

Media & Advertising

The Outlook for Digital

This is an abbreviated version of the deck presented at EMA's Digital Media Pipeline Event on 26th September.

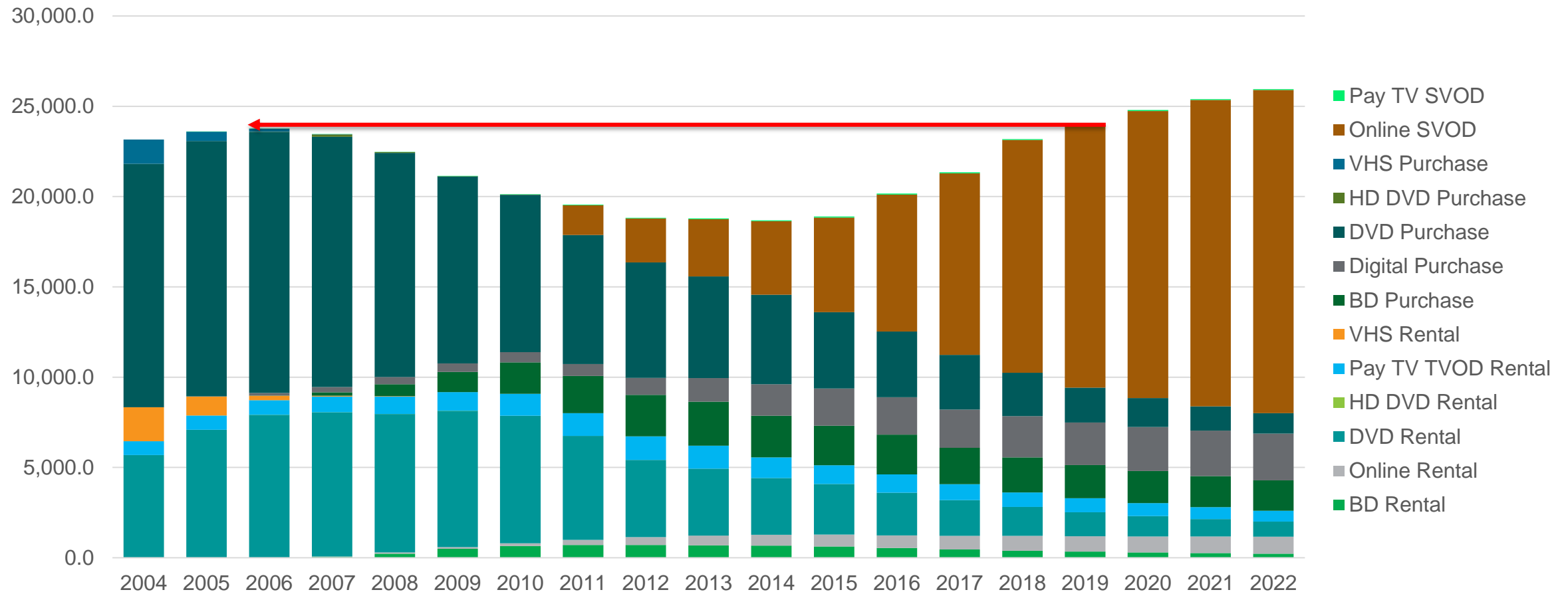
For a full version of the slides please contact dan.cryan@ihsmarkit.com

Dan Cryan, Executive Director Media & Content



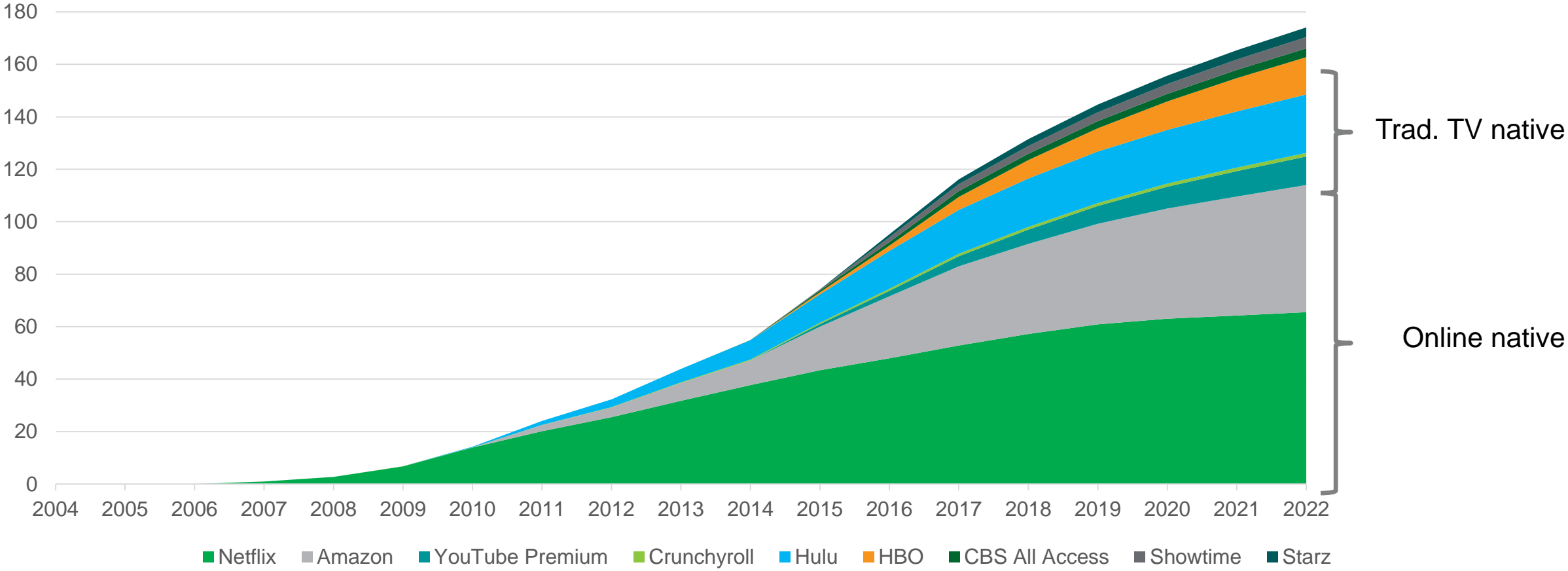
The combination of Home Entertainment + SVOD channels are on course to pass 2006's Home Entertainment peak next year

USA: Consumer spending on video excl. pay TV packages (\$millions)



