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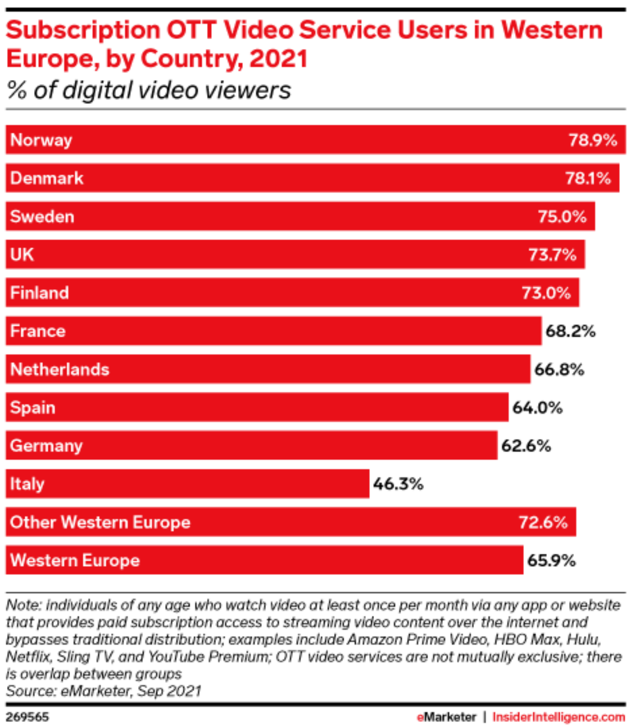
Highly penetrated Nordic region still has much potential for subscription OTT user growth

Article

The Nordic region has taken to subscription streaming services at some of the fastest rates in Western Europe, and indeed the world. Thanks to the local appetite for foreign content, along with these services' appetite for subscribers, the audience there will keep expanding for the foreseeable future.

For years now, the four Nordic countries we break out have exceeded the Western European average in subscription OTT video service adoption, and our latest forecast reveals that trend will continue this year. In Norway and Denmark, more than 78% of digital video viewers will watch via these services at least once per month. The penetration rate in Sweden and Finland will be lower, but well above the 65.9% of Western Europe at large.



These countries remain in the top 10 when we widen the scope to include the rest of the world. Norway, Denmark, and Sweden are bested by only Canada and the US, where more than 85% of digital video viewers will be monthly subscription OTT video service users this year. The UK will post the sixth-highest rate, followed by Finland in seventh place.

Saturated as the Nordic markets are, they will continue to see this user base expand. Finland will post the strongest increase in the region in 2021, at 7.4% year over year. Sweden and Norway will approach 6% growth, and Denmark, 5% growth.

There are two major drivers of growth this year and beyond: the expansion of streaming services into the region, and their increased investment in local content.

"We expect the Nordic subscription OTT market to become even more competitive," said Brian Lau, eMarketer associate forecasting analyst at Insider Intelligence. "Established players like Netflix and Amazon are ramping up their investment in local content. Meanwhile, newer services from the US and the rest of Europe, such as Disney+ and SkyShowtime, have recently entered the picture or are preparing to do so."

In April, for example, Netflix announced that it would establish a hub in Sweden to oversee production in the Nordics. This came as Amazon relaunched Prime Video in the region after a very unsuccessful start, focusing this time on local content. But local players will give the two streamers a run for their money: Nordic Entertainment Group (NENT) reported strong paid subscriber growth for its Viaplay service in Q3 2020, crediting this growth to partnership contributions.

Even so, UK streaming services like BritBox may have a unique opportunity there. According to a Q3 2020 consumer survey by Ampere Analysis, there is much stronger demand for British and US TV series in Denmark, Finland, Norway, and Sweden than in all other markets.

As competition for viewers heats up, we expect steady growth in subscription OTT service users over the coming years. In 2022, across all the Nordic countries we track, more than 3 in 5 internet users will watch content on those services each month. By the end of our forecast period in 2025, this will be the case for more than two-thirds of the region's internet users.