

Back to the Future

Bridging the past and present to shape tomorrow's TV landscape

Mark Endemaño, Partner & Managing Director, AlixPartners



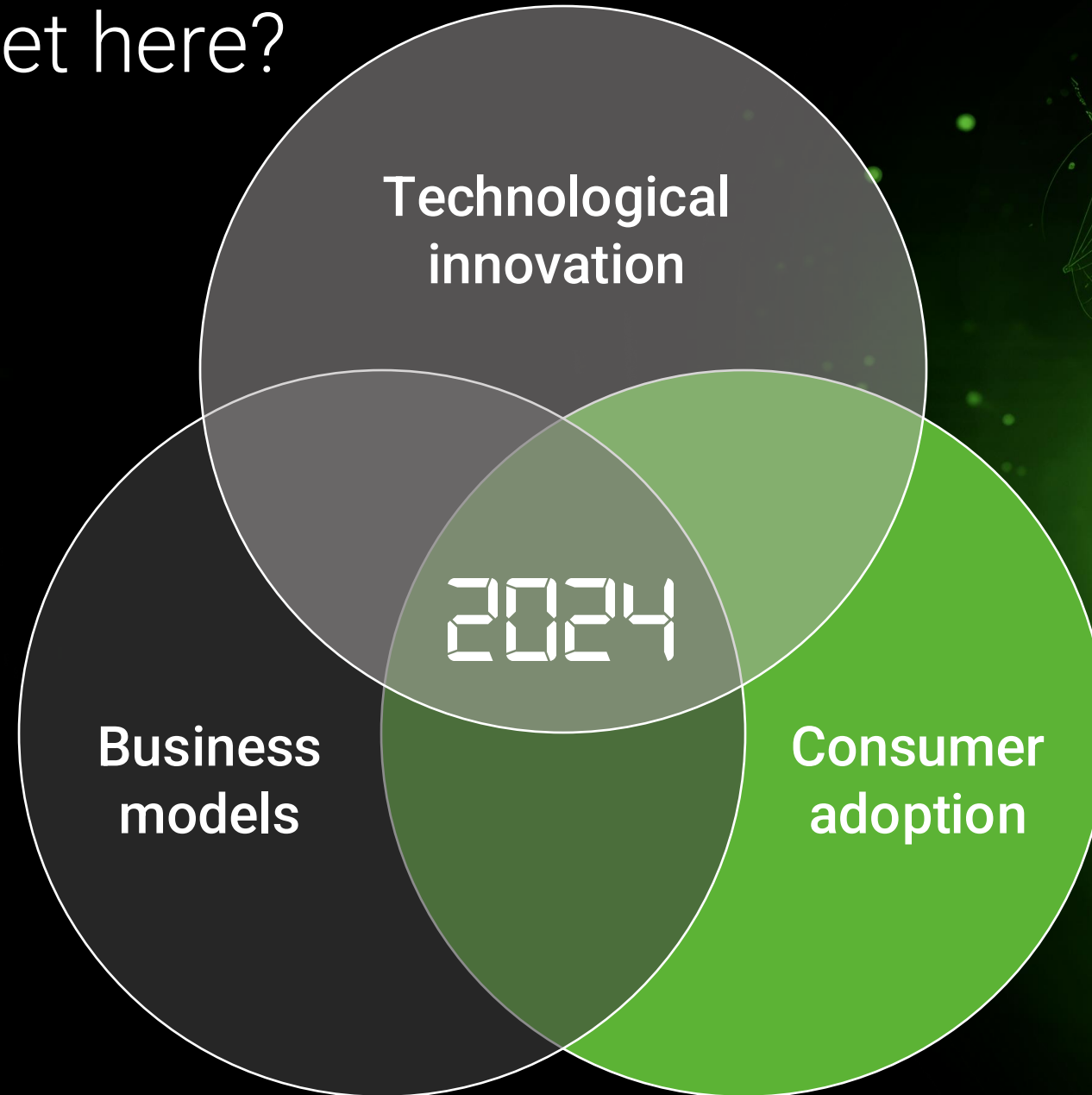
“Roads...?”

AlixPartners

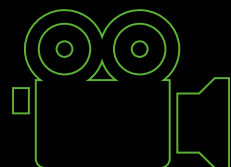


How did we get here?

AlixPartners



Our TV ecosystem



Production



Share of Total Spending on
European Original Content¹

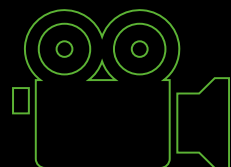
25% Global Streamers

75% Broadcasters

Sources: EAO analysis of Ampere Analysis Data, eMarketer, What We Watched: A Netflix Engagement Report

1. 2022 2. Netflix Viewing & Engagement Report, Jan-June 2023 3. 2024

Our TV ecosystem



Production

Share of Total Spending on European Original Content¹

25% Global Streamers

75% Broadcasters



Distribution

Netflix Playtime²

55% Netflix Originals

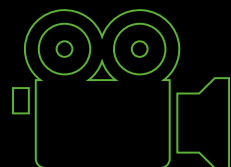
45% Licensed titles

45% English language titles using subtitles or dubs

30% Non-English stories



Our TV ecosystem



Production

Share of Total Spending on European Original Content¹

25% Global Streamers

75% Broadcasters



Distribution

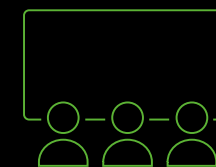
Netflix Playtime²

55% Netflix Originals

45% Licensed titles

45% English language titles using subtitles or dubs

30% Non-English stories



Consumption

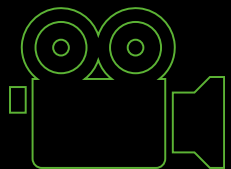
Average Time Spent per Day with Media, UK, minutes³

123 Traditional TV

52 Subscription OTT

32 YouTube

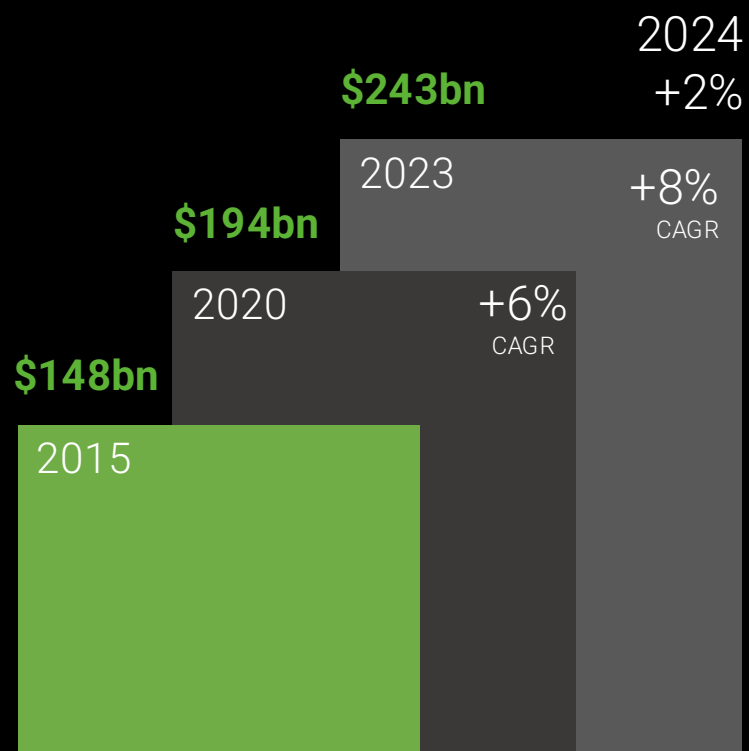
18 TikTok



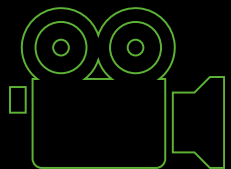
Production | 2015-2023

AlixPartners

The market is moving to a steadier state...

