

GroupM – Streaming Video Monitor

Studio

March 2023 – Wave 5



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Methodology

Streaming monitor edition 5

Interview method : Online survey
Sample size : 1.400 respondents
Universe : Belgium 18-59 y.o.
Period : March 2023, week 9 and 11
Weighting : region, language, gender, age, social groups, educational level & urbanisation

Timeline former editions



**As of wave 4, we increased sample size and doubled the observation periods to grasp market dynamics and smoothen out recency.*

***If an offer is limited to a region, it is indicated with (N) or (S) and thus filtered (=language).*



Background

Given the highly dynamic character of the streaming market, we monitor the evolution closely.

Diverse factors explain movements :

- General adoption curve
- Seasonality of viewing behaviour
- Viewing modes (web, app, smart tv ...)
- New market entrants
- New commercial offers or business models
- External factors (Covid, war Ukraine, Energy crisis ...)

These factors make up the complexity and unpredictability of the video streaming market.

That is why GroupM wishes to provide a clear overview of these trends in Belgium, next to iMEC's Digimeter, which is only focused on the North of the country.

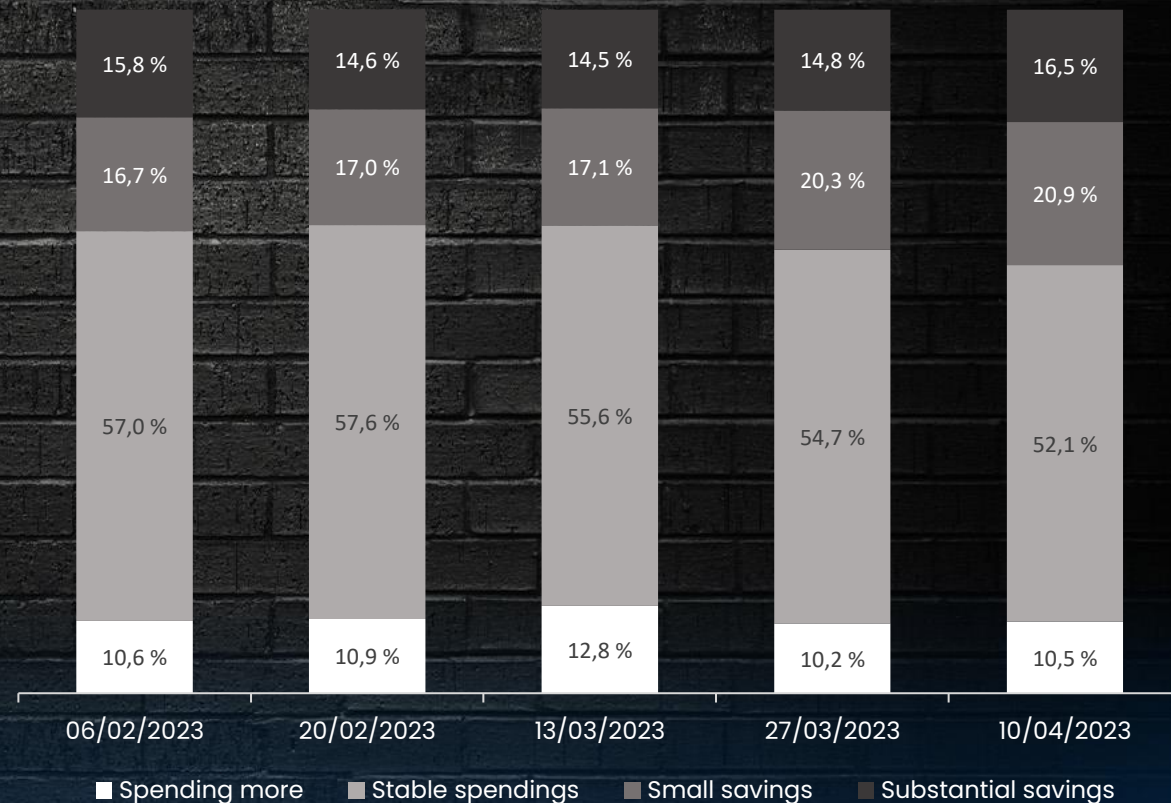
GroupM's Recession monitor indicates that 1 in 3 is currently saving on their streaming subscriptions

The streaming market is not spared from the current crisis

1 in 5 Belgians declares making small savings on their streaming subscriptions. 16.5% has even made substantial savings.

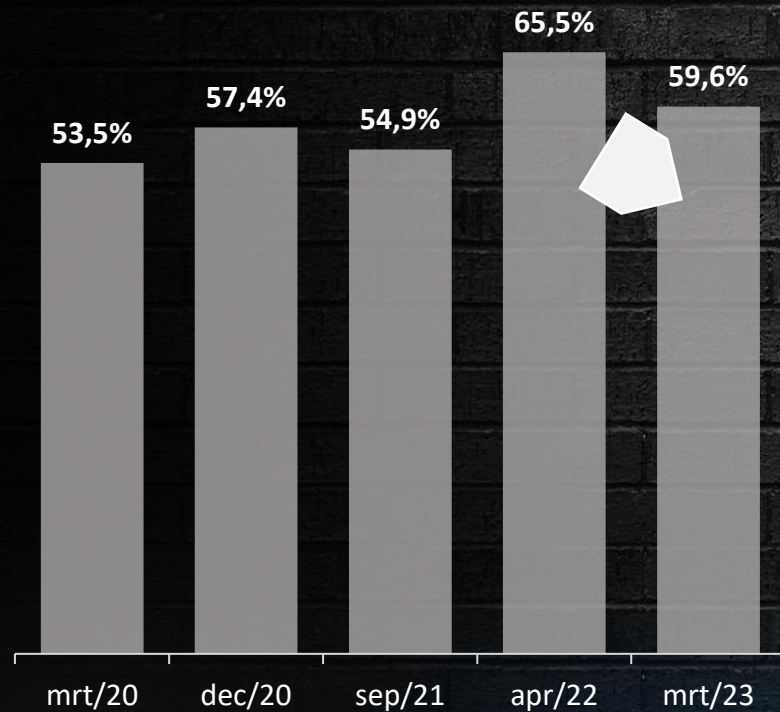
The amount of people saving on their subscriptions has increased over all waves and with a staggering 5%-points from February to May.

