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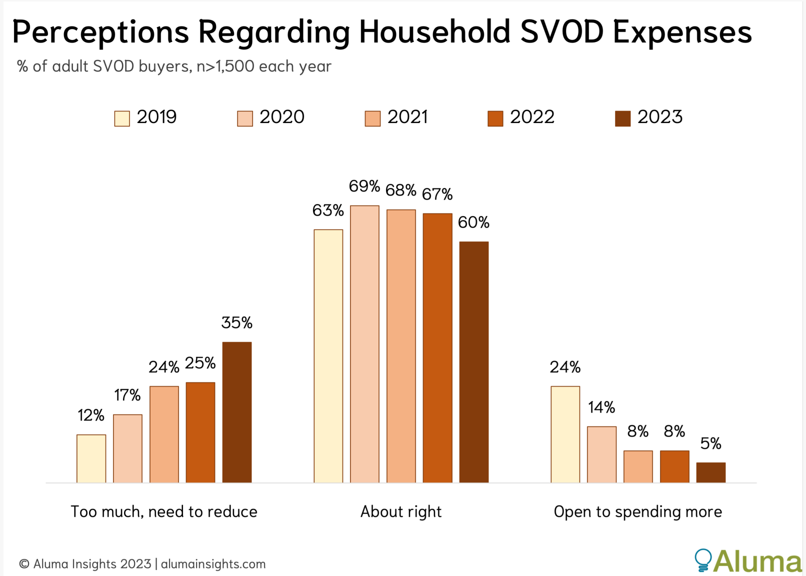
One-Third of SVOD Buyers Set to Reduce Subscription Spending

FORT COLLINS, CO, US, July 18, 2023 /EINPresswire.com/ -- New research from Aluma Insights finds 35% of subscription video-on-demand (SVOD) customers are spending too much on services like Netflix and are looking to cut back. This represents a 40% increase over last year and threefold that of 2019. Only 5% are interested in spending more on SVOD services, down 38% from 2022.



40% more SVOD buyers are likely to reduce spending compared to last year

"That only one-in-twenty SVOD buyers are open to adding a new subscription service is the latest indicator that US demand is all but exhausted," said Michael Greeson, founder and principal analyst. "This does not mean mature SVOD providers will not add subscribers, only that such additions will be fewer in number, require more aggressive promotions, and be zero-sum purchases—that is, for every new service added, another must be cancelled."

> That only 5% of SVOD buyers are open to spending more is the latest indicator domestic demand for such services is mostly exhausted."
>
> *Michael Greeson, founder, Aluma Insights*

While there remain 'green field' opportunities for SVOD providers, broadband is available to more than 90% of US households, leaving only 10% or roughly 14 million households to be served. While federal subsidies for build-outs into unserved areas may help bring many of them online, it will be years before deployments are complete. Moreover, there is no guarantee those unserved by broadband will be heavy buyers of streaming video services.

Consumers are increasingly frustrated by ever-greater monthly streaming expenses and it is only going to get worse. With most SVOD providers still bleeding cash, growing subscriptions has taken a backseat to optimizing revenue via higher prices, layoffs, and decreased content spending, among other measures. Add to this the ongoing strike of writers and actors, and it is all but certain the quality of content will decline even as prices increase.

On a positive note, inter-network SVOD bundles that combine services from competitive operators and offer subscribers a discount to standalone pricing, are finally attracting the interest they deserve. Intra-network bundles like Disney's package of Disney+, Hulu, and ESPN+ have largely run their course will take a back seat to so-called 'super bundles' that more closely resemble pay-TV services—not MVPDs per se, but app bundles that borrow several key elements of that model.

"Content owners that have long competed head to head with one another will engage in strategic bundling with competitors," said Greeson. "This is not some kumbaya moment for the streaming industry industry, but a strategic necessity for SVOD operators, much as joining cable TV bundles was for large over-the-air broadcasters more than 50 years ago. It's about survival in an hyper-competitive marketplace."

Each year, Aluma surveys over 8,000 US adults on their use of legacy and streaming media devices and services. In April 2023, Aluma surveyed 2,002 adult broadband users that watch television at home, 1,756 (87%) of which used an SVOD service. The results of this and other Aluma projects and reports are available for purchase.

About Aluma Insights

Aluma provides research-based strategic insights to video creators, aggregators, and OEMs looking to master the connected TV ecosystem. To inquire further about Aluma's services, please contact us at info@alumainsights.com.

Michael Greeson
Aluma Insights
+1 469-287-8060
email us here
