The European VoD landscape

Ampere Analysis

November 2021

Contents

The current size and trajectory of video-on-demand in Europe, who is leading the race, and VoD’s contribution to the region's audiovisual economy.

Consumer behaviours - how uptake and usage of video-on-demand is changing in Europe, and what the implications are for both global and local players.

How are streaming groups approaching the market, and what are some of the key takeaways from their strategies.

Online video is now a major contributor to Europe's media economy

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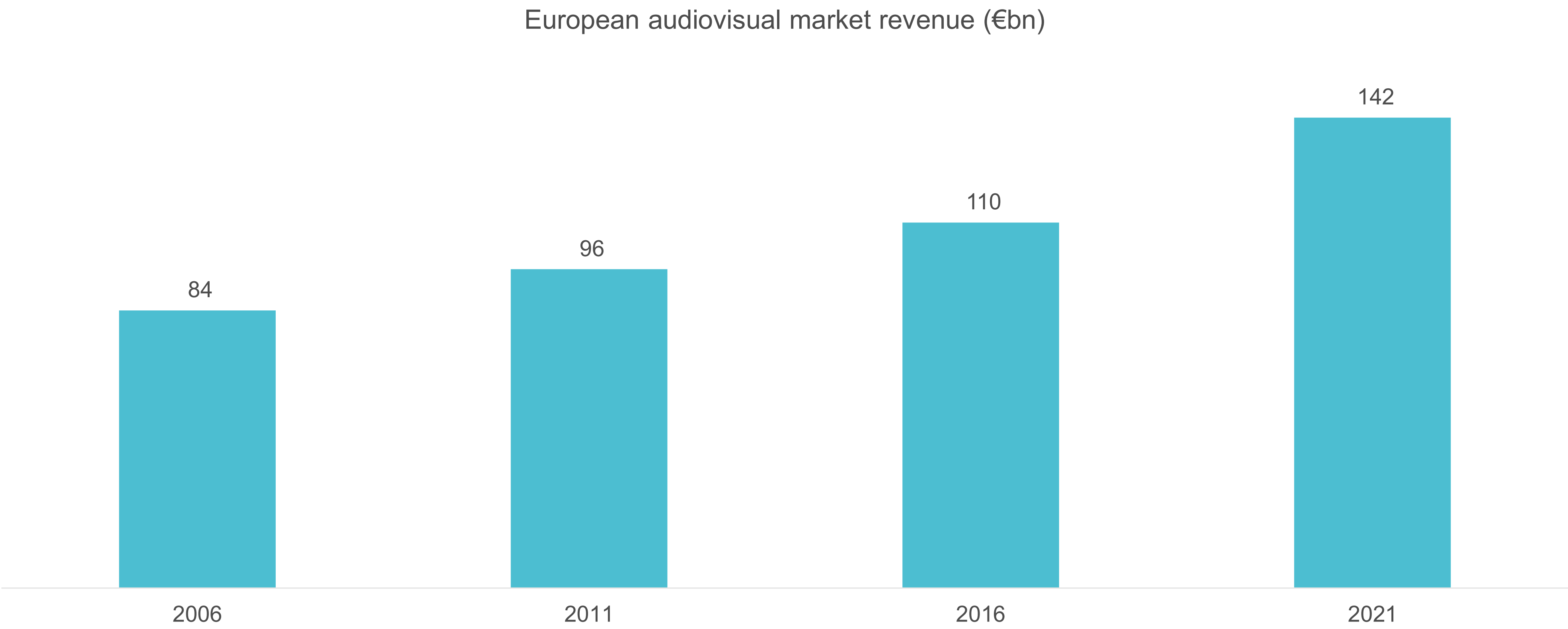
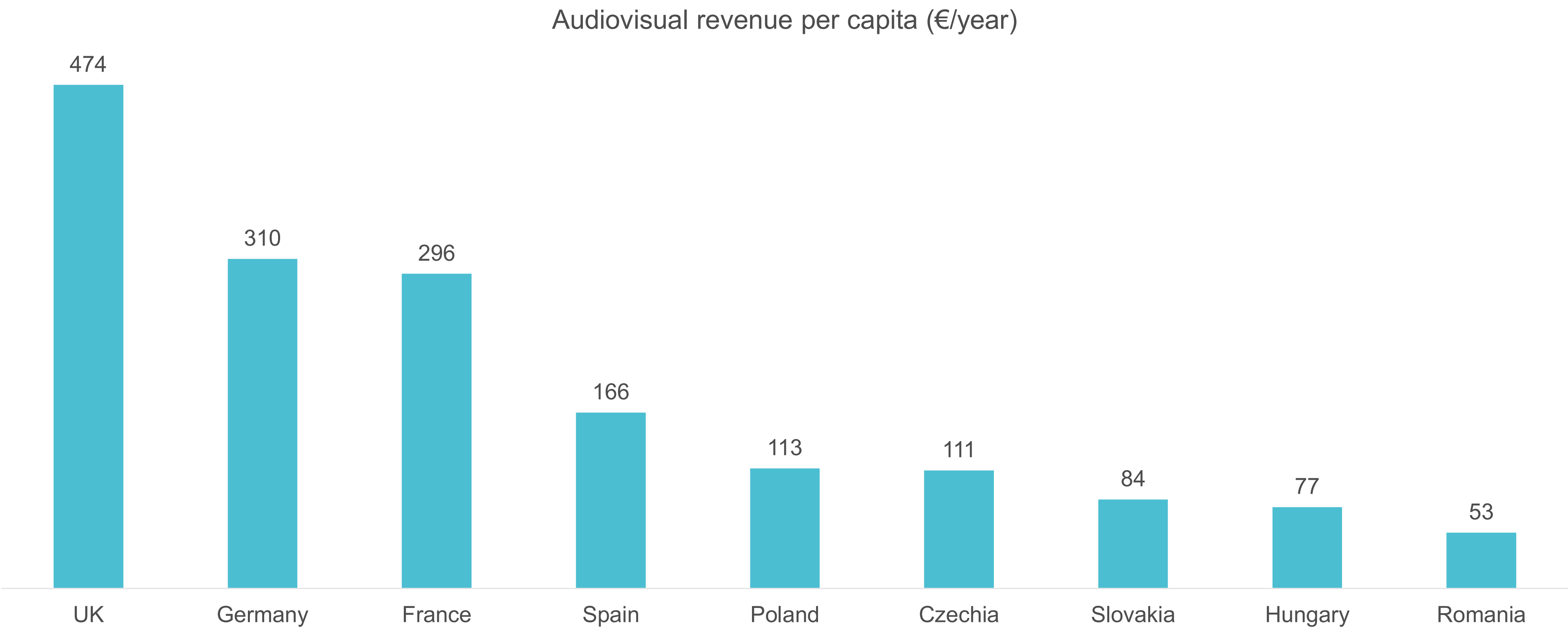
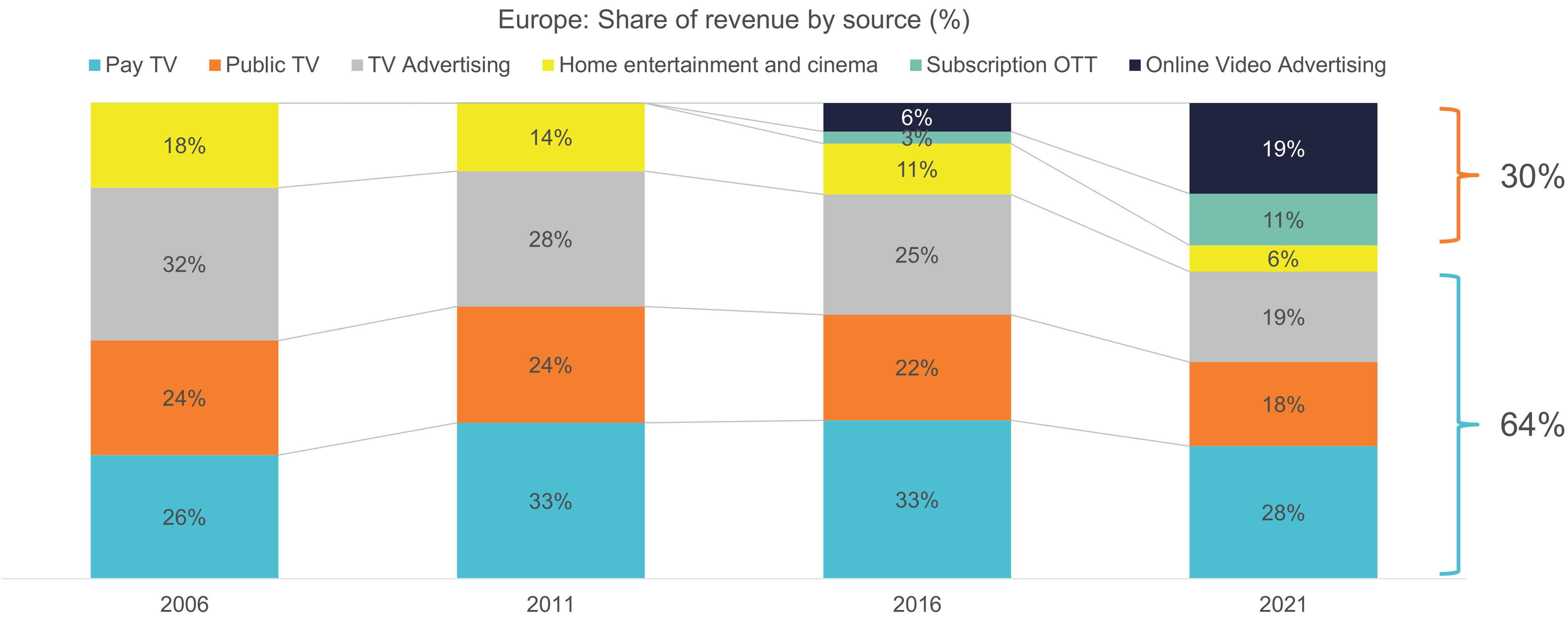
Europe's audiovisual economy has gone from strength to strength over the past decade



