

OTT/CTV Ad Spend Continues to Grow Despite Pandemic

October 2020

Introduction

Industry experts predicted strong growth in OTT/CTV advertising at the start of 2020, **projecting a 40% boost in year-over-year spending**. In fact, U.S. advertisers were **expected to spend \$5 billion on OTT/CTV in 2020**. OTT/CTV advertising has become a major player in our industry, as businesses of all sizes look to achieve the impact of television ads with the precision of digital advertising.

Interest in OTT/CTV advertising continued to skyrocket when the COVID-19 pandemic began in mid-March. With more consumers homebound, screen time **increased by 60% in mid-March** and online shopping surged. Advertisers quickly took advantage to reach users across all devices, **increasing spend by 40% during the week of May 11** compared to the week ending on April 11. Paired with the ability to attribute online traffic to OTT/CTV ads, advertisers were able to gauge performance and optimize accordingly.

Many more consumers have embraced connected TV devices and streaming services this year as well. With an estimated **820 million connected video devices in households** across the United States, advertisers have a high probability of reaching consumers through multiple devices in a single household. In Q2 2020, **ad revenues for AVOD platforms increased by 31% YOY** as users increased streaming time and advertisers allocated more budget to OTT/CTV ads.

So what does all of this mean for Simplifi and our advertisers? We analyzed our data and analytics from thousands of advertisers on our platform to see the overall performance of OTT/CTV campaigns, whether the pandemic affected spending, and how different industries utilized the solution. Below is a look at how advertisers have adopted OTT/CTV advertising in 2020, as well as some predictions for where OTT/CTV advertising is headed in the near future.

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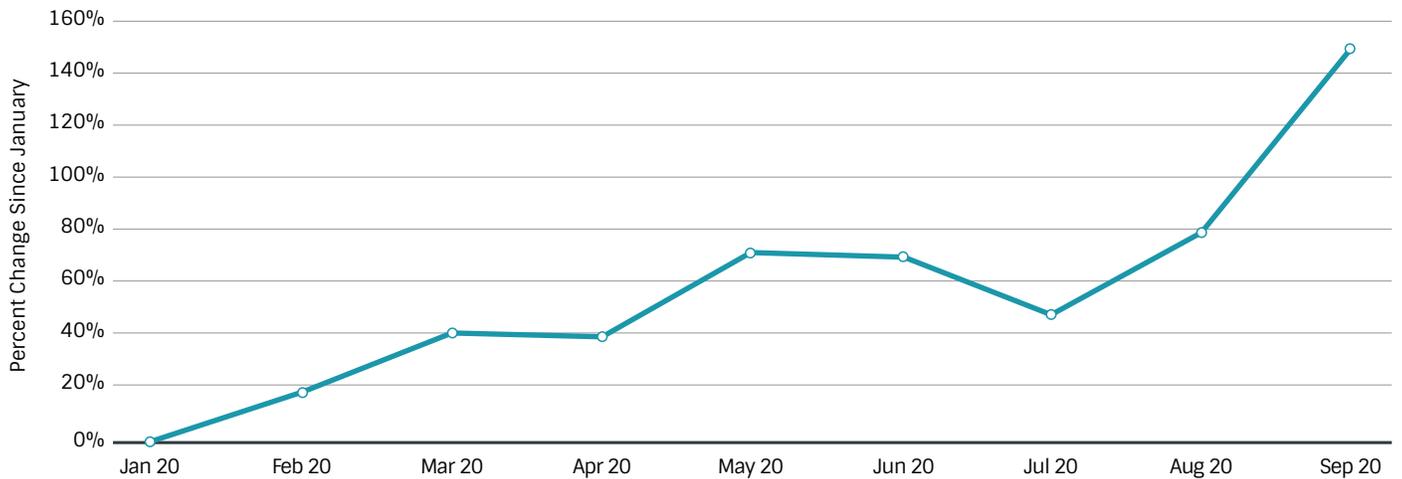
Simplifi Platform-Level Data

We took a deep dive into the data across the Simplifi platform from January 1, 2020 through September 30, 2020 to identify trends and analyze what our advertisers are experiencing with OTT/CTV advertising.

Significant Increase in Year-over-Year Campaign and Advertising Growth

Simplifi has seen a positive growth in OTT/CTV advertising this year. By the end of September, spend grew 145% since the start of 2020, and 166% year-over-year (YOY).

