

# (More) digital trends for 2021: Subscriptions will grow in importance

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In December, we released our “10 Key Digital Trends for 2021” report, which contained major trends to watch for in the year ahead, from the rise of Disney as a streaming powerhouse, to the enactment of a federal privacy law, to the ascent of first-party data—and, more importantly, what these developments mean for marketers. But what else ought to be on your radar?

This is our third in a series of *additional* transformative developments that should be on your radar in 2021.

**Read about the second runner-up, the triple threat of digital fitness, telemedicine, and food delivery, in [our recent article](#).**

## The growing importance of subscriptions

It looks likely that apps and other service providers will pursue more varied monetization strategies this year. Traditionally, apps mostly pursued two strategies: in-app purchases and in-app advertising. Over the past couple of years, many developers have combined the two, but we’re increasingly seeing them use subscription-based models, as well as coupons or other incentives for viewing advertising, such as rewarded video. This shift will continue into 2021.

“Two trends have combined to make subscriptions a more attractive model: privacy and consumption behavior,” said Yoram Wurmser, eMarketer principal analyst at Insider Intelligence. Limitations on the collection and use of user data, such as those stipulated by the California Consumer Privacy Act (CCPA), make it harder for apps to conduct personalized advertising and attribution. “That doesn’t kill advertising,” Wurmser said, “but it does make it more complicated.” Second, strong uptake of various digital media subscriptions has increased consumer openness to subscription models in other areas. For example, mobile apps that offer photo- and video-editing tools are increasingly subscription-based and look likely to benefit from consumers’ and businesses’ desire to create the most engaging content for their social media accounts. And while there’s undoubtedly a limit to how many consumers will sign up, we haven’t reached it yet.

The rise of subscriptions means advertising’s relative decline in importance as a source for funding content. That’s not to say advertising won’t still be a driving force powering most content consumption, but it may claim a small share than before. “Ad revenues are often an important subsidy for subscription prices,” said Nicole Perrin, eMarketer principal analyst at Insider Intelligence. “Content creators and distributors know that ad support is necessary to reach the widest possible audiences.”

Disney+ hit it big in 2020, representing a major development: Streaming services are becoming more reliant on subscriptions than they are on advertising. That means a vast number of consumers are getting harder to reach via video advertising in particular. This could be advantageous for outstream video and digital outdoor advertising, as we noted in our report.

That said, most streaming video consumption is happening without advertising. According to separate studies by Nielsen and Comscore in Q2 2020, Amazon Prime Video, Netflix, and Disney+ claimed roughly half of all time that US consumers spent with streaming. Marketers must take this development into consideration during the campaign development process.

When more revenues come from subscriptions, it shouldn't come as a surprise to see larger platforms figure out how to make consumers value those subscriptions deeply. It won't be just streaming video services focusing on exclusives: Spotify and its competitors will continue to invest in exclusive podcast content, kicking off an era where streaming audio platforms compete for exclusive rights to content in a similar fashion to OTT video services.

To see which trends made the final cut, Insider Intelligence subscribers can read our report:

**Report** by Jeremy Goldman Dec 09, 2020

## 10 Key Digital Trends for 2021

