Intelligence & Insights Series

The Streaming Landscape

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White Paper | Whip Media

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Key Highlights

- While it has a smaller subscriber footprint than the larger US SVOD services, HBO Max is #1 in customer satisfaction; by contrast, Amazon Prime has lower satisfaction relative to its size
- Netflix is by far the most indispensable SVOD platform for consumers, with 41% indicating it would be their choice if they could only keep one; it is followed by Hulu (21%) and HBO Max (13%) while Disney+ (9%), despite high customer satisfaction, lags
- The importance of original content has grown steadily over the last few years, putting pressure on several of the platforms that have a limited slate, including Peacock, Paramount+, and Apple TV+
- Although lower than its competitors, consumer satisfaction with Apple TV+ has increased over the last year as it releases critically acclaimed and popular original series; still, it trails other SVOD services on key measures

Introduction

The rise and proliferation of Subscription Video On Demand (SVOD) services is the most transformative media and entertainment development in recent years. SVOD has changed how people consume and purchase content and how studios and producers pursue monetizing that content. Beyond that, it continues to force advertisers to find ways to reach viewers who have abandoned the linear channels. As a result, streaming video has driven tectonic changes in how media companies are organized and valued, and catalyzed M&A activity. After the Covid-19 pandemic accelerated an already rapidly changing media environment, it is imperative that we understand how the public is perceiving SVOD as a whole, what they want from it and how the individual platforms are delivering on those expectations.

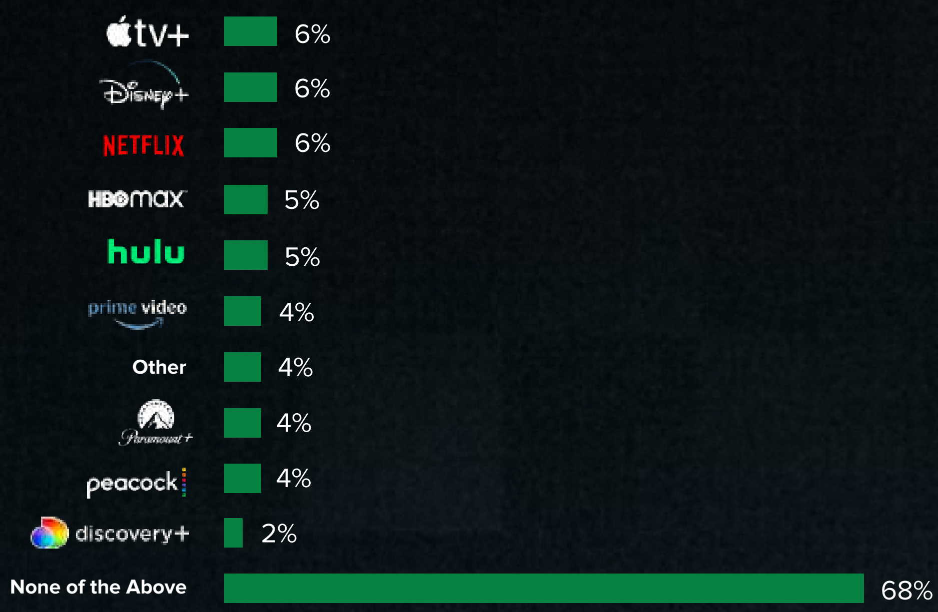
With that in mind, Whip Media surveyed almost four thousand users of our TV Time app in the US. These respondents are avid users of streaming services and provide unique visibility into consumer sentiment surrounding SVOD in general as well as attitudes toward individual services. In our Spring 2020 survey we asked many of the same questions and we will note what has happened with those perceptions in the past year.

Streaming's Popularity

Streaming continues to be wildly popular in the United States as our respondents subscribe to an average of 4.7 services, up slightly vs. last spring's 4.2. Consumers tell us that they are planning to add only one more service to their current total, indicating they are close to maxed out. This is in-line with other industry estimates.1, 2