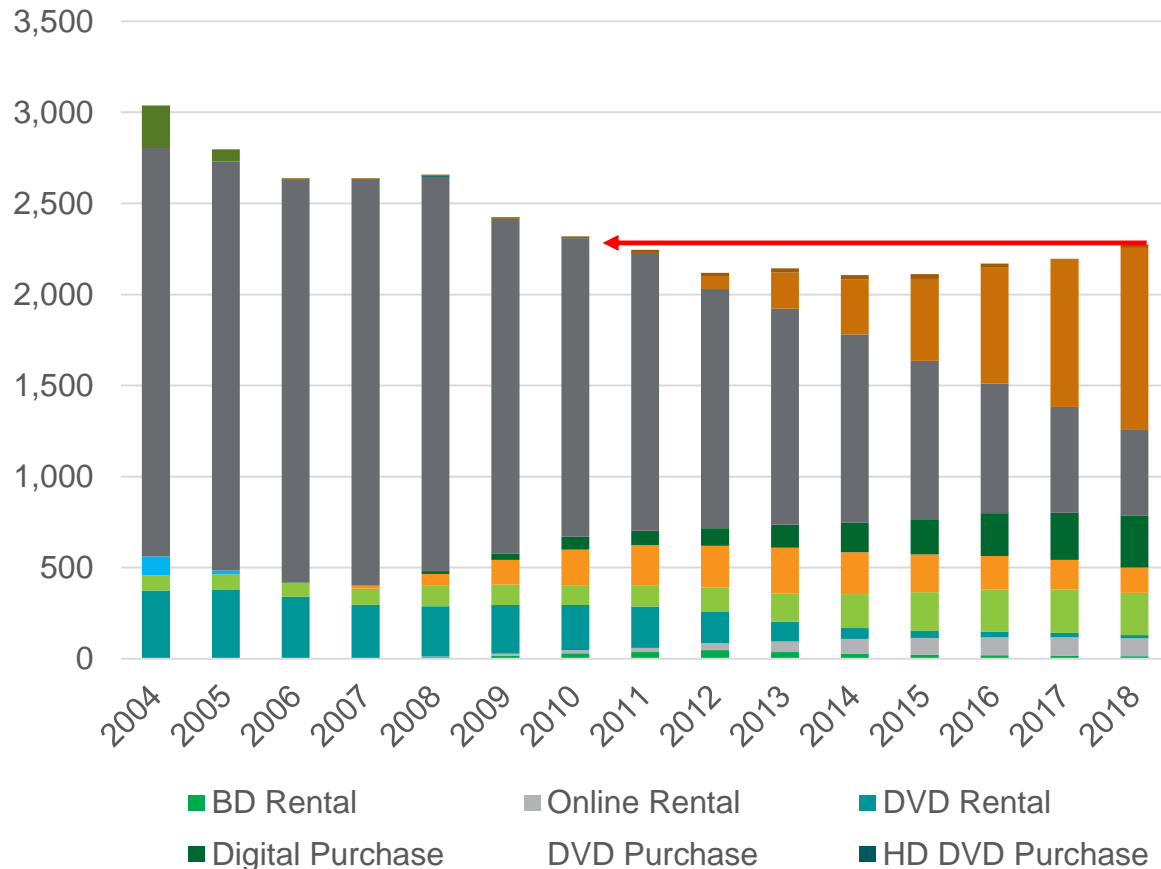
Netflix and Amazon will continue to dominate US online subscription channels through 2021

USA: Subscribers to select leading online channels (m)

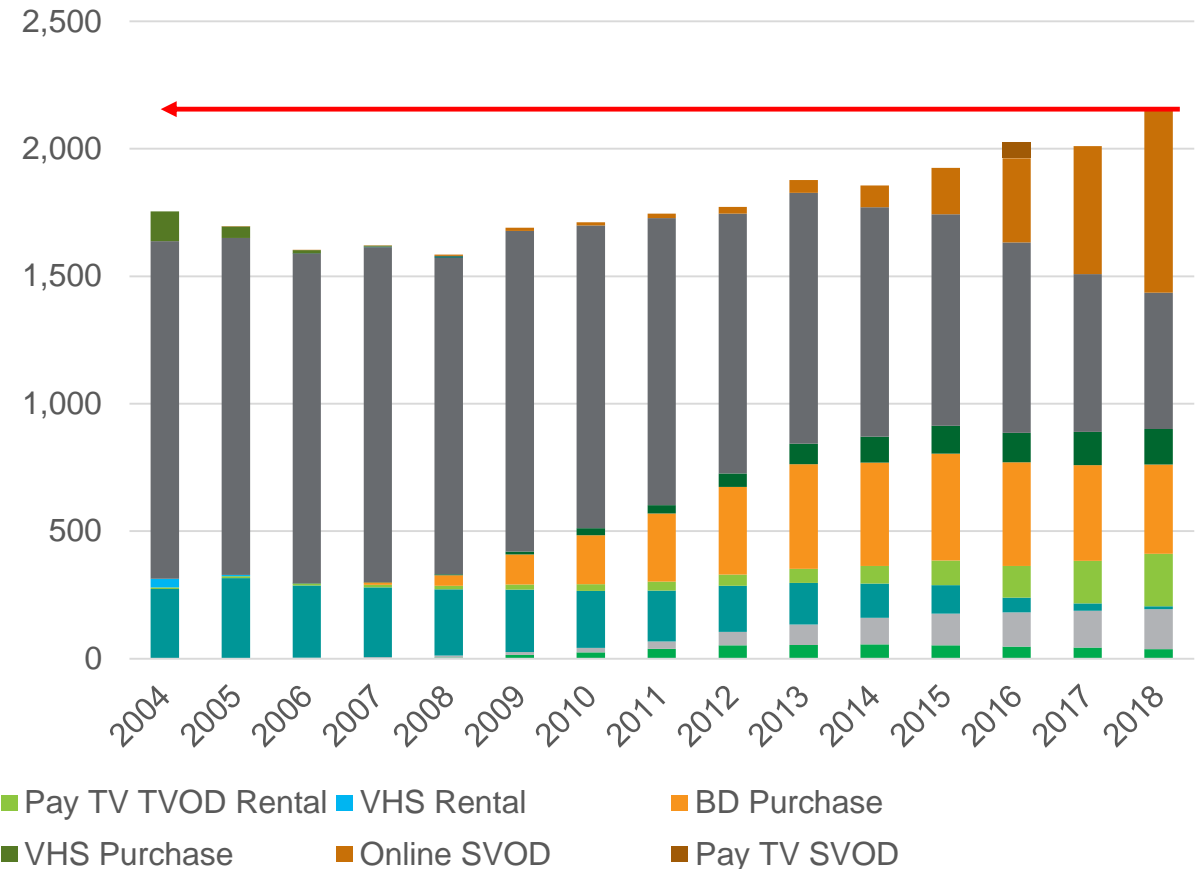


It's a similar SVOD growth story in many European markets

UK: Consumer spending on vide excl. pay TV packages (GBP millions)

