



Emerging Alliances

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

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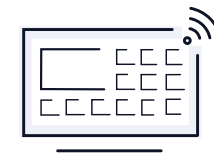


Digital-first consumers

are propelling two parallel movements - the rise of direct-to-consumer (DTC) brands that replace traditional manufacturing practices with agile supply chains, and the emergence of IP-enabled, streaming "TV" options (CTV/OTT) that offer flexible content viewing without a cable contract.

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.



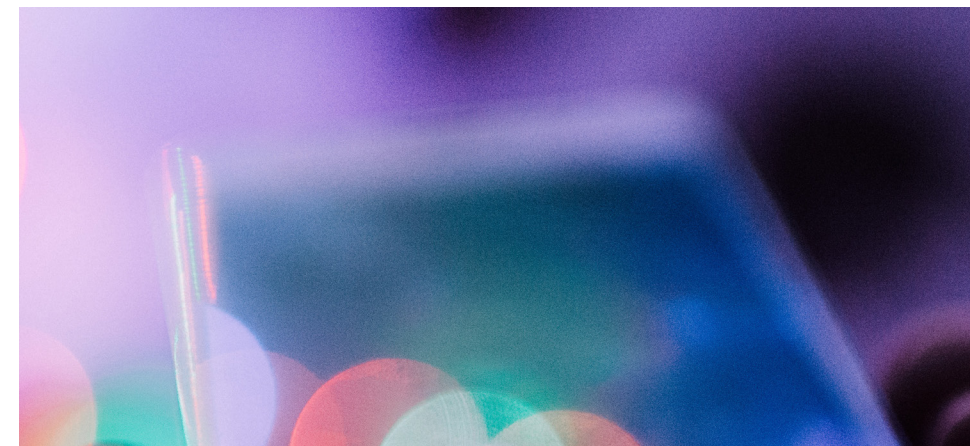
Connected TV

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

The DTC Consumer at-a-Glance



Demos: A Desirable Audience

More educated

47% DTC graduated college+

32% Non-DTC graduated college+

↑ **48%**
higher than Non-DTC

More affluent

\$56K
Median DTC HHI

\$43K
Median Non-DTC HHI

↑ **30%**
higher than Non-DTC

Younger

49% DTC age 22-34

39% Non-DTC age 22-34

↑ **24%**
higher than Non-DTC



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

Simplicity

"Simplifying my life is a high priority" - **88%**

Charity

"I donate to charitable causes as often as I can afford it" - **80%**

Ethically Minded

"Buying from ethical companies is important to me" - **82%**



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

OTT/CTV – 13 hours

nearly

↑20%

higher than cable

↑70%

higher than social

Once they watch, they stay watching:

63% of viewing is binge-watching

60% watch their favorite show on streaming TV

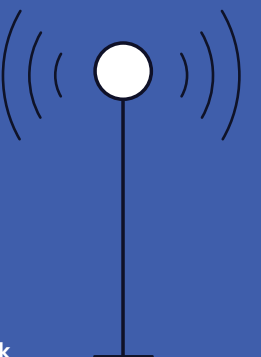
They find less value in staying with cable:

25%

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



85%
of DTC shoppers watch streamed content every week



“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

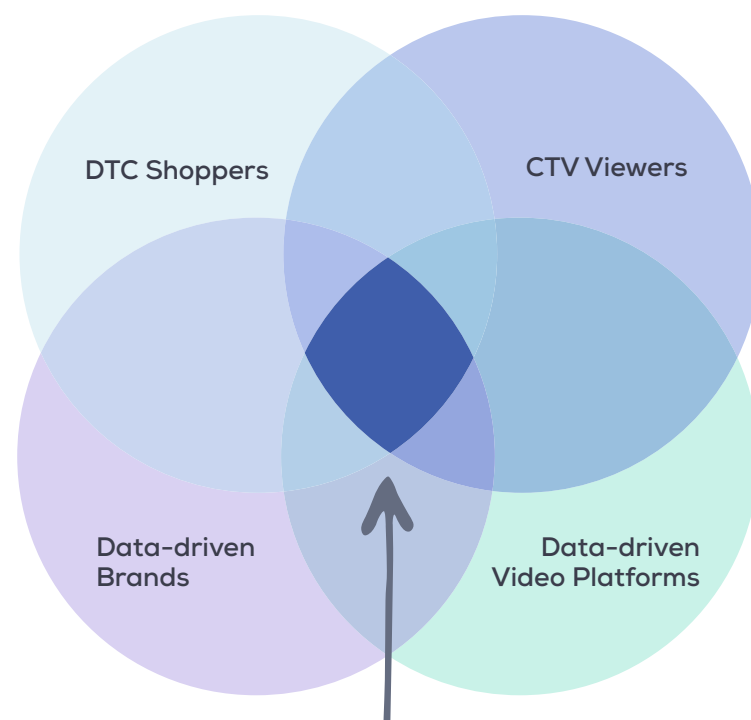
A Convergence of Audiences

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.



