WHITE PAPER

# A PERFORMANCE MARKETER'S GUIDE TO STREAMING TV IN 2023

April 2023

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# INTRODUCTION

It's no surprise streaming has taken over the living room TV. (And all the other screens in your home...) 85% of US households now have a video subscription service. After all, there are plenty of options to choose from, with platforms like Amazon FreeVee and AppleTV+ now vying for viewers' attention.

But the streaming revolution isn't limited to consumers eager to binge the newest season of Only Murders in the Building. Aware of the growing streaming audiences, advertisers are eagerly testing the channel's ability to help them reach new customers and strengthen existing relationships. Plus, technological advances are quickly advancing Streaming TV attribution and targeting, promising the prestige of TV with the accountability of digital.

Clearly, Streaming TV is the future of television.

But for performance advertisers, navigating the messy, still-evolving world of streaming can be... well, challenging. There's a lot of misinformation out there, based on media hype and little else. Despite significant growth, streaming TV is still an emerging marketplace. It's just now beginning to tackle the challenges typical to new technology and processes.

Complex, convoluted terminology? Check.

A lack of standardization? Also check.

So, how can the modern marketer drive performance when dealing with all this complexity?

This all-encompassing guide cuts through press buzz and industry jargon to highlight both opportunities and challenges facing performance advertisers on Streaming TV. Our hope is that you discover actionable insights for your brand that help you make the most of your marketing dollars.

"Streaming TV **is the future of television**."

# WHAT IS STREAMING TV?

Before we dig in, what exactly is streaming TV? What about CTV? OTT?

Let's start at the beginning: with vocabulary, breaking down common industry terms that'll be used through the rest of this guide. Just so we're all on the same page.

## Streaming TV

Streaming TV refers to any form of television beyond linear. It is video content delivered over an internet connection, and can be viewed on laptops, mobile phones, tablets, smart TVs, and other internet-connected devices.

Streaming TV is sometimes used interchangeably with "OTT," or over-the-top television. However, usage of the term OTT is declining across the media industry, so we'll continue to use "streaming" throughout this guide.

**Streaming TV**
Video content delivered over the internet to any device

## Connected TV (CTV)

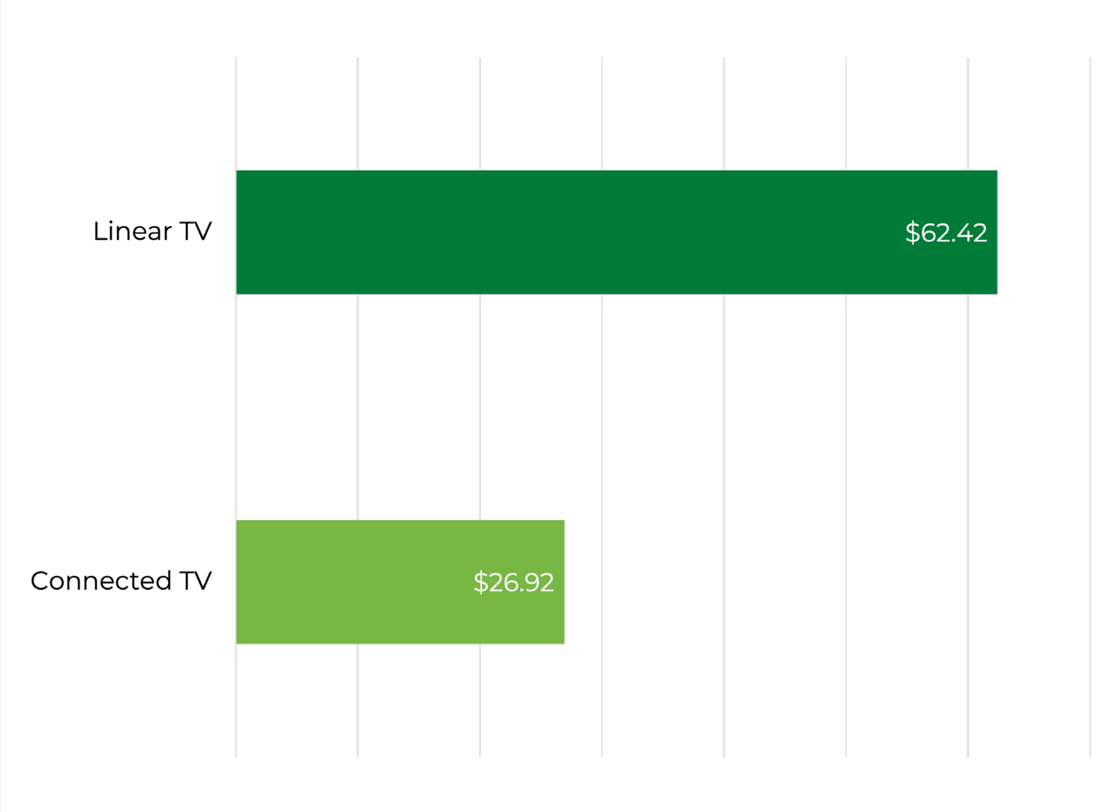
A Connected TV is a TV set with integrated internet capabilities. This allows the TV to access content from platforms like Hulu, YouTube, Netflix and others. The term “CTV” is sometimes used as a catch-all for streaming TV, but incorrectly so. CTV is just one type of streaming and does not include streaming to laptops, phones, or any other devices besides smart TVs.

**CTV**
Video content delivered over the internet to smart TVs.

According to eMarketer, by 2026, 70% of the US population will use CTV, and ad spend will exceed $40 billion. But CTV ad spend is currently still dwarfed by linear TV. As of 2023, linear TV ad spend is still more than double CTV ad spending. This disparity is especially striking when considering CTV’s CPMs, which are typically more expensive than the direct response linear market.

Advertisers have been excited to integrate CTV into their marketing mix, but have discovered challenges including premium pricing, inconsistent measurement techniques, fraud, and frequency capping issues. The most successful CTV advertisers so far have been big brands who have exhausted linear TV or who are targeting young, niche audiences. Even so, industry advancements suggest opportunity for a wider range of brands in the near future.

