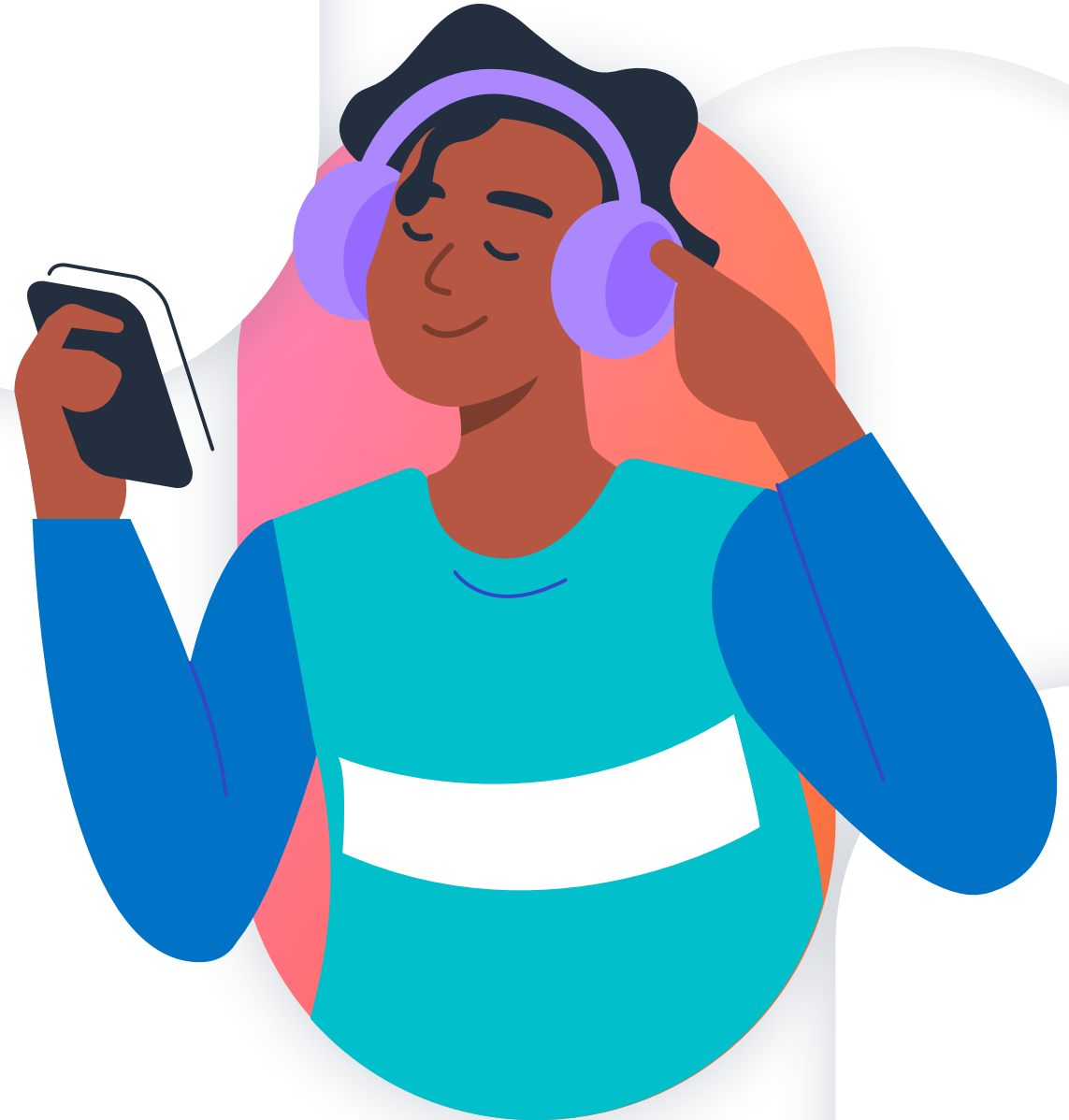




Amazon Ads Streaming TV Report 2023

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Introduction

03

TV consumption

05

Consumer attitudes

10

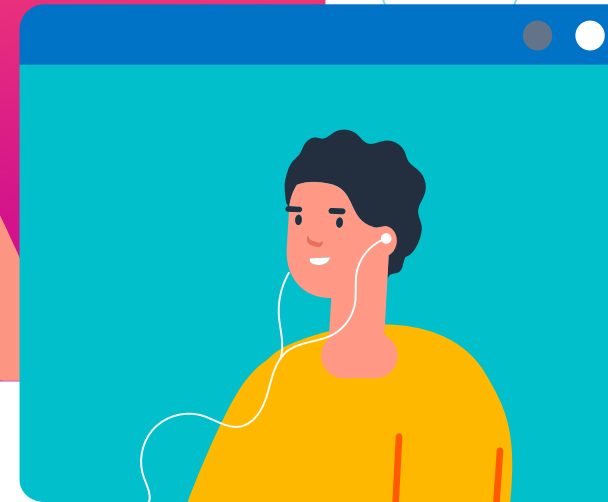
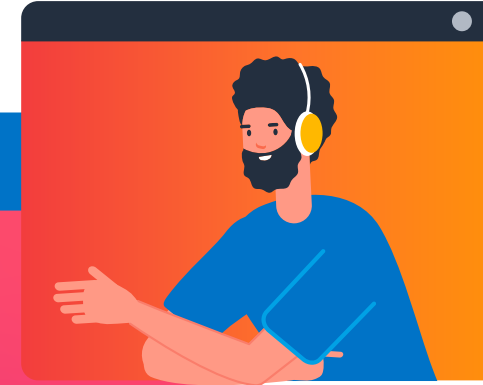
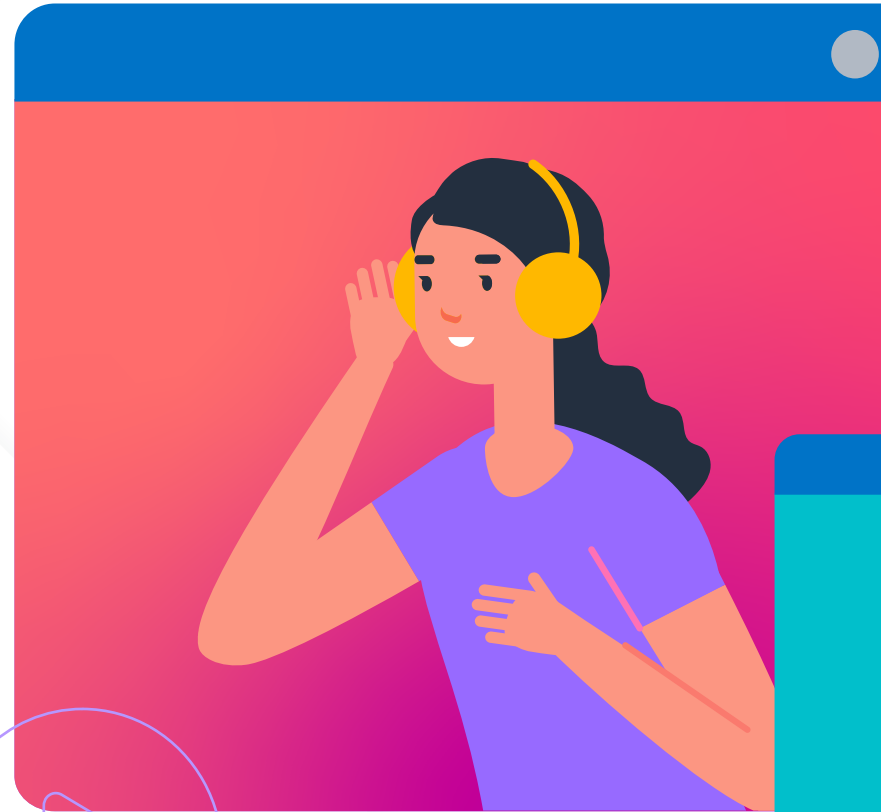
Buying behaviour

12

Conclusions

15

Contents





Foreword

Phil Christer, UK MD, Amazon Ads

In an uncertain economic climate, demonstrating ROI is a top priority for advertisers. However, with attention spans waning and audience fragmentation on the rise, growing numbers of consumers are cancelling their multichannel TV subscriptions and moving away from linear TV - leaving brands facing a significant challenge in effectively engaging audiences through TV advertising.

