Hakuhodo DY
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Hakuhodo DY Media Partners Inc.

News Release

Institute of Media Environment Market Structure Survey on Flat-fee Streaming Video Distribution Services

Potential user base for flat-fee streaming video services at 20%

Just 7.2% of those surveyed currently use flat-fee streaming video distribution services, while 11.5% are potential users who say they are interested in using these services in the future. The two groups are very similar in terms of their basic attributes as well as their awareness of and behaviors with information media. This brings the total potential user base for flat-fee streaming services to 18.7%, a figure that likely translates to a potential viewership of around 20%. There is also a possibility that this figure will go as high as 30% among males in their teens and twenties and teenage girls.

The Hakuhodo DY Media Partners Institute of Media Environment, located in Minato-ku, Tokyo, and headed by Masaki Mikami, has finished conducting its Market Structure Survey on Flat-fee Video Distribution Services. The purpose of the survey is to describe the market structure of the flat-fee video distribution services that have been popping up recently while identifying user attributes.

Flat-fee streaming video distribution services are defined as both Japanese and overseas video services offering unlimited access to popular television drama series, anime, movies, and similar content for a flat monthly fee in the JPY 500–1000 range. Content can be streamed on all devices, including televisions, computers, smartphones, and tablets.

Key findings are listed below.

1. **Both current and prospective flat-fee video streaming service users are younger viewers with high information sensitivity (see figures 2 and 3)**
2. **Streaming service users evaluate services based on whether they can relax and watch the programming on their own as well as on the number of available programs, and whether they are accessible from a variety of devices (see figure 4)**
3. **Most streaming service users watch the programming at home (see figure 6)**
4. **About 40% of streaming service users are fine with commercial interruptions (advertisements) if it means they don't have to pay for the service (see figure 8).**

■ Market Structure Survey on Flat-fee Streaming Video Distribution Services: Overview
Region: Nationwide
Method: Internet survey
Target: Men and women age 15–69
Sample size: 3400
Survey period: October 17–19, 2015 (Saturday–Monday)
Conducted by: Macromill, Inc.

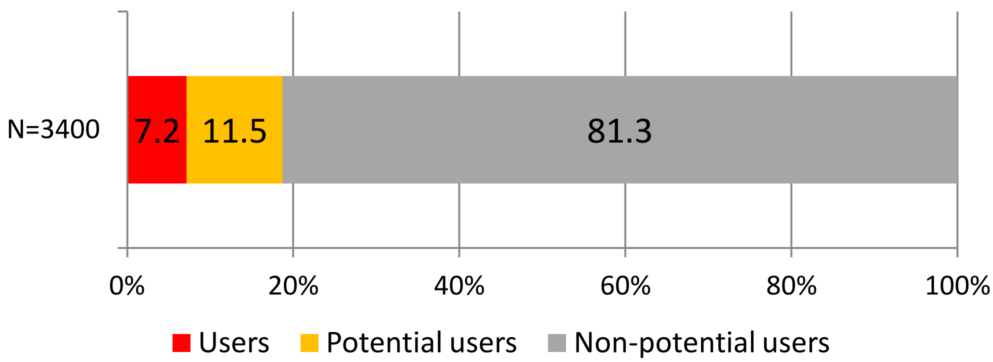
■ For more information, contact:
Hakuhodo DY Media Partners
Public Relations Group c/o Yamasaki/Yamasaki TEL: +81-3-6441-9347
Institute of Media Environment c/o Nakasugi/Yoshikawa TEL: +81-3-6441-9713

■ **Key findings**

1. Service usage

•A total of 7.2% of survey participants use a flat-fee video streaming service, while 11.5% are potential users interested in using these services in the future. The remaining 81.3% are non-users who said that they do not intend to use these services in the future either.
•Total potential viewership (current users plus those who intend to use the services in the future) adds up to 18.7%.

Figure 1. Service usage



2. User age distribution

•The greatest percentage of service users are men in their 20s, while the largest group among potential users are teenage boys and girls. A high percentage of non-potential users are older men and women in their 50s and 60s, respectively.
•Males between 15 and 29 and teenage girls together make up some 30% of total potential viewership (current users plus those who intend to use the services in the future).

