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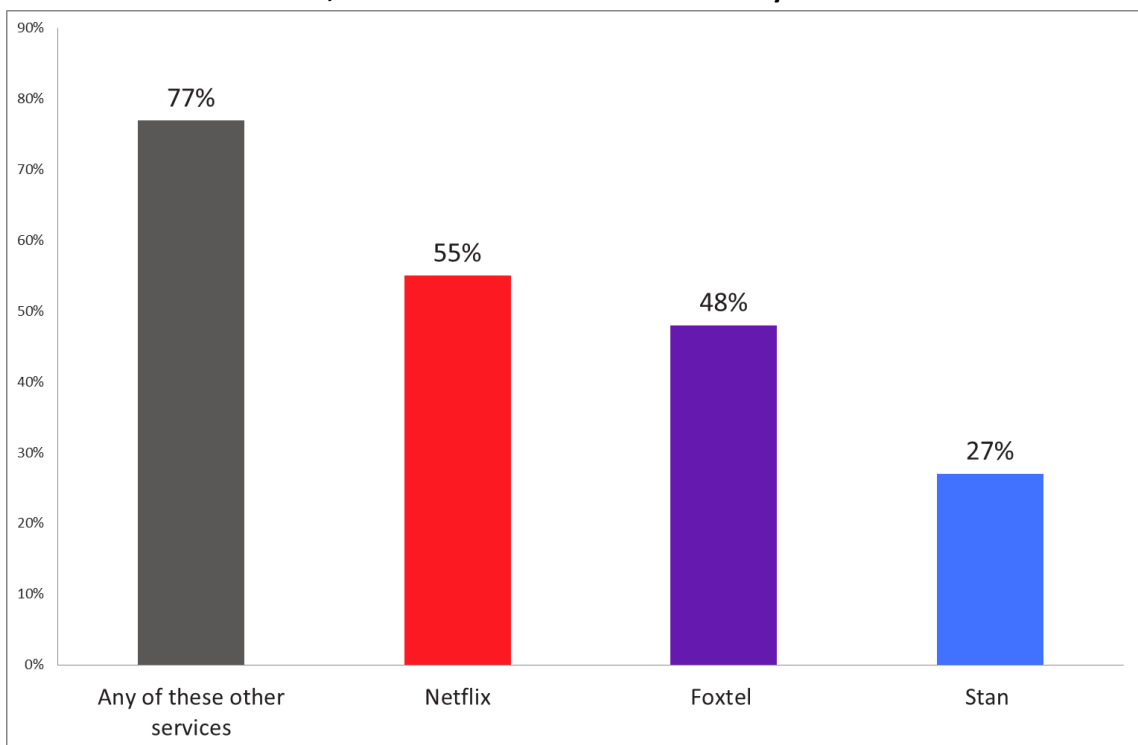
Cheerio to Presto: so how many subscribers are up for grabs – and can Foxtel persuade them to Play?

Seven West Media has sold off its half of Presto to partner Foxtel, which will ditch the Subscription Video On Demand (SVOD) service in January next year—and aim to convince subscribers to switch to a revamped and re-priced Foxtel Play (and not Netflix or Stan). However the latest SVOD and Pay TV subscription data from Roy Morgan Research to August 2016 shows that only 143,000 Australian homes (just 1.5%) currently subscribe to Presto—and over three in four of them *already* have other Pay or Subscription TV services.

110,000 of the 143,000 homes with Presto (77%) also have one (or more) other Pay TV/SVOD service including Netflix, Stan or Foxtel. 55% of Presto homes currently also have Netflix and 27% have Stan. Almost half of Presto subscribers (48%) already have Foxtel—with almost all of them using the traditional set-top box, not the streaming Foxtel Play.

Of course, all this leaves just 33,000 homes (23% of Presto’s subscribers) that currently subscribe to *only* the outgoing SVOD service and will be deciding which, if any, other service to replace it with.

143,000 Presto homes: what else do they have?



Source: Roy Morgan Single Source Australia, March to August 2016, sample n = 412 Presto subscribers aged 14+

To figure out where Presto subscribers might turn to for paid and on-demand TV in 2017, and how Foxtel can attract them, we can compare its types of subscribing home with those of the alternatives: SVOD (Netflix and Stan) and Foxtel, including Foxtel Play.

