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New Opportunities For Scale And Value In OTT/CTV Advertising

How Midsize CTV/OTT Providers Help Drive Better
Business Outcomes For Buyers

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Executive Summary

In the face of an unprecedented narrowing of our social and physical worlds in 2020, video had a major moment. Stuck indoors, consumers sought content across a proliferation of channels, and along with other media, connected TV (CTV) and over-the-top (OTT) providers claimed more of consumers' time and focus than they had in prior years. This shift in behavior was no mere blip on the radar. Rather, it represented a nudge to buyers to lay the groundwork by shifting their media strategies to match their consumers' emerging media behaviors over the long term.¹

Consumer appetite for entertainment will likely continue to grow, but viewing will take place across a more fragmented landscape of channels, formats, and devices. Buyers must reach their prospects and customers when and where they demand. Buyers' strategies must not only examine the mix of channels but also the mix of media partners.

In Q3 2021, PubMatic commissioned Forrester Consulting to evaluate the state of buyers' CTV/OTT buying strategies. Forrester conducted an online survey of 307 media-buying decision-makers at agencies and brands to explore this topic. We found that while media buyers are actively leaning into CTV and OTT strategies to reach audiences, it's far more common for them to map old approaches to emerging media — buying from a limited assortment of large, legacy sources at the expense of a more distributed, nuanced approach. Buyers who diversified their CTV/OTT media strategies across small and medium-sized publishers (midsized CTV/OTT) were more successful at their media objectives over the prior year than those who did not.

Marketers and agencies that diversified their CTV/OTT approaches with midsize publishers were more successful, yet many buyers remain on the sidelines due to perceptions of complexity and concerns over scale.



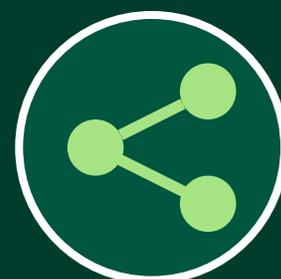
Key Findings

Media buyers see CTV/OTT programs as a way to achieve incremental reach and address increasing media fragmentation. Consumers rely on video content more than ever, accessing it across more channels than ever. Buyers leveraging midsize CTV/OTT publishers take advantage of this fragmentation by reaching incremental and strategically important audiences in increasingly key channels.



Too many buyers waste opportunities and budgets by relying solely on large CTV/OTT inventory suppliers.

It's far more common for buyers to rely on major suppliers for their CTV/OTT buys today — be they major OTT providers or traditional broadcasters — than to diversify across multiple inventory tiers. Buyers agree that a more diverse approach would deliver more relevancy, higher quality, and deeper ability to connect with incremental and strategic audiences. Despite this, many insist on the simple approach due to concerns about scale and complexity when buying from a broader array of publishers.



Midsize CTV/OTT buyers are twice as likely to overachieve against their channel objectives than those who do not.

Midsize CTV/OTT buying correlates to CTV/OTT success, and respondents suggest that they would be driven to buy more midsize CTV/OTT inventory if they could be reassured about scale, complexity, and quality. Seeking solutions and partners that help buyers balance quality and efficiency will empower them to unlock the opportunity for more scaled, relevant, targeted, and flexible CTV/OTT programs.



A Fragmenting Media Landscape Means Both Opportunity And Complexity For Buyers

The fundamental job of buyers and their agency partners is to deliver business value by building a go-to-market approach that delights consumers with great advertising experiences. This mission is constantly shifting, however, due to the ways in which empowered consumers attend to media: Consumers' rapidly evolving and expanding media consumption is a true double-edged sword for buyers. They can at once create powerful opportunities to connect with consumers while also facing growing complexity in capturing their increasingly fragmented attention and higher expectations.²

Audiences' shifting behavior results in the following opportunities and challenges for buyers:

