

VABInspire

**Virtual Learning Series
Winter 2021**

**Sea Change:
Custom Research on the Latest
Video Streaming Behaviors
and Trends**



Today's speakers



Leah Montner-Dixon

VAB

Insights Manager

leahm@thevab.com



Jason Wiese

VAB

SVP, Director of Strategic Insights

jasonw@thevab.com

Today, we'll distill the key insights and essential takeaways from our recent reports on video streaming



A Sea Change in Video Viewing

Helping Marketers Find More Fish in the Streaming Ecosystem



We're Going Live

How Consumers are Living Vicariously Through Live-Streamed Events in the Time of COVID-19

In summer 2020, we conducted a custom online survey through *Lucid* to capture and understand the evolving media consumption habits and behaviors of adults following the first few months of the COVID-19 pandemic.

The results are based on 1,000 U.S. adults 18+ in households with access to streaming services and have viewed content on streaming services.

Brand marketers and agencies get free and immediate access to VAB's content library. Get access at theVAB.com

What you'll learn today...

- 1 How video streaming is experiencing a sea change, with audiences of all ages and backgrounds increasingly streaming every day, if not multiple times a day.**
- 2 Why ad-supported streaming services are attracting content-hungry audiences with their vast supply of library content.**
- 3 What the future of video streaming may hold as consumers begin to reach their limit on paid streaming services.**

With more time in their day during the pandemic, people of all ages **utilized new platforms and discovered the full functionality** of their existing and new video 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 / 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

Streaming across both paid and free services quickly saw a boost among viewers of all ages, and livestreamed events became a popular substitute for in-person ones

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 subscription

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



31%

Livestreamed concerts / events

Source: 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. VAB / Lucid 'COVID-19 Streaming Behavior Survey,' June 2020. Survey base: P18+ in households with access to streaming services and have viewed content on streaming services within the past seven days (n=1,000). Q14: When thinking about livestreaming, by which we mean: streaming a program online live as it happens (e.g., Concert - One World: Together at Home, Sporting Event - Virtual NFL Draft) - which of the following statements do you feel apply to you?

Searching for additional TV content while sheltered in place, viewers became **more comfortable** streaming video

“I have become more comfortable streaming video”

% of respondents who agree completely

A18-34
71%

A35-54
77%

HHI\$100K+
80%

Employed Full-time
76%

Hispanic A18+
72%

Households w/ Children
78%

Source: VAB / Lucid 'COVID-19 Streaming Behavior Survey,' June 2020. Survey base: A18+ in households with access to streaming services and have viewed content on streaming services (n=1,000). Q9.Thinking of your behavior over the past 30 days, which of the following statements do you feel apply to you?

And as comfort levels rose, **time spent streaming increased**

- ▶ With many individuals and households experiencing significant lifestyle changes such as more time at home or adult children moving back in with parents, **older audiences have started streaming more**

“I am spending more time streaming video”

% of respondents who agree



A18+

59%

A55+

42%

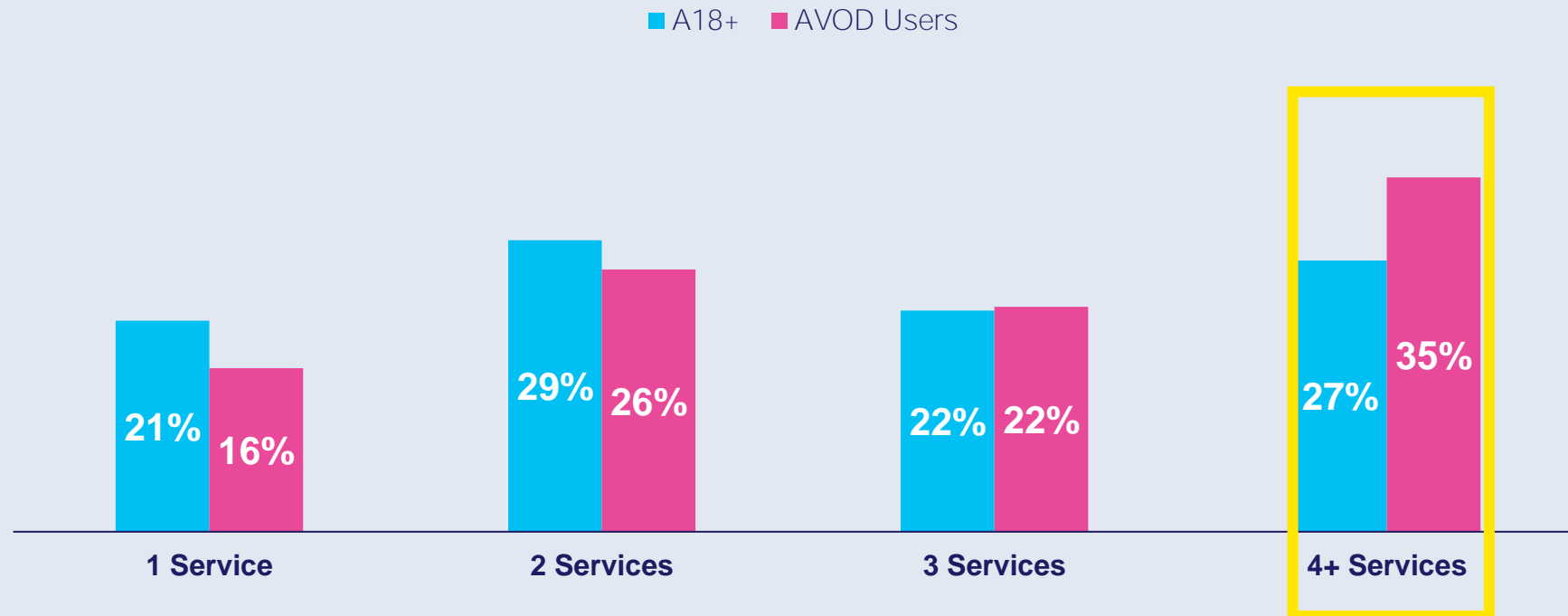
Source: VAB / Lucid 'COVID-19 Streaming Behavior Survey,' June 2020. Survey base: A18+ in households with access to streaming services and have viewed content on streaming services (n=1,000). Q4. Overall, please choose the statement below that best describes your video streaming viewing (e.g., Netflix, Disney+, Pluto TV, TV network or cable provider app, etc.) during the past 30 days.