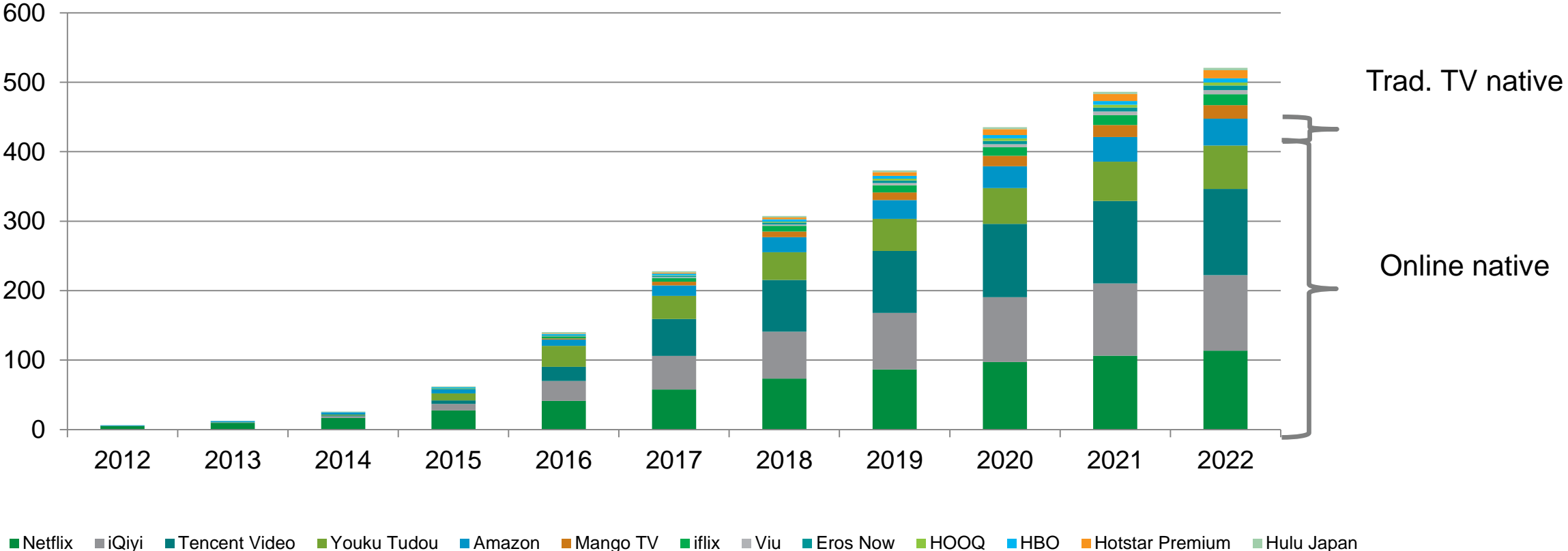


Germany: Consumer spending on vide excl. pay TV packages (EUR millions)



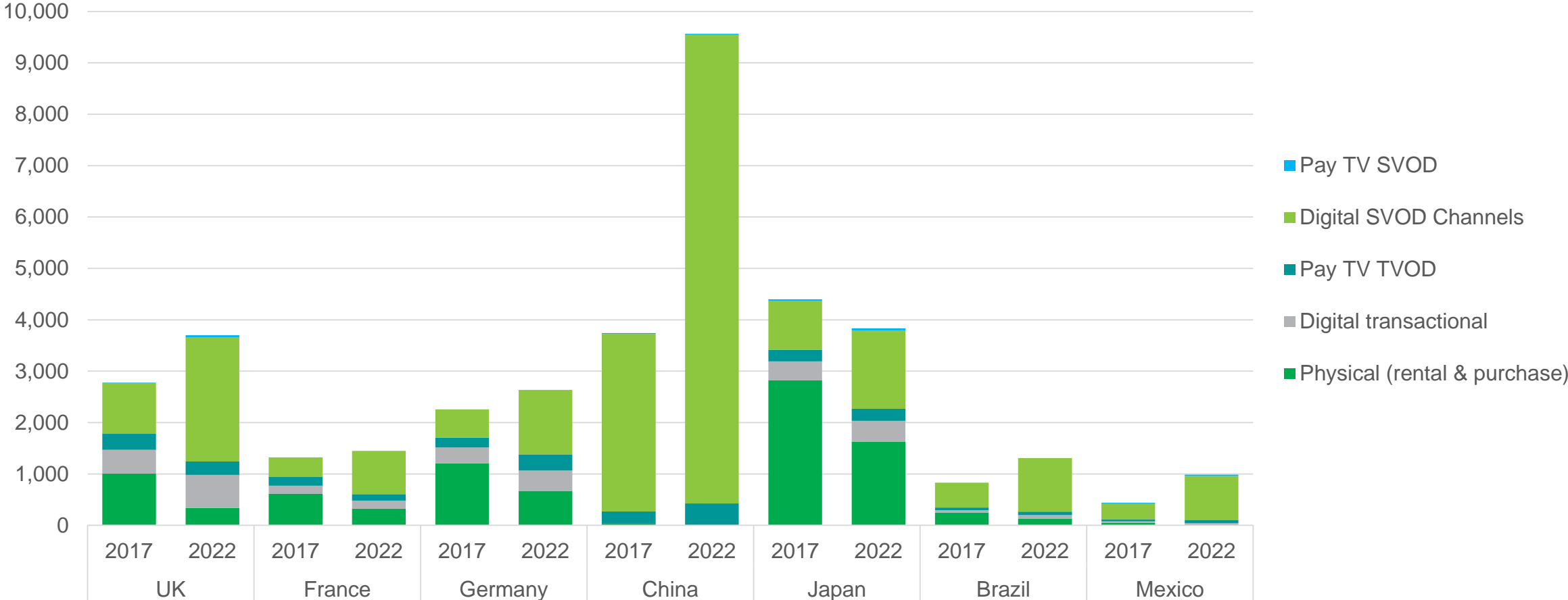
Netflix will continue to lead international subscription market, but regional players are growing strong particularly in Asia

International: subscribers to leading online channels (m)



