

# HOW TO APPROACH CROSS-SCREEN VIDEO AD ADDRESSABILITY

COMMISSIONED REPORT BY  **Advertiser Perceptions**

## KEY FINDINGS

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- A majority of video ad revenue is transacted programmatically today, and most of those transactions are executed in a private-type setup including programmatic guaranteed, private marketplace deals, and other preferred deals.
- Publishers believe advertisers' priority is to target audiences in a screen-agnostic fashion, but the vast majority are challenged to enable this type of targeting.
- Overcoming these challenges will be worth a lot to the publishers that succeed: six in 10 expect to see higher overall monetization as a result of cross-screen video ad programs. Sitting on the sidelines, by contrast, will mean advertisers look elsewhere to achieve their screen-agnostic audience targeting goals.
- Publishers are using numerous different data types from diverse sources to enable audience targeting for video ads—and SSPs are the leading partners bringing that data to the table.
- Publishers want a lot of help from SSPs to enable cross-screen video programs, including a solid data privacy and security policy as well as comprehensive, unified reporting and the flexibility to allow for many monetization options.
- PubMatic is the leading independent SSP in use by publishers monetizing video inventory on multiple screens, with more than one in four currently using and another 35% considering.

## INTRODUCTION: CROSS-SCREEN VIDEO AD MONETIZATION TODAY

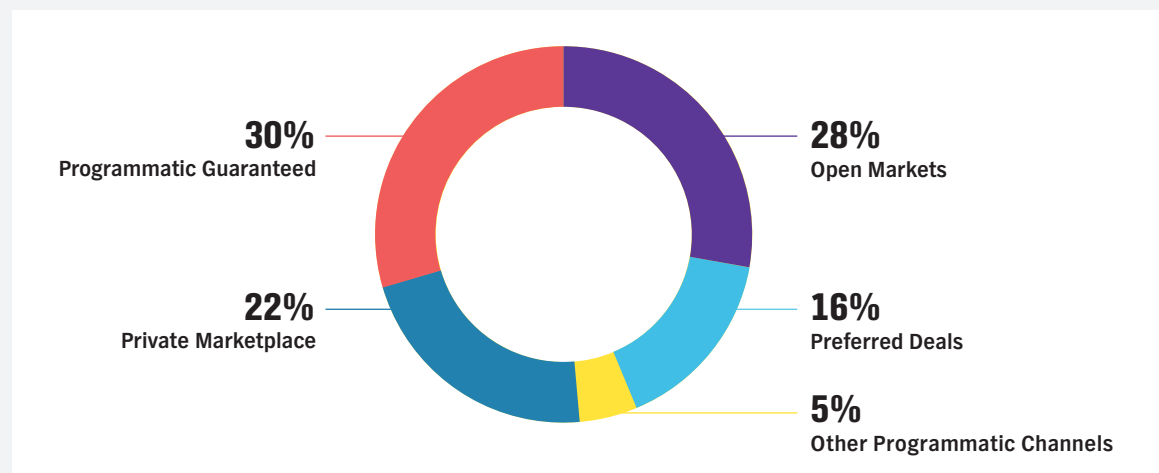
Advertisers have clearly demonstrated their interest in digital video and the opportunity it affords to marry the persuasiveness of sound and motion to the efficiency and measurability of digital advertising. And they've been eager to make the most of those opportunities for scale and data-driven tactics by transacting programmatically. According to a November 2021 survey of US cross-screen video publishers by Advertiser Perceptions, sponsored by PubMatic, 62% of digital video ad revenue is transacted programmatically. Magna is forecasting the global programmatic video market to grow 16% annually between 2022 and 2026.

Most of that programmatic video ad revenue came from private-type programmatic channels in 2021, including 30% of programmatic video revenue coming from programmatic guaranteed deals, 22% from private marketplace (PMP) transactions, and 16% from other types of preferred deals (Figure 1). Publishers expected these types of deals to account for a slightly larger share of their programmatic revenue this year. These private-type deals allow publishers to bring more data to the table to enable effective targeting, while preserving the privacy of their users and the value of their proprietary information.

FIGURE 1

### Programmatic Digital Ad Revenue Generation by Sales Channel

Average Percent



But facilitating targeting across all the video channels publishers offer is growing more difficult and more important. Audience targeting is advertisers' preferred way to buy video, and seven in 10 publishers believe the importance of targeting online video audiences across screens will grow over the next year due to disruptions to third-party cookies and mobile ad IDs.

This whitepaper will discuss how publishers are approaching cross-screen video ad addressability, what challenges are making it difficult for them to meet advertisers' needs, and how partners can help bring data and identity together to facilitate addressability across channels and make the most of video ad offerings.

