

A Fresh Take

▶ Staying ahead of evolving dynamics in the marketplace and our culture

Reaching ‘Corded’ and ‘Cordless’ Audiences Through Video Streaming



Video streaming has evolved into a nearly ubiquitous behavior across all ‘corded’ and ‘cordless’ audiences.

Why is this important to marketers?

Regardless of ‘cord’ status, most adults have streamed in the last year, showcasing the growing opportunity marketers have to reach audiences, particularly ‘cord cutters’ and ‘cord nevers’.

As more people turn to streaming platforms, particularly free / ad-based ones, marketers can connect with engaged viewers through relevant messaging that inspires action and drives brand success.

Video Streaming's Growth Spurt:

A Nearly Ubiquitous Behavior Across Audiences



The four largest video viewer segments out of the 10 measured 'cord' groups in MRI-Simmons Cord Evolution Study represent 88% of the adult population

% of Adult Population by 'Cord' Status

'Corded'

'Cordless'

39%

Cord Loyalists

Households with Pay-TV who have made no changes to their subscription

5%

Cord Shavers

Households with Pay-TV, but have reduced their services or channels

26%

Cord Cutters

Households that previously had a Pay-TV subscription but cancelled it

18%

Cord Nevers

Households that have never had a Pay-TV subscription

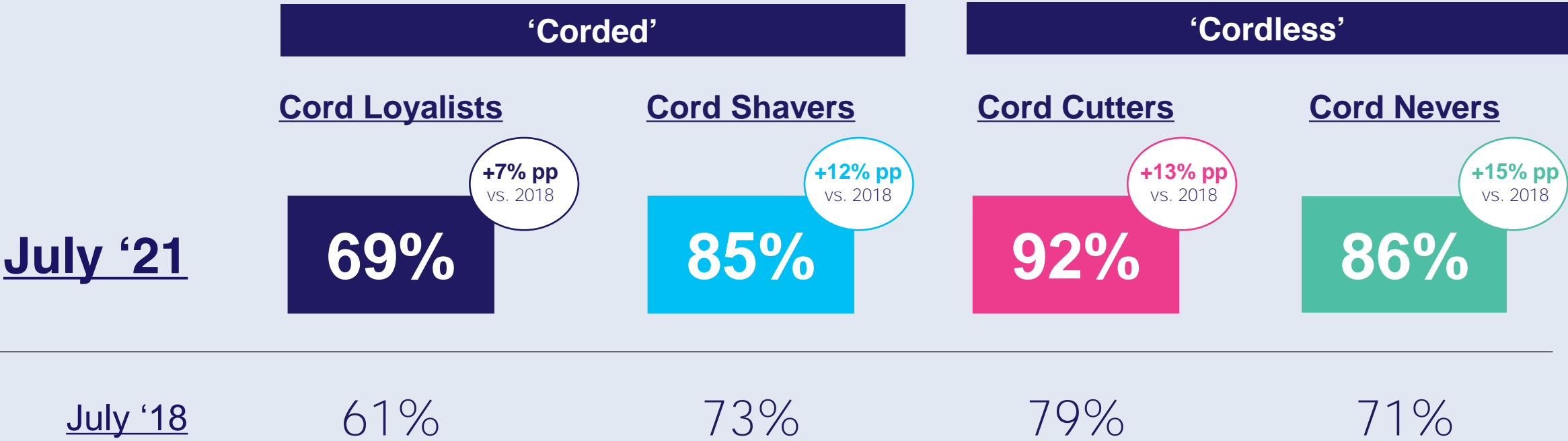
53% of adults 18+ subscribe to Pay TV with the two largest 'corded' groups - 'cord loyalists' and 'cord shavers' - accounting for **83%** of MVPD subscribers

Source: MRI-Simmons, *Cord Evolution Study*, July 2021, P18+. 'Cord Loyalists' (99.2MM), 'Cord Cutters' (66.0MM), 'Cord Nevers' (44.9MM), 'Cord Shavers' (12.3MM). MVPD Subscribers = 134.8MM (53.3% of adult 18+ population). MVPD / Pay-TV = HH subscribers to cable, satellite or fiber optic TV.

Regardless of cord status, the overwhelming percent of adults have streamed in the last year, underscoring its reach potential

▶ ‘Cord cutters’ are the most likely to stream as they look to replace the large amount of content they had access to through their MVPD subscription while the ‘corded’ are stacking video subscriptions

% that have ‘streamed in the past 12 months’
based on respondent ‘cord’ status



Source: VAB analysis of MRI-Simmons Cord Evolution Study, July 2018, July 2019, July 2020 & July 2021, P18+. ‘Cord Loyalists’: have pay-TV; no changes, ‘Cord Shavers’: have pay-TV; reduced services or channels, ‘Cord Cutters’: no pay-TV; cancelled it, ‘Cord Nevers’: no pay-TV; never had it. PP = percentage points.

