The State of Connected TV Report 2020

How the Convergence of TV and Interactive Experiences Is Transforming Measurement, Creative, and Engagement

INNOVID | ANA

January 2020

Table of Contents

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A Special Thank You to

The ANA Member Brand Participants

Seventeen ANA members participated in this study; 16 agreed to be identified.

ABOUT THE STUDY

The ANA and Innovid invited brand marketers to participate in a research partnership to uncover best practices and help define the future of connected television (CTV) advertising. Our goal was to discover valuable insight into how CTV complements linear TV. The primary focus was on advertising delivered via traditional television sets (e.g., in the living room, family room, bedroom).

Over a four-month period, we collaborated with agencies, publishers, and brands to analyze 60 million interactive CTV impressions across:
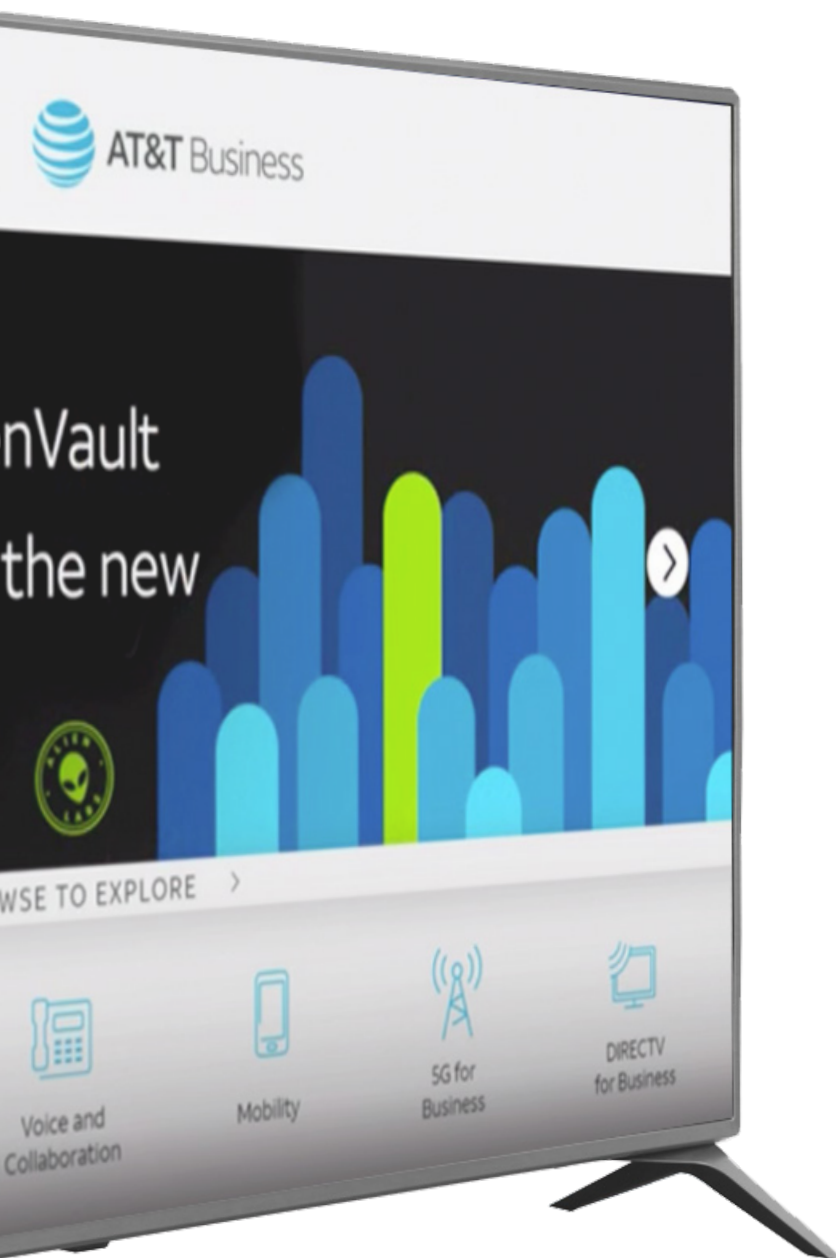
17 ANA brand marketer members	**7** Verticals	**10** CTV devices	**4** Creative formats

What Is CTV?

And how does it fit into the TV landscape?

OTT, CTV, advanced TV — there are so many terms to learn. For the purpose of this study, connected TV (CTV) is defined as content streamed on an internet-enabled television screen via an over-the-top (OTT) device. OTT devices include smart TVs, gaming consoles, and plug-and-play streaming devices like Roku, FireTV, Chromecast, and Apple.

This landscape has many layers. CTV is a subset of OTT, which is defined as any app or website that streams content over the internet. OTT, in turn, is a subset of advanced TV, which is an overarching term referring to "nontraditional TV" which has the ability to serve one ad to one household as opposed to broadcasting an ad to all households.

As far as audience goes, there is an expanding number of pay TV households (i.e., households that have paid subscriptions to linear or traditional TV) that have adopted CTV. Additionally, cord-cutters (households that are no longer pay TV households) and cord-nevers (households that have never been pay TV households) are primary audiences for CTV.

Why CTV? Why Now?

In today's hyper-connected, data-rich world, consumers are increasingly demanding brands deliver more focused, relevant messaging. As a result, advertisers are realizing that if they want to make a measurable impact, they must shift away from simply competing for eyeballs to creating meaningful, engaging experiences that first earn and then truly captivate audiences. These audiences continue to watch TV on a massive scale, with adults spending an average of five hours per day viewing TV content on a regular basis.[1]

To make matters even more interesting, the TV landscape is converging. Many predict that over the next five years, connected TV (CTV) will continue to gain large amounts of impressions, with the potential to catch up with or even surpass linear TV. In the span of one year alone, the CTV ad impression share increased by 178 percent, overtaking desktop to account for approximately one-third of all digital impressions.[2]

CTV has become critical for marketers looking for a full-funnel solution to maximize reach and build their brand among their total addressable market. Not only are CTV households expected to grow to 82 percent by 2023,[3] but cord-cutter and cord-never households are also expected to increase to 44 percent of the population during the same period.[4] Because these audiences are not available through linear TV, marketers need to use linear and connected TV together to gain the breadth of exposure they desire.

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1 Nielsen, Total Audience Report, Q3 2018
2 Innovid, Annual Global Video Benchmarks, June 2018
3 eMarketer, Connected TV Households, July 2019, US Population
4 eMarketer, July 2019, US Population

Brands are starting to embrace CTV as well, with one in 10 programmatic video ad dollars currently going to the platform.[5] With ad spend estimated to reach over $6 billion by 2021, experts predict that CTV will begin to divert ad spend away from desktop in the near future.

Even with all the promise CTV has to offer, it has only been in-market for about five years. There's still a ways to go when it comes to how easily advertisers can plan, buy, and measure these campaigns. For one thing, companies will have to determine who within the organization will fund CTV campaigns from the outset. Additionally, the issue of fragmentation and disparity across device and platform, while common for young markets, presents a noticeable ripple effect across planning, buying, creative, and measurement — a point we touch on later in this report.

5 eMarketer, US Programmatic Digital Display Ad Spending, November 2019

What's Next?

While it's clear that CTV should be top of mind for advertisers, there are still some pressing questions that need to be answered given the current challenges in the market:

Measurement

What is possible in this newer, connected world?
What are consistent KPIs that can be integrated into business practices?
How do I ensure reliable real-time measurement and accountability?

Creative

Knowing that retrofitting TV assets for all media is ineffective, **how** do you scale creative, especially interactive assets, for the most powerful, engaging reach?

Engagement

Given CTV's ability to deliver one-to-one engagement as well as video storytelling, **how** can it be used as both an awareness and performance vehicle?

Three Takeaways Emerged

The goal of this report was to uncover the key CTV insights that brands need so they can gain a deeper perspective on what it can do, how to leverage it, and how to establish effective KPIs. Our findings culminated in three key takeaways which we will cover in this report:

What Does CTV Provide?

More Reach

More Interactivity

More Time

CTV's exclusive audiences (cord-cutters and cord-nevers) make it an ideal platform for extending the reach of linear TV campaigns, especially in competitive dayparts.

