

# THE STREAMING WARS POST-COVID

Looking at the past, present and future  
to understand the dynamic between  
consumers and services

June 18, 2020

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# Meet Today's Speakers



**Andrea Marker**

SVP & Head of Content +  
Platform Strategy

- 15+ years in entertainment
- SVOD expert with research, product and marketing expertise
- Previously at Hulu and DIRECTV Now in research, product and marketing roles



**Greg Conlon**

SVP & Sr. Client Officer,  
Streaming Services

- 15+ years in entertainment
- Content expert, certified moderator, and experienced researcher
- Previously at boutique agencies working for studios, publishers, & platforms



# INTRODUCING STREAMING 360

## MARKETS

**US + UK**

Initial wave fielded in Q4  
2019

## INTERVIEWED

**10,000**

Adults 18+ online  
monthly

## ANALYTICS

**DCM**

Data covering the landscape,  
audience, positioning, plus a  
discrete choice model



# AGENDA

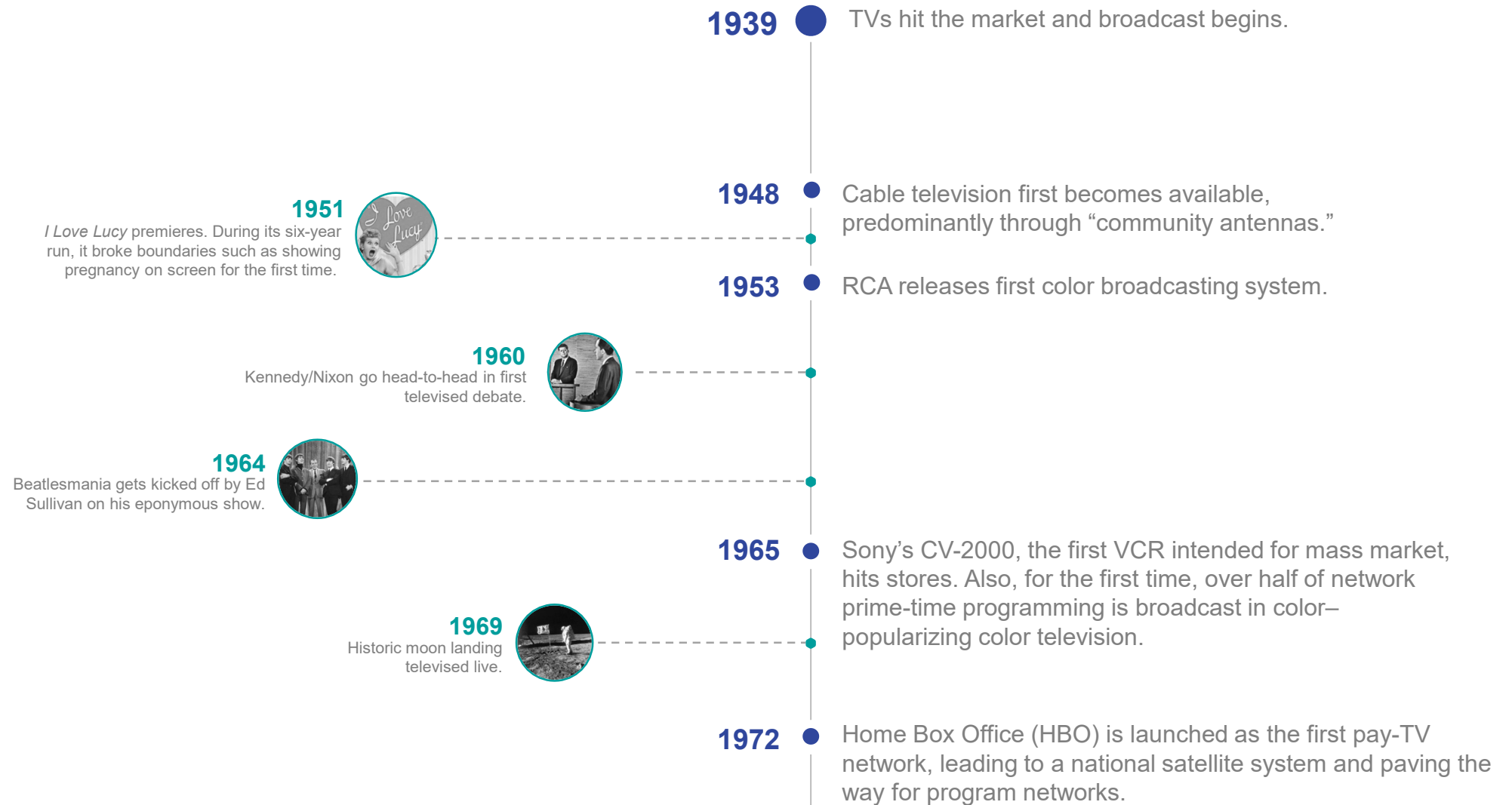
1. HOW DID WE GET HERE?
2. THE MARKETPLACE NOW
3. WHERE ARE WE GOING?



# HOW DID WE GET HERE?

1

# The Evolution of Television



**1980**  
*Dallas*' "Who Shot JR?" becomes the first major TV cliffhanger, with 83 million people tuning in to find out whodunit.



**1983**  
125 million viewers (77% of all TV sets) tune in to CBS for the *MASH* finale.



**1985**  
1.5 billion viewers worldwide tune in to watch Live Aid.



**1984** ● VCR becomes mainstream when Supreme Court rules that home-taping doesn't violate copyright laws.

**1990** ● After a huge swing in popularity during the '80s, remote controls are now being used in 90% of US households, giving rise to channel surfing.

**1990-95** ● Targeted programming takes off as audiences begin to niche.

**1994**  
OJ Simpson high-speed Bronco chase broadcast live.



**1997** ● DVD players hit the market—the same year Netflix is founded.

**1998**  
*Seinfeld*'s finale airs and is met with hatred from fans and critics alike.



**1998** ● Number of cable channels more than triples within two years. By 1999, seven in 10 households are subscribed.



Janet Jackson's wardrobe malfunction at the Super Bowl leads to a huge spike in TiVo popularity and spawns the idea for YouTube.



