Streaming Platforms

Exploring the fragmented video landscape

These days we find ourselves in as fragmented of a video landscape as we've ever had. Over the air broadcast, cable, streaming – all of which offer multiple (and often overlapping) ways for a person to watch their favorite show – means that as marketers, we have our work cut out for us. The fastest growing way to watch is, no surprise, also the newest kid on the block – streaming. Streaming simply means that people are accessing their "TV shows" via the internet in one way or another.

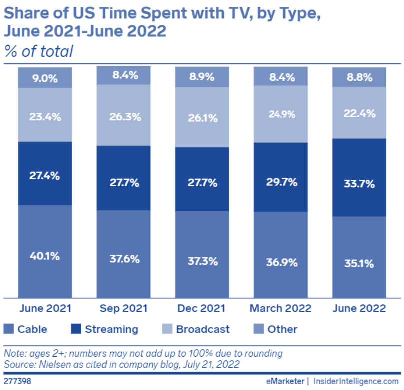
We get a lot of questions specifically around streaming platforms – how are audiences engaging with them, which are ad supported, and should we be in front of the audiences via streaming? So, let's explore.

How are audiences engaging with the streaming options?

First, let's agree that video accessed outside of traditional broadcast and cable is here to stay.

Over 70% of the US population currently uses OTT ("Over The Top" or content delivered via the internet) with continued, scaled growth projected through 2026.

You're likely familiar with the idea that there are a lot of ways to access video content these days. If it seems daunting as a marketer, we understand, though you also probably wrestle with this as an end user yourself. Which of the many streaming options should you have in any given month – each with its own lineup of original programming and ever-growing libraries?



However, the market share of many of the platforms are subject to significant change, as they are:

- built on the fickle foundations of consumer interest (who has the hot new show this month)
- limited by consumer fatigue (how many options they truly need / can afford)
- corporations jockeying for advantage (two-thirds of Hulu is owned by Disney and one-third by Comcast/NBC)

The fragmentation is translating to frustrated viewers. When asked how the streaming experience could be improved, the top three responses didn't focus on features or content – it was how to better manage the chaos.

CURRENT LANDSCAPE

FIRST MOVER GIANTS	RETAIL & TECH GIANTS	LEGACY BROADCAST
NETFLIX, YouTube	amazon prime video, tv	hulu, Disney+, peacock, HBO max, Paramount+, ESPN+

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What are my advertising options in the streaming space?

Not every streaming service offers advertising, but the trend is moving in that direction, though to different degrees:

Tiers - Many of the subscription services like Hulu and HBO Max have a higher-priced ad-free tier or a lower-cost option supported by advertising.

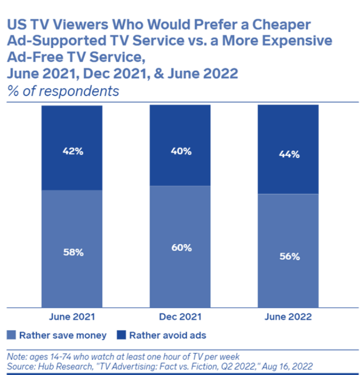
Ad-Driven - Some have always had ads built in, like traditional TV players Peacock (NBC) or Paramount+ (CBS), or OTT cable replacements like Sling, Fubo, and YouTube TV.

Ad-Free - Amazon Prime is a soup of original and 3rd party content – if it's an Amazon Prime original then you'll be mostly ad-free, except for some promotions of other Amazon Prime video content.

Limited Ads – 3rd party players like Freevee (formerly IMDB TV, also owned by Amazon) have standard ad blocks. Then there are a couple of the heavyweights in Netflix and Disney+ that have never offered advertising. As their scale grows and they can no longer count on significant year-over-year growth in their subscriber base they are turning to alternative revenue streams, namely advertising.

But hold on – Netflix has been adamantly against ads for its whole existence and their users will revolt, right? They won't, if there is still an ad-free tier option.

Ok, so people will accept ads for a lower monthly fee. But they'll hate ads just as much as they do with live TV, right? The early data says they don't >>



Clearly this is a promising trend for advertisers who consider video an important channel to achieve their goals.

How should I think about investing in streaming video advertising?

1. Avoid Netflix…for now.

- They're asking for exorbitant rates - $65 CPMs! For comparison, last year's Super Bowl was estimated at a $56 CPM
- There will be no 3rd party measurement at launch
- No programmatic inventory at launch
- They appear confused – first it was a $20MM cap per advertiser, now it's a $20MM minimum

In the (hopefully near) future, Netflix will likely offer a competitive and compelling opportunity for advertisers to reach audiences efficiently. As marketers, we tend to love being first to a new partner or technology. But with rates and measurement standards out of sync with the marketplace, we're happy to let marketplace pressures bring Netflix back to reality a bit before we start to recommend it to clients.

2. Buy programmatically.

Modern advertisers need to be nimble and efficient, especially headed into uncertain economic times. Flexibility, or the ability to add or remove budget quickly, is a key concern of many clients who may need to unexpectedly cut marketing budgets to shore up other areas of the business. Programmatic pricing controls allow clients to pay to reach certain locations and geographies to respond to changing business and marketing needs in a way that upfront or direct IO buys cannot.

3. Target according to your needs.

Buying programmatically doesn't mean growing your CPMs due to extra data costs. Sometimes to meet certain objectives, those data costs are well worth it. But often, especially in brand-focused campaigns, broad targeting is the more efficient route. With NOVUS' focus on geography, we can often eliminate many wasted impressions through geotargeting without inflating CPMs with 3rd party data costs.

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