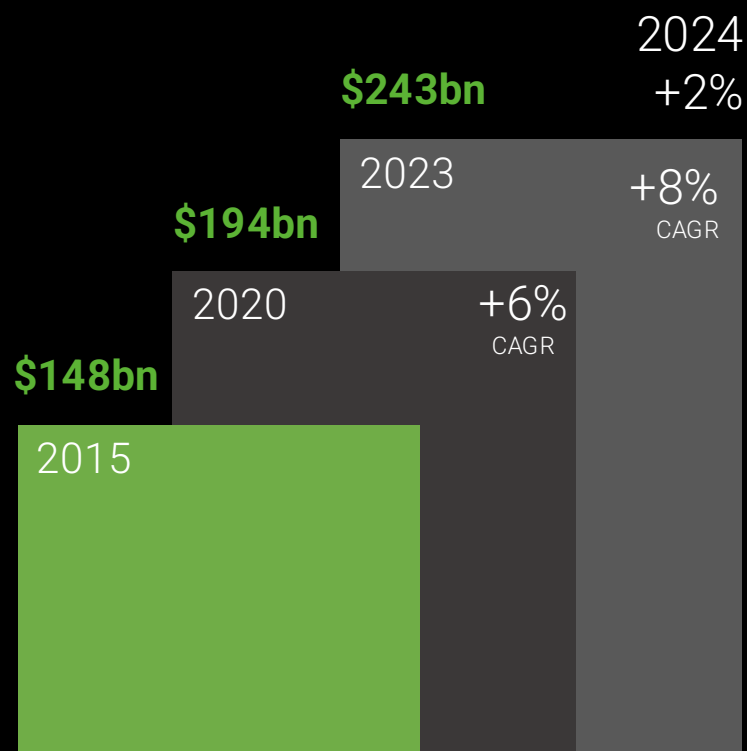


Global Content Spend,
USD



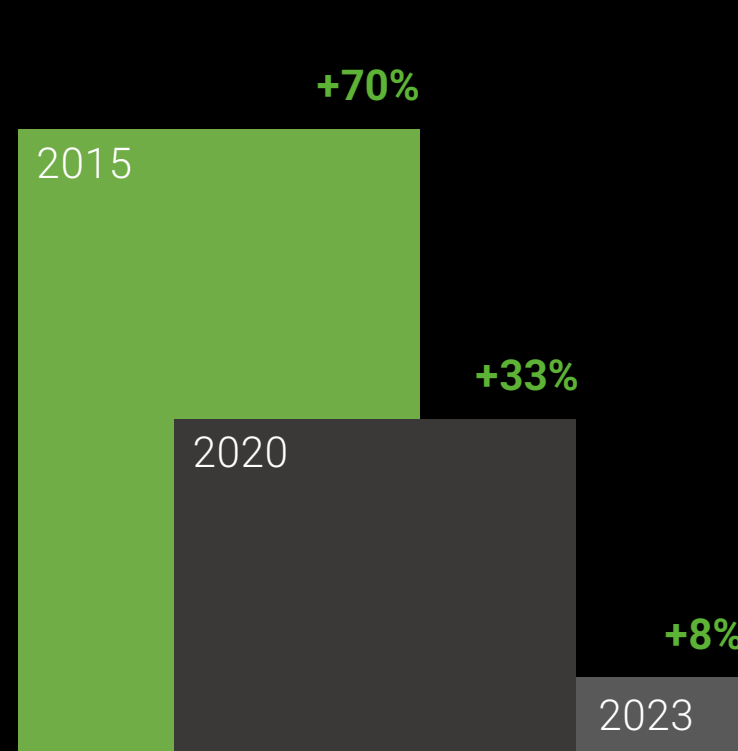
Production | 2015-2023

The market is moving to a steadier state...

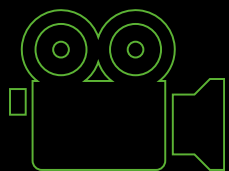


Global Content Spend,
USD

SVoDs expansion is slowing...



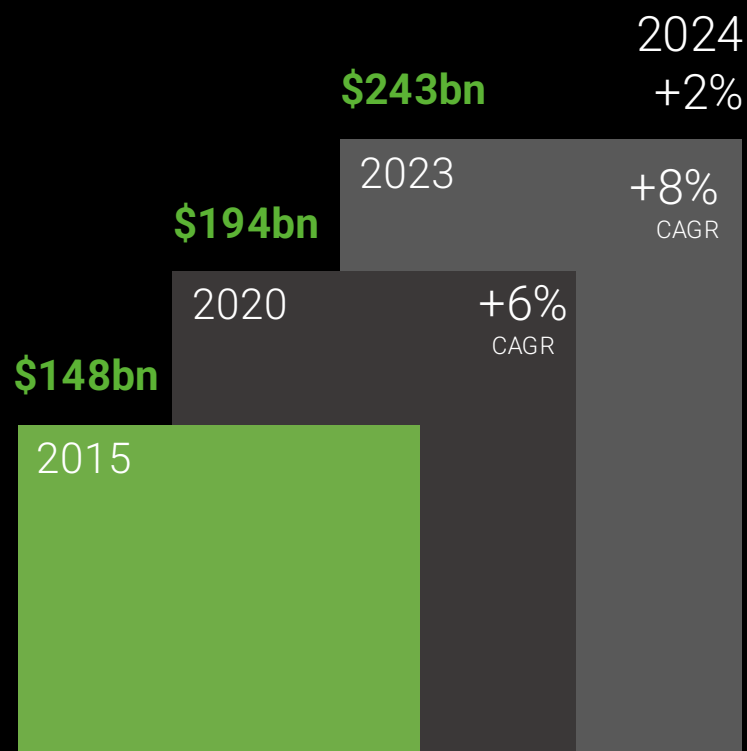
SVOD Content Spend,
% growth year-over-year



Production | 2015-2023

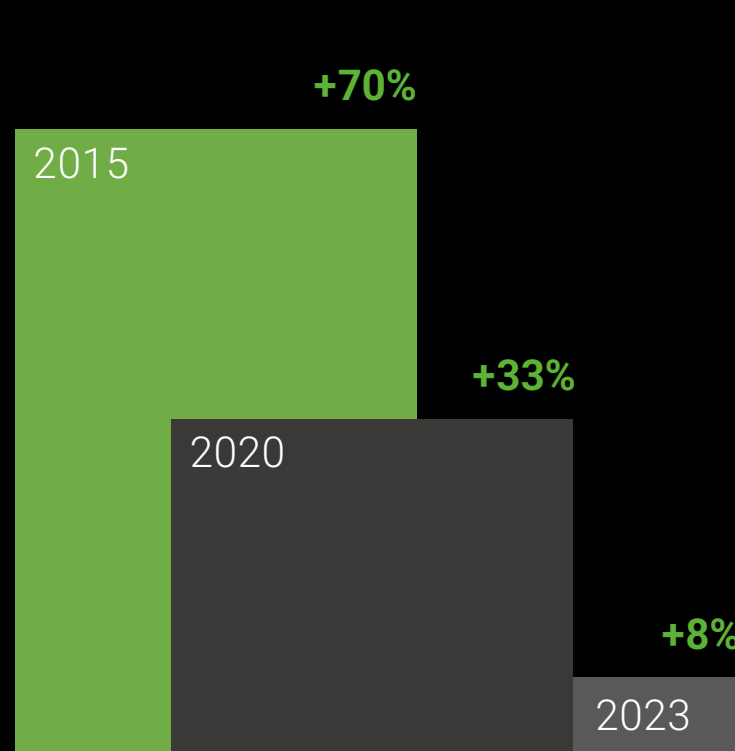
AlixPartners

The market is moving to a steadier state...