2004

The *Friends* finale airs to 52.5 million, making it the most watched television episode of the decade— and the 5<sup>th</sup> most watched of all time.



2011

HBO's *Game of Thrones* premieres. The show goes on to become a global sensation, breaking countless viewership records as the most-watched show on premium TV.



2013

Netflix wins its three Emmys for *House of Cards*, the first time for an online-only show.



2019

YouTube star Lilly Singh gets own late-night talk show on NBC— the first female-fronted late-night show on a major network in 30 years.



2000

50% of US households have internet— albeit *slow* internet.

2002-2004

High-speed internet begins to take off.


2002

DVD sales overtake videotapes for the first time— within a year, 77% of total home entertainment spending was on DVDs.

2003

Digital TV makes major advances with HDTV and VOD services as the digital age quickly begins taking over analog.

2005

 **YouTube** is founded, receiving 8 million views a day within months of launching.

2007

 **NETFLIX** launches their streaming service.

2011

 **hulu** launches their original programming.

2013

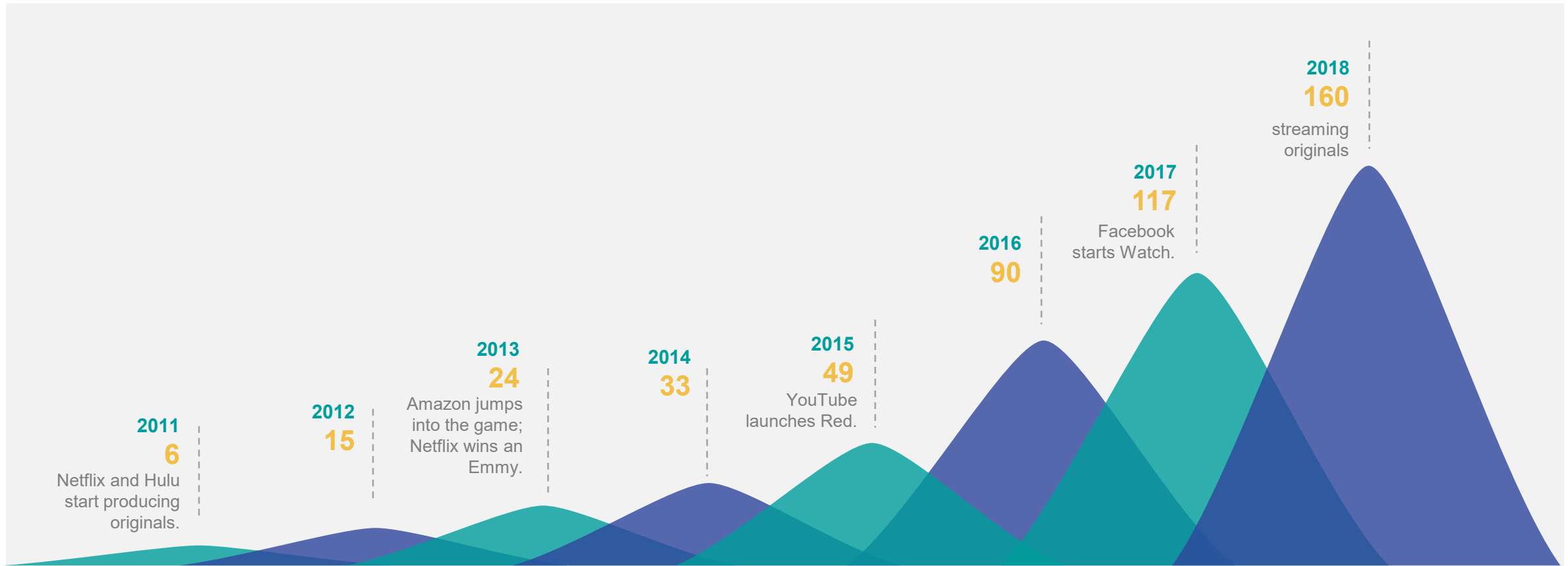
 **prime video** launches their original programming.

2020

How many is too many in the streaming world?

# The Switch From The Traditional TV Model To One That Accounts For Streaming Has Occurred Rapidly...

...and led to an explosion in content. Streaming services quadrupled their share of the scripted market to 32% in 2018.





