



MONETIZATION OF VIDEO

Which distribution models do consumers find most valuable, and how do they prefer to pay for content

**JUN
2021**



ENTERTAINMENT
RESEARCH

EXCERPT OF FINDINGS

People are emerging from covid-imposed isolation. But many of the ways the pandemic has changed the TV landscape are likely here to stay.



- Post-pandemic, the average viewer watches from more providers than ever before
- Pay TV subscriptions are declining. But still more people use a combination of traditional pay TV streaming services, than streaming alone
- As consumers stack more paid subscriptions, ad-supported content is making a comeback





THE FOCUS OF THIS RESEARCH:

How do consumers want to pay for content?

With their money (by subscribing/purchasing) or with their time (by watching ads?)

How do different services compare?

Which do consumers perceive as most valuable, and are those perceptions changing as the market evolves?

What makes one provider more valuable than others?

What features and content are most closely connected to perceived value?



YOU'LL SEE TRENDS ON...

VALUE

Which providers do consumers feel provide the best value?

PAY MODELS

Which model – paid subscription, transactional, ad-supported, or subscription/ad tiers – do consumers prefer?

OFFERS

What is the impact of offers like free trials on which providers viewers try?

ATTRIBUTES

Which content or features have the greatest impact on sign up, retention, and perceived value?



WE SURVEYED 1,607 TV CONSUMERS

- Age 16-74
- Watch at least one hour of TV per week
- Have broadband at home
- U.S. census balanced
- Data collection completed in June 2021



GLOSSARY: HERE'S HOW WE'VE DEFINED DIFFERENT CATEGORIES OF PROVIDERS IN THIS REPORT

- Note that during the survey, respondents were asked about specific services rather than categories. We aggregated their responses into the categories at right in order to explore perceptions of different types of services.



SVOD:	Paid streaming TV subscription
MVPD:	A traditional cable, satellite, or telco TV bundle
VMVPD:	An online TV bundle that includes live TV (like YouTube TV, Hulu + Live TV, Sling TV, etc.)
Free with ads:	Free ad-supported TV (FAST) like Pluto TV, the Roku Channel, Tubi, the free version of Peacock, etc.
AVOD:	A paid platform that also has ads (like ad-supported tiers of Hulu On Demand or HBO Max)
Network D2C:	Online TV streaming service with content from a single network (like Showtime or STARZ)
Antenna:	Watching TV shows via an over-the-air antenna
Digital purchase/rental	Buying/renting from an online source like Apple, Amazon, VUDU, etc.
PPV via MVPD	Pay per view via a cable, satellite or telco pay TV provider

