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Author's Name: Ryan G. Salandria

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The signatures below certify that this thesis dissertation (circle one) is complete and approved by the Examining Committee.

Committee Chairperson's Name:

Albert S. Tedesco  
Title: Director, Grad. Tukey  
Department: CineTV

Institution (if other than Drexel University):

Signature:

Committee Member's Name: H. Claire Cowart

Title: Asst. Teaching Professor

Department: CineTV

Institution (if other than Drexel University):

Signature: H. Claire Cowart

Committee Member's Name:

Title:

Department:

Institution (if other than Drexel University):

Signature:

Committee Member's Name:

Title:

Department:

Institution (if other than Drexel University):

Signature:

Committee Member's Name:

Title:

Department:

Institution (if other than Drexel University):

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# Digital Streaming and Its Impact on the Viewing Habits of People

A Thesis Submitted to the Faculty Of  
Drexel University

By

Ryan G. Salandria

In partial fulfillment of the  
Requirements for the degree

Of

Masters of Television Management

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## **Dedication**

This study is dedicated to my parents. Gary and Barbara Salandria, who have pushed me to reach my goals and support me through all-my life. These two very important people have always supported me in whatever I have done in my life and are my biggest supporters. They are always excited to see what projects I am working on or listen to the stories I have from working in news photojournalism and as a teacher.

To the many gifted students, I have had the pleasure of working with for the last ten years, each one of you has taught me so much about being a mentor and an example. I'm so glad I have been able to share my gifts, passion and experiences with you to help you grow and become better people on your journey through life.

Finally, to my son, Garrett Salandria, whose love inspires me to improve myself every day. Being a father has been the greatest experience I have in my life. While, at the time of this publication, he is only three years old, any chance I can get to make him smile makes any task seem possible. More important, my ability to provide for him and ensure his happiness has helped me keep my focus on my goals and what I need to achieve them.

PREVIEW

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PREVIEW

## **Abstract**

### **Digital Streaming and its Impact on the Viewing Habits of People**

Ryan Salandria

Advisor: Michelle Bradsher-McHugh

The purpose of this study is to give a clear understanding of how audiences have changed their viewing habits with digital streaming becoming a more viable option versus traditional cable. Traditional cable allows viewers the ability to view broadcast using a television set that sends a signal with a coax cable and a subscription from a provider like Comcast. The researcher will look at how usage patterns will impact businesses, and what television management professionals must do to understand younger viewers, while presenting information about how older viewers utilize cable and their devices. With these devices common place among adolescents, it is only a matter of time until the traditional TV set and cable hook up become obsolete.

From experience observing teens and young adults firsthand as a teacher in high school, the researcher has already witnessed a change in how younger audiences consume content and recognize that even greater change is coming. This is happening because many audience members, specifically young adults, are no longer tethered to a schedule and are finding other ways to watch content not on the traditional set. The younger audience members also are watching more in isolation and not as a communal experience. Devices and streaming entertainment are not limited to just a house. They've found their way into classrooms as well.

The researcher sought observational insight from other teachers and administrators about their observation of teenagers and their interactions with technology and others in the classroom. Research was also done through interviews with parents about how they have seen their children utilize devices for entertainment purposes.

For years we have seen a steady rise in the use of devices like cell phones and iPads as means by which consumers receive content. From 2005 to the present streaming services have progressed rapidly. Now there is a push for more and more people to “cut the cord” of their cable providers and function solely off a digital platform. With more devices finding their way into the hands of younger audience members, the content they consume and amount will lead to sweeping changes in not only the way content is delivered, but also the type that is produced for viewers.

## Chapter 1: Introduction

### 1.1 Introduction

The digital age, which started in the 1970's with the first availability of home computers, has made information, content, short videos, television shows, feature movies, and more, available to any consumer, at any time of day, whether on the train to work, sitting in their living room with friends and families, or even alone before falling asleep in a bedroom. People now have the ability to watch, listen, and read whatever they want at any location with a direct digital signal. One analyst (Marshall, 2015) was able to confirm the growth of digital consumption of viewers with the use of their devices. The analyst also found that viewers are watching content that is longer.

