

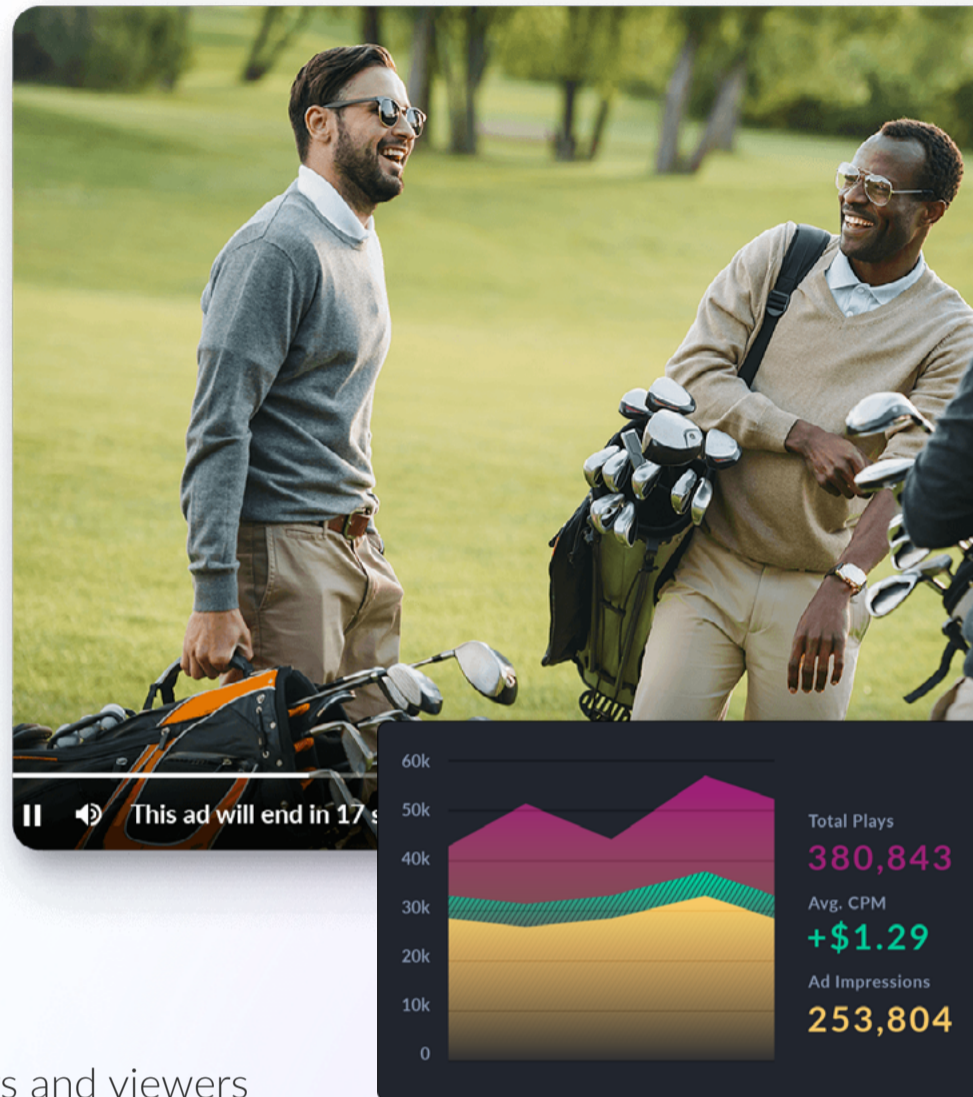
# Overcoming Video Advertising Challenges with SSAI in 2024

As the video consumption landscape continues to evolve, advertisers will need to gravitate towards solutions that evolve alongside it.

There are more challenges for both video advertisers and viewers than ever before. Viewers are demanding a less disruptive ad experience and video advertisers are constantly in search of ways to deliver it.

