



Connected TV Ad Buying

A SURVEY OF AD AGENCY BUYERS

presented by  **Imagine**
COMMUNICATIONS

BONUS INSIGHT

Netflix and Disney+ Impact on CTV Ad Prices

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Ad Agency
Buyers Survey 06.2023

This report presents findings from a survey conducted by Imagine Communications in partnership with VOD Professional, targeting 43 senior advertising executives in Europe and North America. The survey explores the growing prominence of Connected TV (CTV) as an advertising platform and identifies key challenges faced in this space.

The survey reveals that CTV is experiencing rapid growth, although linear TV still dominates TV ad spend. Respondents express interest in combining both linear and CTV advertising but note challenges such as maintaining broadcast quality control, achieving de-duplicated reach, managing ad frequency, and controlling ad placement for brand protection.

The report emphasizes the importance of supporting both direct and programmatic ad buying in CTV while highlighting the need for accurate measurement of ad placement and audience views. It provides valuable insights for media companies to develop targeted solutions for CTV advertising.

Introduction

In recent years, the rise of streaming services and media players has made Connected TV (CTV) a popular advertising platform.

To gain insight into industry perspectives on CTV, **Imagine Communications** conducted a survey via **VOD Professional**, reaching 43 senior advertising executives across Europe and North America in Q1 2023.

The survey aimed to gather valuable industry perspectives on CTV advertising, including insights on ad buying growth and addressing challenges such as ad targeting and brand safety. These insights provide actionable data for media companies and Imagine to provide solutions in these areas.

BONUS

Additionally, the survey explored the impact of new ad-based streaming services from Netflix and Disney+ on CTV ad prices.



CTV vs Linear Ad Spend

42% of respondents allocate **less than ¼** of their **TOTAL TV AD SPEND TO CTV**



44% of respondents allocate **up to ½** of their **TOTAL TV AD SPEND TO CTV**



These findings are consistent with the eMarketer forecast for 2023, which estimates CTV will account for around 29% of US TV ad spending.

Looking ahead, half of respondents anticipate spending more on CTV over the next two years. Interestingly, 44% of respondents expect their ad spend split between linear TV and CTV to remain the same.

Overall, the survey suggests that a significant number of respondents plan to increase their investment in CTV in the near future.

How do you expect your spending on CTV to change over the next 24 months?

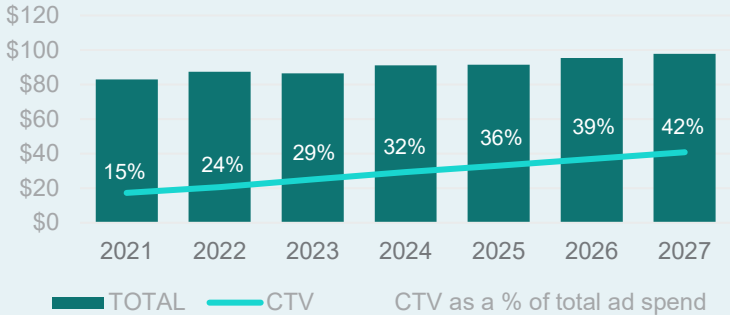


CTV Ad Spend Forecast to Double In 5 Years

While linear TV currently dominates TV ad spend — accounting for over 70% of the total, according to the eMarketer forecast for April 2023 — the CTV market is poised for significant growth. Over the next five years, CTV is expected to double, projected to represent 41.8% of TV ad spend by 2027.

This translates to significant growth in the CTV market, with ad spend projected to increase **from \$20.7bn in 2022 to \$40.9bn in 2027.**

CTV Ad Spend vs Total TV Ad Spend USA
(\$ billions)





Buying CTV and Linear Together

SURVEY RESPONDENTS SHOWED A STRONG INTEREST IN BUYING LINEAR AND CTV ADVERTISING TOGETHER:


71% of respondents would like to buy linear and CTV advertising together, while 16% remained undecided.

51% of respondents expected to be able to buy linear and CTV as a single campaign within the next year, and an impressive **100% of respondents** expected to be able to do so within the next two years.

