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The CPG Guide to CTV



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Executive Summary

Consumer behavior is changing at an unprecedented speed. And this velocity creates new challenges for CPG brands. Notably, brand loyalty is shifting, reach is disaggregated across channels, consumers are preferring ecommerce shopping, and their return on investment (ROI) is growing increasingly difficult to quantify.

Why? For one, 2021 brought supply chain disruptions and subsequent inventory shortages across the board. Another important factor is fragmented channels and platforms. Each of these bring unique measurement, creative specifications, and other requirements. Meaning, it can be timely and costly to achieve the level of visibility needed for success. Plus, it makes it all the more challenging to extract actionable insights across channels and platforms.

Lastly, the rise in ecommerce has compelled CPG brands to rethink their digital advertising strategy. Consumers now expect a frictionless path to purchase, even from ads.

To alleviate these pressures, many CPG brands turned to connected television (CTV) in 2021 for its ability to reach consumers with personalized, cutting-edge advertising formats in a largely unsaturated space. In fact, despite trials and tribulations, CPG brands overall increased their presence on CTV and saw boosts in engagement compared to other channels.

For these reasons, our watchword for CPG is *venture*. As CPG brands dive deeper into the CTV landscape, they can also begin venturing into its plethora of performance-driven strategies like dynamic creative optimization (DCO) and creative formats like shoppable, interactive, and QR codes. Likewise, they're also beginning to explore more unified measurement solutions that play well with CTV.

We predict that CPG brands will continue increasing their presence on CTV, as they are empowered with these experiences, tools, and benchmarks that can reinforce brand loyalty and attract new customers—all from the comfort of their couch.



Key Takeaways

1

Seize the CTV Opportunity

CTV already comprises more than half (52%) of CPG brands' impression share. And that number appears to be trending upwards, as it grew from 44% in 2020 and is now the device with the greatest impression share. CTV offers CPG brands a highly engaging channel that still has plenty of room for growth.

2

Boost Brand Loyalty with Advanced Creative

Having the creative formats offered by CTV at your disposal opens the door to plenty of opportunities for building unique advertising experiences. Advanced video formats yield high engagement rates as an added benefit compared to standard video. CPG brands can boost audience engagement with personalized messages and creative strategies like interactivity.

3

Reach More without Repeating More

Our data reveals that fears about the risk of duplication on CTV are largely overhyped. For instance, CPG advertisers with more than 6 publishers had a duplication rate of just 18%. And there are plenty of strategies to ensure your ads aren't maxing out on frequency. Plus, our data reveals that there's still a great deal of runway when it comes to CTV reach.

1

Key Takeaway 1

Seize the CTV Opportunity

Since its beginnings in 1941¹, TV advertising has withstood the test of time. Now, more than 80 years later, its popularity persists. Linear TV, once the behemoth of TV, has seen a steady decline in viewers over the last decade. As recently as 2012, linear TV held an 80% majority² of TV audiences. That figure shot down to 54% by 2020³.

Likewise, eMarketer predicts a decline in linear TV ad spend as connected television (CTV)⁴ grows in the upcoming years. While CTV is projected to reach a whopping \$104B in ad spend by 2026, linear TV will fluctuate but largely plateau, dwindling to \$65B⁵.

CTV is projected
to reach
\$104B
in ad spend by 2026

Why the change? Because CTV embodies the best of linear TV and the best of digital. It brings the sight, sound, and motion that engages audiences but also the targetability, interactivity, and measurability that allows advertisers to capture the ROI of their campaigns.

Now that CTV is poised to take the throne, it's garnering plenty of attention from brands across the board. CPG marketers, who have been trained to leverage TV as the best asset to reach their consumers, will find the *what* has not changed. Instead, it's more about changing *how* CPG brands show up as the definition of "TV" has changed in today's marketplace. Yet, as the cord-cutting treks on, many marketers grapple with evaluating campaigns on the still maturing channel.

The good news is that as CPG marketers increasingly move to CTV, we have cultivated valuable knowledge about using the channel to shape best practices.

