



## Marketer FAQs

**How can streaming deliver incremental audiences in convergent TV?**

The definition of “television” has blurred, with viewers seamlessly viewing linear TV and streaming programming across a growing number of platforms.

For marketers trying to amass scale and capture viewer engagement in this fragmented landscape, the new *converged* reality holds great opportunity.

To help marketers understand the trends shaping the growth of convergent TV, as well as its opportunities, we are answering **4 frequently asked questions**. These data and insights will help you plan, buy, and measure successfully in a converged TV world.

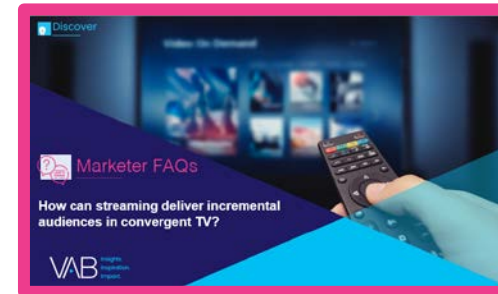
In this piece, we examine the growth of ad-supported streaming and answer **“How can streaming deliver incremental audiences in convergent TV?”**



What is convergent TV and why is it happening?



How might customized, targeted video ads help create stronger engagement?



How can streaming deliver incremental audiences in convergent TV?



How can a convergent TV strategy drive business results for my brand?

Looking for more? **Hear directly from those who are involved in ensuring the success of Convergent TV campaigns.** Get guidance, best practices, and other advice for marketers as you plan, buy and measure video campaigns. [Learn more and watch here.](#)

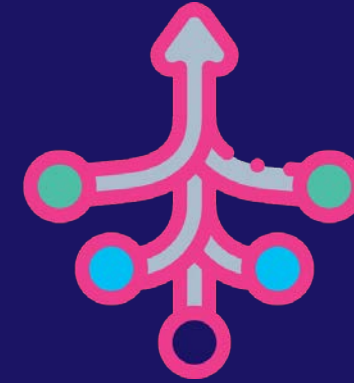


# What is 'convergent TV'?

▶ 'Convergent TV' = Linear TV + Streaming



**From the viewer's perspective:**  
The idea that people seamlessly watch linear TV and various forms of digital / streaming TV.



**From the marketplace perspective:**  
The idea of selling and buying video holistically through an interoperable\* way of executing and measuring linear + digital buys.

***'Convergent TV' is not to be confused with 'Connected TV,' which refers specifically to a device***

**Connected TV (CTV):** A television set that has built-in Internet capabilities (e.g., Smart TV) or is connected to the Internet via a streaming device such as a streaming box/stick, gaming console or Blu-ray player; all of which can access a variety of long-form and short-form content.

\* Note: 'Interoperable' refers to the ways in which the technologies (and datasets) for different platforms function in conjunction with one another for planning, buying and measuring a media campaign across linear TV and streaming video.

# Marketers can reach consumers in ad-supported streaming through a variety of different platforms, services and devices

▶ The landscape continues to grow with **Disney+** and **Netflix** adding an ad-supported tier in late 2022 and 2023 /2024 respectively

### Ad-Supported Streaming Models

**AVOD (Ad-Supported Video on Demand):** Streaming services that offer content with advertising that can either be free or at a discounted subscription tier.

**FAST (Free Ad-Supported Streaming TV):** Free to watch, advertising-supported content distributed through single provider streaming apps or linear-like channels on aggregator services.

**vMVPD (Virtual Multichannel Programming Distributors):** Digital platforms that provide multiple linear TV channels packaged together as an OTT service.

**TV Everywhere:** Network & MVPD apps with authentication access through a pay-TV provider

**Connected TV Devices:** Devices capable and enabled to access the internet through the television including Smart TVs, internet connected devices / streaming players, video game consoles