With more time on hand, viewers tend to watch more services – more than **one-third** of AVOD users have access to **4 or more** services

► **Young adults**, **affluent households**, and **families** are most likely to subscribe to more services



How many streaming services does your household currently have access to?



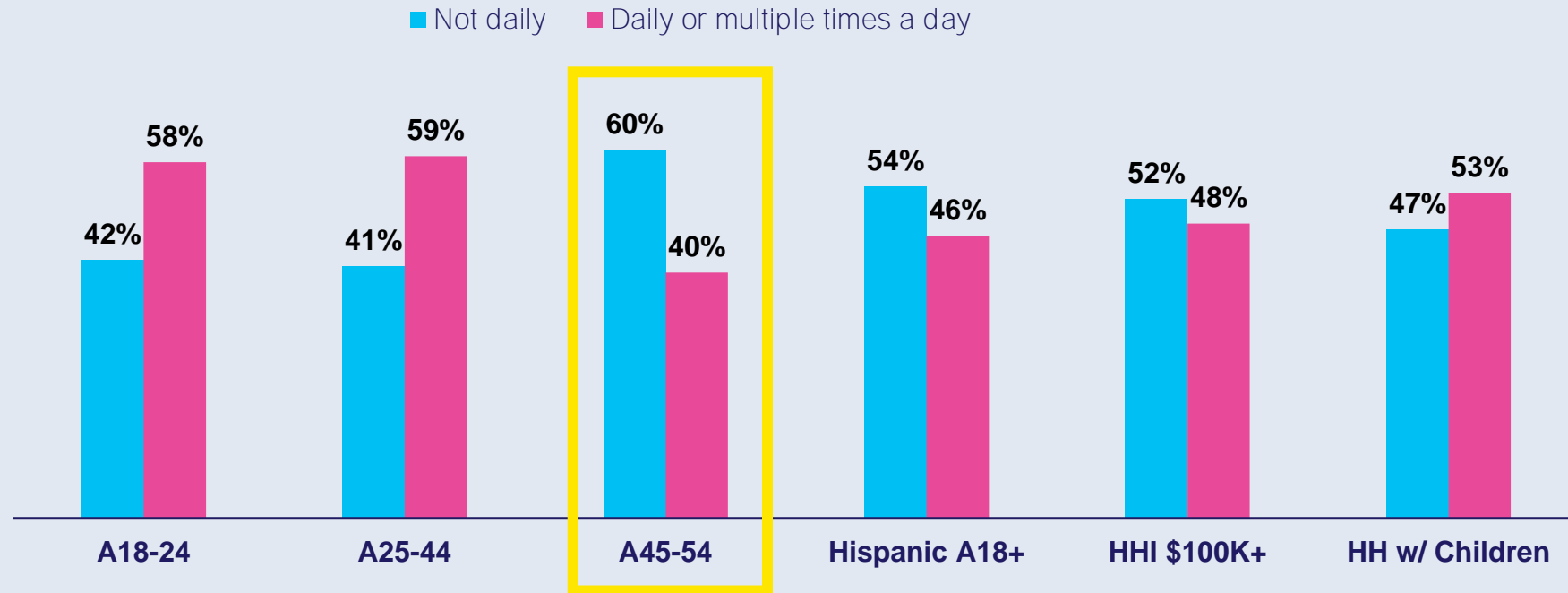
Source: VAB / Lucid 'COVID-19 Streaming Behavior Survey,' June 2020. Survey base: A18+ in households with access to streaming services and have viewed content on streaming services (n=1,000). Q2. How many streaming services does your household currently have access to? **AVOD Users** = respondents who regularly watch free subscription streaming services with commercials (e.g., Crackle, Pluto TV, Tubi TV) (n= 298).

Time, comfort, technology adoption and more choices have all combined to establish **video streaming as a habitual, daily activity** for many viewers

► **20% of respondents stream multiple times a day** and these 'super streamers' are driven by **young adults** and **families**... separately, even 40% of adults 45-54 are streaming daily now.



On average, how many times per week do you watch a video streaming service?



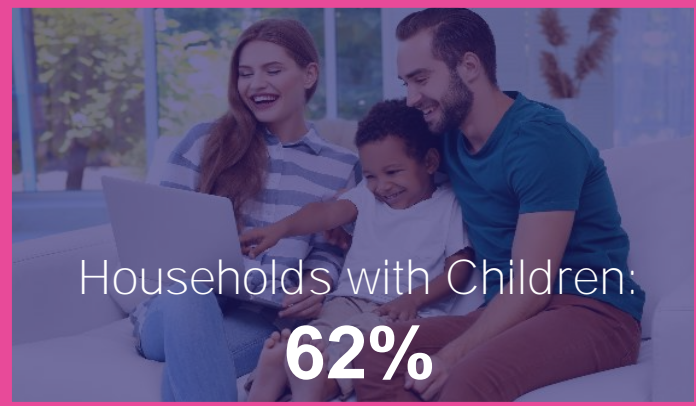
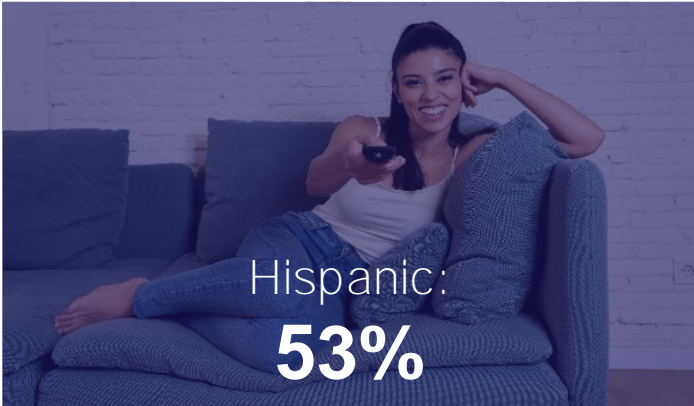
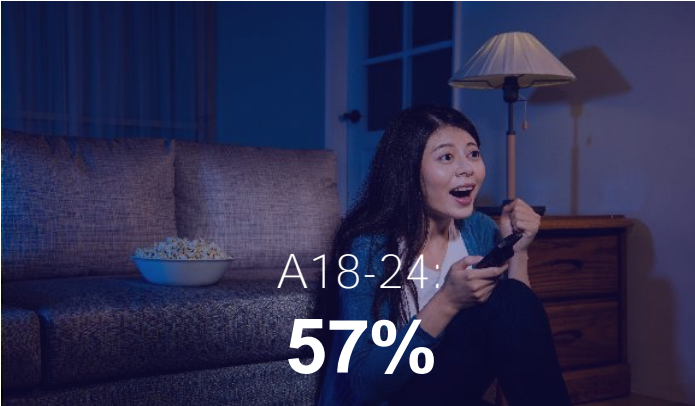
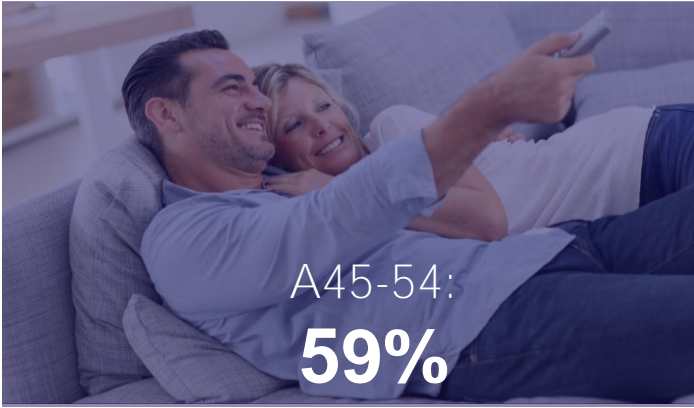
Source: VAB / Lucid 'COVID-19 Streaming Behavior Survey,' June 2020. Survey base: A18+ in households with access to streaming services and have viewed content on streaming services (n=1,000). S3. On average, how many times per week do you watch a video streaming service? (e.g., Netflix, Disney +, Tubi, Hulu, CBS All Access, etc.)

