

ABRIDGED VIEW

DIGITAL MEDIA SUBSCRIPTION ECONOMY
CONSUMER SURVEY

September 2019

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OBJECTIVE & METHODOLOGY

OBJECTIVE

This research explores consumer behavior and attitudes regarding the array of direct-to-consumer paid digital subscription offerings across numerous media sectors and genre. The research delves into consumer habits and perceptions including number of active subscriptions, consideration, spending, perceived value, usage, benefits and attitudes in order to understand the existing landscape and to provide forward-looking outlook for publishers. The findings offer a holistic view of how these subscriptions fit into a digital portfolio.

METHODOLOGY

- Online survey averaging 15 minutes
- 1,000 U.S. adults aged 18-79
- Fielded August 2019
- Qualifying respondents actively subscribed to at least one paid digital media subscription from a list of qualified services.
- Categories included movies, TV shows, live TV channels, sports, music/radio/podcasts, newspapers and magazines.
- DCN commissioned Seidmon Associates to conduct the research.

EXECUTIVE SUMMARY

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- The move from digital assets consumed *a la carte* (e.g., song downloads, free print content via the web) to paid *subscriptions* has been relatively rapid.
- The number of content providers entering the digital subscription space is vast (e.g., TV networks offering their own branded service; media conglomerates developing bundled video services comprised of their cachet brands; magazine publishers thinking differently about paywalls).
- With new players entering the fray seemingly each week, some are questioning how many individual subscriptions consumers can afford/value before they reach a breaking point – “subscription fatigue.”
- That said, pricing of many of the most popular digital streaming subscriptions – particularly video subscriptions – seems to be perceived as reasonable and affordable.
 - *Our study shows that value has not been compromised despite consumers subscribing to more than four unique digital media subscriptions on average.*
- The 40-year hegemony of video channels delivered via cable is being threatened by IP streaming competitors.
 - *Our study shows that video streaming providers significantly beat out MVP providers (cable/satellite/telco) in perceived value.*
- Audio and video streaming on the Internet has become a standard for much of the population.
 - This is due in part to faster connection speeds, improved Internet infrastructure and abundant content filling the pipeline.
 - *Our study shows that a considerable majority of digital media subscribers claim that they’ve grown comfortable streaming content.*
- With “direct access” to content via well-designed menus and keyword search (as opposed to the traditional platform of linear- scheduled programming) – not to mention accessibility from any sort of digital screen in any environment – the new standard for content is anything, anywhere, anytime.
 - *Our study shows that desire for control is the leading driver of consumers’ purchase of digital media subscriptions.*

KEY FINDINGS

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DEMAND

Digital media subscribers are **paying for a number of different services**, thus driving a burgeoning digital subscription marketplace.

- A majority of respondents receive digital subscriptions from more than one media category (e.g., movies/TV and sports).

PERCEIVED VALUE

Digital media subscription **value is high**.

- While the market is transitioning, with several big-brand streaming entrants like Disney+, Apple TV+ and HBO Max, **it doesn't appear that consumers are anywhere near reaching a tipping point** of "too much" spending or "too many" services.
- **Value is high no matter how much they spend, how many services they have, or how much they earn.**

Streaming subscription **value is driven more by video streaming services** than by live TV streaming, digital audio or digital print subscriptions.

- This value-topping source of entertainment is fueled, in part, by big-budget original productions with significant publicity. This drives "must have" status, Fear of Missing Out (FOMO) and, increasingly, routine bingeing behavior.

Digital streaming video services are handily beating conventional MVPDs (cable, satellite, telco) in perceived value.

- This corroborates and, perhaps, deepens the trend of cord-cutting in exchange for individual/unbundled uber-brand streaming services.
- **Value appears to be driven more by the economics** of choosing certain streaming services (e.g., deriving value for the money spent) than by wanting to shed cable due to a negative service image.

For those who continue to subscribe to cable, their driving reason is legacy – that they've always had it and are "used to it."

- That is a tenuous and vulnerable value proposition for cable providers and **bodes well for streaming providers.**

KEY FINDINGS

SPENDING

A majority of digital media subscribers are top-of-mind “unsure” of how much they spend on their digital subscriptions each month.

- This is another indicator that they have not yet reached a sense of over-spending.
- An average **\$54/month spend suggests there is room to add to their news/entertainment wallet.**
 - Many also pay for video and/or broadband MVPD (cable, satellite, telco), newspaper and/or magazine subscriptions, a la carte music purchases, live events and other sources of entertainment.

DRIVERS

Across the board, subscribers of all digital media types (video, audio, print) **prize their control** (direct, personalized, anywhere/anytime access) above everything else.

- **This is particularly true of video streaming; however, the virtues of audio streaming are more varied and broader than just control; content variety matters a lot.**

The prevalence of video bingeing (a manifestation of control) brings with it consumer frustration when complete seasons of what they want to watch aren’t available.

