

The State of CTV Advertising

Connected TV is redefining the omnichannel mix

—
INNOVAD | DIGIDAY



The state of CTV advertising: Connected TV is redefining the omnichannel mix

As the COVID-19 pandemic confined people to their homes in 2020, streaming television, films and videos online became a main source of information, entertainment and escape. The freedom to view content on any device, at any time, became even more of a necessity for consumers in quarantine, accelerating the viewership from linear to connected TV.

The ongoing streaming boom has prompted brand marketers to spend more ad dollars on CTV and revamp their TV advertising through a digital lens. In fact, eMarketer [forecasts CTV advertising spend](#) will reach \$11.31 billion in 2021 and increase to \$18.29 billion in 2024.

Innovid's [2021 Global Omni-Channel Benchmarks Report](#), which studied more than 550 advertisers, found that global CTV impressions in 2020 increased 60% year over year and CTV accounted for 40% of all video impressions, up from 31% in 2019. Viewers in 2020 also engaged more with creative ad video

formats — advanced creative drew a 309% lift in engagement and an average of 34 additional seconds earned, while interactive CTV ads averaged a video-completion rate of more than 85%.

To better understand where the industry stands in its CTV advertising journey, Innovid and Digiday surveyed more than 100 brand marketers and agency executives. This report spotlights what they told us, as well as what brand marketers are prioritizing to reach viewers through CTV.

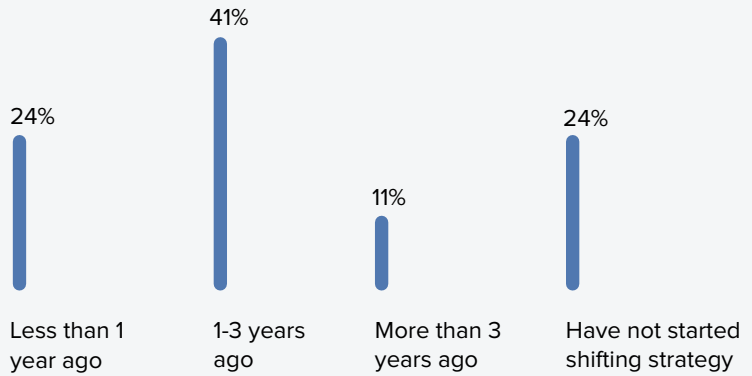


Where marketers stand in their CTV journey

Of the people we surveyed, 41% began shifting investments to CTV advertising between one and three years ago. However, nearly half began either less than a year ago (24%) or have not started at all (24%), which means many brand marketers are still figuring out or have reservations about how to effectively reach consumers through CTV.

Marketers are just beginning their CTV journey

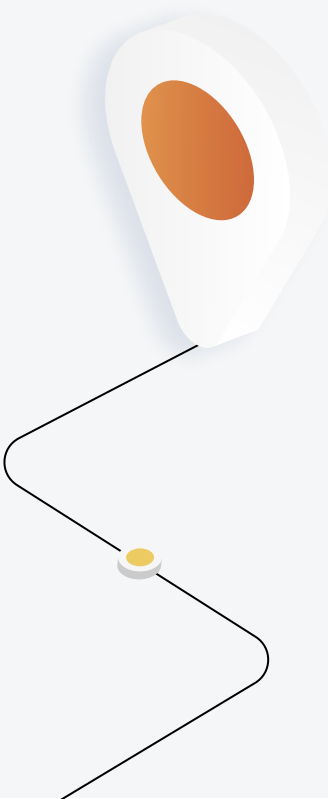
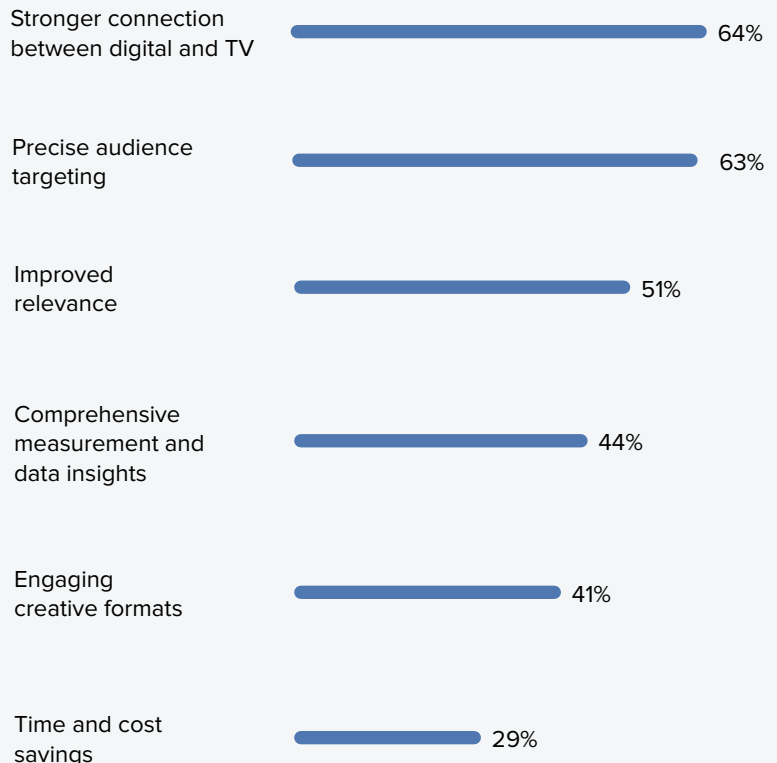
Q. When did you start shifting your investments to CTV?



