

FREEWHEEL
A COMCAST COMPANY

U.S. VIDEO
MARKETPLACE
REPORT

THE RISE OF PROGRAMMATIC

1H 2022





U.S. VIDEO MARKETPLACE REPORT

1H 2022

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 first half of 2022 (1H 2022). This report includes any findings that build on stories told in the last VMR (2H 2021) and will include new insights from 1H 2022.

[#FreeWheelVMR](#)

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INTRODUCTION

Digital video advertising continues to serve as a complement to linear TV as evidenced by the landscape's expansion and **sustained growth**. With growth comes choice, and the audience sits at the center of it all where they crave live and long-form content.

New platform entrants like **Free Ad-Supported Streaming TV (FAST)** providers are increasing access to all the premium video content available to those audiences. FAST channel penetration has more than doubled among households year-over-year.¹ FAST, along with ad-based video on demand (AVOD), subscription video on demand (SVOD) and transactional video on demand (TVOD) continue to add to the fragmentation and optionality of the marketplace. Still, the audience prefers a “lean back” experience with premium video content viewed on “the big screen.”

Regardless of platform or screen, advertisers want to reach audiences where they are and are finding success through programmatic buying. In fact, programmatic contributed 27% YOY of overall ad views. Meantime, ad views grew by 81% YOY. Both the buy and sell sides are adopting programmatic as a means of transacting to deliver audiences.



KEY TAKEAWAYS

- Total ad views grew by **81% YOY** (1H 2022 vs. 1H 2021).
- Long-form video content makes up the majority of ad views at **90%**, with 58% of that long-form video being viewed live.
- Distribution via OTT has surpassed delivery through a traditional cable login, with FAST channels accounting for **50%** of OTT views, and **29%** of total ad views.
- Programmatic deal share increased to **27%** of video ad views, and is predicted to reach 50% by 2026.
- As programmatic was once thought of as the wild, wild west, advertisers stay aware with **85%** of programmatic deals being placed as guaranteed.

AD VIEWS CONTINUE TO GROW

As the premium video ecosystem continues to evolve, ad views continue to grow. YOY ad view growth was 81% as viewers watch all the great content available to them. Digital advertising—which surged 49% in 2021—is projected to increase an additional 26% by the end of 2022.²

82% of viewing takes place on “the big screen” via connected TV (CTV) and set-top box VOD. CTV makes up the lion’s share of viewing along with set-top box VOD. CTV represents an area of importance for advertisers as it reaches an engaged audience in a premium, “lean back” environment who can be targeted with relevant messaging. CTV is proving to be an effective vehicle for delivering KPI goals across the purchase funnel according to the IAB’s 2022 Video Ad Spend Report.³ Advertising campaigns that include both linear and digital are best to aggregate total audience and maximize reach.

CHART 1
AD VIEW GROWTH
1H 2021 vs. 1H 2022

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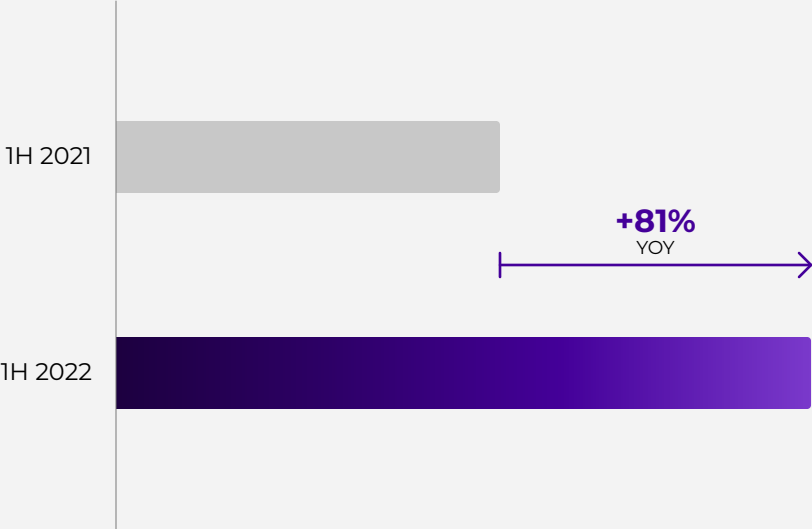
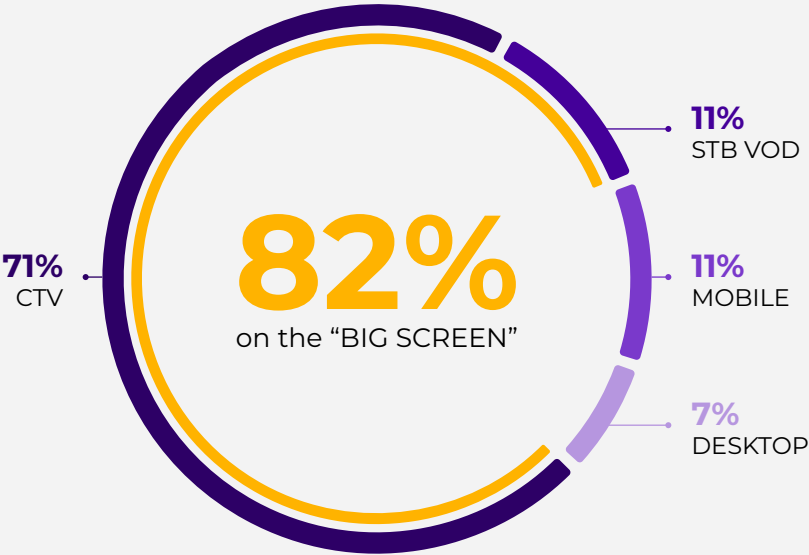