*“the IAB confirms that 35% of viewers are watching more video on their smartphones compared to last year, and over a third of those surveyed are watching mobile video content that lasts five minutes or longer at least once a day.”*

A device offers consumers a choice between utilizing a company's website or an app, like YouTube, that offers a direct link to the services provided by a company. Many consumers are choosing apps over a browser option (Marshall, 2015).

*“consuming mobile video via an app is the overwhelming choice of viewers, with 48% confirming they mostly access video content this way rather than visit a mobile website.”*

For many this provides quicker access to content like music videos, how to videos, and long form content. It provides the ability for viewers to choose their own times and discover new content on their own.

So how does this new-found ability to no longer be controlled by the network's schedule affect both the customer and the distributor? Has the switch to a more mobile and digital way of consuming media already begun or is it still stalled among customers? From high school students watching YouTube videos all the way to senior citizens wishing to remain connected to family on social media, millions of Americans now have mobile devices. These devices, like the iPad and various smartphones, have begun to take their toll on the home television <sup>1</sup>set, not only by stealing eyes away from the content that is delivered to the home and viewers through this traditional means, but by also diverting income away from traditional providers. It has been found that OTT<sup>2</sup>(Over The Top) providers are able to make the same as the OTA<sup>3</sup> (Over The Air) providers off consumers (Satell, 2015).

*HBO recently acknowledged with its launch of HBO Now, a service that allows consumers to access the pay channel directly—on any device— without a cable subscription. So consumers get the programming they want and the company gets to keep all of the subscription revenues.*

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<sup>1</sup> Television: A system for transmitting visual images and sound that are reproduced on screens, chiefly used to broadcast programs entertainment, information, and education.

<sup>2</sup> Over the Top (OTT): A way of delivering content through digital means. Utilizing internet connections such as direct link or 4G, consumers utilize it with sites like Netflix, Amazon Prime, Hulu, and YouTube.

<sup>3</sup> A way of delivering content through traditional broadcast capabilities. Using either a coax hook up or antenna television signals are received and broadcasted to the traditional home set.

