



Fast Facts

▶ —————
What you need to know about new & emerging trends, platforms or technology

Staying Ahead of the Churn

Why migrating audiences means new ad opportunities for brands





How can marketers turn subscription churn into an engagement opportunity?

Churn, the constant audience turnover and migration among subscription-based platforms, has been lamented for years. As platforms grow in number, this churn has accelerated.

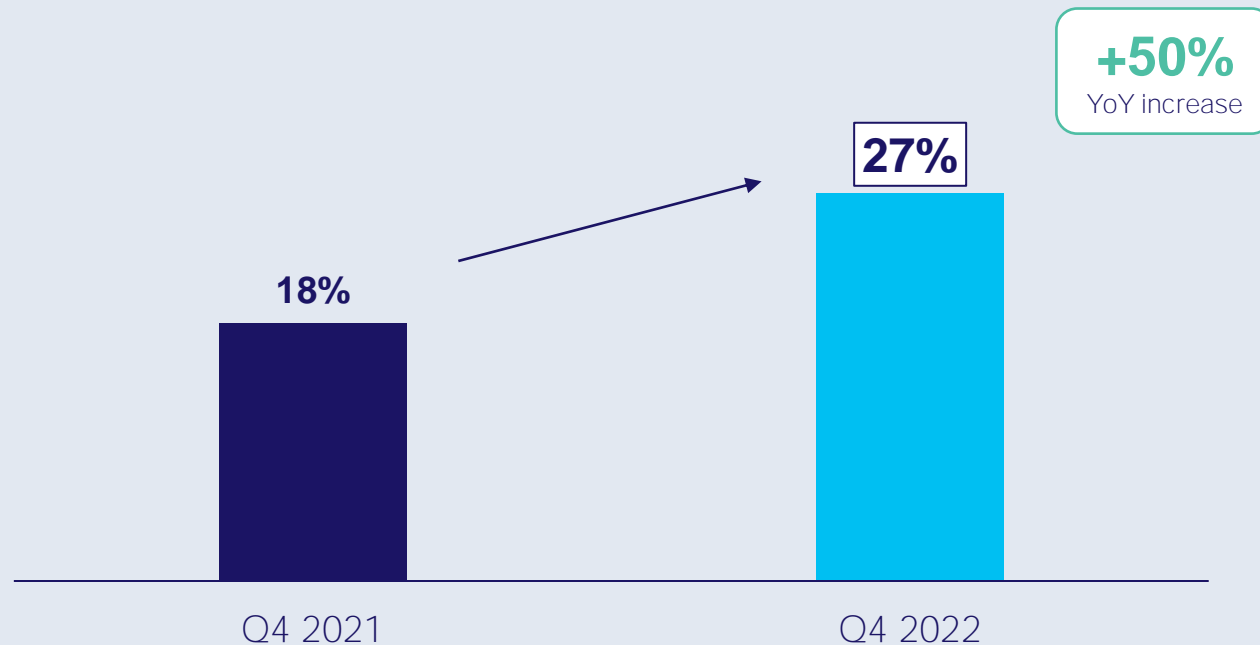
Why this impacts advertisers: Highly desirable audiences like young adults and affluent households are *migrating towards ad-supported services* – especially FAST platforms – in search of different content and greater value.

The opportunity: You'll see how churn creates more engagement opportunities as the audience deceleration of pure subscription services *leads to increased growth for ad-supported streaming*.

