NPAW

B2B SURVEY

2023 State of Streaming Advertising & Analytics

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Introduction

After the boom experienced during the COVID-19 pandemic, the global video streaming landscape is becoming increasingly crowded, with industry players vying for the consumer's attention and competition growing fiercer by the minute. It is no surprise then that advertising-based streaming models are on the rise, offering a way of increasing platform revenues while reducing the price of subscriptions — a win-win for both streaming services and consumers in such an overcrowded space.

On one hand, this survey looks at the evolving growth strategies of SVoD companies hoping to remain competitive as the subscription model becomes increasingly difficult to maintain. We wanted to understand how and why these businesses are looking to incorporate advertising into their business models.

On the other hand, we wanted to understand how streaming services measure performance and engagement. What are their main measurement challenges? Are ad-based services relying on ad-server information or third-party ad analytics tools to track the effectiveness of their ad strategy?

Methodology

To answer these critical questions, and take a true pulse of the industry, we commissioned a survey of 250 business owners from North America, LATAM, Europe, ME, and APAC. All respondents were Director-level and higher. We screened specifically for those who work in companies involved in online video streaming, such as public and commercial broadcasters, Telcos, sports and e-Sports companies, media companies, movie studios, production houses, content owners and providers, and OTT streaming services.

This report was administered online by Global Surveyz Research, a global research firm. The respondents were recruited through a global B2B research panel and invited via email to complete the survey, with all responses collected during November 2022. The average amount of time spent on the survey was 6 minutes and 24 seconds. The answers to the majority of the non-numerical questions were randomized in order to prevent order bias in the answers.

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Key Findings

1

76% of SVoD companies will be introducing ads in the next two years

For those SVoD services that do not currently include ads in their monetization strategy, advertising revenues are firmly on the roadmap. 76% plan to change their business model to include ads by 2025, becoming either a purely ad-based business or a hybrid one.

2

59% of SVoD services will implement a hybrid business model to lower the price of subscriptions

Adopting a hybrid business model is the preferred path to introducing ads. 59% of SVoD platforms will implement a hybrid model, combining an ad-based tier and a premium, ad-free one. 100% of them agree that the main driver for this shift is to lower the price of subscriptions for their viewers.

3

Adoption of third-party video analytics is well underway, especially in the telecom industry

About half of streaming companies (47%) are already using a third-party video analytics tool to track platform performance and user behavior, while 39% plan to do so. The adoption of these tools is higher in the Telecom industry (54%) than in Media & Entertainment (40%), suggesting telcos started pursuing a data-driven approach earlier on.

4

QoE, reliability, customization, and having one tool to track everything: the top measurement challenges

Respondents identified tracking Quality of Experience (QoE) (44%), data reliability (42%), and customization (37%) as the top three measurement challenges. Having one tool to track all insights came in fourth place (32%), highlighting the market's need for holistic analytics platforms.

5

39% of ad-based services don't fully trust their ad server data, yet only 25% use third-party ad analytics

Ad server data is a first step towards understanding ad performance, but it only paints a partial picture. In fact, 39% of ad-based services don't fully trust their ad server data. However, only 25% are using a third-party advertising analytics tool in addition to or instead of their ad server.

6

100% of ad-based services plan to implement a third-party advertising analytics tool this year

Despite the still fairly low adoption levels of third-party ad analytics tools, all ad-based streaming companies currently not using one are planning to do so this year. 34% say they will implement one within months, while 44% will deploy one by the end of 2023.

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Survey Report Findings
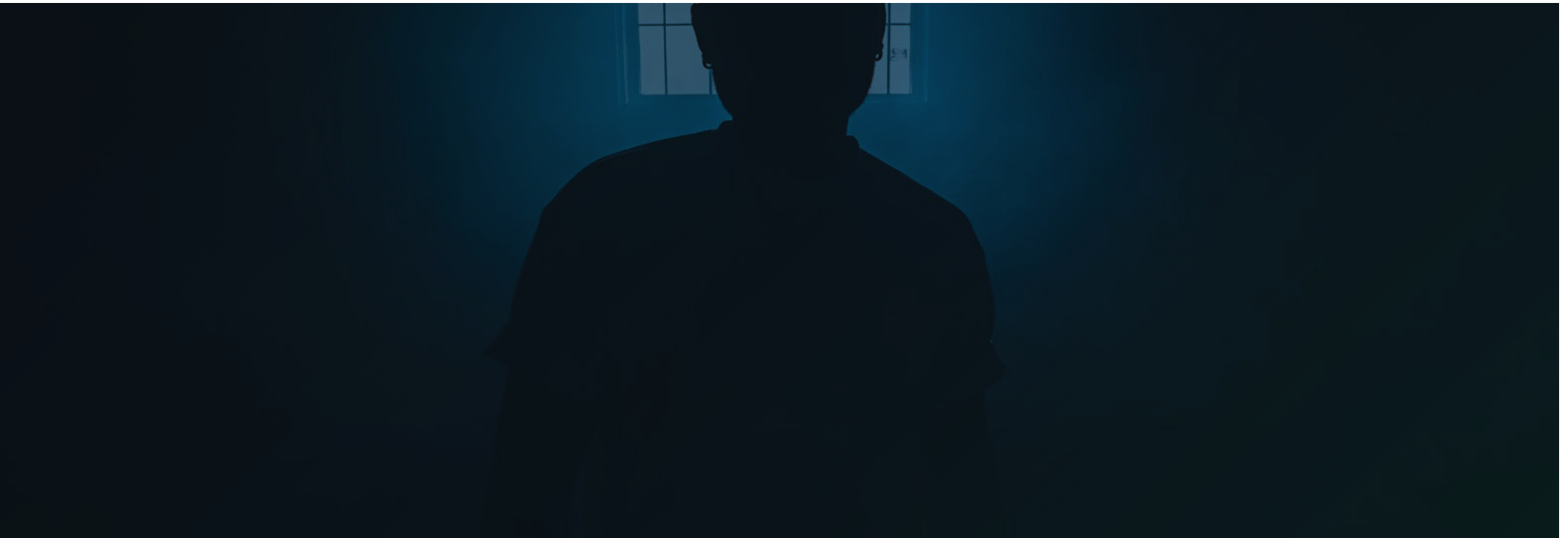
The Monetization Models of Streaming Services

There are different monetization models from which streaming services can choose to make the most of their content. Of the global sample of streaming platforms surveyed for this study, 41% currently have a 2-tier or hybrid business model, combining a tier with ads and a premium tier without advertising.