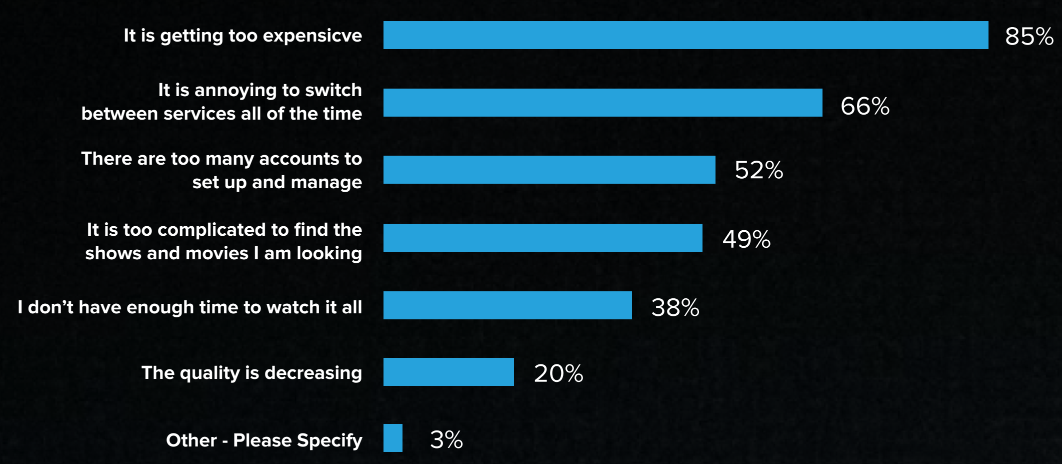
With so much competition in the industry, churn is inevitable. Consumers have taken advantage of the ease of cancelling an SVOD as 32% of our sample canceled a service in the past year. However, those were spread out over all of the SVODs. All of the services were relatively sticky in that Disney+, Netflix and Apple TV+ had the highest cancellation rates at a mere 6%.

Which Services Have You Canceled Since May 2020?



Consistent with earlier surveys, 70% of respondents feel that there are too many subscription services on the market. The primary reasons this group feels that way remain similar to last year's survey: Cost, annoyance at switching back and forth between services to view content, and difficulties in managing the services and choices.

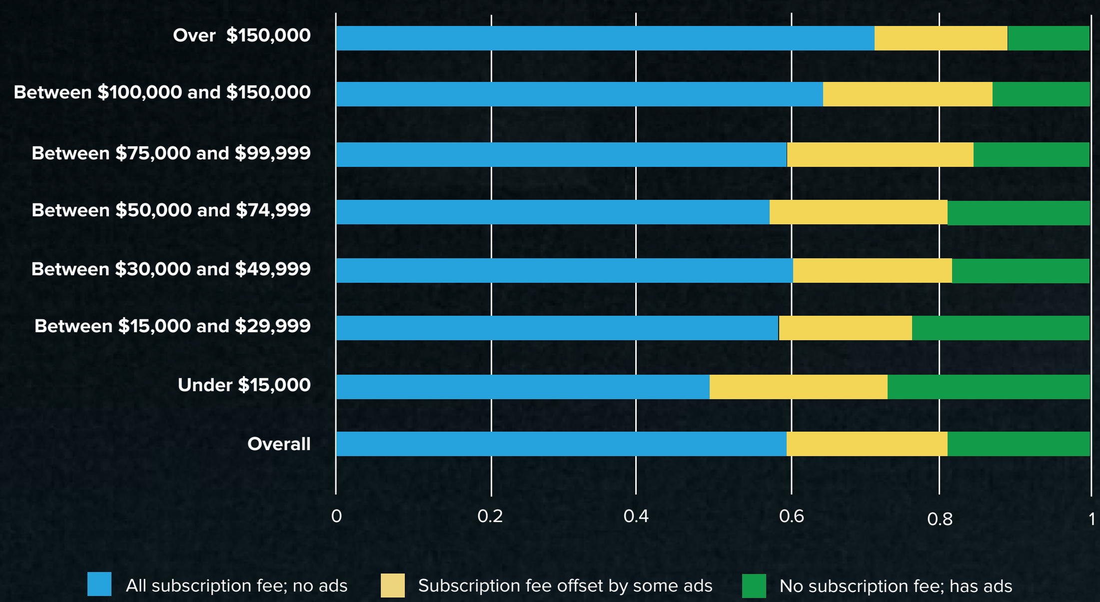
Why Do You Say Too Many?



Paid Subscription vs. Free With Ads

Also consistent with our prior surveys, the majority (60%) of consumers prefer to pay for an ad-free service. Not surprisingly, that percentage rises for higher income respondents, although half of lower income respondents prefer that option too. However, we know that this preference has a cost ceiling and consumers will limit their services accordingly.

