

Will Ad Measurement Challenges Stifle OTT Growth?

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Ad spend on over-the-top (OTT) streaming video will increase 20% this year to \$2.6 billion, according to a [Winterberry Group](#) study of US ad spend data. Despite OTT's surge, it's still small compared with the \$69.2 billion that Winterberry Group estimates US advertisers will spend on linear TV. For some advertisers, measurement challenges prevent them from investing more in OTT.

US Total Media Ad and Marketing Spending, by Media and Format, 2018 & 2019

billions and % change

| | 2018 | % change | 2019 | % change |
|-------------------------------|-----------------|--------------|-----------------|--------------|
| Traditional media | \$220.98 | 0.0% | \$221.25 | 0.1% |
| Linear TV | \$69.9 | -0.5% | \$69.2 | -1.0% |
| Experiential/sponsorship | \$45.9 | 4.0% | \$47.5 | 3.5% |
| Direct mail | \$42.9 | 0.9% | \$44.3 | 3.3% |
| In-store | \$18.1 | -1.8% | \$17.8 | -1.5% |
| Addressable TV | \$2.3 | 78.7% | \$3.0 | 35.3% |
| Radio | \$14.4 | 0.6% | \$14.4 | 0.1% |
| Newspapers | \$10.1 | -12.2% | \$8.8 | -13.5% |
| Magazines | \$9.3 | -12.0% | \$8.0 | -14.0% |
| Traditional outdoor | \$8.2 | 2.1% | \$8.3 | 1.1% |
| Digital | \$111.92 | 17.1% | \$129.27 | 15.5% |
| Display | \$30.1 | 17.9% | \$34.4 | 14.4% |
| Search | \$45.8 | 16.8% | \$53.3 | 16.4% |
| Paid social | \$25.2 | 16.7% | \$29.4 | 16.6% |
| Email/SMS | \$3.4 | 7.5% | \$3.6 | 7.2% |
| Digital video (OTT/streaming) | \$2.2 | 42.2% | \$2.6 | 20.0% |
| Digital radio | \$1.9 | 20.0% | \$2.2 | 15.0% |
| Digital OOH | \$3.4 | 11.2% | \$3.7 | 11.4% |

Source: Winterberry Group, "Outlook for Data Driven Marketing: First Look 2019," Jan 17, 2019

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During a panel at LiveRamp's RampUp conference in February, marketing executives from Quantcast and McDonald's stated that they'd short sell OTT if it were a stock. Those bearish tendencies stem from measurement issues.

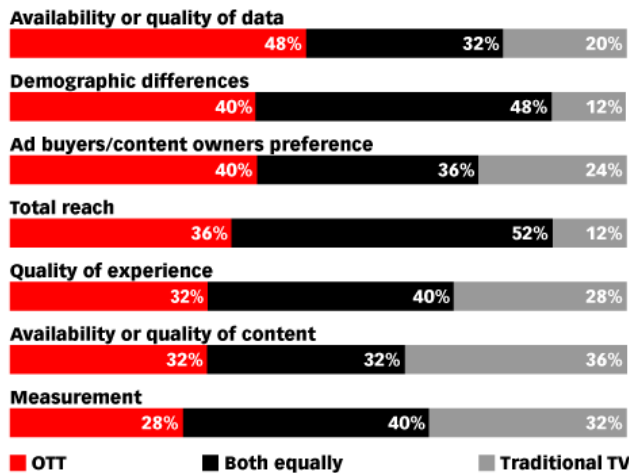
Because each OTT media channel has its own set of metrics—and users consume OTT content across multiple devices and platforms—piecing together an OTT campaign requires digital savvy and patience. This differs from TV, where advertisers use Nielsen ratings across large upfront inventory purchases.

"While OTT is the best of linear and digital, it doesn't fit neatly into the measurement frameworks used by either," wrote [FreeWheel researchers](#).

TV industry professionals considered traditional TV measurements to be more valuable than OTT, according to August 2018 polling by SpotX and Kagan. However, four in 10 respondents valued them equally.

How Do OTT/Pay TV Providers, Media Owners and Advertisers Value Traditional TV vs. OTT Audience?

