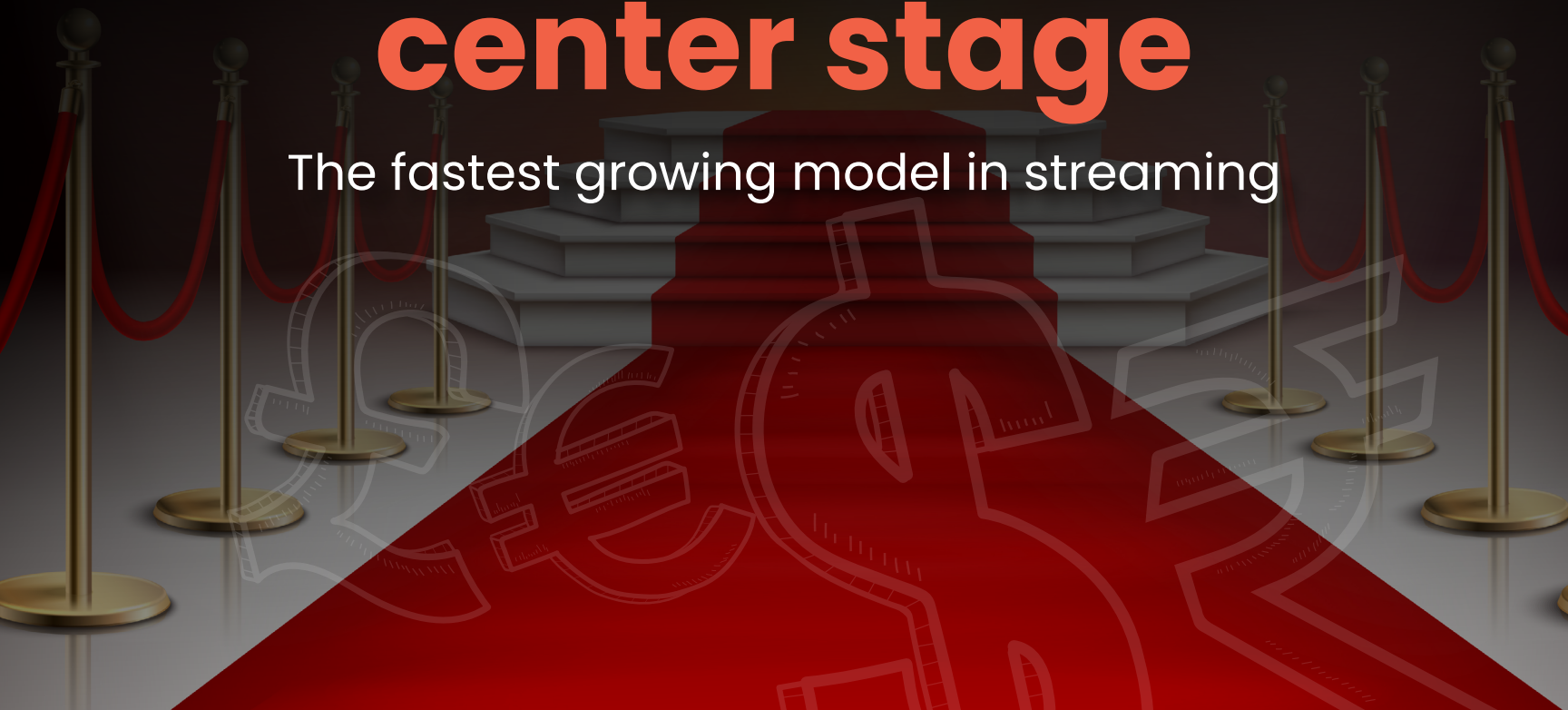amagi

Global FAST Report Edition #9 | October 2023

FAST:

From backstage to center stage

The fastest growing model in streaming

Delve into comprehensive data and insights powered by Amagi's homegrown data analytics platform – *Amagi ANALYTICS,* and the Amagi Consumer Survey 2023.

Analysis period – Q2 2022 (Apr-Jun) vs. Q2 2023 (Apr-Jun)

With the ninth edition of Amagi Global FAST Report, we focus on the global market and bring data and insights from 50+ FAST services and a sample of 1,500 channel deliveries that use *Amagi THUNDERSTORM,* our SSAI (Server-Side Ad Insertion) platform.

The report also provides insights into audience preferences and viewing habits based on the 2023 Amagi Consumer Survey of 500+ US households. The survey participants were from the lower, middle and higher income groups.

Amagi Global FAST Reports | Quick Recap

Edition #1 *Edition #2* *Edition #3* *Edition #4*

Edition #5 *Edition #6* *Edition #7* *Edition #8*

FOLLOW US

FAST CENTER

In this edition

FAST makes headlines globally

Free Ad-supported Streaming TV (FAST) continues to be the fastest growing streaming model across the globe. If you look at the penetration rate on a global level, FAST is expected to hit *1.1 billion* users by 2027. The global FAST revenue is also projected to grow to *$12 billion* by 2027. Out of this, the US is expected to continue being the torchbearer for FAST with a whopping *90%* contribution.

