

The State of OTT Revenue 2021

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The State of OTT Revenue 2021


In 2020, worldwide lockdowns created a stay-put audience and the data shows that we “vaulted five years forward in consumer and business digital adoption.”¹ All of the metrics around streaming video consumption grew, including time spent, ad revenue, subscription services per household, and subscription revenue, with Smart TVs and connected “box/stick” devices showing the most year-over-year growth (+45% and +35% respectively)².

Typical OTT “streaming wars” analysis covers nine famous providers (Netflix, Hulu, Amazon Prime, Disney+, Apple TV+, Peacock, HBO Max, Paramount+, and Discovery+). But there are hundreds of additional providers worldwide, including 300 streaming services in the US alone³. Applicaster launched The State of OTT Revenue 2021 Study to understand how the majority of streaming brands are planning for growth and monetizing their content.

Contact us to start increasing your app revenue

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ABOUT OUR STUDY

10  Questions about current business strategies and future plans

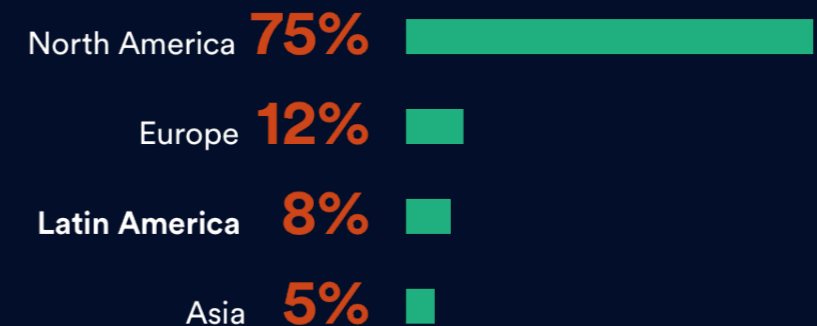
95  Professionals building streaming video apps