Each of the major ‘cord’ groups has a strong passion for streaming TV content which fosters greater engagement, translating into more attentive audiences



‘I love streaming TV shows’
% of streamers who agree, based on respondent ‘cord’ status



Source: VAB analysis of MRI-Simmons Cord Evolution Study, July 2018, July 2019, July 2020 & July 2021, P18+. ‘Cord Loyalists’: have pay-TV; no changes, ‘Cord Shavers’: have pay-TV; reduced services or channels, ‘Cord Cutters’: no pay-TV; cancelled it, ‘Cord Nevers’: no pay-TV; never had it. Base = ‘Streamed in the past 12 months’; respondents who agree (strongly / somewhat).

Covid served as a streaming accelerator as viewers added new services, with almost all saying they will keep them even after the pandemic

% of video streamers that added a new streaming service as a result of COVID-19
Based on respondent 'cord' status

% of video streamers that are likely to keep their new streaming services after COVID-19 ends
Based on respondent 'cord' status

Cord Loyalists **Cord Shavers**

Cord Loyalists **Cord Shavers**

'Corded'

54%

56%

96%

95%

Cord Cutters

Cord Nevers

Cord Cutters

Cord Nevers

66%

62%

98%

95%

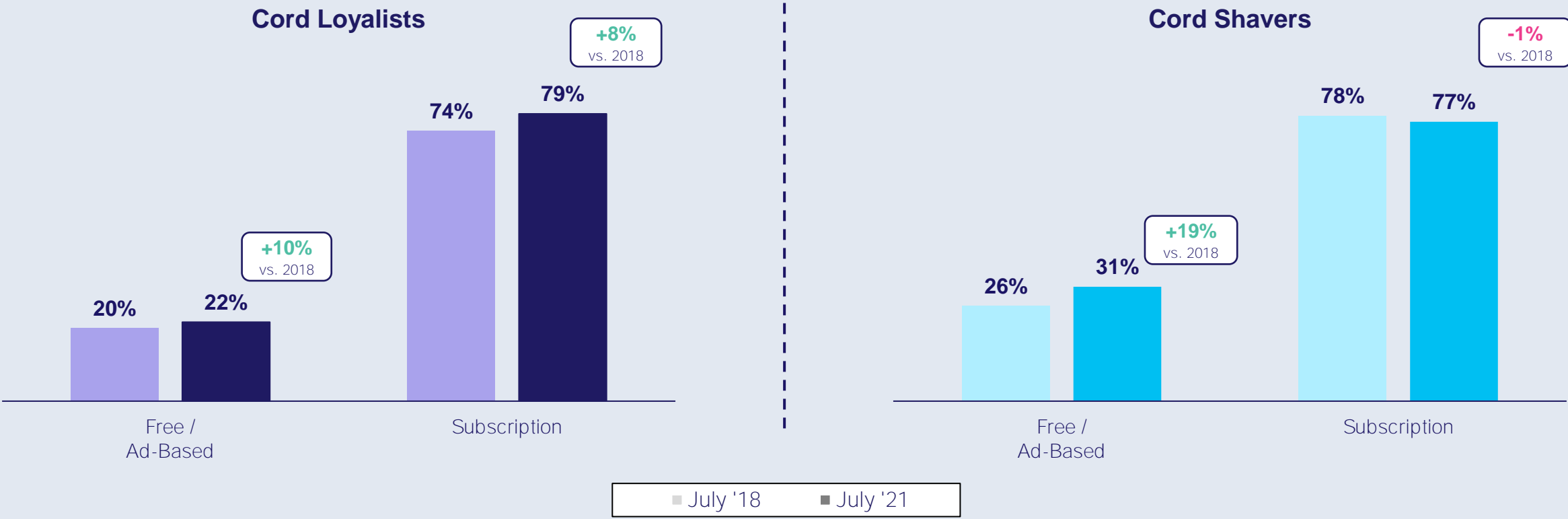
'Cordless'



Source: VAB analysis of MRI-Simmons Cord Evolution Study, July 2021, P18+. 'Cord Loyalists': have pay-TV; no changes, 'Cord Shavers': have pay-TV; reduced services or channels, 'Cord Cutters': no pay-TV; cancelled it, 'Cord Nevers': no pay-TV; never had it. Added a new streaming service: Base = 'Streamed in the past 12 months'. Likely to keep new streaming services: Base = 'Added a new streaming service as a result of COVID-19'

Usage of free / ad-based streaming services is seeing double-digit growth while paid subscription services are reaching a saturation point among 'corded' groups

