

STATE OF SUBSCRIPTIONS

Premium SVOD February 2024

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Streaming video opens a new chapter



The headlines have been unavoidable suggesting that the boom times are over and streaming video is in a new phase of sobriety. And it is true that Subscriber growth for the Premium SVOD category slowed last year to 10%.

But the headlines often overlook positive indications.

- **The category has more than doubled in four years.** Apple TV+, Disney+, and Peacock quickly created mass audiences. Paramount+ and Max scaled their predecessor brands.
- While growth has slowed, Premium SVOD is **still growing by double digits** (and Specialty SVOD even faster). In contrast, many e-commerce categories that experienced pandemic booms are now in decline.
- The Churn increase is largely the product of **successful acquisition growth**; almost half of Premium SVOD Subscriptions (excluding Netflix) are in their first year of tenure.
- Yes, more consumers are canceling. But, **they come back** – 10% Resubscribe the next month, and 1 in 3 are back by six months after canceling.

Antenna sees the streaming video category entering a new era. The previous stage was hyper-focused on acquisition – which made sense, as these new brands had to establish a mass audience. But now that the largest players have that scale (and the niche players have introduced themselves to their target audiences), they must shift their focus to managing their Subscribers.

This will translate to much more sophisticated marketing and product strategies, new success KPI's, and a whole lot more reliance on data. At Antenna, this is the moment we have been building for!

Hollywood's Elusive Goal This Year: Streaming Profits

The Hollywood Reporter, 12/29/2023

Streaming Services Aim to Increase Profitability with Viewers

The Wall Street Journal, 1/17/2024

Studios rethink streaming strategy amid Wall Street profitability push

CNBC, 1/31/2024

Growth has moderated

Subscriptions grew **+10.1%** YoY in **2023**
compared to **+21.6%** in **2022**

Churn is up

Weighted Average Churn reached **5.5%** at the end of **2023**,
up **+0.8pts** from the year prior

Working more for less

2023 saw **19.3M** more **Gross Additions**
and **36.2M** more **Cancels** than **2022**,
which translated to **17.0M** fewer **Net Additions**

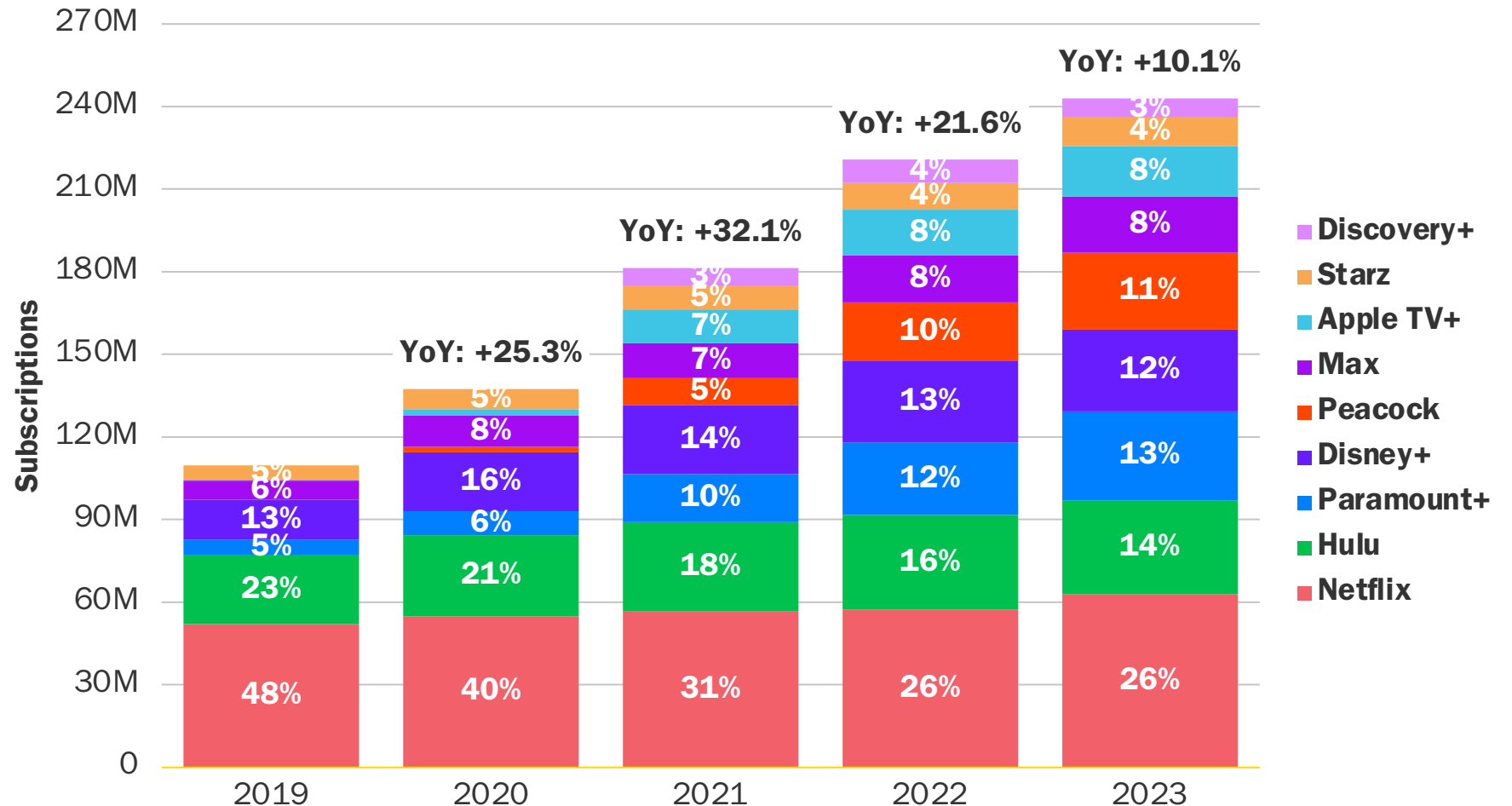
Substantial shift in share among Services



Premium SVOD Subscription growth fell to +10.1% in 2023 after growing over +20.0% since 2020. While growth has moderated, video streaming has not been impacted as hard as many other e-commerce categories that experienced pandemic booms.

- Total Subscriptions were **242.9M** at the end of 2023.
- **Peacock, Paramount+**, and **Netflix** drove the most Subscription growth in 2023.
- **Netflix** held its share for the first time since 2019.