In second place come free services with ads (23%), also known as the FAST model, and subscription-based with ads (22%). The traditional SVoD model, subscription-based pricing without ads, was the business model with the smallest sample representation (15%). Overall, 85% of the companies we spoke to are using ads as part of their monetization model.
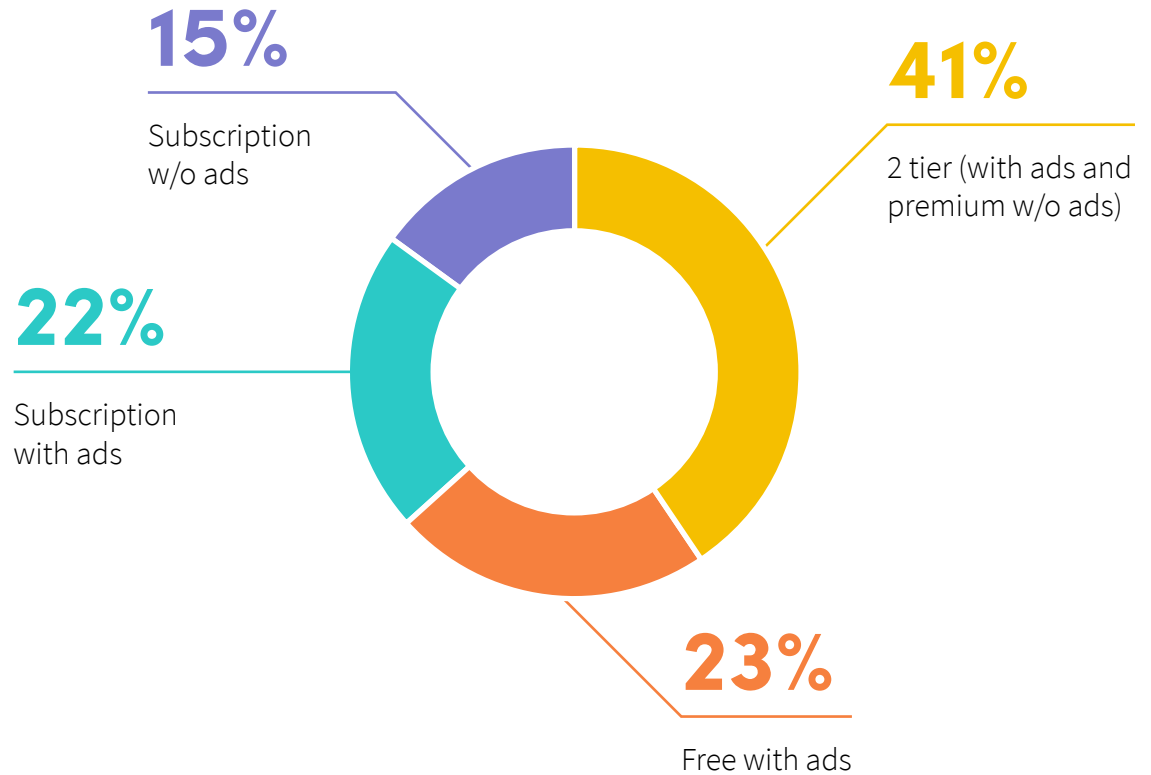
15%
Subscription w/o ads

41%
2 tier (with ads and premium w/o ads)

22%
Subscription with ads

23%
Free with ads

Figure 1: The Monetization Models of the Streaming Services Survey for this Study

Percentages do not add up to 100% due to the rounding up of numbers

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Why SVoDs Are Changing Their Business Model to Include Advertising

There is currently a huge push towards ad-based business models among ad-free subscription-based services. Introducing advertising allows companies to maximize revenue while lowering the cost of entry and thus attracting more users. We asked SVoD services without ads about their **plans to change to add an advertising-based tier to their existing strategy in the next 24 months** (Figure 2). 76% of companies will change their business model in the next 24 months. Most of them (59%) will become hybrid businesses.

We asked those planning to become a hybrid business **how much they agree that the main reason for changing their offering to a hybrid model is to lower the price of subscriptions** (Figure 3). All of them either agree or strongly agree with the statement.
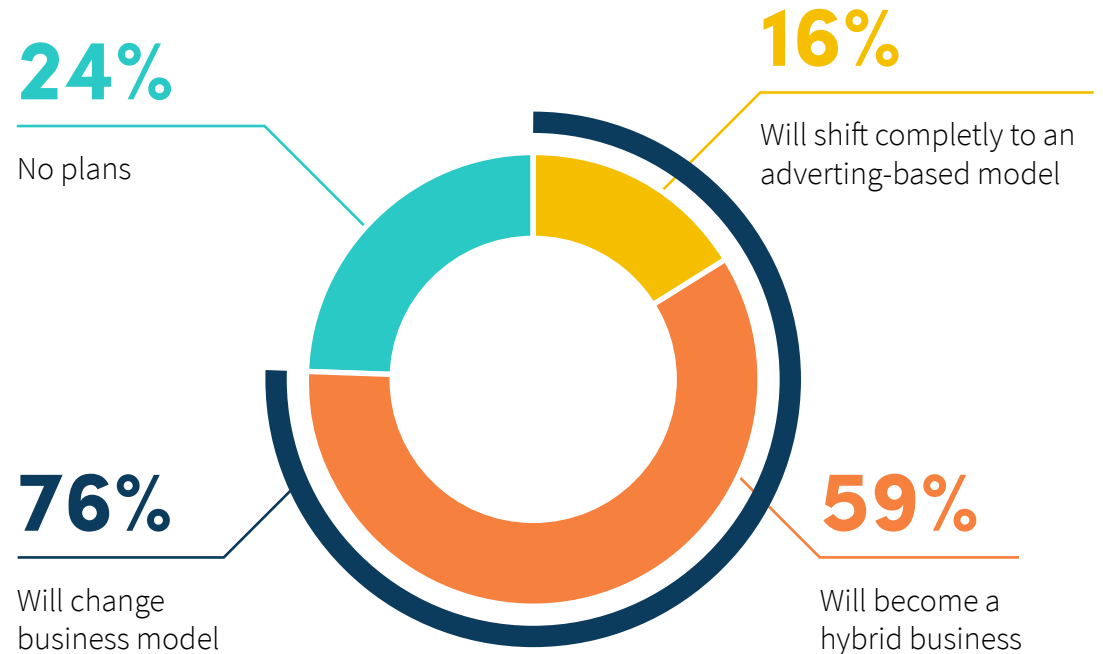
24%
No plans