CHART 2
AD VIEW COMPOSITION BY DEVICE
1H 2022

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Source: FreeWheel U.S. Video Marketplace Report 1H 2022. The Rise of Programmatic.

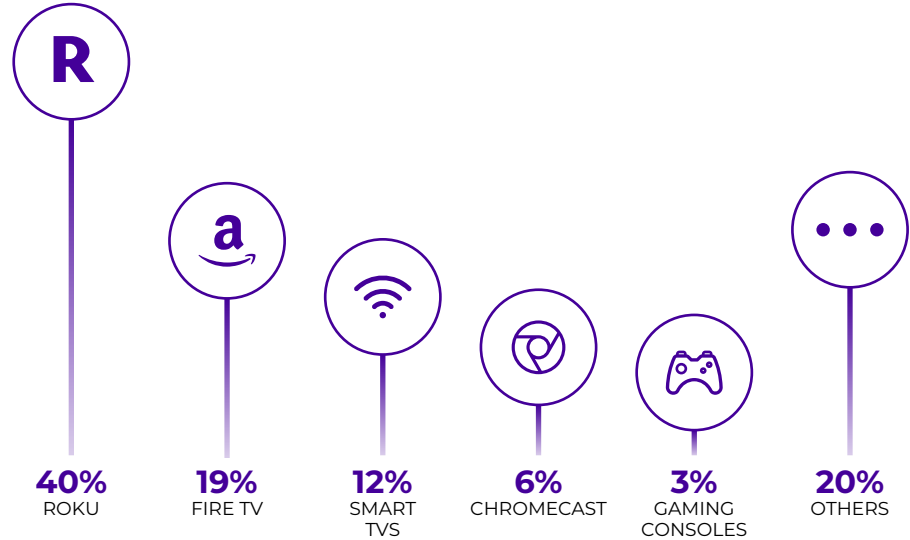
THE DISTRIBUTION LANDSCAPE

The video ecosystem has evolved, forcing publishers to adapt their distribution strategy in two ways: working with walled gardens where audience information is controlled by platforms and FAST channels where authentication isn't required. To the contrary, publishers are developing direct-to-consumer (DTC) apps to keep control of audience information. Publishers need to make content available on multiple platforms to maximize viewer reach and create audience solutions that can span these different environments, as the number of households carrying 4+ subscription streaming services has increased 218% from 2019.⁴