**AVOD / FAST Services**

**AVOD / SVOD Hybrid Tiered Services**

**vMVPD Services**

**Connected TV Devices**

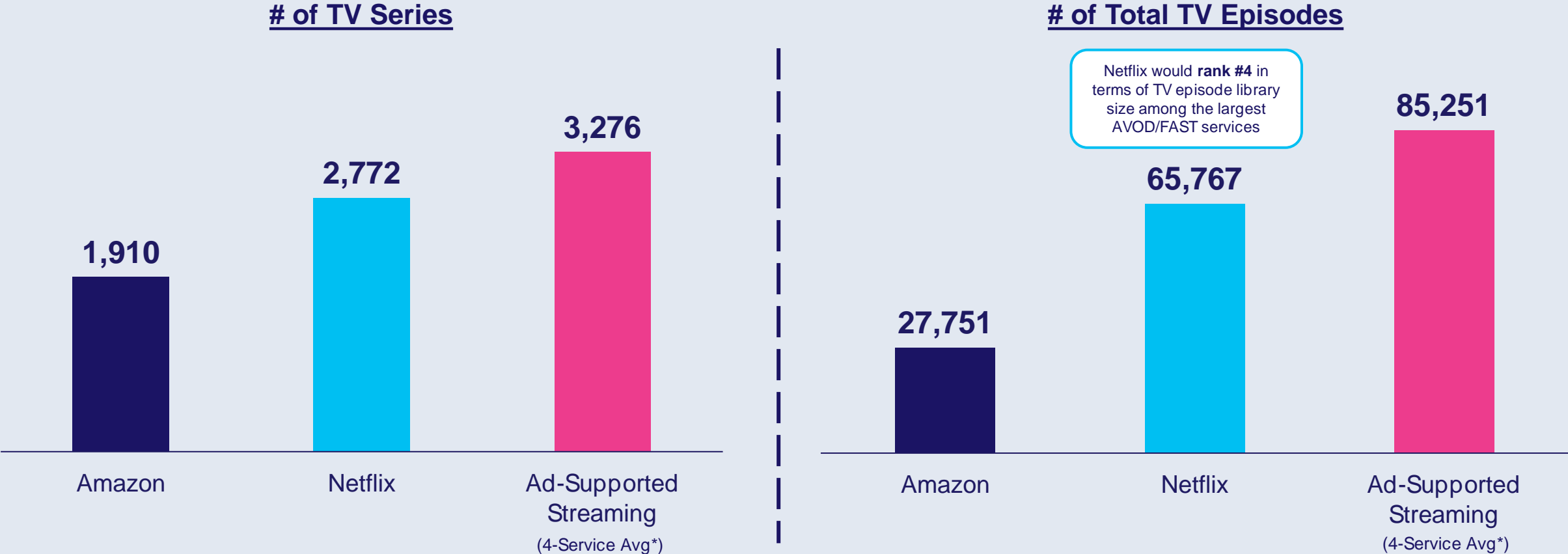
**TV Everywhere Apps**

Note: the above reflects just a sampling of services and devices by segment.

# Ad-supported services have larger TV content libraries than the top SVOD services, providing marketers a variety of environments to engage viewers