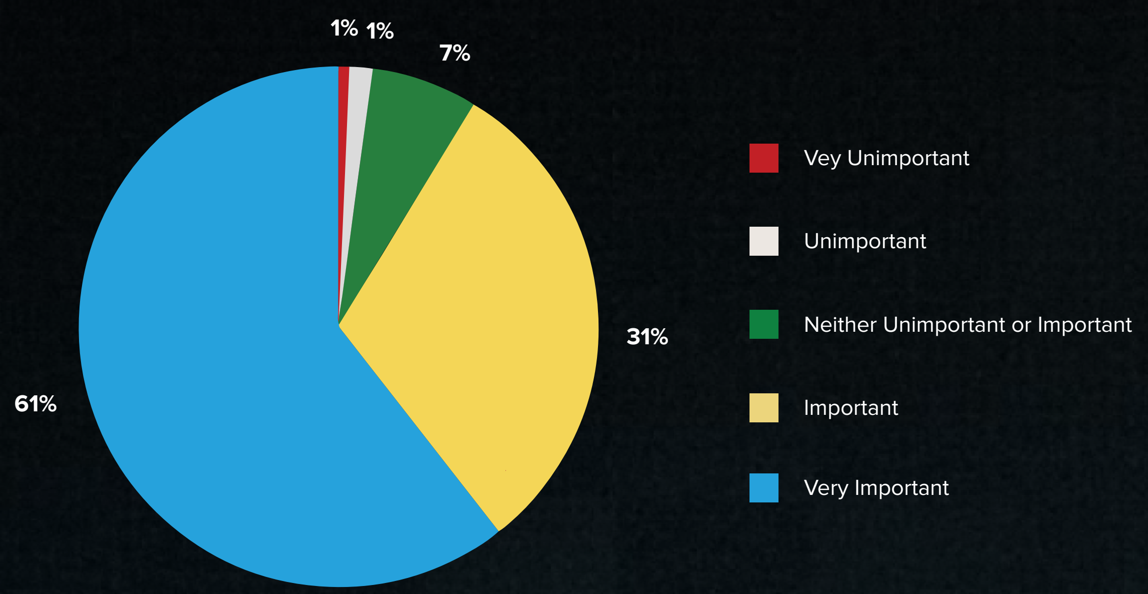
Preference For Paying vs. Having Ads



Library vs. Original Content

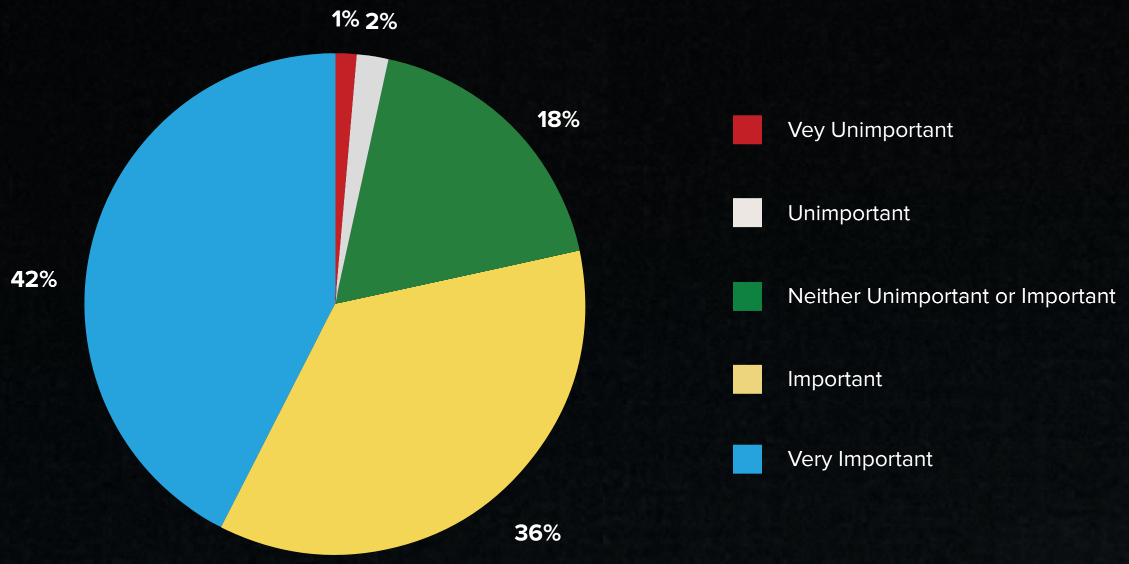
Having library content is key to satisfying customers of SVODs. Virtually all (92%) of our respondents said it was very important or important. This response has remained similar to prior surveys, however sentiment has intensified. Since last year, the "very important" score increased 9 percentage points, mostly at the expense of "important." Later we will look at customer satisfaction with the SVODs and demonstrate how this issue weighs heavily.

How Important Is Library Content?