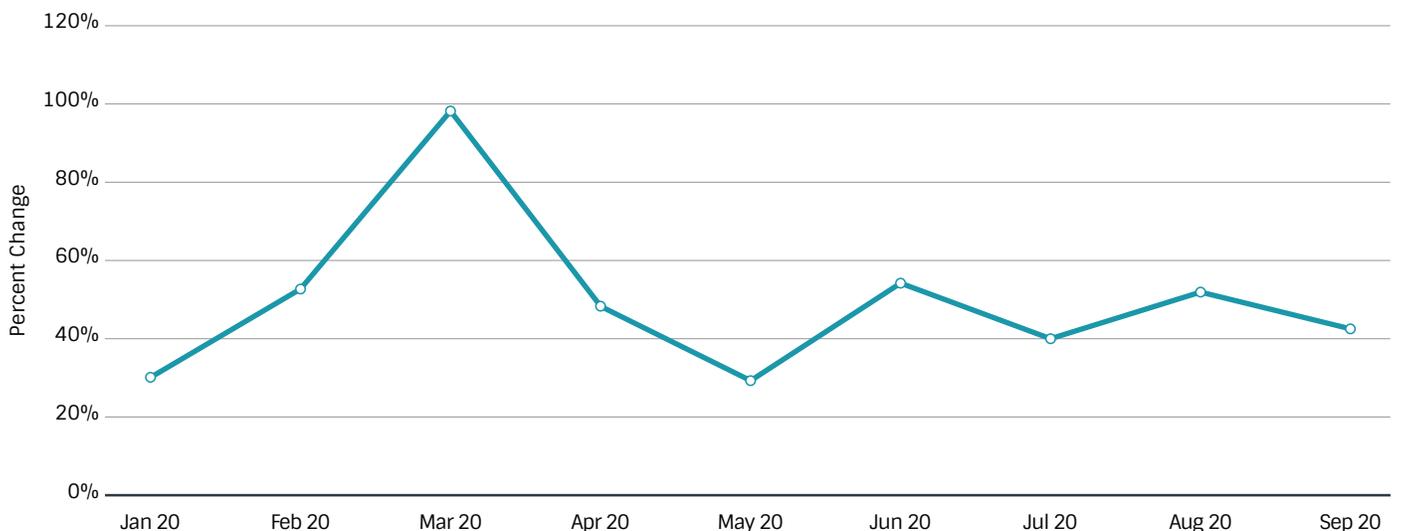
OTT/CTV Ad Spend YTD



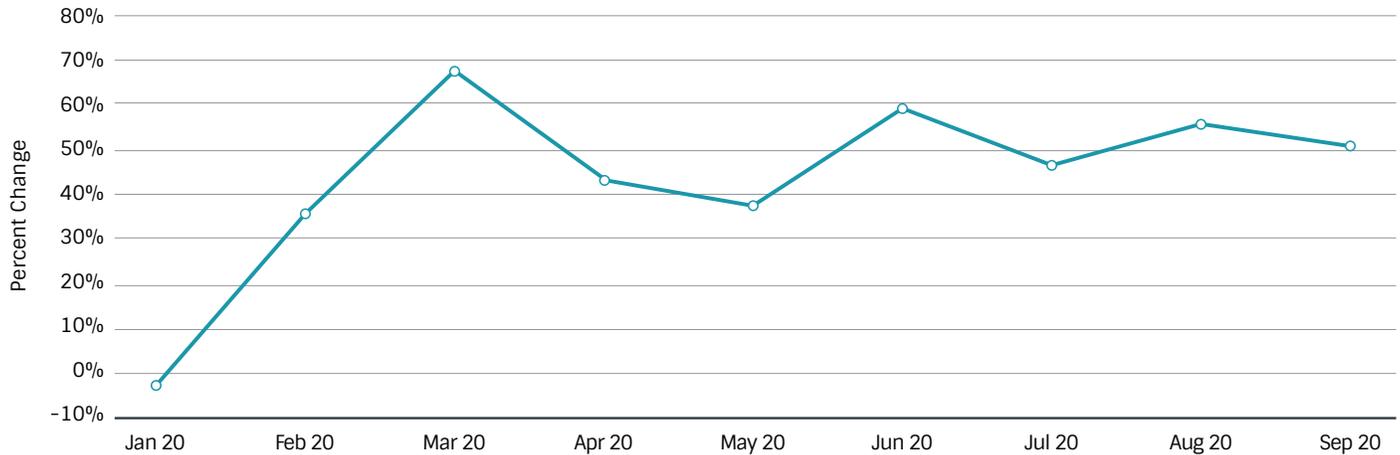
Number of OTT/CTV Campaigns and Advertisers Continue to Grow

The Simplifi platform also saw a 40% YOY growth in the number of advertisers including OTT/CTV campaigns in their advertising strategies, resulting in a total of 7,160 advertisers implementing OTT/CTV ads year-to-date (YTD). In addition, there was a 44% YOY increase in the number of OTT/CTV campaigns implemented this year, resulting in a total number of 25,853 OTT/CTV campaigns YTD.