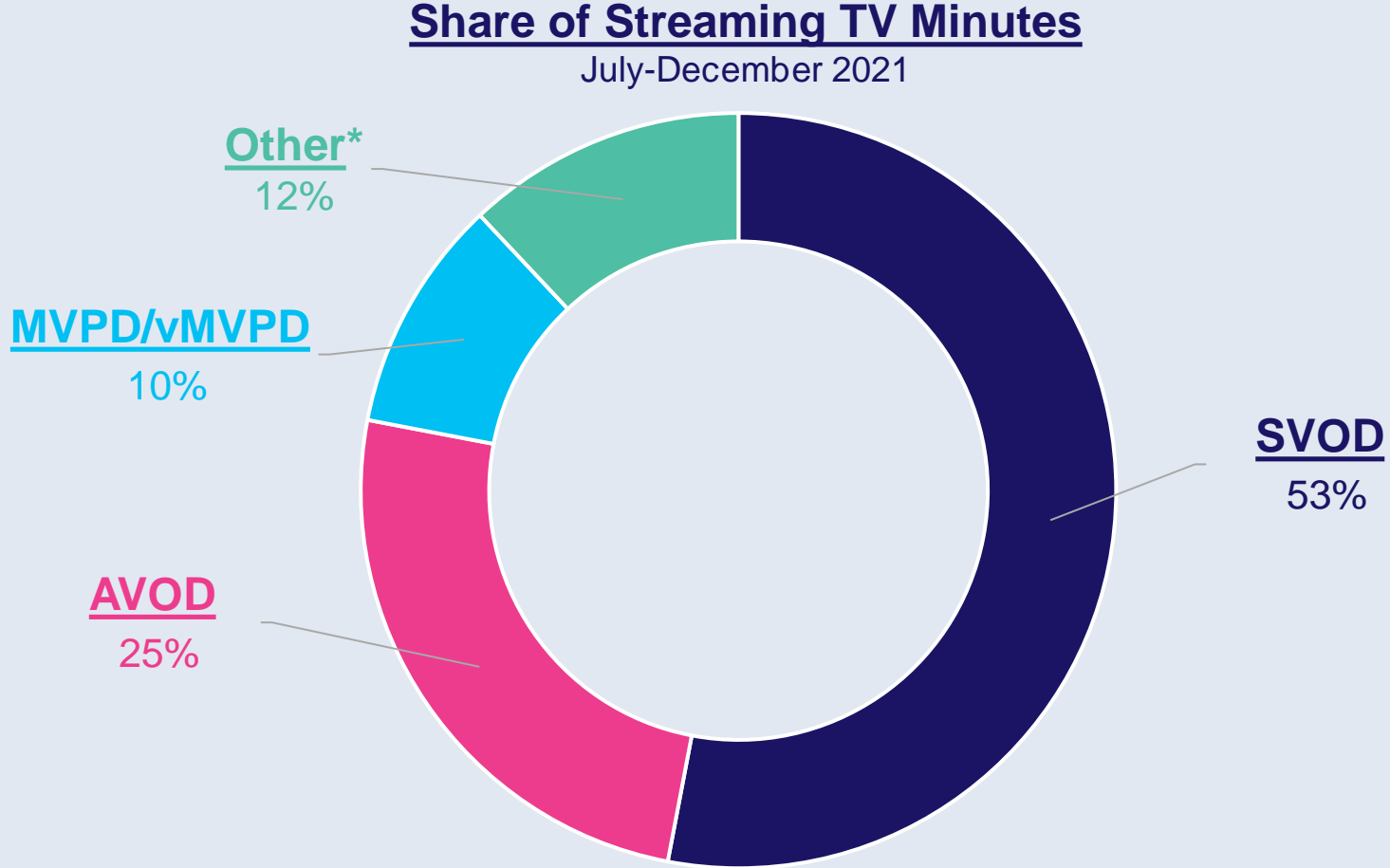
▶ 73% of people place a higher value on streaming services that offer content they can't get anywhere else

### TV Library Size By Service Comparison



Source: VAB analysis of S&P Global Market Intelligence, Kagan estimates. TV Show Summaries by service, 2021-2022. \*Ad-Supported Streaming Average includes Tubi, Roku Channel, Hulu, PlutoTV. Fandom – State of Streaming 2022.

# With a wide selection of content and services to choose from, viewers spend over one-third of their streaming time with ad-supported services



Source: Nielsen State of Play 2021. Note: AVOD includes YouTube and YouTubeTV. AVOD is inclusive of AVOD, FAST and CTV viewing, excluding vMVPD. \*\*Other\* includes video on-demand content, cable set top box streaming, gaming and DVD usage.

# Streaming has now reached a tipping point where viewers' preferences have shifted towards ad-supported options over paid subscriptions



**56%**

said they would rather use AVOD streaming services **than subscribe to another paid service**