¹ Guinness World Record, [First TV Advert](#)

² Omnicom Media Group, [The Evolving Video Landscape](#)

³ Omnicom Media Group, [The Evolving Video Landscape](#)

⁴ eMarketer and Insider Intelligence, [TV Ad Spending 2022](#)

⁵ eMarketer and Insider Intelligence, [TV Ad Spending 2022](#)



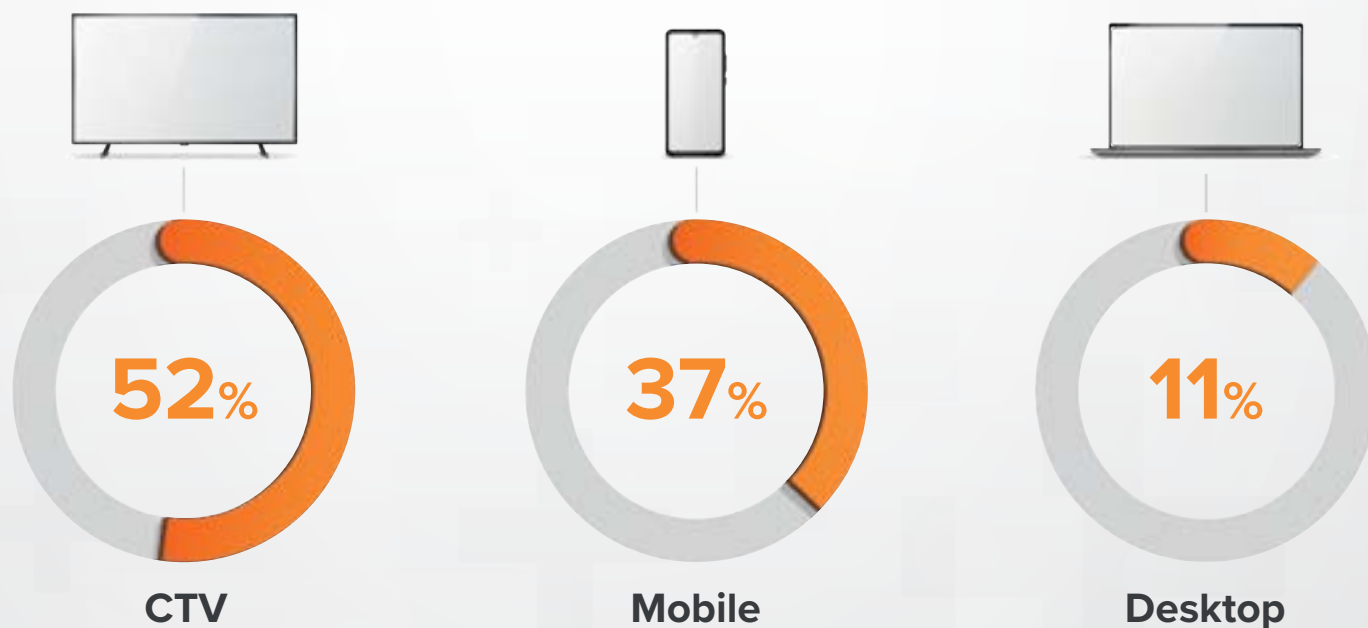
Despite supply chain issues, CPG brands kept their lights on—or even expanded their presence in CTV

Most CPG brands were hit particularly hard⁶ by supply chain disruption over the last few years. Consider this: 60% of consumers were unable to get a product⁷ due to inventory shortages in 2021. As a result, many consumers were compelled to try new brands—a behavioral change that chipped away at brand loyalty.

To weather this storm, CPG brands reexamined budgets to scope out potential opportunities to save financially. While some CPG advertisers made cuts to advertising budgets in 2021⁸, it's important to note that their allocation of channels shifted. In our research CPG's video impression share for CTV was 52% in 2021, up from 44% in 2020.



CPG Video Impression Share **by Device**



⁶ Nielsen IQ, [The Impact of Supply Disruptions on CPGs](#)

