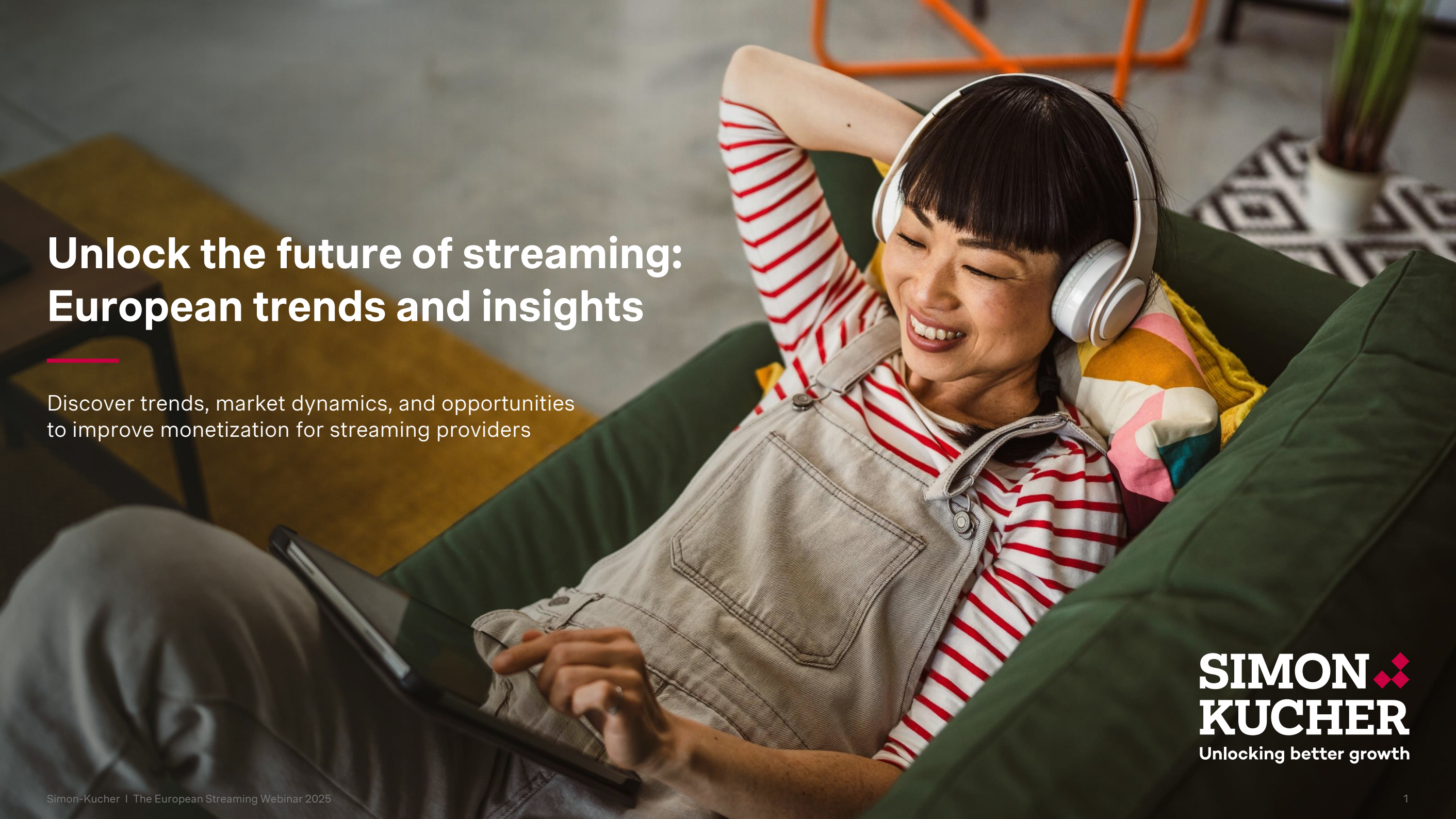




Unlock the future of streaming: European trends and insights

Discover trends, market dynamics, and opportunities
to improve monetization for streaming providers

SIMON 
KUCHER
Unlocking better growth

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Simon-Kucher is the leading global consulting firm specializing in unlocking better growth.

Our people

- Specialists in Commercial Strategy & Pricing Consulting, Transaction Services & Private Equity, Digital and Software
- Our partners and experienced leadership team are hands on, delivering results at pace

Our sector expertise

- Consumer
- Financial Services
- Healthcare & Life Sciences
- Industrials
- Technology Media and Telecoms

Our clients

- Our clients come from 120+ industries and range from Fortune 500 and FTSE 100 firms to unicorns

Our reputation

- Pioneering pricing for decades, Simon-Kucher defined the discipline – it's part of our DNA



1985
FOUNDED

46
OFFICES

31
COUNTRIES

2,000+
EMPLOYEES

190+
PARTNERS

Recognized globally

**WORLD'S BEST
MANAGEMENT
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Forbes
2024

POWERED BY STATISTA

Across 11 industries and functional areas, Simon-Kucher was recognized by Forbes as one of the World's Best Management Consulting Firms for the third year in a row.

Forbes together with *Statista*: list of the World's Best Management Consulting Firms, 2024.

iStock/haikeiya

Financial Times

Gold-rated on the list of UK's Leading Management Consultants for Marketing, Brand & Pricing, 2024.



brand eins/Statista

#1 on the list of the Best Consulting Firms in Germany for Marketing, Brand, Pricing, 2024.



Forbes

One of America's Best Management Consulting Firms nine years in a row, 2024.



Bilanz

#1 on the list of the Best Consulting Firms in Switzerland for Marketing & Sales, 2022.



Capital

#1 on the list of the Best Consulting Firms in France for Marketing, Sales, Pricing, 2019.



**We work in all verticals of the media industry –
with a particular focus around content and advertising monetisation**

We know
the players
we know
the market
and we know
the industry trends



**Online
games**



Ad distributors
(print, TV, online)



