



# Gemba

## Winning the streaming wars

SPORT & ENTERTAINMENT STREAMING  
PLATFORM RANKINGS AND TRENDS

INSIGHTS REPORT | NOVEMBER 2020

# Gemba

New Gemba research suggests the majority of Australian streaming consumers are reaching a maximum of monthly spend at around \$52 per month, across entertainment and sport platforms.

Around 10% expect to increase their spend on streaming services, but almost 20% are looking to rationalise and reduce spending by as much as \$10 a month.

Expect regular churn among price-conscious streamers, and a focus on the top 3-4 most appealing platforms in an affordable bundle for the average Australian household.

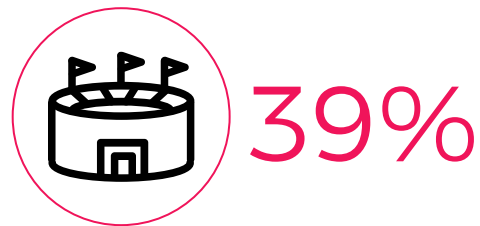
Streaming is mainstream.  
Penetration of entertainment and sport subscription services is approaching universality in Australia.



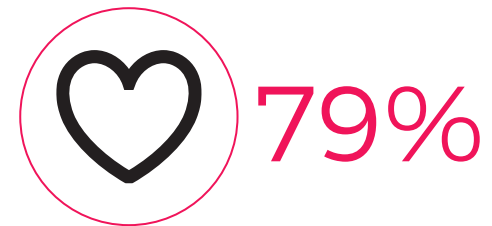
80% of Australians have access to at least one subscription or streaming service (sport or entertainment)



On average Australians subscribe to 2.6 entertainment subscription services and 1.6 sports subscription services



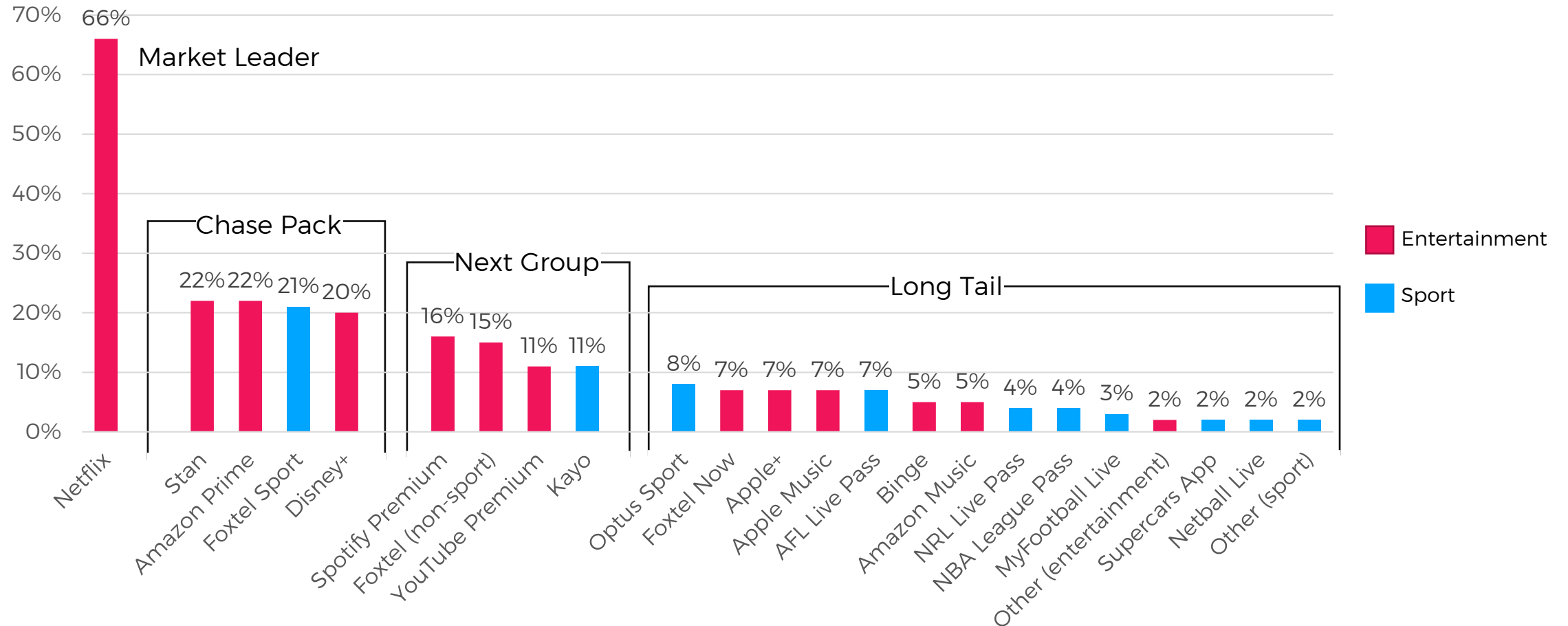
39% of Australians subscribe to at least one sports platform



