STREAMING CONSUMPTION REPORT IN LATIN AMERICA 2021

How has Latin America streaming consumption behaviour changed as pandemic related restrictions are relaxed

Image: iStock

SHERLOCK COMMUNICATIONS

INTRODUCTION

Sherlock Communications published the first Latin America Streaming Report in 2020, with data from more than 3000 people located in six countries across the region. The pandemic had brought profound growth to a sector that was already gaining traction regionally. Suddenly, with entire families stuck indoors due to public health measures, people wanted entertainment, and were not content with what the regular TV channels were offering. Simultaneously, around the globe, groups of friends began hosting online wine soireés, rediscovering their kitchens and gardens, and feverishly following online content on a range of streaming platforms.

For all of the positivity (feigned and otherwise) that was mustered up at the beginning of one of the most challenging chapters that humankind has faced in some time, there is a palpable sense of relief as some semblance of normality starts to come back into our lives.

After more than a year of staring into a screen for everything from high level meetings to yoga classes, are people in Latin America still as interested in streaming services as they were this time last year? Or are they switching off and turning their attention to screen-free moments in their leisure time?

During September 2021, Sherlock Communications contacted 3,275 people located in Argentina, Brazil, Chile, Colombia, Mexico, and Peru via the Toluna research platform. Nearly half (44%) of the respondents were aged 18 - 34, another 43% were in the 35-54 age bracket, while the remaining 13% were over 55 years old.

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A GROWING STREAMING MARKETPLACE

The number of SVoD (Subscription Video on Demand) users in Latin America grew by 40% between 2019 and 2021, doubtlessly enabled by the pandemic and restrictions to social movement. Statista estimates that there are more than 60 million users of streaming services in Latin America currently, and this number is projected to almost double to 116 million by 2026. Data also suggests that at least one third of customers subscribed to two or more services during last year, with 27% of Mexicans and 22% of Chileans reporting that they had acquired at least two services during the year.

Globally, the revenue from SVoD more than tripled from around USD$ 17 billion in 2016 to USD$ 67 billion last year, according to research platform Statista, which predicts that the global market could surpass USD$ 126 billion in revenue by 2026.

Netflix counted around 36 million streaming subscribers in Latin America in 2021, with this number expected to exceed 47 million within the next four years. Netflix's LATAM revenue jumped nearly 10% between the second quarter of 2020 and that of this year. Latin America makes up around 13% of Netflix's global revenue.

Images: Adrien Coquet/Noun Project, Freepik

From an estimated total of 22.4 million streaming customers in Brazil, there were around 17 million Netflix subscribers as of October 2020, slightly less than Globoplay who could boast 20 million paying customers, while Amazon Prime had around 10 million. Argentina was estimated to have 4.87 SVoD subscribers in 2020, Colombia had 3.9 million, and Peru was home to around 1.8 million streaming clients.

Images: Cameron Venti /Unsplash, Denicon/Noun Project

NETFLIX DOMINATES LATIN AMERICA, BUT FOR HOW LONG?

Leading streaming service Netflix was the first of its kind for many home users, and the global giant reported net earnings of USD$1.35 billion in the second quarter of 2021, some 87% more than was reported in the same period last year. The global platform that launched its streaming service in 2007 had reportedly reached an audience of 209 million paying customers by Q2 2021. This is 16 million (8%) more customers than the platform had one year ago, and 180% more than were signed up by Q4 2015. Growth has been considerable, but has it plateaued?

> The global platform that launched its streaming service in 2007 had reportedly reached an audience of 209 million paying customers by Q2 2021

Netflix launched simultaneously in Argentina, Brazil, Chile, Colombia and Mexico in 2011 and, according to Insider Intelligence, Latin America is currently home to nearly 39 million paid Netflix memberships. However, the platform only shows regional year-on-year growth of 1%, considerably lower than the growth rates in other regions quoted. The US and Canada show year-on-year growth of 10%, for example, while Asia-Pacific (APAC) shows growth of 9%.

Growth may have slowed, but Netflix remains a favourite for many people in the region, despite the presence of dozens of competitors. When more than 3000 people based in six countries around Latin America were asked to pick their favourite streaming service, Netflix won hands down. When asked which platform they would pick if they could choose just one, a resounding 68% in Latin America chose the US start-up that launched in 1998 to compete with Blockbusters, and later became game changers in the history of global streaming.

Netflix was best of the bunch for 71% of respondents in Argentina and Colombia, and 70% in Chile. The streaming platform was the favorite of 68% in Peru and 66% in Mexico, while popularity was not quite as high in Brazil, where Netflix was first choice for 63% of the people surveyed. Interestingly, while Globoplay appears to have more subscribers in Brazil than Netflix, it is not a streaming service which people would hold on to if they had to strip back to just one service, only 6% in Brazil chose this option.

AMAZON COMPETES FOR PRIME SPOT

According to our exclusive research, Amazon Prime is the main competitor for streaming real estate, and Brazilians are its biggest fans. When asked which streaming service they would choose if they could only have one, 16% of Brazilians chose Amazon, which was considerably higher than the regional average of 12%. In Chile, 13% choose Amazon as their favourite, as did 12% in Colombia. Amazon got the number one vote from 11% of people in Mexico and Peru respectively, while the platform only topped polls for 8% in Argentina.

HBO Max and Disney+ emerged as the next most popular streaming services for Latin Americans. Regionally, 7% said they would choose HBO Max if they could only have one service, while 6.5% chose Disney+. Both enjoyed the highest levels of popularity in Mexico, where 11% chose HBO Max as their number one, while 8% said Disney+ was their top platform for streaming content.

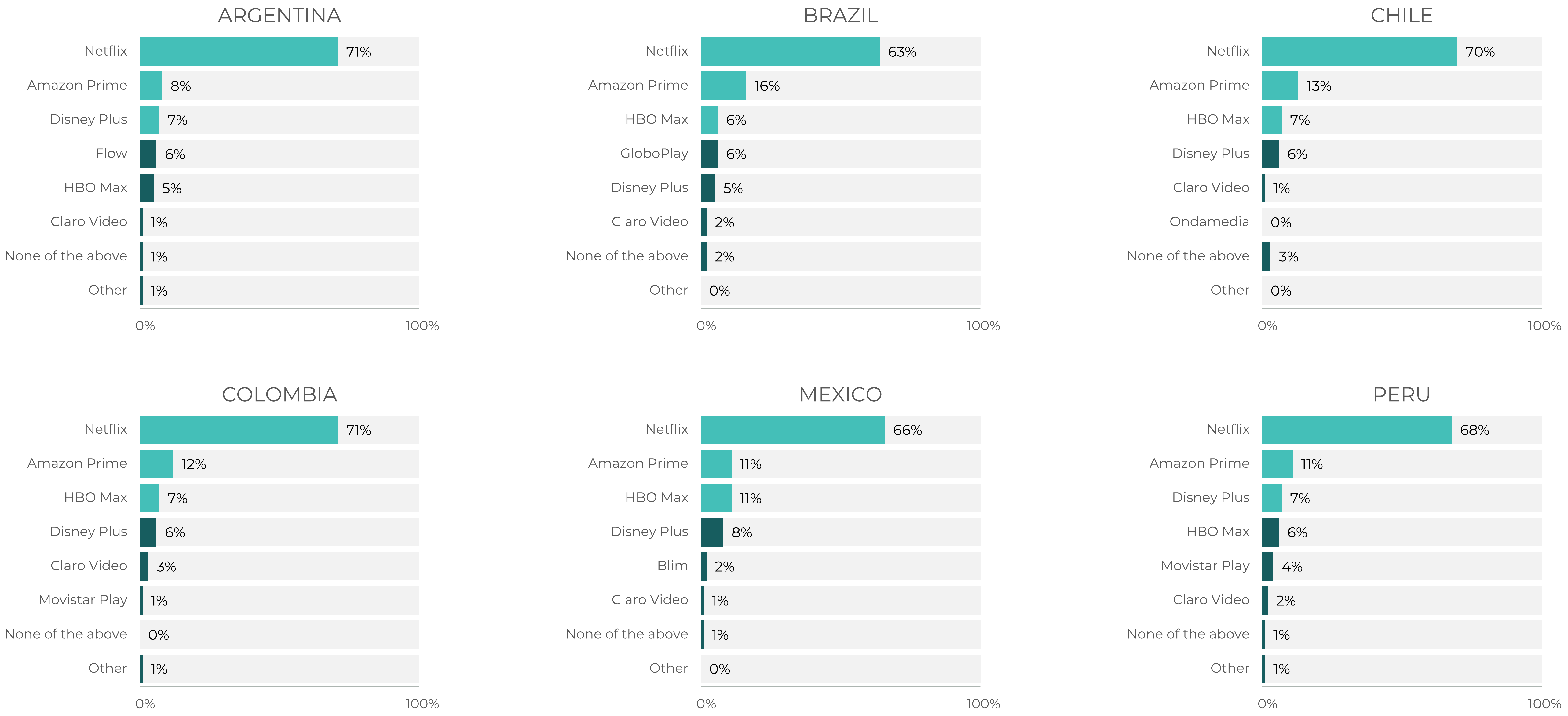
Last year, the most in-demand digital original in Mexico was Disney's sci-fi series 'The Mandalorian', and demand was 19 times higher than the average title on the platform. The next two most popular titles for Mexicans in 2020, according to Statista, were Netflix titles 'Narcos' and 'Stranger Things' (each had more than 11 times the demand than for the average title).

