



STREAMING TV AND THE POLITICAL MARKET

Navigating CTV Advertising in the 2022 Campaign Cycle

**Campaigns
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PREMION

INTRODUCTION

As campaigns head into the heart of a midterm election cycle projected to see more money spent on political advertising than any previous midterm year, certain trends are unmistakable, and the acceleration of CTV advertising is near the top of the list. Its rise to political advertising relevance has been swift, helped along by a rapidly shifting media consumption landscape.

Spurred on in part by pandemic-related viewing habits, streaming TV is now capturing the eyeballs of too many Americans for political campaigns to ignore as viewers of all age groups have increased their time spent streaming over the past year. According to Attest's 2021 Media Consumption report, the number of Americans streaming TV content (83%) actually surpassed those watching live TV (81%) for the first time.

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So how did political advertisers come to the party? Looking back at the 2018 midterm cycle, the story was one of nascent adoption as campaign advertisers began waking up to the potential of ad supported OTT even as the channel was still developing. By the 2020 presidential cycle, the story was one of rapidly growing adoption as options increased markedly for political advertisers and political ad spend jumped accordingly. Now in 2022, political media strategists and buyers say any questions surrounding the channel's relevancy are resolved. If streaming TV is not a tool in your '22 advertising arsenal, your campaign is in trouble.

As John Paul Padua of Trilogy Interactive put it: “Your opponent is going to be there. Your opponents’ friends are going to be there. So you need to be smart and you need to be in front of those audiences. Otherwise, you’re going to lose out on a key piece of real estate.”

In compiling what follows, Campaigns & Elections spoke with political ad strategists and media buyers from both sides of the aisle — the ones making the spending decisions that will define the '22 Midterm Election. The picture that emerged from those conversations: Ad-supported OTT is now an essential part of any political campaign's media plan. Giving the channel short shrift means campaigns risk missing sizable swaths of voters who are becoming increasingly hard to reach via traditional channels.

In this report, we dig deeper into the consumption trends that have driven the shift over the past two election cycles, the current state of ad-supported OTT, and the questions campaigns need to be asking their buyers to understand how well their ad dollars are being spent.

The approach we've taken in putting together this guide is a practical one with campaigns in mind. What's best practice when it comes to how the buying and spending decisions in this channel are made? When should you be concerned about ad fraud and how can you best mitigate the risk? How do you ensure you have access to the CTV inventory you need to get your message out this cycle? And what does a smart CTV ad plan look like in 2022?



Image Credit: Dean Mitchell

MORE INVENTORY AND MORE OPPORTUNITIES FOR ADVERTISERS

By most estimates, we're currently two to four years ahead of where observers thought we'd be in 2022 when it comes to the number of people utilizing streaming platforms. 75% of U.S. voters watch ad-supported OTT, according to the Cord Evolution Study by MRI-Simmons. That means lots of cord-cutters and plenty of cord-nevers, with both groups ready to accelerate.

Total political spend for 2022 could reach as high as \$8 to \$9 billion, according to projections from AdImpact — an enormous increase over the 2018 midterms, and totals that would rival the last presidential year if they actually come to pass. The 2021 off-year set the stage, ringing in as the highest spending off-year in history; spending in '22 so far, per AdImpact's tracking, is being driven by competitive primaries in key battlegrounds with several Senate races already on track to set all-time records for media spending.

The overall picture: More eyeballs leads to more inventory, but also to a big increase in political spending and demand.

AN INVENTORY SQUEEZE

If there's one piece of advice universally shared by the strategists C&E spoke with about the CTV landscape it's that inventory issues are inevitable this cycle; the best way to not get caught in the wilderness is to get media plans ready and locked in now.

Work with a mix of vendors to find the space you need, advised Bill Redding of The New Media Firm. Rather than having clients sign off on the full media plan in July or August, Redding said he has budgets out to clients now, “And hopefully they will fund them, or at least let us sign IOs on them now rather than the second week of October.”

Securing inventory early in this environment should be a top priority, but strategists warn not to let fear of the squeeze drive your decision making too early. Make sure you’re ready with the right inventory for early vote windows where relevant, and understand the inventory you’re buying (skippable vs. non-skippable, for example).



