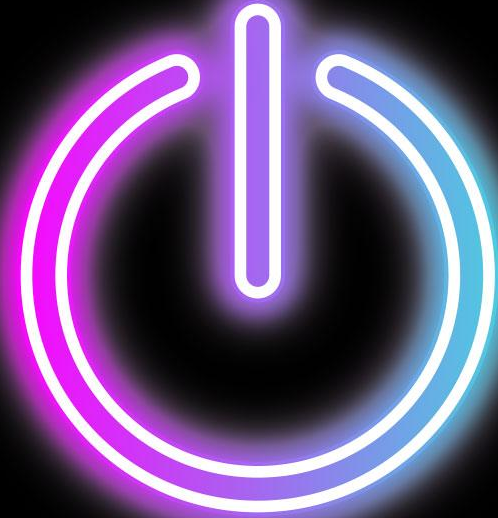




The Big Shift: United Kingdom

Wave II

LG AdSolutions



Executive Summary



1

CTV is the UK TV viewer's platform of choice
with an increasing amount of viewers watching less linear TV and using CTV instead

2

UK TV viewers are seeking out free TV options to better manage costs
with most preferring free services to subscriptions

3

The TV homepage has become a discovery hub
with over half of UK TV viewers overwhelmed by the amount of content choices

4

Engaging ad experiences lead to more conversions
with 2 in 5 UK TV viewers taking action after seeing a CTV ad

Study Methodology

Objective:

LG Ad Solutions conducted an online survey in the UK to determine consumer perceptions and behaviours related to connected TV (CTV).

Survey field period:

August 2023

Sample:

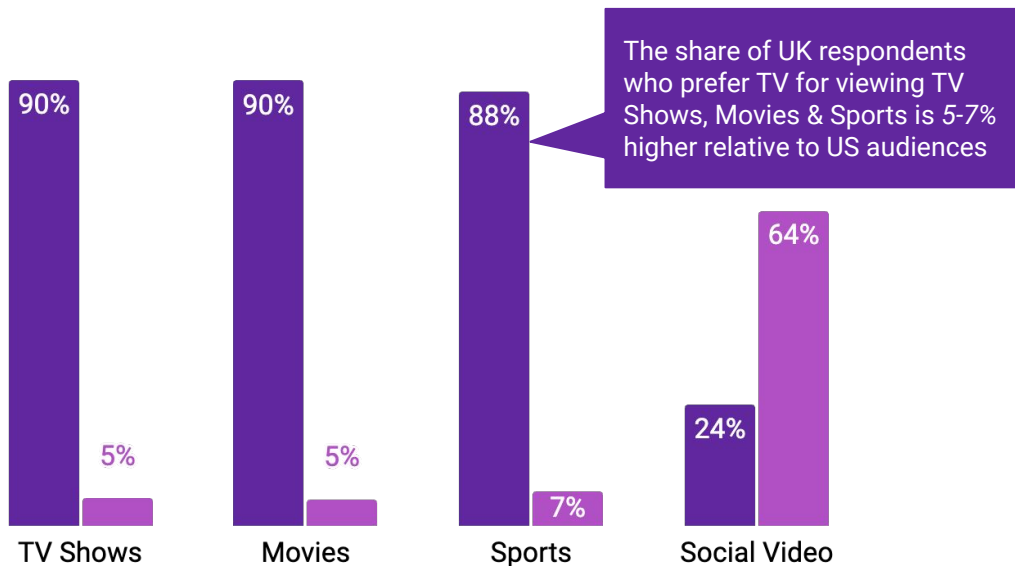
n=802

Online panel balanced to the UK Census



TV is the screen of choice for entertainment and sports

● TV vs. ● Mobile Preference by Content Type



**Nearly all UK households
are reachable via
connected TV**

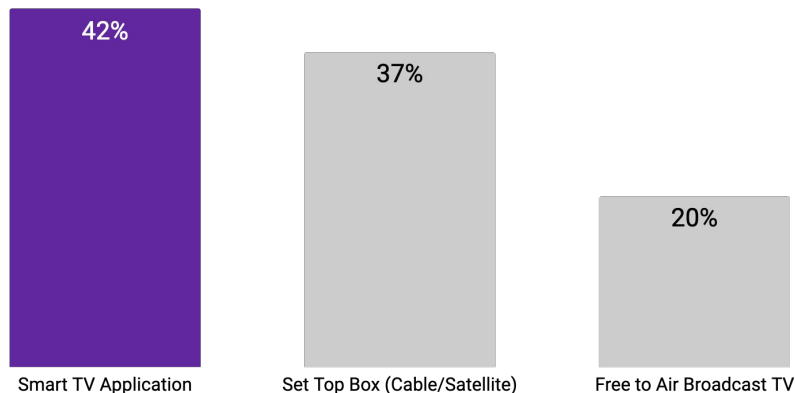
91%

Of UK adults are reachable
by connected TV



CTV is now the UK's preferred method for watching live TV

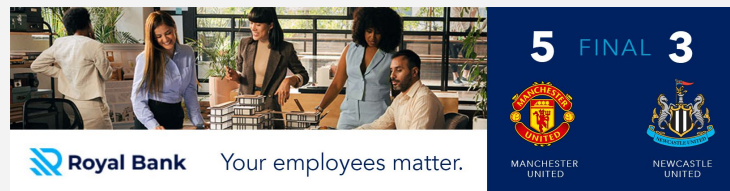
Preferred Method of Watching Live TV*



Sports are a major driver of live TV

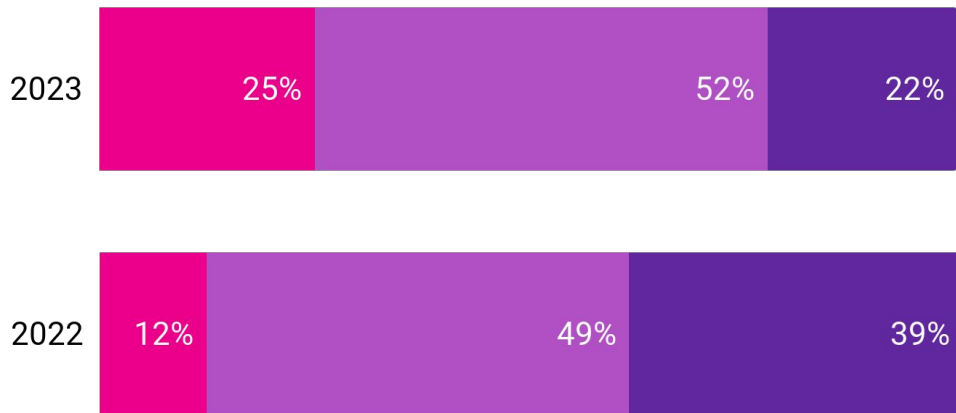
53% of UK TV viewers watch sports via streaming**

Brands can align themselves with live sports content using dynamic creative and sports data signals



