



PubMatic

GREATER TRANSPARENCY WILL BRING MORE SPEND TO CTV/OTT

COMMISSIONED REPORT BY  Advertiser Perceptions

HOW TO BRING GREATER TRANSPARENCY TO PROGRAMMATIC CTV AND OTT VIDEO

KEY FINDINGS

- **The presence of Content Object signals is growing rapidly.** Most CTV and OTT video advertisers in the US and UK are familiar with Content Object signals and have seen them in the bidstream, and among those who are familiar, half or more report having used them to buy these ads programmatically.
- **Advertisers agree that Content Object signals are critical for transparency in programmatic CTV and OTT video.** This data gives them information at the impression level, which is typically not available to them when they buy these ads direct from publishers.
- **Content Object signals improve campaign optimization and ultimately, audience experience.** Advertisers want to use these signals both on the planning and activation side as well as on the reporting and optimization side. This gives them insights into which impressions they want to bid on, what's working, and where they should double down.
- **Advertisers will spend more with those who provide empower them.** 62% of US brands and 82% of UK brands say that they would increase their spend with partners that provide data such as Content Object signals.
- **The presence of Content Object signals makes CTV and OTT video ad impressions more premium from an advertiser perspective.** Most say they're willing to pay premium prices for such inventory (57% in the US and 64% in the UK)—even higher than they pay to buy direct from publishers.
- **Big linear TV budgets are up for grabs.** Advertisers are also more likely to shift money from linear TV to CTV when these signals are present (two-thirds of advertisers surveyed in the US and 78% in the UK).

INTRODUCTION + STATE OF PLAY

Connected TV and OTT are among the fastest-growing digital ad channels, according to eMarketer, and within that, programmatic CTV spending is growing even more rapidly. Programmatic CTV gives advertisers access to premium, large-screen inventory in a world where cord-cutting has slashed linear TV audiences. Programmatic CTV comes with the added benefits of more targeting options, better measurability, and real-time decisioning.

PubMatic partnered with market intelligence firm Advertiser Perceptions to understand how buyers are executing these campaigns, and what could bring them more transparency. Research conducted in June-July 2022 among 200 US and 100 UK advertisers found that programmatic accounts for a significant share of CTV/OTT video ad spending in both countries, with only about one-fifth of this advertising purchased via publisher-direct I/O over the past year.

Programmatic is key to advertisers' approach to gaining more transparency into their CTV buys, which remains a leading challenge for advertisers according to the Advertiser Perceptions CTV Landscape Study,

H1 2022 fielded in May 2022. CTV buyers Advertiser Perceptions interviewed on both the brand and agency side indicated that they are in the process of shifting more of their CTV spend to programmatic buys purchased via DSPs. This means they will have greater control over exactly where and how advertisers bid, and also more granularity on the reporting side.

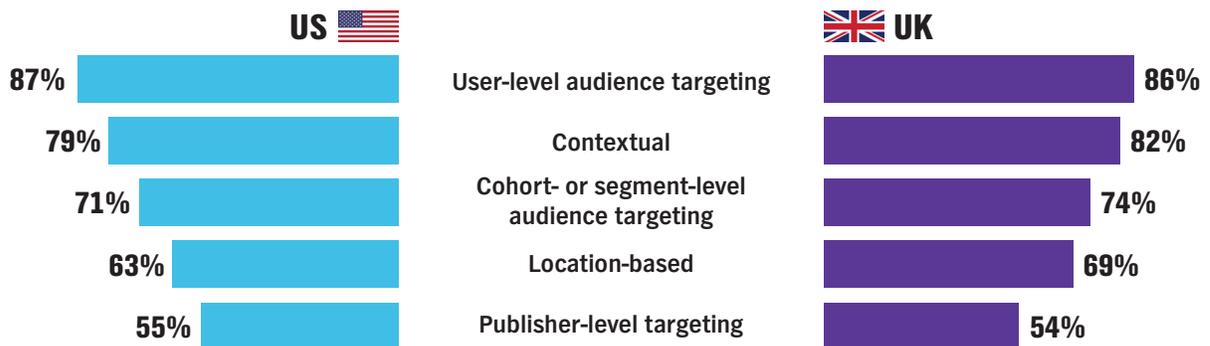
"When we get reporting from a partner, it's typically rolled up," with results reported only in the aggregate across all of a partner's properties or channels, according to one US-based agency buyer.

