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Amagi Global FAST Report
Edition #5 | Sep 22

Thriving In A Changing World.
**HOW WILL THE
FAST INDUSTRY
PERFORM UNDER DIFFERENT
ECONOMIC CONDITIONS?**

Free Ad-Supported Streaming TV (FAST) continues to grow by leaps and bounds. Would a recession scupper that growth? Let's find out what the data says.

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Delve into comprehensive data and insights powered by Amagi's homegrown data analytics platform – [Amagi ANALYTICS](#) and Amagi's US Consumer Survey August 2022.

Analysis period – Q2 2022 vs Q2 2021

With the fifth edition of Amagi Global FAST Report, we bring to you data and insights collected from 50+ platforms and 2000 channels that run on Amagi's SSAI platform – [Amagi THUNDERSTORM](#).

The report also offers useful insights into audience preferences and viewing habits based on data gathered from Amagi's US Consumer Survey August 2022 – an online survey of ~600 US households. The survey participants were from all walks of life spanning the lower, middle and higher income groups – those who fulfilled the survey criteria of having watched TV at least once during the previous week.

Previous Amagi Global FAST Reports | Quick Recap

[Edition #1](#) | [Edition #2](#) | [Edition #3](#) | [Edition #4](#)

Recession concerns are top of mind for economists

[The July 2022 World Economic Outlook Update by the IMF](#) (International Monetary Fund) expressed concerns that we may be witnessing a recession in the near future. In fact, a [Bloomberg survey of economists](#) has predicted the median probability of a recession in the next one year as 47.5%.

Majorly catalyzed by factors such as the COVID-19 pandemic, the Russia-Ukraine crisis, and worldwide inflation, this wave of recession is predicted to have a major impact on three major world economies – US, China and Europe. Eventually, its impact is likely to trickle down to a global level as well.

[In the US alone](#), the economic growth is likely to see a 2.3% fall this year, followed by a further 1% decline next year.

The YoY inflation rate has reached
9.1% – the highest since 1981.

[CPI \(Consumer Price Index\) Report](#)

How would a recession impact FAST?

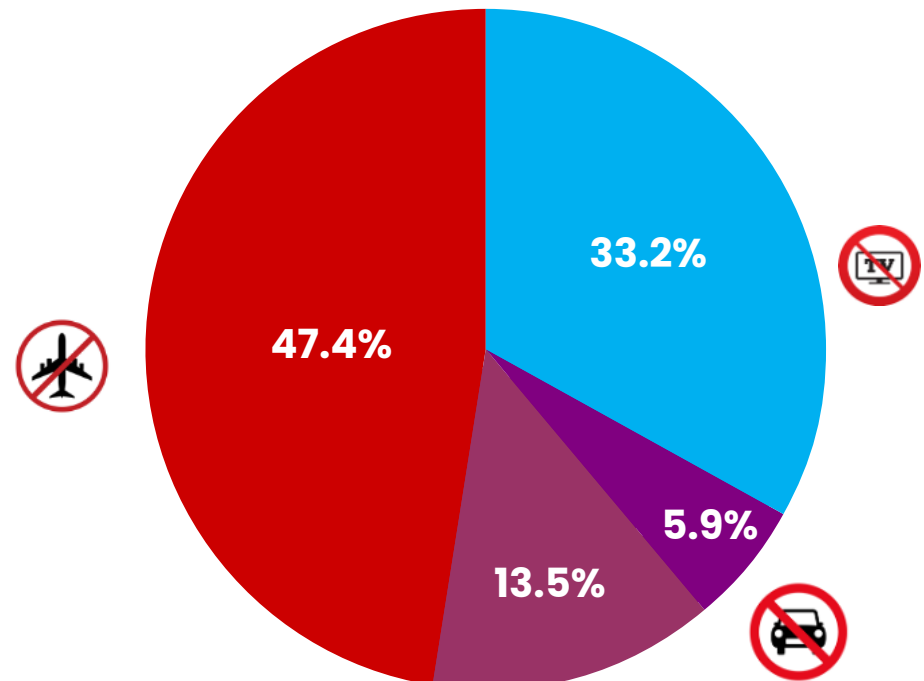
Will a slowdown accelerate its growth?

82% Americans worry that a recession would erode their purchasing power, with 71% anxious their wages might not be enough to meet their expenses.

In such a situation, we are likely to witness an increase in subscription cancellations as paid entertainment will take a back seat. In fact, [Comscore's 2022 State of Streaming](#) report affirms that the Advertising Video On-Demand (AVOD) model continues to see a faster adoption rate than Subscription Video On-Demand (SVOD) in the US. The former recorded a 29% increase between 2020 and 2022, while SVOD saw a 21% rise for the same duration.

Amagi's US Consumer Survey came to very similar conclusions. When asked what they would cut down if they needed to reduce their expenses, 47.3% said they would look to decrease their travel expenses, 33.22% would give up their TV subscriptions, and nearly 6% would reconsider their car/transport costs, with everything else accounting for the difference.