In our opinion, there are multiple upsides to buying CTV and linear together:

- ✓ Simplifying the buying process
- ✓ Allowing for greater reach and targeting across platforms
- ✓ Providing a comprehensive and integrated approach to advertising



LANDMARK SALES The only platform that supports spots, audiences, linear addressable and CTV 

OVER 95% OF RESPONDENTS INDICATED THESE ARE BIGGEST BUYING CHALLENGES OF CTV ADVERTISING



Add Third-Party Data

The ability to add other sources to existing data



De-Duplicated Reach

Reaching unique viewers instead of reaching the same viewer repeatedly



Accurate Measurement

Clear measurement of unique audience ad impressions



Lack of Data Standards

Data consistency across multiple sources and advertisement suppliers



Broadcast-Quality Controls

Controls such as frequency, brand separation, creative rotation, and content targeting

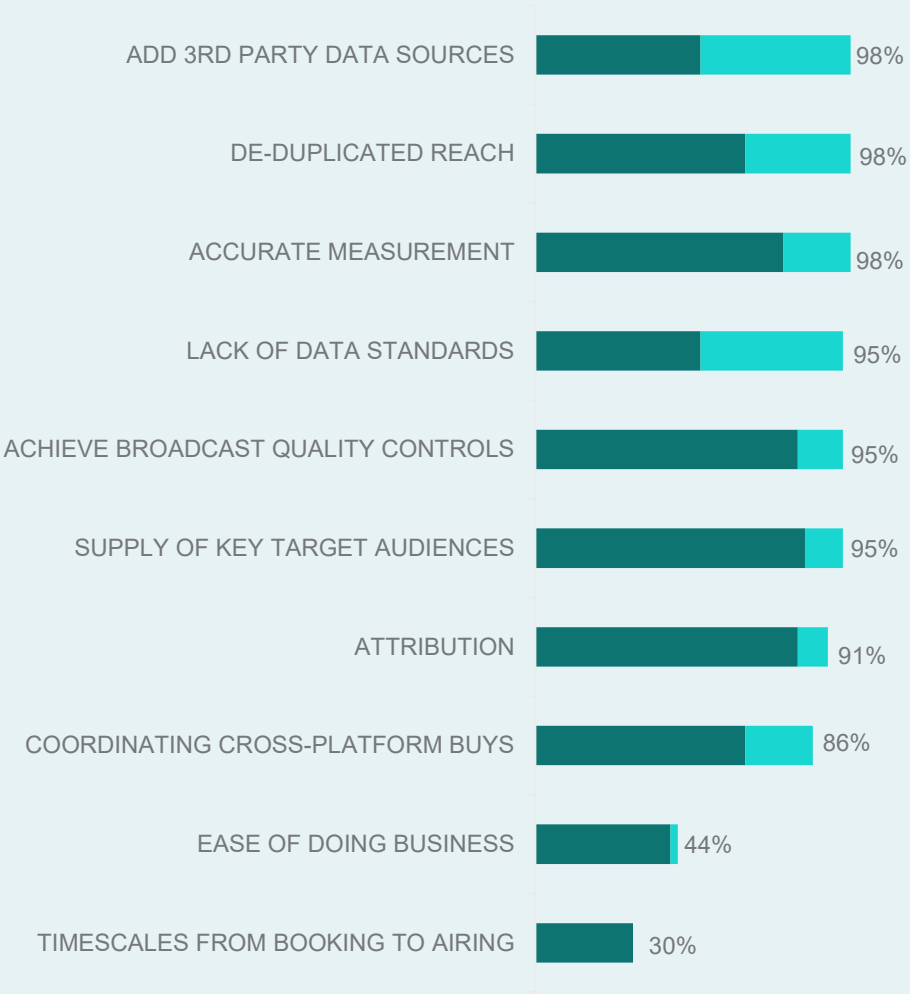


Supply of Key Target Audience

Ability to accurately target unique audiences at scale

How challenging do you find the following when buying Connected TV advertising?


