



June – 2020

Navigating the Flood

Charting Your Way Through
Today's Streaming Ecosystem

VAB Insights.
Inspiration.
Impact.

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.

Simplify

We save you time by bringing you the latest data & actionable takeaways you can use to inform your marketing plans.

Discover

We keep you one step ahead with the latest thinking so you can create innovative, forward-looking strategies.

Transform

We help you build your brand by focusing on core marketing principles that will help drive tangible business outcomes.



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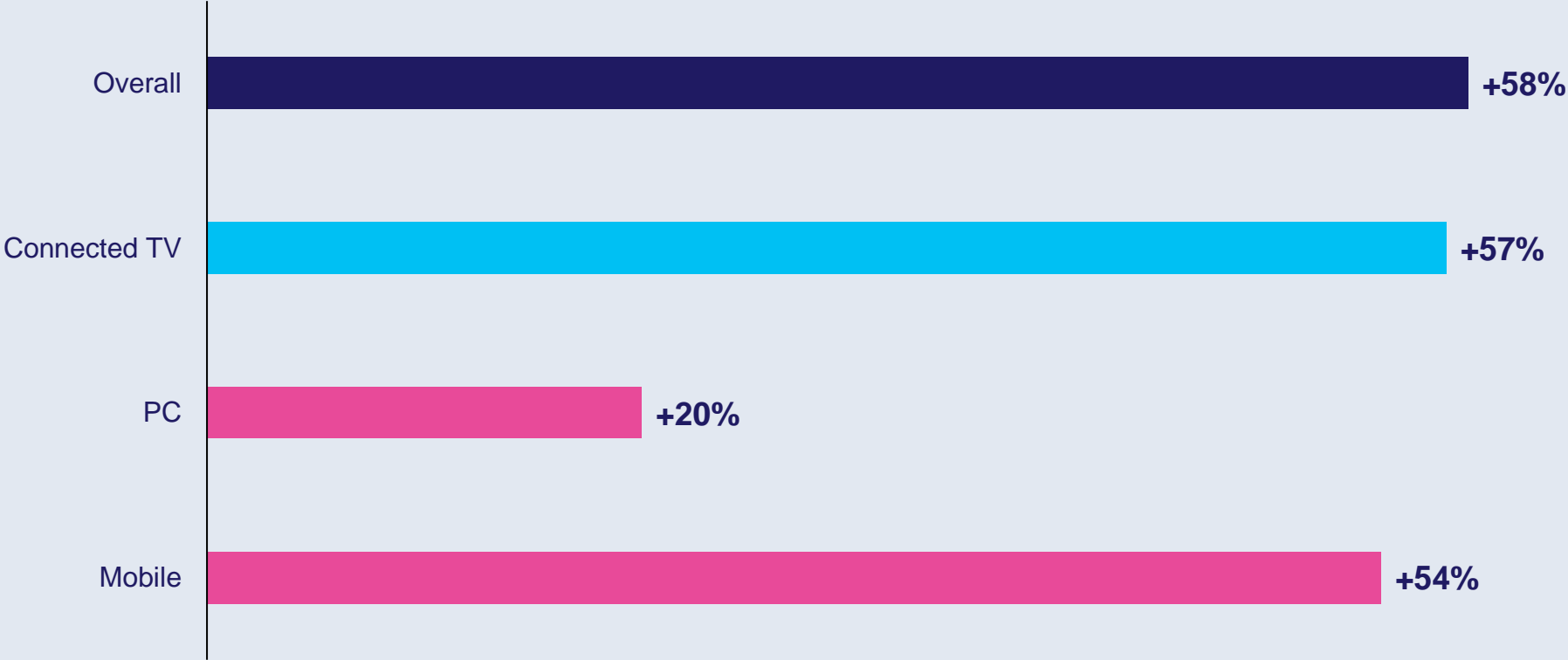
What You'll Learn...

- ▶ How COVID-19 has changed the mindset of viewers when it comes to video
- ▶ The most up-to-date coverage of the current video streaming ecosystem, including the newest services and the impact they have had on the streaming landscape
- ▶ Discover unique opportunities for marketers looking to expand their video campaigns within ad-supported streaming video

Prior to the outbreak, video streaming had been experiencing rapid growth for some time as viewing migrated across screens and devices

▶ With the release of even more streaming options like, Disney+, Quibi and Apple TV+, the video streaming ecosystem was already on track to continue growing significantly

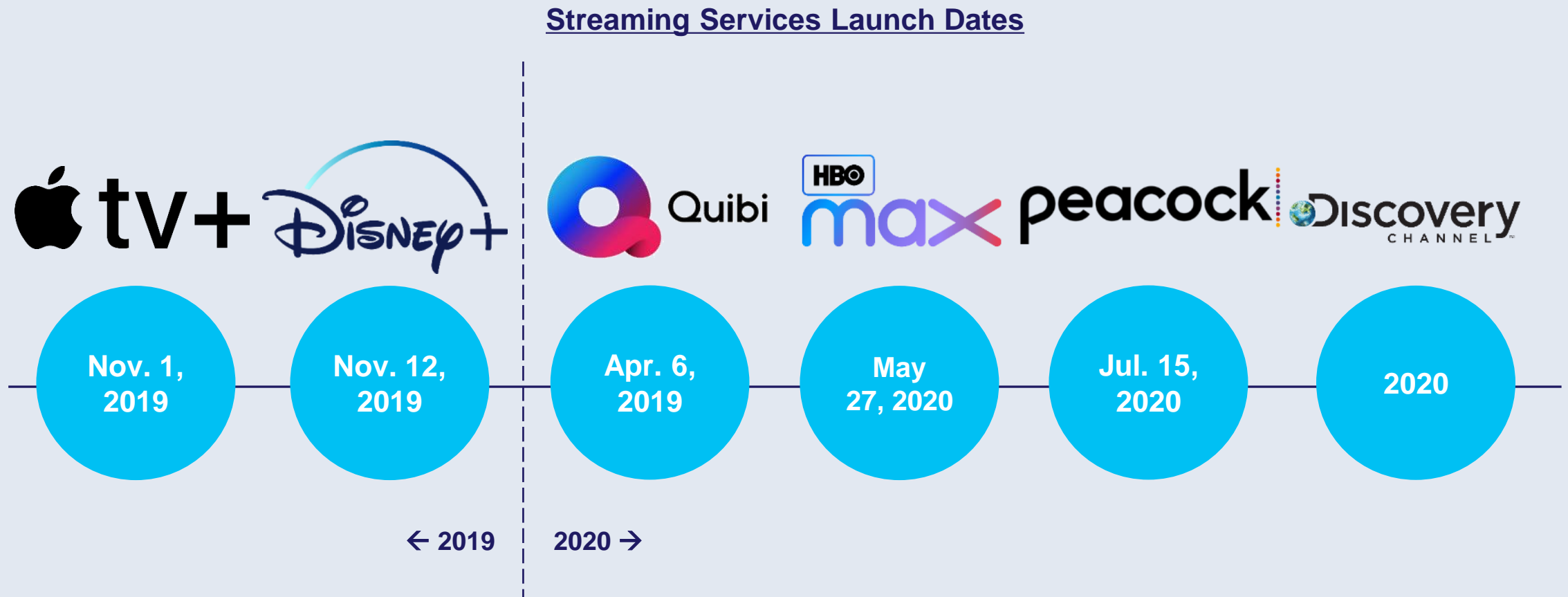
Growth in Streaming Viewing Hours
Q4 2018 vs. Q4 2019



Source: Conviva, Q4 2019 State of Streaming, Feb 2020. Reflects overall growth in global streaming viewing hours.

With so many options available, the industry was already unsure which services viewers would be willing to devote their time and money to

- ▶ In less than a year, several major new services have launched, causing the largest disruption within on-demand video since the introduction of Netflix streaming & Hulu 10+ years ago



Source: TV Time and United Talent Agency, Beyond The Big Three: The Streaming Wars Are Upon Us, October 2019.

How COVID-19 Has Impacted Video Streaming Behaviors



Since the COVID-19 outbreak began in earnest, viewers confined to their homes have turned to in-home entertainment to fill their time, leading to significant increases in video streaming

VARIETY

Video Streaming to TVs Soared 85% in U.S. in First Three Weeks of March, Nielsen Says

THE HOLLYWOOD REPORTER

Streaming Gets Big Bump During Coronavirus Quarantines, Nielsen Says

BC
Broadcasting-Cable

OTT Viewing Doubled Since COVID Lockdown: TVision

Co-viewing shows big increase

BC
Broadcasting-Cable

Streaming Soars Especially During Daytime, Conviva Says

Virus crisis spurs 26% increase in U.S.

MEDIAPLAYNEWS >>

Pandemic Stay-at-Home Orders Lift Digital Home Entertainment Sales, Rentals to Record Heights in March

NEXT TV

Streaming Continues to Grow With Viewers at Home: Nielsen

ZDNet

Half of US states increased video streaming by 50% during quarantine.

BC
Broadcasting-Cable

Homebound Viewers Adding Multiple Video Providers

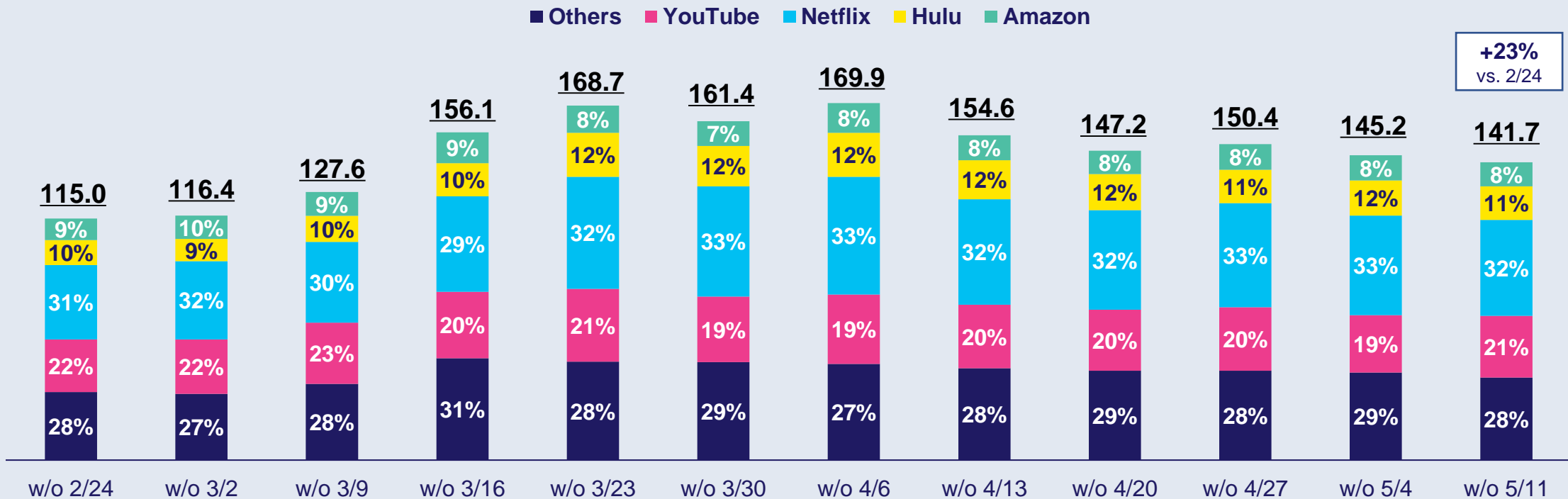
Hub study finds Disney+ now in 31% of households

ADVANCED TELEVISION

Report: Global streaming up 57% YOY

With video streaming following similar viewership patterns as live TV and VOD, spiking in late March followed by a leveling off in April

Streaming Minutes Per Week
P2+ Weekly Total Streaming Minutes (billions)



+23%
vs. 2/24

Source: Nielsen, Streaming Meter Homes, sum of daily streaming minutes (weighted), P2+, Total Day, Others calculated as the difference between total streaming and the sum of the major four digital publishers.