Currently, streamers are comfortable with the **value** they receive from their streaming services

- ▶ Audiences across the board find that the array of services available to them are worth it because they **love the content**, whether they're paying for a subscription or watching ads, especially among **women (62%)**

“Streaming services are a good value for your money”

% of respondents who agree completely



Source: VAB / Lucid 'COVID-19 Streaming Behavior Survey,' June 2020. Survey base: A18+ in households with access to streaming services and have viewed content on streaming services (n=1,000). Q3. When thinking about streaming video services, how much do you agree or disagree with the following statements? **AVOD Users** = respondents who regularly watch free subscription streaming services with commercials (e.g., Crackle, Pluto TV, Tubi TV) (n= 298). **SVOD Users** = respondents who regularly watch paid subscription streaming services with no commercials (e.g., Netflix, Disney+) (n= 817).

However, there are limits to how much consumers are **willing to pay** even though there are no limits to the amount of content they want access to

- ▶ **59%** of American streamers will not pay more than **\$20 a month** for streaming subscriptions, and while that might limit paid options, **free streaming services are the answer** to those looking for **more content without the added expense**

% of respondents who agree with the statement



*“My attitude is, the more content, the better!”**

A18+
38%

AVOD Users
43%



“I would rather watch ads than pay more for an ad-free experience”

A18+
42%

AVOD Users
59%

Source: Needham & Company, *Streaming Wars: Winners & Losers*, 8/14/20. The Trade Desk, January 2020. VAB / Lucid 'COVID-19 Streaming Behavior Survey,' June 2020. Survey base: A18+ in households with access to streaming services and have viewed content on streaming services (n=1,000). Q8. How much do you agree or disagree with the following statements? *Reflects respondents who answered 'agree completely'. Q10. Which of the following statements describe your views on free streaming services? (e.g., Tubi, Pluto, Crackle, etc.) **AVOD Users** = respondents who regularly watch free subscription streaming services with commercials (e.g., Crackle, Pluto TV, Tubi TV) (n= 298).

What to remember

- ▶ **Streaming of all kinds – paid subscription, free ad-supported and live - saw a boost at the onset of the pandemic as people utilized new platforms and discovered the full functionality of their video devices**
- ▶ **Audiences across the board are now streaming every day or even multiple times a day, especially among early adopters (young adults & families), expanding the opportunity for marketers to reach these coveted groups**
- ▶ **Content-hungry viewers subscribe to multiple services, showcasing room for growth for ad supported services, especially as we hit the limit consumers are willing to spend in this category**

What you'll learn today...

- 1 **How video streaming is experiencing a sea change, with audiences of all ages and backgrounds increasingly streaming every day, if not multiple times a day.**
- 2 **Why ad-supported streaming services are attracting content-hungry audiences with their vast supply of library content.**
- 3 **What the future of video streaming may hold as consumers begin to reach their limit on paid streaming services.**

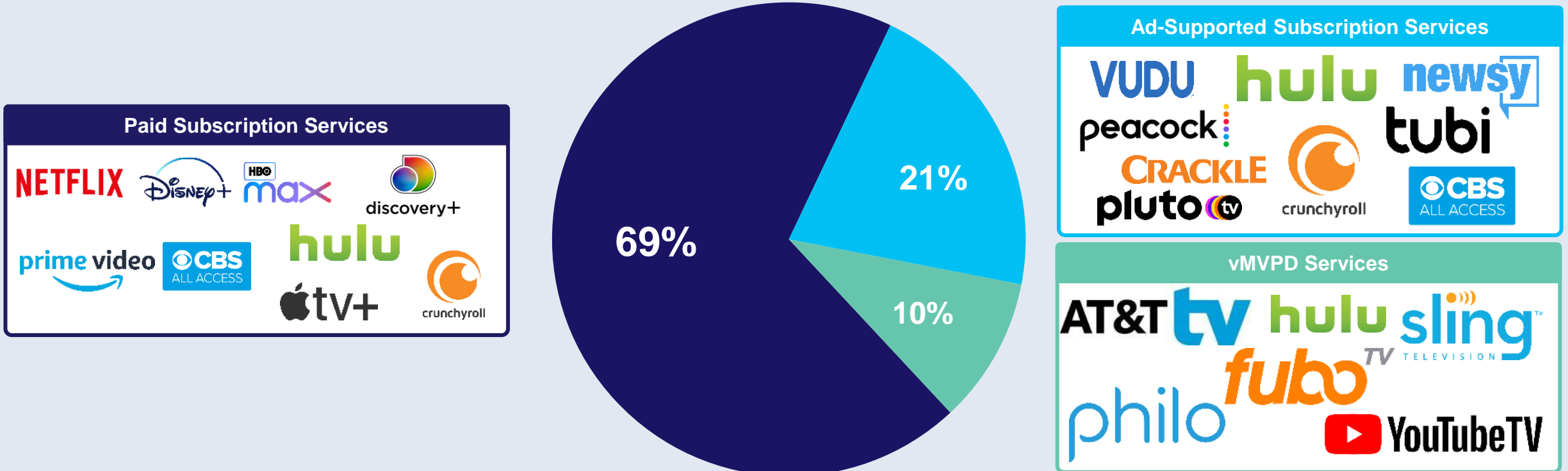
With an **established** content library and **name recognition** on their side, paid streaming services currently have the largest subscriber base

