Frank N. Magid Associates, Inc.

Magid Media Futures™: Online Video Reaches New Heights In Digital Nation 2011

Including excerpts from Metacafe Viewership Study 2011

Sponsored by:

metacafe

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Frank N. Magid Associates, Inc.

- Frank N. Magid Associates has been a leading research-based strategic consulting firm in the media, entertainment and communications industries for over 50 years. We interviewed over 1 million consumers by phone, online, and in-person in 2010 and conducted thousands of B2B executive and professional interviews.

- At the core of our work is our intense study of consumer behaviors and attitudes towards all aspects of communication and entertainment. Our staff has deep operational experience in all media platforms. These insights and experience form the nucleus of our operational and strategic consulting services.

- Magid has been instrumental in the success of hundreds of TV stations, networks, cable operators, game companies, wireless entities, newspapers, web sites and other media assets.

- Magid Advisors, the strategy and investment consulting group, has worked with public and private media companies in overhauling corporate strategies, advising investment firms on prospective investments, and conducting major due diligence efforts.

Magid is regularly featured in the press, including in these publications in 2010.

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Magid Media Futures™ Practice

- Consulting service for Magid clients to help analyze, determine, and implement product and marketing strategies
- Nationally representative online survey of 2,482 people, ages 8 to 64. The study evaluates attitudes and behaviors of media and entertainment consumers.
- Data were collected from April15 through April 20, 2011.
- A high quality online research panel and data collection firm was used for recruitment and data collection.

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The Major Stories In Online Video 2011

- **Up, up, up:** Online video viewing continues to surge year-over-year
  - 23% watch online video daily (up from 13% in 2010)
  - 57% watch online video weekly (up from 50% in 2010)
  - 82% watch online video ever (up from 76% in 2010)
  - Not one demo 8-64 among males and females had a decline in online video viewing year-over-year
- **Time spent watching online video also increasing:** Weekly plus online video viewers said they watched about an hour more of online video every week (5.6 hours) compared to last year
- **Even more growth expected:** Online video consumption is expected to rise a net +4% over the next 12 months, raising viewership to new heights
- **Short-form consumption remains pivotal to online video culture:** Short-form continues to show dominance in online video, but full-length movies and TV have grown over the past year.
  - 88% of online video consumers watch short, professional clips regularly
  - 30% of online video viewers are now watching video on a device other than a laptop

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Overview of Key Findings

- **Gather around the computer, everyone:** The PC/laptop is the top device consumers can't live without and is approaching TV as the primary entertainment medium in the household. Among Males 18-34 the PC/laptop is not only the top device they can't live without but also the primary entertainment medium.

- **Internet on the TV gains traction in a convergence culture:** A significant percentage of people are watching TV connected to the Internet, especially among the highly coveted M18-34 demo and many more want to.
  - Connected consoles driving nascent video consumption patterns

Excerpt from the Metacafe viewership study:

- **Metacafe delivers the premium online video audience to advertisers:**
  - 79% are M18-34, the most active and prized group in online video
  - Metacafe audience spends more cash on everyday purchases like restaurants and beverage as well as big ticket items like consumer electronics when compared to the national online video audience.
  - Metacafe viewers are major consumers of media from video games to movies and are taste makers who hold a significant influence on friends and family members

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Online Video Reaches New Heights In 2011

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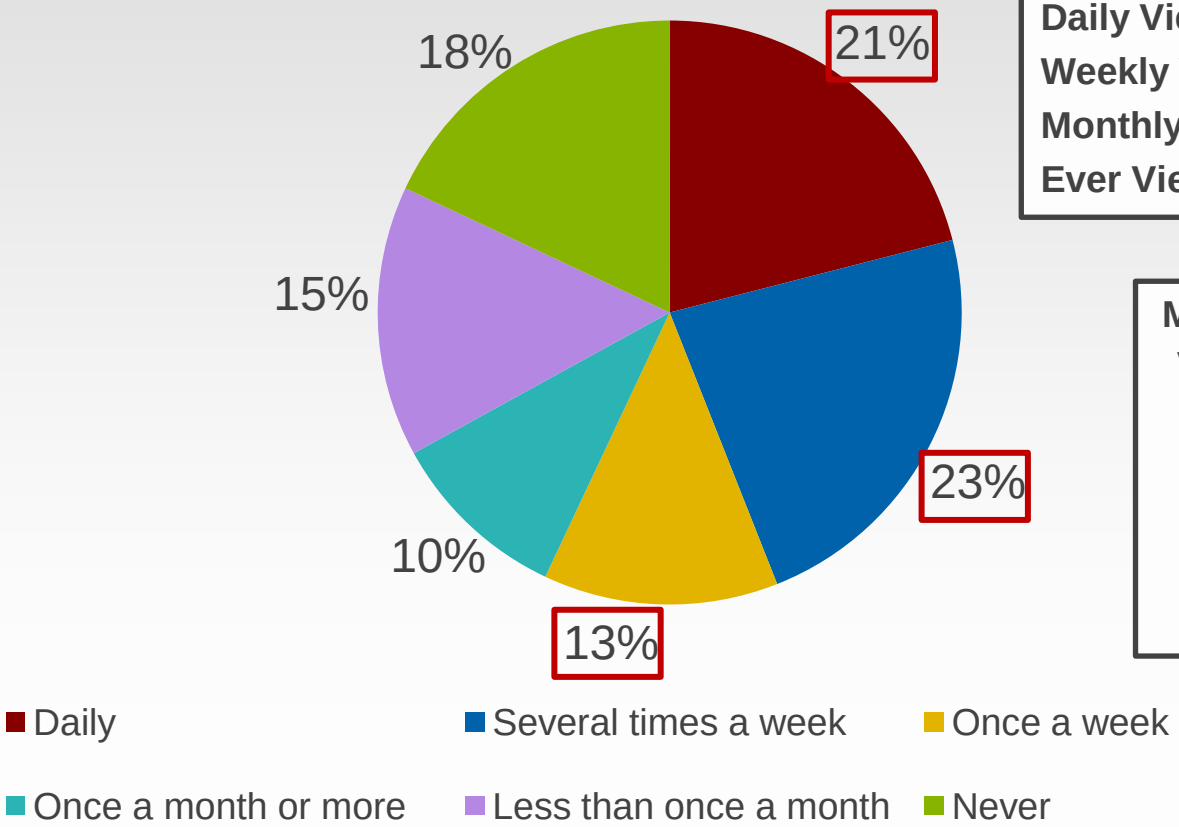
Online Video Reaches A Critical Mass With 57% Of Internet Users Watching Online Videos Weekly Or More



Daily Viewing: 21%
Weekly Viewing: 57%
Monthly Viewing: 67%
Ever View: 82%

Mean time spent watching online video among weekly+ viewers :

Overall 2011: 5.6 hrs/week

Males 18-34 2011: 7.8 hrs/week

Overall 2010: 4.6 hrs/week

Base: Total respondents, 8-64. N=2482
Q. 85 About how often would you say you watch **any type of video content online** on a computer?

