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CTV x Commerce 2024

Data-Driven Insights to Reach Shoppers
With CTV Advertising



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Digital TV is fast becoming a reality. Are you ready for it?

Last year, for the first time ever, the **percentage of TV viewing spent on linear TV dropped below 50%**. That stat clearly indicates that CTV viewership will grow as linear TV continues its freefall.

The people streaming TV are shoppers: **91% of Target guests surveyed earlier this year said they subscribe to streaming services**. Not only that, Target guests are streaming more and more: their time spent streaming increased by 40% in the past year.

Advertisers — especially CPG advertisers — are taking note. Brands will spend **\$42.44 billion on CTV advertising in 2027**, which would amount to a remarkable 73% growth in a five-year timeframe, according to eMarketer projections.

Aside from reaching consumers where they are increasingly watching television, CTV advertising provides CPG brands with significant advantages. For one thing, many streamers are cord-cutters and simply unreachable via advertising on linear TV.

The digital nature of CTV enables CPG advertisers to do more than estimate their reach and household frequency. With platforms such as InnovidXP, brands can accurately understand their advertising campaigns' unique reach and frequency, ensuring more effective and efficient ad spend. (CPG brands will also be less annoying to their audience by not bombarding consumers over and over again with the same message).

Finally, the advanced creative options available on CTV, such as interactive features like QR codes, offer brands and agencies options that simply aren't available on linear TV. And the performance data from advanced creative speaks for itself: **interactive CTV advertising produces engagement rates almost 10x higher than standard video**.

In this report, you'll get more insight into the growth of streaming, how CTV advertising reaches consumers, CPG benchmarks for CTV, and advanced creative. You'll also get useful advice on how to cook up your own shoppable CTV ad campaigns as well as Q&A's with experienced CTV advertising experts from Roundel and Innovid.

Read on to get a complete picture of how CTV is poised to transform advertising for the better.



The Shopper POV: Streaming Is an Integral Part of Life

In February 2024, Roundel surveyed 2,876 Target guests to understand how they watch and stream content, their CTV purchase preferences, and how they interact with advertising.

Shoppers are Streamers + Spending (A Lot) More Time with CTV

Streaming is a part of everyday life for the vast majority of Target shoppers ... and its role is continuing to expand. While 91% of Target guests subscribe to streaming services – the same as 2023 – the number of hours devoted to streaming during the average week **grew from 15.6 hours to 22 hours, representing an increase of 40%.**

While that may seem high, there are many streaming platforms and apps available that meet what consumers want and enjoy — especially with live sports and events moving to CTV. Target guests are high adopters in the streaming space, and continue to add new services: **57% have streamed live events in the past 12 months** and 53% have subscribed to a service just to watch a specific show or event.

Among Target guests, **57% use a streaming service supported by ads.** This may be a sign that inflation is leading shoppers to consider price-conscious options. As we see greater adoption of free, ad-supported streaming TV, this opens up more opportunities for advertisers to better connect with shoppers across ad inventory that meets them where they are spending time.

85%

watch most video content on streaming platforms – over 2x more than traditional and cable TV

58%

use a mixture of paid and free streaming services vs. just paid or free

57%

would be willing to watch ads if it lowered the cost of subscription services

26%

say their time streaming has increased in the past 12 months

The Streaming Shopper: A Viewing Snapshot

The majority of Target guests spread their streaming time across 3+ services.

65%

do not pay for an ad-free streaming experience

70%

are often/always focused on watching TV content

59%

often/always have a second device in hand while streaming

60%

look up products after seeing a video ad they're interested in



CTV Advertising & Commerce

With streaming becoming a growing part of people's lives, there's an opportunity to deepen engagement and generate commerce directly through the biggest screen in the house via interactive functions like QR codes, product galleries, and more.

With second-screen devices, which most viewers have nearby or in-hand while streaming, consumers can easily engage in shopping behaviors. This can include using a second device to browse or learn more about products right from their living room. Target guests report feeling comfortable spending ~\$30 when making purchases from their TV.



85%

stream video content via TV

49%

are likely to search for an item after seeing it on TV

33%

will scan a QR code on their TV if they know it will take them to a familiar site

62%

are more likely to scan a QR code on screen vs. a remote to click to learn/purchase



The Advertiser POV: CPG Benchmarks for CTV Advertising

Innovid analyzed **video advertising impressions from CPG advertisers** served on its platform in 2023.