FIGURE 1: Share of Subscriptions



US-only | Excludes Free Tiers, MVPD + Telco Distribution, and select Bundles

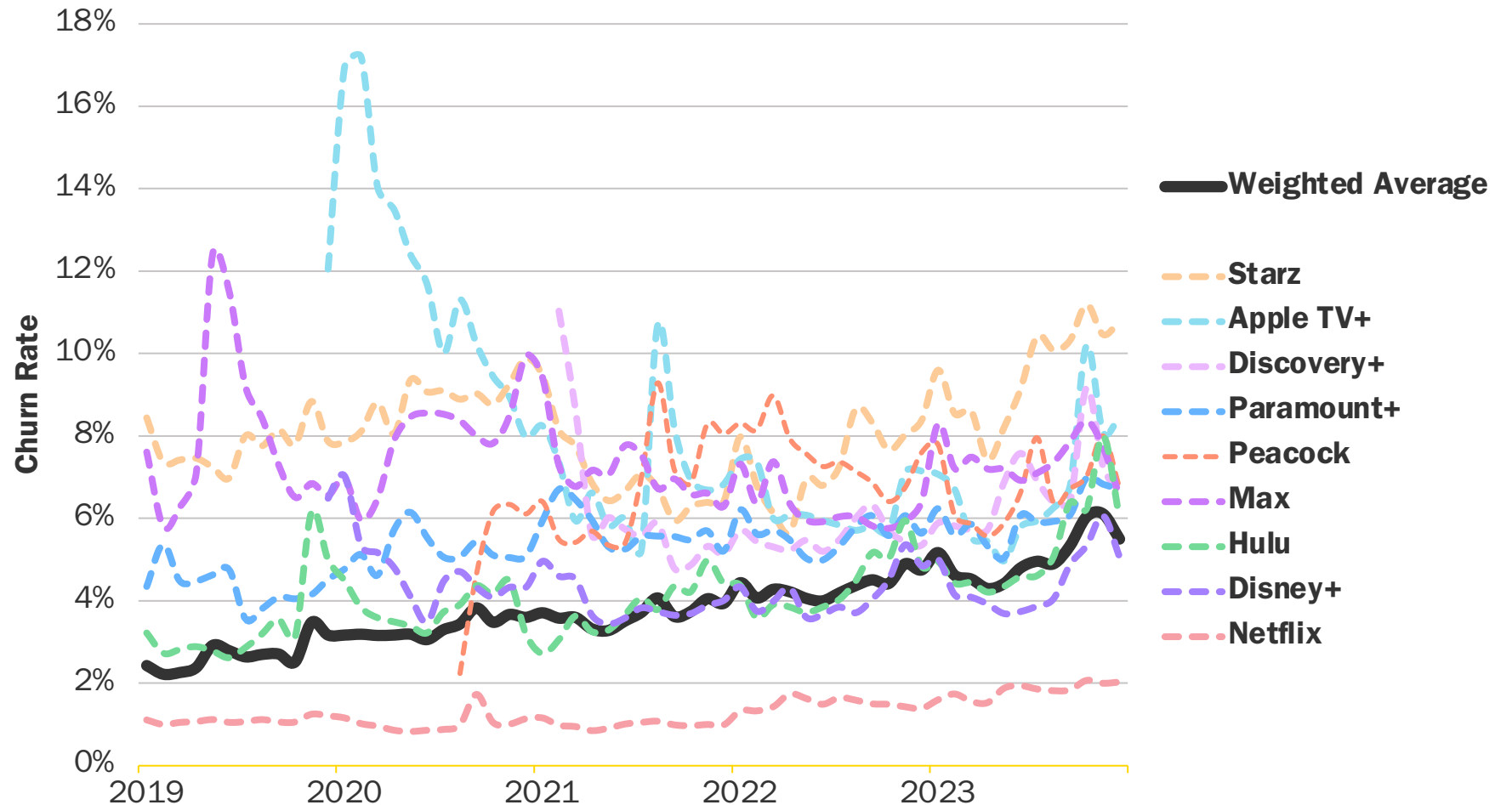
Churn almost triples in four years



While Gross Additions are up, Churn in the category has increased considerably over the past four years, pressuring Net Additions and growth overall.

- **Weighted Average** Churn jumped **+0.8pts** YoY to **5.5%**
- **Peacock** saw the greatest improvement in Churn; **Starz** saw the greatest increase.
- **Netflix** maintained its industry-low Churn Rate at just below **2.0%**.

FIGURE 2: Churn Rates



US-only | Excludes Free Tiers, MVPD + Telco Distribution, and select Bundles

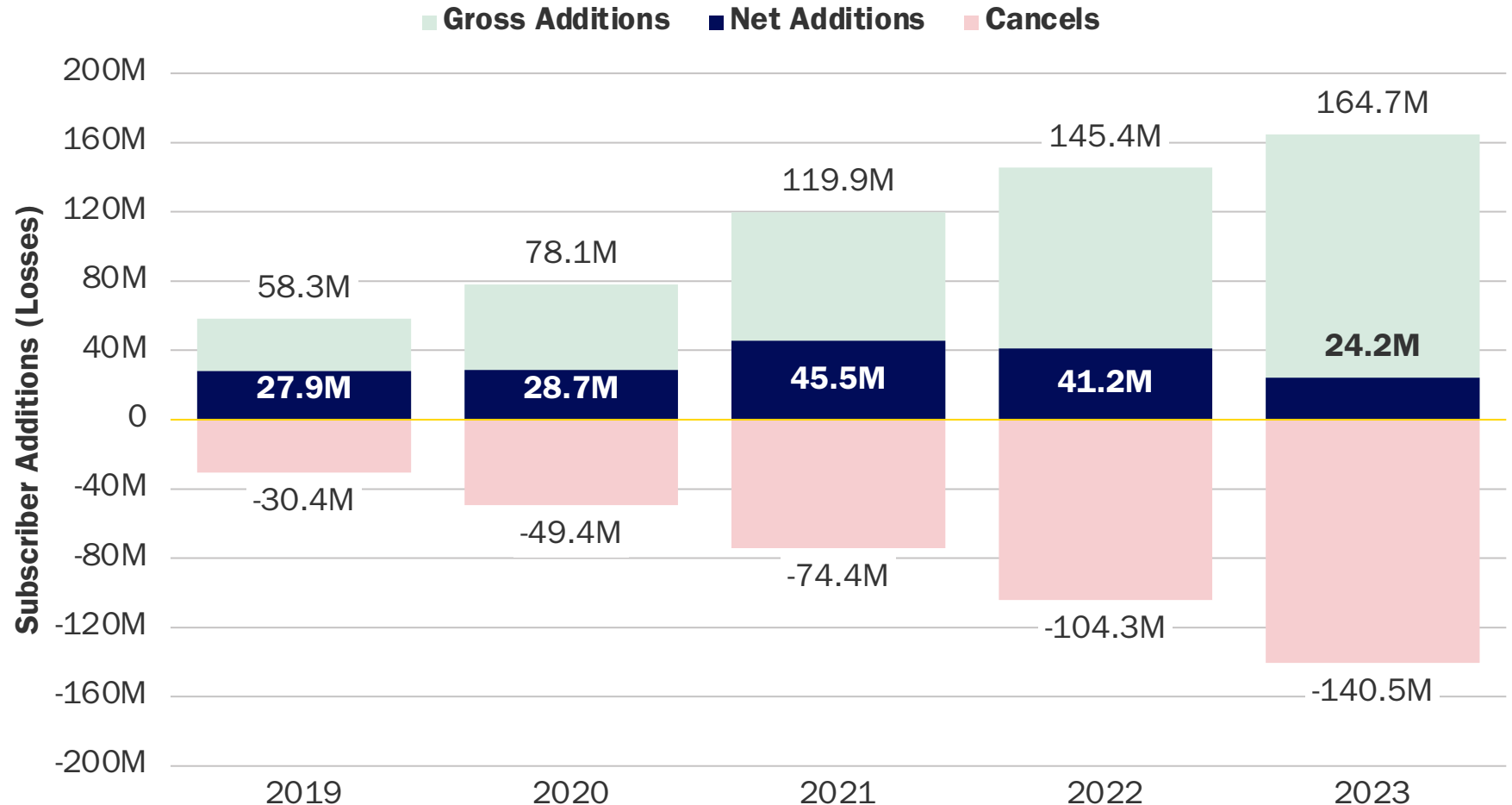
Services are working harder for smaller gains



With more Gross Additions and Cancels, but fewer Net Additions, Services are working harder for smaller gains. This is the essence of the challenges that streamers are facing in moving towards profitability as they scale Subscribers.

- **19.3M** more Gross Additions in 2023 than the year prior.
- **36.2M** more Cancels in 2023 than the year prior.
- Net Additions fell by **17.0M** YoY and **3.7M** less than 2019.

FIGURE 3: Premium SVOD Volatility



US-only | Excludes Free Tiers, MVPD + Telco Distribution, and select Bundles | Premium SVOD includes Apple TV+, Discovery+, Disney+, HBO Max, Hulu (SVOD-only), Netflix, Paramount+, Peacock, and Starz



Against this new market backdrop, advanced subscriber management is key.