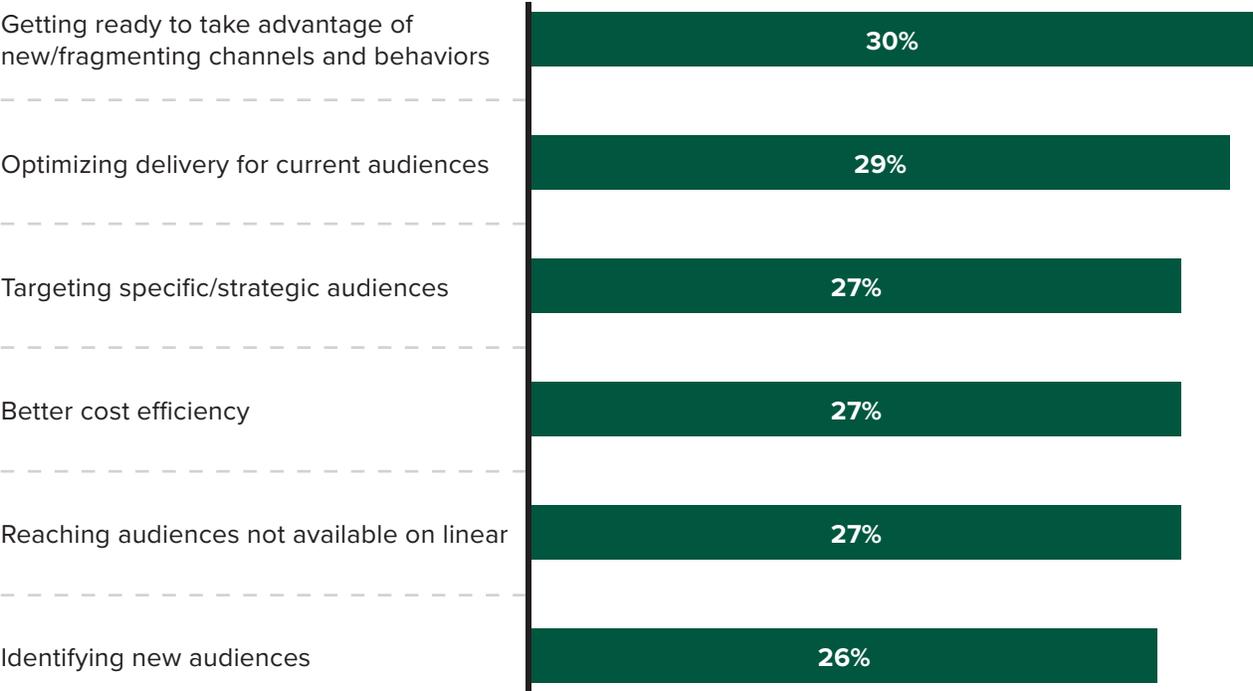
- **Media consumption is growing, but fragmentation makes attention harder to capture.** Media consumption is rising across a multitude of touchpoints — live and time-shifted TV, gaming consoles, mobile devices, and more. But this means that consumer time is spread more thinly across channels and formats, making reaching and capturing attention more and more elusive.
- **Buyers rush unprepared into new media frontiers and take strategic shortcuts along the way.** As a result of the rapidly evolving media landscape, marketers face pressure to be present on emerging media. They often move before laying the groundwork of identifying the audiences and objectives that should guide their decision-making and planning. This “strategy by accident” approach can incentivize buyers to take shortcuts in their approaches, leading to missed opportunities to deliver value to the business and great experiences to consumers.

Indeed, survey respondents showed that they are hungry for opportunities to reach new audiences and to do so more effectively and efficiently. They recognize 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 optimize engagement opportunities with key consumers (see Figure 1). For their part, agency respondents saw CTV/OTT buying as a way to stay relevant for their clients and both deepen existing relationships and develop new ones.

Figure 1
Buyers See CTV/OTT As An Opportunity To Prepare For The Future Of Media Buying

“What are the key objectives you’re trying to accomplish with CTV/OTT media buying?”



Base: 307 US and UK brand and agency video advertising decision-makers
Source: A commissioned study conducted by Forrester Consulting on behalf of PubMatic, September 2021

Buyers Risk Wasting New Opportunities By Relying On Old Tactics

Buyers may see the way the winds are blowing, but they aren't necessarily setting a course that will let them take full advantage of the CTV/OTT opportunity. They tend to rely on large-scale and legacy inventory sources for CTV/OTT, including major OTT devices and traditional broadcast networks. In many ways, this approach makes sense — as they pursue new strategies, they rely on larger, more obvious choices for capturing audiences — but it also reflects a missed opportunity and a still-maturing media landscape. By comparison, fewer than one-third of buyers today pursue more diversified CTV/OTT buying approaches that leverage midsize CTV/OTT publishers. This makes some sense for early-stage, experimental buying strategies, but it lacks the specific targeting and flexibility a more diversified media approach can lend.

