PARROT ANALYTICS

Q3 2023

Parrot Analytics: Presents

The Quarterly Report Card — Q3 2023

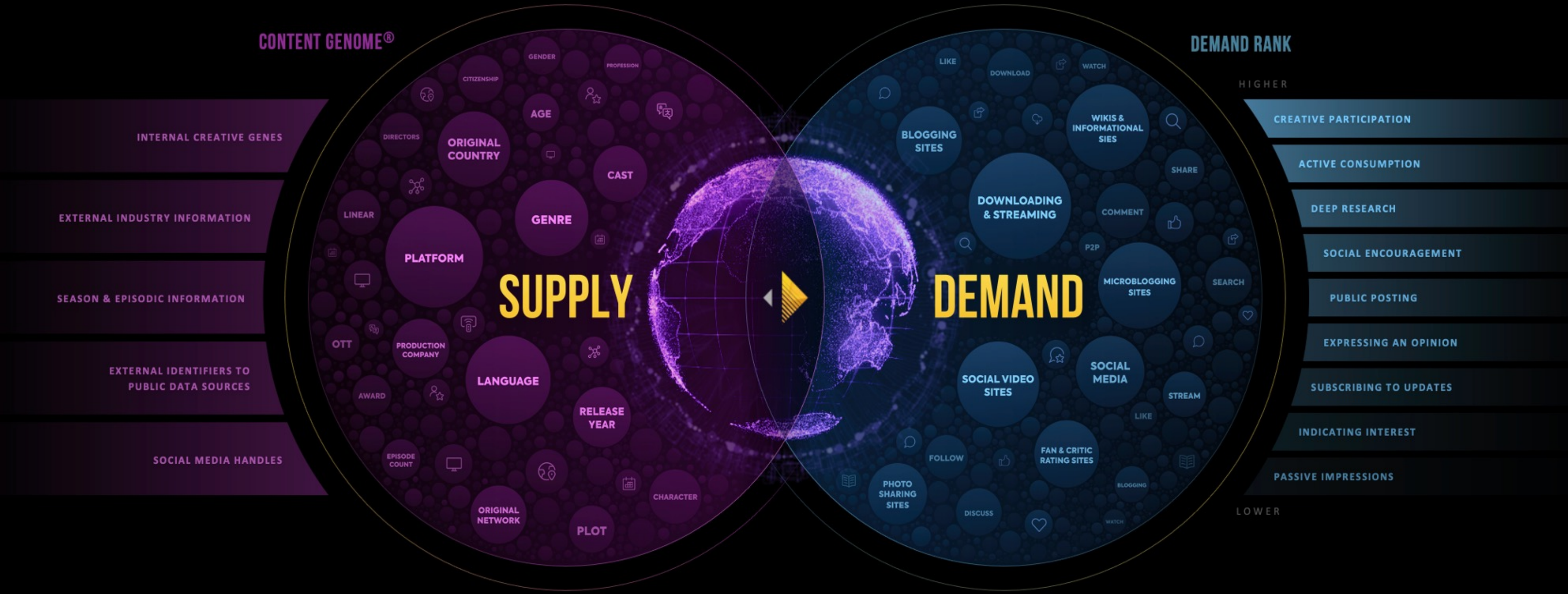
Contents

CAPTURING

CONTENT SUPPLY — AUDIENCE DEMAND

100M+ METADATA TAGS
2K+ DISTRIBUTION PLATFORMS
1M+ TITLES & 1M+ TALENT

BEHAVIORAL DATA FROM
2B+ CONSUMERS



The industry's most advanced

CONTENT TAXONOMY SYSTEM

The world's only global audience

DEMAND MEASUREMENT PLATFORM

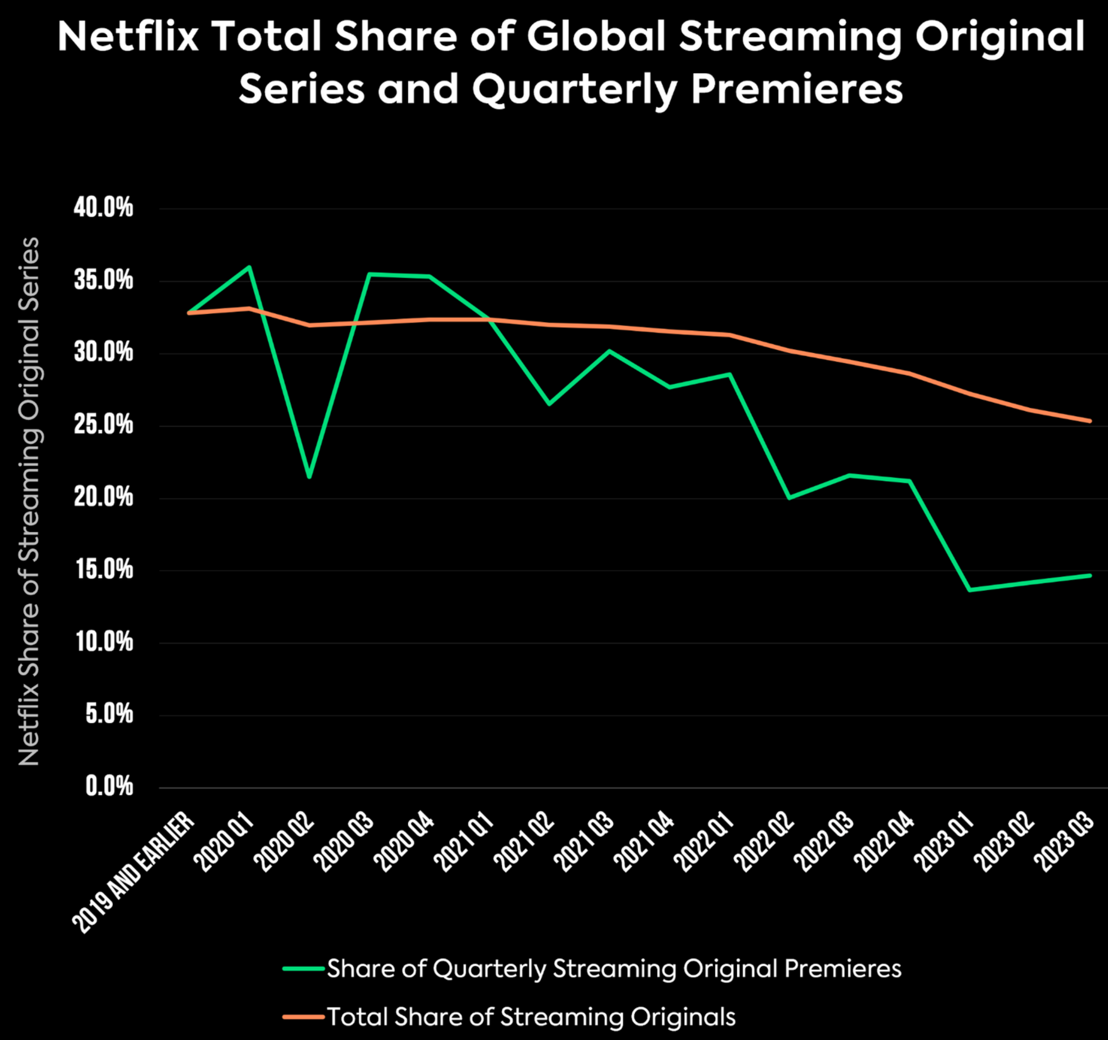
Financial and Demand Performance

Quarter 3 – 2023

Netflix – Q3 2023	Number	Rank	Annual Change	Quarterly Change
Total Subscribers (WW)	247.15M	#1	UP FROM 223.1M	UP FROM 238.4M
New Subscribers (WW)	8.76M	#1	UP FROM 2.41M	UP FROM 5.9M
Quarterly Revenue (WW)	$8.542B	#1	UP FROM $7.9B	UP FROM $8.19B
Corporate Demand Share (US)	8.4%	#5	DOWN FROM 8.5%	UP FROM 8.2%
Originals Demand Share (US)	35.7%	#1	DOWN FROM 41.5%	DOWN FROM 36.3%
On-Platform Demand Share (US)	17.3%	#1	DOWN FROM 18.2%	UP FROM 16.6%

Methodology note: *Demand data is based on average demand for originals and platform share in the US during the company's most recent reported quarter.*

One Key Chart



This Quarter: As of Q3, Netflix ranks first in (deep breath): share of global demand for original series (33.3%), share of US demand for original series (35.7%), total US on platform demand share (17.3%), supply share of streaming originals (25.4%) and more key categories. However, as noted in the chart above, Netflix's supply share of global streaming original titles has steadily ticked down since 2020, as new competitors entered the field, falling from 33.1% in Q1 2020 to 25.3% in Q3 2023. Looking at the supply share of new premieres during each quarter, the impact of Netflix's increased competition is even more stark. As recently as Q3 2021, Netflix accounted for 30.2% of all new streaming original titles released globally. But today Netflix's share of new streaming originals worldwide is down to 14.7%.