# In 2019, Netflix Released More Originals Than the Entire TV Industry in 2005

1

**371 new scripted and unscripted originals**  
54.6% increase YoY

2

**2769 hours of content**

3

**34 Golden Globe noms**  
2.6x increase YoY

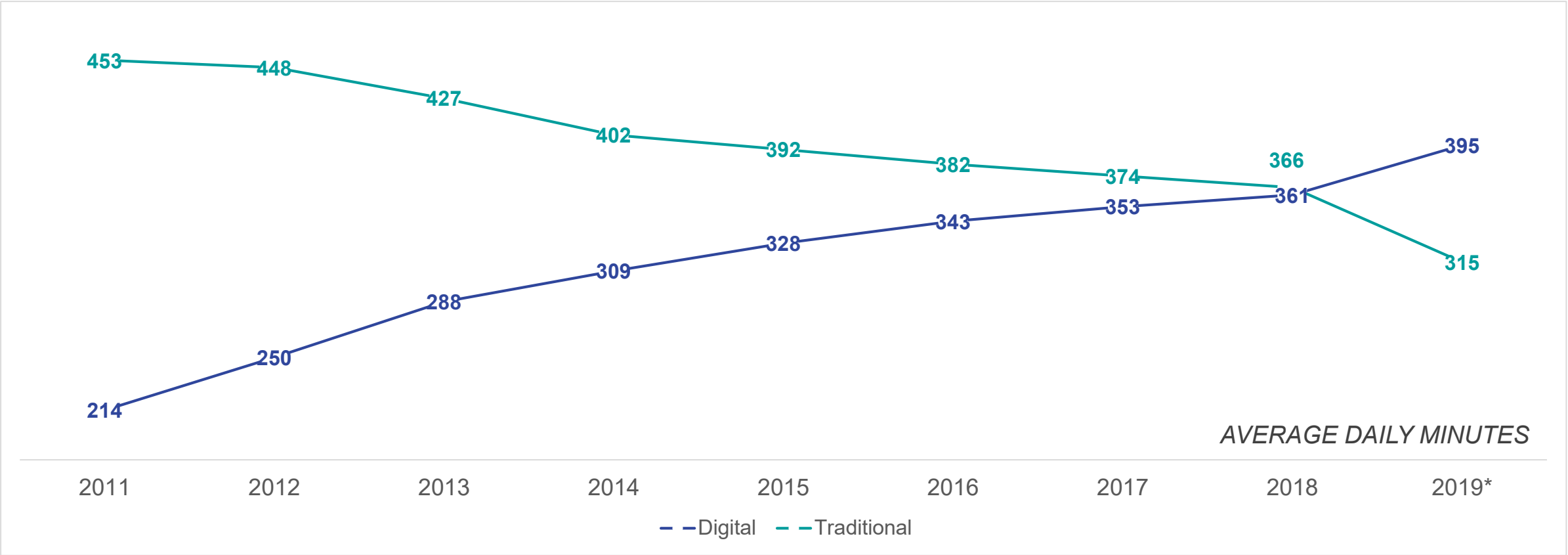
4

**9x originals vs. Prime Video**  
314 hours of original Prime Video content



# The Switch To Digital Viewing Has Followed The Takeover Of Streaming Services

Digital minutes watched overtakes traditional media for the first time in 2019.



# Recent Improvements In Access Have Disrupted The Industry



## NEW PLATFORMS

**Tech is the new media.**

From licensing content to creating their own, platforms like Netflix and Hulu eroded reliance on cable for diverse TV offerings.



## BETTER INTERNET

**Quality video wherever, whenever.**

Without the proliferation of 4G, LTE and broadband internet (and favorable data plans), the new platforms would have failed.



## NEW TECH

**Devices democratized streaming.**

Phones, which are upgraded more frequently than TVs, and Roku brought streaming to the masses in affordable ways.



## SOCIAL MEDIA

**Social media democratized content.**

Anyone and everyone can create content and reach audiences as massive as an episode of *Friends*—plus, they'll friend you back.

## ...And That Same Access Has Led To A Rise Of New Competition – Social Video, Podcasts & Esports

Without better internet, cheaper tech and social media, we wouldn't have had the explosion of home-grown content which we have today. Streaming services aren't just competing against other streaming services.



While streaming companies have helped usher in a new era of professionally-produced content, the viewers have become the **creators** and **stars** of their very own stories, turning things as banal as putting on makeup, playing video games and talking about your day into billion-dollar industries.

Paired with streaming content, these creators helped 2019 become the first year in which digital minutes eclipsed traditional media.



# THE MARKETPLACE NOW

# 2

# There Are Roughly 272 Streaming Services And Counting.

How do new SVOD services fit into consumers' media diets?



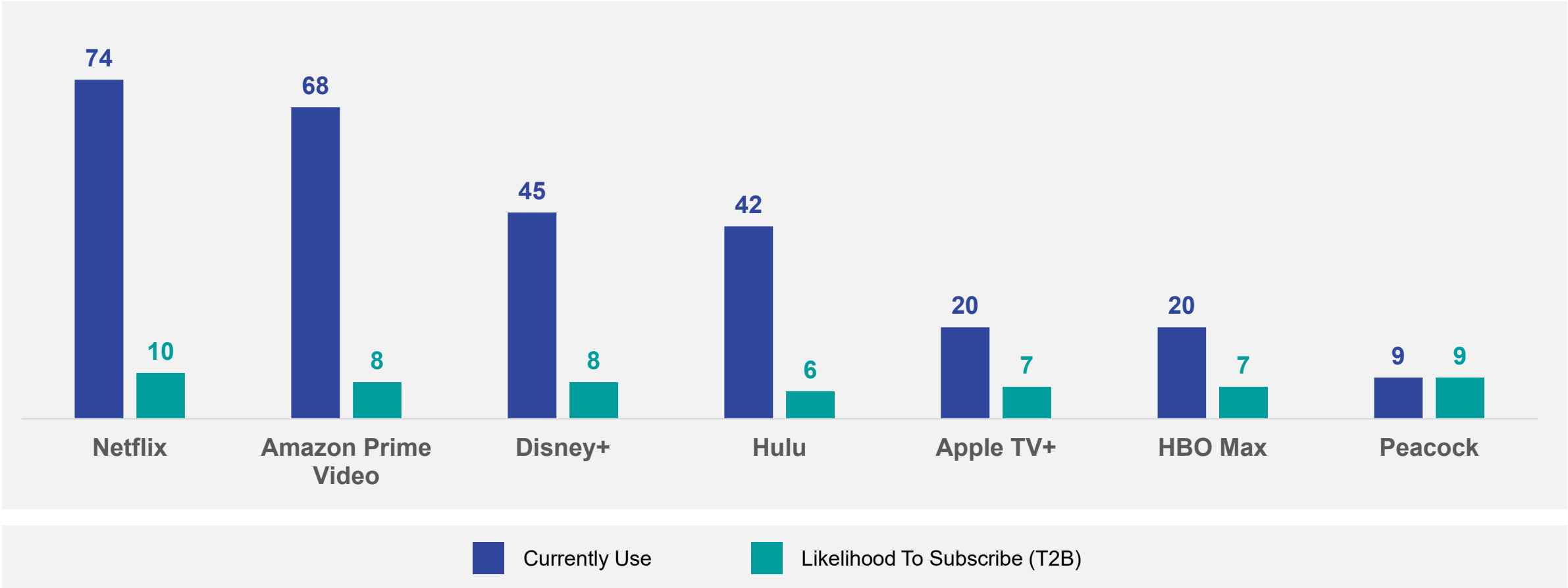
Ask someone to name a streaming service and they'll likely offer 3: Netflix, Prime Video and Hulu.

Yet there are over 270 streaming services available on the market, competing for attention, time and money against not only SVOD, but also TV, gaming, podcasting and social video.

What does this mean for Disney+, Apple TV+, HBO Max, and Peacock?

# Disney+ Has Quickly Joined The Big 3 of Netflix, Prime Video And Hulu

Every one of the top seven services has a similar likelihood to subscribe.



