

SUBSCRIPTION WARS: Super Bundling Awakens



Latin America

Survey of over more than 6,000 subscribers across Latin America uncovers galactic growth potential

Financial Services



Introduction

The LATAM subscription market is estimated to be worth USD\$20 billion, a figure that's projected to almost double by 2026.

This surge is fueled by a predominantly mobile-first consumer base that prioritizes convenience and instant access to services. As these consumers increasingly turn to subscription models for everything from streaming entertainment to retail services, lucrative opportunities are opening up for both subscription platforms and any business that can provide access to these services.

As the latest in our international 'Subscription Wars' series, this report highlights unique demands, trends and challenges facing the LATAM subscriptions market. Calling on data from 6,400 subscribers across six Latin American countries, we dive into all aspects of the subscription economy, from changing adoption rates to ad-tiering, post-paid billing, to the rise of Super Bundling.

Most importantly, we examine how both banks and payments providers and subscription providers can benefit from this booming market, discovering new audiences, driving retention, and unlocking new avenues for growth.

Methodology

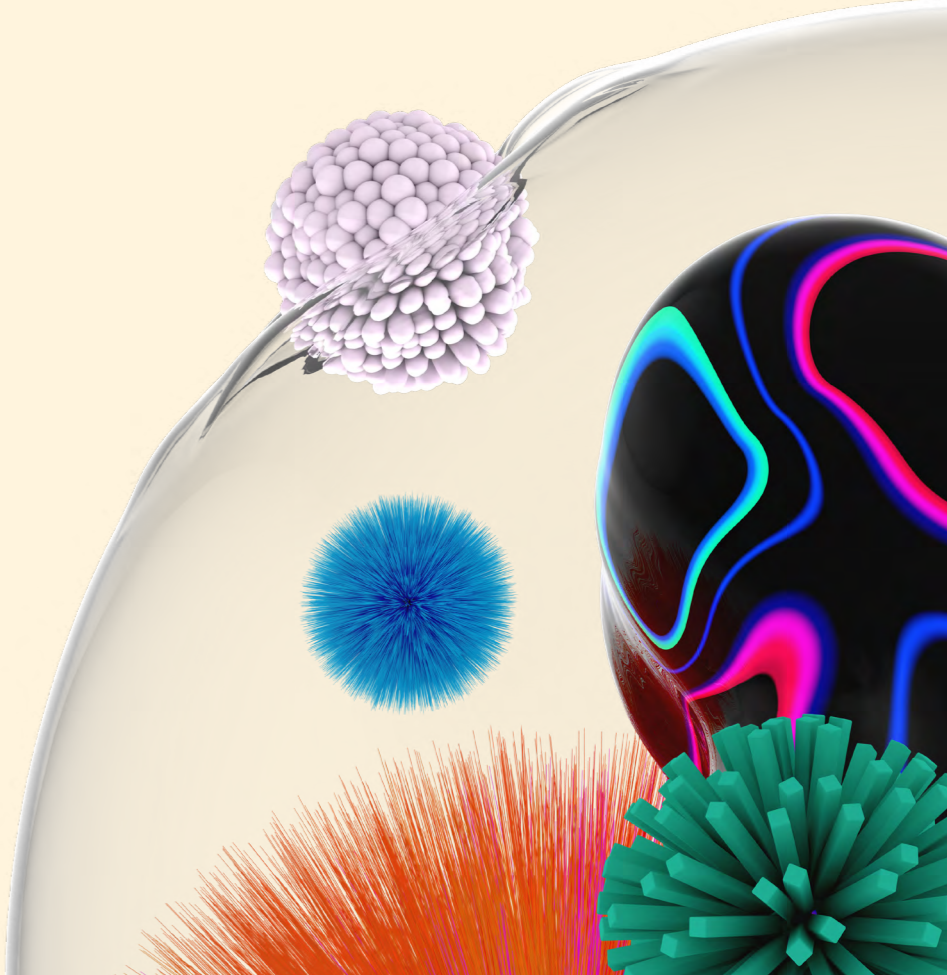
This report includes data from 6,400 subscribers across Mexico, Brazil, Peru, Colombia, Chile, and Argentina, diving into diverse aspects of their experience with subscription services.

Commissioned by Bango and conducted by independent research agency 3Gem, the Subscription Wars: Super Bundling Awakens Latin America research was conducted in April 2024 – May 2024 and published in June 2024.



