



MICROSOFT ADVERTISING INSIGHTS

Streaming & OTT insights

Microsoft Advertising. Great relationships start here.



Price and content are the most important factors for potential, current, and returning subscribers

Acquisition

Although over 50% set a budget, they are flexible, with 40% saying that they would expand their budget for the right service

“I have much more free time at home and streaming is one way to pass the time”

Retention

Streaming consumers are also evaluating their services often, with over 1/2 of millennials and Gen Z evaluating quarterly

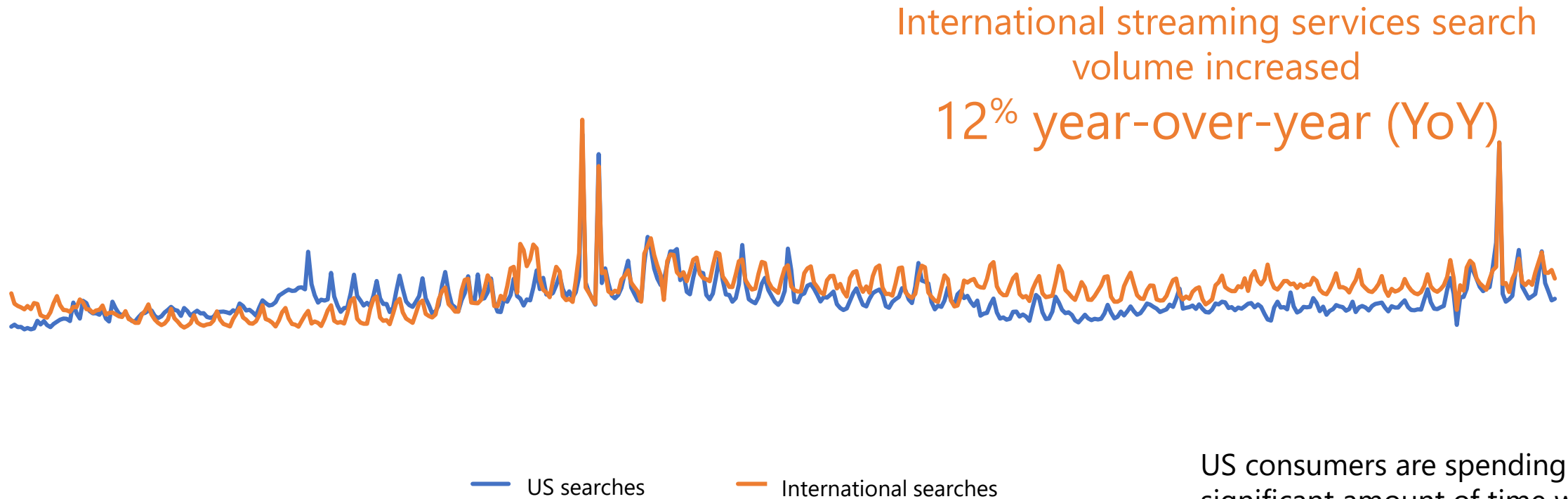
“Whichever one I use the least would be the one I would unsubscribe to”

Win Back

20% report that they have recently unsubscribed from one service to replace it. 28% noted will probably unsubscribe from one service and go to another.

“Which one is cheaper and offers better content”

Streaming service growth continues in the US and internationally



US streaming services search volume increased 9% year-over-year (YoY)

