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SPECIAL REPORT

# MAKING CONNECTED TV AN (EVEN MORE) MEANINGFUL PART OF THE ADVERTISING MIX

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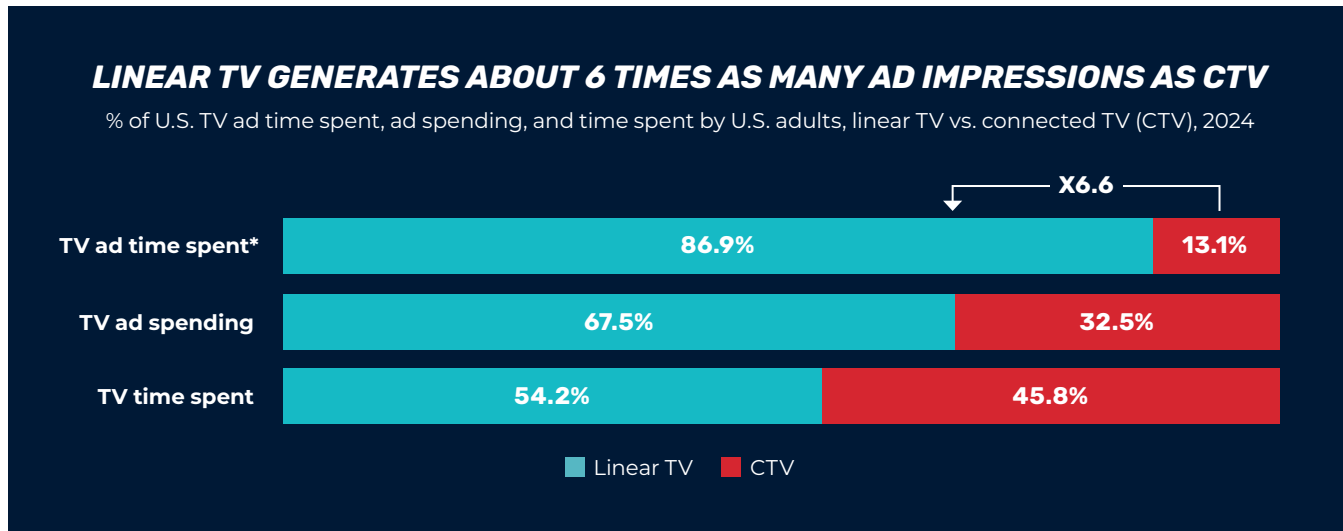
## INTRODUCTION

As connected TV (CTV) rapidly becomes the **dominant method** for consuming television, it also has become the **fastest-growing ad channel in the U.S.**, accounting for **one in every 10** dollars spent on digital advertising, according to [Emarketer](#). In fact, U.S. brands alone **will spend** more than **\$28 billion** on CTV advertising this year, making up **one-third** of the total amount of money spent on TV advertising as a whole.

A big reason brands are flocking to CTV is the expansion of **streaming platforms that offer ads**, but the staggering rise in audience engagement doesn't hurt either: in the U.S., adults now **spend more than 123 minutes per day** watching CTV.

"The growth of CTV advertising over the last **five** years has come from linear television dollars, and we expect that migration to continue, especially considering that over the last year, **CTV viewing consumption has surpassed linear**," said Peter Hamilton, Senior Director of Ad Innovation at [Roku](#) in an interview with *Retail TouchPoints*. "But **while that tipping point has happened from a viewer standpoint, it has not yet happened from an advertising dollar standpoint**. There is still a long way to go for those dollars to migrate to where the eyeballs are."

There's a good reason for that disconnect: linear TV still has more minutes of prominent ad space than CTV platforms. "Linear TV accounts for almost **90%** of the amount of time people see advertising on TV screens; streaming is only about **[10%]**," explained Ross Benes, a Senior Analyst at *Emarketer* on a recent [webinar](#). "[Traditional] TV is full of ads, you can't avoid the ads except for on a few premium cable channels. Whereas streaming has a lot of ad-free viewing, and the ad loads [the number of ads in a particular piece of programming] are much lighter."