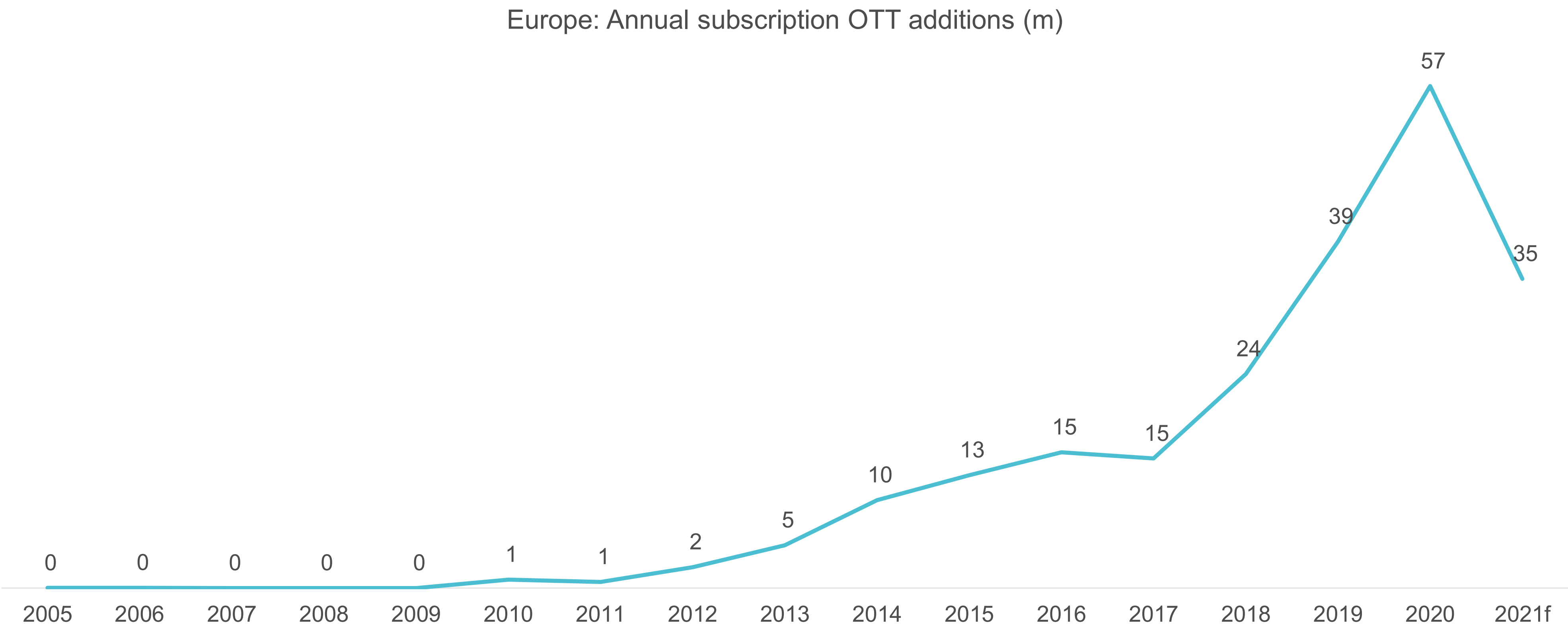
The average consumer is now worth between €50-€500 per year to the media economy



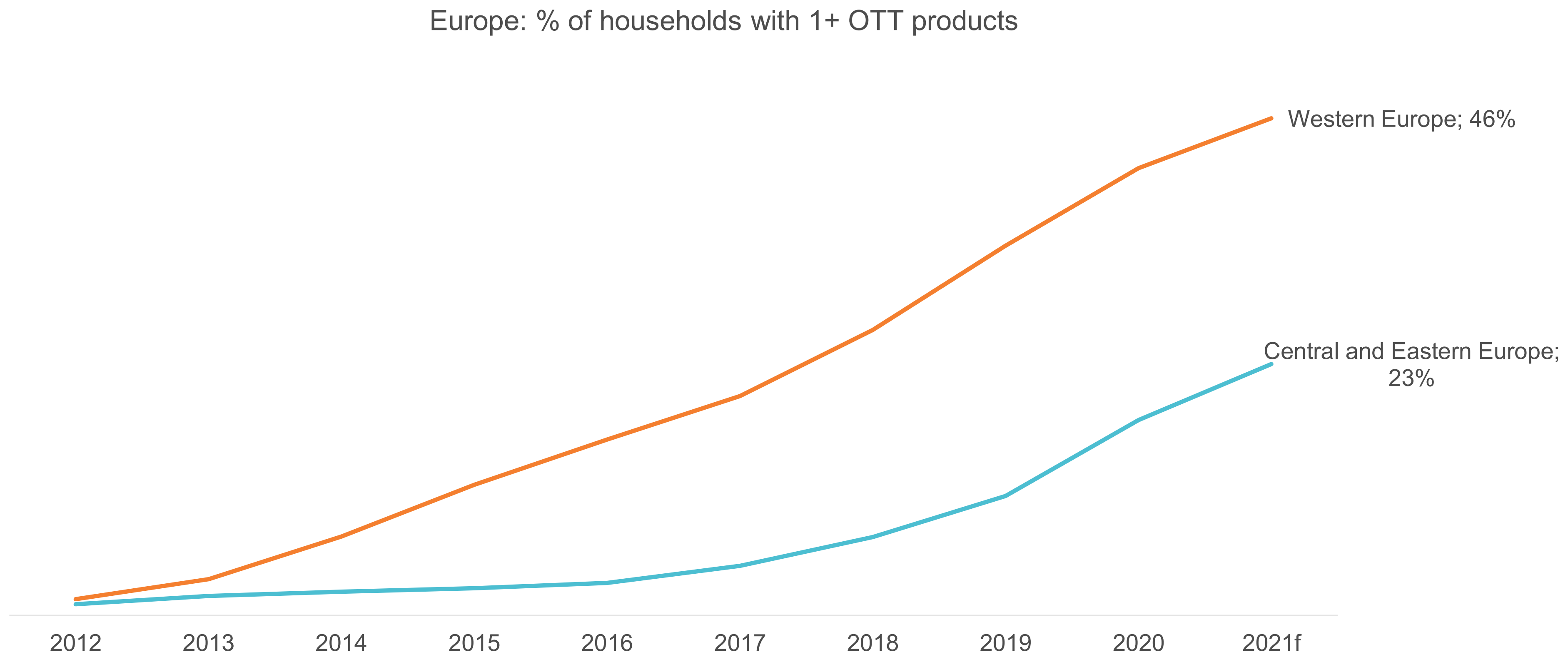
But the sources of revenue are changing rapidly