## Projected 2023 ad spend (billions)




CTV investments are growing as more advertisers test the channel. However, even with this growth, CTV ad spend will remain dwarfed by linear for the near future.

[eMarketer](); [eMarketer]()

## Subscription Video on Demand (SVOD)

Subscription video on demand (SVOD) is a form of streaming television that requires viewers to pay a monthly subscription fee to access video content. This fee is the only source of revenue for SVOD streaming platforms, as they do not include advertising. So while these platforms attract consumer interest based on their ability to have greater control over their viewing experience, they don't offer advertiser opportunities. An example of an SVOD platform is Apple TV+.

**SVOD**
Platforms that generate revenue through subscription fees and lack advertiser opportunities.

While SVOD platforms were the main focus of streaming's early days thanks to the runaway popularity of Netflix, growing platform competition has resulted in noticeable subscription fatigue. Many streaming TV viewers subscribe to four or more platforms and nearly 47% of consumers say they're frustrated by the number of subscriptions required to watch content they're interested in. This is also becoming a less popular stand-alone model. Many platforms are moving toward a tiered subscription model with both SVOD and lower-priced AVOD options.

## Ad-Supported Video on Demand (AVOD)

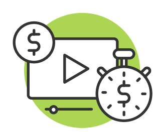
AVODs, or ad-supported video on demand platforms, provide an alternative for consumers tired of paying for another way to watch TV. The ad-supported platforms share content with consumers for free and generate revenue through ad sales alone. Increasing industry attention has been placed on AVODs as over half of the US population is projected to watch content from at least one ad-supported streaming service monthly by 2026, up from 41.8% in 2022. Popular AVOD platforms include Tubi and Roku TV.

**AVOD**
Platforms that generate revenue by selling ads to show during their content.

A common streaming misconception is that advertising opportunities are greater than they are. AVODs are gaining momentum, but their viewership numbers are still dwarfed by SVOD streaming. Plus, major AVODs have announced intentions to reduce ad loads significantly compared to linear TV, further limiting opportunities for advertisers and artificially increasing prices due to the imbalance between supply and demand.

## Hybrid

Hybrid AVOD/SVOD platforms offer multiple pricing tiers. The higher-priced tiers are ad-free, while consumers looking for a budget-friendly option can choose less expensive tiers that include advertising. Hulu is an example of a popular hybrid platform.



**Hybrid**
Platforms with both ad-supported and fee-based subscription tiers.

A few platforms that were previously SVOD, including Netflix and Disney+, have recently launched less-expensive ad-supported tiers to become hybrid platforms. The format is an increasingly popular business model because it allows platforms to collect revenue through both subscription fees and ad sales. Plus, it provides consumers with more options around their viewing experience.

## Free Ad-Supported TV (FAST)

Free Ad-Supported Streaming TV (FAST) refers to a streaming service that preprograms content into linear channels. These channels have ad breaks, allowing the viewer to watch for free. However, the viewer does not control the show or movie playing on FAST. It's a very similar experience to watching traditional TV, and content is shared via a linear stream.

Today, there are over [1,400 FAST channels in the US](). Major players include Comcast's Xumo and Paramount's Pluto TV, which have gained popularity alongside the overall growth of ad-supported streaming options. Certain types of content have also been more ready to adapt the FAST format than others. News providers, for example, have found it an ideal way to connect with viewers, while sports have largely steered clear.

**FAST**
A free, ad-supported streaming service where the viewer has limited control.

## Virtual Multichannel Video Programming Distributor (vMVPD)

A Multichannel Video Programming Distributor (MVPD) provides pay TV services through cable, satellite or telco. The digital-only version is the Virtual Multichannel Video Programming Distributor (vMVPD). vMVPDs deliver live, linear TV over the internet for a subscription fee.

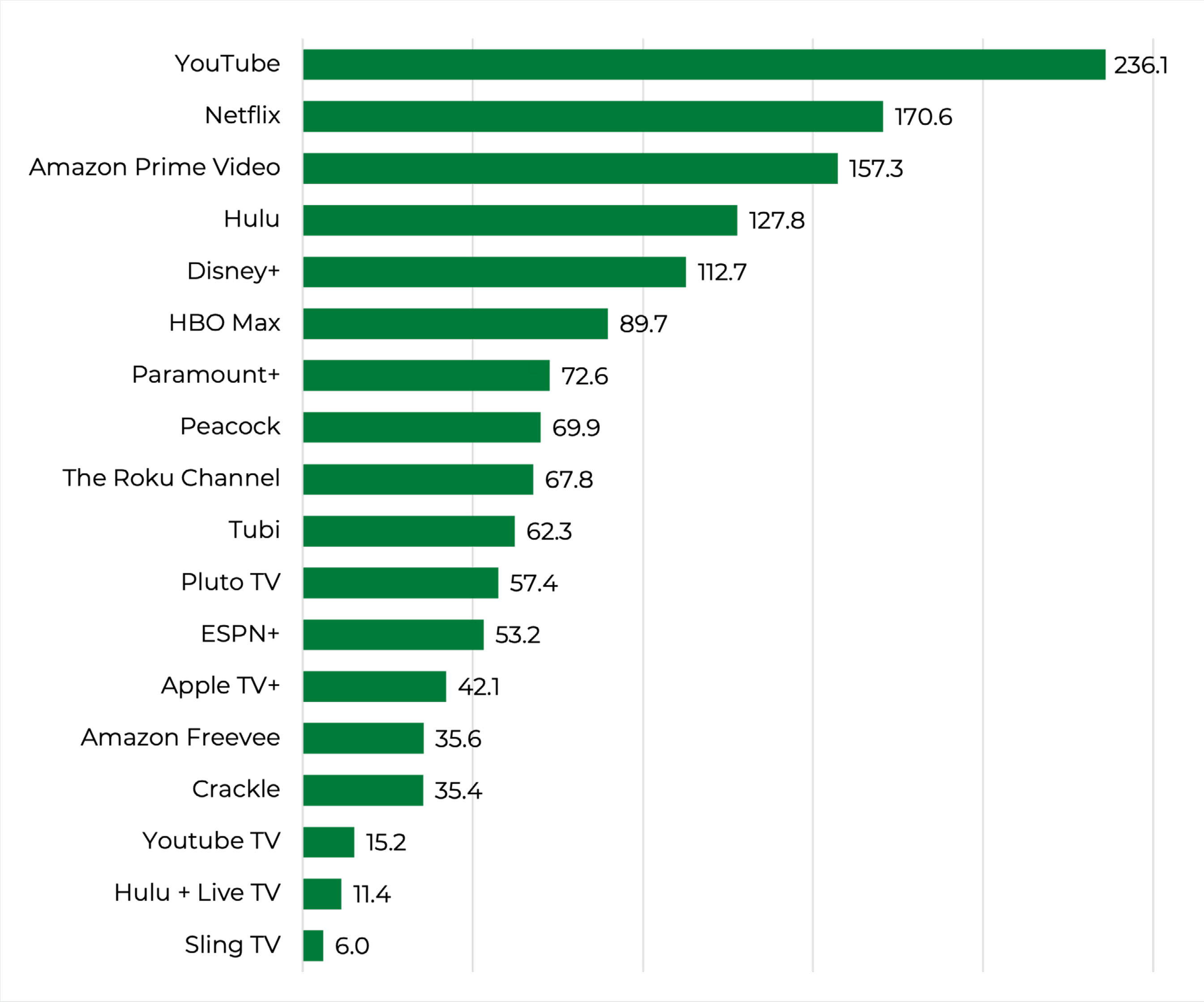
Some streaming platforms offer vMVPDs as a premium add-on to their service, with examples including Hulu + Live. Other well-known vMVPDs are Sling TV and DirecTV Stream.

