BESPOKE INTEL
SURVEY RESEARCH

JULY 2019

STREAMING VIDEO VOLUME 26

Audience: 1,000+ US Consumers Balanced To Census

KEY TAKEAWAYS:

PRICE INCREASES / PRICING POWER

- Subscribers have been indicating discontent with the increases, but the percentage who say they would definitely cancel has remained low month to month since the increase. Overall, subs are digesting the increase well.
- ~$20 is the price that would trigger cancellation of Netflix, on average, indicating continued pricing power.
- While satisfaction with pricing remains strong, sentiment in this regard has eroded gradually over time.
- We have seen an uptick in the percentage of non-subscribers who are saying they are not Netflix subscribers because of the cost and likelihood of non-users subscribing in the future is down y/y and near series lows.

CONTENT

- Most of the feedback toward originals is strong/constructive. They are important to subscribers, they are increasingly engaged with, and subscribers view them as better than content they consume through other outlets.
- That said, subscribers are fairly opposed to the notion that the price they pay for Netflix would be worth it for the originals alone (67.2% disagree it would be worth it, vs. 12.5% who agree).
- Despite being one of the most important individual titles, the percentage of subscribers who said they would definitely cancel when “The Office” is removed is very low at ~3%.
- Stranger Things performed exceptionally well in our survey this quarter, both among Netflix subscribers and among the broader population..

SUBSCRIBERS AND ENGAGEMENT

- NFLX subscribers have grown y/y, albeit at a slower rate compared to prior y/y splits. Hulu and Amazon Prime streaming account holders continued to grow y/y.
- Subscriber viewing recency is strong. Estimated number of hours watched per week is strong but has been gradually softening over time. Sentiment toward recent and expected future engagement is net positive, but has worsened in the past 6 quarters.

CHURN AND CHURN CATALYSTS

- After increasing last quarter following the price increases, plans to cancel came down a touch to 11.9% (still elevated compared to series lows, but improved vs. April).
- While much of investor focus earlier in 2019 was on the digestion of price increases, it will be critical to measure if/how changes to the platform (content being added or removed) or the adoption of emerging competitors (Disney + or HBO Max) impact engagement on the platform (not using it enough is the top cancellation catalyst).

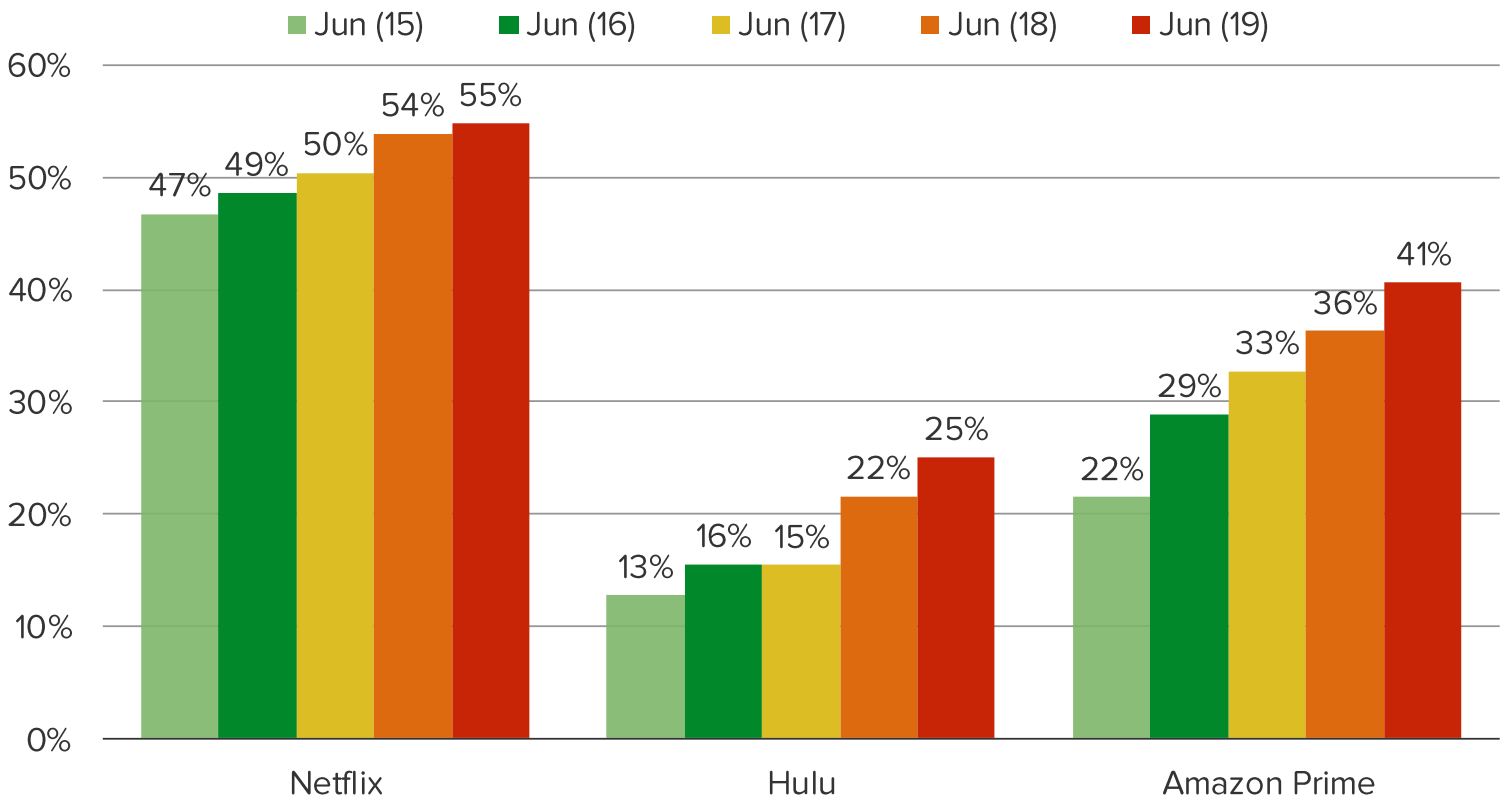
COMPETITION

- Awareness of Disney + has increased considerably among Netflix subscribers, but the percentage who are likely to sign up has been generally flat/unchanged over time. A declining percentage of Netflix subscribers who would consider Disney + would see if as a replacement. In our first round of feedback on Warner’s HBO Max, we would note that initial interest is relatively tepid.
- Consumer appetite for streaming video services has increased over time (on average, they are getting closer to thinking 3 is the right number of services to sign up to at once).
- Consumers expect to have more streaming video options available to them one year from now.

NETFLIX SUBSCRIBER ACTIVITY

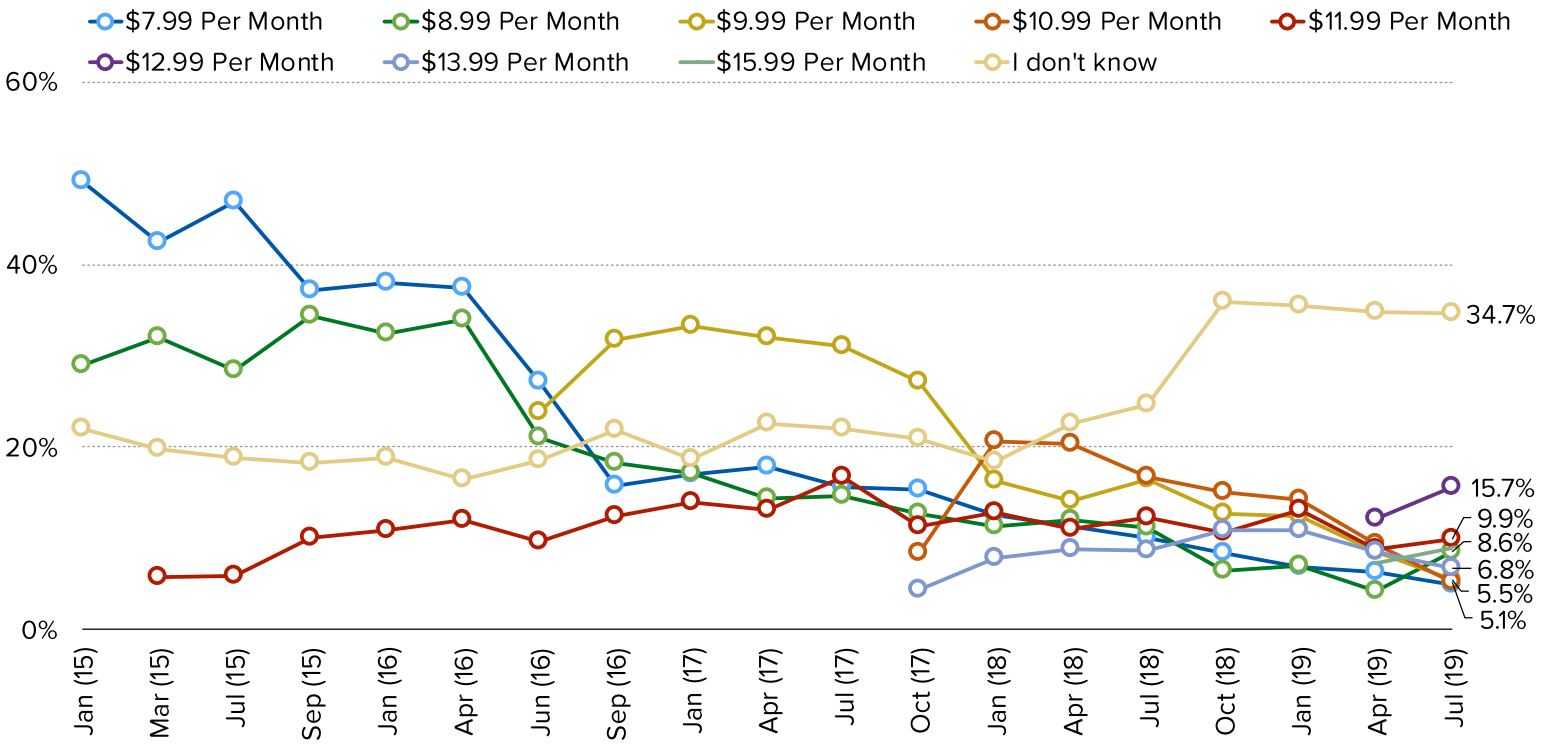
NETFLIX AND AMAZON PRIME STREAMING ACCOUNT HOLDERS (PERCENTAGE OF US CONSUMERS BALANCED TO CENSUS)

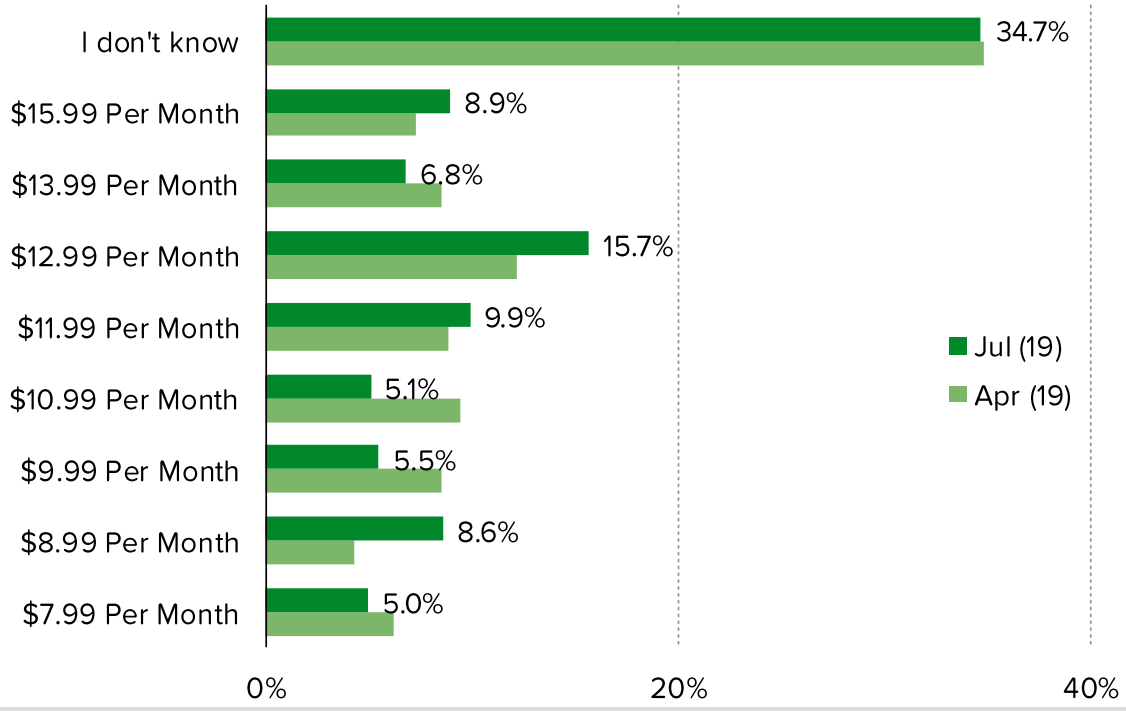
*Data from our monthly survey tracker of 1,500 US consumers balanced to census.



HOW MUCH DO YOU PAY FOR YOUR NETFLIX STREAMING SUBSCRIPTION?

Posed to respondents who said they are Netflix subscribers.

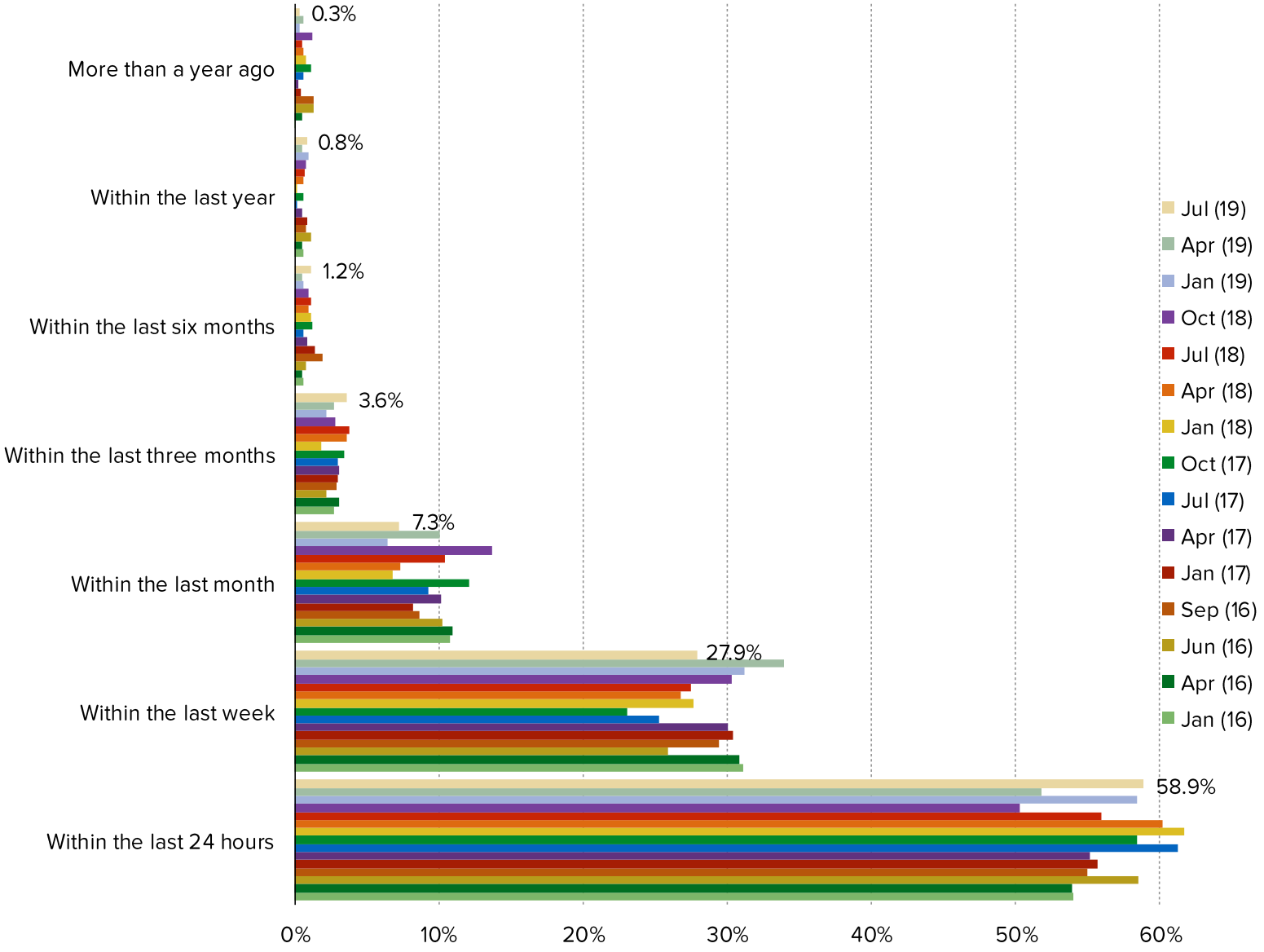




NETFLIX SUBSCRIBER ENGAGEMENT

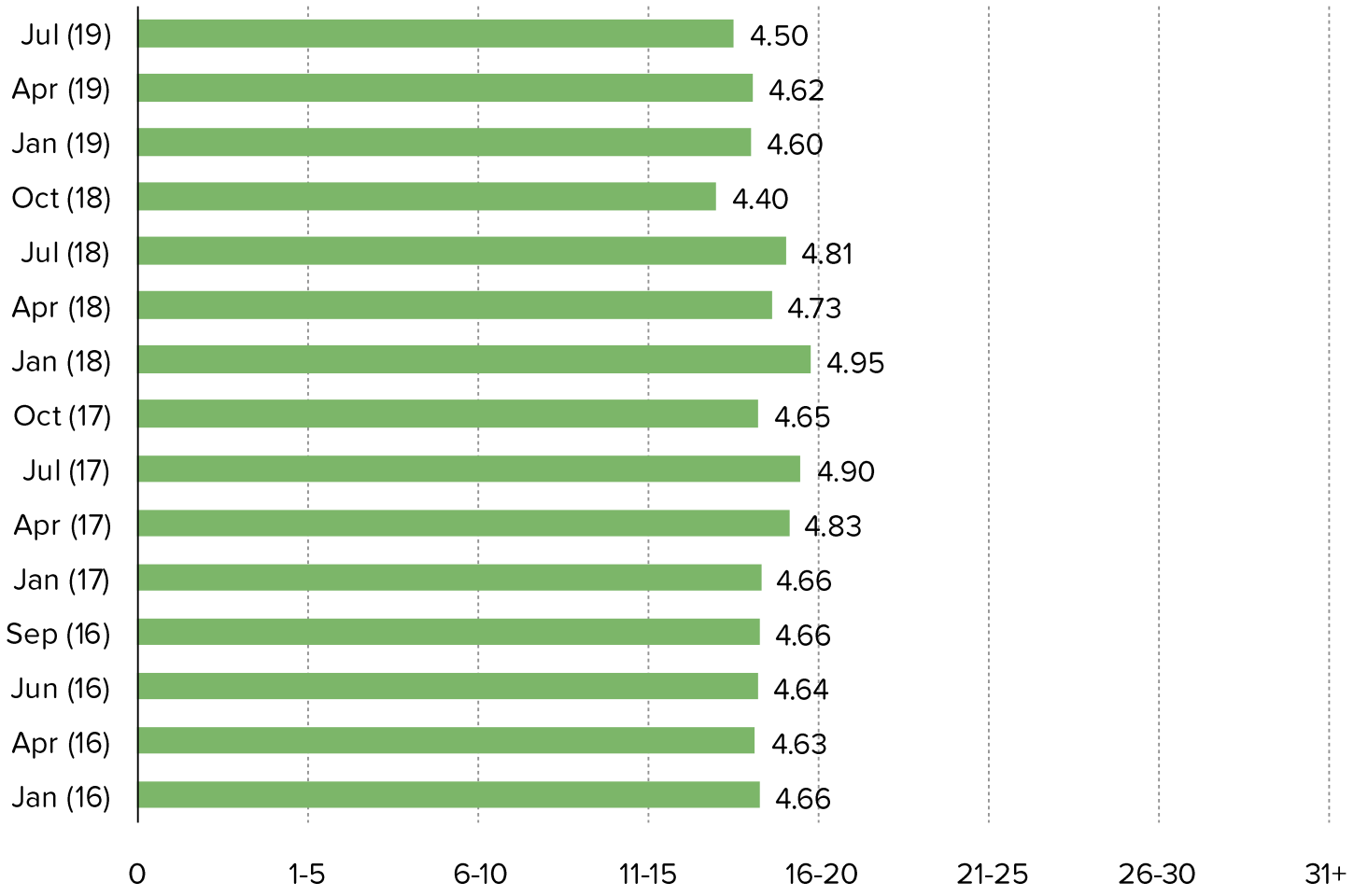
WHEN IS THE LAST TIME YOU WATCHED SOMETHING ON NETFLIX?

Posed to Netflix subscribers.



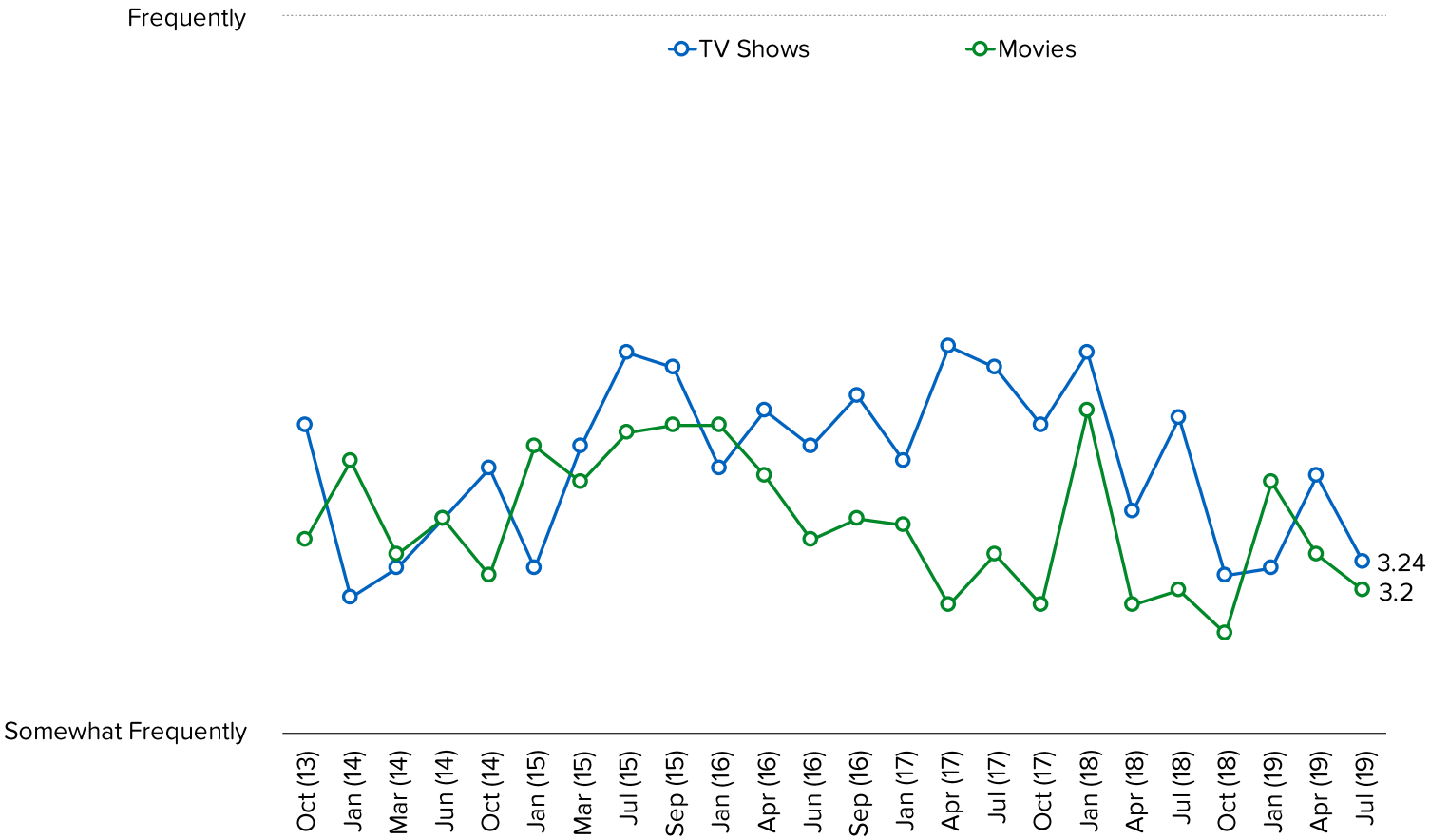
IN AN AVERAGE MONTH, HOW MANY HOURS OF NETFLIX DO YOU WATCH?

