



Advancing OTT audience capture:

HOW STRATEGIC PARTNERSHIPS PROVIDE AVENUES FOR GROWTH

Intro

Partnerships ultimately provide mutual value to all parties involved if selected and executed effectively. Being able to reach & aggregate audiences upstream (i.e. through a Telco partnership) or downstream (i.e. through brand partnerships) increases the effectiveness of your customer acquisition spend and impact. It also offers wider benefits, including brand reach, customer loyalty and lifetime value.

At Magine Pro, we believe now, more than ever, due to an increasingly busy streaming marketplace, that partnerships are critical for OTT services to secure growth as partnerships enable services to broaden market reach. And in turn, OpCo's and PayTV operators can benefit from service differentiation by bringing OTT services into the fold.

In this white paper, we look directly into the benefits of partnerships for OTT. We start by sharing Omdia's research into how aggregation can drive growth for smaller players, focusing on three core types of partnerships, including Telco bundling and virtual Pay-TV operators as aggregators. And we also dive into the advantages of strategic brand partnerships, with Magine Pro partners sharing their own experiences and insights into how partnerships have improved their service discoverability, acquisition and growth.



Matthew Wilkinson
CEO, Magine Pro

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Why partnerships are now key to delivering sufficient online video growth

WRITTEN BY: TONY GUNNARSSON

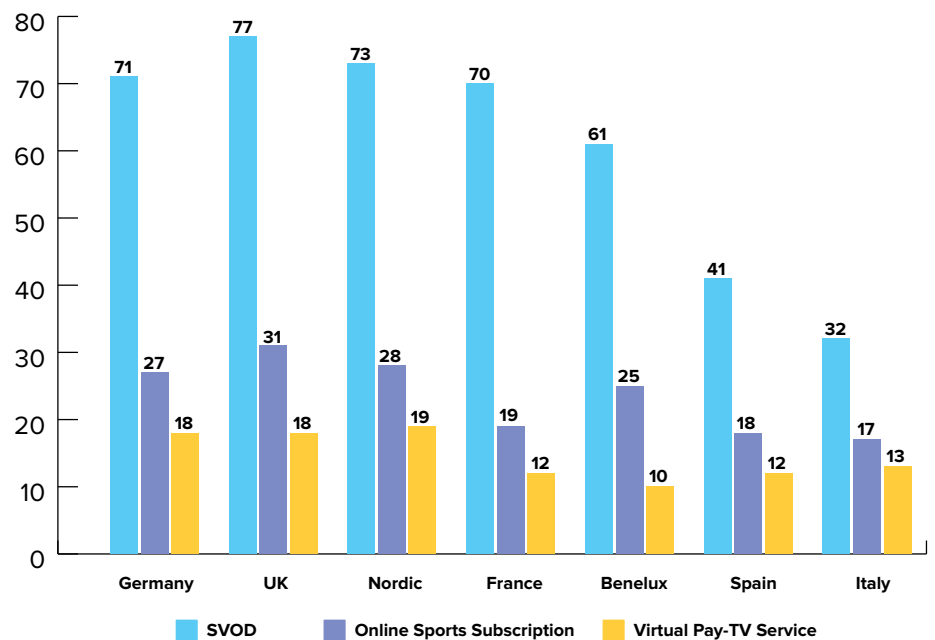
OMDIA

Online video has become fiercely competitive

In 2022, two years on from the start of the new Direct-To-Consumer (D2C) revolution, the online video market has become fiercely competitive. The global roll-out of next-generation US major SVOD services has added a range of new ‘must-have’ services, greatly increasing the sheer number of SVOD services available to customers. For years, mature European markets were serviced by the big majors Netflix and Amazon alongside multiple local and regional SVOD services; now Disney+, Discovery+, Paramount+ and HBO Max and others have joined their ranks. As a result, most mature European markets have upwards of 15 major SVOD services competing with more than 70 SVOD services per market, which are all trying to capture the imagination of customers.

Most of the major players are aggressively investing in exclusive series content that is only available via their own services. In this environment, it is becoming harder for smaller SVOD services—those that are focused on niche genres or interests, or even SVOD services that are only available in a single country—to stand out against the US major services. This is also an environment that more than ever encourages service disloyalty and subscriber seasonality—with few households willing, or able to afford, to subscribe to all ‘must have’ services at the same time. As a result, many customers will regularly alternate between services just to be able to keep up with the latest ‘must-see’ content from across a broad range of services that have exclusive content.

The average number of online video subscription services in select Western European markets in 2021



Source: Omdia

SVOD is a contract-free model that customers can leave at any time, so service providers must at all times remain proactive in terms of marketing, customer acquisition and retention, by closely monitoring user data and by responding to signs of potential churn. While most SVOD subscribers continue to be standalone D2C customers, a growing proportion of the market is made up of customers that get access through various wholesale arrangements with other service providers.