**vMVPD**
Platforms delivering live, linear TV over the internet for a subscription fee.

# WHO PROVIDES STREAMING TV?

Although just a few companies have long dominated the streaming TV space (yes, we're talking about Netflix), increasing competition has led to a more diversified marketplace. Today, there are dozens of streaming TV providers. For this guide, we will focus on just nine of the top players as determined by audience size and advertiser opportunities.

## Projected 2023 viewership (millions)

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## YouTube

| | |
|---|---|
| **Platform Type** | **Hybrid** |
| **Viewers** | **236 million** |
| **Ad Revenue** | **$8.06 billion** |
| **Ad Formats** | **:6s, :15s, :20s** *These spots are most popular, but ads can last up to 6 minutes* |
| **Growth Forecast** | **+13.9% change in viewers in 2023** |

YouTube remains the largest ad-supported streaming player, accounting for more than half of total ad-supported watch time on CTVs among viewers ages 18 and older, although the 25-34 age group is currently YouTube's largest audience.

And there's a lot to watch. As of June 2022, YouTube saw 500 hours of new video uploaded every minute. That's an astonishing 30,000 hours of content every hour. With such a massive library of content, there's no doubt why YouTube stands as a leader in the streaming space. The company also owns a vMVPD platform, YouTube TV, but doesn't sell much of this inventory directly, relying on other platforms to do this instead.

## Hulu

| | |
|---|---|
| **Platform Type** | **Hybrid** |
| **Viewers** | **131 million** |
| **Ad Revenue** | **$4.25 billion** |
| **Ad Formats** | **:15s, :30s, :60s, :90s** |
| **Growth Forecast** | **+5.1% change in viewers in 2023** |

Owned by Disney, Hulu is one of the largest and most established hybrid streaming TV services. Hulu offers customers on-demand content through both a basic package with limited ads and an ad-free subscription. Hulu also offers a variety of premium add-on packages with exclusive content, such as Hulu's Live TV add-on, a vMVPD offering both live local networks and cable TV channels.

Hulu's growth is slower than some competitors, but it continues to steadily add subscribers and new content through purchases and partnerships. The "Disney bundle" includes Hulu, Disney+ and ESPN+ (all with ads) and has been a popular way to attract new viewers.

## Roku

**Platform Type** AVOD

**Viewers** 122 million

**Ad Revenue** $2.56 billion

**Ad Formats** :15s, :30s, :60s

**Growth Forecast** +5.2% change in viewers in 2023

Best known for the Roku Smart TV and other entertainment devices, Roku also sells SVOD services for other channels, including thousands of sports, news, international, kids programming and broadcast channels. Netflix, Hulu and Paramount+ are all accessible through Roku.

But the company's Roku Channel claims 64 million viewers of its own. Viewers can watch Roku's library of on-demand entertainment for free, even without a Roku device. Recent updates to the platform have improved content discovery options, personalized recommendations, and a cross-channel "save list" for your favorite content—suggesting a strategy to transform Roku into a centralized entertainment platform to hold all your subscriptions.

## Netflix

**Platform Type** Hybrid

**Viewers** 172.2 million

**Ad Revenue** $0.83 billion

**Ad Formats** :15s, :30s

**Growth Forecast** -0.5% change in viewers in 2023

While Netflix is newer to ad-supported video offerings, it's worth watching as the second-largest streaming provider according to viewer counts. However, the advertiser opportunity is clearly still being developed here.

The platform limits advertising to four to five minutes each hour (a much lighter ad-load than on traditional TV) to provide the best possible viewing experience. However, this limits inventory available to advertisers, making spots more expensive. Plus, targeting capabilities are not as advanced as on other platforms, Netflix does not provide third-party measurement, and about 5-10% of Netflix's content library is not available on the ad-supported "Basic" tier due to licensing restrictions.

## Amazon FreeVee

**Platform Type** **AVOD**

**Viewers** **35.6 million**

**Growth Forecast** **+10.5% change in viewers in 2023**

Formerly IMDb TV, FreeVee is a free, ad-supported service provided by Amazon, which also offers the SVOD Prime Video. FreeVee's recent rebranding seems to hint at Amazon's renewed focus on AVOD services as ad-supported content gains popularity.