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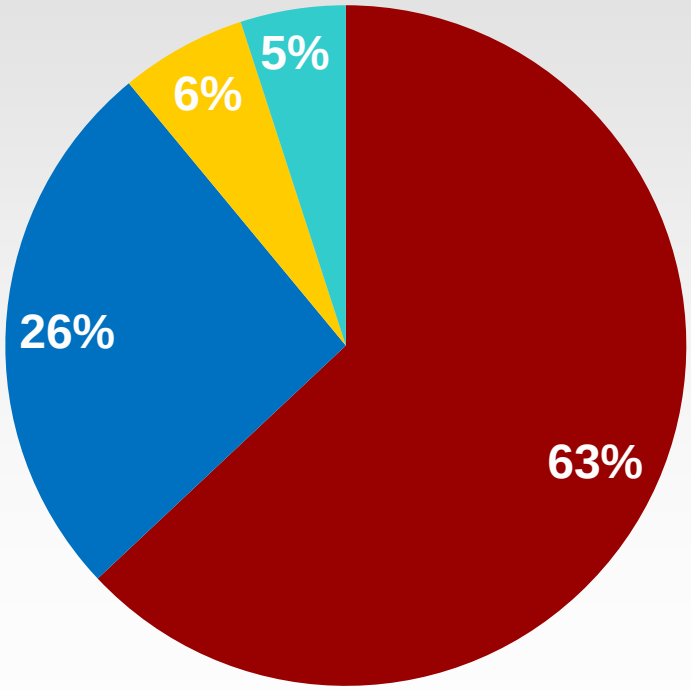
63% of Metacafe Viewers Watch Online Video Once A Day or More



Daily Several times a week Once a week Once a month or more

Daily Viewing: 63%
Weekly Viewing: 95%

Average time spent watching online video per week:

Metacafe sample:	**10.4 hrs/week**
Daily video viewers:	**11.7 hrs/week**
Males:	**10.3 hrs/week**
Females:	**10.6 hrs/week**
18-24:	**9.9 hrs/week**
25-34:	**10.9 hrs/week**

Base: Metacafe sample: respondents N=520
Q. 1 About how often would you say you watch **any type of video content online** on a computer?
Q. 2 About how much time do you spend **watching online video in a typical week?** If you are not sure, please give your best estimate to the nearest hour.

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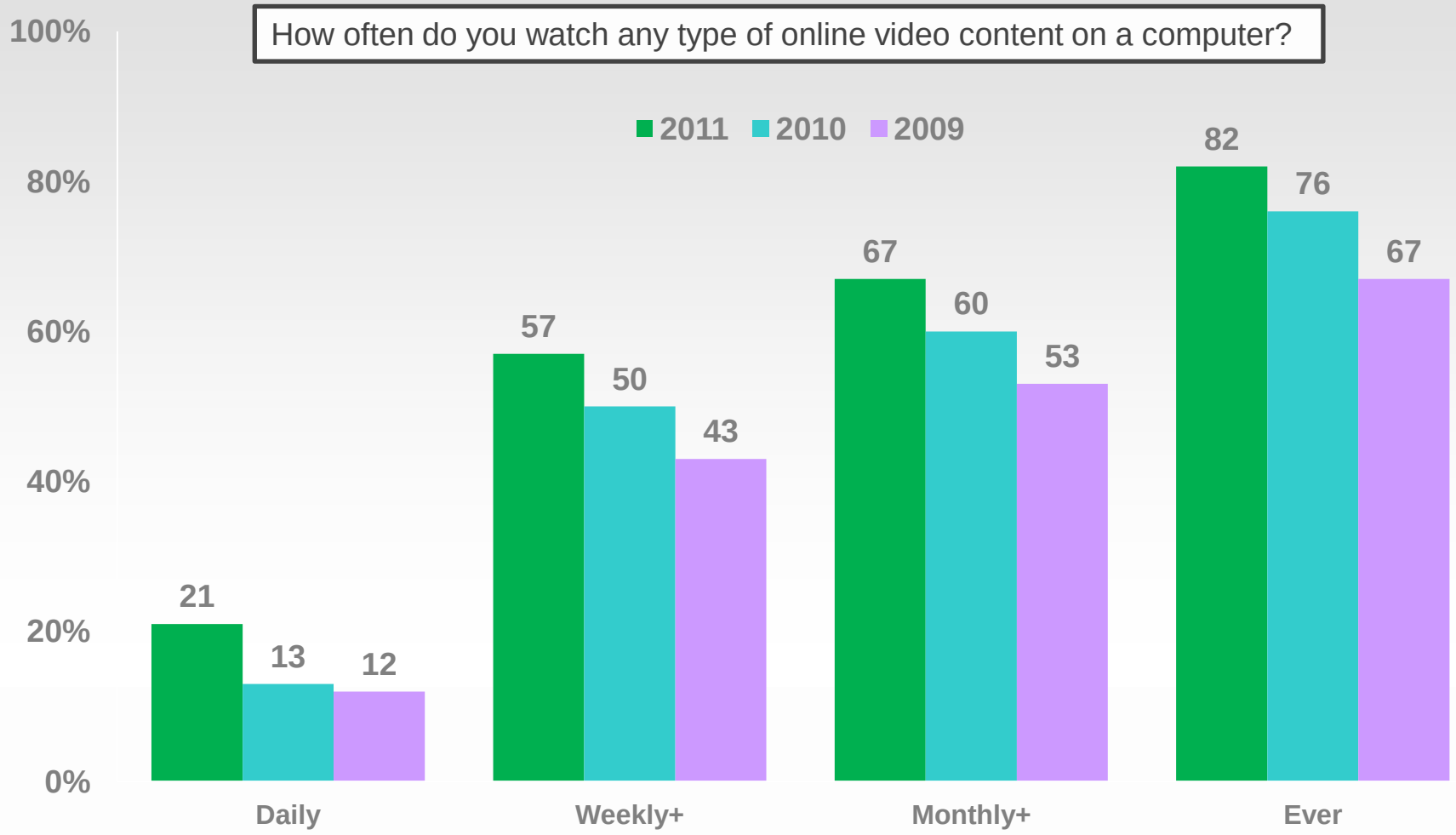
The Number of Consumers Viewing Online Video and the Frequency of Viewing Continues To Grow At A Strong Pace



*Weekly+=Once per week or more, including daily; **Monthly+=Once per month or more, including weekly and daily. Base=Total sample, N=2482.
Q85 About how often would you say you watch any type of video content online on a computer?