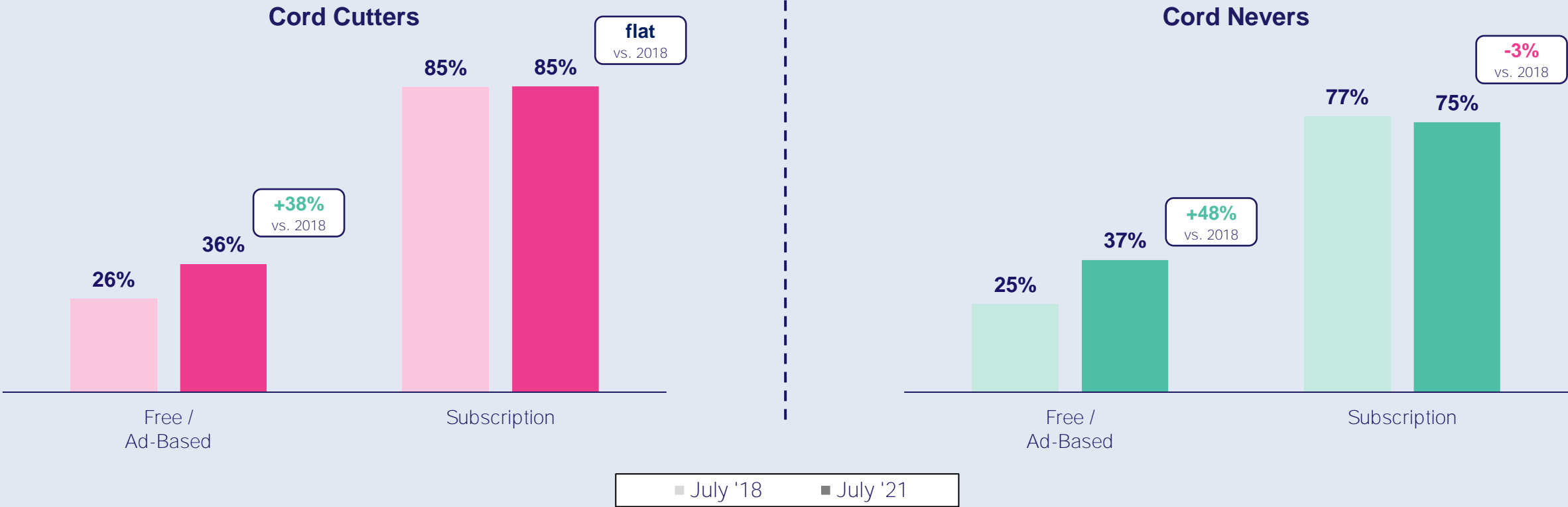
% with access to free / ad-based vs. subscription streaming services
July '18 vs. July '21



Source: VAB analysis of MRI-Simmons Cord Evolution Study, July 2018 and July 2021, P18+. 'Cord Loyalists': have pay-TV; no changes, 'Cord Shavers': have pay-TV; reduced services or channels, Base = 'Streamed in the past 12 months'. Free Streaming services (e.g., Pluto TV, YouTube, Tubi, etc.). Subscription services may include ads or limited ad load tiers.

An even higher percentage of 'cord cutters' and 'cord nevers' are turning to free / ad-based streaming services, signaling a burgeoning incremental reach opportunity among these elusive audiences