UK TV viewership is increasingly shifting away from linear TV

Amount of Linear TV Watched: ● Less, ● Same, or ● More

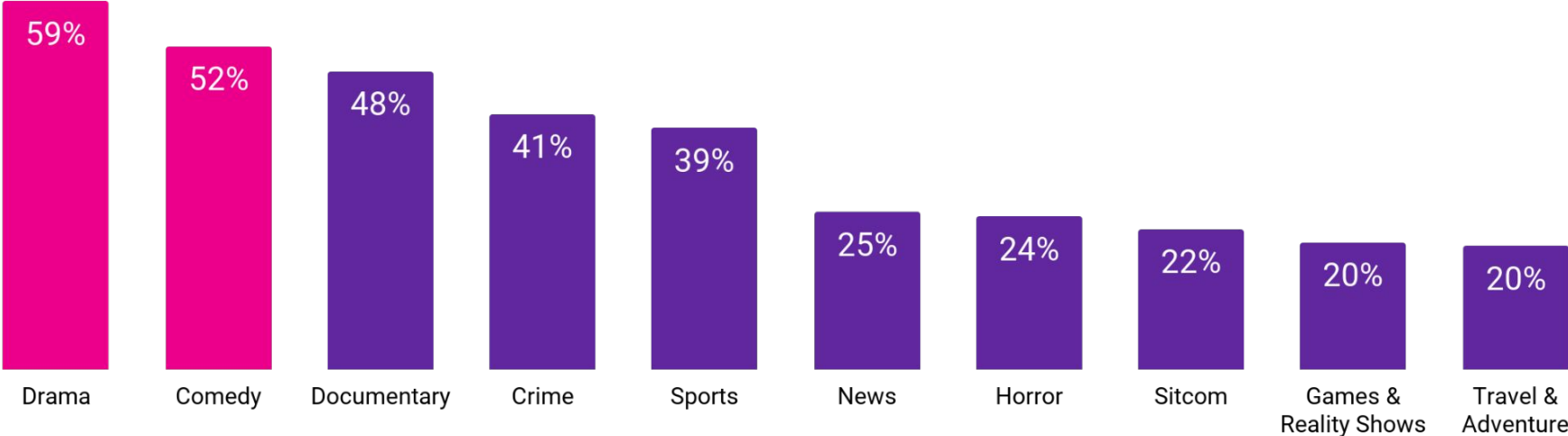


Potential Drivers

- ▶ Exclusive streaming content
- ▶ Ability to watch broadcast shows on-demand
- ▶ Migration of live sporting events to streaming
- ▶ Alternative free ad-supported apps with curated content

Popular TV genres represent strong opportunities to connect with streaming audiences

Top 10 Genres Watched on Streaming Channels



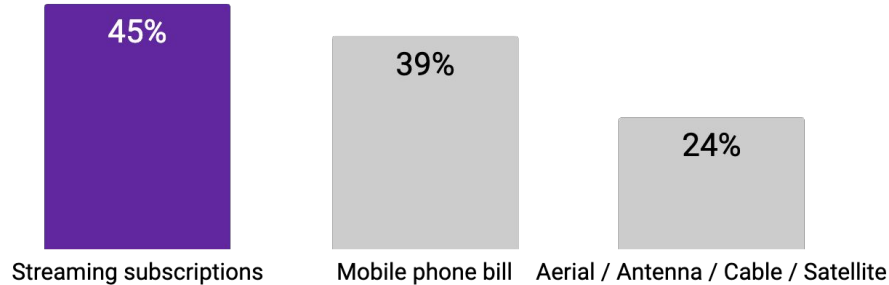
Source: The Big Shift: UK (Wave II), 2023

