

An Amagi POV  
September 2021

# Solving the **VOD or linear** conundrum

Delivering video via VOD or linear is no longer an either/or decision. Your best chance of success lies with a balance of both.



With the steady rise of Free Ad Supported TV (FAST), we can safely say linear TV is back! And it's supercharged with everything that digital delivery can bring – targeted content, sophisticated analytics and tailored advertising.

This new iteration of linear TV delivery is challenging the assumption that it's turning into an all-VOD world. Now, when companies launch a video content offering, it's not always obvious whether VOD or linear is the best option. Increasingly, it's a combination of the two that yields the greatest return for a content platform. But negotiating that balance requires some thinking and careful strategy.

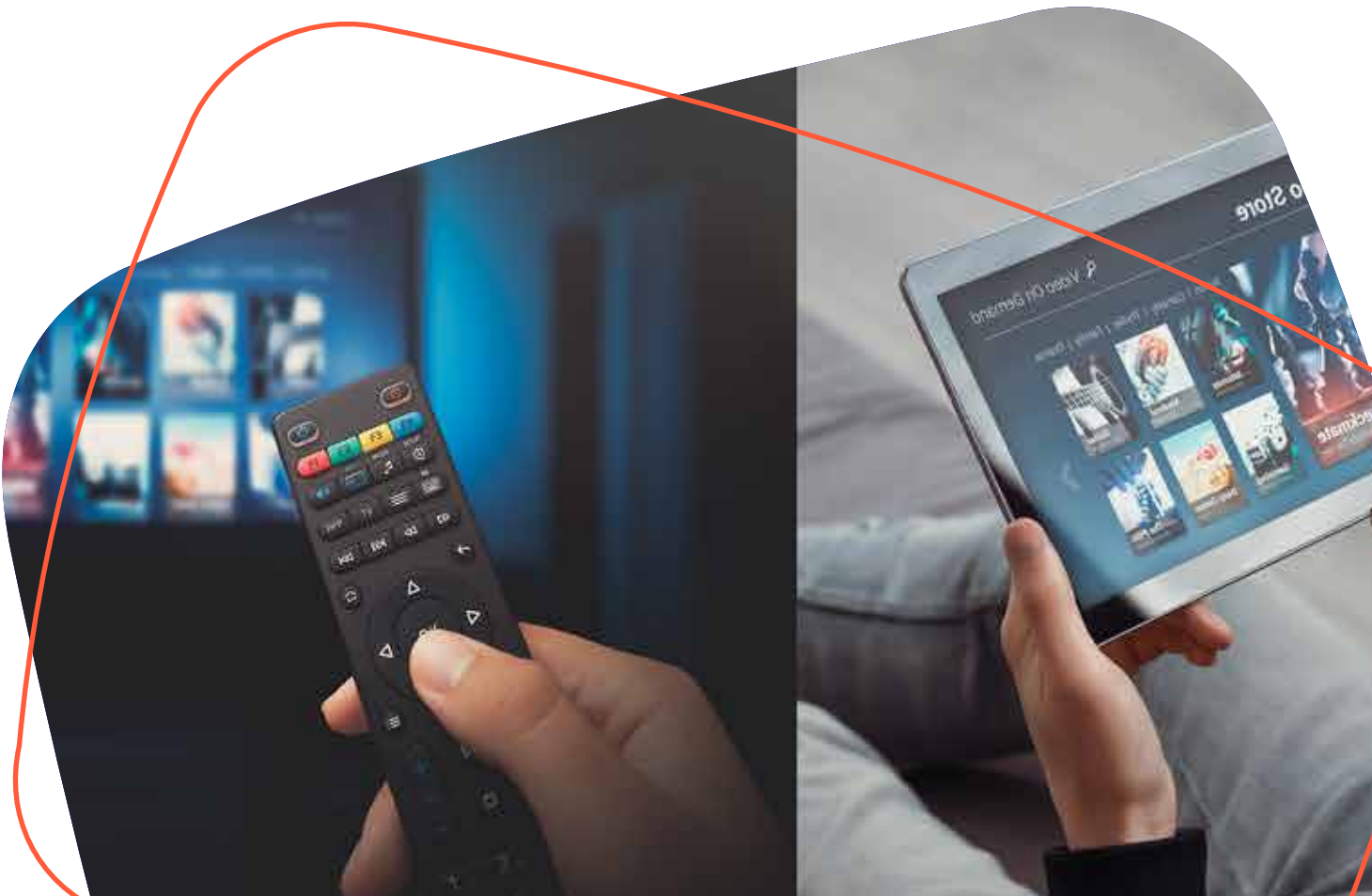
”