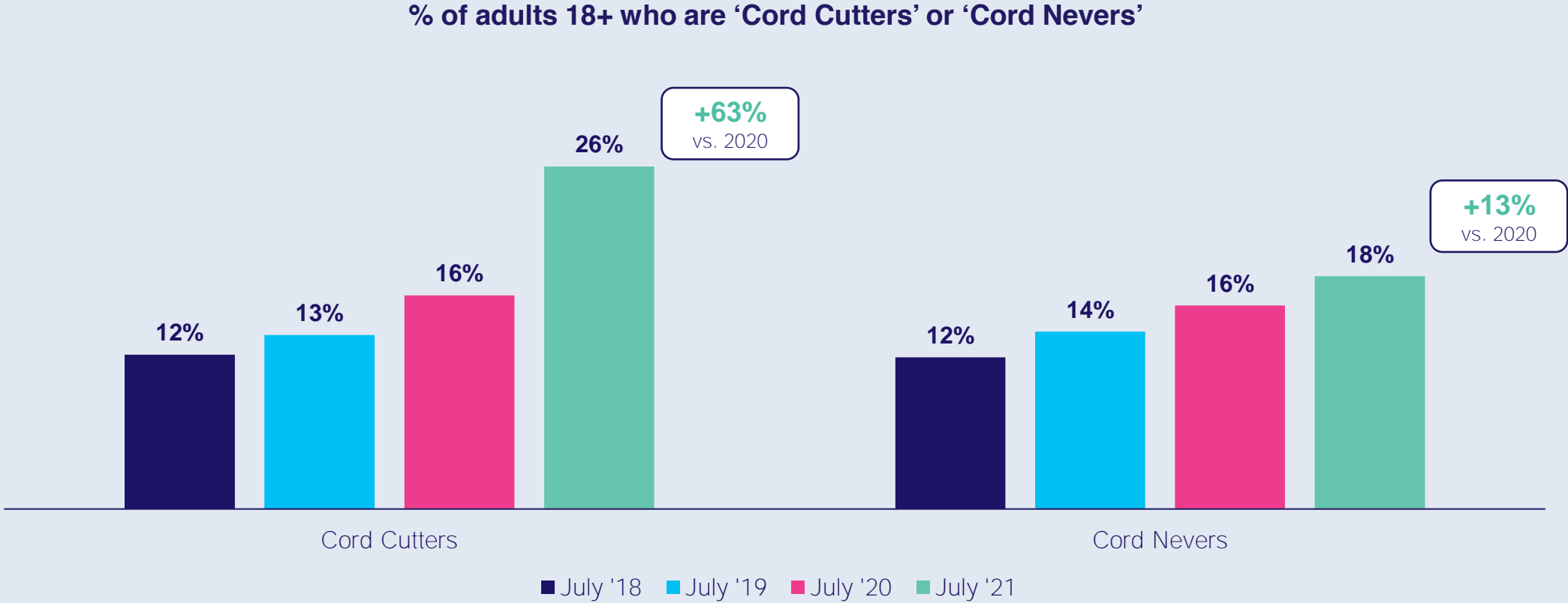
% with access to free / ad-based vs. subscription streaming services
July '18 vs. July '21



Source: VAB analysis of MRI-Simmons Cord Evolution Study, July 2018 and July 2021, P18+. 'Cord Cutters': no pay-TV; cancelled it, 'Cord Nevers': no pay-TV; never had it. Base = 'Streamed in the past 12 months'. Free Streaming services (e.g., Pluto TV, YouTube, Tubi, etc.). Subscription services may include ads or limited ad load tiers.

Collectively, the number of 'cord cutters' and 'cord nevers' has nearly doubled over the last three years, underscoring the importance of streaming video as an incremental reach opportunity

▶ 'Cordless' audiences now account for 44% of adults vs. 23% in 2018, with significant growth in 'cord cutters' occurring during Covid



Source: VAB analysis of MRI-Simmons Cord Evolution Study, July 2018, July 2019, July 2020 & July 2021, P18+. 'Cord Cutters': no pay-TV; cancelled it, 'Cord Nevers': no pay-TV; never had it.

It's important to understand that TV is TV to most 'cordless' people – they are just watching across different platforms, connections and devices

How do you personally define TV?
% of video streamers based on respondent 'cord' status



“Anything I can watch on **my TV set** whether it's via streaming or cable, satellite, fiber optic provider”

46% / 46%

vs. adults 18+: **48%**

“Anything I can watch on **any device**”

32% / 27%

vs. adults 18+: **24%**

“Any shows available via **cable, satellite, fiber optic** provider”

7% / 11%

vs. adults 18+: **13%**

“Any shows created by a **TV network**”