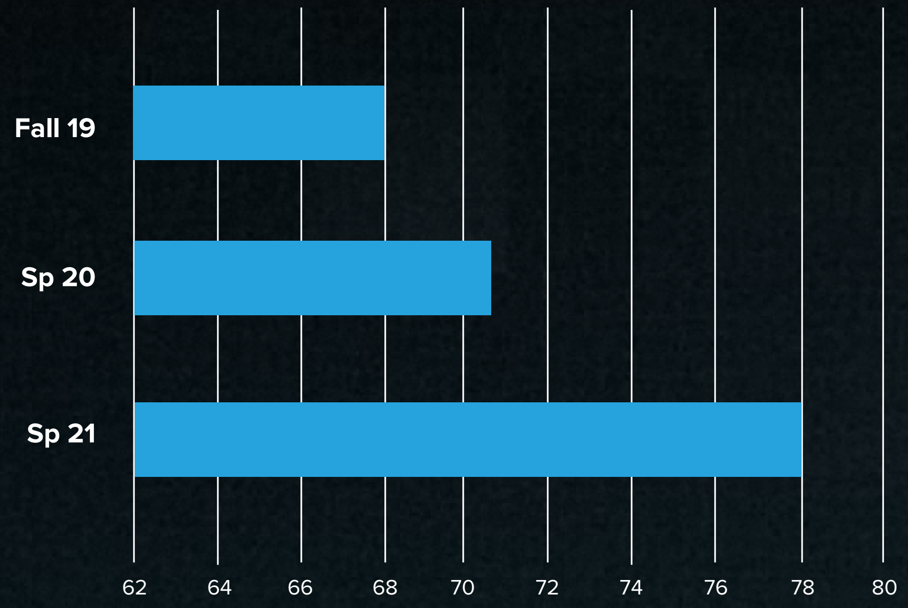


While the importance of original content to SVOD customers is lower than that of library content, it is significant and growing. In last spring's study, the combined Very Important/Important response was 71% and in fall of 2019 it was 68%. It is now at 78%. This is an important trend, as services that were later to market, like Paramount+ and Peacock, have strong libraries, but they haven't been able to create as much original content as the established players, mitigating their ability to compete, at least in the short term.

How Important Is Original Content?

