

# WHAT IS OTT ADVERTISING

And How To Leverage It For Your Brand

  
Propellant  
Media

# What Is OTT Advertising...The Ultimate Buyers Guide

As SMB's and corporations work locate new digital advertising platforms, Over The Top TV (OTT Advertising) and Connected TV Advertising is accelerating faster than any other digital marketing channel. People are consuming more and more content through their smart phone devices as well as through video. So when you see trends of consumers adopting OTT Platforms at a higher rate, there presents the opportunity for advertisers to engage with customers in ways they may not have in the past.

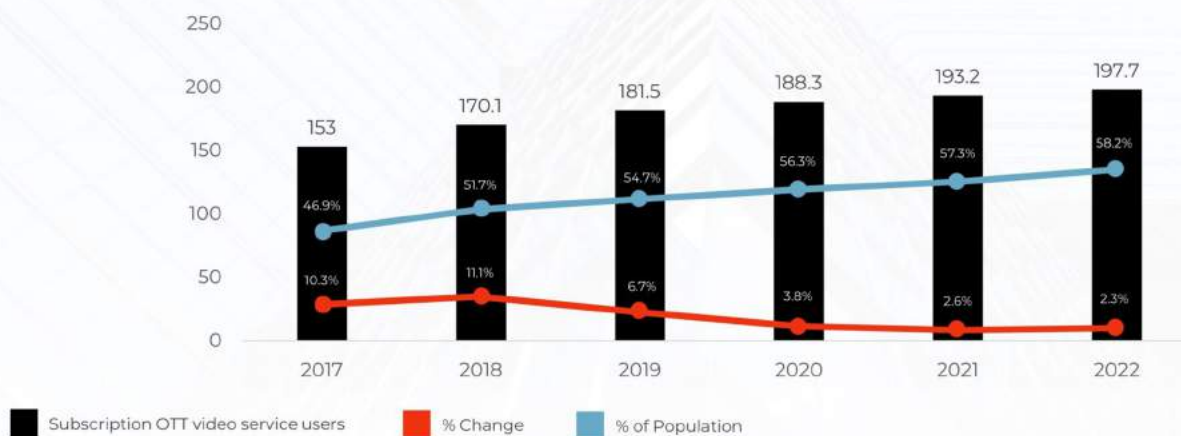
With an estimated 155 million US adults now accessing streaming video with services like YouTube TV, Hulu, CBS All Access, Sling, and devices such as Roku, Amazon Fire TV, and Apple TV – a new medium known as OTT (over-the-top) advertising has emerged, allowing brands to reach their audiences directly within their living rooms and on their mobile smartphone devices.

According to Justin Croxton at Propellant Media, "OTT Advertising presents a unique opportunity for businesses to reach consumers with direct precision tying audience data with those who are watching the same TV shows as broadcast on linear TV. Couple that with the ability to scale your advertising efforts and measure walk-in and online conversions from those who have seen those ads, OTT Advertising is becoming the go-to for SMB's and brands."

**In this guide, we walk through the wonderful world of OTT Advertising.**

## US Subscription Over-the-Top (OTT) Video Service Users and Penetration, 2017 - 2022

Millions, % change and % of population



Note: individuals of any age who watch video via any app or website at least once per month that provides paid subscription access to streaming video content over the internet and bypasses traditional distribution; examples include Amazon Video, HBO Now, Hulu, Netflix, Sling TV and Youtube Red  
Source eMarketer, July 2018

[www.emarketer.com](http://www.emarketer.com)

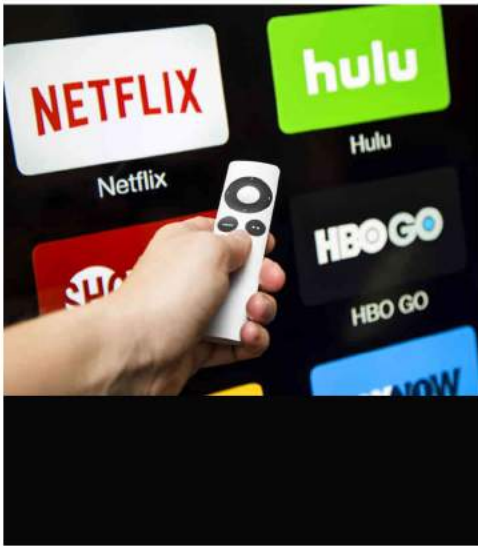
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# What Is OTT Advertising?