As Netflix's content budget stabilizes and the streamer delivers a smaller volume of fresh originals, its ability to turn legacy series into hits (a la *Suits*) and strike gold on fewer exclusives becomes even more imperative to its short and long-term success.

Looking Forward: Though Netflix's password sharing crackdown is driving subscriber growth, it hasn't yet made a material impact on revenue. Ensuring that free cash flow continues to grow in 2024 — when production costs won't be minimized by labor stoppages — and that the company is prepared with new growth initiatives once the crackdown conversion reaches saturation is crucial.

Speaking of growth initiatives, Netflix's foray into mobile gaming has yet to reap significantly tangible benefits. To be fair, it is still early in the company's expansion effort and gaming is a long-term bet. As Netflix draws closer to cloud-streamed games that will allow users to play on a TV, the hope is that it can add an entirely new engagement element to its service with games both original and complementary to its content library. But how much overlap is there between Netflix's general entertainment fans and gamers?

Financial and Demand Performance

Quarter 4 – 2023 *(Jul-Sep 2023)*

Disney – Q4 2023	Number	Rank	Annual Change	Quarterly Change
Total Subscribers (WW)	150.2M	#2	DOWN FROM 164.2M	UP FROM 146.1M
New Subscribers (WW)	4.1M	#2	DOWN FROM 12.1M	UP FROM -11.7M
Quarterly Revenue (WW)	$5.036B	#2	UP FROM $4.9B	DOWN FROM $5.525B
Corporate Demand Share (US)	19.9%	#1	UP FROM 19.8%	DOWN FROM 20.1%
Originals Demand Share (US)	6.9%	#5	DOWN FROM 8.5%	DOWN FROM 7.3%
On-Platform Demand Share (US)	9.1%	#6	UP FROM 6.0%	DOWN FROM 9.4%

Methodology note: *Demand data is based on average demand for originals and platform share in the US during the company's most recent reported quarter.*

