

THE SAVVY MARKETER'S 2023 GUIDE FOR OTT ADVERTISING IN SOUTHEAST ASIA

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NOW IS THE TIME TO GROW YOUR BRAND WITH OTT

More and more consumers in Southeast Asia (SEA) are cutting the cord and switching to over-the-top (OTT) channels. In fact, according to a study commissioned by The Trade Desk, there are now 200 million users in the region who stream 9.7 billion hours' worth of OTT content per month. That's an increase of 22 percent in OTT consumption over the past year.

In this playbook, we reveal key findings and opportunities for marketers to tap into one of the fastest growing channels in the region. We also share our insights into how and why forward-thinking brands and advertisers are reaching audiences with OTT.

OTT IS ON THE RISE IN SOUTH EAST ASIA

According to our research, the region is seeing:

The emergence of ad-supported streaming services

Gen Z and younger Millennials leading the shift to OTT

OTT is winning with young women

Korean Drama becomes #1, as the popularity of Western content declines

Growth in Smart TVs, offering a new way to reach and target households

THE EMERGENCE OF AD-SUPPORTED STREAMING SERVICES

Advertisers can tap into more than 116 million viewers in Southeast Asia, a 10% increase compared to 2020.

As more platforms, including Netflix and Disney+, transition to include ad-supported models, addressable audiences on OTT are set to grow.

>58%

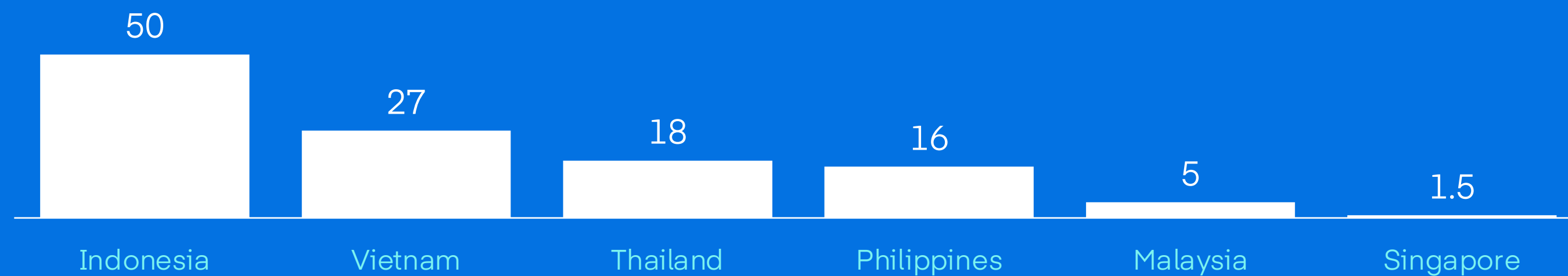
of SEA viewers watch ad-supported content

5.9B

ad-supported OTT hours watched in a month in Southeast Asia

Indonesia leads the region, followed by Vietnam and Thailand.

Ad-supported OTT viewers, millions



GEN Z AND MILLENNIALS LEAD THE SHIFT TO OTT

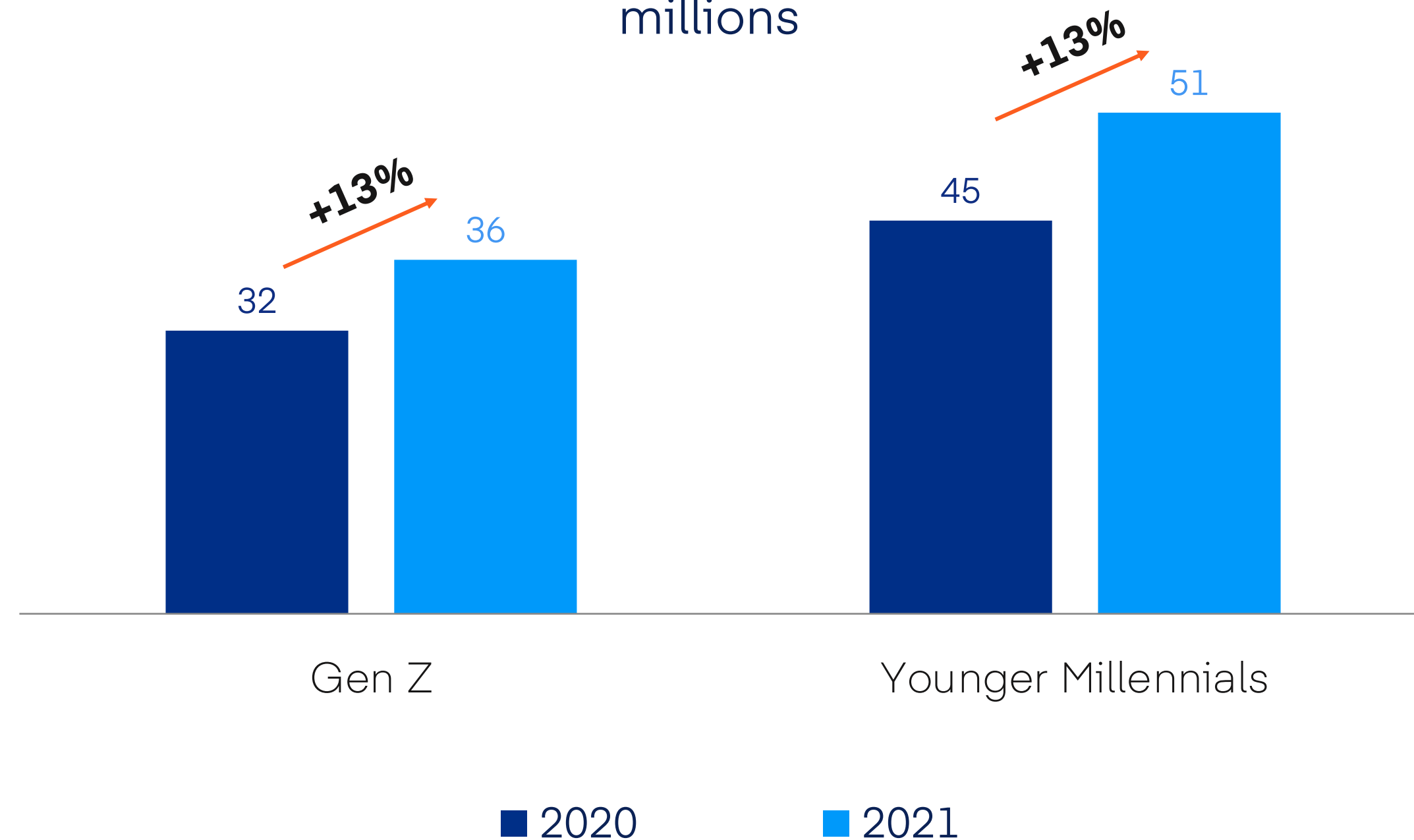
OTT viewership in the region is driven by rising adoption among Gen Zs and younger Millennials, who comprise 44% of the region's viewers.