- ▶ **Ad-supported video-on-demand services (AVOD)** have been **gaining traction** over the last few years as they increase their content libraries and intensify their tactics to attract subscribers

Streaming platforms used regularly by type

% of respondents that use the following services regularly

■ Paid Subscription ■ Ad-Supported Subscription ■ vMVPD



Source: VAB / Lucid 'COVID-19 Streaming Behavior Survey,' June 2020. Survey base: A18+ in households with access to streaming services and have viewed content on streaming services (n=1,000). Q7. Please select which of the following services you currently watch regularly.

Due to heightened interest and attention during COVID-19, trial and adoption of AVOD services accelerated, with **1 in 4 viewers stacking** AVOD subscriptions on top of paid

- ▶ As more AVOD services launch, audiences are taking advantage of the strong combination of **high-quality programming that's available at a very affordable price – free**



27%

of **SVOD users** also subscribe to **AVOD services**

75%

of **AVOD users** also access SVOD services

Source: VAB / Lucid 'COVID-19 Streaming Behavior Survey,' June 2020. Survey base: A18+ in households with access to streaming services and have viewed content on streaming services (n=1,000). Q5. Which of the following streaming service types do you watch regularly? Does not equal 100% due to the ability to choose multiple responses. **AVOD Users** = respondents who regularly watch free subscription streaming services with commercials (e.g., Crackle, Pluto TV, Tubi TV) (n= 298). **SVOD Users** = respondents who regularly watch paid subscription streaming services with no commercials (e.g., Netflix, Disney+) (n= 817).

People enjoy AVOD platforms because they satisfy viewers' desire for more premium content of both current and library TV shows

Which of the following statements about streaming video content do you agree with?

% of respondents who agree completely

AVOD Users



72%

“I like the large selection of TV shows and movies they offer”



67%

“I like having access to every show, past or present”



58%

“I enjoy the original content the service offers”

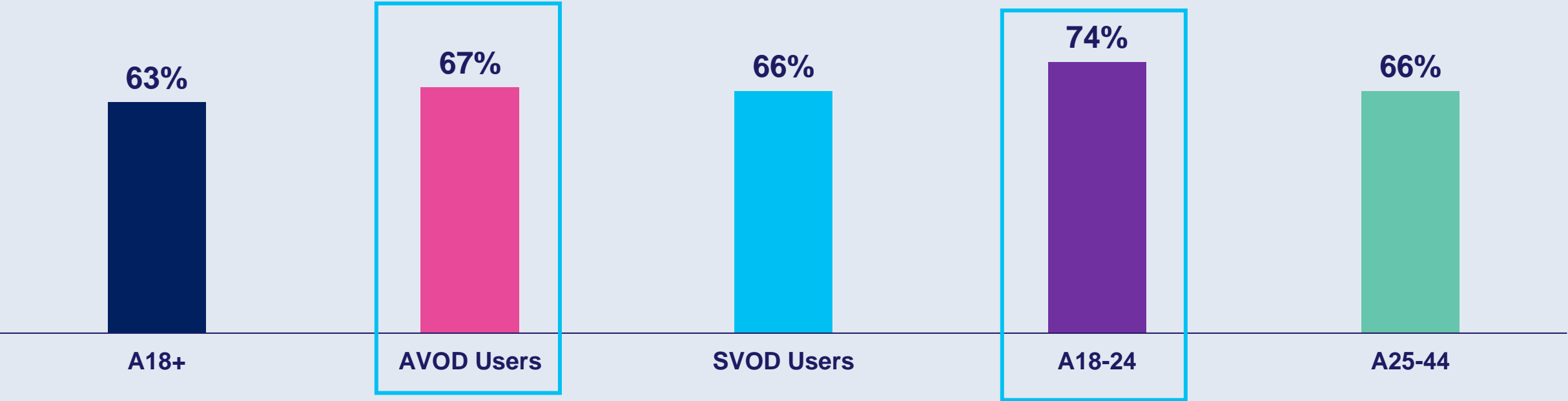
Source: VAB / Lucid 'COVID-19 Streaming Behavior Survey,' June 2020. Survey base: A18+ in households with access to streaming services and have viewed content on streaming services (n=1,000). Q3. When thinking about streaming video services, how much do you agree with the following statements? Does not equal 100% due to the ability to choose multiple responses. **AVOD Users** = respondents who regularly watch free subscription streaming services with commercials (e.g., Crackle, Pluto TV, Tubi TV) (n= 298).

