



Ad Receptivity and the Ad-Supported OTT Video Viewer

October 2018

Produced by IAB Video Center of Excellence

Made Possible with the Financial Support of:

SPOTX

[maru/matchbox](#)

Objectives and Methodology

Objective:

The study aimed to both size the audience and provide demographics of U.S. video streamers watching Ad-Supported Over-the-Top (ASV OTT) video. Once ASV OTT viewers were identified, a deep dive survey further explored the video viewer segments to gain insights into their behaviors, attitudes and usage in order to help better target the ASV OTT cohort.

Methodology:

Two online surveys were fielded among MARU/Matchbox's Springboard America online panel (~250,000 U.S. members):

1. Omnibus study of 1,512 nationally representative U.S. 18+ sample to determine the profile of the Ad-Supported OTT Video Viewer; fielded 8/10/18.
2. Study among 1,223 consumers ages 18+ in the U.S., with age/gender quotas set to reflect viewership profiles from the omnibus study; fielded 9/25/18-9/26/18.

Definitions

- **Ad-Supported OTT Video Viewers (ASV OTT Viewers) are defined as those who watch video...**

Through a streaming service I watch for free and there are ads (e.g., YouTube, Pluto, Roku Channel, Crackle, Vevo, Xumo, etc.)

Through an online-based cable TV provider (e.g., Sling TV, DirecTV Now)

Through a streaming app that requires a cable/satellite/telco login (e.g., Discovery GO, FX app, WatchESPN, Xfinity, Spectrum, etc.)

Through a streaming service I subscribe to for a monthly fee, and there are ads (e.g., Hulu with limited ads, CBS All Access with limited ads, etc.)

- **Free Ad-Supported OTT Video Viewers (Free ASV OTT Viewers), a subset of ASV OTT, are defined as those who watch video...**

Through a streaming service I watch for free and there are ads (e.g., YouTube, Pluto, Roku Channel, Crackle, Vevo, Xumo, etc.)

- **Subscription Video On Demand (SVOD) Viewers defined as those who watch video...**

Through a streaming service I subscribe to for a monthly fee, and there are no ads (e.g., Netflix, Amazon Prime, HBO Go/Now, Showtime App, etc.)

- **TV Viewers are defined as those who watch...**

'Regular' (not cable) TV to access free local channels (e.g., ABC, CBS, NBC, FOX, etc.) using an antenna or 'over the air'

Through my cable/satellite/telco provider (e.g., live TV, DVR, VOD)

TV Only Viewers = those who only watch TV/Cable

Heavy = those who watch TV/cable daily+

Light = those who watch TV/cable weekly or less

Key Takeaways

- **73% of adults 18+ who typically watch streaming OTT video say they watch ad-supported OTT video**
- **45% of adults 18+ who typically watch streaming OTT video say they watch ad-supported OTT video most out of streaming videos**
- **Ad-Supported OTT Video Viewers (ASV OTT) are an INCREMENTAL audience:**
 - ASV OTT viewers do NOT typically watch linear TV (ASV OTT viewers spend less time watching cable than SVOD OTT viewers)—they are an incremental reach.
 - Over half are cord cutters/shavers with over one-third citing ‘better content on streaming services’ as a reason.
- **ASV OTT Viewers are a HIGH-VALUE audience:**
 - Profile: Younger; with kids in household; skews male.
 - Similar to SVOD OTT viewers except that they skew more male.
 - Very different from TV only viewers: Younger; more male; diverse; with kids; higher income.
- **ASV OTT Viewers are an ENGAGED audience:**
 - Roughly 1 in 3 ASV OTT Viewers say that ads on free ASV OTT services are better than TV commercials.
 - About 1 in 3 say ASV OTT ads are more engaging, relevant and unique than TV commercials.

Key Takeaways

- › ASV OTT Viewers watch a variety of platforms
- › Over 2-in-5 ASV OTT Viewers are watching more ASV OTT video than they did a year ago.
- › ASV OTT Viewers are receptive to ads: They are much more likely than SVOD OTT viewers to enjoy ads, find them useful, have higher engagement with them and to enjoy interacting with ads.
- › More ASV OTT Viewers try new brands, are brand influencers and buy direct brands.
- › Compared to SVOD OTT Viewers and TV Only Viewers, ASV OTT Viewers are more likely to follow Social Influencer stars and they spend more on subscription purchases (e.g., meal kits or contact lenses).

Why Does This Matter?

- **ASV OTT viewers are a valuable audience who are similar in demographic to SVOD OTT viewers but reachable primarily through ASV. They are a more desirable audience than TV Only viewers.**
- **ASV OTT viewers can be more elusive to target than TV Only or SVOD OTT Viewers but can be found on ad-supported video OTT channels, where they are watching more ASV OTT than a year ago.**
- **Despite being the typical ad blocking demo (young, male), ASV OTT viewers are more receptive to advertising than either SVOD OTT or TV Only viewers. What's more, many report that they enjoy interacting with ads. In fact, ASV OTT viewers think of ads on this platform as being better.**
- **ASV OTT viewers report that they are open to new brands, new ways of advertising and marketing and have a penchant for direct brands. This target is prime for direct brand messaging.**

Meet the ASV OTT Viewer

73%

of adults 18+ who typically watch streaming video say they watch **ad-supported OTT video**

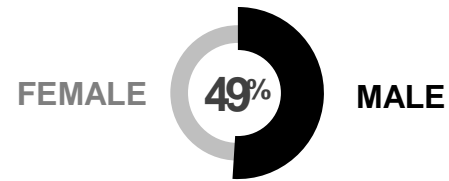
45%

of adults 18+ who typically watch streaming video say they watch **ad-supported OTT video most** out of streaming videos

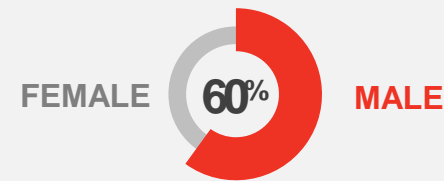
Demographics Those who watch Ad-supported Video (ASV) OTT most skew: male; younger; diverse; and with kids

GENDER

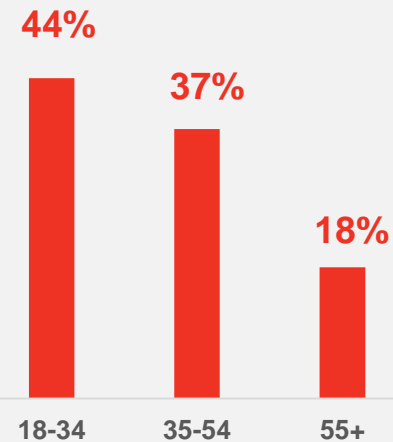
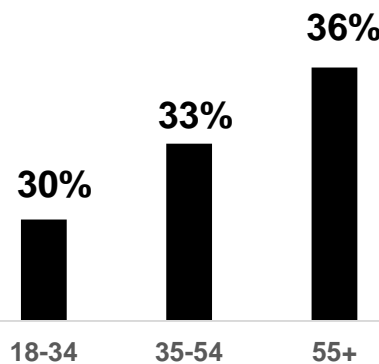
U.S. 18+ GEN. POP.



WATCH ASV OTT MOST



AGE



Demographics Those who watch Ad-supported Video (ASV) OTT most skew: male; younger; diverse; and with kids

Household
Income
\$75k+

MARITAL STATUS
PARENTS



ETHNICITY



U.S. 18+ GEN POP

WATCH ASV OTT MOST

28%

34%

Married

Have children
in household

Married

Have children
in household

50%

41%

49%

51%

Caucasian

64%

African-American

12%

Hispanic

16%

Asian/Other

8%

Caucasian

58%

African-American

15%

Hispanic

14%

Asian/Other

12%

Those who mostly watch ASV OTT Video most are similar to SVOD viewers except that they skew much more Male and are slightly more diverse

