2016 BRAND LOVE STUDY

Clicks, Taps & Swipes

SMARTY PANTS®

the youth and family experts

Contents

The **2016 Clicks, Taps & Swipes Report** is derived from Smarty Pants' annual **Brand Love®** study. This ground-breaking study—now in its 8th year—identifies the brands that capture kids' and moms' hearts, time and purchase power. It includes data on brand awareness, love, popularity, perceptions, usage, future usage intent, and open-ended responses to why kids and moms love the 280+ brands included in each year's study.

Fielded online among a nationally-representative sample of over 8,000 kids ages 6 to 12 and their parents, Brand Love also tracks kids' leisure activities, digital engagement, self-perceptions, and product adoption patterns. The result is a **holistic understanding of kids' attitudes and lifestyles, including their digital ecosystem.**

The 2016 study was fielded in June and July, capturing both school year and summer learning.

- 8,125 kids and their parents
- Kids 6 to 12 years old
- 285 brands evaluated
- Spanning 19 categories
- 15 brands per respondent
- More than 24,000 verbatims

Referenced throughout the report, **KIDFINITY™** is a proprietary metric on a 0-1000 scale that factors in kid awareness, love and popularity scores for each brand. **MOMFINITY™** is a similar, independent 0-1000 metric that includes awareness and love among moms (and 18% dads). Both metrics have a .86+ correlation to current and future usage.

2016

Today's Digital Landscape

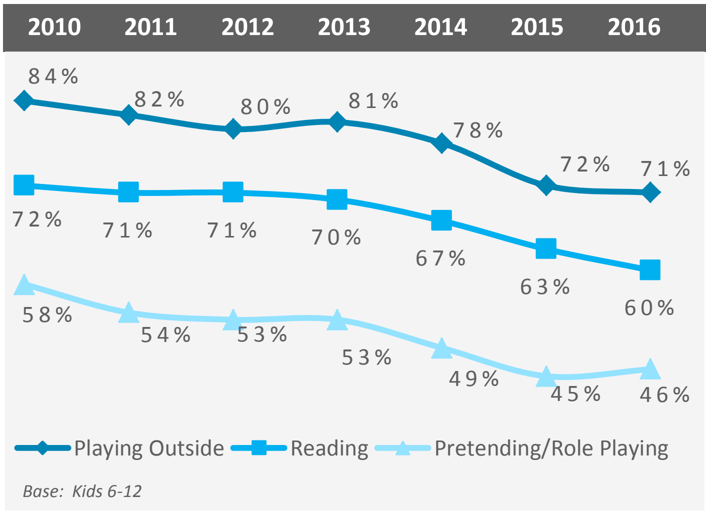
Childhood evolves as kids power up

In 2016, if it entertains, delights, informs, or connects kids 6-12, it's probably digital. Long- and short-form video viewership is up, console and app-based gaming are on the rise, music engagement is growing, and digital connectivity via social media platforms is surging. In fact, **nearly all digital activities get a boost in 2016.**

Much of the screen-based growth is additive. Digital activities don't take time away from *structured* leisure activities like sports or extra-curriculars. Kids are just as likely to participate as in past years.

But, **there is confirmation that the nature of kids' *leisure* activities are evolving over time.** Since 2010, the number of children aged 6-12 who report playing outside at least weekly has steadily declined, as have the numbers reporting reading and pretending/role playing. **While curiosity and creativity show no signs of slowing, the ways those needs are fulfilled is undoubtedly becoming more digital.**

Change in Traditional Kids' Activities *(% At Least Weekly)*



Screen usage and ownership among kids continue to rise

To say kids' lives are digitally powered is an understatement. From the TV staying on like the lights in the home, to the smartphone "relay" between a six-year-old and her mom, to the headset-enhanced video gaming session of a tween boy and his virtual friends, **screens are ubiquitous in the lives of kids in 2016.**

This year, 83% of kids consume content on a TV at least daily. Tablets and smartphones are each enjoyed by 55% of kids daily, and video gaming consoles and handhelds pull in over 40% and 30% of kids, respectively, at least once a day. Roughly a third also use a computer screen at least daily, rounding out the five screens that pervade kids' lives.