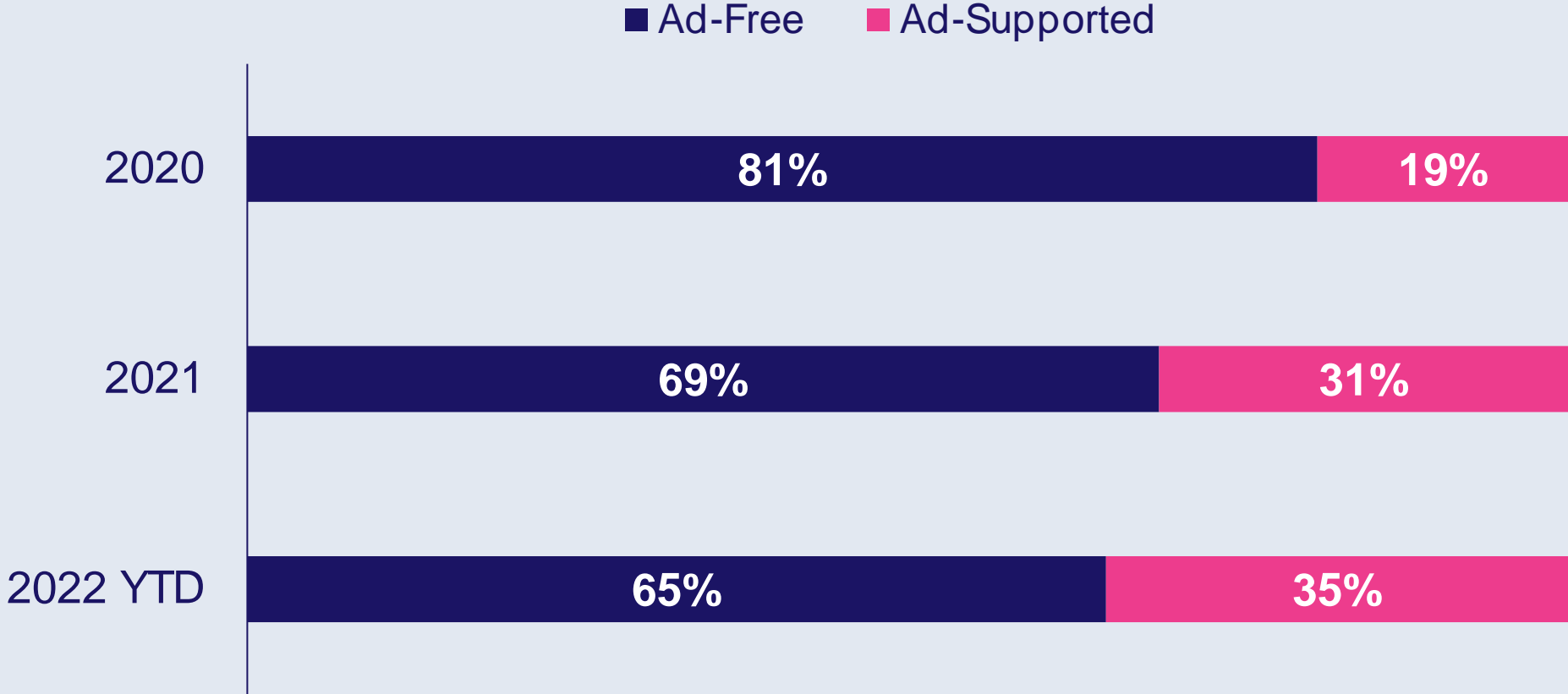
**54%**

of respondents wish their SVOD services **offered a free, ad-supported option**

Source: TiVo Video Trends Report, Q4 2021

# Subscription services are meeting consumer demand through the introduction of lower cost, ad-supported tiers to attract new audiences

