UK Media Landscape

EffWeek 2019

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Enders Analysis : a 22-year-old subscription model

Tech

Amazon, Amdocs, Arqiva, DAZN, Facebook, Google, Jobsite, NTT Data, UKOM

Film/Television

21st Century Fox , all3media, A+E Networks UK, Amazon Digital UK Limited, AMC Networks International UK, BBC, BBC Studios, beIN Sports, Box Plus, Channel 4, Digital UK, Discovery Communications Europe, Endemol Shine Group, Entertainment One, Fox Networks Group, Freeview, Fremantle, IMG Media, ITV, Ludorum, NBCUniversal International, Nordic Entertainment Group (NENT Group), Premier League, SevenOne Media, Sky, Sony Pictures Entertainment, STV Group, Thinkbox, Turner, TV5Monde, UKTV, Viacom, Virgin Media, Vivendi, Walt Disney Company, Warner Bros Entertainment UK, YouView

Funds

Aberdeen Standard Investments, Ltd, Baillie Gifford, CapeView Capital LLP, Carmignac Gestion, Cedar Rock Capital, Cenkos Securities plc, LionTree, Sand Aire Limited

Investment Banks

Alvarium MB (UK), Allen & Co, Barclays, BNP Paribas, Citigroup,, Moelis & Co, Rothschild & Co, The Raine Group

Private Equity/Venture Capital

Apax Partners, Perella Weinberg Partners, Permira Advisors, Providence Equity, Searchlight Capital Partners

Public Sector

UK Government Department for Digital, Culture, Media & Sport (DCMS), European Commission, National Audit Office, Ofcom

Professional Services

Accenture, Afiniti, Allen & Overy, Bain & Company, Baringa Partners, Deloitte Consulting, DLA Piper, UK, Ernst & Young, FTI Consulting, KPMG UK, Linklaters, McKinsey & Co, OC&C Strategy Consultants, Oliver & Ohlbaum Associates, PwC, Russell Reynolds Associates, Tata Consultancy Services, Venture Consulting (Australia), Venture Insights (Australia)

Music/Radio

Bauer Radio, BMG Group, Communicorp UK, RadioCentre, Sony Music Entertainment, Universal Music Group, Wireless Group

Telecoms

BT Group, H3G, Comcast Corporation, Liberty Global, Openreach, Samsung, TalkTalk Group, Telefónica, Tesco Mobile, Three UK, Utility Warehouse, Vodafone, Vonage

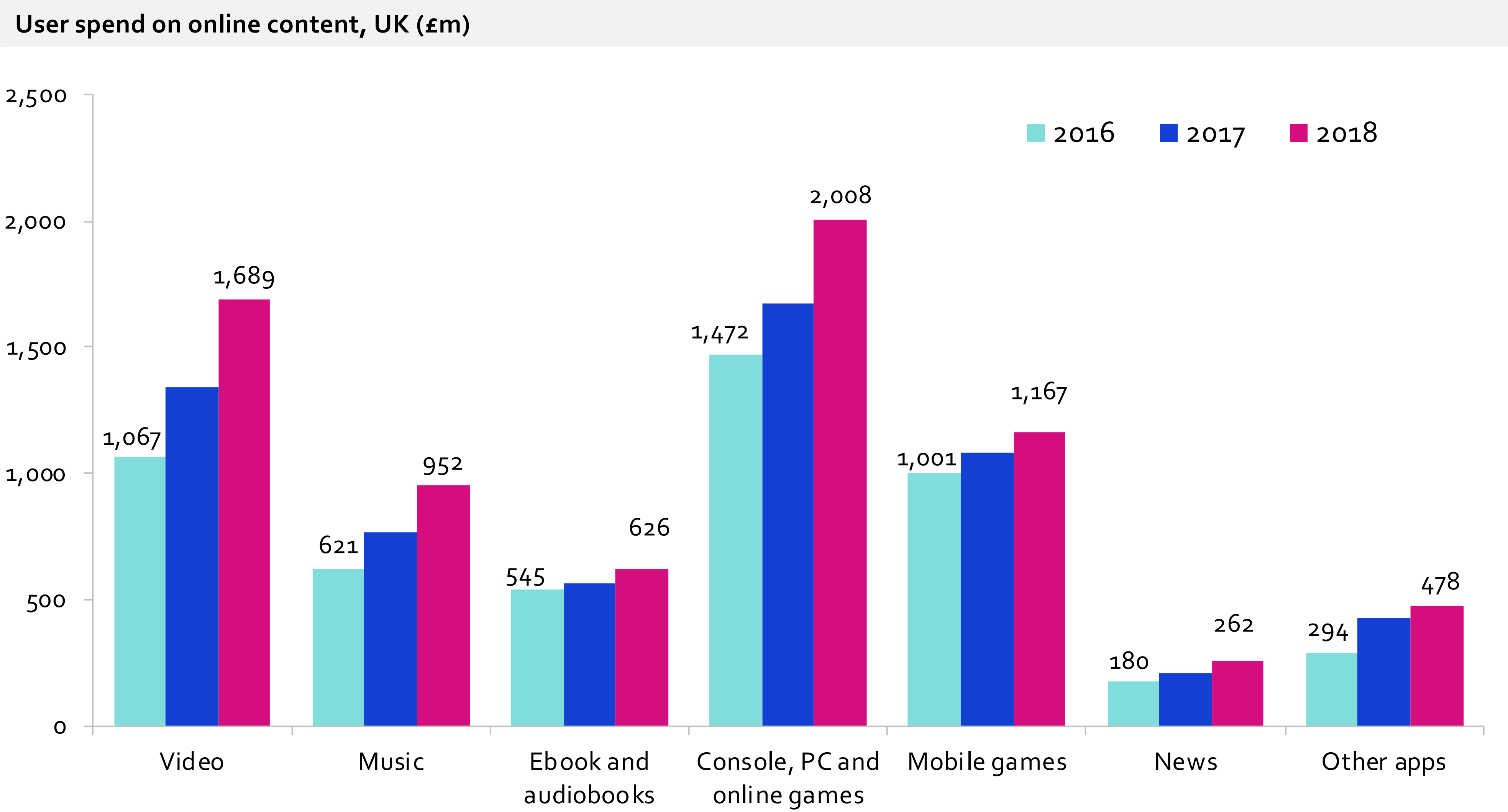
Publishing

Archant, Bertelsmann, Centaur, DC Thomson, DMGT, Dow Jones, ESI Media, Financial Times, Future, Guardian, Hearst, Immediate, JPI Media, Magnetic, News UK, Newsworks, Penguin Random House, Reach, Telegraph, TI Media

Agencies

BlueHive, Burrows UK, CHI, Cognifide, Engine, Essence, Finecast, Finsbury, GroupM, Karmarama, M4C, M/Six, MediaCom, Mindshare, Ogilvy & Mather, Possible, Primus, Salmon, Starcom, These Days, Wavermaker, Wunderman Thompson, Xaxis