According to a recent [VAB custom study](#), viewers have been bingeing more than ever & ramping up their streaming viewing via both SVOD & AVOD

- ▶ As entertainment options have been primarily contained to the home, people have had more time to watch video, with **70%** saying they have been binge-watching more TV shows and movies during the COVID-19 outbreak

% Of Respondents Who Increased Usage By Platform Since COVID-19 Outbreak P18+

54%
SVOD
Service



31%
AVOD
Service

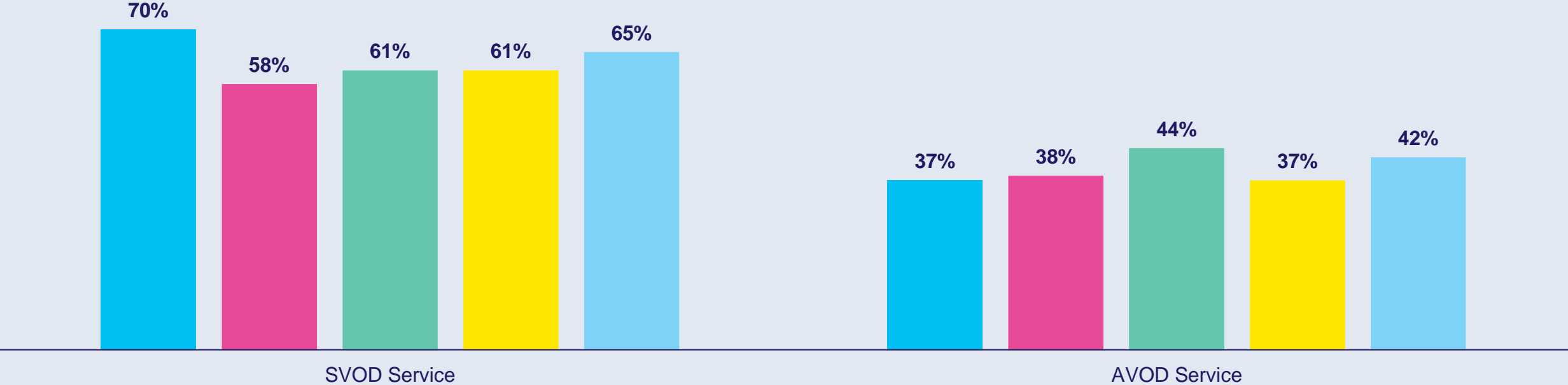


Source: VAB's ['As Time Goes By: How Media Consumption Is Helping America Cope'](#). VAB / Lucid 'Media Usage In The Time of COVID-19 Survey,' April 2020. Survey base: P18+ & household subscribes to cable, telco, internet TV or satellite TV (n=1,004). Q2: When thinking about how you've spent your time during the COVID-19 Pandemic, have you increased, decreased or spent the same amount of time with the following media? SVOD: Subscription Video On Demand (e.g. Netflix, Amazon Prime Video), AVOD: Ad-Supported Video On Demand (e.g. Tubi, Roku). Q7: Thinking of your behavior since the start of COVID-19, please indicate below how much you agree or disagree with the following statements & Q9: Thinking of your behavior during the COVID-19 Pandemic, please indicate below how much you agree or disagree with the following statements.

Life stage appears to be a driving force across much of the platform usage growth, as Gen X & households with children increase their use of both SVOD and AVOD services

Increase In Platform Usage Since COVID-19 Outbreak
 % of respondents who increased usage

■ P18-24 ■ P25-34 ■ P35-44 ■ HHI \$100k+ ■ HH w/ kids



Source: VAB's 'As Time Goes By: How Media Consumption Is Helping America Cope'. VAB / Lucid 'Media Usage In The Time of COVID-19 Survey,' April 2020. Survey base: P18+ & household subscribes to cable, telco, internet TV or satellite TV (n=1,004). Q2: When thinking about how you've spent your time during the COVID-19 Pandemic, have you increased, decreased or spent the same amount of time with the following media? SVOD: Subscription Video On Demand (e.g. Netflix, Amazon Prime Video), AVOD: Ad-Supported Video On Demand (e.g. Tubi, Roku).

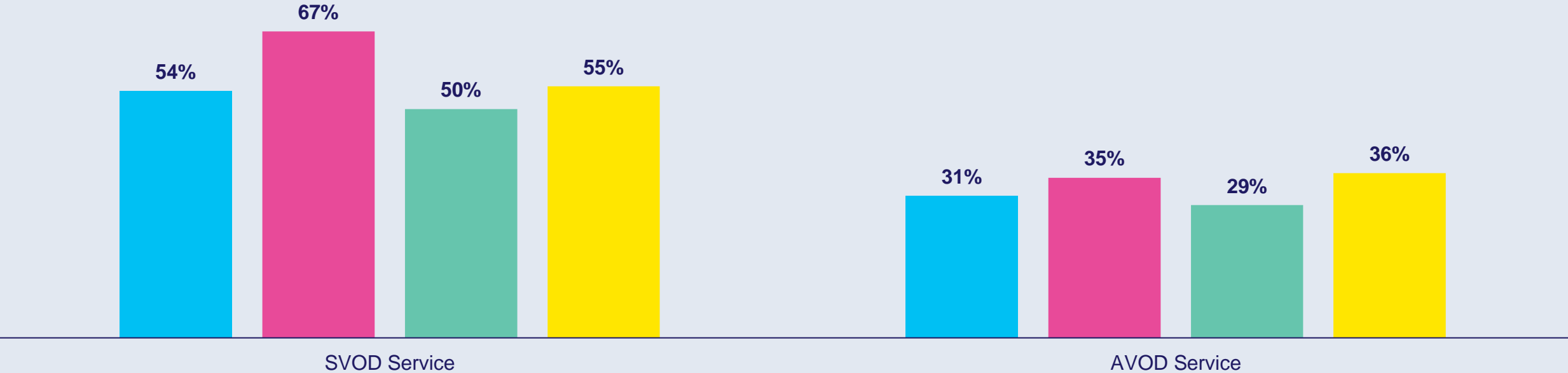
Multicultural viewers have also increased their streaming service usage

► This is due to the wide variety of content offerings featuring and produced by diverse talent across video streaming services

Increase In Platform Usage Since COVID-19 Outbreak

% of respondents who increased usage

■ Total Respondents ■ Hispanic ■ Non-Hispanic White ■ Non-Hispanic Black



Source: VAB's 'As Time Goes By: How Media Consumption Is Helping America Cope'. VAB / Lucid 'Media Usage In The Time of COVID-19 Survey,' April 2020. Survey base: P18+ & household subscribes to cable, telco, internet TV or satellite TV (n=1,004). Q2: When thinking about how you've spent your time during the COVID-19 Pandemic, have you increased, decreased or spent the same amount of time with the following media?

And engaging with video-streaming-related content on social media has become a haven for isolated viewers seeking a sense of community and connection

- ▶ Social media has become the new water cooler when it comes to discussing the latest episode of your favorite show, as we see a **50%** increase in social interactions with TV programming



Streaming Services		
Dates	No. of Programs	Total Social Interactions
3/1/19 – 4/15/19	125	71,841,480
3/1/20 – 4/15/20	125	108,992,501
% Change		+52%

Source: Nielsen Social Content Ratings. Live/new, linear and 24/7, 3/1/19-4/15/19 and 3/1/20-4/15/20. Interactions are a measure of total relevant social media activity on Facebook, Instagram Business Accounts, and Twitter. Social activity is measured from three hours before through three hours after broadcast, local time. Owned engagements for Facebook include comments, shares, and likes. Owned engagements for Instagram business accounts include comments and likes. Owned engagements for Twitter include retweets, quotes, replies, and likes.



Summary: How COVID-19 Has Impacted Video Streaming Behaviors

- ▶ Streaming video, which was already experiencing significant growth ahead of the COVID-19 pandemic, has seen major spikes in viewership since stay-at-home directives took effect
- ▶ While time spent streaming video has since leveled off, video devices and programming, in addition to streaming-related online interactions, has given viewers something to center around and find community in while isolated

Streaming Smart: Exploring Growth in TV-Tech & Services



With more time in their day, consumers have expanded their options by utilizing new platforms and discovering the full functionality of their existing devices

% of respondents who agree with the statement
P18+



84%

“I have more time to watch/listen/read media”



66%

“I am more open to trying new types of media”
(e.g. new streaming services, podcasts, social media platforms, etc)



54%

“I have learned how to use more features on my smart TV or a TV related device/platform”

Source: VAB's 'As Time Goes By: How Media Consumption Is Helping America Cope'. VAB / Lucid 'Media Usage In The Time of COVID-19 Survey,' April 2020. Survey base: P18+ & household subscribes to cable, telco, internet TV or satellite TV (n=1,004). Q9: Thinking of your behavior during the COVID-19 Pandemic, please indicate below how much you agree or disagree with the following statements.

As multiple people confined together at home seek to watch their own programming, **cross-platform** viewing has led to growth across devices

- ▶ Some of the biggest increases in use have occurred on Smart TVs and streaming boxes / sticks, which makes sense as more than **two-thirds (67%)** of U.S. broadband households own and use at least one Internet-connected video device