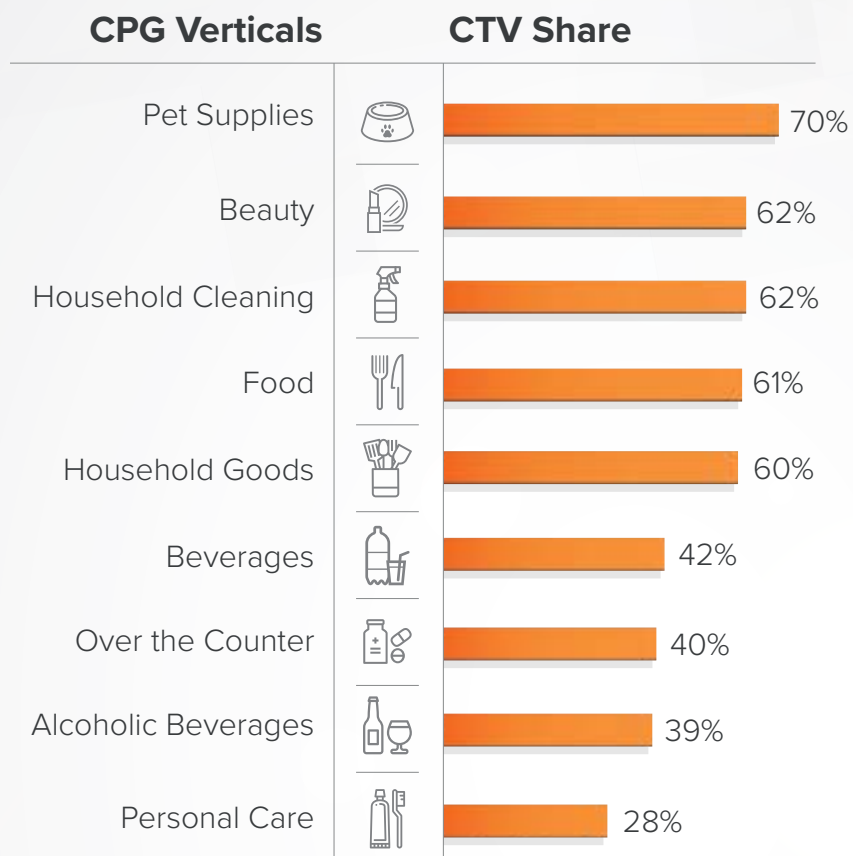
⁷ Gallup, [Most U.S. Consumers Have Felt Supply Chain Problems](#)

⁸ Digital Content Next, [What 2021's CPG Ad Trends Tell Us About the 2022 Forecast](#)

Your vertical's CTV share

Below is a breakdown of CPG verticals by CTV impression share. Find your vertical to gain a better understanding of where your sector is in the CTV migration.

CTV Impression Share **by CPG Vertical**



CTV offers brands a highly engaging channel that still has plenty of room for growth. It's the ideal time to ride the CTV wave and stay ahead of your competition by expanding your presence on CTV.



2

Key Takeaway 2

Boost Brand Loyalty with Advanced Creative

Personalized advertising has pretty much become the norm. In fact, 90% of consumers in the U.S. find company messages that aren't personally relevant annoying⁹. And that preference appears to be increasing over time¹⁰.

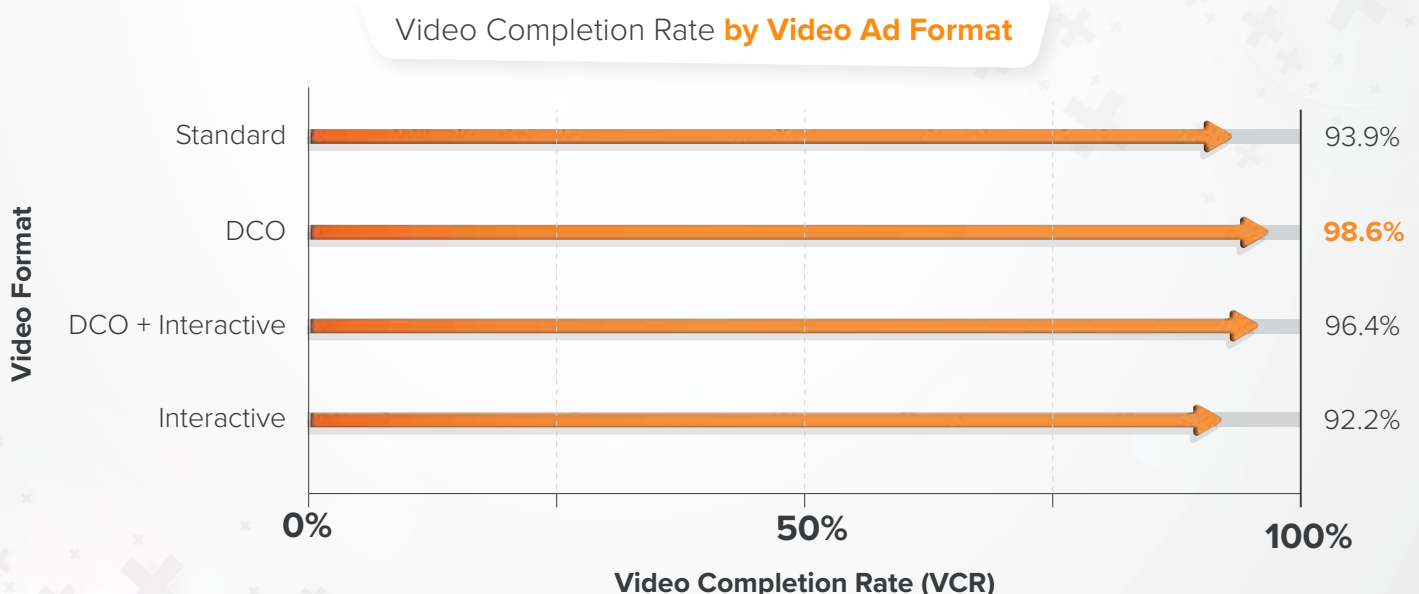
As for messaging, advertisers aim to appeal to audiences through personalized tactics because time and again it proves effective. According to a survey from Digiday and Innovid, 59% of marketers and agency executives believe CTV investment is boosting brand awareness and engagement, and 39% credit CTV for increasing return on ad spend (ROAS).