Consumers would cut down on travel and TV subscriptions

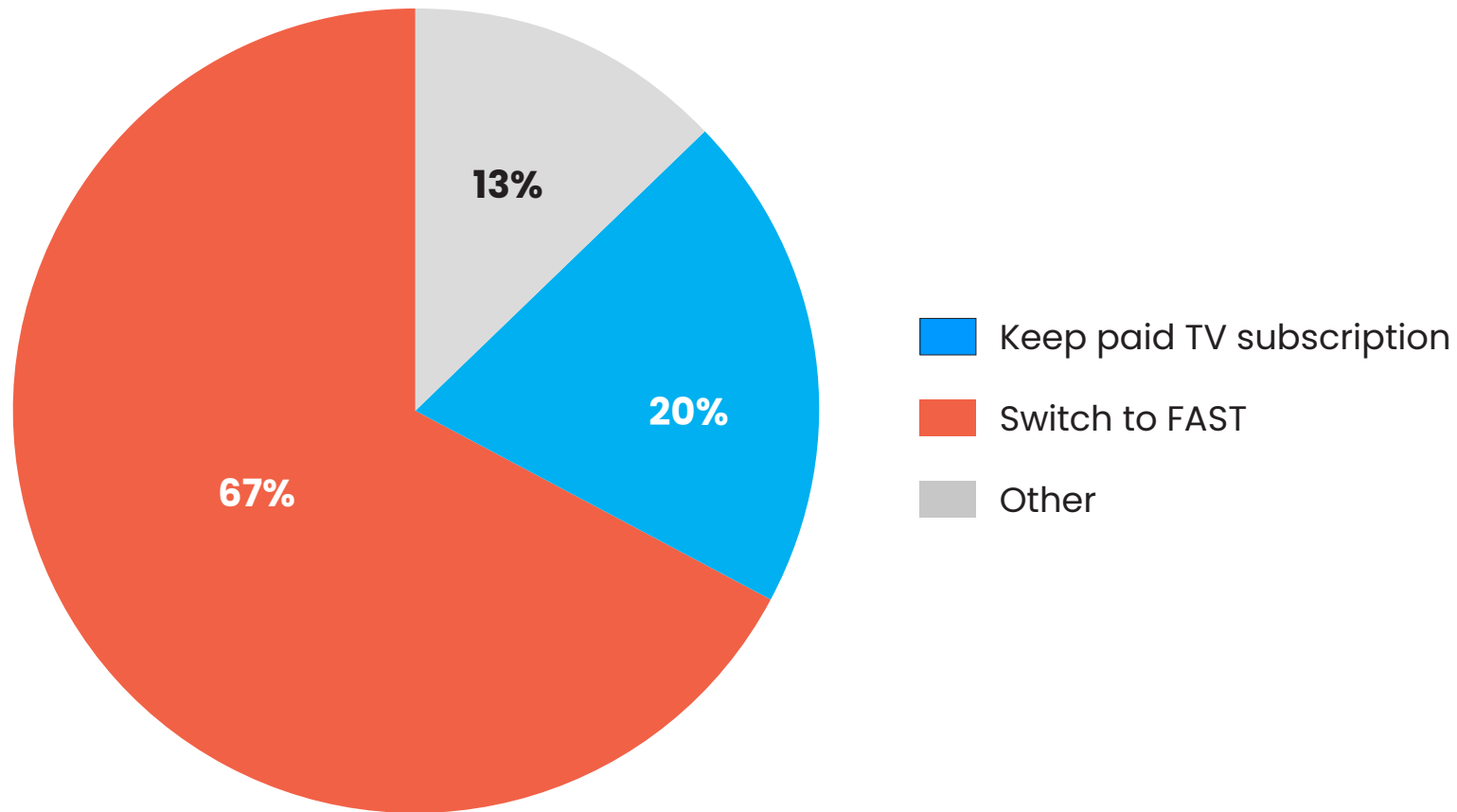


Source Amagi's US Consumer Survey

A Staggering 67% would actually switch from SVOD to FAST as a way to save on their TV expenses.

Globally, AVOD ad revenues are expected to hit a whopping \$56 bn by 2024, while APAC continues to be on top of the list with an ad revenue projection of around \$25 bn by 2024. As for the annual FAST ad revenues in the US, they are expected to hit \$6 bn by 2026, according to a recent VIP+ report.

The FAST industry thus finds itself in the unique position of potentially further accelerating in the event of an economic slowdown.



Source Amagi's US Consumer Survey

FAST: poised for **steady growth thanks to CTV**

As the possibility of an economic downturn continues to make audiences rethink their spendings, AVOD and FAST are in a sweeter spot.

Data from our analytics platform corroborates this as they reflect a 105% YoY growth in FAST channel deliveries, 130% YoY increase in ad impressions and an 84% YoY rise in total hours of viewing (HOV).

↑ **130%** growth in
ad impressions

↑ **105%** growth in
channel deliveries

↑ **84%** rise in total
hours of viewing (HOV)

Data from Amagi's ANALYTICS platform

A deep dive into this success story shows that the widespread popularity of Connected TV (CTV) is a major catalyst for FAST.

Data from our [Amagi ANALYTICS](#) platform shows that the total hours of viewing (HOV) on connected TV devices grew YoY by 83%, and ad impressions went up YoY by 127%.

Major brands such as Samsung and LG have come up with multiple pocket-friendly smart TV options, further helping CTV reach more homes. In fact, connected TVs are projected to reach [1.1 bn](#) homes by 2026. This augurs well for FAST since CTVs come with an inbuilt FAST platform.

