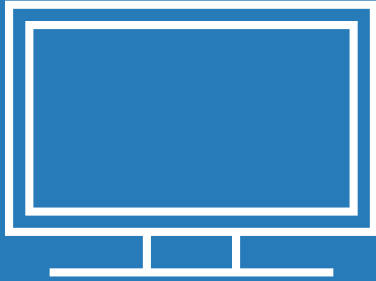


Faced with the subscription offerings of the streaming platforms, is there a 'Subscription Fatigue' from consumers?





Hello, I'm Pierre

This morning, I woke up at 7.30am!

My Daily routine is highly loaded and fragmented, Weekdays and weekends!



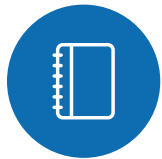
Watching TV remains my 1st activity

As for all my children counterparts around the world, after school and eating of course!



74%

Of the French kids aged 4 to 11 watch TV at least once a week.



10h54min

Is their total average watching time each week, they spend between 1h51min (Mondays, Tuesday, Thursdays, Fridays) to 2h22min (Saturdays, Sundays).



1/5th

At best of the French kids aged 4 to 11 watch TV at the same time.

Share of kids watching TV – France – December 2019 - Kids 4 to 11

Base: 100% of the kids watching TV

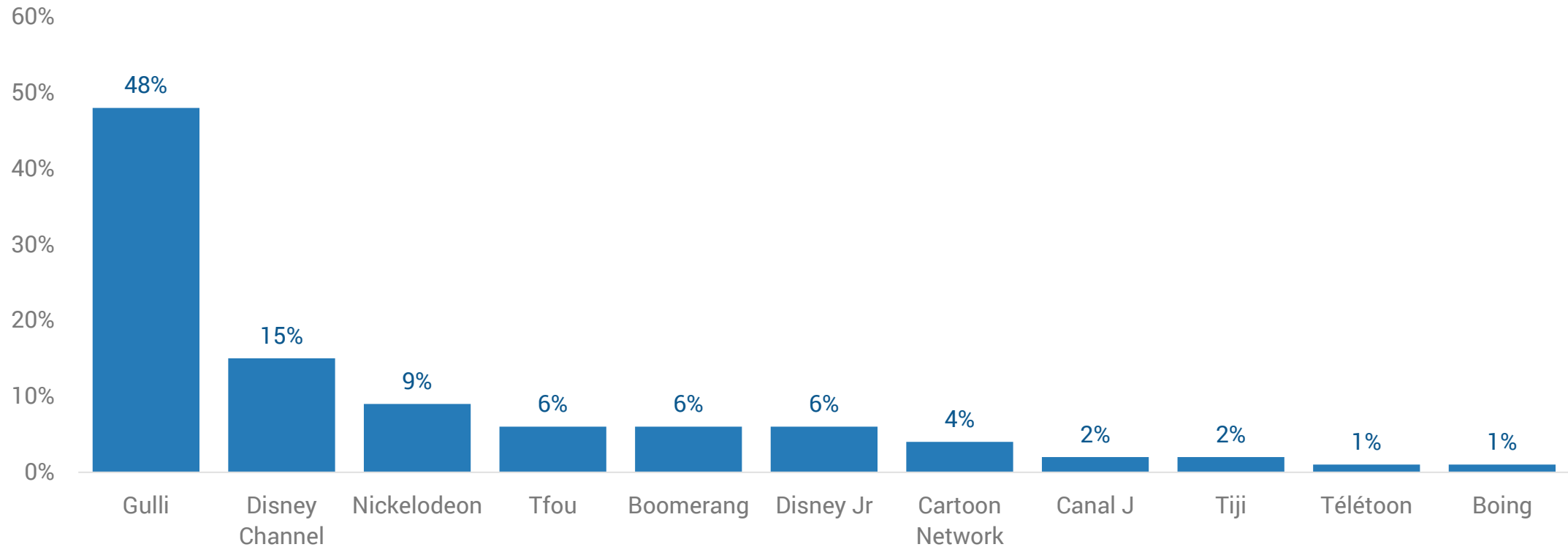
| | Monday | Tuesday | Wednesday | Thursday | Friday | Saturday | Sunday |
|-----|--------|---------|-----------|----------|--------|----------|--------|
| 8h | 4% | 4% | 7% | 4% | 3% | 8% | 8% |
| 9h | 5% | 5% | 12% | 5% | 5% | 15% | 15% |
| 10h | 9% | 7% | 15% | 8% | 8% | 18% | 20% |
| 11h | 9% | 9% | 16% | 9% | 9% | 22% | 22% |
| 12h | 4% | 3% | 6% | 5% | 5% | 7% | 7% |
| 13h | 8% | 7% | 11% | 7% | 7% | 11% | 12% |
| 14h | 6% | 5% | 10% | 5% | 6% | 12% | 13% |
| 15h | 4% | 5% | 11% | 5% | 5% | 10% | 11% |
| 16h | 5% | 6% | 10% | 7% | 6% | 11% | 13% |
| 17h | 16% | 15% | 15% | 13% | 14% | 16% | 17% |
| 18h | 18% | 17% | 17% | 18% | 18% | 19% | 20% |
| 19h | 13% | 13% | 12% | 13% | 13% | 13% | 12% |
| 20h | 18% | 18% | 19% | 19% | 19% | 19% | 17% |
| 21h | 12% | 12% | 12% | 12% | 16% | 19% | 12% |

While I favor Gulli ...

