

2H 2022

VIDEO MARKETPLACE REPORT

FAST CHANNELS REDEFINE DISTRIBUTION



VIDEO MARKETPLACE REPORT

2H 2022

The FreeWheel Video Marketplace Report (VMR) 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 2022 (2H 2022). This report includes findings that build on the insights unveiled in the previous VMR (1H 2022) and will include new insights for the United States (US) and Europe (EUR).*

#FreeWheelVMR

**European countries included: Belgium, Estonia, Finland, France, Germany, Italy, Latvia, Lithuania, Netherlands, Spain, and the United Kingdom*

TABLE OF CONTENTS

Introduction	4
Key Takeaways	5
Growth In Ad Views	6
Ad Views By Device	7
CTV Device	9
Distribution	10
Advancements in Audience Targeting	11
Live vs. Video On Demand (VOD)	12
Programmatic Year-Over-Year (YOY)	14
Programmatic Snapshot	15
Conclusion	16
About The Authors	17
Glossary	18
Sources	19

INTRODUCTION

Multiscreen advertising continues to be the most effective way to reach audiences now that digital video has matured. What's clear is traditional TV is still a reach vehicle, but newer streaming platform entrants like Free Ad-Supported Streaming TV (FAST) have attracted viewers' attention. With FAST channels, advertisers can reach streaming viewers in a way that mirrors the linear experience they are familiar with.

While linear still drives ad views, digital video advertising is commanding ad investments with digital advertising projected to reach \$150B+ in 2024.¹ Still, advertisers have an appetite to see linear behave more like digital. Programmatic will make linear transactions more akin to digital in 2023 as advertisers are including programmatic deals in their upfront buying strategy.

And while economic and geo-political turmoil has put European marketing budgets under increased scrutiny, two-thirds of marketers surveyed confirm they will continue marketing spend over the next 12-months, particularly through advanced TV platforms.²

Looking at overall marketing spend, much of their investments have been directed to the digital space. According to Statista, digital advertising in Europe grew by 30% in 2021 and by 5% in 2022 to reach almost €97 billion.³





KEY TAKEAWAYS

- 1 | Connected TV (CTV) represents the largest portion of ad views by device in the US.
- 2 | OTT accounts for nearly two-thirds of ad views by distribution platform in the US, yet only 20% in EUR.
- 3 | In the US, FAST channels account for 50% of OTT views, and 30% of total ad views.
- 4 | In EUR, access to premium content largely occurs through some kind of authentication.
- 5 | The majority of targeted campaigns in the US are behavioral-based at 72%. Meanwhile, the same percentage of campaigns in the EUR are demo-based.
- 6 | Advertisers are buying programmatic through guaranteed deals in both the US and EUR.