Classifieds



**Database/spec.
information providers**



**Newspaper
publishers**



**Magazine
publishers**



**Book
publishers**



**TV/
streaming**

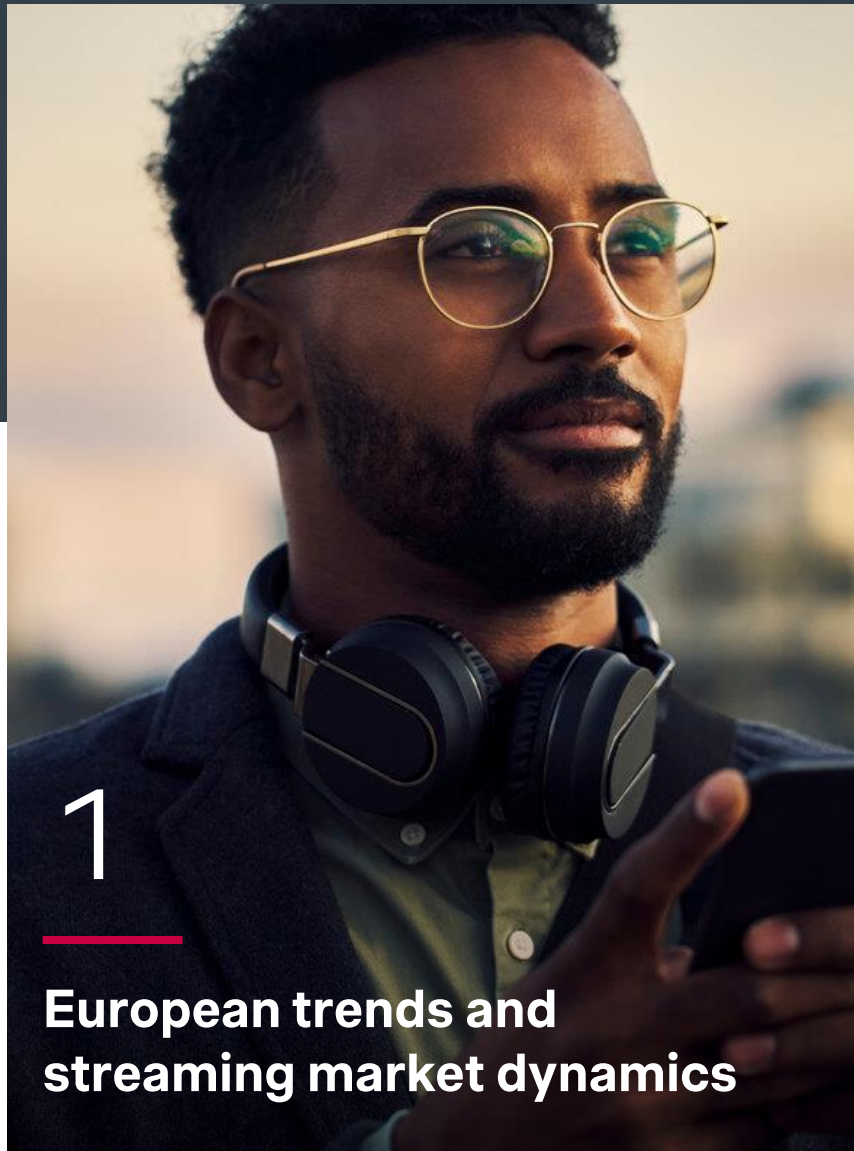


**Music/
radio stations**



**Directories/online
marketing services**

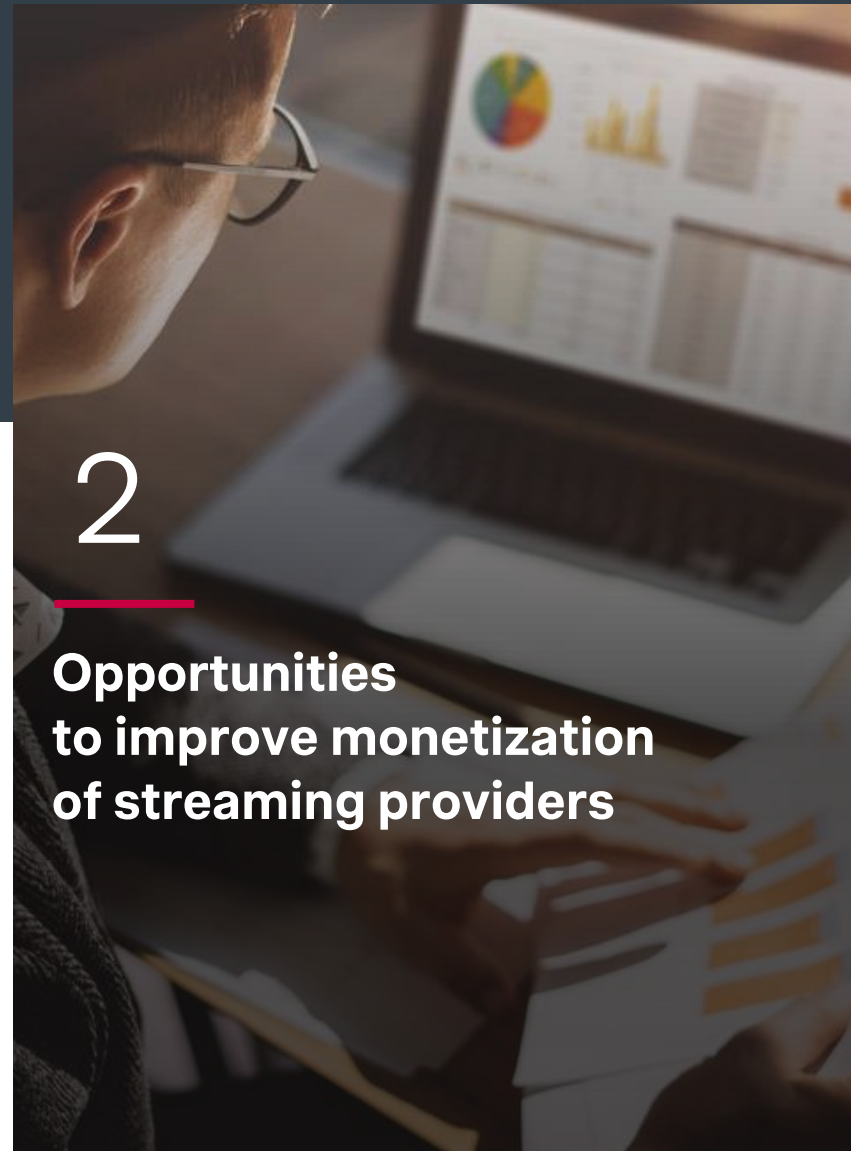
Agenda for today



1

**European trends and
streaming market dynamics**

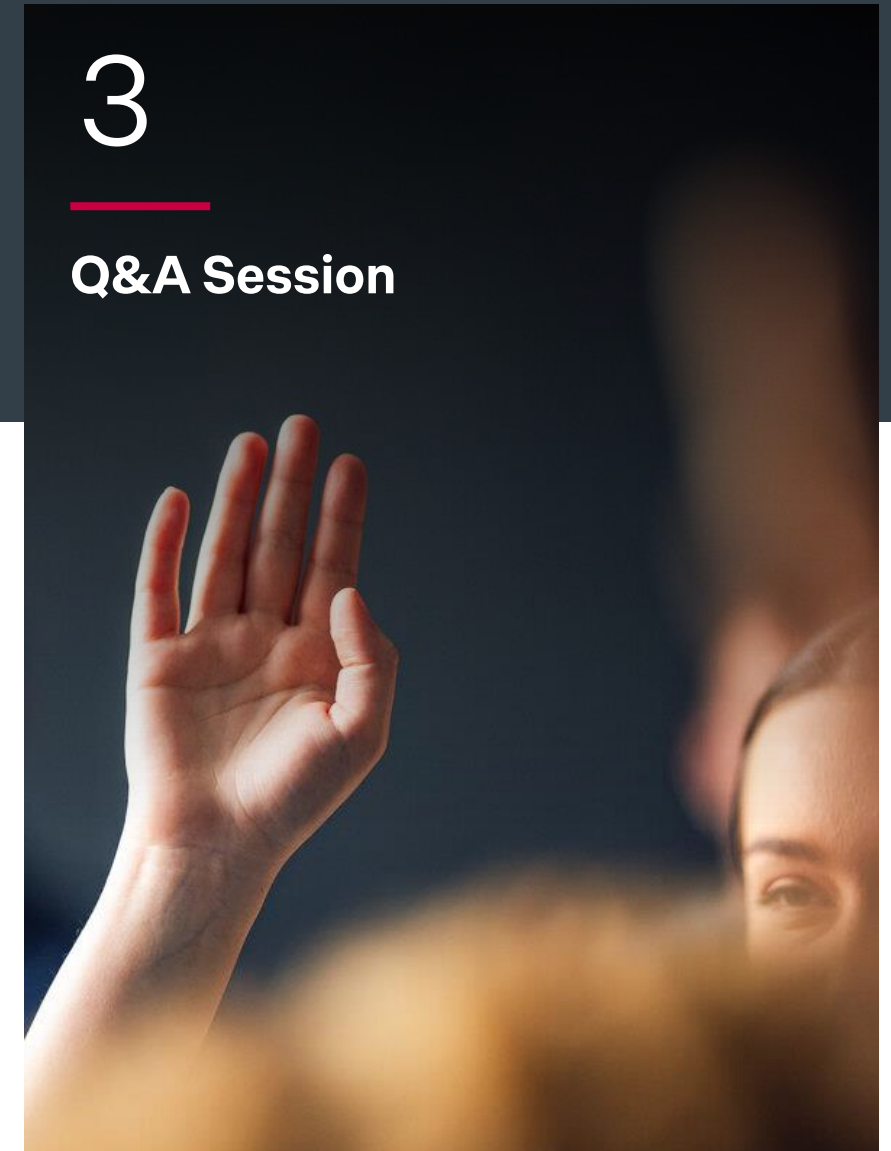
15 mins



2

**Opportunities
to improve monetization
of streaming providers**

30 mins



3

Q&A Session

10 mins

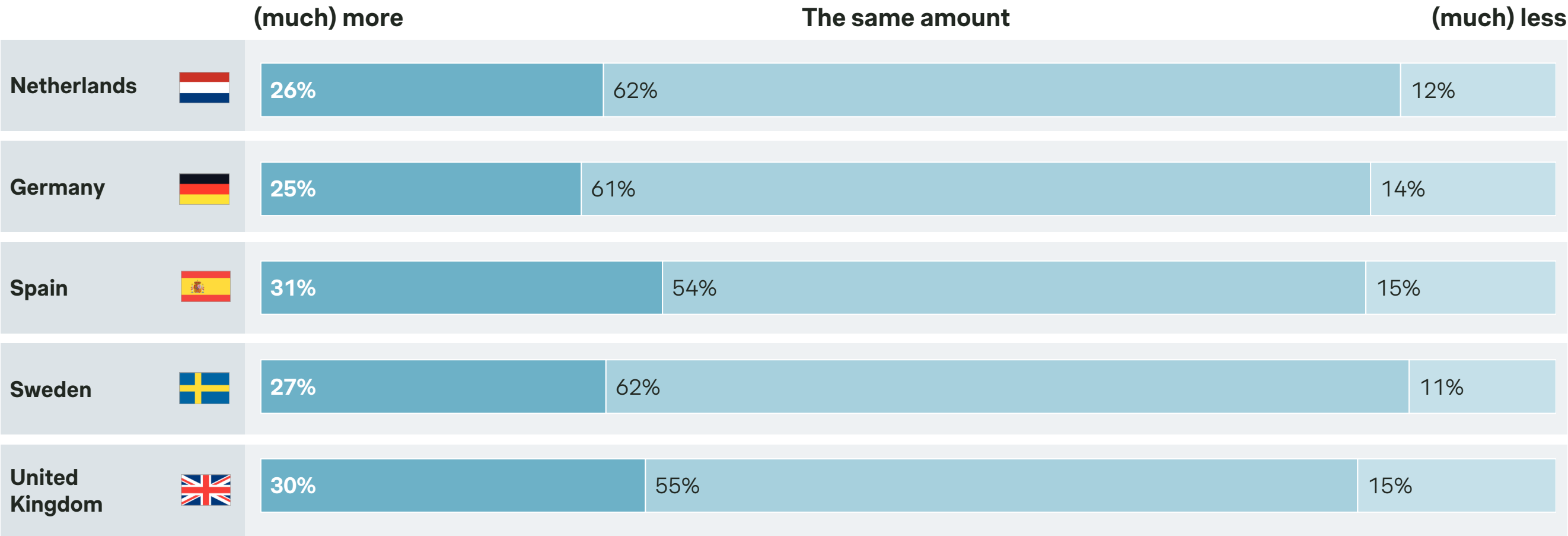
A close-up, slightly low-angle shot of a man with a beard and glasses, wearing large black headphones. He is looking down at a smartphone in his hands. The background is a blurred cityscape at dusk or dawn, with warm light from the setting or rising sun. The overall mood is contemplative and modern.

1

European trends and streaming market dynamics

Streaming is still growing: European streamers are watching more content compared to last year

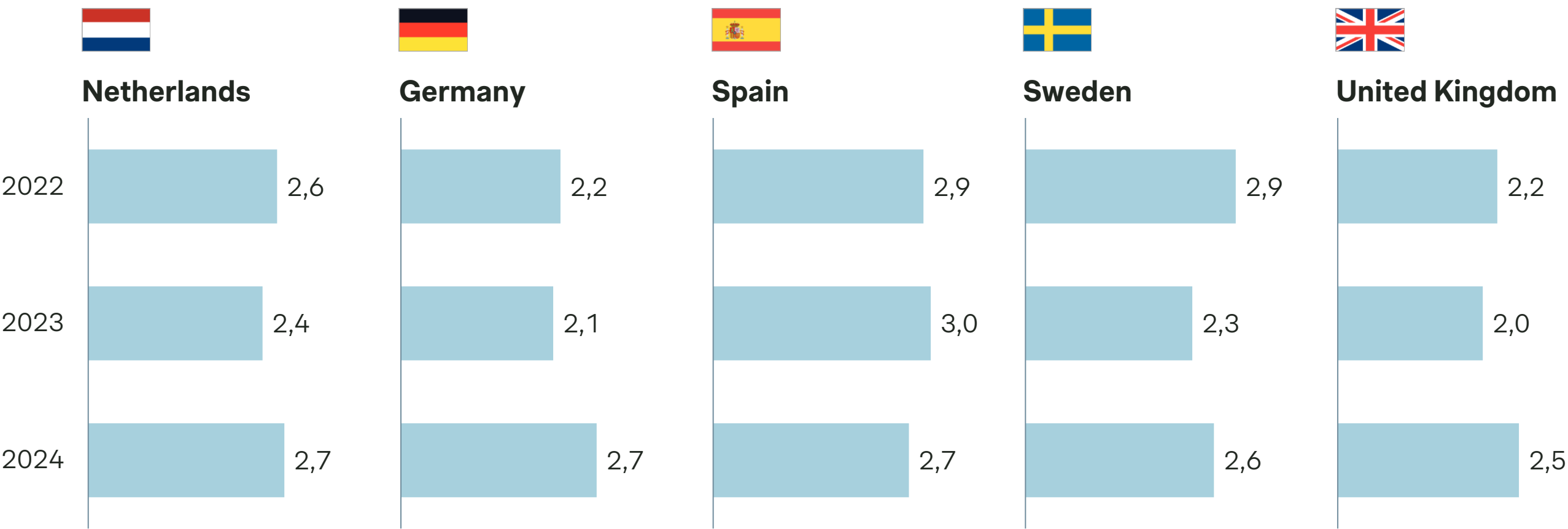
Change in streaming duration by country vs last year



Although European consumers are streaming more compared to last year, the growth in streaming time in Europe is lowest on a global scale. North American, LATAM or Asian consumers increased their streaming time significantly more.

The average number of self-paid subscriptions has increased over time in almost all European countries

Average number of subscriptions, for which respondents pay themselves





Global comparison:

2022: 2.8

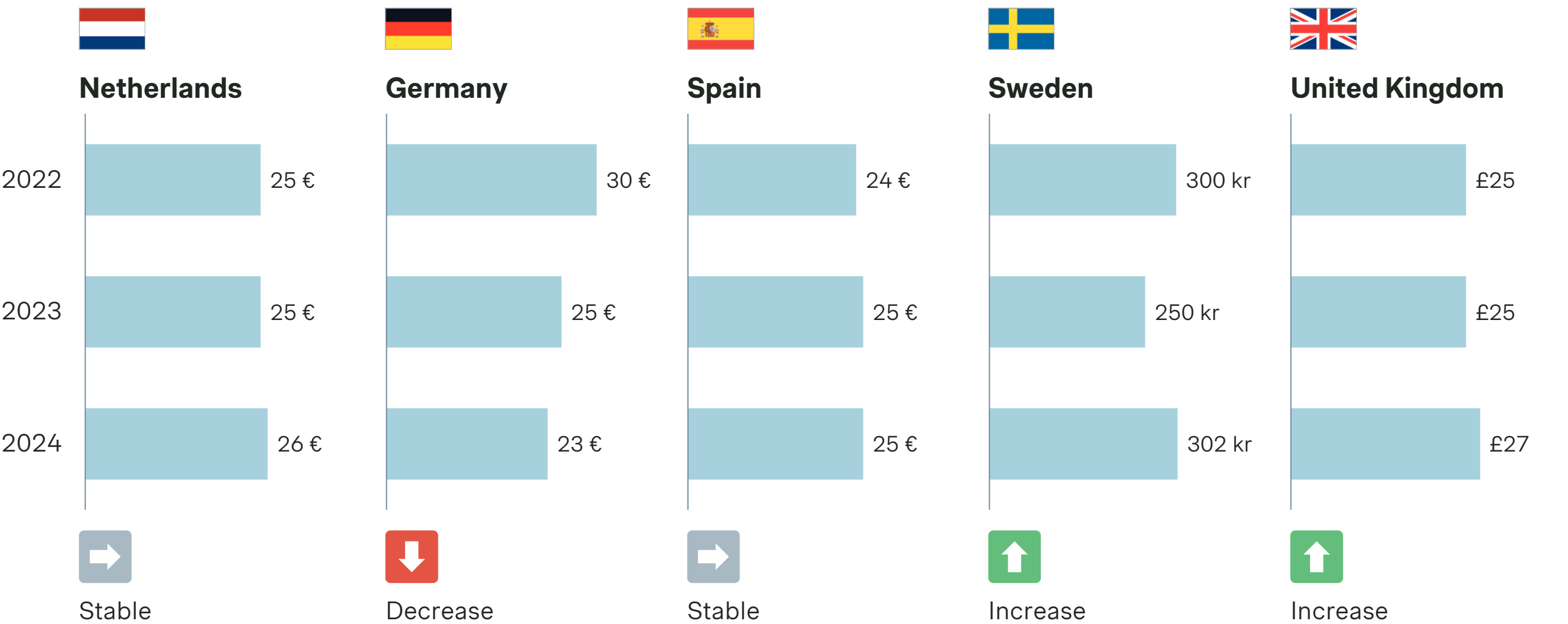
2023: 2.4

2024: 3.0

Source: Simon-Kucher Global Streaming Study 2024; (n = 558 with at least 1 self-paid subscription), globally n = 12,163 (n = 6,540 with at least 1 self-paid subscription)

Streaming budget growth is limited in European markets – only Sweden and UK show growth in overall streaming budget

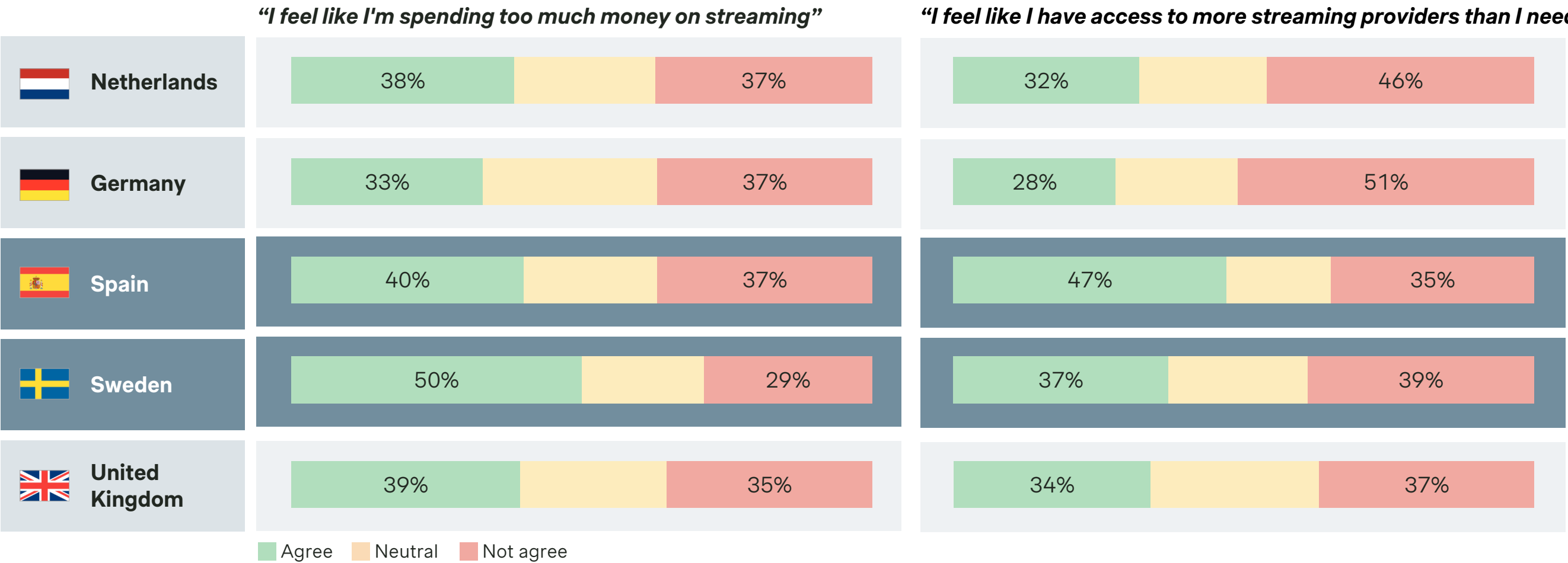
Willingness to pay for all streaming subscriptions by country (median price)