 **52%**
Broadcasters

 **27%**
D2C video brands

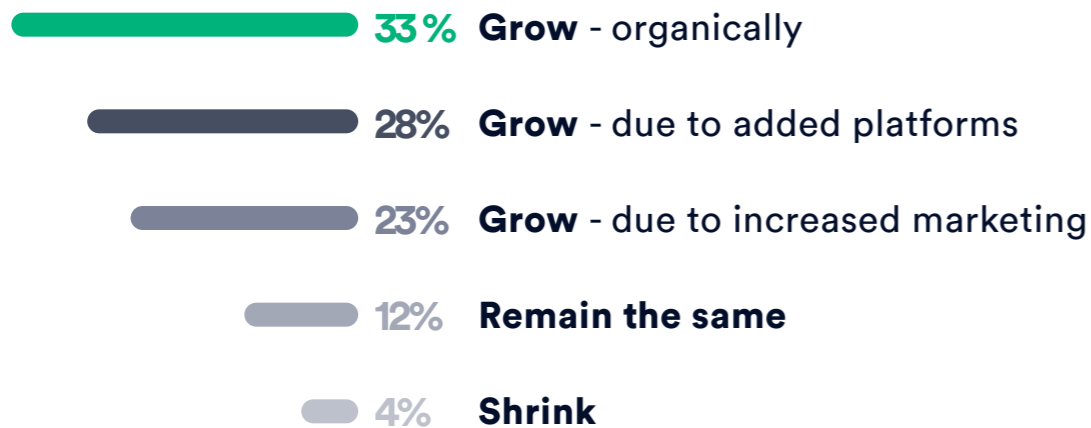
 **20%**
Multi-channel aggregators

 **1%**
Video game developers



1

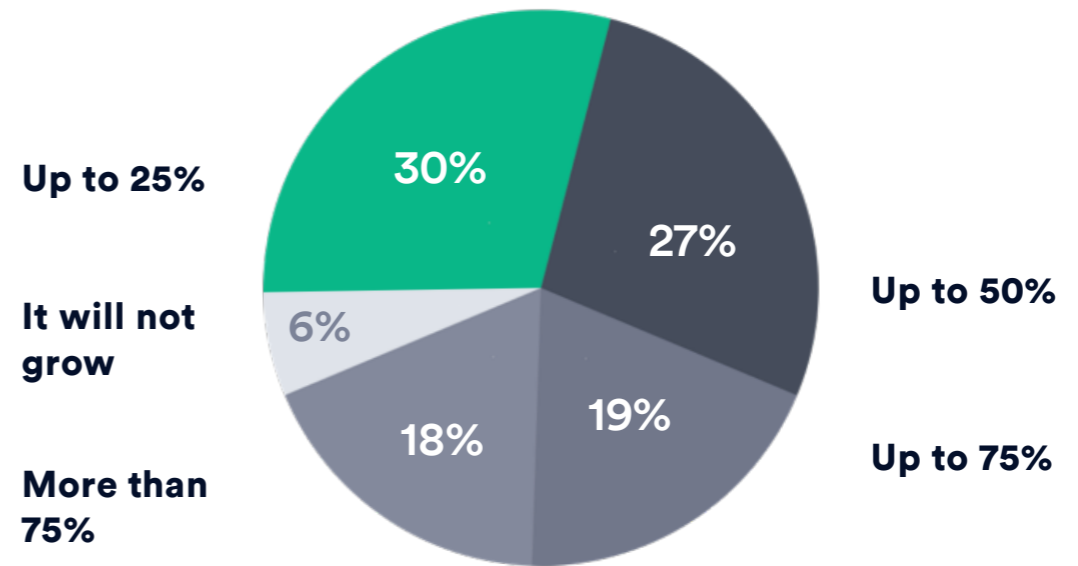
I expect my app audience to _____ in this quarter.



The vast majority of respondents expect their streaming audiences to grow. This is largely due to the tremendous growth in streaming adoption, and also because 28% of these executives are putting in the work to reach new audiences on additional platforms, and increasing their marketing effort to stand out in the increasingly crowded space.

2

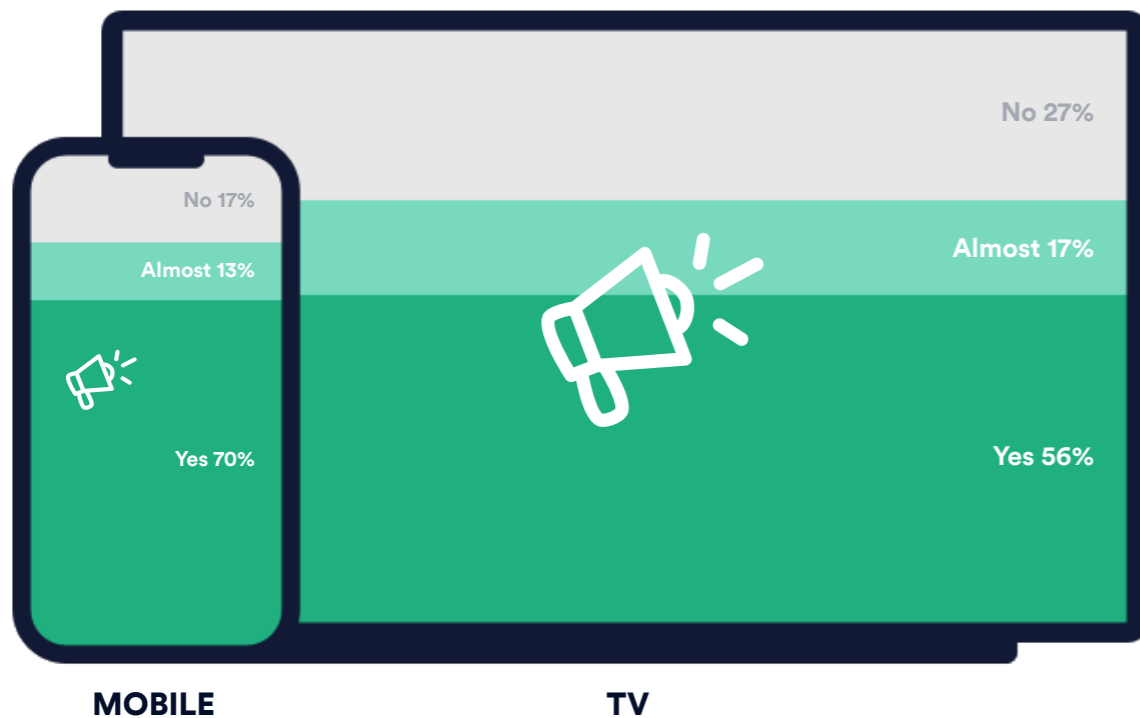
How much do you expect your app audience to grow?



