

Rough Waters? Downstream Effects from the Transition to Streaming Via Smart TVs



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- We see a lot of survey data and OEM data about smart TV use
 - but rarely together
- Today's presentation will combine these two data sources to discuss
 - How consumers behavior is changing due to the “compound growth” of greater smart TV penetration combined with greater use of those TVs
 - The implications of these behaviors for the TV advertising business

Streaming via smart TVs seems unremarkable now but 10 years ago it was still niche

% of smart TV
HHs streaming
via smart TVs*

% of all TV
HHs streaming
via smart TVs*

2013 Q1

43%

9%

*Regularly/At least once a month

Sources: 2020, 2023: Hub's *Entertainment & Tech Tracker*; 2013: GfK *Home Technology Monitor*

Just 4 years ago, it was still new enough to be having an effect on US TV behavior

	% of smart TV HHs streaming via smart TVs*	% of all TV HHs streaming via smart TVs*
2013 Q1	43%	9%
2020 Q1	75%	49%

*Regularly/At least once a month

Sources: 2020, 2023: Hub's *Entertainment & Tech Tracker*; 2013: GfK *Home Technology Monitor*

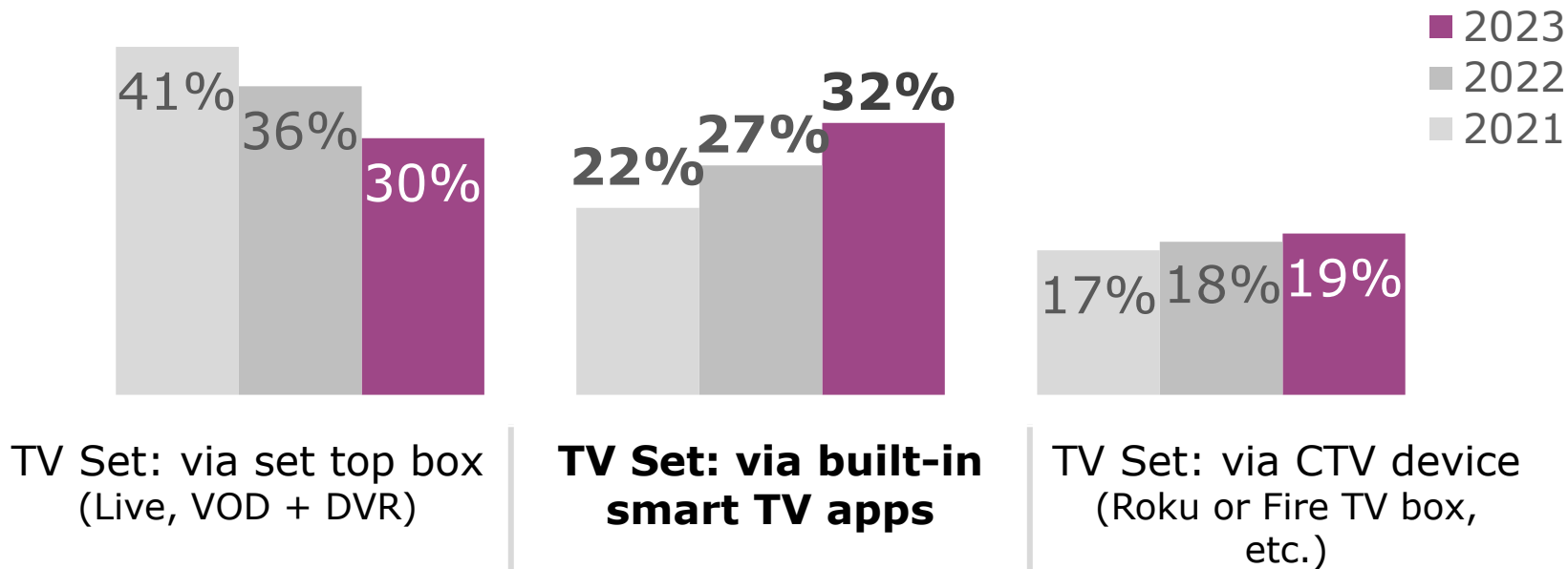
But now, both penetration and adoption have made it a significant force in how we think about “watching TV”

	% of smart TV HHs streaming via smart TVs*	% of all TV HHs streaming via smart TVs*
2013 Q1	43%	9%
2020 Q1	75%	49%
2023 Q4	87%	65%

*Regularly/At least once a month

Sources: 2020, 2023: Hub’s *Entertainment & Tech Tracker*; 2013: GfK *Home Technology Monitor*

What's your default device... the *first thing* you turn on when you want to watch TV?