OTT (over-the-top) advertising allows marketers and brands to directly reach viewers over the internet through streaming video services or devices such as smartphones, laptops, and connected TV (CTV) devices. The term “over-the-top” comes from the ability for viewers to bypass traditional TV providers such as Xfinity and DirecTV that control media distribution, giving advertisers the ability to reach their audiences directly.



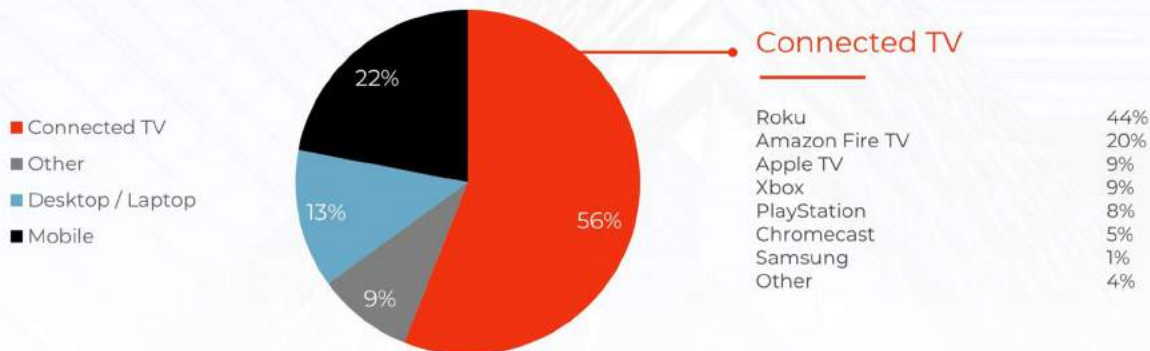
This level of video advertising has presented incredible opportunities for brands in the sense that they no longer have to execute pre-planned broad media buys. Instead, brands and advertisers can go direct to OTT Platforms and Media Companies and buy OTT inventory space programmatically while coupling it with audience data to reach the ideal market.

There is a misnomer that platforms like NetFlix constitute OTT Advertising. But it is mainly those platforms that allows for 15, 30 second, and 60 seconds video spots.

## Share of Time Spent Viewing the Over-the-Top (OTT) Video Worldwide, by device, Q3 2019

% of total

OTT video viewing share



Note: represents activity tracked by Conviva, broader industry metrics may vary; numbers may not add upto 100% due to rounding

Source: Conviva, "State of Streaming Q3, Nov 4, 2019"

www.emarketer.com

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# Why Enterprises Are Leveraging OTT Video

There is a slew of reasons why OTT Advertising is being adopted by more and more brands. And in most cases the benefits far outweigh the challenges and set backs with leverage Over The Top TV Advertising.



## Viabile Complement To Your Overall Media Mix

Some people look at video advertising as top of funnel awareness building tactics, but we have seen video tactics and in this case OTT Advertising become a great complement to driving people down funnel while reaching people who are in-market due to the audience targeting and psychographic targeting capabilities available with programmatic display advertising. And when you combine OTT Advertising with certain powerful targeting tactics, such as households addressable geofencing, you are gaining more efficiencies in your ad spend compared to traditional linear TV advertising.



## Larger Audience Reach

More than 50 million subscribers are expected to ditch their cable and satellite boxes by next year. This is a steep increase from the numbers estimated a few years ago. And as noted by emarketer, the adoption of ott platforms such as YouTubeTV and Hulu continues to grow.



## Strong Audience Targeting Opportunities

Certain platforms require you to buy directly from their platform. Hulu is a great example that allows for direct buys, however the monthly minimums are greater. Whereas other programmatic platforms allow for the chance to utilize mobile and smart tv ID's and serve ads to those consumers regardless of the platforms they go on. The power of OTT Advertising is that you can build an audience based on their physical location, demographic, income, and psychographic variables and serve ads to those individuals for a period of time.

# Why Enterprises Are Leveraging OTT Video



## Micro and GEO Targeting

As mentioned with addressable household geofencing, brands can microtarget people all the way down to the contours of a building or at the individual household level and curate an audience at the individual zip code level compared to traditional broadcast which requires targeting at the county and city level.