Boost engagement by embracing advanced CTV formats before everyone catches up

In 2021, over half (53%) of CPG CTV advertisers ran some kind of advanced creative video (i.e., dynamic creatives and interactive content).

Undoubtedly, advanced formats are proving their effectiveness to CPG marketers, setting the stage for a unique opportunity to gain a competitive advantage with your creative.

Our findings revealed that the video completion rate (VCR) was significantly higher for CPG brands using advanced DCO video formats. **DCO video had a completion rate of 98.6% versus an average 93.9% completion rate for standard video.**



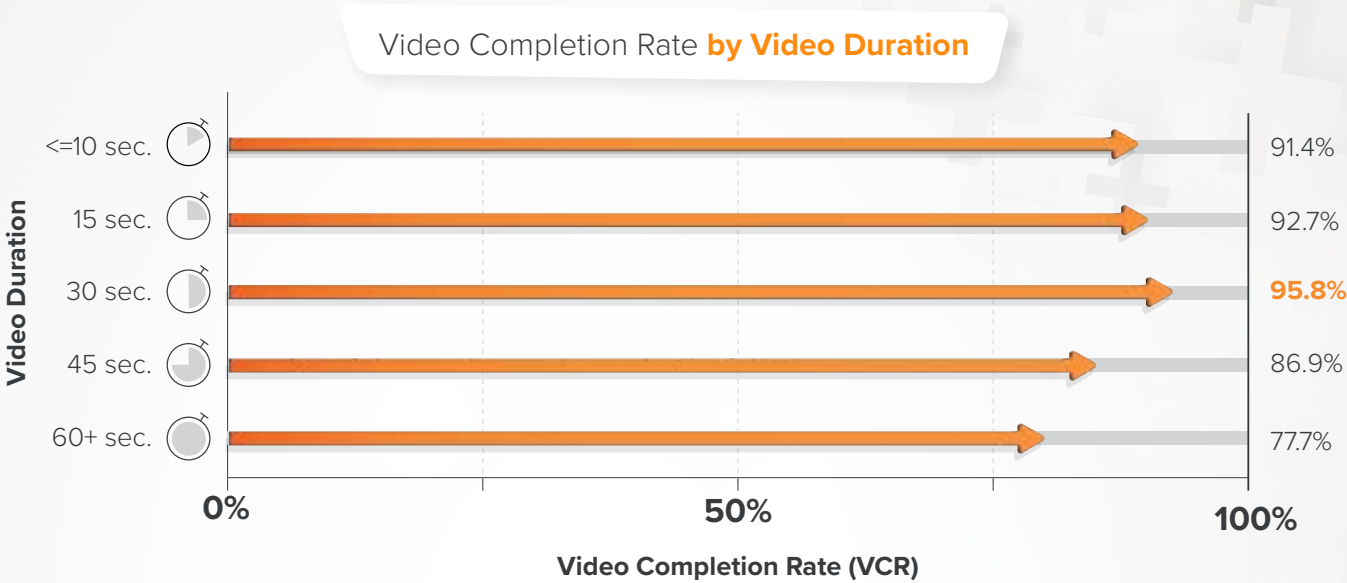
⁹ Statista, [Marketing Personalization](#)

¹⁰ Salesforce, [What Are Customer Expectations, And How Have They Changed?](#)

