AMPERE ANALYSIS

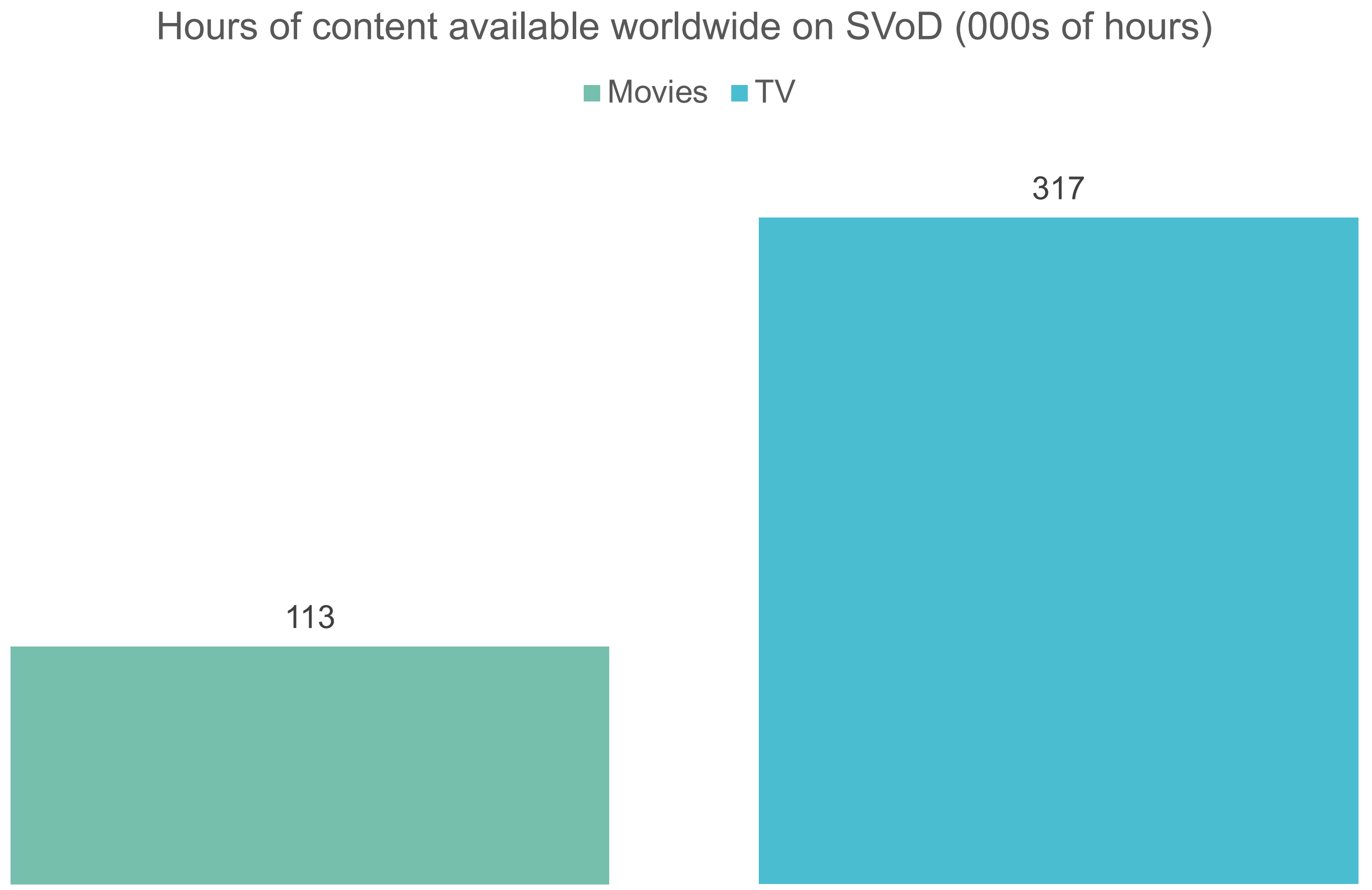
Next-gen TV viewing in Denmark and beyond

Ampere Analysis

May 2018

1. Subscription VoD services are now offering a vast amount of content to consumers

SVoD services are offering consumers nearly half a million hours of content every month



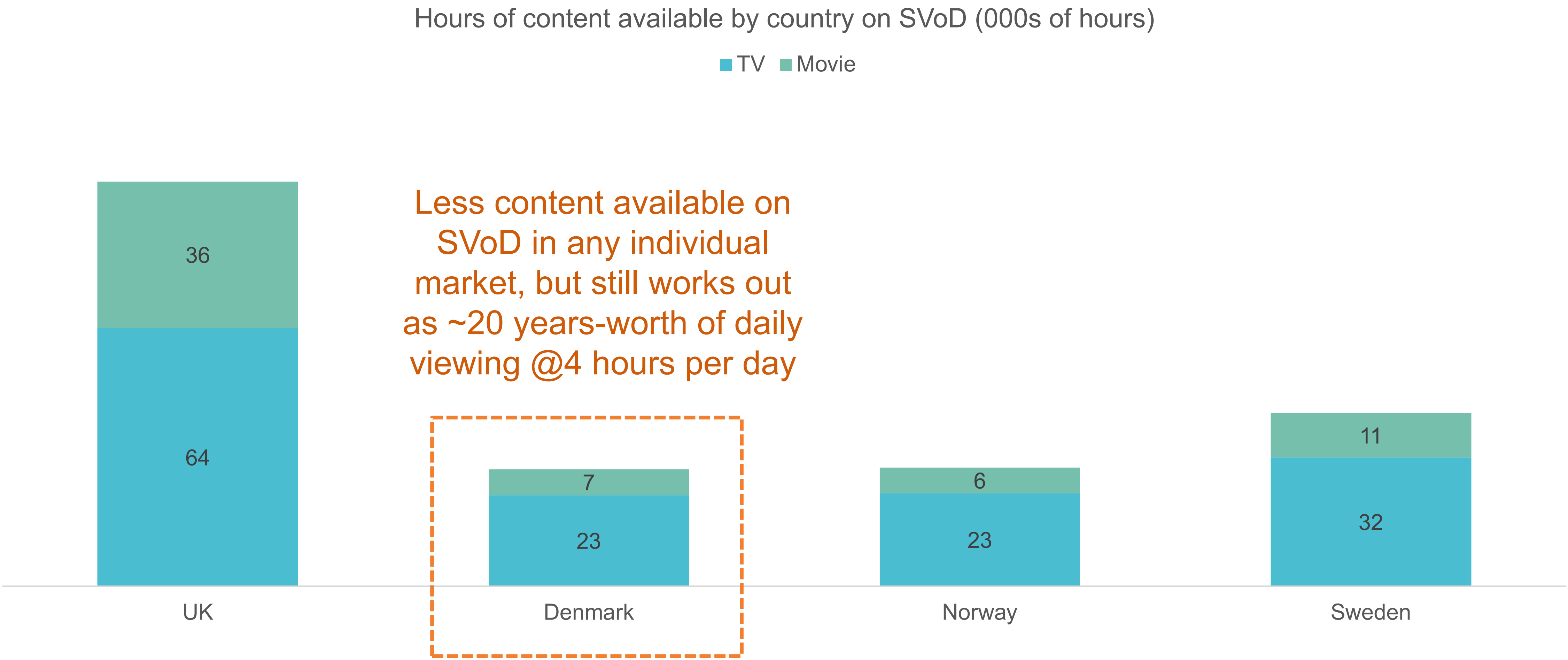
Source: Ampere Analytics, Mar 2018

SVoD services are offering consumers nearly half a million hours of content every month

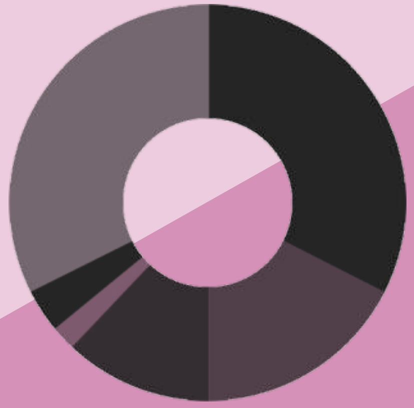
The average person, watching 4 hours per day of TV, would take nearly 300 years to watch this