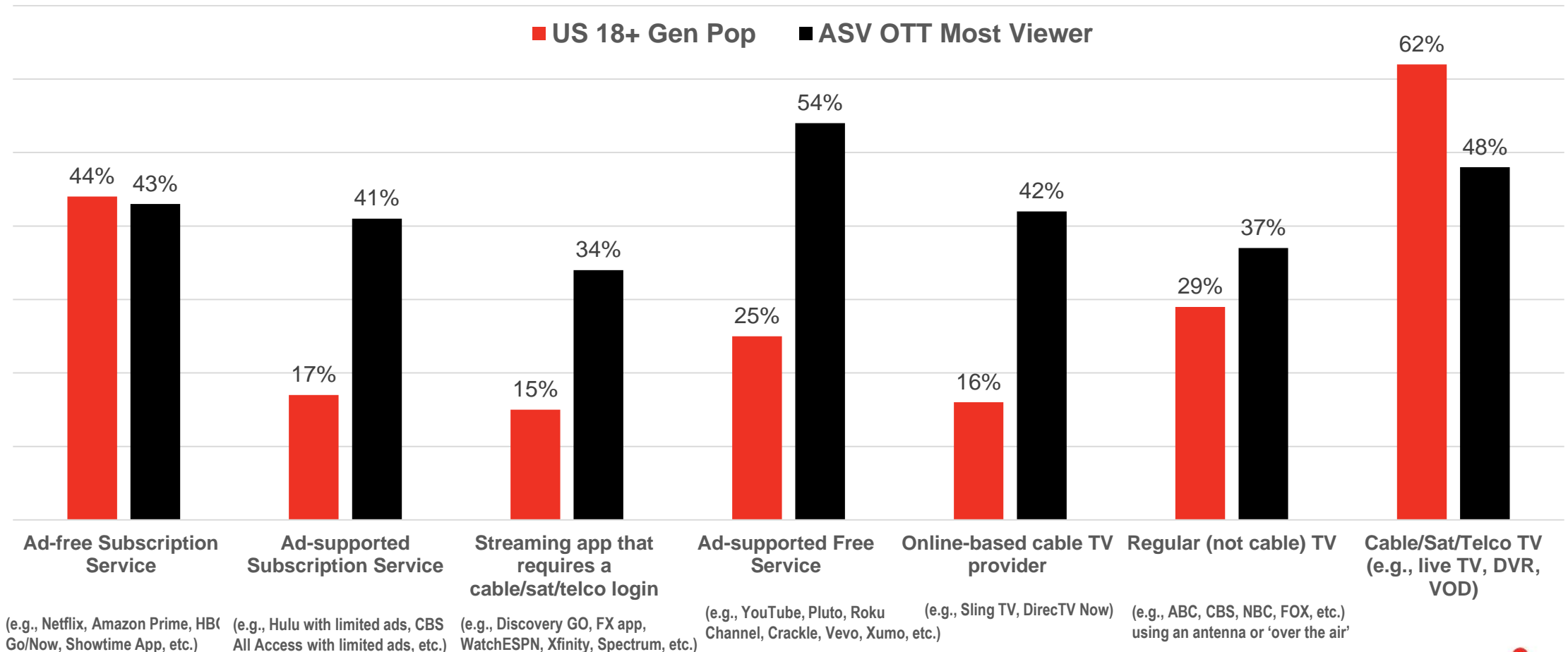
- ASV OTT viewers are very different from TV only viewers: Younger, more male, diverse, with kids at home and higher income.

	U.S. Gen Pop	Watch ASV OTT Most	Watch SVOD OTT Most	TV Only Viewers
		A	B	C
		n=388	n=512	n=566
Male	49%	60%	46%	44%
Female	51%	40%	54%	56%
18-34	30%	44%	42%	10%
35-54	33%	37%	36%	28%
55+	36%	18%	21%	61%
White/Caucasian	64%	58%	60%	72%
Black/African American	12%	15%	11%	11%
Hispanic	16%	14%	23%	11%
Asian/Other	8%	12%	6%	7%
\$75K+ Income	28%	34%	34%	21%
Married	50%	49%	51%	51%
Kids in Household	41%	51%	51%	26%

OTT Video Services Typically Watched

% Who Typically View OTT Video via Each Service

Among U.S. Adult 18+ OTT Streamers and Among U.S. Adult 18+ OTT Streamers Who Watch ASV OTT Most

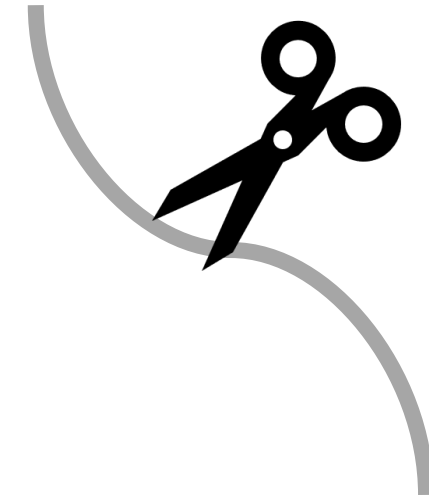


QS1_Services. How do you typically watch TV or streaming video on your TV? 'Video' may include TV shows, movies, news clips, music videos, online original video series, etc. Omnibus, n=1,512; Watch ASV OTT Most, n=388

TV and The ASV OTT Viewer

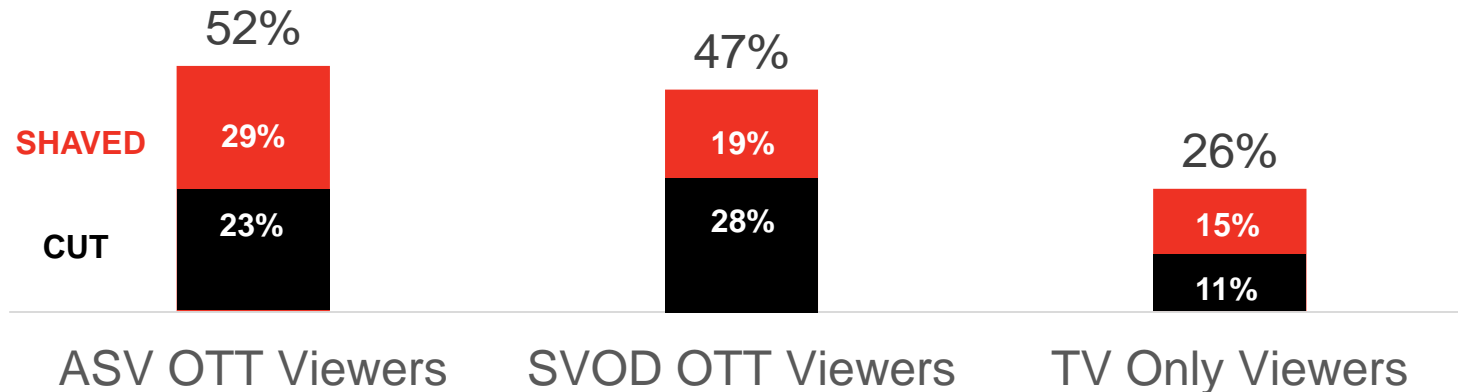
More than half of ASV OTT Viewers are cutting back on cable/satellite/telco services due to cost

- ▶ More ASV OTT Viewers than SVOD OTT Viewers have recently cut/shaved cable/satellite/telco service
- ▶ Cost remains the top reason for cord cutting



% Who Are Cord Cutters/Shavers

"Cost" is the top reason for all groups



QS7. Have you ever subscribed to a paid TV service (Basic cable, Digital cable, Telco or Satellite)?

QS8. Have you recently cut back on your paid TV service (Basic cable, Digital cable, Telco or Satellite)?

Base: Floating by Platform Users; ASV OTT n=589, SVOD n=332, TV Only n=302.

Q_WhyCordCutShave. Which of the following reasons, if any, explain why you cut back or stopped your cable TV subscription?

Base: Total n=540, ASV OTT Viewer n=306, SVOD Viewer n=155, TV Only Viewer n=79

The convenience of choosing from vast content supply, including TV Shows, impacts perception of “better” OTT content, leading to cord cutting/shaving

Most ASV and SVOD OTT viewers typically watch TV Shows and think the formats offer good content variety

ASV OTT Viewers	SVOD OTT Viewers	
72%	77%	Typically watch <u>TV Shows</u>
79%	87%	Rate the format good/excellent for <u>variety of content</u>

Price, convenience and content impact cord cutting

Reasons for cutting/cutting back on cable:



ASV OTT Viewers	SVOD OTT Viewers	
77%	74%	<u>‘To save money’</u>
42%	29%	<u>‘Convenience/flexibility of streaming services’</u>
38%	32%	<u>‘Better content on streaming services’</u>

QS7. Have you ever subscribed to a paid TV service (Basic cable, Digital cable, Telco or Satellite)? QS8. Have you recently cut back on your paid TV service (Basic cable, Digital cable, Telco or Satellite)?

Base: Floating by Platform Users; ASV OTT n=589, SVOD n=332, TV Only n=302.

Q_WhyCordCutShave. Which of the following reasons, if any, explain why you cut back or stopped your cable TV subscription?

Base: Total n=540, ASV OTT Viewer n=306, SVOD Viewer n=155, TV Only Viewer n=79

Q11. [NET: Top Box] Now let's talk about what types of video you watch. Do you typically watch: TV Shows: Current or past TV shows from Reality TV to Comedy to Drama, etc.

(i.e. Big Bang Theory, Friends, South Park, Real Housewives, Deadliest Catch, etc.)

Base: ASV OTT Viewers n=589, SVOD OTT Viewer n= 332

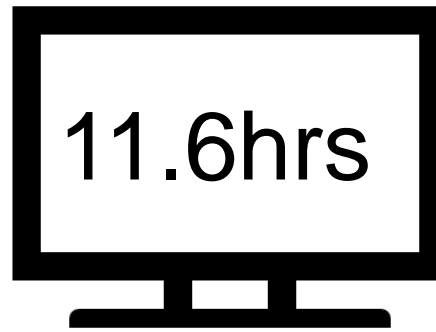
ASV OTT Viewers are not as easily reached via TV

- ▶ **ASV OTT Viewers are an incremental reach: They spend less time watching cable than SVOD Viewers**

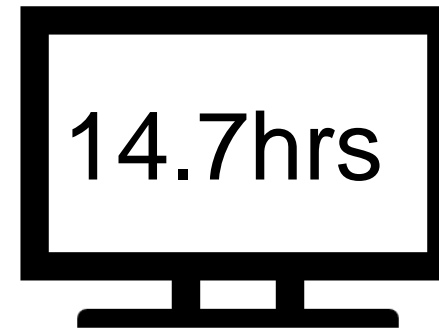
Hours Spent Watching Cable/Sat/Telco TV Per Week



ASV OTT Viewers



SVOD OTT Viewers



TV Only Viewers

- Even lower among Free ASV OTT Viewers: 10.1hrs

QS6. [TV through cable/satellite/telco provider (e.g., live TV, DVR, VOD)] How many hours a week do you watch on each of the following platforms?

