

Media Release

UNDER EMBARGO UNTIL 10.30PM SUNDAY 5 NOVEMBER 2023

Have we reached peak subscription? Australians cut back on paid media and entertainment services as cost-of-living pressures bite.

6 NOVEMBER 2023: More Australians are cancelling subscriptions to paid media entertainment services than signing up to new offerings as they reduce household spending to battle the rising cost-of-living and instead turn to cheaper ad-supported or free content.

The twelfth edition of Deloitte's annual [Media and Entertainment Consumer Insights](#) report dissects how Australians across five generations consume media and entertainment, and how the industry is changing as competition for Australian eyes and ears heats up in an uncertain economic environment.

While demand for entertainment remains high, growth in entertainment subscriptions per household is levelling and the number of households with at least one paid entertainment subscription has fallen from 86% to 84%. Overall, average monthly spend on digital entertainment services has fallen from \$62 to \$57 per household with more than a third exceeding their target monthly entertainment budget.

Cost is the main factor influencing consumers' decision to cancel subscriptions, with 70% of people who cancelled a Subscription-Video-On-Demand (SVOD) claiming they did so to save money. However, digital entertainment is still a spending priority for Australian households, with consumers again saying they'd sooner cut back on eating out and alcohol and tobacco than trim their entertainment budget.

Also influencing this trend is the arrival of cheaper or free ad-supported services and an ever-growing list of entertainment options, including next-gen technology like generative AI and the metaverse. 31% of consumers indicated they'd be interested in subscribing to a cheaper, ad-supported tier of a subscription service, while 31% said they'd experimented with generative AI tools.

Some of the other key findings and insights of the survey of more than 2,000 consumers include:

- Video continues to be the most popular form of entertainment and accounts for more than half the time Australians spend on digital entertainment, with the average respondent spending more than 27 hours a week consuming video content across free-to-air tv, streaming services, and other video platforms.
- Although live and catch up free-to-air tv is still the most popular video entertainment choice at 12h 20m per week, SVOD services are quickly catching up, accounting for an average 10h 25m per week across all generations.
- Audio is second to video with Australians spending an average of 9h 15m hours a week listening to music, radio, podcasts, and audiobooks with Gen Z spending more than double the average listening to audio at 15h 35m hours a week.
- Gen Z is all about short form social media content with 56% of Gen Z respondents preferring to watch user generated content (UGC) online rather than TV shows and movies on video streaming services and 69% actively spend more time on UGC than SVOD.
- Even though there is an increasing appetite for ad-tiered subscriptions, media consumers still prefer ad-free content, with 60% preferring to pay for ad-free TV and movies and 48% for ad-free music.
- We're more willing to consume advertising on the side of our media content when it comes to online news, sports, and gaming. Only a third of respondents indicated that they would rather pay for this content in exchange for not being exposed to advertising.
- Sport continues to be a major part of life, with 76% of Australians watching sport at least weekly.
- The way consumers interact with sport differs based on age with younger people more willing to pay for sport content (68% of Gen Z compared to 48% of Boomers).



- Younger people prefer interactivity with Millennial respondents far more likely to gamble on sports (41% gamble on sport at least monthly, compared to 20% of Boomers).
- The success of the FIFA Women's World Cup saw interest in women's sport launch into the stratosphere, with almost half of all respondents saying the Matildas have inspired them to seek out more women's sporting content.
- 45% of respondents would watch more women's sport if it were advertised more broadly.
- 69% of female respondents watch sport, a 9% increase from 2022.

Deloitte Lead Partner for the Telecommunications, Media & Entertainment Sector, Peter Corbett, said: "This year's survey shows how rising cost-of-living pressures and an increasing number of entertainment choices, content providers, services and subscription types are changing the media ecosystem.

"Across entertainment categories over the last six months, more media consumers have cancelled a subscription service than signed up to a new one. While this clearly reflects the impact of the rising cost-of-living, it also shows that in 2023, and perhaps more than ever, time is the new currency.

"With a formidable influx of media options, we're not just untangling the web of competing subscription video on demand (SVOD) services. Our choices are also oscillating between social platforms, music, gaming, reading, and even in-person interactions.

Deloitte Media and Entertainment strategist and report author, Jeremy Smith said: "This year we are seeing a combination of effects playing out – myriad entertainment options, household budget pressures, more discerning consumers and the effect of new business models changing the way Australians consume Media and Entertainment.

"The shift to ad-supported video on demand (AVOD) services is reshaping the landscape between paid and unpaid content, with an overlap of offerings from fully free to premium. Coupled with the continuous splintering of content and emerging services, most of us are now juggling countless subscriptions and grappling with how to navigate through the media maze."

Deloitte Sport Practice Lead, Sandra Sweeney, said: "The undying allure of sports for many Australians continues to shape our media and entertainment experiences. The success of the Matildas and the FIFA Women's World Cup have changed the game for future tournament experiences and engagement of Australian audiences in women's sport."

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