

EBOOK

STRIKING GOLD WITH OTT AD TESTING



APPLAUSE^o



The New Media Landscape

Like most industries, the media landscape has been completely transformed by digitalization, drastically altering the ways in which consumers view their content. Viewing patterns are shifting away from traditional television programming to a more on-demand model – and over-the-top (OTT) streaming media services are at the forefront of this movement.

The fallout from these evolving consumer behaviors is significant, as one-third of all households have reportedly cut the cord according to [Ocean Media](#). Also, in the last five years, the number of OTT-only households has tripled. While this transition has forced companies to reevaluate their content strategy, it has also given them a new medium in which to generate revenue – OTT advertisements.

The OTT platform gives advertisers the rare ability to closely target viewing audiences and layer interactive elements into the experience – capabilities advertisers have long valued. However, delivering these features in a complex omnichannel ecosystem is an immense challenge. For content providers to truly capitalize on this opportunity, proper ad testing is a must.

Video Viewing Mediums
Trending in Opposite Directions

+30%

Streaming Viewership

-6%

TV Viewership

Source: Ocean Media



OTT Ad Revenue Opportunity Knocks

While content quality is critical to a platform's success, it's a seamless viewing experience that will determine its long-term health. Consumers expect the same, if not better, quality from their OTT stream as they do from cable TV – ads included.

OTT PLATFORM MODELS AND EXAMPLES

Subscription Video
On Demand (SVOD)

NETFLIX

prime video

HBO GO

SHOWTIME

Ad-Supported
OTT Video

sling
TELEVISION

**DIRECTV
NOW**

FXNOW

WATCH ESPN

hulu

Free Ad-Supported
OTT Video

YouTube

PLUTO^{TV}

Roku TV

CRACKLE

Despite the healthy number of ad-free options, the majority of consumers in this space are opting for ad-supported content channels. According to an [Interactive Advertising Bureau \(IAB\) report](#), nearly three quarters (73%) of adults 18 years-plus who frequent OTT video services watch ad-supported options. What's more is 45% of that same segment watch ad-supported OTT video most often compared to alternative options.

This healthy viewership has driven a significant investment in OTT advertising, with ad spend in the US eclipsing the \$2 billion mark in 2018 – a 40% increase over the previous year. Companies are not simply pumping new money into this channel, but are making wholesale changes to their advertising strategies. In just the last year, companies saw an average spike in their OTT advertising budgets from 8% to 26%.

Content providers want a piece of this pie, and understandably so. Some estimate OTT advertising to take up nearly 50% of global total TV ad spend by 2020. If they don't build their platforms today, opportunity may pass them by.

“The thing we have to be careful of is millennials. They don't watch TV, they don't have TVs or subscribe to cable. So we have to bring that audience in.”

Robert Kraft
Chairman, New England Patriots





Great (Ad Experience) Expectations

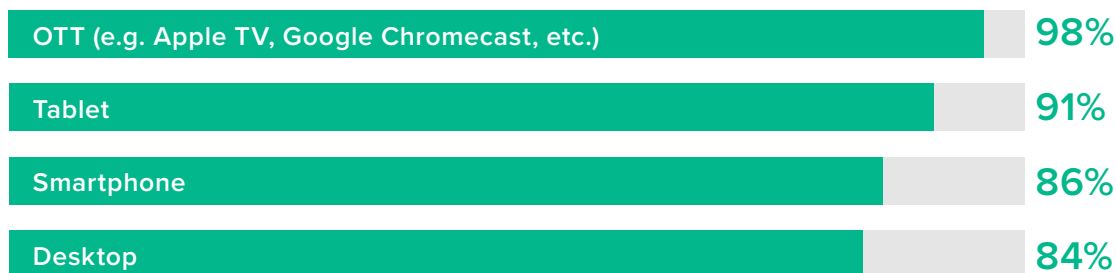
While OTT advertisements have been a valuable new revenue source for content providers, they are not the only ones that stand to benefit from them. Both brands and consumers have found this advertising platform impactful in a variety of ways, strengthening their relationship with each other in the process.

To begin with, OTT arms brands with the consumer data they have long craved from traditional TV. Things like specific demographic information, viewer location, and often content preferences are available to brands to precisely target their core audience. Combine that with the platform's use of dynamic ad insertion (DAI) and brands can deliver the advertisement that best resonates with a specific segment – effectively facilitating a more personalized connection with their audience.