This heavy—and growing—usage is amplified by kids' personal ownership of devices, a trend that drops younger in age each year. Tablets and smartphones lead the "mine" factor among kids, serving as their personal portals to virtually any type of content or leisure they desire.

Today, **55% of kids aged 6-12 own an iPad, and 42% have an iPhone**. **More than 50% also report owning a Samsung device**.

The device is no longer the star

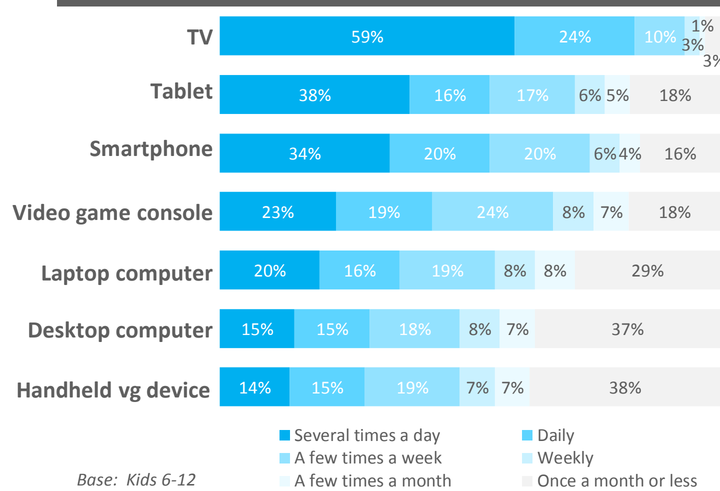
In 2014, iPad became the #1 brand among American kids aged 6-12. It was well-known, loved and coveted. But fast forward a mere two years and **the device is no longer the hero, thanks in part to its saturation.**

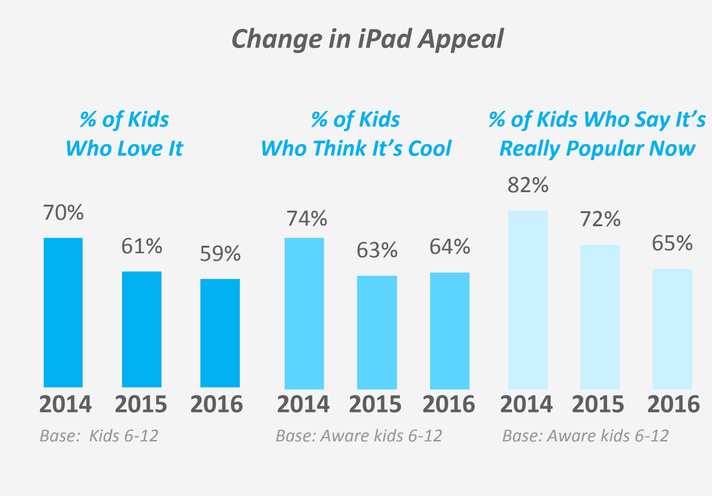
Today, tablets—with their simple, visual interface and oversized touch screen—win kids' hearts early and often. They are the toddler training wheels to the digital ride of being a 6- to 12-year-old. They are kids' personal TVs, computers and gaming systems. And by the time kids are tweens, smartphones serve the same purpose but with the premiums of greater portability and privacy.

Greater access and ownership have meant the platform cool factor has waned. Overall, **kid excitement has transferred from hardware to software, from platform to content, from the device to what it enables.**

For evidence, look no further than iPad, the kid leader of tablets. iPad's awareness has steadily grown from 59% to over 90% since 2010, and its usage has grown from 14% to 55% of aware kids during the same time. But its KIDFINITY score is declining, as are its cool and popular perceptions.

Kids' Screen Usage Frequency, 2016





Kindle Fire posts a similar tablet fate to the now-#16 iPad. In fact, nearly all device brands are declining. Seen as less cool and love-worthy, **devices have become more utilitarian.**

Concurrently, as features, content and interfaces have converged, **devices—and even device brands—have become more interchangeable.**

The family that loves Apple today can become the family that loves Samsung tomorrow.