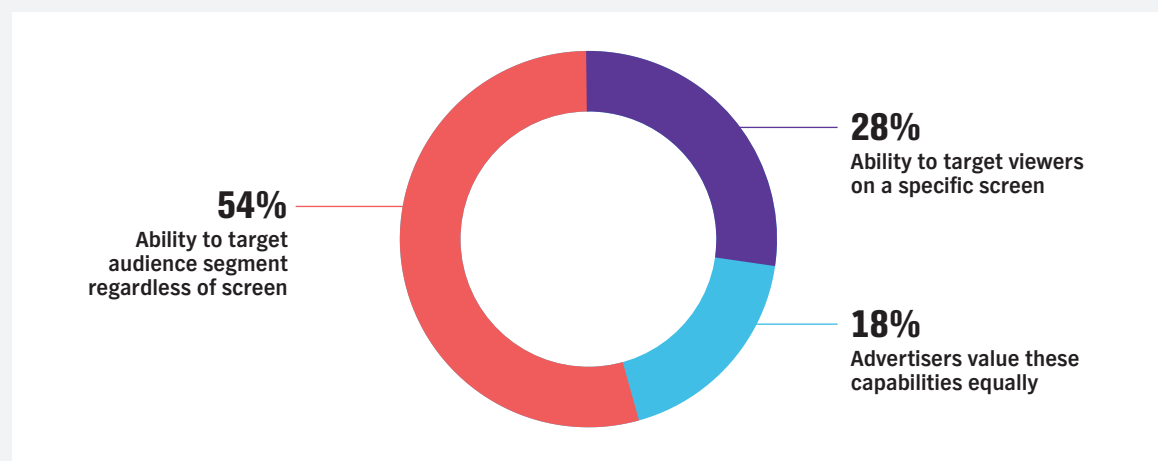
## ENABLING AUDIENCE TARGETING ACROSS SCREENS REMAINS A MAJOR CHALLENGE

Reaching the right audience with video ads is important to advertisers. More than half of the publishers surveyed (54%) said the ability to target audiences in a screen-agnostic fashion was more important than the ability to target viewers on a specific screen—and another 18% said advertisers value these capabilities equally (Figure 2).

FIGURE 2

### Most Important Consideration with Cross-Screen Online Video Ad Opportunities

Percent of Respondents



To that end, 59% of publishers said they offer this type of channel-agnostic targeting for their cross-screen video offerings. But that's less than the 69% share that offers targeting within a specific channel.

The overwhelming majority of publishers (86%) said it was at least somewhat difficult to enable advertisers to target audiences across screens, including 11% who said it was “very difficult.” Larger publishers, with more than \$30 million in annual digital ad revenue, were three times as likely as smaller publishers to say it was “very difficult,” at 18% vs. 6%. Those larger publishers were also significantly more likely to incorporate most media channels into their cross-screen video strategy, including connected TV, linear TV, and web—making a cross-screen strategy inherently more complex.

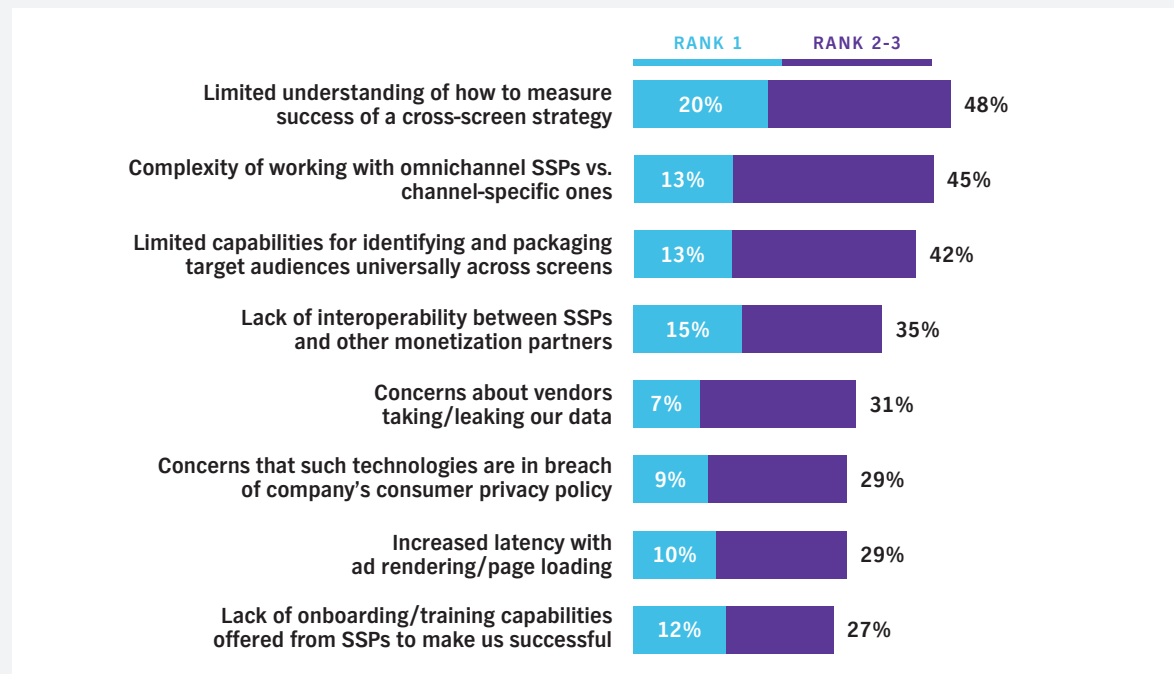
“Addressability truly marries the power of premium TV reach and attention with the targeting and measurability of digital, but even in more mature markets such as the US, planning and executing these campaigns is tough,” said a publisher VP. “As of today, fragmentation and legacy technology systems pose many challenges, and there’s still a lot of work to do.”