However, while CTV marketing is in its early stages for nearly half of our respondents, they are aware of the opportunities that come with CTV adoption.

The benefits of CTV adoption

Q. What are the benefits you're hoping to gain by adopting CTV advertising? Select all that apply.



Even as the global vaccination effort continues and people begin to venture out of home more frequently, they are still consuming content in convenient, digital-first ways, be it through their mobile devices, laptops or smart TVs. The pivot from traditional TV is also highlighted in how people are watching live events during the pandemic; for example, while linear viewership of Super Bowl 2021 was the lowest in a decade, the event set a [streaming record](#) with an average minute audience of 5.7 million viewers.

In Q1 2021, Innovid reported a 67% year-over-year increase in global TV ad impressions, while mobile saw a 22%

year-over-year boost and PCs saw a 7% year-over-year increase. There was also a year-over-year increase in global video impressions across all publisher categories, including digital versions of traditional linear TV networks (+38%), programmatic channels (+24%), social platforms (+46%) and digitally native publishers (38%).

While pandemic-fueled viewing trends have increased CTV advertising adoption, brand marketers are also building CTV into their strategy because of its flexibility — specifically the ability to change the creative messaging of campaigns in real time. This was especially important to advertisers at

the beginning of the pandemic, as they needed to quickly adapt messaging to reflect new social restrictions, public health guidelines, business closures or product updates.

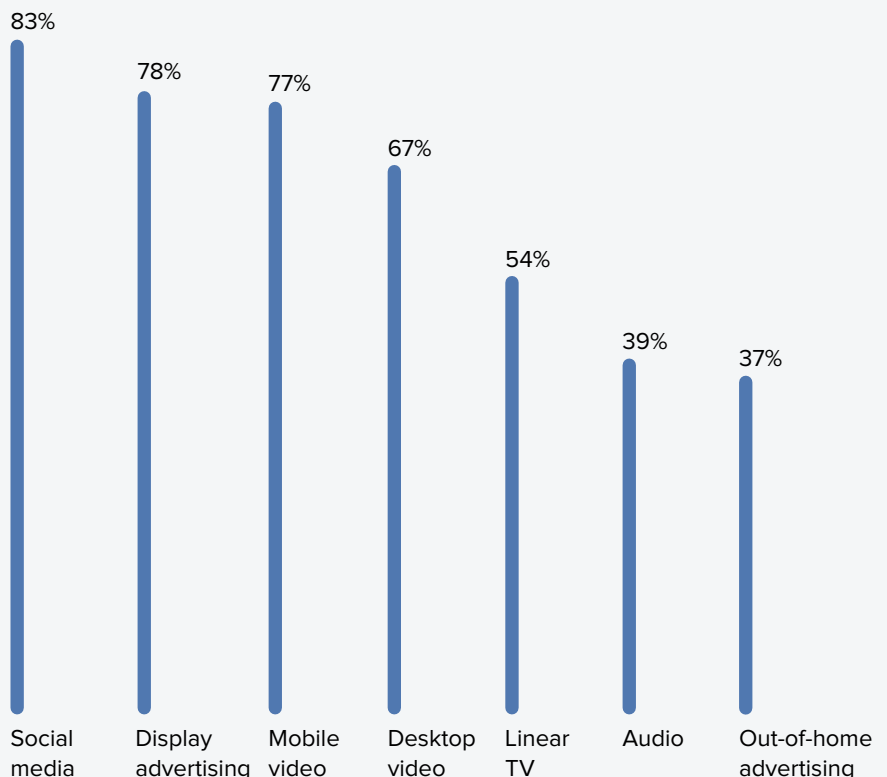
“CTV is not a trend because marketers decided that it was the best thing ever,” said Zvika Netter, CEO and co-founder at Innovid. “It’s a trend because the audience decided that’s the way they want to consume more content and spend more time in front of the screen. If you want to reach them, you have to run on CTV. It’s basically a question of: Do you want to be ahead of the trend or behind the trend?”

