

Industry Trend

The rise of non-commercial media

Over the past few years, the television industry has seen a revolution even more seismic than the advent of colour TV. Traditional audiences for linear, broadcast TV have plummeted, with explosive growth in subscription streaming channels or CTV (connected TV). In Australia, the [average household holds about 3.4 subscriptions](#).

According to Roy Morgan Research 15.9 million people watched Streaming Video On Demand (SVOD) in the second week of June 2024, which is dominated by ad free, subscription-paid streaming services. This compares to just 7.3 million who watched free broadcast video on demand services (BVOD) - which has ad content - in the same period.

Broadcast TV was traditionally the foundation of major media plans but is now an increasingly minor channel. Only around half of Australian households now watch linear TV daily, while 69% use at least [one streaming service](#). An [Ampere Analysis survey](#) found that globally, 55% of all respondents had already switched off.

Audio is trending in the same way. Spotify, dominated by commercial free subscriptions, has almost three times the listening audience of its nearest rival ARN Network.

Media Precinct

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Will audiences accept ads on streaming TV?

Initially, these streaming audiences were inaccessible to advertisers. But the past couple of years have seen the introduction of adverts to some of these formerly ad-free channels. SVOD (subscription video on demand) is rapidly becoming AVOD (ad-supported video on demand). Netflix was the first streamer to introduce an ad-supported plan, followed by others such as Foxtel's Binge, which offers a cheaper ad-supported tier, and Amazon's Prime, which is now [introducing ads](#) to the default subscription.

So far, some research indicates audiences may be open to being served ads in return for free or reduced-cost subscriptions. [Deloitte research](#) found that 44% of Australians would consider six minutes of ads an hour for a subscription fee of \$5 per month, and 46% would consider 12 minutes for a free subscription.

But other studies suggest that viewers are becoming less used to ads and more resistant to watching them. Glenda Wynyard, Communication Architect & Managing Director, Media Precinct, carried out a study some years ago on commercial versus non-commercial radio.

"The most significant impact that each participant noted were the ads. Those whose radio consumption was dominated by non-commercial radio could not stand the ads. Those whose consumption patterns were dominated by commercial radio missed the ads as it broke up the content," Wynyard writes.

With non-commercial alternatives more readily available than ever before, audiences are being trained to avoid advertising across both video and audio platforms. There's already a high level of ad blocking among internet users, with nearly [one-in-three Australians](#) (31.1%) using blockers.

Advertisers keen to reach CTV audiences

Whether audiences are keen on ads or not, advertisers and media buyers are hungry to reach streaming audiences. A key benefit of streaming services is the ability to measure engagement much more precisely than with broadcast TV. Advertisers can get real-time analytics. They can know with a high degree of accuracy who is watching what content, even which individual household member is watching the content.

Even more importantly, this enables advertisers to target specific audiences based on interests and demographics, with much more relevant messaging. For example, they can show different ads to different households while they are watching the same program. Research by UK broadcaster Sky found these addressable TV ads drive higher attention, and channel switching halves when addressable ads are in the first three positions within the break. Higher engagement and relevance also delivered purchase intent increases, particularly for new-to-TV advertisers.

Studies by The Association of National Advertisers (ANA) and Forrester found that addressable and advanced TV are gaining traction amongst brands. Nev Hasan, Chief Sales Officer at Foxtel Media, says demand is exceeding capacity.

"When we launched the BINGE ad tier last year, ad packages sold out in record time. It was so popular that we had to put caps in place for various categories because it sold so well," Hasan says.

Other research has found that CTV ads can prove [more effective](#) than linear ones, with higher engagement and ad recall rates. [A study by Circana](#), based on marketing mix studies between 2018 and 2023, found that this increase has offset higher costs resulting in a higher ROAS (return on ad spend). It also found that ROAS for CTV is increasing, surpassing that of linear TV.

An urgent need to shift gears

But not everyone is shifting gears. Wynyard believes the change is equivalent to the 1980s, with a stock market crash and the tech revolution of computers and fax machines. Traditional media salespeople were replaced with university-trained marketers, finance became more involved, and there has since been an increasing demand for exposure on ROAS. The evolution to digital media and marketing, with programmatic trading, has only intensified the focus on numbers.

“What many of these clients forget is the value of their brands. What happens when no one is watching or listening to ads? People are discovering brands in their own new ways. This means that content is king now more than ever and understanding the nuanced ways in which people engage with commercial media is imperative”, Wynyard says.

