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Streaming is at a tipping point. Here's how that's affecting ad buyers

Article

All eyes are on streaming. Last year, non-pay TV viewers surpassed traditional pay TV viewers in the US, per our forecast. But the streaming ecosystem is changing. Streamers are consolidating, not launching, Ad tiers are coming online, bringing measurement headaches with them. And legacy players could shut down linear options altogether within the next five years, said Pam Zucker, chief strategy officer for the Interactive Advertising Bureau.

Streamers are consolidating. "There are too many [platforms] for them to exist profitably," said Zucker.

Consolidation makes sense for consumers as well, because consumers want quality content, not more content. "We have 10,000 hours of content and nothing to watch," said Jennifer Kohl, chief media officer of US media at VML. And consumers don't want to pay for more subscriptions.

New partnerships are crucial. The new sports bundle from Disney, Fox, and Warner Bros. Discovery is a prime example. Platforms need to prepare for Apple and Amazon's potential next move in sports, and they're seeking partnerships to compete, said Zucker. "The fact that competitors are becoming collaborators really tells you where the fight is evolving."

Those partnerships create a complicated landscape for ad buying and measurement. "Even though the shift has moved away from linear into more CTV [connected TV] and streaming and viewing, the measurement capabilities of those spaces are lacking," said Jason Trubowitz, senior vice president of media and measurement at the Association of National Advertisers.

The proliferation of walled gardens and the death of the cookie aren't helping. Advertisers have two options as walled gardens pop up, said Zucker.

- Maximize first-party data within a single portfolio by advertising with fewer media partners with multiple points of distribution. For example, an advertiser can exclusively work with Amazon and NBCUniversal and advertise on each of those companies' owned properties.
- Or keep fighting for measurement across different platforms and use resources like data clean rooms. An advertiser taking this route will likely opt for sales KPIs like incremental sales, brand lift, and brand awareness over media KPIs like reach, frequency, and attention, which are hard to measure across platforms.

That second option is good news for retail media. "That's where you're going to see explosion this year," said Zucker. Retail media networks have first-party data and can measure sales KPIs to help businesses advertise across walled gardens. What many of them lack, however, is the extensive reach of streaming networks. That means retail media networks need partnerships too. "What becomes the cornerstone of using retail media is the sales data, as opposed to the platform and the content," Zucker said.

This puts Amazon in a powerful position. Amazon owns its streaming platform and first-party data from the 67.8% of the population in the US who are Prime members, per our February 2024 forecast. "Amazon has it all," Zucker said.

The ad-supported video on demand (AVOD) experience could worsen as subscription services adopt ads. They need to be careful not to increase ad loads too much. "It is such a slippery slope and so easy to add one more minute here, one more minute there, and then we get back to the awful user experience that linear became," warned Zucker.

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