CTV is now part of the omnichannel marketing mix

An appeal of CTV advertising is that it can fit in seamlessly with an existing omnichannel strategy. A majority of marketers we surveyed are running CTV ads alongside existing channels, especially social media, display advertising and mobile video.

CTV fits into brands' larger omnichannel strategy

Q. What other channels do you run alongside CTV advertising? Select all that apply.



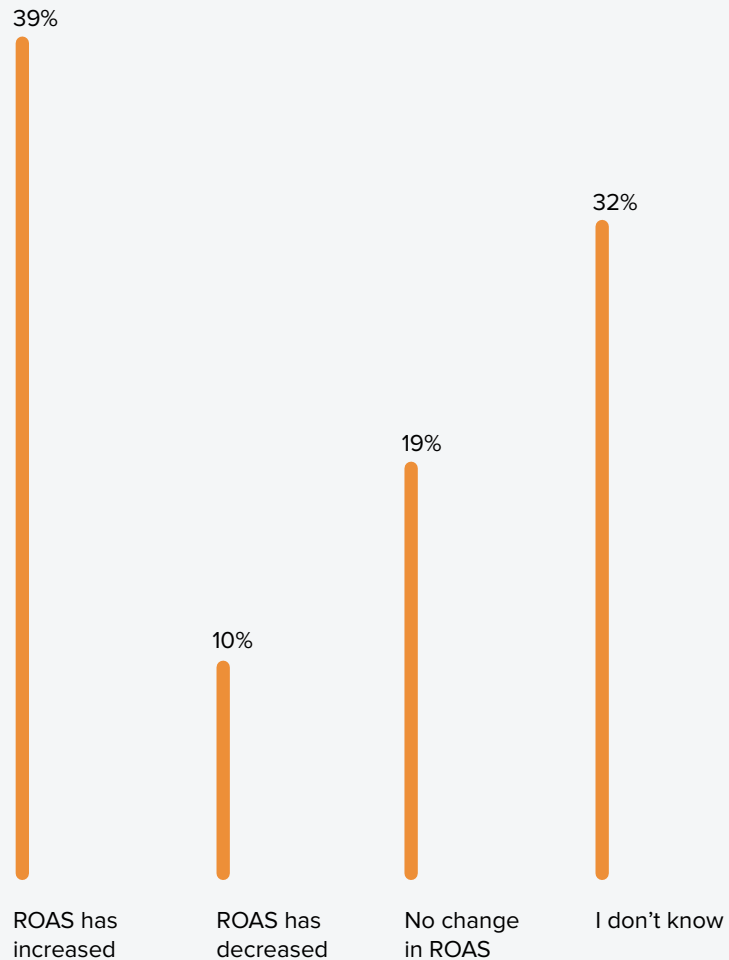
How shifting ad dollars to CTV is paying off for brands (and challenging them)

Of the marketers who have shifted strategy and have confidently assessed their outcomes, a majority of respondents have seen an increase in ROAS.

