



Media Consumer Survey 2020

The Iso Edition



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2020: An alternate entertainment reality

Over the years, Deloitte's annual Media Consumer Survey has largely focused on the growing role of digital in the way that Australians access, engage with and consume media and entertainment. In many cases the adoption and impact has been rapid and game changing. Music downloading and streaming changed the way we discover, 'own', and listen to songs and albums. We have on-demand subscription access to movies and TV across multiple devices, heralding new players and models in content creation. Australian sports fans can watch sports such as AFL, soccer, netball, and NRL through apps and streaming services.



But while digital has become a critical part of the sector, physical and live experiences have remained an integral part of the ecosystem. It's hard to imagine a music industry without gigs and festivals, a movie industry without cinemas, or a sports industry with no cheering fans.

When much of Australia went into lockdown in March due to COVID-19, complete with physical distancing and social gathering restrictions, the unimaginable quickly became a reality. The live Australian media and entertainment sector, like so many others, began to resemble a disaster movie. Cancelled events, shuttered performing arts spaces, empty sports stadiums and reduced seasons, delayed movies and cinema closures... 2020 has already had it all. As we've settled into our homes, our lounge rooms have become the centre of our social calendars and digital has taken a starring role in keeping us informed and entertained.

Deloitte's ninth Media Consumer Survey focuses on consumer behaviours specific to the lockdowns and restrictions in much of Australia between March and May 2020. We delve into how behaviours shifted, which ones may have a lasting effect, and what the intentions of consumers are as restrictions begin to lift.

At a time when much of the industry was forced to rely almost solely on digital channels to reach consumers

and audiences, the survey offers a tantalising snapshot. This includes a spotlight on some of the challenges and opportunities ahead as the media and entertainment industry reshapes, rebuilds, and reforms. It was, and in some cases continues to be, a time when many hesitations, perceived limitations, and preconceptions were tested:

- Can Australia sustain multiple streaming video services, and will growth come from expanding the market size or increasing the market's appetite?
- Can live-streaming be a viable revenue stream for our music and performing arts sectors?
- If, given the chance, would we all watch blockbusters in the comfort of our home, or is the cinema experience still our choice of screen?
- Will sport embrace the content and fan experience innovations that arose during COVID-19, or is it back to normal as live fixtures return?

2020 will continue to challenge the Australian media and entertainment industry, forcing audiences, consumers and sectors beyond their traditional comfort zones. This year's survey provides a snapshot of consumer behaviour in this alternate entertainment reality.



About this survey

Focused on four generations and five distinct age groups, the 2020 edition of the Media Consumer Survey provides a view of how people were consuming media and entertainment during the COVID-19 lockdown restrictions in Australia from March to May 2020. We explore how the behaviours, preferences and trends during restrictions are influencing the industry as well as how they may have a lasting impact on the future.

This is the ninth consecutive year of undertaking this research in Australia. The survey is undertaken annually by an independent research organisation using self-reported survey data from more than 2,000 consumers surveyed in Australia. Each year the survey is run, new questions or response options are added and some older questions or responses are removed. This allows us to explore the new and emerging behaviours and trends in media and entertainment consumption. This year we focused predominantly on the context of the lockdown restrictions, adjusting the question set accordingly and conducting our survey earlier than in prior years, and as such some of the usual trend data is not available for comparison to previous years.



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Survey participant age groups



Trailing Millennials
14 – 30



Leading Millennials
31 – 36



Xers
37 – 53



Boomers
54 – 72



Matures
73+



Consumer snapshot

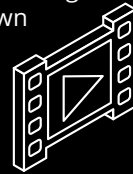


In-activity: what's emerging?

Content at home – hours spent per week

	Before COVID-19 restrictions	During COVID-19 restrictions	After (intended) COVID-19 restrictions
Watching movies/shows (free service)	6.0	7.4	6.2
Social media	4.9	6.2	4.9
Watching movies/shows (paid service)	4.7	6.5	4.9
Listening to music	4.6	5.2	4.8
Radio	4.4	4.3	4.4
Keeping up with the news	4.0	5.1	4.2
Watching sport	2.8	1.2	2.8
Gaming	2.4	3.3	2.5
Podcasts	0.6	0.8	0.8

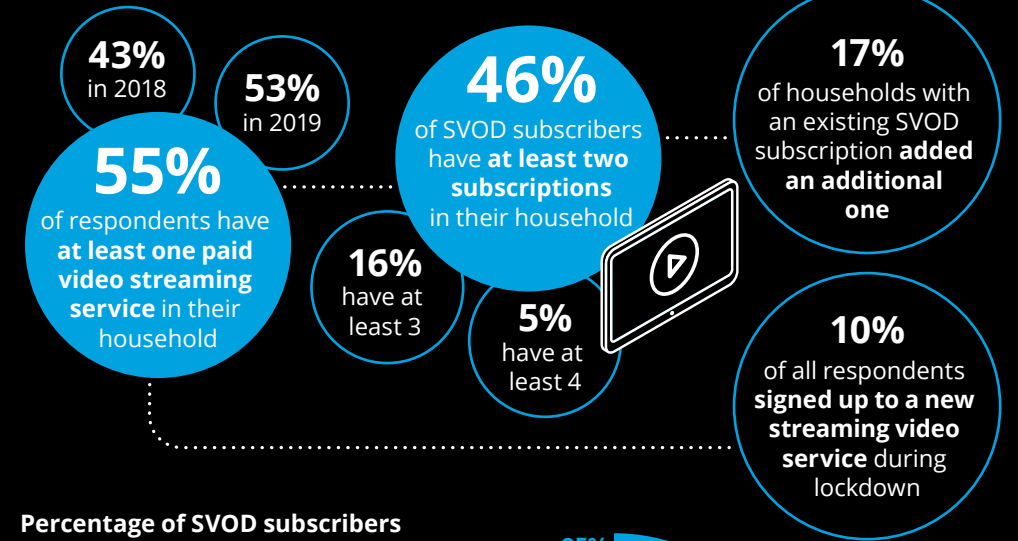
24% of respondents signed up to a new entertainment or digital communication service during lockdown



7x more people signed up for a new service than unsubscribed from one they already had



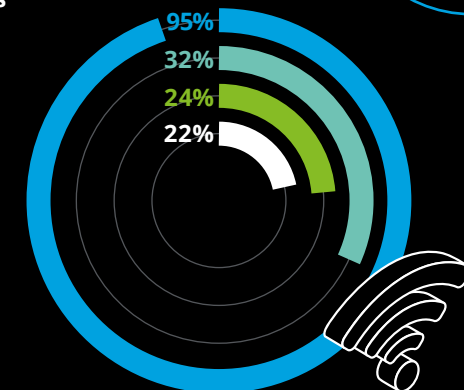
SVOD services



Percentage of SVOD subscribers respondents reported having:

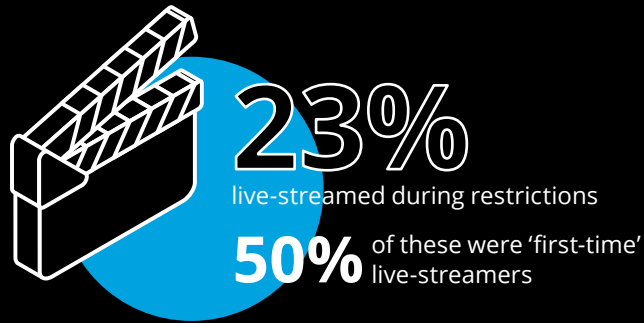
- a Netflix subscription
- a Stan subscription
- an Amazon Prime subscription
- a Disney+ subscription

39% increase during restrictions in the hours spent watching paid movie and television streaming services

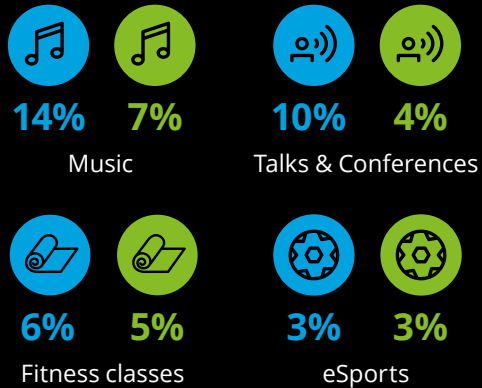


In-activity: what's emerging?