Posed to Netflix subscribers.



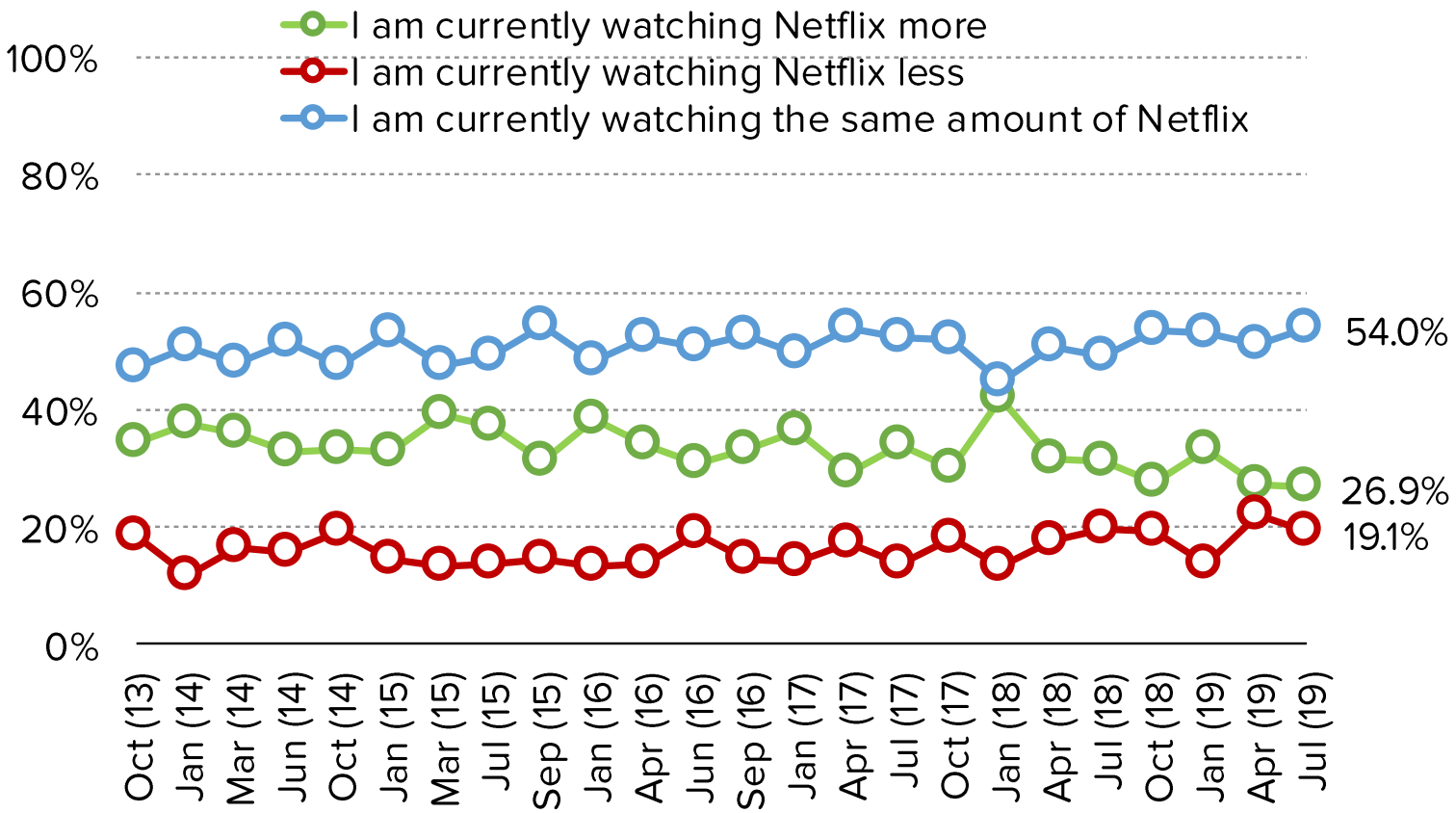
FREQUENCY OF WATCHING TV SHOWS AND MOVIES

Posed to Netflix subscribers.



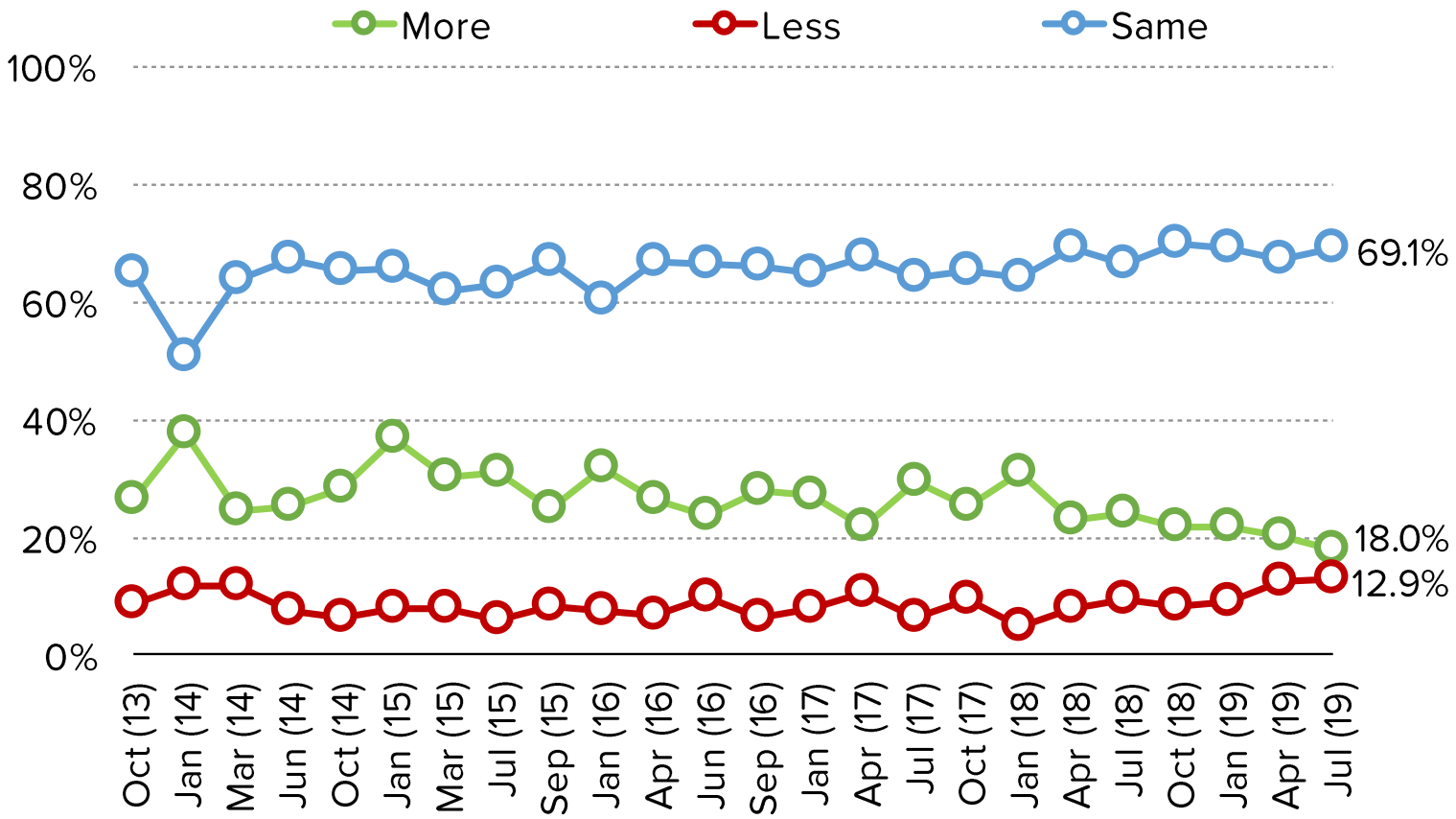
PLEASE COMPARE YOUR CURRENT USAGE OF NETFLIX WITH YOUR USAGE 3-6 MONTHS AGO.

Posed to Netflix subscribers.



DO YOU EXPECT TO USE NETFLIX MORE OR LESS OVER THE NEXT FEW MONTHS?

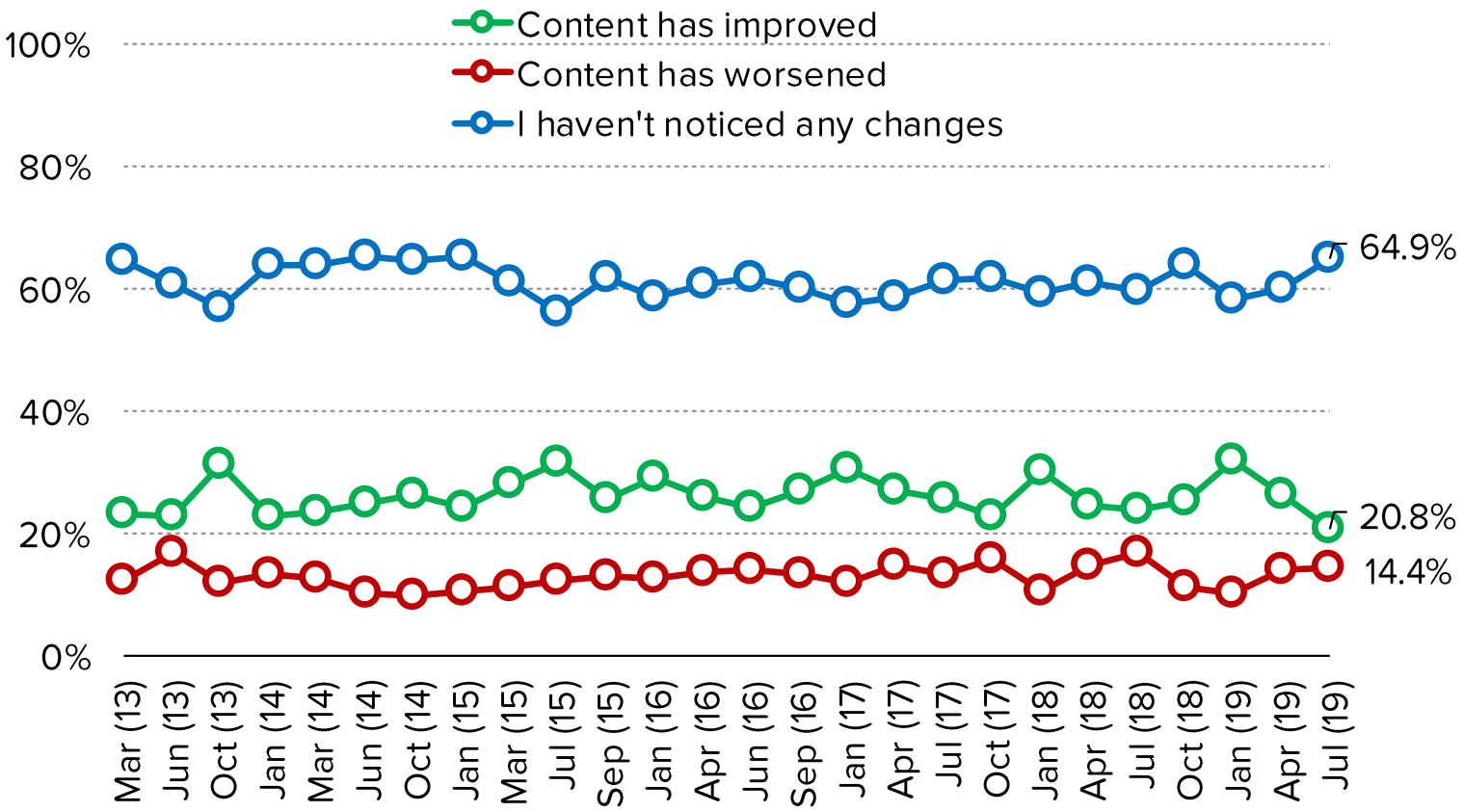
Posed to Netflix subscribers.



CONTENT

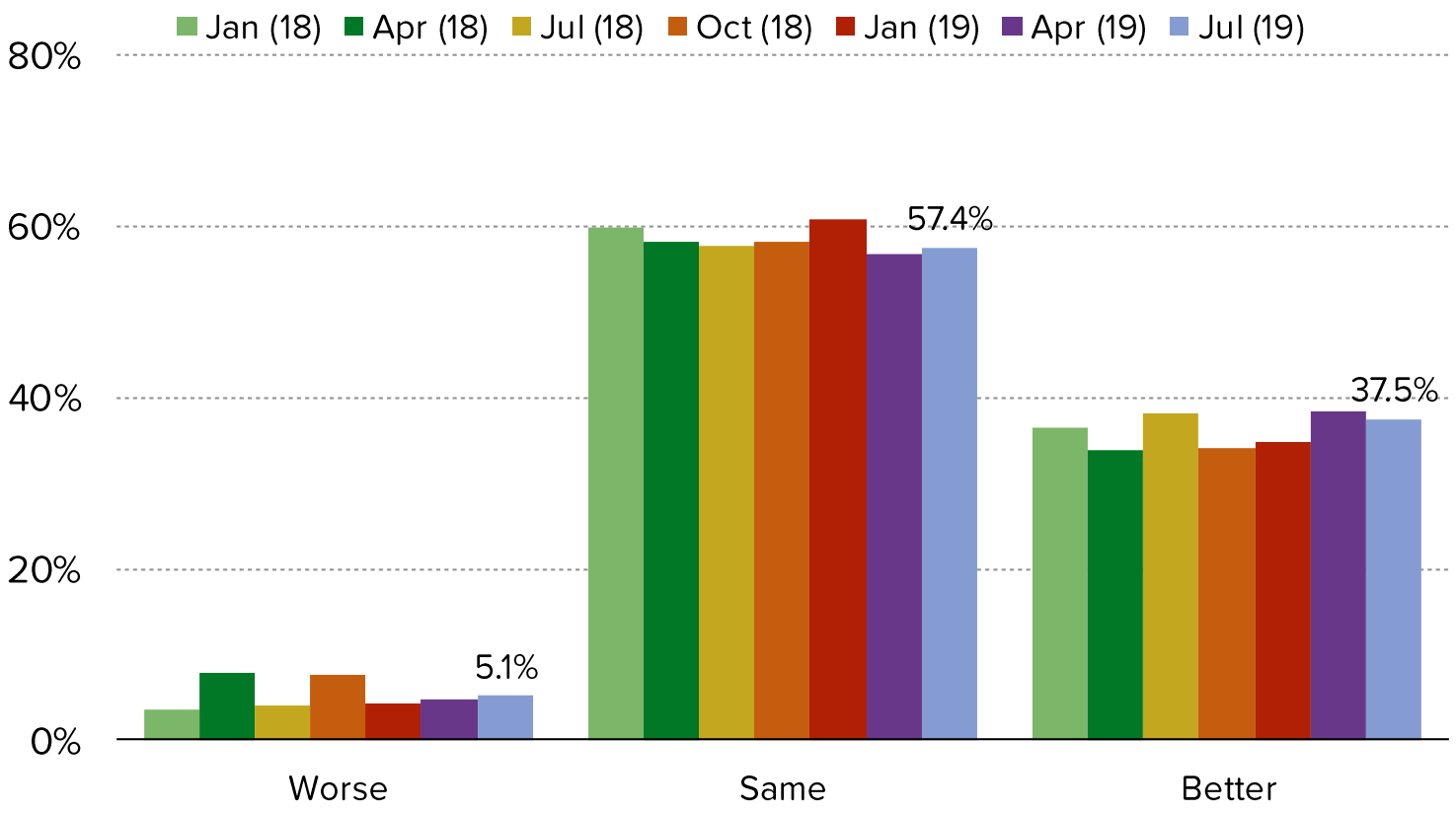
HAVE YOU NOTICED ANY CHANGES TO NETFLIX'S CONTENT OVER THE LAST SIX MONTHS?

Posed to Netflix subscribers.



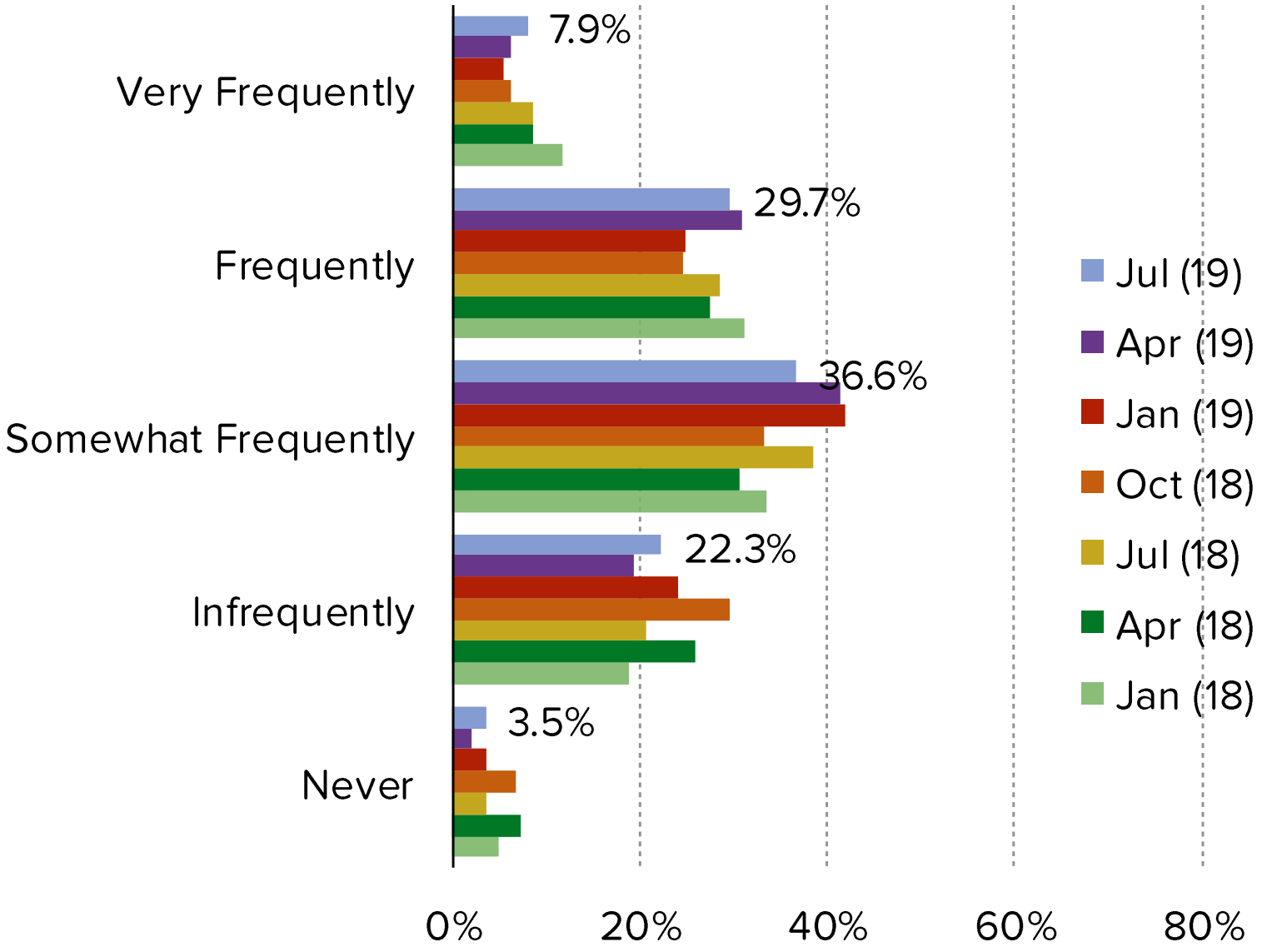
HOW DO YOU COMPARE NETFLIX ORIGINAL CONTENT SHOWS AGAINST SHOWS YOU VIEW ON OTHER NETWORKS OR SERVICES?

Posed to Netflix subscribers.



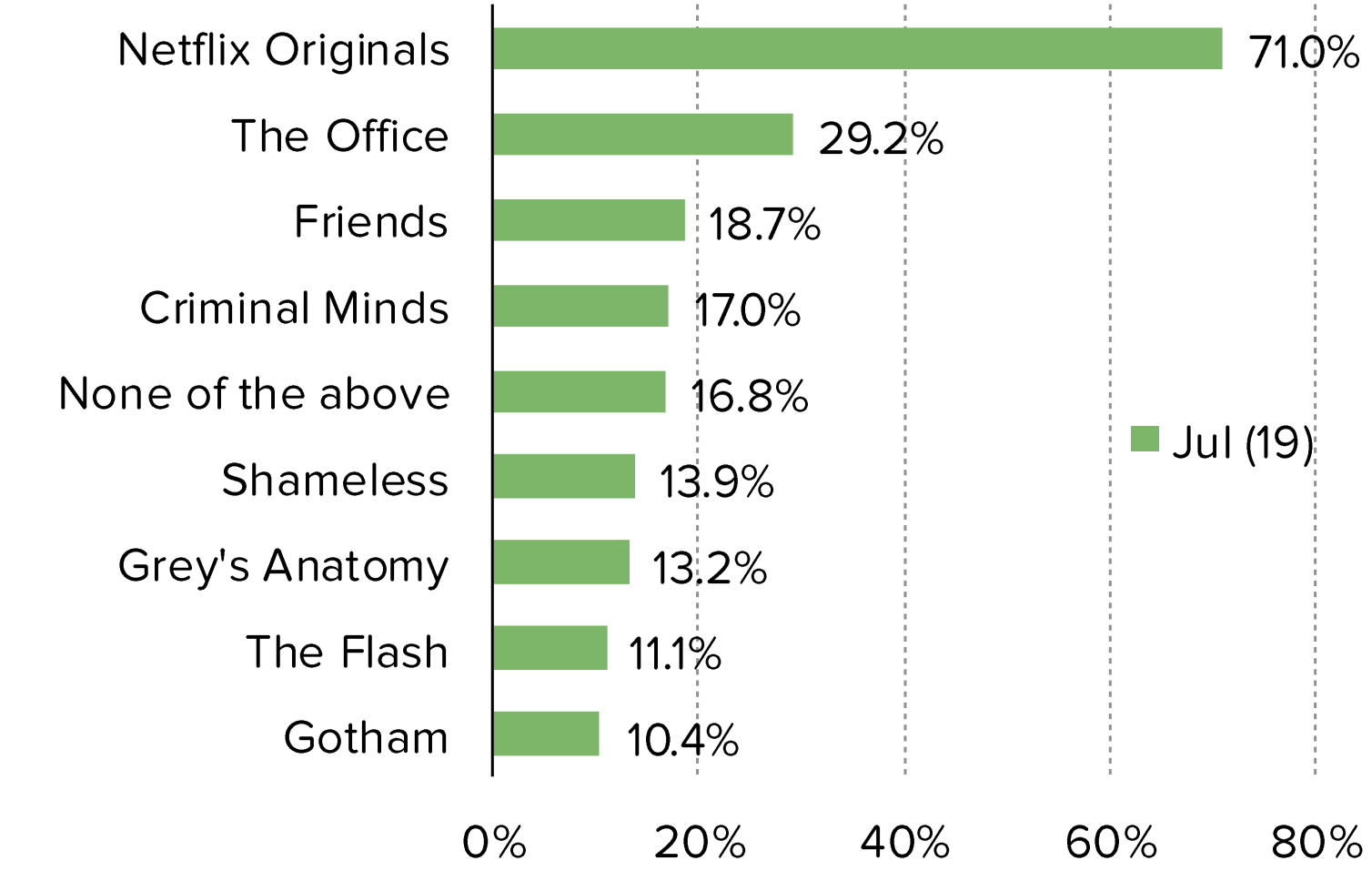
HOW OFTEN DO YOU WATCH NETFLIX ORIGINAL CONTENT SHOWS?

Posed to Netflix subscribers.