Library content, a core attribute for many AVOD services, is an important driver for signups, especially for **young adults** who appreciate ‘retro’ classics

▶ A **combination** of both **newer originals** and **older classics** appeal rather equally to both AVOD users (**67%**) and SVOD users (**66%**)

“I like having access to every show, past or present”

% of respondents who agree completely

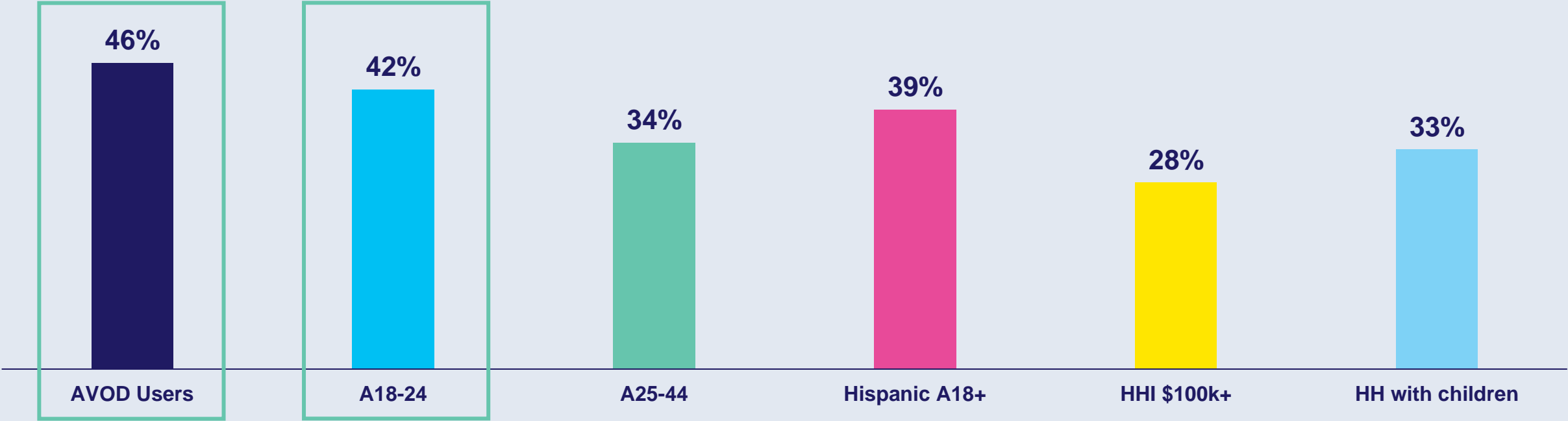


Source: VAB / Lucid 'COVID-19 Streaming Behavior Survey,' June 2020. Survey base: A18+ in households with access to streaming services and have viewed content on streaming services (n=1,000). Q3. When thinking about streaming video services, how much do you agree or disagree with the following statements? **AVOD Users** = respondents who regularly watch free subscription streaming services with commercials (e.g., Crackle, Pluto TV, Tubi TV) (n= 298). **SVOD Users** = respondents who regularly watch paid subscription streaming services with no commercials (e.g., Netflix, Disney+) (n= 817).

AVOD users are **satisfied with the experience** as nearly half say they are watching more content on ad-supported platforms than paid services

“I have found myself streaming more free, ad-supported video content than paid content”

% of respondents who agree completely



Source: VAB / Lucid 'COVID-19 Streaming Behavior Survey,' June 2020. Survey base: A18+ in households with access to streaming services and have viewed content on streaming services (n=1,000). Q9. Thinking of your behavior over the past 30 days, which of the following statements do you feel apply to you? Does not equal 100% due to the ability to choose multiple responses. **AVOD Users** = respondents who regularly watch free subscription streaming services with commercials (e.g., Crackle, Pluto TV, Tubi TV) (n= 298).

...And almost 40% hope **more** ad-supported services **launch**



Nearly **4 in 10** AVOD users **wish** there were **more** free streaming video services

Source: VAB / Lucid 'COVID-19 Streaming Behavior Survey,' June 2020. Survey base: A18+ in households with access to streaming services and have viewed content on streaming services (n=1,000). Q10. Which of the following statements describe your views on free streaming services? (e.g., Tubi, Pluto, Crackle, etc.)

Why do people desire more AVOD services? Because viewers are **not deterred by advertising**, in fact they acknowledge that ads make their viewing experience more affordable

Which of the following statements about streaming video content do you agree with?

% of respondents who agree completely

“I appreciate the fact that ads are making this service cheaper for me”

AVOD Users
53%

A18-34
41%

A35-54
35%

“I don’t mind seeing ads in free streaming programming”

AVOD Users
35%

A18-34
25%

A35-44
30%

Source: VAB / Lucid 'COVID-19 Streaming Behavior Survey,' June 2020. Survey base: A18+ in households with access to streaming services and have viewed content on streaming services (n=1,000). Q10. Which of the following statements describe your views on free streaming services? Q12. Which of the following statements about advertisements that appear in streaming services that have ads do you agree with? Does not equal 100% due to the ability to choose multiple responses. **AVOD Users** = respondents who regularly watch free subscription streaming services with commercials (e.g., Crackle, Pluto TV, Tubi TV) (n= 298).

What to remember

- ▶ While paid services are the most popular streaming platforms, their **content libraries are under siege** as new services are being rolled out by nearly all of the major media players
- ▶ **Consumers value content** and are looking to get it wherever they can, providing **more opportunity for free ad-supported streaming services**
- ▶ **AVOD viewers are not deterred by ads or even cost** – their ultimate driver is a passion for content
- ▶ **Ad-supported services' growth is a positive sign for marketers** looking to reach an engaged and expanding audience

What you'll learn today...

- 1 **How video streaming is experiencing a sea change, with audiences of all ages and backgrounds increasingly streaming every day, if not multiple times a day.**
- 2 **Why ad-supported streaming services are attracting content-hungry audiences with their vast supply of library content.**
- 3 **What the future of video streaming may hold as consumers begin to reach their limit on paid streaming services.**

Many of the major media companies are setting up **bundle partnerships** to entice new subscribers by making their services more **accessible to viewers**, as well as more **affordable**, while aiming to **minimize churn**

T_HQ

Streaming service bundles are a new way to attract subscribers

The demand for over-the-top (OTT) media services has exploded amid the pandemic.

August 18th, 2020

TV(R)EV

Apple, Disney Take Baby Steps Toward The Great Re-Bundling

August 18th, 2020

VARIETY

ViacomCBS Will Have Apple TV Plus' First Video Bundle (Report)

CBS All Access, Showtime to be available for 50% off via tech giant's new offer: Bloomberg

August 13th, 2020

Which of the following statements about streaming video content do you agree with?

% of respondents who agree completely

A18+

"I wish there were discounts for bundling certain streaming services"

57%

"I wish there was one bundle I could buy that included everything"

53%

Bundling, i.e., aggregating more content at an attractive price point, is also an appealing way to lure in more consumers especially now that many services are moving away from free trials

Source: VAB / Lucid 'COVID-19 Streaming Behavior Survey,' June 2020. Survey base: A18+ in households with access to streaming services and have viewed content on streaming services (n=1,000). Q3. When thinking about streaming video services, how much do you agree or disagree with the following statements?