Global FAST revenue to triple between 2022 & 2028

● 2022   ● 2028

Source: OMDIA

Country	2022	2028	Growth
US	$3,567M	$11,000M	+208%
UK	$143M	$512M	+257%
Canada	$84M	$344M	+311%
Brazil	$56M	$210M	+272%
Germany	$53M	$190M	+258%
Australia	$35M	$231M	+565%
Mexico	$29M	$146M	+397%
Spain	$23M	$79M	+247%
France	$22M	$72M	+223%
Italy	$20	$38M	+90%
S Korea	$18M	$30M	+65%
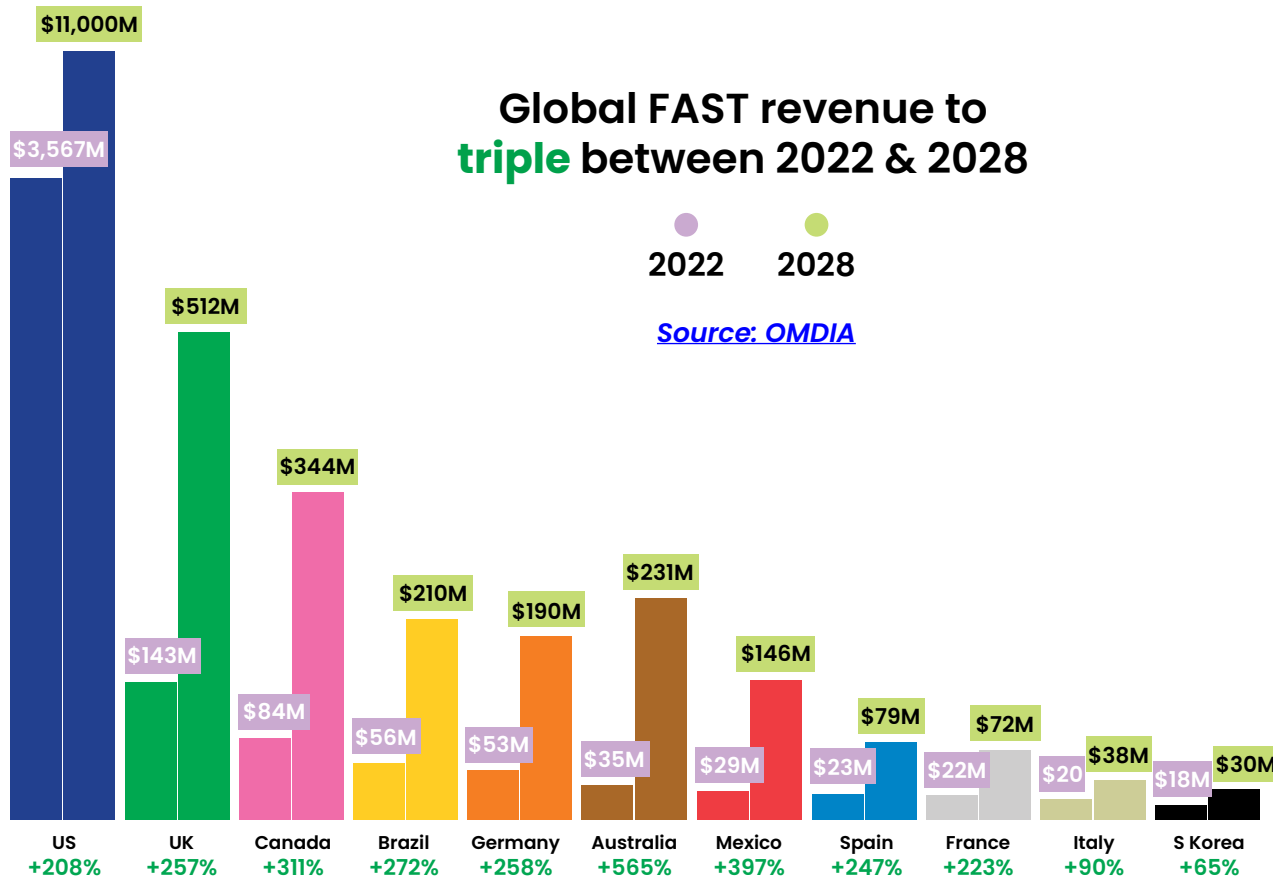
As we saw in the *eighth edition* of the Amagi Global FAST Report, here's *why* FAST has found success:

It's free | It's full of content choices | It's easy to access thanks to the high adoption rates of Connected TV (CTV)

What are viewers watching?

Top 5 genres in Q2 2023 globally by ad impressions

News continues to be the indisputable winner in the FAST world, with a 40% contribution in overall ad impressions. Nature and movies rank second with 12% and 11%, respectively.

Genre	Contribution in overall ad impressions Q2 2023
News	40%
Nature	12%
Movies	11%
Entertainment	8%
Lifestyle	6%

Top 5 genres in Q2 2023 globally by HOV

The Hours Of Viewing (HOV) statistics echo the same narrative, underscoring news as the standout genre with a substantial 37% share of total ad impressions. Movies come in second at 16%, followed by nature with 9%.

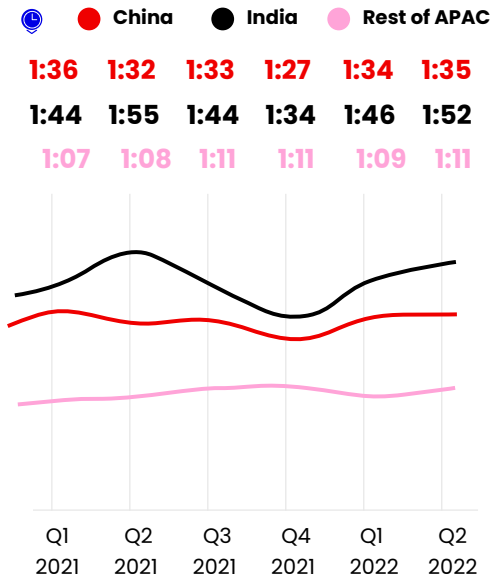| Genre	Contribution in overall ad impressions Q2 2023
News	37%
Movies	16%
Nature	9%
Entertainment	7%
Lifestyle	6%

2 APAC: A thriving FAST hub

Before delving into the current trends that have turned the APAC market into a thriving hub for FAST, let's explore a couple of key streaming insights in this region.

- Historically, Asia Pacific (APAC) has been known to be different from the rest of the world. For starters, it has been a mobile-centric market. Audiences have preferred consuming content via their mobile devices instead of larger screens. However, an intriguing transformation is underway. With an increasing number of affordable CTV brands entering the market, a gradual shift in APAC consumer behavior is emerging. In a recently published article in Conviva, Sushant Sharma, Vice President of Sales in APAC, Conviva says, *"By-and-large we are seeing [a big shift towards large-screen devices]. The share of total streaming consumption in Q4 on large-screen devices was 27% in Q4, as compared to 14% in Q3 last year."*

- As a result of its extensive reach (98% of internet users) and significant attention span (averaging 2 hours per day), [*India has surpassed China*] to become the most profitable streaming market. The recent economic downturn in China could also be a possible cause.


India: The thriving FAST capital of APAC

Average daily time spent watching TV (h:mm)

🕐	● China	● India	● Rest of APAC

|	China	India	Rest of APAC
Q1 2021	1:36	1:44	1:07
Q2 2021	1:32	1:55	1:08
Q3 2021	1:33	1:44	1:11
Q4 2021	1:27	1:34	1:11
Q1 2022	1:34	1:46	1:09
Q2 2022	1:35	1:52	1:11

Data from [Amagi ANALYTICS](#) confirms that the APAC market is a hotbed for FAST. Compared to North America, Latin America (LATAM) and Europe, Middle East & Africa (EMEA), APAC displays the highest growth in ad impressions (290%) and HOV (181%) from Q2 2022 to Q2 2023.

Region	Growth in ad impressions Q2 2022 vs. Q2 2023	Growth in HOV Q2 2022 vs. Q2 2023
APAC	*290%*	*181%*
LATAM	*174%*	*20%*
EMEA	*64%*	*58%*
North America	*20%*	*12%*

