



NBCUniversal



Studio Category Assessment

Defining the Entertainment Category

What's Covered in this Deck

STUDIOS

**STREAMING
SERVICES**

LINEAR TV

Need to Know Movie Industry Facts...

Admissions are plateauing, but box office revenue is still growing due to ticket inflation

Action/Adventure remains the most popular genre to date as they can appeal most widely to global market

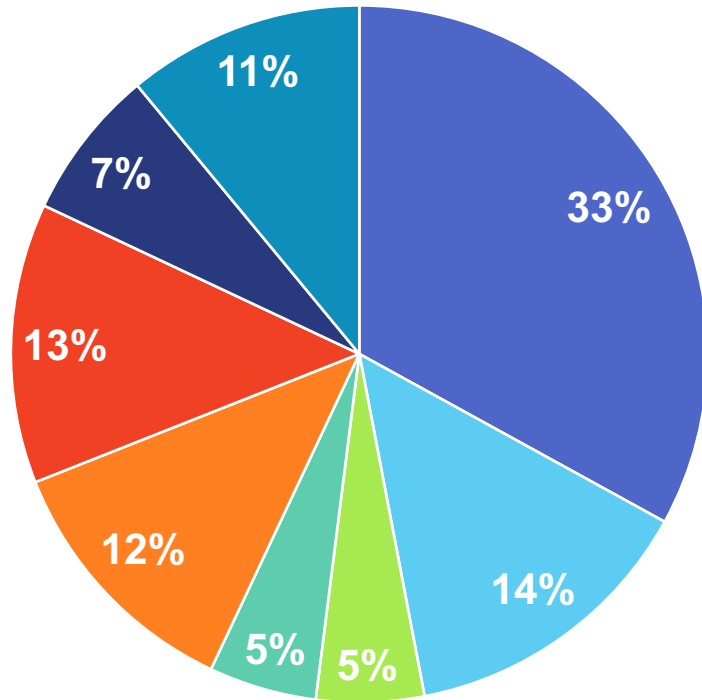
Opening weekends are an early indicator of a film's expected success, typically accounting for 35-40% of total domestic box office

Over the past decade the average age of movie goers has shifted and skewed older (60+)

Key Players

2019 Revenue Share by Studio

Total U.S. Box Office - \$11.6B



■ Disney	■ Warner Bros.	■ Paramount
■ 20th Century Fox	■ Sony	■ Universal
■ Lionsgate	■ Other	

- Releases from **6 major studios typically account for 80%** of total box office revenues
- Following the acquisition of Fox, **Disney now controls 38%** of the U.S. box office
- Overall, Disney dominated the box office in 2019, driven by sequels, and these revenue shares are usually consistent year over year

Production is increasingly concentrated around blockbusters, franchises, and sequels:

Disney: Marvel, Star Wars, Pixar

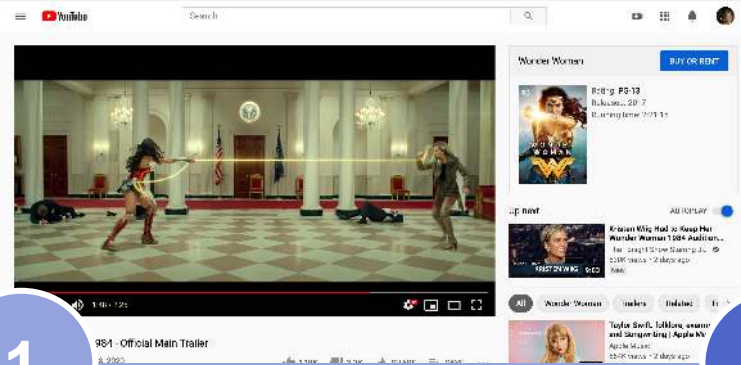
Fox: X-Men, Avatar

Warner: DC Universe

Universal: 007, Fast&Furious

Sony: Spiderman, Jumanji, Bad Boys, Ghostbusters, Venom

The Modern Purchase Journey of Moviegoers (Pre-COVID)



