The State of Online Video is Limelight Networks’ latest in a series of surveys that explores consumer perceptions and behaviors around digital content.
The State of Online Video

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Overview

This report highlights the results of the latest findings in a semi-annual series of consumer surveys of online video viewing habits. This fourth report in our series is based on responses from consumers in the United States and the United Kingdom ranging in age, gender, and education.

- More than three-quarters of respondents reported watching online video weekly
- Television shows are the most popular type of online video content
- Video buffering remains the primary frustration with watching online video
- Nearly 60 percent of people who watch online video subscribe to one or more services
- Consumers in the U.S. who watch online video are much more likely to subscribe to a cable or pay-TV service than consumers in the U.K.
- Cost remains the primary reason for cutting the cord
- Unavailability of sports and other live events online discourages Millennial males from cutting the cord
- Smartphones are increasingly used to view online video
- Consumers utilize many different streaming devices to watch online video on their televisions
- Consumers are willing to accept online advertising if it allows them to not pay for content
- Facebook is the dominant site for consumers to share their video content
**Executive Summary**

Online video viewership continues to grow, as does the number of connected devices for consuming content. More than three-quarters of consumers watch video online each week. More than half of the people who watch online video watch at least two hours per week, with Millennials far exceeding that average. Viewing habits are shifting, as there is an increasing use of a multitude of devices to watch online video both inside and outside the home, ranging from computers and tablets to smartphones and streaming devices such as Roku and Apple TV.

Consumers watch many different types of online content. Younger viewers primarily watch television shows and movies, while older viewers prefer original content from sources such as YouTube as well as news. Viewers find online advertising in video content disruptive. However, they are much more accepting when they have the option to skip the advertising or when it prevents them from having to pay for content.

Half of online video viewers subscribe to a cable or pay-TV service. However, there is an increasing use of subscription video on-demand services, with 60 percent subscribing to one or more services. The increasing price of cable and pay-TV services is the primary reason consumers would consider cutting the cord, but availability of sports and other live events online is becoming increasingly important in that decision.

Consumers expect a high-quality online video viewing experience, regardless of the device they use to access content. Video buffering remains the top frustration with online video viewing, with almost half of online viewers abandoning a video if it stops playing to re-buffer more than twice.
Key Findings

Weekly Online Video Consumption

We surveyed people in the U.S. and U.K. age 18 or older to determine how many total hours of online video they watch each week. The majority (76 percent) of the respondents indicated they watch online video weekly.

![Figure 1: How many total hours of online video do you watch per week? (All respondents)](image1)

We asked respondents who watch online video weekly a further series of questions to learn more about their online viewing habits and preferences.

Of the people who watch online video weekly, more than 50 percent reported watching more than 2 hours per week. Nearly 10 percent reported watching more than 10 hours per week.

![Figure 2: How many total hours of online video do you watch per week? (All respondents who watch online video weekly)](image2)
Men reported watching more online video each week than women. More than 58 percent of men who watch online video reported watching more than two hours each week. Fewer than 45 percent of women watch more than two hours per week.

When breaking out generations, Millennials (age 18-35) reported the highest amount of online viewing, with 16 percent watching more than 10 hours each week.
Television Shows Lead Online Viewing

With so many types of video content available online, we asked respondents to rank the types of content they watch most often. Television shows were the most commonly viewed, followed by original content/YouTube, movies, news, and gaming videos.

![Figure 6: When you watch video online, what type of video do you tend to watch most often? Rank in order of frequency. (All responses)](image)

Online video viewing preferences vary per age group. Millennials watch television shows more than any other content type, followed by movies. Respondents older than 60 ranked original content/YouTube as the primary content they watch online, followed by news.

![Figure 7: When you watch video online, what type of video do you tend to watch most often? Rank in order of frequency. (Millennials)](image)
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To further understand viewing trends, respondents were asked about the typical duration of the content they watch online. Content two to five minutes in duration is viewed more often than any other content length.

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Millennials watch longer content than the overall population, with almost as many Millennials saying they primarily watch content six to 30 minutes long as those who watch content two to five minutes long.
Viewers Remain Frustrated by Video Buffering

We asked respondents to rank which aspect of watching online video they find most frustrating. More than half listed video buffering during playback as the most annoying aspect of online video viewing. This ranking was fairly consistent across age groups and genders in both the U.S. and U.K.