About half of publishers said the biggest external challenge to cross-screen video ad monetization was a limited understanding of how they would measure the success of such a strategy. Almost as many cited the complexity of working with omnichannel SSPs vs. channel-specific ones. In third place, two in five publishers said they had limited capabilities for identifying and packaging target audiences universally across screens (Figure 3).

FIGURE 3

### Top External Challenges of Having a Cross-Screen Video Ad Monetization Strategy

Percent Ranking Among #1-3



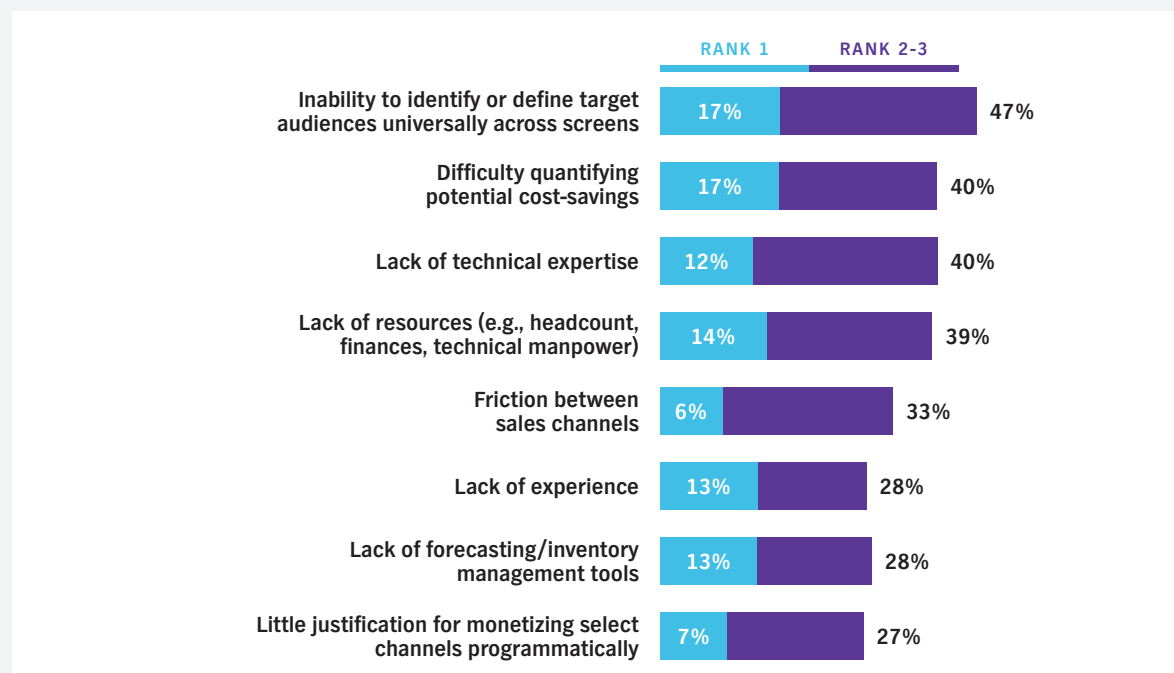
Publishers with less than \$30 million in annual digital ad revenue were significantly more likely to be deterred by the complexity of working with omnichannel SSPs, at 53% vs. 32% among larger publishers. Larger publishers, meanwhile, were more likely to bemoan the lack of interoperability between SSPs and their other monetization partners.