16%
Will shift completely to an adverting-based model

76%
Will change business model

59%
Will become a hybrid business

Figure 2: Plans to Change the Business Model or Add Ads (Next 24 Months)
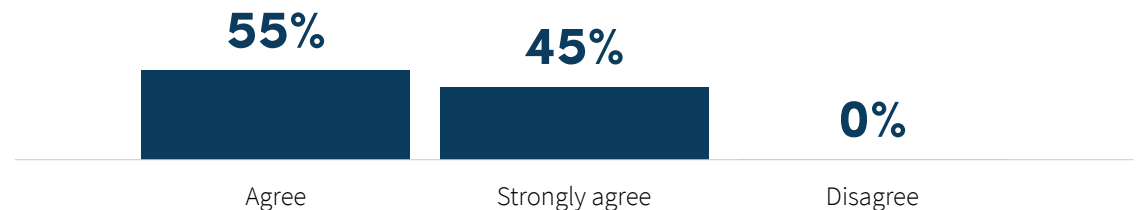
55% Agree

45% Strongly agree

0% Disagree

Figure 3: Is Lowering the Subscription Price the Main Driver for Shifting to a Hybrid Model?

Percentages do not add up to 100% due to the rounding up of numbers

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Adoption of 3rd-Party Video Analytics: Tracking Performance and Behavior

Adopting a data-driven business approach is critical in today's hypercompetitive streaming market. Services need to understand how users interact with their platform and ensure a smooth experience or else risk losing viewers.

With the aim of understanding adoption levels of independent streaming analytics tools, we asked respondents: **Do you use a dedicated, third-party video analytics tool to track audience behavior, content performance, quality of experience, and/or platform performance?**

About half of companies (47%) are already using a dedicated, third-party video analytics tool to track these important metrics, and 39% have plans to onboard one on their roadmap.

The adoption of these tools is higher in the Telecom industry (54%) compared with the Media & Entertainment industry (40%). Telecoms appear to be slightly more advanced in their pursuit of a fully data-driven model, while Media and Entertainment companies are working hard to catch up.
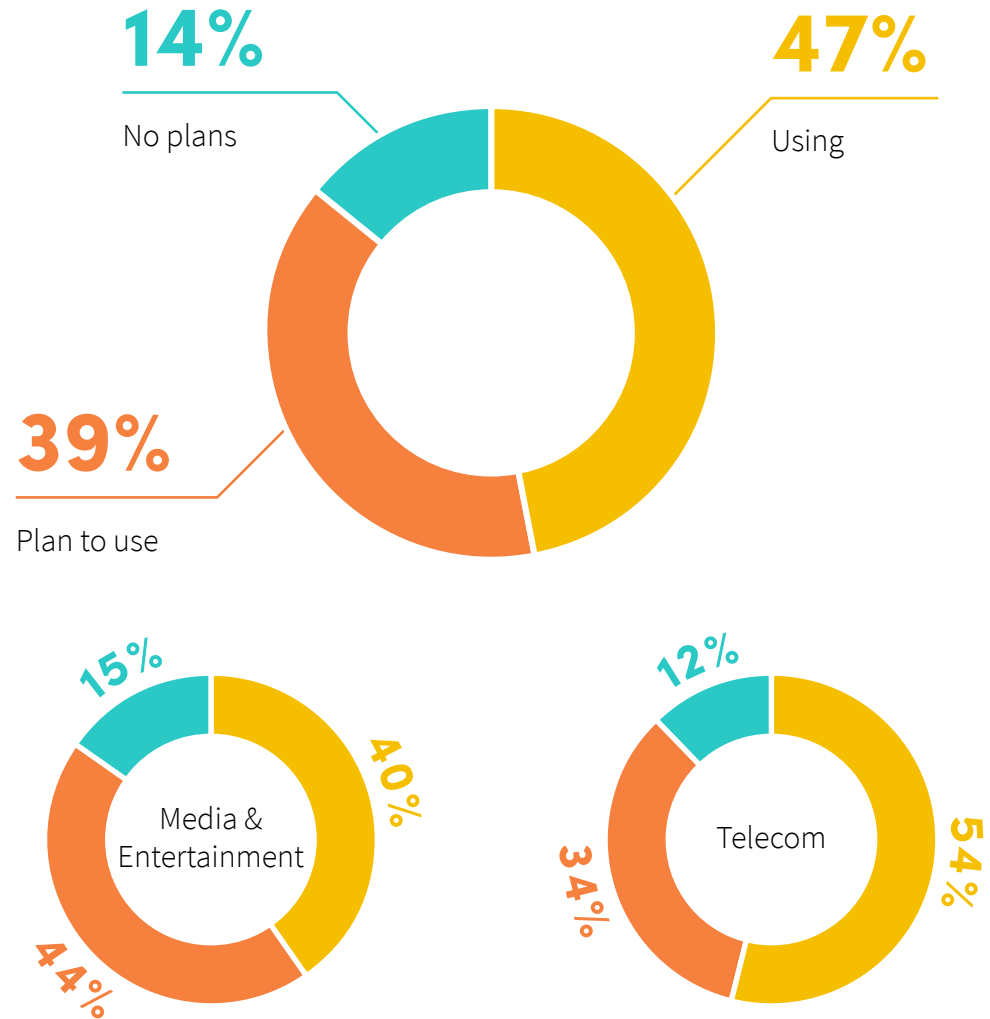
14%
No plans

47%
Using

39%
Plan to use

15% **40%**
Media &
Entertainment
44%

12% **54%**
Telecom
34%

Figure 4: Usage of 3rd-Party Analytics Tool to Track Performance and User Behavior, by Industry

Percentages do not add up to 100% due to the rounding up of numbers

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8

Do Companies Use 3rd-Party Analytics To Identify Customers at Risk of Churn?

