The Profit Playbook

PROVEN OTT REVENUE GROWTH TACTICS

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Introduction

As the OTT industry continues to grow, streaming service providers grapple with the dual challenges of revenue generation and expansion, all while mitigating the impact of subscriber churn. In this dynamic landscape, where consumers are spoilt for choice, fostering long-term customer loyalty becomes paramount.

This white paper provides invaluable insights into the pivotal role of monetisation strategies for sustained success. Delve into practical, proactive solutions that elevate your OTT business beyond conventional approaches.

Explore the broader implications of user churn, extending beyond income loss to include the costs of customer acquisition and uncover effective strategies to minimise churn. Additionally, discover the rationale behind Magine Pro's advocacy for a hybrid monetisation strategy, which ensures providers establish a diversified income stream. We also outline the intricate landscape of subscription, transactional, and advertising models, sharing insights into how Magine Pro's advanced monetisation and billing engine serves as an indispensable tool in a

streaming business's arsenal. Magine Pro is dedicated to developing revenue-generating application tools within the video market that enable our customers to construct and enhance their video offerings effectively.

This white paper not only equips streaming service providers with solutions for real-world challenges but also empowers them to navigate the complexities of monetisation and thrive in the ever-evolving and competitive OTT landscape.

Matthew Wilkinson
CEO, Magine Pro

New to monetisation and eager to grasp the essentials? Delve into our e-guide *'The Essentials of OTT Monetisation: A Guide to Revenue Success'* where you can explore various monetisation models and identify the optimal fit for your streaming service. Gain insights into the challenges associated with revenue generation as you navigate the intricate landscape of monetisation strategies.

LEARN MORE

Content

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Customer Retention through Monetisation

Unlocking long-term loyalty by leveraging data and implementing transparent pricing strategies

Streaming service providers can combat churn and cultivate enduring customer loyalty through a multifaceted approach, encompassing data-driven decision-making, prioritizing robust customer communication, and implementing clear and effective pricing strategies. These initiatives not only minimize confusion for users but also demonstrate a strong commitment to a user-centric philosophy, fostering trust and loyalty over time.

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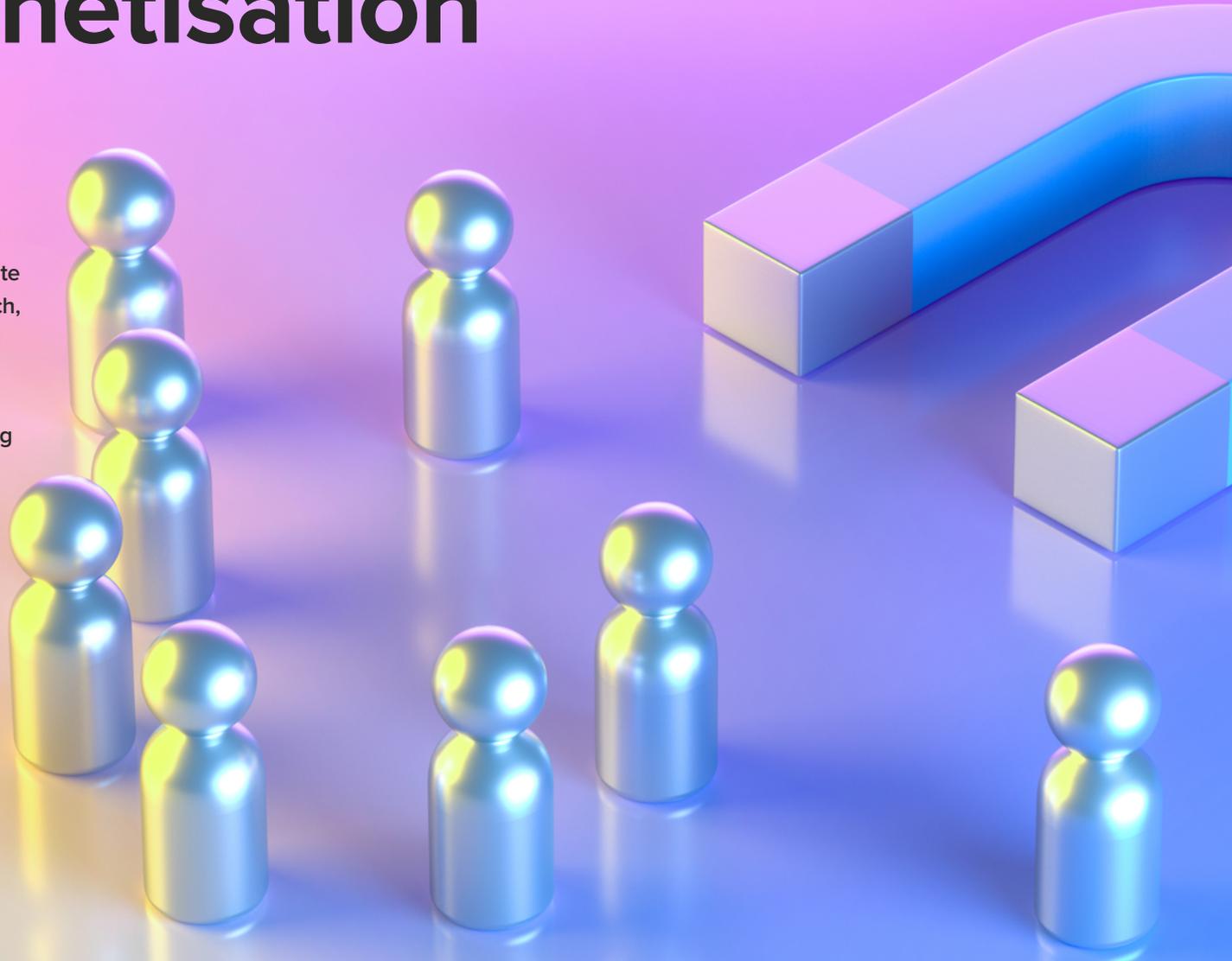
Leveraging Data Analytics