Somewhat Challenging Extremely Challenging



Viewer Experience Needs Improvement

Respondents overwhelmingly expressed a need for improvement in various aspects of the CTV viewer experience, most notably ad frequency, ad relevance, live time delay, and controls & apps. However, only a minority of respondents believed that the total number of ads per break required improvement.

Percentages calculated from respondents that rated these current aspects as Poor or Needs Improvement

98%
**IMPROVE
AD FREQUENCY**


For many CTV viewers, seeing the same ads is a regular occurrence. 98% thought that the frequency of the same ads was poor or could be better

98%
**IMPROVE
AD RELEVANCE**


Like earlier answers about ad targeting, respondents thought advertising addressability or relevance could be better

95%
**IMPROVE
LIVE TIME DELAY**


Compared to linear TV, respondents expressed dissatisfaction with the current CTV time delay from live

93%
**IMPROVE
CONTROLS & APPS**


Most respondents thought that CTV controls and currently available apps need improvement

33%
**IMPROVE
NUMBER OF ADS
PER BREAK**

When compared to linear, the number of ads displayed per CTV ad break was good for 67% of respondents



Ad Loads – CTV vs Linear TV

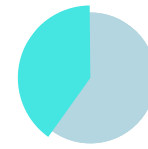
In the previous question, 67% thought the number of ads per break while streaming was good when compared with traditional broadcast TV.

However, when we asked whether the number of CTV ads per break should be similar to linear TV, opinions were more equally split.

SHOULD CTV ADS PER BREAK BE SIMILAR TO LINEAR TV?



56% of respondents
said **SIMILAR**

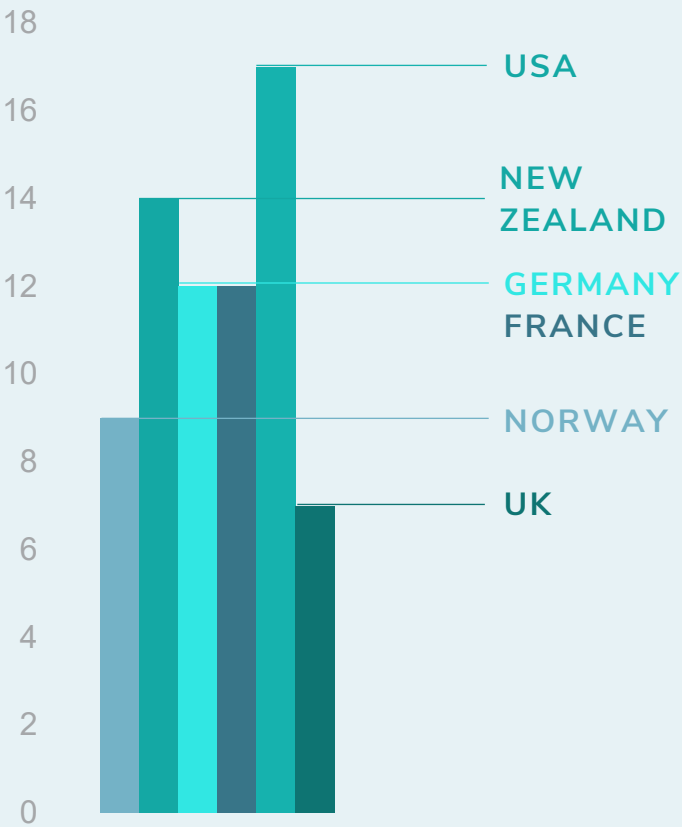


44% of respondents
said **LESS** * 28% said Less / 16% said Much Less



DYNAMIC AD LOADS AND BREAK STRUCTURES
Flexible Rights & Scheduling for CTV, VOD and Linear ∞

Permitted Linear Ad Loads
Around the World
Average Minutes Per Hour



SOURCE: Wikipedia | TV Advertisements by Country as of April 2023
https://en.wikipedia.org/wiki/TV_advertisements_by_country

Ad Targeting

CTV ad targeting involves using audience data to deliver personalized advertisements to viewers on connected TV devices, maximizing relevancy and engagement for advertisers.

The Ad Targeting section aimed to understand respondents' preferences and needs for targeting data.

74% of respondents said **QUALITY OF TARGETING DATA** partially met their needs but needed improvement.