Source: Simon-Kucher Global Streaming Study 2024; (n = 558 with at least 1 self-paid subscription), globally n = 12,163 (n = 6,540 with at least 1 self-paid subscription)

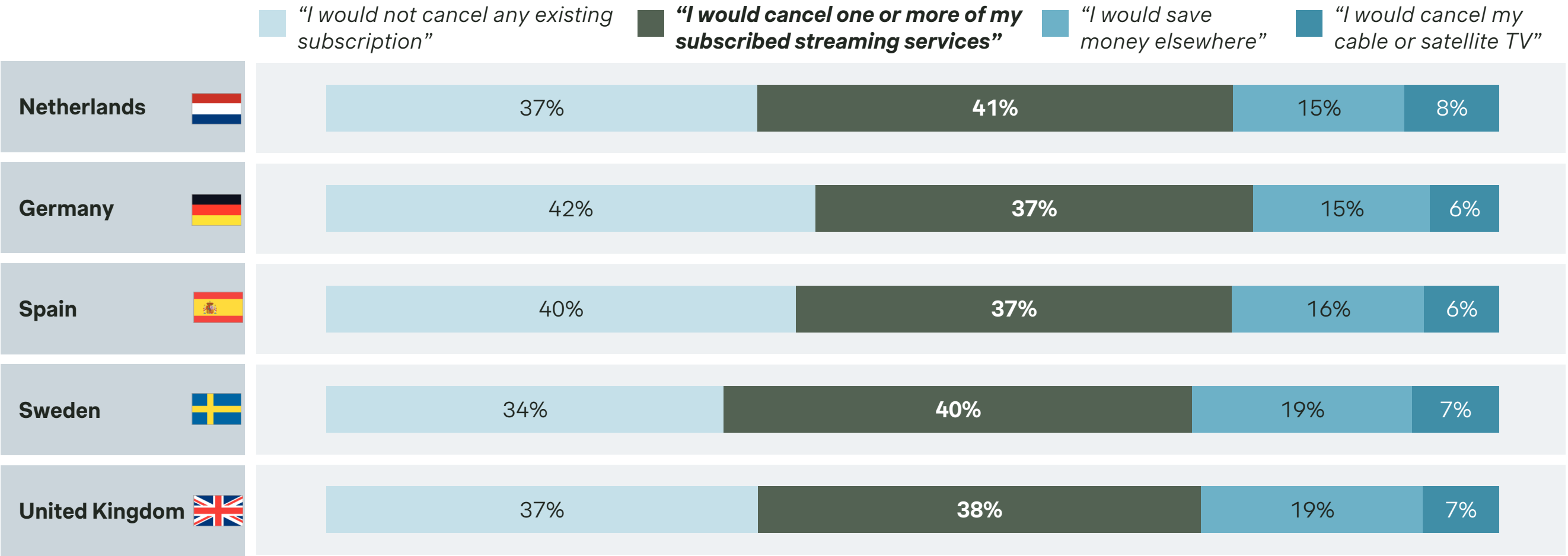
Subscription fatigue is significant, and especially relevant for Sweden and Spain

Agreement to statement around streaming budget and number of streaming providers



Although streaming usage has increased in Europe in terms of duration and number of subscriptions, we observe an increasing subscription fatigue in the European market. A significant share of European consumers feel they spend too much on streaming and many streamers say they currently have access to more streaming services than they need. Overall, we can see that this subscription fatigue is highest among younger consumers (18-39 years old).

A large portion of consumers would only subscribe to a new streaming service when cancelling an existing subscription



Many European consumers would cancel one or more subscriptions before signing up for a new streaming subscription – this share is especially high in the Netherlands. Some European streamers would instead prioritize cancelling “traditional” cable or satellite TV contributing to the ongoing overall growth of the European streaming market.

Although
the **European
streaming market
is still growing**
in terms of
streaming duration
and number of paid
subscriptions, the **current
market environment**
is becoming
more challenging



More players
are entering the market



Streaming budgets
are **limited** making
further **price increases**
difficult



Subscription fatigue
leads to **higher churn**



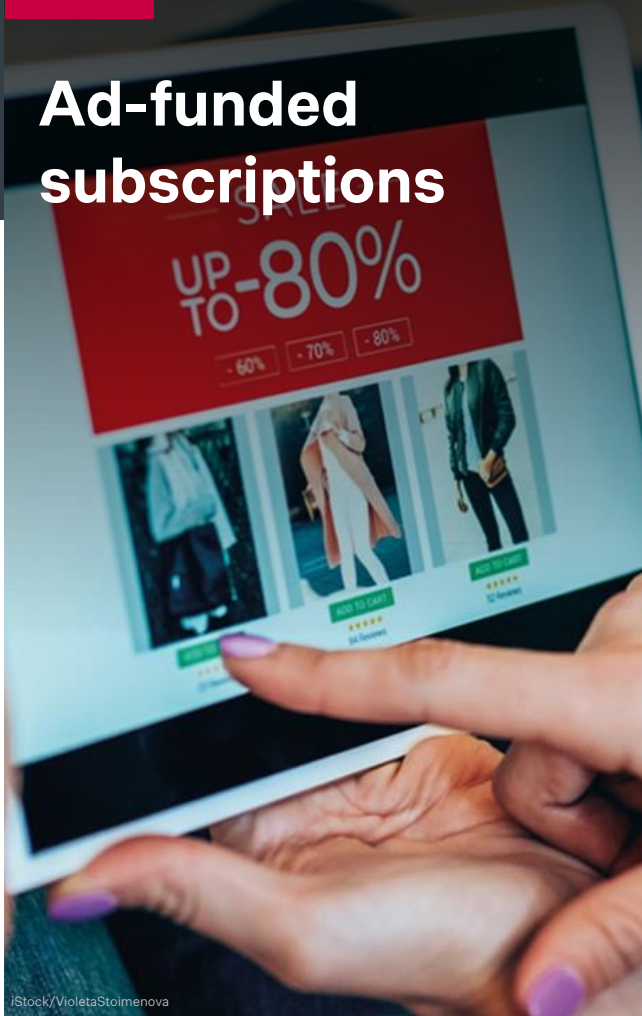
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Opportunities to improve monetization of streaming providers

Four levers to improve monetisation of streaming providers in the current market environment

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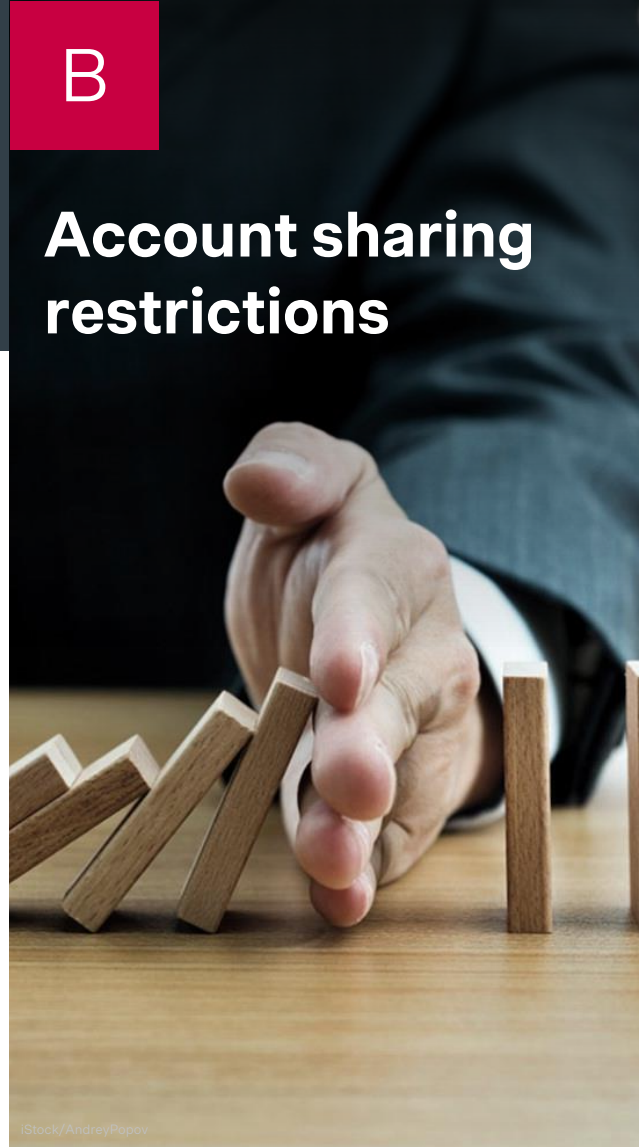
**Ad-funded
subscriptions**



iStock/VioletaStoimenova

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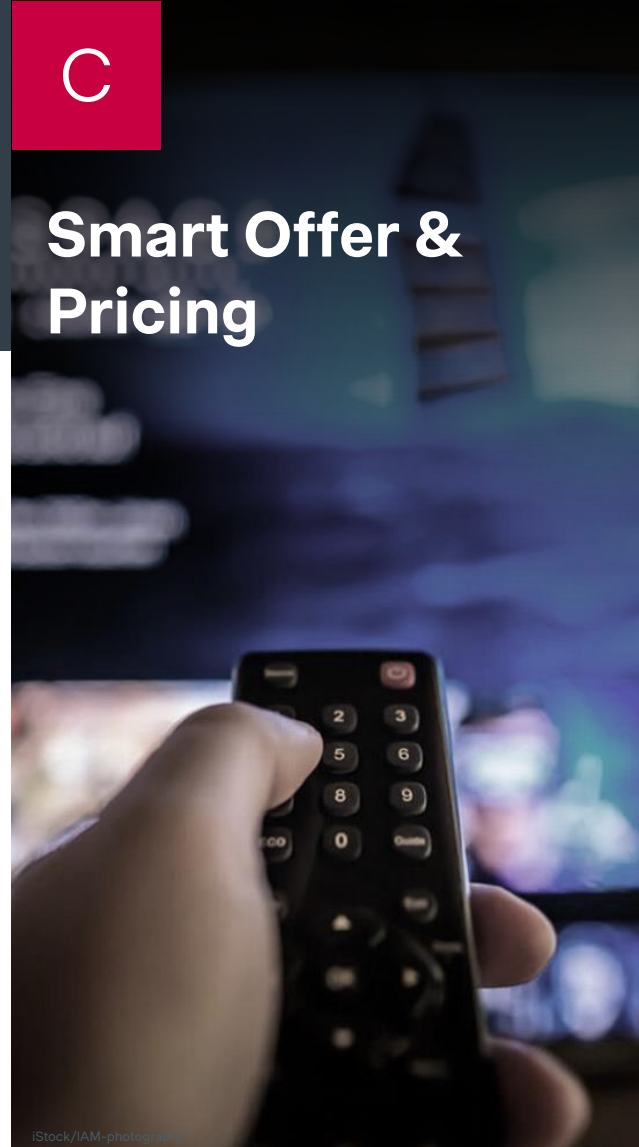
**Account sharing
restrictions**



iStock/AndreyPopov

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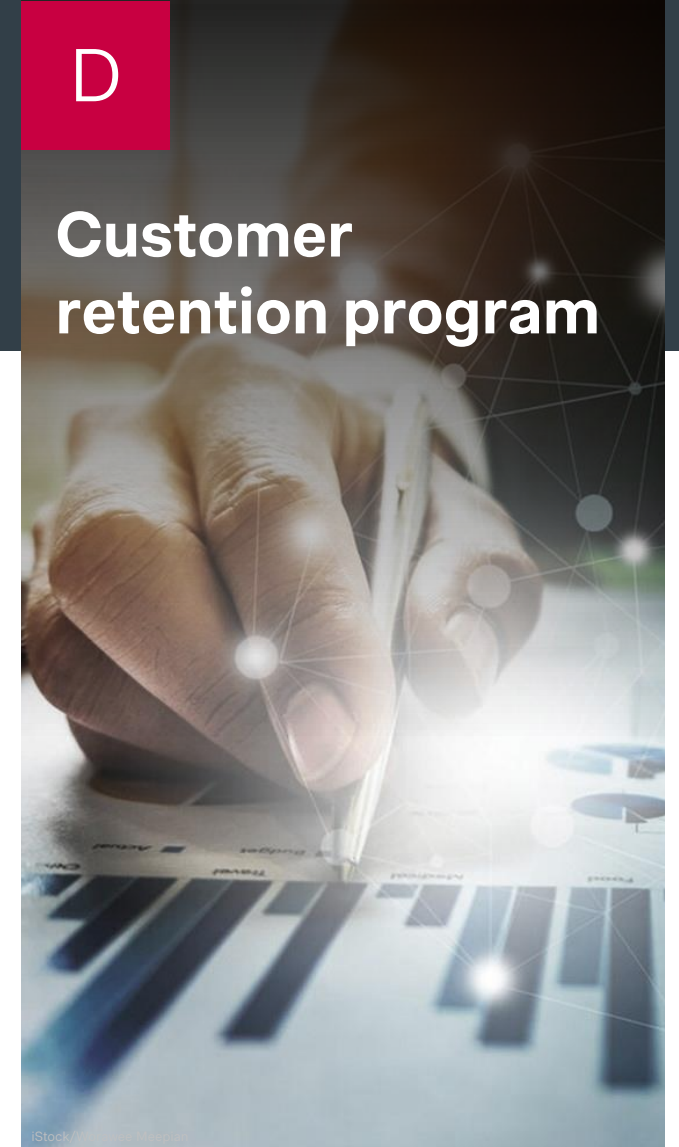
**Smart Offer &
Pricing**