However, a third of respondents have not yet quantified exactly how investing in CTV has impacted their return on ad spend. This suggests that marketers are facing challenges when it comes to accurately measuring the success of their CTV campaigns — which this report will later explore. In some cases, they are turning to partnerships to help address performance-metrics roadblocks.

A majority of marketers are seeing an increase in ROAS

Q. How has shifting to CTV advertising impacted your revenue?



While the addition of CTV into the marketing mix is accelerating as a result of pandemic-driven consumer habits, it is not only a reactive strategy. General Motors began investing in CTV before the pandemic began, creating increasingly interactive TV spots for brands such as Cadillac. Within the CTV ad experience, consumers could browse different interior features of a vehicle, change the colors of the vehicle on screen and book a test drive.

“What we were trying to accomplish with that campaign was catering our creative to the uniqueness of the connected TV environment,” said David Spencer, manager of emerging media and partnerships at GM. “We had the capability to adapt that creative and its functionality to different streaming platforms and their unique environments.”

Changing consumption habits prompted other companies, such as Allergan Aesthetics, to pursue CTV as a marketing outlet for the first time. The pharmaceutical company programmatically bought ad space on streaming platforms such as Hulu and Pluto TV for its brands, including Botox, CoolSculpting and Juvederm.

“These campaigns are more effective and more transparent, from a measurement standpoint, than traditional linear TV,” said Myles Dacio, Allergan’s senior marketing manager. “Being able to further push the envelope for Allergan Aesthetics — with new engagements such as QR codes, SMS campaigns or engaging overlays — wouldn’t have happened if we did not have the support from leadership, and proof in the pudding driven by these case studies.”

The company’s first foray into CTV advertising involved a campaign for CoolSculpting. The campaign objective was reaching target demographics —

men and women in their mid-30s to mid-50s who might be interested in the fat-freezing technology — and driving them to search for the product online in hopes of converting them through other channels.

Allergan followed this up with call-to-action sweepstakes campaigns for Botox and its lip-filler brand Juvederm in February 2021. Video-ad overlays, containing “New Year, Do You” messaging, encouraged consumers to scan QR codes with their phones for a chance to win \$10,000 in product.

The CTA strategy resulted in high performance for both brands. The Juvederm campaign drew more than 6.5 million impressions, 1,974 QR scans and an average video completion rate of 96.74%. The Botox campaign garnered more than 3.4 million impressions, 60 QR scans and an average VCR of 93.62%.

Dacio said these campaigns showed his team that investing in CTV can turn TV advertising into a “down funnel, direct-to-consumer and direct response tactic, where we can actually drive consumers directly to our website [with the goal of] converting or getting them to sign up for what we are offering.”

“

These campaigns are more effective and more transparent, from a measurement standpoint, than traditional linear TV.



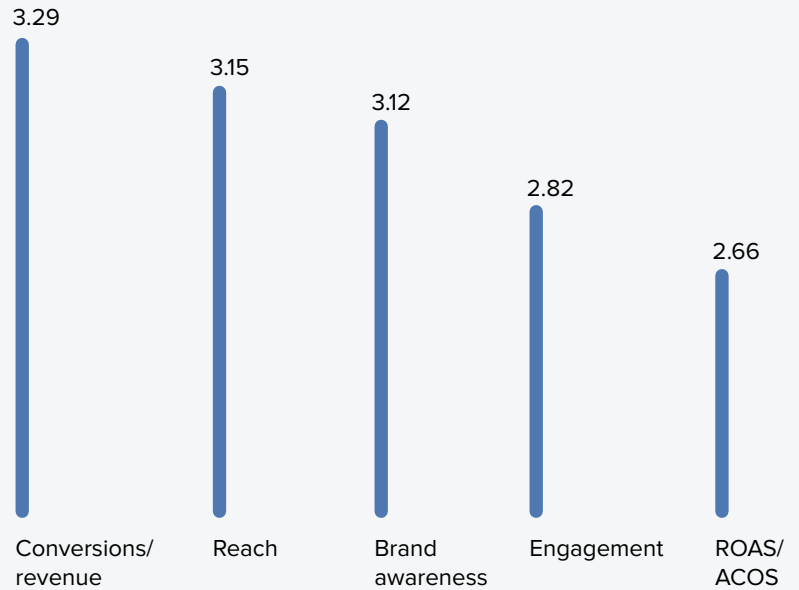
— **Myles Dacio**
senior marketing manager,
Allergan Aesthetics