*We have seen that viewers are extremely comfortable accessing both linear and VOD formats. Both have become consumption formats of choice and are very complementary to each other.*

**Baskar Subramanian**

*Co-founder & CEO, Amagi*



## Linear vs VOD

While other forms of recreation went into hibernation during the pandemic, TV was one of only a few reliably available forms of quality entertainment. What is notable is, live TV and TV playback viewing increased alongside broadcaster-VOD and subscription-VOD viewing. The extra TV viewing during the pandemic wasn't all eaten up by Netflix and the debut of Disney+. It was a time for people to reintroduce themselves to linear TV viewing.

**Clearly, companies need to think seriously about whether they should lead with VOD or linear. As usual, what looks like a technological question, is really a business question.**

Free ad supported streaming TV platforms have emerged at just the right time to help local station groups, especially given the broader commercial changes that have impacted their sector lately.

Is your offering a direct-to-consumer proposition, with a clearly identifiable audience, whom you know and can quantify – and have ongoing communication with? Or do you see yourself as a content provider piggybacking alongside others, on top of existing platforms like Roku, Samsung or YouTube TV.

You should always have the best interests of your customer in mind when developing content strategy. The modern reflex is to think that on-demand is the dream of every viewer. After all, we've heard so often about "content everywhere", we've accepted it as a truism that the more control the audience has, the better. But this is not always the case.

There can be tens of thousands of hours of content on a platform – and it becomes extremely hard to discover, and there's a problem with recommendation engines not really being able to help us out. We've seen it in our own lives. When you're not binge-watching, you're spending tens of minutes trying to discover what you want to watch next. We struggle with the concept of Paradox of Choice – because of so many choices, we are unable to make a decision.

Additionally, it's hard for unknown VOD platforms to reach new audiences without some other kind of introduction. Very few of us can expect to have the brand cache of Disney+, Netflix or Prime Video. Free Ad Supported TV (FAST) can break this deadlock by continuously delivering a feed of viewer content, then introducing the essential element of serendipity.

**Linear viewing on FAST channels leads customers to discover content they might want to explore further in VOD.**

Linear then becomes an essential component in developing a VOD platform, giving customers the opportunity to find content they might not have otherwise encountered, then drill down deeper, via VOD, into related content and the customer journey created for them.

## Connected TV reigns the living rooms

Connected TVs (CTV) are becoming front and center in living rooms, offering viewers a greater range of available content – helping content providers enjoy a data-rich connection with that audience. In a piece for Forbes in May 2021, media strategist Howard Homonoff reported on the NewFronts advertising industry conference, where panel discussions and presentations revealed the advertising strategies for major brands and platforms they plan to engage with. Connected TV comes out as a front-runner for advertising dollars.

“Tru Optik,” says Homonoff, “which tracks consumer usage of digital video, reported at the NewFronts that in 2021, there will be more homes in the US with only CTV than there are with only traditional TV.”

**This migration to connected TV is looked at very favorably by big advertisers.**

Homonoff continues: “Cadillac’s marketing executive discussed how they actually start building video ad plans now with targeted CTV audiences and look to ‘fill out’ their needs for audience scale with traditional TV... all almost everyone can talk about is the ‘power of the big screen’ and owning ‘the living room’.”

**Clearly, companies need to think seriously about whether they should lead with VOD or linear. As usual, what looks like a technological question, is really a business question.**

No one can deny the primacy of VOD, but new opportunities for linear TV mean that a savvy media company needs to see both formats as essential tools.

”



*I would recommend going with VOD, plus a linear offering as a bundled package. Linear is a great way to get your audiences connected, but won't give you the long tail of viewership, with people switching among multiple channels. But if you only go VOD, discovery will be a big challenge. The combination is where the magic happens.*

*Baskar Subramanian  
Co-founder & CEO, Amagi*

## Building your VOD or linear engine

The biggest cost in building a content platform is creating the content itself, but there are financial considerations in how you decide to create and balance this VOD/linear strategy.

VOD takes the least effort and has the lowest upfront cost. Once the metadata is ready to go and the content is uploaded to your CDN, most of the work is done. The problem again here is discovery – you may have a rich array of content, but it's a challenge getting people to it.

Conversely, linear has the challenge of continuous costs. There is a launch fee, someone is scheduling your content – alongside fees for resources and technology that will be creating and running your linear channels – and these costs are metered 24/7.