This is set to continue as Gen Z and younger Millennial audiences are growing at more than double the rate of the overall OTT viewers in the region. They are also more likely to be heavy users who consume more than four hours of OTT per day.

VOICE OF A CONSUMER

Gen Zs and Millennials are turning to OTT for curiosity, stress relief, and any time they feel bored or 'have nothing to do'. They watch recommended and trending shows to talk about it with friends or other fans.

Gen Z and younger Millennial OTT viewers, millions

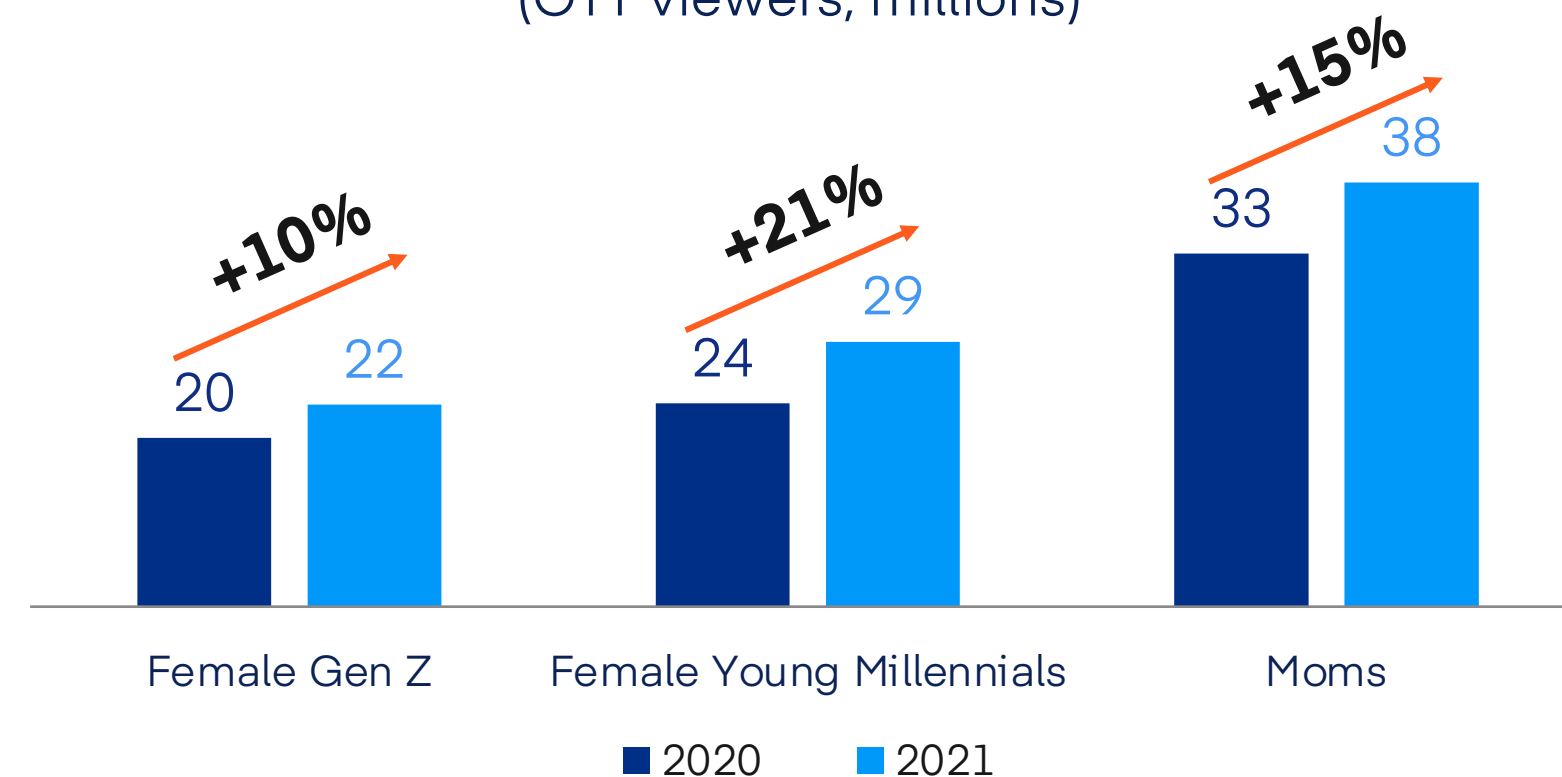


OTT IS WINNING, ESPECIALLY WITH YOUNG WOMEN

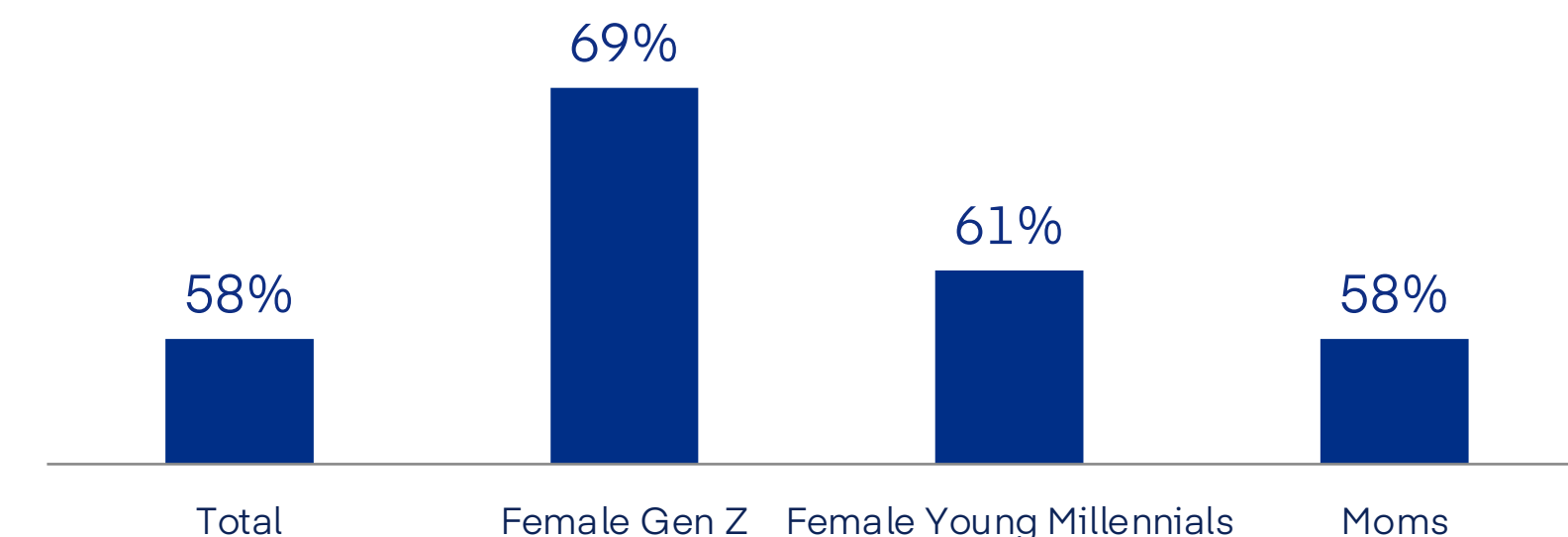
Usage of OTT by women continues to rise, with growth rates for Gen Zs, younger Millennials, and women with children below the age of 16 (Moms) at 10%, 21%, and 15% respectively.

This is especially exciting as female Gen Z and younger Millennials are most likely to use ad-supported platforms — making OTT an ideal channel for brands looking to reach and build relationships with younger women.

Y-O-Y growth across key female segments
(OTT viewers, millions)



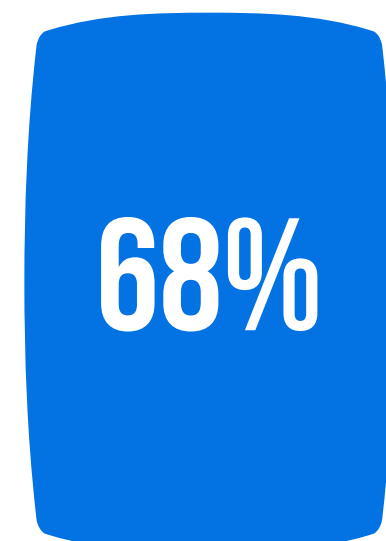
% who use ad-supported platforms



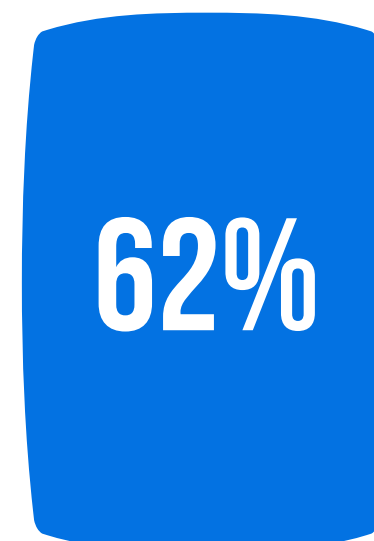
KOREAN DRAMA IS #1, AS THE POPULARITY OF WESTERN CONTENT DECLINES

Korean Drama continues to be the best way to reach female viewers as Gen Zs, younger Millennials rate it as their top content type by source. Its influence has even expanded to drive excitement around local versions of reality TV and drama.

Quality local productions are also capturing the attention of local viewers, with a focus on authentic and gritty stories.



of female viewers rank Korean Drama as their favorite genre



of Gen Zs rank Korean Drama as their favorite genre



THE RISE OF SMART TVS OFFERS A NEW WAY TO REACH AND TARGET HOUSEHOLDS