Consumers are spending billions on content

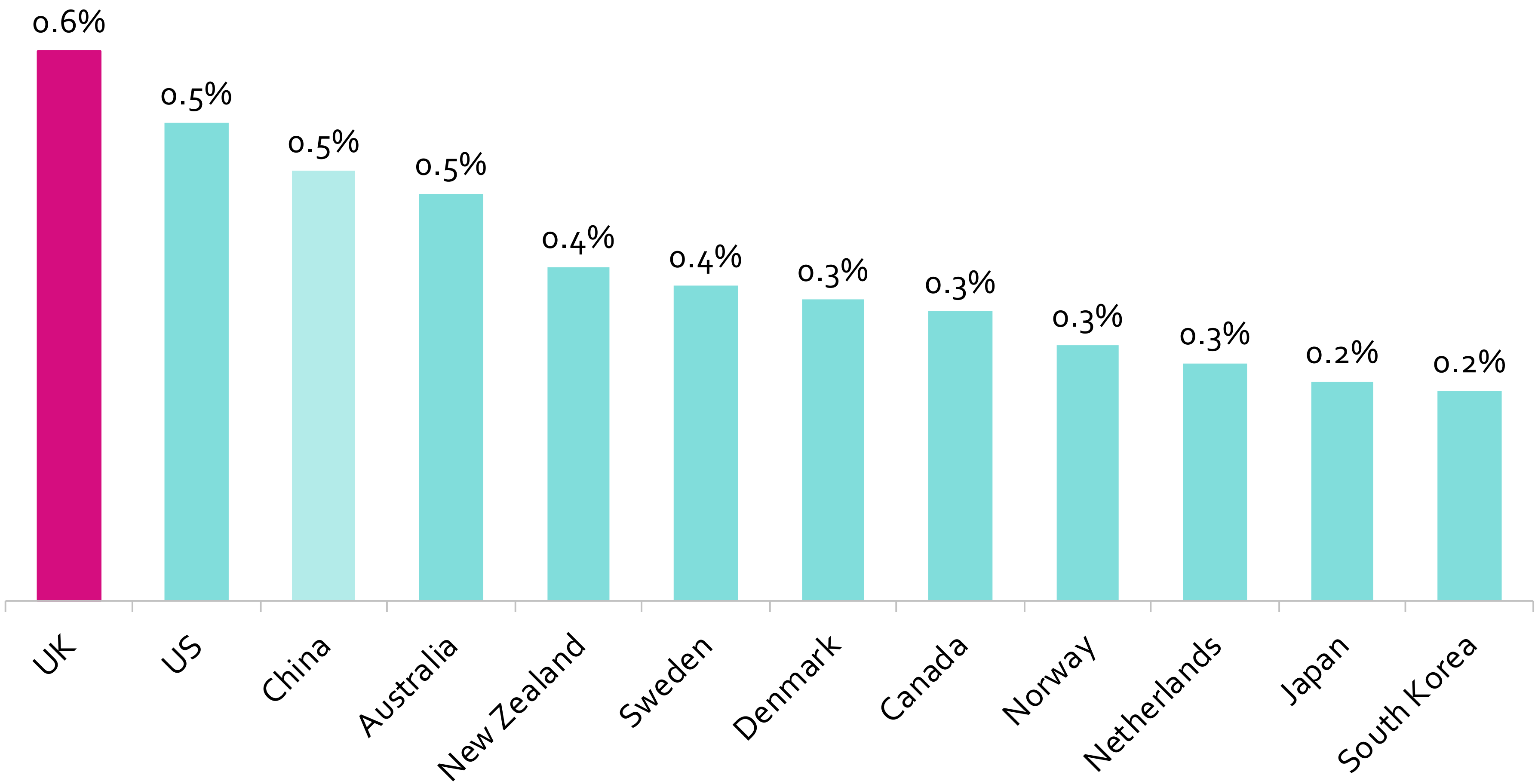


Note: Spend on video and music apps is counted in Video and Music.
[Source: Enders Analysis, Superdata, ERA, BPI, OCC, IHS, UKI, Publishers Association]

The UK is the most advanced online advertising market in the world

More important for the economy than anywhere else, and at the forefront of new global trends

Top markets by 2018 online ad spend as a share of GDP

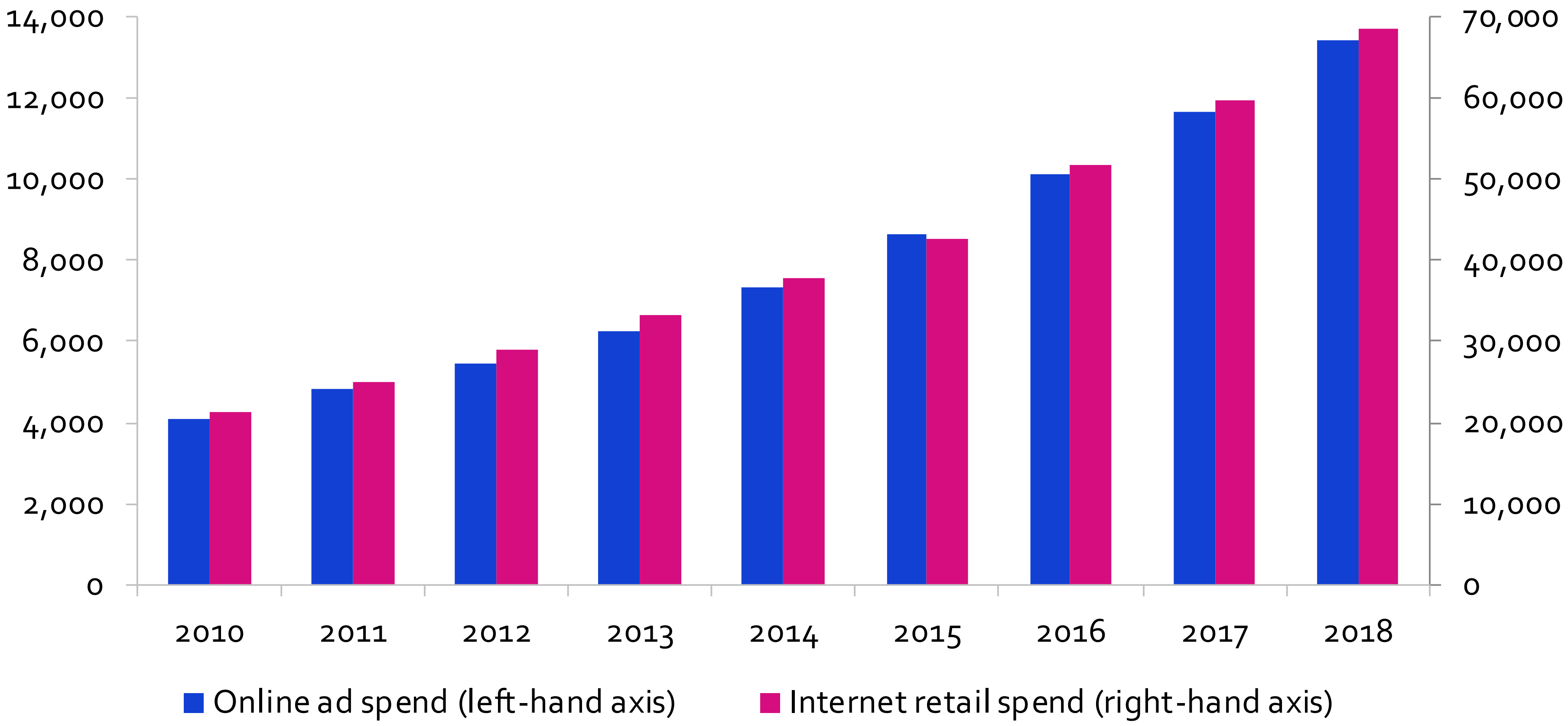


[Source: eMarketer, IMF, UN, Enders Analysis]

A unique combination of growth factors

Highest ecommerce spend per capita, connectivity, payments infrastructure – and a lightness of spirit!