And to a lower extent Disney Channel

Favorite TV Channels – France – December 2019 - Kids 4 to 11

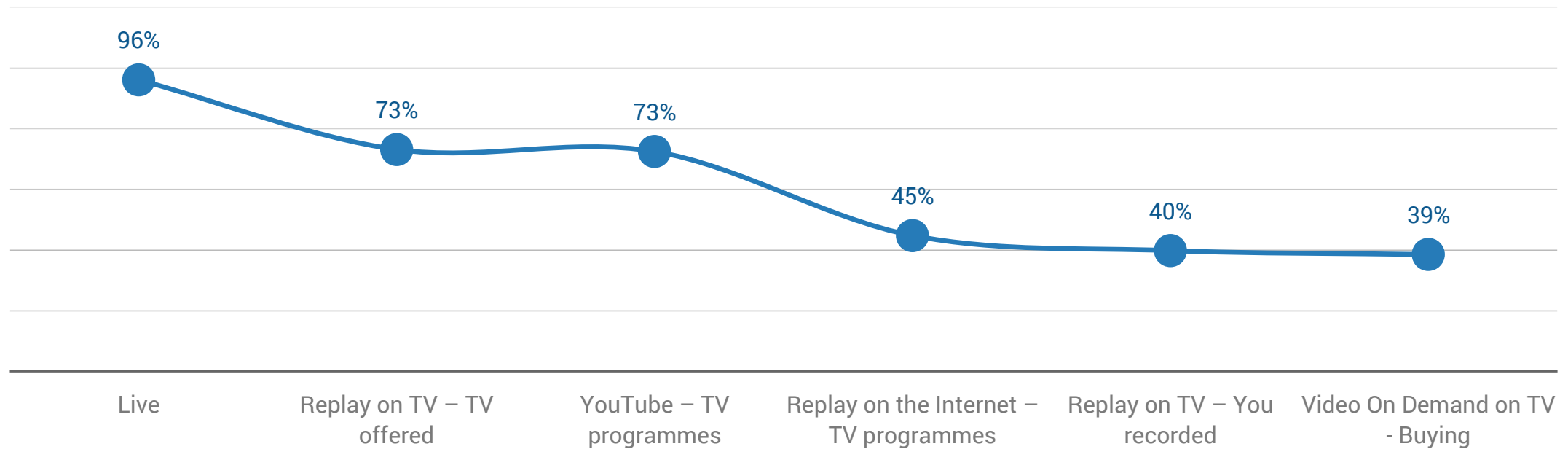
Base: 100% of the kids watching TV



... I also love VoD and YouTube!

Ways to Watch Television, Occasionally to Always – France – December 2019 - Kids 4 to 11

Base: 100% of the kids watching TV



THE BIG QUESTION

With the overwhelmed offerings in the streaming space, will there be a 'Subscription Fatigue' from consumers?



Agenda

Today's Presentation!

01

About the research

02

A fierce and intense competition

03

With plethora of offerings comes fatigue

04

How to act in such environment



About the research



Desk Research

01

Consulting firms

Activate Technology & Media Outlook 2020,
Deloitte Digital media trends survey, 13th edition

02

Market Research firms

Leichtman Research Group, Do The Right Film,
Parrot Analytics, Kidz Global (intro).