Number of OTT/CTV Campaigns YOY



Number of OTT/CTV Advertisers YOY



OTT/CTV Advertising Spend: Big Screen vs. Small Screens

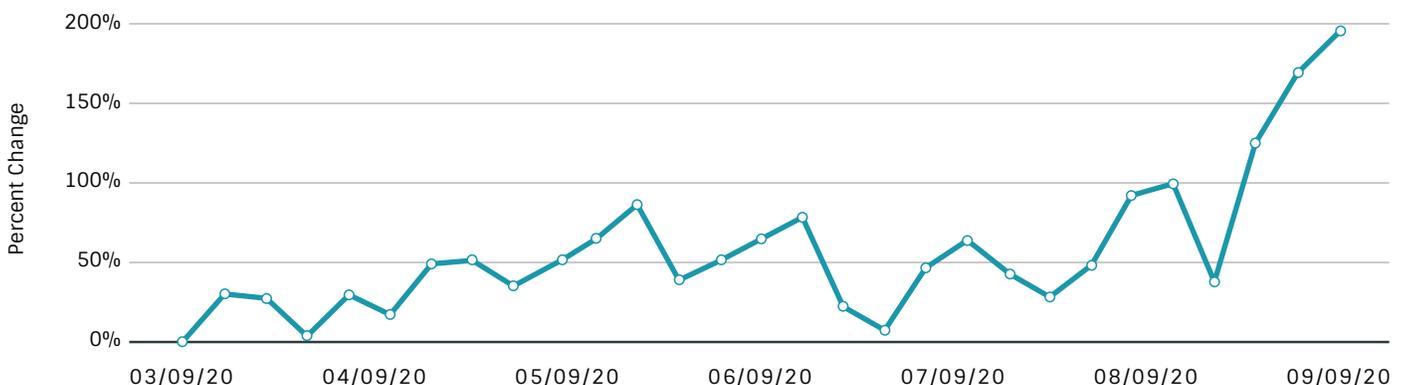
Over the course of the past nine months, Simplifi.fi partners have used OTT/CTV ads to reach consumers across both large and small screens in a single household. Spend on small screens, such as mobile and tablet devices, increased by 77% in September, a 214% YOY increase. Advertisers also increased spend on large screen connected TVs by 39% in September, a 108% YOY increase. The surge in both large and small screen spending indicates advertisers are creating as many touch points as possible to stay top-of-mind.

COVID-19 Brings OTT/CTV Advertising to the Forefront

Since the beginning of the COVID-19 pandemic in mid-March, OTT/CTV advertising spend has remained positive; in fact, spend across the Simplifi.fi platform was 194% higher in late September compared to the week of March 9th. Overall, OTT/CTV ad spend grew throughout Q2, peaking in the month of April at 171% YOY as stay-at-home orders were in full effect and consumers increased their screen time across connected devices.

Simplifi.fi saw a 61% growth in weekly average OTT/CTV advertising campaign spend at the end of Q2 of 2020 vs. end of Q2 of 2019. While some advertisers briefly paused or decreased spending on OTT/CTV advertising at the beginning of the pandemic, 76% of those had already re-started or increased spending again by the end of September.