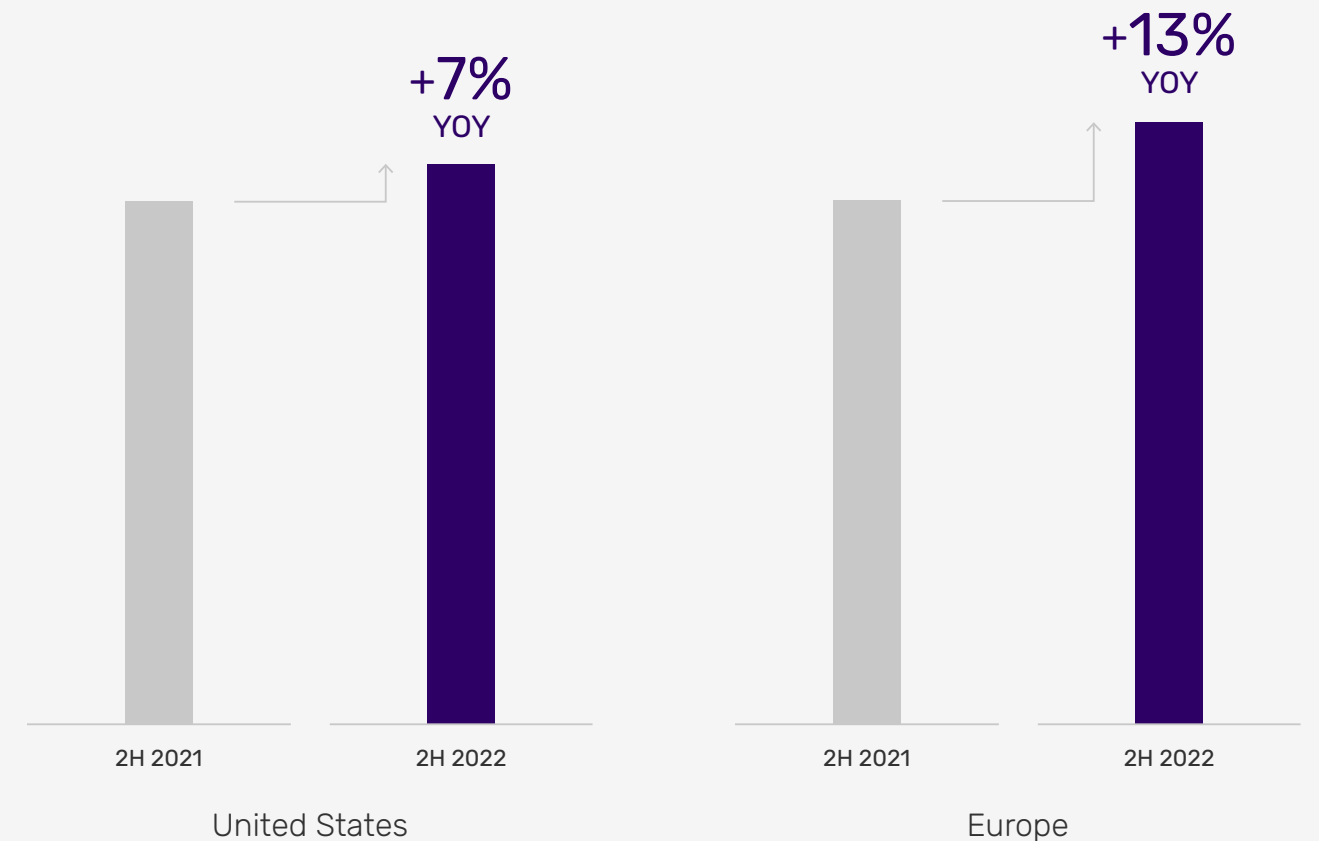
GROWTH IN AD VIEWS

Viewers are accessing content in all the ways publishers are distributing premium video as shown by 7% YOY ad view growth. Despite slight growth in ad views in the US, CTV players are feeling the pinch as companies like Snap and Roku cited depressed ad revenue expectations in Q3 2022, and Google's Alphabet reported its first-ever quarterly decline for YouTube as well.

In Europe, the last few years have seen unprecedented changes in content delivery and consumption. European audiences are embracing the new viewing choices offered to them as evidenced by a 13% increase in ad views, continuing its multi-year, double-digit growth.

CHART 1
AD VIEW GROWTH
2H 2021 vs. 2H 2022

[Download](#)



Source: FreeWheel Video Marketplace Report, 2H 2022. FAST Channels Redefine Distribution

AD VIEWS BY DEVICE

CTV continues to command the lion's share of ad views, and when combined with set-top box video on demand (STB VOD), large-screen viewing makes up 82% of ad views. While CTV has historically been vulnerable to fraud, that has not derailed its growth. Digital monitoring company HUMAN Security notes that the evolved tech powering CTV's rapid growth has left the platform vulnerable to new threats.⁵

European audiences favor the big screen, too. More than half of EUR ad views happen through CTV and STB VOD. While this is

lower than 2020's pandemic-fueled, at home viewing peak, it is still substantially higher than the 41% level in 2019.

Broadcast TV penetration is still very high across most of Europe and is still regarded as a provider of deep engagement and attention for audiences. Still, Europeans have very much adapted to a multiscreen viewing experience.

Globally, CTV advertising is expected to grow by 14% in 2023.⁶



CHART 2
AD VIEW COMPOSITION BY DEVICE

2H 2022

[Download](#)

