CTV: The Future Forward – France

How CTV delivers on the promise of television for today‘s advertisers

A Magnite Proprietary Research Study

Magnite

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Introduction

Audiences in France have taken to streaming platforms in a big way. With the COVID-19 pandemic keeping people at home, there's been a rapid uptake in OTT services. Streaming platforms such as Molotov, Pluto TV, SamsungTV+, and Salto, have met the moment by expanding in Western European markets, filling a void for audiences looking for convenience and escape. The rapid adoption of CTV is a function of two dynamics: a seismic shift in how viewers consume content, and the growing fragmentation of linear TV.

No longer satisfied with paying more and getting less from broadcast budgets, French marketers are seeking new ways to connect with consumers— with reach and addressability. Here, CTV presents a boon for advertisers looking to capture targeted, highly engaged audiences at scale. Yet, in the relatively new world of CTV, digital marketers remain at a loss for actionable insights: there's limited research on engagement and performance. This begs the question— with mass consumer adoption of CTV underway, how can advertisers best take advantage of the immense marketing opportunity at hand?

> Magnite's research into the rise of connected TV adoption across Europe is vital in educating advertisers on the opportunity to capture audiences' attention where they're consuming content. Proof points like these will equip advertisers with actionable insights and the confidence to incorporate CTV into media plans. It's important to understand the rapid rise in each region, but also acknowledge the nuances in viewing habits, to reach viewers with relevant and targeted advertising in a preferred viewing environment.
>
> — Daniel Knapp,
> Chief Economist,
> IAB Europe

Study Objectives

The streaming ecosystem continues to expand in France, with adoption rates on the rise. Yet for the market to grow, marketers need to understand how people are consuming streaming content. Are they committing to streaming services or just sampling? Why is adoption growing so rapidly? Most importantly, is CTV an effective advertising environment for driving KPIs? To fully understand the power and potential of CTV, we undertook a comprehensive study to address the important questions that mattered most to advertisers.

Magnite's "CTV: The Future Forward" report provides marketers with the data they need to fully understand how viewers are consuming, engaging with, and responding to CTV ad messaging in EMEA.
The findings from this study will enable marketers to make smarter decisions about how to best allocate their video investments to seize the opportunity CTV presents in their local market.

Methodology

Magnite engaged Harris Interactive to execute a general population online survey to a nationally representative sample of 2,100 respondents per country for a total sample size of over 10,500 people.

Magnite engaged Harris Interactive

15
minute online survey

2,100
respondents / country
France, Germany, Italy, Spain, UK

10,500
total sample

Age
18-64
who watched 1+ hours of TV a week

Fieldwork:
22 Oct 2020 — 2 Nov 2020

What is Connected TV (CTV)?

Connected TV is ANY television set that is connected to the internet via a smart TV, game console or streaming device (such as a box or stick). CTV audiences generally refer to people watching premium, broadcast-quality, long-form content through app-based services. In the UK, CTV is the "largest screen in the house", with the highest number of streams relative to desktop and mobile screens. For advertisers, CTV offers the best of digital and TV combined – precision targeting within a premium, big-screen environment. Throughout our report, we will be using the terms CTV and streaming services interchangeably.

OTT (over-the-top) refers to TV content transported from a video provider over the internet (bypassing a set-top box) for viewing across ANY screen, without requiring users to subscribe to a traditional cable or satellite TV service. In both CTV and OTT, content can be accessed on-demand anytime, or live-streamed for viewing in real-time.

Source: IAB Europe, "Guide to Connected TV"

CTV Devices

Streaming Devices (CTV)

Game Consoles (CTV)

Smart TVs (CTV)

Desktops / Laptops

Phones / Tablets

OTT Streaming Services

CTV's Reach Rivals Broadcast

78% use streaming services 1+ hours weekly

There is widespread adoption of CTV in France. 78% of the population uses a streaming service at least once a week, with 46% using one daily. However, unlike the other countries in our study, the weekly reach of AVOD, at 62%, actually surpasses SVOD usage (58%). There are two factors driving this behavior. In France, all broadcasters' catch up programming is AVOD and available in almost all households through IPTV. Additionally, the number of SVOD services available is relatively small; there were almost no SVOD services prior to Netflix's launch. These impressive user numbers help explain the share of time spent watching streaming vs broadcaster content: Results show that 42% of all time spent watching TV is spent on streaming channels.

62% use AVOD 1+ hours weekly

46% use streaming services daily

58% use SVOD 1+ hours weekly

40% share of weekly TV time spent streaming

AVOD services consist of any streaming platform that is supported by advertising, including catch-up TV and free-to-view streaming services.