User satisfaction is the pivotal factor that determines whether users will return to a streaming service or seek alternatives. Understanding user behaviour is paramount, and is where data analytics assumes a central role in optimising monetisation strategies. Data unveils invaluable insights into user preferences, and consumption patterns, enabling service providers to make informed, data-driven decisions that can significantly enhance revenue streams.

- **Track the popularity of content for future content acquisition or creation.**

- **Understand user engagement and viewing habits to offer personalised content categories and recommendations.**

- **Identify pain points in the user experience, such as billing issues or complex pricing structures, for effective resolution and churn reduction.**
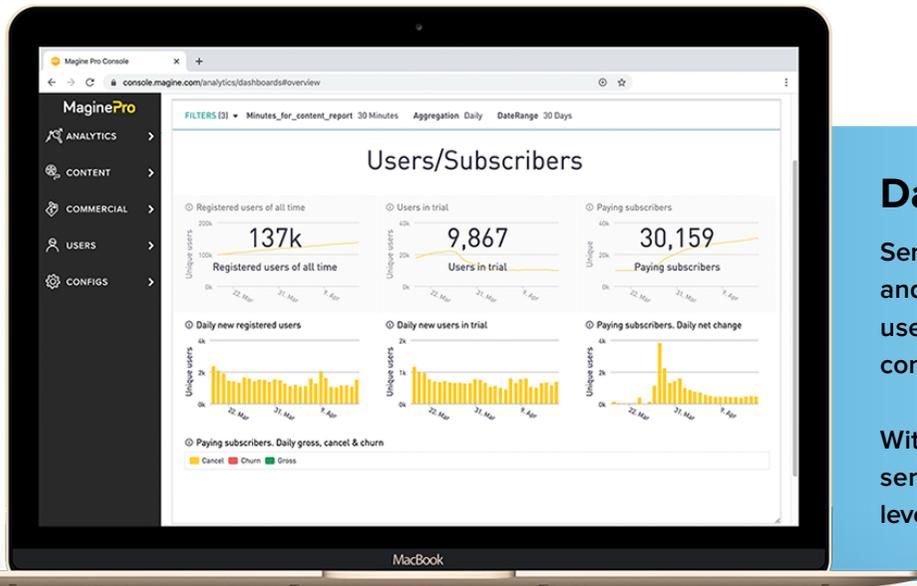
Effective Pricing Strategies for Subscription & Transactional

Subscription monetisation models often revolve around striking a balance between value and affordability. Two common approaches are the freemium model and tiered pricing structures, each with distinct benefits and considerations.

The **freemium** model, which offers a basic service for free while charging for premium content or features, can be a powerful strategy for enticing a large user base. Users have the opportunity to experience the service's core functionality without financial commitment, and this can be particularly effective in markets where price sensitivity is high. The challenge lies in converting free users into paying customers by demonstrating the added value of premium features and content.

A **tiered pricing structure**, on the other hand, offers different subscription levels. This strategy allows service providers to cater to a wider range of user preferences and budgets. It can be especially effective in markets where there is a diverse user base with varying needs and financial capacities. However, it's essential to ensure that each tier offers clear value and does not create confusion for users.

Data & User-Centric Strategies

Service providers can leverage data analytics to gain insights into user behaviour and preferences. By effectively utilising data, providers can enhance the end-user experience, offer personalised recommendations, and strategically upsell complementary content or products.

With *Magine Pro's CMS Console*, our customers can access comprehensive user and service analytics, enabling manual content curation based on insights, as well as, leveraging AI recommendation technology for an advanced content delivery experience.

