

Press release

Pay-VOD to become billion-euro market in Germany

Goldmedia publishes new forecast of the German video-on-demand market from 2016 to 2021.

Berlin, 11 July 2016. Video-on-demand (VOD) has reached the mass market. According to a Goldmedia survey, 43 percent of all Internet users in Germany are already using paid VOD services (Pay-VOD) – that's about 24 million people aged 14 and above. This figure has more than doubled since the end of 2014. Accordingly, Pay-VOD revenues are rising quickly: while revenues in 2015 amounted to 423 million euros, they will almost reach the billion-euro mark with 990 million euros in 2021.

These are the first results of the new Goldmedia report "Pay-VOD in Germany 2016-2021". The study includes detailed market and user analyses for Pay-VOD in Germany and market forecasts up to 2021.

The Pay-VOD market in Germany is highly competitive with global and national players competing for costumers – Amazon is the most widely used Pay-VOD service

Pay-VOD greatly gained in popularity in Germany since 2014 due to the market entry of the US top providers Netflix and Amazon and their intensive marketing activities. Both are competing for customers and market share with national and European based platforms that have strong financial backings. So far, no one can claim supremacy. Altogether, there are 38 Pay-VOD offerings in Germany, and new providers like Disney Live and YouTube Red are expected to join the market with more specialized offerings.

Amazon Prime/Instant Video is the most widely used Pay-VOD service in Germany with 22% of German online users making use of the VOD service. The rapid rise of Amazon is due to the bundling strategy with its premium delivery service and additional content services. Netflix has established itself in less than two years as a clear № 2. About 11% of German online users are using the US provider today. The runner-ups include the VOD service of Germany's Pay-TV platform Sky, ProSiebenSat.1 owned maxdome, and Google Play (see chart).

Subscription VoD will continue to show the strongest growth

After the entry of Netflix and Amazon, subscription-based VOD (SVOD) has established itself as the top-selling VOD segment.

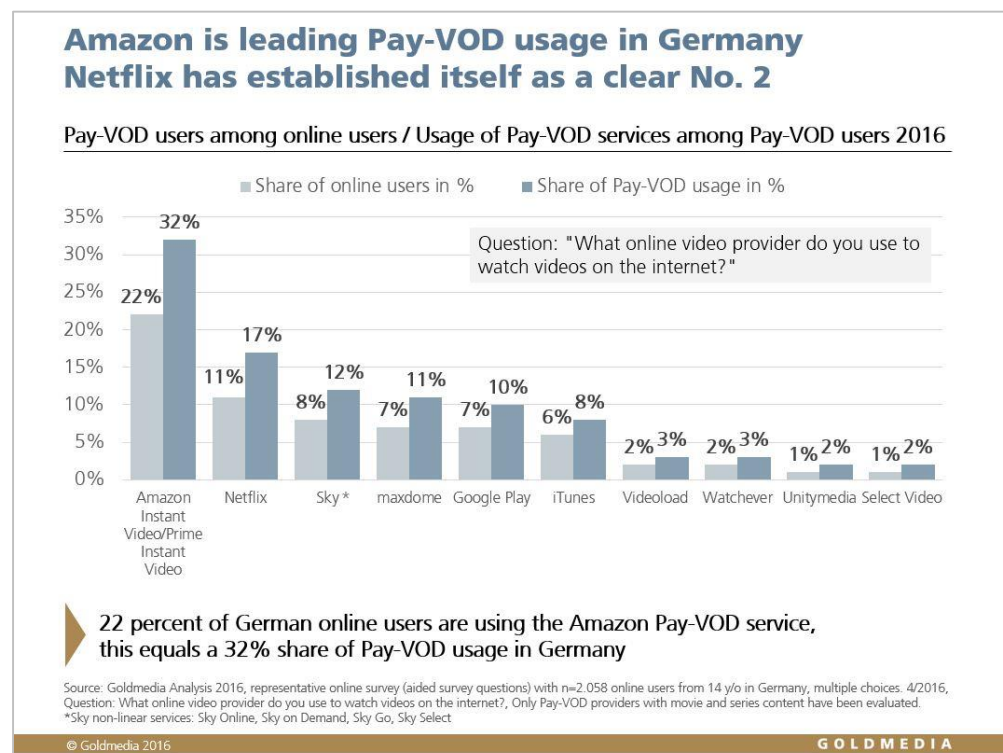
The other paid VOD models, TVOD (Transactional VOD/online rental offerings) and EST (electronic sell-through/download to own), are also growing: Many users prefer to digitally rent or purchase films or TV series spontaneously and uniquely rather than binding themselves to a contract for a month or a year. In addition, due to evolving release windows, contents are often first available as TVOD and/or EST content.

Quote by Dr. André Wiegand, Managing Director at Goldmedia

"The current battle between US-based platforms and bigger national and European providers for market share is good for German consumers. It results in more content, lower prices, and a better service. As our analysis shows, the uptake of Pay-VOD services is driven by young consumers (<30 y.) and they clearly prefer subscriptions. That is why the SVOD market is growing particularly strongly.

In the medium term, providers that offer new seasons of attractive series, original content, rapid content updates and competitive prices will prevail. In order to manage churn, easy discovery and programmatic recommendation of relevant content as well as cross-device usability will also be important. Even greater market growth is possible if mobile network operators in Germany introduce flat-fee data plans for Pay-VOD offerings."

Chart: Usage of Pay-VOD services in Germany, April 2016



Source

All figures in the press release are part of the Goldmedia report "Pay-VoD in Germany 2016-2021 – German video-on-demand market insights" (July 2016). The report focuses on Pay-VOD services (excluding ad supported VOD) and contains analyses of providers, business models, usage, and subscribers as well as market revenue forecasts up to 2021. Parts of the analyses are based on a representative online survey (aided survey questions), with n=2,058 online users from the age of 14 in Germany, multiple choices. The survey was conducted in April 2016

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Information on the study

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Goldmedia

Goldmedia is a consultation and research group with a focus on media, entertainment, and telecommunication. Since 1998, the group has supported national and international clients in all questions pertaining to the digital revolution. The range of services includes consulting and research, along with consulting on human resources and politics. The headquarters are in Berlin and Munich.

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