More than 1 in 3 UK TV viewers are concerned about TV costs

36%

report cancelling a streaming service because of economic concerns

Percentage Indicating Cost Concerns



More apps = higher costs, increasing audience churn

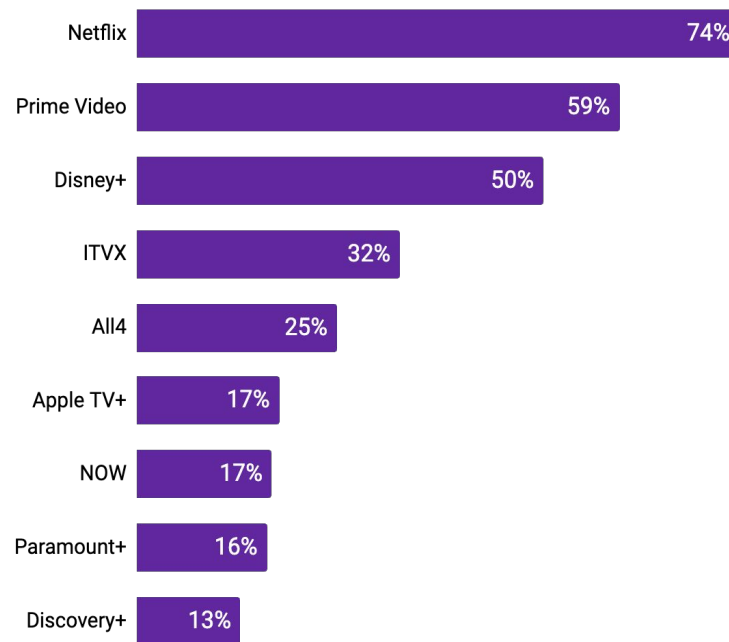
86%

pay for one or more
streaming apps

55%

are willing to cancel a
subscription after watching
the desired content

Streaming Services Subscribed to by Household

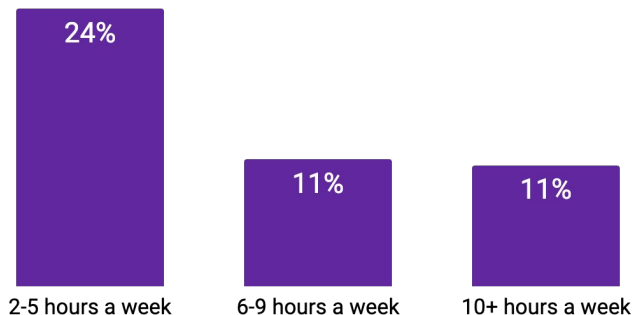


UK TV viewers are watching more free ad-supported streaming TV

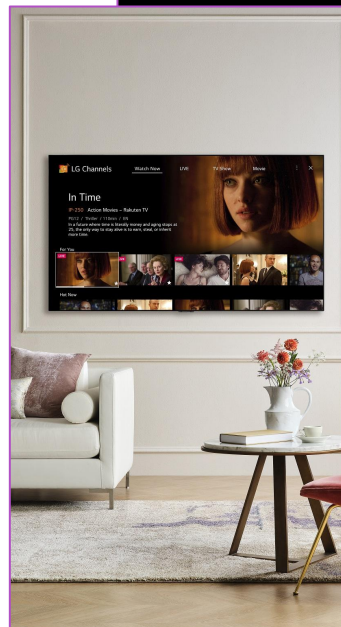
68%

prefer to stream free content rather than pay for a subscription, 8% more compared to the US

Time Spent Watching Free Ad-Supported Streaming TV



Free Ad-Supported Streaming TV viewership is **23%** higher for those with kids, relative to those without



Expected Changes to Streaming Services in the Next 12 months

20%

will remove subscription CTV services

35%

fewer viewers planned to add a subscription service in 2023, relative to 2022

13%

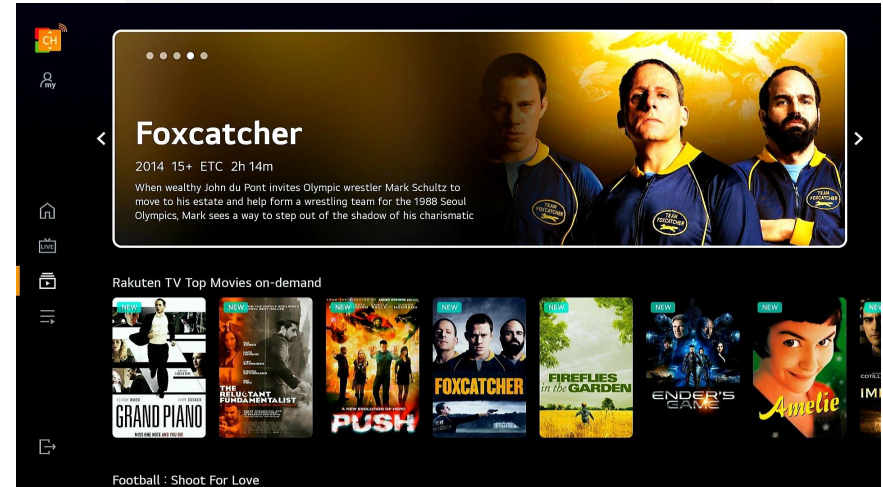
will add free ad-supported CTV services

Free Ad-Supported Streaming TV allows for improved consumer experience and increased brand favourability

Free Ad-Supported Streaming TV is the free alternative to cable TV

- ▶ Linear-like TV watching experience
- ▶ Channel surfing instead of active searching
- ▶ Easy access to content for those who always want something on the TV
- ▶ Beloved syndicated content as well as originals and exclusives