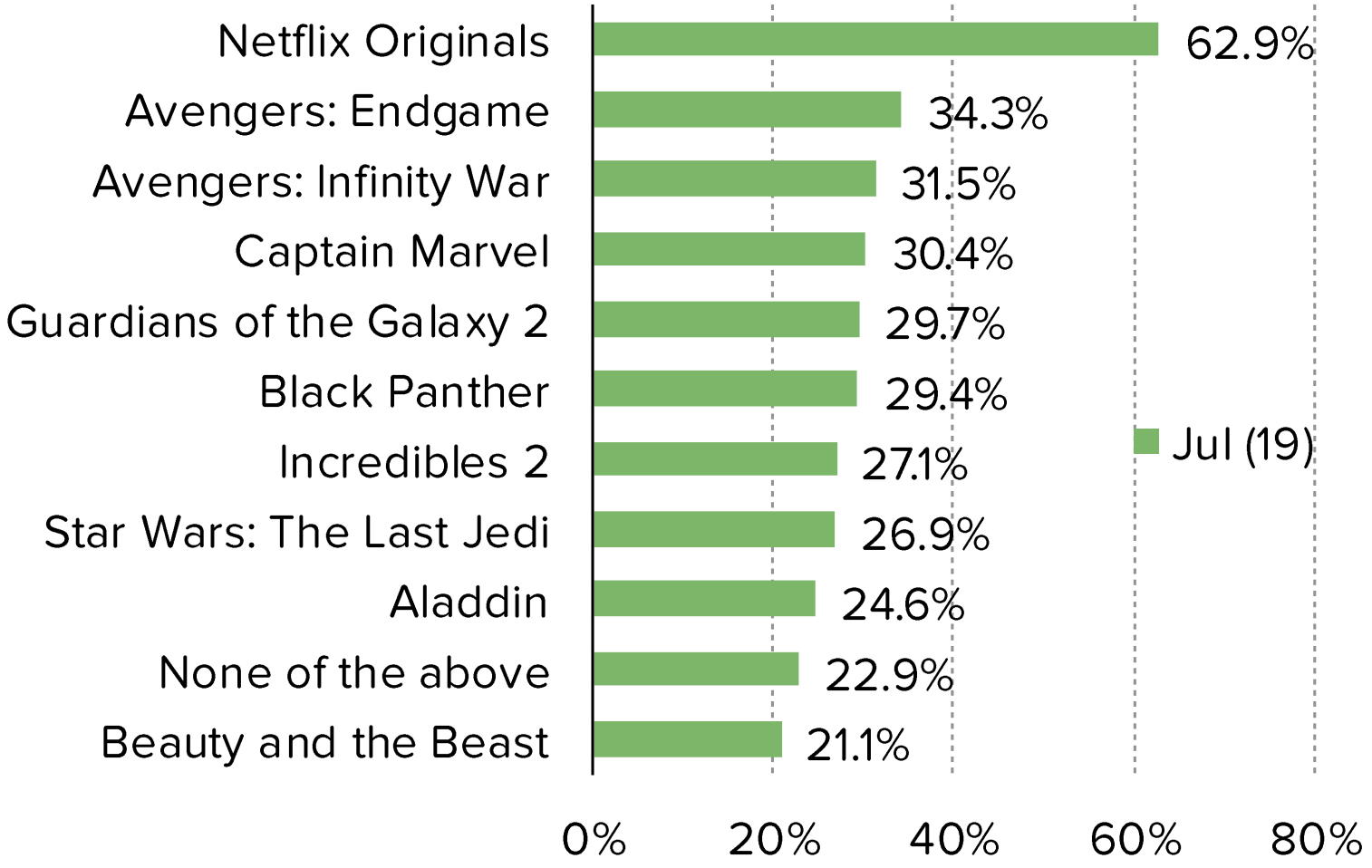
IS IT IMPORTANT TO YOU TO HAVE ACCESS TO ANY OF THE FOLLOWING SHOWS ON NETFLIX?

Posed to Netflix subscribers.



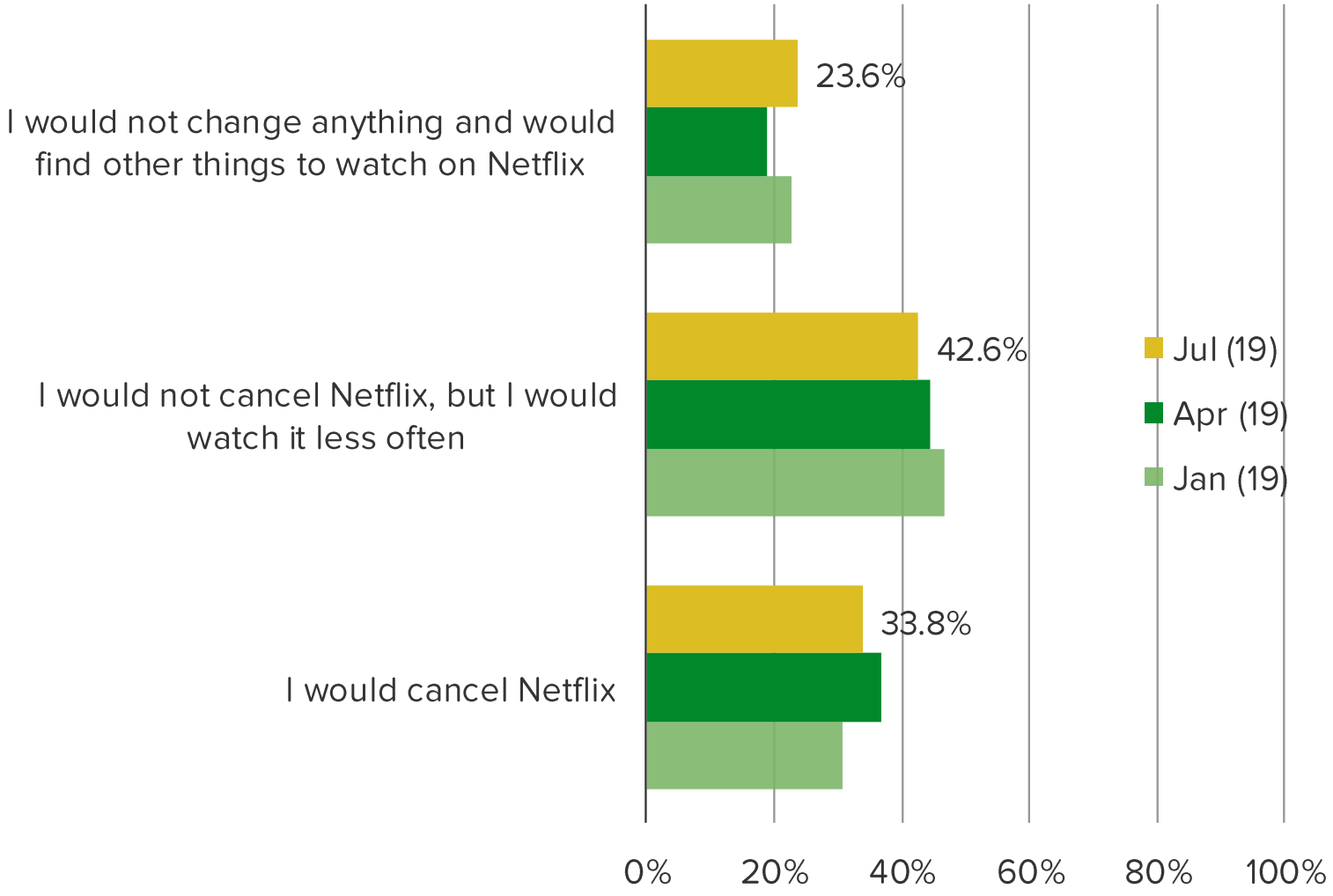
IS IT IMPORTANT TO YOU TO HAVE ACCESS TO ANY OF THE FOLLOWING MOVIES ON NETFLIX?

Posed to Netflix subscribers.



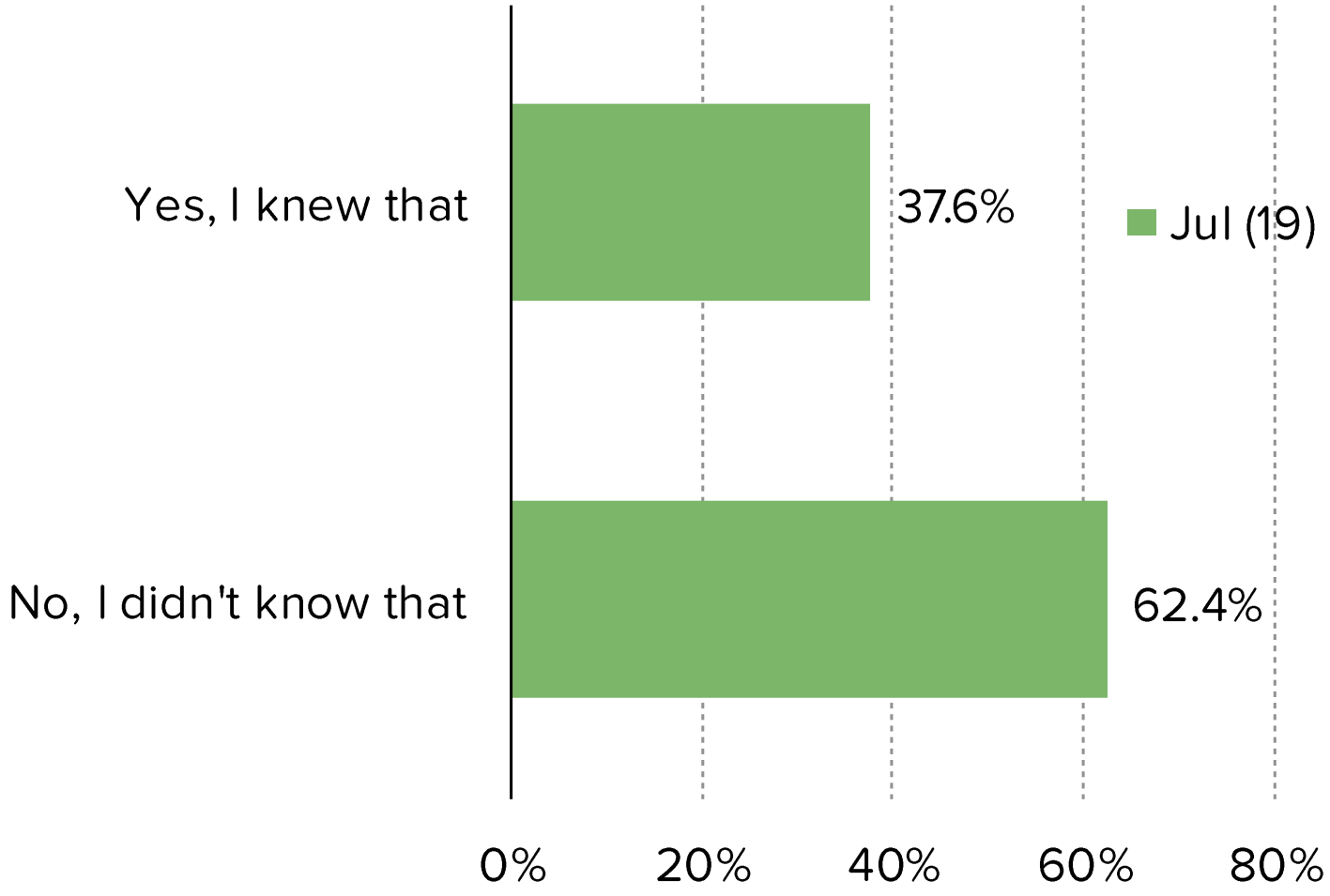
WHAT WOULD YOU BE MOST LIKELY TO DO IF CONTENT THAT IS IMPORTANT TO YOU ON NETFLIX GOT REMOVED FROM THE SERVICE?

Posed to Netflix subscribers.



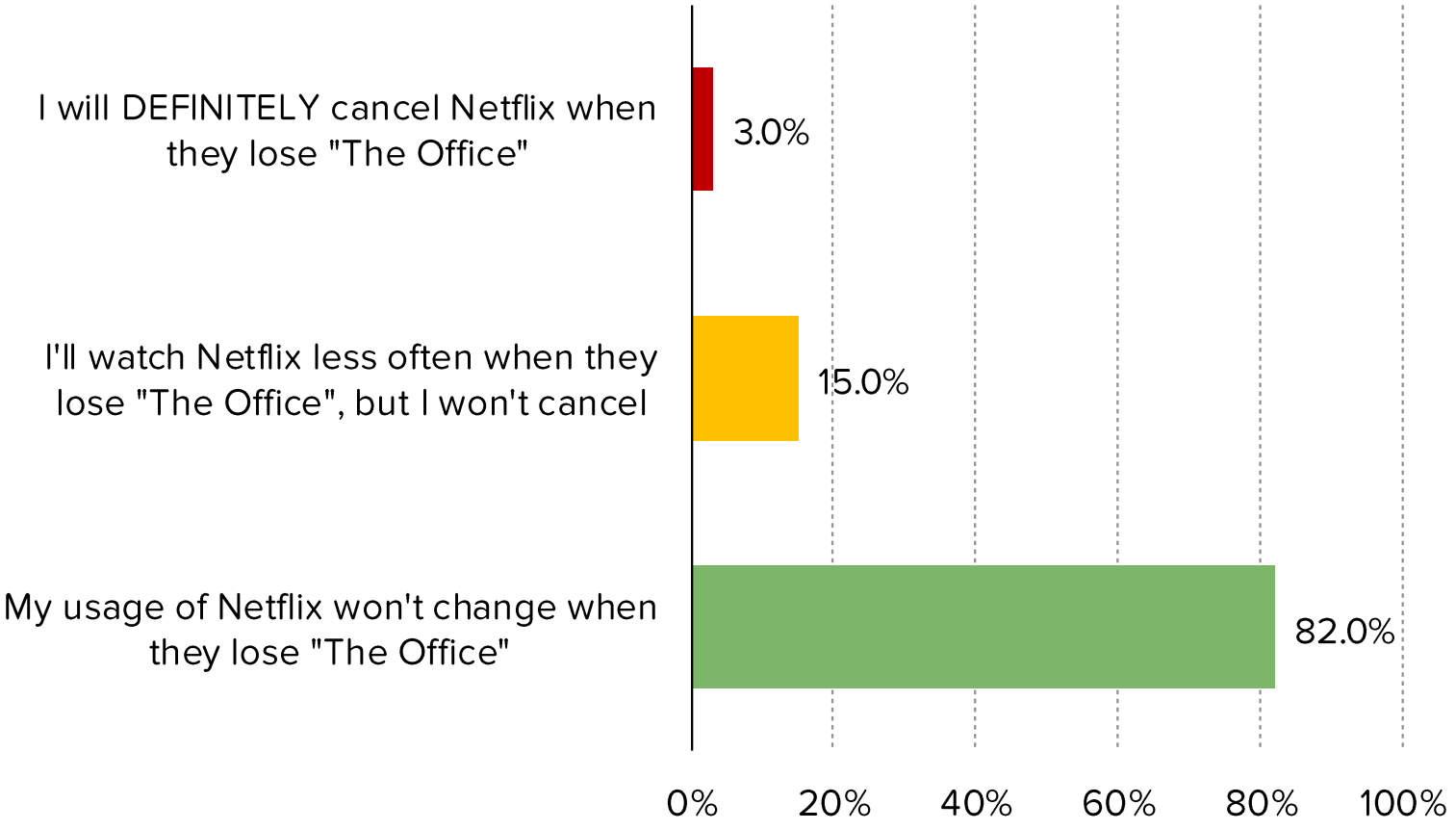
DID YOU KNOW THAT "THE OFFICE" WILL NO LONGER BE AVAILABLE ON NETFLIX STARTING IN JANUARY OF 2021?

Posed to Netflix subscribers.



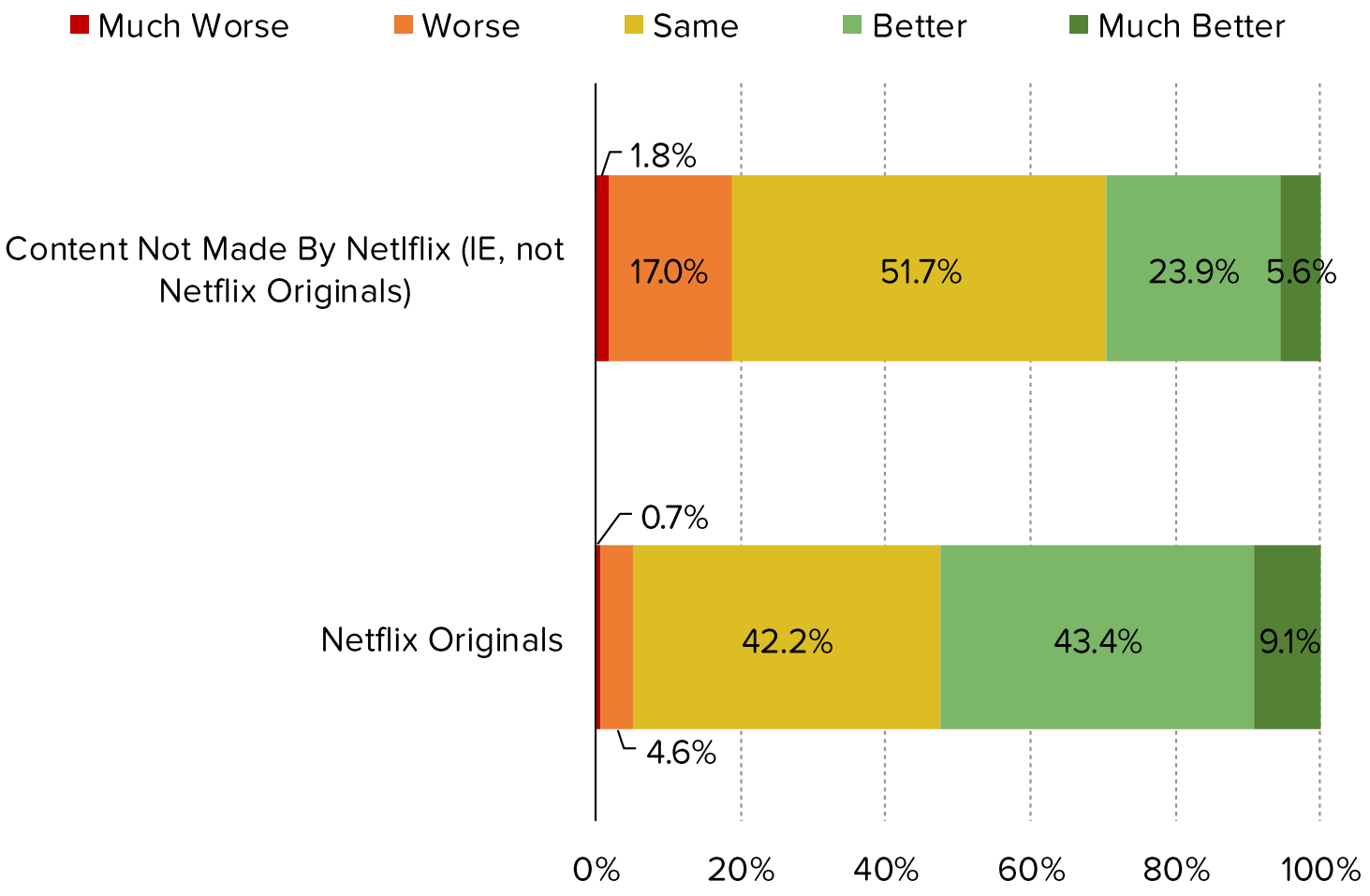
WHEN NETFLIX LOSES "THE OFFICE" IN JANUARY OF 2021, WILL THAT CHANGE ANYTHING FOR YOU AND YOUR USAGE OF NETFLIX?

Posed to Netflix subscribers.



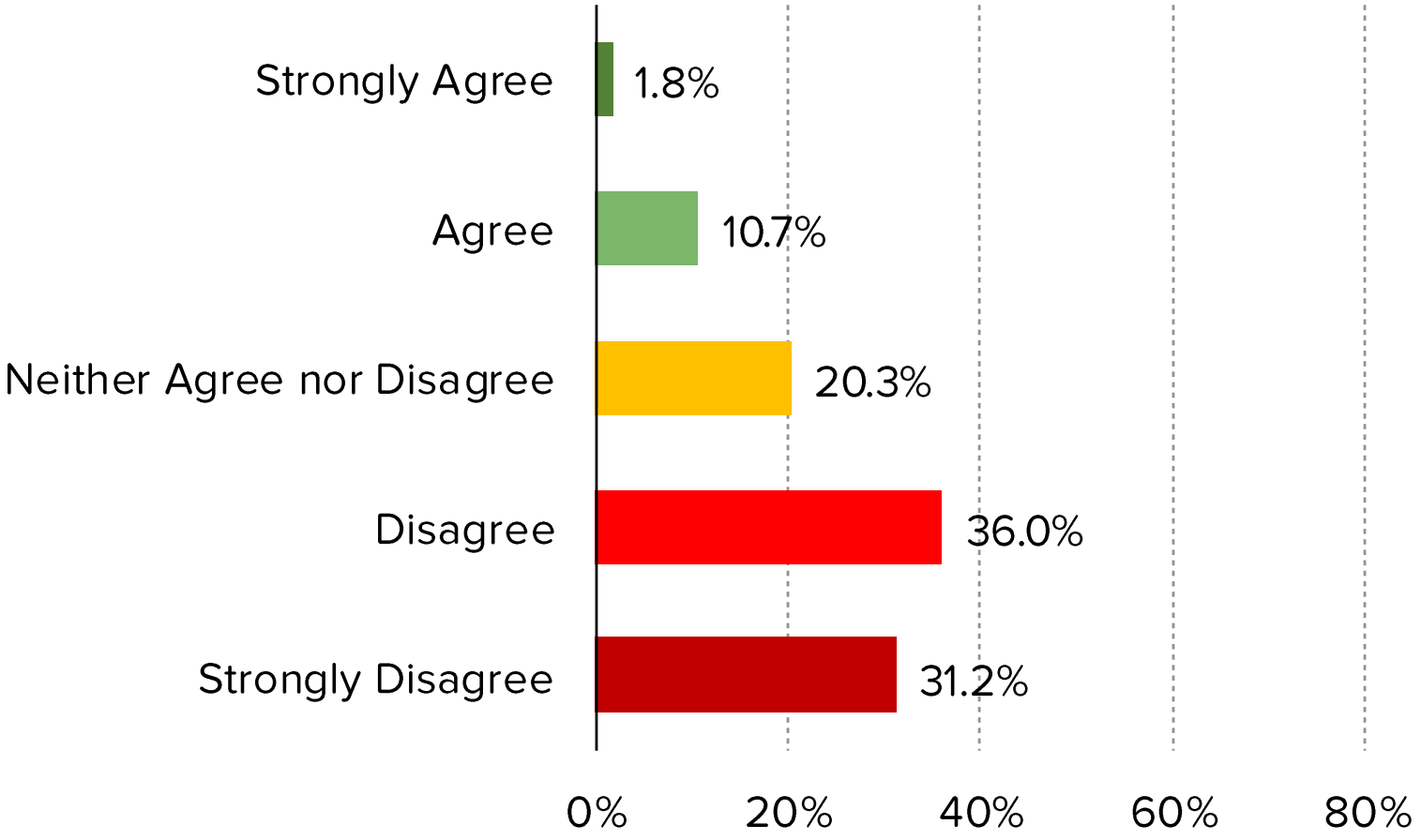
ONE YEAR FROM NOW, DO YOU EXPECT THE CONTENT AVAILABLE ON NETFLIX TO BE BETTER OR WORSE THAN IT IS TODAY?

Posed to Netflix subscribers.



"THE PRICE FOR NETFLIX WOULD STILL BE WORTH IT EVEN IF IT ONLY GOT ME ACCESS TO NETFLIX ORIGINALS."

Posed to Netflix subscribers.



WHAT IS YOUR FAVORITE THING TO WATCH ON NETFLIX CURRENTLY?

Posed to Netflix subscribers.

