

# EVERYTHING YOU NEED TO KNOW ABOUT OTT ADVERTISING IN ONE OVER-THE-TOP GUIDE



# The world of OTT has become a significant focus of every marketing conversation today.

The market is rapidly growing, and businesses from every industry are jumping on board to reap the benefits. [Statista](#) states OTT's revenue value was about \$135.1 billion in 2021. That figure is expected to nearly double in the next five years, with predictions of \$224.3 billion being reported for 2027.

Moreover, reports found that OTT local advertising has increased at an annual growth [rate of 43%](#) between 2020 and 2022, with the overall percentage of businesses using OTT advertising up 2% from last year ([45% compared to 43%](#)).

To help you get started, here's your over-the-top guide to OTT advertising.

# WHAT IS OTT ADVERTISING?

Over-the-top (OTT) refers to reaching consumers with video content over the internet instead of traditional cable methods. [OTT advertising](#) delivers ads within video content the brand's target viewers are watching. This can be done through streaming services/platforms like Hulu, HBOMax, and Peacock.

In OTT, two significant features are advanced targeting and programmatic capabilities.

## ADVANCED TARGETING

[Advanced audience targeting](#) allows your brand to select what viewers will see your OTT ad based on the knowledge you learn from what topics interest them most.

More specifically, you have more control over:

- Who sees your ad
- When the viewer sees your ad
- Where they see your ad

Since over half ([51%](#)) of the U.S. population is sick of being exposed to irrelevant ads, this dominant feature in OTT can make a substantial difference.

# PROGRAMMATIC OTT

On the other hand, programmatic OTT refers to buying OTT ad space using automation and advanced technology. The advantage here is that you can obtain relevant ad space quicker, easier, and more cost-effectively.

OTT is a highly competitive space for brands. Everyone is throwing their hat in the ring to reach the same viewers you're trying to reach. Programmatic OTT advertising allows you to preset important target audience and budgeting factors to ensure you're getting the most out of the ad space at a dollar amount that is affordable to your budget. It also includes real-time bidding on ad spaces across all relevant OTT and CTV platforms to expand your marketing opportunities.

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# WHAT IS CONNECTED TV?

Connected-TV, or CTV, refers to delivering your ad to viewers via a streaming device. Considering [82% of households](#) in the U.S. have at least one CTV device – and that figure continues to rise year over year – it would be a mistake to underestimate the power of CTV advertising.

Some examples of a connected-TV device include:

- Gaming Consoles – Xbox, PlayStation, etc.
- Smart TVs – Apple TV, Samsung, Amazon Fire TV, etc.
- Roku, Chromecast, Amazon Fire Stick, etc.

## IS THERE A DIFFERENCE BETWEEN OTT AND CTV ADVERTISING?

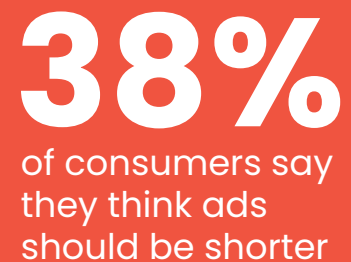
Although CTV is often used as a synonym for OTT, the two marketing terms are not mutually exclusive. OTT refers to the process of advertising to viewers within video content offered through streaming platforms. In contrast, CTV refers to the process of advertising on streaming devices such as Smart TVs and Roku. That said, both are extremely beneficial.

# MORE THAN A TREND: The Attributes of OTT That Are Too Good to Ignore

OTT may have once been considered a popular 'trend,' but it's clear now that it has far exceeded the temporary limitations of your typical marketing trend. At this point OTT has become everything from a necessity and competitive advantage to a core strategy for reaching and reasoning with the right audience.

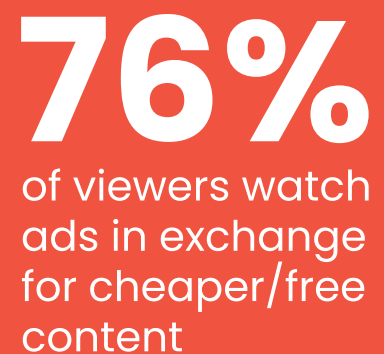
Some of the most important attributes that come to mind are:

- **REACH AN ENGAGED AUDIENCE** — thanks to the increasing number of viewers who opt-in to watch ads in exchange for cheaper/free content (**76% to be exact**), OTT ads are much more engaging than any other marketing channel.
- **SHORT ADS** — OTT allows you to get your point across while keeping it nice and short. Considering **38%** of consumers say they think ads should be shorter, this could be incredibly beneficial.