The enhanced digital capabilities of CTV can substantially deepen and redefine customer engagement amid cross-screen competition.
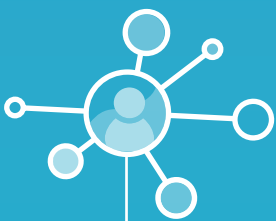
CTV gives advertisers the ability to earn more of the viewer's time, which increases brand awareness and opportunities for conversions.

Key Findings

More Reach

DAYS AND DAYPARTS

- 30 percent of CTV impressions occurred during the traditional primetime daypart (7:00 to 11:00 p.m.), compared to approximately 23 percent consumed on linear TV[6] during the same period. In contrast, engagement, defined as the initial click on the interactive unit, was more than three times the average during the daytime daypart (9:00 a.m. to 3:00 p.m.).[7] This ultimately defines both times of day as key moments to create awareness, and distinctive times to prompt an interaction and extend the effectiveness of linear TV buys.
- Interactive impressions were served consistently throughout the seven days of the week, but viewers exhibited stronger engagement Thursday through Sunday.

6 Nielsen, May 2019
7 For comparison, the primetime daypart represents 23 percent of linear TV impressions (Nielsen, May 2019)

More Interactivity

More Time

ENGAGEMENT

- CTV interactive ads yielded an average engagement rate (engagements divided by impressions) of 0.36 percent, which is on par with Innovid's average across verticals.
- Approximately one in 500 users engaged with 15-second spots (0.23 percent engagement rate), compared to one in 250 for 30-second spots (0.41 percent engagement rate).[8] While the study had a slightly higher number of campaigns with 30-second spots, this insight reveals that 15-second ads need a clear call to action and conversion KPI to drive a desired response within a shorter time frame.
- Brands with a clear call to action have above average engagement, and different device types can experience stronger relative engagement.

CREATIVE

Because CTV interactive ads have the potential to build in a lot of interactive elements, brands may be tempted to overuse these capabilities. There is a need to focus on balancing awareness and performance-driven content for interactive campaigns to keep messaging clear and avoid overwhelming the user. Generally, ads that used two to three in-unit elements, such as videos or browsable product galleries, generated the highest and most consistent engagement.

PERFORMANCE

For performance advertisers, CTV presents an opportunity to go beyond standard TV experiences to create true omnichannel engagement. In this study, TV-to-mobile elements demonstrated a consistent ability to boost ad engagement, with one in 25 people who engaged fully converting to receive more information via SMS.

TIME EARNED

Whether it is SMS, a browsable gallery with rich product detail, or video vignettes with branding, 30-second interactive CTV ads achieved 71 seconds of incremental time above the initial length of the ad on average — a 237 percent increase. Fifteen second ads garnered an average of 67 incremental seconds, amounting to an impressive 447 percent increase in total time with the consumer.[9]

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8 Weighted due to a higher amount of 30-second ad impressions.
9 Increases refer to the additional time earned with interactive experiences above the 15 or 30-second pre-roll initially shown to the viewer.

Takeaway 1
More Reach

It is self-evident that before you can get an audience to do, learn, or buy anything regarding your brand, you must first expose them to your message. However, in practice, it may be more difficult than you might think. The days when consumers had no other option but to watch traditional push advertising are long gone. In today's rapidly evolving age of television, audiences have more content choices than ever on more screens than ever, forcing marketers to rethink **where**, **when,** and **how** they can reach their total addressable market.

Can CTV Be Leveraged For Brand Visibility?
For the purpose of this study, we looked at four main factors to explore the impact CTV has on brand exposure: coverage, time of day, day of the week, and device.

3X

the average engagement rate was achieved between 9:00 a.m. and 3:00 p.m.

CTV IS BECOMING AN MVP AMONG TV VIEWERS
There's a reason why nearly 50 percent of advertisers plan to increase their spending on CTV going into 2020 and beyond.[10] Simply put, brands will always follow audiences, and in today's landscape, that means having a presence on both linear TV and CTV. With nearly 82 percent of households estimated to embrace the platform by 2023,[11] it's a hard trend to ignore. If this wasn't impressive enough, 32 percent of all video ads on the Innovid platform are currently delivered to CTV, a number that skyrockets to 73 percent if those impressions are isolated to premium publishers.[12]

Furthermore, CTV has access to audiences who are diminishing or nonexistent on linear TV (i.e., cord-cutters and cord-nevers). This is a critical consideration for marketers looking to access all potential customers, not just certain subsets. For those looking to reach millennial or generation Z audiences, it becomes that much more relevant.

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10 April 2019 Interactive Advertising Bureau (IAB) "Digital Content NewFronts: 2019 Video Ad Spend Report"
11 eMarketer, July 2019, US households
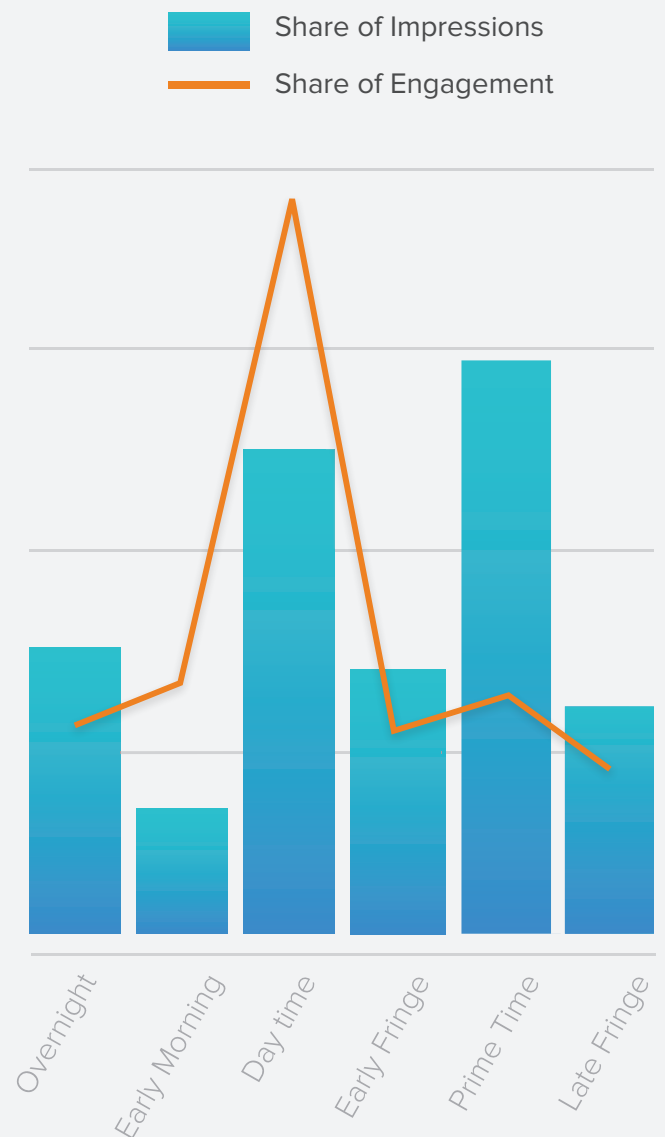**12 Innovid Benchmark Data**

Time May Be Money, But First It's About Impressions and Engagements

When looking at the ad exposure and engagement rate as it relates time of day, an interesting relationship emerged.

While there was an increase in impressions during the primetime window, daytime garnered considerably higher engagement rates, which in this context is measured as the percentage of impressions that resulted in a viewer clicking on an ad (engagements/impressions). Thirty percent of impressions were viewed between 7:00 and 11:00 p.m., while we saw an engagement rate that was three times the average between 9:00 a.m. and 3:00 p.m.

The assumption here is that this behavior is largely due to a particular mindset that consumers have at those times of day. During primetime they may be more apt to be in a lean back, relaxation mode after a long day, as opposed to the morning where they have a full day ahead of them. The platform also may play a role here, particularly those which purposely create viewing environments that encourage binge-watching behavior.