FAST market proportions
Q2 2023 based on ad impressions
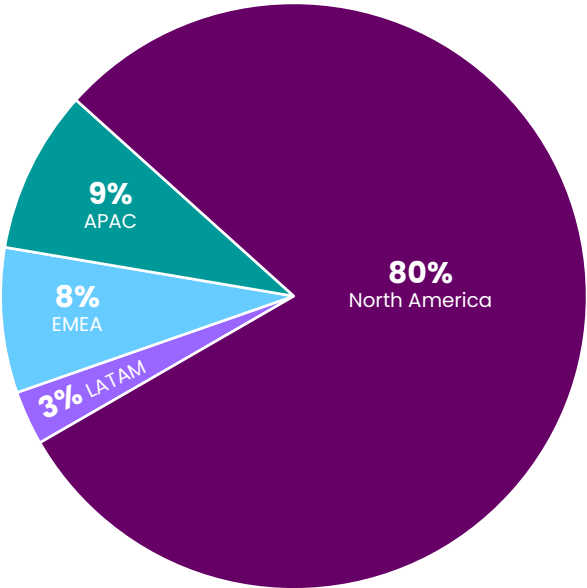
FAST market proportions
Q2 2023 based on HOV
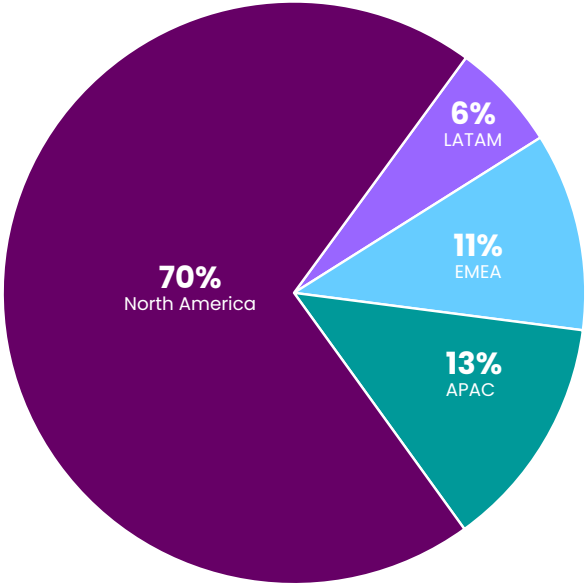
What are viewers watching?

Top 5 genres in Q2 2023 (Apr-Jun) in APAC by ad impressions and HOV

News continues to be the crowd favorite in APAC with a 47% contribution in overall ad impressions, followed by movies (16%) and music (11%).

News maintains its dominant position, contributing 36% to the overall HOV. Movies are a close second at 20%, followed by music at 10%.

Genre	Contribution in overall ad impressions Q2 2023	Contribution in overall HOV Q2 2023
News	47%	36%
Movies	16%	20%
Music	11%	10%
Entertainment	9%	9%
Lifestyle	7%	5%

According to *Campaign Asia's analysis,* one of the major reasons for the unprecedented growth of FAST in APAC is that the audiences enjoy a wider variety of content options at no extra cost. In India, for instance, *80%* of streaming TV viewers favor ad-supported content over subscribing to ad-free services with monthly fees.

Additionally, the *APAC FAST channels market* is poised for robust growth and is projected to achieve a remarkable 16.5% **Compound Annual Growth Rate (CAGR)** during the forecast period spanning 2023-2030. While free-to-air television has been extremely popular in this region, these numbers demonstrate that FAST is the future.

LATAM and EMEA: FAST continues to shine

In the **eighth edition** of the Amagi Global FAST Report, we saw highly encouraging statistics displaying the unprecedented growth of FAST across Latin America (LATAM). For the analysis period of Q1 2023 (Jan-Mar) vs. Q1 2022 (Jan-Mar), LATAM saw a 150% increase in ad impressions, 45% growth in FAST channel deliveries and 7% growth in HOV.

Similarly, despite the probability of a looming recession in September 2022, Europe, Middle East & Africa (EMEA) showed great growth figures based on the **fifth edition** of the Amagi Global FAST Report. The region witnessed a YoY growth of 111% in HOV and a YoY growth of 510% in ad impressions for Q2 2022 vs Q2 2021.

The good news is that based on data from Amagi ANALYTICS, both EMEA and LATAM continue to be great places for FAST to thrive. LATAM saw 174% growth in ad impressions and 20% growth in HOV for Q2 2022 vs. Q2 2023. EMEA followed suit with a 64% increase in ad impressions and a 58% hike in HOV for the same period.

What are viewers watching?

Top 5 genres in Q2 2023 in LATAM by ad impressions

Consistent with findings from our previous Amagi Global FAST Report, movies maintain their status as the top choice among viewers in LATAM, accounting for a substantial 36% of overall ad impressions in Q2 2023. Lifestyle content follows closely behind, with 23%.

Genre	Contribution in overall ad impressions Q2 2023
Movies	36%
Lifestyle	23%
Sports	10%
Music	8%
Nature	7%

Top 5 genres in Q2 2023 in LATAM by HOV

When it comes to their contribution to overall HOV during Q2 2023, movies take the lead, making a substantial impact at 52%. Lifestyle content secures the second position with a 17% share, while music comes in third with 7%.

Genre	Contribution in overall HOV Q2 2023
Movies	52%
Lifestyle	17%
Music	7%
Sports	5%
Nature	4%

Top 5 genres in Q2 2023 in EMEA by ad impressions

EMEA audiences exhibit a distinct preference for movies, accounting for 21% of the total ad impressions, with music and lifestyle trailing behind at 13% and 12%, respectively.

Genre	Contribution in overall HOV Q2 2023
Movies	21%
Music	13%
Lifestyle	12%
Nature	7%
News	7%

Top 5 genres in Q2 2023 in EMEA by HOV

A parallel narrative unfolds when examining HOV trends. Movies dominate the scene, securing the top spot with a substantial 21% contribution to overall HOV in Q2 2023. Following closely, news and music take the second and third positions, with 13% and 11%, respectively.

Genre	Contribution in overall HOV Q2 2023
Movies	21%
News	13%
Music	11%
Lifestyle	11%
Nature	8%

FAST advantages:
Content owners, FAST services & advertisers

Content owners & FAST services

Access to a wider audience base, leading to maximized revenue

Advanced ad targeting helps improve content monetization

Understanding audiences helps in creating tailored content, with better chances of being a success

Advertisers

Wider reach at a lower cost compared to traditional TV

Opportunity to target niche audiences based on their preferences

Maximum value of ad buys

US: The cradle of FAST sees steady growth

The US is also known as the birthplace of FAST. The **_first documented use_** of the word 'FAST' dates back to an Alan Wolk mention in 2018. The Amagi Global FAST Report Edition 8 also suggests the US continues to be at the forefront of the FAST revolution with an impressive **_42%_** adoption rate.

Amagi ANALYTICS data paints a consistent growth narrative in the US, featuring a 40% surge in FAST channel deliveries, a 20% uptick in ad impressions and a 12% increase in HOV from Q2 2022 to Q2 2023.