In this report, you'll discover

- 1 How the subscription landscape is changing in LATAM
- 2 The impact of price hikes on LATAM's cost-sensitive subscribers
- 3 How subscriber preferences are changing across the region
- 4 The innovative solutions that are driving subscriptions growth
- 5 How banks and payments providers can capitalize on the market potential of LATAM



1

Growth of subscriptions and digital wallet

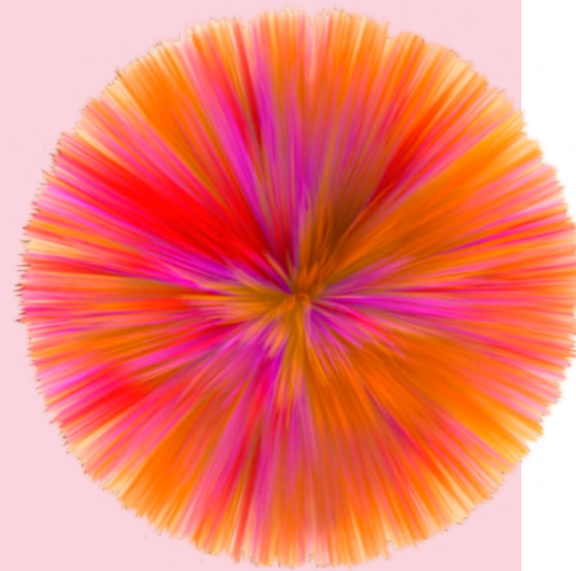
With a population exceeding **650 million** people, Latin America is now one of the fastest growing regions for online and mobile payments worldwide. A trend that was accelerated dramatically during the COVID-19 pandemic.

According to EBANX's Beyond Borders study, the region saw almost **25%** increase in the number of online consumers, with over 52 million making their first online purchase during the pandemic. What was a cash-centric economy is quickly becoming one of the fastest growing e-commerce markets.

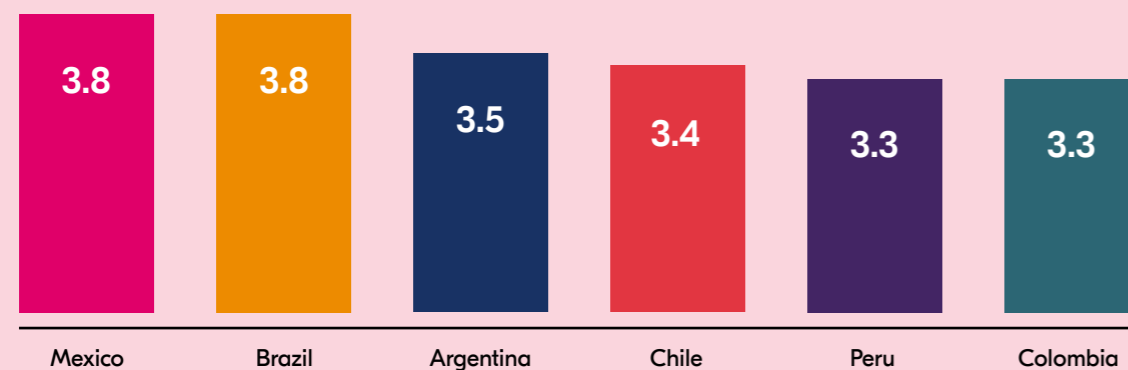
Local banks and payment providers brands are making it simple for consumers to put cash and onboard credit cards into digital wallets to make online purchases, driving the growth of the digital banking ecosystem. This desire to pay online is being significantly helped by the simultaneous growth in the local subscription economy, which brings more digital content online, fueling more online payment activity. This cause and effect is magnified by the fact that 58%

of the population in LatAm are under 44 years of age, where digital subscription products are most attractive.

From a heavily cash-based transaction model, the Latin American market has now transitioned to boast a **78%** digital commerce penetration rate. LatAm subscribers now pay for an average of **3.5** subscriptions per person, rising to **3.8** in the largest markets of Mexico and Brazil, rapidly catching up with the USA's **4.5**.