Traditionally, mobile has been the top way to access OTT in the region, but viewers are increasingly accessing OTT content via Connected TV (CTV), such as Smart TVs and casting devices.

Noticeably, Smart TVs are a growing trend. One in five OTT viewers have purchased a Smart TV in the past six months — and half of those who don't own one are likely to purchase one in the next 18 months. Smart TVs claim a third of all OTT viewing hours, roughly three billion hours.

71%

of SEA OTT viewers use a Smart TV in 2021, up 6pp from 2020

48%

of OTT viewers watch OTT with others

The rise of Smart TVs offers advertisers a unique way to target households. Compared to other digital channels like Facebook and YouTube, which target individuals, OTT lets advertisers target groups — families and viewing parties.



TRANSLATE OTT OPPORTUNITIES INTO IMPACT

Our research highlights some big opportunities for OTT advertising in Southeast Asia—and we are seeing forward thinking brands take advantage of these opportunities to:

Amplify upper funnel impact

Build brand trust and bring consumers from awareness to consideration

Drive full-funnel impact with better quality attention

Aim to spend efficiently across channels to achieve reach KPIs

Use OTT power pairings to drive targeted campaign outcomes

Consider shifting a portion of linear TV spend to OTT

AMPLIFY UPPER FUNNEL IMPACT WITH OTT

In an analysis of 21 OTT campaigns across Kantar's cross-media database, OTT consistently delivered upper funnel impact. OTT's average contribution to brand recognition is high and consistently outperformed YouTube and Facebook over 2021 and 2022. Furthermore, OTT outperforms Facebook in unaided awareness, proving itself best amongst digital channels and only second to TV when compared across all media channels.