The KPIs of CTV

Conversions/revenue, reach and brand engagement are the most important KPIs for CTV marketers right now. This suggests that marketers are using CTV as a bridge between the upper funnel of traditional video measurement to the lower funnel of digital video measurement.

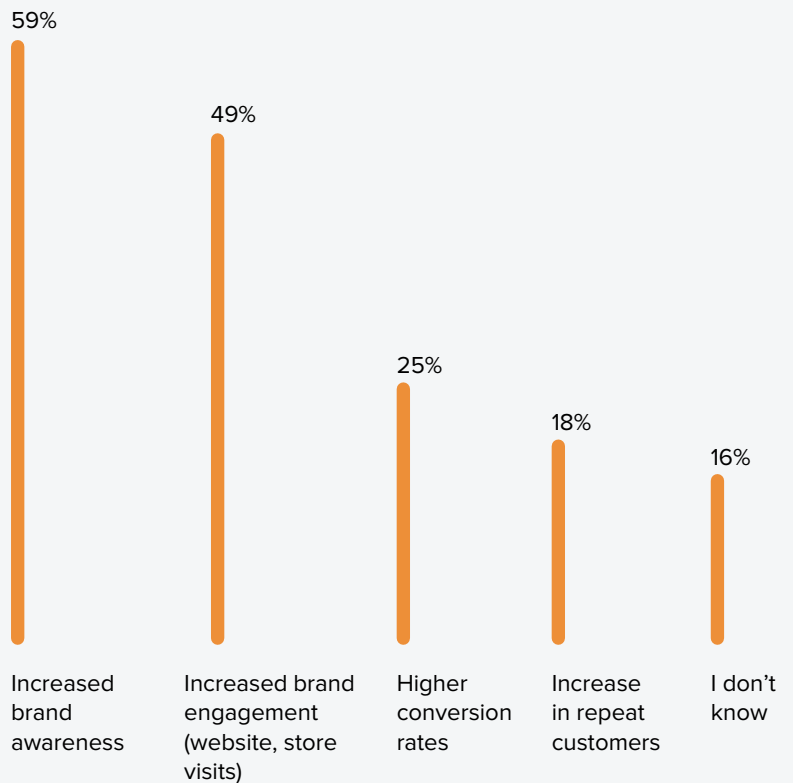
How marketers are measuring success

Q. What KPIs do you use to measure advertising success? Rank by order of importance (1–5 with 1 being least important).



The initial impact of CTV

Q. How has investing in CTV advertising positively impacted your business? Select all that apply.



Jessica Hogue, general manager, measurement and analytics, at Innovid, explained that CTV needs a common set of metrics and KPIs to guide and standardize measurement and data analysis, which will lead to consistency.

“Fundamentally, up and down the funnel, there are set metrics that have to be consistent regardless of what the execution is,” Hogue said. “Those are common building blocks of reach, frequency, unique reach and duplication.”

When marketers incorporate CTV as an extension of their linear efforts, incremental reach could be their core KPI. But if a marketer uses CTV as an entire substitute for linear in

a television buy, examining the cost effectiveness of the household reach across an entire campaign would be useful. Hogue also noted it is important for brands to measure the amount of additional time audiences spend with an ad beyond its 30- or 60-second video length.

With that as the goal, CTV marketers are seeing higher brand awareness and engagement from CTV ads, but they are still figuring out how to effectively drive and measure conversions on CTV. Brands are looking to create unique, interactive ad experiences that encourage consumers to make a purchase.

While testing different types of CTV creative and technology can drive

awareness and clicks, Dacio said his team at Allergan is thinking about ways to give potential customers even more freedom — with the goal of getting them to convert.