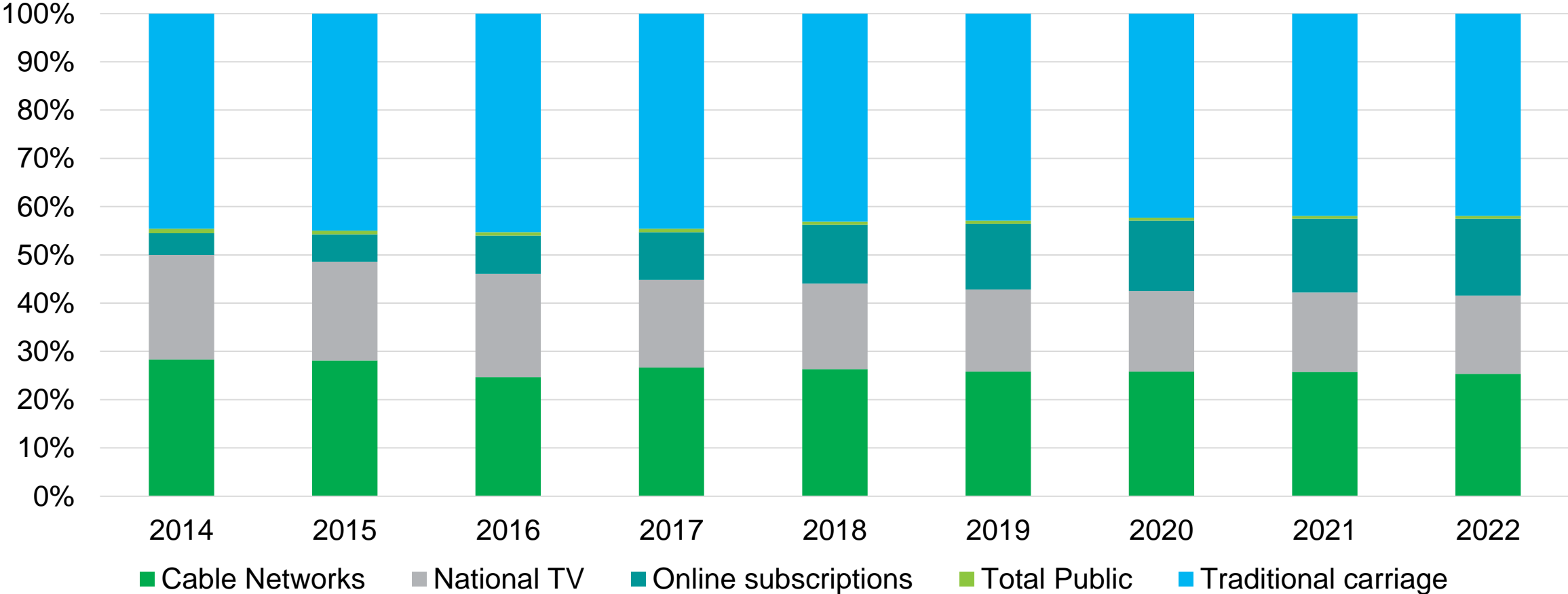
Internationally the picture is mixed, as the digital transition is progressing at different rates

Spending on video content (\$ million)



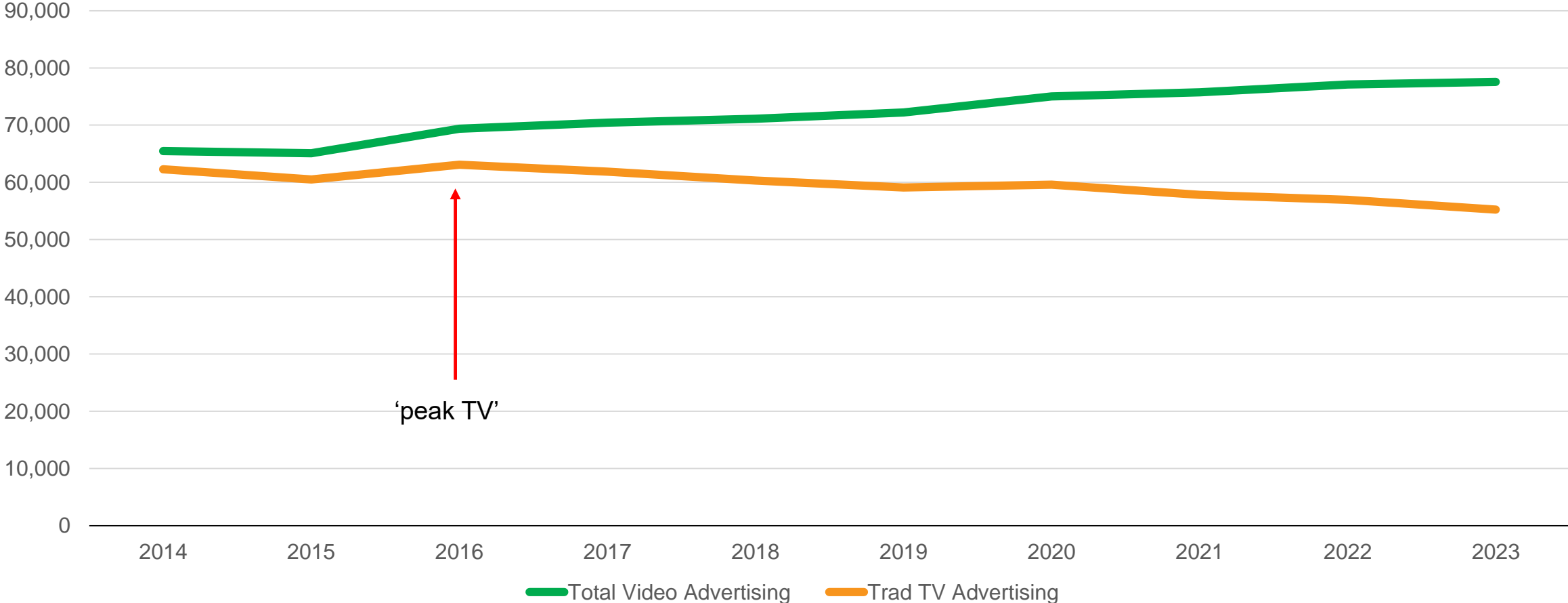
Online subscription channel revenue will be equivalent to broadcast network advertising revenue by 2022