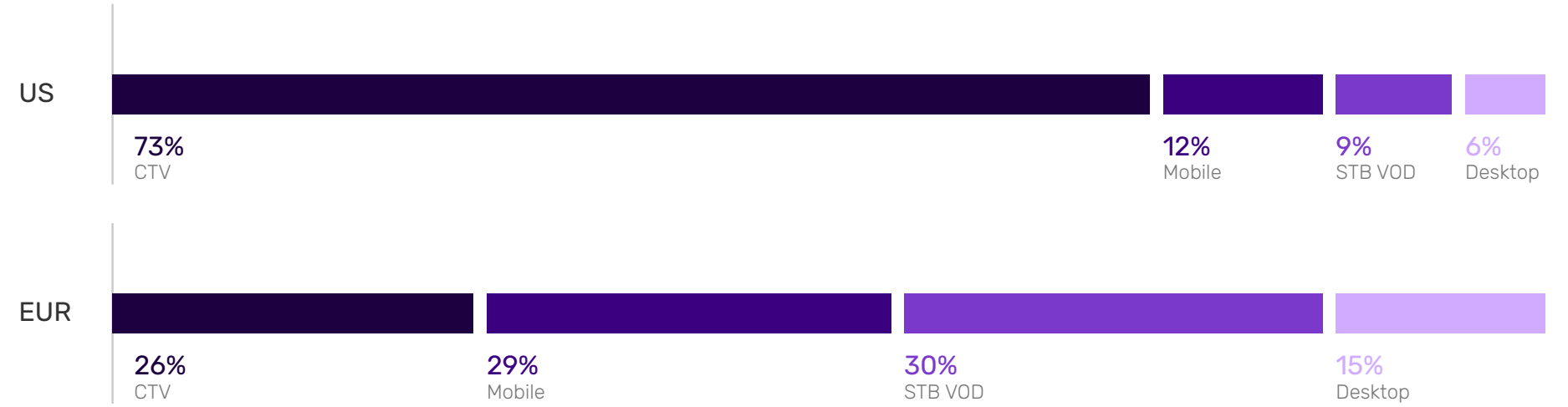
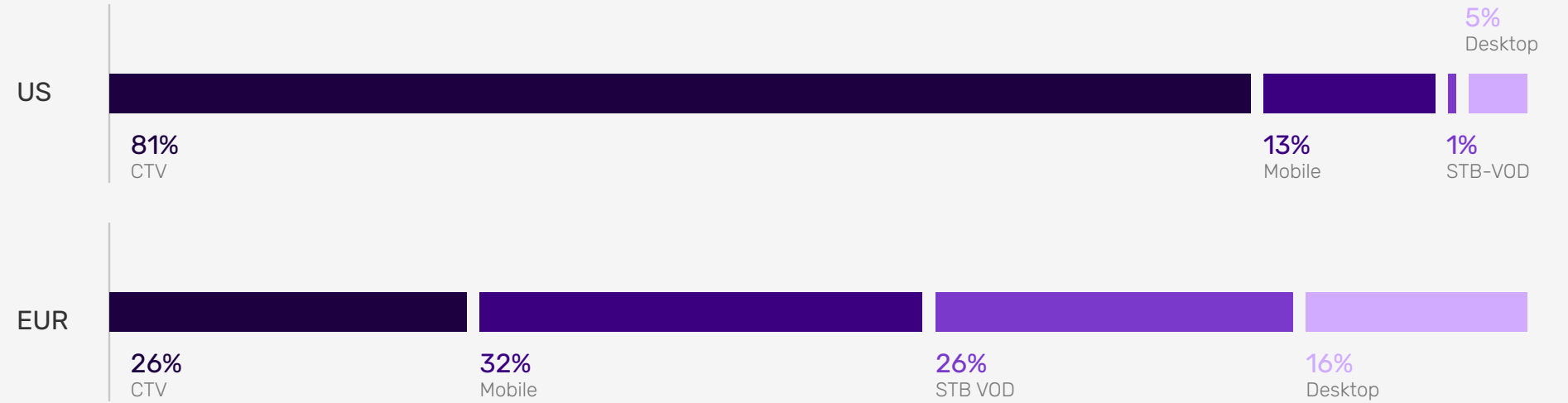


CHART 3
PROGRAMMATIC AD VIEW COMPOSITION BY DEVICE

2H 2022

[Download](#)



Source: FreeWheel Video Marketplace Report, 2H 2022.
 FAST Channels Redefine Distribution

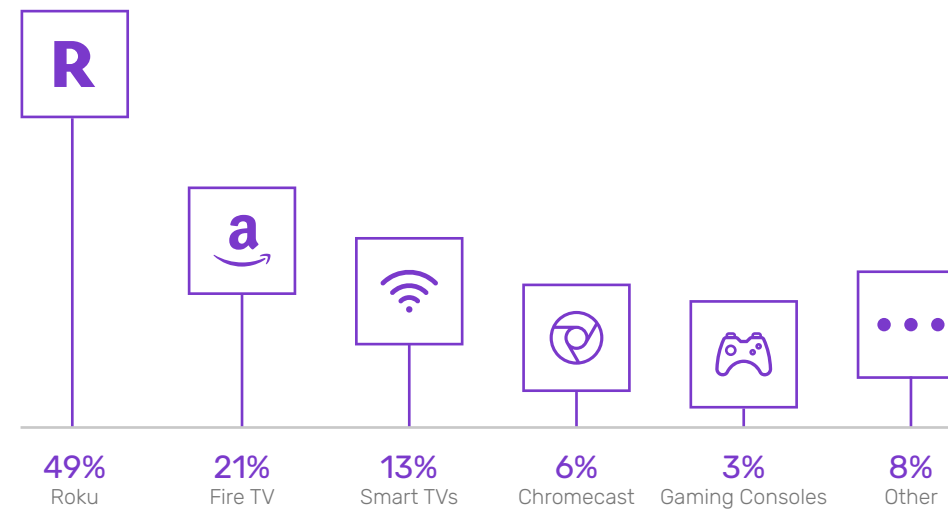
CTV DEVICE

Fragmentation is real, but it doesn't have to be a negative term. It simply means that with more ways to access video content, there's more opportunity to monetize. Internet-connected TVs are now commonplace and feature a library of apps. In fact, 82% of all American households will have at least one CTV device by 2023 as reported by Innovid.⁷

CHART 4
AD COMPOSITION BY CTV DEVICE
2H 2022

[Download](#)