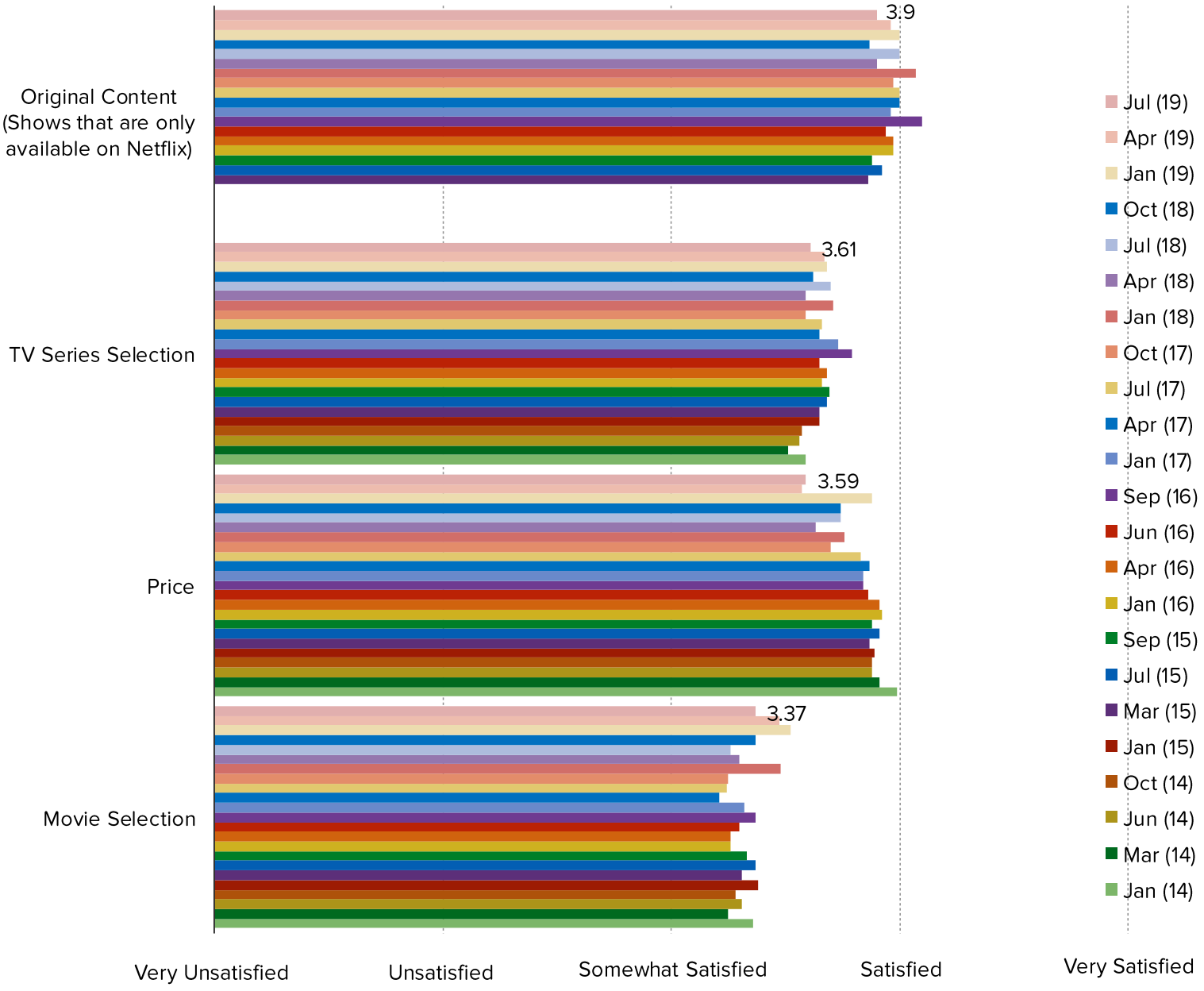
WHAT IS YOUR FAVORITE TV SHOW THAT YOU ARE CURRENTLY WATCHING?

Posed to all respondents.

SENTIMENT

SATISFACTION WITH NETFLIX

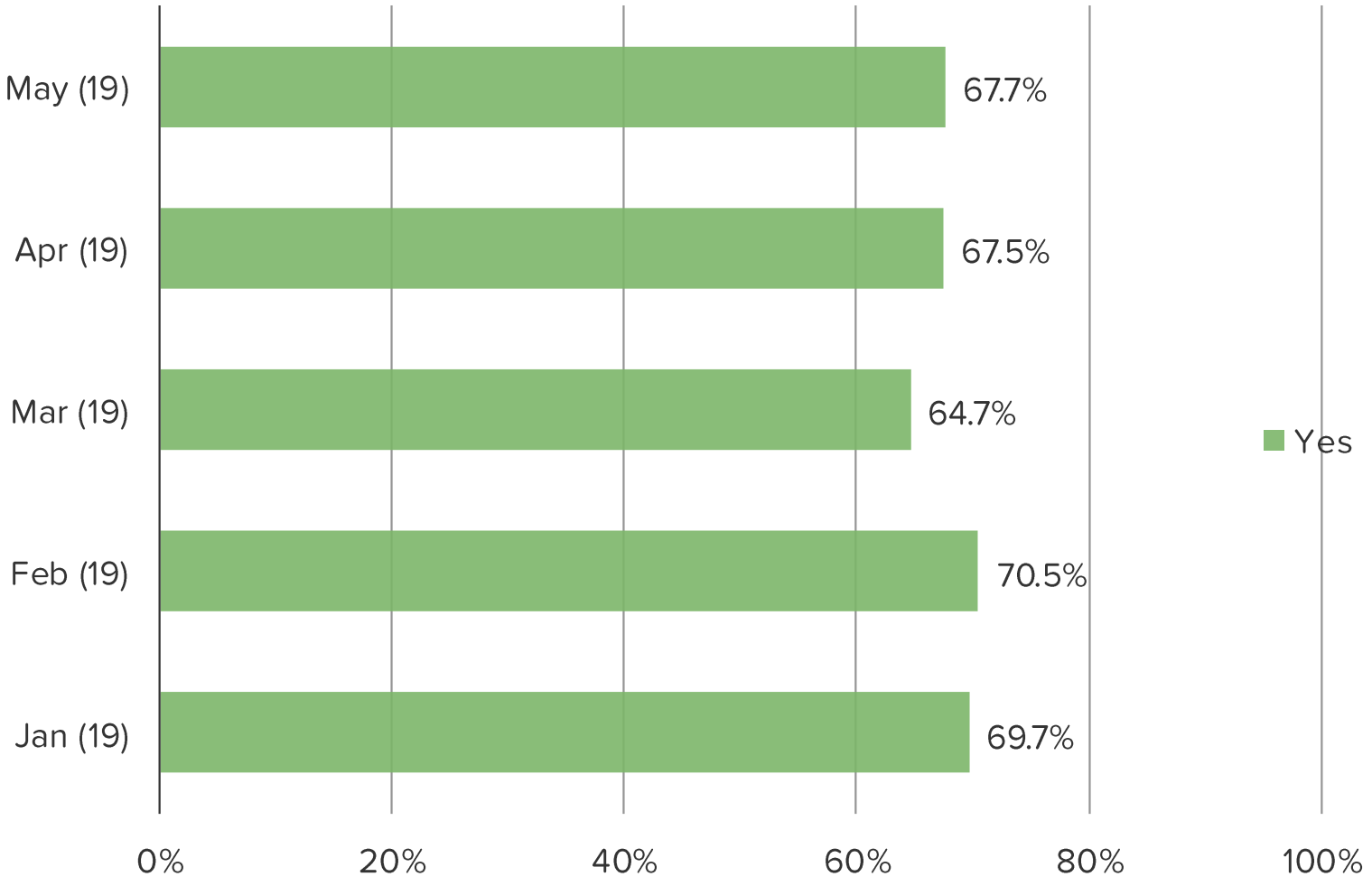
Posed to Netflix subscribers.



PRICE INCREASES / SENSITIVITY

AWARENESS OF PRICE INCREASES

Posed to Netflix subscribers who have an account.



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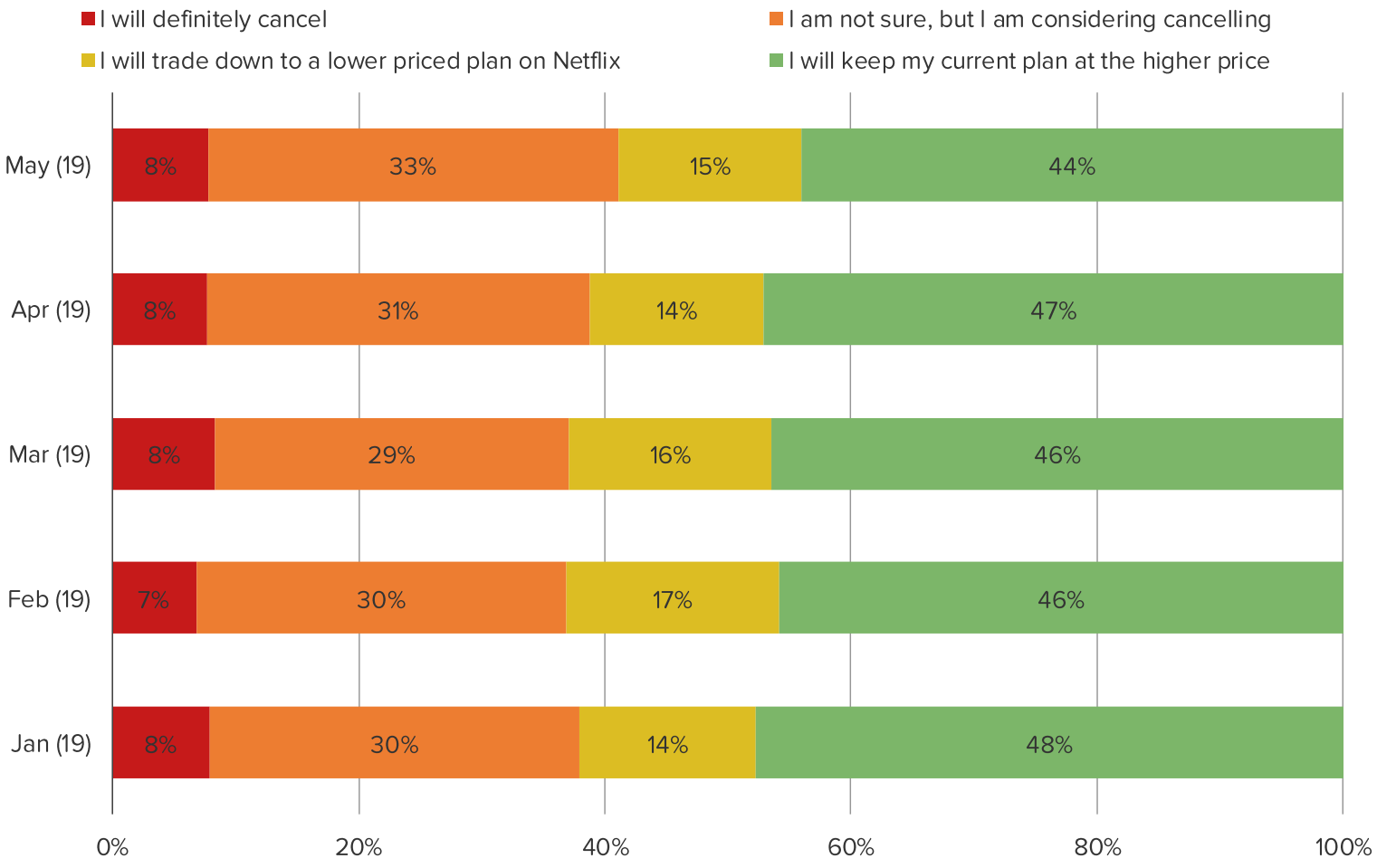
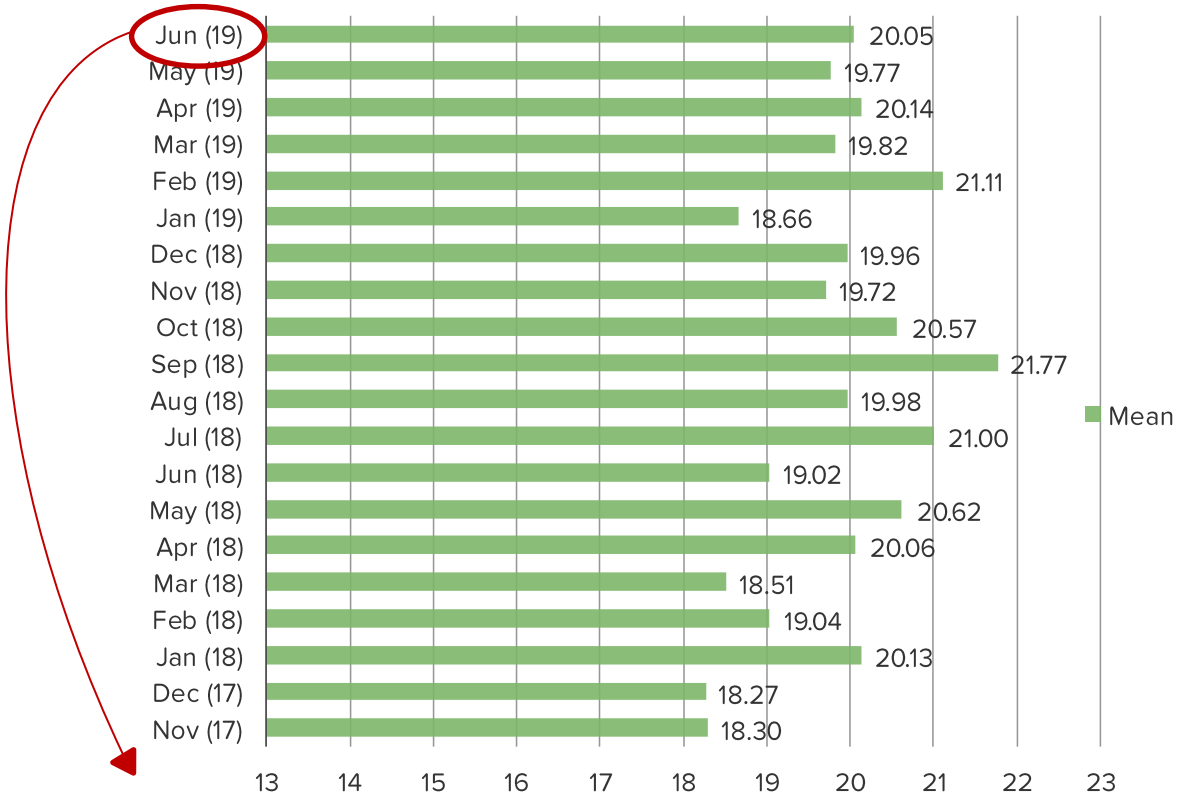
WHAT WILL YOU DO WHEN THE PRICE INCREASES HITS YOUR ACCOUNT IN THE NEXT FEW MONTHS?

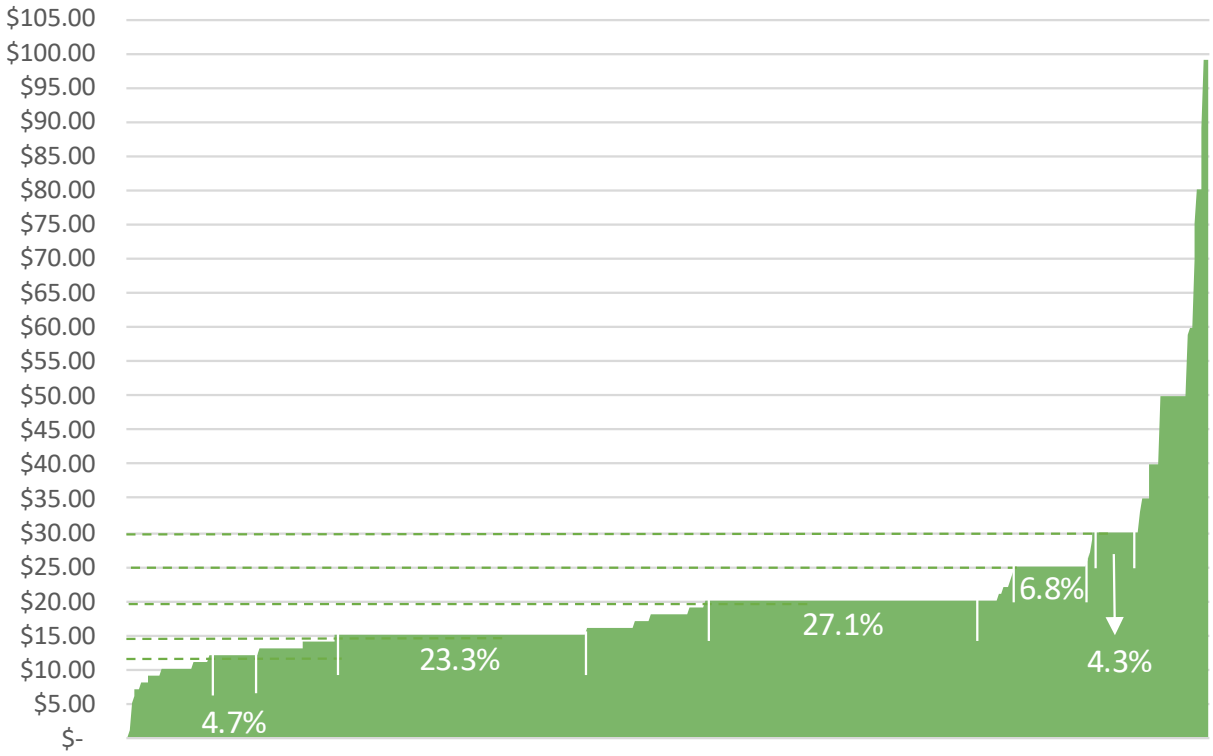
Posed to Netflix subscribers who have an account.



FILL-IN: AT WHAT MONTHLY PRICE POINT WOULD YOU DECIDE TO CANCEL YOUR NETFLIX SUBSCRIPTION?

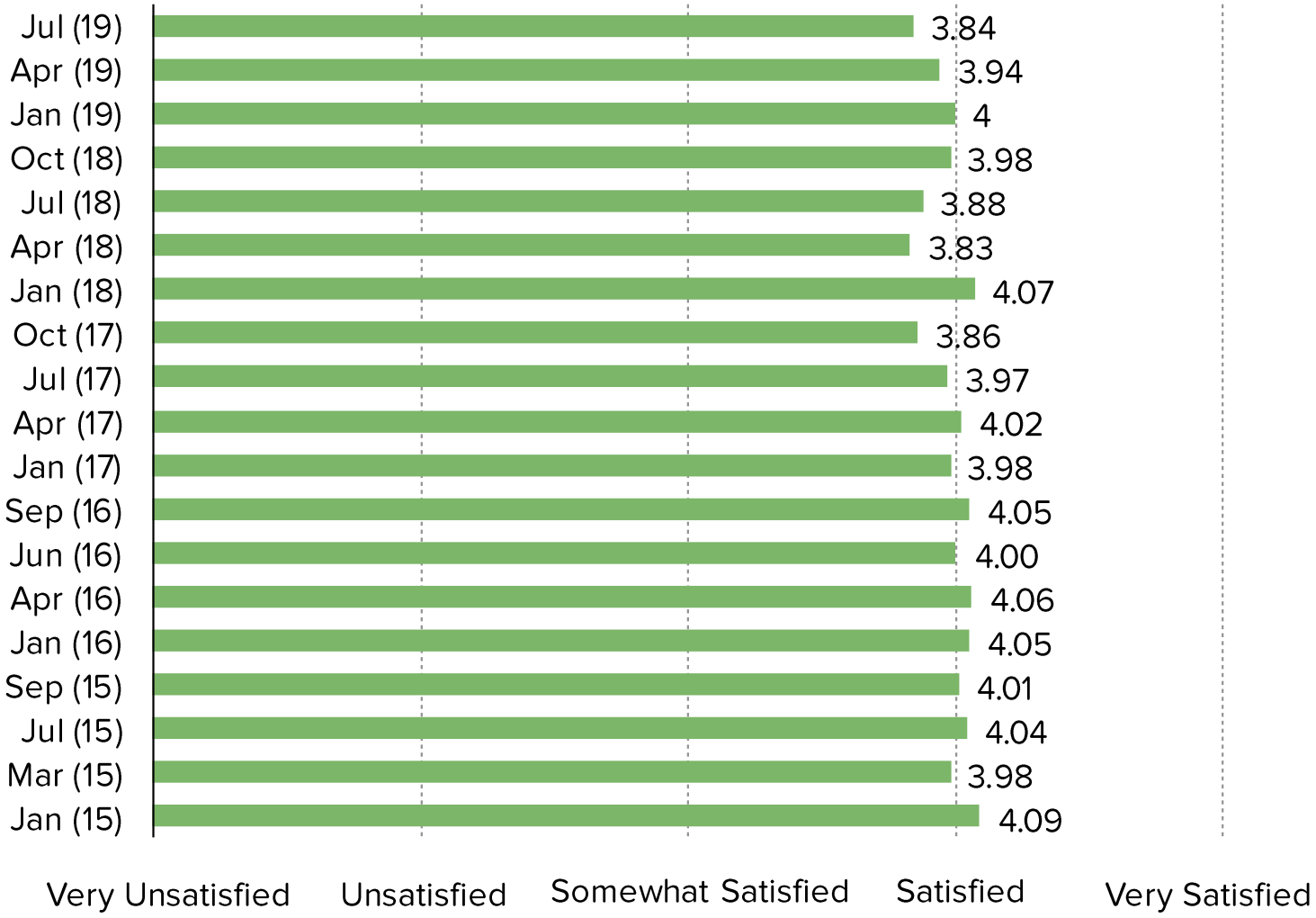
Posed to Netflix subscribers who have the account in their name.





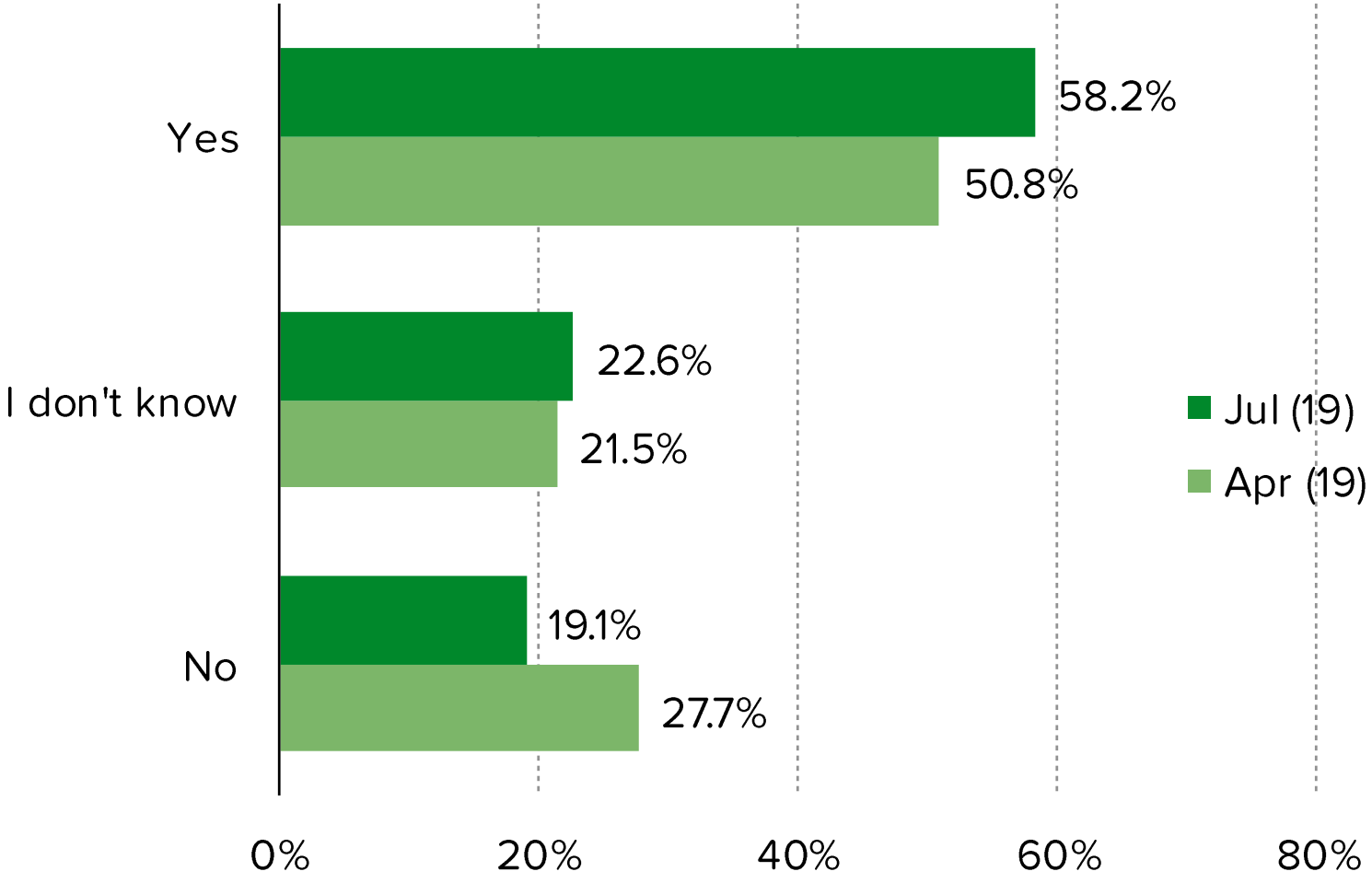
SATISFACTION WITH THE VALUE THEY RECEIVE FOR THE MONEY WITH NETFLIX

Posed to Netflix subscribers.



HAVE YOU RECEIVED ANY KIND OF NOTIFICATION FROM NETFLIX IN THE PAST 3-4 MONTHS ABOUT YOUR PLAN'S PRICE CHANGING?