USA: TV Channel revenue by type



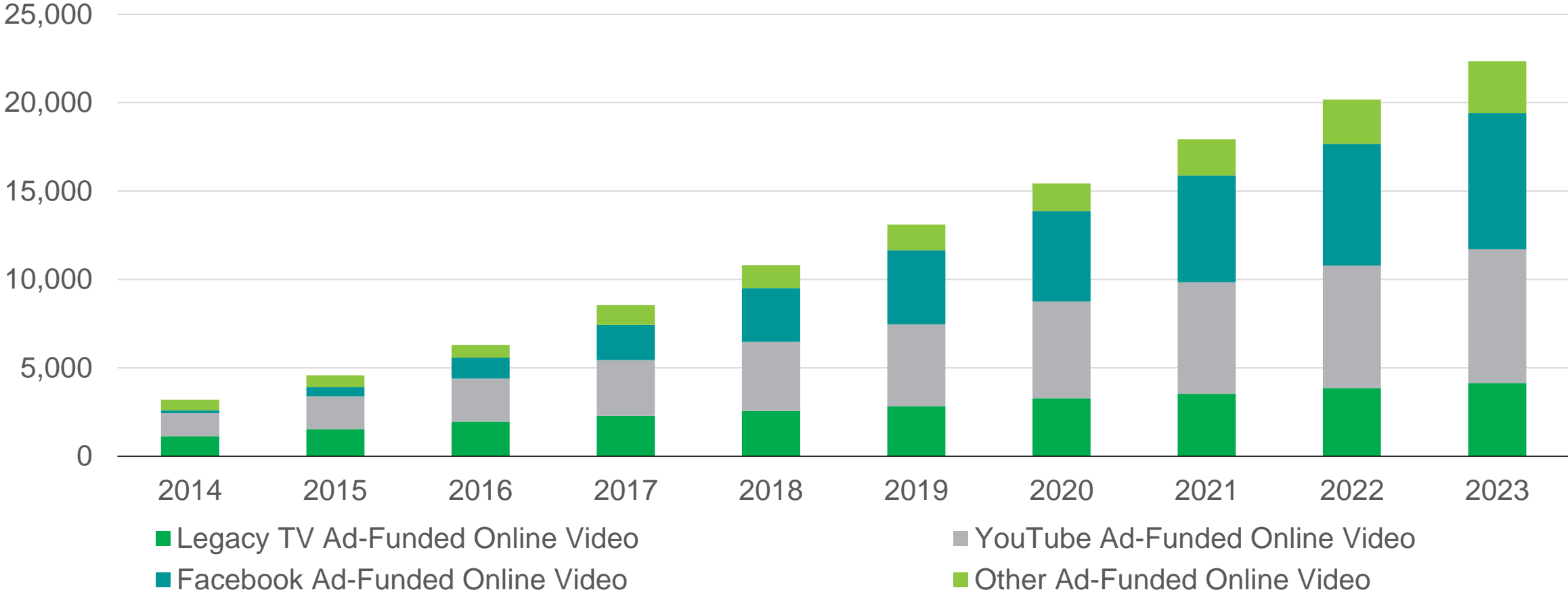
Linear TV advertising is declining, but 'total video' advertising (TV + online video) is climbing to ever new heights

Advertising Revenue: USA 'Total Video' vs TV (\$000s)



There is a fierce battle in online video as legacy TV competes with new players for both TV ad dollars and new spend from brands outside of TV

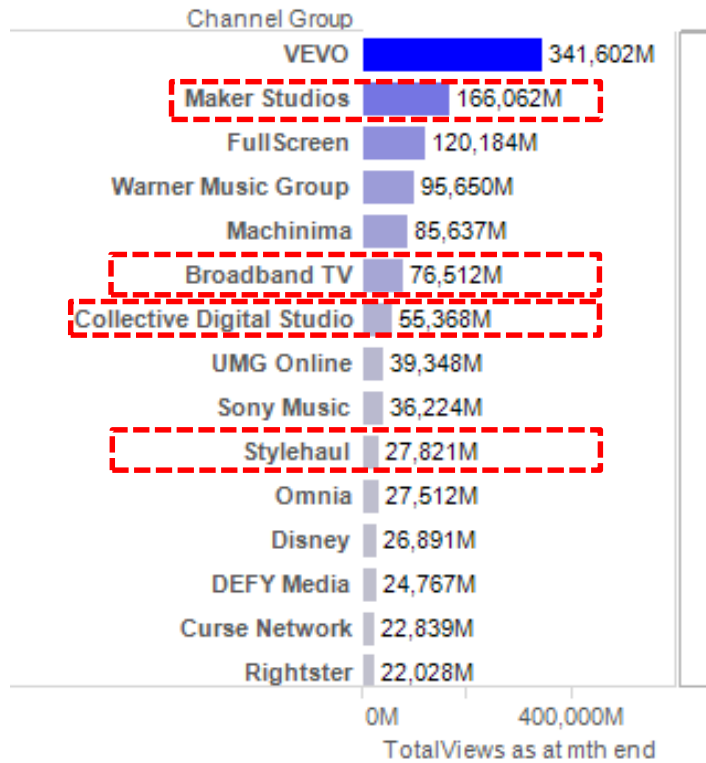
USA: Online Video Advertising Revenue by Player (\$000s)



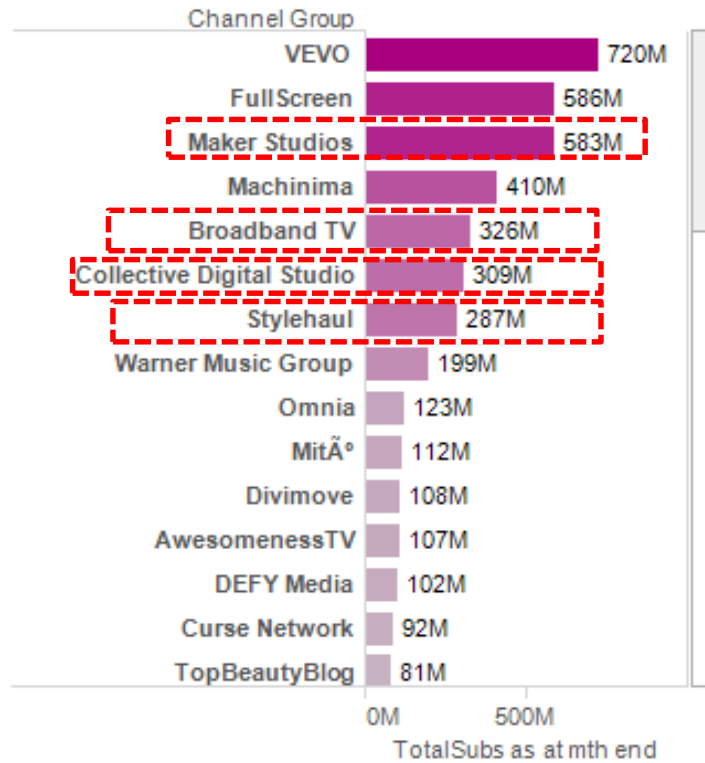
Broadcasters are diversifying, becoming some of the top aggregators on YouTube