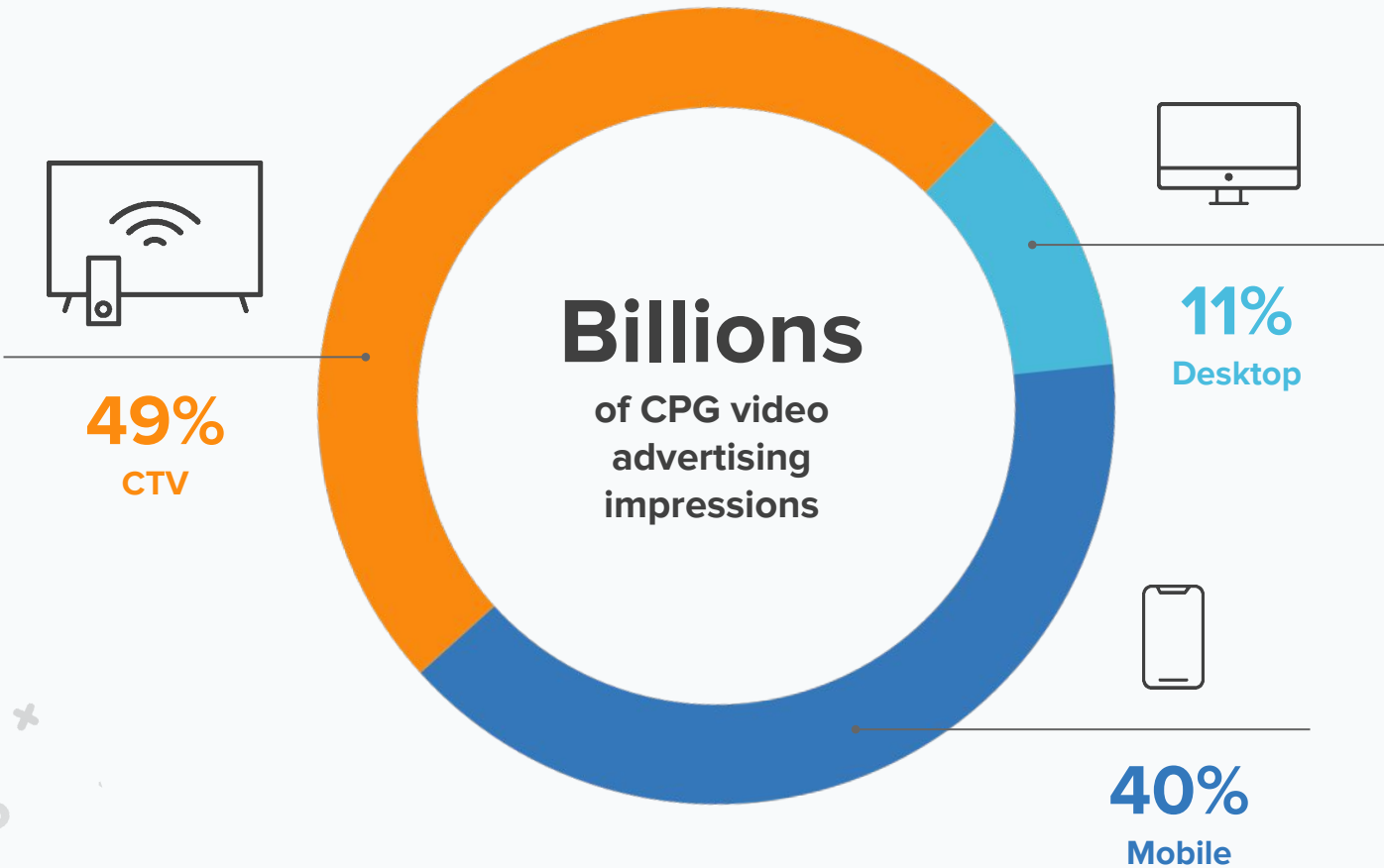
Looking at CTV, mobile, and desktop devices, the following is a global snapshot of how CPG advertisers are adapting media and creative strategies for television that is increasingly digital.

CTV: Impression Leadership Position Secured

CTV provides an ever-increasing number of platforms to reach diverse audiences, at scale, in a premium viewing environment. CTV also offers sophisticated targeting, measurement, optimization, and advanced creative options not found in other media.

For CPGs, CTV has established itself as an integral part of the video mix, accounting for almost half of total video impressions for the last two years. In 2023, CTV accounted for 49%, an increase of 58% compared to 2019. At 40%, mobile represented the next largest impression share, but has seen a general decline since 2019. Desktop remained at 11% – the same as 2021 and 2022 – after a drop from 16% in 2019.

