Is Streaming Video Enough for the Modern Era?

Presented by: Kevin Downs, US Telecom, Media & Entertainment Sector Specialist
About Deloitte’s Digital Media Trends Survey

- This is the Digital Media Trends, 16th edition, conducted by Deloitte’s Technology, Media and Telecommunications (TMT) practice.

- The survey provides insight into how people in the US, ages 14 and above, are interacting with myriad entertainment and media options—including streaming video, gaming, and social media.

- The US survey was fielded by an independent research firm in December 2021 and employed an online methodology among 2,000 US consumers. All data is weighted back to the most recent Census data to give a representative view of consumer sentiment and behaviors.

- The survey was also fielded in the UK (n=1002), Germany (n=1002), Brazil (n=1000), and Japan (n=1000) in December 2021 and January 2022. All data from the global markets is weighted to be nationally representative.

- For meaningful changes, we look for differences in year-over-year tracking and generations of at least five percentage points.
Generation Z
BORN 1997-2007
Age range 14-25

Millennials
BORN 1983-1996
Age range 26-39

Generation X
BORN 1966-1982
Age range 40-56

Boomers
BORN 1947-1965
Age range 57-75

Matures
BORN 1946 AND PRIOR
Age range 76+
Younger generations are driving churn for paid streaming video services
Churn for paid streaming video services remains high in the US—especially among younger generations

Changes to paid streaming video services (% US consumers)

- **Total**: 24% added, 33% both added and cancelled, 4% cancelled
- **Gen Z**: 24% added, 46% both added and cancelled, 5% cancelled
- **Millennials**: 28% added, 49% both added and cancelled, 3% cancelled
- **Gen X**: 26% added, 36% both added and cancelled, 4% cancelled
- **Boomers**: 20% added, 12% both added and cancelled, 5% cancelled
- **Matures**: 11% added, 15% both added and cancelled, 5% cancelled

In all the countries, churn is higher among younger generations.

Churn of paid streaming video services in the last six months (% consumers)

<table>
<thead>
<tr>
<th>Country</th>
<th>Generation Z</th>
<th>Millennials</th>
<th>Generation X</th>
<th>Boomers + Matures</th>
</tr>
</thead>
<tbody>
<tr>
<td>US</td>
<td>51</td>
<td>52</td>
<td>40</td>
<td>17</td>
</tr>
<tr>
<td>Brazil</td>
<td>42</td>
<td>46</td>
<td>35</td>
<td>28</td>
</tr>
<tr>
<td>Germany</td>
<td>55</td>
<td>54</td>
<td>28</td>
<td>13</td>
</tr>
<tr>
<td>UK</td>
<td>50</td>
<td>44</td>
<td>25</td>
<td>13</td>
</tr>
<tr>
<td>Japan</td>
<td>29</td>
<td>28</td>
<td>20</td>
<td>12</td>
</tr>
</tbody>
</table>

Younger generations are also prone to canceling and then resubscribing

<table>
<thead>
<tr>
<th>Country</th>
<th>Generation Z</th>
<th>Millennials</th>
<th>Generation X</th>
<th>Boomers + Matures</th>
</tr>
</thead>
<tbody>
<tr>
<td>US</td>
<td>35</td>
<td>38</td>
<td>28</td>
<td>7</td>
</tr>
<tr>
<td>Brazil</td>
<td>42</td>
<td>39</td>
<td>31</td>
<td>21</td>
</tr>
<tr>
<td>UK</td>
<td>44</td>
<td>33</td>
<td>23</td>
<td>6</td>
</tr>
<tr>
<td>Germany</td>
<td>38</td>
<td>34</td>
<td>16</td>
<td>6</td>
</tr>
<tr>
<td>Japan</td>
<td>24</td>
<td>20</td>
<td>11</td>
<td>4</td>
</tr>
</tbody>
</table>

In the US, access to content is driving subscriptions more strongly than cost and user experience.

<table>
<thead>
<tr>
<th>Top 3 reasons consumers subscribe to a paid streaming video service (% US SVOD subscribers)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Content</strong></td>
</tr>
<tr>
<td>To watch new, original content produced by the streaming video service</td>
</tr>
<tr>
<td>To watch a broad range of content</td>
</tr>
<tr>
<td>To watch content related to my interests not available anywhere else</td>
</tr>
<tr>
<td>To watch previously released content not available anywhere else</td>
</tr>
<tr>
<td>To watch content appropriate for children</td>
</tr>
<tr>
<td>To watch live sports content</td>
</tr>
<tr>
<td>To watch content related to gaming and esports</td>
</tr>
<tr>
<td><strong>Cost</strong></td>
</tr>
<tr>
<td>The subscription cost was low enough</td>
</tr>
<tr>
<td>It offered a free trial or discounted rate</td>
</tr>
<tr>
<td>It shows ads to reduce the overall cost</td>
</tr>
<tr>
<td><strong>Experience/brand</strong></td>
</tr>
<tr>
<td>It provides an ad-free viewing experience</td>
</tr>
<tr>
<td>I prefer the brand</td>
</tr>
<tr>
<td>It has a great interface and user experience</td>
</tr>
<tr>
<td>It has a co-viewing feature that enables me to watch content with others</td>
</tr>
</tbody>
</table>


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Price increases and lack of new content are why US consumers cancel.

