

17  
02  
23

essence**media**com

# Headed Up Stream

Screens in 2023 and beyond

By Myles  
Haslam



# Hi, I'm Myles



## Group Planning Director



Universal Pictures, Warner Bros  
Hayu, PlayStation, The Star  
Coca Cola, Mars, Dell, The NRL



# Today's agenda

- 01 Defining a Screen
- 02 The Current AV Landscape
- 03 SVOD and the Missing Eyes
- 04 Advertising on SVOD



01



Section one

# Defining a Screen

# Screens form a vital part of the advertising landscape, but they are not all created equal

The world around us is filled with many different screens, it might be hard to know which ones should or shouldn't be considered part of our Screens planning mix.

To be included in a screens plan the hardware must be:

- Video enabled
- Audio enabled
- Capable of hosting ads
- An environment where people consume content (not ads alone)



Screens

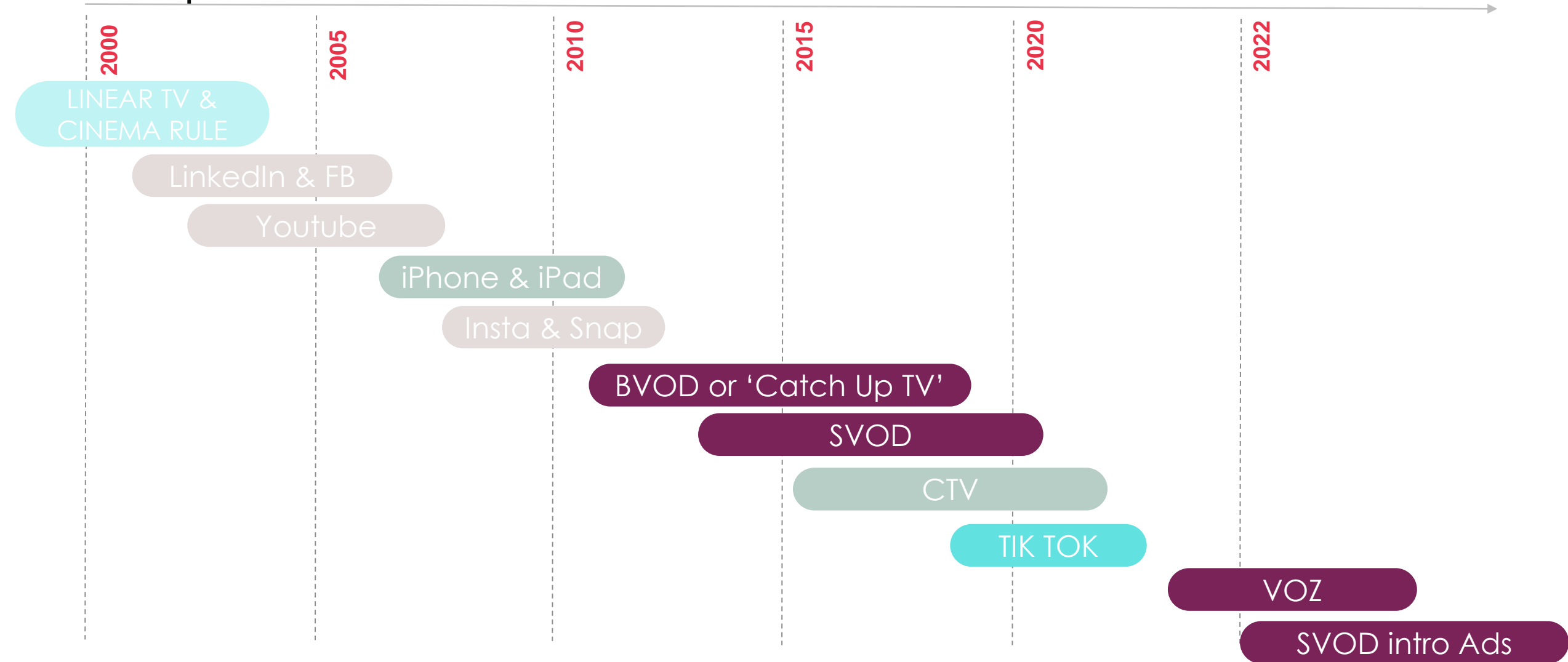
Cinema  
TV  
PC/Laptop  
Mobile  
Seatbacks



Not screens

OOH  
Ambient  
Baby monitors

# There has since been exponential growth in AV capable devices and channels





# This growth is fuelled by our innate desire to share stories



Human brains are evolutionarily hardwired for narrative.

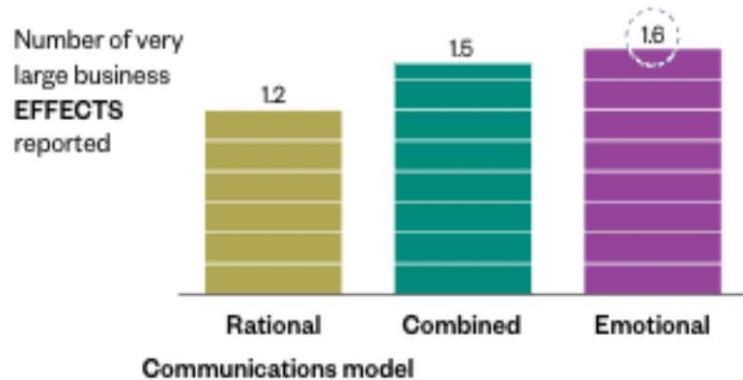
We think in stories, we remember in stories.

Film and television's enduring popularity is because it taps into this need to explain the world around us through a narrative lens.

From breaking news to the latest blockbusters, people are emotionally invested in the stories we see on screens.

# These stories can be a powerful tool for brands to tap in to

## Emotion = results

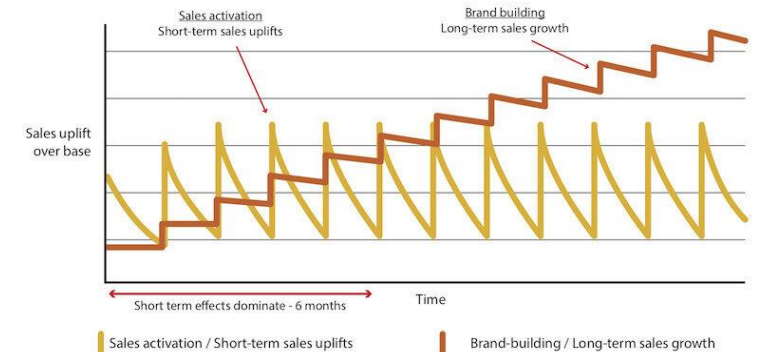


## Distinctive assets = memory coding



## Screens = short + long term

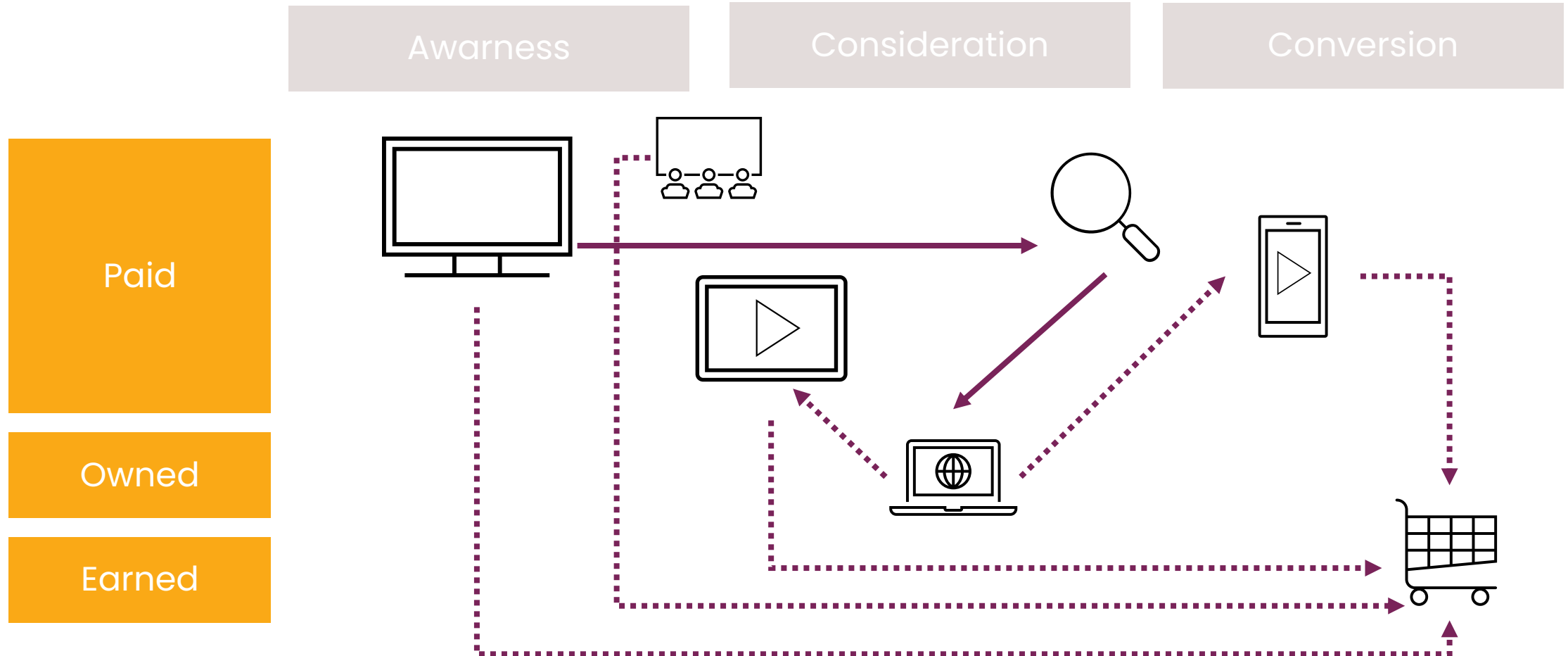
### Brand-building and sales activation work over different timescales



Source: Les Binet and Peter Field, *Media in Focus: Marketing Effectiveness in the Digital Era*, IPA, (Figure 02)



# Screens act beyond pure awareness, and are a stepping stone into many other communication pillars



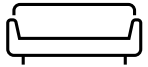
# The context behind the message only serves to enhance the efficacy



**Sharing culture with strangers**



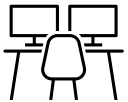
Connects brands to wider cultural approval



**Bonding with family & friends**



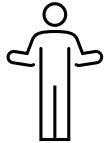
Imbues brand messaging with belonging & trust



**Engaging at home, uni or work**



Encourages sharing & discussion with peers



**Own personal window to the world**



Provide utility to user or connect to everyday life

*This is just the start! Make sure you spend time thinking about the human moment of connection when building your ecosystems.*

# To capitalise on this opportunity, we need to deeply understand the tools in our arsenal

## Cinema:

Advertising prior to a film within a theatre



## Television:

Broadcast signal on free and paid content



## BVOD:

The digital transmission of free to air tv programs



## Connected TV:

A device that connects a TV to online video content



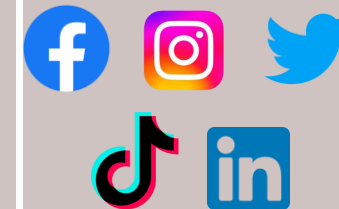
## Online Video:

Buying video assets across the internet



## Social Media:

Buying within social news-feed and video



## SVOD:

Subscription Video on Demand  
Advertising within paid content



02



Section Two

# The Current AV Landscape



The screens landscape continues to evolve away from the TV dominant world of yesteryear

1.

**Device  
penetration**

2.

**Supply and  
demand of ad  
space**

3.

