

How Advertisers Are Adapting the Video Mix to Reach and Engage with Audiences **Where They Are**

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Overview

The TV industry has evolved faster in the past five years than it has in decades. Major investments in content, an array of new service offerings, and the shift to on-demand viewing across time and screens have been a boon to audiences and advertisers.

These changes are driving advertisers to adopt a more dynamic view of their video buying options, now called “converged TV.” **Converged TV is defined as the convergence of linear, connected TV (CTV/streaming) and digital video viewed on desktop, tablet, and mobile devices.**

While this fragmentation of video advertising can be challenging for advertisers, it also opens the door to more ways of reaching and engaging with audiences where they are. It also forces advertisers to think differently about how they buy, personalize, measure, and optimize a much more diverse mix of video-based ads that reflects today’s viewers and their viewing habits.

Ascendant Network, in partnership with Innovid, is pleased to present this member and attendee benchmark report about how marketing leaders have adapted advertising strategies for converged TV and how their mix has evolved across platforms, and highlights the top priorities and challenges for 2023 and beyond.

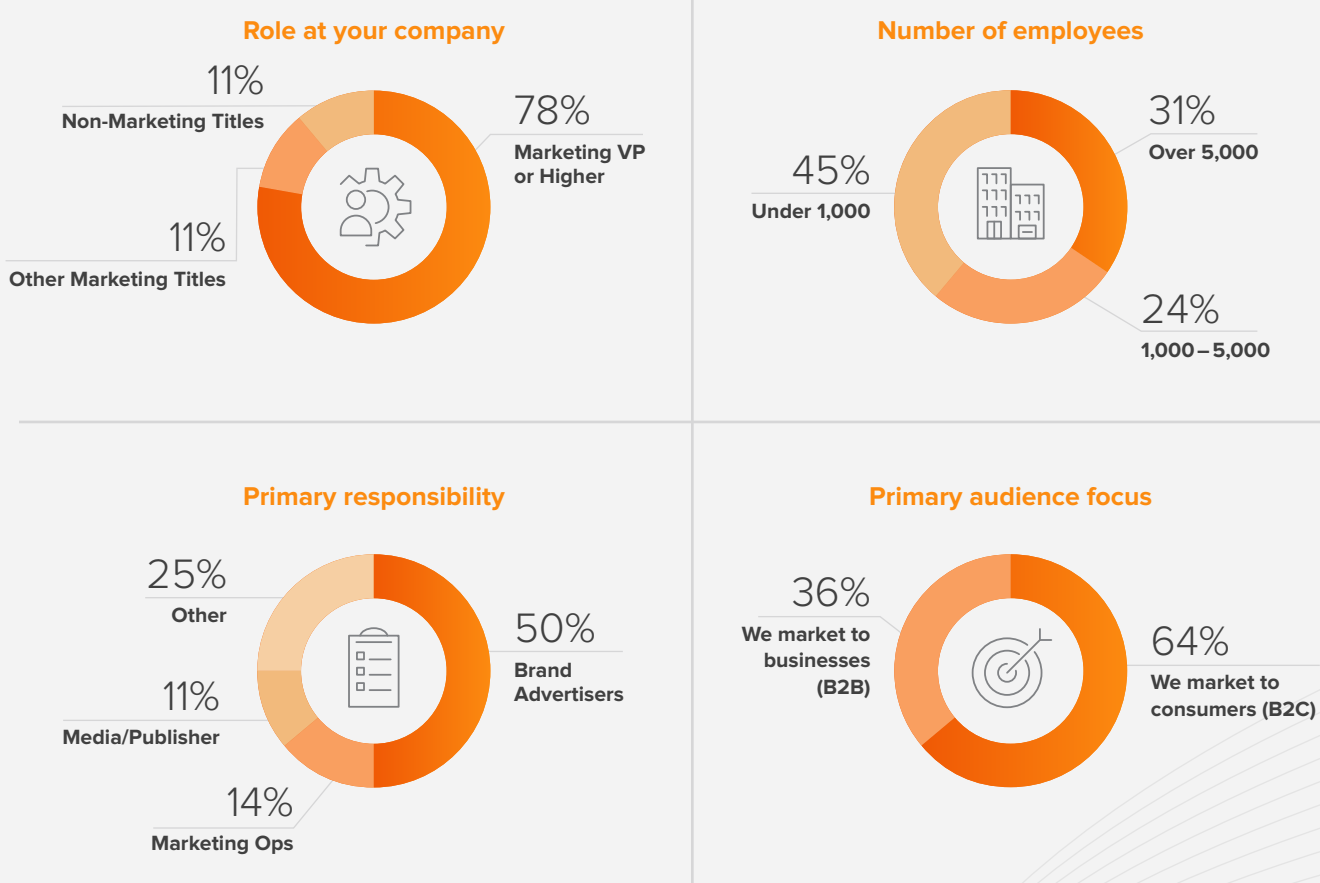
The Future of Converged TV

Methodology

In November 2022, 100 members of both Digital Ascendant and Retail Ascendant were surveyed to understand their approaches to converged TV (see Figure 1), including interviews with 12 marketing leaders at brands and agencies to get a deeper perspective on this evolving category.

Figure 1: **Survey respondents represent a cross-section of senior marketing leaders**

N=84



Executive Summary

Marketers are investing in all forms of video advertising today to drive awareness and expand their business, particularly with consumer audiences. Over the past five years, and especially during the pandemic era, that has extended beyond linear TV (broadcast and cable) and digital video (YouTube, TikTok, Reels, etc.) to connected TV (CTV/streaming) distributed via both independent and studio-run streaming platforms (Hulu, Freevee, Roku, etc.). The lean-back experience of viewing ads on the big TV screen, coupled with digital-era planning, buying, and measurement, have piqued advertisers' interest in this new addition to the TV/video mix, as well as how all three platforms can work together.

In speaking to marketers, media buyers, and agencies, we found:



Converged TV brings the best of digital video and traditional linear TV together: Media plans now include at least two of the three elements of converged TV—linear, CTV/streaming, and digital video—to reach and engage with desired audiences. While large ad buyers bundle linear and CTV/streaming inventory directly from the major networks, the placement of CTV/streaming video ads is largely done programmatically, which is consistent with how ads are placed in digital video.



Linear retains its role as king of reach, but CTV has eyes on the throne: Linear remains an important part of the mix for advertisers seeking an efficient way to reach broad audiences. The addition of CTV to the mix has complemented linear by providing unique reach, as well as more targeting and measurement capabilities. The outlook for CTV/streaming as a percent of media budgets is predicted to continue to grow. In time, linear and CTV will switch leadership roles on media plans as reach on the latter grows and pricing reflects performance.