And while its viewership is below many of the other major streaming providers, it's expected to be among the fastest growing platforms this year. An expanding audience may be partly the result of an influx of new content. Since April 2022, Freevee has boosted its slate of original programming by 70%.

## Disney+

**Platform Type** **Hybrid**

**Viewers** **119.7 million**

**Ad Revenue** **$1.02 billion**

**Ad Formats** **:15s, :30s, :45s**

**Growth Forecast** **+7.8% change in viewers in 2023**

Another new entrant into the ad-supported world, Disney+ launched its ad-supported tier at the end of 2022. Thanks to its unique audience of families, plus the power of the Disney name, large brands have already expressed interest in advertising on the platform. The launch also announced 100 companies that have agreed to become Disney+ advertisers, including Target, P&G and Starbucks.

At the time of the new tier's launch, around 23% of Disney+ subscribers were expected to switch their plan to include ads.

## Pluto TV

| | |
|---|---|
| **Platform Type** | **AVOD** |
| **Viewers** | **56.8 million** |
| **Ad Revenue** | **$1.19 billion** |
| **Ad Formats** | **:15s, :30s, :60s** |
| **Growth Forecast** | **+7.0% change in viewers in 2023** |

Owned by ViacomCBS and launched in 2013, Pluto TV is a small, free ad-supported streaming service. Pluto has more than 250 unique live channels that stream content with commercial breaks. The platform has partnerships with over 400 media companies internationally, which allows it to access and share a wide range of content, including movies, TV series, sports and news. At the end of 2022, through a joint venture with CBS, Pluto TV added over 6,000 television episodes to its programming.

Having successfully increased ad revenue and viewers over the last few years, Pluto expects to surpass $1 billion in ad revenue in 2023. Pluto TV's audiences tend to be lower-income and older than the average cord-cutter.

## Tubi

| | |
|---|---|
| **Platform Type** | **AVOD** |
| **Viewers** | **55 million** |
| **Ad Revenue** | **$0.83 billion** |
| **Ad Formats** | **:15s, :30s** |
| **Growth Forecast** | **+6.2% change in viewers in 2023** |

Owned by Fox, Tubi is a small ad-supported streaming platform offering over 20,000 TV shows and movies for free, focusing on programming for busy families and Spanish-language content. Tubi's audience tends to be more diverse than other platforms, with especially strong growth among African American, Hispanic and LGBT audiences across all income brackets. However, its audience is also on the younger side—half of its viewers are younger than 37.

Tubi has benefited from the industry's growing interest in AVOD. Tubi's total viewing time was up 44% year-over-year from 2021 to 2022, with more than 5 billion hours streamed, and the platform expects continued growth in 2023.

## Peacock

| | |
|---|---|
| **Platform Type** | **Hybrid** |
| **Viewers** | **66.7 million** |
| **Ad Revenue** | **$1.05 billion** |
| **Ad Formats** | **:15s, :30s, :45s, :60s** |
| **Growth Forecast** | **-2.0% change in viewers in 2023** |

NBCUniversal's Peacock offers three payment tiers including both SVOD and AVOD options. Launched in 2020, Peacock grew quickly over the last two years. In fact, Peacock doubled paid subscribers in 2022 to reach 20 million. Unfortunately, the future doesn't look quite so rosy. The streaming provider expects a $3 billion revenue loss in 2023.

Peacock is known for a light ad load, showing just 8.7 ads per hour compared to 14 for Hulu and 24 for Paramount+. They also claim strict frequency caps and ad options designed to be less disruptive to the user experience.

# STREAMING VIEWERSHIP

It doesn't matter how high the viewership numbers on a particular streaming service are if none of those viewers match your target audience. So, who is watching streaming TV?

Today, the answer is most people. In 2023, 245 million people will watch streaming TV. This is a massive amount, beating out traditional TV viewers for the first time, who will total 235 million. And as new platforms enter the streaming wars, there is more content available to attract viewers with varying interests at price points to suit all budgets. After all, it doesn't get better than free!

While demographics vary across platforms, streaming viewers tend to be tech-savvy, active consumers of media and often engage in online conversations about content they've watched. They also engage with a greater number of media and entertainment sources, meaning audiences are more fragmented than linear TV viewers.

Streaming viewers also skew younger than linear audiences. 78% of adults ages 18-34 watch Connected TV, but only 43% of adults 65+ do the same. For consumers ages 15-29, Netflix is the most-used platform across all entertainment categories, including TV, music and social media. While Netflix still ranks second (beat only by Facebook) for ages 45-59, it only narrowly avoids a tie with linear TV networks ABC, CBS and NBC.

In comparison to streaming, 84% of linear TV viewers are 35 or older, with the average age of a regular linear viewer being 55. Notably, this audience does claim the lion's share of consumer purchasing power—those over 50 account for more than 50% of all US consumer spending.

In addition to shifting where consumers watch TV, the rise of streaming TV has also affected how they watch it.

## Streaming Viewers

## Binge-watching

In 2022, streaming reached a new milestone, accounting for nearly 30% of time spent watching TV. This achievement can in part be attributed to a rise in binge-watching.

Binge-watching, or watching video content for a prolonged period of time, has grown more common thanks to streaming's rise into the mainstream. After all, streaming services often house entire seasons of a show, so viewers don't have to wait to watch the next episode.

Most people define binge-watching as watching at least three episodes of the same TV show in one sitting. Others define it as consuming entire seasons of a show over several days. According to Netflix, 70% of their users binge-watch shows.

From an advertiser perspective, a viewer who is bingeing ad-supported content sees more ads in a shorter timeframe. This makes them more prone to ad fatigue. Advertisers should monitor ad frequency closely to avoid this.

"A binge-watcher is more prone to **ad fatigue**. Advertisers should **monitor ad frequency**."