Source: Ampere Analytics, Mar 2018

Even on a country-by-country basis, the numbers are huge

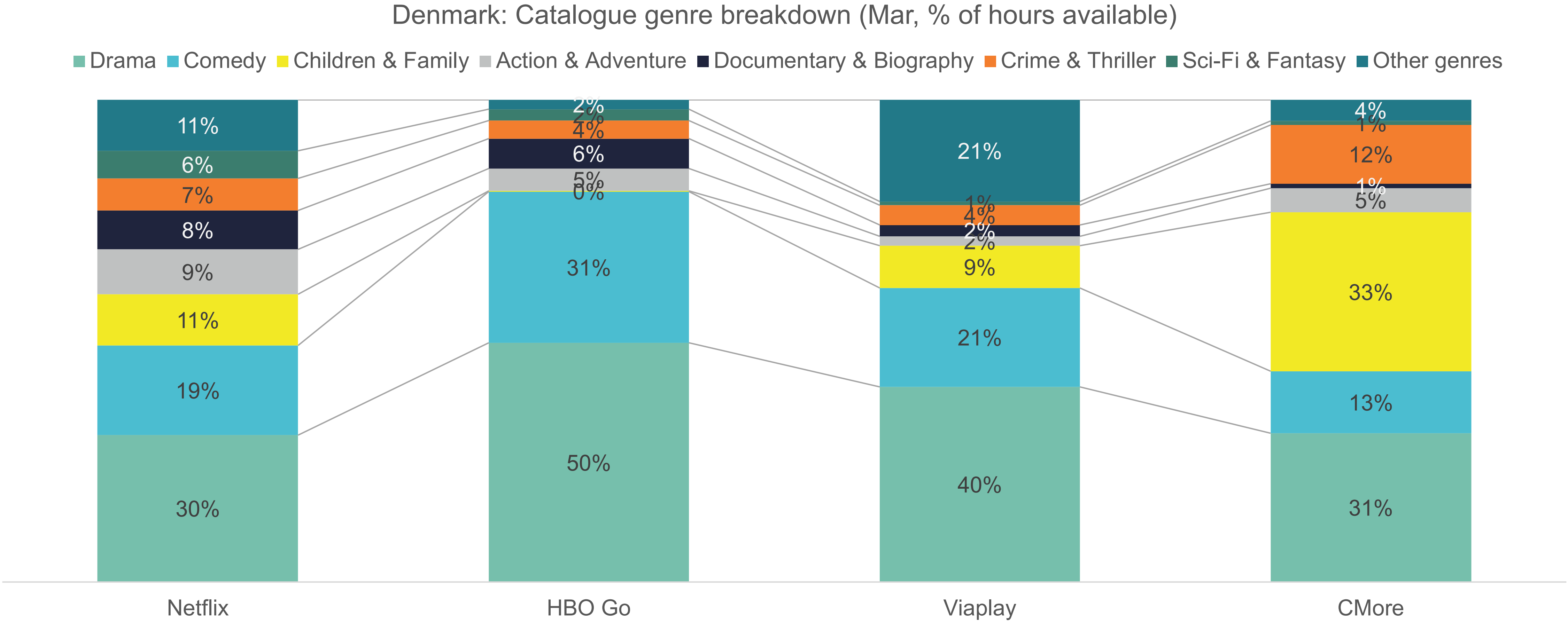


Source: Ampere Analytics, Mar 2018

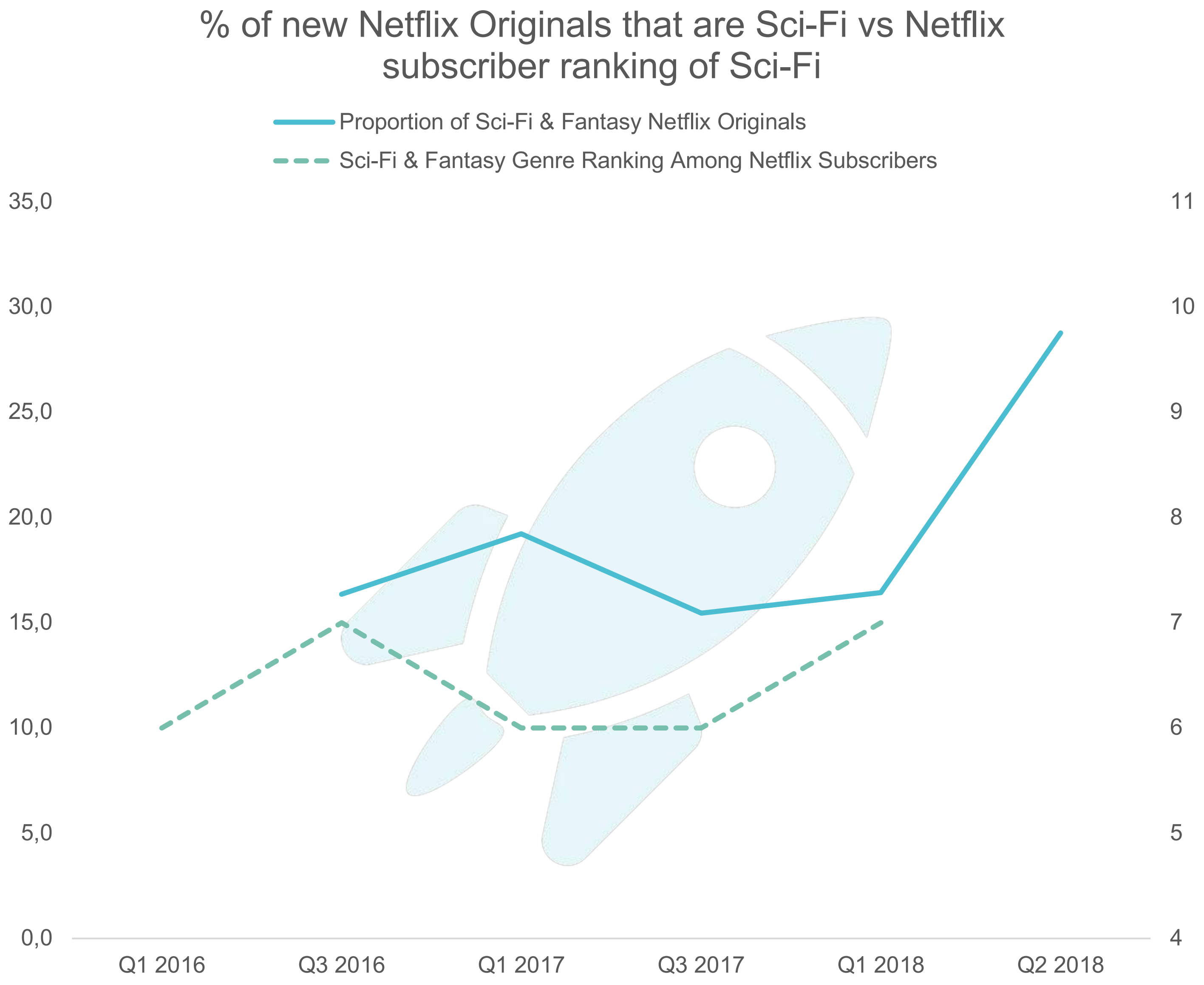


2. Changing consumer genre preferences are driving commissioning strategies

There is no single SVoD catalogue build – drama is always big, but other genres vary

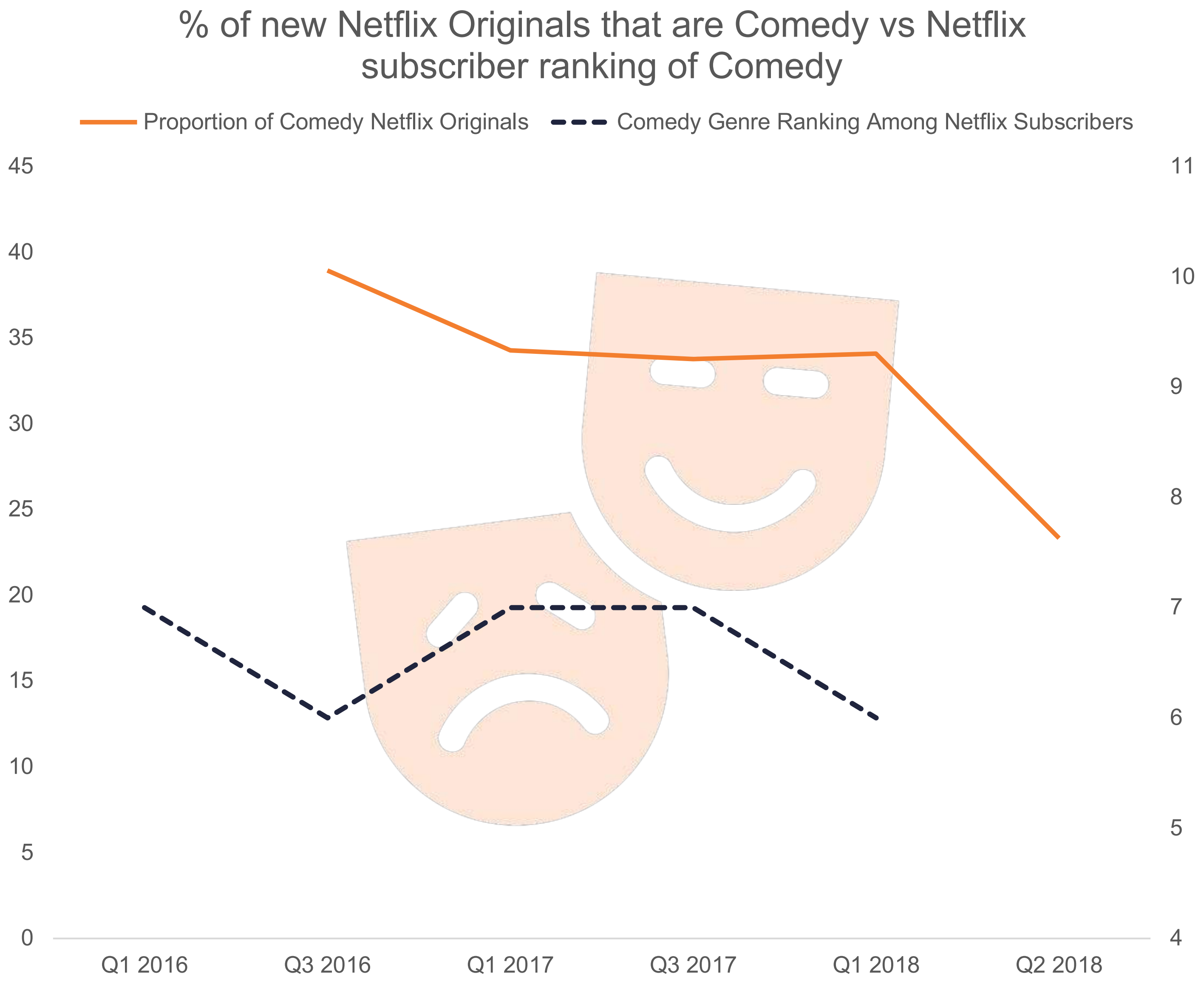


Netflix's recent Sci-Fi Originals commissions reflect the changing genre preferences of its customer base



Source: Ampere Consumer, Q1 2018, based on interviews with 22,000 internet users across 10 markets including the USA.

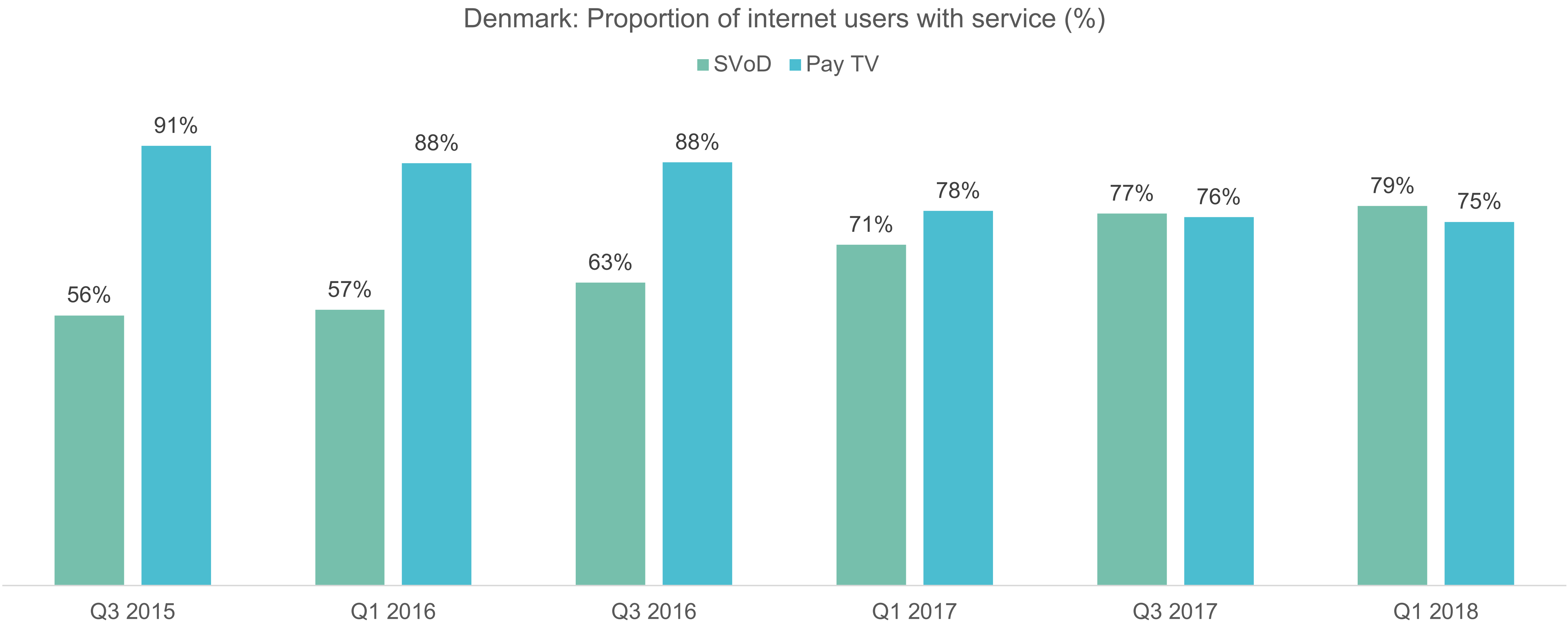
…and the lower proportion of comedy among recent Originals