Average subscriptions per user

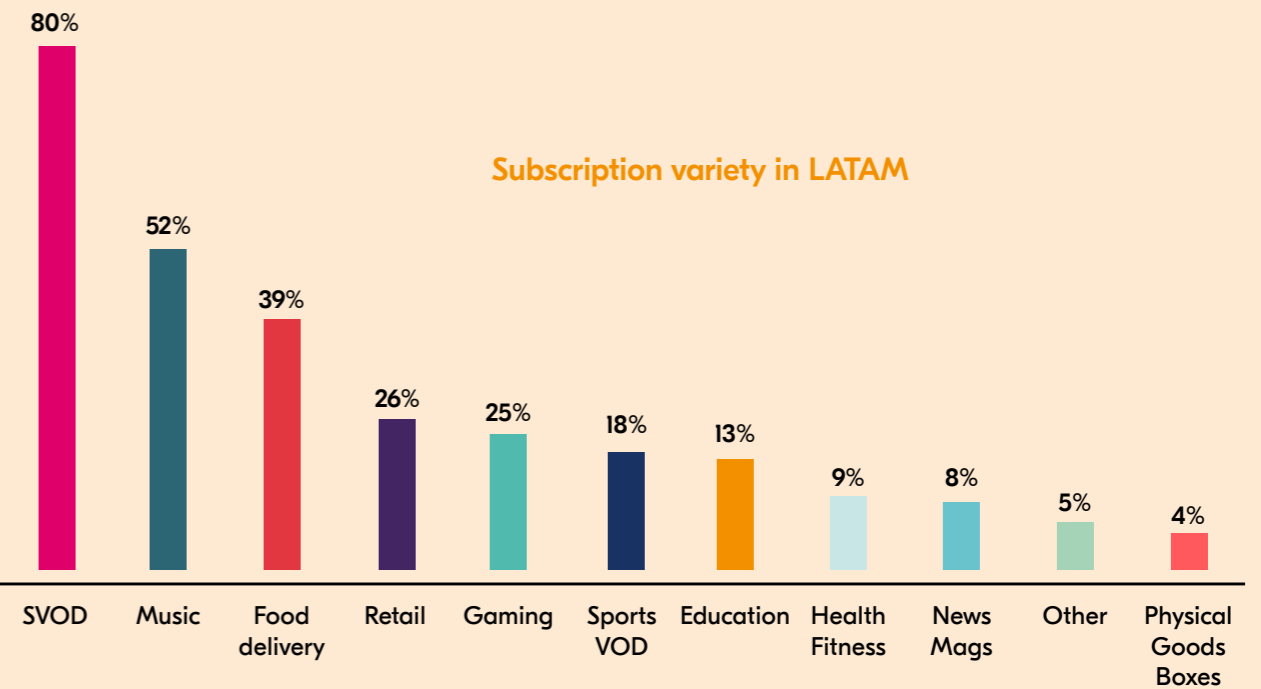


2

The state of subscriptions

Subscribers across LATAM enjoy a variety of subscriptions spanning different content types - and are keen to adopt more. But it's Subscription Video on Demand (SVOD) which anchors the demand, with Latin America **predicted to have 165 million** SVOD subscriptions by 2029 - a **50%** increase from **110 million** at the end of 2023.

However, if content providers are going to take advantage, they need new ways to reach subscribers. Content quality and direct sign-ups are no longer enough.



Sports drives subscriptions

SportsVOD provides a growing opportunity in LATAM

1 in 5 LATAM subscribers have a SportsVOD subscription

Nearly **1 in 3** LATAM subscribers (**30%**) will sign up for a new service to watch Copa América



LATAM leads the way in music

Music subscriptions are especially popular in LATAM when compared with other regions

Over half of LATAM subscribers (**52%**) have a music subscription

Compared with **44%** in the USA and only a third (**34%**) in Europe



3

Market trends: Mobiles and monetization

The LATAM market was the first to experience significant price hikes for subscriptions and streaming services - worsened by high inflation in recent years. This surge has hit subscribers hard, with **40%** now having to pay for a service they used to access for free, and **37%** frequently pausing and restarting their subscriptions.

Faced with rising fees, more than two-thirds of subscribers (**68%**) say they can't afford all the subscriptions they would like, rising to **73%** in Brazil. More than half (**56%**) have had to cancel a subscription due to the price hikes, rising to **63%** in Argentina.

LATAM subscribers average spend
(Amounts to \$444 per year)

\$37

Spending on subscriptions per month by region:

Mexico (764 MXN)

\$46

Peru (165 PEN)

\$45

Argentina (35,000 ARS)

\$40

Chile (35,100 CLP)

\$38

Colombia (121,000 COP)

\$31

Brazil (118 BRL)

\$23

Repeated price increases will only go so far. Sooner or later, even the most loyal subscribers will be forced to pick and choose between services. The result for providers? Increased churn, negative customer perception, and lower customer acquisition in the long term.

Ad tiering is also helping to give people more choice and flexibility. In addition to its mobile-only subscription tier, Netflix has introduced an ad-supported plan priced **28%** cheaper than its Basic plan.

To mitigate this risk, subscription services are offering hybrid-pricing models to remain affordable. "Mobile tiers" are one strategy pioneered by LATAM companies to cater to the region's mobile-first habits. Through options like 'Paramount+ Basic', subscribers can access mobile-only content at a more affordable rate, accommodating the **50%** of subscribers who [watch Paramount+ on their mobile](#).

When it comes to ads, however, subscription service providers should tread carefully. Almost half (**44%**) of LATAM subscribers have canceled a service due to the introduction of ads. While over a third (**34%**) have downgraded since a cheaper d-supported tier launched, the same percentage have upgraded to avoid ads altogether.

71%

have a "Forever Subscription" they will never cancel

Compared to

63%
Across Europe

71%
In the USA



Forever subscriptions

Despite many jumping between services, LATAM subscribers are fiercely loyal to their favorite providers. The overwhelming majority have a Forever Subscription they will never switch off.

4

Managing subscription overload

While there is growing demand for subscriptions, the disjointed and inflexible nature of the current subscription economy in LATAM could slow its progress, restricting consumer satisfaction with their subscriptions.