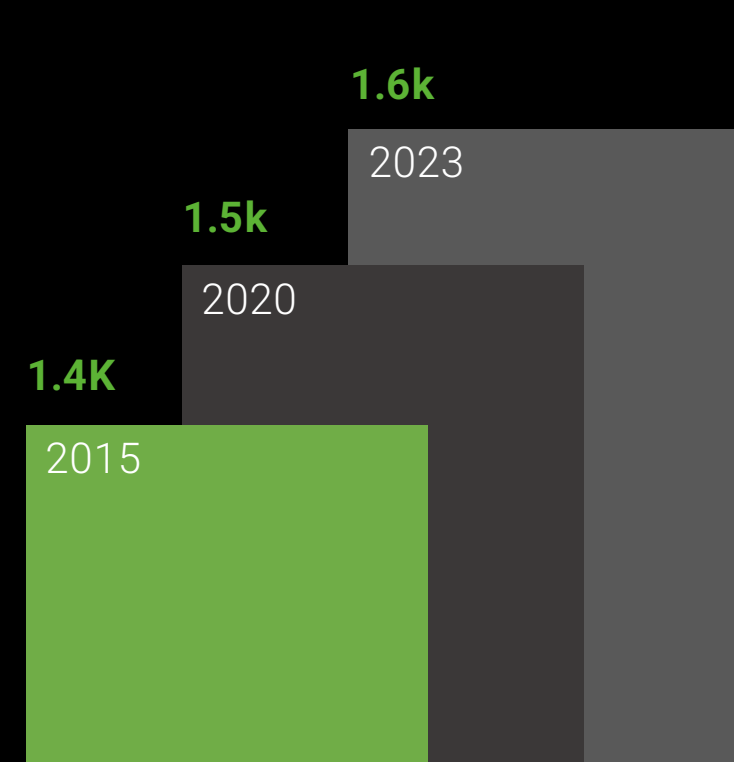
Global Content Spend, USD

SVoDs expansion is slowing...

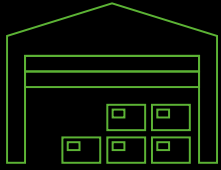


SVOD Content Spend, % growth year-over-year

Have we reached Peak TV...?



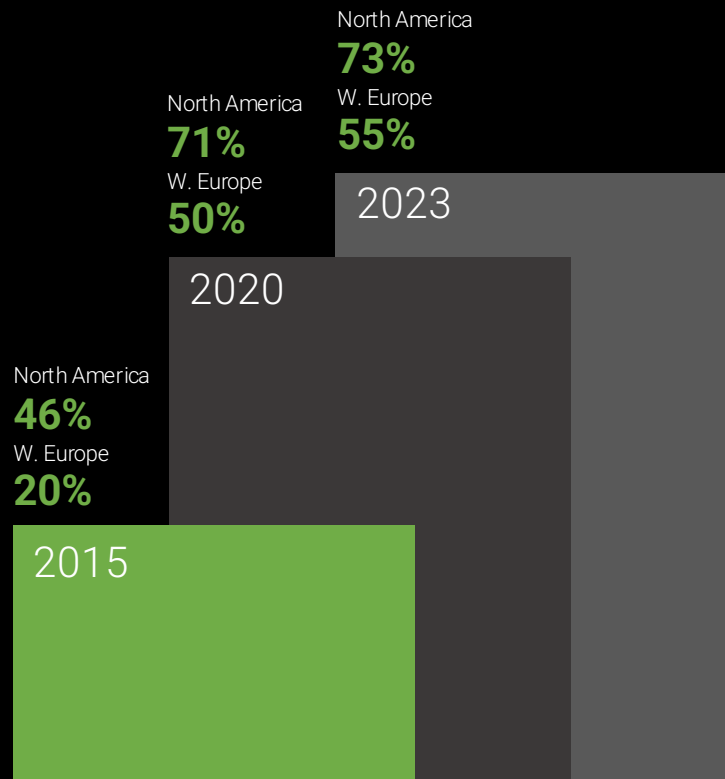
Scripted & Unscripted Original Shows, US



Distribution | 2015-2023

AlixPartners

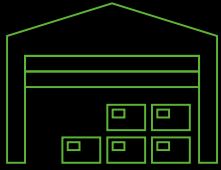
Major streaming markets are approaching maturity...



Subscription OTT Penetration¹,
%

Source: Variety VIP, Magna sourced through Bloomberg Terminal, Ampere Analysis, eMarketer, AlixPartners Analysis

*Actual is 2016; 1. % of internet users; Includes individuals of any age who watch video at least once per month via any app or website that provides paid subscription access to streaming video content over the internet and bypasses traditional distribution; examples include Amazon Prime Video, Disney+, Hulu, Netflix, Sling TV, and YouTube Premium

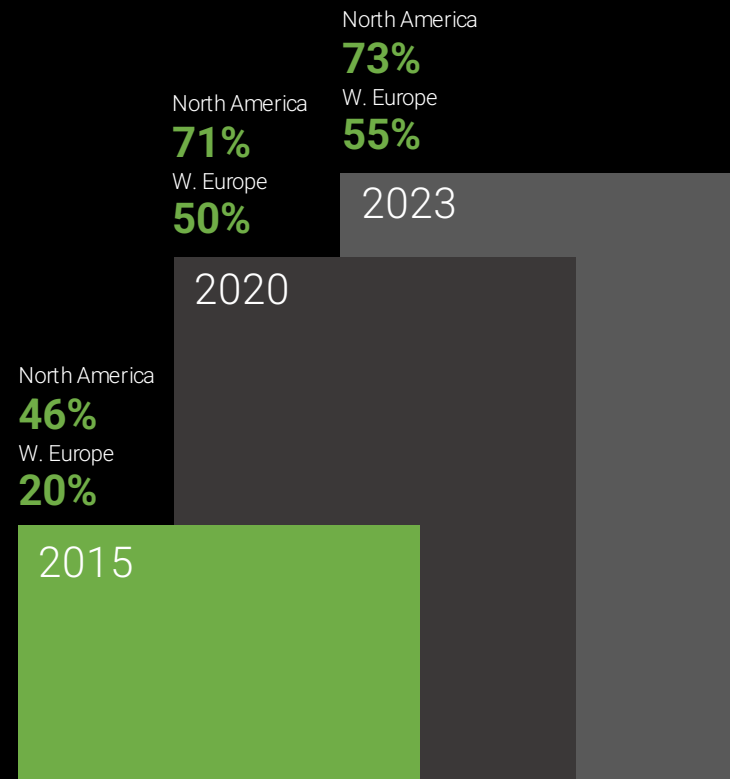


Distribution | 2015-2023

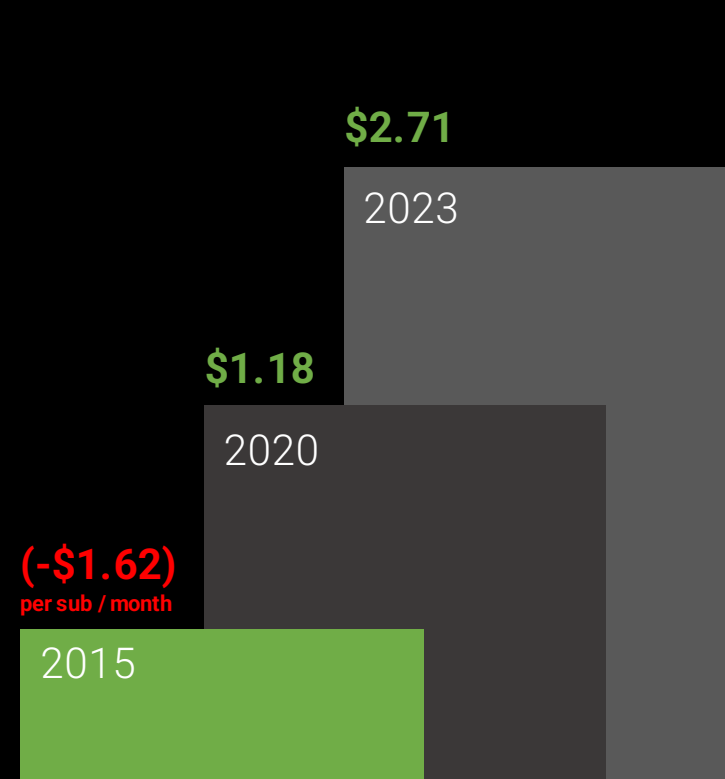
AlixPartners

Major streaming markets are approaching maturity...

