FREEWHEEL
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U.S. VIDEO MARKETPLACE REPORT

THE DIGITAL VIDEO LANDSCAPE EXPANDS

H2 2021

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The FreeWheel U.S. Video Marketplace Report highlights the changing dynamics of how enterprise-class content owners and distributors are monetizing premium digital video content.

The data set used for this report is one of the largest available on the usage and monetization of professional, rights-managed ad supported video content worldwide and is based on aggregated advertising data collected through the FreeWheel platform.

In this edition of the VMR, we explore video advertising trends for the second half of 2021 (H2 2021). Where relevant, we compare current findings to those of the same period from the previous year.

#FreeWheelVMR

TABLE OF CONTENTS

INTRODUCTION

Throughout 2021, digital video advertising was on an upward trajectory, led primarily by ad-supported direct-to-consumer (DTC) streaming services. In the first half of the year, DTC streaming services surpassed TV Everywhere (TVE) for the first time. No surprise considering the way consumers access a plethora of news, information, and entertainment. All that content is being consumed primarily on the "big screen" whereby co-viewing is likely. Increased choices in streaming services gives viewers more content to consume, creating more opportunities for advertisers to reach audiences. As they navigate the evolving TV ecosystem, advertisers and publishers alike embraced programmatic buying to more efficiently reach audiences.

KEY TAKEAWAYS

- Ad views grew by **45%** as viewers adopted new ways of watching ad-supported content
- The "big screen" made up **77%** of ad viewing, offering more opportunities for advertisers to reach multiple viewers watching together
- Programmatic grew by **80%** as advertisers looked for more precise ways to find their audiences across the evolving ecosystem

THE LANDSCAPE TODAY

PREMIUM VIDEO ADVERTISING CONTINUES TO GROW

The premium video ecosystem continues to expand, highlighted by the growth of ad views on DTC streaming services. Ad views grew by **45%** because viewers embraced ad-supported digital video content. While viewers continue to stream content, their viewership is fragmented across multiple devices, making it more difficult for advertisers to reach them. A recent study found that U.S. audiences use upwards of seven video streaming services via a combination of ad-supported and ad-free subscriptions.[1]

CHART 1

AD VIEW GROWTH

H2 2020 vs. H2 2021

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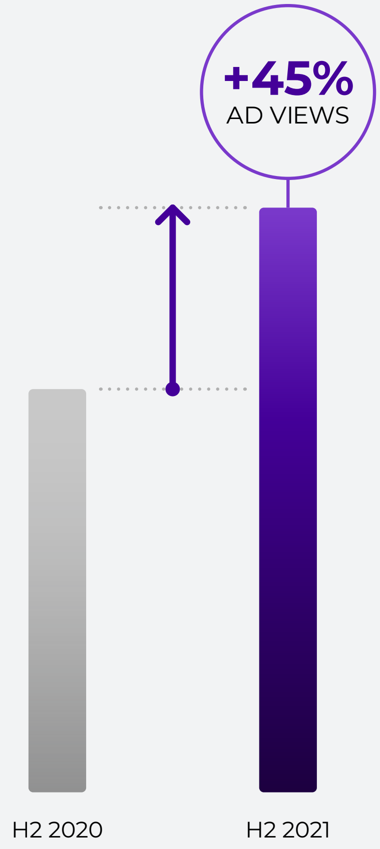

Source: FreeWheel U.S. Video Marketplace Report H2 2021. The Digital Video Landscape Expands.

LIVE AND LONGFORM PLUS ENTERTAINMENT DRIVE AD VIEW GROWTH

Digital viewing isn't only "catch-up" and "binge-viewing," live-viewing accounts for half of the ad views from audiences tuning into live events or 24/7 scheduled channels. With the explosion of interest based virtual channels offered on streaming services such as Xumo, PlutoTV, and Peacock, there is more live content available than ever before.

The sports vertical only accounts for **4%** of the share of ad views, despite this dataset including the Summer Olympics, MLB playoffs and part of the NFL season. Most of the ad views come from the Entertainment vertical catering to a wider array of audiences.