US - Analysis period - Q2 2022 vs. Q2 2023

40%
growth in channel deliveries

20%
growth in ad impressions

12%
growth in HOV
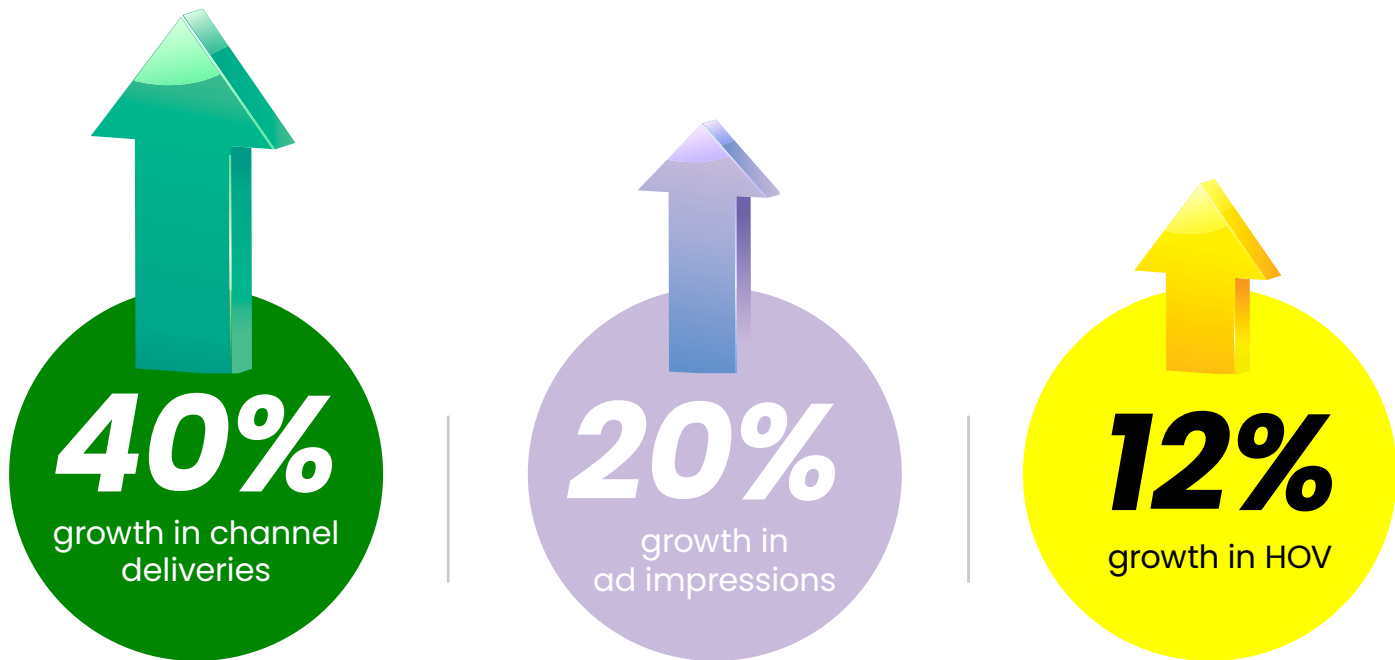
What are viewers watching?

Top 5 genres in Q2 2023 in US by ad impressions

Consistent with the insights from the [Amagi Global FAST Report Edition 5,](#) news maintains its position as the standout performer, making a substantial 44% contribution to overall ad impressions. Nature follows with 14%, while entertainment secures the third spot with 9%.

Genre	Contribution in overall ad impressions Q2 2023
News	44%
Nature	14%
Entertainment	9%
Movies	9%
Lifestyle	5%

Top 5 genres in Q2 2023 in US by HOV

A similar pattern emerges when examining HOV data for the US. News takes the lead with a commanding 46% contribution to overall HOV in Q2 2023. Nature follows with 12% and movies come in third with 10%.

Genre	Contribution in overall HOV Q2 2023
News	46%
Nature	12%
Movies	10%
Entertainment	8%
Sports	4%

One key observation for the US market:

Demand for localized content, especially news.

News continues to dominate the US market – it's the biggest contributor in terms of ad impressions and HOV, thanks to the high and rising demand for local news.

Whether it's the latest local news or a weather update, people in the US have a strong desire to stay informed about what's happening in their vicinity. Local news remains a consistent preference, especially in the US, with a daily viewership of approximately *25 million* Americans. There are a total of *842* local news stations in the US. To meet the growing demand for FAST and local news, *218* of these local news stations have already introduced their own FAST channels.
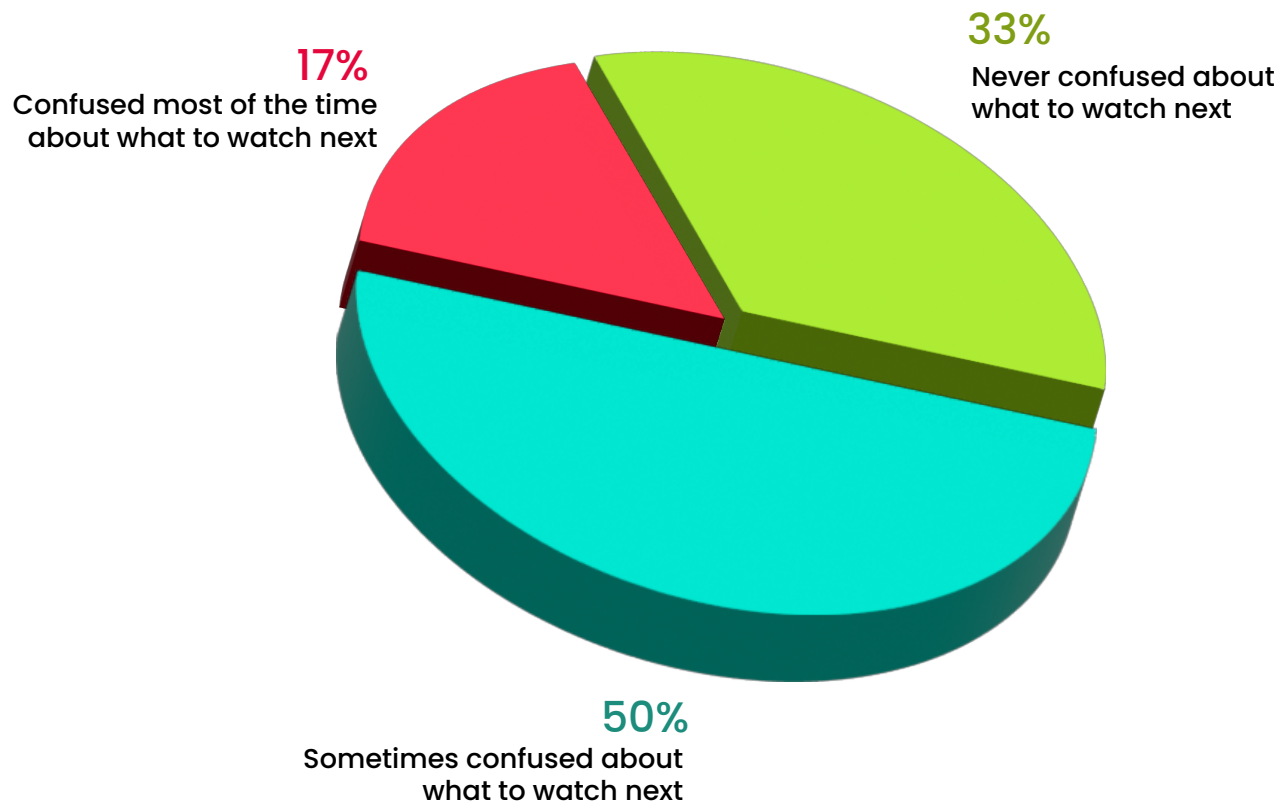
If you are a news channel/broadcaster in the US, these numbers indicate tremendous potential for your revenue. All you need to do is launch a FAST channel.

Amagi Consumer Survey US insights

The paradox of choice: Viewers struggle to find what to watch next

With **_significant CTV adoption rates_** in the US, this edition delves deeper into understanding viewers' TV-watching habits. ~70% of our survey respondents acknowledged experiencing confusion about what to watch next, underscoring the challenge of the paradox of choice. This high number points out the opportunity for FAST services to offer better personalized content choices.