More than half of the respondents expect their reach to expand by up to 50%; and nearly 20% forecast their audiences to grow by more than 75%! The scant few who expected their audiences to stagnate (6%), can overcome this concern by adding new platforms or launching new genre apps on the platforms they already use.

3

Are you seeing your OTT advertising fill rates return to a pre-covid 19?



OTT ad fill rates are returning to pre-Covid 19 performance. Mobile fill rates are returning to previous levels faster than fill rates on TV.

4

What revenue models do you employ?

AVOD

67% of the respondents use AVOD

- 81% of AVOD users combine ads with other strategies
- 19% of AVOD users rely only on advertising

SVOD

58% of the respondents use SVOD

- 78% of SVOD users mix subscriptions with other strategies
- 22% of SVOD users rely only on subscription

TVE

40% of the respondents use TVE

- 87% of TVE users mix subscriptions with other strategies
- 13% of TVE users only rely on TVE

PP

39% of the respondents use product placement

- 91% of PP universe use it mixed with other strategies
- 9% of the product placement universe use PP-only

Most OTT brands use multiple revenue streams. Advertising is the most prevalent revenue model, used by 2/3 of respondents, and usually in a monetization mix. Only 13% of the total respondents rely solely on advertising or subscriptions.

5

What trends are you seeing related to ad-supported models?

Check all that apply

49% My direct ad revenue (in-house Sales team) is more valuable than programmatic advertising

40% My local advertising is growing faster than my national advertising

27% I utilize sponsorships and product placement

23% I utilize product placement in my content

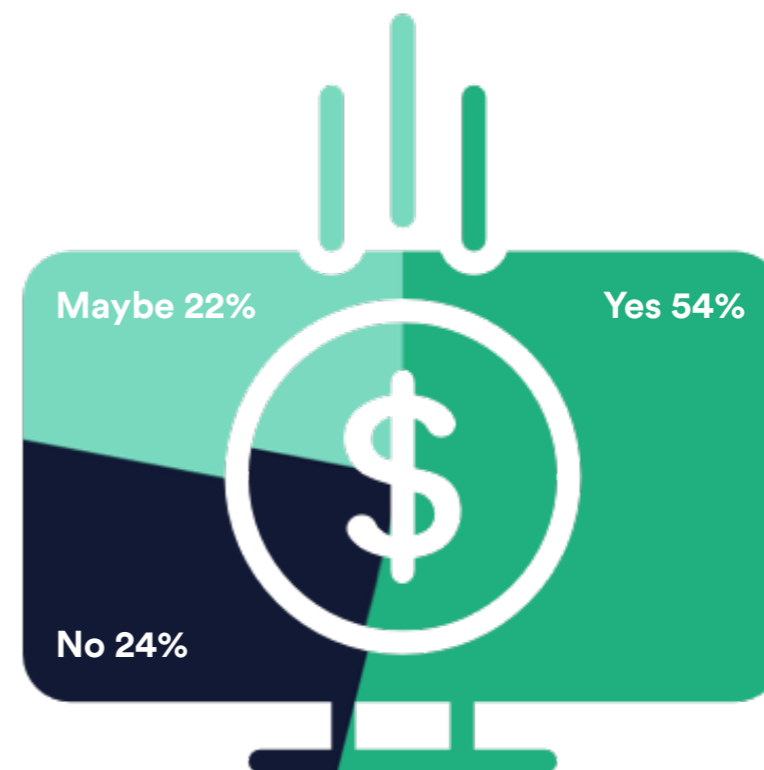
20% I don't have in-house sales reps and only use programmatic - and it's growing

Our study highlighted 3 key trends:

1. The vast majority of apps include advertising in their monetization mix, with in-house sales teams driving most of that value.
2. Local advertising is currently outpacing national advertising.
3. Product placement and sponsorships are widely used to drive additional revenue opportunities.