## Co-viewing

Co-viewing takes place when a group of people consume video content together. In streaming's early days, co-viewing began to decline. Instead of an entire family watching the same show on the living room TV after dinner, members of that family could simultaneously watch different content on multiple devices. But in 2020, as options for entertainment and socializing were limited due to the pandemic, TV became a vitally important form of group entertainment. As a result, co-viewing has gained renewed popularity.

"Co-viewing is shown to **increase engagement** with advertisements."

Co-viewing is shown to increase engagement with advertisements compared to when someone watches content alone. 93% of parents say they are "engaged" when presented an ad for adults while co-viewing content for their kids.

And while co-viewing takes place on both linear and streaming TV, most co-viewing occurs when watching content on a TV set rather than a laptop or phone.

## Cord-cutting

A cord-cutter refers to someone who at one point had a pay TV service but has since canceled it. Many cord-cutters then turn to streaming TV for entertainment and news.

"Cord-revivers turn back to traditional TV due to **increasing streaming costs**."

Related to cord-cutters, the term cord-nevers refers to people who have never had a pay TV service. Both cord-cutters and cord-nevers are on the rise. However, there's also a growing group of "cord-revivers"—people who were once cord-cutters but have returned to cable TV, often driven back to traditional TV by increasing streaming costs.

Plus, many TV viewers watch both linear and streaming TV. And surprisingly, consumers mostly don't see a difference in their viewing experience based on how their TV is delivered, whether that's through CTV, cable or even satellite. Their top priority is easy access to attractive and interesting content.

# WHAT ARE THE OPPORTUNITIES FOR ADVERTISERS?

While it's true that some of the buzz around streaming TV is nothing but hype, there are valid reasons for advertisers across all industries to investigate opportunities in the space.

In 2023, streaming ad spend will be less than 17% of linear TV ad spend. But despite only making up a sliver of the total TV ad spend pie, that 17% is still $10 billion—not an inconsequential amount. Plus, time spent on subscription platforms will reach 50% of the time spent watching traditional TV this year.

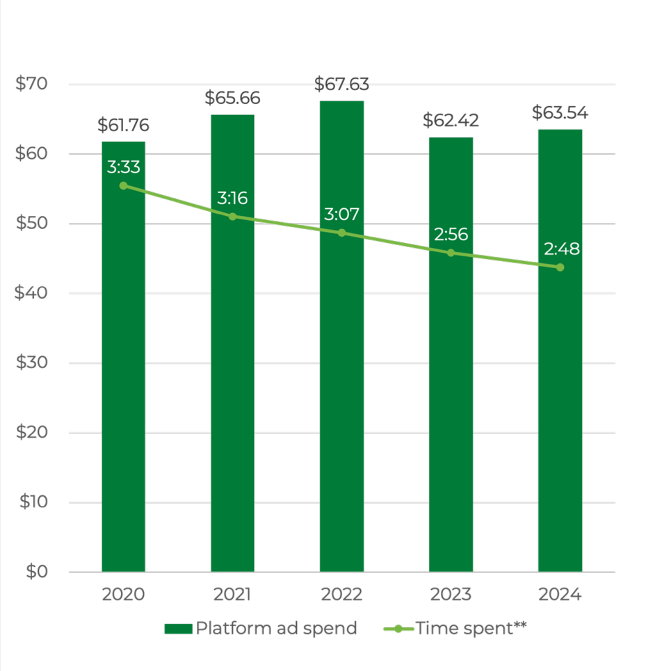
For advertisers, streaming hasn't caught up with linear yet. But it's on its way.

Evolving technologies and changing viewing behaviors also mean streaming provides advertisers exciting new ways to reach their audiences, capitalizing on some of the features for which digital advertising is famous.

We cover streaming TV's top benefits for advertisers below.

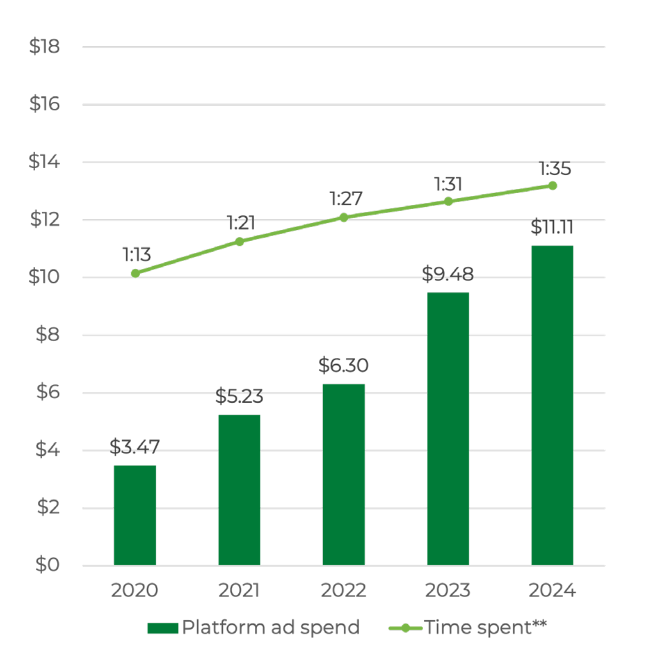
**US Linear TV Time Spent and Platform Ad Spending**

*billions and daily hrs:mins, 2020-2024*




**US Subscription OTT Video Time Spent and Platform Ad Spending**

*billions and daily hrs:mins, 2020-2024*

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## Extensive Targeting Options

Streaming platforms frequently compare their targeting capabilities to digital. This appeals to advertisers hoping to reach very specific or niche audiences. Streaming services offer the following options:

**Audience-based buying** uses behavioral, attitudinal and lifestyle-based data to select media most likely to reach a specific audience.

**Behavioral targeting** uses data from visitor browsing habits such as search terms, sites visited or purchases to display relevant ads and offers.

**List targeting** shows ads to a list of anonymized users that share a common characteristic.

**Contextual targeting** places ads based on content type. All of these are possible through various streaming platforms.

And while challenges do exist, including higher prices for highly targeted buys, targeting has already improved over the last few years and is expected to continue advancing. For brands with a very specific target audience, being able to narrow their focus may be worth additional costs. But for performance advertisers, especially those with a relatively general audience, the price may cut into their return on ad spend.

