

August 2022



THE IAB EUROPE GUIDE TO CONNECTED TV

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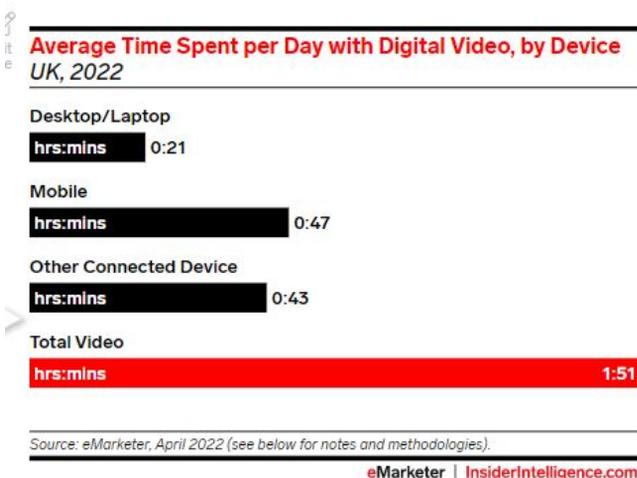
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Section 1. Introduction

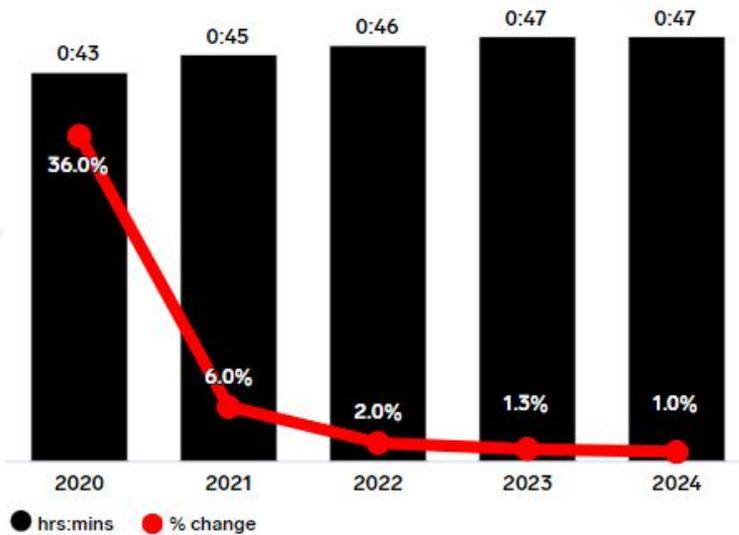
The worlds of TV and Digital have been coming closer together for some time. With the rapid adoption of smart TV, streaming apps and devices the convergence is accelerating at a dizzying pace, radically transforming the media landscape. There has been rapid interest from broadcasters and buyers alike in finding new ways to enable more programmatic execution of advanced TV. [IAB Europe’s Guide to Programmatic CTV](#) dives deeper into this opportunity. We are now entering a new Advanced TV universe characterised by new digital-like capabilities offered by the TV ecosystem. The rise of connected devices exacerbates the fusion of formerly distinct media, distribution and business models by bringing digitally native video to the big screen in the living room.

Today, viewers are no longer required to buy expensive bundled cable or satellite packages to access their favourite television content. Instead, households can choose less expensive “skinny” bundles, or even do away with cable and satellite altogether. Streaming services such as Netflix, Amazon, NowTV, and Hulu have rapidly moved to become the flexible Pay TV alternative for consumers who want to watch TV content live or on-demand, wherever and whenever they like. “TV everywhere” has become the new normal; adults in the UK now spend nearly 2 hours on average consuming digital video content.



Average Time Spent per Day with Subscription OTT Video

UK, 2020-2024

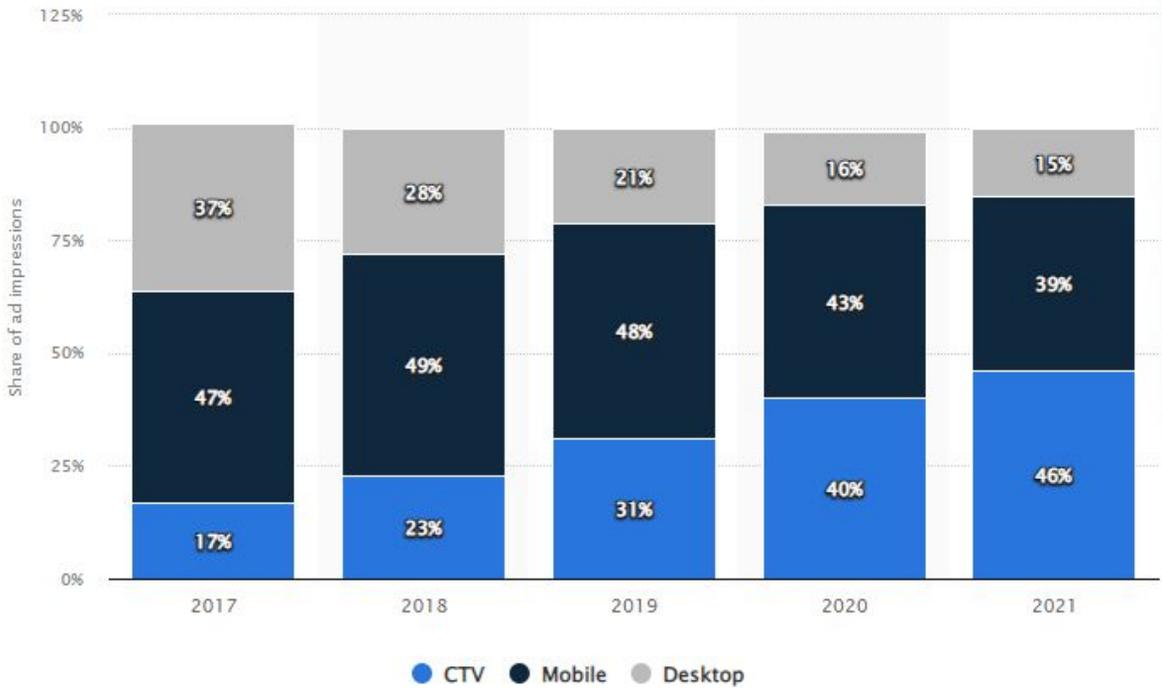


Source: eMarketer, April 2022 (see below for notes and methodologies).

eMarketer | InsiderIntelligence.com

The very same developments that have reduced monthly costs and brought consumers additional choice have generated a number of challenges for media agencies and advertisers. Changes in how consumers watch TV mean marketing professionals are being forced to reconsider how best to reach their target audiences in an era where audiences have become more fragmented and elusive than ever before. With the exception of certain live televised events, gone are the days of nation-wide mass reach. Evolving the way marketers plan, target, purchase, measure, and optimise their buys.