**Changing  
behaviours**

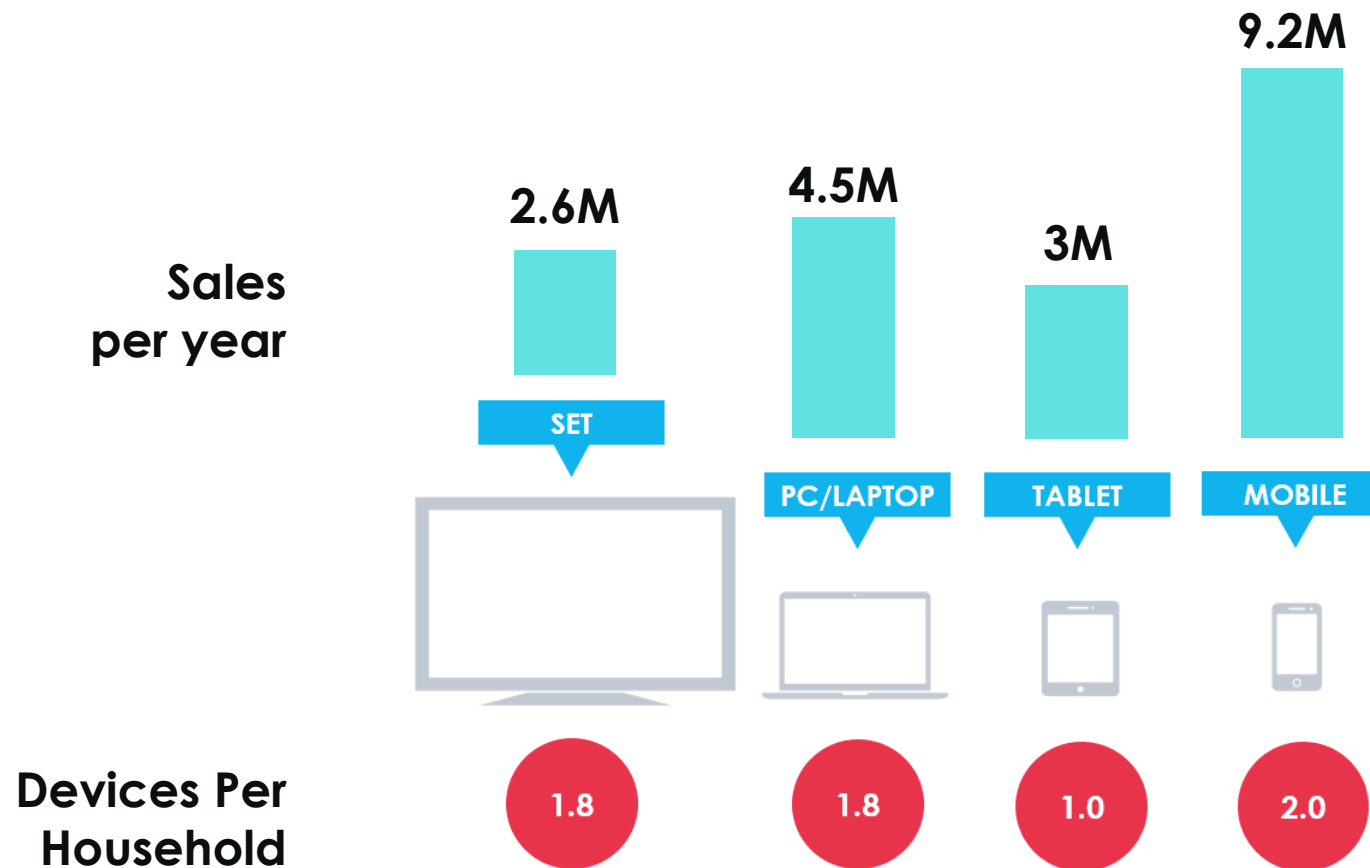
4.

**Fragmentation of  
media**

5.

**Demographic  
nuances**

Device access is a key contributor to landscape fragmentation, particularly with the young

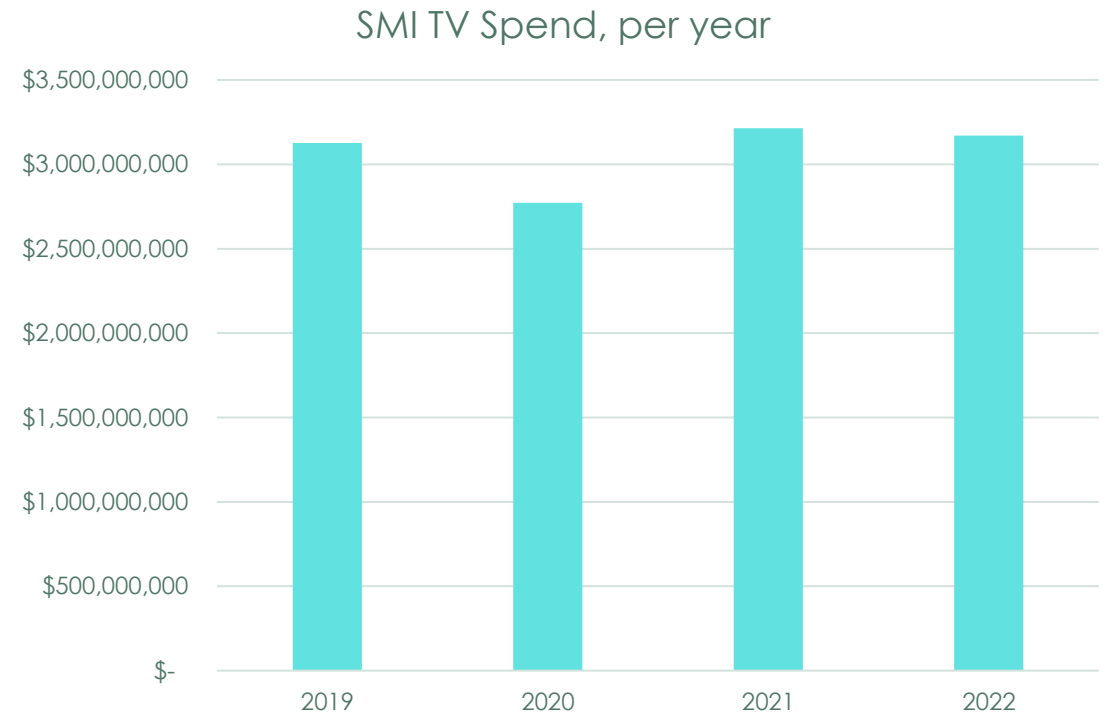
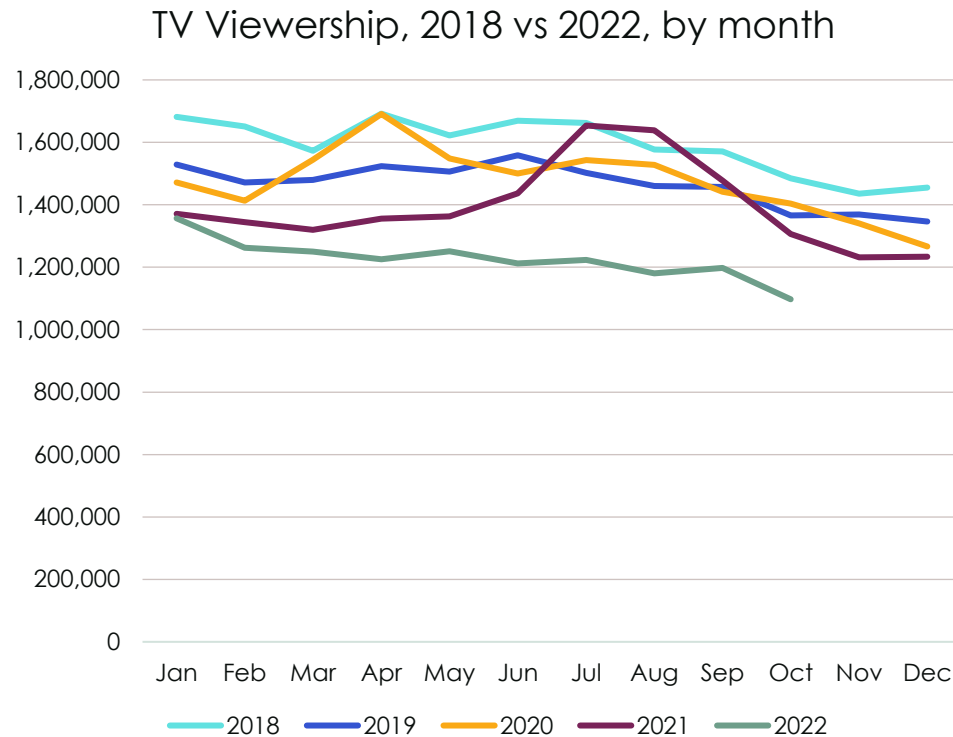


**TOTAL OF 6.7 DEVICES**

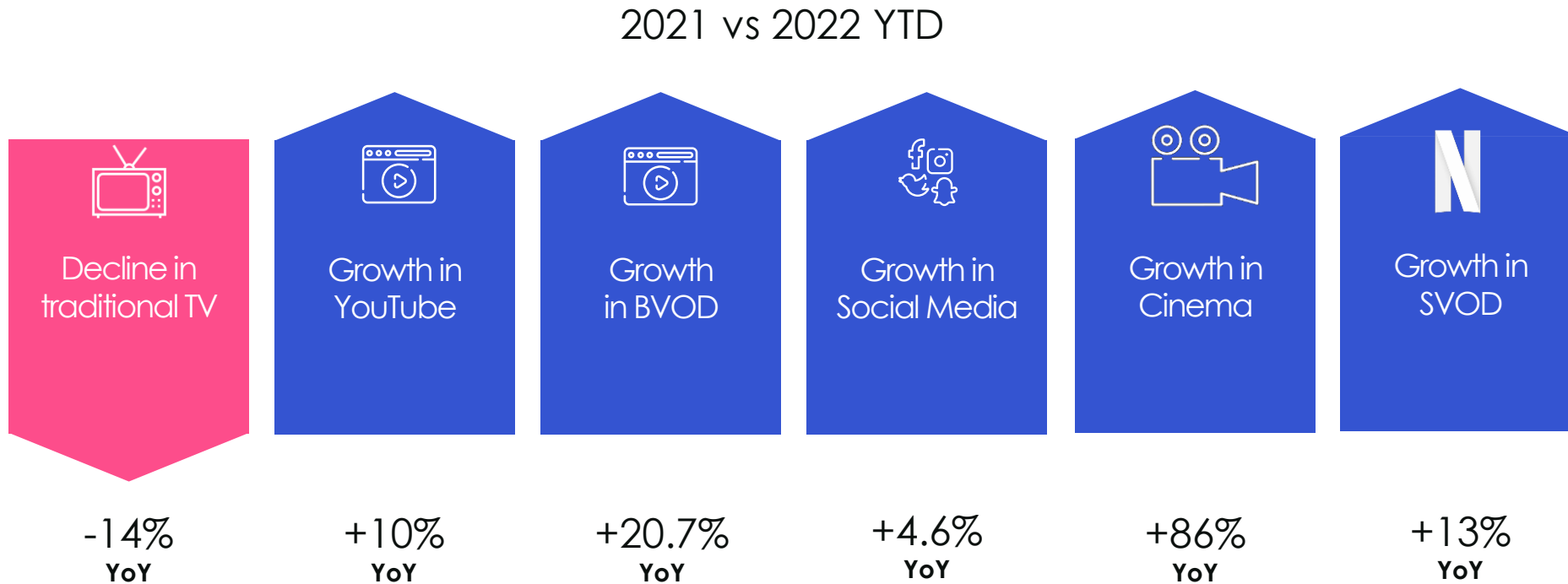
A total of **19.3 Million** AV enabled devices sell in Australia each year.

That's **4 devices** for every **5 Australians**.