6

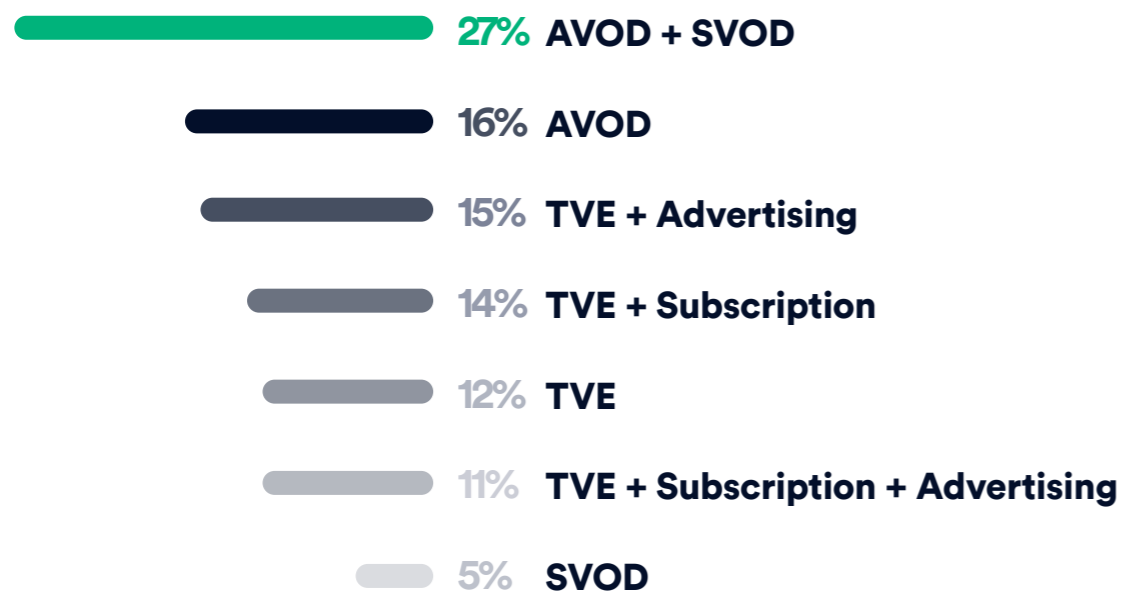
Are you planning on changing your monetization model over the next 6 months?



It's official, change is in the air! More than three quarters of respondents plan to change their monetization model this year, or are considering making a change. From the general responses, most will add AVOD to their strategies, which will support offering lower, or free, price points.

7

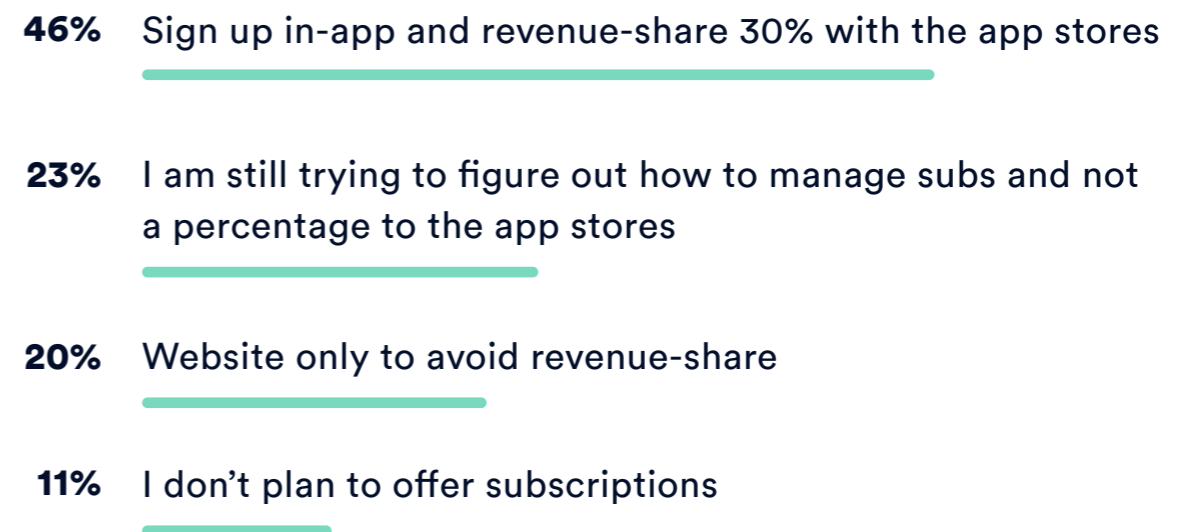
What models are you considering in the next 6 months?



With most respondents considering an SVOD+AVOD hybrid, AVOD will have certain growth during 2021, and demonstrates that a free or low-price tier is important.

