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The four phases of global SVOD subscription growth

By Parrot Analytics Regional Director, Alejandro Rojas. Image: Money Heist (Netflix)

A recent study by Harvard researchers validates a thesis that SVOD players seem to know already: Original content drives subscription growth.

Using recent developments as context, and leveraging Parrot Analytics' exclusive dataset of global TV demand data and audience behavior, I here present – for discussion – the four phases of SVOD subscription growth:

1. Launch
2. Growth
3. Attract & Retain

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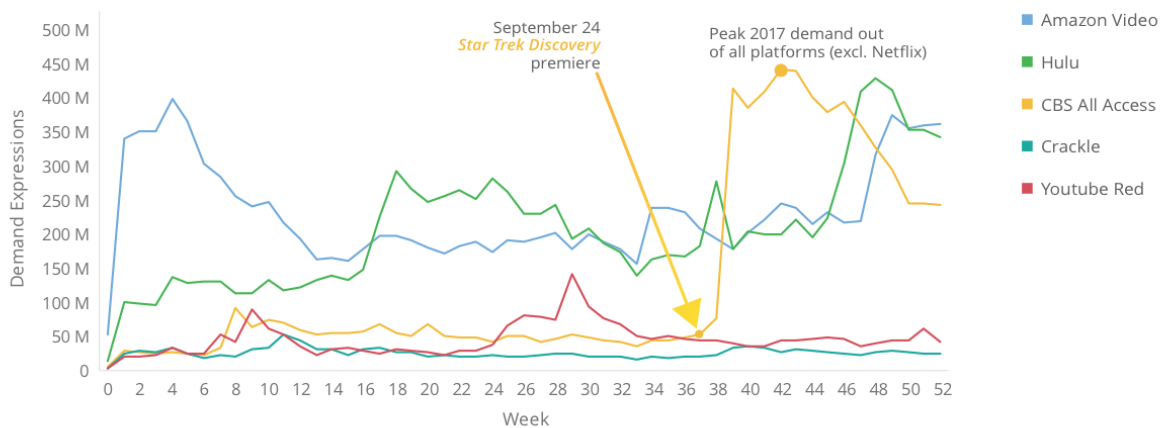
4. Scale

Let's dive right in.

Launch

One plausible strategy to successfully launch an SVOD platform is to put all bets into a content property with a vibrant and passionate fan base. As one example, CBS All Access recently announced its international expansion after demand for Star Trek Discovery skyrocketed on its premiere. Platforms can take off with a single successful show, as demonstrated below:

Total Demand for SVOD Platform Original Series in 2017 (ex. Netflix)



Demand Expressions®: Total audience demand being expressed for a title, within a market.

Growth

After launch, an SVOD's original content must continuously grow the platform's average audience demand. This demand growth is observed in the case of Hulu, suggesting that as the average demand for all originals on the platform grows, subscriptions

will follow.

Subscriber numbers and average US demand for Hulu originals
June 2016 – December 2017



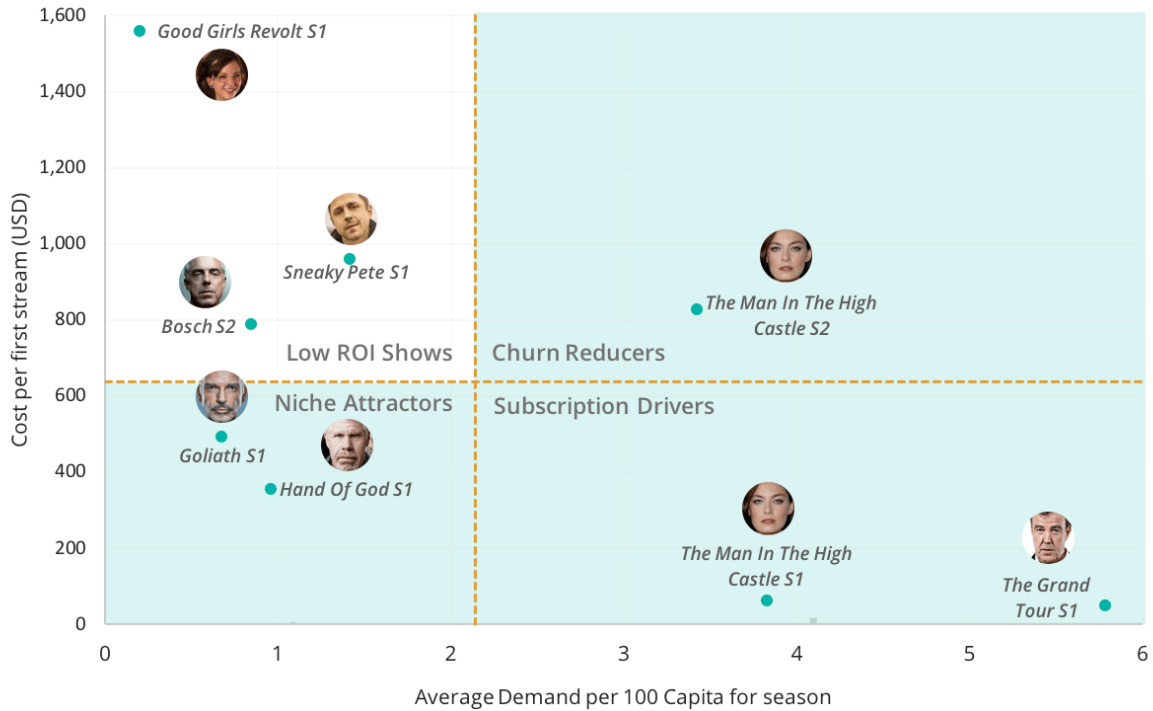
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Attract and Retain