Kids want new & different, but device innovation has been slow

While the digital marketplace has seen a swell in content development in recent years, tablets and smartphones have remained essentially the same. Only small step changes have accompanied hefty costs to "upgrade." It's one of the many reasons device sales have slowed.

As kids hunger for more, they have found it in the explosion of content and experiences created *for* their devices—from streaming services with seemingly never-ending entertainment options, to innovative apps that enable kids and parents to do cool things they've never done. ***How* kids and families access the digital world is increasingly less important than the content itself.**

It's not just tablet obsession that's cooling off. In 2016, the market for all device brands loses momentum.

YOY Change in Device Brand KIDFINITY

	2015		2016
iPad	856	▼	831
	817	▼	792
iPhone	804	▼	788
NINTENDO 3DS	799	▼	790
kindle fire	730	▼	726
SAMSUNG	740	▼	710

Base: Kids 6-12

Watching still leads screen time

Kids' digital engagement falls into five key categories, led by watching TV and movies on traditional TV sets. That doesn't necessarily mean the programming is cable or satellite-derived, but it does mean that TV still leads kids' screen time. In fact, this year, kids' weekly TV viewership *increases*, up to 77% from 68% in 2015. **Kids aren't ready to cut the TV cord just yet.**

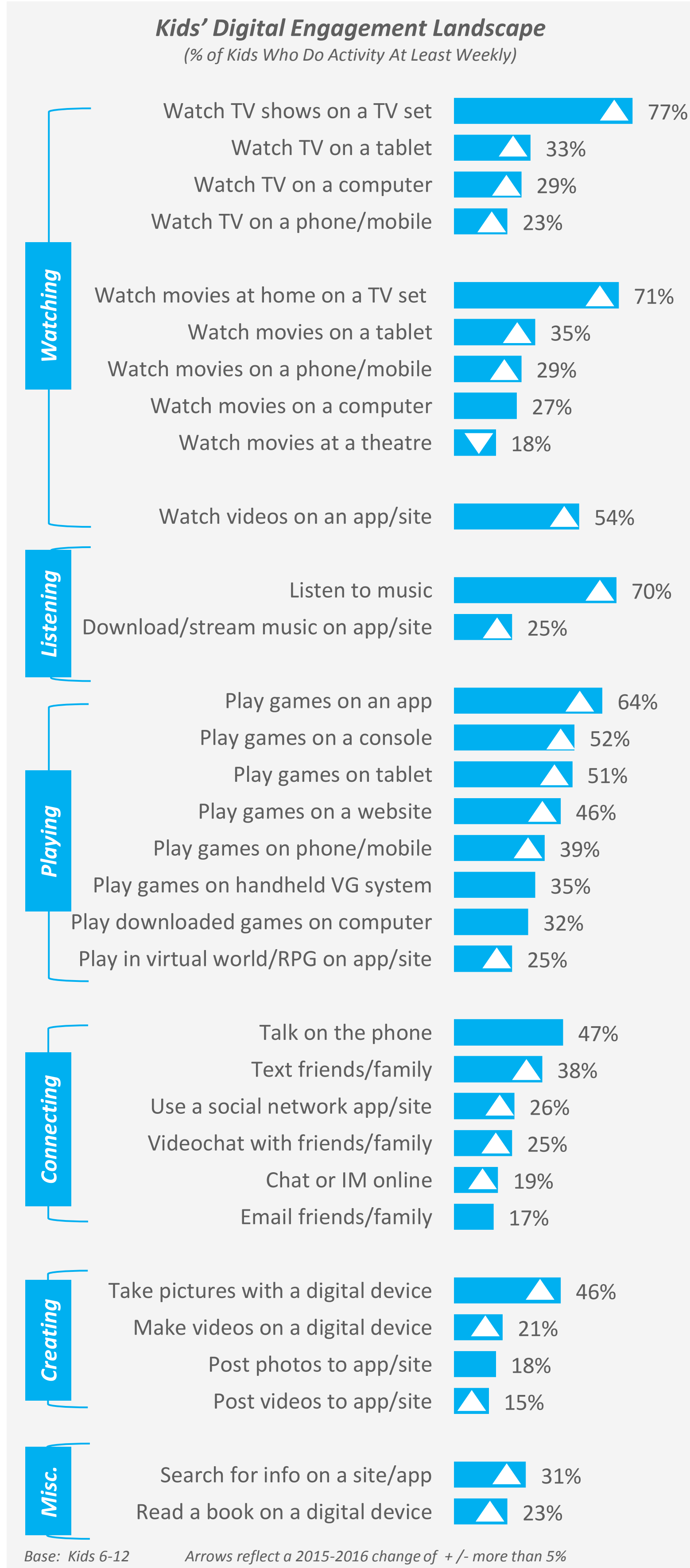
Viewership extends beyond TV to tablets, computers and mobile phones. A growing number of kids split their attention between multiple screens, often at the same time. Over half of kids use both smartphones and tablets daily, and nearly 1 in 3 watch TV on their tablets! If kids feel under-stimulated for even a moment, there's always another screen on hand to give them a quick jolt.