Free Ad-Supported Streaming TV Platform LG Channels



#1

Free Ad-Supported
Streaming TV
Service on webOS

120%

YoY Increase of
Global Monthly
Active Users (MAU)

UK LG TV Users love free ad-supported streaming

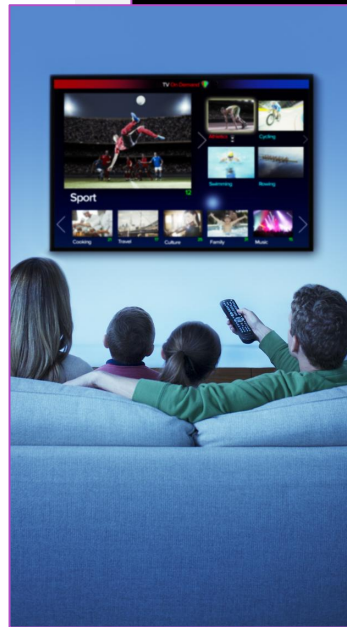
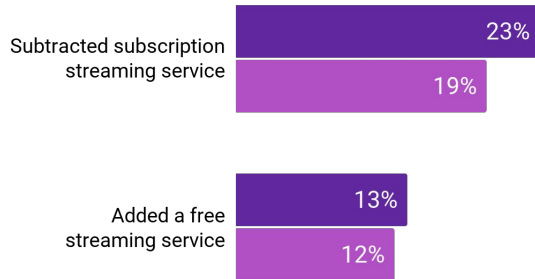
#2 TV brand owned by UK audiences

73% stream free, ad-supported TV content with 71% preferring it over paid subscriptions

The LG connected TV user is shifting towards Free Ad-Supported Streaming TV

- LG CTV Viewers
- General CTV Viewers

Changes to Streaming Services Last 12mo



The LG Homepage is a valuable advertising platform

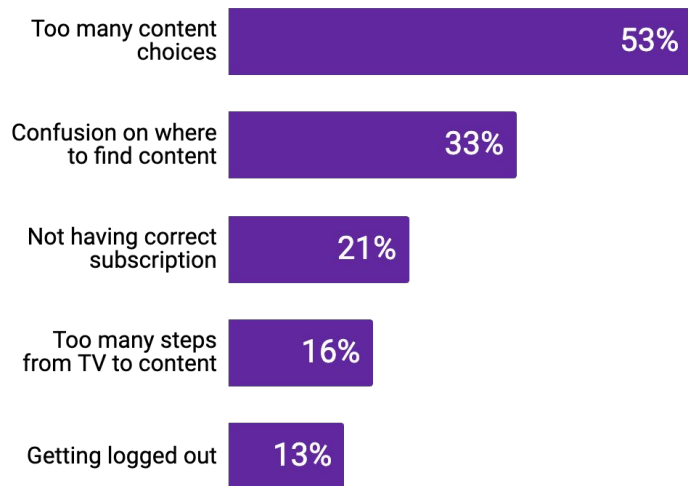
54% use the TV homescreen to find content

6.7 minutes taken from switching on TV to watching content

61% are likely to subscription-cycle

Over half of UK TV viewers feel overwhelmed by the amount of content choices available to them

Barriers to Selecting Streaming Content



6.0

average # of minutes spent between turning on the TV and watching content, relative to 5.7 minutes for US audiences

28%

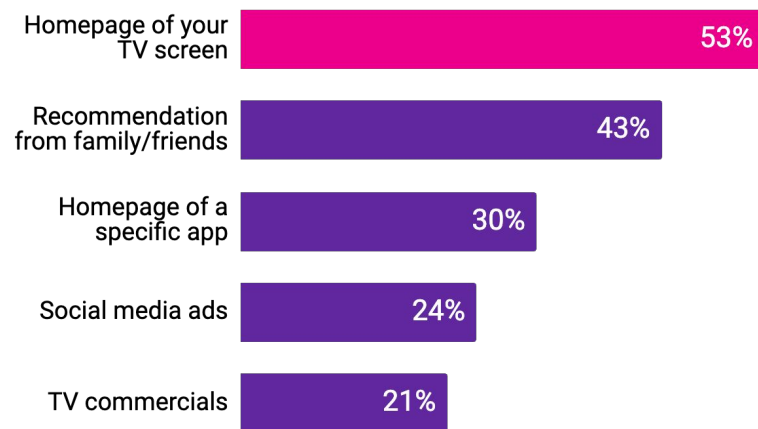
take more than 5 minutes to select something to watch