Live-streaming



Most popular live-streaming genres

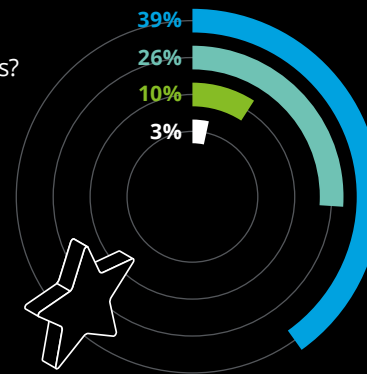


● People that live-streamed
● Would pay to live-stream

Cinemas and movies

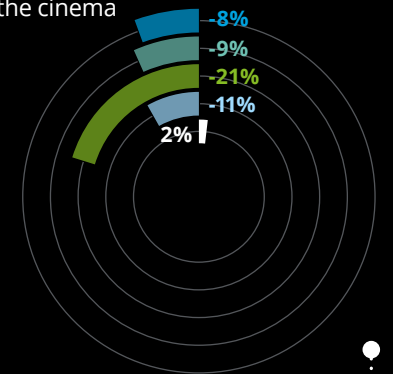
When restrictions are over, where would you choose to watch new blockbuster movies?

- At the cinema for the cost of a ticket
- At home 3-6 months later on a paid subscription service
- At home 6-8 weeks later for around the same price as a movie ticket
- At home at the same time as a cinema release for more than the cost of a ticket

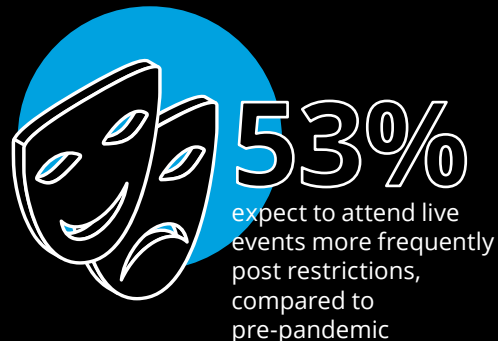


Change in hours spent at the cinema (pre-restrictions compared to intended time after restrictions)

- Trailing Millennials
- Leading Millennials
- Xers
- Boomers
- Matures

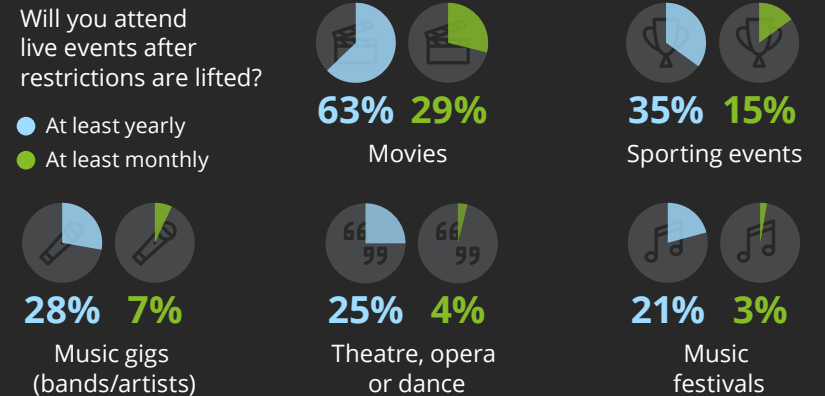


Live events



Will you attend live events after restrictions are lifted?

- At least yearly
- At least monthly



In-activity: what's emerging?

● Sport

Sport fans time spent watching sport (hours per week)



Before COVID-19 restrictions



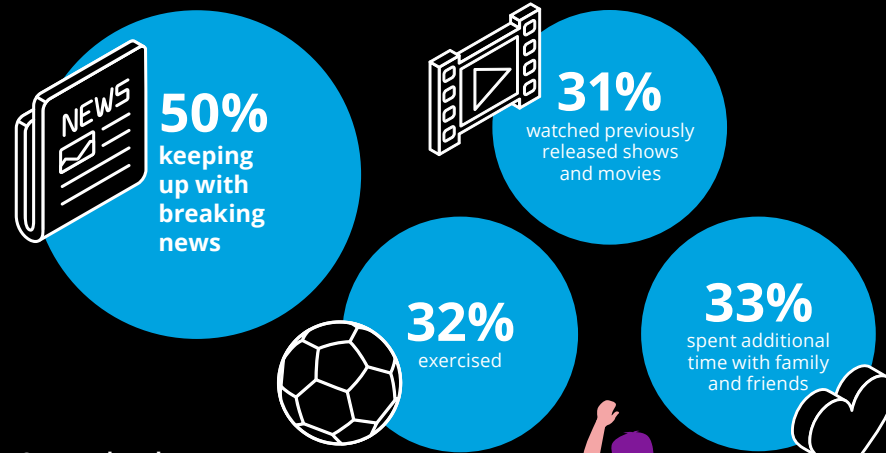
During COVID-19 restrictions



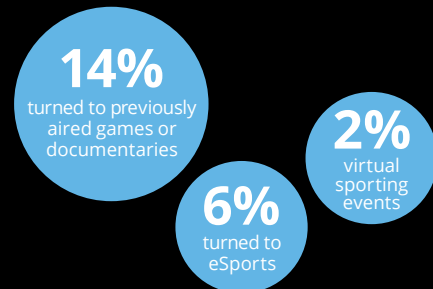
After (intended) COVID-19 restrictions

What did people replace their live sport viewing time with?

Not sport related

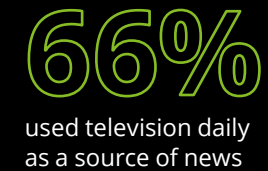


Sport related



● News

Top news sources during lockdown

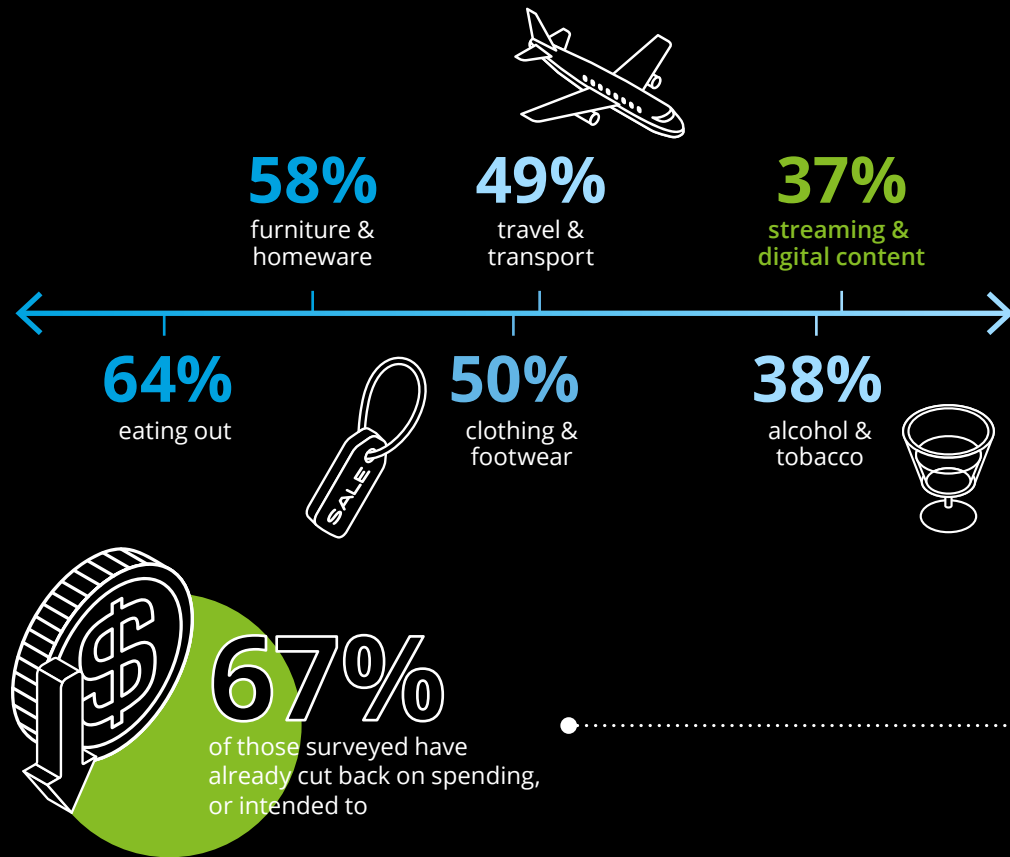


How has your engagement with news changed over COVID-19 restrictions?