UK online ad and retail spend by year (£m)

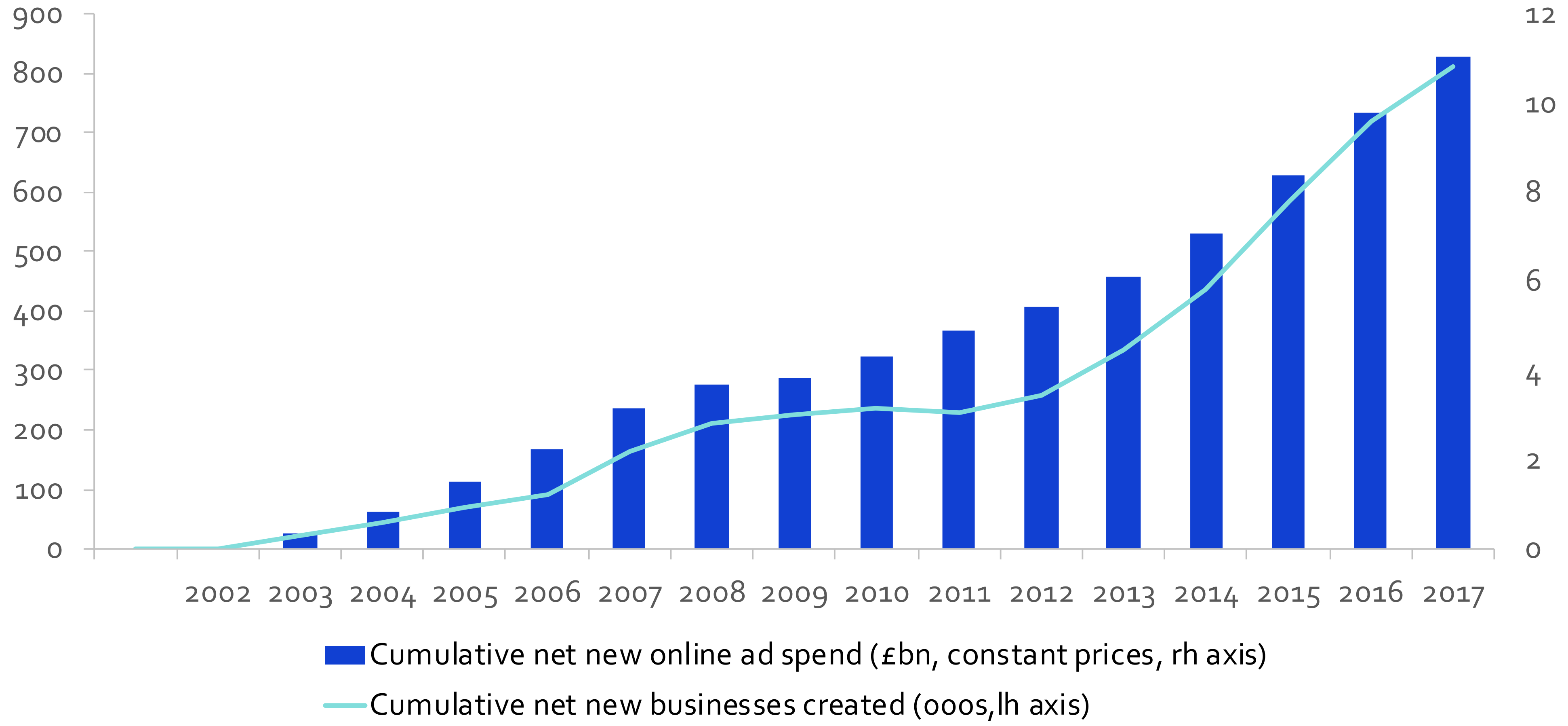


[Source:ONS, IAB/WARC, Enders Analysis]

Online advertising critical for the success story of UK small businesses

Helping news businesses scale, and benefiting from new advertiser demand

800k net new small businesses in 15 years

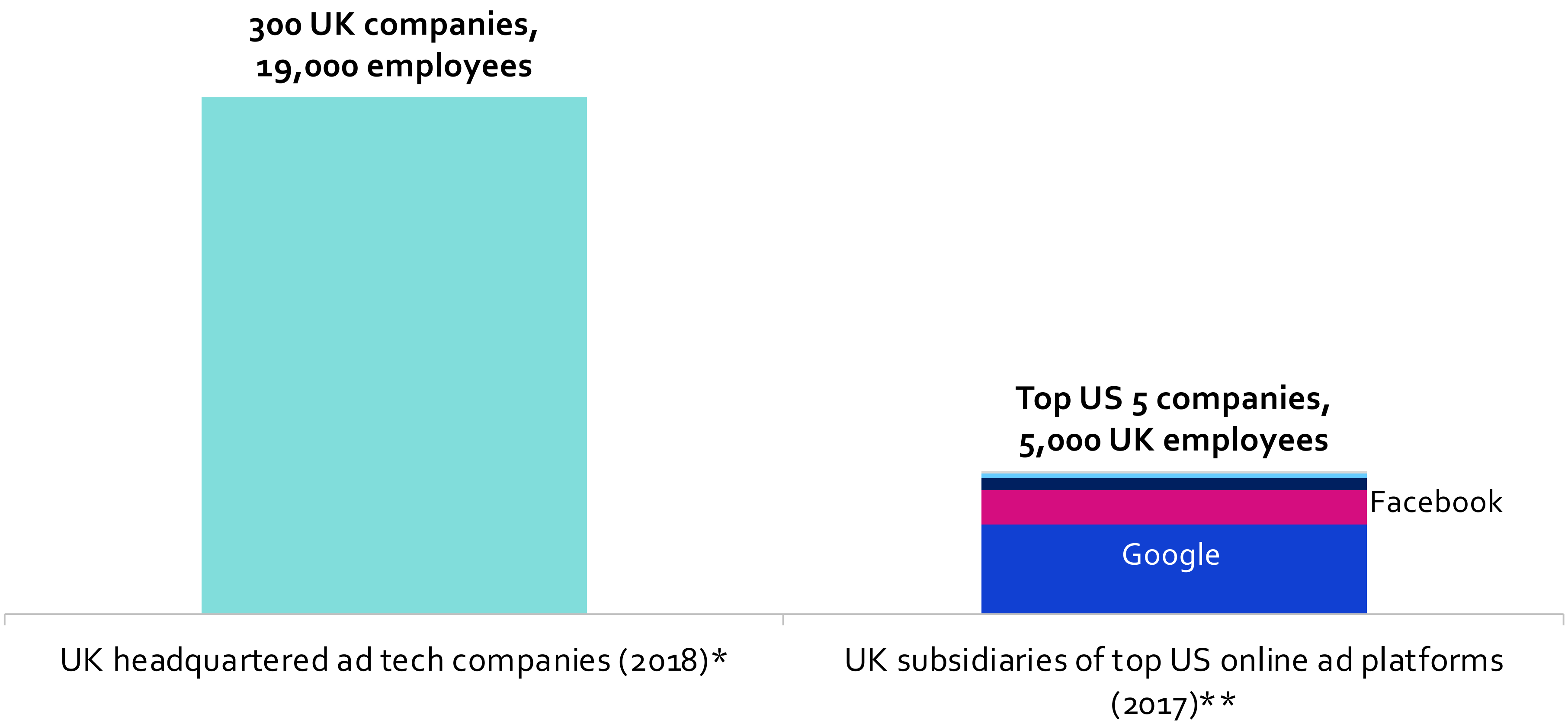


[Source: ONS, WARC, Enders Analysis]

UK ad tech firms might be small, but together they are a big employer

- In the most vibrant advertising technology cluster in Europe, both UK-founded and US firms are major employers