Source: Ipsos Streaming 360



# The Average Consumer Subscribes to and Spends...

3

**STREAMING  
SERVICES**

\$33

**A MONTH**



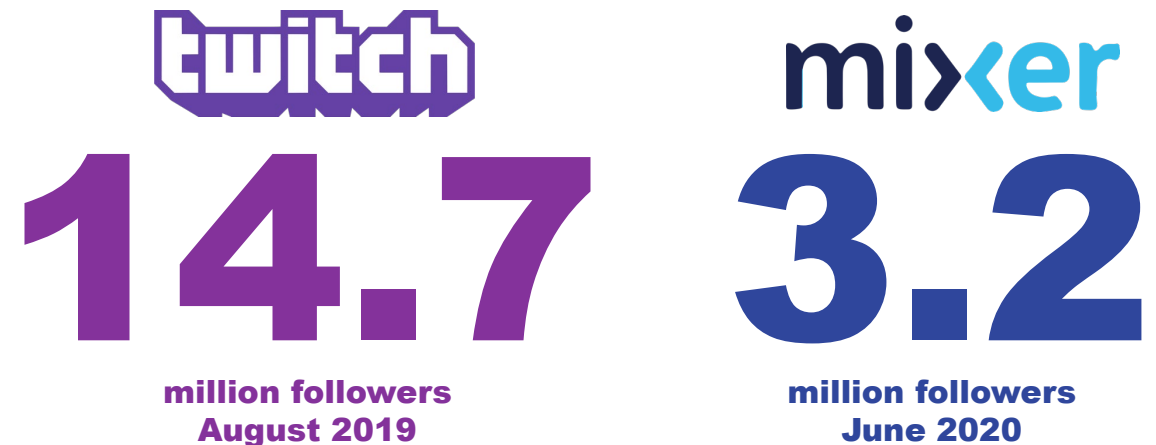




## It's Extremely Difficult to Launch a New Platform

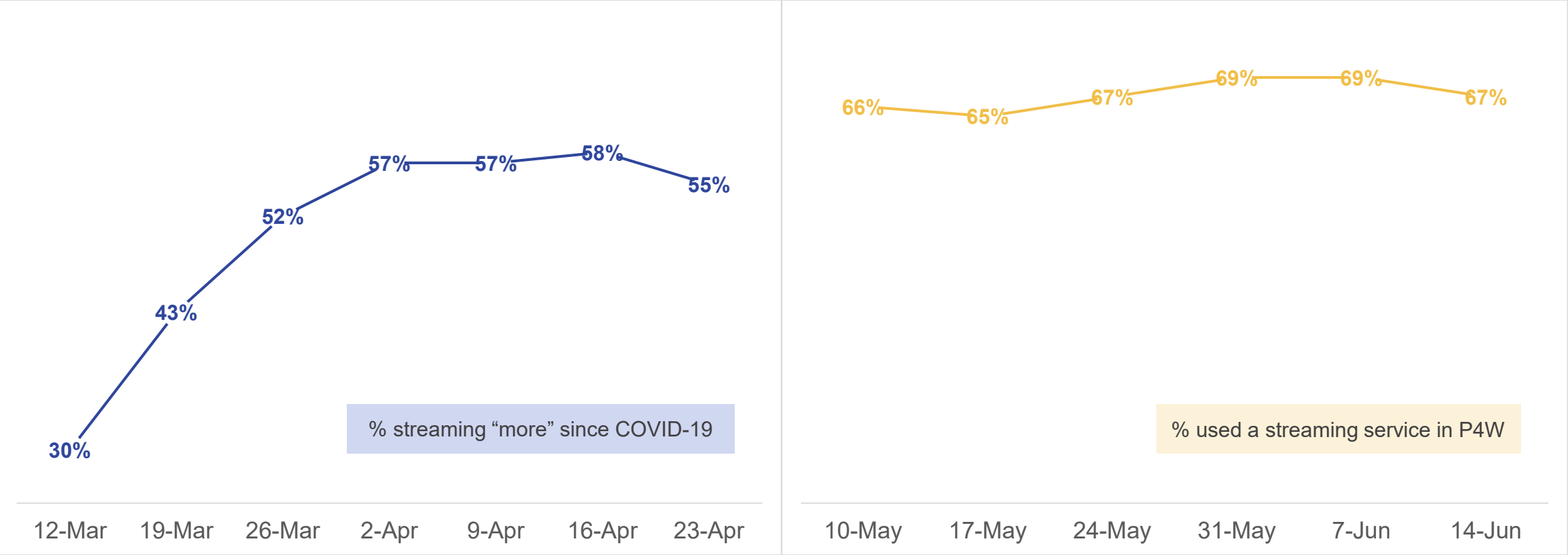
Content satisfies a certain need state, but audience loyalty doesn't belong to it. Above all, viewers are more loyal to platforms they are easily able to connect and interact with.

For example, when Tyler "Ninja" Blevins ditched Twitch for Microsoft's Mixer, his fans—and their views—didn't follow.



# How Has Covid Changed Streaming?

As the nation sheltered in place, streaming increased significantly, jumping 20 points over a month as an activity people engaged in more frequently than pre-Covid. Streaming has stayed consistent throughout May and June.



Source: Ipsos Global Covid Tracker



# When you run out of Netflix, where do you turn?

*Somewhere new.*

Looking at concepts tested during the 2008 recession vs. recent years, we found that consumers are 15% more open to trying new products during times of crisis when old habits have been disrupted and 59% are more welcoming of new ideas when they provide a high degree of value.