Device Usage

Set top boxes and Smart TV's are the most widely used device for accessing streaming content:

76% Set top box

62% Smart TV

48% Game console

34% Streaming Device

It's worth noting that most French households have multiple devices for streaming OTT content: 32% of respondents in France have 3+ devices for accessing content, and in affluent households, this rises to 60%. This presents opportunities for multiple 1:1 addressable campaigns by device within a household.

# Devices used for streaming content	Total	Affluent (HHI 100K+ euros)
1	36%	13%
2	31%	27%
3+	32%	60%

Streamers Reign in Popularity Over Linear

46%
would choose to keep their streaming service over their broadcast service

According to our study, 35% of TV audiences turn first to streaming channels instead of broadcast. However, when we look at the behaviour by age, a different picture emerges: 47% of Millennials and GenZers are more likely to go directly to streaming channels first.

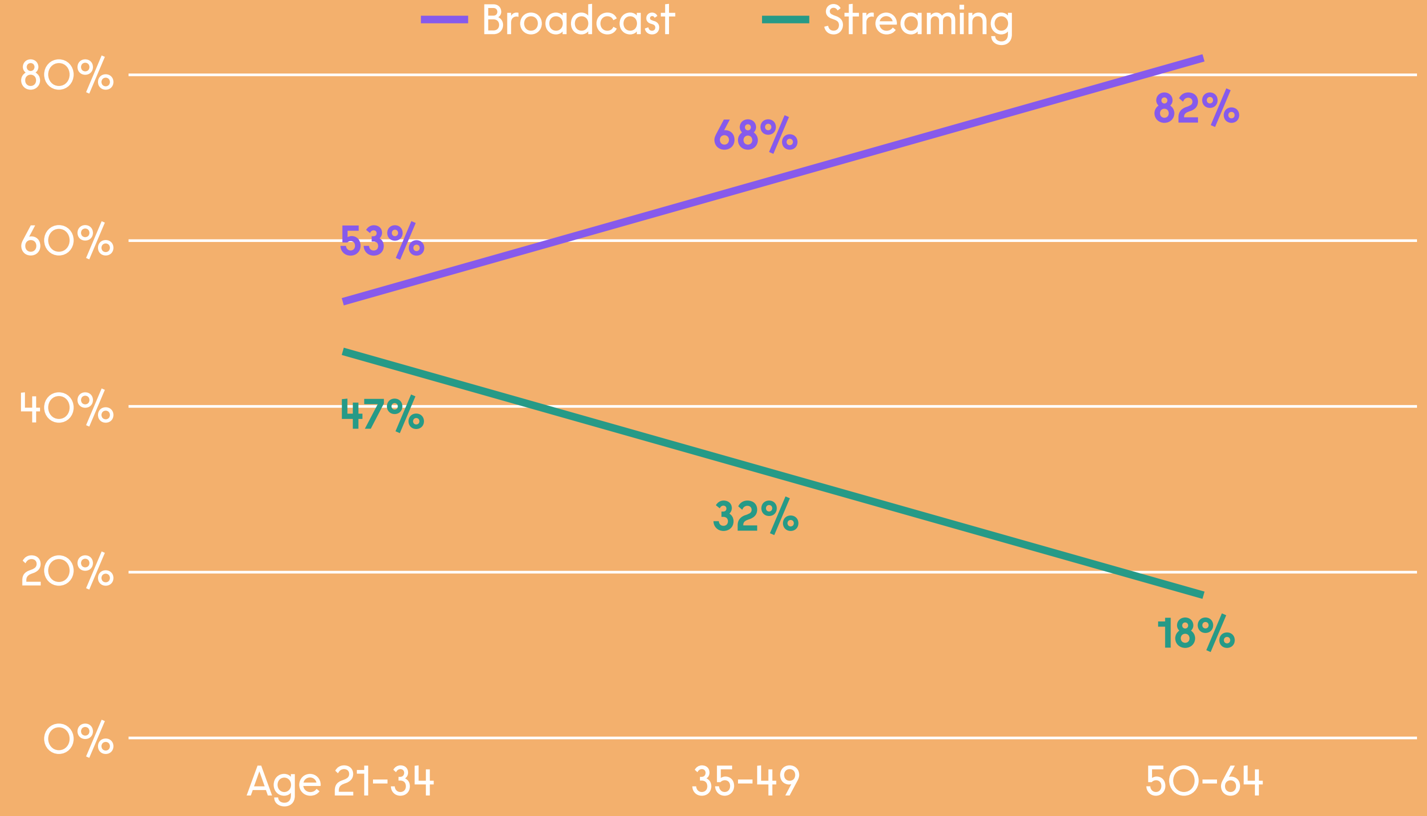
Across French households, streaming is highly preferred over broadcast, indicating CTV has staying power and is not a passing trend. Not only do 66% of audiences prefer streaming services over linear TV, but 46% would keep streaming service if forced to choose between streaming and broadcast.