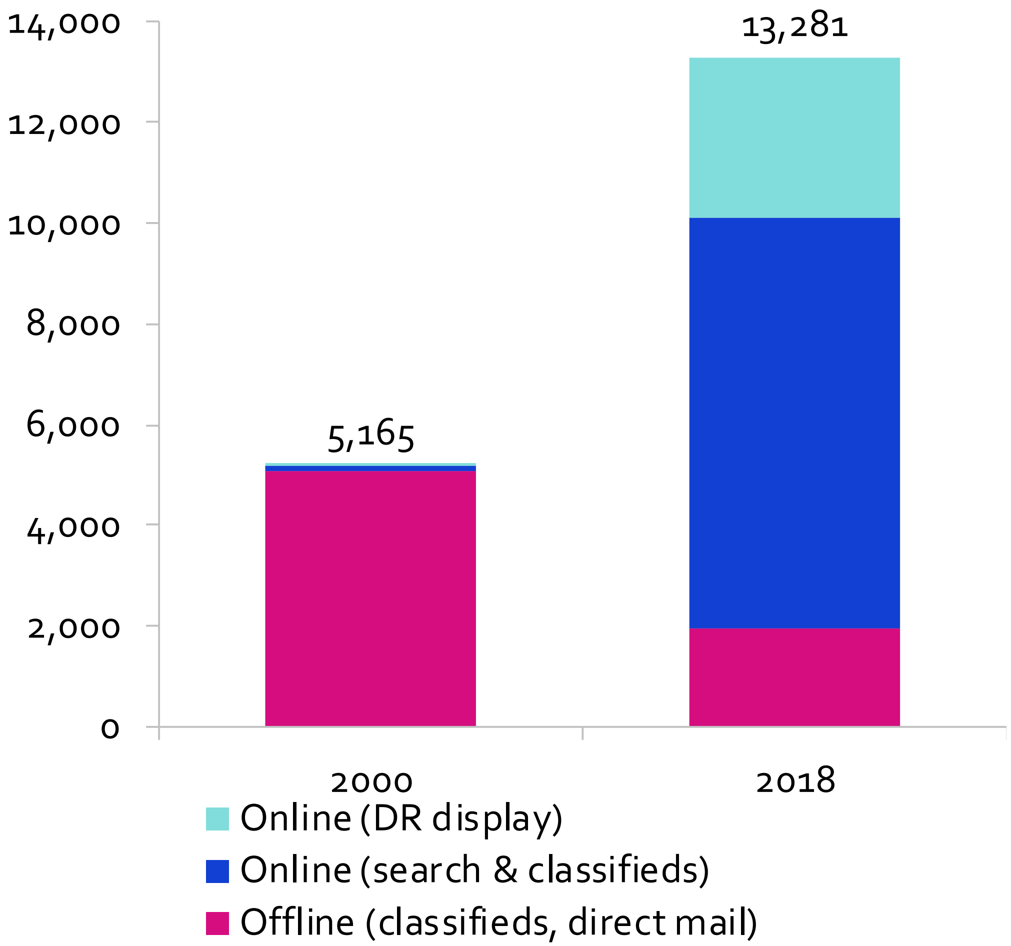
Employees by type of UK online advertising employer



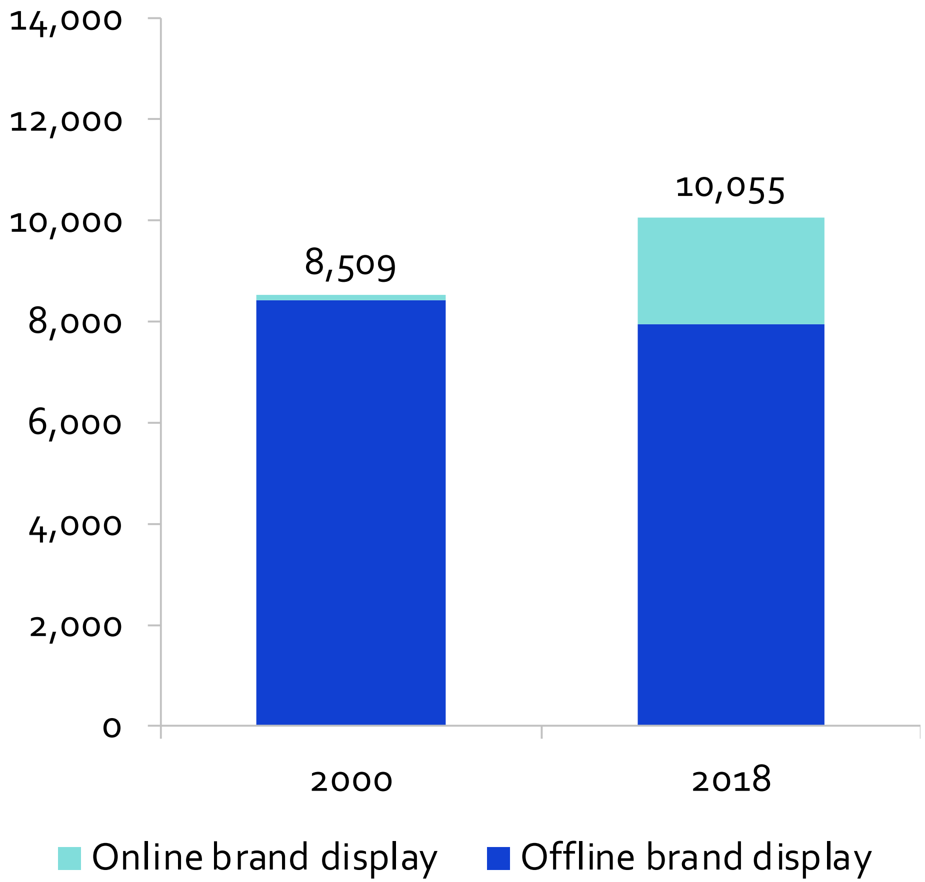
*Enders estimate based on Beahurst data (October 2018)
**Latest companies house filings, reported figure in early 2017 for Snap
[Source: Beauhurst, Companies House, Enders Analysis]

The internet is a direct response medium

Direct response ad expenditure (£m)