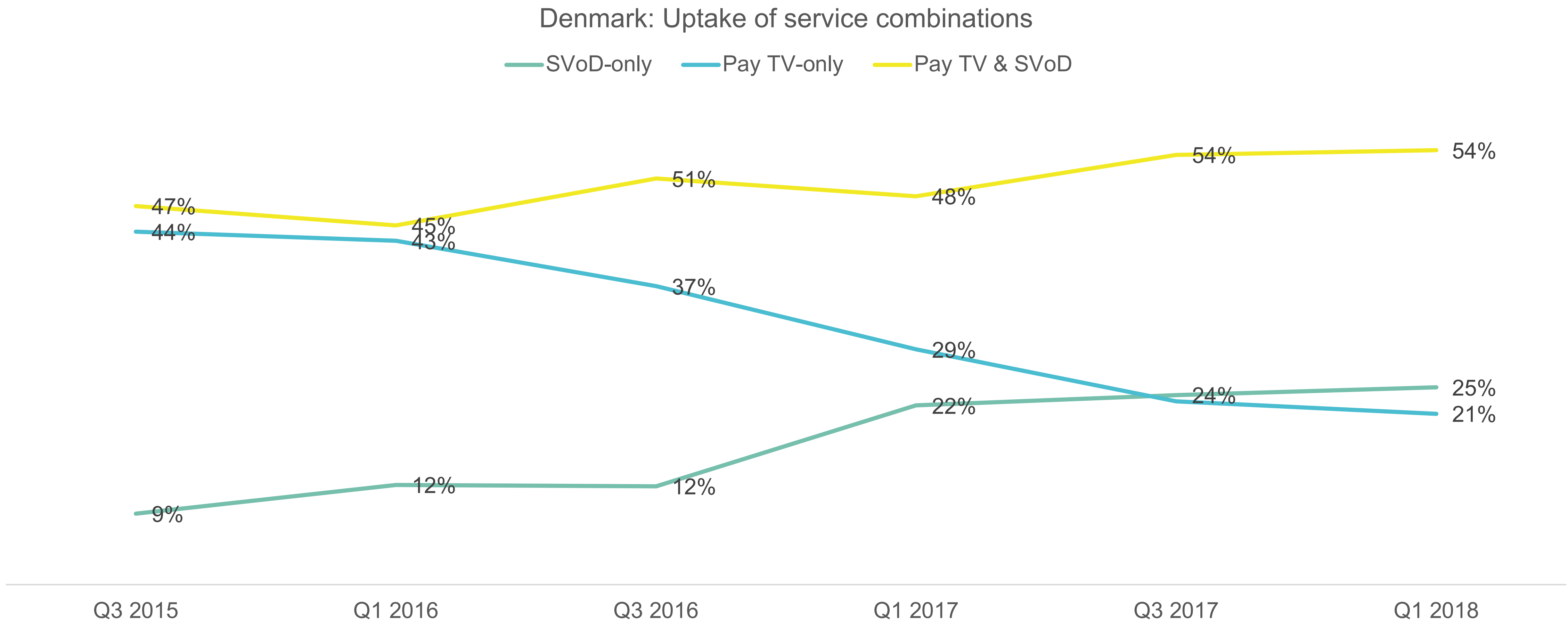
Source: Ampere Consumer, Q1 2018, based on interviews with 22,000 internet users across 10 markets including the USA.

3. Cord-cutting and cord stacking are now driving the TV economy

Uptake of subscription VoD has now overtaken pay TV uptake in markets like Denmark

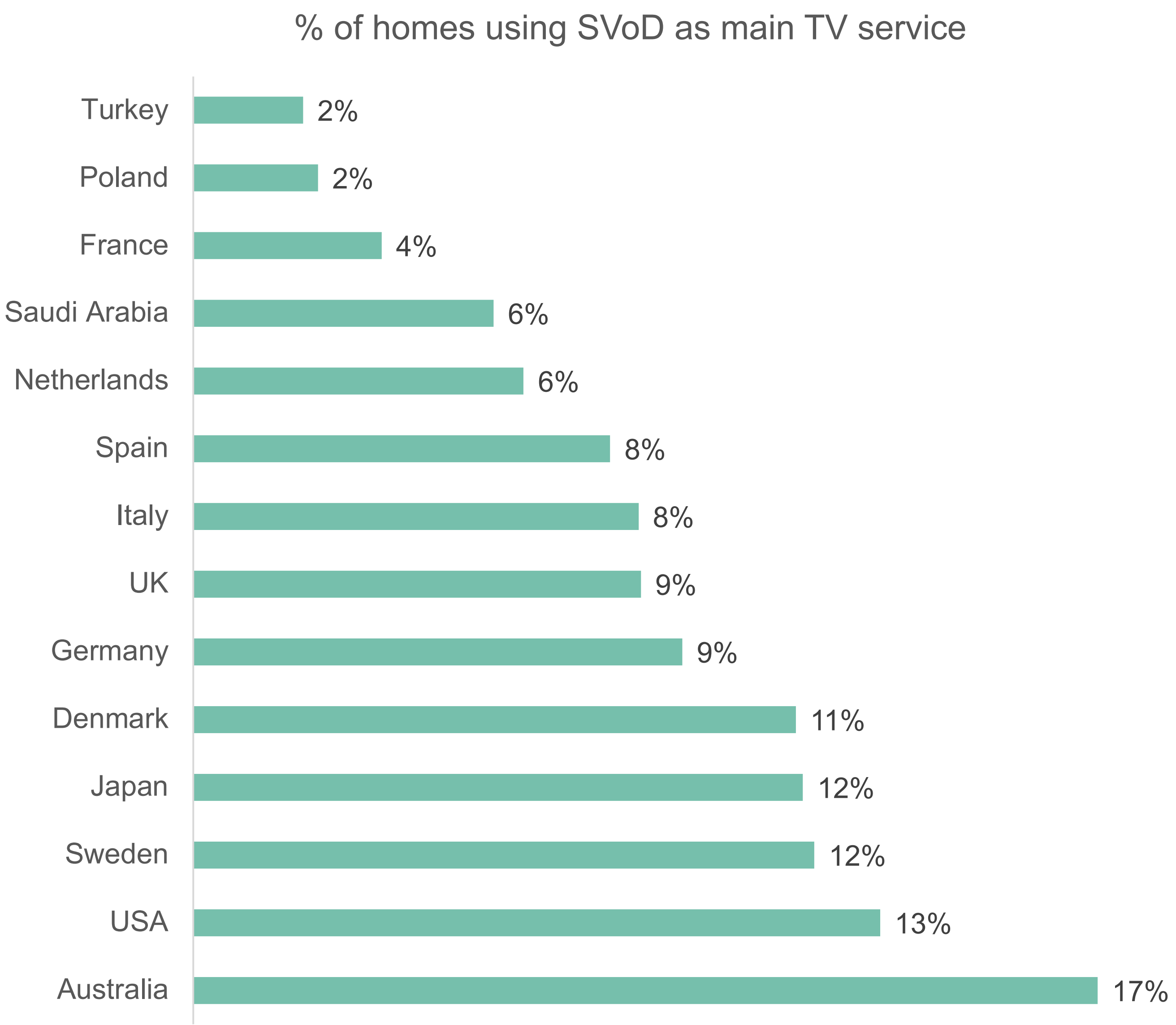


…while the number of households with only pay TV plummets



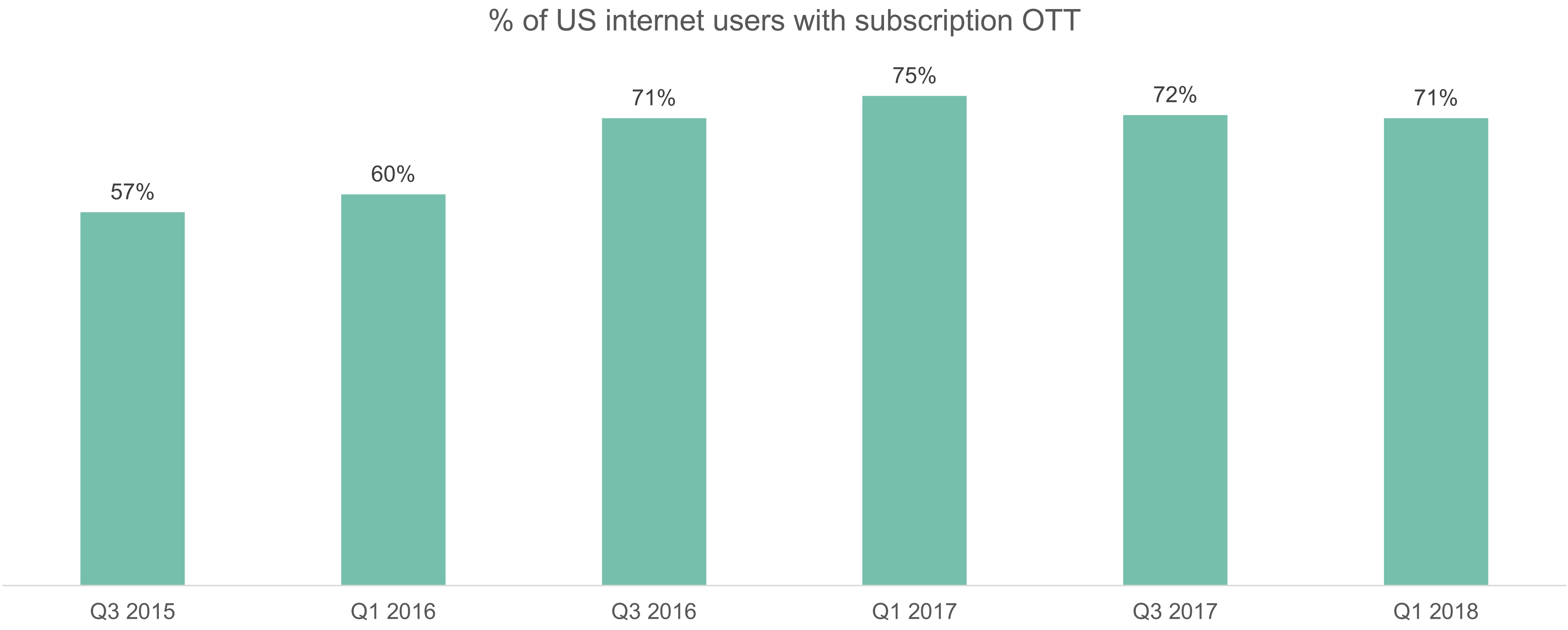
Around 9% of homes now consider SVoD to be their main form of TV service – 11% in Denmark