U.S. Premium SVOD\* Share of Sign-ups by Plan Tier

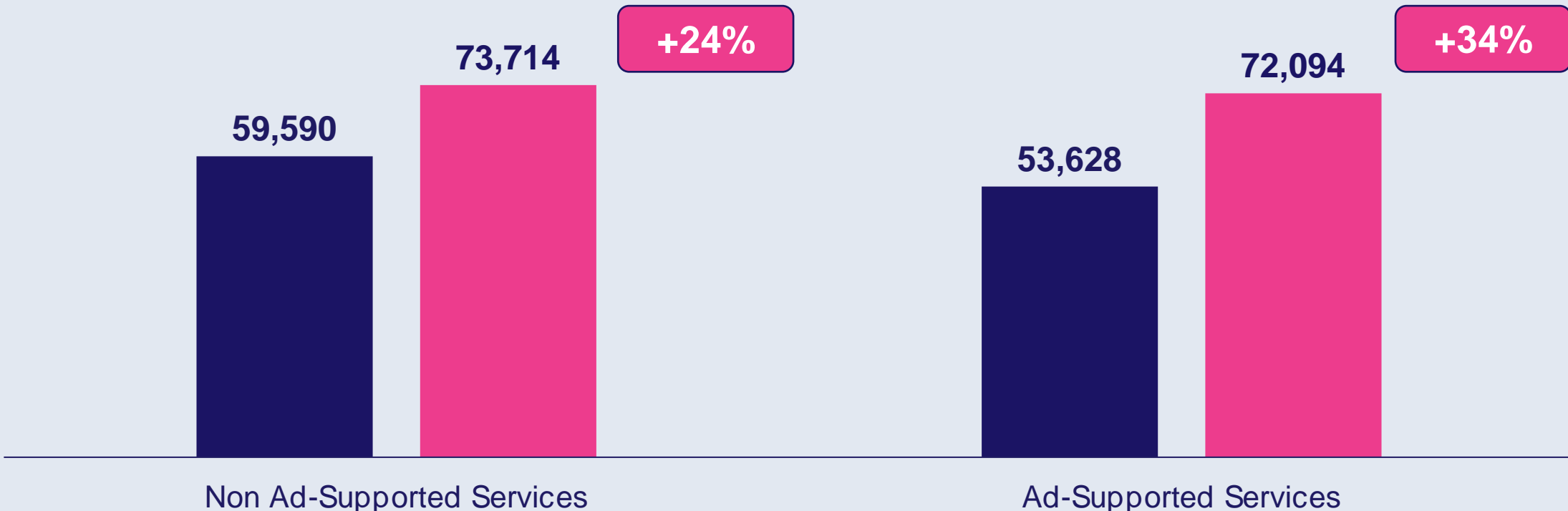


Source: Antenna - Netflix 1Q22 Retrospective. \* Note: 'Premium SVOD Services' includes: AppleTV+, Discovery+, Disney+, HBO Max, Hulu (SVOD-only), Netflix, Paramount+, Showtime and Starz with most services having an available AVOD hybrid tier.

# With more services and lower cost tiers available to consumers, ad-supported streaming has now reached near parity with subscription services across households

