OliverWyman

GLOBAL CONSUMER SURVEY 2024: MEDIA AND ENTERTAINMENT

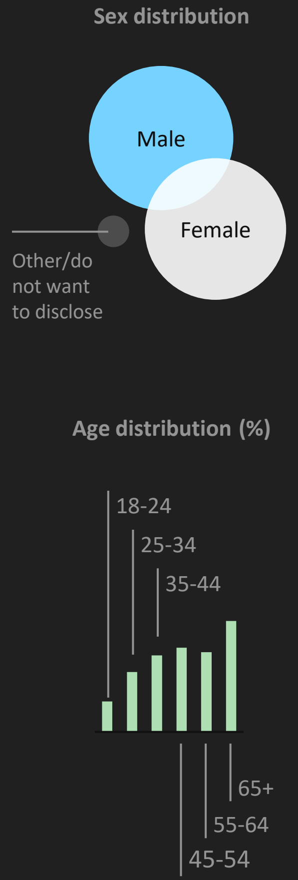
Insights from key European markets

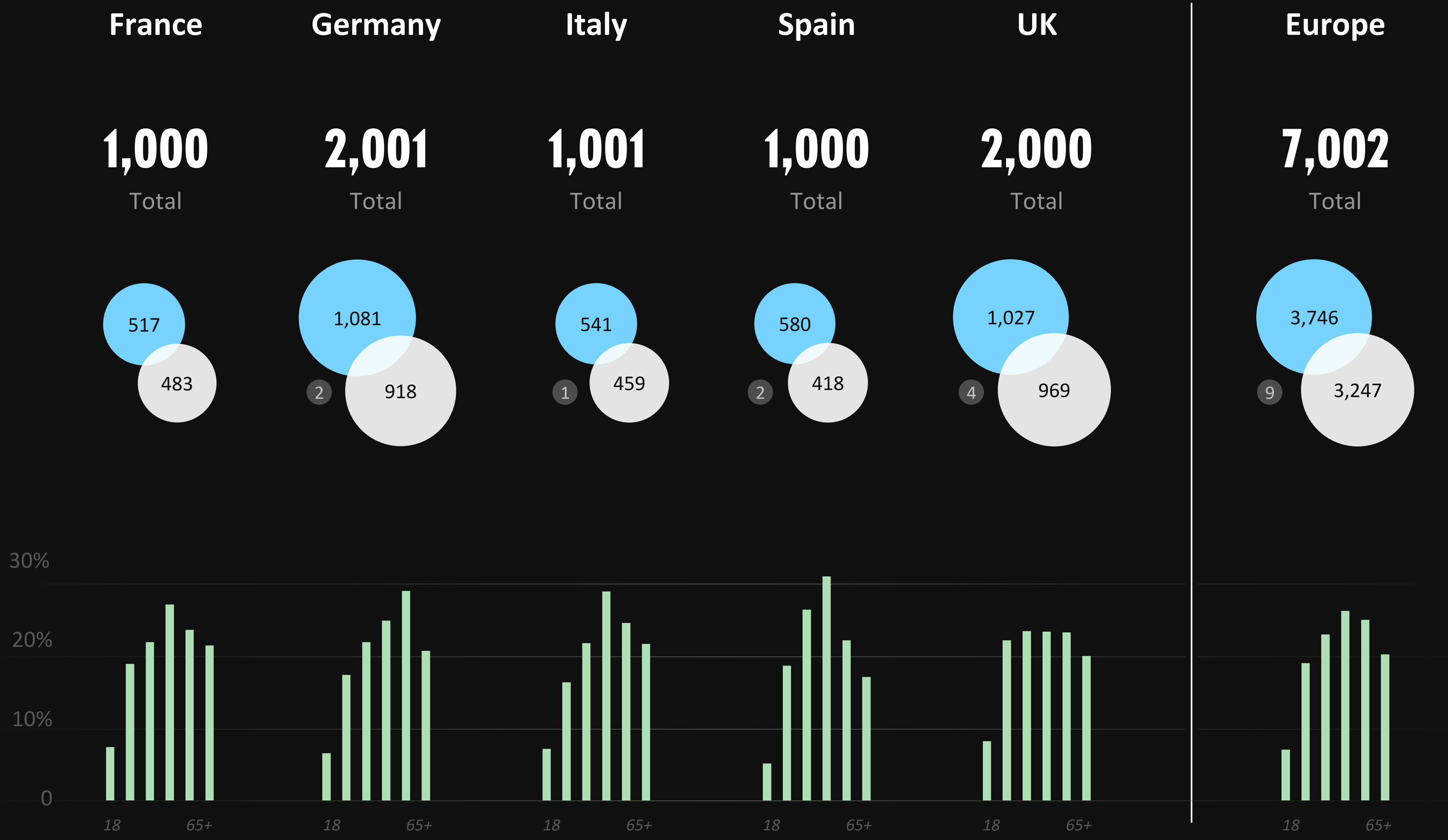
November 2024

A business of Marsh McLennan

QUALIFICATIONS, ASSUMPTIONS, AND LIMITING CONDITIONS

SAMPLE DETAILS





1

MEDIA AND ENTERTAINMENT SUBSCRIPTION OVERVIEW

EXECUTIVE SUMMARY

MEDIA AND ENTERTAINMENT: OVERVIEW

- Across Europe, **Video is the most popular service** counting on average 1.5 subscriptions per capita; nonetheless, c. 30% of consumers without any active subscriptions leaves room for further growth
- **Audio subscriptions follow** with consumers tending to focus on just 1 service subscription: 45% of the population having at least 1 subscription, representing more than 70% of the audio consumers
- **Gaming and Publishing lag behind** in terms of penetration, with only 0.5-0.4 subscriptions per capita; such services adoption are concentrated, having a smaller portion of the population with multiple subscriptions but the majority (i.e. 7 out of 10 and 8 out of 10 respectively) having none

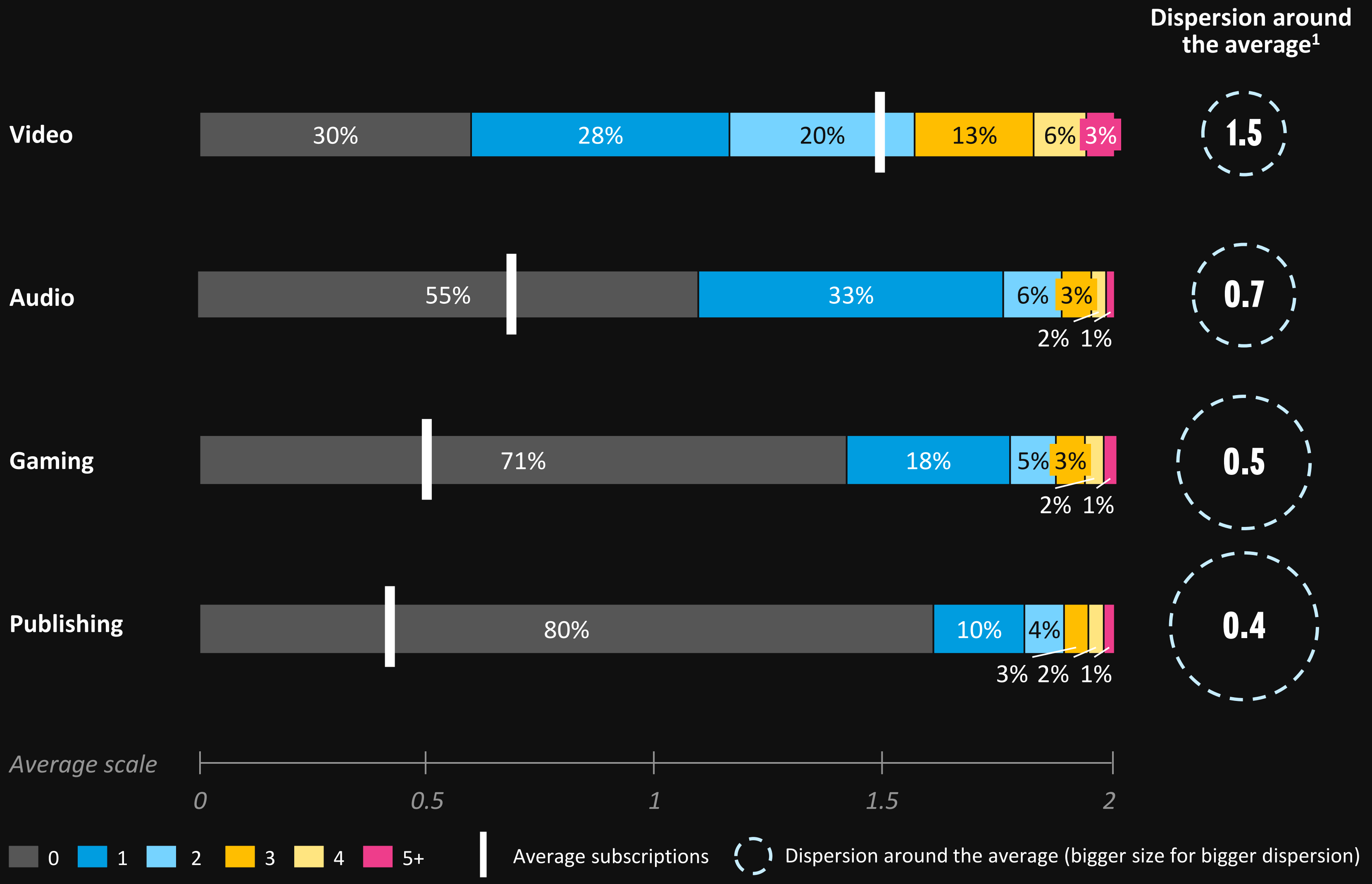
- **Number of subscriptions per capita decrease by age** on each service category:
  - **Young adults** (<35 years), with their **5.0 total subscriptions average**, hold the 43% of subscriptions (c. 2.1) on Video vs. the remaining 57% distributed across Audio, Gaming and Publishing
  - **Adults** (35-55 years) have **3.3 total subscriptions average**, of which half (c. 1.6) on Video and the rest distributed across Audio, Gaming and less on Publishing
  - **Silver age** (>55 years) show **1.7 average subscriptions**, of which 52% (c. 0.9) on Video, and a significantly lower contribution of Gaming vs. younger generations

- Leveraging on **higher maturity of the Video market**, bundling would represent an **opportunity for other services** (e.g., Audio) to increase penetration

ACROSS EUROPE, VIDEO IS THE MOST POPULAR SERVICE WITH 1.5 SUBSCRIPTION PER CAPITA; AUDIO FOLLOWS, WHILE GAMING AND PUBLISHING ARE MORE CONCENTRATED WITH A MINORITY OF USERS

How many online subscriptions do you currently have for each service category?