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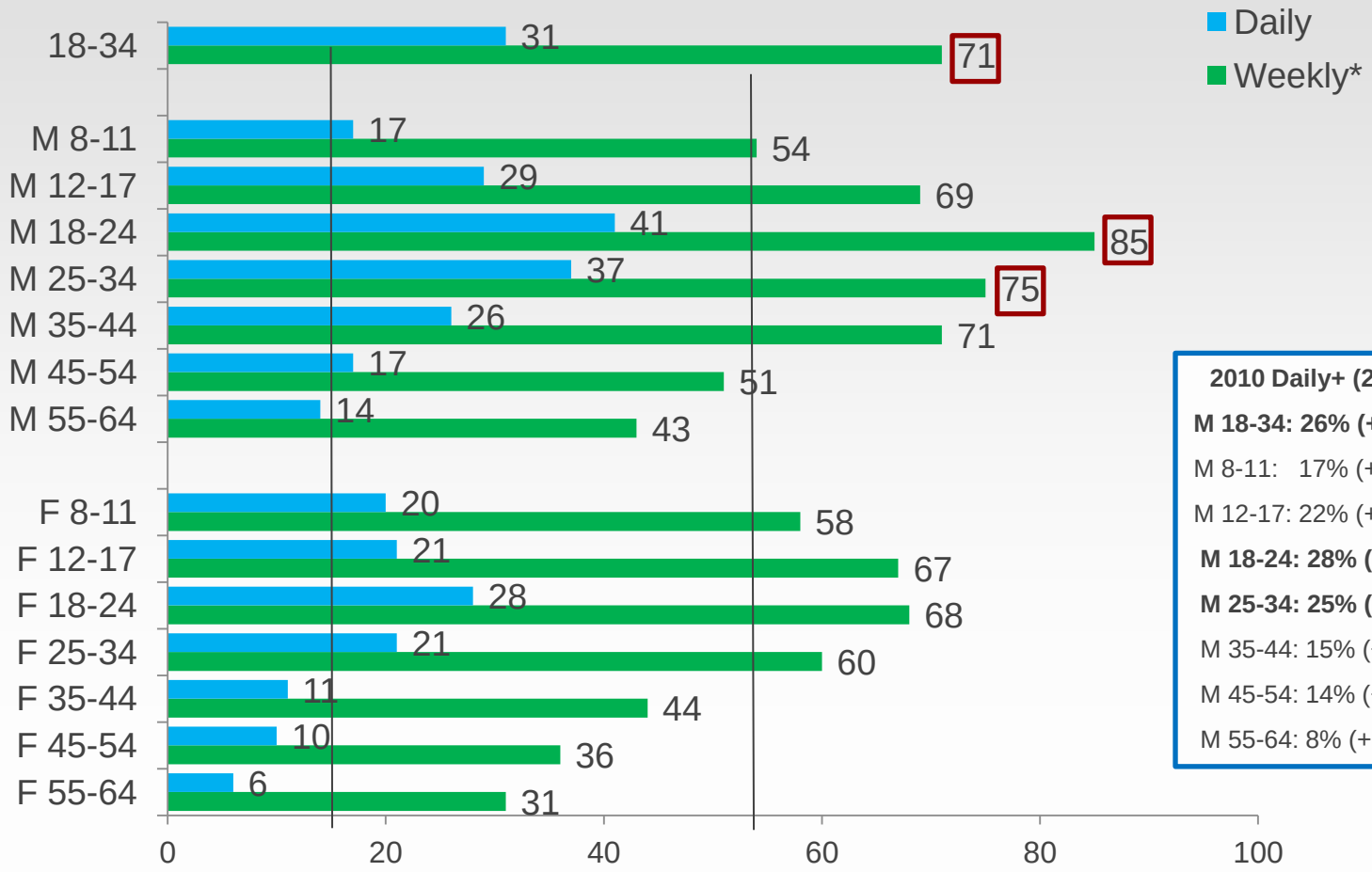
Online Video Viewership Jumps In All Demos Year-To-Year; Males 18-34 Most Likely To Watch Daily And Weekly Plus



2010 Daily+ (2011 difference):

M 18-34: 26% (+13%)

M 8-11: 17% (+/- 0)

M 12-17: 22% (+7%)

M 18-24: 28% (+13%)

M 25-34: 25% (+12%)

M 35-44: 15% (+11%)

M 45-54: 14% (+3%)

M 55-64: 8% (+6%)

Base: Total respondents, 8-64. N=2482
Q. 86 About how often would you say you watch **any type of video content online** on a computer?

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Weekly+ Online Video Viewer: Skews Male, with 38% in the Highly Coveted 18-34 Demo

	% online video viewer (composition)
N-Size	*1,405 (57% of total population)*
Male	56%
Female	44%
8-11	7%
12-17	13%
18-24	17%
25-34	21%
35-44	18%
45-54	15%
55-64	9%

Base: Weekly or more online video viewers, 8-64. N=1,405
Q. 85 About how often would you say you watch **any type of video content online** on a computer?

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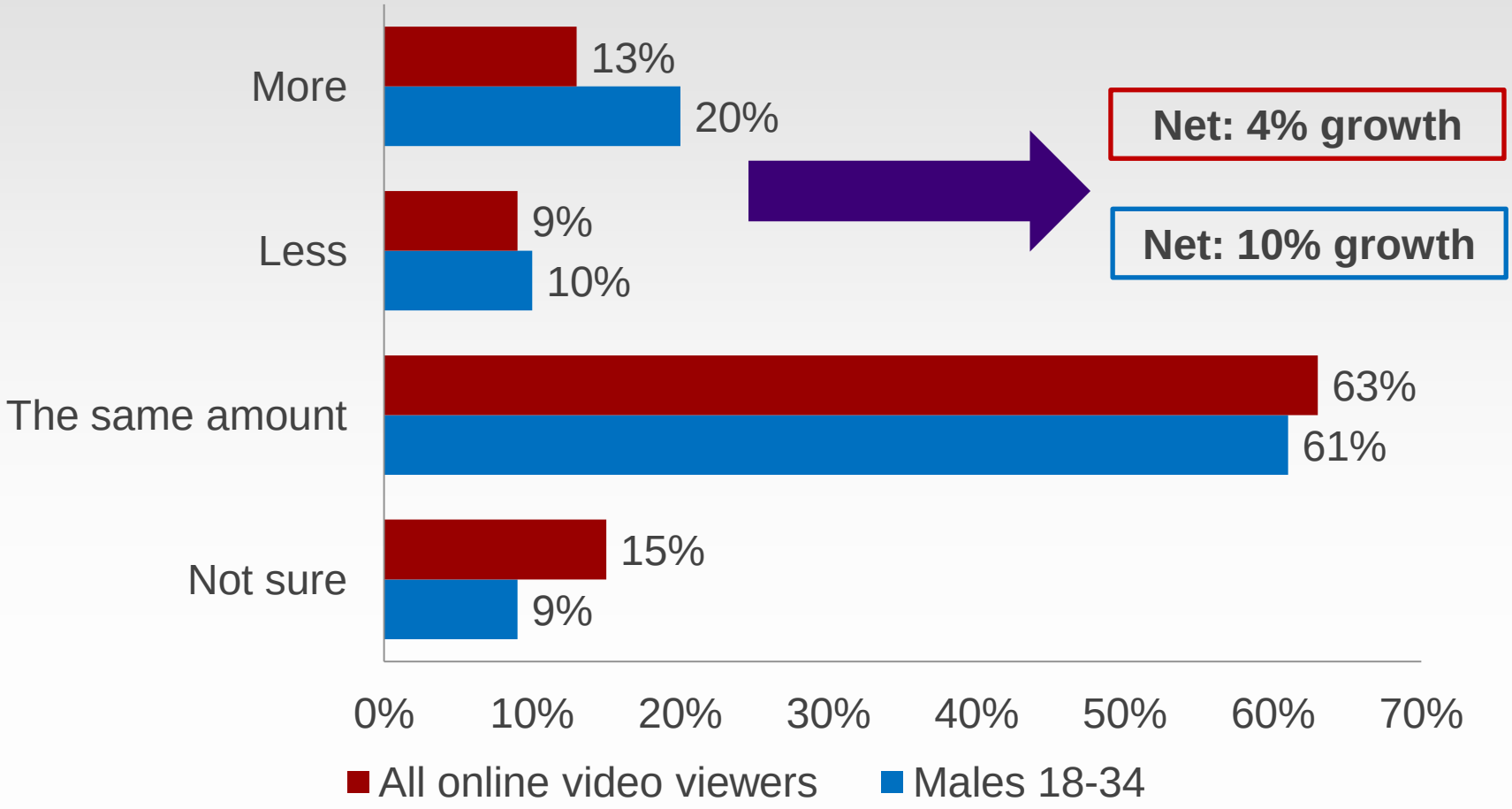
Males 18-34 Leading In Online Video Viewership Growth



Base: those online video viewers who watch any type of video content on a computer N=2027
Q.86.3 Do you intend to spend more, less or the same amount of time watching online videos in the next 12 months?