Households by Streaming Type  
Households in thousands

■ Jan 2020   ■ June 2021

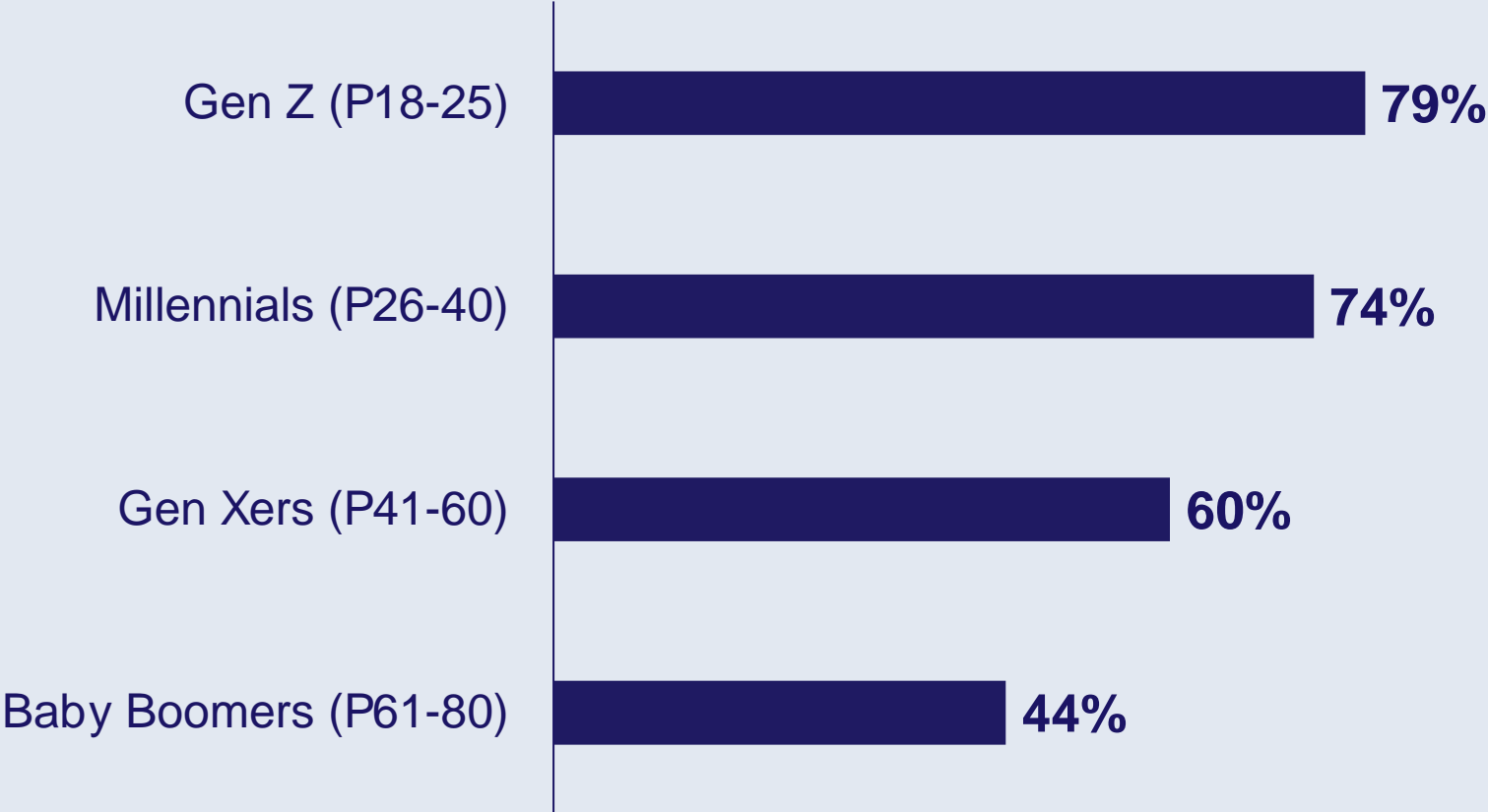


Source: Comscore State of OTT 2021

# Streaming can deliver incremental reach against a younger audience, counterbalancing other aspects of an older skewing buy

**66%**  
of American respondents indicated they use at least one **AVOD/FAST service**

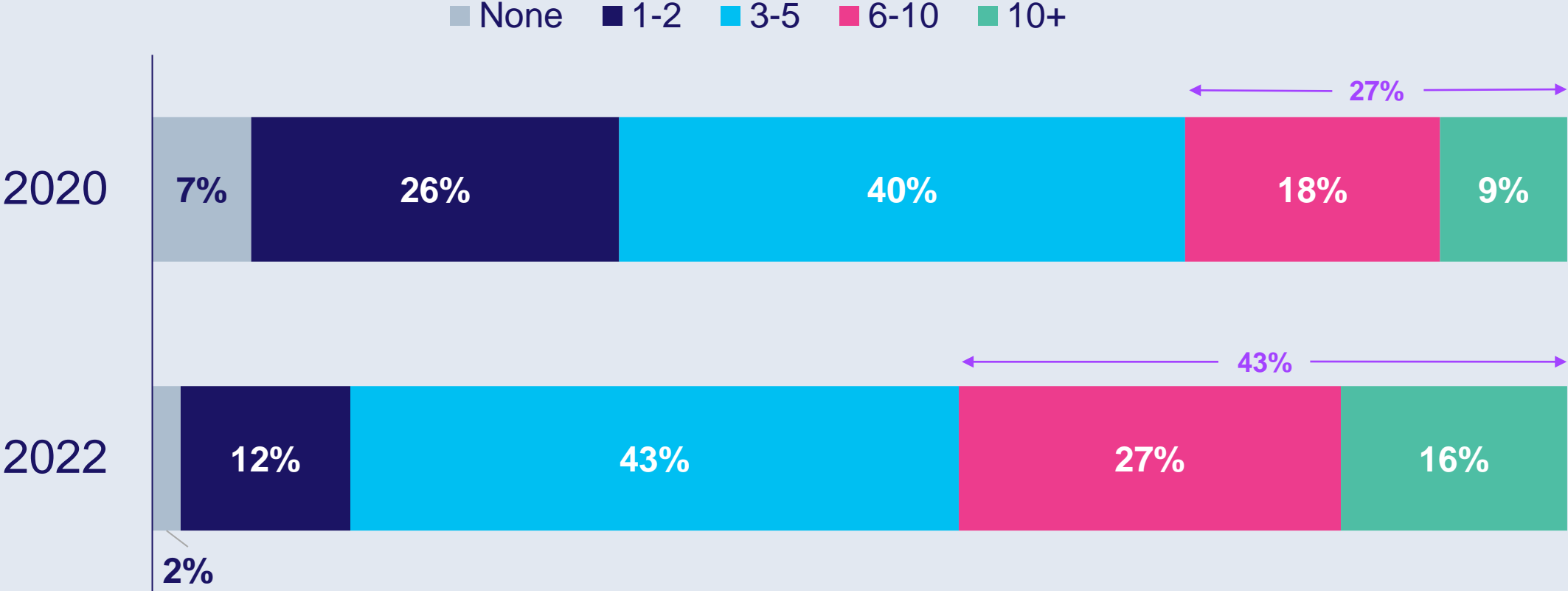
% Who Use At Least One AVOD / FAST Service by Generation