CTV reigns over the living rooms

127%

YoY growth in Ad impressions

80.6%

US households have a CTV

83%

YoY growth in HOV

2.7%

plan to get one soon

Data from Amagi ANALYTICS

Amagi's Consumer Survey Aug 2022

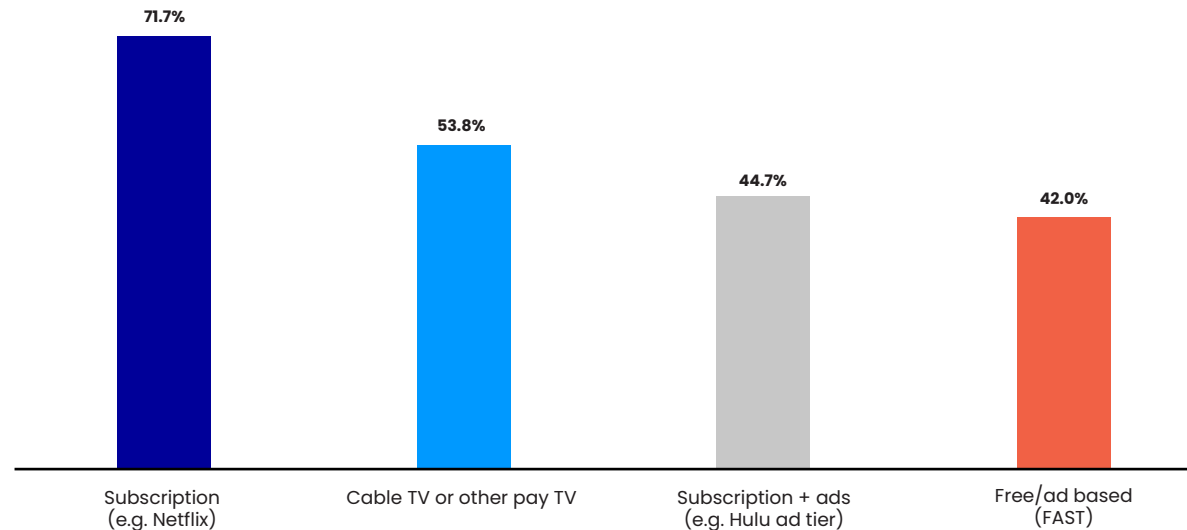
FAST performance is growing on mobile devices too

- HOV from mobile devices increased by 90%
- Ad impressions on mobile devices went up by 394%

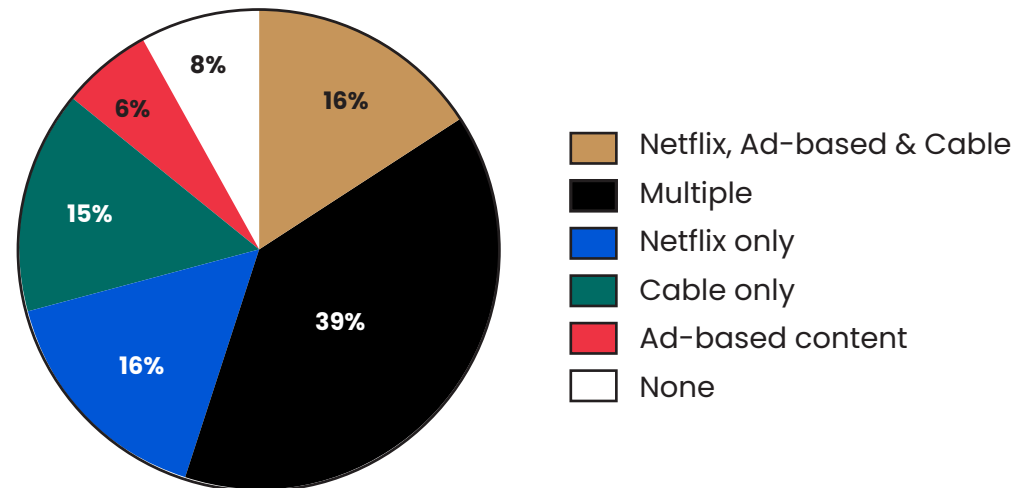
Free Ad-Supported Streaming TV has further room to grow

FAST combines the best of both worlds – a linear format and a digital experience to create just the right balance for all stakeholders. While consumers get access to vast, high-quality content libraries, advertisers can benefit from highly targeted ad campaigns. For content owners, the benefits include the ability to scale, easy content discoverability by audiences, and better monetization options.

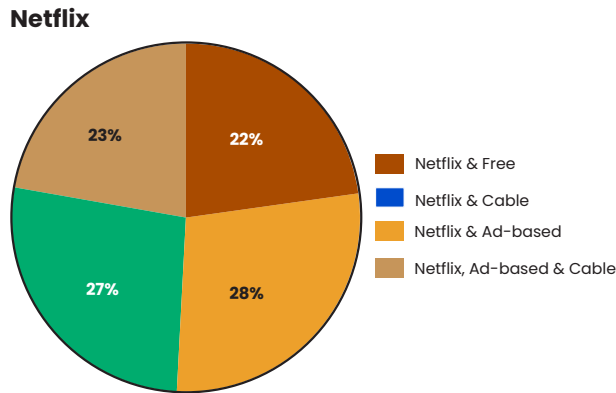
Viewers are therefore increasingly changing lanes and moving to FAST, yet our customer survey indicates that – even in the USA – there is significant room for incremental growth with 42% FAST penetration.



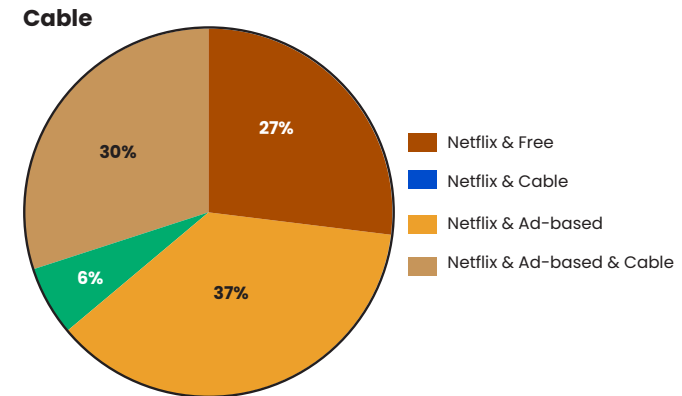
While Netflix is the most popular service with 70% penetration, further analysis indicate that the majority of viewers (55%) enjoy multiple services across SVOD and AVOD



As we look at the future of FAST, it is clear that cable subscribers are the next area of opportunity, with just 36% of them exposed to FAST vs. 50% of Netflix subscribers.