But if CTV ads are purchased programmatically via DSP, the reporting is impression-by-impression. And the targeting has the capacity to allow for a richer input of audience-based signals and content-related signals. Today, advertisers are using a combination of audience-based signals and content-related signals to target their CTV and OTT video ad buys. More than eight in 10 are using user-level audience targeting for CTV/OTT video advertising, and almost as many are using contextual targeting—the two most common approaches. (Fig 1)

FIGURE 1

User-Level Audience and Contextual Targeting Are The Top 2 Types of Targeting Used for CTV/OTT Video Ads In Both The US And The UK

Types of Targeting Currently Used for CTV/OTT video Advertising



Question: What types of ad targeting is your [company/main client] currently using for CTV/OTT video advertising?
 Base: Total Respondents (US n=200, UK n=100)

ADVERTISER ADOPTION OF CONTENT OBJECT SIGNALS

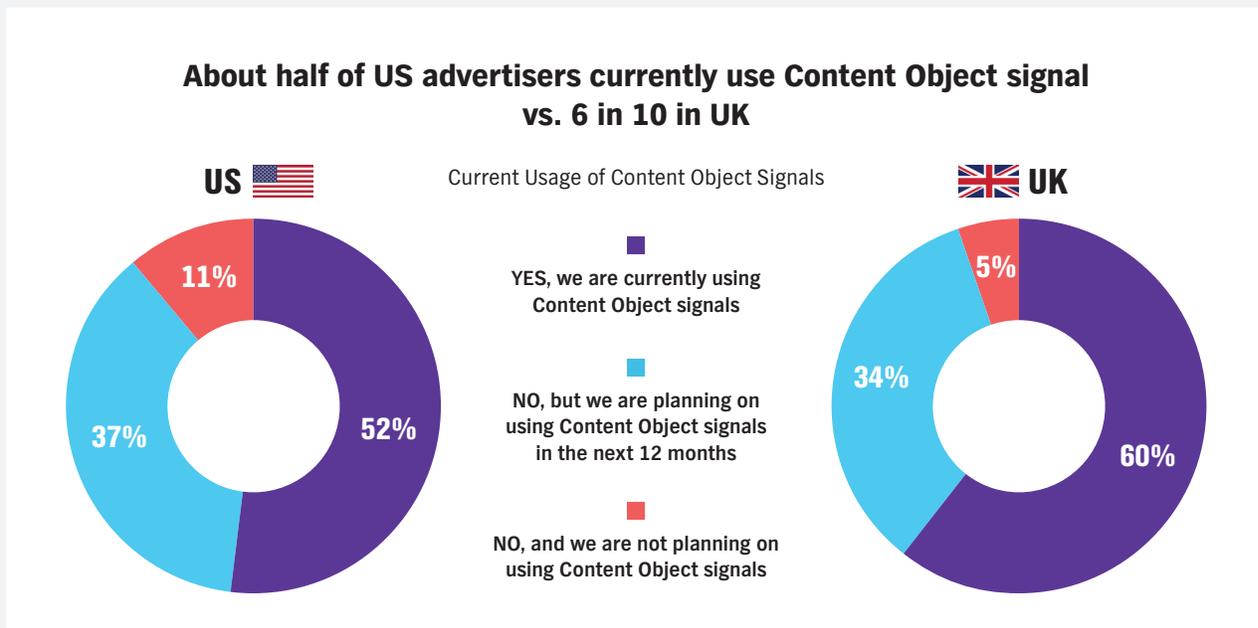
One important tool that publishers and advertisers have to transact on CTV inventory using contextual targeting is the Content Object in the OpenRTB specification, which includes parameters that describe the content impressions appear within. For example, publishers can include within their bid requests information describing the category of the content (like video), the genre of the content (like mystery), the content rating (like TV-13), and more, allowing advertisers to understand much more about the impressions that are available to bid on.