1

The percentage of people who have canceled a paid subscription service has increased over the last year

% of consumers that dropped an SVOD service in the last 6 months



29%

say that they are likely to **cancel one or more SVOD services** in the next 6 months

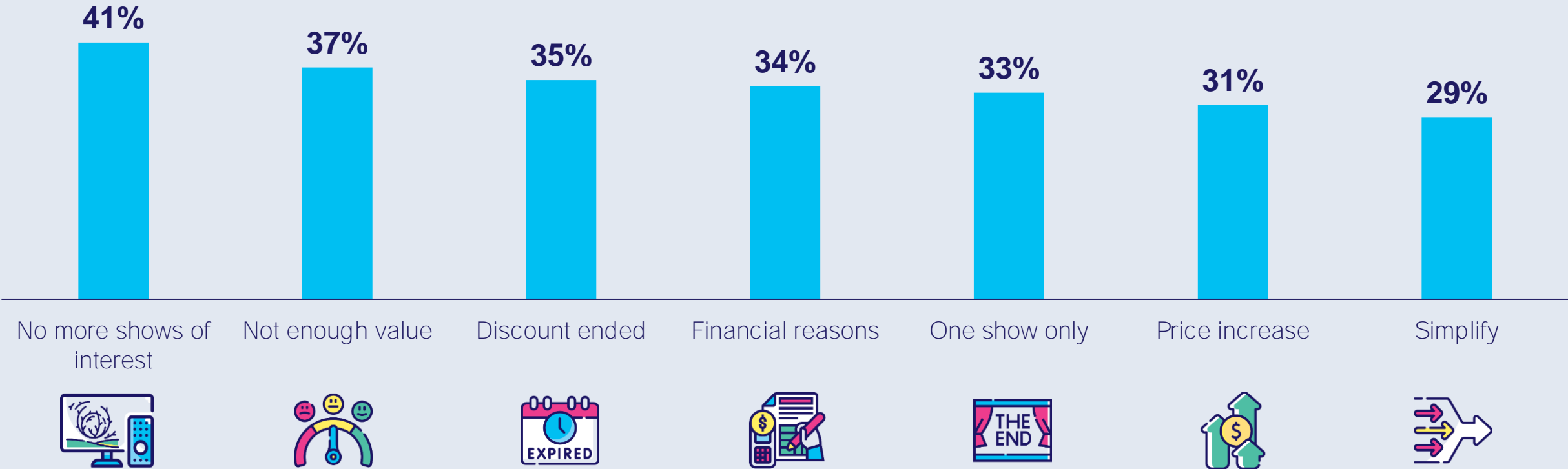
Source: TiVo, Video Trends Report, Q4 '22.

2

Lack of content and perceived value are the most common reasons for canceling a streaming service

▶ 55% of consumers have cancelled their subscription after watching a single program because, 'other than the movie/TV show I watched, no other content interested me'

% of those who have canceled a streaming service in the last 6 months for the following reason