Almost 4 in 5 Australians are subscribed to at least one entertainment platform

Netflix is the market leader by far, but it's getting crowded in the second tier of streaming services with around 20% penetration

MARKET PENETRATION OF STREAMING AND SUBSCRIPTION PLATFORMS



When it comes to the platforms we can't live without, Netflix is the clear leader – but Optus Sport has good traction with soccer fans

**AVERAGE RANKING OF PLATFORM PREFERENCE | ENTERTAINMENT AND SPORT SUBSCRIPTION SERVICES**

RANK	AUSTRALIANS	FOOTBALL (SOCCER) FANS	RUGBY UNION FANS	AUSTRALIAN RULES FANS	RUGBY LEAGUE FANS
#1	Netflix	Netflix	Netflix	Netflix	Netflix
#2	Spotify Premium	Spotify Premium	Spotify Premium	AFL Live Pass	Foxtel Sport
#3	Stan	Foxtel Sport	Foxtel Sport	Foxtel Sport	Spotify Premium
#4	Disney+	Amazon Prime	Stan	Spotify Premium	NRL Live Pass
#5	Amazon Prime	Optus Sport	Disney+	Stan	Stan
#6	YouTube Premium	Disney+	NRL Live Pass	Foxtel (any non-Sport)	Disney+

 Sport subscription services

Q. Below is a list of <sport / entertainment> platforms. We want you to rate these in terms of your preference. The score is from 0-100, where 100 is a top rated platform, those that you couldn't live without, down to the bottom, 0, those you don't care about.

Source: Gemba Insights

# Sports fans are big streamers – the share of fans that rank Foxtel, Kayo or Optus Sport as almost indispensable is high

## SHARE OF AUDIENCE THAT RATES THE GIVEN PLATFORM >70 ON 100 POINT PREFERENCE SCALE

PLATFORM *	AUSTRALIANS	FOOTBALL (SOCCER) FANS	RUGBY UNION FANS	AUSTRALIAN RULES FANS	RUGBY LEAGUE FANS
Netflix	60%	67%	67%	67%	70%
Stan	25%	36%	41%	32%	35%
Foxtel Sport	22%	40%	42%	42%	45%
Kayo	16%	31%	35%	29%	30%
AFL Live Pass	16%	30%	26%	42%	22%
Optus Sport	14%	41%	33%	24%	23%
NRL Live Pass	13%	28%	36%	23%	37%
MyFootball Live	12%	31%	28%	23%	22%