iStock/IAM-photography

D

**Customer
retention program**

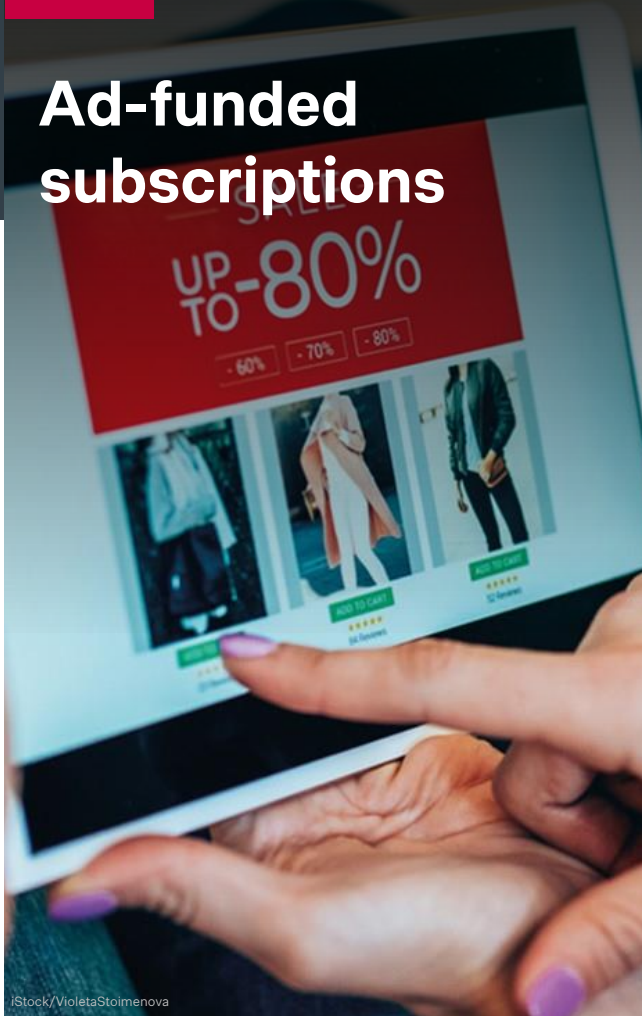


iStock/AndreyPopov

Four levers to improve monetisation of streaming providers in the current market environment

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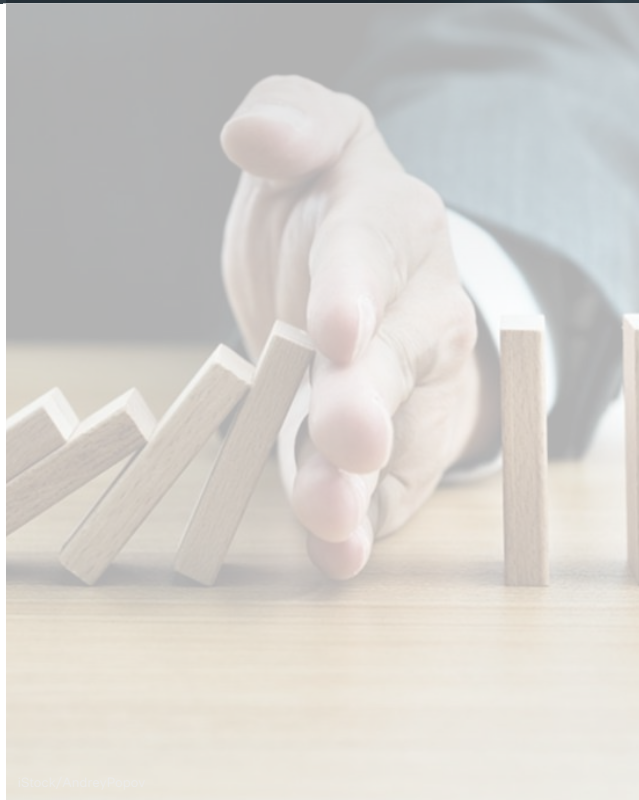
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subscriptions**



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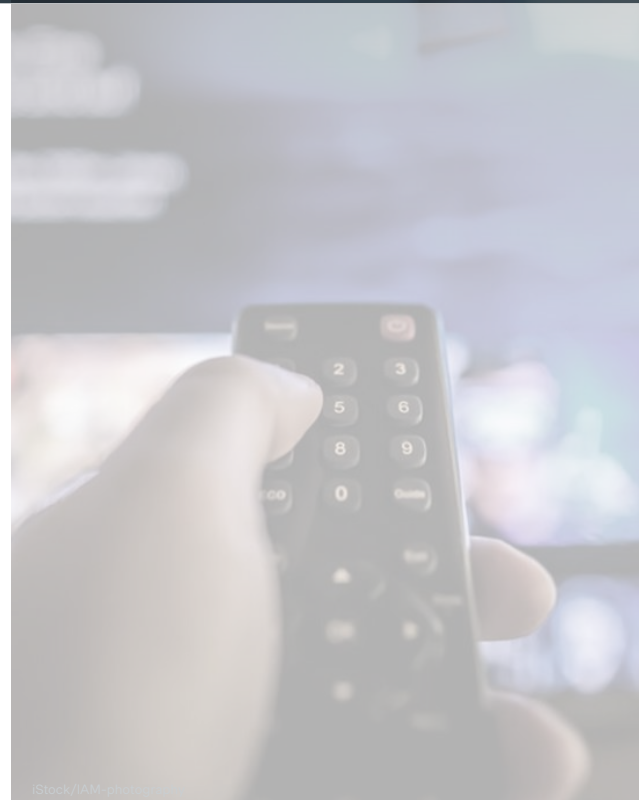
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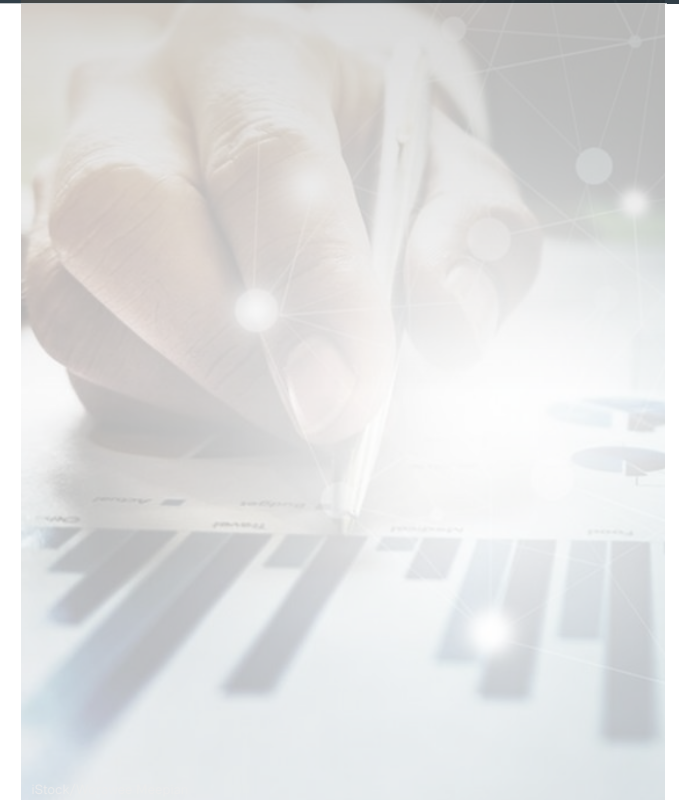
**Smart Offer &
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**Customer
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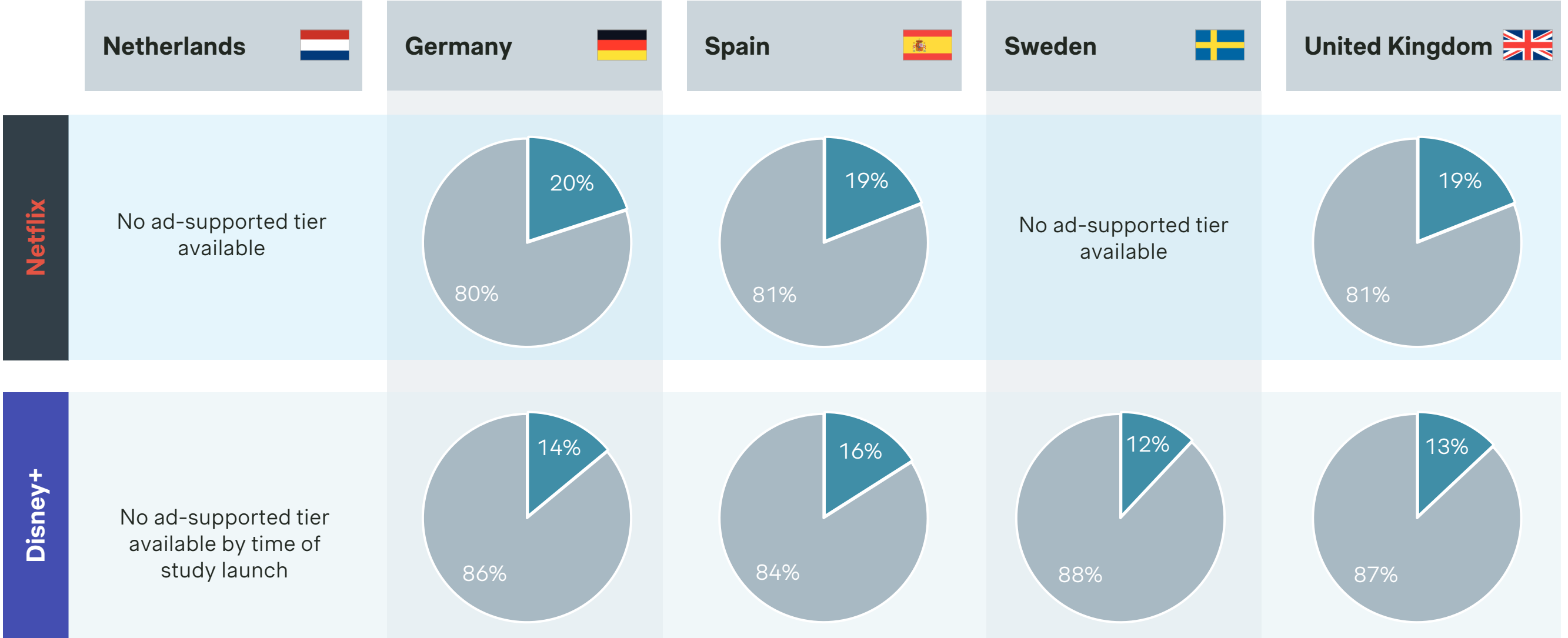


iStock/

Netflix and Disney+ already have a relatively large portion of their subscriber bases utilizing the more affordable ad-supported option

Share of subscribers having an ad package vs. a regular package by provider by country

Referring to the market situation in spring 2024 when the survey was conducted

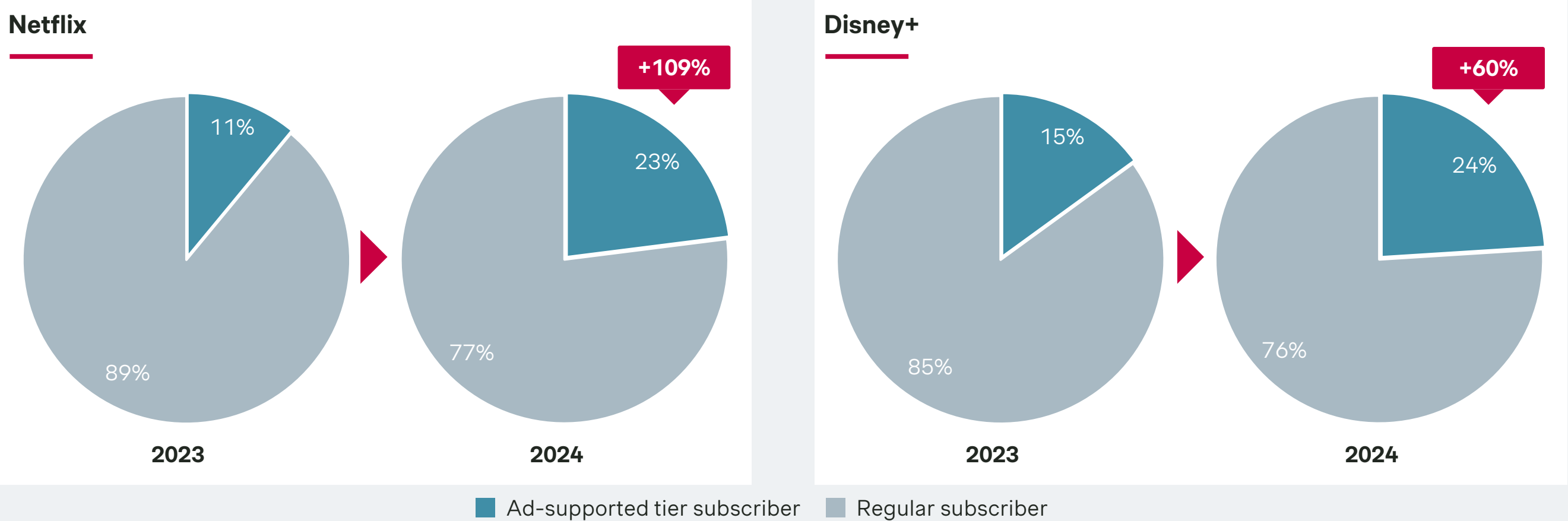


Note: Ad-packages not available in Netherlands (Netflix and Disney+) and in Sweden (Netflix) during fielding time (Q2 2024)
Source: Simon-Kucher Global Streaming Study 2024, n= 12,163

■ Ad-supported tier subscriber ■ Regular subscriber

1.5 years after their introduction in the US, the ad-supported pack makes up around a quarter of total subscribers for both Netflix and Disney+

Share of subscribers having an ad package vs. a regular package by provider in the US United States only