Spending pattern Streaming subscriptions



GroupM's Streaming Monitor indicates a 5.9%-point decrease in total streaming subscriptions

% Subscribers in Belgium
(available in the household)

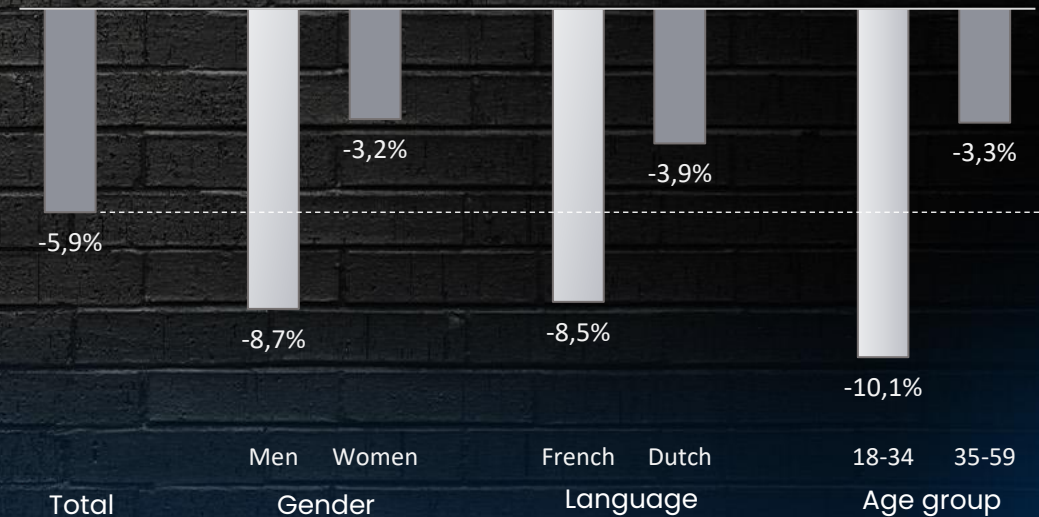


SVOD market impacted by the current recession?

After an impressive increase last year, the SVOD market in Belgium seems in decline. Overall we notice a 5.9%-point decrease compared to April '22. In relative this is just under a 10% loss.

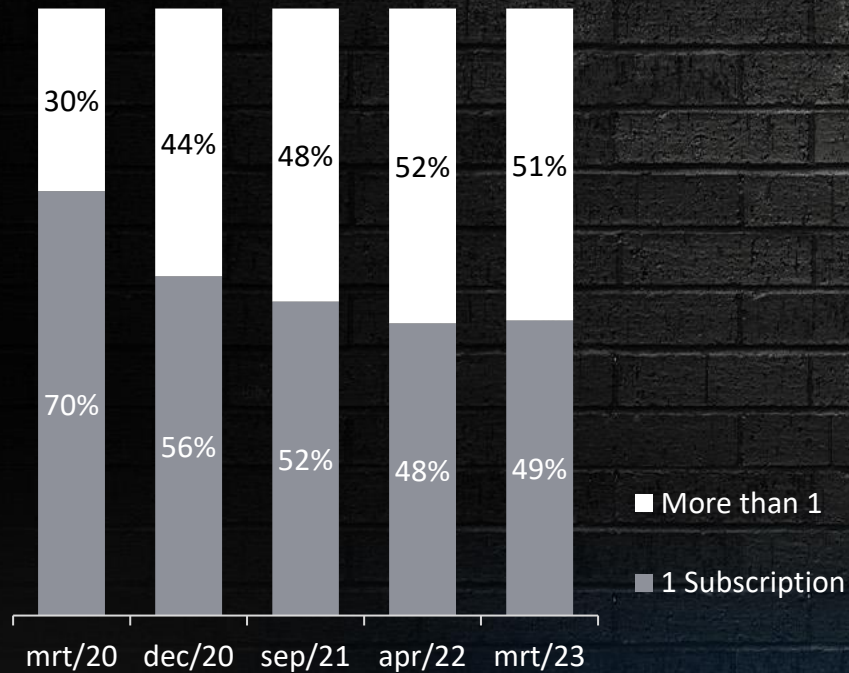
The decrease is largely driven by the French population, the male viewer and the youngest age group.