Preferred TV Service

34% Broadcast

66% Streaming

Default Service by Age



Linear TV Viewing is a Habit, Streaming is an Active Choice

While broadcast is still the first place they tune to, it is important to look at the reasons behind that. Because people tend to be creatures of habit, broadcast TV's retention is largely due to what people are used to, as opposed to CTV, where viewers are making more active choices over content. As shown in the chart below, 71% of viewers watch broadcast TV out of habit rather than for the quality or variety of content.

On the flip side, content engagement is significantly higher for CTV. 64% of respondents chose CTV as their default service because it boasted their favourite shows, and 47% of them chose CTV because they were more likely to find something to watch. Overall, CTV viewers are more likely to choose streaming because of its quality and better ad experience as compared with broadcast. There is reason to believe that with greater exposure and more widespread internet access, broadcast viewers will let old habits die and adopt streaming for its content variety, curated viewing, and ad quality.

Reasons for Default Service

	Broadcast	Streaming
Habit	71%	33%
Has my favourite shows	43%	64%
More likely to find something to watch	16%	47%
Variety of content	16%	49%
Fewer ads	5%	35%

Content is King and People Want Escape

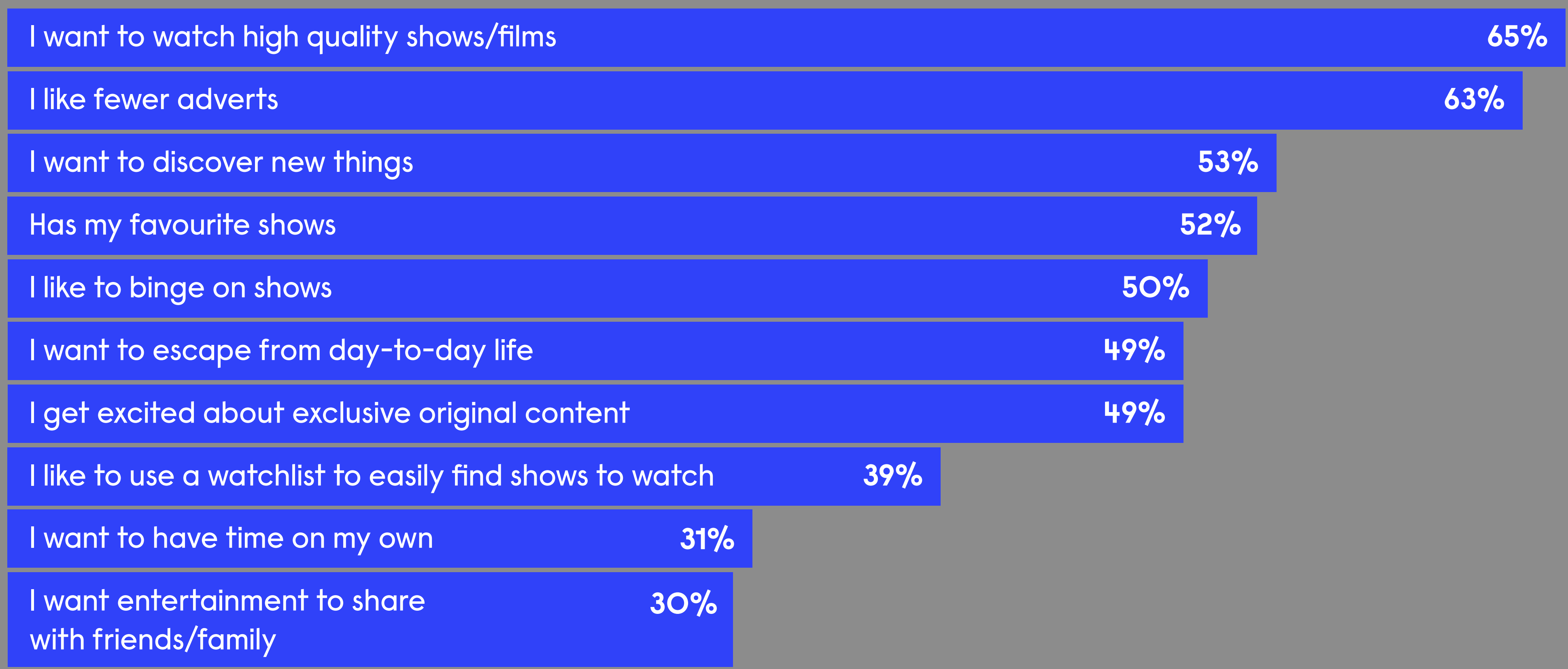
To better understand CTV's massive appeal, we took a deeper look into the key drivers that inform consumer preference. Our survey included a cluster analysis of 14 need states, from wanting to "discover new things" to "fewer adverts." Topping the list was content quality, with viewers flocking to streaming services to "watch high quality shows/films." Beyond content quality, the key driver of content preference is the desire for escape. Viewers turn to streaming to "discover new things" (53%), "escape from day-to-day life" (49%), "have time on their own" (31%), and "binge on shows" (50%).

