Key Entertainment Trends Shaping 2022
Welcome

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About Us

EXPERTISE IN MORE THAN 20 INDUSTRIES

POINT-OF-SALE DATA FROM OVER 600,000 retail locations, PLUS E-COMMERCE AND MOBILE PLATFORMS

MORE THAN 2,000 OF THE WORLD’S LEADING BRANDS AND RETAILERS ARE NPD CLIENTS

Millions of receipts FROM BRICK-AND-MORTAR AND E-COMMERCE (CHECKOUT)

MORE THAN 8 million CONSUMER SURVEYS CONDUCTED ANNUALLY

SERVICES IN 19 COUNTRIES IN THE AMERICAS, EUROPE, AND ASIA-PACIFIC

FOUNDED IN 1966

1600+ EMPLOYEES WORLDWIDE

We combine data, industry expertise, and prescriptive analytics to help our clients grow their business in a changing world.
Total Entertainment Trends

Overall, consumers increased their time and money spent on entertainment activities over the past 6 months compared to 2020.

73 hours a week spent on entertainment activities vs. 72 hours in 2020

$858 spent on entertainment activities vs. $715 in 2020

Source: The NPD Group/2021 Evolution of Entertainment Study
Experience-based Activities on the Rise

Consumers are returning to their pre-pandemic lifestyles.

**EXPERIENCES**
Consumers are returning to amusement/theme parks, recreation, cultural and educational centers, and casinos/gambling establishments.

**GOING OUT**
As the economy opened, consumers returned to in-person dining and socializing at bars, pubs, and clubs.

**LIVE EVENTS**
The second half of 2021 brought back live events, and consumers were ready to watch their favorite artists and productions live and in-person.

Source: The NPD Group/Evolution of Entertainment Study 2021
Categories participated in (past 6 months) 2021 vs. 2020
Experiential Spend

Experiential spend began to climb again in February, and as of March was just -5% below 2019.

*Dollars Spend % Change vs. 2019*

*Source: The NPD Group/Innovation Lab (Experiential Spend)*

*Airlines, Online Travel Agencies, Lodging, Theme Parks, Tickets (Sports, Concerts), Cruise Lines, Movie Theaters, Gyms/Studio Classes, Mass Transit, Ridesharing/Taxis/Car Rental*
Entertainment Spend Remains Robust but Softens

Combined in-home entertainment categories tracked by NPD grew +10% YOY to $145B, however growth has softened from the pandemic fueled increases we saw in 2020.

Source: The NPD Group/Checkout (Toys); Retail Tracking Service (Books - MSRP Sales); Market Dynamics Report (Video Games), DEG Estimates (Media Entertainment)

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<th>Toys</th>
<th>Video Games</th>
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<tbody>
<tr>
<td>Books</td>
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<tr>
<td>Toys</td>
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</tr>
<tr>
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<td>+8%</td>
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</tr>
</tbody>
</table>

Source: The NPD Group/Checkout (Toys); Retail Tracking Service (Books- MSRP Sales); Market Dynamics Report (Video Games), DEG Estimates (Media Entertainment)
Regular Engagement With SVOD Has Declined

The return to pre-pandemic lifestyles is affecting share of time spent on SVOD, as viewers switch from daily to weekly viewing.

Engagement Frequency – Oct 2021
Among each services HH subscriber base

SVOD (net)*  Netflix  Hulu  Amazon
Weekly  Daily

- SVOD (net)*: 41% Weekly, 24% Daily (↑ 7pts)
- Netflix: 45% Weekly, 39% Daily (↑ 7pts)
- Hulu: 43% Weekly, 30% Daily (↑ 1pts)
- Amazon: 40% Weekly, 20% Daily (↑ 1pts)

Top reason for decreased engagement:
Not watching as much as before

Weekly incidence change vs Oct ‘20

Source: The NPD Group/TV Switching Study/October 2021
*Among the top 28 SVOD services
The average viewer uses 3.9 SVOD services

While still above pre-pandemic levels, the number of SVOD services per user is declining.

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Peacock would be included if free tier were counted
Average measured among the top 28 SVOD services

Source: The NPD Group/TV Switching Study/October 2021
Available Streaming Inventory Was Also Down

Top SVOD providers are optimizing their programming mix and shifting to originals as licensed content moves to DTC offerings.

Source: The NPD Group/Subscription Video Track Marketplace Report
Availability of Original Content Grows Steadily

Netflix continues to invest in original content as they announce several new titles that will debut in 2022.

"Netflix said it would release 61 English-language, live-action films in 2022, as well as five animated features, three anime films, and 17 live-action movies in other languages."

$17B spend on original content annually

– NYT

Source: The NPD Group/Subscription Video Track Marketplace Report
## 2022 Outlook

### Headwinds

**Experiential economy:**
SVOD engagement will likely continue to be impacted by consumers’ shift to pre-pandemic lifestyles.

**Rising content cost:**
As SVOD services continue to invest in original programming to drive acquisition and viewership, the cost to produce new content increases as well.

**Rising subscription costs:**
In order to offset rising production costs and slower subscriber acquisitions, SVOD services are passing on price increases. Subscribers may look to rationalize their streaming expenditures.

**Competition:**
Attention for share of time and wallet will continue to be fierce with new platforms and content.

### Tailwinds

**More content:**
As the production supply chain corrects, more content will become available that will drive viewership.

**Bundling & ad-supported plans:**
Services will look to make subscriptions more accessible to attract and retain subscribers.

**Live Sports:**
Streaming platforms are leaning into live sports programming to drive regular engagement & differentiation.

**Niche services:**
Increased availability of targeted services and programming will drive increased subscriptions among highly engaged audiences.
Conclusion

Comping against a record-setting year of SVOD viewership in 2020, viewing in 2021 softened due to increased competition for share of wallet and time as consumers returned to pre-pandemic lifestyles.

As licensed titles move to their own platforms, original content is becoming increasingly important to retain current subscribers and acquire new ones.

Looking ahead, the SVOD environment will continue to face opposing headwinds and tailwinds as services look to secure subscribers in new ways.