

# CTV

## All you need to know

The research is based on Statista, Nielsen, eMarketer and Data Reportal researches © 2021 NT TECHNOLOGY



info@nt.technology

# Contents

Contents	2
Introduction	3
Glossary of terms	4
CTV's indicators of relevance	5
What is CTV?	7
Ad formats for CTV	8
Targeting options	10
Benefits	11
Measurements and optimization	14
Contact us	15

# Introduction

Traditional television with fixed program timing and universal advertising continues to lose popularity. In its place comes Connected TV (CTV). In the United States, the percentage of people who have never used cable television, have turned it off, or are going to do so shortly is 64%.

CTV gives freedom not only to the audience but also to advertisers. After all, the functionality of CTV is much broader and more efficient. You can broadcast ads to the large screen of your target audience without high prices, analyzing the results, and conducting optimization.

Comscore's "State of OTT" report says that the number of Over-The Top (OTT) services has grown significantly since the start of the COVID-19 pandemic. In 2020, approximately 2.13 billion people used OTT video worldwide. The consumption of hours of OTT content has increased in general for both home and available viewing. On average, one consumer viewed 102 hours of OTT content, a 20% increase over the previous year.

According to Statista, in 2021, 30% of the world's population will use OTT video, especially in countries like Australia, Canada, Germany, Italy, the UK, and the US. The highest rate of CTV penetration in Europe is in the UK and Germany, with 40% of households owning at least one OTT device.

eMarketer states that 77.5% of internet users in Asia-Pacific watch digital video at least once per month. If we talk about worldwide statistics, by 2022, 204.1 million people will access video on CTV.

All this makes CTV a big player in the advertising world.

# Glossary of terms

## OTT

OTT is a service providing video over the Internet to all devices. The abbreviation OTT means “over the top,” which means that content is provided not by cable or network but by the Internet. Content that initially made it onto TV screens via broadcast, cable, or satellite became available online.

## Linear TV

A traditional TV with cable and scheduled content without the opportunity to find something or pause content. The program can just be recorded via DVR and watched later.

## DSP

Demand Side Platform (DSP) is a technology platform that represents the interests of the buyer and saves data about an ad campaign: bids and settings. DSP aims to buy requests that meet the advertisers' requirements at the lowest cost.

## CTV

CTV stands for “Connected TV,” an ecosystem of devices connected to the Internet: Smart TVs, game consoles, and Set-Top-Box (TV box). In simple words, it's a new-era TV with access to the Internet.

## 1st and 3rd party data

There are three types of data about internet users. In our White Paper, we will talk just about two of them: 1st and 3rd. 1st party data is advertisers' data from the interaction with the website: name, address, phone number, e-mail. 3rd party data sources are pixels, tags, and cookies; this type of data provides information like browsing history, offline data, and internet requests.

# CTV's indicators of relevance

From the advertiser's point of view, the rise in consumption of online video content opens up new perspectives in TV advertising. It is not surprising since CTV advertising has many strengths and differentiators that appeal to businesses of all sizes.

**97%**

of brands intend to spend their ad budgets on Connected TV in 2020

**60%**

of consumers will have smart TVs by 2024, being able to access their streaming apps directly through TV, rather than streaming sticks or boxes, and have the opportunity to share a more significant user experience

**100%**

of inspections, because CTV has a low advertising noise and the possibility of deep analytics, it does not annoy users

**>80%**

Is completion rates for CTV, as the environment doesn't allow for skipping the videos. This is an ideal goal if you are leveraging video, CTV, or audio ad formats

**67%**

Millennials are a complete 67% more likely to be in a CTV-only house



**Hanging  
spending on CTV  
is expected to be  
up to 19 billion  
by 2024**

CTV provides more reach (CTV has an entire audience and varied content which lure away the cable TV audience), more interactivity (CTV capabilities are much wider than that of traditional advertising, which increases user engagement and liking), and more time (CTV allows advertisers to earn more of the viewer's time, which increases brand awareness and opportunities for conversions).