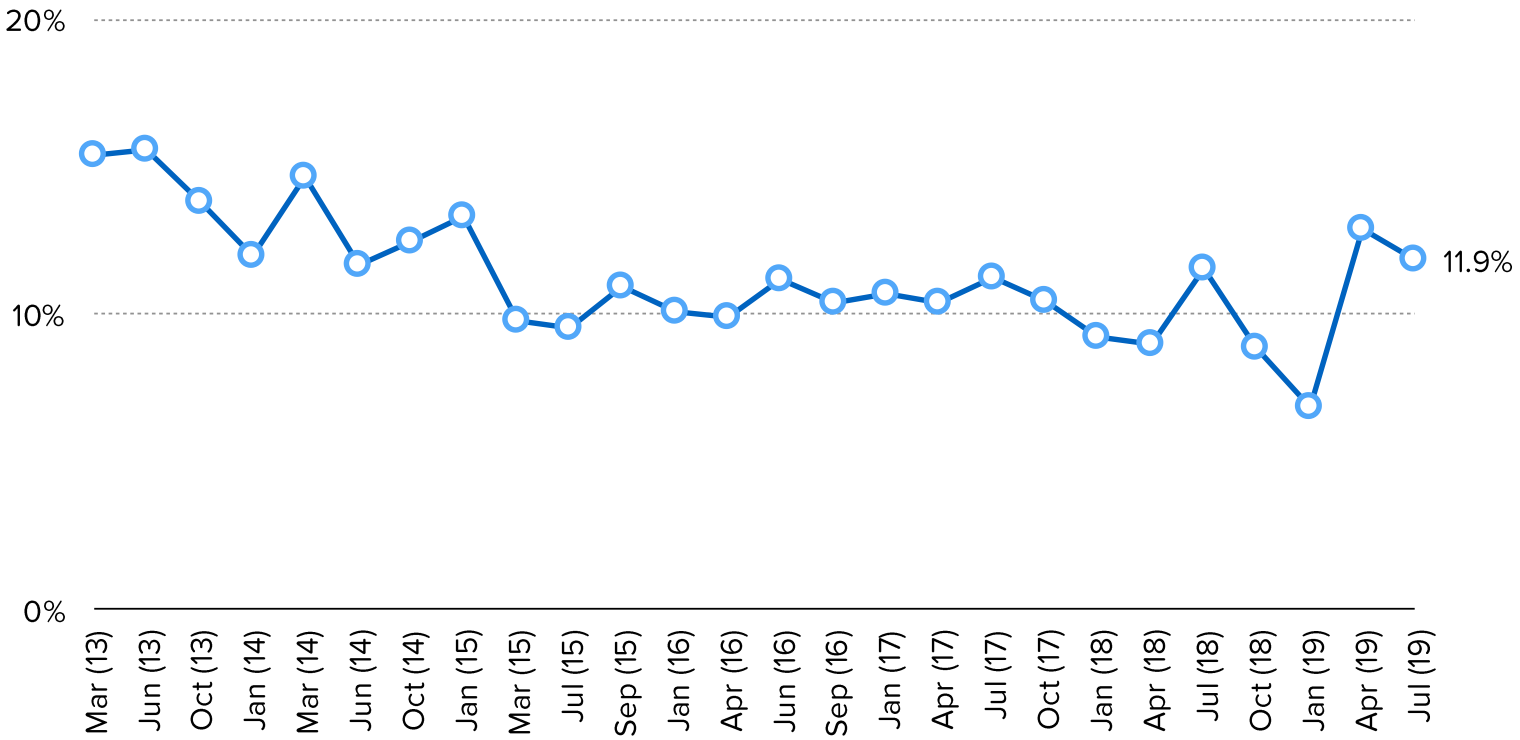
Posed to Netflix subscribers who personally pay for their account.



CHURN

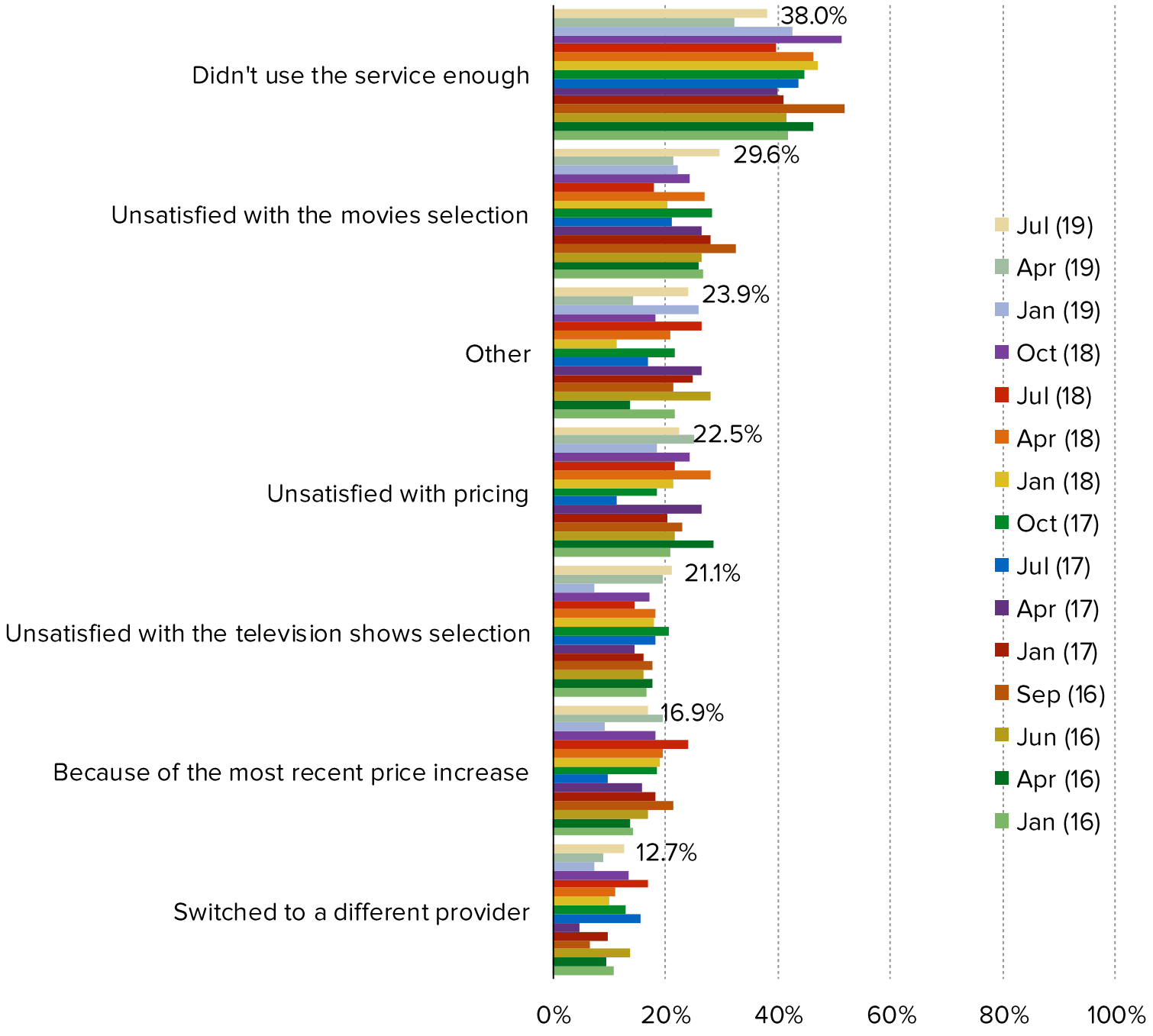
ARE YOU CONSIDERING CANCELLING YOUR NETFLIX SUBSCRIPTION?

Posed to Netflix subscribers.



FORMER NETFLIX SUBSCRIBERS – WHY DID YOU CANCEL?

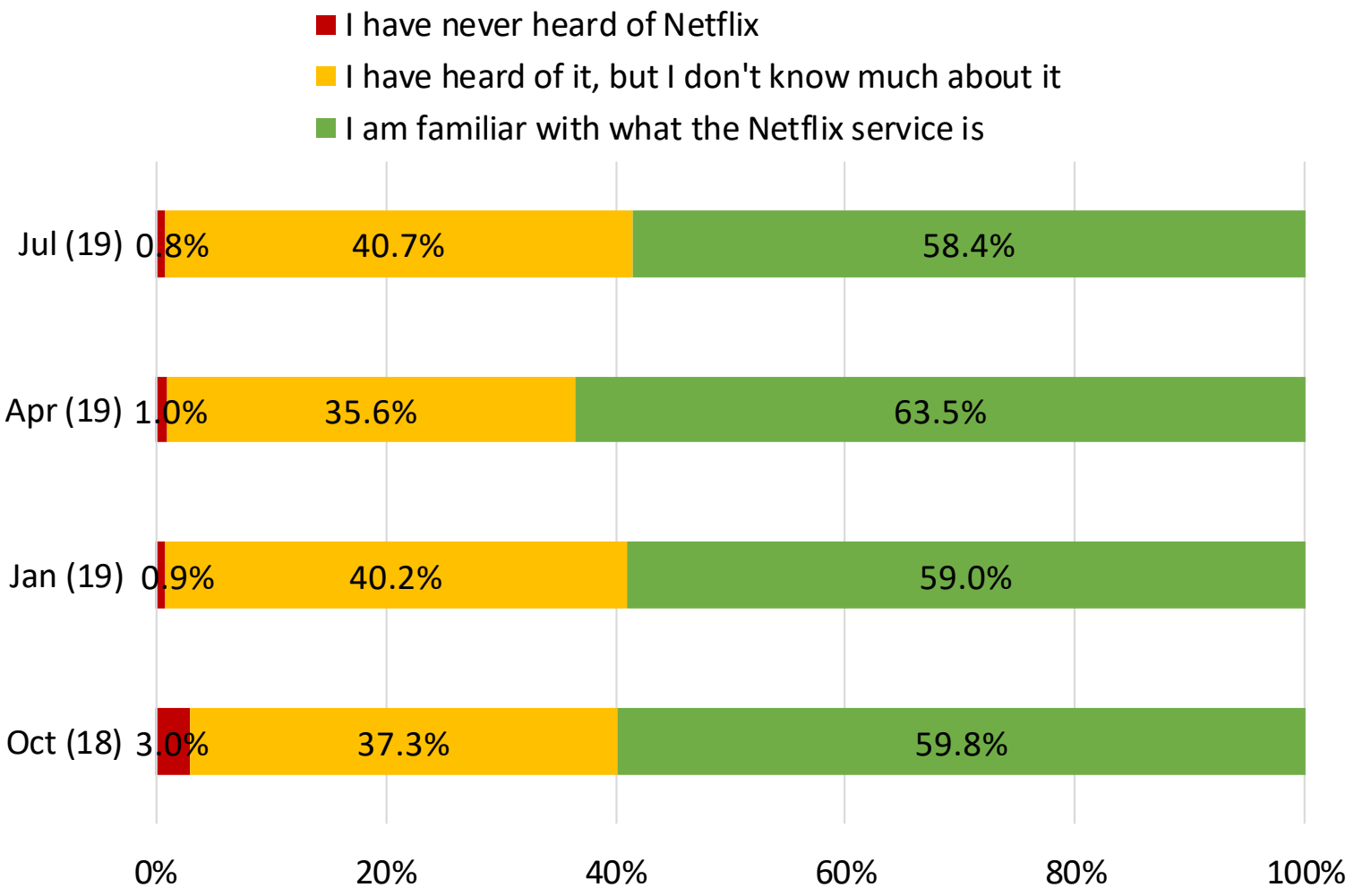
Posed to former Netflix subscribers.



NON-NETFLIX SUBSCRIBERS

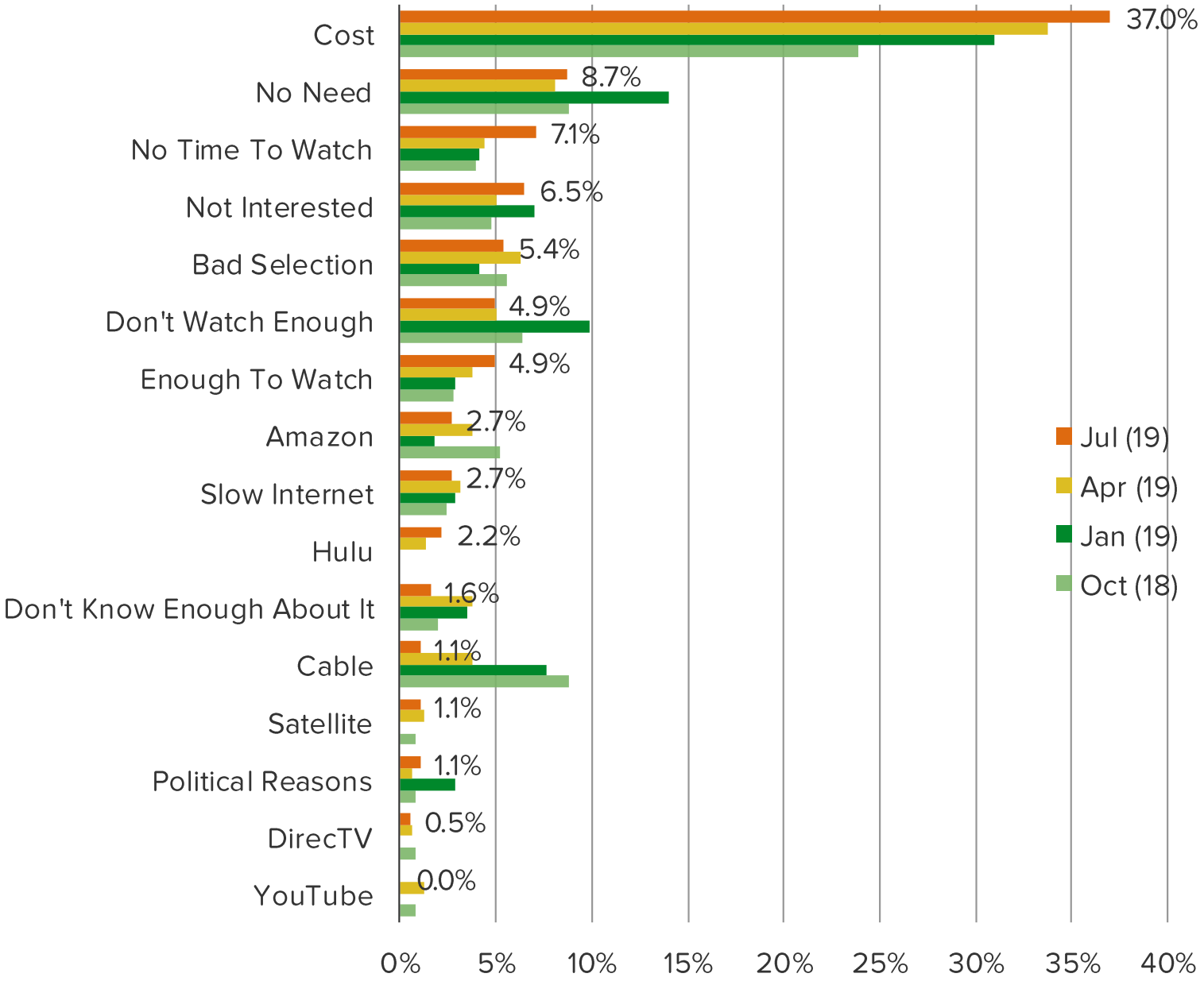
HOW FAMILIAR ARE YOU WITH THE NETFLIX SERVICE?

Posed to non-Netflix subscribers.



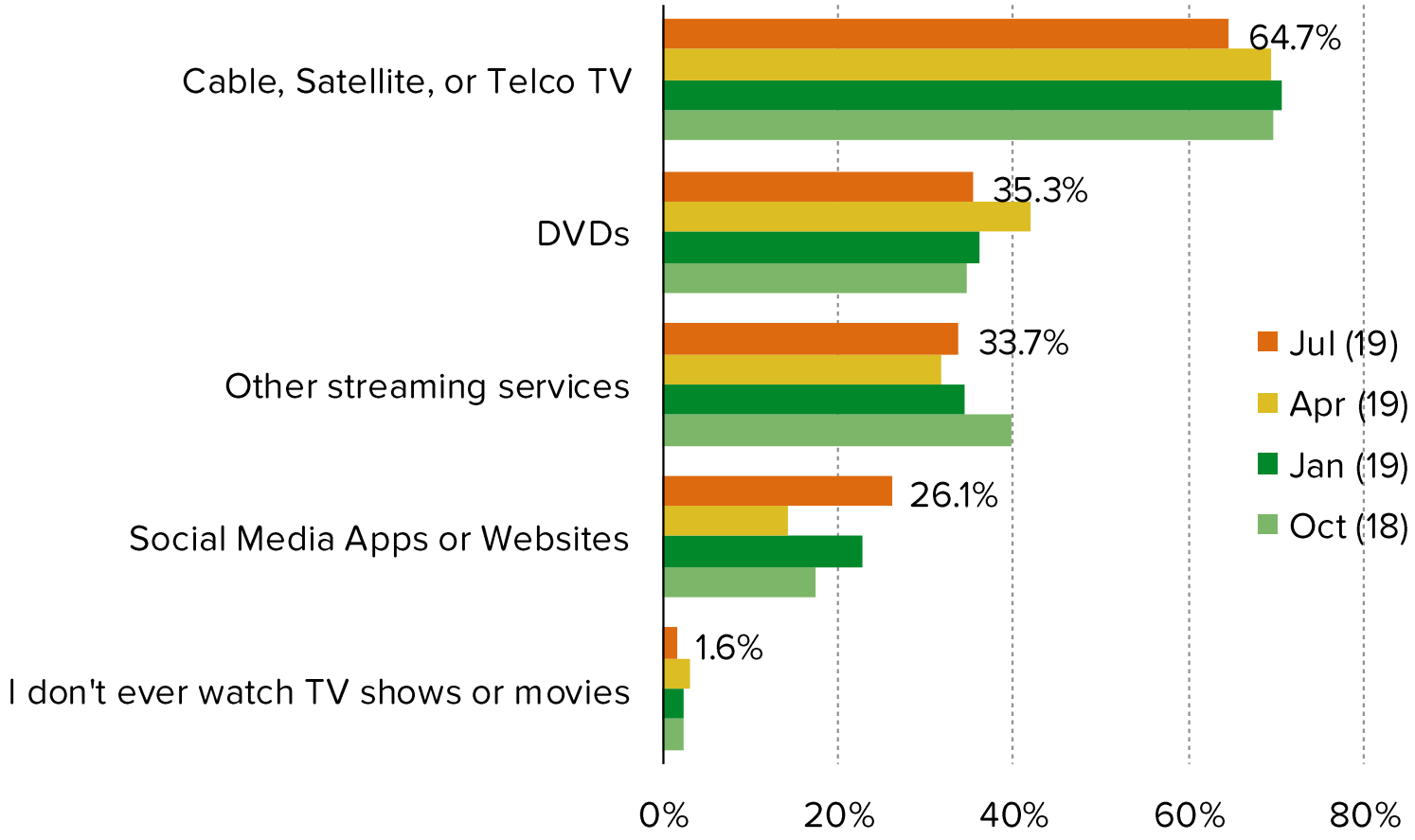
WHAT IS THE PRIMARY REASON THAT YOU ARE NOT A NETFLIX SUBSCRIBER?

Posed to non-Netflix subscribers.



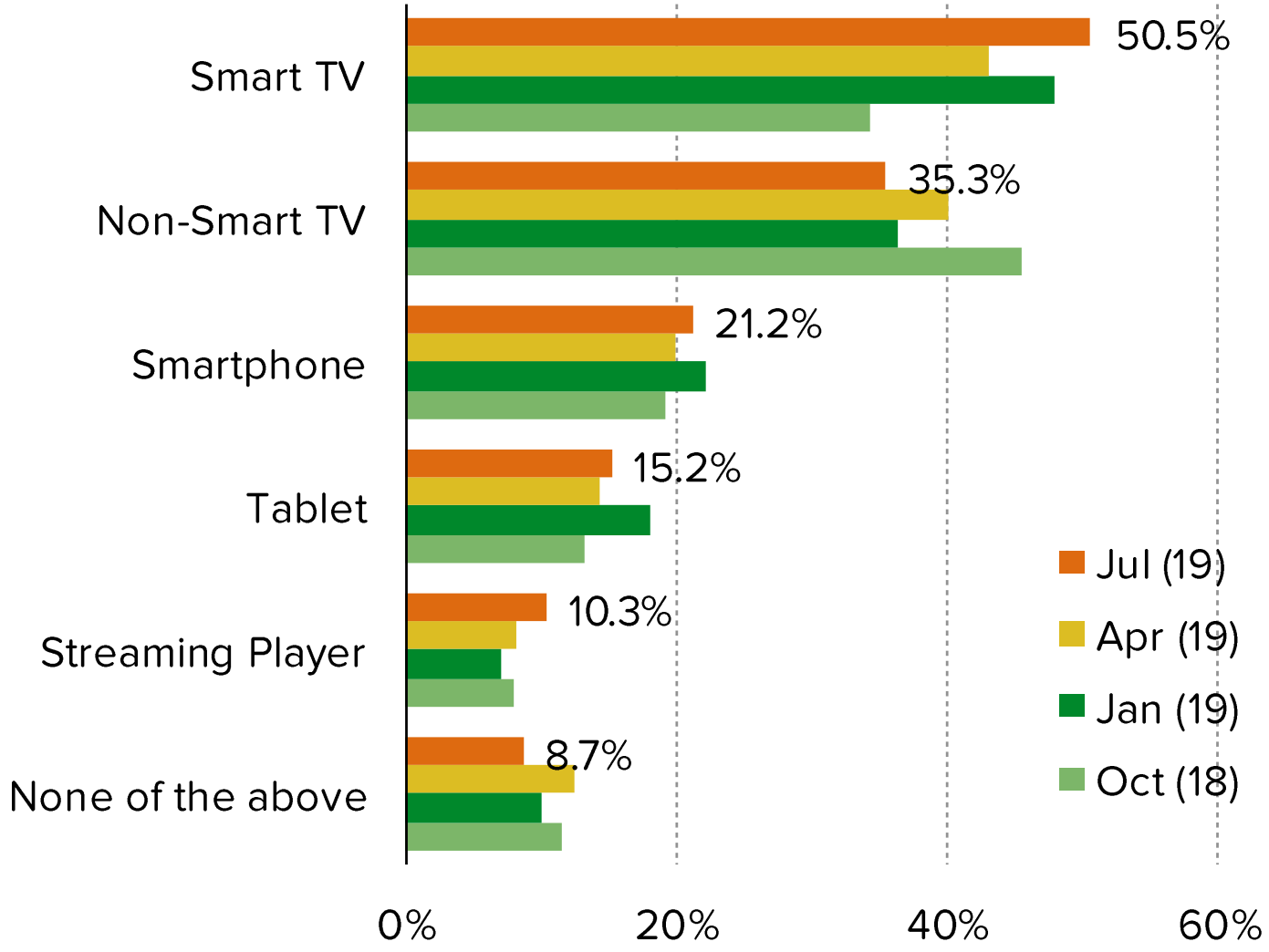
HOW DO YOU TYPICALLY CONSUME VIDEO CONTENT? (SELECT ALL THAT APPLY)

Posed to non-Netflix subscribers.