She believes that the problem is not so much clinging to old ways, but more “the arrogance” of those who are entering the market with a focus on ROAS.

“Right now, effectiveness is determined by the amount you spend in media, then the quality of the content to stop the scroll/skip, then it is the brand halo and then it is channels and finally it is the optimisations that we undertake. Those focused solely on ROAS will ultimately lose in the future. And the future is now.”

Marketers and advertisers must embrace this new environment or get left behind. It’s particularly critical with younger audiences - a [2022 UK survey](#) found that 90% of 18–24-year-olds go straight to streaming, and Australian data shows a [drastic plummet](#) among children watching free-to-air. Content consumption among Generation Alpha is drastically different, with today’s children using social media channels such as TikTok far more than TV or even YouTube.

The potential of new CTV technologies

Advertisers also need to engage beyond traditional commercial interruptions through branded content and sponsorships, as well as embracing innovation. The key is having strong content to cut through as a publisher to keep people sticky. Production-funded content, from podcasts to TV shows, is increasing. Unilever has produced a world-renowned [documentary series](#).

There’s also much greater potential for interactivity in CTV advertising. Paramount+ used the 2024 Super Bowl to run interactive ads on a range of CTV devices, promoting several shows. Viewers could use their remotes to engage with interactive overlays and add the promoted content to their watchlists. These ads saw a [6% higher engagement rate](#) than benchmarks.

Another successful interactive campaign was [McDonald’s “Order That Scene”](#). This created a treasure hunt for viewers who had to locate scenes in movies and TV shows featuring McDonalds food, capture and scan them via the McDonalds app and get free food.

“These are clients who know that they need to invest in their brand, they have spent years doing so. They don’t just focus on FMCG/shopper media or CTA based advertising. They tell the whole story, including their brand story. It is why the content/creative is so important now. You have to stop the scroll or skip. People have low attention and if you don’t grab, engage and stand for something you will lose them. If we ever thought that there was ‘clutter’ 20 years ago in advertising, there is 20 times the amount of clutter today. The generally-accepted industry rule of thumb, the average frequency of three, has now been surpassed and sits somewhere between 12-15,” Wynyard observes.

Is there a future for traditional TV?

With traditional audiences ageing and the continued audience flow to non-linear platforms, is there still a future for traditional TV? James Rooke, President, Comcast Advertising, sees “a hybrid world for many years to come” before linear and streaming [fully converge](#).

Glenda Wynyard believes traditional TV is still a vital part of the media mix for any brand.

“It not only raises awareness, but it increases conversion, particularly on main channels during peak viewing hours. It is really undervalued by advertisers. There is not one streaming service programme in Australia that has as many viewers consistently watching one program en masse as FTA broadcast television has with the 6pm news on Network 9 or Seven, as an example.

She notes that always-on strategies don’t necessarily have the impact that they once did unless there is a lot of money invested into these key viewing areas, such as McDonalds, Coles, Woolworths, Chemist Warehouse or Harvey Norman. For smaller advertisers, excessive share of voice in bursts is proven to be more effective now for both short term and long-term results including sales.

Foxtel Media’s Nev Hasan also doesn’t believe traditional TV will disappear entirely.

“In Australia, where there are anti-siphoning laws, it’s unlikely that linear will completely disappear. Linear TV still has its place, especially when it comes to offering real-time news and live sports events, but the growing ubiquitousness of streaming is bound to force its role to evolve,” he says.

Deloitte predicts a [range of future scenarios](#) by 2030, from the “Universal Supermarket” where global digital platform companies have replaced national broadcasters, to “Revenge of the Broadcasters” where national broadcasters “have successfully mastered the digital transformation and secured a strong position in the TV and video ecosystem”. But it also anticipates a possible future diverse ecosystem where market participants are constantly changing and there are no dominant players.

Viewers who can afford it will likely increase their consumption of non-commercial media in future. Those who can’t, will continue to watch or listen to free or reduced commercial media. The critical question is how advertisers will use the changing opportunities they have to reach viewers, and whether they are ready and open to doing so.





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We mine our globally and locally renowned research resources while overlaying our real world experience using digital platform technology and analytics to provide the best performance outcomes for our clients.

We partner with our clients to deliver tailored digital and social media strategies to ensure the best performance media outcomes for your marketing and advertising campaigns.

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