**26%**

of the time, multiple viewers ages 18 and over are watching YouTube together on the TV screen, compared to 22% who watch together on linear TV

**41%**

of respondents said that they increased their ad spending for streaming services (CTV/OTT) over the last year

**14%**

Linear TV advertising ad spends decreased in comparison to the previous year

**70%**

of advertisers think CTV will be one of the critical broader programmatic growth areas by 2021

**122%**

increase in global programmatic ad spend in CTV over 2020

**46%**

of programmatic ad spend in CTV went to Roku devices

**60%**

of households own a CTV

# What is CTV?

CTV is a new round of development both for the advertisers and the audience. For advertisers, it's an innovative way to reach a new, unique audience. For the audience, with this innovation, streaming services and all types of content are available anywhere in the world at any time. So, let's see what CTV is in terms of components.

CTV stands for "connected TV," an ecosystem of devices connected to the Internet.

## Smart TV

Smart TVs are TVs with a connection to the Internet. Allows you to connect to various streaming platforms or services by installing certain apps or watching video content via a browser app (Some CTV players are Samsung, LG, Sony, Vizio).



## Set-Top-Box (TV box)

Set-Top-Box (TV box) is a cable box that connects a TV to the internet and gives access to streaming services (Some players are Roku, Google Chromecast, Amazon Fire TV Stick, and Apple TV).



## Game Consoles

Game consoles are new era devices connected to the TV screen and internet streaming services (Players are PlayStation, Xbox, and Nintendo Switch).





# Ad formats for CTV

The main ad format on CTV is video, including in-stream, out-stream, pre-roll, mid-roll, and banners. Video ads are the most impressive video format because they quickly engage the audience and retain attention as they cannot miss them.

Today it is the only available format for foreign countries. This format allows you to make your brand very appealing visually and provides you with the opportunity to explain what you are advertising at considerable length.

The video format gives advertisers vast choices of creativity, which follows a simple user flow. When a user interacts with content, it creates more emotions and increases the level of engagement.

Moreover, it makes the ad content more exciting and attractive.



# Why video?

- ✓ In 2022, it is predicted that 82% of internet traffic will come from watching videos.
- ✓ The presence of targeting to determine the target audience.
- ✓ 49% of advertisers consider video to be the essential media type that helps them reach their advertising goals.
- ✓ Maximum audience coverage and attraction of potential buyers.
- ✓ The possibility of dialogue between the user and the commercial.
- ✓ Users remember up to 95% of the information by watching a video, while they remember only 10% when reading the text.



# Targeting options

Linear TV has long responded to the needs of the modern viewer. Nowadays, nobody wants to watch an ad for cat food if they don't have a cat. Car owners want to see advertisements for car services, football fans want to see advertisements for upcoming matches, and parents want to see children's educational courses. And the reason why Linear TV is out of the race is lack of targeting.



## Standard targeting

It includes targeting by age, income, gender, location, etc.



## Platform targeting

Advertising is shown to those people who use the platform of interest to us.



## ACR targeting

Mobile user data is linked to CTV through Automatic Content Recognition (ACR). It recognizes content viewed on CTV when connected to microphones on smartphones.



## Retargeting

With retargeting, you can remind the audience about products.



One of the greatest strengths of CTV advertising is its many targeting features. It is starting from geolocation and Internet searches to preferences in the genres of the content being viewed. Companies can easily reach the most relevant consumers with many targeting options by using the best and most engaging video formats and increasing the number of views for each ad. Connected TV ads' targeting is far more advanced than the ads opportunities of traditional TV. You can use the same targeting tactics you currently use to run programmatic ads now.



### **1st party data**

Data that is already on the site: operator, device type, mail, etc. Now it's more important than ever because of GDPR and people's concerns about data privacy. To improve this situation, Google plans to refuse cookies, and 1st will be effective alternatives to replace them and help the digital world overcome these changes.



### **Behavioral targeting**

Behavioral targeting helps supplement the target audience's portrait with details based on their behavior: how they choose, what they pay attention to, what is important to them in life.