Growth has moderated, Churn has increased, and services are working harder for smaller gains. Antenna identified three areas of focus for 2024:



Resubscribe/Win-backs



Tenure



Serial Churn

Resubscription is an increasingly important dynamic for the category



Resubscribes grow

30% of Premium SVOD Gross Additions in 2023 were Resubscribes, meaning these users were previously Subscribed to and had since Canceled that same Service within the prior 12-months

Win-backs are critical

Nearly a quarter of Cancels are “won-back” within **3 months**, and **over 40%** within **12 months**

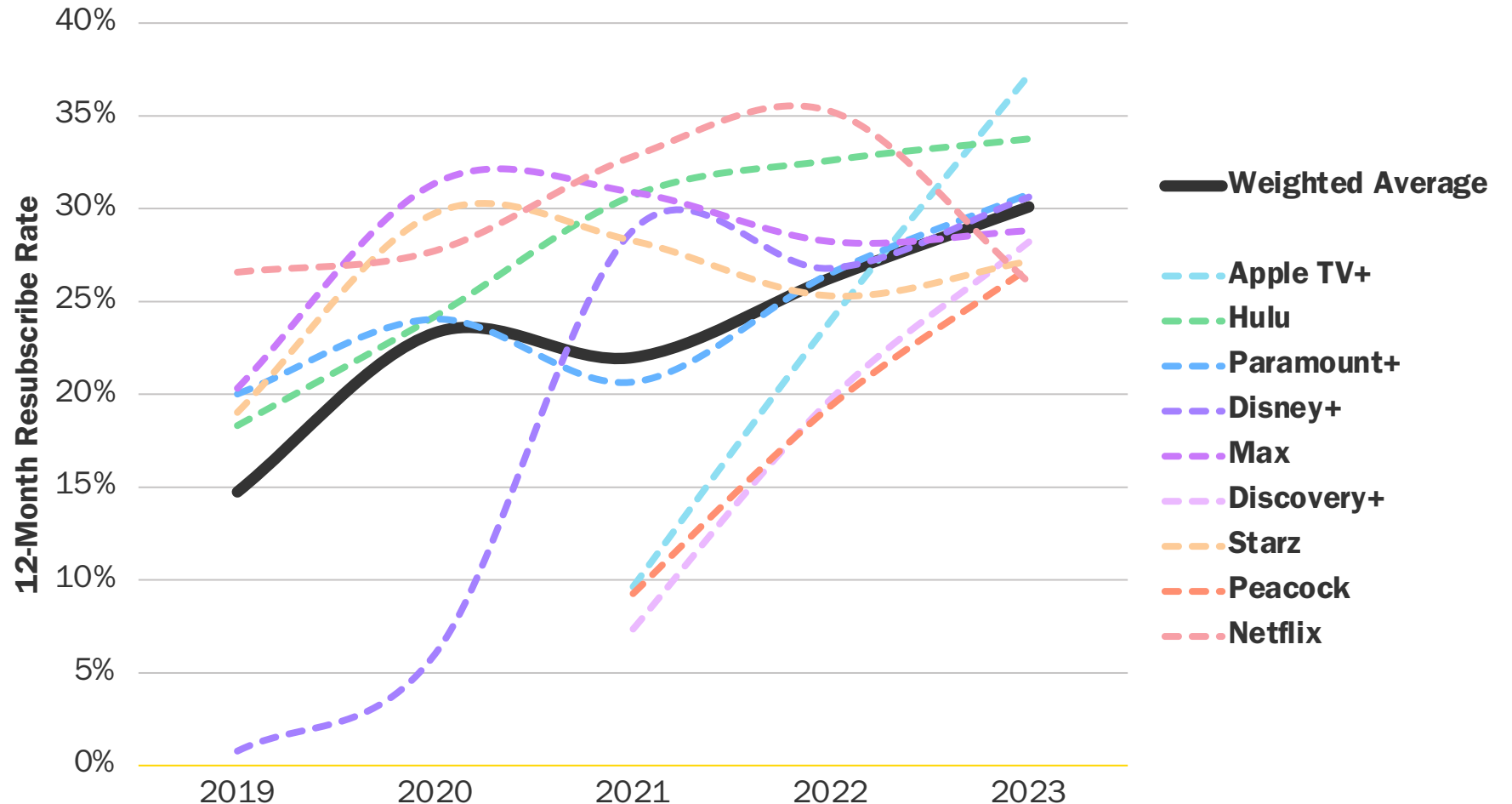
Almost 1 in 3 Gross Additions are Resubscribes



The rate at which users Resubscribe is increasing. Win-backs should be a primary component of acquisition strategies.

- **Weighted Average** Resubscribe Rate jumped to **30.1%**.
- **Apple TV+** saw the highest instance of Resubscribe at **37.2%**.
- **Netflix** Resubscribe Rate fell from **35.2%** to **26.0%**, driven by the password crackdown which led to many first-time sign-ups by individuals who had previously used the Service through another person's account.

FIGURE 4: Resubscribe Rates



US-only | Excludes Free Tiers, MVPD + Telco Distribution, and select Bundles | Resubscribe Rate refers to the percentage of Gross Additions in [period] who were previously subscribed to and had since canceled that same service within the prior 12-months

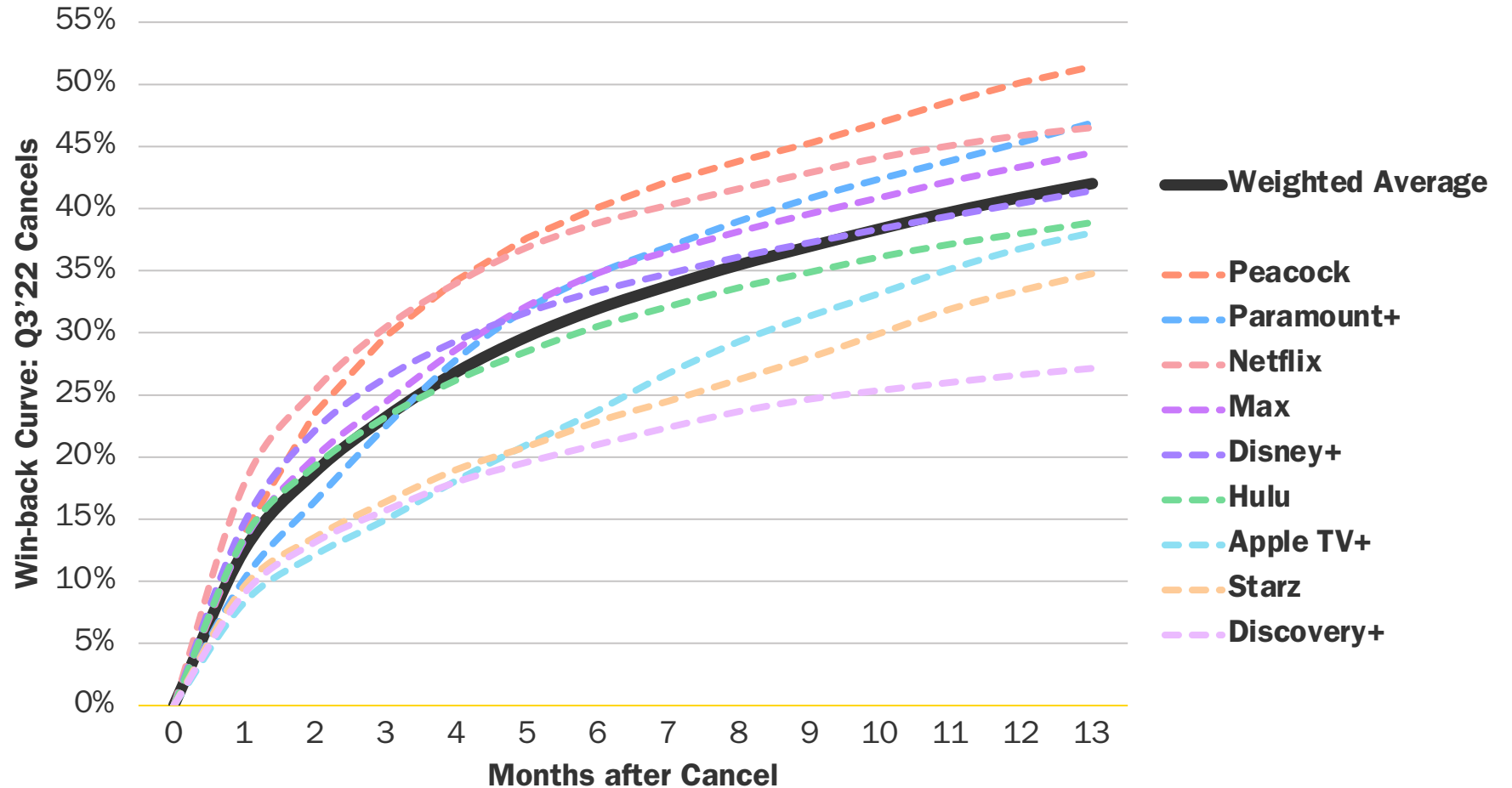
1 in 3 Cancels do Resubscribe within six months



As Resubscribe behavior grows in prominence, Services' strategies for Win-backs become increasingly important.

