



Online Video Service Grow Up

Colin Dixon, Founder & Chief Analyst, nScreenMedia

colin@nscreenmedia.com | twitter: @nscreenmedia

Agenda

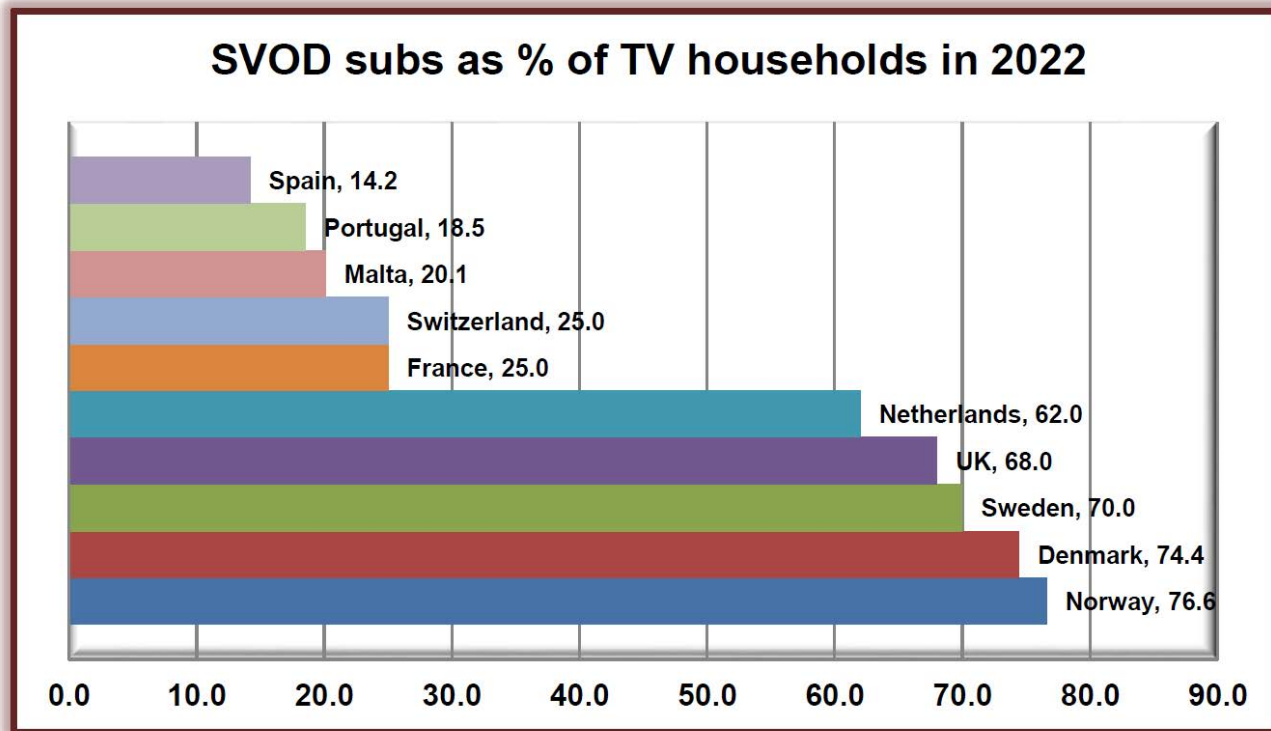
SVOD Usage Trends

Challenge 1: Being Found

Challenge 2: Customer Lifetime Value

Challenge 3: Growing Subscribers

Scandinavia fastest adopters of SVOD in Europe



Source: Digital TV Research. Note: This chart only shows the top and bottom five countries. The report covers 18 countries.

SVOD penetration of TV homes in W. Europe will grow from 20% in 2016 to 37% in 2022.