Nearly 100% of advertisers and agencies cite addressable or connected TV as key growth areas for digital video over the next 12 months ([source: IAB Europe and PubMatic State of Video Advertising in Europe Report](#)). In 2021, connected TV (CTV) advertising spending increased in Europe by more than 56% and it is projected to grow by 35% in 2022 ([source: Statista](#)). Indeed, video is now a key driver of growth in digital advertising spend; in 2021 it grew by 46.2% to account for 41% of all display ad spend ([source: IAB Europe AdEx Benchmark 2021 Report](#)).

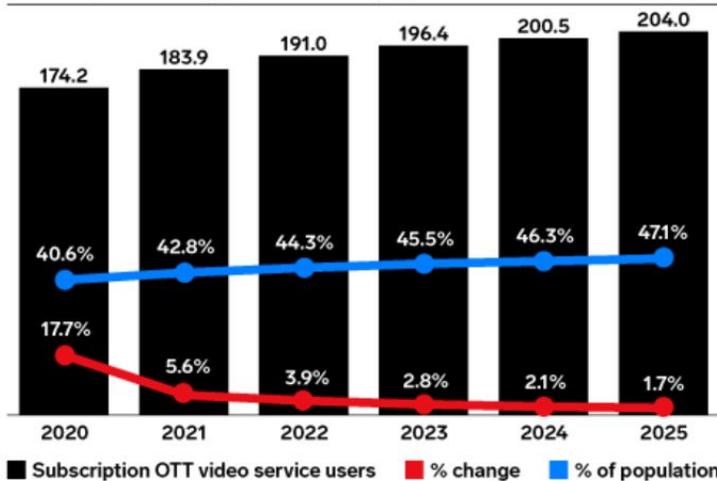


Distribution of video ad impressions worldwide from 2017 to 2021 - Statista

The distribution of video ad impressions has shifted and CTV is now a key channel for video consumption. There is also increasing demand for ad supported video on demand (AVOD) services. In the UK, [about 40% of CTV viewers utilise AVOD services daily according to statista](#). In 2021, there were 183.9million subscription OTT video service users in Western Europe, this is expected to reach more than 200 million by 2025 (source: eMarketer - see graph below).

Subscription OTT Video Service Users in Western Europe, 2020-2025

billions, % change, and % of population



Note: individuals of any age who watch video via any app or website at least once per month that provides paid subscription access to streaming video content over the internet and bypasses traditional distribution; examples include Amazon Prime Video, HBO Max, Hulu, Netflix, Sling TV, and YouTube Premium; OTT video services are not mutually exclusive; there is overlap between groups
Source: eMarketer, Feb 2022

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eMarketer | InsiderIntelligence.com

These new streaming habits are also offering some fantastic opportunities to reach difficult to reach or new audiences. However, merging the digital world with TV brings great opportunities but new technical and regulatory considerations as well.

This guide was originally written by experts from IAB Europe’s Brand Advertising Committee in 2020 to help planners and buyers of media, across both linear and digital backgrounds, navigate the opportunities that this new living room platform creates for marketers. Since the CTV landscape in Europe continues to evolve, the Committee has provided updates to the Guide to ensure it continues to provide clarity to the often confusing advanced TV market and align all industry players on clear and concise pan-European definitions. It looks at the overall European CTV landscape providing local market data. It also offers some key considerations and best practices to ensure that advanced TV environments are being optimised.

Section 2. Definitions

Connectivity

Over-the-top (OTT)

Over the top media service encompasses all linear TV or video on demand (VOD), including advertising supported video-on-demand (AVOD), broadcaster video-on-demand (BVOD), and streaming content providers (such as Netflix, Amazon Prime, etc.). These content providers distribute directly to viewers via the internet - bypassing the cable, broadcast or satellite platforms. OTT includes all devices (mobile, desktop, consoles) and environments (apps, web) and is not exclusive to connected TV (CTV).

Connected TV (CTV)

CTV is a subset of OTT. A large TV screen that is connected to the internet, either directly (like a Smart TV) or through a gaming console or streaming device (e.g. Apple TV, Roku etc.). Video content is delivered to a TV screen, via the internet. A media buy of CTV inventory can generally be assumed to be running in a large screen format.

Advanced TV

An umbrella term referring to any TV content that has evolved beyond traditional, linear TV delivery methods. Advanced TV describes new digital advertising capabilities and impression-based delivery applied to premium video content. Advanced TV generally encompasses OTT/CTV, VOD and addressable / data-driven linear TV.

Addressable TV (ATV)

ATV is the ability to serve different ads to different target groups and audience segments watching the same linear TV content. This helps deliver more relevant ad content to each viewer. Addressable advertising combines the reach and power of linear TV with the possibility to be precise with data-driven targeting such as demographic profile, viewing behaviour, interests, and location. Three types of technologies are used for the delivery of ATV: HbbTV, IPTV, and OTT.

Internet protocol television (IPTV)

A subset of CTV. Internet Protocol television is the delivery of TV content over Internet Protocol (IP) networks (i.e. a closed, proprietary and optimised network). In contrast to delivery through traditional terrestrial, satellite and cable TV formats, IPTV offers the ability to stream live or on-demand content via a connected device.

Hybrid broadcast broadband TV (HbbTV)

HbbTV is an international consortium and standard aimed at combining the broadcast and broadband delivery of interactive entertainment services to consumers. In practical terms, this means that you can get both standard broadcast FTA (free-to-air) TV and IPTV (internet delivered) TV services all in one place. This standard is integrated into all European TV sets. Interactive services include for instance call-to-action or gaming functionalities, or enable addressability through overlay or interactive banners on the TV set.

Linear TV

The traditional system in which a viewer watches a scheduled TV program when it's broadcasted and on its original channel.

On Demand

Video-on-demand (VOD)

A service that allows viewers to watch video content wherever and whenever they choose, rather than at the scheduled broadcast time.

Subscription VOD (SVOD)

A video content service for which the user pays a subscription in order to access content e.g. Netflix, Amazon Prime, Britbox etc.

Broadcaster VOD (BVOD)

A video content service delivered by a broadcaster, which is typically funded by advertising, and is therefore free to the user.

Ad-supported VOD (AVOD)

A video content service that is funded by advertising. This includes video services that are free to the user and hybrid solutions, which offer a subscription fee as well as showing ads. Broadcaster VOD services (e.g. ITV Hub) that are funded by advertising are included in this, but also YouTube, PlutoTV, etc. By using ad revenue, publishers can give viewers access to content for free or at a reduced rate.

Transactional VOD (TVOD)

A video content service where customers pay for each piece of video on demand content. For example, a customer would pay a fee for each movie or TV show that they watch. TVOD services, like Apple's iTunes, enable one-off purchases and often time-limited access.

Live streaming

Content that can be streamed in real-time over the internet.

Free ad-supported streaming TV (FAST)

Sometimes called FAST channels, these allow viewers to stream live TV without paying for a subscription.

Buying and Selling

Programmatic TV

An automated approach to buying and delivering audience-based TV advertising through a software platform.