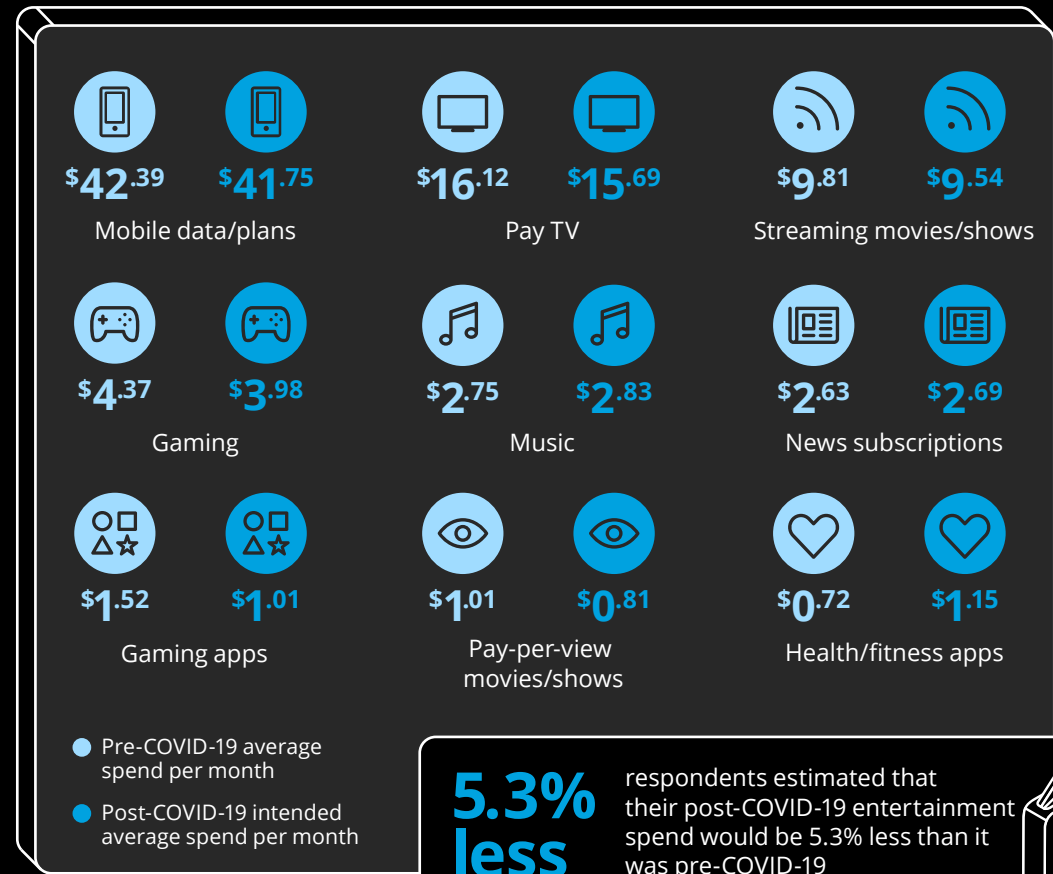


What happened to our spending?

• What would we cut down on post-restrictions, if we had to reduce spending?



• Average monthly spending



5.3% less respondents estimated that their post-COVID-19 entertainment spend would be 5.3% less than it was pre-COVID-19



Does age matter?

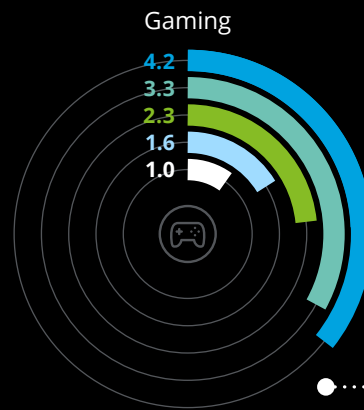
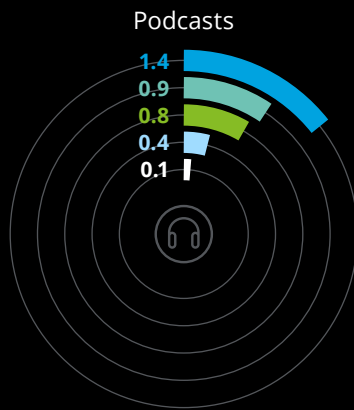
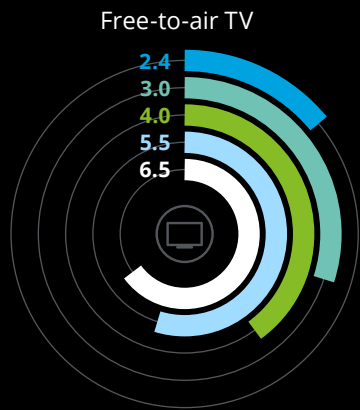
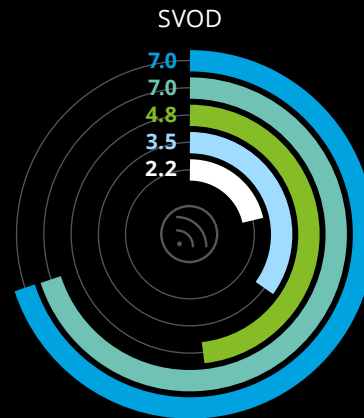
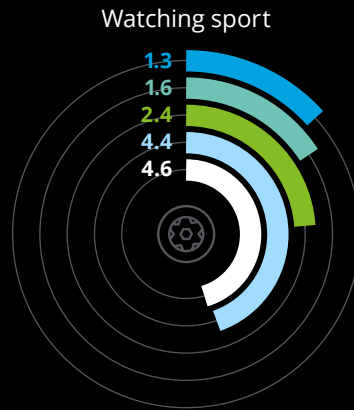
A generational comparison



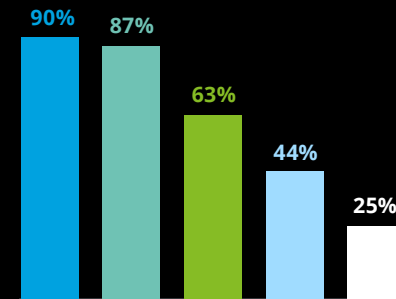
Intended weekly entertainment time breakdown (hours) after restrictions are lifted

Age groups (hours per week)

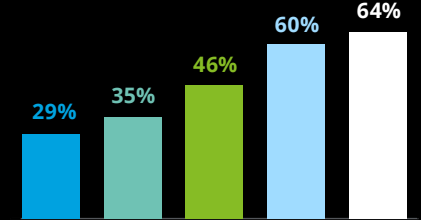
- Trailing Millennials: 14-30
- Leading Millennials: 31-36
- Xers: 37-53
- Boomers: 54-72
- Matures: 73+



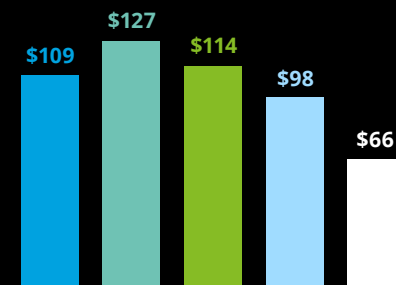
● Paid SVOD ownership



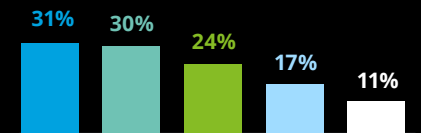
● Watch sports at least weekly



● Total household spending on entertainment*



● Attended a live-streamed event during the pandemic



Age groups

- Trailing Millennials: 14-30
- Leading Millennials: 31-36
- Xers: 37-53
- Boomers: 54-72
- Matures: 73+

*Generational numbers show total household spending where at least one person from that generation is present

News: 2020's must-see TV



News: 2020's must-see TV

As the events of 2020 unfolded, many of us found ourselves bingeing on unexpected content. From bushfires to a global pandemic, news became a part of Australian's daily routine and this was reflected in an overall increase in the consumption of all news sources across all demographics during the lockdown.