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The choice between these strategies can be influenced by the economic characteristics and user demographics of different markets. Markets with a greater willingness and ability to pay for premium content may lean towards tiered pricing, while in more price-sensitive markets, freemium models can serve as an effective entry point to build user engagement and gradually transition users to premium offerings. Flexibility and adaptation to the unique characteristics of each market are key to a successful subscription monetisation strategy.

Transactional monetisation models, on the other hand, involve maximising revenue from one-time purchases and ensuring a secure and seamless user experience. Key elements that can lead to higher conversion rates include, offering a diverse and captivating selection of content based on user preferences and data, transparent pricing, and a frictionless purchase process.

- **Transparent Pricing:**
  Clearly communicate pricing for each transaction, including additional fees, to build trust with customers. Avoid hidden charges or unexpected costs to maintain credibility.

- **User-Friendly Checkout:**
  Streamline the checkout process to minimise friction across all devices. Implement a straightforward payment system, and offer multiple payment options to accommodate various customer preferences.

- **Promotions & Discounts:**
  Implement occasional promotions, discounts, and bundling options to encourage more transactions and foster customer loyalty. Limited-time offers can also create a sense of urgency and drive conversions.

To sustain long-term success, transactional models should focus on striking a balance between attracting new customers and nurturing returning audiences. This can be achieved by continually refreshing the content offerings and providing enticing incentives for returning users.

Your offer

Day pass   €3

- Access to our live events
- Unlimited access to original movies and series
- Watch on all our supported devices

I have a promo code

Total: €3

Select your payment method

○ 🔲 Card   MasterCard VISA

Card number

4111 1111 4555 1142   VISA

Expiry date   CVC / CVV

03/30   ✔   737   ✔

Name on card

Jane Doe   ✔

Pay €5.00

● 🅿 PayPal

I agree to Magine Pro's Terms and Conditions and privacy policy.

Skip for now →

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Monetisation Configuration

Magine Pro empowers customers to tailor subscription and transactional purchase flows in their streaming service via our comprehensive *CMS Console.* Set subscription models for monthly and yearly periods, including freemium and hybrid options. Content can also be sold as an all-access bundle or themed bundles for tiered pricing.

Transactional offers can be configured for single or multiple assets for a predefined period (rental) or as long as the content is available in the service (EST). Our customers can also create hybrid services by combining multiple monetisation models, offering discounts, rental offers, and day passes within the CMS. And checkout flow messaging can be fine-tuned to entice users to subscribe or make one-time purchases (rental or EST).
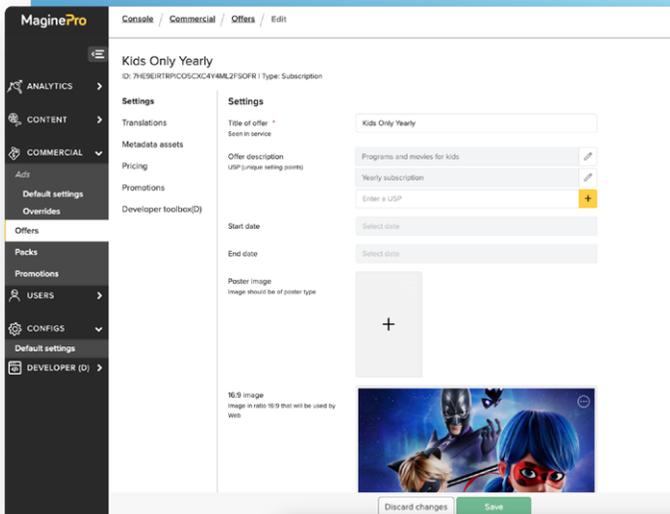
Advertising Optimisation

Streaming services with advertising-based monetisation will need to carefully balance content and non-intrusive ads to prevent negative user experiences and churn. Optimising ad placement to ensure it complements the user experience without disrupting it is essential. Service providers should implement targeted ads based on user data to enhance engagement and boost the advertising model's effectiveness.

Offering users the option to skip or interact with ads can also help to increase user satisfaction. Additionally, regular monitoring of ad performance and user feedback is essential to fine-tune the advertising strategy, ensuring it remains relevant and unobtrusive while maximising revenue. Ultimately, achieving a harmonious synergy between content and advertising is vital for the success of this monetisation model.

At Magine Pro, we fully support **IAB VAST standards**. We partner with *Magnite, the world's largest independent sell-side advertising platform,* to enhance our customers' advertising strategies, enabling:

› **Pre-roll ads**   › **Mid-roll ads**   › **Post-roll ads**

We additionally provide support for **SCTE35 server-side ad-insertion,** empowering our customers with linear channels monetise through ads within their services.

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Optimising Revenue Diversity with Hybrid Models

At Magine Pro, we champion the integration of multiple monetisation models to create a diversified revenue stream, mitigating the risks associated with revenue fluctuations. The hybrid monetisation model strategically combines subscription, transactional, and advertising strategies, ensuring a comprehensive and adaptable approach to revenue generation. Subscriptions provide a stable and predictable income, while transactional models enable upselling and offer flexibility in content offerings.