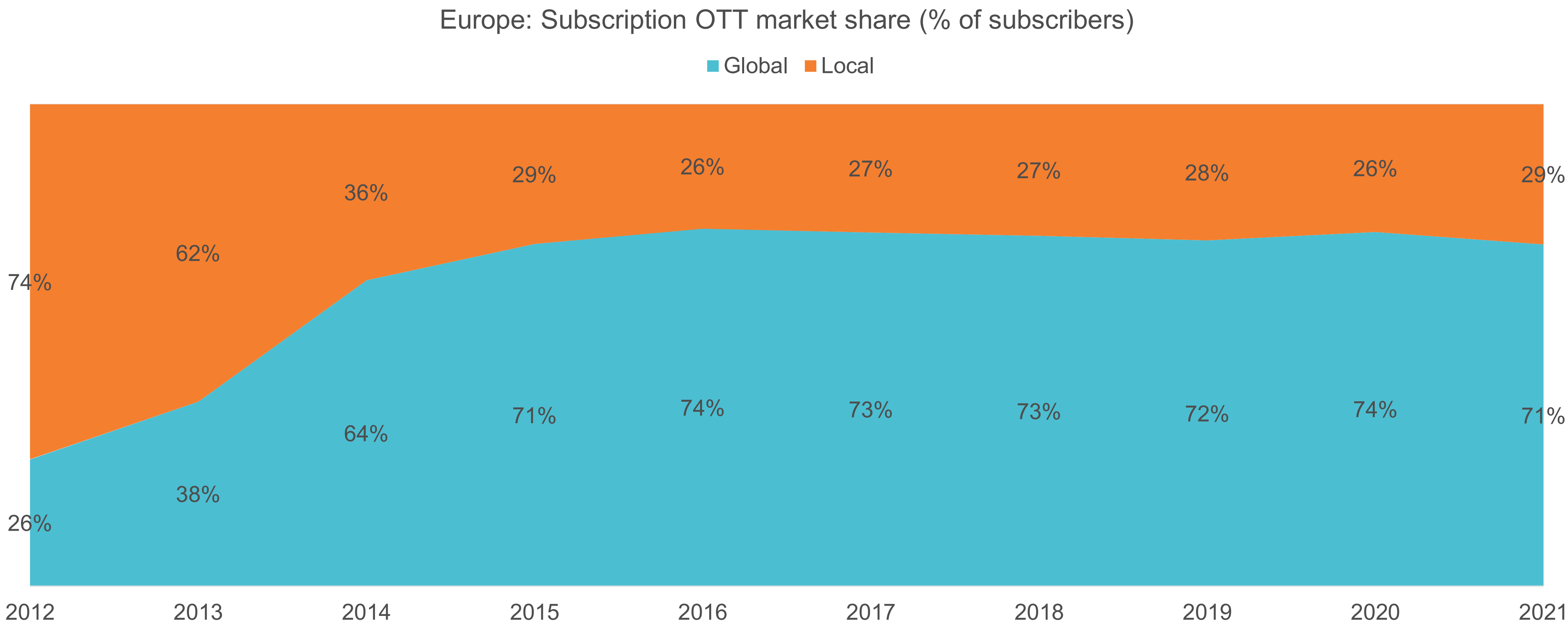
Through the pandemic, subscription OTT growth soared



Half of WE homes and a quarter of CEE homes now have one or more SVoD products

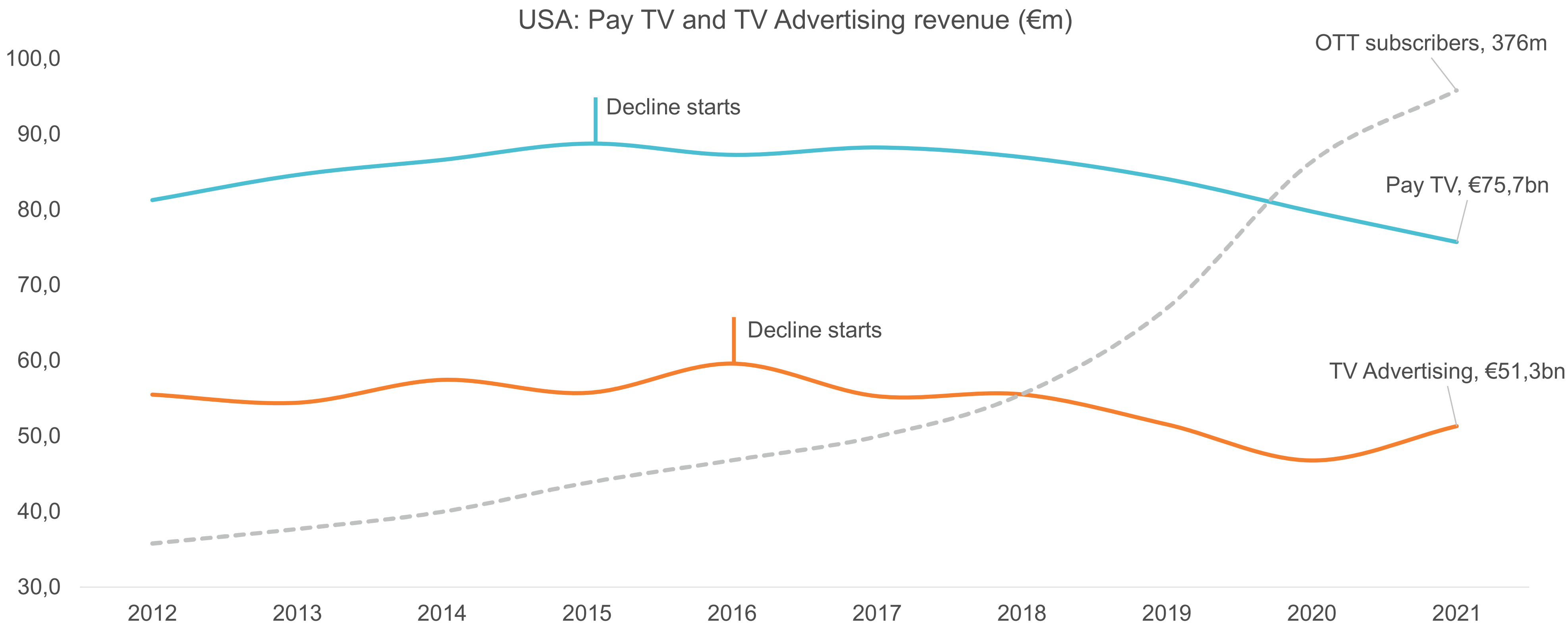


To-date, this has been driven primarily by major US groups

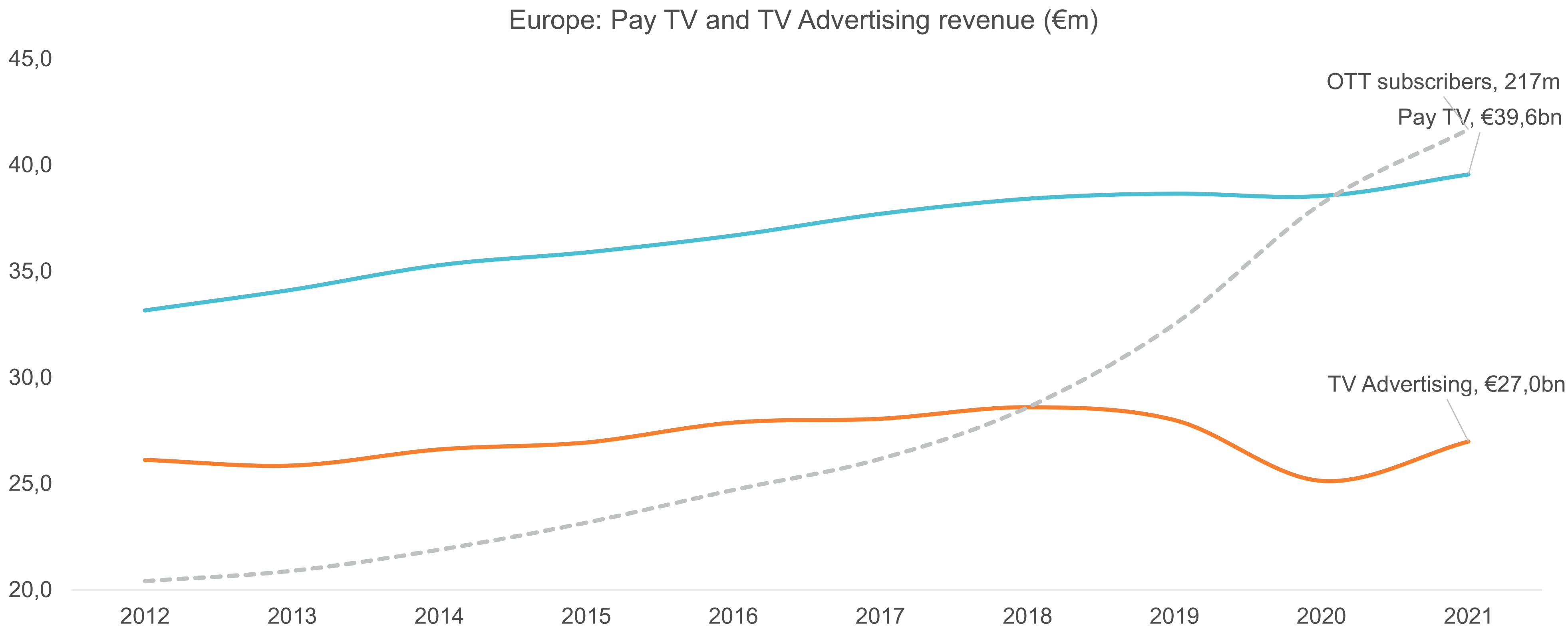


The US is not Europe

The narrative from the US is that OTT services are driving declines in traditional TV revenue