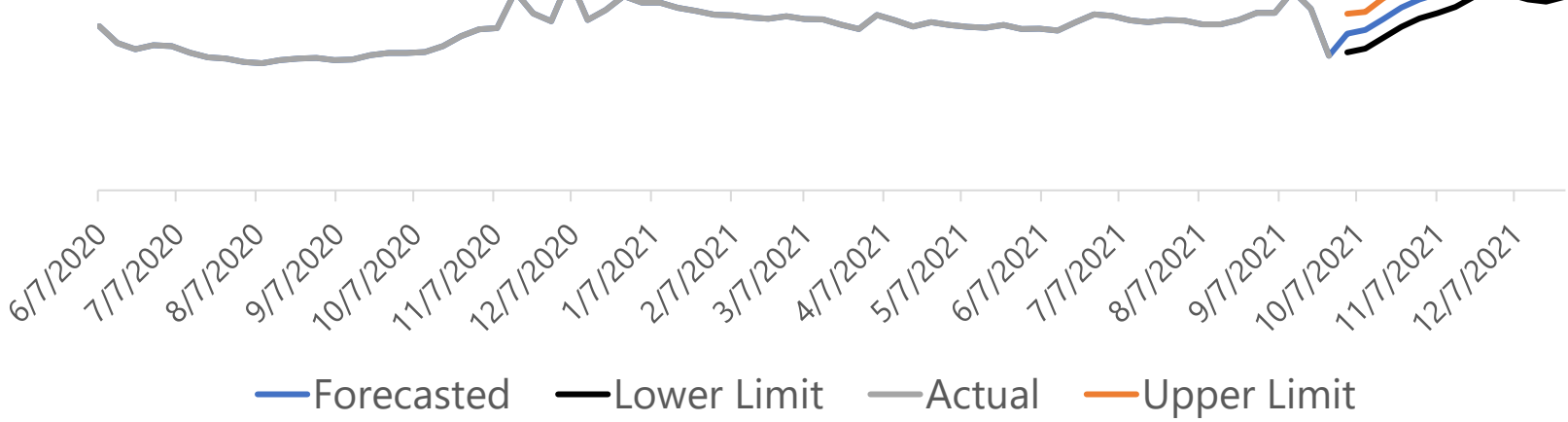
US consumers are spending a significant amount of time watching content on streaming services, with nearly half of streaming customers reporting that they use their streaming services daily



- 1. Acquisition
- 2. Retention
- 3. Win Back

International search volume is projected to grow

Most recent international streaming services search volume
12% YoY



Lower limit forecast
Oct-Dec 2021
4% YoY

Forecast
Oct-Dec 2021
16% YoY

Upper limit forecast
Oct-Dec 2021
27% YoY

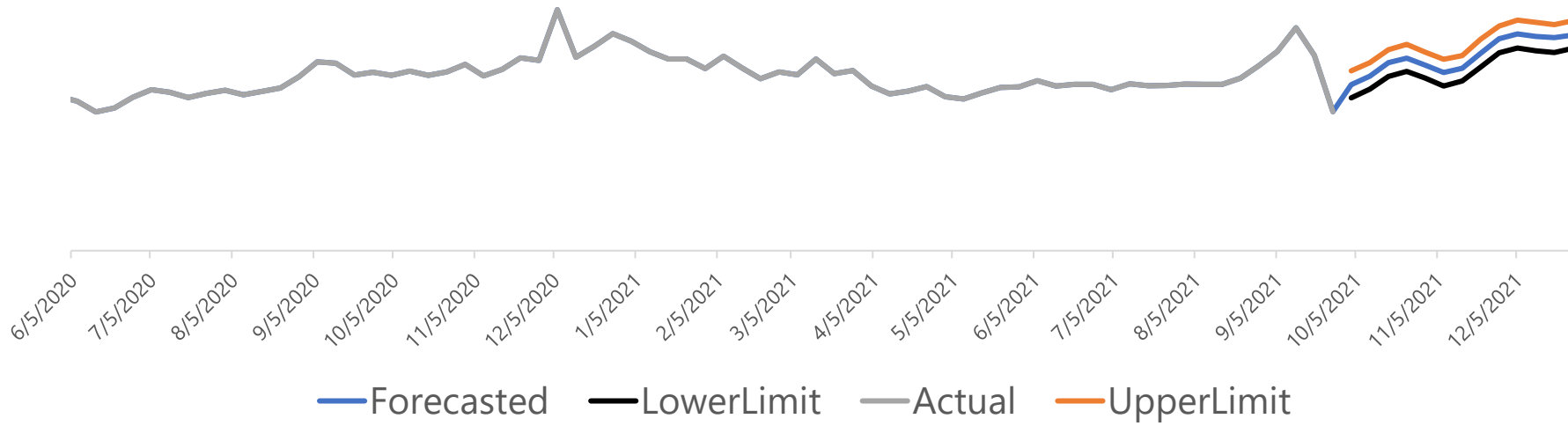
Proprietary Microsoft Advertising Source Data: March 2020 – Sept 2021 *YoY Growth is based on the last 3 months compared to the same months the previous year July-Sept Forecasted growth is Oct-Dec 2021.



There is high churn risk with 20% reporting that they have recently unsubscribed from one service to replace it with another.