ENGAGEMENT RATE BY DAYPART

- Share of Impressions
- Share of Engagement

Overnight · Early Morning · Day time · Early Fringe · Prime Time · Late Fringe

For verticals that focused on offers related to time of day (e.g., lunch, dinner) such as in quick service restaurants (QSRs), increases in engagement by daypart were particularly prevalent. We can infer from this that the "moment in time" relevance of these offers created enough urgency to produce powerful shifts in responsiveness and engagement.



ENGAGEMENT RATE BY HOUR
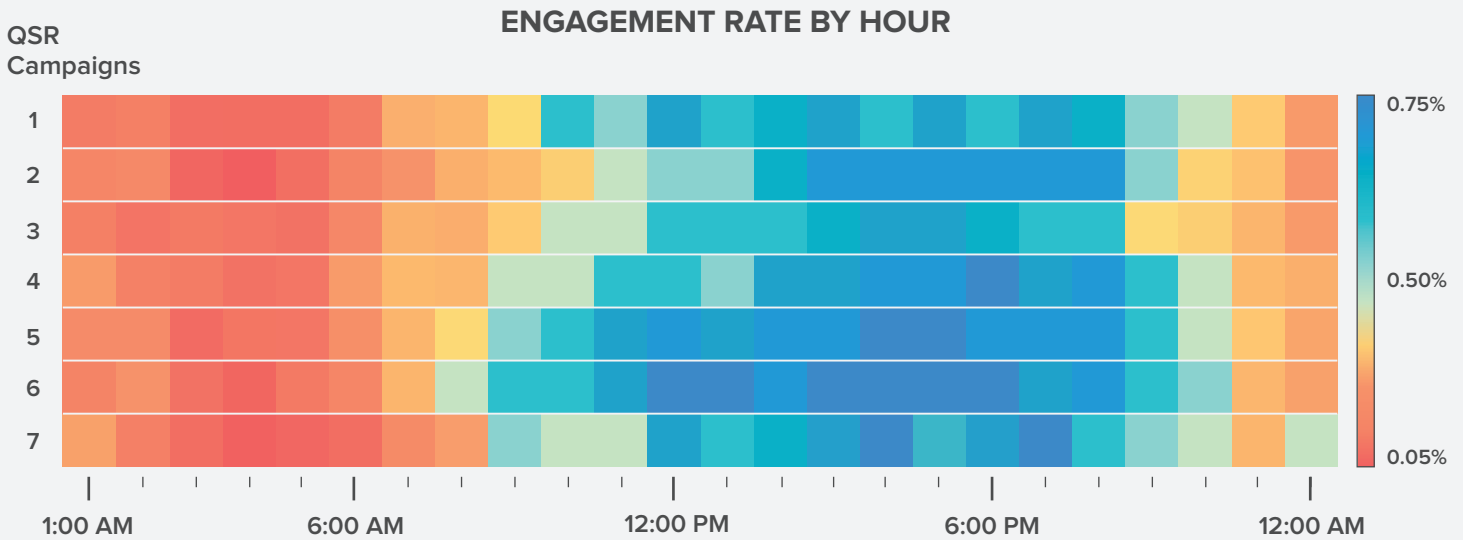
Time of day isn't the only area where advertisers can strategically leverage CTV, however. While impressions were fairly evenly distributed throughout the week, viewers were more likely to engage from Thursday to Sunday.

This suggests fertile ground for testing sequential messaging tactics such as running educational or awareness ads earlier in the week followed by conversion-focused creative on weekends.

The biggest lesson here is that these numbers suggest that CTV can be incredibly effective in extending the reach of traditional TV campaigns during the most competitive days and dayparts.


ENGAGEMENT BY DAY OF THE WEEK
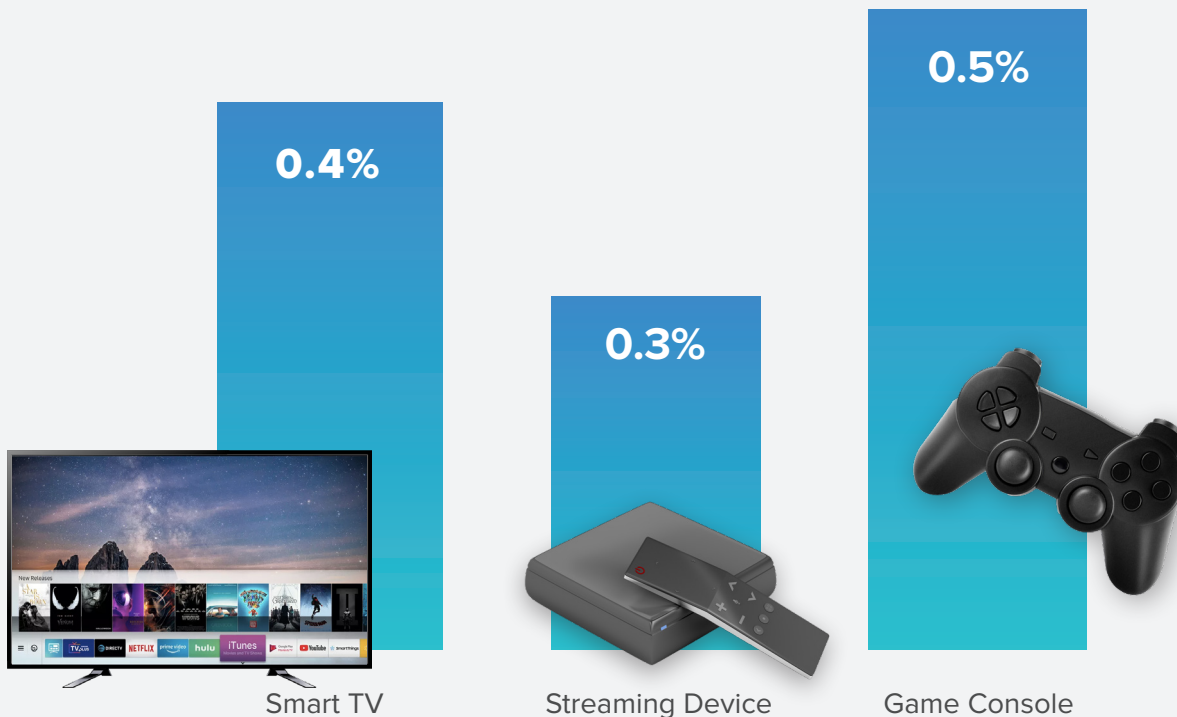
OTT/CTV Impressions
Engagement Rate
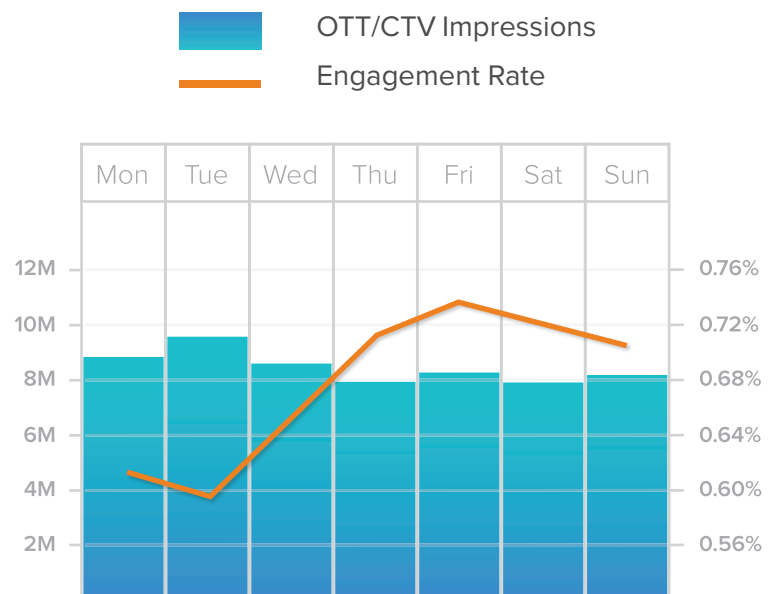
An Easy Way to Understand TV Hardware

This study analyzed 10 CTV devices (i.e., smart TVs, gaming consoles, and streaming devices), which amassed approximately 60 million impressions. When we think about how these impressions are distributed across devices, we can begin to develop a picture of current consumer viewing behavior.

