

amagi

MAX

An Amagi POV | June 2023

5 Ways to Maximize Your O&O Ad Revenues



For an owned and operated (O&O) platform with an extensive content library, merely adding more high-quality content to compete in today's fierce media landscape, doesn't cut it anymore. Without an effective content monetization strategy, you lose out on reaching the right audience and generating associated ad revenue. In 2022, in the US alone, 92% of households were reachable through CTV advertising, with the global adoption of CTV following a similar trajectory. Besides CTV, the availability of O&O apps on various devices like phones, tablets, and laptops opens up an expansive market for maximizing ad revenues.

In this POV, we will discuss five ways to effectively monetize your O&O apps on CTV.



1 Deliver hyper-targeted ads

a. Choose the right target audience

We live in times of personalization. A [McKinsey report](#) states that companies that excel at personalization generate 40% more revenue from those activities than the rest. The same report also says that 71% of customers expect companies to offer personalized services, and 76% get frustrated when companies fail to do so. Choosing a laser-focused target audience is critical. The first step is to access audience data like demographics, age, behaviors, location, interests, and more. Combining first-party and third-party data also gives O&O apps a broader, more relevant target audience.

Hyper-personalization by showing ads that viewers can relate to and saving them from irrelevant ads is the next step. This can be achieved through [Amagi THUNDERSTORM's](#) PUP – Per-User Playlist, which creates personalized ad-viewing experiences at scale. PUP enables users to see a customized ad playlist based on their viewing habits and the various metrics previously mentioned.

Additionally, with an advanced data collection and analytics solution like [Amagi ANALYTICS](#), both platforms, and advertisers get in-depth insights into the audience's viewing patterns. Key metrics like unique views, average viewing time, sessions, total viewership, concurrent users, and content load time help better understand consumer behavior and refine their targeting further.



b. Dynamic Ad Insertion (DAI)

After identifying your target audience, the next step is to deliver suitable ads. Dynamic Ad Insertion (DAI) helps achieve this. Amagi THUNDERSTORM is an SSDAI (Server-side Dynamic Ad Insertion) solution that enhances the ad delivery experience through numerous options like pod building, contextual advertising, and content localization.

The concept of pod building involves stitching multiple ads together in a single ad break, helping maximize monetization. Contextual advertising refers to advertisements matching the viewer's content type and genre, for example showing mountaineering equipment ads to a viewer who's watching a documentary about Mount Everest.

With contextual advertising projected to reach over **USD 376 billion by 2027**, an ad strategy that doesn't take this into account would mean opting out of lucrative revenue opportunities. Content localization refers to tailoring the ads based on regional preferences, such as showing snow boots ads to regions that experience heavy snowfall during winter.

Delivering personalized, relevant ads that do not hamper the viewing experience results in better viewer engagement, enhances CPM (Cost Per Mille), and increases ad revenue.

2 Enhance ad fill rate

Ad fill rate is the percentage of ad requests that get filled by the ad networks. Most ad networks promise a fill rate of [25–50%](#), which means that monetization opportunities have a scope for improvement. A lower ad fill rate could make your channel less appealing to advertisers and decrease your CPM.

Two ways to enhance ad fill rate are:

a. Reduce Latency: One of the most critical challenges of SSAI is getting the timing right. Ads are often overfilled or underfilled due to the fluctuating number of active users. Amagi THUNDERSTORM maintains a snapshot of active users and fetches ads during an ad break to optimize inventory fill.

Most SSAI tools today make only one ad request per ad break. If the ad network fails to deliver an ad, the slot goes empty, resulting in a blank screen that seriously impacts the viewer's experience. Amagi THUNDERSTORM's sophisticated [SSDAI technology](#) requests multiple ads per break, so ads are always available in case of a failed delivery. This reduces latency and ensures a higher fill rate. Amagi customers have seen a 35% higher average fill rate upon transitioning from other SSAI tools to Amagi THUNDERSTORM.

Furthermore, ad-specific metrics like impressions, user sessions, geolocation, and ad network performance derived from Amagi ANALYTICS, help optimize the fill rate further and increase your CPM with advertisers.

b. Leverage Programmatic Advertising: Limited access to advertising demand and lower fill rates are critical challenges for content owners. [Amagi ADS PLUS](#) leverages partnerships with leading programmatic buying platforms and their advertisers to connect to a massive pool of global demand in real time. This unique marketplace can connect your ad inventory with the right advertisers and package it most effectively to maximize CPMs. This means less unfilled ad inventory, more revenue, and additional buyer and performance insights.