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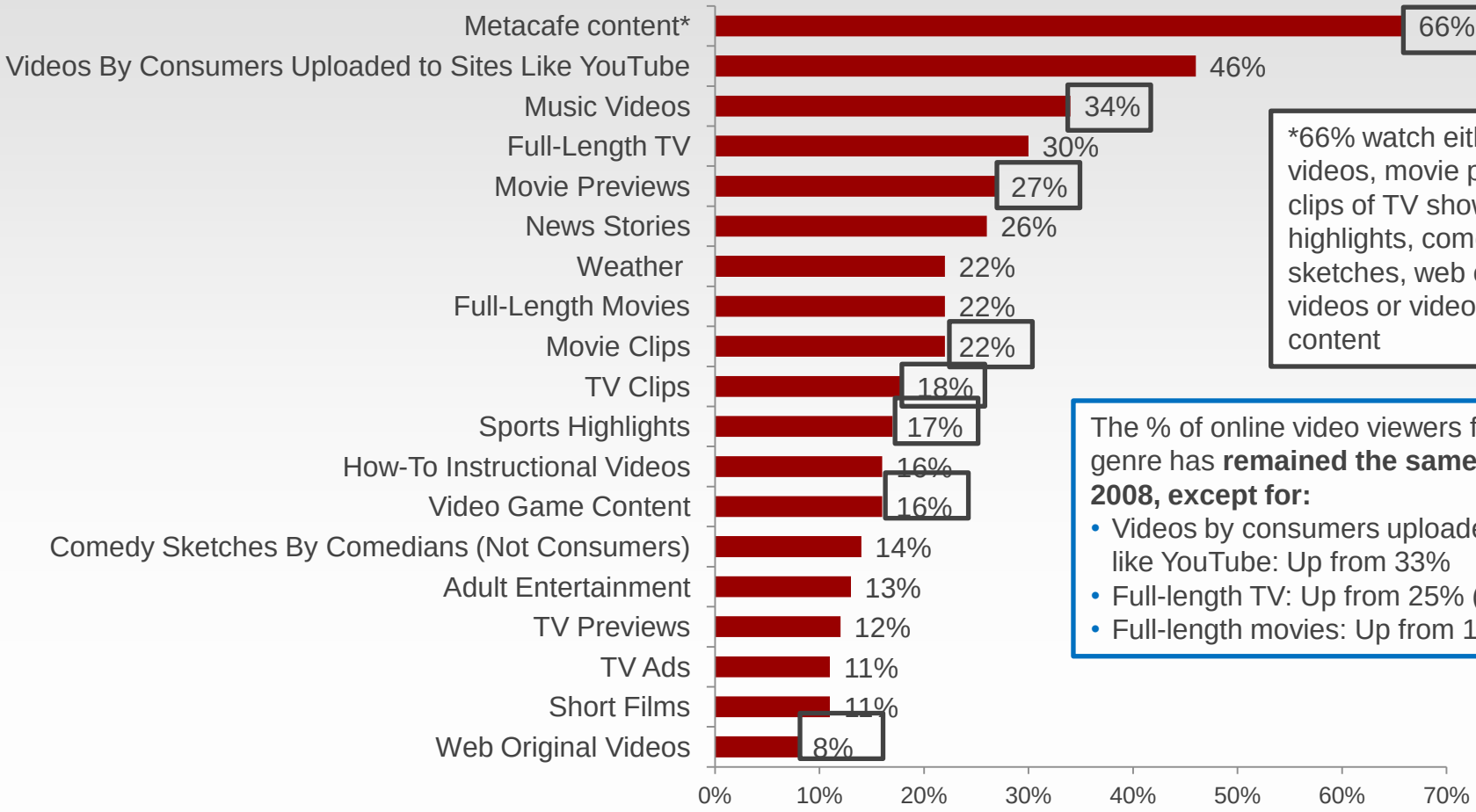
User Generated Video Is The Most Popular Online Video Genre; This Genre and Full-Length Online Video Viewing Has Grown the Most



*66% watch either music videos, movie previews, clips of TV shows, sports highlights, comedy sketches, web original videos or video game content

The % of online video viewers for each genre has **remained the same since 2008, except for:**

- Videos by consumers uploaded to sites like YouTube: Up from 33%
- Full-length TV: Up from 25% (vs. 2009)
- Full-length movies: Up from 10%

Base: Online video viewers, N=2027. Q87 Which of the following types of online video content do you watch regularly? Select all that apply.

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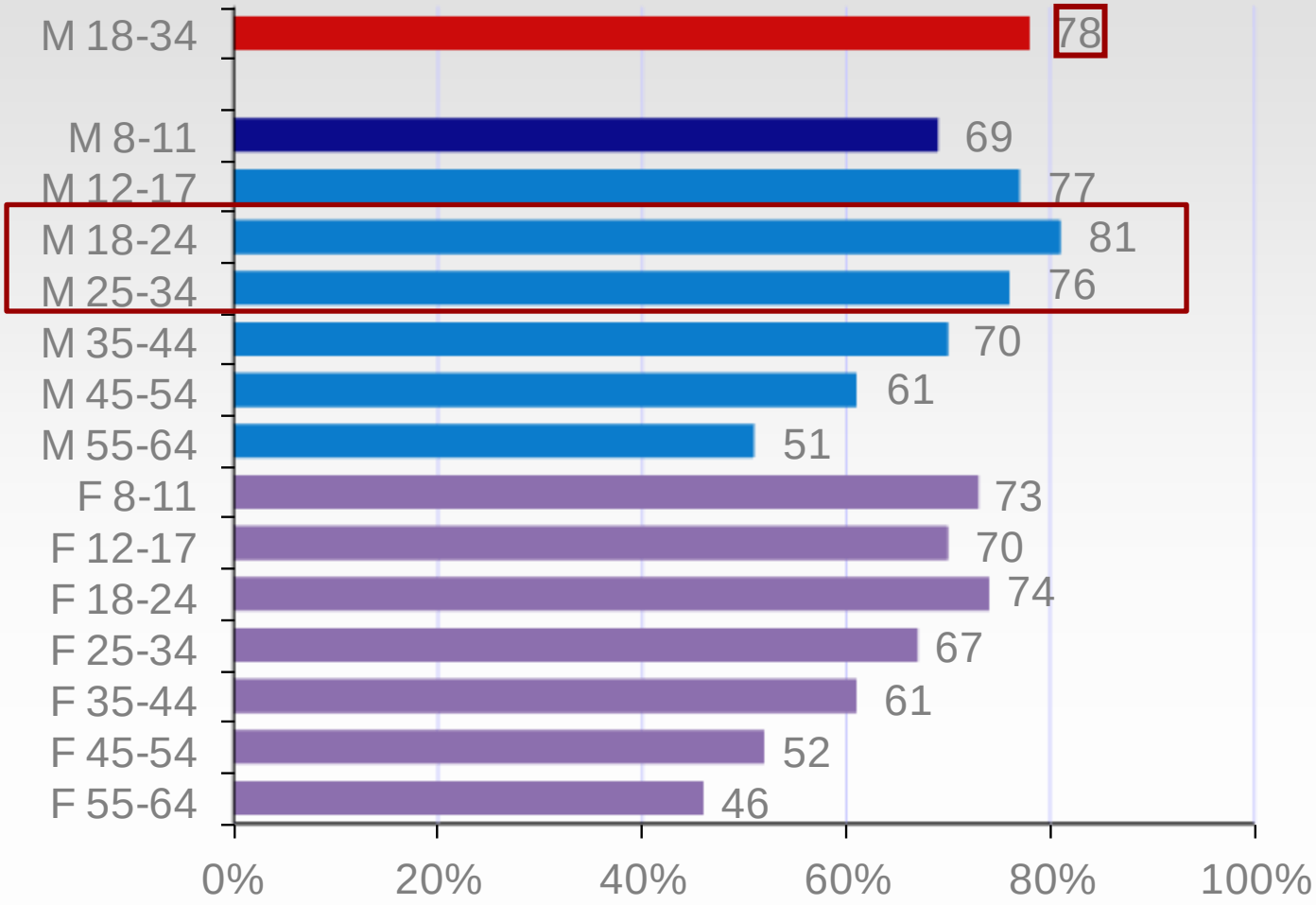
78% Of Male 18-34 Online Video Consumers Watch Content Categories Offered By Metacafe