Omdia now expects further consolidation in how services are made available to customers, as many of the newer services will be unable to compete D2C, and are therefore being forced into B2B arrangements, where they can piggyback on the benefits of bigger players with greater scale. For the major services, hybrid AVOD/SVOD models will become a necessity. **For smaller SVOD services, there are three core types of aggregation partnerships that should be investigated:**

- **Pure SVOD aggregators**
- **Virtual pay-TV operators as aggregators, and**
- **Telco operators that bundle third-party SVOD services**



The premise of SVOD aggregation has not yet been realized

There have been broad expectations that a native SVOD aggregation platform would eventually arrive, with the biggest SVOD services available to customers through a single combined monthly subscription charge, but as of 2022 no such endeavour has yet materialized. Two of the worlds’ leading online media companies—Amazon and Apple—have tried to create generalist SVOD aggregation services, through Amazon Prime Channels and Apple TV Channels respectively. But being aligned with their own inhouse SVOD services, they have ultimately failed to agree to permanent terms with essential key services like Netflix, Disney and HBO. Between the two, Amazon has been the most aggressive, with most third-party video services available on its bolt-on Channel service, but even so the offering remains available only in its core Prime memberships markets (i.e. US, UK, Germany and Canada).

Similarly, Apple TV Channels remains most credible in the domestic US market—internationally, the range of third-party SVOD services currently available tends to be US-based smaller niche services, available without localization and consequently with little local relevance to audiences in Europe. Other companies have tried to develop SVOD aggregation as a service, but so far most commercial attempts have been centred on the US. For example, Struum has developed an innovative model for the aggregation of SVOD services, providing its users a pot of monthly credits that can be spent to access select SVOD services from a list of around 50 SVOD providers. VRV is another US-exclusive aggregator platform, this time focusing on anime and fandoms, however VRV is currently retreating from aggregation. As of 1Q22, its only remaining channels are Crunchyroll, Mondo, and VRV Select.

Virtual pay-TV services selectively aggregate to differentiate

With online video growing in maturity over the last few years, virtual pay-TV operators such as Sky’s NOW and NENT’s Viaplay have sought to expand their general offer by including bolt-on subscriptions to third-party SVODs. Like legacy pay-TV, virtual pay-TV services generally provide access to a broad range of third-party content including new release movies and US TV series, as well as a sports tier with live streaming of premium sports. With content investments largely eaten up by third-party digital distribution rights, virtual pay-TV services are often open to partnering with smaller services, that are made available to their own subscribers as add-on / bolt-on subscriptions.

Typically, virtual pay-TV services aggregate smaller, genre-specific or niche services, such as NBCUniversal’s Hayu, Starzplay or ITV’s Britbox. The model used for aggregation is however highly selective, with the focus on smaller third-party services that are unable to succeed on their own, but that possess a content proposition that complements, but not directly competes with, the main offering of the virtual pay-TV service. Virtual pay-TV services tend to only aggregate a handful of third-party SVOD services, doing so when it helps them to differentiate against the US majors, and only when there is no risk of cannibalizing their own services.

Telcos are taking a lead in the aggregation of SVOD

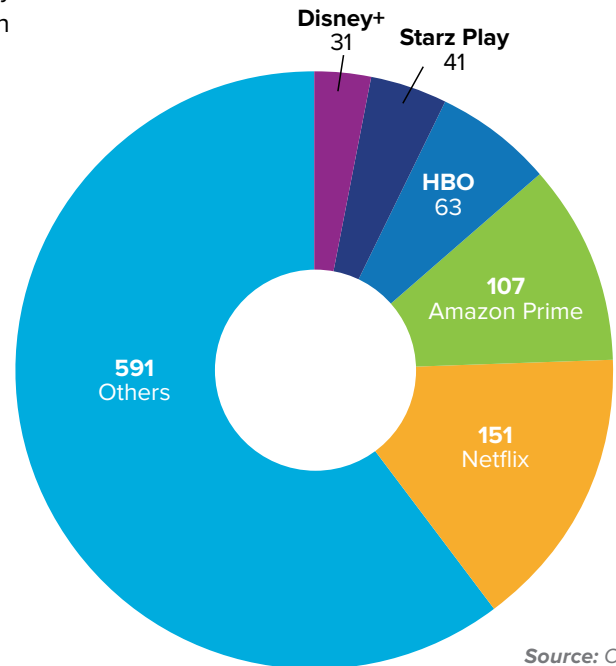
Telco operators partnering with streaming services has become the new norm. With pay-TV in retreat, operators are assuming a new role as aggregators of online video streaming services. Major integrated telcos with substantial international mobile footprints such as Vodafone, Telefonica and

Deutsche Telekom are the world leaders in third-party video aggregation, with multiple service integration partnerships in place across their mobile, TV, and fixed broadband product lines in several markets. But most regional and national telcos are also using the aggregator model, as are most major and national streaming services. While the big US services like Netflix, Amazon, Disney and HBO are among the most active streamers

to partner with operators, the vast majority of SVOD services in active partnership with telcos are smaller SVODs. Based on Omdia’s operator-OTT video tracker, at the end of 2021, there were nearly 1,000 such telco-streaming partnerships active around the world - the top five global SVOD services make up around 40% of all partnerships with almost 60% being smaller, national or niche SVOD services.