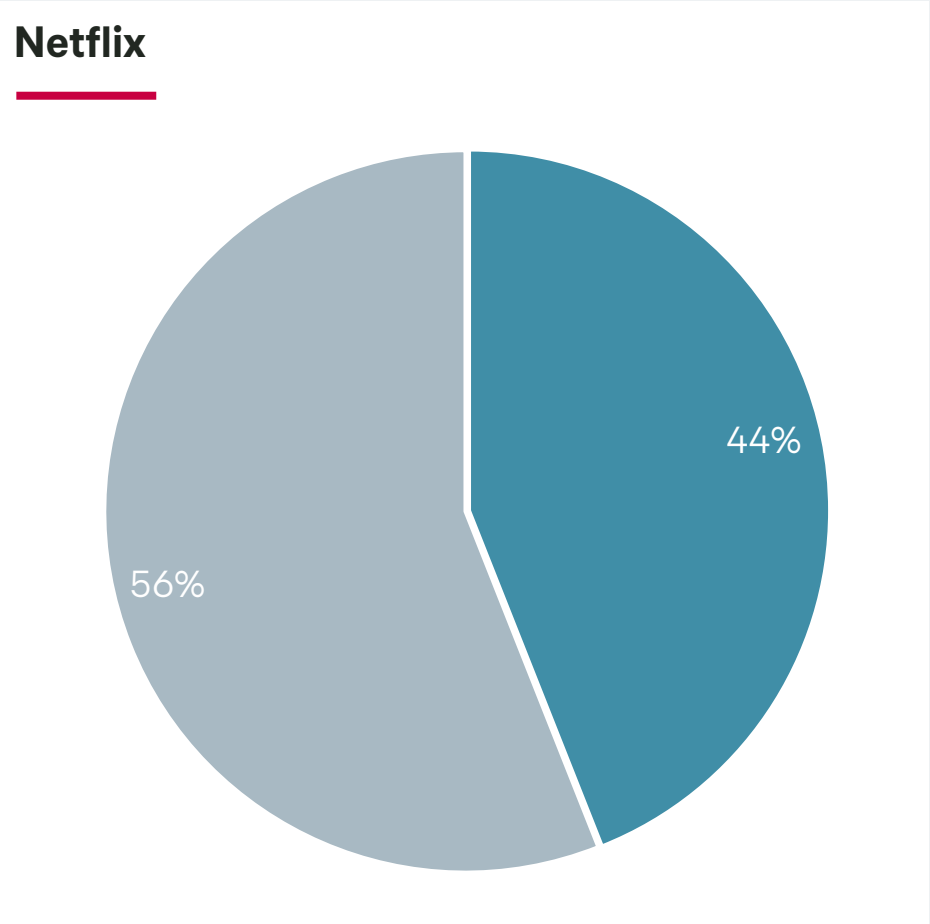
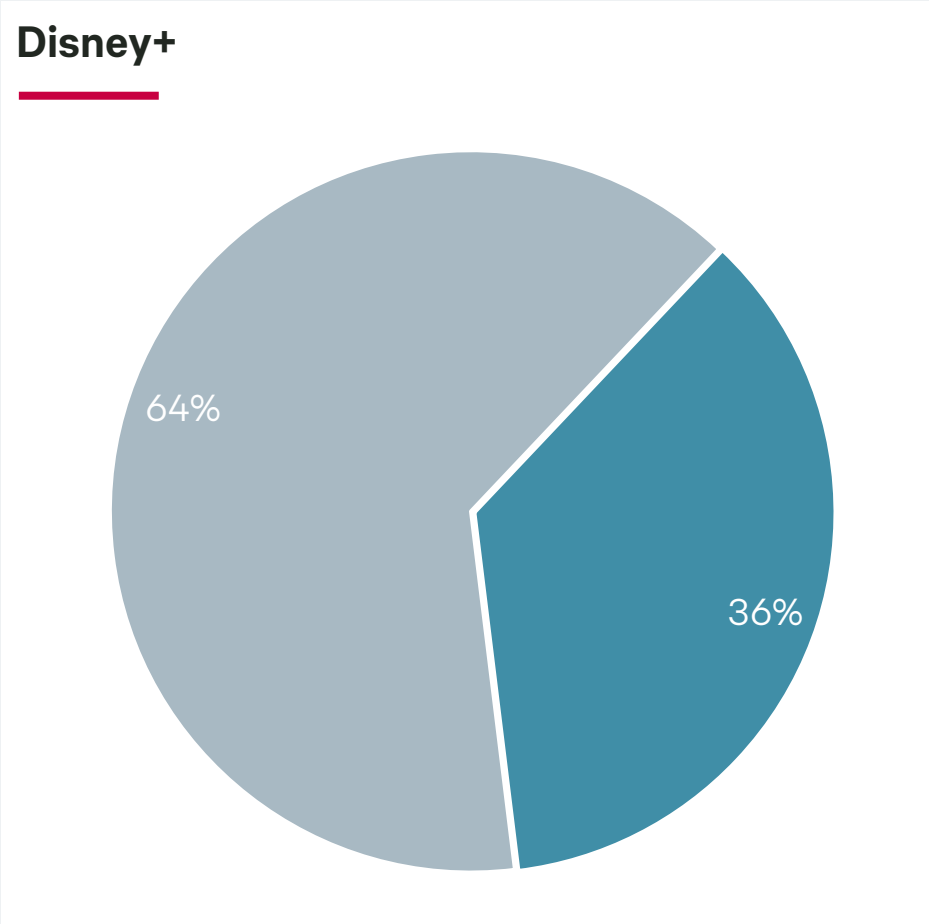


Netflix and Disney+, as pioneers in offering ad-supported packages to subscribers, now each have a quarter of their subscriber base utilizing the more affordable ad-supported option

Note: This analysis focuses on the US market only for comparability reasons, where ad-supported subscriptions for both Netflix and Disney+ are available in both 2023 and 2024
Question: Which type of package do you have for each of these subscriptions?
Source: Simon-Kucher Global Streaming Study 2023/ 2024; n = 11,910/12,163

While ad-supported packages attract new, more price sensitive subscribers, a large portion of those on ad-supported packages have downgraded

Share of ad-supported tier subscribers, who were newly acquired vs. downgraded from an existing offering by provider



- I previously had a more expensive subscription, and moved to the cheaper basic option
- I did not previously have a subscription with the provider

European markets only

- 56% of new Netflix subscribers and 64% of new Disney subscribers indicate that they did not previously have a subscription with the provider, thereby truly growing the subscriber base
- ~46% of Netflix and ~35% of Disney+ 'downgraders' chose the ad package because of the lower price

Cannibalization must be monitored and mitigated, e.g., by fencing premium packages. However, without the cheaper alternative, customers might have churned completely.

Question: You previously said you had a basic subscription with advertising. Which of the below best describes your choice of that subscription?
Source: Simon-Kucher Global Streaming Study 2024, n = 12,163

Four levers to improve monetisation of streaming providers in the current market environment

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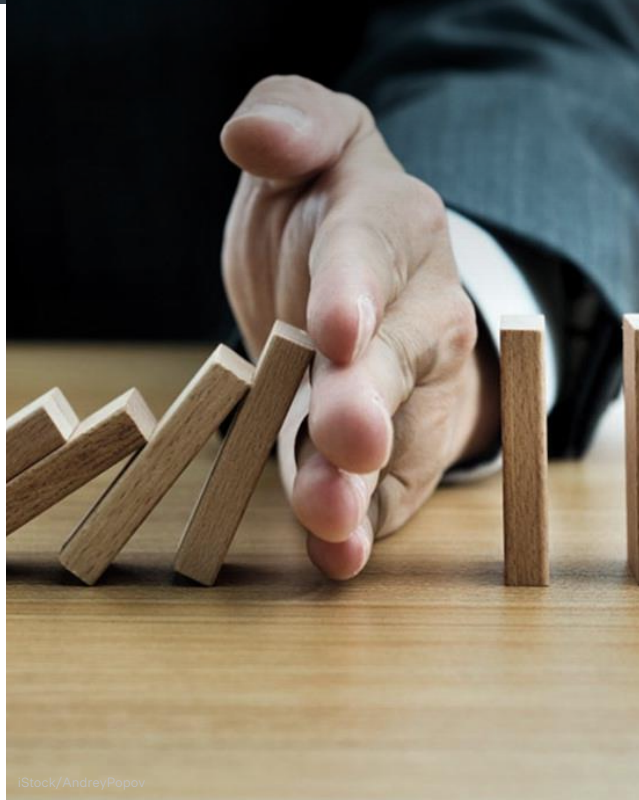
**Ad-funded
subscriptions**



iStock/VioletaStoimenova

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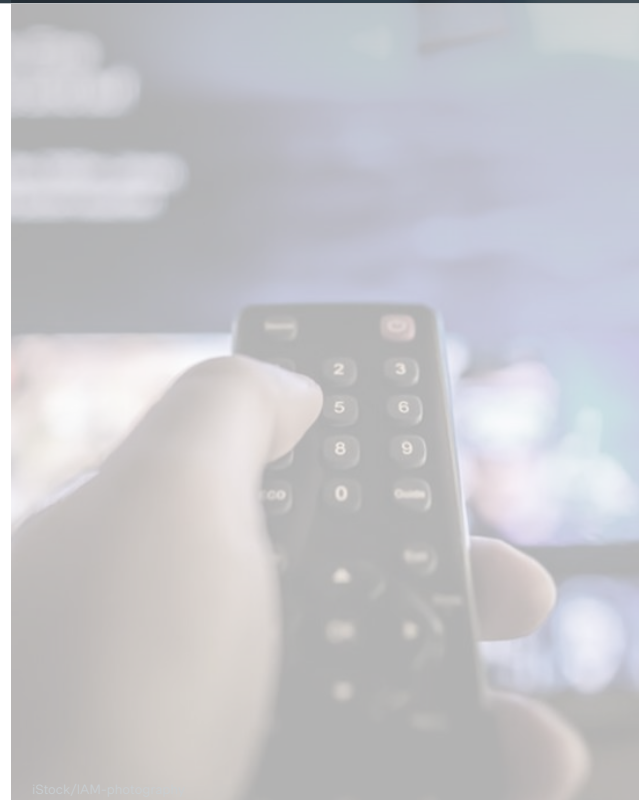
**Account sharing
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iStock/AndreyPopov

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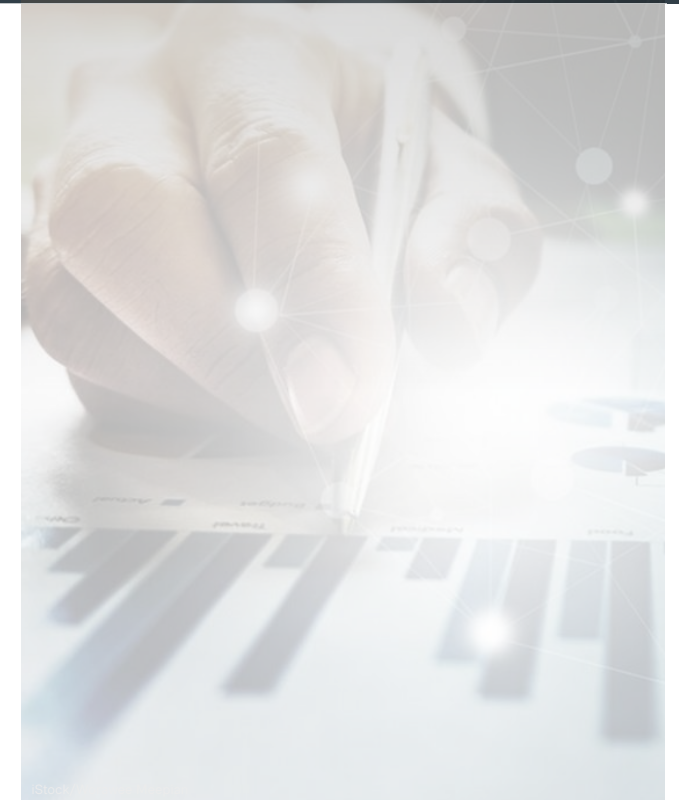
**Smart Offer &
Pricing**



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**Customer
retention program**

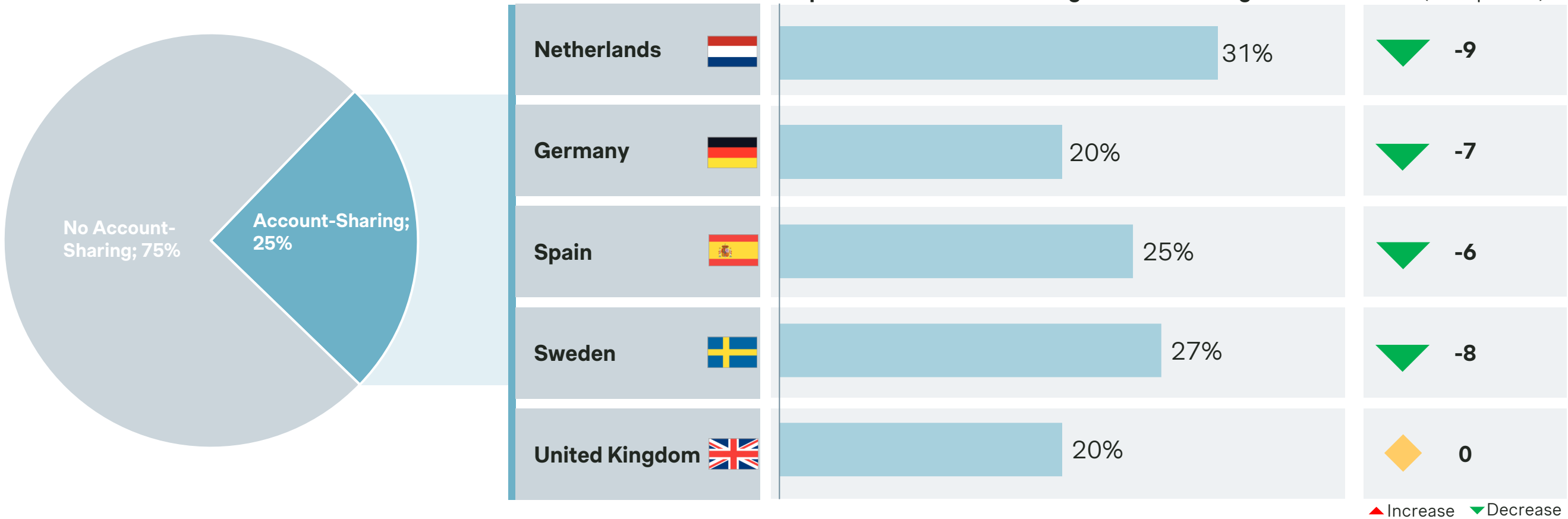


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The recent restrictions imposed by streaming providers on account sharing appear to be having an effect - the share of account co-users has fallen in almost all countries