Over a third of respondents **watched television news multiple times** a day during lockdown

Press conferences became appointment viewing during lockdown, and television was the biggest winner with 90% of respondents using it to get news. Sixty-six per cent of respondents used television as a daily source of news, and over a third used it multiple times a day. This daily use was largely driven by the Boomers (85%) and Matures (90%), with the Trailing Millennials and Leading Millennials not as hot on the remote (44% and 52% respectively). Increased watching of television news was consistent across all demographics, with more than 41% reporting using television more as a source of news during lockdown.

When not glued to the larger screens in our living rooms, we were tapping away at our smaller ones. Online news websites (other than online newspapers) were used daily by 42% of respondents, with 40% saying they used them more in lockdown. Thirty-eight per cent of respondents used Facebook daily for news, and 21% checked Facebook multiple times a day for news, perhaps reflecting the need to socially connect in the context of social restrictions. Thirty-two per cent reported using Facebook more for news during lockdown.



A new hierarchy of needs



Back to basics

It is difficult to discuss the impacts of 2020 without exploring the broader economic landscape. The ongoing effects of lockdown laws made many get back to basics. And economic conditions mean we might stay focused on them for a while with 67% of those surveyed having already cut back on spending or intending to.

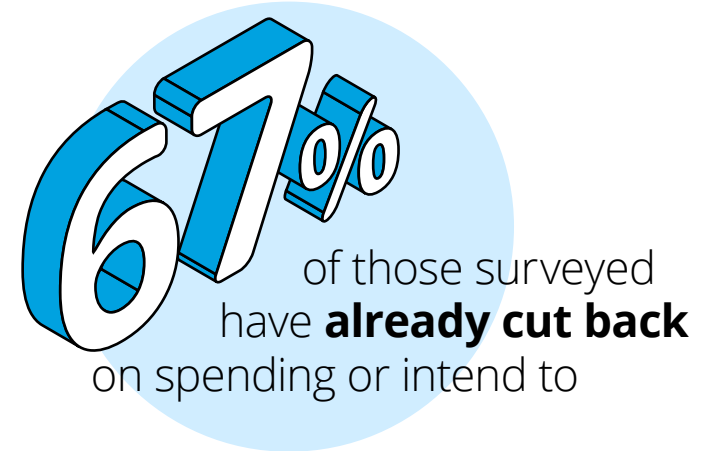
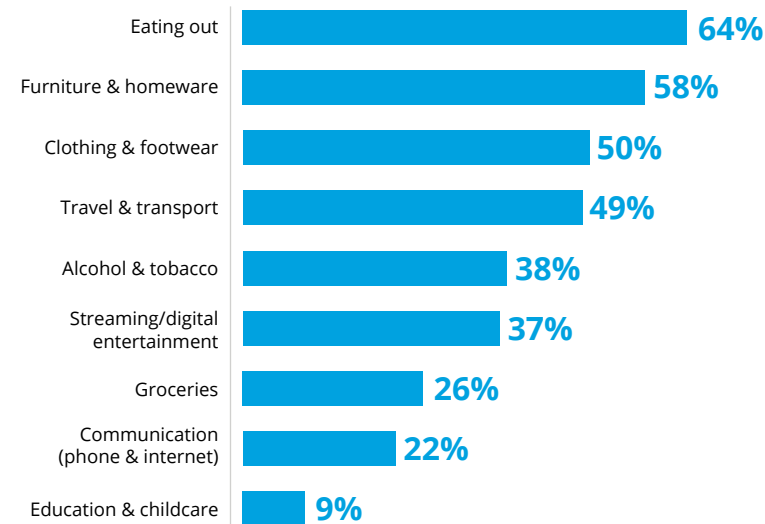
But what are the basics?

Even though one third of Australians are worried about their ability to pay expenses, it turns out that entertainment is something we just can't go without. In fact, more people are willing to cut back on clothes than they are on streaming, and more people are willing to compromise on groceries than on data.

It seems like what used to be a little luxury is now a new necessity. While households on higher incomes are more likely to spend on entertainment, nearly two in five households with incomes under \$20,000 are purchasing an entertainment streaming service.

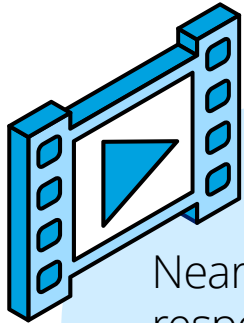
After the COVID-19 lockdown restrictions are over, if you had to reduce your spending, which categories of spending would you cut back on first?

(% who ranked option at all)



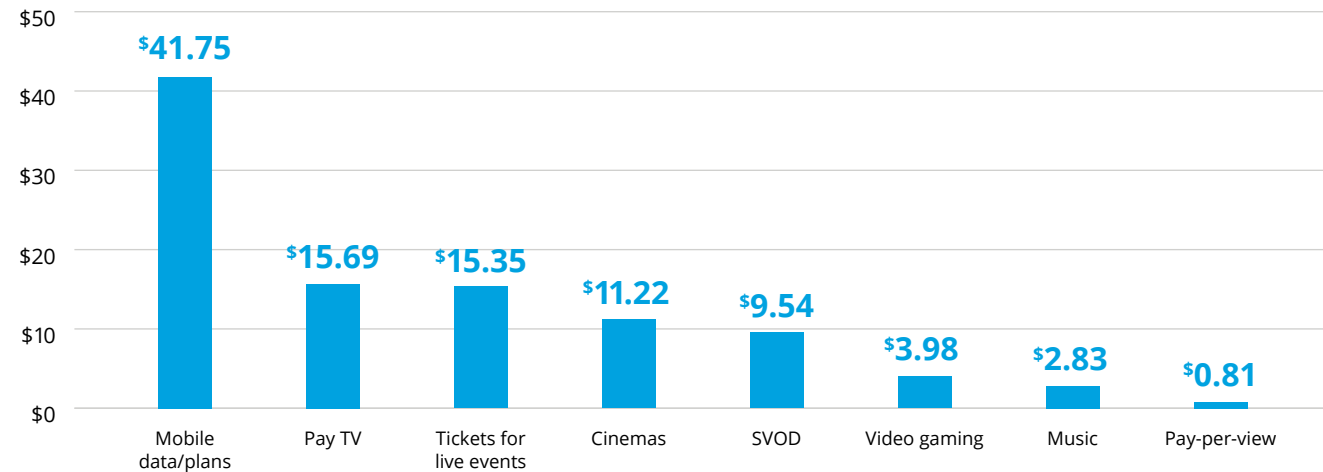
Winning the hip pocket

Time at home meant time to experiment. Nearly one quarter of Australians (24%) signed up for a new entertainment or digital communication service during lockdown. Even though production activity slowed, and sports stopped, 7 times more people signed up for a new service than unsubscribed from one they already had.



Nearly one quarter of respondents **signed up for a new entertainment or digital communication service** during lockdown

Average expected monthly spending per household on various entertainment services after lockdown.



Of course, there have been winners and losers. While 8% are spending more on streaming services and entertainment, 27% of respondents say they are spending less on sport; perhaps to be expected given the lack of live sporting events during this time.

Australians are mostly looking to maintain their entertainment diets. But, on average people are expecting to spend less on entertainment going forward than they did before lockdown. As belts tighten, the media and entertainment industry will need to do more to maintain their share of the wallet.