But the European story offers a contrasting view – for now

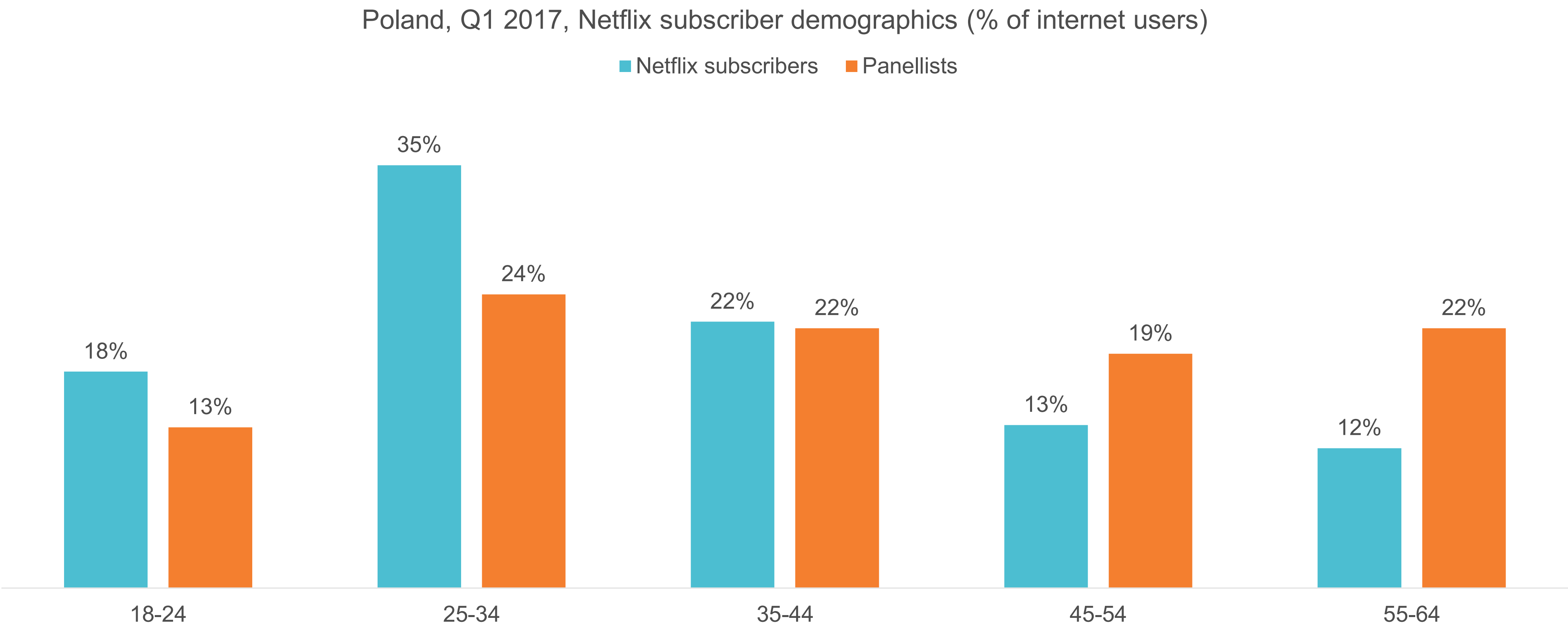


This divergence is driven by very different internal market dynamics

Price: US and Canadian services have ARPUs of ~$85/month	Price: European services have ARPUs of ~$18/month
Service bundling: Cablecos and telcos bundle broadband with pay TV (and mobile/cellular) as part of the same contract	Service bundling: Bundling common with cable and telcos, but LLU market means satellite companies also sometimes offer broadband
Non-exclusive content access: Pay TV platforms rarely acquire content exclusively for their own subscribers only	Exclusive content access: Pay TV platforms often acquire content exclusively for their own subscribers only
Broadcaster and cable company content available via subscription OTT products	Broadcaster content largely only available via linear or owned-and-operated VoD products
OTT service onboarding: Some services like Netflix & Amazon widely supported on pay TV boxes, but others like Disney+ are not – billing support varies	OTT service onboarding: Smaller number of OTT services, which are increasingly well-supported on operator set-top boxes and through billing plans

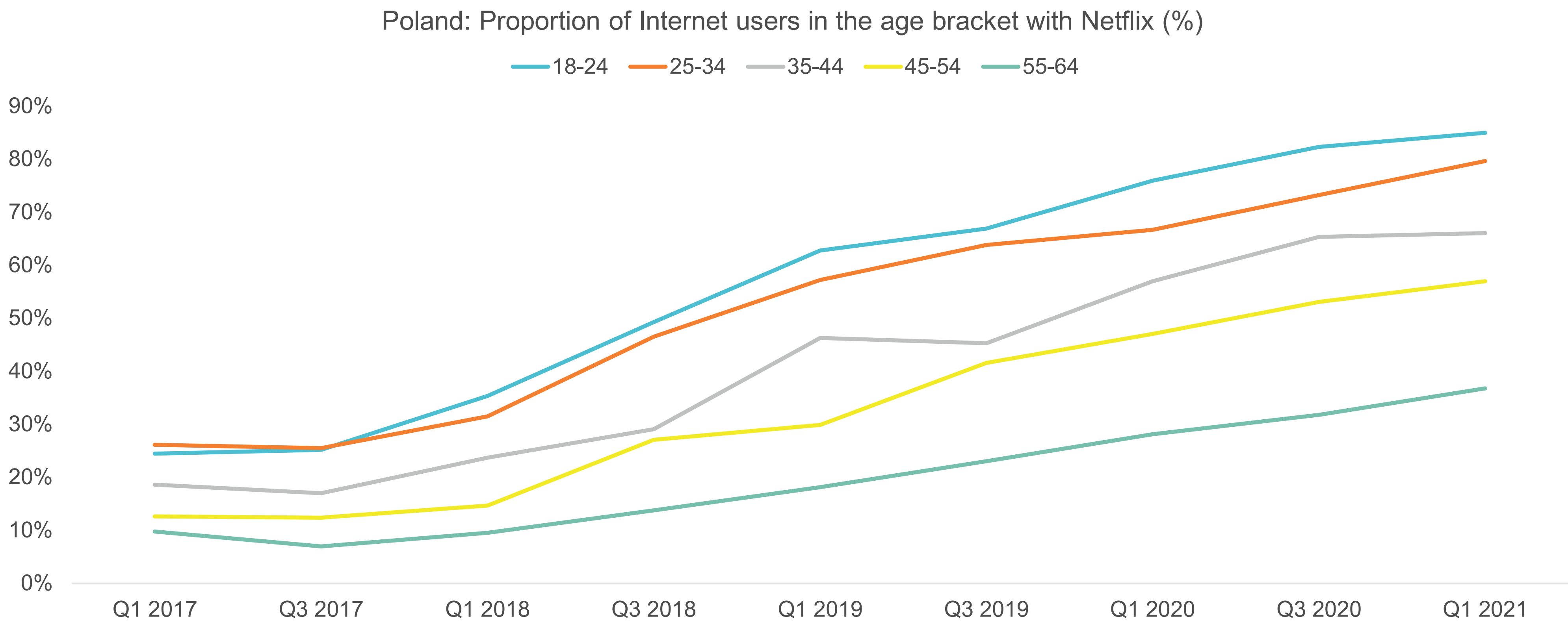
The changing demography of viewing

Classically, US-based video-on-demand services have been a product for younger Europeans