- Across the Premium SVOD **Weighted Average** — **23%** of Cancels were “won-back” by **Month 3**, **32%** by **Month 6**, **37%** by **Month 9** and **41%** by **Month 12**.
- **Peacock** and **Netflix** saw the steepest Win-back Curve for this cohort, with **30%** of Cancels Resubscribing by **Month 3**.
- By **Month 12**, **50%** of **Peacock** and **46%** of **Netflix** Cancels were “won-back.”

FIGURE 5: Premium SVOD Win-back Curve



The mostly early “tenure” of Subscriptions carries major implications



Early

39% of Premium SVOD Subscriptions are in their **first year of tenure**; that figure rises to **45%** when **excluding Netflix**

Earlier

51% of the **95M Year 1** Premium SVOD Subscriptions are between **Month-0 to Month-3** in tenure, a period when users are most likely to Cancel their Subscriptions

Maturation drives Loyalty

Churn shrinks significantly as users age in their Subscriptions, from **9%** in **Year 1** to **4%** in **Year 2**

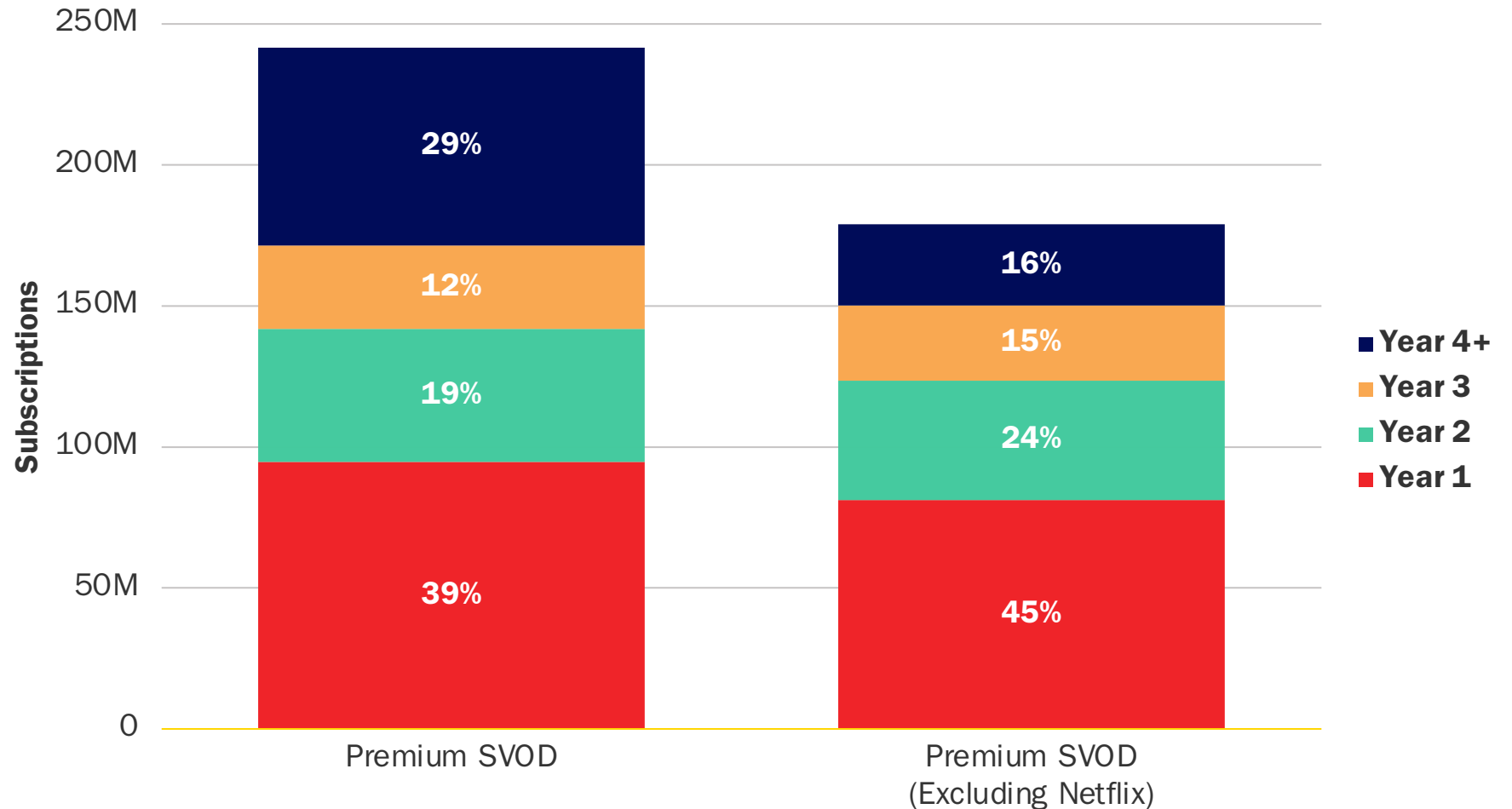
About 2 in 5 Subscriptions are in their first year



A significant portion of Premium SVOD Subscriptions are in their first year of tenure.

- **39% of Premium SVOD Subscriptions** are in their first year of tenure.
- **45% of Premium SVOD Subscriptions (excluding Netflix)** are in their first year of tenure.
- **69% of Premium SVOD Subscriptions (excluding Netflix)** are between Year 1 – 2 of tenure.

FIGURE 6: Premium SVOD Subscriptions by Tenure



US-only | Excludes Free Tiers, MVPD + Telco Distribution, and select Bundles | Premium SVOD includes Apple TV+, Discovery+, Disney+, HBO Max, Hulu (SVOD-only), Netflix, Paramount+, Peacock, and Starz | Subscriptions as of December 2023

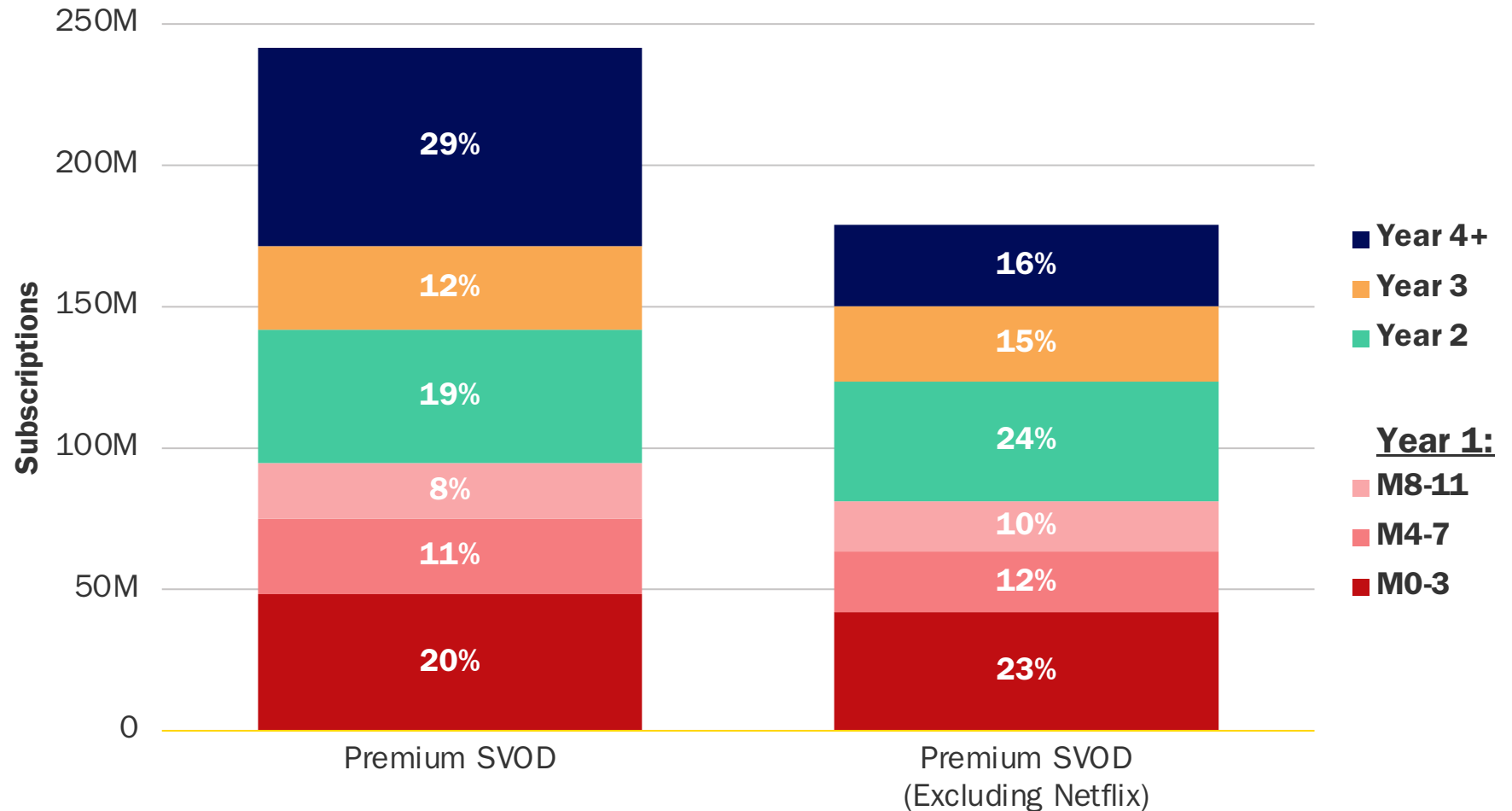
1 in 5 Subscriptions are in their first three months



Furthermore, about half of Year 1 Subscriptions are in the M0-3 period when a Subscriber is most at-risk of canceling.

