

HOME ENTERTAINMENT SPENDING

(U.S. consumer spending in millions)



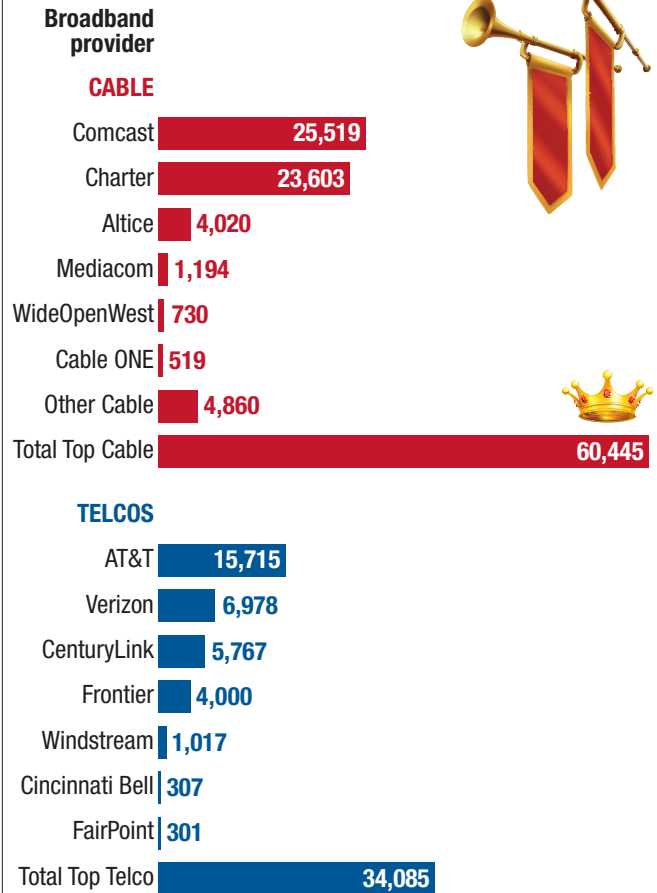
Media type	2016	2017	% chg.
Sell-through			
Physical media (DVDs)	\$5,490.6	\$4,716.4	-14.1%
Rental			
Brick-and-mortar stores	\$488.0	\$390.4	-20.0%
Subscription (physical discs)	\$547.6	\$454.9	-16.9%
Kiosk	\$1,514.9	\$1,271.8	-16.0%
Total rental	\$2,550.5	\$2,117.1	-17.0%
Digital			
Electronic sell-through	\$2,036.8	\$2,153.7	5.7%
VOD	\$2,105.6	\$1,958.0	-7.0%
Subscription streaming	\$7,286.7	\$9,548.9	31.0%
Total digital	\$11,429.1	\$13,660.6	19.5%
Total U.S. home entertainment	\$19,470.2	\$20,494.1	5.3%

WHAT'S INTERESTING: Everybody knows the subscription streaming category (led by Netflix) is a happening place: Witness the 31% growth in 2017 revenue. We also get that physical disc sales are dropping like bit characters in a Quentin Tarantino movie (with revenue down 14%). The more startling revelation surrounds the slower growth of the electronic sell-through (or EST) category populated by the likes of Apple's iTunes, Sony's PlayStation Store and the Xfinity On Demand Purchases feature offered by Comcast. Turns out people aren't just losing interest in buying DVDs; they're losing interest in buying digital copies, too.

SOURCE: DIGITAL ENTERTAINMENT GROUP

BROADBAND IN THE U.S. CABLE RULES!

Subscribers (000) at Q3 2017



WHAT'S INTERESTING: Overall growth is slowing as a wide majority of homes now get broadband, but cable's still adding subscribers (up 538,000 in Q3) while telcos are losing ground (a net loss of 155,000 in the same three-month period). If the trend continues, it's possible the U.S. cable industry could approach nearly 3x the number of broadband/high-speed Internet customers claimed by telcos. Seems that having a better mousetrap — or in this case, a superior broadband platform — really does pay off.

SOURCE: LEICHTMAN RESEARCH GROUP

TRAFFIC REPORT

Projected consumer Internet traffic by type (in petabytes per month)

	2016	2017	2018	2019
Internet video	42,029	57,116	75,109	98,182
Web, email and data	9,059	10,681	12,864	15,120
Online gaming	915	1,818	2,857	4,396
File sharing	6,628	6,810	6,717	6,554

WHAT'S INTERESTING: Everybody knows video's overtaking the consumer Internet. But the greater momentum belongs to online gaming, which is projected to require more than 4x as much capacity in 2019 as it needed in 2016. The rising usage will put even more emphasis on the advantage of low network latency — the better to out-twitch the online opponent. The biggest online game of all: Riot Games' free-to-play League of Legends.



SOURCE: CISCO VISUAL NETWORKING INDEX, 2017