% of respondents for number of subscriptions, by service; average number of subscriptions, by service

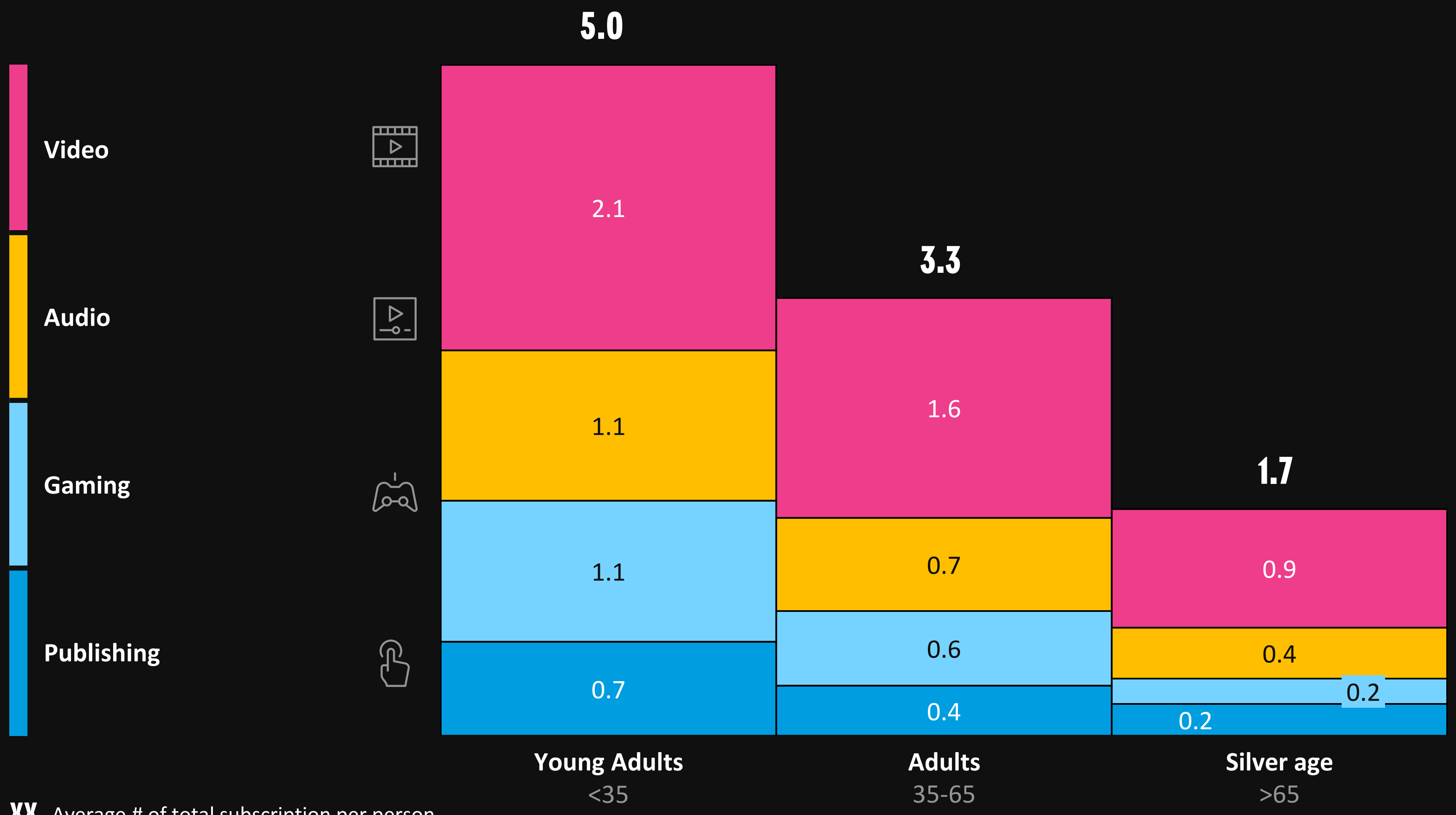


Source: Oliver Wyman Media Consumer Survey 2024.
1. Calculated as the ratio between standard deviation and weighted average

YOUNGER GENERATIONS HAVE THE HIGHEST NUMBER OF SUBSCRIPTIONS IN TOTAL AND ACROSS ALL SERVICE CATEGORY- CROSS-AGE DISTRIBUTION MOSTLY CHANGES FOR GAMING

How many online subscriptions do you currently have for each service category?

Average number of subscriptions by service, by age cluster



Source: Oliver Wyman Media Consumer Survey 2024.

XX Average # of total subscription per person

2
VIDEO

EXECUTIVE SUMMARY (1/2)

MEDIA AND ENTERTAINMENT: VIDEO

- Focusing on Video, **Europe can be seen as a single market,** with limited differences across countries:
  - The **penetration**, i.e. the share of consumers with at least 1 Video subscription, **is approximately around 70%**, ranging between 65-67% (France and Germany) and 73% (Italy, Spain, UK)
  - The **UK market** shows a **higher presence of "Super" users** (i.e., holding 3+ subscriptions), while the share of consumers with 1 or 2 subscriptions is overall homogeneous across other EU countries; we expect **rest of Europe,** esp. France and Germany**, to catch-up with UK** in terms of subscriptions per capita, moving from current 1.3 to 1.7 (i.e.; +20% - 30%)
  - **Young adults lead** the video service market with **c. 90% being subscribed to at least one service** provider in all countries vs. lower penetration in older age groups

- **In the next 12 months**, we expect a **market stabilization** (vs. Video subscriptions) and, thus, a **reduction of rotational churn phenomena:**
  - **"Super" users are also the ones determining the highest rotation:** interestingly, the **higher the number of subscriptions** the higher the **likelihood to add new ones (+8pp) but also to churn (+10pp)**
  - Compared to 2023, it decreased both the share of **consumers likely to reduce subscriptions** (from 14% to 8%) and of **those likely to add them** (from 30% in '23 to 27% in '24)

- In terms of **aspects influencing consumers' decisions to buy / unsubscribe** from a service:
  - **Content** appears as a **key differentiating factor** for consumers with at least 1 subscription, e.g., **55% of consumers likely to churn** in the next 12 months report **content limitation as the top reason**
  - On the other hand, **competitive price represents the key lever** to exploit the untapped potential of **consumers without subscriptions** (i.e., ranked as top reason for 56% of consumers without subscrip.)
  - **Bundle**[2] of Video platforms is considered by **1/3 of consumers** as the **most important feature**

EXECUTIVE SUMMARY (2/2)

MEDIA AND ENTERTAINMENT: VIDEO

- **Content preferences** are mostly polarized towards **Movies**, followed by **Series** and **Sports**:
  - As such, we observe a **stronger preference for >60 minutes format content** (watched for most of the time[1] by the 28% consumers) vs. shorter ones (watched most of the time by the 12% consumers)
  - **Young adults** on average spend more time on **0-15 min content** vs. older generations; indeed, **Adults and Silver age** watch more **60+ min content**

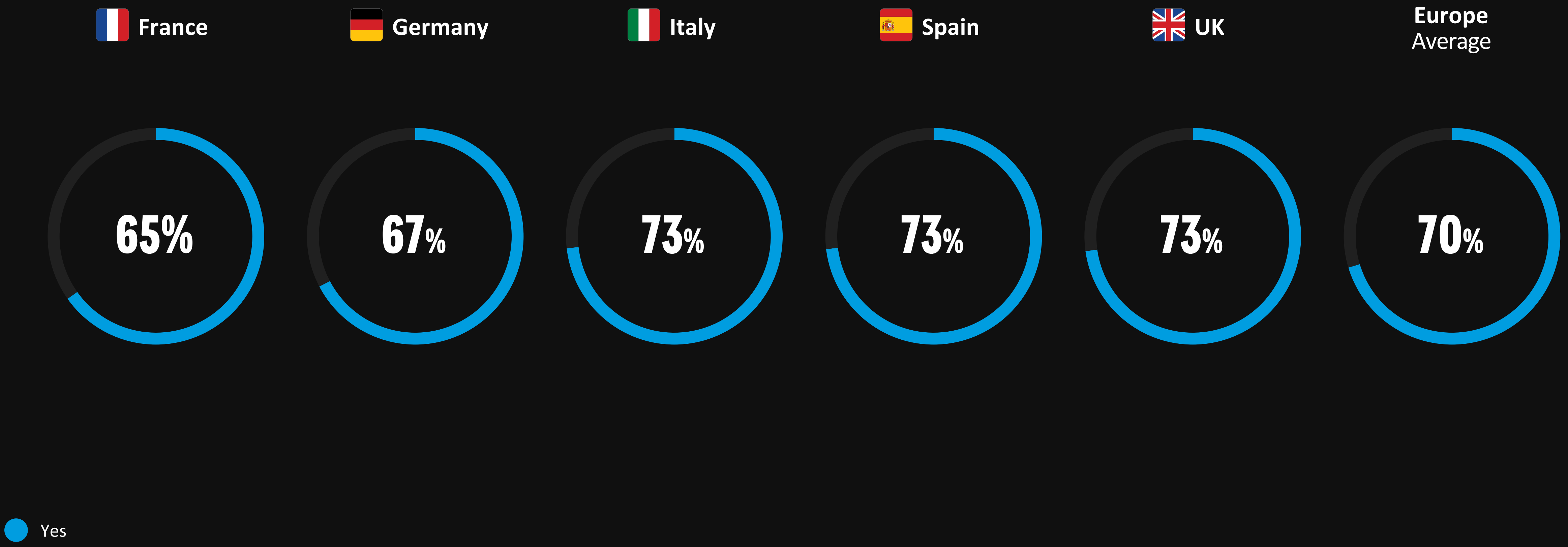
- In terms of acquisition channels:
  - The **direct is the most used** (65% of subs)
  - To further grow the CB, video platforms can **partner with telco operators** (19% of subs) and electronic providers (with 7% of usage rate)

- In terms of add-ons, **music services are the easiest to sell in bundle with video services**, with 1/3 of European subscribers willing to pay an additional fee to have a one-stop-shop

1. More than 50% of the time spend watching video content; 2. Including preferences for Combined content offering and Centrally managed and paid subscriptions

VIDEO | 70% OF EUROPEAN RESPONDENTS HOLD A VIDEO SUBSCRIPTION: ITALY, SPAIN AND THE UK SHOW THE HIGHEST PENETRATION (73%), FOLLOWED BY GERMANY AND FRANCE WITH 67% AND 65%

Percentage of respondents with at least one video subscription

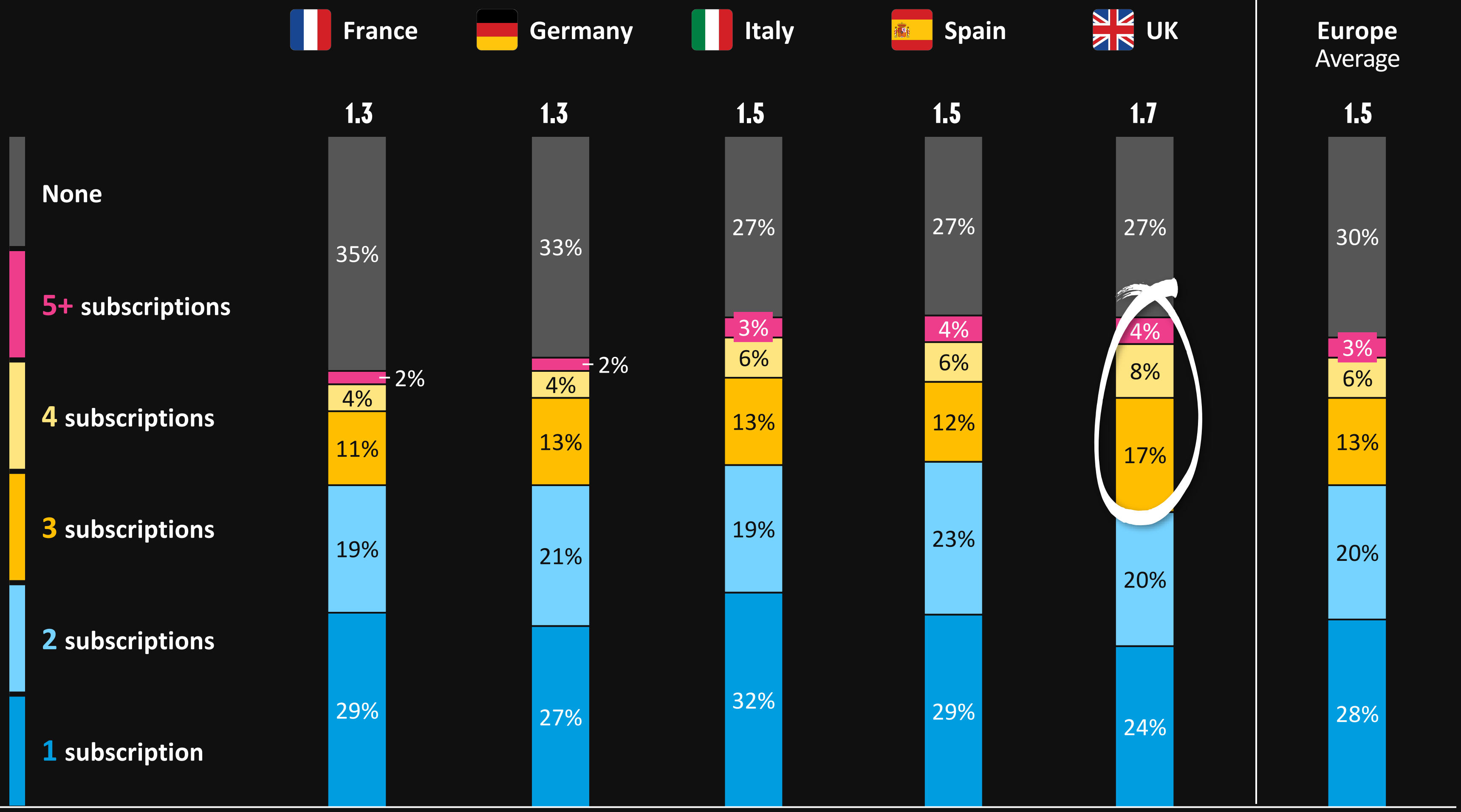


Source: Oliver Wyman Media Consumer Survey 2024.