Figure 2. User age distribution (%)

(%)

		Sample size	Users	Potential users	Non-potential users
Total		N=3400	7.2	11.5	81.3
By age group	Males 15–19	155	9.0	21.9	69.0
	Males 20–29	309	12.9	17.2	69.9
	Males 30–39	309	11.0	10.7	78.3
	Males 40–49	309	8.7	8.4	82.8
	Males 50–59	309	6.1	6.8	87.1
	Males 60–69	309	7.8	9.7	82.5
	Females 15–19	155	7.7	21.9	70.3
	Females 20–29	309	6.5	13.6	79.9
	Females 30–39	309	7.1	13.3	79.6
	Females 40–49	309	3.9	10.0	86.1
	Females 50–59	309	3.9	7.4	88.7
	Females 60–69	309	2.9	7.4	89.6

10+ percentage points above total
5–10 percentage points above total

3. Information sensitivity

•Both users and potential users scored at least 10 percentage points above total figures in information sensitivity, ranking high in attributes like "I try to get a hold of information before anyone else" and "it's better to get information on new products and services as quickly as possible".

Figure 3. Information sensitivity (percentage of respondents who said the statement applies to them) (%)

	Total (N=3400)	Users (N=245)	Potential users (N=391)	Non-potential users (N=2764)
I try to get a hold of information before anyone else	26.6	45.3	41.4	22.8
It's better to get information on new products and services as quickly as possible	27.2	44.9	37.3	24.2
I tend to try out new products immediately	18.6	35.5	30.7	15.4
I probably process information better than others overall	37.5	53.9	45.8	34.8
I'm fairly sensitive to popularity booms and trends	23.9	37.6	37.9	20.7
I tend to be interested in products that are new or popular	40.1	51.4	60.1	36.3
I'll choose something a little more expensive if it has a brand name	30.4	41.6	40.9	27.9
I often go online to get information on products and stores	68.8	79.2	80.1	66.2
I tend to be interested in advertisements	37.2	46.9	51.2	34.4
The more information the better	38.7	46.9	48.8	36.5
I pay attention to the brand when choosing a product or service	34.2	42.4	47.6	31.6
I tend to be swayed by information	21.5	25.7	32.2	19.6
I feel that my life is enriched by the internet	72.7	76.7	82.4	71.0
I tend to stick with the brands I like	41.9	45.7	47.3	40.8
I tend to get bored with things once everyone else has them	34.3	37.6	45.8	32.4
I think advertisements are an important source of information on products and services	55.7	58.8	71.1	53.2
I tend to get bored quickly with the things I purchase	20.3	23.3	25.8	19.2
I'm OK with only having information on the things I want	58.4	60.4	56.8	58.5
I tend to feel a bit pressured by how widespread the internet has become	21.1	22.9	23.8	20.6
I'm worry that I'm getting left behind in the information age	25.5	26.9	35.5	24.0

10+ percentage points above total

5–10 percentage points above total

4. Service evaluation criteria (multiple answers allowed)

•The number-one criteria users cited for evaluating streaming services was the "number of programs available" (63.7%), followed by the "ability to stream to various devices (TV, computers, tablets, smartphones, etc.)" (54.7%). In third place was "being able to relax and watch programming on my own (53.9%), indicating demand for content that users could take the time to engage with at their own pace.

•When asked why they intended to use streaming services in the future, potential users most often responded with "there seem to be a lot of programs available (76.7%), followed by "the ability to stream to various devices (TV, computers, tablets, smartphones, etc.)" (62.9%). In third place was "being able to relax and watch programming on my own (48.1%), which was the same pattern as current users.

Figure 4. Evaluation criteria (current users)

1	Number of programs available	63.7%
2	Ability to stream to various devices (TV, computers, tablets, smartphones, etc.)	54.7%
3	Being able to relax and watch programming on my own	53.9%
4	Being able to watch programs I like again and again	43.3%
5	Being able to watch what I want when I want it	42.4%

(N=245)

Figure 5. Evaluation criteria (potential users)