1

DISCOVERY

Moviegoers tend to learn about new films by seeing trailers on TV and online and by word of mouth from friends

- 58% discover new films online
- 44% hear about new films through in-person conversations



2

EVALUATION

Several factors play into a guest's decision to see a particular film in theaters, especially the genre

- 68% of moviegoers decide to see a film before the day of viewing
- 67% say genre is influential, with action and comedy being the most popular to see in theaters



3

PURCHASE

Despite in mobile and digital purchase pathways, the majority of moviegoers buy tickets in person at the box office

- 78% purchase tickets at the theater
- 23% buy tickets online
- 21% buy tickets on mobile

The COVID Impact

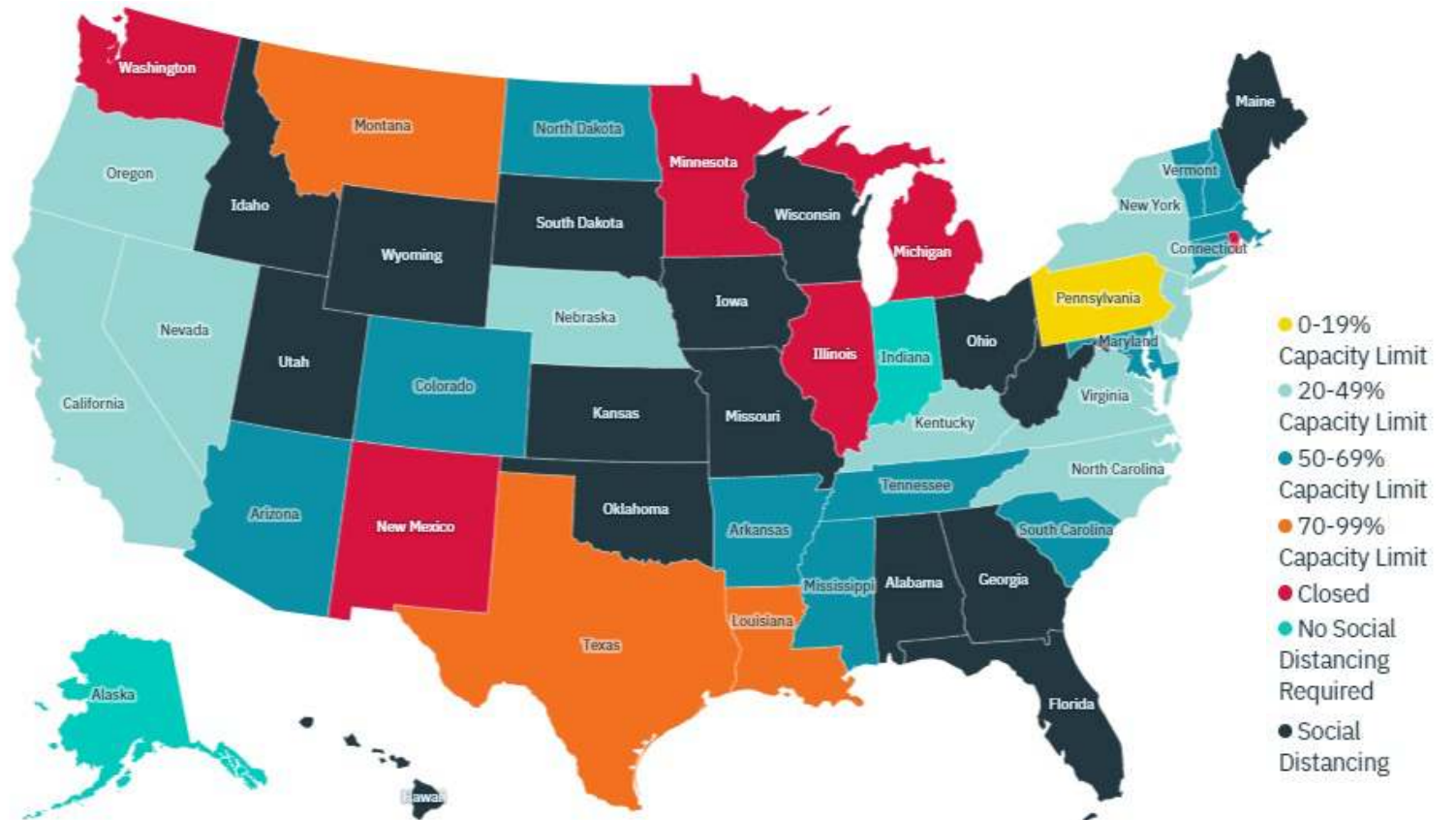
2020 Was a Catastrophic Year for Movie Theater Industry