- 20% of Premium SVOD Subscriptions are in their first three months of tenure.

FIGURE 7: Premium SVOD Subscriptions by Tenure



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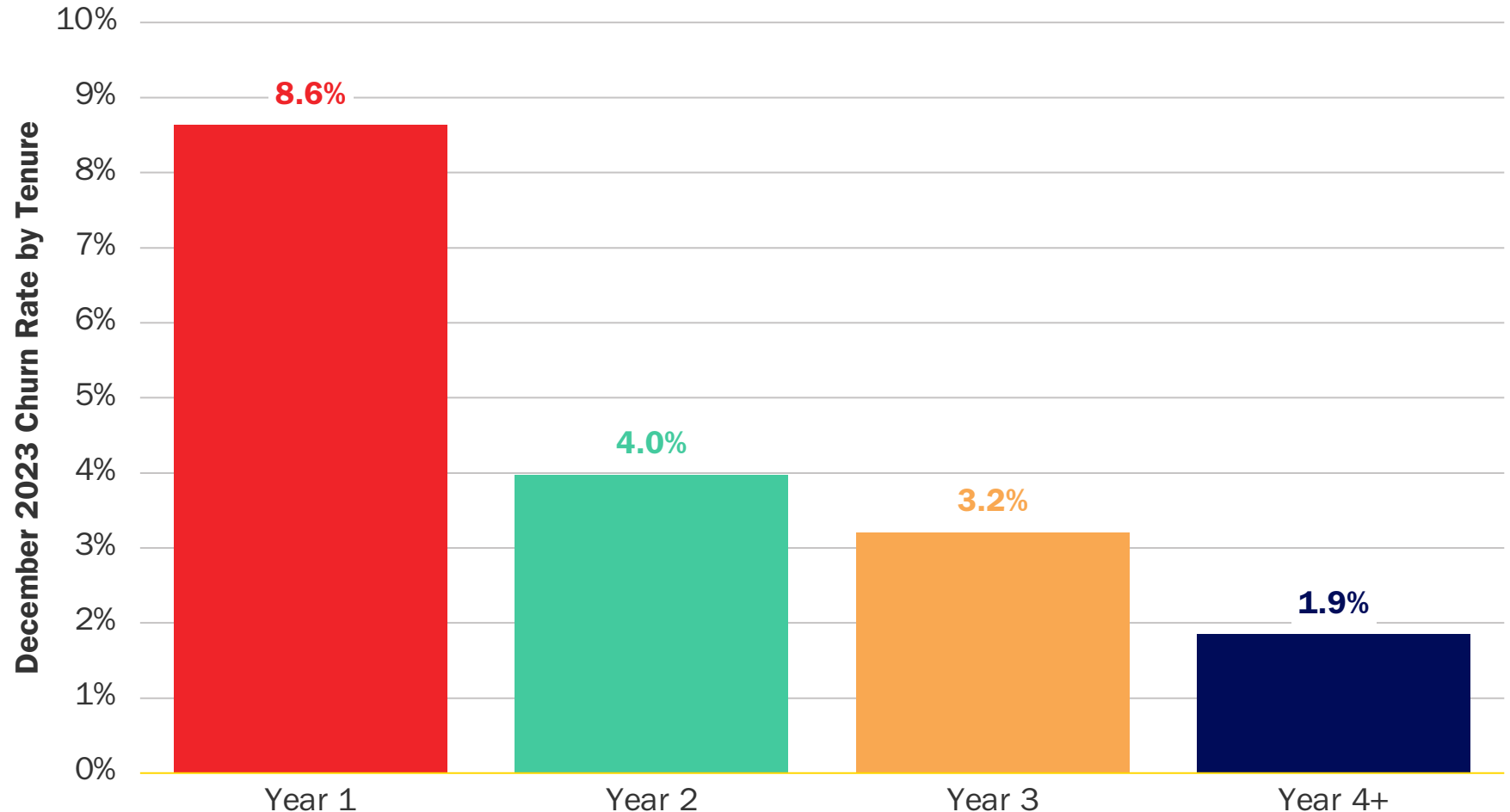
Year 1 Churn is more than double Year 2



Churn Rates decline significantly after Subscribers complete their first year with a Service.

- **Weighted Average** Churn was **8.6%** for **Year 1 Subscriptions**.
- **Year 2** Churn drops by more than half to **4.0%**.
- Churn falls to **3.2%** for **Year 3 Subscriptions**, and **1.9%** for **Year 4+ Subscriptions**.

Figure 8: Premium SVOD Churn by Tenure



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Serial Churners are a growing, active, and markedly different cohort

Growing

The **Serial Churn** population grew **+42% YoY** (versus **-1%** for the **Non-Serial Churn** population)

Active

Serial Churners represent **23%** of consumers, but punch above their weight, driving **38%** of category **Gross Additions** and **40%** of **Cancels**

Disloyal

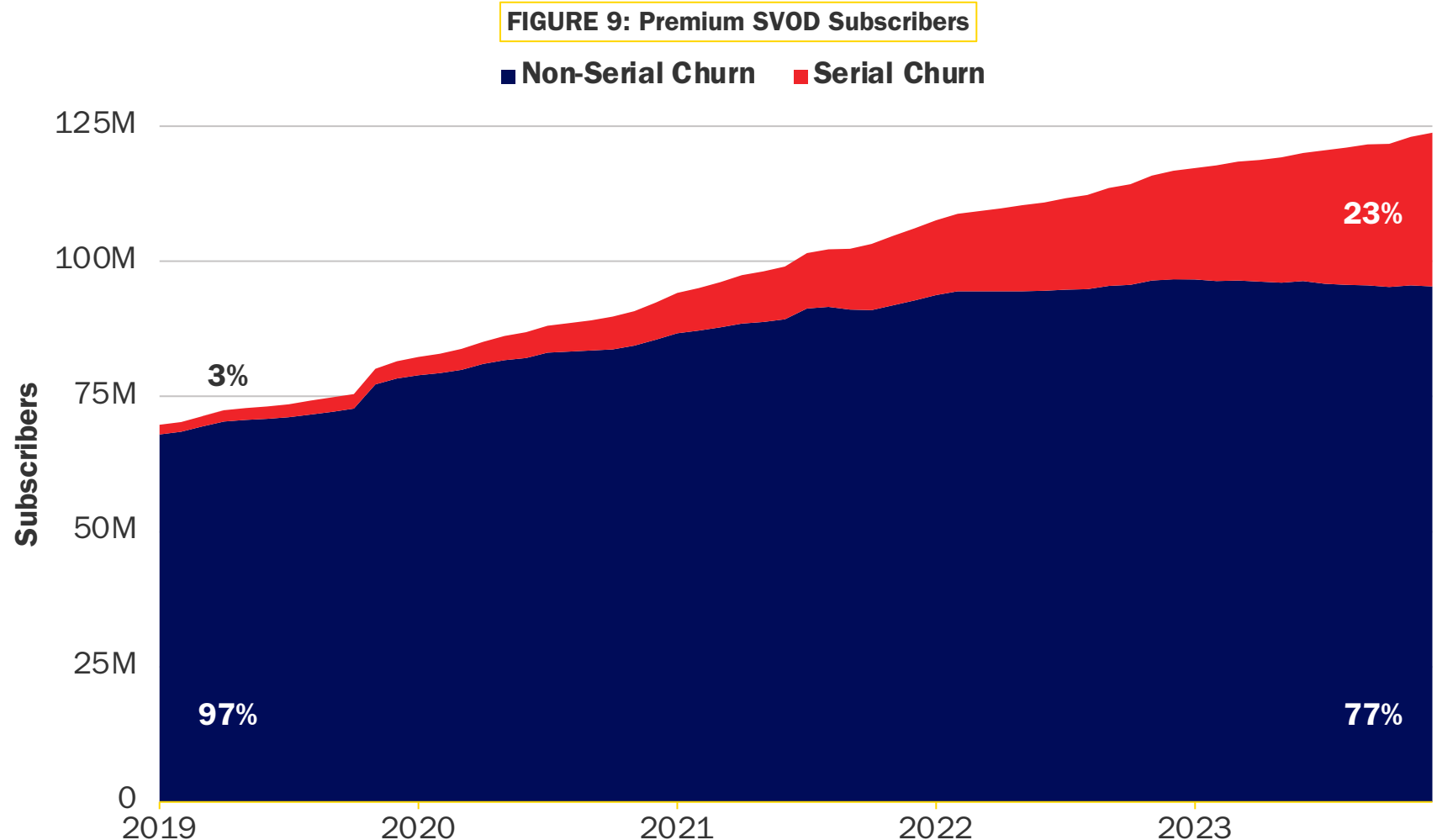
12-month Survival for **Super Heavy Serial Churners** is **14%** versus **33%** for **Non-Serial Churners**