While broadcast TV may be known for reruns, it's streaming's original content that drives sign-ups.[1] Audiences want to watch novel shows and discover original stories they can talk about with friends or family.

This points to a greater phenomenon regarding CTV consumption: people want to watch TV in a whole new way. Viewers have an entirely different set of expectations of CTV vs linear TV. These expectations include programming of a certain caliber, tilting towards original content. More CTV audiences expect a viewing experience that is binge-able, personal and customized— in essence, creating their own entertainment channel. Think about it: the average watchlist has nine shows queued up. That represents a channel's worth of time and content waiting to be viewed. This presents a unique opportunity for advertisers looking to reach audiences in a highly customized, premium environment.

1. Season 2 of *The Mandalorian* drove 3X the average number of sign-ups for October 2020. (Source: Cross-screen media)

Need States – Streaming (Top Box)

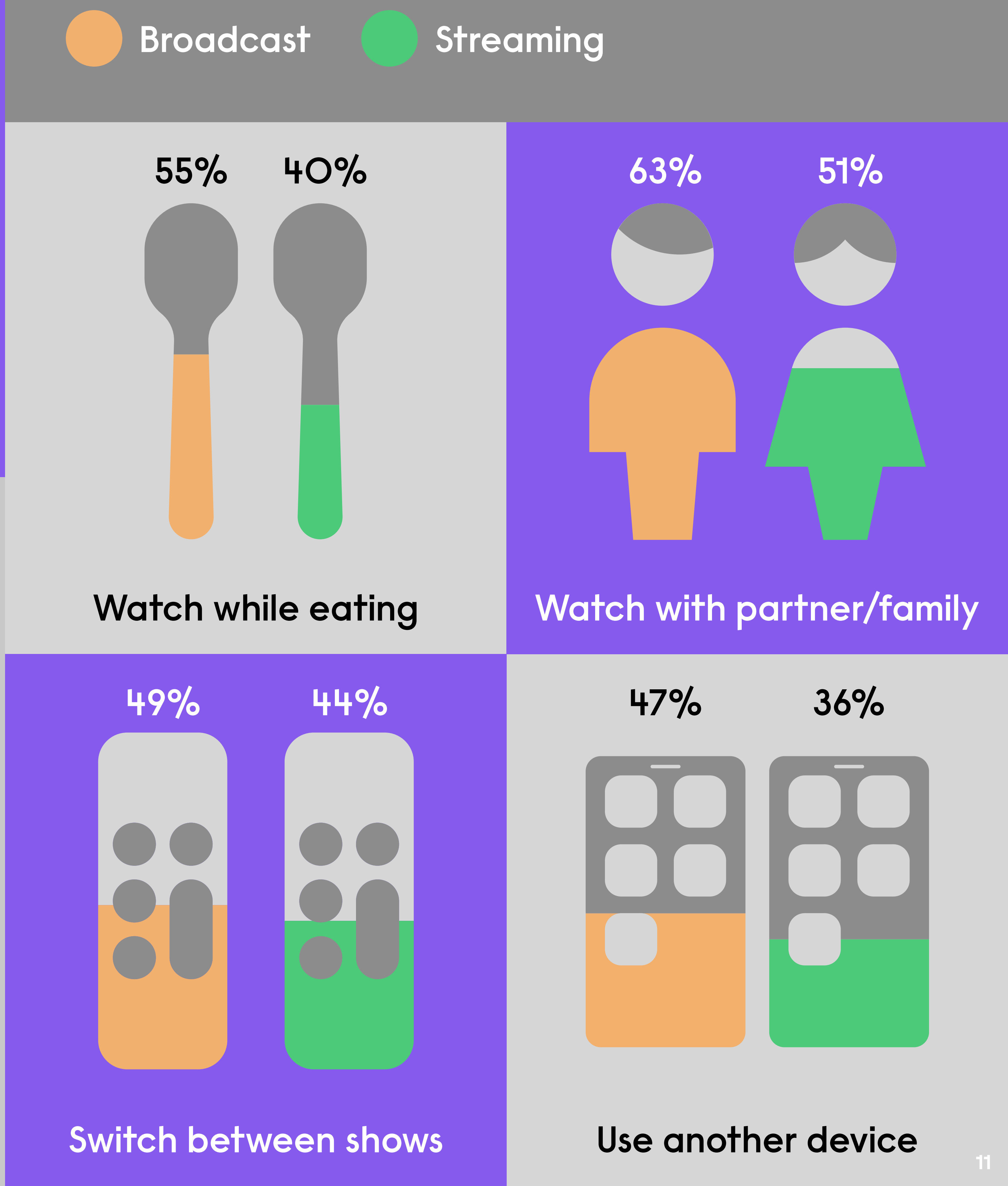


CTV Has Greater Holding Power

With broadcast TV, heavy ad loads can cause viewers to flip to other stations, dividing their attention and missing the ads altogether. Of course, missed ads are missed opportunities to connect with consumers. Attention is a critical factor in driving impact.

Our survey revealed that CTV's lighter ad loads and control of on-demand viewing kept audiences watching the screen. Across the board, broadcast TV viewers are more likely to multitask when compared with streaming viewers. While watching linear TV, people are more likely to be eating, watching with family, using other devices, and switching between shows. This doesn't bode well for broadcast marketers: the more disengaged viewers are from the programming, the less engaged they are with the advertising. Conversely, ads shown in streaming environments are more likely to keep eyes and ears tuned into what they're watching.

Always / Frequently Do This While Watching



Still Room for Growth in CTV Budgets

As we saw earlier, adoption of streaming platforms is taking hold in France in a big way, signalling that the market has room for new services. As the market expands, questions about subscription fatigue surface. Is there an appetite for new content or are people satisfied with what they have? Our survey strongly suggests that the market is far from tapped out: among current subscribers, 39% are likely to take out another paid subscription in the next 6 months. Further evidence shows room for growth when we look at how much people are willing to spend on subscription