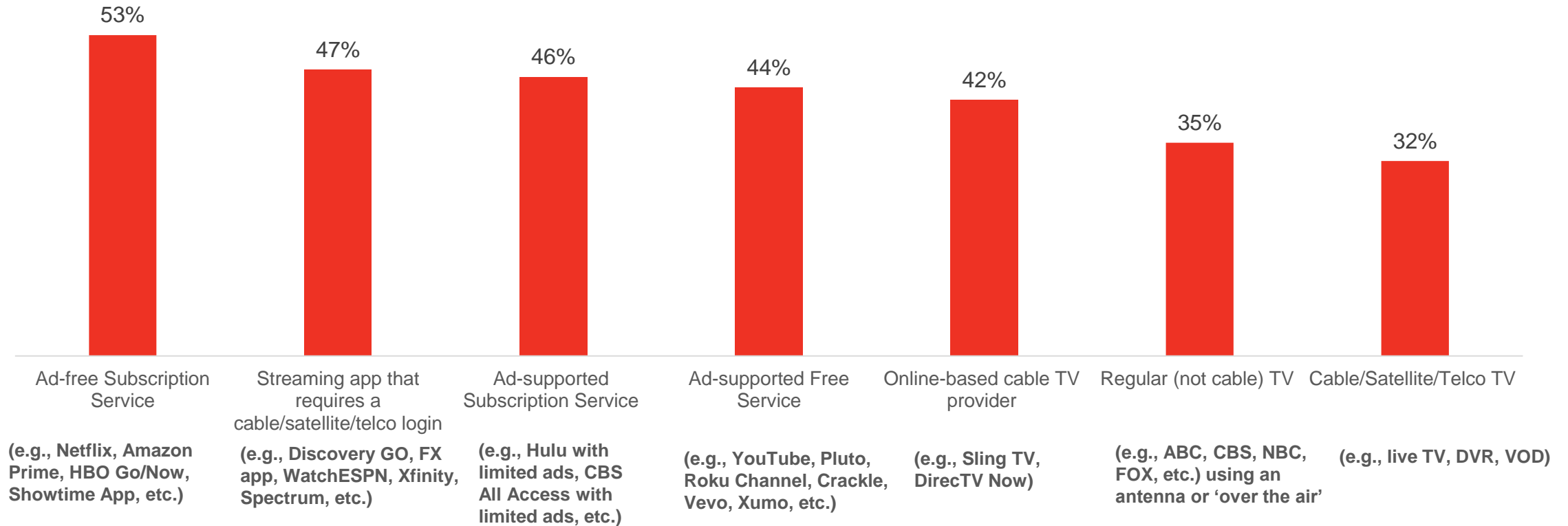
Base: ASV OTT Viewers n=340, SVOD Viewers n=193, TV Only Viewers n=262

Statistically significant differences between ASV OTT and TV Only.

Statistically significant differences between SVOD OTT Viewers and TV Only

And more than 2-in-5 ASV OTT Viewers are watching more on OTT platforms vs. a year ago

% Watching Each Service More Than They Did a Year Ago
(Among ASV OTT Viewers)

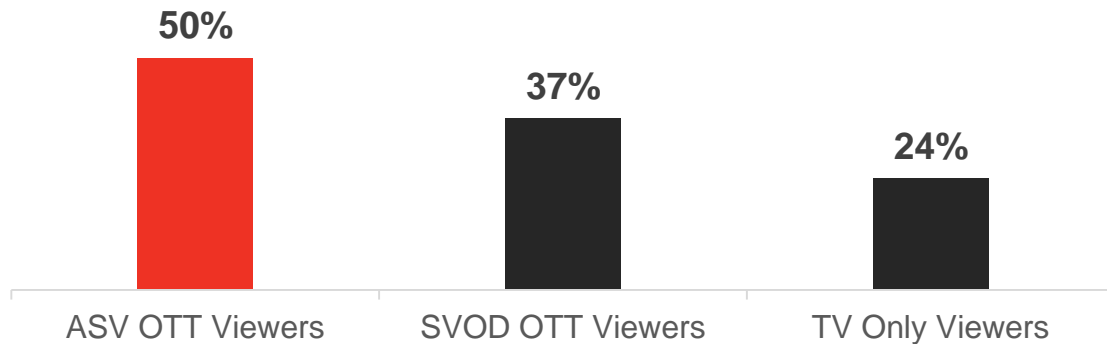


Ad Receptivity and The ASV OTT Viewer

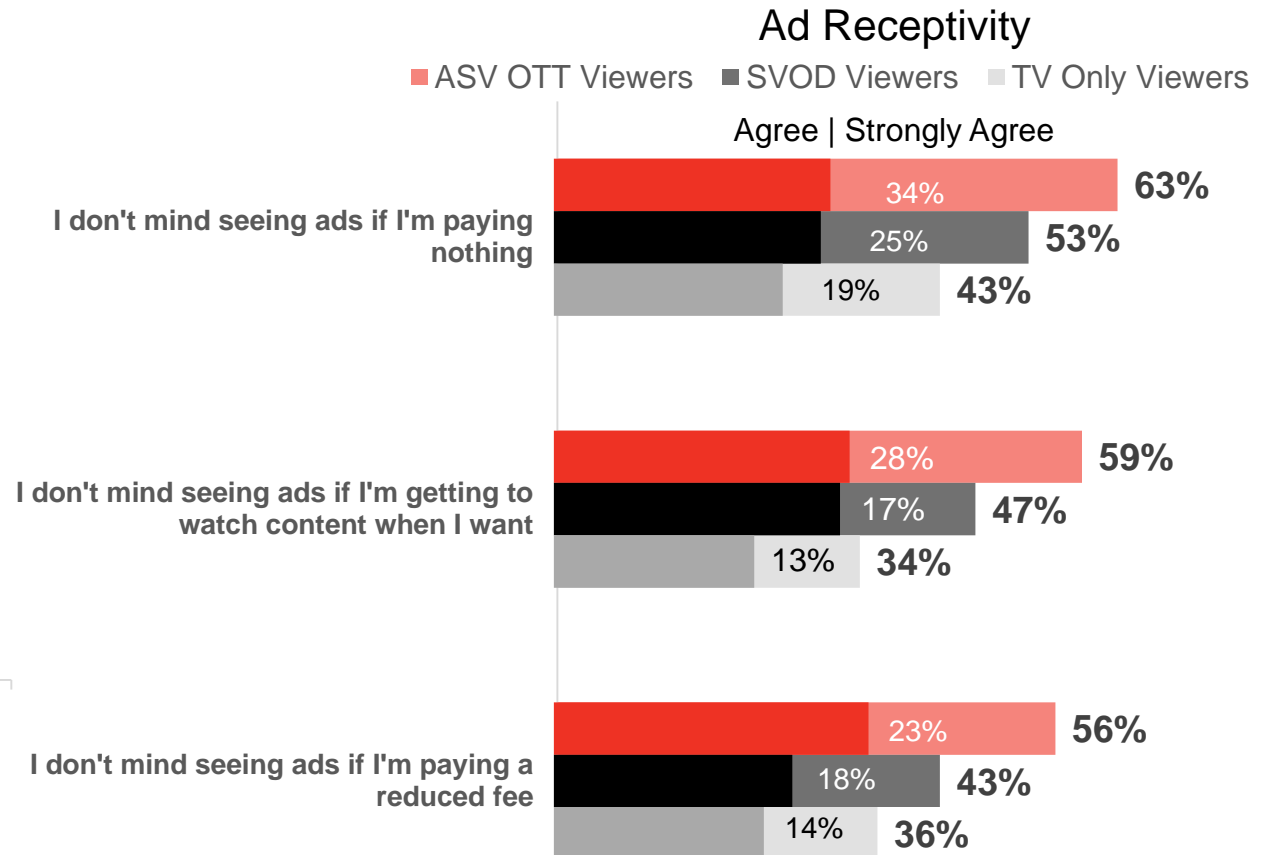
ASV OTT Viewers are more receptive to advertising

50% of ASV OTT Viewers say that ads can be useful or enjoyable

“Some ads can be useful or enjoyable”