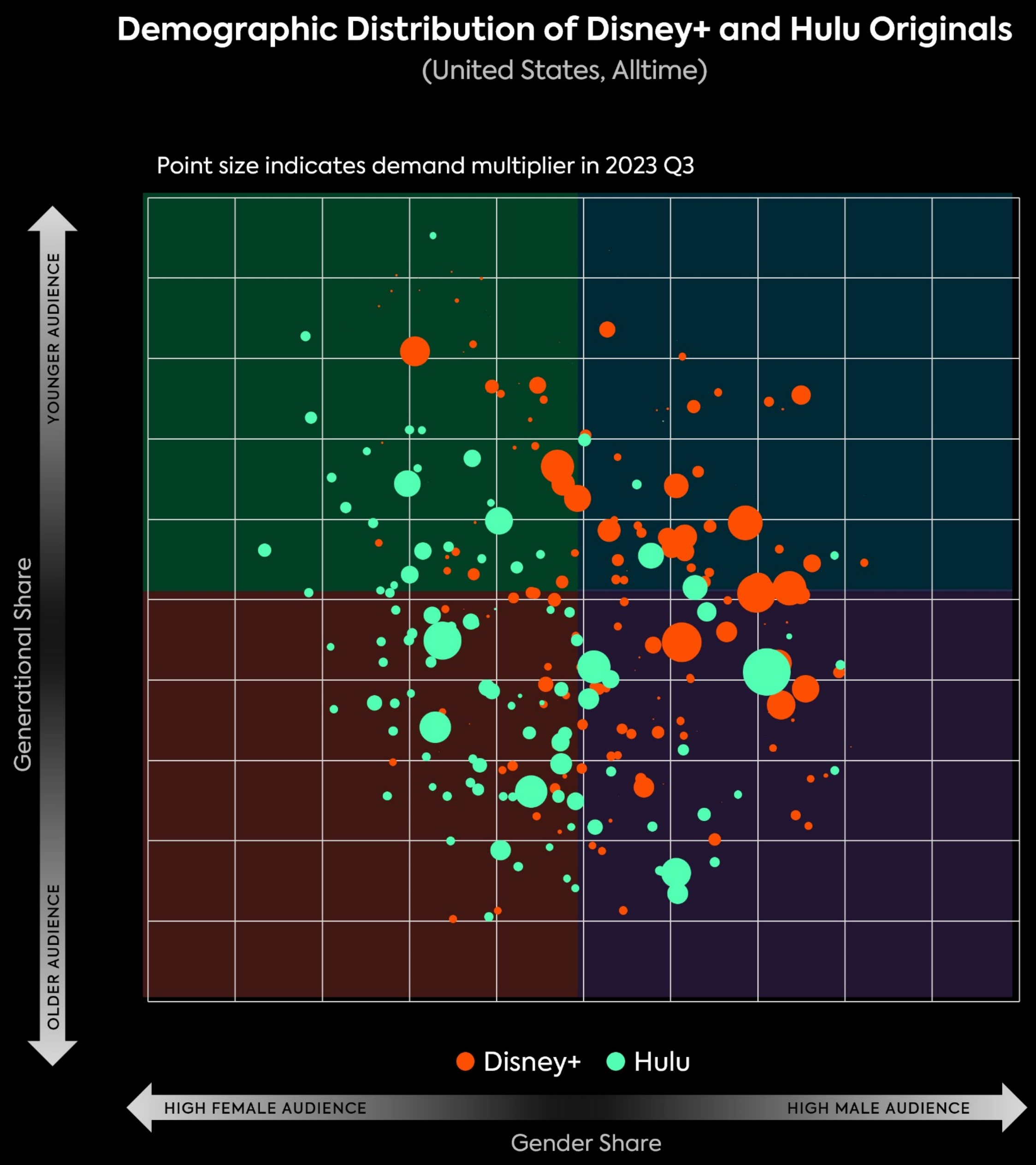
One Key Chart

This Quarter: Disney managed to shrink its streaming losses to "just" $387 million versus the $1.5 billion loss the company took in the same quarter last year, setting the stage for former CEO Bob Chapek's ouster. The company highlighted three films and one series for helping to reignite growth after back-to-back quarterly subscriber losses: *Guardians of the Galaxy Vol. 3*, *Elemental* and *The Little Mermaid* as well as new Star Wars series *Ahsoka*. From July 1-September 30, those films rank as the 5th, 15th and 78th most in-demand movies in the world, while *Ahsoka* is among the most in-demand series debut of 2023 worldwide so far.

Disney's theatrical films and blockbuster appointment viewing streaming originals have maintained a steady rate of consumer interest on Disney+ even as the franchise focused lineup has seemingly hit its growth ceiling.

Looking Forward: Despite The Walt Disney Company ranking first in corporate demand share (19.9%), Disney+ ranked just sixth in total on-platform demand share (9.1%) this past quarter. However, a unified Disney+ and Hulu combination will launch in December before rolling out wide in early 2024.

Ideally, the complementary audiences these two services cater to will combined for a broad appeal four-quadrant service that lowers customer acquisition costs, reduces churn, reduces marketing expenses and increases engagement for hungry advertisers. That's the goal when coupling the general entertainment of Hulu with the IP-driven programming of Disney+. Yet it remains to be seen what NBCU will do with its lingering content on Hulu once Disney completes its full acquisition. Disney might be paying top dollar for a service that could become noticeably smaller in the near future.



Financial and Demand Performance

Quarter 4 – 2023 *(Jul-Sep 2023)*

Hulu – Q4 2023	Number	Rank	Annual Change	Quarterly Change
Total Subscribers (WW)	48.5M	#5	UP FROM 42.8M	UP FROM 48.3M
New Subscribers (WW)	200,000	#5	DOWN FROM 600,000	UP FROM 100,000
Quarterly Revenue (WW)	$5.036B (SAME AS DISNEY)	#2	UP FROM $4.9B (SAME AS DISNEY)	DOWN FROM $5.525B (SAME AS DISNEY)
Corporate Demand Share (US)	19.9% (DISNEY)	#1	UP FROM 19.8%	DOWN FROM 20.1%
Originals Demand Share (US)	7.6%	#4	UP FROM 7.4%	UP FROM 7.3%
On-Platform Demand Share (US)	15.3%	#3	DOWN FROM 19.6%	DOWN FROM 15.2%

Methodology note: Demand data is based on average demand for originals and platform share in the US during the company's most recent reported quarter.

One Key Chart

This Quarter: This past quarter saw Hulu enjoy the tail end of *The Bear* Season 2's momentum as well as the arrival of *Only Murders in the Building* Season 3. Not only are both among the six most in-demand Hulu originals in 2023, they also rank among the top 70 streaming originals in the US so far this year. Not too shabby.