Once an SVOD service achieves a certain reach, the task of attracting and retaining subscribers becomes that of managing a portfolio of original content assets. In that portfolio, the SVOD service must optimize investments on three types of shows: Churn reducers, niche attractors and subscription drivers. Those shows that fall outside these categories are likely candidates for cancellations. Applying this portfolio framework to Amazon's

original content serves as an example to illustrate this phase:

Cost per first stream and demand per season for Amazon Originals
In the US, UK, Germany, Austria and Japan



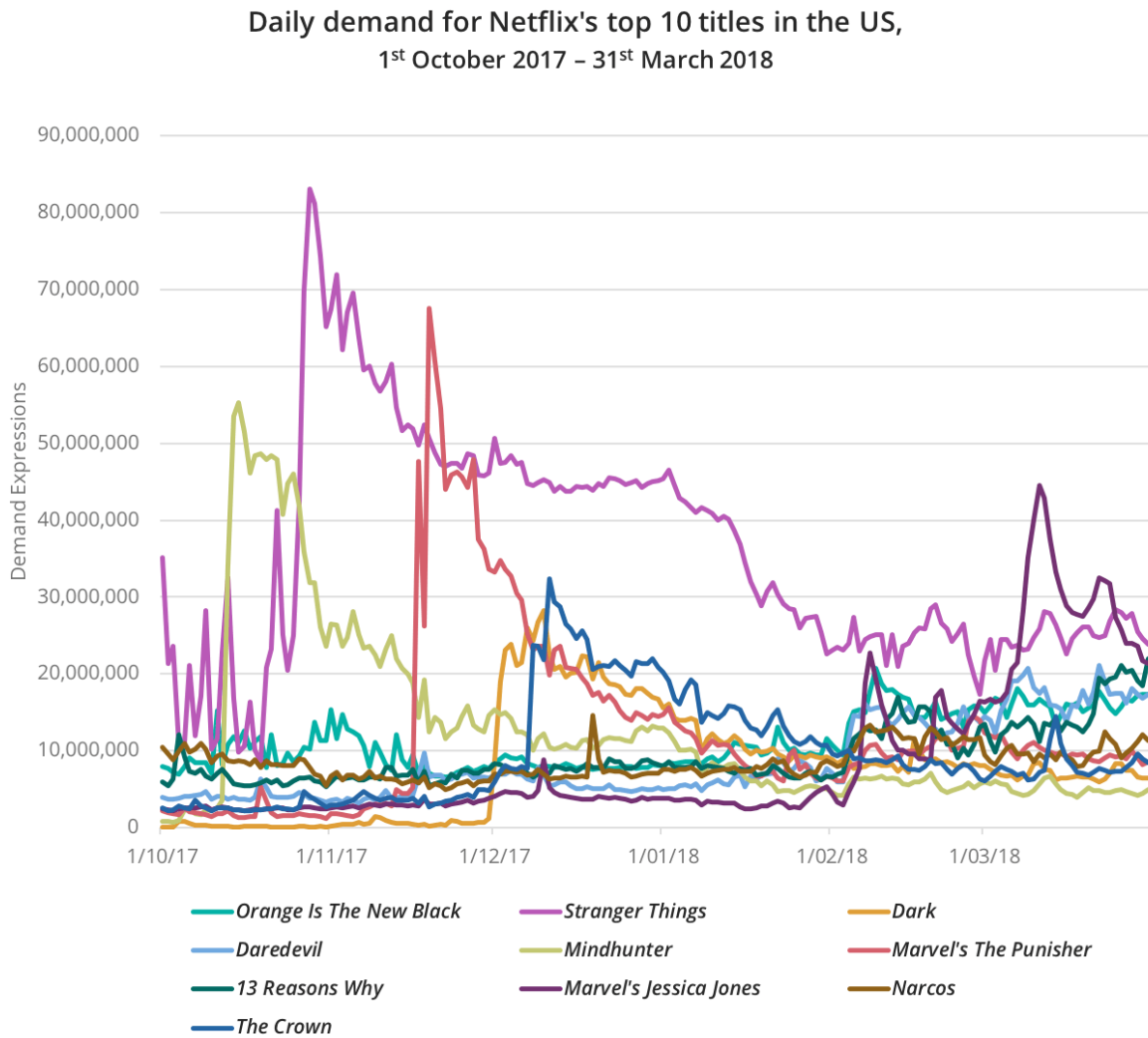
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Scale for Global Domination

After gaining massive scale, the path to global domination, as followed by Netflix, includes:

- (a) Increasing the frequency of release of shows that serve

specific audiences, such as *The Crown*.