Notably, agencies were less likely than brand respondents to pursue CTV/OTT buys with midsize CTV/OTT publishers (see Figure 2). Despite agencies' frequent role in pushing the envelope on new media approaches for their clients, their incentives don't necessarily encourage this kind of experimentation. Agencies ultimately have less incentive to seek out novel approaches in a developing space. They are almost always judged more by their costs than on quality and can help guard against losing margin to managing complexity by focusing on large, traditional inventory sources. In short, their job is to deliver results as cost-effectively as possible, so pursuing strategies with a more diverse and complicated set of inventory sources can seem to work at cross-purposes.

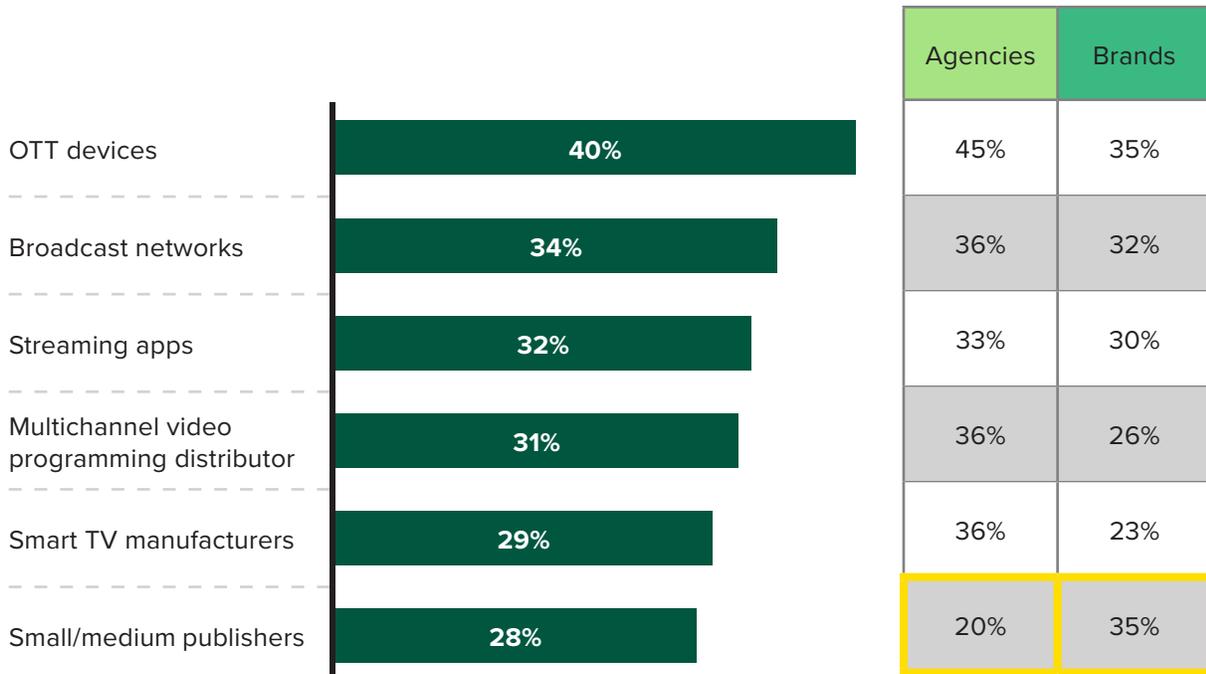


Media buyers — both brands and their agency partners — are missing an opportunity by focusing only on larger and well-established CTV/OTT inventory sources.

Figure 2

Buyers Favor Large-Scale Buying Approaches For CTV/OTT Today

“What types of media supply sources do you buy CTV/OTT inventory from today?”