Base: Online video viewers N=2027
Q. 87 Which of the following types of **online video content** do you watch **regularly**? Select all that apply. Those who answered: Music videos,, movie previews/trailers, movie clips, comedy sketches produced by comedians, not consumers, sports highlights, TV show clips, TV previews, video game content, or Web original videos

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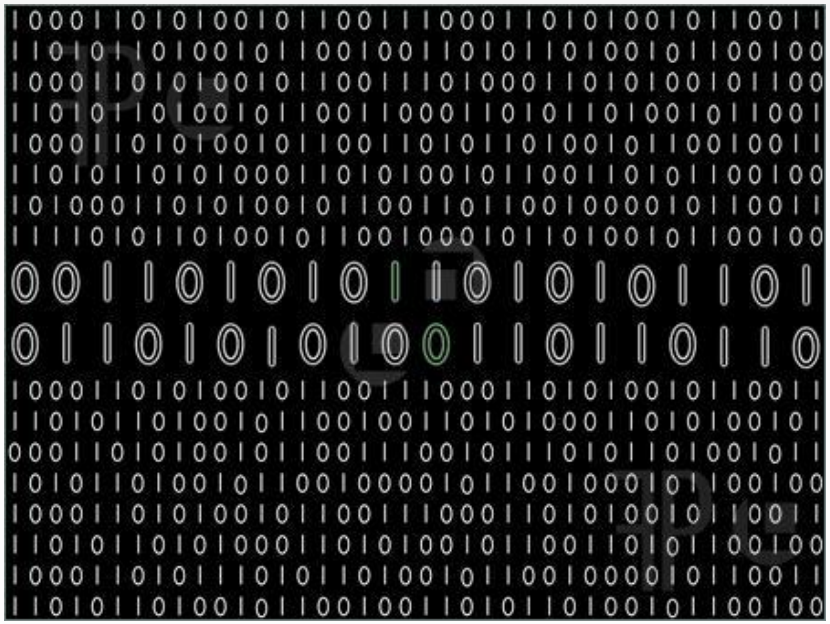
Converging Technologies And The Evolving Digital Consumer



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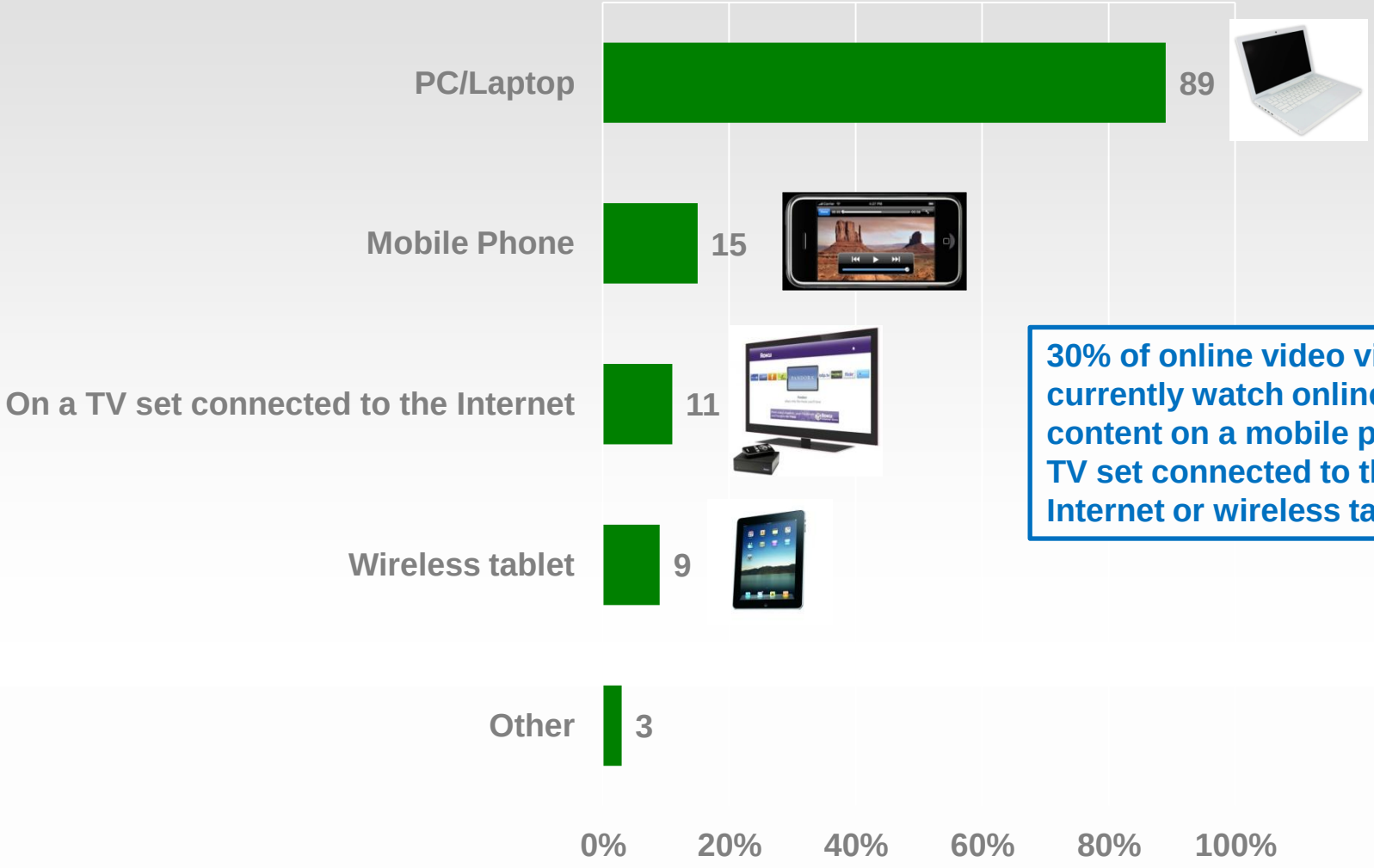
Online Video Is Still Primarily Being Watched On PC/Laptop, But 30% Of Online Video Consumers Currently Use Another Device



30% of online video viewers currently watch online video content on a mobile phone, TV set connected to the Internet or wireless tablet

Online video viewers N=2,027
Q. 106.4 Which device do you currently use to watch online video content? Select all that apply.