- **This instance often occurs when interacting with MVPD video-on-demand services and ad-supported sites/apps than with paid subscription providers (which tend to offer the full complement of episodes).**
- Nevertheless, the virtue of accessing complete seasons is a very important offering.

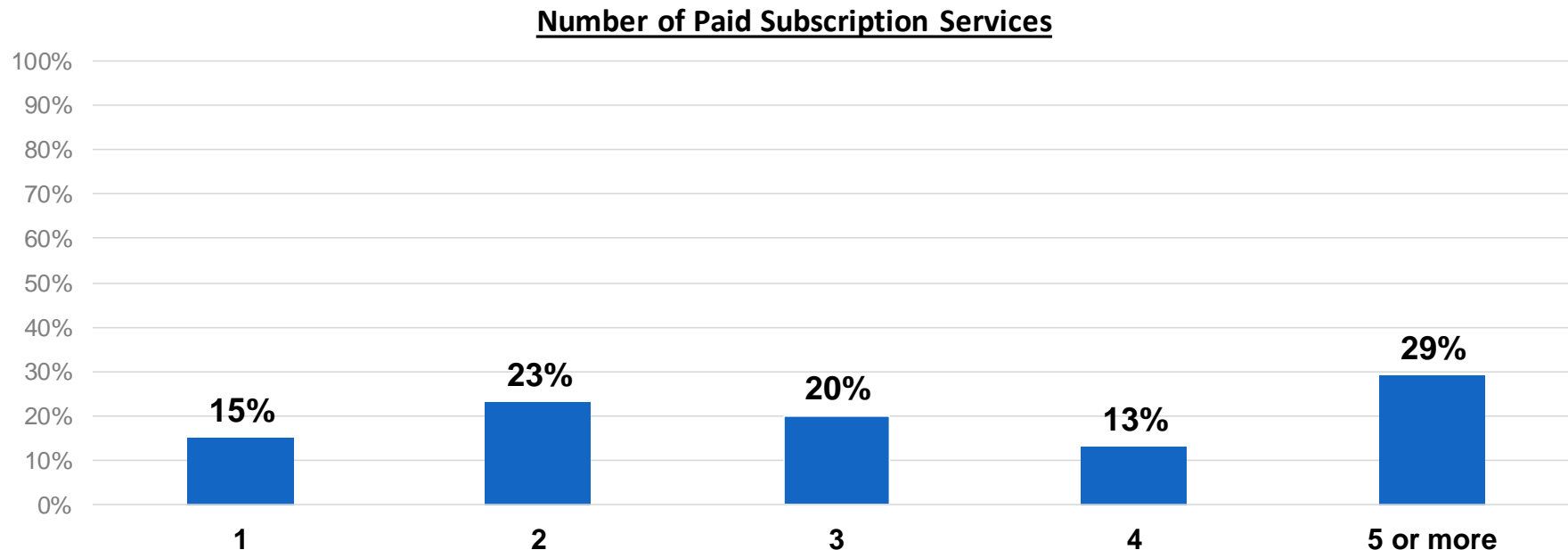
DETAILED FINDINGS

NUMBER OF SUBSCRIPTIONS

NUMBER OF PAID DIGITAL MEDIA SUBSCRIPTIONS

Q: Which of the following digital subscription services do you or anyone in your household currently pay to subscribe to? By subscribe we mean “pay for...it does not include sharing someone else’s password who lives elsewhere. If your company pays for your subscription, you can include that.

- **Subscribers reportedly receive, on average, 4.3 different digital media subscriptions.**
 - **The incidence of subscription by category:**
 - **99% receive at least one television subscription***
 - **98% receive at least one movies subscription***
 - **41% receive at least one music/radio/podcast subscription**
 - **25% receive at least one live TV subscription**
 - **21% receive at least one newspaper subscription**
 - **20% receive at least one sports subscription**
 - **14% receive at least one magazine subscription**