15% / 16%

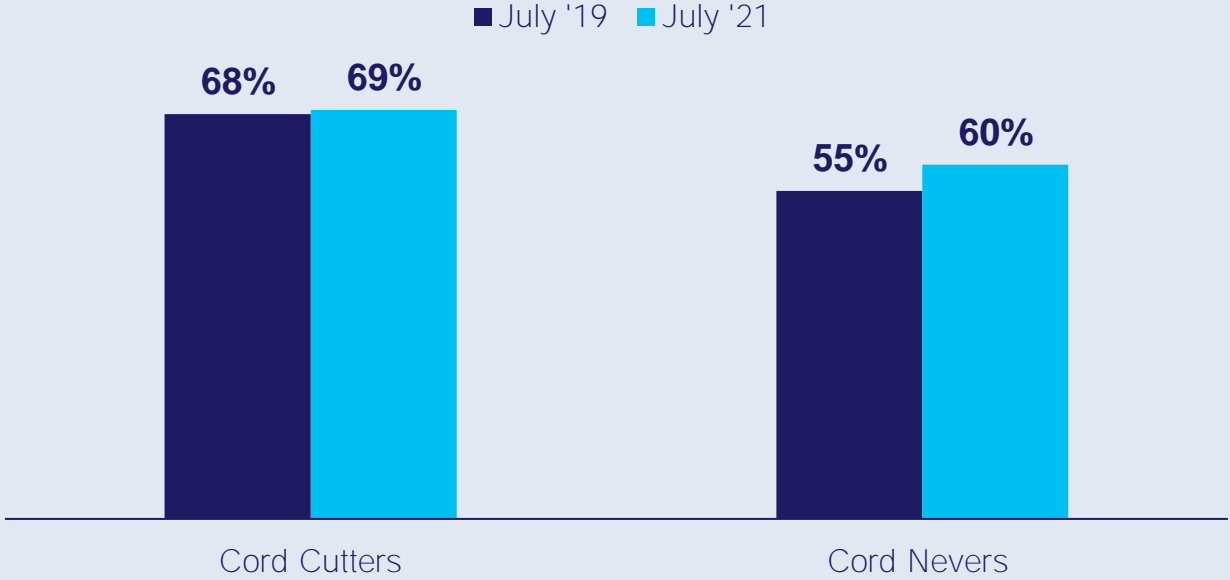
vs. adults 18+: **15%**

Source: VAB analysis of MRI-Simmons Cord Evolution Study, July 2021, P18+. 'Cord Cutters': no pay-TV; cancelled it, 'Cord Nevers': no pay-TV; never had it. 'How do you personally define TV?'. Base = 'Streamed in the past 12 months'.

Because of this, streaming TV has largely replaced traditional TV for many of them, a consistent attitude among 'cord cutters' and 'cord nevers' over the last few years



'Streaming has replaced traditional TV for me'
% of video streamers who agree, based on respondent 'cord' status



Source: VAB analysis of MRI-Simmons Cord Evolution Study, July 2019 & 2021, P18+. 'Cord Cutters': no pay-TV; cancelled it, 'Cord Nevers': no pay-TV; never had it. 'Streaming has replaced traditional TV for me' (strongly / somewhat agree). Base = 'Used any streaming service in the past 12 months'.

Not surprisingly, many 'cord cutters' and 'cord nevers' are attracted to streaming services offering a wide variety of high-quality library content that either originally aired, or is airing, on traditional TV networks

What drives you to want to use / subscribe to a new streaming service?

% of streamers (top 5 ranked), based on respondent 'cord' status

■ Cord Cutters ■ Cord Nevers



Library content

56% / 43%

Access to movies (old & new releases)



Original content

54% / 41%

Access to original series exclusive to service



Library content

42% / 35%

Access to series that no longer air on traditional TV networks
(e.g., Friends, How I Met Your Mother, Friday Night Lights, etc.)



Live content

37% / 32%

Access to series that are currently airing on traditional TV networks
(e.g., The Walking Dead, The Good Place, This Is Us, etc.)



Live content

22% / 20%

Access to sports events the service streams

Source: VAB analysis of MRI-Simmons Cord Evolution Study, July 2019, 2020 & 2021, P18+. 'Cord Cutters': no pay-TV; cancelled it, 'Cord Nevers': no pay-TV; never had it. Base = 'Used any streaming service in the past 12 months'.

AVOD Drives Reach and Engagement Across All Major 'Cord' Groups



Viewers are increasing their usage of ad-supported streaming platforms which is bolstering streaming's ability to drive incremental reach

% of video streamers that have...

| | Accessed a free streaming service | Used a TV Everywhere app OR a TV network app in the past 12 months | Used vMVPDs in the past 12 months |
|----------------|-----------------------------------|--|-----------------------------------|
| Cord Loyalists | 22% | 58% | 8% |
| Cord Shavers | 31% | 71% | 11% |
| Cord Cutters | 36% | 29% | 18% |
| Cord Nevers | 37% | 25% | 8% |

Source: VAB analysis of MRI-Simmons Cord Evolution Study, July 2021, P18+. 'Cord Loyalists': have pay-TV; no changes, 'Cord Shavers': have pay-TV; reduced services or channels, 'Cord Cutters': no pay-TV; cancelled it, 'Cord Nevers': no pay-TV; never had it. TV network apps include 'through free TV network apps' and 'through paid TV network apps'. Base = 'Streamed in the past 12 months'.