Targeting aside, brands also gain the benefit of a captive audience. Per [FreeWheel](#), 98% of ads on OTT devices (e.g. Apple TV, Chromecast, etc.) and 86% on smartphones are viewed to completion. A captive audience plus interactive elements like customer selection provides a layer of personalization unattainable through other mediums, especially linear TV.

OTT Ad Completion Rates by Device Platform

Q1 2017



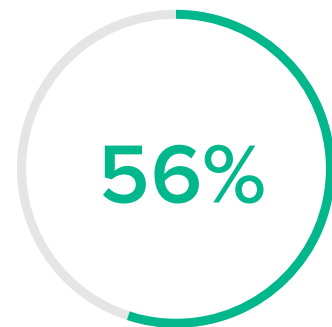
Source: FreeWheel

It all comes down to the consumer though who has shown to be quite receptive to OTT ads. Per an IAB report, 50% of ad-supported OTT viewers said OTT ads can be useful or enjoyable, while nearly 90% feel the ads served to them are just as, if not more relevant than traditional TV ads.

Most telling though, for brands and consumers alike, is the influence these ads ultimately have on the viewing audience. Per a study by [MAGNA](#), OTT ads are 67% more effective per exposure at driving purchase intent than those on broadcast and cable television.

Content providers have the framework in place to drive immense ad revenue, but their success ultimately hinges on the quality of the streaming experience. Delivering that end-to-end experience is where the true challenge lies.

Interactive Advertisements Win with Viewers



56% of ad-supported OTT viewers like ads that provide a choice to interact with a sponsor if they are rewarded with a commercial-free period of watching time

Source: IAB



Challenges with OTT Advertisements

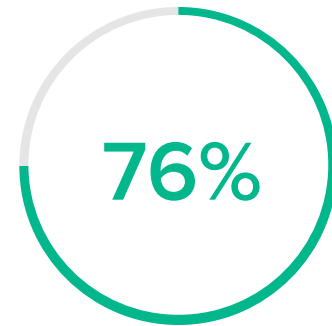
While content quality is critical to a platform's success, it's a seamless viewing experience that will determine its long-term health. Consumers expect the same, if not better, quality from their OTT stream as they do from cable TV – ads included. The same goes for advertisers.

Buffering remains a major hurdle and can be the death knell for OTT consumption if experienced regularly. This can be particularly problematic for scenarios like live sports streams which attract a high volume of simultaneous viewership. Live streams have a tendency to take up to 10% longer to start and see 72% more viewers prematurely exit programming, [according to Conviva](#).

In addition to viewer attrition, buffering issues also have noticeable emotional effects on the viewer. Based on a study of viewer's facial reactions, buffering incidents incited a 14% decline in viewer happiness and a 9% increase in disgust. These reactions can strongly impact the efficacy of advertisement, especially if they occur on a frequent basis.

Buffering is not the only issue though that affects viewer emotions. OTT viewers have shown to respond negatively when served up ads that seem totally irrelevant or out of their sphere of influence, especially if the ads have little bearing to their geographic area or are highly repetitive.

Companies can test for these issues in-house, but doing so opens them up to a significant amount of risk of missing something major. With the number of devices used to stream video and audiences varying from market to market, testing must be done in the wild to truly deliver the desired viewing experience.



76% of participants said they would stop using a service if a problem like buffering occurred several times

Source: Akamai





Crowdsourced Ad Testing

The OTT market stretches around the world and it's growing everywhere. Per Comscore, there was a 28% increase in video streaming on mobile devices and a 44% increase on desktop devices from April 2019 to April 2020. With viewership up, it is essential that content providers have a process in place to deliver consistent streaming quality across each market.

Unfortunately, creating that consistency is incredibly difficult to do in-house. Considering the global scale of viewers, variability in streaming devices, cultural norms, and Wi-Fi connectivity all create a unique environment that cannot be accurately reproduced in a lab setting. This minimizes the efficacy of test automation, effectively leaving in-the-wild testing as the optimal path forward.

This is where the true value of a crowdttesting solution comes into play. OTT providers can tap into a global testing community of vetted testers and get a test cycle started within hours. Not only can companies select testers in their target markets, but they can test on any number of real devices, generating unbiased feedback on the streaming quality and whether the ads are relevant from a language, location, and personalization standpoint.

Additional testing on emotional reactions can also be done through a crowd setting. With technologies like emotional AI tracking, companies can not only gain insight on the functionality and usability of the streaming experience, but can capture reactions to individual advertisements and see

Can you accomplish the following with your existing ad testing practices?

