

Video Monetization Guide: How to Sell Video Online

DaCast 

Introduction to the Business Model

Businesses are generating a lot of money from their video content. Online video monetization has exploded in the past decade, and growth continues to be massive today. The video streaming market is predicted to be worth \$70.5 billion by 2021. Within that market, live streaming makes up the majority of that growth.

The OTT, or Over The Top, industry accounts for a large part of the video streaming market. This industry delivers traditional TV-style content, as well as movies, over the internet. Netflix, Amazon, and Hulu are all examples of large OTT businesses. U.S. subscribers to OTT services more than doubled between Q2 2017 and Q2 2018.

OTT video is experiencing a global explosion as well. In many countries, the annual growth rate for the OTT market is more than 30 percent, and 17 countries are expected to generate \$1+ billion in revenue by 2023.

This monetization boom isn't confined only to OTT video. In sports, for example, online video is booming as a distribution method. In education, we've seen similar growth in the use of online streaming video. Another massive and growing monetization market is live streaming and VOD event videos for concerts, conferences, training, and more.

Given these trends, it just makes good sense that you want to make money with your online videos. You want to be part of that \$70.5 billion industry, and you've come to the right place. This eBook is dedicated to the topic of video monetization how to successfully capitalize on this market.



The 3 Key Monetization Methods

There are three main methods of monetizing video today.

These include subscription, transactional and advertising monetization.

1 Subscription Monetization

Many content creators choose to monetize their video via subscriptions. These subscription platforms charge a fee, usually monthly, for access to a library of regularly updated content. Netflix is the most prominent subscription platform for OTT video. Other examples include Amazon Prime and HBO Go.

The subscription model is sometimes called "SVOD," or Subscription Video on-Demand. However, it also applies to live video streaming content.

Roughly one third of professional broadcasters monetize their content via subscription models--and with good reason. 60 percent of adults in the US watch subscription-based OTT video services on a daily basis. In total, global OTT subscriptions hit 473 million in 2018, which translates to an 18 percent growth year-on-year.

More than 51 million U.S. households today use OTT streaming services. Almost all of these represent monthly subscriptions. Put another way, about 69% of U.S. households subscribe to at least one OTT services, while a full 38% subscribe to two or more. By 2024, research predicts that 310 million households globally will subscribe to at least one OTT service.

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Subscription-based monetization provides some great advantages, including:

- ◊ Dependable monthly income
- ◊ Predictable cash flow
- ◊ Potentially lucrative
- ◊ An ideal method for large content libraries



However, there are also challenges inherent to subscriptions, including:

- Relatively low income per view
- Viewer attrition without regular, quality content
- Viewers may reach "subscription saturation" and aren't willing to sign up for additional
- Monthly services
- Potentially challenging revenue distribution

When using subscription monetization, primary goals to increase revenue are increasing sign-ups and reducing churn rate. One successful "conversion" method is by using free trials. "Free OTT trials are effective in converting a sizable portion of trial users [about one third] into subscribers," notes [Glenn Hower of Parks Associates](#).

Overall, subscription monetization is most lucrative for businesses that have relatively frequent content updates. Subscriptions are more effective for longer-form and premium content, as well as content that targets a specific audience.



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Transactional Monetization

The second major monetization method is transactional, also known as pay-per-view. This approach requires viewers to pay a fee for each video or package of videos they choose to watch. Transactional monetization can also be sub-categorized into two distinct approaches: download to rent, and download to own—sometimes called EST, for Electronic Sell-Through. Prices are generally slightly lower for download to rent. EST is ideal for content that users want to own and watch again and again, such as online courses, reference material, or anything with sentimental value.



Overall, this model is sometimes called “TVOD,” for Transactional Video on-Demand. However, as with subscription monetization, TVOD can also be used to monetize live streaming content. For our purposes here, we’ll discuss transactional monetization as a method that applies to both live streaming and VOD content.

One-time events like sports are also ideal for pay-per-view monetization. For example, companies like DAZN have transitioned from filming in the stands to making billion-dollar deals with sport leagues. Other market segments that are well-suited for TVOD include conferences and educational video.

The transactional method of video monetization provides some great advantages to businesses, such as:

- Higher revenue per view compared to subscription monetization
- Predictable costs
- Simpler revenue sharing than with subscriptions or advertising
- Valuable even for small libraries and niche content, and for longer-form content

Some of the drawbacks or challenges with TVOD can include:

- ◊ Lower retention than subscription-based platforms
- ◊ Less predictable and reliable revenue security

Between 2014 and 2018, digital sales and rentals increased 30%. As of 2019, TVOD revenue in the U.S. amounts to roughly \$1.6 billion annually. Average revenue per user is \$18.81.