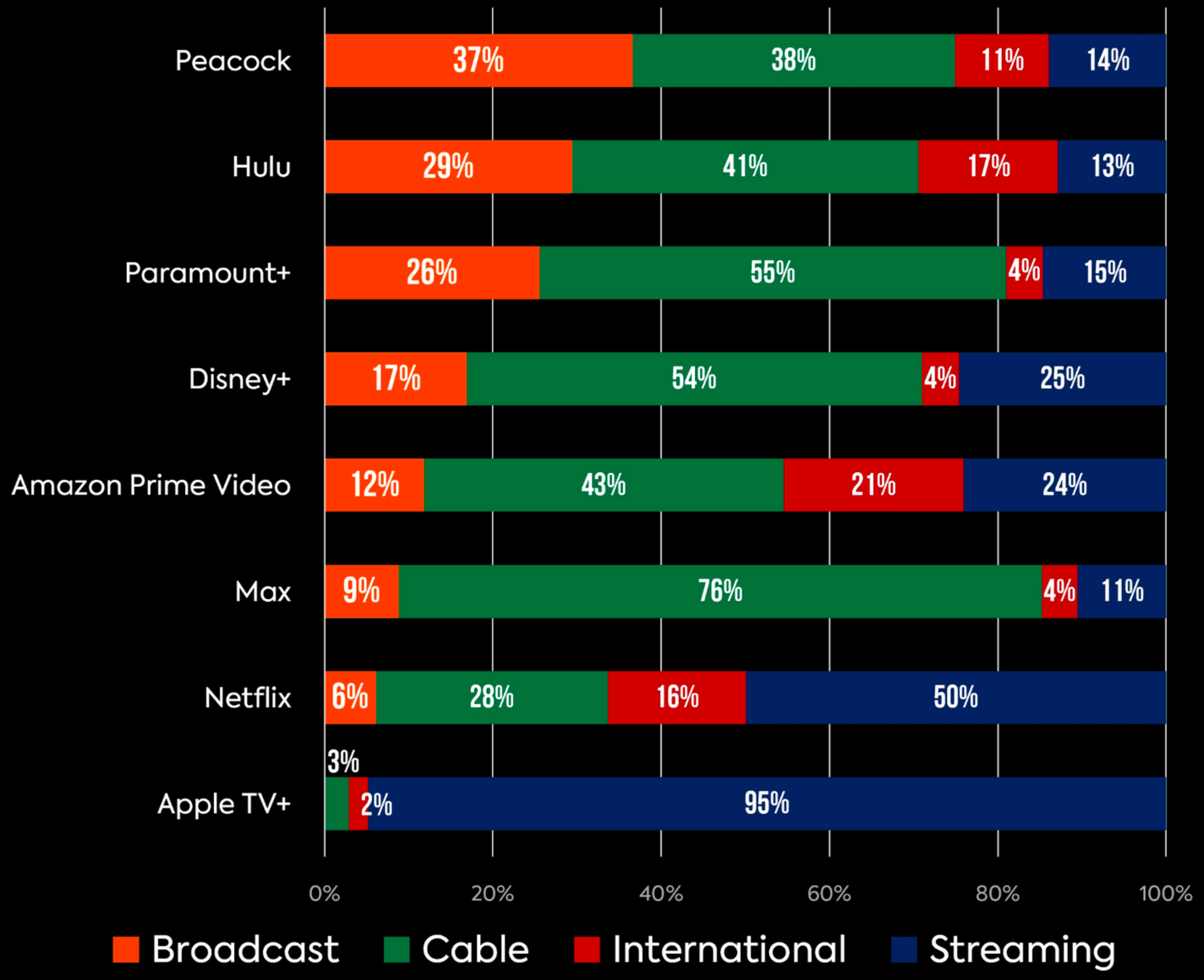
Yet Hulu had the second smallest share of audience demand devoted to streaming originals (15%) this past quarter, instead relying heavily on broadcast (29%) and cable (41%) to generate interest. Networks such as Fox, NBC, ABC, CBS, FX, Cartoon Network, and Comedy Central are responsible for the majority of the streamer's most in-demand programming this year. Many of these programs tend to be more associated with retention and engagement while splashy streaming originals are know to drive subscription growth.

Looking Forward: Disney must decide how much it is willing to invest in Hulu originals moving forward now that it is set to take full control of the streamer. As explored above, Hulu's main attraction point for consumers is as a hub for linear programming. Of the 100 most in-demand streaming originals since Jan. 1, 2020, Hulu is responsible for just eight (and three of those series originated on linear TV first before Hulu revived them). This despite the fact that Hulu contributes the fourth highest supply share of streaming originals (3.1%).

If Hulu is struggling to launch costly new exclusives, how best might it leverage its strength as a digital access point to linear programming as well as global animation?

Platform Catalog Demand Shares by Original Release Type

(United States, Q3 2023)



Financial and Demand Performance

Quarter 3 – 2023

Max – Q3 2023	Number	Rank	Annual Change	Quarterly Change
Total Subscribers (WW)	95.1M	#3	UP FROM 94.9M	DOWN FROM 95.8M
New Subscribers (WW)	-700,000	#6	DOWN FROM 2.8M	UP FROM -1.8M
Quarterly Revenue (WW)	$2.438B	#3	UP FROM $2.3B	DOWN FROM $2.73B
Corporate Demand Share (US)	17.2%	#2	DOWN FROM 17.9%	DOWN FROM 17.6%
Originals Demand Share (US)	5.8%	#7	DOWN FROM 6.9%	UP FROM 5.7%
On-Platform Demand Share (US)	15.4%	#2	N/A	DOWN FROM 16.0%

Methodology note: *Demand data is based on average demand for originals and platform share in the US during the company's most recent reported quarter.*

One Key Chart

This Quarter: Warner Bros. Discovery ranked second in corporate demand share (17.2%) last quarter while Max also ranked second in on-platform demand share. However, the streamer sat just seventh in US demand share for originals (5.8%) and dead last in terms of what percentage of its total library audience demand is comprised by originals (11%). In other words, Max is driven largely by the linear programming found on Discovery and HBO as well as theatrical movies from Warner Bros.

