

The State of CTV: How Retailers Are Embracing the Streaming Era

CTV is on the rise, but LTV still has legs. How can retailers make the most of both mediums?

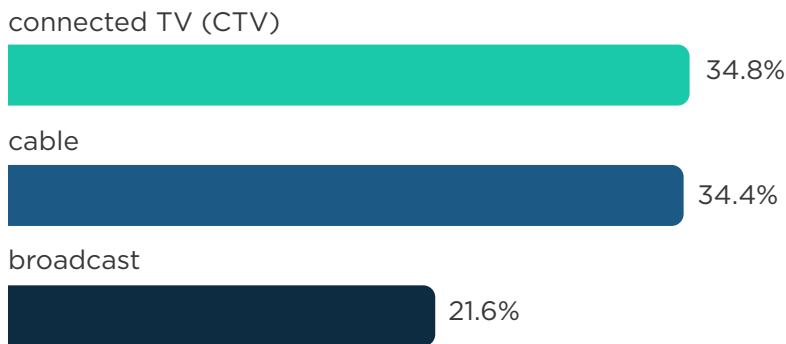




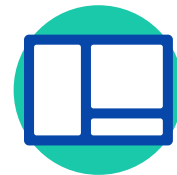
Where do retail advertisers stand in a shifting media climate?

The signs are nigh: We are entering a post-linear TV (LTV) world and marketing teams must take notice. The evidence is striking:

For the first time in July 2022, connected TV (CTV) commanded a bigger piece of the viewing pie — **34.8%** — than cable (**34.4%**) and broadcast (**21.6%**). The **33%** year-over-year increase in CTV viewing from September 2021 to September 2022 was even more remarkable.¹



By the end of 2023, fewer than half of U.S. households (**49.5%**) will have cable TV, dipping to **42.4%** by 2025.²



To bring in more viewers, Disney+, Paramount Plus and Netflix joined Hulu and HBO Max by offering lower-priced, ad-supported tiers.



Amazon Prime and Apple TV also struck deals to present major league sports games to motivate even more households to cut the cable cord.

¹Nielsen ²Insider Intelligence



These events are changing the TV advertising landscape, for both retail marketers and consumers. With CTV's ability to target audiences more narrowly, marketers and advertisers will be able to optimize their ad creative and, in turn, deliver the highly relevant and personalized brand experiences consumers expect. They also will be able to dig into accurate, timely metrics that will help them constantly fine-tune their approaches for different audiences and business goals.

But we're not quite there yet. In this transitional phase, retailers must determine how to balance CTV and LTV; that means they must understand the value of each format, how they can inform and optimize the other, and most of all, how they fit into a much larger omnichannel marketing and advertising mix.

Exploring a relatively new and obviously rising channel is exciting and — let's be honest — a bit intimidating. That's why we wanted to know where retail brands stand today. We surveyed **100+** marketers at leading B2B, B2C and DTC retail companies across industries. The results offer insight into:

How retailers leverage TV in their omnichannel campaign strategies.



How they are balancing the use of LTV and CTV to meet their goals.



What is holding them back from embracing CTV.



How you can find the right balance for your own TV campaigns.





The current state of LTV and CTV advertising

To set the stage, we wanted to see how retail brands are balancing their current budgets between LTV and CTV. About half advertise on both, and a surprisingly large amount — nearly one-third — advertise on neither.

Do you currently advertise through TV (either linear or streaming/connected)?

Both: 50%



Neither: 31.9%



CTV only: 9.48%



LTV only: 8.62%



For the **31.9%** who do not include TV in their marketing mix, more than half said it's not a priority in their brand strategy, while others cited budget and resource/skill challenges.

Why do you not advertise through TV?

