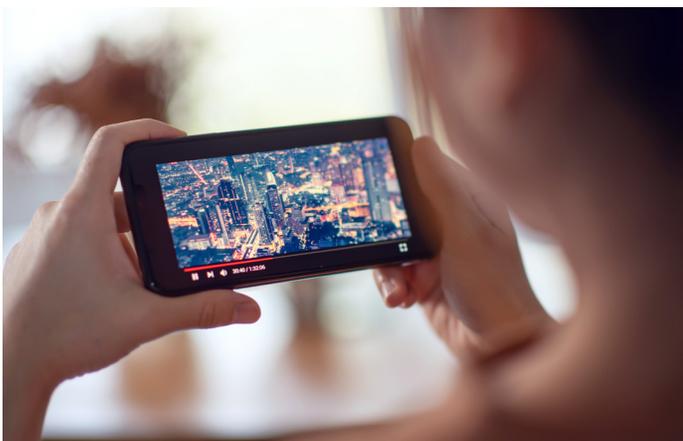


STREAMING SERVICES REAP ADVERTISING SPEND

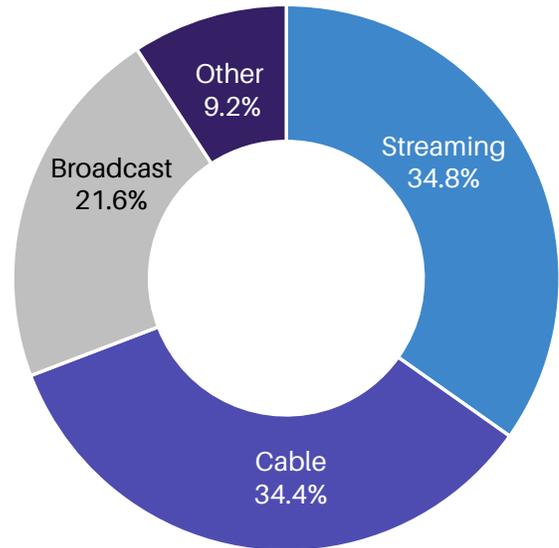
In less than a decade, streaming services such as Netflix, Amazon Prime Video and Disney+ have enjoyed a meteoric rise, evidenced by 9-figure global subscriber counts. Their success, and the successes of many others, have torn into traditional TV viewership patterns and created an entirely new way for consumers to absorb content. For the first time, streaming viewership has surpassed both broadcast and cable viewership as Americans continue to expand both their streaming consumption and the number of platforms used. Since July 2021, streaming volume has increased by 22.6%, growing its share of usage by 650bps⁽¹⁾.

Streaming companies are now not only competing against traditional cable and broadcast platforms, but also facing pressure from one another. To boost earnings beyond subscription growth, streaming companies are increasingly adopting advertisements as key revenue drivers. In 2021, streaming advertising spend grew 57%, reaching \$15.2B⁽²⁾. From 2020 to 2022, the streaming ad spend market is projected to have more than doubled⁽²⁾. Advertising has long been traditional TV's main source of revenue, however, advertisers are now following viewers as they shift toward streaming services.

Because streaming services represent a rapidly expanding audience, they are more appealing to