VIDEO | UK MARKET SHOWS MORE "SUPER" USERS (I.E., 3+ SUBSCRIPTIONS), WHILE THE SHARE OF PEOPLE WITH 1 OR 2 SUBSCRIPTIONS IS OVERALL HOMOGENEOUS ACROSS OTHER EU COUNTRIES

How many video subscriptions do you currently have?

% of respondents by number of subscriptions, by country



UK is leading in terms of average number of subscriptions; the rest of Europe is expected to close this gap

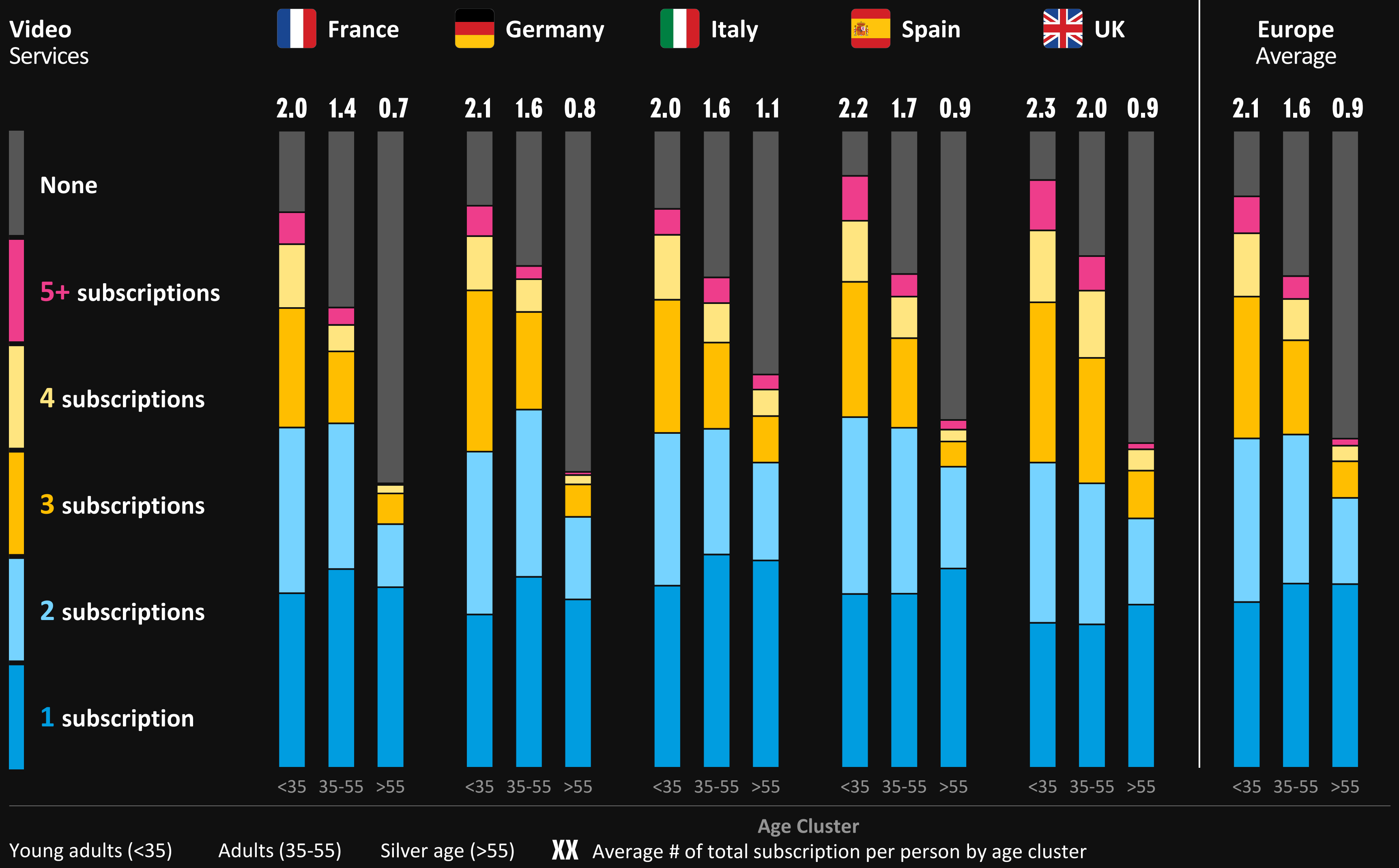
Source: Oliver Wyman Media Consumer Survey 2024.

XX Average # of total subscription per person by country

VIDEO | YOUNG ADULTS LEAD THE VIDEO SERVICE MARKET WITH C. 90% BEING SUBSCRIBED TO AT LEAST ONE SERVICE PROVIDER IN ALL COUNTRIES VS. LOWER PENETRATION IN OLDER AGE GROUPS

How many online subscriptions do you currently have for each service category?

% of respondents with video service subscriptions by country, by age cluster

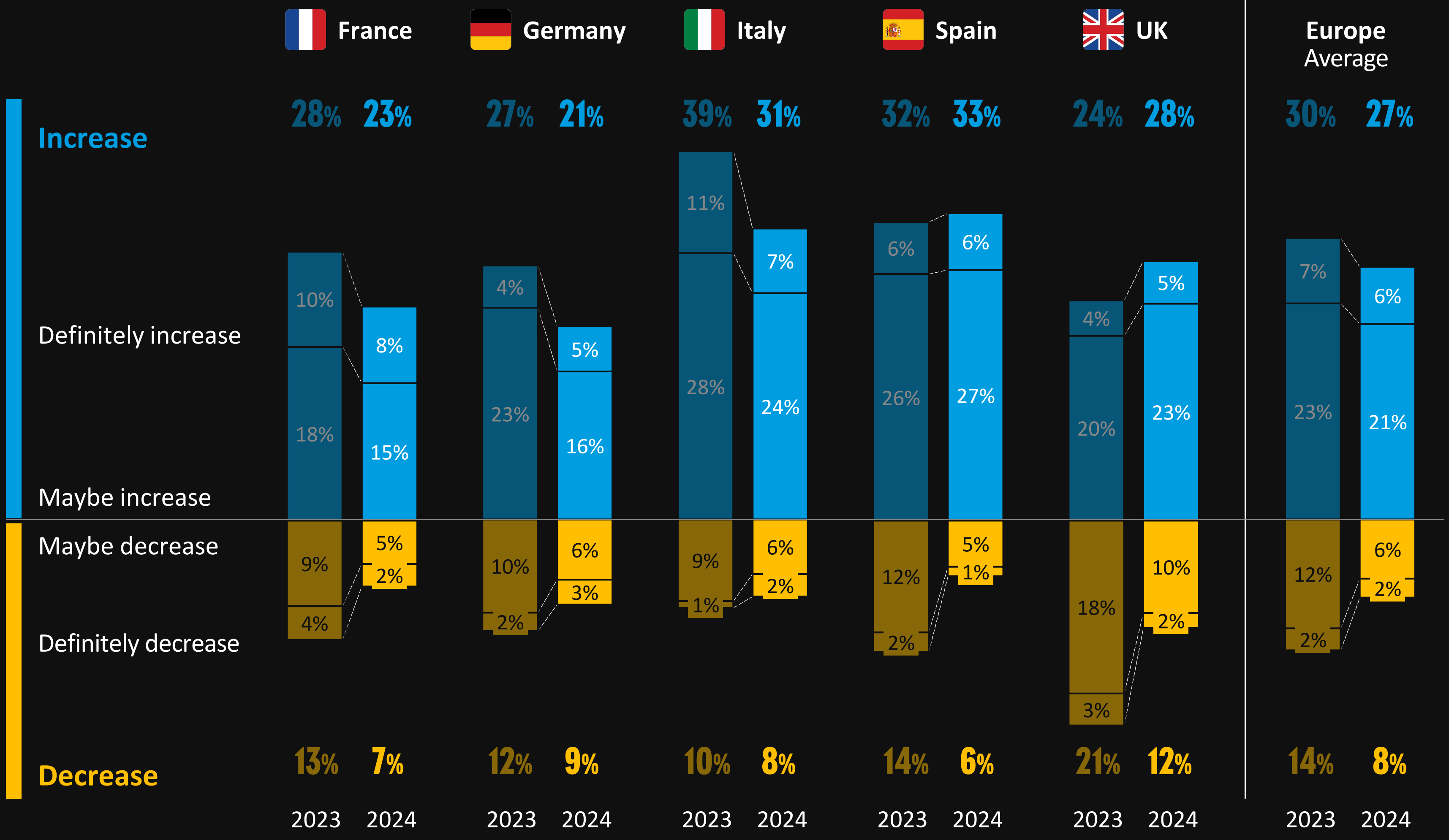


Source: Oliver Wyman Media Consumer Survey 2024.

VIDEO | ONGOING STABILIZATION OF THE VIDEO SUBSCRIPTION NUMBER: -3 P.P. YOY OF THE SHARE OF CONSUMERS LIKELY TO INCREASE AND -6 P.P. OF THOSE LIKELY TO DECREASE

Are you likely to increase or decrease your number of video services in the next 12 months?

% of respondents likely to increase or decrease number of subscriptions, by year, by country[1]

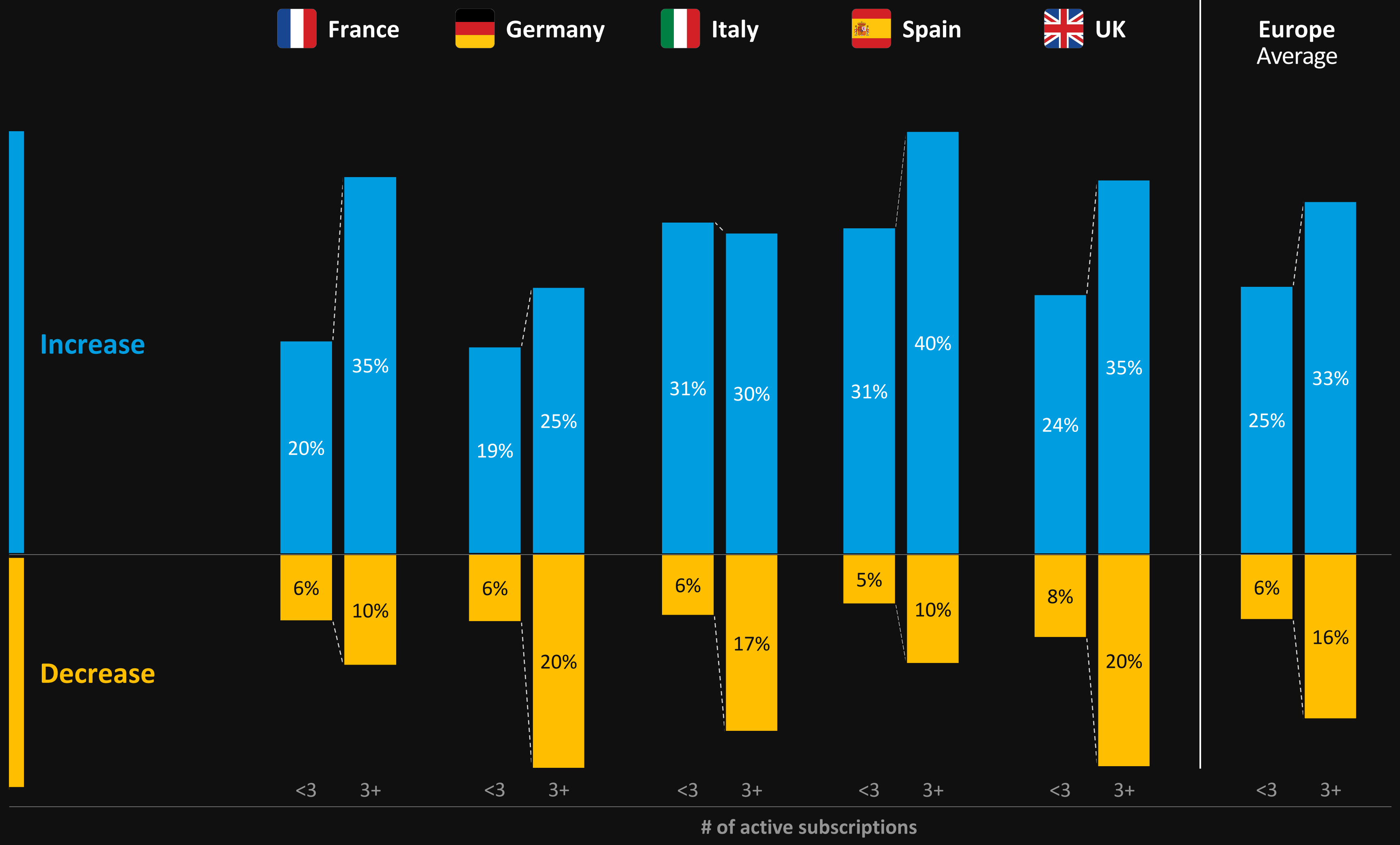


Source: Oliver Wyman Media Consumer Survey 2024.
1. Not exhaustive, missing % respondents reporting "No".