Each indication in the video advertising market points to unprecedented growth in spend, signifying that advertisers, publishers, broadcasters, and content providers are all betting big on the industry's expected growth.

Server-side ad insertion (SSAI) is one way for many advertisers and content providers to overcome many of the obstacles that stand in the way of a fruitful video experience for all parties involved.



# Video Advertising Market Overview

Emerging ad tech innovations and evolving devices will expand the capacity to deliver video and video ads at scale. As a result, video ad spending is widely expected to increase exponentially in 2024 across all devices and platforms in order to keep pace.

Advertisers and content providers who cling to legacy systems, sluggish ad tech, and antiquated monetization models will be swiftly overtaken by those who adapt.

## Video Ad Spend in 2024

Ad spending in the video advertising market is projected to reach \$191.3 billion in 2024 and surpass that by 2025<sup>1</sup>. By 2028, mobile alone will account for that amount of spend.

In fact, each year projects to outspend the previous one with an annual CAGR of 6%, reaching over \$240 billion by 2028.

The United States market volume alone is projected to reach nearly \$85 billion.

## The Continued Rise of Connected TV (CTV)

CTV's rise to dominance is no longer speculative, as 87% of households have at least one CTV device and the decline of network TV consumption via linear TV is well-documented.<sup>23</sup>

Conversations now revolve around how the landscape is changing, what advertisers are doing to reach audiences via CTV, and how content providers can capitalize on the growing technology.

CTV ad spending is projected to reach \$34.5 billion in 2024, once again surpassing previous year spending. It's also expected to show a CAGR of 10.56% through 2028.

**\$191.3 Bn**

Ad spending in the Video Advertising market is projected to reach \$191.3 billion in 2024.

**\$241.9 Bn**

Ad spending is expected to grow to a market volume of \$241.9 billion by 2028.

**\$34.5 Bn**

CTV ad spending is projected to reach \$34.5 billion in 2024 and over \$50 billion by 2028

<sup>1</sup> <https://www.statista.com/outlook/dmo/digital-advertising/video-advertising/worldwide>

<sup>2</sup> <https://mountain.com/blog/87-of-u-s-households-with-a-tv-have-at-least-one-ctv-device/>

<sup>3</sup> <https://www.pewresearch.org/journalism/fact-sheet/network-news/>

# What are the Biggest Challenges Advertisers are Facing in 2024?

## Platform Complexity

The ad delivery ecosystem is only becoming more complex as new monetization methods emerge. Publishers and broadcasters looking to implement, optimize, or even overhaul their video advertising might find the effort required to be daunting. Typically, the ad tech industry requires multiple 3rd party partners to deliver ads from the advertiser to the publisher.

## Ad Blocking

Even though AVOD adoption is growing, users are growing increasingly frustrated with the inundation of ads they must endure to access video content.

In fact, over a quarter of all video viewers in the US have ad blocking software installed on their devices. This reduces ad fill rates on desktop, mobile, and web environments.

## Ad Quality, Relevance, and Personalization

The perfect ad at the perfect moment to the perfect audience is no longer a nice-to-have.

Burgeoning video advertising improvements have made it possible for this to be a reality for any advertiser or content provider. Users are not only demanding high-quality, relevant ads; they're expecting them.

## Cookie Deprecation

While Google's cookie deprecation is currently focused on web browsers only and does not yet directly impact OTT/CTV devices, viewer data is often leveraged across OTT/CTV devices.

As 3rd party cookies are phased out, advertisers' ability to target their ads will need to make critical adjustments, as programmatic advertising technology is an integral part of the targeting and segmentation process.

Google has already begun building alternative tracking and targeting methods. Many DSPs, SSPs and player solutions are also taking separate approaches to generating viewer profiles. In addition to Google's suggested Privacy Sandbox approach, companies such as The Trade Desk's Unified ID 2.0, LiveRamp's RampID and dozens more are also making adjustments, however, this dramatically increases complexity.<sup>4</sup>

## **OTT Ad Delivery**

Streaming services are moving toward connected TV (CTV) advertising while increasing subscription costs. Simultaneously, linear TV ad spend and viewership is declining.