The study found that more than half of advertisers in the US and UK were at least somewhat familiar with Content Object signals, with familiarity the strongest in the UK. Among those who are familiar with these signals, half in the US and six in 10 in the UK said they were using them to purchase CTV/OTT video ad inventory and use for decisions about their supply. (Fig 2)

And when Content Object signals are included in bid requests, buyers gain greater transparency into the context where those impressions appeared, which can be used for attribution and optimization. Unsurprisingly, seven in 10 US advertisers surveyed in the PubMatic/Advertiser Perceptions “CTV Transparency Study,” and even more in the UK, agreed that Content Object signals were useful for transparency. In-depth discussions with advertisers revealed that these signals are critical for advertisers to understand what they have actually purchased in CTV/OTT.

“The more data that you have and the more information you make available through Content Object signals, for example, the more likely I am to invest in your products, because I assume there’s additional value there as well from an insights perspective that I can report back to the business,” said a brand-side UK advertiser who also has experience on the agency side.

FIGURE 2



Question: Is your [company/main client] currently using Content Object signals when bidding on CTV/OTT advertising inventory?
 Base: Familiar With Content Object Signals (US n=178, UK n=93)

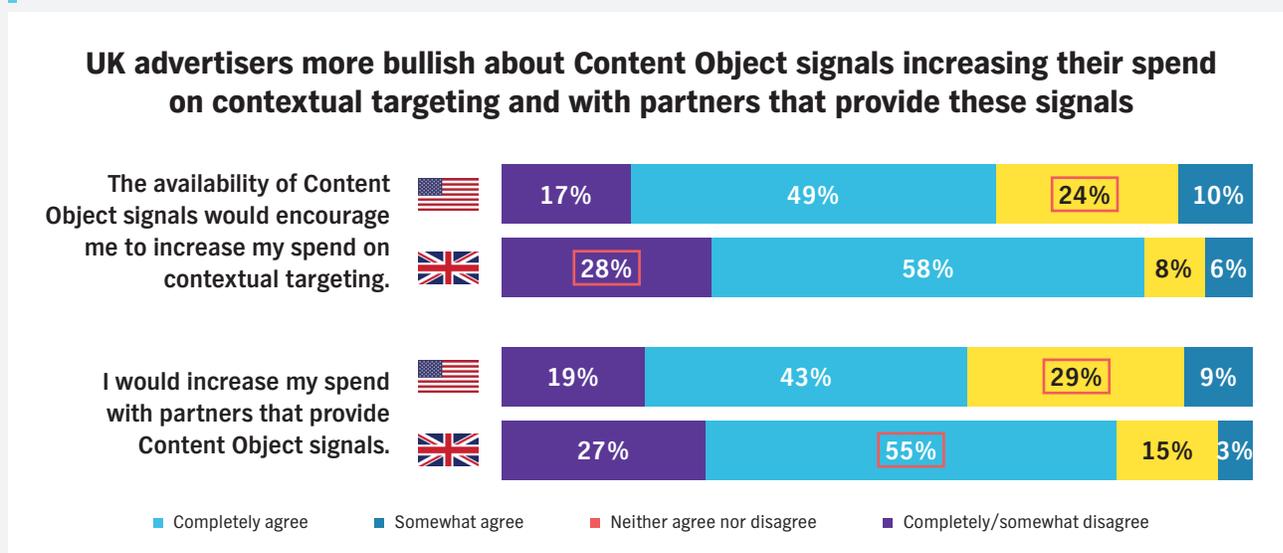
When Content Object signals are available in reporting interfaces, advertisers can better understand what's working well for them in CTV and OTT and double down on those contexts. And on the activation side, they can take advantage of these insights, as well as seek out impressions that fit their brand guidelines—especially common via genre, network, and content rating signals. They can also more closely align their CTV and OTT video plans with those in other media including linear TV and other digital video channels.

that they would increase their spend with partners that provide Content Object signals. (Fig 3)

And, of course, DSP-based buying allows for holistic management of how advertisers are reaching consumers across all CTV partners, which isn't possible when doing direct buys. This allows for frequency capping, which is key for advertisers from an efficiency and effectiveness perspective, but also important for the consumer experience of the CTV/OTT video content itself.

