



Connected

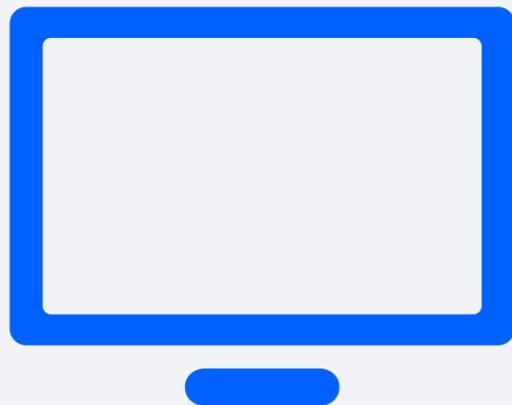
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The Independent
Agency Opportunity



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These insights will help you map out how to make CTV your competitive advantage and capitalize on the opportunities afforded to independent agencies. Understand how CTV advertising levels the playing field, and uncover best practices for leveraging this medium to position yourself for success.



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Disclaimer

To assess this opportunity, StackAdapt, in partnership with ad industry business intelligence firm [Advertiser Perceptions](#), conducted a survey in early 2020 of over 200 agency and brand advertising decision makers across the U.S. with \$1M+ total annual advertising spend in programmatic digital advertising. The result was a research-driven report that measures the experiences of CTV advertisers and assesses CTV's advantages and areas for improvement.

While this survey was being conducted and the results compiled, the abrupt onset of the global COVID-19 pandemic sent shockwaves through almost every industry and the consumer behaviours associated with the reaction to shelter-in-place. The disruption led to adaptation and then to accelerated adoption of how and how often viewers interact with TV content.

In March 2020, after shelter-in-place orders were initiated, streaming minutes jumped significantly due to content availability and the convenience of online streaming services. According to The Wall Street Journal, streaming hours increased 12% the week of March 23rd over the previous week, while Comscore reported that streaming via connected TVs in early March was up 29% compared to 2019.





CTV is Your Competitive Advantage

Connected TV (CTV) is where digital “meets” TV and it is now a dominant mode of media consumption with the adoption skyrocketing in recent years. According to the IAS Streaming Wars report from 1,270 U.S. consumers, CTV has become almost universally adopted with 88% of consumers having access to a connected TV.



Connected TV (CTV):

Any type of TV that can be connected to the Internet and can stream digital video at a viewer’s convenience. Connected TV is a subset of over-the-top (OTT), which includes apps and services that do not require subscriptions to traditional cable or pay-TV service.

While CTV ad dollars in 2020 may trail eyeballs, advertisers are seeing benefits to CTV that brands and agencies trying to connect with audiences via more traditional media are not. And this success can often come at a much lower cost of entry than linear TV.

Because of this, CTV offers independent agencies incredible opportunity—opportunity to reach or even exceed their clients’ advertising goals, and be seen as a strategic partner that delivers greater value.

The promise of CTV is compelling, viewership is surging and more players are being added to the marketplace. So, marketers need to keep up with this astounding growth of CTV, while also meeting the challenges they likely had not even addressed prior to the surge.

The very definition of the term CTV can be ambiguous. There are significant differences in the sophistication across industries and in the approach to this new medium and its audience. Advertisers are still struggling with how to frame the value of CTV as a channel for robust investment.



Once the client has the aha moment of ‘hey, you know how you’ve been buying your digital media for years? Well now you’re going to apply that to what’s coming out of the TV on a one-to-one basis.’

—VP, Media Platform, Agency



Insight #1 Champion the Channel



75% of marketers believe that CTV is a cutting-edge way for them to promote their brands.

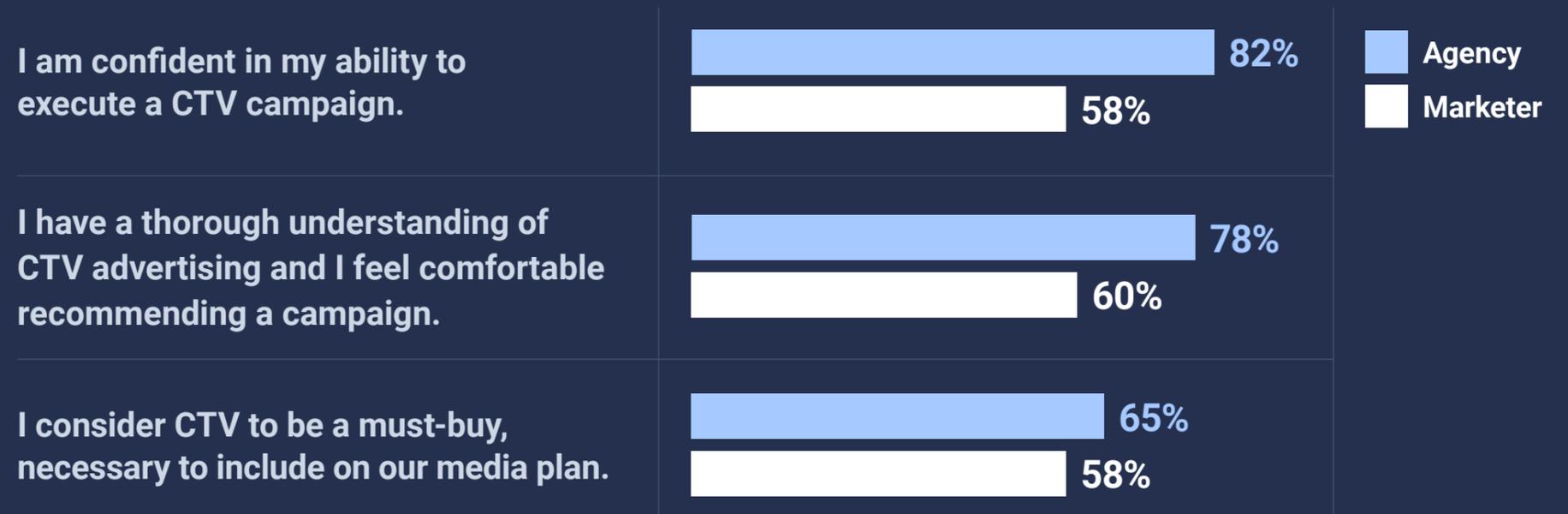


71% of agencies believe that CTV is a way to market themselves as innovative.

The Drivers

Connected TV is not only a new channel to advertise on, but it is a unique one. Marketers believe CTV is a cutting-edge way to promote their brands, and agencies leverage their CTV capabilities as a way to market themselves as innovative. Few channels can differentiate themselves in this way. Coupled with the fact that findings from Integral Ad Science indicate advertisers can reach more than 90% of U.S. adults with CTV advertising, it isn't hard to see why this is a channel to champion.

However, when agency and marketer attitudes towards CTV are compared, an evident gap surfaced. Marketers are much less likely to understand CTV advertising or be confident in their ability to execute CTV campaigns. Because of this, marketers are less likely to have CTV in their media plans. As demonstrated below, this can put their brands at a competitive disadvantage, because they will miss out on the many benefits of advertising on CTV.