# This surge in devices has lead to a decline in TV viewership, but the same hasn't happened for spend

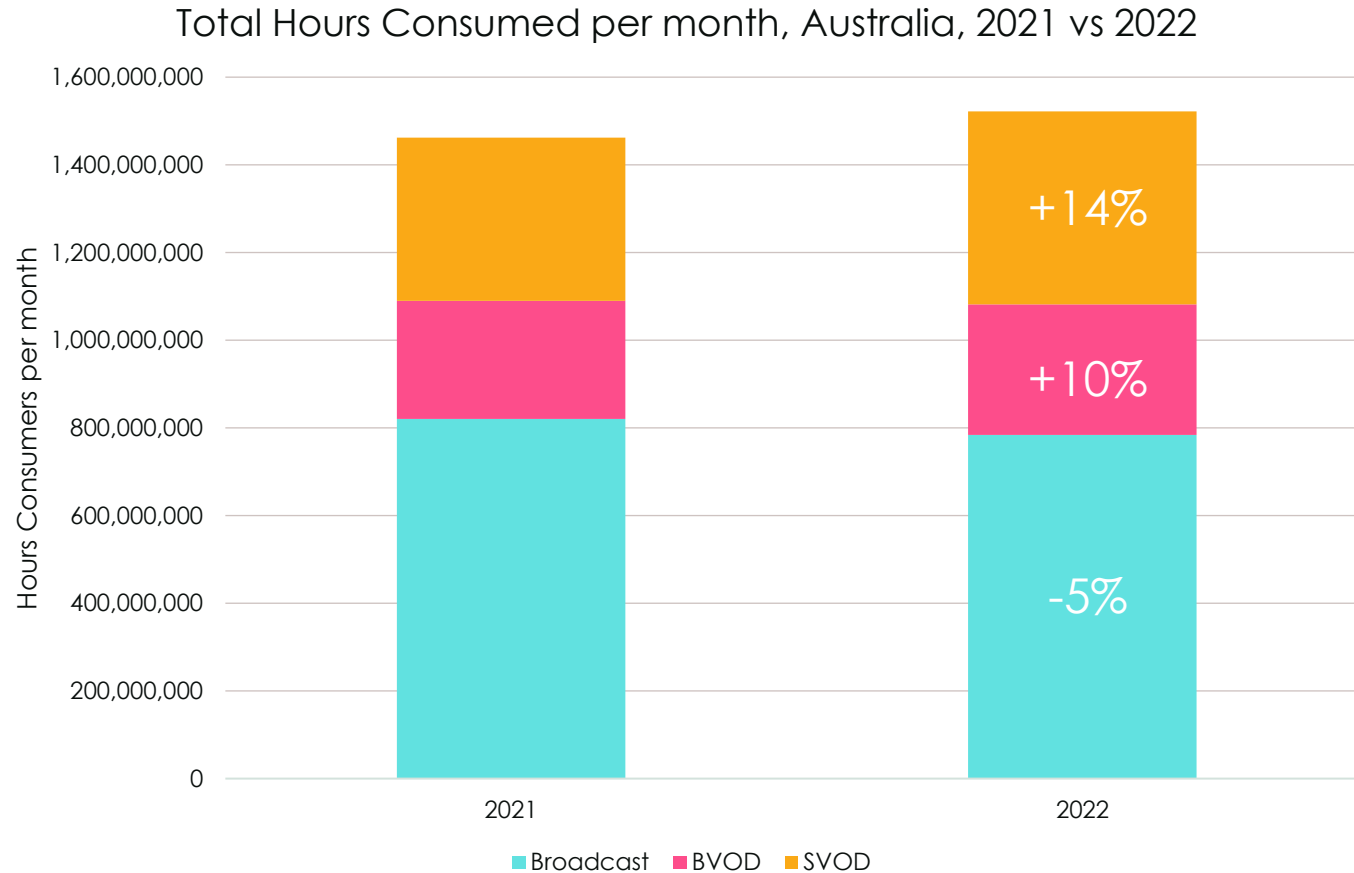


# Viewership in all other avenues though is up



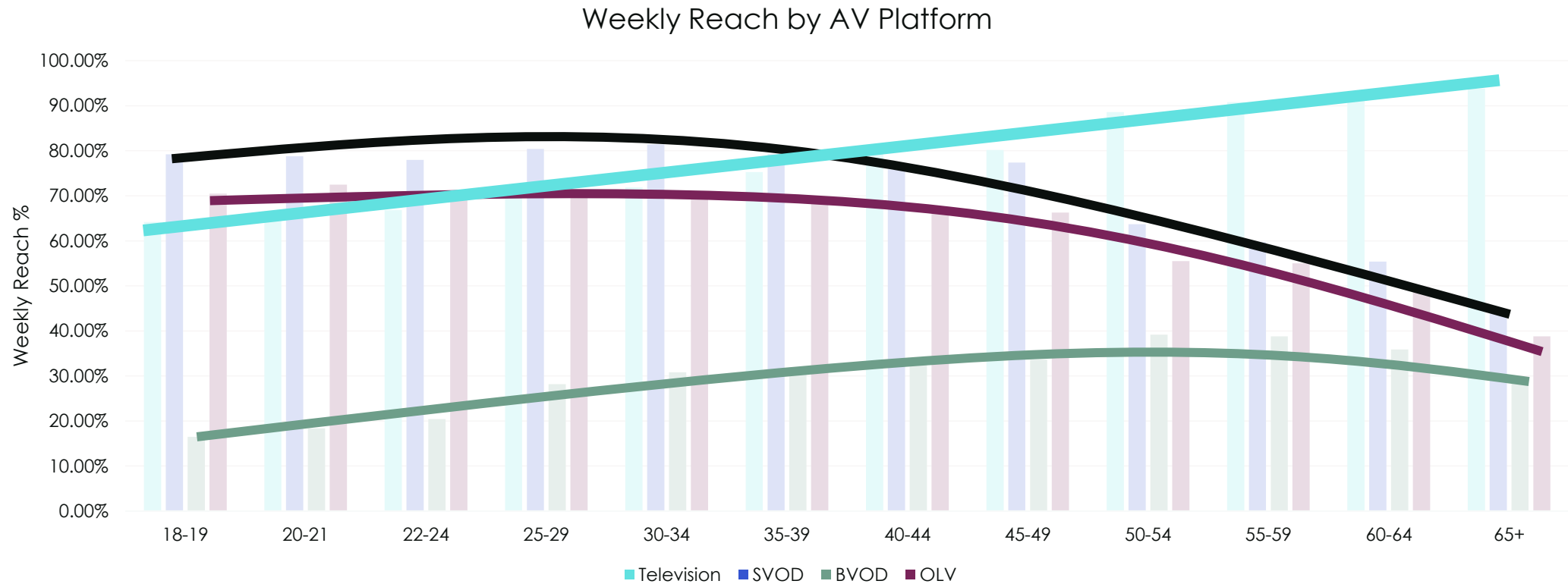


# AV consumption on TV devices is up – but increasingly fragmented



**Total AV consumption on TV devices is up 4%** in the last year across Broadcast, SVOD and BVOD, despite **Linear TV being down 5%** on total minutes watched.

We now have a clear dissection across how people consume content, with the tipping point being 40



A dark, atmospheric landscape at night. In the background, a range of mountains is silhouetted against a deep blue, cloudy sky. A string of colorful prayer flags hangs from the top right, curving across the sky. In the foreground, a small town with warm lights is nestled in a valley. A single, dark tree stands on a grassy slope in the lower right.

# So what's the problem?

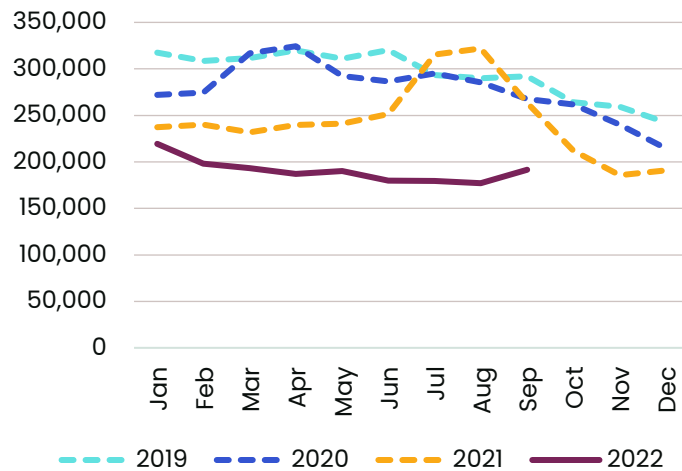
# The decline in TV viewership is most strongly felt by advertisers trying to target young people

P18-39 | **33% decline**  
from 2019

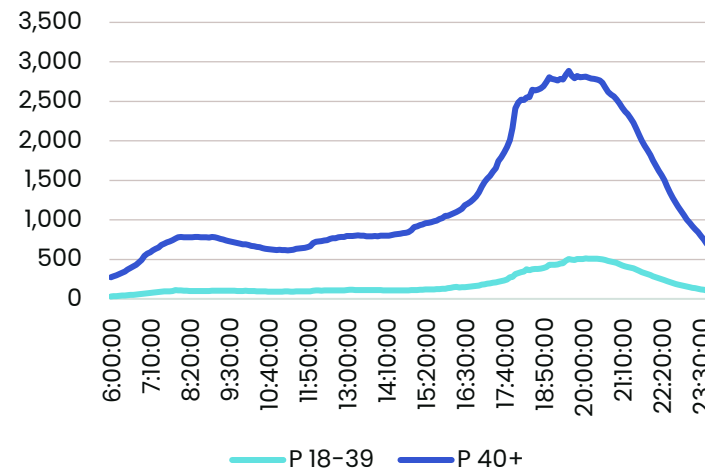
P18-39 account for just  
**15% of FTA viewership**

A standard P18-39 reach buy  
**now costs 50% more than 2019**

**Average Monthly Viewership, P18-39,  
2019-2022**



**'000s Projections per day, 2022, P18-39  
vs P40+**



	2019 (monthly)	2022 (monthly)
<b>R@1+</b>	45%	45%
<b>Cost</b>	\$1.2M	\$1.8M (+600k)

All these trends are further exacerbated when looking at younger subsets of people under 40, such as P18-29