Sources: Ipsos TV Dailies; Ipsos Concept Database, 2008-2009 + 2016-2019



**58%**  
of Gen-Z and Millennials  
say they've "run out of Netflix"

# What Are People Looking For In A Subscription Service?

Value is key, especially post-Covid — but it's not the only thing that drives subscription

## Driver Analysis: Reasons for Subscription Across 10 SVOD Services Post-Covid



**26%**

Good Value



**12%**

Content Others  
Talk About



**11%**

Best Content to  
Relax With

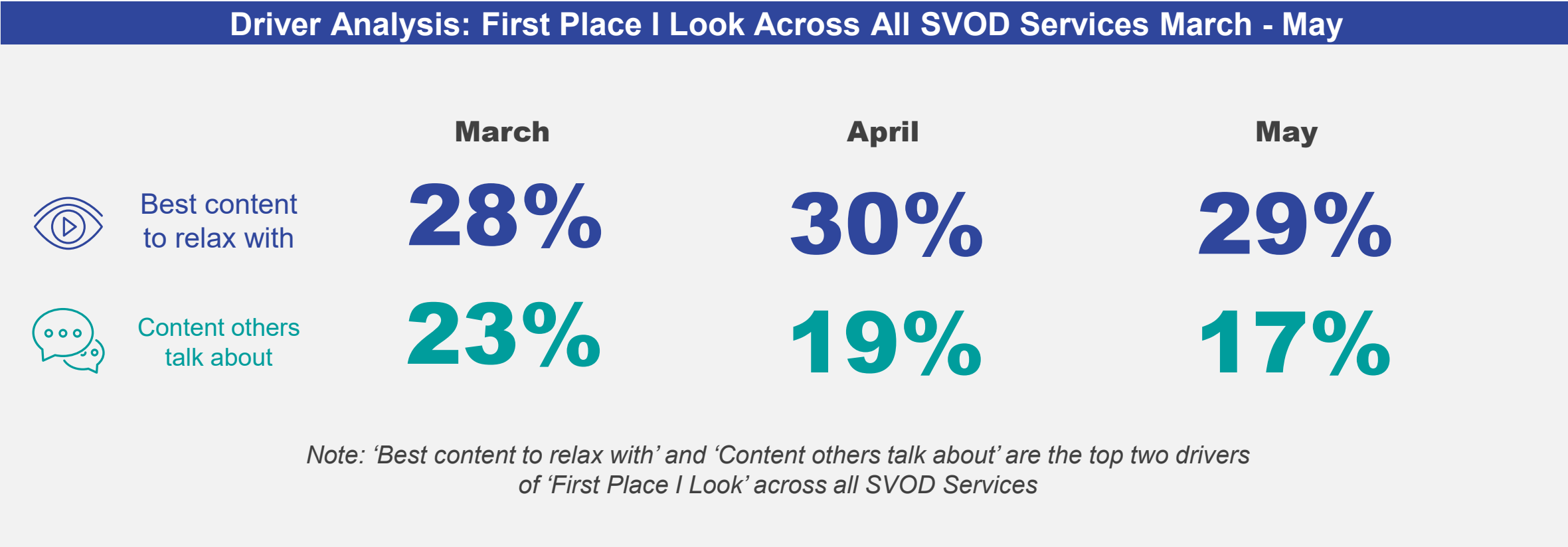
*...but, when it comes to the service consumers can't live without, relaxation (29%)  
trumps value (20%) and buzzy content (17%).*

Sources: Ipsos Streaming 360, May 2020



# But More Than Ever Consumers Are Looking For ‘Comfort’ From Their Streaming Service

As Covid-19 progressed, consumers were more likely to look for content they could 'relax with' compared to content 'others talk about'.



Sources: Ipsos Streaming 360, March/April/May 2020

# Post-Covid, Consumers Want to Feel SAFE and POSITIVE



## Security - 37%

People want to feel safe and secure again. They want to be reassured that things will return to normal. There is no need to be afraid or to panic.



## Positivity - 30%

They want to feel good again and improve their well-being. They want to feel calm, comforted, relaxed, hopeful, positive and optimistic.



## Nostalgia TV Provides Security and Positivity

**68% of TV and streaming viewers say that they “need comfort from my old favorites”**

This need is even more pronounced in parts of the country that feel that they have been impacted by Covid.



“

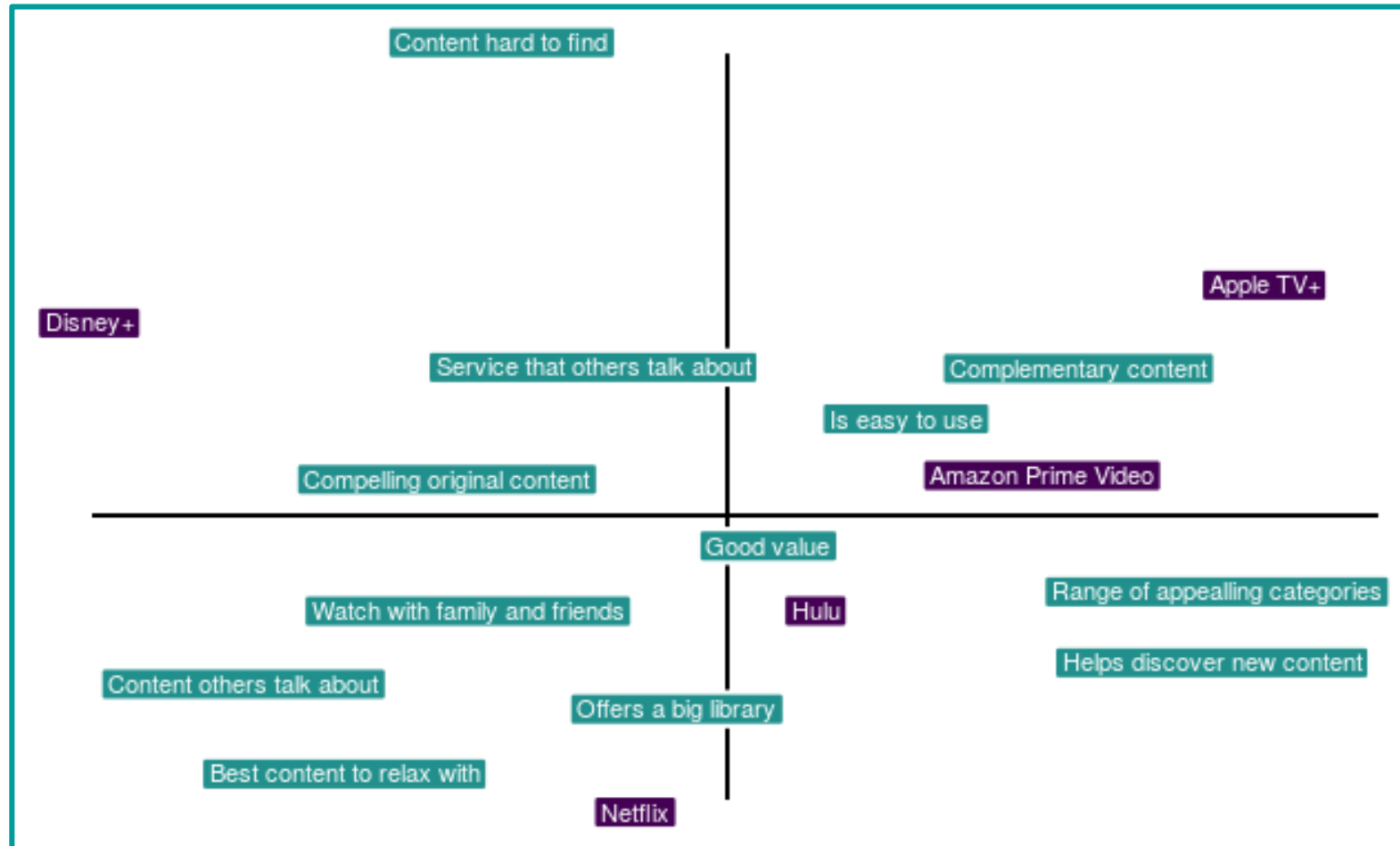
I feel like I've relapsed – all I do is binge old episodes of The Office on Netflix to stay sane.