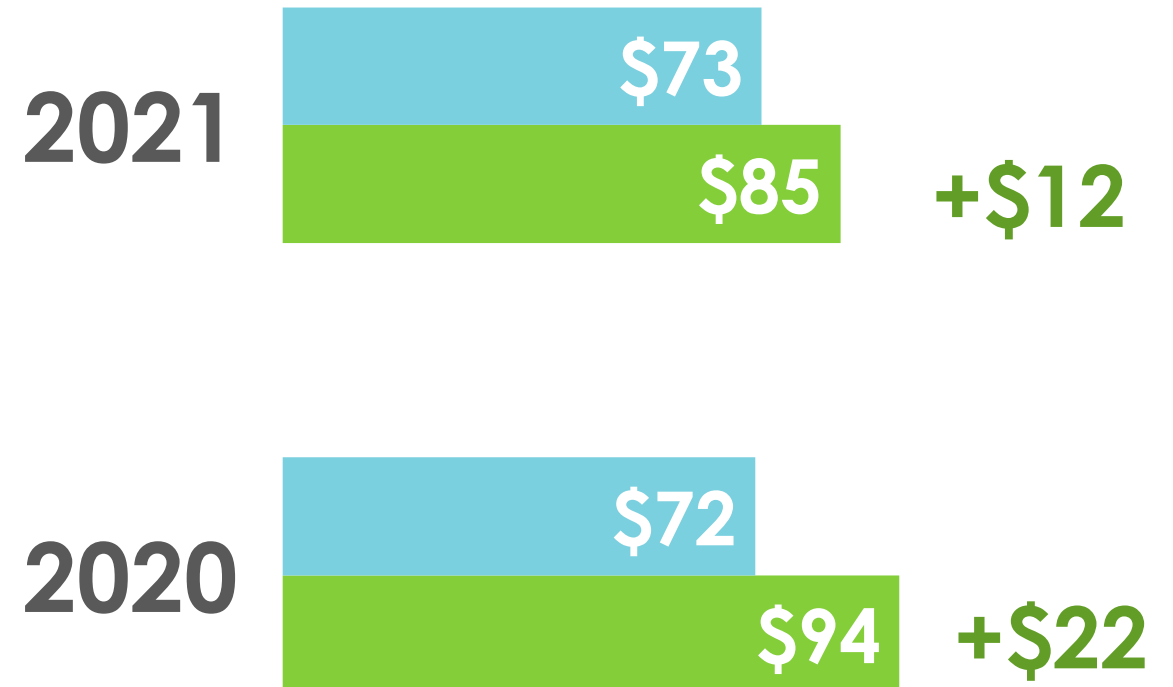
KEY FINDINGS



WHAT CONSUMERS SPEND ON TV CONTENT IS APPROACHING THEIR IDEA OF A REASONABLE SPEND



As cord-cutting continues, consumers are getting closer to what they think is a reasonable amount to spend on TV