Percent Change in Average Monthly In-Home Data Usage by Device

2019 vs 2020 – Gigabytes Received



Phone



Smart TV



Streaming Box / Stick



Tablet



Gaming Console



Smart Speaker



PC / Mac

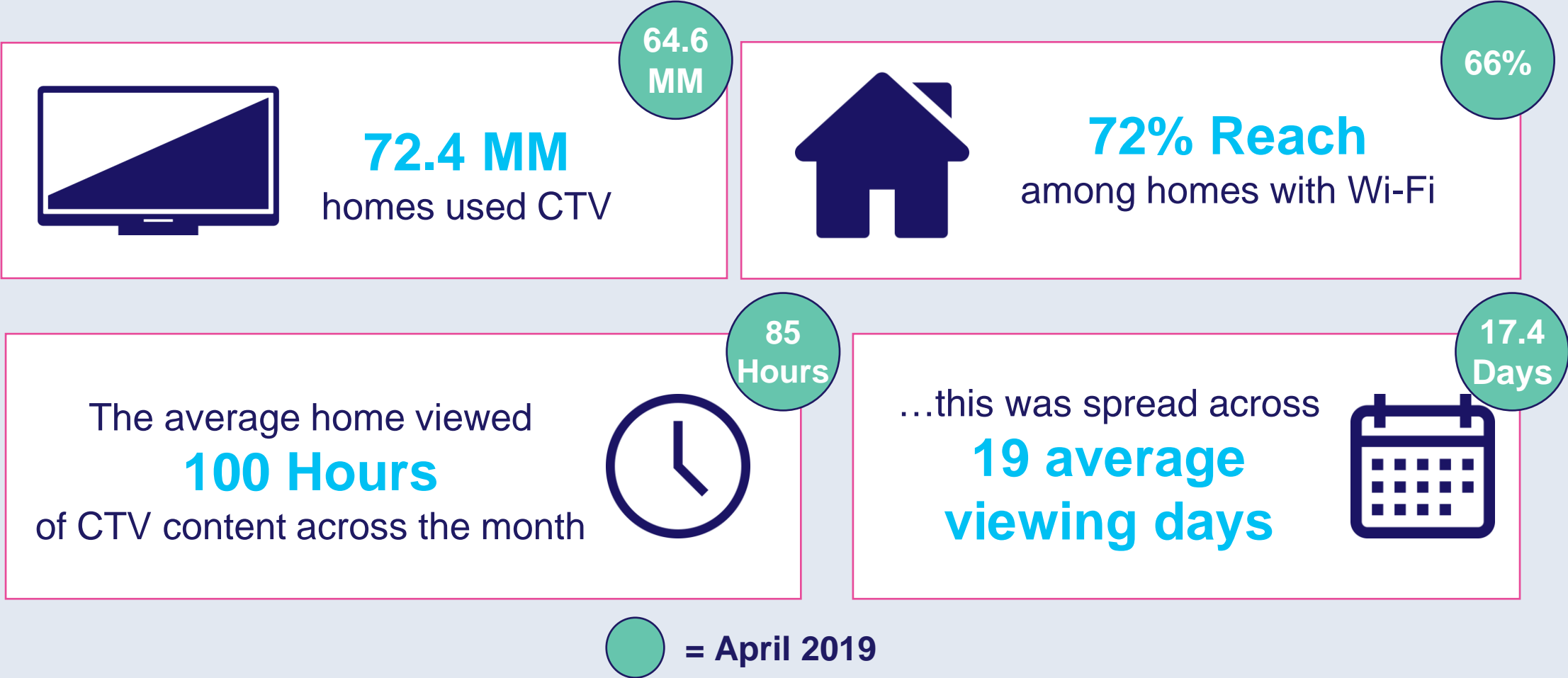
Grand Total

	<u>Phone</u>	<u>Smart TV</u>	<u>Streaming Box / Stick</u>	<u>Tablet</u>	<u>Gaming Console</u>	<u>Smart Speaker</u>	<u>PC / Mac</u>	<u>Grand Total</u>
January	+21%	+26%	+24%	+18%	+6%	+7%	-3%	+16%
February	+27%	+22%	+21%	+15%	+12%	-4%	-5%	+16%
March	+43%	+41%	+36%	+24%	+15%	+12%	+9%	+28%

Source: Parks Associates via Advanced Television, May 20, 2020. Comscore, April 2020. Comscore Total Home Panel Custom Reporting, March 2019 – March 2020.

However, the largest screen in the home continues to be a preferred video device, with homes watching 100 hours of content a month on average via their Connected TV

▶ Advertisers have become very aware of the amount of time viewers are spending with CTV, with ad spend on CTV projected to reach an estimated **\$10.8 billion** by 2021, a **56%** increase over 2 years

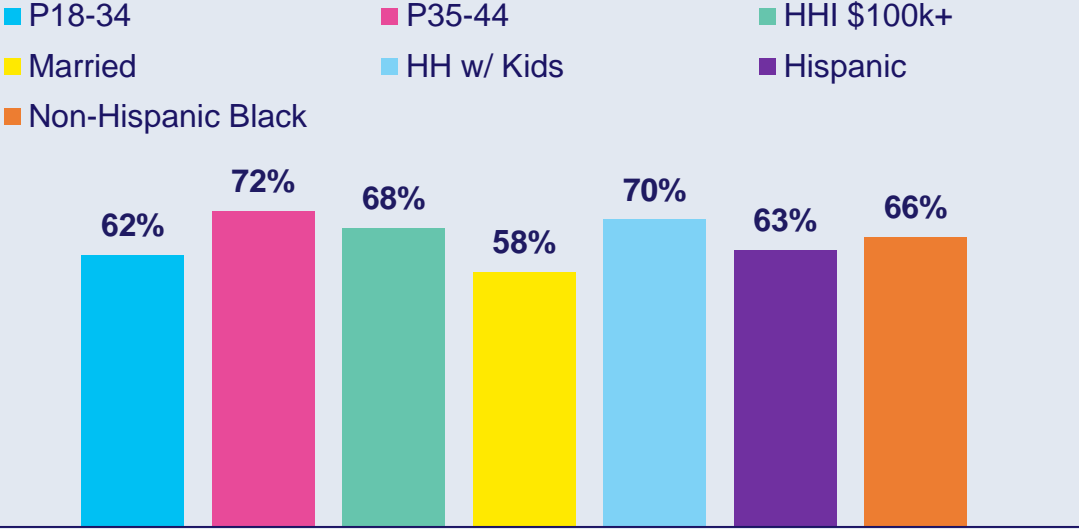


Source: Comscore, April 2020. Comscore OTT Intelligence, March 2020, U.S. Business Insider Intelligence via LinkedIn, 5/22/20.

Many people are spending time learning about **new features** on their **smart TVs and connected devices**

“I have learned how to use more features on my smart TV or a TV related device/platform”

Top 2 Box (Agree Completely or Agree Somewhat)

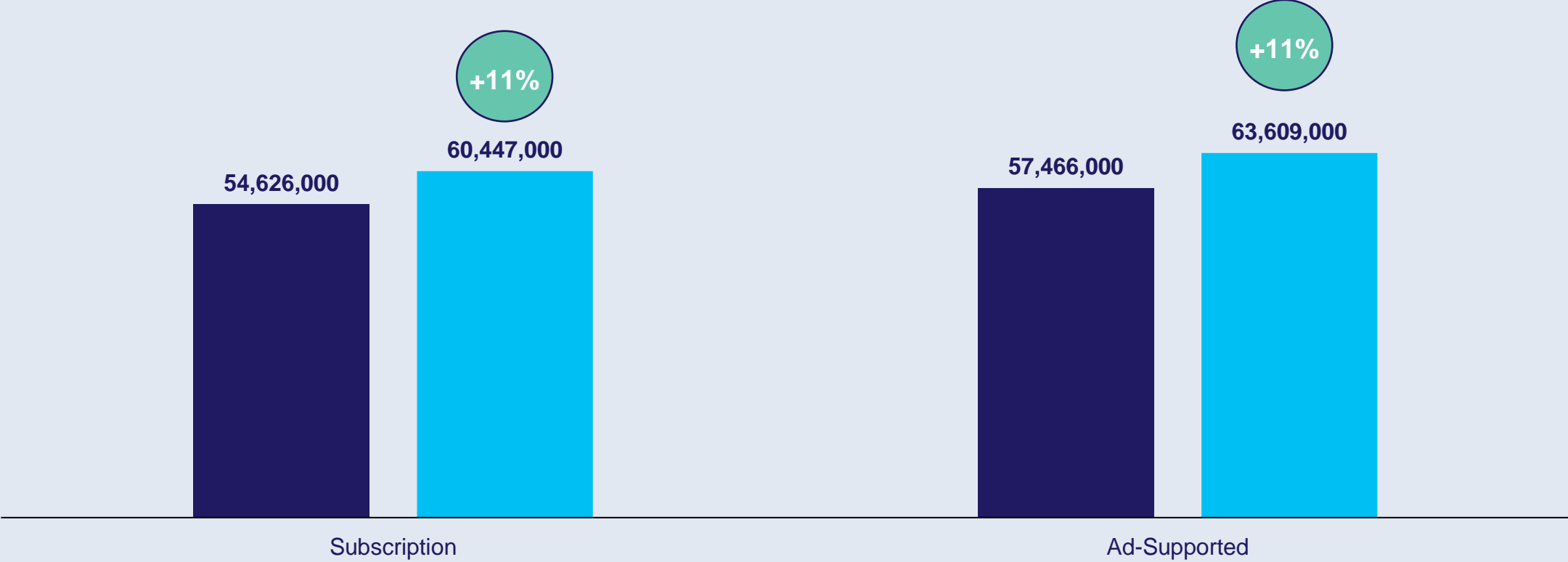


Source: VAB's 'As Time Goes By: How Media Consumption Is Helping America Cope'. VAB / Lucid 'Media Usage In The Time of COVID-19 Survey,' April 2020. Survey base: P18+ & household subscribes to cable, telco, internet TV or satellite TV (n=1,004). Q9: Thinking of your behavior during the COVID-19 Pandemic, please indicate below how much you agree or disagree with the following statement, top 2 box (agree completely or agree somewhat).



Rising interest in TV-related tech may be attributed to video streaming services increasing their reach, growing **11%** from January to March 2020

Streaming Services HH Reach % Growth
January 2020 vs. March 2020



Source: Comscore, April 2020.

With more time at their disposal, viewers have been taking the time to sample both **ad-supported** and **subscription** streaming services

Since the COVID-19 Pandemic, have you done any of the following?

P18+



37%

Watched a free streaming service

(e.g. Roku, Pluto or Tubi)



36%

Added a new streaming service

(i.e., Apple TV+, Disney+, Netflix, etc.)



9%

Unsubscribed from a streaming service

(i.e., Apple TV+, Netflix, etc.)

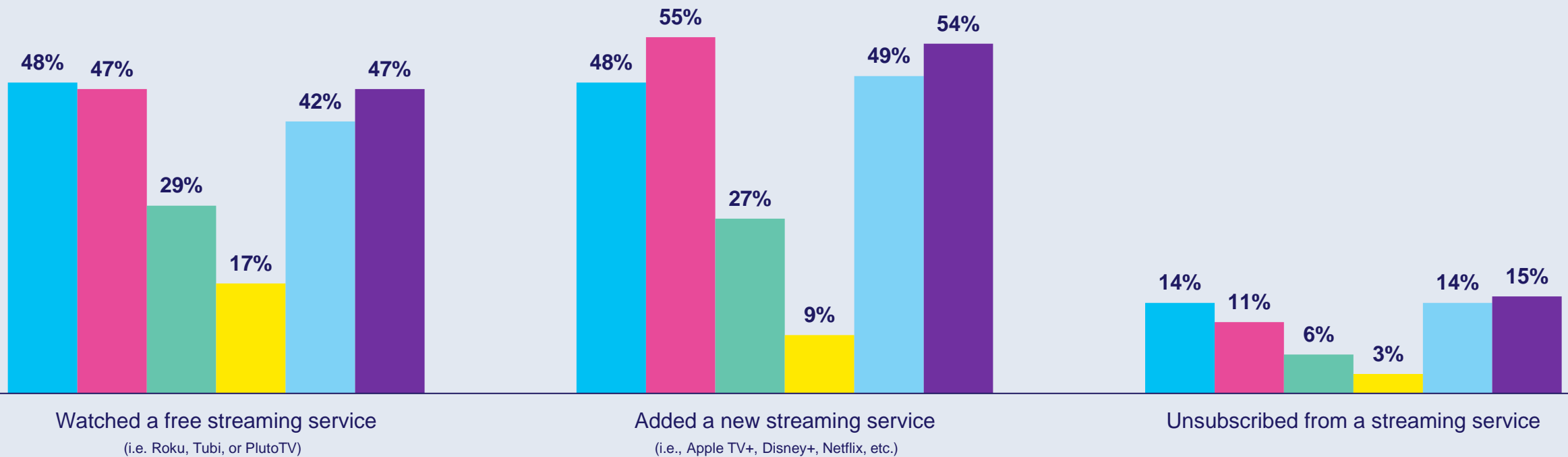
Source: VAB's ['As Time Goes By: How Media Consumption Is Helping America Cope'](#). VAB / Lucid 'Media Usage In The Time of COVID-19 Survey,' April 2020. Survey base: P18+ & household subscribes to cable, telco, internet TV or satellite TV (n=1,004). Q10: Since the COVID-19 Pandemic, have you done any of the following? Note: Percentages don't add to 100% because it excludes "none of the above" response.