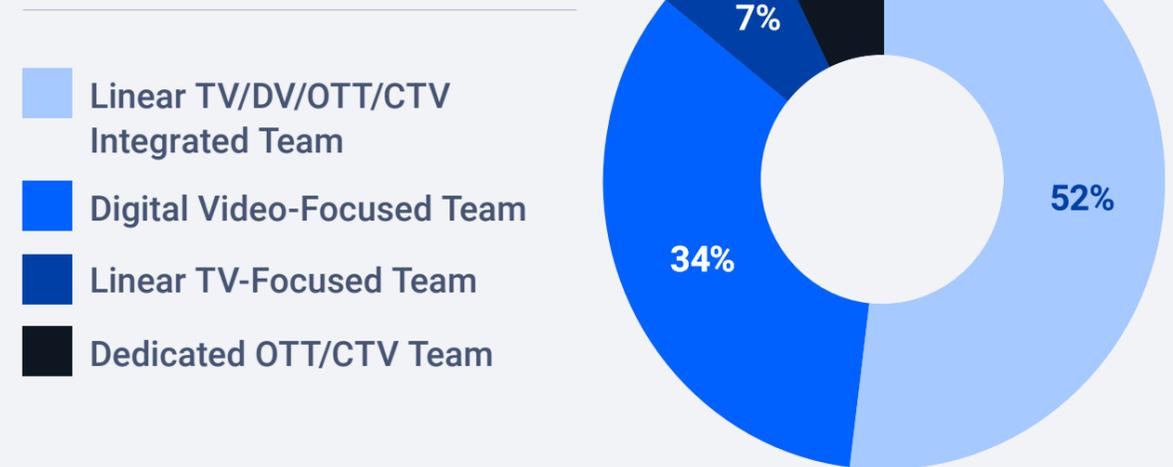
The Data

According to eMarketer, 204.1 million U.S. viewers, or 60.1% of the population, are predicted to watch CTV by 2022. These figures will likely increase even further, as the world is ordered to remain indoors to prevent the spread of COVID-19.

To start, is it necessary for advertisers to have dedicated CTV planning and buying teams? The short answer is “no.”

Many agencies and marketers rely on their digital video teams, or integrate their digital video and linear TV teams to “own” CTV. Advertisers do not need to create a CTV-specific structure as a prerequisite for advertising on this platform. There is no time like the present.

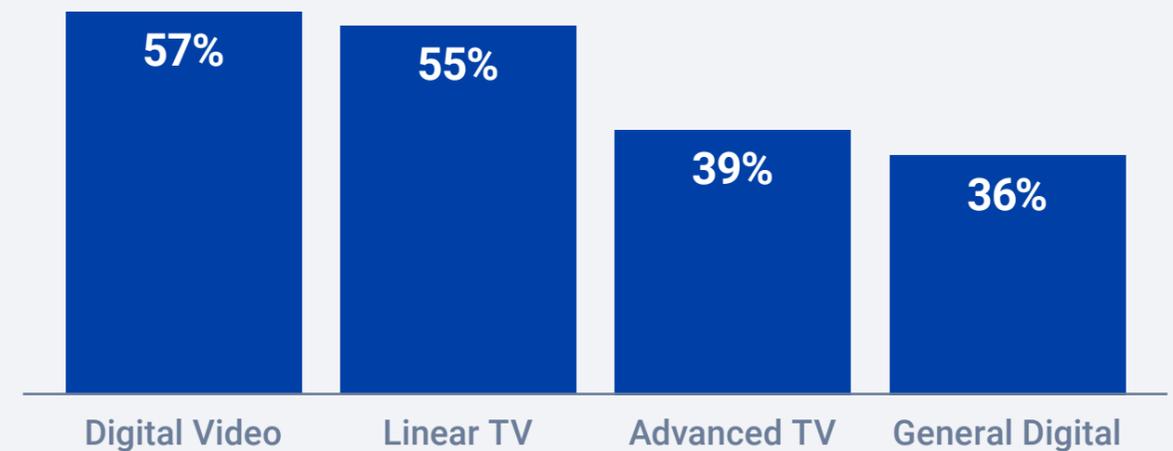
Team Structure to Buy CTV
Percent of Respondents



Advertisers are pulling dollars from across media budgets, and not waiting for the next fiscal year to earmark a new CTV budget.

Consistent with structure, digital video and linear TV budgets most likely fund CTV advertising. However, the budget may not be specific to video (e.g., general digital). And according to a VP, Media and Sponsorships from a leading financial services company, dollars that may be better used on CTV, can and do come from any other line item.

Budget Funding CTV
Percent of Respondents





We definitely take a lot of money from out-of-home. We also have print, radio, even digital display dollars going to connected TV.

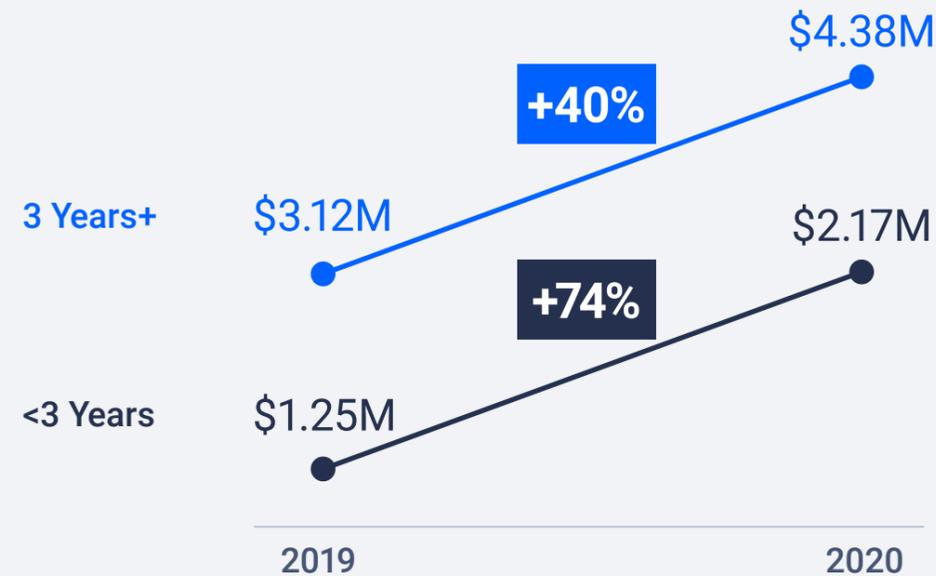
—VP, Media and Sponsorships
(Financial Services)

Because of the great opportunity presented with CTV, advertisers are willing to pull dollars from online and offline. So how much are advertisers investing in CTV? Our research found that the average advertiser spent \$1.83MM in 2019, and forecasted spending \$2.85MM in 2020, a 56% year-over-year increase.

The rate of increase is impressive—even more so for advertisers with above average CTV experience versus those who are newer to the channel. As one might expect, advertisers with 3 or more years of CTV experience spend more dollars targeting this device. And this group has a very healthy +40% year-over-year expected increase. Experience brings success, which in turn drives more dollars.

Annual CTV Spend

By CTV Experience



Note: the rate of budget increase for the group that is newer to CTV ➔ +74% year-over-year! These advertisers are seeing early successes and aggressively moving dollars to CTV at a very high rate.

The Opportunity

The gap mentioned above represents an opportunity. An opportunity for agencies to bring their clients on board to enjoy the many advantages of CTV advertising, and more likely be seen as a strategic partner.