Subscribers feel there are now too many subscription services and are becoming increasingly overwhelmed. Rigid contracts compound their disillusionment. Then there's the financial burden, made worse by the complexity of managing billing across multiple service providers.

Subscriber frustrations:

Overload	80%	say there are now too many subscription services to choose from (rising to 88% in Brazil)
	60%	say they are annoyed they can't manage all of their subscriptions in one place
Inflexibility	37%	are frustrated they can't pause their subscriptions whenever they like (rising to 41% in Columbia)
	27%	say they feel locked into their current subscriptions
Cost	27%	don't know how much they spend each month on subscriptions (reaching 34% in Argentina)
	59%	want to opt out of automatic renewals on their subscriptions (hitting 62% in Peru and Colombia)

Subscribers are responding by sticking to just one or two subscriptions simply to avoid the mess of managing them. Others abandon the market altogether and turn to online piracy.

Neither scenario spells good news for the subscription economy and its future potential.

A pirate's life for me

1 in 5 LATAM subscribers (19%) have started using pirate streaming services as the only way to access content in one place



5

The rise of content hubs

So what are organizations doing to solve some of these challenges?

Bundling subscriptions is one answer, giving subscribers greater choice, simpler management, and more cost-effective deals. One in five (21%) LATAM subscribers now go exclusively indirect for their subscriptions, signing up via bundles and deals from third-party services. Latin American telco giant Claro offers [Prime Video with Claro TV](#) via its home and post-paid mobile bundle plans. Recently, digital banking scale-up Nubank entered the subscriptions market by offering HBO Max streaming service to its customers.

While bundling solves some subscriber woes, it's not an all-out cure. Bundled packages are still subject to the same lack of flexibility when it comes to managing subscriptions. They often focus on offering the biggest names in streaming, ignoring the fact that subscribers are also signed up for gaming, well-being, and other services that also need to be managed.

Subscribers want more

In the telco world, full-service "content hubs" like Verizon +play and Optus Sub-Hub have emerged, revolutionizing the subscriptions landscape — and giving subscribers more choice and control. Now, consumers are calling out for these types of all-in-one platforms to break into the LATAM market.

Over three-quarters (79%) of LATAM subscribers want one app to manage all of their subscriptions and accounts, rising to 82% in Peru. Over two-thirds (68%) would also spend more time using their subscription services if an all-in-one subscription platform were available. And more than half (58%) would sign up for more subscription services if an all-in-one subscription platform was available.

79%

Over three quarters of LATAM subscribers want one app to manage all of their subscriptions and accounts

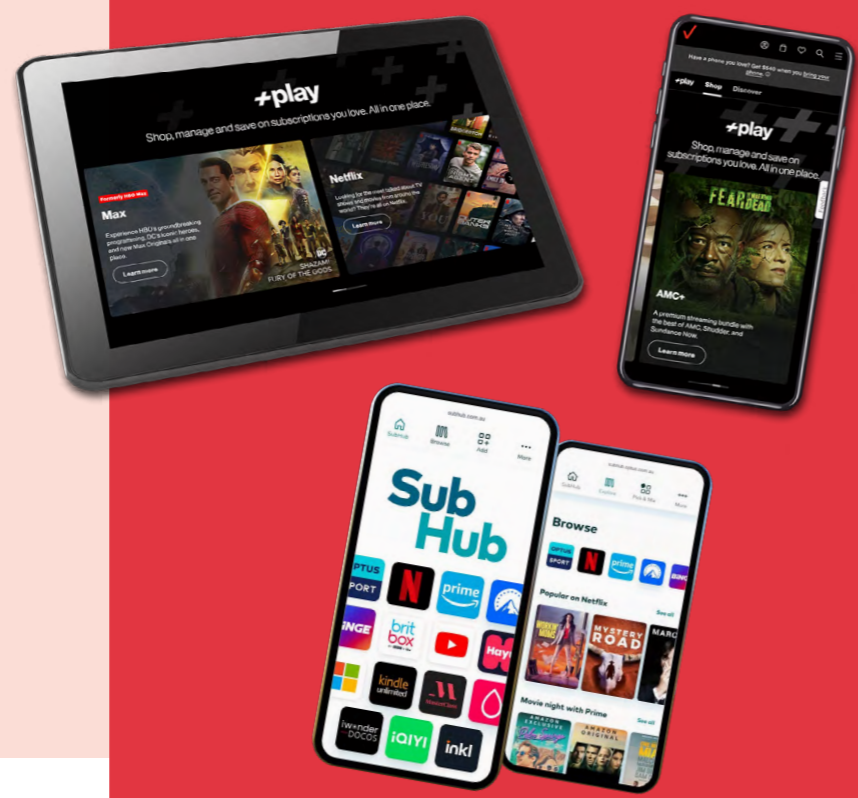


One centralized bill is a top-requested feature for content hubs

Better financial management is the standout benefit for LATAM subscribers thanks to one centralized bill. Four out of five (81%) subscribers feel they would better manage their household expenses if this service became available elsewhere.