- Denmark and Sweden are two of the global leaders in terms of underlying viewing shifts and changes in consumer attitudes towards TV



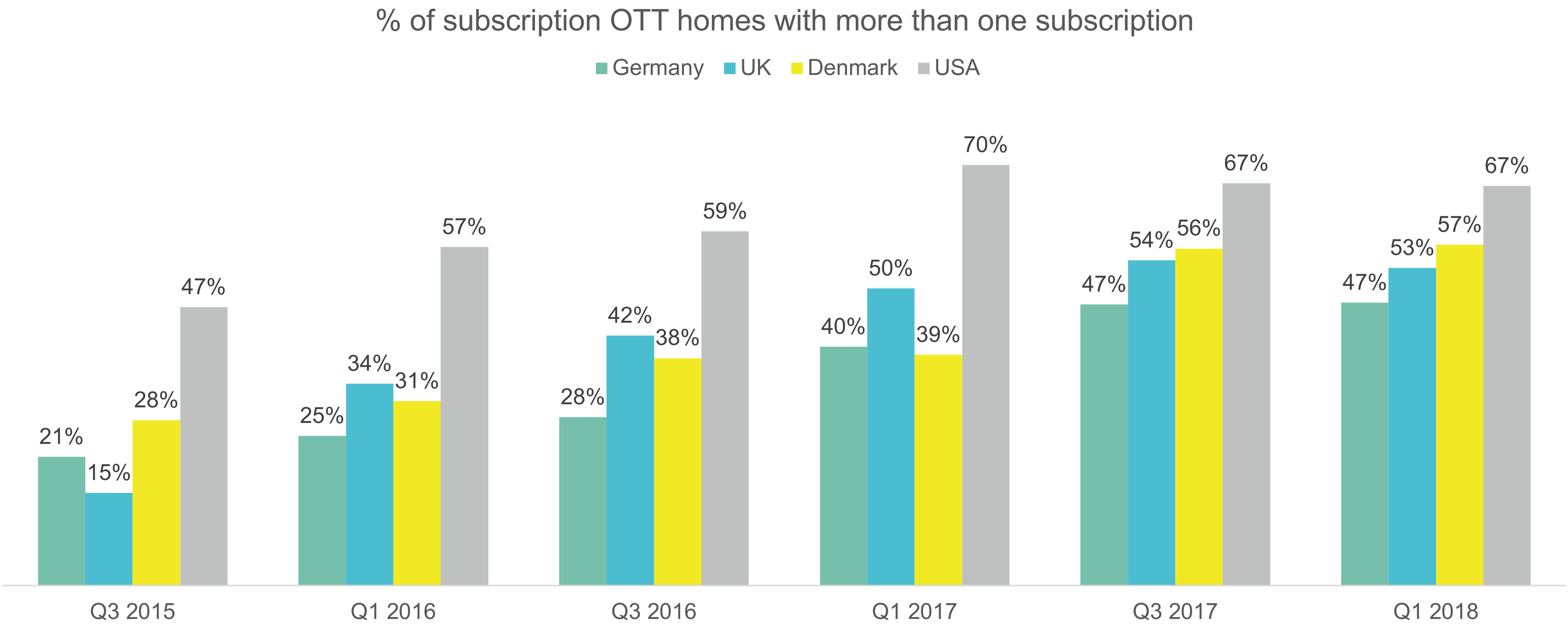
Source: Ampere Consumer. Q1 2018. Based on survey of 33,000 homes.

But in some other markets (like the US), we're seeing SVoD capacity being reached



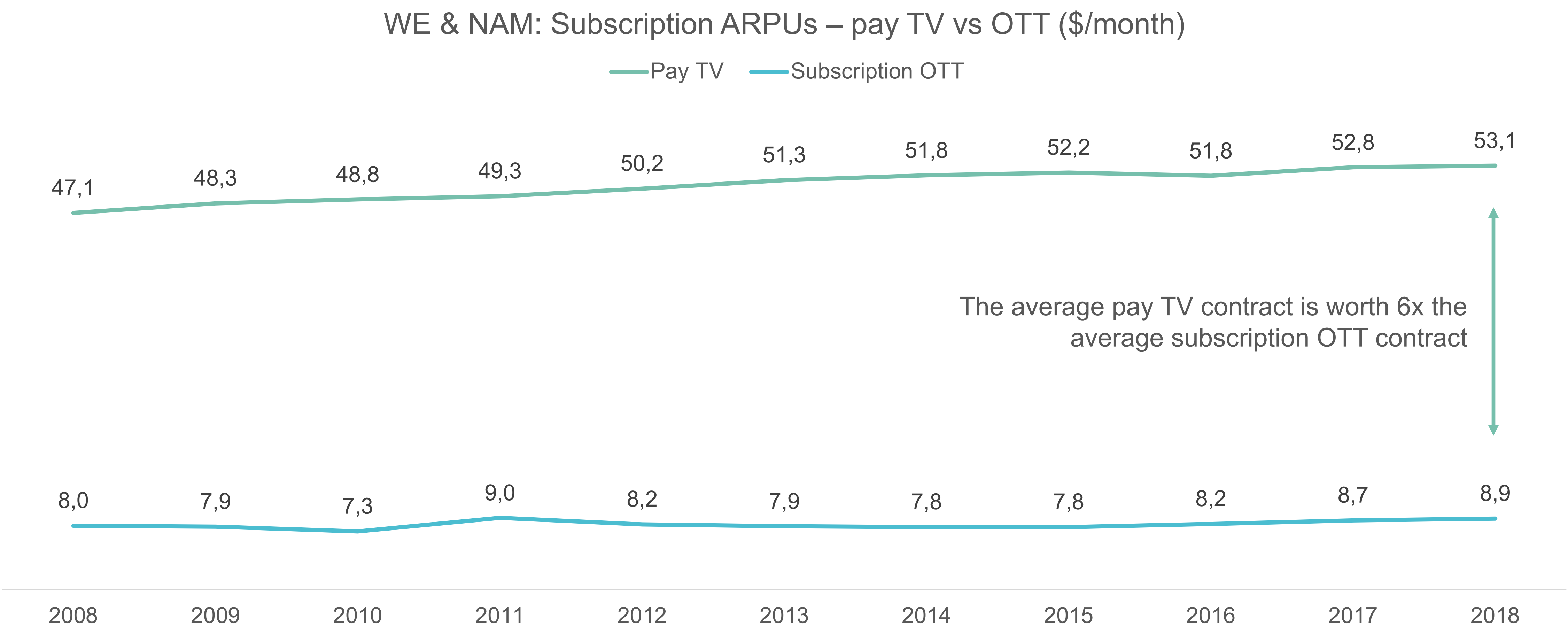
Source: Ampere Consumer

As the market reaches saturation, consumers double or triple up on subscriptions



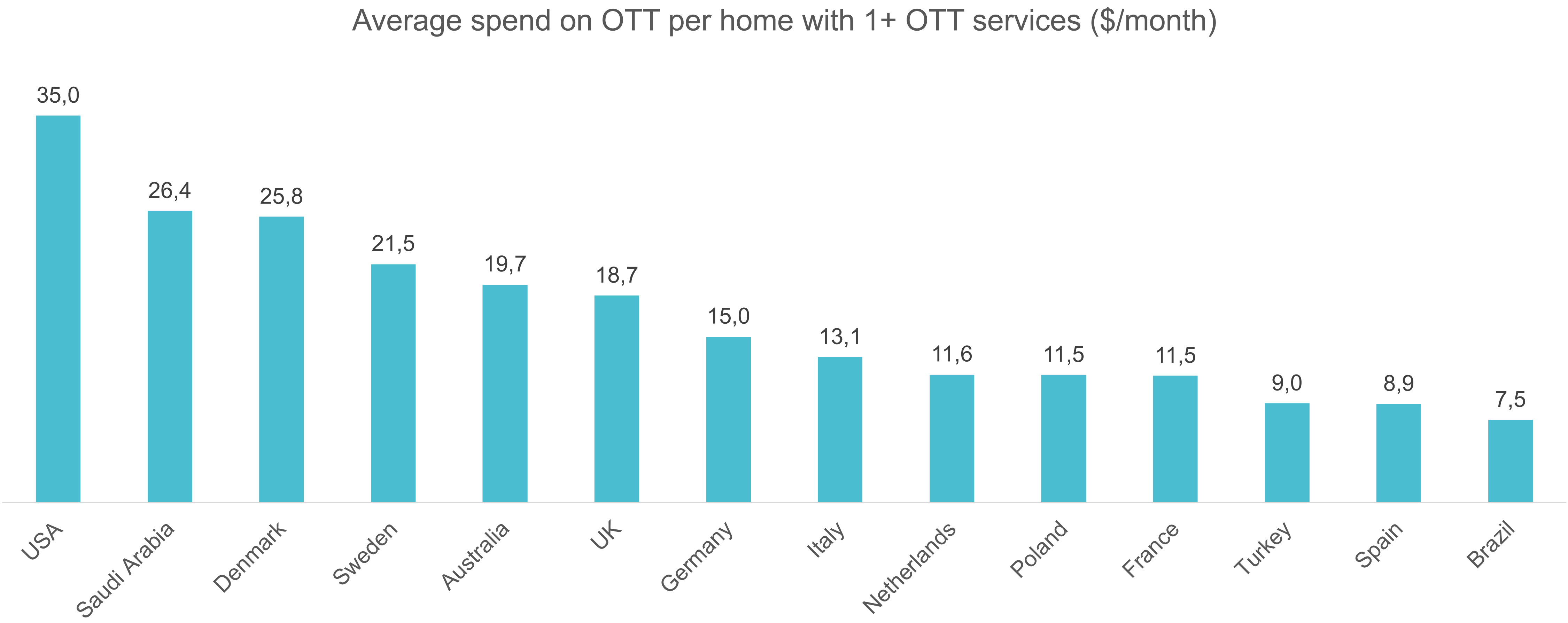
Source: Ampere Consumer

Stacking means economic mismatch diminishes: You've probably seen charts like this before…