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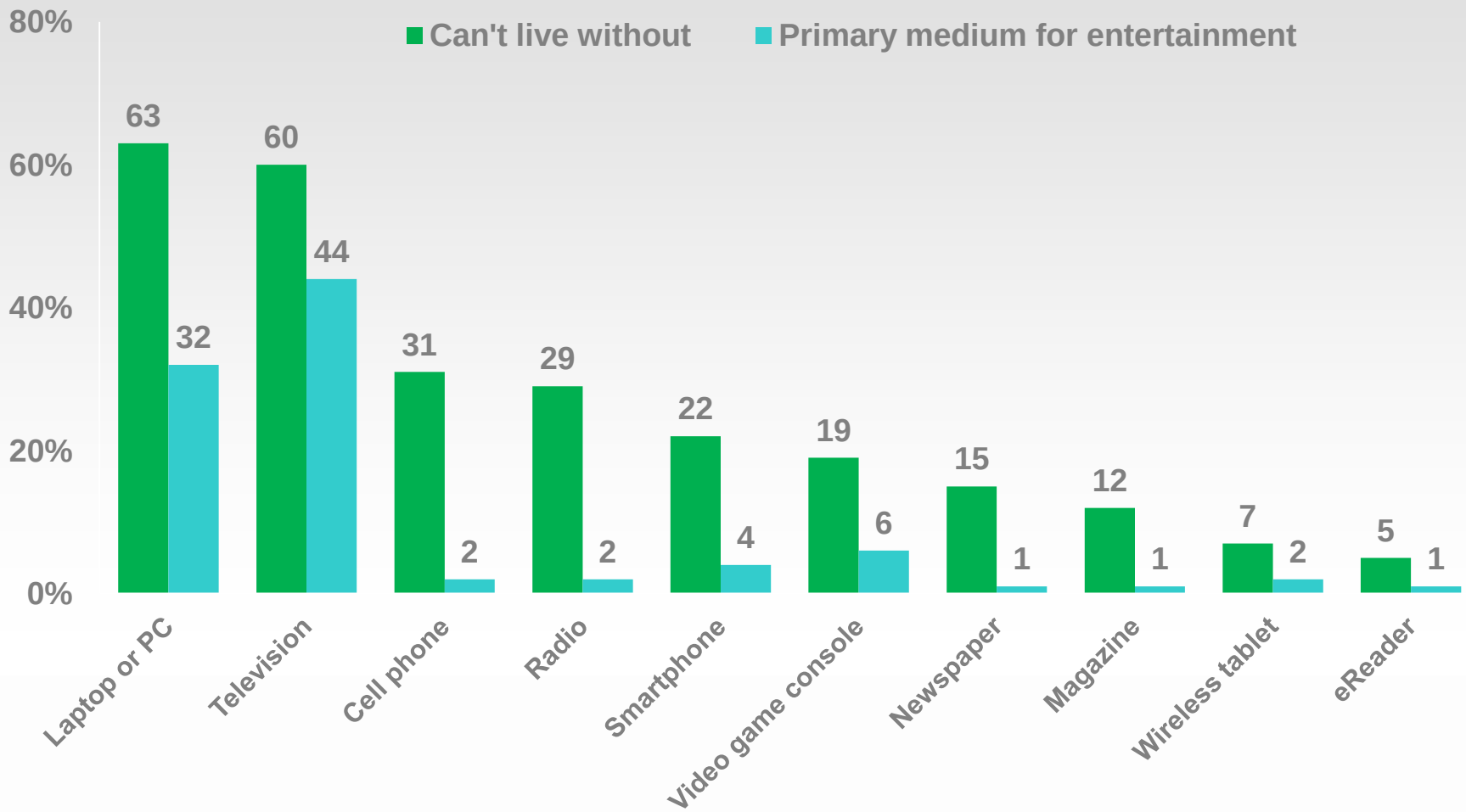
63% Of Consumers Say They Can't Live Without A Laptop/PC As Computer Catches Up With TV As Primary Entertainment Medium



Base: Total mention N=2,482
Q. 5.1 Which of the following media would you not be able to live without? Select all that apply.
Q. 5.2 What is your central or primary medium for entertainment? Select only one.

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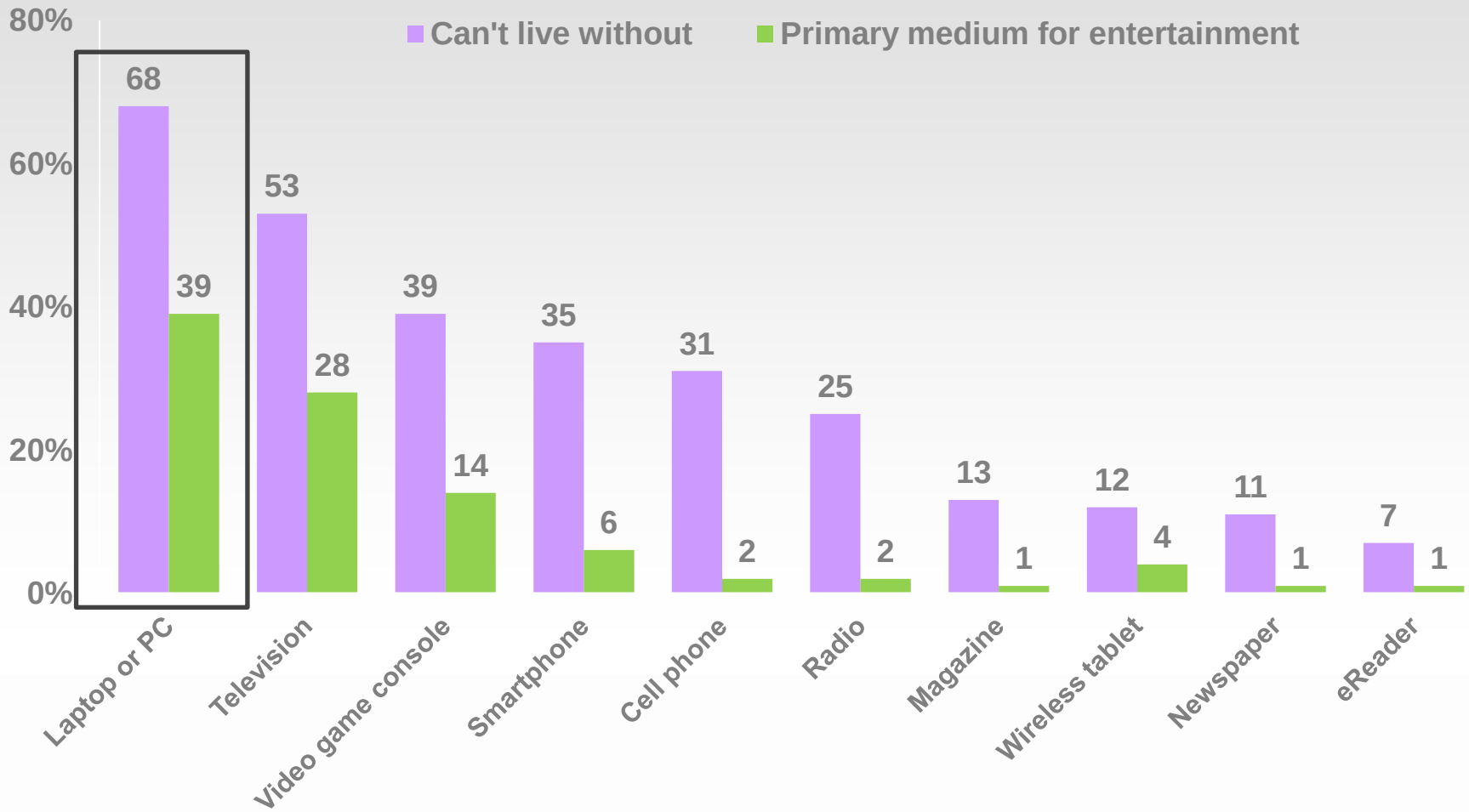
Among Online Video 18-34 Male Consumers, Laptop/PC Is Now The Primary Medium For Entertainment



Base: online video viewers, male 18-34 N=356
Q. 5.1 Which of the following media would you not be able to live without? Select all that apply.
Q. 5.2 What is your central or primary medium for entertainment? Select only one.