Most advertisers surveyed in the US and UK agreed

FIGURE 3



Question: Please indicate how much you agree with the following statements. Base: Total Respondents (US n=200, UK n=100)

Significant differences between US and UK noted with red outline

ALIGNING MEDIA PLANS

Combining CTV/OTT video ad buys with either linear TV campaigns or digital video campaigns is almost universal. Just 2% of advertisers surveyed in the US and 4% in the UK said they did not make any combined CTV and linear buys in the past year, and similar percentages said they did not make any combined CTV and digital video buys over the same period. For both types of campaigns, these buys tend to be truly combined buys, with a plurality of advertisers saying CTV and the other channel carried equal weight in these plans.

But there is much diversity in how advertisers can buy these different types of video ads today, driven by internal team structures, publisher-specified parameters, and many other factors. This can make planning difficult to align across channels. Content Object signals can make it easier to make sense of these campaigns together. On the one side, these signals make CTV buying more like other programmatic display buys, where granular, impression-level data is the norm. And on the other side, they make CTV buying more like linear TV buying,

where content has long been key to how advertisers target their audiences. Content Object signals can help advertisers move from disjointed campaigns in siloed channels to cohesive ones that target audience plus context across the board. More than two-thirds of advertisers in the US and eight in 10 in the UK agreed that access to Content Object signals would improve their ability to buy CTV/OTT video ads alongside both linear TV ads and alongside other digital video ads in an integrated manner.

“That’s what consumers want from us, and broadcasters, and from a connected TV perspective that’s what they should want as well,” said the UK brand-side buyer. “It promotes a better experience with your consumers and ensures, from a content and a context perspective, we’re aligned across the board for all digital channels and not just specifically in social and programmatic display.”

WHAT ADVERTISERS NEED FROM PUBLISHERS

The most useful Content Object signals based on how advertisers buy CTV and OTT video today include category, which signals that the content is video; genre, which indicates what genre the video falls into and is frequently used for both targeting and suppression to support brand safety goals; and content rating, which is also commonly used for brand safety reasons, to avoid mature content or kids’ content. Other parameters that get significant advertiser interest include an indicator of whether the content is live, as well as series title which advertisers were especially likely to say was useful for scatter buying.

Even publishers that do pass Content Object signals in the bid request pick and choose which parameters they include, and category, genre, and content rating are commonly offered—but not necessarily fully standardized. Sophisticated buyers have an awareness that publishers may be defining genres differently, or even using slightly different spellings of the same terms in different bid requests,

making it more difficult to find efficiency through programmatic means.

And because there’s still limited scale to many of the parameters that could be included in these signals, DSPs have been slow to build tools that allow buyers to activate on them directly in their UIs. Without access to these tools, buyers and DSPs work directly with SSPs to set the necessary parameters up with a deal ID. That’s why today many advertisers are more likely to use Content Object signals on the measurement and reporting side of things, where DSPs routinely make them available. Advertisers have been asking DSPs for more of these tools, but without scaled data from the sell side they won’t be as useful. And for now, DSPs are being cautious about adding targeting options because they know publishers are leery about how the data might be used—but all signs indicate advertisers become willing to spend more on programmatic CTV ads where these signals are available.