Unified measurement is the goal, but it's a work in progress: While some advertisers rely on platform-specific measurement solutions, others use cross-platform tools and models to help determine what's working and what's not. Ultimately, the goal is to get a holistic view of converged TV reach and performance and tie investments directly to business outcomes. CTV's promise of better targeting and interactivity will lead to more concrete insight into ad performance and be more easily comparable to the two more established video options.



Creative strategies are modernizing: The creative process for converged TV still largely originates with high-production 30- or 60-second ad concepts, even though the output is destined for personalization and a variety of platform-specific formats. Brands that already take a digital approach to their marketing mixes or have more digital-friendly audiences are more apt to produce more personalized and interactive creative specific to each distribution vehicle.

These are still early days for the converged TV landscape, and it's important for marketers to continue to adapt as the audience responds to new services, new forms of engagement emerge, and cross-platform measurement gets more reliable. The future of converged TV will never be perfect, and now is the time to experiment and learn.

Video Is Getting Remixed

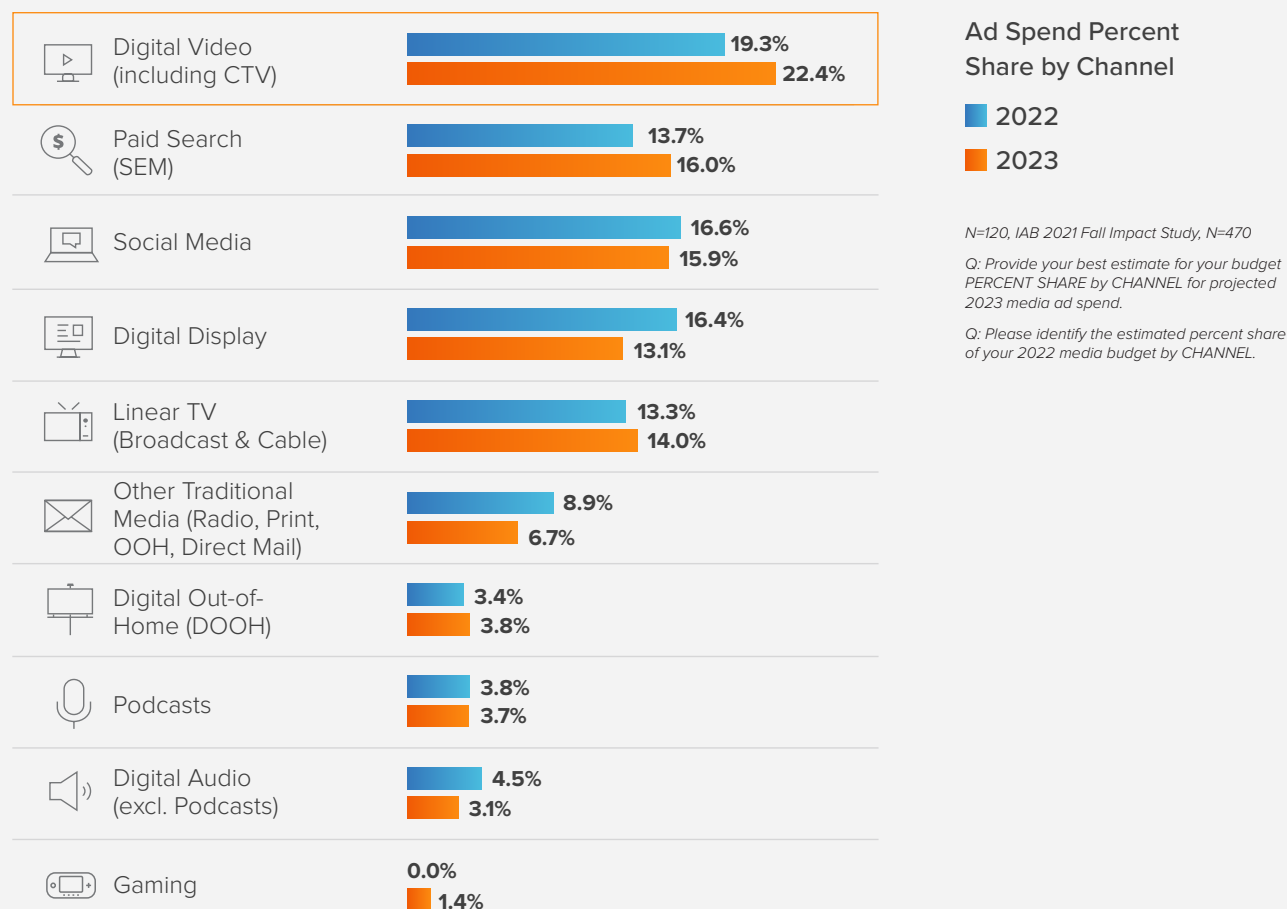
The growth of video as an advertising medium continues to outpace other formats. While linear TV was historically the largest element of media spend, the ubiquity of digital video coupled with the rise of ad-supported streaming platforms is causing media buyers and marketers to reshuffle their plans. Increasingly, advertisers are rethinking their video mix across linear, CTV/streaming, and digital.

Linear is still drives reach, but CTV is rising fast

Linear TV advertising is a \$66 billion business in the U.S. and is expected to grow to 14% of total ad spend in 2023. Digital video, which includes CTV/streaming in the IAB forecast, will grow to become the biggest segment of digital advertising at 22.4%, taking share of spend away from social media and traditional display (see Figure 2). Paid search is the only *non-video* category expected to increase its share of the media budget in 2023.

Figure 2: **IAB forecasts video to dominate advertising, led by digital and CTV**

Digital video (including CTV) will continue to capture the greatest percent share in 2023



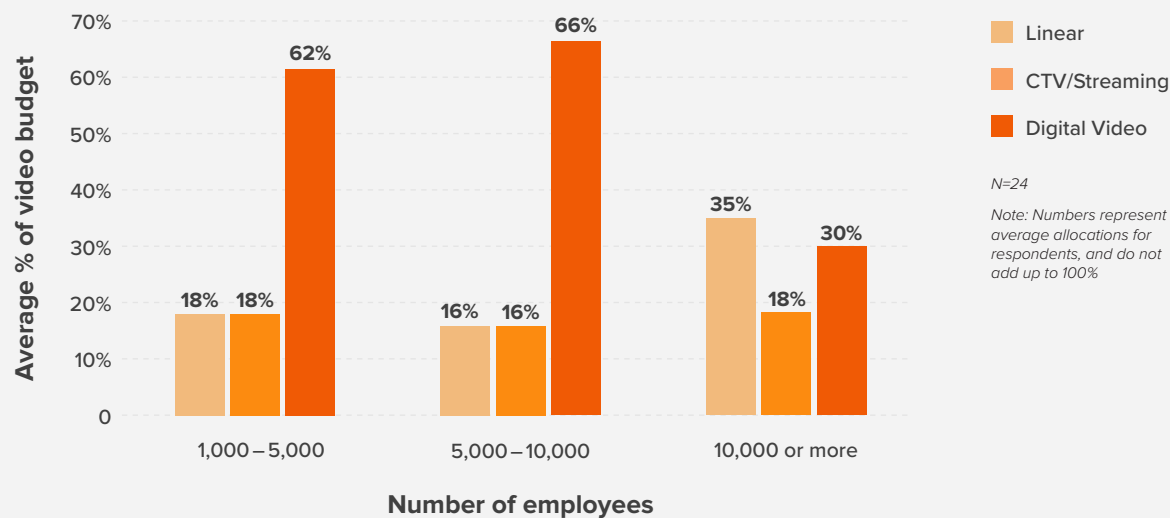
Ascendant members, particularly those from large enterprises and those that continue to lean on mass marketing approaches, expect to continue to use linear for reach, as they find it largely “still works” and continues to provide value.