DTC under pressure to grow profitability...



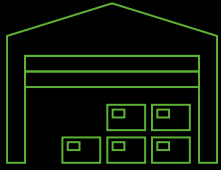
Subscription OTT Penetration¹, %



Netflix Subscriber Profitability, USD

Source: Variety VIP, Magna sourced through Bloomberg Terminal, Ampere Analysis, eMarketer, AlixPartners Analysis

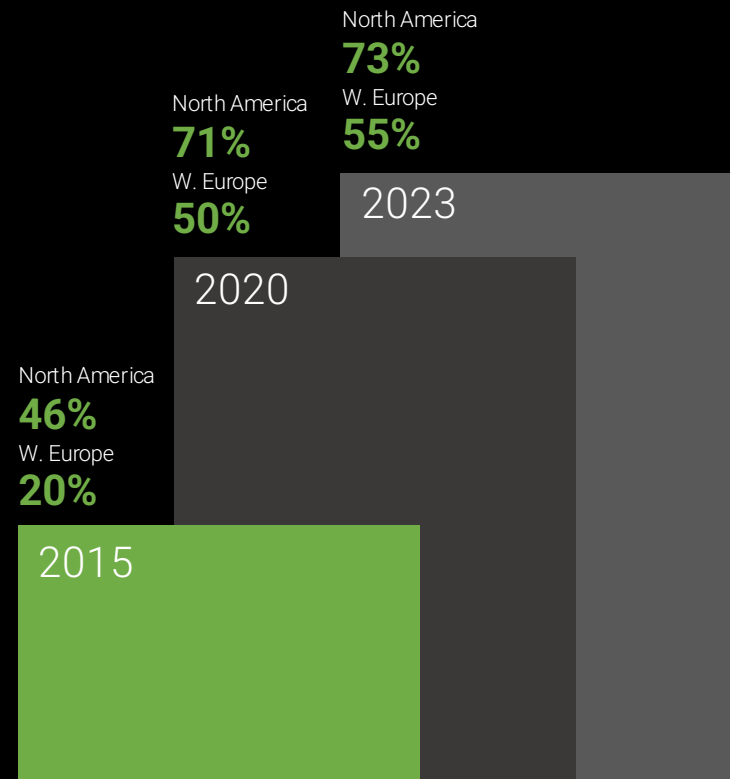
*Actual is 2016; 1. % of internet users; Includes individuals of any age who watch video at least once per month via any app or website that provides paid subscription access to streaming video content over the internet and bypasses traditional distribution; examples include Amazon Prime Video, Disney+, Hulu, Netflix, Sling TV, and YouTube Premium



Distribution | 2015-2023

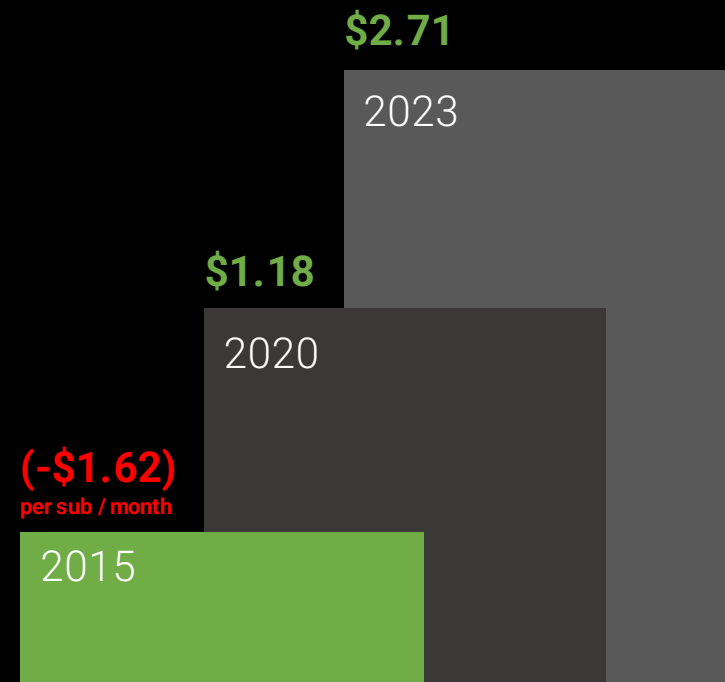
AlixPartners

Major streaming markets are approaching maturity...



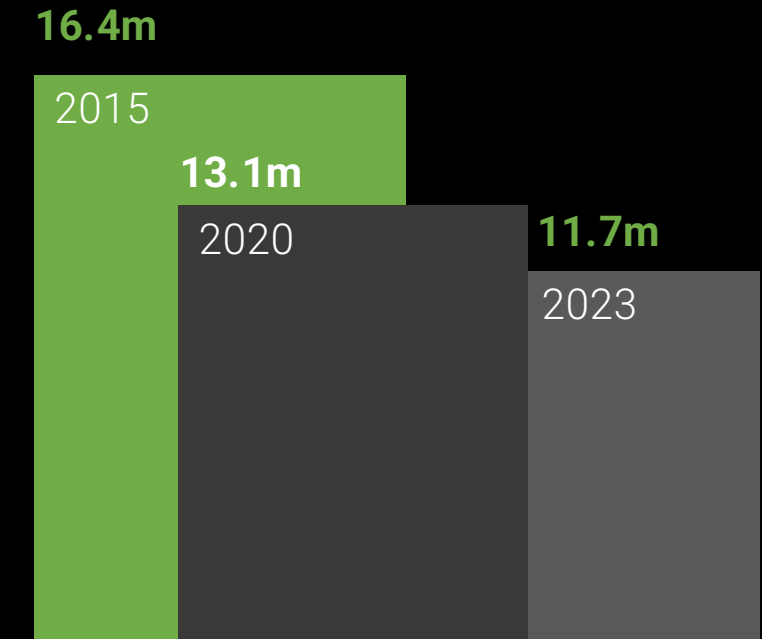
Subscription OTT Penetration¹, %

DTC under pressure to grow profitability...



Netflix Subscriber Profitability, USD

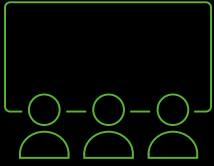
Traditional Pay TV erosion with cord cutting...



Traditional Pay TV Households, UK

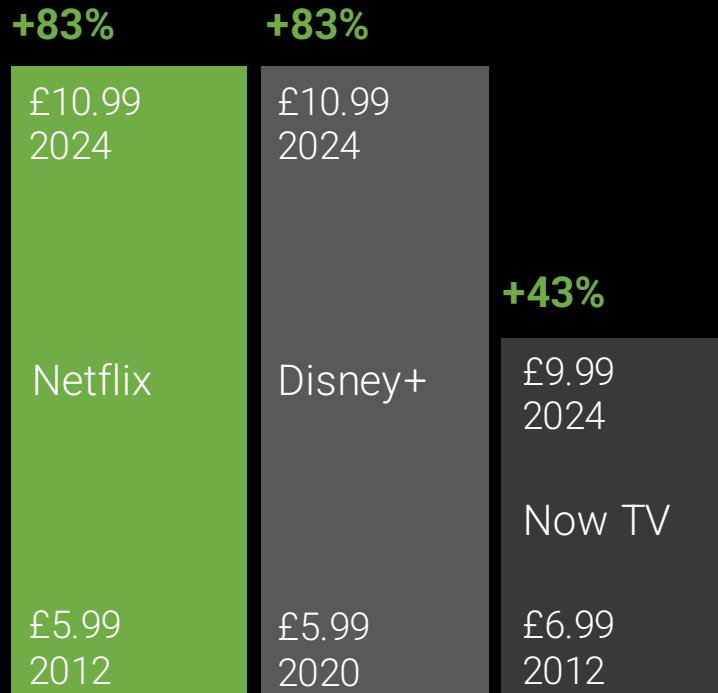
Source: Variety VIP, Magna sourced through Bloomberg Terminal, Ampere Analysis, eMarketer, AlixPartners Analysis

*Actual is 2016; 1. % of internet users; Includes individuals of any age who watch video at least once per month via any app or website that provides paid subscription access to streaming video content over the internet and bypasses traditional distribution; examples include Amazon Prime Video, Disney+, Hulu, Netflix, Sling TV, and YouTube Premium

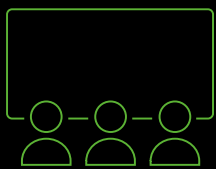


Consumption | 2015-2023

Major streamers significantly raised prices since launch...