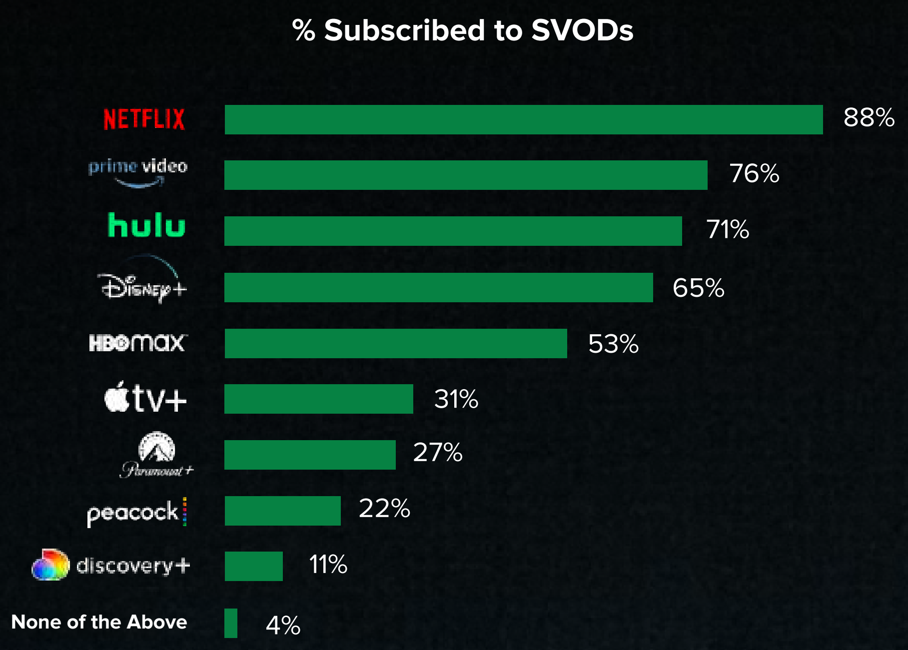


Original Content - Very Important + Important



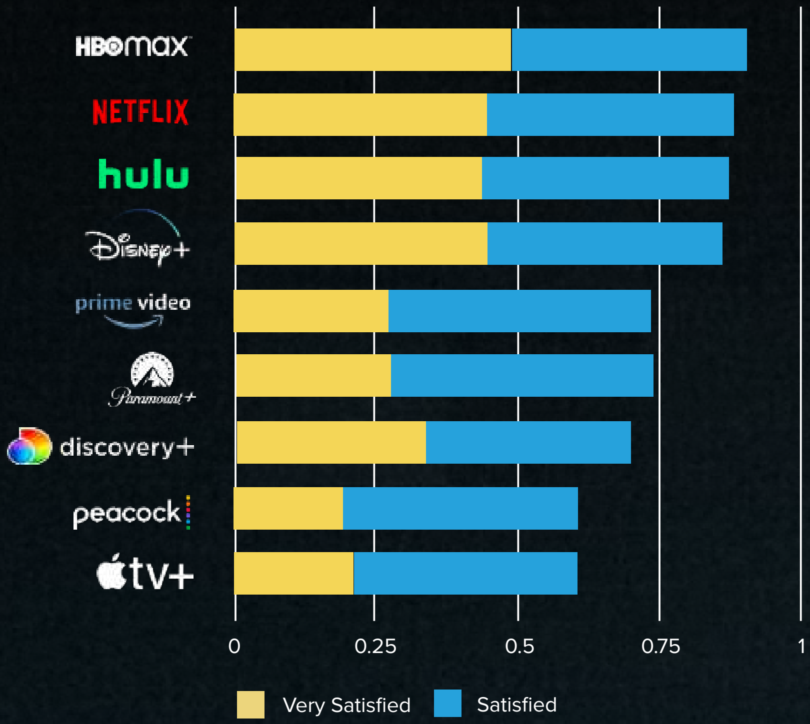
Satisfaction WIth Services

Netflix, the most popular service, is subscribed to by 88% of our sample. Apple TV+ lags behind the big players, despite its length of time in the market, and offering free subscriptions for purchasers of new Apple devices. Given the importance consumers place on having an adequate library, it's clear Apple's deficiency in this area is limiting its appeal.