Well over half of video streamers prefer free content with ads rather than pay for a commercial-free subscription

▶ People are generally more tolerant of the limited commercial time found in ad-based streaming services

% of video streamers that agree with the following statements based on respondent 'cord' status

“I prefer streaming **free video content with ads/commercials** instead of paying for a subscription without ads / commercials”

“I like that streaming services have **less ads / commercials**”



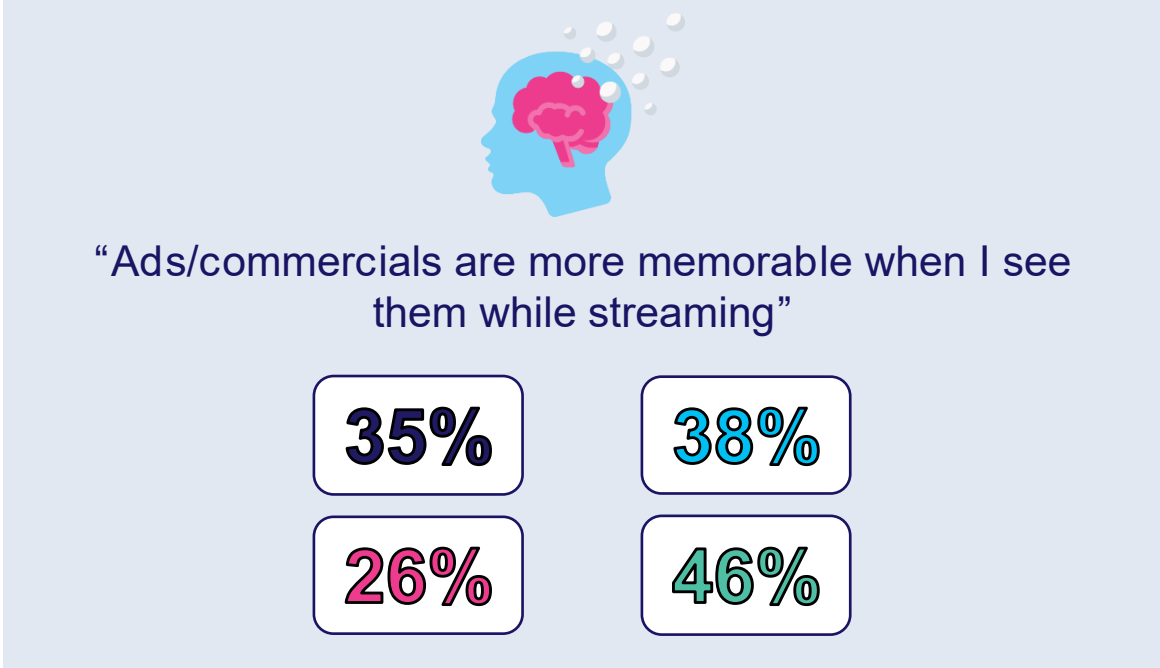
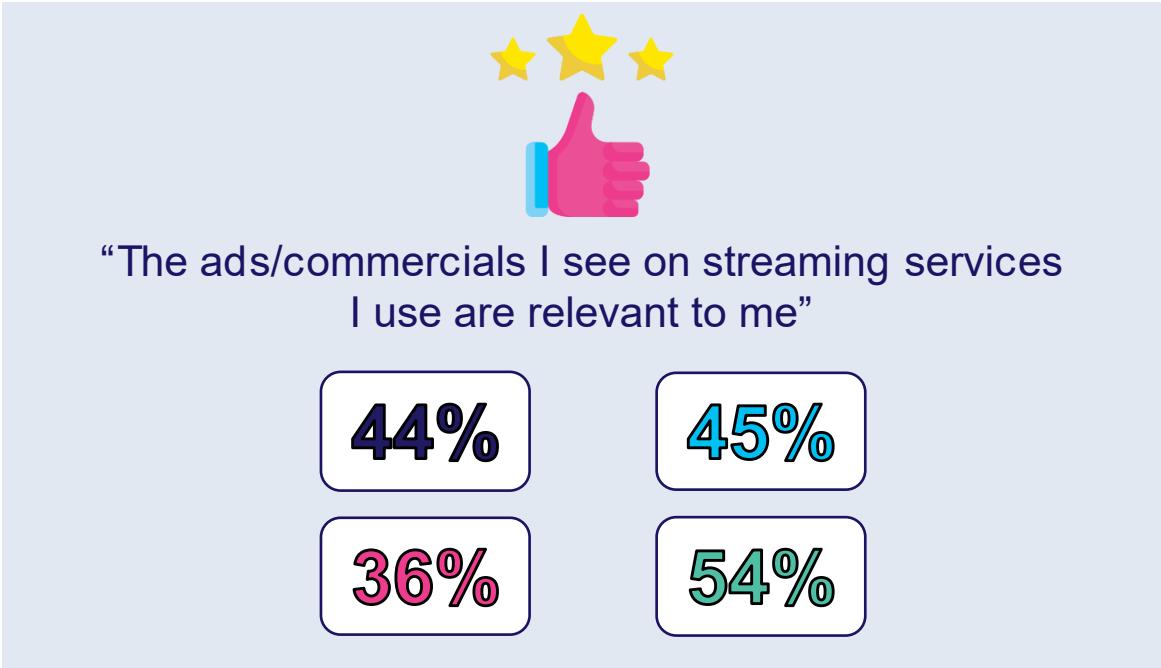
■ Cord Loyalists ■ Cord Shavers
 ■ Cord Cutters ■ Cord Nevers