Share of streamers who use a subscription paid for by someone they do not live with in total and by country

European markets only

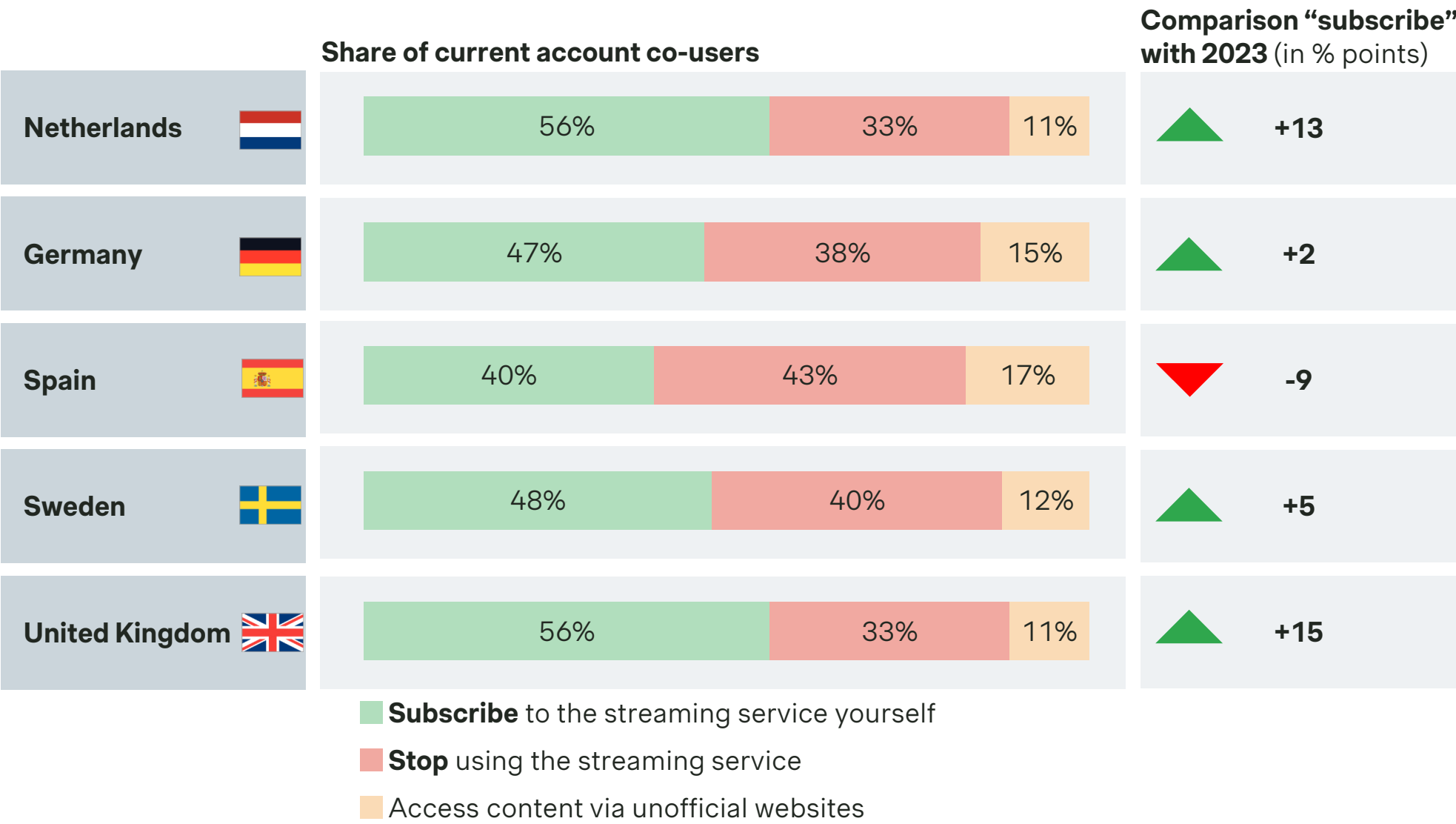


- In Germany and UK, the share of streamers benefiting from account sharing are the lowest in Europe, but also on a global comparison
- In all European countries, the proportion of streamers who use a non-household subscription but do not pay for it themselves has fallen (UK is the only exception with a stable proportion)

Source; Simon-Kucher Global Streaming Study 2024, n Europe >5.000

The proportion of account co-users in Europe who would subscribe to the streaming service themselves in the event of an account sharing restriction has grown

Reaction of account co-users in the event of a restriction on account sharing



- Across all European countries, **49% of current account co-users would subscribe** to the streaming service themselves if account sharing were no longer possible (vs. 56% on global level)
- **Netherlands** and **UK lead** the way in Europe in terms of **willingness to subscribe** and in terms of **year-on-year increase**
- **Spain brings up the rear** with just **40% for willingness to subscribe** and is the **only country** (also on global level) where the **willingness to subscribe decreased**

Four levers to improve monetisation of streaming providers in the current market environment

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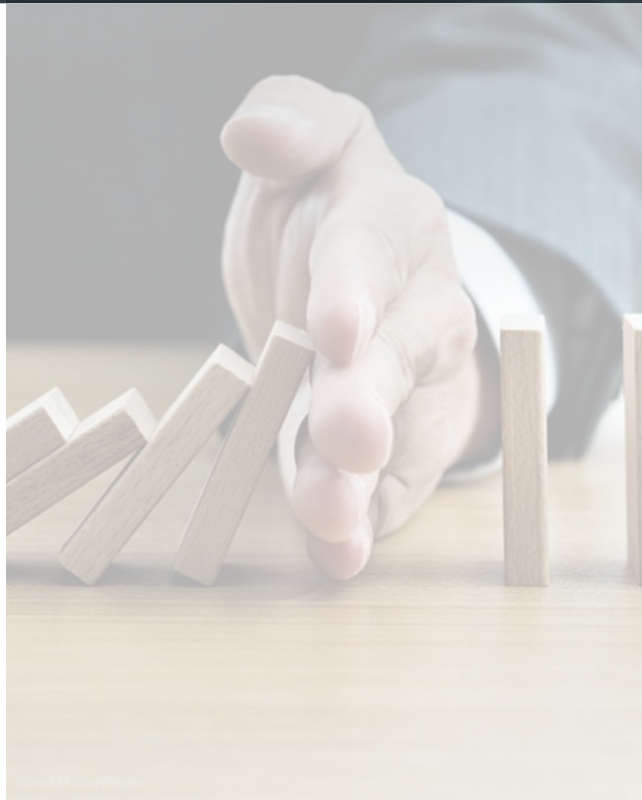
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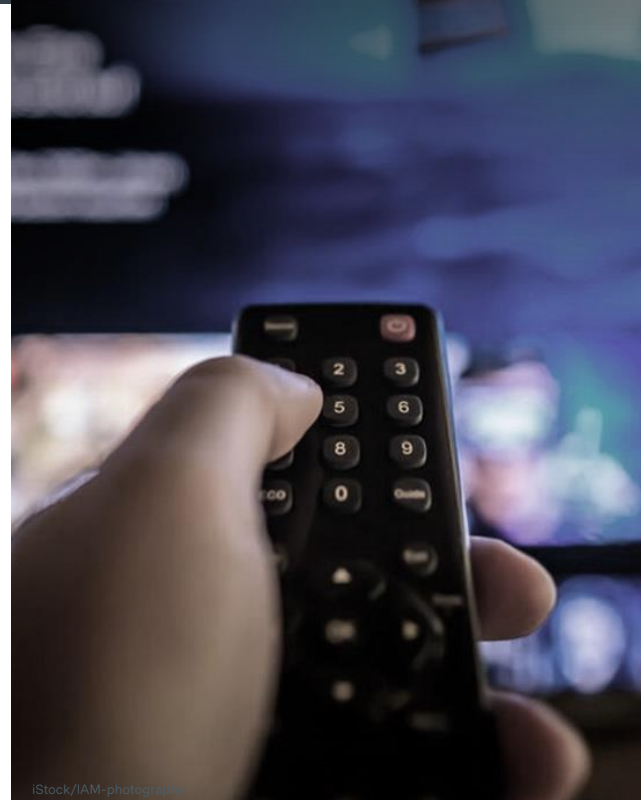
**Account sharing
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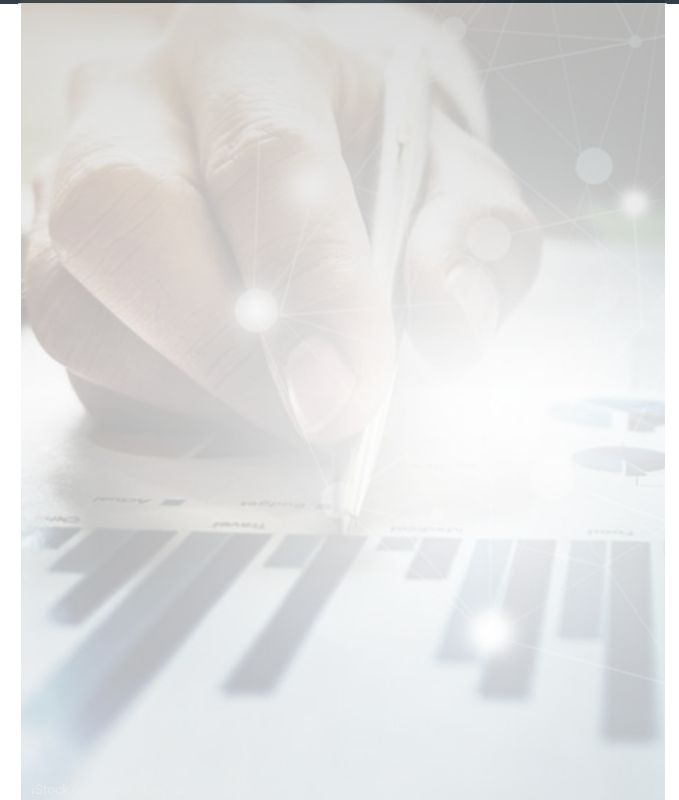
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**Customer
retention program**



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Smart offer design and pricing is more than just “setting the price” – it is also about understanding the value streaming providers deliver

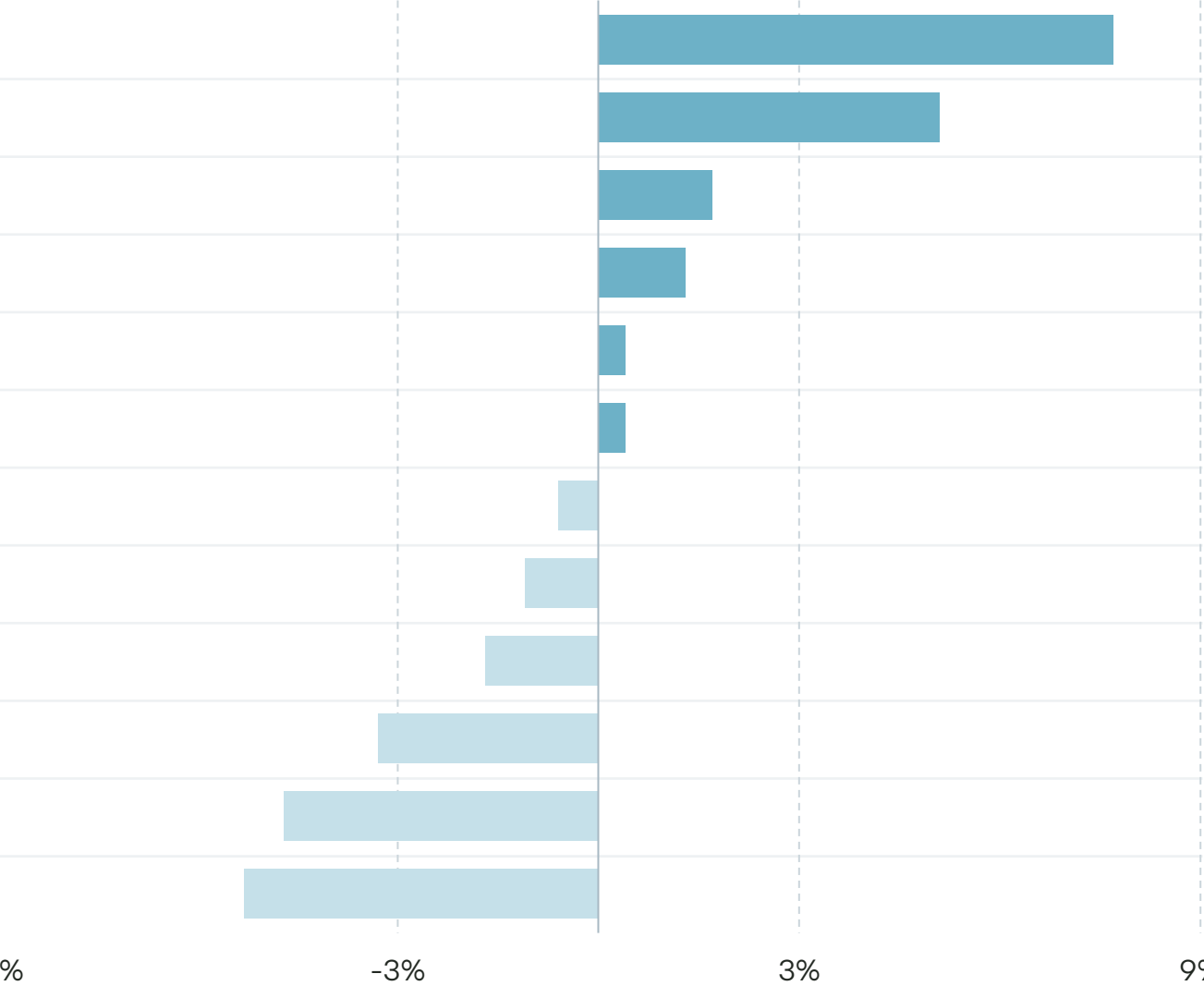
Relative importance of purchase criteria for respondents