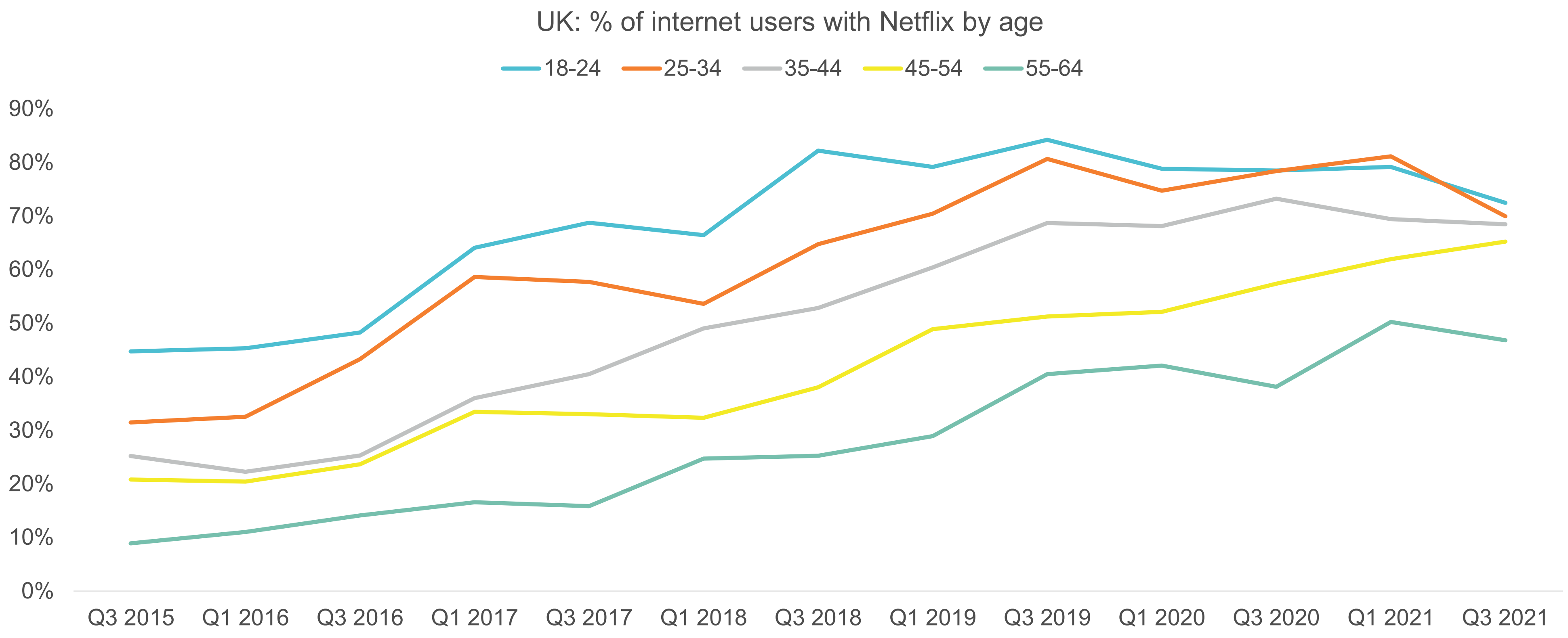


Source: Ampere Consumer – N=2,000 Polish Internet users

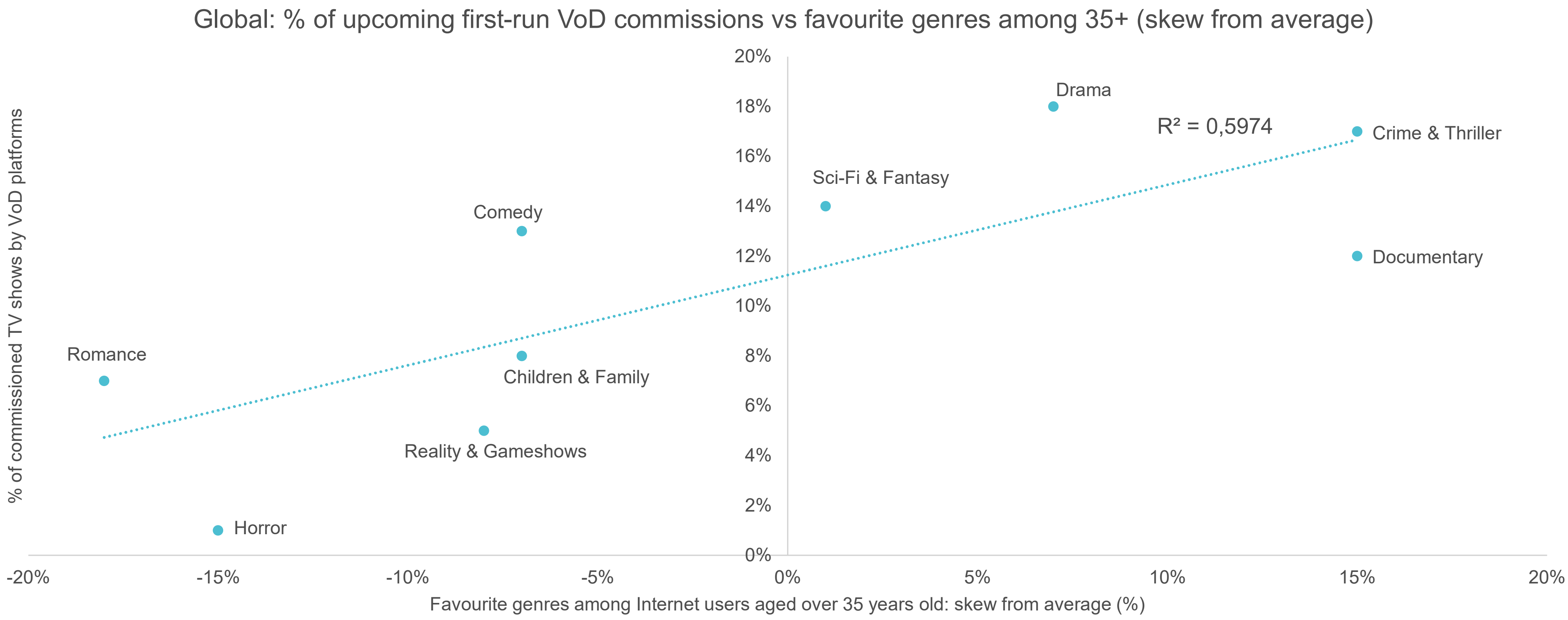
And to a large extent that is still true…



But in the most mature markets, the key growth opportunity is now in the 45+ groups



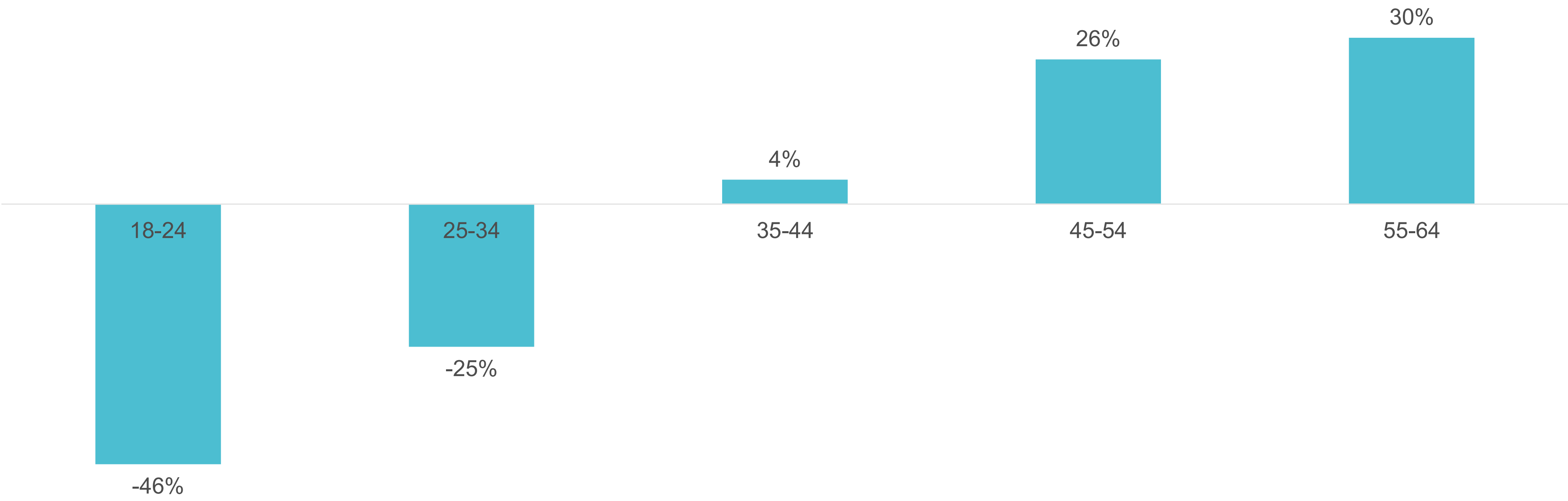
VoD commissioning strategies are increasingly focused on older groups



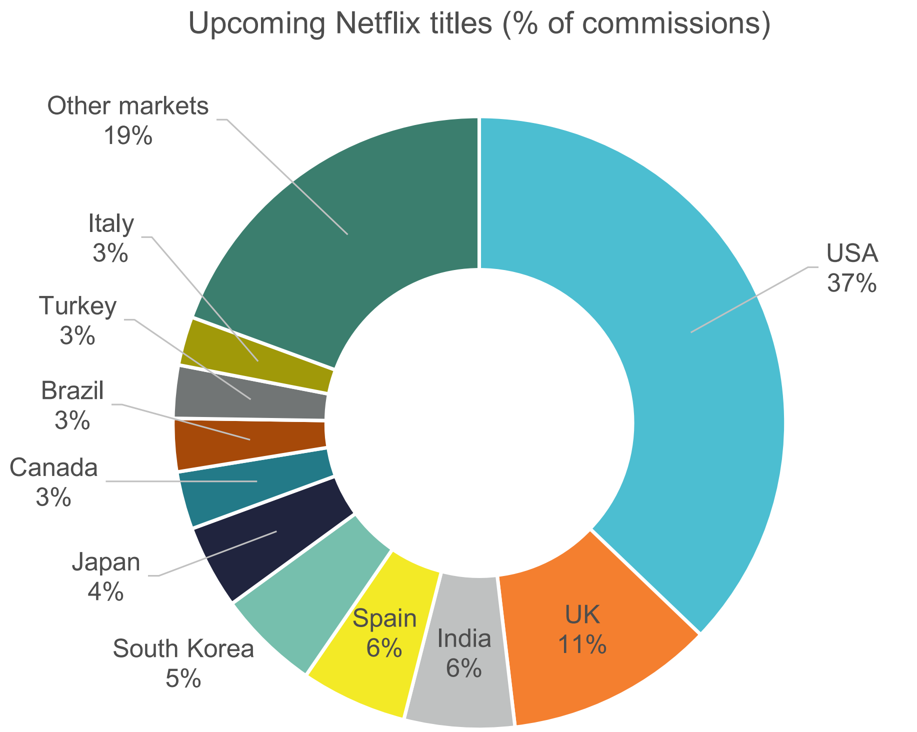
Source: Ampere Consumer Q1 2021 (25 Consumer Markets) and Commissioning