Publishers also face internal challenges to implementing these strategies. Almost half of publishers surveyed said that the inability to identify or define target audiences universally across screens was among their three biggest internal challenges standing in the way of a cross-screen video strategy—linking back to the No. 3 external challenge, which was packaging these audiences. Two in five cited the difficulty of quantifying the potential cost-savings of a cross-screen video strategy, a lack of technical expertise, and a lack of resources as leading internal obstacles to such a video strategy (Figure 4).

FIGURE 4

### Top Internal Challenges of Having a Cross-Screen Video Ad Monetization Strategy

Percent Ranking Among #1-3





# TRUE CROSS-SCREEN VIDEO PROGRAMS WILL UNLOCK HIGHER MONETIZATION

These challenges can be difficult, but publishers believe overcoming them will pay off big. About six in 10 said they expected higher overall monetization to be one of the top three benefits of offering a cross-screen video ad program—and two in 10 thought that would be the No. 1 benefit of such a program (Figure 5).

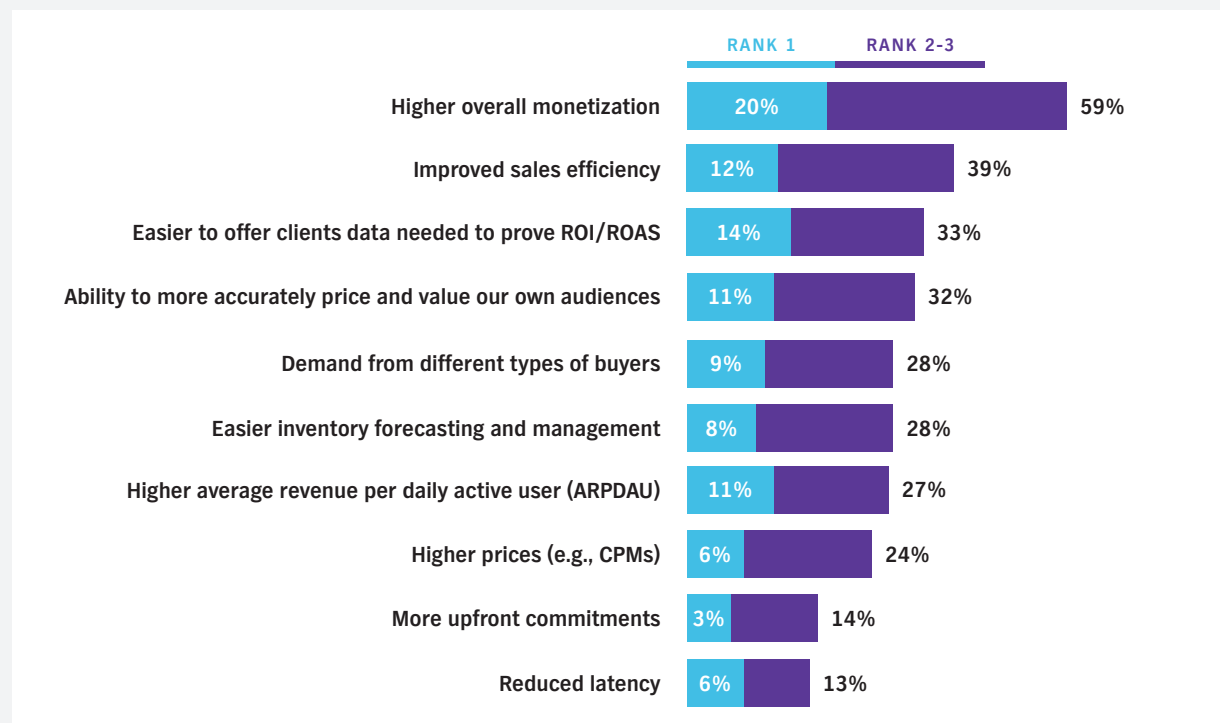
Two in five publishers believed cross-screen video advertising offerings would improve their sales efficiently, and one-third expected it would be easier to offer clients the data they need to prove ROI as well as to more accurately price and value their own audiences. Smaller publishers (less than \$30 million in annual revenue) were especially bullish on the extent to which a cross-screen video ad program would help them prove ROI for their advertiser clients, with 40% of small publishers citing it as a benefit vs. 22% of their larger counterparts.

On the flip side, a failure to offer true cross-screen video advertising is likely to leave advertisers looking elsewhere for ways to reach audiences regardless of which screen they're viewing video on.

FIGURE 5

## Top Benefits of Offering Cross-Screen Video Ad Programs

Percent Ranking Among #1-3



## SSPS BRING TOGETHER DATA, IDENTITY, AND MONETIZATION

In order to meet advertiser demand for audience-targeted video ads across screens, publishers must bring to bear a wide variety of data. More than half of publishers reported using third-party data (57%), first-party contextual or interest-based data (56%), advertiser first-party data (54%), and SSP data (53%).