With Juvederm, for example, Dacio said the brand has seen success with canvas-style CTV ads that populate different use areas — such as the lips, cheeks or chin — for consumers to click on, leading to facts about how the product interacts with each.

“It’s about letting consumers take control of their journey down the funnel with a product or with a brand,” Dacio said. “It helps us, as advertisers, understand where they’re going, what their needs are and what they’re looking for in these brands.”

“

Fundamentally, up and down the funnel, there are set metrics that have to be consistent regardless of what the execution is. Those are the common building blocks of reach, frequency, unique reach and duplication.”

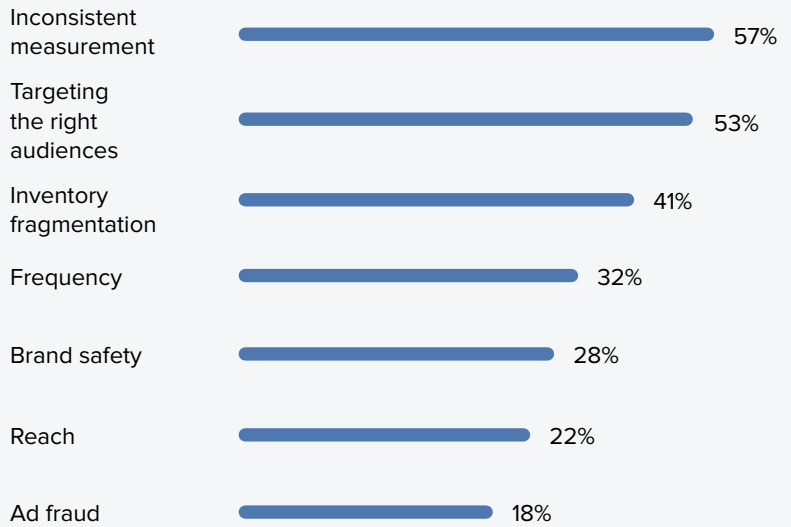
— **Jessica Hogue**
GM, measurement and analytics, Innovid

Measuring and analyzing performance in a CTV world

Another overarching challenge marketers face in efficiently measuring CTV advertising performance is fragmentation. With more options launching in the market, from new original equipment manufacturers (OEMs) to ad-based video on demand, CTV looks set to become increasingly fragmented. Targeting the right audiences and inconsistent measurement are also key challenges marketers encounter as they integrate CTV advertising.

Obstacles to efficient CTV advertising

Q. What are the challenges you have encountered as you have integrated CTV advertising? Select all that apply.



“These factors are uniquely challenging in connected TV, because you’ve got platforms, publishers and then devices that sit in between,” said Hogue at Innovid.

“You’ve got this three-layer cake of complexity. From a measurement perspective, most of those platforms themselves are siloed, which makes it difficult to do basic things like connect the dots across all the different places that you can buy inventory.”

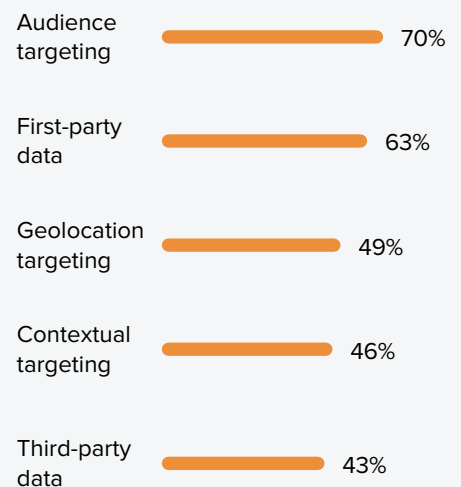
Spencer, at GM, added that fragmentation makes it difficult for marketers to achieve accurate measures of reach and frequency across consumers.

“What we don’t want is to annoy our customers and serve them four, five or six of the same ads in a row,” Spencer said. “Sometimes that can be an issue in the connected television space.”

CTV marketers are also facing an identity challenge as each device creates its own identifiers, which can lead to difficulties in analyzing the data needed to effectively target audiences. To help tackle these addressability challenges well more than half of respondents are relying on audience targeting tactics while using first-party data. We’ll explore these steps further in the following sections.