## Powerful Analytics

Brands can pull granular analytics on data on their advertising efforts to help inform how best to optimize their ad spend. In addition to the actual audience targeting capabilities that are available, below are examples of data variables you can pull from your OTT Advertising:



- Spend
- Impressions
- Clicks
- Device Level
- Publisher/Domain
- Click Through Rate (CTR)
- Cost Per 1,000 Impressions (CPM)
- Pause/Mute Rate
- % Of Video Watched
- Cost Per Click (CPC)
- Cost Per Action (CPA)
- Budget
- View Through Conversions
- Walk-In Conversions

To be clear, you can measure those who have converted on your website (form submission, purchase, online action) OR walked into your storefront and saw one of your OTT Ads. We call this conversion zone tracking and many advertisers are using it to optimize their ad spend.

# Why Enterprises Are Leveraging OTT Video



## Flexibility In Budget

Unlike with traditional broadcast tv advertising, you can start with \$2,000/month budgets and scale up or down based on brand needs and overall performance.



## Cheaper Than Traditional Broadcast

Traditional broadcast has a tendency to cost more in terms of monthly budget minimums. In addition while OTT Advertising can cost \$25 - \$40 CPM's (cost per 1,000 impressions), traditional TV advertising rates can range from \$40 to \$200 CPM Rates. When you couple that with the inefficiencies in ad spend and reaching people you don't intend to target, the cost of traditional broadcast advertising tends to be more expensive than ott.



## OTT Appeals To A Younger Audience

About 60% of young adults say the primary way they watch TV is through streaming services, such as OTT apps.



## Non-Skippable Ads & High Watch Rates

We are seeing watch rates average well over 85 - 90% compared to pre-roll video which can range from 35% to 60% watch rates. This proves you're getting an engaged audience.

## Where OTT Ads Are Displayed

Over the top tv video advertisements can display across a plethora of devices (such as Roku or Fire Stick) and streaming services (such as streaming apps). When combined with the cross device matching capabilities with Programmatic & DSP networks, the reach across many video platforms is gaining steam and more adoption.

### OTT content delivery takes place on any device that streams video over the internet:



Streaming devices  
(Roku, Amazon Fire TV, Apple TV)