Value, Convenience, Choice

40% of DTC shoppers want a **personalized** shopping experience

A New Advertising Model Emerges

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

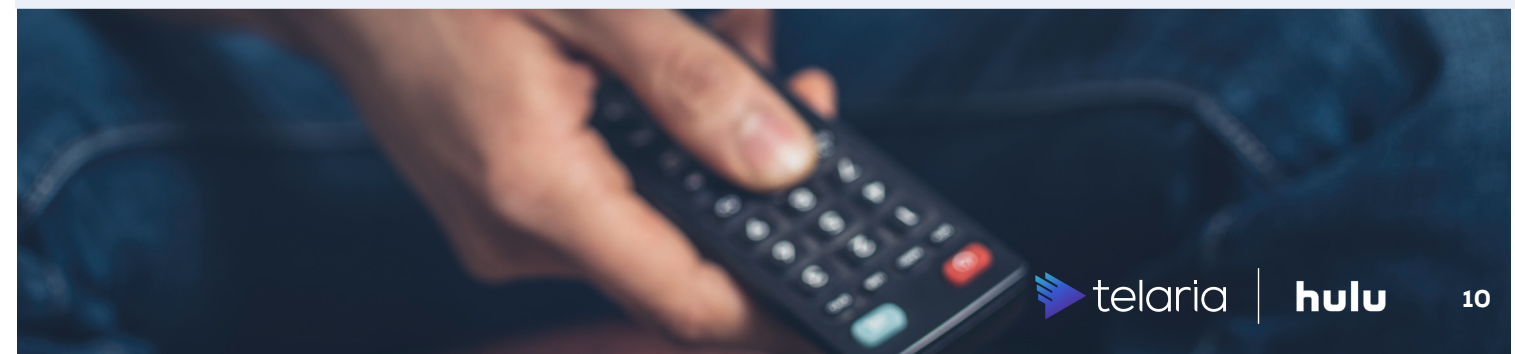
Social media has upended the marketing funnel – awareness and performance are no longer siloed. DTC brands must grow quickly while also meeting conversion goals, but they have **outgrown social's reach**.

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



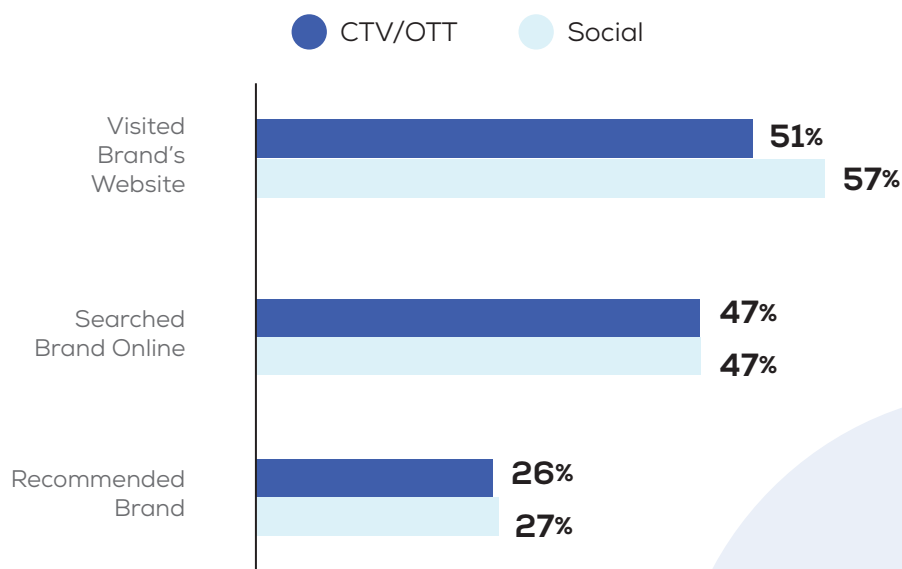


CTV Is the Most Effective Way to Reach Consumers

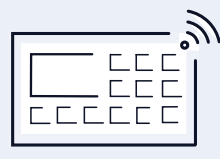
CTV/OTT is as Effective as Social

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.



82%



of DTC Shoppers **take action** after seeing an ad on CTV/OTT

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.

Compared to shopping on Amazon, DTC shoppers agree that DTC brands:

80%

Allow them to **experience** and **connect** with the brand more than Amazon

70%

Offer **higher quality** products than Amazon

56%

DTC websites & mobile apps are **preferable** for browsing to Amazon

CTV/OTT Is More Effective Than Linear Alone

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

After ad exposure, DTC shoppers are:

60%

More likely to seek out more information

2x

More likely to purchase the product

2x

as many DTC Shoppers found CTV ads **more relevant** 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](https://telaria.com/Research)

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