Evolution in %-point Mar-23 vs Apr-22



We observe a declining penetration, but no loss in the number of subscriptions per household

Proportion of subscriptions per household

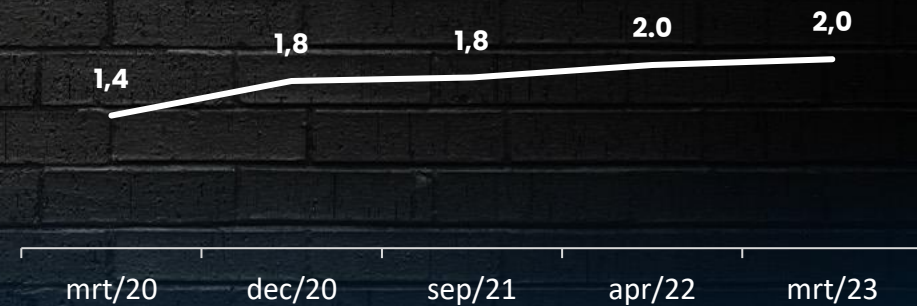


There are slightly more households with more than one subscription (51%)

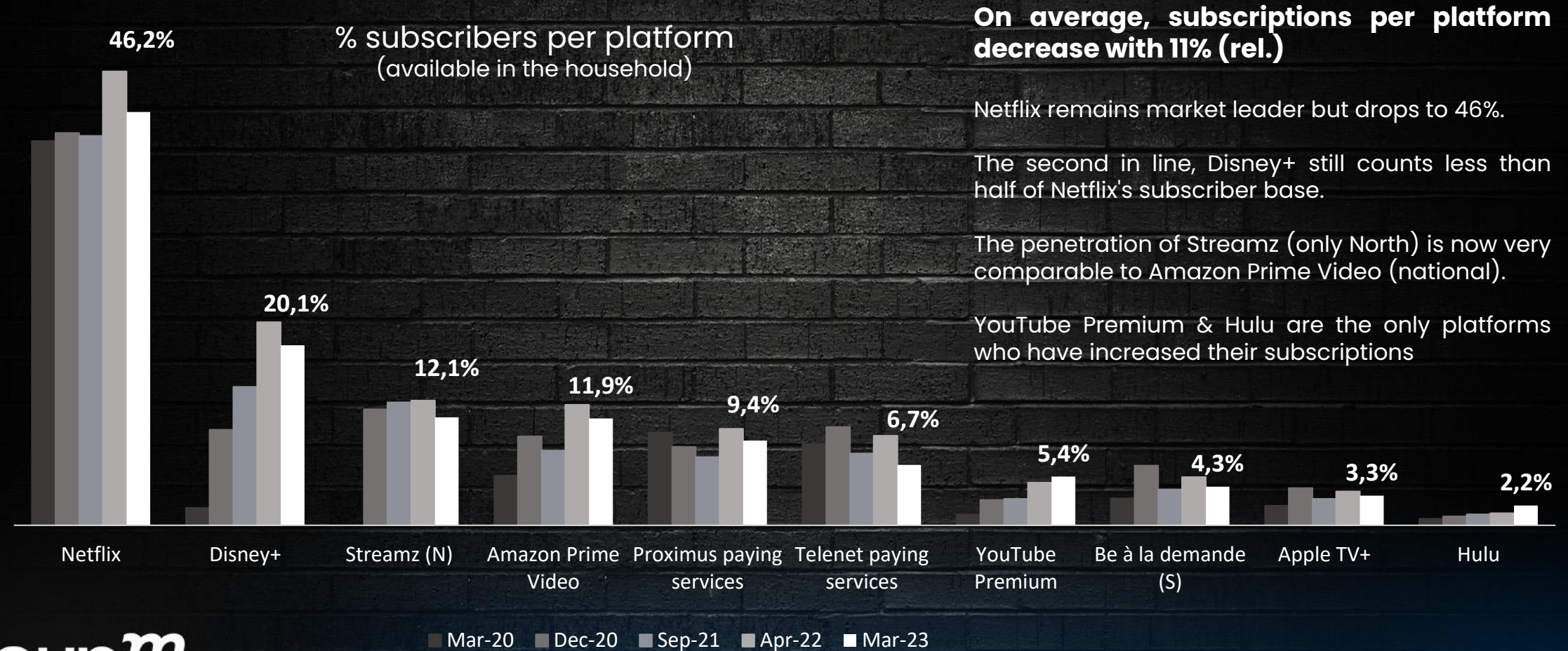
The amount of people with multiple subscriptions remains fairly stable compared to April '22.

The average amount of subscriptions stagnates around 2 subscriptions per household.

Average number of subscriptions per household



The general loss in subscription manifests itself in the same capacity per platform



The top 3 drivers for choosing a specific streaming platform are price, offer and the fact that they are ad free