WHY PUBLISHERS SHOULD CARE

Compared with longer-standing digital ad channels, it's not easy for ad buyers today to find the CTV and OTT video inventory in which they want to invest. Buyers often focus on finding premium CTV inventory by going direct to publishers to do either direct I/O deals or private programmatic deals. These deals can be time-consuming to execute and limit the number of publisher partners advertisers work with—and although the ads are fulfilled in an automated fashion, many of the major benefits of buying programmatically are missing, including cross-platform frequency capping and real-time optimization.

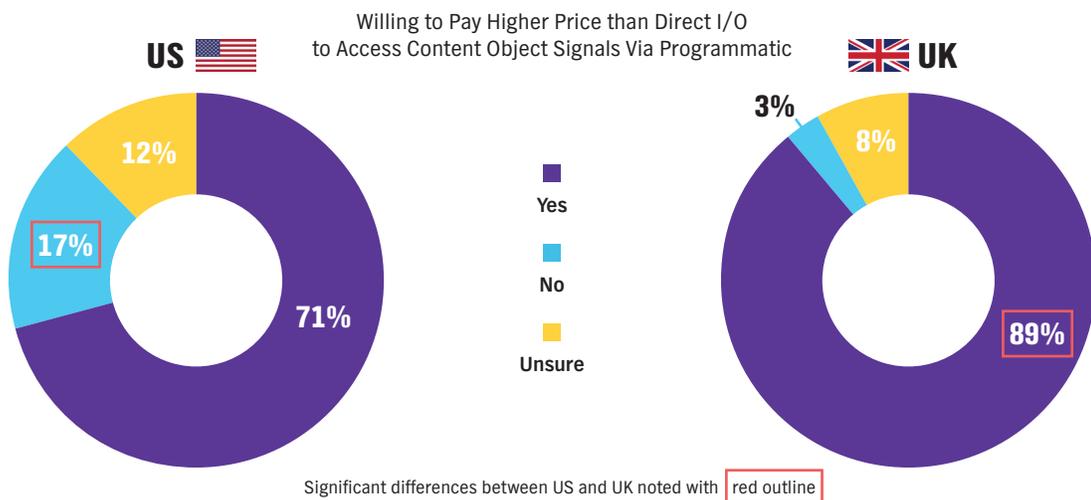
Greater availability of targeting parameters in the bidstream, like Content Object signals, means opening up additional inventory opportunities for advertisers, who may find content that aligns with their brand guidelines and campaign objectives from supply sources they were otherwise not working with.

The UK-based brand-side advertiser said that without Content Object signals, buyers were reliant on pre-built content segments, typically from larger publishers. Content Object signals in the bidstream opened up additional inventory “in terms of the types of content that we'd actually enable our bidding to go after.”

Six in 10 advertisers surveyed in the US and UK are willing to pay a premium for the transparency that Content Object signals afford them. Most of this group is also willing to pay more than they do for direct I/O deals to get this information in the bidstream and enjoy the benefits of programmatic buying. In-depth interviews with advertisers revealed that they are willing to pay the same rates to the publisher for the impressions, in addition to the programmatic fees that enable the transactions. (Fig 4)

FIGURE 4

Majority of advertisers who would be willing to pay a premium to access Content Object signals via programmatic purchase would pay more than for a direct I/O deal, especially in the UK