Marketers have had CTV/streaming on their radar for at least the past five years, but interest has accelerated in recent years. Audiences watching ad-supported platforms including FASTs (Free Ad-Supported TV), AVODs (Advertising-Based Video On Demand), and other paid subscription models have recently eclipsed the viewing audience tuning into cable or broadcast. Coupled with the shift in viewership during the pandemic, brand marketers have prioritized testing, consideration, and investment across CTV/streaming platforms.

For Ascendants specifically, it’s digital that dominates their video spend, but CTV is on the rise. While larger companies still devote more than one-third of their budget to linear and generally invest more in “big screen” ad formats for both linear and CTV/streaming, smaller companies devote two-thirds of their budget to digital video (see Figure 3).

Figure 3: **Digital video dominates budget for all but the largest brands**

What is the approximate breakdown of your annual converged TV ad spend?





We still see a concentration of our growth audiences in

linear, which surprises me when I look at the impression numbers for younger viewers. That doesn't mean younger audiences are watching solely on linear, so CTV is a great complement.

Senior Director, Media, Sports League

CTV fills a reach and targeting gap between linear TV and digital video

Advertisers view CTV/streaming as a complement to linear due to the unique reach it provides, opening the door to specific audiences whom they wouldn't reach with linear TV alone.

CTV comes with the same targeting capabilities that advertisers have gotten used to with digital. While digital video has matured and remains a strong (albeit evolving) way to reach both broad and very specific audiences, marketers say its pricing and effectiveness are not always optimal. What YouTube and TikTok have taught marketers is that targeting works, ad content must be relevant, and effectiveness requires effort—all aspects they are bringing over to CTV/streaming.



There is scale in linear, but the momentum is shifting to CTV as the audience of

cord-cutters and cord-nevers continues to accelerate. Combined with a growing sophistication of the marketing stack, granular attribution, and creative testing capabilities, CTV allows companies to scale their growth while elevating their brand.

Vice President, Online Retailer

Among Ascendants surveyed, most (70%) of the brand-side respondents have increased their CTV budget significantly or slightly (see Figure 4). While initial efforts come from agency or vendor tests, ongoing efforts have largely been funded at the expense of linear or digital budgets, the source being dependent on where each company's investment approach is weighted. These experiments then get factored into the following year's annual plan.

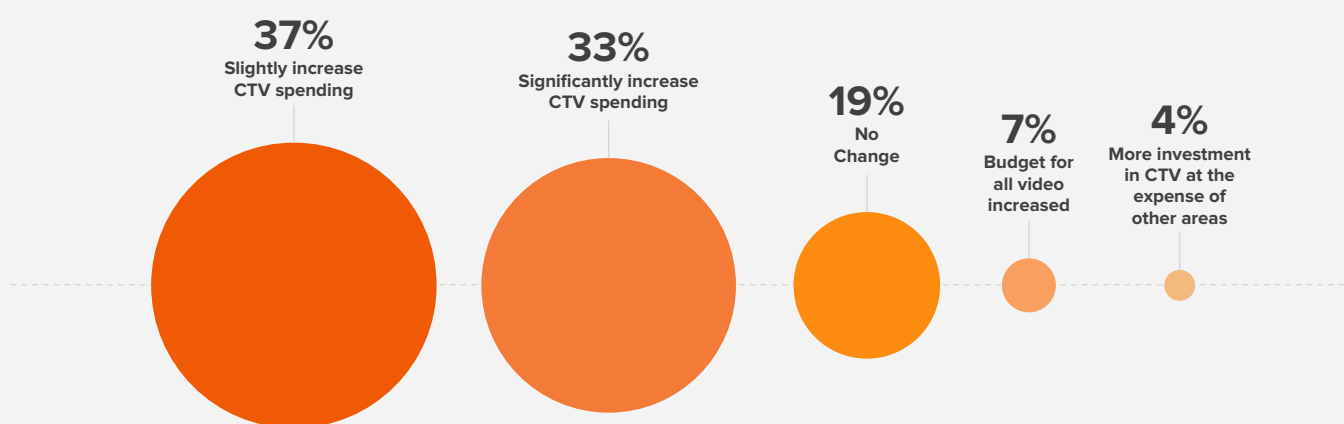


70%
of respondents have increased their CTV budget significantly or slightly

Figure 4: **CTV/streaming investment is on the rise**

How has the rise of CTV/streaming affected your total TV investment?

N=46



The budget for CTV originally came from our upper-funnel media

budgets in digital. Most of it came from direct publisher buys. In those cases, we blended display, video, and custom content on endemic sites. But we are not doing New-fronts for CTV; **we are purchasing it programmatically.**

EVP, Marketing Intelligence and Consumer Engagement, Beauty Brand



Over the past four to five years the linear ratings challenge became signif-

icant. **That's when we realized we had to start to diversify our video mix in a more substantial way.** As Roku and others became scalable solutions, we started to shift more and more of our linear spend to these partners to align with viewership trends.

Head of Media, Financial Services

When media budgets shifted, many of the marketers interviewed noted that their spend on cable channels was affected the most. Cable used to be an efficient way to reach niche audiences (do-it-yourselfers, animal lovers, etc.). Now, advertisers who seek to target audiences find that CTV/streaming — infused with online, first-party, and third-party data — is the better option. Unlike cable, which primarily focuses on content, CTV/streaming offers the ability to programmatically find **people where they are** when they watch the big screen.



First thing I do in every Upfront cycle is **work from a fresh budget and identify what tactics will best optimize reach.**

Budgets for CTV are coming from a redistribution of allocations, with the big linear holding companies to their digital budgets, as well as from digital and social budgets.