Video Impression Share By Device



CTV Scales Reach and Frequency

Delivering an advertising message at the “Goldilocks” frequency — neither too high, nor too low but just right — has long been a CPG marketer’s dream. Reaching a consumer with a marketing message multiple times is a necessity but the risk of overexposure always lurks. But as the 100% digital era of TV approaches, the possibility of gaining more precise control of frequency is arriving.

According to Innovid’s data, **CPG campaigns had an average frequency of 6.63, which was slightly below the 7.42 figure for the average campaign across all vertical industries. CPG campaigns had a unique reach of 25.24%, which was the highest figure for any vertical.** With the data-driven nature of CTV advertising, CPG brands now have a greater capability to accurately measure frequency and reach — which enables them to avoid bombarding consumers with a message they have already received loud and clear.



Advanced Creatives: Pathways to Relevance & Performance at Scale

In a time when there is no shortage of content – or ways to consume it – advanced video creatives, including dynamic and interactive formats, offer advertisers ways to create engaging, personalized content to strengthen brand building/retention and provide shoppable experiences that drive direct conversions.



Engagement Rate* by Video Format

	CPG Engagement Rate
Standard Video	0.25%
Dynamic Video (DCO)	0.31%
Interactive Video (Mobile/Desktop)	0.6%
Interactive Video (CTV)	2.47%

Video Completion Rate by Video Format

	CPG Video Completion Rate
Standard Video	84.2%
Dynamic Video (DCO)	71.1%
Interactive Video (Mobile/Desktop)	59.6%
Interactive Video (CTV)	90.6%

**Engagement Rate = Percent of impressions where viewers took actions within the ad unit, including scans, clicks, or taps. Engagement rate for CTV includes choice-based ads, which ask a consumer to view an ad before consuming content.*

Interactive Video

Learn More → Engage → Buy

Interactive ads are designed to engage viewers, encouraging them to learn more and convert via features like overlays, branded canvases, and expanded units. A popular subset of interactive is the shoppable ad – those that call out products or services with tags, markups, and checkout capabilities. The most well-known shoppable ads are QR codes, driving viewers to second-screen purchases.

Among CPG advertisers, compared to 2022, the number of interactive CTV campaigns increased by 33.3%. The growth is easy to explain when you see its performance rates:

90.6%
Video Completion Rate

beating standard video completion by 6.4 percentage points.

2.47%
Engagement Rate*

highest among all advanced creative formats, and almost 10x higher than standard video.

+91.88
Seconds

Across all verticals and markets, interactive CTV formats generated an average of 91.88 additional seconds of time earned on top of the time spent watching pre-roll.



For QR codes, across all verticals, Innovid saw a scan-click benchmark rate of 0.02%. While this may seem low, think about what a QR code requires viewers to do: pull up their camera app, scan it, and click on the link. This action is not accidental, it's intentional follow-through on the part of the consumer.



When comparing total ROAS for CTV products in 2023 vs. 2024, Roundel sees +2x growth in performance. This is driven by Roundel's latest shoppable CTV formats offering, where there's a 3x increase in average sales and 2x increase in total ROAS.

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Bringing the Data to Life: a CTV Success Story

A Real-World Example of Shoppable Ads
Delivering Powerful Performance



Goal

Enfamil was looking for a new way to reach potential customers to drive awareness and shopping opportunities for its formula. With Roundel's shoppable creative format for CTV, Enfamil could lean into a growing consumer behavior trend: scanning QR codes while watching TV.

Approach

Roundel created a campaign that brought together the trusted Enfamil and Target brands.

- The ads featured two creative approaches with varying CTAs (Scan to Shop or Scan to Add to Cart).
- To test performance among audience segments, Roundel tapped into shoppers who had purchased baby products from Target over the past six months and a predictive audience of Enfamil NeuroPro purchasers.

Results

- Campaign data revealed the effectiveness of shoppable CTV for Enfamil and key insights to carry into future campaigns, including that guests preferred the Scan to Shop CTA.
- The campaign generated >31% higher ROAS when reaching guests who had recently purchased baby products, indicating success with reaching broader audiences, including those open to switching brands or trying new products.