Overall OTT/CTV Spend Throughout COVID-19



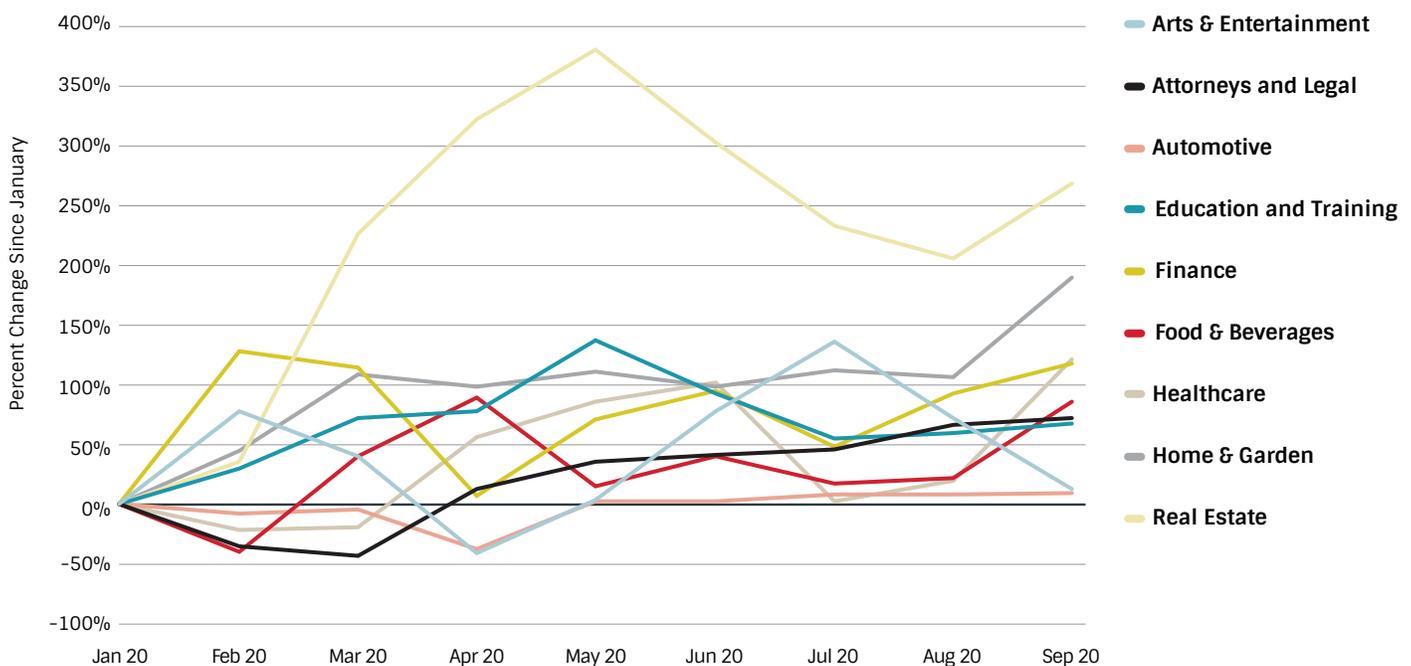
Industry Analysis

Knowing that this year has been unlike any year in the past, we analyzed nine of Simplifi.fi's top-performing industries to see how Simplifi.fi partners were embracing OTT/CTV advertising throughout the course of this year:

- Healthcare
- Home & Garden
- Automotive
- Food & Beverages
- Finance
- Real Estate
- Education & Training
- Attorneys & Legal
- Arts & Entertainment

Overall 2020 OTT/CTV Ad Spend

Total Spend Year to Date



Overall, Simplifi.fi's top performing industries experienced a positive growth in OTT/CTV advertising throughout 2020. While a few industries experienced a slight negative growth in the first couple of months, spend quickly increased as the year progressed. The growth of OTT/CTV advertising throughout 2020 shows advertisers across all industries are able to reach the right consumers at the right time using OTT/CTV campaigns.