Top 3 reasons consumers cancel a paid streaming video service (% US subscribers who cancelled):

- It was too expensive: 41%
- The free trial or discount ended: 30%
- A lack of new content I am interested in watching: 30%
- To replace it with a new paid subscription service: 28%
- I finished watching the show, or series, that led me to subscribe in the first place: 27%

In the US, frustration with streaming video services is high

- 71% are frustrated when content they want to watch is no longer available on their streaming video services.
- 63% get frustrated when streaming video services make it difficult to cancel their subscription.
- 57% find it harder to find the content they want to watch when content is spread across multiple streaming video services.
- 57% are frustrated that they must have multiple subscriptions to access the streaming video content they want to watch.
- 55% get frustrated when content recommendations on video streaming services are not relevant to them.
- 51% tend to abandon the search if they can’t find something to watch on a streaming video service within a few minutes.

How can SVOD providers retain subscribers?
Across the countries we surveyed, more than half would favor an ad-supported streaming video service.

### Consumer preference for a new streaming video service model (% consumers)

<table>
<thead>
<tr>
<th>Plan Description</th>
<th>US</th>
<th>UK</th>
<th>Germany</th>
<th>Brazil</th>
<th>Japan</th>
</tr>
</thead>
<tbody>
<tr>
<td>12 minutes of ads per hour / no monthly fee</td>
<td>34</td>
<td>44</td>
<td>41</td>
<td>34</td>
<td>55</td>
</tr>
<tr>
<td>Six minutes of ads per hour / monthly fee ($6/£5/€6/R$20/750 Yen)</td>
<td>25</td>
<td>17</td>
<td>21</td>
<td>26</td>
<td>15</td>
</tr>
<tr>
<td>No ad / monthly fee ($12/£10/€12/R$40/1,500 Yen)</td>
<td>41</td>
<td>39</td>
<td>38</td>
<td>40</td>
<td>30</td>
</tr>
</tbody>
</table>


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Getting more value for the money could keep some consumers from canceling their service

Service offerings that may keep consumers from canceling the service (% consumers)

<table>
<thead>
<tr>
<th>Offerings</th>
<th>Global</th>
<th>US</th>
<th>UK</th>
<th>Germany</th>
<th>Brazil</th>
<th>Japan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Access to first-run movies</td>
<td>36%</td>
<td>37</td>
<td>25</td>
<td>32</td>
<td>57</td>
<td>24</td>
</tr>
<tr>
<td>Access to a loyalty program that offers discounts on other services and products I want</td>
<td>32%</td>
<td>34</td>
<td>34</td>
<td>27</td>
<td>46</td>
<td>20</td>
</tr>
<tr>
<td>Access to another gaming, music or video streaming service</td>
<td>31%</td>
<td>33</td>
<td>26</td>
<td>20</td>
<td>43</td>
<td>28</td>
</tr>
<tr>
<td>Access to another type of service (e.g., news, podcast, audiobook)</td>
<td>19%</td>
<td>21</td>
<td>15</td>
<td>16</td>
<td>27</td>
<td>12</td>
</tr>
<tr>
<td>Others</td>
<td>2%</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>1</td>
</tr>
</tbody>
</table>

Table continues...
Younger generations trend towards social and interactive entertainment
Entertainment preferences for Gen Z in the US have shifted to gaming over watching videos.