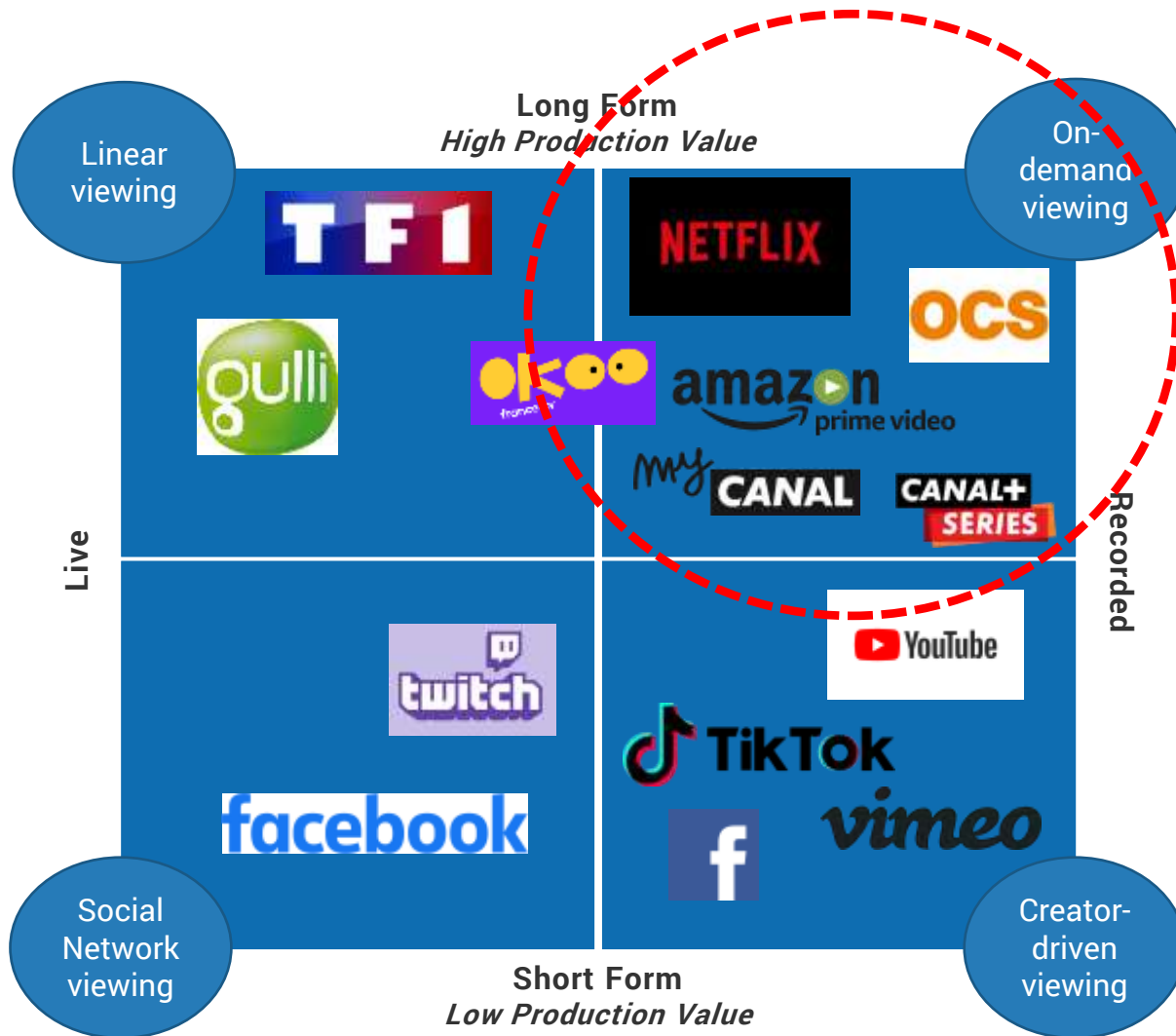
03

Prepared by

Alexis Daigremont, Philippe Guinaudeau, Isabelle
Hull.

Comprehend the landscape

The Video on Demand Market is segmented through dozens of platforms in France!



Our topic today

These also can be segmented by:

- **Business model:**
 - Transactional Video on Demand (TVOD)),
 - Subscription Video on Demand (SVOD),
 - Advertising Video on Demand (AVOD)),
- **Content:**
 - Pay-TV VOD,
 - Over-the-top (OTT),
 - Internet Protocol Television (IPTV))
- **Application:** Media & Entertainment, Education & Training, Health & Fitness, Live Events, and Sports
- **And by geography**

YouTube is the first source used by kids for watching video content

1

What The Consumer Wants

They want to choose their programme, when they want, where they want.

2

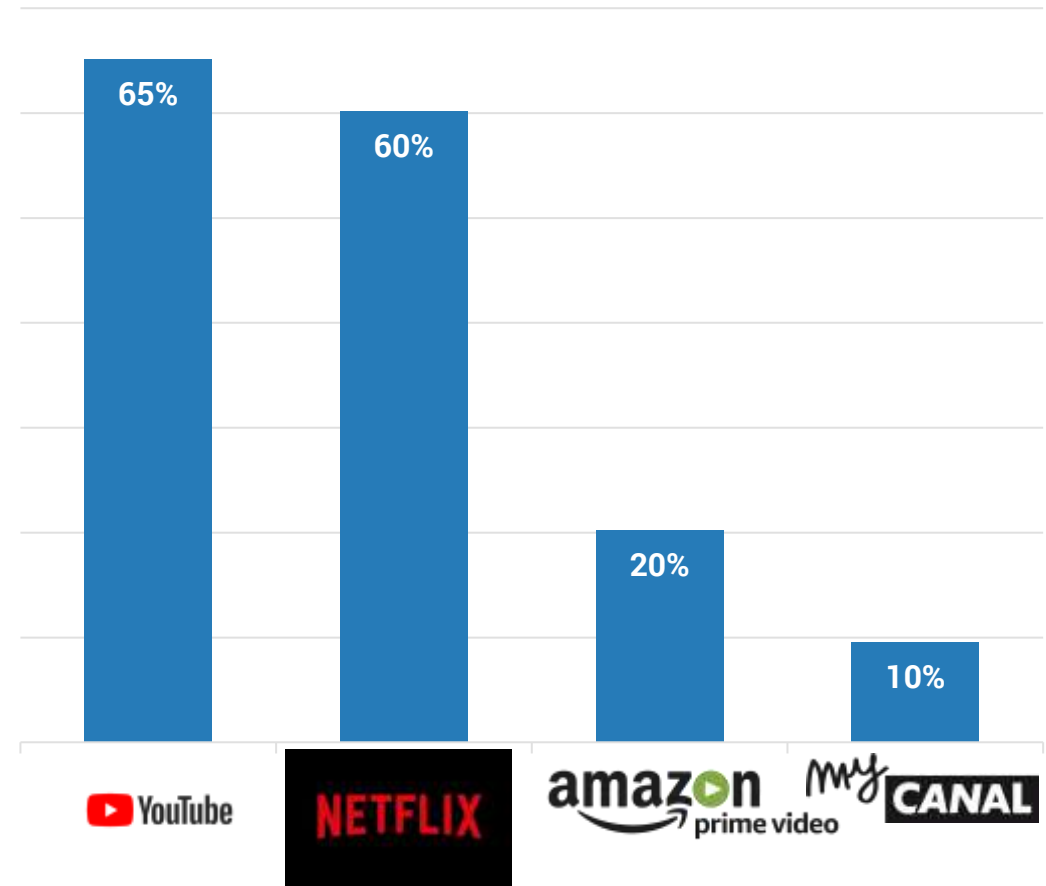
What YouTube Does Well for Kids

Content uploaded by traditional media companies vs. content from non-traditional media companies. Kids Entertainment represents 17% of the genres watched (vs. 24% for Music & Dance, and 20% for Entertainment).

3

What Netflix Does Well

Large library full of kids' content, made of a mix between licensed and original.