Features LATAM subscribers want from all-in-one subscription platforms:

69%	Ability to pay multiple subscriptions via one monthly bill
46%	Ability to temporarily pause subscriptions (“Payment holidays”)
41%	Ability to calculate the best deals and prices across all platforms
41%	Discounts on paid subscription services
40%	Ability to centrally update payment details
39%	Ability to change subscription duration (weekly, vs monthly vs annually)

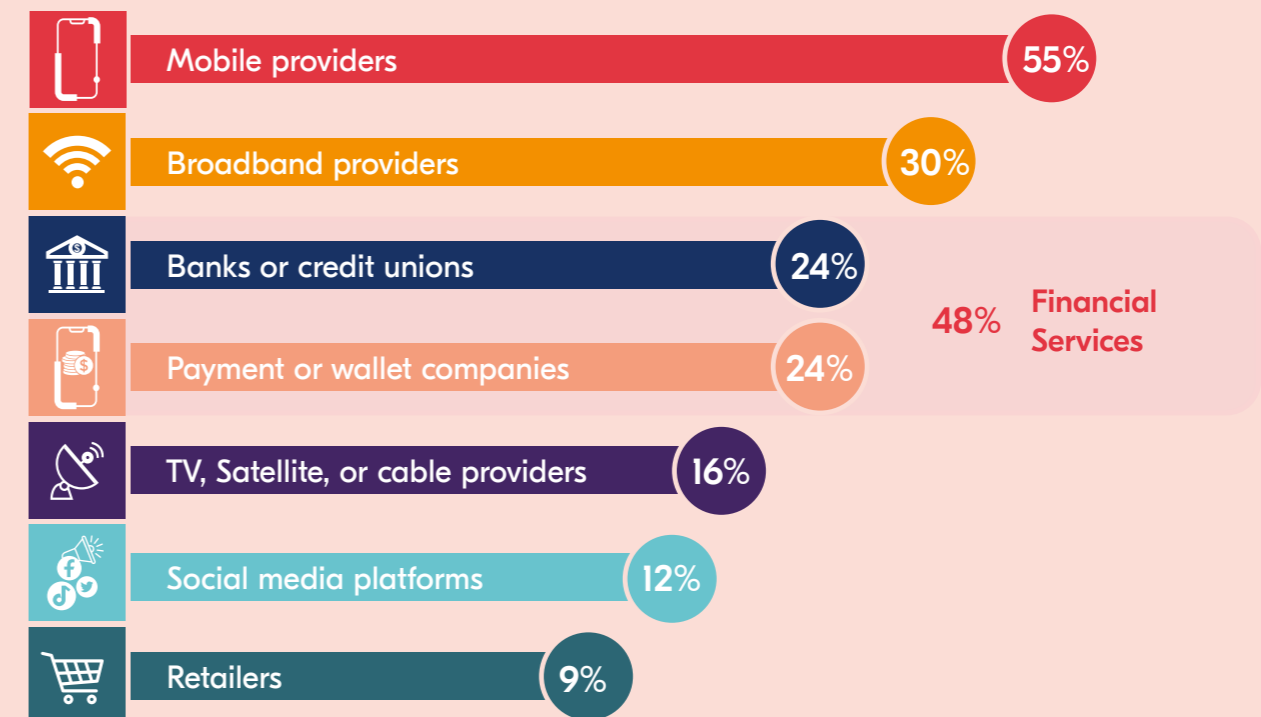


Super Bundling: trusted partners take control

Subscribers want a content hub from a brand they know and trust. With mobile as the primary platform for subscription content consumption it's no surprise that more than half (55%) of LATAM subscribers expect their telco to provide a content hub. Higher than the USA (50%) and Europe (46%).

After telco, the most popular service provider LATAM consumers look towards for subscription discovery and management is their bank or digital wallet provider. Almost 1 in 2 would choose financial services (banks and payment companies) to step up and provide this service as well.

Who do LATAM subscribers want to provide an all-in-one subscription service?



Subscribers are willing to pay for the privilege. Over half (56%) would pay a higher bill if a package of popular subscriptions were automatically included. In Mexico, this number was 62%. When asked how much higher, the average subscriber said they were open to paying 21% more on their mobile bill if subscriptions were included in the price.

Stronger brand loyalty would be included in the bargain, with almost three-quarters saying they would be more loyal to a brand that offered an all-in-one subscription service. On the flip side of this coin, over half would leave their current provider if this service became available elsewhere.

Increased customer spend and loyalty

78%

Of LATAM subscribers would be more likely to recommend a provider that offers this service - rising to 81% in Colombia

73%

Would be more loyal to a brand that offered an all-in-one subscription service

56%

Would pay a higher bill if a package of popular subscriptions was automatically included - rising to 62% in Mexico

55%

Would leave their current provider if this service became available elsewhere

21%

The average subscriber is willing to pay 21% more on their mobile bill if subscriptions were included in the price

max



prime video

NETFLIX



ViX

The streaming platforms Max, Disney+, Amazon Prime Video, Netflix, ViX+, and Paramount+ have all already established various strategic alliances with telecommunications, financial, and commercial companies in LATAM, to attract and retain subscribers.

