



Media Release

UNDER EMBARGO UNTIL 10.30PM SUNDAY 23 OCTOBER 2022

Sometimes more is more: Australians spending more on subscription services despite cost-of-living pressures

24 OCTOBER 2022: Australia's demand for entertainment seems to be defying the current economic challenges with the average household now shelling out for 3.1 digital media subscriptions, up from 2.3 last year. And that's leaving them lighter in the wallet, with spending up to \$62 per month – a jump from \$55 in 2021.

At the same time, high churn rates show there's a battle for audience retention and loyalty with nearly a third of users cancelling at least one subscription in the last 6 months. Cost is the main reason people give for cancelling or switching subscription services.

The eleventh edition of Deloitte's annual [Media Consumer Survey](#) drills down into how Australians across five generations consume media and entertainment, particularly through digital channels.

It shows the industry is entering new territory after the pandemic-fuelled growth of 2021, with the battle for consumer engagement and attention now white hot.

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

- 84% of respondents have at least one digital entertainment subscription, with Gen Z taking the lead (4.5 subscriptions on average)
- The top digital entertainment activity overall is watching live free-to-air TV, followed by watching subscription video on demand (SVOD) TV and movies
- 64% are concerned about the cost of having multiple subscriptions, with many overspending average target monthly budgets (led by Gen Z)
- 46% make a habit of periodically reviewing and adjusting their SVOD subscriptions
- 58% would pay for ad-free TV and movies while 46% would accept 12 minutes of ads an hour for a free video-on-demand subscription
- 34% rank TV news programs as their most frequent source for news, followed by social media (14%)
- 34% use social media as their primary source for news and current affairs (11% of Gen Z)
- 6% don't follow the news at all
- 82% see trustworthiness as the most important factor when it comes to their news source
- 29% spend more than 2 hours per day, up from 26% in 2021
- 68% say engaging with friends and family on social media is just as rewarding as engaging in real life
- 39% create and share their own content, and 64% of people spend more time watching user-generated content than planned
- 30% have a sport subscription, and 49% pay at least \$20 per month
- Women's sport continues its meteoric rise, with the majority of viewers being male

Deloitte National Consulting leader for the Tech, Media & Telco Industry Group, Peter Corbett, said: "This year's survey provides generation specific snapshots of audience behaviour during a period in which changing market dynamics are emerging in a post-pandemic setting.

"For example, consumers are taking new measures to manage their digital media spend given pressure on household budgets with 64% of respondents concerned about having multiple subscriptions and many overspending target monthly budgets, particularly Gen Z.

"User generated content (UGC) is having a golden moment with 39% of respondents creating and sharing content and 64% saying they spend more time watching UGC than planned.



Deloitte Media and Entertainment strategist and report author, Jeremy Smith said: "Australians are continuing to stack up digital entertainment subscriptions even when budgets get tight with people prepared to give up eating out, alcohol and tobacco before they would give up their subscriptions.

"The upcoming launch of new advertising tiers in what have been traditionally 'ad free' subscription video on demand services is likely to change the landscape again however, what's clear is that a good portion (58%) of respondents will pay to keep their SVOD ad-free.

"As we look ahead, the next horizon is the age of the metaverse and associated technologies, such as blockchain, NFTs and Web 3.0 which may reshape the ways audiences and media organisations interact. But it's still early days with only 26% of respondents reporting that they've engaged with the metaverse in some way.

"We are seeing a change in engagement in sport content. 26% of older generations watch 6 plus hours of sport a week compared to 13% across younger generations and women's sport is in demand with 37% of respondents saying they would watch more women's sport if advertised more broadly."

Media specialist and Deloitte Digital Consulting partner, Leora Nevezie, said: "Digital entertainment subscriptions are everywhere, and used by most Australian households. Users want the experience but not the cost as managing and consuming multiple services becomes more complex and more expensive.

"In this environment, audience experience will be very much the next battleground, with aggregation and entertainment ecosystems taking centre stage and a shift from chasing new subscribers to instead focusing on audience value management. Pay TV providers, telcos and the digital giants all have an opportunity to provide solutions where audiences can move between content and services that are both free and paid, and with multiple revenue models.

"While this paints a positive growth story for media providers, it does come with a catch. Subscribing to more services inevitably reduces the amount of time consumers spend on each service, which has a detrimental effect on relationship strength and customer satisfaction, presenting a challenge for companies to retain contended audiences."

NB: See our media releases and research at deloitte.com.au

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