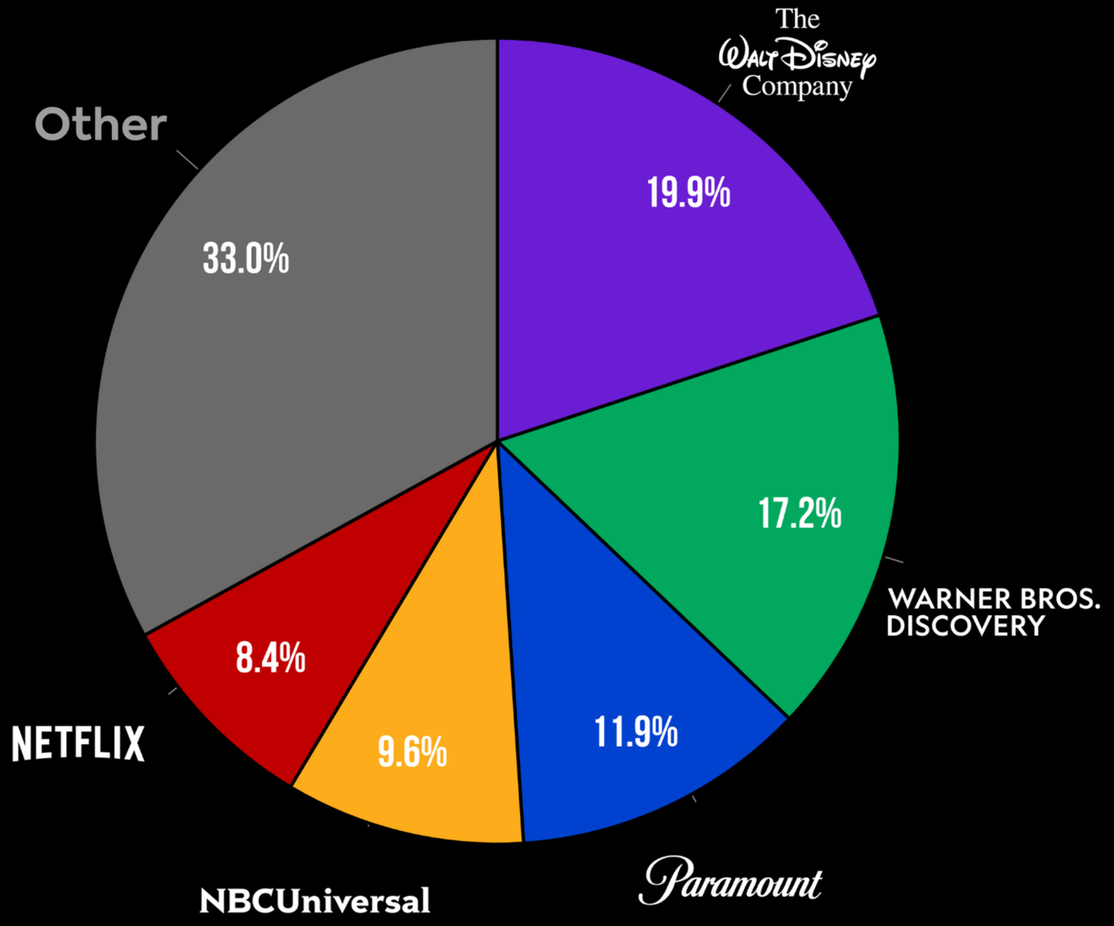
While this strategy has helped WBD's streaming division turn a profit in two of the last three quarters, it's difficult to see where future growth may come from if Max continues to minimize originals (the streamer has now lost subscribers in two consecutive quarters). Licensing content externally generates much-needed revenue and raises awareness for non-exclusive titles, but also puts a ceiling on subscriber growth.

Looking Forward: Max's slate is relatively standard in the upcoming quarter, though 2024 promises a slew of high-profile content such as *True Detective* Season 4, *House of the Dragon* Season 2 and *Hacks* Season 3. Longer term, though, what's most interesting about Warner Bros. Discovery is its ability to mix-and-match in the merger & acquisition market beginning in April 2024. Though saddled with crushing debt, bankers are nothing if not creative.

Regulatory obstacles not withstanding, a combination of WBD with either Paramount Global or NBCUniversal would create a market-leading media behemoth with virtually unrivaled streaming assets. Conversely, should Zaslav fail to flip his company to the next highest bidder, a combination of Paramount Global and NBCU would leapfrog both WBD and Disney in corporate demand share.

Demand Shares for Series by Corporate Owner

United States, Q3 2023



Financial and Demand Performance

Quarter 3 – 2023

Paramount+ – Q3 2023	Number	Rank	Annual Change	Quarterly Change
Total Subscribers (WW)	63M	#4	UP FROM 46M	UP FROM 61M
New Subscribers (WW)	2.7M	#4	DOWN FROM 4.6M	UP FROM 1M
Quarterly Revenue (WW)	$1.692B	#4	UP FROM $1.22B	UP FROM $1.67B
Corporate Demand Share (US)	11.9%	#3	DOWN FROM 12.4%	DOWN FROM 12.2%
Originals Demand Share (US)	5.8%	#6	UP FROM 5.1%	DOWN FROM 6.0%
On-Platform Demand Share (US)	10.2%	#5	UP FROM 8.2%	DOWN FROM 11.2%

Methodology note: *Demand data is based on average demand for originals and platform share in the US during the company's most recent reported quarter.*