Overall, an average of 6% in Latin America chose Disney+ as their favourite. The Disney streaming platform fared worst in Brazil, where only 5% gave it their number one vote, while another 6% voted for HBO Max. This share is also enjoyed by Globoplay, the streaming service from Brazilian broadcasting giant Grupo Globo, which reportedly had 30 million subscribers by June 2021, up from four million at the start of 2020, a growth of 650%. Only 2% of Brazilians gave their top vote to Claro Video.

Disney+ was the favourite for 7% of people In Argentina, while Flow earned 6% of the vote.
HBO Max was the top streaming service for 5% in Argentina, while only 1% voted for Claro Video. The regional average that chose Claro Video was low, at less than 2%, suggesting the company has some work to do. The best performance for Claro Video was seen in Colombia, where 3% of survey respondents said this was their top streaming platform.
Meanwhile, 4% of Pervuians chose Movistar Play as their top streaming platform, as did 1% in Colombia.

Image: Nicolas J Leclercq /Unsplash

If you had to choose only one streaming platform to watch series and movies, which of the following options would you choose?



LATAM STREAMING IN THE ‘NEW NORMAL’

Restrictions on movement have relaxed considerably as vaccine uptake spreads across Latin America. Schools are mostly reopened, and companies are beginning to call their staff back to the office. But, how does the ‘new normal’ impact the streaming behaviour of people in Latin America? Using the Toluna research platform, Sherlock Communications asked more than 3000 respondents across Latin America how they felt the relaxation of restrictions would impact their streaming behaviour, and half of the people in the region said it would not make any difference, and that their streaming behaviour would stay the same. Colombians came out proportionately strongest with this sentiment in the region, with 52% stating that they would continue to stream regardless of any changes to local restrictions, while in Peru 47% expressed the same sentiment.

Across the region, three out of ten people said they would spend less time watching movies and series on streaming platforms or cable TV. This idea was strongest among Argentinian respondents, 35% of whom said they would invest less time in such activities. Of these, around a third said they would ‘reduce a lot’

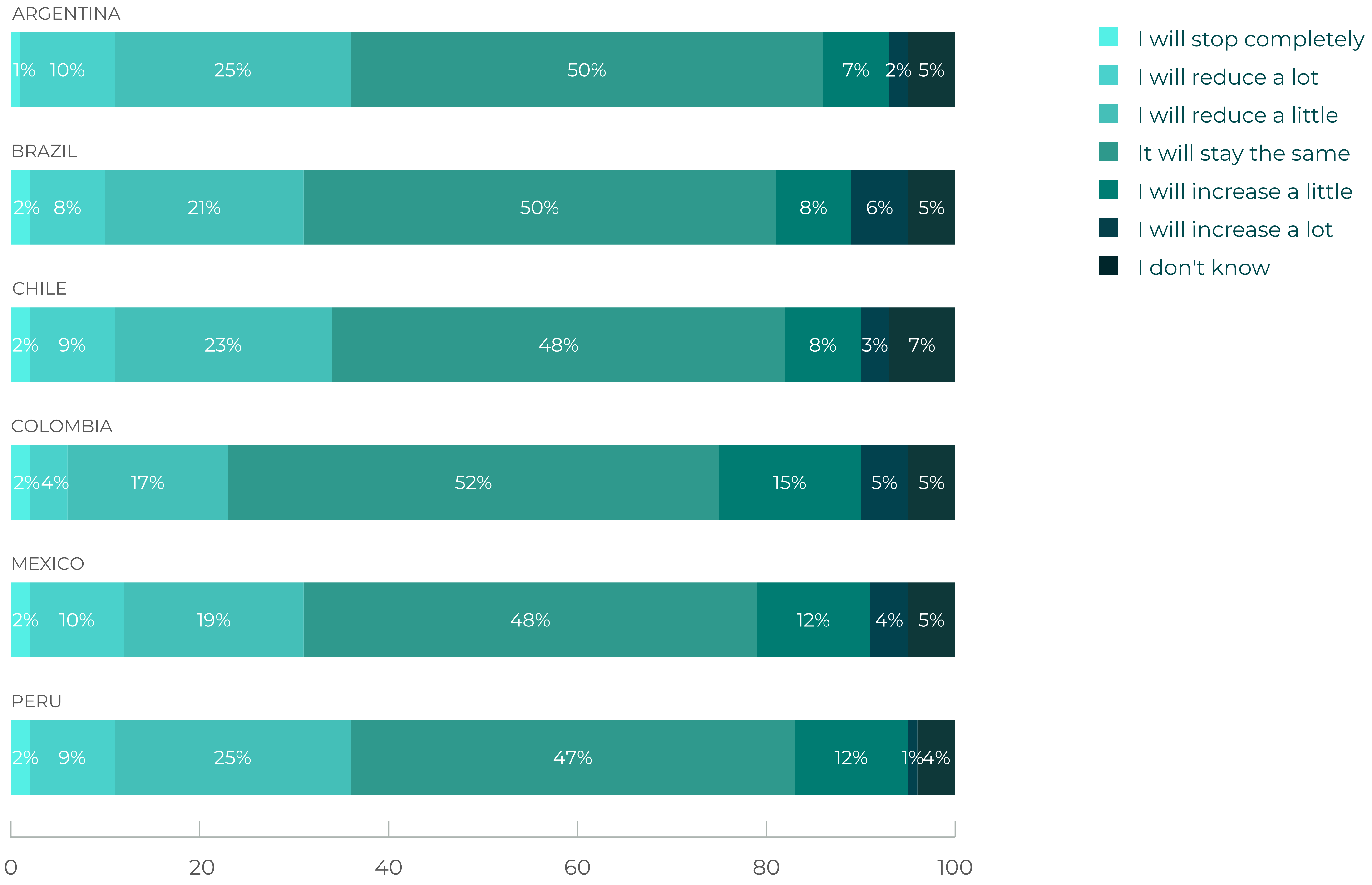
Images: Sumit Saengthong/ Noun Project, FerreiraSilva/ iStock

Sherlock Communications asked more than 3000 respondents across Latin America how they felt the relaxation of restrictions would impact their streaming behaviourr, and half of the people in the region said it would not make any difference

the time spent streaming. Only one in five said the same in Colombia, and of those, just a quarter said they would reduce their streaming time ‘a lot’. In fact in Colombia, where 84% of the population currently use anywhere between one and three streaming services, 20% of people stated that the time they spent watching streamed content was likely to increase as restrictions were lifted, more than the regional average of 14% who said the same. A quarter of Colombians said their streaming time was likely to ‘increase a lot’, while others said it would ‘increase a little’.

In Brazil - where 81% of respondents said they currently have between one and four streaming services, and 13% said they had none - 29% planned to reduce time spent watching streamed content, whie 14% said they would invest more time watching movies and series on streaming platforms.

With the end of the restrictions imposed by the COVID-19 pandemic, are you thinking of reducing the amount of time spent watching movies and series on streaming platforms/cable TV?



Images: Tech Daily/Unsplash, I Putu Kharismayadi/ Noun Project

LATAM STREAMING TRENDS

We asked people in six Latin American countries how many streaming channels or platforms they currently subscribe to. Three out of ten people (30%) that were interviewed for this exclusive Sherlock Communications 2021 streaming report said that they currently subscribe to just one platform, while 29% subscribe to two. One in five (19%) in the region said they are currently paying for three separate streaming services, while just over 12% reported paying for more than three.

Three out of ten people (30%) that were interviewed for this exclusive Sherlock Communications 2021 streaming report said that they currently subscribe to just one platform

This represents some change from a year ago, when 3000 people in the same six countries were asked about their pre-pandemic streaming habits. In 2020, one in five (22%) said that they had one subscription (36% fewer than this year), 33% had two (12% greater than this year) and 21% said that they had three separate streaming subscriptions (no real change since last year) prior to the start of the pandemic. One year ago, 7% of Latin Americans said they did not subscribe to any digital streaming service pre-Covid, while 9% made this claim in 2021, marking an increase of 28% in the number of non-subscribers.