50% of Netflix subscribers are exposed to ad-based content



Only 36% of cable subscribers are exposed to ad-based content

Clearly, audiences who invest in subscription services are increasingly craving a lean-back viewing experience. A typical [US household](#) has approximately four paid video streaming and two paid music subscriptions. FAST seems to work better for these audiences who want to dive into a simpler, traditional cable TV-like model of content consumption.

Some key factors in favor of FAST include:

- **Worry-free lean back experience**
- **Minimal, targeted and non-intrusive ads**
- **Free access to premium content**

40% of US households have at least one FAST service

Source: Amagi's Consumer Survey Aug 2022

Will FAST last? Let's probe further

The numbers currently seem to be in favor of Free Ad-Supported Streaming TV and this upward trend is likely to continue in the face of an upcoming economic downturn too. Deloitte's latest digital media trends survey states that 65% of respondents don't mind watching commercials to reduce/eliminate subscription cost.

Channel deliveries are growing steadily, which clearly shows that more and more content brands are exploring the FAST advantage. A recent Variety Intelligent Platform (VIP+) report says 1400+ FAST channels exist in the US across major content platforms.

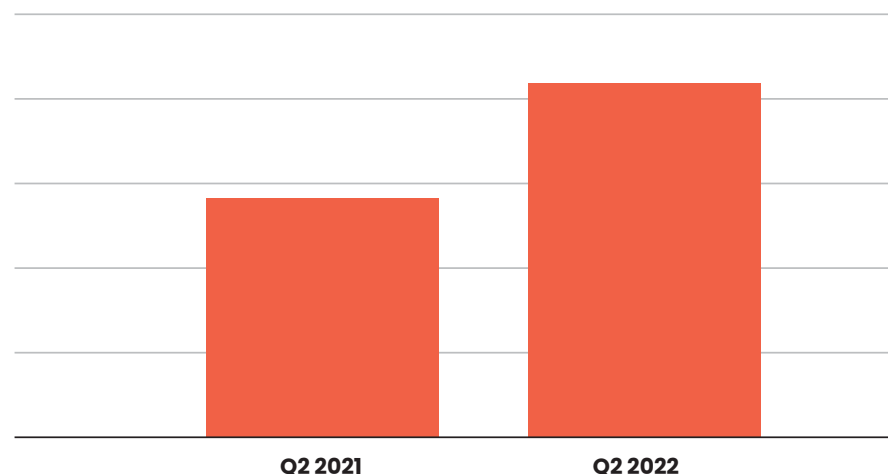
Amagi ANALYTICS data clearly shows a positive growth of FAST channels too. We have added over 100 channels across 14 top platforms in June 2022 alone. In total, we have added about 1206 channels this year.

Based on media reports, here's a quick snapshot of some popular FAST channel additions:

- Crackle Plus plans to launch five brand-new FAST channels in the US.
- Curiosity has partnered with LG to launch Curiosity Now, a free, ad-supported streaming channel.
- Banijay Rights, the global distribution arm of world-leading independent TV producer Banijay - has launched FAST channels across Samsung TV Plus, The Roku Channel, Freevee, LG Channels and more.
- To leverage its library of over 4000 TED Talks and present it globally, TED has launched its own FAST channel.
- Pluto TV recently reached 69.6 mn active monthly users and plans to further move into untapped regions like the Nordics in a partnership with a local broadcaster, NENT. They have also joined hands with a local AVOD player to further their reach across Sweden, Denmark and Norway.

As the number of linear channels across FAST platforms increase, **we are seeing a steady improvement in total hours of viewing (HOV), which has risen by 84% YoY between Q2 2021 and Q2 2022.**

The daily average unique users has also seen an uptick of 44% during the same timeframe.



Daily average unique users

With the number of FAST consumers increasing per day, more and more advertisers are investing in this space. **Ad impressions have thus shown an upward growth trajectory, rising YoY by 130%.**

FAST continues to reign globally

Phenomenal growth across APAC and EMEA

The FAST growth story continues to unfold equally well across different parts of the world. While the US accounts for the bulk of ad supported channels and audiences and is growing at a steady pace, APAC and EMEA are fast catching up. APAC saw a growth of 320% in HOV and EMEA recorded 111%. In the case of ad impressions, APAC saw a staggering 891% growth, followed by EMEA with 510%.

Region-wise FAST performance (YoY growth - Q2 2022 vs Q2 2021)

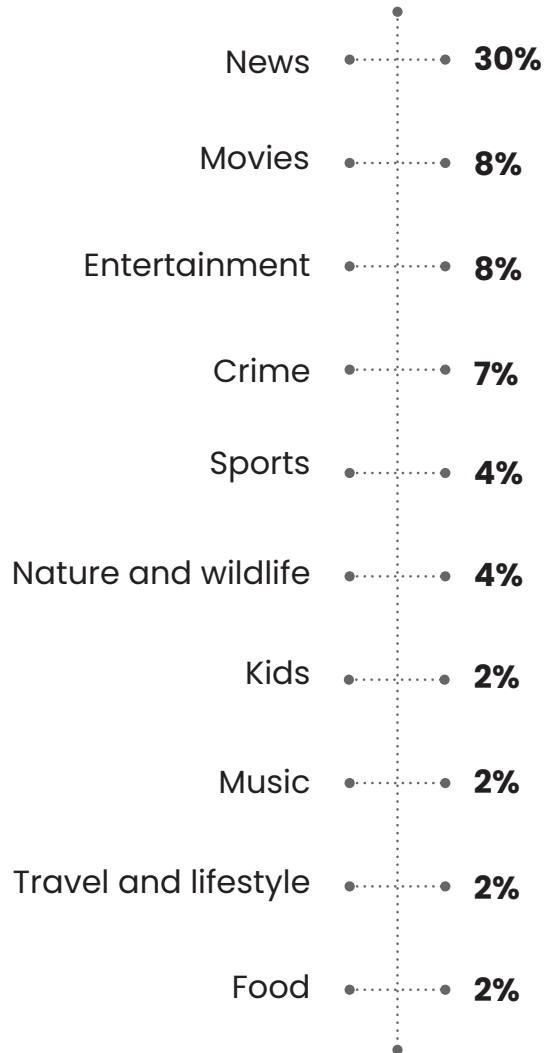
Region	Growth in HOV	Growth in ad impressions
North America	84%	124%
APAC	320%	891%
EMEA	111%	510%
LATAM	-13%	137%

