

Rakuten Advertising

Advertising in Economic Uncertainty

The Role of AVOD



“ As we head into 2023 the dark clouds of a gloomy global economic climate are gathering. Agencies and advertisers are faced with some tough choices around where to spend to make the best impact. However, the new year also brings opportunity, the rapid adoption of streaming platforms and the proliferation of channels available, AVOD and FAST now provide an essential way of reaching targeted, scaled audiences. Getting the right media mix will be vital, and it's clear that AVOD and FAST will be the key to winning big in 2023.”

James Collins

SVP Media, Rakuten Advertising

INTRO

These are challenging times for agencies and brands to advertise to cost-conscious consumers. Finding the right channel that allows for flexibility as well as maximum impact and reach will help our clients outthink and outperform.

Our latest research reveals the role of AVOD in meeting these needs and explains why it will be a key channel in 2023 and beyond.

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NETFLIX

prime video

SVOD: Subscription-based video-on-demand service, charging a monthly fee for ad-free video content

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dplay

AVOD: Advertising-based video-on-demand service, offering free video content with ads

Rakuten TV

prime video

TVOD: Transaction-based video-on-demand service, charging one-time fees to digitally rent or own content

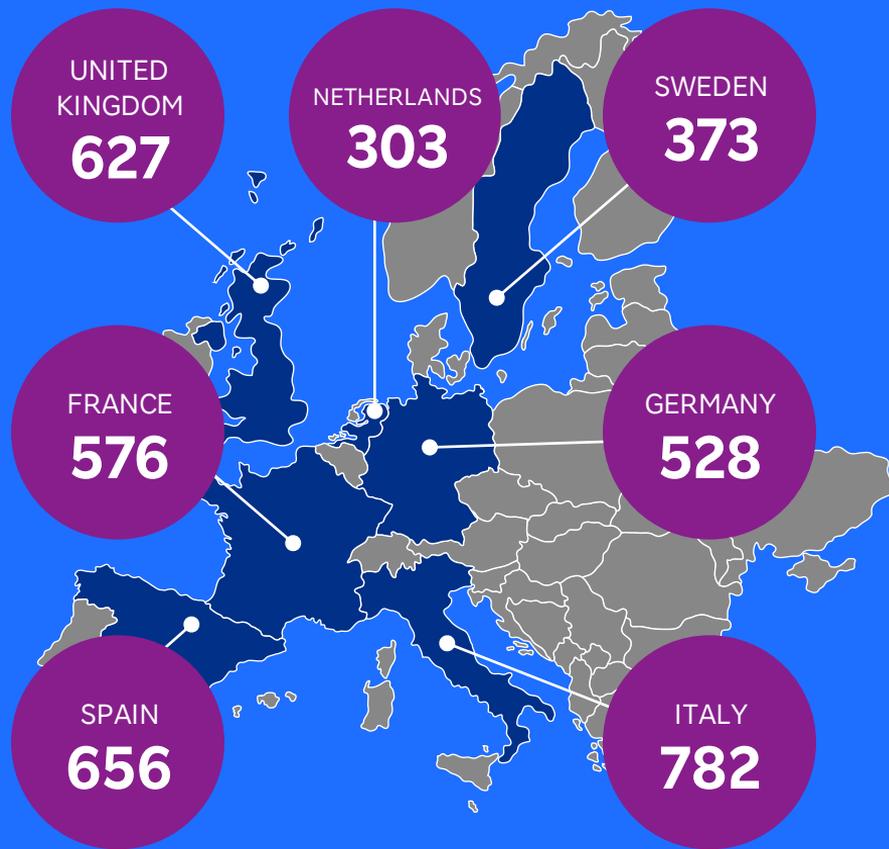
Rakuten TV

pluto tv

FAST: Free ad-supported TV digital channels delivered on CTVs with scheduled programming

SCOPE OF THE RESEARCH

Rakuten Advertising conducted a survey of over 3,800 consumers across Europe to understand what consumer viewing behaviour means for agencies and brands.





KEY LEARNINGS

36% watch video-on-demand exclusively. Up from 21% in 2020.

Agencies and brands can't afford to miss out on this audience.

62% will be watching more AVOD as a direct result of the cost-of-living crisis.

This opens up new audiences for advertisers.

35% want adverts to show how brands are helping them.