Moreover, advertising adds an additional revenue layer by tapping into a wider audience and creating opportunities for additional income streams. Integrating all or some of these models in a hybrid strategy leaves no revenue potential untapped, establishing a resilient and diversified income stream for our customers.

> "
> **Integrating all or some of these models in a hybrid strategy leaves no revenue potential untapped**

Magine Pro customer Passionflix uses our OTT Platform to power its diverse selection of business models. For more information see the case study on page 8.

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CASE STUDY:

Strategic Monetisation

How Passionflix Utilises Content to Captivate
User Interest and Maximise Revenue

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PASSIONFLIX

Established by TV and film producers, Passionflix is an innovative online video streaming service, featuring a rich library of timeless romantic classics and exclusive content, including original movies and series adapted from best-selling romance novels.

Passionflix sought Magine Pro to develop a subscription video-on-demand service strategically aimed at their core audience, to monetise their extensive library of VOD content. The service was designed to be accessible across various devices, with an initial launch in the US and subsequent expansion to 150 additional countries globally.

Learn more

Passionflix utilises a subscription model complemented by an engaging freemium strategy. This approach entices new users with content samples, especially in series content where the first episode is accessible for free, fostering engagement. While full access requires a subscription, the goal is to attract and convert users

> ❝
> **Anytime Passionflix becomes available on a new device like Roku or Vizio, we see an increase in subscribers.**
>
> - Tosca Musk (Founder, Passionflix)

into paying subscribers. If immediate conversion doesn't occur, Passionflix employs conversion campaigns to reach out to potential users who have signed up to enjoy the free content. This strategy aims to gradually transition users from free content consumption to becoming valued paying subscribers.

Passionflix also provide various subscription options, ranging from day passes and monthly subscriptions to a choice between two yearly plans, one of which offers additional membership benefits, such as exclusive film premiere invites and discounts on merchandise.

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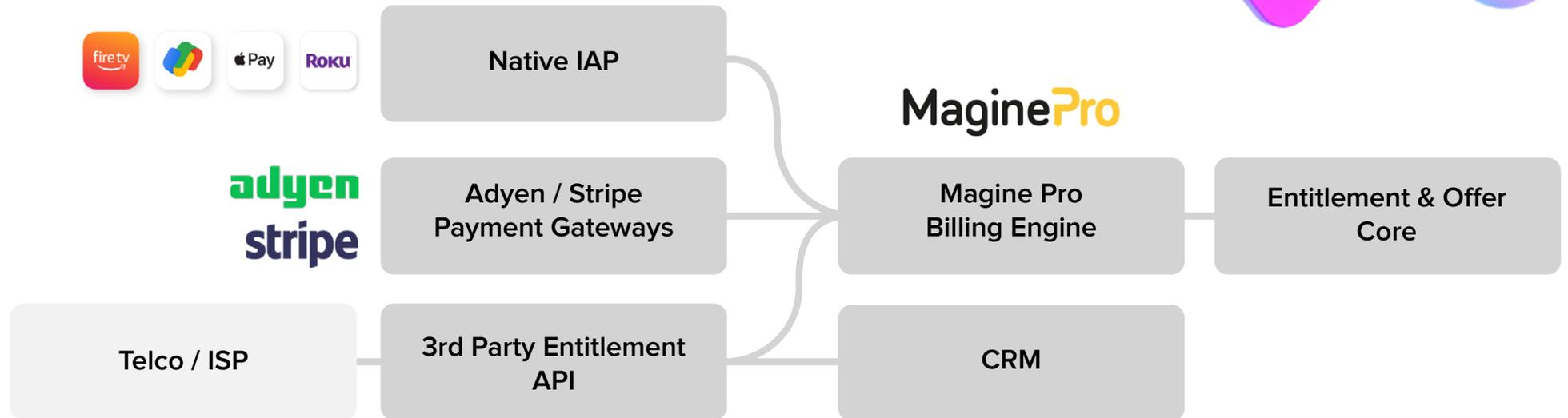# Powering Revenue with Advanced Monetisation Solutions

How Magine Pro's platform and advanced billing engine elevate revenue streams, user conversions and loyalty

At Magine Pro, our adaptable monetisation models and advanced billing engine enables our customers to navigate the intricacies of monetisation, overcoming churn challenges and foster long-term revenue retention. Our monetisation and billing engine guarantees a seamless end-user payment experience, accommodating diverse payment methods and multiple currencies.