In 2020, Latin Americans were asked not only about their subscription to streaming services pre-Covid, but also about any subscriptions which they had entered into since the pandemic began. A quarter of the people we contacted said they had not changed their streaming behaviour due to lockdown, but 38% said they had signed up for one new subscription since the start of the pandemic, while 21% had signed up for two new ones. By comparing subscriptions made pre-Covid with those still active, we can expect to draw conclusions on the pandemic's real and lasting impact on streaming behaviour in the region.

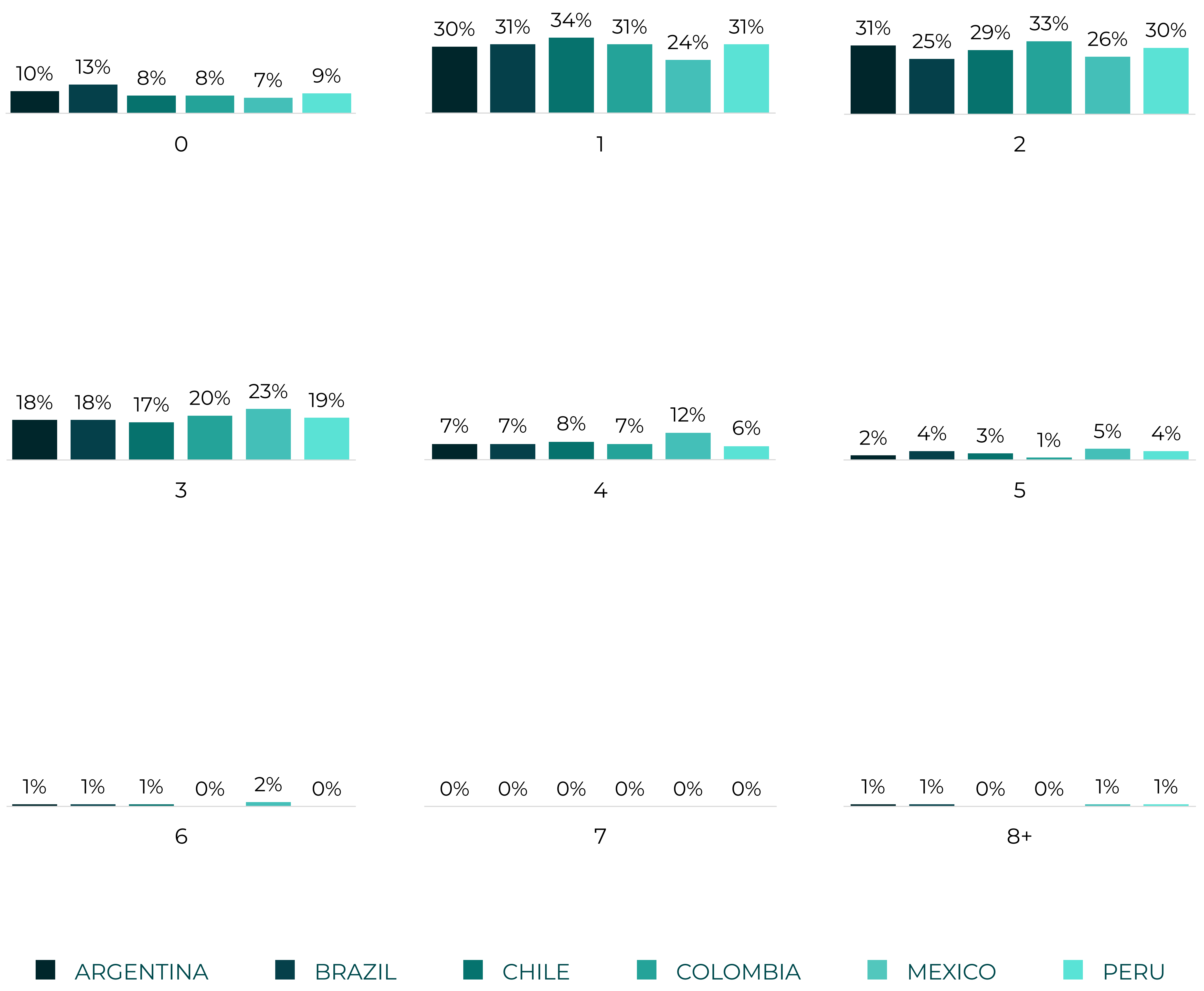
Regionally, 8% of those interviewed in 2020 stated that they were customers of at least five separate streaming channels, while this year only 5% said the same, so it would appear that Latin America customers are cutting back a bit. In Peru, for example, more than 13% said they had over five streaming channels last year, and now only 1% say the same. This was not the case in Brazil, where 4% said they had five or more streaming subscriptions in 2020, and 6% reported the same this year.

The data suggests that people in Latin America are still streaming, but that they may be refining their preferences. A later question in the survey attempts to examine the possible reasons for this. When looking at the region as a whole, it is worth noting that before the pandemic, 37% of people reported having three or more streaming channels at their disposal, while a year later just 32% in the region said they were still paying for at least three streaming platforms. The biggest drop off was witnessed in Peru, where 30% fewer people had at least three separate channels for streaming video content.

Little change was noted year-on-year for viewers with three or four streaming channels each at their disposal in the region. A change can be noted among viewers with two channels pre-Covid, from 33% in 2020 to 29% this year, while those with just one paid service climbed from 22% of the regional population last year to 30% this year.

Brazil has the greatest proportion of people who do not subscribe to any streaming service - 13%, an increase of 88% from 2020 when 7% said they did not pay for streamed content. In Colombia, 8% stated that they are not paid subscribers of any paid streaming platform, 155% more than in 2020, when this answer was given by 3% of survey respondents.

How many cable TV/streaming platform subscriptions do you currently have?



SELECTIVE STREAMING

The data analysed so far illustrates certain trends, and indicates that some Latin Americans are reducing the number of platforms they use. Participants in the exclusive survey were asked for the reasons which might prompt them to unsubscribe from certain platforms. The following list was presented, and respondents were asked to choose up to three options: ‘increase in subscription fee; reduced need for such entertainment due to reopening of other entertainment options; out of date content on platforms; new content that is not of interest; platforms no longer showing favourite shows; being tired of consuming streaming content; no plans to reduce time spent on streaming; plans to increase time streaming, and none of the above’.

An increase in subscription fees was by far the biggest influence on streaming behaviour; regionally, 57% said this would be a factor in their decision to unsubscribe. This sentiment was most strongly voiced in Argentina, where 65% of the survey participants cited it as a main reason to disassociate from streaming platforms. 59% in Brazil felt the same, as did 56% in Colombia and 55% in Chile, Mexico and Peru.

Content is of great importance to people in Latin America, with one in four people (38%) in the region saying they would unsubscribe from a platform if their favourite programmes were no longer available there. People in Mexico and Peru were the most concerned about this (44% gave this reason in each country), while one in three Brazilians (33%) felt the same. Out-of-date content was another turn-off in the region, and one of the main reasons cited by 36% of Latin Americans. Meanwhile, 22% said that they would be likely to unsubscribe from a streaming service if its new content did not interest them. This feeling was strongest in Brazil, with 28% giving this rationale, compared to just 19% in Colombia and 18% in Peru.

Interestingly, only 14% said that the reopening of other entertainment options would be likely to impact their decision to unsubscribe from streaming services. One in five Peruvians (18%) said that they would see less need for streaming subscriptions as other options reopened, while only one in ten (11%) in Brazil expressed the same opinion.

One fifth of respondents (18%) said that they did not have plans to reduce their streaming subscriptions, with 21% in Argentina, Chile and Colombia saying so, compared to just 12% in Mexico. Meanwhile, 6% in the region said that they would increase their subscriptions, with 7% in Brazil and Mexico taking this stance, along with 4% in Argentina and Peru. ‘None of the above’ was selected by a 7% regional average, while the 1% that selected the ‘other’ option explained that unemployment and a poor financial outlook were reasons which would lead them to consider cutting their streaming subscriptions.

Image: yanuar rizki/Noun Project

The data analysed so far illustrates certain trends, and indicates that some Latin Americans are reducing the number of platforms they use

What would make you unsubscribe from a streaming platforms/cable TV? (Choose 3 main options)

- ARGENTINA
- BRAZIL
- CHILE
- COLOMBIA
- MEXICO
- PERU

	AR	BR	CL	CO	MX	PE
Increase in subscription fee	65%	59%	55%	56%	55%	55%
With the reopening of entertainment options outside the home (post-covid), I will no longer see the need for this service	16%	11%	14%	13%	13%	18%
I feel the content is not up-to-date	34%	33%	34%	39%	39%	37%
The platform no longer has my favorite programs	35%	32%	31%	43%	44%	44%
New content doesn't interest me	21%	28%	22%	19%	26%	18%
I'm tired of spending time watching content on streaming platforms	7%	7%	8%	8%	6%	7%
I will not reduce the number of subscriptions I have	21%	17%	21%	21%	12%	16%
I will increase the number of subscriptions I have	4%	7%	6%	6%	7%	4%
None of the above	6%	8%	8%	9%	7%	7%
Other	0%	2%	2%	0%	1%	1%

Images: AB Designs/ Pause08/ Loritas Medina/ khanisorn chalermchan/ BlackActurus/ mitochondrial/ Adrien Coquet /Noun Project

NEW STREAMING SIGNUPS

In response to an earlier question, 14% of people in Latin America suggested that, even with the relaxing of pandemic-related restrictions surrounding personal movement and the reopening of external entertainment options, they were likely to increase the amount of time spent consuming streamed content - and 6% suggested that they would increase their number of subscriptions.