Streaming dominates watching

SVOD outpaces network content as the must-see "TV" of 2016. And short-form content like that found on #1 brand YouTube rounds out kids' leading media behaviors.

Today, a growing number of kids are **content addicts, tethered to tent poles like YouTube, Netflix, and the newly-relevant Hulu**, whose KIDFINITY score soars 43 points since last year, more than any other SVOD or linear TV channel.

Slower to adapt, traditional networks like Nickelodeon and Cartoon Network post their lowest KIDFINITY scores ever this year. While young viewers still like their shows, **the screen-time competition is steeper than ever,** and the challenge to ensure streamed episodes and movies continue to build network equity is trickier than ever.



Growth in kids' digital engagement is led by videos

With the exception of watching movies at a theatre—which declines by 6 percentage points in 2016—and a few more old-school digital activities—like talking on the phone, emailing, and playing on a handheld video game system—that have remained relatively flat, **kids' digital activities are growing.**

The largest change in behavior is the rise in kids' video viewership via apps and sites. This is undoubtedly led by YouTube, now the #1 brand among kids.

Indeed, **for kids today, it's all about video**—weekly usage is up 50% (or 18 percentage points) since 2015. Whether a vlog by a favorite teen YouTuber, a LEGO tutorial, or homework help on plate tectonics, **kids rely on video as they come of age and navigate the real and digital worlds.**

2015-2016 Change In % Points of Kids Who Do Digital Activity At Least Weekly

Base: Kids 6-12

Kids' music experience evolves

From how music is produced, to how it's distributed, to how it's consumed, **music continues a rapid evolution in 2016.** And video is a huge part of the change.

To kids, the video is as powerful as the song. YouTube is their MTV, but for every official video, there are hundreds of user-generated versions that bring just as much, if not more, entertainment.

Listening to (and watching) music—the second most common digital activity among kids—is really only part of the equation. Today, kids ask: Why not *make* the video and upload it to Musical.ly? Or *invent* the new dance moves and share via Snapchat? **Kids have become co-producers of music.**

Music is undeniably more social than ever in 2016, with adults, teens and kids sharing musical tastes and social media platforms fueling interactivity and UGC distribution. Not to mention the decline of personal downloads and storing playlists on personal devices.

Streaming replaces downloads and à la carte listening. Long gone are the days of kids searching for new songs on iTunes, down-loading them onto their iPods and lying on their beds while listening. As iTunes KIDFINITY and usage erode, streaming services like Spotify (and even Radio Disney) ascend.

App-based gaming replaces handhelds, but consoles endure

The time kids don't spend watching Disney Channel or perfecting their Musical.ly videos, they spend gaming—primarily via apps. Nearly two-thirds report doing so at least weekly, an increase of 11% since 2015 (when Smarty Pants reported on kids' already "App Happy" lives).

The average KIDFINITY gain for app-based games over the past year is 32 points! Even "classic" apps like Angry Birds, Fruit Ninja, Minecraft, Plants vs. Zombies, Temple Run, Dumb Ways to Die and Candy Crush Saga generate far more love this year, some thanks to brand-extending efforts across media.

