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Mastering TV monetization with AI-driven solutions

In the television world, generating new revenue can be a significant battle. Broadcasters and video service providers face growing competition for eyeballs, changing viewer demands, cost pressures, and an array of regulations, amongst other challenges. As the television industry evolves, broadcasters and service providers need to find new ways to attract viewers, engage audiences, and increase revenue.



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This article will highlight some of the key challenges that broadcasters and video service providers face when monetizing content and offer innovative solutions for generating new TV revenue, including personalized FAST channels, targeted TV advertising, tailored content packages, and shoppable TV.

TV monetization challenges

The biggest challenge that broadcasters and video service providers face today is the evolution of TV business models. For years, the rules were clear: consumers paid subscription fees to watch television content and transactional fees to view the latest releases from solo content providers. With competition heating up and viewers having endless choices, more and more video services are now offering content for “free” or almost for free. A recent survey from [Hub Entertainment Research](#) found that almost six in 10 viewers expressed a preference for ad-supported subscriptions if it meant a lower monthly fee.

Even when a viewer decides to subscribe to a service, the video content is offered at a fixed price, without upsell opportunities. Broadcasters and video service providers need monetization strategies if they want to improve their profitability.

Advanced opportunities for monetization

Despite these challenges, there are ample monetization opportunities available in the TV environment. Let us look at how personalized targeted TV advertising, FAST (Free Ad-Supported TV) channels, upsell content, and shoppable TV are elevating revenue for broadcasters and video service providers.

Targeted TV advertising

Targeted TV advertising is one of the hottest trends for monetizing television services in recent years. An [Ampere report](#) found that in 2022 addressable TV advertising accounted for more than 40%, and is growing, generating \$139 billion globally in traditional TV ad revenue. Addressable TV revenue is predicted climb to more than 60%

of that total TV ad revenue by 2027 globally.

To effectively deliver targeted TV advertising, broadcasters, service providers, and advertisers need a streamlined strategy that matches relevant ads with appropriate audience segments. It is important to find a solution that consolidates demand from various sources and offers a broad audience reach. Attaining valuable, in-depth insights into viewers’ behaviors and preferences is also key. Moreover, it is crucial for broadcasters and service providers to safeguard their audience data from potential exploitation by digital advertising giants.

Furthermore, broadcasters and service providers need a holistic view of the potential revenue that targeted TV advertising could bring their business. Utilizing freely available tools such as VO’s Revenue Projection Simulator broadcasters can pre-assess their potential earnings, taking into account their service’s geolocation, user-base size, and other relevant



parameters processed through a unique algorithm.

Utilizing targeted TV advertising solutions powered by AI and ML technologies, broadcasters and service providers can precisely categorize audiences according to their viewing interests, household composition, life moment events, demographics, and other relevant factors. This approach not only enhances engagement but also extends viewing time, optimizing revenue generation.

The key for targeted TV advertising is dynamic segmentation. By applying AI and ML to first-party TV data, broadcasters and service providers can successfully extract relevant granular segmentation, opening up the possibility of ad replacement in linear primetime content. This method makes it possible to increase the number of ad slots without increasing ad load; charge

premium rates; and decrease churn as viewers have been shown to respond more favorably to targeted ads.

The emergence of Generative AI technologies offers a promising solution to optimizing content discovery and the creation of FAST channels.

Through data-driven AI analysis of usage flows and identifying consumption patterns, a dynamic segmentation model continually optimizes performance and makes segmentation more effective, empowering broadcasters and service providers to deliver more relevant content and as result maximizing their monetization and boosting ROI.

FAST channels

FAST channels are rising in popularity. [Digital TV Research](#) predicts global FAST revenues for TV series and movies will more than double over the next few years reaching \$17 billion in 2029 up from \$8 billion in 2023. However, there are hundreds of FAST channels for viewers to choose from. As a result, there is a high probability of viewers feeling overwhelmed and fatigued when determining what to watch

To effectively monetize FAST channels, broadcasters and service providers face the challenge of curating content that aligns with audience preferences while also simplifying discoverability. The emergence of Generative AI technologies offers a promising solution to optimizing content discovery and the creation of FAST channels. Generative AI enables service providers to offer AI-driven

recommendations, tailoring the selection of FAST channels to better resonate with audience interests. This approach is instrumental in enhancing user engagement and satisfaction by facilitating easier access to preferred content.

FAST channels are increasingly seen as a new and improved form of linear television, blending the scheduled programming aspect of traditional TV with the benefits of streaming, enabling a more diverse selection and smarter content curation. Moreover, the inclusion of hyper-targeted advertising, made possible by AI-driven insights, enhances the monetization potential of these channels.

Tailored content packages

In today's TV content paradox of choice and super aggregation, users want access to preferred content while keeping their overall TV expenses low. A trend that will accelerate is dynamically changing the super aggregation services a user subscribes to within a budget cap. This is based on recommendations from the platform, tailored to the user's preferences.

With tailored content packages, users can access content that

meets their needs and availability within their budget. Since viewers cannot watch all available content, the proprietary method is to offer the user, at any given time, the best package that aligns with their viewing preferences. For instance, if a new season that highly interests the user starts on one service, their subscription to another service can be canceled, allowing them to watch the most relevant content within their budget constraints. This dynamic pricing strategy is a simple way to prevent subscriber churn and increase margins on content while also enhancing user satisfaction.

Shoppable TV

The TV, which already holds a significant cultural place in many households, is set to go beyond entertainment, with the boundary between content consumption and e-commerce blurring. As advertisers look to transform passive advertising into an interactive shopping experience, shoppable TV is the answer. [Shoppable TV](#) combines e-commerce with video content, enabling viewers to purchase items appearing on the screen either through the user interface on the TV or on a secondary screen such as a smartphone or

tablet by scanning a QR code. For example, viewers can pause the video content they are watching to see what shade of lipstick an actress is wearing, and then directly purchase that product. Shoppable TV collects data about viewers every time that they click to find out more about a product within the video content, helping advertisers close the attribution loop.

AI-Driven solutions are key to unlocking monetization and driving viewer engagement

Broadcasters and service providers are under increasing pressure to keep viewers engaged and boost monetization.

To stay competitive, they need to leverage the latest technologies including AI and state-of-the-art, holistic solutions that support a wide range of monetization models, including personalized FAST channels, targeted TV advertising with dynamic segmentation, tailored content packages, and shoppable TV.