Survey participants across the six nations surveyed for this exclusive Sherlock Communications report were asked to provide the reasons which might lead them to increase their subscriptions to streaming platforms. The question was posed: 'If you recently subscribed to a streaming platform/cable TV, what were the reasons?'. Participants were invited to choose up to three of the following options: to keep my kids entertained; if there was a special offer; because they wanted to view something that was only available on a specific platform; due to feeling bored with the content on broadcast television; due to social isolation related to the pandemic; because of friends mentioning movies or series that they could not watch; or because they received a new subscription as a gift.

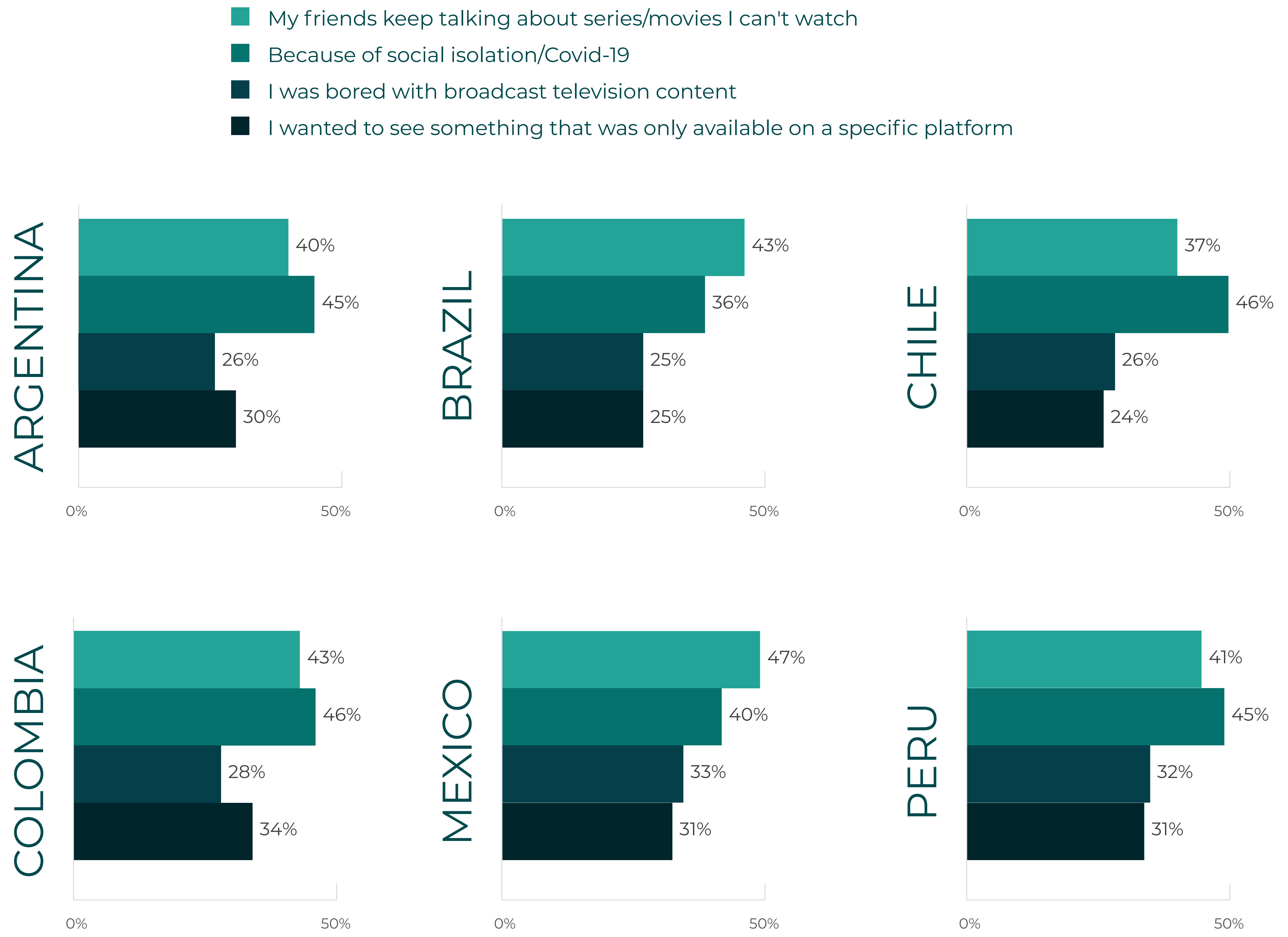
Image: Liza Summer/Pexels

The message from people in Latin America was resounding and tied in with other results elicited in the survey. Content is of huge importance when people decide to sign up to additional streaming services. Regionally, 43% reported that boredom with available content on broadcast television was a major factor in this decision, a similar result (41%) to 12 months previously. The “boredom factor” grew by 10% in Argentina since last year, and by 24% in Colombia.

For 42% of Latin Americans, the fact that certain content is only available on specific platforms is a primary motivator - up from 22% in 2020, suggesting that exclusive content is a strong driving factor and one that is gaining force in Latin America.

14% of people in Latin America suggested that, even with the relaxing of pandemic-related restrictions, they were likely to increase the amount of time spent consuming streamed content

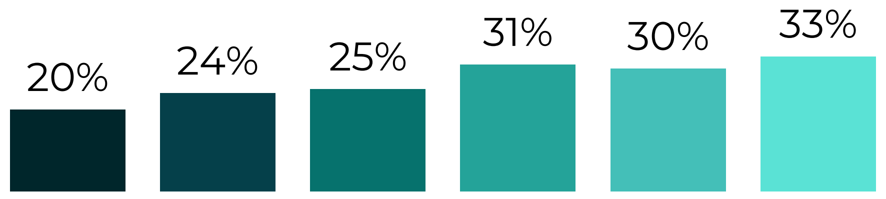
If you recently subscribed to a streaming platform/cable TV, what were the reasons?



STREAMING FOR KIDS

Even though certain parts of life are returning to normal, Latin Americans still depend on streamed content to keep their children entertained. 22% in the region cited this as a main reason to subscribe to streaming services in 2020, and a year later 27% did so, demonstrating a 23% growth.

Nowhere was this increase more apparent than in Peru, where 33% stated that they recently subscribed to a streaming channel as a means to keep their children entertained - 43% more than twelve months ago, when this answer was cited by 23% of Peruvians. In Chile, one in four (25%) cited this reason in September 2021, as compared to 19% who said the same a year ago - a 32% increase. The country that showed the least change in the region was Brazil. Last year, just over 23% said they signed up for streamed content to help entertain their kids, while in 2021 this response was given by 24% of respondents.



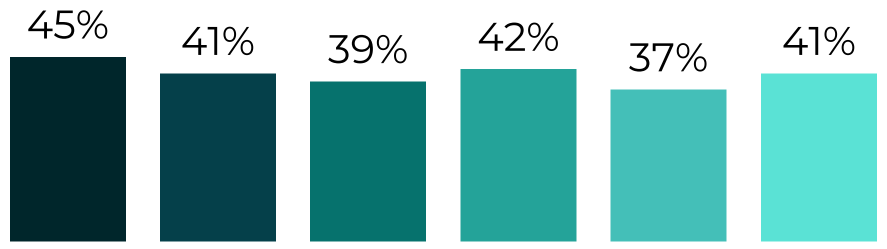
To keep my kids entertained

PRICE MATTERS

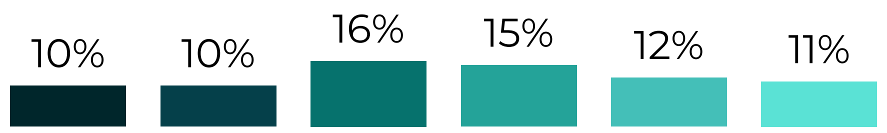
One clear conclusion from this exclusive data is that price matters to Latin Americans. 57% in the region reported that they would likely unsubscribe from streaming services if the price increased, and this data was backed up by 41% stating that they had subscribed to a new service in 2021 due to a special offer. This is a considerable increase (52%) on the 27% of respondents who said the same in 2020.