Nearly **2/3** of ASV OTT viewers don't mind seeing ads



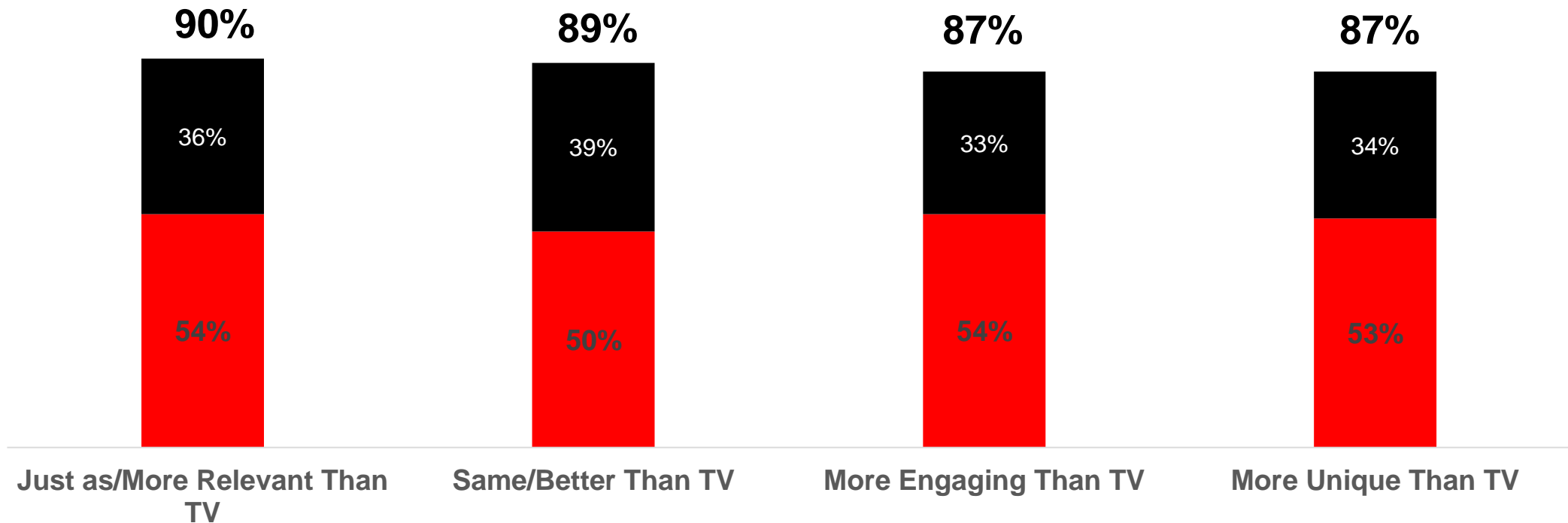
Most ASV OTT Viewers think ads on free ASV OTT are as good or better than TV ads

Nearly 9 in 10 ASV OTT Viewers say ads on Free Ad-Supported Video are the same as or better, more relevant, more engaging and more unique than those on TV.

% Who Say That Compared to Ads on TV, Ads on Free ASV OTT are...

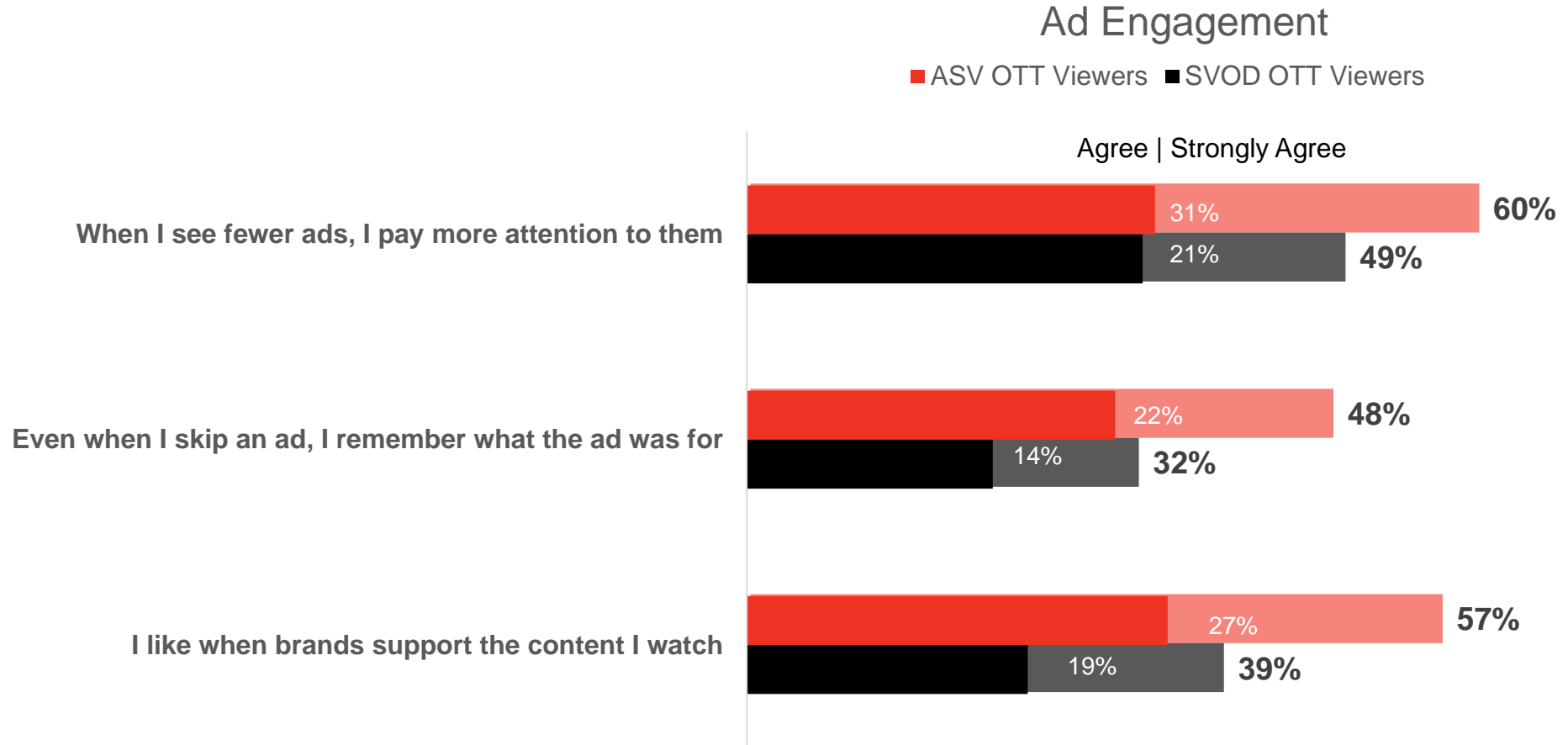
(Among ASV OTT Viewers)

■ Same as TV Commercials ■ Better than TV Commercials



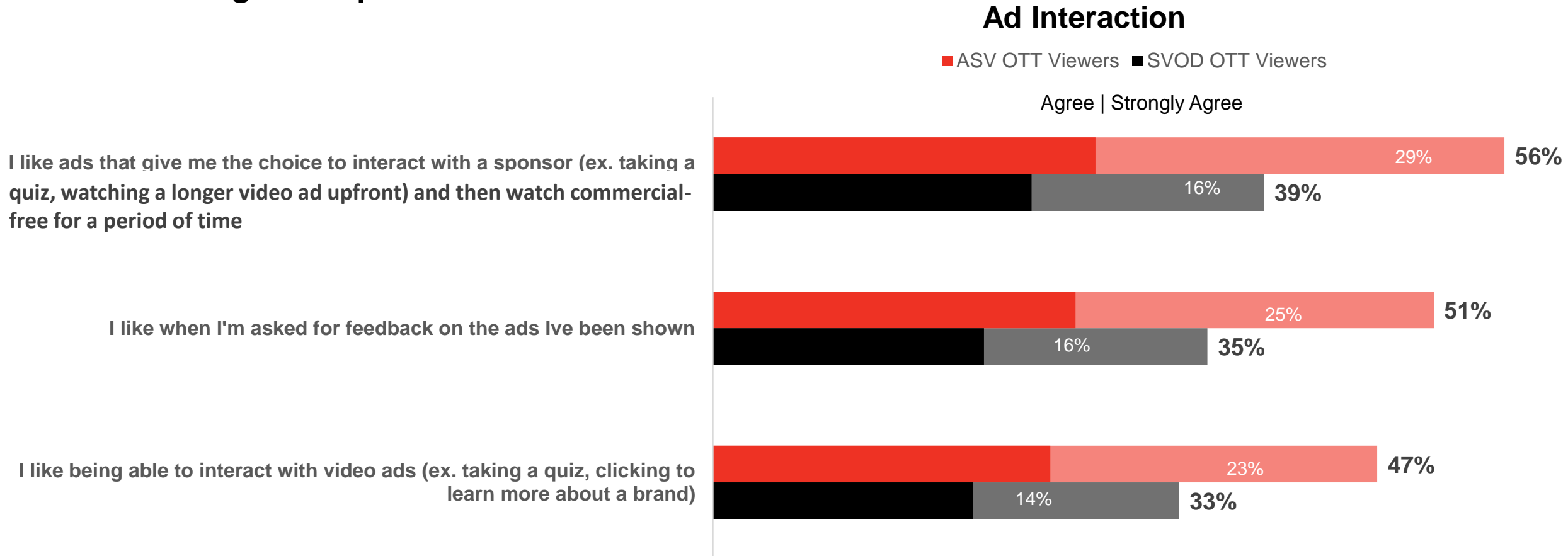
Ad engagement is stronger among ASV OTT Viewers vs. SVOD OTT Viewers

- Nearly Half of ASV OTT viewers recall skipped ads



ASV OTT Viewers enjoy interactive ads more than SVOD Viewers

- Roughly half of ASV OTT viewers enjoy interacting with video ads, giving ad feedback or interacting with opt-in rewarded video ads



Direct Brands and ASV OTT Viewers

A quarter of ASV OTT Viewers say they buy more products directly from the brand online vs. in stores

➤ ASV OTT Viewers are...

