

Streaming Satisfaction Report

Spotlight on the Ad-Supported Experience

August 2022



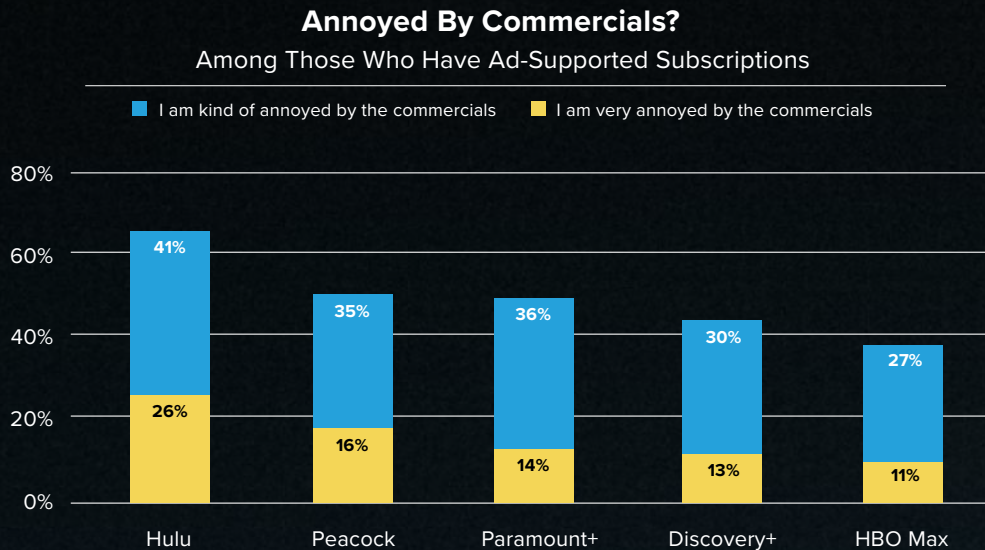
Introduction

As the media industry races to make streaming video profitable, advertising supported tiers of subscription video platforms are getting increased attention. While some platforms have already launched ad-supported tiers, others have announced they are coming soon. As always, the content will drive consumer choice between services, but the advertising experience will have some value in user satisfaction.

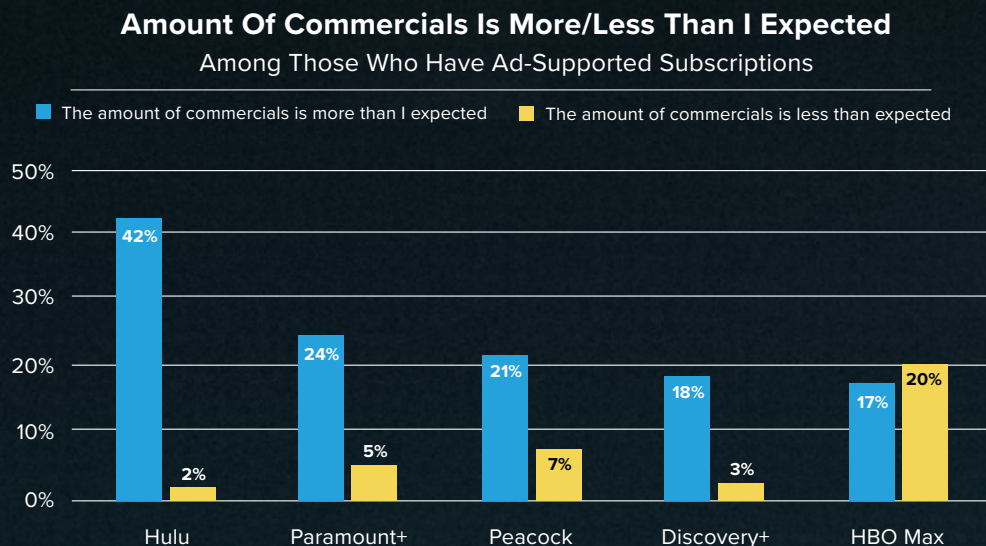
As part of a larger study about customer satisfaction with subscription video services, Whip Media surveyed nearly 2,500 users of our TV Time app in the US about their experiences with AVOD tiers of major streaming services.

The Advertising Supported Experience

Our research revealed that the ad-supported VOD experience varied between the major platforms offering the option. Respondents reported a particularly negative experience with Hulu, citing it as more annoying than users of other platforms. HBO Max drew the most positive marks.



Hulu's ad loads are known to be heavier than most in the industry¹ and our results show that viewers have noticed. HBO Max was the only service that users reported feeling the amount of commercials was less than expected. Their ad loads are very low at only 4 minutes per hour² and HBO originals on the ad-supported tier do not carry any commercials.