Price sensitivity was particularly acute in Argentina and Chile, where 45% and 39% respectively reported that a special offer enticed them to sign up for additional streaming services in 2021. In both cases, the proportion had doubled since 2020.

New streaming subscriptions were a gift for 12% in the region, a 50% hike from 8% in 2020. Chileans (16%) and Colombians (15%) were the most likely in the region to have received streaming service subscriptions as a gift in 2021.



There was a special offer



It was a gift

ARGENTINA BRAZIL CHILE COLOMBIA MEXICO PERU

Images: 4B Icons/ Andi Nur Abdillah/ Noun Project

(NEW) CONTENT IS KING

What most attracts people in Latin America to certain streaming services over others? Respondents in each of the six countries were given a list of potential reasons, and invited to choose the three most persuasive factors. Most people in the region want to see major films first, and this attracts 63% of Latin Americans towards specific platforms. This factor was more significant in 2021 than a year ago when 44% of survey participants gave this rationale, marking a 41% increase year on year.

New releases seemed to have gained most importance to people in Mexico, where 65% of respondents cited this as a primary motivator, 81% more than twelve months previously. Meanwhile, 67% of people in Peru cited this incentive, 60% more than a year ago. Brazilians haven't changed their minds over the past year, with 57% citing this as a primary factor in 2021, compared to 55% last year.

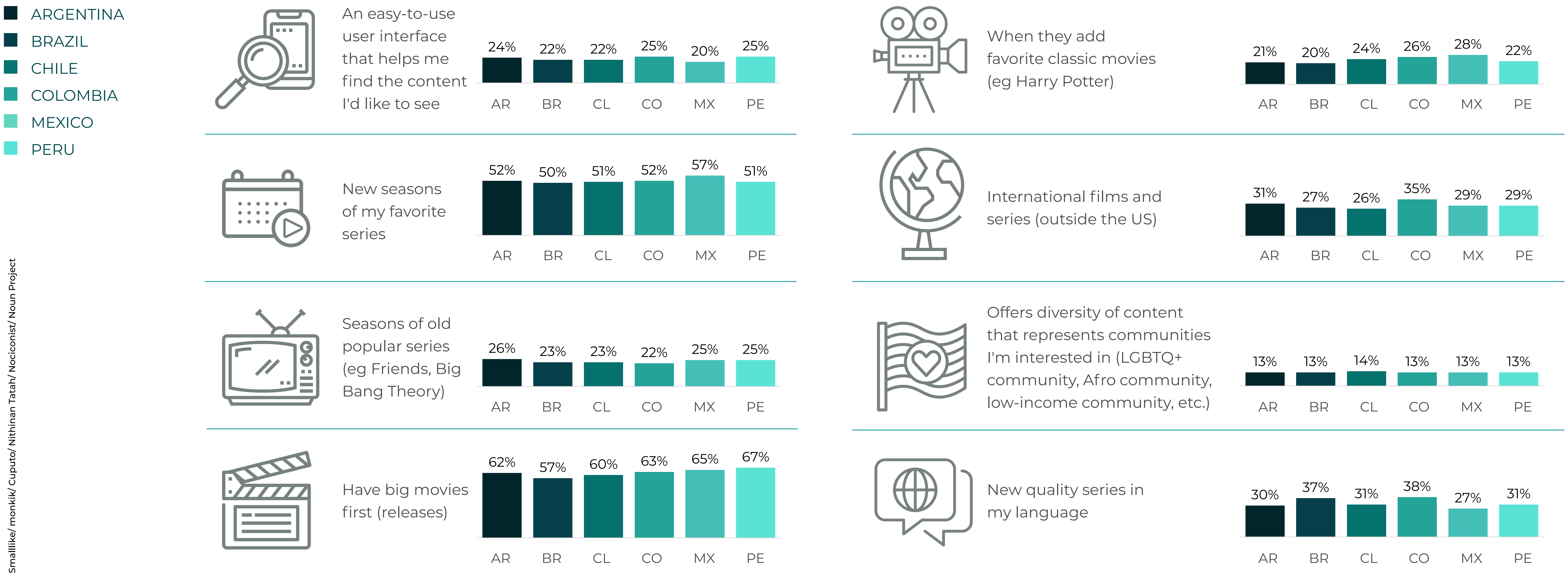
Similarly, over half of Latin Americans (52%) choose their streaming services based on the availability of new series of their favourite shows, up from 49% last year. But Latin Americans don't just want to watch imported series, and one in three (32%) stated that the availability of new, high-quality series in their own language would drive them to choose one streaming platform over another. Last year, 33% said the same. Brazilians showed the fastest-growing interest in native-language shows, with 16% more people citing this as a motivating factor in 2021 than in the previous year. Interest waned somewhat in Peru, where 14% fewer people cited this as a main driving force in their decision making.

Images: Nawicon/ Noun Project, Andres Ayrton/Pexels

Meanwhile, interest in content produced outside of the US dropped somewhat year-on-year. While 35% cited this as a factor last year, just 29% did so this year, representing a 17% decrease. Interest waned when it came to reruns too: while 29% said that the streaming of old favourites was a major driver in 2020, only 24% agreed this year - a drop of 17%.

Content which represents diverse communities in society was less of a motivator for Latin Americans in 2021 than it was one year previously. While 17% in the region cited this reason last year, just 13% did so in 2021. The biggest drop in interest can be seen in Mexico. While 24% of Mexicans said they were motivated to sign up for streaming services based on 'diverse' content in 2020, only 13% were similarly motivated in this year's study, representing a dip of 46%.

What would make you more likely to subscribe to a streaming/cable TV platform? (Choose your top 3 priorities)



Images: rahmat/ Smallike/ monkik/ Cuputo/ Nithinan Tatah/ Nociconist/ Noun Project

CONCENTRATION STATION

Plenty of data has been presented on the motivating factors that drive people in Latin America toward specific streaming platforms. But how engaged are they when consuming the content which they have paid for? Participants in the study were given a list of options and asked to pick up to three activities that they engage in while watching streamed content.

More than half of the participants in the region (52%) reported that they continue to look at their phone when streaming movies and series. Colombians emerged as the most likely group to engage with their mobile device while watching content (57%), while marginally fewer (48%) reported the same in Brazil. In fact, nearly half (47%) of the participants stated that they fully engage with the content they are watching, and do nothing else during this time. Argentinians were the most focused on their content, with 54% stating that they do nothing else while viewing. By comparison, only 40% of Mexicans said the same.

Images: DinosoftLab/ Noun Project, Erik Mclean /Unsplash

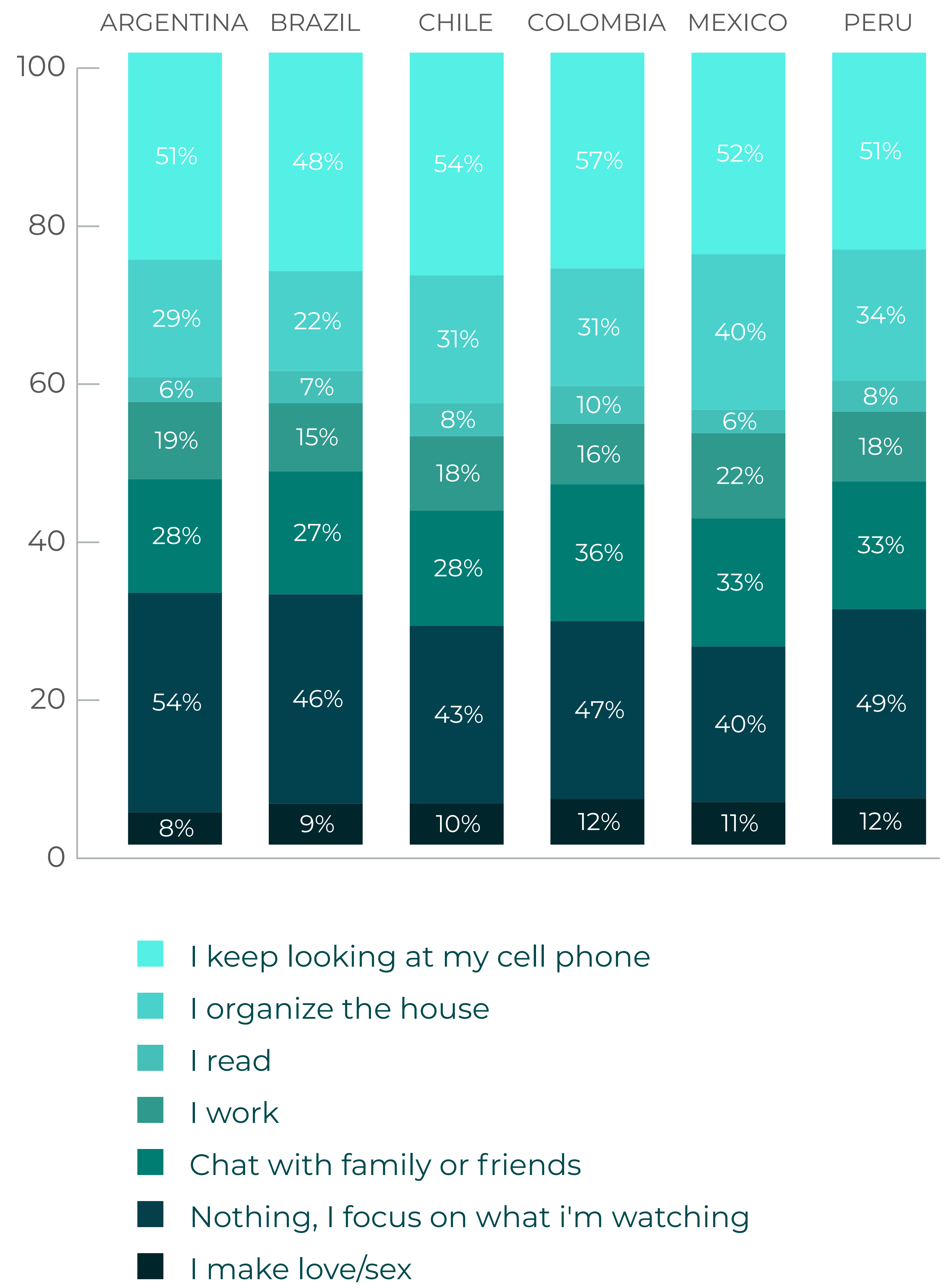
One in three people (31%) in Latin America said they chat with family and friends while viewing, with Colombians the chattiest in this regard (36%), compared to 27% of Brazilians who chat while watching streaming platforms. Streamed content serves as a backdrop to housework for 31% in the region, particularly in Mexico where 40% confessed to multitasking in this way. This figure is decidedly higher than in Brazil, where only 22% of respondents have acquired this habit.