Demand will surge, outpacing supply, especially down the stretch of the 2022 election.

85% of the strategists C&E interviewed for this report told us they expect an inventory squeeze on OTT platforms to cause problems for advertisers as we near the November election. Even those who thought inventory shortages could be mitigated predicted buyers are certain to encounter them at some point this cycle.

“I would build these relationships early and build the pipelines early to understand who is going to have the inventory you’re looking for, especially that last-minute inventory when you need it. That’s critical for finding some of these premium slots. So build early on the publisher side and also work with your DSPs to make sure you’re not just dealing with a very limited amount of inventory.”

Paul Westcott, L2

When it comes to premium front line inventory on platforms like Hulu or Peacock campaigns may have to take more chances given that inventory will sell out more quickly.

“We find that having that direct buy, having programmatic is essential, but I really like having an aggregator brought into the team,” said Jonathan Korn of Unearth Campaigns. “It’s a nice third tier to go out to where your inventory is pre-bought and so you already know exactly what you’re able to do.”

Finally, make sure you aren’t adopting a set-it-and-forget-it mentality when it comes to CTV advertising. Campaigns should have folks in the platforms, following up with reps to ensure inventory quality and to ensure that the numbers you’re getting back line up with the campaign’s expectations.

MOVING TOWARD A FULLY INTEGRATED APPROACH

Another question we posed to strategists was on the ad placement process: who's running point when it comes to buying? Does that responsibility sit with the more traditional TV buyers or on the digital side? How is it evolving and in what way does it impact strategy?

At the moment, it's partially dependent on client preference (and, of course, contractual factors will drive that decision in some instances). The general consensus though is that digital buyers have the upper hand when it comes to placing CTV, and at the very least should have a key role in the process. The argument from digital-first strategists goes like this: for years now, digital has dealt with more complex measurement challenges compared to the linear TV world, leaving digital strategists better placed to appreciate the nuances of this buying environment.

One thing strategists on both sides of this emphasized: integration is what's really key, especially in this cycle. The channel has matured enough to this point that campaign teams need to get on the same page and figure out how to best serve clients when it comes to planning and placement. As the CTV ecosystem evolves, having both sides at the table in a collaborative fashion is likely to not only best serve the client, but it will help if inventory issues or ad fraud concerns emerge. The more strategists in the room, the better.



The balance of power may shift toward the digital buyer, but knocking down silos is critical.

60% of strategists we interviewed told C&E they think it will be the digital buyers and/or the digital teams who will end up taking the lead when it comes to purchasing CTV. The slightly more complex nature of digital buying, with the need to understand the metrics unique to the digital space are the primary reasons most gave the upper hand to the digital side.

But as those silos continue to break down, the likelihood is that we move toward a much more collaborative process that mimics the way agencies have been shifting internally in recent years.

"I think that where we are moving as an industry is away from one individual controlling all of the decisions and more of a collaborative environment in which consultants, whether they be TV or digital consultants, are working toward an audience-first solution for the campaign that's going to be strategic."

Ryan Fanning, DSPolitical

Another important piece of this, strategists emphasized, is that the vast majority of streaming is still coming through the big screen — that smart TV in a voter’s living room.

“I think one of the philosophies that we embody is that how people experience the media can be just as important as what type of media it is,” said Owen Barnard of Sage Media Planning and Placement. “Technically, yes, it can be streaming, but if you’re watching it on TV, that viewer is not going to differentiate between that and a general TV viewing experience ... I think that is much more informative in my view of how OTT is going to be consumed. As people transition towards that as a primary method of consumption for video, they’re going to be thinking, ‘I was watching TV and here’s the ad.’ ”

That makes it all the more important that what’s happening on the linear TV side, which is also touching many of those same viewers, is working well in concert with what’s happening on the OTT side.

WANT TO TIGHTEN YOUR CTV PLAN? RELATIONSHIPS MATTER.

Ad fraud is currently and will remain a concern in this cycle and beyond, but if your team is well structured, campaigns should be relatively confident they can mitigate its impacts. First, partnerships with vendors who have direct relationships with publishers is key. Second, be sure to work through your DSPs to ensure they also have the direct relationships should any issues arise. And finally, employ third-party verification. Ensuring there’s a human verifying your ads were delivered - where and when they should have been - is the best way to safeguard your OTT investment.