Netflix is ticking many boxes when it comes to subscription motivations

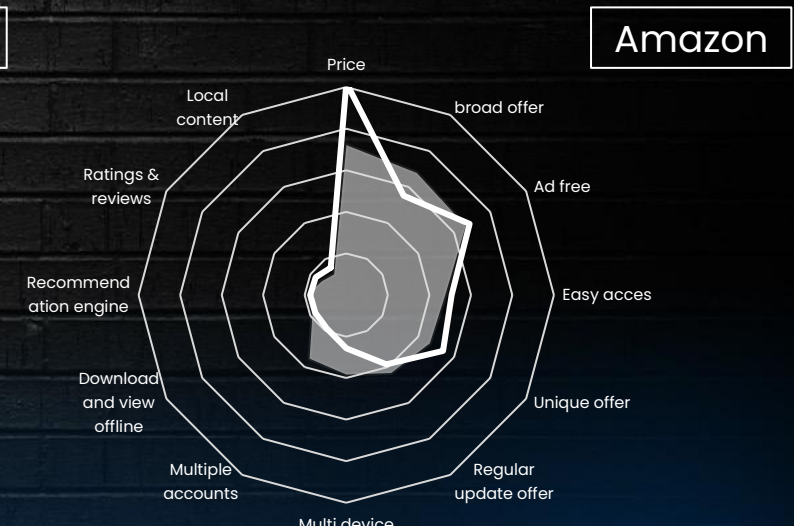
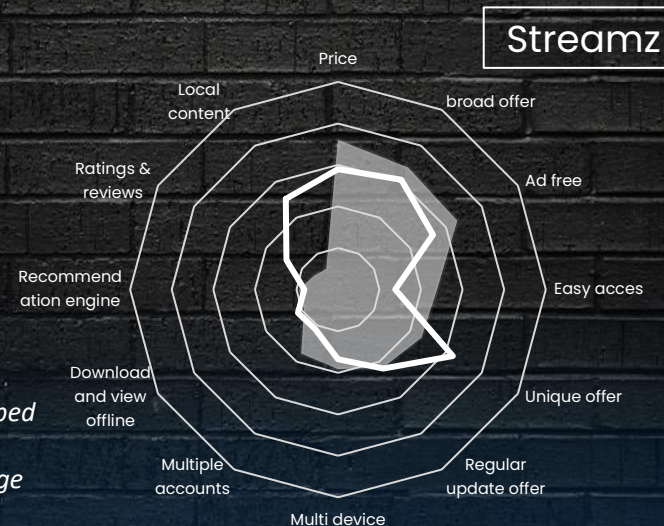
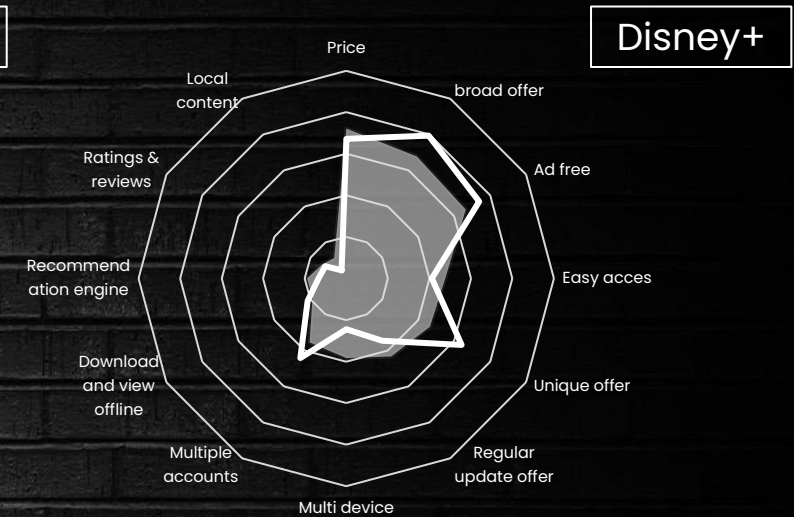
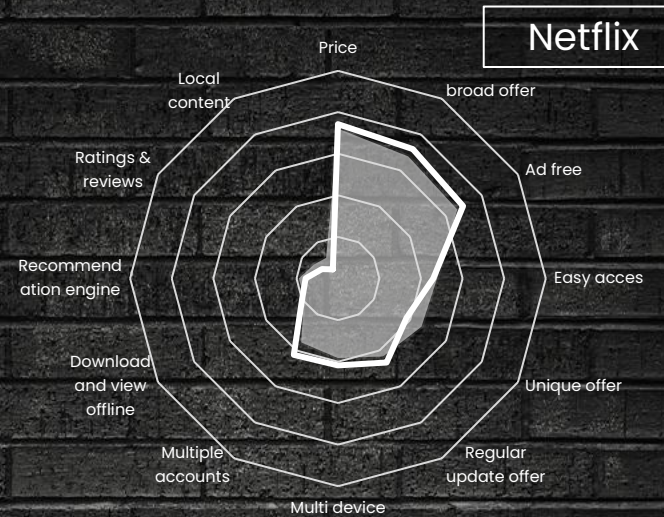
Netflix is the answer to most platform requirements.

Netflix falls short on unique offer and local content.

Disney+ has as favourite reasons of choice the broadest and most unique offer.

Lovers of local content find Streamz to be the answer to their needs.

Amazon prime video has a very good scoring when it comes to the price as a factor of choice.

