

In Latin America, free ad-supported video has the edge

Article

Latin America is a prime focus for many subscription OTT services, and even more so now that the region's digital infrastructure is improving and demand for at-home entertainment continues to grow amid the pandemic. In 2020, the number of monthly subscription OTT service users in Latin America rose by 27.5% year over year to 117.2 million, according to our

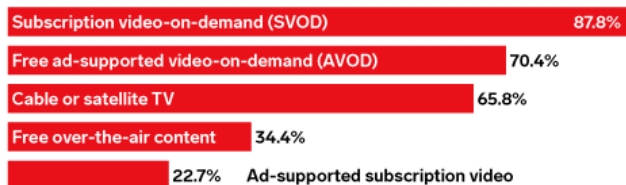
estimates. This impressive growth has naturally **intensified competition** among international and local streamers alike.

The proliferation of streaming services, and the fracturing of content libraries, will ultimately force consumers there to decide which platforms they value most. This will also create a **unique opportunity** for cheaper and free ad-supported platforms to swoop in and gain market share among the more price-conscious consumers.

Ad-supported video-on-demand (AVOD) services already have traction in the region, **according to** March 2021 polling conducted by EMI Research Solutions for Penthera, a mobile video software developer. While 87.8% of adult internet users in Latin America said they watched subscription video content, more than seven in 10 (70.4%) reported viewing content on free AVOD platforms.

Types of Video Content Watched by Internet Users in Latin America*, March 2021

% of respondents



Note: n=1,200 ages 18-50; *Argentina, Brazil, Colombia, and Mexico
Source: Penthera, "Latin America Video Streaming Behavior Survey: Q1 2021" conducted by EMI Research Solutions, March 25, 2021

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When asked about their favorite type of content to watch, however, slightly more respondents named free ad-supported video (37.3%) than said subscription video (36.7%). Notably, just 4.8% chose the intermediate option of ad-supported subscription video. This underscores the draw of video content that can be accessed for free in exchange for watching ads.

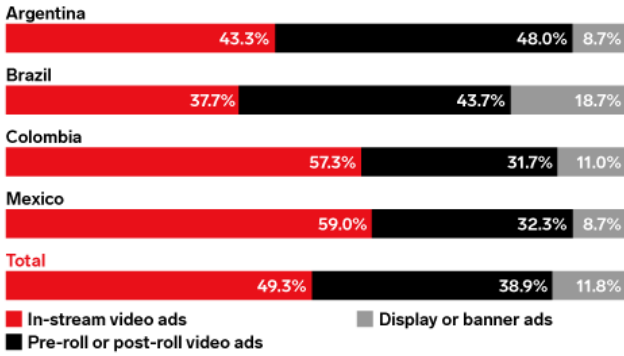
“As OTT video gets a foothold in the region, streaming services are going to want their share of the growth,” said Jodi Susman, CMO of Penthera. “It is crucial for providers to understand what sets viewers in this region apart and to create an optimal user experience that will inspire loyalty from these viewers.”

Regionally, the study found a greater preference for in-stream video ads. Nearly half (49.3%) of respondents said they were partial to that digital video ad format. Pre-roll or post-roll ads

were No. 2, with 38.9%, followed distantly by display or banner ads. At the country level, close to 60% of respondents in Colombia and Mexico expressed an inclination for in-stream ads, while the majority of those in Argentina and Brazil favored pre-roll or post-roll ads.

Types of Digital Video Ads that Internet Users in Latin America Prefer to Watch When Streaming Digital Video Content, by Country, March 2021

% of respondents in each group



Note: n=1,200 ages 18-50; numbers may not add up to 100% due to rounding
 Source: Penthera, "Latin America Video Streaming Behavior Survey: Q1 2021" conducted by EMI Research Solutions, March 25, 2021

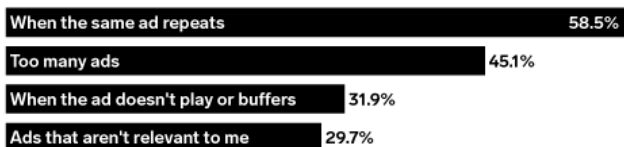
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Consumers in Latin America may be willing to watch ads, but that doesn't mean AVOD service providers should be complacent about the ad experience they provide.

Nearly six in 10 (58.5%) respondents to the Penthera survey said the most frustrating part of the digital video ad experience was having to watch the same ad repeatedly. The second-most cited frustration was being served too many ads (45.1%), followed by dealing with ads that buffer or don't play at all and having to watch irrelevant ads (about 30% each).

Aspects of the Digital Video Ad Experience that Frustrate Internet Users in Latin America*, March 2021

% of respondents



Note: n=1,200 ages 18-50; *Argentina, Brazil, Colombia, and Mexico
 Source: Penthera, "Latin America Video Streaming Behavior Survey: Q1 2021" conducted by EMI Research Solutions, March 25, 2021

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“These issues highlight the importance of creating not only a good viewing experience, but an ad experience that matches it,” Susman said. “Whenever viewers do not fully connect with the ads they see, advertisers miss out on a huge opportunity to connect with an engaged audience.”

Companies that continuously hone their ad-supported ecosystems will undoubtedly reap the benefits of a loyal customer base that is eager to consume the multitude of content offerings available to them.

“Ensuring a good experience can be difficult when many factors are outside of your control, including issues that occur in the last mile of video delivery,” Susman said. “But technology can help to solve those problems.”

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Report by Matteo Ceurvels Apr 29, 2021

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Digital Video Services Used* by Internet Users in Canada, by Language, Q3 2020
% of respondents

	English	French
Netflix	68.5%	52.7%
Amazon Prime Video	56.4%	17.4%
Disney	27.6%	15.6%
Cine5	16.8%	7.1%
YouTube Premium	11.8%	14.6%
Apple TV+	10.7%	6.5%
Crave	8.8%	1.7%
Ustream	8.8%	9.5%
Crave 360	6.2%	2.8%
Vixxy	4.6%	3.8%
MSX Europe Plus	2.2%	2.2%
Bravo	2.1%	0.7%
Canada	1.9%	0.6%
MSX Euro Plus	1.2%	1.1%
Clubhouse	1.0%	0.5%
TV 5 Monde	0.7%	17.3%
YouTube Kids	0.5%	2.2%

*Users who use at least one of the services listed. **Users who use at least one of the services listed and have also watched at least one video on the service. Source: Insider Intelligence survey of Canadian internet users, Q3 2020. © 2020 Insider Intelligence. All rights reserved.

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