What's a reasonable amount to spend



What I spend on TV overall

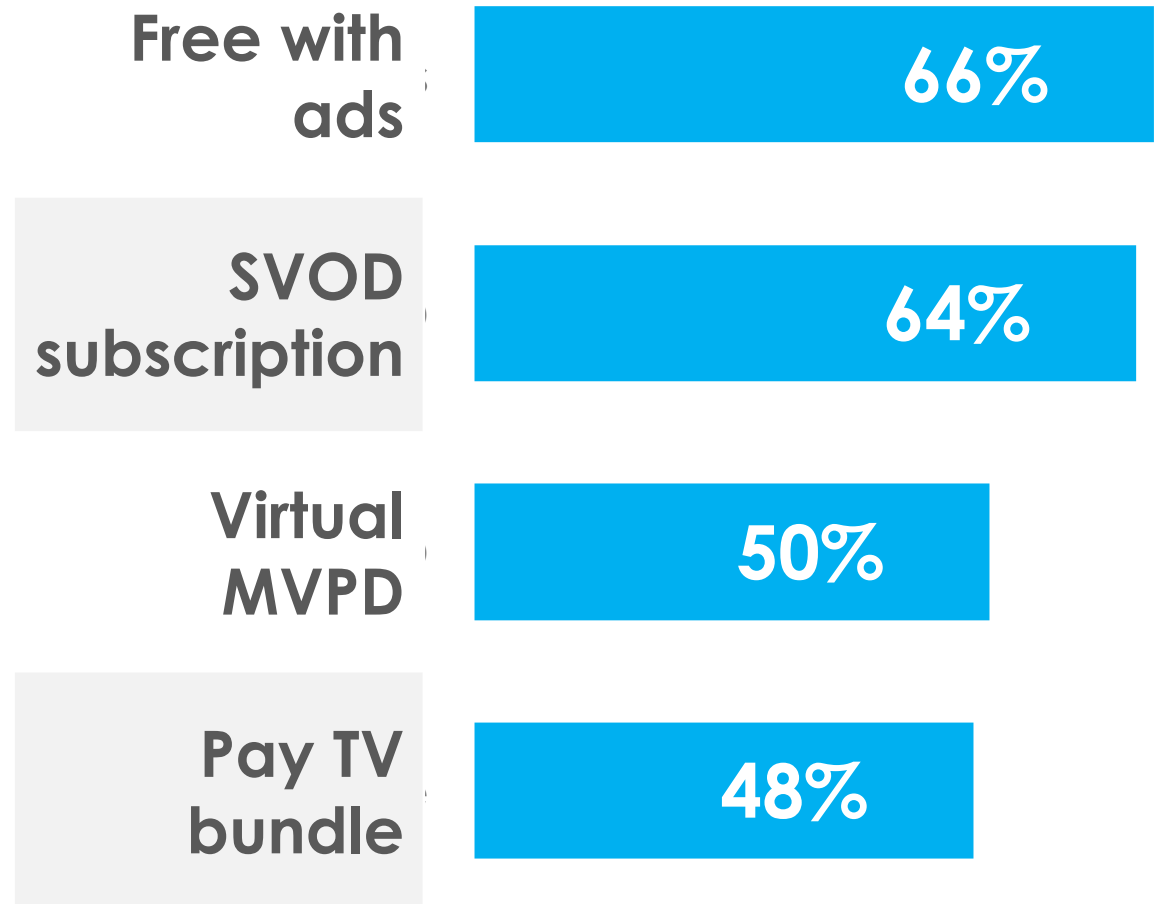


MORE VIEWERS PERCEIVE FREE-WITH ADS PLATFORMS AS VALUABLE SOURCES OF TV



% who rank each a good/excellent value

FASTs like Pluto TV and the Roku Channel are gaining awareness and users. In 2021, they also have the highest perceived value of any kind of TV service

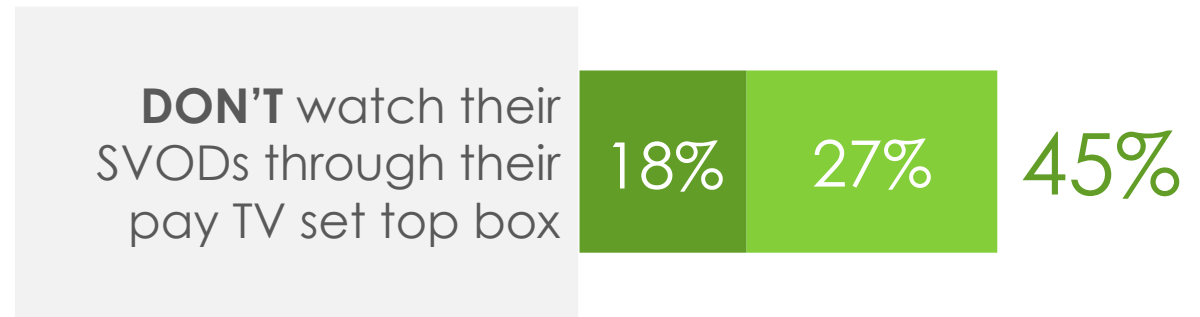
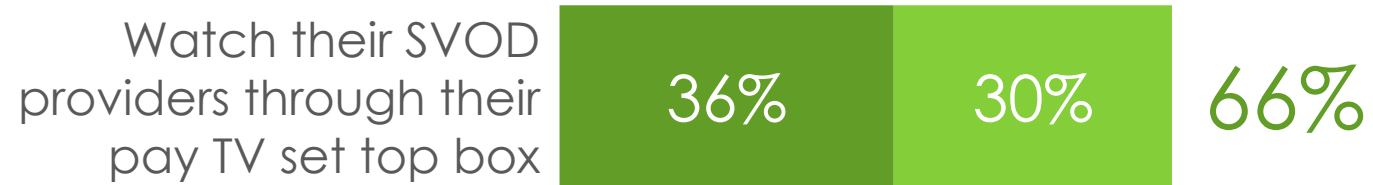


AGGREGATION IS A BIG OPPORTUNITY FOR PAY TV PROVIDERS TO CATCH UP ON PERCEIVED VALUE



Pay TV subs who have integrated their SVOD accounts are much more likely to say that their bundle is a good deal