Open to New Brands	52%	are very likely to try new brands/products	Total TV Only	Total 44%	SVOD VIEWER 47%	TV ONLY VIEWER 25%
Influenced by Video	36%	learn about new products/brands/services from video ads		Total 30%	SVOD VIEWER 30%	TV ONLY VIEWER 17%
Influencers	26%	say others come to them to find out about new products/brands/services		Total 20%	SVOD VIEWER 20%	TV ONLY VIEWER 7%
	21%	often post about products, brands, or services		Total 16%	SVOD VIEWER 16%	TV ONLY VIEWER 6%
Direct Brand Shoppers	25%	buy more products directly from the brand online vs. in stores (for ex. mattresses, eyeglasses)		Total 18%	SVOD VIEWER 18%	TV ONLY VIEWER 4%

Q24. How likely are you to try new brands/products? [TOP BOX]

Q25. Which of the following describe you?

Base: Total n=1223, ASV OTT Viewer n=589, SVOD Viewer n=332, TV Only Viewer n=302

ASV Viewers follow internet influencers – more so than SVOD OTT viewers

- More ASV OTT Viewers – particularly Free AVS OTT Viewers – engage with internet personalities

25% regularly watch videos from some YouTube stars

Total	SVOD VIEWER	TV ONLY VIEWER
18%	17%	5%

22% follow some internet stars on social media

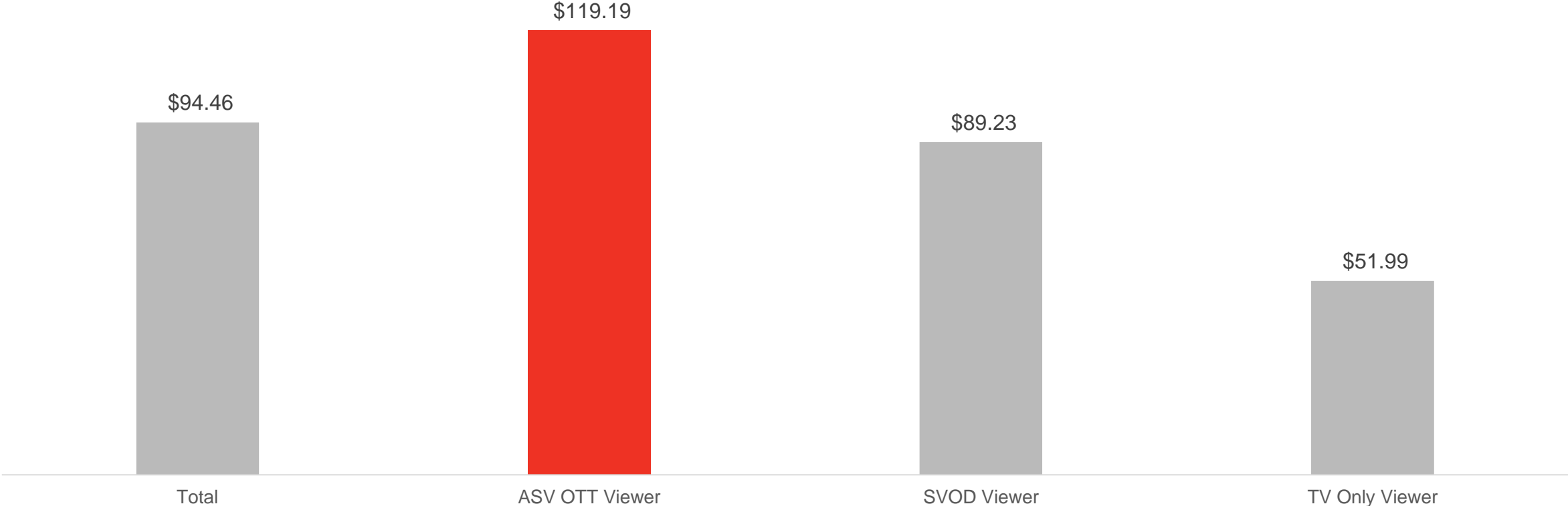
Total	SVOD VIEWER	TV ONLY VIEWER
15%	13%	3%

20% listen to video personalities who discuss products / brands / services

Total	SVOD VIEWER	TV ONLY VIEWER
15%	15%	4%

ASV OTT Viewers spend more on direct to consumer subscription services

Mean Spend on Subscription Purchases (e.g., Pet food, Contact Lenses, Meal Kits, etc.)



Deep Dive: Free ASV OTT Viewers

Deep Dive: Free ASV OTT Viewers are open to advertising

44% of free ASV OTT Viewers say that ads can be useful or enjoyable

36% of free ASV OTT Viewers don't mind seeing ads if they're paying nothing

29% of free ASV OTT Viewers don't mind seeing ads if they get to watch content when they want

Deep Dive: Free ASV OTT Viewers follow influencers

- ▶ They are more likely to follow online personalities and be influenced by them in their purchases

Free ASV OTT Viewers

Total

27%

regularly watch videos from some YouTube stars

18%

23%

follow some internet stars on social media

15%

23%

listen to video personalities who discuss products / brands / services

15%

Deep Dive: Nearly half of Free ASV OTT viewers are very likely to try new brands

Free ASV OTT Viewers

Total

47%	are very likely to try new brands / products	44%
40%	learn about new products/brands/services from video ads	30%
26%	say others come to them to find out about new products/brands/services	20%
19%	often post about products, brands, or services	16%
24%	buy more products directly from the brand online vs. in stores (for ex. mattresses, eyeglasses)	18%

Thank You



IAB

Kristina Sruoginis

Kristina@iab.com

Maru

Rhiannon Shane

Rhiannon.Shane@marumatchbox.com

Appendix: Additional Slides

Types of Video Viewed: Movies, Original Series, TV Shows watched by most

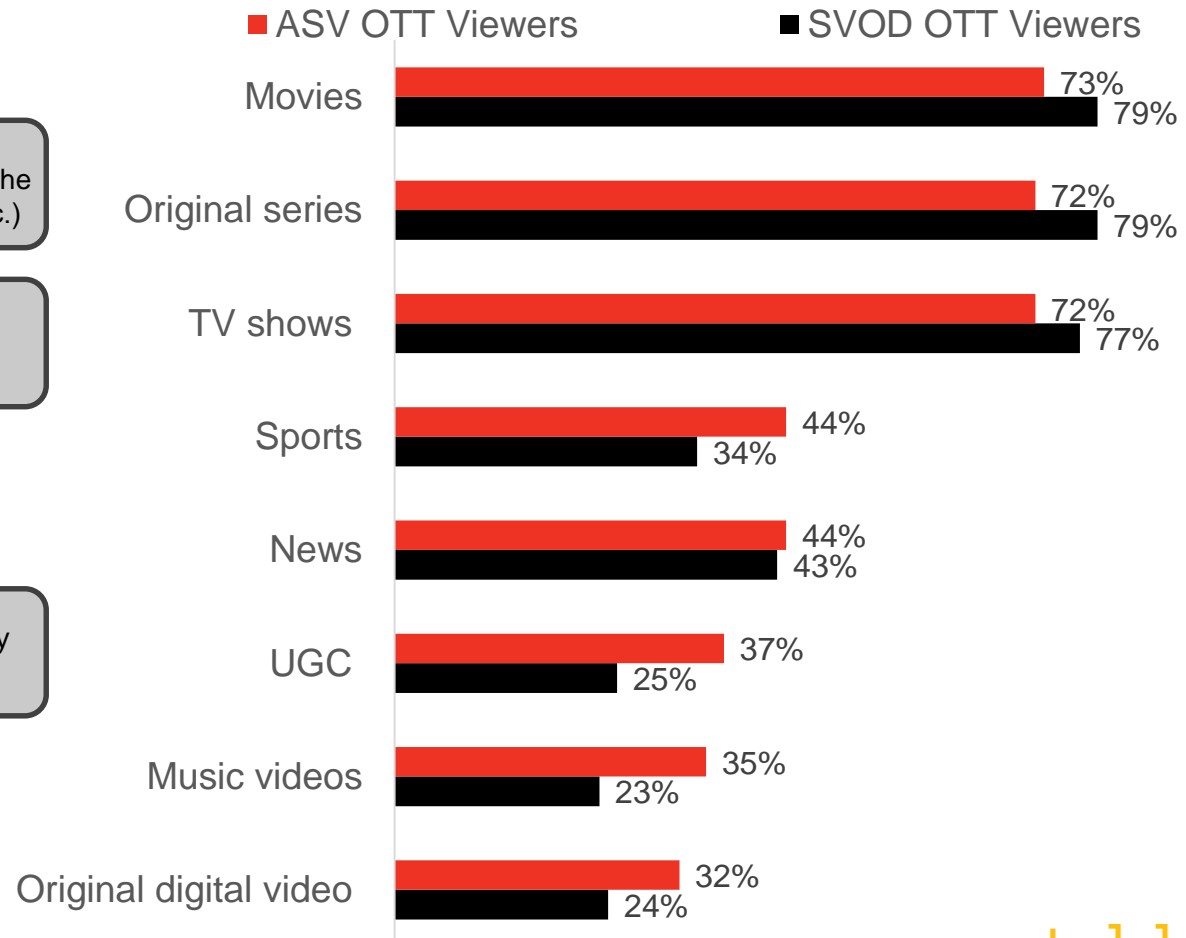
- **SVOD OTT Viewers more likely to watch Movies, Original Series and TV shows**
- **ASV OTT viewers more likely to watch Sports, UGC, Music Videos and ODV**