services. When asked about their current monthly spend, the average for all respondents was €26. However, when asked about the maximum they would be willing to spend, 64% answered that they would be willing to spend more per month for their streaming services: 37% would pay €1-9 more; 27% said €10 or more. This differential between current spend and maximum spend leaves room for almost one more subscription per household.

€26

Current average monthly spend on streaming services

€35

Maximum willing to spend each month

29%

of SVOD users find all the different options for watching streaming TV very or somewhat confusing

One factor that may be holding consumers back from adding services is a general confusion about all the options available. Services coming into the market will need to make sure they educate consumers on who they are, what they offer, and how to access their content. With so many new services entering the market, it's no wonder that 29% of SVOD users find the choices confusing.

Consumers Are Willing to Watch Ads to Cut Costs

When it comes to content, consumers want a lot of choice, but as illustrated above, have a finite budget they are willing to spend on subscriptions. During this time of economic uncertainty brought on by the COVID-19 pandemic, many consumers are looking for ways to reduce household costs. While ad-free SVOD services are extremely popular, people are layering on AVOD services to increase their program options. Switching to Free Ad Supported Services (FASTS), such as Pluto TV (set to launch in Q1 2021) and Rakuten TV, is an attractive option for consumers looking for deep content libraries at no cost. When asked about how they feel about watching ads in exchange for reduced subscription fees, 83% answered that they prefer to watch advertising in exchange for free or reduced-cost subscriptions.

This recognition of the content value exchange is further reinforced by the fact that 70% of subscribers of ad-free subscription services would switch to an ad-supported subscription tier if offered.

41% Prefer to watch free ad-supported content

42% Accept some ad-supported content for a reduced subscription fee

17% Prefer to pay for an ad-free experience

CTV Ads Target Addressable Audiences at Scale

CTV combines the best of linear and digital, offering marketers high quality, long-form television environments, plus the precision targeting capabilities of digital media. By leveraging first and third-party data, CTV marketers can reach curated audiences en masse. Here, CTV captures the holy grail of marketing: timely, personalised messaging to coveted consumers without compromising scale.