Source: Hub's *Decoding the Default* 2023 report

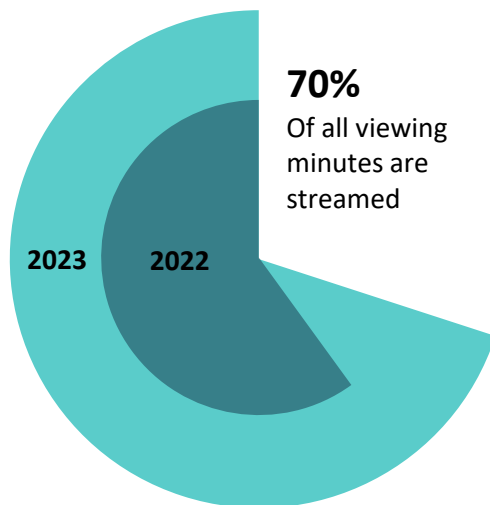
The home screen has become stickier

Home Screen Usage Model Year 2023 vs. 2020

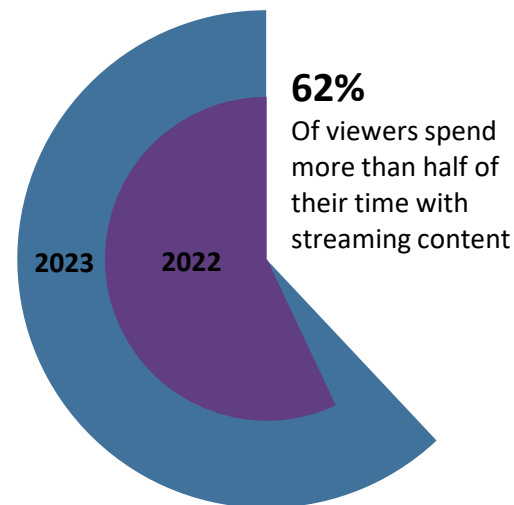
+140%