I spend so much time thinking about stuff that the last thing I want to do when I'm trying to relax is think even more.

- Male, 32

# What Do Consumers Think About The Current Streaming Landscape?

Netflix currently owns the comfort space, Prime is easy to use and Hulu is between the two. Disney+ and Apple TV+ are still looking for their identity in the market.



Sources: Ipsos Streaming 360,  
May 2020

# WHERE ARE WE GOING?

# 3



# Who Will Win the Streaming Wars?

COMPANY TOWN

Los Angeles Times

Who will win the streaming wars?

By RYAN FAUGHNDER | STAFF WRITER

OCT. 10, 2019 | 4 AM

A cartoon illustration featuring Mickey Mouse on the left, holding a large gun and firing it towards the right. On the right, a man with a beard and a black shirt is holding a smaller gun, aiming it back at Mickey. A large green apple is positioned between them, with a small figure of a person inside it. The background is white with some grey smoke or motion lines.

The Economist

LEADERS WORLD BUSINESS & FINANCE SCIENCE & TECHNOLOGY CULTURE

The streaming wars get serious

The battle for eyeballs intensifies

CULTURE

NEW YORK

THE RISE of Netflix, it was thought, would be the death knell of an obsolete, costly model of television. No longer would people (in America, at least) pay \$80 a month for 200 channels, only a dozen of which they actually watched. They would “cut the cord” and stream “The Crown” instead for \$13 a month.

But that is not quite so. The new streaming age of television will arrive in 2020, but it will still prove costly. Every major media company is launching its own service, and licensing much less of their best stuff to Netflix.

VARIETY

HOME > BIZ > FEATURES

Dec 17, 2019 6:00am PT

Adapt or Die: Why 2020 Will Be All About Entertainment’s New Streaming Battleground

By Cynthia Littleton, Elaine Low

TECH DRIVERS

Why one consultant thinks Apple and Amazon are guaranteed winners in the streaming wars

PUBLISHED MON, SEP 23 2019-2:12 PM EDT | UPDATED MON, SEP 23 2019-3:19 PM EDT

Kevin Stankiewicz @KEVIN\_STANK

SHARE f t in e

The CNBC logo, featuring the NBC peacock logo in color and the letters "CNBC" in a bold, black, sans-serif font.

# To Understand the Streaming Wars, You Have To Start With How Consumers Make Content Decisions

## Content x Context

A framework for understanding content choice.

### CONTENT

UNWIND

ESCAPE

DISCOVER

PASS THE TIME

CONNECT

STAY UP-TO-DATE

IDENTIFY

CRITIQUE

### CONTEXT

ACCESS

AUDIENCE

AGENDA

ATTRACTORS

# Have You Ever Wondered What Would Happen If...

...Netflix added ads? Or if Hulu brought back its free tier? The Streaming 360 discrete choice model can do just that.

## Streaming 360 – Sample Inputs, Netflix to Ad-Supported

Brand	<b>NETFLIX</b>	<b>amazon prime video</b>	<b>hulu</b>
	Netflix ▼	Amazon Prime	Hulu ▼
Price	\$12.99 ▼	\$12.99 ▼	\$12.99 ▼
Best Content	Original shows/series and movies	Original shows/series and movies	Current TV shows/series that air on other channels ▼
Ad-Supported	Ad Free ▼	Ad Free ▼	Ad Free ▼



Brand	<b>NETFLIX</b>	<b>amazon prime video</b>	<b>hulu</b>
	Netflix ▼	Amazon Prime	Hulu ▼
Price	\$12.99 ▼	\$12.99 ▼	\$12.99 ▼
Best Content	Original shows/series and movies	Original shows/series and movies	Current TV shows/series that air on other channels ▼
Ad-Supported	Ads at regular intervals during videos ▼	Ad Free ▼	Ad Free ▼

Sources: Ipsos Streaming 360, May 2020

# We Measured 7 Distinct Features That Factor Into a Streaming Service to Understand How They Contribute to Consumers' Subscription Decisions



# WHAT DRIVES

# STREAMING

# CHOICE?

The biggest contributors to deciding which services to subscribe to aren't surprising...