US streaming search volume is projected to grow

Most recent US streaming services search volume
+9% YoY



Lower limit forecast

Oct-Dec 2021
-5% YoY

Forecast

Oct-Dec 2021
+2% YoY

Upper limit forecast

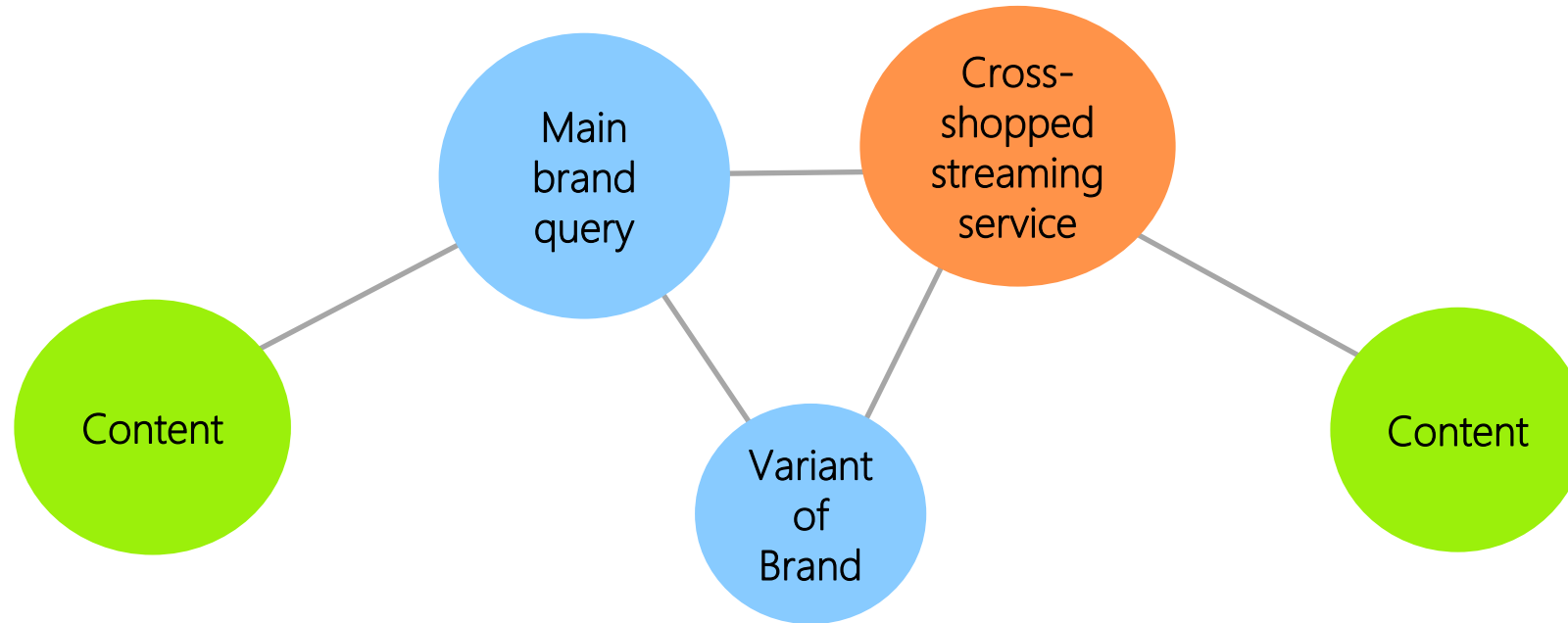
Oct-Dec 2021
+9% YoY



Of those who are uncertain about expanding their budgets for new services, 28% report that they will unsubscribe for another service.

Although over 50% of consumers set a budget, they are flexible with 40% saying that they would expand their budget for the right service.