**“I woke up and
it was all a stream”**



Isoscriptions

As reverberations from COVID-19 rippled across the globe, life as we knew it changed. Australians, for the most part, found themselves indoors wondering how we'd so quickly gone from the good place, to the bad place. It's hardly astonishing how the role of entertainment, particularly household entertainment, got amplified.

39% increase during restrictions in the hours spent **watching paid** movie and television **streaming services**

With consumers staying home thanks to the first global pandemic of the digital age, it came as little surprise where their attention turned to. Lockdown restrictions saw a huge 39% increase in the hours spent watching paid movie and television streaming services, as we turned to digital entertainment to fill the gap in our social calendars.

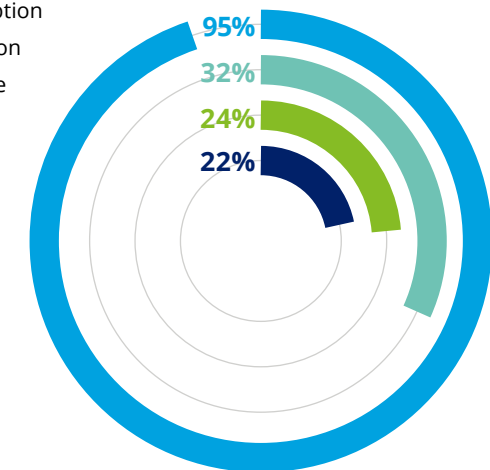
Australia's appetite for subscription services continues to grow, with 55% of respondents having at least one paid video streaming service in their household. It represents continued growth, but at a slower rate than in previous years when compared to 53% in 2019, 43% in 2018 and 32% in 2017. It hints that future growth will come from the addition of new services by existing subscribers, and 2020 certainly gives us a clue as to the opportunities in this regard. We developed a huge hunger for 'Isoscriptions', with 10% of all respondents signing up to a new streaming video service during lockdown. This rate was almost double amongst those who already had at least one service, where 17% of those added an additional one. Leading Millennials were the most likely to add a new service, with 18% doing so followed by Trailing Millennials (15%) and the Xers (10%).

There seems to be little room for Netflix to capture more of the existing subscriber market, with 95% of all streaming service subscribers indicating they are

active paying subscribers. This leaves the opportunity for the other players to expand their subscriber bases in the existing market. Thirty-two per cent of those with streaming services have Stan, followed by Amazon's Prime Video (24%) and newcomer Disney+ (22%). Disney+ has had a strong entry year; in the six months since its Australian launch it is hitting similar subscription numbers to what Stan (26% in 2018) and Amazon Prime took three years and two years respectively to reach.

Percentage of SVOD subscribers, respondents reported having:

- a Netflix subscription
- a Stan subscription
- an Amazon Prime subscription
- a Disney+ subscription

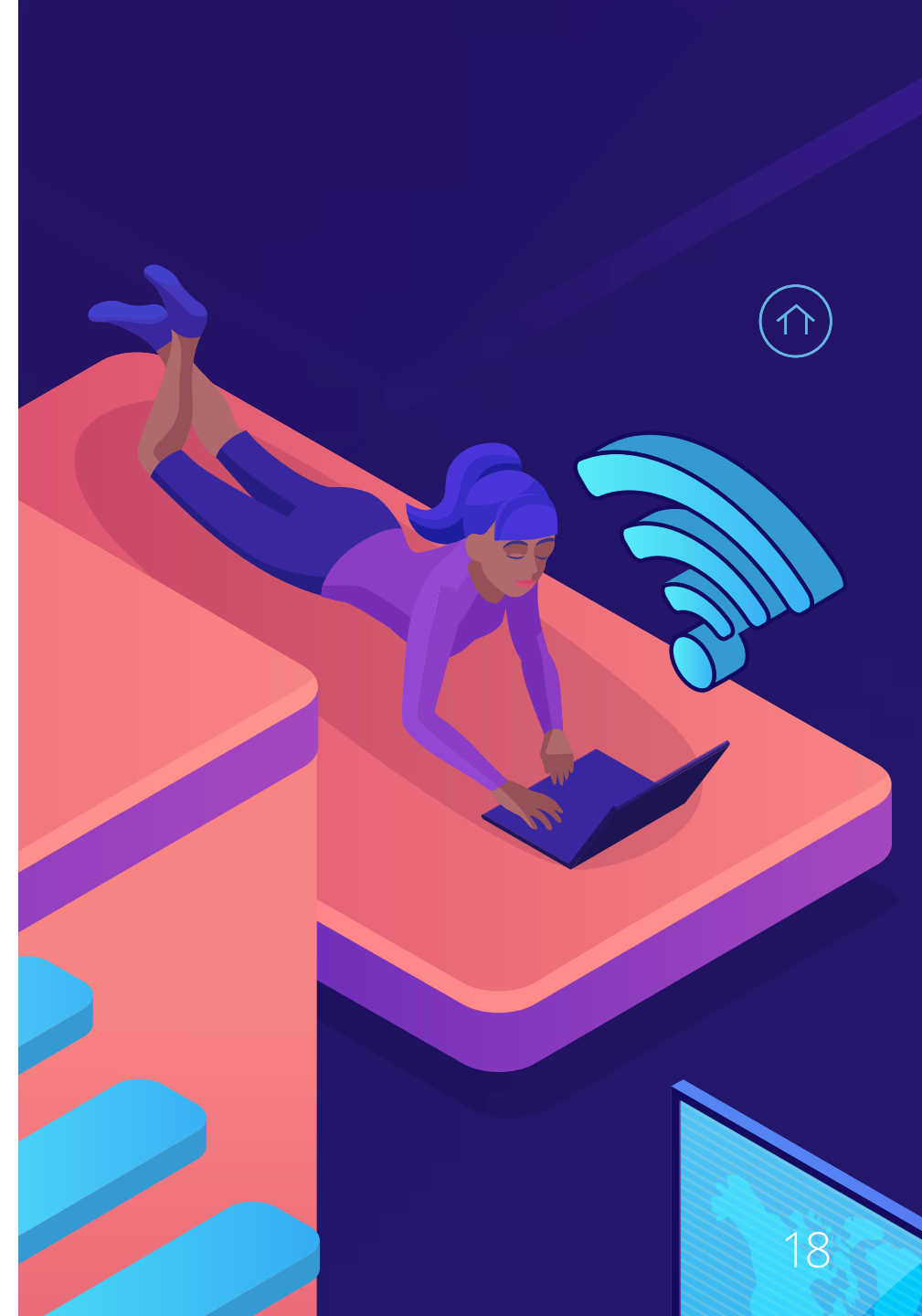


Isoscriptions *(continued)*

The spike in new subscriptions for each service during the lockdown period gives us some insight into possible further growth. The restriction period of March to May saw rapid growth across the four leading services, but there were some clear winners. Netflix experienced a 7% increase from our respondents, which is impressive, but they are of course starting from its position of clear market leader. The lockdown period particularly provided Disney+ with huge acceleration in the market, their 37% growth during this period among our respondents perhaps driven by a combination of being the shiny new service as well as having an extensive children’s content catalogue that was so sought after by families during the lockdown. Amazon Prime (25% growth) and Stan (18% growth) also benefited significantly. When you consider this was within a three-month period and similar increases have often taken years, the acceleration in adoption and use caused by the lockdown is clear.

The growth for the four major video streaming subscription services came from the younger age groups. Disney Plus and Stan saw their largest new subscriber rates come from the Trailing Millennials, and Netflix and Amazon Prime from the Leading Millennials.

Whereas there was once debate as to whether Australia could sustain more than one or two video streaming services, this leaves little doubt of the consumer demand for multiple services. And while content remains fragmented and our consumption levels are high, growth is now likely to come from existing subscribers adding additional services rather than first time subscribers entering the market.