Box Office
Admissions Fell

82%

In 2020 vs. 2019

Status of Brick & Mortar Cinemas across the U.S. as of December 2020



The COVID Impact

The Pandemic Has Drastically Impacted Distribution

SHORT TERM

LONG TERM

Theaters on Brink of Bankruptcy

Regal Cinemas Owner Lands
Financial Lifeline, Averting
Bankruptcy



WSJ

AMC Theatres Plans to Raise \$47.7
Million to Stay Afloat During
Pandemic



VARIETY

Studios Off-load Titles to Streamers

Streaming Salvation: How Studios
Made Bank Selling Movies to
Netflix, Amazon



VARIETY

Hollywood Agents Push to Sell Films
to Streamers Amid Theater
Shutdown



THE WRAP

Hybrid Distribution Model Takes Hold

Warner Bros. will release 2021
movies simultaneously on HBO Max



THE VERGE

How COVID-19 Could Spark a
Tectonic Shift to Premium VOD



Hollywood
REPORTER

The COVID Impact

Three Pivots Studios Have Made

Divest Titles



Sold to Netflix



Sold to Amazon

Monetize Titles Directly



Released as PVID on streaming platforms



Released in theaters, PVID ~17 days later



Sold as PVID inside an SVOD

Use Titles to Drive Broader Strategic Initiatives



Acquisition: Streams free for HBO Max subscribers day & date w/ theatrical



Retention: Streams free for Disney+ subscribers, no theatrical release

Impact to NBCU Ad Business

- Monetize campaigns from Netflix/Amazon at lower budgets

- Monetize campaigns at reduced budgets, adjust rates if competitive issues arise (D+)
- Evaluate marketing partnerships

- Monetize campaigns @ competitive rates
- Eliminate marketing

Movies & Streaming: Two emerging PVOD strategies

“WIDE RELEASE” PVOD

- Non-exclusive, “broad digital” approach to distro pushes to pay-as-you-go platforms
- Marketing focuses on the movie, not the distro platform
- Comcast an active participant in multiple distro channels



prime video

VUDU



xfinity

NBCU POV: Akin to conventional HE strategies, not competitive

O&O PVOD/SVOD

- Exclusive distro on owned platforms
- Messaging touts titles, with strong CTA for platform
- Multiple competitive issues
 - Peacock streaming competitors
 - DDT concern for NBCU linear