Despite this, there are opportunities for brands as viewing behaviours shift. Streaming TV offers an exciting way for advertisers to deliver interesting and relevant ads where consumers are already spending their time, helping brands to connect with new audiences in the process.

Amazon Ads commissioned this research to provide new insights into consumer attitudes around streaming TV and advertising, to help brands navigate the rapidly changing streaming TV landscape.





Glossary

Television types

Linear TV

The traditional means of watching a TV programme as part of a free service, at a set time on a set TV channel

Multichannel TV services

Multiple linear TV channels delivered over paid-for cable or satellite (such as Sky), at a set time on a set TV channel

Streaming TV services

Television content available on demand and delivered over the Internet (e.g. Prime Video, Netflix, Disney+)

Streaming TV advertising types

Non-skippable ads

Standard ad break

A standard (15 – 30 seconds), non-clickable video that automatically plays during content

Pause break

An ad which appears when the viewer pauses the content

Sponsored stream

Typically a longer ad (up to 60 seconds) at the start of the content in exchange for no ad breaks during streaming TV content

Interactive ads

Interactive ad

An ad viewers can engage with using their remote or voice assistant, for instance buying a product through a shoppable link or browsing products from an advertiser on the same screen

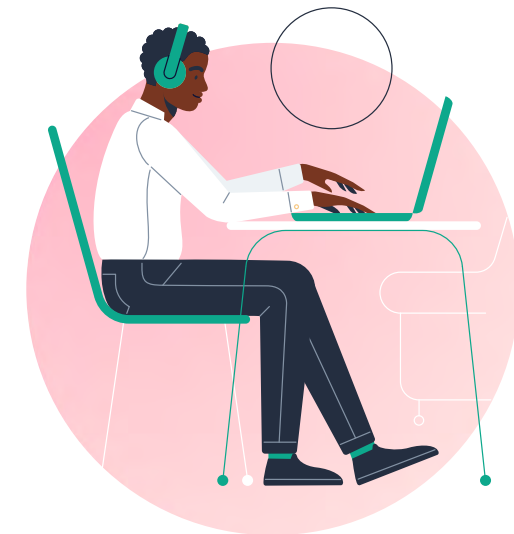
Ads that appear as part of a programme

Product placement

The inclusion of a product or brand within streamed content, this can both be virtually integrated or included at the time of filming

Brand funded programming

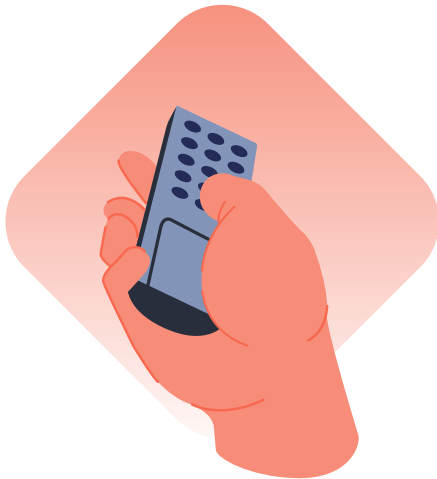
Long form, viewer-led, high-quality productions with an authentic brand presence





TV consumption

Our survey shows that streaming TV services are the most popular way for consumers to watch TV, followed by linear TV and then multichannel TV services.