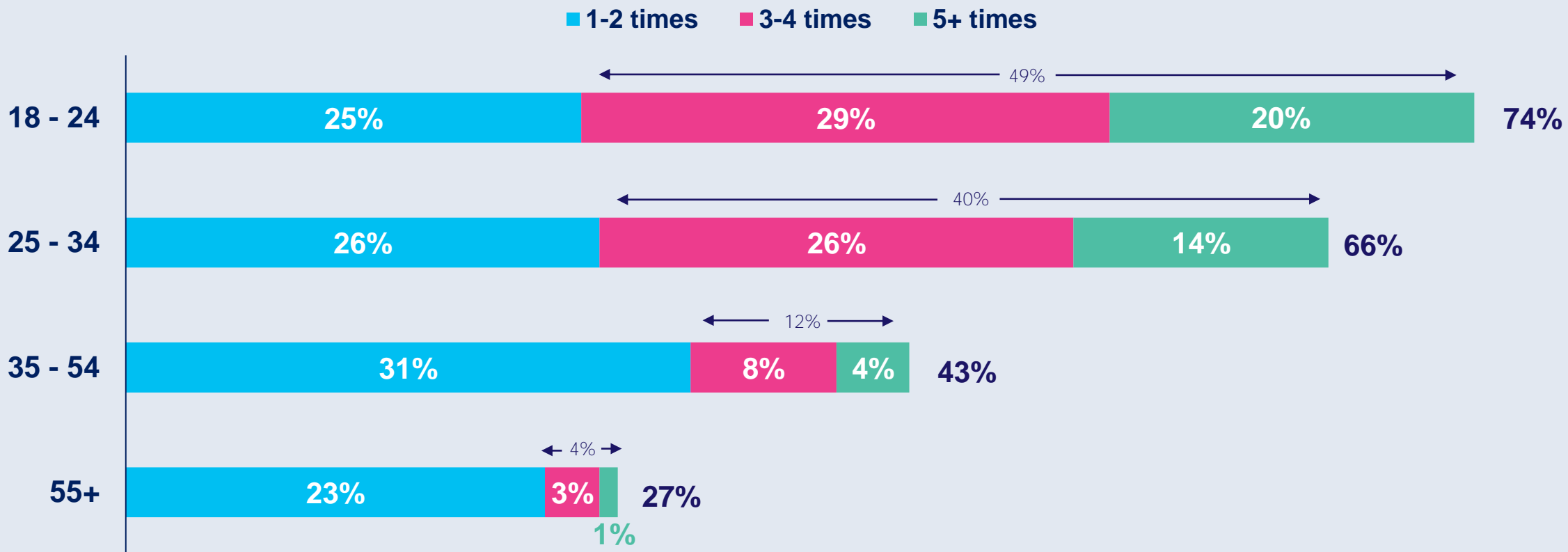


Source: Media Insights & Engagement Conference, January 2023, Hub Research Intelligence: *TV's Competition – It's Not Who You Think* session. *Samba TV, The Harris Poll, 8/29/22-9/1/22.

3

Younger audiences are more likely to cancel multiple subscription services once they finish what they wanted to watch

% of times in the last year someone signed up for a streaming service to see something and cancelled / paused their membership after they finished watching it



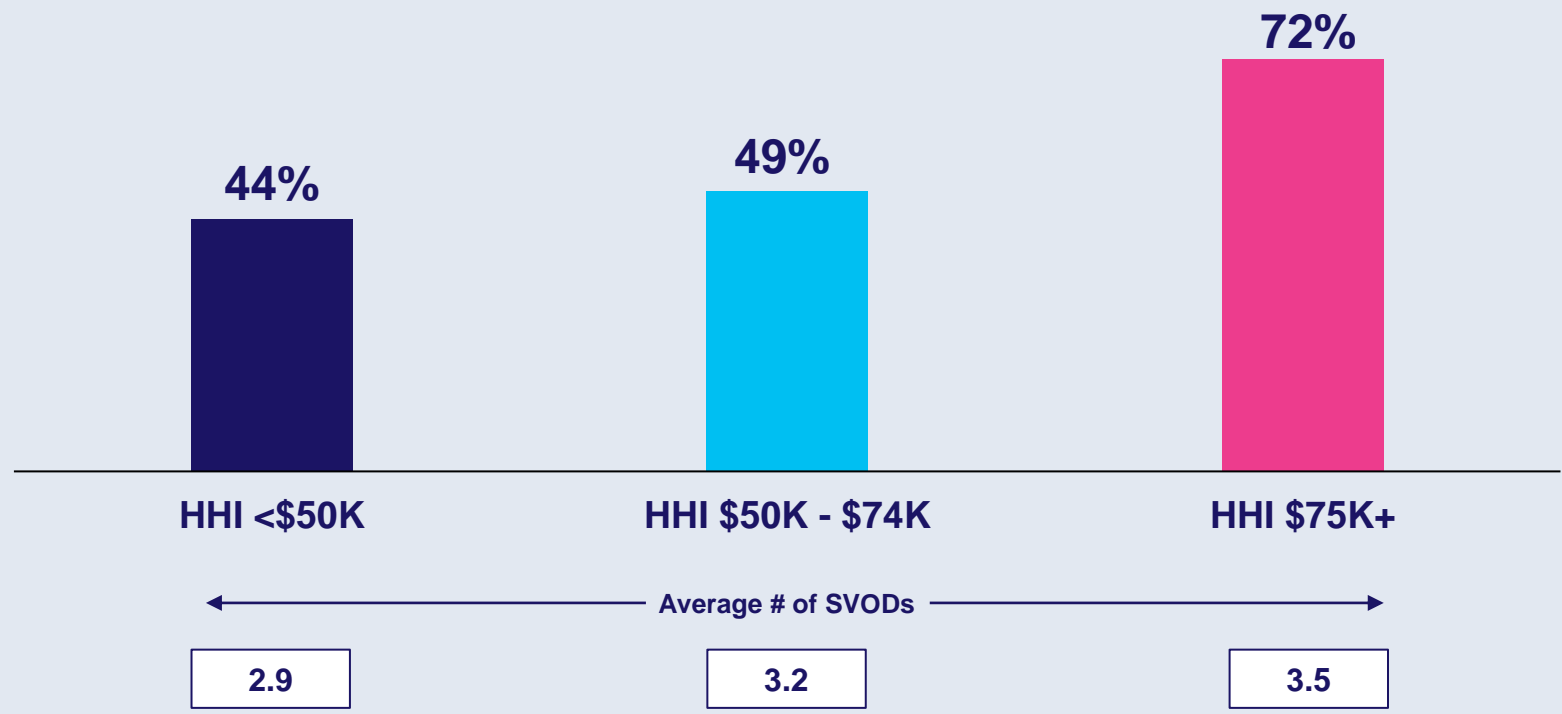
Source: Variety VIP+, Dare to Stream, November 2022.