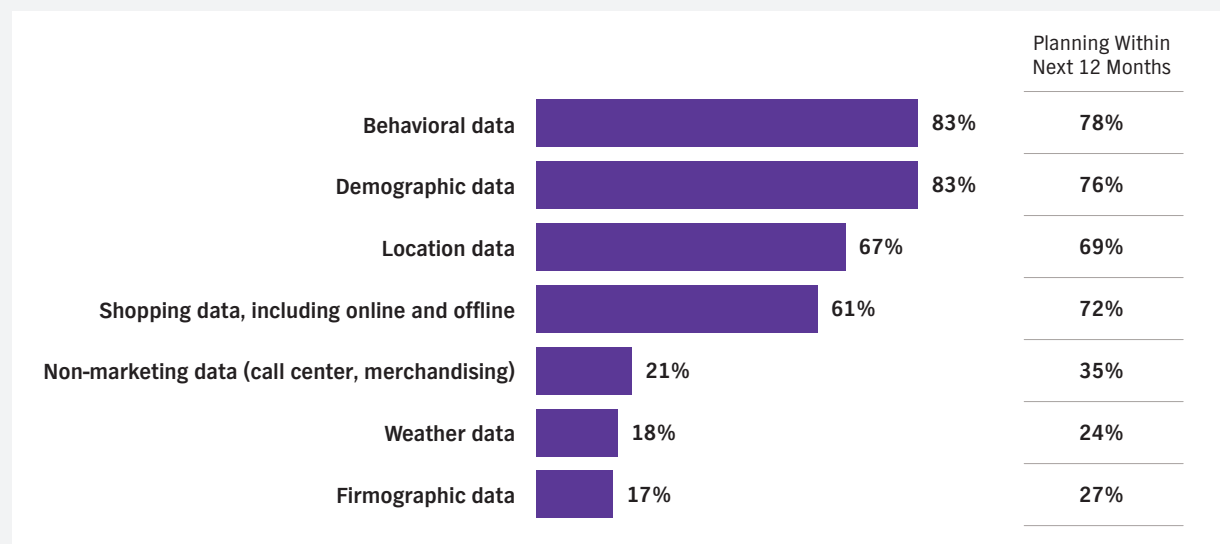
On the first-party data side, CRM data and browsing/viewing data were the most common types used for audience targeting, each in use by two-thirds of all publishers surveyed.

The most common types of third-party data in use were behavioral and demographic data, each used by more than eight in 10 publishers that were using third-party data. And while fewer publishers expected to be bringing in those types of third-party data over the next 12 months, third-party data is not falling by the wayside entirely. In fact, more publishers said they planned to use third-party shopping data to enable targeting in 12 months (72%) than at the time of the survey (61%) (Figure 6).

