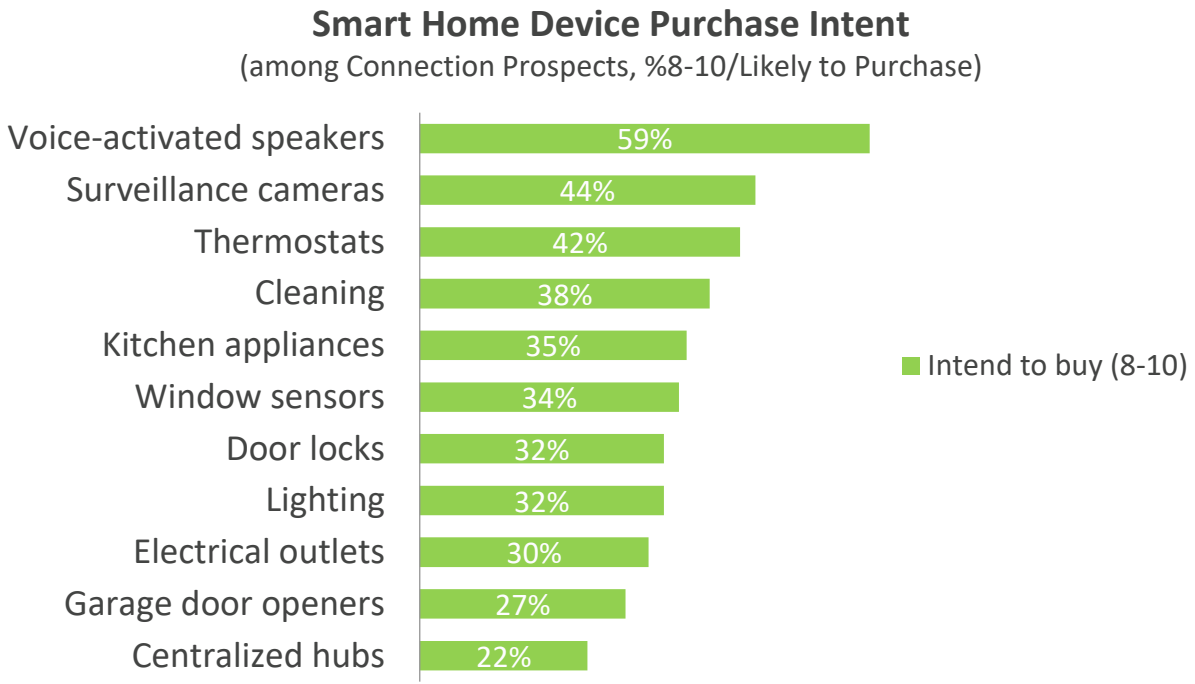
among Connected Early Adopters **84%** intend any

among Connected Mainstreamers **47%** intend any



CTAM Connected Consumer 2018:

Connection Prospects likely to enter via smart speakers



CTAM Connected Consumer 2018:

Strong emotional benefits help market connected solutions - but do vary by device category.

Connected device appeal shifts by type

Top Important Factors/Appeals of Connected Home Devices
(among those who own or are likely to purchase a smart home device)

Overall Brand Choice
- Easy set-up
- Reliability
- Reputation
- Overall savings

Smart Speakers = Part Practical, Part Fun
- Make tasks easier, enjoy looking up facts
- Fun to play with
- Enjoy the feeling of control

Smart Security = Strong Feelings
- Peace of mind, enjoy the feeling of control, freedom to check in from anywhere

Smart Solutions/Appliances = Highly Practical
- Make tasks easier, make me more efficient, save me money
- Also freedom to check in from anywhere

Most smart home consumer targets embrace future “Internet of Intelligence” features

67%
Remotely program and control displays, lighting, etc. to **automatically adjust** to my preferences

58%
Holographic images and information that float in the air

66%
Making my devices, platforms, brands **work seamlessly** together

57%
Intelligent lists that seek and make **recommendations** to me

62%
Put together info from multiple sources I use, to **anticipate** my needs

55%
Devices that get to know and adapt to **me**

%4+5/Interested, among the 3 key Target groups

IMPLICATIONS

1 The Connected Consumer Market is Large and Multi-faceted

2 The recent rapid growth curve should be expected to continue

3 Caregivers remain a great target group for connected solutions

4 Pay TV and connected consumers go hand in hand

5 Natural convergence of the connected solutions vertical and heavy video consumption

6 Smart speakers are likely to drive demand…and voice has definite promise for TV content discovery

7 Simplicity is a core opportunity

8 Strong emotional benefits help market connected solutions - but do vary by device category

9 Providers can still drive value with customers who have experienced pirated content