Ad fraud is something both publishers and buyers will need to continue to address in this cycle and beyond.

70% of strategists we interviewed said they had “serious” concerns about ad fraud in the CTV space, though most expressed confidence the problems could be mitigated with the right relationships.

“Inventory is going to be an issue this year and because of that, fraud is going to be an issue this year, probably more than any other year. Having a good, honest and transparent relationship with the agency that you use or whatever buying system you use is going to be key.”

Kati Bumgardner, Counterpoint Messaging

The bottom line is that relationships and good internal processes are the most important piece of this. You want to be certain you have the type of relationship with publishers and reps that will allow you to address any potential discrepancies, and that starts with good internal reporting. If you’re keeping a close eye on the metrics, your team should be able to recognize any patterns that may indicate fraud.

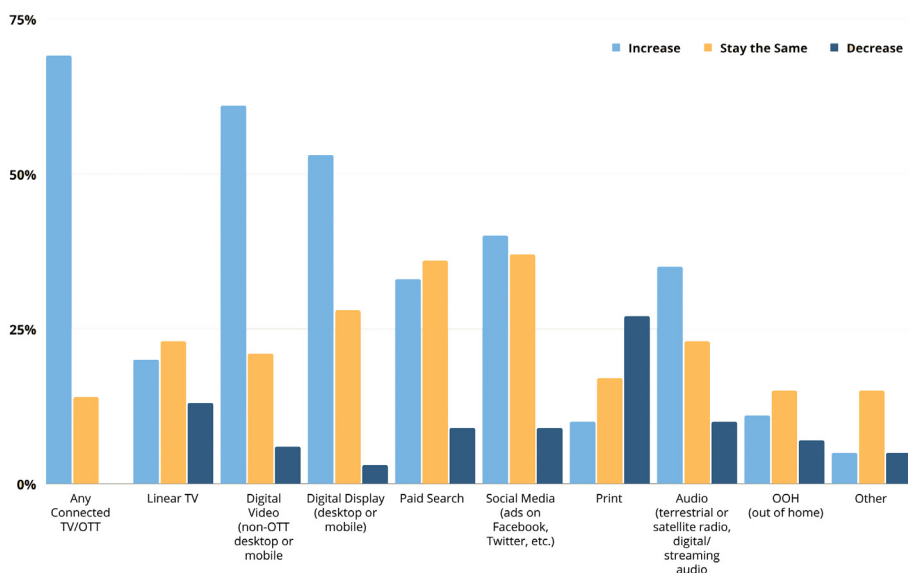
The ability to root out any and all ad fraud shouldn't be the expectation, strategists warn. That's just not the reality in the ecosystem as it currently exists. Even honest digital agencies who are working to find good inventory can be defrauded given all the possible points of entry.

A CRITICAL CHANNEL FOR POLITICAL CAMPAIGNS IN 2022

At C&E's CampaignTech East Conference on April 6-7, CTV/OTT was a topic across multiple sessions over the course of two days with strategists emphasizing the need for campaigns and buyers to focus more heavily on the channel ahead of November.

In addition, Premion and C&E hosted an on-site survey of the political strategists in attendance. While not a representative sample of the full campaign industry (a total of 44 respondents took the on-site survey, almost entirely self-identified digital strategists), the results offer a good sense of where the minds of digital practitioners are currently when it comes to CTV. Of the respondents, half reported buying CTV/OTT for clients in the 2020 cycle, while only 32 percent reported purchasing linear TV last cycle.