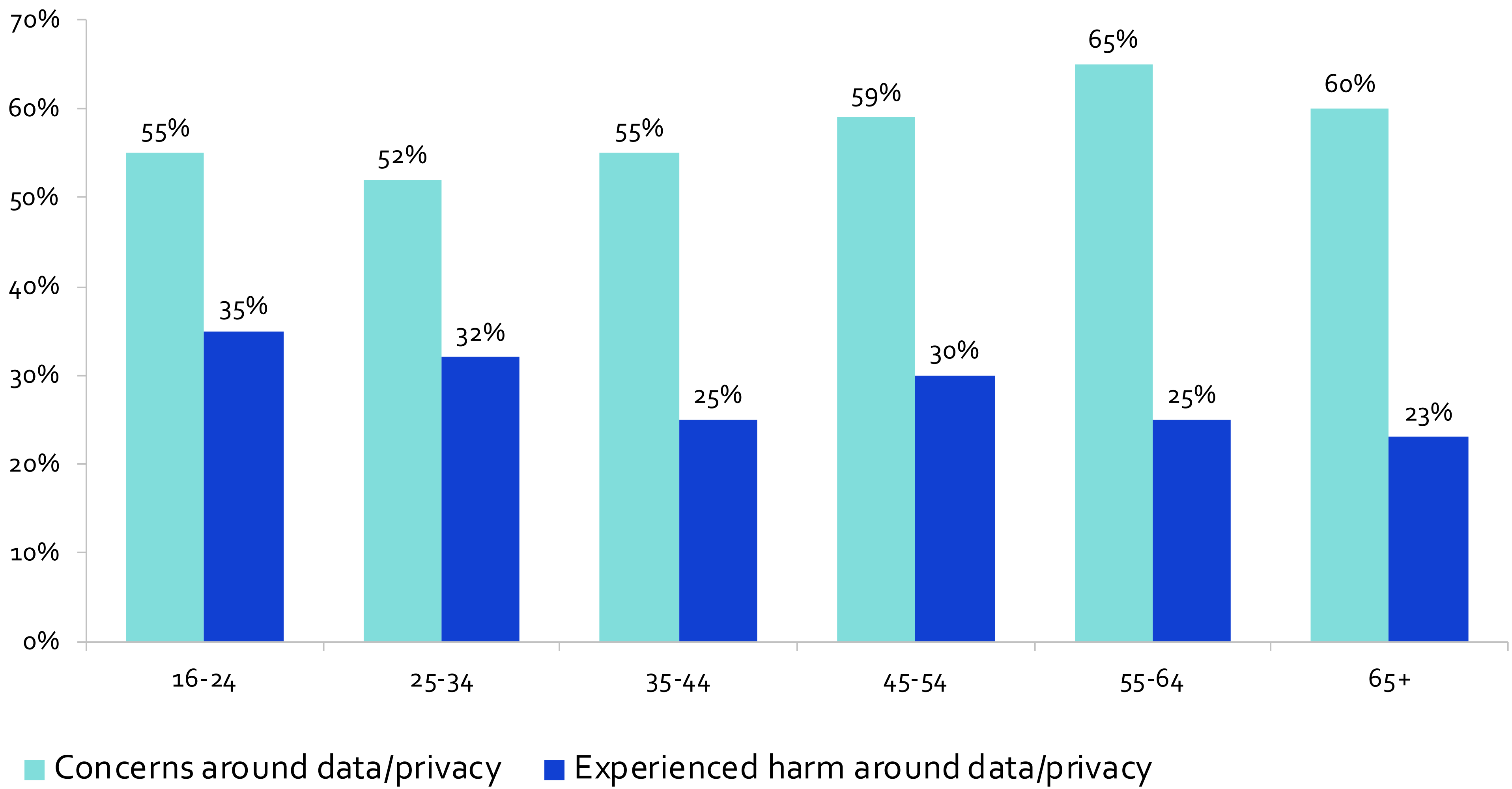
Brand/display ad expenditure (£m)



[Source: Enders Analysis based on WARC]

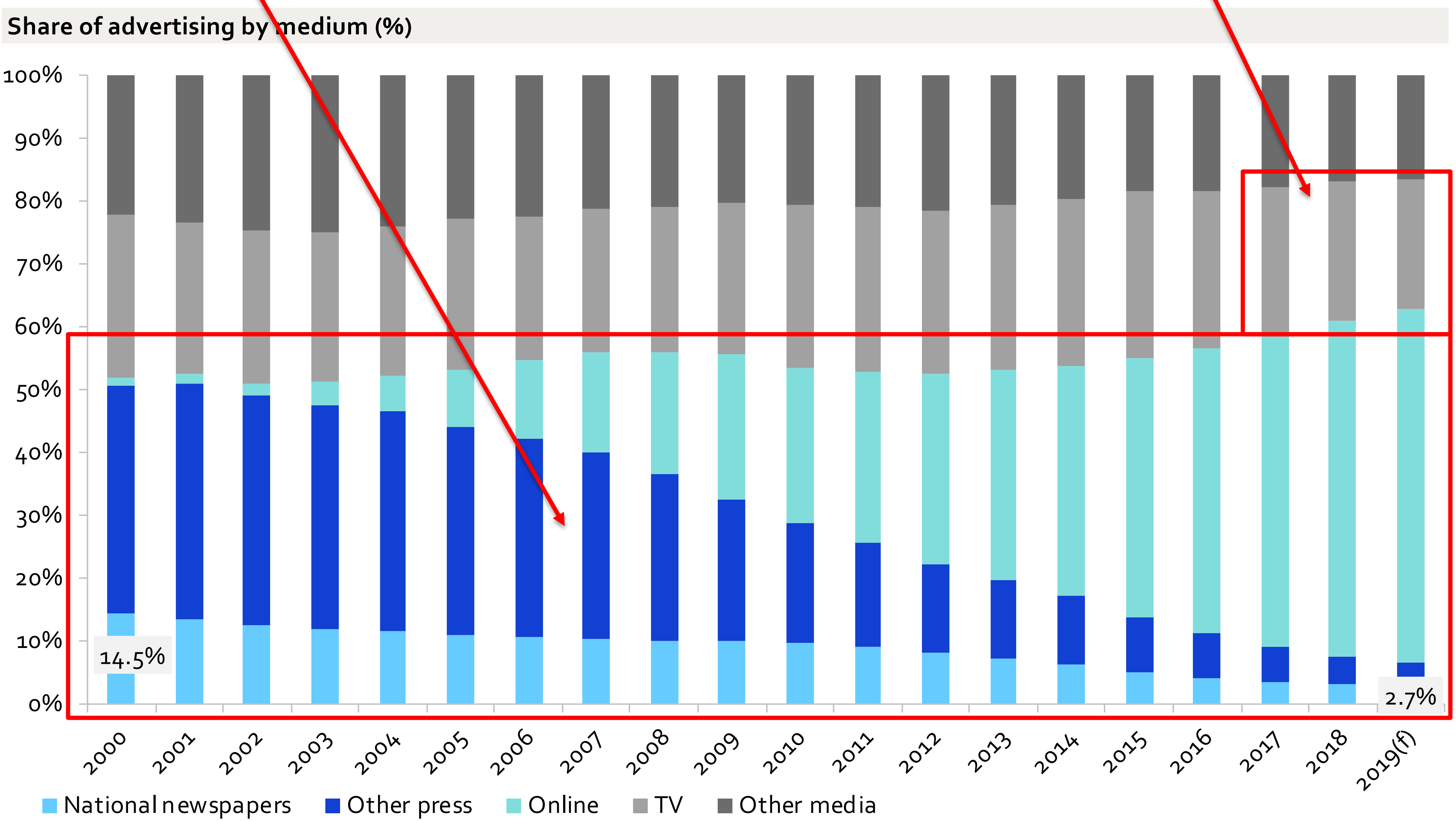
Data privacy harms are triggering a backlash

Data/privacy online by age, June 2018 (% of UK internet users)



[Source: Ofcom]