#1

## Price

#2

## Brand

#3

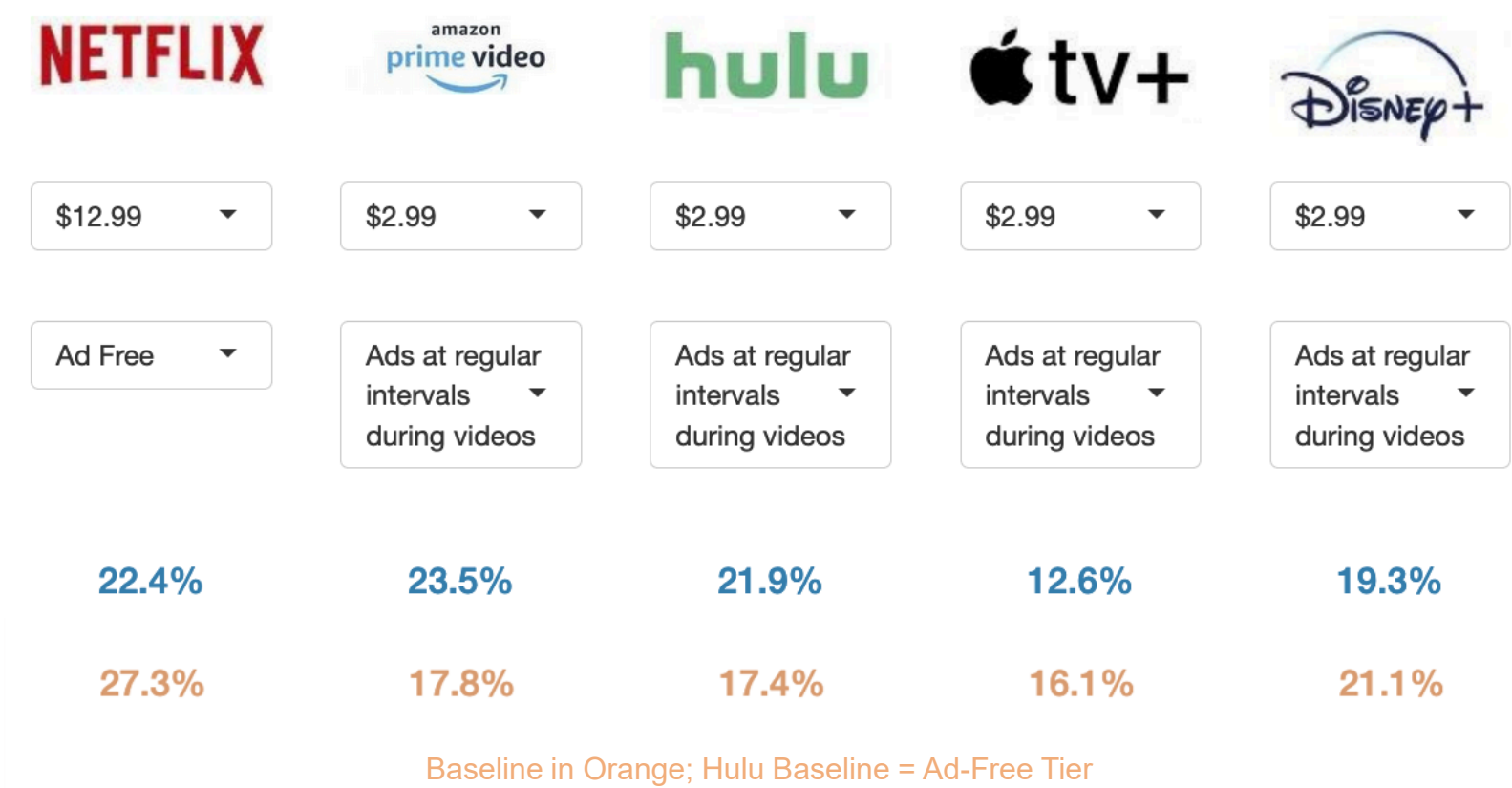
## Content












# ...But What Is Surprising is the Interplay Between These Factors

Imagine a world where Prime Video, Hulu, Apple TV+, and Disney+ create a low-cost, ad-supported tier. What happens to Netflix?



**Only Prime Video bests Netflix when its price drops significantly. The other services only beat Netflix if they are available for free.**

# What The Marketplace Looks Like Today Looking at Ad-Free Tiers

Brand							
	Netflix ▾	Amazon Prime ▾	Hulu ▾	Disney+ ▾	Apple TV+ ▾	HBO Max ▾	Peacock ▾
Price	\$12.99 ▾	\$12.99 ▾	\$12.99 ▾	\$6.99 ▾	\$4.99 ▾	\$14.99 ▾	\$9.99 ▾
Best Content	Original shows/series and movies ▾	Original shows/series and movies ▾	Current TV shows/series that air on other channels ▾	Kids and family content ▾	Original shows/series and movies ▾	Previously aired TV shows/series ▾	Previously aired TV shows/series ▾
Ad-Supported	Ad Free ▾	Ad Free ▾	Ad Free ▾	Ad Free ▾	Ad Free ▾	Ad Free ▾	Ad Free ▾
% of Share	22.9%	15.5%	16.0%	14.9%	15.1%	8.1%	7.0%

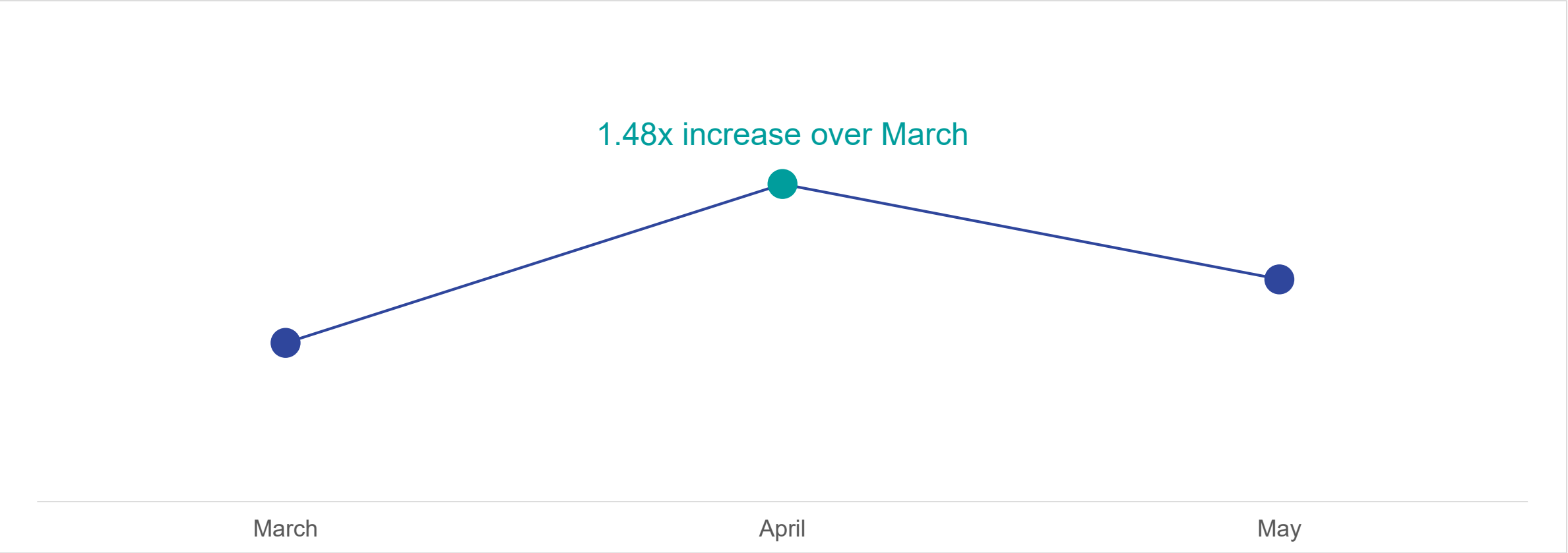
# What Happens If HBO Max Creates An Ad-Supported Tier?