*Note: ad time spent represents household time spent on viewing TV ads and counts vMVPDs like Youtube TV as linear TV; CTV ad spending includes display ads that appear on home screens and in-stream video ads from platforms like Hulu, Roku, and YouTube, and excludes network-sold inventory from traditional linear TV and addressable TV advertising; linear TV ad spending includes broadcast TV (network, syndication, and spot) and cable TV, and excludes digital; time spent includes ages 18+ and includes all time spent watching TV (includes live, DVR, and other prerecorded video, and excludes digital) and using the internet through a CTV device; time spent forecast from June 2024; \*ESHAP analysis of Q2 2024 data from Comscore's "The Score Report"*

*Source: ESHAP, "Settling the Score: An analysis of Comscore data by Evan Shapiro," Oct 8, 2024; EMARKETER Forecast, Nov 2024*

This will shift, however, as CTV platforms ramp up their ad offers and ad dollars continue to migrate away from linear. The bottom line, no matter how you look at it, is that **CTV is becoming an integral part of the omnichannel marketing mix.**

"[With CTV], advertisers are getting everything that they were getting from the linear world when it comes to **reach and finding the right audiences**, but with a lot more instrumentation around the control of **frequency, measurement and targeting**," said Hamilton.

This report digs into all the opportunities and challenges in the brave new world of CTV, including:

- Some of the barriers that have kept brands out of CTV until now **and how to navigate these silos and friction points**;
- How the targeting and performance-based buying capabilities of CTV are **enabling brands to advertise on TV for the first time**;
- Tips and tools to **develop TV-ready creative cost-effectively**;
- **Key measurement and performance metrics** to gauge CTV performance; and
- **New kinds of advertising** unlocked by CTV through integration with retail media networks and technological advancements.



## **NAVIGATING THE CTV ADVERTISING LANDSCAPE**

Despite the enhanced capabilities of CTV and ever-growing viewership, “I still think **brands are scared to do it, and the smaller brands don't know they can do it,**” said Brooke Weller, SVP of Digital Media and Analytics at digital marketing agency **REQ** in an interview with *Retail TouchPoints*. “A lot of the companies we work with still push back on [the idea of CTV]. They're still paying for Super Bowl ads, but they haven't realized they could use that money throughout the year for CTV.”

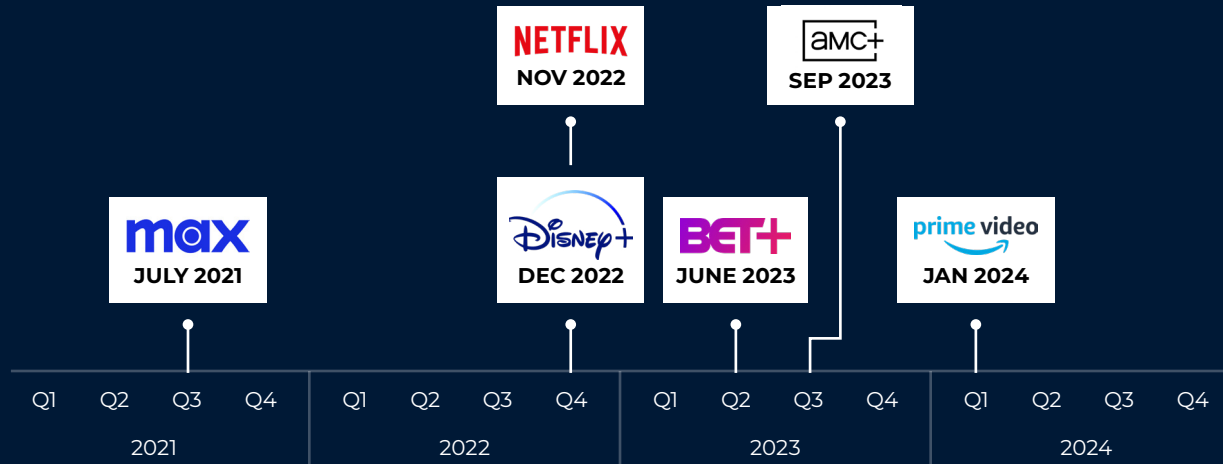
The biggest barrier to advertiser adoption is the **fear of wasting money in an unfamiliar and untested channel**, explained Weller, despite the fact that “an integrated marketing approach is so much better than spending a ton of money in **one or two** platforms,” she said.

Friction in the CTV buying process also puts off many advertisers, according to Evan Hovorka, VP of Product Innovation at **Albertsons Media Collective**, the retailer's media network. “The way the inventory flows and the way audiences are activated all have different accelerators or taxation effects,” he said in an interview with *Retail TouchPoints*. “For example, the Olympics through **NBC** was only available on **The Trade Desk** or direct, not through the other demand-side platforms [DSPs].”

