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Should marketers care about free ad-supported streaming TV?

Article

Free ad-supported streaming TV (FAST) services have grown very quickly over the past few years, gaining tens of millions of viewers, according to our forecast. But time spent on the platforms doesn't rival streaming giants like Netflix or Disney+. Still, marketers should keep an eye on these streaming services, especially those with parent companies like Paramount or Fox that may be able to spin free viewers into paid members.

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Who are the players? There are a variety of FAST offerings, but we'll focus on three: The Roku Channel, Tubi, and Pluto TV.

- The Roku Channel will bring in 67.8 million US viewers this year, a fifth of the population. Where there are viewers, ad dollars follow: The platform will generate $2.19 billion in ad revenues.
- This year, Tubi will reach 62.3 million US viewers, and will see over $1 billion in ad revenues by 2024.
- Pluto TV will reach 57.4 million US viewers this year, bringing in $1.04 billion in ad revenues.

A caveat: While these viewer numbers are impressive, they don't give an idea of how much time viewers spend on the platforms.

"They have a ton of people tuning in for a very short amount of time," our analyst Ross Benes said during a recent "Behind the Numbers: The Daily" podcast. "[They are] maybe watching a movie or TV show here and there. I doubt there's a lot of people spending four hours a day with [these services], so [you can't] compare them to Apple TV or Paramount."

Just a slice: Tubi and Pluto TV are owned by Fox and Paramount, respectively. For these media giants, FASTs provide an opportunity to get more mileage out of their mountains of content while giving users a taste of what they can get for a paid subscription.

But inconsistent branding may hinder parent companies from upgrading users from free to paid memberships.

"When you have multiple properties and your end goal is to move [people] in between them, or eventually move someone from a free ad-supported version to a paid subscription, it becomes a little more complicated if people don't understand they're connected," said our analyst Jeremy Goldman.

"Ultimately, most of these [parent] companies are focused on acquiring new users rather than taking completely happy customers who've been sticking around for a while and moving them [around]," Goldman said.

Too fast? The popularity of FASTs has grown quickly over the past few years, but that won't last, according to our forecast. Tubi, Pluto TV, and The Roku Channel will continue to grow

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their users and ad revenues over the next two years, but at a much slower pace than in previous years.

Platforms from Netflix to YouTube are also seeing slowing growth in US viewers, according to Benes.

But as competitor platforms crop up, it will be harder for FASTs to capture consumers' attention.

"There [are] just so many places to spend your time. How can FASTs really inherit every single minute of your day? It's impossible," said Benes.

The bottom line: FASTs may not be skyrocketing to the top of the streaming ranks, but we'd keep our eyes on them—especially those with parent companies that can use these services to draw users into paid subscriptions.

Listen to the full podcast.

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