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Q&A with Nizla Naizer

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'Q&A with' we talk to Nizla Naizer, whose research focuses on the media and online sector. Nizla talked to us about the different sectors she covers, what internet companies think about inflation and online subscription wallets.

Q: Which sectors in the internet space do you like?

A: We cover online marketplaces, as well as food delivery, e-commerce and classifieds companies, among others. We have preferences in each sub-segment, but overall, we tend to like market leaders with growth potential in categories that are transitioning online, and have a clear path to profitability with sound finances. Several classifieds and online marketplace businesses have reached these milestones while several hyper-growth e-commerce companies are reaching sustainable economics at scale.

Q: What are internet companies saying about inflation?

A: It's clearly a key topic of discussion. Some companies are net beneficiaries. They can raise prices or charge more for services without facing corresponding higher costs (such as food marketplaces). Others cater to resilient segments or have business models that help consumers find an alternative option (such as online fashion marketplaces). Many are still trying to avoid raising prices to be more attractive than peers (such as meal kit firms). Internet companies do expect inflation to be a factor, but in most cases they operate in underpenetrated verticals that could benefit from the transition online even in times of mild recession.

Q: How crowded is the online subscription wallet?

A: Our recent proprietary survey helped answer this question. We looked at Germany, the US and UK, and found that users subscribe to an average 7 apps and pay around USD80 per month for subscriptions. Germany's wallet size lags that of the US and UK, so we see some catch up potential there. Video streaming takes the largest share of the subscription wallet at around 40%, with users paying for 2 subscriptions on average. Food took another sizeable chunk at about 20%, including meal kits. Penetration for categories such as travel, health, jobs, and dating is still low. Overall, we were pleased to see our survey largely supported our published views on the sector.



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