Nearly 1 in 4 streaming consumers are Serial Churners



Antenna defines Serial Churners as individuals who have 3+ Cancels of a Premium SVOD Service in the past two years. That segment now makes up nearly a quarter of individuals. The behavioral difference between these cohorts is striking, and they should be managed differently.

- **123.8M** users transact with Premium SVOD, with **7.0M** entering the category in 2023.
- **Serial Churners** represent **23%** of Subscribers, up from **17%** last year and **3%** in 2019.



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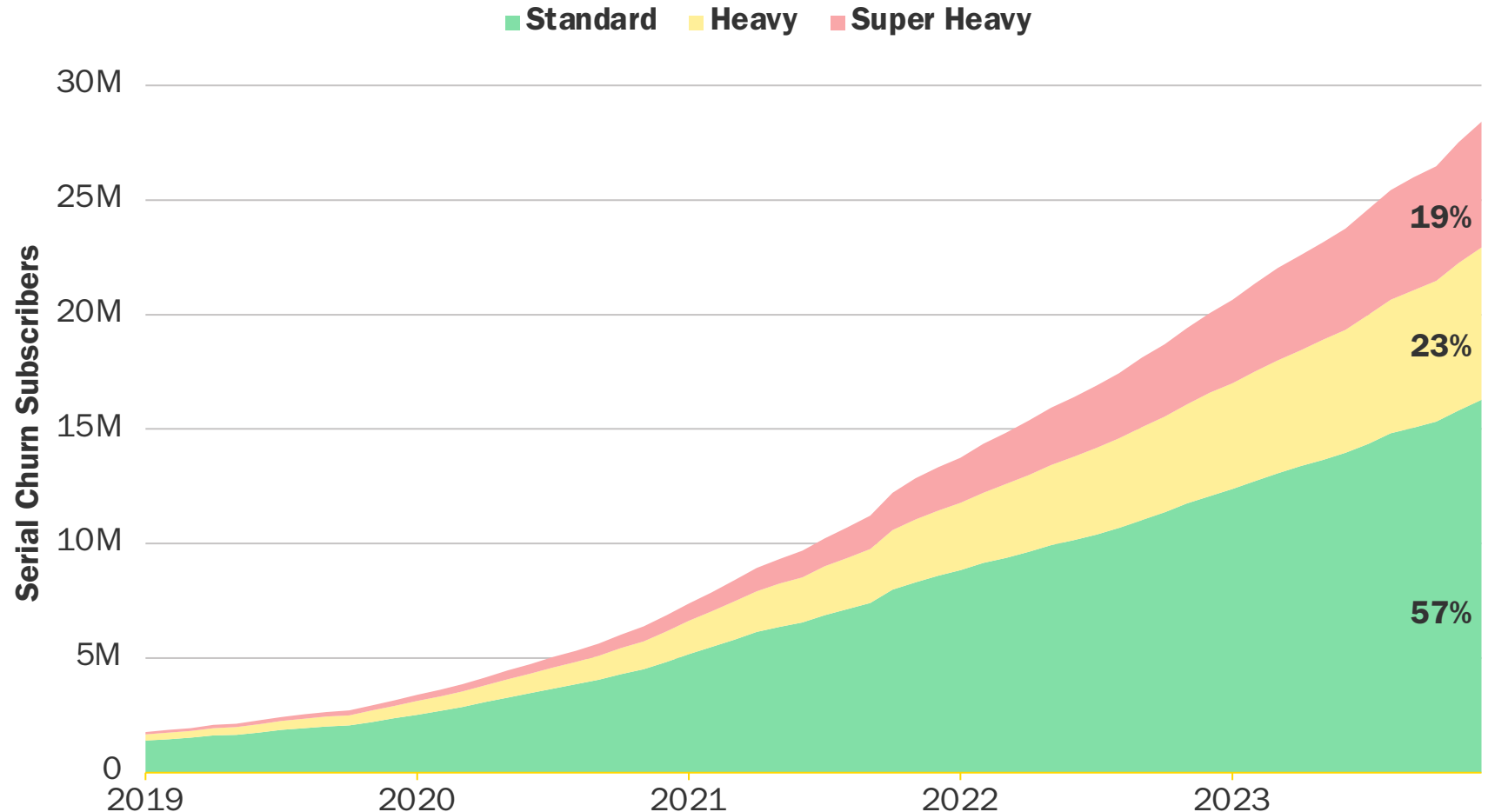
Over 12M Americans have 5+ Premium SVOD Cancels



Now that Serial Churners make up such a large share of the market, Antenna has further broken them down. We found that 42% of Serial Churners have Canceled a Premium SVOD Service 5+ times in the past two years, and 19% have Canceled 7+ times.

- **Standard Serial Churners** (3-4 Cancels) grew **+34.8%** YoY.
- **Heavy Serial Churners** (5-6 Cancels) grew **+47.8%** YoY.
- **Super Heavy Serial Churners** (7+ Cancels) grew **+56.9%** YoY.