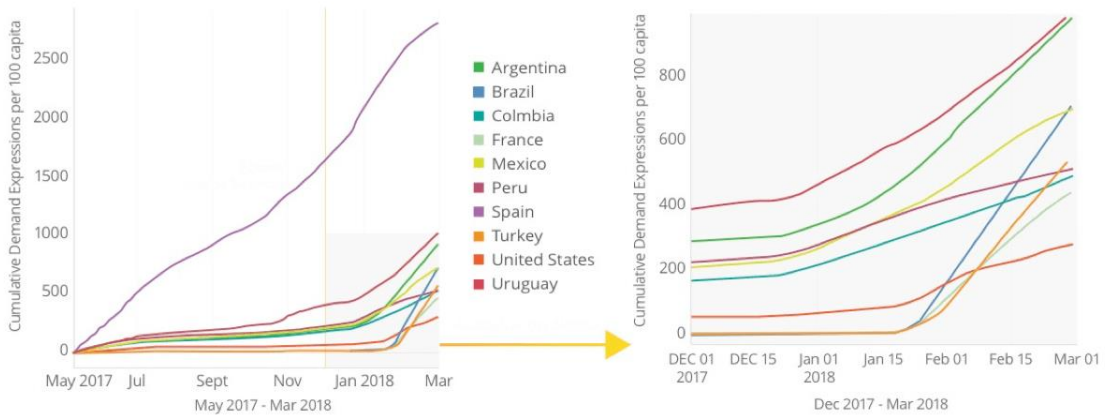


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(b) Transforming local existing content into global hits through repackaging and marketing like Netflix has done with *La Casa de*

Papel, now known as *Money Heist*.

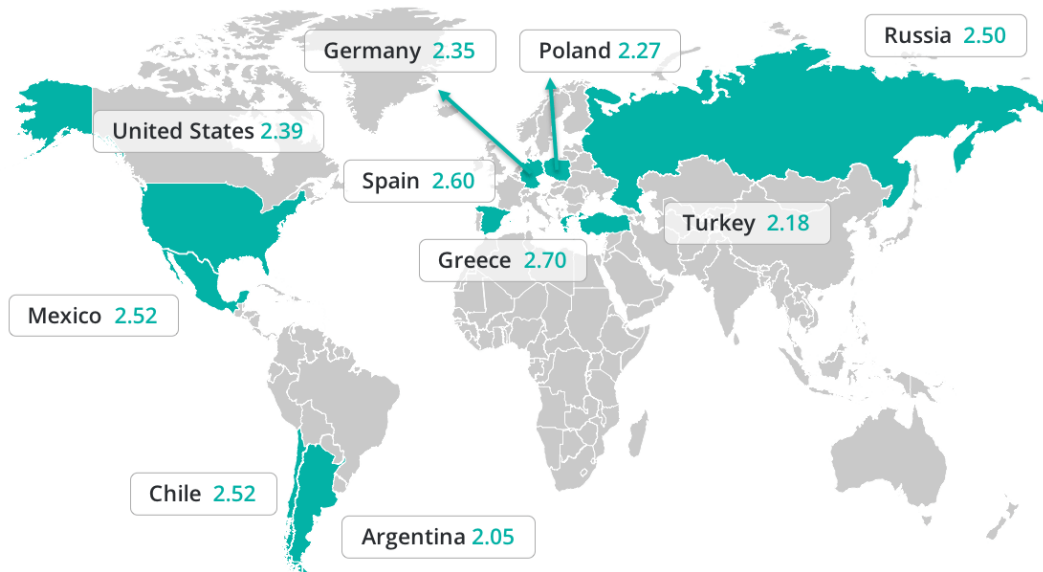
The Netflix effect: Faster demand growth for *La Casa De Papel* outside of its home market May 2017 - March 2018



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(c) Commissioning originals with true global appeal like the German-language original series *Dark*.

Top 10 global markets where Netflix's *Dark* is most popular, 5th January - 4th April 2018



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This four-phase growth model is constructed purely based on empirical evidence from successful SVOD services.

The question that remains is this: Will Disney-Fox, the elephant in the room, follow this approach when launching its streaming offering next year?