In addition to bundling, consumers are looking for **ease of use** in the form of **built-in functionality** and **availability** across all devices

- ▶ The established paid services have had the advantage, as many smart TVs and streaming players offer one-click access for viewers, whereas the ad-supported services are still building their relationships with OEM's...



When considering video streaming attributes:

81%

of consumers place a *high importance* on **ease of use**

58%

value **availability across devices**

- ▶ However, smart TVs, which are the fastest growing streaming devices, have been evolving and many now feature a much more seamless interface with many more pre-installed streaming apps than before – which creates more opportunities for AVOD.

Source: Nielsen Total Audience Report, February 2020.

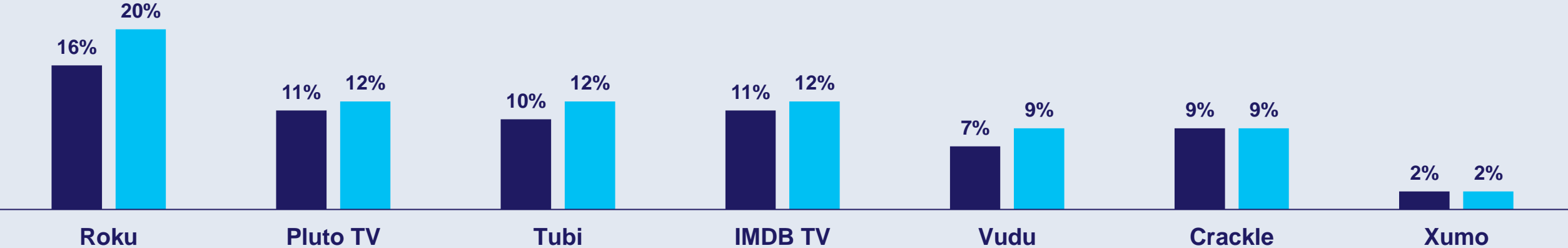
Due to their satisfaction with the ad-supported streaming experience, **more viewers have been watching each of the major AVOD platforms** during the pandemic, increases weren't just seen on one or two services...

Use of Major AVOD Services

% of U.S. A18+ using service

■ 2/12 - 2/25

■ 4/22 - 5/5

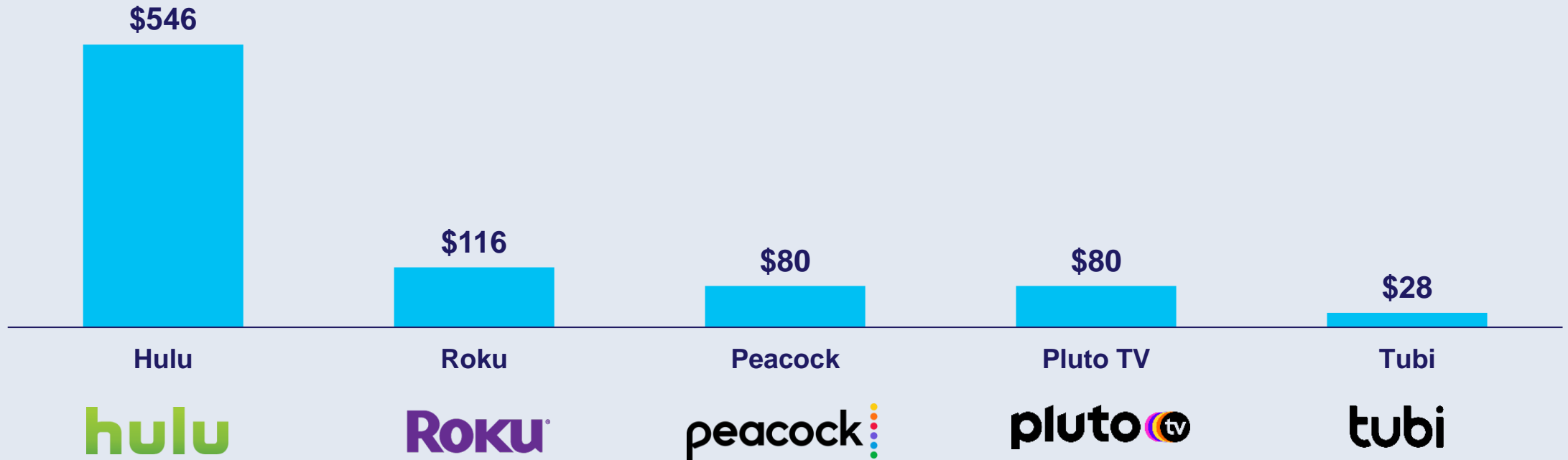


Source: VIP+: Variety Intelligence Platform, COVID Impact on Media, 8/14/20. Hub Research.

...and this increase in viewership has led to **significant revenue increases** across major AVOD services

- ▶ Ad revenues across some of the top AVOD services rose **31%** in Q2 2020, for a total of **\$849 million** among these five services

Ad revenues across 5 AVOD streaming services
2Q '20 (\$ in millions)



Source: [MediaPost](#), 8/14/20. Comscore, *State of OTT*, 2020.

AVOD services are committed to improving the viewing experience by **limiting commercial loads (and offering hybrid free/paid models), developing **advanced targeting solutions** to increase relevancy and creating **engaging interactive ads****



Many ad-supported services have **improved the ad experience by:**

- ▶ **Committing to **limited** commercial time**
- ▶ **Using interactive / shoppable ads (including QR codes) to **increase engagement****

Source: VAB / Lucid 'COVID-19 Streaming Behavior Survey,' June 2020. Survey base: A18+ in households with access to streaming services and have viewed content on streaming services (n=1,000). Q12. Which of the following statements about advertisements that appear in streaming services that have ads do you agree with? **AVOD Users** = respondents who regularly watch free subscription streaming services with commercials (e.g., Crackle, Pluto TV, Tubi TV) (n= 298).

Beyond scripted content, **livestreaming as a format is poised for even greater growth** as more events become virtual and, in a post-pandemic world, more virtual experiences are created as a complement to live, in-person events

“I haven’t livestreamed an event or concert, but would consider if there was something that interested me”
% who agree



37%

P18+



42%

P18-24



29%

Single

Source: VAB / Lucid ‘COVID-19 Streaming Behavior Survey,’ June 2020. Survey base: P18+ in households with access to streaming services and have viewed content on streaming services within the past seven days (n=1,000). Q14. When thinking about livestreaming, by which we mean: streaming a program online live as it happens (e.g., Concert - One World: Together at Home, Sporting Event – Virtual NFL Draft) - which of the following statements do you feel apply to you?