Keep videos short and sweet to support video completion

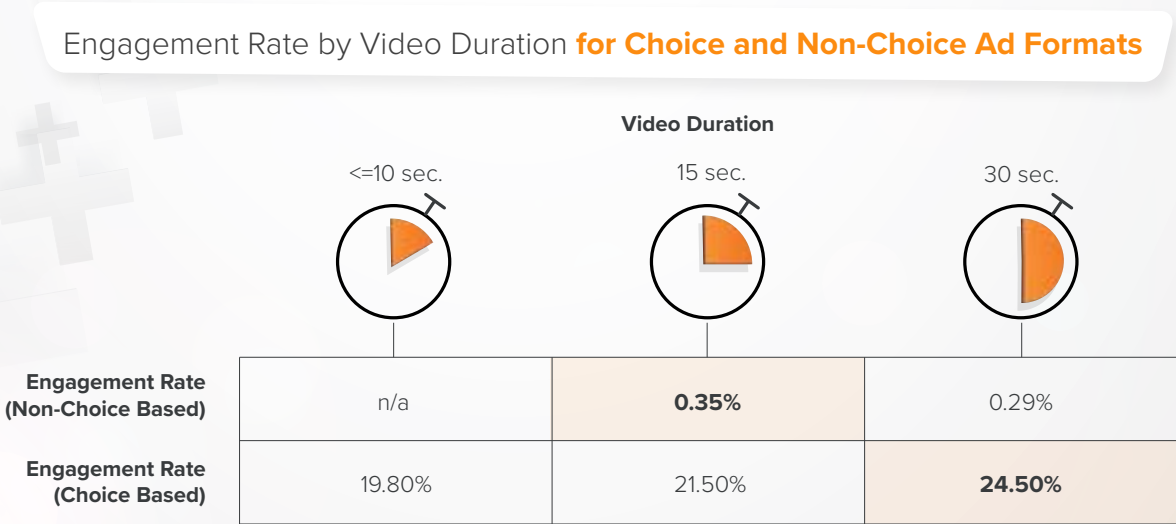
Across brands and campaigns, creatives vary widely to suit unique goals. Even still, length proves to have significant influence across the board for both video completion rates (VCR) and engagement rates.

Innovid’s research revealed that CTV ads with a duration of 30 seconds perform best in terms of completion rate (95.8%). Ads 60 seconds or longer had the lowest completion rate (77.7%). Understandably, most consumers don’t have the patience to sit through a long ad.



For engagement rates, ideal video length can vary

Advanced creative drives superior engagement. If engagement is your goal, choice-based formats are ideal for driving interest, and 30 seconds drives the most engagement (24.5%). To clarify, CTV choice-based formats allow users to choose between ad engagement or ad breaks. When experimenting with other advanced formats, 15 seconds was the amount of time best suited to initiate engagement (0.35%).



Master the shoppable surge

Clearly, CTV is a marketing channel that offers a plethora of creative formats and strategies to spur engagement. One type that CPG brands can greatly benefit from is shoppable ads. Shoppable ads refer to an image that calls out products with tags or markups and direct checkout capabilities.

With shoppable ads, brands can tap into shorter sales funnels and enhanced customer experiences. Shoppable ads come in various formats and below we've compiled some examples to help you understand the scope of what's possible.



Shoppable expand

A call-to-action appears over the pre-roll inviting users to expand. Upon expansion, the pre-roll video is paused and a slate opens that provides in-unit activity (gallery, videos, product info, etc).

Shoppable overlay

Viewers can scan a QR code on the overlay which drives them to a second screen purchase.



Shoppable canvas

Pre-roll plays and shrinks down into the canvas. The canvas real estate displays additional branded content and can include shoppable actions like Find Your Store.



3

Key Takeaway 3

Reach More without Repeating More

It's a universal experience: an ad shown too many times becomes a negative experience. No marketer wants that, yet most are faced with a dilemma. In order to broaden reach, you risk duplication. While that may be true as a general rule of thumb across advertising, fears about this risk on CTV are largely overhyped. Likewise, there are plenty of strategies to ensure your ads aren't maxing out on frequency.