Original series from streaming services - Professional episodic shows usually made for Netflix, Amazon Prime or Hulu (i.e. Stranger Things, The Man in the High Castle, Handmaid's Tale, Orange is the New Black, etc.)

Current or past TV shows from Reality TV to Comedy to Drama, etc. (i.e. Big Bang Theory, Friends, South Park, Real Housewives, Deadliest Catch, etc.)

User generated content – videos made by people like you (i.e. funny cat videos, cute baby videos, dance routines, viral videos, etc.)

Free ad-supported, professionally produced and digitally distributed original videos (i.e. Slow Mo Guys, Smosh, Between Two Ferns, etc.)



Types of Video Viewed by Free ASV OTT Viewers: TV Shows, Original Series, Movies

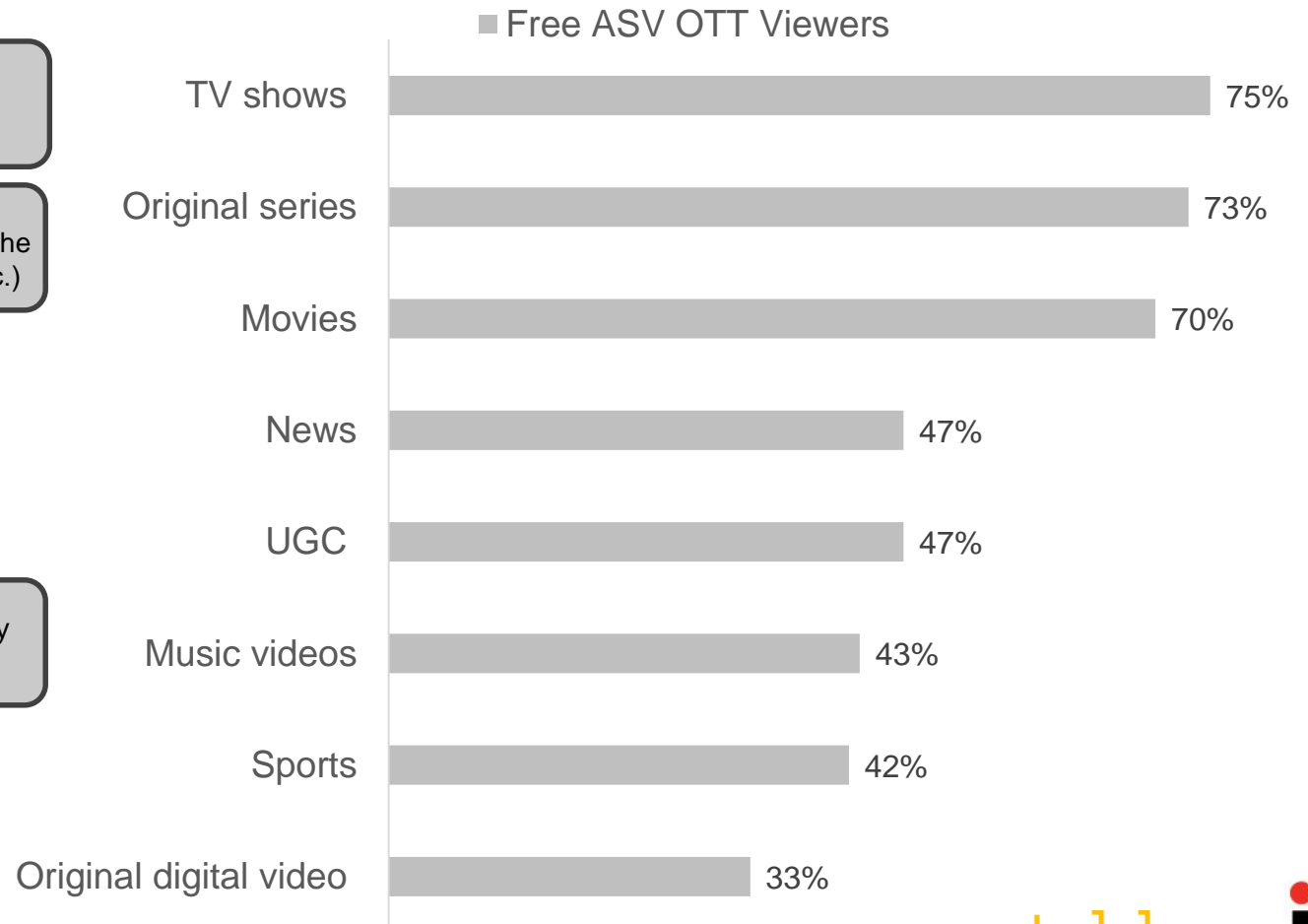
- Free ASV OTT Viewers much more likely to watch News, Music Videos, UGC

Current or past TV shows from Reality TV to Comedy to Drama, etc. (i.e. Big Bang Theory, Friends, South Park, Real Housewives, Deadliest Catch, etc.)

Original series from streaming services - Professional episodic shows usually made for Netflix, Amazon Prime or Hulu (i.e. Stranger Things, The Man in the High Castle, Handmaid's Tale, Orange is the New Black, etc.)

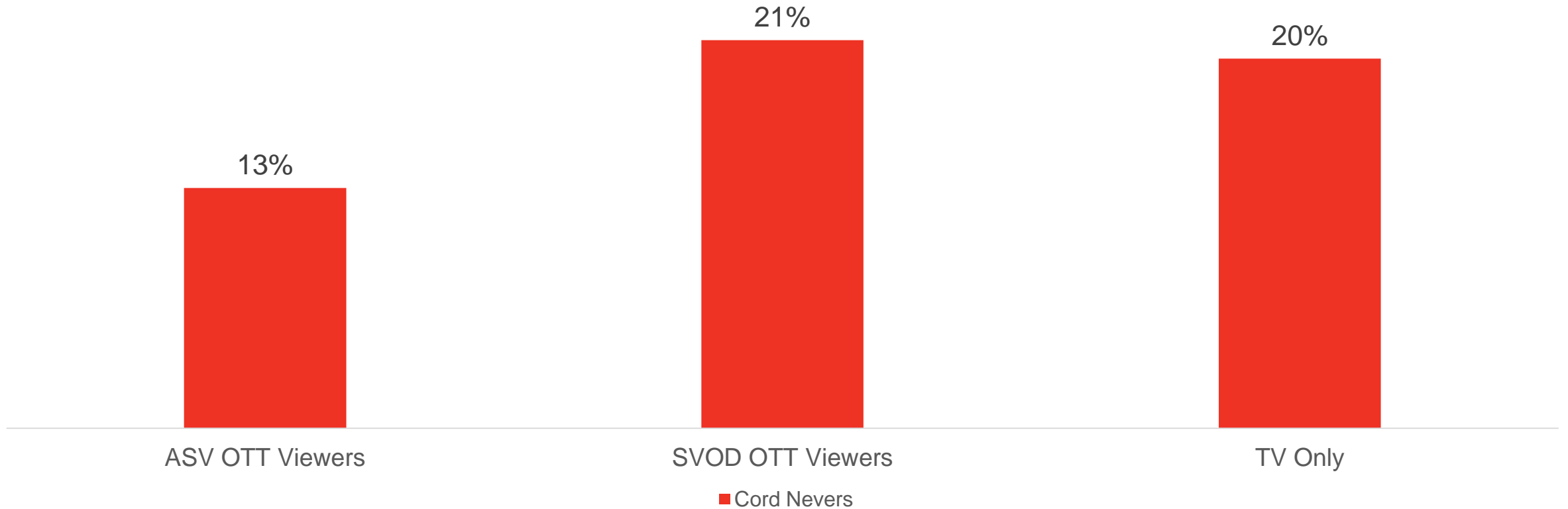
User generated content – videos made by people like you (i.e. funny cat videos, cute baby videos, dance routines, viral videos, etc.)