88% of respondents preferred **FIRST-PARTY PUBLISHER AND ADVERTISER DATA** for targeting, of which 74% also wanted access to 3rd party data while 14% did not.

77% of respondents preferred a **COMBINATION OF BOTH DIRECT AND INDIRECT TARGETING METHODS**, while 19% preferred to target directly.



Ad Placement Control

STRONG PREFERENCE FOR LINEAR-LIKE CONTROL OF AD PLACEMENT IN CTV

As the line between linear TV and CTV becomes increasingly blurred, advertisers seek greater control over where their ads are placed. The survey asked respondents if they would like "linear-like control" over ad placement, with the ability to specify the time, date, program, and region for their ads, regardless of whether it is linear, streaming, or on-demand.

86% of respondents answered **yes**, indicating that linear-like ad placement control is crucial for advertisers in CTV advertising to achieve better targeting and campaign results.



SUREFIRE™ The only Ad Server that enables linear control on CTV and streaming to co-exist with programmatic 

Ad Buying

Direct vs Programmatic

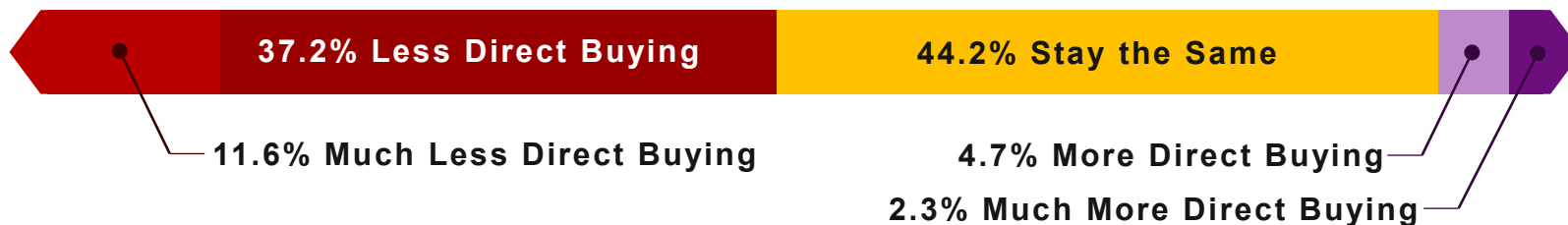
THE SPLIT BETWEEN DIRECT AD BUYING AND PROGRAMMATIC BUYING IN CTV ADS

In the current landscape, direct buying accounts for the majority of CTV ad transactions, according to Alex Boras, Commercial Lead at Samsung's DSP, with a 60/40 split in favor of direct buying.

However, our survey results indicate that the split between direct and programmatic buying varies by agency. While 44% of our respondents bought most of their CTV ads directly, almost half of them expected to reduce direct buying in the next 24 months.

It's interesting to note that **Pixalate** published a recent report [🔗](#) that 94% of U.S. households can now be reached through open programmatic advertising on CTV, marking an 8% increase from last year. As the reach of CTV grows, programmatic buying is likely to become more important, complementing direct buying.

How do you expect your direct spending to change over the next 24 months?



Ad Buying Comparison

Direct:

- Control over ad placement
- Transparency in ad placement
- Brand safety on reputable services
- Access to premium inventory
- Flexibility in negotiating deals
- No intermediate marketplace costs