11%

take more than 11 minutes to select something to watch

TV homepages are important for content discovery

Recommendation Sources for New Content



In the UK, the **#1** ranking recommendation source is the **TV homepage**, above recommendations from friends/family

Native ads can provide guidance on what to watch and engage viewers as soon as they turn on their TV

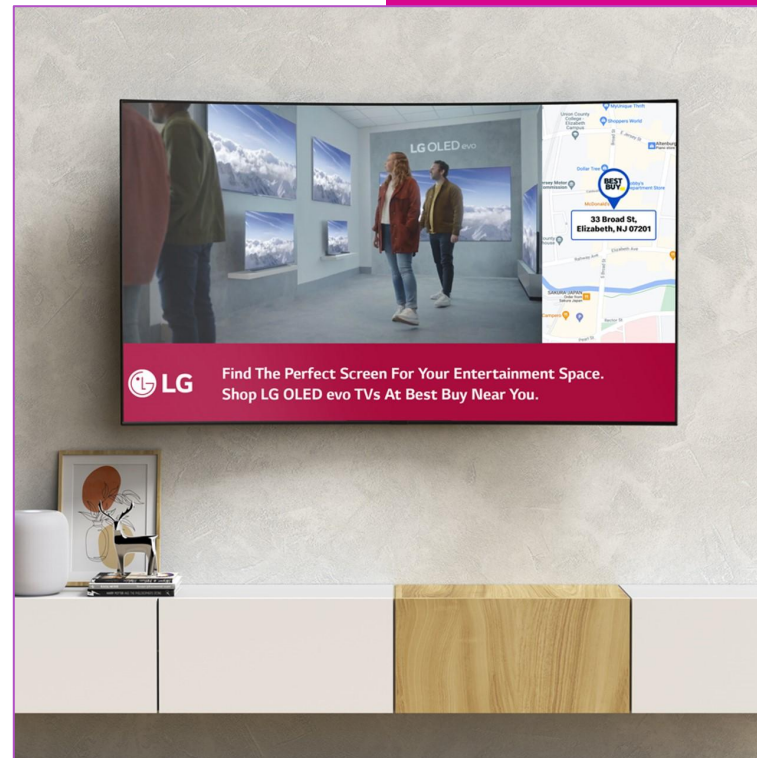
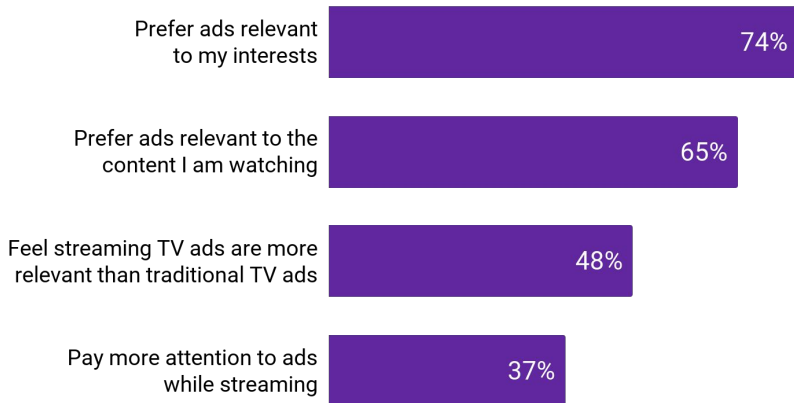


Native also provides *interaction* opportunities including:

- Deeplink into App
- Click-to-Web
- Click-to-Video (+ Overlay)
- Click-to-Image

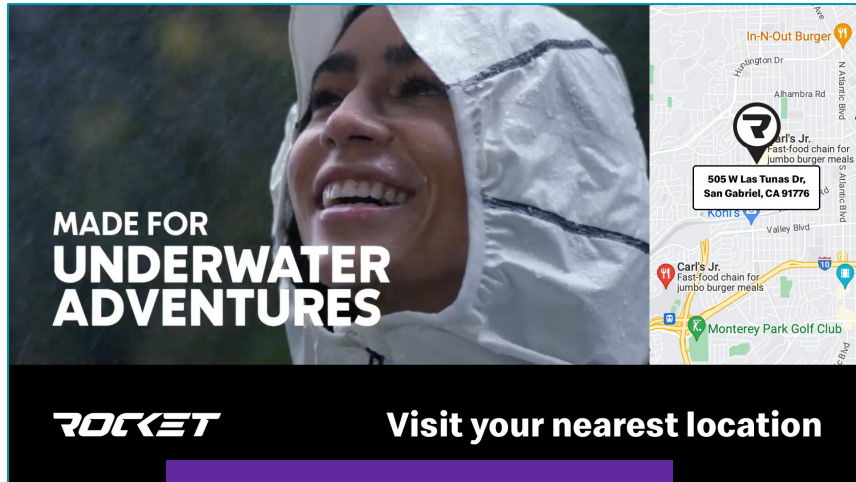
Brands have the opportunity to provide viewers with an engaging ad experience with connected TV

Preference & Perception of TV Ads



Harness Enhanced Ads for increased relevance

Brands can convert passive ad exposures into engagement



Location

Cater offerings to viewer located or proximity to a physical store



Poughkeepsie, NY

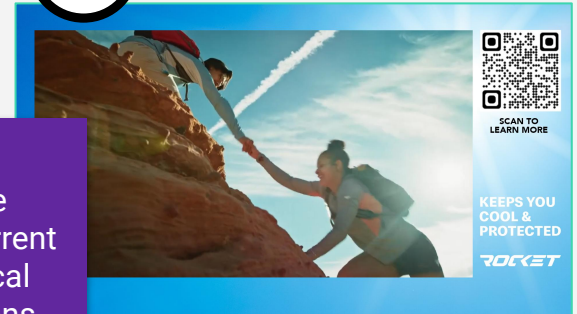


QR Codes

Generate QR codes to encourage action (app install, website visit, etc.)



Phoenix, AZ



Weather

Show ad creative based on the current or forecasted local weather conditions

UK TV viewers are multitasking & converting on second screens

91%

multitask with a mobile device or laptop while watching TV, with 64% doing so “always” or “often”

Actions Taken after Seeing a Connected TV Ad

39%

Visited Website

39%

Searched Online

37%

Talked about it

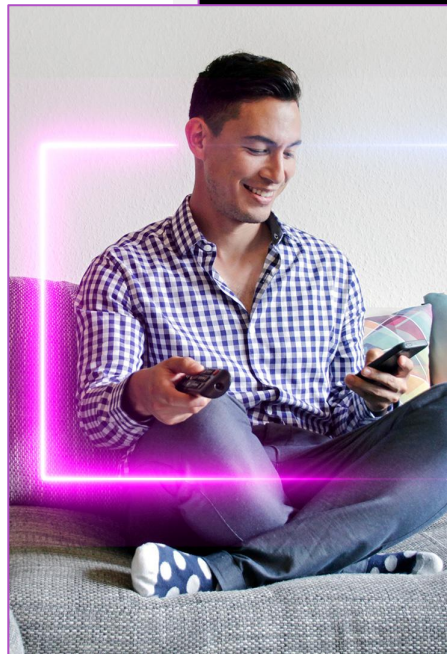
13%

Visited Store

11%

Bought Product

UK TV viewers are more likely to *search online, visit a website* and *talk about the ad/product* than US viewers.