Free ad-supported, professionally produced and digitally distributed original videos (i.e. Slow Mo Guys, Smosh, Between Two Ferns, etc.)



Cord Nevers: ASV OTT Viewers are less likely to be cord nevers

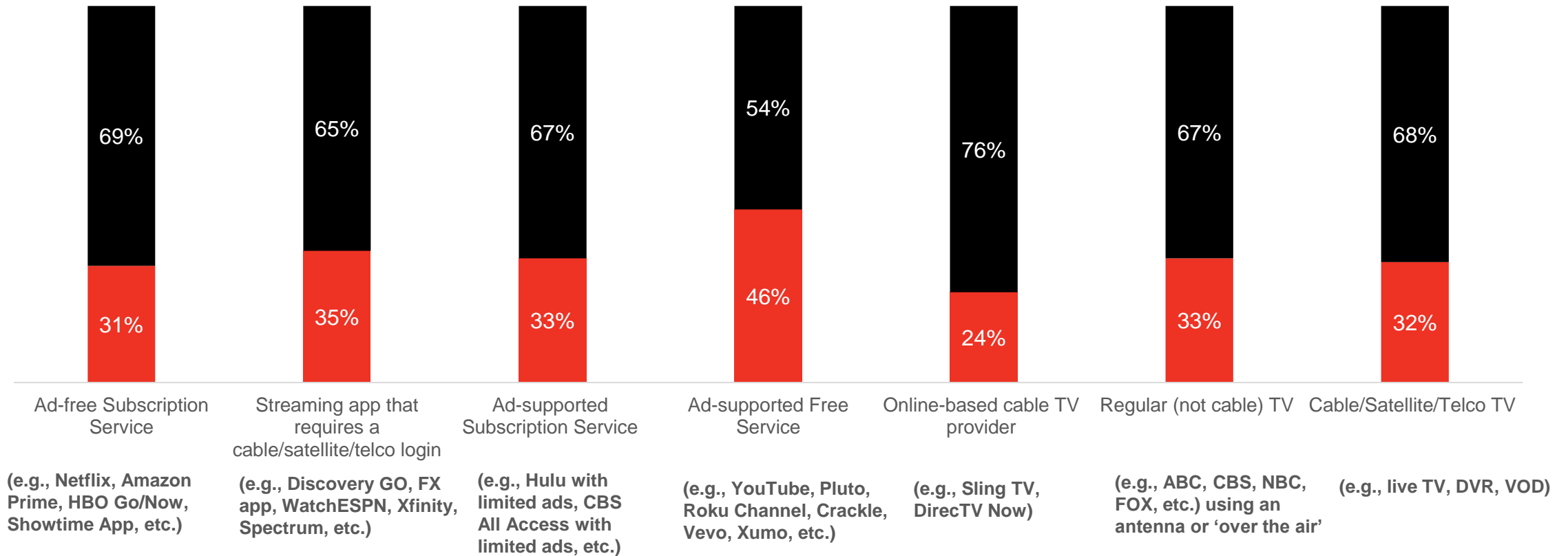
Cord Nevers



Co-Viewing: Most platforms are watched with others. Online cable most likely to be co-viewed; ad supported free less likely to be co-viewed.

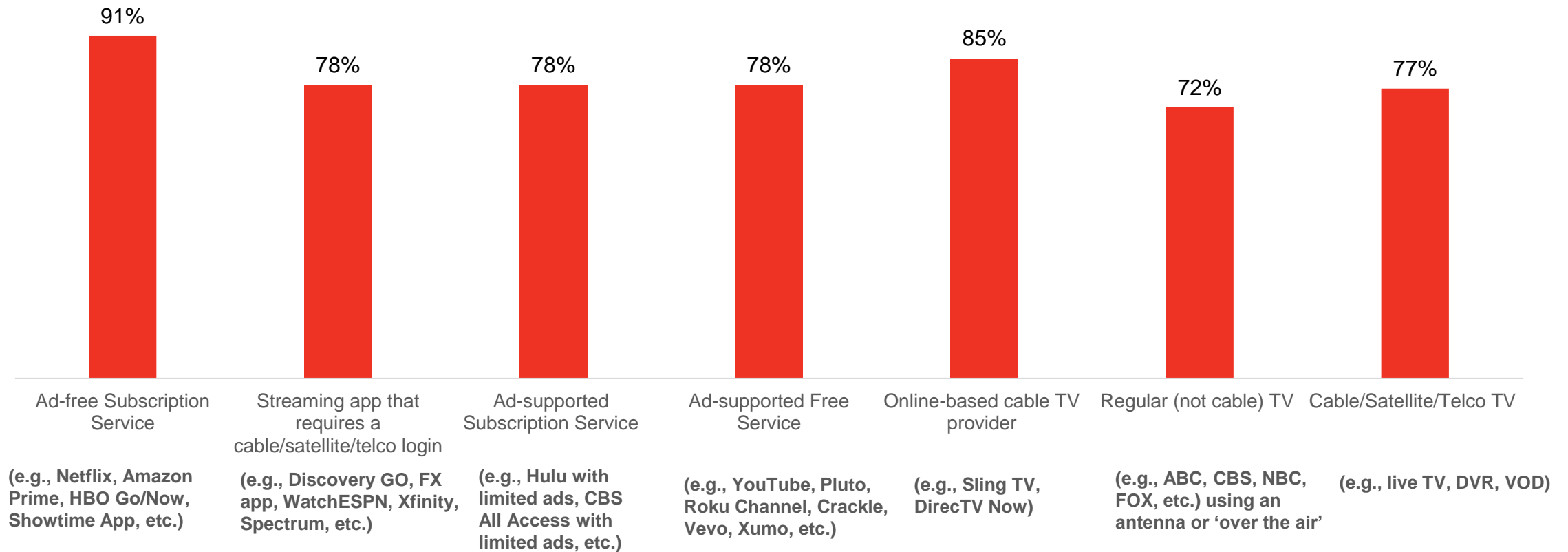
Ratio of % Who Watching Alone : % Who Watch With Others on this Platform
(Among Platform Viewers)

■ Watch Alone ■ Watch with Others



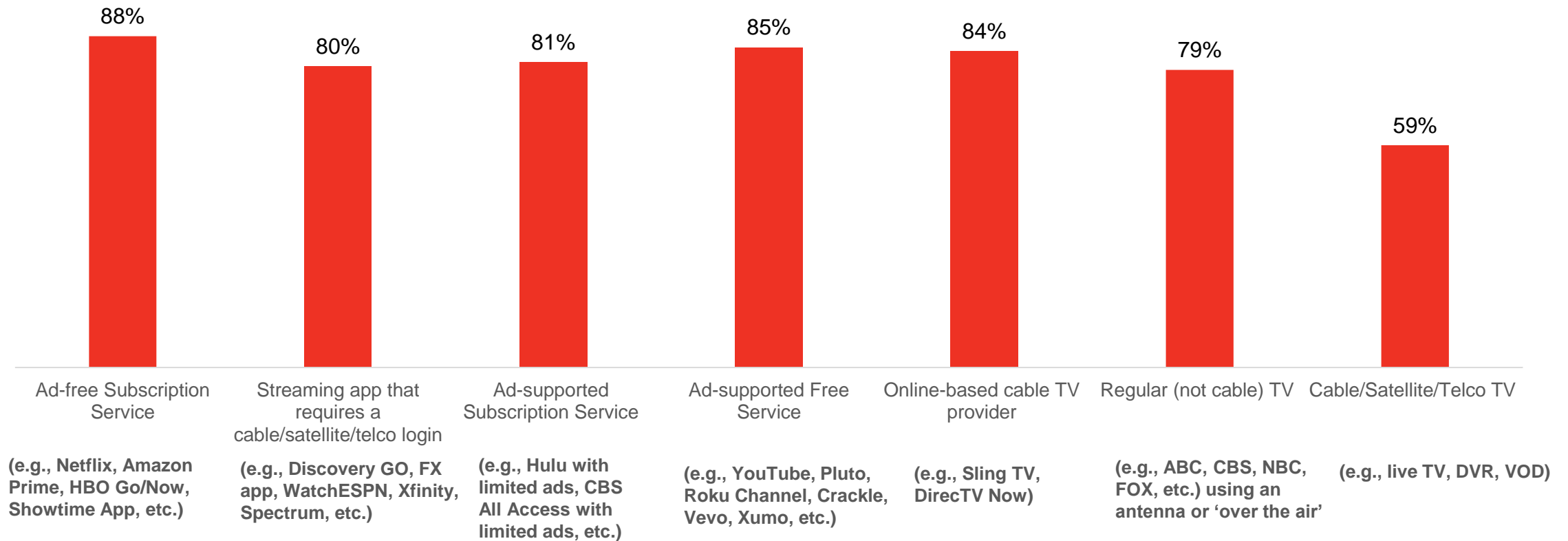
UX: Some platforms are better rated than others for the user experience

UX Ratings for Each Platform
(% Who Rate it Excellent/Good Among Platform Viewers)