Upfront

CTV video ad spending committed in advance.

Ad pods

Ad Pods are groups of ads played back-to-back, like a commercial break on TV.

Ad slots

An Ad Slot is an individual ad that plays within an ad pod. There can be multiple ad slots in each ad pod.

Ad podding / ad pod bidding

Ad pod bidding is a way of auctioning inventory that allows publishers to expose an entire ad pod in a bid request. As a result, marketers get more transparency, and also reduce QPS. They can bid on one or multiple ad slots within each pod. For publishers, this helps maximize revenue and fill rate. Publishers can accept different ad slot sizes to maximise the full ad pod.

Technology

Dynamic ad insertion (DAI)

Campaign optimisation technology that allows advertisers to dynamically change ads within VOD content, i.e. swap the ad creative shown, making it possible to target specific viewers rather than serving the same ad to each viewer. Can sometimes be referred to as SSAI, or server-side ad insertion.

Automatic content recognition (ACR)

The use of technology (watermarking or fingerprinting) to identify a piece of content (audio or video for instance). Watermarking adds an imperceptible and unalterable piece of code to uniquely identify a piece of content. Fingerprinting uses a reference database to match and identify a piece of audio or video content. ACR allows the integration of contextual ads.

Server side ad insertion (SSAI)

Stitching the ads within the content prior to delivery in one single stream. This eliminates buffering, and as with DAI, allows for dynamic changes.

Section 3. Background Context

2.1 Landscape in Europe

The Connected TV advertising opportunity lies at the intersection of two important trends. The first is the maturation of the digital advertising industry. Having secured double-digit growth for every one of the past twelve years (source: IAB Europe AdEx Benchmark 2021).

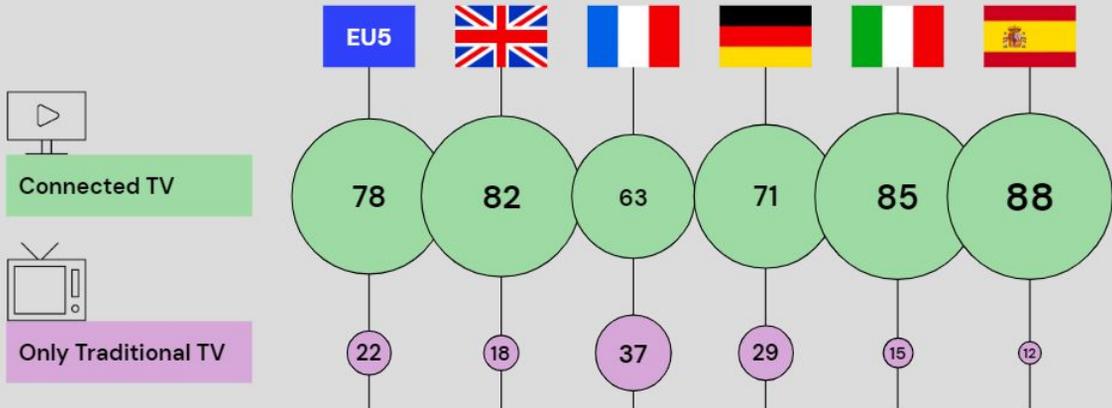
The second trend is the structural change overtaking the traditional TV advertising market. Historically, TV achieved its dominant share of media advertising spend as a result of two characteristics: 1) its audience reach and 2) its branding power. Today, audiences consume a broader range of alternative video content and the mass brands that were the underwriters of the TV ad ecosystem are starting to struggle. Where will investment go? Is it possible that combined, the maturity of the digital advertising market and the reach and branding power of TV will form a new opportunity? One thing is for certain – there is no signal of the often proclaimed ‘death of TV’.

Research released by Magnite in October 2021 shows an impressive CTV market reach across the European big five markets (UK, France, Germany, Spain and Italy) was at 78% in 2021 ([source: Magnite - CTV in Europe](#)). In the UK, Magnite’s findings suggest that 82% of UK TV viewers watch CTV on at least a monthly basis. Italy and Spain are similar at 85% and 88% respectively. German audiences are behind the UK and Southern Europe at 71% while France watches CTV content the least at 63%. This may be in part due to the embedded IPTV delivery system in this market, but as the market develops this number is set to increase. Magnite research released February 2021 revealed that 52% of connected TV viewers across the European big five markets (UK, France, Germany, Spain and Italy) watched CTV content on their TV screens daily ([source: Magnite “Future Forward”](#))

CTV Is the New Majority

Nearly 8 out of 10 EU5 households watch CTV

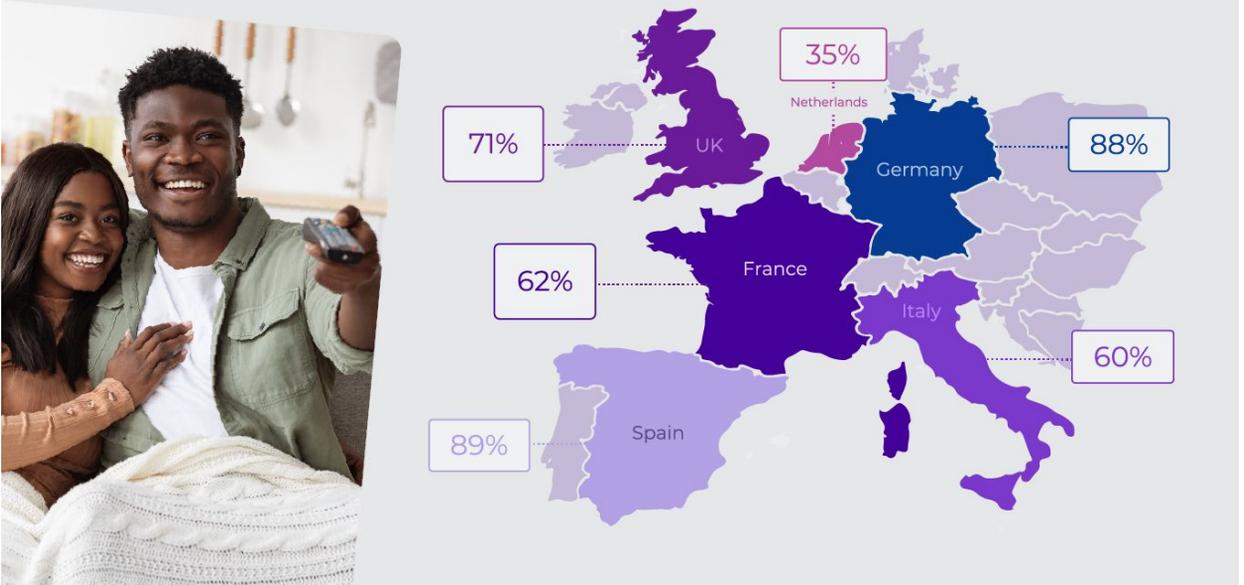
Watching TV (share of viewing types)—By Country
Respondents in %



Further, the IAB Europe and Pubmatic survey released in March 2022 reveals that 67% of buyers see CTV as the key growth area for digital video advertising.