Mobile Devices



Computers & Laptops

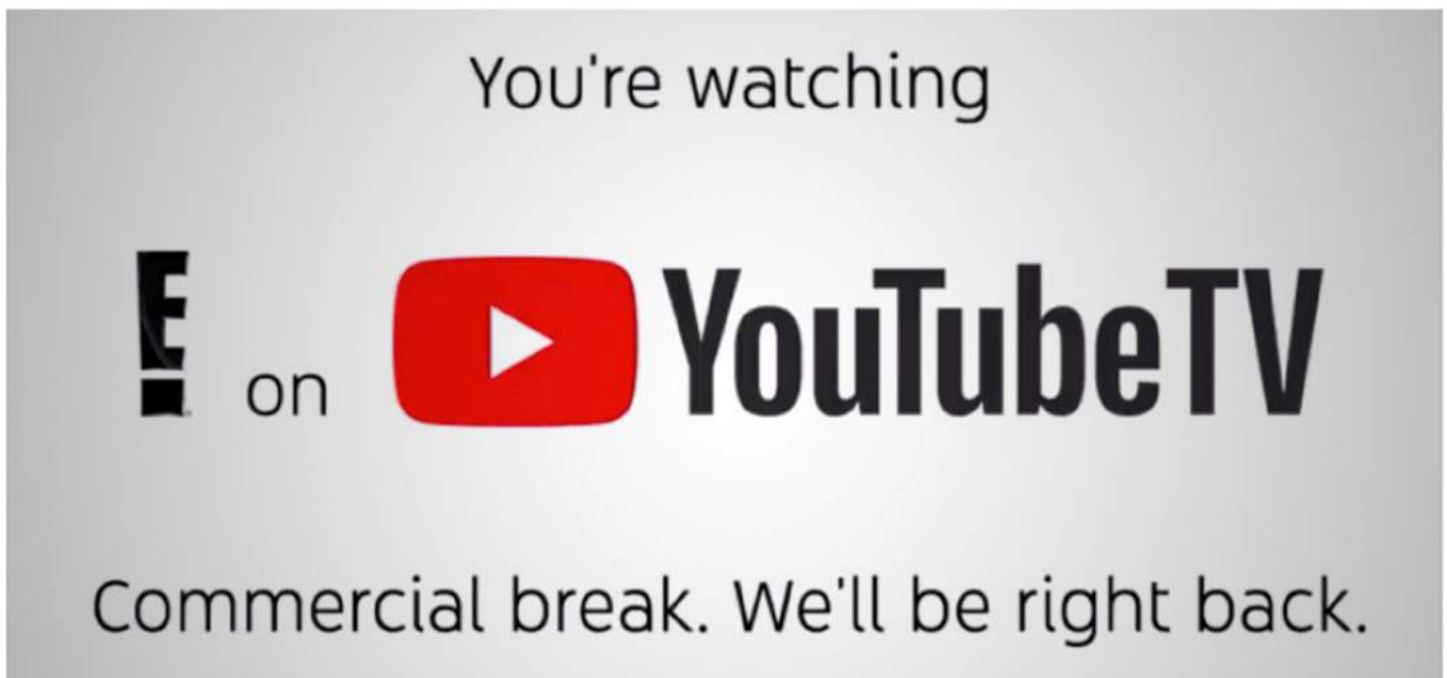


Smart TVs/  
Connected TVs



Gaming Consoles

Whether it is a 15 second or 30 second spot, those ads will appear across the 1,000's of channels and tv shows displayed in between the shows when commercials are aired. But do you ever notice how you may get the below message "Commercial Break... We'll Be Right Back?" This is because YouTubeTV is not apart of the programmatic inventory and thus they would prefer to have their inventory space open rather than sell at a low rate. Overtime, all of these spots will be filled up.