Brand	NETFLIX	amazon prime video	hulu	Disney+	Apple tv+	HBO max	peacock
	Netflix	Amazon Prime	Hulu	Disney+	Apple TV+	HBO Max	Peacock
Price	\$12.99	\$12.99	\$12.99	\$6.99	\$4.99	\$4.99	\$9.99
Best Content	Original shows/series and movies	Original shows/series and movies	Current TV shows/series that air on other channels	Kids and family content	Original shows/series and movies	Previously aired TV shows/series	Previously aired TV shows/series
Ad-Supported	Ad Free	Ad Free	Ad Free	Ad Free	Ad Free	Ads at regular intervals during videos	Ad Free

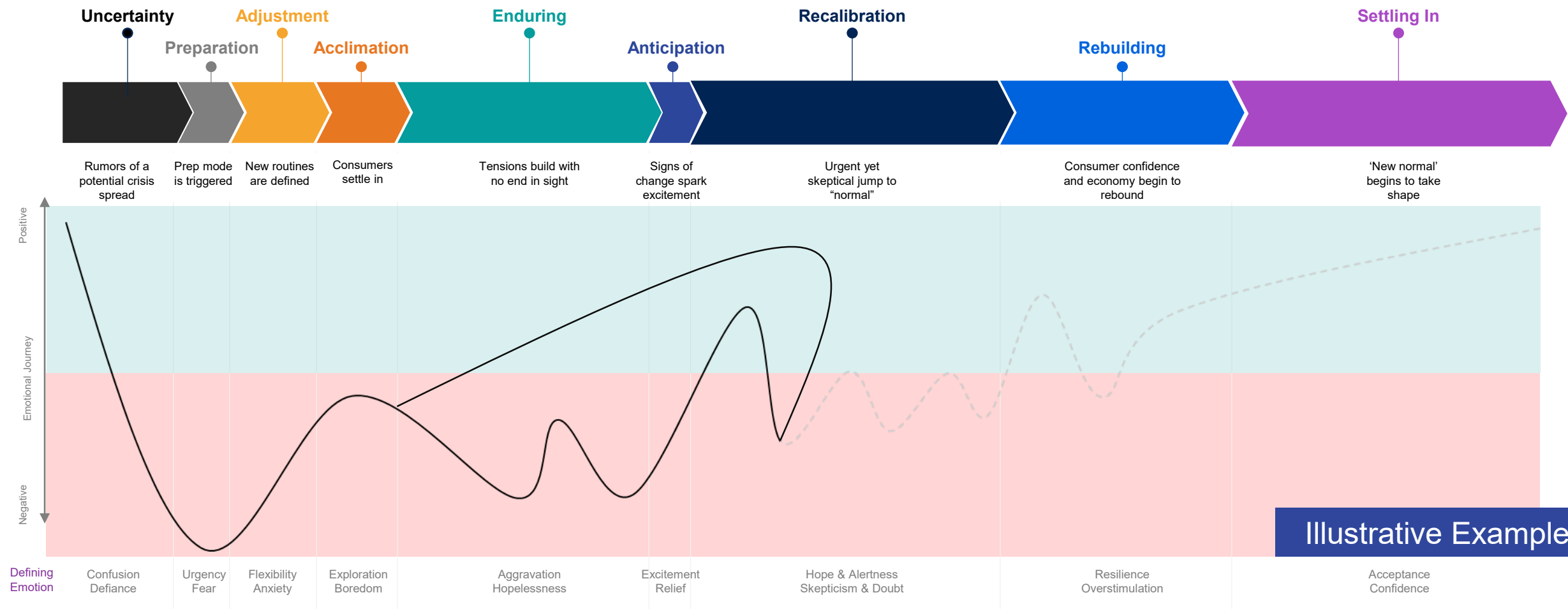
% of Share	22.5%	15.2%	15.8%	14.7%	14.9%	9.7% ↑	6.9%
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This move increases HBO Max % Share of Preference by 1.6%, although limiting ads to pre- and post-roll raises it to 10.2%

# Promotional Offers Held More Sway in April as the Reality of Covid Set In Across the Country



# Understanding the COVID-19 Emotional Journey Can Help Anticipate What Comes Next and the Roles Streaming Can Play







# SO WHAT DOES THE FUTURE LOOK LIKE?

## 1

### THE STREAMING WARS

It's not about beating Netflix, but becoming a consumer's 2<sup>nd</sup> or 3<sup>rd</sup> subscription.

## 2

### NEW PLATFORMS

While it's hard to launch new platforms, Covid has disrupted old habits and consumers are more open to sampling.

## 3

### SUBSCRIPTION DRIVERS

Price, brand, and content are the biggest contributing features to subscription, but promotional factors have been key in Covid.

## 4

### ADVERTISING

Ads aren't a deal-breaker and can help newer entrants build equity among cost-sensitive audiences.

# THANK YOU!