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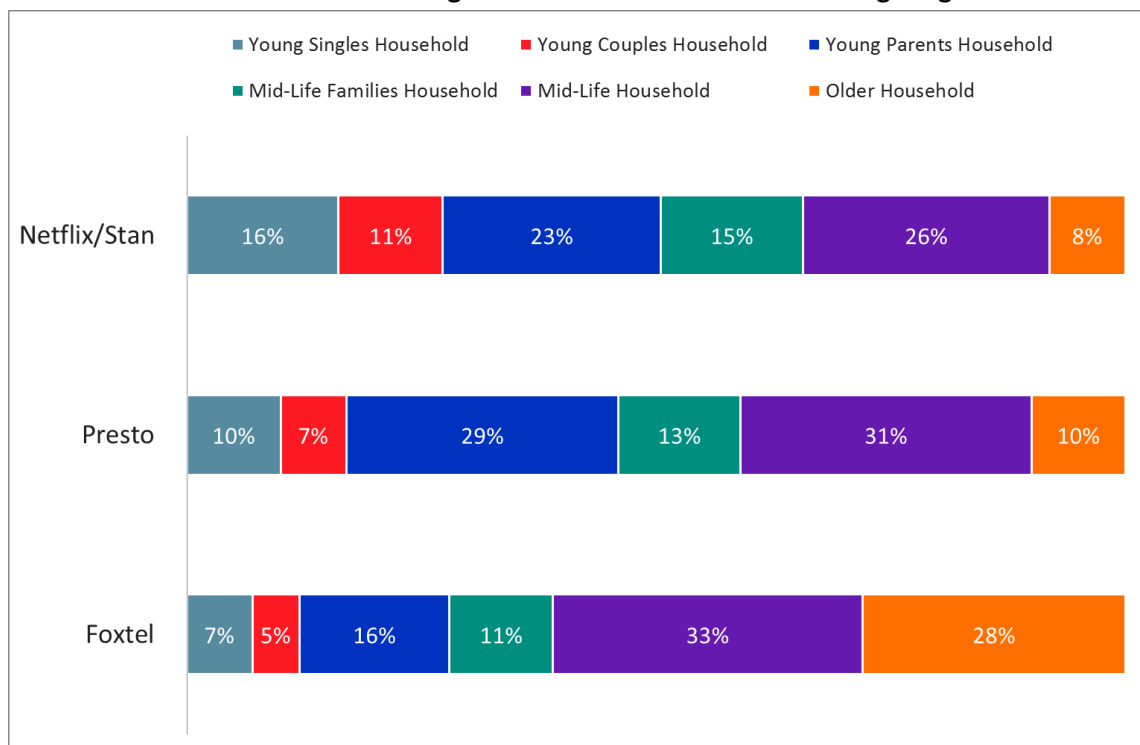
Just looking at Household Life Stage, half of homes with Netflix or Stan are ‘Young’ households—with the oldest resident aged under 45, in various arrangements: 16% are Young Singles, 11% are Young Couples and 23% are Young Parents. Another 15% are Mid-Life Families, such as homes with older parents and teens.

At the other end of spectrum is Foxtel. The majority of homes that have Foxtel are Mid-Life Households (33%) or Older Households (28%)—think those with the last kids finishing high school and moving out, and empty nester retirees.

Presto lies somewhere in between, with more Young Singles, Young Couples and Mid-Life Families among its audience than Foxtel has, and more Mid-Life and Older households than Netflix and Stan. This more centric status suggests subscribers could be swayed to either direction. This will require some creative product development and packaging, and a solid understanding of the drivers of choice between the various services.

The one stand-out segment for Presto is Young Parents, who make up 29% of Presto’s subscribers—more than can be found on Netflix, Stan and Foxtel.

% of Providers’ subscribing homes in each Household Life Stage segment



Source: Roy Morgan Single Source Australia, March to August 2016, samples n = 412 Presto subscribers, 5,682 Netflix or Stan subscribers, and 6,884 Foxtel subscribers aged 14+. Figures may not add to 100% due to rounding.

Michele Levine, CEO – Roy Morgan Research, says:

“Roy Morgan reported last month that the combined reach of SVOD has recently surpassed that for Foxtel’s linear Pay TV service. Australians have quickly taken to streaming video on demand, with the lower monthly price of these services convincing a whole new market to pay for TV.

“Presto struggled since its inception to gain a foothold in the booming SVOD market, despite a comparable price and range of television and film content, including exclusives. Analysis of the

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subscribing homes suggests Presto occupied a difficult middle-ground, somewhere between Netflix and Stan at one end and Foxtel at the other.

“One of the interesting things about so-called ‘competition’ in SVOD is that it’s not a zero-sum game: at only \$10-15 a month, many subscribers are happy to add a second or third service to the mix. In fact, one in 10 Presto-subscribing households currently also have Netflix and Stan and Foxtel.

“The provider with the most to gain from the end of Presto is perhaps not Foxtel, but local rival Stan. There are over 100,000 Presto subscribers who don’t already have Stan—and will have a spare \$10 a month to spend on SVOD come the new year.

“However, a deeper psychographic analysis of why some people choose to pay a more substantial amount for a Foxtel subscription while others opt for the newer, cheaper alternatives shows there’s much more to it than household life stage or ability to pay. Issues of confliction with technology adoption, traditional vs progressive values, and which suburbs people live in, all make a difference in the choices people make.”

To learn more about Roy Morgan’s Pay TV and SVOD subscription and profiling data call (+61) (3) 9224 5309 or email askroymorgan@roymorgan.com

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About Roy Morgan Research

Roy Morgan Research is the largest independent Australian research company, with offices throughout Australia, as well as in Indonesia, the United States and the United Kingdom. A full service research organisation specialising in omnibus and syndicated data, Roy Morgan Research has over 70 years’ experience in collecting objective, independent information on consumers.

Margin of Error

The margin of error to be allowed for in any estimate depends mainly on the number of interviews on which it is based. Margin of error gives indications of the likely range within which estimates would be 95% likely to fall, expressed as the number of percentage points above or below the actual estimate. Allowance for design effects (such as stratification and weighting) should be made as appropriate.

Sample Size	Percentage Estimate			
	40%-60%	25% or 75%	10% or 90%	5% or 95%
5,000	±1.4	±1.2	±0.8	±0.6
7,500	±1.1	±1.0	±0.7	±0.5
10,000	±1.0	±0.9	±0.6	±0.4
20,000	±0.7	±0.6	±0.4	±0.3
50,000	±0.4	±0.4	±0.3	±0.2

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