Older groups are also not necessarily fans of non-local content

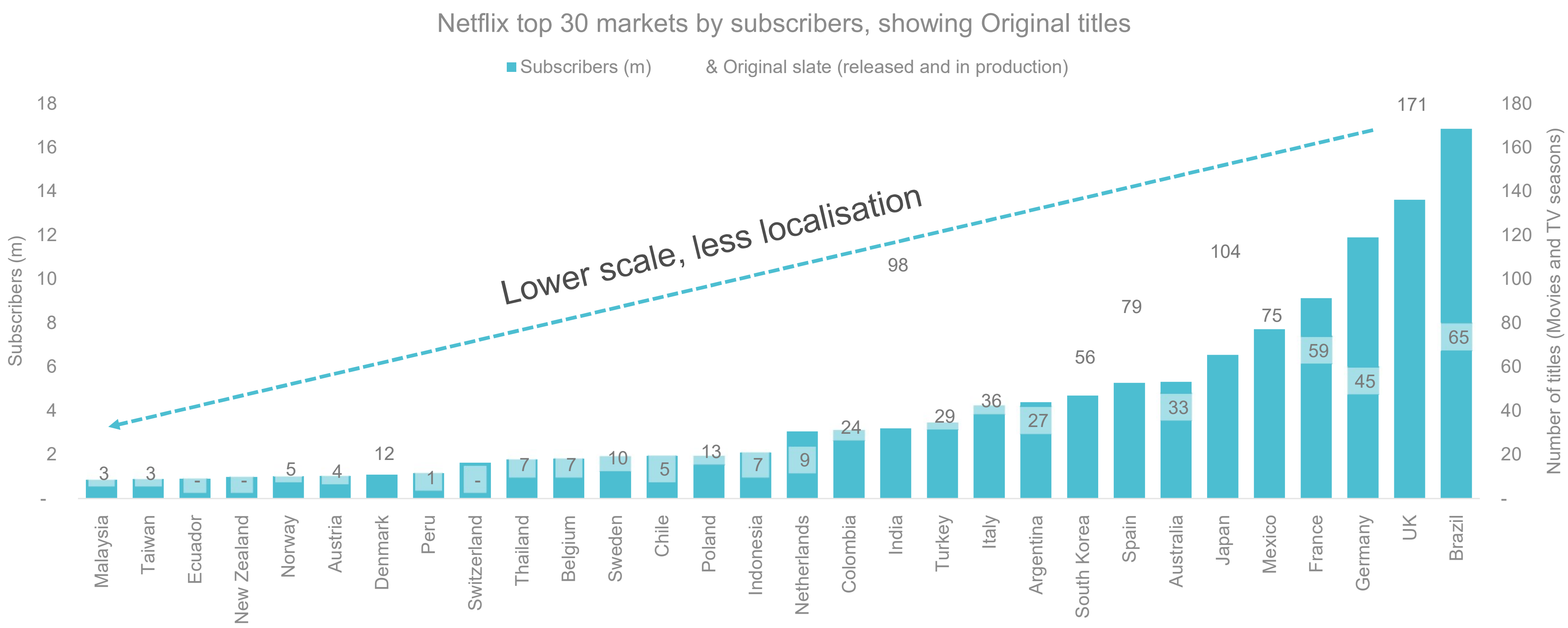
Poland: enjoyment of watching dubbed/subtitled content (over/under-index relative to average %)



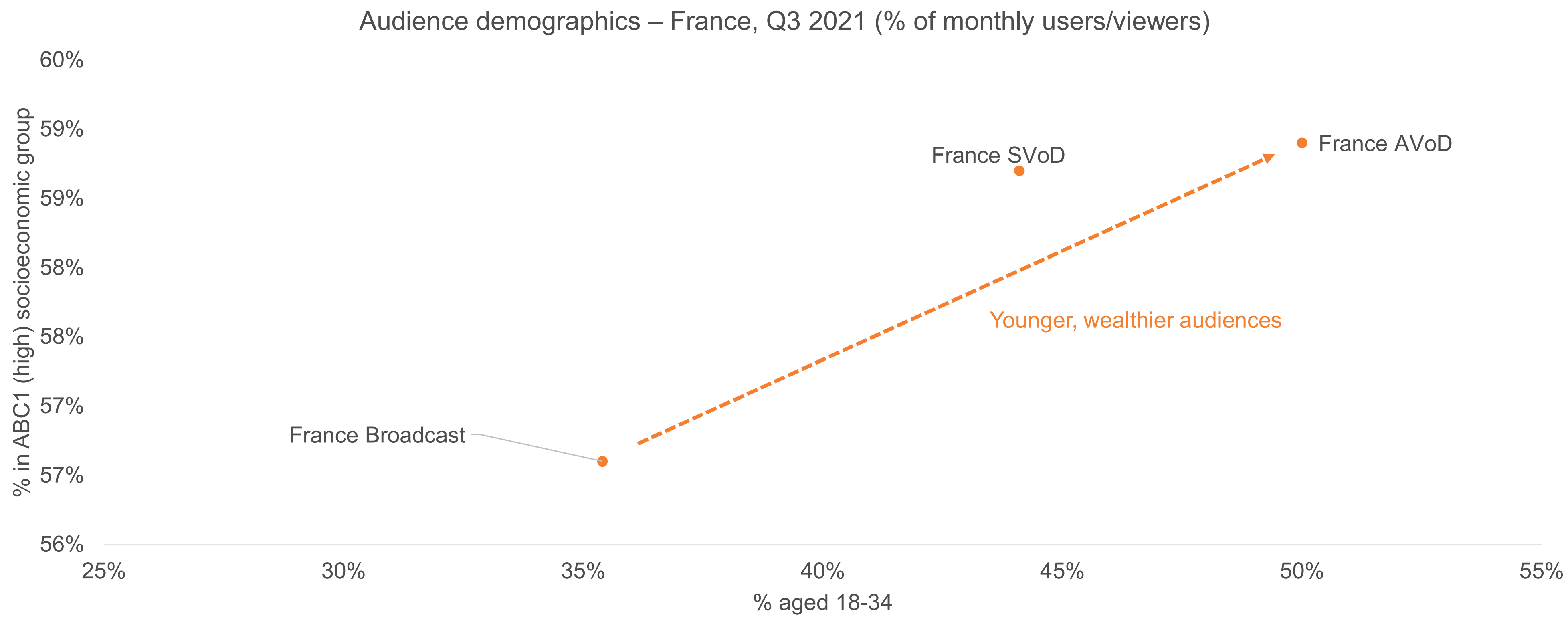
Which means that the more mature OTT products are driving localisation



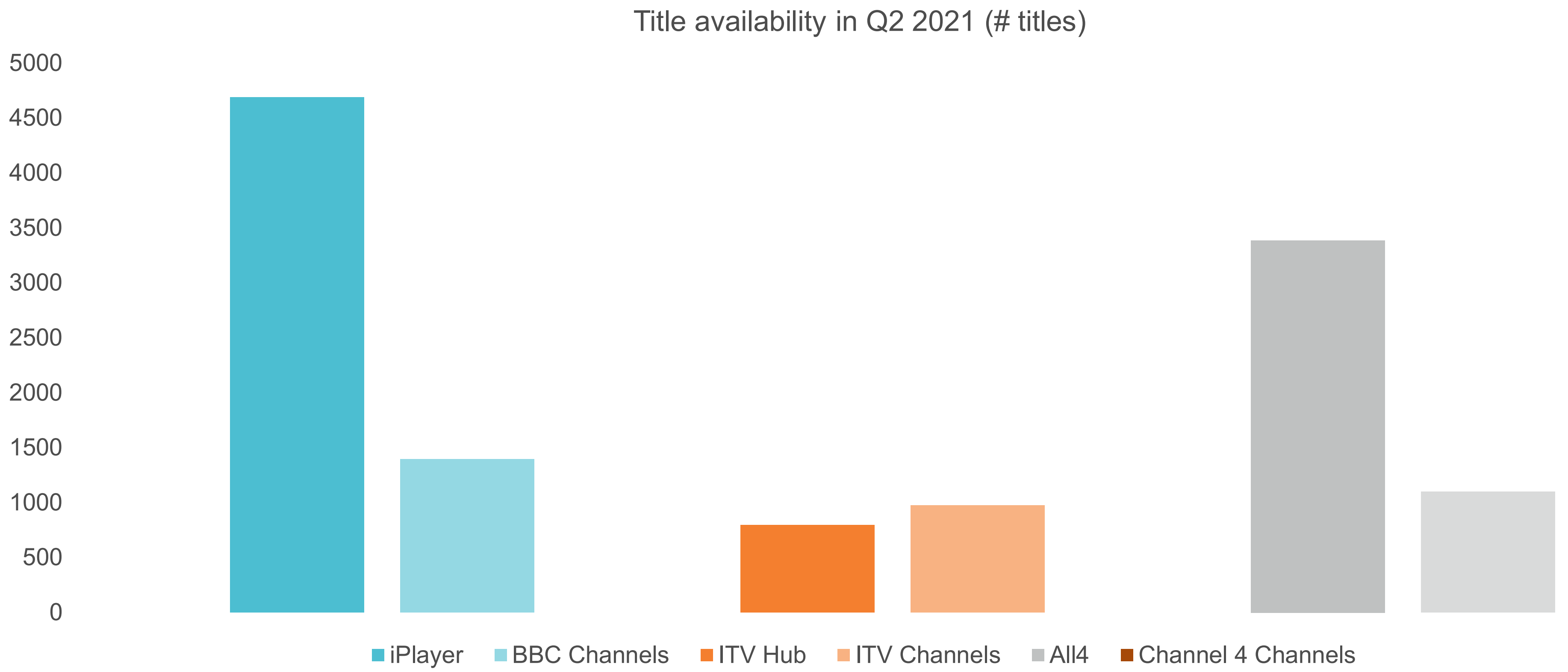
Although there are likely to be many markets where the major OTT groups don't localise