Another shift we are seeing is the fact that once CTV viewers try ad-supported video platforms, there is a strong adoption and it becomes a frequent practice. Usage is no longer a one-off, more than half (68%) of EU6 users consume content on a weekly basis (88% in Germany, 71% in UK, 66% in France for instance) and over a third do so daily ([source: FreeWheel and Happydemics](#)).

Q: How often do you use free ad-supported premium video platforms? EG. Pluto.TV, Rakuten.TV, MOLOTOV.TV



TV as we know it is diversifying and allowing agencies and brands to discover new audiences. In order to maximise the format’s potential businesses need to change their mindset to adapt to the new TV ecosystem. It is important TV and digital teams learn from one another and avoid working in silos by sharing insights and knowledge, with the potential to even merge. Doing this allows the entire TV market to be seen far more clearly across a user, delivery and measurement standpoint.

Platforms such as Pluto.tv and Xite as well as hardware and software manufacturers including Roku and Samsung have made significant strides in the connected TV market to match traditional TV broadcasters. These new entrants into the connected TV arena are affecting traditional TV trading mechanisms too, which may need to evolve to ensure a wider range of providers can work in the new landscape. In some markets broadcasters trade based on share of total TV viewership, but if total TV viewership does not account for new avenues of consumption and new entrants, this style of measurement will not provide advertisers an accurate and comprehensive picture of campaign reach and effectiveness. Future measurement initiatives require all participants to create a standard model for measuring, trading and executing TV campaigns no matter the format or screen.

46% of buyers state that the lack of cross-screen measurement is a key barrier to investing in digital video advertising (*source: IAB Europe and PubMatic [Report](#)*).

Traditional TV relies on panel-based measurement usually linked to a household. Set top boxes and connected devices created a first breach in the model. Smart TVs rapid growth drastically changed the TV landscape, the viewer behaviour therefore disrupting the initial panel based solution.

It is important to also take into account the new cookieless environment together with the opportunity offered by the logging process, privacy sandbox, Ads ID, contextual targeting through semantic analysis of contents. All these different approaches lead to an agreement across the ecosystem: new panels could very well complement contextual targeting to link context and audience. The idea is to take a panel (for instance in France the 25,000 individuals internet panel from Mediametrie) and then apply statistical models to identify in which media context(s) they can reach them, by companies having for instance the ability to track contextual info using IA semantic algorithms.

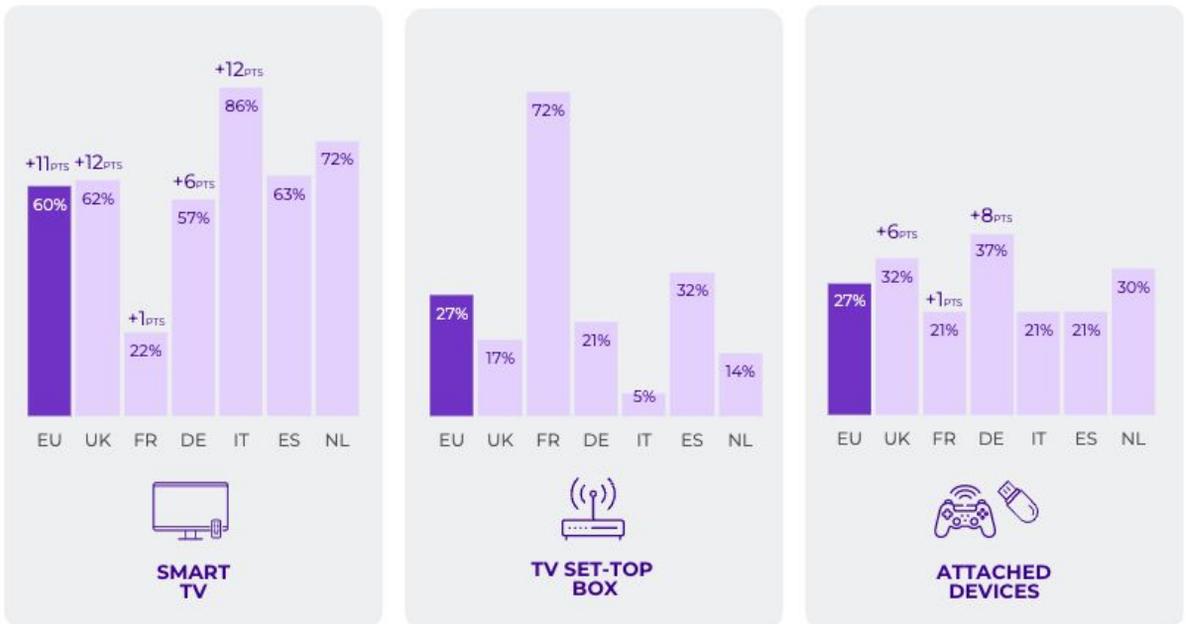
2.2 Definitions are Changing

The shifts described above are taking place in a world where TV is evolving. A growing range of audio-visual services are now part of a broader definition of TV. These include incumbent broadcasters, premium channels, cable networks, but also Over-the-Top (OTT) services, portals and digitally native aggregators. New services like FAST (Free Ad Supported Streaming Services) offering thematic linear TV as opposed to paid services like Netflix, also create new audience opportunities. Increasingly, they are all competing for content rights, viewers attention and audience data. The rise of Smart TVs means that channels are increasingly becoming Apps, and streaming services designed as Apps become channels. The rise of connected devices exacerbates the fusion of formerly distinct media, distribution and business models by bringing digitally native video to the big screen in the living room.

Across Europe, the vast majority of CTV users have done so primarily via their smart TV ([source: FreeWheel and Happydemics](#)). In Italy for instance 86% of CTV users are connected via a Smart TV. In Germany though, this is more split between 57% via a smart TV and 37% via an external device. In France, due to the strong penetration of set top box operators, most TVs are connected via the STB (71%).

But clearly it appears that, as consumers continue to replace outdated equipment with connected devices, it is expected this will lead to further adoption of CTV as the preferred way for Europeans to watch television. Smart TV's will enable manufacturers to partner with broadcasters and native CTV apps to develop addressable TV messaging through technology such as ACR (Automatic Content Recognition). Device IDs will ensure messaging can be tailored to specific viewers on a TV and at household level.

Q: IS YOUR TV CONNECTED TO INTERNET?
A: YES, VIA...



[Source: Happydemics for Freewheel, Connected Viewers, All eyes on streaming, 3,354 respondents representative of the EU population, March 2022](#)

2.3 Who Will Own the Opportunity?

The unbundling of content, distribution and data means that many market participants have their eyes on the new TV opportunity. Alongside broadcasters, these include ad tech companies, Smart TV manufacturers, and many others. There is also the question of monetisation. Often, it's not so much about whether the ad-funded or subscription-funded model will prevail so much as how they can be combined. Technology and bundle-based services usually have a high ARPU (Average Revenue Per User) but a low reach, while it is the reverse for content and advertising-based services. The 'Holy Grail' for advertisers is to find a service with a wide reach but also a granular understanding of customers.

