Building Innovation into CTV

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Goodstuff

Who am I?

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media and some

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13 Years Experience as a TV and Digital Video buyer

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What we're talking about today

- Changing consumption patterns
- The current AV market in the UK
- Innovation in video buying
- Hopes for the future and takeaways

OVER THE LAST 40 YEARS, THE EVOLUTION OF TV HAS BEEN TOWARDS OUR CONNECTED PRESENT

1980s

- Channel 4 launches in 1982
- BARB panel launches in 1981 measuring TV and advertising viewing

0% Connected

1990s

- BSkyB launches in 1990, offering dozens of channels
- Growth explodes as Premier League Rights are negotiated
- Cable providers consolidate and offer multichannel

0% Connected

2000s

- YouTube launches and is bought by Alphabet
- C4 launches first broadcaster VOD service, 4OD, followed by other broadcasters

<5% Connected

2010s

- FireTV and Chromecast launch
- Netflix launches online subscription (SVOD) service
- Amazon acquires LoveFilm and rebrands as Amazon Prime Video

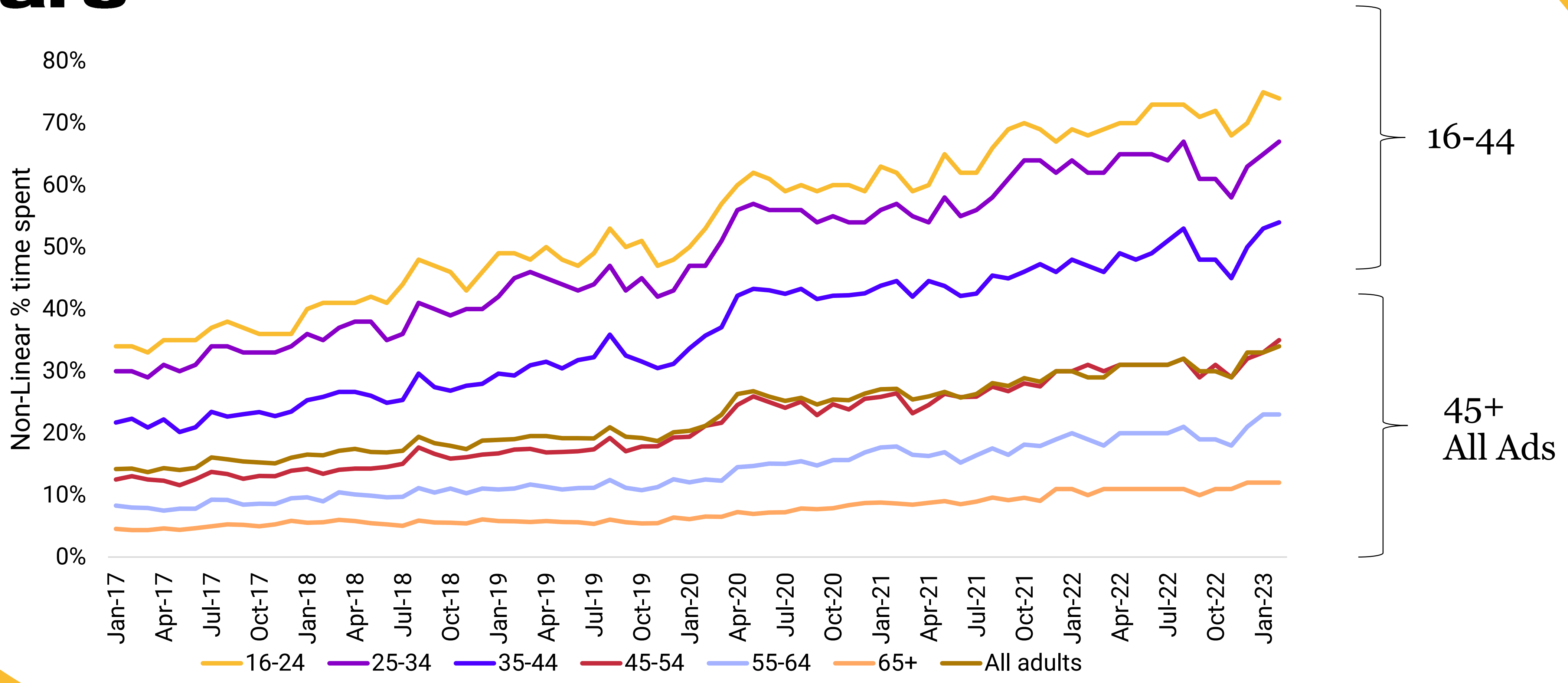
20% Connected

2020s

- Smart TV penetration exceeds 60% in the UK
- SVOD platforms launch ad-tiers
- Cflight combines broadcasters' linear and VOD viewing measurement