Cumulative data to 12/2017

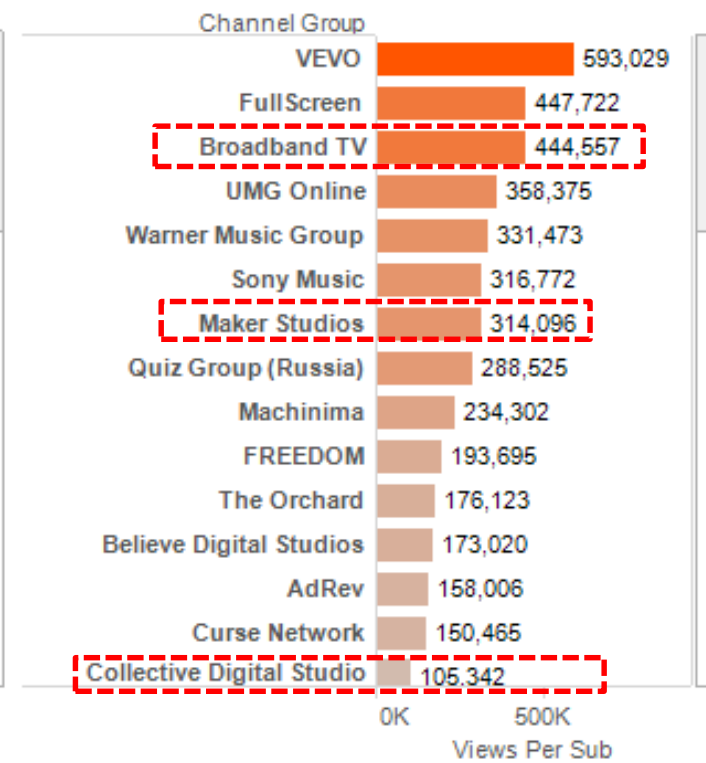
Channel Group Month End Views



Channel Group Month End Subs



Channel Group Month End Views per Sub



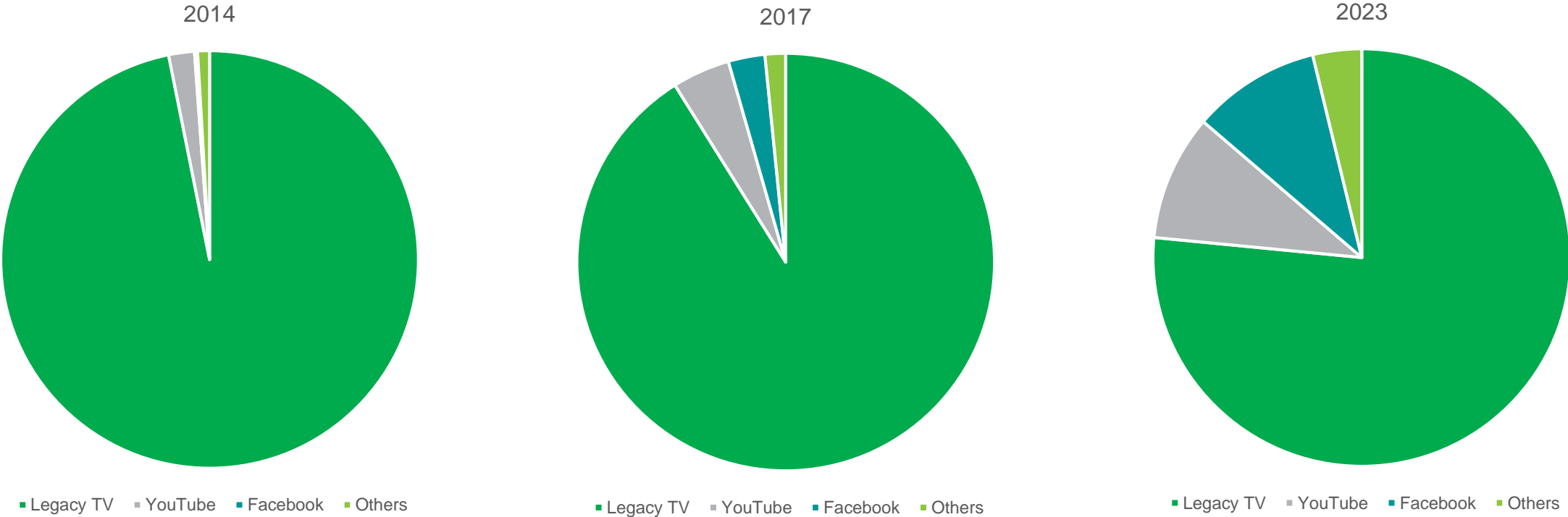
0M 341,602M

8M 720M

1,463 593,029

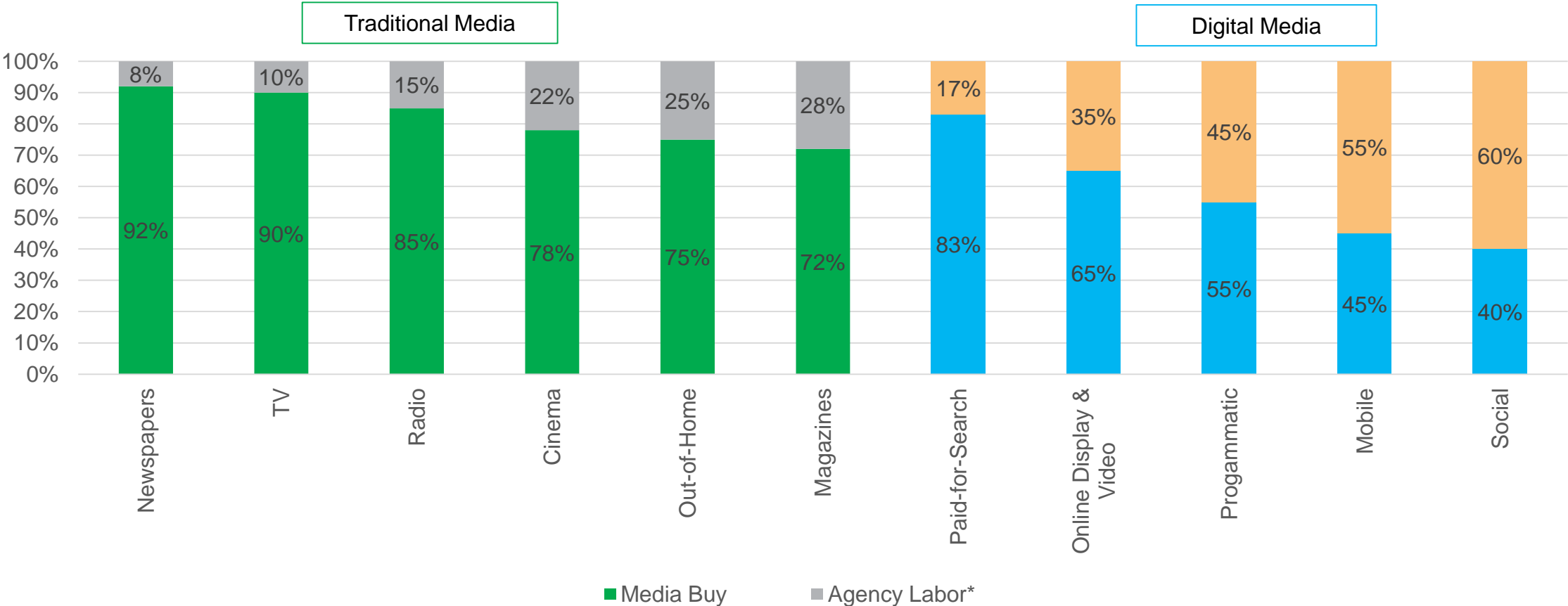
Ultimately, legacy TV will remain the first among many, but the glacial erosion of strength is unstoppable