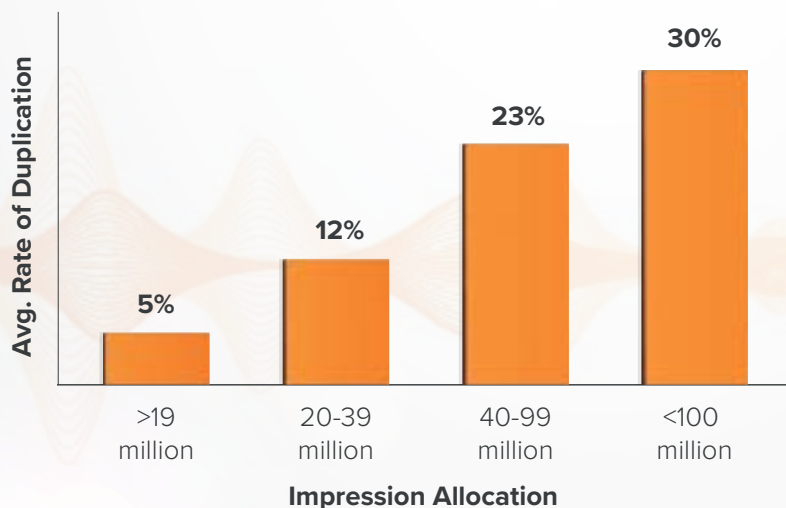
Even bigger campaigns see a low duplication rate on CTV

It's essential to distinguish between duplication and oversaturation. Yes, duplication is always a risk, but that doesn't mean oversaturation is a given. Additionally, there's a third option—balancing your strategy for maximum reach and thwarting off oversaturation with strategies that balance frequency, such as platform overlap management, sequential creative messaging, and distribution over time.

A combination of factors plays into the duplication conversation, including the number of publishers and the size of a campaign. Our analysis uncovered a duplication rate of just 18% for CPG advertisers with more than 6 publishers within a campaign. Meaning 82% of overall reach was unique.

As for volume, campaigns with 19M or fewer impressions saw a duplication rate of 5%. Even bigger campaigns with more than 100M impressions saw less than a 30% duplication, on average.

Average Rate of Duplication **by Impression Allocation**



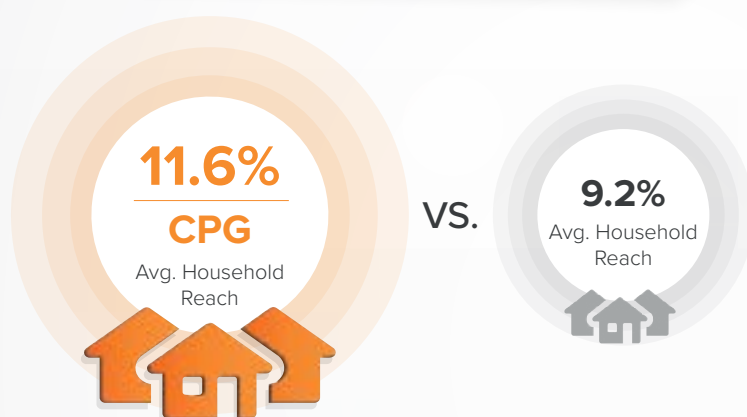
Bigger campaigns do pose the risk of duplication, but it's fairly low on CTV. And it doesn't have to be a challenge. This is exactly where real-time measurement becomes essential. With cross-platform TV measurement, brands can measure duplication, and subsequently manage frequency.

CPG leads on reach, but there's still room to scale

CPG has long relied on big brand awareness to drive purchases¹¹. To attain that level of awareness, CPG brands need to increase reach. This applies across the board, including linear and CTV, where media budgets can be stretched to encompass wider reach¹². Reach is also essential for CPG brands as they work towards fostering brand loyalty.



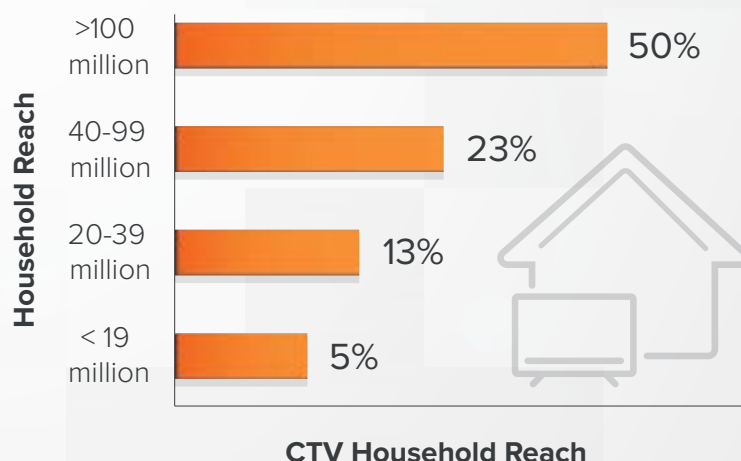
CPG Average Household Reach vs. Average Household Reach



CPG reached 11.6% of Innovid's 95M CTV households on average, exceeding the average household (HH) penetration of 9.23% by 26%. While CPG advertisers are making impressive strides on CTV, there's still many more households to reach, and that can easily be accomplished through a greater volume of impressions.