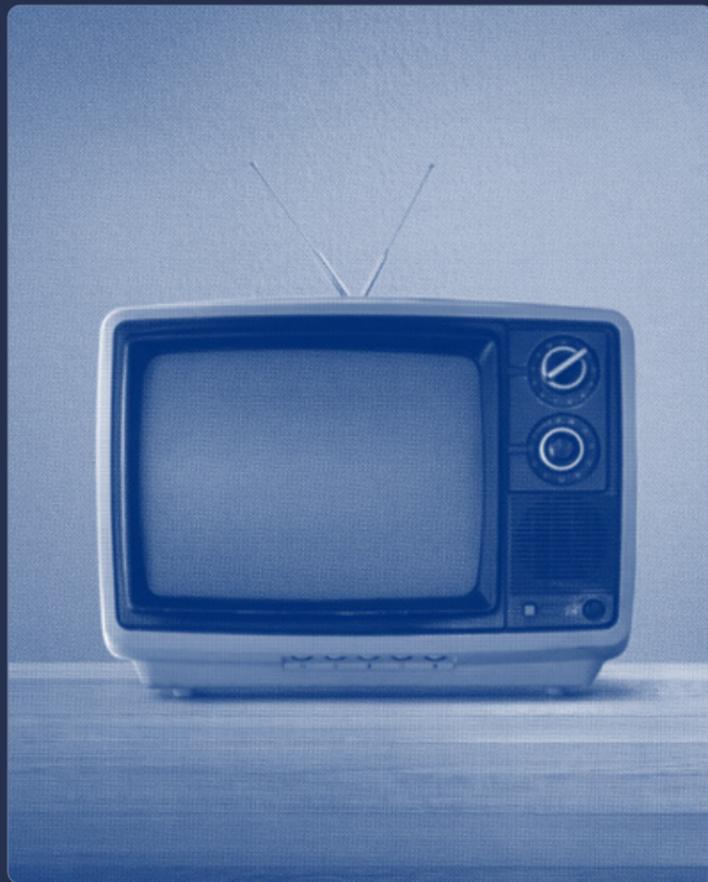
Another thing is clear, given recent events. These were the opinions of marketers and advertisers in Q1 of 2020. If audiences continue with their shelter-in-place lifestyles for months, and if self-quarantine becomes cyclical in the year(s) ahead, then CTV budgets could be further revised, building on already robust approaches. The effect on viewers is already starting to show, as Nielsen reports that video streaming in the U.S. increased by 85% in March 2020, compared to March 2019.

Marketing professionals who embrace the changes happening in the advertising ecosystem—and adopt technology and strategies to capitalize on them—are able to deliver effective, one-to-one TV advertising on behalf of their clients like never before and actually tie TV advertising back to sales.



Insight #2

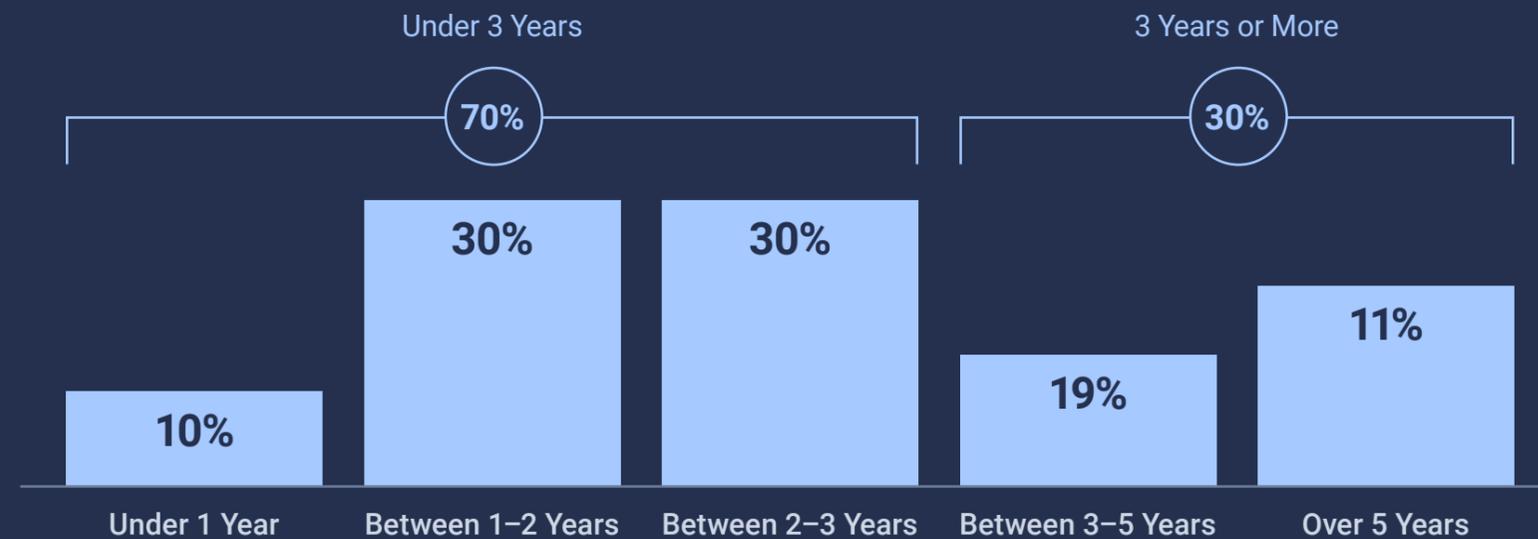
Bust the Myths



The Drivers

The majority of marketers have been advertising on CTV for under 3 years, and the average length of time advertising on CTV is only about 2 ½ years. So while CTV has been around for over a decade, many brands are late to the game.

Length of Time Advertising on Connected TV
Percent of Respondents



This is still a relatively new opportunity, and can be treated as such. If you are not currently leveraging CTV, there is no time like the present. With proper guidance, and resources like this one, your clients can be successful CTV advertisers in no time.

The Data

Programmatic does well for targeting, budgeting efficiency, automation and cross-device—all of which linear lacks. With anything ‘new’ there are common *misconceptions* of connected TV advertising that arise:

“CTV and OTT are the same.”

Although these terms are used synonymously when discussing connected TV advertising, not all connected TV devices are over-the-top (OTT) devices. An example of a CTV device is a smart TV, while some examples of OTT devices that enable a standard TV to become connected are media streaming devices or gaming consoles.

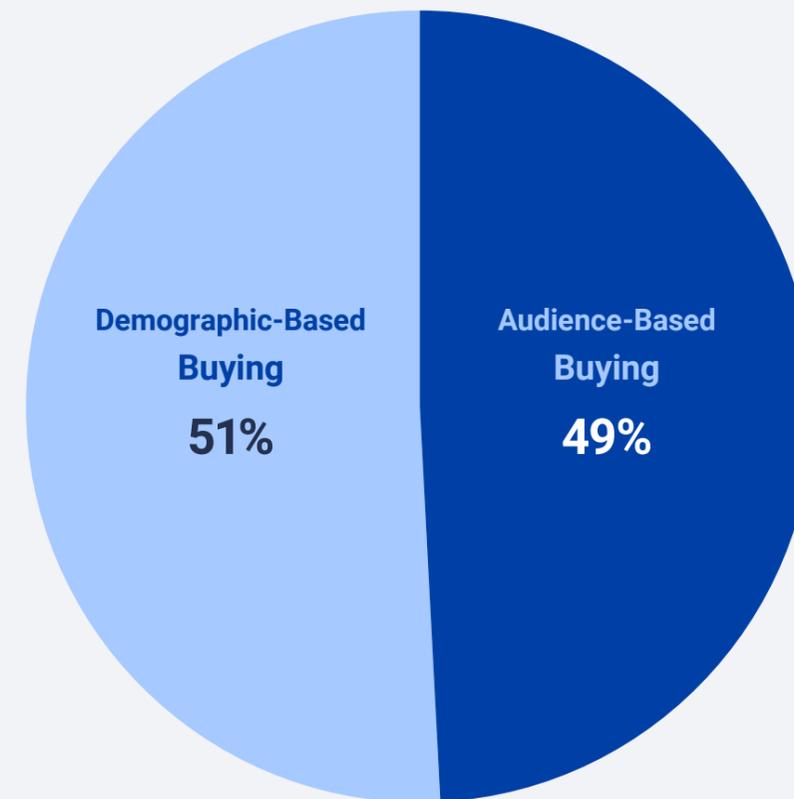
“CTV ads are easily skippable.”