Super Bundling will be the key technology that allows this expansion to happen.

Section 2: State of the nation





Mexico: The state of subscriptions

Subscriptions are rising in popularity in Mexico, driven by the increasing adoption of digital services, the expanding middle class, and changing consumer behavior. While Mexico is one of Spotify's biggest markets, SVOD subscriptions are the most popular. Gamer culture is also spreading, driving up the popularity of gaming subscriptions in the region.

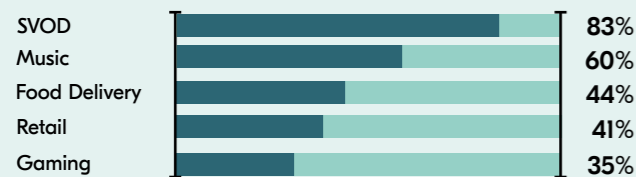
The average subscriber has **3.8** subscriptions costing **9,168** Mexican pesos a year. Lack of affordability means almost two-thirds (**62%**)

of subscribers struggle to pay for all the subscriptions they want, and over half (**54%**) have canceled subscriptions due to price increases.

Subscription management is a big concern for subscribers in Mexico. Over a third (**39%**) pay for a subscription they don't use - more than any other country in LATAM.

The upshot? They'd be willing to pay a higher bill to any provider that provided a service where they could manage all their subscriptions in one place.

Most popular subscriptions in Mexico



Quick facts:

- 62%** can't afford all the subscription services they want
- 54%** have canceled a subscription due to a price increase
- 57%** are annoyed they can't manage all of their subscriptions in one place
- 29%** have lost track of their subscription spending
- 39%** are paying for a subscription they don't use - more than any other country in our LATAM survey
- 78%** want one app to manage all of their subscription services in one place

24% would prefer their bank or credit union to offer this service, while 24% said it should be their payments or wallet company



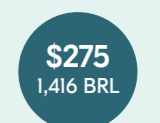
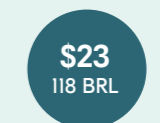
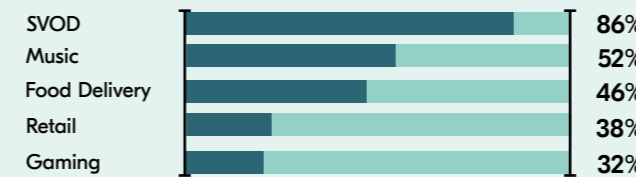
Brazil: The state of subscriptions

The largest connected market in Latin America and [the fifth-biggest online population worldwide](#), Brazil presents a huge growth opportunity for subscription services. SVOD is highly popular, significantly beating music, food delivery, retail, and gaming subscriptions.

(**51%**) cancel a subscription following increases. A significant proportion - more than any other LATAM country - are frustrated they can't manage all of their subscriptions in one place.

Like Mexico, subscribers in Brazil have multiple subscriptions and affordability is a concern, with nearly three-quarters (**73%**) saying they can't afford all the services they'd like. Price sensitivity has seen more than half

Most popular subscriptions in Brazil



Quick facts:

- 73%** can't afford all the subscription services they want
- 51%** have canceled a subscription due to a price increase
- 63%** are annoyed they can't manage all of their subscriptions in one place
- 21%** have lost track of their subscription spending - more than any other LATAM country in our survey
- 32%** are paying for a subscription they don't use
- 79%** want one app to manage all of their subscription services in one place

32% would prefer their bank or credit union to offer this service, while 25% said it should be their payment or wallet company

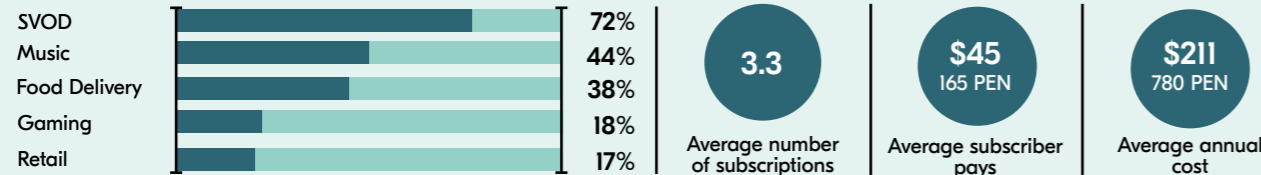


Peru: The state of subscriptions

Rising internet penetration, particularly in rural areas, signals strong growth potential for the Peruvian subscriptions market. But currency fluctuations and income disparities mean affordability is a vital consideration for consumers. Over two-thirds (67%) can't pay for all the services they want and over half (52%) have canceled a subscription due to price increases.