*SVP, Video Investment,
Agency Holding Company*

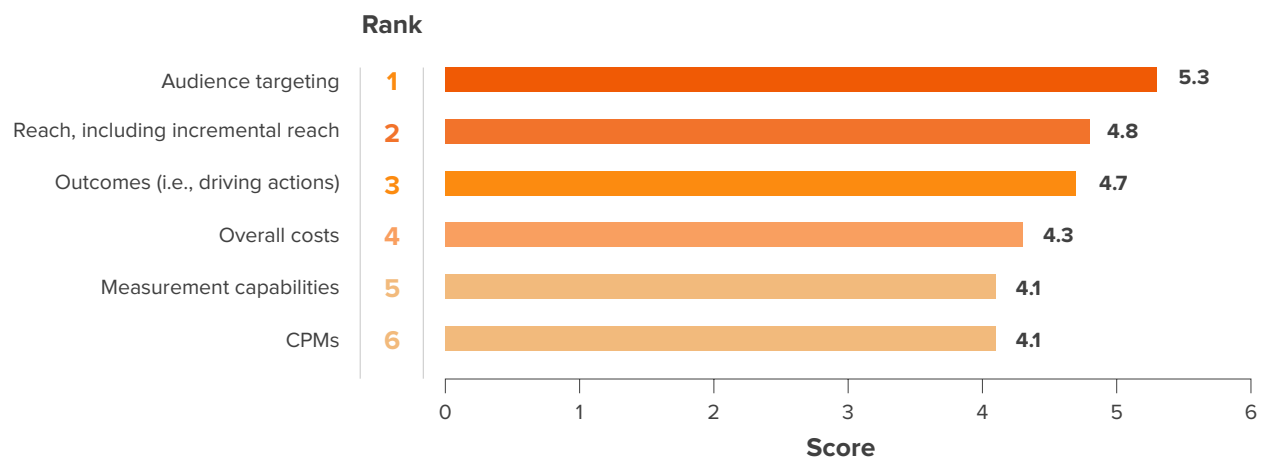
Converged TV buying is increasingly centralized and shifting to programmatic

Marketers in our survey ranked audience targeting, reach, and outcomes as the top three drivers of converged TV buying decisions (see Figure 5).

Figure 5: **Targeting and incremental reach drive converged TV buying decisions**

What are the primary factors influencing your converged TV buying decisions?
(rank the following in order of importance)

N=46



Among all respondents, 80% buy converged TV media through a centralized team. With each platform being considered as part of the greater whole of the media investment, the focus on these top drivers is consistent with their overall strategy.

Media buying strategies continue to shift from advance purchases to real-time decision-making. Historically, the Upfronts were the primary vehicle for large ad buyers to lock in ad space associated with content on broadcast and cable channels. Now, as streaming platforms spend tens of billions of dollars to create content, they are also creating more ad inventory.

The buying strategy for large enterprises remains tied to these annual Upfronts, in which large media commitments are made that, in many cases, bundle CTV/streaming into larger agreements. But smaller companies which are either priced out of the Upfronts or prefer the flexibility of a programmatic approach have largely shifted to buying ads when they need them, relying on data to buy the placements they need (see Figure 6).



80%

**buy converged TV media
through a centralized team**



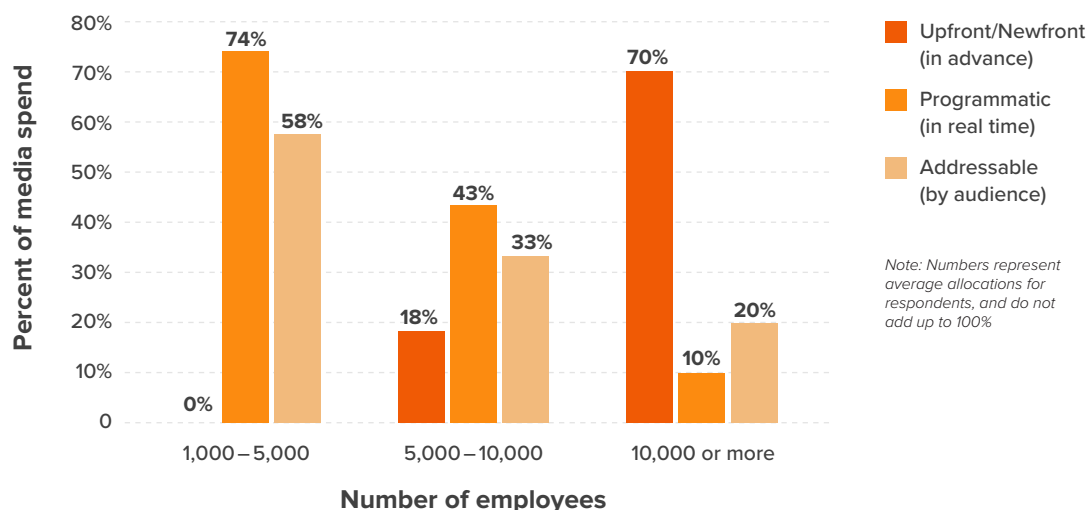
Remember when vaccines came out and people wanted to get out of their homes? The CPM for linear went through the roof because there wasn't anyone watching. This finally convinced my CEO to let me test CTV. **All the numbers showed similar results to what we were getting for linear at the time.**

*Head of Marketing (former),
Online Retailer*

Figure 6: **Smaller companies buy converged TV the way they buy digital**

What percent of your converged TV budget is spent using each of the following buying strategies?

N=46



Measurement Remains a Mixed Bag; A Unified View Is Needed

Naturally, along with the convergence of TV and video channels comes a desire to understand the best mix of platforms to reach target audiences and drive outcomes. Traditionally, linear TV has relied on Nielsen ratings as a performance indicator, and digital display and search ads have been considered successful when clicks convert into sales. CTV/streaming combines the best of both worlds, focusing on incremental reach and direct outcomes to determine performance.

But, so far, the ability to holistically value converged TV across linear, CTV/streaming, and digital for its reach, performance, and incrementality remains a challenge for many.

Approaches to measurement across converged TV vary widely

Marketers we spoke to still use a combination of in-house solutions, home-grown or external Marketing Mix Models (MMM), and third-party tools to measure the impact of campaigns.