4

Higher income households are also more likely to cancel a service as they look to optimize value across a larger group of subscriptions



'How likely are you to cancel at least one of your streaming services in the next 6 months?'
(likely or very likely)

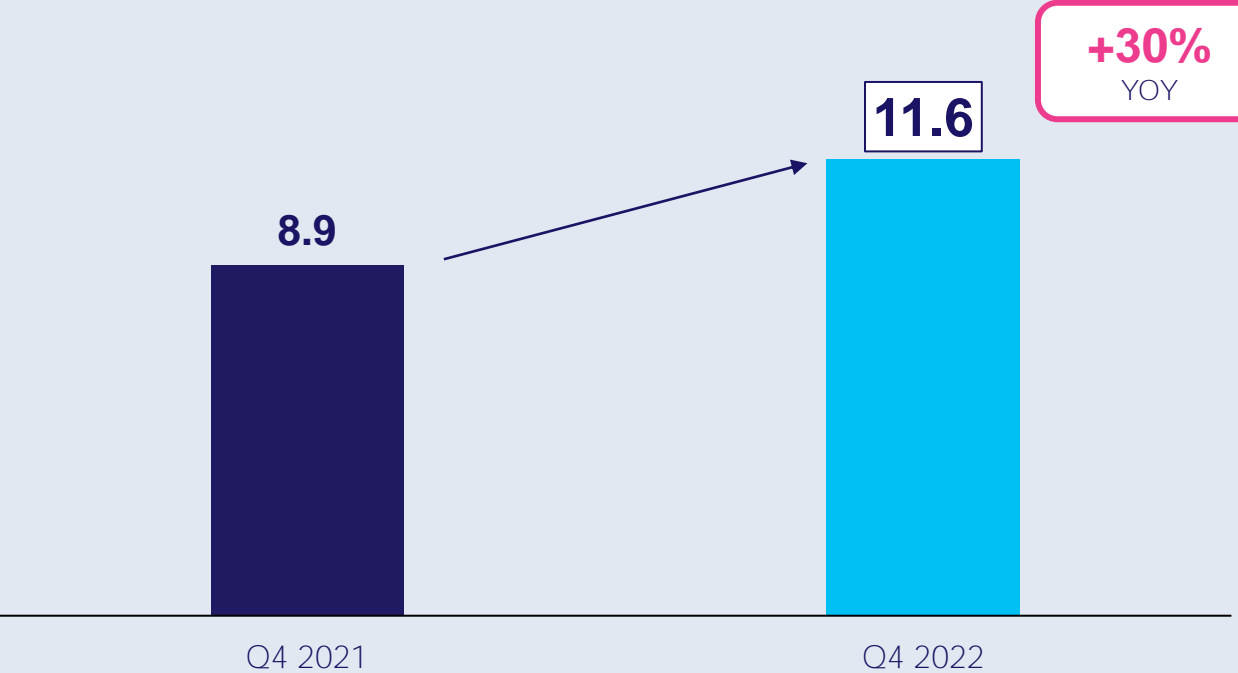


Source: Media Insights & Engagement Conference, January 2023, Magid: *Churn and Burn or Retain and Sustain* session.

5

Although more consumers are canceling paid subscriptions, the total number of services used to consume video content is at an all time high

Average number of total services used to consume video content



Source: TiVo, Video Trends Report, Q4 '21 & Q4 '22, includes pay-TV subscriptions.

6

As streamers cancel a service, they look for replacements that offer different content to complement their overall video consumption

Reasons for accessing new streaming services



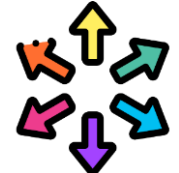
42%

To access **original content exclusive** to streaming platforms



41%

To **watch a particular program** that I have heard about



40%

To **expand the content** that I have available



37%

To watch programs that **I used to watch on TV** and can't find anywhere else

Source: Nielsen, *What's old is new again: Bundles could help consumers cope with increasing streaming service choice*, May 2022; based on Nielsen streaming media consumer survey.

7 Streamers that are canceling subscriptions are migrating towards ad-supported services in search of new content and greater value