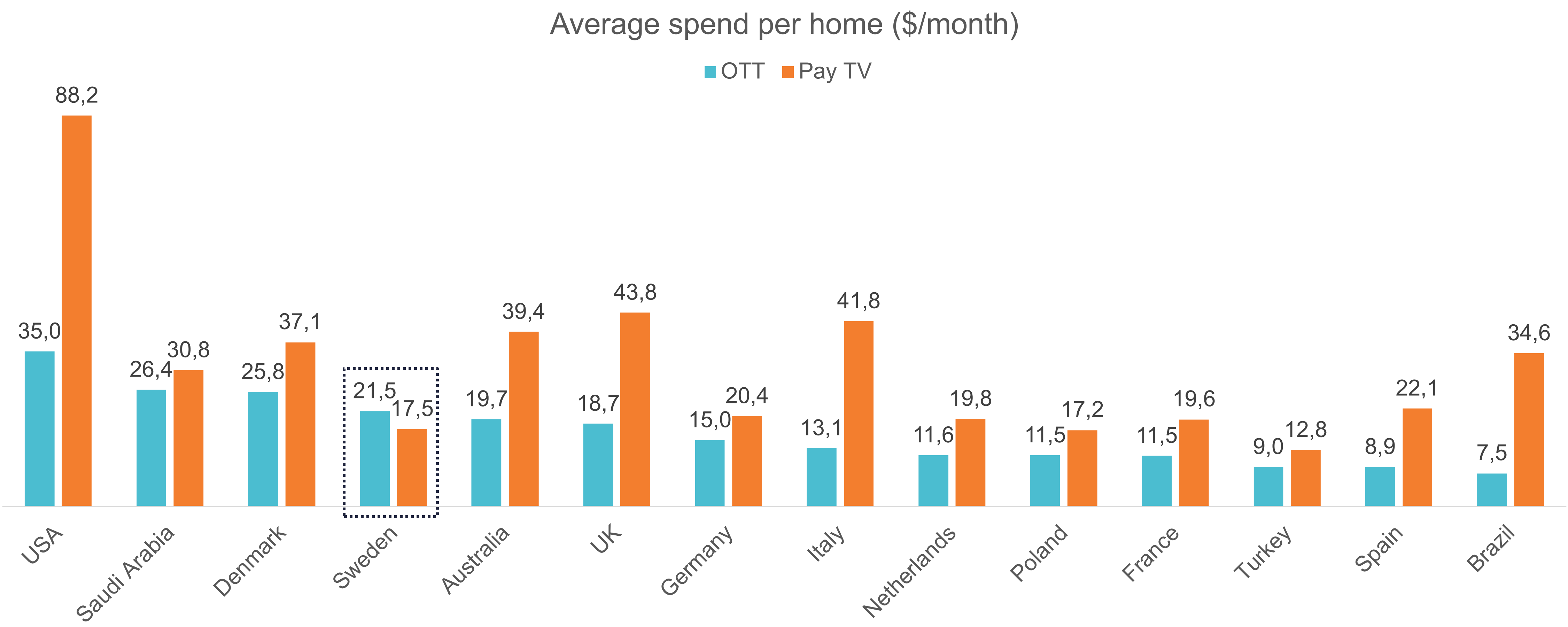
Source: Ampere Markets

In actual fact, the average spend in a US OTT home reached $35 per month by Q1 2018



Source: Ampere Consumer, Q1 2018, 33,000 respondents. After sales tax.

In Sweden, the average OTT home may now be spending *more* than the average pay TV home

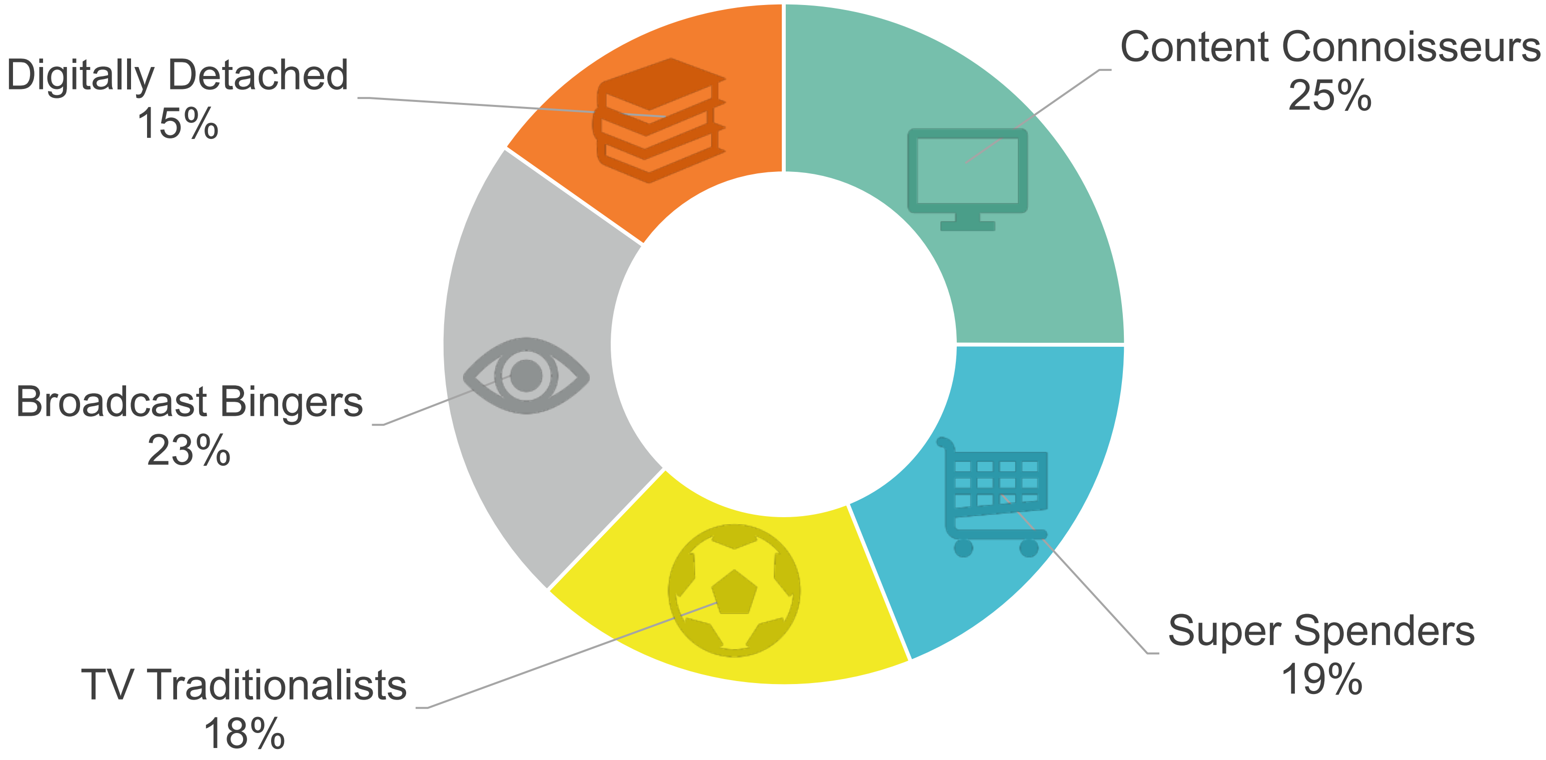


Source: Ampere Consumer, Q1 2018, 33,000 respondents. Ampere Markets. After sales tax.

4. Understanding trends is about understanding consumer groups

We segment the market into five clusters of viewers, each with distinct attitudes towards TV

TV consumer groups (proportion of population, %)