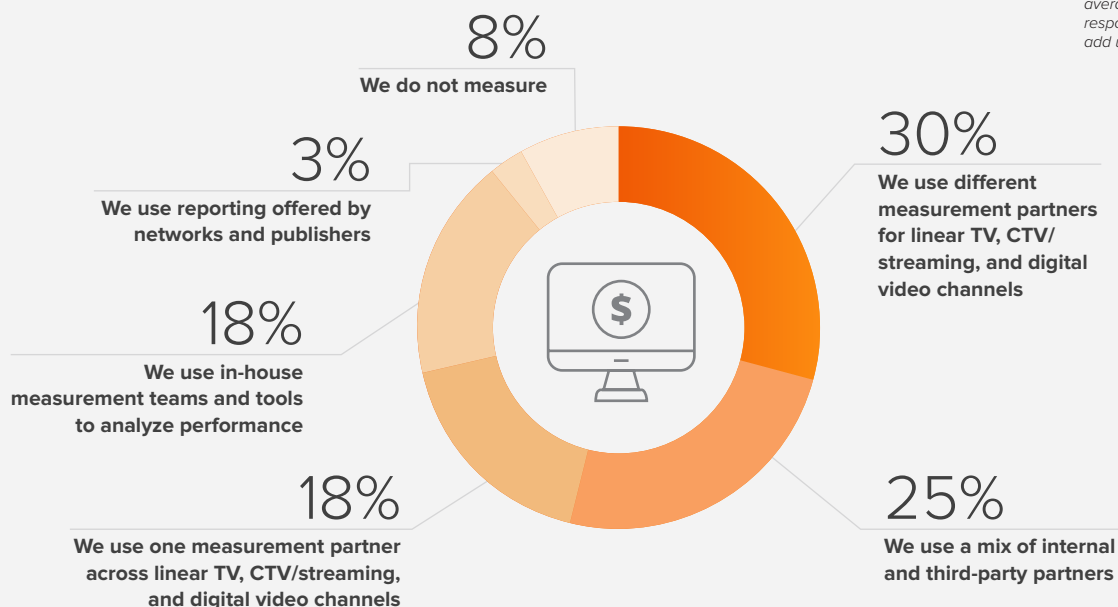
The largest share of marketers depends on native measurement for each channel (30%), while a smaller percentage use one measurement partner to assess all converged TV options (18%). One-quarter of respondents use a combination of internal and external sources to understand how their mixes are performing (see Figure 7).

Figure 7: **Measurement of converged TV is a mixed bag**

How do you measure the business impact of converged TV campaigns?

N=40

Note: Numbers represent average allocations for respondents, and do not add up to 100%



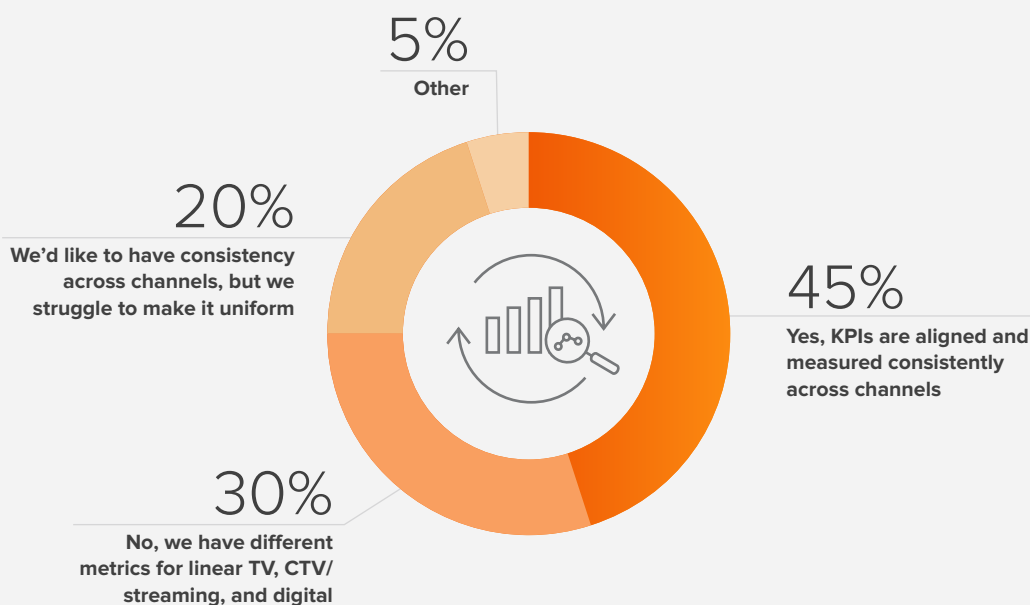
Metrics matter, but the specifics vary widely based on marketing goals

Nearly half the marketers we surveyed have their converged TV metrics aligned with campaign KPIs consistent across channels. Another 30% of the respondents use different metrics intentionally to evaluate the strength of each investment independently. And 20% want that result to materialize, but they are not there yet (see Figure 8).

Figure 8: **Key metrics are in place, but video channels are not universally aligned**

Do you use the same metrics for linear, CTV/streaming, and digital video?

N=40



Our framework maps assets to metrics aligned with the objective.

If it's a lower-funnel video ad on a social channel, it is used to understand performance. If it's a video asset that is more top of the funnel, that's tasked with attention and awareness goals.

VP, Global Marketing, CPG Brand

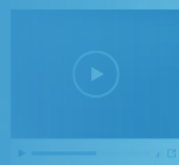




We look at the big three metrics (reach, frequency, and brand lift) and still get good results on all

three converged TV platforms. With broadcast and streaming, it is a little bit harder to measure what your view-through rate is. But when people have to sit through an ad, I get a better idea of which area gets the most attention. That helps me influence creative decisions.

SVP Brand Marketing, Apparel Brand

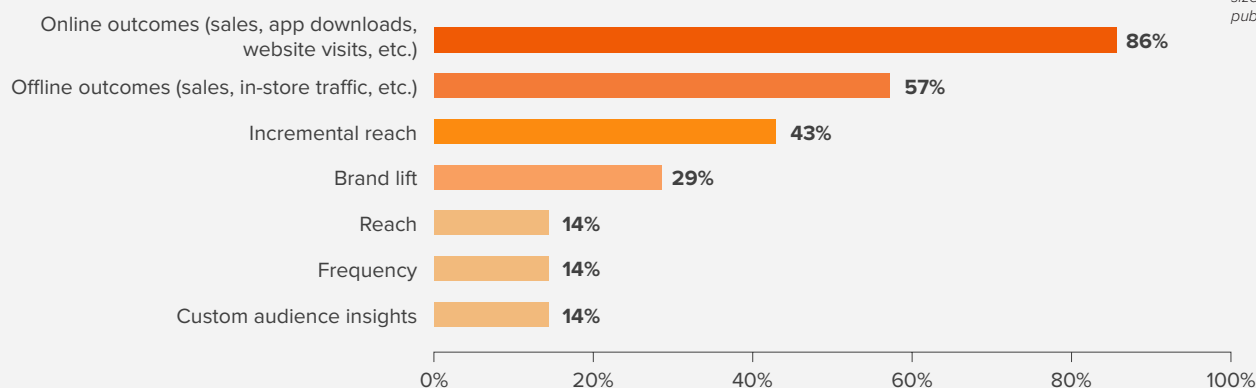


While metrics are unique to each company's goals for their converged TV campaigns, most respondents continue to focus on high-level criteria such as brand lift and sales lift. Publishers are being asked to focus on online and offline outcomes and incremental reach as the three most important metrics from their advertiser clients (see Figure 9).