It's not a priority in our brand strategy: 54.05%



We don't have enough budget: 24.32%



We don't have the team size or skills to implement it successfully: 10.81%



We did, and it didn't perform well: 5.41%

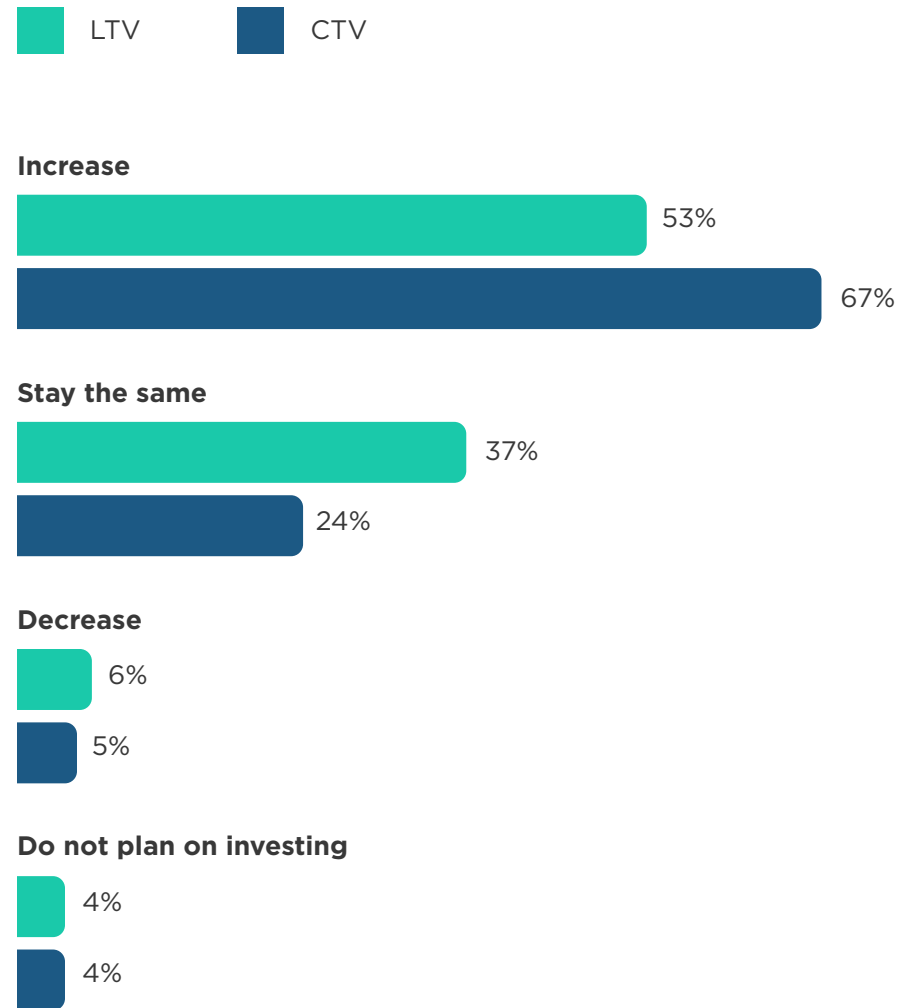


In today's crowded omnichannel marketing field, there's tension around where to focus budget and energy because there's never enough to go around. LTV has a reputation for being expensive and challenging to produce vs. digital avenues. That reputation may be trickling over onto CTV. In fact, there is a knowledge gap when it comes to CTV: **20%** of respondents said they wanted to do more CTV advertising but weren't sure where to start.

As marketers learn more about the ease of use, more refined targeting capabilities and real-time analytics of robust CTV platforms, they may find that they can unlock this new marketing channel with less lift than expected — and that CTV's real-time insights and testing capabilities provide useful data that can inform all campaign channels and tactics.

In terms of budget, for those who are already investing in TV ads, more than half expect to increase their LTV budget in the next 12 months, while more than two-thirds expect to increase their CTV budget. Few expect their budgets to decrease or to not invest at all — **less than 10%** for either. It is clear that those who are currently investing in both LTV and CTV are seeing results that warrant either further commitment or consistent investment, and that CTV advertisers in particular are finding value.

How do you anticipate your TV marketing and advertising budget will change over the next 12 months?