Value drivers

0	Subscription price
1	Broad selection of content
2	Flexibility to cancel anytime
3	No adverts
4	Content you can't get anywhere else
5	Frequency of new content added to the platform
6	High video quality (i.e., 4k resolution or HDR)
7	Ease of use (e.g. user interface, app experience)
8	Availability on multiple platforms (e.g. mobile app, TV etc)
9	Availability of discounted family or couples' subscription plans
10	Content that everyone is talking about
11	Showing recommendations on what to watch next

Relative importance vs. average in %

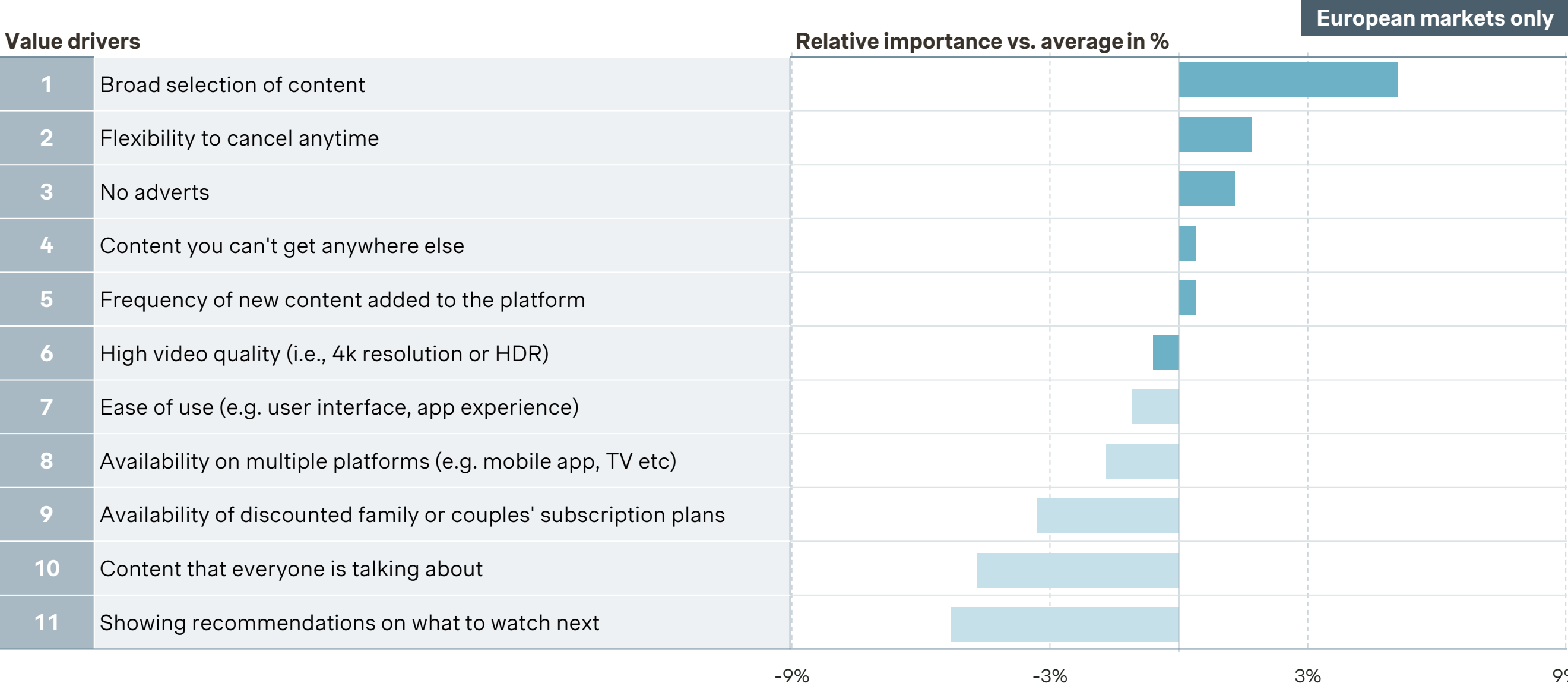
European markets only



Question: How important are the following criteria when deciding whether to purchase a streaming subscription?
Source: Simon-Kucher Global Streaming Study 2024, n = 12,163

Smart offer design and pricing is more than just “setting the price” – it is also about understanding the value streaming providers deliver

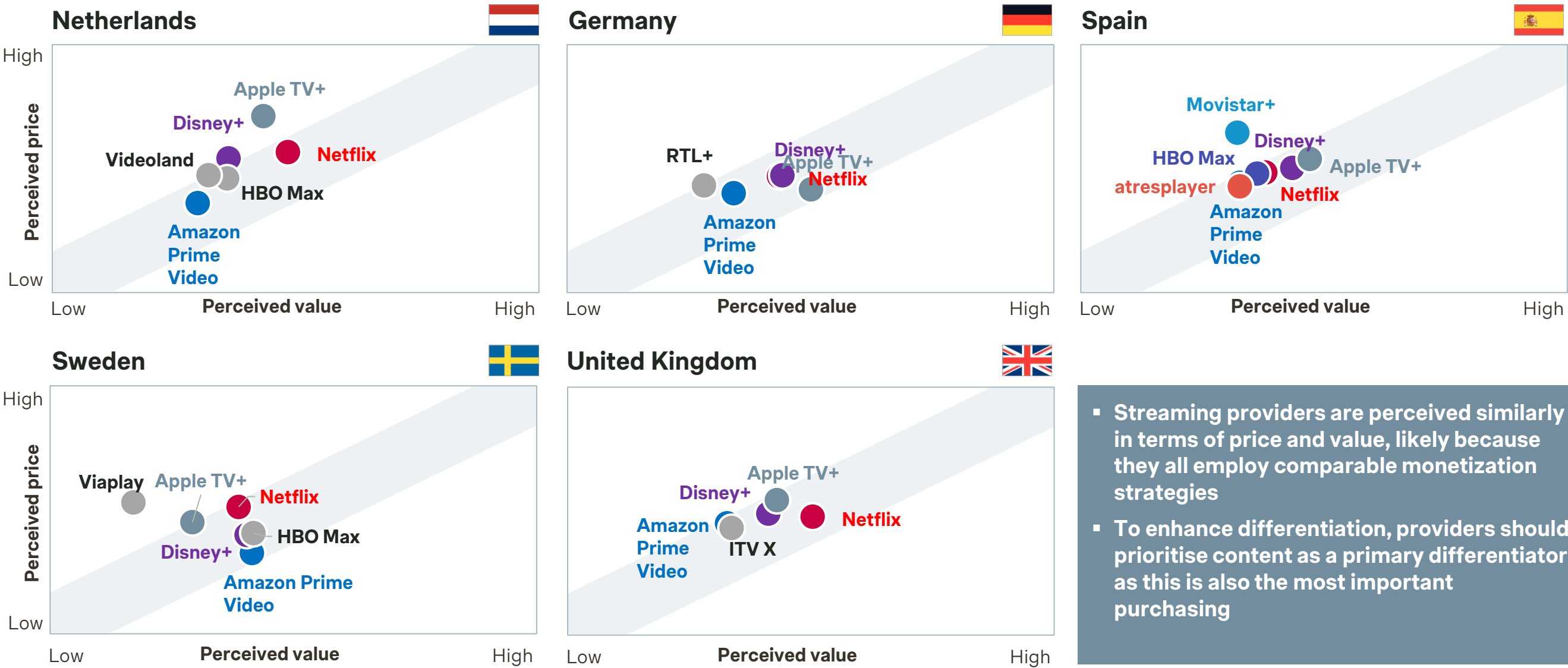
Relative importance of purchase criteria for respondents



Question: How important are the following criteria when deciding whether to purchase a streaming subscription?
Source: Simon-Kucher Global Streaming Study 2024, n = 12,163

Providers are perceived as performing very similarly in terms of both value and price, suggesting consumers are increasingly viewing them as interchangeable

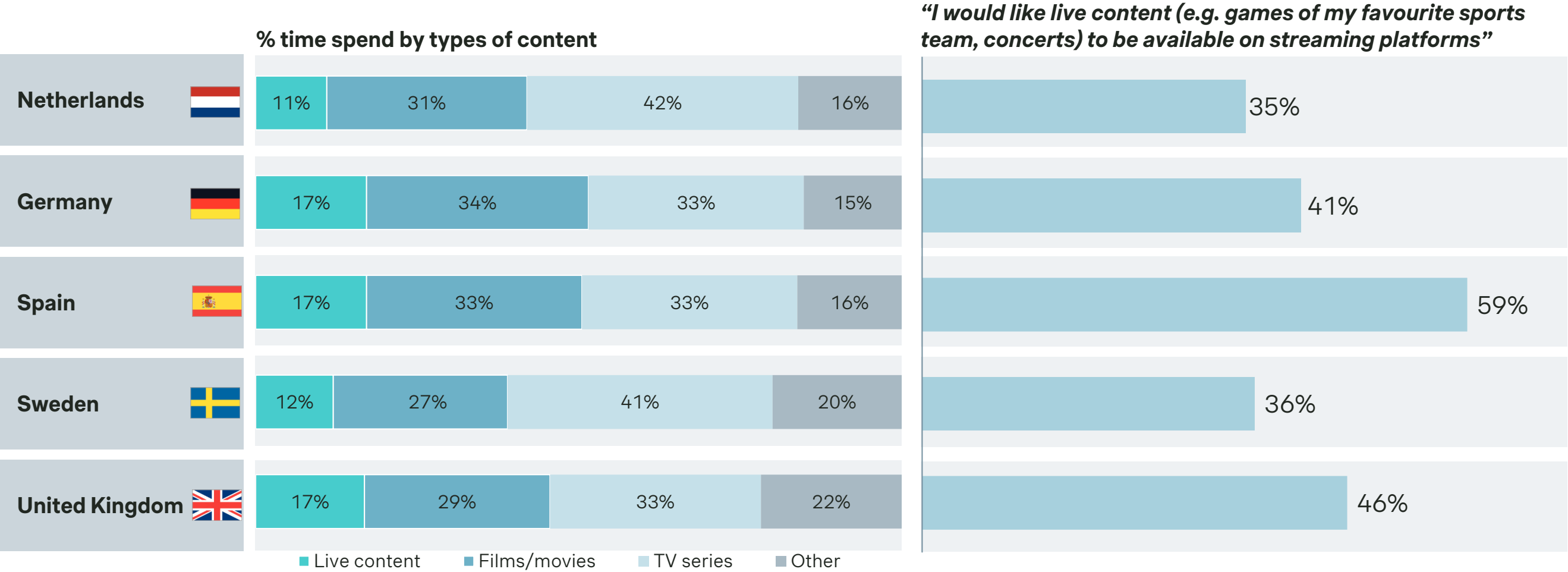
Price-value map: perceived price vs. perceived value by provider on country level



- Streaming providers are perceived similarly in terms of price and value, likely because they all employ comparable monetization strategies
- To enhance differentiation, providers should prioritise content as a primary differentiator as this is also the most important purchasing

Streaming providers could integrate new content types like live events, as there is demand for this content from streamers

% time spent on different types of content and preference on having live content on streaming platforms by country



Our approach to smart offer & pricing: Streaming providers need to answer key questions and make multiple trade-off decisions to develop optimal packages



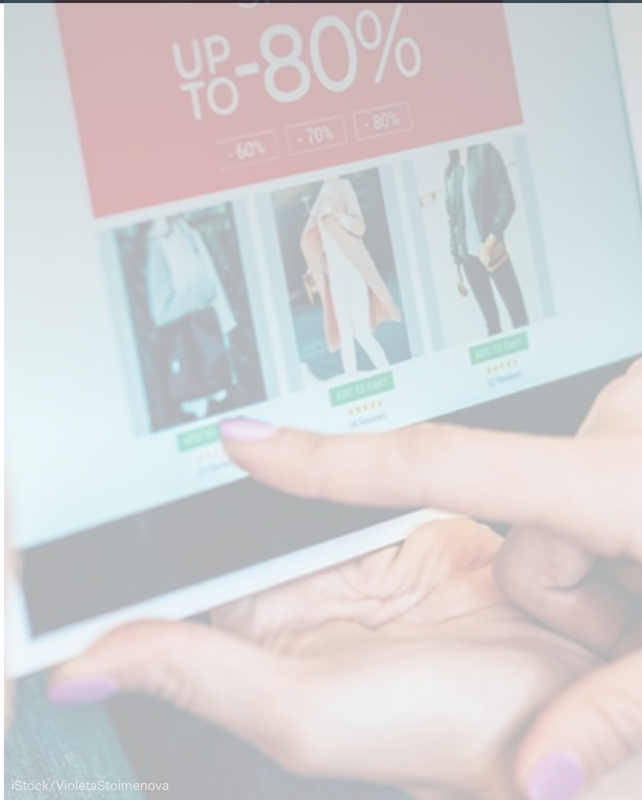
Key questions

- How many packages to offer in which portfolio structure?
- Which offers are below the line (e.g., to win-back churned streamers, to retain customers with a high churn risk?)
- What should be included in each package? How should the packaged differentiate from each other?
- Examples: Which content? With or without advertisement? How many devices? How many downloads? Which resolution? ...
- What is the willingness to pay/optimal price for each offer?
- What are ideal price/value differences among the offers to push a specific offer?
- What is the willingness to pay for a yearly subscription, i.e., which discount is expected for a yearly commitment?
- How should the offer be communicated?