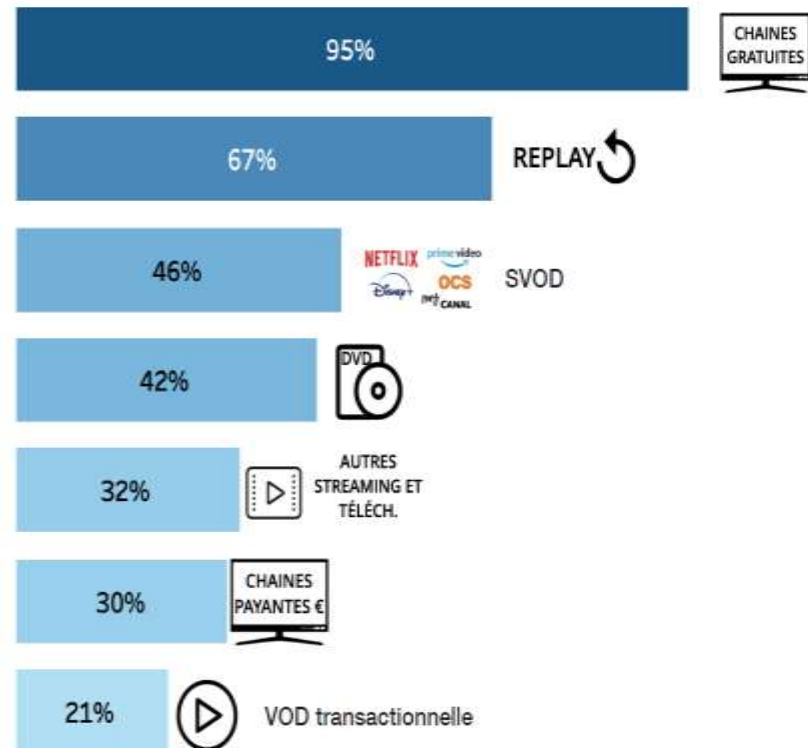


**A fierce and intense
competition!**

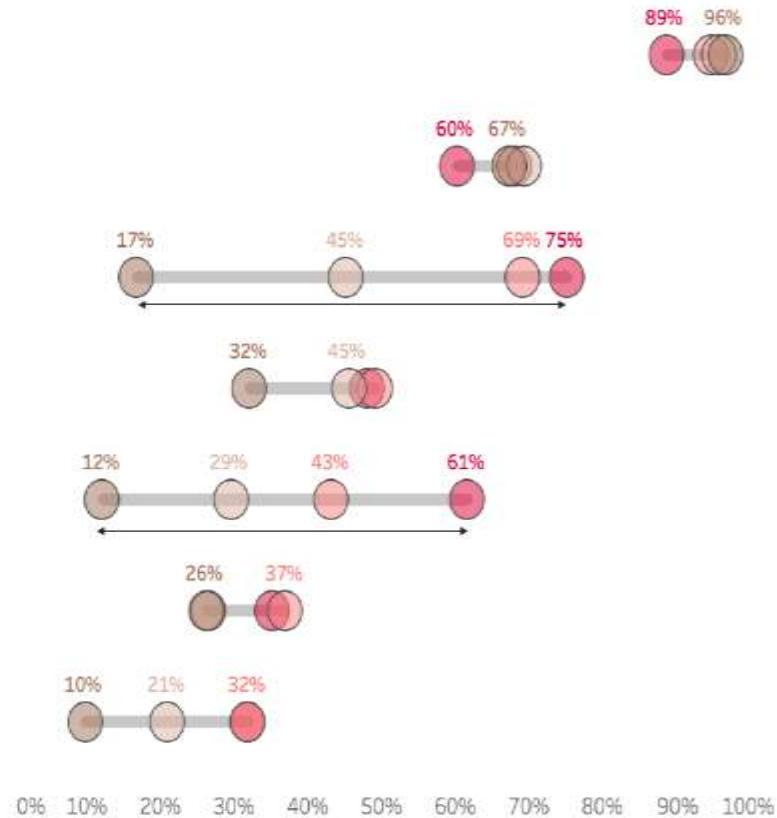
Streaming Access in France

Pénétration des différents modes d'accès pour regarder des films ou des séries TV

Après de l'ensemble des français



Selon l'âge



Streaming

Almost half of the French viewers access SVoD and are more popular with younger viewers



Lockdown

2/3 of the SVoD users increased their consumption during lockdown

Base : Ensemble des répondants (1.050 rep)

Question : Depuis le début de cette période de confinement, à quelle fréquence utilisez-vous ces différents modes d'accès pour regarder des films ou des séries TV ?