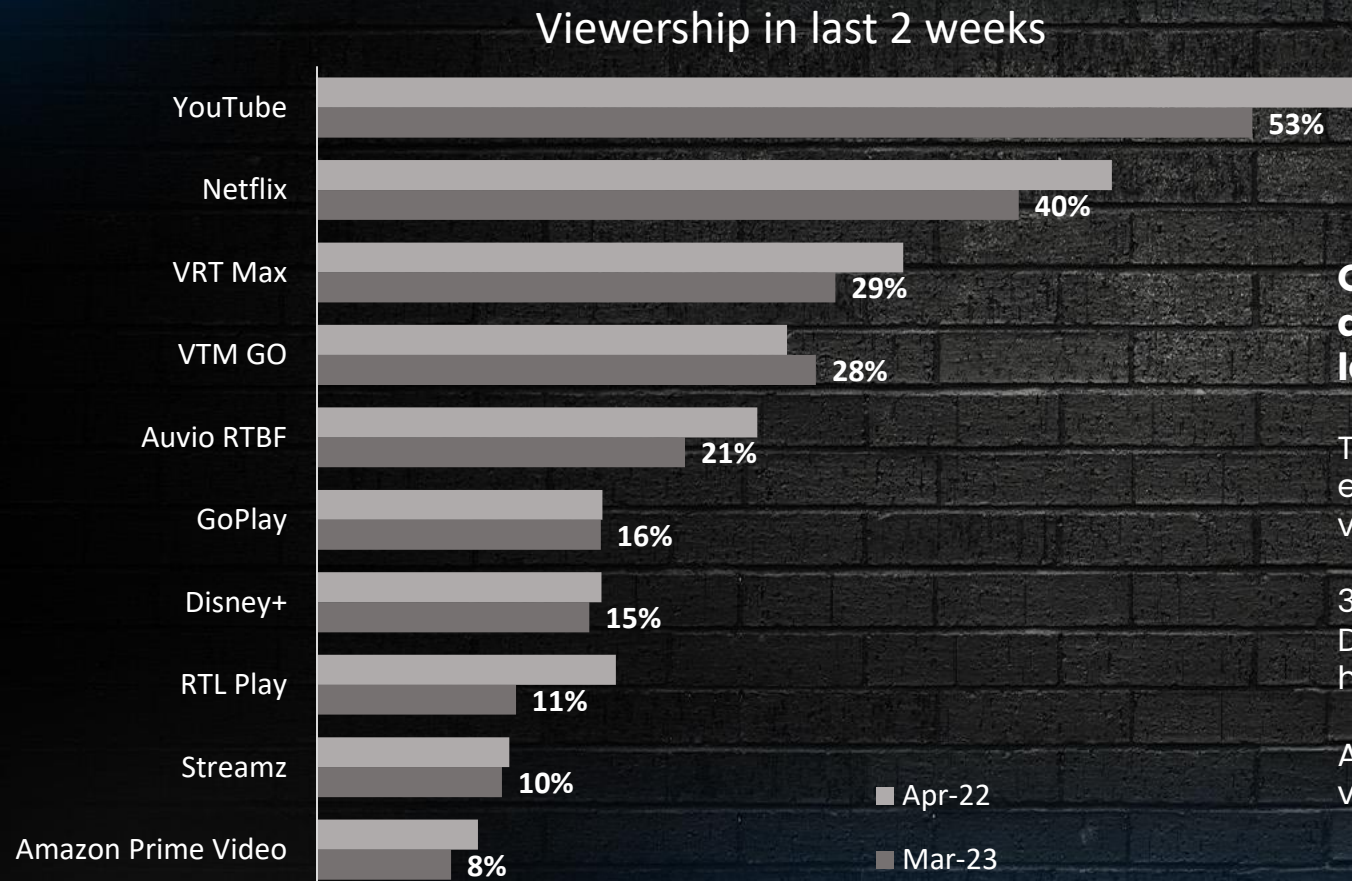


**Results only accounts people who are subscribed to the streaming platform*

***Motivations per subscriber. Weighted average based on number of subscribers*



Top 10 viewership of the different streaming services, take a rather big hit



On average, viewership in the last 2 weeks has decreased with 9% (rel.) and with 7% over the last 2 months.

The Top 5 most viewed platforms suffer the most, with the exception of VTM GO, who on the contrary increased its viewership with 6% (rel.) compared to April '22.

3 out of the bottom 5 suffer less as GoPlay, Streamz & Disney+ are able to limit the damage. Their viewership has decreased less than the average.

Amazon Prime and RTL Play equally note big losses in their viewership.

In a streaming market that is under pressure, Netflix clearly continues to have the best cards