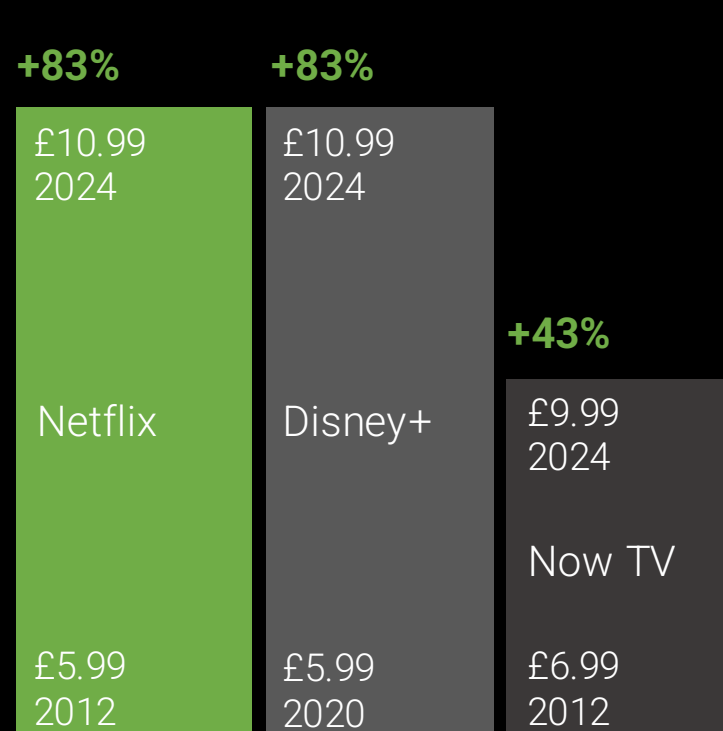


Lowest Ad-free Tier Price Increases,
UK



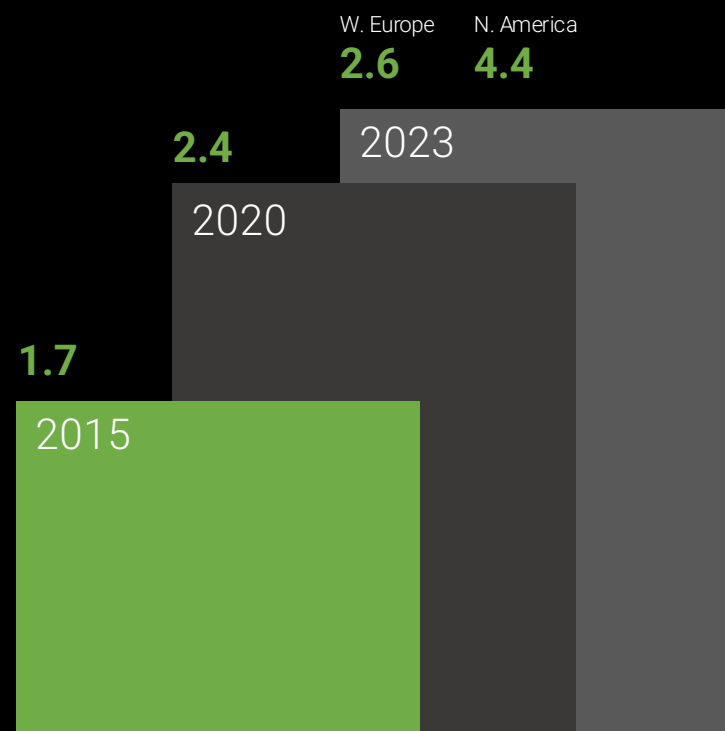
Consumption | 2015-2023

Major streamers significantly raised prices since launch...

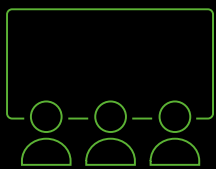


Lowest Ad-free Tier Price Increases, UK

Subscribing to one service is no longer enough...

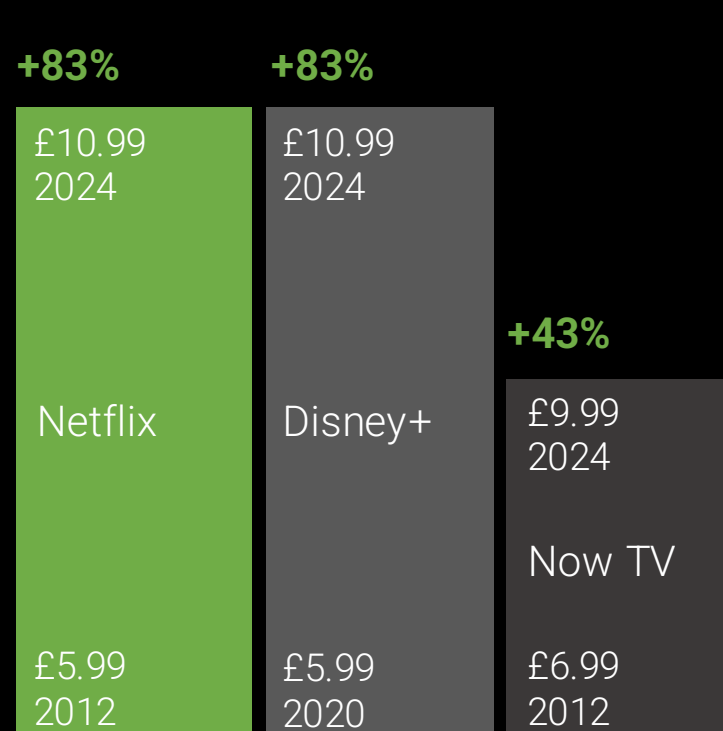


Average Number of SVoD Services per Household¹



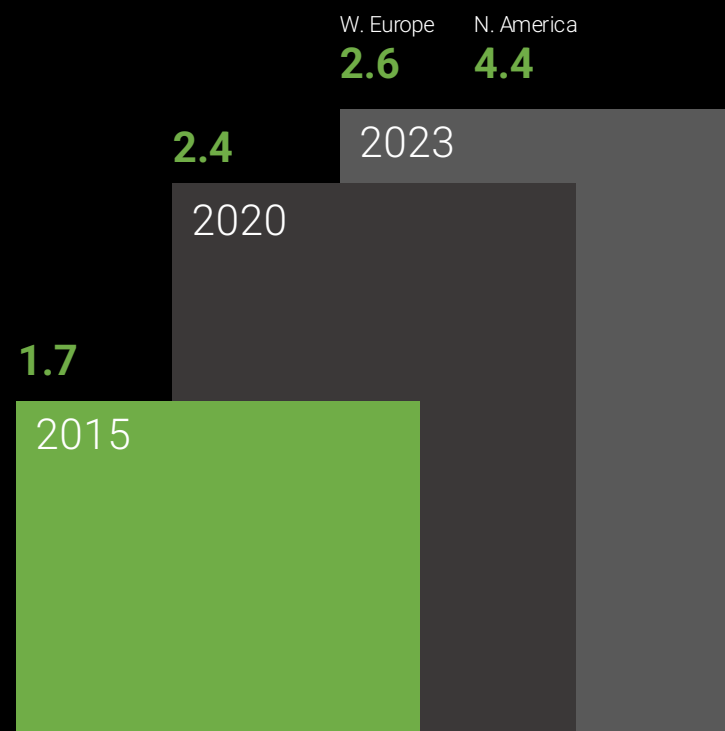
Consumption | 2015-2023

Major streamers significantly raised prices since launch...