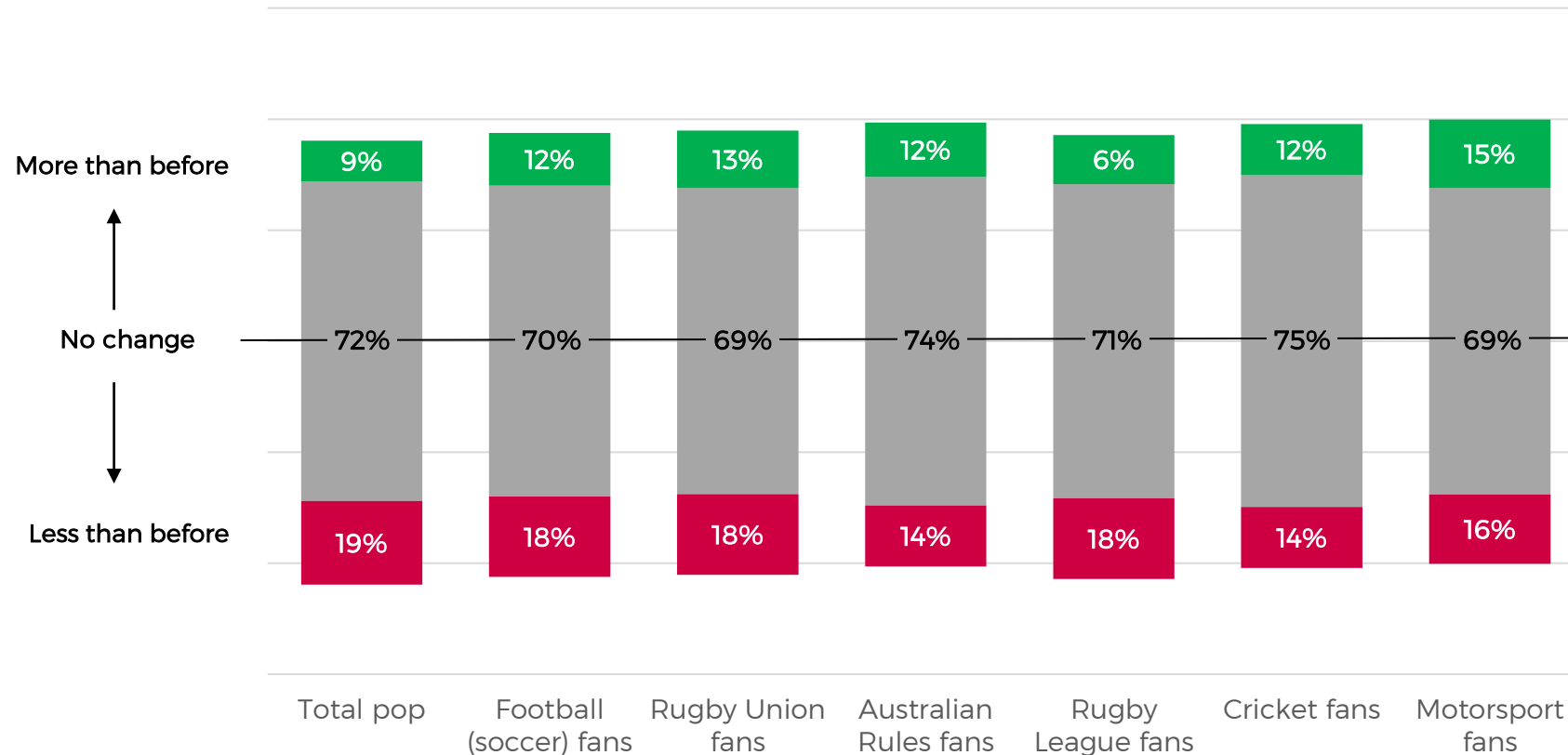
- **Optus Sport** ranks highly behind Netflix, and just ahead of Foxtel Sport, among soccer fans
- **Stan** already has good traction with Rugby Union fans – its recent acquisition of Rugby Australia streaming rights (in conjunction with corporate owner Nine) will aim to upsell these fans to include the sport package
- Sports fans are also even bigger fans of **Netflix** than the general population

\* Only selected Entertainment and Sport platforms shown

Q. Below is a list of <sport / entertainment> platforms. We want you to rate these in terms of your preference. The score is from 0-100, where 100 is a top rated platform, those that you couldn't live without, down to the bottom, 0, those you don't care about. Rate each between 0-100 to indicate your preference

# But with so many streaming services on offer, around a third of consumers are reconsidering their monthly spend

## EXPECTED CHANGE IN STREAMING AND SUBSCRIPTION MONTHLY SPEND IN COMING MONTHS



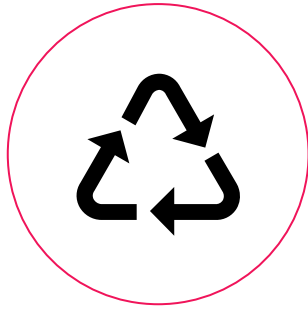
- Around 70% of the population don't plan on changing their monthly spend on streaming services in the next three months
- But 19% are expecting to reduce spending
- Only 9% of the total population expect to spend more on streaming, but this number is higher for sports fanatics – 12-15% of fans for many sports intend to increase their spend

Q Thinking about the next 3 months, do you intend to increase, keep the same, or decrease this monthly amount?

Source: Gemba Insights

There are three broad tiers emerging – price sensitive “churners and burners”, “set and forget” streamers, and those that are hungry for more

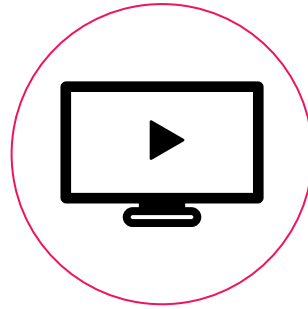
## DIFFERENT BEHAVIOURS IN TERMS OF AVERAGE MONTHLY SPEND AND SWITCHING PLATFORMS