Base: 307 US and UK brand and agency video advertising decision-makers
 Source: A commissioned study conducted by Forrester Consulting on behalf of PubMatic, September 2021

Respondents who don’t currently buy CTV/OTT from midsize CTV/OTT publishers say they are holding back due to concerns about scale and complexity. Nearly a third indicated they didn’t believe these midsize CTV/OTT publishers would deliver the scale they needed for campaigns — as that scale would need to be achieved across sources of inventory rather than through reaching larger audiences of major players. This directly leads to the next primary barrier: that without the means to aggregate and manage a more diversified CTV/OTT portfolio, it’s much simpler buying inventory from fewer partners. Agency respondents bolstered the argument that they are seeking the simplest way to deliver results in CTV/OTT by being 10% more likely than buyers to say they don’t buy from midsize CTV/OTT publishers because it’s simpler to work with fewer partners.

Buyers Aren't Realizing Full Value From Safe CTV/OTT Approaches

Media buyers are largely taking a conservative approach to buying CTV/OTT media, but they are also somewhat skeptical of the results their investments have delivered so far. Fewer than one-third indicated that their CTV/OTT programs have completely met or exceeded their expectations to date. Meanwhile, organizations that include midsize CTV/OTT in their strategies are twice as likely to have exceeded their CTV/OTT objectives.

Satisfied CTV/OTT buyers in open-ended survey responses pointed to their programs' ability to capture unduplicated or incremental reach, especially compared to their linear TV buys. They highlighted how programs let them reach cord-cutting or cord-never audiences and reach all audiences with more-specific targeting. On the other hand, less-satisfied buyers stated that their program performance wasn't what they were hoping for, and they described their struggles with a lack of standards in the space — as different providers use different language and create confusion for buyers.

BUYERS' TECHNOLOGY CHOICES COMPLICATE CTV/OTT BUYING

Buyers who struggle to keep up with consumers' fragmented video consumption habits require solutions that can help manage unduplicated reach and frequency against target consumers, as well as measure performance across multiple video channels.³ Respondents were most likely to leverage specialized video technologies in concert with data management platforms (DMPs) and creative ad technologies for their CTV/OTT campaigns. Yet still more than half struggle with cross-screen attribution, audience targeting, deal negotiation, and forecasting CTV/OTT against linear buys. In short, they still require solutions that can rationalize their video buying and help delineate the relative contribution of multiple and proliferating video channels to audience reach and business value.



Buyers who include midsize CTV/OTT inventory in their buys were twice as likely to exceed their objectives in the channel than those who do not.