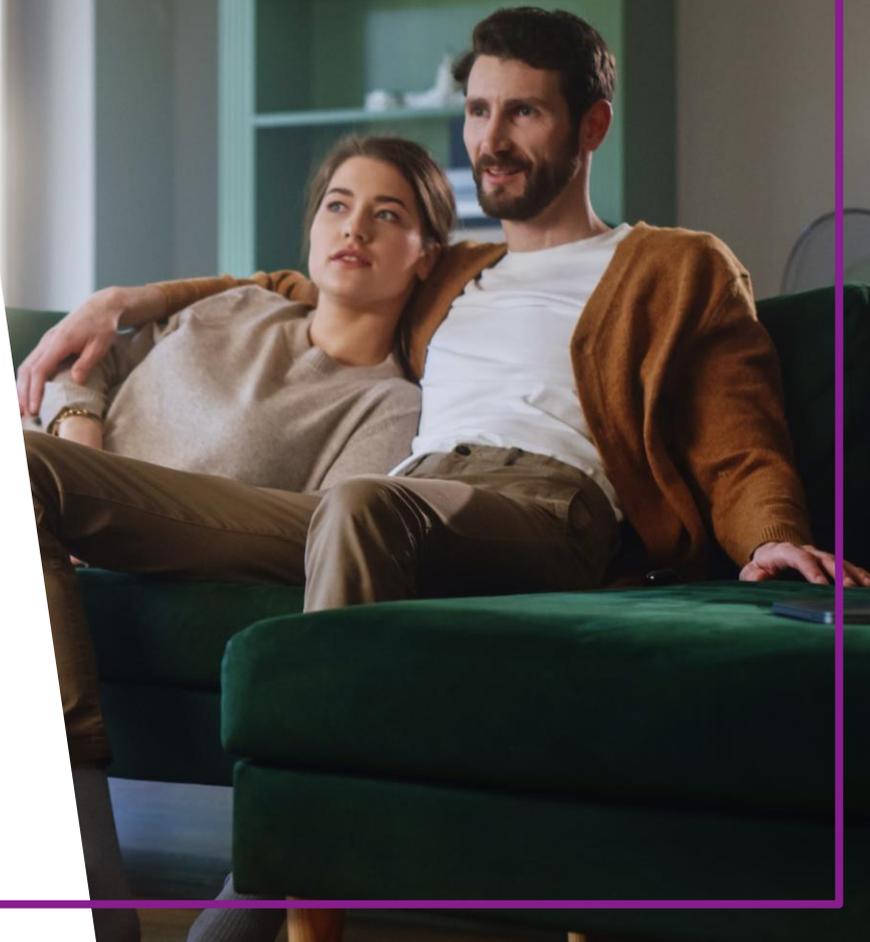
In the face of economic uncertainty, empathy is key.

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The Role of AVOD

Evolving Viewing Behaviour



Over one third of viewers can't be reached on linear TV;
video-on-demand is an essential part of the media plan.

36%
watch
video-on-demand
exclusively

**The trend for video-on-demand
over live TV is continuing;**
agencies need to think VOD first.

56%

watch live TV

86%

watch VOD

**Paid subscriptions
are the norm,**
but with tightening budgets
things may change.

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93%

of respondents had
at least **1 paid
subscription.**

Just

22%

have more
than **3 paid
subscriptions.**

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Viewing in Economic Uncertainty



Cost-conscious viewers are moving from SVOD to AVOD unlocking new audiences for agencies and brands.

46%

will cut paid subscriptions as a result of the cost-of-living crisis.

62%

will watch more free streaming services with advertising as a result of the cost-of-living crisis.

Efforts to curb account sharing maybe met with some resistance, fuelled by the younger generation.

47%

Of viewers admit to sharing subscriptions to split the cost.

60%

This is much higher for 18-24 year-olds.

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Attitudes to Advertising



Empathy is key when connecting with consumers during these difficult times.

52%

want to see ads that are more transparent and honest as we face the cost-of-living crisis.

35%

want brands to communicate how they are trying to help.

33%

believe brands should make their advertising more relatable.

**Keep advertising
relevant and funny
to cut through
the noise,**

Rakuten Advertising
can help with relevancy,
funny is down to you!

46%

Like to see ads
that are relevant
to their interests.

43%

Like to see funny,
engaging and
entertaining ads.

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The Role of AVOD

Understanding Content Discovery



**Viewers
appreciate
easy access
to their
favourite
platforms.**

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49%

of viewers often use
shortcut buttons on their
remote control to access their
preferred streaming service.



Hybrid platforms offer the best opportunity to find viewers where they are, whether it is AVOD or FAST.

69%

of viewers know exactly what they want to watch when they sit down.

62%

still frequently scroll through content to find something of interest.