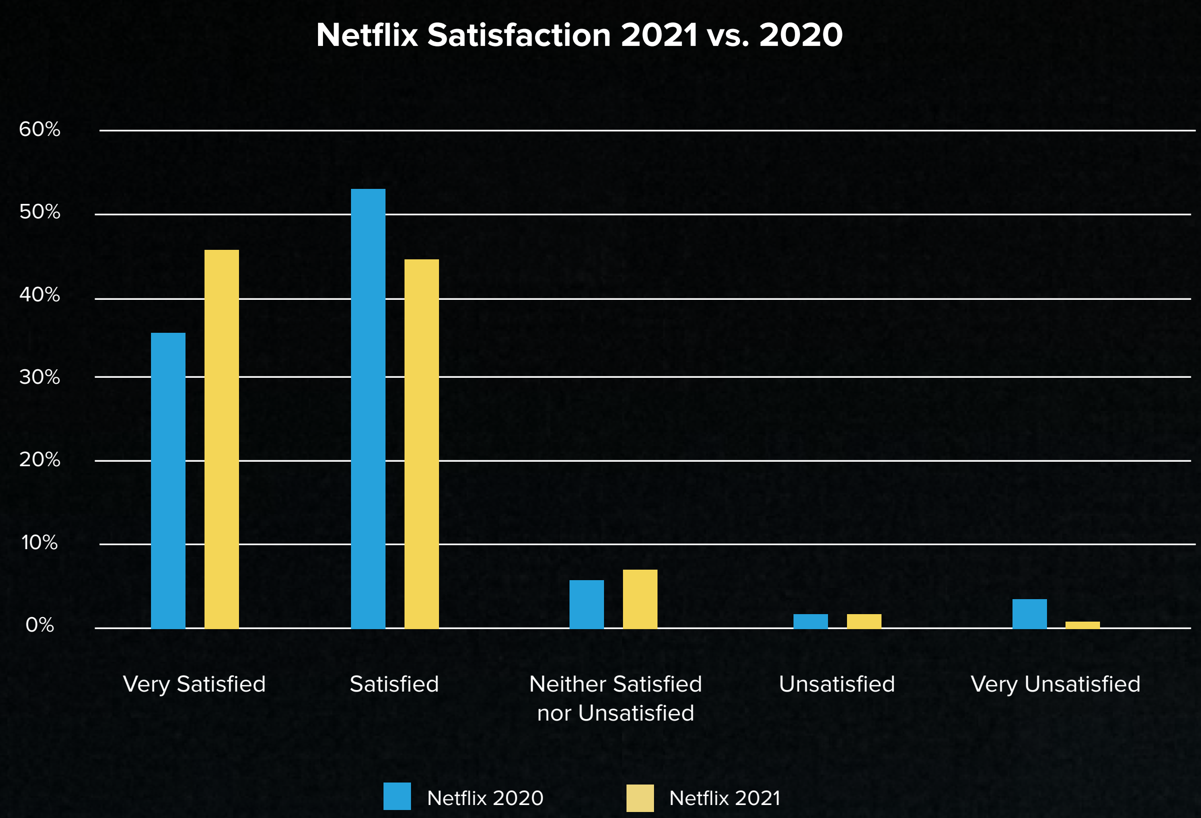


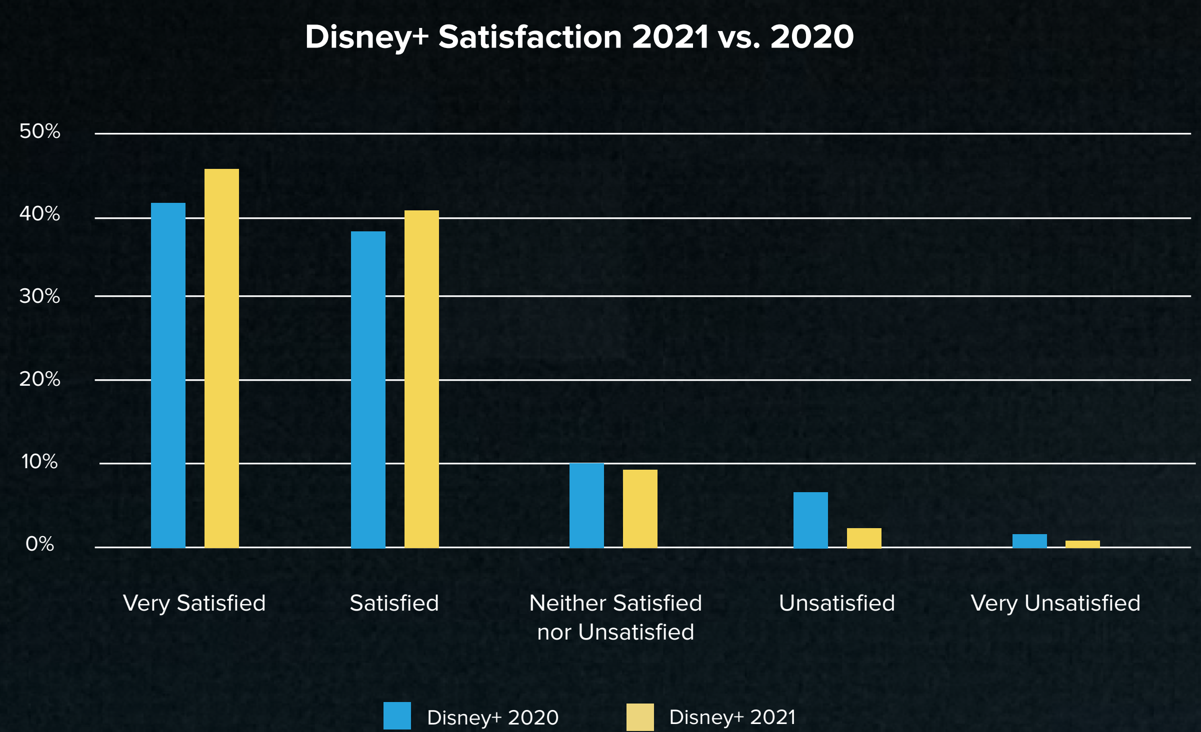
When we rank the SVODs on satisfaction, the order changes. HBO Max moves to the top, likely in part a result of having Warner Bros. movies appearing on the service the same day they premiere in theaters. Also, the Friends Reunion started running shortly before the survey fielded and could've boosted scores. Apple TV+ tumbled to the bottom, another indication that its inadequate amount of library titles, and even scarcity of originals, is harming it. Peacock is also very low, though this will presumably change if key Olympic events, like gymnastics, track and field and men's basketball, appear live on the platform this summer (NBC will have taped delay broadcasts in prime time). Amazon also dropped significantly, and its top box score (very satisfied) is much lower than those in the top tier - an indication that its non-video features are major motivators for its subscriptions.