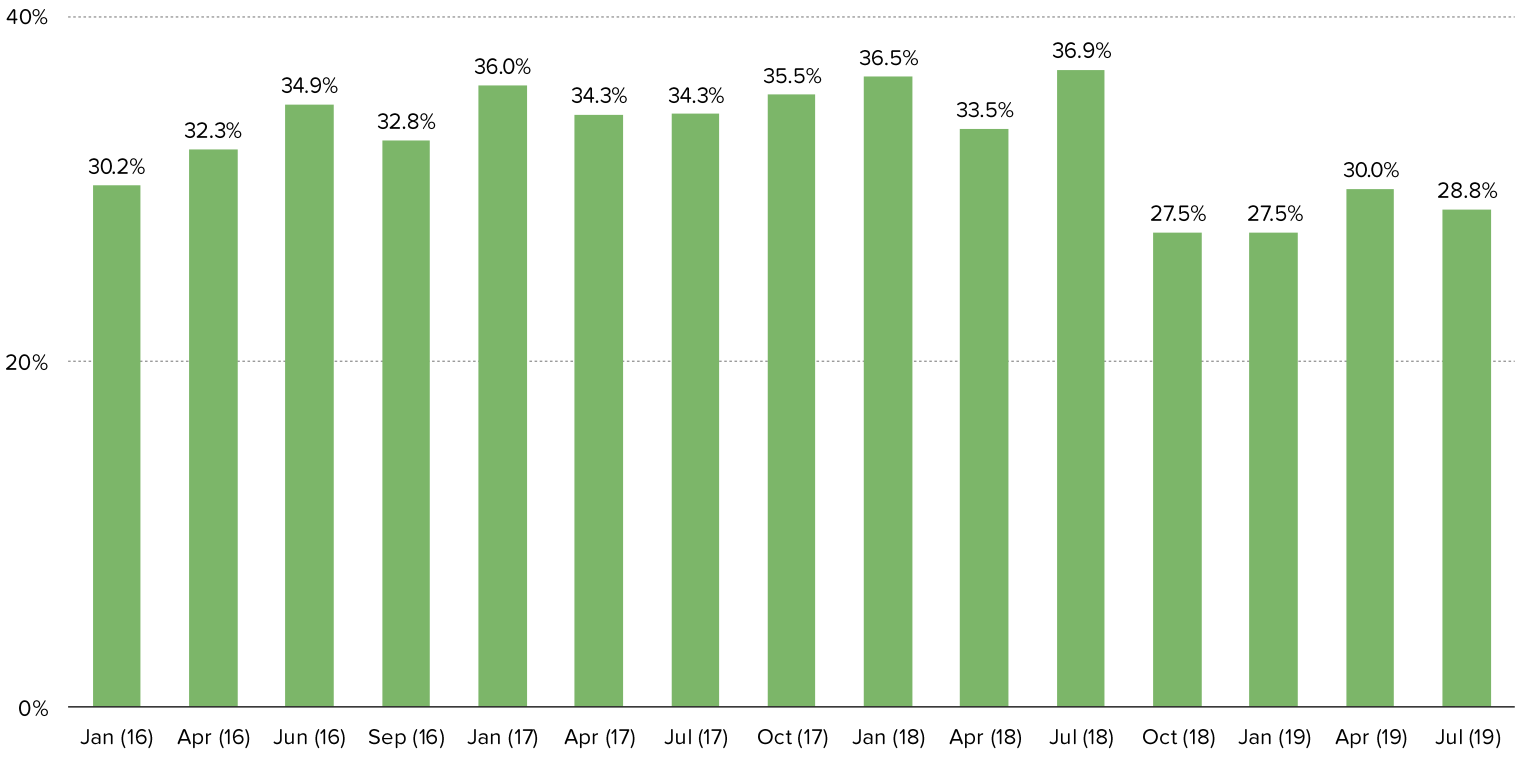
ON WHICH TYPES OF DEVICES DO YOU TYPICALLY WATCH TV SHOWS AND MOVIES?

Posed to non-Netflix subscribers.



WILL YOU SUBSCRIBE TO NETFLIX IN THE FUTURE?

Posed to non-Netflix subscribers.



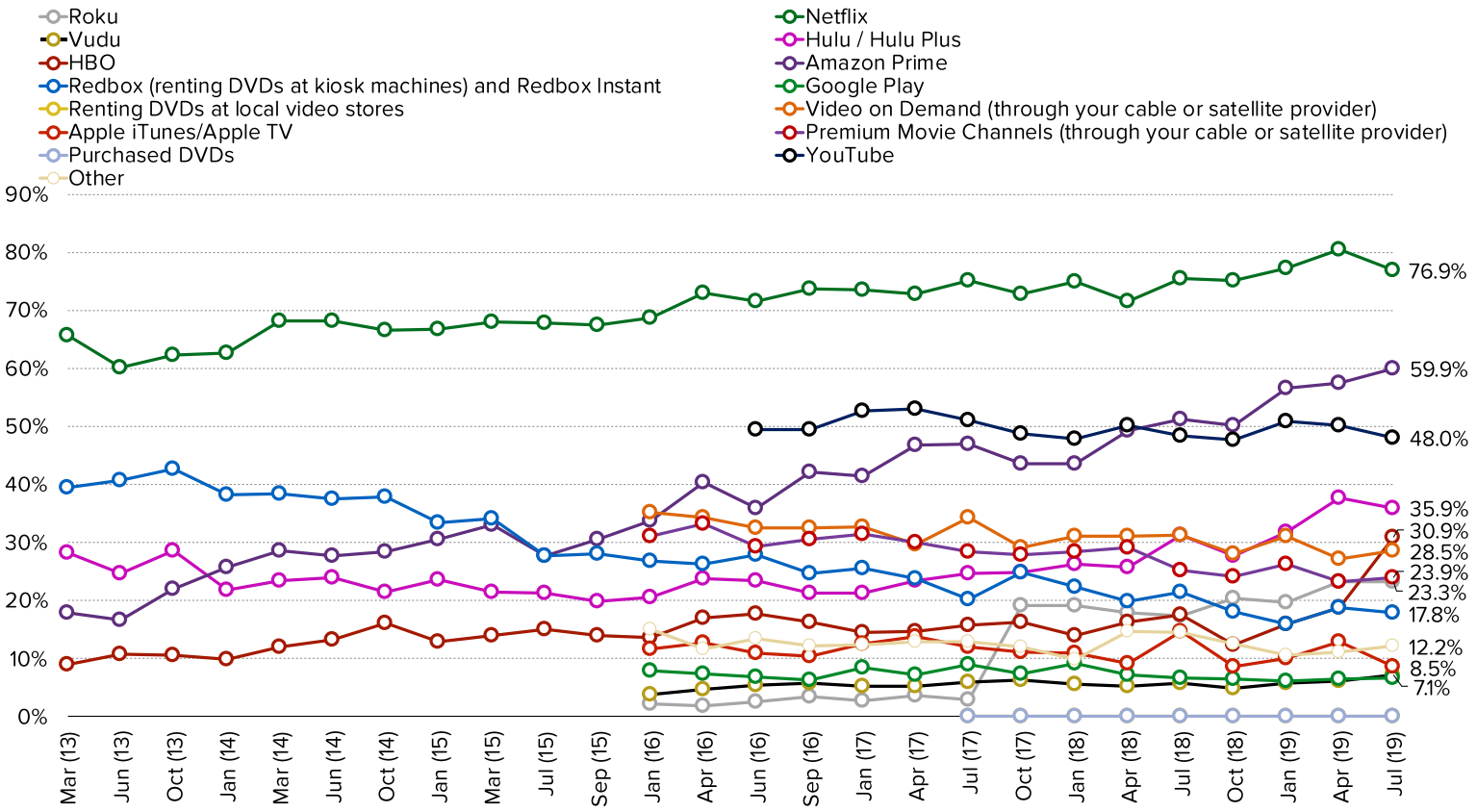
HOW LIKELY WOULD YOU BE TO SIGN UP FOR A FREE VERSION OF NETFLIX WITH ADVERTISEMENTS/COMMERCIALS?

Posed to non-Netflix subscribers.

COMPETITIVE DYNAMICS

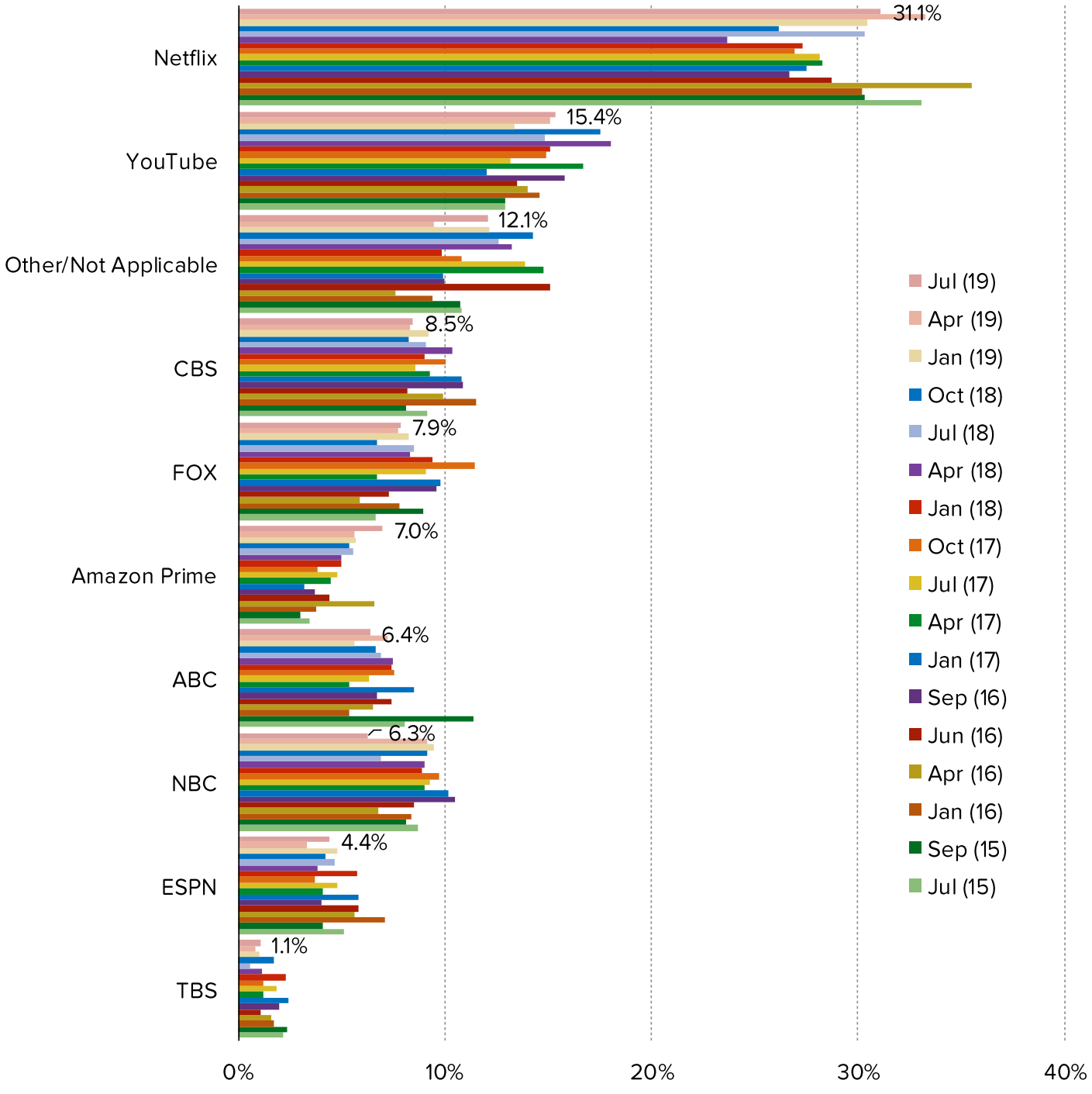
PLEASE SELECT THE METHODS/SERVICES YOU USE TO WATCH MOVIES/TV SHOWS AT HOME?

Posed to respondents who watch movies and TV shows at home.



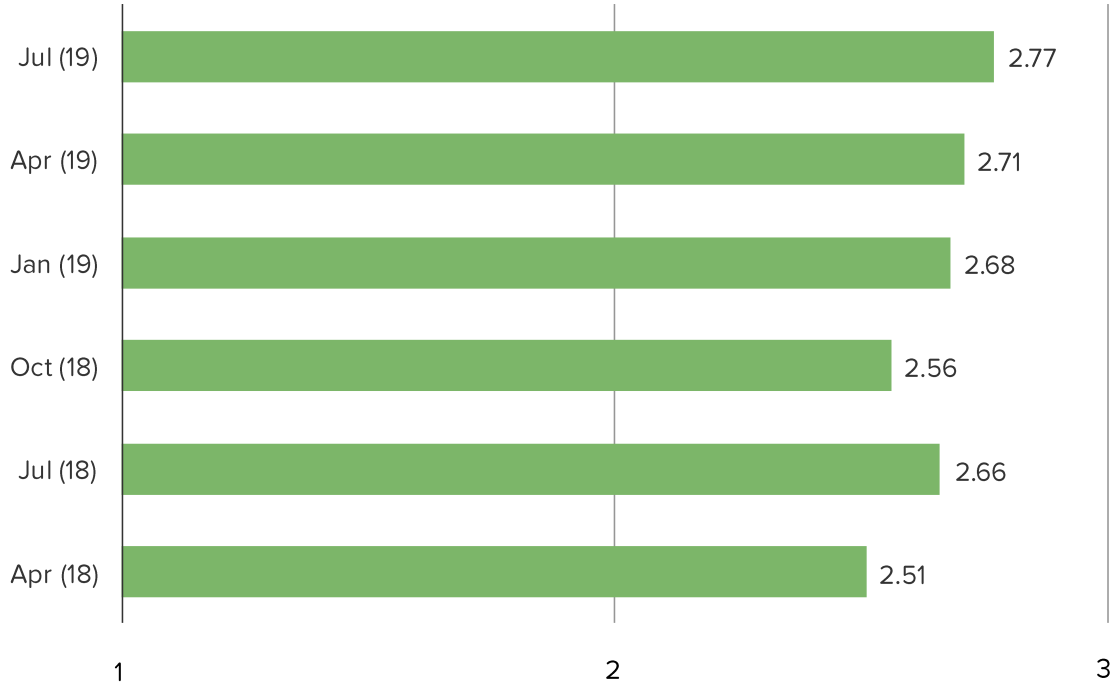
WHICH NETWORKS/SERVICES DO RESPONDENTS WATCH MOST OFTEN?

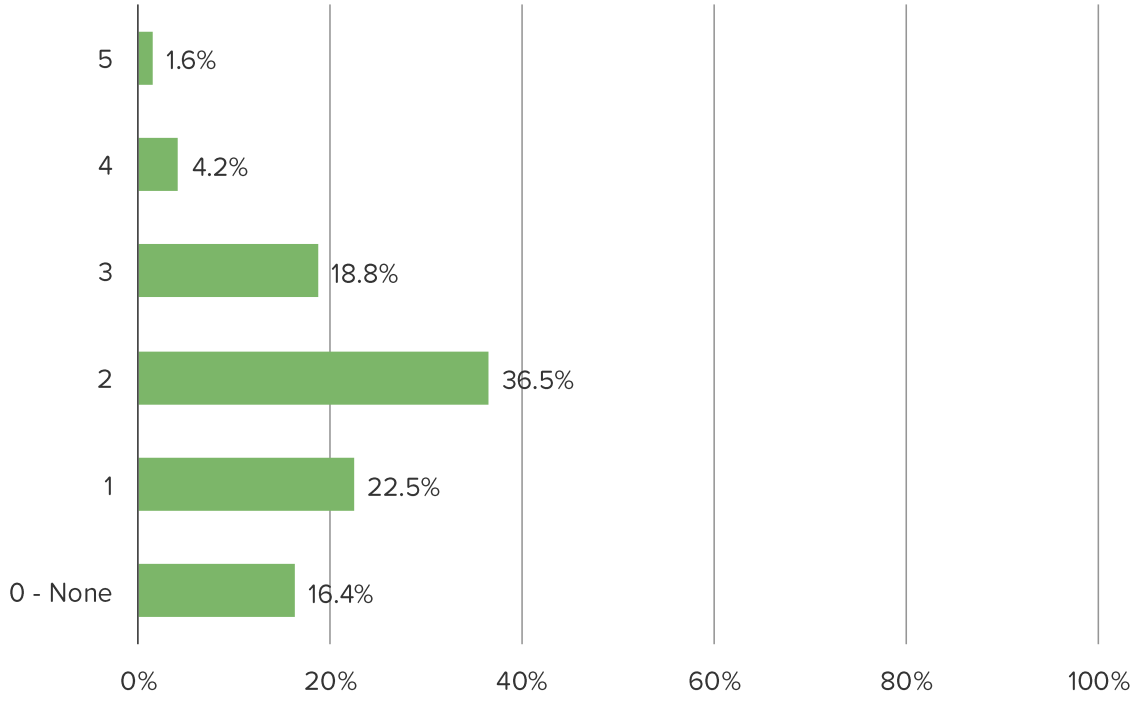
This question was posed to the target audience – respondents who watch some form of video on demand at home (~75% of all respondents balanced to US census).



HOW MANY OF THE FOLLOWING TYPES OF STREAMING VIDEO SERVICES DO YOU THINK IS THE RIGHT NUMBER TO BE PAYING FOR AT THE SAME TIME?

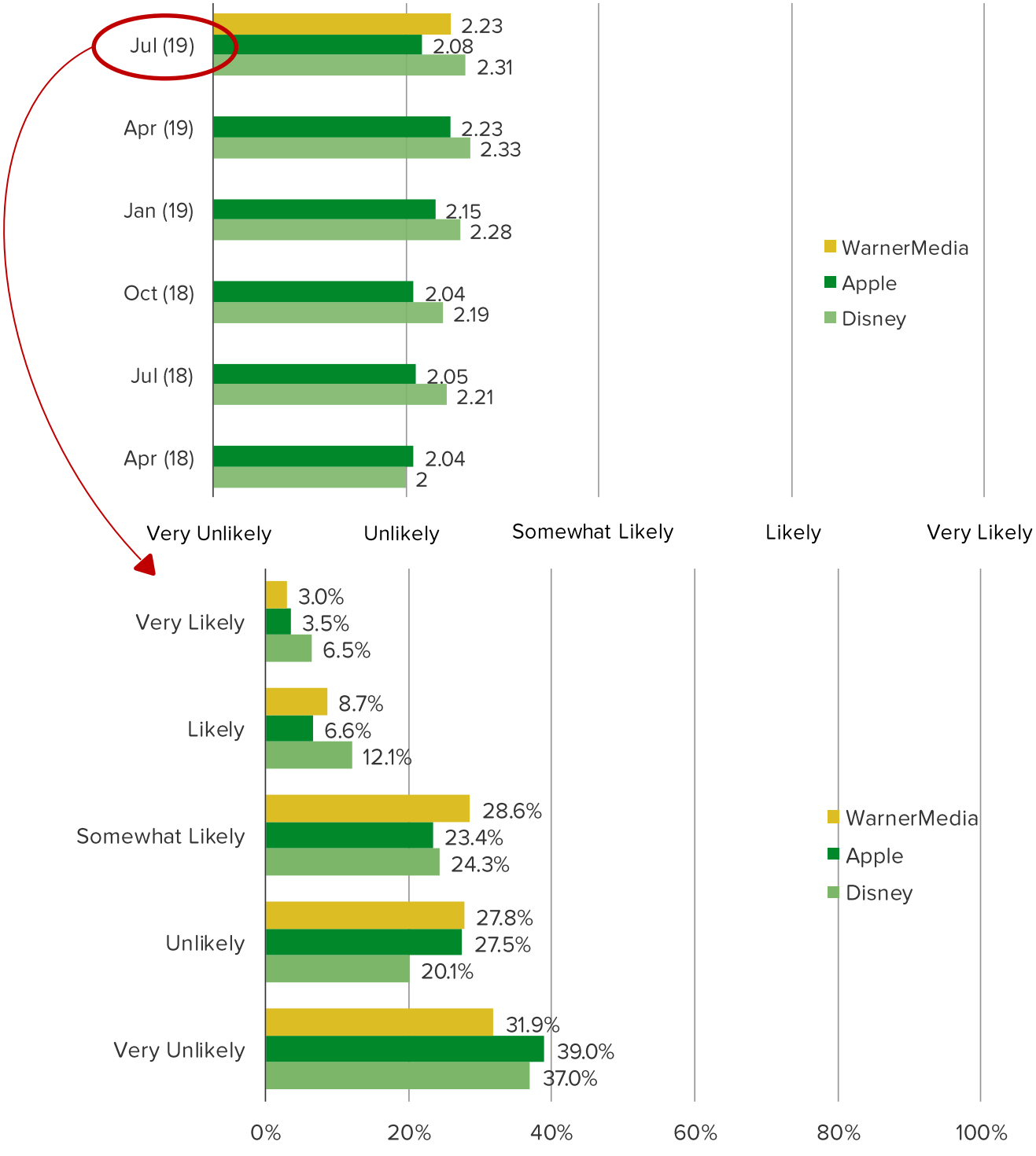
Posed to all respondents.





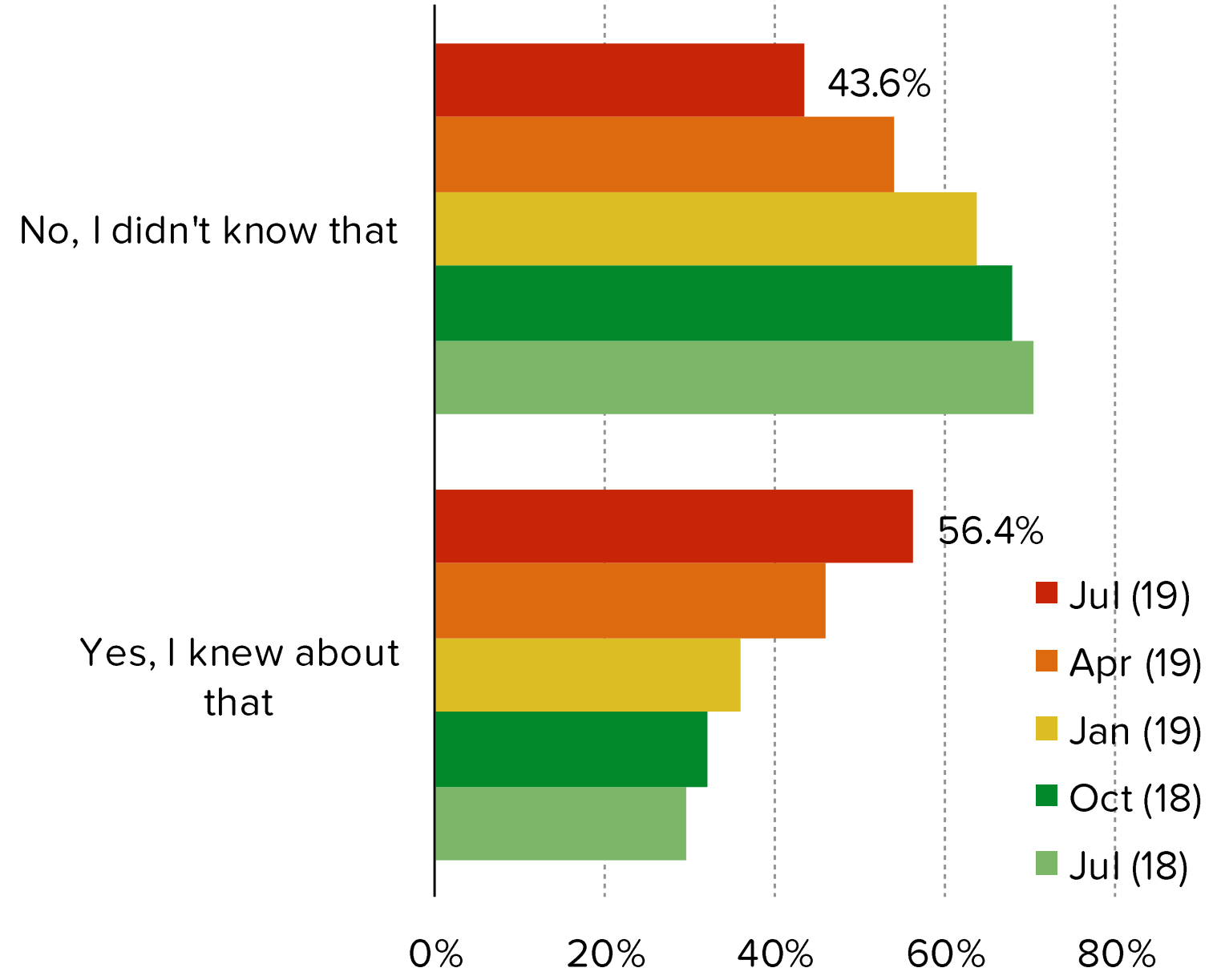
IF THE FOLLOWING COMPANIES LAUNCHED STREAMING TV/MOVIE SERVICES OF THEIR OWN, HOW LIKELY WOULD YOU BE TO TRY THEM?

Posed to all respondents.



