SAMSUNG Ads

Streaming index

Spotlight on Churn

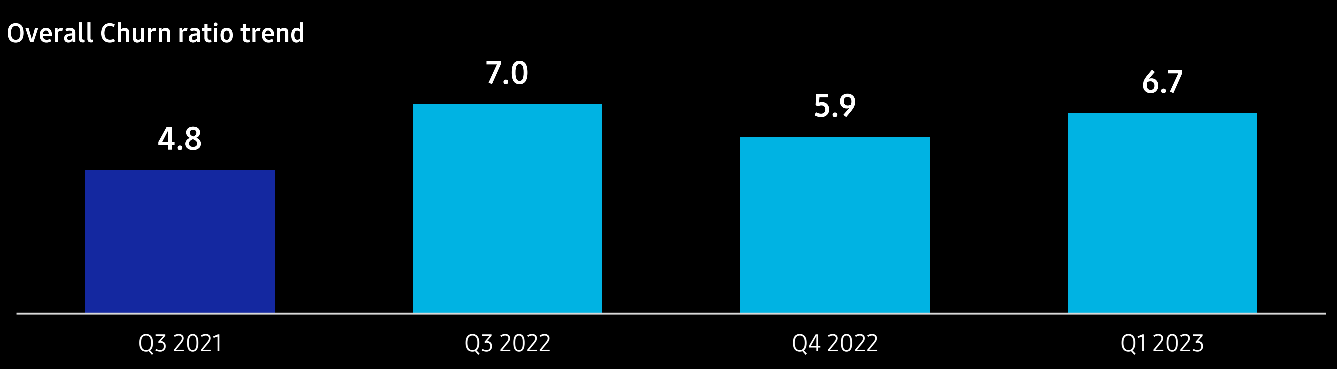
As Americans shift their TV viewing behavior from linear to streaming, they are adopting new behaviors. Linear TV viewers regularly watch more than a dozen linear channels, but streaming viewers use just 3–4 apps on a monthly basis. Competition for viewers' attention has become fierce as app publishers work to keep users from churning out of their environments. To understand streaming app viewing behavior, we analyzed data from opted-in TVs that were active from January through December 2022. Our results reveal that:

- Most viewers use any given app for **fewer than 4 months out of the year**
- **Greater monthly time spent with an app** is directly correlated with a **higher number of months active during the year**
- App publishers can **drive engagement by marketing to current users**

What's the current state of streaming churn?

Loyalty has become the KPI that streaming app publishers must focus on to be successful in the age of streaming TV. Samsung Ads data indicate that once a streaming app user has been inactive for 4 months they have churned out - moved on to other apps and are unlikely to return.

In our last Streaming Index paper, Retention Rules, we introduced the Churn Ratio to gauge the level of churn that is occurring across the streaming ecosystem. The Churn Ratio[1] is a summary metric that compares a streaming app's past 12-month audience to its current month audience. In the third quarter of 2022 the Churn Ratio across all apps on Samsung Smart TVs reached 7.0 - seven times as many users had churned out of the average app as were currently using it. This was a 46% increase from the year prior. Over the most recent 2 quarters, the Churn Ratio has remained significantly higher than it was in the fall of 2021. As viewers continue to shift more of their viewing time to streaming, competition for user loyalty remains fierce and publishers must continue to make retaining their audience a priority.



[1] The number of users who have used the app in the 5-12 month period prior to the current month, but not since, divided by the active user base of that app for the current month.
Source: Samsung Ads Proprietary Data, US Only.

How loyal are streaming viewers?

The level of churn in the industry begs further investigation into viewers' app loyalty. We took a look across an entire year of data to calculate the number of months viewers are active in streaming apps.

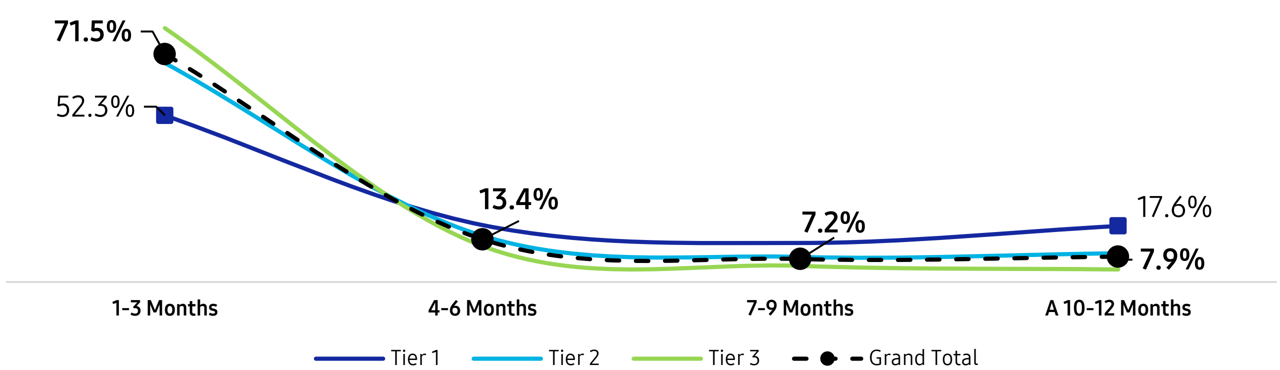
As the Churn Ratio suggests, streaming apps are not very sticky. Over the 12 month period, the large majority of viewers – more than 70% – used an app for 3 months or less. Tier 1 apps, the top 15 apps by monthly active users, are stickier. Almost half of their viewers are active more than 3 months out of the 12. But even for the most successful streaming apps, retention is challenging – only 30% of their users are active more than half the year (7 months or more).