Source: VAB analysis of MRI-Simmons Cord Evolution Study, July 2021, P18+. 'Cord Loyalists': have pay-TV; no changes, 'Cord Shavers': have pay-TV; reduced services or channels, 'Cord Cutters': no pay-TV; cancelled it, 'Cord Nevers': no pay-TV; never had it. 'I prefer streaming free video content with ads/commercials instead of paying for a subscription without ads/commercials' (strongly / somewhat agree). 'I like that streaming services have less ads/commercials' (strongly / somewhat agree). Base = 'Streamed in the past 12 months'.

Many video streamers find ads on streaming platforms to be both relevant and memorable, traits which are more likely to spark consumer action

► Previously harder-to-reach ‘cord nevers’ are proving to be an especially engaged audience for advertisers through streaming

% of video streamers who agree with the following statements
Based on respondent ‘cord’ status



- Cord Loyalists
- Cord Shavers
- Cord Cutters
- Cord Nevers

Source: VAB analysis of MRI-Simmons Cord Evolution Study, July 2021, P18+. ‘Cord Loyalists’: have pay-TV; no changes, ‘Cord Shavers’: have pay-TV; reduced services or channels, ‘Cord Cutters’: no pay-TV; cancelled it, ‘Cord Nevers’: no pay-TV; never had it. ‘The ads/commercials I see on streaming services I use are relevant to me’ (strongly / somewhat agree). ‘Ads/commercials are more memorable when I see them while streaming’ (strongly / somewhat agree). Base = ‘Streamed in the past 12 months’.

As streaming grows in its ability to drive greater incremental reach and consumer action, the AVOD opportunity for marketers is expected to more than double in the next five years to over \$31 billion by 2026

U.S. AVOD Ad Revenue Forecasts
millions

+141%
vs. 2021



Source: Digital TV Research, Global AVOD Forecasts by Country (\$ million), May 2021.

Key Marketer Takeaways

- ▶ Video streaming is a nearly ubiquitous behavior among **all ‘corded’ and ‘cordless’ audiences. This shift in** viewing behaviors means that marketers can engage with passionate and attentive audiences within premium OTT environments to inspire action and deliver on key business outcomes.
- ▶ More than half of video streamers prefer to use free ad-supported streaming services rather than pay for another subscription. Marketers can leverage the rising popularity of premium AVOD to ensure their multiscreen video campaigns resonate with all audiences, **regardless of their ‘cord’ status.**
- ▶ While the incremental reach opportunity exists across all groups, especially as non-corded groups continue to grow, marketers should consider adding a streaming component (i.e., AVOD, TVE app, TV network app) to their video campaigns to engage consumers at scale.

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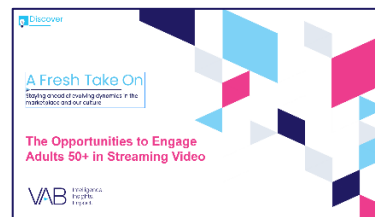
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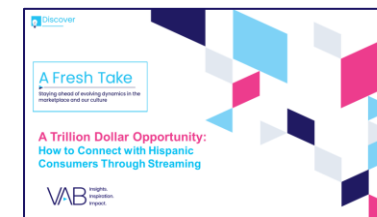
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A Fresh Take On