62% watch linear TV



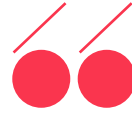
56% pay for/have access to a satellite or cable multichannel subscription service



100% use at least one streaming TV service



Almost three in five (59%) consumers are streaming TV for more than one hour each day, rising to more than nine in 10 (93%), adult Gen-Z and millennials (aged 18 – 34).

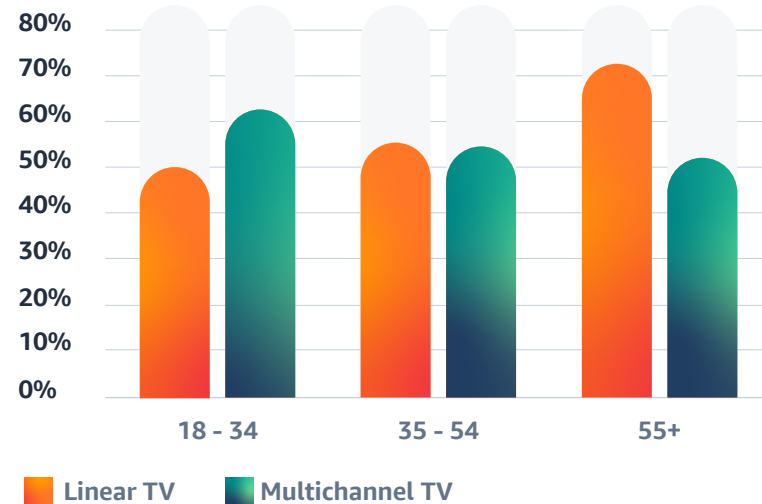


Age range is a key attribute in how people consume content: the older the audience, the more likely they are to watch linear TV.

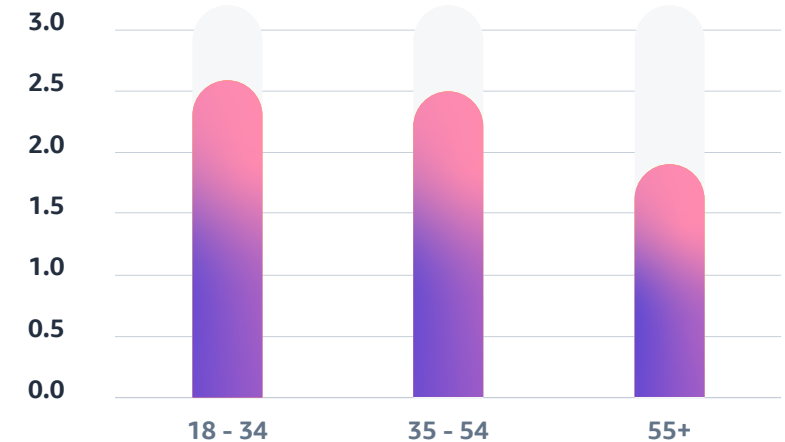
Meanwhile, the opposite is true of multichannel TV services, with adult Gen-Z and millennials (aged 18 – 34) most likely to subscribe to them.



Linear TV and multichannel TV use



Average number of streaming TV services





Nearly a fifth of adult Gen-Z and millennials (aged 18 – 34) spend 5-6 hours per day streaming TV content.

Less than 1 hour	7.2%	14.6%	23.8%
Between 1-2 hours	39.6%	45.1%	41.9%
Between 3-4 hours	26.6%	28.7%	25.9%
Between 5-6 hours	18.6%	7.8%	5.7%
Between 7-8 hours	6.4%	2.5%	1.2%
Between 9 hours +	1.6%	1.3%	1.5%
	18 - 34	35 - 54	55+

While consumers are happy to pay for streaming or multichannel TV services, they are keen to get value for their money and will cancel services they no longer think deliver it.