Monetisation will be aided by technology which can merge the different aspects of TV advertising seamlessly across content, data (measurement and targeting) and ad delivery. Significant steps have been taken to ensure a more consolidated buying experience. Examples of this technology being used strategically today can be seen across native CTV apps who are embracing programmatic technology allowing advertisers to bid on specific inventory dependent on data, day-part, and content.

Ad technology will also have to handle ad-pod monetisation rather than just spot by spot.

Ad podding enables media owners to use a single ad request to create a back-to-back sequence of ads, otherwise known as a pod, for their long-form video content. These pods are then delivered to audiences in a way that can mirror ad breaks on linear TV. For instance in France, prior authorisation of the ads from the Autorité de Régulation Professionnelle de la Publicité (ARPP) authorities is compulsory for TV and is now encompassing addressable TV and may soon span through all channels; some sectors are forbidden and some specific rules apply. Ad tech companies must therefore develop a holistic optimisation of the inventory integrating all these constraints rather than just a traditional spot by spot approach.

An additional revenue opportunity is appearing for the TV broadcasters with the possibility to sell their inventory at an aggregated level: Internal or External Media sales houses proposing consolidated CTV inventory from multiple broadcasters may be an answer to the still very fragmented CTV market. This is quite new as traditional TVs were usually not willing to let other parties sell their inventory.

The growth of first-party data in the TV landscape will enhance the ability of both sides to create better user experiences, targeting and value at scale across the TV ecosystem.

Generational viewing habits suggest that CTV is set for further growth as those in younger age brackets adopt connected TV viewing enthusiastically. Younger and typically harder to reach audiences are accustomed to internet delivered TV and show clear preference for the format.

86% of regular connected TV viewers aged between 18-24 and 90% of those aged 25-34 watched connected TV a few times a week or daily (SpotX and Statista research). This behaviour is consistent across the big five European markets, most notably in Spain where 92% of respondents aged 18-24 and 95% of respondents aged 25-34 watched connected TV a few times a week or daily. This research also shows an opportunity for advertiser supported television to grow as consumers reach a state of paid subscription saturation. 67% of Europeans spend no more than £20/€20 a month on subscription services while 74% predict they will not spend any more than this in the next year. Subscription fatigue is increasing across Europe. The average number of SVOD subscriptions owned by Europeans is only two ([source: ShowHeroes and COG](#)), with over half of users now preferring to watch free ad-supported content. As this tipping point suggests, there is room for advertising supported TV services to grow, including FAST. Hybrid business models also recently appeared in the landscape with some of the largest SVOD services such as Disney+ and Netflix now announcing that they will be offering ad supported tiers. It is clear that advertising will continue to play a crucial role in the big screen's future.

2.4 Addressability in Connected TV

The marriage of household data with technology, whilst being respectful of consumers' privacy concerns, is enabling the industry to address the most relevant brand messages to an individual house during their television ad break. Across Europe there are increasing numbers of addressable solutions coming to market each year from broadcasters, Telco Operators, TV manufacturers and OTT device distributors.

It is important to note that user privacy regulations frameworks are evolving. On December 21, 2020 the data controller obligations within the ePrivacy Directive were updated to include OTT services. With the Transparency and Consent Framework V2.0, publishers can collect consent in compliance with GDPR principles and on an opt-in basis.

Here are three key considerations that could drive forward addressable advertising on Connected TV:

1. Using data to help find your audience

a. Addressability is particularly suitable for reaching light TV viewers, across all demographic breakdowns – those audiences who sit on the edge of a linear TV, mass reach advertising campaign and who are therefore more expensive to address via traditional TV advertising. Using audience segmentation data, it is possible to pinpoint the households that have the right audience profile and serve them appropriately targeted advertising at the time they are watching, thereby extending the reach of an advertisers brand campaign, for the optimal spend mix.

b. Subscriber, or User data is becoming increasingly popular in its application for household level targeting. Many TV viewers are happy to share limited data at log-in, in exchange for great advertising funded TV content, which in turn increases the data options for targeting those households with the appropriate brand messages. With the right consent, this data can be used by brands to target receptive households.

2. Improving standards

a. Improving, and maintaining ad standards in Connected TV is something that the whole industry has a vested interest in. Working with the IAB, to agree standards for the delivery, tracking and measurement of addressable TV advertising is crucial to the future scale of this product and the IAB Tech Lab's VAST 4.2 together with OMID/SIMID and RTB standards are a key pillar to make this happen. If all Connected TVs, whether Smart TV apps, connected satellite boxes or OTT boxes, can be ad-decisioned via these standards this allows for greater controls over brand or industry clash, in an ad break, or advertiser frequency to the end user.

b. TV is a brand safe environment, and we must strive to maintain that. Both as individual companies, but also as an industry we must recognise the success stories of linear TV and strive to modernise them for a changing TV landscape. Creative approval bodies (such as Clearcast in the UK) ensure very high standards on our screens, we must work together to ensure they continue to fill that role whilst enabling innovation in the advertising we deliver. Measurement is also critical, and as an industry we must look forward and work together to speed up the combined, neutral industry measurement that remains a key pillar of linear TV. [IAB Europe's Guide to CTV Targeting and Measurement](#) provides an overview of the targeting and measurement capabilities currently available in the CTV space, as well as key considerations.

3. Creativity is key

a. Amongst the serious considerations of data, and industry collaboration, TV advertising is known for its creativity, and household addressability can enable a new age of creative approach to TV ad copy. Dynamic end-frames allow for the end of a creative to be changed depending on the type of household watching the ad – over 65s can get a different travel ad to a family with young children. Addressability enables that creative execution to take place. Personalising a TV ad is easier than ever before. The size of the screen also pushes for ads appearing around a slightly reduced stream or even overlay as long as they do not prevent the viewer from watching its content.

These new formats referred to as non linear video ads can provide an interesting alternative to mid rolls interrupting the viewer experience. More insights can be found in [IAB Tech Lab's Digital Video and CTV Ad Format Guidelines](#).

b. Location-based advertising is being made scalable by addressable connected TVs. Whether you are a small business that can only serve a local audience, or a large brand with a handful of large retail shops in regional locations; by utilising audience or household data plus connected TV viewing, you can now address your message to only your prospective customers via a connected TV. This makes TV advertising an attractive and economically viable option for many brands.

c. The use of QR codes within CTV advertising is becoming more prevalent and is providing a way for advertisers to easily connect their TV advert with their brand website. Users are able to scan the QR code from their sofa and be taken straight through to purchase points or even google maps routes to their nearest store. This is providing an element of direct response to campaigns that could previously only be brand focused. 58% of European CTV users were more interested in seeing an ad containing a QR code than a standard video advert ([source: ShowHeroes and COG Research](#)).