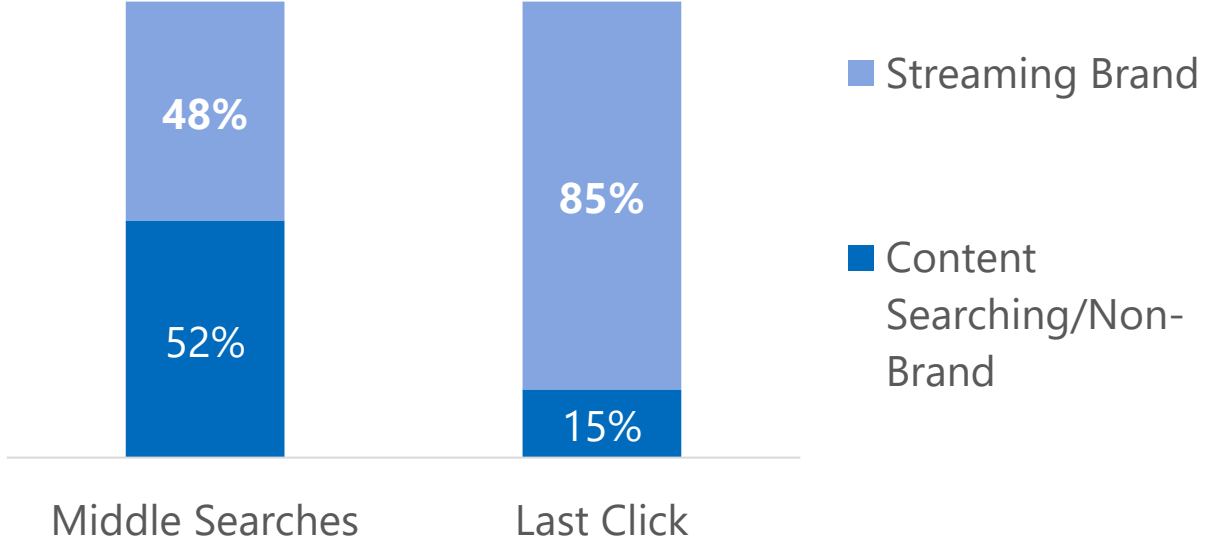
Cross shopping is taking place more than ever



When a user **starts** searching for content to watch, nearly 54% of the searches in paths are content related.
How do these paths end? 85% of the last clicks go to a branded streaming service query.

Make all your content discoverable via search

When a user starts their path with a content or non-brand related query




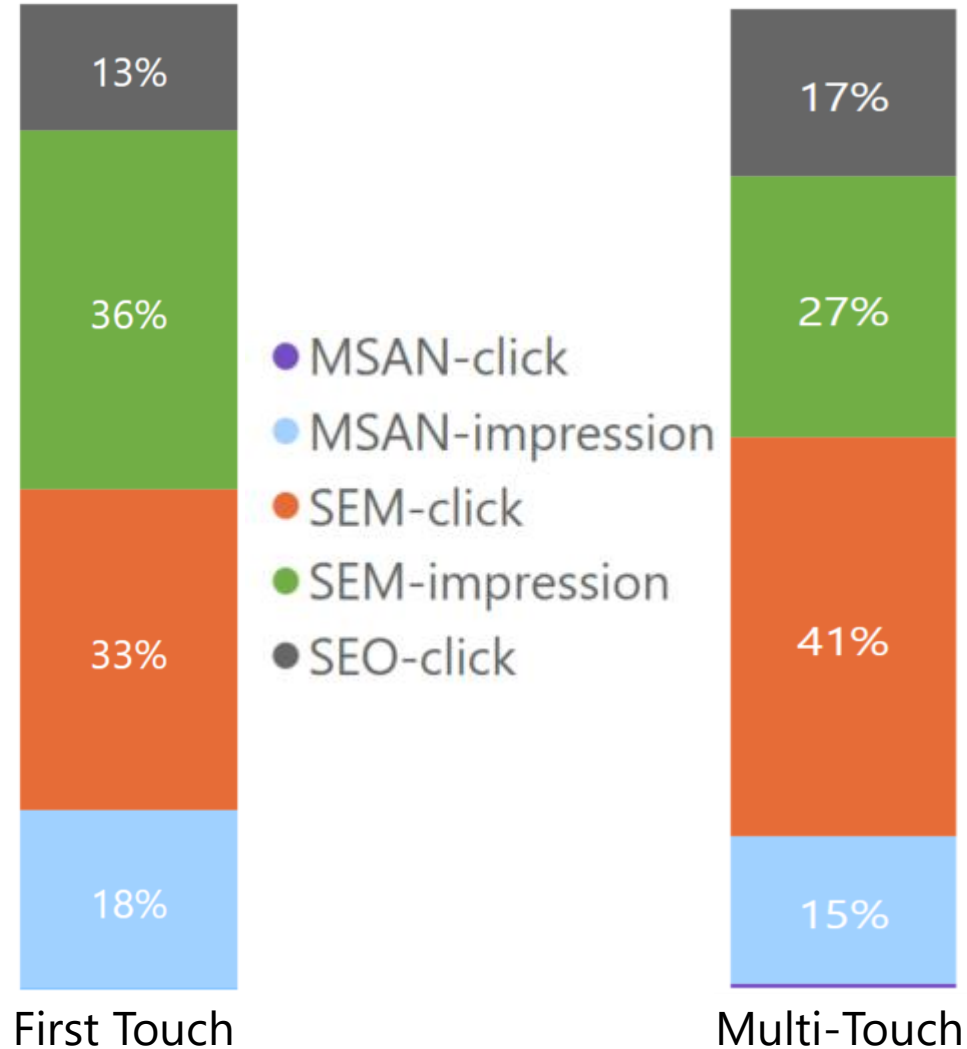
Price still wins when it comes time to planning, however content that they can't find anywhere else and the ability to use a free trial are reasons why people subscribed.*