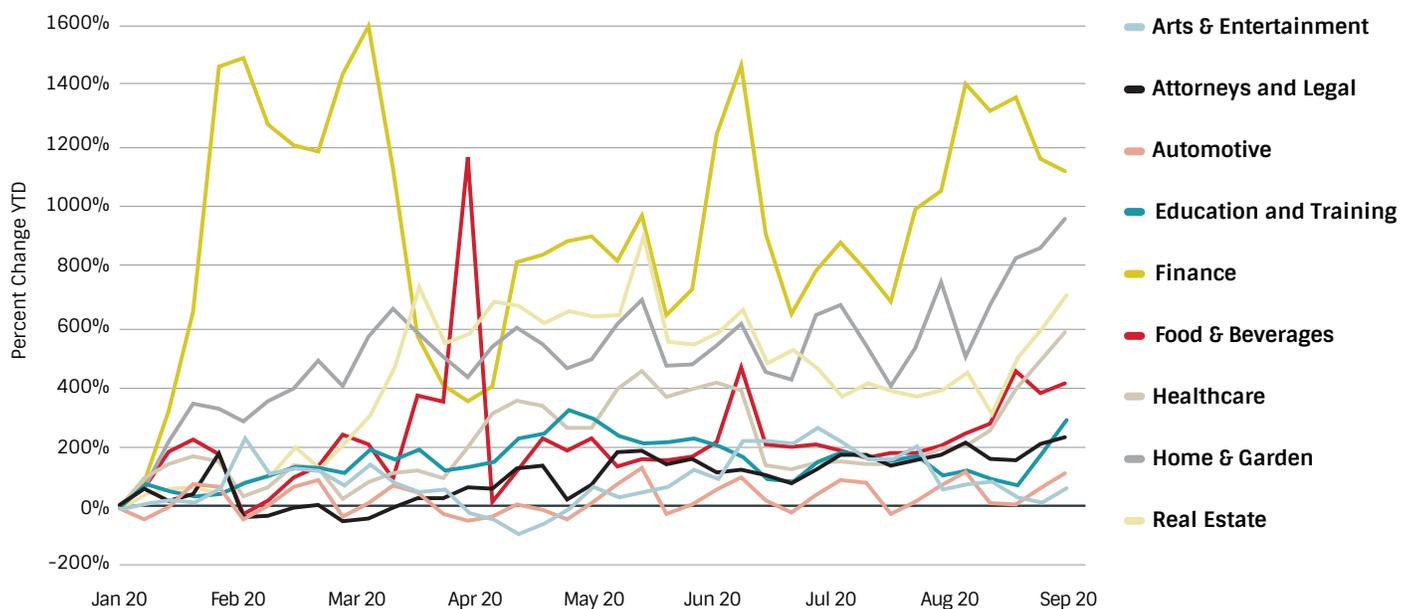
Highlights

- **Real Estate Industry:** Real estate advertisers utilized OTT/CTV ads to reach consumers interested in purchasing homes, increasing OTT/CTV advertising spend by 269% by the end of September compared to spend in January.
- **Home and Garden Industry:** As interest in home projects rose, home and garden advertisers steadily allocated spend towards OTT/CTV ads to target consumers, increasing spend by 189% YTD by September.

- **Food and Beverage Industry:** Advertisers in the food and beverage industry initially decreased their spend on OTT/CTV ads at the beginning of 2020. They then allocated more dollars towards OTT/CTV ads as the year progressed, increasing spend to 85% YTD by the end of September.
- **Attorneys and Legal Industry:** Legal advertisers also initially slowed their spend on OTT/CTV advertising during the first three months of 2020. They quickly ramped up their spend as more consumers sought legal advice, growing spend by 72% at the end of September compared to the beginning of January.

Weekly Average OTT/CTV Advertising Spend 2020

Weekly Average Campaign Spend YTD



The Weekly Average Campaign Spend on OTT/CTV advertising has also remained positive throughout the course of the year. Most advertisers increased their budgets on OTT/CTV ads as the year progressed.

General Highlights

- **Home and Garden Industry:** As more consumers took on home projects, home and garden advertisers utilized OTT/CTV ads to notify them of different services and projects they could be interested in. The industry ended September with a 913% increase compared to spend in January.
- **Healthcare Industry:** Healthcare advertisers steadily invested in OTT/CTV advertising throughout the year to educate consumers about healthcare services, increasing spend 545% by the end of September.
- **Real Estate Industry:** The real estate industry grew spend on OTT/CTV ads as the year progressed, ending September with a growth of 643% increase compared to January.
- **Finance Industry:** Financial advertisers quickly invested in OTT/CTV advertising within the first few weeks of the year. The financial industry continued its growth in OTT/CTV ads, increasing by 1092% YTD at the end of September.

||| OTT/CTV Predictions for the Near Future

OTT/CTV advertising's growth is expected to continue as many advertisers take notice of its scalability and increased available inventory, allowing them to easily reach consumers at any scale. In addition, the low cost of entry compared to linear TV allows businesses of all sizes to take advantage of the reach of television ads with the precision of digital. Small businesses can now afford to run television ads while only targeting those who are interested in their products, leading to minimized wasted impressions. Meanwhile, national advertisers can use OTT/CTV campaigns to execute national campaigns at a localized level, targeting consumers with messaging that resonates based on where they are located.

With the holiday season around the corner, retailers and advertisers should be prepared as consumers shopping habits have shifted online due to the ongoing pandemic. Retailers and advertisers need a way to measure the success of their OTT/CTV ads and the visits they garner. The recent enhancements to OTT/CTV advertising, such as improved attribution and measurement, give retailers the ability to attribute online conversions to OTT/CTV ads.

||| Conclusion

Many advertisers quickly added OTT/CTV ads to their advertising strategies at the beginning of 2020, increasing spend compared to previous years. OTT/CTV adoption continued to rise throughout 2020, as advertisers experienced strong results.

Simpli.fi advertisers across all industries grew their OTT/CTV spend this year compared to 2019, targeting both large and small screens in a single household to reach consumers across all video streaming devices. The growth is expected to continue as advertisers head into the last quarter of the year with OTT/CTV advertising in mind. Due to its precision and scalability, OTT/CTV ads will be a must-have in advertising strategies for years to come.

How does your OTT/CTV advertising strategy compare?

To learn more, contact your Simpli.fi representative or reach out at hi@simpli.fi.