For instance, Amazon Prime announced it will begin showing ads in 2024, and more platforms will likely follow suit.

All leading OTT providers are moving towards a hybrid ad and subscription model as monetization models.

Furthermore, the ubiquitousness of AI will force advertisers to consider adopting it to enable personalization while creating more advanced algorithms to better evaluate consumer behavior through robust user analytics.

## **Ad Fraud**

It's becoming easier to manipulate ad traffic in order to inflate metrics. Specifically, ad spoofers impersonate legitimate publishers or advertisers to trick ad exchanges and demand-side platforms (DSP) into serving ads through SSAI.

Additionally, some ad servers consider impressions from a server rather than a player as potential fraud.

## **Privacy Regulations**

User safety trends that emerged in 2023 are expected to persist throughout 2024. Marketers may encounter new governmental regulations that elicit stricter guidelines imposed by the digital platforms they utilize.

These regulations, such as GDPR and COOPA, will include enhanced data security protocols, limitations on user targeting, regional standardization, and increased penalties for brands that violate regulations.

<sup>4</sup> <https://www.adexchanger.com/privacy/google-tells-ad-tech-to-take-its-medicine-and-give-the-privacy-sandbox-a-try/>

# SSAI as a Solution

SSAI's versatility is one of its biggest assets and the technology can broadly be applied to any device on any platform, whether it's CTV, OTT, or web.

## SSAI Overview

SSAI dynamically stitches ad content into the video stream at the server level allowing for seamless integration of ads into video content before delivery to the end viewer.

Since ads are stitched prior to delivery, it allows the video plus the ads to essentially be delivered as one singular package. This process allows for a seamless live or VOD streaming experience.

With SSAI an "ad stitcher" such as MediaTailor sits between the origin stream and the video player. It then retrieves the ads from the Ad server and inserts them into the stream.

## Unified Ad Experience Across Platforms

All of the heavy lifting when it comes to displaying the video ads is done by the server, not the player. SSAI video streams are delivered to the player with ads already integrated.

With the rise of short form vertical videos, SSAI is becoming increasingly popular especially on social media platforms. These ads are brief and attention-grabbing, making them well-suited for capturing the attention of viewers in a short amount of time.

As for live streaming platforms, live streaming ads are becoming increasingly popular. These ads are integrated seamlessly into live streams, providing advertisers with an opportunity to reach engaged audiences in real-time.

## Personalization

One of the biggest fears of sunseting 3rd party cookies is overcoming the issue of ad personalization. Without tracking user behavior through cookies, how could advertisers execute targeting with accuracy? The answer is contextual targeting.

SSAI and contextual targeting go hand-in-hand, as ads are placed at the content and server level, not the device or browser level. This

boosts affinity targeting by stitching ads into contextually relevant content.

Video platforms also solve this problem by passing on custom macros to ad servers for campaign management, regardless of compatibility.

Personalized video ads leverage data on viewer preferences, behavior, and demographics to deliver highly targeted and relevant content. These ads are tailored to the individual viewer, increasing engagement and driving conversion rates.

Artificial Intelligence (AI) algorithms have the ability to process extensive datasets on viewer behavior, preferences, and demographics, enabling the delivery of highly customized video ads tailored to individual viewers. These ads have the capability to dynamically adapt elements such as messaging, imagery, and calls-to-action in accordance with the viewer's interests and previous interactions.

AI-powered DCO generate and optimize ad creatives (e.g. the 30 second video ad). This enables advertisers to deliver personalized ad experiences that resonate with each viewer, leading to higher engagement and conversion rates. AI video production tools automate the creation of video ads by generating content, editing footage, and adding visual effects using machine learning algorithms.