United States



Europe

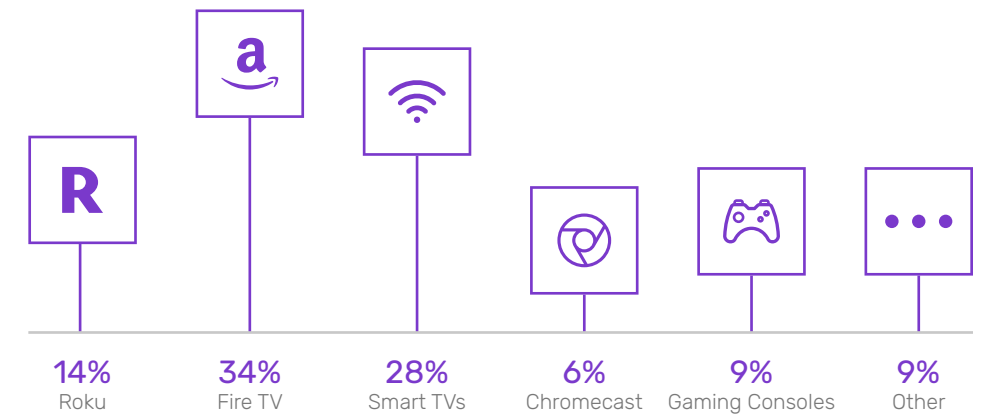


CHART 5

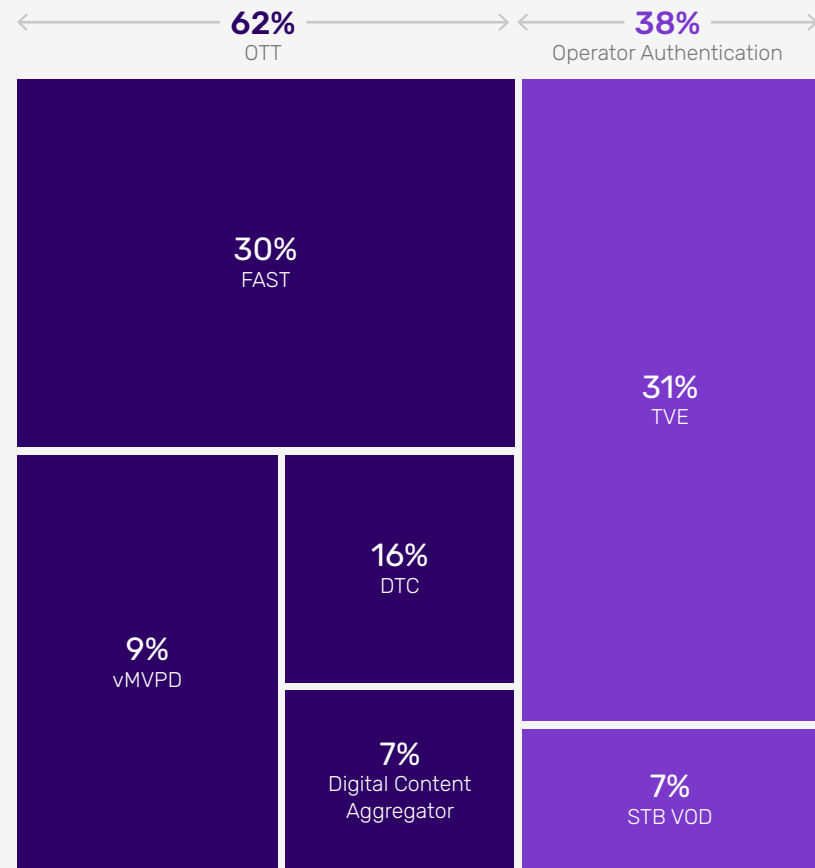
AD VIEWS BY DISTRIBUTION PLATFORM

2H 2022

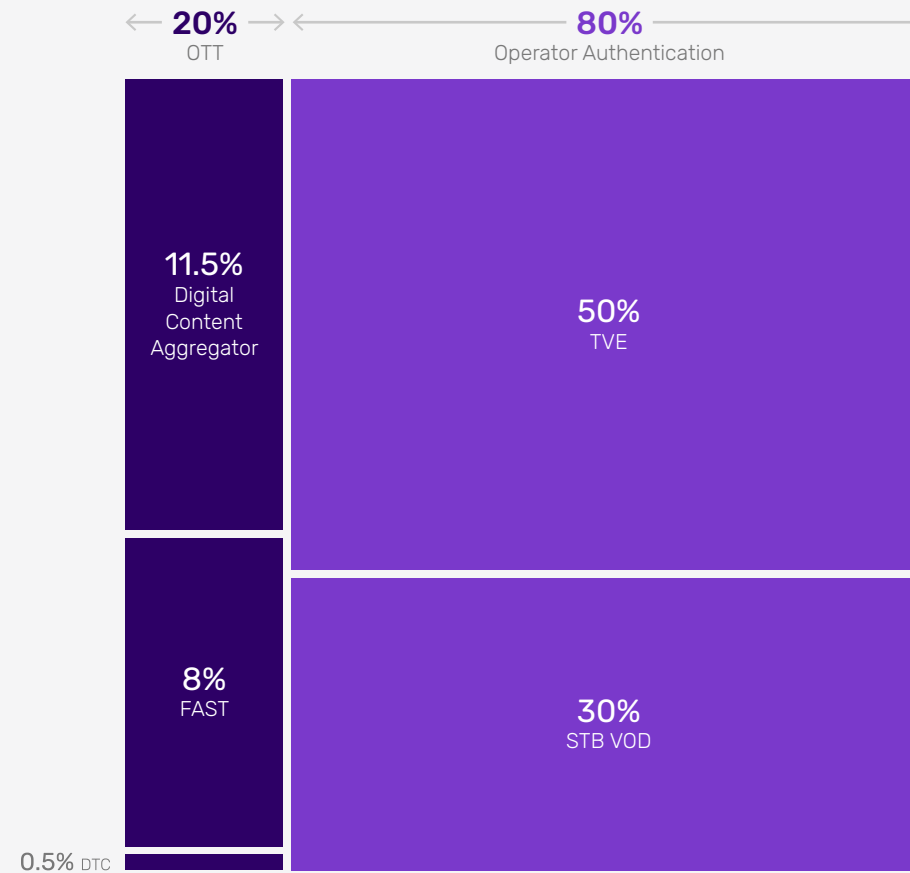
[Download](#)