% of respondents, Dec 2017



Note: read chart as 32% of respondents say TV provides a higher audience valuation for measurement vs. 28% for OTT

Source: SpotX, "TV is Total Video" conducted by Kagan, Aug 20, 2018

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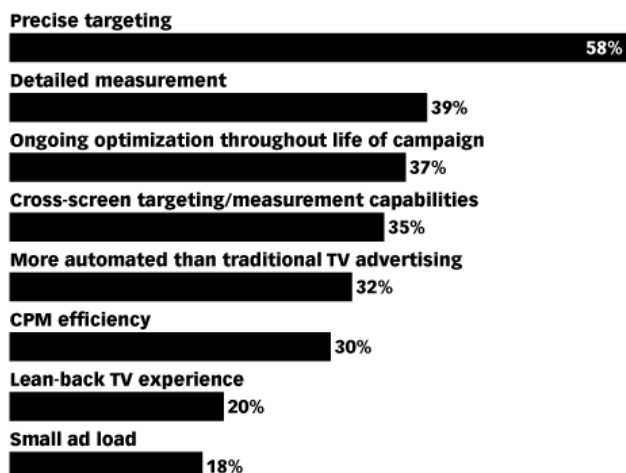
"Traditional TV measurement gives advertisers and their agencies a comprehensive view of households and audience composition across hundreds of linear TV channels," said Randy Cooke, vice president of enterprise solutions at SpotX. "But OTT content is vastly more diverse than linear TV, and ad opportunities only exist where consumers stream content."

While it's simpler to scale TV campaigns than OTT campaigns, OTT has some advantages over traditional mediums.

In a 2018 poll by Advertiser Perceptions, a majority of US advertisers said that precise targeting is a leading benefit of OTT advertising; 39% cited detailed measurement.

**Leading Benefits of OTT/Connected TV Advertising
According to US Agencies and Marketers, Jan 2018**

% of respondents



Note: n=171; respondents chose their top 3
Source: Videology, "Advanced TV Trends" conducted by Advertiser Perceptions, June 26, 2018

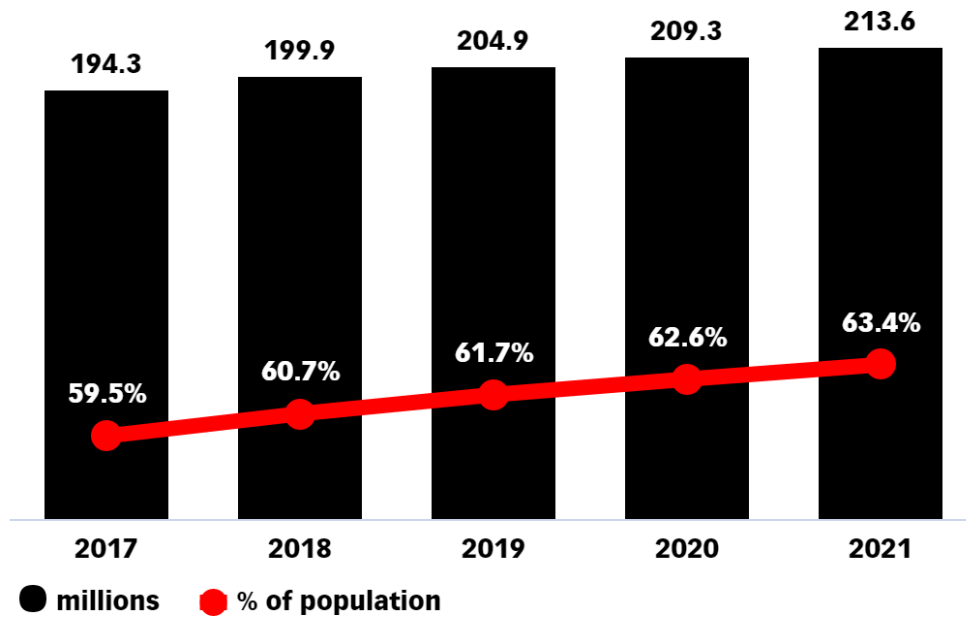
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We predict that 204.9 million people in the US will view OTT content this year, up from 199.9 million people in 2018. We also predict that US video ad spending will grow 20.8% in 2019 to \$36.01 billion. And US users will spend 92.43 minutes per day with digital video in 2019, up 7.3% from a year ago.

OTT Video Viewers

US, 2017-2021



Source: eMarketer, July 2018

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With advertiser and user interest in digital video growing, OTT is on the path to a bright future. However, some advertisers are holding back the reins until measurement becomes more streamlined.