What are **viewers watching?**

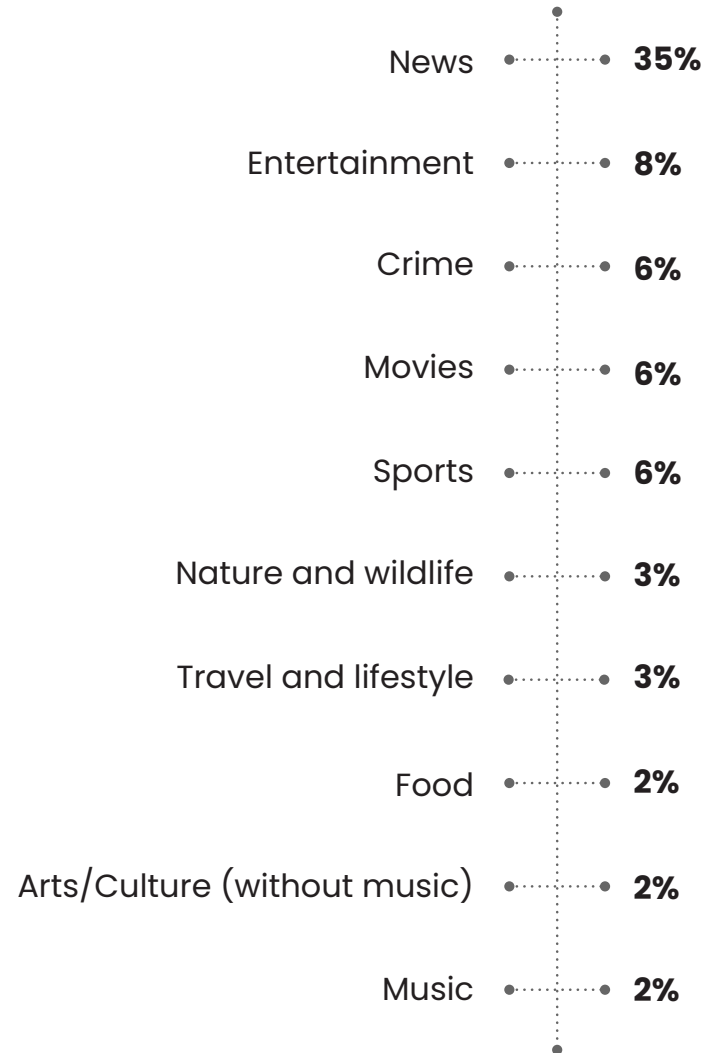
Top genres Q2 2022 – globally

While linear channels across FAST platforms offer a plethora of content, a few genres stand out as the audience favorites. Out of those, clearly, news is the top performer attracting 35% of the ad impressions in Q2 2022, and 30% of the total hours of viewing during this period.

Top performing genres by HOV



Top performing genres by ad impressions



News continues to rule

News stands out as the top performing genre across most regions. Here are some key factors that make news production/delivery, as well as consumption, an extraordinary experience for channels and consumers:

- **Huge choice of news channels**

News is one of the key genres audiences miss when they cut the cord, as the rest of the genres (excluding sports) are largely available across subscription-based and AVOD platforms.

FAST provides audiences a plethora of options to watch news, a number of which are available across platforms, while some are owned and operated by top news brands including ABC, NBC, CBS and Fox. Many news channels also offer specialized options including sports news, dedicated political news/talk shows, local news and entertainment news.

- **Live is a key magnet**

Live news reports and breaking news have always been the biggest attractions of linear TV. Their availability on FAST channels is therefore driving significant viewership and engagement.

Thanks to today's technology solutions, news outlets are able to launch high quality live programming without the need for a control room or heavy equipment; simply with the click of buttons on a web browser. Weather is another key attraction as it is habitual and can be very localized, thanks to the audience targeting possible on FAST.

- **Enriching local experiences**

With the addition of local news, FAST platforms are bringing users close to their locations and offering a highly personalized experience, thus improving channel stickiness. News outlets are able to bring the same high quality programming available on local broadcast to FAST.

With familiar and popular anchors and reporters, high quality reporting and localization, local news has become the de facto choice for viewers in key dayparts – mornings and evenings. Clearly, local news stands out as the posterboy for value offered by FAST.

- **Broadcast-grade quality**

FAST is home to premium news content from top global broadcasters. Quality is the same as that offered by cable TV/broadcast, thus enabling audiences to enjoy a great viewing experience. This is further enriched by advanced secondary graphics including tickers, clocks, and comprehensive weather, sports and social data – all leading to higher audience engagement on FAST news channels.