Multi-Touch attribution last click

While paths vary on average, there are 3 streaming services queries and 1 Content/Non-Brand query. Paths are short and so is the “win”dow of opportunity.

 **Pro tip:** Ensure your measurement approach for a channel like Native considers more than just last-click performance



Survey summary

- US consumers are spending a significant amount of time watching content on streaming services, with nearly half of streaming customers reporting that they use their streaming services daily
- The majority of streaming customers (54%) set budgets for the streaming services spend. Typically, budgets are under \$50/month for all services, however millennials tend to spend slightly more than other age groups
- Streaming consumers are also evaluating their services often, with over 1/2 of millennials and Gen Z evaluating quarterly. Baby Boomers are the exception, as they are evaluating less frequently
- Baby Boomers are also using less services than younger generations (2.7 for Baby Boomers, compared to 4.3 for Gen Z)
- Although over 1/2 set a budget, they are flexible with 40% saying that they would expand their budget for the right service
- There is high churn risk with 20% reporting that they have recently unsubbed from one service to replace it with another and of the individuals with fixed budgets, 28% will probably unsub from one service to sub to another. The main evaluation metrics cited being watch time and price

Survey summary continued

- Nearly 40% say that they subscribed to a streaming service because of Covid-19 related restrictions. 60% of those new subscribers subscribed to multiple services
- 40% say they watch more paid streaming now than they did last year
- The majority of these subscribers (54%) report that they will maintain all of the subscriptions that they purchased during COVID-19 and will keep their budgets consistent over the next 6m (66%)
- 60% of people say they prefer to watch new theatrical releases at home currently with close to 50% citing that they prefer it more than they did the same time last year
- Over 1/3 of streaming customers report that they subscribed to a service to watch a theatrical release and nearly 60% report that they have kept their subscription
- In the past year, 77% of respondents signed up for a new streaming service(s) while just 41% unsubscribed from a service(s) suggesting a healthy year for the streaming industry during the pandemic
- Price and unique content were the top two reasons to subscribe to a streaming service last year. Respondents also took advantage of the trial offers that subscription services offer

Recommendations

The changing streaming landscape requires re-evaluation of current strategies for acquisition, retention, and win back

Utilize native for search lift



The more searches a user makes before converting, the larger a role native plays. Maximize the role Native ads can play in your campaign strategy and reach users searching for content or non-branded terms using the Microsoft Audience Network to influence their post-exposure likelihood to search for your brand.

Conquest & expand keywords



Continued introduction of new services, shows and movies creates confusion. Conquest on peer brand keywords & content as searches between brands and popular shows are correlated. Use trailer drop dates and show start and end dates. Take advantage of spikes in peer content volume to promote similar content

Budget timing & brand awareness



Plan your budget around content releases and general streaming seasonality – users start searching more heavily when there is new content coming up. Build brand awareness by incorporating Microsoft Audience Network and conquering on competitor content terms.

Consider demographics



The addressable market is growing. Our network is uniquely positioned to reach the growing addressable market of 35+. Brand awareness, retention, & acquisition are significant opportunities: All age demos should be targeted uniquely.

Account for the new landscape



The landscape has changed significantly in 1 year. Reevaluate legacy marketing strategies. New streaming services and direct-to-streaming theatrical releases alter the flow of the OTT space and require increased attention to fresh content and consumer behavior.

To get actionable data, insights and best practices to help make decisions and grow your business, visit MicrosoftAdvertising.com/Insights



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