Highlights



15M+ Impressions



2X higher sales
per thousand
impressions

3X

higher ROAS

**vs. Roundel 2023 shoppable TV average*



Going Beyond the Data

Q&A with Roundel & Innovid Execs

Justin Haynes

Senior Director of Product
Roundel



Roundel's survey data shows that 60% of consumers look up products after seeing video ads. In light of that figure, what's your sense of consumers' acceptance of shoppable ads?

There is a growing opportunity with shoppable ads since these formats help streamline and make the purchase journey easier for consumers by directing them from the ad to destinations where they can learn more or purchase.

We're seeing more openness from consumers to engage with shoppable features like QR codes, as 1/3 of Target guests report that they would be likely to scan a QR code from their TV if they knew it would take them to a familiar site, up 3% from last year.

Another interesting nugget is that guests who reported they would scan a QR code on their TV are also comfortable spending an average of \$17 more through their TV than those who reported being unlikely to scan QR codes on their TVs. We expect to see consumers embrace more shopping behaviors as shoppable features become more common.

Based on Roundel's experience with shoppable CTV so far, what kind of CTV creative formats have you seen work well for advertisers?

When we first underwent alpha testing with shoppable CTV, we tested across various creatives to identify what would drive the strongest performance. From that testing, we ultimately chose to leverage canvas ad units for our CTV by Roundel shoppable creatives.

To explain what the canvas ad unit is, it's a unit where a video asset is scaled down to accommodate a larger QR code and prominent branding surrounding the video. We ended up using this ad unit for two reasons: 1) due to stronger results and 2) based off our partner feedback.

Roundel saw stronger sales performance and scan rates from leveraging the canvas ad unit compared to leveraging an overlay ad unit that places lighter branding and a smaller QR code on top of the video asset. We believe the canvas ad unit branding and stylization proved to generate more attention and engagement from guests.

This also allows brands to lean into the "Target brand love" with the ability to highlight Target branding more prominently within the canvas ad unit, as we learned in a June 2023 Target guest survey that guests are 4x more likely to trust ads from Target over brands they have not purchased from previously.

We also anecdotally heard from client feedback that they preferred the canvas ad unit to avoid cutting off imagery in the video with the QR code on top of the video asset as another factor that ultimately shaped how we rolled out this offering.

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We expect to see consumers embrace more shopping behaviors as shoppable features become more common.

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What is your advice to brands exploring video shoppable ads — what are the pitfalls, if any, they need to avoid?

One of the biggest misconceptions we have seen around shoppable ads is the thinking that they are only applicable for conversion/sales-related KPIs.

Shoppable ads can be used for a multitude of objectives, but it is important to understand what your KPI is, as that will indicate what your CTA should be. For example, if a brand is focused on driving new product awareness, they should leverage “Shop Now” as it will help consumers become familiar with the product.

In general, shoppable ads are still a new offering that consumers are getting used to seeing. As it continues to grow, the industry will gain additional learnings on how to better adopt shoppable ads and ways to avoid saturation. Until then, it is important to keep in mind the message you are trying to get across.

To what degree do you think the rise of CTV and shoppable ads change TV and video advertising from an upper-funnel channel to a lower-funnel channel, or is that the wrong way to look at the evolution?

From our POV, we believe that we shouldn't bucket TV and video ads into only one aspect of the marketing funnel, as TV and video ads can make an impact across the full funnel. Different creative formats and targeting approaches can help tailor video ads to work well as an upper-funnel mass awareness driver or lower-funnel shoppable ad. That's the beauty of video ads like CTV that offer both the reach of TV and digital capabilities to encourage actions.

Advertisers should be looking at their reporting holistically to evaluate how CTV is making an impact on the purchase journey and leveraging that knowledge to inform optimizations. Video metrics like impressions, reach/frequency, and completion rate are valuable to evaluate, but don't forget the insights you can get through retail media networks now with lower funnel metrics such as "new guest purchaser insights," "scan rates," and "add to carts" to close the loop.

This gives brands an opportunity to have greater visibility into how CTV makes an impact across the funnel for them, as well as understand which messaging resonates with consumers to create increasingly desirable media experiences.

We recently ran a campaign that paired multiple solutions across display, video and CTV, with 40% of total attributed purchasers seeing a CTV ad prior to purchasing. By including CTV as part of the media mix, we see a 20% reduction in time for a guest to make a purchase compared to when campaigns didn't include CTV – in other words, we saw it would take 20% longer for guests to convert by purchasing after being exposed to an ad. Advertisers should keep a holistic "state-of-mind" in evaluating how CTV can fit within their larger plans, as we see CTV helping to make an impact to move consumers from awareness to conversion.

