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VIDEO ENTERTAINMENT OVERVIEW

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17° FORUM EUROPEO DIGITALE

COVID-19 – ACCELERATING INTERNATIONAL DIGITAL CONTENT CHANGE BEYOND LOCKDOWN

| Accelerating wider OTT service uptake & usage

| Diversification of viewing across different business models

- Transactional, SVoD, Broadcaster VoD, AVoD
- Discovery of new genres/services/platforms
- New users, across wider demographics

| Stimulating alternative release strategies, production & working practices

| Proof of broadband network resilience & increased familiarity of device capabilities

| All leading to diversification, fragmentation & increased customer choice

- Perfect scenario for super-aggregation?

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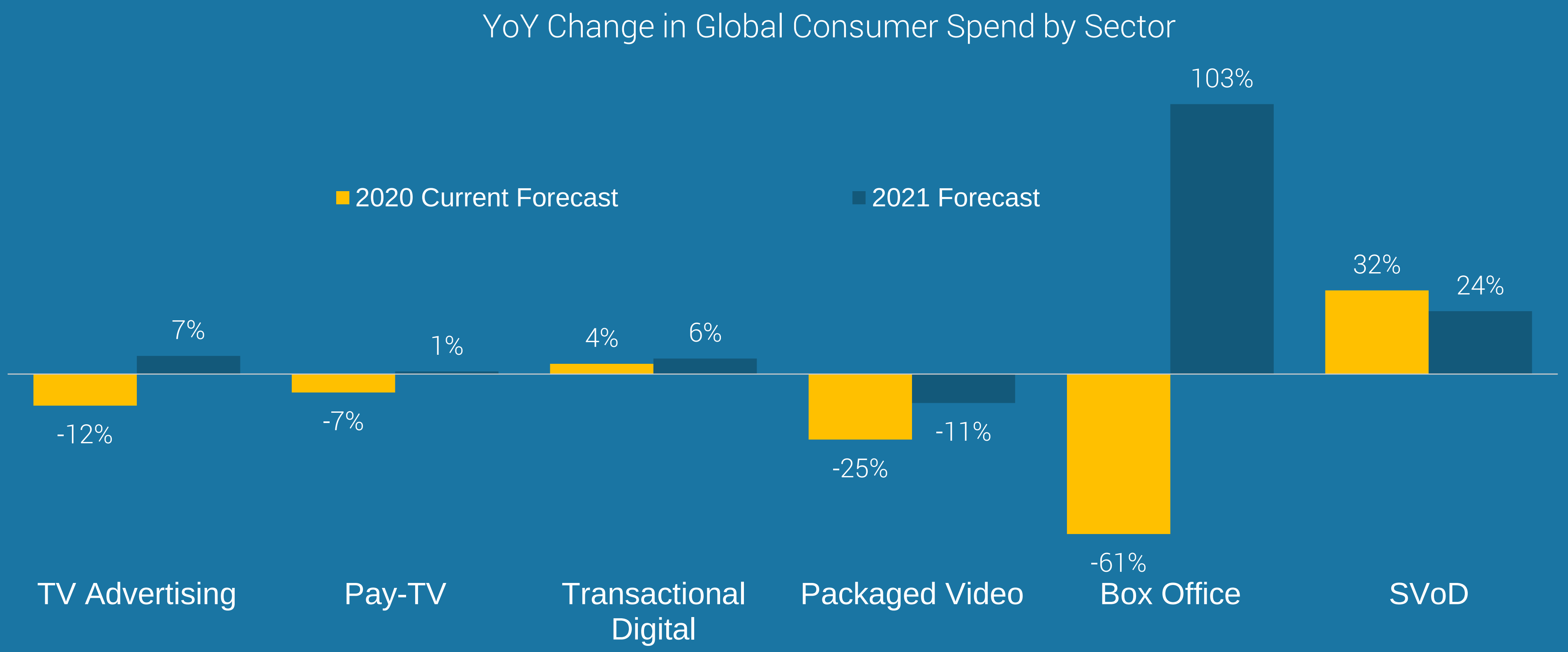
A MIXED GLOBAL OUTLOOK FOR VIDEO CONSUMER SPEND



Booming H1 in SVoD & transactional countered by challenging H2 (slate), but Covid set to boost longer term forecast