HBOMAX

NBCU POV: Competitive due to exclusive O&O distro

2021 Studio Outlook & Recovery Timeline

Many Outstanding Questions Remain Which Will Dictate Box Office Futures

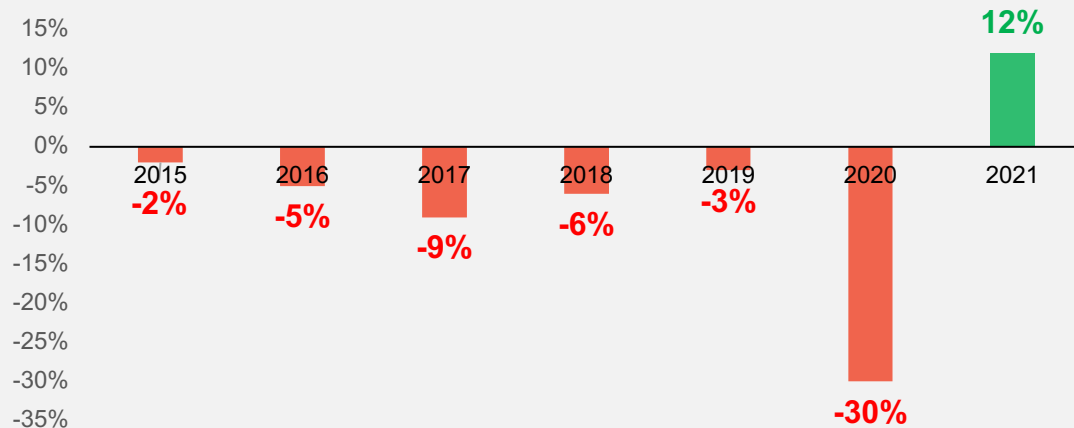
SLATE

Over 40 films scheduled for release in 2020 moved to 2021, creating a “blockbuster backlog” of content

AD SPEND

The unusual number of releases in 2021 is expected to give TV spend a +12% bump versus long term growth averages

Long Term Trend Growth/Forecast of Linear Ad Spend



BOX OFFICE

Best case scenario: majority of population is vaccinated by late Spring in time for the Summer movie season, resulting in a healthy recovery from year prior

Worst case scenario: there's delays in vaccinations coupled with unemployment, fears of safety, and new viewing habits (i.e. SVOD) that continue to jeopardize theaters future

Total U.S. Revenue from Box Office Admissions, 2015-2021

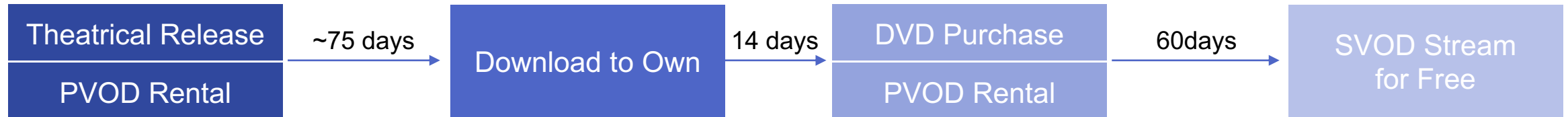


COVID Is Disrupting the Legacy Distribution Model

Pre-COVID



During Pandemic



Projected Post-COVID



Studio Category Trends

What We're Seeing & Hearing in the Industry



COVID-19 is Accelerating Changes to Distribution

Widespread theater closures caused by COVID-19 necessitated experimentation with distribution and windowing. Now, theatrical openings with fast-follow PVD releases are quickly becoming the new norm

Streamers Generate Increased Competition

Studios face increased competition for consumer mindshare, as audiences enjoy an unprecedented level of choice when it comes to the what, where, when & how to consume premium content

Franchise Films Dominate the Box Office

The highest-grossing films are reliably tied to established franchises. With box office success as the ultimate north star, many studios' slates depend on existing IP and beloved characters

A Resolute Commitment to the Big Screen

Although they are experimenting with new distribution windows and rollout, Studios remain committed to the theatrical moviegoing experience and business, despite the challenges presented by COVID and shifts to in-home viewing.

Studio Category Trends

How Studios Are Evolving Their Marketing Approach



Big Reach in a Tight Timeframe

Studios must achieve big reach in a tight timeframe in order to ignite social chatter for their film. A singular moment – or several moments in close proximity – that garner huge audiences are essential



Marriage of Show IP + Movie IP

Integrated marketing remains key in generating excitement for a film. Custom, authentic marketing activations that blend film IP with show IP create the perfect marriage to inspire audiences to want to see the film



Data-Informed Targeting

With more moviegoer data available than ever, studios are in a unique position to eliminate waste and speak directly to key persuadable audiences and drive ticket purchase



Cobranded Marketing

Studios are piggybacking off their subscription services to provide exclusive access to new titles, and in turn bringing the movie going experience to living rooms while driving subscription growth as well

Want to Learn More? Contact Your NBCU Studio Team



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Thank You!