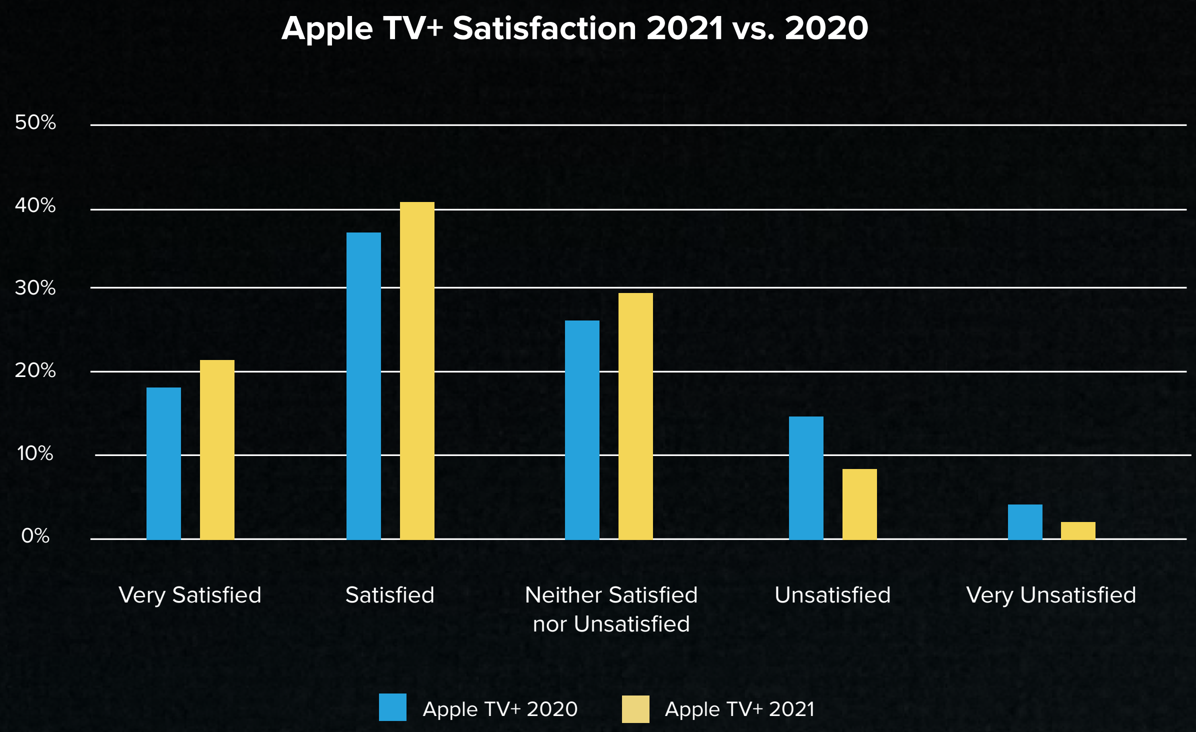
SVOD Service Satisfaction



We asked about satisfaction with three SVOD services in April of 2020: Netflix, Disney+ and Apple TV+. All three services have made gains in satisfaction over the past year (though Apple remains low overall). Netflix's gains are mostly from shifting people from the "satisfied" response to "very satisfied."

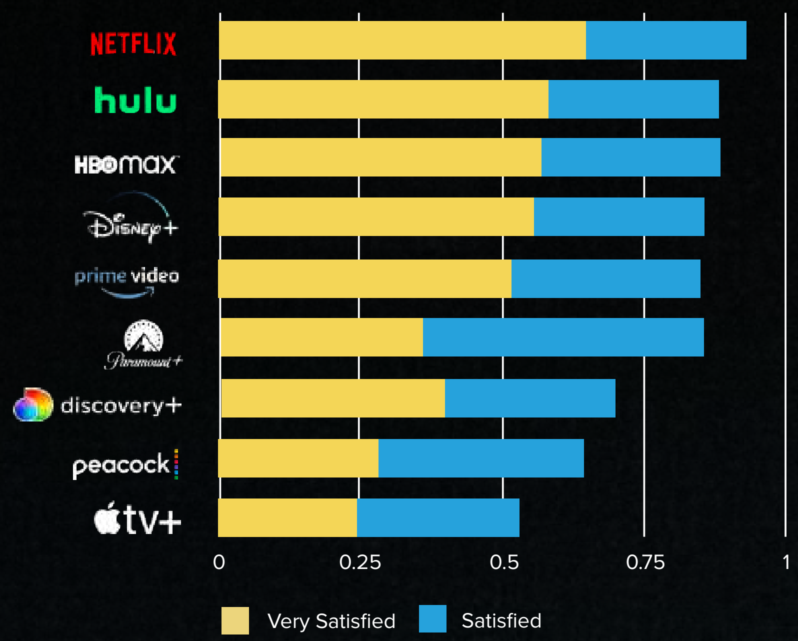

Netflix Satisfaction 2021 vs. 2020
60%
50%
40%
30%
20%
10%
0%
Very Satisfied
Satisfied
Neither Satisfied nor Unsatisfied
Unsatisfied
Very Unsatisfied
Netflix 2020
Netflix 2021


Disney+ Satisfaction 2021 vs. 2020
50%
40%
30%
20%
10%
0%
Very Satisfied
Satisfied
Neither Satisfied nor Unsatisfied
Unsatisfied
Very Unsatisfied
Disney+ 2020
Disney+ 2021