Especially in today's context of ad-cluttered channels, OTT is an effective way to cut through the noise, especially in combination with other emerging digital channels.

CASE STUDY

Despite intense competitor activations across traditional channels, a leading beverage brand achieved high awareness by including a unique touchpoint via OTT which resulted in +27% campaign uplift vs norm. Additionally, OTT delivered 14% campaign impact compared to 0% by TV, YouTube, and Facebook.

OTT outperforms YouTube and Facebook on upper funnel impact

OTT contribution to brand recognition



Impact per person vs YouTube



Impact per person vs Facebook

OTT contribution to unaided awareness



Average campaign contribution vs Facebook

BUILD BRAND TRUST AND BRING CUSTOMERS FROM AWARENESS TO CONSIDERATION

Beyond driving awareness, emerging studies are showing how OTT can push the needle on mid- and lower funnel metrics.

Kantar's cross-media database reveals that OTT's contribution to consideration is ahead or on par with YouTube and Facebook.

+13%

Impact per person
vs YouTube

+41%

Impact per person
vs Facebook

OTT drives Top Box Consideration ahead of Facebook and YouTube



CASE STUDY

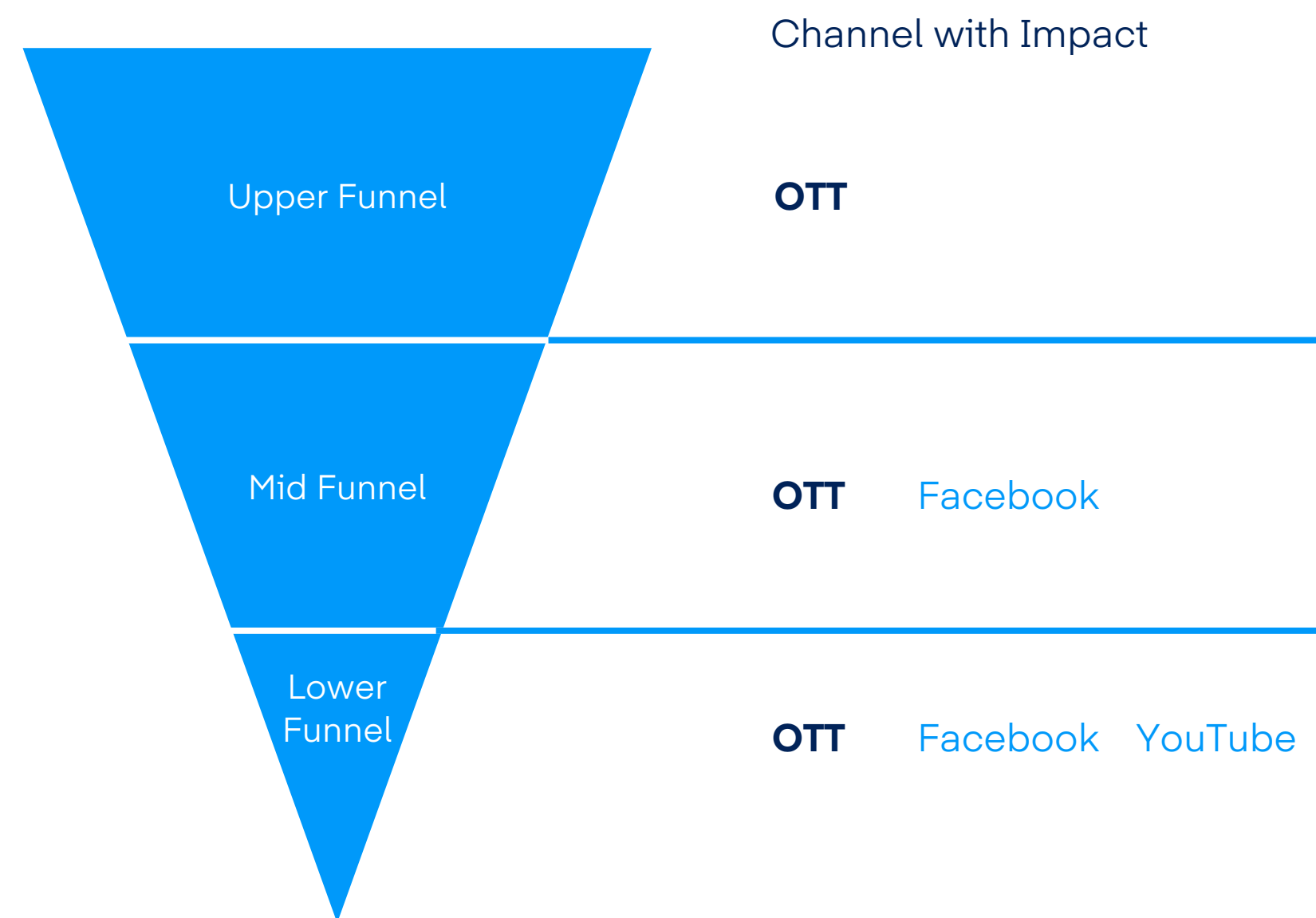
One ongoing hypothesis is that similar to traditional TV, OTT can create viewer association with brand trust and credibility. This was demonstrated in a recent cross-media study for a leading beverage company. OTT had the strongest solo impact on "Brand I Trust", outperforming TV. It also worked in synergy with TV to deliver 42% of impact on brand trust.

DRIVE FULL-FUNNEL IMPACT WITH BETTER QUALITY ATTENTION

In a study of a recent campaign that used channels, including traditional TV, YouTube, Facebook, and TikTok, OTT was the only touchpoint to deliver impact throughout the funnel, despite being the third lowest in spend.

