Intelligence & Insights Series

The Rise of FAST Channels

— And the Challenges That Come With It

White Paper | Whip Media

April 2023

Key Highlights

- The number of FAST (Free Ad-supported Streaming TV) Channels in the U.S. has increased 81% in the last year
- Factors behind the rise of FAST Channels include content being cheaper to acquire, viewers suffering from "subscription fatigue," and the opportunity to monetize library content
- The meteoric rise of FAST Channels has created inefficiencies in tracking how content performs; this can lead to insufficient performance insights and data around programming decisions and financial reporting and revenue recognition
- Whip Media addresses those measurement challenges by providing clients with comprehensive visibility into content performance and business impact

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Introduction

The rise of FAST Channels over the last few years has offered TV viewers a new yet familiar way of enjoying free content. At the same time, it has presented fresh challenges when it comes to measuring content performance.

Let's first look at what has spurred the rapid growth of FAST Channels, before diving into the challenges the industry faces -- and how Whip Media helps alleviate those concerns.

FAST Channels Surge in Popularity During the Pandemic

FAST Channels have been picking up steam already, reaching even greater velocity over the last year as the pandemic fueled content demand. Variety VIP recently reported there were 550 FAST Channels in the U.S. in July 2020; a year later, that figure surged 81% to 1,000 FAST Channels available in the States.

Judge Judy Sheindlin's new series debuted on IMDb TV in November

Why the surge?

One reason is FAST Channels provide viewers with an affordable streaming alternative. Many viewers are suffering from "subscription fatigue," or the headache that comes with paying for a number of streaming services. According to a recent Whip Media survey, the average American consumer is almost maxed out on streaming services as they subscribe to an average of 4.7 services and most of consumers (85%) say it's getting too expensive.

Cost, annoyance at switching back and forth between services to view content, and difficulties in managing the services and choices. Combined, these factors have pushed streaming customers to explore alternative programming options; on top of the four services they pay for, the average U.S. streaming customer also uses about 3 free services on average.

This trend hasn't gone unnoticed in Hollywood. While there are plenty of smaller FAST Channels offering niche content, more legacy entertainment companies have entered the space in recent years. IMDb TV, for example, is owned by Amazon; ViacomCBS owns Pluto TV; Xumo was acquired by Comcast in 2020; Tubi was bought by Fox that same year. The goal? To super-serve audiences with focused, targeted or thematic programming niches.

Pluto TV has channels dedicated to a number of popular TV shows, including “Jersey Shore”

Subscription fatigue isn’t the only reason FAST Channels are becoming more popular, though.

A number of factors have spurred the rise of FAST Channels, including FAST programming being relatively affordable; that’s because FAST Channels rely heavily on library content like reruns and older movies, which can be cheaper to license than tentpole movies and popular TV series. (This is compounded by FAST content agreements primarily being based on revenue sharing, meaning content owners are not willing to take the financial risk that comes with offering high-value content.)

And from a viewer standpoint, FAST Channels are attractive because they reduce the time spent searching for content across multiple streaming services -- allowing viewers to jump into watching shows and movies quicker. Advertisers seem to be taking notice of this industry shift, too. Ad dollars are continuing to shift from linear TV and towards streaming, with ad-supported TV streaming projected to be over $4 billion in 2023.

In short, the emergence of FAST Channels shows when it comes to TV habits, the more things change, the more they stay the same. Ad-supported content powered the golden age of TV, and now, as viewers chafe at the idea of spending 15 minutes trying to pick a show to watch, streaming customers are again looking to free, ad-supported shows and movies. Indeed, a recent survey from Variety VIP found 27% of respondents watched FAST Channels because “it’s like regular TV,” while 23% said the “ease of use” was a key selling point.

FAST Tracking Challenges

FAST Channels may be gaining traction, but they're still relatively new. Keep in mind, Pluto TV, the first and perhaps best-known provider of free streaming channels, launched in 2014.

What isn't new is that a lot of the same issues linear TV has faced -- whether it's dealing with scheduling, billing, or programmatic advertising -- also apply to FAST. The challenge is, there is no industry equivalent of Nielsen, or a similar arbiter, that offers consistent measurements. When it comes to accurately measuring how FAST Channels are performing, we're still in the Wild West.

One major speedbump: Lack of clean, consistent performance data that leads to operational challenges around programming decisions and financial reporting and revenue recognition.

Content distributors have performance and remittance data coming in from many platform partners, but the data doesn't arrive in a standard, easily digestible manner. Add to this the lack of uniform Title IDs, inconsistent formats, and altogether missing data, and it further hinders the ability to get visibility across platforms.

Tastemade's Partnership With Whip Media

Tastemade, a lifestyle powerhouse, produces hundreds of hours of award-winning video content and original programming in the categories of Food, Travel, and Home & Design on all major digital, mobile, and streaming television platforms, engaging a global audience of more than 300 million monthly viewers and garnering 700 million minutes watched per month.

The rapid growth of Tastemade's audience and global OTT distribution partners created the need for better content performance tracking specific to digital linear networks.

Like many FAST content programmers, Tastemade did not have visibility into title-level performance across multiple digital platforms. This created data inefficiencies as FAST networks need this data to make strategic content acquisition and programming decisions.

Whip Media leveraged its data aggregation capabilities to solve this problem by mapping FAST network's performance data to both its linear schedules and internal metadata, creating an automated performance tracking solution for digital linear networks. Designed to handle scale and improve performance visibility, this solution helps Tastemade make more informed programming decisions.

Tastemade is a truly data-forward modern media company and streaming network. Their partnership with Whip Media helps them to leverage the power of their data to drive revenue and share their premium original lifestyle programming with more audiences. Together we've brought more visibility to the industry and FAST networks to drive innovation in their businesses.

"As we rapidly expand our global distribution footprint, we're excited to work with Whip Media to deepen our understanding of how viewers engage with our content across multiple platforms," said Jay Holzer, head of programming at Tastemade Streaming Network.

Tastemade's "Struggle Meals"

And it's worse for FAST performance reporting. You may receive data on the number of completions or minutes viewed for a TV series, but not get the breakdown on an episode-by-episode basis. Title identifiers may be incorrect or not included, making it challenging to match what was programmed vs. what was watched. Or, you may receive just the channel name with no titles or identifiers, requiring you to go back to your Product Master and linear schedules to fill the gaps. All of this creates chaos for programming, research and especially finance teams, who need that information to report and reconcile revenue share agreements and royalties.

Without an automated way of processing, normalizing, and presenting that data, any research or analysis becomes a Herculean task. For the sake of simplicity, many distributors end up making content decisions based on only a few, often localized, data points -- which doesn't lend itself to success when making content decisions on a global scale. FAST teams are being forced to parse through thousands upon thousands of records in an inefficient, time-consuming, manual and error-prone process. Even worse, FAST Channels are letting that valuable information - data assets they could otherwise use to grow their business - go to waste.

With Whip Media's industry standard solution for aggregating VOD performance data for major studios and networks, it is applying its expertise to helping FAST companies put their digital linear data to use. Because every content distributor, regardless of distribution channel, needs the ability to analyze channel performance across platforms, make more informed programming decisions, and properly attribute revenue recognition.

ABOUT WHIP MEDIA

Whip Media is reimagining content licensing to create a smarter, more connected entertainment ecosystem. We help leading entertainment companies succeed in today's high-volume, high-velocity global content environment with a market-leading cloud software platform that combines unique, actionable insights with scalable, connected workflows for licensing, content planning and financial operations.

For more information, visit whipmedia.com

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