8

How will you manage new subscriptions for mobile and TV platforms?

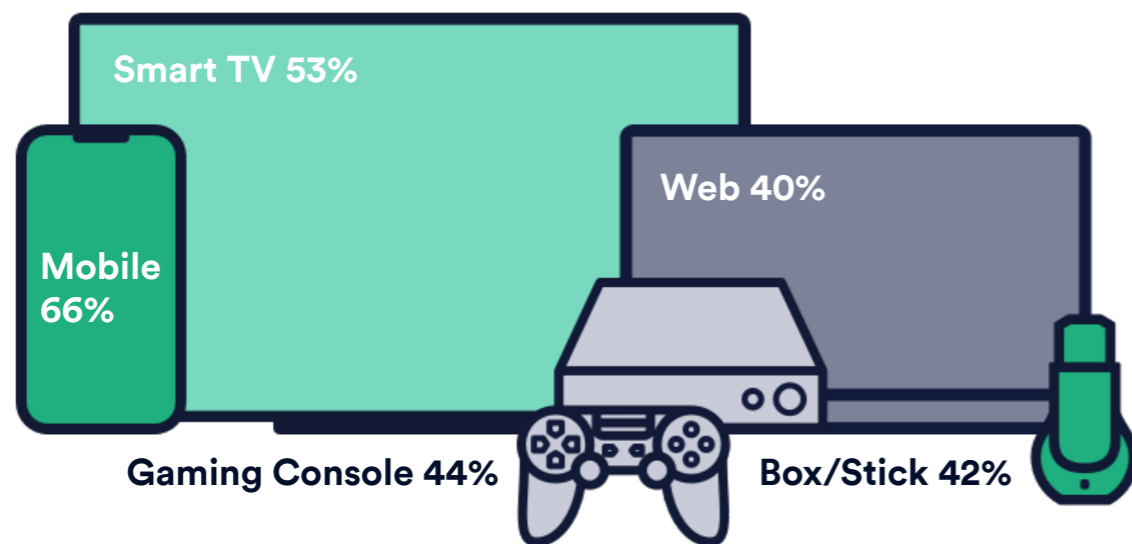


Most of the respondents are willing to accept the value exchange the app stores provide. 46% Will offer new subscription sign-ups in-app, and share revenue with the stores. A similar number of respondents (43%) would like to avoid this rev-share, with half of this segment planning to only sign up new subs on their websites.

9

What are the top platforms for your OTT monetization in the first half of 2021?

Check all that apply



Content owners need to be everywhere their audience is. The industry seems to accept that a multi-platform app strategy is the norm in OTT. Mobile is considered a crucial device in the platform mix, followed by smart TV and a neck-and-neck race between box/stick and gaming consoles.

10

In 2021 I would like to ...

Check all that apply



Growing market share is a key goal for 2021: 66% of respondents plan to add reach by adding new platforms, and 55% plan to launch more apps on the platforms they already use. 33% plan to use both of these tactics to grow share.

Key Takeaways:

1 Brands are planning for growth. Most of the respondents in our study expect their audience to grow. 18% Expect their audience to grow more than 75%, largely because they plan to expand to new platforms as well as launch additional apps.

2 Advertising is the most popular revenue model. 67% of respondents use advertising to fund their apps: 54% of all respondents include advertising within their revenue matrix, and 13% solely rely on advertising to monetize their content. Most OTT advertising fill rates have returned or nearly-returned to pre-Covid levels, after taking a nose-dive early in the pandemic. Respondents with an in-house Sales team found their team to provide more value than programmatic advertising.

3 Most brands use a hybrid revenue model. Three quarters of the respondents rely on multiple revenue streams, from SVOD and AVOD to product placement and sponsorship. In fact, respondents in our study shared 19 different revenue model combinations! TV Everywhere authentication is popular with US cable brands, most of which use a matrix of monetization formats to serve cable viewers *and* reach the growing audience who have cut the cord.

4 A multi-platform streaming strategy is critical. A mobile-only strategy for OTT just won't cut it anymore. Viewers use multiple platforms and devices, and brands that want to monetize this tide of growth must be everywhere their viewers are. This is why mobile, CTVs and connected devices all made the top of our study's "most important platforms" list. Expanding to new platforms is the easiest way to add new viewers in bulk, which will increase ad revenue and/or subscriptions.