% who say their **pay TV subscription** is a “**good**” or “**excellent**” value



% “Excellent” value  % “Good” value 

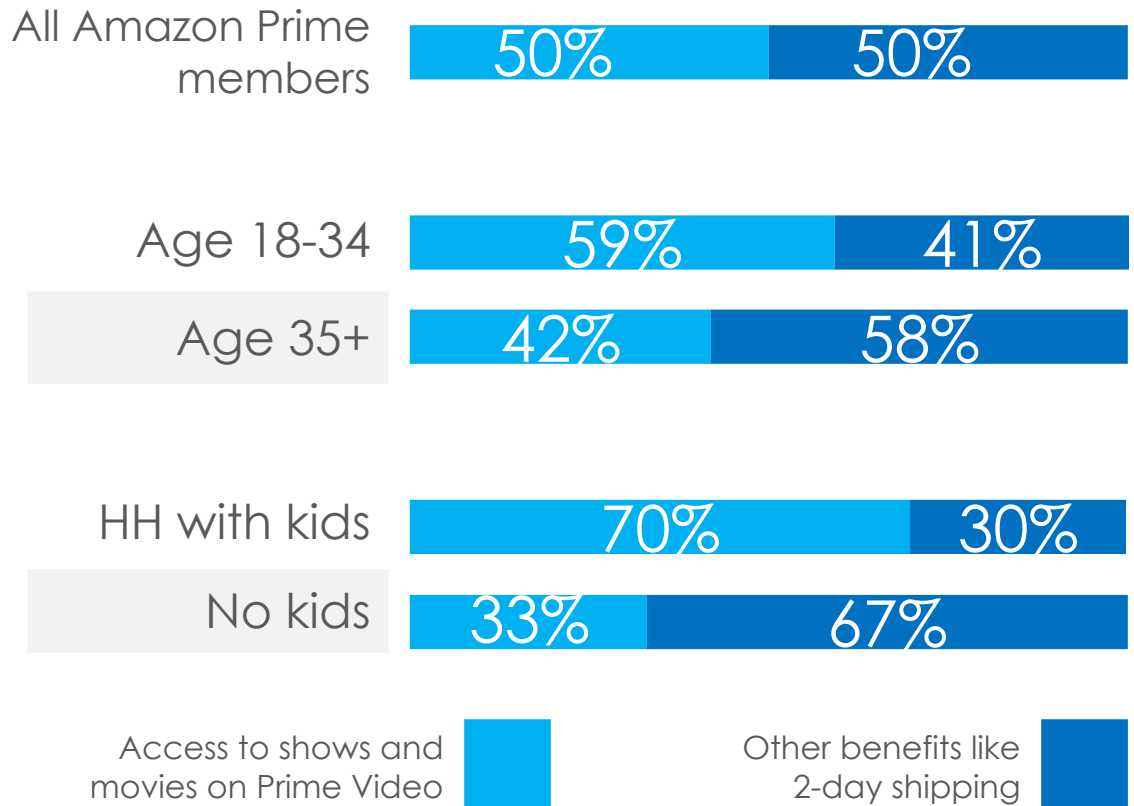
Base: people who subscribe to both an MVPD *and* at least one major SVOD

FOR COMPANIES THAT OFFER MORE THAN JUST VIDEO, HIGH QUALITY CONTENT IS A POWERFUL DRAW



For example – Amazon Prime video appears to generate new memberships to Prime overall, and in particular among key segments like young people and families with kids