Nearly 70% of respondents said their clients plan to increase ad spend on CTV/OTT for the 2022 political cycle

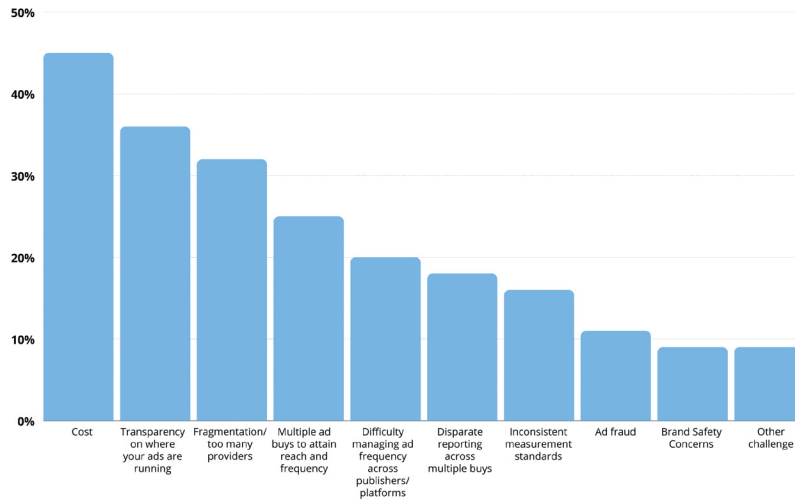


Among the respondents, two things were clear: 1) Political strategists expect to spend more money on CTV/OTT this year, and 2) They largely view CTV/OTT as an advertising channel that's key to achieving the goals of their clients.

A full 69% of respondents said they plan to increase ad spend on CTV/OTT for the '22 political cycle. That easily topped the places respondents said they plan to increase spend for this election year. Coming in behind CTV/OTT was digital video (non-OTT desktop or mobile), which 61% of respondents said they expect an increase in this year.

On trend, the next closest was digital display (desktop or mobile) at 53%. Paid search and social media (Facebook, etc.) was much more of a mixed bag.

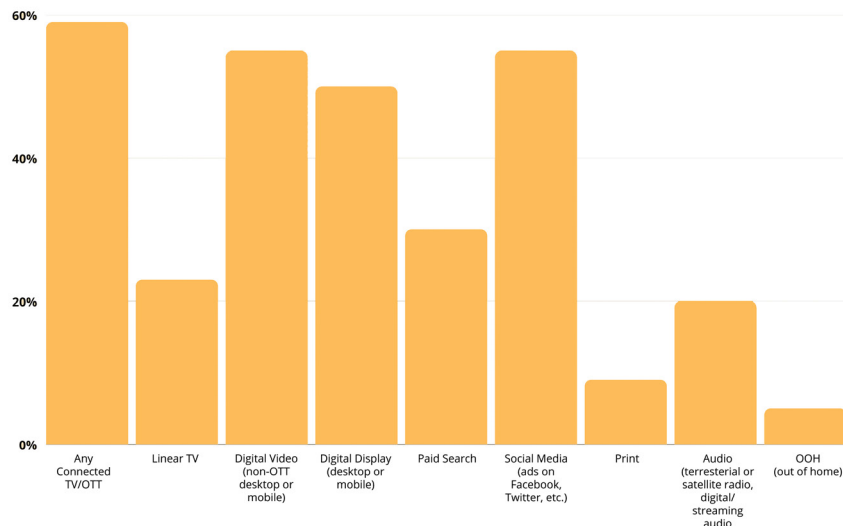
45% of respondents said cost was one of the biggest challenges when it comes to CTV/OTT



Those numbers only underscore the importance of inventory and placement, given that more campaigns will be battling for space. As consumption has grown, so has the amount of inventory available. But as political campaigns increase their budgets for this channel that additional inventory will only go so far, especially when strategists are looking to buy premium inventory direct in specific Congressional districts or for smaller local races down the stretch of this year's campaign.

In the survey, respondents also noted that cost was one of the biggest challenges connected to CTV/OTT advertising. 45% cited cost as a leading concern, followed by 36% who cited transparency as to where their ads are running. Another 32% of respondents highlighted fragmentation on the channel, with 25% of respondents citing the need for multiple ad buys to attain the needed reach and frequency.

CTV/OTT was ranked as one of the most important media channels when it came to achieving political advertising goals/KPIs during the 2020 election cycle



And while the spending reality for the 2022 election is that broadcast TV is going to account for the vast majority of political media spending once again, the sentiment among digital strategists is pretty clear. In the Premion/C&E survey, respondents called out CTV/OTT, other digital video, digital display, and social advertising as the most important channels for achieving their clients' digital ad goals.