While playing games on phones and tablets grows more popular, **playing on a handheld video system now hovers around 35%—down from a 2012 peak of 55%.** Kids simply don't need a portable gaming device with a limited number of games when they can have a smartphone or tablet with a carousel of experiences, not to mention seamless connectivity to friends and family.

Video game consoles hold their ground, however, reversing a five-year downtrend. **Wii U and PlayStation fare best this year,** bonding families through gameplay with properties like Mario, which over half of kids play with their parents.

Augmented reality sets a new bar for entertainment

For the past couple of months, players young and old have wandered the globe with eyes glued to their smartphones and hoping to locate and capture any of the 151 pocket monsters. The app has gotten kids (and adults) outside again, blending fantasy and reality. And it has demonstrated that augmented reality *can* work, and well. No doubt it changed the digital landscape in 2016.

Pokémon GO is the breakout digital experience of the year!

As the "Toys-to-Life" category sputters beyond wildly-successful LEGO Dimensions, Pokémon GO puts to rest doubts about the future of digital-meets-physical experiences and revives a vintage IP for a new generation.

The future of kids' digital engagement now includes exciting questions like: Can others replicate the Pokémon GO magic? Is AR here to stay? Does AR's success open the doors to VR experiences in the youth space? Can AR reverse the decline in outdoor play?

Kids colonize (13+) social media in 2016

The number of kids who report using social media continues to climb—jumping this year to 17% of kids 6-8 and a third of tweens 9-12 who do so at least weekly. But a closer look at social network/platform **usage by brand reveals that many more kids and tweens use the services—and may not think of or know them as "social media" when asked in general terms.**

Among tweens who are aware of Snapchat, for instance, 48% report using the brand—and another 23% haven't yet but want to! **It's the social media star for kids in 2016, adding 70 KIDFINITY points this year! Two more of the fastest-growing brands allow kids to connect in the digital space: Instagram and Kik.**

With the exception of Facebook, kids are flocking to social media and connective apps regardless of the age requirements. And their (often Millennial) parents are more okay with it than ever.

Wearables are the new "must ask for"

Much like adults, kids 6-12 are jumping into the wearables trend. Apple Watch posts healthy KIDFINITY gains this year, and awareness and usage for brands like Fitbit and often-worn GoPro are on the rise, too. In 2016, it's not uncommon to hear a tween girl brag about her step-count or watch a GoPro-captured YouTube video of a tween boy landing a bike trick.

Kids see these gadgets as cool and innovative, and they're excited by the ability to track their activities, communicate without a phone, and capture hands-free video. So excited, that is, that many schools have banned wearables because they delight, and hence distract, kids.

Plan to see a lot of wearable innovation in the coming year—from VR glasses to "smart" garments to stylish, connected jewelry and accessories. As prices come down, kids will surely be trying on more wearables for size.

The next seven sections—each dedicated to a specific digital behavior—provide a deeper look into these trends and many more. Enjoy!

Watching

Don’t believe the hype; TV isn’t dead

Kids love TV. Still. They gravitate to the largest screen available that has the content they want. And most often this is a TV screen. In fact, **TV is the most used device in the home, with more than four in five kids watching it every day and a full 96% tuning in at least weekly.**

The trend is not *away* from TVs. In fact, **kid viewership on TVs is up in 2016.** But this doesn’t mean cable or satellite is providing all of the content. Streaming content is playing a growing role in remote control-driven viewing, and it’s shaking up the kids’ entertainment landscape.