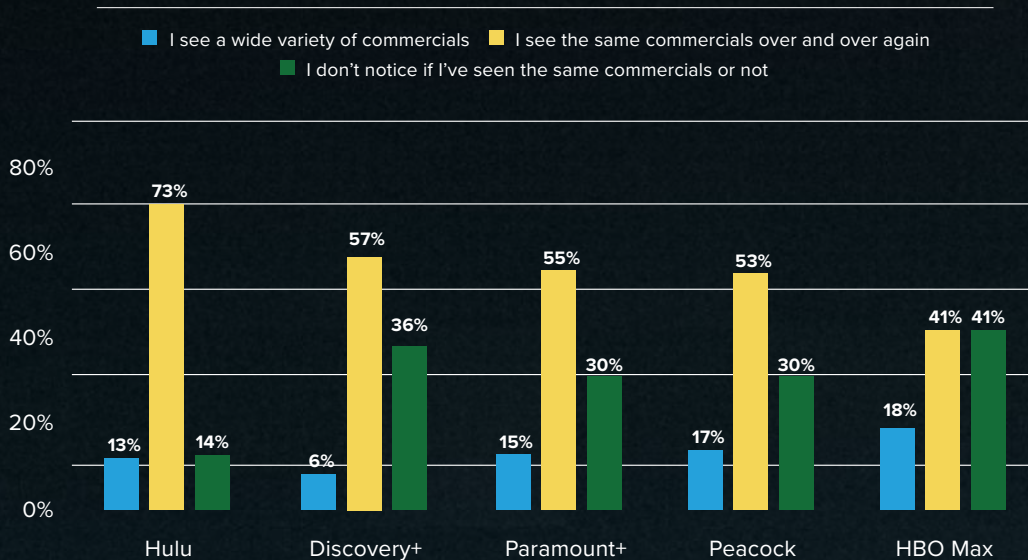




Finally, Hulu users complained they saw the same commercials too frequently compared to the other services; and by a wide margin.

Are The Commercials Repetitive?

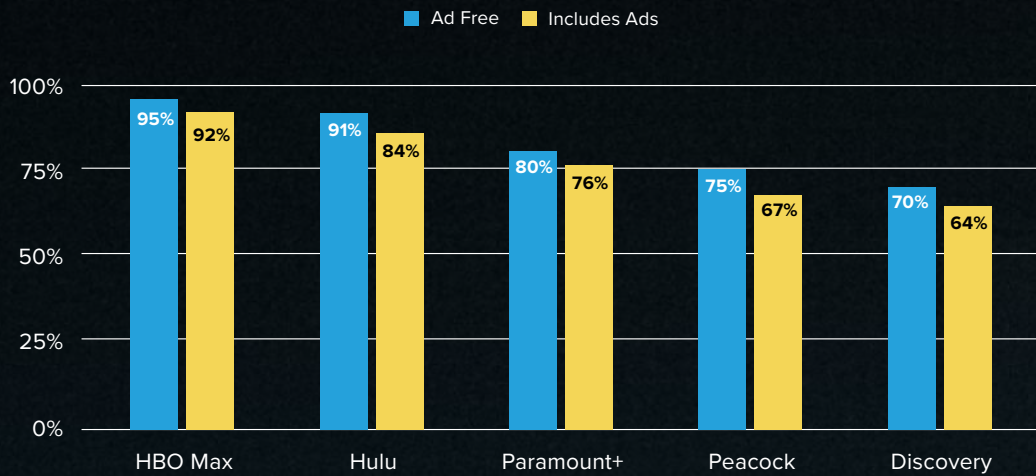
Among Those Who Have Ad-Supported Subscriptions



We wondered if consumers who pay less to accept ads are any more satisfied with a platform than those who pay more to avoid them. The data revealed that the general rank order of satisfaction is similar between users who have ads and those who don't. Users who have decided to accept ads generally have slightly lower satisfaction than those who paid more to go ad free, but not by an extreme amount. HBO Max, with its lower load of ads, has the closest gap in satisfaction between the ad-free and ad-accepting users. Peacock had the widest gap.

This chart also shows that the commercial experience can affect attitudes about overall satisfaction between the platforms. Notice that HBO Max's ad free service is only 4 points higher than Hulu on satisfaction, the closest margin of any two services. HBO Max's ad supported tier is 8 points higher than Hulu's on that measure.