The timeliness of streaming news channels and the always-on linear nature of FAST platforms perfectly complement each other. Unlike other 'on-demand' streaming environments, FAST offers limited options for pausing, rewinding or catching up later. Rather than a disadvantage, this format is tailor-made for news viewers – they know they are always getting up-to-the-minute information from trusted sources.

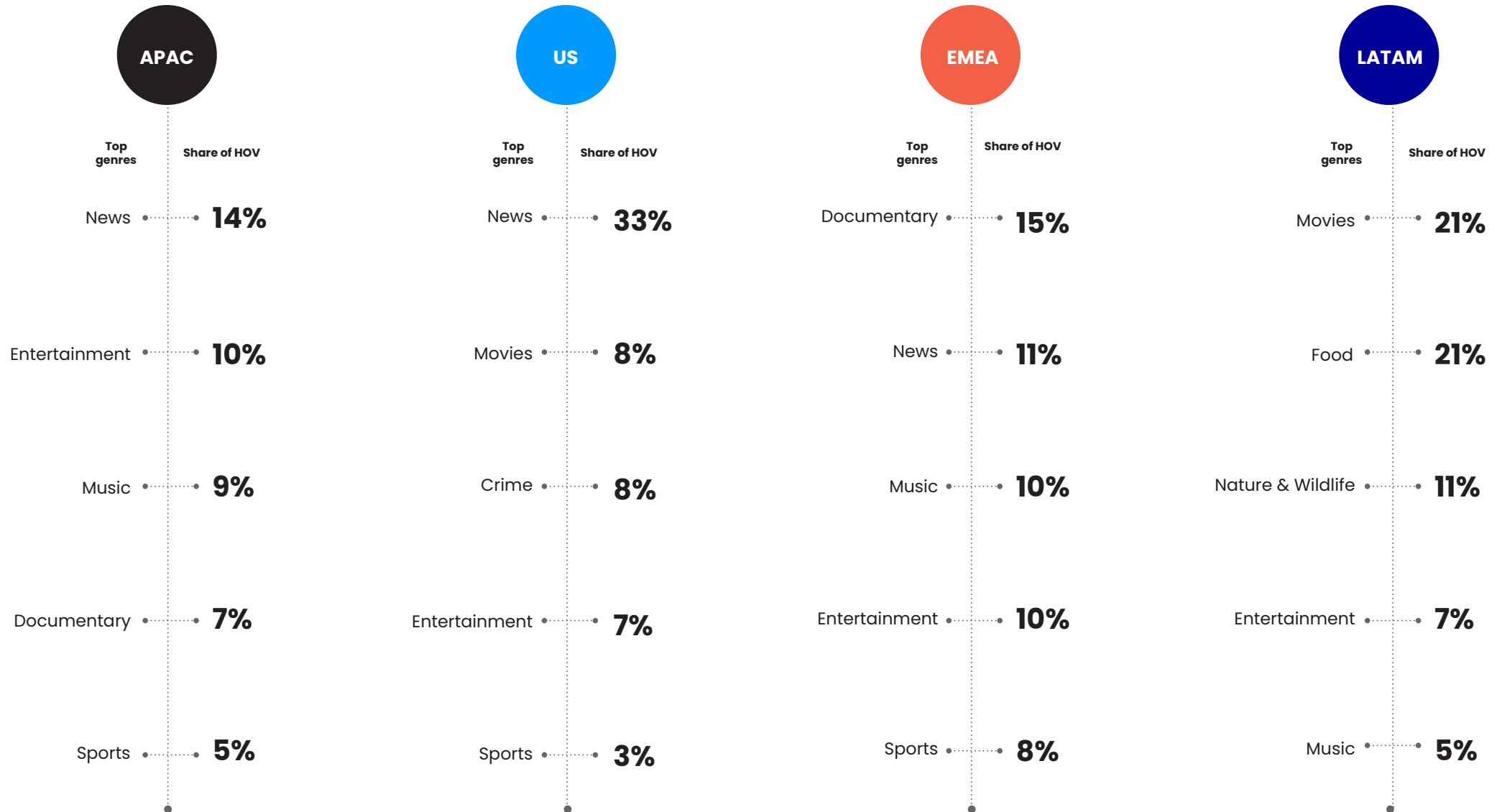
With enhanced graphics featuring headlines, clocks, and sports and weather data, plus an ever-growing selection of live events, these channels now provide some of the most effective news presentations available. There are less boundaries in FAST and fewer interruptions. Producers may choose to let a live event go longer, or cover stories that wouldn't ordinarily fit into a typical rundown. As a result, FAST news channels are perhaps more valuable to users than what is available on cable or over-the-air.

“Local News programming can do for FAST platforms what it accomplished for OTA and Cable: create community connections with the audience. As a result, the habitual nature of Local News viewing becomes a key retention element, bringing viewers back over-and-over again to the platform and exposing them to other programming promotions (much like recirculation tools in traditional Digital Media).