% of Households Increasing Their Ad-Supported Streaming 2022 vs. 2021

36%

13%

New to ad-supported streaming services

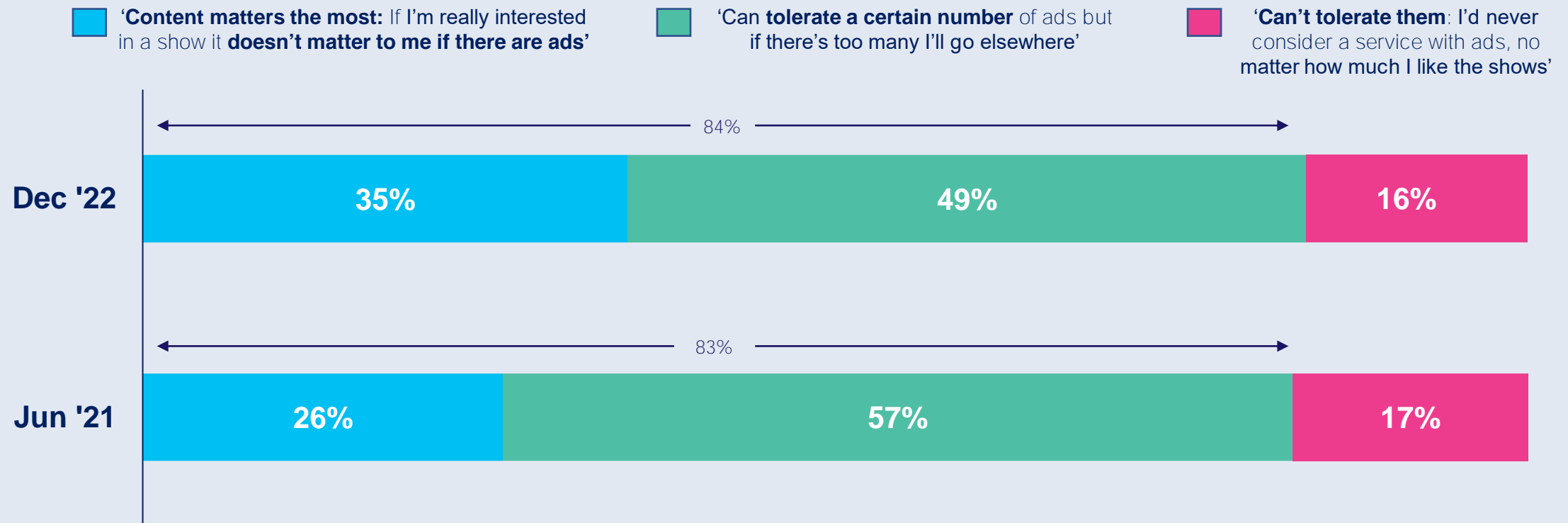
23%

Increased number of ad-supported streaming services

Source: ARF DASH, Full Year 2022, longitudinal sample vs. 2021, AVOD. *TV Deconstructed: Latest Findings From the DASH Study, Full Year 2022.*

Consumers are very tolerant of ads within content which increases the value proposition of ad-supported streaming services