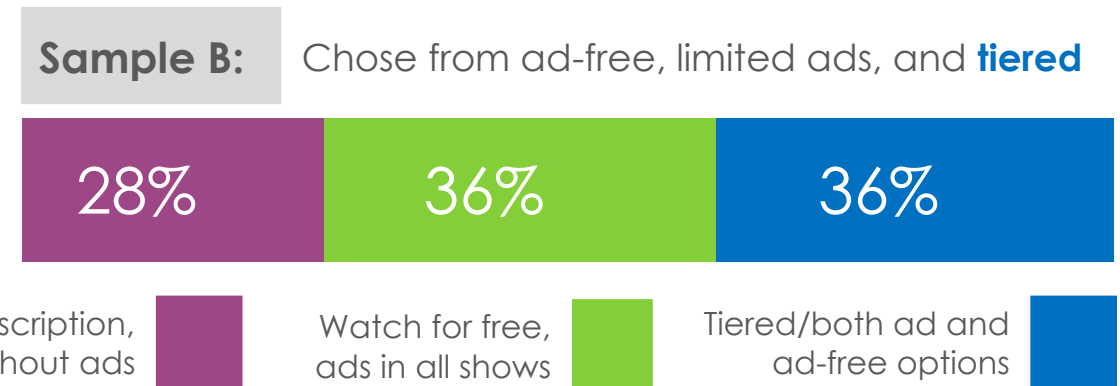
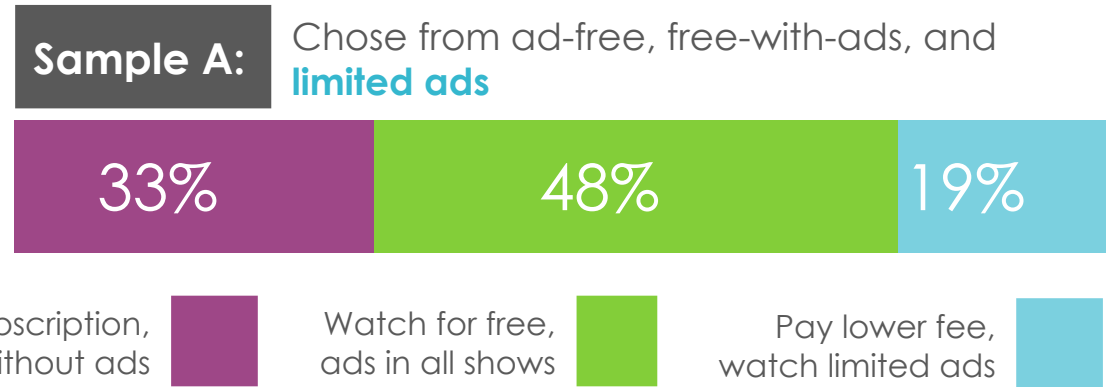
Did you primarily sign up for Amazon Prime to get...



TIERED SUBSCRIPTIONS, WITH OPTIONS ACROSS AD-FREE AND AD-SUPPORTED CONTENT, ARE ATTRACTIVE TO MANY...



Assuming content is the same, when a tiered subscription is included as an option instead of a limited ads plan, preference is almost twice as high



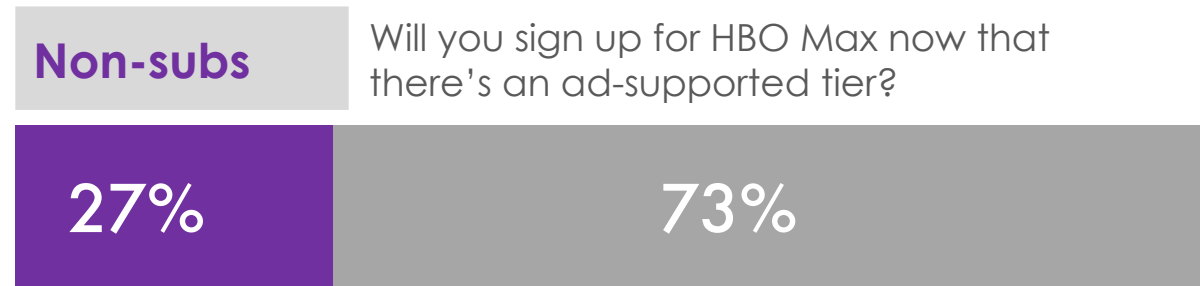


...AND MAY INCREASE THE TOTAL ADDRESSABLE MARKET

Using HBO Max as a test case: 40% of current subs would consider switching to the ad-supported tier. But a quarter of target non-subscribers would consider signing up



■ Will keep the ad-free tier for \$14.99 per month ■ Will switch to the tier with ads for \$9.99 per month