Figure 9: Publishers are expected to prove the direct impact of ad placements

Which of the following metrics is most important to your advertisers in measuring converged TV? (pick up to 3)

N=7



Note: Small sample size based on media/publisher responses

A single measurement approach for converged TV is high on the list of priorities

Making sense of a fragmented market, one filled with different platforms, metrics, devices, and data sources, hasn't been easy. And legacy TV processes and measurement simply haven't kept up. While digital is better at identifying specific actions in a customer's journey, linear often relies on inference-based techniques.

Cobbling together converged TV performance from various approaches, metrics, and tools makes it challenging to get a consistent, accurate, and unified view of media reach and performance. High on the list of things marketers want is a more consistent way to measure media value and ad performance across the converged set of linear, CTV, and digital video offerings. In a converged landscape, the impact of campaigns remains clearer within individual channels, say, within Facebook or Roku, but not holistically across disparate platforms.

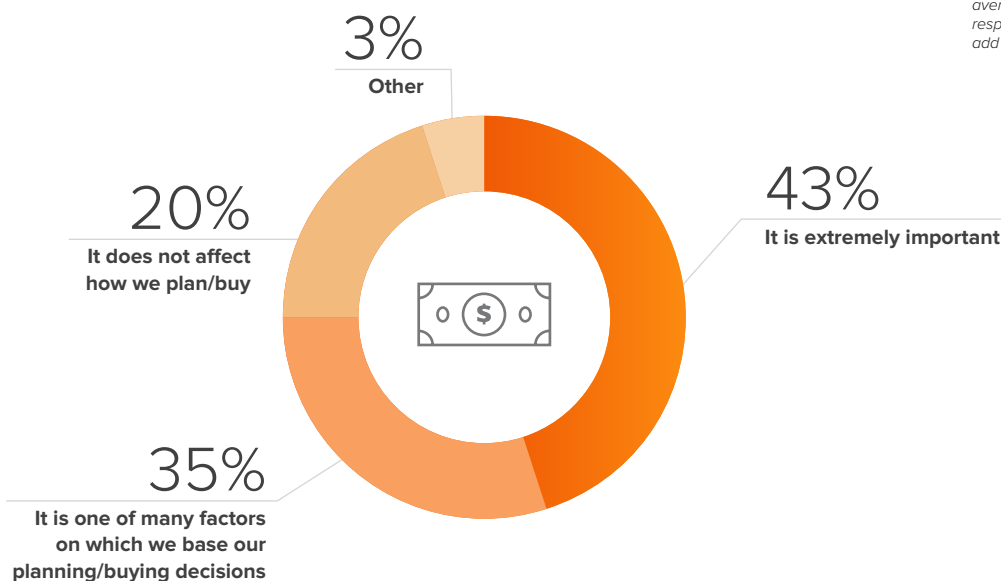
Having a consistent currency (a metric buyers and sellers agree to transact on) across linear, CTV/ streaming, and digital video was cited by 43% of respondents as "extremely important." But as the market heads into what will likely be a multi-currency economy, 35% said currency is one of many factors on which they base their planning/buying decisions. Having a unified way to measure across converged TV channels and harmonize metrics is instrumental in making this a reality (see Figure 10).

Figure 10: **A single currency is not the only basis for converged TV media buying**

How important is a single currency for media decision-making?

N=40

Note: Numbers represent average allocations for respondents, and do not add up to 100%



Creative Strategies Are Modernizing, But Still Need to Catch Up

The creative process has long been something that starts with a “big idea.” More recently, that idea has been informed by looking beyond focus groups and competition to deep data insights about target audiences. Consumers increasingly insist that a single monolithic campaign does not appeal to all audiences—whether because of their personal characteristics (e.g., age, gender identity, location, education) or the channels they use.

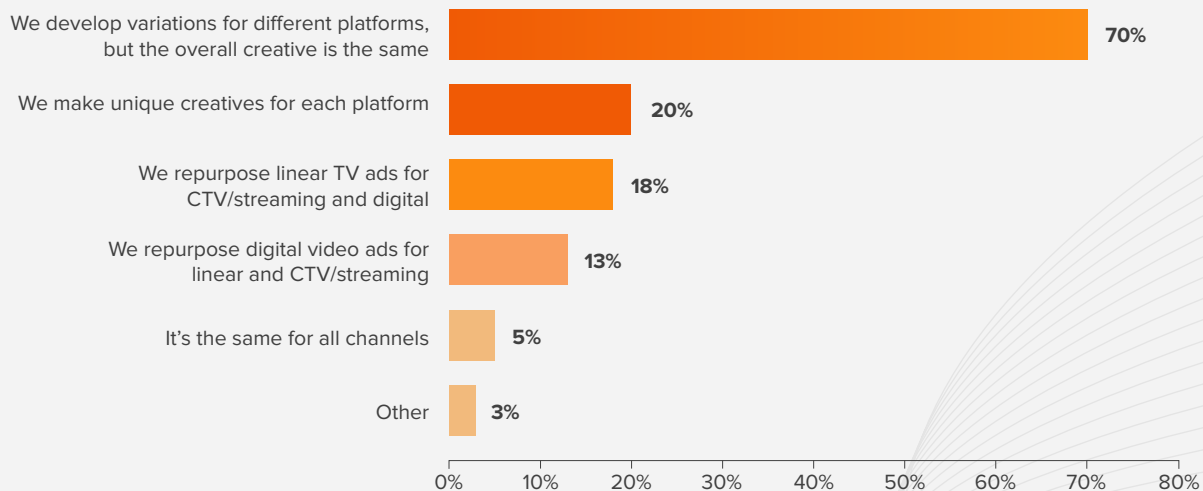
The singular “big idea” approach needs to adapt

Despite what consumers say works for them, brands are just now increasing their investment in personalization and interactivity for their video advertising. While there are many ways in which respondents distribute their message, the creative effort still starts with a central “big idea” that is conveyed as a 30- or 60-second spot. While more than half of those surveyed do develop channel-specific versions of the big idea, nearly 30% simply repurpose existing video ads created for linear or digital to run in other places (see Figure 11).

Figure 11: **The approach to creative development is undergoing an evolution**

How have you changed your approach to creative? (select all that apply)

N=53



While the “big idea” approach can work well between linear and CTV, which can share the lean-back viewing behavior of the big screen, a number of marketers stated that they put their digital video ads in rotation when they advertise on CTV/streaming. One marketer said that despite not having invested in linear TV in over five years, their agency still starts by presenting a video reel of the idea. Now they have to take that idea and make sure it works on the big screen in conjunction with how it's retooled for digital platforms.