Case Study:
Across online touchpoints OTT was the only one with impact across the funnel

Media channel campaign impact



This is enabled by consumer perception that OTT is less intrusive and more engaging compared to other channels. According to the The Trade Desk Future of TV Survey 2021, respondents are...

14%

more likely to say ads on OTT are less intrusive compared to traditional TV

21%

less likely to ignore or skip OTT ads compared to YouTube ads

AIM TO SPEND EFFICIENTLY ACROSS CHANNELS TO ACHIEVE REACH AND BRAND KPIS WITH OTT

OTT is ideal for marketers seeking to run more cost-efficient campaigns, especially for brand impact KPIs. In both recent studies, OTT was second only to programmatic when driving brand impact, consistently outperforming TV, YouTube, and Facebook.

OTT is also cost-efficient when it comes to reach. In both studies, OTT was at least 2.2x more cost-efficient than TV in driving reach. In one case, OTT's reach efficiency was also 1.5–1.8x more than Facebook and YouTube.

High cost-efficiency of OTT in driving reach and brand impact vs TV

CASE STUDY 1

25X

more cost efficient than TV in driving brand impact, #2 most cost-efficient overall

4X

more cost efficient than TV in driving reach

CASE STUDY 2

4X

more cost efficient vs TV in driving brand impact and #2 most cost-efficient overall, behind programmatic

2.2X

more cost-efficient than TV in driving reach and 1.8x more cost efficient than YouTube and 1.5 x more cost efficient than Facebook



Spends per 1%
Reach

=

$$\frac{\text{Total Spends per touchpoint}}{\text{Total Reach (\%) for respective touchpoint}}$$

Spends per 1%
Brand Impact

=

$$\frac{\text{Total Spends per touchpoint}}{\text{Total Reach (\%) for respective touchpoint}}$$

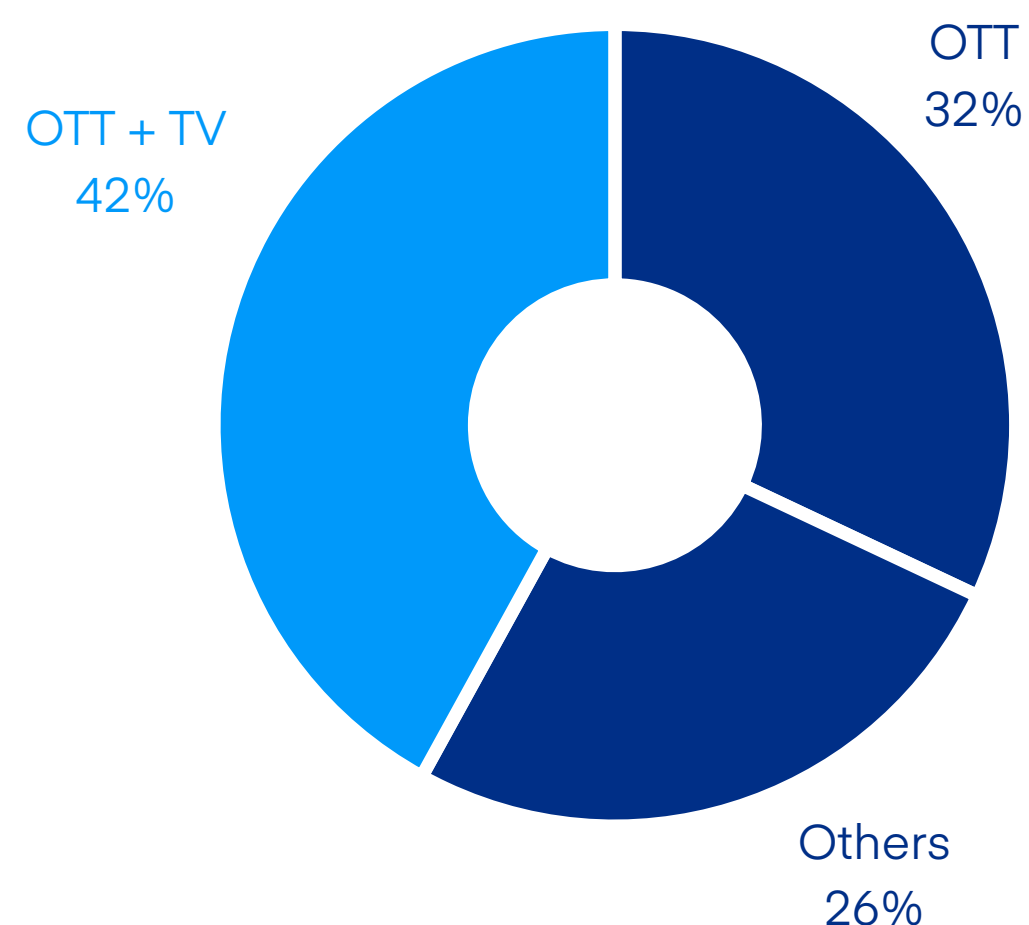
USE OTT POWER PAIRINGS TO DRIVE TARGETED CAMPAIGN OUTCOMES

OTT is particularly effective when combined with other channels.

In one case, where “Brand I Trust” was a key metric, the combination of OTT with TV ads contributed to 42% of this KPI, in addition to the 32% impact by OTT alone.