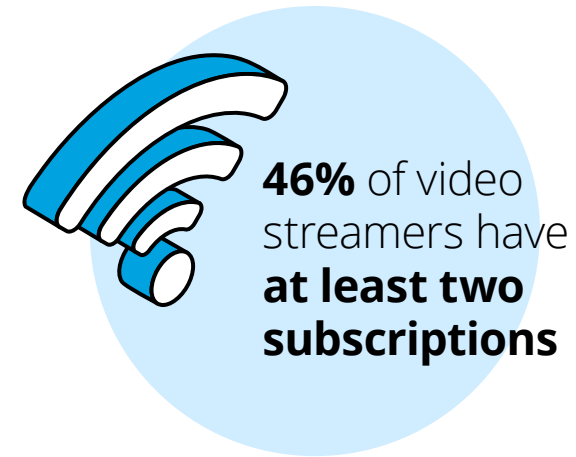


Polystreaming relationships?

There’s a desire and a need for multiple services. But as the economic effects of 2020 set in, restrictions ease and consumers look to conserve spending, people may be less willing to add new services. We might even see a decrease in the number of paid streaming services in the households of the 46% of video streamers who now have at least two subscriptions, and the 16% that have three or more.

Month-by-month contracts put switching power in the hands of the consumers, and trading one service for another or cancelling a subscription altogether is a relatively easy prospect for households. Services will look to retain the subscribers they gained during this period, but to continue to grow, the depth and recency of content will be important determinants of who makes the cut.

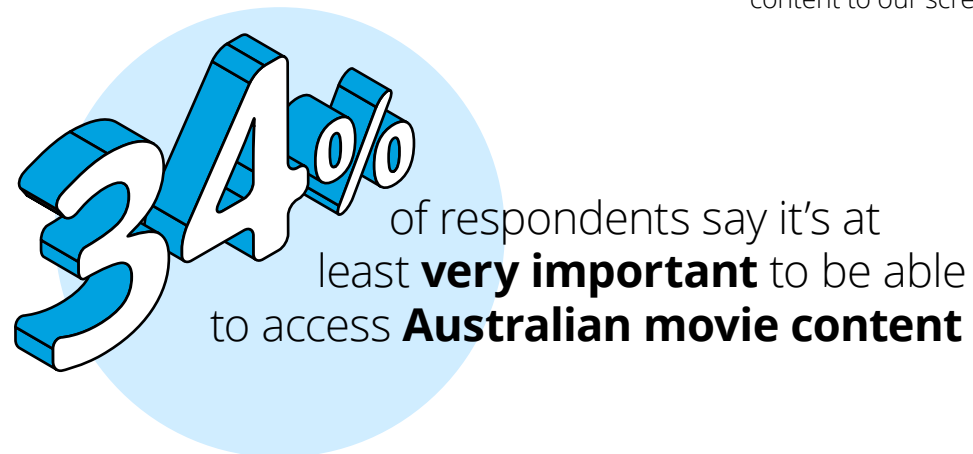
Cost of subscription and quality of content are the biggest factors respondents cite in determining which services they choose to keep. But these are closely followed by how much content is available and how frequently new content is offered, with 61% and 55% of respondents ranking them in their top 3 factors respectively. And while the depth of content and new release slate may not pose an immediate challenge for services, the production delays as a result of COVID-19 shutdowns will certainly be felt later on this year as many ‘premium’ and ‘tent pole’ titles have their release dates pushed out. Perhaps we will begin to see growing back catalogues and a greater focus on surfacing more and more content to keep libraries looking and feeling fresher for audiences.



Audiences like it local

In a time where impact has never felt more global, sentiment turned local as people looked to support domestic products and businesses – and sentiment for Australian screen content is just as strong. Although 2020 saw a temporary pause on content quotas, Australian content continues to be seen as important by consumers, which could make it an ideal time for providers to tap into local content to boost libraries and retain subscriptions.

As Australian content becomes an increasingly hot topic, Stan and Netflix have started to surface more local content genres on homepage carousels and recommendation sections. Thirty-four per cent of respondents say it's at least very important to be able to access Australian movie content, a sentiment that holds true for Australian TV drama (32%) as well. Factual TV is seen as even more important at 40%. While the debate on the relevance of quotas, (and, in particular, the obligations of streaming services) continues, the importance of local content to audiences remains clear. Perhaps 2020 presents the right opportunity for streaming services to look closer to home, and to bring more of both the old and new Australian content to our screens.



What to watch

As people looked for more and more content to keep themselves entertained, lockdown restrictions drove up subscriber numbers for video streaming services. But much of this growth came from existing subscribers who added new services, and the challenge will be to retain these subscribers who now have multiple services and (for the most part) eased restrictions.

With the effects of delayed releases due to production shutdowns yet to be felt, services should focus on ensuring that their libraries look vast and fresh for their audiences – and with a local Australian flavour.

There's no business like show business



Counting on a comeback

The lockdown restrictions had a severe impact on the out-of-home arts and entertainment sector in Australia. Cinema, theatre, comedy, museums, art galleries, live music, and festivals were among those who shut their doors and saw event cancellations that in some cases will run well into the last quarter of 2020, if not into 2021. Drawing audiences back to physical spaces, even when restrictions lift, is an enormous challenge that lies ahead.

Even as doors around some parts of the country open and shows return, continued restrictions will impede the comeback. Venue capacity and patron distancing, together with missed 2020 'seasons' for many events and productions, will put an enormous amount of pressure on an industry that relies on driving high audience numbers to balance generally lower margins. There is good reassurance though, because Australians love to be entertained. Fifty-three per cent of respondents expect to attend live events more frequently after restrictions are lifted.

The lifting of restrictions may be the beginning of the recovery, but there's likely to be a period of adjustment.

Audiences will need to be comfortable with the 'new normal', and all that this brings with it, when attending large events, indoor activities or confined spaces in person. This might present more immediate challenges for some entertainment forms. When respondents were asked about the hours spent on various forms of entertainment before lockdown restrictions and their intended behaviour after, cinemas reported a 13% drop in intended behaviour after restrictions lift. Xers had the largest drop in intended time at 21% less than pre-restriction hours, followed by Matures (with -11%). It likely indicates the challenges ahead in swiftly drawing audiences back to physical spaces in significant numbers – safely and with confidence.

The generational differences give us extended insight into where audience development efforts may be best targeted. Younger audiences will likely bounce back more quickly. Thirty-five per cent of Trailing Millennials say they will go to the cinema at least once a month when restrictions end, compared with 28% for all other groups except Matures (21%). The same sentiment is reflected in the intention of younger audiences to attend events more frequently than they did pre COVID-19 across all in-person categories, particularly attending music festivals at least once a year (34% compared to 30%

pre COVID-19) and art galleries/museums at least once a year (37% compared to 32% pre COVID-19).

Future audience development will need to take into account factors like trust and perception to meet post COVID-19 expectations, with the physical experience of attending in-person events more important than ever. Cinemas face an additional challenge, with blockbuster release dates being pushed out, and a reluctance from studios to release major content until particularly the US cinema industry is up and running and ready to drive the box office. In the short term, Australian cinemas may need to rely more than ever on the experience of cinema as a true 'night out'.

53% of respondents expect to **attend live events more frequently** after restrictions are lifted, compared to pre-pandemic behaviour



Live-streaming: headliner or support act?

Live-streaming has been an established digital format for some time, gaining renewed popularity as we locked down. What were typically out-of-home events and activities have had no choice but to shift to a screen within our homes. Twenty-three per cent of respondents said they had live-streamed during this time, and 50% of these had done so for the first time during lockdown restrictions. Music (14% of respondents), talks and conferences (10%) and fitness classes (6%) were the most popular live streams according to respondents. The Millennials led the way, 19% music, 15% for talks and conferences.

While embracing digital channels is old hat to the music industry, live performance remains critical to fan engagement and revenues in the streaming age, and physical event restrictions pose a devastating threat. Could paid live-streaming provide a lifeline? It certainly broadens the audience reach, removing geographical borders and enabling artists to connect with fans no matter where they may be. During lockdown music fans were treated to numerous performances from artists, ranging from charity fundraisers over Zoom to superstar DJ sets from lounge rooms, with millions enjoying the entertainment. Yet only 7% of respondents said that they would be willing to pay for live-streamed music gigs and performances, while 18% said they might for the right one (and this was consistent across all demographics).