True confession: Even though we don't do any traditional media, our internal creative teams and agencies are not very good at digital-first creatives. **Most of them start with a traditional 30- or 60-second film when they are conceiving.**

EVP, Marketing Intelligence and Consumer Engagement, Beauty Brand

Advanced Creative Is Starting to Take Root

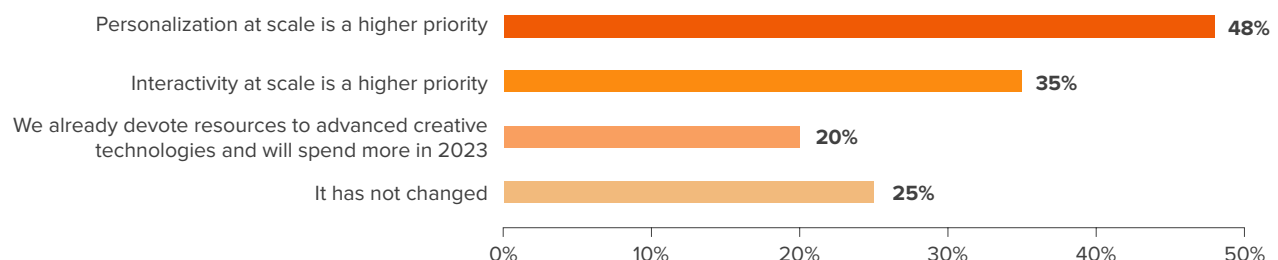
Conventional advertising, the hallmark of linear, print, and out-of-home, delivered messages that tried to appeal to the broadest audience, recognizing that it could not deliver all things to all people. In the highly addressable, data-driven environments that exist in digital and social advertising, the ability to customize ads to the viewer has become possible. What started with contextual relevance has given way to personal relevance. The need for creative to become more personalized and relatable—one or a few concepts modified to appeal to a specific audience or platform at scale—was fulfilled through technologies like dynamic creative optimization (DCO) and interactive tools.

The growth of CTV and digital video is driving marketers to invest in advanced creative for their video ads. It's a taller order due to the cost of video production and the determination of how many variations will drive a positive ROI from the effort. Encouragingly, three-quarters of respondents plan to devote more resources to new creative executions that incorporate personalization and interactivity in the coming year (see Figure 12).

Figure 12: **Advanced creative is at the top of the agenda**

How has the evolution of converged TV changed the way you think about advanced creative? (select all that apply)

N=53





**We consider CTV/
streaming another form
of digital video.** YouTube

remains a platform on its own. Pinterest has been successful in offering integrated shopping units with commerce feeds and more granular audience targeting, similar to others. TikTok launched several new formats recently that they are testing; they're all playing around with new and unique creative units so that brand marketers can run better-performing full-funnel campaigns within their platforms.

VP Digital Marketing, Multichannel Retailer



In a marketing environment that continues the march towards automated and obfuscated offerings, **creative is the largest lever you can still pull.** Developing in-house creative production, cross-training brand and performance marketers, and building omnichannel creative playbooks with clear business outcomes is crucial.

Vice President, Online Retailer

Media Sellers Must Rethink Their Approach to Selling Video

Publishers who responded to the survey recognized the challenges they face as advertisers work to capitalize on the quickly evolving converged TV landscape. Notably, none of the sellers surveyed were solely selling linear: 85% sell digital video, and of the 57% that sell linear, they also sell CTV. Interestingly, half (51%) of the inventory sold by these publishers is driven by content, and half (49%) is driven by audience, showing that marketers' video buying strategy is not monolithic.

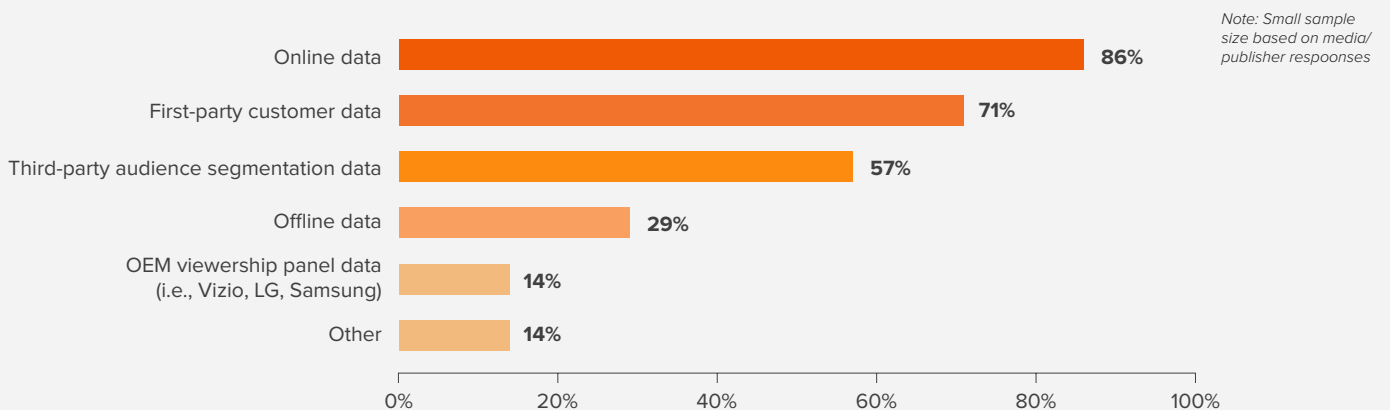
Just like its impact on the buy-side, CTV/streaming is driving a lot of the change for media sellers by pairing big-screen deliverability and larger audiences with programmatic buying, although marketer frustration with reach and cost need to be countered with provable outcomes and easier buying processes.

Data-driven decisioning has become table stakes

Marketers expect publishers to use data to perfect placements. Sellers point to online data and first-party data as the primary assets marketers put to work to make the most of their converged TV spending (see Figure 13). Considering that marketers in this study focus primarily on digital video and CTV/streaming, it's not surprising that a data-centric approach is critical for them to maximize the value of their investments.

Figure 13: **Digital and first-party data are the dominant inputs for campaign decision-making**

What types of data are advertisers currently leveraging across your ad inventory? (select all that apply) *N=19*



Sellers need to sell the benefits of reach and outcomes across all platforms

Similarly, sellers need to ensure they can capture audiences where they are spending time while still delivering the broad reach that marketers demand for efficiency. On the one hand, a truly converged strategy allows sellers to improve the effective CPM of their offering, balancing the targeting advantages of CTV/streaming with the reach of linear. On the other, digital video needs to be part of the way in which overall outcomes are delivered, particularly for cord-never audiences who spend a lot of their video consumption time on YouTube and TikTok.