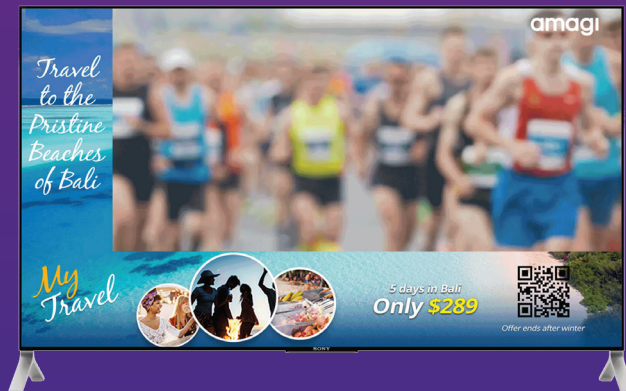
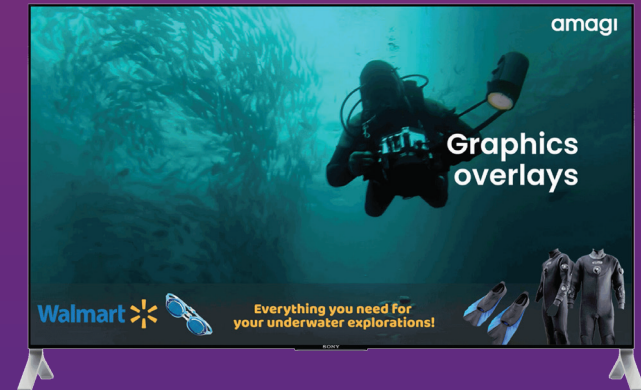
3 Deliver a seamless ad experience

Relevance and ad pod length are critical to delivering a good ad experience on CTV. A study by [Publicis and Yahoo](#) revealed that 56% of respondents find the information provided through CTV ads relevant and useful. Additionally, shorter ad breaks secure a higher level of attention, according to a [Tvision report](#).

As a content owner, your strength lies in creating more ad opportunities without increasing the pod length or disrupting the overall viewing experience: meet in-content ads.

In-content ads are non-intrusive ad formats that offer incremental opportunities to reach consumers in newer ways. They enable you to look beyond regular commercial breaks. When exclusively targeted and personalized, these ads deliver a considerably higher return on ad spend (ROAS). Some of the most sought-after in-content ad units are:

a. Graphics Overlays: Also known as nonlinear ads, these ads are intuitively displayed in the video, usually on the lower third, based on what a viewer is watching. Amagi THUNDERSTORM can strategically place these ads when the video content itself is not at an exciting point. Overlay ads are 4x more memorable and drive 72% more savings for advertisers. An example would be showing lower-third graphic overlay ads during a live sports event. In the presence of another smart device, 65% of the users look up the product while watching the content.



b. L-bands: These L-shaped ads play with the content for 10 seconds or less on the left side and bottom of the screen. They are hard to ignore, and you can effectively reach the audience with a high-impact, creative message.

c. Picture-in-picture (PIP): These ads offer an engaging and non-intrusive experience by playing the content in an inset window for a short duration while displaying an ad in the freed-up space. This ad format is most prevalent during sports live streams.



d. Dynamic Brand Insertion: This non-intrusive ad format includes brand insertion – where a 2D image of a brand is shown as a part of the video, and product insertion – where a 3D product not originally present in the stream can be added to a scene. These ads improve brand awareness and help in demographic-based advertising.



e. Interactive ads: Interactive ads take the experience of viewing ads on OTT to an all-new horizon by enabling real-time interaction with the brand. Through QR codes, CTA buttons, polls, social media sharing, or filling up landing pages, interactive ads allow easy access to brands through their remote control. One example is Roku and Doordash's partnership to offer interactive food delivery ads. Interactive ads tend to have a 3.5% higher engagement rate and captivate attention 85 seconds more than other ad formats.

Amagi THUNDERSTORM helps deliver these in-content ad formats. It also helps overcome ad fatigue, where users get frustrated seeing duplicate ads in the same program. Since the solution requests multiple ads per break, if an ad is already seen, it gets skipped, delivering a new ad.



4 Optimize ad length

One of the most critical parameters O&O apps should consider to ensure high viewer engagement is ad length and pod length. The aforementioned [Tvision](#) report states that the shorter the ad pod, the higher the attention. Ad pods of 60 seconds or less tend to hold the closest attention. The first ad from the pod, especially, performs the best. The same report revealed that shorter ads provide better ROI, as the viewer watches nearly half of the 15-second ads vs. a third or less of the 60-second ads.

In a nutshell, an ad between 15 and 30 seconds, placed in a 60-second pod, performs optimally. Anything longer, and viewers find it unreasonable, especially if the pod runs over 90 seconds.