VIDEO | IN PARTICULAR, "SUPER" USERS ARE THE MORE LIKELY TO ADD NEW VIDEO SERVICE SUBSCRIPTIONS (EXCEPT FOR ITALY) AND / OR CHURN

Are you likely to increase or decrease your number of video services in the next 12 months?

% of respondents likely to increase or decrease number of subscriptions, by number of active subscription, by country[1]



Source: Oliver Wyman Media Consumer Survey 2024.
1. Not exhaustive, missing % respondents reporting "No".

VIDEO | CONTENT LIMITATION IS BY FAR THE TOP REASON TO CHURN, FOLLOWED BY INCREASING PRICES; ITALY STANDS OUT FOR MORE SENSITIVITY TO PRICE VS. CONTENT LIBRARY RELEVANCE

What are the main reasons why you could think of unsubscribing from a video service?

% of willing to unsubscribe respondents ranking as 1st each reason to unsubscribe, by country

France	Germany	Italy	Spain	UK	Europe Average	
61%	56%	50%	53%	54%	55%	**Content limitation** *(i.e., removal of desired content, scarce selection, having joined for a specific title, limited refreshment)*
31%	35%	39%	32%	39%	35%	**Increasing prices**
6%	5%	6%	8%	5%	6%	**Too many subscriptions**
1%	4%	5%	7%	3%	4%	**Difficult user experience**

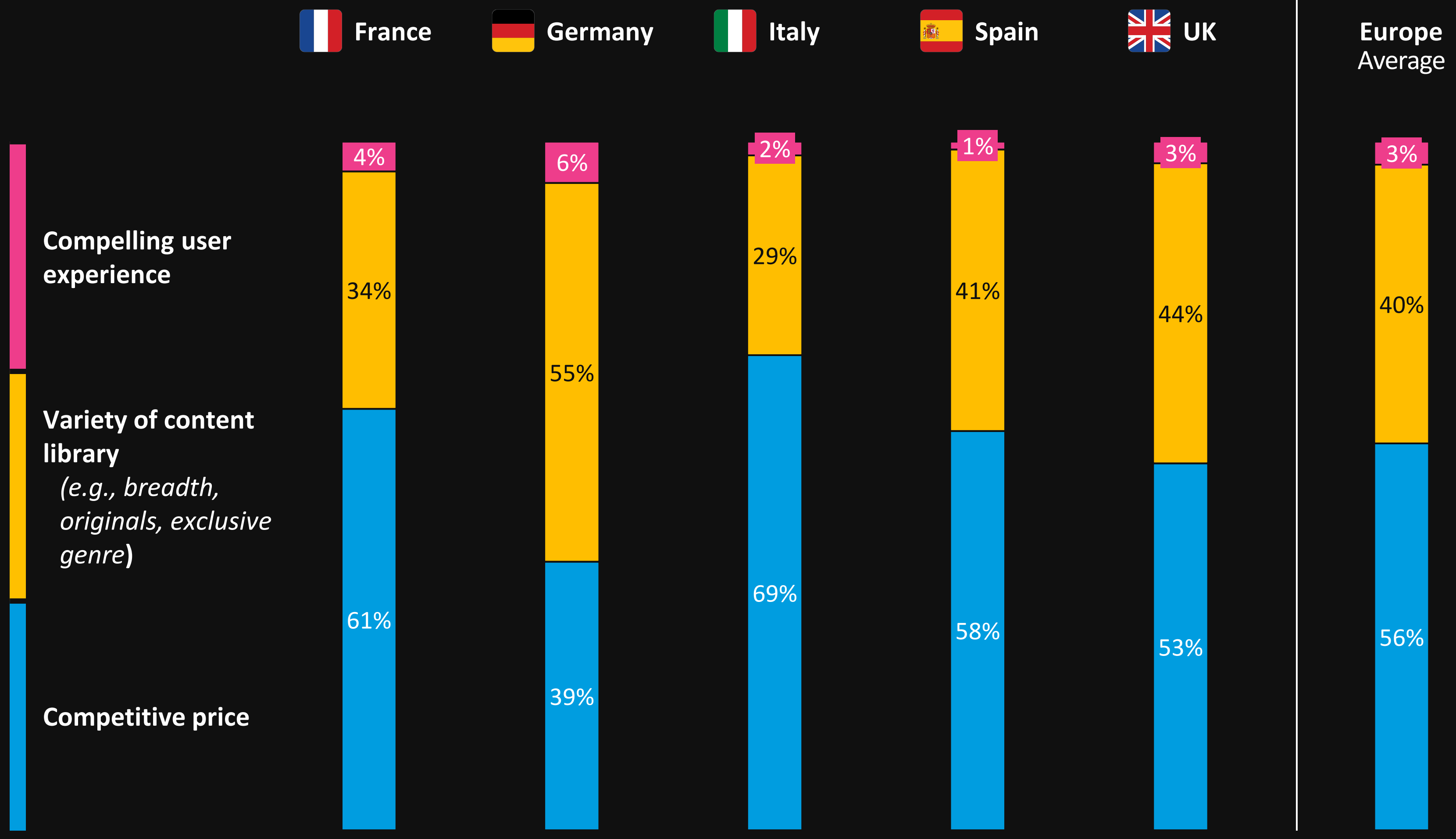
Source: Oliver Wyman Media Consumer Survey 2024.

○ % of respondent ranking the reason as first motive to unsubscribe

VIDEO | HAVING A COMPETITIVE PRICE IS THE KEY LEVER TO EXPLOIT THE UNTAPPED POTENTIAL OF CONSUMERS WITHOUT ANY VIDEO SUBSCRIPTION – GERMANY IS LESS PRICE SENSITIVE

What drives you to subscribe to a video streaming service and/or choose the most suitable video streaming service for you?

% of respondents without a video subscription ranking as 1st each driver for choosing a provider, by country

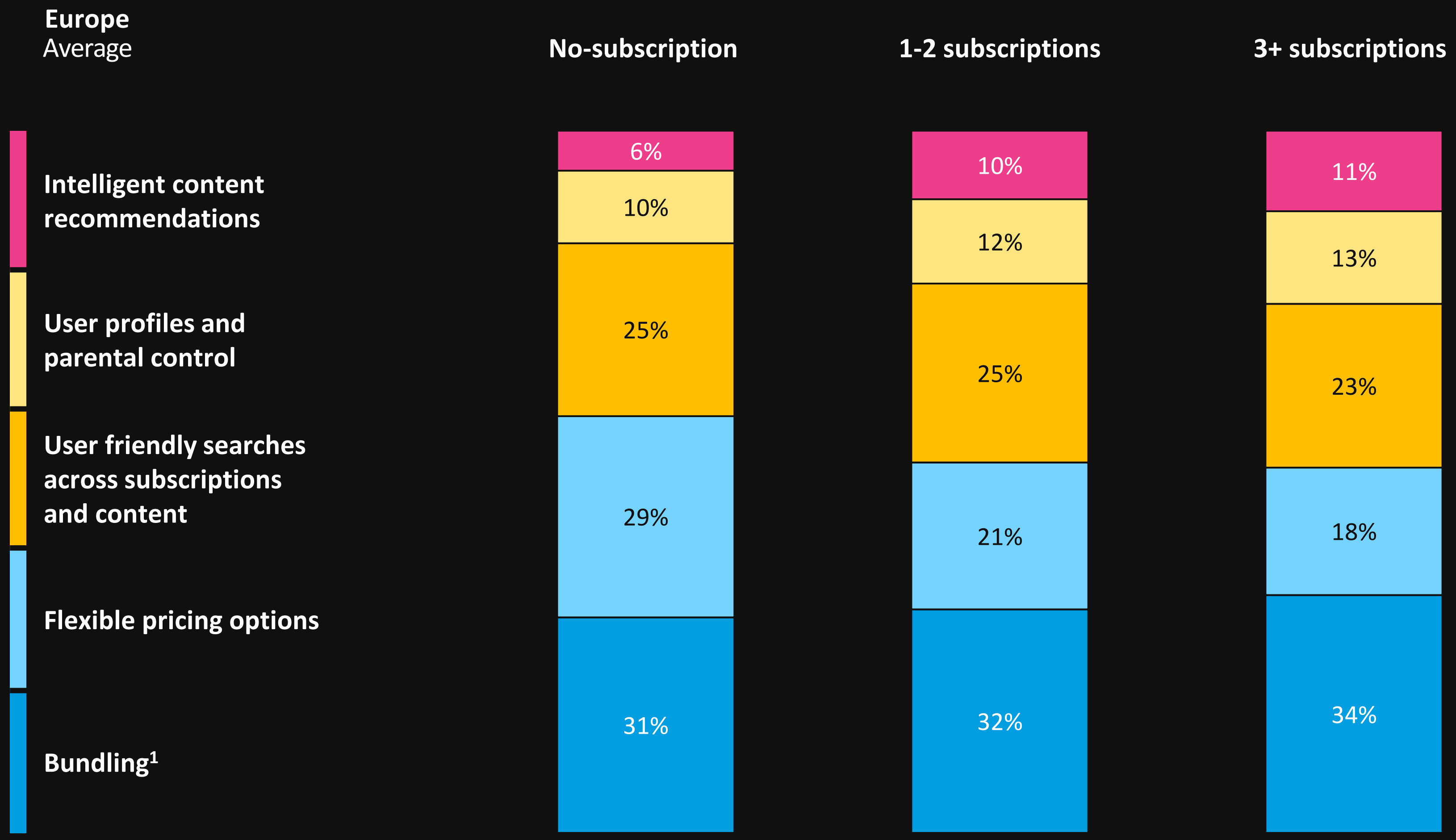


Source: Oliver Wyman Media Consumer Survey 2024.

VIDEO | BUNDLING IS THE MOST IMPORTANT FEATURE CONSUMERS ARE LOOKING FOR: IT INCREASES AS THE NUMBER OF ACTIVE SUBSCRIPTIONS RISES, CONTRARY TO FLEXIBLE PRICING OPTIONS

Which of the “add-ons” features below are most important to you?

% of respondents ranking as 1st each feature, by number of active subscriptions

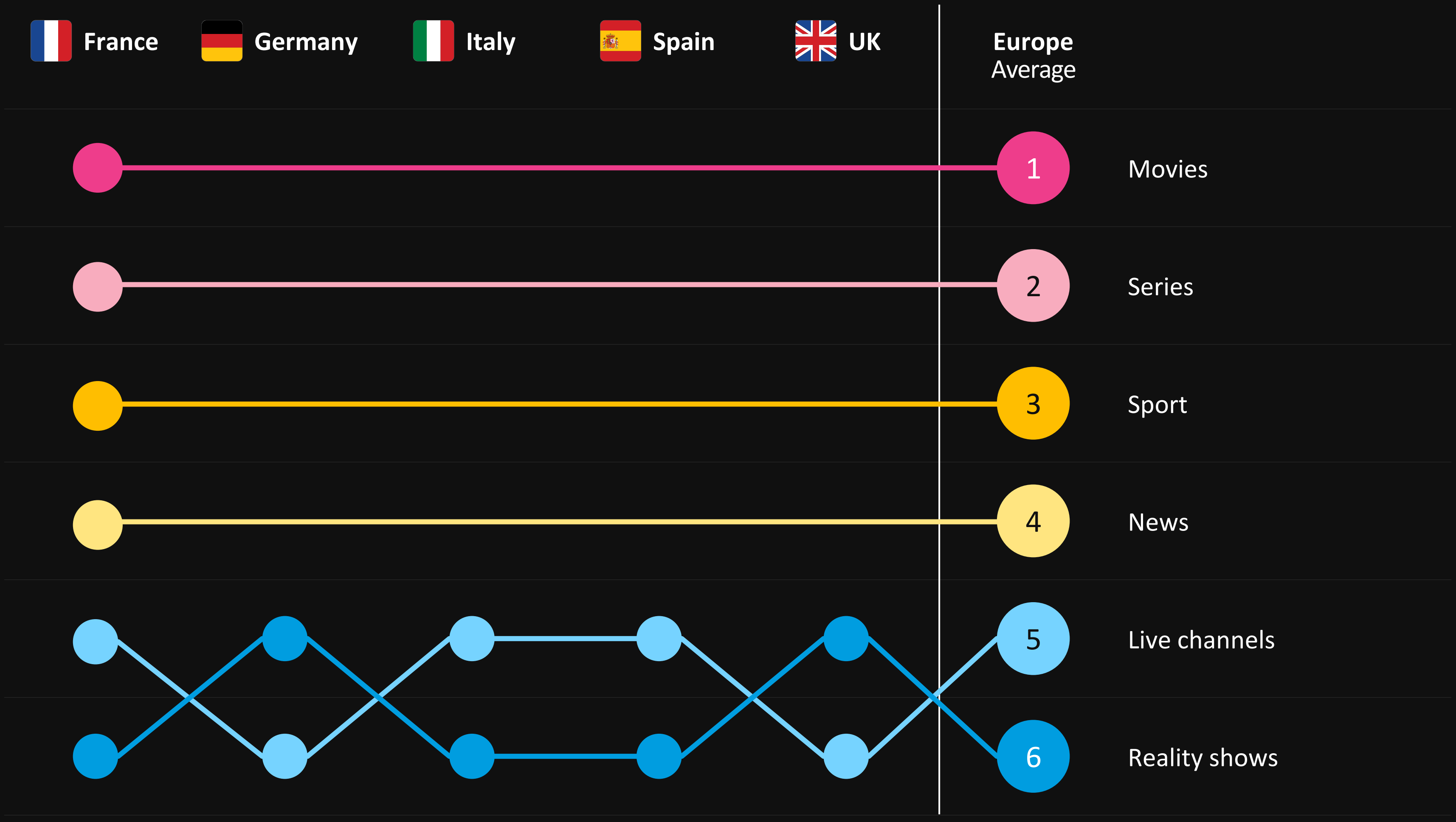


Source: Oliver Wyman Media Consumer Survey 2024.
1. Includes centrally managed and paid subscriptions & combined content offering