17%
Confused most of the time
about what to watch next

33%
Never confused about
what to watch next

50%
Sometimes confused about
what to watch next

Content discovery continues to be a hassle on CTV

Shedding light on the challenge of content discoverability, a significant portion of our survey respondents (55%) indicated they rely on browsing as an effective method for discovering new content. 23% seek recommendations from friends and family, 16% discover new titles via social media and only 6% rely on CTV platform recommendations.


23%
Recommendations
from friends & family

6%
CTV platform
recommendations

16%
Social media

55%
Browsing
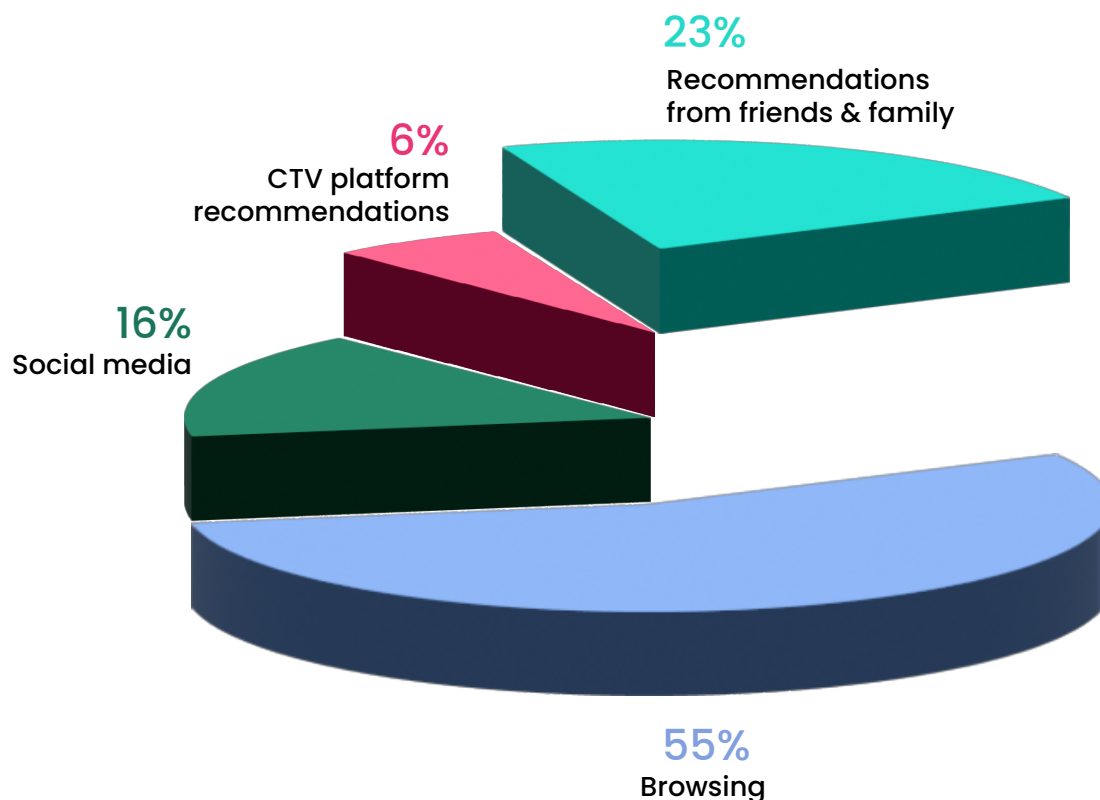
Viewers find personalized content recommendations useful

While 50% of survey respondents find personalized recommendations and content suggestions on CTV helpful, a substantial 40% do not. Interestingly, 10% of respondents do not receive recommendations but would like to.

40%
Don't find CTV
recommendations
useful

50%
Find CTV
recommendations
useful

10%
Wish they received
recommendations
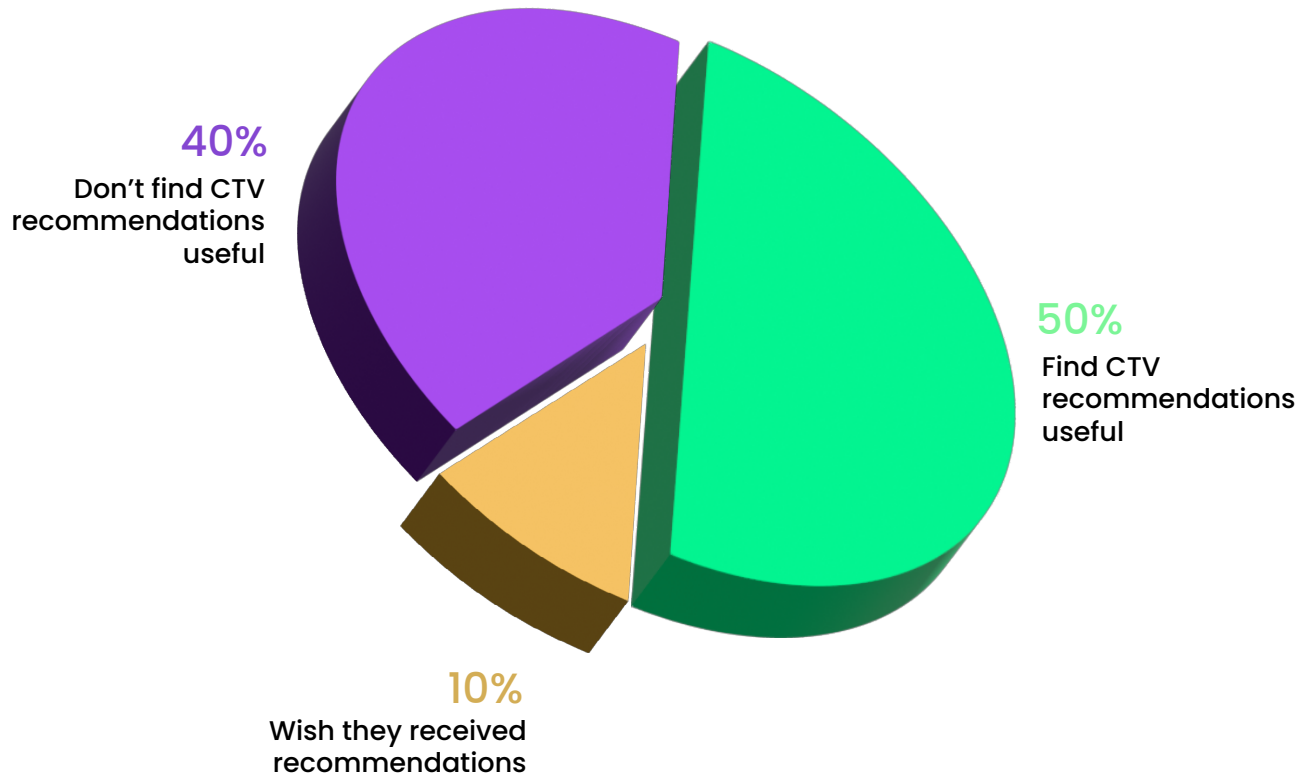
CTV ads lack stickiness

A whopping 80% of our survey responders prefer ignoring the ads by checking their phones, muting their TV sets or stepping out momentarily. This significantly high number highlights an opportunity for better ads in the current FAST landscape. Just 19% of respondents find the ads pertinent and tailored to their interests.