Satisfaction | Ad Free vs. Includes Ads Among Those Who Have Ad-Supported Subscriptions

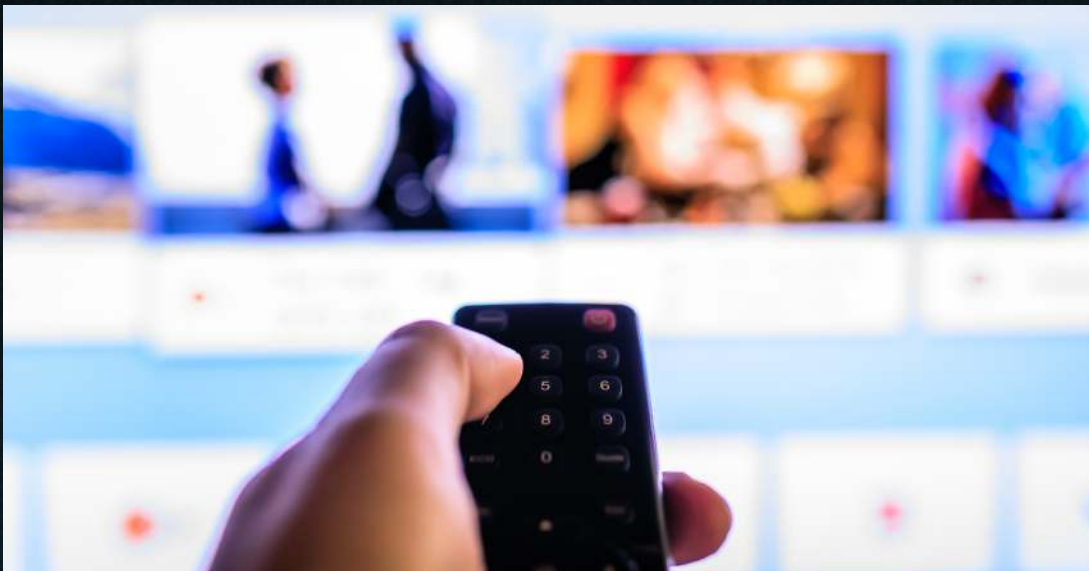
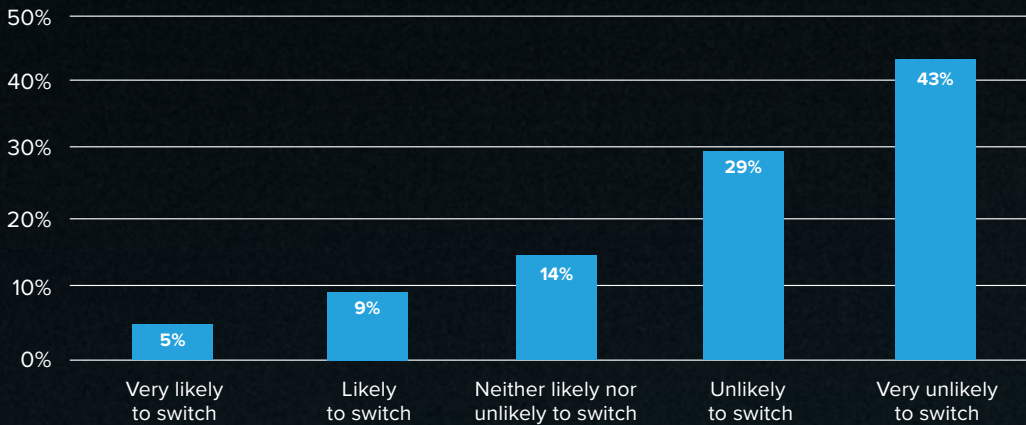


Advertiser Supported Netflix?

Just prior to fielding the survey, Netflix announced their intention to add a lower cost, advertiser supported subscription option. Our respondents who are currently Netflix subscribers do not appear very interested in switching right now, although we asked the question without the benefit of knowing the price point.

How Likely Would You Be To Switch To A Lower Cost Version Of Netflix That Had Commercials In The Programming?

Among Those Who Currently Subscribe To Netflix



Conclusions

In addition to the on-demand aspect of subscription video, the ad-free experience was a key driver of the model's popularity. As streaming options have proliferated, along with the costs associated with them, the platforms have turned to offering ad-supported tiers to lower the price of subscriptions to increase subscribers and generate revenue from advertisers. But introducing commercials into the service creates another way users will evaluate the platform. Since the original offerings were built on an ad-free model, platforms should not take acceptance of advertising by users lightly. Our results make it clear that if the commercial load is excessive or if the ads are repetitive, users will notice and will include that issue in how they evaluate the service.

Methodology

The survey was fielded with 2,460 US TV Time app users from April 29 to May 4, 2022. All results were weighted to balance with the US general population by gender and age (18-54).

1. <https://www.mediapost.com/publications/article/371798/the-top-5-avods-are-duking-it-out-for-a-handful-of.html#:~:text=Peacock%20and%20HBO%20Max%20have,message%20out%2C%E2%80%9D%20says%20MediaRadar>.

2. <https://deadline.com/2021/06/hbo-max-ads-launches-lowest-commercial-load-streaming-1234767796/>