Young adults, along with households with kids desperately in need of entertainment, have been the key drivers behind the **growth of video streaming services**

Since the COVID-19 Pandemic, have you done any of the following?

% of respondents who done the following

■ P18-34 ■ P35-44 ■ P45-54 ■ P55+ ■ HHI \$100k+ ■ HH w/ Kids



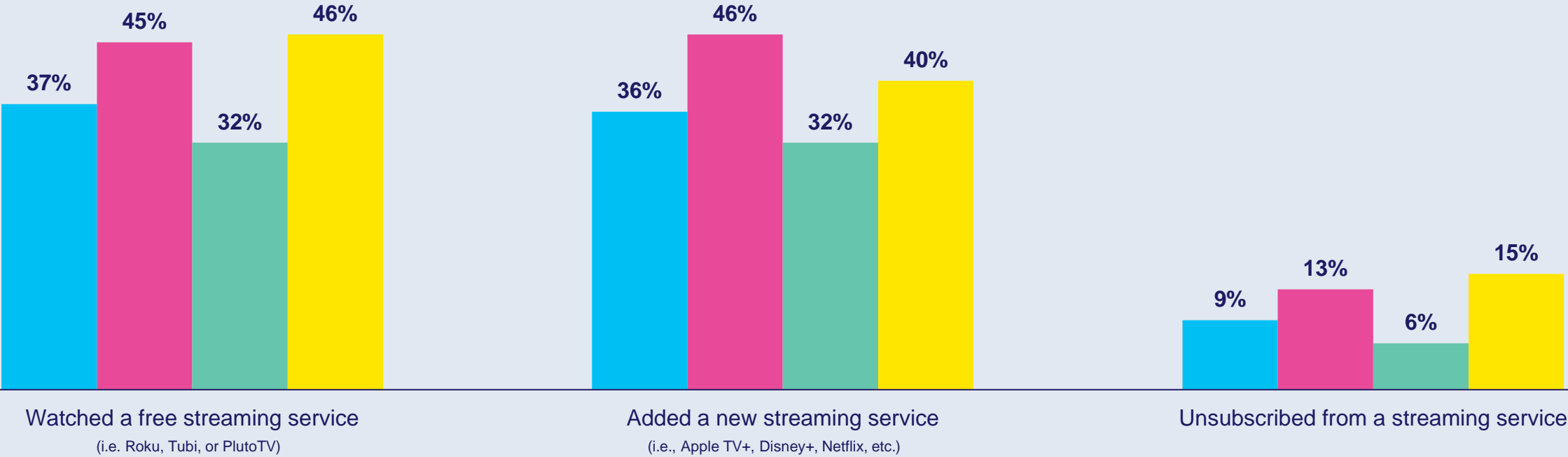
Source: VAB's 'As Time Goes By: How Media Consumption Is Helping America Cope'. VAB / Lucid 'Media Usage In The Time of COVID-19 Survey,' April 2020. Survey base: P18+ & household subscribes to cable, telco, internet TV or satellite TV (n=1,004). Q10: Since the COVID-19 Pandemic, have you done any of the following? Note: Percentages don't add to 100% because it excludes "none of the above" response.

Multicultural audiences have been even more inclined to add new streaming services, including ad supported video streaming services

Behavior During COVID-19 Outbreak

% of respondents who done the following

■ Total Respondents ■ Hispanic ■ Non-Hispanic White ■ Non-Hispanic Black



Source: VAB's 'As Time Goes By: How Media Consumption Is Helping America Cope'. VAB / Lucid 'Media Usage In The Time of COVID-19 Survey,' April 2020. Survey base: P18+ & household subscribes to cable, telco, internet TV or satellite TV (n=1,004). Q10. Since the COVID-19 Pandemic, have you done any of the following? Note: Percentages don't add to 100% because it excludes "none of the above" response.

The current climate has led to indicators that COVID may put AVOD services' growth at a faster pace than previously expected



Cinedigm reports record ad-supported user growth milestones for Q1 2020



Free Streaming Services Rescue Cash-Strapped Couch Potatoes



The Current Climate Has Created A Pivotal Moment for AVOD

Entertainment choices needed now more than ever



Streaming Consolidation: NBCU's Fandango Snaps Up Walmart's Vudu, As Fox Seals Tubi Deal



AVOD Steps Out Into the Lockdown Era



Advanced Ads: Experts See Rise In Targeting and AVOD Buys



Why Are AVOD Streaming Services Like Tubi and Pluto TV Suddenly a Very Big Deal?



AMC Networks Starts AVOD Push by Featuring Shows Like The Walking Dead Free on Pluto TV

Four ad-supported channels spotlighting AMC, IFC and WE tv shows will debut Friday



Pluto TV, Verizon Ink AVOD Streaming Deal



Three-fifths of consumers will watch ads to access more content in lockdown

During the COVID-19 outbreak, AVOD app usage on Smart TVs has seen significant growth, especially when compared to overall use

VIZIO SmartCast Platform Viewership Trends:
Week of 4/6/20 vs. Week of 3/9/20



+20%

Increase in **all** App Usage



+74%

Increase in **AVOD** App Usage

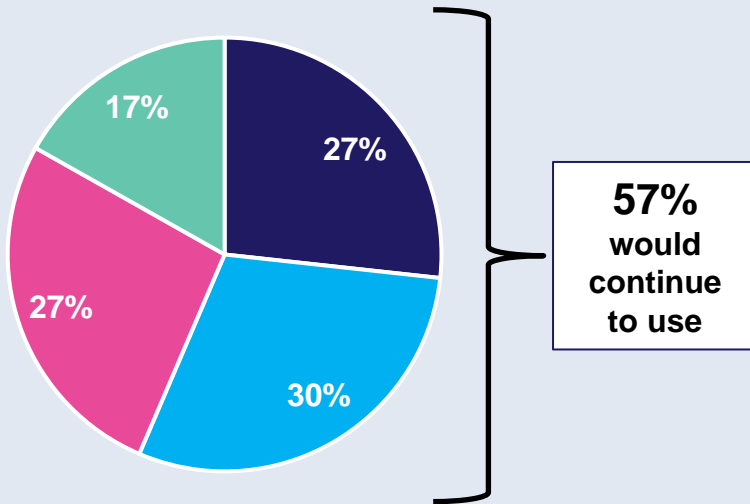
Source: Inscape, VIZIO Ads, 2020. Data courtesy of VIZIO Ads, using anonymous panel of 10+ million SmartCast users and Inscape's panel of 14+ million opt-in TVs, comparing usage the week of 3/9/20 vs. 4/6/20. VIZIO SmartCast products are smart devices but there are no built-in applications. Instead you "cast" or "fling" the content to the display.

The majority of AVOD viewers are not deterred from using the service by the presence of ads

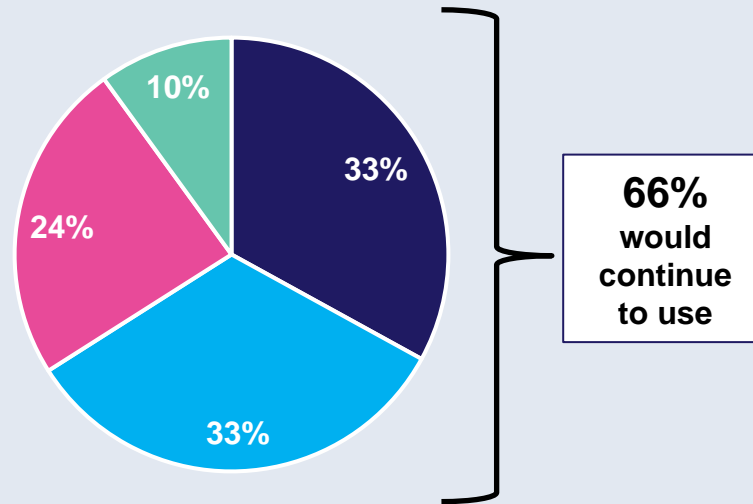
- ▶ While the majority of those surveyed would continue to use a service regardless of commercial breaks, many prefer fewer interruptions with longer commercials

Likelihood To Continue Using AVOD Services Under Different Ad Scenarios Among AVOD Users

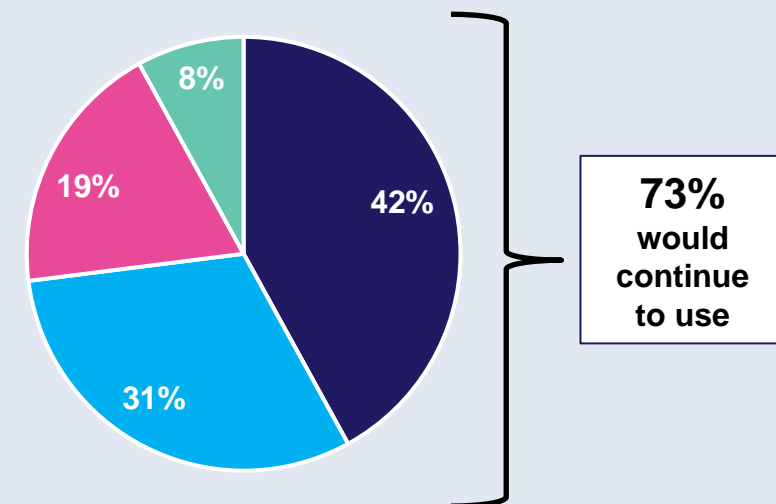
10 Commercials / Break,
Each 6 Seconds Long



4 Commercials / Break,
Each 15 Seconds Long



2 Commercials / Break,
Each 30 Seconds Long



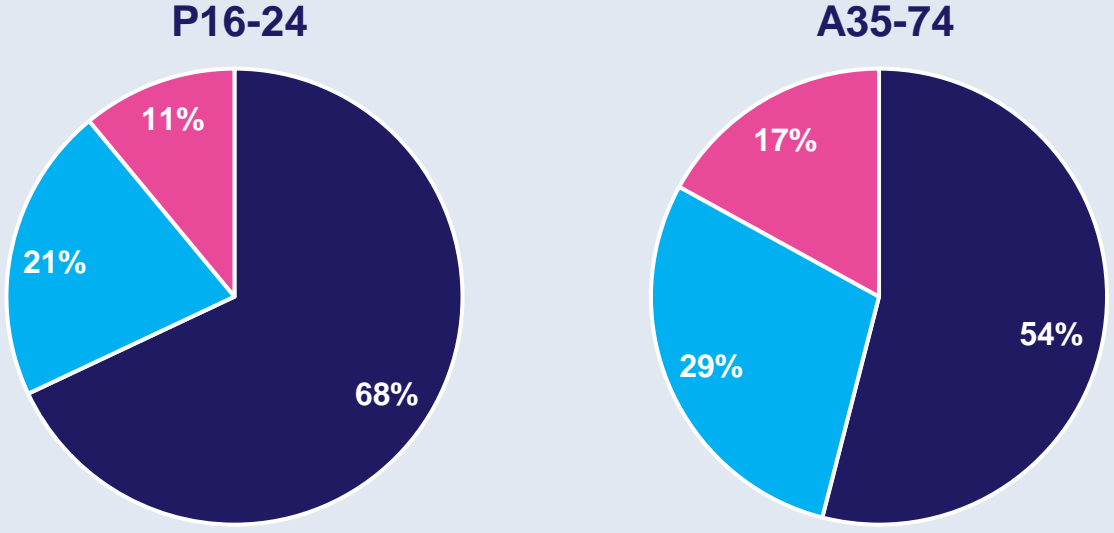
■ Fine with this and I'd continue to use it
 ■ More than I'd like but would still continue to use
 ■ I'd think about no longer using it
 ■ I'd definitely stop using it

Source: Hub Entertainment Research via Cynopsis Media, 4/29/2020. Data based on Hub Entertainment Research survey of 2,000 TV consumers. Base = AVOD Users (n=799).Q. Think again about the free online TV services with ads you said you use. Assume you were watching a half hour show on one of these services. And assume that there would be 3 commercial breaks in the show. Below we've listed different possibilities for the length and number of specific commercials in each commercial break. For each, tell us how you feel.