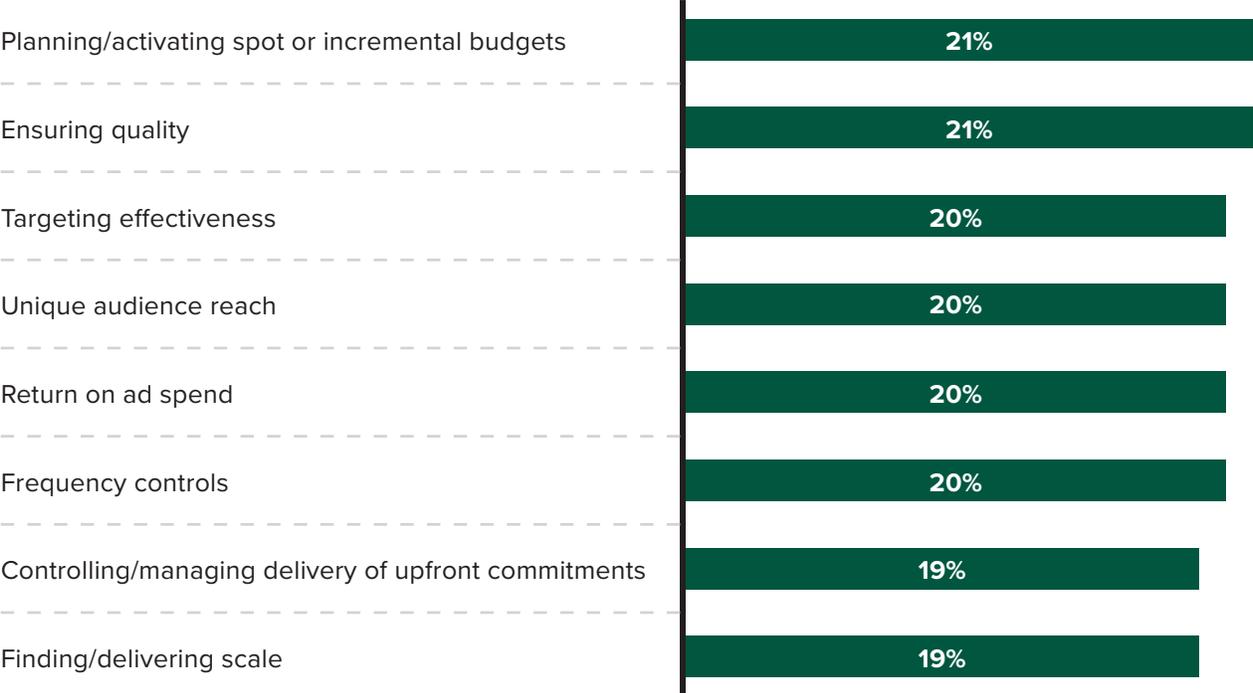
TOO MANY CTV/OTT PROGRAMS FAIL TO DELIVER FULL VALUE TO BUYERS

Most buyers in this study lack confidence in their ability to maximize their CTV/OTT programs' effectiveness. Nearly all respondents said they experienced at least one challenge with CTV/OTT today, headlined by achieving scale, managing inventory fragmentation, and experiencing difficulty with forecasting. Just over one in five reported being fully confident in their ability to activate spot or incremental budgets, or to ensure the quality of their buys, while 20% were assured they are getting the most out of targeting, unique audience reach, return on spend, and frequency management (see Figure 3).

Figure 3

Brands Lack Confidence In Their Programs' Scale, Efficiency, And Incremental Audience Delivery

“How confident are you that you are able to maximize the effectiveness of each of the following aspects of CTV/OTT media buying?”



Base: 307 US and UK brand and agency video advertising decision-makers
Note: Showing “Very Confident”
Source: A commissioned study conducted by Forrester Consulting on behalf of PubMatic, September 2021

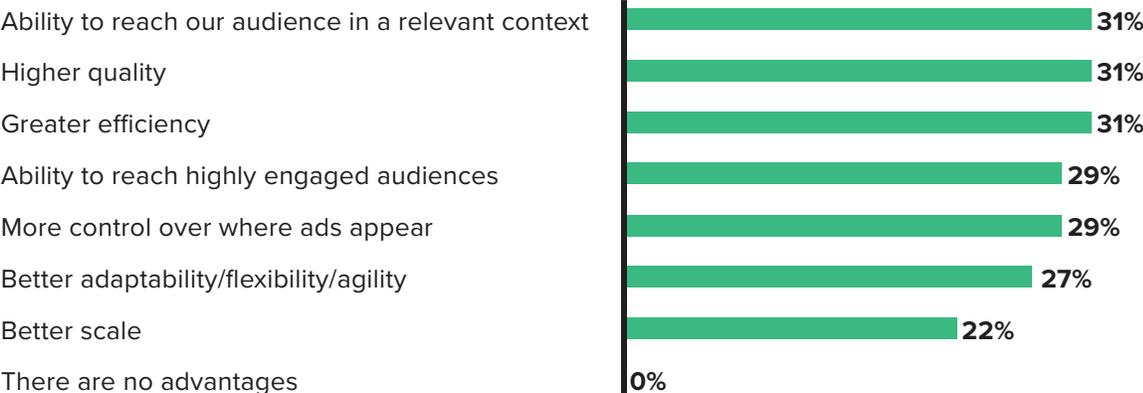
As a result of these challenges, buyers struggle to recognize the value of their investments. Without better ability to achieve scale, manage inventory fragmentation, and properly forecast future spend and returns, nearly every respondent predicted that their strategies would suffer. The most common repercussion of these challenges was the threat of wasting precious media budget as it is being spread across more and more channels and touchpoints. As a result, buyers will be less likely to enter into the CTV/OTT market in the first place, costing them a valuable opportunity to lay the groundwork for managing channel fragmentation and to reach consumers in the places they're increasingly turning for media. Buyers, too, are concerned that less-optimal CTV/OTT strategies will hamper their ability to control ad frequency, and they worry that fragmented management will take time away from more strategically important work like campaign development and optimization.