CHART 3
AD COMPOSITION
BY CTV DEVICE

1H 2022

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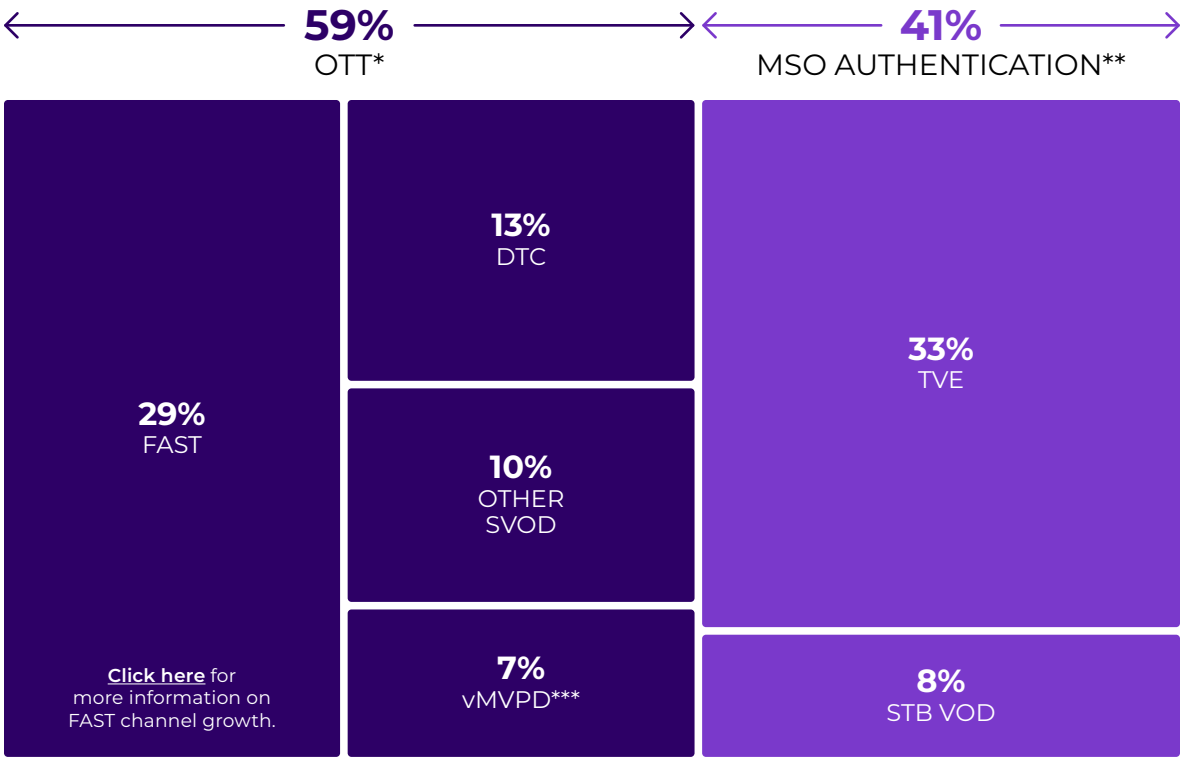


Source: FreeWheel U.S. Video Marketplace Report 1H 2022. The Rise of Programmatic.

CHART 4
AD VIEWS BY DISTRIBUTION PLATFORM

1H 2022

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*Streaming content accessed without a cable TV subscription. **Requires a cable/satellite login to access content. ***vMVPD contains some traditional MVPD programming viewed over-the-top.

Source: FreeWheel U.S. Video Marketplace Report 1H 2022. The Rise of Programmatic.



ADVANCEMENTS IN AUDIENCE TARGETING

First party data has opened the door for more deterministic targeting by advertisers. Programmatic is driving advances in targeting technology and as cookies are phased out, new solutions will be created.⁵ Privacy will need to be a large component of these new solutions as audience targeting continues to increase YOY. Just as traditional TV is embracing marketers’ desire to reach more relevant audiences, programmatic will take the lead in matching publishers’ content and audiences with marketers’ brand messaging.

CHART 5
AUDIENCE TARGETING GROWTH YOY
1H 2021 vs. 1H 2022

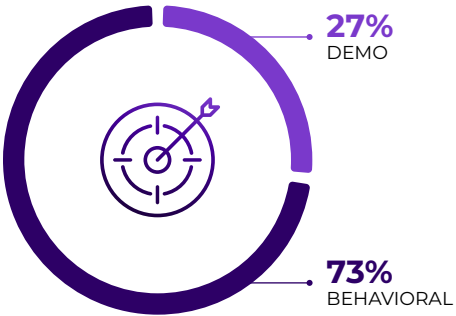
[CLICK TO DOWNLOAD](#)



Source: FreeWheel U.S. Video Marketplace Report 1H 2022.
The Rise of Programmatic.