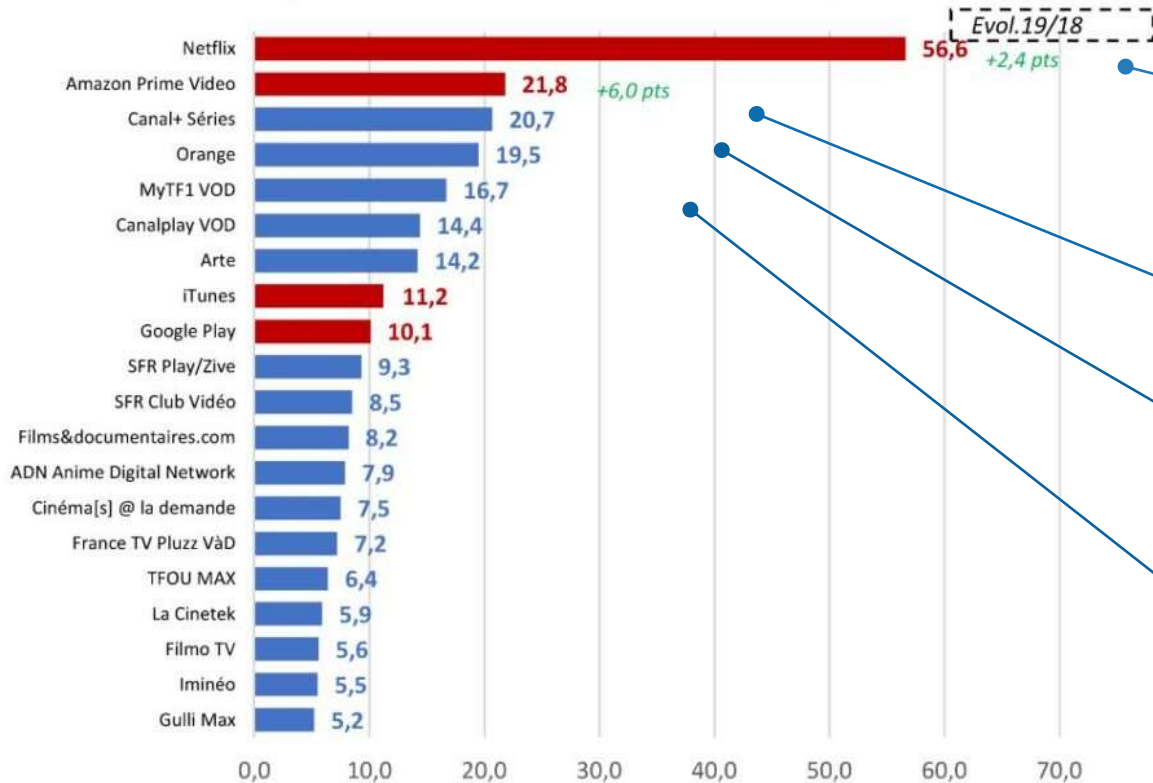
KIDZ GLOBAL



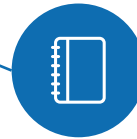
Netflix crushes the competition

In this very competitive market, Netflix dominates. It's simple: over half of French SVoD users subscribe to the service

Classement des plateformes de vidéo à la demande en septembre 2019 (% d'utilisateurs)



Offers the most extensive library: 3,867 contents (films, series, documentaries) and unlimited



Amazon Prime Video: 3,247 films, documentaries and series



Canal+ Series: 150 series



Orange: 587 films and series

Source : Harris Interactive et Vertigo - Internautes 15 ans et plus
 Base : internautes déclarant avoir payé pour visionner des films de cinéma ou des programmes TV en VàD.
 Méthodologie : chaque mois 1 000 internautes âgés de 15 ans et plus sont interrogés sur leur pratique en matière de VàD.
 plateformes étrangères.

And new streaming platforms keep coming.



Apple TV+



Disney+

And some others very soon (HBO Max, Peacock...)!

Notes:

- HBO Max is the streaming service of AT&T's WarnerMedia
- Peacock is the streaming service of Comcast's NBCUniversal

Fortunately, Disney + owns a solid catalog

Bringing together :



Disney



National Geographic



Pixar



Fox (The Simpsons)



Marvel



803 films, documentaries and series



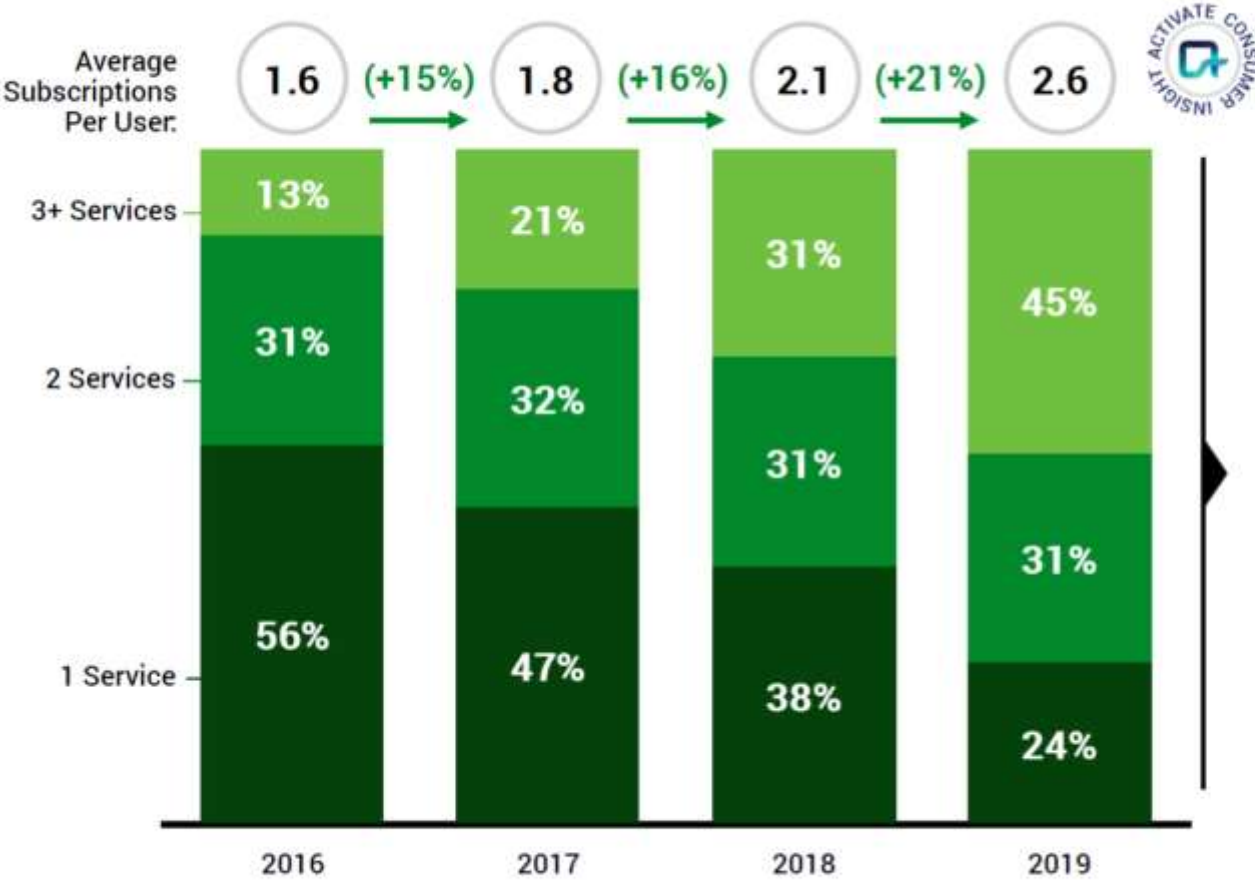
Lucas Films

The launch of Disney+ results in the deletion of its content from other competing platforms (such as Netflix and Amazon).

Parrot Analytics has found that the share of demand for Disney+ is up 7.5% in France since March 11, when the World Health Organization declared the Coronavirus a global pandemic.

