



AVOD Services Expected to Thrive Despite Difficulties in the Television Advertising Industry

As the spread of COVID-19 and stay-at-home orders persist, connected TV (CTV) viewership continues to spike week to week. Ad-based video on demand (AVOD) services are no exception. Despite the difficulties facing the advertising industry in economic recession, SeaChange is predicting that AVOD services will emerge from this tumultuous time stronger than ever.

Different from subscription-based video on demand (SVOD) services, which monetize content through a business model that relies on regular payments from subscribers, AVOD services are ad-supported, over-the-top (OTT) video platforms that viewers can use for free in exchange for watching advertisements between breaks in content. Most AVOD services also offer an ad-free subscription option, giving video consumers the ability to choose which model is best suited to their needs.

Major players in the AVOD space like Tubi and Pluto TV are seeing a major spike in viewership. According to [a report by Reelgood](#), AVOD streaming activity has increased by 148% from the first week in march to mid-April. Today's at-home audience is seeking new ways to expand content options, without adding an additional recurring expense on top of a mortgage, rent, student loans, current SVOD service, etc.

COVID-19-fueled economic difficulties inevitably result in cheaper CTV advertising slots. This will continue for the next few years as the economy stabilizes and the ever-growing amount of OTT services increase. SeaChange expects there will be an influx of advertisers buying up the affordable CTV advertising slots on AVOD platforms.

The latest [benchmark report by Innovid](#) found that nearly half of advertisers leverage advanced video ad formats, resulting in a 335% higher engagement rate compared to standard pre-roll ads. As advertisers move towards CTV, AVOD services will capture more advertising revenue that can be used to enhance content options and user experience. We expect to see more viewers gravitate towards this model. Its comparable to the shift we've seen happen with content on the internet. In the earlier 2000's, paid and subscription-based websites quickly evolved to free websites powered by advertising, such as Facebook, YouTube and many more.

About SeaChange International, Inc.

SeaChange International (NASDAQ: SEAC) powers hundreds of cloud and on-premises platforms with live TV and video on demand (VOD) for more than 50 million subscribers worldwide. SeaChange's end-to-end solution, the Framework, enables operators and content owners to cost-effectively launch a direct-to-consumer video service. This includes back-office, media asset management, ad management, analytics and a client application for set-top boxes (STB), Smart-TVs and mobile devices. Framework is available as a product, Software-as-a-Service (SaaS) or managed service, and can be deployed on-premises, in the cloud or as a hybrid. For more information, please visit www.seachange.com.

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