Our TV choices are increasing and our viewing habits continue to change as technology evolves. The new capabilities of addressable add enormous value to brand campaigns. Increased targeting capabilities with sophisticated measurements. More efficient, relevant, effective ads on TV with long-term brand building effects.

2.5 The Next Step

The new TV market is young enough to be shaped so it can mature and scale more quickly. Key to achieving this will be simplification and standardisation, as well as broader collaborations. Already, there's been an update in value-chain partnerships across Europe, the trend has helped the Addressable TV market achieve scale. Such collaborations are essential for the pooling of costs for technology and data. They can also provide a single entry point for advertisers. The evolution of television presents a clear opportunity for the advertising industry as the traditional TV market shrinks and digital advertising matures.



The challenge is therefore to merge the benefits of Digital opportunities including Dynamic Creative Optimisation (DCO) and the power of TV while taking account the combined constraints (such as privacy regulations, cross-screen measurement, brand safety, viewability etc.).

Section 4 - Key Considerations

The union of TV and digital sophistication has created a range of audience centric advertising.

3.1 The Opportunity

With audiences either complementing or shifting away from linear TV viewing, there is a big opportunity to follow and reconquer these audiences on OTT/CTV platforms, maximise reach and address consumers in a more personal and engaging way.

Viewers want to watch their favourite shows on the largest screen available in the home and will default to using their set top box (STB) or connected devices (or services) to watch on their TV screen. 70% of consumers across France, Germany, Italy and the UK have already connected their TV set to the internet, illustrating TV watching is now a predominantly connected experience across much of Europe ([source: FreeWheel and Happydemics](#)). In the UK and France this figure is even higher at 80% and 77% respectively. Across the four countries surveyed, smart TVs are the most popular way to connect a TV set to the internet. Almost half (49%) of CTV viewers say they use this method, compared with 42% using set-top-box (STB) and 25% using attached devices.

Let's look at some of the key considerations as regards to these streaming environments.

3.2 Audience Targeting

Connected or advanced TV offers many advantages for advertisers, in particular for data-driven inventory. Through CTV and other OTT services, TV has become far more digital and data-enabled. It brings audience-based capabilities to help brands tailor their messages to their audiences. There are many parameters that buyers can take advantage of to more accurately target their audiences directly or through a Demand Side Platform (DSP), including geo, device, daypart, channel, and custom targeting.

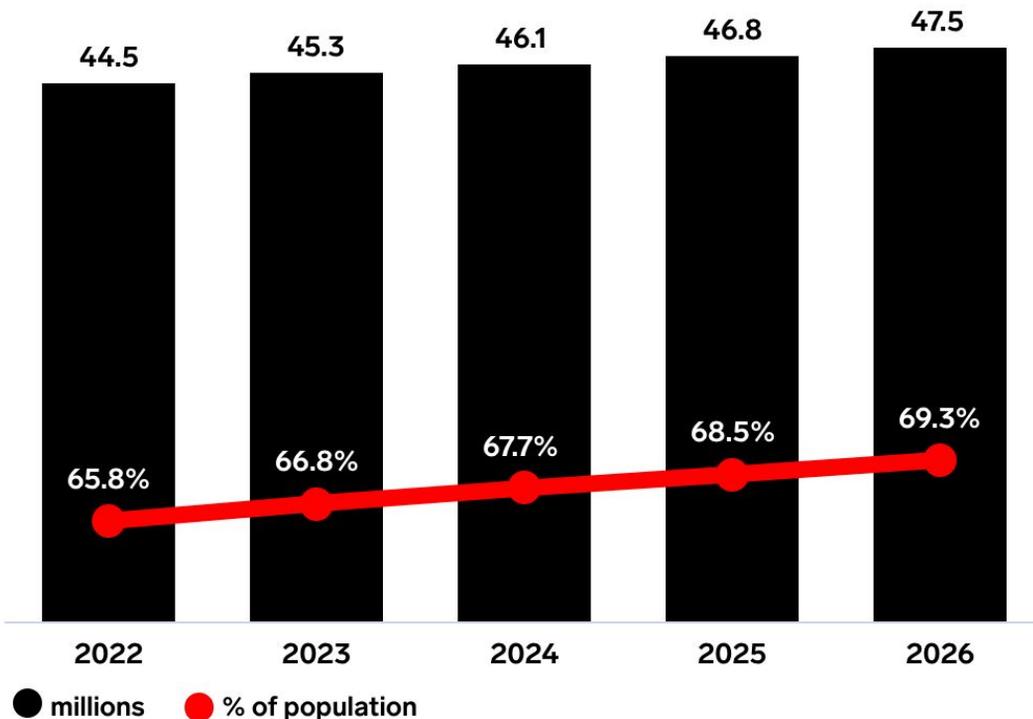
To better leverage their first-party data, or DMP data, to reach their specific audiences, advertisers can work closely with publishers to enable device IDs. To that end, the IAB’s Identifier for Advertising (IFA) should help in bringing consistency for OTT/CTV targeting, measurement and frequency capping.

3.3 Scale

One of the most debated topics around CTV, is scale, or rather lack of, particularly across the fragmented European media landscape. There is often a view that CTV lacks scale. While it is not there in comparison to linear TV, smart TV adoption is fast growing with over 65% of the UK and over 61% of the German population (see eMarketer - see graphs below), for instance, already owning a TV connected to the internet. Growth is certainly taking place in all the major countries across Europe and already offering good scale.