As such, SVOD has become an integral part of extended telco bundles, with streaming services integrated into telco-owned TV platforms as well as on mobile, broadband and pay-TV bundles. Like virtual pay-TV operators, telcos with top-tier own brand TV and video services are selective aggregators,

Breakdown of global active operator-online video partnerships H2 2021



Source: Omdia

Footnote: 984 live partnerships. Excluding marketing alliances



At the end of 2021, there were nearly 1,000 telco-streaming partnerships around the world.

typically partnering top SVOD brands like Netflix, with their key consideration being to avoid cannibalization of their own video services. Telcos that do not have significant own-brand video services are more at liberty to take an open approach to third-party SVOD aggregation: They are becoming super-aggregators. Telcos with multiple third-party SVOD partners enable access to a broad range of SVOD services, both big and small. In short, telcos are today becoming key curators of online video entertainment. And it makes sense for

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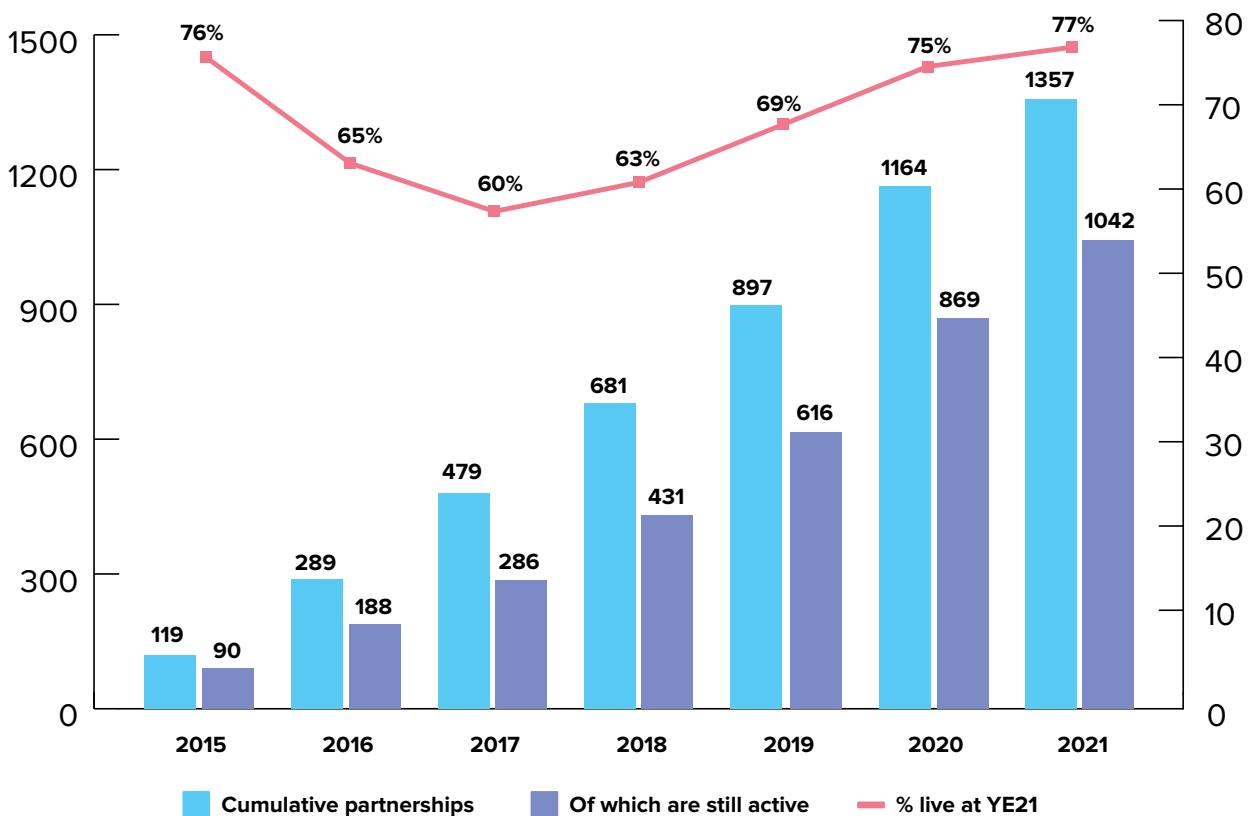
both operators and streamers for them to do so. Operators target users via established business lines and customer bases, incentivize online video uptake via price subsidisation, leverage direct

billing relationship with existing customer bases and offer improved viewing of entertainment through UX integration. By using existing billing, sales and marketing collateral, operators can promote and upsell third-party streaming services to their existing TV, fixed broadband and mobile bases. Omdia’s research shows that direct carrier billing, where telco subscribers can add a

streaming service to their telco bill, is the most prevalent partnership characteristic. For the operators, partnering a streaming service is all about maximizing the control of customer relationships.

