

The Transformation of TV

By Alexa Munoz

nebo

It's no secret that on-demand streaming has become **THE** way to catch up on your favorite TV shows, movies and original content (sorry, cable). How we consume content today has drastically changed in the last 72 years – and perhaps won't stop.

What do these next-gen TV advancements mean for us marketers and consumers?



Let's tune in to all the things we can expect in the future by first taking a look back.

1948

Invention of the cable box – originally for people living far from cities who needed help receiving signals.

1970

Cable becomes mainstream thanks to companies like TBS and HBO.

1980

16 million cable subscribers in the US, each paying about \$7.50 a month (\$22 today) for a basic package with around 20 channels.¹

2019

Netflix has 61 million subscribers,² and the average American has three to four streaming subscriptions, each averaging a cost of \$8.53 per month.³

¹ www.thesimpledollar.com

² www.statista.com

³ www.forbes.com

So Many Ways to Watch. What's the Difference?



Over the Top (OTT)

Providers stream content via an internet connection, bypassing traditional forms such as broadcast, satellite and cable. Think Hulu, Netflix and Disney+.



Connected TVs (CTVs)

Televisions that connect to the internet. These would be your Roku and Amazon Fire TVs. OTT content is usually consumed via a CTV.



Linear TV

Requires a set-top box, dish or cable connection that streams live television on a set delivery schedule.



Addressable TV

The ability to deliver different advertisements to different households during the same video stream based on targeting parameters. Gone are the days of purchasing television commercials based solely on day, time, program and what we previously assumed to be the majority audience. Now we can deliver different ads to a 25-year-old and a 75-year-old, even when they're watching the same show.



Advanced TV

The term used by the Interactive Advertising Bureau (IAB) to refer to all video streaming that is not done through cable, broadcast or satellite dish. It is a catch-all to refer to all programmatic TV, CTV, video on demand, OTT streaming services and linear Television streamed via OTT.

What Will People Spend on Streaming?

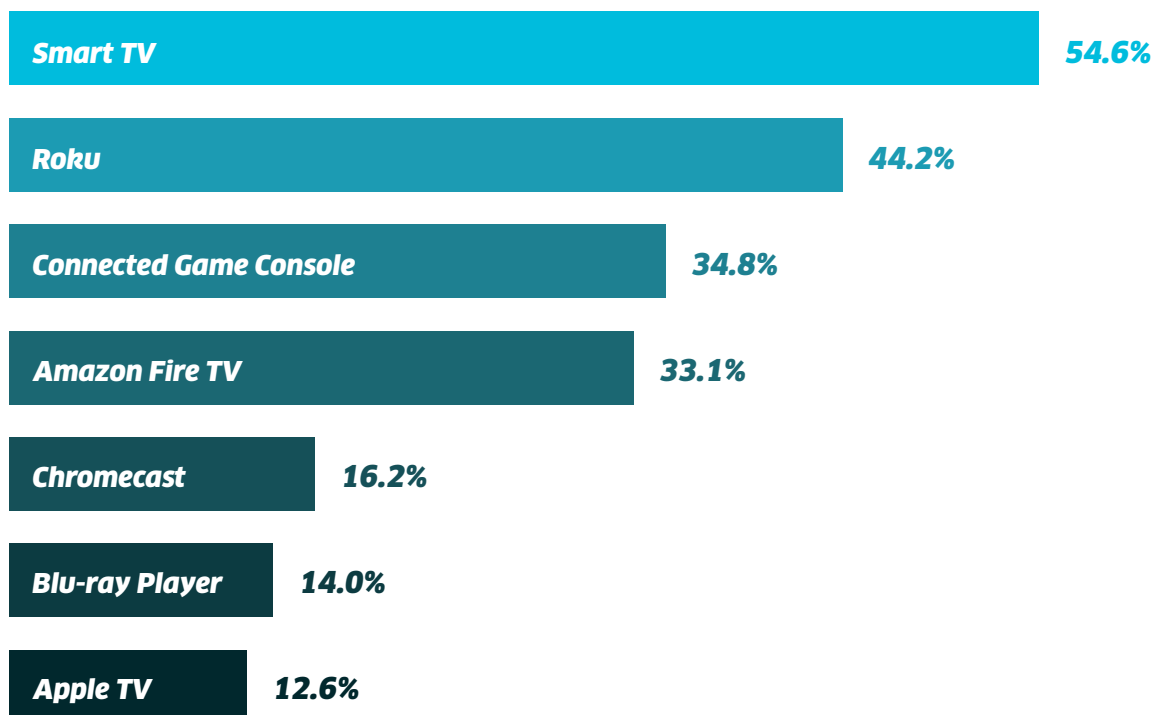
Sure, streaming is a much more cost-efficient way to watch, but where do we draw the line in terms of dollars spent each month? According to eMarketer in an August 2019 poll by *PC Magazine*:⁴



40% of U.S. internet users who subscribe to a video-streaming service were just willing to pay up to \$20 per month for streaming video services. Only 29% were open to paying more than \$40 per month.