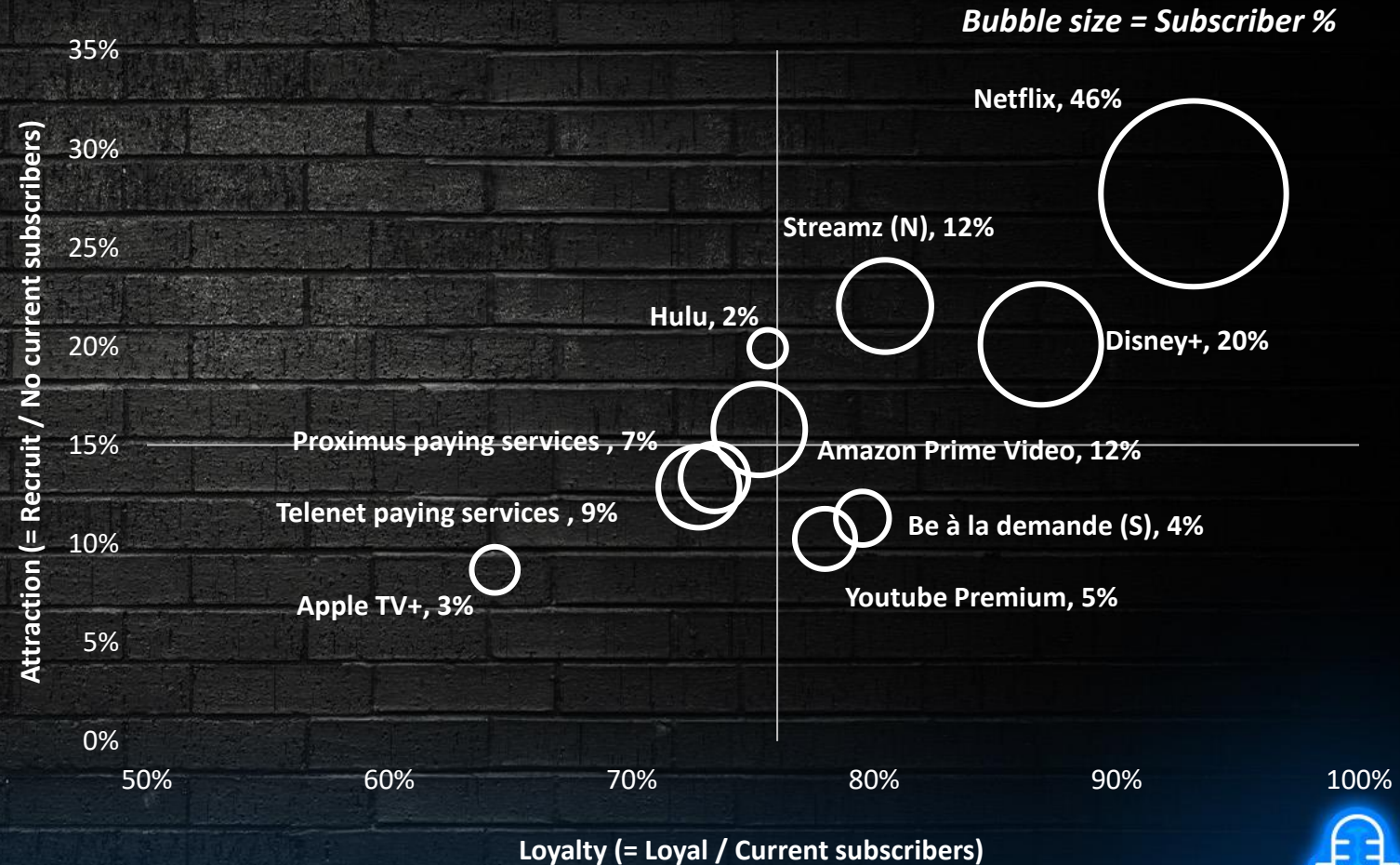
Netflix remains the clear stronghold with the best loyalty and attraction

From the top 4, Streamz equally shows good prospects when it comes to attraction (22%), but should not lose focus of loyalty.

Disney+ shows high loyalty (80%), but runs a little behind on attraction.

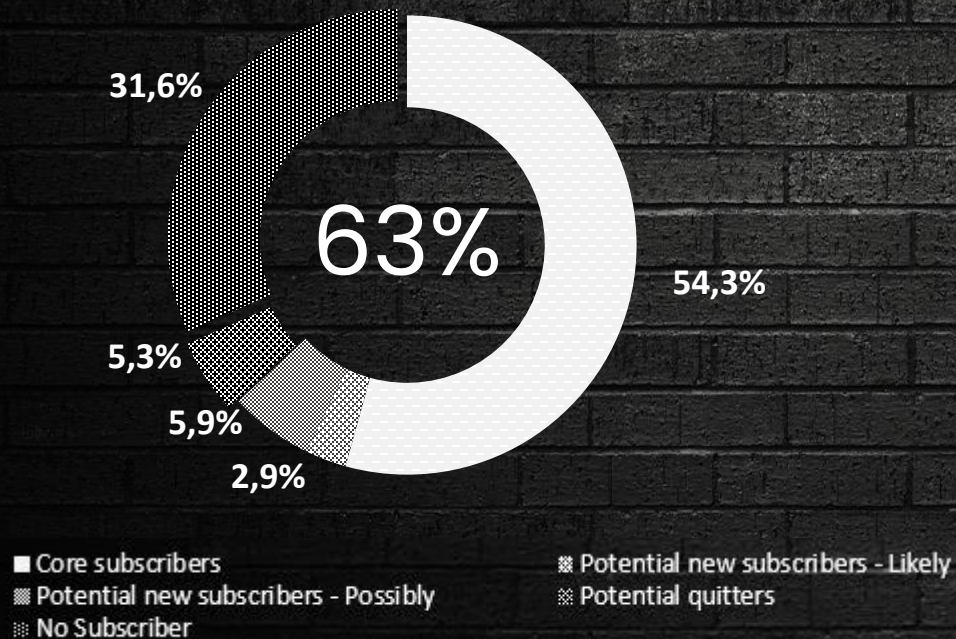
Amazon Prime Video's loyalty takes biggest hit (5%-points) compared to April '22.

Note that 87% of future movements stay undecided (comparable to the 85% in Apr '22), meaning anything is still possible.



The future growth potential of the SVOD market, is a 3.5%-point increase

Growth potential SVOD market (future intention)



SVOD net growth potential of 3.5%- points, this is 8.8%-point newcomers minus 5.3%-point potential quitters.

Over the last years the potential increase varied between 2.5% and 6%-points, given the penetration level (the higher the penetration, the lower the potential). So the 3.5%-points comes as no surprise.

8.8% of those not yet subscribed declare to potentially subscribe to a paying platform in the future. Out of these 2.9% is very likely to act (or 1 on 3)

5.3% indicates intention stopping their current subscription(s).

Is the Advertising funded Video on Demand (AVOD) the lifebuoy for further growing the streaming market?