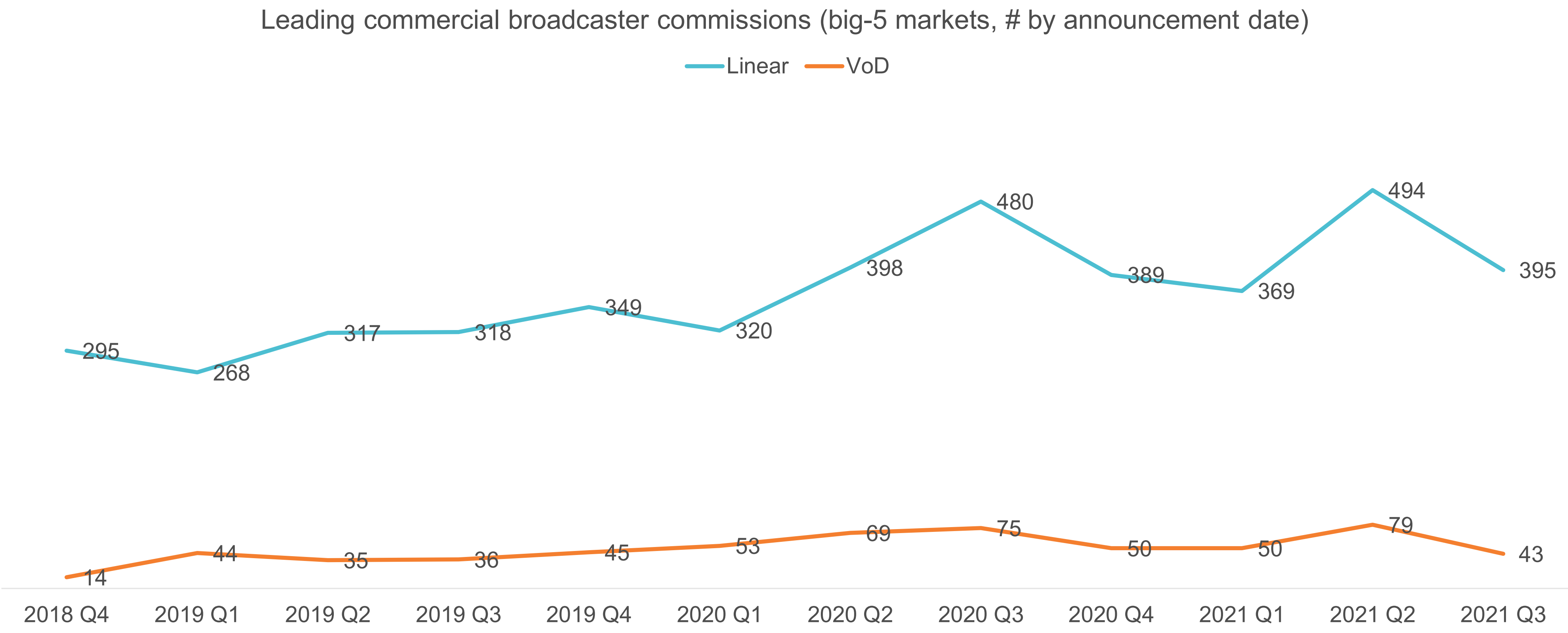
For incumbents, therefore VoD services offer an opportunity to reengage younger groups



In more mature BVoD markets, platforms offer a wide array of content above/beyond linear



About 10%-15% of 'broadcaster' commissions in developed markets are now VoD-first



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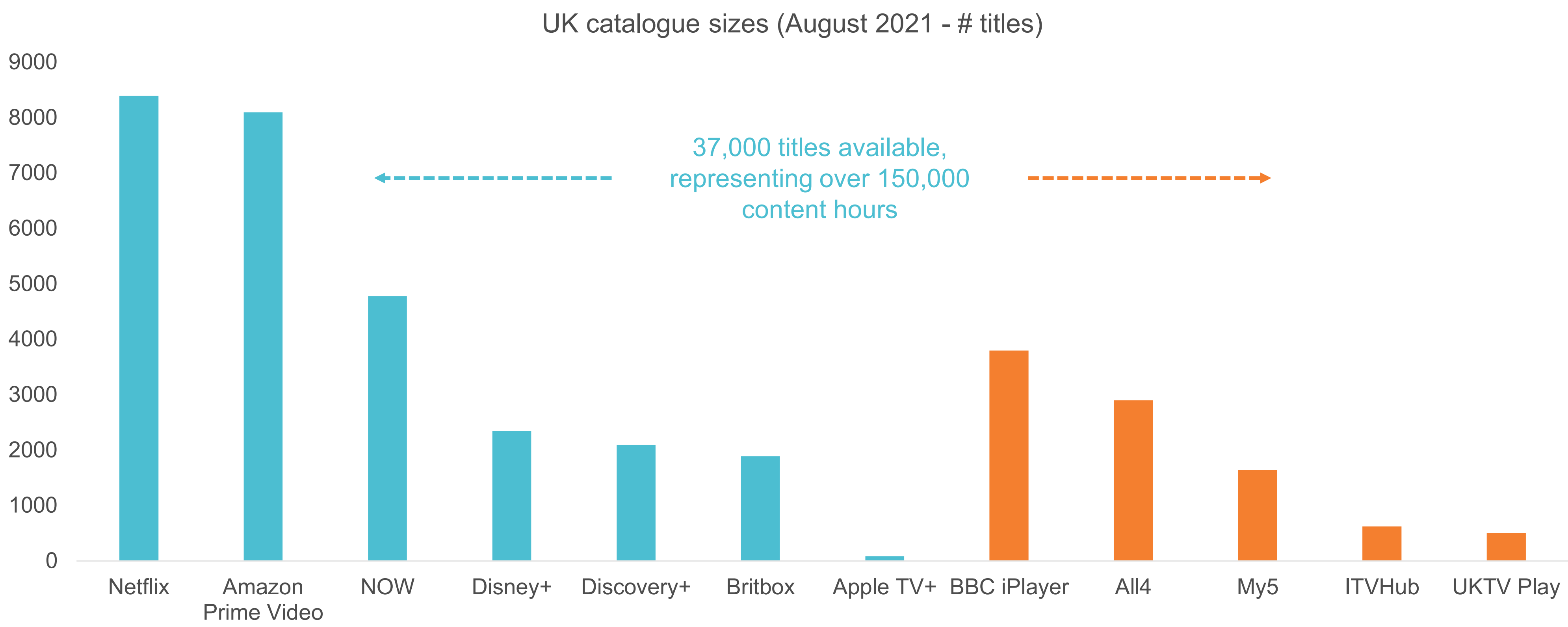
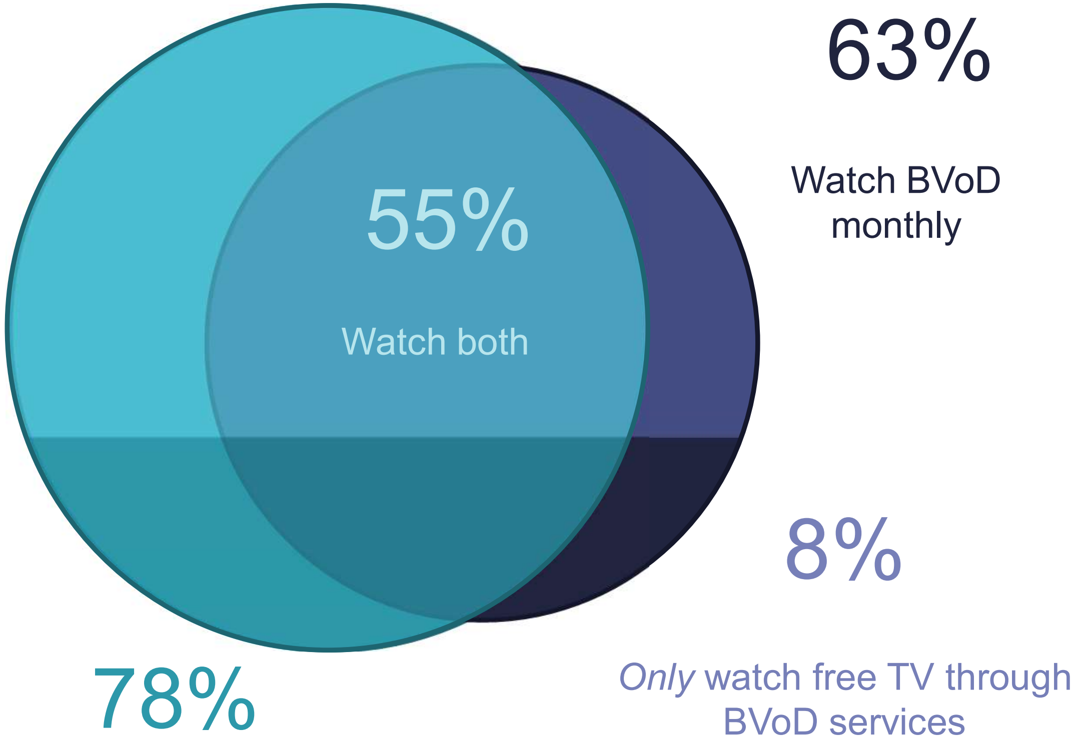
And catalogues are approaching competitive levels with SVoD products