TV advertising challenging, across linear & BVoD

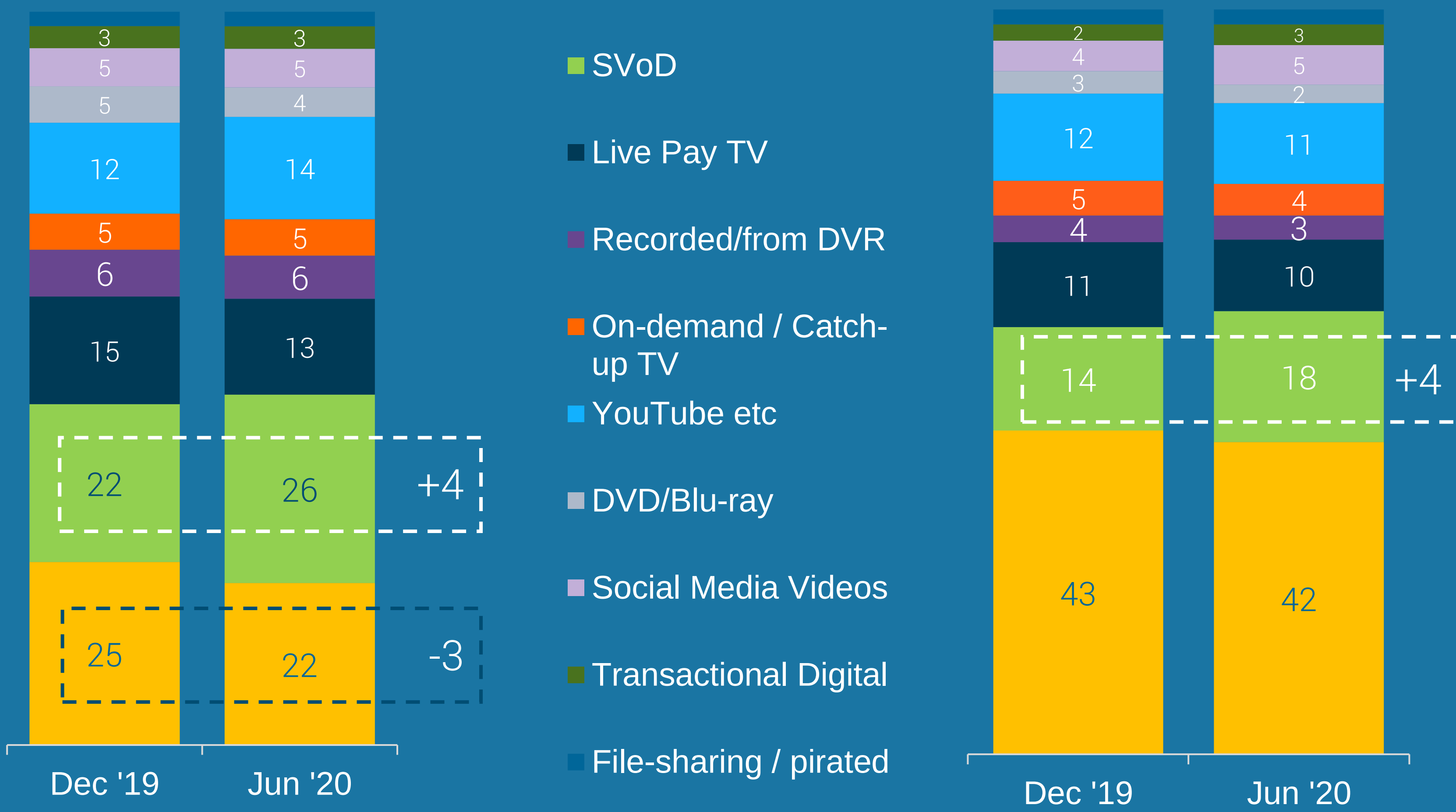
SVoD VIEWING BIGGEST WINNER IN H1 '20, SLOWDOWN IN H2?