The percentage of respondents who listed video buffering as their primary frustration with online video remains consistent with our first survey in May 2015. However, there has been a notable increase in responses citing video being unavailable for the device they are using as an issue. This increase reflects the fact that consumers have expanded the variety of devices they use for online video viewing and expect content to be easily available regardless of device type.

Figure 11: What is the most frustrating aspect of watching video online? (November 2016)

Figure 12: What is the most frustrating aspect of watching video online? (May 2015)
Buffering Leads to Abandonment of Online Video

How many times can a video pause and buffer during playback before viewers will abandon it and stop watching? More than 78 percent of respondents will stop watching an online video after buffering three times. More than 46 percent say they will stop watching after only the second time the video buffers.

![Figure 13: How many times can an online video buffer before you abandon it?](image)

Subscription Video on Demand

Nearly 60 percent of online video viewers subscribe to one or more subscription video on demand services. More than one-quarter (26 percent) subscribe to two or more services.

![Figure 14: How many pay online video services do you currently subscribe to? (All responses)](image)

There is a notable difference in the subscription rates in the U.S. and U.K. More than 68 percent of U.S. respondents subscribe to a video on demand service, with 34 percent subscribing to more than one service. Less than half (48 percent) of U.K. respondents subscribe to an online video service, with only 16 percent subscribing to more than one service. The availability of high quality public TV in the U.K., where viewers pay a TV License fee, has made it more challenging for subscription video on demand services to reach penetration levels as high as the U.S.²
Figure 15: How many pay online video services do you currently subscribe to? (U.S. responses)

Figure 16: How many pay online video services do you currently subscribe to? (U.K. responses)
Cable and Pay-TV Subscription

Online video viewers were asked if they subscribe to a cable or other pay television operator for their television service. Responses were split evenly between those who subscribe and those who do not.

![Figure 17: Do you currently subscribe to a cable or other pay television operator for your television service? (All responses)](chart)

What was most notable about whether someone subscribed to cable or pay-TV was the split between U.S. and U.K. responses. More than 67 percent of U.S. respondents who watch online video subscribe to a cable or pay-TV service. In the U.K., fewer than 25 percent subscribe to cable or pay-TV, with that number remaining fairly steady.3

![Figure 18: Do you currently subscribe to a cable or other pay television operator for your television service? (U.S. responses)](chart)

![Figure 19: Do you currently subscribe to a cable or other pay television operator for your television service? (U.K. responses)](chart)
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Cost Remains the Primary Factor in Deciding to Cut the Cord

Online video viewers who currently subscribe to cable or another pay-TV service were asked to choose the primary reason they would decide to terminate their subscriptions. As in our previous surveys, “When the provider increases the price” was chosen more than any other reason, with more than 41 percent saying it would be the primary reason to terminate their pay-TV service. More than 24 percent of respondents chose “When I can directly subscribe to the channels I want online.”

![Figure 20: Under what circumstance would you terminate your cable or pay-TV subscription? (All responses)](image)

Nearly 20 percent of Millennial males said they would terminate their current pay television service “When more sports and other live events become available online,” making it the second highest response in that demographic. Millennials are increasingly expecting live content to be available on any online or mobile device and are willing to pay for streaming sports programming.4

![Figure 21: Under what circumstance would you terminate your cable or pay-TV subscription? (Millennial males)](image)
Smartphones Continue to Grow in Popularity for Online Viewing

Respondents were asked to rank which device they primarily use to watch online video. As in previous surveys, a computer or laptop remains the primary device.

Since our first survey in May 2015, the number of people using a computer or laptop as the primary viewing device has dropped while the use of a smartphone has risen significantly. This trend indicates an increase in online video viewing throughout the day using a mobile device, rather than restricting online viewing to times of the day when a computer or laptop is available. Smart TV usage has remained flat, with many viewers preferring the ease of use of finding content using a keyboard on a computer or mobile device, rather than the standard remote control for a typical smart TV.5

For Millennials, the smartphone continues to be the dominant device for online viewing, highlighting the importance of a mobile strategy for advertisers targeting this key demographic.6
Consumers Utilize Many Different Streaming Devices

Respondents were asked to select all devices they use to watch online video on a television set. More than 70 percent indicated they use one or more online streaming devices, with almost 29 percent utilizing a smart TV for online viewing. Many other online streaming devices are also being commonly used.