'Which statement comes closest to how you feel about ads during TV shows and movies?'



Source: Media Insights & Engagement Conference, January 2023. Hub Research Intelligence: *TV's Competition – It's Not Who You Think* session.

9

Two-thirds of streamers now prefer services that offer an ad-supported option

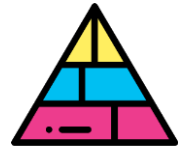
Which kind of subscription do you prefer?

66%



34%

Free with ads



32%

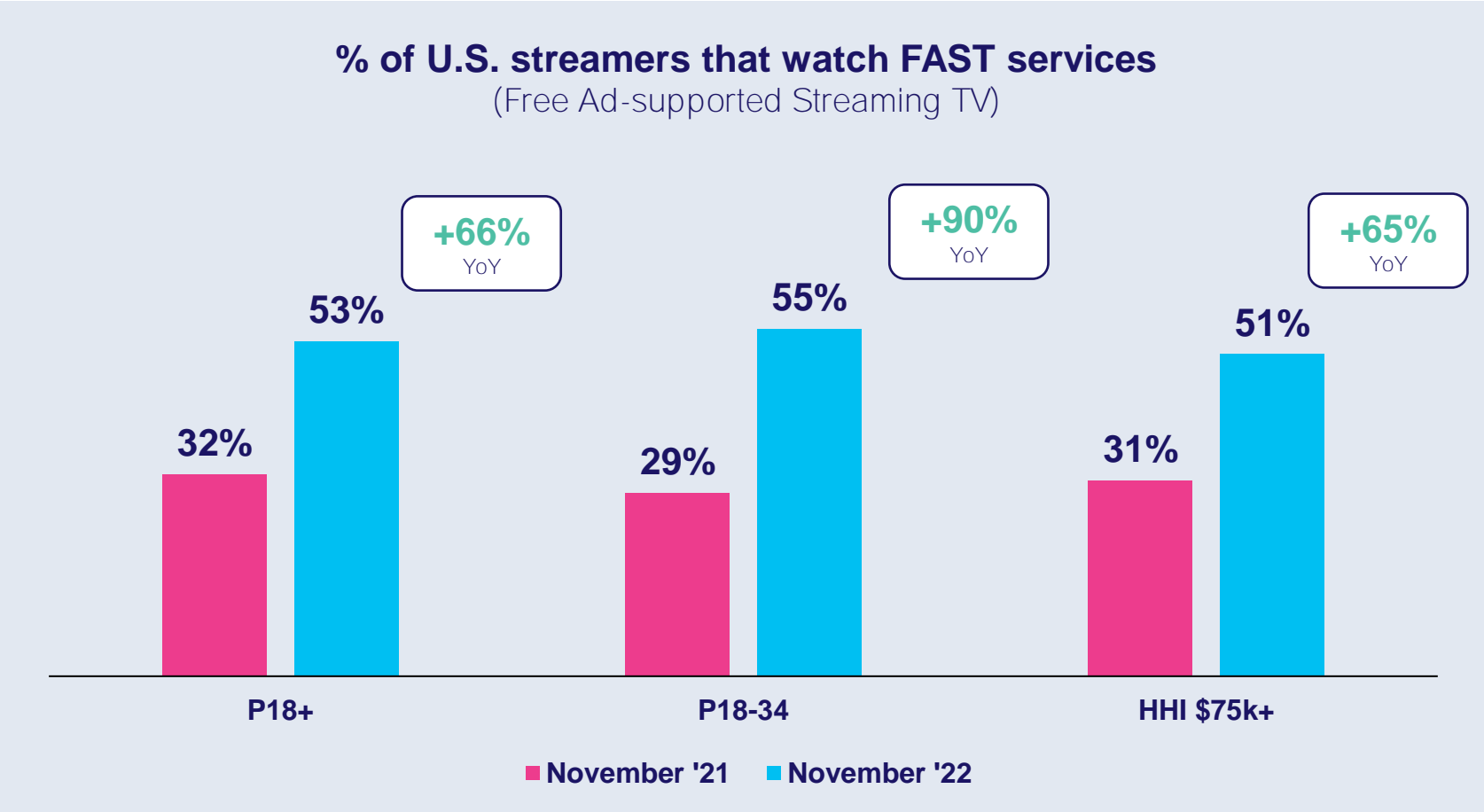
Tiered plan that offers a less expensive option with advertising