Our customers are able to utilise this engine to innovate their offerings, seamlessly blending monetisation models for hybrid flexibility and adapting for a localised consumer approach. Additionally pre-integrated CRM facilitates clear customer communication, enabling our clients to build a trusted brand and cultivate long-term loyalty among users. **Here's how:**

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| Native IAP |
| Adyen / Stripe Payment Gateways |
| Magine Pro Billing Engine |
| Entitlement & Offer Core |
| Telco / ISP |
| 3rd Party Entitlement API |
| CRM |

Magine Pro's billing engine is seamlessly integrated into our comprehensive offering, ensuring that our customers incur no additional third-party fees.

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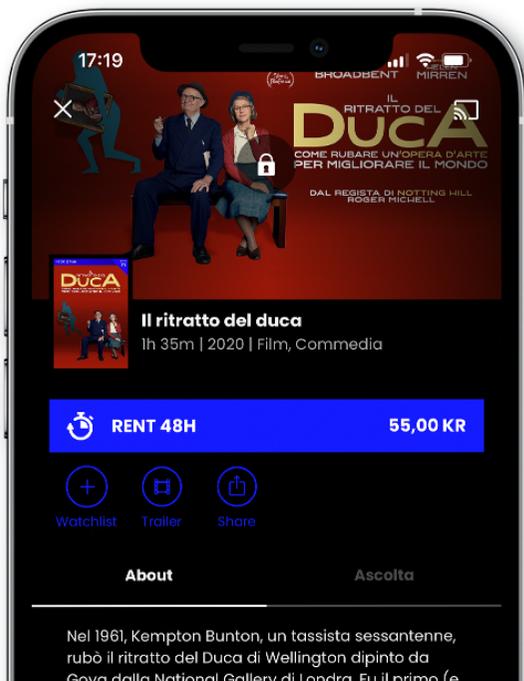
Diverse Payment Gateways for Seamless Conversions

We enhance user conversion rates by prioritising a positive user experience, extending beyond product features to encompass frictionless payment processes and multiple currency support. Our approach involves offering a wide array of payment gateways and versatile methods, including in-app purchases, thereby minimising barriers for users to subscribe or make one-time purchases.

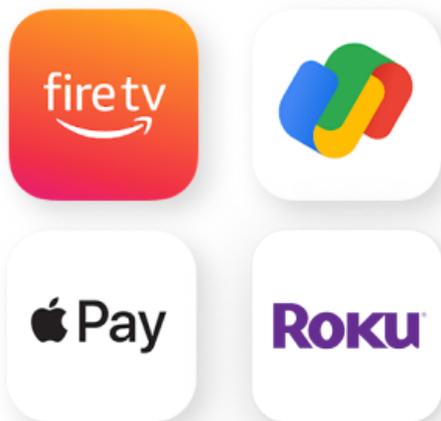Collaborating with trusted payment partners, we ensure integration with all major platforms for in-app transactions related to subscriptions, rentals, or EST. This comprehensive strategy not only facilitates user engagement for our customers but also contributes to a smoother and more efficient payment experience, ensuring increased conversion and user satisfaction.

Seamless User Journeys Across All Devices

A seamless sign-up and checkout process that minimizes friction across all accessible devices can significantly enhance the user experience. At Magine Pro, our mobile and TV apps for Android, iOS, Roku, and Amazon Fire TV support in-app payments for monthly and yearly recurring subscriptions. Additionally, we facilitate in-app payments for TVOD offers on iOS and Android devices. With an integrated user registration system, we empower our customers to provide users with a truly mobile-first experience.

Expanding beyond mobile, our platform enables partners to reach the big screen through native streaming applications for LG, Samsung, and Vizio devices. We have simplified the signup, login, and payment process by incorporating QR technology into our Smart TV apps. This innovative approach eliminates the need for users to manually input details using the TV remote. To delve deeper into our Smart TV features and QR technology, you can explore the insights provided in our white paper, **Go Big or Stay Small: Why the Smart TV Experience is Essential for Online Streaming Service.**

Download White Paper

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Maximising Revenue Across the User Lifecycle

We elevate revenue streams for our customers throughout their users' lifecycle by enabling cross-selling and upselling within their service, thereby maximising opportunities to enhance overall customer value. The Magine Pro platform, coupled with our advanced billing engine, also facilitates the seamless automation of price adjustments or lifts, empowering our customers to respond dynamically to market demands and user behaviour. By offering these robust capabilities, we enable our customers to not only attract new users but also strategically optimise revenue generation with existing ones. This comprehensive strategy ensures a flexible and responsive approach, contributing significantly to sustained revenue growth.