CTV ads are not skippable. Users do not have the option to fast forward or switch channels if they want to watch their chosen content without ads. Because connected TV advertising is an immersive lean back experience, users accept ads as part of the ecosystem, as they would with linear TV, and are more willing to watch.

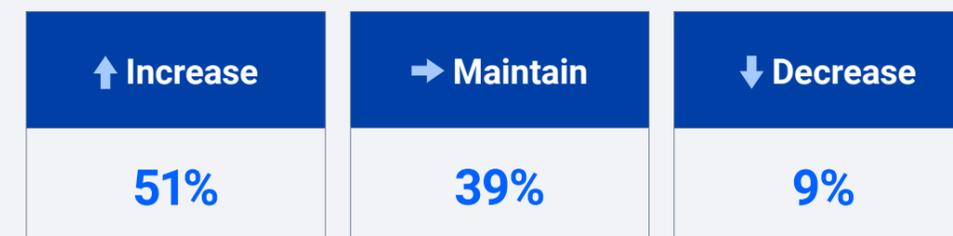
“CTV overlaps with linear/traditional TV buys.”

Linear TV advertisers are moving more dollars to audience-based buying. We only expect this trend to continue, and with this shift there will be less duplication between CTV and linear buys.

Demographic vs. Audience-Based Buying
Percent of Respondents



Change in Allocation Towards Audience-Based Buying
Percent of Respondents





As clients want to continue to reach niche audiences, programmatic is the vehicle allowing for this.

—Agency Manager

“CTV only reaches a younger demographic.”

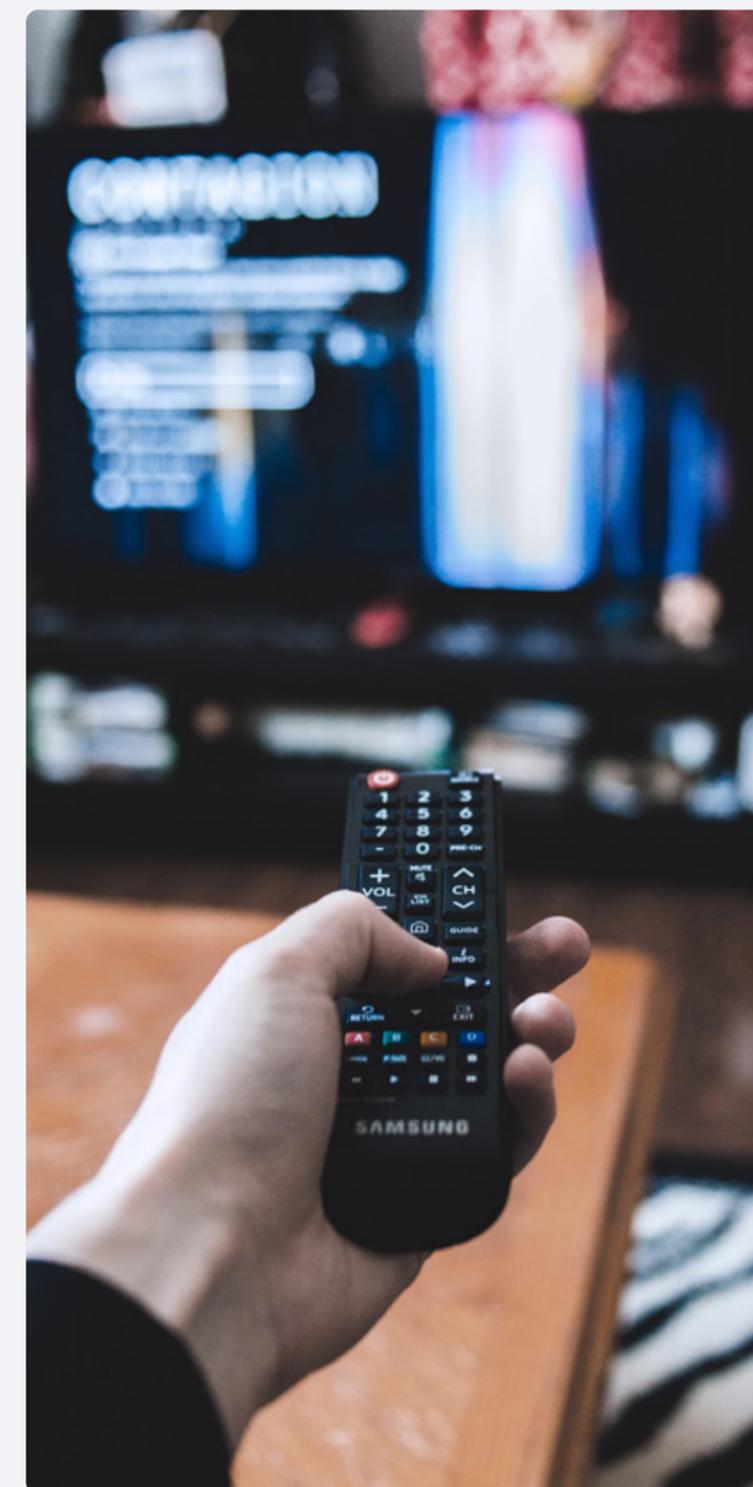
With everyone spending more time at home during the pandemic, it has influenced the surge in streaming viewership across the board for all ages. There is a lot of data illustrating a decline of linear TV viewership with the increased number of cord-cutters. Although collectively there are more young CTV viewers, in 2020 we saw a notable increase in baby boomers’ adoption and viewership compared to the previous year.

“CTV inventory is fragmented.”

While too many CTV providers is a concern for some, experienced CTV advertisers found this to be less of an issue. With this experience comes the belief that the channel is not complex to advertise on. Those with longer memories may remember fragmentation being an early criticism of cable TV. However, this was soon regarded as an advantage, and we expect similar for CTV. And while inefficiency may be an issue, as we see with CTV’s benefits, targeting and reaching those not viewing linear TV probably outweigh these perceived costs.

“CTV inventory is of low quality.”

Just like any other format offerings in programmatic advertising, there are different types of inventory available from remnant to high-quality opportunities. This is not any different for connected TV. As connected TV advertising continues to grow, CTV ad supported services that only transacted in direct buys are making their inventory readily available programmatically, through private marketplaces and the open exchange.





The Opportunity

No medium is perfect, and CTV can certainly improve. While linear TV can bring advertisers reach, it lags CTV in areas considered critical for brands to succeed (e.g., targeting, data, attribution). These benefits incentivize advertisers to invest more in CTV, even if it means moving dollars away from linear and the mass reach it offers.

The opportunity is to become a CTV myth buster to address concerns around audience quality, transparency, brand safety and there being too many CTV providers. This can be overcome through education and test-and-learn opportunities.

Insight #3 Flaunt the Capabilities



of CTV advertisers have met or exceeded their KPIs across the purchase funnel.

The Drivers

Is CTV for branding or direct response? The answer is that CTV is effective for both.