“The industry as a whole has an opportunity to unify under common buying patterns or even viewer consumption patterns,” Hovorka added. “I'd love to see CTV make it simpler for people to log into one of the **17** streaming services and then enable **more consistent ad units and transparency on measurement.**”

## SUBSCRIPTION STREAMING SERVICES KEEP ROLLING OUT AD TIERS

Timing of advertising tier launches of select U.S. streaming services, 2021-2024



Source: Emarketer, Nov 2024

Despite some of these challenges, Ali Haeri, SVP of Marketing at CTV performance marketing platform **MNTN**, said **one of CTV's biggest advantages is how familiar the buying and targeting process feels to digital marketers.**

"There are all these auxiliary complications to running linear TV campaigns that led to it being perceived as being inaccessible, whereas now [with CTV] it's self-serve," Haeri said in an interview with *Retail TouchPoints*. "**Audience targeting looks like it does on social; reporting is granular — this is the language of a performance marketer,**" he noted, and because of that "we look at CTV as a performance marketing channel, similar to the other performance marketing channels that advertisers use," such as search and social.

Case in point: **90%** of CTV advertising currently is transacted programmatically, according to **emarketer**. "It's way more affordable for someone now to come into this environment in a pay-as-you-go campaign; just a couple thousand bucks to go in, start a campaign, see the results and scale from there, rather than a big upfront commitment with a linear TV campaign that's hard to measure," said Haeri.



## WHY (AND HOW) STREAMING TV ADS DELIVER PERFORMANCE IN YOUR OMNICHANNEL MIX

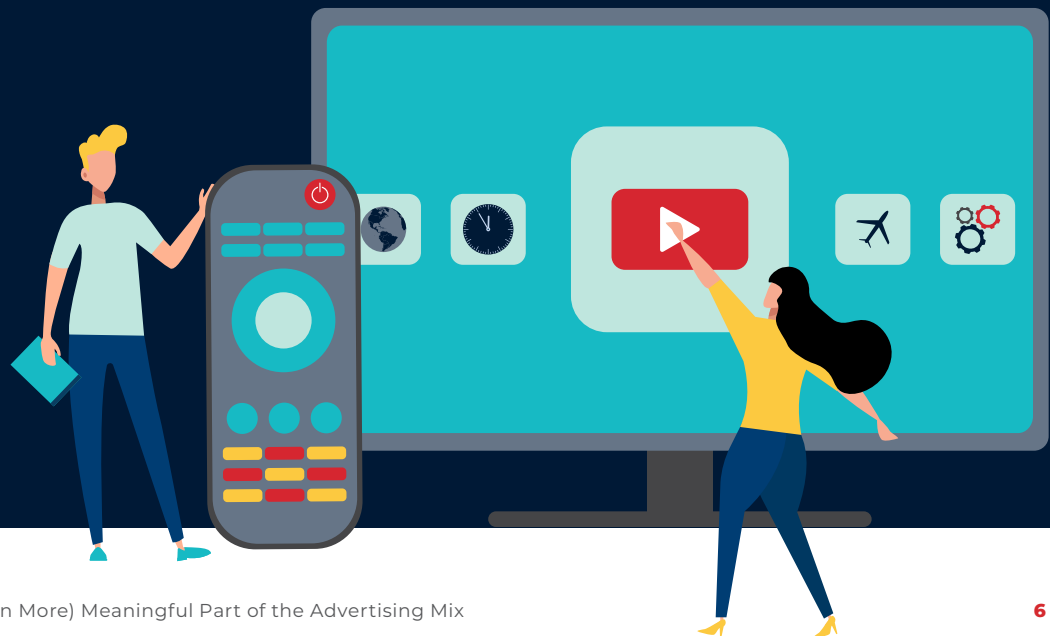
By Tim Edmundson, Senior Director of Content Marketing, MNTN

TV advertising isn't what it used to be. And that's really good news for marketers looking to build and fortify their omnichannel marketing strategy.

Streaming TV, or connected TV (CTV), brings valuable digital capabilities to television advertising. Combine that with the fact that ad-supported streaming is on a meteoric rise — analysis from *Emarketer* shows ad spend will jump to **\$42 billion** per year by 2027 — and it's fair to say that CTV is going to be a flexible and future-savvy strategy for marketers looking to reach (and hold onto) their most valuable consumers in the years to come.