One of the key advantages of having full visibility into user behavior and experience is that services can identify users at risk of churn early on and address their perceived shortcomings before it's too late. This can be done by monitoring drops in usage and Quality-of-Experience issues such as buffering or latency. With that in mind, we asked respondents using third-party analytics if they used it to pinpoint at-risk users. 74% of **companies use their third-party analytics tool to identify customers at risk of churn.** 11% identify such users through other means, while 10% cannot do so with their tool's information.
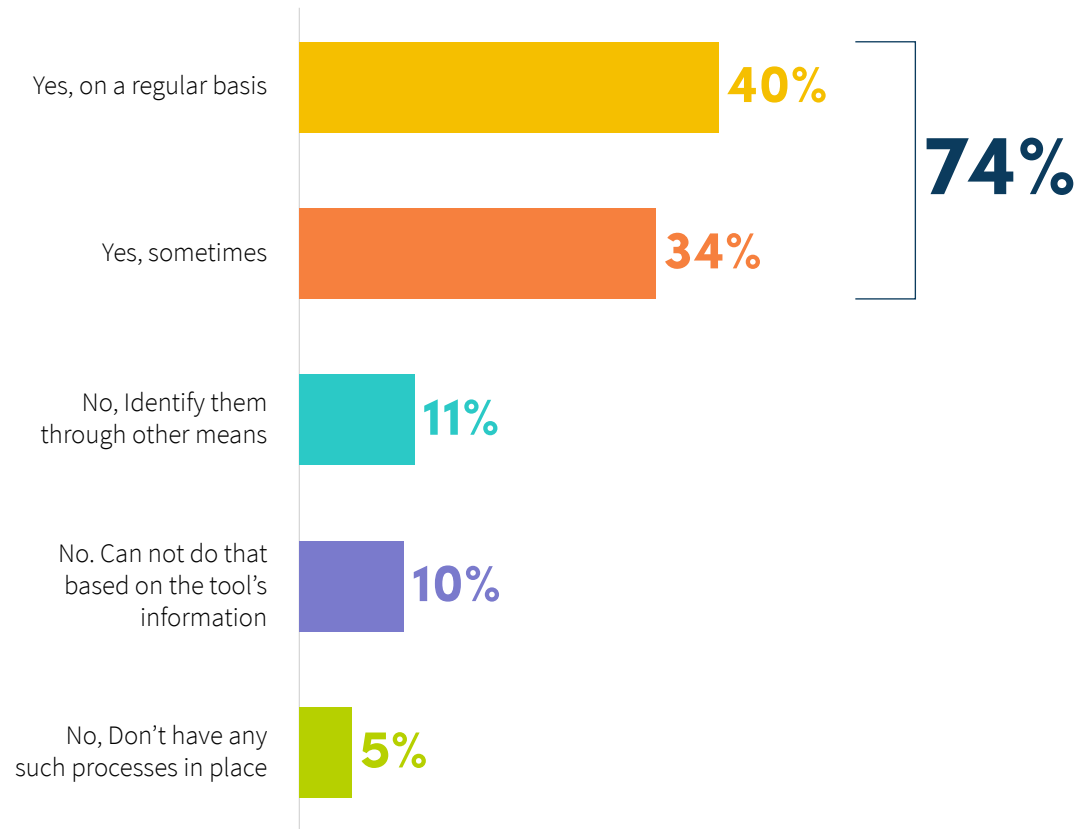

Figure 5: Usage of a 3rd-Party Analytics Tool to Identify Customers at Risk of Churn

*Question allowed more than one answer and, as a result, percentages will add up to more than 100%

Top Challenges in Analytics & Measurement

The **top challenges in analytics and measurement** (Figure 6) are measuring the perceived Quality of Experience (44%), the reliability of the data (42%), and the level of customization to track relevant metrics and KPIs (37%). In close fourth place, called out by 32% of respondents, is not having one tool to track all insights. Having a holistic analytics solution with which to monitor all elements of their platform thus emerges as a substantial need for streaming services.

When it comes to the challenge of measuring Quality of Experience, we looked at how different regions are faring (Figure 7). This is a more significant challenge in Latin America (61%) in comparison to other regions (35%-46%). The more advanced the economy and media market, the less likely the region is to see measuring QoE as a challenge.
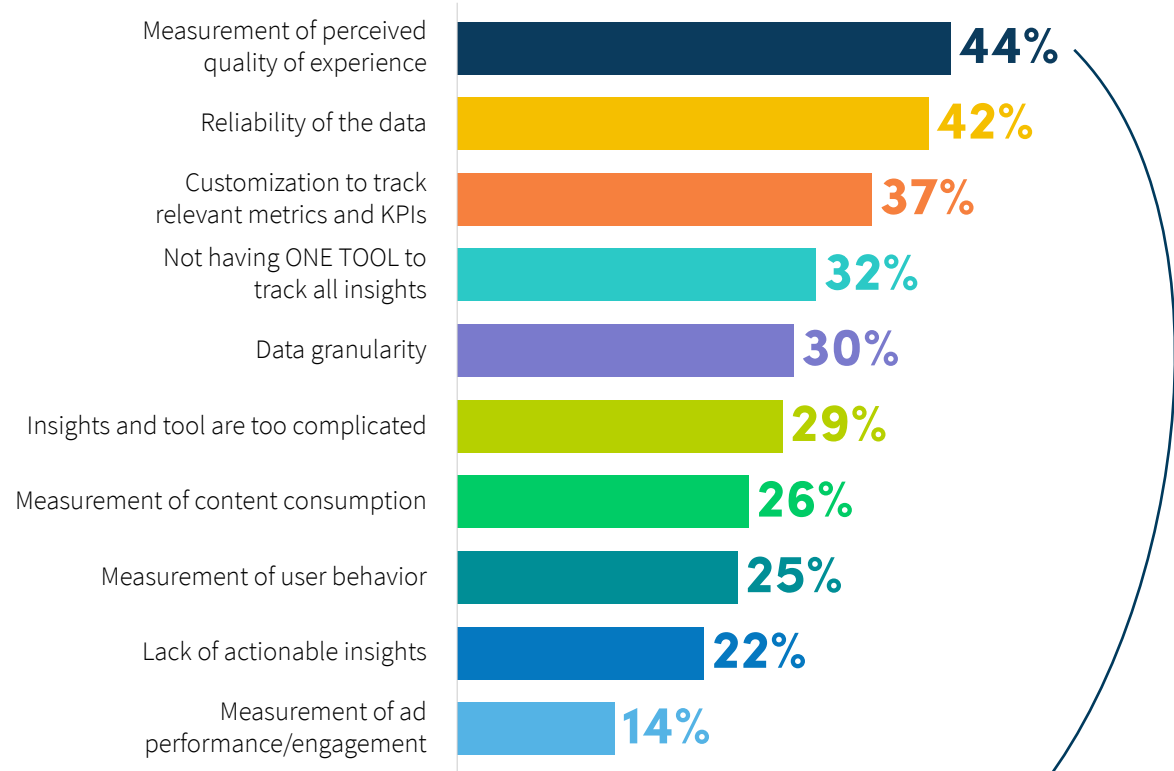