Nearly two-thirds of smart TV users spend most of their time with streaming

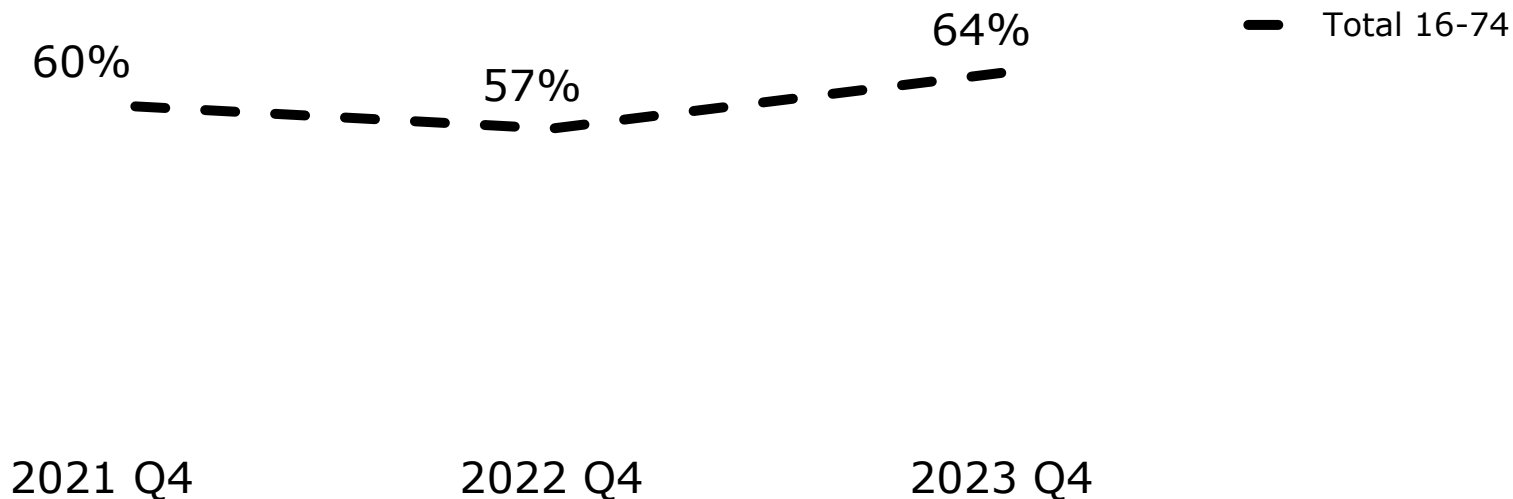
Streaming minutes % of time spent



Streaming centric viewers % of total

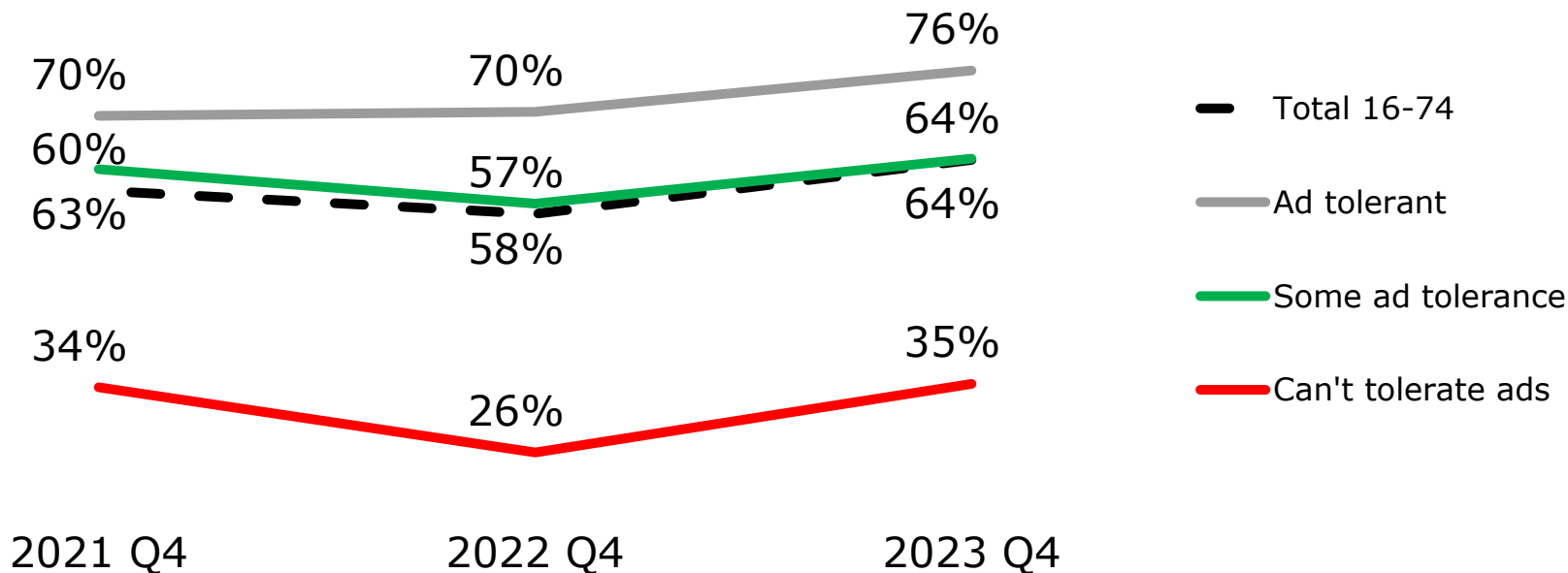


Ad tolerance: I'd rather save money and watch ads...