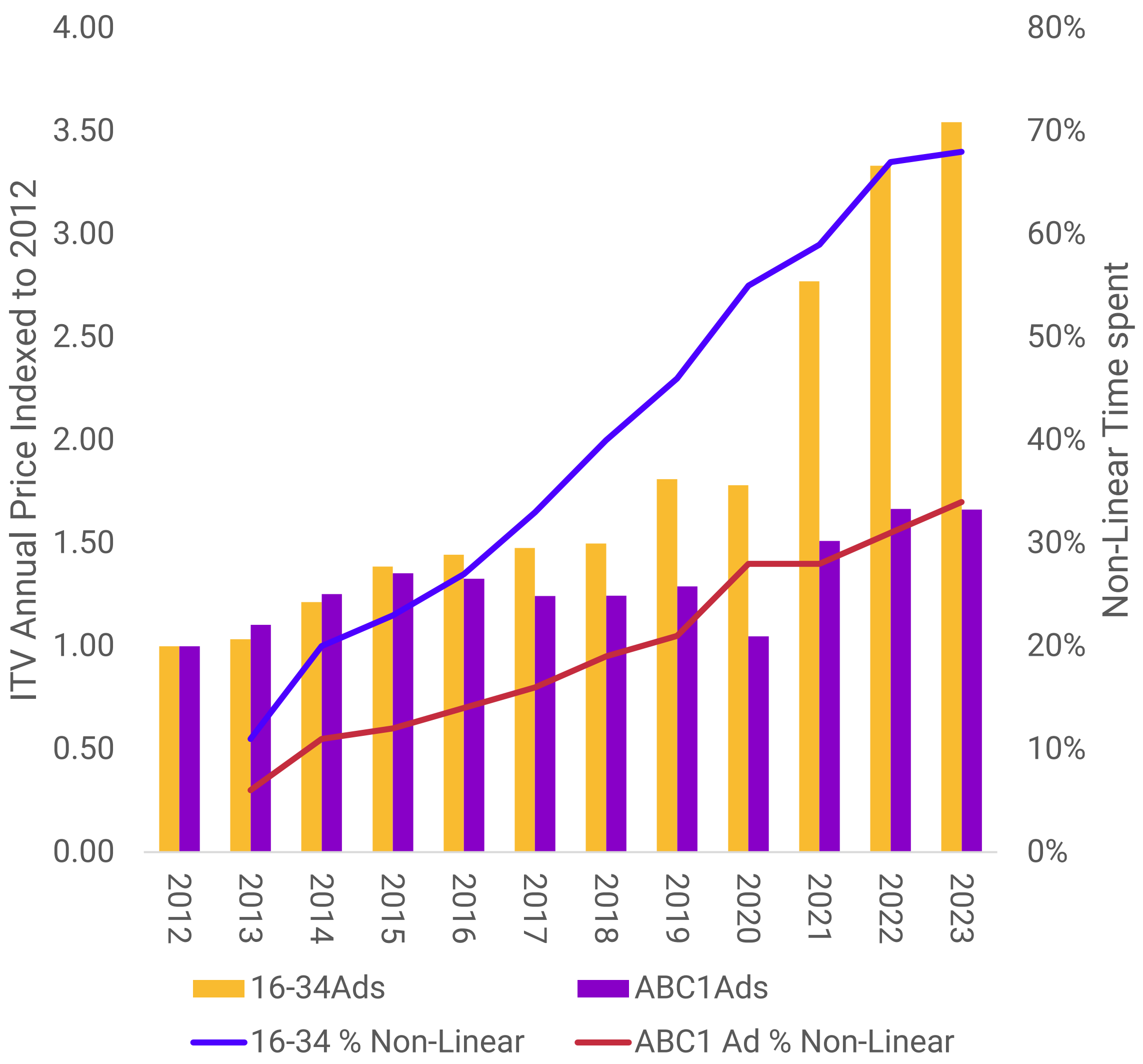
40% Connected

Time spent on the TV with 'non-linear' sources has grown massively in the past 5 years