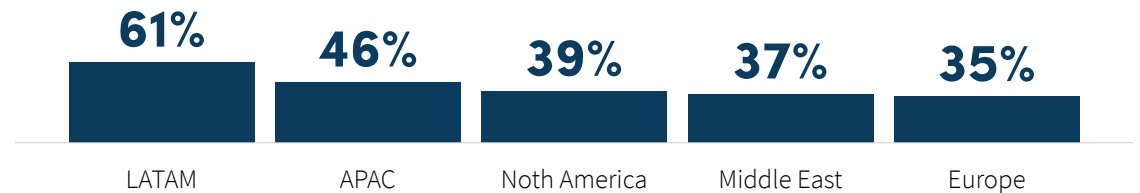Figure 6: Top Challenges in Analytics & Measurement

Figure 7: The Challenge of Measuring Perceived Quality of Experience, by Region

Question allowed more than one answer and as a result, percentages will add up to more than 100%

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Ad Server Reliability and Accuracy: Tracking Ad Performance and Engagement

When it comes to advertising analytics, the numbers that ad-based services get from their ad server are a first step for measuring ad performance and engagement. However, these data only paint a partial picture that doesn't take into account how users perceive ads, and they are not always reliable.

Wanting to understand how ad server data is perceived, we asked respondents **how much they can rely on the data coming from their ad server.**

39% of companies believe that their ad server numbers regarding ad performance and engagement are either not that reliable and accurate or not reliable and accurate at all. Only 14% consider this information to be very reliable and accurate.
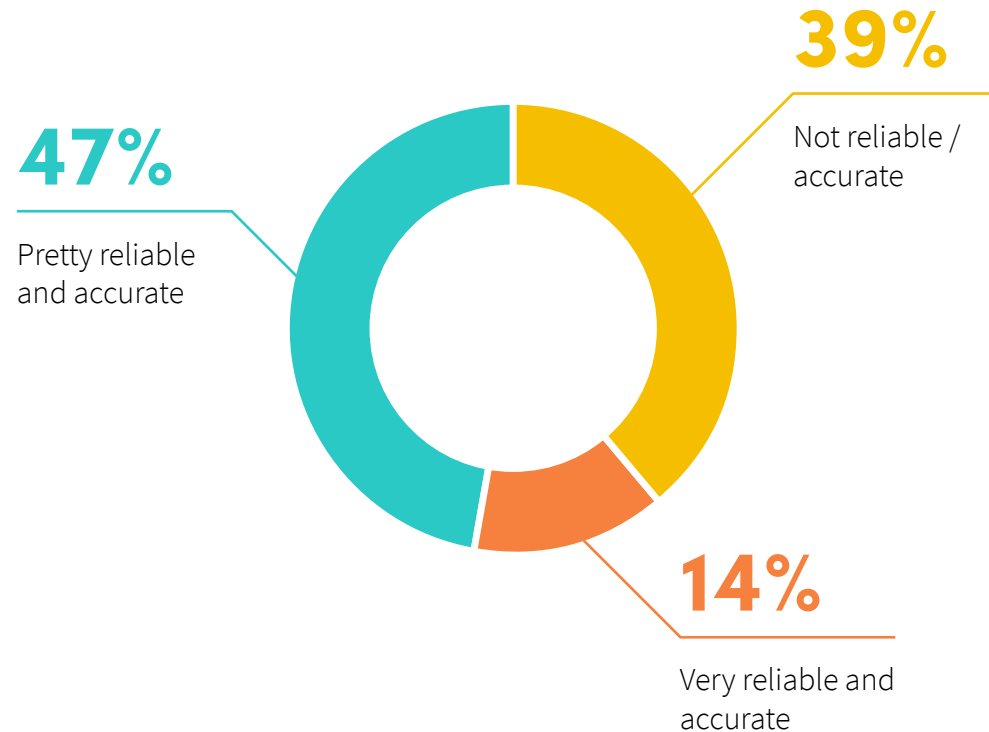
39%
Not reliable / accurate

47%
Pretty reliable and accurate

14%
Very reliable and accurate

Figure 8: Ad Server Reliability and Accuracy for Tracking Ad Performance and Engagement

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How Do Companies Measure Ad Performance and Engagement?

We asked ad-based services **"How do you measure ad performance and engagement?"** (Figure 9). The most popular measurement method is with the data received from the ad server (38%), followed by third-party analytics tools (25%), and a combination of these methods (25%). 12% of respondents do not measure ad performance.

Even though we saw in Figure 8 that 39% of companies believe that their ad server numbers are not fully reliable and accurate, Figure 9 shows that only 25% rely on a third-party advertising analytics tool.