Nordics will have the deepest SVOD penetration

- Norway will lead with 77%
- Denmark close behind, 74%
- Sweden, 70%

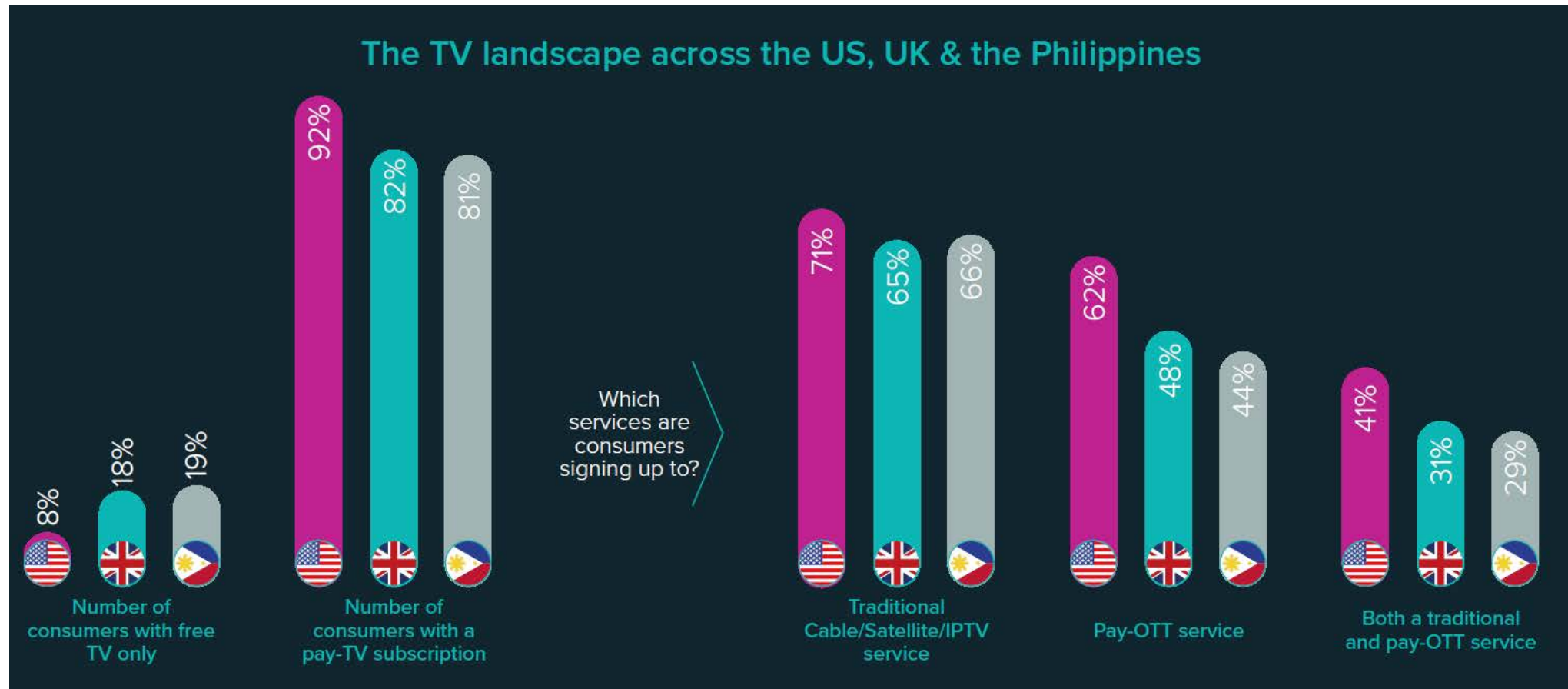
Southern European states will lag in adoption