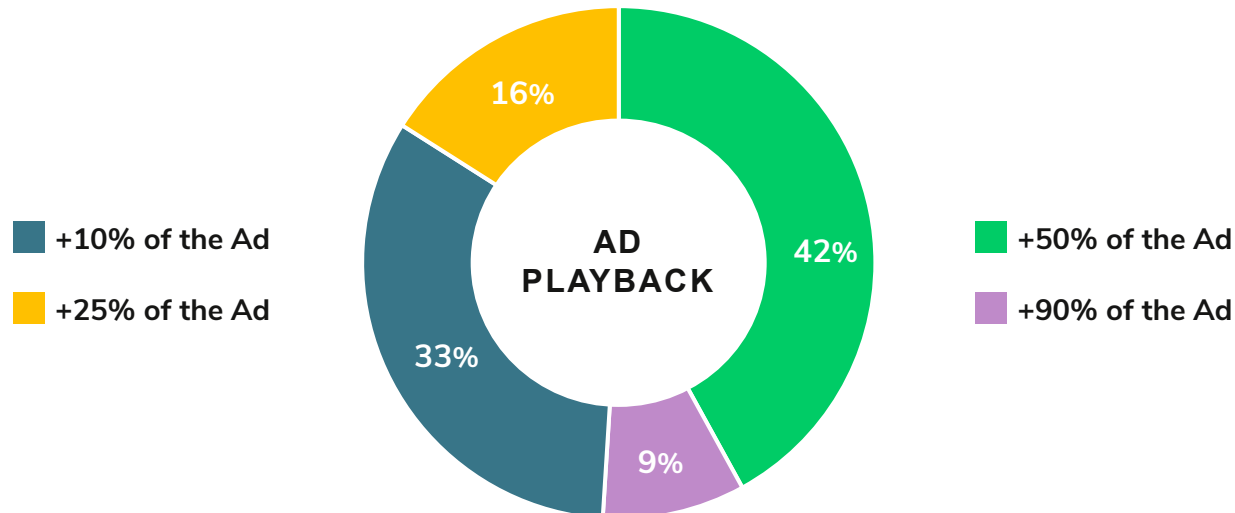
Programmatic:

- Efficient automated buying process
- On-the-fly adjustments possible
- Transparency in transaction costs
- Scale for buying large volumes of inventory
- Potential higher costs of DSP/Marketplaces

Ad Views — What Counts?

HOW MUCH OF AN AD NEEDS TO PLAY FOR A VIEW?

Measuring video ad success can be complex, so we asked ad agencies how much of an ad needs to play for it to count as a view. Results were split:



These varied responses suggest a lack of industry consensus, making an agreed-upon view measurement critical for delivering successful advertising metrics.

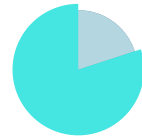




Independent Measurement

INDEPENDENT MEASUREMENT IS CRITICAL TO CONNECTED TV ADVERTISING

Independent measurement companies, such as BARB and Nielsen, play a crucial role in ensuring that viewership data is accurate, transparent, and comparable across different platforms and channels.



81% of respondents believe that having an independent measurement company is critically important.

These findings highlight the importance of **transparency and accuracy** in the advertising ecosystem and reinforce the need for independent measurement companies to ensure that viewership data remains trustworthy and reliable.