More than

70%

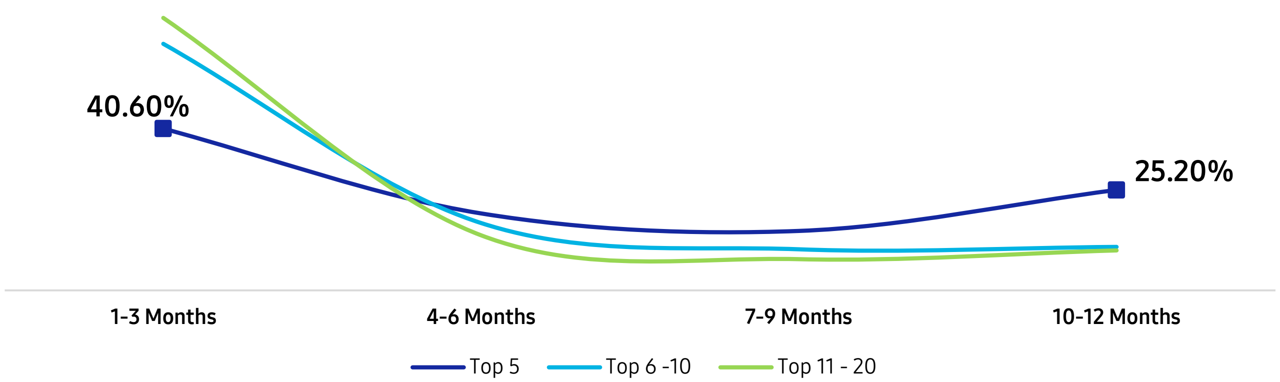
of viewers used an app for 3 months or less

Months of active usage



As Americans form new TV habits, outside of the top 5 most-used apps, loyalty is hard to come by. While one-quarter of viewers to the top 5 apps within the Samsung ecosystem are active for more than 10 months in the year, this drops to just 11% for apps ranked 6 through 20. This suggests that users of most apps either quickly lose interest in an app or binge a specific piece of content for a brief period and then churn out. Time-spent data support this hypothesis.

Top 20 Apps – average months of usage



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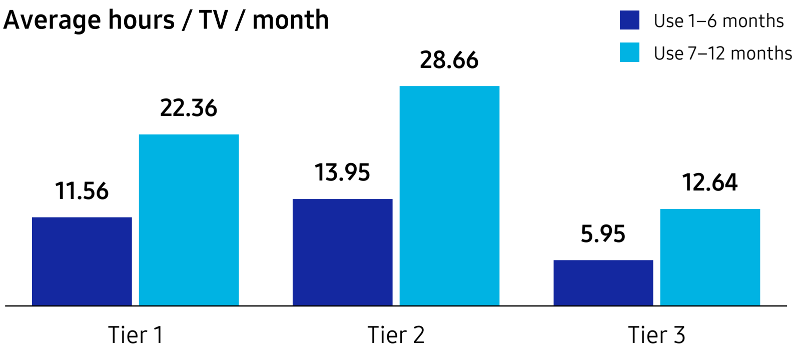
Loyalty and time spent are highly correlated.

Across all apps, regardless of size or popularity, monthly time spent and number of months active in an app are directly correlated - more time spent on a monthly basis goes hand-in-hand with more months active. Whether it's a Tier 1, 2 or 3 app, monthly time spent is more than double for users who are active in the app for 7 or more months in a year versus those who are active for 6 months or less.



What does this mean for App owners?

User engagement is critical for long-term health. As Americans figure out which 3-4 apps they will use on a regular basis, app publishers must not only attract trial, but work to encourage regular usage. Advertising to light users is an effective way to maintain engagement and keep them from churning.

Case study

A streaming app partner wanted to encourage continued usage among at-risk audiences to mitigate churn. Samsung Ads identified two key groups, samplers (opened the app just once in a given month) and light users (opened the app 2-6 times in a given month), and targeted them with ad messages to drive them back to the app. This tactic was tremendously successful as the results here demonstrate. The retention rate for Samplers and Light Users for the study period was 9% and 12%, respectively, meaning that without any messaging, 9-in-10 of these users churn. Advertising to these audiences increased retention by a factor of 8x.

Targeted samplers with ad campaign

Exposed	Unexposed
78% retained	9% retained

Targeted light users with ad campaign

Exposed	Unexposed
83% retained	12% retained

Source: Samsung Ads Proprietary Data, 2022, US Only.

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About the data

For this analysis, the universe is TV apps on Samsung Ads' 70 million opted-in* U.S. Smart TVs.

- Included are ad-free subscription-based (SVOD) apps, ad-supported (AVOD) apps and apps that offer both an ad-free and ad-supported subscription tier (HVOD).
- Excluded are: apps with an exclusively transaction-based business model (TVOD); and apps that fell below a minimum threshold to provide meaningful results.

The analysis focused on the full year of 2022 and looked at active streaming behavior by month. Months of active use did not need to be consecutive–if a streamer was active in January, March and November they would fall into the 3 months of active use bucket.

* Denotes Samsung Smart TVs wherein the user has opted-in to receive interest-based advertising.
Source: Samsung Ads Proprietary Data, 2022, US Only.