Attitude-based groupings can say more than demographics alone

Content Connoisseurs

Don't think they'll need live TV in the future

Younger, wealthier, connected

Binge view, high WTP

Super Spenders

High wealth, high spend

Middle-aged, have young family

Like movies & sport

TV Traditionalists

Like live TV, sport, movies, wedded to the main set

A little older, not interested in connected devices

Broadcast Bingers

Love to binge view TV and movies

Like talking about TV

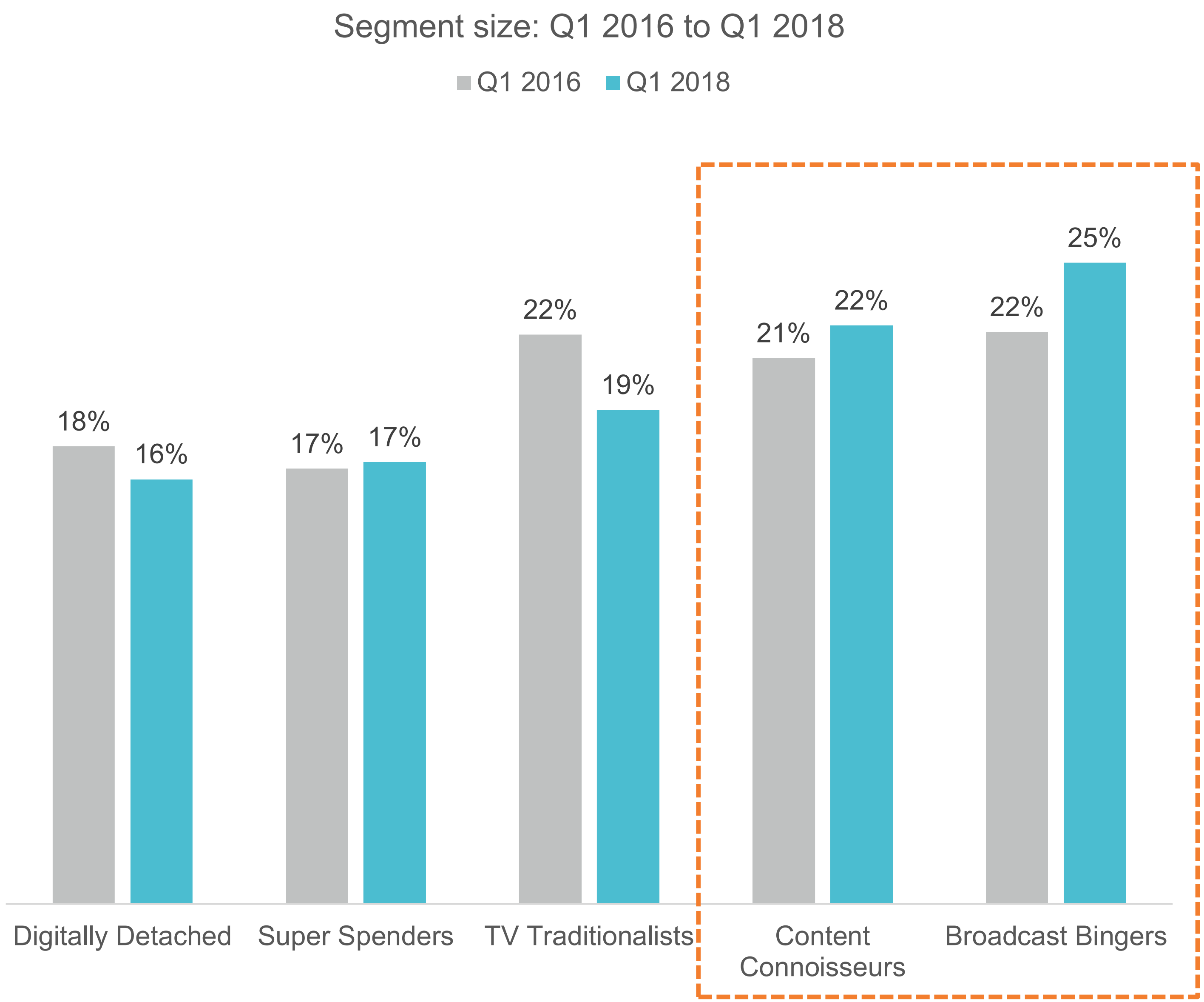
Common across all age groups

Digitally Detached

Not massive fans of TV – don't binge view or like sport

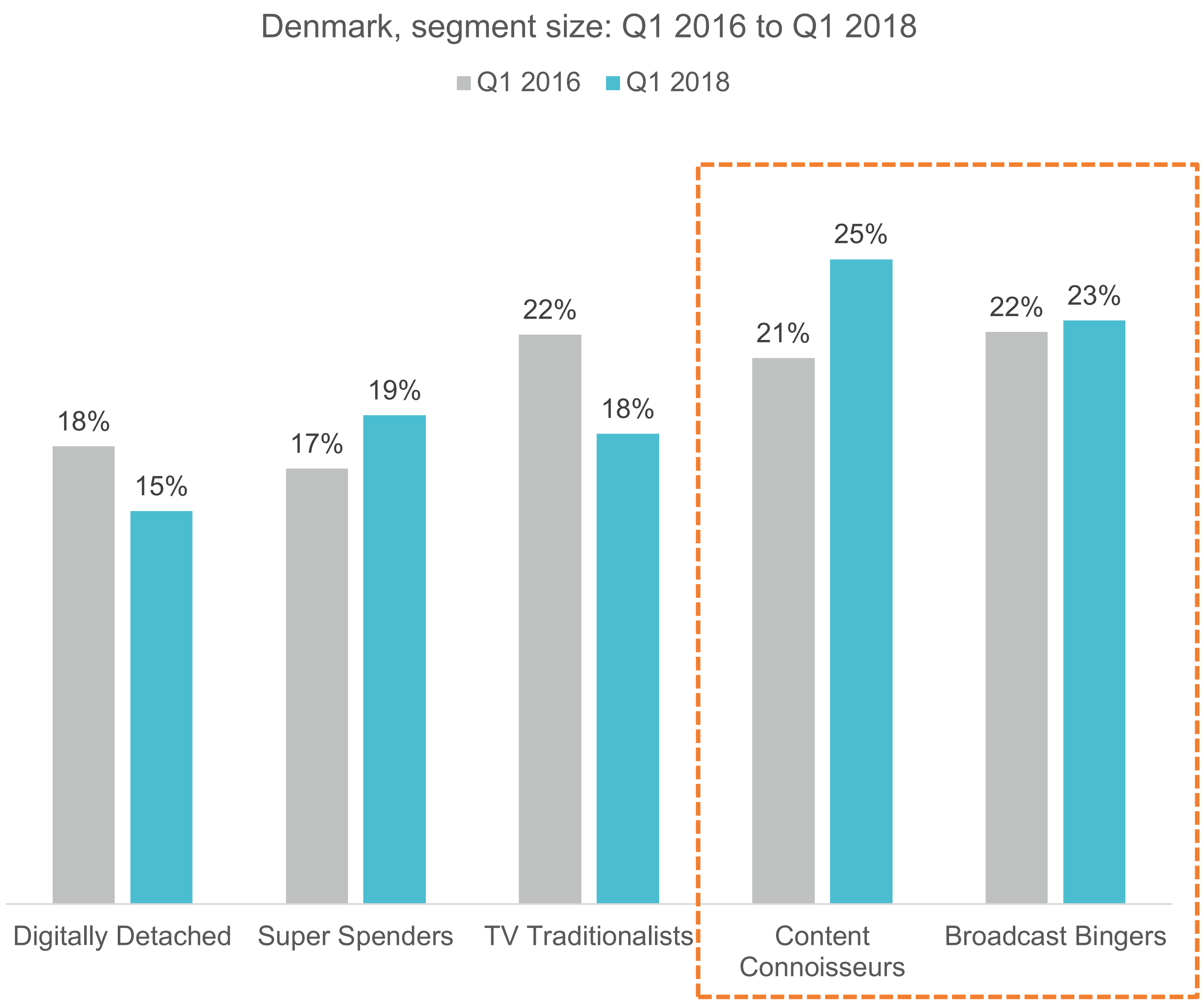
Older, have free TV, aren't online video fans

Next generation segments are growing globally



Source: Ampere Consumer. Q1 2018 & Q1 2016. Based on 10 markets for which time series data available.

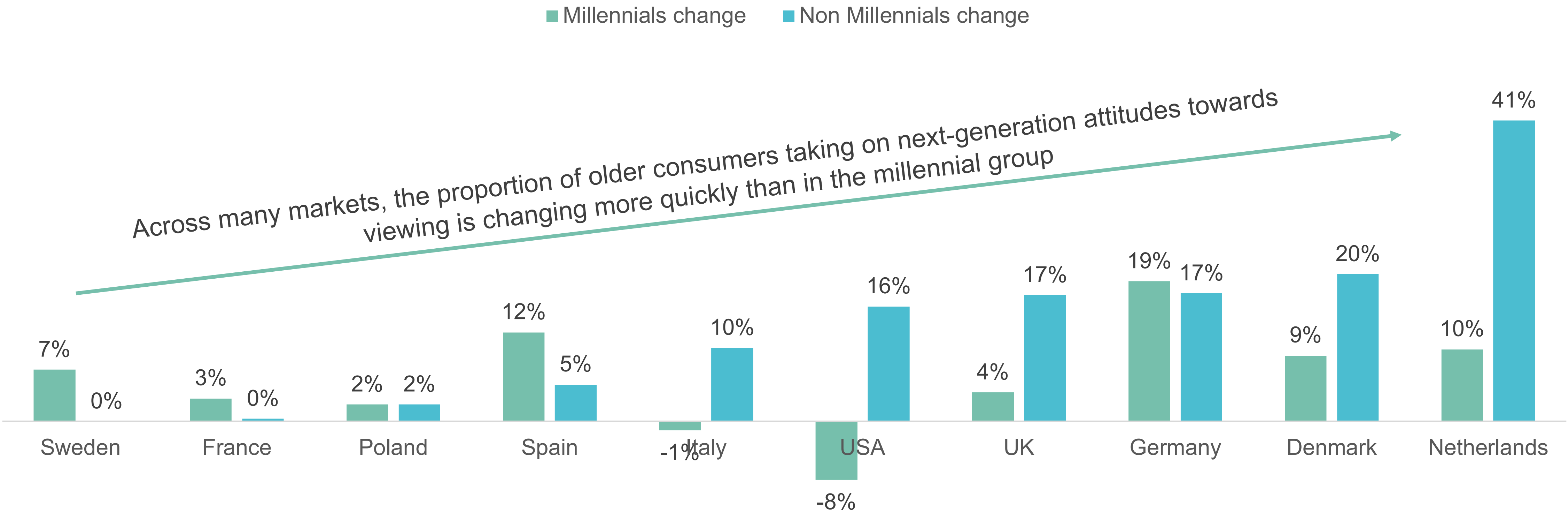
And Denmark has shown particularly significant growth, especially in the high-end Content Connoisseur grouping



Source: Ampere Consumer. Q1 2018 & Q1 2016. Based on Denmark

The difference between Millennials and non-Millennials is largely diminishing

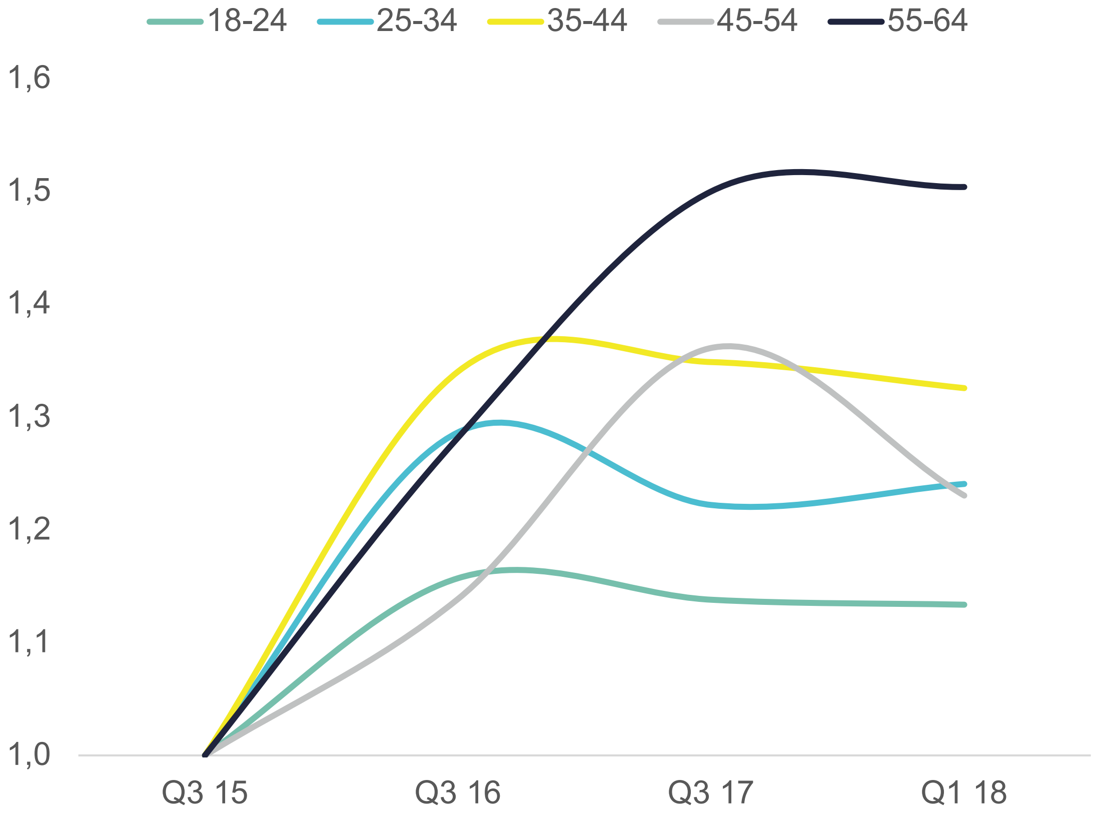
Relative change in proportion of next-gen segments 2016 to 2018