5 It's critical to ensure the viewing experience is flawless on all devices. Users go back and forth between devices each day, and a poor experience on one will stand out. Make sure you're considering how users watch on all their devices.

6 Brands plan to iterate on revenue strategies. Life after launch is uncertain, and as viewer behavior continues to change, brands plan to change their approach accordingly. More than half of study respondents say they will change their monetization models this year, with an additional 22% considering making changes. Many respondents plan to incorporate advertising in order to offer free (the price is right!) or reduced subscription tiers for viewers

Growth hacks for OTT

1 Add apps on Samsung & LG before everyone else catches on. Samsung and LG have penetrated 44% of the US market, and Smart TV devices are the most used and fastest growing segments in at-home video streaming. Add these Smart TVs to your streaming strategy to grow your audience, AND shine in their less cluttered app stores.

2 Build a Roku Channel if you want to win in the US. Roku has surpassed 50 million subscribers, offers easy-to-use devices at a variety of affordable price points, and wins in time spent viewing¹.

3 More apps = more reach and revenue. Increase your metrics by adding “genre” apps. For example, savvy broadcasters often launch channel apps + thematic brand extensions devoted to Sports, News, and Family content.

4 Focus on retaining your current users. It’s not good enough to add new content, constantly improving your technology like offering download functionality or auto-play features will help you keep your audience engaged.

5 Plan for business model flexibility and iteration from the get-go. After 12 years in OTT streaming, we’ve learned that as soon as apps launch, brands want to make changes! Choose a flexible architecture for app-building and management where you can adjust UI, screen logic, and your tech stack without financial risk. Use cloud-based partners so that you can iterate on your business decisions on live apps.

6 Don’t let perfection delay a valuable launch. Determine the absolute must-have features, analytic event tracking, and partner stack for your MVP app ... and launch! Start gathering valuable market data and plan to add to features and functionality over time.

7 Remember you have a full digital strategy at your disposal. Rely on your full digital mix to avoid costly over-engineering and reduce time to market. For example, present a QR code or URL on-screen in your TV app, and direct viewers to manage in-app purchases/subscriptions via your mobile app or website.

1. McKinsey: The COVID-19 recovery will be digital: A plan for the first 90 days. May 14, 2020

2. Comscore State of OTT 2020, growth in data usage by device

3. Parks & Associates, October 2020

4. [Applicaster’s Roku Factsheet](#)

About Applicaster

Applicaster's Zapp app management platform helps media companies launch streaming video apps quickly across all devices, and adjust over time as your needs change. Zapp was built to easily add cross-platform OTT apps to your digital strategy, and features design tooling that non-developers can use to create pixel perfect, custom UI, on top of a tech stack powered by leading industry providers. Our customers include leading broadcast, sports and kids video brands like Urban One, Viacom, The Walt Disney Company, ProsiebenSat.1, Copa America, and First Media.

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About our partners



Penthera is a global SaaS company that offers a suite of streaming solutions to OTT providers to improve the video experience for their users. Our technology helps eliminate last-mile streaming issues, such as buffering and low video quality, to reduce stream abandonment and churn. Penthera's software is deployed across 100 million devices in 36 countries, and our clients include leading entertainment, news, and fitness brands like HBO Europe, Paramount Plus, Fox, Beachbody, Cinepolis, Obe Fitness, and Globo.

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InPlayer, the world's leading pay-per-view and subscription solution, helps set up and grow recurring revenue for any company that is looking to enable online sales and access management for their video, audio, files and HTML content. With millions of dollars in transactions managed, InPlayer is making thousands of live events profitable for the OTT industry, rights owners, agencies, artists and corporations around the world.

[Lern more about Inplayer](#)



Wicket Labs and its audience insights platform, the Wicket Scorecard, provide media and entertainment companies with unique insights that lead to an increase in audience lifetime value. Audience and customer data is harmonized, presented, and connected with the marketing system to turn insights into results with improved customer acquisition, service engagement, and reduced churn. Customers include AMC's AcornTV and AllBLK, Britbox, Brown Sugar, Dropout, MHZ Choice, True Royalty, Up Faith & Family, and others.

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JW Player is the leading video software and data insights platform that gives customers independence and control. In today's Digital Video Economy - where every company is now a video company - JW Player helps video companies to connect and engage with their audiences on the screens of their choice.

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