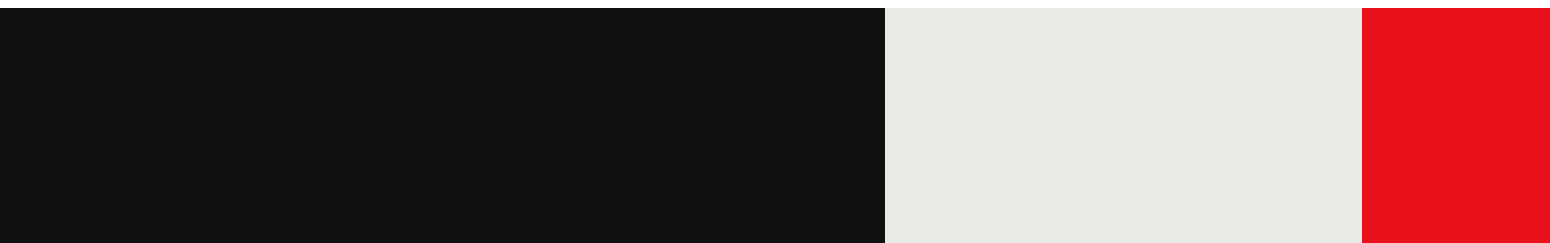# Bad ad breaks and latency hamper CTV's advertising potential

Article

The news: Back-office factors like latency and ad placement are becoming increasingly critical for streaming services, consumers, and advertisers alike, according to a study by Freewheel.

The ad platform studied 420 participants and analyzed their reactions to a range of ad experiences, including no ads, latency issues, and unnatural breaks.

Key findings:

- **Latency issues:** Nearly 80% of viewers found <u>latency</u>—delayed ad load times—annoying, influencing their perception of the program, ads, and associated brands. Programs without latency were rated 8% higher in quality, with ads and brand quality improving 7% and 6%, respectively.

- **Unnatural ad breaks**, which are becoming more common as ad-supported streaming rises, bothered 71% of viewers. These breaks spurred 16% more intrusiveness and a 14% decrease in brand recall. This is particularly concerning as **advertisers continue to pay the same rate for ads inserted in these unnatural spots while receiving diminished returns in effectiveness**.

- **Ad impact on program enjoyment:** Surprisingly, ads did not significantly detract from program enjoyment. Viewers rated programming with ads as 6.3 out of 7, the same score as those who experienced no ads. This suggests that ads can provide a cognitive break and may hold potential value for both viewers and advertisers.

The ad slate problem: Viewers were particularly frustrated by ad slates—blank screens with a message like "we'll be right back"—which appear when and ads fail to load. Up to **25% of ad slots** go unfilled on FAST channels due to these timeouts, leaving viewers' time and underusing inventory.

- Ads near slates were rated 3% lower in quality, hurting brand perception. Programs without slates led to a 31% increase in joy, as measured by facial coding.

- To reduce slate occurrences, Freewheel recommends **supply path optimization** and direct connections with publishers to streamline the process and ensure ads load as intended.

Improving the viewer experience:

- Purchasing ad space from suppliers with the technology to minimize delays and buying directly from preferred partners can reduce extra hops in the media supply chain and ensure faster, **unified decisions** across all demand sources.

- As more streaming platforms adopt ad-supported models, once ad-free content now faces more disruptive breaks. Freewheel recommends carefully managing ads insertion into content to reduce disruptions and improve viewer satisfaction. Poorly timed breaks not only annoy viewers but also **lower ad recall** and diminish results of the same advertising spend.

Our take: Vendor bias is always a concern with reports like this, as Freewheel highlights issues aligned with their focus. However, consumers dislike friction—Contentsquare found nearly 4 in 10 web sessions lead to frustration. It's reasonable to expect friction in streaming to be a lose-lose-lose for services, advertisers, and consumers.

Perceived Effectiveness of Digital Media Channels According to Marketers Worldwide, Dec 2023
% of respondents

	Extremely & very effective	Moderately effective	Slightly effective & not at all effective
Social media	79%	15%	5%
Search	72%	20%	7%
Video (online/mobile)	71%	19%	8%
Display (online/mobile)	70%	21%	8%
Email	60%	25%	14%
OTT TV/Connectd TV	57%	26%	13%
Streaming audio	58%	24%	14%
Native advertising	56%	27%	15%
Podcasts	56%	24%	16%

Note: excludes "not applicable" responses
Source: Nielsen, "2024 Annual Marketing Report: Maximizing ROI in a Fragmented Media World," April 25, 2024

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