

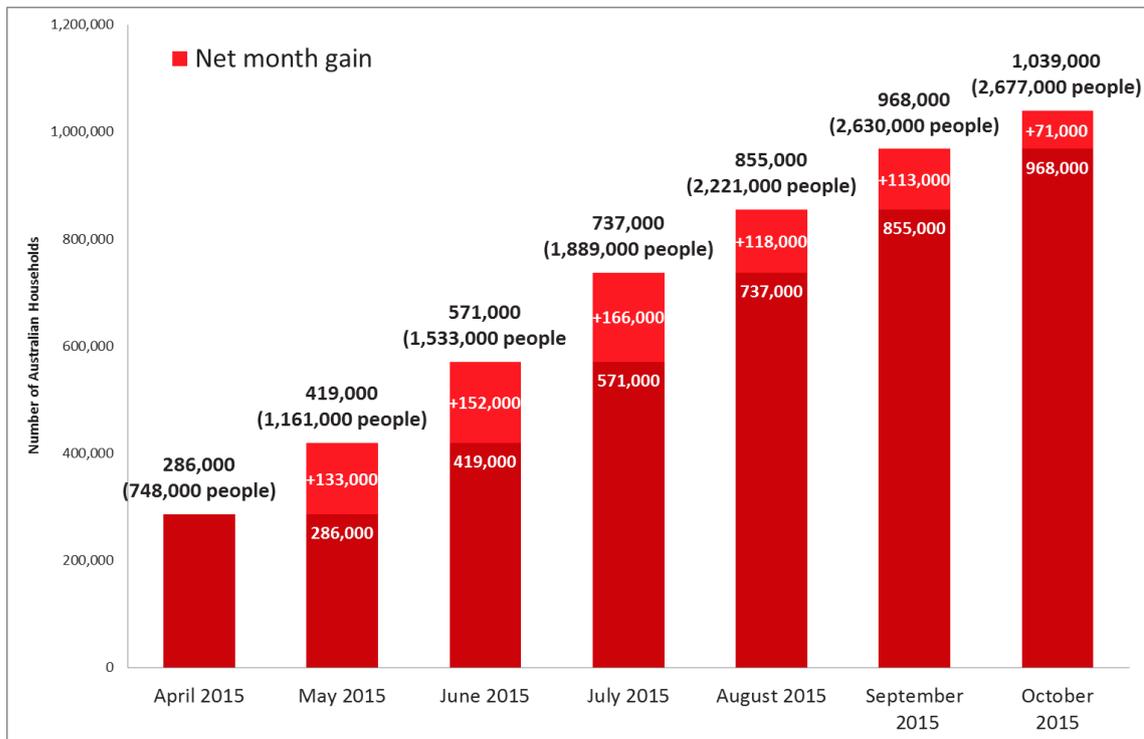
Thursday, 12 November 2015

## 2.7 million Australians have Netflix as subscriptions surpass one million homes

2,677,000 Australians (14+) now have Netflix in the home, with the number of households with a Netflix subscription rising again in October to 1,039,000\* (11.4%), the latest subscription video on demand data from Roy Morgan Research shows.

For the majority of Netflix subscribers, this is their first time paying for TV. In the year preceding the arrival of Netflix, over 7 in 10 Australians lived in a home without any paid TV service; as of October, this had declined to 58%.

Growth in number of Households with Netflix



Source: Roy Morgan Single Source, April – October 2015, average monthly sample = 4,287 Australians 14+.

\* The October 2015 results use newly revised household projections from the ABS, which decreased the estimate of Australian households. These new projections, as well as changes in the composition of homes with Netflix, mean the weighted net increase in the number of homes with Netflix is more than the increase in the number of people with Netflix.

The rise of SVOD, dominated by Netflix, is perhaps impacting our DVD and downloading habits. In the six months to September 2015, fewer Australians have been buying or renting DVDs or downloading TV shows or movies.