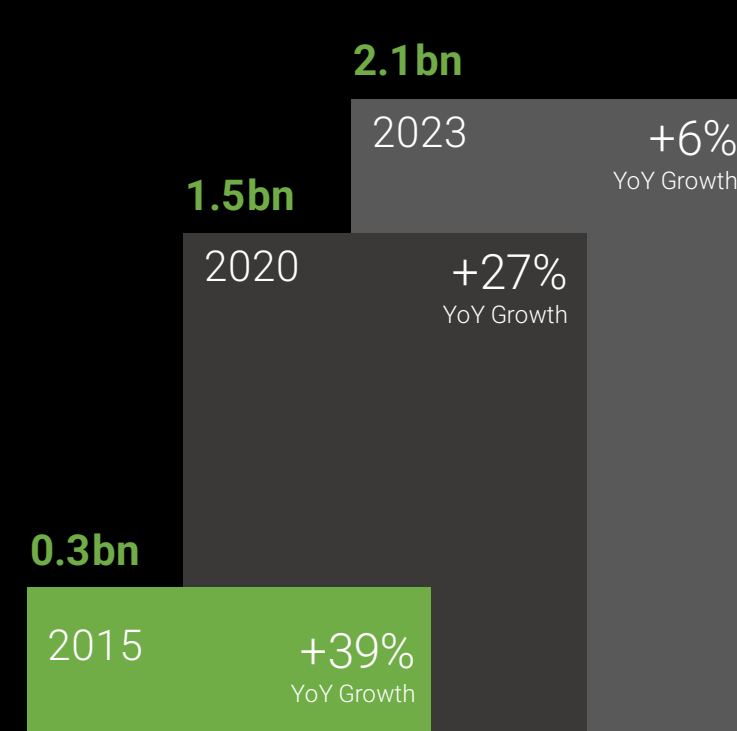
Lowest Ad-free Tier Price Increases, UK

Subscribing to one service is no longer enough...



Average Number of SVoD Services per Household¹

Oversaturated market slowing subscriber growth...



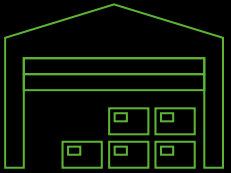
Global Subscription OTT Video Viewers, Billion

Future disruption...

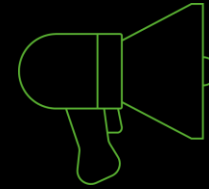
and how to respond



Future disruption... and how to respond



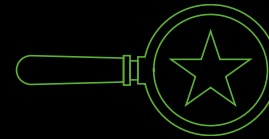
1 More effective distribution through partnerships



4 Continued advertising disruption



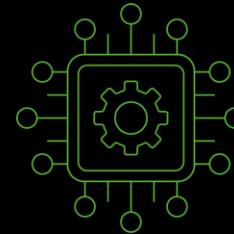
2 The return of windowing



5 Finding the next hits



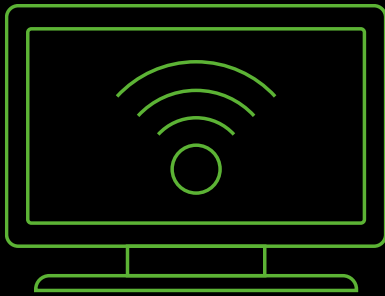
3 Is streaming consolidation inevitable?