100 Hours of Personal Video Viewing

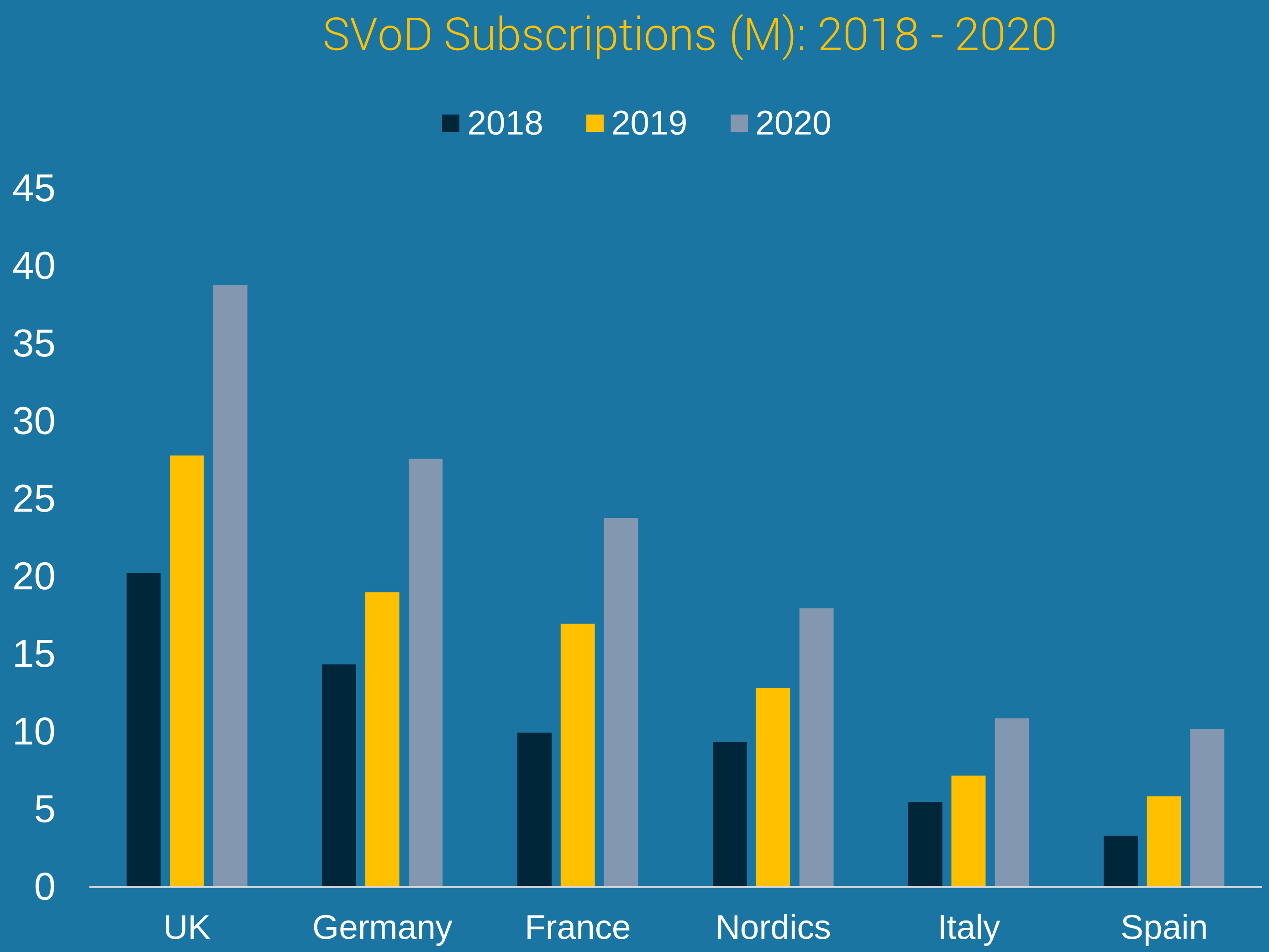
Breakdown of All Respondents

Total USA OTT Viewing: 55%
(49% Dec '19)

Total Italy OTT Viewing: 43%
(39% Dec '19)



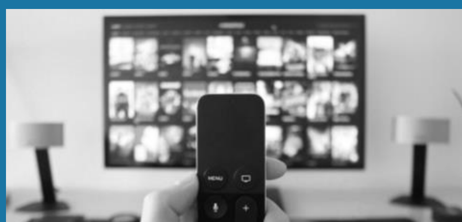
STRONG SVoD MOMENTUM IN '19 CONTINUES INTO '20 – ITALIAN GROWTH IMPRESSIVE



Growth YoY	2019	2020
UK	38%	40%
Germany	32%	45%
France	71%	40%
Nordics	37%	40%
Italy	31%	51%
Spain	77%	74%

Note: 2020 data remains estimates

TV ADVERTISING DYNAMICS RAPIDLY CHANGING



1. Rise of premium SVoD, Ad-free viewing
   - Largest growth sector, booming in 2020 & lockdown

2. Evolution of Addressable TV as connectivity soars
   - Local innovation driving sector towards tipping point
   - Ads can be inserted into standard linear broadcast

3. New Wave of AVoD
   - Slotting into OTT viewers' schedules?

NEW WAVE OF AVOD SERVICES BOOMING, INTERNATIONAL GROWTH NEXT

Leading AVoD Service MAUs Millions: Worldwide

Service	MAUs (m)		Date	Markets
The Roku Channel	43		*Jun '20*	*Mainly USA, plus UK*
pluto tv	33	*26.5m US 6.5m In'tl*	*Jun '20*	*USA, CA, GAS, Lat AM, UK*
tubi Free Movies & TV	33		*Aug '20*	*USA, CA, GAS, Lat AM, UK*
Crackle popcornflix MOVIES. TV. FREE.	30		*Mid '20*	*60+ countries WW*
XUMO	24		*Early Sept '20*	*USA, CA, FR, DE, IT, ES, BR, MX*
peacock	15		*Sept '20*	*USA only*