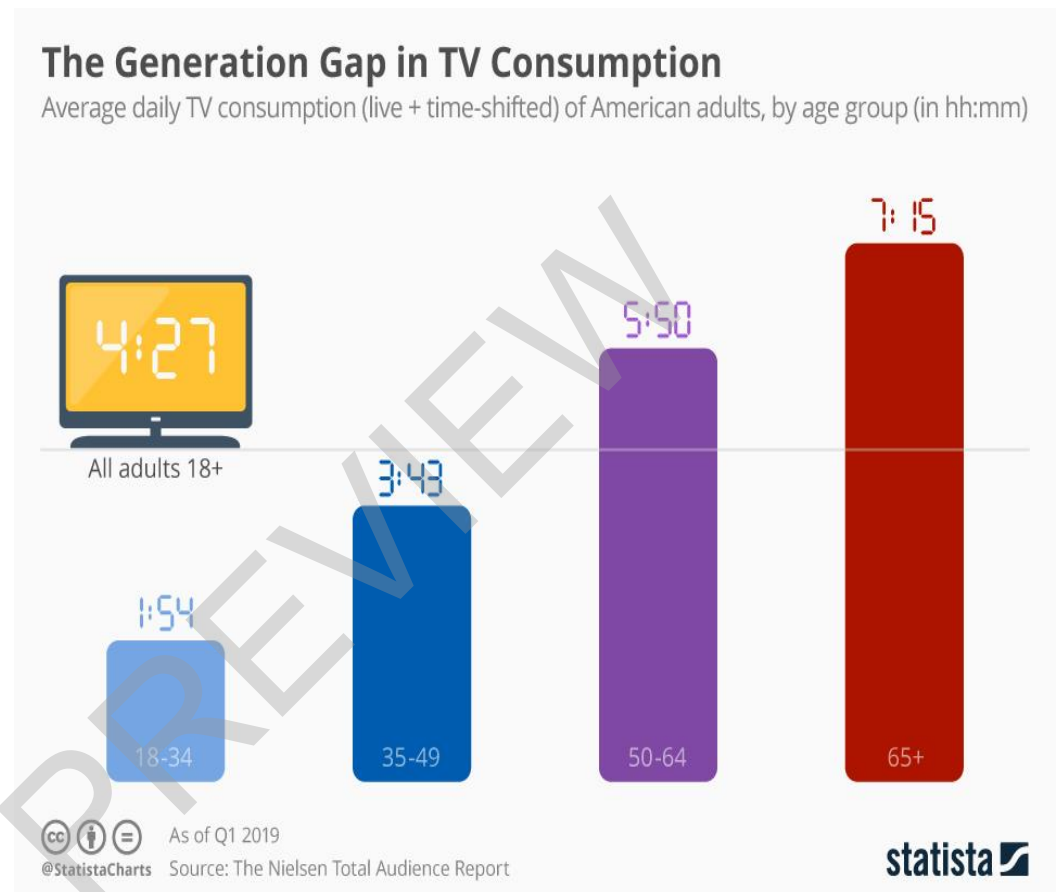
Having worked with high school students every day for the last ten years, the researcher has seen firsthand how the younger generation has become fixated on their tablet<sup>4</sup> computers and smartphones. Mobile devices are a means of not only connecting with other people, but of watching television shows, listening to music, reading news articles, and so much more. Friends and family have also jumped on the cord cutting trend, so the problem of who is watching is not just relegated to the younger consumer, but to everyone, across the board.

With so many consumers questioning whether they want to spend their hard earned money on cable packages that are either crowded with channels they don't wish to watch, or not the right channels a consumer wants to watch, how is it that more people haven't begun cutting the cord and focusing more on digital services? Digital outlets, like Netflix, Hulu, and YouTube, offer a variety of entertainment from short comedic sketches, music video, feature length videos, and over the last few years, high quality original programming. Cable companies, like Comcast, are relying on networks to keep up with companies like Netflix, Amazon Prime, and Hulu as their subscriptions increase steadily. What can cable companies do to keep pace with these more mobile forms of viewing and receiving content? Many companies like Comcast and HBO offer streaming platforms with subscriptions to their services. This is especially

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<sup>4</sup> Tablet Computer: A small portable computer that accepts input directly onto its screen rather than via keyboard or mouse.

evident within the American household, where you will find everyone watching and consuming content. The following chart compiled by statista.com shows the average adult watches almost 4.5 hours of television per day.



*Figure 1. Time spent watching television by age groups. Source Statista.com*

However, what the graph doesn't show is a divide by age among the members of the household and what types of devices or methods they use for consuming their favorite shows. Many older individuals still rely on the traditional home television set to watch sitcoms, movies, and the news.

This group of viewers is still aging, and is a group that is growing rapidly (Kang, 2014).

*“The median age of a broadcast or cable television viewer during the 2013-2014 TV season was 44.4 years old, a 6 percent increase in age from four years earlier. Audiences for the major broadcast network shows are much older and aging even faster, with a median age of 53.9 years old, up 7 percent from four years ago.”*

Meanwhile, the middle demographic, younger people who grew up with the ability to use cellphones, the internet, and other digital options, blend the traditional set and method of viewing with the OTT options made available to them (Kang, 2014). OTT stands for Over the Top and is defined as any music, video, or media delivered via the internet.

*““The shift in demographic viewing is caused by a combination of factors ranging from lower TV penetration rates of under-25 year old households to increasing use of time-shifting technologies in most under-55 year old households,” Nathanson wrote in a research report earlier this week.”*

Households with members under the age of 25 are beginning to utilize digital options more and more. Nielsen, one of the largest measuring firms in the world, reported this in their report for the 1<sup>st</sup> quarter of 2019.