Midsize CTV/OTT Buying Is An Opportunity Waiting To Be Unlocked

A key aspect of this study’s hypothesis stated that the more diversified audiences and specialized content of midsize CTV/OTT providers represents an opportunity for buyers to connect with audiences that have more distinctive characteristics, compared to providers with large audiences that mirror the overall population. Our respondents’ perceptions of the midsize CTV/OTT opportunity bears this out. All respondents agreed that executing buys with midsize CTV/OTT publishers would bring some advantages. They were most likely to agree that leveraging the more-diverse content of multiple providers’ ad experiences would result in better ability to: 1) reach audiences in more relevant contexts; 2) ultimately achieve higher inventory quality; and 3) derive greater efficiency with midsize CTV/OTT partners than with larger publishers. In addition, respondents equate midsize CTV/OTT strategies with reaching more highly engaged audiences; having more choice over where their ads appear; and achieving better adaptability, flexibility, and agility (see Figure 4). Interestingly, there was very little difference among buyers who currently leverage midsize CTV/OTT inventory and those who don’t — indicating that these aren’t merely hypothetical benefits, but they hold up to buyers’ actual experience.

Figure 4
Buying From Midsize Publishers Delivers Relevancy, Quality, And Efficiency

“What do you see as the advantages of buying CTV/OTT inventory from medium or small publishers?”



Base: 307 US and UK brand and agency video advertising decision-makers
Source: A commissioned study conducted by Forrester Consulting on behalf of PubMatic, September 2021

TO DRIVE MIDSIZE CTV/OTT ADOPTION, MAKE BUYING SIMPLER, SAFER, MORE TRANSPARENT, AND FLEXIBLE

CTV has been designated the fastest-growing programmatic video channel by Forrester’s advertising forecasts — outpacing the growth of ad spending on both mobile and computer.⁴ But what will help convince buyers to include midsize CTV/OTT as a significant part of that mix? Respondents identified the following top three factors that would help them get off the fence with midsize providers:

- **Bringing more midsize CTV/OTT inventory into private marketplaces.** Forty-five percent reported that private marketplaces (PMP) would be a significant driver of midsize CTV/OTT adoption. Previously and in other video channels, larger publishers leveraged PMP as a value-added offering to their best clients — delivering exclusive access to their best inventory. Midsize CTV/OTT providers can find this instructive and boost adoption, especially if they grant access to their best, most premium inventory through PMP. By letting early adopters get first dibs on their best inventory, they can also help alleviate quality concerns in the channel and build a case for their ability to deliver high-quality audiences and inventory.
- **Making midsize CTV/OTT buying more operationally efficient.** Forty-five percent of buyers are looking for more efficiency when buying from a more diverse set of midsize CTV/OTT inventory. Brands and their agency partners must always balance quality and efficiency in determining the value of a given strategy — and while the perception of higher quality resonates with respondents, there’s more work to do on the efficiency side of the ledger. Buyers need to consider, understand, and onboard the technologies and strategic partnerships, including exchanges, that will allow them to consolidate these audiences and balance the effectiveness of targeting.
- **Doubling down on buyer safety and fraud monitoring.** Buyer safety and fraud are hardly unique concerns to midsize CTV/OTT suppliers, nor is it a new problem in the industry. Indeed, respondents in our study identified buyer safety as their most important driver of media buying success overall. Brands should maintain their investments in buyer safety and fraud tools and train buyers on their investments in CTV/OTT to ensure that ads are properly placed in an environment that positively reinforces their brands.⁵

MIDSIZE CTV/OTT BUYERS OVERACHIEVE AGAINST THEIR KEY MEDIA GOALS

With video becoming an ever more prolific and diverse opportunity to reach consumers, buyers have every reason to obsess over their video strategies this year. Respondents told us their top objectives (in addition to the aforementioned buyer safety concerns) were securing more flexibility in their media buys, attaining more transparency into media performance and costs, developing more granular and effective targeting schema, and gaining greater operational efficiency and cost control. This study covers how the perceived and realized benefits of midsize CTV/OTT buying contribute to success in these areas.