CTV already delivers results marketers love. From nurturing prospective customers to driving consumer action, performance marketers traditionally used paid search and social advertising to meet their needs. CTV provides that same value and then some. When put together, these three (search, social and CTV) channels' potent combination of audience targeting and performance measurement offers the precision and accountability advertisers need to commit their ad budgets confidently.

This isn't just some theory — **thousands of advertisers** use MNTN to successfully reach high-intent prospective customers and drive measurable traffic and conversions with CTV. So what does this all mean in the context of an omnichannel strategy?



## INCORPORATING PERFORMANCE TV INTO OMNICHANNEL STRATEGIES

Successfully adding performance marketing on CTV — or as MNTN calls it, performance TV — into your omnichannel mix should still follow tried-and-true principles:

- **Maintain cohesion in your brand message:** Lay out your main message in a primary source of truth, a shared resource amongst your team, and ensure they have it handy when developing messaging and visuals for different ad channels. This overarching message can often stem from a creative brief used to fuel the hero asset of your campaign. For MNTN customers, this asset is increasingly a CTV commercial; and
- **Let ad channels do what they do best:** You have awareness channels, and you have performance channels. When incorporating performance TV into your strategy, you get a performance channel with a healthy side of awareness. The many **CTV success stories** we've seen at MNTN show the measurable impact this channel has. The fact that TV commercials are the most engaging ad format out there is just icing on the cake.

We analyzed Q3 2024 Google Analytics data for MNTN advertisers that also ran campaigns on Meta and TikTok and found that CTV ads generated the most engaged site traffic. For example, when comparing results after serving both Meta and CTV ads, advertisers in the mid-market cohort saw **86%** more pages per session and a **2.3X** higher conversion rate when the visitor was driven by a CTV ad. For TikTok, it resulted in **98%** more pages per session and a **2.5X** higher conversion rate.

CTV adds incremental value to your existing omnichannel strategy with a unique and memorable ad experience that can lead the way with your main message, drive performance and raise awareness. What's not to like?





## THE DEMOCRATIZATION OF TV ADVERTISING

One result of the shifts in TV buying that CTV has precipitated is that **a raft of new brands can now access television audiences.**

Historically, TV advertising required deep pockets and large upfront commitments, but with the rise of CTV, smaller brands are increasingly able to incorporate television into their marketing strategy. “Smaller brands and linear TV will probably never cross paths, but now with CTV they can have that bombastic creative and show it just in the Tucson area or all of Arizona,” said Albertsons’ Hovorka.

“Digital-first marketers, outside of the Fortune 500, generally have made their businesses on the internet,” said Roku’s Hamilton. “But all these folks are starting to become very curious about CTV. One, because **they need diversification and they’re looking for new channels that can provide it.** Two, it has all the same markers that they’re used to in buying digital media. And three, access is getting easier and it’s becoming more democratized.

“These performance-oriented marketers have been buying on search and social for some time, but in some cases, they’ve reached a plateau of how much they can spend in those channels,” Hamilton added. “They also want to diversify and not be dependent on just a couple of players, so they’re looking for alternative channels that provide return on ad spend and can be always on. CTV has the opportunity to do that because it **has a lot of the same hallmarks as search and social in terms of control over targeting, measuring the outcomes and being able to do it at scale through digital tools.**”

“CTV fits so nicely into media plans because clients need the additional reach,” said Weller. “**Meta ads, Google ads, even Reddit ads are all getting so saturated; CTV is going to help lower your total cost per mille (CPM) impressions,** because you’re getting so many more eyeballs on it than you could ever get via Meta ads. Add to that that CTV can be a huge multiplier because you’re getting the brand awareness — there’s a halo effect; you’re getting so many eyeballs on your brand that you would never have gotten.”

In fact, Haeri said that **90% of the brands using the MNTN platform are first-time TV advertisers.** “The legacy TV networks have been dealing with the same **100** or so brands for like **40, 50** years because the price of admission was so high to advertise on linear TV,” he said. “So when they see the volume of advertising that MNTN is bringing to their TV networks, they’re like, ‘Who are all these companies?’ There are all these growth-stage ecommerce companies that are incredibly savvy digital marketers. Now that whole subset of the market is doing TV advertising, and they love it because it looks, feels and smells just like all the other performance marketing channels that they’ve been using. But it’s totally new to a lot of these legacy TV publishers.”