Amagi has observed, in the US context for example, that if you can get one million impressions a month, you are in a position to recover your ROI for the launch of a FAST linear channel. Ideally, there is a virtuous circle at work, with linear being the engine that further drives discovery and boosts the number of potential viewers. After this fast ramp-up, linear channels can then more effectively drive engagement on your VOD offering.

## Monetization strategies

While the VOD/linear combo may be the best option for reaching and retaining audiences, what is the best route to monetization? Are both equally ripe for revenue, or is one going to be the main revenue driver, while the other is more about audience engagement?

It turns out that, again, linear is something of a secret weapon.



*Linear is a great way to kick-start your monetization strategy. It's the fastest way for content to get discovered. And there are regular ad breaks, already data mined, so you see a flow of revenue coming in pretty fast.*

**Baskar Subramanian**  
Co-founder & CEO, Amagi

Linear tends to promote appointment viewing. If a show runs daily, for example, viewers might establish a habit of being in front of their TV at the same time every day – gold dust for advertisers always seeking that combination of reach and frequency.

Your VOD content then becomes the long tail – not just for eyeballs, but monetization. Fans who really engage with your content will be very attractive to advertisers. In addition to providing viewer data through analytics – which can reveal preferences and cohorts advertisers will want to target – being able to deliver customers who see you and your platform as a trusted source will boost potential ad revenue.

**There are a variety of ways to monetize VOD – advertising, subscriptions, pay-per-view.** The path you choose will be greatly influenced by your type of content and your audience. If it's very expensive to make, you may not want to bet everything on a purely advertising model.

Starting with an SVOD is a good way to go. TVOD – aka pay-per-view – is viable if you have very high value, premium content, but is becoming less popular. Some companies are copying traditional windowing techniques, with a main piece of content debuting on a linear channel, then moving that content into the VOD platform afterwards.

Some content owners already in possession of large archives of content, where it has already been monetized in the premium sector, sometimes choose to go directly to an AVOD platform.

**These different monetization strategies can be flexibly mixed, matched and altered to fit the content and audience, always informed by the rich analytics data now available.**

## Creating seamlessness

Despite the synergy that comes with bringing both VOD and linear together into your content offering, there is still a divide between formats that needs to be bridged. While viewers might discover new content in a linear format, which can invite them to go deeper into your VOD offering, there still isn't a seamless path from one to the other.

If a viewer catches a fascinating documentary series on Roku, for example, there are still a number of steps they have to take to engage with that series, or similar content on a deeper level.

”



*I think we need a segue where viewers can start watching through linear, then transition easily into a VOD experience. The future we're envisioning is one where it doesn't matter where your audience starts – you keep them engaged through whatever models they want to use.*

**Baskar Subramanian**

*Co-founder & CEO, Amagi*

Linear and VOD are two distinct technology solutions requiring the viewer to understand the mechanics to have a complete viewing experience. They need to know where they are in the digital geography of linear vs VOD, how to locate the platform they want to further explore, and potentially sign-up or switch screens – there are too many steps, during which a viewer can decide to quit.

What if we can instead allow the audience to seamlessly flow across their viewership experiences? Why should they have to know whether it's linear or VOD? These are all delineations in a technology world, not a user-experience world. We need a unified experience across linear and VOD, making it look seamless as far as customers are concerned.

**How companies negotiated VOD and linear used to be a question of technology constraints. Now it's about business decisions and doing whatever is necessary to provide the best service for the viewer.**

The future is likely to see a greater blurring of the lines between what we still call VOD and linear – and a greater degree of personalization for the viewer. The future of content delivery may well be in P-MVPDs (personalized multi-channel programming distribution), where rather than being forced to take onboard the channels forced on them by an operator or platform, viewers receive a bouquet of channels and VOD content specially tailored to their needs and preferences.

**In the long run, the decision is never about VOD or linear – it's about how you provide the best customer experience.**

# Thrive with us!

Reach out to us to maximize your ROI from VOD.

[cloudandme@amagi.com](mailto:cloudandme@amagi.com)

## About Amagi

Amagi is a next-gen media tech company that provides cloud broadcast and streaming TV solutions to TV networks, content owners and streaming TV platforms. Amagi enables content owners to launch, distribute and monetize live linear channels on Free-Ad-Supported TV and SVOD platforms. Amagi also offers 24x7 cloud managed services bringing simplicity, advanced automation, and transparency to the entire broadcast operations for traditional TV networks. Amagi delivers 500+ channels with deployments in over 40 countries. Amagi has offices in New York, Los Angeles, London, Singapore, New Delhi and Bangalore.

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