Disney dominates linear kid networks

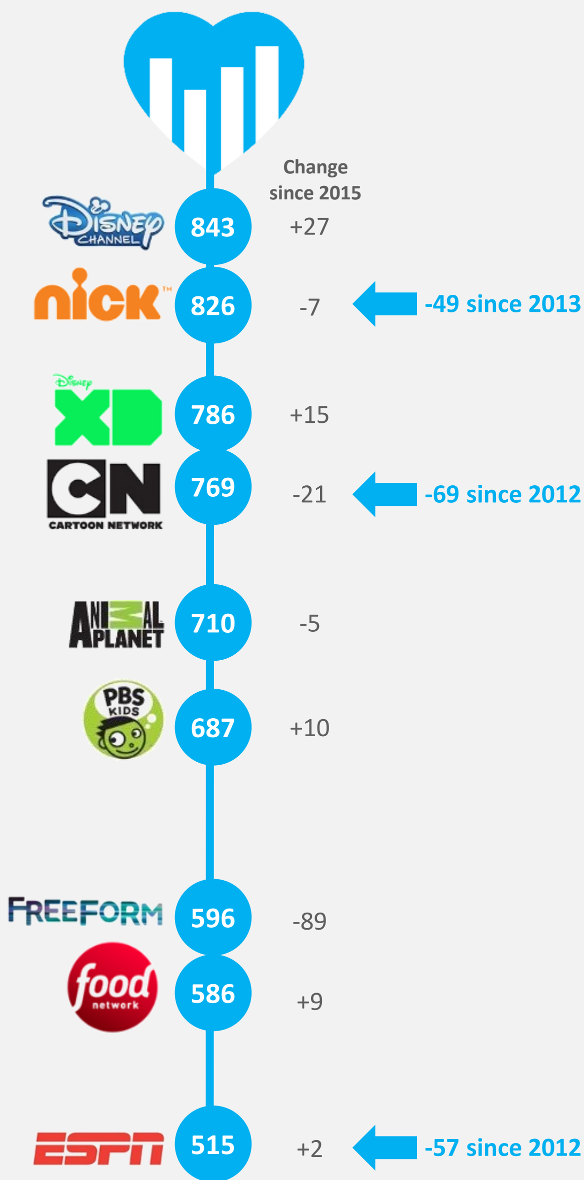
Feeling the pinch of SVOD, **all linear networks have posted lower KIDFINITY scores or very modest gains in the past two years—except for tough-as-nails Disney Channel** that proves to be weathering the long-form competitive storm.

Disney Channel is doing a great job keeping humor at its core while updating its lineup to include themes that resonate with modern kids. For example, *Bizaardvark* features two best friends who post funny songs and videos on a YouTube-esque content hub. The show follows their rise to fame and the issues the girls deal with along the way, such as fielding hurtful internet comments.

Holding on to its #1 linear network position (among the nine evaluated), Disney Channel rises to a stellar 843 KIDFINITY score this year from an already-healthy 817 in 2015. **Disney XD also posts growth** (from 770 to 786) as shows like YouTube-inspired *Walk the Prank* gain traction and "classics" like *Kickin' It* and *Lab Rats* continue to delight.

The only other kid network on the rise is preschool-centric PBS KIDS that boasts innocent winners like *Wild Kratts* and *Daniel Tiger's Neighborhood.*

2016 KIDFINITY For Linear Networks



Base: Kids 6-12

Nickelodeon and Cartoon Network lose momentum, fandom

This year, both Nickelodeon and Cartoon Network post their lowest KIDFINITY scores since the study's 2009 inception. Screen-time competition continues to become more fierce as streaming services gain momentum. And when kids *are* watching content from a linear network on a streaming site, their connection to the network brand of origin is weakened.

Down only 7 KIDFINITY points since 2015, Nick has receded 49 points since its high in 2013. Shows like *Game Shakers*, which features two tween girls who launch an app company, and *Henry Danger*, about a super-crimefighter sidekick-in-training, may help the brand level off.

Cartoon Network is having an even tougher time remaining relevant to kids, including core boys. Since 2012, the brand has lost 69 KIDFINITY points among all kids and is freefalling among boys aged 6-8 (down 13 points since 2015 and a whopping 76 points since its peak in 2010). While *Teen Titans Go!* and *Adventure Time* are still securing viewers, **the lineup may simply be too quirky and fringe to bring in the kid masses.**

Interest-based networks connect with some kids, not all

Adult-targeted channels like ESPN, Food Network, and Discovery Channel fare more poorly among 6-12s than kid networks, because they appeal to specific lifestyles and interests. **These brands do a great job of bringing (some) families together, but their appeal is not broad enough across subgroups to secure high KIDFINITY scores.**

ESPN appears to be regaining its footing after a three-year decline, but its score remains quite low—even among boys who rank it #220 among the 285 brands tested in 2016.