FIGURE 10: Premium SVOD Serial Churn Subscribers by Level



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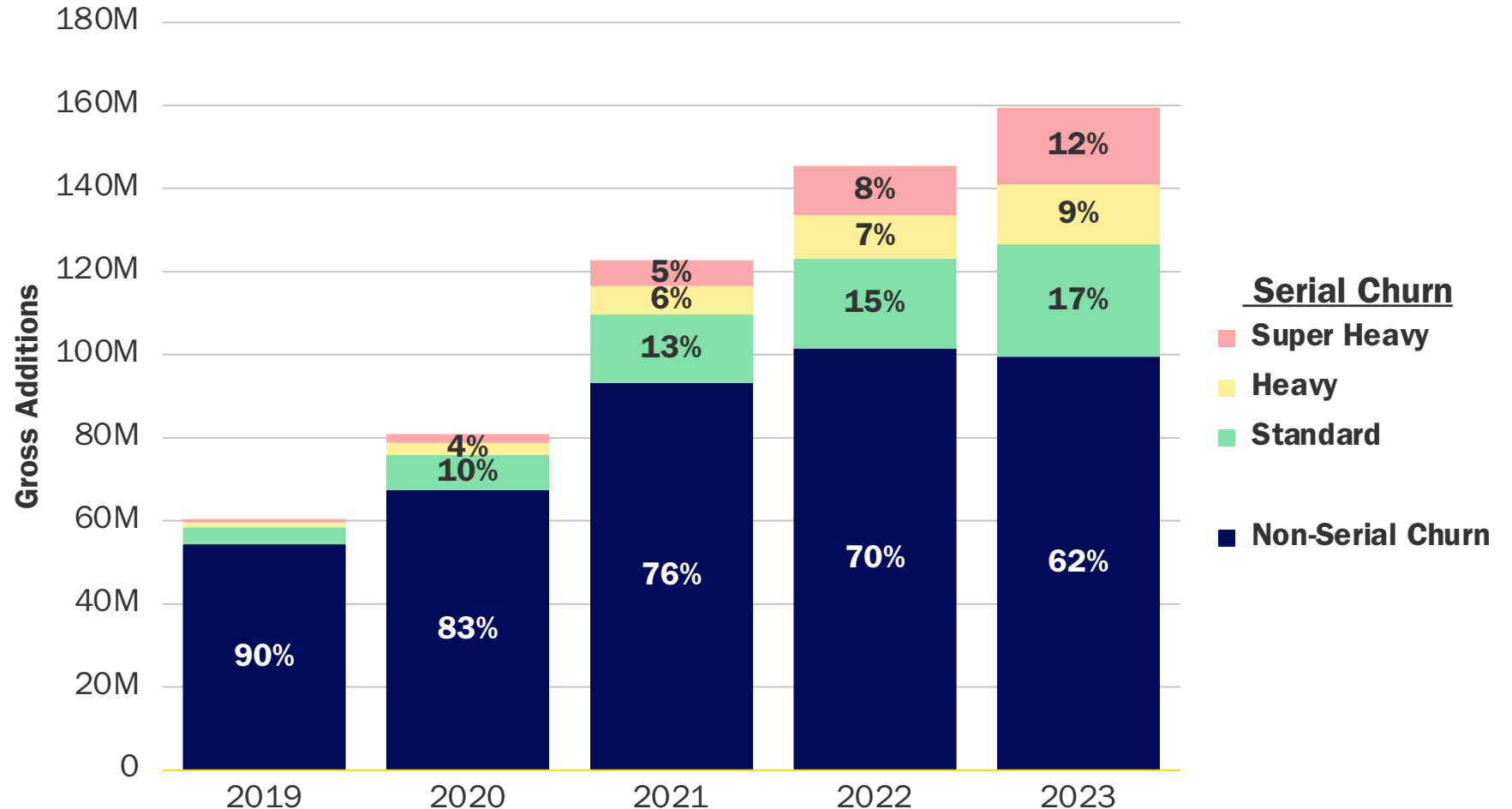
Serial Churners accounted for 38% of Gross Additions



Serial Churners punch above their weight, driving a disproportionate share of Gross Additions. They also accounted for all of the growth in acquisition in 2023.

- **Serial Churners** drove **60.0M** Gross Additions in 2023, up **+36.2%** YoY.
- Gross Additions by **Non-Serial Churners** fell **-2.0%** YoY to **99.5M**.
- Gross Additions made by **Super Heavy Serial Churners** reached **18.5M**, up **+54.8%** YoY.

FIGURE 11: Premium SVOD Gross Additions



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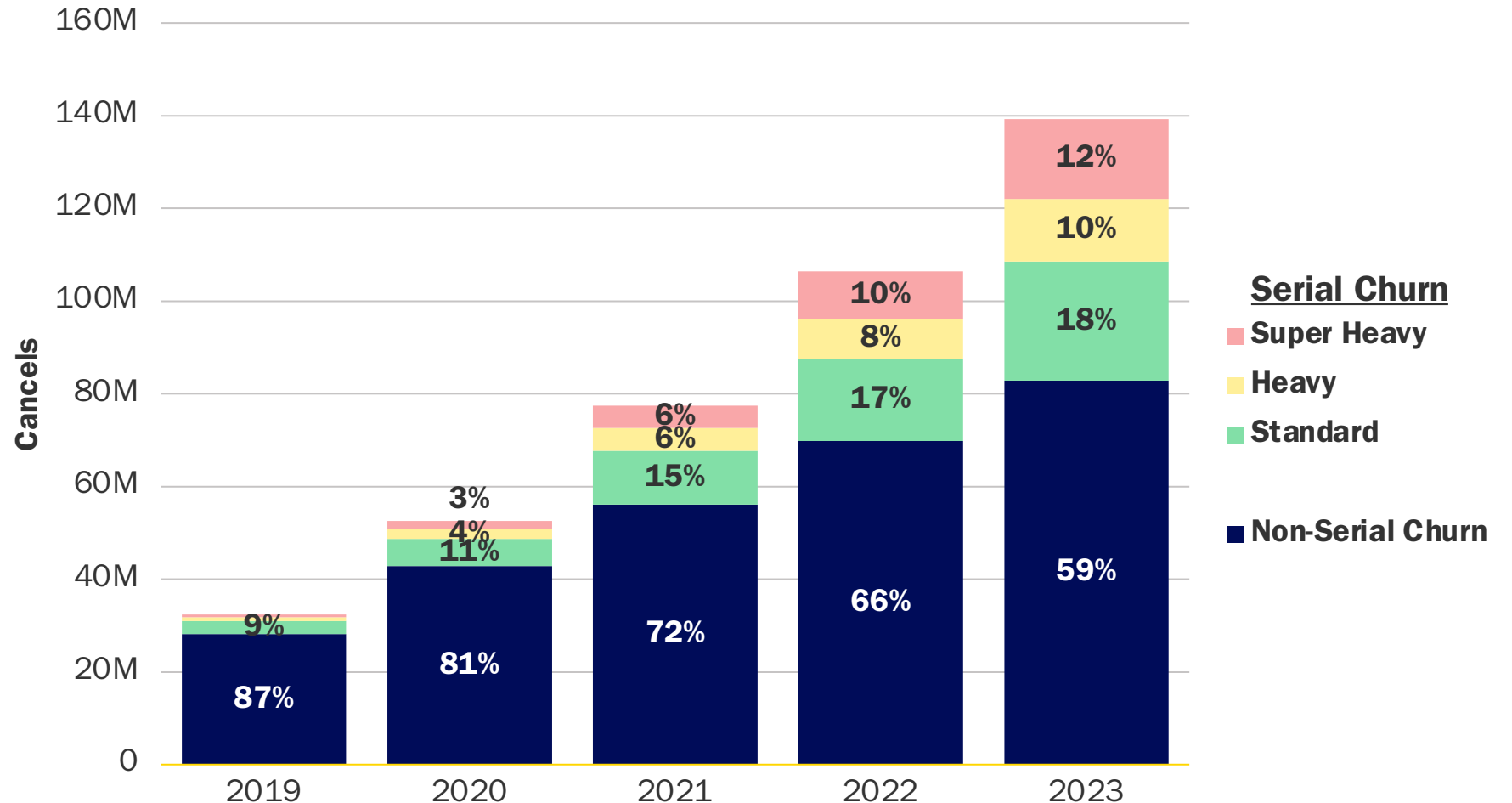
Serial Churners accounted for 41% of Cancels



Serial Churners are a major factor in category Churn Rates.

- **Serial Churners** drove **56.5M** Cancels in 2023, up **+54.6%** YoY.
- Cancels by **Non-Serial Churners** increased **+18.5%** YoY to **82.8M**.
- Cancels made by **Super Heavy Serial Churners** reached **17.2M**, up **+68.6%** YoY.