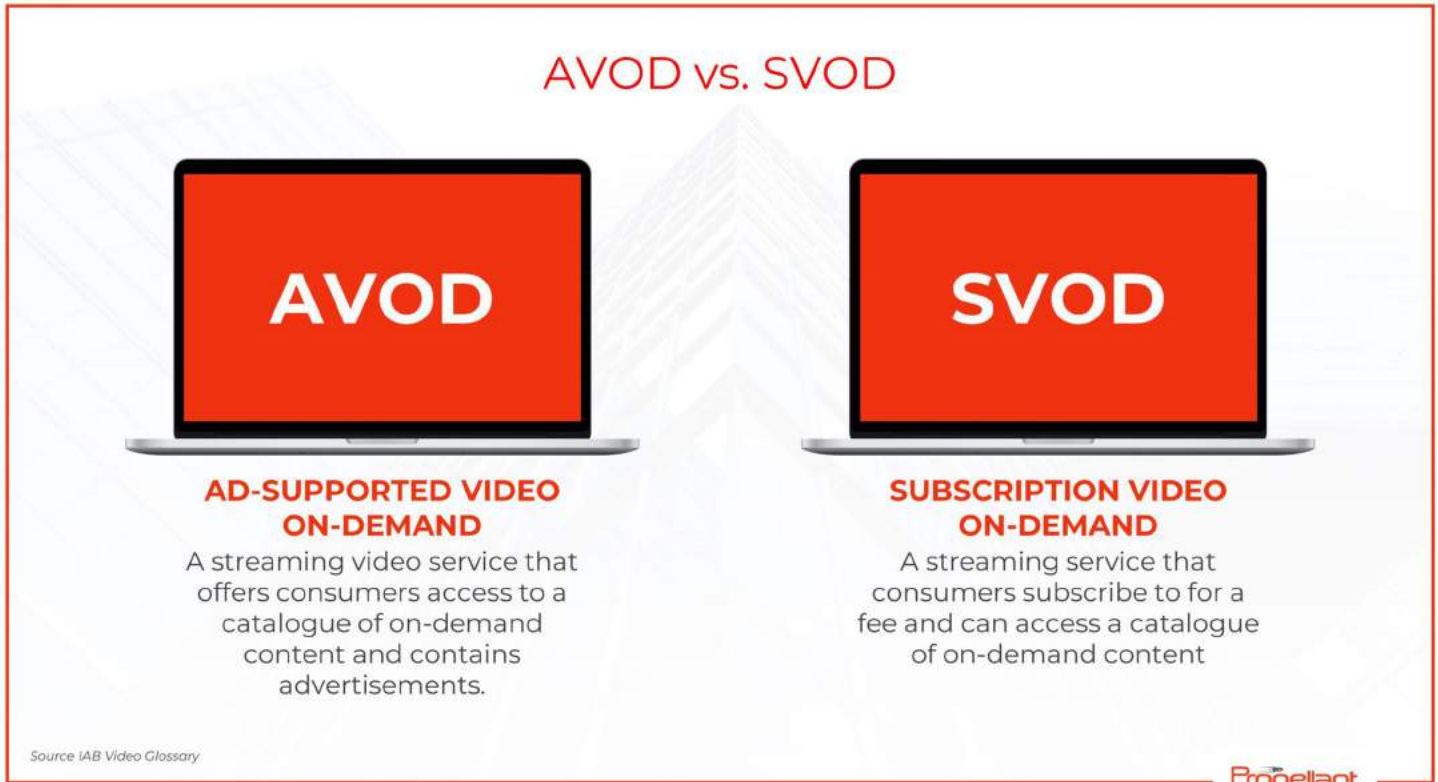


Based on the OTT buying that's available, there are 3 options available to advertisers:



# Where OTT Ads Are Displayed

## Here's a breakdown of today's most popular OTT distribution services and related terminology:



**SVOD (subscription video on demand):** streaming services that require a subscription (Netflix, Hulu, & Amazon Prime Video)



**AVOD (advertising-based video on demand):** streaming services that offer free, ad-supported streaming video (Crackle, Tubi, Vudu)



**vMVPDs (multichannel video programming distributors):** a streaming service provider that has paid-TV programming (AT&T Now, Sling, YouTube TV)



**CTV (C):** a television device that is connected to the internet



**Linear TV:** traditional television that is broadcasted at a scheduled time (not OTT)

# OTT Platforms To Utilize

## Here's a breakdown of today's most popular OTT distribution services and related terminology:



### Programmatic

There are a multitude of programmatic platforms ranging from Tremor Video and Simplifi, to dataxu and clearstream. These platform have direct relationships to inventory exchanges as well as ott advertising platforms and can place ads through automation and programmatically. This is one of the more efficient means in getting started with OTT Advertising and tends to be the least costly. The benefit of programmatic ott advertising is you get to target your audience a lot better and still serve ads to the same people across any channels, paltforms, or devices they frequent.



### Platform Direct

Platform direct ott advertising means going direct to ROKU, Amazon FireTV, Samsung and other platforms to buy inventory through their own exchanges. These exchange tend ot be more direct. But the downside with this approach is when you go platform direct you cannot cross over to the other platforms and visa versa.



### Publisher Direct

Publisher direct requires you to go direct to the publisher platforms like Hulu, Sling, DirectTV, Pluto, and others. Again, similar to platform direct ott advertising, publisher direct doesn't allow for cross pollination to their counterparts and typically will be more expensive. However, the advantage is you control where your ads are placed more directly and you can own the inventory a bit more.

#### PROGRAMMATIC

##### Networks & DSPs



#### PLATFORM DIRECT

##### Boxes/Sticks



##### Smart TVs

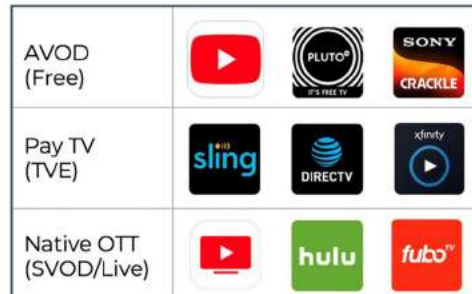


##### Gaming Consoles



#### PUBLISHER DIRECT

##### dMVPDs



##### TVE Channel Extensions



# OTT Platforms To Utilize

At Propellant Media, we utilize several different programmatic and direct publisher platforms including The Trade Desk, DataXu, Simplifi, and even Hulu direct. Here are example of some of the leading marketplaces including those networks and DSP's tap into to programmatically serve your ads to:



- Open X
- Pubmatic
- Rubicon
- AppNexus
- SpotXchange
- Sovrn
- InMobi
- Beachfront
- AOL
- Telaria
- FreeWheel
- MoPub
- PulsePoint
- PilotX
- Verizon Media Video Exchange

And in addition to the ott platforms, below are examples of channels you can serve ads on. At Propellant Media, we have over 1,500 channels we can serve ads on.