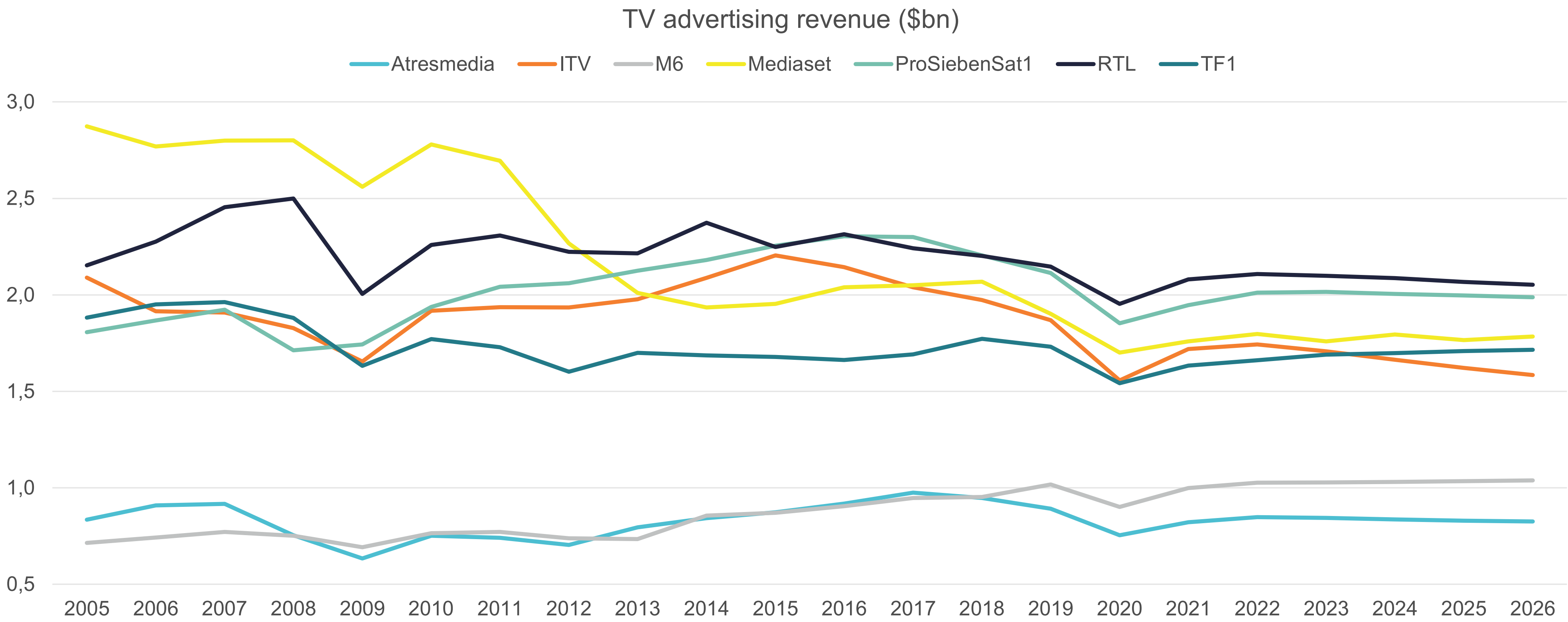


Which means that at increasing number of BVoD viewers are distinct/unique

UK monthly users of linear/VoD (% of Internet users)

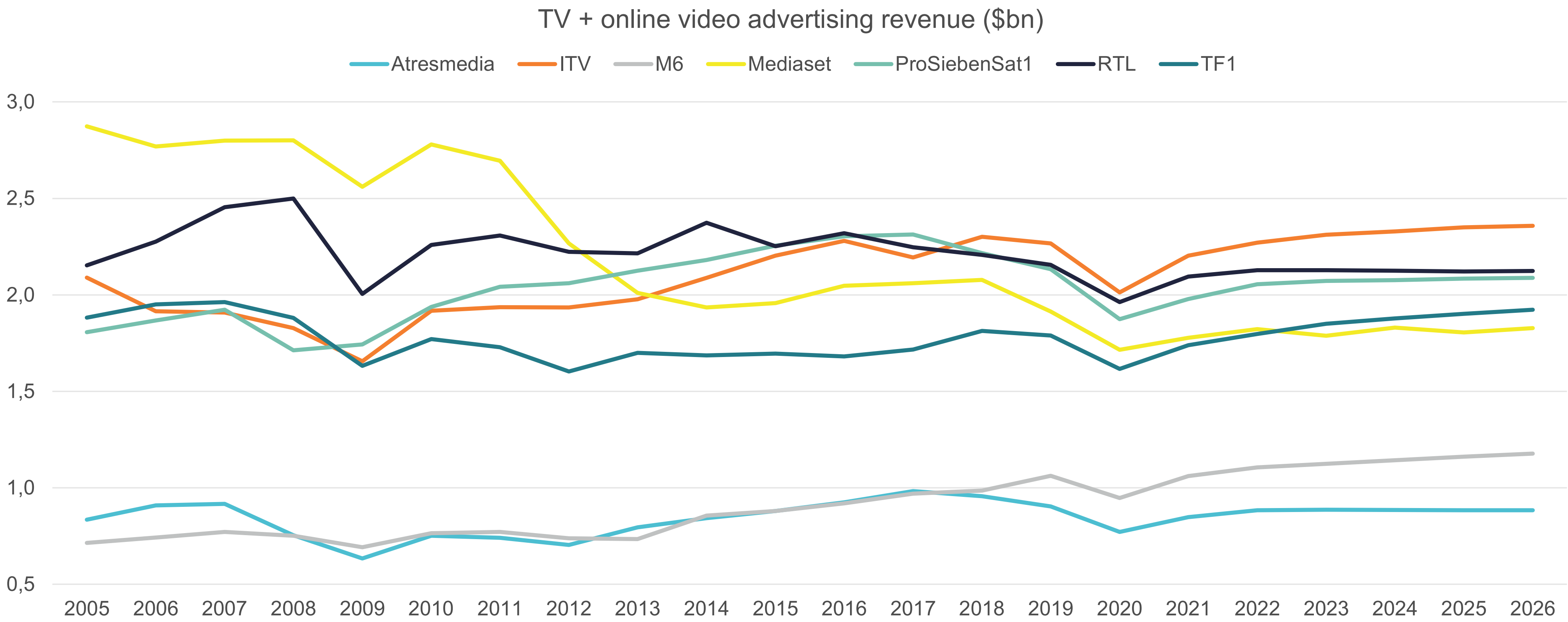


So while some broadcasters face a challenging linear future...



Source: Ampere Markets – UK, France, Germany, Spain, Italy – domestic revenues

…the addition of video-on-demand products helps to stabilise or grow their businesses



Source: Ampere Markets – UK, France, Germany, Spain, Italy – domestic revenues

Conclusions: Strategies for success in a VoD world

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Conclusions

- Despite the pandemic, Europe's media market is in strong health – and has bounced back from the economic hit rapidly
- But shifts in power are occurring, underpinned by changing consumer behaviour and habits accelerated by COVID
- US VoD services are saturating in core, mature, markets – meaning they are increasingly targeting older consumers, and localising their offers
- But VoD also offers broadcasters a chance to recapture younger, affluent viewers – even as US groups move onto their home turf
- In more mature BVoD markets, broadcaster-led services have evolved to offer large ad-funded catalogues, driving increasingly significant unique audience bases
- But to really drive growth – and become more than a 'second look' location, fresh exclusive content is needed - ~15% of commissions in major WE markets are now VOD-centric

Thank you!

Any questions?

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