



Anchor Tenancy:

The battle for your loyalty and attention

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## About anchor tenancy

Anchor tenant – one of a viewer's primary video services

- The ones they go to first when they want to be entertained
- Paid for every month without thinking
- The last services to go when things get tough

The anchor tenant for home video entertainment pre-2012

- Your pay TV operator

The anchor tenant 2012 onwards is changing

- Split between pay TV, free-to-air, online TV

2020 onwards

- Small number of online services or one super-aggregator



# Agenda

Global anchor tenants

Disney+

Apple TV+

WarnerMedia

Is there room for all?



## Global online anchor tenants today

### Netflix

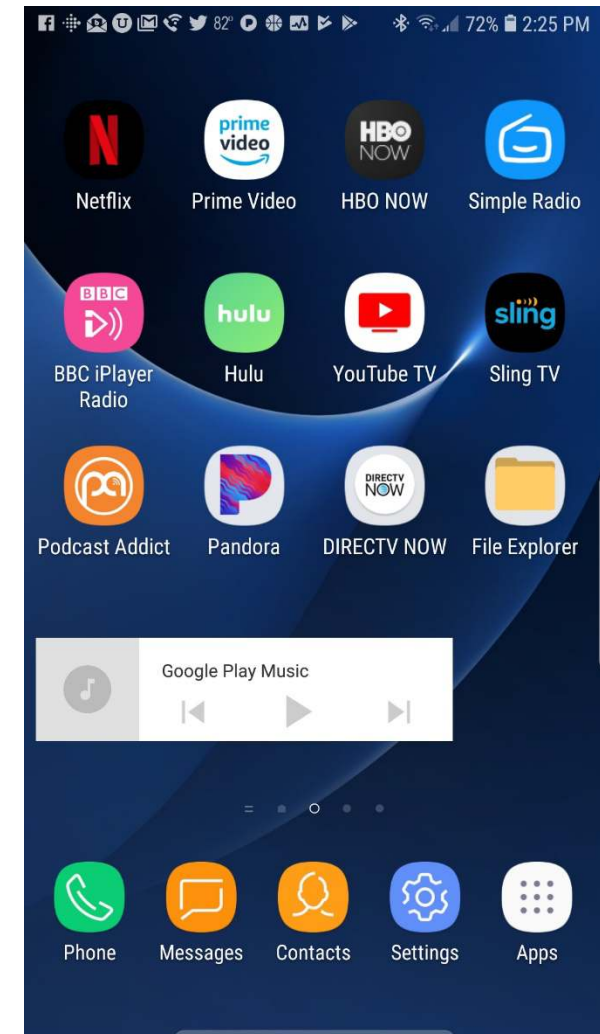
- In many markets, already has anchor tenant status
  - **Denmark - 50%, US – 50%, UK – 36%**
  - **Average viewer watches 2 shows per day**
  - **Can raise prices with no impact on subscribers**

### Amazon Prime Video

- In the US and Germany, 22% use it
- Usage much lower in the US than Netflix
- Aggregation of other services could make it a winner

### HBO

- Today, lacks content breadth to be a daily service





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Disney+

A fundamental shift in strategy

Embracing a direct relationship with viewers



# What's in Disney+

The crown jewels of the Disney empire

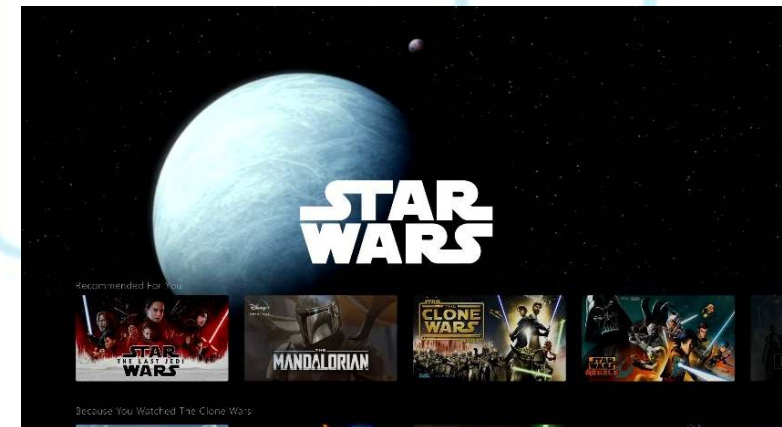
- Marvel and Star Wars movies exclusive to service
- Pixar
- Disney movies
- National Geographic

A radical shift in strategy

- Open the Disney “vault”
- Every movie available all the time
  - **Except *Song of the South***

Original series

- Star Wars – The Mandalorian
- Marvel – Loki
- Animated Monsters Inc.
- High School Musical spin-off
- Others