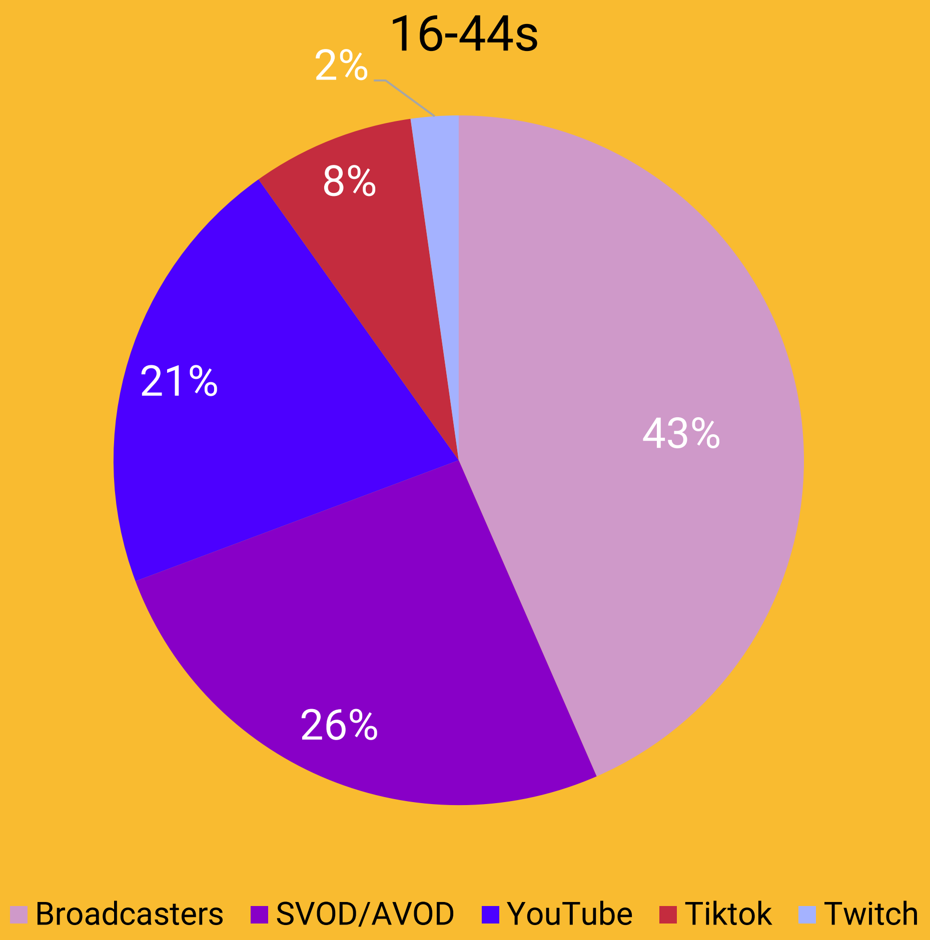
Source: BARB 360 Panel – 'unmatched' being use of the TV set not on linear or PVR (e.g. Gaming, online streaming, BluRay/DVD player)

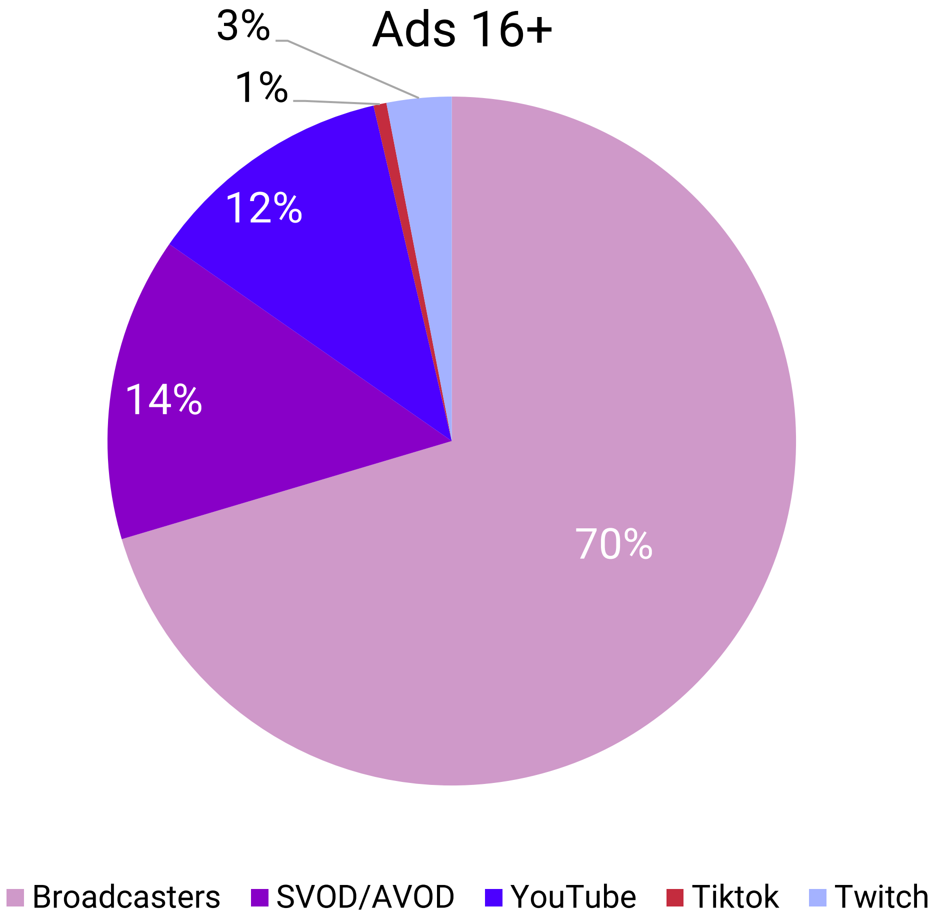
As audiences migrate away from traditional TV, high demand has meant that prices have steadily inflated