Communicating Billing Strategies to Your Customers

Effective communication is pivotal in converting and fostering loyalty among end-users. Leveraging our pre-integrated billing and CRM, providers can boost ARPU and streamline operations by effortlessly delivering clear messaging on pricing, discounts, and promotions through automated customer communications. This includes:

Subscription Dunning

- Critical for subscription services, revenue retention through dunning involves systematically communicating with customers whose payment methods have expired or failed. This proactive strategy prevents passive involuntary churn, minimising

customer loss and ensuring a positive user experience. Magine Pro facilitates this process by enabling our customers to automate timely, personalised messages, effectively addressing payment issues to maintain a stable revenue stream and ensure positive long-term customer relationships.
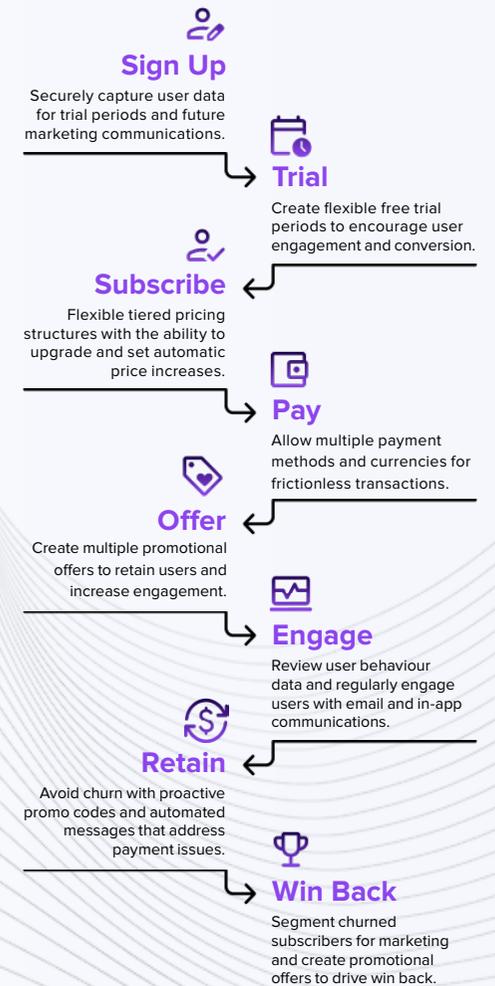
Win-Back Campaigns

- We also enable our customers to establish an automated win-back strategy within their streaming service. This feature allows users to proactively minimise churn by offering targeted discounts to segmented users considering unsubscribing. Additionally, the win-back campaign can be applied to retarget users who cancelled their subscription months prior, providing a strategic approach to re-engage and retain valuable subscribers.

When customers decide to churn and unsubscribe, it's a valuable opportunity to gather user feedback. Our customers can create multilingual feedback surveys via the CMS console, triggered when users click the cancel button on their web service. Survey responses can be instrumental in shaping future strategies and campaigns related to user conversions and retention.

User Lifecycle

Sign Up
Securely capture user data for trial periods and future marketing communications.

Trial
Create flexible free trial periods to encourage user engagement and conversion.

Subscribe
Flexible tiered pricing structures with the ability to upgrade and set automatic price increases.

Pay
Allow multiple payment methods and currencies for frictionless transactions.

Offer
Create multiple promotional offers to retain users and increase engagement.

Engage
Review user behaviour data and regularly engage users with email and in-app communications.

Retain
Avoid churn with proactive promo codes and automated messages that address payment issues.

Win Back
Segment churned subscribers for marketing and create promotional offers to drive win back.

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Strategic User Offers and Promotions

Offers and promotional codes play a pivotal role in converting and engaging existing users by creating a compelling value proposition. These incentives provide users with a tangible benefit, whether it's a discounted subscription, access to exclusive content, or a limited-time promotion. By strategically implementing offers and promotional codes, service providers can attract new users, entice trial subscriptions, and even re-engage lapsed subscribers.

Moreover, these incentives serve as powerful tools for marketing campaigns, enabling providers to create buzz, drive user acquisition, and differentiate themselves from competitors. Magine Pro's CMS Console enables customers to generate promotional codes, both viral and unique codes, for their users. Codes can also be embedded in the URL link of a campaign landing page, meaning that users don't need to enter it to consume it. Code redemption processes that are simple and user-friendly also contribute to a positive user experience.

Data Analytics via Magine Pro's CMS Console

The precision of data analytics is crucial for discerning effectiveness and identifying areas for enhancement in a streaming service. Magine Pro's CMS Console offers our customers a comprehensive view of user behaviour and service operations. Service providers can measure conversion rates to assess funnel health and the success of marketing campaigns, with dashboards providing insights into the performance of promotional campaigns and offers.

Moreover, providers can review content engagement and popularity, informing future decisions relating to content production and acquisition. The Console also provides information on viewing duration, location, user, and device metrics, offering a clear overview for strategic decision-making.

Magine Pro Monetisation

✓ **Versatile Monetisation Models**

✓ **Promotional Offers & Codes**

✓ **Secure Payment Analytics**

✓ **Diverse User Payment Methods**

✓ **Extensive Multi-Currency Support**

✓ **Seamless Third-Party Integration**

At Magine Pro, we go beyond offering technical solutions through our advanced billing engine. With extensive experience running a consumer service and developing our OTT platform, we provide practical advice rooted in real-world scenarios and industry best practices.