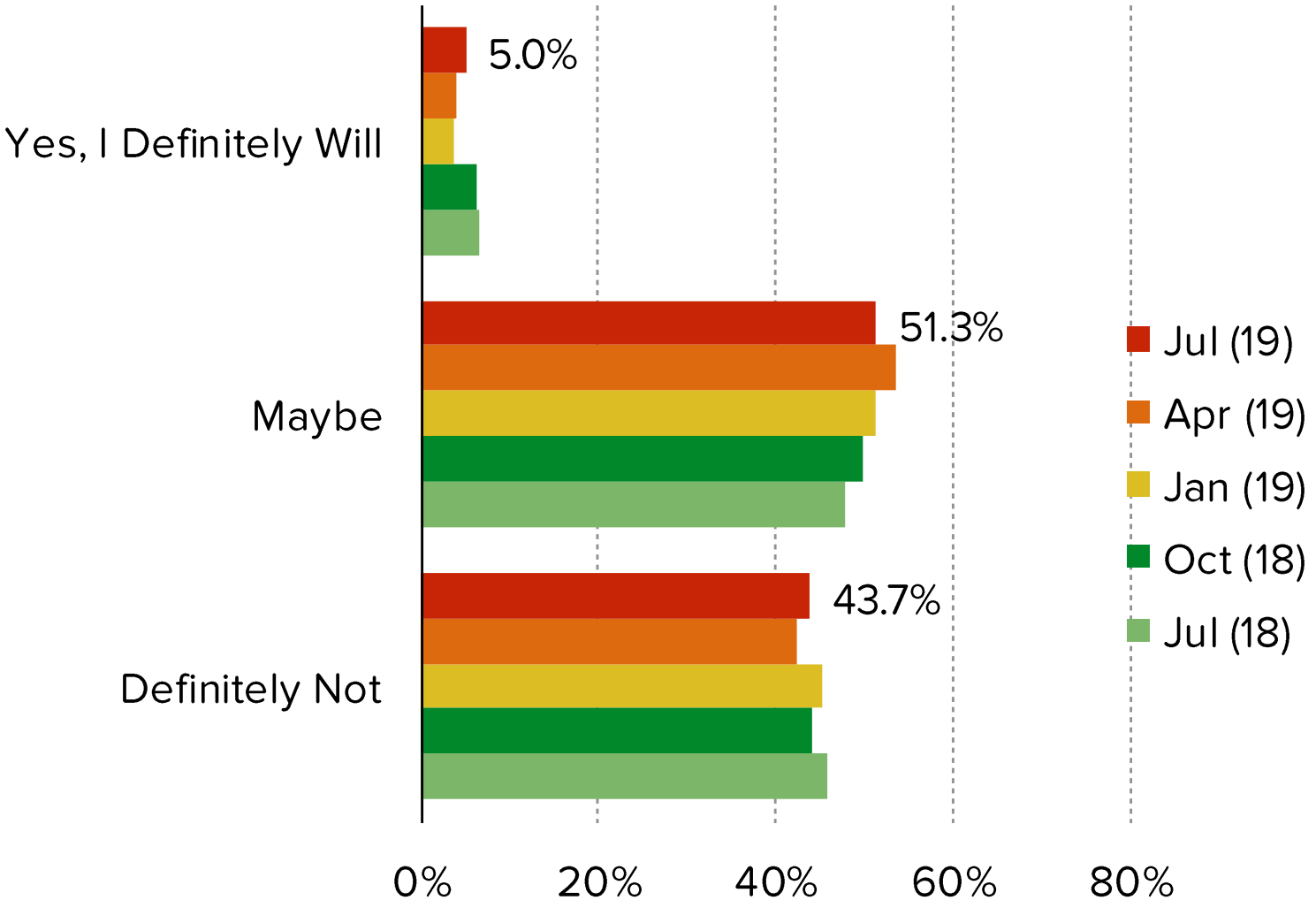
DID YOU KNOW THAT DISNEY WILL BE LAUNCHING ITS OWN STANDALONE STREAMING SERVICE IN 2019?

Posed to Netflix streaming subscribers.



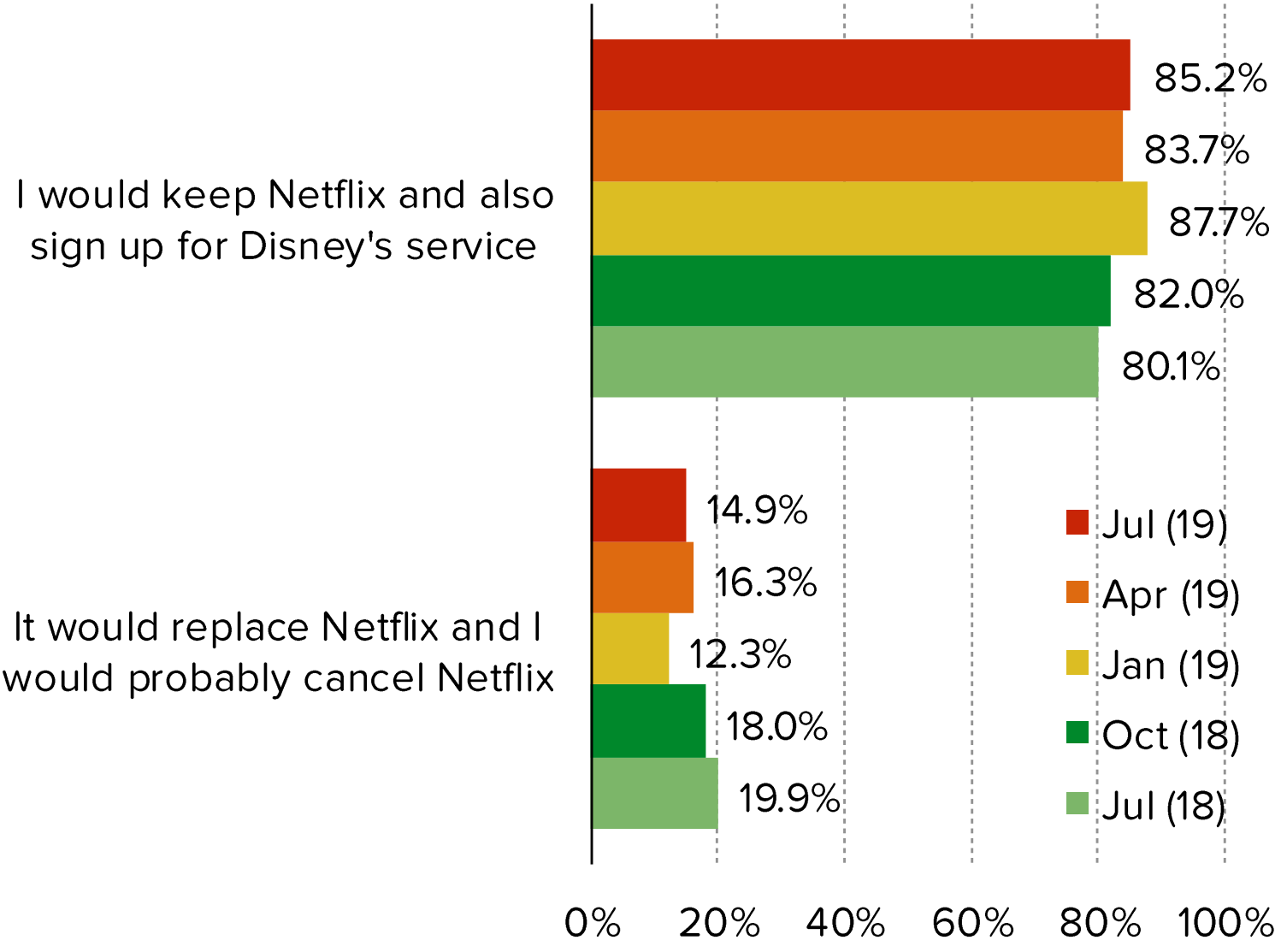
DO YOU THINK YOU WILL SIGN UP FOR DISNEY'S STREAMING SERVICE WHEN IT LAUNCHES IN 2019?

Posed to Netflix streaming subscribers.



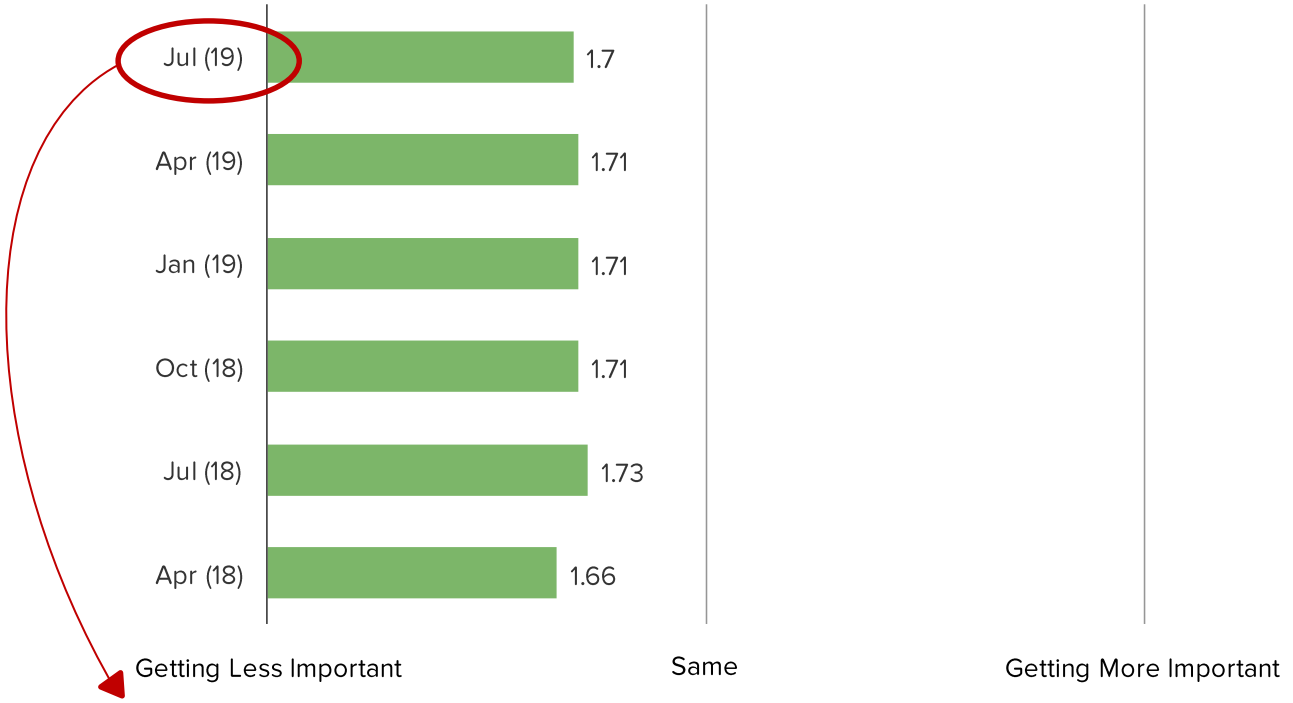
IF YOU WERE TO SIGN UP FOR DISNEY'S STREAMING SERVICE, WOULD IT REPLACE NETFLIX OR WOULD YOU USE IT IN ADDITION TO NETFLIX?

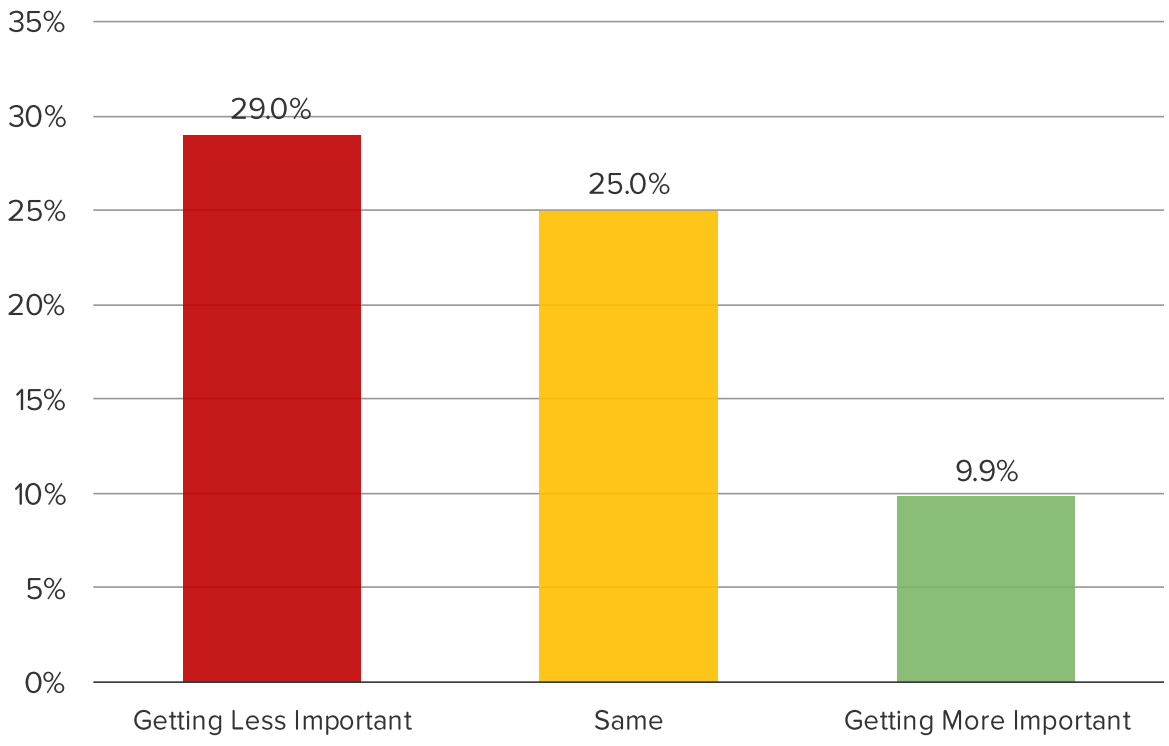
Posed to Netflix streaming subscribers who might or will sign up for Disney's streaming service when it launches in 2019.



HOW IMPORTANT IS ESPN TO YOU?

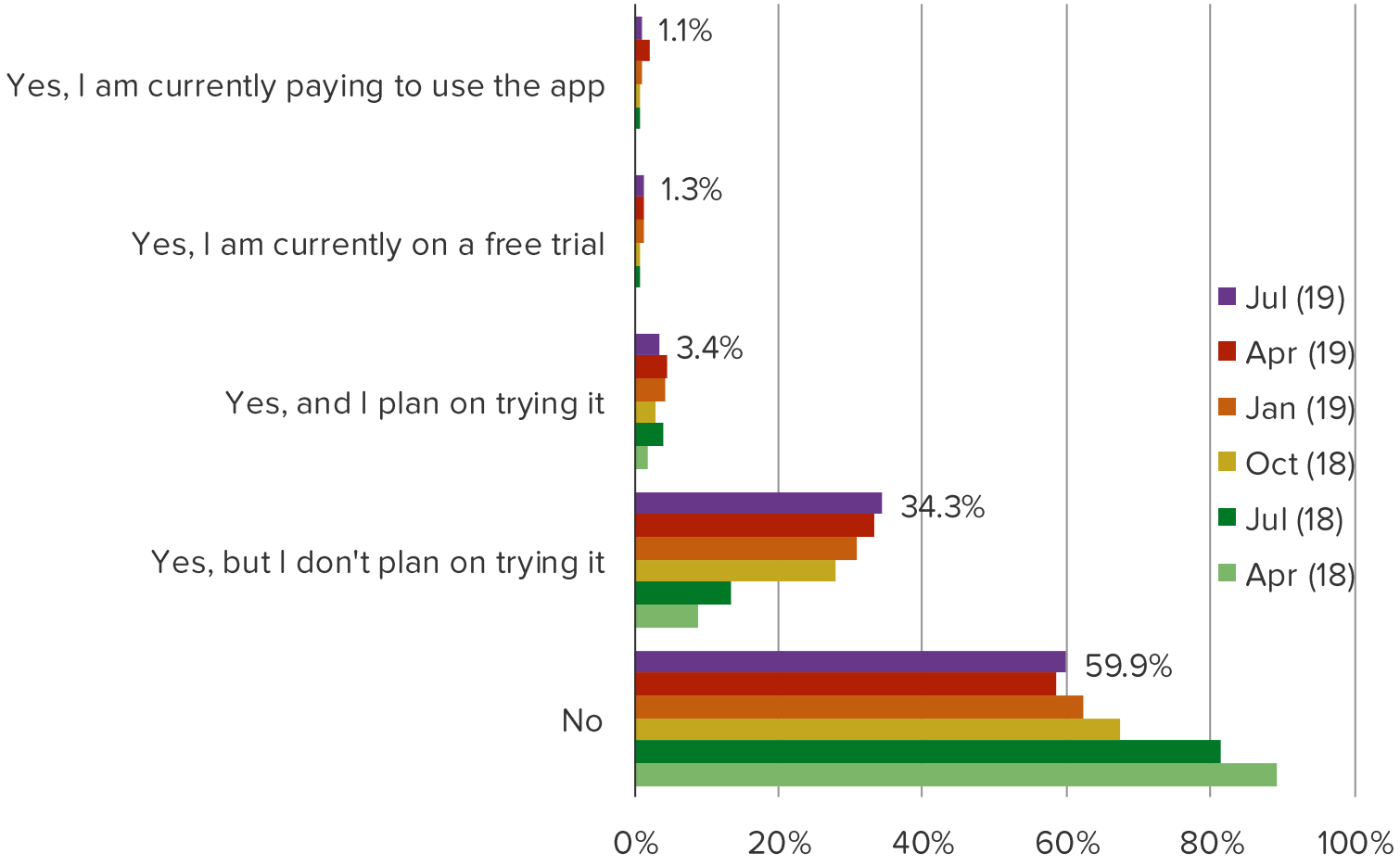
Posed to all respondents.





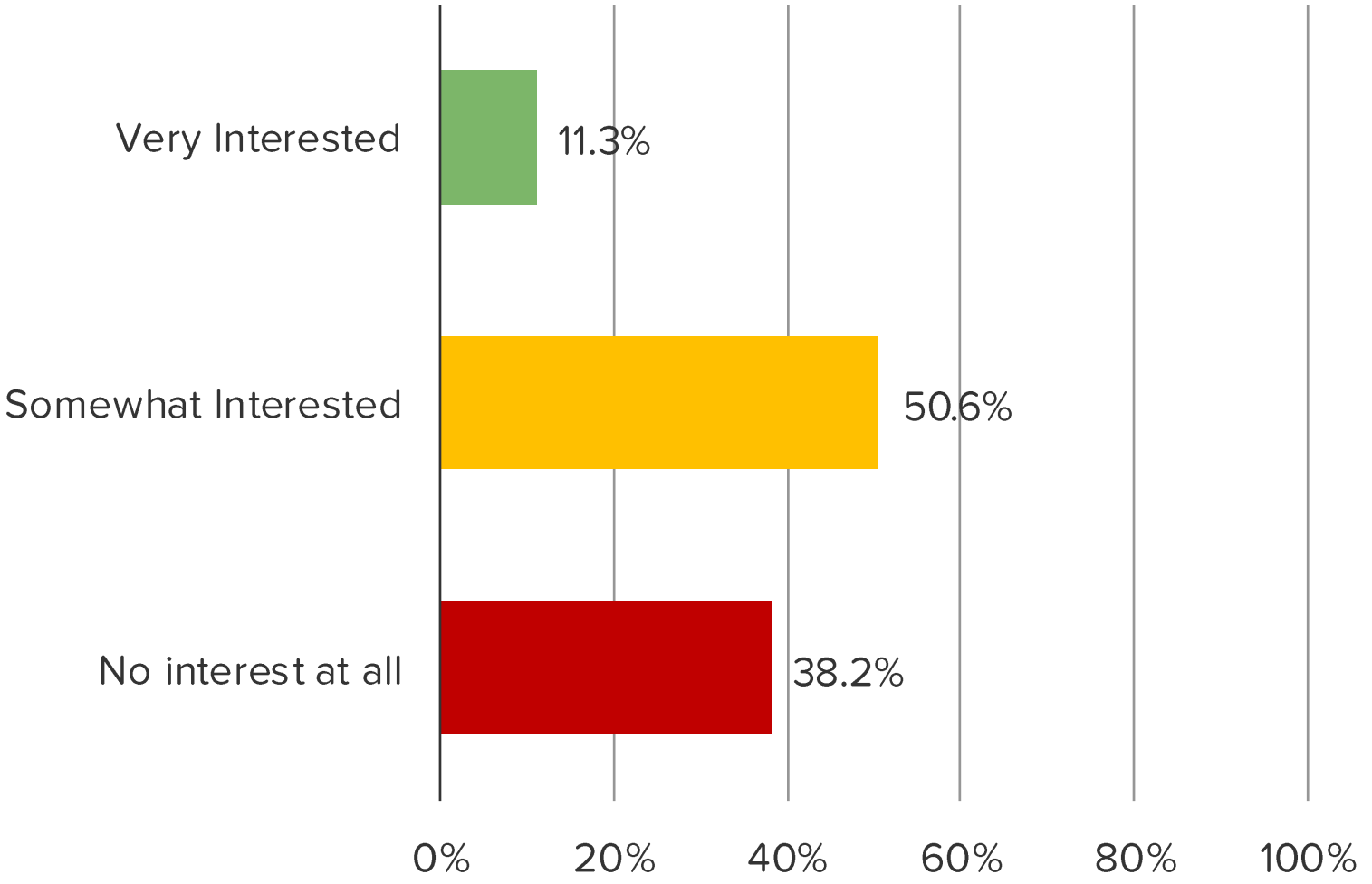
HAVE YOU HEARD OF ESPN'S NEW APP TO BE RELEASED APRIL 12TH CALLED ESPN+?

Posed to all respondents.



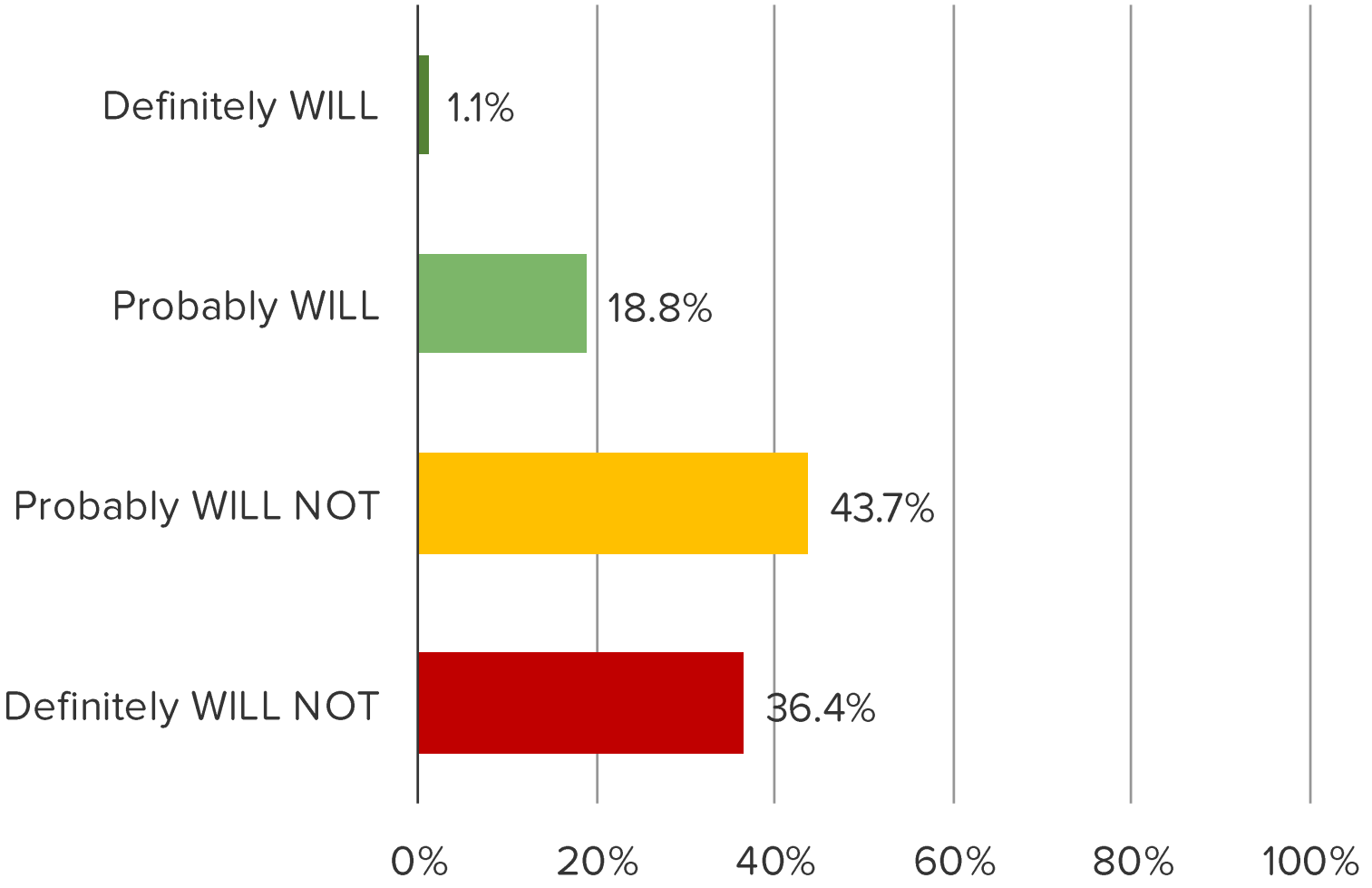
WARNER MEDIA MAY PACKAGE HBO, CINEMAX, AND WARNER BROS TV AND MOVIE LIBRARY INTO A STREAMING SERVICE. WOULD YOU TRY IT?

Posed to all respondents.