In addition, CPG campaigns with 100M or more impressions reached 50% of Innovid's 95M CTV households on average, while those with 40-99M reached only 23% on average, or less than half that amount. This indicates that reach tends to be a function of delivery. Also, even CPG advertisers with larger campaigns have significant upside when it comes to CTV reach.

CTV Household Reach by Impression Allocation



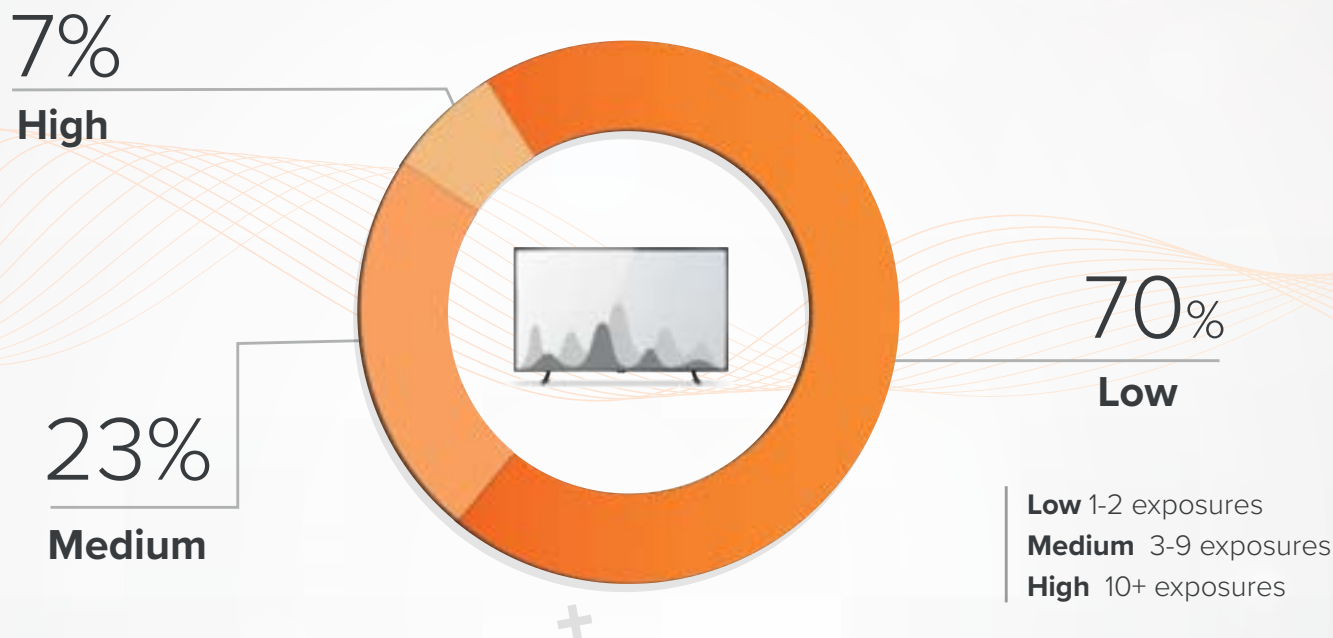
¹¹ Mntn, [CPG Advertising is About to Change Forever](#)

¹² Ad Exchanger, [Connecting CPG Advertising Strategies to Business Outcomes](#)

CTV provides a less saturated space compared to other channels

Though rare, over-frequency can occur due to consumers watching content across multiple streaming platforms. CPG advertisers had an average campaign frequency of just 3.59. The majority (70%) of campaigns had a low frequency of 1-2 exposures, and a mere 7% had a high frequency of over 10 exposures. Even larger CPG campaigns with 100M or more impressions saw an average frequency of only 5.44.

CPG Average Frequency Rate on CTV



With an average frequency of just 3.59 ad exposures, it's clear CPG advertisers can increase CTV investments and in turn maximize potential reach and frequency. Advertisers can use strategies including sequential messaging, frequency capping, and distributing campaigns over longer periods of time to minimize and manage frequency.



CPG Best Practices

While CTV advertising is increasing amongst CPG brands, best practices need to be established for successful campaign planning and execution.