Marketers leverage a variety of addressability tactics

Q. What strategies are you currently using to improve CTV advertising performance? Select all that apply.



CTV data and targeting

Although the demise of the third-party cookie may not directly impact the CTV world, marketers are still navigating how to organize viewer data and ensure they serve them relevant ads.

Hogue, at Innovid, said device identifiers such as IP addresses can build specific household IDs that encompass a household's different streaming devices. But while the household ID solution is ideal for certain advertising partner needs, CTV marketers need to have single-source data sets with identity capabilities that translate across platforms and across providers.

When that works, said Dacio at Allergan, CTV marketing is helping the marketing team better understand its consumers: "We're able to see the visibility of CTV driving users. I can tell you a true frequency and reach per household. We can retarget these users with other channels. We can see the inferred brand impact of our CTV and OTT buys and whether it's increasing website or search traffic."

CTV advertisers have an opportunity to reinvent how they collect first-party and zero-party data, focusing on a value exchange for users that's personalized and engaging. However, personalization also needs to be complemented by automation. Hogue said CTV marketers have an opportunity to incorporate viewer data and behaviors into the automation process, ultimately leading to better ad performance.

"It's about making ads smarter, more intuitive and raising the emotional IQ of the creative," said Hogue. "That could be based on their demographic, the context of content they are experiencing right now, their prior buying tendencies — all of those things that make them unique. There's an opportunity to harness those [signals] on the back end in a privacy-appropriate way that resonates with them, as opposed to being so pointed that it has a creepy factor."

3 steps to successful CTV measurement

1. Establish a common currency

As TV converges across linear and connected TV, marketers should advocate for consistency in metrics and how the industry defines those metrics, avoiding ad tech providers that have different interpretations of what audience reach means.

2. Experiment with measurement strategies now

Marketing teams should choose a campaign and establish specific performance goals, be it incremental reach, household reach or message frequency. Marketers should use data from that campaign to inform future strategies.

3. Leverage the agility of CTV

While not every brand prefers to reallocate media during a campaign, Hogue encourages taking advantage of the ability to make campaign adjustments mid-flight. Marketers can analyze real-time campaign insights to see if adjustments — creative or technical — are needed to increase ROI.

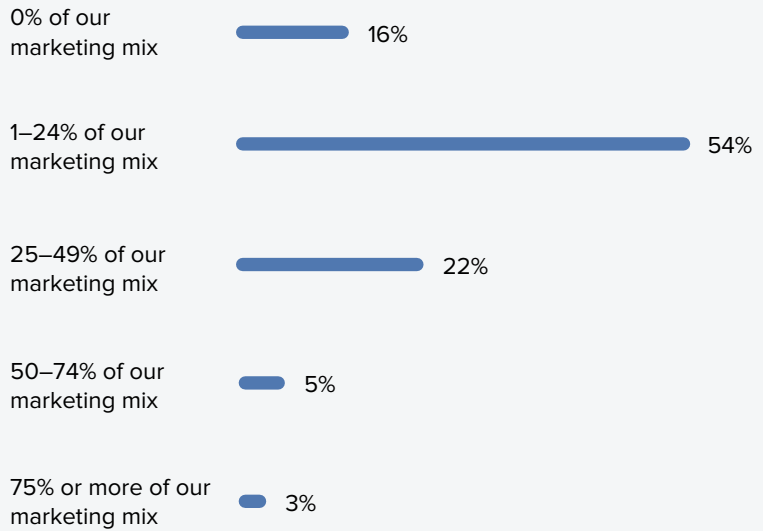


Brands are preparing for the blended future of CTV and linear

Amid the ongoing adoption of CTV, linear remains an important strategy for marketers to reach consumers. For more than half of respondents, the channel will still account for as much as a quarter of marketing strategies this year.

Linear still matters to marketers

Q. How will linear TV fit into your video marketing strategy in 2021?



Our survey also found that 23% of respondents increased their linear spend from 1% to 24% in the past year, while 16% of respondents increased linear spend from 25% to 49%.