VIDEO | MOVIES ARE THE MOST WATCHED VIDEO CONTENT, FOLLOWED BY SERIES AND SPORT, ACROSS ALL COUNTRIES

What type of content do you usually watch through video streaming services?

Average ranking by respondents considering to switch (1=most important), by country



Source: Oliver Wyman Media Consumer Survey 2024.

VIDEO | ACROSS COUNTRIES, A LARGER SHARE OF CONSUMERS SPENT MOST OF THEIR TIME ON LONGER FORMATS (60+ MINUTES) VERSUS SHORTER ONES (<60 MINUTES)

How much of your time do you spend on the following formats, categorized by length of content?

% respondents spending more then 50% of their time on watching shorter (<60 minutes) and longer formats (60+ minutes), by country

France

13% <60 minutes content

32% 60+ minutes content

Germany

12% <60 minutes content

34% 60+ minutes content

Italy

10% <60 minutes content

27% 60+ minutes content

Spain

12% <60 minutes content

25% 60+ minutes content

UK

15% <60 minutes content

23% 60+ minutes content

Europe Average

12% <60 minutes content

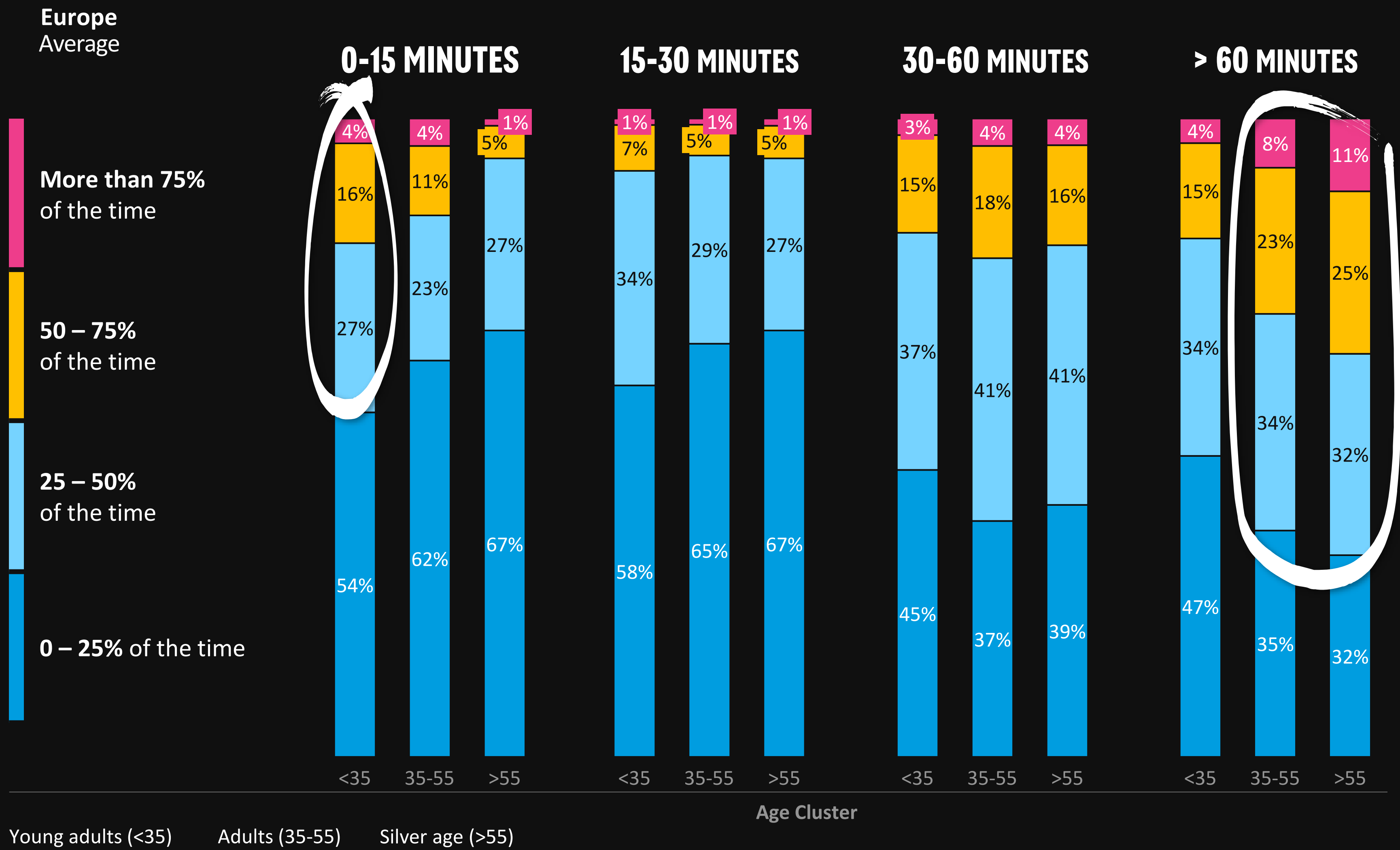
28% 60+ minutes content

Source: Oliver Wyman Media Consumer Survey 2024.

VIDEO | 0-15 MIN CONTENT ARE MORE WATCHED BY YOUNG ADULTS VS. ADULTS AND SILVER AGE WATCHING MORE >60 MIN CONTENT

How much of your time do you spend on the following formats, categorized by length of content?

% respondents by range of time spent on each content length, by age cluster

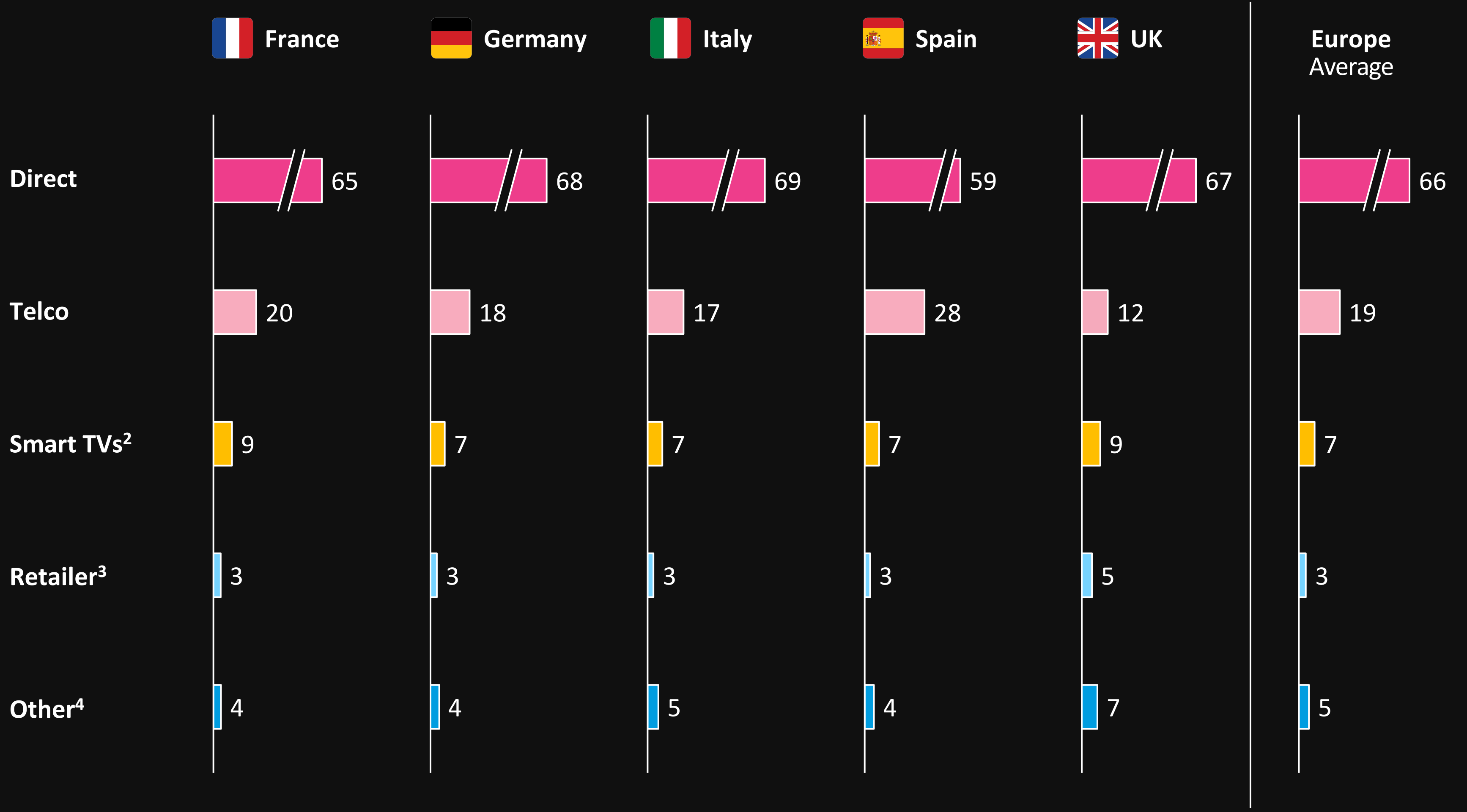


Source: Oliver Wyman Media Consumer Survey 2024.

VIDEO | THE DIRECT CHANNEL IS BY FAR THE MOST USED FOR VIDEO SUBSCRIPTIONS ACROSS ALL COUNTRIES (BY C. 2/3), FOLLOWED BY TELCO (C. 1/5); OTHER CHANNELS LESS PENETRATED

How did you contract your video service subscriptions?[1]

% of respondents with at least one video subscription using each sale channel, by country



Source: Oliver Wyman Media Consumer Survey 2024.
1. While the question was aimed at testing the usage level of each channel, usage rates have been reproportioned out of 100% to represent relative weight and adoption; 2. E.g., TV manufacturers and aggregators; 3. E.g., Pre-paid cards available in supermarkets; 4. E.g., loyalty programs, banks, Holiday Bundle-Magic break: Disneyland resort booking in bundle with 12 months of Disney+ subscription.

VIDEO | MUSIC SERVICES ARE THE EASIEST TO SELL IN BUNDLE WITH VIDEO SERVICES, WITH 1/3 OF EUROPEAN SUBSCRIBERS WILLING TO PAY AN ADDITIONAL FEE TO HAVE A ONE-STOP-SHOP

For which solutions, that your video service provider might add to the video service, would you be willing to pay an additional fee?[1]

% of respondents with at least 1 video subscription willing to pay an additional fee for each service, by country

	France	Germany	Italy	Spain	UK	Europe Average
Thematic podcasts	17%	11%	18%	20%	10%	15%
News and articles	21%	15%	20%	21%	16%	20%
Ebooks	21%	13%	23%	28%	15%	20%
Gaming	28%	16%	20%	25%	20%	22%
Music services	33%	25%	36%	29%	33%	31%
No further solutions	38%	55%	35%	37%	49%	43%

○ % of respondents

Source: Oliver Wyman Media Consumer Survey 2024.
1. Respondents could select more than one solution to pay an additional fee for.