- Pluto
- Newsy
- Discovery
- History
- HGTV
- TLC
- A&E
- Fox News
- CBSi
- Univision
- Cheddar TV
- BuzzFeed
- Popcornflix
- USA Network
- CNN Go
- LifeTime
- Travel Channel
- NBC Today
- DailyMotion



# How Do You Buy OTT Ads?

Gaining access to ott ad space can be challenging for new advertisers and brands due to the fragmentation of platforms and the multiple ways one can leverage the ott inventory. As discussed certain platforms limit your audience targeting capabilities while others require you to buy direct. But the top popular and most utilized means of purchase includes Guaranteed IO's (Insertion Orders) as well as Programmatic Ad Buys.



## Guarantee IO's

- Guaranteed Impressions
- Makegoods For Under Delivery
- Set CPM's That are not dynamic
- Sponsorships and custom units
- Added Value Opportunities such as brand lift studies

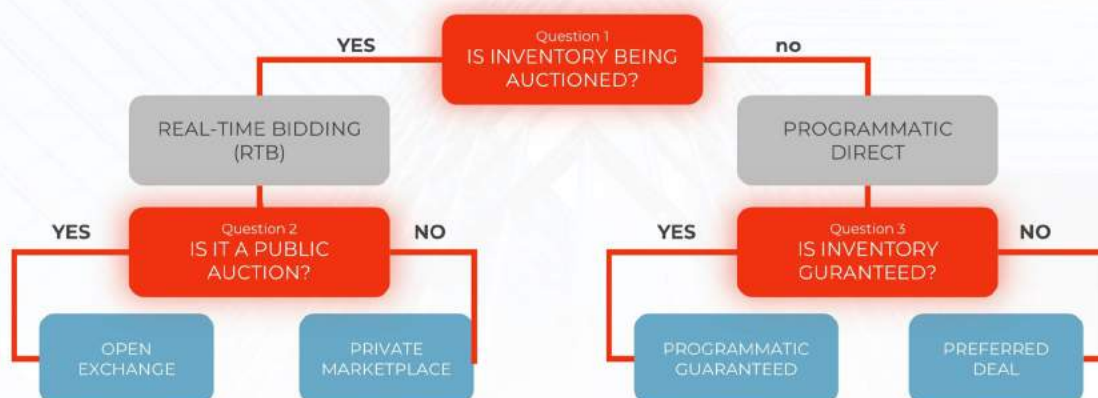


## Programmatic Ad Buys

- Advertiser control of targeting data
- Real Time Bidding
- Dynamic CPM's based on supply and demand
- Brands can control reach and frequency
- More control over the audience targeting
- Able to measure online and offline conversions
- Can leverage private market places as well as programmatically guaranteed placements

## Understanding Programmatic Advertising in Three Easy Steps

By asking three simple questions, you can identify the four main approaches to programmatic advertising and better understand the different transaction types used



Source eMarketer, July 2018

www.emarketer.com

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# OTT Video Content Best Practices

There remains standard best practices for any other traditional pre-roll and standard video campaigns, and those best practices spill over to over the top (OTT) advertising.

## 15-Second & 30-Second Spots Are Ideal

It goes to show that having high quality video for premium tv placement is a given, but make certain your ads are not too long. Meaning you should keep them to 15 seconds and 30 seconds tops. Anything longer requires you to be on inventory that is longer than 30 seconds which isn't ideal from a cost perspective. In addition, 15 and 30 seconds spots traditionally perform better than 60 second spots given the attention of the audience watching over the top tv is limited, regardless if the bulk of the inventory is non-skippable.

## Ensure Your Video Is Formatted For Multiple Devices

When OTT ads are inserted into video segments, they can appear across multiple device types including connected tv devices such as mobile, desktop, and smart tv's. Don't assume that your ads will fit on a large screen TV. Identify sizing best practices so that your value prop and call to action is immediately apparent on all screen types.