Disney Plus to Intro Cheaper, Ad-Supported Plan Later This Year

By Todd Spangler



Netflix May Launch Cheaper Ad-Supported Plan in Q4 2022

Streamer expects to start cracking down on password-sharing violators in same timeframe, NY Times reports

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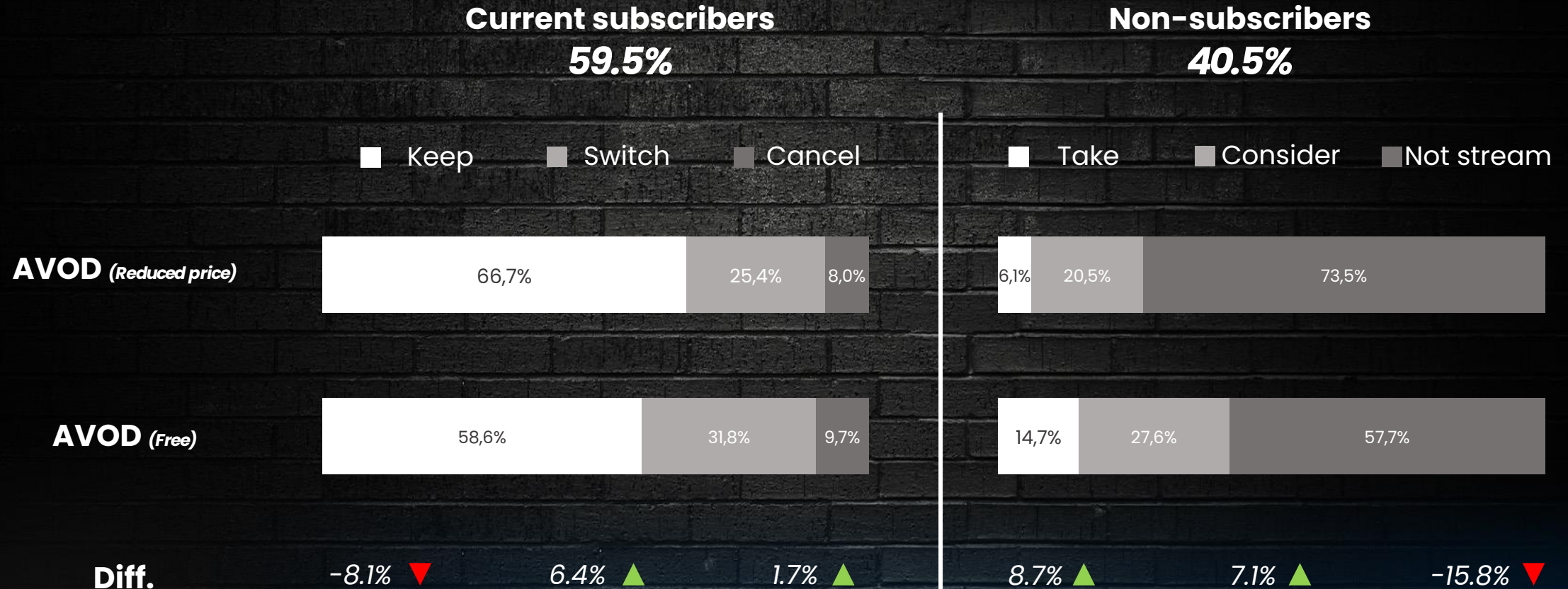


What is Freevee? Amazon's new free streaming service explained

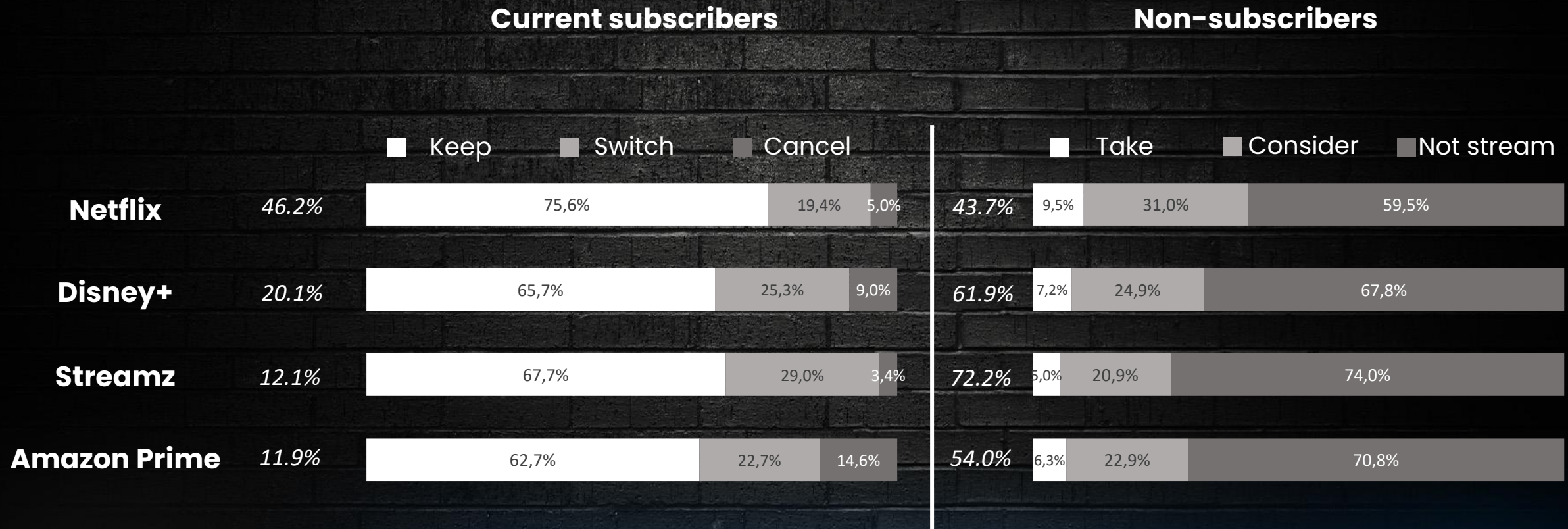
Freevee is Amazon's new free, ad-supported streaming service – here's what you need to know about it including UK price, shows and how to watch it.