3

PUBLISHING

EXECUTIVE SUMMARY

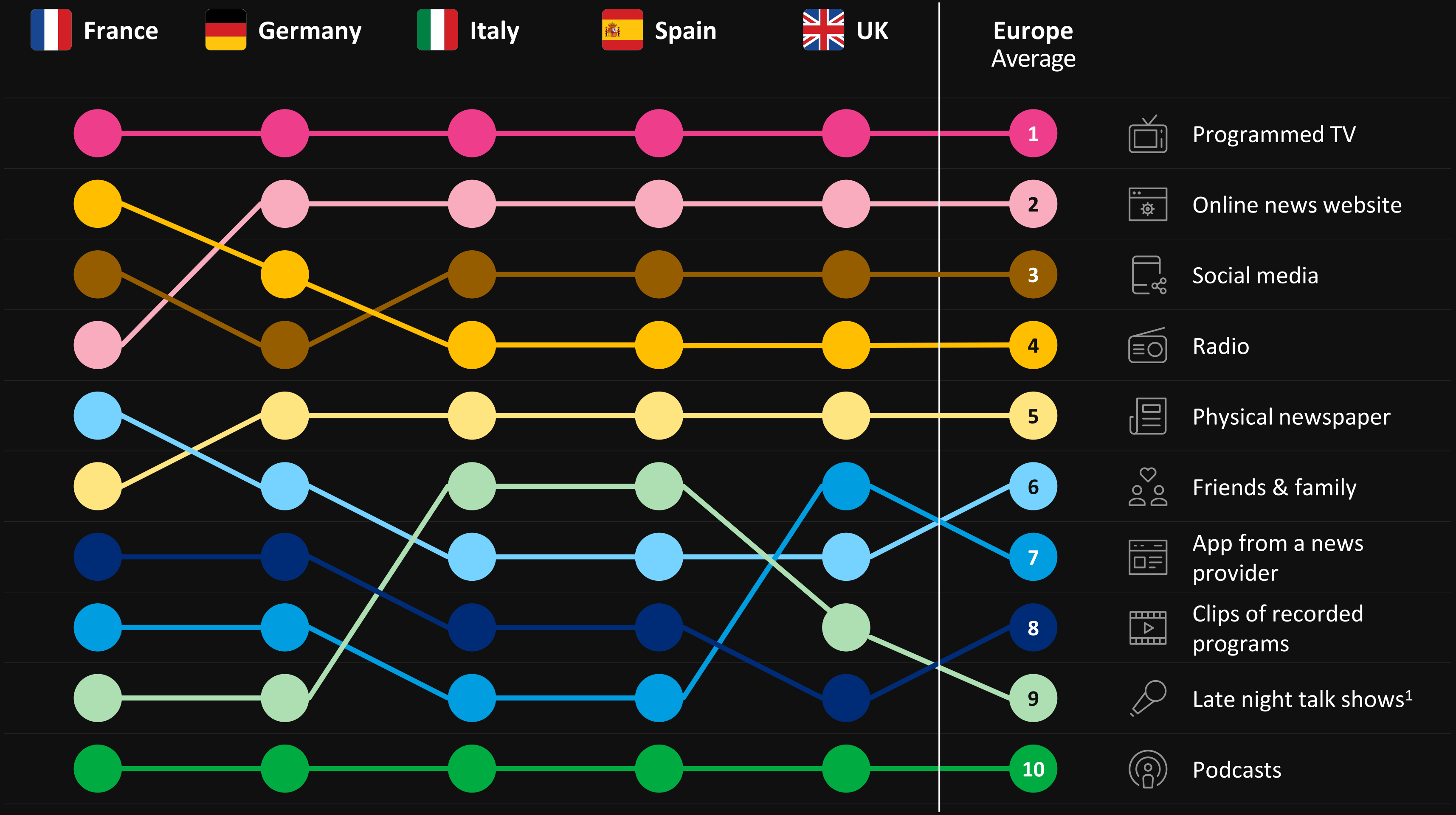
MEDIA AND ENTERTAINMENT: PUBLISHING

- Considering a wide **set of potential sources of news, preferences are quite similar across Europe**:
  - **Programmed TV** is, by far, the preferred one, **ranked as first** in all the countries by approximately **50% of consumers**
    - In particular, **Silver age mostly use it** (65% of Silver age consumers vs. 35% of Young adults)
  - **Social media and Online website** follow, being considered **primary source** of news by respectively the **12% and 11% of consumers**
    - France, Spain and UK rely more on Social media vs. Germany and Italy preferring Online news website (between the two)
    - Social media are polarized towards Young adults (**26%** vs. 3% of Silver age) vs. Online news website usage is similar across age clusters
  - **Radio and Physical newspapers** respectively rank 4th and 5th, being considered **primary sources** of news by **6% and 4% of consumers**, and increases by age
- In terms of **reliability** of the sources of news:
  - **Online website, Radio and Physical newspapers** are by far more trusted than Programmed TV and Social media
  - Generally, **Young adults** report **less trust** for all the sources of news vs. older generations, except for Social media
- **Content-wise**,
  - Across Europe, consumers show appetite for **more local news**
  - However, **Italy and Spain** stand out for showing above average request for **national and international news**

PUBLISHING | PROGRAMMED TV IS THE TOP NEWS SOURCE IN ALL THE COUNTRIES, FOLLOWED BY ONLINE NEWS WEBSITE, EXCEPT FOR FRANCE THAT PREFERS RADIO (2ND VS 4TH RANKED)

Which of the below sources do you use to get the majority of your news?

Average ranking by respondents (1=most important), by country



Source: Oliver Wyman Media Consumer Survey 2024.
1. Che tempo che fa, Maurizio Costanzo show, Newsnight, Channel 4 News, El Hormiguero, Tagesschau, etc;

PUBLISHING | WHILE PROGRAMMED TV IS THE PRIMARY NEWS SOURCE ACROSS ALL AGE CLUSTERS, ONLINE NEWS WEBSITE IS THE SECOND BEST OPTION FOR ADULTS AND SILVER AGE

Which of the below sources do you use to get the majority of your news?

% respondents ranking each news source as 1st used, by age cluster

Europe Average	Programmed TV	Online news website	Social media	Radio	Physical newspapers
Young adults <35	35%	11%	26%	4%	3%
Adults 35-55	49%	13%	12%	6%	3%
Silver age >55	65%	10%	3%	7%	6%

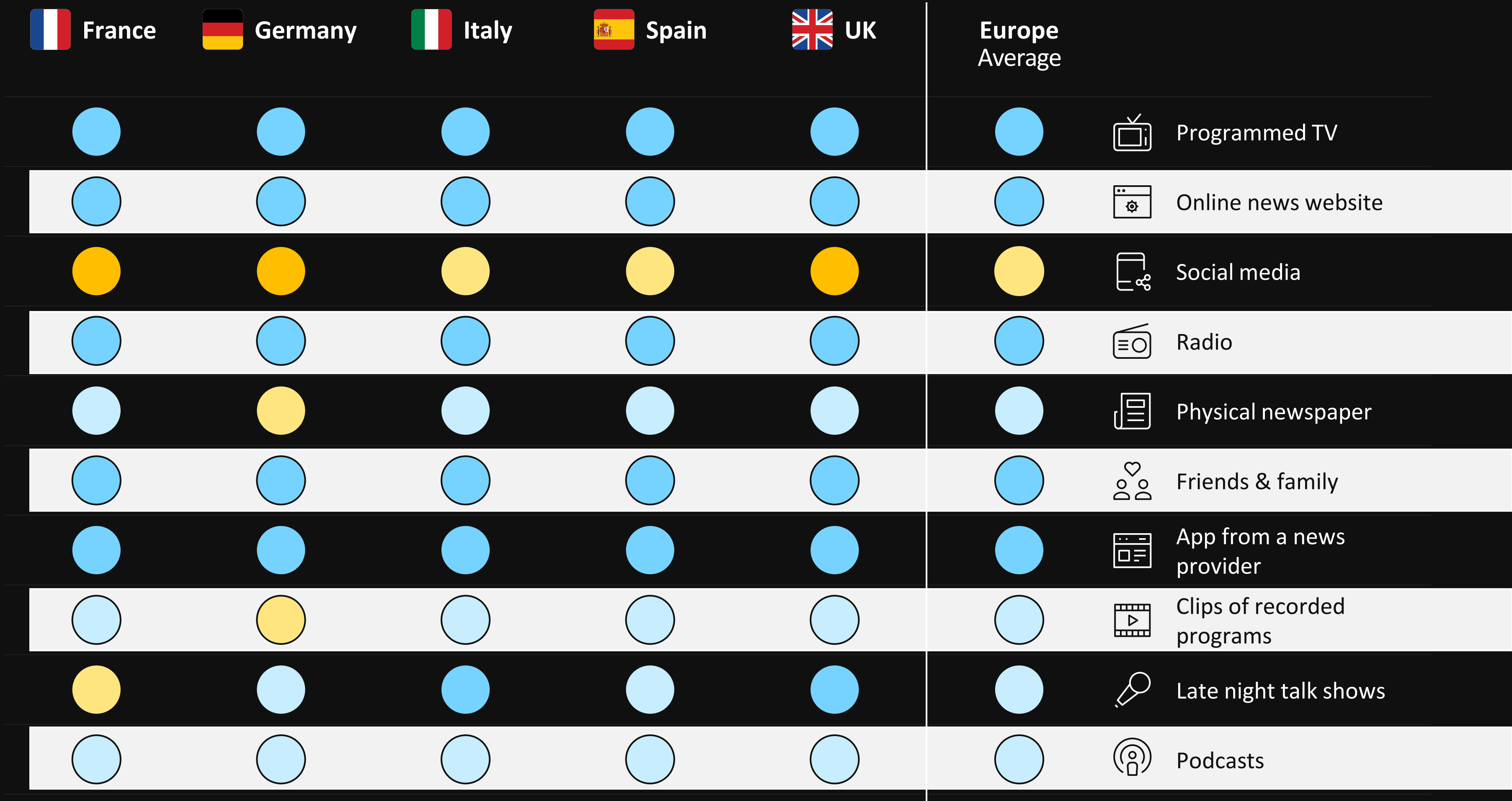
Source: Oliver Wyman Media Consumer Survey 2024.

○ % of respondents ranking the source as 1st news source

PUBLISHING | DESPITE BEING ONE OF THE MAIN NEWS SOURCES, SOCIAL MEDIA ARE CONSIDERED NOT RELIABLE; GERMANY ALSO SHOWS LOW TRUST FOR NEWSPAPERS AND RECORDED PROGRAMS

How much do you trust the accuracy of each of the below news mediums? (Please answer, even if you don't personally use the source).

