

OTT Media Buying Strategy Guide

Kochava Guides for Marketers

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Introduction

Over-the-top (OTT) advertising is more popular than ever before. With new streaming services appearing regularly, advertising opportunities have grown considerably. As an advertiser, there are options when it comes to OTT media buying. In this guide, we help clarify what OTT advertising is and the different types of media buying methods. Additionally, we will explain what method will be the most effective in your marketing strategy.

Platforms and Devices for Consuming OTT Content

The term OTT refers to television and film content streamed “over the top” of the internet, rather than through traditional broadcast, cable, or satellite mediums. Viewers can consume OTT via:

- Connected TV (CTV) devices that are directly connected to the internet (eg, smart TVs)
- Devices that can be plugged into a TV to stream OTT (eg, Amazon Fire, Roku, and Chromecast sticks, Apple TV, PlayStation and Xbox gaming consoles, etc.)
- And non-CTV devices like smartphones, tablets, and computers

All of these devices and platforms come together to create an expansive ecosystem of viewing content for users and advertising space for marketers.

Over the Top (OTT)

OTT Streaming Services

CRACKLE

hulu

NETFLIX

sling

tubi

xumo

Devices for Streaming OTT Content



Desktop/Laptops



Phones/Tablets



What is OTT Advertising?

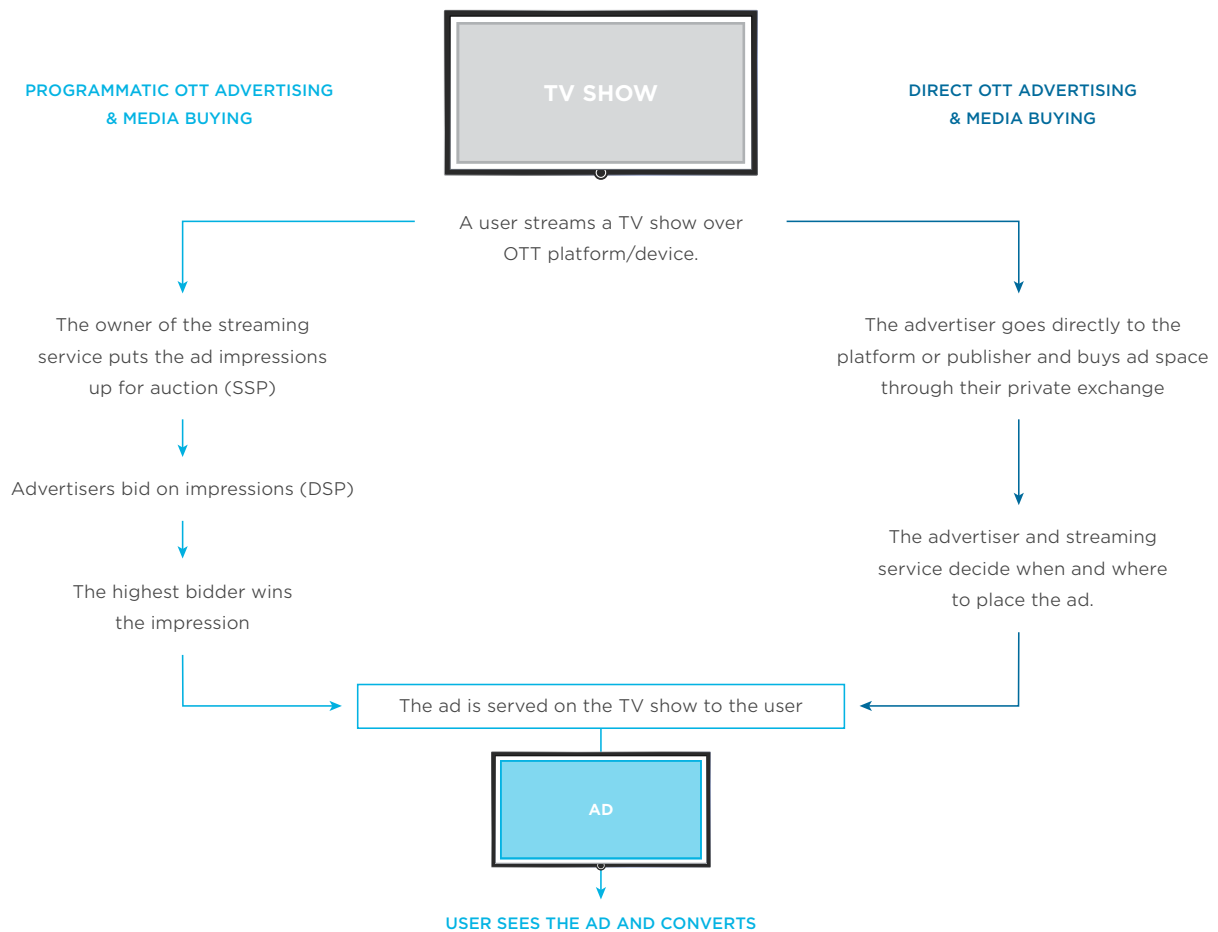
What is OTT Advertising?