Connected TV Users

UK, 2022-2026

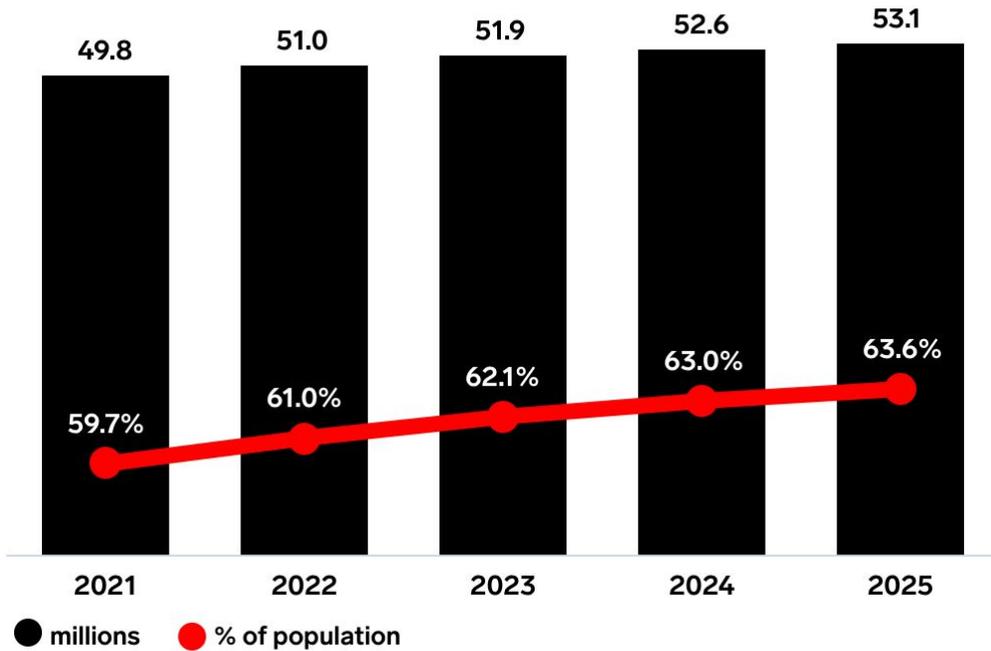


Source: eMarketer, March 2022

eMarketer | InsiderIntelligence.com

Connected TV Users

Germany, 2021-2025

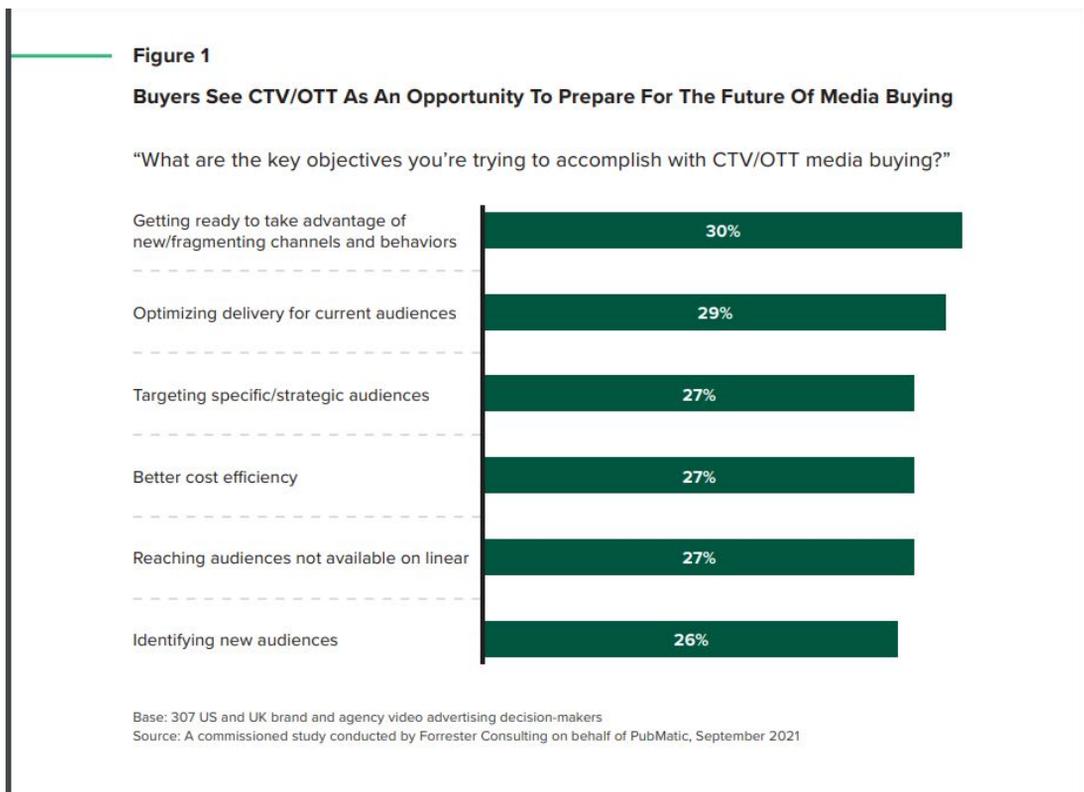


Source: eMarketer, September 2021

eMarketer | InsiderIntelligence.com

In this new data-enabled TV ecosystem, OTT/CTV should be seen as a powerful complement to traditional TV, not a replacement. It not only could be used as a reach extension, but also as a means to reach under-exposed TV households. Currently in most cases, viewers are using OTT as a complement to traditional television, advertisers should do the same. The linear component of a campaign would act as the foundation, delivering 70-80% of the total campaign reach, with digital providing an incremental reach with little overlap. For advertisers it is important to check if their CTV or OTT partner will offer sufficient scale in line with their audiences. They should also ensure that their partner has the means to determine exposed versus unexposed linear campaigns to optimise reach and campaign effectiveness.

Media buyers recognise CTV/OTT as a vehicle for delivering strategically important and incremental audiences for their business. At the same time, they see CTV/OTT investments as an opportunity to lay the groundwork for addressing media fragmentation, saying it can help them fine-tune their media strategies and optimise engagement opportunities with key consumers (see the table below). For their part, agency see CTV/OTT buying as a way to stay relevant for their clients and both deepen existing relationships and develop new ones.



With the TV directly connected to the internet and the ability to pass data, connected TV is bringing programmatic to the linear TV and opening up new opportunities. It is now possible to transact inventory in an automated way, similar to digital advertising. However, there are some technical complexities so it is important that buyers work with the right partners that will provide the appropriate premium inventory, to the right audience, at scale. Please refer to [IAB Europe’s Guide to the Programmatic CTV Opportunity](#) for more details.

3.5 Creatives

With greater targeting capabilities, CTV offers a major opportunity to tailor ads with the relevant message to specific audiences. This will enable for greater engagement and return on ad spend. However, CTV is a similar experience to TV and as such the traditional TV experience should be maintained including the ads in breaks, frequency capping, industry separation. Additionally, while creatives can be adjusted to suit audiences there are certain elements that should be taken into account from a user perspective. Viewers enjoy relevant or contextualised ads, inline and relevant to the content being watched.

| | EU6 | UK | France | Germany | Italy | Spain | Netherlands |
|--|-----|-----|--------|---------|-------|-------|-------------|
| <u>Ads related to my personal interests (hobbies)</u> | 37% | 45% | 37% | 24% | 38% | 41% | 37% |
| <u>Ads fitting my current lifestyle</u> | 30% | 28% | 24% | 20% | 25% | 39% | 33% |
| <u>Brands & products in line with my values (ethics, sustainability)</u> | 23% | 21% | 28% | 16% | 28% | 25% | 19% |
| <u>Ads aligned with the brands I already like</u> | 22% | 23% | 34% | 17% | 20% | 20% | 18% |
| <u>Geo-located ads that promote local stores or services near my home</u> | 19% | 21% | 23% | 22% | 19% | 13% | 13% |

[Source: Happydemics for Freewheel, Connected Viewers, All eyes on streaming, 3 354 respondents representative of the EU population, March 2022](#)

Consumers are positive about getting ads related to their personal interests (see *FreeWheel and Happydemics data above*), hobbies or lifestyle. However, ‘personalised’ ads in CTV environments can be seen as invasive.