An AVOD offer could induce a switch rate between 25% and 32% and recruit potentially 6% to 15% for sure



Netflix in pole position to reap the benefits from the introduction of the AVOD-model (@lower price)



An AVOD offer complementing the SVOD offer could clearly help streaming platforms grow

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An AVOD (advertising funded) offer at a lower price would have a switch effect of 25%. For 67% of the current subscribers, being ad free outweighs the benefit of reduced subscription costs. 8% would stop their subscription if AVOD would be the sole option.

The recruitment potential for an AVOD-model at reduced price is 6% of the non subscribers, aware of the platform; 21% still hesitate and need more information.

A free AVOD-model with even more advertising would push the boundaries even further. The switch rate increases to 32%, whilst the recruitment potential mounts to 15% and 28% would consider it but would need more information.

When zooming in on the AVOD offer at a lower price, the highest potential switch rate is for Streamz (29%). Netflix subscribers are most inclined to keep their SVOD formulae. (76% keep).

On the other hand the relative recruitment percentage is the highest for Netflix, with almost 10% that would definitely take up the offer and 31% that would consider the offer but needs some more information.

There are clearly some Disney+ and Amazon Prime Video subscribers that are definitely allergic to an AVOD offer (respectively 9% and 15%). But at the same time the recruitment potential is there with respectively 7% and 6% that would take up an AVOD offer.

Netflix stricter policy concerning the password sharing probably will turn out positively in the end

1 out of 2 Netflix subscribers share an account outside his household.

For 29.5% this stricter policy would not change anything.

23.2% would pay for 2 additional account, given the rather low extra cost

17.3% would pay for their own subscription now as they are probably in the 'grey zone'

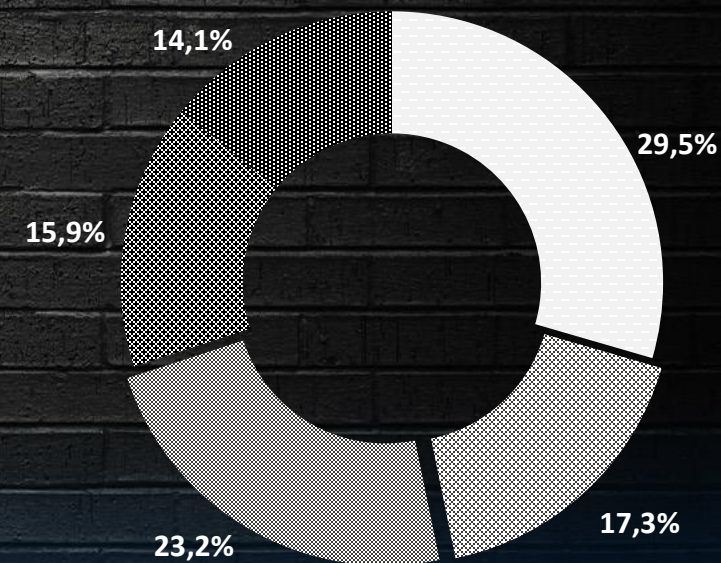
15.9% state quitting the platform when applying such measures.

14.1% are still undecided on how to react upon this measure.

52% share an account outside their household



if Netflix would take tougher actions against password sharing...





Main take-outs of this 5th edition of our Video Streaming Monitor

1. **Paid streaming subscriptions impacted by the current recession**

Amount of Belgians with at least one subscription has decreased to 59.5%, a 5.9% (10% rel.) decrease compared to April '22. The decline is especially present in the South, among men & 18-34 y.o. The average # of subscriptions per HH remains stable at 2.

2. **The 4 biggest platforms are faced with comparable relative decreases**

On average, streaming platforms subscriptions decrease with 11% relative. Netflix remains top platform, but encounters a relative decrease of 8.9%. Streamz faces increased competition from Amazon Prime Video. YouTube Premium & Hulu are the only platforms who have increased their subscriptions.

3. **Viewership of the different platforms takes a rather substantial hit**

In general, we encounter a 9% relative decrease in viewership in the last 2 weeks and 7% in the last 2 months. With the exception of VTM GO (6% relative increase), the bigger platforms seem to suffer the most. 3 out of the bottom 5 suffer less as GoPlay, Streamz & Disney+ are able to limit the damage. Amazon Prime and RTL Play equally note big losses in their viewership.

4. **Netflix has the best cards in a struggling market**

Netflix remains the top performer by combining top loyalty, with highest attraction index. Streamz equally shows good prospects when it comes to attraction (22%), but should not lose focus on loyalty. Disney+ shows high loyalty (80%), but runs a little behind on attraction. Note that 87% of future movements stay undecided.

5. **Is AVOD a good solution to counter for declining streaming subscriptions?**

25% Of the current SVOD subscribers would switch To AVOD (@reduced price). Out of the people with no current subscription 6% would definitely take up an AVOD subscription, while 21% is interested but requires more information. A free AVOD offer could push potential even further. Netflix would benefit the most as their 3 in 4 of their current SVOD would keep their subscription and 10% of the people who are not currently subscribed to the platform would take an AVOD subscription to Netflix.

Thank you

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"Over & Out!"



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