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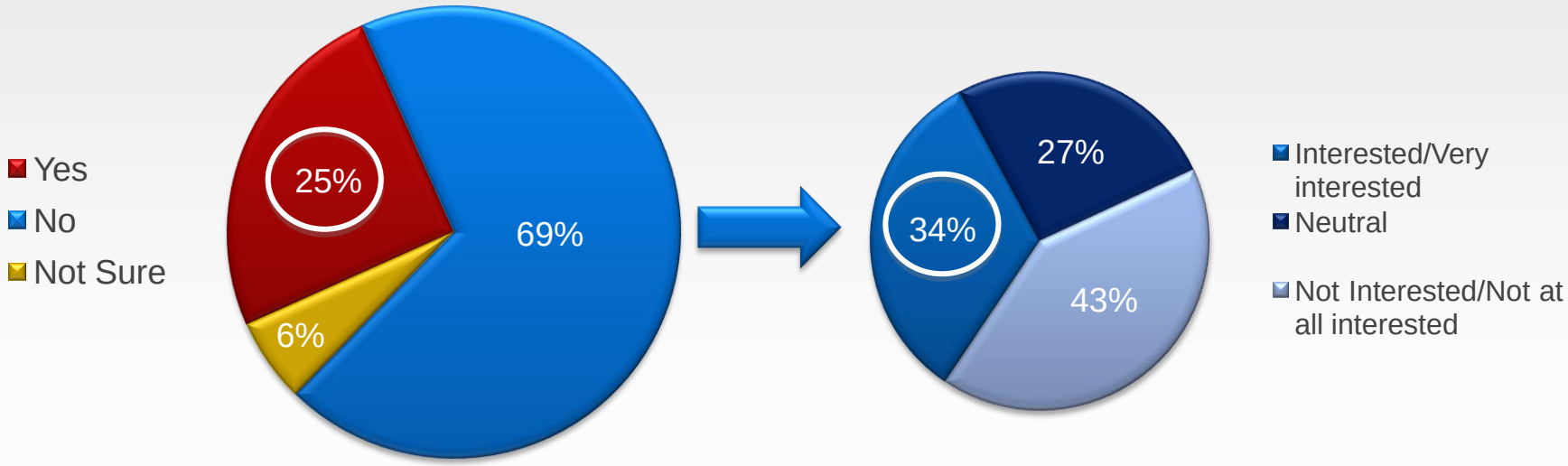
A Significant Number of People Are Accessing the Internet Through Their TV Set

Do you ever access the Internet through your TV set?

If not, how interested would you be in doing so?



Base: Total sample, N=2482. Q84.1 Do you ever access the Internet through your TV set? This could include browsing the Internet, watching YouTube or Hulu, visiting Facebook or using services like Flickr directly on your TV set.
Base: Those who don't access the Internet through TV set or not sure, N=2090. Q 84.1.1 How interested would you be in accessing the Internet through your TV set?

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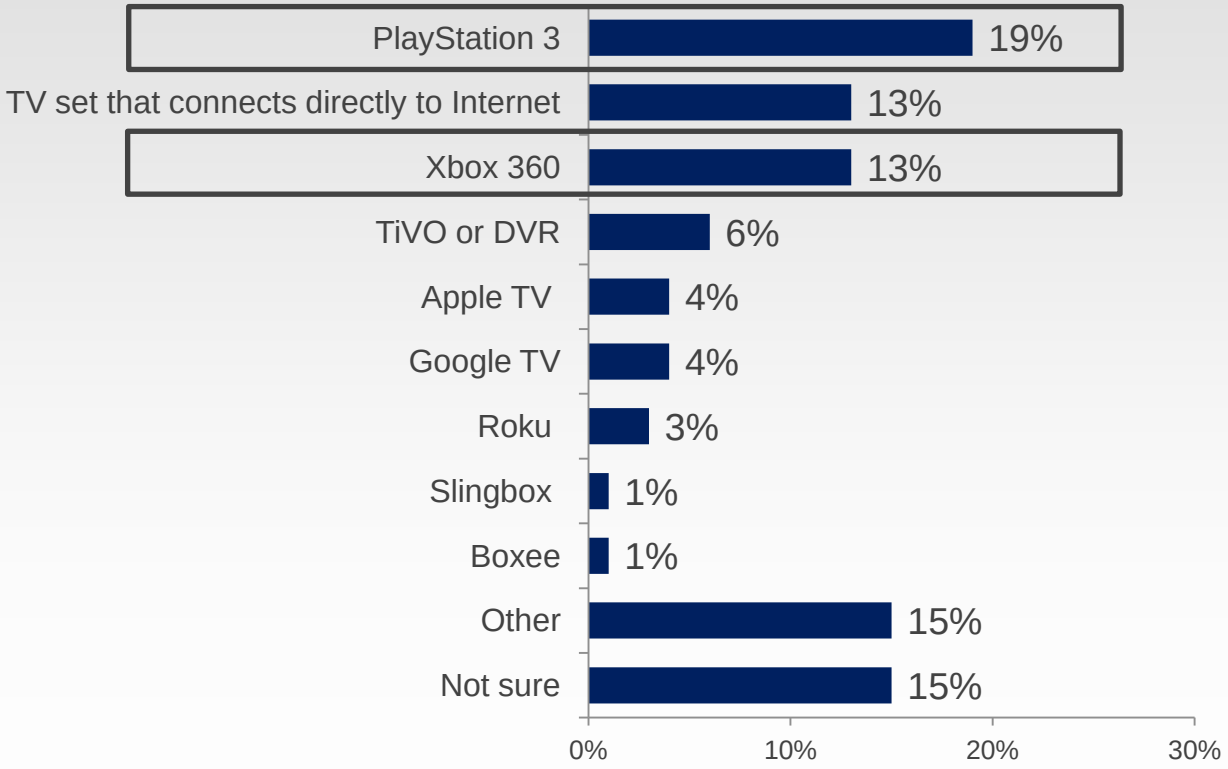
Consumers Access the Internet Through Their TV Set Primarily Through Connected Consoles – Especially Young Males



Console Ownership in US:
- Wii: 62% of HH
- Xbox 360: 48% of HH
- PlayStation 3: 42% of HH

Base: Those who access the Internet through their TV set, N=309. Q84.2 How do you access the Internet through your TV set?

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Metacafe Audience Represents The Best In Online Video

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The place to find affluent, young males:
79% of Metacafe 18-34 audience is male
(Compared to 51% of 18-34 national online video viewer)

- **Highly educated group: Among viewers 25-34, 49% have a college undergraduate degree or higher.**
  (39% of U.S. population over 25 has a college degree.)