Streaming devices and game consoles garnered the most impressions, accounting for roughly 50 percent and 44 percent of impressions respectively compared to 6 percent for smart TVs. Note that as smart TV adoption grows, the use of apps on these devices also continues to rise.

Device Share of Impressions

44%
Game Console

6%
Smart TV

50%
Streaming Device

ENGAGEMENT RATE BY DEVICE

0.4%

0.3%

0.5%
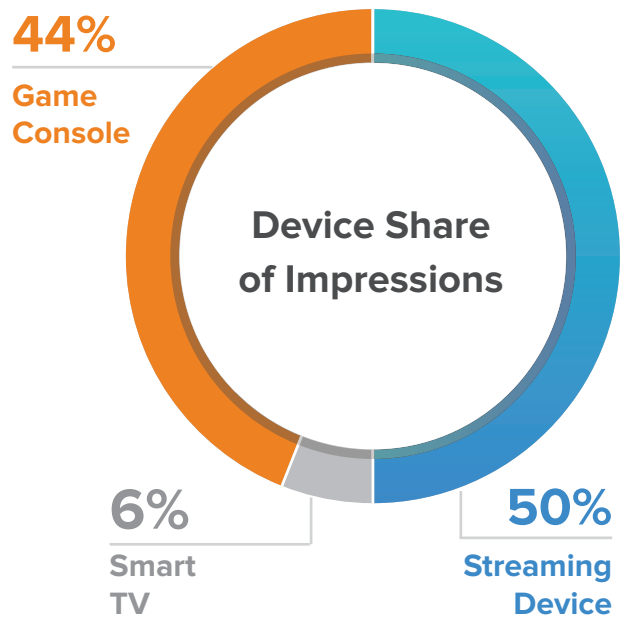
Smart TV   Streaming Device   Game Console

Furthermore, not all of these TV units have ad-supported streaming, although this is advancing as more services work to expand these capabilities.

Engagement on these devices told a slightly different story, at least directionally. When analyzing subsets of impression data, we found that the average engagement rate on gaming consoles was higher than smart TVs and devices. However, much like how consumers had to get used to new behaviors like binge-watching over time, the same goes for interactive CTV ads. As the technology matures, viewers should become much more acclimated to these experiences and more amenable to engage.

Arguably, devices play just as powerful a role in creating unique experiences as content and ad creative. There are two factors that come to mind. First is an interesting yet intuitive insight that engagement rates are slightly higher on newer models and operating systems due to rendering and bandwidth capabilities. Second are factors such as a remote or controller, which can simplify browsing (controllers allow the viewer to use both thumbs versus voice-controlled remotes, etc.) and optimize viewing.

More Interactivity

Not only are consumers spending more time with content via connected TV (76 percent increase in average share of time spent projected by 2021[13]), but there are more than 500 hours of video uploaded every minute.[14] Add in the fact that the number of viewers engaging in multi-screen viewing is expected to grow to 72 percent of the population within a year,[15] and it's easy to see why brands need to significantly improve customer experiences to successfully cut through content congestion.
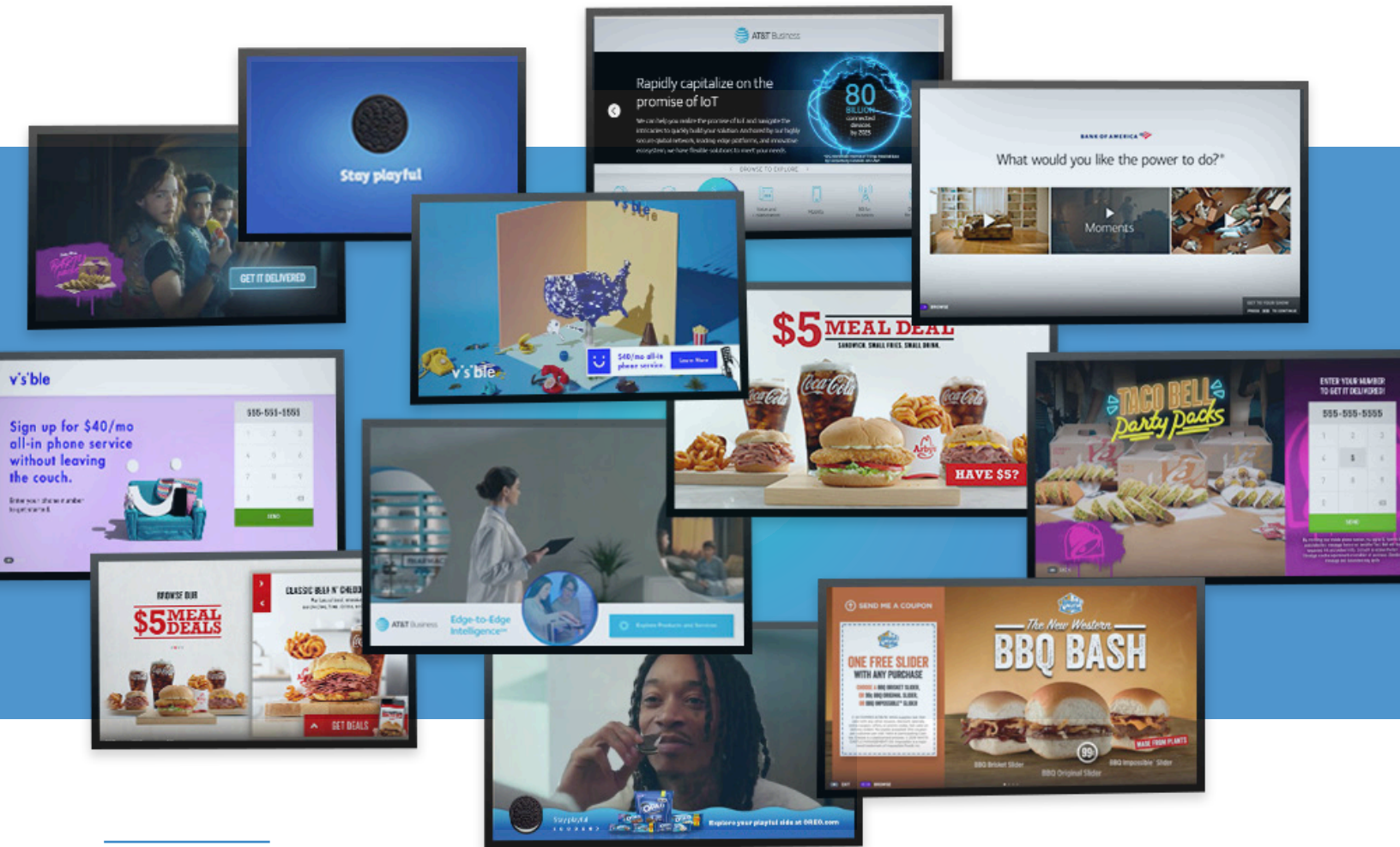
**13 eMarketer, April 2019, US Population**
14 YouTube, March 2018
15 eMarketer, October 2018, US Population

Can CTV Improve the Customer Experience?

One of the more appealing aspects of CTV is that the digital capabilities of the platform can help advertisers create more personalized, interactive experiences for consumers than they can with pre-roll. This, in turn, raises the question of how marketers should look at creative, engagements, and conversions in this context.
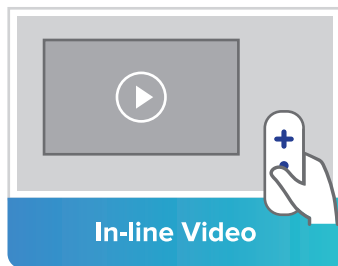
GETTING CREATIVE WITH FORMATS

There were a wide variety of creative formats used, which followed a simple user flow. Viewers would first see a pre-roll video, followed by an overlay[16] inviting them to engage further, and finally slates or panels with additional content. The units themselves included carousel, in-line video, TV-to-mobile, and data-driven features.
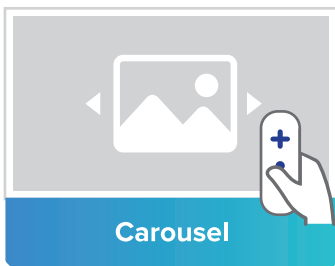
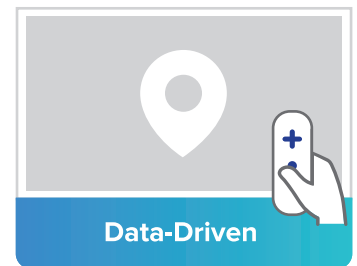| **Carousel**	**In-line Video**	**TV-To-Mobile**	**Data-Driven**
An ad that showcases multiple images and/or videos	A video which plays inside a branded frame design, with the ability to toggle full-screen mode	Viewers can receive more info via SMS by entering their number to receive a text with a trackable URL and more content	An ad that uses data to personalize to the viewer using location, demographic, or behavioral data

FIRST IMPRESSIONS ARE IMPORTANT

The initial call to action the viewer sees is an important moment of truth for advertisers, but perhaps what's more intriguing is that it represents an opportunity to get ahead of consumer interests instead of scrambling to catch up. We know when a viewer is receptive once we capture the first click within the interactive CTV ad unit. On average, one in 250 people engaged, which is on par with the Innovid benchmark. However, there were differences that arose across verticals and tactics.