When comparing the respondents that opt solely for ad server data, by company size (Figure 10), we see this method is relied on more heavily in companies with < 500 people (49%) than in companies with 1,000+ people (30%). The larger the company, the less likely it is to rely on ad server data alone. Bigger enterprises have higher levels of technological development and deeper insights at their disposal.
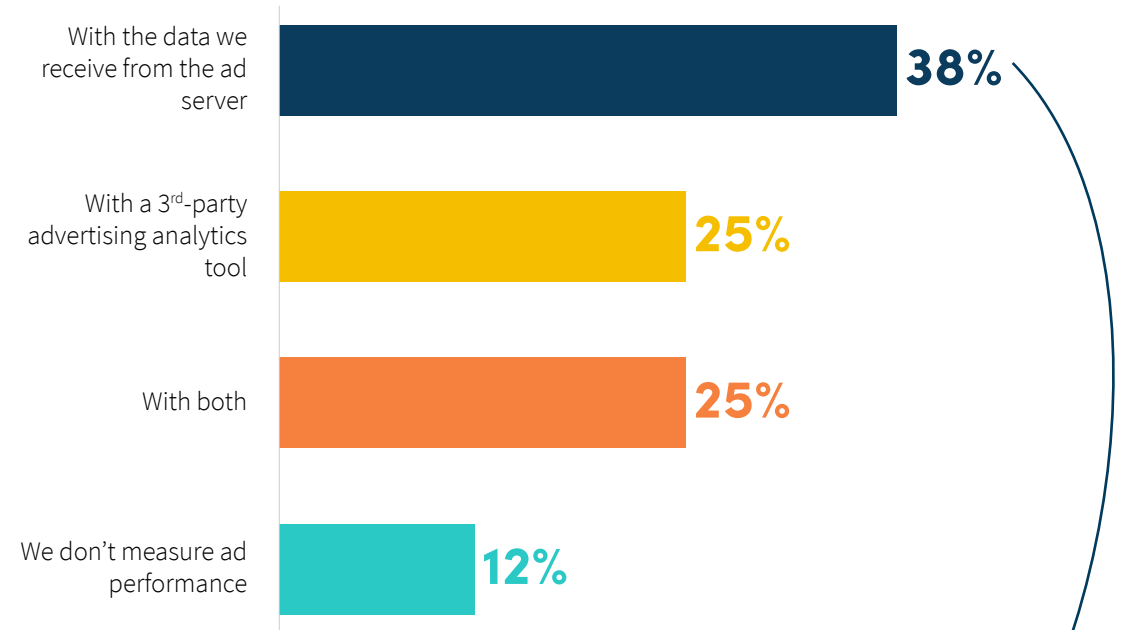

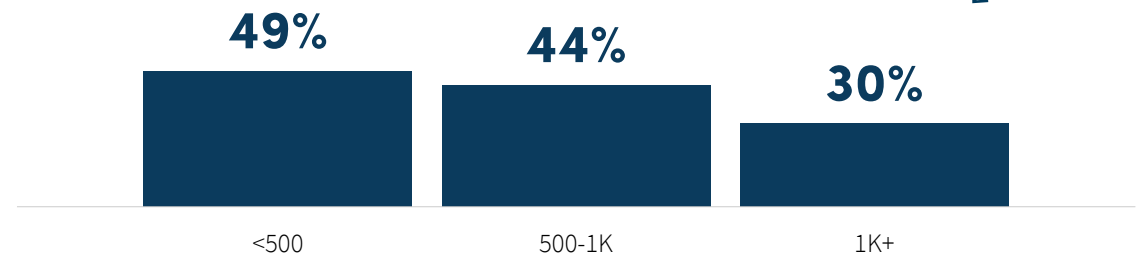Figure 9: Methods of Measuring Ad Performance Engagement

Figure 10: Measure Ad Performance Using Data We Receive from The Ad Server, by Company Size

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12

Plans To Use a 3rd-Party Advertising Analytics Tool

However, all ad-based companies currently lacking independent ad analytics **have plans to implement a third-party advertising analytics tool in 2023.**

About a third (34%) are planning to onboard this tool over the coming months, and 44% are planning to implement it by the end of 2023.
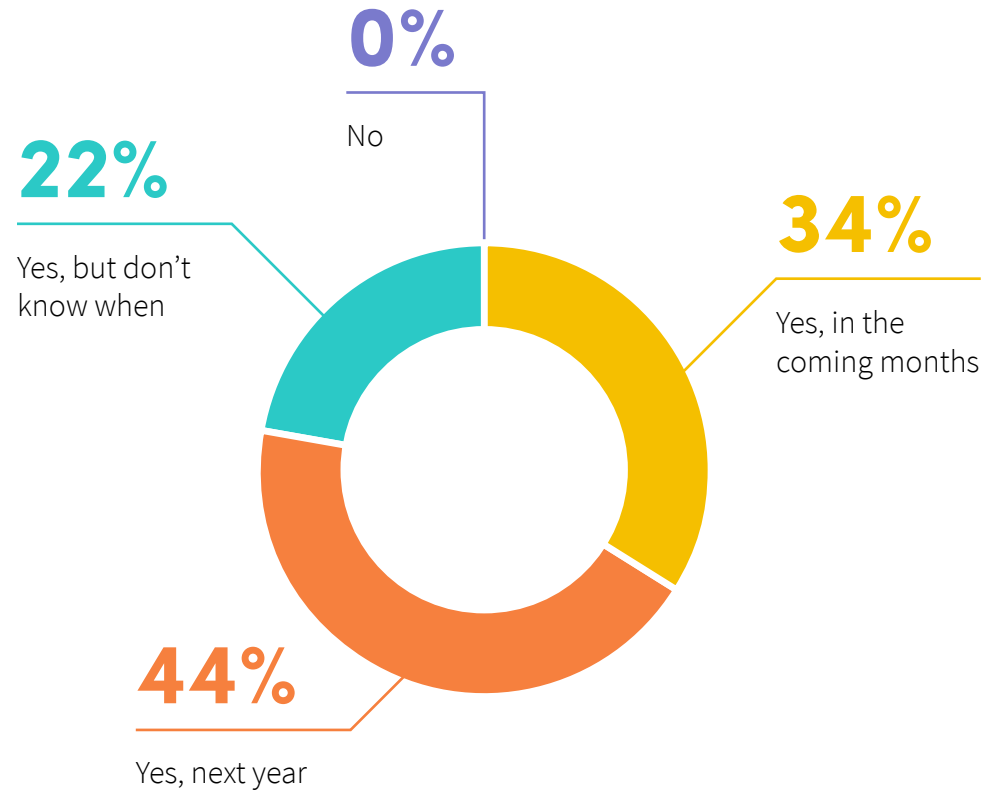