Source: Media Insights & Engagement Conference, January 2023. Hub Research Intelligence: *TV's Competition – It's Not Who You Think* session.

10

Younger and affluent audiences are increasing their adoption of FAST services which creates more advertising opportunities for brands



Source: VAB analysis of MRI-Simmons November 2021 & November 2022 Cord Evolution Study, P18+, P18-34 and HHI \$75k+. Base = 'streamed in the past 12 months.' November '22: FAST = used any of the following streaming services in the past 12 months: Peacock (free service w/ limited commercials), Roku Channel, Tubi TV, Freevee (formerly IMDb TV), Pluto, Samsung TV Plus, Xumo, Local Now. November '21: FAST = used any of the following streaming services in the past 12 months: Roku Channel, Tubi TV, Freevee (formerly IMDb TV), Pluto, Samsung TV Plus, Xumo, Local Now.

FAST services offer value and a wide range of curated content which appeals to the younger and more affluent audiences

Top reasons for watching / signing up for a FAST (free ad-supported streaming TV) service

■ P16+ ■ P18-34 ■ HHI \$75K+



The ability to access **free content I want to see** in exchange for watching ads

40% / 36% / 39%



A **specific TV program or movie** I wanted to see

39% / 35% / 36%



The **wide variety of content** offered which complements my other video subscriptions