# Despite increases in online viewership, advertiser costs continue to rise

## BVOD / Premium Video



P18-39 CPM:  
**+12% YoY**

## Online Video



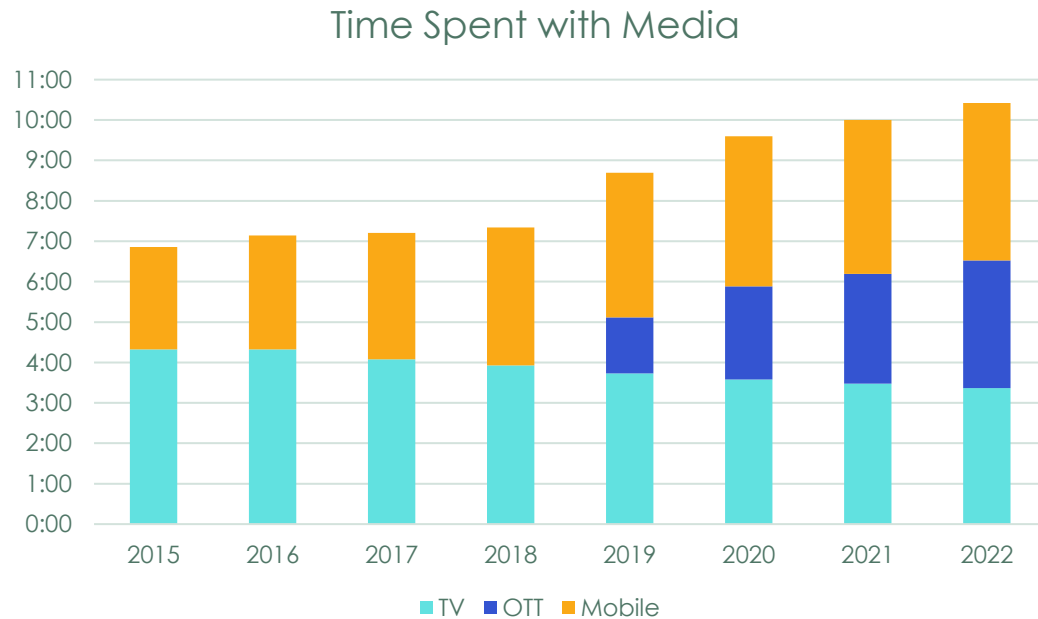
P18-39 CPM:  
**+7% YoY**

## Social

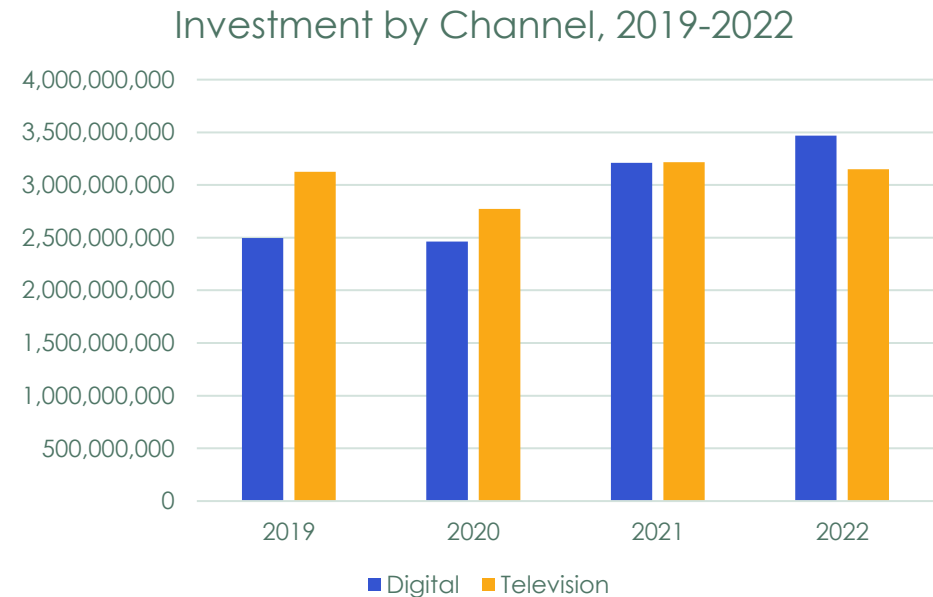


P18-39 CPM:  
**+11% YoY**

# And while some of this can be accounted for in advertiser demand, there is still a gap

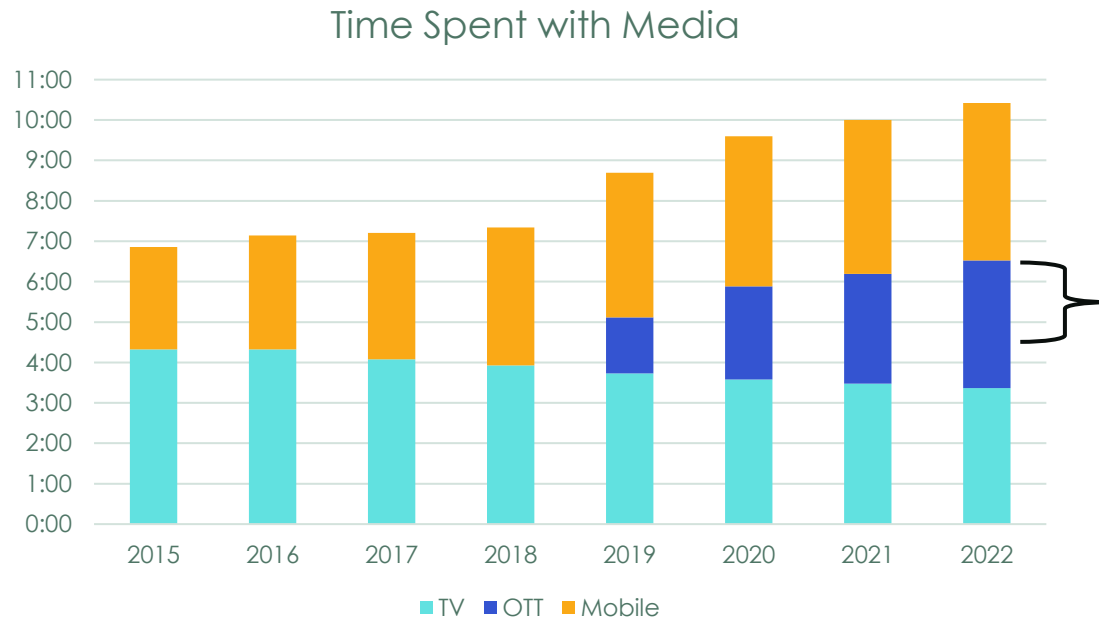


Time spent with AV devices up **20% L4Y**



Spend in Digital and TV up **14% L4Y**

That gap can be accounted for on SVOD – which now accounts for 1/5<sup>th</sup> of our screen time



**SVOD, which has previously not been ad-enabled, accounts for 29% of time in front of Australian televisions, and 18% of all screen time in Australia.**

Time spent with devices up **20% L4Y**

03



Section Three  
SVOD and the  
missing eyeballs



# The SVOD Landscape in Australia is already chock full of major players



# And there is exponential growth between subscriptions and eyeballs



Viewers: 13.8M  
Subscriptions: 6.1M  
**Share Factor: 2.27**



Viewers: 6.0M  
Subscriptions: 3M  
**Share Factor: 1.99**



Viewers: 4.8M  
Subscriptions: 2.9M  
**Share Factor: 1.65**



Viewers: 5.1M  
Subscriptions: 2.5M  
**Share Factor: 2.03**



Viewers: 2.2M  
Subscriptions: 1.3M  
**Share Factor: 1.75**



Viewers: 2.2M  
Subscriptions: 1.8M  
**Share Factor: 1.21**



Viewers: 1.5M  
Subscriptions: 1.5M\*  
**Share Factor: 0.99**



Viewers: 1.3M  
Subscriptions: 1.15M  
**Share Factor: 1.15**

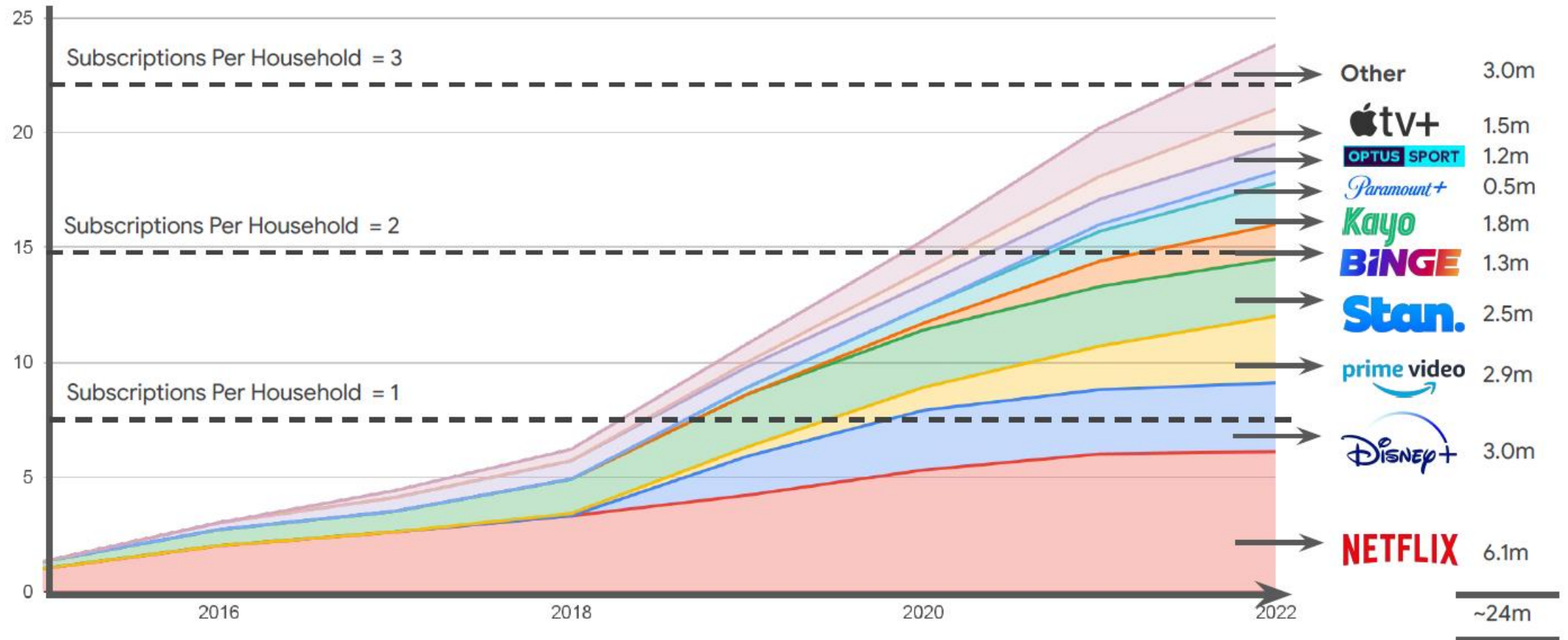


Viewers: 783K  
Subscriptions: 1.2M\*  
**Share Factor: 0.66**

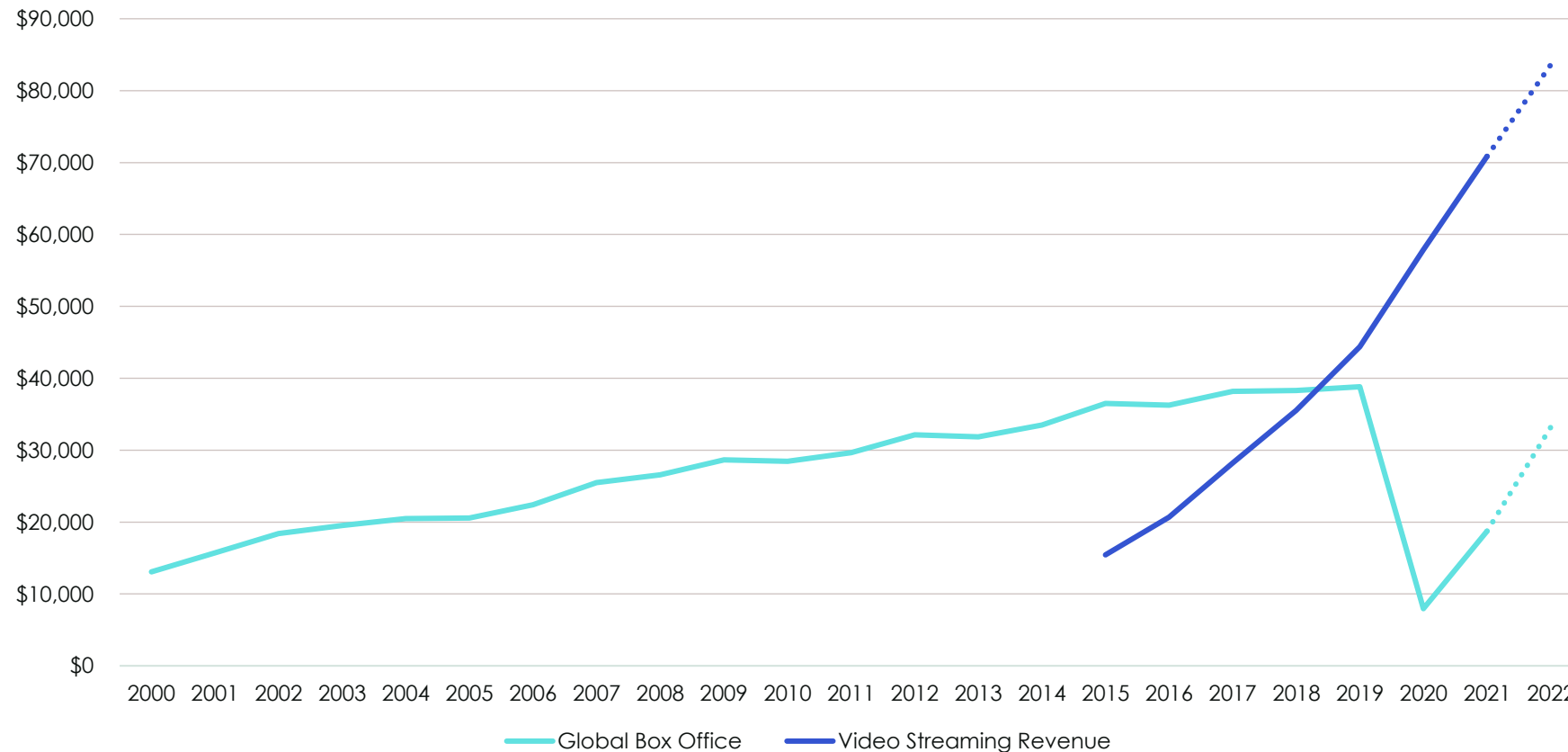
*\*Apple TV and Optus Sport subscriptions included for free with select product and services, and likely influence viewership*