Figure 11: Plans for Using 3rd-Party Advertising Analytics Tool in the Next 12 Months
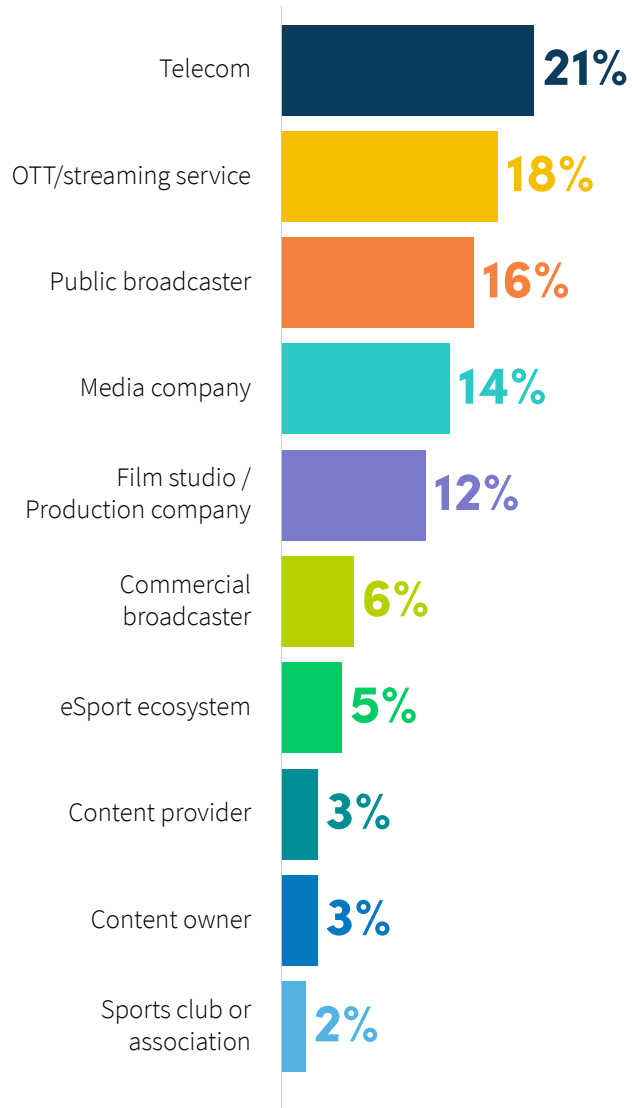
Demographics

Company Type, Company Size & Department
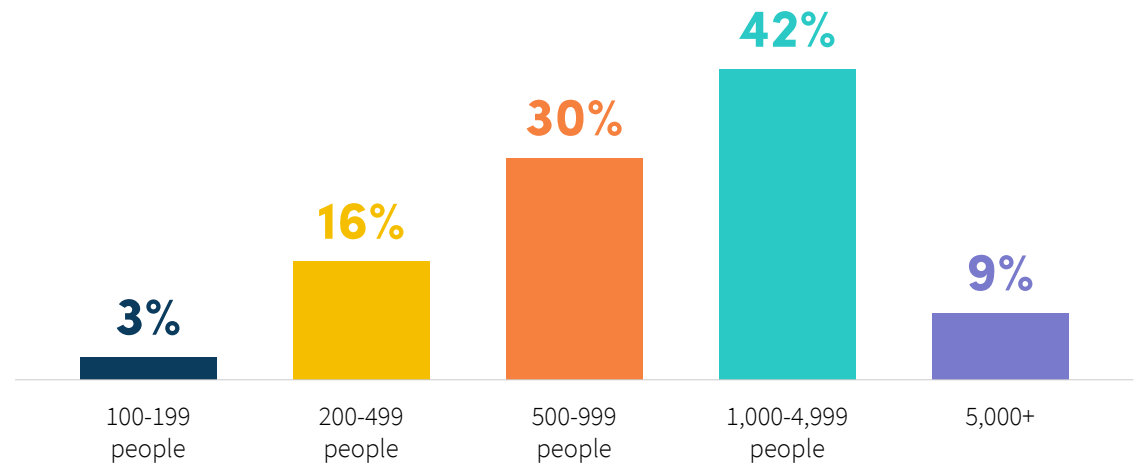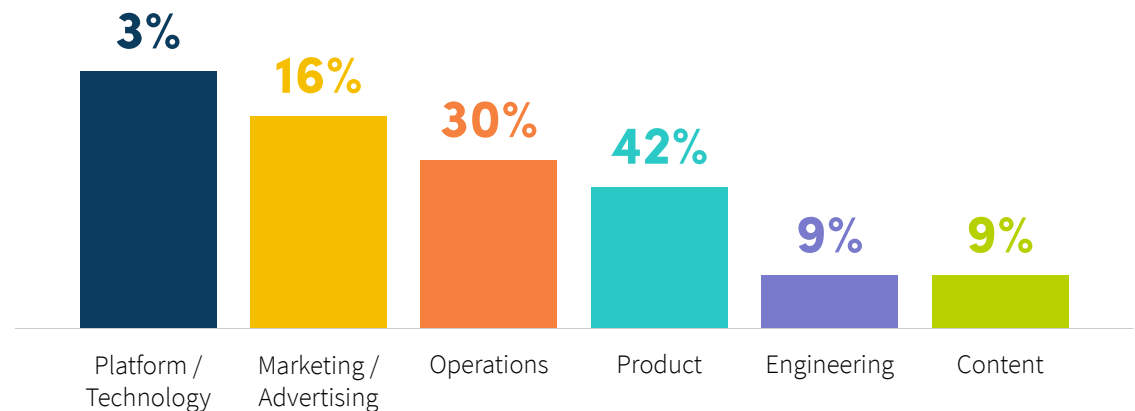
Figure 12: Company Type

- Telecom: **21%**
- OTT/streaming service: **18%**
- Public broadcaster: **16%**
- Media company: **14%**
- Film studio / Production company: **12%**
- Commercial broadcaster: **6%**
- eSport ecosystem: **5%**
- Content provider: **3%**
- Content owner: **3%**
- Sports club or association: **2%**

Figure 12: Company Type

Figure 13: Company Size

- 100-199 people: **3%**
- 200-499 people: **16%**
- 500-999 people: **30%**
- 1,000-4,999 people: **42%**
- 5,000+: **9%**