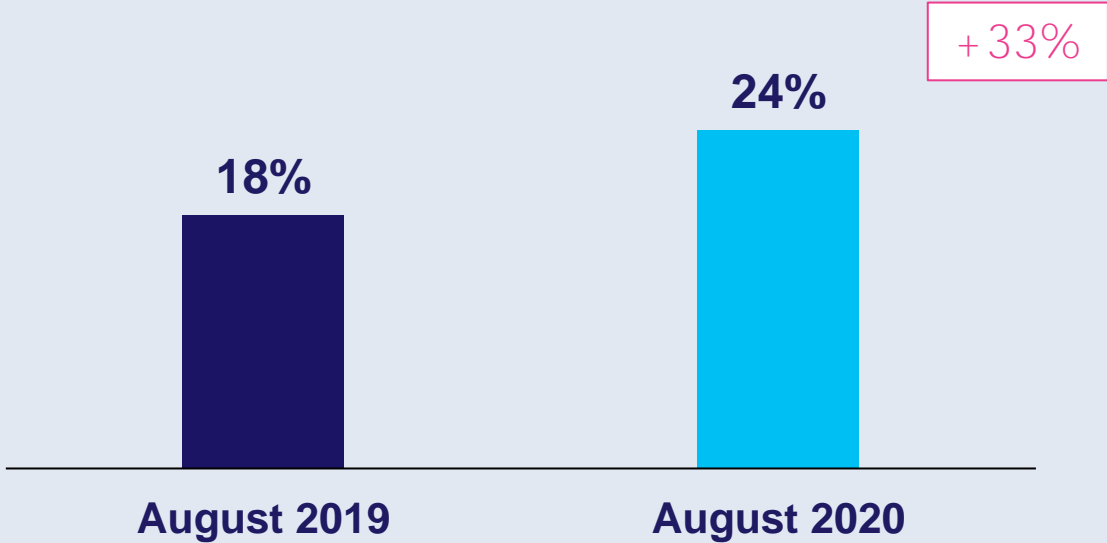
According to Nielsen, **streaming now accounts for almost one-quarter** of total TV usage in OTT-capable homes (approx. 20% for total homes)



Streaming now accounts for **24%** of total usage among OTT capable homes

Increased usage is due to streaming enablement and expanded offerings

Streaming TV as % of Total TV Usage
among OTT-capable homes

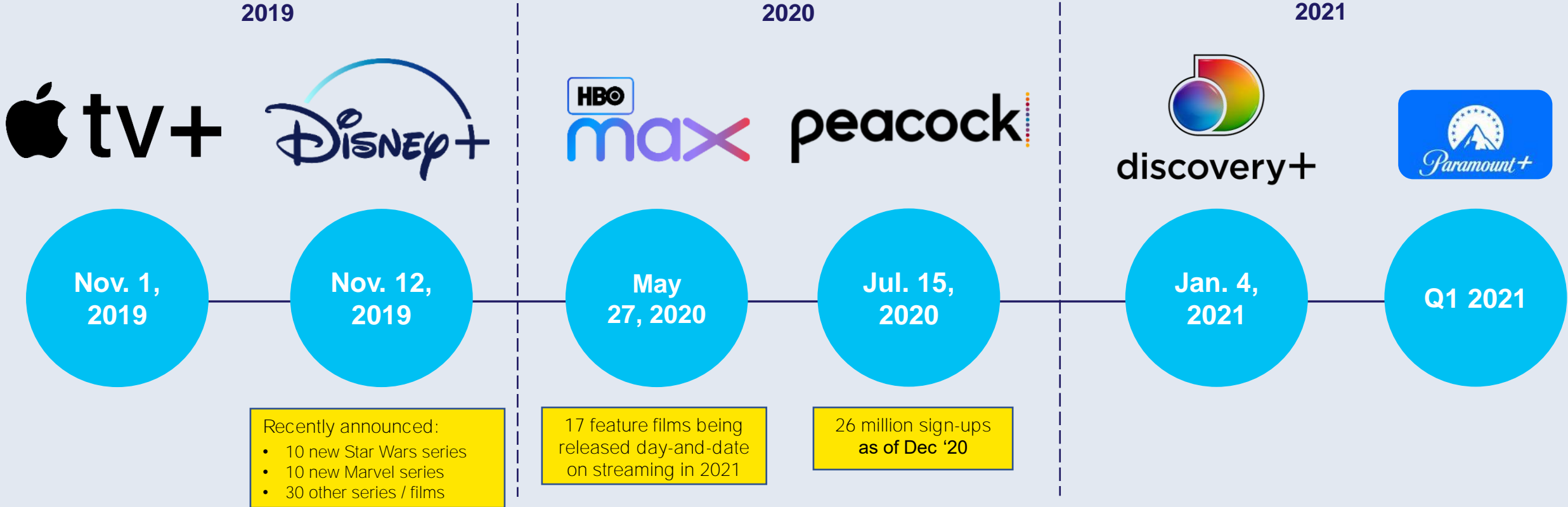


Source: Nielsen: Streaming Meter Homes. Share of Average Weekly Steaming Minutes (Weighted) as a percent of Total TV Usage among Streaming Capable Homes, P2+ Total Day

Streaming should continue to increase steadily as the recently launched services from major media companies mature and more original content is released to attract, and retain, subscribers and sign-ups

▶ Below represents the largest disruption in on-demand video since the introduction of Netflix streaming & Hulu 10+ years ago

Streaming Services Launch Dates



Source: TV Time and United Talent Agency, *Beyond The Big Three: The Streaming Wars Are Upon Us*, October 2019. [Discovery Inc.](#), 12/2/2020.