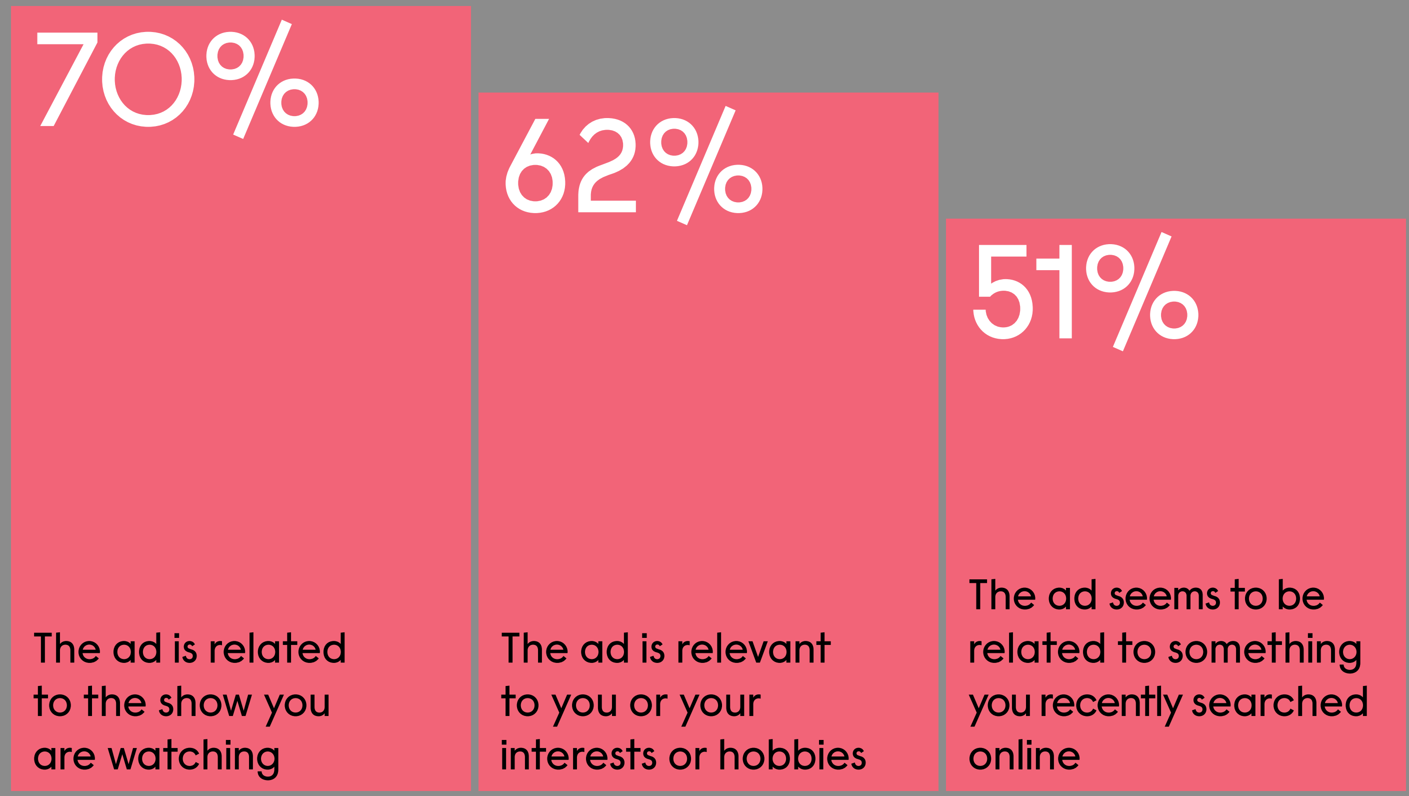
Recent research from Magna and IPG Media Lab suggests that addressable campaigns can be highly effective in enhancing campaign performance, helping brands reach coveted audiences and meet their KPI's. Their research showed that a "pre-roll video ad can drive +8% in unaided ad recall, and +5% higher purchase intent with the use of more relevant, personalised messaging."[2]

2. "Pursuit of Relevance," IPG Media Lab, October 2020

33% of respondents believe that in five years TV advertising will have only targeted ads

Consumers Want Relevant Advertising

Preference for Relevance



Regarding targeting, consumer privacy remains top of mind for advertisers and consumers alike. GDPR has raised public awareness around privacy protections of consumer data, and 25% of consumers are sceptical about how much marketers seem to know about them.

Despite these concerns, consumers want ads that are relevant to them. When asked about what type of ads are acceptable, 62% of respondents want ads that are relevant to their interests and hobbies, and 51% are okay with ads that are related to something they searched for online.

Further, about 1 in 5 viewers are more likely to pay attention to personalized ads, and 33% believe that targeted ads are the future of television advertising.

→ "I pay more attention to [personalised] ads." **21%**
→ "I find personalised ads more interesting." **18%**
→ "I find these ads less irritating/annoying than irrelevant ads." **18%**
→ In 5 years, television advertising will "have only targeted ads." **33%**

Clearly there is a disconnect between the concern for privacy and the acceptance of advertising tailored to content, search history, or personal interests. This suggests that consumers are willing to sacrifice some level of privacy in order to watch ads that are worth their time - up to a point that isn't too invasive.