Overall, transactional video monetization is most lucrative for content that is published less frequently and creates a high incentive for viewing. When you can identify dedicated audiences—for sports, for education, and so on—you have found a good viewer base for TVOD content.

3 Advertising Monetization

The third and final major method for video monetization is advertising. As with traditional broadcast TV, ad monetization relies on large audiences. Therefore, AVOD is best suited for monetizing shorter content that appeals to a broad sector of the population. This large audience base helps to maximize the number of views, and thus generates the highest possible advertising revenue.

Advertising is driving major revenue for various OTT business.

According to a Digital TV Research report, advertising revenue will reach \$47 billion by 2023. Advertising on OTT content distributed via smart TVs alone is expected to hit \$20.1 billion by 2020.

Another benefit to advertising monetization is a much lower barrier to entry. In other words, anyone can simply visit AVOD content and begin watching for free. There is no need to enter payment information, which in turns helps to maximize audience size. According to one user survey, more than half (52 percent) of viewers prefer ad-supported free content.

Some of the benefits of monetizing with advertising include:

- ◊ Easy to gain new users
- ◊ Simple revenue distribution
- ◊ A wide variety of advertising distribution platforms and sponsorship models



There are some drawbacks to advertising monetization as well, which include:

- ◊ A large audience is required to be lucrative
- ◊ Longer timeframe to build audience profiles, target ads, and generate maximum profitability
- ◊ Around 40 percent of ads are blocked by ad-blockers

Overall, advertising monetization is most effective for content that appeals to a broad audience. This is why many major events, such as sporting championships, are monetized using advertising. If your content is broad in appeal and likely to generate significant viewership, AVOD may be the best monetization model.



The Ultimate Monetization Checklist

Now we understand how video monetization works, and we've provided an overview of the video streaming market. Next, let's delve deeper into the details of how to get started with video monetization.

1 Determine your overall goal and approach

If you're reading this, you've probably already considered this step. Any business needs to understand what it is striving to create—and why. For video streaming businesses, you already know what you're creating: video content. That said, it's important to identify which specific types of video you are creating, and in what segment of the market, before moving on to the second step.



2

Identify and understand your target audience

Once you've determined an overall approach, the next step in any sales operation is to understand your audience. This depends on market research and an awareness of what you are offering. The process of understanding your target audience varies depending on your business, but it all depends on the basic process of identifying your ideal viewer base.

3

Make sure to produce quality content

Another fundamental consideration is content quality. People watch video for specific reasons: education, entertainment, humor, excitement, news, and so on. In all cases, viewers have little patience for low-quality video. This means that it pays off to invest in creating high-quality material. That process involves both fundamental consideration of your video style and content, as well as consideration of technical issues such as audio, video resolution, and encoder settings. Make sure that you're offering value to your viewers!.

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Choose the right monetization method

Another element to front-load is selecting the right monetization method. We've already covered subscriptions, transactional, and advertising monetization above. Now is the time to choose which method—or combination of methods—you'll use to monetize your content.

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Select the right online video hosting platform

Video monetization requires content for which people are willing to pay, and the technical means to deliver and monetize that content. In other words, you need an Online Video Platform (OVP) that offers the necessary tools for your chosen monetization approach.



You should also ensure that your chosen video host uses a robust Content Delivery Network to avoid buffering issues and ensure scalability. DaCast works with [Akamai](#), the world's largest and fastest CDN. Other features and considerations to examine include security options, analytics, API access, and price.

Later in this article, we'll provide a brief step-by-step guide to quickly set up and test DaCast's pay-per-view and subscription paywall to monetize your video content.

6 Build a sales funnel

Creating customers shouldn't be a random process. Therefore, you want to develop a sales funnel to channel people from initial interest to the point of making a sale. This can look like email signups with automated messages, as well as a variety of other techniques. If you're using AVOD exclusively, this step will merge into step 7 for you.

7 Market your content and develop your audience

We can't talk about video monetization without mentioning promotion and marketing. That's because, for most content, your video won't sell itself. You need to deliberately market your video and develop your engaged audience. We recommend engaging in all the traditional marketing methods, including: email lists, influencer marketing, SEO, paid advertising, sponsorship, and more.

Effective marketing relies on the target audience you've identified earlier. But overall, marketing video isn't much different from marketing any other product or service. "The rules still apply"; says [Beth Mock LeBlanc](#), chief creative officer at MLB Creative.