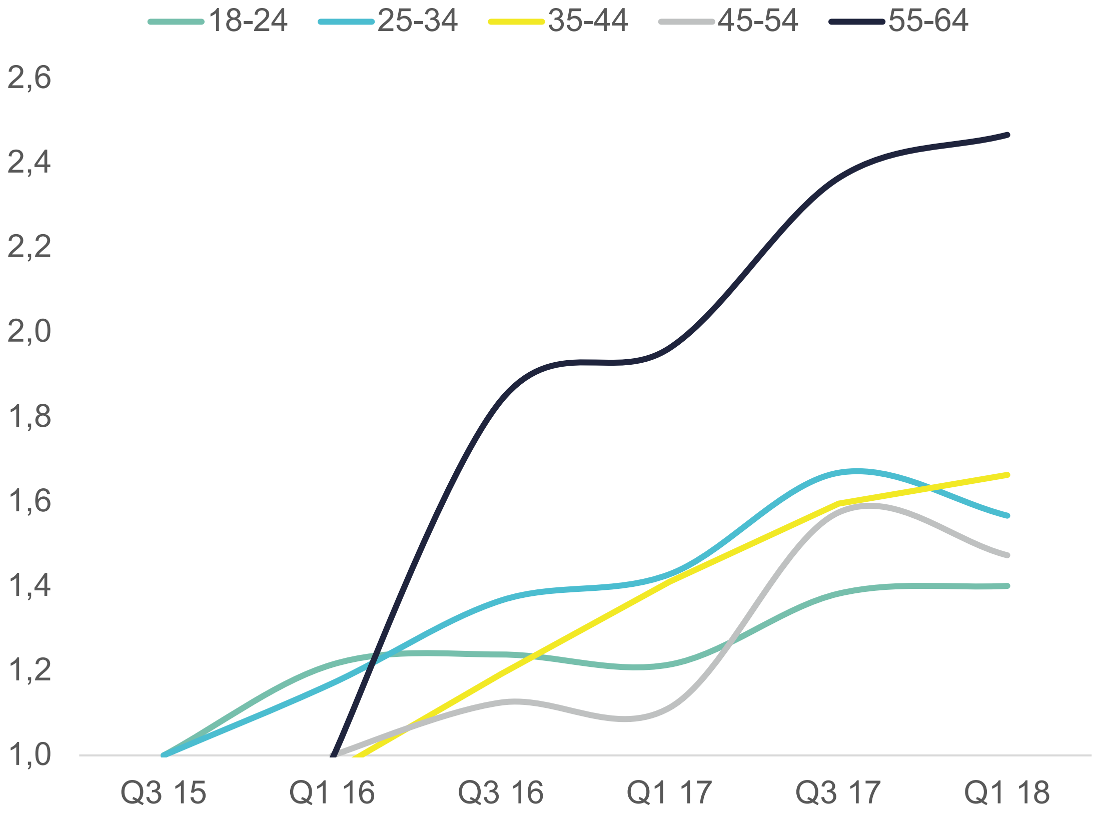
5. Older consumers are increasingly growth drivers for SVoD

Saturation has hidden effects – Netflix growth now being driven by 55-64 year-olds in DK/USA

USA: Uptake of Netflix, indexed to Q3 2015



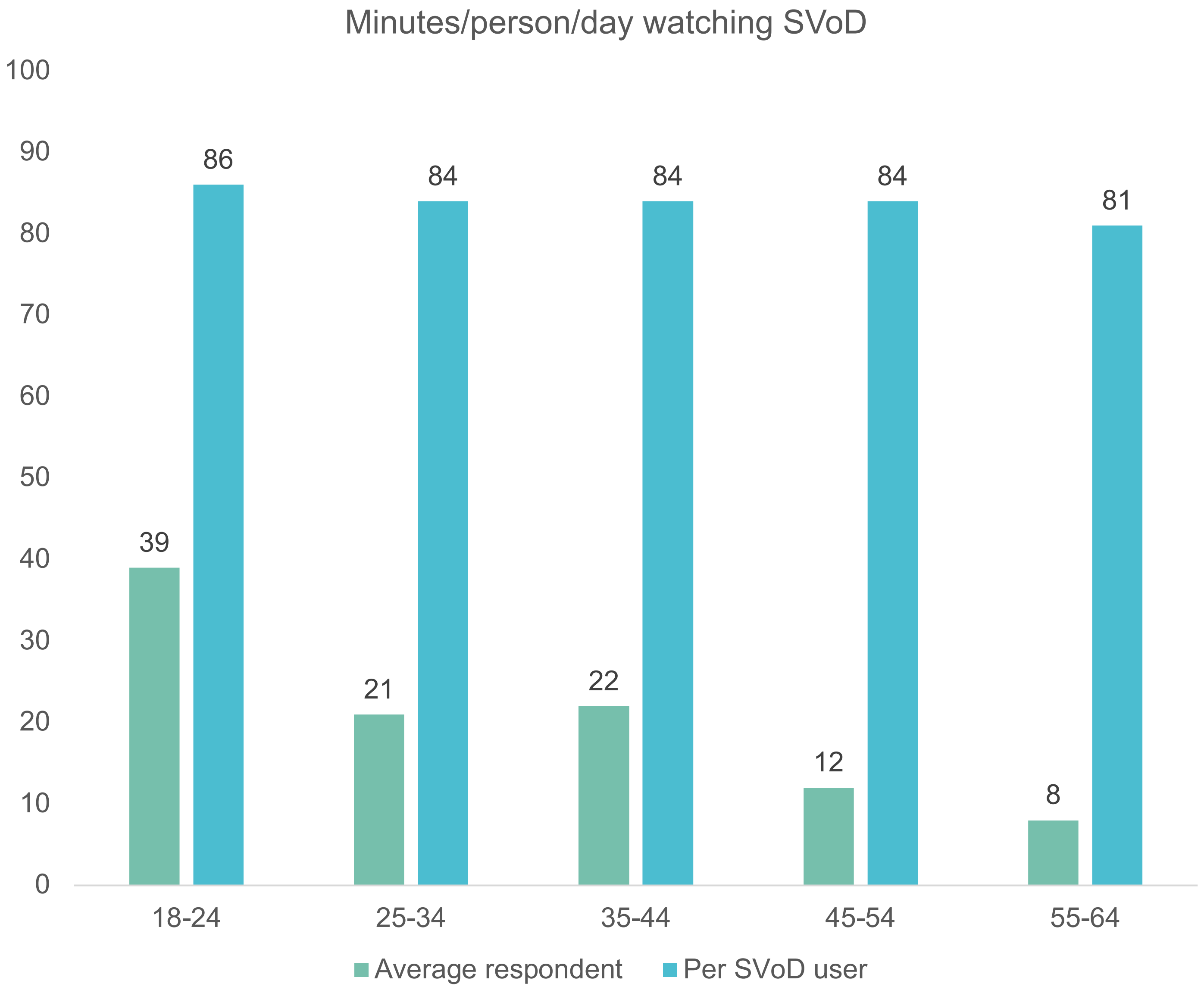
DK: Uptake of Netflix, indexed to Q3 2015



Source: Ampere Consumer

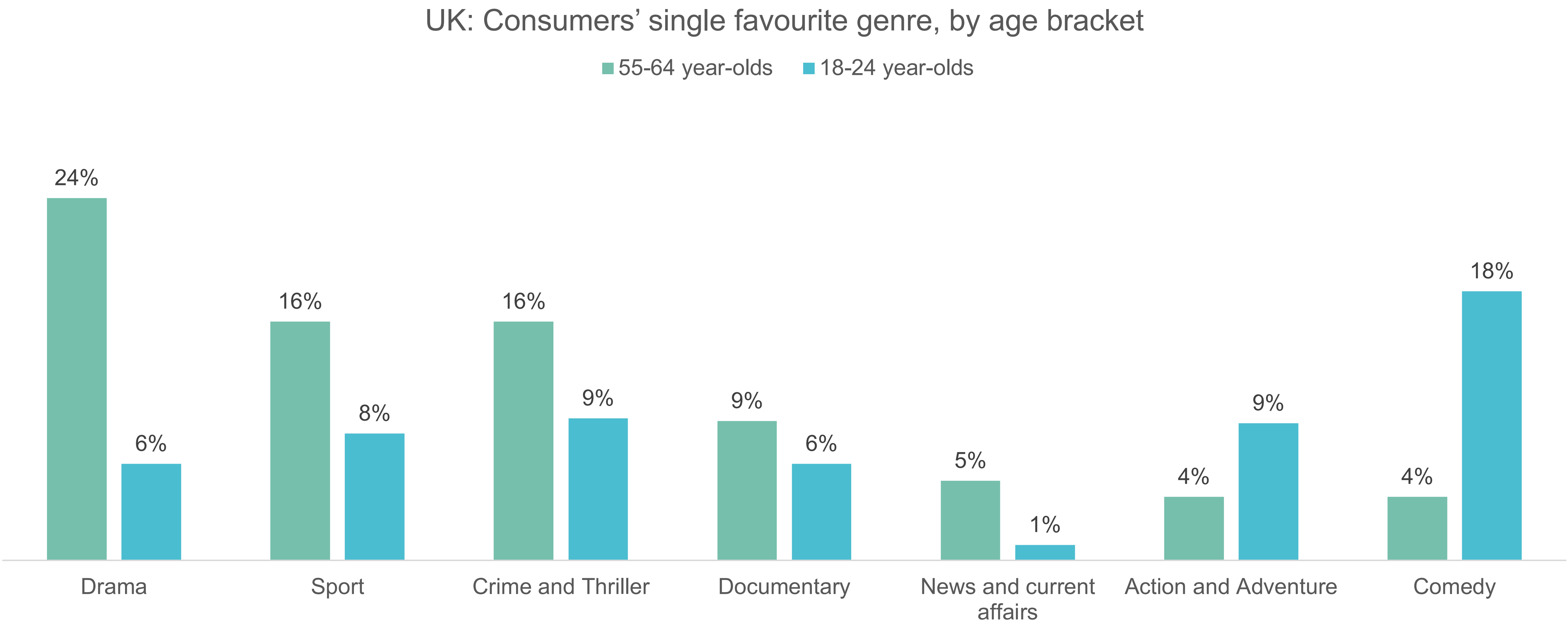
Once they have SVoD, older users watch just as much as younger subscribers