6 AI – an appetite for disruption

More effective distribution through partnerships

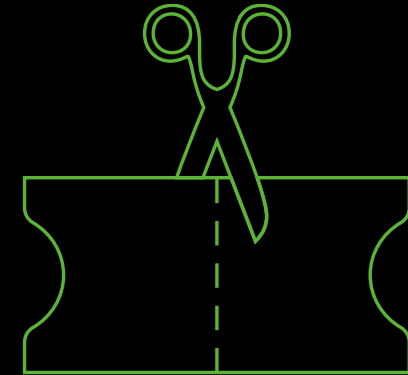
Reimagining the TV bundle



New products
within bundles

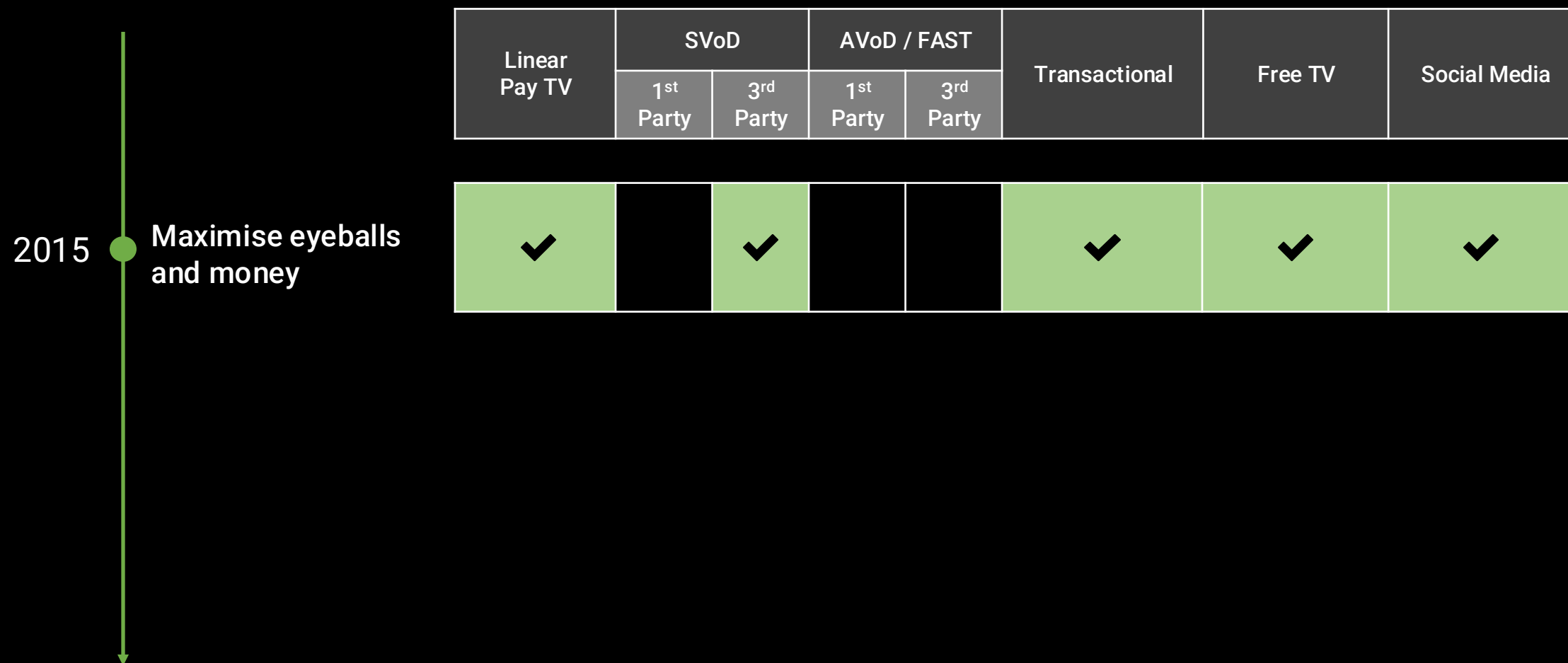


Cross-brand
partnerships



Knowing what to
cut loose and when

The return of windowing



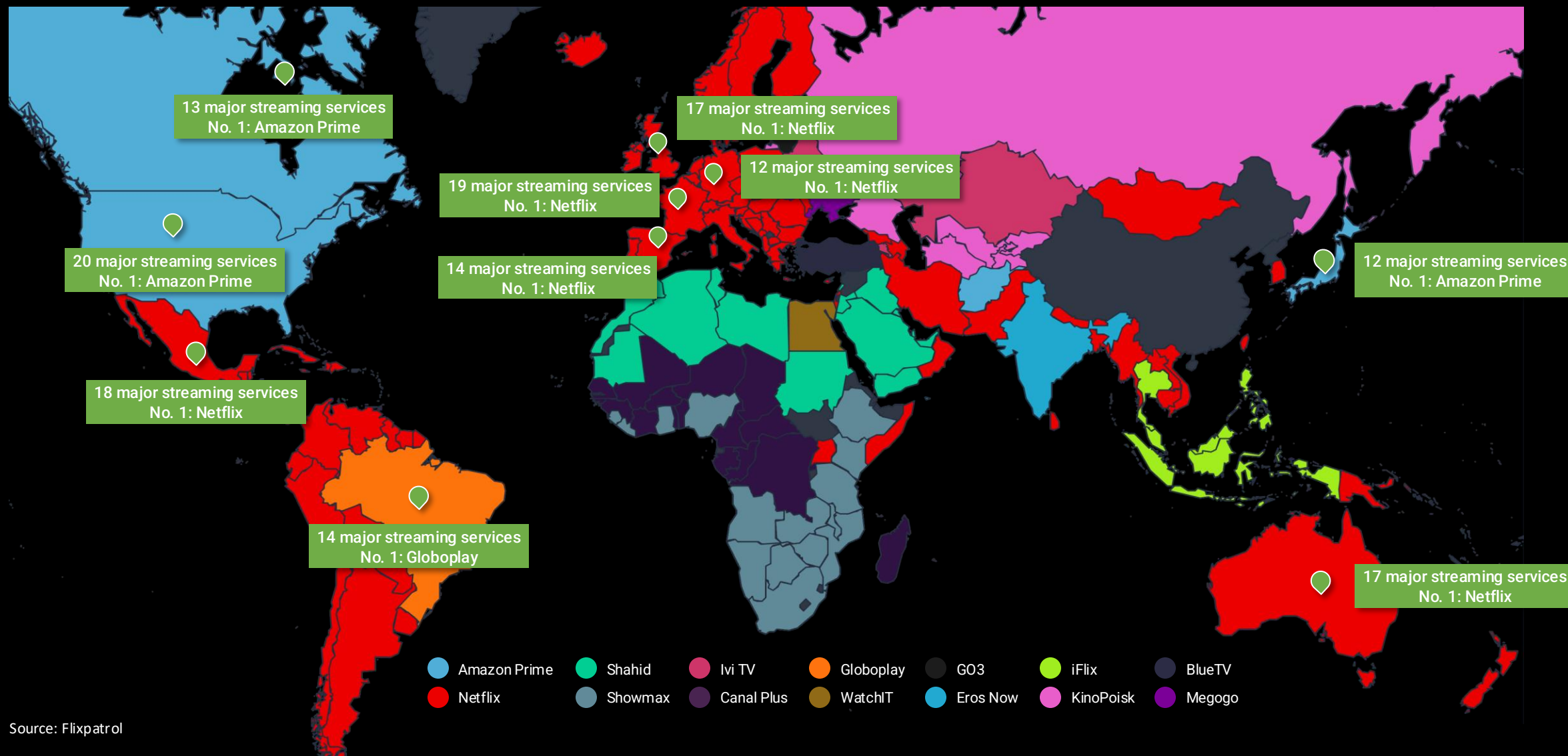
The return of windowing

		Linear Pay TV	SVoD		AVoD / FAST		Transactional	Free TV	Social Media
			1 st Party	3 rd Party	1 st Party	3 rd Party			
2015	● Maximise eyeballs and money	✓		✓			✓	✓	✓
2020	● DTC walled garden	✗	✓	✗	✓	✗	?	?	✓

The return of windowing

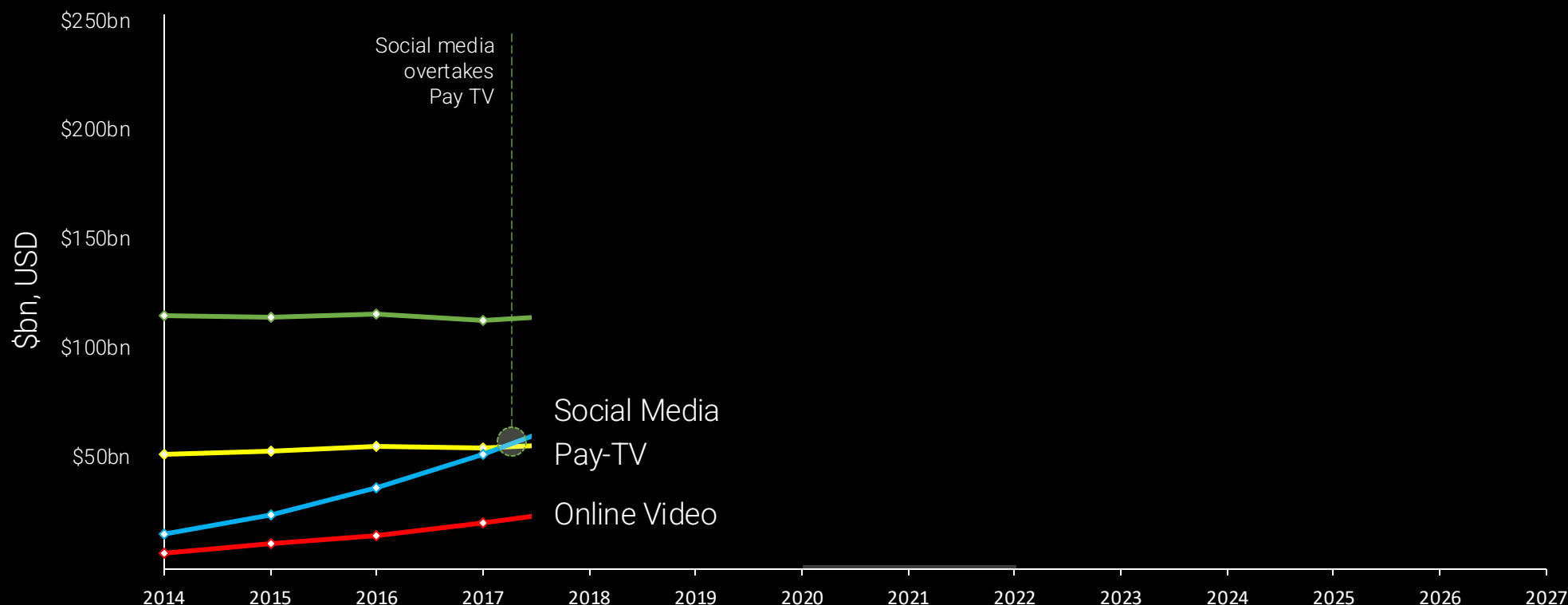
		Linear Pay TV	SVoD		AVoD / FAST		Transactional	Free TV	Social Media
			1 st Party	3 rd Party	1 st Party	3 rd Party			
2015	● Maximise eyeballs and money	✓		✓			✓	✓	✓
2020	● DTC walled garden	✗	✓	✗	✓	✗	?	?	✓
2023+	● Windowing is back	?	✓	?	✓	?	✓	✓	✓

Is streaming consolidation inevitable?



