

There's a revolution taking place in the living room called OTT, and it has big implications for brands. The growing popularity of OTT video is shifting the traditional TV landscape, bringing interactivity, data, and targeting long associated with digital media to the television ecosystem. It's also opening up a new level of choice in content and pricing models for consumers who can choose from a continually growing menu of apps with professionally produced as well as user-generated content. For marketers, there is the opportunity to create dynamic, interactive, even "shoppable" ad experiences that can drive increased engagement and brand recall, bringing consumers further down the purchase funnel. The content of this guide focuses on the advertising delivered in ad-supported video viewed on a connected TV screen.

## WHAT IS OTT?

- **Over the Top Device** - A device that can connect to a TV (or functionality within the TV itself) to facilitate the delivery of Internet-based video content (Roku, Apple TV, Smart TV's, game consoles, etc.)
- **Over the Top Video** - Video content transported from a video provider to a connected device over the Internet outside the closed networks of telecom and cable providers

Also see **IAB Video Advertising Glossary** ([iab.com/videoglossary](http://iab.com/videoglossary))

## BENEFITS OF OTT VIDEO ADS

- Full-screen TV experience on a large living-room device with co-viewing
- Benefits of digital including: Advanced targeting, dynamic ad insertion, enhanced survey and audience analysis capabilities, IAB standards, and digital measurement
- Reach cord-cutters/shavers/never
- Reduced risk of fraud because OTT, as of today, is typically a closed, controlled ecosystem
- OTT video ads tend to be 100% in-view because there is no player to minimize in this full-screen experience. However, there is currently no established viewability standard specifically for OTT. See **IAB Digital Video Ad Impression Guidelines** ([iab.com/measurementguidelines](http://iab.com/measurementguidelines))
- Support for 3rd party ad serving and measurement

## OTT ADVERTISING OPTIONS

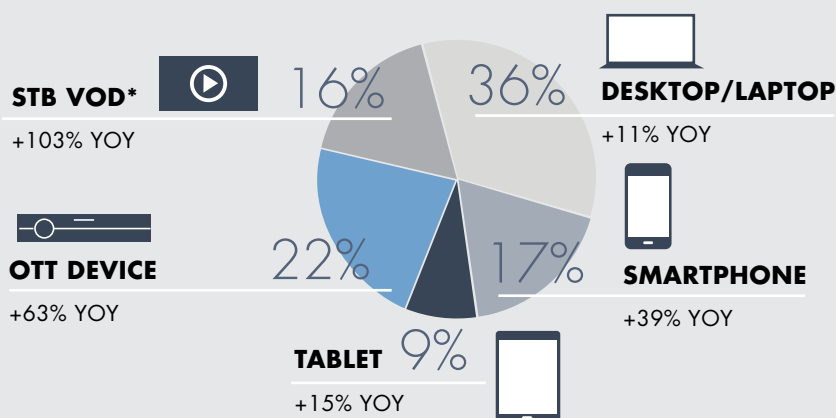
- TV length video ads (:15s, :30s, :60s, etc.)
- Interactive options that can increase recall and engagement with the ad
- Addressable / Precision Targeting at the household level
- Dynamic ad insertion
- Programmatic ad buying
- Custom sponsorships
- Branded content

## FACTS TO KNOW

- OTT does not have the same capabilities as a web browser. There are no cookies and no flash. Also, due to the somewhat closed nature of OTT devices, digital ads and 3rd party tags from other platforms may be incompatible on OTT, which may create measurement discrepancies.
- The OTT audience is diverse and is not limited to young males or game console audiences
- OTT devices accounted for 22% of video ad views in Q3 2016, second only to desktop/laptop\*
- Video ad views on OTT devices grew 63% YOY in Q3 2016.

\*FreeWheel Q3 2016 Video Monetization Report

## AD VIEW COMPOSITION AND GROWTH BY DEVICE



Source: FreeWheel Q3 2016 Video Monetization Report

\*FourFronts STB VOD (Set Top Box, Video On Demand) and Canoe Phase III Integrations

## DEVICES FOR VIEWING OTT VIDEO ON A CONNECTED TV

- **Smart TVs** - TV with built-in Internet capabilities (Samsung, Sony, etc.)
- **Game Consoles** (Sony PlayStation, Microsoft Xbox, etc.)
- **Streaming Boxes and Sticks** (Google Chromecast, Roku, Amazon Fire Stick, etc.)
- **Other Connected Devices** - Some Blu-ray/DVD Players and even some new cable/satellite/telco set top boxes have broadband connectivity, enabling access to OTT video apps

## QUESTIONS FOR BUYERS TO ASK OTT PUBLISHERS/PLATFORMS

- How large is your OTT audience (reach, frequency)?
- On which OTT platforms is your content available?
- Do you sell OTT inventory independently or always as a cross-platform package?
- What do you know about your OTT audience vs. your other video audiences?
- Beyond video, do you have any other OTT ad products that you sell (e.g. display, sponsorships, etc.)?
- What is your definition of fluidity? (related to TV publishers moving inventory from one screen to the next on an individual campaign)
- How do you execute fluidity?
- How does pricing differ between the linear and digital offerings?
- Can you guarantee demos? Can you optimize to a target demo?
- Can you help measure cross-platform reach, de-duplication?
- What kind of measurement and verification vendor integration and reporting do you have?
- How will OTT extend my reach?
- What are your targeting capabilities?
- Can I access your OTT inventory through programmatic channels, or do I need to buy directly from you?

## HOW IS OTT MEASURED?

In OTT environments, where in-stream video ads are typically played full-screen with 100% share of brand voice, inventory can be offered with quality measures and value similar to broadcast television with the added advantage of digital advertising metrics. Although VPAID-based viewability measurement is generally not available in OTT environments, advertisers can work with their media partners, server-side ad insertion providers, and verification vendors to confirm full-screen playback and measures of viewability through a combination of event attributes from the IAB **VAST** standards.

Nielsen uses the term “Connected Devices” to refer to OTT. Video from Connected Devices are classified as any video which is delivered through internet streaming devices connected to televisions or connected smart TVs. This excludes mobile and desktop, but also traditional TV, DVR, and cable VOD viewing. Mobile devices (including tablets) that can be used like a remote control to “cast” content to televisions are counted as Connected Devices since the video is viewed on the TV from the casting device, not the mobile device.

comScore also measures OTT as any digital video outside of mobile or desktop.

## WHERE DOES PROGRAMMATIC FIT IN OTT?

Since OTT has been built on IAB standards, it has all of the building blocks necessary to continue building programmatic capabilities over time. Because OTT content is delivered over the Internet, brands and local advertisers alike can serve ads and connect with consumers in a full-screen TV experience while benefitting from the targeting precision of digital video. In its first iteration, brands can buy directly from OTT content providers, using viewing information and the program environment as a proxy for product interest, with the campaigns executed programmatically.

In its next iteration, ad targeting can continue to be informed by viewing information and, via device matching, by the research that indicates what viewers do online in terms of purchasing goods and services. Audiences can be built on open and private exchanges using targeting tactics currently in use for digital video. Brands will extract maximum value from their ad campaigns when they are tailored to the expressed intent of viewers, and viewers will benefit from seeing advertising that matches their most current commercial interests.

See **Programmatic Video: A Spectrum of Automation** ([iab.com/programmaticvideo](http://iab.com/programmaticvideo))