OTT advertising allows marketers to directly reach consumers through streaming services and/or devices. Digital advertising space is bought and sold through an ad exchange between:

- Publishers who sell ad space
- Advertisers who buy ad space

Publishers and advertisers work together to determine where the ad will be placed, when it will appear, and for how long advertisements will run.

How does OTT Advertising Work?



All of these steps happen almost instantly, resulting in billions of ads being bought and sold each day. Depending on the type of media buying method, ad spots will be filled in real time established with an automated bidding algorithm or with direct negotiations.

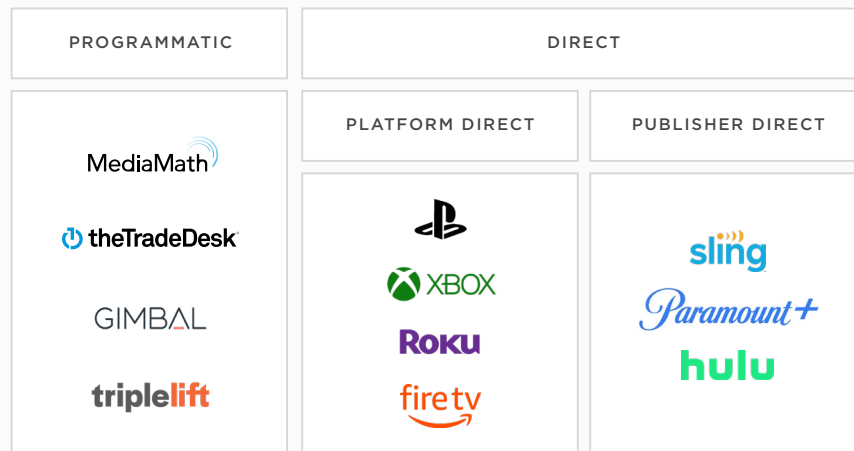
Source: Brayer, Moran. "What Is Programmatic Advertising? How Does It Work?" Outbrain, Outbrain Inc., 3 Feb. 2020, www.outbrain.com/blog/programmatic-advertising/.

Source: Croxton, Justin. "What Is OTT Advertising...The Ultimate Buyers Guide." Propellant Media, 22 Jan. 2021, <https://propellant.media/what-is-ott-advertising/>.

Types of OTT Advertising

Types of OTT Advertising

There are three main ways advertisers and publishers exchange advertising space. They are programmatic, platform direct, and publisher direct. Each method has its benefits and drawbacks. Understanding what those are will help determine which method best fits your specific campaign goals.



Programmatic OTT Buying

Programmatic buying is the automated, real-time buying and selling of ad space within streaming platforms or on a specific device. Ad placement can be automated with programmatic bidding because of direct relationships between inventory exchanges and other OTT advertising platforms.

It is one of the most effective and cost-efficient ways for advertisers to enter the OTT space. Advertisers can target audiences viewing OTT content across multiple services, platforms, and devices, whereas with direct buying, the reach will be limited to the specific publisher or platform.

Many programmatic OTT platforms support sequential messaging and impression retargeting. For example, a video ad could be delivered on a CTV device, and then the same user could be subsequently retargeted with a mobile display ad featuring a specific call to action. This multi-channel, cross-device targeting can be highly effective in driving conversions.