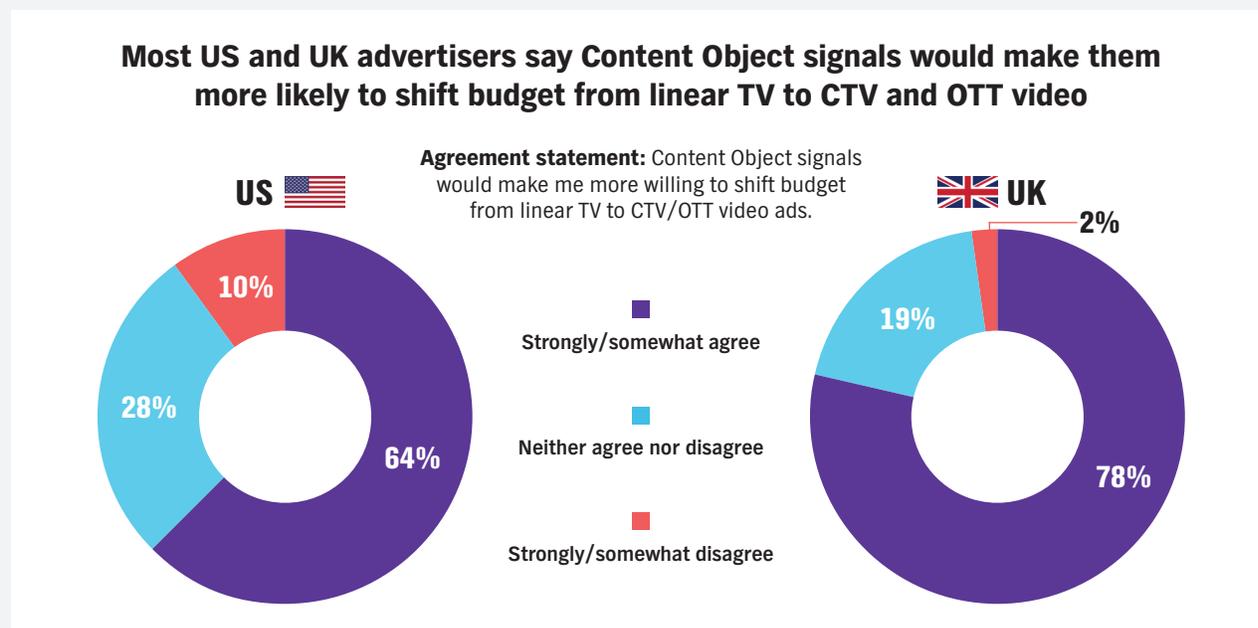


Question: You agreed that you would be at least somewhat willing to pay a premium price for inventory with content object signals. Would you be willing to pay a higher price to access content object signals via programmatic than for inventory in a direct I/O deal?
 Base: Willing To Pay Premium Price (US n=114, UK n=64)

And big linear TV budgets are up for grabs. This year, according to eMarketer, US advertisers will spend over \$68 billion on linear TV ads, compared with less than \$19 billion on connected TV video ads. Content Object signals will help advertisers more accurately value CTV and OTT video impressions and align them with linear

TV buying and reporting practices, putting them on a more even footing with linear. To that point, two-thirds of advertisers surveyed in the US and 78% in the UK said the presence of Content Object signals would make them more willing to shift budget from linear TV to CTV/OTT video ads. (Fig 5)

FIGURE 5



Question: To what extent do you agree with the following statements about how Content Object signals would affect your TV/video ad budget allocations?
 Base: Total Respondents (US n=200, UK n=100)

RECOMMENDATIONS

- 1 If you're not already sharing Content Object signals as part of your bid requests for CTV and OTT video impressions, it's time to start. Advertiser demand for these signals already exists, and publishers who are meeting that demand are more likely to attract bids from advertisers seeking out these signals.
- 2 Sharing genre, network, channel, and content rating will unlock demand by showing advertisers that your impressions are the ones they want to buy, and today are among the signals most commonly used for activation. They'll also give advertisers valuable reporting insights to see what's working and optimize toward that.
- 3 If you're already sharing Content Object data in a limited fashion, consider adding more parameters to help build scale for additional advertiser demand. For example, parameters like title are relatively uncommon today and it may not be worthwhile for advertisers to activate without more scale. Plus, this parameter helps put CTV and OTT video on a more even footing with linear TV when it comes to both buying and reporting.

Research Methodology

PubMatic commissioned Advertiser Perceptions to survey 200 US advertisers and 100 UK advertisers from their Ad Pros Community from June 21 through July 12, 2022, as well as to conduct 4 phone interviews in August 2022, about CTV and OTT video ad buying, transparency and Content Object signals. These advertisers spend a minimum of \$25M annually in the US and £8.3M annually in the UK on video ads and influence programmatic CTV/OTT ad strategy.

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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