We asked respondents to rank the media types/channels that they and their clients used last cycle which proved most valuable for achieving their electoral goals. CTV/OTT topped the list at 59% followed by other digital video and social media ads at 55% and digital display at 50%. Just 23% of our, overwhelmingly digital, respondents cited linear TV.

A few other noteworthy stats from our on-site survey conducted at CampaignTech East:

- **73% of respondents said reach and frequency was a very important reporting metric**, followed by impressions down to zip and impressions by network.
- **72% of respondents said having audience reach, scale, and targeting were very important** when deciding on which CTV/OTT political advertising partner to use.
- **Achieving brand awareness and performance marketing goals is the top reason why clients will be spending** on CTV/OTT, followed closely by improved ad relevance as a reason.
- **Over 50% of respondents said precision audience targeting** is the top reason why their clients will be spending on CTV/OTT.

PREMIUM POLITICAL OTT ADVERTISING

PREMION

Reach More Voters in All Districts, DMAs & States

- 125+ Leading TV & Media Brands
- Political Audience Targeting
- Reporting Down to the Impression
- TAG Certified Against Fraud

75%
OF U.S. VOTERS WATCH AD-SUPPORTED OTT

48%
OF U.S. VOTERS WHO WATCH AD-SUPPORTED OTT ARE CORDLESS*

Logos: tag, CYNOPSIS BEST OF THE BEST AWARDS, TECH/LEADERSHIP Awards 2021, CYNOPSIS Adtech Awards, CYNOPSIS DIGITAL MODEL & CREATIVITY AWARDS, ABBY AWARDS

PREMION.COM/POLITICAL

*Voter is in the last 12 months has voted in federal, state, or local election
*Cordless = Those without a TV cord altogether
Source: MRI Simmons, 2022 March Card Evolution

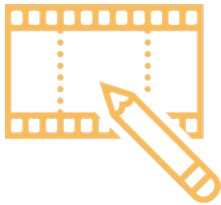
WHAT DOES THE POLITICAL MARKET WANT?



Ad buying in the political vertical is significantly different than it is in the commercial space for reasons that anyone reading this already understands. But, for the moment, the reality in the space is that the processes and procedures governing ad-supported OTT aren't exactly tailor-made for political advertisers.

Most of the strategists and buyers C&E spoke with expressed at least some confidence that platforms will move in their direction in the coming cycles. They also emphasized the importance of lobbying publishers for changes that will make buying and placement easier. After all, the slice of the pie that is political is expected to continue to rapidly grow on this channel.

So what does the political market really want when it comes to CTV? Here are three things on the wish list:



A Little Help on the Specs, Please!

Universal specs may be a pipe dream, but strategists are hoping we can get at least some of the way there. While it would be great to have the same bitrate, audio rate, frame rate, etc. across platforms, getting platforms to sit down in a room and say, ‘Let’s create some universal specs for our political buyers’ isn’t all that likely.

A middle ground that could be less of a lift: disclaimers. When it comes to TV for federal races, the disclaimer rules are what they are. On CTV, some platforms require a visual disclaimer, others an audio disclaimer — some require both. The result is often a backlog in getting spots finalized and ready for approval given the need for versions with multiple types of disclaimers.



How About Some Competitive Tracking?

This is something that would likely end up requiring legislation (good luck), but tracking competitive is next to impossible at the moment. This is one place where the linear TV side has a big leg up, assuming you see that sort of transparency as important when it comes to informing your own buys.

Of course, there is a certain competitive advantage to being under the radar when it comes to placement and spend levels. But even if you’re not reactive to what an opponent is doing, you still need to spend time trying to track it. As for how sophisticated that process is at the moment — not very. Multiple strategists told us the most effective option right now is having as many eyes as possible on key platforms and getting folks to send in details when they see spots run.



Speed is the Name of the Game

The ad agencies making spots for Coca-Cola or Ford don’t typically start with a concept at 7am that they need to get filmed and on the air within a day. But it can be a reality in the political market where speed is critical, especially in the weeks just before Election Day. So anything platforms can do to speed up the approvals process will make a world of difference, strategists emphasized.

In addition, a better feedback loop on what’s causing ads to be rejected is something we heard over and over. Especially when dealing directly with premium providers, political spots may get rejected without an explicit reason given.