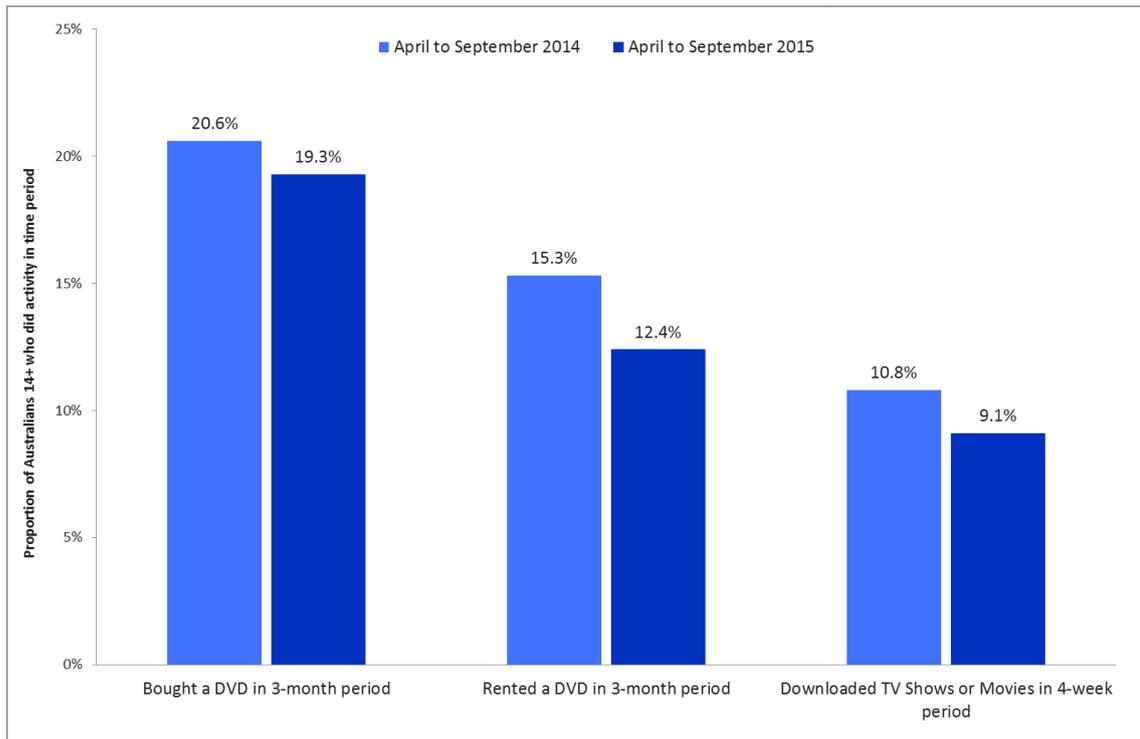
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*Discover your edge*

20.6% of Australians bought a DVD and 15.3% rented one in an average three-month period in the six months to September 2014—down to 19.3% and 12.4% respectively during the six months after Netflix launched.

The rate of downloading TV or movies has also declined: from 10.8% a year ago to 9.1% now.

### A 'Netflix effect' on DVDs and Downloading?



**Source:** Roy Morgan Single Source, April – September 2014 and April – September 2015, average six-month sample = 26,636 Australians 14+.

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

*“The trends suggest it may not be long before the majority of Australian homes are paying for TV content through one or more Pay or Subscription TV providers.*

*“The impacts of Netflix, as well as Foxtel’s broadening range of options and now Telstra TV, will be felt across multiple areas: from the reach of commercial television and how much time we spend watching free-to-air channels, to our internet data limits and uptake of the NBN, sales of DVDs and Blu-Rays, and our attitudes to what content we’ll pay for and what we expect to get for free.*

*“Australians have been notorious for their high levels of illegal downloading. While our figures of course include legal downloads, it is notable that the younger, tech-savvy people most likely to download TV shows and movies have been the quickest to subscribe to Netflix—and the overall rate of downloading has declined.*

*“A year ago, just over one in five 14-24 year-olds downloaded TV shows or movies in an average month—today, around 22% of this group lives in a Netflix home, and the rate of downloading has fallen sharply to 15%.”*

**To learn more about Roy Morgan's incoming research on subscription video on demand and pay television trends, contact:**

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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