CHART 6
AUDIENCE SHARE OF TARGETED CAMPAIGNS
1H 2022

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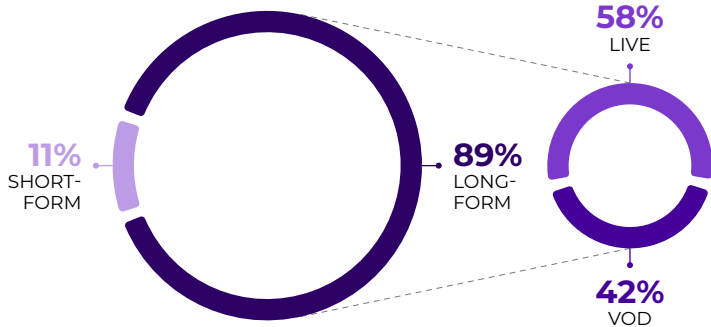
Source: FreeWheel U.S. Video Marketplace Report 1H 2022.
The Rise of Programmatic.

VIEWER CONSUMPTION

As viewers are presented with varying lengths of content, internal research shows viewers are sitting down to watch long-form episodic content in front of the “big screen.” Live viewing makes up the majority of total viewing which opens up an opportunity for programmatic to manage spikes in traffic during live sports and fixed midroll breaks. However, video on demand is leveling the playing field as viewers prefer more control of their viewing options.

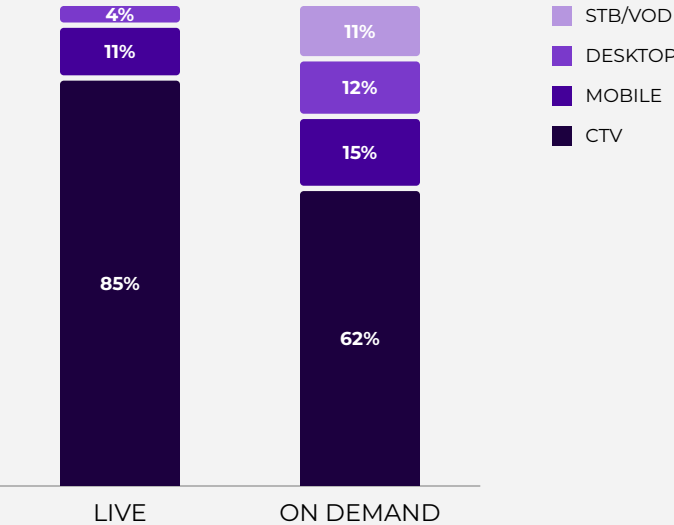
As the line between linear and digital viewing becomes more blurred, eMarketer predicts that time spent with linear vs. streaming viewership is on track to reverse by 2024 with 2:53 hrs/day spent streaming and 2:48 hr/day with linear.⁶

CHART 7
AD VIEW COMPOSITION BY CONTENT TYPE
1H 2022
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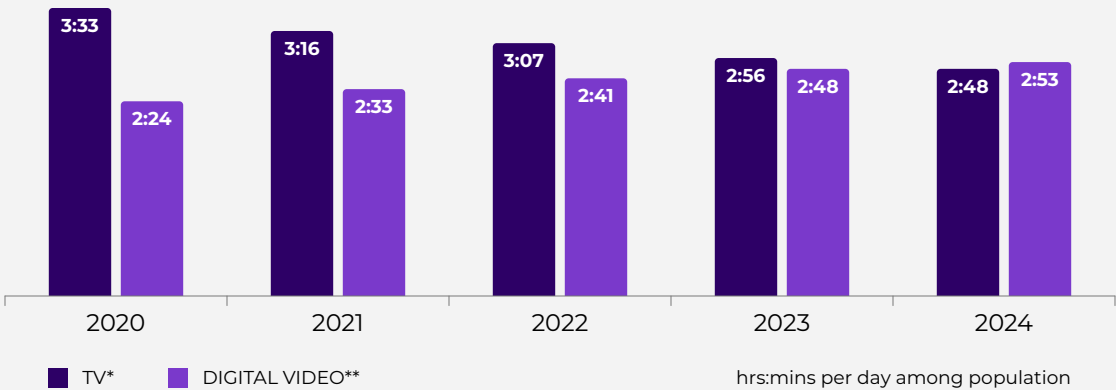
Source: FreeWheel U.S. Video Marketplace Report 1H 2022. The Rise of Programmatic.

CHART 8
AD VIEW CONTENT TYPE BY DEVICE
1H 2022
[CLICK TO DOWNLOAD](#)



Source: FreeWheel U.S. Video Marketplace Report 1H 2022. The Rise of Programmatic.