- Penetration in Spain only 14%

70% of US TV homes will have at least one SVOD service

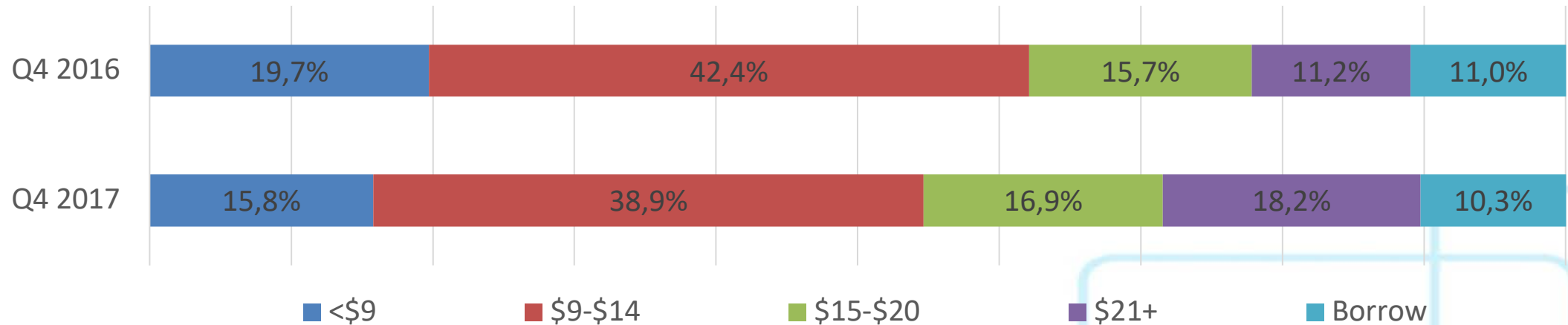
- Up from 60% in 2016

Blending TV services is common



Trend is toward multi-service subscriptions

How much people pay for SVOD - Q4 2016, Q4 2017



Number spending \$12 or more increasing
Number spending \$11 or less decreasing
14% spend \$25 or more per month

- Up 5.5% YoY
- Up 10% over three years

50% of US subscription online video homes
subscribe to more than one service

Ampere Analysis says:

- Average US subscriber has 2.6 SVOD services
- Average UK subscriber has 2.0

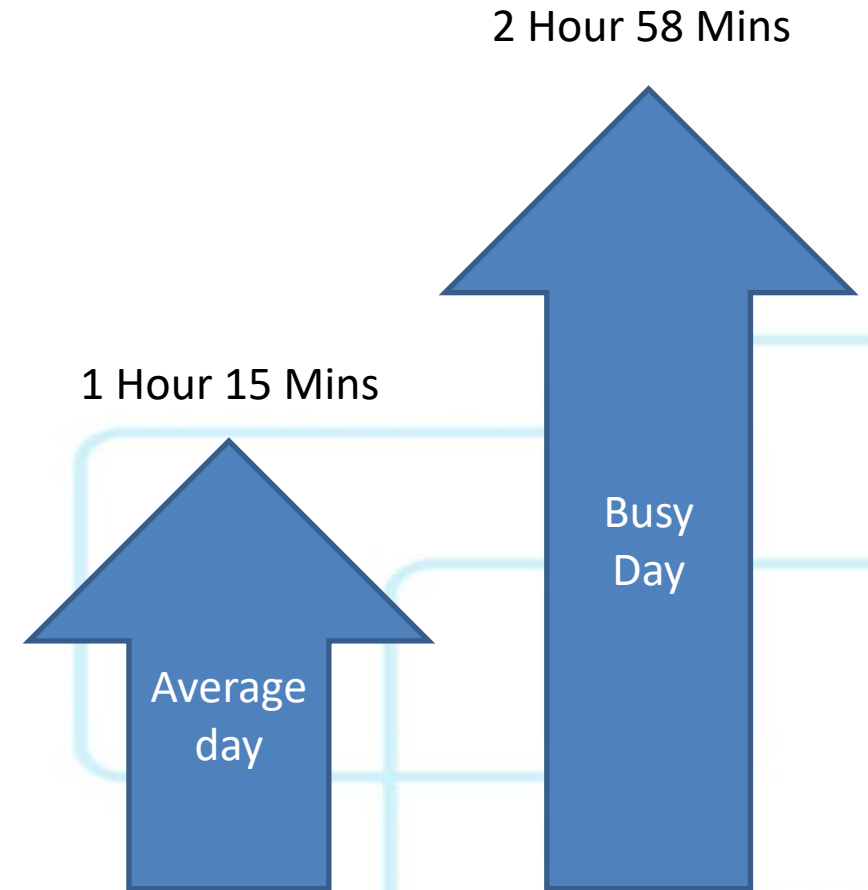
First Sunday in January is SVOD day

Netflix average day usage:

- On an average day it delivers 125 million hours of video
- That is 1 hour and 15 minutes per subscribed account
- About 1 show per user per day

Netflix busiest day usage:

- Set on Sunday January 7th 2018
- Delivered 350 million hours of video
- That's 2 hours and 58 minutes per subscribed account
- Previous record set on Sunday Jan 8th 2017
 - **Delivered 250 million hours of video**
 - **That's 2 hours and 30 minutes per subscribed account**