Bosses might not be happy to know this, but one in five people (18%) in Latin America said that they work while watching streamed content. Mexicans were once again the most likely (22%) to double up, compared to 15% in Brazil. Just over 7% in the region said they tend to read while content is being streamed, and a further 10% said they have sex while streaming movies and shows. In both Peru and Colombia, 12% said they make love while watching streaming platforms, while 8% said the same in Argentina.


Image: Freepik

Plenty of data has been presented on the motivating factors that drive people in Latin America toward specific streaming platforms. But how engaged are they when consuming the content which they have paid for?

While you watch movies and series on streaming/cable TV platforms, do you do any other activities? (Choose up to 3 answers)



THE END OF AN ERA?

Now that restrictions have been relaxed in most places, and people are once again able to go out and lead a more active social life, what do they plan to do with the time they had previously spent watching streamed content during lockdown? As it turns out, for 35% in the region relaxed restrictions would have no impact on the time spent watching such content. 'Even performing activities outside of the home, I will not reduce the time dedicated to streaming platforms or cable TV', stated 40% in Brazil, as well as 37% in Colombia and Mexico respectively, 35% in Argentina, and 31% in both Chile and Peru.

Walking outdoors was the most popular cited pastime, with a regional average of 55% giving this reply. Argentinians and Chileans were above average in this regard, with 62% and 61% respectively citing walking as a preferred activity. Only 47% gave this response in Mexico, where a further 36% said they planned to go to the cinema. This was the same as the regional average. Brazilians were the most likely nation to spend time in the cinema, with 43% choosing this response. Reading was the regional pastime of choice for 26% of Latin Americans, while just 10% said they would visit museums in their spare time. Mexicans were most inclined to visit museums (14%), while this answer was cited by just 7% in Argentina.

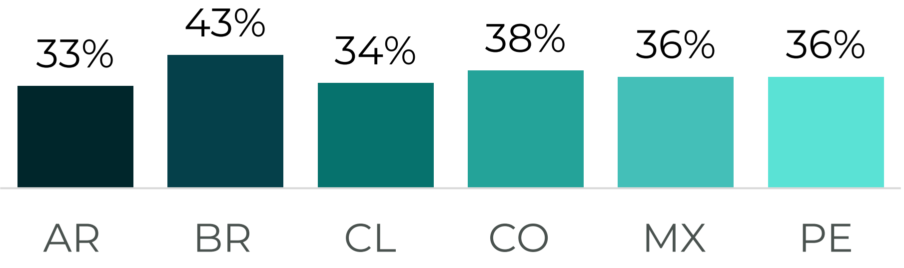
Images: Atif Arshad/ Muhammad Auns/ Noun Project, Caleb Oquendo/Pexels

LOOKING FOR LOVE

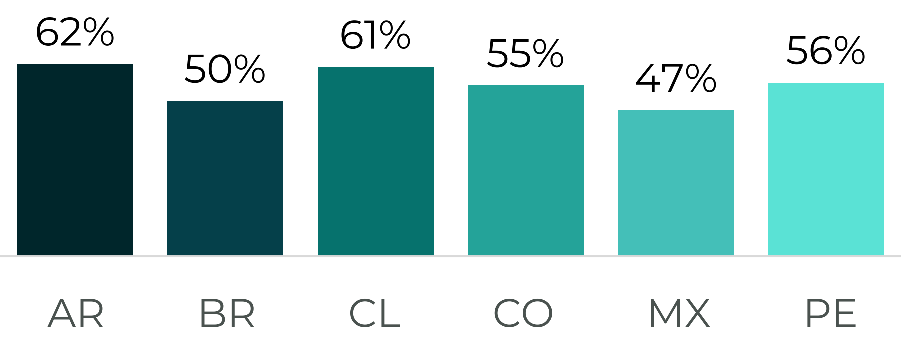
With a long period of restrictions and staying at home drawing to a close, 13% of Latin Americans are reaching for their phones to log on to relationship apps. People in Peru were most likely to be searching for partners online (17%), closely followed by 16% in both Colombia and Mexico, 11% in Chile, and 10% in Argentina. Brazilians were busy doing other things, with just 8% stating that they were looking for love online in their free time.

With the end of restrictions imposed by the COVID-19 pandemic, are you thinking of replacing the free time dedicated to watching content on streaming platforms/cable TV by any of the following activities? (Choose up to 3 answers)