Connected TV User Penetration⁵ by Device U.S., 2019, % of Connected Users

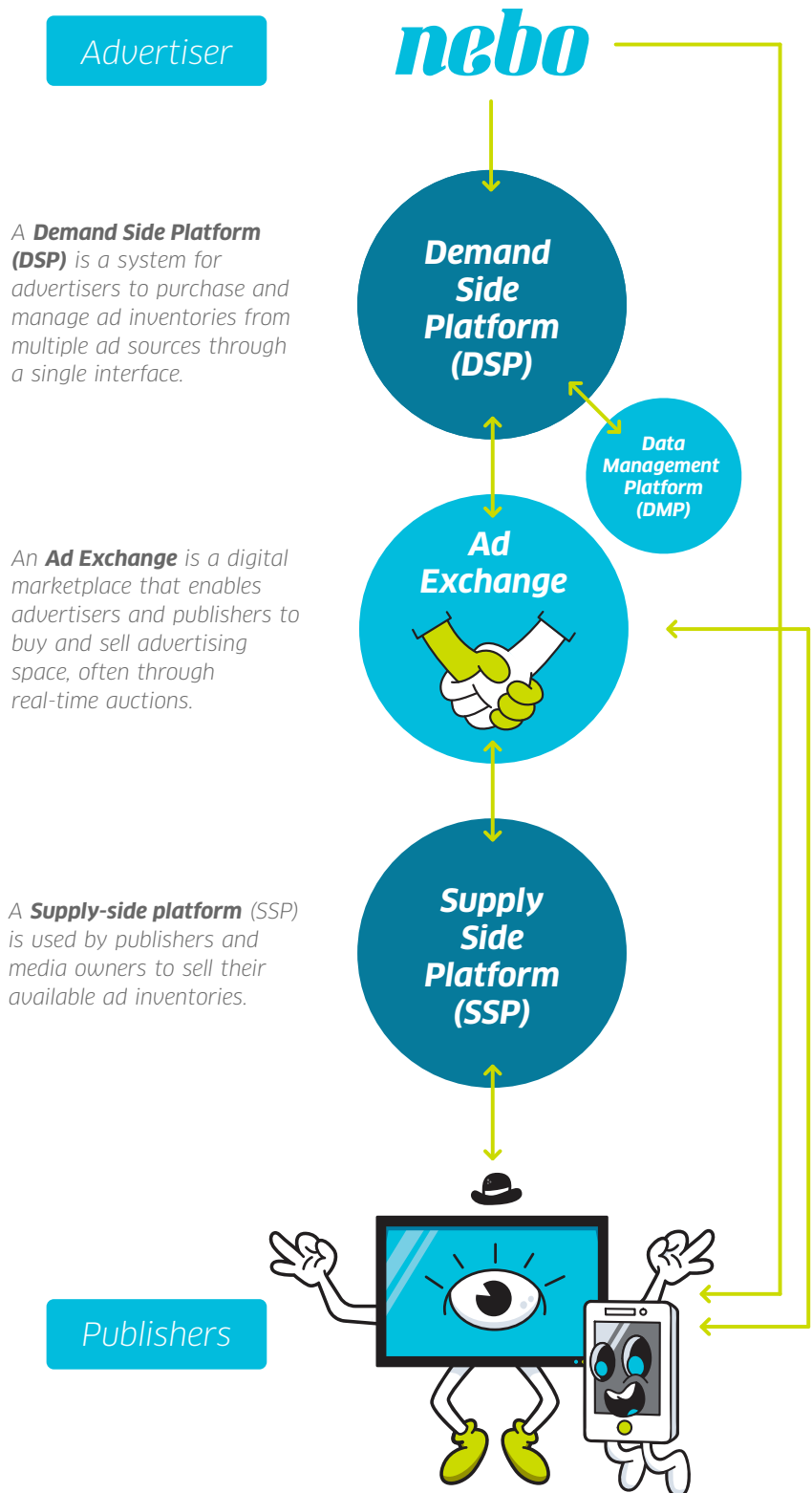


⁴ eMarketer, July 2019

⁵ eMarketer, July 2019



From Opening Up Inventory to Purchasing the Impression – How It Works: DSPs, Ad Exchanges and SSPs