Source: Hub's TV Advertising: Facts vs Fiction report

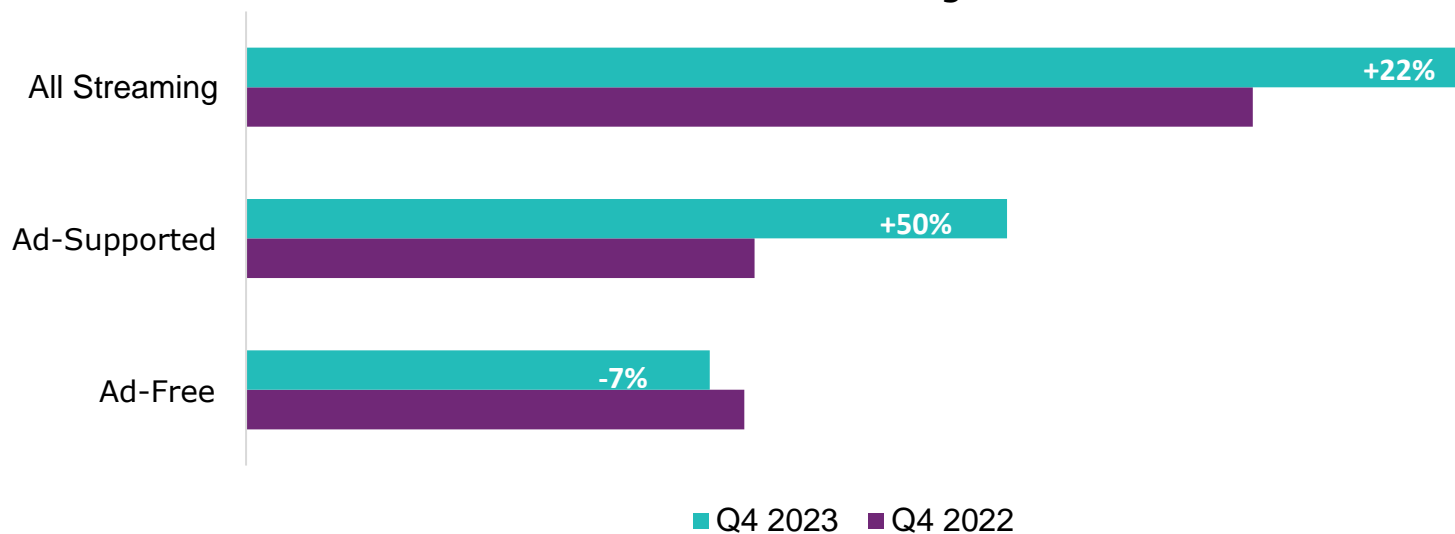
Ad tolerance: I'd rather save money and watch ads...



Source: Hub's TV Advertising: Facts vs Fiction report

So more streaming time is ad-supported

Share of Streaming Time



Source: Samsung Proprietary ACR – Includes Active TVs in the quarter. Streaming is viewership in Smart Hub (including Samsung TV Plus) with a minimum of 1 minute of consecutive app viewership. AVOD includes all ad-supported streaming minutes and SVOD includes all ad-free streaming minutes inclusive of hybrid apps that offer both ad-supported and ad-free tiers.

Implications:

1. Search

2. Discovery

3. Choice

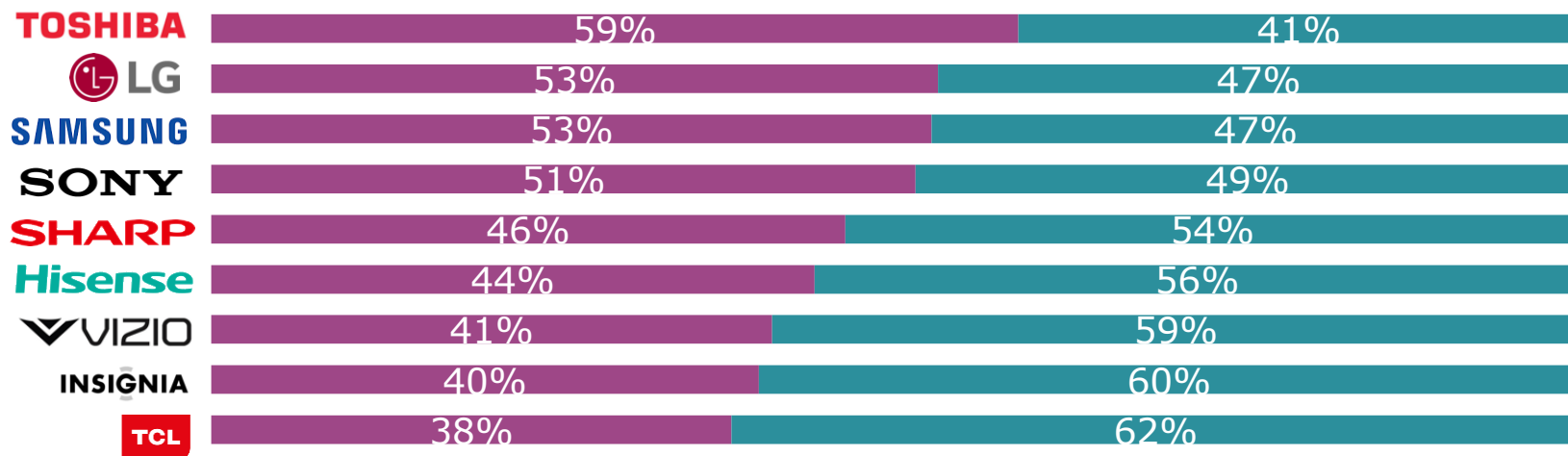
Search: When streaming via a smart TV, do you search from TV's home screen or within individual apps?