Source: BARB 360 Panel – ‘unmatched’ being use of the TV set not on linear or PVR (e.g. Gaming, online streaming, BluRay/DVD player), ITV Station Price annual average

Penetration of steaming services has fragmented video consumption





Source: BARB 360 Panel, 2023 Year to Date

The effect of consumption change

Increased scarcity means higher prices, especially on younger audiences

Traditional campaigns don’t reach as many people

More competition for AV budgets as time spent fragments

The new video market

Who the major players are in the world of video...

Broadcasters (BVOD)

Linear broadcast and non-linear VOD services

15% Market

Streamers (AVOD/CTV)

Blend of subscription/ad-funded hybrid and free-to-air services

Small in scale, but reaches non-broadcast audiences in broadcast like environments

4% Market

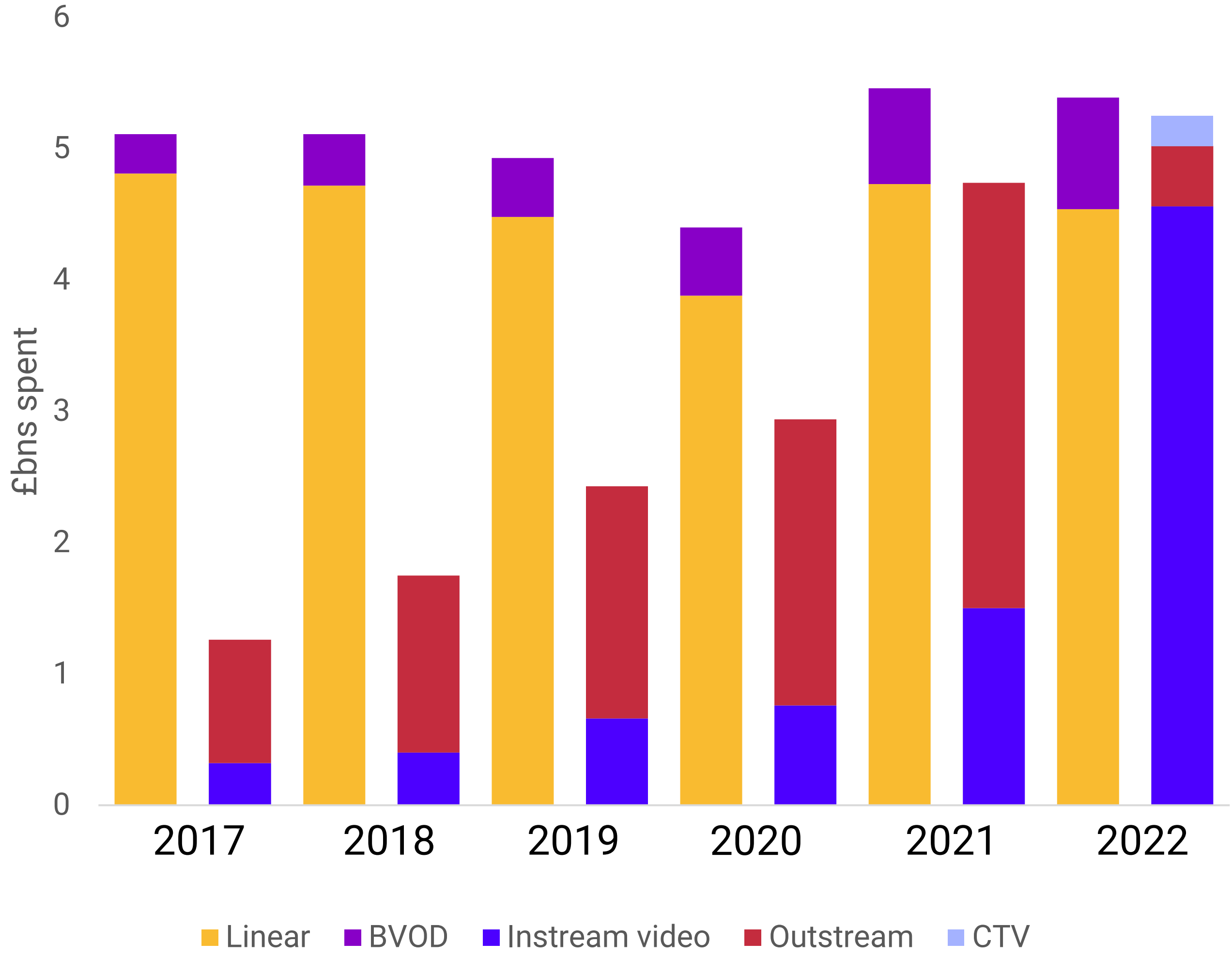
Social video

YouTube dominates, but other players in this market also deliver scale.

Large variation of formats, predominance of mobile, and range of content mean buying it can be challenging

81% Market

And the broadcasters are losing lustre in the ‘video’ marketplace



Source: AA/WARC expenditure Report; IAB UK PwC Digital Ad-Spend study 2022

‘Online video’ has grown from 20% of the market in 2017 to 49% in 2022

So far, overall video market growth hasn’t affected broadcaster’s revenues, but market growth is happening away from them

iAB now classify ‘CTV’ separate from broadcasters, this market is likely to see significant growth in 2023/24 which may come effect the broadcasters

Walled gardens & exclusive DSPs in media also make this challenging

- YouTube → Google Display & Video 360
- itvX → PLANET V
- NETFLIX → xandr
- prime video → amazon DSP

Inventory often sold on **private marketplaces** and exclusivity on DSPs

Audience data/IDs aren't passed back or consistent

No single source measurement across different publishers, understanding who you've reached and where is difficult

The challenge for agencies and buyers is navigating this fragmented landscape

Measurement

Cross media, trading currencies

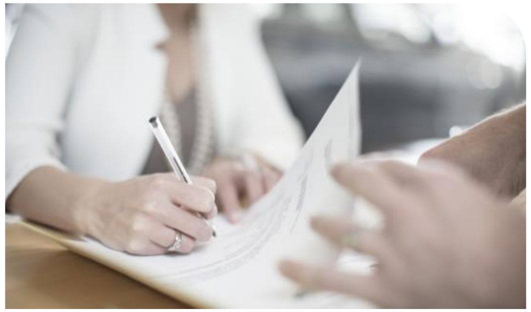
Transparency

