



The Age Of CTV

Cutting The Cord On Cable Advertising



Media consumption is shifting. And advertising dollars are moving with it. The glut of streaming services in the market — with their on-demand nature, unlimited DVRs and exclusive content offerings — has pushed connected TV (CTV) into the top-tier of solutions in the digital media market. It's a trend that is affecting not only the revenue of regional cable television giants, but also the number of dollars brands invest in internet search. It's a change that seemingly happened overnight, and

that many are still trying to catch up with. Between nearly every TV on the market having internet capabilities and the sheer saturation of streaming services that fill nearly every niche, it was an inevitable outcome. Because of this, marketers are shifting to heavily, or even fully, CTV advertising budgets. This is leaving many wondering how this will affect the marketing status quo and data strategies in general.

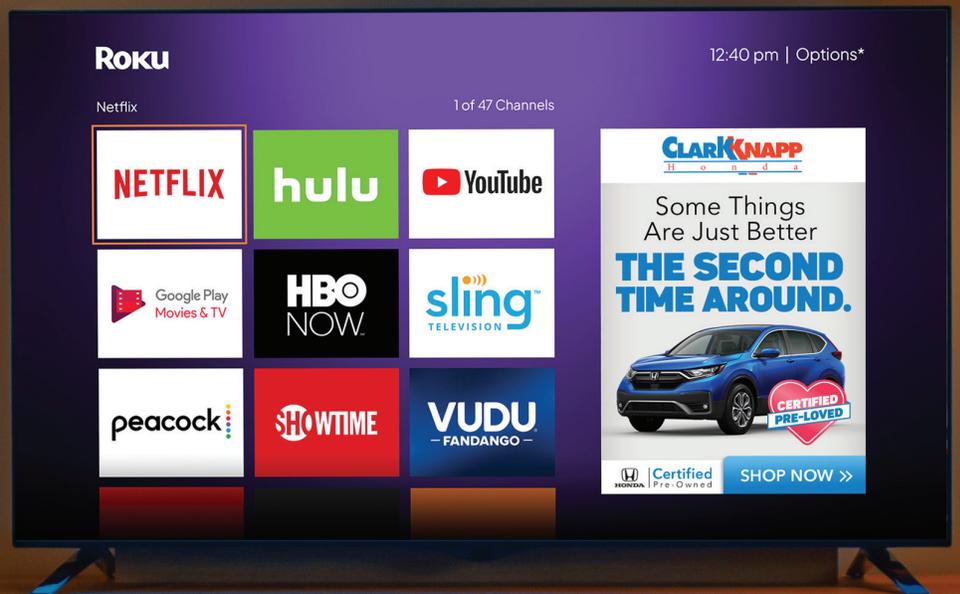


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The Rise Of CTV

A good place to start is with what led up to CTV cornering the market over traditional cable television. While CTV and CTV advertising has grown rapidly in recent years, one must keep in mind that this was only made possible following the establishment of cable television. Without humble beginnings from YouTube back in 2005 becoming the first big user oriented online video streaming service. Netflix wasn't too far behind, but most online streaming services only had mild success until the technology caught up with them and allowed them to be streamed directly to a TV.

But, these internet-based viewing options have now replaced antennas and cable, ditching them in place of traditional cable. One of the main reasons being that most televisions are now produced with online capabilities. Today, 82.9% of all households in the US have a CTV, with an average of 3.9 CTV devices per household. The secondary reason being that user experience with CTV is more catered to how the consumer wants to view it. The user can choose what to watch and when to do it. Replay, fast-forward, rewind

on a whim, or even playing at a faster speed – the viewer is in full control of however they'd like to experience their entertainment. With the launch of new technologies like video sharing, the experience has been enhanced. Not only can you watch what you want when you want it but socialization is also possible while not having to leave the comfort of your own living space.

The biggest boost for CTV however, was the pandemic. As most people were stuck inside with not much to do other than binge watch or browse the internet, this was a huge strike against Traditional Cable TV. From 2020 to 2022, CTV views rose 58%, while cable views decreased by 32%. Unfortunately, the pandemic also affected consumers financially. Households that were affected by difficulties generated because of the pandemic had the need to cut their spending on entertainment and streaming platforms are cheaper than Cable. With cable prices increasing rapidly, it only made sense.

60%

of consumer
in the US

were subscribed to a streaming service by 2016, this gave new life to CTV¹.

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Since 2013, traditional cable/OTT prices have been increasing from their already steep price points, and have steadily increased over 40%⁴. With the average monthly cable subscription prices being \$395.64 in 2013, and increasing to a whopping \$574.75, it became a luxury that the average consumer couldn't afford⁵. Compared to most, if not all, basic streaming services which cost under \$25 a month.