The numbers are not discouraging; it's a format that, while not new, has not had a great deal of experience from audiences and has clearly got room for growth particularly in the current context. But in the immediate future, live-streaming is unlikely to be a major new or substitute revenue stream for our music industry. For well-known music artists or those with a strong fan base, there could be commercial opportunities. But it's likely much more

lucrative to partner with or sell the live-streaming rights to existing platforms or broadcasters, rather than directly to audiences in a pay-per-view model.

For most artists, for whom live gigs in pubs, clubs and venues are such an intrinsic part of building fan bases and creating a vibrant music industry, live-streaming revenues are unlikely to compare to live performances as a revenue headline act. But as a support act, it could be an excellent tool for remaining connected with their fan base and even reaching a whole new virtual audience.



Pass the (microwaved) popcorn

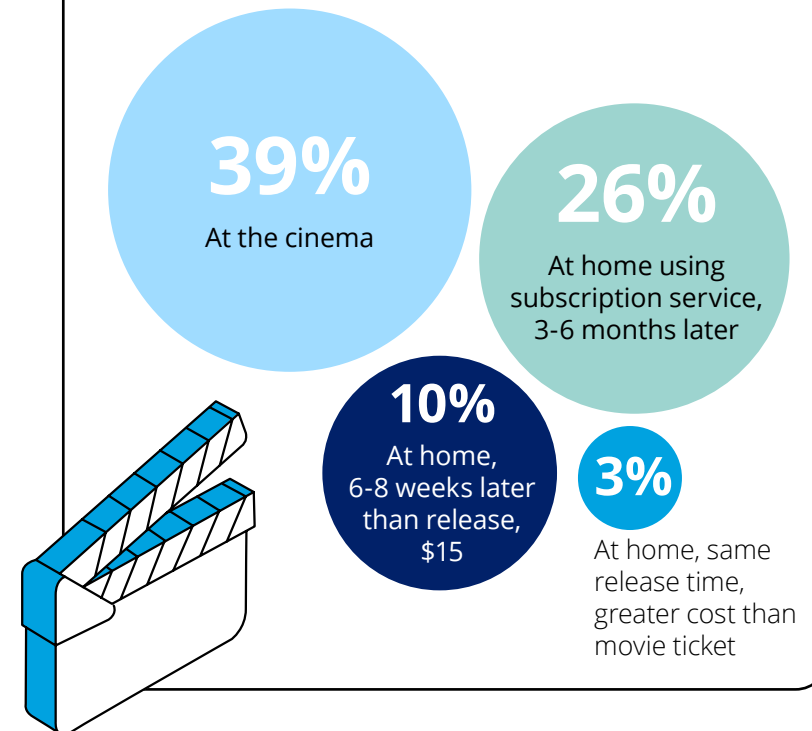
Right now, we're all about home flicks. And while people still resoundingly want to see blockbusters at the cinema, home viewers are happy to chill and wait for them to be available on their subscription service rather than pay a premium for earlier access.

Even with the movie industry now well accustomed to streaming, the release window model has remained largely in place. Discussions and experiments in day and date release with cinemas and digital services have up until now mostly been limited to ad-hoc experimentation, non-blockbuster content or productions helmed by the streaming services themselves. However, as cinemas were forced to close their doors, we saw a number of tentative moves in releasing cinema-bound movies onto premium pay-per-view and streaming services instead. While there was certainly some success, and consequently some industry reverberations between studios and cinemas, these releases occurred in a period where audiences had no choice between watching at home or in a cinema. When asked where they would choose to watch a new release blockbuster in a time where all restrictions are over and all viewing options were available,

39% of respondents said the cinema – resoundingly the most popular of any paid option and consistent across all age groups.

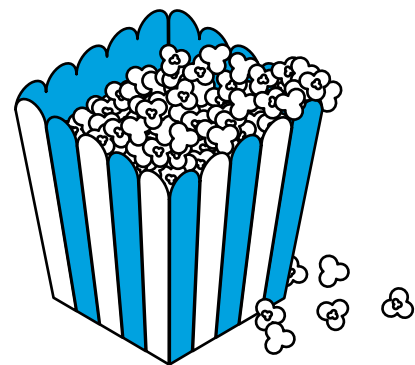
When it comes to paid home viewing options, there are clear commercial challenges in price points and consumer expectations. When asked if they would choose to watch a blockbuster at home at the same time as a cinema release for more than the cost of a movie ticket, 3% of all respondents said they would. Trailing Millennials were more amenable to the idea (6%), but none of the Matures were interested in this option. While 10% of all respondents opted to wait 6-8 weeks after a cinema release if it meant a lower price around the cost of a movie ticket (\$15), Leading Millennials (20%) were significantly keener. But waiting 3-6 months to watch it on a paid subscription service, the average monthly cost of which is well below the price of a standard adult cinema ticket, was the clear paid home viewing favourite. Twenty-six per cent of all respondents favoured this option with Trailing Millennials and Leading Millennials particular fans at 34% and 42% respectively.

After the lockdown restrictions are over and cinemas reopen, how would you choose to watch a blockbuster such as the new James Bond or Wonder Woman if all of the below options were available? (Choose all that apply)



Pass the (microwaved) popcorn *(continued)*

There's little doubt the premium video-on-demand window is an evolving situation driven by the immediate needs of an industry that faces a long road ahead of reduced capacities and shuffled release dates. As this report was being written, the Melbourne International Film Festival was preparing to shift entirely online with premium pricing. Universal and AMC theatres in the US had just brokered a deal to shorten the theatrical window in exchange for shared revenues in a premium VOD window. But given our enduring love of the big screen, it remains to be seen if this is the beginning of an epic industry shift.

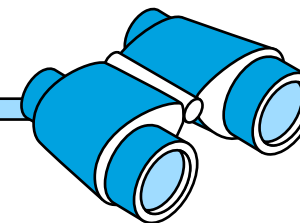


The appetite for home viewing is certainly there, but people will trade immediacy for a reduced cost in the context of home viewing. Australian consumers now seem to associate home viewing with cheaper all-you-can-eat subscription services. So it may well be that the industry has missed the opportunity to successfully introduce a premium price day and date release window for blockbusters. A night out to see the latest blockbuster on the big screen however continues to be worth the price of admission.

What to watch

Our out-of-home entertainment industry has a long road to recovery. When the lights go on again they will face navigating logistical issues like social distancing, reduced capacities, and international border closures.

But for both music and movie fans it's clear there is no substitute for a live gig or a big screen, so the biggest opportunity may lie in the detail of helping audiences to feel comfortable and safe once again.



Sport: More than a game

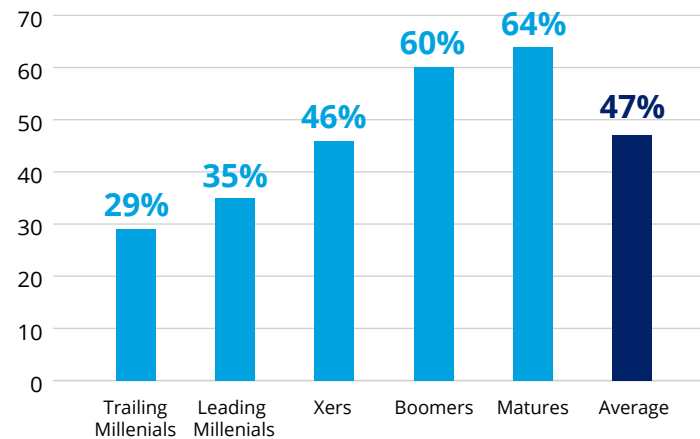


When the whistle blew for time

As a packed stadium watched Australia beat India to win the Women's T20 World Cup in March this year, no one could have foreseen the empty seats that lay ahead for a country obsessed with playing, watching, and talking about sport.

It's hard to understate the immense and far-ranging role sport plays in our country. Whole social communities are built around leagues and teams. Professional sporting codes fuel grass roots participation and engagement and beyond game day, sport features heavily in news cycles and across social media. We're a nation of sporting fans, with 47% of respondents having indicated that prior to restrictions they actively followed sports on a weekly basis. On average, sports fans spend nearly 6 hours watching sport per week, equal to 15% of total entertainment viewing (more than 40 hours).