# In just 7 years, we went from effectively no SVOD subscriptions, to 1 for every Australian

Paid + Non Paid Streaming Subscribers (2015 - 2022^): Australia, Millions

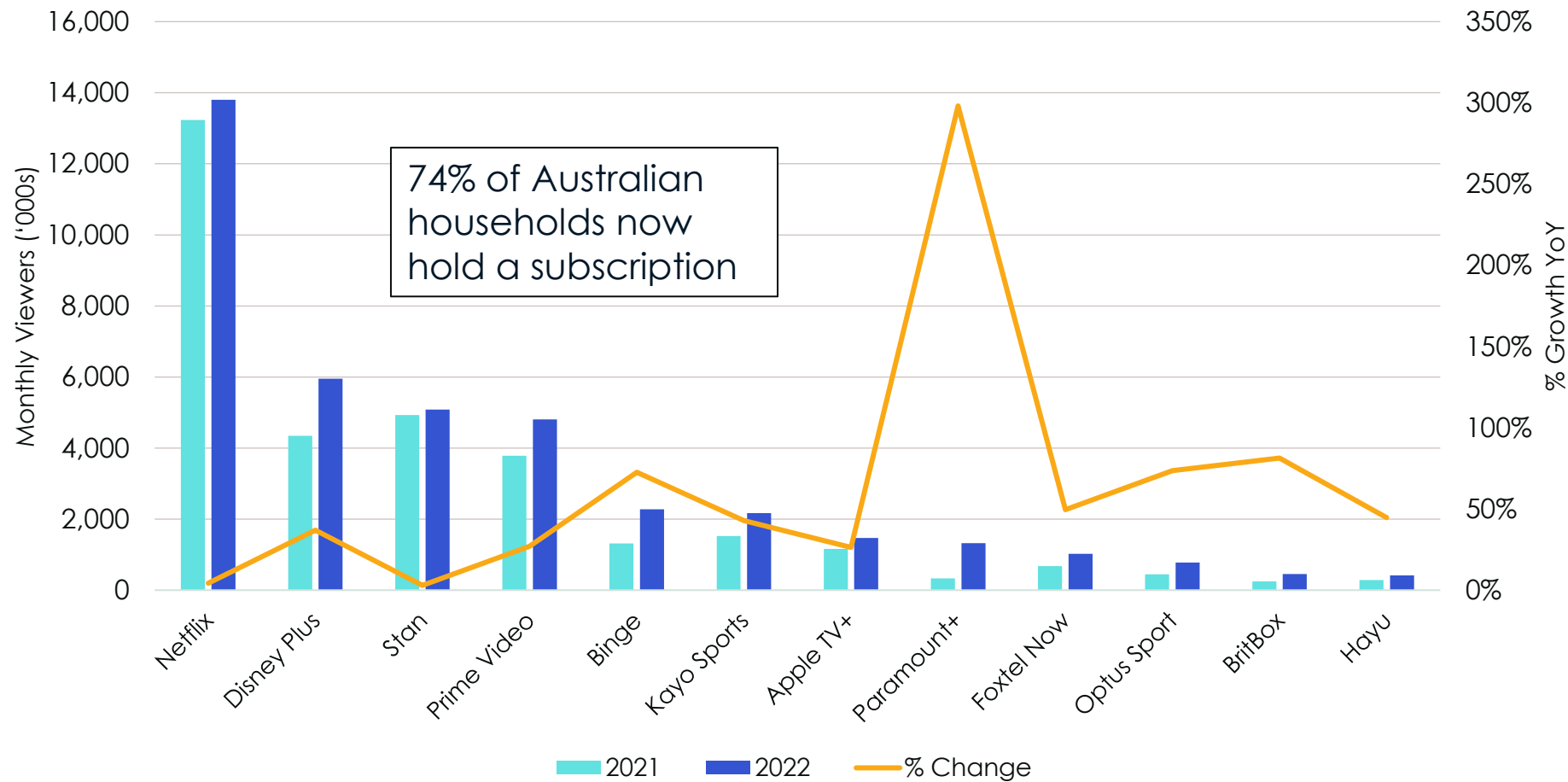


While COVID may have hit cinemas around the world, it did nothing but accelerate the adoption of SVOD services



# In Australia the category is growing to such an extent that every single player grew in 2022

2021 vs 2022 Monthly viewers, SVOD Suppliers



**\$177M**  
Total SVOD Supplier  
Ad Spend in 2022

**\$92M**  
Total Cinema & Film  
Ad Spend in 2022



# The revenue at stake has lead to a dynamic battleground between global and local players

The Netflix logo, consisting of the word "NETFLIX" in a bold, red, sans-serif font.

Despite their first ever quarter of negative subscriber growth (globally) Netflix continues to grow in Australia – albeit slowly. A staple in the SVOD portfolio, **88% of consumers with an SVOD subscription have access to Netflix.**

The Disney+ logo, featuring the word "Disney" in its signature script font, followed by a blue plus sign, with a blue arc above the text.

Disney+ have continued their immense push in the SVOD space, **last year over-taking Prime** and this year Stan, to become the second largest player in Aus. Still a long way off Netflix, their ad tier coming in late 2023 will continue to see them chase the red giant.

The Paramount+ logo, featuring the word "Paramount" in a blue script font, followed by a blue plus sign.

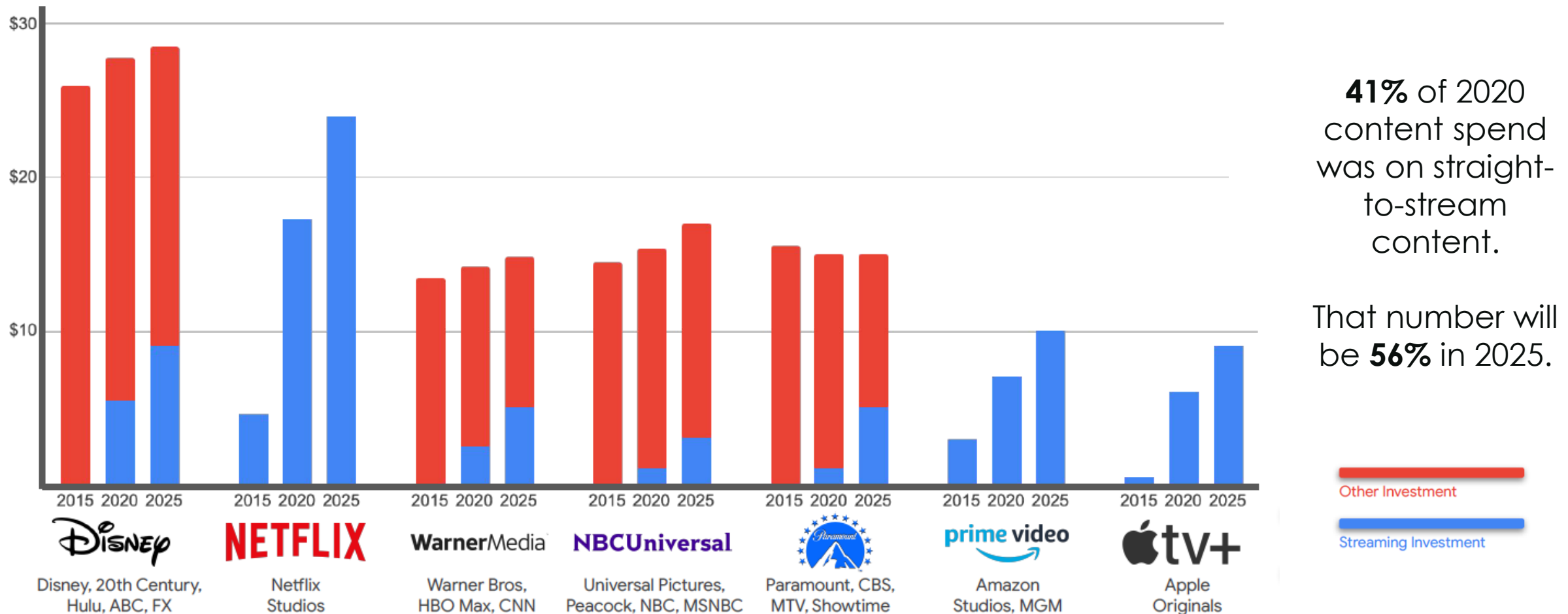
Since rebranding from 10 All Access, Paramount+ have been consistent and **aggressive in their spend and expansion. \$25 million in spend**, and almost a million new subscribers across the year, trailing only to Disney+ and Prime

The Binge Kayo logo, featuring the word "BINGE" in a bold, blue, sans-serif font, and the word "Kayo" in a green, stylized, sans-serif font below it.

Foxtel made a wholistic effort to **offer more content in more channels**, with Binge, Kayo and Foxtel Now all performing well. As a company, they cumulatively boast 1.95 million more viewers than a year ago, which technically makes them the largest grower in the space.

# This will only continue as the majority of new content investment will soon be in SVOD, rather than movies

Total Content Investment (Entertainment Only, Excl Live Sport): US\$bn



# SVOD is now firmly established as a major pop-culture vehicle - in the same way as TV



An SVOD film won the Oscar for Best Picture



Streaming records were broken and re-broken



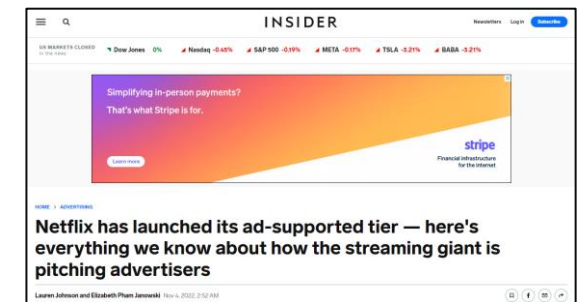
SVOD took a song from the 1980's to number 1



Purchased the rights to premium sport



Major franchises moved to SVOD



And SVOD introduced ads...



