

Tuesday, 14 July 2015

Netflix adds another 400,000 Australians in June – now up over 1.4 million

It seems like just a few weeks ago (because it was) Roy Morgan’s May figures showed that a million Australians in 408,000 homes already had Netflix. Well, scrap that. Our survey results for June have been counted and weighted—and it’s now more like 1.42 million people in 559,000 homes.

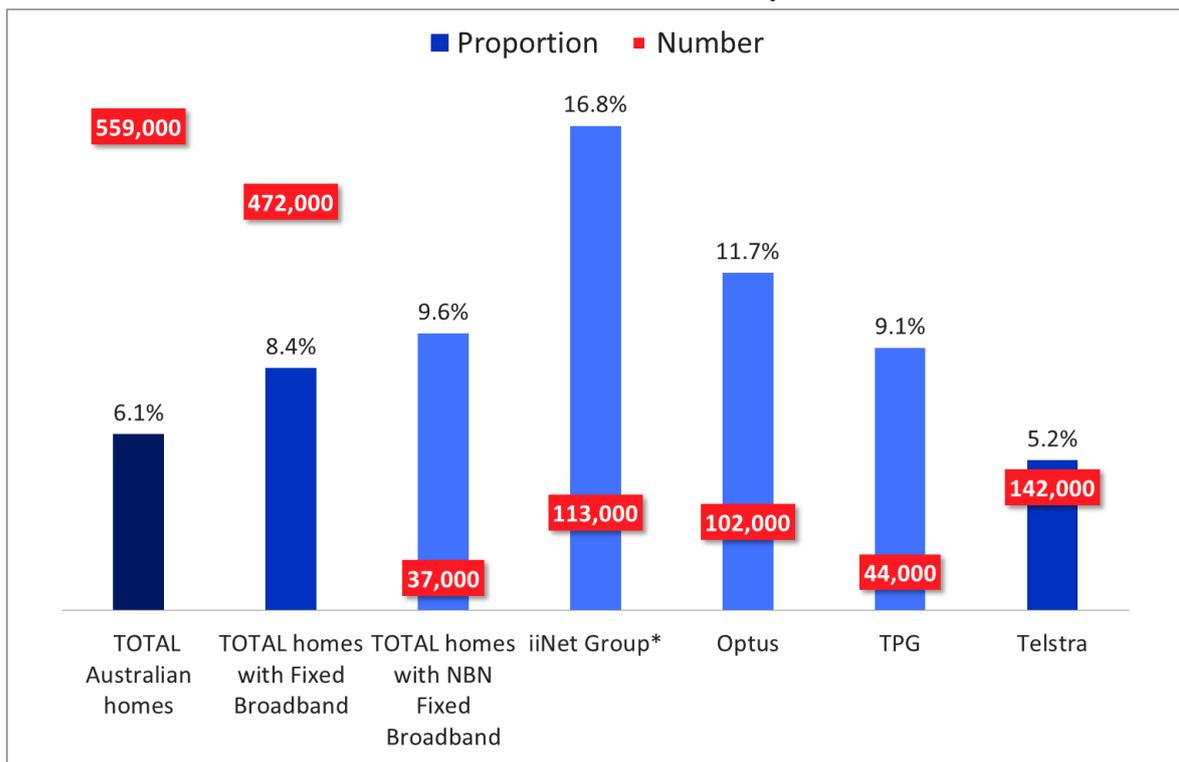
Netflix subscription rates vary dramatically across different internet service providers and type of connection. When the US-based subscription video on demand (SVOD) service launched locally in March, fixed internet providers including Optus and iiNet made deals to offer inducements including extended free trials and unmetered streaming to new or existing customers.

By June, 16.8% of households with fixed broadband through iiNet (or one of its standalone subsidiaries Internode, Westnet and Adam, all with equivalent deals), had Netflix—a rate almost three times the total norm of 6.1% and exactly double the 8.4% uptake rate among fixed broadband homes. 11.7% of Optus’s fixed broadband customers had Netflix—almost 40% above the fixed broadband norm.

In numbers, this means 113,000 Netflix homes are streaming through iiNet’s fixed broadband network, slightly more than the 102,000 using Optus despite the latter supplying fixed broadband to almost 200,000 more homes overall.

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June 2015: % and Number of Households with Netflix, by Fixed Broadband Provider



Source: Roy Morgan Single Source, June 2015 n = 2,208 Australians 14+. * iiNet Group includes iiNet and subsidiaries Internode, Westnet and Adam.

Telstra has yet to dangle any Netflix-related carrots, but reportedly may be planning to soon. As of June, just 5.2% of Telstra's fixed broadband customers were using Netflix. However, even this below-average uptake was enough to give Telstra—due to sheer market dominance—more Netflix homes (142,000) than any other ISP.

9.1% of TPG's fixed broadband homes (44,000) had Netflix in June. TPG was been rumoured to be negotiating its own unmetered Netflix deal. However our survey shows its customers are already over four times more likely to say they chose TPG because of unlimited data allowance in the first place, so 'quota-free' streaming is perhaps less of a lure.

Conversely, these results show that 25% of Netflix customers have fixed broadband with Telstra, 20% with iiNet, Internode, Westnet or Adam, 18% with Optus, and 8% with TPG. Another 13% either have fixed broadband through a smaller provider (such as M2 Group's brands Dodo and iPrimus) or didn't know their home's ISP. The remaining 16% of Netflix subscribers don't have fixed broadband—instead nearly of all of these streamers have some form of mobile broadband connection.

Currently an estimated 390,000 homes have an NBN internet connection—a new peak perhaps in part driven by appetite for SVOD: 9.6% of NBN homes have Netflix.

Tim Martin, General Manager – Media, Roy Morgan Research, says:

“With Netflix's partnership with Optus now over, the stage could be set for a bidding war between rival telcos. Roy Morgan is tracking the month-by-month uptake of Netflix and its competitors as part of our on-going national Single Source survey. With each new round of incoming data, we'll be able to provide increasingly insightful analysis on a whole range of issues: which types of people and homes are subscribing or unsubscribing to Netflix and its local competitors (or both), and how this is impacting viewing habits across Free-to-Air and Pay TV, uptake of broadband and the NBN, data allowances and bundling preferences, and purchasing of Smart TVs, devices like Apple TV and Chromecast, and IPTV services like Fetch.

“For internet service providers, Netflix can be a double-edged sword. Rapid uptake can see internet traffic soar, with significant and targeted network investment required to keep pace with the demand. NBN Co in particular will need to keep a close eye on how subscription video on demand affects adoption rates in particular areas.”

To learn more about Roy Morgan's incoming research on subscription television and telecommunications demographics and trends, contact:

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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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