While a majority of advertisers use CTV for brand campaigns, many also use CTV for hybrid campaigns that have both branding and direct response goals. Furthermore, those with more CTV experience are significantly more likely to have either brand or direct response goals.

CTV Campaign Objectives

Percent of Respondents

Brand Campaigns

Solely focused on upper-funnel goals. (awareness, affinity, etc.)

55%

Direct Response Campaigns

Solely focused mid to lower-funnel goals. (driving actions such as purchases, etc.)

41%

Hybrid Campaigns

Goals associated with both brand and direct response outcomes.

55%

Those who spend more on CTV are more likely to experience greater success. And those who have success invest more dollars in CTV—helping to put their brands at a competitive advantage.

CTV Success at Meeting KPIs

% Exceeds Goals; By 2020 Expected CTV Spend

+5M+	\$1M to <\$5M	<\$1M
26%	22%	4%

The Data

There are two main factors driving dollars to CTV:

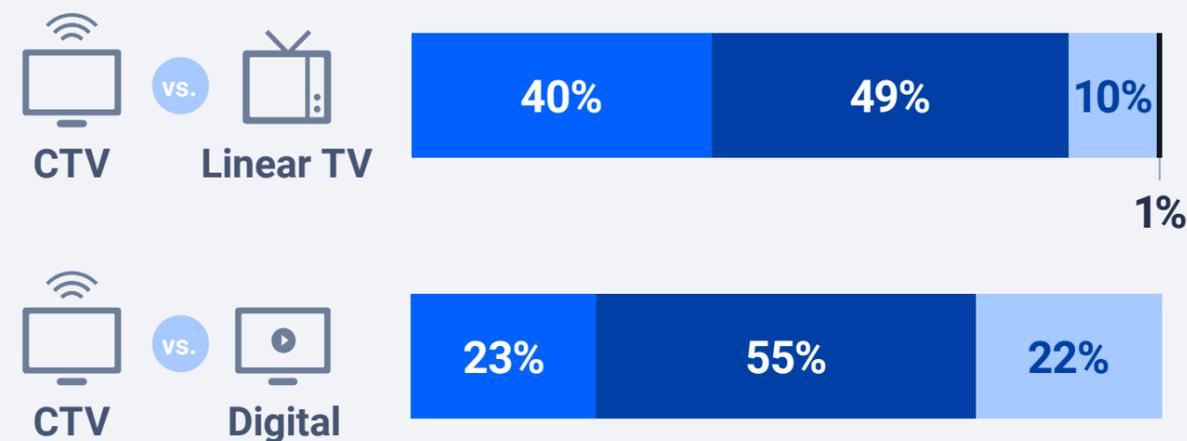
1 Performance vs. Other Video Platforms

CTV advertising at least rivals digital video, and for 2-in-5 typically exceeds linear TV’s performance. Of CTV campaigns, 78% hit the initial goal, while 15% exceeded expectations.

Rating CTV Performance vs. Linear and Digital

Percent of Respondents

■ Outperforms
 ■ Relatively Equal
 ■ Not As Effective
 ■ N/A



2 The Benefits Advertisers Experience With CTV

CTV offers advertisers many unique benefits related to audience, measurement, targeting and the viewing experience that is not readily available with linear TV advertising.

Audiences

Viewers are more engaged because they’ve made the choice to watch the programming, and they do not have the option to fast forward or skip any ads. Additionally, these viewers do not always have traditional TV or cable subscriptions—enabling the advertiser to reach these incremental users.

Targeting

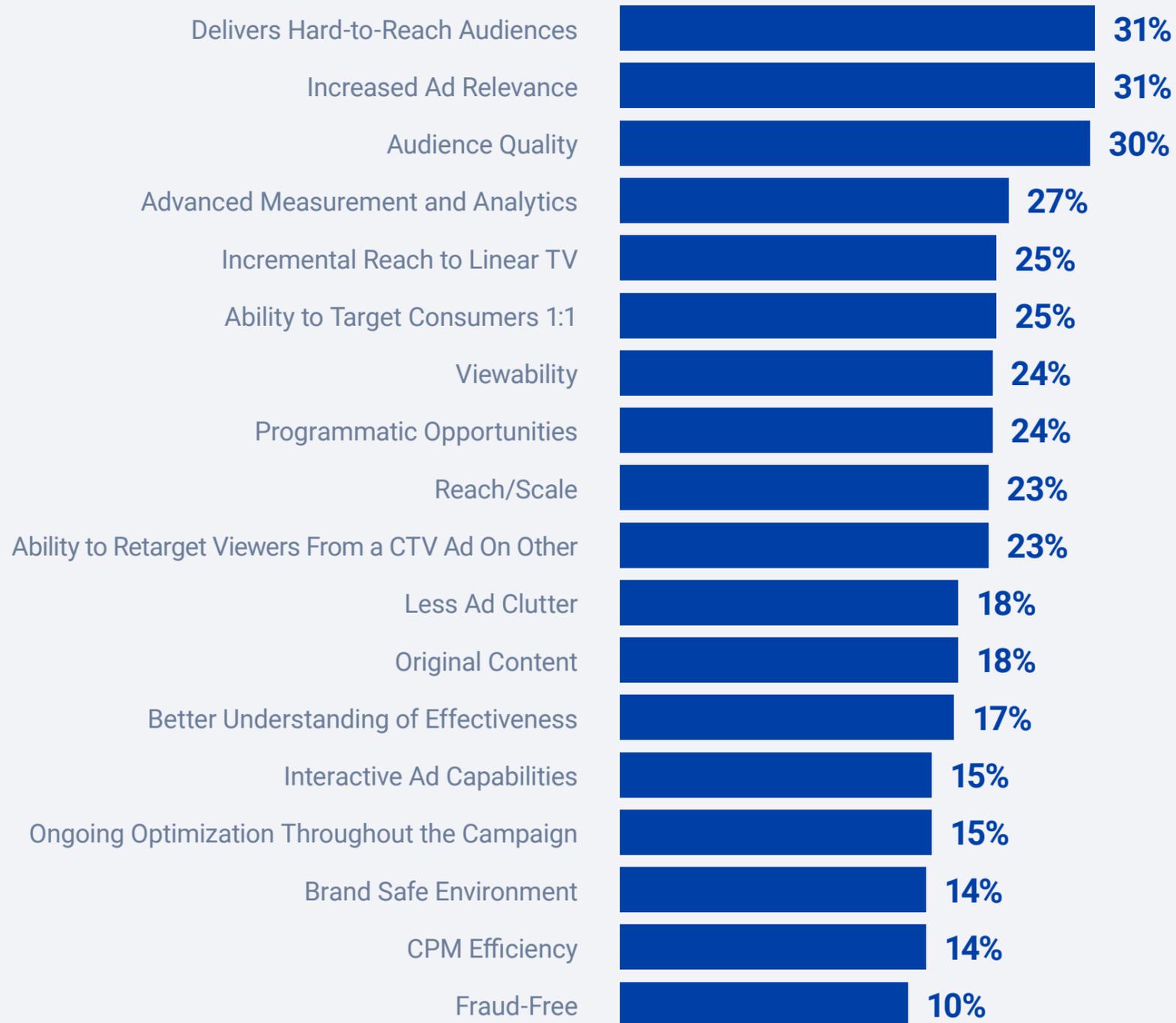
As connected TV is executed programmatically with a data-driven approach, advertisers have more control over targeting. They can deliver ads to hard-to-reach and highly specific audiences, improving audience quality. This increases ad relevance to match consumer preferences and also helps to bridge the gap between other online and offline behaviours.