CHART 9
TV* VS. DIGITAL VIDEO:** AVERAGE TIME SPENT IN THE US
2020 - 2024



Source: eMarketer, TV vs. Digital: Average time spent US 2020-2024, April 2022. Note: Ages 18+; time spent with each medium includes all time spent with that medium, regardless of multitasking; *includes live, DVR, and other prerecorded video (such as video downloaded from the internet but saved locally); **includes viewing via desktop/laptop computers, mobile (smartphones and tablets), and other connected devices (game consoles, connected TVs, and OTT devices).

THE EVOLUTION OF PROGRAMMATIC

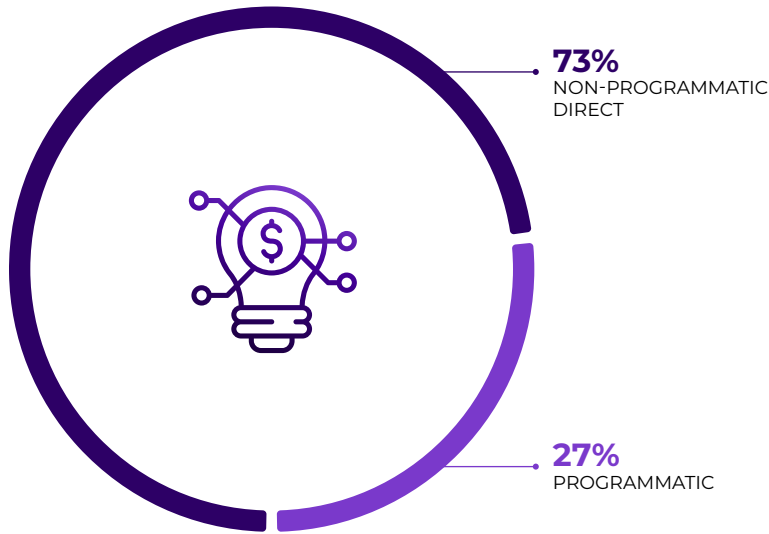
Programmatic ad spending is increasing to become a larger part of total ad views and a preferred way for buyers to transact. Programmatic spend has also become a larger part of upfront buying strategies for many advertisers. Still, programmatic buying faces challenges in terms of full transparency as the industry lacks cross-device measurement capabilities.

As programmatic delivery grows, so do questions around supply quality. Digital bot fraud is in decline with programmatically-bought desktop video at the highest standards (60%).⁷

CHART 10
TOTAL VOLUME
OF AD VIEWS

1H 2022

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Source: FreeWheel U.S. Video Marketplace Report 1H 2022. The Rise of Programmatic.

CHART 11
PROGRAMMATIC
AD VIEW YOY
GROWTH

1H 2021 vs. 1H 2022

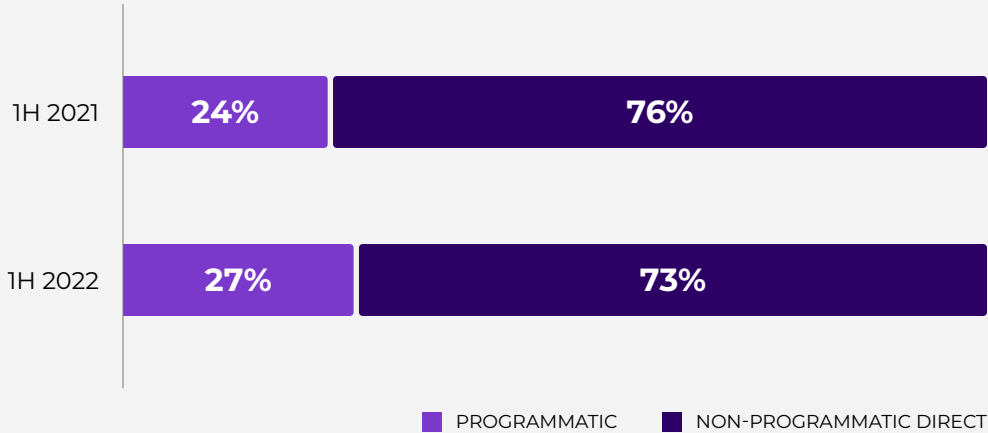
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CHART 12
NON-PROGRAMMATIC DIRECT
VS. PROGRAMMATIC YOY

1H 2021 vs. 1H 2022

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Source: FreeWheel U.S. Video Marketplace Report 1H 2022. The Rise of Programmatic.