22%
Mute their TV sets

36%
Prefer checking
their phones

22%
Step out momentarily

20%
Find ads relevant & based
on their interests
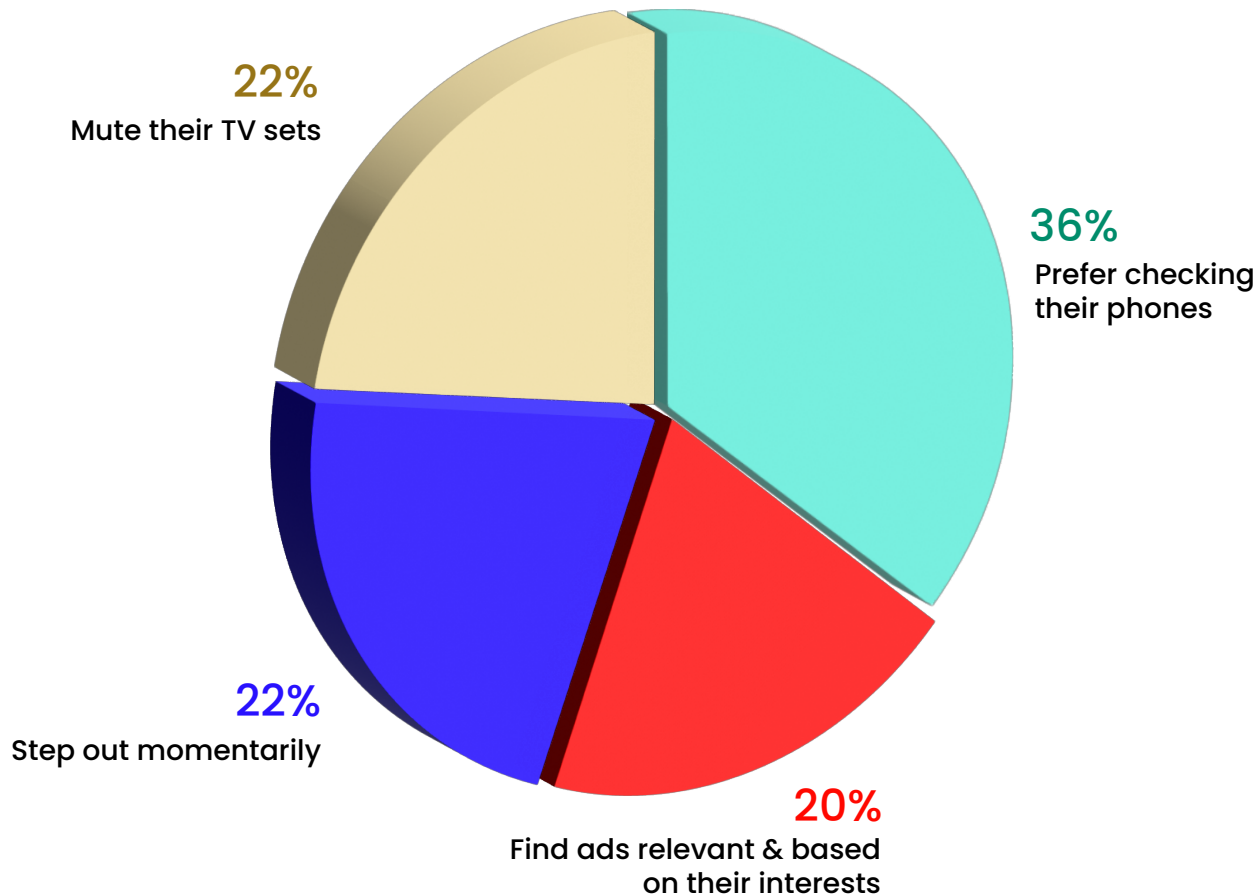
Interactive ads: Slowly gaining popularity

To further understand viewers' mindset, we asked them if they preferred interactive ads. Although the majority (54%) expressed a negative inclination, 24% indicated a positive stance, while 22% remained undecided. Looking at the brighter side, we see a strong inclination (46%) toward interactive ads, thus paving a way for advertisers to experiment with innovative and interactive ad formats.

22%
Are not sure

24%
Prefer interactive ads

54%
Don't prefer interactive ads
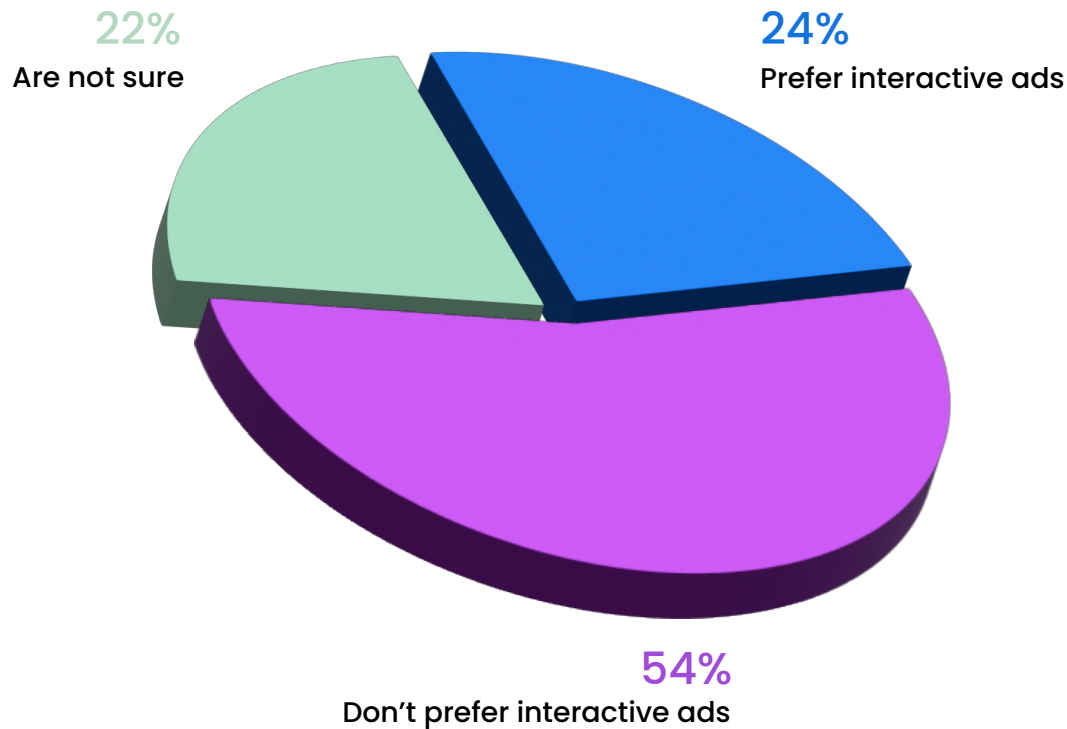
Shopping via interactive/shoppable ads: Yay or nay

To understand whether the use of interactive and shoppable ads would help drive better CPM, we asked our responders if they'd ever made a purchase from one. While a majority (78%) said no, a promising 22% said yes, instilling hope that the development of seamless, non-intrusive, and interactive ads could foster increased sales.