# Disney+ details

## Cost in the US

- \$6.99 a month or \$69.99 a year

## US release date

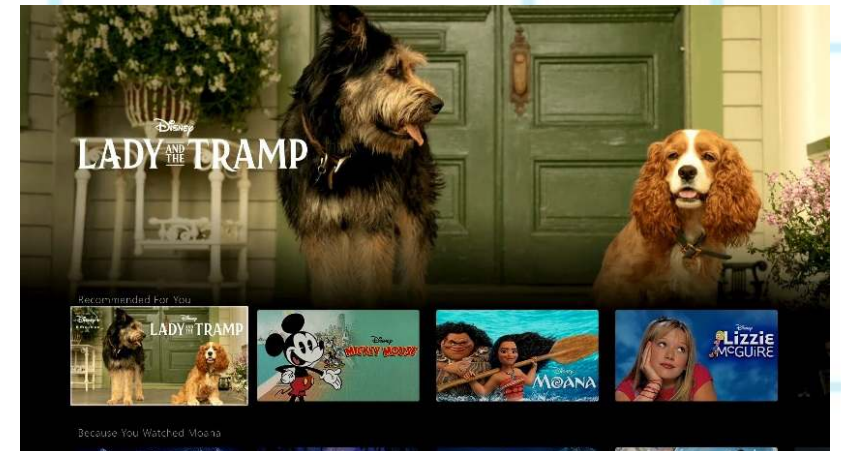
- November 12<sup>th</sup>, 2019
- International roll-out to start in 2020
  - **Could take 3-4 years**
  - **Expect Scandinavia will be earlier in the release cycle**

## Family oriented

- No R rated content

## Service details

- Some 4K UHD HDR content
- Download of all content supported
- Ad-free
- Parental controls





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## Apple TV+



Apple's direct-to-consumer SVOD service

Will launch fall 2019

- No price guidance
- Available in 100 different countries

Content from an array for top Hollywood creatives

- Steven Spielberg, Jennifer Aniston, JJ Abrahms, Ron Howard, Oprah
- Producing original series and movies for the service
- Exclusive arrangement

Available exclusively through the Apple TV app

- The app has been available exclusively on the Apple TV box
- Will be released on many other devices
  - **Apple devices, of course**
  - **Many connected devices, including smart TVs, streaming media players**
- Users can also buy subscriptions to other SVOD apps through the app
  - **Not Netflix**
  - **Unclear if this model will be supported in international markets**

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HBO is the leading brand of the company

HBO already a force in online delivery

- HBO Now has 5 million subscribers
- HBO Nordic 24% penetration in Denmark
  - **Netflix, 50%**

AT&T wants more:

“In an environment where media is moving to scale and where consumption needs to be in scale, no longer is having 25 percent of the market an acceptable equation. The reason we’re putting the WarnerMedia companies together is to build a scaled product so we can aggregate the kind of audiences we need moving forward, **so we have a relationship with 60 to 70 percent of the homes in the United States.**”



John Stankey,  
CEO WarnerMedia



# What we know about WarnerMedia service

Will be built around HBO

- CEO Randall Stephenson says it will be...
- “centered on HBO and significantly enhanced by the Warner Bros. library, which is a very, very deep and prolific library.”

What's in the Warner Bros. library

- Turner broadcasting
  - **TNT originals including Falling Skies, Rizzoli and Isles, The Last Ship**
  - **Cartoon Network**
- Franchise movies:
  - **Harry Potter, Lord of the Rings, Batman, Terminator**
  - **Gravity, The Hangover, I Am Legend, The Lego Movie**
- Large collection of classic movies and TV

No pricing has been announced

No international plans have been announced



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Is there room for all?

“There’s a ton of competition out there, and Disney and Apple add a little bit more, but frankly I doubt it will be material.” Reed Hasting, CEO Netflix, April 15<sup>th</sup>, 2019



“Someday we will see competition for wallet-share, but it seems far off.” Reed Hastings, October 20<sup>th</sup>, 2018

If you just subscribed to Disney+ are you more or less likely to dip into your wallet again and sign up for Netflix?



Disney created serious problem for competitors

Disney's aggressive 47dkk (\$6.99) a month pricing creates problems for competitors

Netflix pricing

- 79dkk, 89dkk, 119dkk

HBO Nordic costs more than twice as much Disney+

- 99dkk
- Can it charge more after adding Warner Bros content?

Can Apple charge more (or the same) for Apple TV+?

Can Netflix raise prices while Disney+ is cheaper?

You get to decide if you will pay the price!





There are no guarantees



Disney, WarnerMedia earn a lot from their content

- Licensing to pay TV, SVOD operators
- Ad sales
- From DVD/Blu-ray disc sales
- Disney media networks earned \$24.5 billion in 2018

Can a \$7 a month service make up for lost \$\$\$\$?

- 12 million subscribers generate \$1 billion per year

There are no guarantees the amount of money earned DTC will make up for lost revenue from other sources

## 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.

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