Four levers to improve monetisation of streaming providers in the current market environment

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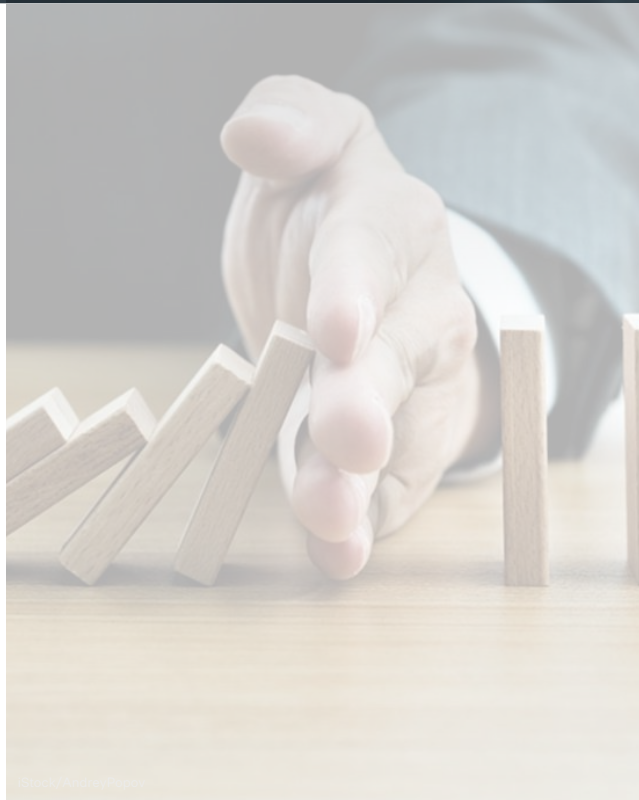
**Ad-funded
subscriptions**



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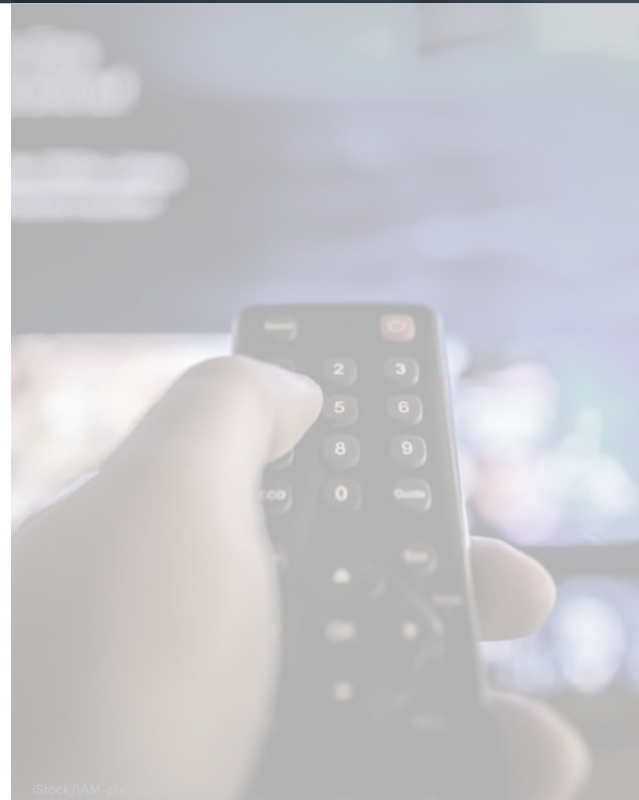
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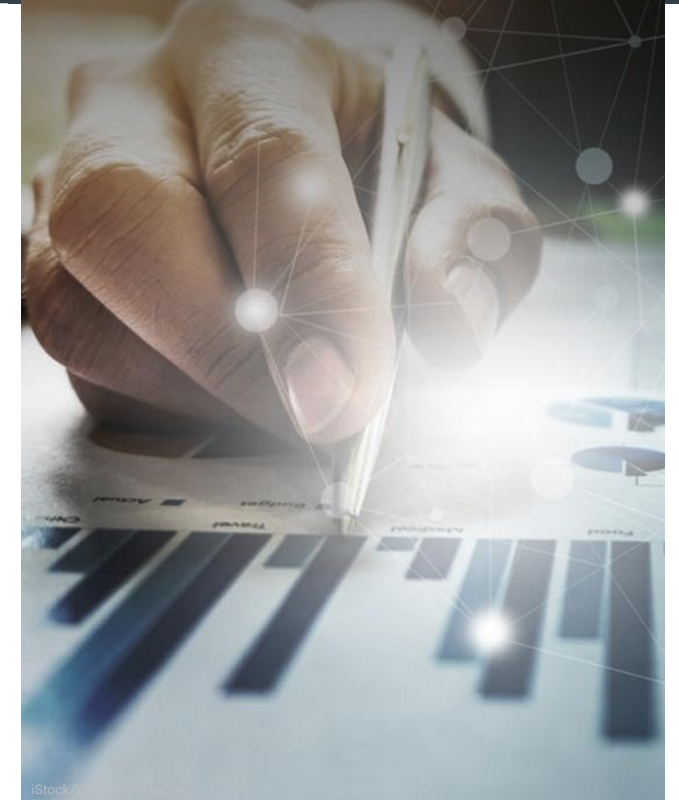
**Smart Offer &
Pricing**



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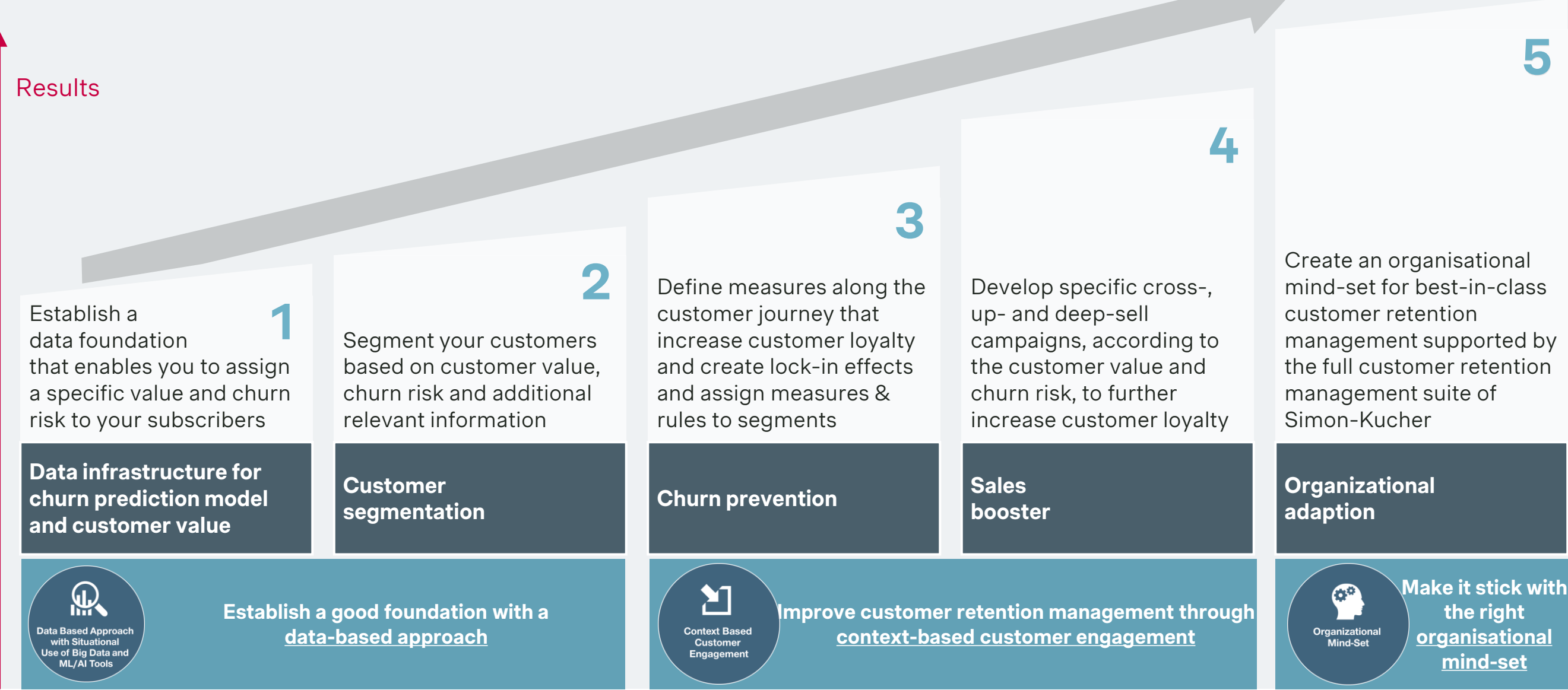
**Customer
retention program**



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It is becoming more difficult for streaming providers to acquire new customers while churn is a huge challenge as well – customer retention programs are needed

Our customer retention program is based on three pillars and five elements



Simon-Kucher approach: Analysis of the current performance along the three pillars of successful customer retention management to identify improvement levers

Customer retention management capabilities

Illustrative

Data-based foundation



1 Data infrastructure

Data availability

●

Churn driver knowledge

●

Churn prediction approach

●

2 Customer segmentation

Customer segmentation approach

●

Customer journey knowledge

●



Context-based customer engagement



3 Churn prevention

Churn prevention approach

●

Churn prevention measures

●

4 Sales booster

New customer acquisition approach

●

Up- & cross-sell approach

●



Organisational mind-set



5 Organisational adaption

Organisational set-up

●

Customer retention management process

●

Performance measurement

●

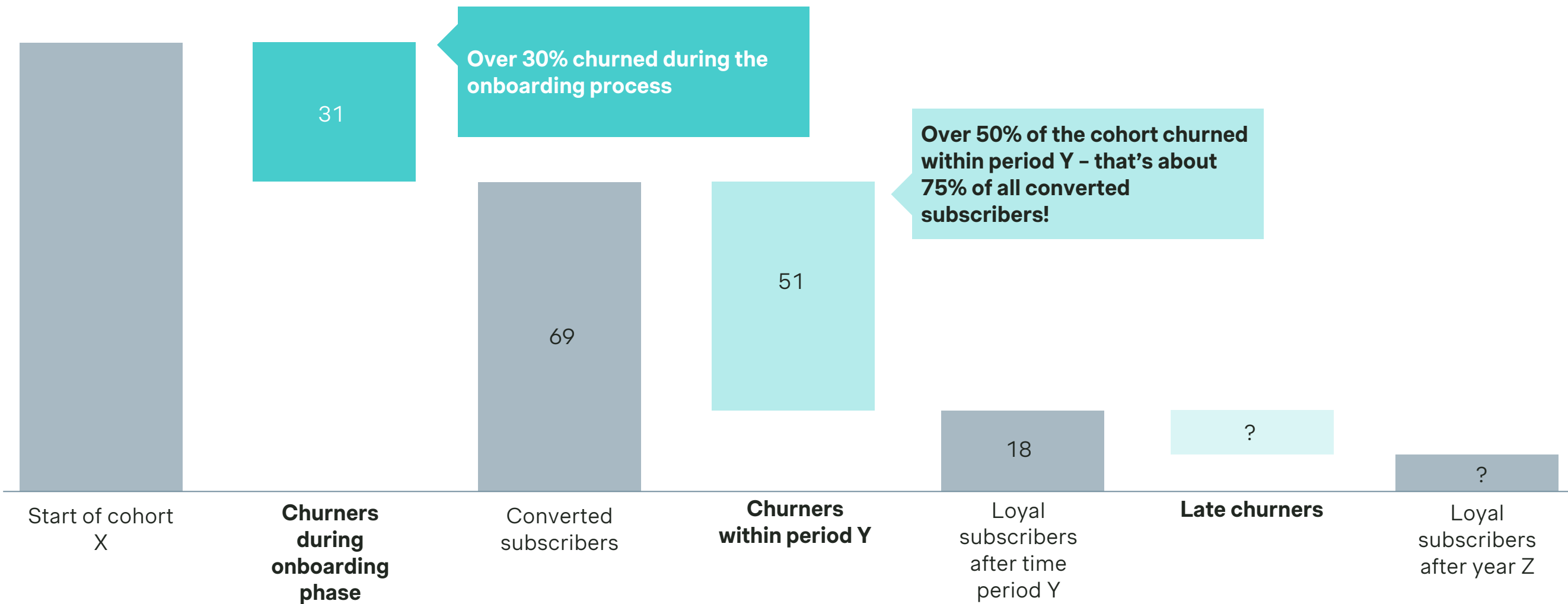
Structured assessment of ~40 criteria

Score

SCAN ME

It’s important to understand and address churn drivers – subscription tenure is typically a key churn driver, making the onboarding process during the trial period essential

Project example: B2C subscription



Offering annual subscriptions has the potential to retain customers for longer, but prices should still be communicated on weekly or monthly basis due to higher willingness to pay

Project example B2C subscription

Offer communication:
Annual subscription should be selected as default option

	Offer 1	Bestseller Offer 2	Offer 3
Feature A	✓	✓	✓
Feature B	✓	✓	✓
Feature C	✓	✓	
Feature D	✓	✓	
Feature E	✓	✓	
Feature F	✓		
Duration	<div>1 months12 months</div> <div>Instead of 7,99€ only 6,39€/week</div> <div>Save 20% with a 12-month term</div> <div>Subscribe now ></div>	<div>1 months12 months</div> <div>Instead of 3,49€ only 2,79€/week</div> <div>Save 20% with a 12-month term</div> <div>Subscribe now ></div>	<div>1 months12 months</div> <div>Instead of 1,99€ only 1,59€/week</div> <div>Save 20% with a 12-month term</div> <div>Subscribe now ></div>

Willingness to pay per subscription differentiated by prices on monthly vs. weekly basis



Source: Simon-Kucher project database, values adjusted



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