It has to be noted that globally the observed trend is the reduction of the volume of advertising from 12/16 minutes on TV to 8/12 in the AVOD/FAST environment. Several studies showed a higher degree of attention from viewers in CTV. Indeed, research shows that 94% of viewers prefer the CTV ad experience as they can sometimes ignore the, they are less repetitive, less often and more in line with the content they are watching (source: *Integral Ad Science*).

3.6 Viewability, IVT & Fraud

Some recent studies have shown that one of the main concerns from buyers to access CTV was not about scale but rather about the increase in fraudulent activities. Over 20% of open programmatic CTV advertising was invalid traffic (IVT) in Q1 2022, the third straight quarter over 20% ([source: Pixalate](#)). Concerns are growing around viewability and fraudulent traffic, and as CTV demand continues to grow, so will fraudulent activity. However, most players in the CTV arena are rapidly developing solutions to certify and authenticate viewership in order to ensure viewers are real human audiences. Tighter standards are required which the IAB and MRC are actively working on to measure invalid traffic. One of the key elements is ad insertion technology. Though dynamic ad insertion (DAI) for example is highly effective for delivering positive viewer experiences and ad engagement, it may also pose problems in certain circumstances when publishers outsource DAI. Using a third party SSAI/DAI service that sits between the publisher and the ad server, increases the risk of delivering ads to a market player where ads have no chances to be viewed. To eliminate this risk, some platforms provide ad stitching in house.

From a viewability standpoint, OTT apps were not designed to allow third-party measurement scripts (e.g. VPAID) to avoid risks associated with the viewing experience (should a script fail to run properly), so viewability measurement tags that work on other screens do not work on connected devices. An alternative for viewability metric is ad completion rates. DSPs can provide detailed reporting insights into ad completion rates (View Through Rates—VTRs) on OTT.

3.7 Measurement

Linear TV and digital measurement solutions were not designed with CTV viewing in mind and today the industry has yet to find an adequate solution and manage a common standard for how to evaluate campaign reach, targeting, and performance. Traditional measurement companies such as Kantar, Nielsen and Comscore have developed solutions to measure audiences across CTV platforms.

These have not been scaled significantly to date due to high execution costs and the current typically low reach of CTV activity on media plans.

As reach is still relatively low when compared to Linear TV or other media channels, measuring the impact beyond simple audience delivery metrics can be tricky. That said, there are some options available, depending on the type of CTV activity being deployed.

Currently the following options are available for measurement:

1. Partnerships can be formed with CTV providers or exposure tracking companies and measurement companies to match passive household exposure to brand or sales outcomes. These integrations may allow for passive measurement of exposure, but may need to be combined with modelled exposure approaches to get from the household exposure level to the respondent level depending on the focus of the research. CTV providers vary by market so partnerships are typically at a local level.
2. Opportunity to see, or specific media consumption questions can still be used to model probability of CTV exposure where passive exposure tracking is not possible. These questions can be tailored to improve accuracy based on the delivery method of the advertising or CTV device being used. In some cases, and for some markets this may be the most appropriate methodology to isolate CTV impact.
3. For substantial spend advanced analytics can be used, and can continue to be used to model incremental impact of CTV based on various datasets (such as survey, sales, and media spend/delivery data), to understand total return on investment.
4. Other more custom approaches can be developed with purpose-built passive exposure tracking panels (e.g. using mobile metering). The exposure data collected through the panel can then be matched to CTV delivery data to isolate exposure. Use of this method will be limited until metered panel management costs can be reduced.

5. Live recruitment approaches may also be a possibility in some markets where technology is available to support this. Some technology providers can deliver short in device surveys targeted to exposed and non-exposed individuals to understand the CTV impact on brand attitudes.

Which approach is most appropriate will depend on the activity an advertiser is looking to measure, feasibility of the different approaches in the market of measurement, the data sets and partnerships available in their market and to their brand, the outcome the advertiser is looking to measure, and the investment level available for measurement.

More information on CTV Measurement can be found in [IAB Europe's Guide to CTV targeting and Measurement](#).

Campaign Best Practices

Campaign and set-up protocols:

- CTV is a cookie-less environment and as such, any cookie-based audience strategies will struggle to deliver.
- CTV environments will only accept VAST creatives. No VPAID elements of any kind can be applied to buy-side creatives.
- As a non-VPAID environment, traditional viewability tracking is not technically available, however, providers such as DoubleVerify and Moat do now offer a basic viewability tracking pixel . CTV is also 100% in-view placement by nature as it's full-screen.
- CTV campaigns, by nature of the environment, will deliver 100% in-view and between 90-100% completion rates.
- DSP set up for CTV often differs from OLV, so always refer to the DSP guide.

Brand Safety:

- Brand safety is an essential component for any advertiser buying digital advertising. CTV is no different. Technical capabilities as well as protocols are being developed and adopted across the industry. In the CTV landscape it requires operating systems to develop solutions which meet current apps.ads.txt protocols used on mobile devices.
- Examples of industry solutions for CTV brand safety are available. SpotX and DoubleVerify have developed a CTV stand-alone solution which monitors all CTV traffic for anomalies around bid density around devices and other identifiers. This has enabled the auditing of supply partners and any fraudulent impressions.
- CTV is not widely available in the open-market but contained within the private mechanisms of programmatic or direct deals. This might change over the coming months but buying in a private marketplace can ensure you are buying quality CTV inventory.

Future Roadmap:

- Measurement is a key area for development. Advertisers will benefit from a level of standardisation across measurement whether linear, addressable, CTV (VoD or simulcast) viewing. Several measurement companies are starting to look at solutions which bridge the gap between the old linear measurement solution and potentially new CTV solutions.
- Targeting allows individual broadcasters, content creators and manufacturers to enhance advertisers' TV campaigns, through ACR technology, registration data and viewing habits. These mechanisms can be used to create highly targeted advertising campaigns. Verification companies and semantic experts or even TV broadcasters are now proposing such technologies to improve advertising campaigns efficiency.

Summary

Harmonised and common definitions for any emerging format or channel are essential to ensure all stakeholders are on the same page and business can be done efficiently. The contributors to the Guide have developed a set of clear and concise definitions for advanced TV and related terms to align the industry across Europe.

The growth in viewing TV content across a range of screens and devices has opened up a whole new world of advertising opportunity. However the landscape in Europe is still nascent and fragmented with much room for growth and harmonisation.

The Guide also draws out some of the key considerations for undertaking advertising on connected TV or OTT devices / platforms including data-driven audience targeting; scale coming from the growth of connected TV devices; application of programmatic to transact in an automated way; ability to tailor advertising creatives.

However, as with any growing market comes challenges. Working together as an industry key challenges to be addressed include ad fraud, viewability and measurement.

IAB Europe has produced a range of resources on the Connected TV landscape including:

- [Guide to the Programmatic CTV Opportunity in Europe](#)
- [Guide to Brand Safety in CTV](#)
- [Guide to CTV Targeting and Measurement](#)



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IAB Europe would like to thank the following contributors who helped to author this updated Guide:



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