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What do you see as the next big trends in the current evolution of CTV creatives?

We're observing that pause ads are gaining traction as more publishers are starting to offer this creative capability. Consumer behavior continues to adapt digital formats for discovering products even during other activities, especially with new generations as we've noticed in a 2023 Target guest survey that 76% of guests report using the Target App or Target.com while shopping physically in-store, but that number jumps to 93% when looking at Gen Z guests.

Publishers will continue to test with new formats, especially as the new generation embraces digital formats that bring discovery and inspiration even as consumers are doing other everyday activities like streaming.

Another trend we're noticing is that streaming networks have started to get exclusive sporting events, leading to an increase in viewers streaming live sports. This will become a premium environment where brands will also be taking advantage of CTV and where we may see more formats appear.

Dan Mouradian

SVP, Global Client Solutions
Innovid



What's your sense of why advertisers are beginning to embrace CTV as a medium?

For years and years, digital advertising has been influenced by traditional advertising. You have your big brand and their television spot and their big moment. Then they take that core idea of the spot, and they move it down into all of the places where they need scale: digital display ads, digital video ads, and so on. Usually, they're just taking the same thing, copying it, putting it in a video ad server, and hoping that, when it shows up on the pre-roll for some content that the target person is getting, it's going to have the same resonant effect.

Said another way: We're repeating the mistakes of the past. But I think we have finally reached a point with CTV — because consumers are moving there and watching more streaming — where digital is now setting the standards that are influencing traditional.

If you need any further evidence that digital creative is influencing traditional TV, go back to 2021 for the Coinbase ad from the Super Bowl. It was a QR code literally just floating on the screen. Paramount+ used the 2024 Super Bowl to partner with Innovid to debut interactive “Add to Watchlist” ads on CTV. These ads promoted “Halo,” “The Chi,” and other Paramount+ programs, and when the game was over users had made commitments to watch more Paramount+ content — ideally reducing churn.

We've now reached an inflection point, where, because TV is now connected to the internet, the best practices from the online world — like interactivity and personalization — can now be executed at a scale that wasn't around before.

How can brands leverage the first-party data of retail media networks to create more effective CTV advertising?

Retailers can use their media operations to help brands find the retailer's customers on the open web and on CTV. Brands can use a retailer's audience data that is made available in targeting platforms to reach and engage these customers. As brands are preparing for more and more signal loss — like the coming demise of cookies — this is one way they're going to continue to find audiences.

Retailers have first-party data they are making available to the brands, and that data can be leveraged for not only new interactive experiences like the shoppable ads, but also for additional opportunities for personalization. The retailers have the data, and a brand can benefit from being able to reach the right customers with more relevant messages.

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Roundel's survey data shows that 60% of consumers look up products after seeing video ads. What can advertisers learn from that statistic?

That stat validates the fact that linear TV and CTV work as awareness drivers, but you're still putting the onus on the customer to go and take an action. That's where CTV shoppable comes in.

If you know your campaign is going to work from an awareness perspective, you should then test the next question, which is, will they buy? Will consumers add your product to their cart? Can we shorten the time from exposure to purchase? Interactive CTV allows brands to use shoppable ads to introduce a moment where the customer can actually move down the purchase funnel in the app.

What advice do you have for advertisers exploring shoppable ads? Are there any do's and don'ts you can share?

The first rule is to make sure the QR code is there from the first millisecond of the creative. Don't take a 30-second ad and wait five seconds to show the QR code, because it still takes time for me to get my phone out of my pocket, open up the camera app, and activate the QR code. I would also say that brands should explore other ways of optimizing what that QR code does. So rather than just adding to cart, maybe there's a path to direct purchase.

The other thing is, be explicit about your calls-to-action. Instruct consumers to open the camera app on their phones, scan the code, and click on the link. Finally, think of other value propositions that retailers can bring to a customer.

Adding to cart is one of them, but so are adding to an existing order, pickup in-store later. Those are all things that can be leveraged from a creative technology perspective. My strong recommendation to advertisers: using QR codes is something you should be doing to drive engagement with viewers.

Beyond the QR code, how can brands effectively leverage interactive and dynamic creative options?

An example of DCO for retail brands is being able to automatically change products, items, prices, and brands in an ad based on the audience and what's performing. A shoppable ad is one that has an interactive component to it, where a consumer can, for example, buy a product or access a store locator directly within the ad.