Source: TiVo Video Trends Report, Q4 2021

# The growth of streaming and increase in available services is enabling marketers to add more ad-supported platforms to build further incremental reach within their convergent TV media plans

## How many streaming platforms are advertisers using?

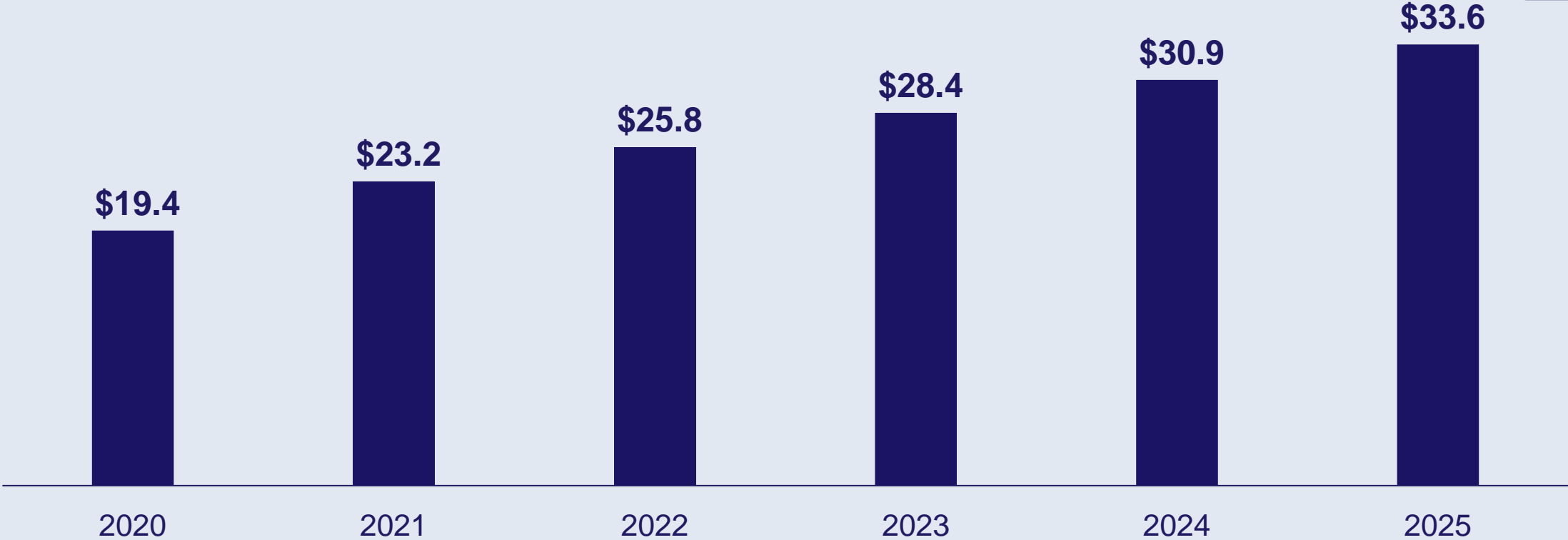


Source: VAB analysis of TV Squared's CTV Accelerated, 2021. The number of streaming platforms advertisers used in 2020 vs. their 2022 outlook.

# As consumers continue to migrate their viewing towards free or lower cost options, the ad-supported streaming opportunity for marketers is expected to reach almost \$34 billion by 2025

**U.S. AVOD Ad Revenue Forecasts**  
\$ in Billions, estimated

**+73%**  
vs. 2020



Source: S&P Global Market Intelligence, Kagan estimates. 'Estimated US AVOD revenues, 2020-2025', November 2021.

# Key Implications for Marketers

- ▶ Viewers have shifted their streaming preferences to ad-based options and their evolving behavior has created an opportunity for marketers to achieve significant incremental reach and increased engagement across audiences within their convergent TV plans.
- ▶ With ad-supported options continuing to proliferate, marketers can utilize audience-based targeting and buying strategies to improve advertising performance and brand outcomes as they expand their convergent TV plans across more streaming platforms.

# About VAB

VAB is an insights-driven organization that inspires marketers to reimagine their media strategies resulting in fully informed decisions.

Drawing on our marketing expertise, we **simplify** the complexities in our industry and **discover** new insights that **transform** the way marketers look at their media strategy.



We are committed to your business growth and proud to offer VAB members, brand marketers and agencies **complimentary access** to our continuously-growing Insights library. **Get immediate access at theVAB.com.**

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