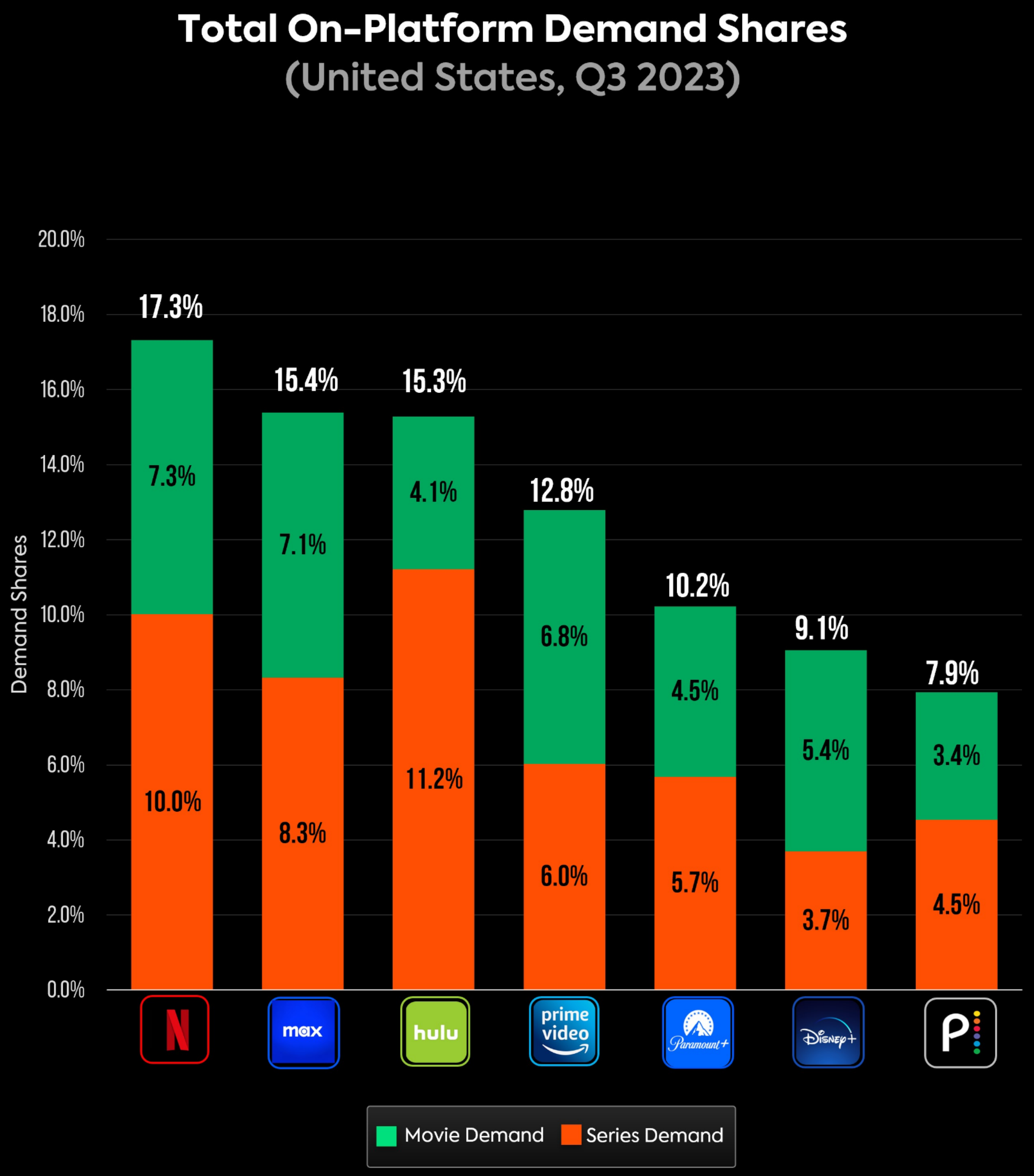
One Key Chart

This Quarter: In Q3 2023, Paramount+ ranked fifth in US total catalog demand share (10.2%), sixth in US originals demand share (5.8%) and sixth in global originals demand share (4.9%). The streamer has steadily added new subscribers since 2021, yet can't seem to threaten a jump into the top three.

Paramount+'s bets on *Star Trek* and creator Taylor Sheridan series continued to pay off, as those two franchises accounted for seven of the top 10 series available on Paramount+ in Q3 with US audiences. Sheridan's latest, *Special Ops: Lioness,* debuted in July and was among the top 2.9% of series across all platforms in the quarter. However, without *Star Trek* and the Sheridan-verse, Paramount+ is largely at the whims of audience interest in CBS programming and Paramount Pictures films.

Looking Forward: *Paw Patrol: The Mighty Movie* should arrive on Paramount+ by the holiday season, just in time to delight families with young kids who are off from school while Sheridan's newest series, *Lawmen: Bass Reaves* debuted on Nov. 5.

A new Australian-set installment of the *NCIS* franchise should play well with the CBS-loving crowd while *Good Burger 2* hopes to capture a strong share of millennial attention. And with the NFL season heating up, churn should theoretically stay in check into early 2024. But with a slowdown in broadcast programming thanks to the guild strikes, Paramount+'s library may not feel as freshly beefy as it has in recent years.



Financial and Demand Performance

Quarter 3 – 2023

Peacock – Q3 2023	Number	Rank	Annual Change	Quarterly Change
Total Subscribers (WW)	28M	#6	UP FROM 15M	UP FROM 24M
New Subscribers (WW)	4M	#3	UP FROM 2M	UP FROM 2M
Quarterly Revenue (WW)	$830M	#5	UP FROM $506M	UP FROM $820M
Corporate Demand Share (US)	9.6%	#4	DOWN FROM 9.8%	DOWN FROM 9.8%
Originals Demand Share (US)	3.9%	#8	UP FROM 2.8%	UP FROM 3.7%
On-Platform Demand Share (US)	7.9%	#7	DOWN FROM 7.0%	UP FROM 7.5%

Methodology note: *Demand data is based on average demand for originals and platform share in the US during the company's most recent reported quarter.*

One Key Chart

This Quarter: Peacock continued its momentum in Q3 2023, with US demand share for streaming original series hitting a new high of 3.9%, led by the Anthony Mackie-fronted video game adaptation *Twisted Metal*. However, Peacock remains stuck in eighth place among the major US streamers, and as a linear-reliant streamer its path to usurping a top three spot is unclear.

Peacock's total on-platform demand share — accounting for all movies and TV series available on a platform regardless of exclusivity — grew in Q3 as well. This was largely on the back of a strong slate of Universal films from the first half of the year.