22%
Made a purchase through an interactive/shoppable ad

78%
Never made a purchase through an interactive/shoppable ad
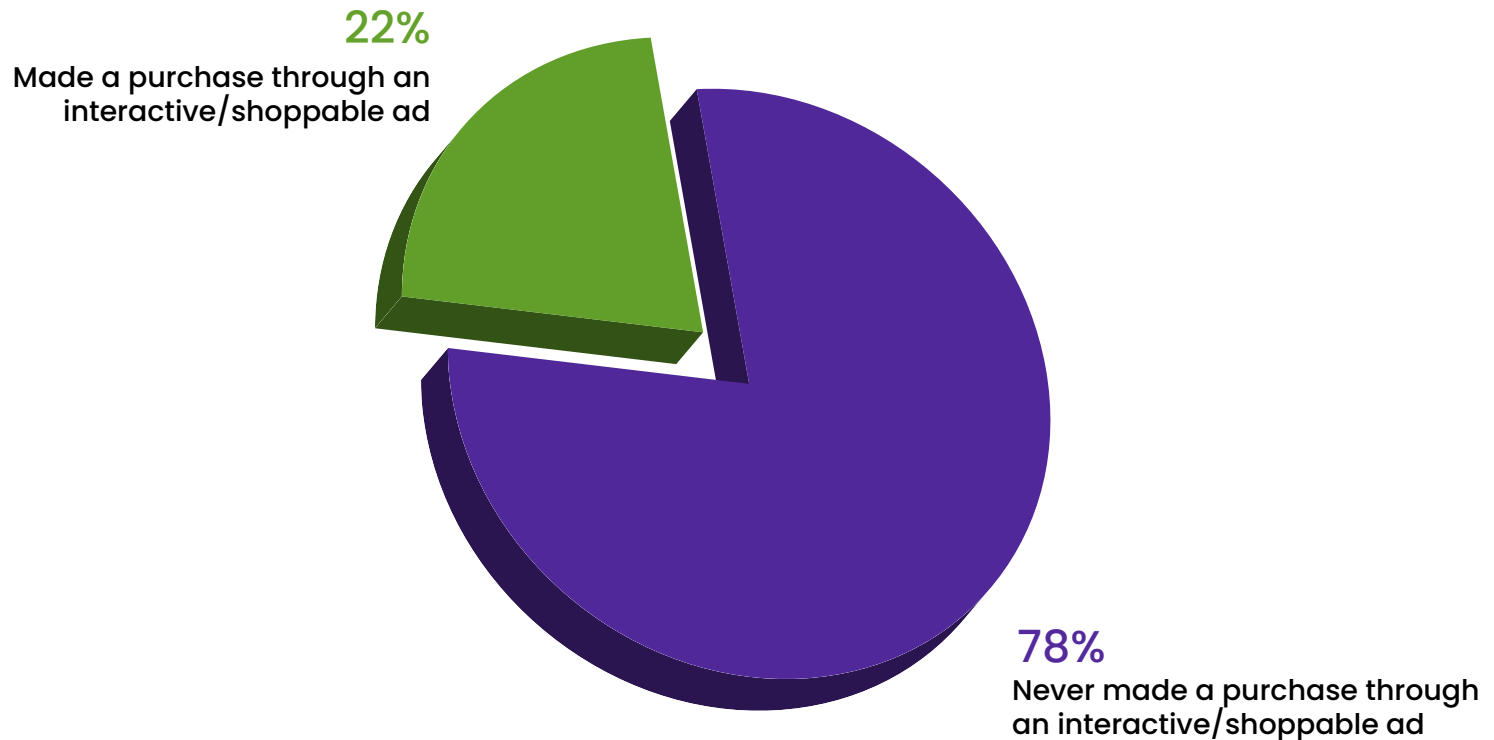
7

FAST 2.0: The next wave

When FAST was first introduced, everyone was fascinated by how much it replicated the cable TV model, offering a linear, lean-back viewing experience. The fact that it was free and offered a huge variety of niche channels covering almost all genres helped FAST overshadow other streaming models such as Subscription Video On-Demand (SVOD).

Replicating the cable TV model has brought FAST to its current position. Yet, in the dynamic streaming landscape, simply relying on this model is insufficient. Balancing linear and on-demand content seamlessly is vital if you want to cater to evolving viewer expectations and enhance viewer engagement. Achieving this equilibrium will merge the familiarity of traditional viewing with the flexibility of streaming, cultivating a more personalized and interactive experience to ensure viewer retention.

Challenges in the current FAST ecosystem

Content owners

Restricted shelf space: Most FAST services have a threshold for total number of channels. Therefore, content owners face severe issues finding space for their content.

The paradox of choice: Even if content owners successfully secure placement for their channels on a particular FAST service, capturing attention amid the multitude of available channels remains a daunting task.

FAST services

Content overlap: it becomes a challenging task for one FAST service to differentiate itself from others since most of them offer same set of channels.

Inflexible viewing experience: Audiences want greater autonomy over their viewing experience, like features available on other streaming platforms like SVOD. Addressing concerns such as the ability to pause or start a movie or show from the beginning is needed.

Advertisers

Lack of ad unit innovation: The current FAST advertising lanscape mostly replicates the cable TV advertising model with 15-30 second commercials. This monotonous approach leads to ad drop-offs, limiting ad revenue.

Disrupted viewing experience: The current use of slates in the absence of a targeted commercial creates unnecessary disruptions for the viewers.
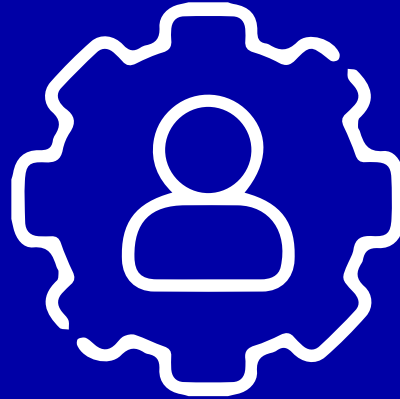
FAST 2.0: Three pillars

FAST 2.0

Personalization **Interactivity** **Ad sophistication**

Personalization

Solving for content discoverability: Content discoverability has been a constant hiccup for streaming services. But why is it a big issue? When SVOD started, viewers were excited about having multiple viewing options to choose from. As time went on, this excitement turned into subscription fatigue and ultimately fear of wasting time choosing what to watch next.

FAST 2.0 aims to solve this problem to further strengthen its foothold in living rooms across the globe. Here are some solutions:

Recommend right content: You can't make accurate content suggestions to viewers unless you know what they want to watch. How can you know that? Use AI to your advantage and move beyond the concept of offering similar movies/shows/channels based on viewing history. Fine-tune recommendations by using granular program descriptors that delve deeper than mere genre and cast lists, encompassing more complex factors such as mood and scenario. Employing a unified language to describe content in more detail facilitates content discovery and strengthens the connection between similar pieces of content.