DISTRIBUTION

United States



Europe



Operators have historically controlled how viewers access content: typically, through “pay walls” and / or requiring viewers to authenticate with a username and password. Today, publishers use cross-platform strategies to increase monetization opportunities. Making content available on multi-channel video programming distributor platforms, direct-to-consumer apps, FAST channels and other streaming services helps diversify a publisher’s portfolio.

In Europe, the majority of premium content is still being accessed through pay walls and in certain countries like France, the majority of video content is accessed via telco operator authentication. The EUR market is beginning to experience a similar trend as in the US, as FAST channel adoption is picking up and already representing 8% of ad views.

Source: FreeWheel Video Marketplace Report, 2H 2022.
FAST Channels Redefine Distribution

OTT: Streaming content accessed without a cable TV subscription
Operator Authentication: Requires a cable/satellite login to access content
vMVPD: Contains some traditional MVPD programming viewed over-the-top
Digital Content Aggregator: Includes Hulu, Vudu and others

ADVANCEMENTS IN AUDIENCE TARGETING

As first-party data becomes more accessible, audience targeting will continue to grow and become the rule, not the exception. In the US, the majority of targeted campaigns (72%) are behavior-based, with 28% demo-based (age/gender). Behavioral targeting identifies viewers based on buying habits and digital browsing, going beyond age and gender.

Meanwhile EUR sees the inverse with 28% of campaigns being behavioral-based and 72% demo. This trend is largely due to EUR data compliance where behavioral-based targeting relies heavily on cookies.

Across the board, the advertising industry is testing the waters of contextual targeting - where ads appear in content that are conceptually relevant - especially in light of third-party cookie deprecation. There's growing acceptance from viewers for ads that align with their interests. And in a recent UK-based study commissioned by GumGum, 79% of consumers said they are more comfortable with contextual ads than behavioral.⁸

CHART 6 AUDIENCE SHARE OF TARGETED CAMPAIGNS

2H 2022

[Download](#)

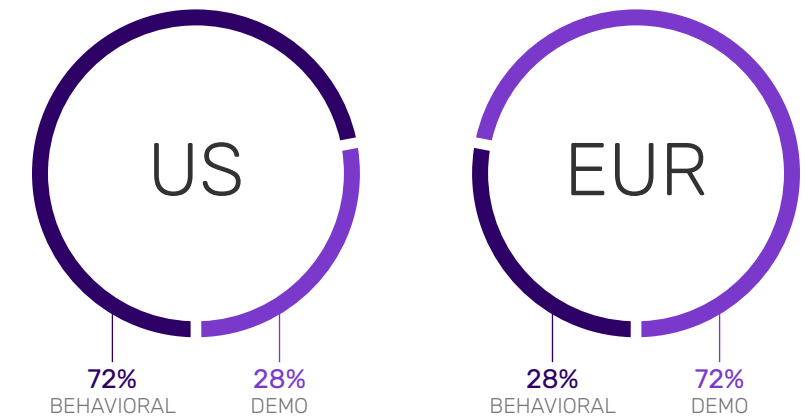


CHART 7 AUDIENCE TARGETING GROWTH YOY

2H 2021 vs. 2H 2022, US Only

[Download](#)



Source: FreeWheel Video Marketplace Report, 2H 2022.
FAST Channels Redefine Distribution

LIVE VS. VOD

As evidenced by the rapid expansion of FAST viewing, people gravitate towards live/linear, long-form content for the best viewing experience. The sports genre in particular drives this behavior coupled with a good user experience. While sports makes up only a fraction of total ad views on digital platforms, it drives the urgency to deliver the highest quality user experience.⁹

In Europe, watching live content (simulcast) on digital devices is not yet the norm. European audiences are

largely consuming VOD (nearly 80%) to access long-form video and imitate the traditional TV experience. With the proliferation of ad-supported offerings, there is more content available on more streaming platforms than ever before, making content discovery often difficult and time consuming. However, linear represents a major opportunity for European publishers, but more testing is needed. Currently, desktop and mobile are the preferred screens to watch content (72%).