Share of 'total video' advertising over time



Data & analytics services are key part of digital ad value, and increasingly fuel a change of cost base in traditional media (e.g. addressable TV)

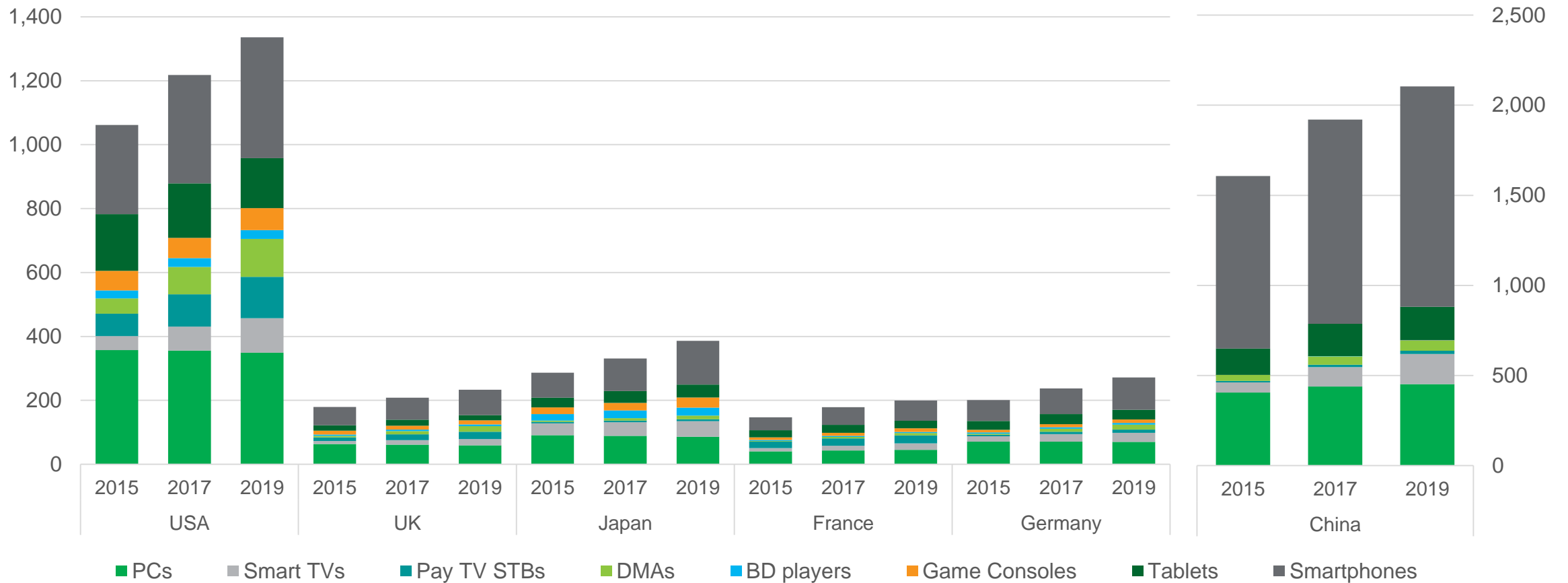
Advertising Spend Structure By Medium in 2017



*all agency production & service costs including shoot, talent, creation, advisory, planning, measurement, optimization

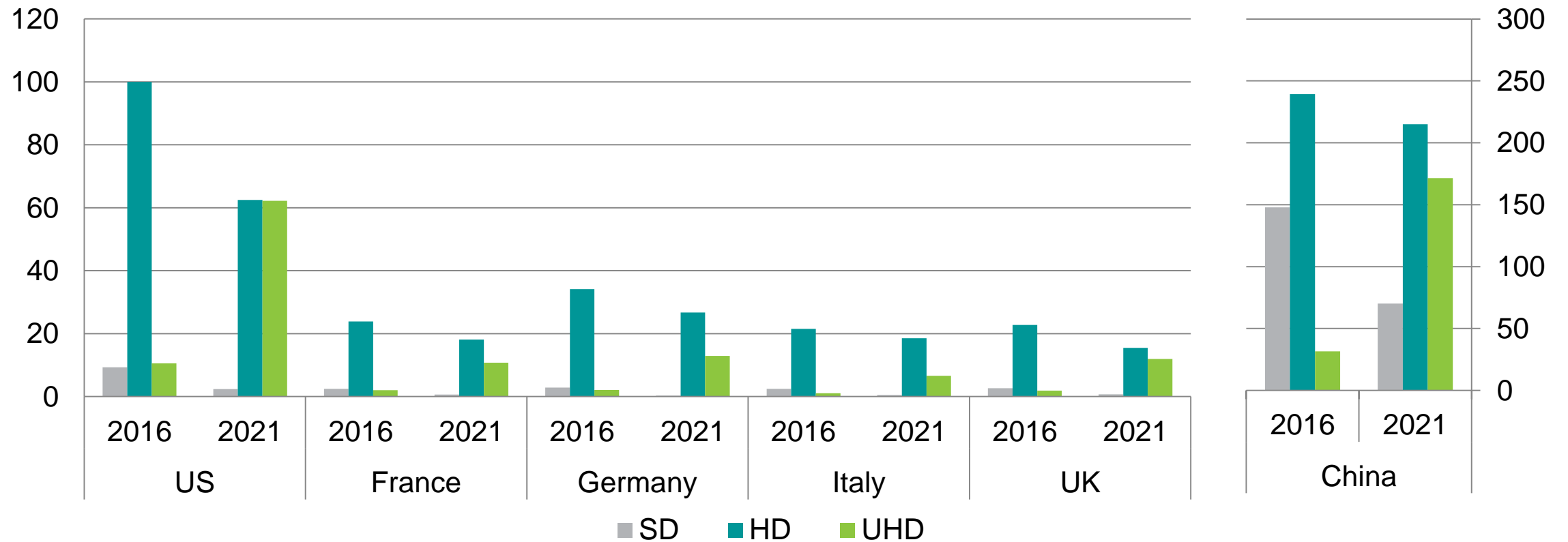
Growth in connected devices is coming from the living room, not the smartphone