## Personalize Your Ott Ads

The look, sound, and feel of your videos should reflect that of where your audience is. This can include the day of the week, time of the day, geo-location, weather, and behavior signals. All of these can be combined to inform the creative of your OTT content. Even as simple as placing the actual address, website url, obviously your logo and brand will produce great signals to both personalize and elicit action from your audience.

## Proper File Sizes For Most Platforms

For OTT/CTV Campaigns, below are the core dimensions we suggest:

- Dimensions: 1920 x 1200 px or 1920 x 1080 px
- Audio Bitrate: 160 kbps or higher
- Video Bitrate: 5.4 mbps or higher
- Preferred format: mp4 (h.264)
- Max video file size: 200MB Limit

# Combining Data With OTT Audience Targeting

Some direct buy platforms such as Hulu and SlingTV provide some level of demographic targeting, but programmatic ott ad buys provide the best levers of picking and choosing the audience you want to direct your ads to. Here at Propellant Media, we leverage addressable (household) geofencing to curate audiences and in particular individual households based on a slew of variables, some of which can be found here. Here are examples of the data variables brand and advertisers can leverage:



- Demographic/Age
- Interests/Behaviors
- Income
- Consumer Credit Data
- Race/Ethnicity
- Life Events
- Language
- Types of Home
- In-Market For Vehicles
- Wealth Index
- Home Value
- Political Affiliation

The beauty with OTT Programmatic Ad Buys is the cross device matching that begins to take shape. So the same ad delivered on a smartphone device can also be delivered to the same smart tv device in the same household. And as you curate an audience, the ads can be delivered to the right audience but across multiple devices of that same audience.

# Ways to Measure OTT Advertising Success

Previously, we discussed the ideal ways to measure the success of your OTT Advertising campaigns. A few of those variables that tend to be reports include spend, impressions, publisher/domain, CTR, % of video watched, and even CPM.

But some of the other powerful metrics we at Propellant Media can report on includes online conversions as well as offline (walk-in) conversions.

If you think about billboard advertising, linear tv, radio, direct mail, and other offline channels, it's difficult to measure any form of conversion outside of conducting brand impact studies. And in most cases, smaller brands are not conducting such studies.

But when you combine addressable geofencing with OTT Advertising, you can then measure those who saw your ott ads as well as those who may have visited your physical location. And the reporting can take place at the individual zip code plus 4 level so you can even more directly optimize your ad spend to the higher performing locations.

# The Challenges Of OTT Advertising + Upsides



Most of the challenges advertisers face with ott advertising has to deal with brand measurement, audience targeting, and transparency. We'll talk about all three aspects here.

## **Brand Measurement**

According to Emarketer, Brand marketers and agencies list measurement capabilities at 65% and 57% respectively. In most cases, brand measurement and analytics occurs more so with direct IO buys rather than programmatic buys you may do through a DSP or an OTT Advertising agency such as Propellant Media. Again, the number of

## **Audience Targeting**

Direct IO buying platforms don't allow for the best audience targeting capabilities and similar to the Emarketer study above, 50% and 43% respectively for brand marketers and agencies list audience targeting as the biggest obstacle.

## **Transparency**

Lastly, transparency seems to be a major concern for brands and agencies given the newness of OTT Advertising. At Propellant Media, we own and operate all of our deals directly with virtually every TV and OTT publisher and platform. This gives our organization as well as our direct brands full transparency into each dollar spent, and the ability to granularly optimize for performance.



# The Future of OTT Advertising

OTT & CTV Advertising is just scratching the surface for adoption and usage by local brands. As more consumers cut the cord and decide to go over the top to bypass traditional broadcast tv, advertisers will learn about the capabilities of OTT advertising and incorporate more into their marketing mix. That coupled with how more OTT advertising and on-demand platforms will improve targeting, technology, and analytics capabilities, the future of OTT marketing is bright and open for brands to leverage for years to come.



# MARKETING

## Contact Propellant Media



Justin Croxton is the Managing Partner at Propellant Media, LLC, a digital marketing and media solutions provider, offering Google Adwords, Site Retargeting, **geofencing marketing** Ott Advertising and programmatic display solutions to digital agencies, brands, and companies.

**You can reach us at (877) 776-7358**

team@propellant.media