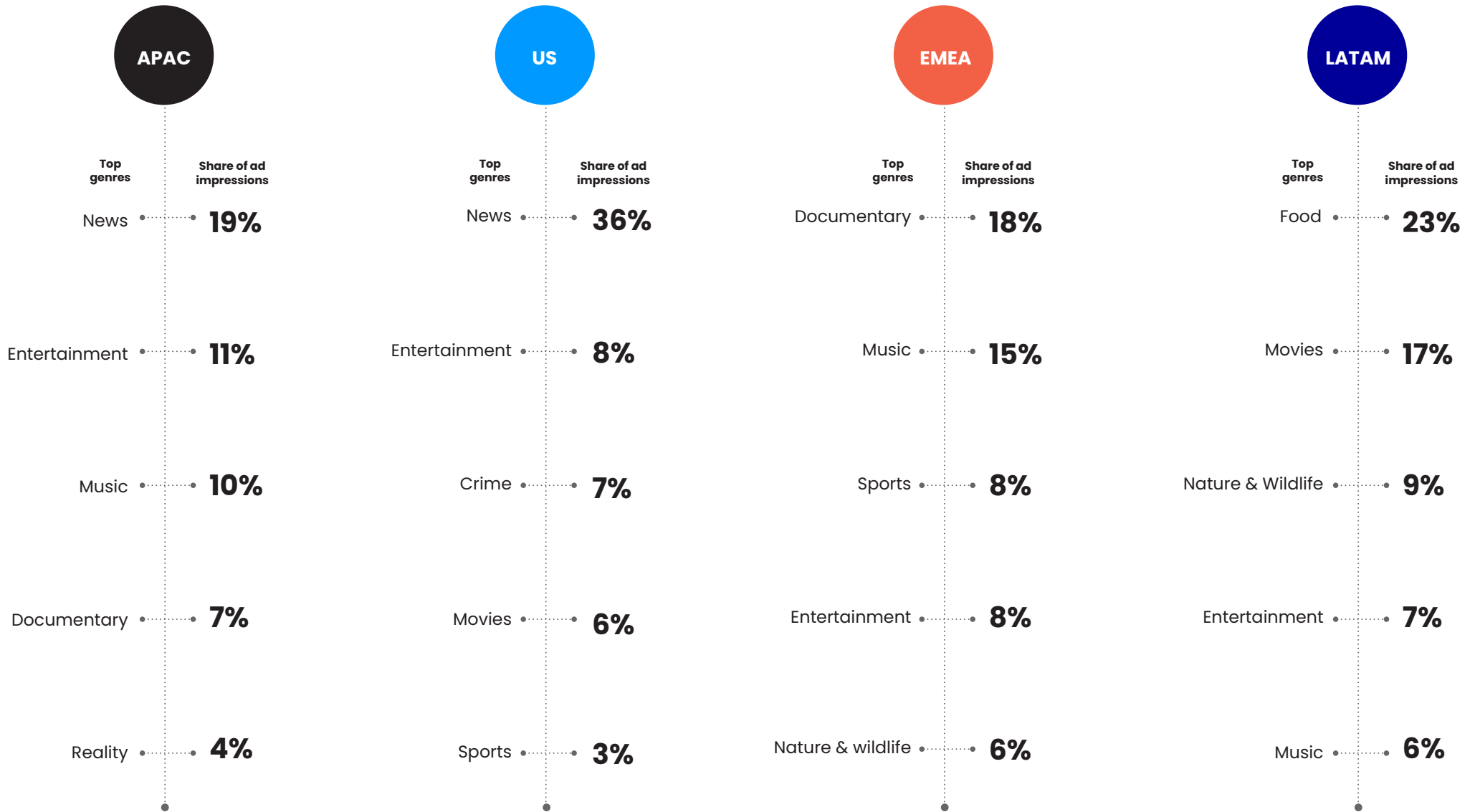
By offering 24/7, non-geo-fenced access to Local News-only streams, community connections can continue regardless of where the viewer is watching, with revenue upside. A Chicago expat living in Dallas, for example, can keep current with folks back home by watching Chicago news, but with relevant Dallas advertising.”