### **Cross-device targeting**

According to the statistics, nobody uses only one device. As usual, the audience watches TV and, at the same time, surfs on the phone. That's why we use cross-device targeting. It helps to reach the audience wherever they are.

# Benefits

How can strictly painted video content fit into this picture? Naturally, no way. The user lives in a constantly changing and fast world, where cardinal changes occur in a minute, and you need to adapt to them. And the format of traditional TV advertising has long been outdated: in the era of targeting and personalization, users are forced to watch ad inserts that cover all segments of the potential audience, from diapers to medicines.

CTV allows advertisers to create and target advertisements only to interested users, beneficial for businesses of all sizes and formats. After all, the more specific and personalized the ad is, the more it responds to the audience's pain, and the more likely it will work. Also, television divides the audience by genre and taste preferences, collecting more information.

## 01 Premium inventory

Reaching the right audience by using significant networks and streaming platforms worldwide.

## 02 Deep Data Analysis

CTV ads have more accurate tracking and many measurement options. Advertisers can use software platforms to collect and analyze all kinds of statistics and data to measure each ad campaign's exact outcome. Advertisers can show metrics on the perfect ad side, such as ad completion rates and the viewers' actions after viewing ads, such as website visits and conversions. It helps improve the quality of advertisements in the future, optimize them, and test new creatives.



# Benefits

## 03 100% visibility

Of course, video ads, unlike TV ads, can be skipped by clicking on the cross. But this task is not the easiest one, since if the user is watching content on the TV, they would have to click on the cross in the right corner using the remote control. And since targeting advertising meets the audience's interests, the desire to skip advertising is much less.

## 04 Rich targeting options

One of the greatest strengths of CTV advertising is its many targeting features. It starts from geolocation and internet searches to preferences in the genres of the content being viewed. Companies can easily reach the most relevant consumers with many targeting options by using the best and most engaging video formats and increasing the number of views for each ad. It includes targeting by age, income, gender, location, etc.

## 05 Growing Audience

In 2020, subscriptions to online video services reached 1.1 billion globally, meaning a 26% year-over-year growth. The intention to refuse cable TV is going to spread all over the world. For example, 21% of home CTV consumers in the United States have cut the cord in the past five years. Another 21% of those who view CTV at home are so-called cable networks (not having a cable subscription in the last five years). And 2021 shows us that the 18-to-29 age group is the most active group in abandoning cable TV; in the future, cord-cutting will continue to gain momentum.

## 06 Millennials Love CTV, and Gen Z is in love with video

As we said, millennials love CTV and are willing to pay for unique content from Hulu, HBO, and other streaming platforms like YouTube, which has 2.3 billion users worldwide. And since millennials are the most significant audience globally, they are unlikely to take a step back by returning to cable TV. So, CTV is the future.

# Measurements and optimization

One of the most important components of good advertising is correctly measuring its effectiveness and optimizing it in time, adhering to the initially set goals. There are three ways to see metrics ad campaigns: DSP, measurement providers, and 3rd party ad servers.

## DSP

Using DSP allows monitoring indicators such as impressions, clicks, completion rates, and purchases or installs. The advantage is that you do not have to pay for measurement providers. However, the information you will have is one-sided. There will be nothing to compare it with. Also, because DSPs monitor themselves and broadcast their results, they are more prone to indicators of good efficiency. This, in turn, can become an obstacle on the way to an adequate analysis of the implementation of your strategy.

## Measurement providers

The use of analytics systems is a necessary element of successful advertising and a successful and profitable business. Unlike DSP, external analytical systems do not pursue the goal of showing your advertising campaign in a winning light. Through the assessment of efficiency, the advertiser understands how much his investment is bearing fruit. All this is for this data to be as helpful and used as possible.

## 3rd party data server

It's a paid web server that helps not only to monitor the results of the advertisement campaign but also manage and effectively optimize ad campaigns. The 3rd party data is appropriate for publishers, media agencies, and advertisers. With it, you can see the same clicks, likes, conversions, and other interactions with ads.

To find out more about CTV,  
please contact us [info@nt.technology](mailto:info@nt.technology)