16 A single image or a carousel of images showing additional branded content, without expanding to full-screen or pausing the ad

In terms of best practices, brands that married creative with clear descriptions of the offer or content created a more seamless experience that enabled them to seize the first "moment of truth" click and generate higher engagement rates. It is essential that advertisers convey exactly what consumers can expect when they engage, and how the brand will reward their attention.

White Castle, for example, was very purposeful in its approach to its call to action "Lasso Your Coupon," which perfectly complemented the cowboy-themed ad creative. This clever spin provided viewers with a clear and concise explanation of what to expect should they engage with the ad.

Ad length should also be considered. Generally speaking, brands that solely used 30-second spots had higher engagement than those that leveraged a combination of 15- and 30-second spots. Format was also a factor in ad length, where brands that used the TV-to-mobile feature consistently showed strong engagement compared to other formats that needed more time for the audience to take action. This simply suggests that 15-second ads need to be planned much more carefully to ensure the viewer has enough time to absorb and respond.

YOU SAY CLICKS, I SAY IN-UNIT CLICKS

Historically, the concept of a click has been fairly straightforward. A quick press on a mouse to visit a website, and just like that, a click was measured. Interactive ad units, where the viewer can click on a variety of videos, images, or calls to action, clicks (or more accurately, in-unit clicks) can not only have multiple goals, but also invite the consumer to "choose their own adventure." To give this a bit more context, you can think of an engagement as the inaugural click that is measured once per impression, whereas in-unit clicks encompass all post-engagement clicks.

DAYPART ▇ OTT/CTV Impressions ▬▬ Engagement Rate

5 milion Impressions

4

3

2

1

1:00 AM   6:00 AM   12:00 PM   6:00 PM   12:00 AM
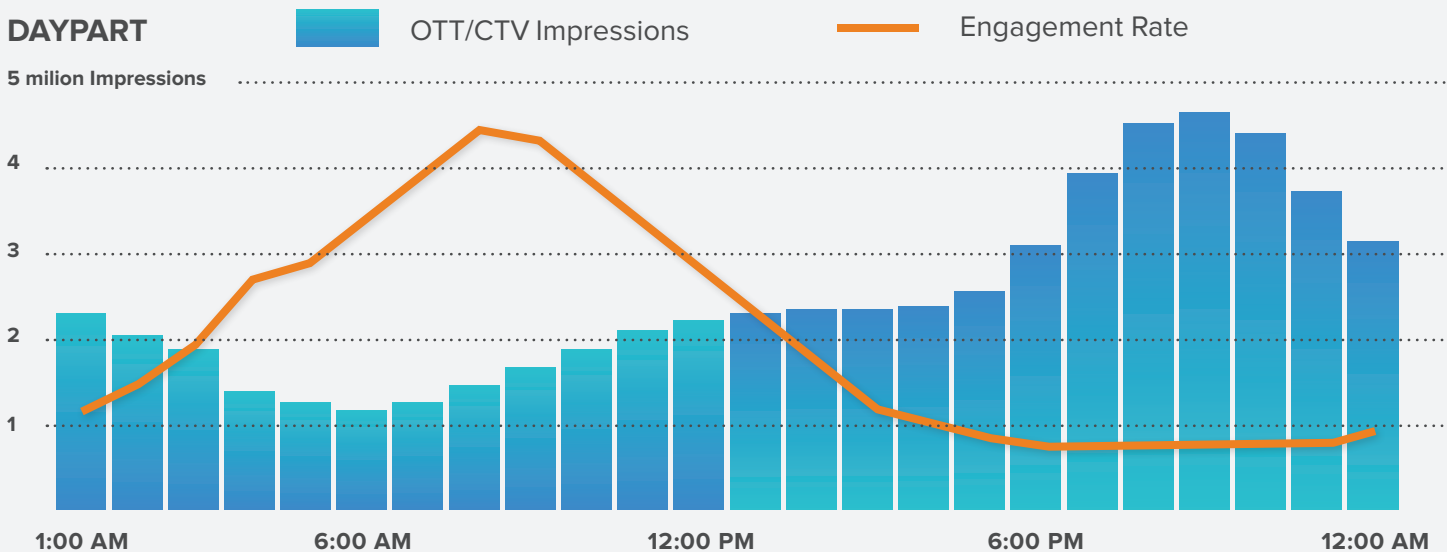
In-unit clicks become powerful signals that marketers can use to identify what holds the viewer's attention, and optimize these experiences over time.

As a rule, campaigns with high engagement rates are also likely to produce high in-unit click rates.[17] The logic is that once viewers decide to make an initial click, they are much more prone to increase interactions from there. Here, we saw a surge arising during the daytime daypart. The highest peak occurred at 8:00 a.m., with a 20 percent in-unit click rate.

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17 Calculated as the number of total clicks per campaign/total impressions

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WITH INTERACTIVE ADS, A PARADOX OF CHOICE ARISES

When developing creative, it may be tempting to give viewers a lot of variety by utilizing a wide range of interactive features. However, marketers must remember to balance entertainment, education, and engagement. The success or failure of this delicate dance can have a profound impact on whether or not an ad can create an effective and desirable customer experience.

To help advertisers begin to think about how this translates to interactive CTV ads, we wanted to uncover whether or not there are any limits to the number of choices a brand can present to a consumer before becoming counterproductive. To understand this further, we looked at the number of panels, or creative options from which a viewer can choose, as it related to user actions.

When we analyzed all panel types[18] for campaigns that had up to six options, an average of 88 percent of consumers disengaged from the creative before reaching the fourth panel. This suggests that the optimal number of options to present to consumers is two or three. Furthermore, brands which used carousels with in-line videos to encourage viewers to discover more produced longer viewing sessions. We should note that ideally, more campaign observations are needed across formats and categories, and that targeting and deeper personalization could further influence these results.

Average drop-off in actions occurred with 3 or more panels

88%

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18 **Static Image Panel:** A static image without video. **Dynamic Image Panel:** An image with customizable dynamic information. (e.g., map, store location). **Static Video Panel:** A static full-screen image, with full-screen video once viewers press "select" on their device. **Inline Video Panel:** A customizable in-unit video inside a branded frame, with full-screen mode. **TV-to-Mobile:** Allows the viewer to receive extra information via a text message.