Also: IMDB TV (US only), Rakuten TV (Europe focus), Vudu (US only)

Note: Roku Channel & Peacock MAUs include paid-for subscriptions

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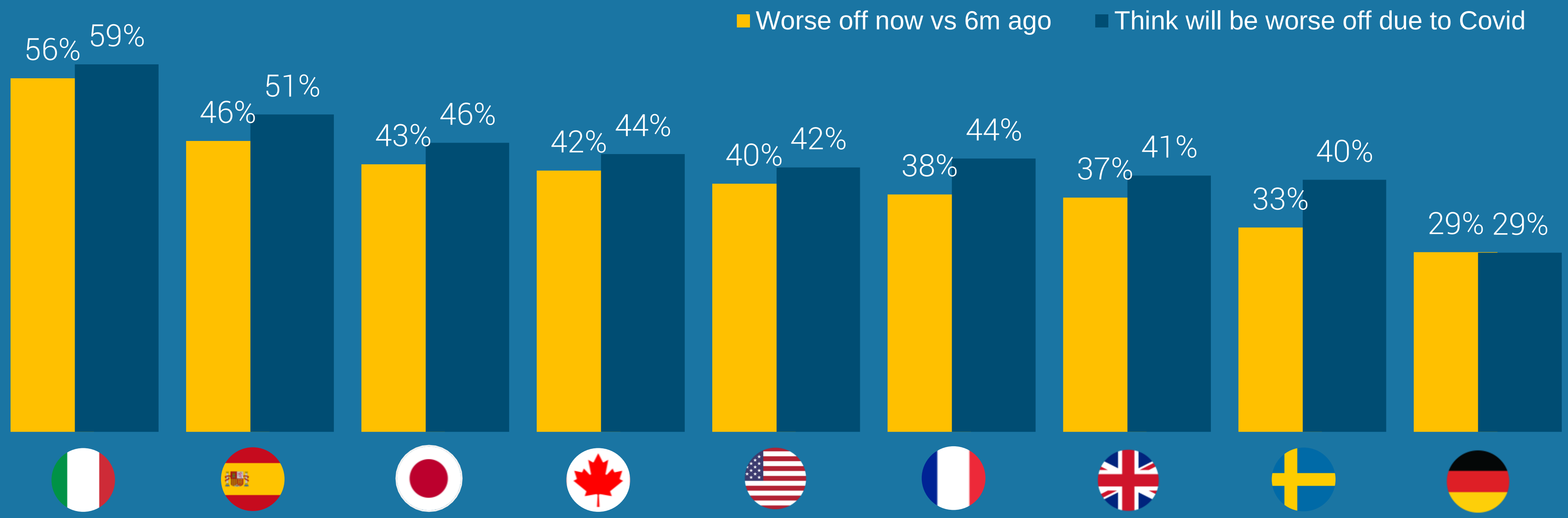
ITALIANS FEEL MOST FINANCIALLY IMPACTED BY COVID – GERMANS LEAST

% of Total Respondents who say they are somewhat or Significantly Worse off Financially: June/July 2020

Base: All Respondents



There is a notably different sentiment by country of those who feel they will be worse off financially due to Covid.

There are no major differences by age, although proportionally more 36-45s think they will be worse off, with the opposite true amongst 16-18's and over 65's

Source: Futuresource Living With Digital Wave 20 July 2020

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SUMMARY

- Diversification and Fragmentation of viewing continues, accelerated in 2020

- Addressing the youth audience is a key challenge for the broadcast industry.
  - Under 40% of video content viewed by 16-25's is broadcaster sourced in Italy

- IP delivery is driving continued globalisation of viewing in Europe – challenge for local players

- But Broadcaster VoD evolution will continue, with equal focus on live streaming/simulcast & on-demand/catch-up/library viewing

- Challenging 2021 ahead; production delays, recession, ad softness, service surfing

- Yet a creators/sellers market for content as thirst for more content continues

About Futuresource

Futuresource Consulting is a specialist research and knowledge-based consulting company with a heritage stretching back to the 1980s.

Its insight and global market coverage are based on informed regional expertise, ensuring its portfolio of world-class clients is fully supported in research, analysis, strategic planning and decision making.

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Talk to us...

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