FIGURE 12: Premium SVOD Cancels



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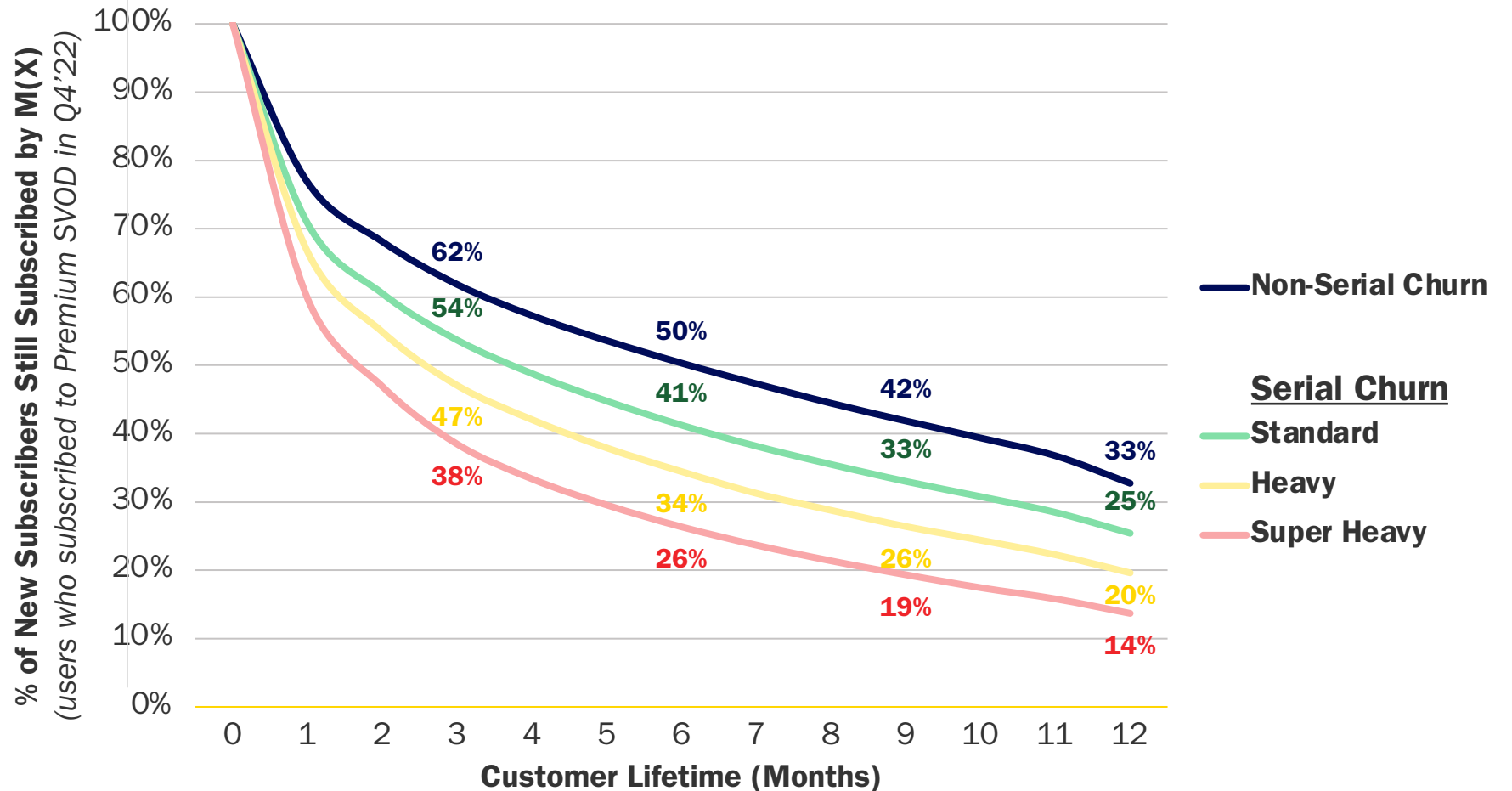
Serial Churners have much worse Survival Curves



Survival Rates for Serial Churners are significantly lower than Non-Serial Churners. Heavier Serial Churners are the least likely to retain after joining a Service.

- By Month 3 — **38%** of **Non-Serial Churners**, **46%** of **Standard Serial Churners**, **53%** of **Heavy Serial Churners**, and **62%** of **Super Heavy Serial Churners** were Canceled.
- By Month 12 — **67%** of **Non-Serial Churners**, **75%** of **Standard Serial Churners**, **80%** of **Heavy Churners**, and **86%** of **Super Heavy Churners** were Canceled.

FIGURE 13: Premium SVOD Survival by Serial Churn Level



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Methodology & Metric Definitions





Methodology



Underlying Data

Antenna sources data from a variety of data collection partners which contribute millions of permission-based, consumer opt-in, raw transaction records. These are derived from digital purchase and cancellation receipts, consumer subscription signals, credit, debit and banking data. Antenna cleans and models this raw data, and then subsequently weighs the panel to correct for demographic and behavioral skews.

Antenna’s Subscriber Coverage

Antenna Subscribers includes Subscribers who made an explicit paid purchase of a service and are currently being measured in Antenna’s core panel. This currently includes Subscribers that have signed up for a service directly (by going to the Service’s own sign-up page), as well as through Apple App or Google Play Store. In addition, for Video services, we also measure several distribution channels which are prevalent in that category: Amazon Fire TV, Amazon Channels, Hulu Live + TV, Roku App Store, The Roku Channel, YouTube PrimeTime Channels, and YouTube TV.

What is not Measured

Consumers not counted as a Subscriber by Antenna include:

- Trial users who have not (yet) converted to paid;
- Non-paid users in long-term trials over 6 months in length;
- Non-paid users in perpetuity (e.g., Peacock free tier);
- Commercial contracts (e.g., Netflix in your hotel room);
- Corporate liable (e.g., Subscriptions purchased by corporations on behalf of their employees);
- Consumers who get access to services included in broad intra-company bundles (e.g., Amazon Prime Video and Amazon Music within Amazon Prime) or inter-company bundles (e.g. SVOD service included at no additional charge in a Comcast Xfinity 200 channel package);
- Subscribers who are outside of the 50 United States and D.C. (e.g., Puerto Rico and other U.S. territories).

Additional Note: We measure subscription at the individual level, not at the household level. For instance, if one member of a household is subscribed to Spotify, and a different member of the same household is subscribed to Netflix, we would not observe that as an “overlap”. Therefore, the absolute values for Metrics such as Resubscribe, Overlap and Switching will typically be lower than a household level measurement would report.



Why do Antenna's Subscriber numbers sometimes not line up with the numbers which Services publicly report?

While Antenna's numbers will typically directionally align with the numbers that companies report to the public, there are numerous reasons that the exact counts will vary, including:

- **Subscriber Definition:** Antenna follows the very specific definition described above to count a Subscriber, which will frequently differ (sometimes substantially) from the definitions which Services use to count their own subscribers. For example, Apple may count an individual who purchases an Apple device and receives Apple TV+ and Apple Music for free for an extended period of time as Subscribers to those services; Antenna would only count them after their free trial periods ended and they explicitly chose to pay for the services.
- **Coverage:** As described above, Antenna does have some coverage gaps, which would typically be included in a service's own reported numbers.
- **Territory:** Antenna reports only on consumers in the 50 United States and Washington, D.C., and Services may be reporting on Global, U.S. + Canada, or other territory combinations.
- **Estimation:** Antenna is an estimation service, and could have errors in its calculation due to panel bias, data errors or human errors.

To dive deeper on Antenna methodology, please contact info@antenna.live



Metric Definitions



Core Metric Definitions

Subscribers: The number of paying Subscribers for each Service at the end of each month.

Cancels: Number of users who canceled in each month. Cancel date is determined when the Subscription lapses (loss of access) for iTunes; for all other Distributors the Cancel date is determined when the Subscriber explicitly acts to cancel the service.

Trial Users: Users who are currently enrolled in a Service's Free Trial program and have not yet converted to paid Subscribers. A free trial is defined as 6 months or less. Free trials that are longer than 6 months are not considered an Antenna Sign-up, however those which convert to paying Subscribers are captured as Antenna Subscribers.

Calculated Metric Definitions

Sign-ups: Users who Sign-up to a Service as paid Subscribers or free trials. We do not include Trial Conversions in this metric to avoid double-counting individuals who signed up via a free trial.

Gross Subscriber Adds: New paying Subscribers in each month, including both new and converted (from trial) Subscribers.

Net Subscribers Adds: New paying Subscribers in each month, including both new and converted (from trial) Subscribers, less the Cancels in that same month.

Churn Rate: Cancels in a given month divided by Subscribers at the end of the previous month. A Churn is counted when the Subscription lapses (loss of access) for iTunes; for all other Distributors a Churn is counted when the Subscriber explicitly acts to cancel the service.

Trial Conversion Rate: The percentage of Trials that convert to paying Subscribers. A Trial is defined as 6 months or less. Trial Conversion Rate is calculated for the conversion month. Eligible buyers are those whose Trial is expiring in a given month.

Survival: The percentage of new Subscribers in a given month who remained subscribed and did not cancel in each period thereafter. Users who cancel cannot re-enter in subsequent periods.

12-month Resubscribe Rate: The percentage of Gross Subscriber Adds who had previously Subscribed to and since canceled the same Service (via any Distributor) within the prior 12 months.

Overlap Rate: The percentage of Subscribers who Subscribe to both Service A and Service B in the same month.

Switching Rate: The percentage of users who canceled [Cancel Service] who Subscribed to a [New Service] within one month.

For more info contact:

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