Attitudes towards multichannel TV services from current users

69%

Intend to renew

22%

Previously cancelled a subscription

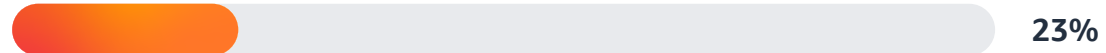
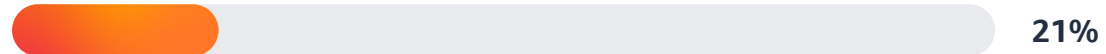
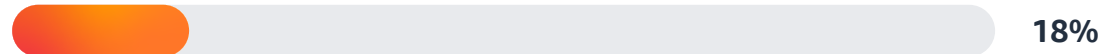
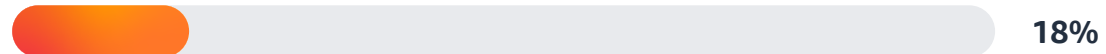
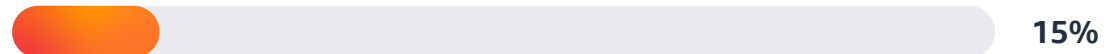
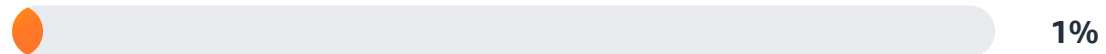
13%

Considering not renewing subscription

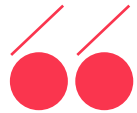




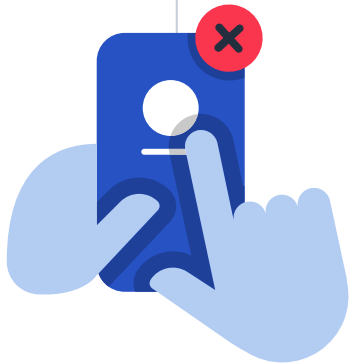
The most likely reasons for cancelling a multichannel TV service subscription are: cost, value and content available on the current subscriptions compared to competing services. This suggests that consumers are price-conscious and happy to swap between paid services to get the best content for their money.

Too expensive**I don't believe I am getting value from my subscription****No longer interested in the content provided****I can access the shows I want elsewhere****Too many adverts****There are other services I would prefer to subscribe to****There are hidden fees within my subscription****Other (please specify)**

This question was posted to respondents as a multiple choice, allowing them to choose all answers that apply.



Nearly a quarter of adult Gen-Z and millennials (aged 18 – 34) are unlikely to renew multichannel TV services.



Rates of cancelling streaming or multichannel TV subscriptions were highest in adult Gen-Z and millennials (aged 18-34) suggesting this group are the most motivated to get value for money, or the least tolerant when not getting it.

Conclusions:

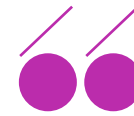
- While streaming TV services have been adopted by all age groups in our survey sample, not all consumers watch linear TV, or multichannel TV services.
- Consumers aged 55+ are the most loyal to linear TV (compared to other age groups) and tend to pay for fewer streaming services.
- Younger groups, like adult Gen-Z and millennials, are the most likely to stop watching linear TV altogether and opt for streaming TV services instead.
- When paying for either streaming TV or multichannel TV services, the research suggests that consumers are particularly sensitive to the quality of the content. It's common for consumers to cancel streaming and multichannel TV subscriptions and swap between providers to get the best content within their budget.

Consumer attitudes to advertising while watching streaming TV

Consumer attitudes about streaming TV advertising vary depending on when and how an advert is served:



The nature of the content being shown is also a key factor, with consumers more receptive to streaming TV advertising if they feel the content is interesting or the product advertised is relevant to them. Consumers are also more open to watching ads in exchange for reduced streaming TV subscription costs.