USE CASE | CADILLAC

OBJECTIVES
- Awareness
- Time earned
- Test drive bookings

AD COMPONENTS
- Pre-roll video
- Carousel
- TV-to-mobile

CALL TO ACTION
Book a Test Drive

~3 months
Flight

30 secs
Ad Length

PROMOTION
Promote new branding for the 2019 Escalade through a "Made to Move" campaign
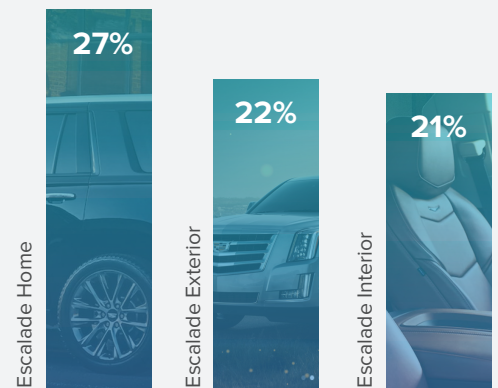
CREATIVE
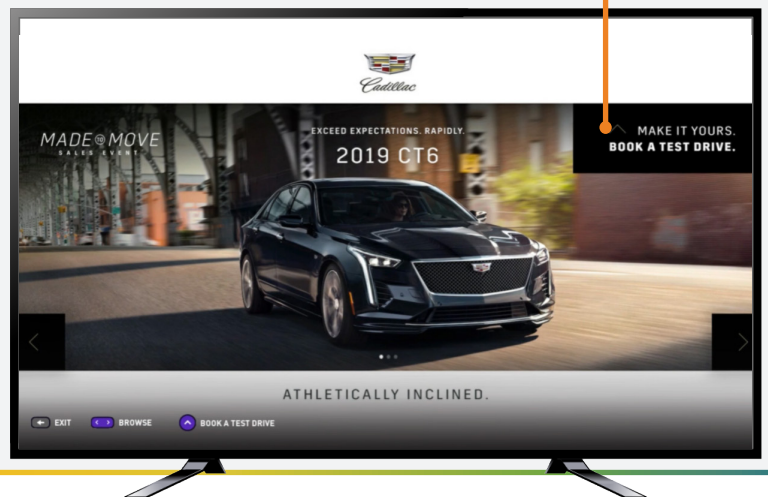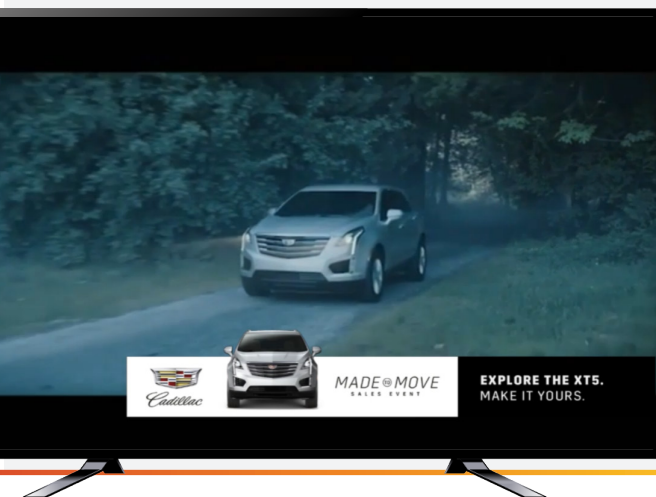Select panels featuring rich images of the interior and exterior

RESULTS
The balance of visuals ensured a minimal drop-off between panels. The campaign earned 72 incremental seconds, on par with the study average.

PANEL ENGAGEMENT RATE

Escalade Home	Escalade Exterior	Escalade Interior
27%	22%	21%

CALL TO ACTION

When Mobile Meets TV, Marketing Magic Happens

With the number of consumers using their mobile phones while watching TV increasing by nearly 30 percent since 2016,[19] advertisers have a unique opportunity to use one device to drive conversions on the other — more specifically, using interactive CTV ads to drive conversions through mobile devices.

TEXT-TO-MOBILE CONVERSION

Engagement Rate
0.40%

Open Rate
20%

Send Rate
4%

Nearly half of the campaigns in our study used a short message service (SMS) feature to generate leads, offer a coupon, or promote an app install. To understand the propensity for consumers to interact with this functionality, we calculated the rate of SMS engagement as a share of the overall engagement with the unit. Given that viewers first had to click to get to a screen to take action, then type in their mobile number, and finally click to submit, we took this analysis one level deeper to see how many clicks fully converted. Four percent of all engaged users fully converted to get more information via SMS. This conveys promising potential for simultaneous device usage to help drive business results for advertisers, not block them, if leveraged in this way.

19 eMarketer, October 2018, US Consumers

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Furthermore, because modern audiences are much more conservative about how and to whom they choose to send their personal information, sharing a mobile number with a brand is a significant step toward building a relationship. Despite the fact that viewers could easily exit the ad once they land on the dialpad, we observed a strong correlation to Innovid's 2018 annual benchmark. The bottom line: these units have the capacity not only to make television more interactive, but also to cultivate a direct relationship between advertiser and consumer.

USE CASE | WHITE CASTLE

OBJECTIVES

- Coupon distribution
- Redemptions

AD COMPONENTS

- Pre-roll video
- Overlay
- TV-to-mobile

CALLS TO ACTION

- Send Me a Coupon
- Lasso Your Coupon

2 weeks — Flight

30 secs — Ad Length

PROMOTION
A limited time offer for BBQ Beef Sliders

CREATIVE
Pre-roll featured three cowboys sitting around a fire, with an overlay communicating that an offer awaited. Viewers were able to browse three menu options and click to have a coupon sent to their mobile phone.

RESULTS
The campaign had an above-average engagement rate, and 50 percent of users who clicked to receive a coupon fully converted.

More Time

While there has been a long-standing school of thought that attention spans are getting shorter, recent studies have suggested that in reality, they are simply evolving. Breaking this down further, 55 percent say that a great story keeps them engaged with content, 49 percent admit they have become more selective about what they watch, and 33 percent say visual stimulation is critical in maintaining their engagement.[20] Since CTV addresses all of these factors, we wanted to explore how this behavior correlates to consumer time and attention.

> "We were blown away by how many people engaged with the unit and the earned time it received. It truly speaks to the fact that if you can create experiences that pleasantly surprise and entertain consumers, they are more than willing to divert from a passive content consumption mode to engage with your brand."
>
> Paolo Provinciali, Head of U.S. Media at Anheuser-Busch InBev

What is the Relationship Between CTV and Time?
Once a brand exposes its message to its target audience and gets consumers to interact with creative, the next logical factor to examine is time. Let's face it: in a world with steady increases in ad avoidance and companies resorting to six-second ads to compete for viewer attention, it is more important than ever that marketers make advertising meaningful and satisfying so they can earn more time with consumers.

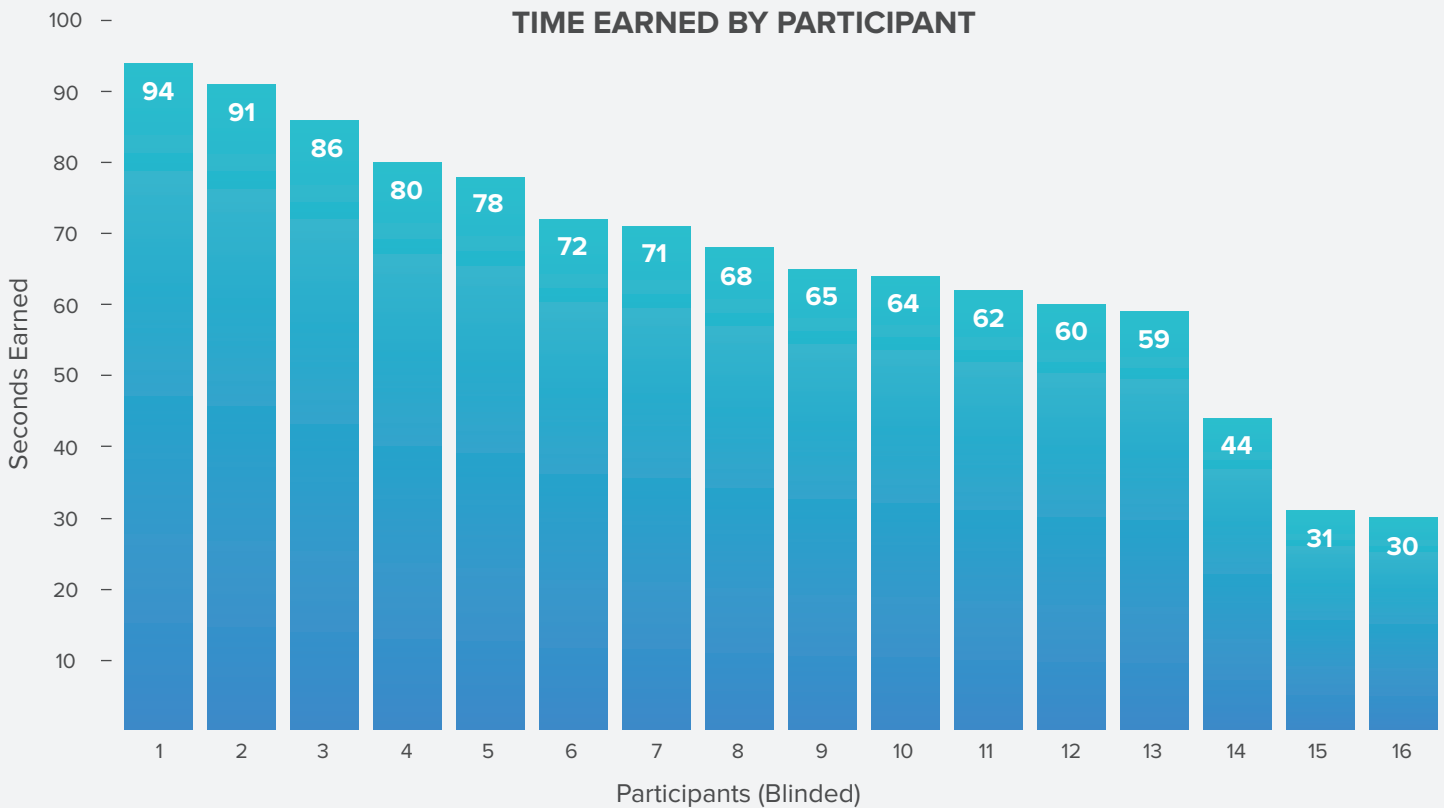**20 Prezi, August 2018, 2018 State of Attention Report**