Exponential push of additional paid video services per user

NUMBER OF PAID VIDEO STREAMING SERVICES PER USER, U.S., 2016-2019, % SUBSCRIBERS



We forecast that the average streaming subscriber will have **4.9 services by 2023**

The majority of US Homes Have a Video Streaming Service (74%) and 76% pay for more than one.

Digital video counts for 36% of the viewing time of adult Americans, increasing over traditional television.

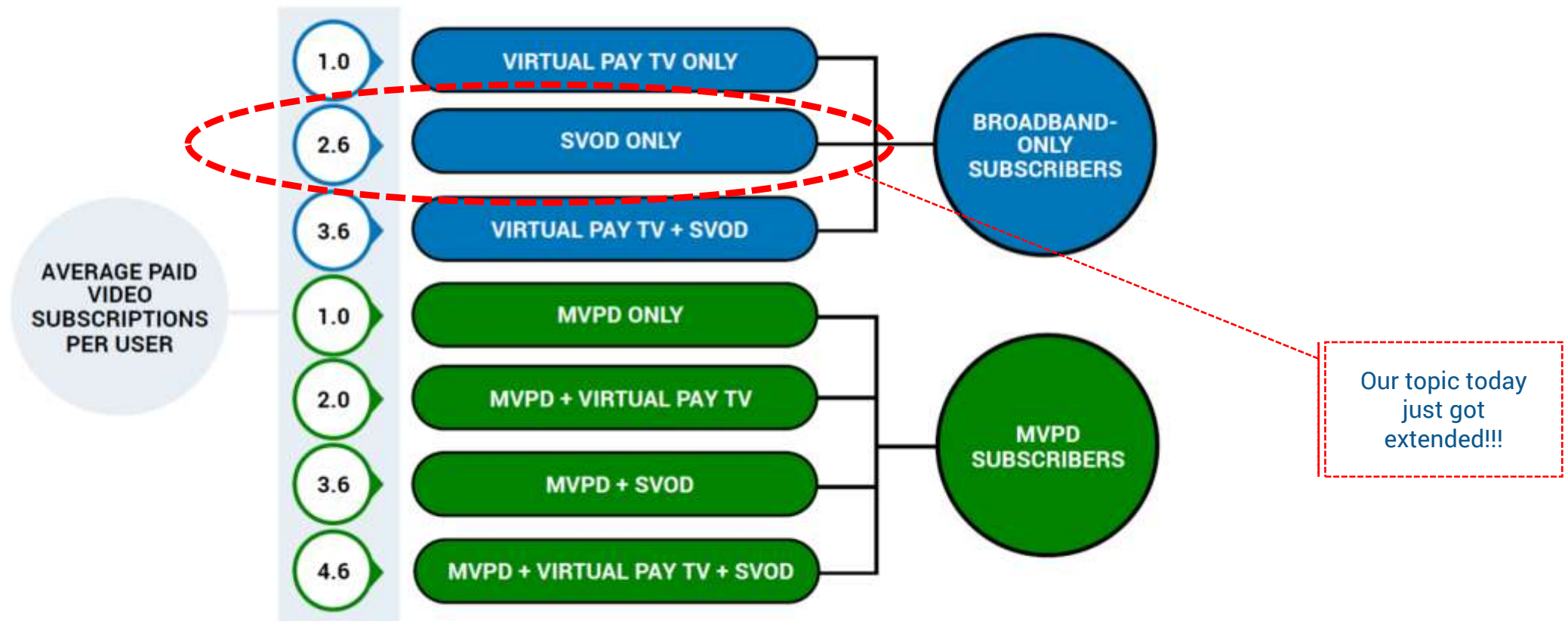
A man with dark curly hair and glasses is sitting at a desk, looking down at a computer monitor. He has a stressed or fatigued expression, with his hand resting on his forehead. The background is a blurred office environment. A semi-transparent blue horizontal band is overlaid across the middle of the image, containing white text.

With plethora of offerings comes fatigue!

Where this gets complicated

Consumers subscribe to multiple services to get the content they want (and this is only video!)

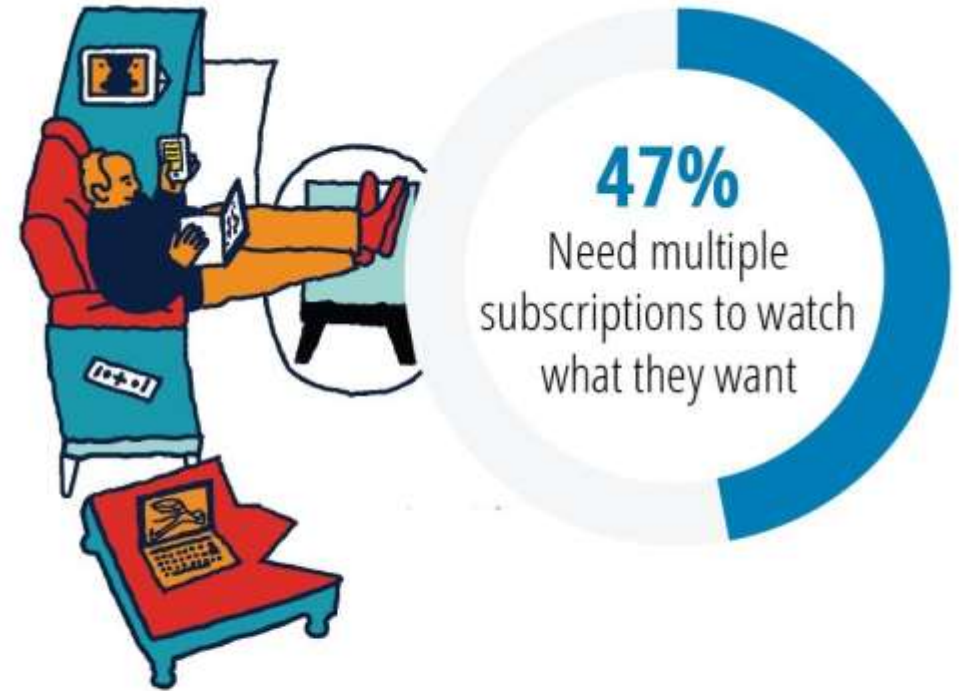
PAID VIDEO SUBSCRIPTIONS PER USER BY SUBSCRIBER SEGMENT, U.S., 2019, AVERAGE NUMBER SUBSCRIPTIONS



Top consumer frustrations with streaming services



Source: *Digital media trends survey, 13th edition.*



Source: *Digital media trends survey, 13th edition.*

43 %

of consumers give up if they can't find what they want to watch in a few minutes.