Adam Wiener
Founder, Continuous Media LLC

Top-performing genres across regions by HOV

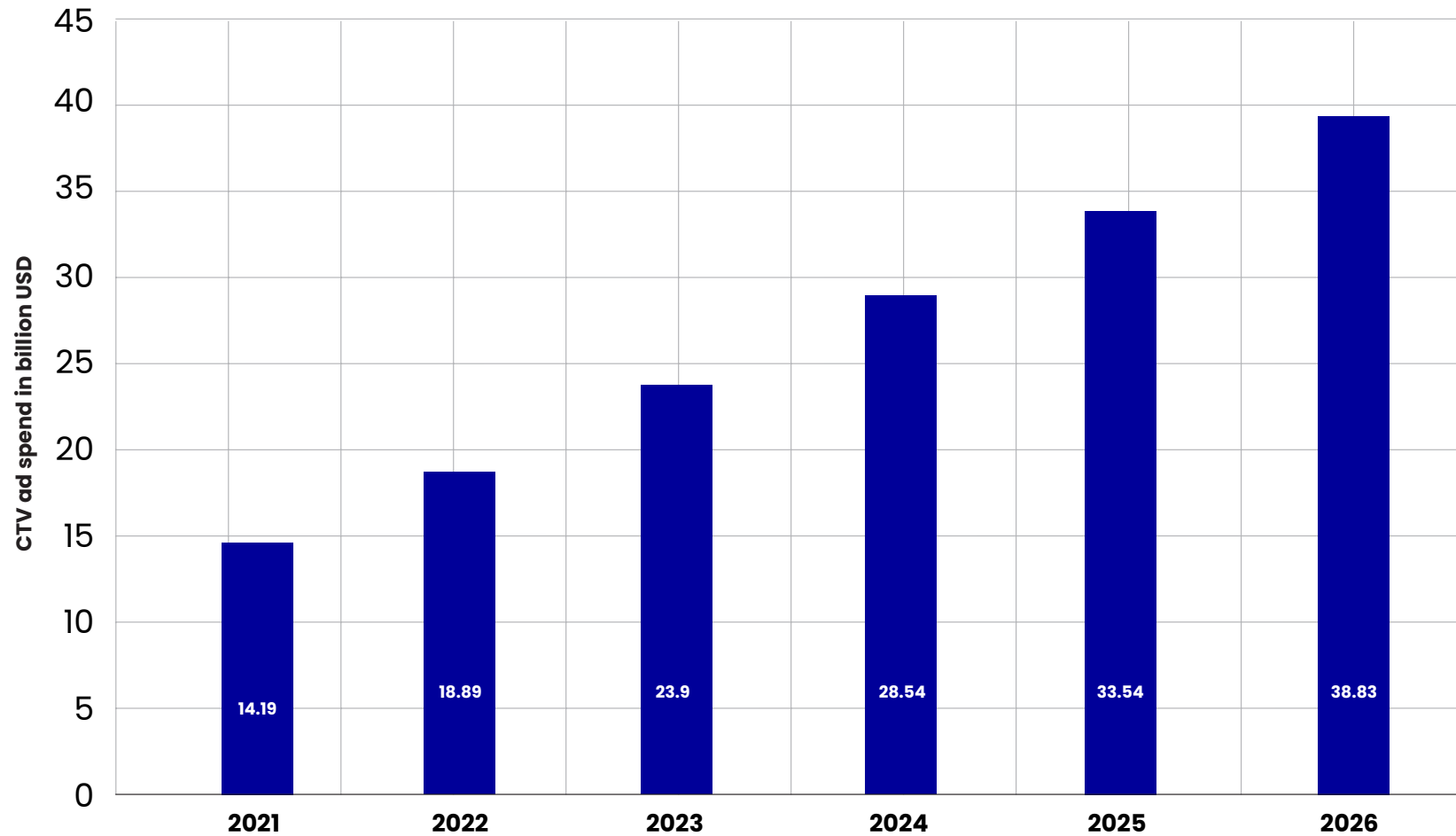


Top-performing genres across regions by ad impressions



A closer look at CTV advertising: the golden opportunity to tap into

The CTV ad spend in the US alone is estimated to grow to USD 38.83 bn by 2026 as per a [Statista industry report](#).



Source: STATISTA 2022

Here is a quick look at why CTV advertising works better for everyone:

Unmatched reach: Previously unreachable sections, cord-cutters and cord-nevers, can be easily targeted

Better connect: CTV audiences tend to be more [emotionally invested and engaged](#) leading to better conversions

The magic of togetherness: CTV is bringing the entire family back to their living rooms, which favors advertisers. Compared to solo viewers (37%), the average percentile rank of emotional response to ads among group viewers is almost double (71%)

Bigger screens = Better viewing experience: Since most CTV setups offer an uplifted picture and sound experience, audiences tend to stay glued for longer

Non-intrusive, targeted ads: Innovative ad formats (DBI and contextual video ads) are helping create a rich and meaningful viewing experience. Powered by the latest technology, these new ad formats such as Dynamic Brand Insertion (DBI) and contextual video ads offer unintrusive, personalized ad viewing experiences for audiences. It is a win-win-win formula for advertisers, content owners and audiences. Here is how:

- **Advertisers** can create new revenue streams without the need to increase the ad load
- **Content owners** get to make the most of their content without spoiling the viewing experience
- **Audiences** enjoy a flawless and more immersive watching experience

The beginning of a seamless, unintrusive ad experience on FAST

DBI made a debut at the end of 2021, and helped bring in an additional 6% ad opportunities and 2% ad impressions across FAST platforms in the first quarter of 2022

Sustaining the CTV growth: How to tackle challenges and surge ahead

Many top tier broadcasters such as Paramount and Peacock have already launched their FAST offerings and joined the CTV revolution, while many other content brands and producers plan to do so the next year. However, there is industry-wide consensus that they need to address multiple challenges to be able to sustain the connected TV growth momentum:

- **Measurement accuracy**

Getting the numbers right continues to be a challenge. Oftentimes, it's not possible to figure out whether viewers are still watching a series/movie actively or it's playing in the background. This uncertainty can impact conversion rates.

- **Getting audiences right**

It is critical to be able to access accurate and timely data on audience preferences and viewing habits, while adhering to the constantly evolving privacy laws. Reliable data will have an undeniable impact on the future of CTV as the entire CTV ad personalization model is hugely data-dependent.

- **Fragmented pay/cable TV and CTV marketplaces**

Managing both pay/cable TV and CTV marketplaces separately is a major concern for advertisers. Many believe that a converged marketplace that caters to both these segments together will be a major relief.

With teething problems being ironed out, CTV presents a golden opportunity for content owners and streaming platforms to extend and sustain their FAST success story.

Thanks to emerging technologies, content owners can look at delivering personalized offerings based on viewer location, viewing habits and individual preferences. Moreover, CTV advertising makes it possible to run personalized ads for different sets of viewers, adding value to the viewing experience. Advertisers get to benefit from being able to send targeted offers leading to better chances of conversion.

FAST powers seamless viewing experiences by utilizing the magic of powerful secondary graphics and innovative ad formats. It means a non-intrusive viewing experience for the audience and the ability for platforms to run more ads without increasing the ad load.

All in all, the road ahead looks bright and inviting for everyone in the FAST lane.

Final take: **FAST is more ready than ever**

2022 has been an exciting year for FAST so far. Although there are some concerns around a potential global economic downturn, we strongly believe that FAST will make it through to the other side.

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

Send in your feedback, questions and comments to cloudandme@amagi.com.

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Amagi is a next-gen media tech company that provides cloud broadcast and streaming TV solutions to TV networks, content owners and streaming TV platforms. Amagi enables content owners to launch, distribute and monetize live linear channels on Free Ad-Supported Streaming TV and SVOD platforms. Amagi also offers 24x7 cloud managed services bringing simplicity, advanced automation, and transparency to the entire broadcast operations for traditional TV networks. Amagi delivers 2000+ channels with deployments in over 40 countries. Amagi has presence in New York, Los Angeles, London, Paris, Singapore, New Delhi and Bangalore.

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