■ Select or search for shows/movies from the options shown to you on the TV's "home screen"

■ Open the app for a particular service and search/select from within the app

OEM brands do make a difference in search



■ Select or search for shows/movies from the options shown to you on the TV's "home screen"

■ Open the app for a particular service and search/select from within the app

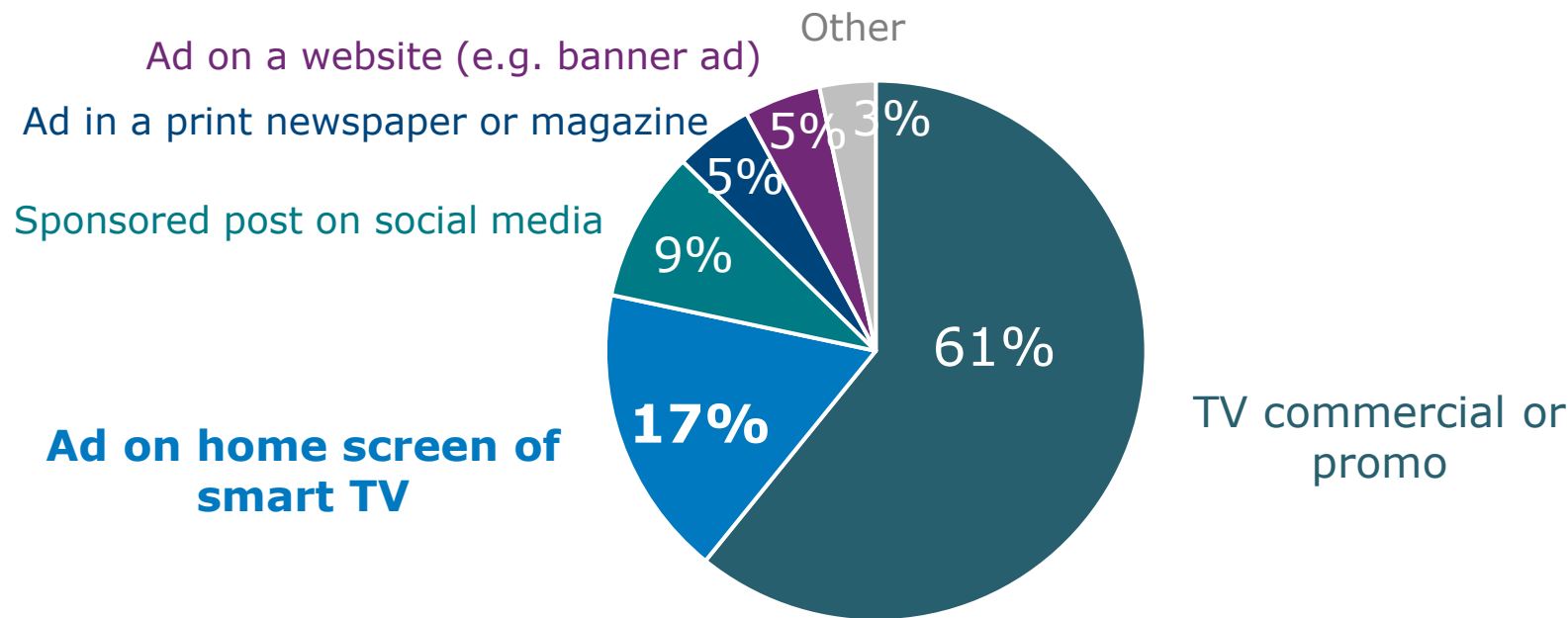
Home screen interaction continues to grow

Home Screen Behavior Model Year 2023 vs. 2020

Clicks
+117%

Deeplinks
+59%

Discovery: What type of advertising informed you of this favorite new show?