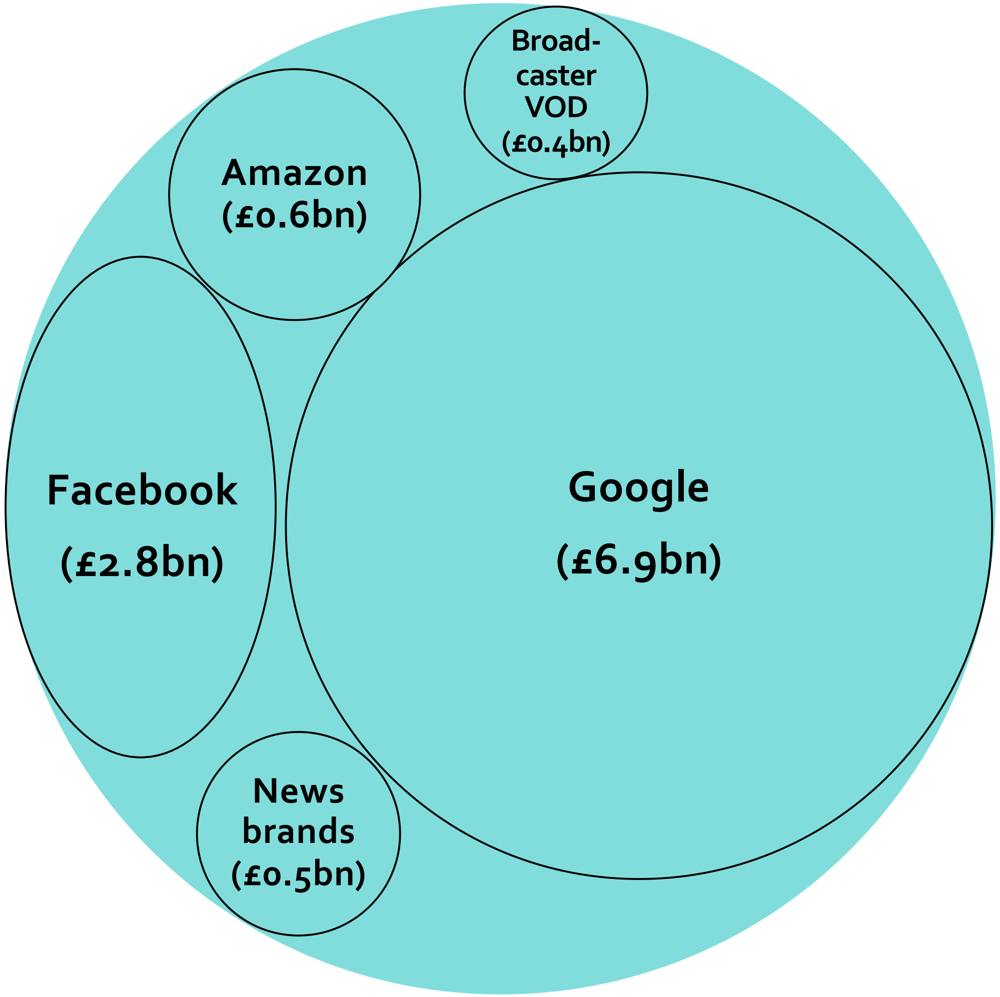
Press advertising cannibalisation—and now early signs of TV decline



[Source: Enders Analysis, AA/WARC]

Google and Facebook dominate, leaving scraps for UK media

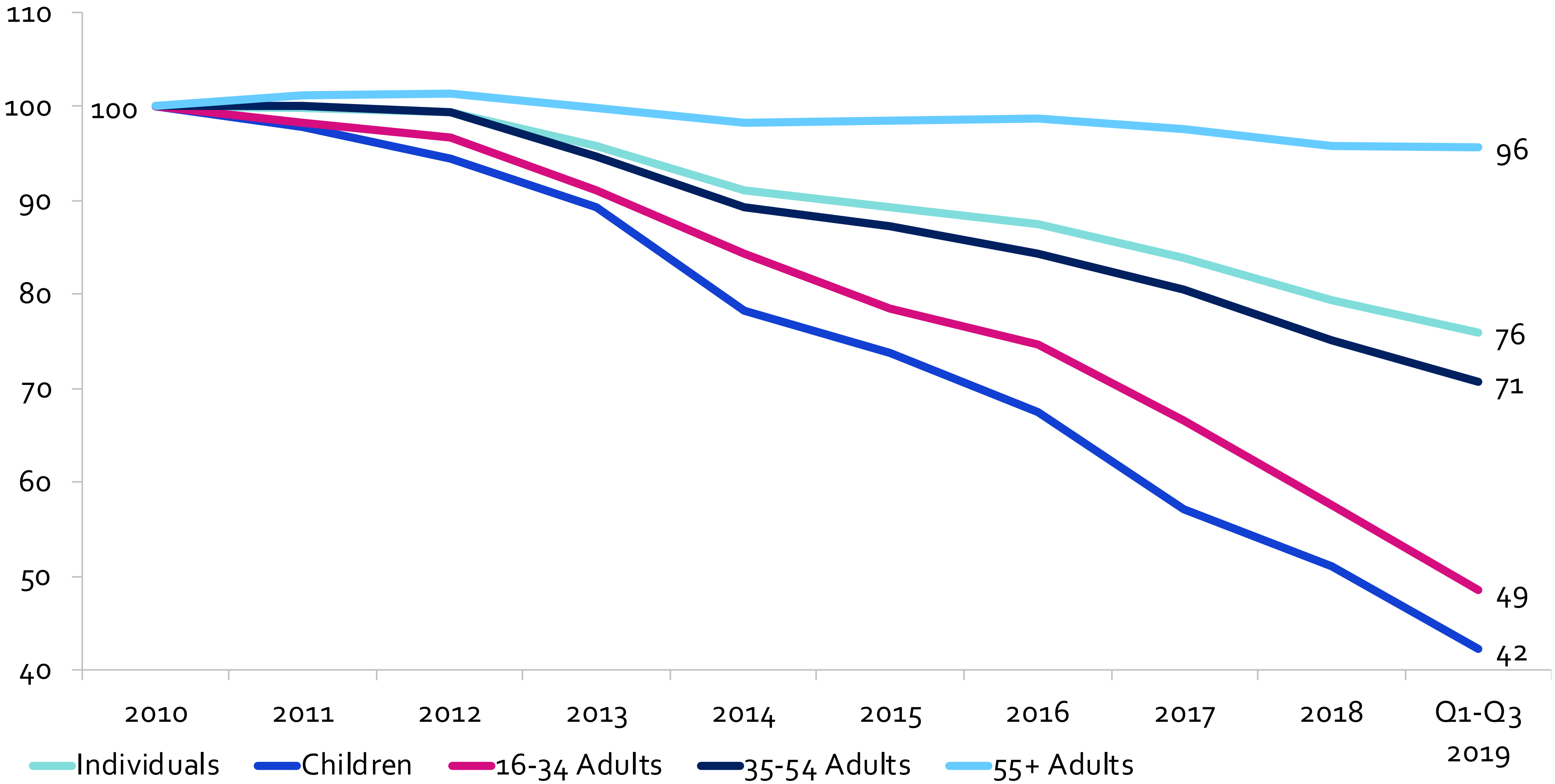
Estimated gross UK online ad spend by media owner in 2018



[Source: Enders Analysis estimates]