Measurement and Attribution

CTV advertising empowers advertisers to unlock data that was once not possible with linear TV. They can now proactively learn who is interacting and viewing their ad(s), and optimize accordingly.

CTV Benefit

Percent of Respondents (Rank 1–5)



When you serve broadcast, it's just anybody who's watching ABC. But when you do connected TV, you can layer in demographics and interests.

—Media Supervisor (Health)



The targeting is interesting. Connecting, whether it's your first or third-party data, being able to be contextually relevant within content verticals. The ability to hit travel intenders or people watching travel content.

—Sr. Director, Global Media (Travel)



The Opportunity

With an increase in cord-cutters, and a decline in movie theater attendance, millennials and Gen Zers are harder to reach through traditional media. However, advertisers are finding them on CTV, and these audiences are the engaged viewers brands want to align with.

CTV is rich with potential and opportunities. Creative content, particularly content made specifically for CTV—including interactive formats, native experiences and shoppable ads—represent opportunities for advertisers to impress and engage with their audience.

Linear TV is the Yin to CTV’s Yang. What we mean by this is that CTV’s strengths are linear TV’s weaknesses. With the ability to bridge the gap between linear and digital, and as channels blur and converge, it no longer makes sense to silo TV media budgets.

Linear Strengths and Weaknesses

Percent of Respondents

Strength Weakness

Audience Reach



Quality Programming



Brand-Safe Environment



Ease of Buying



Efficiency



Viewer Engagement/Experience



ROI/Performance



Commercial Load



Measurement



Attribution



Data Availability



Targeting Capabilities



Cost



“

CTV is the perfect mix of digital and TV. You have the data and purchasing ability of digital on the biggest screen in the house. And you're buying it on a one-to-one basis, so you're eliminating a lot of waste and gaining a lot of efficiency. It's a winning combination.

—VP, Media Platforms (Agency)



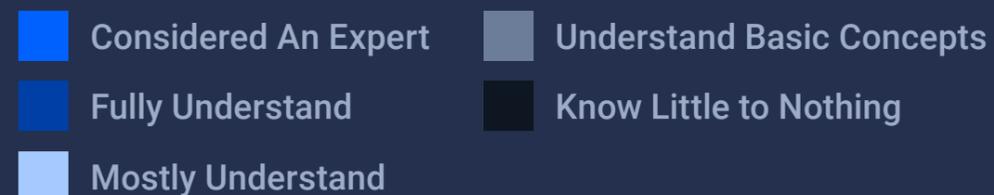
Insight #4 Embrace Expertise and Educate

The Drivers

Several CTV advertisers have programmatic advertising experience, which lends itself well to succeeding on CTV. While having a background in programmatic is not a necessary requirement for CTV advertising success, those with good programmatic experiences are at an advantage.

Level of CTV Proficiency — By Programmatic Success

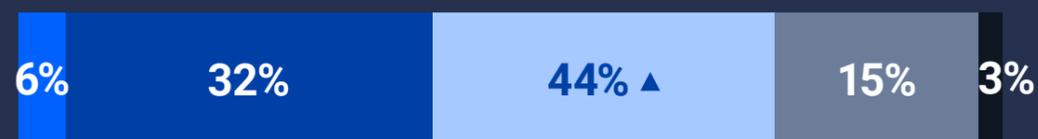
Percent of Respondents



Exceeds Goals



Meets Goals



Those who have a good track record with programmatic advertising are able to more easily adapt to the CTV channel. If they can at least meet their campaign goals on programmatic, they are likely to be proficient at CTV advertising. However, advertisers who typically exceed their goals with programmatic are more likely experts or have a stronger understanding of CTV.



I touch a lot of programs. I go into programmatic platforms and buy inventory myself. So now for connected TV I am running and I'm planning campaigns. We buy CTV direct and programmatically. The good thing with programmatic is the targeting.

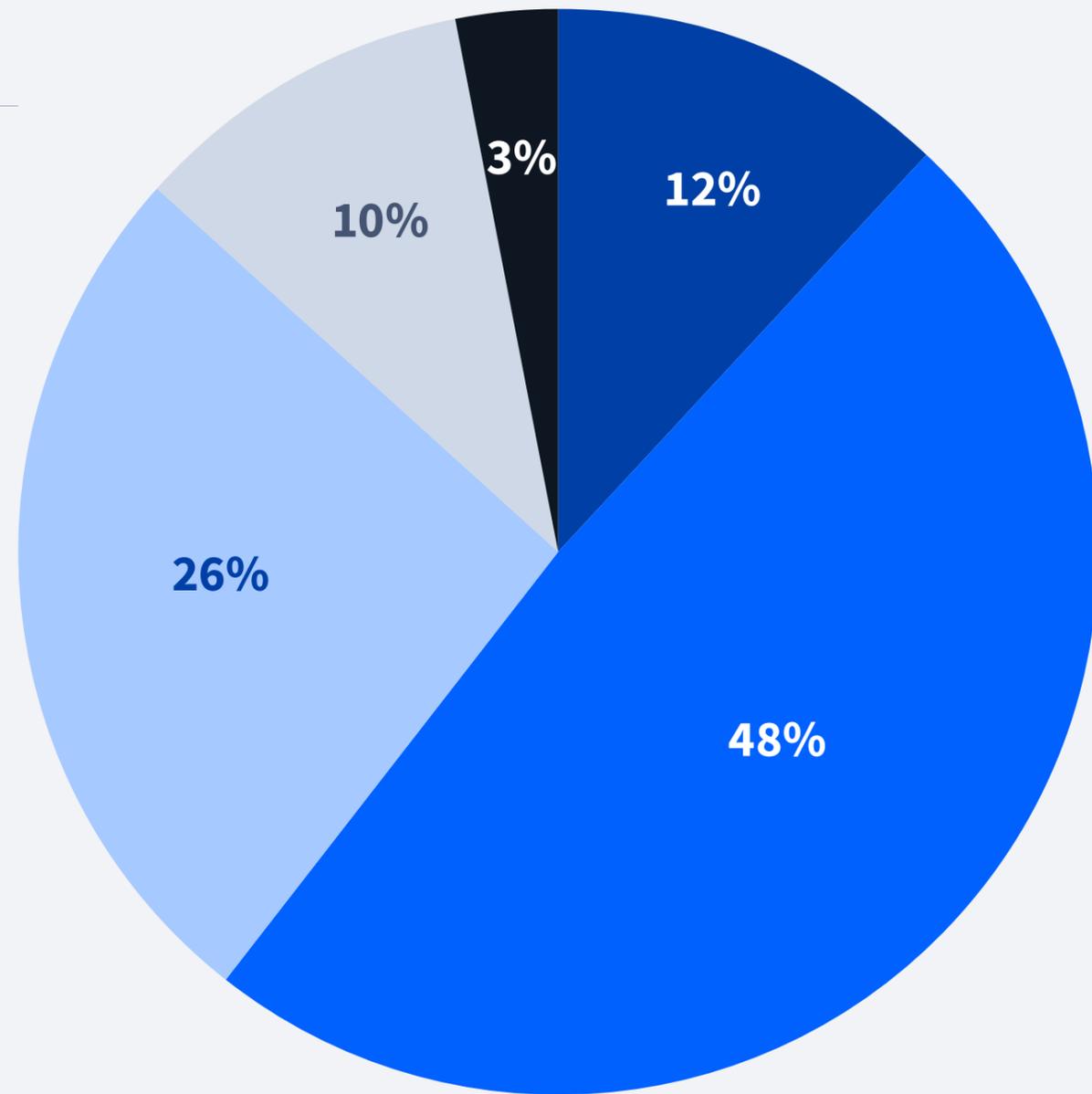
—Media Supervisor (Health)

The Data

Feedback from marketer's demonstrate a solid level of confidence in their agency's understanding of CTV.