Target Like You Mean It

Just like any other programmatic display campaign, there are many targeting options available to layer onto your OTT buy so you can hone in on your target audience. With the same amount of linear budget, marketers are able to extend their reach within a specific audience by hypertargeting users on a household level, instead of wasting impressions on all users who are interested in a specific show. The more engaged the audience is, the further your brand storytelling will reach and trickle down to your direct response campaigns.

First-Party

Import and layer on first-party segments from your CRM, CDP or Analytics platforms. Take your first-party data a step further by utilizing a DMP. For example, the DMP Neustar partnered up with Tru Optik to have capabilities available for OTT targeting. This enables you to exclude current customers or build lookalike audiences based on top-performing behaviors from converters.

Third-Party

Increase the efficiency of your first-party data by layering on third-party data from various sources. Layer Demographic targeting to reach relevant audiences. Companies like Samba can provide real-time learnings across linear, OTT and digital, helping connect the dots between linear TV and digital.

- Nailing down your audience will help decide

which partner is right for you based on their third-party data offerings. A partner like Bombora is great for B2B marketers, while a company like Catalina would be a better third-party fit for CPG retailers.

Location

Serve video advertisements based on a streamer's location.

Behavioral

Ability to layer on a user's behavioral internet data to your OTT campaigns.

Contextual & Competitor

There are a handful of companies that specialize in automated content recognition, like Inscope (a Vizio-owned company). These companies work closely with other companies that are investing in ACR and have their technology and data embedded into a high percentage of televisions and mobile devices. For instance, Inscope can "hear" or "view" all content – even a competitor ad served on your device – and then either serve your video on the same device or serve your ad around highly relatable content.

This also gives a higher level of audience information to your campaigns. Samba's technology tracks pixels on the screen. They can see what shows you watch, what video games you play and even identify if you lean more right or left on the political spectrum depending on what media outlets you tune in to, which adds another layer of data to your targeting.

A man with a beard and short hair is wearing large over-ear headphones. He is looking down at a laptop screen, which is partially visible in the lower right. His right hand is resting on his forehead, suggesting concentration or fatigue. The background is blurred, showing what appears to be an office or studio environment with other people and equipment.

While all these targeting options are available to layer onto your OTT campaigns, it is not advised. Depending on your audience size, layering on too many data segments could hurt your campaign by limiting scale.

Cross Device Retargeting – Going Beyond Brand Awareness with CTV

In the ever-distracting world of electronics, it's hard to capture users' attention and compete against multiple screens and outside influences. We need to go beyond brand awareness with CTV. That is why it is important to make sure you are leveraging audience insights, data and retargeting cross-screen. Mary Meeker's 2019 Internet Trends Report⁶ showed that second-screen usage is up 88%, with 71% of users looking at content similar to the content they are watching on their television screens.

These insights prove the value in investing your ad dollars to speak to viewers after they have seen your OTT advertising. Being top of mind for users and surrounding them with contextual content will help drive lower funnel metrics and expose new visitors to your brand and site.