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- **CAN BE INTERACTIVE** – interactive capabilities of OTT allow your brand to let the viewer decide what content they'd prefer. Take, for instance, a dog person versus a cat person. As a pet company (whether it be toys, food, cleaning, etc.), allowing the viewer to watch a dog commercial instead of a cat commercial (or vice-versa) can ensure they're receiving the most relevant content to their needs.
- **SUPER TARGETED** – likewise, you can target even further by limiting ad-annoyance by ensuring not to repeatedly deliver the same ad to the same viewers. You can also target their specific household needs based on interests, behaviors, and demographics.
- **OTT ANALYTICS PROVIDES DETAILED INSIGHTS** – take it a notch further and continuously test and modify your OTT strategy with the help of the latest digital analytics available that traditional TV can only dream of having access to.



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# WHAT ARE THE BENEFITS OF OTT?

As a leader in advertising, OTT has many benefits for your brand. What's more, it's beneficial for both advertisers and consumers. This is because it allows you to reach only the most relevant target audience – that can put the marketing past behind them when brands blindly deliver whatever ad they could to whomever. Now they're receiving valuable ads on products/services they may be interested in – which means more money in your pocket and less ad spend wasted on uninterested parties.

Some of the [top OTT benefits to consider](#) include:

1. A broad and diverse reach, extending your message to a bigger audience
2. Targeting abilities beyond traditional TV to reach your ideal audience
3. Real-time and powerful analytics allow you to gauge progress
4. Convenient user experiences, making it easier for consumers to connect with your brand
5. CTAs that are actionable, increasing engagement in your campaigns
6. Cost-effective and budget-friendly, positively affecting your ROI



# HOW CAN OTT ELEVATE A BRAND'S DIGITAL MARKETING?

By [utilizing OTT to your advantage](#), your brand will be better able to increase the number of impressions among your target audience sooner rather than later. Since it often takes [5-7 impressions](#) for a consumer to remember your brand – and [80% of consumers](#) are more likely to purchase from brands they recognize – combining OTT with other digital marketing strategies can speed up the process.

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# GETTING STARTED WITH OTT

First, it may be important to consider [why you aren't advertising on OTT](#) already. Are there reservations holding you back? The most common reservation is unfamiliar territory. Although it is similar to traditional TV in many ways, OTT is a new marketing strategy. It requires a new approach and embraces digital capabilities such as analytics and consumer data.

But there is a way around unfamiliarity with OTT, and that is working with a media partner that is experienced and specialized in the topic.

Then you can [get started with OTT](#) by:

1. Identifying and defining your target audience
2. Selecting a media partner that aligns with your process, approach, and objectives
3. Decide on the proper CTA
4. Choose the best platforms for your audience and purpose
5. Produce your creative (a media partner can help with this!)
6. Put all your hard work into action and measure your success to inform future decisions.

# WHAT KINDS OF BRANDS SHOULD ADVERTISE ON OTT?

There isn't a 'certain type' brand that performs better on OTT. There is only how you go about targeting the right audience. So, although every brand could benefit from OTT, only brands that target their audience based on analytics and other knowledge learned about their ideal consumers will be successful with OTT.



# MEASURING OTT CAMPAIGNS

Measuring your OTT campaign will take a combination of metrics and testing to track the progress of your campaign and respond accordingly.

The [best ways to track your OTT advertising ROI](#) and the progress of your ads are with these three OTT metrics:

1. **CLICK-THROUGH RATE (CTR)** – the rate at which viewers click through your ad and visit your website. It is calculated by this formula:  $\text{Clicks}/\text{impressions} \times 100 = \text{CTR}$ .
2. **VIDEO COMPLETION RATE (VCR)** – the rate at which viewers complete your video. Thirty-second ads are ideal for those hoping for higher VCRs.
3. **WEBSITE TRAFFIC** – compare website traffic spikes to the times you ran your OTT ads. Is there a correlation? Use this information to gauge the effectiveness of your OTT ads.

## IS TRACKING OTT METRICS EASIER THAN OTHER ADVERTISING METHODS?

Compared to traditional forms of advertising like print and traditional TV, OTT metrics can be much easier to track and measure because of their digital capabilities. On the other hand, OTT is just as easy to track and measure as other forms of digital marketing – making it a reliable component of your marketing mix.

# GETTING THE GREATEST ROI OUT OF YOUR OTT CAMPAIGNS

[The ROI of OTT campaigns](#) often varies, but there's no doubting that you'll get back much more than you put into it.

This is especially true if you maximize your ROI potential with the following tips:

- Understand the platforms you're advertising on
- Know your target audience and their demographics
- Avoid ad fatigue at all costs
- A/B test every campaign
- Track and pivot campaigns to be sure they are performing well

More importantly, work with a media partner that understands your target audience and business needs as well as you do (if not better!). A media partner can play a substantial part in the success of your OTT advertising experience.

To learn more, download our [OTT Scope of Work One-Sheet](#) and [schedule a free consultation](#) with CoxNext.