Consumers are increasingly frustrated by the:

Costs

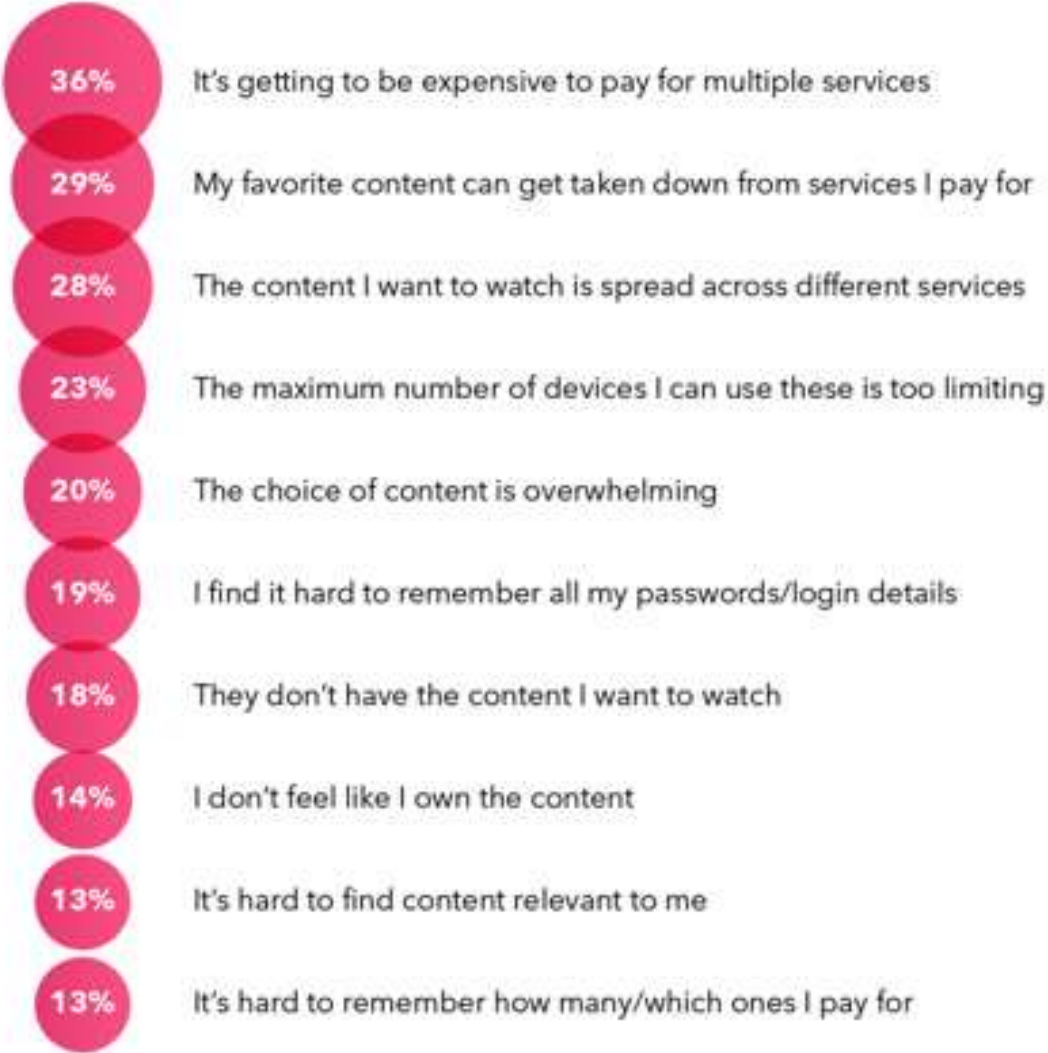
Complexity

effort required
(to watch what they want)

Consumers want choice but only up to a point

Costs Are Starting to Weigh on Consumers' Minds

% of internet users in the U.S. and UK who say they find subscription services frustrating for the following reasons:



Question: Thinking specifically about entertainment (music, movies, gaming, or books), what do you find frustrating about subscription services? Source: GlobalWebIndex April 2019 Base: 1,127 U.S. and 1,335 UK internet users aged 16-64



Fatigue is about \$

Amazing place to write a brief about this slide!

01

The industry embraced Auto Pay

Basically, the process allows a recurring credit card payment unless the consumer cancels. Cancellation is often a hassle, and inertia helps keep subscribers in the fold

02

Now CC and Banks offer Apps

Track the recurring payments and invite their members to drop some.

There are now third-party services like Truebill to help identifying unwanted subscriptions



Threats



Unsatisfaction vs. the initial promise to access their favorite content.



Cuts in expenses vs. limited used services, supported by financial tools.