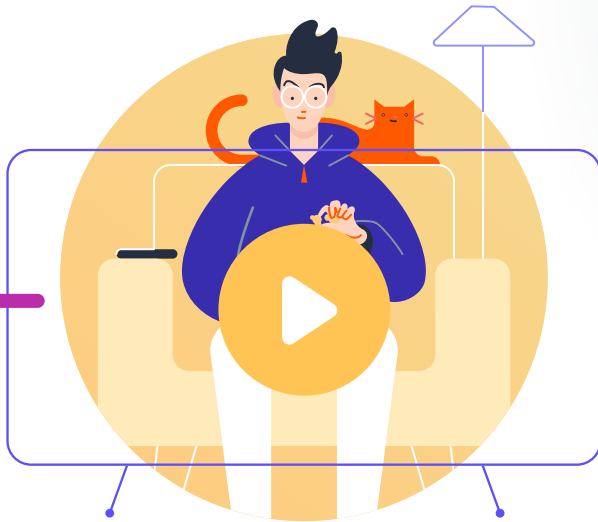
Almost nine in 10 (89%) respondents said they are receptive to streaming TV ads that are interesting, relevant or help to keep subscription costs down.





Unfortunately, the desired viewing experience for many consumers often doesn't reflect reality, with more than half (54%) of survey respondents saying streaming TV ads are never or rarely relevant to them.

- Reasons for wanting to skip ads:
- Aren't interesting **(40%)**
- Too long **(38%)**
- Aren't relevant **(36%)**



Conclusions:

- When campaign planning, advertisers should consider testing streaming advertising formats that are woven into the viewing experience, such as product placement, sponsored streams and brand funded programmes.
- Consumers are craving more relevant, interesting ads, but advertisers are not always delivering these. To avoid encouraging consumers to skip ads, it's important that brands understand the value of great content and look to connect with audiences in a way that enhances the overall viewing experience.
- Meanwhile, it's important to consider that when consumers are paying for additional services, they are sensitive to getting value for money. Advertising will be received more positively if they focus specifically on creating content which is engaging and relevant to their audience.



Buying behaviour around streaming TV advertising

Our survey shows that the potential for brands to reach new audiences via streaming TV is significant. Nearly half of UK adults sampled have discovered a new brand after seeing ads while streaming TV during the last year, a figure which rises among adult Gen-Z and millennial audiences (those aged 18-34 years old).

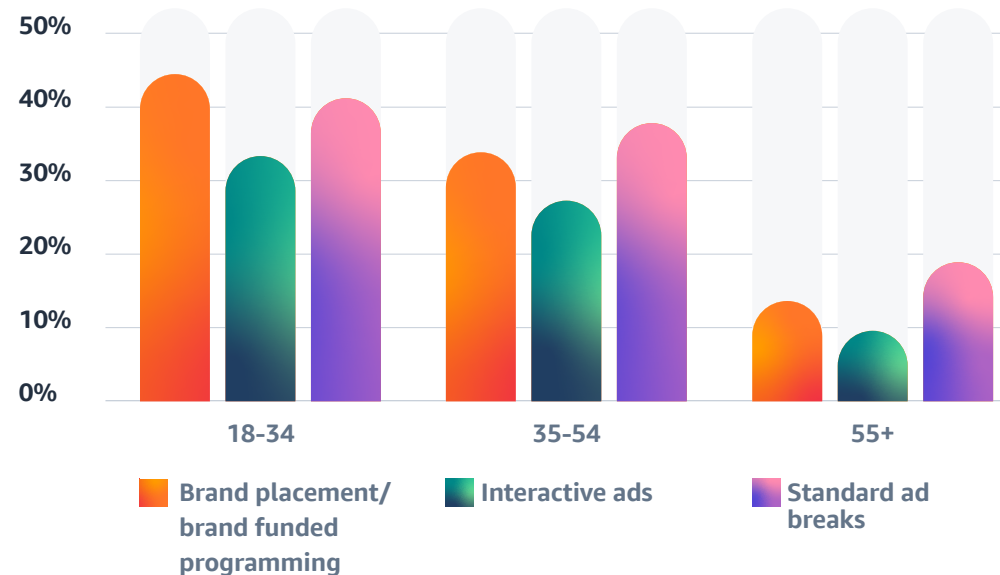
After discovering a new brand, our survey shows over a quarter of streamers (28%) said they would buy a product directly after seeing it featured within content they are already watching - whether that's through product placement or a brand funded programme.