Most preferred entertainment activity (% US consumers)

- **Playing video games**
  - Generation Z: 24%
  - Millennials: 12%
  - Generation X: 16%
  - Boomers: 5%

- **Watching TV shows or movies at home**
  - Generation Z: 16%
  - Millennials: 20%
  - Generation X: 16%
  - Boomers: 2%

- **Listening to music**
  - Generation Z: 40%
  - Millennials: 27%
  - Generation X: 16%
  - Boomers: 10%

- **Browsing the internet**
  - Generation Z: 16%
  - Millennials: 10%
  - Generation X: 12%
  - Boomers: 10%

- **Going to the movies**
  - Generation Z: 6%
  - Millennials: 10%
  - Generation X: 9%
  - Boomers: 10%

N (All US consumers) = 2000
Across the countries we surveyed, Gen Z also ranks gaming as their favorite entertainment activity

Most preferred entertainment activity (% consumers)

Playing video games | Watching TV shows or movies at home | Listening to music | Browsing the internet | Going to the movies
--- | --- | --- | --- | ---
**Gen Z US** | 24% | 16% | 10% | 5% | 5% | 6% | 16% | 11% | 11% | 14% | 11% | 6%
**Gen Z UK** | 26% | 14% | 15% | 3% | 5% | 11% | 11% | 19% | 15% | 11% | 14% | 11%
**Gen Z Germany** | 23% | 19% | 15% | 10% | 5% | 11% | 11% | 16% | 15% | 14% | 14% | 14%
**Gen Z Brazil** | 24% | 13% | 16% | 10% | 5% | 11% | 11% | 14% | 14% | 14% | 14% | 14%
**Gen Z Japan** | 21% | 10% | 12% | 3% | 5% | 11% | 11% | 19% | 19% | 19% | 19% | 19%

N (US Gen Z consumers) = 365; (UK Gen Z consumers) = 172; (DEU Gen Z consumers) = 154; (BRA Gen Z consumers) = 209; (JPN Gen Z consumers) = 132
Across the countries we surveyed, gaming supports social and emotional needs and takes time away from other entertainment activities.

<table>
<thead>
<tr>
<th>Statement</th>
<th>US</th>
<th>UK</th>
<th>Germany</th>
<th>Brazil</th>
<th>Japan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Playing video games helps me to relax</td>
<td>78</td>
<td>74</td>
<td>69</td>
<td>84</td>
<td>53</td>
</tr>
<tr>
<td>Video games have helped me get through a difficult time</td>
<td>59</td>
<td>57</td>
<td>40</td>
<td>73</td>
<td>33</td>
</tr>
<tr>
<td>Playing video games helps me stay connected to other people</td>
<td>53</td>
<td>52</td>
<td>38</td>
<td>69</td>
<td>35</td>
</tr>
<tr>
<td>Video games have taken time away from my other entertainment activities</td>
<td>49</td>
<td>55</td>
<td>35</td>
<td>45</td>
<td>44</td>
</tr>
</tbody>
</table>

N (US gamers) = 1624; (UK gamers) = 749; (Germany gamers) = 783; (Brazil gamers) = 884; (Japan gamers) = 627
Across the countries we surveyed, people engage with social media for many kinds of activities.

### Top 3 most frequent activities on social media platforms (% consumers)

<table>
<thead>
<tr>
<th>Activity</th>
<th>US</th>
<th>UK</th>
<th>Germany</th>
<th>Brazil</th>
<th>Japan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Listen to music</td>
<td>28</td>
<td>28</td>
<td>26</td>
<td>41</td>
<td>29</td>
</tr>
<tr>
<td>Read or watch news</td>
<td>27</td>
<td>26</td>
<td>41</td>
<td>44</td>
<td>52</td>
</tr>
<tr>
<td>Watch TV shows and movies</td>
<td>23</td>
<td>20</td>
<td>16</td>
<td>36</td>
<td>30</td>
</tr>
<tr>
<td>Play video games</td>
<td>22</td>
<td>19</td>
<td>16</td>
<td>25</td>
<td>15</td>
</tr>
<tr>
<td>Shop</td>
<td>17</td>
<td>16</td>
<td>15</td>
<td>32</td>
<td>39</td>
</tr>
<tr>
<td>Watch sports</td>
<td>13</td>
<td>12</td>
<td>8</td>
<td>15</td>
<td>11</td>
</tr>
</tbody>
</table>

Note: Respondents were shown more response options that are not listed here.
N (All US consumers) = 2000; (All UK consumers) = 1002; (All Germany consumers) = 1002; (All Brazil consumers) = 1000; (All Japan consumers) = 1000
In the US, younger generations are spending more time watching user-generated content (UGC).

Percentage of US consumers who agree with the following statements:

- **I always spend more time watching UGC online than I plan to**
  - Overall: 46%
  - Generation Z: 70%
  - Millennials: 66%
  - Generation X: 54%

- **I spend more time watching UGC online now compared to 6 months ago**
  - Overall: 59%
  - Generation Z: 59%
  - Millennials: 63%
  - Generation X: 56%

- **I spend more time watching UGC online than TV shows and movies on SVOD services**
  - Overall: 41%
  - Generation Z: 57%
  - Millennials: 60%
  - Generation X: 45%

N (All US consumers) = 2000

Thank you.

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