There were notable differences in the use of online streaming devices by U.S. respondents compared to U.K. respondents. Fewer than 28 percent of U.S. respondents said they do not use an online streaming device, compared to more than 35 percent of U.K. respondents who do not use a streaming device. Use of the various streaming appliances in our survey was higher in the U.S. than in the U.K., with the use of Roku, Apple TV and DVR with online streaming significantly higher in the U.S. than in the U.K.
**Viewers Are More Accepting of Online Advertising in Free Content**

Respondents were asked to answer a series of questions related to their views about advertising in online video content. Not surprisingly, more than 71 percent said they find online advertising disruptive. Seventy-five percent indicated they were okay with online advertising as long as they had the option to skip it. Only 31 percent responded they were okay with online advertising if they were interested in the content. More than 59 percent indicated they are okay with advertising if it prevents them from having to pay for content.

The survey results indicate that just as advertising has long been accepted in broadcast television in the U.S. and increasingly in the U.K. as a way to subsidize the cost of free content, consumers are willing to accept advertising in online video to help make content free. However, when they are paying to view online content, they expect it to be commercial free.

![Figure 28: How do you feel about advertising in online video? (All responses)](image)

<table>
<thead>
<tr>
<th>Perception</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>I find it disruptive</td>
<td>71.14%</td>
<td>23.03%</td>
<td>5.83%</td>
<td>1,750</td>
</tr>
<tr>
<td>It's okay as long as I can skip it</td>
<td>75.14%</td>
<td>19.74%</td>
<td>5.12%</td>
<td>1,758</td>
</tr>
<tr>
<td>It's okay as long as I'm interested in it</td>
<td>31.02%</td>
<td>41.11%</td>
<td>27.87%</td>
<td>1,744</td>
</tr>
<tr>
<td>I'm okay with it if it prevents me from having to pay for content</td>
<td>59.52%</td>
<td>30.39%</td>
<td>10.09%</td>
<td>1,754</td>
</tr>
</tbody>
</table>
Millennials are more tolerant of online video advertising than the general population, with almost 67 percent willing to accept it if it prevents them having to pay for content.

**Figure 29: How do you feel about advertising in online video? (Millennials)**

<table>
<thead>
<tr>
<th>Statement</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>I find it disruptive</td>
<td>68.10%</td>
<td>25.08%</td>
<td>6.83%</td>
<td>630</td>
</tr>
<tr>
<td>It’s okay as long as I can skip it</td>
<td>73.14%</td>
<td>21.48%</td>
<td>5.37%</td>
<td>633</td>
</tr>
<tr>
<td>It’s okay as long as I’m interested in it</td>
<td>35.39%</td>
<td>42.02%</td>
<td>22.59%</td>
<td>633</td>
</tr>
<tr>
<td>I’m okay with it if it prevents me from having to pay for content</td>
<td>66.72%</td>
<td>24.92%</td>
<td>8.36%</td>
<td>634</td>
</tr>
</tbody>
</table>
**Facebook is the Leading Site for Sharing Online Videos**

Respondents were asked how likely they are to share their videos online. Less than one-third reported they currently share videos online or are likely to share their videos.

**Figure 30:** How likely are you to share your videos online?  
(All responses)

<table>
<thead>
<tr>
<th>Response</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>I already do this today</td>
<td>12.48%</td>
</tr>
<tr>
<td>Likely</td>
<td>19.73%</td>
</tr>
<tr>
<td>Not likely</td>
<td>47.16%</td>
</tr>
<tr>
<td>I would never do this</td>
<td>20.63%</td>
</tr>
</tbody>
</table>

Respondents who watch the most online video are the most likely to share videos online. More than 44 percent of respondents who watch seven or more hours online each week reported they currently share videos online or are likely to share their videos.