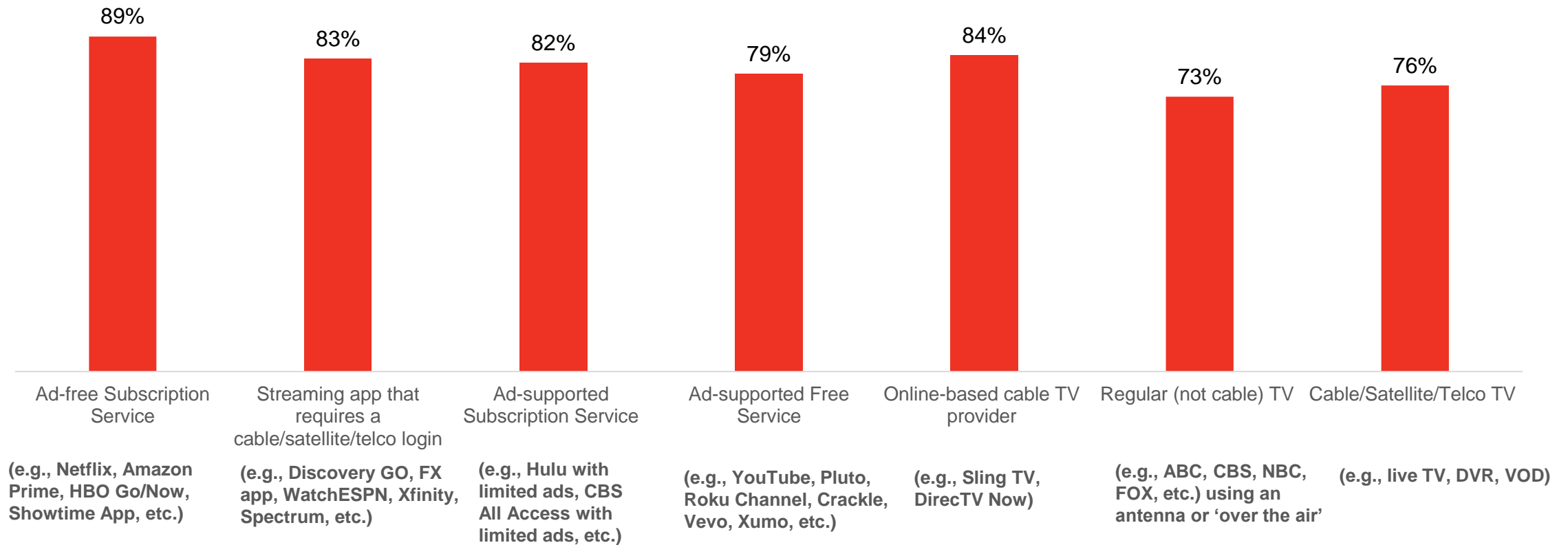
Value: Some platforms are better rated than others in terms of value

Value Ratings for Each Platform
(% Who Rate it Excellent/Good Among Platform Viewers)



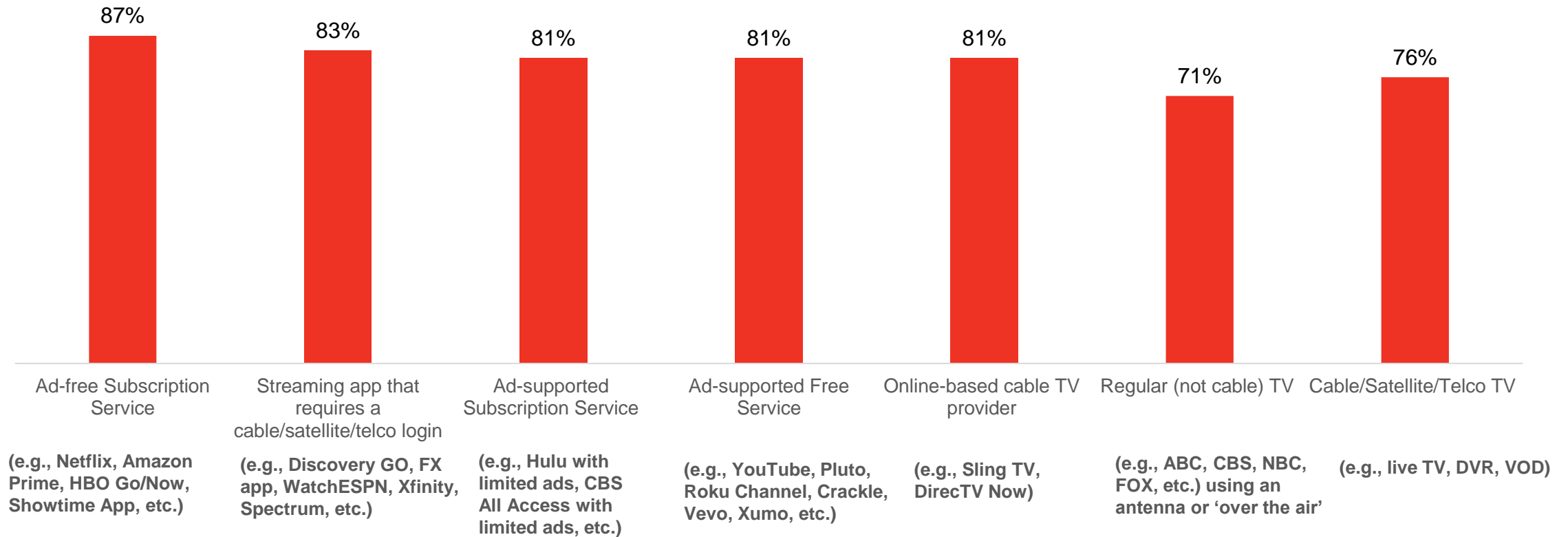
Content Quality: Some platforms are better rated than others in terms of quality of content

Content Quality Ratings for Each Platform
(% Who Rate it Excellent/Good Among Platform Viewers)



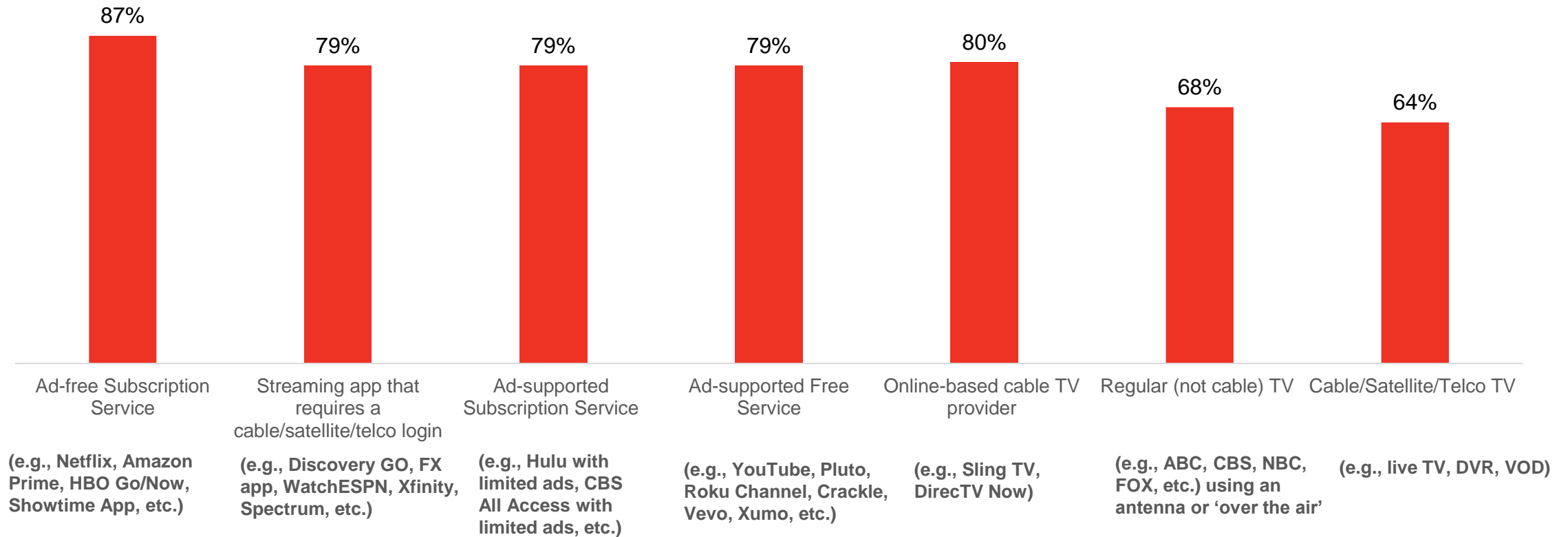
Variety of Content : Some platforms are better rated than others in terms of variety of content

Variety of Quality Ratings for Each Platform
 (% Who Rate it Excellent/Good Among Platform Viewers)



Availability of Unique Content : Some platforms are better rated than others in terms of availability of unique content

Variety of Quality Ratings for Each Platform
 (% Who Rate it Excellent/Good Among Platform Viewers)



OTT users cite Quality of Unique Content as reason for rating OTT platforms highest

Variety of Quality Ratings for Each Platform
 (% Who Rate it Excellent/Good Among Platform Viewers)