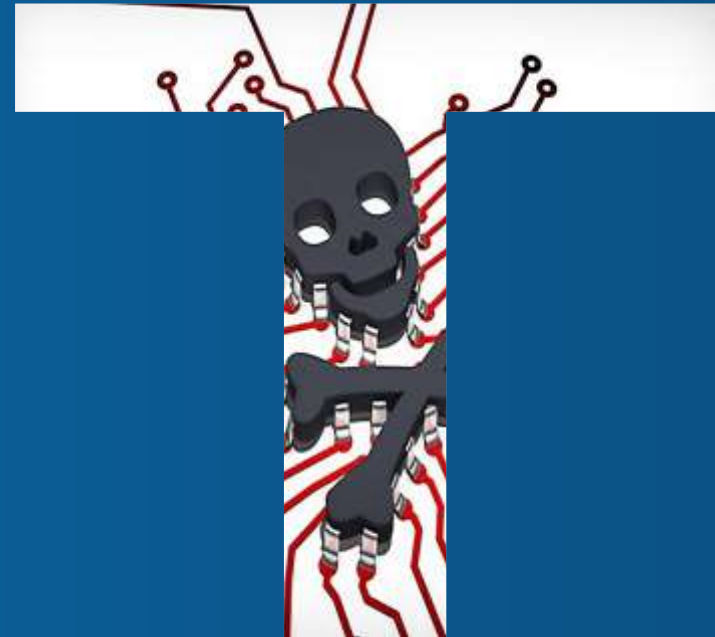
Consumer will consider content as items in a menu they pick in. And they will create their own bundles.



Consumers could be willing to engage with services that are supported by ads rather than subscriptions.



The entrance/development of other industry distributors (such as Apple TV+) is a threats on revenues

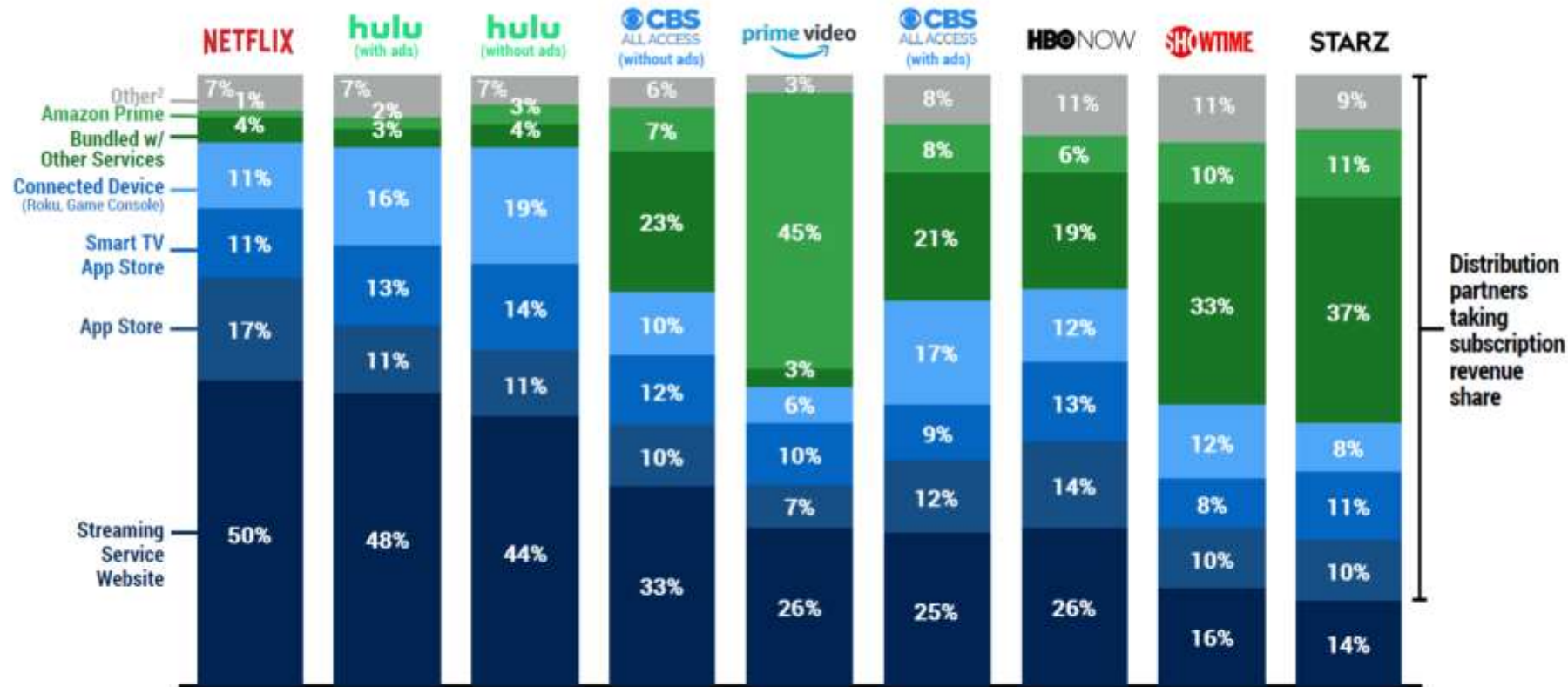


A person with dark hair, wearing a white t-shirt and dark pants, is sitting on a grey couch with dark pillows, viewed from behind. They are watching a large television mounted on a brick wall. The TV screen shows a map of the world with several red triangles indicating specific locations. The room has a rustic feel with a brick wall and a dark wooden coffee table in front of the couch. A small white bottle and a dark vase with a plant are on the coffee table. A blue semi-transparent banner is overlaid across the middle of the image, containing the text.

How to act in such environment?

Streaming services will need to partner with distributors for subscriber acquisition

SUBSCRIBER ACQUISITION SOURCE BY STREAMING SERVICE¹, U.S., 2019, % SUBSCRIBERS



Opportunities



Survey your consumers, to provide them a unique experience (and brand affinity) tailored to the device they will use to connect.



Create story continuations, so you keep engaging consumers at the point they past left you.



Fight to acquire and retain, through bundles and/or cross-overs.



Offer branded exclusive content through multiple distributors.



THANK YOU FOR YOUR TIME

Philippe Guinaudeau

M : +33 6 7786 6720

E : philippe.guinaudeau@kidzglobal.com