Agency Understanding of CTV
Percent of Respondents

- Consider To Be Experts
- Fully Understands
- Mostly Understands
- Understands Basic Concepts
- Knows Little to Nothing



Fully Understands/Expert
60%

While a majority of marketers highly rate their agencies for CTV advertising, the biggest opportunity for agencies to stand out may be education. More specifically, educating clients who are late adopters to the channel.

Marketer Rating Agency on CTV Advertising

Percent Rating 4–5/5 “Well-Managed”

Adoption of New CTV Opportunities



Planning/Buying of CTV Advertising



Budgeting for CTV



Addressing Clients Who Are Hesitant to Use CTV



And while the education opportunity for agencies is there, many may not be taking advantage and educating clients. When we asked respondents how they prefer to learn about CTV, agencies ranked at the bottom.

Preferred CTV Info Sources

Percent of Respondents



Marketers prefer such sources as trade publications, social media and whitepapers 2-to-1 over their agencies. Agencies that are trusted CTV resources will be at an advantage compared to the majority of their competitors.

The Opportunity

The need for introductory CTV education to be two-fold. As new planners, buyers and strategies begin to adopt CTV, there needs to be education at the agency itself. And senior members of the marketing team need to be educated on why this new channel is one they need to advertise on. Even if media buyers are CTV-savvy, they often need to educate the decision makers higher up on what it is and the advantages it offers.

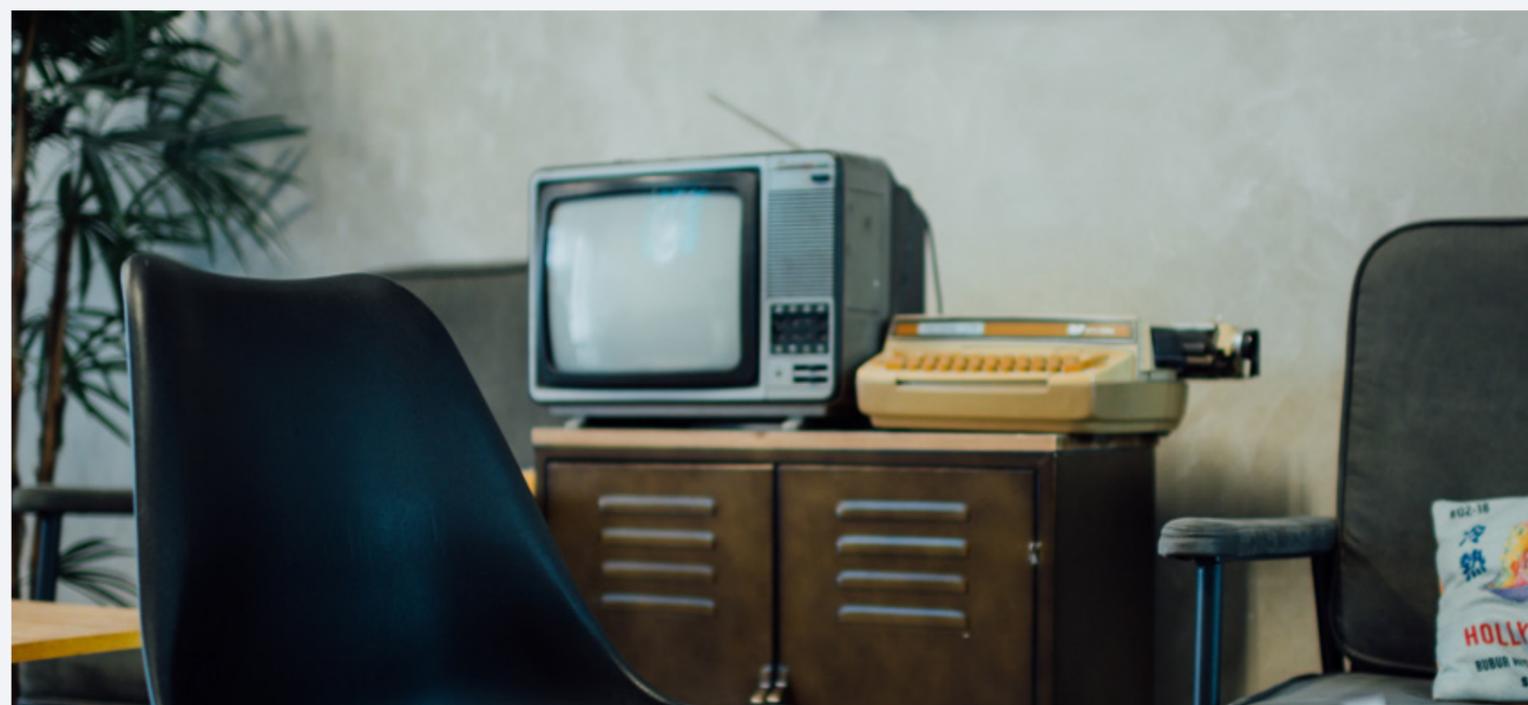
This education will not only drive more dollars to CTV, but will also strengthen the agency's image that it is a great partner. And the cycle is virtuous. CTV education leads to CTV experience. And as our research shows, more dollars spent on CTV will lead to results that often exceed a campaign's goals.

Connected TV—from education to activation—is the independent agency opportunity.



My agency, I really rely on them for education. They're pretty good about always making sure they answer my questions, but for CTV I definitely feel I need to be more proactive in understanding it better.

—Sr. Director, Global Media (Travel)





Key Takeaways

- 1 Advertisers believe that CTV offers the best of both worlds—a channel that combines the strengths of digital with the strengths of linear.
 - From digital: data, targeting, measurement, attribution
 - From linear: audience, quality content, brand safety
- 2 Is CTV a branding or direct response channel? The answer is ‘yes.’ Advertisers are having success using CTV for branding and direct response campaigns.
- 3 Advertisers are bullish about their CTV spend, averaging +56% YoY increase.
 - What holds back CTV spend? Overlap with linear buys, the perception that there are too many providers
- 4 Advertisers who succeed in programmatic are set up for CTV success. While programmatic experience is not a necessary requirement, these advertisers easily make the transition to being effective on CTV.
- 5 The agency opportunity is huge—agencies are a critical but undervalued resource for CTV expertise and guidance.

Conclusion

Remember when mobile was new? Many marketers initially treated it as a separate channel, with its own budget and KPIs. Now, of course, mobile is considered one of the most important components of an multi-channel strategy. Connected TV has hit a similar tipping point. As consumers move back and forth between the large screens on their walls, medium-size second screens and the small screens in their pockets, TV buying can no longer be treated as a standalone strategy.