CHART 8

AD VIEW COMPOSITION BY CONTENT TYPE

[Download](#)

2H 2022

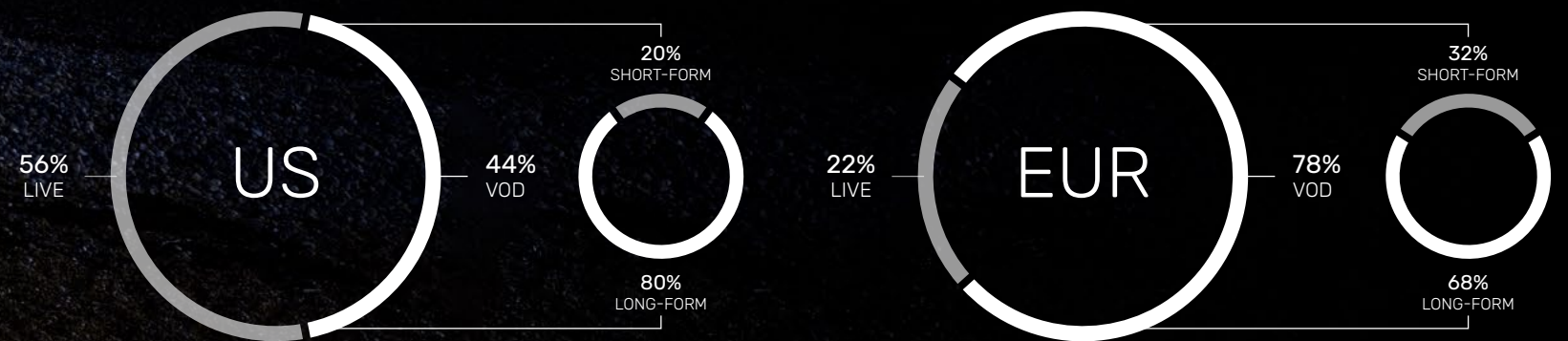


CHART 9

AD VIEWS BY DEVICE: CONTENT TYPE

2H 2022

[Download](#)