¹<https://www.statista.com/chart/17724/net-subscriber-loss-of-the-largest-pay-tv-providers-in-the-united-states/>

²<https://leverinteractive.com/blog/streaming-digital-success-with-the-growth-of-connected-tv/#:~:text=Today%2C%20with%20a%20growing%20majority,dominating%20traditional%20or%20linear%20TV.>

³<https://keynesdigital.com/connected-tv-demographics/>

⁴<https://beta.bls.gov/dataViewer/view/timeseries/CUUR0000SERA02>

⁵<https://www.cabletv.com/entertainment/streaming-vs-cable-prices#:~:text=Cable%20prices%20go%20up%20every,hit%20an%20average%20of%20%24529.52.>

Seeing CTV Differently

With everything seemingly leaning towards the benefit of CTV over traditional cable, many marketers have begun to wonder, “How will this affect the status quo within marketing and advertising?”.

The short answer is, not much. It's a transition to a new medium with a lot more widespread usage. Just as marketers made the transition from strictly radio advertising to television advertising, and adapted to advertising online with the birth of cookies back in the 90s, advertising through CTV is just another step in the evolution of it all. CTV is one of the fastest growing channels in advertising right now, and for good reason. It's highly targeted, unskippable, and trackable. Unlike linear TV advertising, which focuses on a highly unfocused “spray and pray” approach, CTV is targeted. Even more so, CTV has seen its numbers jump, just during 2022 alone. A recent study done by Pixilate⁶ analyzed programmatic advertising activity across over 300 million CTV devices and over 70,000 programmatic- support CTV apps. This study found that

94%

of US households are now reachable by programmatic CTV ads – an 8 percent growth from 2021.

It also found a 20 percent YoY increase in the volume of CTV apps that support open programmatic advertising.

Streaming is on track to become the fastest growing video format, both in viewership and media investment. **Americans are continuing to cut the cord on their cable subscriptions at a rate of 4–5% per year.**

In fact, Tubi's 2022 State of Streaming Report⁷ projects that in two years, less than half of US TV watchers are expected to have cable or satellite TV. More people are finding it more affordable to pay the miniscule subscription rates for these streaming services compared to having to be locked into a contract for a cable service. According to the same report,

34%

of CTV ad spend grew in 2021, but only 7.4% for national broadcast and cable.

Another study performed by Strategy Analytics⁸ has found that if current trends continue, more than half of all households worldwide will own a smart TV by 2026. This study also reports that the United States household market alone has already surpassed an 80% saturation rate, with 82% of US households having a CTV/ streaming device, as compared to the 80% in 2020, and 74% in 2019. With over 50 different streaming services to choose from in North America alone, it isn't surprising that smart TVs with apps for these streaming services are becoming exceedingly popular.

⁷://media.foxadsolutions.com/wp-content/uploads/2022/02/08220544/Tubi_The_Stream_Audience-Report_2022_.pdf

⁸https://news.strategyanalytics.com/press-releases/press-release-details/2021/Strategy-Analytics-Global-Smart-TV-Household-Ownership-to-Exceed-50-by-2026/



CTV For You And Me

Of course, the question on everyone's mind after all of this is "How does this shift benefit marketers and advertisers?".

The easiest way to begin is to talk about cookies, the marketer's best friend since the 90s. But, as we all are well aware at this point, they have mostly faded out of use. This means that first party data is more important than ever. As CTV and streaming becomes the main way to view content, consumer's desktops aren't the biggest screens you can gather this data from anymore. The good news is that the first-party data you're working on collecting can easily be extended to CTV. CRM tools allow you to reach your target audiences on CTV and deliver personalized or

individualized messages. These tools allow you to create various segments from your first-party data pool, so you can tailor your message to a cart abandoner versus a loyal customer. Not to mention that data from your onsite pixel can be used to target and similarly segment consumers, creating a nuanced and highly-actionable audience for your business. You can even reach each target audience within the premium content they are watching on the largest screen in the house.

59%

of marketers said investing in the channel has significantly increased brand awareness, and 50% stated that it helped improve brand engagement.

Being able to properly segment and target your audiences accurately was never really that feasible with traditional cable. As identity marketing tools become more sophisticated, marketers can now better target specific audiences, even within CTV and video environments, via more relevant advertising. Copying identity targeting techniques originally used for cable and adapting them to CTV will help marketers standardize and tap into first-party data unavailable to them before. This will lead to a better contextual experience for CTV consumers with ads better aligned with what audiences are already watching. Personalisation, powered by interactive and immersive experiences, is an important aspect to this segmentation of audiences. Making sure that you know the audience you're targeting is extremely important. For example, if a viewer is highly interested in cooking shows, serving an ad for kitchenware or products right after would definitely increase advertising effectiveness. According to a recent study from Innovid and Digiday⁹, 59% of marketers said investing in the channel has significantly increased

brand awareness, and 50% stated that it helped improve brand engagement.

In addition to being hard to target, most cable services now offer DVR service, which allows the viewer to fast forward and/or skip through the advertisements on a pre-recorded program. With the declining consumption of live television, so have the chances of viewers consuming and interacting with traditional television ads. CTV advertisements can't be skipped in most cases, giving advertisers a greater chance of their audience actually watching their ads.

62%

of respondents expressed that they had discovered new products as a result of watching ads through streaming services.