“ AVOD and FAST will keep on playing a major role for Euronews development on the months to come and Rakuten will keep playing a major role in today’s Euronews leadership in this segment. Not only FAST is providing our Group a massive quantity of audience but it is also allowing us to target a new type of viewers and to creating value, data and visibility for our media.

2023 will be the year of optimisation on all levels : Marketing activations, content segmentation & diversification as well as monetisation. It will also be a year of FAST & AVOD continuous growth in revenues but also in terms of distribution."

Maxime Carboni

Director of International Distribution, Euronews

CONCLUSION

AVOD is a key part of the mix; exclusion from the media plan isn't an option when over a third of viewers are watching content exclusively through this channel. The industry openly acknowledges this as a high growth area, and our research reveals this trend is likely to be accelerated over the next few months due to various factors.

Whilst economic uncertainty is a challenge for all it also presents opportunity. Agencies are in a unique position to reach new audiences who were previously unavailable to them. Combining the agility of CTV advertising with the growing audience on AVOD will enable agencies to outthink and outperform in 2023 and beyond.

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“ Rakuten TV has long recognised the evolution of viewing behaviour, having launched our AVOD platform in 2019. Since then, we have continued to anticipate the changing market, developing FAST content distribution on our own CTV app, as well as other TV devices. We are proud to be the only European wide hybrid service, offering high quality free to watch content across Europe.

This research reflects a challenging economic climate as well as the continued changes in viewing habits, and we are well positioned to ensure that advertisers have high quality options to meet this new audience in 43 markets across Europe.”

Yuko Oki
CMO, Rakuten TV

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Connect With Us Today

Tap into a unique global network of highly engaged audiences across Rakuten properties –TV, social, consumer rewards programs, and more.

Rakuten Media Solutions give you access to millions of new prospects –everywhere they shop, chat, watch, and read.

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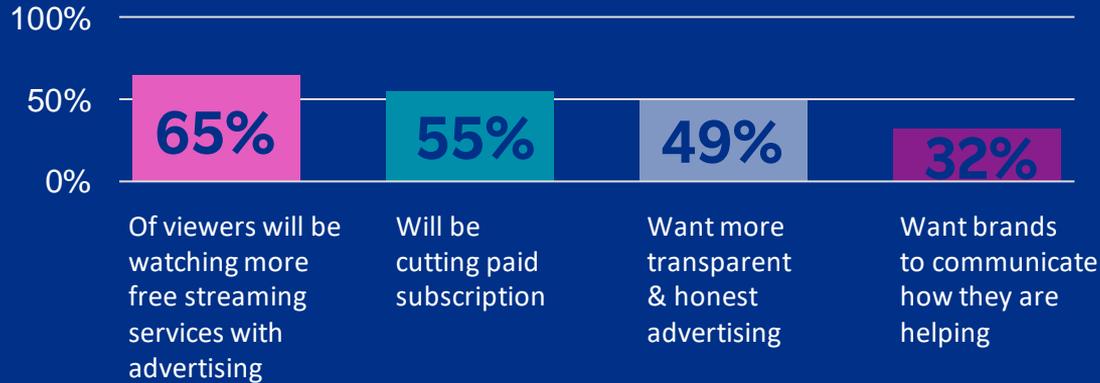
UNITED KINGDOM

Advertising in Economic Uncertainty *The Role of AVOD*



38% WATCHING VOD EXCLUSIVELY

VIEWER INSIGHTS



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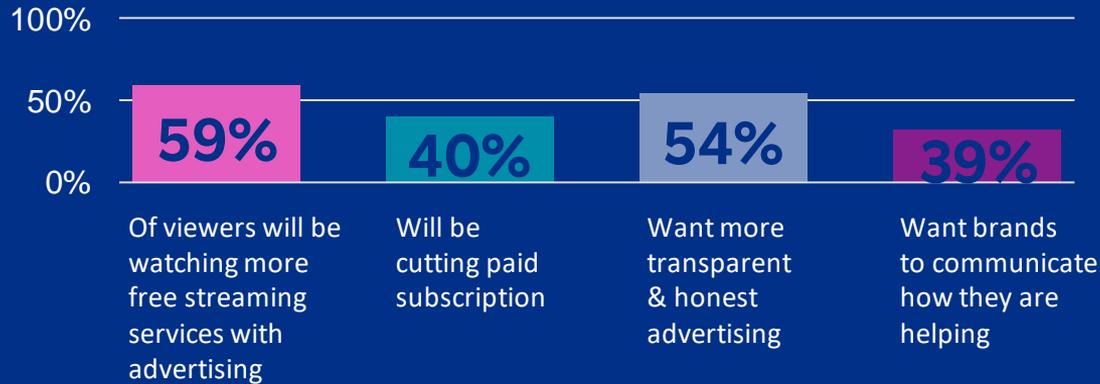
FRANCE