Traditional TV viewing continues its decline

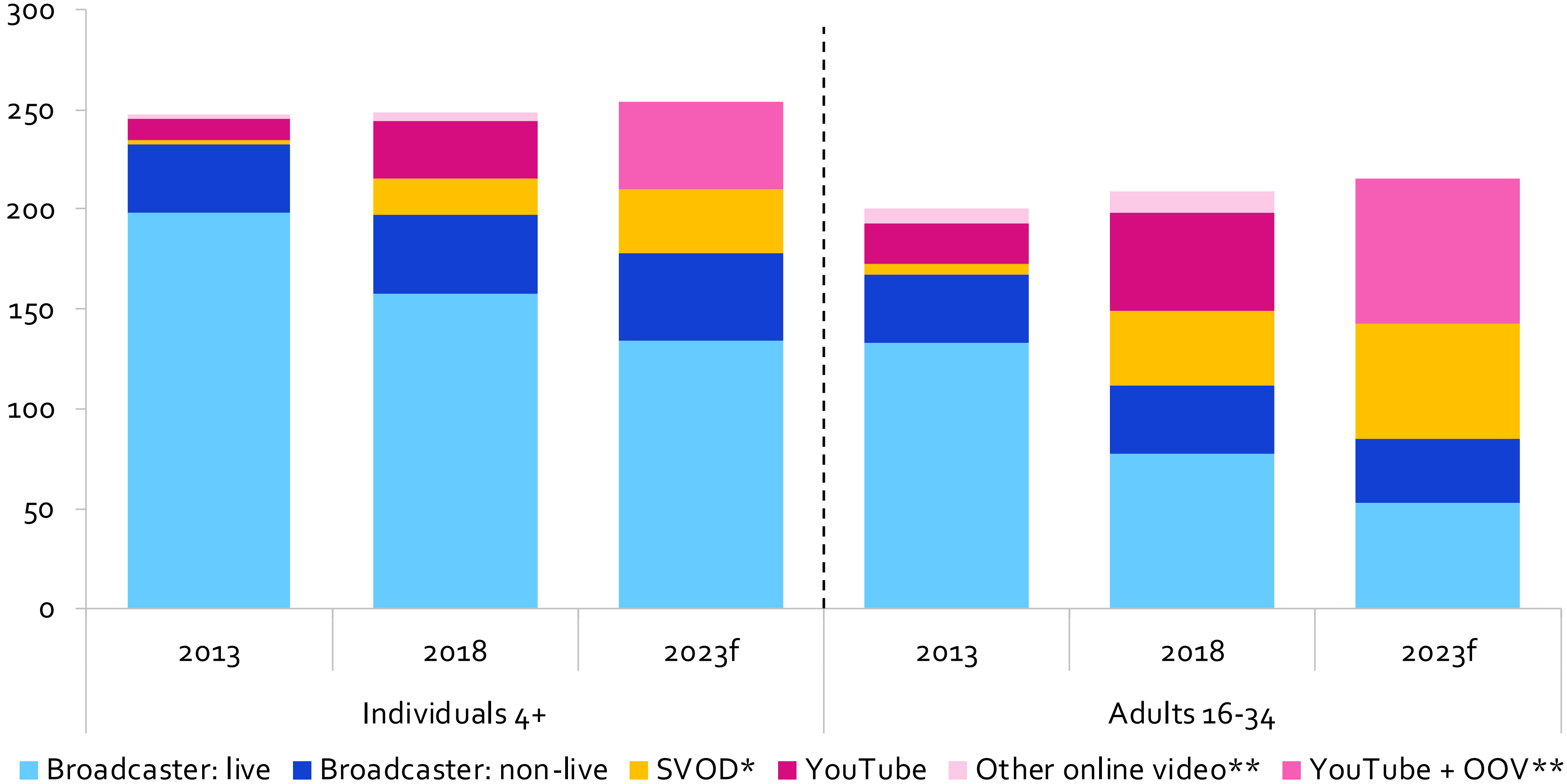
Daily average TV set viewing per person (index 2010=100)



Base: UK TV population.
Consolidated data: i.e. viewing which is live or timeshift/catch-up within 7 days of the original broadcast.
[Source: Enders Analysis, BARB/AdvantEdge]

An insatiable appetite for video, only set to grow

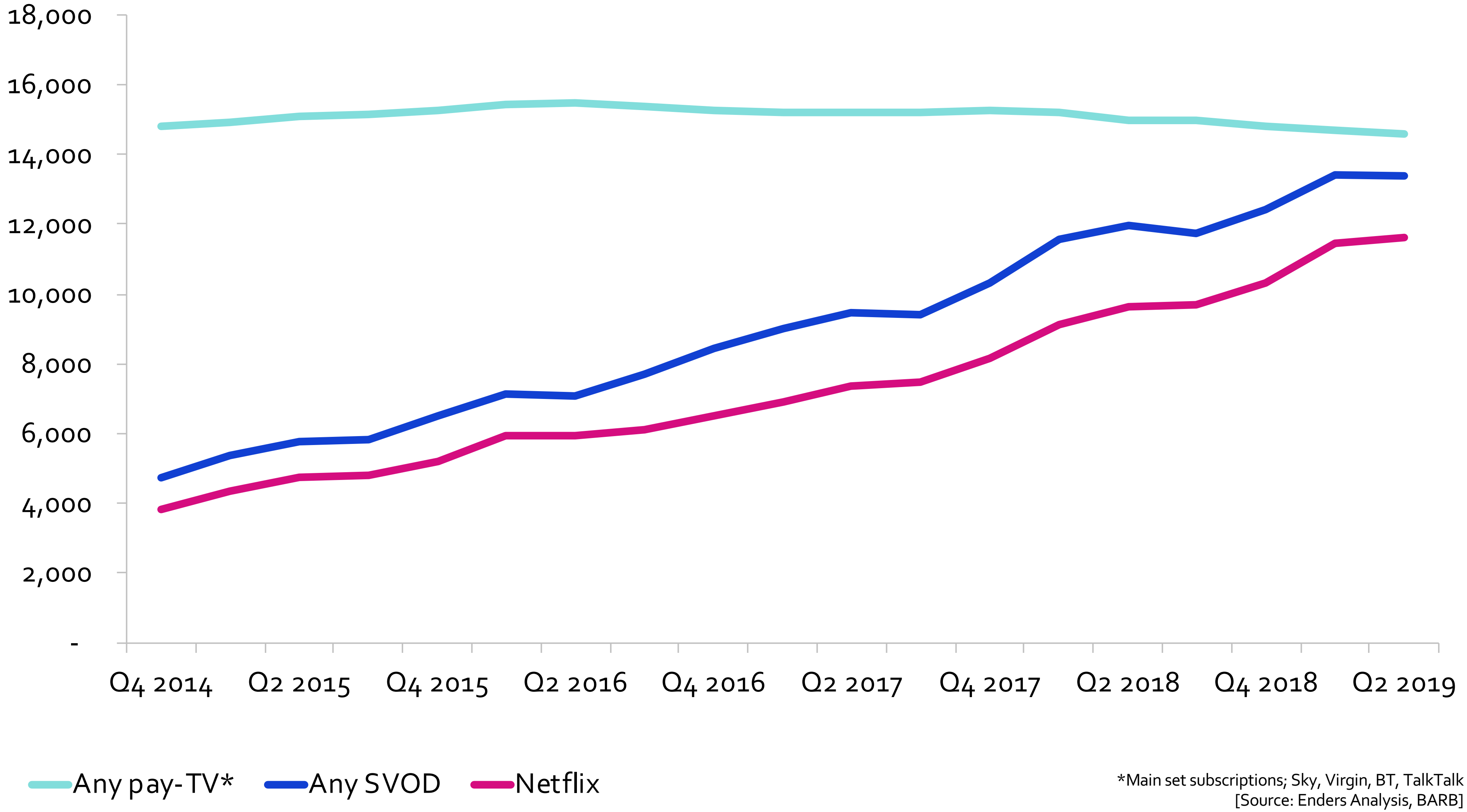
Average video viewing by age group (mins/day)



*Broadcaster SVOD services (e.g. NOW TV) fall under 'Broadcaster'.
**Excludes adult content.
[Source: Enders Analysis, BARB/AdvantEdge, ONS, Comscore, and industry research]