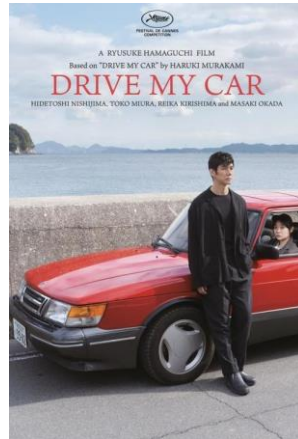
Ted Lasso & Richmond FC joined FIFA 23



# The 2022 Oscars were a “slap in the face” to traditional theatrical releases

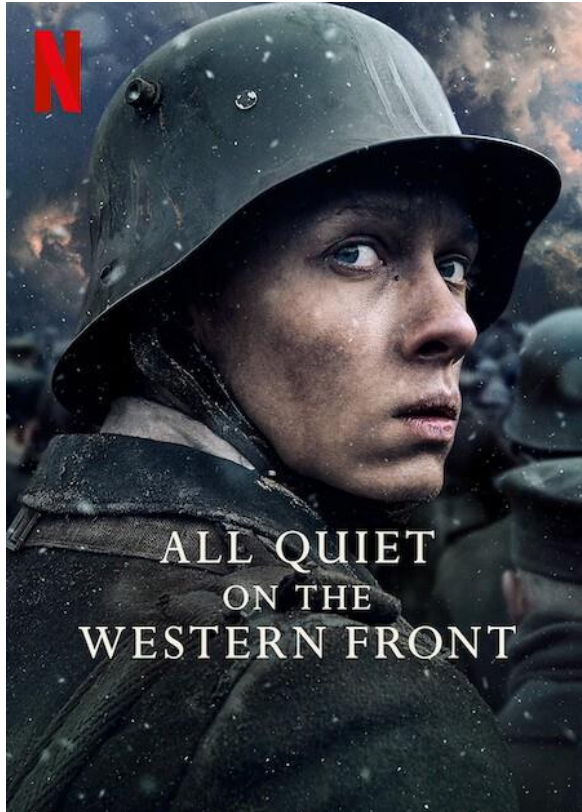


Day 1 SVOD Release



Theatrical Only Release

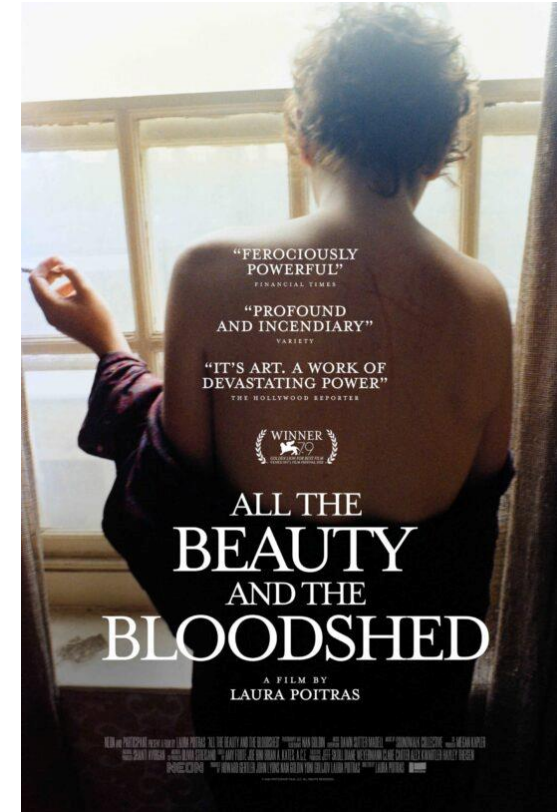
And this looks set to continue as SVOD releases are tipped for another good haul this year



**Best International Film**  
Current Odds: \$1.08



**Best Animated Film**  
Current Odds: \$1.07



**Best Documentary**  
Current Odds: \$1.67



# All signs lead to continuous growth over the next 5 years - almost doubling current category revenue

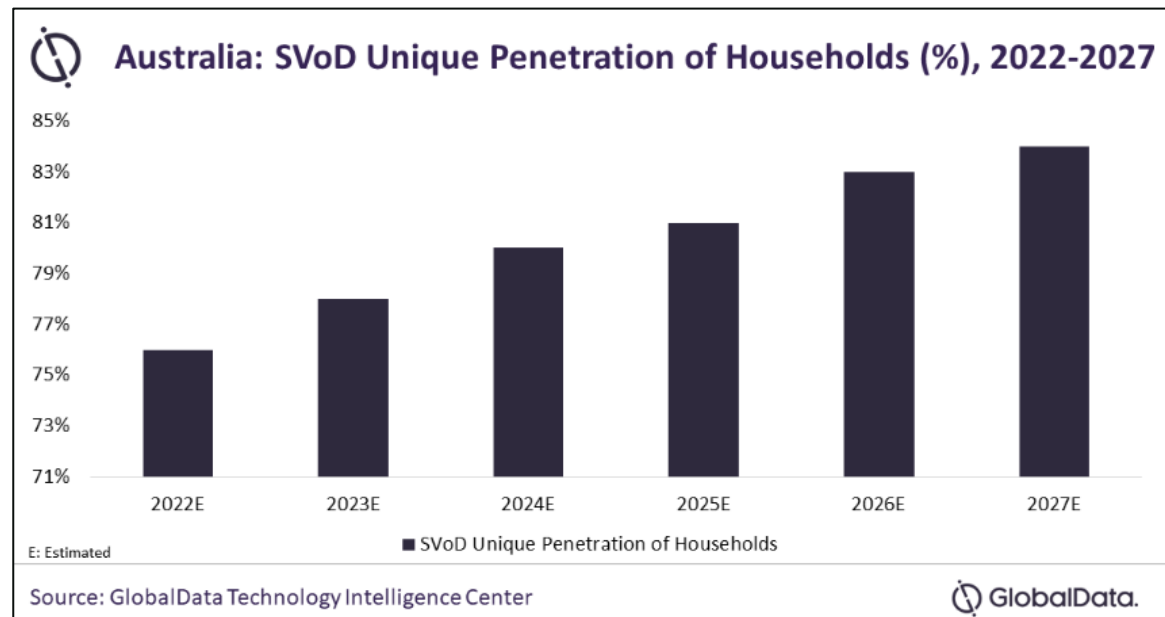
**\$2.2 Billion**

Value of SVOD market in Australia, 2022



**\$3.4 Billion**

Value of SVOD market in Australia, 2027



**<1%**

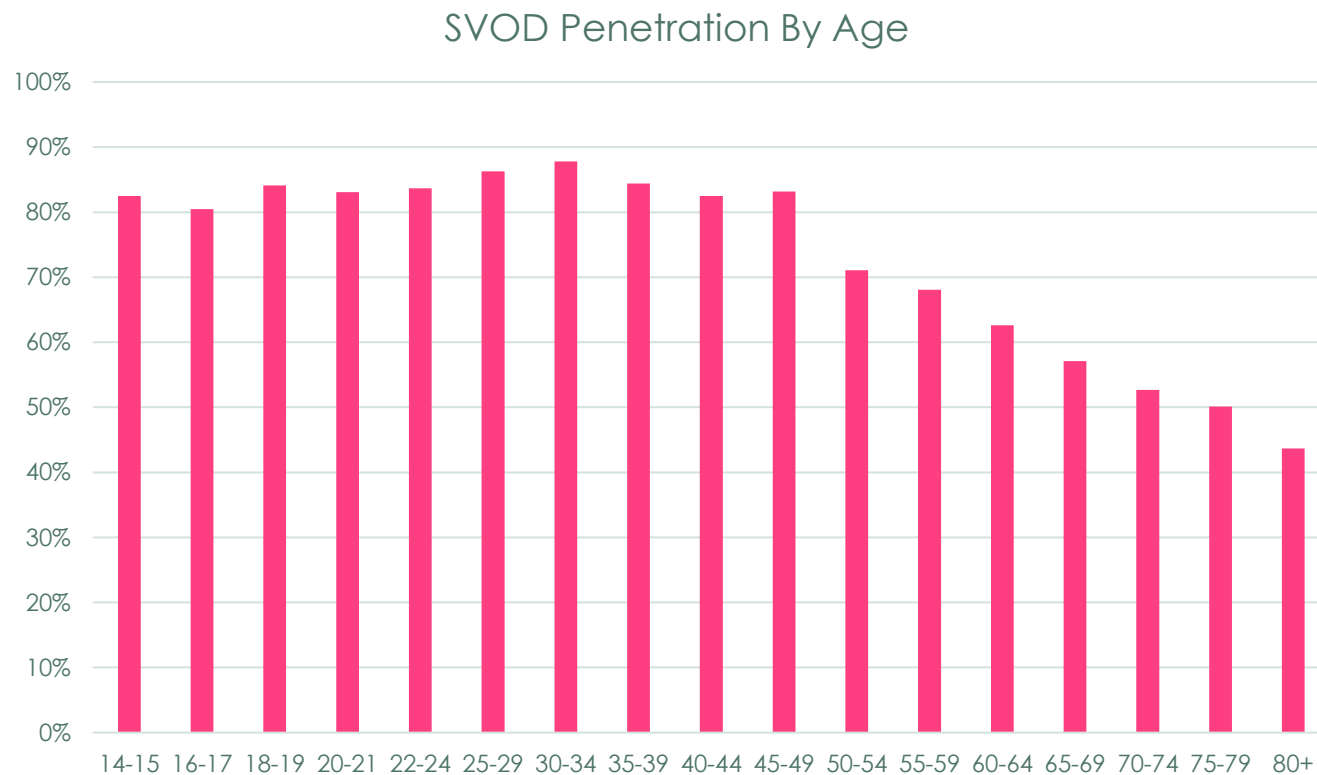
Australians with 5+ subscriptions services in 2019



**30%**

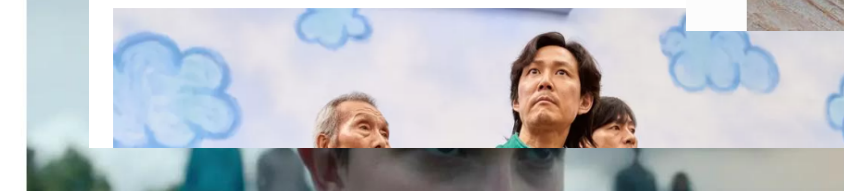
Australians with 5+ subscription services in 2022

# But in order to sustain growth, SVOD Suppliers need to find new revenue sources

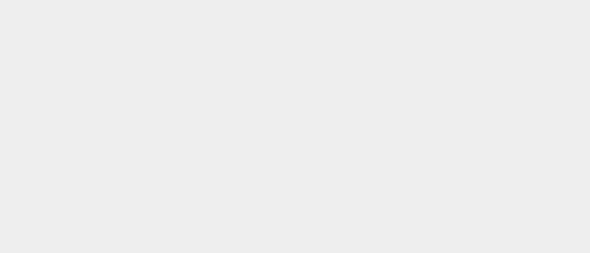


## Possible Sources of Additional Revenue Growth:

1. New SVOD Customers
2. Additional Subscriptions from existing SVOD Customers
3. Further monetise current customers
- 4. Advertising\***



## Netflix has launched ad-supported service in Australia. Here's what you need to know



## Netflix ad-supported service launch in November

13 October 2022

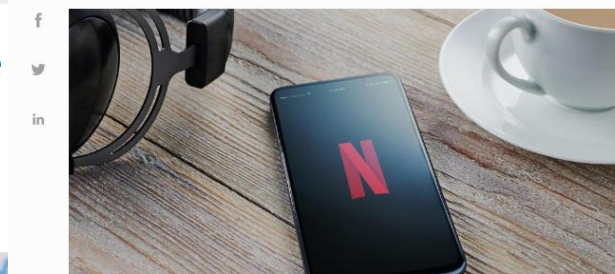
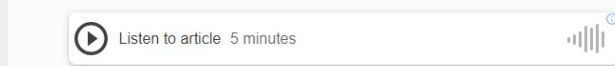