### “Churn & Burn”

19% of subscribers

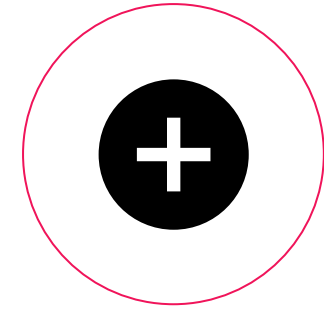
- Looking to reduce monthly spend by an average of \$10
- 41% routinely switch at least one platform on and off across the year



### “Set & Forget”

72% of subscribers

- Average monthly spend of \$52
- Not intending to change spend in next 3 months
- Most stable group, with only 21% switching subscriptions on and off



### “Give Me More”

9% of subscribers

- Expect to increase spending to an average of \$79 per month
- Not averse to switching platforms on and off, but appear to be less price sensitive overall



“Borrowing” streaming accounts is a common way consumers are managing their costs, reducing revenues for the publishers

**NON-PAID ACCESS TO STREAMING SERVICES VIA FRIENDS OR FAMILY**

**28%**

of Australians say they can access a streaming platform using someone else’s login details

MOST COMMON PLATFORMS ACCESSED WITH SOMEONE ELSE’S LOGIN	
11%	Disney+
10%	Netflix
10%	Stan
9%	Spotify Premium
9%	Foxtel Now

PROPORTION OF SPORTS FANATICS ACCESSING STREAMING ILLEGALLY	
AFL Live Pass	10% of Australian Rules fanatics
NRL Live Pass	10% of Rugby League fanatics
Optus Sport	5% of Football (Soccer) fanatics
NBA Live Pass	7% of Basketball fanatics
Netball Live	6% of Netball fanatics

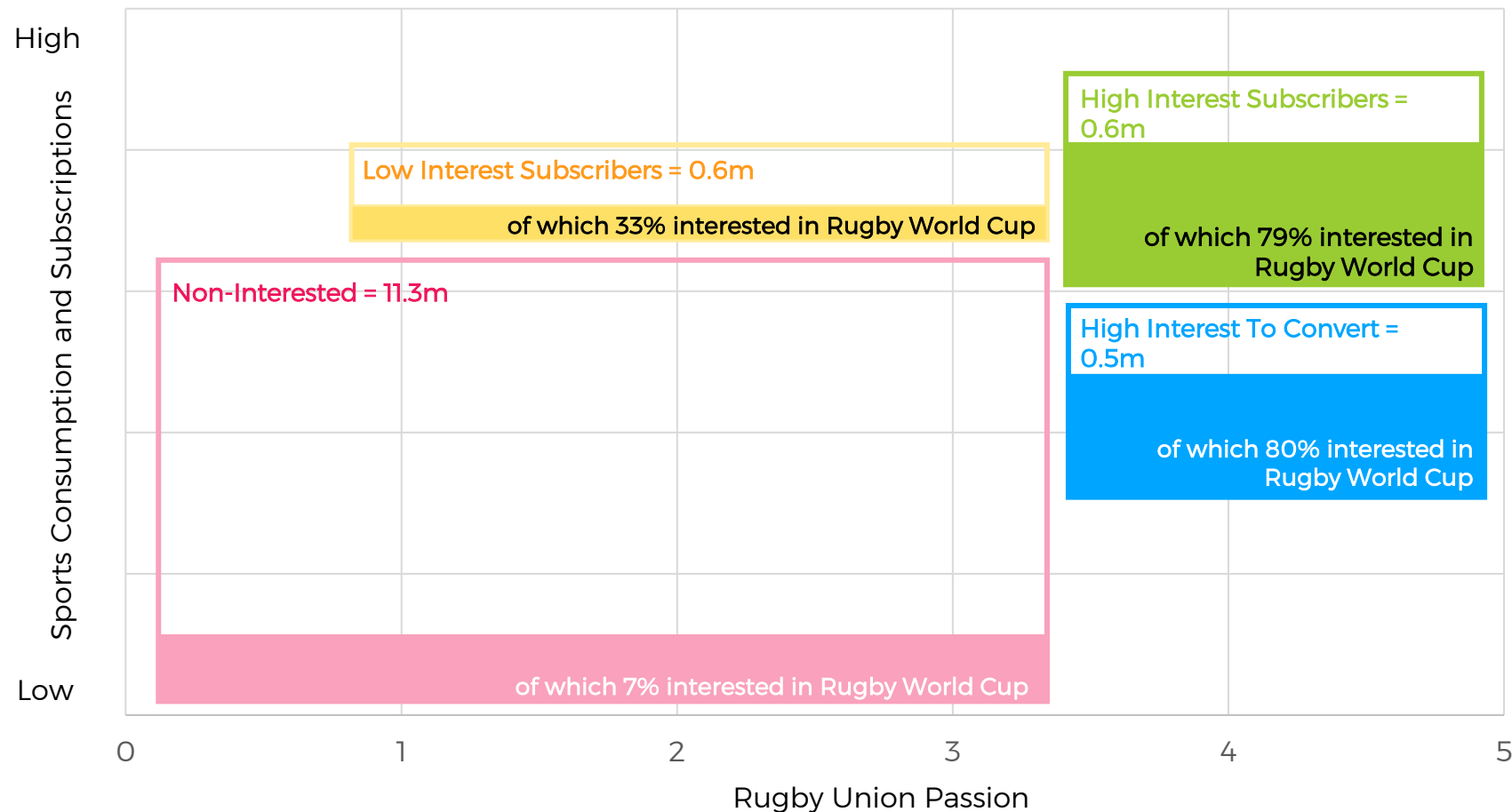
# We can explore the addressable market for sport subscription services based on passion and consumption behaviour