- This means that once they shift, they move away from linear at similar levels to millennials



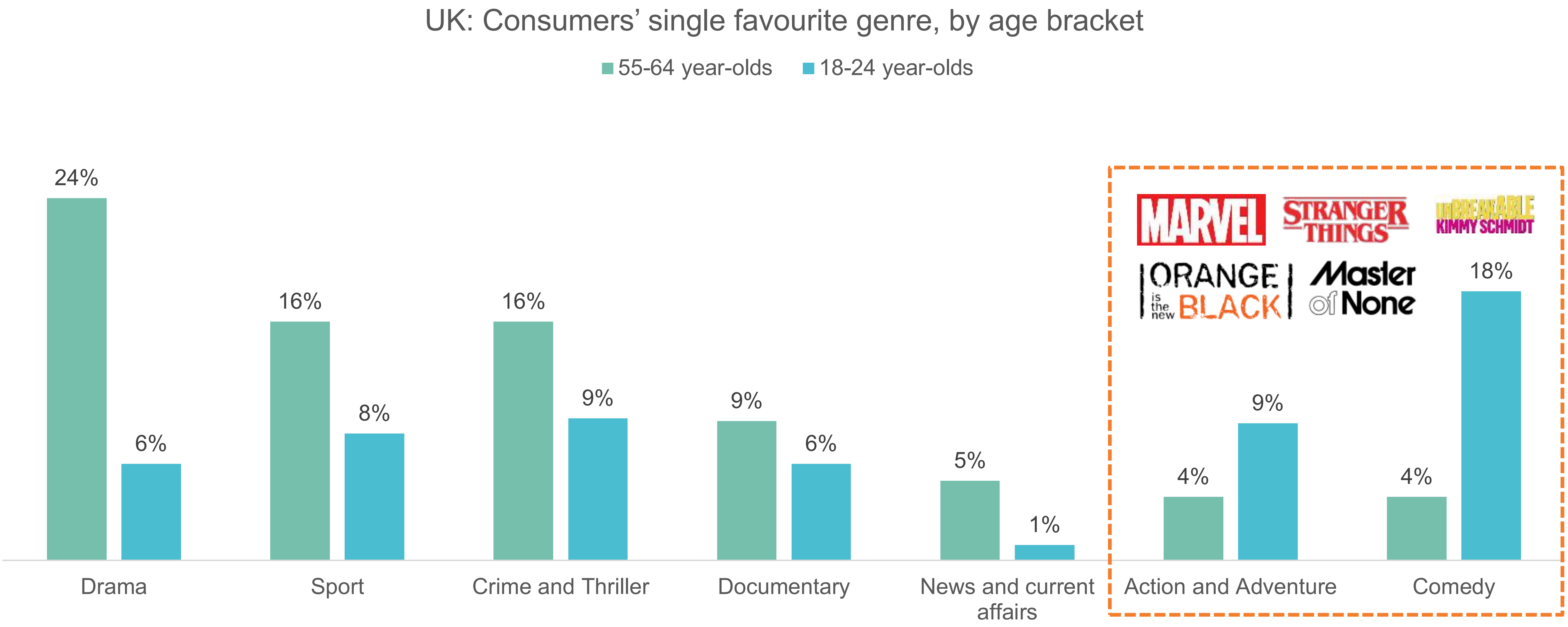
Source: Ampere Consumer; Global average based on 16 countries (33,000 respondents). Q1 2018.

This has significant implications for programming origination and acquisition strategies



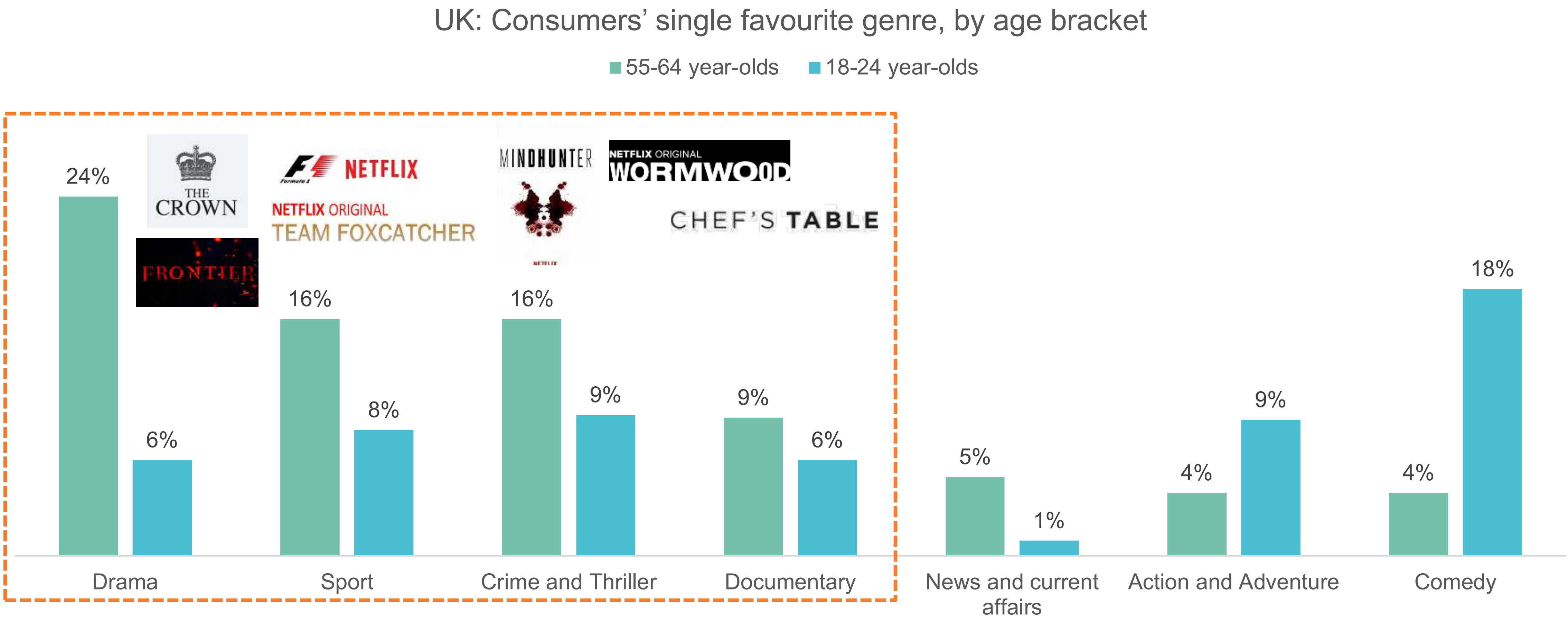
Source: Ampere Consumer, Q1 2018, based on interviews with 2,000 internet users

Netflix has historically targeted youth-skewing genres more heavily



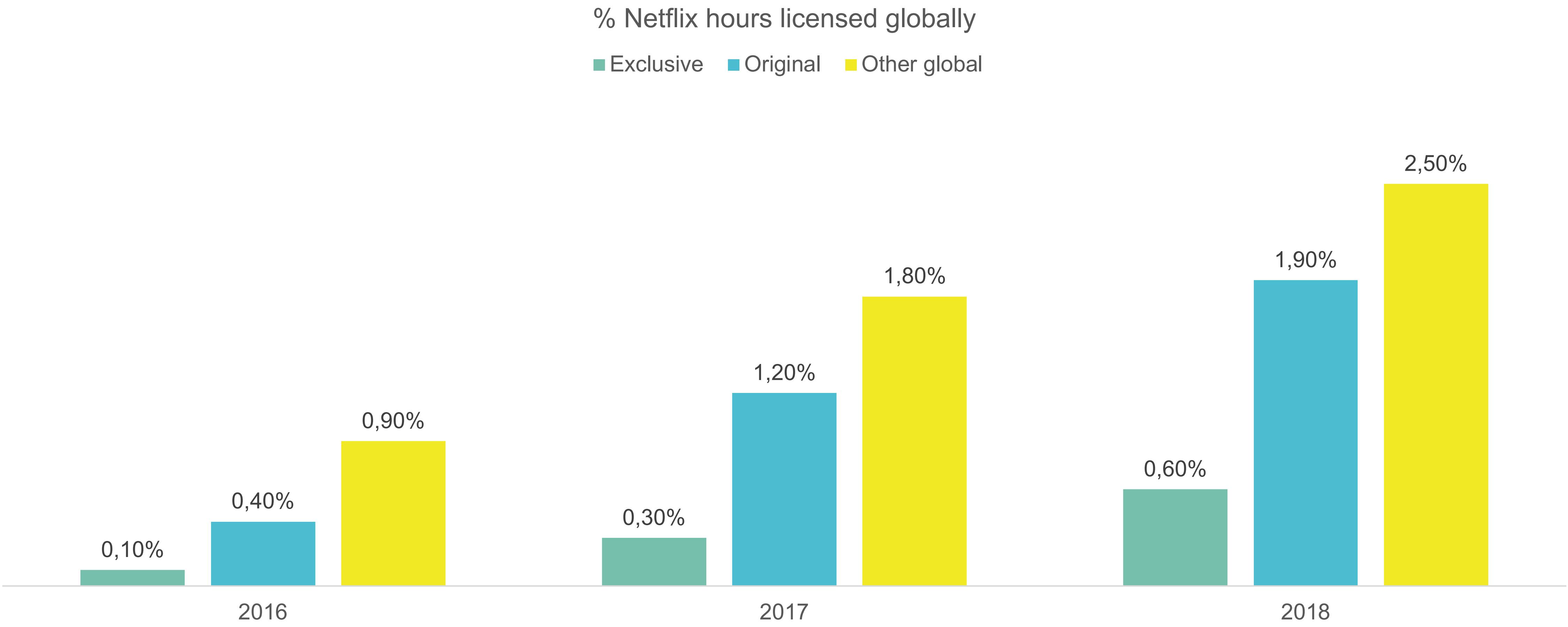
Source: Ampere Consumer, Q1 2018, based on interviews with 2,000 internet users

But is increasing its array of period drama & documentaries, with a handful of sport titles too



Source: Ampere Consumer, Q1 2018, based on interviews with 2,000 internet users

And core market decisions increasingly have implications for global strategy



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Questions?

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