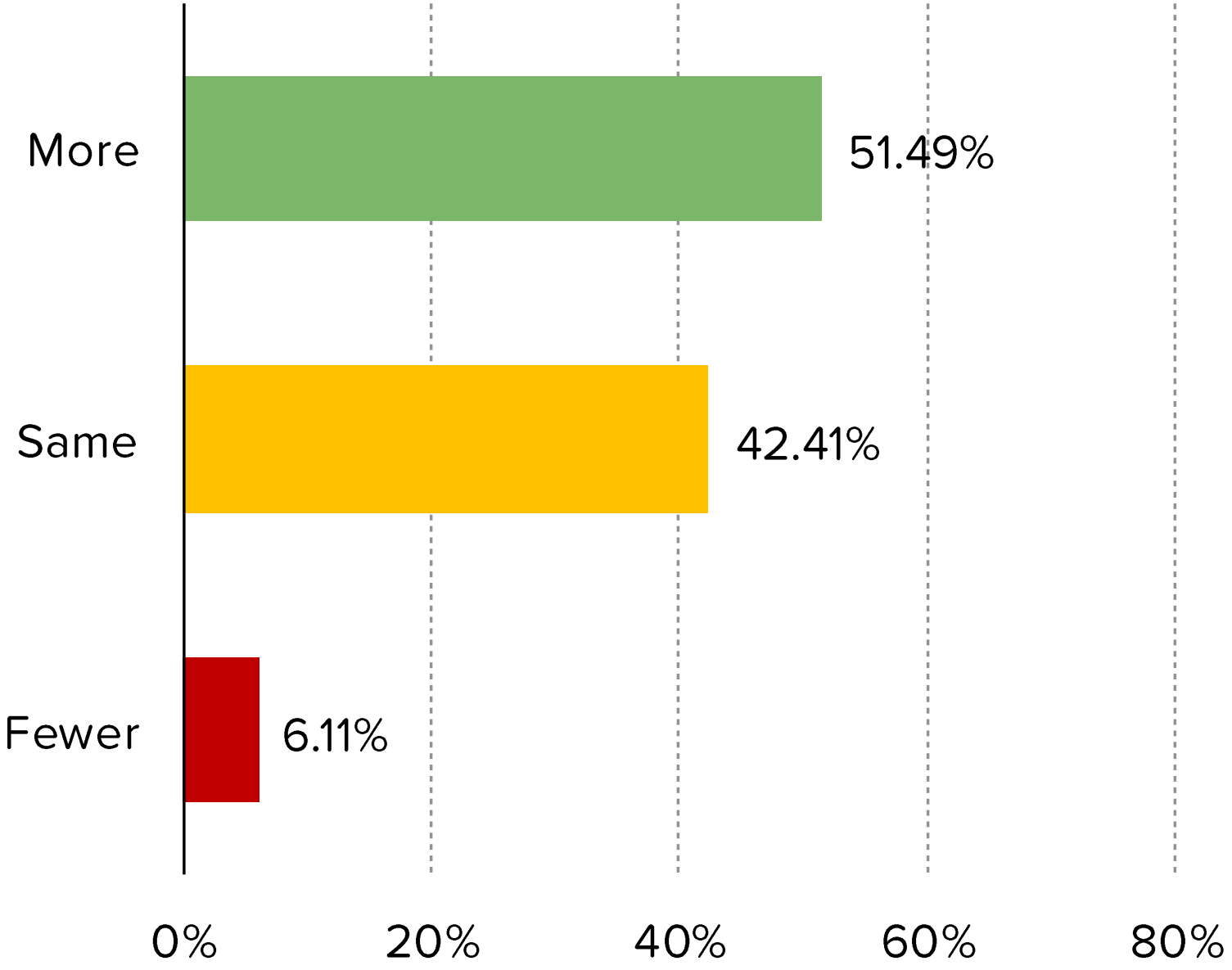
THE PRICE FOR THE STREAMING SERVICE POTENTIALLY TO BE OFFERED IS RUMORED TO BE $16-$17 PER MONTH. WOULD YOU SIGN UP AT THAT PRICE?

Posed to all respondents.



DO YOU EXPECT TO HAVE MORE OR LESS STREAMING VIDEO PROVIDER OPTIONS ONE YEAR FROM NOW COMPARED TO WHAT IS AVAILABLE NOW?

Posed to all respondents.

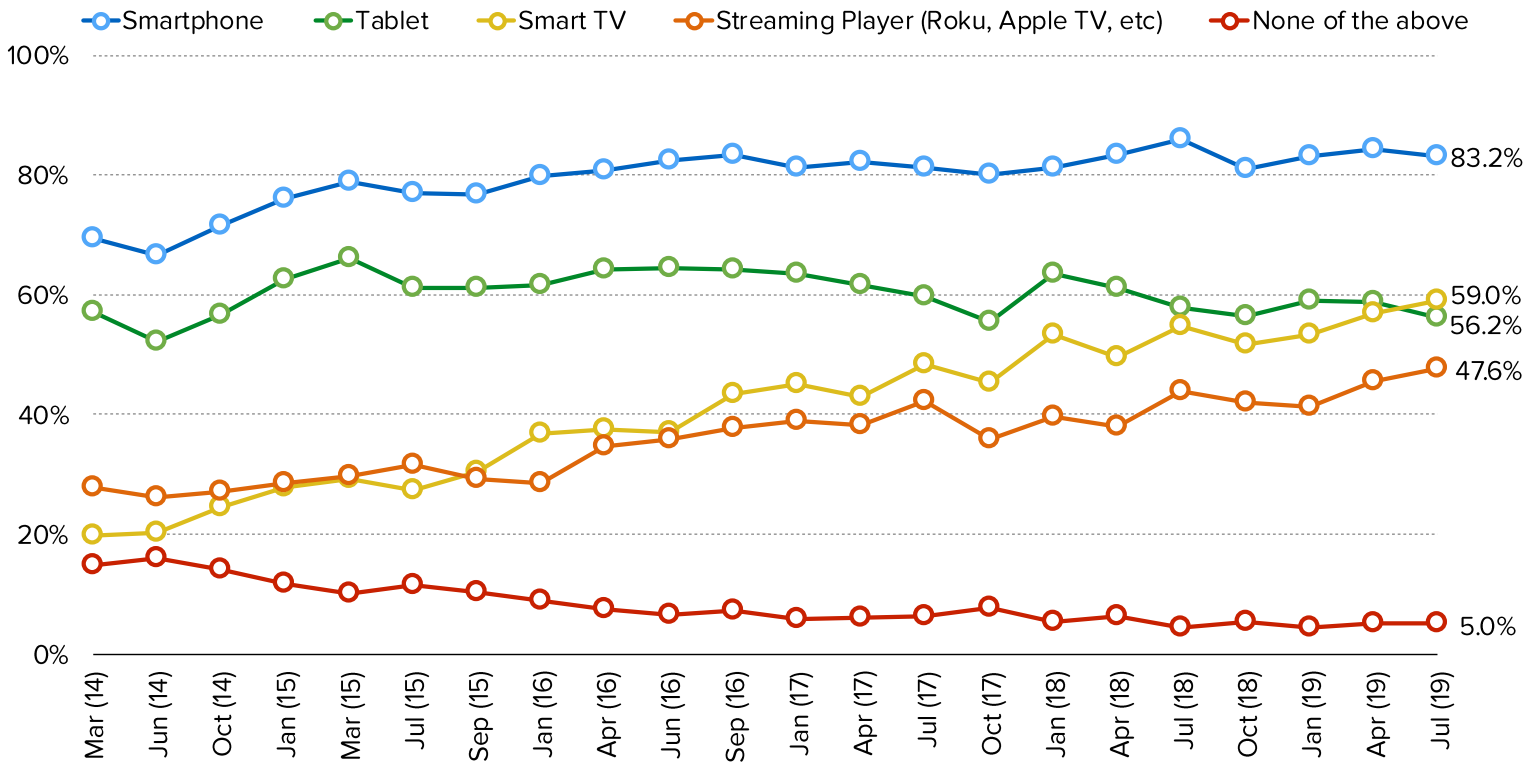


STREAMING / NETFLIX CONSUMPTION TAILWINDS

FOR PERSONAL USE ONLY—DO NOT FORWARD OR REDISTRIBUTE

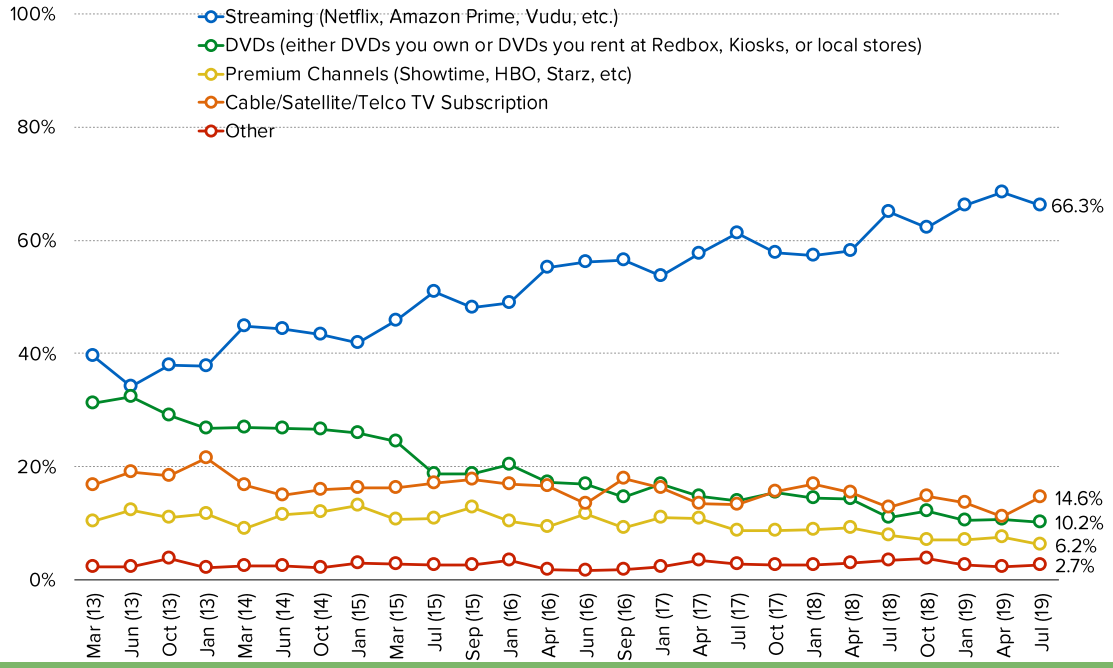
INTERNET CONNECTED DEVICES OWNED BY RESPONDENTS

This question was posed to the target audience.



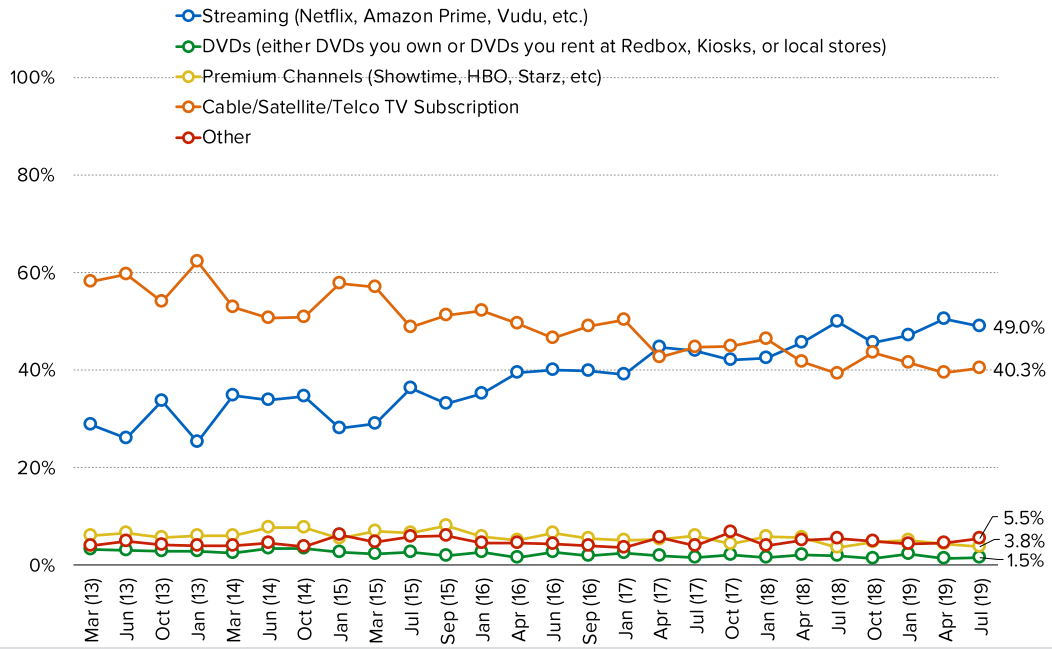
PREFERRED METHOD FOR WATCHING MOVIES

This question was posed to the target audience.



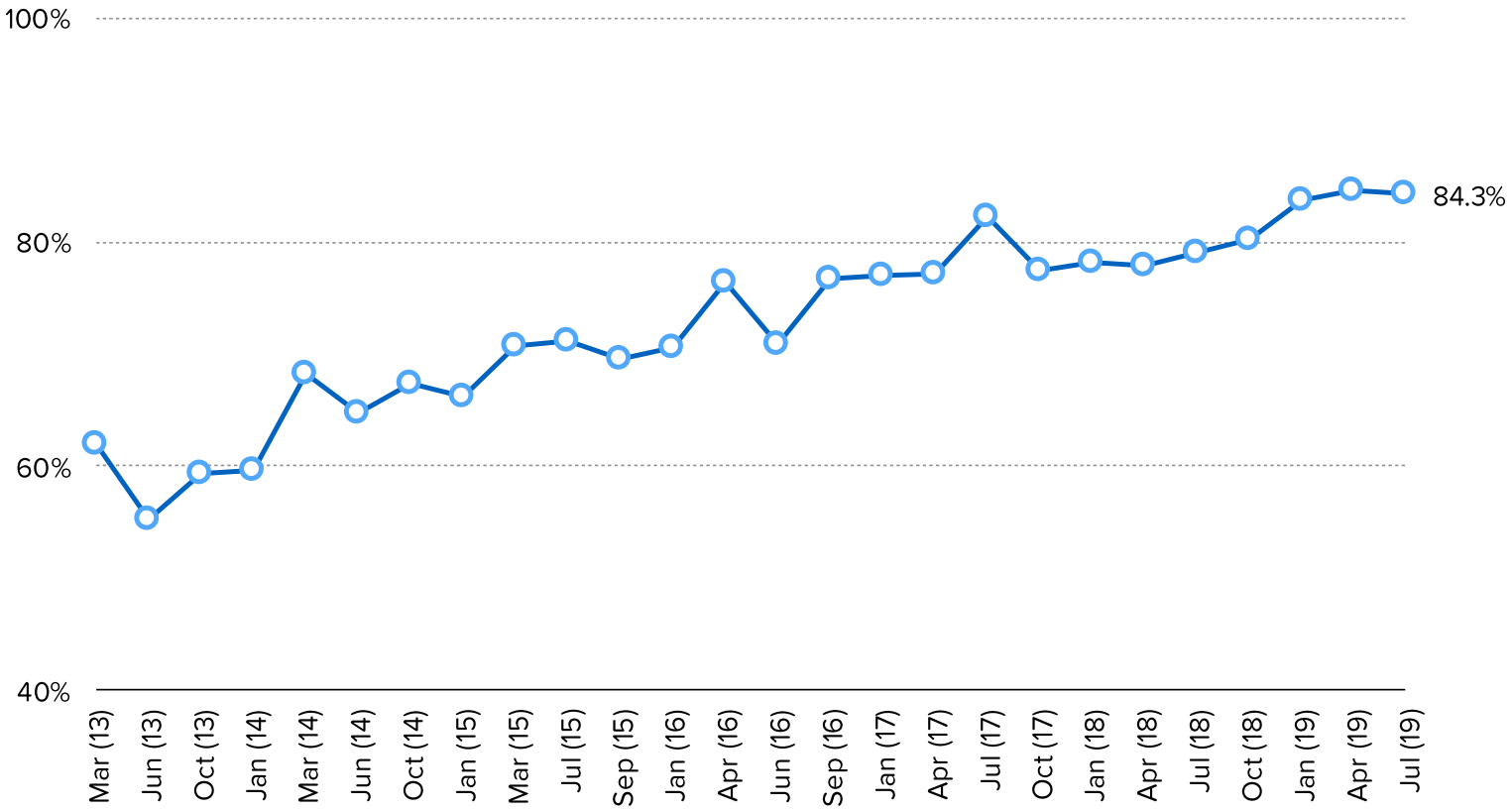
PREFERRED METHOD FOR WATCHING TELEVISION SHOWS

This question was posed to the target audience.



DO YOU SUBSCRIBE TO ANY STREAMING VIDEO SERVICES?

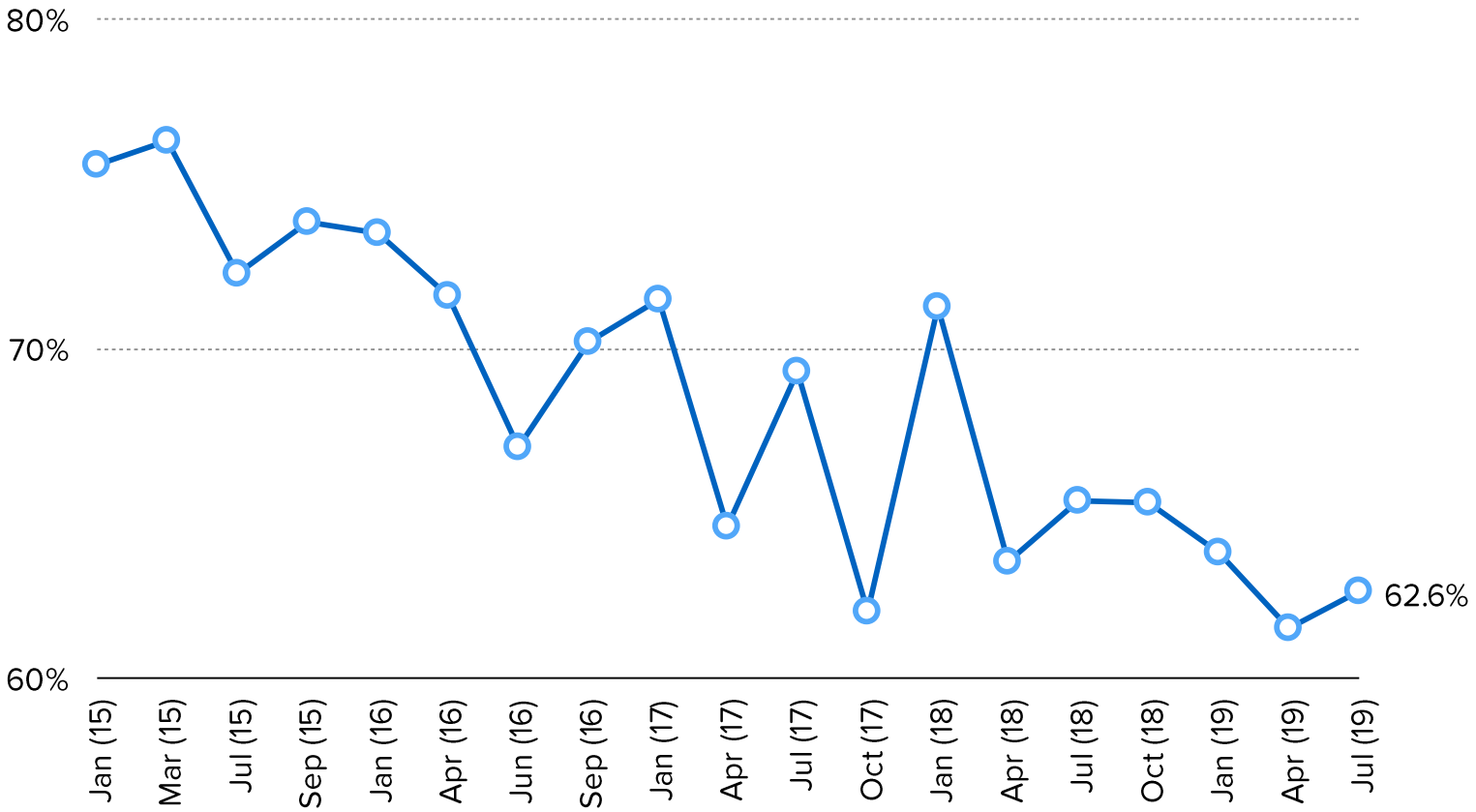
Posed to respondents who watch movies and TV shows at home.

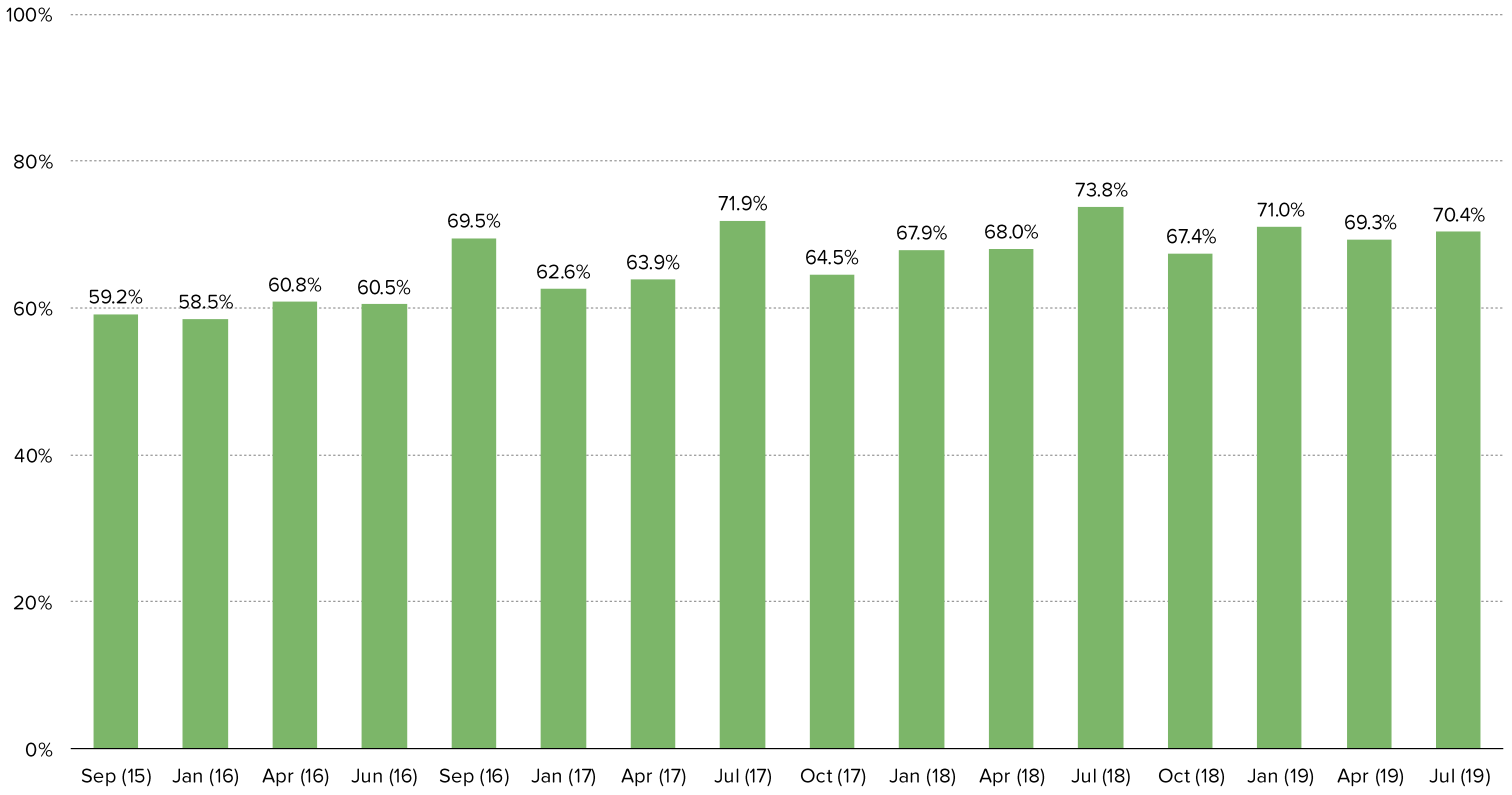


CORD CUTTING AND PREMIUM CHANNELS

DO YOU CURRENTLY SUBSCRIBE TO CABLE, SATELLITE, OR TELCO TV?

This question was posed to respondents who watch video on demand via cable, satellite, or streaming services at home.



CORD CUTTERS: HAVE YOU TERMINATED YOUR CABLE/SATELLITE/TELCO TV SUBSCRIPTION TO USE INTERNET STREAMING SERVICES INSTEAD?

This question was posed to respondents who watch movies and/or TV shows at home.