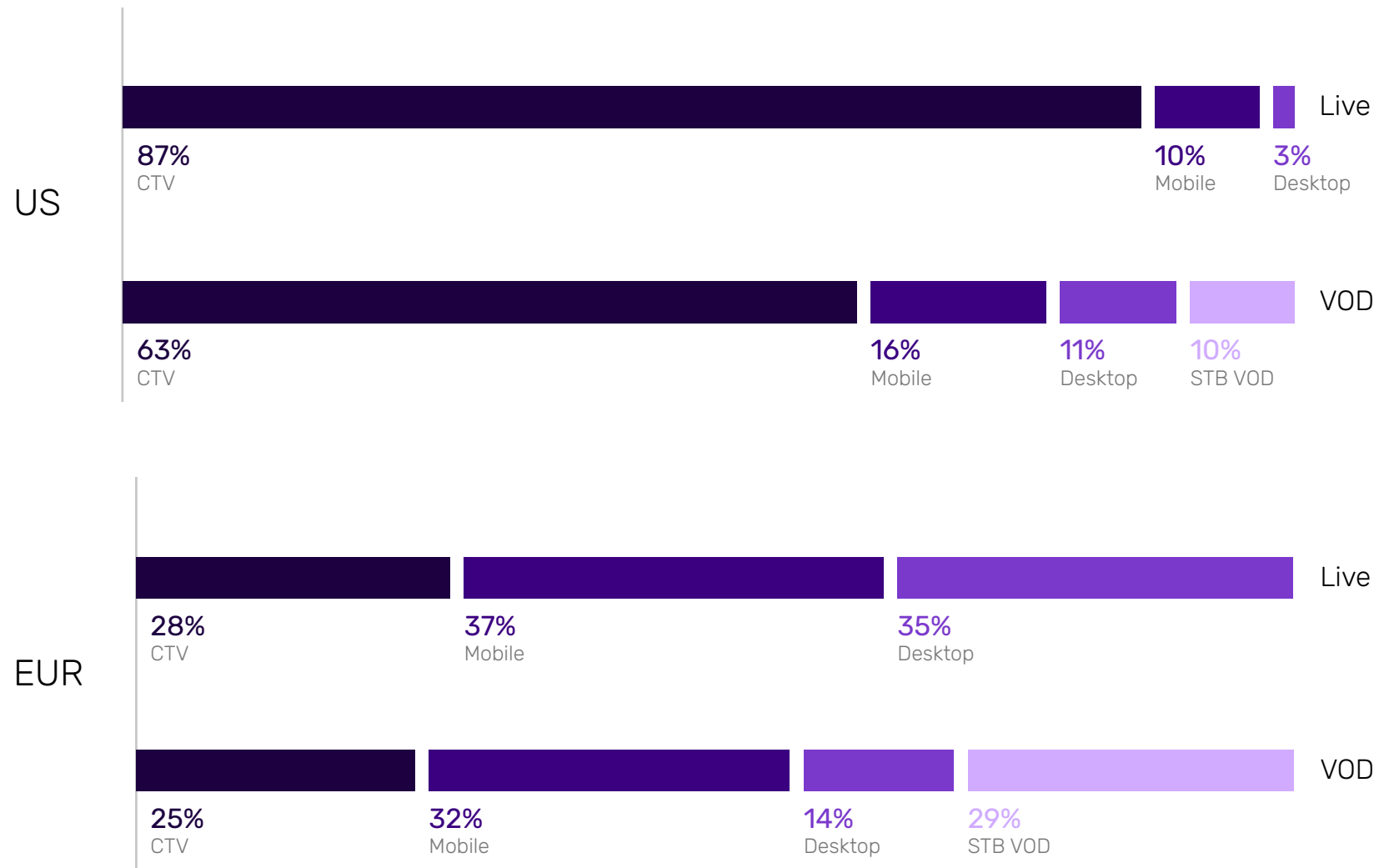
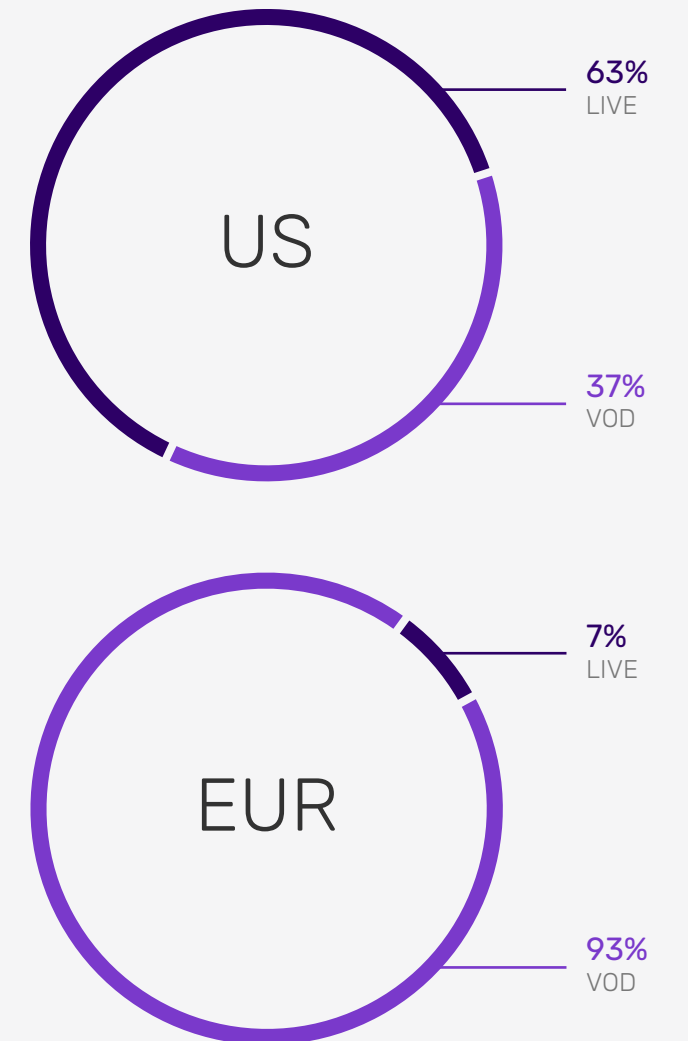


CHART 10

PROGRAMMATIC BY CONTENT TYPE

2H 2022

[Download](#)



PROGRAMMATIC YOY

US Only

Programmatic ad views have increased 12% YOY and that's expected to continue with advertisers wanting to more narrowly target audiences. The simplicity and speed at which ad slots are filled programmatically will remain an attractive option to agencies managing large portfolios. However, agencies and DSPs remain loyal to the direct deal for the sense of control they have over the buy. According to Statista, programmatic advertising is expected to reach \$725B worldwide by 2026.¹⁰

CHART 11

PROGRAMMATIC AD VIEW GROWTH YOY

2H 2021 vs. 2H 2022, US Only

[Download](#)



PROGRAMMATIC SNAPSHOT

There's been a substantial increase in programmatic deals in the US driven by greater CTV adoption and the rise of FAST channels. The EUR market is slower to adopt programmatic as a way to transact.

In both the US and Europe, direct deals still represent the largest part of transactions with 68% / 86% respectively, going through insertion orders versus 32% / 14% through automated transactions. In fact, the overall share of programmatic transactions in premium environments has not grown much over the past few years.

When it comes to deal types, programmatic guaranteed is the preferred transaction mechanism, but only by just over half (55%) of all programmatic deals. It is likely programmatic guaranteed deals will continue to grow in Europe over the next few years as deals get more curated, and privacy measures tighten.