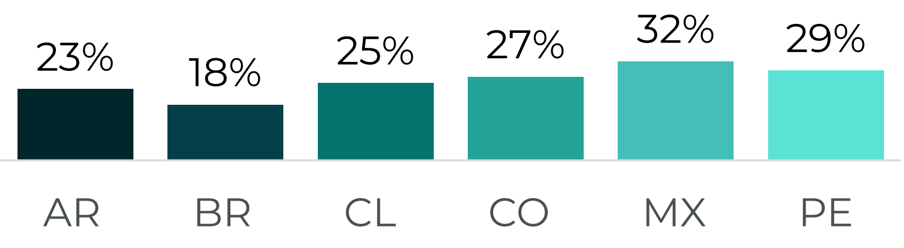
Go to the cinema



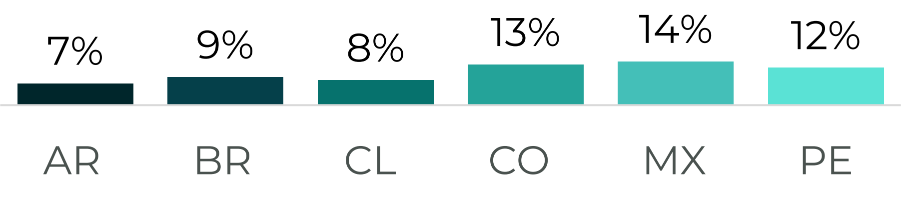
Walk outdoors



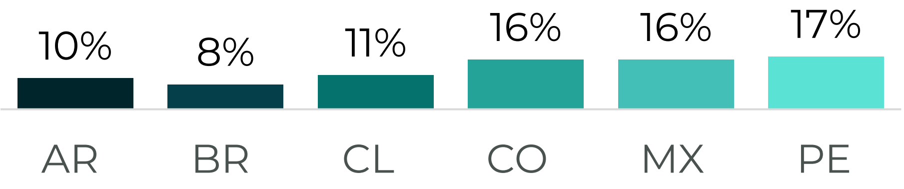
Read books



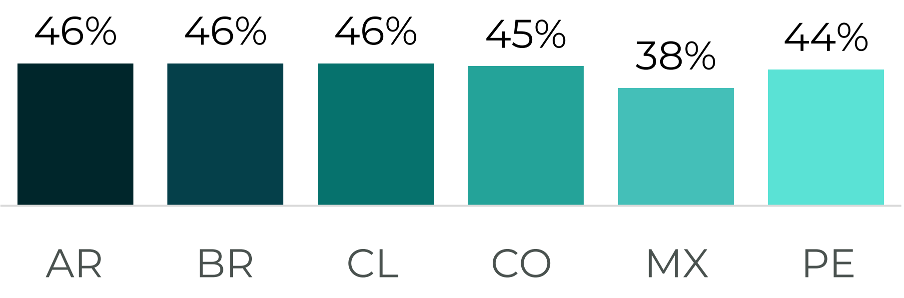
Go to museums



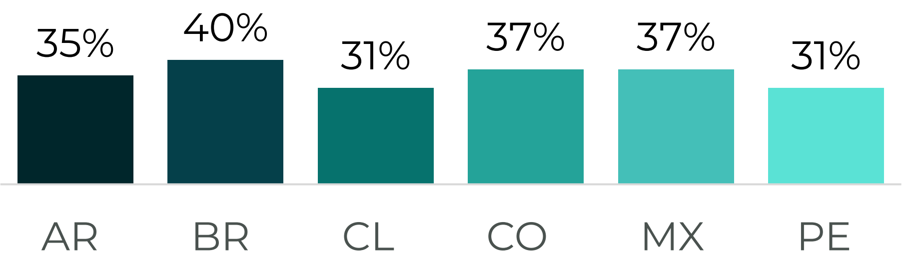
Use relationship apps



Go out to eat/ drink and meet my friends



Even performing activities outside the home, I will not reduce the time dedicated to streaming platforms/ cable TV



ARGENTINA
BRAZIL
CHILE
COLOMBIA
MEXICO
PERU

Images: Manantagan/ WEBTECHOPS LLP/ Kmg Design/ Bernd Lakenbrink/ iconixar/ Laymik/ Lars Meiertoberens/ Noun Project

COMPETING FOR ATTENTION

The battle for the Latin Americans' spare time is clearly a lucrative one, and there are plenty of operators vying for the attention (and credit card details) of the people living in this vast region. According to Statista, countries in the region with more than 30 million inhabitants have up to 30 streaming services to choose from, while larger nations like Argentina, Brazil and Mexico have more than 40. The arrival of Amazon Prime Video, Disney+ and HBO Max in recent months means stiffer competition for all concerned.

Price emerged as a motivator in the exclusive data revealed in this report. But what do streaming services cost, and is there much variation from one provider to the next? In July 2021, Netflix upped its monthly subscription fee by 20% in Brazil, to the dismay of many. When the streaming giant launched in Brazil in 2011, the monthly fee was R$14.99 and customers enjoyed a one-month subscription for free.

Images: Kamin Ginkaew/ Noun Project, Freepik

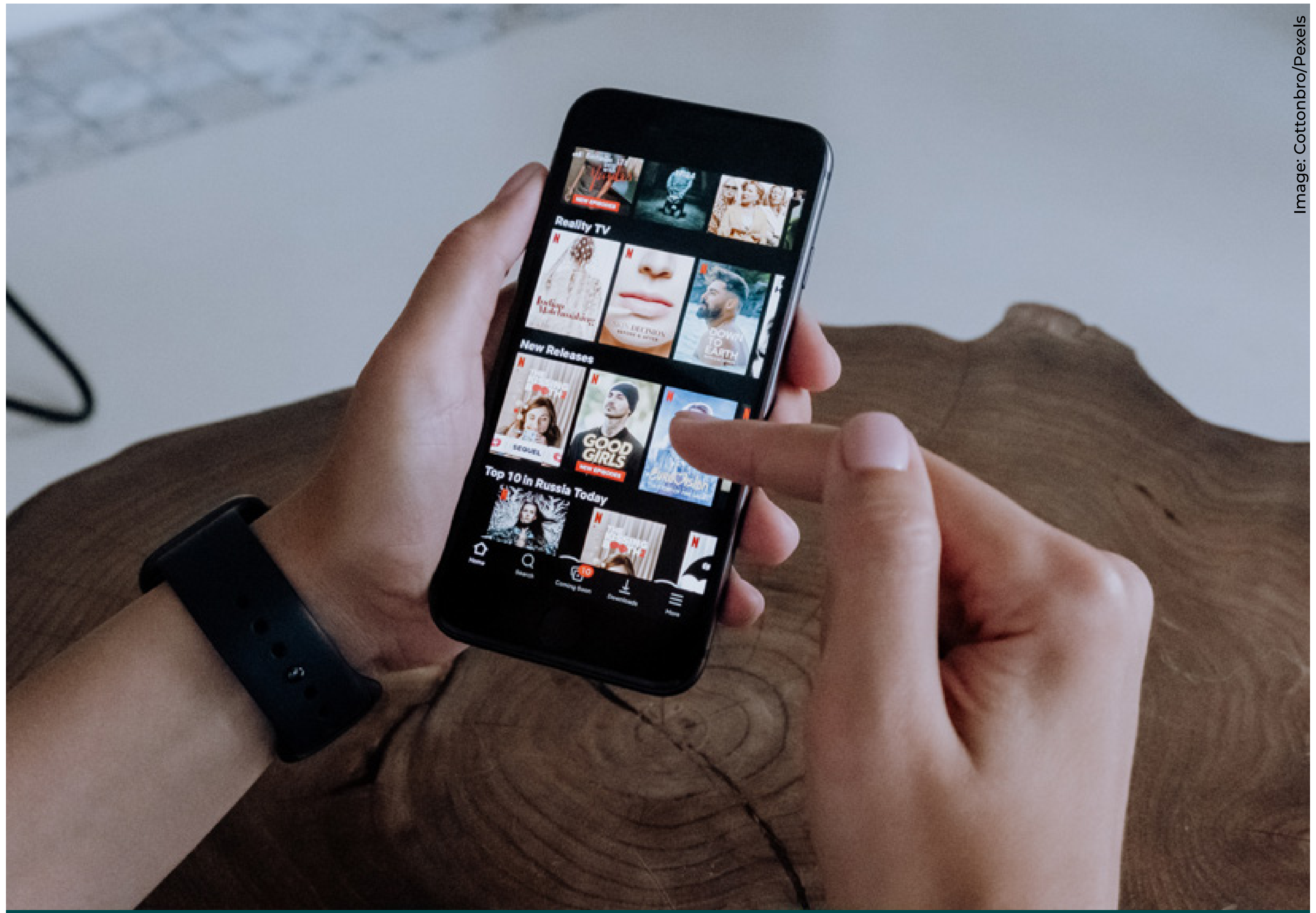


Image: Cottonbro/Pexels

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Ten years later, the monthly fee is 73% higher at R$25.90, making it one of the most expensive streaming services in Brazil. Prime Video is available as part of Amazon Prime membership which costs R$9.90 per month; Disney+ (with its full slate of Marvel and Star Wars movies) costs R$23.30 per month if an annual subscription is paid for in advance (customers get two months free), or R$27.90 if paying on a monthly basis; HBO Max launched in Latin America in June 2021 and varies between R$19.90 and R$27.90 per month depending on whether it is being used on a phone or on multiple screens; Globoplay monthly subscriptions start at R$22.90 per month; while Paramount+ offers streaming services in Brazil for R$19.90 monthly. Later this year, Discovery+ is set to launch in Brazil, although the price point is not yet available. Local streamer Looke offers free registration and users can rent or buy titles if they prefer not to sign up to a monthly subscription, which starts from R$16.90.

Netflix didn't just up its price in Brazil. In neighbouring Argentina, users were hit with a 40% price hike in March 2021. In an email to clients, the company justified the decision saying that "this update will allow us to incorporate more series and incredible films to our service with stories that make you vibrate, move you or make your day a bit". Before this increase, Argentinians had enjoyed one of the cheapest Netflix subscriptions in the region. However, local taxes mean that a subscription paid by credit card could actually cost up to 64% more, all included.

According to this review, Latin America is actually the least profitable region in the world for the streaming giant, with locals in the region paying around half of what the subscription services cost in the US and Canada. That said, the company recorded revenue of almost USD$ 607 million in the second quarter of 2021, and projects revenue growth of more than 3% in the region by the end of this year.

BROADENING HORIZONS

Images: Freepik

In a letter to shareholders in July 2021, Netflix said that the global pandemic had caused delays to the production of new content, but that increased investment in production in 2021 (up 41% from last year) means that lots of new titles and new series were on the way. The company also announced that they are “in the early stages of further expanding into games, building on our earlier efforts around interactivity,” adding that gaming is a “new content category for us, similar to our expansion into original films, animation and unscripted TV.” Games will be introduced for mobile users at no additional cost, said the company. “Since we are nearly a decade into our push into original programming, we think the time is right to learn more about how our members value games.”

Another ‘innovation’ described to shareholders was the recent global launch of the “Play Something” button, based on previous viewing preferences, for viewers who can’t decide what to watch.