## **Simplified Ad Delivery at Scale**

Ad insertion into the stream prior to playout allows the player to free up essential computational and bandwidth resources and reallocate them to other processes.

Traditional player-level ad insertion demands computational resources that may not always be available, particularly in CTV environments.

Ad videos such as 30-second ads are encoded to match the content through a process known as Adaptive Bitrate Streaming (ABR) and can be distributed via CDNs.

SSAI also reduces player development time with potentially no need for a custom player SDK.

## **Improved Ad Viewability and Engagement**

One of the drawbacks of client-side ad insertion (CSAI) is the potential inverse relationship between video quality and player size; as

the player size increases, video quality decreases.

SSAI improves the viewing experience through upscaling and precise, frame-accurate insertion.

## **CTV**

Expanding adoption of CTV means an increasingly diverse range of device sizes and capabilities. This adds multiple layers of complexity when it comes to delivering high-quality video ads.

But since ads are stitched prior to delivery, SSAI is able to overcome CTV manufacturer limitations, ensuring all of those complexities are managed regardless of device or screen size.

In fact, 78% of CTV apps across Roku, Amazon Fire TV, Samsung Smart TV, and Apple TV use SSAI as part of their ad tech stack.

SSAI ensures that ad quality is, at worst, comparable with the quality of the video content being streamed at that moment.<sup>5</sup>

## **Monetization Paths**

Certain video players on various devices may have issues displaying ads for various technical issues. Because SSAI inserts the ads at the stream generation stage and the impressions are sent before going to the player there is a better chance of ad's being viewed. This should improve the fill rate.

SSAI presents publishers with new avenues for monetization, encompassing live video streaming, video-on-demand (VOD) content, and over-the-top (OTT) platforms. Publishers can effectively monetize their content across diverse distribution channels.

## **Brand Safety**

SSAI has the capability to ensure that ads are displayed in environments that align with the advertiser's branding and messaging, which enhances relevance and effectiveness.

AI-powered image recognition technology scans visuals to spot objects, scenes, and other elements that might not align with the advertiser's brand image.

Additionally, metadata can be adjusted to ensure ads with images or content that could adversely affect brand image is not shown.

<sup>5</sup> <https://www.statista.com/topics/3201/ad-blocking/#topicOverview>

## Third Party Cookie Phasing Out

Once third party cookies are phased out entirely, all methods of ad targeting will be affected.

Advertisers are taking this into consideration when determining the correct approach. Both SSAI and CSAI will be affected in that personalized advertising could become more difficult without 3rd party cookies being used to build a viewer profile based on online activity.

However, relying solely on tracked activity through an online profile isn't always the most effective method of determining ad relevance.

SSAI has a decided advantage due to contextual targeting and how easy it is to deploy when advertisers and content providers don't need to take into account client-side limitations.

In fact, contextual advertising spend is expected to double from \$227.38 billion to \$562.1 billion by 2030. Stakeholders across the video industry are all betting big on contextual.<sup>6</sup>

The impact could even further be reduced by using AI algorithms to analyze historical data on ad performance and viewer behavior to predict future trends and outcomes. Advertisers can use these insights to optimize ad campaigns, allocate budget more effectively, and identify opportunities for growth.

## Conclusion

Many challenges will emerge as industry-wide movements occur such as third party cookie deprecation, increasing ad spend, evolving technology, diversity of devices, and more stringent safety regulations.

SSAI provides an agile solution to a rapidly changing video advertising landscape and will allow advertisers even better insight into their target audiences than ever before.

As monetization methods become more dynamic, so, too, will the accompanying ad tech solutions. Personalization, seamless delivery, overcoming platform complexity and ad blocking, and improving ad relevance and quality will become core objectives for advertisers in 2024.

SSAI is poised to help advertisers deliver on all those objectives.

<sup>6</sup> <https://www.statista.com/statistics/1289038/contextual-advertising-spending-worldwide/>