Source: FreeWheel Video Marketplace Report, 2H 2022. FAST Channels Redefine Distribution

Non-Programmatic Direct: Direct sold inventory that is not programmatic (e.g. Insertion order-based sales)

CHART 12

PROGRAMMATIC DIRECT VS. NON-PROGRAMMATIC DIRECT

[Download](#)

2H 2021 vs. 2H 2022



CHART 13

PROGRAMMATIC VIEWS BY DEAL TYPE

[Download](#)

2H 2022





CONCLUSION

FAST channels have redefined distribution in a way that no other platform has before. It has opened the floodgates for publishers to monetize content while giving viewers the experience they crave – a live linear experience like having a cable subscription. Currently representing 50% of all OTT ad views, FAST channels will only grow. Europe is also seeing rapid growth of FAST as ad impressions have doubled in Q3 2022 as compared to the previous year.¹¹

CTV is highly fragmented, but when seen in the collective it represents over 70% of ad views in the US. In Europe, many agencies and advertisers have been looking at new strategies to reach audiences including CTV which has seen much growth over the past year. With premium video consumption continuing its steady climb, advertiser interest in the medium is expected to continue to increase, with more brands diverting to premium video as one of the most effective strategies for connecting with highly engaged and targetable audiences.

Programmatic views continue to grow in the US, with guaranteed deals promising to deliver a specified number of impressions as the preferred purchase practice. Europe is seeing a similar preference.

ABOUT THE AUTHORS



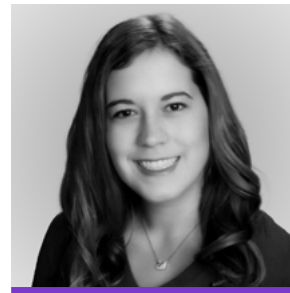
TERRI RYAN

Advisory Lead, Insights & Analytics on the Advisory Services team serving as the lead author of thought leadership pieces and providing reporting and analytics insights for internal use, clients and external publication.



EMMANUEL JOSSERAND

Sr. Director, Agency, Brand & Industry Relations, Emmanuel leads FreeWheel's advocacy efforts in Europe through various buy and sell-side councils and forum, to champion the value of the premium video economy and TV as a marketing platform.



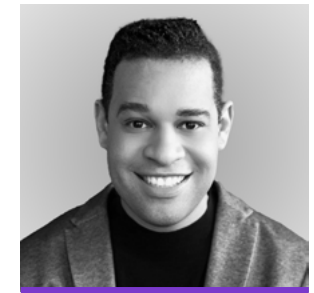
LAURA GAMBINO

Lead Consultant on the Advisory Services team. Laura has been helping FreeWheel clients to follow best practices as we shape the premium video and TV marketplace platform. Her areas of expertise include advanced TV technology, data analytics, and market research.



SABRINA ALIMI

Executive Director, Advisory Services, Sabrina 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.



LEE SINGLETARY

Sr. Manager, Brand & Industry Relations, Lee leads content strategy at Comcast Advertising, FreeWheel's parent company, where he creates/distributes insights, perspectives, and new research. He also manages industry councils aimed at deepening relationships with buy/sell-side clients and advocating for industry advancement. Lee began his career as a journalist and launched a streaming news channel for a broadcast TV station.

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

Behavioral Targeting – Targeting consumers based on their activities (e.g. shopping habits)

CTV (Connected Television) – 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

Demo Targeting – Targeting consumers based on demographic information such as age and gender

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

EUR – Includes the following countries: Belgium, Estonia, Finland, France, Germany, Italy, Latvia, Lithuania, Netherlands, Spain, UK

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

Guaranteed Deals – a transaction priority that ensures available supply by guaranteeing purchase of a set number of impressions

Live – Content that viewers are watching in the same real-world time and experience simultaneous commercial breaks

Long-Form – Video content 10 minutes or longer

Mobile – Content viewed on mobile devices and apps

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

Operator (Telco) – Multiple System Operator (ex. Xfinity, Charter, DISH, SRF, Proximus)

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)

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

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

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

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

SOURCES

- 1 [PwC Entertainment and Media Outlook, June 2022.](#)
- 2 [Colab Media Consulting: FreeWheel / AudienceXpress European Marketers Survey, September 19, 2022](#)
- 3 [Statista, Digital advertising spending in Europe from 2006 to 2022, January 10, 2023](#)
- 4 [eMarketer, Q3 2022 Digital Video Trends, September 27, 2022](#)
- 5 [HUMAN Security, "Safeguard Valuable CTV Investments from Fraud," \[www.humansecurity.com\]\(http://www.humansecurity.com\)](#)
- 6 [IAB 2023 Outlook Survey, November 2022](#)
- 7 [Innovid / ANA, The State of Connected TV Report, 2020](#)
- 8 [GumGum: The Harris Poll, "79% of UK Consumers Want to See Contextually Relevant Ads," March 31, 2022](#)
- 9 [FreeWheel U.S. Video Marketplace Report, 2H 2021](#)
- 10 [Statista, Programmatic Ad Spending Worldwide 2017-2026, January, 2023](#)
- 11 [Amagi, Global FAST Report, 6th edition, January 11, 2023](#)





VIDEO MARKETPLACE REPORT

2H 2022

The FreeWheel 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.

More Information

Terri Ryan

Advisory Lead, Insights & Analytics, Advisory Services

tryan@freewheel.com

FREOWHEEL
A COMCAST COMPANY