## 5 Figures To Know About Netflix's Newly Launched Ad-Supported Tier

**Toni Fitzgerald** Contributor  
 I cover the business of television



0 Nov 3, 2022, 02:59pm EDT

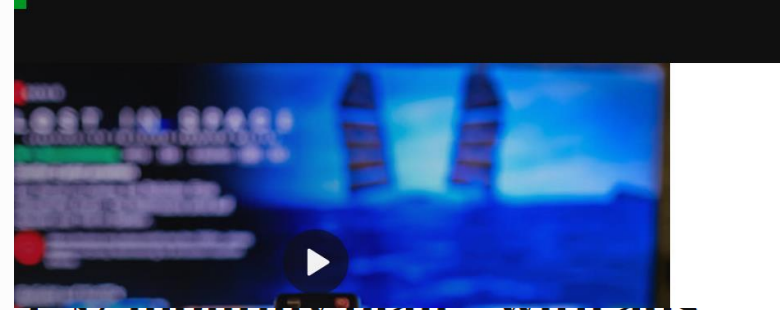


US Navy releases photos of China balloon debris  
 5 hours ago



## Netflix launches \$7 a month ad-supported plan with limits

BY IRINA IVANOVA  
 NOVEMBER 2, 2022 / 11:27 AM / MONEYWATCH



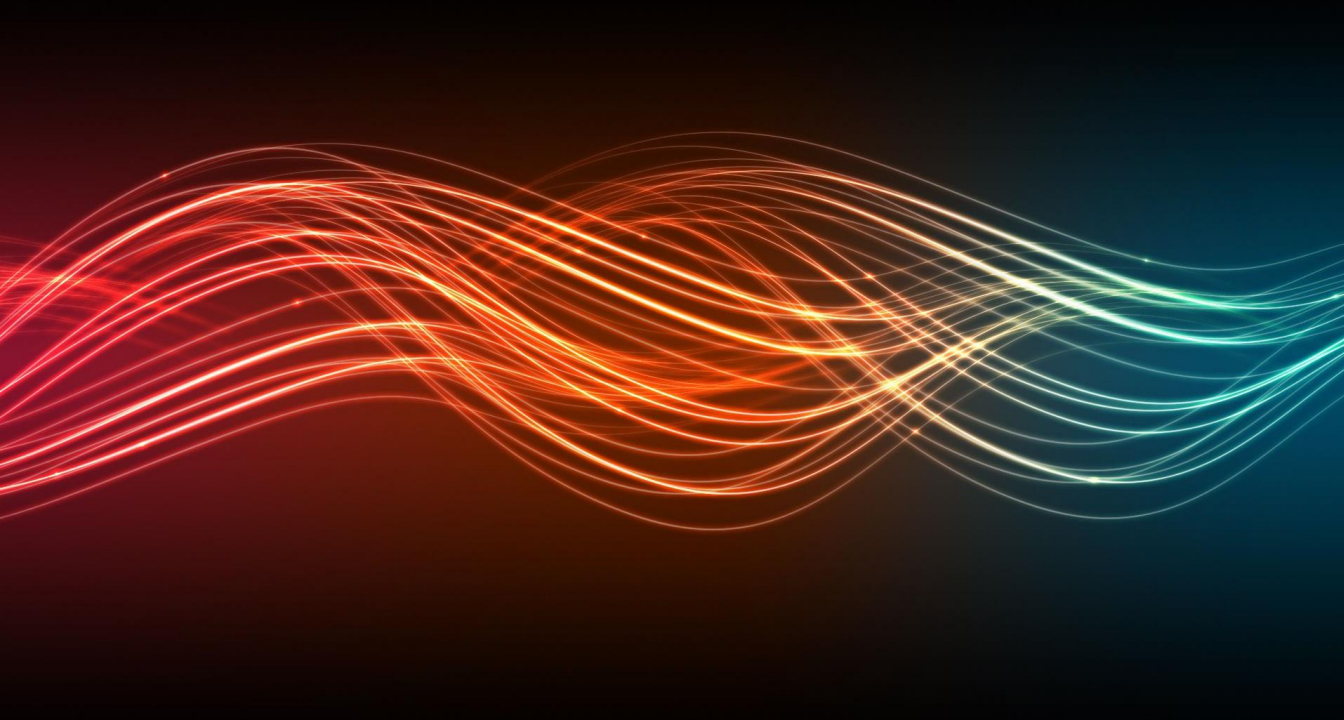
## Netflix's \$7 monthly plan with ads

The streaming company on Thursday jump-start subscriber growth after the fact it had [lost paying customers](#) for the

Beginning November 3 in the United States, Netflix will offer a \$US6.99 (\$11) advertising-supported subscription called “Basic with Ads,” where people opting for a lower-cost option will be shown four to five minutes of ads per hour of content they watch.



04



## Section Four

# Advertising on SVOD



Content played on the family unit television

15" and 30" Standard TVCs

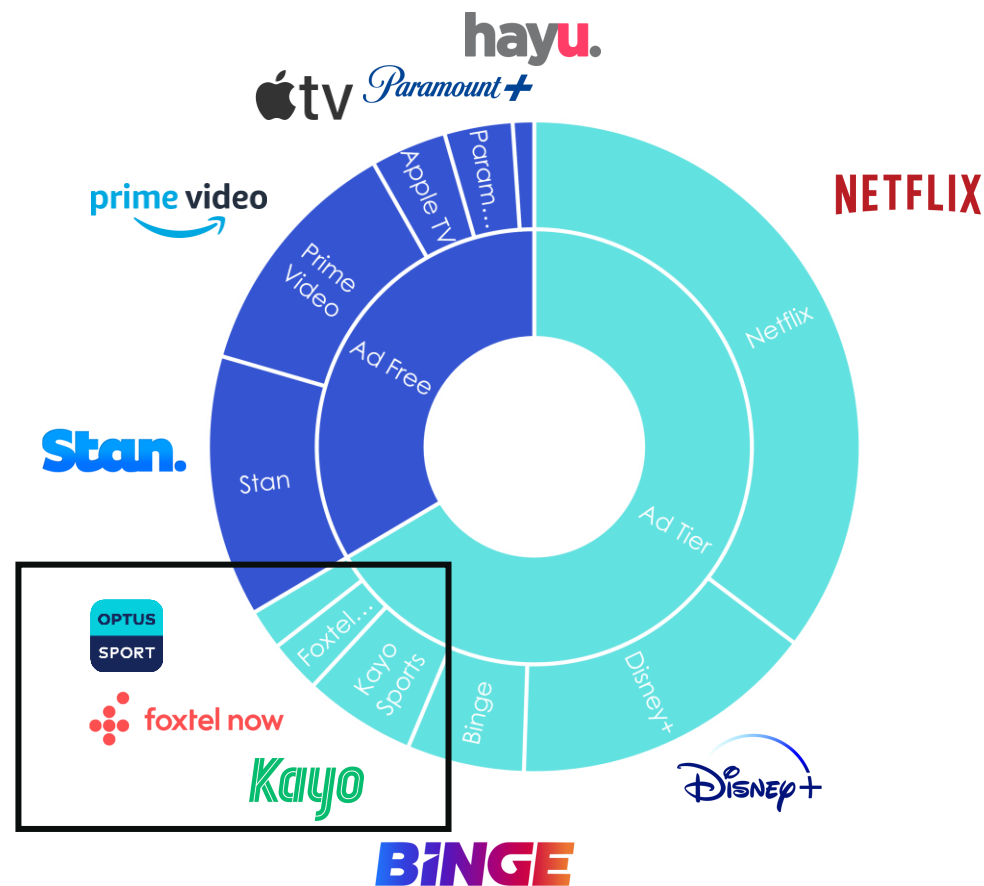
Pre and Mid premium content – just like traditional TV



7.6 Seconds of Attention per 15s ad (vs. 7.5s on Linear TV)



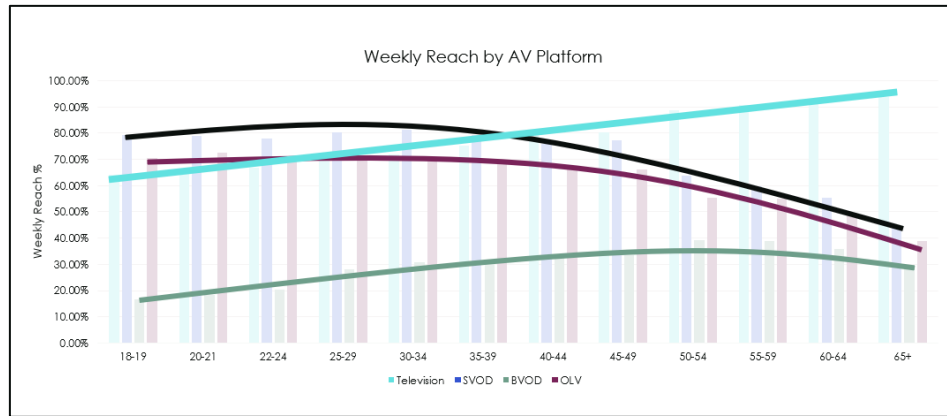
While only a minority were supplying ads last year, the majority of suppliers will be serving ads by Christmas '23



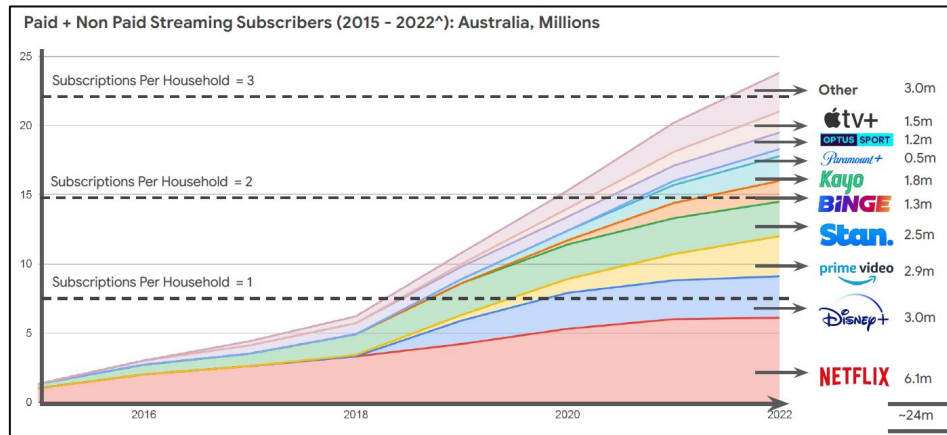
SVOD Suppliers offering advertising in 2022.

Over **half** of **AU's SVOD suppliers**, accounting for **66% of subscriptions** announced plans to have an **ad-tier by EO2023**

# We are moving to a point where SVOD is becoming the new, mass reaching vehicle that will replace TV



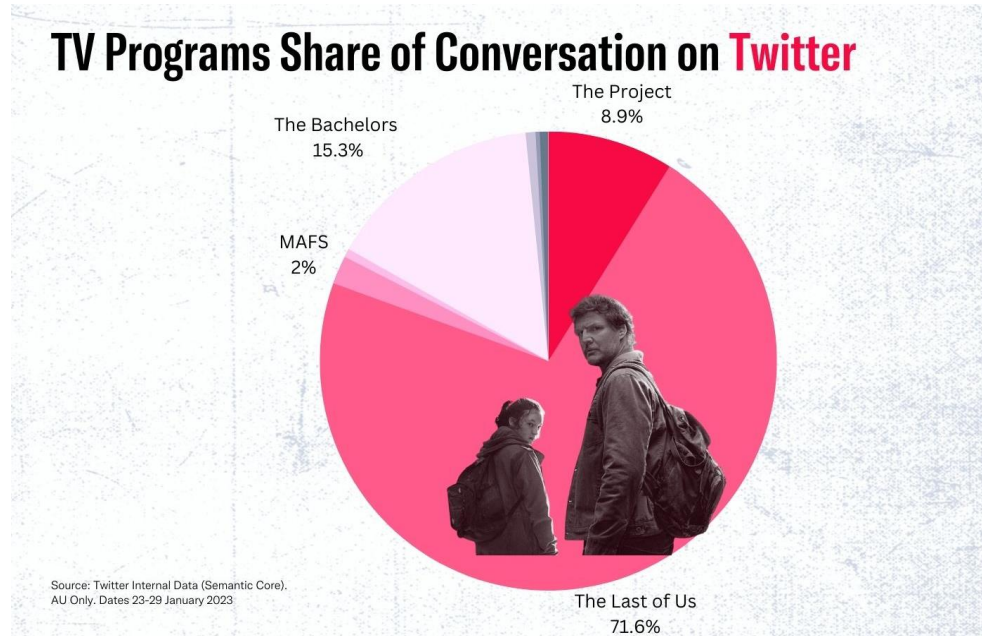
There is already a critical mass of 18-39 year old's, for whom SVOD is the most commonly accessed form of premium video