Another item to note is that while linear TV has traditionally used panel buying—with the audience composition estimated by Nielsen—targeting options are also expanding in traditional TV. Linear TV buys can be selected based on audience demographics, psychographics and behavioral data.

## Improved Viewing Experience

Streaming services have made it easy to view content across multiple screens, including televisions, laptops, tablets, and mobile devices. This makes it easier for viewers to watch content wherever they are, whenever they want.

Because the user has more control over their viewing experience and ads are more targeted (and therefore relevant), streaming proponents argue consumers will be more engaged. So far, this hasn't yet proven out. CTV ads actually score slightly below linear for ad attention. However, the trends show CTV attention rising while linear declines, so it is expected that CTV will surpass linear as the streaming industry continues to evolve. Lighter ad loads on streaming platforms also mean the ads a viewer sees should be more memorable.

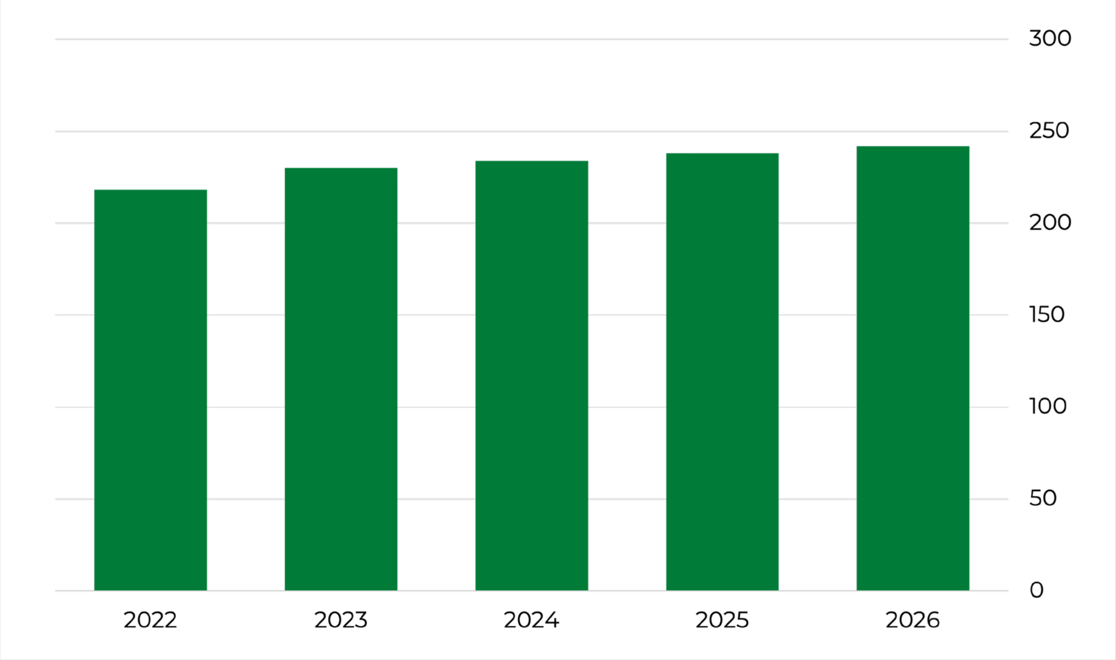
However, as we'll see in the next section of this guide, there are challenges within streaming TV that can damage the consumer's viewing experience and affect engagement.

## New Viewership Trends

Perhaps the most compelling reason to investigate streaming's opportunities for your brand is simply that more people are watching. The number of Connected TV users is expected to reach 238 million by 2025. Already, 46% of adults watch CTV daily.

Consumer behavior should impact any good marketer's ad spend, and as more people turn to streaming options over linear, there are exciting new ways to connect with audiences. Marketers that want to stay ahead of the curve should take the time to evaluate the channel's potential for their brand, as long as they have a plan to address streaming's challenges as well.

## Connected TV users (millions)




The number of Connected TV users is expected to continue growing to reach 242 million by 2026.

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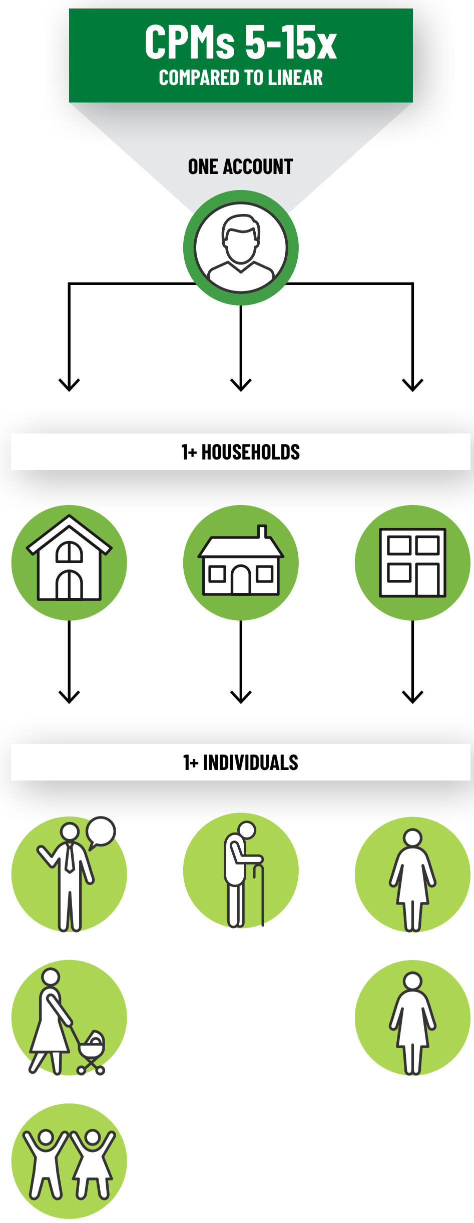
# WHAT ARE THE CHALLENGES FOR ADVERTISERS?