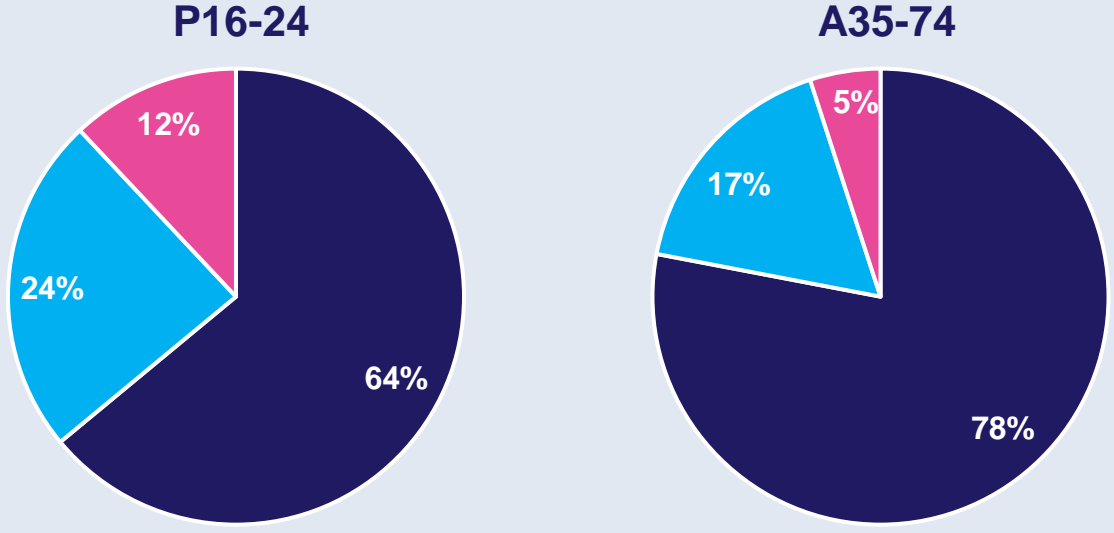
This holds true among younger AVOD users, although they prefer more ads of shorter lengths within a break

Likelihood To Continue Using AVOD Services Under Different Ad Scenarios, By Demo
Among AVOD Users

10 Commercials / Break, Each 6 Seconds Long



2 Commercials / Break, Each 30 Seconds Long



I'd continue to use it
 I'd think about cancelling
 I'd definitely stop using it

Source: Hub Entertainment Research via Cynopsis Media, 4/29/2020. Data based on Hub Entertainment Research survey of 2,000 TV consumers. Base = AVOD Users (n=799). Q. Think again about the free online TV services with ads you said you use. Assume you were watching a half hour show on one of these services. And assume that there would be 3 commercial breaks in the show. Below we've listed different possibilities for the length and number of specific commercials in each commercial break. For each, tell us how you feel.

As viewers turn to ad-supported video streaming options, advertisers are expected to make significant investments in AVOD over the next 5 years

- ▶ AVOD revenues are projected to increase **120%** by 2025



Source: Digital TV Research via Cynopsis Media (North American AVOD Revenues), May 19, 2020.



Summary: Streaming Smart: Exploring Growth in TV-Tech & Services

- ▶ With more time to spare, many have been spending their quarantine exploring new forms of media and learning about new features on their video devices
- ▶ Usage is up across most devices, with Smart TVs and connected devices seeing the biggest jumps as people devote even more time to video streaming
- ▶ Consumers have ramped up viewing on both paid SVOD services and free AVOD services, giving advertisers the opportunity to reach consumers in this increasingly relevant format

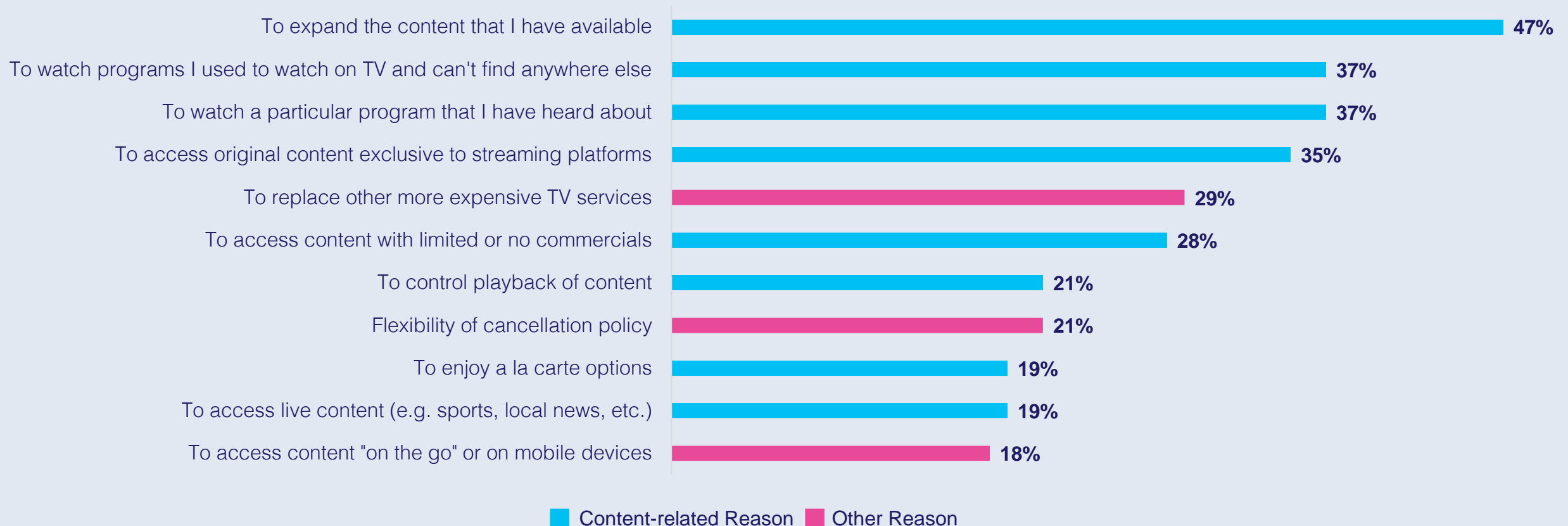
Content As The Driving Force For Video Streamers



Content has long been a powerful driving factor for subscribers looking to add a paid streaming service to their lineup

► The top 4 reasons people say they will add additional services all relate to content

Reasons for Subscribing to Additional Paid Video Streaming Services



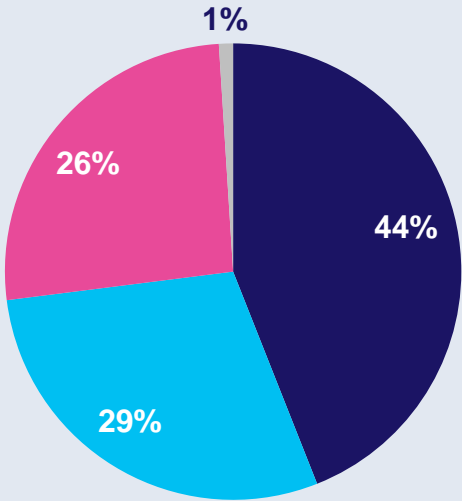
Source: Nielsen Total Audience Report, Q3 2019.

Despite the amount of buzz that original programming generates, across all streaming services over half of subscribers most enjoy watching TV series and movies

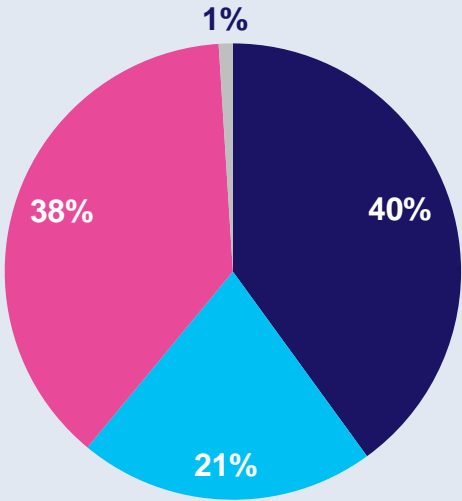
▶ When looking at content preferences among some of the top paid streaming services, original content accounts for less than half

Content Most Enjoyed On...

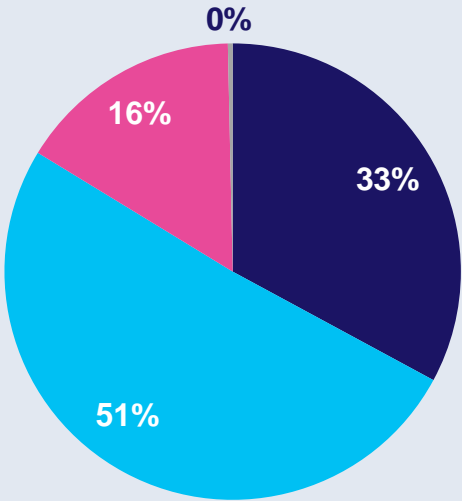
Netflix
% of Netflix Users



Amazon Prime Video
% of Amazon Prime Video Users



Hulu
% of Hulu Users

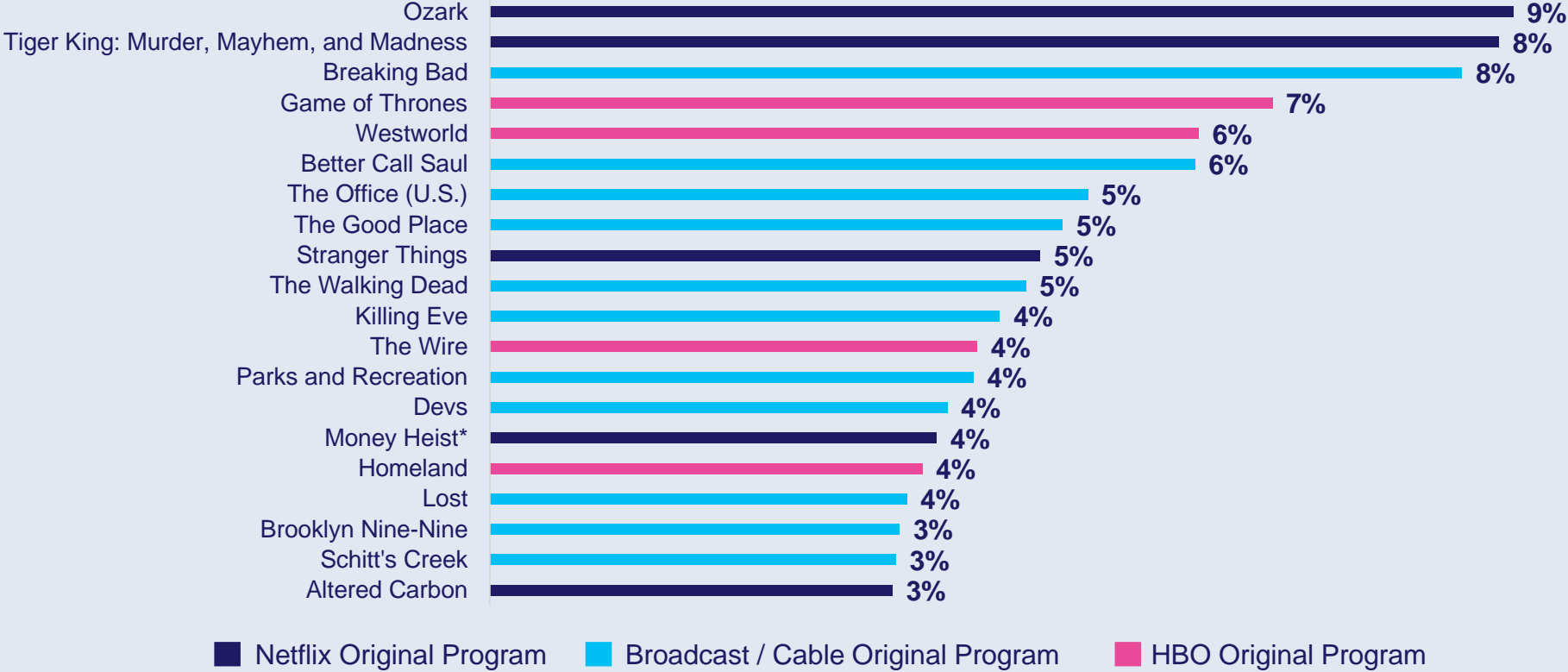


- Original Content (TV series, movies, comedy specials, etc.)
- Network TV Series (Prior and Current Seasons)
- Movies (Older and Recent)
- Other