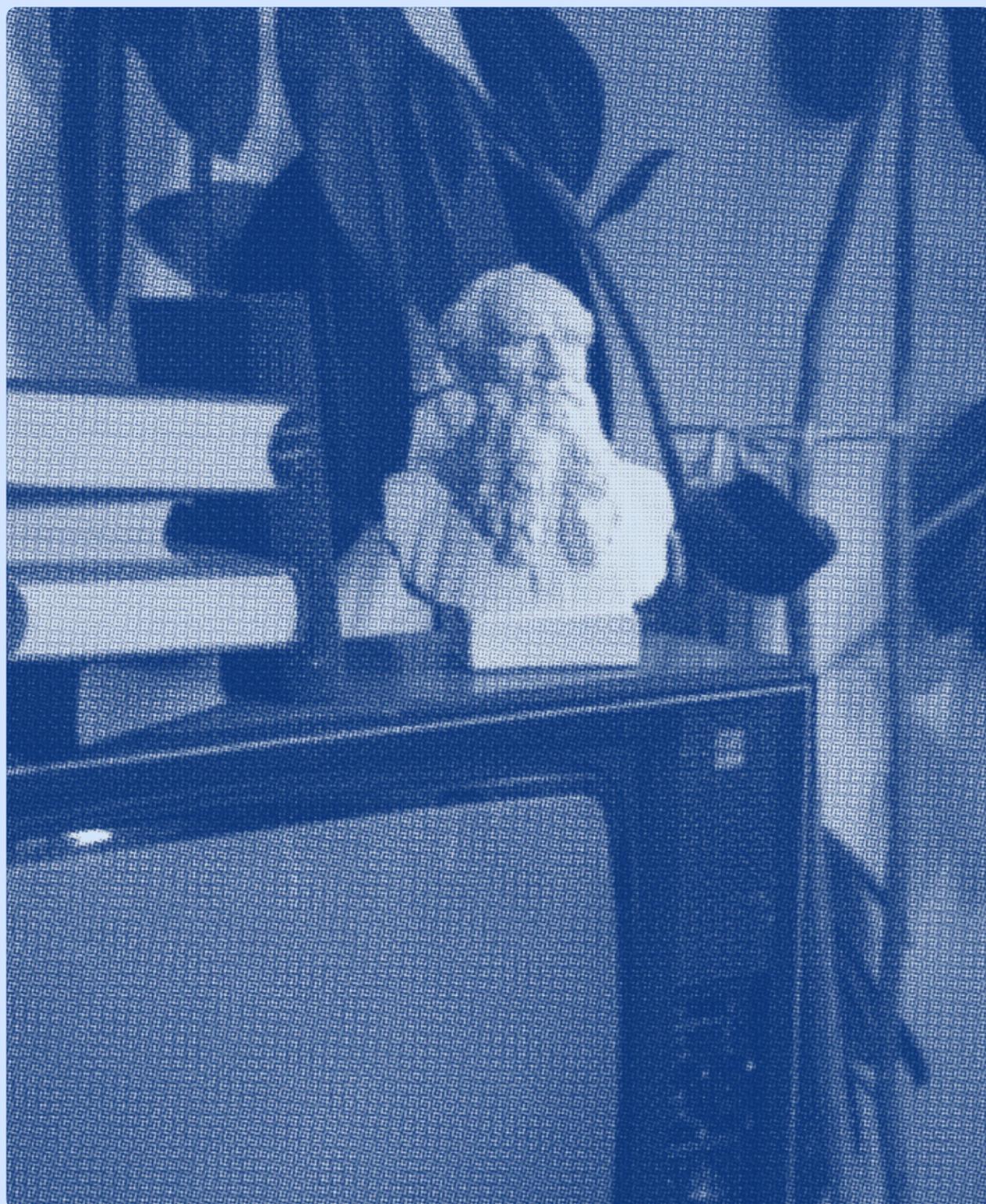
A lot has transpired since we conducted this research. Marketers have always needed to prepare for the future. But future-proofing isn't as simple as it sounds. As recently witnessed, the market can change rapidly, and advertisers need to be able to cut through the hype and identify what innovations, technologies and solutions really matter.

The current state of the world has amplified the need for understanding not only what new behaviours are emerging, but which will stick around. Connected TV adoption was already surging before the global pandemic limited many of us to at-home entertainment. The ability for consumers to watch high-quality programming, however and whenever they want to, is proving irresistible. The increase in channels

and subscriptions has led to an increasingly complex TV landscape. CTV offers brands the control, flexibility and scale needed to make an impact with audiences, all while using data to buy intelligently alongside traditional TV.

Consumers and usage are always ahead of the curve, and oftentimes advertisers experience the need to embrace an opportunity before they are ready to do so. Regardless of the acceleration of CTV adoption, advertisers and agencies still need to master how to meet consumers where they are, and to do so with a holistic media strategy.

The insights that surfaced as a result of this research will forever hold true, as more and more marketers realize that their time for programmatic CTV is now.



The Agency Opportunity

Champion the Channel

Marketers believe CTV is a cutting-edge way to promote their brands, and agencies leverage their CTV capabilities as a way to market themselves as innovative.

Flaunt the Capabilities

The capabilities that make CTV a powerful platform—targeting, measurement, attribution—are appropriate across goals and markets.

Bust the Myths

CTV concerns around audience quality, transparency, brand safety and there being too many CTV providers can be overcome through education and test-and-learn opportunities.

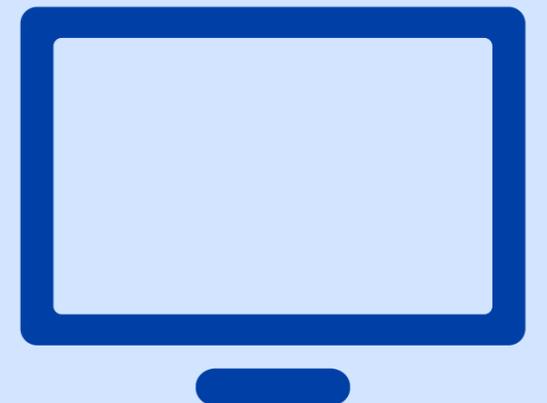
Embrace Expertise and Educate

Our research shows that those who experience CTV success often have the foundation of programmatic success. The most in-demand CTV topic was not really a specific topic but the need for foundational knowledge on what CTV is and how it differs from traditional TV and digital video. CTV “business case kits” that provide this 101 should be standard equipment in an agency’s toolbox.

Survey Methodology

This blueprint was conducted in partnership between StackAdapt and Advertiser Perceptions.

- Online interviews of marketer and agency contacts fielded by Advertiser Perceptions in early 2020
- This study survey includes a validated sample of 200 interviews from U.S. (84%) and Canada (16%)
- The respondents are digital media decision makers, with \$1M+ total advertising spend, involved in programmatic digital advertising efforts
- The agency respondents are from mid-market agencies (73%) and holding companies (27%) with an average number of 40 accounts
- The respondents are from leading ad categories including consumer packaged goods, food and beverage, financial, technology, media and entertainment, health and beauty, automotive, consumer electronics, B2B services, restaurants, retail, telecommunications, apparel/fashion, travel, education, pharmaceuticals, home appliances and non-profits



About StackAdapt

StackAdapt is a self-serve programmatic advertising platform used by North America's most exceptional digital marketers. This state-of-the-art platform is where some of the most progressive work in machine learning meets cutting-edge user experience. Ad buyers plan, execute, and manage data-driven digital advertising campaigns across all devices, leveraging proprietary data, inventory and publisher partners.

About Advertiser Perceptions®

Advertiser Perceptions is the global leader providing data-driven business intelligence for the advertising industry. They provide consultative solutions critical to the success of the world's leading media and ad tech companies, agencies and marketers. Their exclusive insights, practical advice and expert guidance produce solutions that deliver results and enable their clients to thrive in today's complex and competitive advertising market.