Emerging Alliances

How CTV/OTT and DTC brands are upending traditional paradigms for performance-minded marketers
Table of Contents

Introduction & Definitions  03-04

Research Results: The Direct-to-Consumer Shopper  05-06

How They Watch TV  07-08

Implications for Buyers: A Convergence of Audiences  09-10

CTV Advertising Effectiveness  11-12

Methodology  13-14
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These movements are on course to converge, creating a powerful direct connection between content, brands and consumers.

Telaria, in partnership with Hulu, conducted research on this subject, and what follows are implications for all data and performance-minded marketers.

**Digital-first consumers**

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**Connected TV**

A television set that is connected to the Internet via OTT devices, Blu-ray players and gaming consoles or a Smart TV, and is able to access a variety of quality long-form and short-form web-based content.

**Direct-to-Consumer Brands**

A form of e-commerce that involves a direct transaction between manufacturer and buyer, often enabled through mobile and digital brand experiences.

“These brands are data-driven to their core and hyper-focused on customer experiences designed to maintain an ongoing conversation with users…. They expect total control over the path and performance of every ad dollar spent.”

–IAB, Pivoting to Growth
The DTC Consumer at-a-Glance

**Demos: A Desirable Audience**

<table>
<thead>
<tr>
<th>Metric</th>
<th>DTC</th>
<th>Non-DTC</th>
<th>Percentage Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>More educated</td>
<td>47% DTC graduated college+</td>
<td>32% Non-DTC graduated college+</td>
<td>48% higher than Non-DTC</td>
</tr>
<tr>
<td>More affluent</td>
<td>$56K Median DTC HHI</td>
<td>$43K Median Non-DTC HHI</td>
<td>30% higher than Non-DTC</td>
</tr>
<tr>
<td>Younger</td>
<td>49% DTC age 22-34</td>
<td>39% Non-DTC age 22-34</td>
<td>24% higher than Non-DTC</td>
</tr>
</tbody>
</table>

**Shopping: Digital-First Shoppers**

- 62% Prefer purchasing via mobile device than at a store
- 74% Frequently shop online
- $785 Average spent on DTC products

**Values: Conscientious Consumers**

<table>
<thead>
<tr>
<th>Value</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Simplicity</td>
<td>88%</td>
</tr>
<tr>
<td>Charity</td>
<td>80%</td>
</tr>
<tr>
<td>Ethically Minded</td>
<td>82%</td>
</tr>
</tbody>
</table>

*They look a lot like CTV viewers!*

Base: Adults age 22-54
DTC Consumers and the New Way They Watch TV

CTV/OTT is the force for reach expansion beyond social media. DTC shoppers spend more time with streaming TV, watching far more now than they did a year ago.

“The growth of CTV reflects the seismic shift in the entertainment choices of the digital-first generation. These consumers are no longer making the distinction between traditional linear TV and CTV - it’s just great content they want to watch.”

– Mark Zagorski, CEO, Telaria

“DTC is the new way that we shop with the new way we watch TV.”

– Kellie M.

To watch our interview with Kellie, visit Telaria.com/Research

DTC shoppers spend the majority of their weekly TV time watching streaming TV (live and on demand):

OTT/CTV – 13 hours

They find less value in staying with cable:

25% of DTC shoppers plan to cut the cord in the next 6 months

85% of DTC shoppers watch streamed content every week

Once they watch, they stay watching:

63% of viewing is binge-watching

60% watch their favorite show on streaming TV

nearly

↑20% higher than cable

↑70% higher than social

20% higher than cable

70% higher than social
A Convergence of Audiences

Reasons for shopping DTC are the same as CTV/OTT

DTC shoppers seek out brands that offer value, convenience, and choice—and they choose their TV source the same way.

Personalization Makes for Better Consumer Experiences

New platforms offer a more relevant consumer experience, whether showcasing a shade of lip gloss or recommending a rom-com. DTC brands curate streamlined product lines and tailor brand interactions based on 1st-party insights. A parallel movement is happening in CTV/OTT. Streaming services invest in content they know resonates with their viewers, and the advertising follows suit, both contextually and demographically.

A New Advertising Model Emerges

Born in Social, Ready for the Big (Screen) Time

Social media has upended the marketing funnel — awareness and performance are no longer siloed. DTC brands must grow quickly while also meeting conversion goals, but they have outgrown social’s reach.

CTV/OTT offers diversification: the best of TV’s big-screen sight, sound and motion, with digital’s precision targeting, transactability, and measurement.

“TV is the most powerful form of advertising ever created, but conventional TV has hit its ceiling.... Marketers want TV alternatives and OTT does that.”

– Peter Naylor, SVP Advertising Sales, Hulu

40% of DTC shoppers want a personalized shopping experience
CTV Is the Most Effective Way to Reach Consumers

CTV/OTT is as Effective as Social

Extends Audience Scale and Is as Effective as Social

CTV/OTT engages viewers in premium environments prime for brand building. Viewing is purposeful, and highly attentive audiences take action at levels that are complementary to social.

CTV/OTT Is More Effective Than Amazon

Offers Data Transparency and Brand Experiences that Amazon E-commerce Cannot

The CTV/OTT environment is a premium showcase for strengthening customer relationships.

CTV/OTT Is More Effective Than Linear Alone

Enhances Customer-Brand Connections and Drives Greater Purchase Intent Than Linear TV Alone

CTV/OTT Is More Efficient

Maximizes Targeted Reach, Optimizes Data, and Offers Decisioning That Linear Cannot

The best of linear TV storytelling and digital performance optimization help marketers reach the right audience with the right message at the right time, all in a brand-safe environment.
Methodology

Radius-Global was commissioned for a 20-minute online survey fielded between February 12 – 20, 2019.

Survey results are based on a sample size of 1,563 consumers aged 22-54 who watched at least 7 hours of TV per week.

Telaria also conducted 1:1 qualitative interviews with DTC shoppers on their shopping and TV viewing habits.

To learn more:
Telaria.com/Research

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