After years of experimentation, telco-online video partnerships have begun to evolve. At the start, telcos mostly provided add-on streaming services, but today third-party streaming services are more and more becoming an integral part of telco services. Permanent hard-bundling—where online video is included in tariffs for the full duration of telco service plans—is growing in prevalence. Super-bundling is also emerging as a key differentiator—whereby an operator is bundling multiple third-party video subscriptions into a single plan for a discounted price. Subscription swapping is also emerging in some mature markets, allowing customers to change online video services without breaking contract, for example via ‘digital credits’ that provide personalized, flexible bundling of services. While online video has largely succeeded on the standalone model, Omdia expects the split between standalone and bundled access to SVOD to shift towards greater bundling over the next 5 years. As this happens, telcos are likely to be the winners of the streaming-first market: telcos aren’t aligned to specific online video providers and as such as are best positioned to aggregate and bundle rival SVOD services.

Global operator-online video partnerships as of H2 2021



Source: Omdia

Lessons about partnering

In a fiercely competitive market, no online video service can succeed on its own, partnering has become essential. The online video space in the past years has seen a rise in partnerships of various forms, mimicking the pay-TV platform as a content aggregator but with a higher degree of flexibility and openness. A range of options are available for streaming companies seeking partners: Potential partners range from telcos, pay-TV operators (as apps on the STB), devices and other online video platforms which aggregate ‘channels’. In mature markets where global players like Amazon or Apple are firmly established, it may make sense to partner to become a channel on their aggregation platforms. In other markets, a virtual pay-TV operator may be the better partner. In most markets, partnering with local telcos is becoming essential to expand the reach of online video services.

There is a range of potential benefits when partnering with telcos—there can be cost savings in cross-marketing efforts with a leading telco, and the lure of access to a large base of captured mobile and broadband households should be obvious. For smaller SVOD services that are entering the market and building their brand, a promotional partnership with a telco can be a cost-effective way to maximise marketing reach. For established SVOD services, distribution partnerships with telcos—for example where a SVOD service is available to customers through telco tariff bundling—can be a means to drive quick subscriber acquisition. Permanent bundling through telco products and services can also ease the strain of seasonal churn. But traditional bundling isn’t the only answer for partnerships. Partnering with other industry-related brands and operators has the potential to elevate marketing efforts, increase audience reach and extend costs further.

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Strategic partnerships & growth

Driving service discoverability, acquisition & growth through brand partnerships

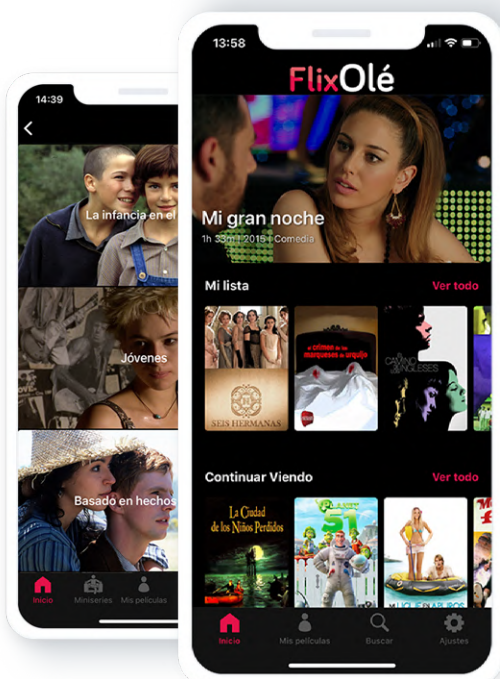
Omdia's report highlighted why partnerships are key to delivering sufficient online video growth and specifically the impact of bundling and aggregation partnerships with the likes of telcos and Pay-TV operators. But what does that mean for smaller niche players, or even new market entrants, who are only beginning to build a foundation within the market?

At [Magine Pro](#), we believe partnerships of all kinds can be beneficial to discoverability, acquisition and growth, including well-considered brand partnerships. For smaller niche players, brand partnerships that support their marketing efforts can considerably impact growth and even long-term market ambitions. Omdia also highlighted the benefits of brand partnerships within the report, stating 'Partnering with other industry-related brands and operators has the potential to elevate marketing efforts, increase audience reach and extend costs further.'

Collaborating with other brands can be essential to most marketing strategies, and partnerships should be entered into based on relevance to a streaming service, content and most importantly, potential audience.