A SECOND SERVED COULD BE A SECOND EARNED

The key measurement we used to evaluate the impact of CTV on time is time earned, which is exclusive to interactive ads. This metric is defined as the incremental amount of seconds a consumer elects to spend with interactive creative beyond the original length of the ad.

We uncovered ad length playing a role here: 30-second spots earned an average of 71 additional seconds (a 237 percent increase over standard ads), compared to 67 seconds for 15-second spots (a 447 percent increase).

71 seconds

earned with 30-second ads on average

TIME EARNED BY PARTICIPANT

Seconds Earned

Participant	Value
1	94
2	91
3	86
4	80
5	78
6	72
7	71
8	68
9	65
10	64
11	62
12	60
13	59
14	44
15	31
16	30

Participants (Blinded)

USE CASE | BANK OF AMERICA

BANK OF AMERICA

OBJECTIVES
- Engagement
- Time earned

AD COMPONENTS
- Pre-roll video
- Carousel
- In-line Videos

CALL TO ACTION
Explore more videos

~3 months
Flight

30 secs
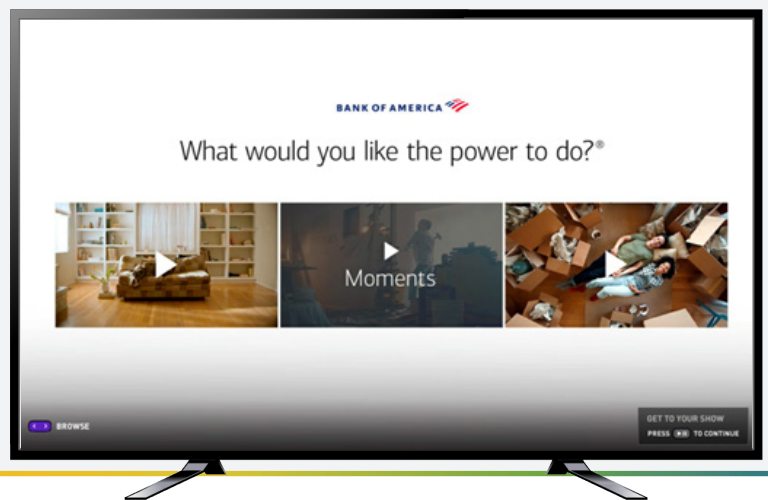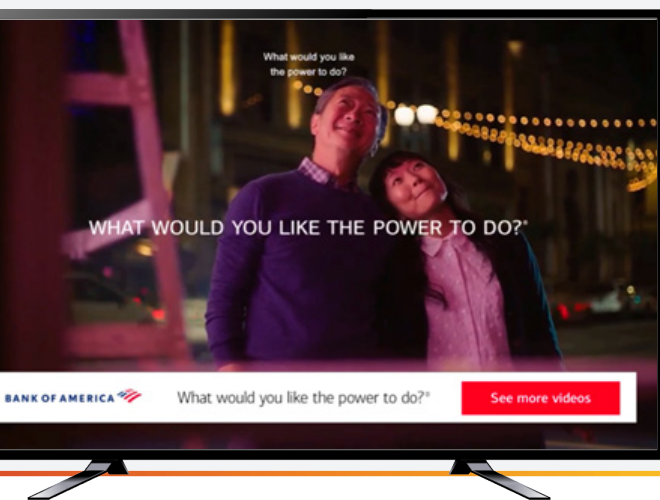**Ad Length**

PROMOTION

Promote Bank of America's offerings by putting clients in control of their financial goals

CREATIVE

Pre-roll featuring the theme of "What Would You Like the Power to Do?" followed by three in-line videos for further brand awareness.

RESULTS

The clear call to action contributed to an above-average engagement rate and 91 incremental seconds earned.

USE CASE | **CIGNA**

OBJECTIVES
- Awareness
- Time earned

AD COMPONENTS
- Pre-roll video
- Expanded unit
- In-line video

CALL TO ACTION
Watch interview videos

~3 months
Flight

30 secs
Ad Length

PROMOTION

Encouraging Americans to take control of their health by getting annual check-ups and being open with their doctors about their physical and emotional well-being.

CREATIVE

Three-panel expanded unit featuring in-line video interviews with three entertainers.

RESULTS

The use of a very clear call to action, recognizable talent, and three in-line panels ensured strong click activity, resulting in 94 incremental seconds earned.
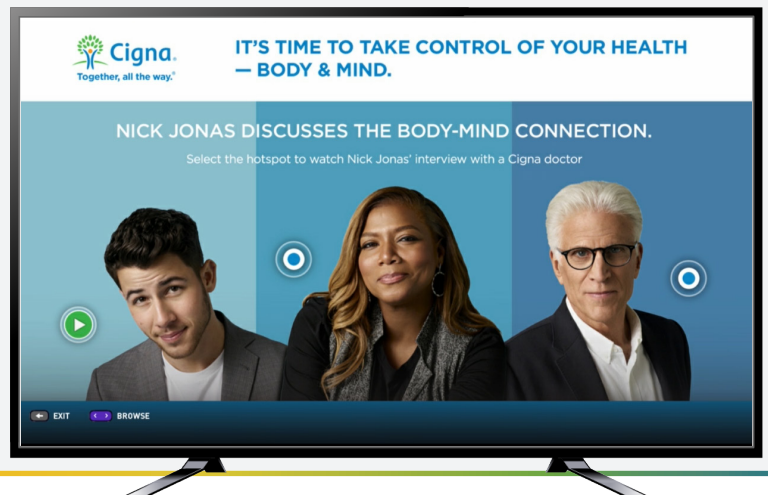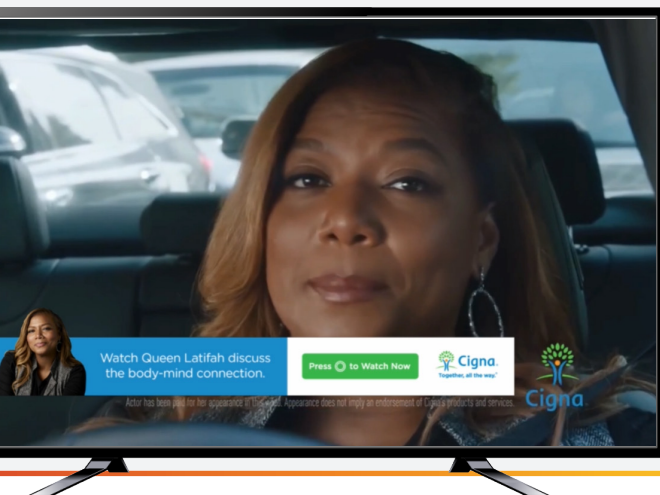
CTV Has Massive Potential, But It's Not Without Challenges

As mentioned previously, even with all the promise CTV has for advertisers, there are still underlying contributing factors as to why growth, while strong, has remained somewhat inhibited. As with any new marketing channel, it is currently in a sort of "wild wild west" phase, where the largest companies in the world are competing to lead the pack and control where the industry will ultimately go. This competition in turn has led to sizeable fragmentation and standardization challenges for a market in its infancy. Not only are there a considerable number of devices at play, but most major media companies, from Disney to Discovery, have their own CTV services. Ultimately, the complexity of this landscape has an impact on planning, buying, creating, and measuring CTV campaigns.