- ☐ Launch test cycles simultaneously in multiple markets
- ☐ Test for the most-used devices in each specific market
- ☐ Test at any hour of the day and week
- ☐ Collect feedback within hours of test cycle launch
- ☐ Collect feedback directly from your target audience
- ☐ Test on real networks with real devices
- ☐ Test in real-world settings (e.g. in low connectivity settings, moving from Wi-Fi to cellular connection, etc.)
- ☐ Test in high-usage scenarios



Ad Testing in Action

It's a constant struggle for content providers to keep both advertisers and viewers happy. This is easily exacerbated by the complexities of the OTT viewing experience. However, many content providers have found solace in a crowdtesting approach to help improve stream quality and ad delivery.

Consider the results from one Applause client whose use of an in-the-wild testing strategy has drastically improved the quality of ad delivery. Its test parameters spanned several major platforms (including Apple TV, iOS, Android, Roku, and Hulu), in more than 100 unique mobile and web environments across the US.

Top 5 Most Common Issues Found in Ad Delivery



1. Viewing Experience



2. No or Partial DAI



3. Same Back-to-Back



4. Same Industry



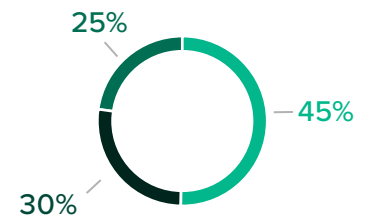
5. Linear Ads

These issues all reflect on the bottom line of the content provider. If an ad isn't dynamically inserted into the stream, they don't make money. If there are frequent issues with audio or video playback, advertisers will find somewhere else to invest their ad dollars.

Applause enabled this customer to improve its software quality in three critical areas. The customer was able to address issues earlier in the software development process, increase the test capacity of its existing team while avoiding overhead, and maintain advertiser loyalty through a streamlined streaming experience. All told, this customer received a return upwards of 350% on its crowdtesting investment.

OTT is the next frontier of video consumption, attracting a fresh ecosystem of viewers that will maximize existing revenue streams. Key to capitalizing on the new service segment is getting the ad viewing experience right, which calls for refining and testing to ensure that the right ads are served up at the right time in the most consumable manner.

Breaking Down the ROI



- Reduce Testing Effort and Cost
- Innovate Faster with Lower Risk
- Improve User Experience

Executive Summary

Perhaps no industry has been more fundamentally affected by the age of the Internet than media. Consumers are an average of just over 40 minutes from content on their mobile devices at all times. The resulting growth of the Internet has led to a number of key trends in the media industry.

Therefore, in addition to the more extensive of unique and personalized content media companies must also ensure they also must deliver a seamless digital experience across the myriad of devices available to media consumers — all of them in motion. The digital age of the Internet has led to a number of key trends in the media industry.

Understanding the real effect of these variables on the customer experience requires new tools and methods to measure and track the user experience. Delivering testing can result in distributed viewers, targeted advertisements, and enhanced brand engagement.

Media & Company is a research firm focused on helping media companies understand the challenges in the media industry. Research consisting of in-depth interviews with a variety of media companies and a detailed analysis of the current state of the industry.

According to Applause's testing and quality model based on real-world examples, media clients can realize full potential on their investment within 3 months and a 30% return on their investment after 3 years. Applause's Year One investment model is the only one that provides a clear path to a 30% return on investment.

HOBSON & COMPANY

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DRIVING ROI IN MEDIA

The Business Case for Getting Closer to Your Customer Through a Crowdsourced Testing Solution

Driving ROI in Media with Crowdfunding

Read Hobson & Company's complete report to understand the full ROI of Applause crowdtesting.

DOWNLOAD

About Applause

Applause is the worldwide leader in crowdtesting and digital quality. Software is at the heart of how all brands engage users, and digital experiences must work flawlessly everywhere. With 400,000+ testers available on-demand around the globe, Applause provides brands with a full suite of testing and feedback capabilities. This approach drastically improves testing coverage, eliminates the limitations of offshoring and traditional QA labs, and speeds time-to-market for websites, mobile apps, IoT, and in-store experiences.

Thousands of leading companies — including FOX, Disney, ESPN, and the NFL — rely on Applause as a best practice to deliver high-quality digital experiences that customers love.

Learn more at www.applause.com

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