SVOD subscriptions are additive to Pay-TV

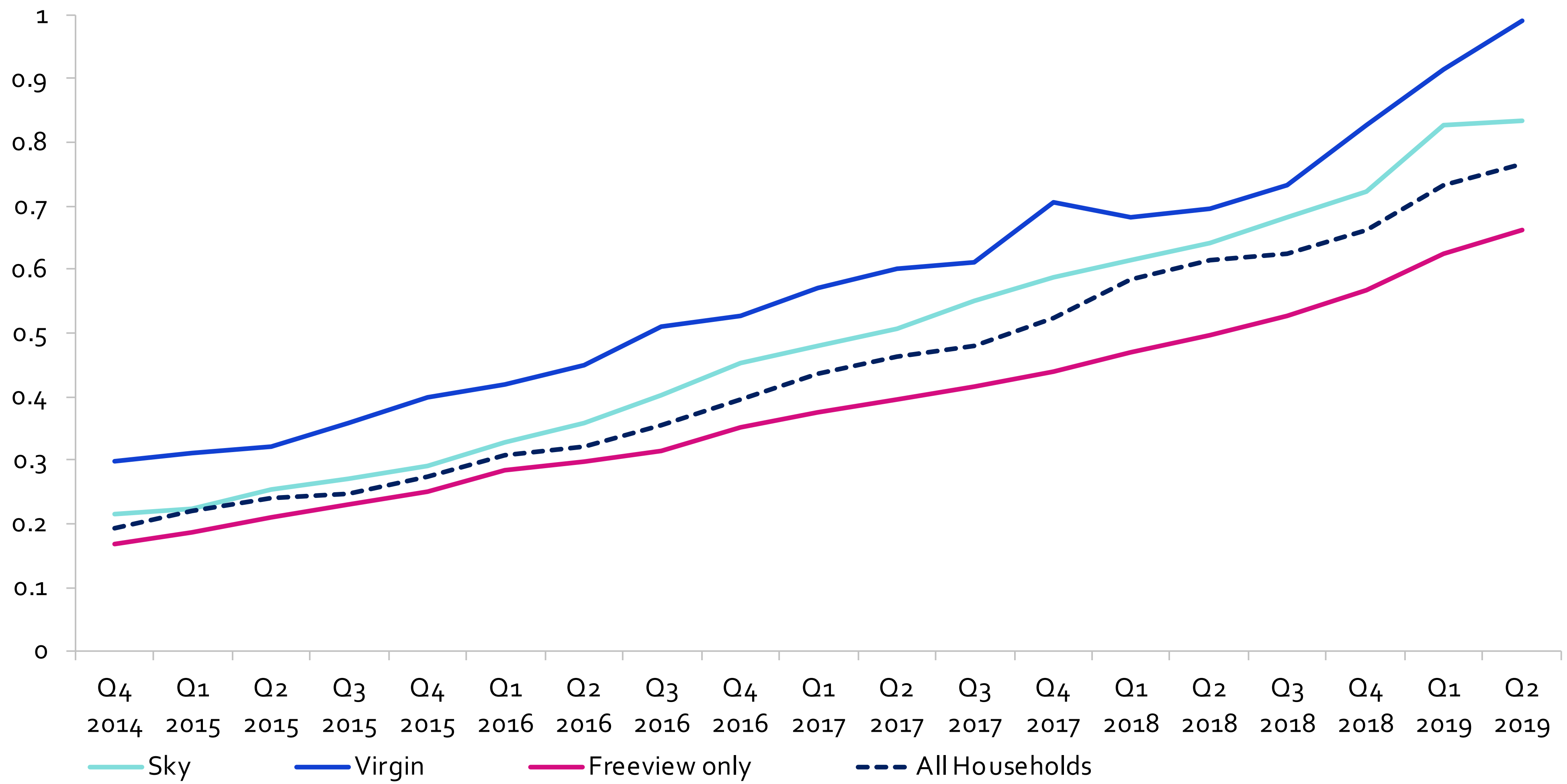
Households taking pay-TV and SVOD (000s)



*Main set subscriptions; Sky, Virgin, BT, TalkTalk
[Source: Enders Analysis, BARB]

Despite massive growth, the average household is not taking multiple subscriptions

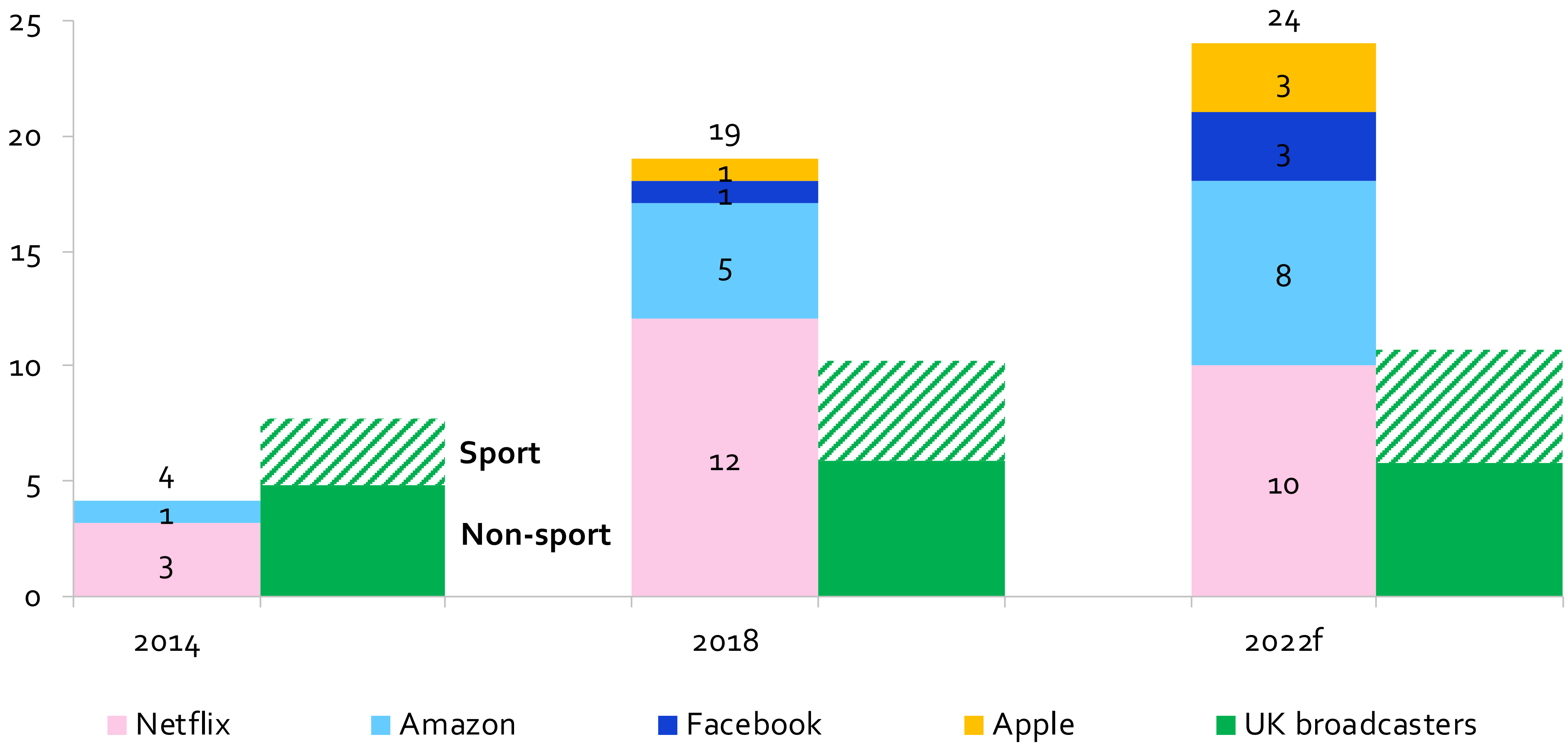
Average number of SVOD services per household by main platform



[Source: Enders Analysis, RSMB]

UK production spend is experiencing a boom

Estimated spend/obligations for content aired in year ($bn)



Exchange rate £1:$1.33
[Source: Enders Analysis, company reports]

UK leads but benefits restricted; next phase evolving

UK production all-time high

- £3 billion production market
- Netflix investment is £400m in the UK in 2019
- Production boom is increasingly tailored to global tastes
- Growing threat to Public Service provision

Advertising global leader

- Strong and innovative online eco-system, but US tech winning; UK media less so
- Uncertain and uneven playing field
- Public policy initiatives gathering momentum

Consumer choice & curation

- Increased consumer choice, but of an increasingly global market
- UK identity, UK entrepreneurism and UK investment all critical

Thank you

Contact us

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