FIGURE 6

### Types of Third-Party Data Currently Using to Enable Audience Targeting

Percent of Respondents



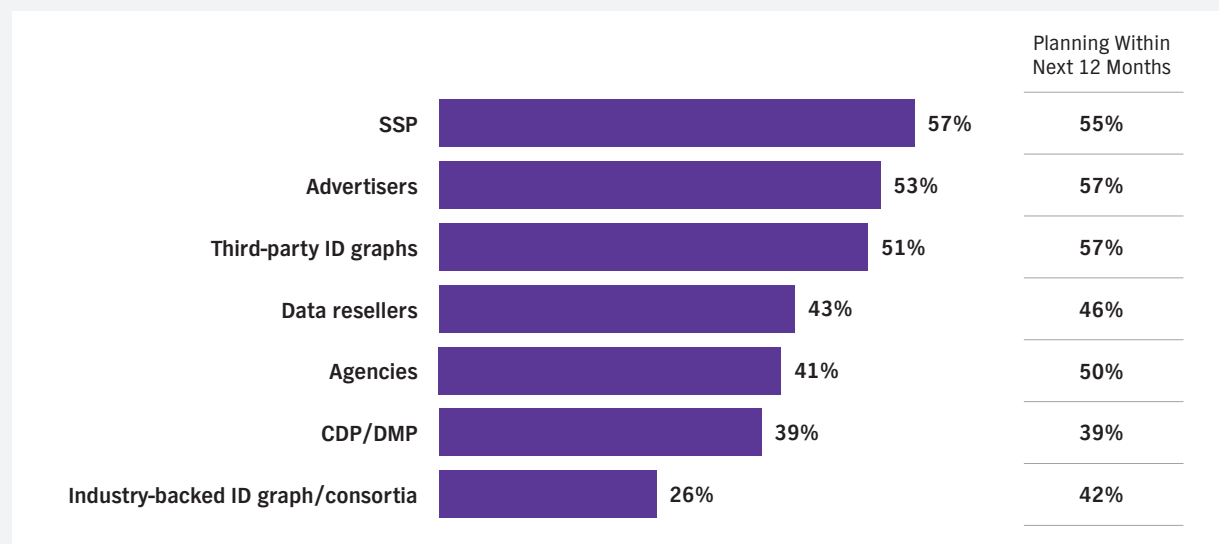


SSPs play a critical role in bringing together the data that enables audience targeting. SSPs were the leading partner publishers said were providing data to power their video ad monetization capabilities, ahead of advertisers, third-party ID graphs, or data resellers (Figure 7).

FIGURE 7

## Partners Currently Providing Data Used to Power Capabilities

Percent of Respondents



The ability for SSPs to work seamlessly with a neutral, third-party identity graphs and ID solutions to identify users and tie together identity across devices and channels at the heart of enabling the multifaceted forms of targeting that publishers say lead to the highest level of video monetization. Publishers interviewed by Advertiser Perceptions said their proprietary data about audience interests and propensities was key to bringing in premium CPMs, but advertiser RFPs still often come with demographic requirements that need a third-party data overlay. That means both resolving user identity across publisher properties, as well as matching up those identities with other data sources, is a key step.

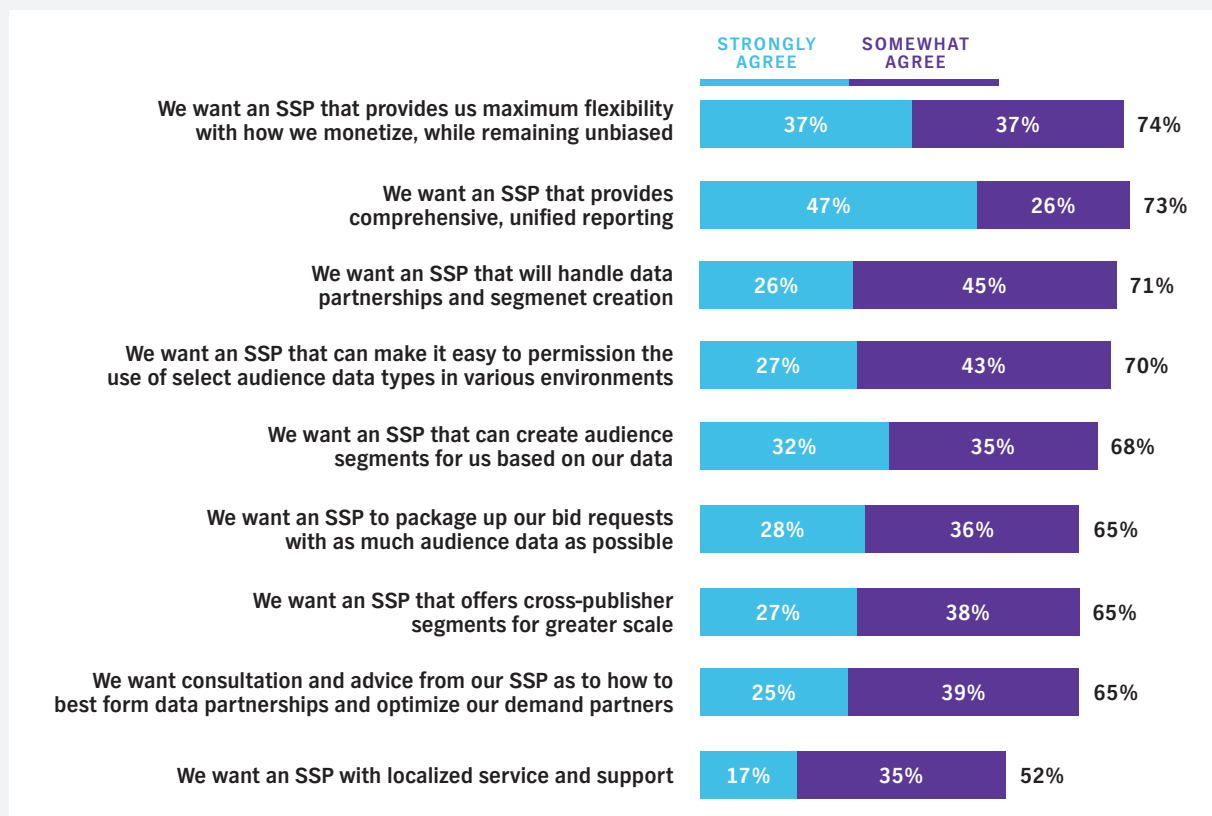
Publishers recognize that bringing these forms of data together requires a privacy-forward approach that respects their users—and doesn't leak data all over the open markets. About three in four (73%) publishers said data privacy and security was important when considering partnering with an SSP—more than any other quality. "If there is even the slightest indication that there is risk around data, we're not even going to get out of the gate," the head of the revenue organization at an omnichannel media property said. This organization is, however, looking for partners that are forward-looking about creative ways to continue using data in a way that is appropriate. "How do we use data in a safe way in the future? Data's a hugely valuable asset. We don't want to throw it away. We just want to use it correctly," he said.