PLANNING AND BUYING

Those who are accustomed to the standardization of linear TV may find the process of catering to a wide variety of apps (e.g., Hulu, Netflix, Amazon Prime) and devices (e.g., Roku, FireTV, Apple TV) overwhelming. Each of these platforms has different pricing models and delivery specifications, instantly making planning and buying more complex. Additionally, this environment makes planning around a single content franchise or show more challenging than on linear TV.

When considering how brands buy, major players in programmatic advertising such as The Trade Desk, Adobe, and Amobee are still in the beginning stages of adopting inventory and building the infrastructure needed to support CTV buys at scale. To ease this process, marketers should negotiate multi-publisher private marketplace (PMP) packages to reach specific audiences at scale.

CREATIVE

Creative is also affected by fragmentation, specifically when it comes to ensuring ad creation and quality. Essentially, these platforms are not speaking the same language, which not only affects creative specs, ad formatting, and ingestion, but can also obfuscate a brand's understanding of what content it is advertising beside. This is particularly limiting for those who seek to scale ad creative across platforms.

Advertisers need to find software that can automatically transcode ads to guarantee the quality of their files, and ensure that they are successfully delivered to a wide variety of publisher and platform specs. Brands also have the ability to re-imagine ad breaks, ad pods, and new creative formats (e.g., interactive CTV ads) that will shape how audiences consume video in the future.

MEASUREMENT

Measurement is arguably the most affected by CTV, creating some hurdles for audience identification, ad frequency capping, proving campaign impact, fraud prevention, and data ownership.

Audience Identification: Of the households that have embraced connected TV, 57 percent have three or more devices, with a mean of 3.8.[21] Additionally, each household member will be using multiple streaming services, each with their own profiles. This behavior, combined with a lack of sophisticated device ID tracking, makes it difficult to understand exactly who has seen your ad on each device and service. Brands need to explore universal, omnichannel identity resolution options here.

Frequency Capping: Due to the audience identification issues previously noted, under-standing which consumers have already viewed your ad on television, either via CTV service or linear TV, can be an onerous task. Publishers are leveraging several servers and supply-side platforms to deliver ads, and often times these systems are not communicating. To offset these issues, marketers can mitigate ad exhaustion by using multiple creative sets to break up any potential monotony.

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21 Leichtman Research Group, "Connected and 4K TVs 2019 Study," June 2018

Proving Impact: The industry has not adopted a transparent set of metrics and guidelines across walled gardens, making it harder, although not impossible, to deduce the full impact of CTV campaigns. Until such standardization occurs, marketers need to demand transparent, third-party measurement of impressions, engagement, and completion rates.

Fraud: The high CPMs for CTV makes it a prime target for fraud, which is estimated to account for more than 20 percent of ads purchased on programmatic platforms.[22] The great majority of fraud (86 percent) is linked to bots,[23] which the industry has made significant strides in combating. Still, brands should be aware of and work to offset potential losses when buying programmatically.

Data: There is concern among advertisers that tech companies with the ability to build walled gardens may do so to compete for dominance in the market. As publisher, ad server, and data warehouse, these companies have tremendous control over brand data, which of course is essential for tasks like measurement and planning. Advertisers are exploring how they can retain data ownership with smaller, more neutral parties.

22 eMarketer, October 2019
23 DoubleVerify, July 2019

Conclusion

As consumer adoption of connected devices and the amount of time they choose to spend on them increases, marketers should begin looking at CTV in terms of how it can complement or even enhance linear and addressable TV strategies. The incremental reach CTV provides allows advertisers to accomplish this by increasing ad exposure to cord-cutters and cord-nevers during influential days and dayparts where TV viewers are more apt to absorb and engage with ads. Interactive CTV ad units put the viewer in the driver's seat, which can substantially improve the customer experience. If brands are able to balance the right mix of education, action, creative, and clear calls to action, users will reward them with attention and engagement. Brands can earn incremental time to increase the likelihood of favorable business outcomes.

Marketers who plan to advertise on CTV should remember:

Measurement

Brands can and should analyze in-unit clicks to discover what creative elements consumers are most interested in, and optimize interactive experiences over time.

While CTV is useful for creative and media functions, agencies need to experiment with multiple interactive units and align on specific KPIs to deliver on brand-building and performance.

Creative

Avoid the temptation to overwhelm the consumer with content. Instead, consider pacing your ads with sequencing to ensure relevant messaging breaks through.

Choose a 15- or 30-second ad length based on your campaign objective, keeping in mind that 30-second units perform best for viewers to respond to the first call to action.

Engagement

Receptivity to a call to action may rely on how clearly it conveys the experience, the time of day, and whether or not consumers are in the mindset to engage.

In-line videos not only give viewers a choice, but are organically effective in encouraging consumers to spend more time with your brand.

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 digitally enabled channels in the market including TV, video, display, social, and OOH. Innovid serves a global client base of brands, agencies, and publishers through twelve offices across the Americas, Europe, and Asia Pacific.

ABOUT THE ANA

The ANA's mission is to drive growth for marketing professionals, for brands and businesses, and for the industry. Growth is foundational for all participants in the ecosystem. The ANA seeks to align those interests by leveraging the 12-point ANA Masters Circle agenda, which has been endorsed and embraced by the ANA Board of Directors and the Global CMO Growth Council. The ANA's membership consists of more than 1,600 domestic and international companies, including more than 1,000 client-side marketers and nonprofit fundraisers and 600 marketing solutions providers (data science and technology companies, ad agencies, publishers, media companies, suppliers, and vendors). Collectively, ANA member companies represent 20,000 brands, engage 50,000 industry professionals, and invest more than $400 billion in marketing and advertising annually.

Appendix: Terminology

TV

Addressable TV: *TV targeting via household-level profiling and segmentation delivered via linear TV.*

Advanced TV: *An overarching term that refers to "non-traditional TV" (i.e., OTT, CTV, addressable TV).*

Connected TV (CTV): *TV and content streamed over the internet via OTT device or smart TV.*

Cord-Cutter Households: *Households that no longer subscribe to linear TV.*

Cord-Never Households: *Households that never subscribed to linear TV.*

Linear TV (aka "traditional TV"): *Programming broadcasted via over-the-air, satellite, or cable at a pre-scheduled time.*

On-Demand TV (OTT): *Programming broadcasted via over-the-air, satellite, or cable at any time the viewer desires.*

Over-the-Top Devices: *A device that delivers TV over the internet (e.g., Roku, Fire TV, Chromecast).*

Pay TV Households: *Households that pay for subscriptions to linear TV.*

Premium Publisher Impressions: *Impressions served on inventory from traditional broadcast publishers including major television networks and cable channels.*

METRICS

Engagement: *First click on an interactive ad unit, measured once per impression.*

Engagement Rate: *Engagements divided by impressions.*

In-Unit Clicks: *All clicks within the interactive environment, post-engagement.*

Time Earned: *Incremental time earned in seconds and minutes above and beyond the original length of an ad.*

INTERACTIVE CTV AD UNITS

Dynamic Image Panel: *An image with customizable dynamic information. (e.g., map, store location etc).*

Inline Video Panel: *A customizable in-unit video inside a branded frame, with full-screen mode.*

Static Image Panel: *A static image without video.*

Static Video Panel: *A static full-screen image, with full-screen video once the views press "select" on their device.*

TV-to-Mobile: *Allows the viewer to receive extra information via a text message.*