## **THE CHALLENGES WITH CTV CREATIVE (AND SOME SOLUTIONS)**

There's still one knotty challenge for smaller brands: the creative. **An ad on television carries prestige, but it also demands a certain polish that can be expensive to achieve.** However, even that is shifting in the new world of digital.

"You don't need to think of video commercials as being what they used to be," advised Roku's Hamilton. **"Consumers are used to seeing more authentic types of ad creative;** they're used to seeing influencers breaking the fourth wall and talking to them about something — it's okay for that to happen in television, and we encourage it.

"And in fact, **marketers in general are becoming more comfortable with video because of social,**" Hamilton added. "[The dimensions] might be **9x16** instead of **16x9** in terms of landscape versus portrait, but it is a video medium and they have become fluent in video ad creative, so the muscle is already there."

Moving into CTV does require marketers to shift their video production strategies, though: "Gone are the days when you could spend a year planning a video or pay **\$5,000 to \$25,000** for one video and put all your eggs in that basket for the whole year," said Weller. "These platforms need you to refresh your creative **once a month.** But there are companies now [that can help you] create and pump out video at scale. **You need to figure out how to film once and chop that into like 12 different videos.** There are also a lot of creators that do really high-quality videos for decent prices."

Additionally, "there are lots of different creative services now that **can take existing creative and translate it,**" said Hamilton. "One partner that we work with is **Spaceback**, which takes a social post and turns that into a video for CTV. **You can tag onto what's working for you, what's viral for you and bring that over, and it's not an expensive thing to produce.**"

AI also is coming into the picture, with tools that allow brands to produce video more cost-effectively or easily modify existing assets for seasonal occasions and different platforms. But it's advisable to tread lightly with the use of AI — consumers can be touchy on the subject, as **Coca-Cola recently learned.**

The targeting capabilities of CTV also give brands an opportunity to zero in on more specific audiences: "With linear TV advertising you're trying to find the biggest overlap between your target market and the viewership of a specific show at a certain time," said Haeri. "For that reason, the TV creative is always going to be somewhat generalized, because they need to make sure it appeals to as many people as possible. This is why a lot of brands disqualify themselves from advertising on TV entirely, like B2B brands. But CTV is a programmatic digital channel with audience targeting, and that can unlock some great creativity, because now **you can create variations of your ads for different subsets of your audience.**"



## **LEVERAGING (AND MEASURING) THE BENEFITS OF CTV**

Yes, opportunity abounds in CTV, but these days most marketers are operating on tight budgets, so performance is key. **Happily, many of the measurement capabilities and metrics in CTV will feel familiar to advertisers versed in the ways of the web.**

Among the metrics that experts advise brands to look to as they gauge the performance of their CTV campaigns are **household impressions**; attributable **conversions** and **site visits** (as long as you've pixelated your site correctly); and **incrementality**.

And CTV opens up new opportunities, like **multi-touch ads**: “There are way more people on multiple devices at one time now — while they're watching TV, they're also on their phone — which is where multi-touch, cross-device tracking comes into play,” explained Weller. “CTV platforms can now tell if you're dual screening and serve you a display ad [on your phone or tablet] right after you saw a CTV ad.

“If you were to run just a native programmatic display campaign, you might have a really low click-through or engagement rate on those banners, but if you're running CTV with those that's going to give you such a better engagement rate on those banners,” she added. **“Just looking at CTV performance isn't the way to go. It's looking at the impact of CTV on all your other channels.”**

Another innovation entering the CTV space is **retail media**, which is proving to be a powerful force multiplier for advertisers. “Our retail media partnerships are some of our most exciting at Roku, in particular those with **Walmart** and **Instacart**, and we see it as a big area of an investment,” said Hamilton.

**“If your objective is to move units and sell products, the retail media side does that really efficiently,”** added Albertsons' Hovorka. “Most grocery purchases — like **95%**-plus — are happening offline where there's less digital connection, but there's a lot of digital opportunity for influence.”

Bringing retail media capabilities into your digital marketing **“allows you to tell better stories consistently across all those channels**, because people take atypical paths to inspiration and purchasing,” said Hovorka. With retail media ad buys, all that activity is **tied together through the consumers’ loyalty ID**, so “you can allow the customer journey to unfold. Different shoppers hit different channels at different times, but it doesn't matter when you have a common ID, because now you've got a real relationship. You can remember what you said yesterday and what you're going to say tomorrow. It allows for better storytelling and helps you to be more consistent.”