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Trusted brands

The right partnerships also enable new market entrants to benefit from existing trusted brand reputations. Many Magine Pro partners have seen sizable increases in conversion rates and audience engagement through partnerships with other brands. For example, the Spanish cinema service, [FlixOlé](#), reported that more than 50% of initial sign-ups after launch resulted from their collaboration with CaixaBank, which offered subscription discounts to their customers. Partnering with the trusted Spanish bank increased FlixOlé's brand recognition and awareness considerably.

Similarly, our Swedish film service partner, [Draken Film](#), reported significant subscriber growth after introducing a revenue share model with local cinemas at the beginning of the COVID-19 pandemic. The collaboration resulted in cinemas promoting Draken Film to their customers, who could then select which cinema they would like to support at sign up. [Olle Agebro, Head of Acquisition at Draken Film, remarked](#), "What was really important was that all those independent

cinemas had a really great relationship with their own local audiences. So when they communicated to them that they had to close but could recommend subscribing to Draken Film, that really built trust. The audiences trusted that Draken Film would serve the same purpose as their local cinemas and supported them.”

Rewarding revenue share

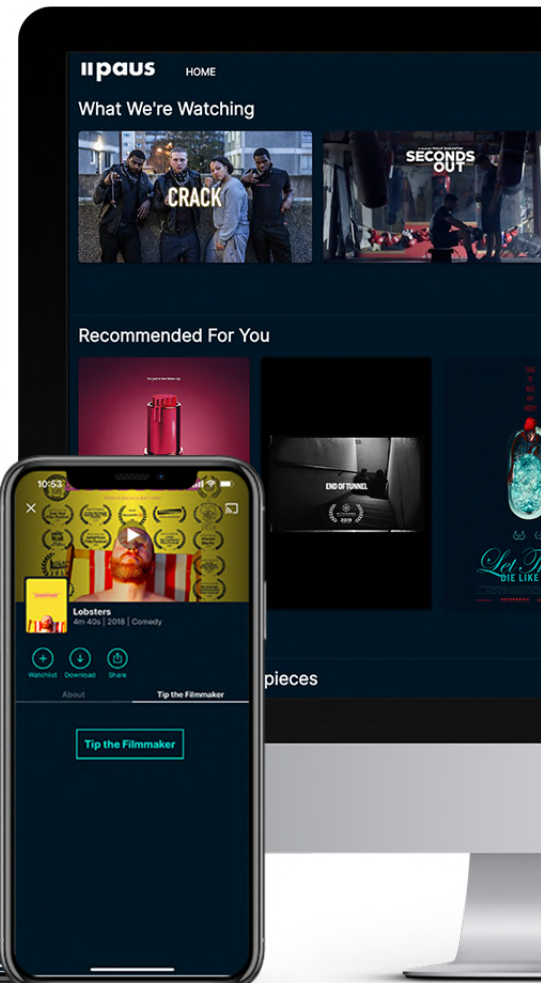
Revenue share partnerships like Draken Films with local cinemas are undoubtedly an interesting model for new market entrants to consider. In fact, Magine Pro’s partner, **Paus**, an independent film service uniquely powered by tips, is built around partnerships, primarily with filmmakers through revenue share. **Rishi Kapoor, founder and CEO at Paus**, says, “Everything we do we see as a partnership because we’re focused not just on the content but also on the creator. The fact that 94% of films made are independent, but

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Partnership can be mutually beneficial in boosting discovery, customer acquisition and monetization.

only 3% ever make their money back shows there’s a huge gap in the market for filmmakers to monetize their work more fairly. And so what we do is partner with them, not only from a monetization point of view but also from marketing.”

For Paus, the partnership is mutually beneficial in boosting discovery, customer acquisition and monetization. As Rishi points out, “All of the creators on our platform are encouraged to share their work and get people to watch their content, which is different from having your film on another service like Netflix or Amazon. Every filmmaker we work with gets a 14 step plan of how to promote and market their film to a wider audience. We do this because independent filmmakers generally don’t have the budget for a marketing and distribution team or executive. So, being much more than a streaming service, we’re doing what we can as partners to promote them. Working together benefits the filmmaker and us, as all those attracted eyeballs will land in the Paus service.”