- **Big major purchase spenders: Metacafe viewers say they are more likely to purchase new consumer electronics than national online video viewers including:**
  (HDTV, Tablet, MP3 Player, Internet connected TV, Web enabled console, 3DTV)

- **Big everyday purchase spenders: Metacafe audience spends more on restaurants and beverages than national online video viewers.**

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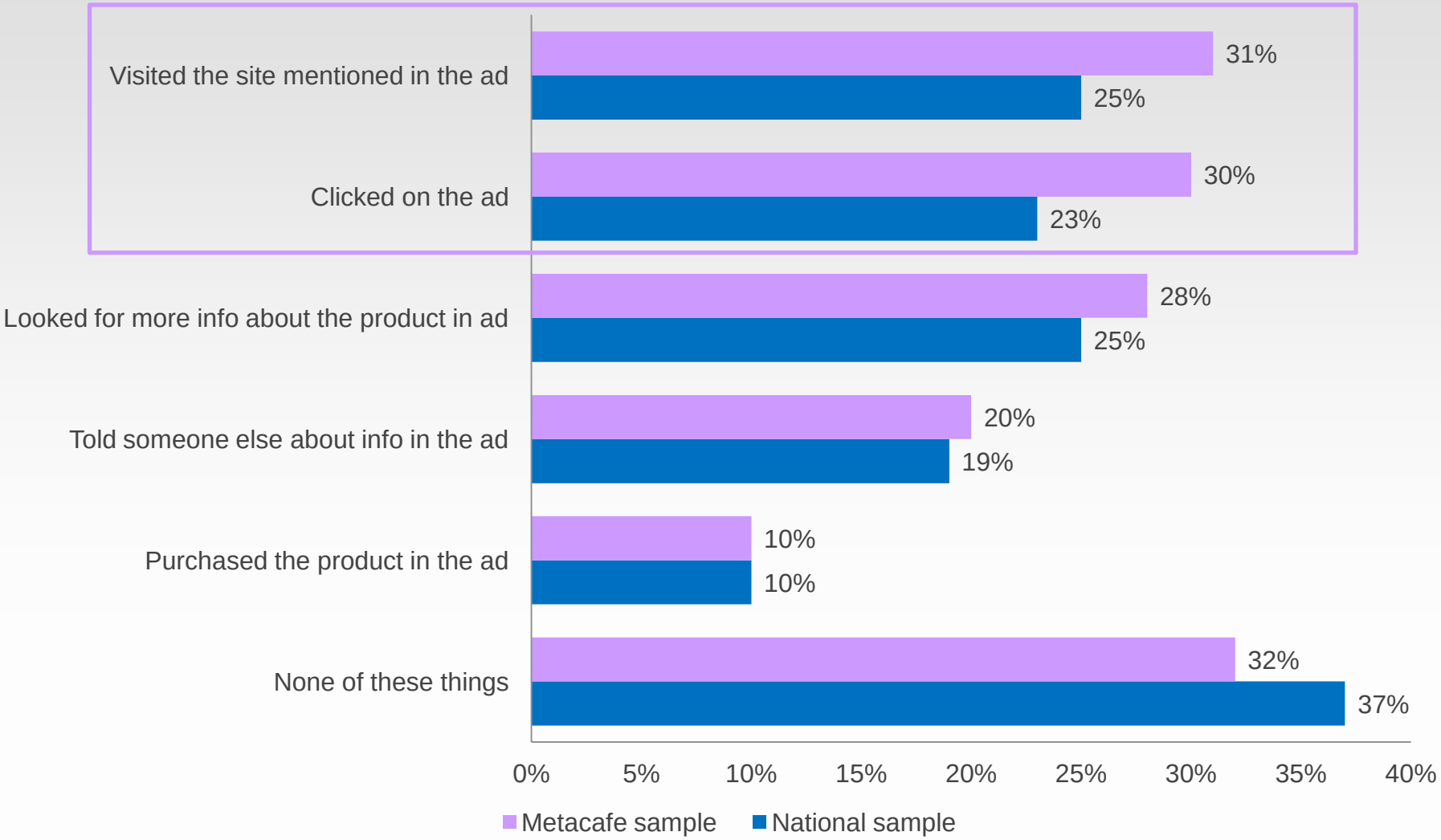
Metacafe Viewers Engage Actively With Online Video Advertising; 68% Of Visitors Interact With Advertising In Some Way



Base: Metacafe sample: respondents and National sample N=520; N=510
Q. 8 What, if anything, have you done in the **last month** as a result of seeing an advertisement with an online video?

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Why Metacafe's Audience Matters To Movie Advertisers

- 58% of Metacafe viewers regularly research information about movies online, more than any other entertainment-related topic.
- 47% of Metacafe viewers bought a DVD in the last year compared to only 35% of National online video viewers.
- 17% of Metacafe viewers watch DVDs every day compared to only 7% of National online video viewers.
- 28% of Metacafe viewers watch movies in a theatre weekly or more compared to only 15% of National online video viewers.

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Why Metacafe's Audience Matters To Video Game Advertisers

- 89% of Metacafe viewers play video games.
- 47% of Metacafe viewers regularly research information about video games online.
- 21% of Metacafe viewers spend $50+/month on video games, compared 13% of National online video sample.

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Why Metacafe's Audience Matters To Tech/Consumer Electronic Advertisers

- Metacafe viewers say they are more likely to purchase new consumer electronics in next year than the National online video viewer including:

  (intent to purchase– X%/% over the national sample)

  - HDTV (33%, +5)
  - Tablet/iPad (23%, +5)
  - An MP3 player (25%, +5)
  - An-internet connected TV (20%, +3)
  - Web-enable game console (20%, +6)
  - 3DTV (16%, 11)

- 46% of Metacafe viewers regularly research information about consumer electronics online.

- 45% of Metacafe viewers say that people come to them for advice about technology, compared to 37% of the National online video viewer.

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Why Metacafe's Audience Matters To Food/Beverage Advertisers

- Metacafe viewers say they spend more on restaurants and fast food every week. In fact, 26% of Metacafe viewers spend $50+ per week on going out to eat compared to 16% of National online video viewers.

- The Metacafe audience also spends more in the non-alcoholic beverage category with 15% of Metacafe viewers spending $30+ each week compared to 5% of National online video viewers.

- They also spend more on alcoholic beverages like beer, wine and hard liquor. 17% of Metacafe viewers age 21+ spend $30+ per week on alcohol compared to 12% of National online video viewers 21+.

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Metacafe Viewers Are Highly Influential On Technology And Entertainment Related Issues Among Friends And Family

Influencer Index – Describes personality	Metacafe sample	National sample
People come to me for advice about technology	45	37
I have a lot of friends, and the number keeps growing because I like to meet new people.	36	29
I have a strong influence over the entertainment-related choices my friends and family make	35	29
When I get something that's new and unique, many of my friends also want to get it	34	30
I tend to be the first to buy new technologies	24	21

Base: Metacafe sample: respondents and National sample N=520; N=510
Q. 41 Which of the following statements describes your personality well? Select all that apply.

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Summary

- Online video is big and getting bigger
- Short-form is the dominant type of video consumed on the Web
- The PC and online entertainment are essential in the lives of online video viewers. The PC/laptop is described by over 60% of online video viewers as the SINGLE media platform they "can't live without. Even compared to TV.
- Almost 40% of online video viewers across the country report that the PC/laptop is their PRIMARY medium for entertainment.
- Metacafe users consume online video at over 3X the rate of the average national online video viewer.
- Metacafe users are heavy spenders and consumers in key areas for advertisers – including movies, video games, consumer electronics, food & beverage.
- Metacafe users are influencers and share their advice and opinions with others.
- ONLINE VIDEO IS BECOMING UBIQUITOUS. THE MEDIA WORLD IS CHANGING. NO, IT HAS CHANGED.

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