Publishers are also looking for flexibility from SSPs in terms of how they monetize their inventory, while remaining unbiased (Figure 8). Those interviewed explained that it's critical to them to be able to work with multiple SSPs so they can drive higher prices through competition, as well as to restrict most proprietary data and advanced forms of targeting to PMPs, PG, and other private-type deals. At the same time, they know there are downsides to working with a large number of SSPs, including latency issues and challenges with technical setup. That means they're motivated to work with only those SSPs that are meaningfully contributing to monetization in some way.

FIGURE 8

## Agreement with Statements About Role of SSPs

Percent of Respondents



"Video's heavy to load, so we want to reduce the amount of SSPs we are integrated with client-side to reduce that upstream load," said a C-level exec at a legacy print publisher with multiple digital lifestyle properties. "We choose SSPs to be client-side based on a variety of factors. One of the big ones is performance, and sometimes it's customer service or unique and differentiated demand. We know the buy side sometimes looks at SPO and they have their preferred routes, so we are exploring that as well."

This also means comprehensive reporting is key, and publishers Advertiser Perceptions spoke to all required APIs that would feed into their own independent, neutral analytics platforms. "An API connection to our reporting mainframe is hugely important," a VP at a media company with a portfolio of digital brands said. "Everything is in real time, and it takes the manual labor out of exporting and combining multiple spreadsheets."

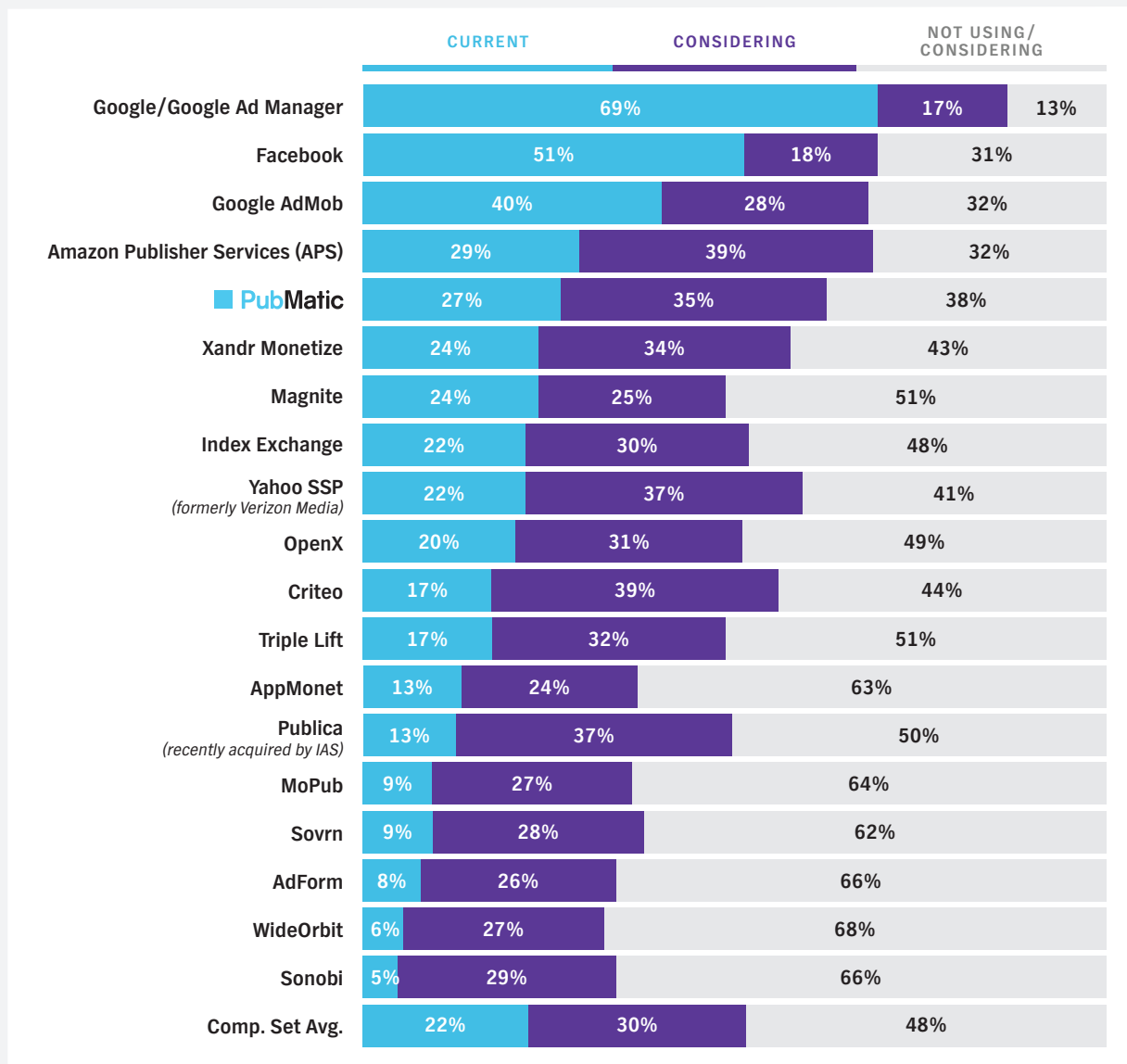
According to Advertiser Perceptions' research, PubMatic is the leading independent SSP in the market among publishers monetizing video ad inventory programmatically. More than one in four of these publishers are working with PubMatic today, with another 35% considering working with PubMatic in the next 12 months (Figure 9). One in five publishers are also using PubMatic's OpenWrap wrapper.