*“The media habits and influences of an 18-year-old entering secondary education or hitting the workforce are quite different than those of a 30-something who’s fully entrenched in a career, marriage and burgeoning family. The greatest growth in overall time spent with media came from these adults 18-34, who spent an additional 31 minutes per day across all media than the year prior. They also spend one hour and 22 minutes on TV-connected devices, more than any other age group.”*

In some instances, it is the only option for streaming and viewing content as more and more households begin cutting the cord. It is also a factor of



where an individual is in their life. According to the following graph we see that from 2014-2018 the number of cord cutters has increased by 22%.

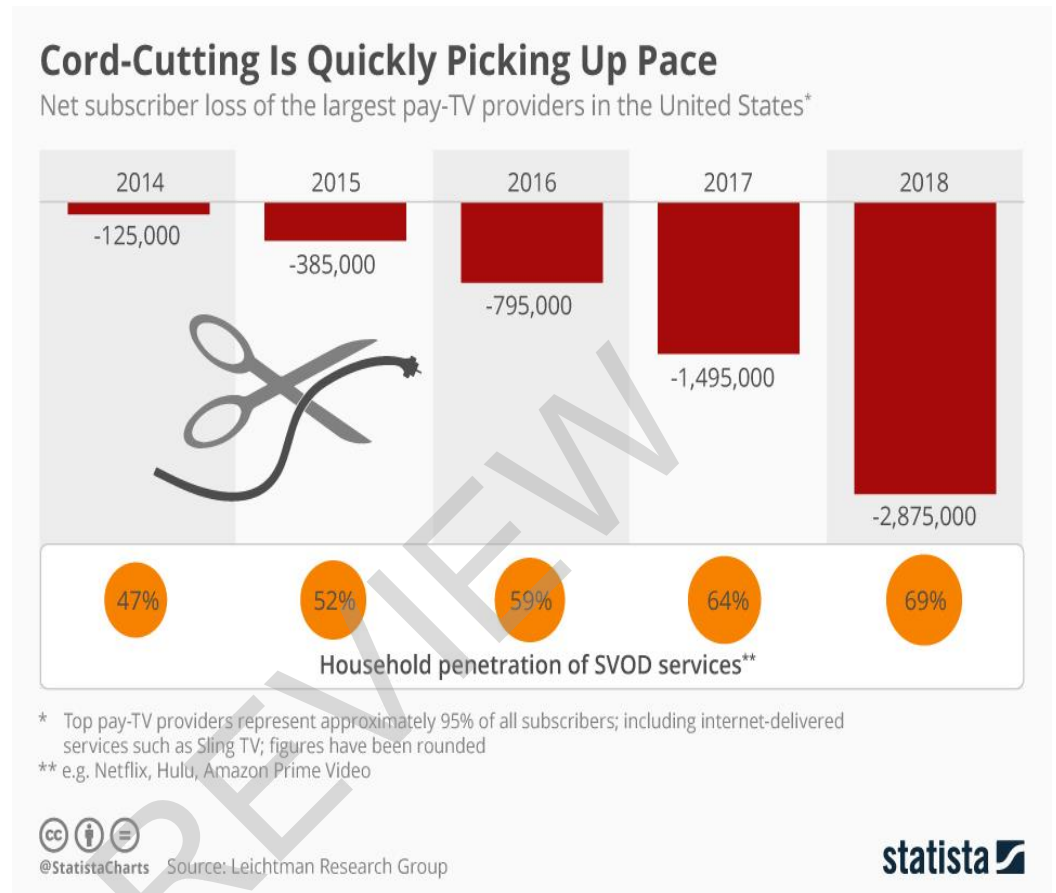


Figure 2. The Amount customers cancelling OTA subscriptions from 2014-2018. Source Statista

Much of this can be attributed to the advancements in digital technology like the iPad and Smartphone. From entertainment all the way to social interaction, the smartphone, and iPad are becoming the main avenue for receiving music, movies, television, and so much more.