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'Cord' Group Profiles

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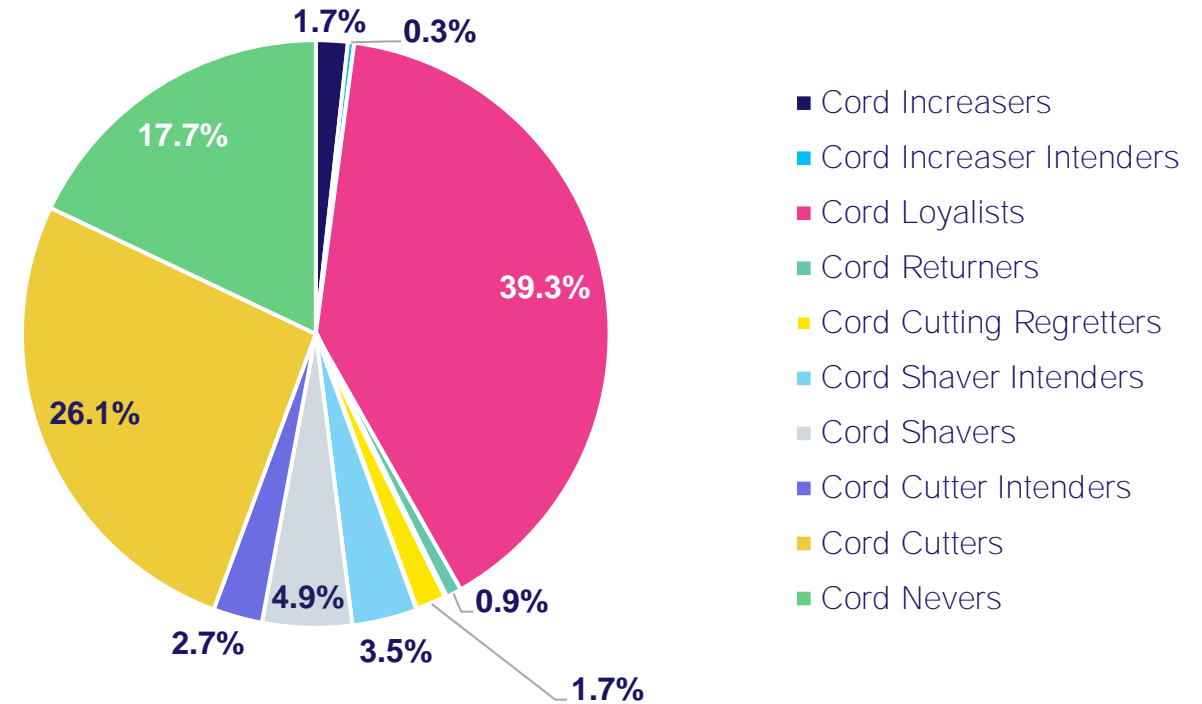




Within their Cord Evolution Study, MRI-Simmons identifies 10 separate consumer 'cord' group

▶ Collectively, these 10 'cord groups' account for **98.9%** of the adult 18+ population

% of A18+ by 'Cord' Status



Source: MRI-Simmons, *Cord Evolution Study*, July 2021, P18+ . 'Cord Increasing': have pay-TV; have increased services (4.4MM), 'Cord Increasing Intenders': have pay-TV; plan on increasing services (0.9MM), 'Cord Loyalists': have pay-TV; no changes (99.2MM), 'Cord Returners': have pay-TV; had it, cancelled it, re-subscribed (2.2MM), 'Cord Cutting Regretters': no pay-TV; cancelled, likely to re-subscribe (4.4MM), 'Cord Shaver Intenders': have pay-TV; plan on reducing services (9.0MM), 'Cord Shavers': have pay-TV; reduced services or channels (12.3MM), 'Cord Cutter Intenders': have pay-TV; plan on cancelling pay-TV (6.8MM), 'Cord Cutters': no pay-TV; cancelled it (66.0MM), 'Cord Nevers': no pay-TV; never had it (44.9MM).

'Cord' Group Demographic Profile

| | Male / Female Comp | Median Age | Median HHI | Employed | Children Under 17 Living at Home | Race/Ethnicity* White / Hispanic / Black / Asian / AIAN / Other | Education Bachelor's Degree+** |
|-----------------------|----------------------------------|---------------|-----------------|---------------------|--|--|--------------------------------------|
| Cord Loyalists | 46% / 54% (96) / (104) | 57 | \$82,823 | 51% (88) | 42% (118) | 72% / 13% / 12% / 3% / 1% / 2% | 33% (97) |
| Cord Shavers | 46% / 54% (95) / (105) | 52 | \$76,998 | 55% (94) | 34% (95) | 58% / 20% / 17% / 3% / 1% / 3% | 28% (84) |
| Cord Cutters | 50% / 50% (104) / (96) | 43 | \$84,748 | 65% (112) | 44% (123) | 66% / 17% / 11% / 4% / 1% / 3% | 36% (107) |
| Cord Nevers | 50% / 50% (104) / (96) | 33 | \$61,705 | 66% (113) | 42% (118) | 58% / 21% / 12% / 7% / 2% / 4% | 35% (105) |

(XXX) = Index vs. A18+

Source: MRI-Simmons, *Cord Evolution Study*, July 2021, P18+. 'Cord Loyalists': have pay-TV; no changes (99.2MM). 'Cord Shavers': have pay-TV; reduced services or channels (12.3MM). Cord Cutters': no pay-TV; cancelled it (66.0MM). Cord Nevers': no pay-TV; never had it (44.9MM). *Reflects 'non-Hispanic' for all groups except for 'Hispanic/Latino'; 'AIAN' = American Indian or Alaska Native. **Bachelor's Degree+' includes bachelor's degree, master's degree, professional school degree and doctorate degree.