Sources: Hub's *Conquering Content 2023* report

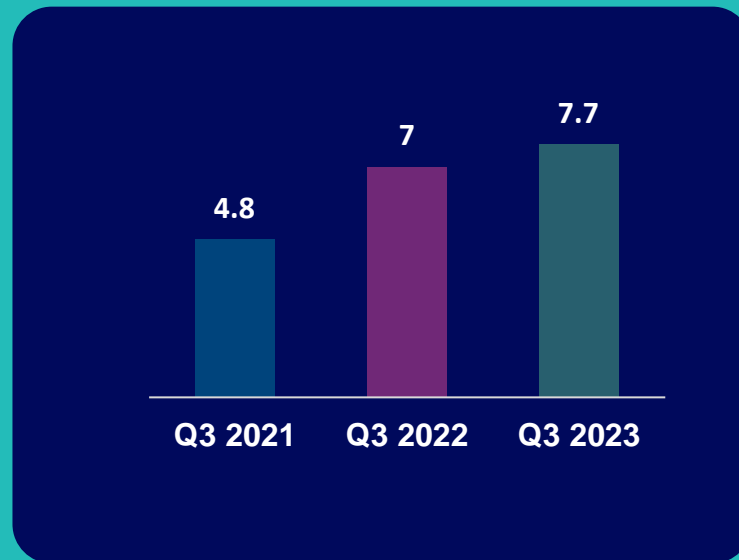
One service's discovery is another's churn