Top LTV and CTV goal: Customer acquisition

Key to realizing value and ROI from TV advertising is aligning tactics to goals. According to our survey, TV advertising — whether LTV or CTV — is all about customer acquisition and driving store and website traffic.

■ LTV ■ CTV

Acquire new customers



High-level brand awareness



Drive traffic to physical stores



Drive traffic to the ecommerce site



Target specific consumer sets



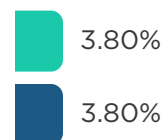
Direct offer engagement / redemption



Gain consumer insights



We don't run these types of advertising campaigns



GOALS FOR TV ADVERTISING

While new customer acquisition is the No. 1 goal for both, LTV advertisers' No. 2 answer was "high-level brand awareness," a non-tactical goal that matches the capabilities of LTV: broad reach but without the detailed analytics required to track other goals in a more granular and meaningful way. Driving traffic to physical stores and ecommerce sites came in third and fourth, respectively.

For CTV advertisers, new customer acquisition is No. 1, followed by driving ecommerce traffic, driving physical store traffic and high-level brand awareness. Targeting specific customers was cited fifth most often for both.



As couch shopping and digital shopping increase, the goal of driving ecommerce traffic via TV advertising makes sense.

However, CTV has unique retargeting capabilities — much like digital and social ads — that make it a more robust channel for driving people to ecommerce sites. Likewise, CTV has sharper geotargeting capabilities that tie in neatly with driving store traffic.

Rather than targeting by designated market area (DMA), of which there are only **210** in the U.S. and often comprise multiple counties, you can target as broadly as national or as granularly as specific ZIP codes.

Beyond geotargeting, CTV offers more robust capabilities with thousands of audience segments, including:



taste



age



market
status



purchasing
habits

Rather than casting large nets for awareness-only campaigns on LTV, CTV allows brands to deliver the right ads to the right people in the right location.





The KPIs that matter

TV advertising goals are nothing without data to track the efficacy of these campaigns. For LTV, the top three KPIs retail advertisers are tracking are “number of users reached,” “total revenue” and “total conversions.” For CTV, “verified site visits” are No. 1, followed by “number of users reached” and “total conversions.” To contrast, “verified site visits” was near the bottom for LTV users.

Top 5 KPIs used to measure the impact and value of TV ad spend

LTV

1. Number of users reached: 46%



2. Total revenue: 43%



3. Conversions: 41% (tie)



4. Impressions: 41% (tie)



5. Incremental lift in site traffic: 39%



CTV

1. Verified number of site visits: 47%



2. Number of users reached: 43%



3. Conversions: 39%



4. Visit rate: 38% (tie)



5. Total revenue: 38% (tie)



These measurements show that marketers are approaching both platforms in similar yet different ways. Like LTV, CTV is used by marketers to track the big three:

users reached



total revenue



total conversions



However, the relative prominence of “verified site visits” and “visit rate” in the top five for CTV point to its more robust tracking capabilities. For example, with CTV, a marketer can view metrics on cross-device verification to see if a viewer takes action (engaging with the brand, making a purchase) after viewing a CTV ad, regardless of the device used.

One particularly interesting finding is that “total revenue” isn’t more widely used by CTV marketers. CTV can show 1:1 connections, tying an exact order, sale or other conversion to the fact that they were served a CTV ad. We may surmise that this capability hasn’t hit higher on CTV marketers’ radars, as some may be using less robust platforms that do not offer 1:1 connections, or they’re still operating with LTV mindsets and are unaware of this capability.



This more concise, detailed and accurate view of total revenue is a true ace in the pocket of marketers, allowing them to better report on return on ad spend (ROAS) and understand the value of particular ads and audience segments — and bring that knowledge to other marketing efforts, including CTV.



The challenges and benefits of CTV vs. LTV

As with any channel, LTV and CTV create challenges for marketers. Notably, however, fewer LTV marketers cited challenges with insights, budget and targeting than CTV users did. Additionally, we asked if CTV advertisers had trouble knowing where to start with CTV and **20%** said they did.