## SUBSCRIPTION SPORT AUDIENCE SEGMENT DEFINITIONS

Segment	Description	Potential Opportunity
Non-Interested	"I'm not highly passionate about a particular sport and don't have any sport subscriptions"	➔ <b>Low to none:</b> Very unlikely to pay for a dedicated OTT streaming service
Low Interest Subscribers	"I am a sports fan and currently pay for a sport subscription, but I'm not passionate about this particular sport"	➔ <b>Low:</b> Unlikely to pay for an additional dedicated OTT service (but may value inclusion of particular content in existing bundles)
High Interest To Convert	"I'm fanatical about a particular sport, but currently only consume via free-to-air TV"	➔ <b>Critical:</b> Key target market to convert to OTT streaming service, with the right product offering at the right price point
High Interest Subscribers	"I'm fanatical about a particular sport, and currently pay for a sport subscription"	➔ <b>Moderate to high:</b> Likely already have, or likely to convert to a dedicated OTT service (at the right price point)

# Gemba's streaming market sizing data suggests there are around 500,000 Rugby Union fanatics still to be converted to streaming

## EXAMPLE: RUGBY UNION FANATICS - STREAMING MARKET SIZING MODEL



- Most Australians are not passionate enough about Rugby Union to be considered likely customers for a paid streaming Rugby service
- About 600k Australians with relative low passion for Rugby already subscribe to a sports streaming service like Foxtel or Kayo
- The primary target market of highly passionate Rugby Union Fans is about 1.1m, of which more than half already pay for sports content and so are likely predisposed to consider Stan Sports for Rugby Union content

# Sport and entertainment streaming insights

KEY FINDINGS | NOVEMBER 2020



Netflix

is king of the streaming platforms, but Stan, Amazon Prime and Disney+ have already achieved penetration levels equal to Foxtel



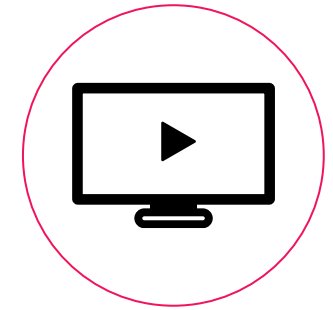
Optus Sport

has made solid in-roads among soccer fans, now among the top five most indispensable platforms



Stan

already has good traction with Rugby Union fanatics, providing a solid base to convert to Stan Sport when it launches next year



The streaming wars

are waging, and with almost 20% of consumers looking to reduce spend they will be making tough decisions about which services to include in their monthly bundles

# Gemba supplies authoritative insights, strategy, data services, and sponsorship valuations across the sports and entertainment landscape

## GEMBA'S CORE SERVICE OFFER FOR RIGHTS HOLDERS, BRANDS AND BROADCASTERS

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Understanding how Australians participate and engage in sport & entertainment

### Broadcast and OTT Strategy

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MELBOURNE OFFICE  
1/175 Sturt Street  
Southbank VIC 3006  
T +61 3 9526 5700

SYDNEY OFFICE  
Level 3, 4-14 Foster Street  
Surry Hills NSW 2010  
T +61 2 8020 6550

LONDON OFFICE  
Chancery Lane: Fox Court  
14 Gray's Inn Road  
London WC1X, 8HN, UK  
T +44 (0)7 848 104 130

 [info@thegembagroup.com](mailto:info@thegembagroup.com)

 [www.thegembagroup.com/insights](http://www.thegembagroup.com/insights)

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