Relevant brand collaborations

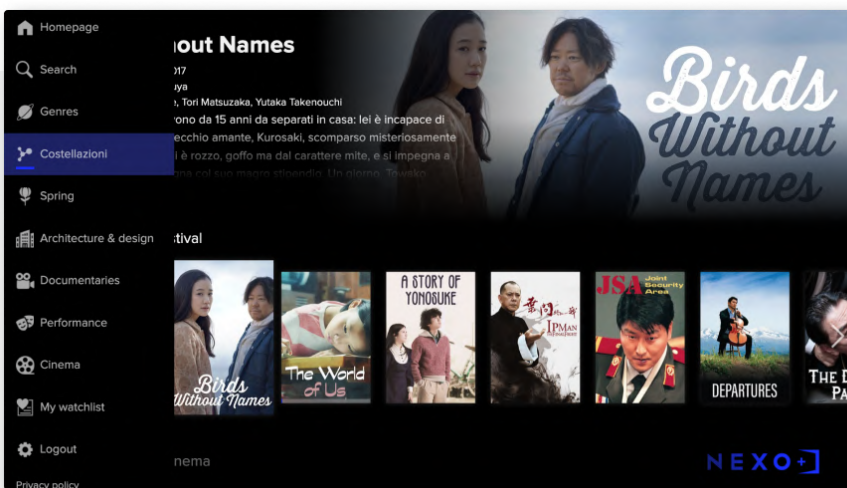
Collaboration with other brands is an effective way for new market entrants to establish their brand image, particularly with potential customers already familiar with the partner brand. Working with trusted and well-reputed brands is essential, but they also need to be relevant to engage the right audiences.

In 2021, Paus partnered with the Raindance Film Festival, enabling award-winning filmmakers the opportunity to premiere their work on the paus service and expand monetization through their tipping feature. For Paus, the partnership meant they could increase their catalogue, with over 200 unique films for users to discover, in a series of 24-hour windows during the run-up to the Raindance Film Festival.

Rishi says, “Raindance is one of the biggest brands in independent film. The partnership allowed Raindance to have a digital offering, which expanded their audience reach and enabled us at Paus to work with more filmmakers.

We essentially plugged in as an ecosystem partner and enabled Raindance to have a digital presence.” Paus’ unique revenue share model also meant the filmmakers could benefit from the partnership; Rishi points out, “Submitting to a festival isn’t cheap. Filmmakers can preview their films with us and earn the money that allows them to submit to more festivals. It also improves discoverability that enables Paus to get more recognition - it helps everyone.”

The right partnerships can help bolster a streaming services content library and give viewers access to content that’s not readily available elsewhere. For example, the success of the Raindance film festival partnership led to Paus later partnering with the Japan Film Festival. And it was through this partnership that Paus was able to surface niche Japanese film content by artists who are considered some of the biggest names in independent film in Japan. Offering niche or exclusive content is a great way to stand out from the competition in the streaming market. The added marketing support from the partner can also boost service discoverability and customer acquisition overall.



APPLY BRANDING

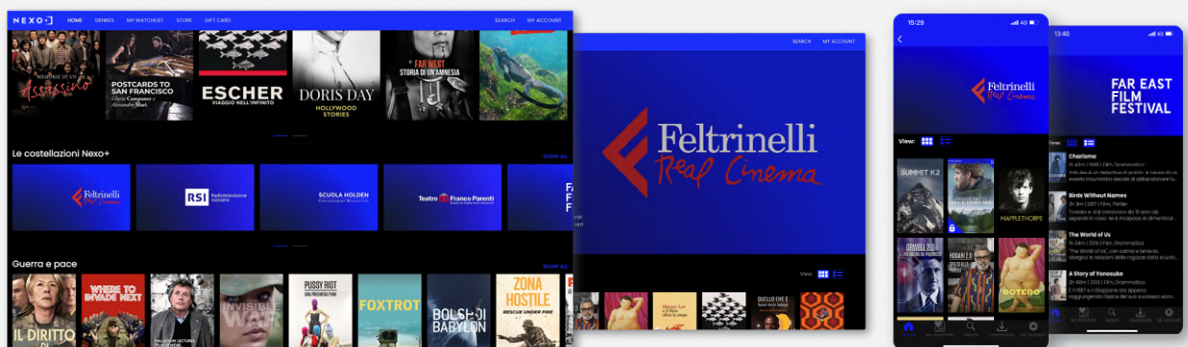
Magine Pro partners are able to independently apply additional logos and branding to their streaming service via Magine Pro’s web-based [CMS Console](#).

CUSTOM CATEGORIES

Curate content categories with Magine Pro’s CMS Console and build collections based on brands, popular actors, topical events and more.

HERO PARTNERS

Create pages for specific partner content and hero on the homepage of your service with brand logos.



How partnerships can be represented in product

Depending on the type of brand partnership and agreement, partner brands may want or need to be represented in the product. Magine Pro partner, Nexo+, for example, has collaborated with other brands and filmmakers, including the Far East Film Festival, which is among the world’s top Asian cinema events, Feltrinelli Real Cinema and publishing executive and filmmaker Elisabetta Sgarbi, among others. Content available through each partnership was presented within the Nexo+ service under each brand, with visible logos and clear content categories.



Key to choosing the right brand partner



LIKE-MINDED BRANDS

Collaborate with industry-relevant companies, particularly those with comparable brand values and have established audiences.



AUDIENCE AWARENESS

A partnership should expand your audience reach. To benefit from the collaboration, you may share similar target audiences but preferably different markets.