Buying behaviours vary by age group however 44% of adult Gen-Z and millennials (aged 18 – 34) are likely to go on and make a purchase after seeing a product woven into a streaming TV programme's content, such as through product placement or brand funded programming. Among those aged 35-54 and 55+, standard ad breaks are the most effective with 37% and 19% respectively saying they would make a purchase after seeing a product they liked in a standard TV ad.



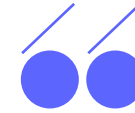
49% of those surveyed have discovered more than one brand over the last year while streaming content. This number rises to 74% among adult Gen-Z and millennials (aged 18 – 34).

Likelihood to buy after seeing different types of streaming TV ads



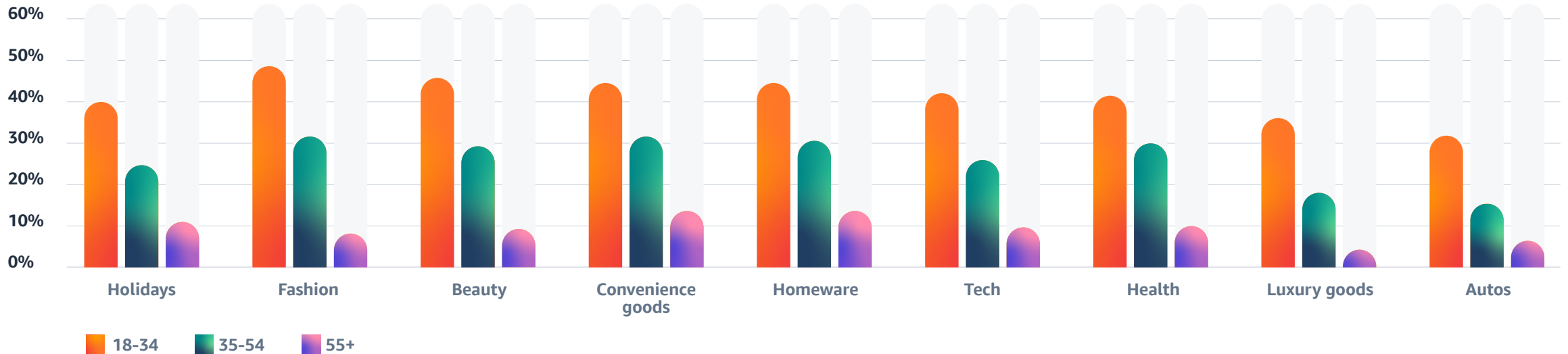


When it comes to the types of advertising that helps to facilitate this journey, such as interactive ads, more than a third (34%) of adult Gen-Z and millennials said they were likely to buy products directly after seeing them in interactive streaming TV ads, compared to just 10% of those aged 55+.



34% of consumers **research a product after seeing an ad** and spend up to three minutes searching for more information, placing the emphasis on advertisers to make the transition from content to commerce as seamless as possible.

Likelihood to buy directly from interactive streaming TV ads





Even though only a small proportion of those sampled regularly see interactive ads, our research suggests it's an untapped growth area for brands as consumers are significantly more likely to buy a product directly from interactive streaming TV ads, where research after viewing the advert, or device-switching, isn't required.

4%

See interactive ads regularly

30%

Say it's easy to find information about products they were interested in from interactive ads

22%

Are likely to purchase from interactive ads

Conclusions:

- **Standard advertising breaks within TV streaming remain an effective way to raise brand awareness and encourage purchase.**
- **However, in the adult Gen-Z and millennial age bracket (18-34s) this is shifting. They are more likely to buy products advertised more natively within content, e.g., through product placement or brand-funded programming.**
- **Meanwhile, businesses planning their media mix should keep in mind the customer journey for streaming TV advertising. Consumers said they were significantly more likely to buy from ads if they could do so directly from the ad itself.**
- **Results suggest interactive ads are a potential growth opportunity for advertisers, particularly among adult Gen-Z and millennials (aged 18 – 34). This age group is most open to making purchases directly from interactive streaming TV advertising, without having to visit additional web pages on their phone or laptop. This is especially true for 'feel good' purchases like beauty and fashion.**