Source: VAB analysis of S&P Global Market Intelligence; Netflix – Kagan U.S. Consumer Insights survey, March 2019, Q: Of the content you view on Netflix Streaming which would you say is the content you most enjoy viewing? Base: Netflix users, 2017 – 1,480; 2018 – 1,447. *Network TV show episodes added to Netflix after a season conclusion. Original TV program examples include Queer Eye, The Crown, Marvel’s Luke Cage; Amazon Prime Video – Kagan U.S. Consumer Insights survey, September 2018, Q: You indicated that you currently have a subscription to Amazon Prime Video. Which of the following types of video content do you view from the service? Base: Amazon Prime Video users, 2018 – 952. *In previous surveys original content was only presented as one selection for original TV programs. Original TV program examples include The Man in the High Castle, Sneaky Pete; Hulu - Kagan U.S. Consumer Insights survey, September 2018, Q: Of the content you view on Hulu which would you say is the content you most enjoy viewing? Base: Hulu users, 2017 – 549; 2018 – 588. *In previous surveys original content was only presented as one selection for original TV programs. Original TV program examples include The Handmaid’s Tail, Castle Rock, Difficult People. *Original Content’ includes original TV programs (i.e., Tiger King), original movies, documentaries, comedy specials, etc. *Network TV Series’ includes prior seasons of Network TV series and current seasons of Network TV episodes. *Movies’ includes recent movies (released w/in past 2 years) and older movies (released 2+ years ago).

And with many new productions on hold, acquired content on streaming services could have a long shelf-life as many are watching older seasons of popular programs for the very first time while in quarantine

Top 20 TV Shows Watched for the First Time While Quarantined
% of Users

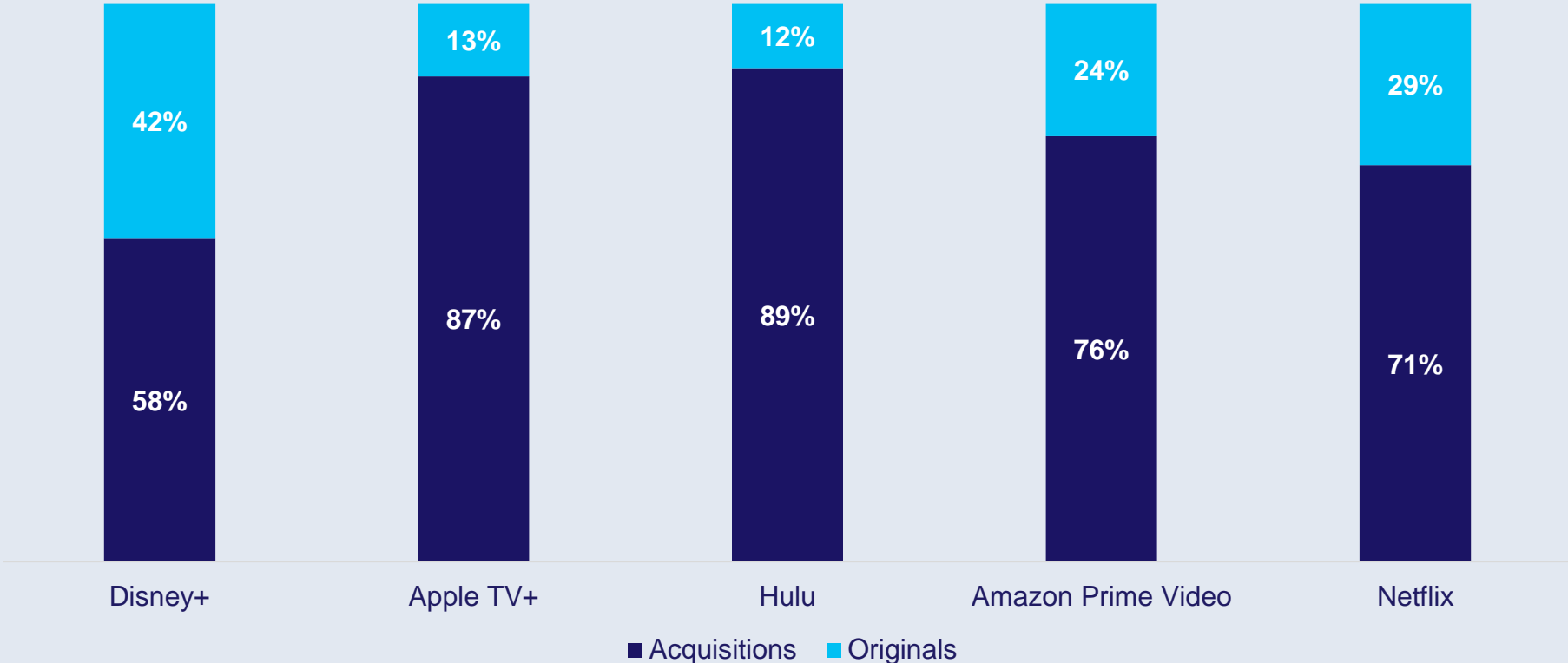


Note: 100% = total number of times these 20 shows were tracked for the first time by Reelgood users between March 16 – April 26, 2020.

Source: VAB analysis of Reelgood data, 2020. Reflects use over period of March 16 – April 26, 2020. Data based on 'tracks' = measurement markers created when a streaming video user watches a show for the first time. **Money Heist* first aired on Spanish-language network Antena 3 in 2017 before Netflix acquired global streaming rights.

Knowing this, many of the top services devote a sizable portion of their programming expenses to acquired content rather than their own original productions

2020 Estimated Programming Expenses: Originals vs. Acquisitions
% Original vs. Acquisition



Source: S&P Global Market Intelligence, 2020. 'Acquisitions' refers to programming that originally aired on another network / platform, but is now owned / bought by a streaming service. Disney+ data as of November 2019. Apple TV+ data compiled December 2019, Hulu data as of March 2019. Amazon Prime data as of April 2019, includes global content costs. Netflix data as of August 2019. Represents amortized programming costs.



Summary: Content As The Driving Force For Video Streamers

- ▶ **Content is a powerful driving factor for consumers when considering adding a paid streaming service to their lineup**
- ▶ **While original programming is a big draw, viewers often turn to classic favorites, and during quarantine people are watching older seasons of popular shows for the very first time, indicating the enduring appeal of acquired TV programs**
- ▶ **With so much existing content that continues to draw in new viewers, major streaming players still devote the majority of their programming budget to acquired content**

Indicators of What Lies Ahead for Consumer Behavior & Advertiser Opportunity



At present, the future of video streaming is unclear although there is plenty of speculation, with major companies beginning to pivot their strategy in response

Bloomberg

Streaming Services Face an Economic Reckoning After Covid-19

The Netflix model won't work for everyone. Get ready for ads, bundles and social viewing.

VARIETY

Binge Bait: Will the Pandemic's Free-Streaming Giveaways Net Paying Customers?

FierceVideo

COVID-19 streaming surge puts U.S. on 'verge of habit change'

NEXT | TV

AT&T Pivots HBO Max Pandemic Premiere Plan

Ahead of May 27 launch, company has shifted its marketing strategy away from original content due to quarantine production delays

TheStreet.

With Olympics on Hold, NBCUniversal Works Up a New Launch Plan for Peacock

Comcast's NBCUniversal is working to replace the Olympics, which was central to the original launch strategy for Peacock, with programming that has similarly steadfast appeal.

ADWEEK

ViacomCBS Accelerates Plans for Revamped CBS All Access Amid Pandemic

NEXT | TV

Production Panic: Can the Major SVOD Services Keep Up with Ravenous Audience Demand?

THE VERGE

Netflix adds 15 million subscribers as people stream more than ever, but warns about tough road ahead

As time spent streaming increases, Netflix looks ahead

THE WALL STREET JOURNAL.

Quibi, Jeffrey Katzenberg's On-the-Go Streaming Bet, Adjusts to Life on the Couch

The short-form video service aimed to appeal to people on the move, but launched in April amid the coronavirus pandemic

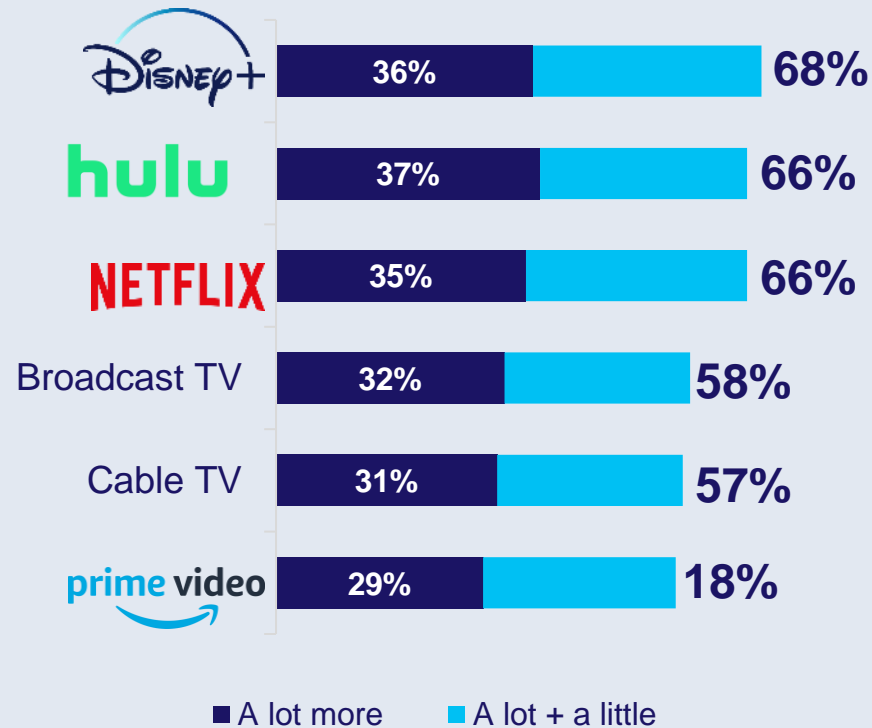
AdAge

AS BRANDS BLOCK CORONAVIRUS, STREAMING APP NEWSY OPENS AN AD SLOT FREE FROM BAD NEWS

Publisher creates commercial break that avoids pandemic stories, as industry struggles with skittish advertisers