Figure 13: Company Size

Figure 14: Department

- Platform / Technology: **3%**
- Marketing / Advertising: **16%**
- Operations: **30%**
- Product: **42%**
- Engineering: **9%**
- Content: **9%**

Figure 14: Department

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Country, Industry, Job Seniority & Main Streaming Platform

20%
Middle East

21%
APAC

20%
Europe

19%
North America

20%
LATAM

Figure 15: Region

50%
Telecom

50%
Media & Entertainment

Figure 16: Industry

34%
Director

31%
Manager

20%
VP/Head

15%
C-suite

Figure 17: Job Seniority

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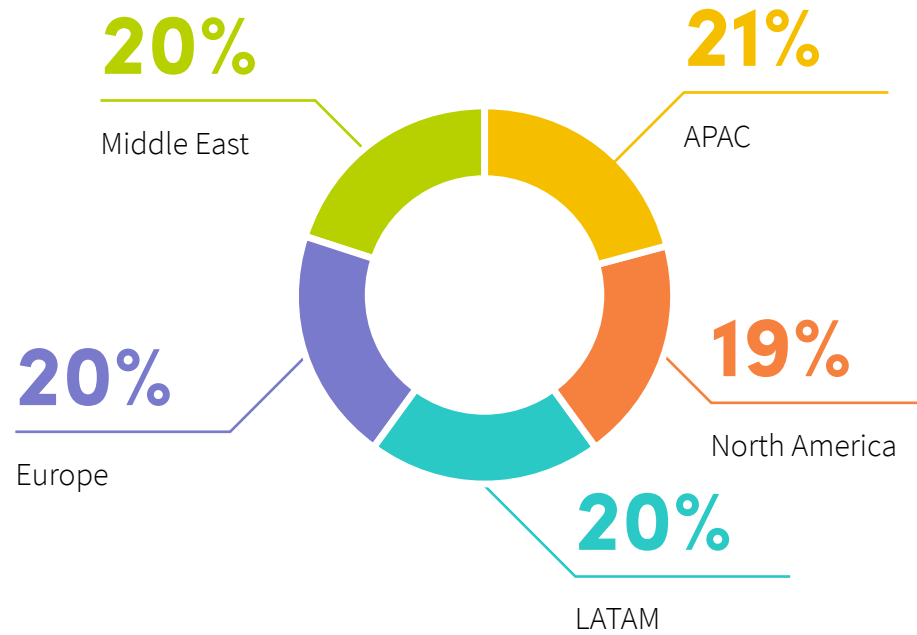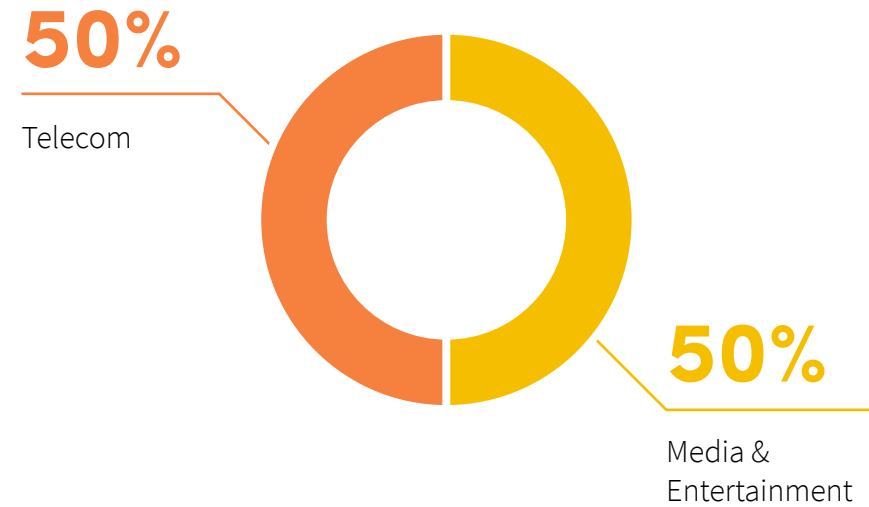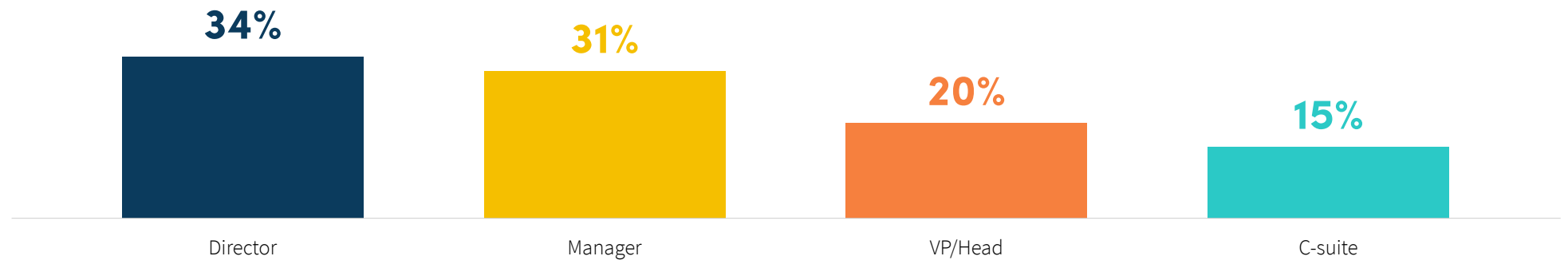
About NPAW

NPAW is a video intelligence company helping online streaming services grow. A global leader in its space, NPAW has over a decade of experience developing groundbreaking, scalable analytics solutions to optimize performance and user engagement, helping customers to build media experiences that maximize revenue. Its Suite of analytics apps provides advanced visibility of platform performance, audience behavior, advertising and content efficiency, and app navigation in real-time to support data-driven decisions. NPAW serves more than 190 video services and processes over 120 billion plays per year worldwide. Established in 2008 by co-founders of the video streaming service Wuaki TV, which was later sold to Rakuten, NPAW has offices in Barcelona and New York with teams around the world.

For more information, please visit us:

For more information about the measurements you can make with NPAW, contact us here to set up a free consultation with a streaming video expert.

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