Most frequent answer for each news source, by country



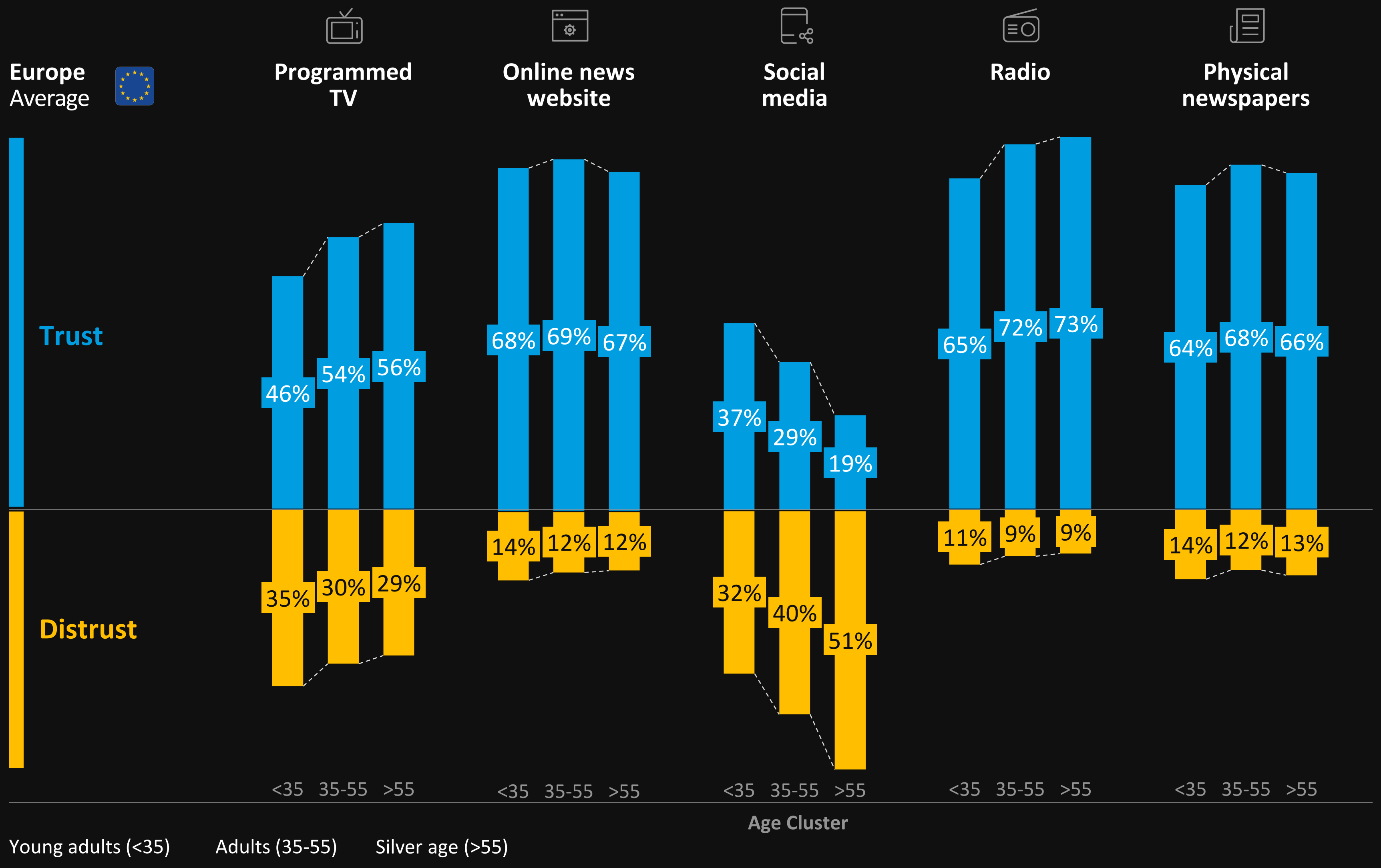
I fully trust them to provide objective, factual news — I'm totally skeptical and full of distrust

Source: Oliver Wyman Media Consumer Survey 2024.

PUBLISHING | ONLINE NEWS, RADIO AND NEWSPAPERS ARE BY FAR MORE TRUSTED THAN PROGRAMMED TV AND SOCIAL MEDIA; YOUNG ADULTS TRUST LESS (EXCEPT FOR SOCIAL MEDIA)

How much do you trust the accuracy of each of the below news mediums? (Please answer, even if you don't personally use the source).

% of respondents trusting or distrusting each news source, by age cluster[1]

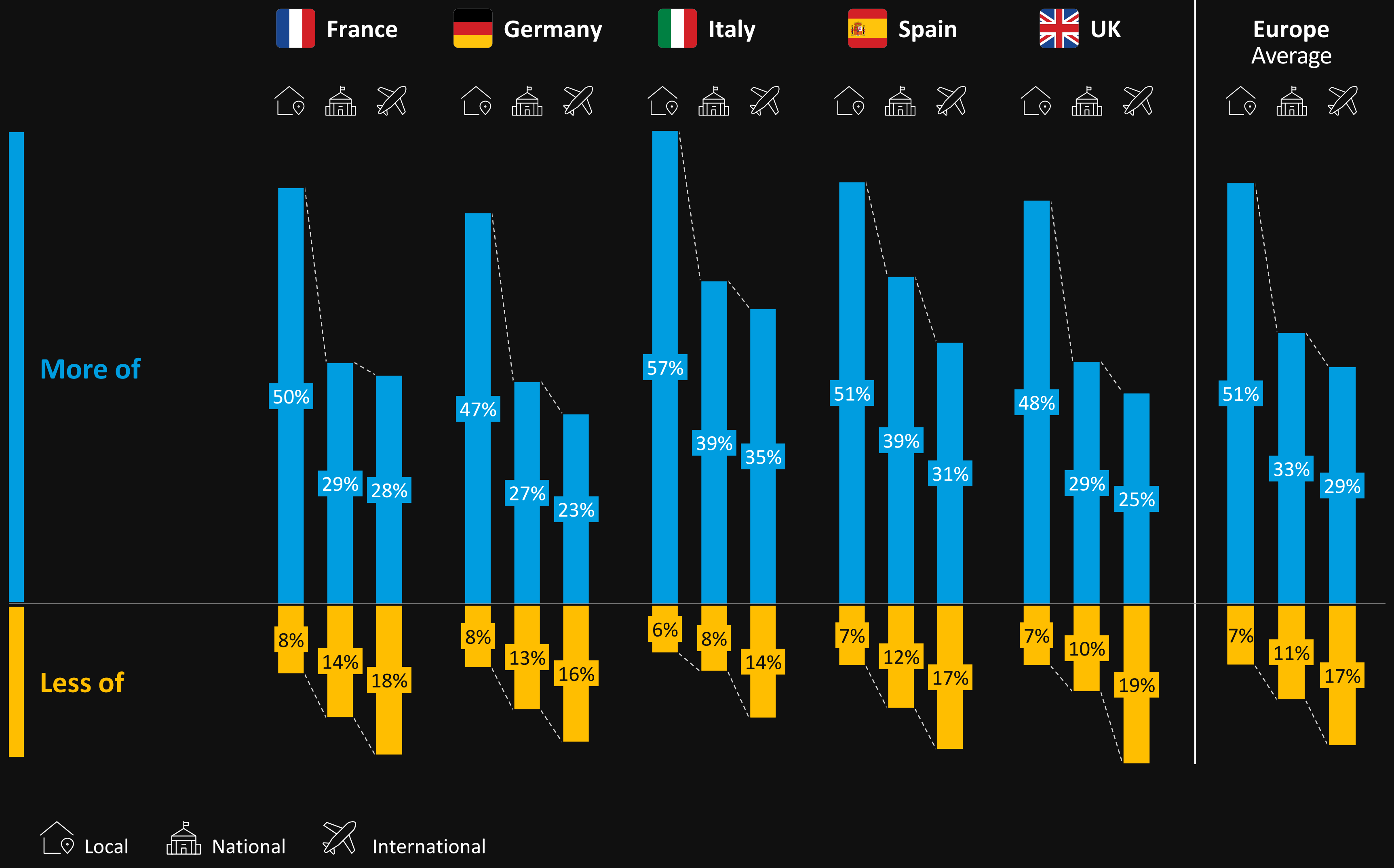


Source: Oliver Wyman Media Consumer Survey 2024.
1. Not exhaustive, missing % respondents reporting "Neither trust nor distrust".

PUBLISHING | ACROSS EUROPE, CONSUMERS SHOW APPETITE FOR HIGHER SHARE OF LOCAL NEWS; ITALY AND SPAIN ALSO SHOW ABOVE AVERAGE REQUEST FOR NATIONAL AND INTERNATIONAL NEWS

What types of news would you like to see more of/less of?

% of respondents asking for more of or less of each news origin, by country[1]



Source: Oliver Wyman Media Consumer Survey 2024.
1. Not exhaustive, missing % respondents reporting "About the same".

A.1

APPENDIX: MEDIA AND ENTERTAINMENT SUBSCRIPTION OVERVIEW

ACROSS ALL COUNTRIES, THE MAJORITY OF CONSUMERS TEND TO HAVE MORE THAN 1 VIDEO SUBSCRIPTION AT LEAST 1 FOR AUDIO; GAMING AND PUBLISHING ARE MUCH LESS PENETRATED

How many online subscriptions do you currently have for each service category?

Average number of subscriptions of each service, by country

	France	Germany	Italy	Spain	UK	Europe Average
Video	1.5	1.7	1.3	1.5	1.3	1.5
Audio	0.6	0.6	0.7	0.8	0.7	0.7
Gaming	0.5	0.4	0.5	0.6	0.5	0.5
Publishing	0.3	0.5	0.4	0.6	0.3	0.4

○ # of subscriptions

Source: Oliver Wyman Media Consumer Survey 2024.

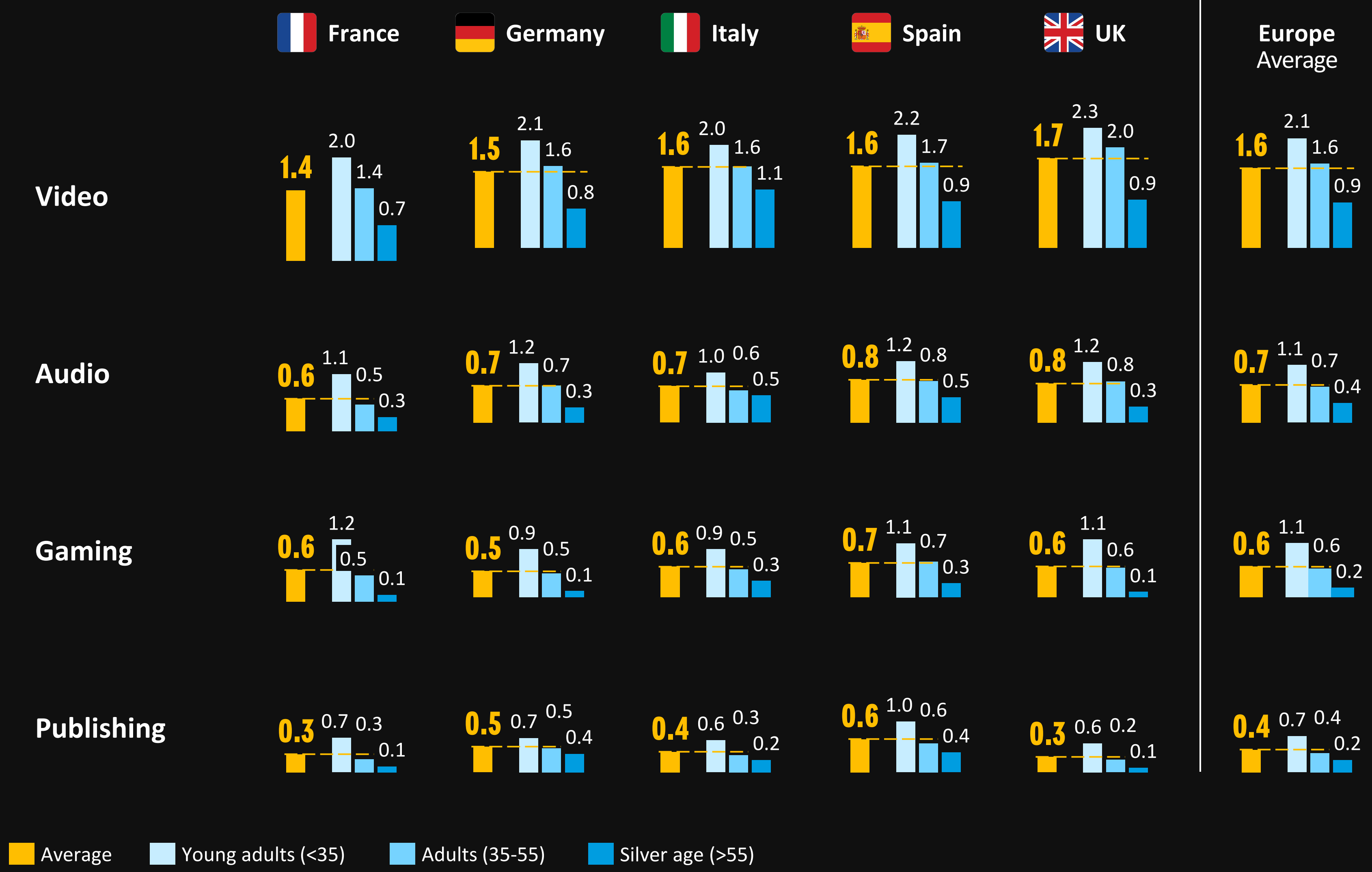
A.2

APPENDIX: VIDEO

SUBSCRIPTIONS DECREASE BY AGE ON EACH CATEGORY: YOUNG ADULTS ARE ABOVE AVERAGE ON ALL OF THEM, ADULTS ARE IN LINE (EXCEPT FOR VIDEO) AND SILVER AGE ARE BELOW

How many online subscriptions do you currently have for each service category?