Top challenges faced with TV advertising



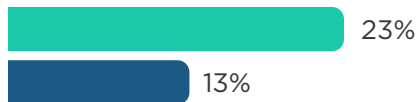
Little insight into how campaigns perform



Campaigns aren't as targeted as they should be



Not enough budget to test and invest appropriately



Some of the challenges faced by LTV marketers are ingrained in the medium, such as a lack of granular targeting and reporting capabilities. For CTV advertisers, their challenges may derive from being early adopters and working on platforms that previously lacked precision targeting and deep analytics that are now available.

For example, marketers can self-service how their CTV ad spend is distributed based on a specific performance goal. They can drill down into distinct target audiences and geos and deliver personalized ads. They also can make quick shifts based on real-time performance data. Plus, with real-time, always-on dashboards, marketers can use CTV as a test bed for different messaging, audience segments and locations, incrementally optimizing campaign performance.



CHALLENGES & REWARDS

In this way, CTV resembles digital advertising more than it does LTV, which may take weeks to show less in-depth campaign results, drawing out the creative cycle and limiting the ability to optimize campaigns before funds are spent. CTV also provides more accurate, timely reporting on ROAS to ensure marketing dollars are being spent wisely.

As you can see in the chart below, these capabilities tie into the benefits cited by CTV marketers that are most beneficial to their businesses, particularly more advanced audience targeting.

Which elements of CTV are most beneficial to your business?

More advanced audience targeting: 25%



Ease of scalability: 22%



"Always-on" value through binge-watching: 22%



Faster time to market: 16%



"Always on" value is particularly unique to CTV. Via 1:1 metrics, you may find that one ad hits just right and drives conversions for certain audience segments during specific shows in a variety of ZIP codes.



With LTV, it's challenging to both glean these insights and find many opportunities throughout the week to deliver the ads.



With always-on, you can take advantage of 24/7 show availability and binge-watching to keep your brand top of mind so that consumers think of you when they are ready to purchase.





The rippling effect of CTV data insights

While in the previous section we focused on the advantages of CTV, it's also important to highlight how the testing capability and metrics of CTV can symbiotically benefit LTV and other campaigns. **Nearly 38%** of the retailers currently using CTV say that their CTV metrics help inform their broader omnichannel strategy beyond TV; **19%** say that CTV metrics help inform LTV strategy, in particular.



38% of CTV retail advertisers say CTV metrics help inform their broader omnichannel strategy

19% say CTV metrics inform LTV strategy

Here, we see a lot of room for growth, particularly regarding CTV informing LTV strategy. As CTV matures as an ad market, retailers who dive in can use the relatively low cost of entry, ease of use and deep insights for an agile approach — testing ad creative and audience segmenting often, optimizing results, and then applying the learnings to LTV and other channels. Imagine entering a large LTV ad buy with more confidence and hard data that your ad will resonate with your target audience.



As far as overall metric use, for both CTV and LTV, just about half use this data to create more effective CTV campaigns, to refine their digital advertising strategies and investment, and to adjust LTV campaigns (**47%**). One-third (**33%**) are using the metrics to optimize their creative approach for future TV campaigns, showing an underutilization of CTV's testing capabilities to bring the most successful ads to both CTV and LTV.

While many marketers already use TV metrics to refine campaigns, there's room for growth: there is opportunity for another **nearly 50%** to apply CTV and LTV metrics across their campaigns and another two-thirds can apply metrics to optimize creative.

How are you using TV campaign performance data, either derived from linear or CTV results?

To create more effective CTV campaigns: 53%



To refine digital advertising strategies and investments: 49%



To adjust LTV campaigns: 47%



To optimize approach for future TV creative: 33%





How to create synergy between CTV, LTV and other marketing efforts

The targeting capabilities and real-time availability of CTV's impactful data allow marketers to more easily and economically experiment, learn and optimize TV advertising in a rapidly growing space. These metrics and a self-service platform make CTV an attractive option because marketers can use CTV as an agile testing ground for ad optimization. They can test often, tweak the parameters or creative, test again, and then use the best-performing ads and audience targets in other media.