Case Study 1: OTT effectiveness in building trust in brand alone, and in synergy with traditional TV

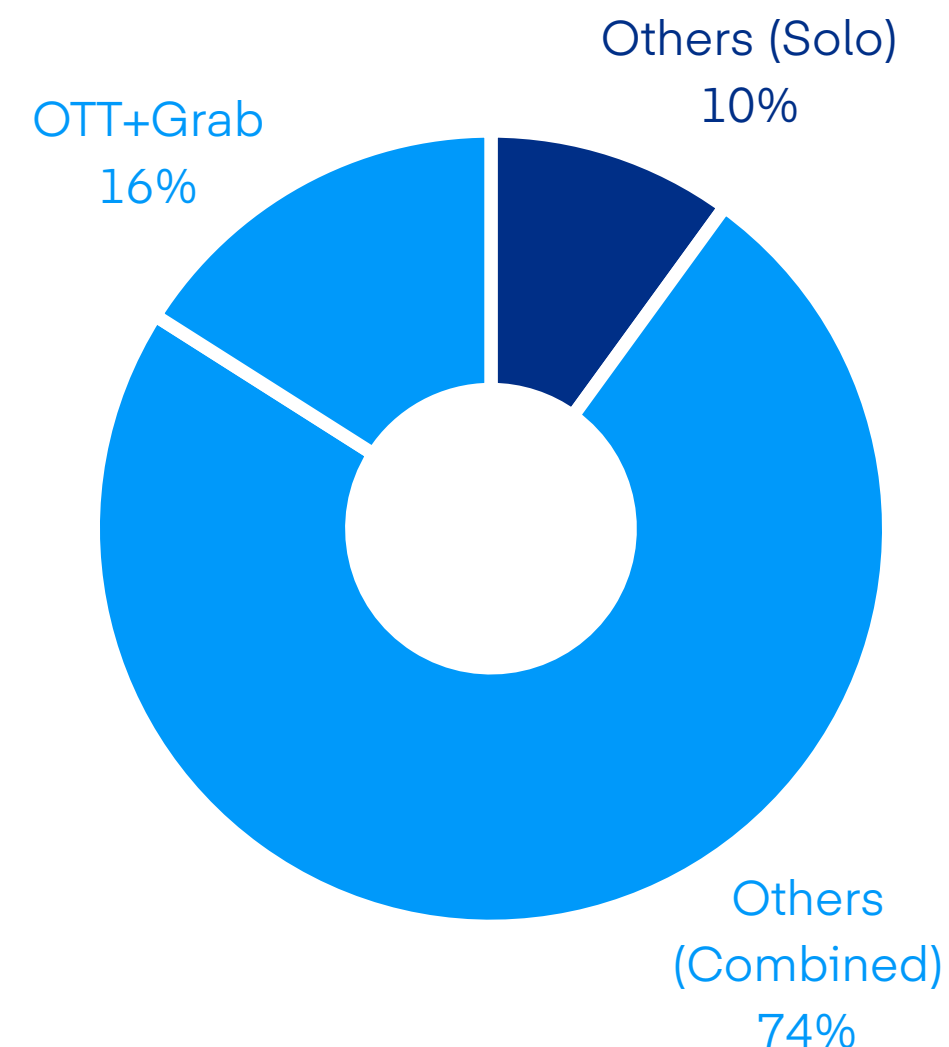
Combined vs solo impact on ‘Brand I Trust’, %



In another case, 90% of campaign impact was driven by a combination of different channels, this is a +114% increase compared to Kantar norms. OTT’s combination with Grab Ads was particularly effective for a food-pairing campaign, contributing 16% to overall campaign impact.

Case study 2: OTT with Grab Ads had the strongest combined impact among online touchpoints, 2.6x more than Facebook/TikTok

Combined vs solo impact on overall campaign, %



Test and find out what channel you should combine OTT with to find your most powerful combination depending on your key campaign outcomes.

CONSIDER SHIFTING A PORTION OF LINEAR TV SPEND TO OTT

Over the past five years, spending on linear TV advertising has decreased by \$47 billion while spending on web video has increased by \$39 billion.

Leading brands are designating part of their wider TV budget for OTT to employ test-and-learn approaches to find what works for them.

Additionally, using a new channel like OTT can generate new data on audiences to help build clearer buyer personas and improve future campaign design.

Cross-media analysis of a recent campaign in Thailand showed that a 1—25% reduction in TV spending would have no impact on the campaign's overall reach. Instead, by shifting the budget from traditional TV to OTT, spending could have been optimised for greater brand impact.

"On average, brands that are doing well in OTT currently assign around **10% of their linear spend** to this channel."

MARLENE GRIMM
TV SQUARED

Case Study: Post-campaign model showed 10–25% reduction in TV spends would have negligible impact on campaign reach.

Media spends	Optimised Scenario 1	Optimised Scenario 2
Optimization	-10% spend on TV	-25% spend on TV
Total	No change	-0.1%
Upper Funnel	No change	-0.1%
Mid-Funnel	No change	No change
Lower Funnel	No change	No change

HIT THE GROUND RUNNING WITH RECOMMENDED BEST PRACTICES

Through our research and partnership in client campaigns, we have identified several best practices for OTT advertising.

Level up with granular, omnichannel, and data-led targeting

Apply frequency caps across channels through different exposure levels

Isolate the metrics that matter most and optimise in real time

Adapt creative for OTT campaigns

Use emotion and fewer messages to generate more impact

LEVEL UP WITH GRANULAR, OMNICHANNEL, AND DATA-LED TARGETING

Granular targeting settings

Most platforms offer targeting capabilities, such as time of day, genre of viewed content, category of viewed content, and telco carriers. **Marketers should use these settings to ensure only their ideal audiences are seeing their ads.**

Retargeting and sequential messaging

Apart from basic targeting, retargeting and sequential messaging enable brands to tell a complete story via omnichannel targeting. Go from digital TV to retargeting on display, native, and audio channels to drive users towards consideration and action.

Use first party data

Brands with first party data are using it to reach new third party audiences with lookalike modelling. In a post-cookie era, this is a key differentiator for winning brands that want to create a virtuous cycle and constantly learn about their customer behaviors.



APPLY FREQUENCY CAPS ACROSS CHANNELS THROUGH DIFFERENT EXPOSURE LEVELS

Ad overexposure is a double concern. It leads to ad fatigue, which may create negative brand associations and wastes a campaign's budget on unproductive views. The challenge is how to identify the optimal ad frequency.

Platforms solve this by providing estimated campaign performance at different ad exposure levels to help marketers make informed frequency capping decisions. **As a guide, drop-off rates typically increase after 5–6 exposures.**

Marketers also use this technique to manage multi-channel campaigns through a single platform. This gives them a holistic view of how many times their ads are being watched across channels and the overall frequency, instead of just one or two channels' ad frequency in a silo.