Supply pathway, viewability

Audiences

Verification, data sources

How independently minded buyers can take advantage of these



Ask more for suppliers – take advantage of a range of DSPs/Trading desks for your client's requirement

Dictate transparency and gold standards

Build innovation into every response

Link closer to client's businesses through 1st Party data

How we're doing this in practice

The challenge

- Growth orientated kid's business, mix of Ecommerce, direct to consumer and traditional retail

- Majority of sales over Xmas, with competition from massive brands like Lego, Mattel and SpinMaster

- Changing consumption habits made TV expensive and difficult to reach our family audience on a limited budget

- Previous legacy network agency's campaign was too old and wasteful for target family audience

- Flat year on year budget, with high levels of TV price inflation

The solution – a blend of science and magic:

Build **awareness** through optimised AV plan focused on young family audiences with C4

Use 1st Party Samba data to **re-target** audiences who have seen the TV creative with online display

Target category buyers and brand searchers on Amazon's video platform, Freevee

Impact

average increase in website sales per month

Increase in Amazon sales

- **trebled**

website traffic

Things I'm excited about

SVOD Hybrid tiers

Big three streamers will have ad-supported tiers in 2024

Improved measurement

Industry initiatives will make media more accountable

More competition, better data and better trading opportunities

What to take away...

Behaviour change for most audiences

Video can benefit the vast majority of plans – and being explicit in what KPIs it will deliver are key

Don't let perfect be the enemy of good enough

TV and Video are bought, sold and measured in completely different ways – understanding their relationship on reach and frequency is an imperfect but important art

We can start to move closer to client's business needs in media

Integration with 1st party data, either from your client or other partners can supercharge campaigns. Challenge KPIs on briefs and get to know client's businesses more closely