ALIGN GOALS

Do your goals align? Be clear on what you're hoping to achieve from the partnership to create and execute a successful campaign.



CREATIVE CROSS-PROMOTION

Consider whether there are opportunities to run cross-promotional campaigns that involve expanding marketing efforts, reach, creativity and costs.



ADD VALUE

Keep your existing audience in mind. Will this partnership add value for your customers? And be clear in your customer communications how the partnership benefits them.

Marketing & cross-promotion

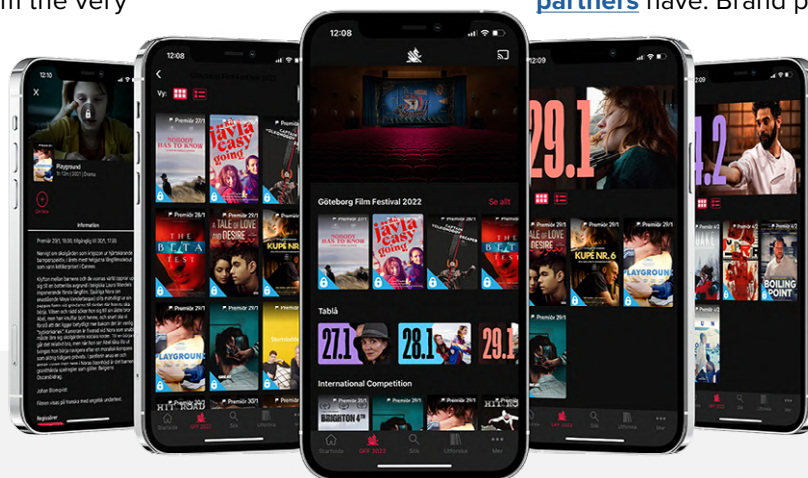
Proactive brand partnerships can have a considerable impact on marketing efforts and outcomes. Collaborating on campaigns that involve cross-promotion have multiple benefits for both partners, including:

- Extending audience reach, including access to each brand's existing customer base.
- Ability to communicate to new databases and expand their own.
- Team expansion where collaborations can generate new and original promotional ideas.
- Shared marketing increases the budget overall but also lowers costs for each brand individually.
- Guaranteed increase in brand exposure and awareness.



Working with a brand partner that relates to your existing and target audience is undoubtedly beneficial to boosting loyalty, building awareness and conversion rates. But it's also important that each partner sets clear marketing objectives and goals from the very beginning. Partnership brand marketing should expand marketing plans including, promotions, advertising, digital, events and even PR.

Ultimately, streaming services that are keen to engage in brand partnerships should carefully align with other industry-relevant brands, such as film festivals, cinemas, media houses and events etc., as many **Imagine Pro partners** have. Brand partnerships should have synergy and make sense to your business and the customer. And should also add equal value to both brands.



Partnership insights

Our partner, **Craig Miele**, Co-Chief Executive Officer and Co-Founder at **CSI Sports**, which operates **Fight Sports**, a streaming service dedicated to global fight content, shares insights into his thoughts and experiences with partnerships.

What kind of partnerships do Fight Sports invest in, and which are the most beneficial?

We are always looking to improve our distribution around the world. Thankfully, through the improvements in technology, we are provided with ever-growing opportunities. Existing/new platforms, existing/new services, direct/indirect, new ways to experience our content that not only include formats (social/TikTok) but environments (Metauniverse, etc.)

From your experience, what type of business model works best for partnerships and why?

It's definitely when there are equal value trading hands in a deal. Easier said than done, but that is the goal. Sometimes with operators, a part fee-based/part upside share base keeps things aligned on both sides. Where everyone has "skin in the game" and everyone has a shot at the waterfall of success.

What would you say is key to ensuring a successful partnership?

First having everyone that is part of the execution understand the deal (concept and goals). Then make sure each party understands their limits, capabilities, strengths and weakness. They need to share a vision that is mutually beneficial.

The future is partnerships

Magine Pro's CCO, Luke Boyle reflects on the industry and highlights the importance of partnerships for new market entrants



They say in business that it is who you know, not what you know. This has never been more true than in the ever more competitive world of OTT. Online video streaming continues to innovate, and those starting out on that journey, as we have seen, can be anyone from traditional broadcasters,

production houses, to an operator, a telco, ISP, sports federation, start-up, really anyone and everyone has or is looking at the platform. We at Magine Pro refer to a triangle of success: great content, great tech and clever marketing. This white paper focuses primarily on the latter.

Traditional marketing remains incredibly important, digital marketing equally so, but evermore relevant is that the success key comes down to partnerships. Partnerships is a very broad term; as you will have read, it can cover everything from aggregator partnerships, content partnerships, and partnerships with those in different market verticals that already have an audience - such as banks, film festivals, e-commerce, and even supermarkets and book clubs.