Continued advertising disruption...

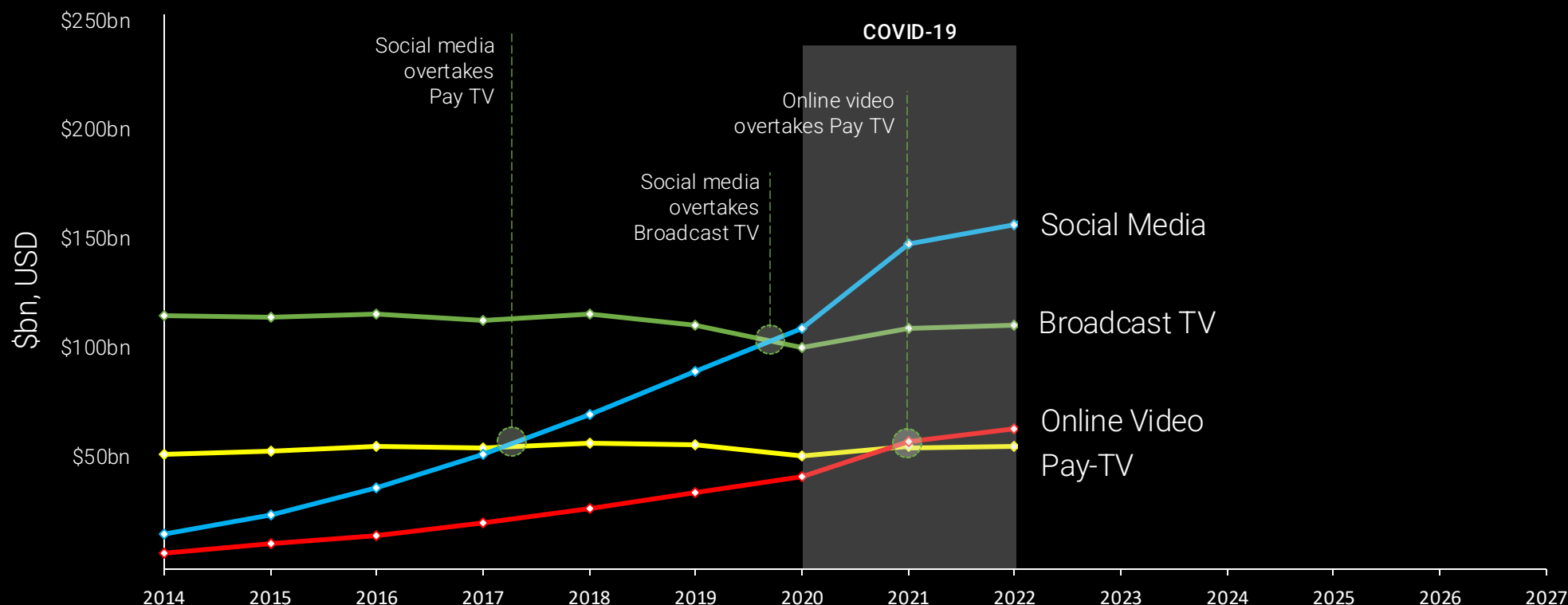
Global Advertising Spend (\$bn USD, % of total spend)



Source: Magna Global Advertising Forecast (12/2023), Bloomberg

Continued advertising disruption...

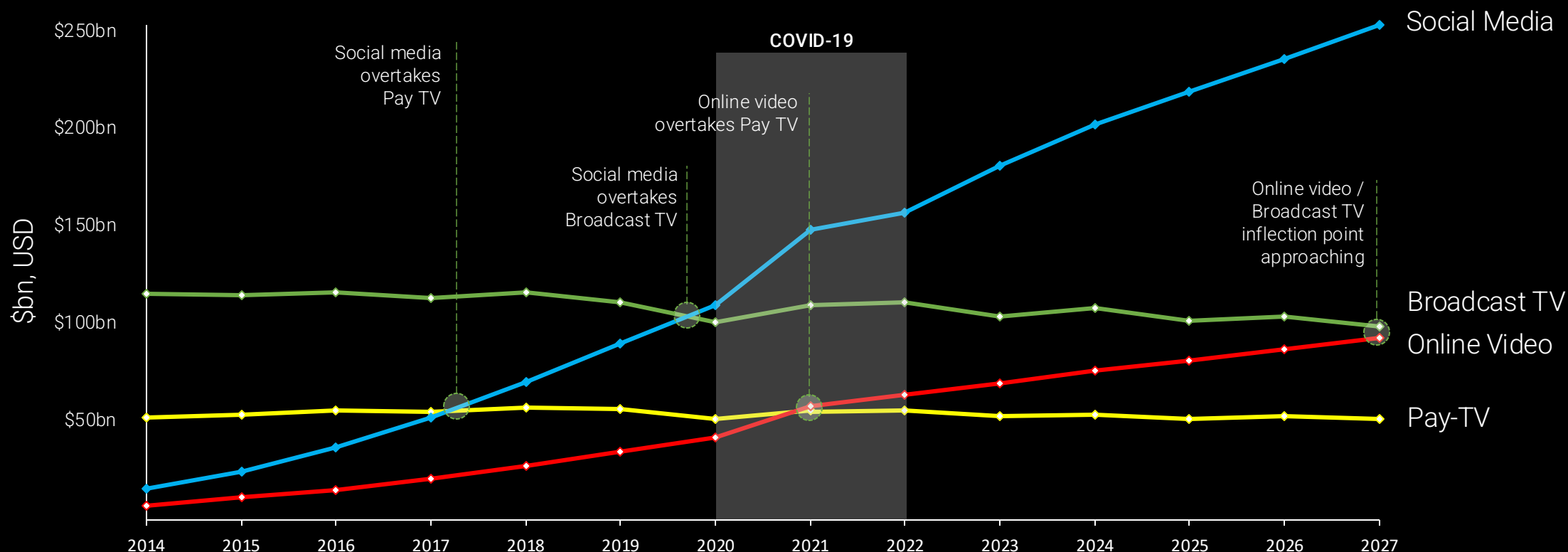
Global Advertising Spend (\$bn USD, % of total spend)



Source: Magna Global Advertising Forecast (12/2023), Bloomberg

Continued advertising disruption...

Global Advertising Spend (\$bn USD, % of total spend)



Finding the next hits...



The average consumer's attention span is shrinking

Average daily long-form viewing has declined

-21% since 2014

Finding the next hits...



The average consumer's attention span is shrinking

Average daily long-form viewing has declined

-21% since 2014



Community viewing has evolved, but consumers still crave shared experiences

Video viewing with others has declined

-24% since 2014

Finding the next hits...



WWE 'Raw' will debut on Netflix in January 2025

Gladiators on BBC, January 2024



AI – an appetite for disruption?

Levels of early adoption in the US...

72%

...reflect a highly disrupted industry...

25%

vs 3.9%
economy-wide

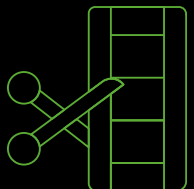
...with labour challenges on the horizon.

21%

by 2026



Gen-AI use cases in content production

AI Use Cases		Degree of maturity
Pre-Production 	Ideation / Script Co-writing	
	Script / Screenplay ROI	
	Storyboarding / Previz	
Production 	Video generation	
	Animation and Avatars	
	3D Asset creation	
Post-Production 	Video editing	
	Visual effects (VFX) workflows	
	Dubbing and Subtitling	
	Sounds and Music	

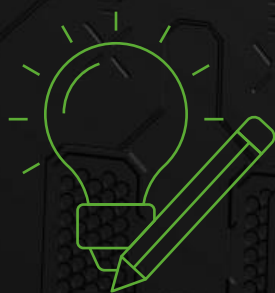
The reality of adoption



Societal



Ethical



Creative



Legal



Back to the future...

AlixPartners





alixpartners.com/back-to-the-future

AlixPartners