Therefore, it follows that respondents who currently buy midsize CTV/OTT inventory were 10% more likely to say they overachieved against their key video advertising goals last year compared to those who do not. When every advantage counts, it behooves buyers to explore all avenues for delivering better business value to their organizations and readying their organizations for a more fragmented media future. Midsize provider inventory can help them more fully seize the CTV/OTT opportunity.

Key Recommendations

Forrester's in-depth survey of media buyers about their video advertising strategies yields several important recommendations:

Don't automatically discount the value of a more diverse set of CTV/OTT publishers.

It's time for smart organizations to consider diversifying their CTV/OTT buying to include midsize publishers. Buyers who include midsize publishers in their strategies report more success in CTV/OTT than those who do not. Modern programmatic approaches including PMP marketplaces can help address challenges with scale, fragmentation, complexity, and quality that keep many buyers on the sidelines.

Consolidate your tools to rationalize the multiple considerations that differentiate successful CTV/OTT buying.

CTV/OTT buying has many success levers, and it can be a cumbersome challenge for buyers to individually track their performance against all of them. Leaning into partners that can provide solutions across these factors — including delivering audiences at scale, managing media fragmentation, ensuring brand safety, providing conduct attribution, and filling in the gaps of efficient buying execution — can help free decision-makers to focus on curating compelling customer experiences and driving business value through their media investments.

Leverage lessons and partner expertise from more mature ad formats to seize the CTV/OTT opportunity.

Buying CTV/OTT can still be novel for a number of buyers but buying from midsize advertising providers across other channels is not. Buyers can apply lessons from other, more mature ad channels to the midsize CTV/OTT opportunity as well. Look to your supply and technology partners skilled in other formats for lessons on how to efficiently achieve scale across a diverse set of providers, maximizing the granular targeting and delivery of relevant experiences a more diversified approach can deliver.

Appendix A: Methodology

In this study, Forrester conducted an online survey of 307 decision-makers at buyer and agency organizations in the US and UK to evaluate the state of their CTV/OTT buying strategies. Survey participants included decision-makers in marketing, sales, and marketing operations roles. Participants were asked about their current buying behaviors in CTV/OTT. Respondents were offered a small incentive as a thank-you for time spent on the survey. The study began in June 2021 and was completed in October 2021.

Appendix B: Demographics/Data

COUNTRY	
US	50%
UK	50%

INDUSTRY	
Buyers	50%
Agencies	50%

AGENCY TYPE	
Part of major holding company	46%
Major independent	41%
Boutique independent	13%

BUYER INDUSTRY	
Financial services	10%
CPG	9%
Retail	9%
Healthcare	7%
Consumer electronics	5%
Travel and hospitality	5%
Other	6%

AGENCY SENIORITY	
VP	26%
Director	40%
Account lead	5%
Senior manager	9%
Manager	12%
Project manager	3%
Other	5%

BUYER SENIORITY	
VP	32%
Director	42%
Manager	17%
Project manager	6%
Full-time practitioner	3%

Appendix C: Supplemental Material

¹ Source: "US Consumer Pandemic Recovery Outlook: Spotlight On Media Consumption," Forrester Research, Inc., June 17, 2021.

² Source: "Use Audience Media Consumption Habits To Shape Your Go-To Market Approach," Forrester Research, Inc., August 2, 2021.

³ Source: "The Forrester Tech Tide™: Adtech For B2C Marketers, Q3 2020," Forrester Research, Inc., July 30, 2020.

⁴ Source: "Programmatic Advertising Spend Key Trends," Forrester Research, Inc., January 25, 2021.

⁵ Source: "The Forrester Tech Tide™: Adtech For B2C Marketers Q3 2020," Forrester Research, Inc., July 30, 2020.

An aerial photograph of a river with intricate, concentric ripples in shades of teal and blue. The water's surface is highly textured with fine, overlapping lines that create a sense of movement and depth. The lighting is soft, highlighting the undulating patterns of the water.

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