⁶ www.bondcap.com

The Less Invasive, the Better the Brand Sentiment

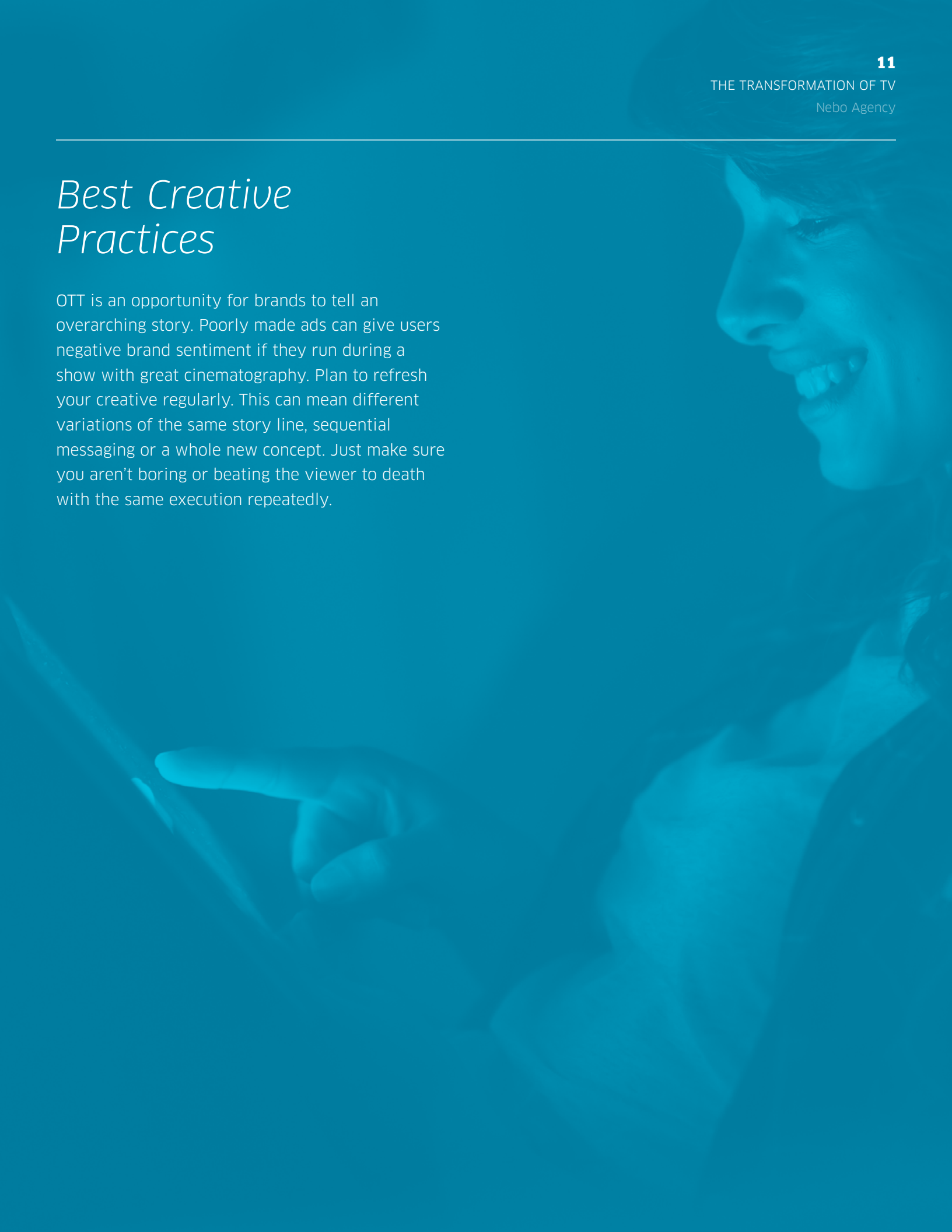
Intrusive ads are unwelcomed and extremely invasive to the user. More often than not, users end up relating that to the brand and the horrible ad experience. In order for users to have a better ad experience with OTT, streaming platforms are inventing and testing different ad-placement options offered on their platforms with targeted ads, coupled with the correct ad placement.

Different Ad Formats in Market

- Companies like Hulu release new OTT ad formats regularly – pushing the boundaries on traditional television commercials.
- More direct response ads are set to roll out in 2020 for advertisers. There will be more sophisticated technology that helps seamlessly deliver native ad insertions by using AI to superimpose a brand's product onto a given surface area. There has also been a rise in less invasive ad formats that do not take over the whole screen – just one side – when you pause your content on Hulu.
- Tailored binge ads on Hulu will help target viewers based on their viewing behavior.
- Promoted Ads and Takeovers are different ways to engage with the audience if you don't have video content, as they can be both banner ads or video ads.
- Transaction-based ads are newer to the marketplace and will try to bridge the gap between awareness and DR, prompting users to click through and purchase.
- “Choose your own adventure” formats put the viewer in control by choosing which ad they prefer. They can even choose if they would rather see a long-format ad before they start to stream versus being interrupted throughout.