Leveraging our journey in the consumer industry, we understand the complexities of the OTT landscape and guide customers with proven strategies in monetisation. Our depth of experience ensures that streaming providers receive pragmatic insights tailored to the dynamic challenges of the ever-evolving streaming industry.

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Maximising ROI

At Magine Pro, we understand the importance of tracking and measuring your key performance indicators (KPIs). Here's how leveraging the flexible features and tools within our OTT platform can support your objectives.

Conversion

Optimise **subscriber growth and acquisition costs (SAC)** by accelerating conversion rates.

- Accelerate campaigns with promo codes & flexible offers.
- Implement flexible tiered pricing & hybrid monetisation allowing user choice at the right price/time.
- Enable multiple payment methods & currencies for frictionless transactions.
- Securely gather user data for trial periods & upcoming marketing communications.

Engagement

Boost your **monthly recurring revenue (MMR)** and **average revenue per user (ARPU)** by fostering engagement and active subscribers.

- Send personalised email & in-app messages.
- Regularly provide promotional offers to encourage loyalty.
- Ability to upsell additional subscriptions & transactional offers.
- Review content consumption dashboards to make informed decisions that impact future **content acquisition costs** and engagement.

Retention

Reduce churn rate and maximise **subscriber lifetime value (LTV)** with retention tools.

- Review performance dashboards to improve **ARPU** & media optimisation.
- Utilise upgrade feature to drive users to transition from monthly to yearly subscriptions.
- Re-engage inactive users with personalised emails & in-app messages.
- Implement subscription dunning to prevent passive involuntary churn.
- Introduce automated price increases across the subscriber base.

Win Back

Improving **user reactivation rates** is pivotal in reclaiming lost revenue and mitigating the impact of **churn.**

- Segment churned subscribers for targetted win-back marketing campaigns.
- Generate specific promotional offers tailored to win-back efforts.
- Create multilingual feedback surveys to gain insights into reasons for user churn and improve retention strategies.

Monitor these key metrics to gain a comprehensive overview that will enable you to effectively manage your service's operating expenses and ultimately maximise profitability while driving top-line revenue growth.

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CASE STUDY:
Seamless Migration

## Elevating Draken Film's Digital Experience

Transitioning to a new OTT platform might appear challenging, but at Magine Pro, we streamline the process, seamlessly migrating everything from branding and content to users and billing data. Here's how we optimized the Draken Film service using the Magine Pro OTT Platform.

CHALLENGE
Draken Film approached Magine Pro seeking to upgrade their OTT video platform provider, aiming to enhance customer experience, video quality, and expand their existing web-only streaming service by introducing new, high-quality apps on iOS and Android platforms.

RESULT
We successfully delivered a fully managed end-to-end OTT service, complete with brand-new Draken Film iOS and Android applications within a month.
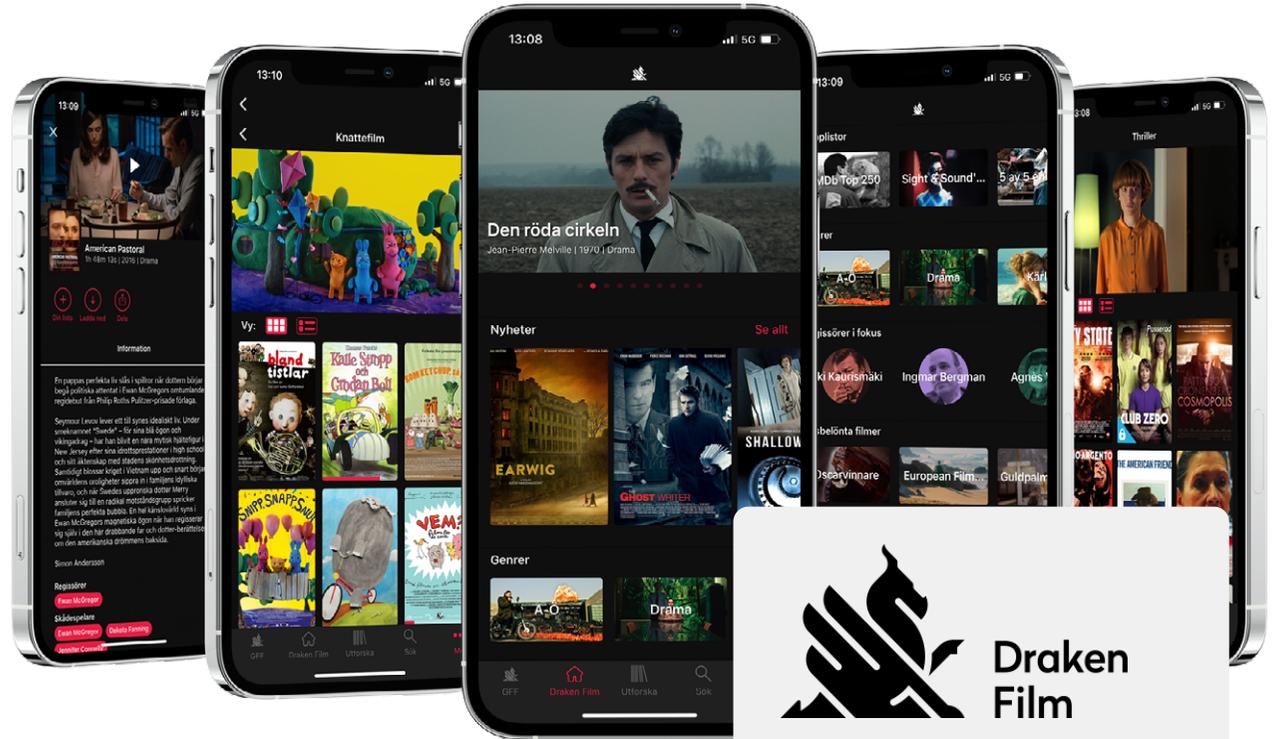
> " Magine Pro' s fast delivery means that in less than a month we will be able to launch the new service.
>
> - Olle Agebro (Head of Acquisition, Draken Film)