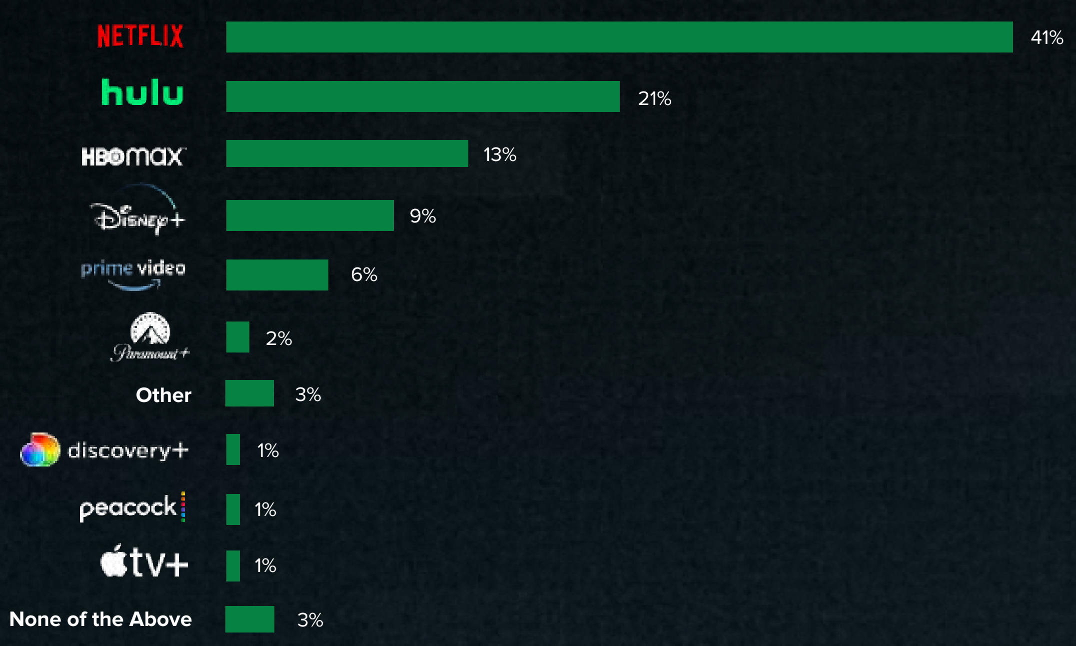
Are respondents likely to keep their SVOD service? The order changes slightly from the satisfaction chart, but the top four services are pretty similar in terms of respondents' strong intentions to keep them. Amazon is right with them, despite the fact that users are not as satisfied with it as they are the others - suggesting the appeal of other benefits in their service beyond the video product. Meanwhile, Apple TV+ is in the most precarious position, especially since a MoffettNathanson survey in January found 62% of Apple TV+ subscribers reporting that they are on a promotional offer, many of which are approaching their expiration. This is likely to lead to churn.

How Likely Are You To Keep The Service



Netflix remains the indispensable SVOD to a plurality of respondents by a large margin. Hulu follows them, possibly due to some subscribers having access to live linear channels. Disney+, despite high satisfaction levels, does not register as the primary service consumers would keep. Discovery+, Paramount+, Apple TV+ and Peacock all have to make greater efforts to convince consumers they are valuable.

If You Could Only Keep One, Which One?



Conclusion

US consumers have committed to including streaming video as part of their entertainment menu. They average over four services per person and may add another. This supports the widely held belief that five is the limit for most consumers, due to a combination of costs and management of the services. So which ones will be in the top five? Currently, it is Netflix, Amazon, Hulu, Disney+ and HBO Max. Staying in that group will depend on having an abundance of both compelling original content and evergreen library content to satisfy users when certain originals inevitably decline in popularity. Of those five, Amazon would appear to be in the most dangerous position based on lower customer satisfaction with its video content. But Amazon is likely to hold its position for its other features that are included along with Prime Video. The purchase of the MGM library should also help maintain their competitiveness.

Among the remaining services, Paramount+ and Peacock are currently the most intriguing among the challengers. They have the libraries to compete with the big boys, and a few originals, but they need more. Discovery+ occupies a more narrow niche with lower production cost programming, and is less expensive than the others' ad-free tiers, so it may not need to be in the top five. The recent merger with Warner Media also clouds its future: Does it continue in its current form, or integrate into HBO Max?

Which brings us to Apple TV+. Despite some critically acclaimed and popular original series, it is in a particularly weak position as it doesn't have a library that customers crave. Apple's pockets are deep enough to purchase any library that is available for sale, but a big one (MGM) just became unavailable. So while they consider a move like that, Apple TV+ is a ripe target for content sellers to help them increase customer satisfaction and lower churn, especially as those free promotional accounts end.

Of course, given the importance of library content to the consumer, all of the platforms should be on the hunt for evergreen shows and movies to ensure they maintain market share while creating their next original hit.

ABOUT WHIP MEDIA

Whip Media is transforming the global content licensing ecosystem with a market leading enterprise software platform that centrally connects data, processes and teams throughout the digital distribution journey. Powered by proprietary data and predictive insights, we enable the world's top entertainment organizations to efficiently distribute, control and monetize their TV and movie content to drive revenue and direct-to-consumer growth. Whip Media has offices in Los Angeles, New York City, London, Amsterdam, and Paris.

ABOUT TV TIME

TV Time, a Whip Media company, is the world's largest TV and movie tracking app for consumers. Every day, over a million people use TV Time to keep track of the shows and movies they're watching, discover what to watch next and engage in a global community of more than 16 million registered fans.

For more information, visit whipmedia.com

METHODOLOGY

The survey was fielded with 4,494 US TV Time app users from June 9-13, 2021. All results were weighted to balance with the US general population, by gender and age (13-54).