On average, they have slightly fewer subscriptions than their LATAM neighbours. Yet subscribers in this region are the most eager for one app to manage all of their subscription services in one place. In fact, despite financial challenges, over three-quarters (76%) would pay more to a provider that offered a centralized subscription management hub.

Most popular subscriptions in Peru



Quick facts:

- 67% can't afford all the subscription services they want
- 52% have canceled a subscription due to a price increase
- 59% are annoyed they can't manage all of their subscriptions in one place
- 27% have lost track of their subscription spending
- 33% are paying for a subscription they don't use
- 82% want one app to manage all of their subscription services in one place - the highest of any LATAM country surveyed

35% would prefer their bank or credit union to offer this service, while 18% said it should be their payments or wallet company



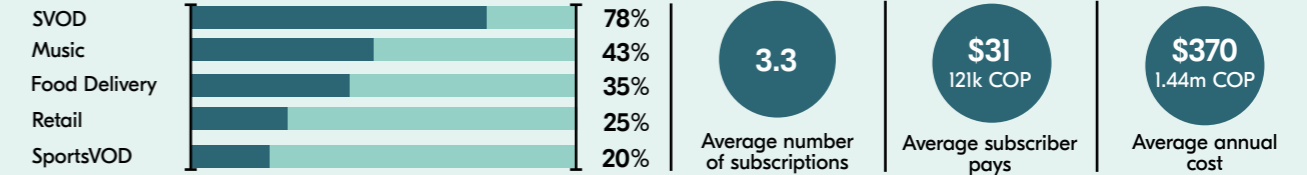
Colombia: The state of subscriptions

Rising demand for subscriptions in Colombia is characterized by the huge popularity of SVOD versus other types. Nevertheless, other categories such as music and food delivery are gaining ground.

two-thirds (67%) unable to afford all the subscriptions they want. Difficulty with keeping track of subscriptions compounds this issue, with a third (33%) paying for a subscription they don't use and over a quarter (27%) unaware of their spending.

Much like other countries in LATAM, high costs and complex management form the main barriers to subscriber adoption with

Most popular subscriptions in Colombia



Quick facts:

- 67% can't afford all the subscription services they want
- 56% have canceled a subscription due to a price increase
- 61% are annoyed they can't manage all of their subscriptions in one place
- 27% have lost track of their subscription spending
- 33% are paying for a subscription they don't use
- 81% want one app to manage all of their subscription services in one place

21% would prefer their payment or wallet company to offer this service, while 16% said it should be their bank or credit union



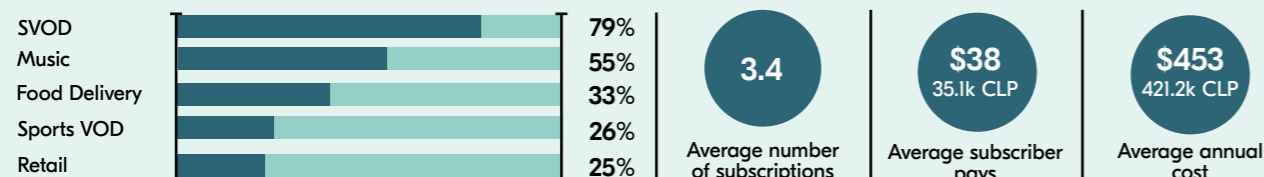
Chile: The state of subscriptions

Growth in digital payment services like Webpay and MercadoPago are accelerating a cashless culture, resulting in less friction between consumers and online payment.

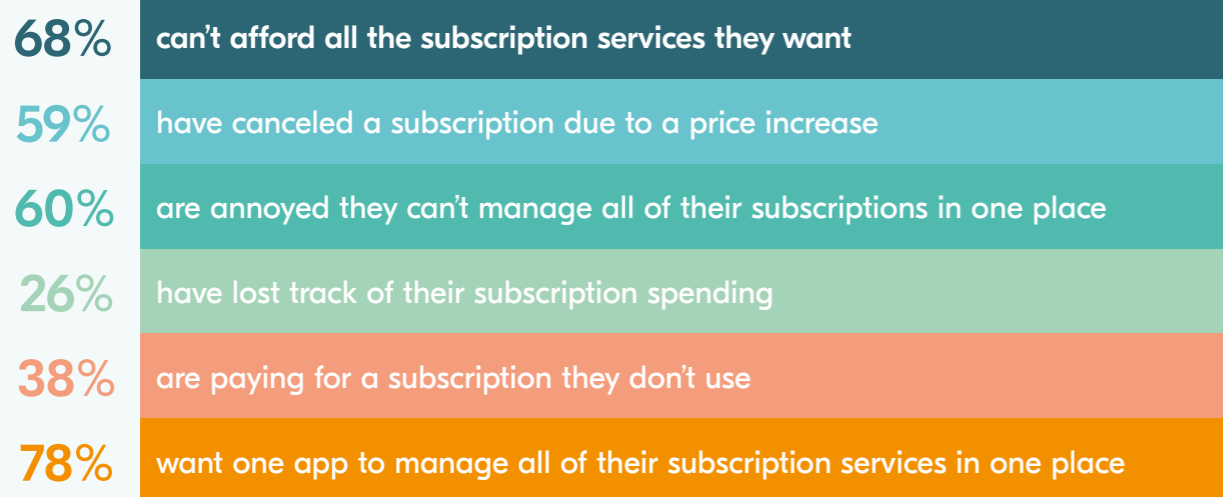
We see similar patterns to other countries in Latin America when it comes to difficulty keeping track of subscriptions and managing the financial implications of this, along with