5-6

Typical number of exposures before drop-off rates begin to increase



For most campaigns, analyse performance after the two-week mark to make decisions about frequency capping.

ISOLATE THE METRICS THAT MATTER AND OPTIMISE IN REAL TIME

Step 1: Determine your key success metric(s).

Tailor it to your campaign goal instead of getting caught up in reach. For example, if the goal is acquisition, your key metric should be cost per acquisition (CPA).

Step 2: Understand the relationship between other campaign metrics to your key success metric(s).

Optimise these during the campaign. For example, if brand trust is a key campaign outcome, focus on retargeting metrics and mid-campaign brand lift results.

Step 3: Use auto-optimization tools for a more hands-off approach once your team develops confidence in the metrics.



Brands that are most successful with OTT are those that continuously measure campaigns to identify the genres, streaming services, times of day, and creative lengths that drive the highest levels of response, and optimise accordingly.



ADAPT CAMPAIGN CREATIVE FOR OTT

Fifteen-second creatives tend to perform better. Shorter ad lengths often result in greater ad retention. Despite possessing great storytelling potential, longer ads need to be highly engaging to hold the attention of viewers.

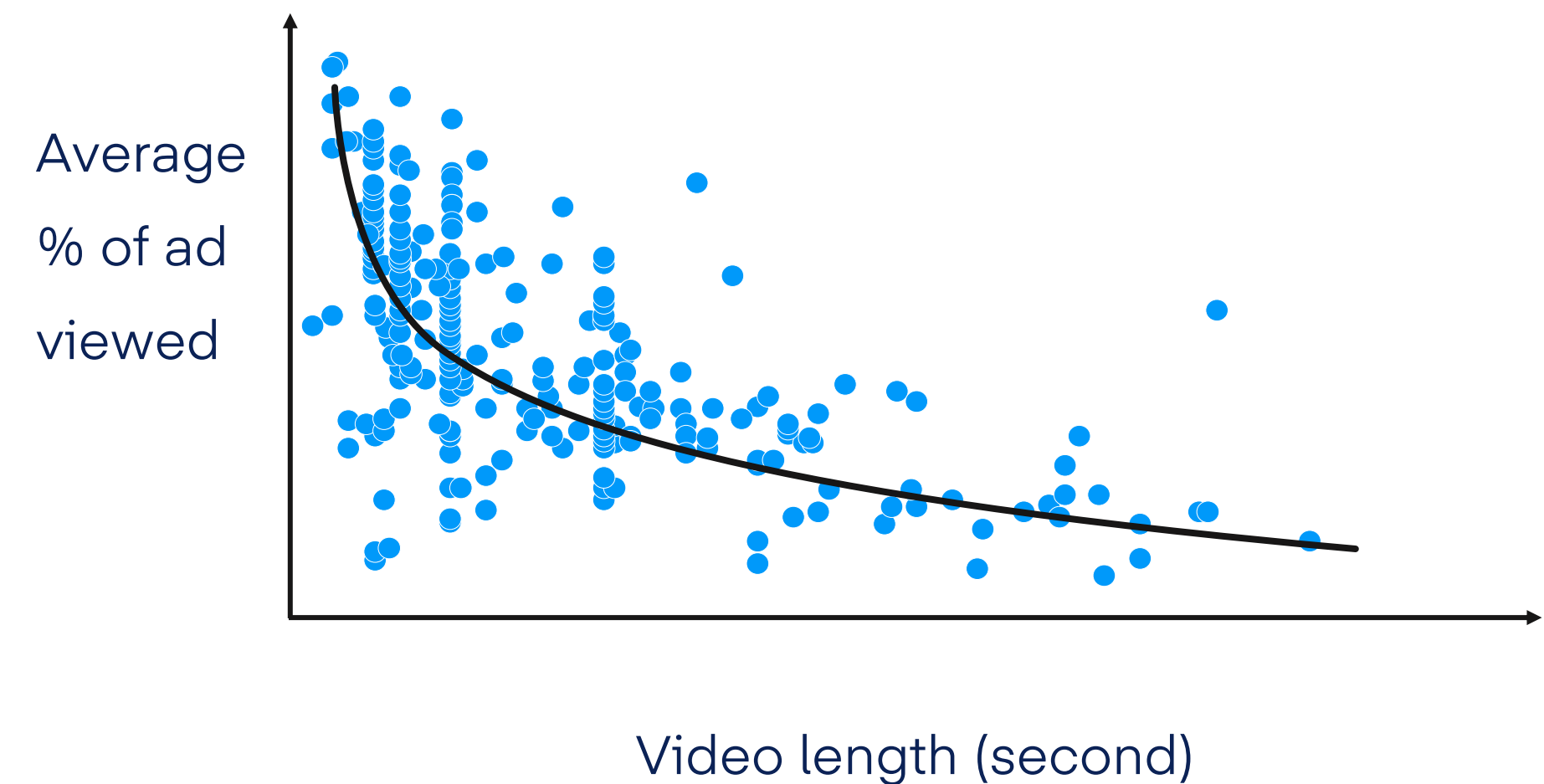
Consider using a creative specifically for OTT's premium environment. While the OTT platform inspires trust and brand association, the context can only influence audiences to a limited extent. Brands need to pay attention to the creatives used. For example, a study by Kantar found that using the same creative in digital environments as for TV does not always work — the best ROI is achieved when creative is customised for the platform on which it is being viewed.

+13%

Greater return on investment using integrated campaigns, with creatives customised to the media platform, compared with campaigns with non-customised creatives

Studies show an ad retention bias towards shorter ads

% ad viewed against ad length



USE EMOTION (AND FEWER MESSAGES) TO GENERATE MORE IMPACT

Ads that evoke emotion engage audiences the most. Emotional ads are more likely to drive preference and future choice at the time of purchase. Digital videos evoking stronger emotions generate more impact and are more likely to go viral. They also drive persuasion, and long-term brand equity.

Focused messaging also lands with greater impact. A Kantar study found that the more messages we try to deliver in an ad, the less strongly each message comes through.