Sports fans by generation (watch sports at least weekly)



Of course, consumption of sports content dropped dramatically during COVID-19, as one by one global sporting codes succumbed to lockdown restrictions. As total entertainment consumption soared to more than 43 hours per week, time spent watching sports halved to two and a half hours per week (just 6% of total hours), while the number of respondents actively following sport

on a weekly basis dropped from 46 to 25%. Without live sport to watch in attendance or through broadcasts, fans turned elsewhere to fill their time. While 50% chose to instead spend this time keeping up with breaking news, 33% spent additional time with family and friends, 32% exercised, and 31% watched previously released shows and movies.

The good news is that Australia's love of sport hasn't been impacted in the long term by its extended absence. Respondents expect their viewing habits to return to exactly the same levels as pre COVID-19 (six hours per week) once all restrictions are lifted, and early indications suggest this is indeed beginning to play out as many sports begin to return in some form. Australian viewership numbers for NRL, AFL and even global leagues such as EPL look on track to return to historical levels after initial record-breaking 'return to sport' viewership numbers. The NRL opening game post-restrictions recorded the largest regular season audience since 2014¹, AFL's first game back attracted a record national average viewership for a prime-time game² and Sky's EPL opener fell just short of its largest audience in seven years³

1 <https://www.sportingnews.com/au/league/news/nrl-2020-nrls-thrilling-return-marked-with-record-breaking-tv-audience/r9ye650ugy931ntz3s7ys0olm>

2 <https://www.theage.com.au/sport/afl/hawks-fly-but-afl-ratings-slip-for-seven-fox-20200619-p554c2.html>

3 <https://www.sportbusiness.com/news/sky-ratings-buoyed-by-premier-league-return-amazon-to-stream-matches-on-twitch/#:~:text=The%20audience%20is%20a%2094,and%20averaged%203.1%20million%20viewers>



Substitutes no longer warming the bench

With no live sports to watch during the height of the pandemic, fans were forced to make do with alternate content to get their sporting fix. As sporting events dried up, the sector found itself in a unique position of experimentation. Everyone from teams to broadcasters scrambled for a way to keep their fanbase engaged, and the unique situation resulted in the spotlights unexpectedly shining on various content genres and formats that had until now been relegated to the B-League.

Broadcasters experimented with vintage games, eSports competitions, virtual simulations, additional scripted content and increased output of user generated content from players, coaches and pundits. But few fans reported replacing sport watching time with alternative sporting content. Only 14% of fans indicated that they turned to previously aired games or documentaries, 6% to eSports and 2% to virtual sporting events.

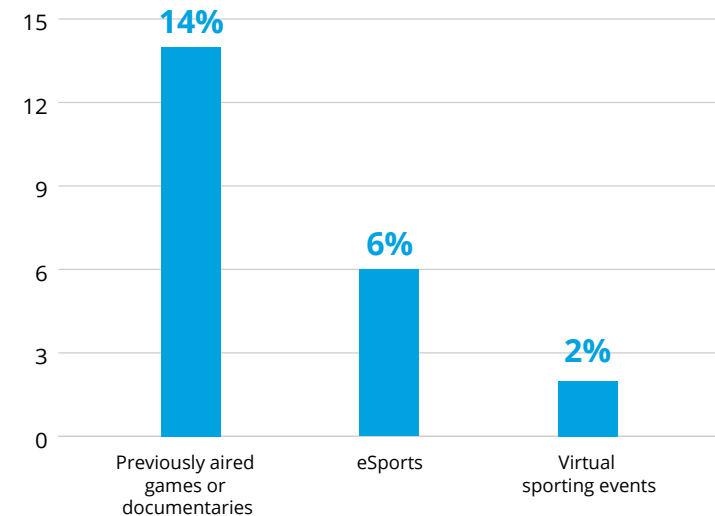
While it would be easy to simply observe that non-live sporting content proved unable to maintain the engagement of live sport during this period, it has

also highlighted the opportunity for the Australian sports industry in broadening and maturing adjacent fan experiences. World Rugby found a new lease on life for their historic World Cup catalogue with experiments on scheduled weekend live replays and used the lull to launch new sport show content, both of which continued even after the regular rugby calendar returned. In addition to breathing new life into a content library this response to COVID-19 allowed them to build more direct relationships with fans, much stronger than before restrictions.

With social distancing measures set to change the in-stadium experience for some time, the need for innovative fan engagement has just begun. While three months without any live sport is entirely unprecedented in recent times, all major sporting leagues endure this lack of content throughout their off-season. Maintaining engagement throughout the seasonality of sport is becoming more critical, particularly in the context of an increasingly flexible subscription landscape where consumers can easily choose to 'turn off or on' their access to sporting content. There are many ways the content learnings from COVID-19 could translate here. This experience has highlighted that there is a wealth of opportunity to broaden relationships with fans and

consumers alike, but only time will tell if broadcasters, teams and leagues choose to continue building on the innovative foundations laid over the last three months.

What alternate sporting content did you tune into during restrictions?



A league of their own

The continued shift towards digital media has played a substantial role in sports consumption.

This is particularly so in the US where it's enabled leagues to take over broadcasting through their branded apps and own the customer relationship – think NBA League Pass, NFL Game Pass and MLB.TV. In Australia we've also seen the beginnings of a shift towards sporting leagues directly owning fan and audience relationships with soccer, netball, tennis, NRL, AFLW and AFL all having live streaming apps available within certain viewing rights. More recently the launch of Kayo defined sport as a stand-alone content proposition rather than only in its traditional role as a 'premium content' drawcard used as a marquee on free-to-air channels, to amplify bundled pay TV propositions (Foxtel) or entice telco customers (Telstra AFL/NRL, Optus Sport EPL).

Sport and pay TV have long had a co-dependent relationship, with our last two surveys finding that sport was the number one reason that respondents continued with their subscription. Pay TV funded rights deals continue to provide the bulk of income for sporting leagues and teams. But what happened to pay TV when the sport lights went out? The response from subscribers was rapid – as the nation entered lockdown and entertainment became

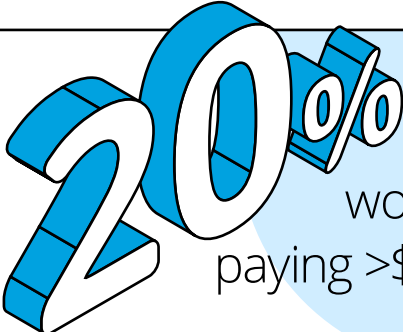
a more precious commodity Foxtel faced a contradictory increase in cancellation requests. This provides more than a hint of how critical sport is to the broader pay TV proposition. Kayo lost nearly a third of subscribers through COVID-19⁴, but upon return to live sport subscriber numbers instantly jumped back to historic levels⁵ highlighting both the fragility and persistence of the dedicated subscription service. It's clear both sides of the coin benefit from the others' success. However, the nature of this relationship may face change as the dust settles on learnings from COVID-19 and the larger changes at play across the media landscape.

Our appetite to pay for sport remains divided. For some, sport is worth a hefty price tag: 20% of respondents would be comfortable paying greater than \$30 per month for sport, placing it at a premium compared with the competitive streaming market and outstripping even the priciest standalone sport content propositions. Conversely 55% of respondents stated they aren't willing to pay for sport content, likely those falling within the 78% of fans who said their main source of keeping up with sport is free-to-air television. It's a sizeable market that could be there for the taking with the right proposition, and the answer may lie not in traditional content but instead in the various experiments and innovations we've seen so far in 2020.



What to watch

The lack of live sport content exposed both a huge gap and a huge opportunity in non-match fan engagement and adjacency content for Australia's sporting codes. With sport likely to feel the COVID-19 effects for some time, it's a challenge that will remain relevant, and the right propositions could be critical in supporting clubs and leagues through this period.



20% of respondents would be comfortable paying >\$30/month for sport

4 <https://www.afr.com/companies/media-and-marketing/news-corp-warns-covid-19-hit-for-foxtel-rea-20200414-p54jk3>

5 News Corp Fourth Quarter and Full Year Results for Fiscal 2020



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