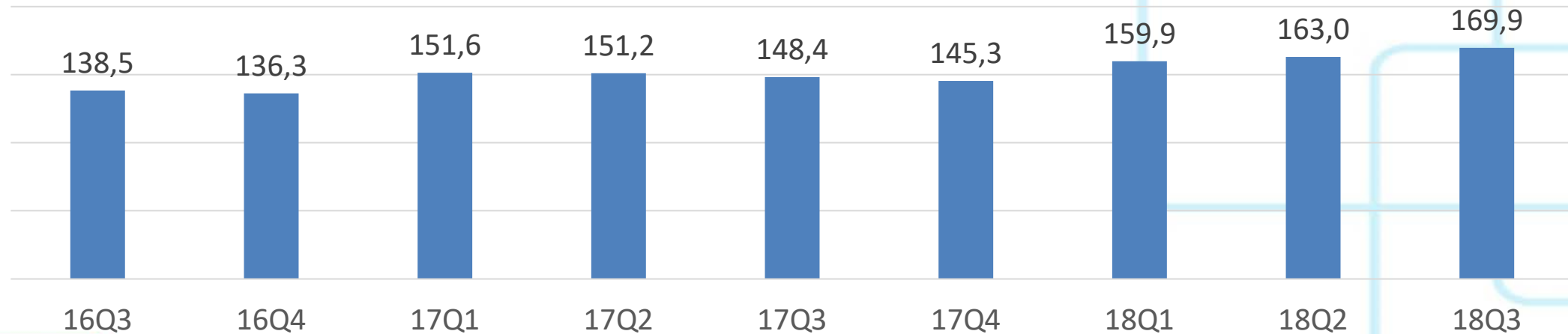


Data point - Roku

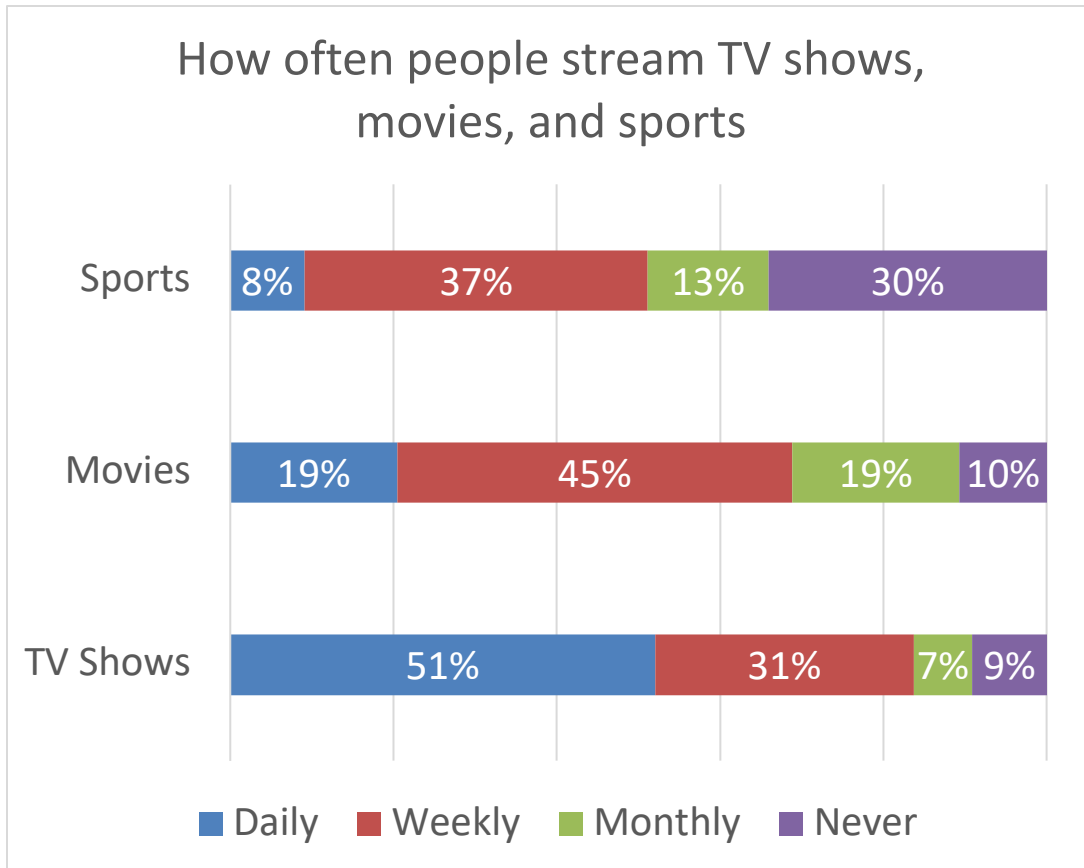
Roku average day usage:

- Delivered 6.2 Billion hours of video and music to 23.8 million active users in Q3 2018
- Up 43% year-over-year
- That is 2 hour and 50 minutes per active device
- About 4 shows per user per day

Daily minutes streamed by the average active Roku user



Average SVOD usage in the US



TV shows are the most popular content type people stream

- 51% stream daily
- 82% weekly

Movie night still going strong

- Two-thirds stream a movie each week

Sports less popular

- 58% stream a game or event each month

Agenda

SVOD Usage Trends

Challenge 1: Being Found

Challenge 2: Customer Lifetime Value

Challenge 3: Growing Subscribers

Challenge 1: Being Found

The single biggest challenge any SVOD faces is being found

- Outside of the big three it is hard to get visibility

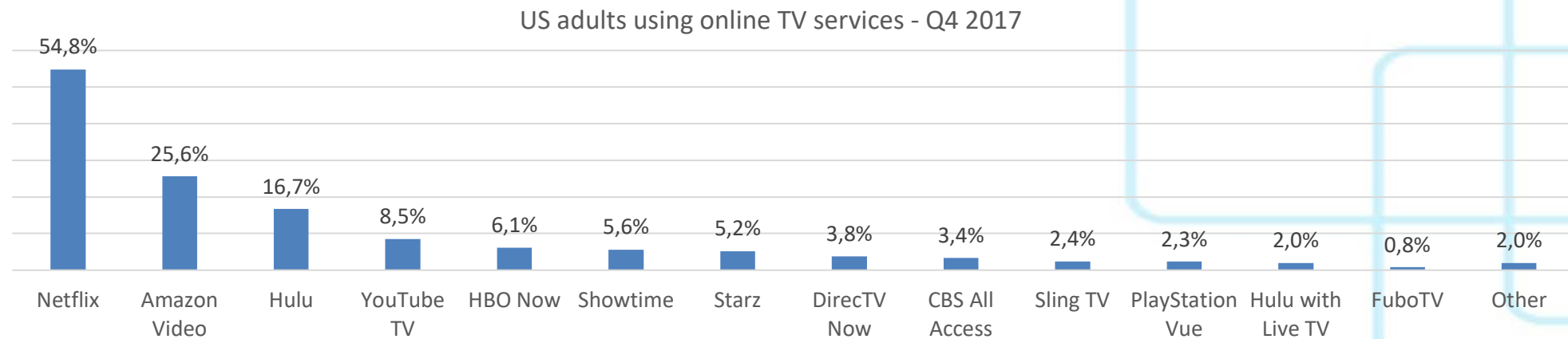
Curiosity Stream solving the problem by partnering

- Available as a standalone service
- Part of Amazon Channels, VRV
- In pay TV, On Comcast X1 set-top box

Others making themselves a central part of the community they serve

Filmstruck

- Driving the conversation among film enthusiasts in social media
- Partnering with turner classic movies on conference
- Wine club, preferred access



Agenda

SVOD Usage Trends

Challenge 1: Being Found

Challenge 2: Customer Lifetime Value

Challenge 3: Growing Subscribers

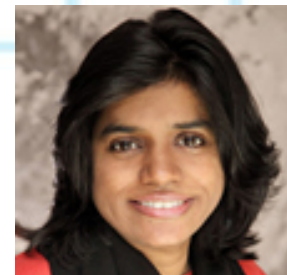
Challenge 2: Subscriber lifetime value

Objective of an SVOD service is to maximize customer lifetime value

- For smaller SVOD services 50% of subscribers will leave within a year

“There are three pillars that we stand for: **first, fresh, and finest**. We want to be the first to bring you British content that we think you will enjoy watching. We want to bring it to you fresh. There are going to be new things appearing on the service every single day, and some of them will go away if you don't keep up. This is the finest British television you can find anywhere, the great classics from the libraries of BBC and ITV. The library is where the binge-and-bolt will be happening. How do you play with 'first' and 'fresh' to minimize the bolt?”