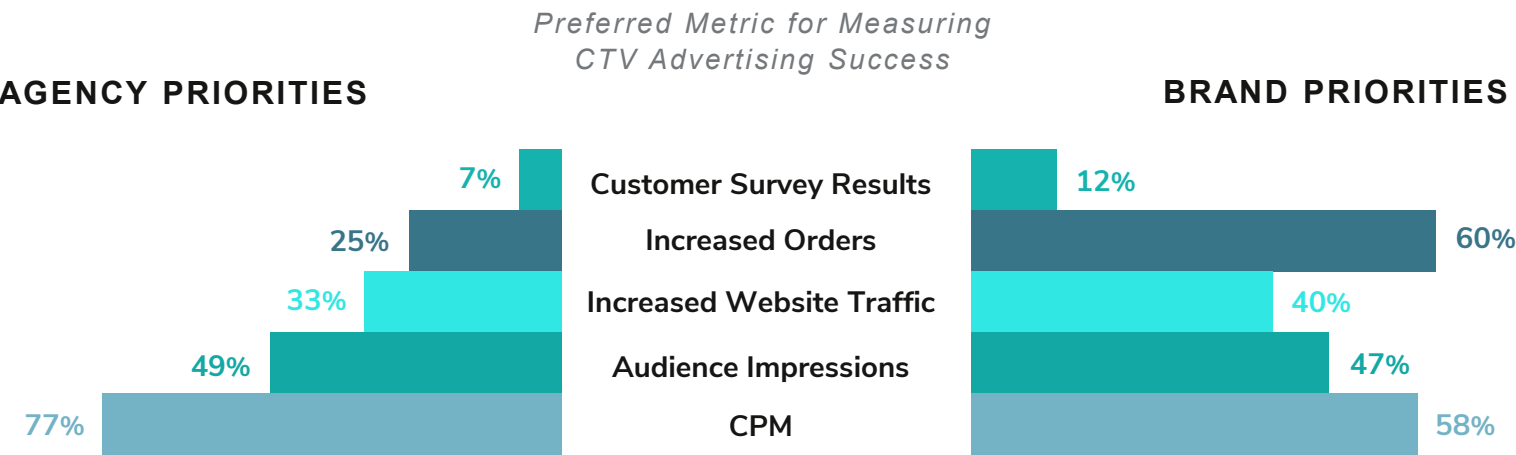
Success Metrics

ADVERTISER AND AD AGENCY METRICS FOR MEASURING CTV ADVERTISING SUCCESS

While ad agencies and advertisers prioritize different metrics for measuring CTV advertising success, both recognize the significance of CPM and audience impressions.

Ad agencies responded that they prioritize CPM. However, advertisers (brands) — the ad agency customers — see increasing orders as their top metric (60%), but also value CPM (58%) and audience impressions (46%).

These shared priorities underscore the importance of alignment between both parties, while the ultimate measure for the advertiser is increased orders.



Summary

The survey reveals that Connected TV (CTV) is experiencing rapid growth, although linear TV still dominates the majority of TV ad spend.

While most respondents express a desire to buy both linear and CTV advertising together, there are several challenges that need to be addressed, including achieving broadcast quality control, de-duplicated reach, ad frequency, and ad placement control for brand protection.

Supporting direct ad buying alongside programmatic ad buying is considered essential, and having accurate measurement of ad placement and audience views is crucial for measuring success.

Imagine Communications' Ad Management systems and Video Ad Server provide the Ad Tech solutions needed to support hybrid linear and CTV advertising, while ensuring consistent broadcast-quality controls.

Bonus Insight

Netflix and Disney+ Ad Pricing Impact

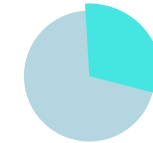
EFFECT OF DISNEY+ AND NETFLIX AD-TIERS ON CTV AD PRICES

A majority of respondents believed that the introduction of sub \$10 per month ad-based options by Disney+ and Netflix would have no effect on rates for other CTV publishers.

However, a significant proportion expressed the possibility of other CTV ad rates falling. This is likely because the new massive supply of premium inventory could lead to a ripple effect on other inventory, at least in the short term.

To achieve high CTV ad rates comparable to linear TV, prioritizing brand safety and implementing robust ad placement controls is widely recognized as essential for all publishers. These measures are crucial for establishing ad placement quality in CTV that can rival the standards set by traditional linear TV advertising.

What effect do you think ad-supported tiers will have on the market for other publisher rates?



28% of respondents
said **LOWER RATES**



19% of respondents
said **INCREASED RATES**



51% of respondents
said **NO EFFECT**

WHY DID DISNEY+ & NETFLIX INTRODUCE AD TIERS?

Increase profitability: By introducing lower-priced yet more profitable ad-based services, they can increase revenue and potentially increase the price of non-ad tiers.

Attract price-sensitive viewers: With an increasingly crowded market of streaming services, the new ad-based options can attract viewers who are looking to fit multiple services into their entertainment budget.

Expand subscriber base and generate additional revenue: The lower-priced subscription option with ads can expand the subscriber base and generate additional revenue from advertisers looking to reach their audience.

Monetize free trial users: Ad-based options allow providers to monetize free trial users who are not ready to pay for the premium service.

Diversify revenue streams and capture market share: Ad-based options can help diversify revenue streams beyond subscriptions and capture a share of the market from ad-supported streaming services.

Overall, the introduction of ad-based options by Disney+ and Netflix represents a strategic move to increase profitability, attract price-sensitive viewers, monetize free trials, diversify revenue streams, and compete with ad-supported services in a crowded market.





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