CTV Ads Are Highly Actionable

As previously discussed, viewers are highly engaged with content on streaming platforms. They not only prefer CTV over linear, but are less distracted as well. So what does this mean for advertisers? Quite a lot actually. When asked about various dimensions of ad acceptance, 68% of respondents indicated that they were receptive to advertising on streaming platforms in some way:

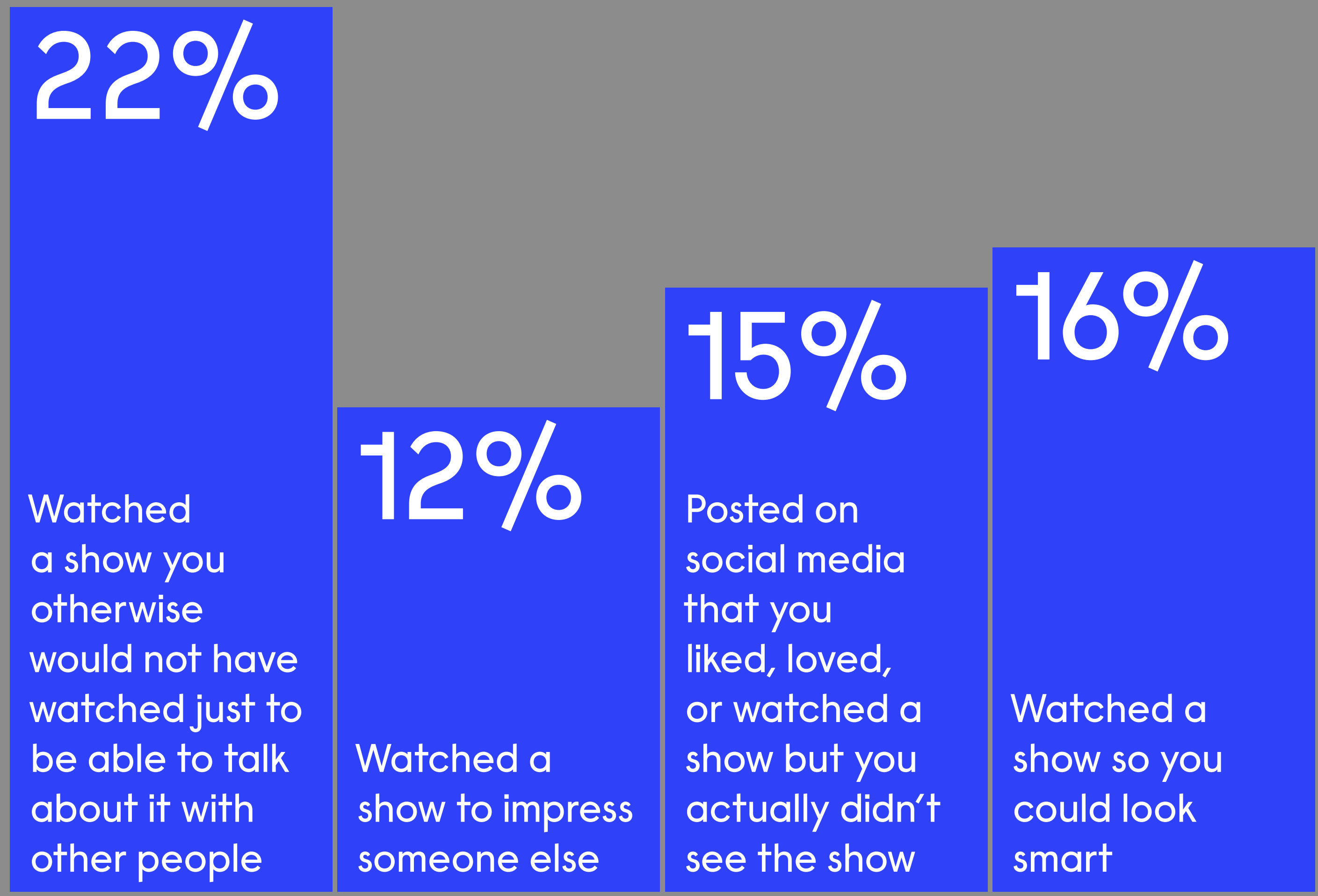
- Open to watching ads on streaming TV because there are less of them
- Open to watching ads to get access to high-quality programming
- Brand/product consideration of ads in favourite shows
- Discovered new products from ads in streaming shows

The payoff for advertisers is the impact of CTV ad exposure on viewer behavior. Looking at both brand and performance metrics, 64% of streaming viewers took a clear, tangible action after watching an ad. This high percentage of consumer action signals the power of CTV to deliver on ROI and other campaign KPIs. Of the respondents surveyed, a majority took one or more of the following actions:

- Searched online for the products/services advertised
- Discussed the ads with someone
- Recalled the ads later
- Bought advertised product or service

> 64% are receptive to streaming ads

CTV is Social Currency



In today's social media savvy world, consumers share content that impresses their peers and indicates they're tapped into the current zeitgeist, winning likes, followers, and engagement on social platforms. Here, CTV has remarkable social currency among viewers, especially among Gen Z and Millennials. Social behaviours that drive CTV audiences include the desire to be "in the know" and be part of the popular conversation.