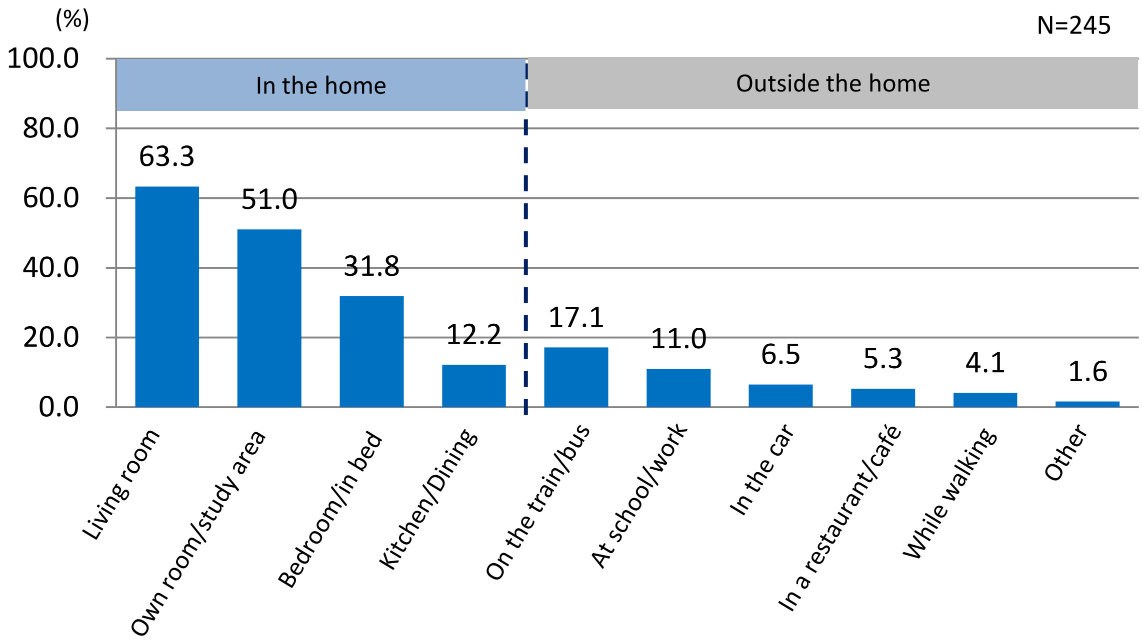
1	There seem to be a lot of programs available	76.7%
2	Ability to stream to various devices (TV, computers, tablets, smartphones, etc.)	62.9%
3	Being able to relax and watch programming on my own	51.4%
4	Being able to watch all kinds of program categories	48.1%
5	Being able to watch what I want when I want it	48.1 %

(N=391)

5. Service usage location (multiple answers allowed)

•The most common usage location was the living room (63.3%), followed by one's own room or study area (51.0%) and in the bedroom/in bed (31.8%). The top answers were all in the home.

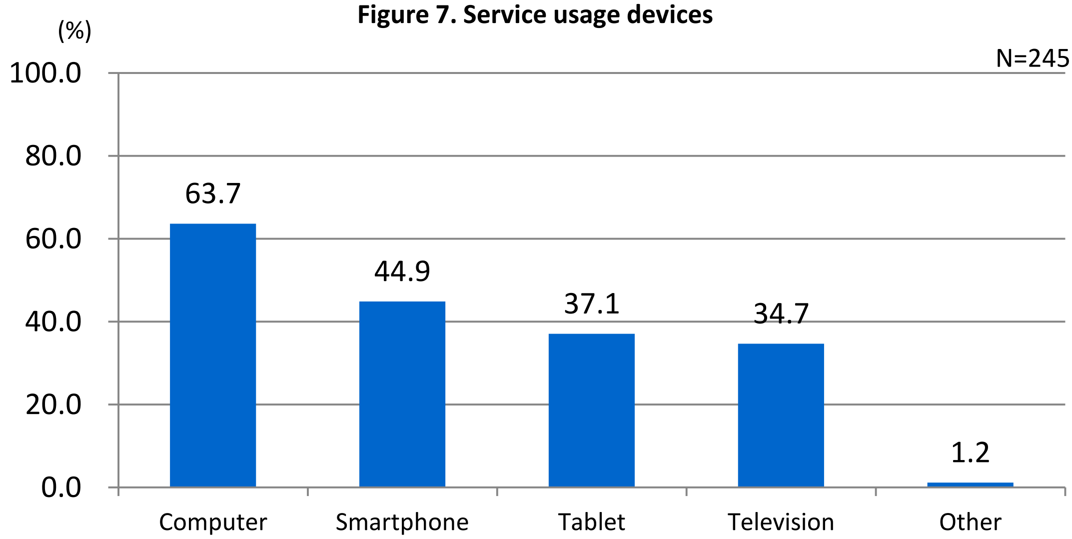
Figure 6. Usage location



6. Service usage devices (multiple answers allowed)

•Most people watched streaming video on a computer (63.7%), followed by smartphones (44.9%) and tablets (37.1)%, indicating that multiple device usage was common.

Figure 7. Service usage devices



7. Preference for advertising-based versus fee-based streaming

A total of 38.4% of service users said that they didn't mind commercial interruptions (advertisements) as long as they could stream for free. Another 31.8% said that they preferred to pay (a flat rate) for the service to remove advertising. The remaining 29.8% said that they didn't care either way.

Even among service users, it seems that advertising-based streaming is more popular than fee-based streaming.

Figure 8. Preference for advertising-based versus fee-based streaming