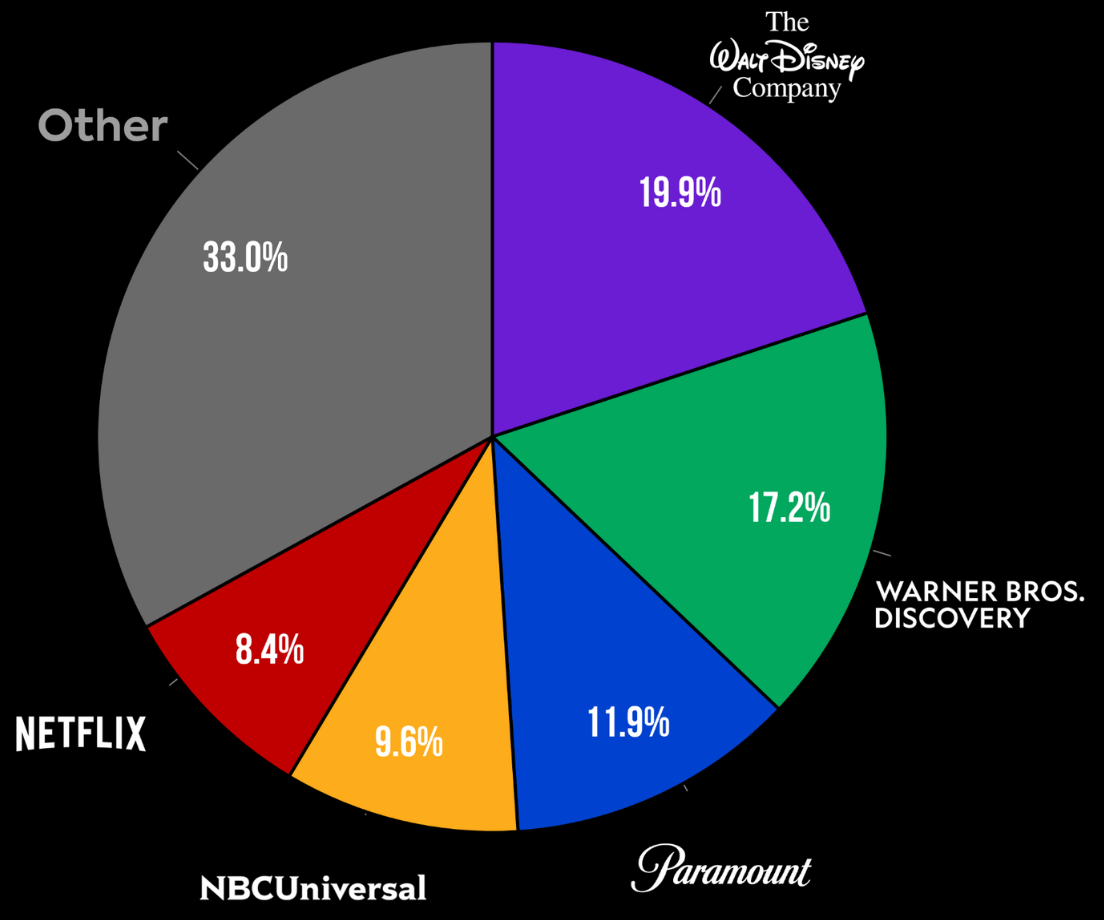
The streamer continues to grow its subscriber base with the help of top level live sports, including Sunday Night Football, Notre Dame games, the Premier League, WWE, PGA, NASCAR and more. A steady stream of sports can be a sticky attraction point for customers, especially among cord-cutters and cord-nevers. Yet annual Peacock losses are still expected to peak in 2023 at a whopping $3 billion.

Looking Forward: Though NBCU may soon reclaim its remaining programming block on Hulu after it completes the sale of its remaining 33% ownership stake, it remains to be seen how significantly even highly in-demand shows such as *Law & Order: SVU* and *Will & Grace* will move the needle. Furthermore, as linear television continues to rapidly decline, it raises the question of how viable such programming is as a demand driver long-term.

No doubt shows such as *The Voice*, *Brooklyn Nine-Nine* and *America's Got Talent* will remain popular into the future. But will the next generation of disposable income consumers be as interested? And what's to become of Peacock's Gen X+ audience when *Yellowstone*, which will end next November, eventually departs the service and returns to Paramount?

Demand Shares for Series by Corporate Owner

United States, Q3 2023



Demand Performance

Quarter 4 – 2023 *(Jul-Sep 2023)*

Apple TV+ – Q4 2023	Number	Rank	Annual Change	Quarterly Change
Corporate Demand Share (US)	1.9%	#8	UP FROM 1.4%	UP FROM 1.8%
Originals Demand Share (US)	8.4%	#3	UP FROM 6.5%	UP FROM 8.3%
On-Platform Demand Share (US)	1.7%	#10	UP FROM 1.6%	UP FROM 1.3%

Methodology note: *Demand data is based on average demand for originals and platform share in the US during the company's most recent reported quarter.*

One Key Chart

This Quarter: Apple TV+ has made a notable impact with premium original programming, capturing 8.4% of the demand for streaming originals in the U.S. market in the third quarter of 2023. This level of audience demand penetration is made all the more impressive when considering that its originals constitute just 2.1% of the total number of streaming originals.

More specifically, Apple TV+ had the largest share of audience demand in the US last quarter concentrated among shows that released new episodes in the last six months. Given the considerably smaller library of Apple TV+ compared to its rivals, it's no surprise that it is more reliant on a steady stream of new originals than library content. Yet that also puts the onus on the streamer to consistently deliver fresh content that connects with its audience at a steady clip lest the company risk leakage to another platform and higher churn.

For example, *Foundation* and *Hijack* (both of which aired new episodes in Q3) ranked as Apple TV+'s second and fourth most in-demand series last quarter. Yet *Ted Lasso* (first) and *Silo* (third) also received prominent rankings with recent episodes, though none within Q3.