CHART 2

AD VIEW COMPOSITION BY CONTENT TYPE

H2 2021

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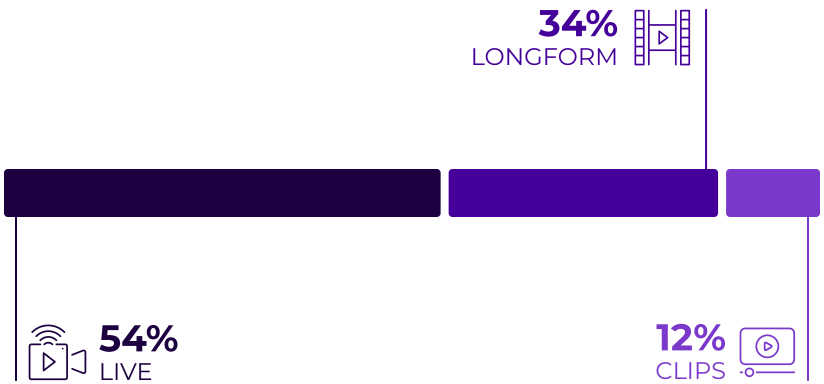

Source: FreeWheel U.S. Video Marketplace Report H2 2021. The Digital Video Landscape Expands.

CHART 3

AD VIEW COMPOSITION BY VERTICAL

H2 2021

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Source: FreeWheel U.S. Video Marketplace Report H2 2021. The Digital Video Landscape Expands.

THREE-QUARTERS OF AD VIEWS ARE ON TELEVISIONS

The “big screen” made up **77%** of ad views compared to other devices. Connected TV remains a top choice for viewers and advertisers because, for advertisers, connected TV offers opportunities to reach unique viewers watching together.

CHART 4

AD VIEW COMPOSITION BY DEVICE

H2 2021

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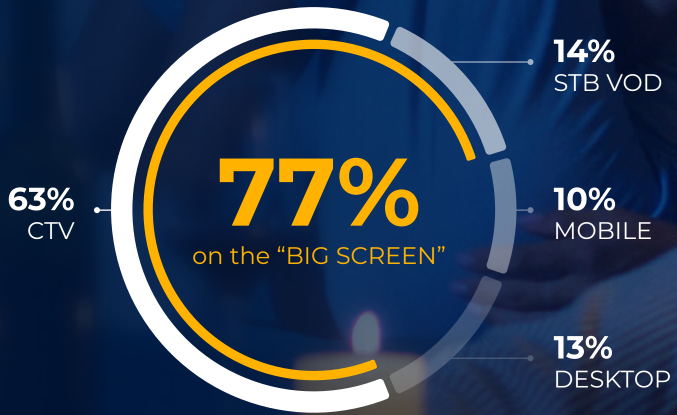

Source: FreeWheel U.S. Video Marketplace Report H2 2021. The Digital Video Landscape Expands.

THERE ARE MORE WAYS TO WATCH VIDEO THAN EVER BEFORE

Streaming services share went up by **8%** as viewers adopt Free Ad Supported TV (FAST) and lower cost ad-supported subscriptions. Unlike cable subscriptions, viewers aren't selecting one service, they own many subscriptions and change between them to find their desired content.

CHART 5

SHARE OF AD VIEWS BY DISTRIBUTION PLATFORM

H2 2021

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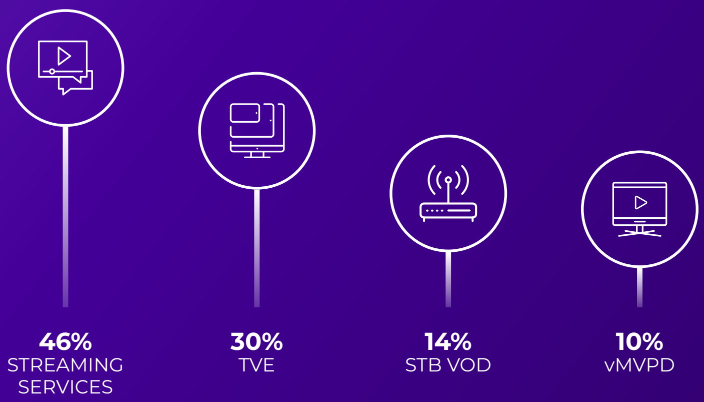

Source: FreeWheel U.S. Video Marketplace Report H2 2021. The Digital Video Landscape Expands.