Like general ad views, programmatic delivery shows a similar split between live and VOD delivery.

85% of programmatic deals are guaranteed, thus showing the quality controls for premium video are important to both buyers and sellers. Creative pre-approvals and advancements in frequency capping across orders encourage sellers to release more inventory to programmatic channels without diminishing ad quality and viewer experience. Programmatic also serves as a great mechanism to fill any unexpected supply created by spikes in live viewing.

75% of programmatic views happen on CTV where device IDs are less established and server-side player integrations are the norm. This type of environment raises concerns around invalid traffic but FreeWheel, who partners with [HUMAN Security](#) to monitor supply quality, reports less than 1% pre-decisioning invalid traffic (IVT) filtration.

CHART 13 PROGRAMMATIC LIVE VS. VOD

1H 2022

[CLICK TO DOWNLOAD](#)



CHART 14 PROGRAMMATIC BY DEAL TYPE

1H 2022

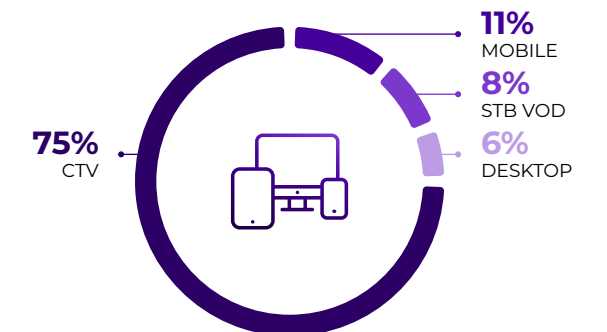
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CHART 15 PROGRAMMATIC VIEWS BY DEVICE

1H 2022

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Source: FreeWheel U.S. Video Marketplace Report 1H 2022. The Rise of Programmatic.

CONCLUSION

Programmatic offers publishers and resellers the environment to maximize yield and advertisers the opportunity to get their message in front of the right audiences.

FreeWheel predicts that programmatic transactions will account for at least 50% of digital transactions by 2026 as buy-side budgets for programmatic are increasing. Contributing to this increase will be the growth of programmatic deals made in upfront negotiations next Spring.

As sellers test new distribution models and viewers continue to engage with live content, programmatic becomes a desirable way to insert more ads to dynamic environments. The balance between buyer flexibility and seller control will be key to growth of programmatic on premium digital video.



ABOUT THE AUTHORS



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GLOSSARY

Ad View – Occurs each time an ad is displayed

AVOD (Ad-based Video On Demand) – A streaming video service that offers viewers access to a free catalogue of on-demand content and contains advertisements

Backfill – Filling of unsold inventory

CTV (Connected TV) – 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 can access a variety of long-form and short-form web-based content

Deal – A programmatic transaction between advertisers and publishers

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

FAST (Free Ad-Supported Streaming TV) – Ad-supported live streaming without a subscription (ex. Xumo, Tubi, Pluto)

First Look – Provides programmatic demand partner with prioritized access to inventory before any other types of deals in your network, regardless of eCPM or other variables

Guaranteed Deals – A transaction priority that ensures available supply

Long-form – Video content 10 minutes or longer

Mobile – Content viewed on mobile devices and apps

MSO – Multiple System Operator (ex. Xfinity, Charter, DISH)

Non-Programmatic Direct – Direct sold inventory that is not programmatic (ex. insertion order-based sales)

OTT (Over-the-Top) – Content distributed to viewers over the Internet

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

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

Short-form (Clips) – Video content less than 10 minutes

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

SVOD (Subscription Video On Demand) – Video content is provided for unlimited viewing for a monthly fee