⁹<https://martechseries.com/tv-advertising/study-two-thirds-advertisers-use-connected-tv-build-stronger-link-tv-digital/>

¹⁰<https://www.magnite.com/press/magnite-ctv-live-research/>

CTV advertisements can't be skipped in most cases, giving advertisers a greater chance of their audience actually watching their ads. For this reason, CTV video ad completion rates are very high. CTV content also has the luxury of being able to be viewed completely on the viewer's schedule, which adds to the appeal. This also gives advertisers an upper hand not having to worry about which time slot they'll fit into to be viewed by a certain demographic as they would with cable.

Even better are the statistics surrounding CTV advertisements. A survey conducted by Magnite Research¹⁰ had half of respondents agree with the statement:

“TV ads are an important part of my TV watching experience”.

Another 62% of respondents expressed that they had discovered new products as a result of watching ads through streaming services. Despite the mass exodus from traditional cable, advertisements aren't the issue. Many people still enjoy interacting with them and are willing to sit through a few advertisements to avoid paying a higher, or no subscription fee for streaming.

Seeing Benefits From CTV

All in all this is beneficial for marketers. The aura of CTV and CTV advertisements has accelerated into smart marketing tactics. Gone are the days when conventional TV ads were merely serving the purpose. CTV viewership has conquered its performance-driven optimization providing maximum outreach for brands. Its accurately measurable capacities have challenged most traditional TV or mobile ads. What used to be product placement has been replaced with opportunities to reach consumers more subtly through sponsorships. These are easier and cheaper to acquire compared to the latter, with the usual cost being sending some free samples and/or trial of your product or service to a content creator (podcaster,

tiktok star, influencer, etc.). And as new generations are being born and raised into this increasingly connected world, that means more of them are accepting advertisements as a natural part of their CTV experience. According to Statista¹¹ more than 46% of those 18–34 own a smart TV or CTV, with that number climbing. Another study done by Pixilate¹² analyzed programmatic advertising activity across over 300 million Connected TV (CTV) devices and over 70,000 programmatic-support CTV apps. This study found that 94 percent of US households are now reachable by programmatic CTV ads – an 8 percent growth from 2021. It also found a 20 percent YoY increase in the volume of CTV apps that support open programmatic advertising.

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20%

YoY increase in the volume of CTV apps that support open programmatic advertising.

¹¹ <https://www.statista.com/statistics/1313267/connected-smart-tv-ownership-age-us/>

¹² <https://www.pixilate.com/global-connected-tv-ad-supply-chain-trends-report-h1-2022>

The brilliant thing about CTV is that it isn't only limited to the TV. According to recent research on second screens¹³,

84%

of U.S. adults multitask and browse the internet on one device while watching TV on an in-home screen at least "sometimes."

More than half use second screens "often" or "always." The devices used as their second screen vary across smartphones, tablets, laptops and desktops. While some marketers might see this as a completely separate entity from CTV, it's actually another part of the same beast. If a device is in a consumer's home, it becomes a part of their digital ecosystem. Another piece of technology that opens the door to more information and better targeting so that you can make sure your ads are viewed by the right audience. This is why many brands and agencies are using CTV alongside other omnichannel tactics, including geo-targeting and email marketing, to reach consumers across multiple screens. The outcomes include increased traffic, higher engagement and solutions for unifying a fragmented TV landscape.

How exactly do they take advantage of these specifics? It's easiest by using one of our own case studies as an example. A notable agency decided to reach out to us at Stirista to create a CTV ad targeting millennial mothers living near selected bricks-and-mortar locations with the goal of highlighting their client's campaign sweepstakes, coupons and recipes. With CTV having 15 to 60 second unskippable advertisements, we used this to our advantage. For the campaign, as well as during, Stirista provided creative and was able to onboard, process and administer data hygiene components to produce complete and accurate audience segments. Knowing that geotargeting plays a crucial advantage for CTV over linear, Stirista leveraged their catalogs of first-party consumer data alongside the client's third-party data. This gave the advertisers an accessible way to address specific audiences that match the brand's desired demographics. With second-screen habits and performance in mind, Stirista also placed a visitor ID graph (VIG) pixel on the campaign's landing page to track site traffic for accurate performance reporting. In just one month, the CTV campaign had a

97%

viewer completion rate, had over 1.88 million views, and was responsible for all site traffic.



¹³ <https://big-village.com/news/the-rise-of-second-screens/>

Traditional cable TV advertising just doesn't cut it anymore, which is why you should cut out cable. Marketing and advertising over cable has become costly and irrelevant (for the most part) with the rise of CTV. Inflation and an increasingly connected world has made it a territory that likely will get phased out. Being able to identify users at a more granular level and target specific audiences within niche markets is a cornerstone of CTV, something that cable could never provide. Making sure that you're gathering all the proper, accurate and relevant first-party data is

extremely important if you want to correctly identify your audiences. Attribution for CTV may be on par with cable at the moment, but the transparency, granularity and control allow you to enhance the performance versus more constrained channels. CTV ad spending is the future, but making the best decisions about where to allocate funds will continue to challenge brands. Making sure that you choose the right partner to enter this space with is more important than ever. Always choose a partner that understands the space and can help by being a trusted steward of your budget.

Want to know more about CTV?