Many rights deals are now constructed based on partnership revenue share. Indeed our own commercial model with our partners is not dissimilar. It is important, of course, to partner with the correct organisation to achieve your individual and mutual goals. It should be a symbiotic relationship, and in theoretical terms, it is a simple one - there is a hungry audience out there for quality, exclusive, premium or just 'interesting' content. It is just about where to find it, through whom, and without breaking the bank of the respective audience.

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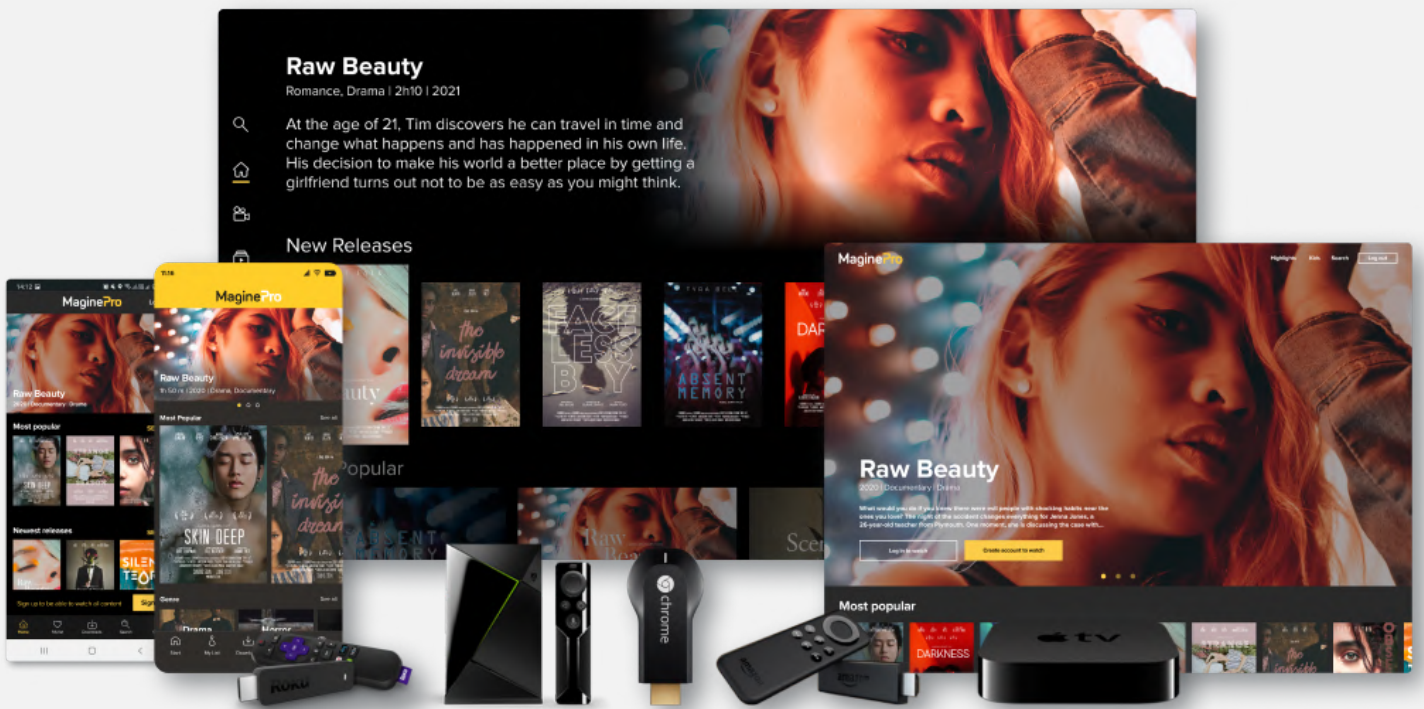
So what is the future of partnerships in OTT? The Omdia report tells us that the market is becoming ever more competitive, that viewers have multiple options to buy or view their content with ads. So our advice, in line with theirs, is to look at partnerships to build viewership. And look at partners who already have a route to market, those with an audience, and those that look toward loyalty schemes or branching out. The reverse is also true; if you have a great OTT service, look to enhance that with supplementary content or other brands to enable stickiness and devotion to your services.

Here at Magine Pro, we believe that content is king and continue to work with our multiple clients on the tech that acts as the enabler to great innovative thinking and business disruption. Together we achieve great success.



Flexible video streaming services & apps

Create an end-to-end OTT service that delivers your Live, Linear & VOD content to audiences everywhere.



Your Brand. Your Content. Your OTT Business.

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Omdia Appendix

Further reading

Omdia, Media & Entertainment

Omdia, TV & Online

Omdia, Global OTT Video Bundling Deals and Service Partnerships

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MaginePro

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We provide all the tech, tools and insight you need to build a successful OTT business.

Our multiscreen OTT services and solutions are trusted and proven, enabling you to successfully monetize your content and securely distribute to audiences around the world.

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