

# Bundling and discounts are the new battlegrounds in the US SVoD market

*Disney+ and Hulu churn and sign-up rates benefit from the strength of the Disney bundle, while AVoD tiers help mature services stabilize amidst price pressure*

**London, 20<sup>th</sup> December 2022:** As SVoD services in the US mature, pricing and bundling are key to retention, according to a recent report by Ampere Analysis. Newer platforms (including Disney+) tend to have higher levels of both sign-up and churn as they rely more heavily on individual title launches, while established SVoD platforms' sign-up and churn rates are much more affected by pricing changes. Ampere's latest analysis shows that bundling is key to help mitigate price sensitivity, with Hulu and Disney+ having both benefitted in terms of sign-up and churn from the strength of the Disney Bundle.

## **US SVoD homes have access to an average of 4.5 services**

While newer SVoD players are continuing to see strong gross additions to their subscriber base, the increasingly saturated SVoD market presents growing challenges for established services to maintain success. As US consumers edge closer to the stacking ceiling, attracting new subscribers and mitigating churn is more important than ever.

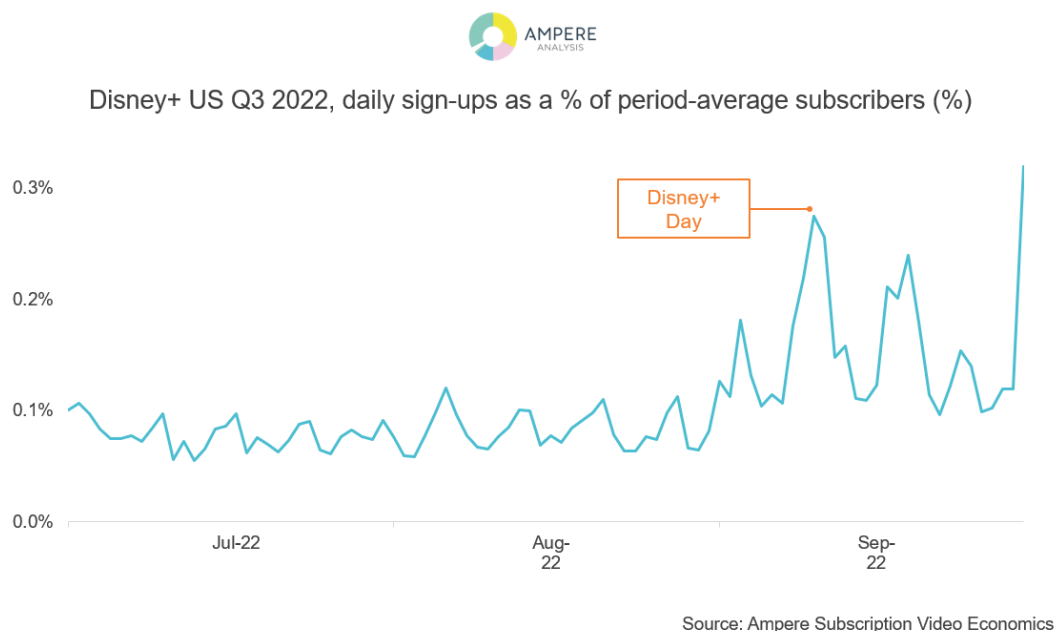
## **Retention is becoming a key battleground**

For all SVoD platforms, leavers are primarily in younger, lower-income demographics, who are more sensitive to pricing and content offering. Discounted ad-supported tiers will mitigate churn here.

Another option to address price sensitivity is bundling. Hulu's US sign-up and cancellation rates now mimic those of Disney+, as its users increasingly purchase their subscription through the bundle. Almost one third (32%) of Hulu subscribers have bundled with Disney+.

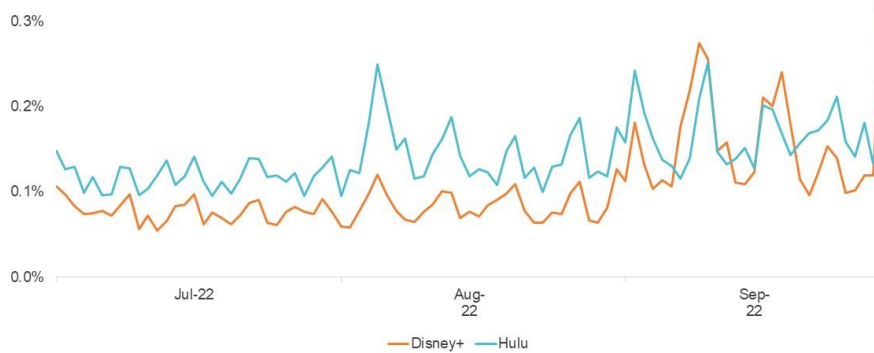
## Pricing is key for established players, while new services rely on regular content releases

Disney+ uses franchise title releases and its first live broadcast to drive sign-ups. The first large peak in daily sign-ups seen on September 8th 2022 corresponds with Disney+ Day, an annual event that marks the release of exclusive premieres and the announcement of upcoming content. This year's Disney+ Day saw the release of big franchise titles including *Thor: Love and Thunder*, *Pinocchio*, and *Obi-Wan Kenobi: A Jedi's Return*. The next large peaks fall on September 19th 2022, with the premiere of season 31 of *Dancing with the Stars*, and on September 30th 2022, with the release of *Hocus Pocus 2*.



**Mayssa Jamil, analyst at Ampere Analysis,** says: “The increasingly competitive SVoD market makes it hard for established services to maintain growth, while newer players continue to see strong gross additions but struggle to retain those customers. Pricing and content offering being the main drivers for sign-up and churn, a great way to aid customer retention is through bundling: it combines both of the above by offering larger catalogues and more frequent content additions at cheaper prices. We see this at play when looking at the way Hulu and Disney+ sign up and churn rates increasingly mimic one another thanks to the strength of the Disney Bundle.”

Disney+ and Hulu US Q3 2022 daily sign-ups as a % of period-average subscribers (%)



Source: Ampere Subscription Video Economics

## Ends

### For more information, please contact Greenfields Communications:

Rocio Anton [rocia@greenfieldscommunications.com](mailto:rocia@greenfieldscommunications.com) T : +41 78 335 00 30

Corinna Staedel: [corinna@greenfieldscommunications.com](mailto:corinna@greenfieldscommunications.com) +1 912 506 5674

Lucy Green [lgreen@greenfieldscommunications.com](mailto:lgreen@greenfieldscommunications.com) T: 0208 778 3784/07817 698366

### Ampere Analysis

Roya Sanei T: 020 3848 6400 [roya.sanei@ampereanalysis.com](mailto:roya.sanei@ampereanalysis.com)

Dan Stevenson T: 020 3848 6400/07973 157317 [dan.stevenson@ampereanalysis.com](mailto:dan.stevenson@ampereanalysis.com)

### About Ampere Analysis

Founded in January 2015, Ampere Analysis is a new breed of media analyst firm. The company's experienced team of sector-leading industry analysts specialises in sport, games, pay and multiscreen TV and next-generation content distribution. Our founders have more than 60 years combined experience of providing data, forecasts and consulting to the major film studios, telecoms and pay TV operators, technology companies, TV channel groups and investment banks. [www.ampereanalysis.com](http://www.ampereanalysis.com)