Second Screen Activities

54%

Messaging

35%

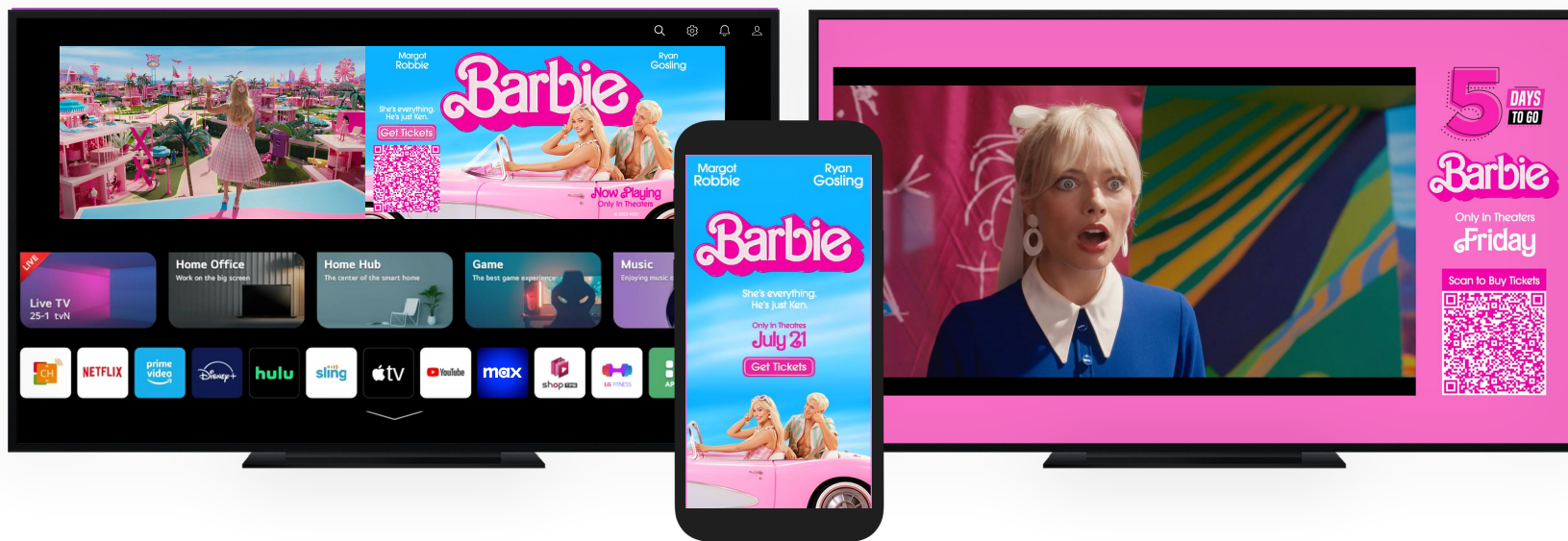
Shopping

30%

Games

Captivate multitasking audiences with consistent brand cues across screens

LG Household Extend campaigns reach beyond LG Smart TVs to mobile, tablet, desktop, and HDMI devices for complete viewer engagement using real-time, deterministic activation



Key Takeaways

1 **Ensure that advertising on free ad-supported content is part of your media mix** given that 45% say that streaming TV is a subscription cost they are concerned about

2 **Leverage the TV's homepages to communicate with audiences** as more than 1 in 2 UK viewers use the homepage to find content and spend on average 6 minutes in discovery

3 **Use LG Household Extend to reach TV viewers across all their secondary devices**, as 91% of viewers multitask and over 1 in 3 shop while watching TV

4 **Use connected TV ads** to drive conversions given that nearly 2 in 5 viewers search online or visit a website after watching a connected TV ad

Big Shift 2.0

LG Ad Solutions is a global leader in connected TV and cross-screen advertising, helping brands find hard-to-get unduplicated reach at optimal frequency across the fragmented streaming TV landscape. We bring together LG's years of experience in delivering world-class smart TVs to consumers with big TV audience data and Video AI designed to connect brands with audiences across all screens.

Contact us at info@lgads.tv for more information.

LG Ad Solutions





The Big Shift: United Kingdom

Wave II

LG AdSolutions