Source: "Direct vs. Programmatic: A Breakdown of Media Buying." SocialChimp, 2018, <https://www.socialchimp.com/blog/direct-vs-programmatic-breakdown-media-buying/>.

Pros and Cons of Programmatic Buying

PROS	CONS
<ul style="list-style-type: none">• Costs less• Track specific outcomes (installs, purchases), with real-time data access• Fast and simple campaign optimization• Extended reach of ad space	<ul style="list-style-type: none">• Not Guaranteed• Lack of visibility into those outcomes

Direct OTT Buying

Direct OTT buying is when advertisers work directly with platforms or publishers to purchase ad space. The price of the ad space is negotiated as well as the placement of the ad, when it will appear, and the length of the campaign.

Platform direct buying is when advertisers go directly to major platforms such as Roku, Vizio, and Samsung, and buy inventory through the platform's own exchange.

While this is a straightforward way to buy ad space, it limits the campaign to that specific platform and doesn't allow for cross-platform advertising.



Publisher direct is when advertisers go directly to the publisher platform like Hulu, Sling, Paramount+, or Crackle.

This allows for more control over ad inventory. However, as with platform direct buying, publisher direct buying limits the advertiser's campaign to that specific publisher's streaming service, even if the ad may appear across other platforms and devices.



Pros and Cons of Direct Buying

PROS	CONS
<ul style="list-style-type: none">• Straightforward• More control over inventory	<ul style="list-style-type: none">• Costs more• No cross-platform advertising (for platform direct)• Takes time for campaign optimization and creation• More room for human error

Choosing your Strategy

Choosing your Strategy

	PROGRAMMATIC	DIRECT
Reach	Extended reach across multiple platforms and publishers	Reach limited to platform or publisher
Method	Real-time bidding (RTB) Not guaranteed	Pre-sold Guaranteed
Entry Cost	Lower entry cost	Higher entry cost
Pricing model	Dynamic cost per mille (CPM)	Fixed cost per mille (CPM)
Cross-platform	Ads displayed across multiple platforms	Platform-Direct (No) Publisher-Direct (Yes)

What OTT buying strategy should I use?

Thankfully, you do not have to choose just one. There are instances where utilizing direct and programmatic advertising together is advantageous. If you have a defined audience that you want to target on a specific platform or with a specific publisher while advertising to a wider audience with less targeted content, employing direct and programmatic buying could be useful. Adopt a test-and-learn strategy to discover what works best with each approach.

The fixed CPMs and guaranteed delivery often associated with direct OTT buys are attractive. Further, platforms such as Roku and Vizio and publishers like Hulu, have special partnerships with Kochava that provide independent campaign measurement to understand the efficacy of ad spend.

Programmatic advertising offers ease of implementation and maintenance. For advertisers who are new to the OTT space and are unsure what specific platforms or publishers to advertise on, programmatic OTT offers a great launching pad.

LOOKING FOR POTENTIAL OTT AD PARTNERS?

Check out the [Kochava Media Index](#), the largest database for the online advertising industry, to find vendors that support CTV.

Conclusion

Conclusion

The OTT and CTV ecosystem offers advertisers expansive opportunities to drive growth with new streaming services constantly entering the market.

Various approaches to OTT media buying gives marketers the flexibility to automate and streamline their advertising or have a more hands-on involvement with their ad placement. Each option has its benefits and drawbacks; however, it's not an either-or decision. You can mix and match your media buying strategy to fit your growth goals.

Once you start running OTT ads, no matter if they are through programmatic or direct methods, it is important to measure those campaigns. Utilizing a partner like Kochava will help you extract the most meaning and insights from your OTT marketing campaigns to optimize ad spend and future campaign strategies.

With Kochava, see where users are engaging with your ads across every device and gain visibility into installs, trials, subscriptions, views and events all within one dashboard. Viewing the full user journey is essential in understanding the effectiveness of your campaigns.

Learn more about OTT and CTV with our guide: [An Introduction to OTT & CTV](#).

Have questions? [Contact us](#) or email info@kochava.com

Still have questions?

Learn more at [Kochava.com](https://kochava.com)

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