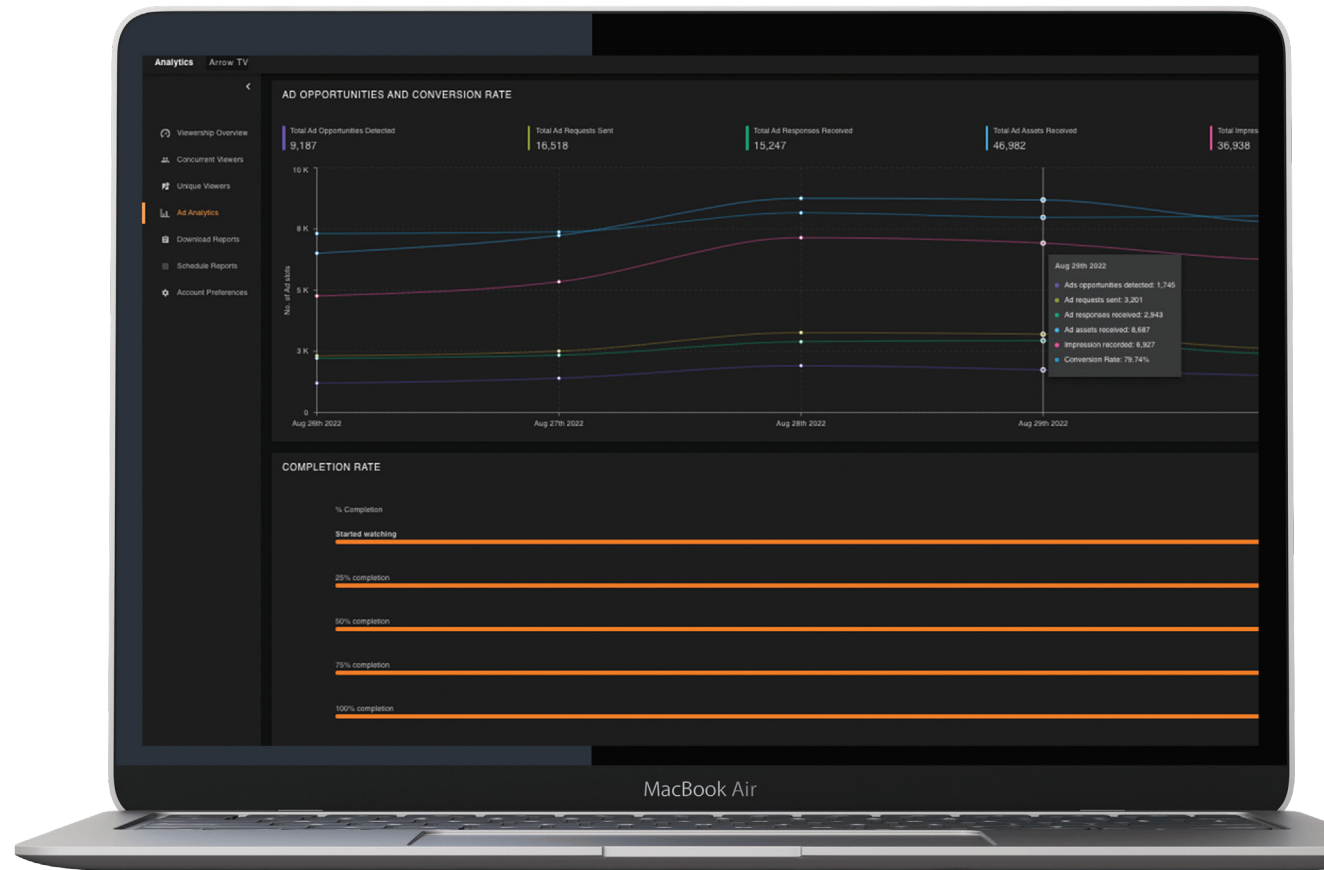
Optimizing a mix of video ads and in-content ads helps maximize revenue opportunities. Amagi THUNDERSTORM helps build a pod, insert suitable ads, and deliver them seamlessly in real time.

5 Track ad performance

The most important metrics to consider while tracking ad performance are impressions, users, sessions, geolocation, completion rate, ad network performance, and, most importantly – conversion rate.

Apart from these, fill rate and viewer metrics also play a crucial role. Fill rate metrics help O&O apps make up for empty slots and increase CPM. Additionally, apps with high fill rates also have the upper hand in quoting higher CPMs from the advertiser.

Viewer metrics like ad impressions help compare if a particular ad performs well with a specific type/genre of content. If not, it helps test with other types/genres, thereby aiding optimization to get the most impressions. Amagi THUNDERSTORM with Amagi ANALYTICS gives you comprehensive and insightful data at your fingertips.



Advertising success at your fingertips!

In conclusion, you can maximize your ad revenue at every stage of the ad campaign. From defining the target audience and effectively delivering ads to optimizing the length and measuring performance, Amagi's suite of products will help you fine-tune how ads reach the right audience and get maximum value. Advertising no longer fits the spray and pray perspective as viewers expect non-intrusive, meaningful, and personalized ads. With sophisticated technology by your side, you can deliver just that.



Curious to learn how Amagi can help manage your advertising?

Reach out to us: 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.

amagi.com

The logo features the word "amagi" in a white, lowercase, sans-serif font, centered on a dark blue background. Two curved lines, one white and one orange, sweep across the frame from the top right towards the bottom left, framing the text.

amagi