We have to figure out how to incrementally reach audiences on streaming and digital channels.

Younger audiences might be on Hulu or they might be watching YouTube TV, etc. It doesn't mean none of them are watching on linear TV, but you know CTV can really be a complement to linear TV based on where they are.

Senior Director, Media, Sports League

Live sports are one area where linear TV remains the strongest option. Brands that rely on live audiences (think sneakers, snacks, cars, etc.) continue to invest where the audience and the content are—and those audiences are still tuning into basketball, baseball, and football. As contracts with the sports leagues come up for renegotiation, the shift initiated by Apple TV+ and Amazon's Thursday Night Football coup will likely affect where converged TV dollars will flow.



Am I going to invest in streaming where they're getting more viewers or stick with traditional broadcast even when viewership is down? The only place that broadcast is still seeing eyeballs is live sports, and it's growing. The NBA is growing. Major League Baseball is doing okay. The NFL and Major League Soccer are doing really well. **So, for me, spending on broadcast will have to continue.**

SVP Brand Marketing, Apparel Brand

Growth of converged TV rests heavily on solving the measurement puzzle

Nearly half (43%) of media sellers offer a single third-party measurement tool to prove the impact of campaigns they run across all of their delivery platforms. Fewer (28%) offer their own tools, and the remainder either use multiple tools or don't offer measurement themselves. Media sellers agree that this is the biggest barrier to getting advertisers to invest more across the different platforms. When asked, they agreed that measurement is the key to unlocking additional budgets. Sellers and buyers will need to work together to improve measurement across the platforms to drive dollars to the most effective mix reach, audience, and ultimately outcomes.



43%

**of media sellers offer
a single third-party
measurement tool**

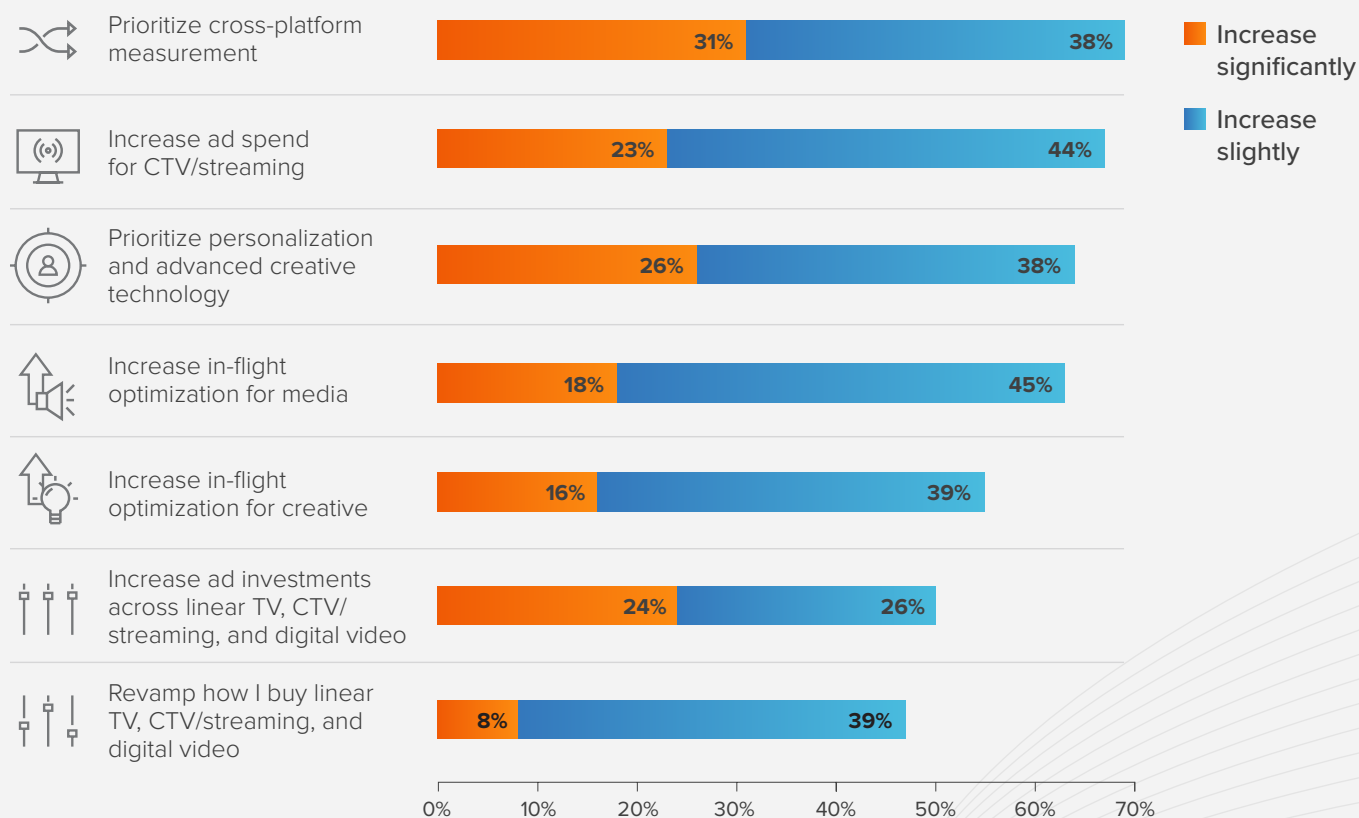
Marketer Expectations for Converged TV in 2023

It's clear that CTV/streaming will continue to grow, linear will remain a significant channel, and digital video will fill in the gaps at scale (see Figure 14). Strategies for measurement and advanced creative will also continue to march forward.

Figure 14: **Marketers expect to spend more on converged TV in 2023**

What are your plans for converged TV in 2023? (select all that apply)

N=40



We asked Ascendant marketers to make some predictions for 2023 as converged TV matures. Here's what they said (see Figure 15):

Figure 15: **Marketers expect more innovation across the converged TV landscape in 2023**



About Ascendant Network



Ascendant Network is home to selective communities (invite-only via nominations) of senior change agents (typically VP, SVP and C-level) spearheading today's marketing + retail r/evolutions. Its mission is to advance the professional development of exceptional leaders. Content + community + partners are curated by its powerful [Digital Ascendant Council](#) + [Retail Ascendant Council](#). Its twice-yearly community events are not run-of-the-mill conferences, each one brings together 100 transformative executives from the nation's most progressive companies to share + connect + tackle industry problems. Its closed-door/no press forum is deliberate—it supports candid sharing and relationship-building among the industry's "who's who." In short, it's a community of the most influential marketing + retail leaders.

Ascendant is a proactively diverse, mission-driven marketing community:

54% of keynotes/openers are female + 57% of all speakers
47% of participants are female + 58% are diverse
Sessions on DE&I are a core topic at every event

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 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.

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