> "
>
> **Service through hyper-personalization, where a channel can be created on the fly based on the viewer's interests and preferences, is where the future of FAST is headed.**
>
> **Paul Cheesbrough, CEO, Tubi Media Group, at Amagi LA FAST 2023**

Offer personalized Electronic Programming Guide (EPG): The current EPG model's one-size-fits-all approach is fundamentally flawed, particularly when it comes to content discoverability. While it's essential for FAST services to prioritize popular content, this approach often sidelines smaller niche channel providers, leading to a reduction in the overall diversity of available content. Here are four ways you can offer better EPGs:

i.   **Geo personalization:** Depending on the viewer's location, which can range from country and region to specific regional language and cultural distinctions.

ii.   **Cohort personalization:** Tailored to the viewer's habits and prior content selections.

iii. **Feed-level personalization:** Based on overarching themes, subjects and the pre-existing content within the FAST service.

iv.   **1:1 personalization:** This represents the ultra-focused version of cohort personalization that is customized to individual preferences, right down to their specific viewing history, binge-watching patterns and the content recommendations they've skipped.

Another key aspect that can be improved with respect to EPGs is key art. Aligning the EPG imagery with viewer's preferences is a must. It not only streamlines the content discovery process but also contributes to extended viewing periods and a broader range of titles explored.

Interactivity

Some ways to remove the constraints include providing basic control options such as effortless toggling between VOD and linear content, the ability to express preferences with likes/dislikes/favorites, and the ability for content shuffling.

1. Flexible navigation paths - Linear to VOD and more:

Most FAST services already have a rich content collection. They can utilize these vast sets of resources and create multiple, niche FAST channels, like a dedicated sport-specific channel that airs game/match highlights. This is a win-win situation for both viewers and content owners/FAST services. While viewers get to choose from hyper-personalized content options, content owners/FAST services can re-monetize an old piece of content and maximize revenue.

2. Interactive live:

Live programming, the heartbeat of the linear experience, presents the strongest opportunity for advertisers to drive aggregated audience reach. Providing interactive options such as recap, highlights etc. for viewers who are joining in the middle of live programming serves as a great way to drive engagement and sticky experiences with viewers. News and sports are primary categories where interactive features will draw viewers and help them stay tuned during the course of the program.

Ad sophistication

Viewers are loving FAST as it offers a favorable ad load experience (8-12 minutes of ad breaks per hour) compared to traditional linear TV (16-18 minutes of ads per hour).

Against this backdrop of reduced ad load, content providers and FAST services are looking for effective ways to maximize their ad inventory while being non-disruptive to the viewing experience. Currently, there are two key pain points with FAST advertising:

i. *Lack of ad unit innovation:* Simply repurposing the 15-30 second ads from the traditional linear TV model is not going to open up new advertising opportunities. More innovation in ad experiences and ad units is required to maximize revenues with reduced ad load

ii. *Disruptive Experiences:* FAST is a unique advertising model where programmatic advertising meets linear programming experience. As a result, when there isn't an ad available to be served to a particular viewer (due to frequency cap, unfilled inventory, etc.), the viewer is shown a slate – which is a disruptive viewing experience. That experience results in viewer drop-offs from the channel or the service, which isn't a desired outcome for an advertising-based model.

In FAST, the top contributing factors causing viewers to drop off include overly repetitive ads, generic, poorly targeted ads and high ad loads.

To overcome these challenges, FAST 2.0 must offer sophisticated ad experiences. How is that possible?

In-content ad units: Non-intrusive ad formats such as L-bands and graphic overlays, which are common in mobile and web experiences, are great opportunities to introduce additional ad inventory and refreshing ad experiences to CTV viewers. Major FAST services such as *The Roku Channel* and Pluto TV are beginning to actively explore these innovative ad formats. To help advertisers power seamless ad experiences, *Amagi offers innovative ad formats* such as graphics overlays, L-bands, Picture-in-Picture (PIP), contextual video ads, interactive ads and Dynamic Brand Insertion (DBI).

Zero slate experience: While slates serve as a mechanism to put the viewer "on hold" and keep them in sync with the EPG, it is an experience that none of the stakeholders - viewers, advertisers, content providers, FAST services - in the FAST ecosystem desire. At Amagi, we are focused on innovative ad experiences wherein viewer-specific ad experiences and ad loads are possible without the need for a slate. The future of FAST, i.e. FAST 2.0, should be slateless and non-disruptive to the viewers.

> **FAST will have powerful, performance-media-based niches in the future. Educational FAST channels are an example, with massive opportunities in FAST.**
> **Evan Shapiro, Owner & Cartographer, ESHAP, at Amagi LA FAST 2023**

Key takeaway

Want to harness the full power of FAST? It's time to rev up the engines

A thorough examination of industry expert reports, complemented by our consumer survey and real-time data from Amagi ANALYTICS, unequivocally demonstrates that 2023 has proven to be a prosperous year for FAST on a global scale. In the US, for the first time ever, traditional TV viewership (Cable & Broadcast) for US households **_fell below 50% in July 2023._** On the other hand, the share of streaming viewership (particularly FAST viewership within that) has steadily grown.

Even though the proportion of streaming TV viewership to traditional TV viewership in the US stands at ~75%, advertising dollars in Connected TV is only ~40% of the ad spend compared to traditional TV. In the next few years, we are going to see an accelerated shift of ad spend from traditional TV to streaming that is in line with viewership trends. FAST, being a 100% ad-supported model within streaming, will be the biggest beneficiary of this ad spend shift. However, just replicating the cable TV model as-is will not accelerate the growth of FAST to its fullest potential.

Bringing in new generations of viewers with compelling ad and content experiences (beyond the baby boomer demographic who are the core audiences of today's FAST), introducing streaming-like options such as play, pause, linear to VOD, and interactive experiences while maintaining the cable-like feel is crucial. Above all, achieving the right balance between content discoverability and diverse content choices will determine the future success of FAST.

We envision the future of FAST to be bright - premium live sporting events streamed, high quality original content produced and every viewer experience personalized. Every content provider and FAST service, big or small, has access to their desired audience while the addressability and interactivity of CTV emerges to its fullest form for advertisers.

We truly believe that we are just getting started in FAST!

We will be back with more action-packed insights on Free Ad-supported Streaming TV and how it fares in the crucial times ahead.

Send in your feedback, questions, and comments to **_cloudandme@amagi.com_**

Amagi Global FAST Reports | Quick Recap

Edition #1   **_Edition #2_**   **_Edition #3_**   **_Edition #4_**   **_Edition #5_**   **_Edition #6_**   **_Edition #7_**   **_Edition #8_**

Stay up to date with everything FAST
Explore Amagi FAST Center

Thrive with us!

Reach out to us at cloudandme@amagi.com to build or bolster your presence across FAST

Amagi is a next-generation media technology company that provides cloud broadcast and targeted advertising solutions to broadcast TV and streaming TV platforms. Amagi enables content owners to launch, distribute and monetize live linear channels on Free Ad-supported streaming TV and video services platforms. Amagi also offers 24x7 cloud-managed services bringing simplicity, advanced automation, and transparency to the entire broadcast operations. Overall, Amagi supports 700+ content brands, 800+ playout chains, and over 2,100 channel deliveries on its platform in over 40 countries. Amagi has a presence in New York, Los Angeles, Toronto, London, Paris, Melbourne, Seoul, Singapore, and broadcast operations in New Delhi, and an innovation center in Bangalore.

amagi.com