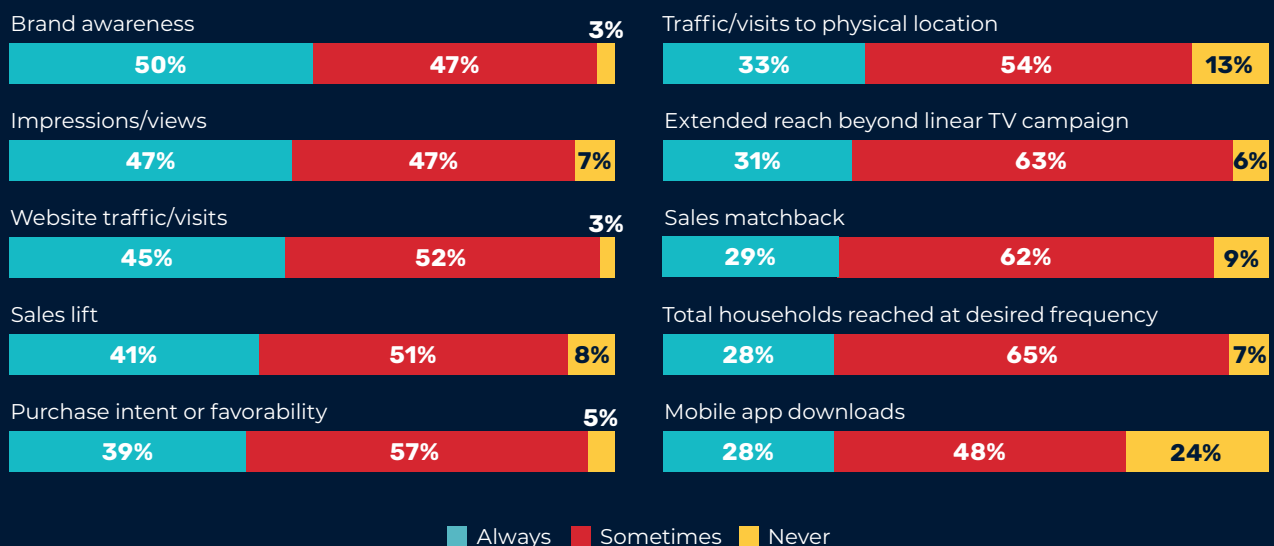
It also **opens up opportunity in the realm of shoppable TV experiences**. And more innovation like that is on the horizon, according to MNTN’s Haeri. He likened the current CTV ad space to when online ads became prominent in the '90s: “It was a carryover of newspaper and magazine ads,” he said. “We just kind of carried over the type of advertising we were familiar with seeing to the web. We’ve done the same thing in the case of CTV— we’ve carried over the classic **15- or 30-second TV commercial**, stacked in an ad block.

“But **I think we're going to see the TV ad unit start to evolve now that everything's fully digital**,” Haeri added. “There's all this wiring baked into it now that allows it to be trackable and targeted in ways that you never could have done on the linear side. We're already seeing that with some walled gardens that have really interesting ad units that are interactive in some way, or maybe it's a longer spot. So I think we're going to see a reimagining of the TV ad unit and some innovation with regards to what a TV ad actually is.”

## IMPRESSIONS ARE ONE OF THE MOST COMMON METRICS USED TO EVALUATE CTV ADVERTISING

% of U.S. connected TV (CTV)/OTT advertisers, April 2024

**Q: How often do you use the following metrics to evaluate return on ad spend (ROAS) for your company's or main clients' connected TV/OTT ad campaigns?**



Note: n=150; numbers may not add up to 100% due to rounding  
 Source: Advertising Perceptions, "CTV/OTT Advertising Study 2024" commissioned by Premion, July 25, 2024

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MNTN is the Hardest Working Software in TV, bringing unrivaled performance and simplicity to Connected TV advertising. Our self-serve technology makes running TV ads as easy as search and social and helps brands drive measurable conversions, revenue, site visits, and more. MNTN is one of *Fast Company's* Most Innovative Companies of 2023 and was recently named one of the Next Big Things in Tech for its upcoming VIVA creative suite.

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Nicole covers the retail industry at large with a focus on ecommerce, looking at digital innovation and the evolution of modern retail.