And we know that SVOD is only continuing to grow in volume of subscribers and volume of subscriptions

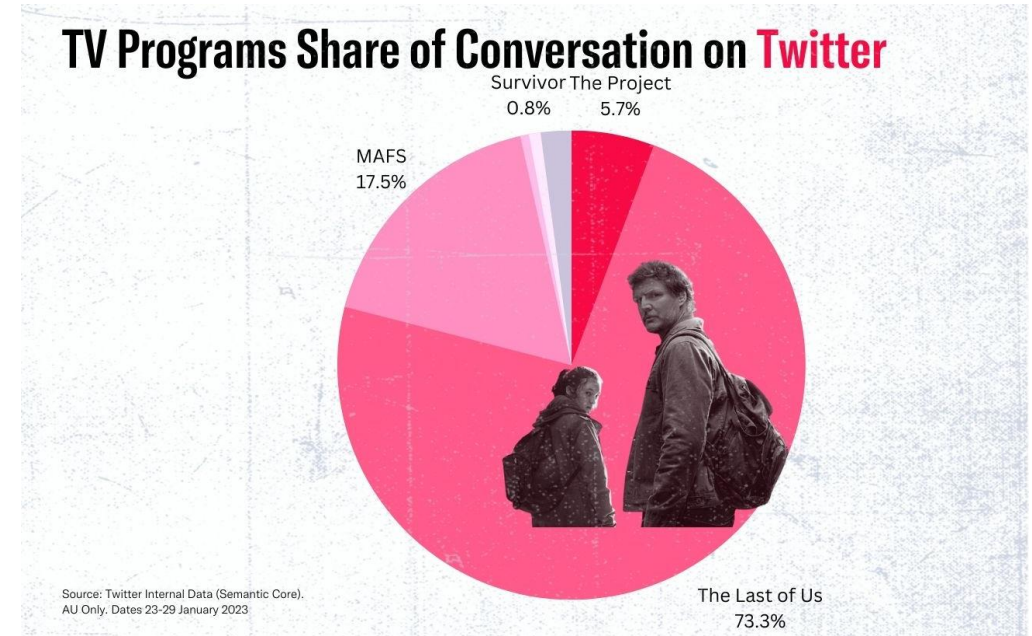
# In fact, relative to TV programs, SVOD already dominates the cultural buzz online

W/c 23<sup>rd</sup> January, 2023



During the week of *The Bachelors* finale HBO's *The Last of Us* delivered 4.5x as many social engagements.

W/c 30<sup>th</sup> January, 2023



The following week when MAFS launched, HBO's *The Last of Us* delivered 4.2x as many social engagements.



Reach + Ad Enabled + Engagement ≠ Media Channel

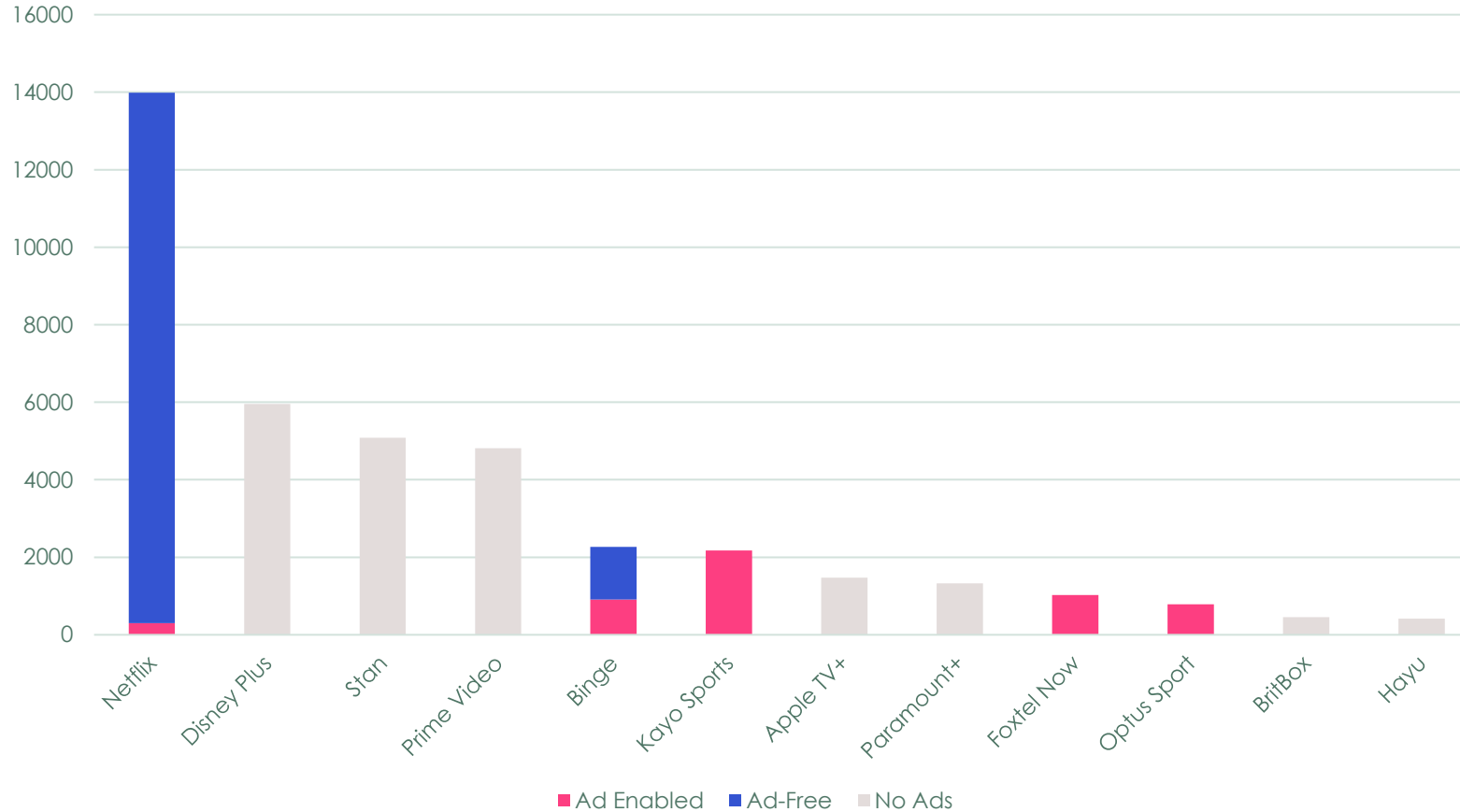
Yet\*





# Despite massive potential, the uptake of ad-enabled tiers is slow among consumers

Current State of SVOD Subscriptions with Ads



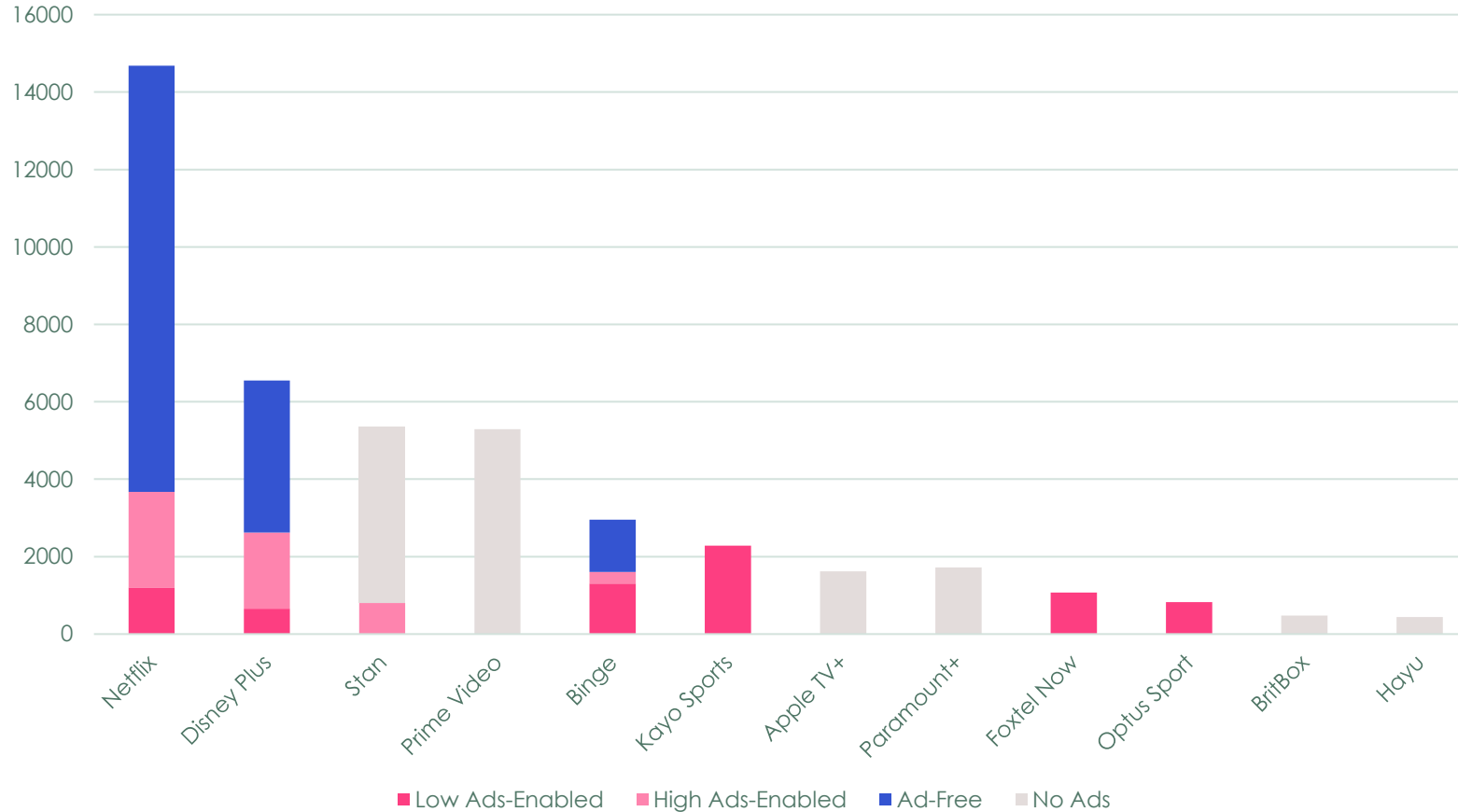
**12.5%**

Of total SVOD subscriptions are ad-enabled, and almost half of that is exclusively from Kayo.



# By the end of this year, the total ad-enabled subscriptions in Australian should at least double

Forecast end of 2023 SVOD Subscriptions with Ads



**2.5M – 7.5M**

New ad-enabled subscriptions will be taken on by Australians in 2023

**Up to ~10 Million**

# It's the logical evolution of affairs and serves both consumers and SVOD Suppliers (and advertisers)

Increases in  
cost of living



Comfortable with  
the format

Increases in content  
choices & locations

Increasing in CTV  
penetration

Need to deliver  
growth

Stop existing  
members cancelling

Increasing  
competition

**NETFLIX**

Diversifying revenue  
streams

## Key implications for media professionals

**SVOD will become a dominant channel**

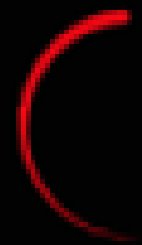
Compound the power of long form AV with massive reach, growth, and share of consumer attention – Advertisers are eager to get on board once the ad supply is there

**The implications of this change will be far reaching**

A new channel that already commands more time with consumers than any other AV channel will impact the market substantially. Advertiser investment prioritises will change, which impact both supply and demand of ads on other channels

**But it won't happen overnight**

Even generous growth rates only have 12.5 million ad enabled accounts at the end of 2023. More suppliers, and more consumer uptake will happen in due course – but this won't be a silver bullet in 2023.



Loading...





essence**media**com

Thank you