32% / 30% / 34%



Easy access to a **large library of 'classic' programming** at any time

33% / 28% / 33%



The **availability of curated channels** focused on **niche / specialty topics**

28% / 32% / 32%



Easy access to **recent or current programming** at any time

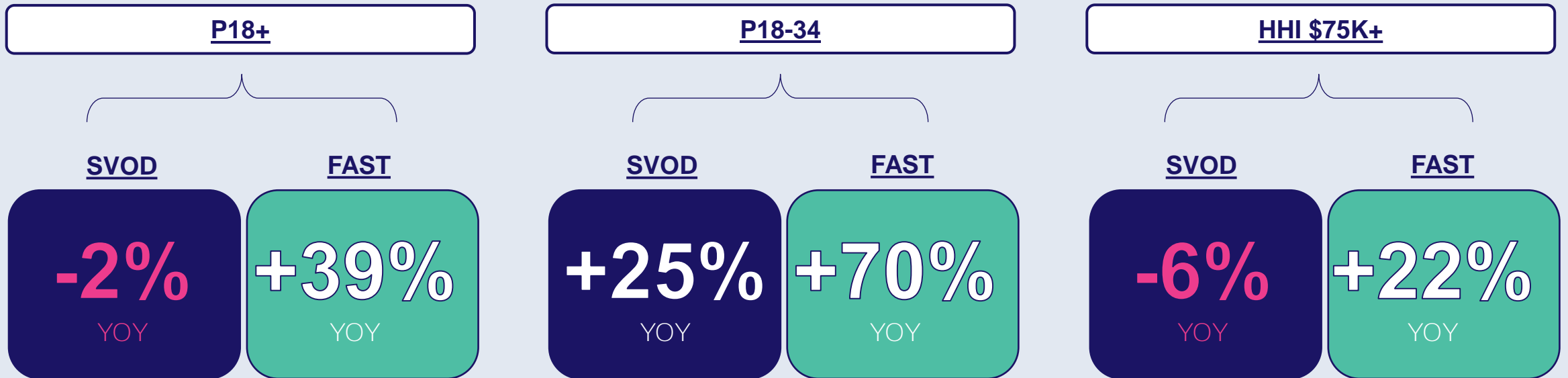
28% / 30% / 31%

Source: Hub Research, 2023 Evolution of Video Branding Study, custom research conducted for VAB, March 2023.

Wider viewer adoption of FAST has fostered a migration from subscription services among highly desirable audiences for brands

SVOD & FAST Services: Total Aggregated Minutes (YoY Difference)

February 2023 vs. February 2022



Source: VAB analysis of Comscore mediametrix multiplatform, Mediatrend data, P18+, P18-34 and households with \$75K+ income. February 2023 vs. February 2022. Based on total cume minutes across five measured platforms for both SVOD and FAST. SVOD includes Amazon Prime Video, Apple+, DAZN, Netflix and STARZ. FAST includes Tubi, Freevee, Vudu, Xumo and Crackle.

Key Marketer Takeaways

- ▶ Consumers are using more sources than ever to access video content, but there is a clear migration of some consumers shifting from subscription services to ad-supported streaming as they search for greater value and different content to complement their overall viewing consumption
- ▶ As streaming competition intensifies and churn continues to increase among subscription services, highly desirable audiences - such as adults 18-34 and affluent households - are more likely to adopt additional ad-supported options, especially FAST services, which creates more opportunities for brands to engage with these highly desirable audiences

Creators

Jason Wiese

SVP, Director of Strategic Insights
jasonw@thevab.com

Reed Kiely

Associate Insights Director
reedk@thevab.com

Karolina Guillen

Insights Manager
karolinag@thevab.com

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Looking for more data, insights and takeaways?
Check out this related VAB content

Through Upfront season, marketers are making important decisions about their video investment strategy.

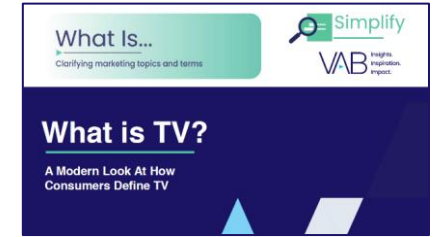
We're here to help.

Visit our [Upfront Planning Resource Center](#) for a curated a list of resources filled with the data, analysis and insights needed to make informed investment decisions.



Setting the Stage

15 Streaming Trends That Will Impact Marketing Plans in 2023



What is TV?

A Modern Look At How Consumers Define TV



The FAST and the Curious Ep. 1

What is Free Ad-Supported Streaming TV (FAST)?



The FAST and the Curious Ep. 2

Who is the FAST viewer and how do they compare to other streamers?



The FAST and the Curious Ep. 3

How do FASTs meet the 6 entertainment need states for consumers?



The FAST and the Curious Ep. 4

How can marketers harness the rapid growth of FAST?

VAB Members, brand marketers and agencies get free and immediate access to VAB's content library. Get access at [theVAB.com](https://thevab.com)

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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