TVE (TV Everywhere) – 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

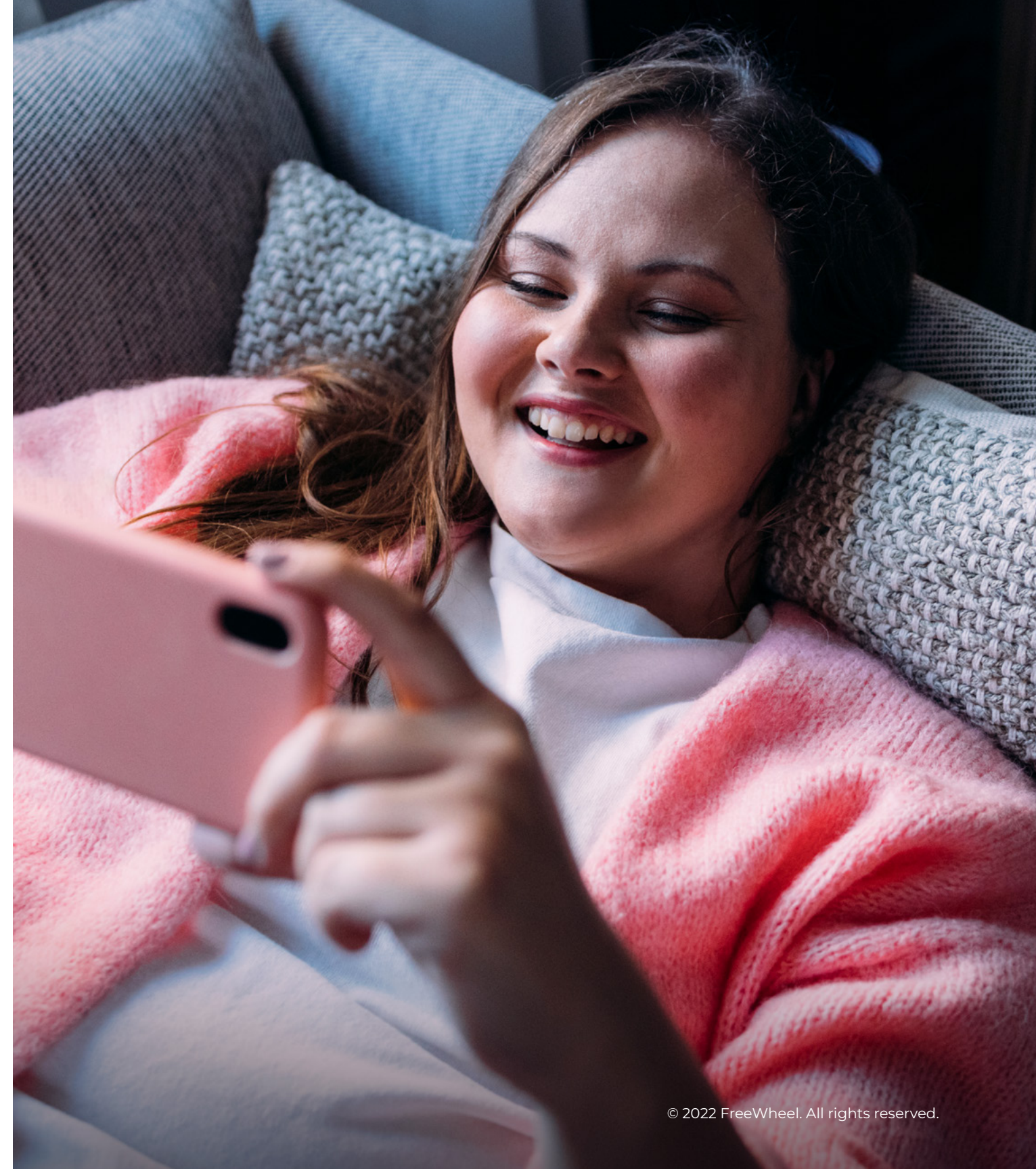
TVOD (Transactional Video On Demand) – Content bought or rented on a one-time basis

vMVPD (Virtual Multichannel Video Program Distributor) – Streaming services that deliver live and on-demand content over the Internet in a linear fashion without an MSO subscription

Walled Garden – A closed ecosystem in which all operations are controlled from within the network (ex. Facebook, Instagram)

SOURCES

- 1** Comcast Advertising Report, 2022
- 2, 3** IAB, 2021 Video Ad Spend & 2022 Outlook, May 2022
- 4** Nielsen, State of Play, “Number of Paid Streaming Services Among US Paid Video Subscribers, 2019 & 2022” 4.6.22
- 5** WARC, Best Practice, “What we know about targeting vs reach,” June 2022
- 6** eMarketer, TV vs. Digital Video Average Time Spent in the U.S. 2020-2024, April 2022
- 7** WARC, Best Practice, “Digital bot fraud is in decline but remains a worry for advertisers,” September 2021





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More Information

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