CHART 6

AD COMPOSITION BY CTV DEVICE

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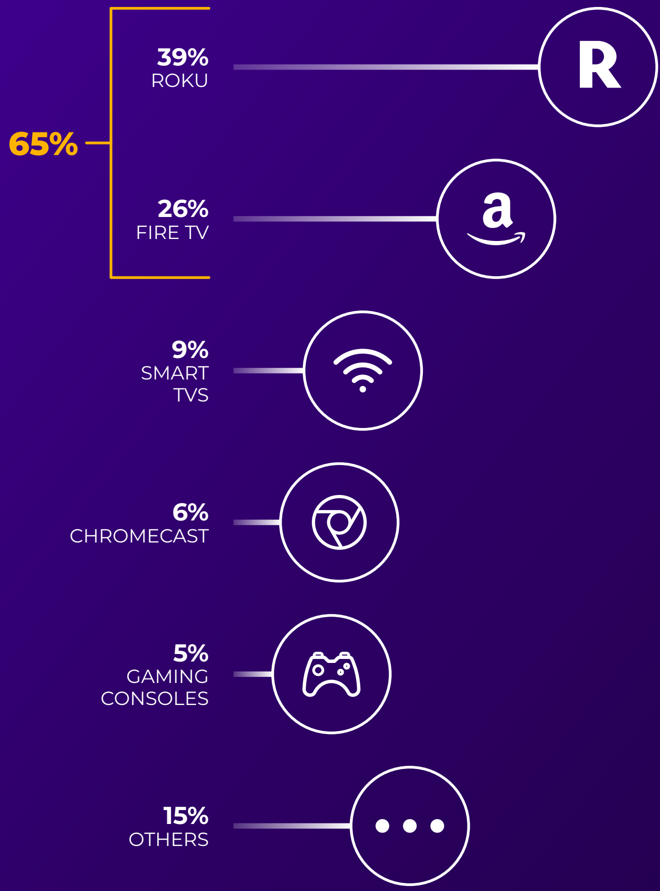

Source: FreeWheel U.S. Video Marketplace Report H2 2021. The Digital Video Landscape Expands.

SIGNIFICANT GROWTH IN AUDIENCE TARGETING

The importance of precision-in-advertising is nothing new, and the number of direct-sold campaigns using audience targeting grew by **54%**, with even more growth through programmatic channels. Demographic targeting, used as a method to steer delivery of demo-measured campaigns to known audiences, accounts for **39%** of all segments. As identifiers across CTV mature and audience matching workflows get faster, the ability for more custom-audience targeting will improve.

CHART 7
AUDIENCE TARGETED CAMPAIGN GROWTH YOY
H2 2021

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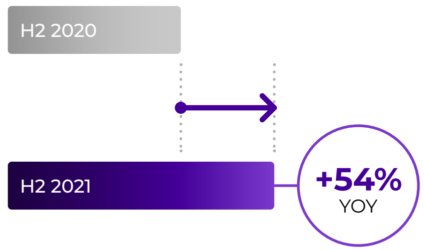

CHART 8
AUDIENCE SHARE OF TARGETED CAMPAIGNS
H2 2021

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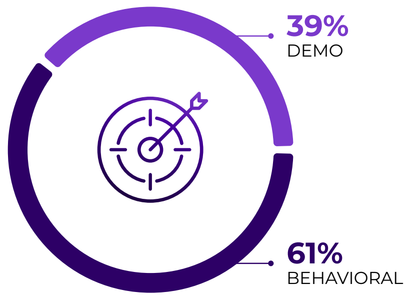

Source: FreeWheel U.S. Video Marketplace Report H2 2021. The Digital Video Landscape Expands.

PROGRAMMATIC IS ON THE RISE WITH GUARANTEED TRANSACTIONS

As the ecosystem expands and audiences' viewership spreads out across platforms and devices, programmatic buying offers a way to reach specific audiences more efficiently. A quarter of all ad views were delivered programmatically with total impressions up **80%** from the same time last year. Private marketplaces and new guaranteed transaction models provide the control and transparency wanted from both the buy and sell side.