With such fertile testing capabilities and robust metrics, marketers can address both general marketing challenges — doing more with less, optimizing investments, reporting on results and proving ROAS — as well as bring these tactical insights to LTV and other channels.

What CTV capabilities are most critical to marketing goals moving forward?

Precision audience targeting: 47%



Measurement tied to revenue, ROAS and other performance metrics: 27%



Ability to reach audiences that have left, or never subscribed to, LTV: 13%



5 Best Practices to Get the Most From Your CTV Investment

1.

Use CTV campaign metrics to inform your broader omnichannel marketing strategy with insights on creative messaging, audience targeting and more.

2.

Strategically pair CTV targeting capabilities with goals. For example, if you're considering LTV ad spend to drive foot traffic to stores in certain regions, use CTV to test your different messaging in ZIP codes in that region to see what resonates best.

3.

Mix and match your audience segments. A robust CTV platform like MNTN can target multiple audience segments at once and receive unique performance data for each one.

For example, an athletic shoe retailer can target multiple audiences in a single campaign: shoe lovers, fitness enthusiasts, baseball fans and people who have attended a live sporting event in the past year. Then, they can see individual measurement breakouts for each segment. This can be useful information for future targeting strategies across the board.

4.

Optimize creative with A/B testing. If you have one ad that promotes a sale and one that doesn't, you can serve both and see which one generates better results. MNTN offers Creative-as-a-Subscription™ to make ad creation with different messages even simpler for resource-strapped teams.

5.

Retarget ads to viewers who didn't convert. With 1:1 metrics, you can serve retargeted ads to people who have visited your website but not converted to drive a stronger ROAS.

Learn how the Atlanta Hawks drove **7x** ROAS and **24%+** site visits with geo- and audience targeting on **MNTN Performance TV**.





Conclusion

Although viewers watched more hours of CTV than they watched of either cable or broadcast TV in the second half of 2022, all channels still have tremendous viewership. What is unique about CTV is its ability to inform all three channels — and more. While the obvious benefit of CTV is the ability to reach cord-cutters and cord-nevers who binge-watch their favorite shows — and therefore view lots of ads on ad-supported services — marketers benefit even more from what’s below the surface.

With laser-sharp targeting, thousands of ways to segment and self-service, and real-time analytics, retailers that advertise on CTV can gather accurate, insightful data to optimize ad spend on CTV and typically guesstimation-heavy LTV, as well as other channels. This strategic, symbiotic relationship will drive ROAS, creative and audience understanding in ways we’re only beginning to realize.

Further Reading

To discover how CTV can help you reach new audiences, see stronger ROAS, and improve your overall omnichannel marketing strategy, [visit our website](#).

In addition, follow these links to learn more about:

[MNTN Research](#)

[Brand Success Stories](#)

[Creative-as-a-Subscription](#)





MNTN builds advertising software for brands to drive measurable conversions, revenue, site visits and more through the power of television. MNTN Performance TV is the world's first and only Connected TV advertising platform optimized for direct-response marketing goals. It redefines what advertisers can do with television, giving them the power to tie performance directly to their TV campaigns.

We believe television belongs right alongside paid search and social in advertisers' direct-response marketing strategies. That's why we applied our experience in building performance marketing software to create an ad platform that combines the precision of digital with the impact of television.

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Retail TouchPoints and design:retail give all members of the retail world access to a vibrant community that combines insights, inspiration and opportunities to interact with their peers. We sit at the intersection of the art and science of retail strategy, providing granular data, high-value commentary, and aspirational success stories to help readers optimize customer experiences across all channels. Touching all facets of the retail ecosystem, including store experience and design, workforce management, digital marketing and engagement, and omnichannel optimization, our editorial content, multi-media resources and events take timely news and trends and transform them into tactical takeaways that meet the unique needs and priorities of our executive readers.

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