Connected devices installed by type by country (m)



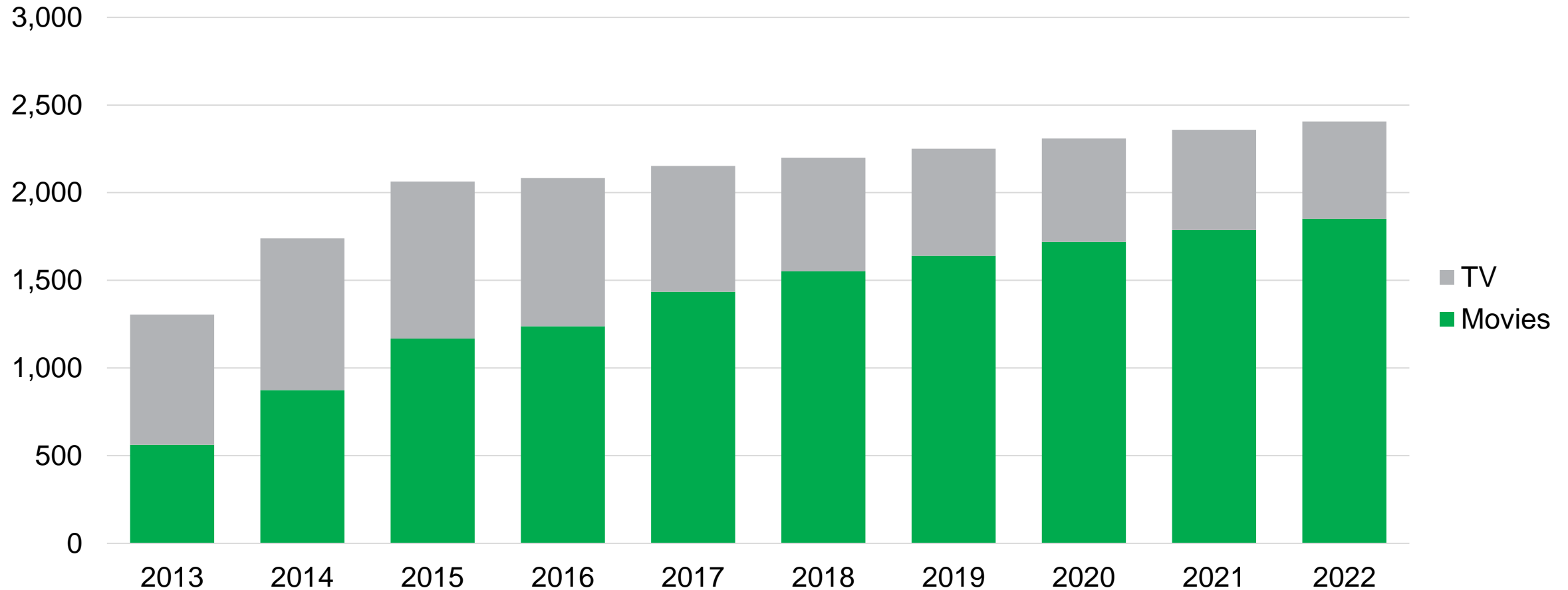
UHD TVs will be mainstream by 2021

TV Households by resolution (m)

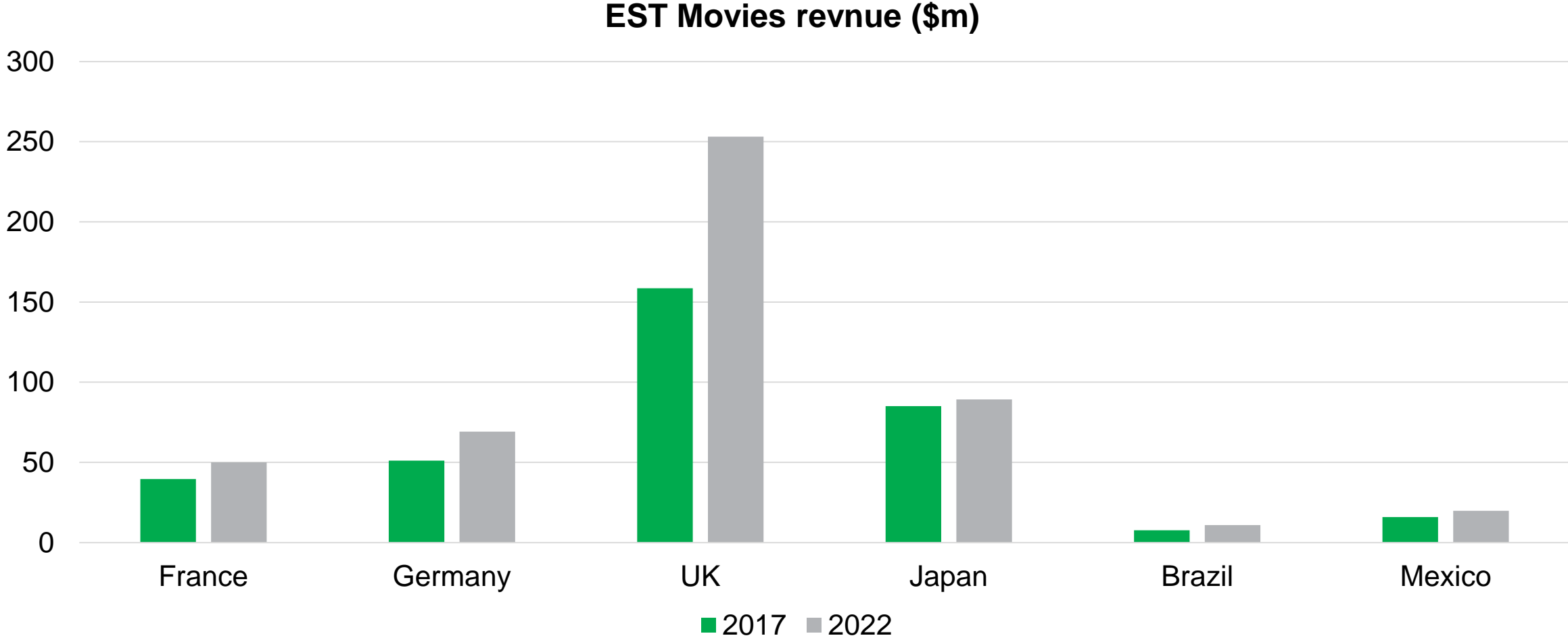


Domestically EST growth is coming from movies, not TV content

USA: Consumer spending on EST Movies % TV Shows (\$m)



Growth in international markets is uneven, and contingent on key service launches



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