Despite all its potential, streaming TV isn't perfect. Trying to pair the benefits of both digital and TV in one medium means facing some of their downsides as well. Other challenges are typical of those in an emerging marketplace and should be resolved as the industry matures. But for now, any streaming TV advertiser should carefully review their campaign plans to ensure they address the following issues.

## Premium Pricing and the Cost of Targeting

Streaming TV is not cheap. CPMs can range from 5-15X what could be purchased on linear, depending on the platform. This can make it challenging for performance advertisers to achieve their desired results. Especially when they enter the space thinking they'll be able to find CPMs comparable to digital advertising.




Some argue that the cost of streaming's high CPMs is offset by improved targeting. However, streaming's targeting capabilities are also still evolving. Advertisers have experienced problems targeting at the individual level especially, thanks to account sharing and inaccurate third-party data. For example, an advertiser may be trying to reach you and instead reach your 10-year-old son because you both live in the same home. Plus, as privacy regulations expand, the availability of targeting data is likely to decline.

Ads can even be shown when no one's watching. According to DoubleVerify, 1 in 4 CTV ads play while the TV set is turned off.

Streaming advertisers should work closely with their data provider. Ask how third-party data is refreshed and how many sources of data are used. Also carefully evaluate how streaming partners use ID graphs. The data for these should be updated frequently and vetted to ensure accuracy.

## Audience Fragmentation and Marketplace Complexity

Even before streaming's rise to stardom, the media marketplace was far from simple. Add dozens of new streaming platforms to the mix, and the industry's complexity has only been heightened.

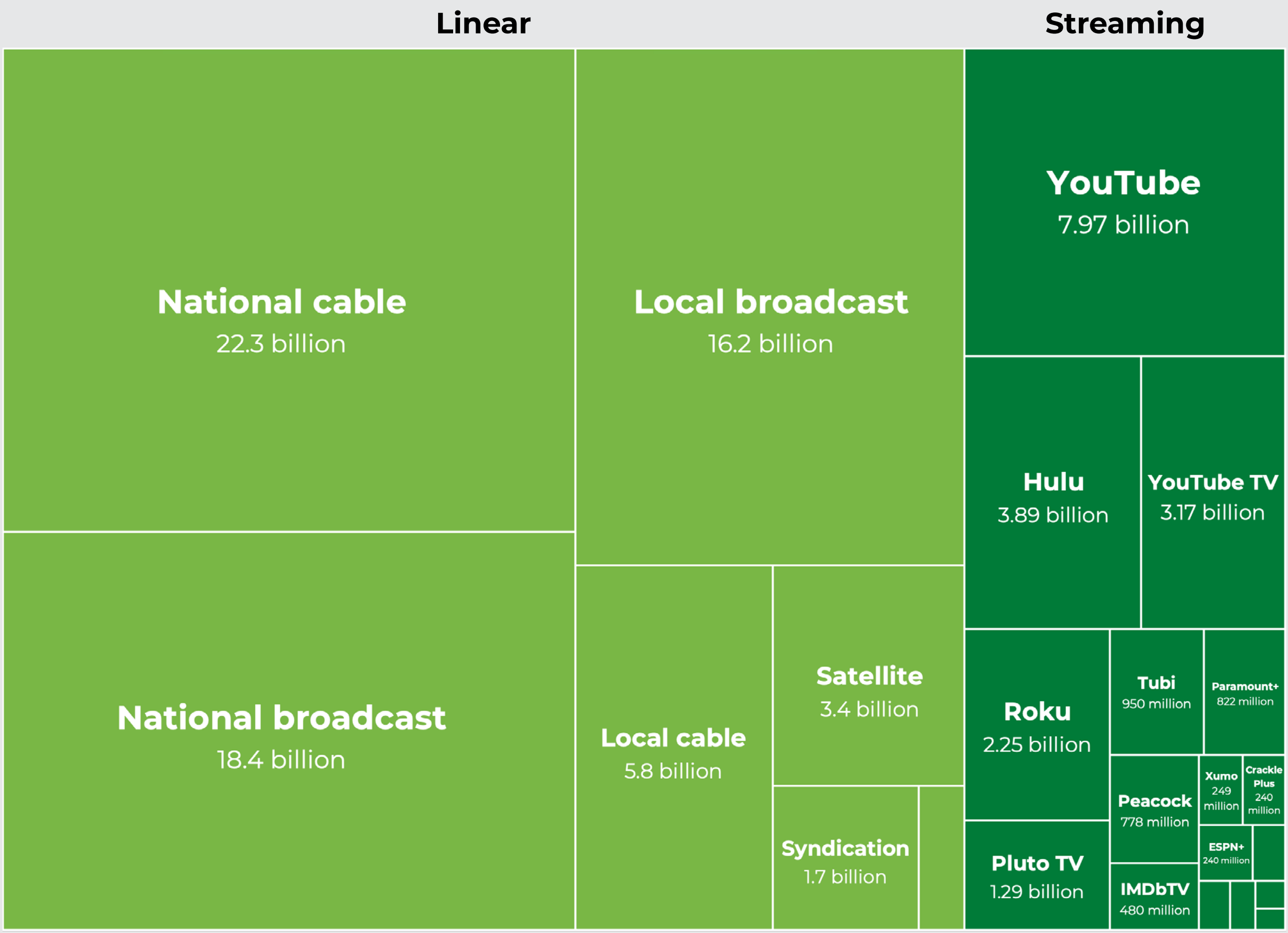
Audiences are more fragmented than ever before. For brands picking individual platforms on which to advertise, this fragmentation often means paying more to reach fewer people. For reference, linear TV still claims 235 million viewers in the US. Peacock, a mid-sized streaming service, only reaches 66.7 million viewers. Even Hulu, one of the largest streaming services, reaches 131 million viewers. There's just not as much reach available.

The solution seems to be advertising across multiple streaming platforms. This creates a new problem, however. Viewership overlap from platform to platform means accurate reach and frequency management is difficult.