**Figure 31:** How likely are you to share your videos online?  
(People who watch seven or more hours of online video each week)

<table>
<thead>
<tr>
<th>Response</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>I already do this today</td>
<td>21.13%</td>
</tr>
<tr>
<td>Likely</td>
<td>23.51%</td>
</tr>
<tr>
<td>Not likely</td>
<td>40.77%</td>
</tr>
<tr>
<td>I would never do this</td>
<td>14.58%</td>
</tr>
</tbody>
</table>
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Of those people who reported sharing videos online, Facebook was the predominant location. More than 81 percent of respondents said they share their online videos on Facebook.

![Chart showing the percentage of responses for different video sharing platforms.](image)

**Figure 32:** Where do you most often share your online videos? (Select all that apply. All responses)
Conclusions

To provide consumers with an optimized online video viewing experience, content distributors must consider the following guidelines.

Make Content Available on Any Device

Viewers use multiple device types to access video content throughout the day. While a computer or laptop remains the primary device most viewers use to watch video online, smart televisions, streaming devices, smartphones, and tablets are increasingly being utilized. Content distributors need an infrastructure that is designed to easily create and distribute content in multiple formats and bit rates in order to reach and maintain the widest possible audience. This is particularly important when streaming sports and other live events, as this type of content is becoming even more important to younger viewers who expect the same quality of viewing experience on their mobile devices as they do over their home broadband network. Utilizing a content delivery network (CDN) that is designed to easily and reliably transcode and transmux video content for global delivery for on demand workflows as well as live streaming to many different devices and operating systems over varying network speeds can help ensure viewers will remain engaged.

Integrate Advertising into Program Content

Consumers find advertising to be very disruptive to the online video viewing experience. However, they are more accepting of video advertising when they are presented with the option to skip it or when they know the advertising is making it possible to view the content without having to pay. Advertising should be integrated into the body of the content whenever possible, rather than just running as a pre-roll before the content. Just as most commercial linear broadcasters place the first advertising break after the initial program segment in order to get viewers interested in the program before cutting away to commercial, online advertising should be integrated as an interstitial or placed after an initial program segment. When advertising precedes the beginning of the program, viewers should have the opportunity to skip the advertisement after a brief period of time so they can access the content.

Make Content Easy to Find

Enabling consumers to easily discover video content is critical. Have metadata available for recommendation engines to use to personalize user searches, presenting new content for consumption so they don’t have to find it on their own. Frequently add new video to your site to keep viewers coming back for more, improving your brand.
Appendix—Demographics

Age

<table>
<thead>
<tr>
<th>Age Range</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-25</td>
<td>15.96%</td>
</tr>
<tr>
<td>26-35</td>
<td>19.84%</td>
</tr>
<tr>
<td>36-45</td>
<td>19.06%</td>
</tr>
<tr>
<td>46-60</td>
<td>27.15%</td>
</tr>
<tr>
<td>Over 60</td>
<td>17.99%</td>
</tr>
</tbody>
</table>

*Figure 33: How old are you?*

Gender

<table>
<thead>
<tr>
<th>Gender</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>47.55%</td>
</tr>
<tr>
<td>Female</td>
<td>52.45%</td>
</tr>
</tbody>
</table>

*Figure 34: What is your gender?*
Methodology

This survey was fielded by a third-party company with access to both U.S. and U.K. consumer panels. A total of 1,779 respondents reported watching online video weekly. This survey focused on their responses. Based on the sample size, the survey has a margin of error of approximately 3.1 percent. Due to changes in survey methodology, some results from this survey cannot be directly compared to previous surveys in this series.

About Limelight Networks

Limelight Networks Inc., (NASDAQ: LLNW), a global leader in digital content delivery, empowers customers to better engage online audiences by enabling them to securely manage and globally deliver digital content, on any device. The company’s award winning Limelight Orchestrate™ Platform includes an integrated suite of content delivery technology and services that helps organizations secure digital content, deliver exceptional multi-screen experiences, improve brand awareness, drive revenue, and enhance customer relationships — all while reducing costs. For more information, please visit www.limelight.com, read our blog, follow us on Twitter, Facebook and LinkedIn and be sure to visit Limelight Connect.

3 http://www.barb.co.uk/tv-landscape-reports/tracker-uk-households-by-tv-platform/
5 https://www.ofcom.org.uk/_data/assets/pdf_file/0029/68816/km_report.pdf