Five things to take away from our report

1. Streaming TV outpacing alternatives

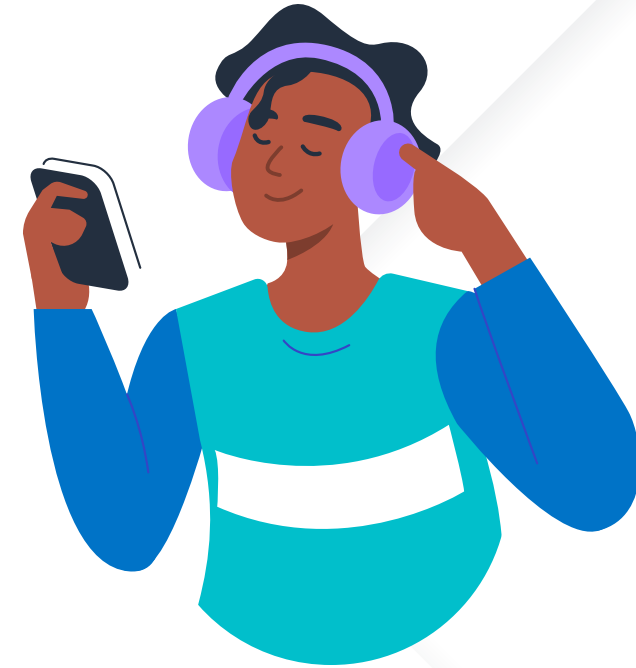
According to our research, streaming TV subscriptions are now the most popular type of TV service among all age groups, ahead of multichannel TV (satellite/cable) and linear TV services. With younger age groups like adult Gen-Z and millennials (aged 18-34) more likely to opt out of linear TV in favour of streaming TV services, we can only expect that trajectory to continue.

2. Content is king and value is essential

UK consumers are happy to pay for TV services, whether that's streaming or through cable and satellite, but they are highly sensitive to whether they feel they're getting value for money. Our research suggests that consumers are continually weighing up both the cost and quality of the content on services they are already subscribed to versus other streaming TV services. A lack of quality content is the most common reason for people to cancel subscriptions.

3. Streaming TV helps brands connect with new audiences

With nearly half (49%) of UK adults sampled saying they have discovered a new brand after seeing ads while streaming TV during the last year, rising to 74% among adult Gen-Z and millennial audiences (those aged 18-34 years old), it's clear that streaming TV ads can help advertisers introduce their product or service to new audiences.





4. Adverts within content could become most effective

Some of our results won't surprise advertisers: for example, that viewers prefer adverts they find relevant and interesting. Meanwhile, standard advertising breaks during streaming content are still effective, being rated as the ad format most likely to trigger a purchase. However, in the long term, we might expect this to evolve. Adult and Gen-Z millennials (18–34-year-olds) said they prefer and are more likely to buy a product after seeing it in content they are already watching such as through product placement or brand-funded programming.

5. Connect content with commerce to increase sales

With consumer attention spans shortening, we're finding that consumers want to move from watching an advert to making a purchase as simply and easily as possible. Our results suggest that consumers are more likely to buy from streaming TV adverts if given the ability to buy directly, without having to search for a product online. With new interactive ad formats, advertisers can offer customers the chance to do just that, directly accessing a product using their remote or voice assistant.

Methodology

Between Friday April 31 and Friday May 5, 2023, Amazon Ads worked with market research agency, Opinium, to survey 2,000 UK adults - the accepted standard sample size for UK research with just a 2% margin of error. Respondents were aged 18 and above, and are all current residents in the United Kingdom (England, Scotland, Wales and Northern Ireland).