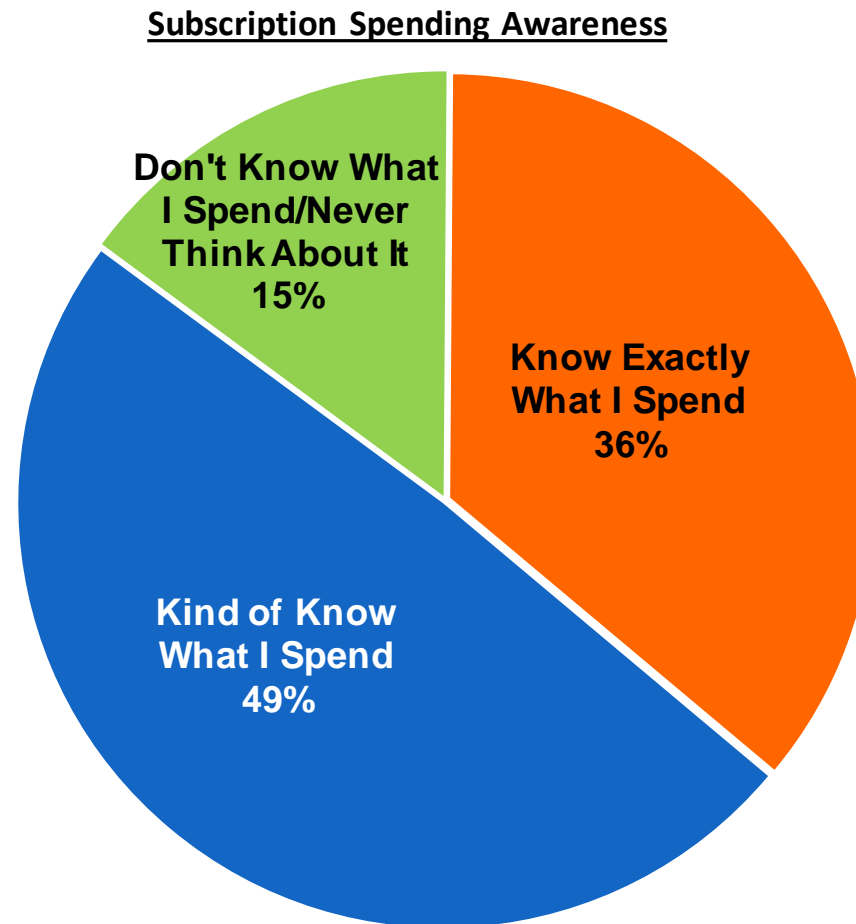
* Television includes services like Netflix – which offers TV shows and movies as well as “pure” TV services like PBS Passport;
Movies includes services like Amazon Prime – which offers movies and TV shows as well as “pure” movie services like Criterion Channel

SUBSCRIPTION SPENDING AWARENESS & VALUE

SUBSCRIPTION SPENDING AWARENESS

Q: Off the top of your head (without manually calculating), how aware are you of your total monthly spending for all of the digital subscription services you pay for? Please choose the statement that best describes you. I don't really know for sure what I spend altogether, I kind of know what I spend altogether, I know exactly how much I spend altogether, I never really think about it.

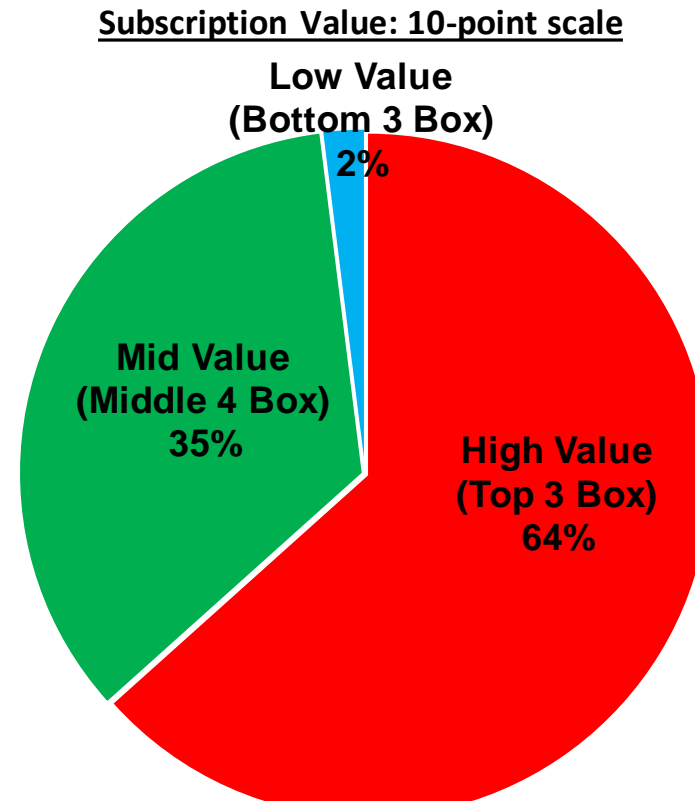
- Only one-third of subscribers (36%) are aware of what they spend each month on their digital media subscriptions (off the top of their head).



PERCEIVED VALUE OF TOTAL MONTHLY SPEND

Q: When you consider how much you spend altogether each month to receive digital subscription services, how would you rate the value you receive for the money spent for everything?

- Fully two-thirds of subscribers (64%) feel their subscription(s) offer high value.
- That value perception is consistent regardless of:
 - how many subscriptions they possess (as few as one or as many as a dozen).
 - how much they spend on digital media subscriptions (whether it's under \$30/month or more than \$100/month).
 - how much they earn annually (whether it's <\$50K or \$100K+).
- Only 2% perceive a low value.



QUANTIFIED SUBSCRIPTION SPENDING

SUBSCRIPTION USAGE

VIDEO STREAMING PERCEPTIONS

VIDEO STREAMING BENEFITS

PERCEIVED VALUE OF INTERNET STREAMING PROVIDERS VS. MVPD PROVIDERS

MUSIC/RADIO/PODCAST BENEFITS

DIGITAL NEWSPAPER & MAGAZINE BENEFITS

RECOMMENDATIONS

APPENDIX