The smartphone and iPad have revolutionized not only the means of connecting individuals, but also the entertainment business in general.

The one group outside of consumers that will be the most effected are content creators and those that deliver their creations to the consumers. Companies like Comcast and Time Warner are seeing customers “cutting the cord” or not even buying into cable packages in favor of cheaper digital plans and OTT options. The cable companies and major networks will need not only to completely reevaluate how they deliver content, but also to find ways to distribute that content to people no longer willing to consume media through a traditional television set or a set schedule. These individuals are now accustomed to being able to watch content on their own time rather than letting the traditional set dictate when and what they watch. With a shift to the digital platform the cable companies will need to find new ways to replace the revenue lost from cable subscriptions. Many of these companies do offer digital services and connections to their companies’ ability to distribute content, but most of their revenue comes through the packages that are sold. More importantly how will this shift among the younger generation change the content that is delivered to them via their portable devices? These questions may not seem very pressing at the current moment, but they will become more so as the younger generation, recent college graduates and millennials, begin to grow older and get houses of their own. Some are beginning to look away from what companies like Comcast offer in terms of a direct cable hookup.

Whenever older customers leave, new customers must be found to take their place or add to a company's revenue. With many younger potential consumers coming out of college and ready to spend hard-earned dollars on entertainment, it would seem fitting to look into this area. Why would they not want a cable subscription? What are some of the benefits of utilizing a digital service as opposed to a hardwired connection?

### **1.2: Purpose of the Study and Rationale:**

The researcher found the need for this study after spending ten years teaching in an all-boys, ages 14-18, high school that integrated technology into the classroom experience. Having witnessed first-hand how the students utilize the technology for class, the researcher noticed a trend. Students were using these devices more for entertainment purposes than anything else, both when they were outside of school and when they were disengaged while in school. When a person is at home, they have unlimited freedom to utilize their smartphones or tablets for whatever purposes they chose. A subject can watch a movie on Netflix or a short video on YouTube and have no guidelines or restrictions for its use. While present in class, students were expected to be using their technology only for educational purposes. This means that use of entertainment sites like YouTube were not allowed unless there was an academic purpose to it. There were many observable opportunities when students had to choose between education, gaming, or entertainment. The students who chose entertainment mostly utilized free apps like YouTube, but some

would use Netflix, Hulu, and Amazon Prime that feature longer content available for consumption.

The topic became increasingly interesting to the researcher when he asked students about what shows they watched when they were home. Many would respond that they did not watch television or have a set schedule, but rather would tune into for a particular program. While many had stated they loved watching sports, there was a good number who would not watch an event live and would instead use their devices to view the highlights later at their own convenience.

The researcher began to further notice connections as well when friends had begun cancelling their traditional cable services. When asked why they would do this, many would give the practical answers of the price, lack of quality programming, or even just lack of free time. This was not just something that young adults were doing; it was beginning to spread to the older audience as well. Even people in their mid-30's had begun to become disenfranchised with the current model cable companies offer their customers. Friends would send the researcher links to funny clips they saw on YouTube. Some of these clips were actually part of a bigger show or program. Why were they just watching specific clips and not the whole show? The researcher figured it was easier for most of them to just find these on their phones during down time or in between trips to work.

### 1.3 Problem Statement:

There are quite a few factors that are contributing to the shift in how people view and receive content. The first is convenience. Smart phones and tablet computers have allowed consumers the freedom to be entertained on their own time, rather than have to adhere to a set programming schedule. This freedom has also led to what has been called “<sup>5</sup>Binge Watching” where viewers will set aside their own time to watch an entire series or season. Having this freedom to set your own viewing time is a trend among viewers (De Valck, 2019).

