

## Could there be a new challenger to classic linear TV channels?

A new service in the US called FAsT TV takes a visible share of the linear TV market. It seeks to increase its popularity by providing a wide range of content and by being available to viewers for free, i.e. without a subscription fee. Services launched by major content producers organise non-fresh, currently underused content into thematic channels that viewers can watch for free in exchange for enduring advertisements. A recent research conducted by the Association of Hungarian Electronic Broadcasters (MEME) has explored the potential of the new concept in Hungary. Research results suggest that the service could be viable in Hungary and could stand the competition with linear television in the content delivery market.

A new television option called FAsT TV, i.e. Free Ad-supported TV, is rapidly gaining popularity in the United States. This innovative service is available via the Internet and does not require any cable TV subscription. Cable TV subscriptions represent a significant cost to households in the US, which may explain the success of the new concept.

Once registered, users can access a platform, on which they can view hundreds of channels. These channels are typically not available in cable TV packages, but are streams of non-fresh programmes by providers (filmstudios, TV channels) owning a significant mass of content. The service differs from the recently so popular streaming services in as much viewers cannot select the programme they want to watch, but can only view what is “on air” instead, just like on classic linear TV. Alike traditional TV, each channel operates according to a preset programme schedule.

The service is financed by advertising revenue acquired from advertisements placed in the programme stream. In the United States, viewers can currently choose from a vast range of such services, thus the number of channels available this way is unlimited. Operators do their best to operate channels on a thematic basis, where channels usually cater for very specific interests or provide great entertainment for viewers who are passionate about a particular series.

MEME has conducted a survey to investigate the level of interest that consumers would show in the launch of such a service in Hungary, and how the advertising market would respond to the availability of such a novel communication platform.

### Expected audience response

To map the expected audience response of FAsT TV, an online survey involving 600 respondents was conducted. In the survey, respondents were asked about their current TV viewing habits (motion picture consumption) and, after a short briefing of the concept, about their opinions thereon.

Respondents estimate that they have an average of around 100 channels, roughly 20 of which they used to view on a regular basis. They also admitted to be very much tired of advertisements, with two thirds not enduring the advertising blocks in more than half of the cases.

In addition to linear TV, over half of the households (56 per cent) used to pay for a streaming service (SVOD), too. And they do not consider the price of it to be high. The main arguments for the SVOD service are the absence of advertising, the wide range of programmes on offer and the fact that content consumption is not limited in time.

Fourty per cent of the target group often and another half occasionally do view content they have seen before.

Fourty-two per cent of the target group very much or rather like the concept presented (4-5 on a 5-point Likert-scale). At the same time, 70 per cent would consider to use it. Not surprisingly, the arguments in favour of the service include the wide range of programmes, its being free and thematic feature. The fact that many view content that they have seen before or that is not fresh proves that it does not mean a problem for potential viewers.

As the service is free, most respondents reported to feel like giving it a try and to let their experience make them decide whether to use it in the long term or not. It is content that would mainly influence viewers' decision, but the amount of adverts may also have an effect.

By using the service, viewers are most likely supposed to watch nature films, (feature) films and series.

Although the service may be used on either Internet-enabled device, most respondents said they were likely to watch the channels on their smart TV, i.e. using the new service would be most similar to watching linear TV. This is also confirmed by the fact that they believe that the time spent using the potential new service would mostly take time away from linear TV watching. Less than a tenth of potential users think they would spend more time consuming video content if it was available to them.

They would definitely not replace the linear TV service they currently use by FASTV, with only 10 per cent of respondents saying they would even stop paying for cable TV.

Based on research outcome, up to 45 per cent of the target group may register for the potential new service, the use of which is supposed to develop in line with the available content.

## **Advertising market opportunities**

On behalf of advertisers, also agency professionals were asked about how they see the new service's place on the advertising market.

According to them, it is difficult to find a player in the current market structure that could provide such a service with a substantial volume of Hungarian-language content. Therefore, the launch of such a service in Hungary may be doubtful. Apart from that, the concept itself has been received positively.

In lack of exact user data, it is however, quite a dilemma who could be targeted by the service. The technical means of viewing (online, web-based or in app) is supposed to attract younger, higher-status viewers, while the content is thought to attract older, lower-status viewers. As for the viewing habits associated with the new platform, a non-prime-time, but rather daytime, long ATS (viewing time), not overly focused viewing situation is envisaged.

From viewers' perspective, the new service could compete more with linear TV, but from an advertising (mainly media planning and media buying) point of view, it can be considered more as a digital medium. Experts envisage sales either through a sales-house or through programmatic inventory. It is a question, though, how appropriate user data can be collected in the course of registration, and whether profiling would prevent potential users from use.

As it would be sold in a similar way as online videos are, it could first take advertising revenue therefrom. On the long run, by building the online video market, it could also gain sales from linear TVs. Experts tend to price the concept above YouTube videos, slightly below the online platforms of Hungarian service providers (RTL, TV2) and considerably below the expected prices of international SVOD providers (Netflix, Disney+) that might enter the market.

The main advantages of FAST TV are thought to be the little advertising noise, good plannability, availability for quick and easy campaign launch and its suitability to view it on a large screen.