Publishers that used PubMatic were more likely than other publishers to say they want an SSP that will consult and advise them on how best to form data partnerships and optimize demand partners. They were also more likely than average to be looking for partners that can help with segment creation. Having the right sell-side partnerships in place to enable harmonious segment creation is critical to identifying and defining audiences across screens.

FIGURE 9

## SSP Usage and Consideration

Percent of Respondents



# MAKING THE MOST OF ADDRESSABILITY MOVING FORWARD

To get the fullest benefits of cross-screen video addressability and enjoy the highest possible overall monetization, publishers should focus on:

## 1 LEAN INTO FIRST-PARTY DATA

It's valuable in large part because it's proprietary—it's a pathway to audience insights that bring advertisers real targeting value. Even more value can be unlocked by combining this data with other information, which requires identity resolution capabilities

## 2 ENGAGE WITH SSPs THAT CAN HELP ADVERTISERS ACTIVATE ACROSS SCREENS

The buy side wants to reach audiences more than it wants to reach screens, which requires the ability to identify and target those audiences. SSPs that can help make first-party publisher data actionable in the bid stream with a flexible variety of identity solutions are most apt to increase the value of impressions in the market and foster competition, driving up prices.

## 3 LOOK FOR PARTNERS, NOT VENDORS, TO ALLEVIATE THE COMPLEXITY OF CROSS-SCREEN VIDEO AD MONETIZATION

The importance of privacy and security, flexibility, consultation, and support mean strong relationships with partners are critical to meet high publisher expectations. True partners should provide good customer and technical support service, understand publishers' business needs, and have an innovative vision in building out their technology to meet client needs.

## RESEARCH METHODOLOGY

PubMatic commissioned Advertiser Perceptions to survey 127 US publishers from their Ad Pros Community from November 8 to 22, 2021, as well as to conduct 5 phone interviews from February 3 to 18, 2022, about their online video ad monetization strategies and what they need from their partners. These publishers sell online video inventory and were monetizing or planning to monetize at least two video channels programmatically with SSPs. Respondents had decision-making involvement or influence in technology decisions and annual digital ad revenues of at least \$500,000.

## About Advertiser Perceptions

Advertiser Perceptions is the global leader in research-based business intelligence for the advertising, marketing, and ad technology industries. Our expert staff delivers an unbiased, research-based view of the advertising market with analysis and solutions tailored to clients' specific KPIs and business objectives. These insights provide clients with the confidence to make the very best organizational, sales and marketing decisions, driving greater revenue and increased client satisfaction.

## About PubMatic

PubMatic (Nasdaq: PUBM) is an independent technology company maximizing customer value by delivering digital advertising's supply chain of the future. PubMatic's sell-side platform empowers the world's leading digital content creators across the open internet to control access to their inventory and increase monetization by enabling marketers to drive return on investment and reach addressable audiences across ad formats and devices. Since 2006, our infrastructure-driven approach has allowed for the efficient processing and utilization of data in real time. By delivering scalable and flexible programmatic innovation, we improve outcomes for our customers while championing a vibrant and transparent digital advertising supply chain.

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