*“In the U.S., 60% of young people watch their favorite shows on these online platforms. These platforms allow users to watch whatever they want, whenever they want.”*

Secondly, more young people are growing up with devices like smart phones and iPads. Having been exposed to this type of technology from such a young age creates a sense of familiarity and dependence. Very rarely do you see someone walking down the street or sitting on a bench without their device out. While some are using it for searching social media, finding directions, and various other tasks, there are a lot of people utilizing it for content and entertainment purposes. Whether watching quick clips on YouTube or listening to podcasts, they are always consuming content on their devices. When someone begins using certain types of technology or even methods at a young age, it becomes the norm

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<sup>5</sup> Binge Watching: A the practice of watching multiple episodes of a television program in rapid succession, typically by means of DVDs or digital streaming.

for them. People will also tend to do whatever is the easiest and most convenient method of getting things accomplished. If this comes in the form of watching television, or any other kind of programming on their own time, then it will become a habit. The Researcher also is a father and has observed kids as young as 4 years old using tablets to consume entertainment.

Finally, the prices providers are charging to their customers is one of the biggest factors determining why this shift is happening (Robbins, 2018).

*“Today, the average TV viewer doesn’t use most of their bundle, watching just 0.09% of all linear TV content accessible to them. Focus groups with cord-cutters make it clear that they value the feeling of beating the system and enjoying TV without the cable-industrial complex. With more video options, consumers are more price sensitive to expensive cable packages.”*

In today’s world many consumers want to make sure that they are getting the most for the money they spend on goods and services.

#### **1.4 Significance of the Study**

Businesses always keep an eye on the future. Whether they are looking at new technology, customers, or other ways to increase revenue. The study will show not what will need to be known for the next few months, but for the next decade. The Researcher observed a vast range of subjects ranging from young adults at age 18 all the way to seniors that are 65 and above. Many of the subjects observed have grown up with this type of technology and as newer more direct access becomes available, they have evolved with the changes. Some subjects that have been

observed have remained faithful to their traditional means of consuming content because newer digital options are either confusing or not interesting to the consumer. The information some of these subjects can provide would give the providers and creators a glimpse into the consumer's mind and the ability to tailor products and business services better to their needs and expectations.

Three members of the educational community, two teachers and one administrator, were asked about the observations with students in class and how they have been utilizing technology. These people spend almost their entire day in the presence of not only adolescents and teenagers, but also technology like cell phones. This information provides a valuable look into their habits with technology, but also with other adolescents and the way they interact with them. It also shows what kinds of media they are consuming the most.

### **1.5 Limitations**

The researcher is limited by not being able to directly survey minors to get accurate feedback and assessments of what it is they are watching, for how long, and why. Viewing habits in one location may change to something different in another environment. The Researcher also could only use what he saw by observing people in his classes, and relied on the testimonials of parents, teachers, and school administrators. Having worked at an all-boys school for the last ten years the researcher has observed a dominant male population but has not had much exposure

to the female demographic. The researcher was able to get exposure to female students after switching to a co-ed public school in New Jersey for a year and then to another co ed school in Delaware.

This study could be replicated by most market researchers or by companies like Nielsen that make a business of finding out what viewers are looking for in their content. The researcher's exposure and daily presence with members of the younger demographic though gives the researcher the ability to better understand their rationale for choosing certain programs or ways of viewing their content.

Finally, the study focuses mainly on the usage of technology and how it is utilized by consumers. It does not consider the behavioral changes and effects on social interaction that people have with one another. The television set used to be something that brought people together and now with our personal devices people have become isolated, rather than watching together in a living room.

## **1.6 Summary**

This study took place during the researcher's tenth and final year as a teacher at an all-boys catholic high school and part of the Researcher's eleventh year in a public co-ed school. The researcher feels focusing and analyzing younger demographics and combining it with other research that has been collected will not only yield valuable data but will also provide a clearer vision as technology and viewing habits