If you're concerned about reach, try pairing streaming campaigns with linear to make sure you're able to connect with large audiences. If advertising across multiple platforms, partner with a demand-side-platform (DSP) to help manage buys and track cross-platform frequency.

## Ad revenue opportunities in Linear vs. Streaming TV

Streaming TV remains an emerging marketplace, and the advertiser opportunities may be less exciting than they appear.



## Frequency Capping

Streaming platforms often fail to regulate frequency across all ad buys, instead monitoring frequency only within their own percentage of ownership. And while partnering with a DSP can help, solutions for frequency capping are still developing. In fact, the ongoing depreciation of third-party cookies means frequency capping will need to explore new methods for tracking how often consumers are shown the same ad.

Improper frequency monitoring causes frustration for both viewers and advertisers. Viewers get bored after seeing the same commercial for cat litter repeatedly (especially if they don't have a cat.) And advertisers end up wasting money by hitting the same consumer too many times. This is an especially concerning issue considering the high cost of streaming media, which makes waste painful for a performance campaign. Plus, since one of the key advantages of streaming is the improved viewing experience, improper frequency capping can negate that benefit.

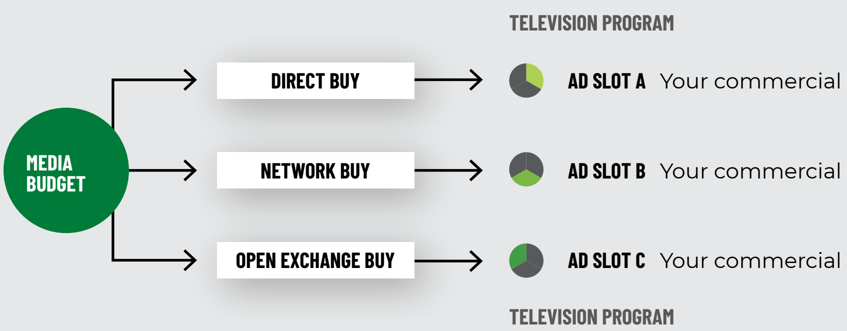
## Ad Fraud

Ad fraud takes place when impressions, clicks or other conversion or data events are faked in order to generate ad revenue. And unfortunately, ad fraud is far from uncommon. In 2022, 61.5% of web traffic was made up of bots and hacking tools, while humans made up only 38.5%. It's also getting worse each year. The total cost of ad fraud was $81 billion in 2022 and is predicted to reach $100 billion this year.

While plenty of ad fraud lives in the realm of digital advertising, CTV advertising is a particularly risky channel in this regard—over 20% of programmatic CTV buys involve fraud. Scams like SmokeScreen, RapidFire and ParrotTerra are just a few of the ad fraud schemes that have cost CTV advertisers millions.

To limit risk, streaming advertisers should purchase fraud prevention technology from a trusted provider like DoubleVerify or Integral Ad Science (IAS). Brands must also be vigilant in monitoring campaign data for signs of fraud. Sudden changes in spend and performance, unusual spikes in impressions or site visits, or mismatching campaign results can all be indicators. Inventory curation is another way to limit fraud. Supply path optimization or leaning into a private marketplace (PMP) strategy can reduce fraud opportunities that are more common with open-market inventory.

## Failure to regulate frequency




Advertisers already face unfavorable advertising caps at a direct buy level. But when ads are also bought at the network and open exchange levels, frequency capping becomes an even larger issue. Because of the lack of communication between buying methods, the same ad can appear repeatedly in a short timespan.

## Unstandardized Measurement

In some ways, measurement on streaming platforms could be considered a benefit. Plenty of advertisers have been drawn to streaming's deterministic campaign measurement. Platforms use tools like Smart TV ACR technology or 1-to-1 matching to identify and track consumers who responded to a TV ad. In this way, streaming TV is easier to measure than linear because of its digital nature.

However, brands should be wary of streaming's high error rate. TVREV found that 43% of industry leaders are concerned with the ability to measure campaign effectiveness on CTV. Platforms have been known to over-attribute results, making it dangerous to rely solely on their data.

Disparities with IP graphs have also become a problem. To track individuals when they aren't on their typical internet connection, data companies have developed device graphs that identify IP addresses connected to an individual's home, workplace or friend's homes. That means one person can be connected to 10 or even 20 IP addresses. But each company has different rules for how many IP addresses can be connected to one person. Depending on which IP graph you use, results can change drastically.

Advertisers should use third-party measurement platforms to get another perspective on campaign performance. Holdout samples are another way to determine success. And of course, if over time the business isn't feeling the impact of your campaigns the way the results say it should be, it's probably worth checking that data.

"**43% of industry leaders** are concerned with the ability to measure campaign effectiveness on CTV."

# CONCLUSION

TV remains one of the most powerful channels to deliver brand messaging. Its high visibility captures consumer attention. And its use of imagery and audio to tell compelling stories makes it able to stir up emotions like no other channel.

But the evolution of marketing pushes businesses to focus on highly targeted, attributable connections with their audiences. With elements of both TV and digital, streaming TV presents itself as the ideal solution. Or that it could be an ideal solution, anyway… in the future. Because there's still a lot happening in this space. Technology being developed. Best practices being established.

This year, the vast majority of TV advertising spend remains on linear TV. But we are headed toward a future where streaming will reign supreme. Consumers have already adopted streaming TV, and advertisers should too. But they should do so when and if it makes sense for their brand. And with a clear understanding of both the opportunities and challenges facing them on the channel.

Brands that will find the most success on streaming today are those with young audiences that frequently watch streaming content or brands with highly niche audiences and who are able to make use of the channel's targeting capabilities. Large brands using streaming for incremental reach and brand-building will likely also find Streaming worthwhile.

This isn't to say other brands shouldn't advertise on streaming TV right now. But your goals may look differently than with your other performance marketing campaigns. At the beginning, your campaigns may be focused on testing and learning. That way, as streaming evolves, and as people spend even more time watching streaming content, you're prepared to jump right into success on the channel.

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