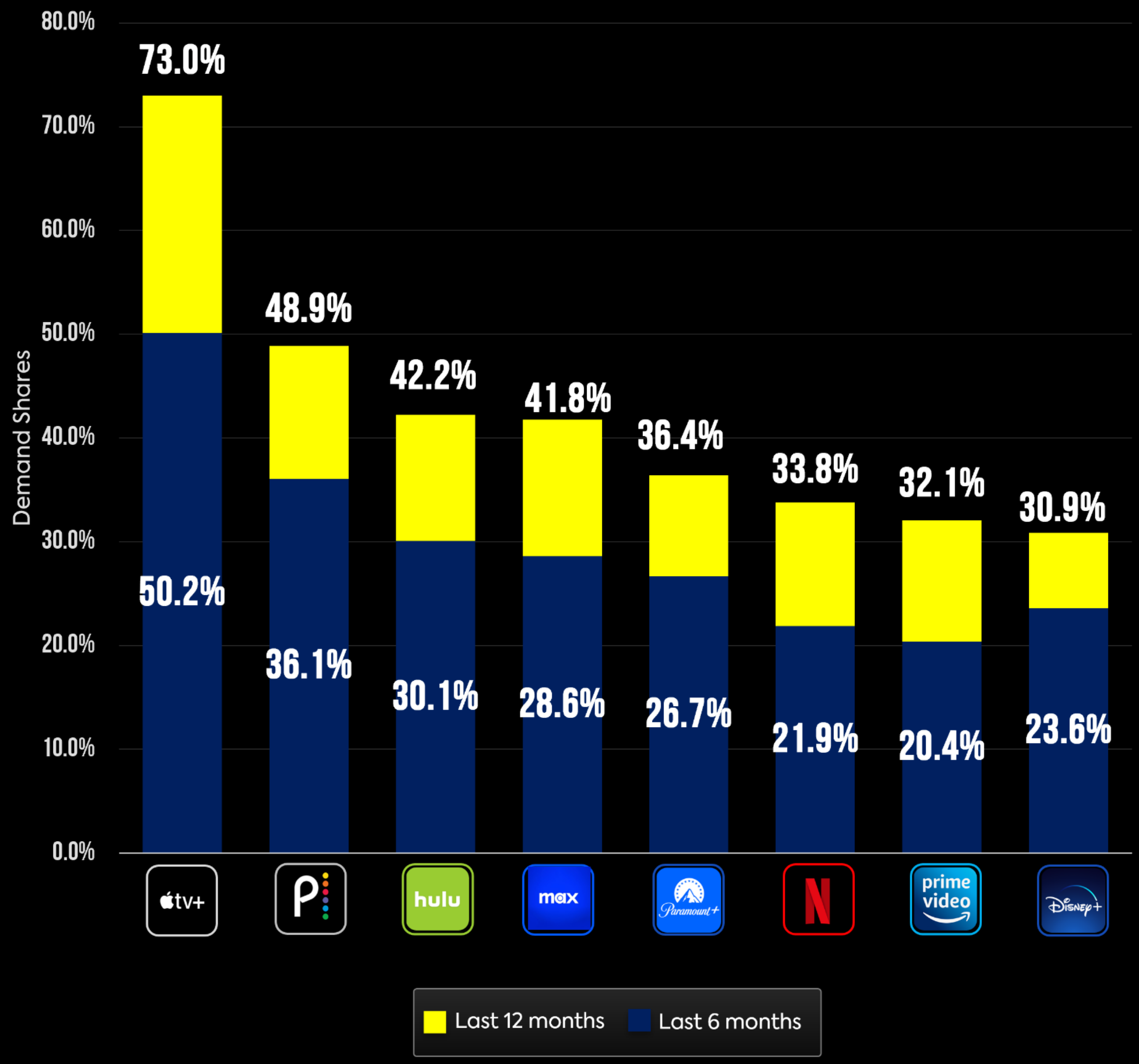
Looking Forward: Theatrical pay one movies are strong demand and usage drivers for most streaming services. After winning the 2022 Best Picture Oscar with *CODA*, Apple TV+ will soon be delivering arguably its two biggest home run movie swings yet in Martin Scorsese's *Killers of the Flower Moon* and Ridley Scott's *Napoleon*. Both films, coupled with the fourth season of *For All Mankind*, could elicit impressive adoption from a wide array of audiences.

That's important as Apple TV+, much like HBO, is committed to premium programming, which is a powerful content genre yet generally resonates with a niche audience subset. More than 70% of Apple TV+'s audience is 30 or older. Broadening out the programming library while still maintaining Apple's elevated brand will be the deciding factor in Apple TV+'s long-term subscriber growth.

Demand Shares for Shows with new Episodes Released*

(United States, 2023 Q3)

*As of Sep. 30th 2023



Demand Performance

Quarter 3 – 2023

Amazon Prime Video – Q3 2023	Number	Rank	Annual Charge	Quarterly Change
Corporate Demand Share (US)	2.1%	#7	UP FROM 1.8%	UP FROM 1.9%
Originals Demand Share (US)	9.2%	#2	DOWN FROM 11.4%	UP FROM 8.6%
On-Platform Demand Share (US)	12.8%	#4	UP FROM 8.3%	UP FROM 11.3%

One Key Chart

This Quarter: Amazon Prime Video grew is total platform demand share significantly last quarter, jumping from 11.3% in Q2 to 12.8% in Q3. This signals the platform is becoming a default streaming home for a growing number of consumers. However, there remains a clear gap between the top three of Netflix, Max, and Hulu, and Prime Video in fourth in terms of general entertainment streamers.

Prime Video expanded its satirical superhero *The Boys* universe with the spinoff *Gen V* towards the end of the quarter. The streamer released new seasons of its establish series such as *Good Omens*, *Jack Ryan*, and *The Wheel of Time*, each of which landed in the top 0.2% of shows worldwide across all platforms in Q3 2023. This helped Prime Video remain the number two streamer when it comes to demand for original content, staving off challenges from Disney+ globally and Apple TV+ in the US.

Looking Forward: *Thursday Night Football* is possibly Prime Video's most crucial asset to watch moving forward. Viewership of the first eight games of the 2023 season is up 25% compared to 2022, and the median age of a *TNF* viewer is 48, significantly younger than the median age for other NFL broadcasts (55). *TNF* provides the most effective case study so far in conditioning a linear audience to watch live sports exclusively on a streaming platform.

With NBA rights up for grabs in 2024, *TNF* serves as an excellent pitch to the association showing that The Everything Store already knows how to broadcast live sports and deliver massive audiences to advertisers. With deeper pockets than any of its traditional media competition, look for Prime Video to make a sustained effort to gain a large chunk of the new rights deal. The NBA is arguably the most young-leaning and marketing-savvy of the major leagues, and Amazon is better positioned than Apple or Google to offer seamless in-app merchandise sales before, during, and after live games on the platform.

Total On-Platform Demand Shares
(United States, Q3 2023)