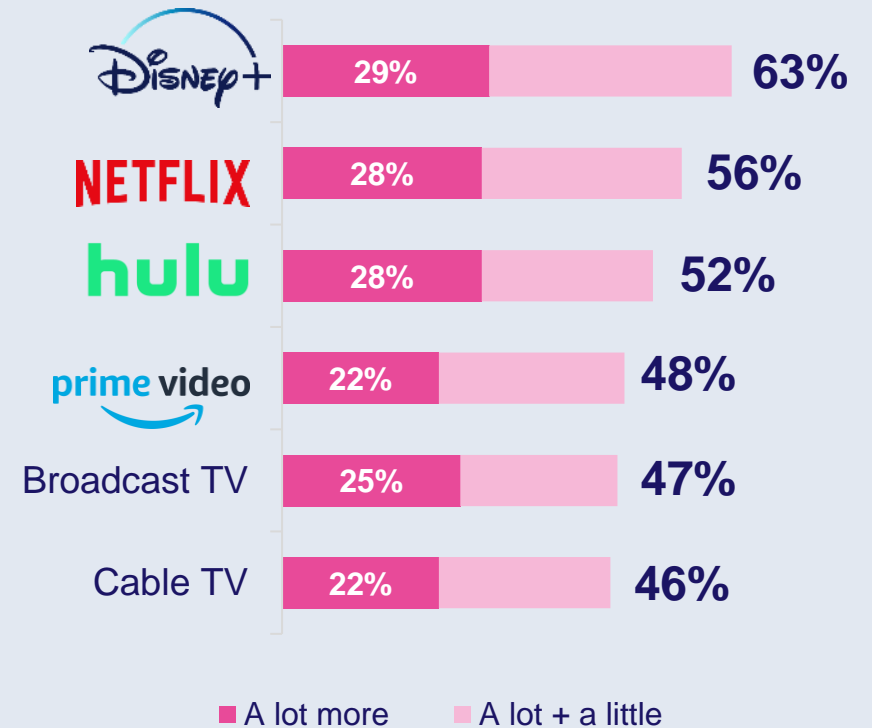
Use of streaming services has increased significantly among consumers who are actively social distancing, and these viewers expect to continue this behavior in the foreseeable future

Are You Doing This More or Less Now vs. A Month Ago?
Among Users of Each One



In a month from now do you think you'll be doing this more or less than today?

% a lot or a little more: among users of each



Source: Hub Entertainment Research, TV and Social Distancing, March 2020. Survey of 1,276 TV consumers in the U.S. about how the Coronavirus and social distancing are changing their entertainment needs and choices.
Q: Are you doing this more or less now vs. a month ago? Base: people who are social distancing.

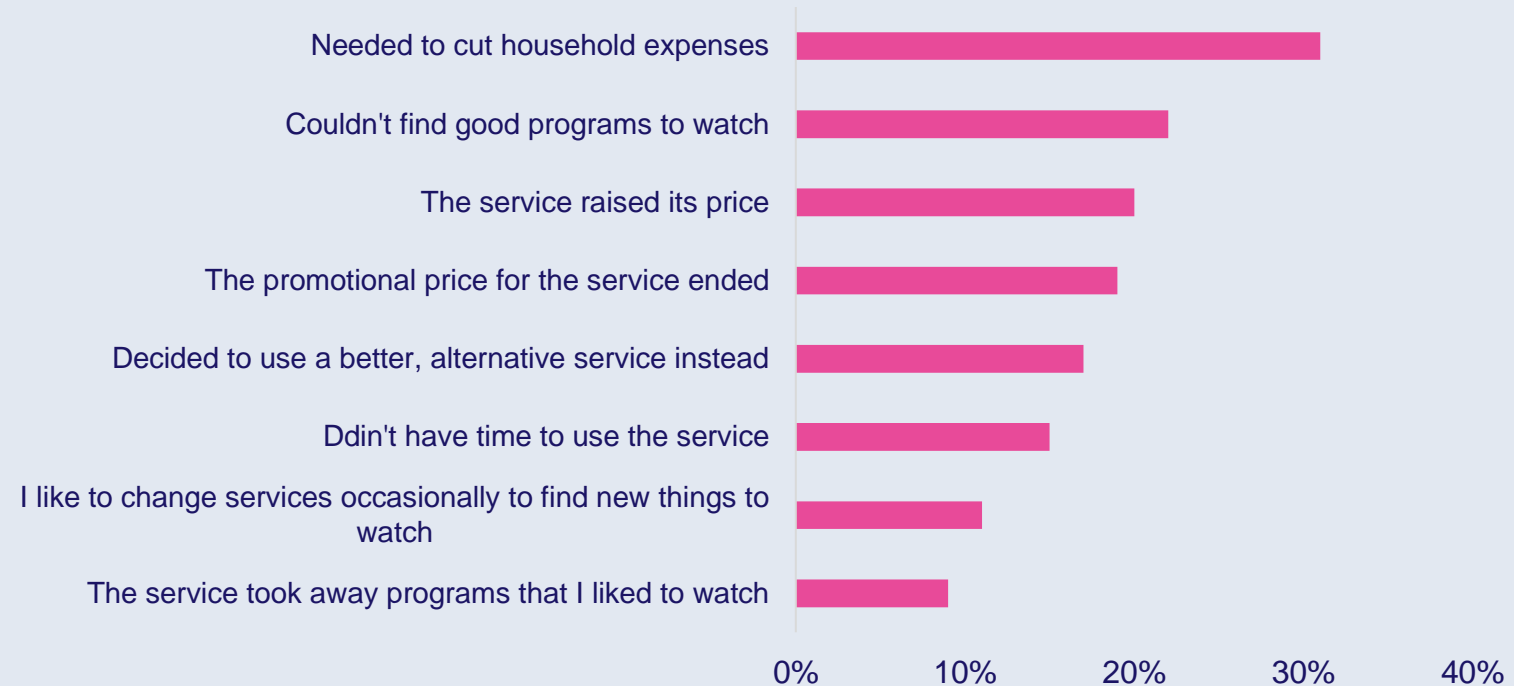
However, the OTT / SVOD industry is known to have a relatively high churn rate, with cost being the number one reason for cancelling a service

- ▶ Factors such as seasonal sports or interest in a limited-run series initially drive sign-ups, but can play a big role in why people cancel

35%

**Churn Rate Among
All OTT Services
(2019)**

Reasons for Cancelling OTT Subscription



Source: Parks Associates, Driving Engagement and Reducing Churn in OTT, March 2020. Base = U.S. Broadband households who canceled at least one OTT service in past 12 months.

Record unemployment levels and reduced income could threaten to increase churn for many paid streaming services

In fact, over **1/3 (37%)** of surveyed U.S. adults would **cancel a streaming subscription** if they lost their job and were looking to **reduce household expenses**



Source: 2020 S&P Global Market Intelligence, Kagan U.S. Coronavirus survey completed March 29, 2020. Base = 974 Internet adults (excluding “no answers”). Q: If you lost your job and were looking to reduce household expenses, please rank in order of most likely to cancel to least likely to cancel.

Cash-strapped consumers in need of entertainment have turned to free trials, with many services providing free access to draw in new subscribers

▶ However, whether those who have signed up for a free trial end up subscribing later remains a question

CR Consumer Reports

Streaming Services Offer Longer Free Trials During the Coronavirus Pandemic

VentureBeat

NBCUniversal launches free Peacock streaming service for Comcast customers

TC

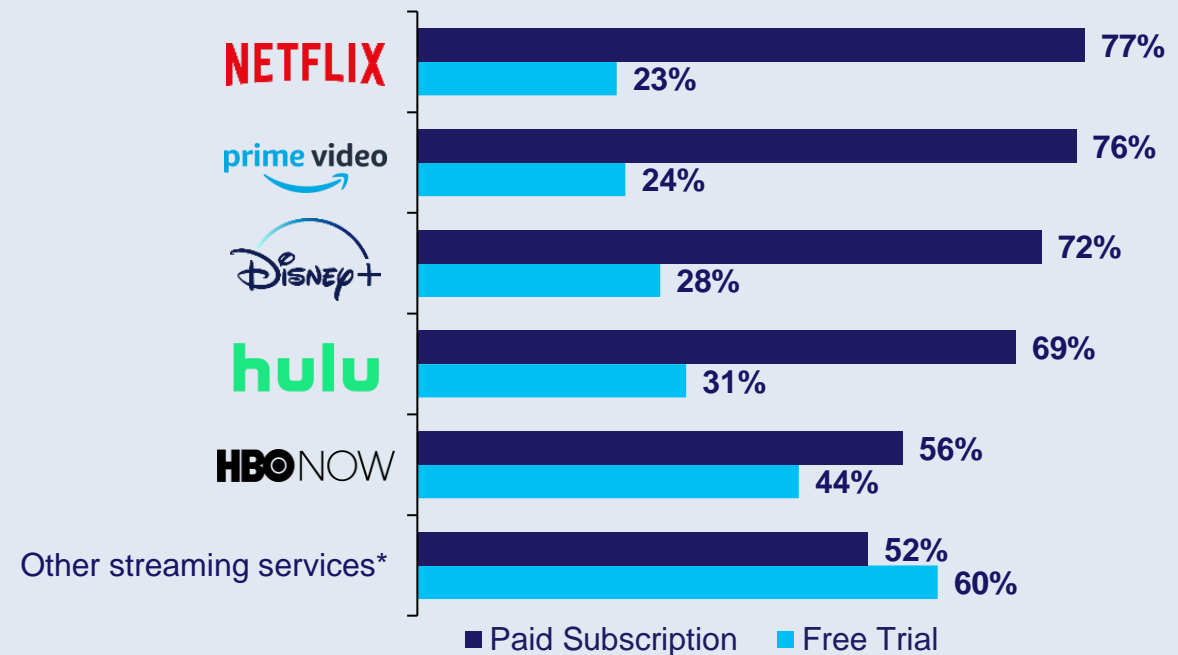
Sling TV rolls out free streaming to US consumers stuck at home

insider
SUBSCRIPTION

Apple Offers Free Streaming Content During Coronavirus Pandemic

% of New Streaming Service Subscribers by Subscription Type

Paid vs. Free Subscription



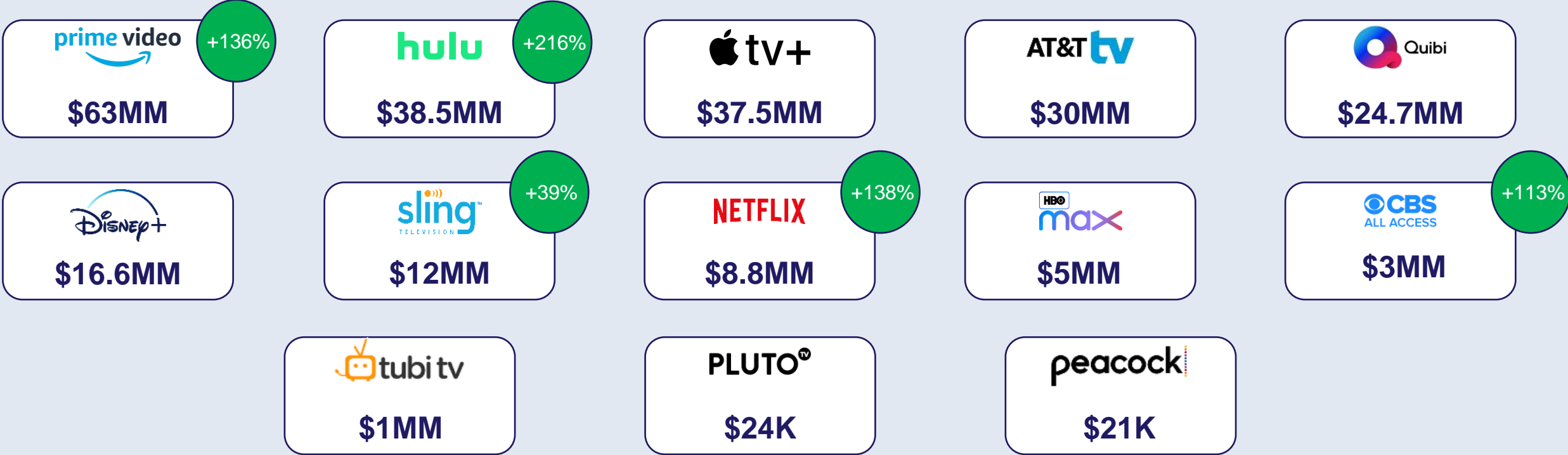
Source: Morning Consult, Poll conducted 4/16/20 – 4/18/20 among 923 U.S. adults who have signed up for a streaming service in the past month, with a margin of error of +/-3%. *Other streaming services' include ESPN+, Quibi, YouTube TV, Apple TV+, Showtime Now, CBS All Access and Sundance Now. Figures do not add up to 100 as the shares with paid subscriptions and free trials were calculated separately to avoid double-counting respondents who have signed up for multiple services.