% SHARE OF U.S. TV VIEWERSHIP JULY 2022⁽¹⁾



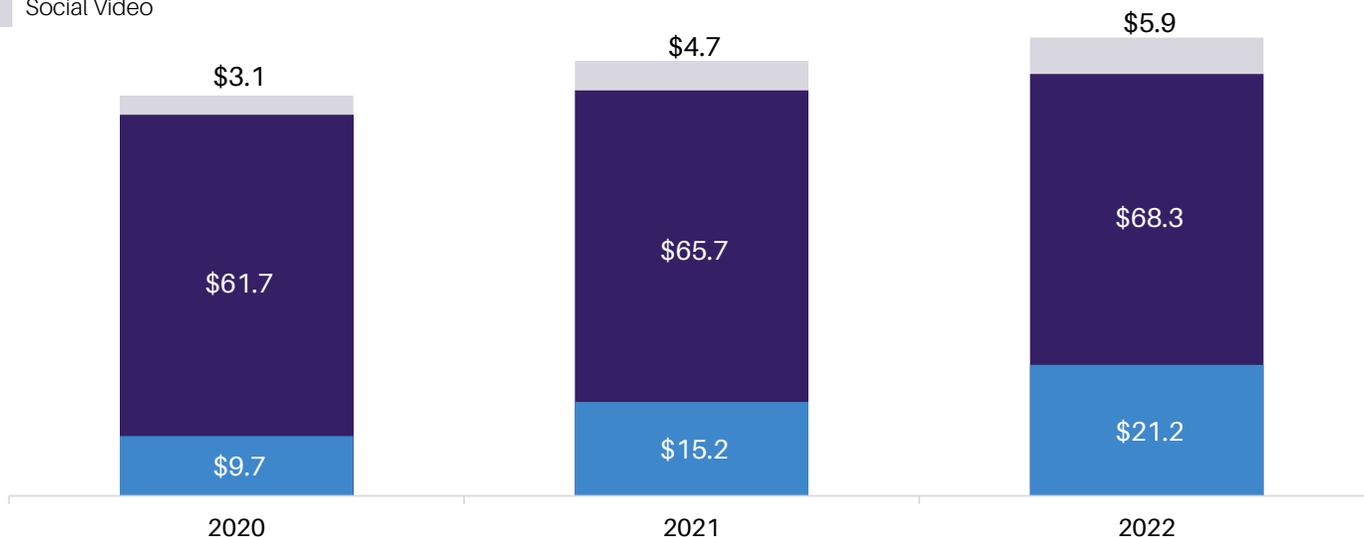
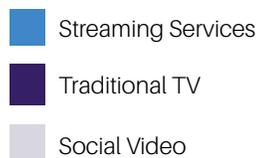
advertisers. Advertisers prioritize two areas: data and engagement. Modern streaming services are better equipped to collect user data for advertising companies to analyze. Streaming services, like Netflix, have detailed profiles of customer viewing history that advertisers use to create targeted ads based on personality and browsing behavior. These targeted ads have higher return on ad spend (ROAS) than generic advertisements. Additionally, traditional TV boxes have DVRs that allow advertisements to be skipped, thereby reducing advertisement engagement rates; whereas streaming services block skipping during commercials.

Streaming services also offer flexibility and growth opportunities that make them even more attractive to advertisers. As streaming services boast higher viewership rates and superior technology, they are poised to gain a larger share of the advertising spend budget. Traditional cable and broadcast platforms will need to rethink their strategy before they lose their key revenue stream.

1. Nielsen
2. IAB

ANNUAL U.S. SPEND BY TYPE⁽¹⁾

(amt in billions, USD)



STREAMING COMPARATIVE ADVANTAGES⁽²⁾

<p>Strong Growth</p> <p>Streaming platforms generate audiences comparable to those of some of the largest broadcast TV events.</p>	<p>Non-Skippable Ad Options</p> <p>Unlike traditional broadcast TV, ads on ad-based video on demand (AVOD) platforms can't be skipped using a DVR and generate more impressions.</p>	<p>Data-Driven Targeting</p> <p>Advertisers can leverage user data collected by platforms on content tastes and preferences to create bespoke, curated messaging.</p>	<p>Key Demographics</p> <p>Streaming is more focused on millennials because millennials are willing to pay for what they want regardless of how much it costs.</p>	<p>Flexible Budgeting</p> <p>Unlike traditional television or print media, digital media allows advertisers to make tweaks based on what the data is showing.</p>
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1. IAB and Statista

2. Wall Street Research, MarTech Series, Media Shark

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