Seize the CTV Opportunity

CTV already comprises more than half (52%) of CPG brands' video impression share and saw the highest completion rate amongst devices at 93.9%. This growth even sustained in 2021, a year when many CPG brands struggled with supply chain disruptions and subsequent inventory shortages.



Tip: Stay ahead of your competition by extending your efforts in CTV beyond half of your impression share. Since CTV offers versatile, high-impact experiences to match brand objectives, we believe that number will continue growing in 2022 and beyond.

Champion Engagement with Advanced Creative

Time and again, advanced creative proves its ability to engage audiences in ads. Advanced video formats yielded significantly higher engagement and video completion rates. Plus, over half of CPG CTV advertisers (53%) ran some type of advanced creative.



Tip: Advanced creative capabilities like personalization and interactivity afford CPG the chance to meet their audience in the moment, matching ad experiences to their preferred behavior. Use relevant, shoppable ads to simplify the path to purchase, leveraging viewer engagement to drive sales.

Reach More without Repeating More

The last thing advertisers want is a negative experience. So the fear about over-duplication on a still maturing channel like CTV makes sense. However, our data reveals that's simply not the case. Frequency remains relatively low for CPG brands, averaging just 3.59, which still exceeds the average household (HH) penetration of 9.23% by 26%.



Tip: Don't shy away from CTV. Duplication remains quite low and there's plenty of runway when it comes to reach. Enlist a robust measurement solution to measure and then optimize frequency through a combination of inventory and creative optimizations in real time—ensuring messaging that resonates deeply with your audience while maintaining heightened efficiency.

Key Definitions

+ **Advanced Creative**

Premium ad formats that include dynamic and/or interactive components.

+ **Connected TV (CTV)**

A TV that is connected to the internet, whether natively or by a device, that is primarily used to stream video content. This includes smart TVs, gaming consoles (e.g., Xbox, Playstation), and devices (e.g., Roku, Apple TV, Amazon Fire Stick).

+ **Dynamic Creative or Dynamic Creative Optimization (DCO)**

A form of advertising technology that uses data to guide and optimize creative elements and messages such as copy, pictures, backgrounds, video, animation, and interactive elements in real time.

+ **Engagement Rate**

The percent of impressions where there was at least one interaction within the interactive video unit.

+ **Impressions**

The measurement of responses from a web server to a page request from the user browser. Innovid's impression measurement is defined at ad render and does not include those filtered as general invalid traffic.

+ **Interactive Ads**

An ad experience that allows viewers to engage directly within the ad such as an overlay, branded canvas, or expand unit that runs across desktop and mobile devices.

+ **Interactive CTV Ads**

An interactive and/or dynamic TV experience such as an overlay, branded canvas, or expand unit that runs across connected TV.

+ **Interactive CTV Choice-Based Ads**

An interactive CTV ad experience that gives viewers the ability to engage for a given period of time and, in turn, receive their content with significantly reduced commercial breaks.

+ **Interactive CTV Non-Choice-Based Ads**

An interactive CTV ad experience that allows viewers to engage, but does not incentivize engagement with reduced commercials or ad load.

+ **Sequential Messaging**

When creative and messaging are presented in a specific order, gated by either frequency or consumer behavior (e.g., video completion percentage).

+ **Video Completion Rate (VCR)**

The percentage of video ads that play to 100 percent completion.

Methodology

Innovid analyzed more than 103 billion CPG video advertising impressions served on our platform between January 1 and December 31, 2021. In the first section, researchers looked across desktop, mobile, and CTV devices. The second and fourth sections specifically examined performance across standard and advanced video on CTV devices.

Across the reach and frequency performance in the third section, researchers looked at more than 32 billion CPG video advertising impressions on CTV devices to compile a complete picture of CTV advertising in terms of benchmarks and insights globally.

About Innovid

Innovid (NYSE:CTV) powers advertising delivery, personalization, measurement, and outcomes across linear, connected TV (CTV) and digital for the world's largest brands. Through a global infrastructure that enables cross-platform ad serving, data-driven creative, and currency-grade measurement, Innovid offers its clients always-on intelligence to optimize advertising investment across channels, platforms, screens, and devices.

Innovid is an independent platform that leads the market in converged TV innovation, through proprietary technology and exclusive partnerships designed to reimagine TV advertising. Headquartered in New York City, Innovid serves a global client base through offices across the Americas, Europe, and Asia Pacific. To learn more, visit innovid.com or follow us on [LinkedIn](#) or [Twitter](#).

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