The project involved a seamless migration of Draken Film's existing subscribers to our OTT platform, executed with zero downtime or disruption to their user experience. This comprehensive transition included support in migrating billing data to our payment service provider, Adyen before commercial launch. Draken Film has complete access to the Magine Pro CMS Console, empowering them to autonomously manage their service apps, including subscription management and promotional offers.

About Draken Film

Göteborg Film Festival's digital film service, Draken Film, offers a diverse selection of over 300 films from around the world. With new releases every week, the platform transforms into a year-round film festival experience, complemented by background material, interviews, and inspiration.

Explore Draken Film

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Navigating the Future of OTT Monetisation

Insights from Magine Pro CEO, Matthew Wilkinson

In the ever-evolving world of OTT, we believe the journey to success involves adopting adaptable monetisation strategies. Expanding your commercial "toolbox" not only broadens choices but also provides the flexibility to better align with market conditions, including consumer preferences, purchasing power, and competition. Much like the diverse revenue generation models in modern e-commerce, streaming service providers can seamlessly transition between purchase, subscription, and even advertising models.

Our dynamic approach to monetisation involves striking the perfect balance between revenue generation and user satisfaction while embracing emerging technologies for future growth. Monetisation, primarily a back-office process, is intricately linked with the front-end user experience and by understanding user behaviour and their needs we are able to develop key features that resonate.

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Discovery also plays a crucial role in conversion. Allowing users to discover, access, and explore a streaming service with minimal friction helps them build a sense of value, ultimately fostering loyalty. Additionally, consider the importance of Free Tier or Freemium models in discovery, which facilitate users to consume content before necessitating a subscription or transaction, significantly boosting conversion rates.

At Magine Pro, we take a forward-thinking approach to the future of OTT monetisation, staying ahead of emerging technologies and trends. Our strategy extends beyond the confines of the streaming industry as we look externally to wider e-commerce and digital product markets to drive commercial innovation strategies, recognising that it involves more than just revenue. It involves looking into a service provider's ability to also optimise assets effectively. We assist our customers with optimisation by deploying features throughout the user lifecycle that aid conversion and retention. All features available on the Magine Pro

Platform aim to reduce passive and active churn and ultimately boost the customer lifetime value for providers. We also embrace modern machine learning methods to automate processes and engage users proactively, preventing churn before it occurs. Additional strategies include maximising content utilisation, such as mapping content consumption patterns to licensing costs and ensuring optimal use of the content catalogue for the best return on investment (ROI).

Our holistic approach not only future-proofs monetisation strategy but also nurtures a user-centric environment that remains responsive to changing market dynamics. The Magine Pro billing engine goes beyond a diverse mix of monetisation methods, offering depth in payment methods and addressing localisation needs. With a wealth of experience in managing diverse business models, Magine Pro's tightly coupled system empowers our customers to effectively manage and evolve their monetisation models and strategies over time.

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Flexible video streaming services & apps

Launch an OTT service that monetises and delivers your Live, Linear & VOD entertainment to audiences everywhere.

Data Analytics

90k
60k
30k
10k
0
Mar Apr May Jun Jul

48k USERS

Orlando

LIVE

14:57
sappa play
fredag 13/10

Your Brand

 Pay

fire tv

Roku

 iPhone   android   LG   SAMSUNG   chromecast   AirPlay   Roku   fire tv   tv   androidtv   VIZIO

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