Ads that evoke stronger emotions generate

33%

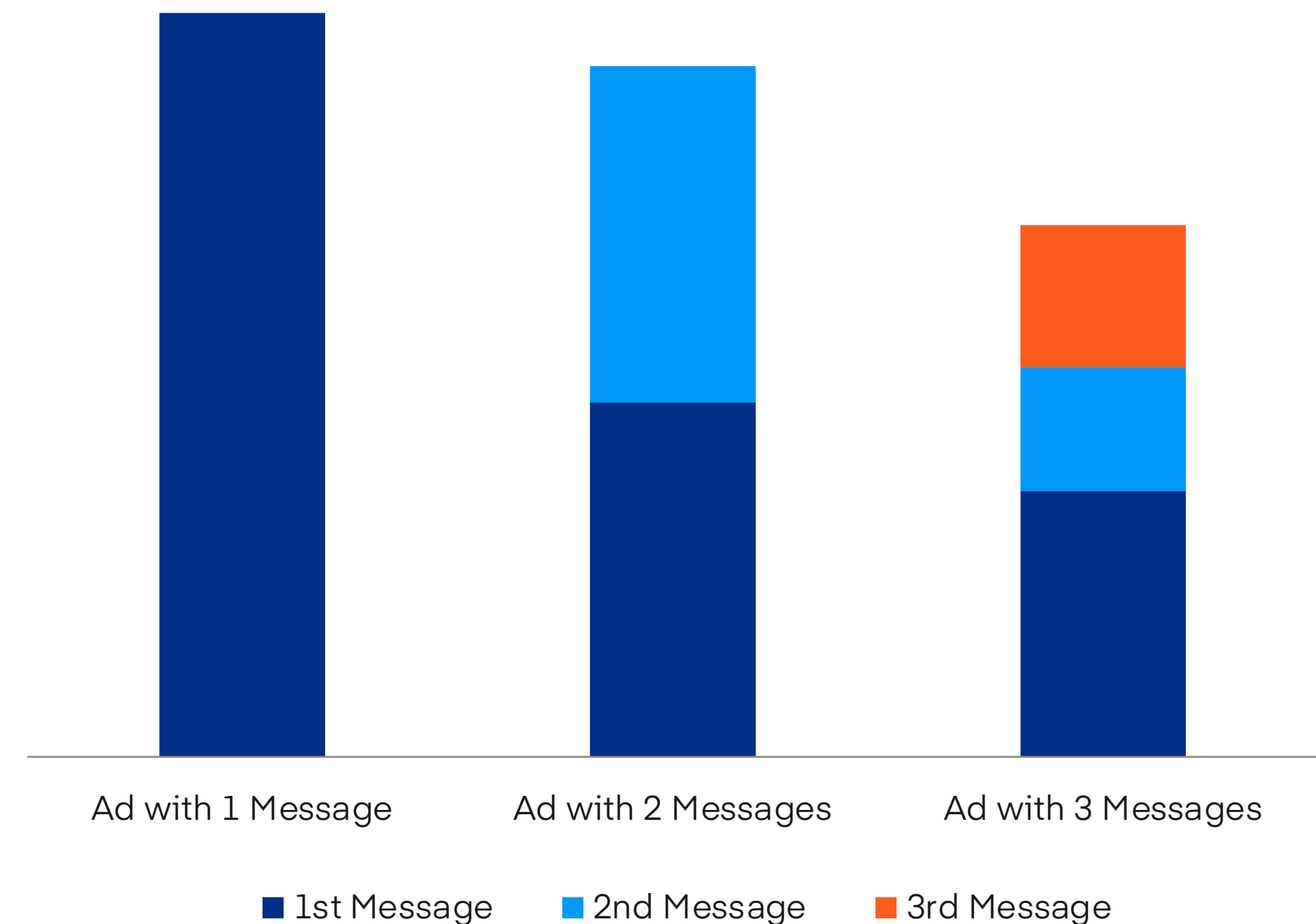
More short-term sales

28%

More contribution to long-term brand equity

Ads with fewer messages are more strongly registered

% registering each message



OTT'S FUTURE IS EVEN BRIGHTER

Already on the rise due to smartphone and internet adoption, OTT consumption was further accelerated in Southeast Asia due to the COVID-19 pandemic. That trend is set to continue as 5G networks usher in a new wave of OTT uptake. We also expect Southeast Asia's predominantly mobile audiences to shift towards multi-device streaming, bolstering other opportunities for OTT advertising, such as ad-supported and live-streaming services.

As our research results show, OTT already offers big opportunities for advertisers in Southeast Asia. And with its future looking even brighter, now is the time to build your capabilities and knowledge so you can take advantage of new creative ways to take advantage of OTT's increasing popularity.



METHODOLOGY

The findings in this study were based on the The Trade Desk Future of TV Survey 2021, two cross-media studies commissioned by The Trade Desk, and supplemented by Kantar's proprietary cross-media database which compares results from 26 campaigns which used OTT as a channel.

The data from The Trade Desk Future of TV Survey 2021 comes from a custom customer survey commissioned by The Trade Desk and carried out by the market research company Kantar. Kantar conducted a survey among 6700 consumers, ages 16+ in the Philippines, Singapore, Malaysia, Vietnam, Thailand, and Indonesia in November 2021.

This report was commissioned by The Trade Desk and carried out by the data, insights, and consulting company, Kantar.



For more information, contact us at info@thetradedesk.com

ABOUT THE TRADE DESK AND KANTAR

The Trade Desk helps brands and their agencies advertise to audiences across millions of ad-supported apps, websites, and streaming providers — all around the world. Their media buying platform is focused solely on the buy side, empowering advertisers with data, transparency, and precision to reach and grow their audience everywhere. And helping to power the content that fuels the free and open internet.

Kantar is the world's leading marketing data, insight, and consultancy company. Part of WPP, the company's services are employed by over half of the Fortune 500 companies in 100 countries. Their global team of consultants blend people expertise and industry experience to build solutions that help drive incremental growth for their clients. This document is developed in partnership with the Consulting Division, located in Singapore.

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