In response, video streaming services have been pouring money into TV ad spend in hopes of attracting new subscribers

▶ According to iSpot, the ‘Video Streaming Service’ industry increased their TV spend by **145%** since the start of the COVID-19 outbreak vs. the same time period in 2019, for a total of **\$185MM**

Video Streaming Services’ National TV Spend*

March 16th – May 24th, 2020



= % change vs. YAG

Source: VAB analysis of iSpot.tv data, 3/18/2019 – 5/24/2019 vs. 3/16/2020 – 5/26/2020. *The above brands represent a sampling of those included in iSpot’s ‘Video Streaming Services’ industry. Brands with no % change vs. YAG did not exist during measurement period in 2019.

And advertisers have reallocated or reconsidered their budgets in response to these changes in consumer behavior

▶ **43%** of surveyed advertisers have added to their OTT / CTV budget during the COVID-19 Pandemic, on par with cable TV



As COVID-19 Boosts Streaming, Advertisers Can't Afford To Sit Out OTT Anymore

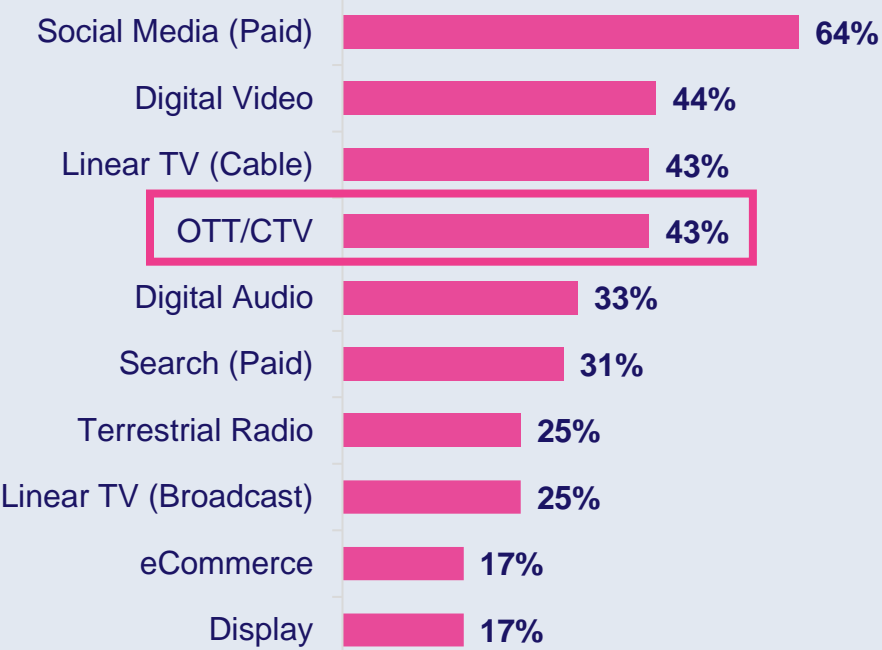


**MediaPost
Pre- And During Pandemic, CTV/Streaming Taking Bigger Role In 2020 Ad Plans**



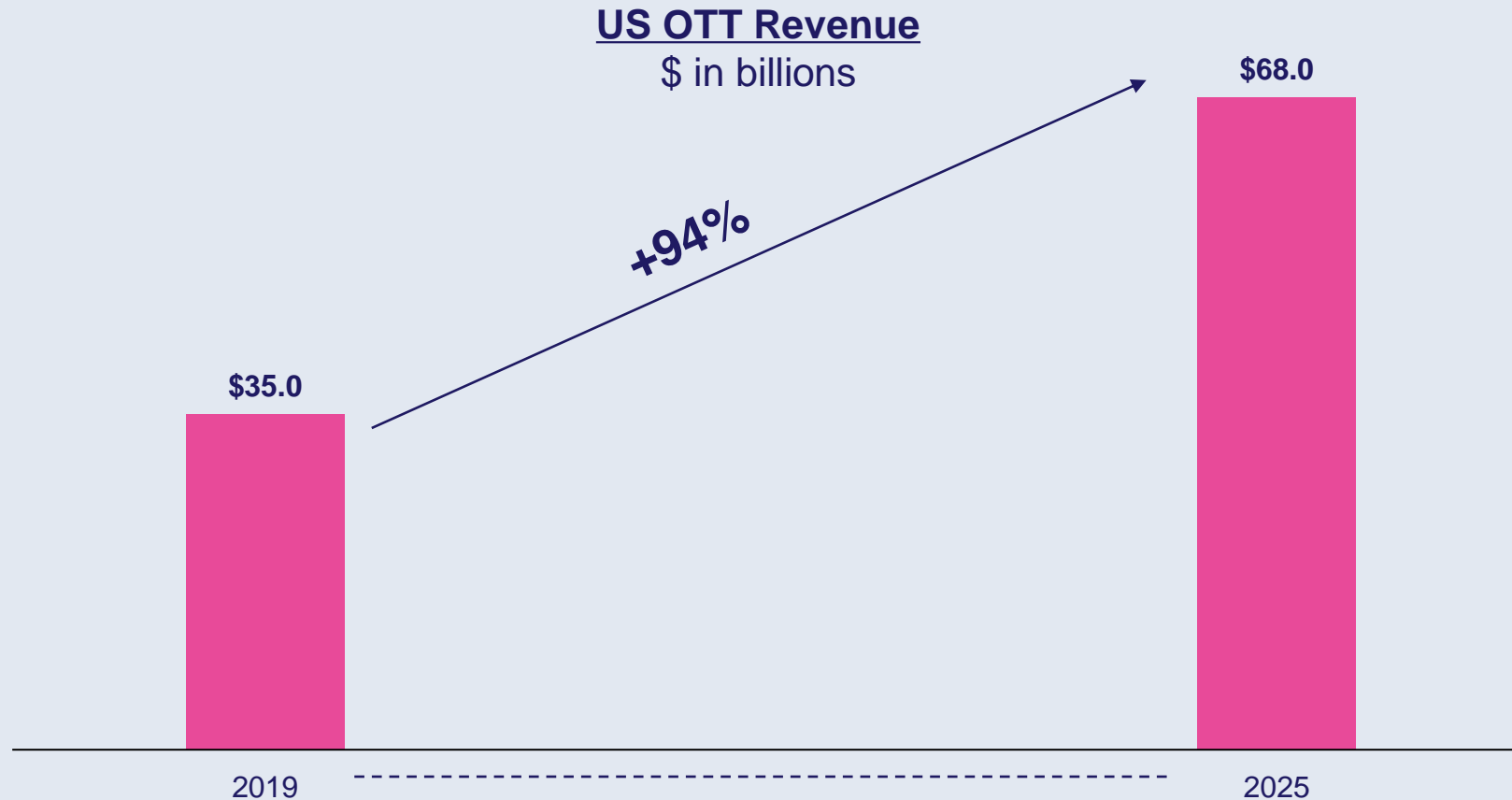
The State Of OTT Advertising In 2020: Strong And Gaining Momentum

New Budget Added By Media Type
% of Advertisers Who Had New Budget Added



Source: 'Advertiser Perceptions, Coronavirus Effect on Advertising' Report. Q13b1. Have any media types retained their budgets, had budget added or were the beneficiaries of any budgeting reallocation due to the Coronavirus (Covid-19) outbreak? Q13bN. And which media types, if any, retained their budgets/usage or were the beneficiaries of any budgeting reallocation due to the Coronavirus (Covid-19) outbreak?. Survey fielded April 1-4, 2020, 152 interviews conducted.

In fact, OTT is expected to reap double the revenue by 2025 as advertisers seek to follow viewing trends among target audiences



Source: Digital TV Research via Cynopsis Media, May 19, 2020.

Summary: Indicators for What Lies Ahead

- ▶ Viewers are willing to pay for quality content; however, they are also open to cutting expenses and turning to ad-supported entertainment options
- ▶ An industry that is already predisposed to a high rate of churn will need to fight hard for cash-strapped subscribers - balancing consumer needs with superior user experience, content and viewing options could hold the key to success
- ▶ Even in this current crisis, advertisers appear to be following the trends in viewing behaviors, as they devote more ad dollars to the streaming space hoping to break through the cluttered landscape and win the loyalty of consumers

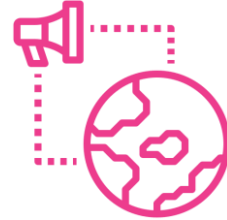
Key Takeaways for Marketers

- ▶ Everything else might be in flux, but video streaming has been consistently on the rise. As viewers spend time exploring their options and trying out different types of services, both paid and ad-supported, marketers will need to adapt in real time to their behavioral shifts in order to make a significant impact



Exploration Leads to More Opportunity

36% of viewers have added a **new streaming service** during the COVID-19 Pandemic. **New audiences** trying out different services translates to **more ways to connect** with consumers.



Expand Reach Through AVOD

With people out of work and adopting free ad-supported services, advertisers should **follow the eyeballs** to these new and expanding platforms.



Content Key to Growth

While new productions might be on hold, there is much existing content available on streaming services. With a vast supply of programming, **opportunity** to reach an **engaged audience** can withstand the current challenges.



Focus on the Future

No one is sure how long current trends will last beyond the pandemic, but **the focus should always be on the audience**. While viewing continues to shift, the **ability to adapt and evolve** along with your audience is the goal.

Thank You

Creators

Kathy Grey

SVP, Research Innovation
kathyg@thevab.com

Leah Montner-Dixon

Insights Manager
leahm@thevab.com



Part II – Custom Study
Coming in Fall 2020



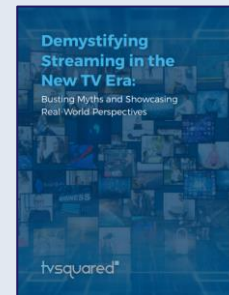
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As Time Goes By
How Media Consumption Is
Helping America Cope



Make Yourself at Home
Video Viewing in the Time
of COVID-19



**Shaping a New TV Era
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OTT Perspectives from
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