Average number of video subscriptions of each service, by country, by age cluster

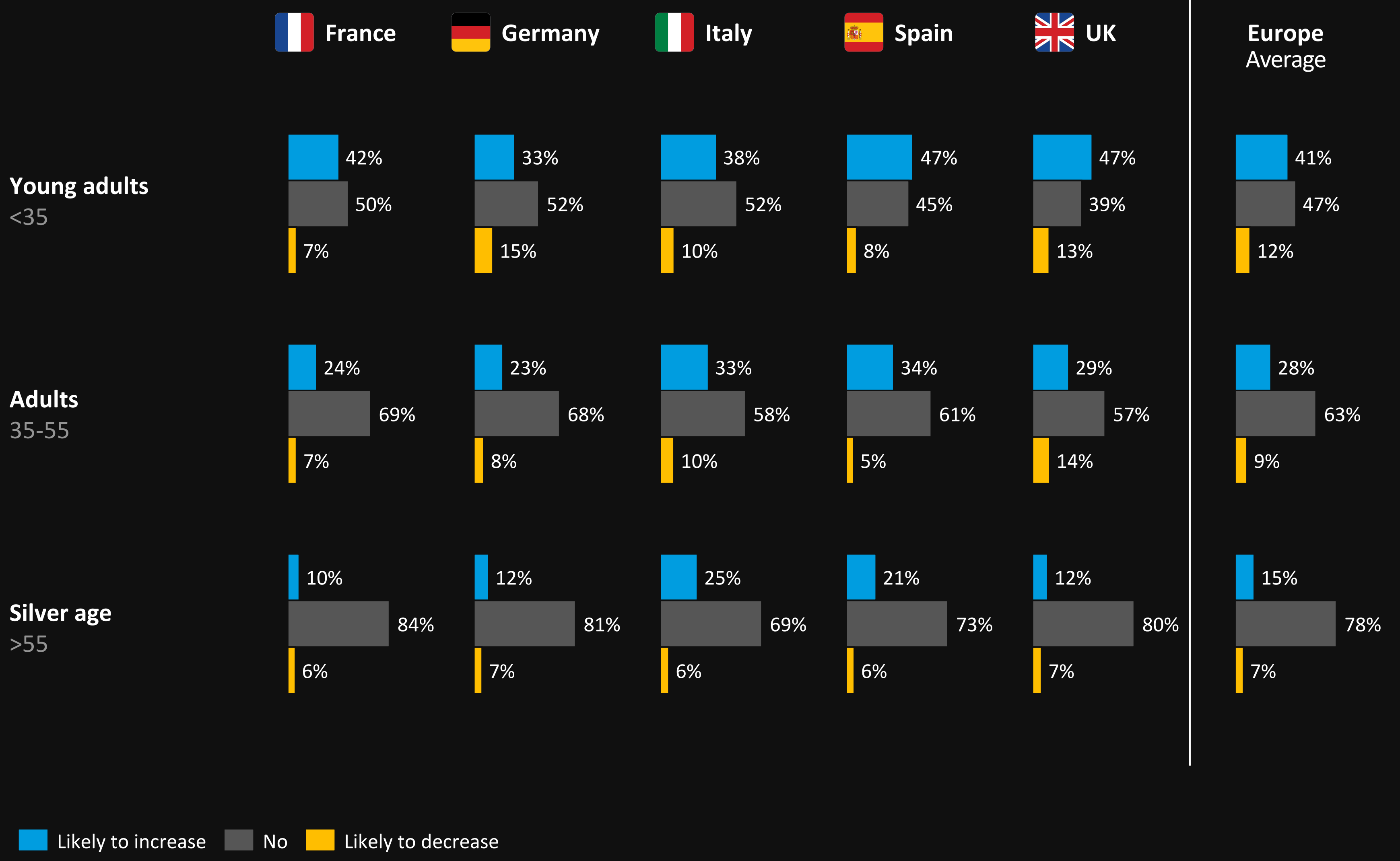


Source: Oliver Wyman Media Consumer Survey 2024.

VIDEO | DESPITE BEING ALREADY "HEAVY" CONSUMERS OF VIDEO SERVICES, YOUNGER GENERATIONS ARE SIGNIFICANTLY MORE LIKELY TO PURCHASE ADDITIONAL VIDEO SERVICES

Are you likely to increase or decrease your number of video services in the next 12 months?

% of respondents by age cluster, by country

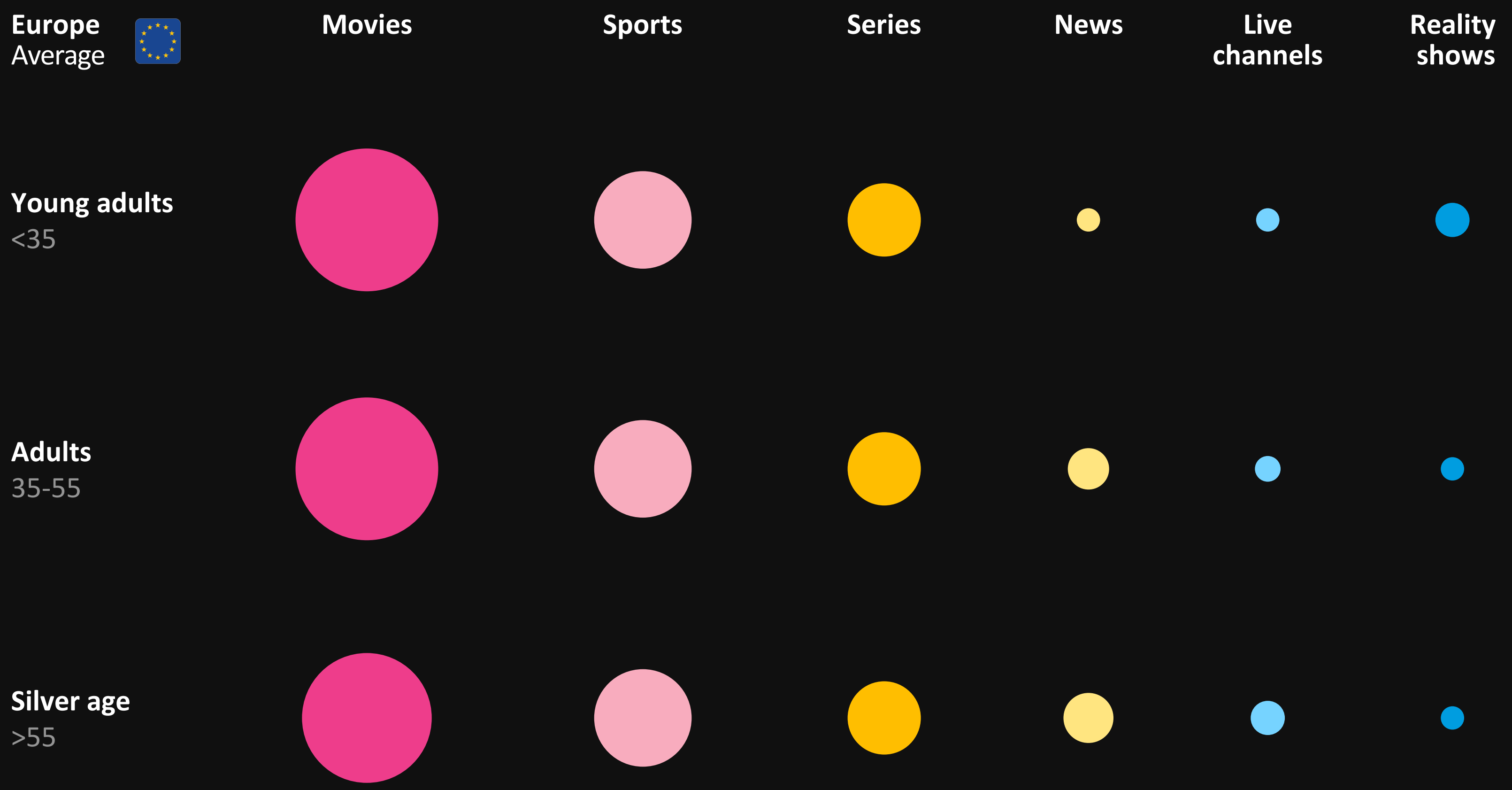


Source: Oliver Wyman Media Consumer Survey 2024.

VIDEO | MOVIES ARE THE MOST WATCHED VIDEO CONTENT FOR ALL AGES, WITH SPORTS FOLLOWING; NEWS MORE PREFERRED BY SILVER AGE

What type of content do you usually watch through video streaming services?

% of respondents ranking the content as top 1 watched, by age cluster

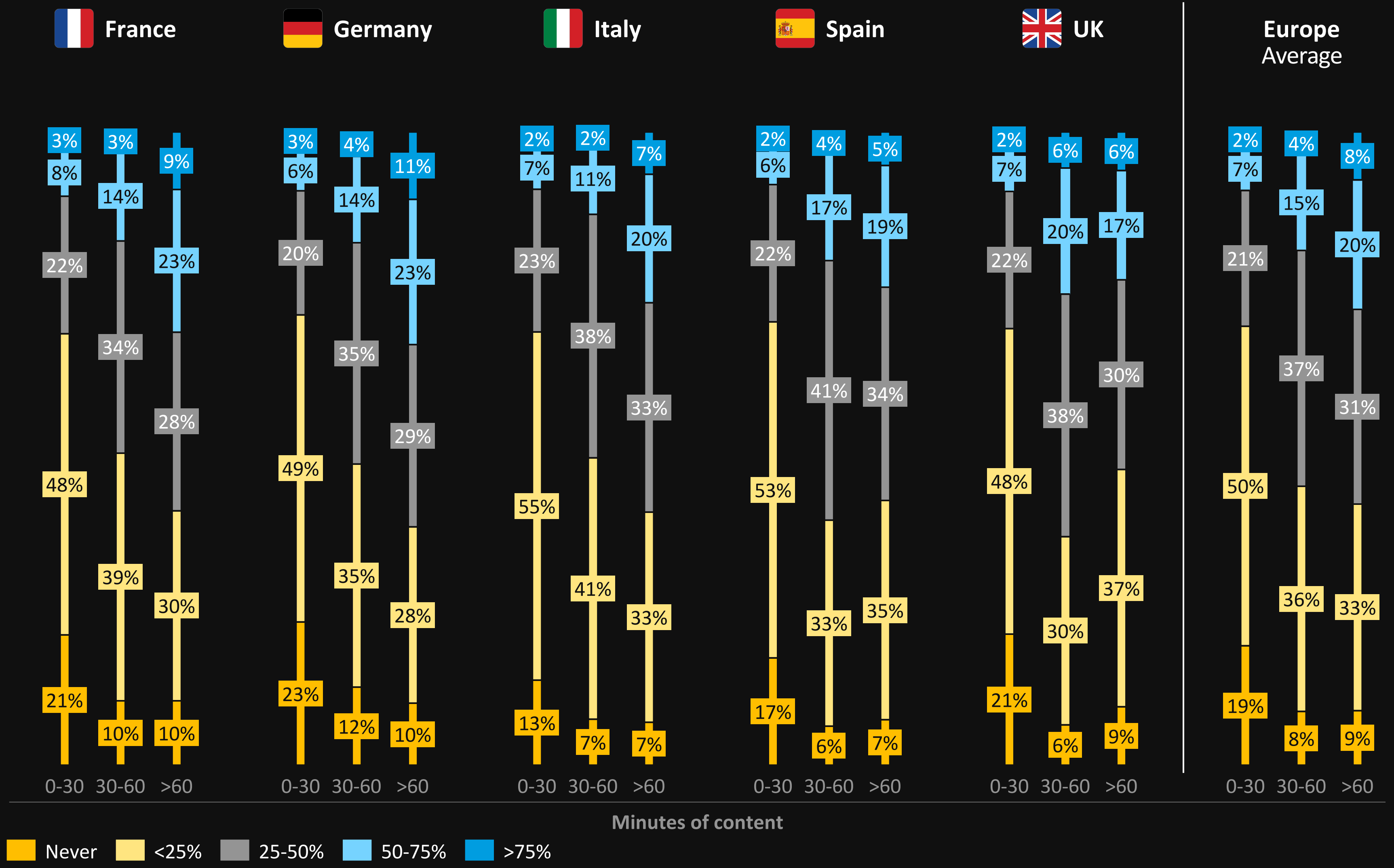


Source: Oliver Wyman Media Consumer Survey 2024.

VIDEO | LONGER FORMATS (60+ MINUTES) ARE THE MOST WATCHED ACROSS COUNTRIES, EXCEPT FOR THE UK, WHERE PEOPLE SPEND MOST OF THE TIME ON 30-60 MINUTES CONTENTS

How much of your time do you spend on the following formats, categorized by length of content?

% of time indicated by respondents for each format, by country



Source: Oliver Wyman Media Consumer Survey 2024.

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