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DO CONSUMERS WANT TO SKIP ADS?

One of the main advantages to streaming content has always been the fact that consumers have been spared the pain of watching ads, often for items that are of little or no interest. But, as we sign up for more and more subscriptions, the monthly entertainment bills are adding up.

Research published in June 2021 by Hub Entertainment Research suggests that the tides may be shifting when it comes to the consumption of advertising. While the research was based in the US, some findings may also ring true for Latin America. More than 3000 adults in the US were asked to choose from three TV services with identical content and 41% said they would watch a free-with-ads service, while 33% reported that they would prefer to tune in on an ad-free paid platform. A further 26% said that they would choose a tiered service - one that supports both paid and ad-supported options.

Six out of ten people in the US said that they wanted to save money, and “if watching ads will cost $4-$5 less than watching ad-free, I’ll choose that option”. The researchers concluded that consumers don’t mind watching ads as long as there are not too many and they are not long. Those who saw the same advertisement repeated several times during the same show were less pleased than those that viewed different ads, while consumers also reported that they liked seeing ads that were customised to their interests or search history.

Image: ProSymbols/ Noun Project

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It would seem that Latin Americans are similarly open to watching ads. Data published by eMarketer in May of this year, based on polling by EMI Research Solutions for mobile video software developer Penthera, showed that while 88% of people in Latin America watch SVoD or paid streaming content, more than 70% also reported that they consume on-screen entertainment via AVOD, i.e. free ad-supported video-on-demand. As in the US, Latin Americans also said they did not like seeing the same ads repeatedly. Six out of ten people in Latin America said they did not like when ads were repeated, while 45% complained about too many ads. Another 30% did not like ads that they did not consider relevant to them.

Another Latin American study, this time published by Propmark, found that three out of four people don’t mind watching ads as long as the platforms that host them are free or inexpensive, while 83% reported a desire for free streaming services. The survey, published in April 2021, found that Argentinians spent an average of around USD$ 6 per month on streaming services, compared to USD$ 15- 20 spent by Brazilians and the USD$ 18-26 monthly streaming bills faced by Mexicans.

A PARTNERSHIP APPROACH

Many of the global streaming corporations arrived in Latin America with strategic partnerships. This could be seen clearly with HBO Max, who launched regionally in June 2021, in partnership with big players in various markets, like AT&T in Mexico, Sky Brazil, DirecTV Latin America, DirecTV GO and Grupo America Movil. In Brazil and Mexico, HBO Max forged liaisons with WarnerMedia and MercadoLibre. Another clever play by HBO Max in the region was the announcement that Warner Bros movies will be streamed at no additional cost to the consumer just 35 days after their release to cinemas in Latin America. Popular shows like “Friends” (which was pulled from Netflix at the end of 2020), “The Sopranos” and “Sex and the City” are some of the popular offerings that join the “Harry Potter” and “Lord of the Rings” films on the streaming platform. And, as a bonus for football-crazy Latin Americans, it was recently confirmed that HBO Max will also stream live action from the UEFA Champions League.

Internet customers with Claro in Brazil can choose to connect to Globoplay, Netflix, or HBO Max and pay for their streaming subscription as part of their monthly utility bill. Meanwhile, Telefonica/Vivo has struck a similar deal with Netflix in 14 Latin American countries, and in Spain.

Images: Tomas Knopp/ Noun Project, Mahrous Houses/Unsplash

THE STICKY QUESTION OF A STREAMING TAX

In June of this year, Brazil's President vetoed a bill that would have given streaming platforms an exemption from paying a local tax called Condecine (Contribution for the National Development of Cinematographic Industry) on each title or series streamed. Brazil's Finance Minister advised that the granting of such an exemption would cause the loss of billions of reals in tax. However, just months later, the Presidential veto was overturned by Congress, letting streamers off the hook for now.

Netflix accepted the necessity to pay taxes per subscriber in France and Spain earlier this year. The streaming giant, which launched in Europe in 2014, typically emitted receipts from its sister company Netflix International BV, located in Holland but with a fiscal base in the Cayman Islands. From January 1st 2021, all subscriptions in France and Spain would be sold from those countries, which according to the French media would generate around €800 million there.

Image: Freepik

In February of last year, Chile created a 19% tax on streaming services like Netflix and Spotify, regardless of whether or not the companies had any base there. In Argentina, a tax of 35% was imposed on subscription payments made by credit card, instantly making services like Netlifx a lot more expensive for locals. Brazil's Finance Minister has his attention focused on streaming platforms and other global tech giants. In September 2020, Paulo Guedes told the Brazilian National Congress that "Netflix, Google, all of them come here, and Brazilians use their services. They are very well received, they have wonderful innovative technologies, but we still have not managed to tax them efficiently."

Image: Francisco Andreotti/Unsplash

INNOVATE OR GET LEFT BEHIND

With at least 60 million people already actively streaming in Latin America, there is still plenty of room for growth in this vast region; the combined population of LATAM and the Caribbean is over 650 million people. Even with taxes becoming more of a reality for global streaming platforms, there is still plenty of revenue to be generated, albeit on a highly competitive playing field.

Netflix is a strong regional leader, but with competitors offering lower bottom line consumer pricing, the pressure is on the corporation to continue to find new ways to engage people, both at home and on the move. In fact, in some markets Netflix has already begun testing the provision of games linked to the popular series 'Stranger Things 3' and 'Stranger Things 1984.'

Meanwhile, the big players have been busy spring cleaning their collections, reclaiming popular shows and movies that enjoy a certain level of cult following, and competing on pricing in the region while Netflix takes the risk of increasing its monthly fees. Latin Americans have said that an increase in subscription fees would be likely to tip the balance for them, so it will be interesting to see what the markets look like one year from now. How will market share be split up, and which new players will catch the attention of Latin American streamers?

The message from the region is clear – Latin Americans want to see new episodes of their favourite shows, they'll swap platforms to follow them, and they don't want tired, out-of-date content. It's very important that streaming platforms pay attention to the will of the people. Even with other entertainment options opening up, people in the region still want to be entertained at home, and they are bored with what is on broadcast TV.

More than half in the region reported that they continue to navigate their handset while consuming streamed content, so again, this perhaps points to an opportunity for streaming platforms to fill this space with more interactivity while people are viewing content. Teleparty, formerly called Netflix Party, is a Chrome extension that allows up to 1000 viewers around the world to watch content in sync, and also adds group chat capabilities to associated streaming sites including Netflix, Disney+, Hulu, and HBO Max.

Interactivity is gaining traction among steaming providers, with each one eager to beat the others to the punch. Screen interactions go back longer than most can remember - ‘Winky Dink and You’, a US show aired in the 1950s, allowed children to solve puzzles and otherwise engage with the presenters by placing a transparent sheet of plastic on to their television screen. Times have changed, and after the initial boost that streaming platforms received during the pandemic, they now face the challenge of identifying exciting new ways to connect and engage people, in a highly competitive context.

In the US, HBO Max and AT&T have created the “HBO Max Orbit” experience, which uses facial and voice commands to allow consumers to engage with the content in their favourite shows and series. The system finds scenes within the HBO Max catalogue to match the movements or comments of the user - just one of the 5G+ powered experiences which the company says it is planning to launch.

Free services like German site JustWatch (available in various Latin American markets) allow users to find out where their favourite shows are being hosted, and list the content library of dozens of streaming providers, allowing viewers to filter content by genre, among other filters, and create watchlists across multiple streaming platforms. Viewers can select

Image: Freepik

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how much they are willing to pay, if they wish to pay per view, or if they want to see ads. Seeing the full range of choice in one place can work against some of the big players in the streaming market, and act as an opportunity for others, by allowing consumers to quickly see what the competition is showing, and how much it all costs.

It may seem like an unusual present, but more than one in ten in Latin America said that someone has bought them a subscription as a gift. Perhaps this is something that streaming platforms can promote in the lead up to Christmas: less packaging and waste, and guaranteed entertainment for the year ahead. Without a doubt, the next twelve months will be an interesting and telling time for streaming platforms in Latin America. The best thing that companies can do in the rush to innovate is to actually listen to what the punters want.

Sherlock Communications (www.sherlockcomms.com) is a public relations and digital marketing agency that has won several awards in Latin America. Headquartered in São Paulo, the company also has offices in Lima, Bogota, Santiago, Mexico City, Buenos Aires, San José, Panama City and Guatemala City. **With a multidisciplinary and fully bilingual team**, our mission is to help companies bridge the commercial and cultural gap between Latin American and foreign markets.

The agency won and was highly recommended for more than 55 global awards in the past two years, including **Best Agency in LATAM and Best Campaign in LATAM for the PRWeek Global Awards. Sherlock Communications** was also named by The Holmes Report's Creative Index 2019 as the second most creative agency in the world and the **most creative in Latin America.**

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