Advertising in Economic Uncertainty *The Role of AVOD*



35% WATCHING VOD EXCLUSIVELY

VIEWER INSIGHTS





GERMANY



45% WATCHING VOD EXCLUSIVELY

VIEWER INSIGHTS



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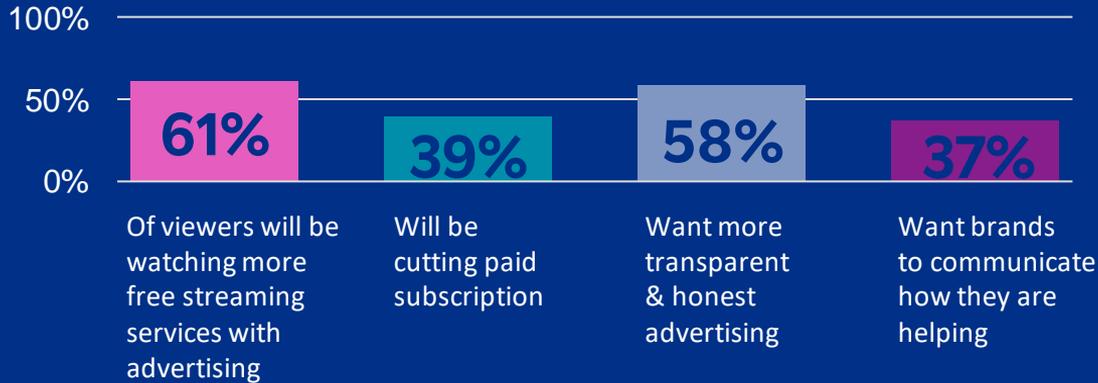
SPAIN

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31% WATCHING VOD EXCLUSIVELY

VIEWER INSIGHTS



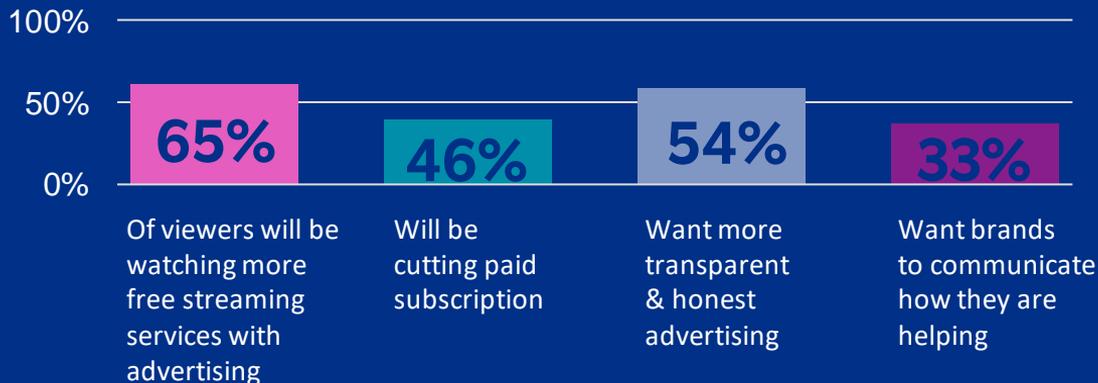


ITALY



29% WATCHING VOD EXCLUSIVELY

VIEWER INSIGHTS



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NETHERLANDS

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37%

WATCHING VOD EXCLUSIVELY

VIEWER INSIGHTS



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SWEDEN

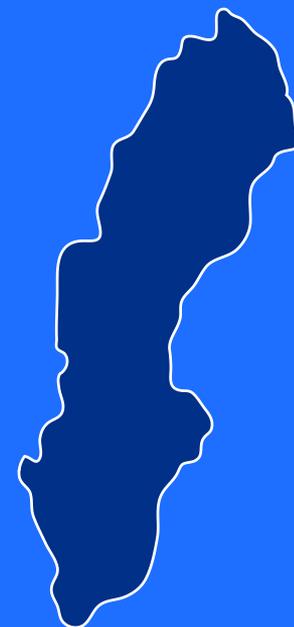


50% WATCHING VOD EXCLUSIVELY

VIEWER INSIGHTS



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