CHART 9

AD VIEWS BY TRANSACTION TYPE

H2 2021

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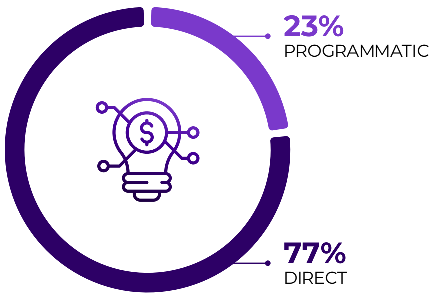

CHART 10

PROGRAMMATIC AD VIEW GROWTH YOY

H2 2021

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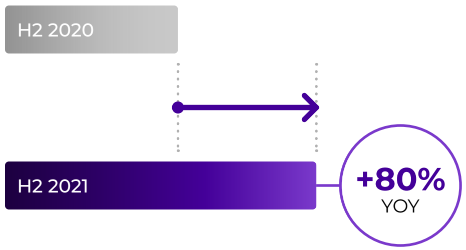

Source: FreeWheel U.S. Video Marketplace Report H2 2021. The Digital Video Landscape Expands.

CONCLUSION

This expanding ecosystem reaches more viewers but also fragments them across devices and services. Programmatic finds audiences better, but audience-matching process workflows need to mature, and transparency is stilled required about where ads are delivered. Technical specifications, like the updates to Open Real-Time Bidding (RTB), help define what and how to pass data, but sellers are still tasked with simplifying where and what information viewers are watching. Making CTV transparent will bring it closer to the transparency historically provided by linear TV.

ABOUT THE AUTHORS

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Leads FreeWheel's Advisory Services team, where she helps clients navigate the ever-evolving premium video ecosystem. Sabrina's career is at the forefront of new advertising technology shaping the future of TV at FreeWheel and driving industry best practices at the Interactive Advertising Bureau and supporting innovative buy side tech at Microsoft.

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GLOSSARY

Ad Completion Rate – Measures the percentage of ads that were completed once started

Addressable TV – The ability to target a message to a device or individual. Those segments could be matched or modeled by behavioral, demographic, and geographic factors from 1st, 2nd, or 3rd party data sets.

Ad View – Occurs each time an ad is displayed

Clip - Video content under 10 minutes long

Connected TV (CTV) – A television set that is connected to the Internet via OTT devices, Blu-ray players, streaming box or stick, and gaming consoles, or has built-in internet capabilities (i.e., a Smart TV) and is able to access a variety of long-form and short-form web-based content

Content Vertical – Content genre, e.g. news, entertainment, sports

Deal ID – Unique deal identifier of a programmatic transaction that can be used to match advertisers and publishers directly

Direct-sold – Advertising deals made directly between a publisher and an advertiser

Direct-to-Consumer (DTC) Streaming Service – Subscription based service offered directly from Content Owners to watch owned content without a distributor subscription

Distributor – A party other than the content rights owner that manages the platform upon which content and advertisements are delivered

Dynamic Ad Insertion (DAI) – Process of dynamically inserting ads into a content stream, such that different ads can be inserted into the same ad break

Linear – Live, ad supported TV that has scheduled ads. Every household that watches the show at the same time sees the same ad.

Longform – Video content 10 minutes or longer

Mid-roll – An ad break that occurs in the middle of content

Multichannel Video Programming Distributor (MVPD) – Provides pay TV services delivered either through broadcast satellite or cable TV. Examples include Comcast and Verizon.

Pre-roll – An ad break that occurs before content starts

Premium Video – Video content that is professionally produced, rights managed, and limited in supply

Programmatic – The use of automation software or managed services to execute an advertising deal

Publisher – Owner or licensor of content (content rights owner)

Set-top Box Video On Demand (STB VOD) – Accompanies a cable/broadcast/satellite setup. Contains a cable input and outputs to a TV.

Streaming Services – Ad supported, streaming video service that has live feeds and/or video on demand. Examples include Pluto, Xumo, Hulu (not Hulu Live).

TV Everywhere (TVE) – Services that accompany a cable/satellite subscription, allowing the customer to watch the channels in their package anywhere, both inside and outside the home, without a set-top box

Video View – Accrued after the first frame of video content is displayed

Virtual MVPD (vMVPD) – Digital-only cable alternatives that offer access to both live and on demand premium video content for a subscription fee

SOURCES

[1] "Audiences use an average of five video streaming services", WARC, 2021, https://www.warc.com/content/article/warc-curated-datapoints/audiences-use-an-average-of-five-video-streaming-services/en-gb/139688

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