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Analyze your results

Forrester reports that 74% of firms say they want to be “data-driven,” yet only 29% are actually successful at connecting analytics to action. Video provides a great avenue for becoming more data-driven, given that video analytics can provide concrete information to turn into actionable insight. Analyzing your video results after monetizing your content is a key step that leads directly to the final element on our checklist.

Mobile streaming

We want to take a moment to mention the importance of mobile streaming. The web now is “mobile-first,” and more than 75 percent of all video views take place on mobile devices. Billions of people are getting online with smartphones. Here at DaCast, we’ve seen more than a five-fold increase in mobile viewing since 2016.

With the growth of 4G LTE and the coming of 5G, online video will soon have the infrastructure to support better quality and higher volume than ever before. The coming 5G cell networks will provide speeds roughly 100 times faster than the best available 4G LTE networks. By 2020, there will be a million minutes of video crossing the internet every second, and 82% of all consumer web traffic will be video.

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Modify your approach

The online video market is constantly changing. Technologies are being updated, viewer desires and needs are shifting, and business goals may alter to suit. Therefore, our final recommendation is to be flexible in your approach and to modify accordingly, based on analysis of your results. Business is a constantly iterative process, and the business of online video is no different. Only those who reflect, innovate, and remain abreast of market shifts will be successful.

Businesses seeking to build revenue streams from monetization need to think about mobile-first. For example, building mobile apps has the potential to grow your subscriber base hugely. Mobile app usage has increased 69% year-on-year. Mobile video represents a huge opportunity for video monetization—especially via video advertising. Make sure to keep this at the front of your mind when planning your video monetization strategy.



How to Use the DaCast Paywall to Monetize Your Content

The DaCast online video platform offers a sophisticated paywall to monetize your content. Some of the features of this paywall include:

- **Secure Payments:** All transactions are SSL encrypted.
- **White Label:** You control all the branding.
- **Group Pricing:** Sell one ticket that provides access to multiple types of content, such as VODs, live streams, packages, etc.
- **Subscription System:** Offer your customers a recurring subscription based on monthly billing, or a variety of other frequencies.
- **Pay-Per-View:** Choose a single price and start generating revenue right away.
- **Multiple Currency:** The DaCast paywall supports more than 135 currencies. If you do not see your currency in the list, just ask us.
- **Multi-Language:** Choose from 10 of the most popular languages to reach a global audience.
- **Video Preview:** Promote your video and boost sales by showing a teaser on the paywall page.
- **Promo Codes:** Offer as many sales and discounts as you want.
- **Live Support:** If you need live tech support for buyers during events, DaCast professional services offers this option.
- **Hosted Event Pages:** If you need custom website development and hosting, DaCast professional services can help.

Setting up the DaCast paywall to monetize your video content is easy. Here's how to do so:

- 1 First, open a web browser and log in to your DaCast account.
- 2 Select a VOD, Live Stream, or Package (or select multiple for batch configuration).
- 3 Go to the monetization tab, and click the toggle to "Enable Paywall". Alternatively, do the same thing to multiple pieces of content via the batch-configure dropdown menu.
- 4 Next, you need to add a price. After selecting the content of your choice, select the batch-configure dropdown menu, and then click "Add Price."
- 5 Here you'll see a range of options, starting with monetization type. Choose subscription or pay-per-view.
- 6 Next, choose a price. Note that you can define different prices in different currencies.
- 7 If you've selected pay-per-view, choose the duration and start method for your stream. If you choose subscription, select the recurrence frequency.
- 8 Use the "preset" dropdown menu if you'd like to reuse a pricing scheme created in the past, or to save your current settings as a new preset.
- 9 Click save.



With this technique, DaCast allows you to monetize a video in just a few moments.

Additional tools are also available to set up advertising on your videos.



Conclusion

We've covered a great deal on the topic of video monetization in this eBook. To recap, the online video streaming market is exploding in size—growth in online video is showing no signs of slowing down. Video streaming rose 72.4% between Q1 2018 and Q1 2019, and that growth will likely to accelerate in the future.

Video monetization is very lucrative for many businesses today. Given the scale of predicted growth in this industry, there will be many opportunities to succeed in monetizing your video content. However, you have to choose the right video monetization method and follow a smart business plan to make the most of these opportunities.

We hope our checklist and the information in this eBook has helped you to understand what tools, approaches and considerations you need to be effective. Of course, all this is still scratching the surface of this topic and industry. If you need to discuss technical aspects of video monetization further, contact DaCast and our expert team can help provide you with the information you need.



Any Questions?

Contact us 24/7 at [DaCast.com](https://dacast.com)
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