

OTT IS THE FUTURE

OTT IS THE FUTURE BUT WE MUST ACT NOW TO AVOID DIGITAL MISTAKES

As Over-The-Top (OTT) continues to close the gap on linear TV audiences, TV buyers and sellers must take a bespoke approach to planning, buying and measurement or risk hampering adoption and maximizing its potential. In this piece, we sum up the fundamental differences between connected and linear TV and outline how to capitalize on advanced TV's unique attributes.

About 40% of US households use OTT and it's not just millennials according to eMarketer. They may have been the first to cut the cord, but Gen X closely followed. According to GfK MRI's recent [Cord Evolution](#) study, average age for a cord cutter is 43. Now you may have done a survey of one (on yourself) and discovered that you only watch Netflix on OTT and there are no ads here. The truth is, about half of the total OTT consumption is Netflix, Amazon and HBO which of course do not have ads. But the good news for advertisers is that four out of top 10 OTT services do provide advertising (Hulu, MLB.TV, CBS All Access, Sling TV).

So as OTT grows overall as linear TV declines, we must lay the foundation now for how we engage with this quickly growing ecosystem and most importantly try not to retrofit it into the old way or buying and selling TV.

CONNECTED VS. LINEAR

Yes, both entail sitting on a couch, watching a full-length show, a movie or a live game with commercial breaks on a flat screen TV. But for marketers, that's where similarities end. The how and why and when content and advertising is delivered into the living room is fundamentally different. So the way we plan, buy and measure it must be different too. Not taking this difference into account when buying (advanced) TV, at this point, is shortsighted.

LEARNING FROM OUR MISTAKES

To prepare for what's to come and avoid mistakes, it is important to review some ad tech history. Let's look at what happened with mobile. The year of mobile actually went on for quite a few years. As a buying community, we made a big mistake in assuming that mobile would work like desktop. The ad tech community was not very proactive in telling us that we were wrong because incentives were not there. Initially, we did not account (or understand the significance) of the lack of cookies as consumers chose apps over mobile web browsing. Since all ad tech at that point was built on only using cookies, it simply did not work.

SETTING EXPECTATIONS

Additionally, general engagement and purpose for a mobile device was completely different

from a desktop. So shrinking desktop banner ads to thumbnail sizes to fit mobile screens was (and still is) a horrible user experience. This slowed down adoption because nothing was being measured in a way that a buyer could usefully understand. It took the industry years to catch up and start building more mobile focused platforms. Understanding the similarities and differences here will allow us to set appropriate expectations and thus speed up meaningful adoption of the channel.

ACCURATE TARGETING

The next thing to consider is the importance of audience targeting and how to apply it on OTT. TV is still the most powerful advertising tool in the world. Reach on that beautiful big screen is everything. But accurate targeting is more cost effective.

We know GRP is easy and comfortable and we know it well. But when there is something more accurate available, why ignore it? Accurate reach and frequency measurement coupled with more specific audience definitions will cut media waste by suppressing people that are completely out of your target.

Linear TV allows targeting only by age and gender based on small sample panels. OTT on the other hand is much more accurate because it uses the digital understanding of a user. Of course, we should not expect the micro-segmentation we get from desktop and mobile just yet. In an effort to convince the TV buyer, however, we need to first deliver on efficiency through audience accuracy in what would be considered an apples to apples comparison (ie. age and gender). Only then should we layer on additional data points to see how that will affect supply availability.

MEASUREMENT

Since OTT uses the same tech as desktop and mobile, we should also expect to measure it in the same way, resulting in more accurate multi-touch attribution models.

Bottom line, why apply measurement methods that were wrong to begin with? Because we had nothing better, we all decided to suspend disbelief and go with it. But now we have something more accurate, meaning less media needs to be bought to get to the same KPI.

TAKING PROGRAMMATIC TO THE NEXT LEVEL

There one last thing to add. Because of technological similarities between OTT and other digital channels, programmatic will play a huge role in OTT. It's safe to say that anything that can be automated, will be automated. It's just the nature of innovation. To paraphrase Jeff Green, CEO of The Trade Desk, everything we have done in programmatic up to this point is just a dress rehearsal for what's to come as OTT adoption grows.

Of course, when it comes to automation of media buying, it's all about the nuances. Most of the time it's not even what kind of car you buy, but how you drive it that will make a difference.

OTT is here and it's the future of TV. The writing is on the wall. The year of mobile was not that long ago - and we must learn from our mistakes, set realistic expectations, evolve how we plan and buy advanced video, and lay the foundation as adoption, aka scale, grows.

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