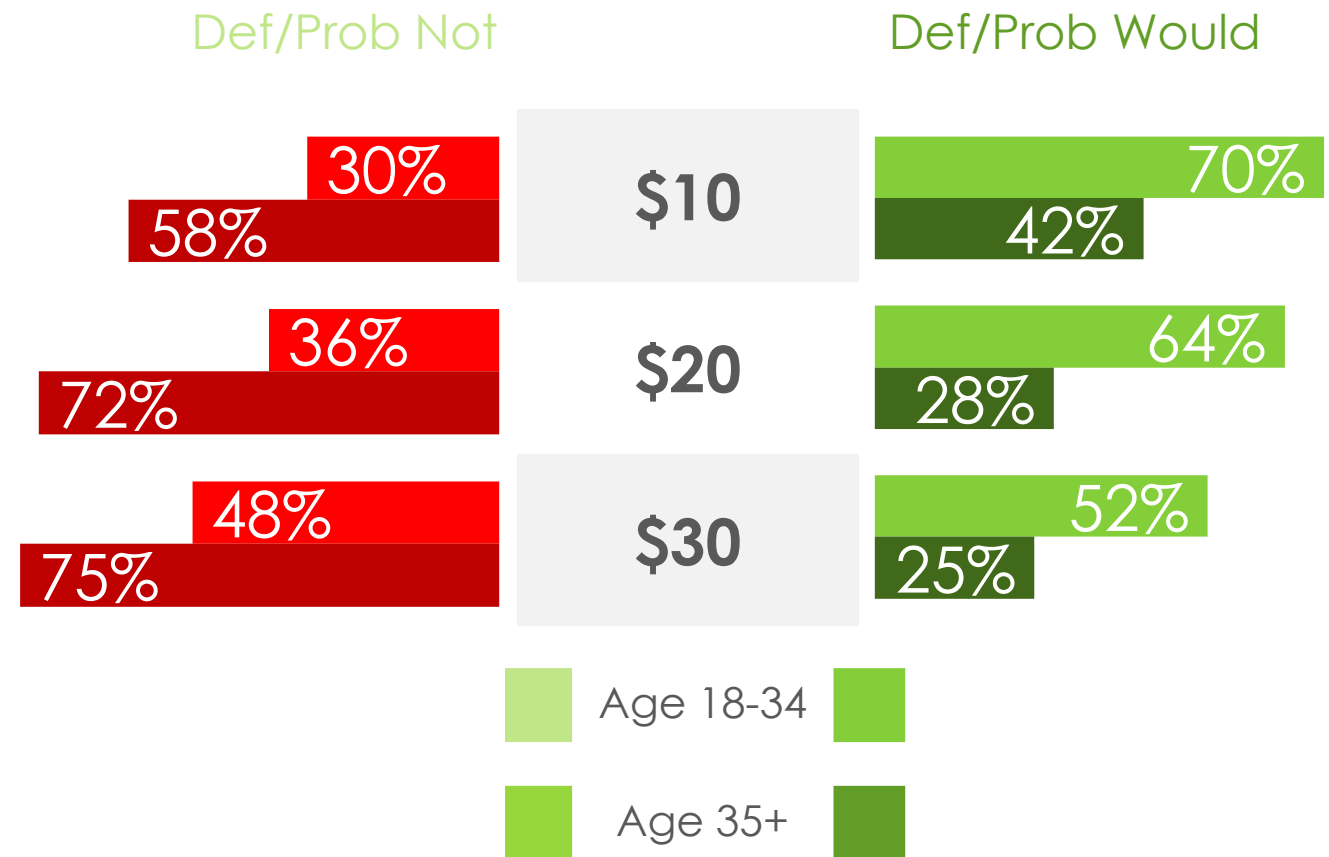
■ Definitely/probably ■ Definitely/probably not

POST COVID, THE OPPORTUNITY FOR SAME-DAY-AS-THEATER RELEASES REMAINS STRONG



Would you pay **[\$XX]** to stream a new movie the same day that it's released in theaters?

As we saw during COVID, more than half of young viewers say they'd pay as much as \$30 to stream a first run movie. Even with a grain of salt to account for predictions of future behavior, that's a lot



QUESTIONS?

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