The Churn Ratio

Lapsed Users from last
12 months

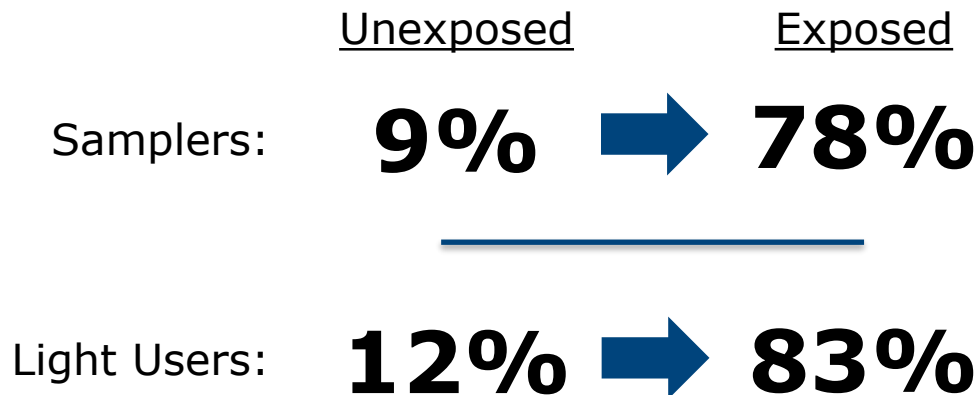


Active users for the
current month

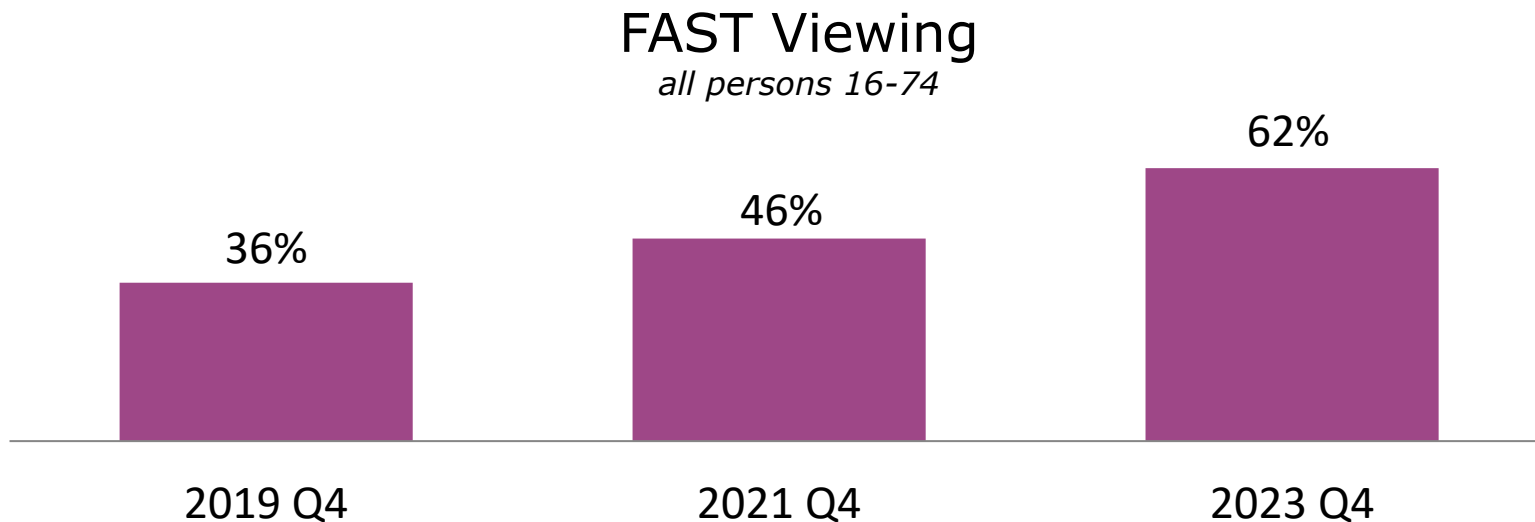


Home screen search and advertising play a key role in user retention

Advertising to at-risk audiences increases retention by a factor of 8x

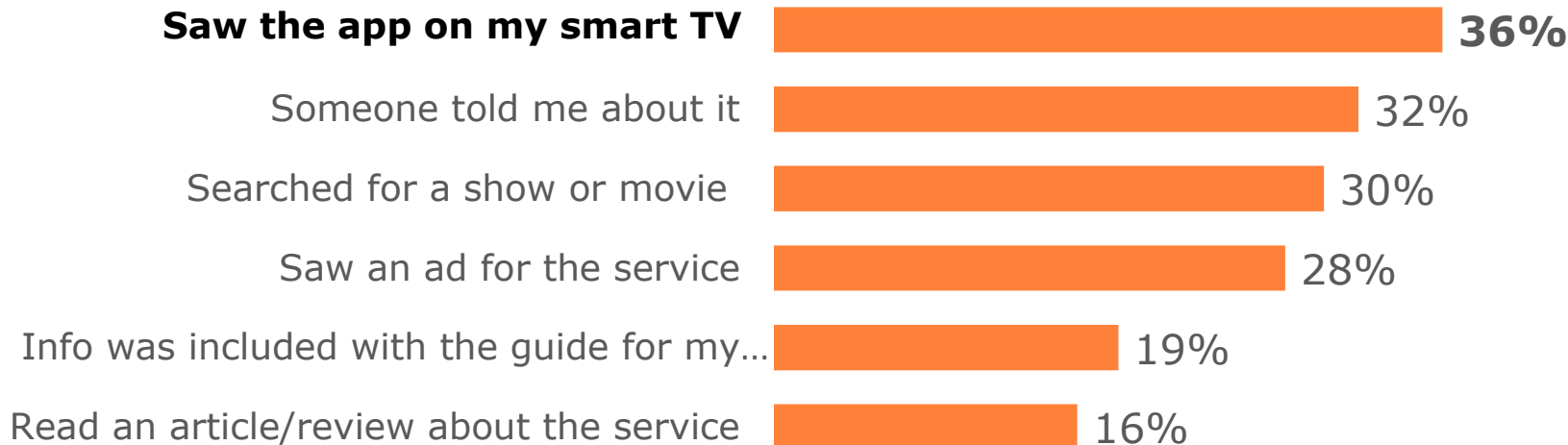


Choice: FAST viewing has accelerated over past 2 years

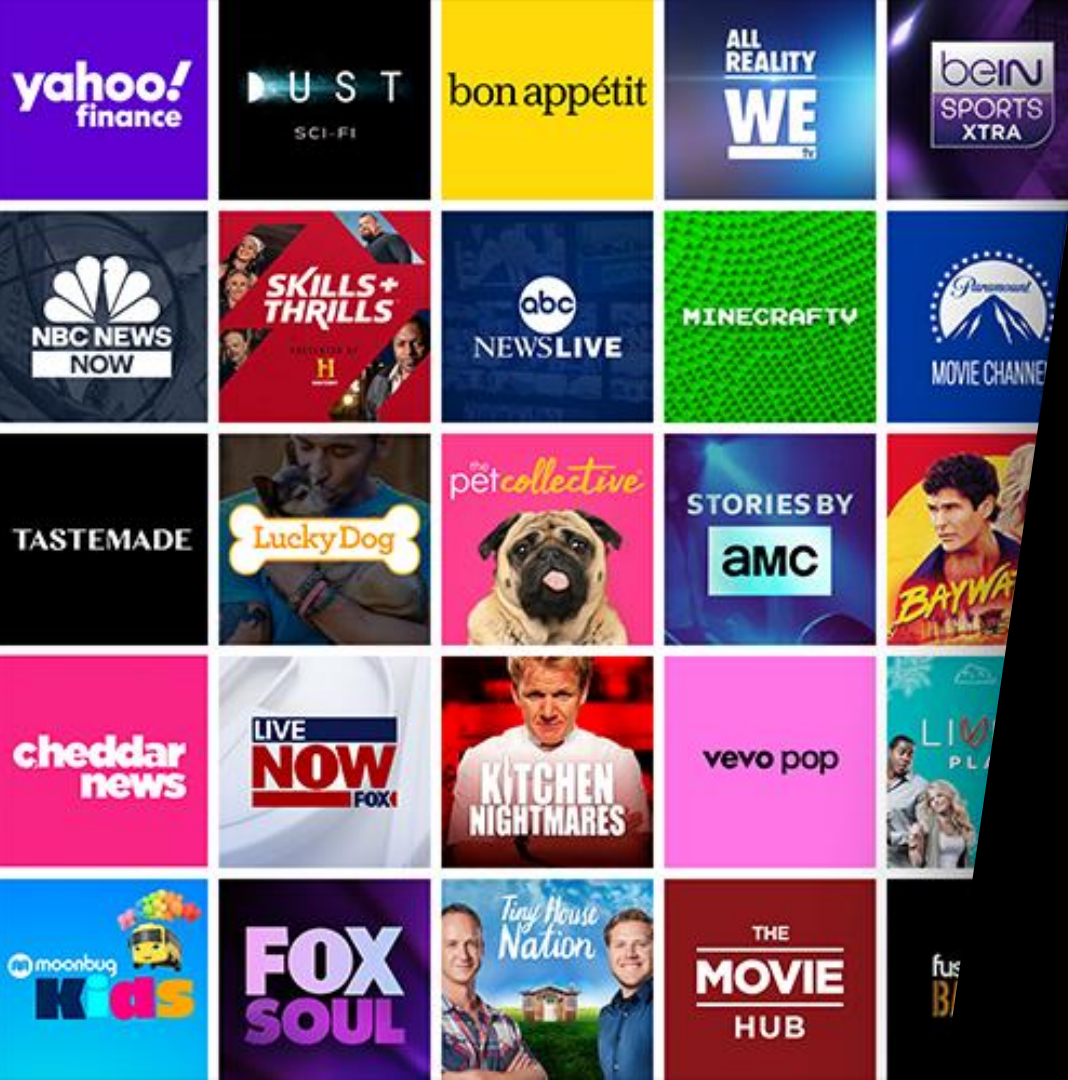


Source: Hub's TV Churn Tracker report

How did you find out about the FAST you use?



Sources: Hub's TV Advertising: Facts vs Fiction W6 (2023) report

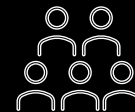


As the native FAST app, Samsung TV Plus...



Has 5x

more time spent vs. leading
FAST apps combined



Is the

#1 FAST App

On Samsung TVs



Has seen

+60%

YoY growth in
time spent



Is a Top 5 App

On Samsung TVs

Key takeaways

- Survey and device data combine to deliver “1+1=3” insights
- As streaming to the TV glass transitioned to being primarily via smart TVs, audience behaviors also changed
- Because of this, smart TV OEMs have a new role as influential middlemen in viewing decisions
- Smart TV OEMs also have emerged as middlemen in today’s “back to the future” world of ad-supported TV platforms/content
 - They provide valuable access points for marketers to increase their reach among valuable targets

Thank you!

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