rising costs. More than half (59%) have canceled a subscription because of price hikes but would nonetheless pay a higher bill for a single subscription management app.

Most popular subscriptions in Chile



Quick facts:



24% would prefer their bank or credit union to offer this service, while 20% said it should be their payments or wallet company



Argentina: The state of subscriptions

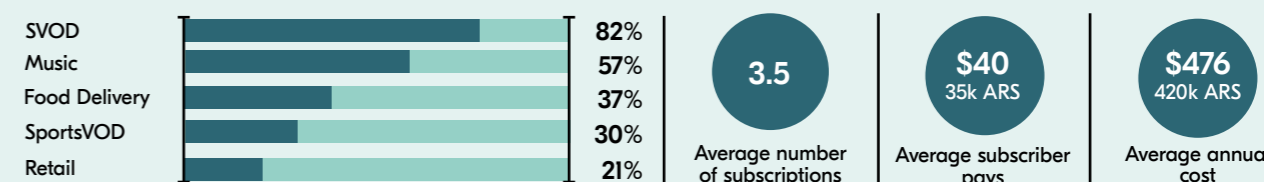
While SVOD remains the number one subscription category, Argentinians have the second highest percentage of music subscriptions in Latin America, after Mexico. They're also the biggest sports fans, at least in terms of subscribers, with almost a third (30%) paying for a SportsVOD subscription - the most of all the LATAM countries surveyed.

Subscribers in Argentina appear to be in the most financial difficulty in the region, with

nearly three-quarters (74%) unable to afford all the subscription services, and almost two-thirds (63%) having stopped a subscription after costs went up.

While the appetite for content is there, economic barriers may impact consumers' ability to afford subscriptions. Providers should look to flexible pricing, value-added features, and other innovative solutions as part of bundled offers to attract price-sensitive subscribers.

Most popular subscriptions in Argentina



Quick facts:



36% would prefer their payment or wallet company to offer this service, while 14% said it should be their bank or credit union



Super Bundling: Where do I start?

Content providers

Super Bundling gives content providers instant access to a ready-made distribution, marketing and billing network offered by banks and payment providers and other channels around the world. Bringing together banks and payment providers with content providers in one place, the Digital Vending Machine® from Bango is a SaaS product that enables the Super Bundling of content subscriptions.

Several large global banks have already created their own subscription offering – bringing together providers including MAX, Netflix, ESPN, Amazon Prime, Duolingo, YouTube, Peloton, Microsoft M365, Xbox, Audible and more, in one seamlessly integrated solution.

The Digital Vending Machine® from Bango isn't just for established players. The low barrier to entry means it's ideal for content and service providers looking to make a name for themselves. Plus, it opens doors to some of the biggest reseller networks around including banks, payment providers, telcos, and retailers. Support for a range of commercial models means that the Digital Vending Machine® from Bango ensures you get to market at speed and with minimal integration pain.

The Digital Vending Machine® from Bango brings together resellers and content providers to enable Super Bundling of subscriptions at speed and scale.

Banks & Payment Providers

The Digital Vending Machine® from Bango is loaded with pre-built integrations for hundreds of subscription products, apps, and streaming services. We provide all the core requirements via standardized technology enabling banks and payment providers to deliver subscription benefits, rewards and incentives, or advanced Super Bundling options, in months, rather than years.

The Digital Vending Machine® from Bango is available as a SaaS product, which means banks and payment providers can quickly and easily scale, gaining access to a constantly evolving and growing ecosystem of global subscription and content providers.

This happens through a single one-to-many integration, avoiding time-consuming one-to-one arrangements. Enabling this super-fast time to market means that banks and payment providers can focus on the things that matter most to them: customer acquisition, retention and engagement. Developing subscription hubs with Verizon and Optus, we've helped create deals spanning Netflix, Vix+, ESPN, Amazon Prime, Duolingo, YouTube, Peloton, Audible and more.



For more information please visit:
www.bango.com
and contact us at
sales@bango.com

bango[®]



www.bango.com

Bango PLC
326 Cambridge Science Park, Cambridge, CB4 0WG
Registered in England No. 05386079

© Bango 2024