



Scaling streaming ads

Responses to a changing environment

Updated: September 29th 2023

Better decisions, faster.



'Stream if you want to go faster'

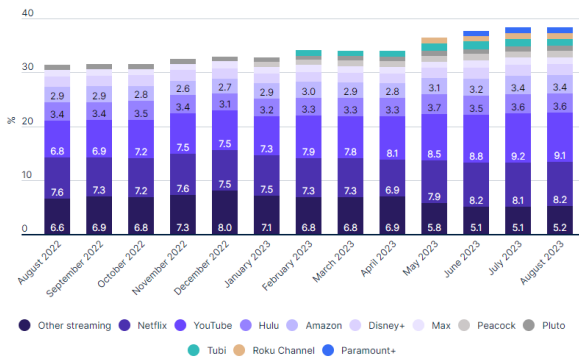
Growing economic pressures

An agreement has been reached to end the nearly [six-month-long US writers' strike](#). This is the start of bringing major TV and movie productions back online. However, the [ongoing actors' strike](#) means that many productions will still be on hiatus. The strikes have hit the [marketing of movies](#) in 2023 and the [production](#) of films scheduled for release in 2024/25.

The 23/24 broadcast TV season will be impacted. Over [150 major series](#) have season premiers delayed or production suspended. As of July 2023, only [four series](#) were in production.

The first shows to return will be the [late-night talk shows](#), which were the first to be suspended.

Since the writers' strike began in April, there has been an acceleration in the increase in the proportion of [US viewing claimed by streaming](#) platforms. [YouTube](#) is the biggest winner, with less exposure to US scripted content, gaining an extra 1% of all US viewing since April.



The protracted strikes [illustrate the economic pressures](#) platforms are under, forcing wholesale change.

In the UK, legacy broadcasters announced a streaming version of the Freeview platform called [Freely to deliver live free-to-view TV](#) – recognizing that many (often younger) viewers cannot view broadcast content.

Global SVOD revenues are expected to grow to [USD 127bn](#) by 2029, primarily fueled by [global household penetration](#). Yet the higher costs of high-quality content production mean that TV businesses need to appeal to [shifting viewer profiles](#) and find new sources of income.

Amazon opens up to ads

In the past week, [Amazon announced](#) that its Prime Video service would include ads, following in the footsteps of Netflix and Disney+, who recently launched ad-supported streaming options.

Advertising has become a [significant driver of revenue](#) for Amazon, doubling in value since its introduction as a distinct revenue category in Q3 2020.



Prime Video accounts for [around 3% of US TV](#) consumption (about 40% that of Netflix), but more inventory should be available.

Netflix and Disney+ launched separate ad-supported tiers at a discount from the existing non-ad-supported tier, meaning subscribers had to opt in. This resulted in around [5m Netflix ad-tier subs](#) by mid-2023. With Prime Video, [ads will default](#) at the current price point with a new USD2.99 premium for ad-free.

Ads will appear in January 2024 to reach a significant proportion of the 115 million monthly US Prime Video unique users, followed by;

- Later in Q1: Canada (11m), UK (15m), Germany (18m)
- Q2: Mexico (10m), France (9m), Spain (11m), Italy (11m)
- Q3: Australia (4m)

Planning data for the US will be available from November 2023 in the Amazon DSP, with IOs needing to be executed in December for January activity.

A variety of pre-roll, sponsorships, and pre/mid-roll spots, all non-skippable, will be available at launch.

A maturing streaming ads ecosystem

The Amazon Prime Video advertising product will launch with the scale and technology solutions required for strategic investment. Delivering a younger demographic profile and incremental reach vs. traditional linear television.

Amazon also plans to deliver more impacts through third-party apps on its hardware, such as Fire TV, with [new policies for developers](#).

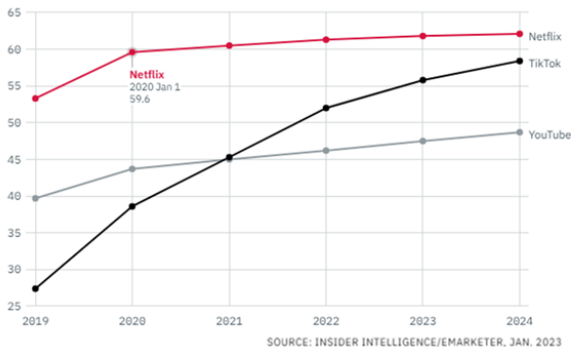
For launch in the US, third-party measurement, brand safety controls, and third-party verification combined with quality content will be available alongside advanced targeting options across all Amazon 1P segments and Omni segmentation.

Across multiple video streaming platforms, we are seeing significant growth in the US. Programmatic video is forecast to grow to [USD 97bn by 2025](#) (up 30.2% over this year's USD 74.5bn).

Primarily driven by the increased use of connected and social video on mobile devices, this is leading to increased investment in new ad products and partnerships.

U.S. Daily Time Spent with Netflix, TikTok, YouTube

Average minutes per day by U.S. adults



At DMEXCO in Germany last week, Microsoft Advertising unveiled [new video and CTV](#) ad offerings, including [Video Brand Building and CTV Ads](#) – integrated into the [Microsoft Advertising platform](#) with inventory from [premium sources such as Hulu and Max](#).

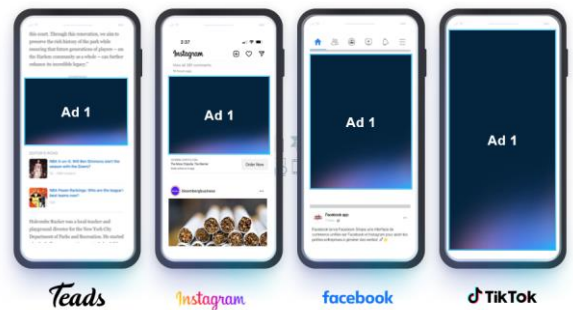
In social video, a wide variety of [new vertical video formats](#) are coming on stream, such as TikTok [In-Feed Ads](#), Instagram [Reels](#), YouTube [Shorts](#), and Snap [Spotlight and Stories](#).

Winning in the new environment

These new formats are driving high levels of attention.

Data from OMG studies worldwide shows that >60% of impacts on Snap Story ads deliver 10 seconds or more of attention compared with a typical range seen in video, 10%-20% on social channels, or 30% on linear TV. Shorter formats designed for the devices people consume are proving to be successful.

The same pattern is seen in content formats. TV shows are gaining new audiences by being broken up into three-minute episodes, gaining [millions of views on TikTok](#), and following audiences to the devices and experiences that fit their needs.



A new attention study in Latin America from [OMD and Teads](#) explores how to maximize effectiveness in mobile environments, illustrating the need to understand the context of consumption, maximize the micro-moments of attention, and minimize attention loss.

The economics of streaming have changed. No longer is it a sector funded by venture capital, grabbing early market share. The stakes are far higher now. Global AVOD and SVOD brands are [investing USD 87bn](#) in content this year. Sustainable advertising revenue is critical to their long-term success.

Attentive new formats, sophisticated data utilization, and empathetic planning of content and messages around the consumer's experience will be the key differentiators for brands as streaming becomes the primary video distribution model.



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