In addition to social currency, content on CTV has the potential to create cultural currency effects because of its borderless global scale. For example: The Queen's Gambit, a Netflix show about chess, sparked a renaissance for chess with search queries hitting a nine-year peak, inquiries for "chess sets on eBay" up 250%, and chess sales increasing 170%. And 34 years after it was first published, sales for The Handmaid's Tale pushed the title up to second place in the paperback charts, no doubt driven by the enormous popularity of the show.[3, 4]

In fact, one could say that streaming programming has become the new "water-cooler" TV, creating communal, shared experiences that dominate workplace conversations, as well as Instagram and Twitter feeds. CTV fills the need for social currency, and draws viewers into shows that they might have otherwise skipped. For example, 22% have watched a show just to be part of the social conversation, and 15% have posted about a show that they never actually watched!

3. Indiewire.com, November 23, 2020
4. https://www.theguardian.com/books/2019/sep/17/handmaids-sales-margaret-atwoods-the-testaments-is-immediate-hit

Key Takeaways

Overall, the results of our study provide a solid case for making CTV a strategic imperative. CTV is the future of TV, providing scale and reach at a level rivalling broadcast, with the value add of digital's speed, targeting and addressability. Viewers are consuming more streaming TV due to the lockdown, and will likely continue watching more streaming content post-pandemic.

By understanding the power of CTV to connect with consumers, marketers can more effectively reach targeted audiences at scale within premium, brand-safe content.

CTV is Mainstream

Audiences across the board are now streaming every day, with AVOD usage nearly equal to that of SVOD, giving marketers the opportunity to reach coveted targets as they move through the purchase funnel. For millennial viewers, streaming is the first place they turn to for television content, which means less time spent on linear networks.

With reach that rivals broadcast, marketers need to include CTV in their media strategy to reach coveted targets they are missing on linear TV.

Preference Drives Engagement

Viewers prefer streaming TV over broadcast because of the high-quality programming, the lighter ad load, as well as the ability to discover new, exclusive content. This high engagement with the content results in more attentive viewing to both the programming and the advertising.

CTV viewers like discovering new content. Consider diversifying the campaign budget across a mix of streaming services.

CTV Works Hard for Brands

CTV's high level of engagement coupled with the ability to target consumers with relevant advertising drives higher ad receptivity. CTV works hard for brands, driving behavioural KPIs of search, recall and purchase.

Utilise first and third party datasets for more efficient CPM's against the campaign's target audience.

Small Brands, Big Opportunity

Ease of entry into CTV is enabling many smaller budgeted brands to transition from small digital mobile and computer screens to the larger living room screen by making TV advertising flexible and affordable for them to use.

Primetime is all the time in CTV, giving smaller brands an opportunity to stand out within premium, low-clutter television programming.

We are experiencing a seismic shift in France with how people are consuming content - a trend which has accelerated through the events of 2020. Magnite's latest research demonstrates this significant change in consumer behaviour – with 69% of French audiences preferring streaming over Linear TV. When coupling this acceleration in CTV adoption with an openness from consumers to receiving advertising in these environments, advertisers have a huge opportunity to use the power and engagement of CTV to reach people where they are enjoying content they love.

— Valérie Latronche,
Managing Director
France & Belgium,
Magnite

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About Magnite

We're Magnite (NASDAQ: MGNI), the world's largest independent sell-side advertising platform. Publishers use our technology to monetize their content across all screens and formats—including desktop, mobile, audio and CTV. And the world's leading agencies and brands trust our platform to access brand-safe, high-quality ad inventory and execute billions of advertising transactions each month. Anchored in sunny Los Angeles, bustling New York City, historic London, and down under in Sydney, Magnite has offices across North America, EMEA, LATAM and APAC.

About Harris Interactive

Harris Interactive simplifies complex decisions with critical consumer intelligence. By combining global scale and local expertise with innovative technology and award-winning research design, we help clients explore tomorrow, now. Harris Interactive is part of the Toluna group of companies encompassing Toluna, Harris Interactive Europe and KuRunData. Together, we strive to push the field of market research toward a better tomorrow.