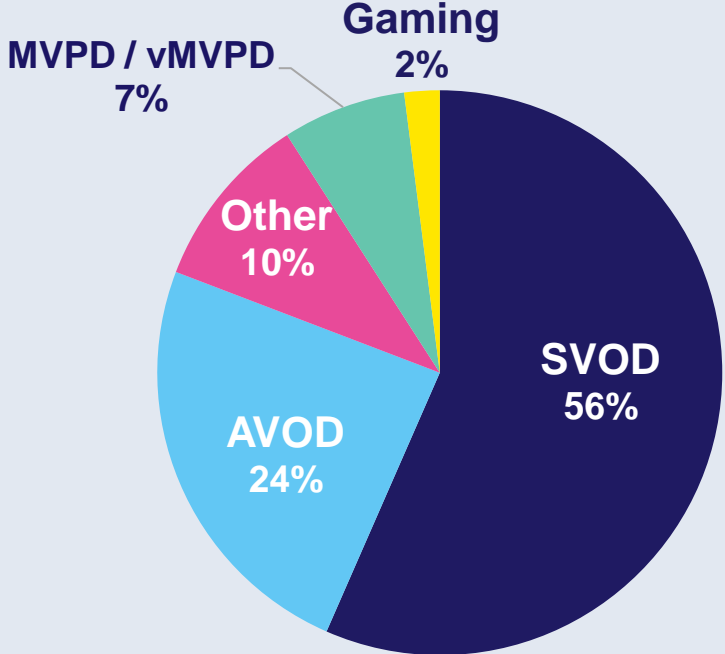
As of now, SVOD services continue to account for a majority of total streaming minutes but **ad-supported options have been increasing share recently (now representing a 30%+ share)**

Paid Subscription Services

Ad-Supported Subscription Services

vMVPD Services

% of Daily Streaming Minutes By Service



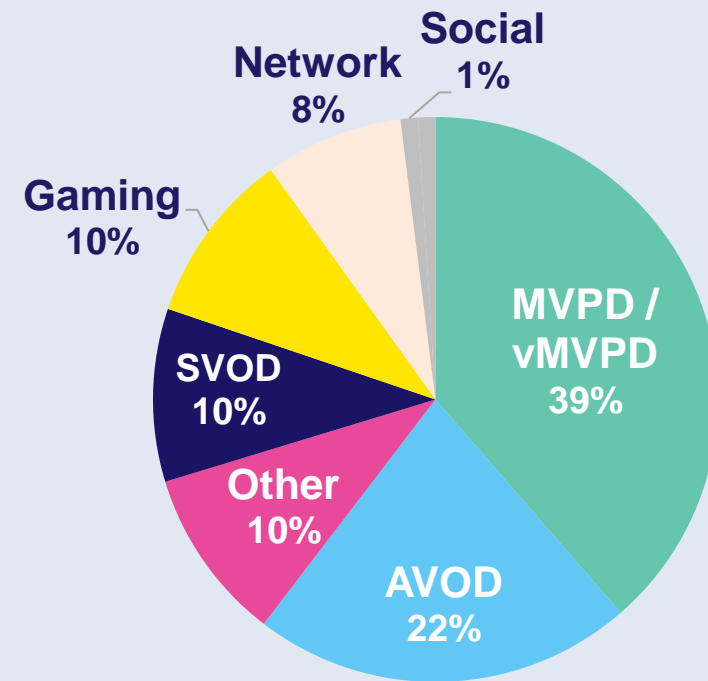
Source: Nielsen, Streaming Meter Homes, Sum of Daily Streaming Minutes (Weighted) as a percent of Total Streaming, P2+, Total Day, 7/27/2020 – 8/30/2020

Beyond the 'Top 5' (Netflix, Hulu, Amazon Prime, YouTube & Disney+), three of which are SVOD platforms, 'Linear TV' is the most popular streaming service category followed by AVOD platforms



% of Daily Streaming Minutes By Service

(excluding 'Top 5')



Source: Nielsen, Streaming Meter Homes, Sum of Daily Streaming Minutes (Weighted) as a percent of Total Streaming, P2+, Total Day, 7/27/2020 – 8/30/2020.

What to remember

- ▶ Although the video streaming ecosystem has not yet hit saturation, the limit of paid services may soon be peaking, giving rise to the demand for free ad-supported services featuring both scripted and live-streamed content
- ▶ In order to stay competitive, 'pure' paid services may need to introduce tiered pricing options, including ad-supported options, or offer some of their exclusive content (such as a series episode or season) for free to attract new subscribers
- ▶ With so much content spread across multiple services, bundling of services and programming has become a popular strategy for attracting new viewers
- ▶ AVOD services are continually committed to improving the viewing experience by limiting commercial loads, increasing advertising relevancy and innovating through shoppable ads

Key Takeaways for Marketers



AVOD is an Incremental Reach Opportunity

Audiences across the board are now streaming every day or even multiple times a day and viewing multiple services.

As viewers continue to stack AVOD platforms on top of paid, marketers have an opportunity to expand reach and 'fuel their funnel' with more consumers.

AVOD is in Growth Mode

The increased access, tech adoption, comfort level and time that viewers had early on in the pandemic drove increases in video streaming.

These behaviors are holding, signaling AVOD's place as an important piece of a holistic video campaign into the future.

Content is King

Viewers choose which services to watch based upon the content, not the price or even the presence of ads.

Because of their extensive libraries of programming, AVOD platforms attract viewers and deliver marketers an engaged, attentive and committed audience.

Opportunity in the Ad Experience

Viewers accept and appreciate that ads are a 'part of the deal' in getting free content.

With this comes a marketing opportunity to be creative, innovative, interactive and targeted with your brand message and build relationships with these engaged viewers.

In these reports you'll find additional data including:



A Sea Change in Video Viewing

Helping Marketers Find More Fish in the Streaming Ecosystem



We're Going Live

How Consumers are Living Vicariously Through Live-Streamed Events in the Time of COVID-19

- 1.) Advertising investment levels of both paid subscription and ad-supported services
- 2.) Demographic reach of individual paid subscription services
- 3.) Many more consumer insights on the growing popularity of live-streaming

Brand marketers and agencies get free and immediate access to VAB's content library. Get access at theVAB.com

Thank You!

Get immediate access to the VAB Insights library We've answered hundreds of marketers' questions.

Our guides, reports, webinars and videos provide actionable insights to help marketers navigate today's video landscape and think differently about their strategy.

We are committed to your business growth and proud to offer brand marketers and agencies **complimentary access** to our continuously-growing Insights library.

Get Access at theVAB.com or visit us here