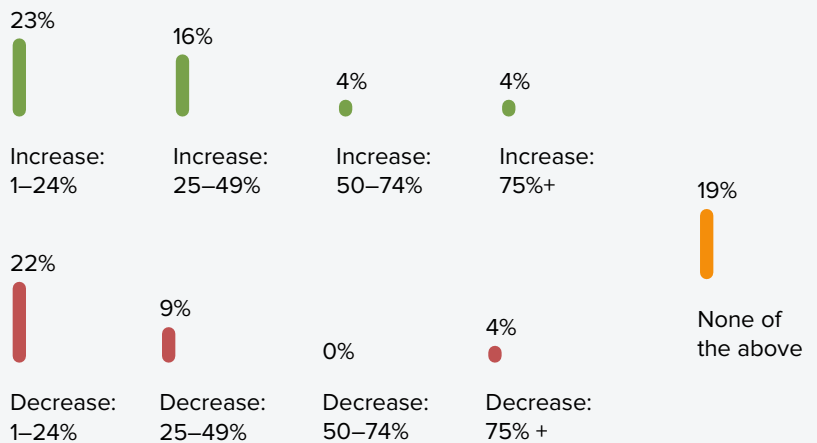
Spencer, at GM, noted that his teams still need to operate in the linear space as a significant portion of households interested in buying cars will still be accessing linear TV; these households aren't necessarily cutting the cord, but subscribing to streaming services to expand their content access.

"Because our customers are there, we need to be there as well," he said. "It's still a very important part of our mix in order to achieve the levels of reach that we're after."

However, 71% of respondents said that CTV will account for as much as a quarter of its marketing mix, compared to 54% who cited the same range for linear TV.

How marketers have changed their linear spend

Q. If you increased or decreased linear TV spend in the past year, to what extent did you make that change?



CTV will be a long-term strategy

Q. How will CTV fit into your video marketing strategy in 2021?



The past year has proven that CTV's popularity is not temporary. Even major Hollywood studios have warmed up to the space, with many films being released in theaters and through video on demand services simultaneously.

Netter, at Innovid, stressed that marketers should no longer view CTV as an extension of linear television, but as a primary advertising channel that fits into a larger omnichannel strategy. And advertisers need to be smart about choosing technology solutions that can help them navigate the pros and cons of CTV, and execute everything from banners to attribution to measurement.

Netter foresees that the more CTV ad success is demonstrated, the more it will impact how marketers view the value of linear.

"Whether it's CTV or not, the medium is extremely powerful and TV overall is a \$200-billion-plus industry that is not going anywhere," Netter said. "People experimenting more with CTV addressability, interactivity and measurement of performance [will gain] data and experiences that will affect linear. You'll be able to learn things that you were not able to learn with linear."

Next steps: Marketers are partnering with tech to win at CTV

The future of CTV will include new ways to engage and grow audiences, as brands increasingly adopt it as a permanent tool in their omnichannel marketing mix. But marketers also understand that in pivoting to CTV, they will need to tackle hurdles such as inventory fragmentation and inconsistent measurement.

As marketing teams strive for CTV growth, it is imperative they invest in platforms that will help them consolidate their omnichannel strategy to efficiently deliver, personalize and measure ads across all screens and devices. Advertisers who are equipped with these tools will perform better in a television world that increasingly moves online and away from the cord.

Marketers are seeking out CTV experts

Q. What steps have you taken to better measure CTV ad performance? Select all that apply.



Three essential questions CTV marketers are asking prospective ad tech partners

1. What are the household metrics and KPIs the company is using to measure performance?
2. What technology capabilities is the partner implementing to make ads more interactive?
3. What tools does the partner use to improve cross-channel media performance and eliminate silos?

About Innovid

Innovid is the only independent omnichannel advertising and analytics platform built for television.

We use data to enable the personalization, delivery, and measurement of ads across the widest breadth of channels in the market including TV, video, display, social, audio and DOOH.

Our platform seamlessly connects all media, delivering superior advertising experiences across the audience journey. Innovid serves a global client base of brands, agencies, and publishers through over twelve offices across the Americas, Europe and Asia Pacific.

Learn more at innovid.com

INNOVD | DIGIDAY