Australian Government
Department of Infrastructure, Transport, Regional Development and Communications

Bureau of Communications, Arts and Regional Research

Monitoring the impact of Subscription Video on Demand (SVOD) services on the Australian content market—Overview paper

February 2021

Background

The ongoing rise of Subscription Video on Demand (SVOD) services is transforming Australia's video content landscape. The widespread and rapid growth of SVOD services has disrupted traditional business models for both the production and distribution of video content. This disruption is driving structural changes, particularly for the traditional broadcasters (including free-to-air and pay television broadcasters), and the producers of Australian video content.

The emergence of SVOD services in Australia started in 2015 with the arrival of Netflix and since that time there has been continued strong growth in the number of consumers accessing these services. Around 70 per cent of Australians were accessing SVOD services in June 2020.[1] Overall, Australians' embrace of SVOD services has seen a mixed impact across four key stakeholder groups:

- **Consumers:** Consumers have benefitted significantly from the growth of SVOD services, enjoying greater choice, more content, lower prices and the flexibility to watch what they want, when they want.
- **Traditional broadcasters:** Traditional broadcasters are experiencing greater competition for viewers. In response, traditional broadcasters have been changing their content strategies and begun competing online through Broadcast Video-on-Demand (BVOD) platforms.[2]
- **Content producers:** The impact on Australian content producers has been mixed. While SVOD services provide easier access to international markets and may be a new source of funding for productions, traditional broadcasters continue to spend more on local content than online platforms.[3] As of June 2020, Australian content makes up 1.9% of the current Netflix catalogue.[4] However, the amount of Australian content on SVOD services differs between providers.
- **Providers of SVOD services:** SVOD providers are benefitting from increased consumption of their services. Affordability and high internet penetration make Australia an attractive destination for SVOD providers, with new services, such as Apple TV+ and Disney+, continuing to enter the market. SVOD providers have also adapted their business models and strategies over time. For example, Netflix initially entered the market as a content distributor but is now a leading global content producer.

[1] Roy Morgan Single Source (Australia). Base = Australians aged 14+

[2] Senate Environment and Communications References Committee, Parliament of Australia, *Economic and cultural value of Australian content on broadcast, radio and streaming services* (March 2019).

[3] See Screen Australia, Drama Report 2019/20.

[4] Calculated from Ampere Analysis as the percentage of distinct titles with Australia as the primary production country relative to the total distinct titles.

Given the effect that the growing appeal of SVOD services is having on consumers, markets and regulators, the Bureau of Communications, Arts and Regional Research (BCARR) will continue to monitor how the market is evolving.

Ongoing monitoring of trends in the Australian video content market

The BCARR is publishing a set of key data and findings on a six monthly basis over the next 1-2 years, commencing February 2021 to monitor trends and developments in the Australian video content market and the impact of SVOD services on the market.

The chart pack will show trends in Australia's video market as SVOD providers refine their business models and strategies, while traditional producers and distributors adapt their own structures and strategies. This series is intended to provide insights for stakeholders and help inform effective policy development.

Composition of the monitor

The monitor includes a range of data, charts and insights relating to consumers, content and production. The monitor provides a set of core data and charts which are updated for each release, and charts to highlight emerging issues. The monitor is accompanied by a brief summary of the key features from the release.

Core data and charts

1. Take up of SVOD services in Australia
   1.1 SVOD access numbers by service
   1.2 Awareness of VOD services
   1.3 Proportion of Australians viewing Free-to-Air (FTA) TV and Pay TV/SVOD services

2. SVOD consumer demographics
   2.1 Take up by age and gender

3. Overall content availability
   3.1 Number of titles on Australian SVODs, by platform

4. Australian content availability on SVODs
   4.1 Number of Australian titles on SVODs, by platform

5. Characteristics of SVOD content
   5.1 Primary production country of SVOD content
   5.2 Primary genre of SVOD content

6. Export of Australian content to foreign SVODs
   6.1 Number of Australian shows on foreign SVODs
   6.2 Top 10 countries by Australian SVOD content
   6.3 Genre of Australian shows on foreign SVODs

7. Australian production data
   7.1 Top commissioners of Australian TV shows, by Video-on-Demand (VoD) or liner
   7.2 Genre of Australian TV show commissions

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