Interactive and DCO don't have to be separate! For example, one way to combine elements is through carousels, where each product is a dynamic element. The interactivity might be an “explore” feature. In the case of back-to-school, a consumer can interact with the ad and dive deeper into kids' clothes, backpacks, lunch boxes, etc.

With CTV, how can advertisers measure their ad performance in ways they can't with linear TV?

With internet-connected TV, you can optimize in real time. With CTV, every “click” (whether clicking through to look at more products or scanning a QR code) is information you will get from an analytics perspective. Let's say we're showing a back-to-school creative that has three products in a carousel, and we see the majority of people scan the QR code on the second product.

That's great to know after a campaign, but it's even better to know *during* a campaign. With CTV, we can actually change the position of that second product to the first position, which will drive engagement even higher. It's about seeing the data and also being able to optimize it automatically.

“CTV allows brands to use shoppable ads to introduce a moment where the customer can actually move down the purchase funnel in the app.”

TV has long been seen as an awareness medium for advertising. Will the rise of CTV and shoppable ads and other advanced creatives move TV advertising to a mid- or lower-funnel tactic?

TV classically has been seen as an awareness driver, and that aspect will continue to be crucial. TV has also driven direct-response advertising. The reason why people pull back from the concept that TV advertising can work in the lower funnel is because it's hard to measure.

It's often a very slow and cumbersome process to understand the effectiveness of advertising on linear TV. This is simply not the case with CTV. Speed to insight, instant optimization, dynamic creative, the interoperability of data sets that actually matter to advertisers — are all at the fingertips of marketers with CTV advertising.



From Big Screen to Cart: The Most Valuable Tips for Shoppable Ad Performance

Shoppable ads have the ability to transform passive viewers into active shoppers directly from their TV screens. As your brand explores the next frontier of interactive advertising, Roundel and Innovid pulled together a “shoppable cookbook” if you will – tips that will help shorten the path to purchase based on our work with thousands of advertisers and shoppable ads.

Look + Feel



Choose colors wisely to evoke emotions and influence viewer behavior. For example, **red** creates a sense of urgency and encourages action.



Think about the number of clicks it takes to get to the desired action – and cut out as many as possible! For example, have a click add a product directly to a viewer's cart vs. open a page.

Sound + Motion



Don't shy away from motion! Our eyes are drawn to even the most subtle movements. When designing video or display think about how frame, overlay, or canvas movements can help to draw viewers to click through/take action.



No audio? No problem. Remember, your ads should be accessible for all viewers and environments. Subtitle tracks make it easier for all consumers to understand how to take action.

Words + CTAs



Prominent branding + CTAs = perfect together. This combination helps move consumers down the funnel. (Remember: 33% of Target guests say they would be likely to scan a QR code on their TV if they knew it would take them to a familiar website).



Get to the point – **don't wait longer than 3 seconds** to identify your brand.



KISS – keep it simple, superstar. **Use short sentences** or split long sentences to increase readability and message retention.



Make CTAs more action-oriented. Test and learn with CTAs such as “Scan to Shop” or “Scan to Add to Cart” to guide consumers toward taking further action.

Nuts + Bolts



Consider size – keep **QR codes to 400x400px minimum** to ensure viewers can scan.



HD is key – HD video works best (ex. 1920x1080px). Always.



High-rez or bust – Whether you use custom or standard stock images, make sure they are large enough to fill the majority of the TV screen in high resolution.

Time + Duration

Maximize the time a QR code is shown on screen. Give your audience the most opportunity possible to scan/take action. For content, in general, make sure it's on screen long enough for viewers to digest it and take action. Here are some general best practices:



2 seconds is just enough for a sentence of 3-to-4 words. More words = more time.



Every image in a carousel should be at least **2 seconds**.



End cards should be at least **4 seconds**.



About Us



Innovid (NYSE:CTV) is an independent software platform for the creation, delivery, measurement, and optimization of advertising across connected TV (CTV), linear, and digital. 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.

To learn more, visit [innovid.com](https://www.innovid.com) or follow us on:



Get in touch!



Roundel is Target’s media network. We design curated experiences to create a better connection between brands and Target guests. We offer both self- and managed-service solutions that help brands create moments that are relevant, trusted, and helpful. All backed by our first-party data and measurement that proves value – whether that’s on Target’s own platform (think Target.com), the top video and social platforms, Google, or 150+ brand-positive publisher sites.

To learn more, visit [roundel.com](https://www.roundel.com) or reach out to us:



Get in touch!