Best Creative Practices

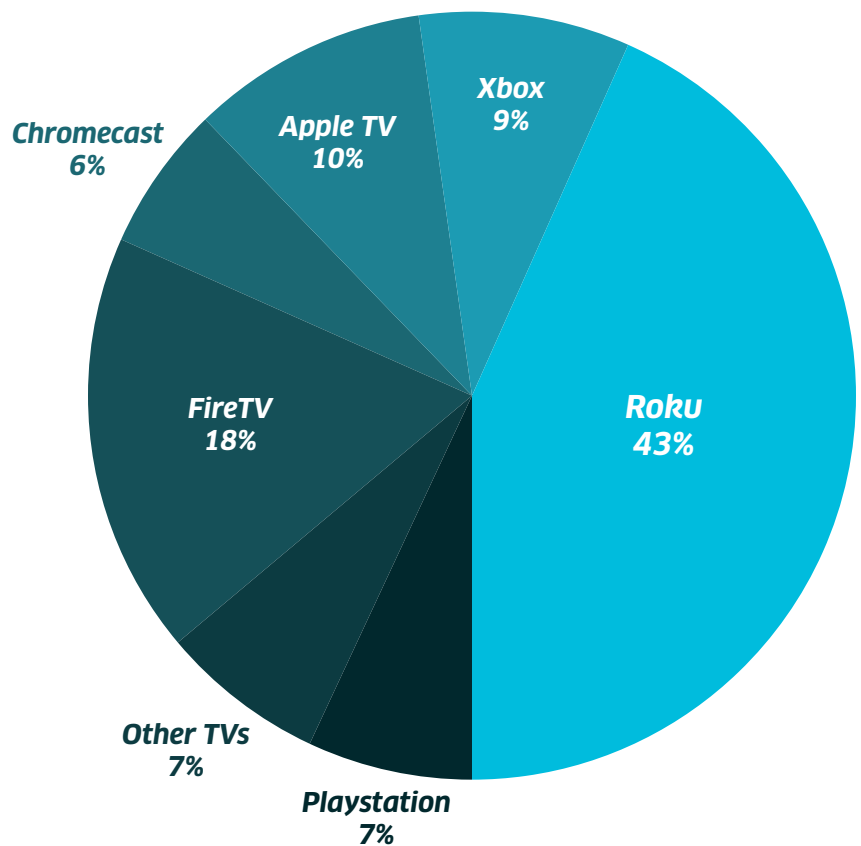
OTT is an opportunity for brands to tell an overarching story. Poorly made ads can give users negative brand sentiment if they run during a show with great cinematography. Plan to refresh your creative regularly. This can mean different variations of the same story line, sequential messaging or a whole new concept. Just make sure you aren't boring or beating the viewer to death with the same execution repeatedly.



Streaming Wars

With tons of disruption in this space, one of the biggest causes for concern is this: the amount of consumers who spend money on OTT is not growing with the amount of platforms.⁷ The rate of cord-cutters is still growing, but not as quickly as the number of streaming services emerging. Disney+ emerged in 2019, along with announcements for companies like Quibi, HBO Max and Peacock from NBCUniversal. With over 50% of U.S. adults estimated to be cord-cutters by 2021, everyone is clamoring to get a piece of the pie.

Share of Viewing Hours -
Connected TV⁸



But not so fast. According to a Deloitte study,⁹ subscribers are growing tired of managing multiple subscriptions, with more than 300 on the market. They predict these frustrations will continue to rise as more networks and companies release their own streaming services. This pulls content from big-name streaming services, further fragmenting the landscape.

⁷ www.emarketer.com

⁸ Conviva Q2 2019 State of the Streaming TV Industry Report

⁹ www2.deloitte.com

Measurement

Marketers are constantly trying to measure and monetize CTV, garnering more insights to “prove” its value. In the future, viewers will hypothetically be able to use QR codes with their mobile devices to capture a special deal or gather more information. This, along with the rise of interactive television and connected devices, will help bridge the gap between viewing an OTT ad and making a conversion. The path to conversion will be much shorter and easier – both of which consumers and brands long for. Measurement is an increasing challenge for marketers, but general indicators of success for OTT campaigns include:

OTT		
Early Measurement Indicators (2–6 weeks)		
Measurement Indicators	<ul style="list-style-type: none">• Campaign Frequency• Campaign Impressions• Campaign Video Completion Rates• Branded Search Traffic• Organic Search Traffic	<ul style="list-style-type: none">• Traffic to Vanity URL/Landing Page• Total Site Traffic• Total Calls to Trackable Phone Number• Social Engagement• OTT Retargeting Display Banner Performance (CTR, Conversions, CVR)
Notes / Considerations	<ul style="list-style-type: none">• Because ads are non-skippable, use Video Completion Rates to monitor campaign health• Low frequency may impact the ability to use traffic and social engagement as early indicators	
Secondary Measurement Indicators (6–12 weeks)		
Measurement Indicators	<ul style="list-style-type: none">• All Early Measurement Indicators• Google Trends Brand Uplift• Total Call Volume (if applicable)• Total Website Conversions (Forms, Leads, E-commerce Sales, etc.)• Total Conversion Rates	<ul style="list-style-type: none">• Social Sentiment• Average Path Length to Convert• Average Time to Convert• CRM Lead Progression (if targeting by First Party Data)
Ultimate Measurement Indicators (12 weeks and beyond)		
Measurement Indicators	<ul style="list-style-type: none">• All Early & Secondary Measurement Indicators• Brand Lift Studies	<ul style="list-style-type: none">• Market Lift• Market to Market Comparisons• Foot Traffic Studies
Pull Through / Optimization Options		
Pull Through / Optimization Options	<ul style="list-style-type: none">• Retarget OTT Ad Viewers with Display Banners to Drive to Site• Sequential Messaging• Real-time Creative Updates• Frequency Capping	<ul style="list-style-type: none">• Retarget Landing Page Visitors (if using vanity URL/dedicated LP)• Suppress Linear TV Ad Viewers (for incremental reach)• Retarget Linear TV Ad Viewers (for higher frequency)

Where We Stand

Television is a marketing platform that has been evolving since the first television commercial in 1941.¹⁰ This shaky 10-second spot for Bulova, a New York-based watch company, aired right before a Brooklyn Dodgers and Philadelphia Phillies baseball game, touting their product in five words and costing only \$9 (nearly \$160 today).

With the introduction of Wi-Fi, television – and the way we consume media – has changed forever and will continue to develop at an unprecedented rate.

As ad formats develop and new streaming services enter the space, the possibility for marketers and brands are endless. With the current fragmented state of OTT, the mergers and acquisitions of streaming platforms that have already become a trend in 2020 will help make OTT a more cohesive, brand-safe environment with deeper insights into campaign audiences, reach and performances.

OTT has emerged as the perfect platform to start the user journey with your brand through active storytelling – if it's done well. By staying up to date on the continuously emerging ad-format options, available data to help hone in on your audience, and eye-catching, well-done creative will let viewers know who you are.

¹⁰ www.businessinsider.com

Acronyms in the OTT space

Ad Exchange

Platform that facilitates the purchasing and selling of digital inventory from ad networks.

Open

Open marketplace where the inventory goes to the highest bidder.

Closed

Closed market where only the buyer and seller are conducting the transaction – no other parties are bidding on the inventory.

Ad Network

Multiple companies that help connect inventory for sale from website advertisers to media-buying advertisers.

Advanced TV

All video streaming that is not done through cable, broadcast or satellite dish – a catch-all to refer to all programmatic TV, CTV, video on demand, OTT streaming services and linear TV streamed via OTT.

AVOD (Ad-Supported Video on Demand)

Free video content supported by advertisements, like YouTube.

CTV (Connected TV)

Any television that is connected to your Wi-Fi or internet wirelessly.

DSP (Demand Side Platform)

Allows media buyers access to digital inventory through multiple ad exchanges all in one platform.

OTT (Over-the-Top)

Media that is being streamed through an internet connection.

RTB (Real-Time Bidding)

Buying and selling of inventory in a programmatic, real-time auction.

SSP (Supply Side Platform)

Allows website advertisers to offer their available inventory to different ad exchanges.

SVOD (Subscription Video on Demand)

Monthly subscription-based video model, not supported by any advertisements, but rather by a flat fee, like Netflix.

VCR (Video Completion Rate)

The rate at which your advertisement was viewed and played throughout completion.

vMVPD (Virtual Multichannel Video Programming Distributor)

Live and on-demand streaming services through OTT, like Hulu Live and YouTube TV.

MVPD (Multichannel Video Programming Distributor)

Subscription-based streaming services that require a set top box or satellite dish, like Comcast and DirectTV.

VOD (Video on Demand)

Content that is available to stream at all hours of the day, regardless of air time.



Nebo is a human-centered agency built for the digital age. We believe that trust and attention are the most valuable resources in this hyper-connected, omni-channel, multi-device, ad-saturated world. By creating human-centered digital experiences and buyer journey marketing campaigns, we inspire, educate and empower consumers. Our research and strategy teams develop deep, authentic understandings of consumer behavior to earn a place in their hearts and minds. Our creative and copy teams use these insights to help brands tell great stories. Our marketing teams build campaigns that do more than drive awareness, they change consumer behavior.

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