Soumya Sriraman, President, BritBox



Agenda

SVOD Usage Trends

Challenge 1: Being Found

Challenge 2: Customer Lifetime Value

Challenge 3: Growing Subscribers

Photographer: Jens Kreuter

Challenge 3: Increasing the funnel

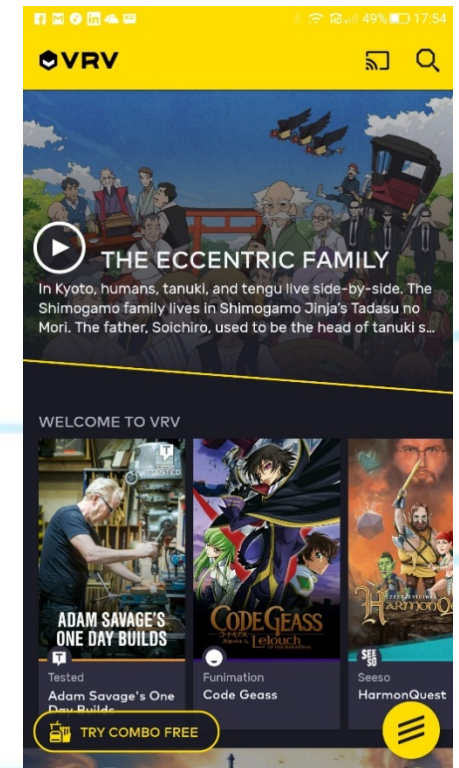
“For us, there’s this demand curve for audience, and what we don’t want to do is turn anyone away. At one end you have the whales, who are willing to engage with you on any dimension for whatever product. On the other end, you have people that love the content, but for whatever reason can’t afford, can’t fit it into their life, can’t buy a premium subscription from you.

Why would we turn those people away? They might very well fall in love with the product.”

Arlen Marmel, VP of Marketing and Distribution, Elation

VRV is an SVOD aggregator for the fandom community

- SVOD partners contribute content to be watched for free with ads
- Gives everyone a reason to download the app
- Maximizes the chance they will fall in love with the content



Experience is everything

Keys to PPV success:

“For customers who commit to short-term purchases for specific content, it is important that operators can deliver the same quality and service as if they were long-term paying customers.”

Bhavesh Vahela, Paywizard

The lessons translate to all premium video services:

‘Find’: Deciding on a service that matches a consumer’s needs

‘Join’: Making Sign-up as easy and quick as possible

‘Consume’: Seamless viewing experiences

‘Upgrade’: Easy package upgrades

‘Downgrade’: Easy package downgrades

‘Bill’: Accurate, and clear billing to preferred payment method

‘Leave’: Hassle-free cancellation

‘Win Back’: Make re-joining a service a seamless experience

Number of consumers that have **terminated** or **retained** a relationship with their provider as a result of customer experience



About nScreenMedia

nScreenMedia is a resource to the Digital Media Industry as it transitions to the new infrastructure for multi-screen delivery. Through a mix of informed opinion, news, information and research nScreenMedia helps you make sense of multi-screen media.

www.nscreenmedia.com

Disclaimer

We at nScreenMedia use rigorous methodologies in constructing and validating our research and opinions. Our collective knowledge includes information gathered from public and private sources, industry interviews and other research sources. Since the markets nScreenMedia covers are subject to rapid change, nScreenMedia is not responsible for loss caused by any errors, omissions, or misinterpretation of the contents. All information is provided “as is” with no warranty implied or expressed. nScreenMedia disclaims any liability to any individual or organization that has made business or investment decisions based on reliance on the contents of our research.

Copyright Notice

This document is published by nScreenMedia, Copyright 2018. Reproduction is strictly forbidden unless authorized by nScreenMedia. This document must not be forwarded. It is for the personal use of the individual originally receiving it from the nScreenMedia only. You may use diagrams and data points in presentations and documents you create provided that: full attribution to nScreenMedia is included, you do not include more than 30% of the diagrams in a single presentation or document. All rights reserved.

