

THE POWER AND POTENTIAL OF  
PROGRAMMATIC

**TV**

**WIDEORBIT**

**T**he Big Bang Theory is an apt way to look at what's happened to TV in the last 15 years. On one level, it's the name of a sitcom that is TV's most viewed show. It reaches 20 million people a week in the same way TV has since the 1950s: on large screens in homes. But it also is streamed on tablets in bedrooms or watched on phones by people on the bus.

The TV industry has indeed experienced its own Big Bang: the explosion of new ways to watch TV content via OTT, smartphones, tablets and connected devices. Audiences have fragmented and ad tech platforms have been introduced to monetize those viewers whenever and wherever they consume TV.

Advertisers enthusiastically adopted programmatic technology because it creates buying efficiency by automating the purchasing process and enables them to target audiences that their data shows will be the most likely to buy their products. Programmatic executions now encompass 66% of digital display campaigns and 55% of digital video spending (eMarketer 2016).

At the same time, advertisers still love and long for the mass reach that TV delivers like no other medium. That longing – along with growing pressure to make all advertising measurable and reportable as digital – has made it inevitable that digital buying practices would migrate to TV.

**What happens when you fuse the power of linear television with the data-fueled capabilities of digital media buying?**

**That's programmatic TV.**

## **WHAT IS IT AND WHERE ARE THE BEST OPPORTUNITIES NOW?**

Programmatic TV presents a radical simplification of the buying process and the opportunity to use data to appeal to very specific TV audiences. It's a clear starting point towards a future in which television and digital buying converge as audiences fluidly move between screens to consume TV content.

Programmatic has become the top digital buying method because it helps buyers access, evaluate and buy fragmented audiences that were previously undetectable or too hard to reach. Its promise lies in areas where it is traditionally more difficult to aggregate and buy.

### **In the TV world, that's local broadcast.**

It's easy to see why. Local broadcast brings the same great buying opportunities as national, including the ability to run campaigns on TV's most prestigious programming. It offers specificity of audiences and flexibility in buying. It also delivers something that digital video still can't: 100% ad viewability and a totally fraud-free inventory pool. Finally, it delivers reach that can hugely extend the impact of campaigns, including those based in other media.

To better grasp the dynamic of programmatic TV now, we asked senior media decision makers at brands and agencies about their current and future use cases.

“It's not a matter of will it be programmatic or not. Two years from now, three years from now it will be how people transact in all media on a global scale.”



**Mike Racic**  
President, Media Operations,  
iCrossing

# Considering Programmatic TV?

Here's how to get in and make it effective for brands and agencies, right now.

## DESPITE CHANGING VIEWING HABITS, TV IS STILL #1 FOR REACH

The trade and business press are filled with conflicting reports on the state of television viewership. The bottom line is that the lion's share of time spent with TV content (nearly 80%) continues to be with linear television.

**Despite the encroachment of digital video, linear TV does what it's been doing since the '50s: drive mass reach for advertisers.**

According to a 2016 study from research company Millward Brown, TV is the environment where people are most receptive to advertising.

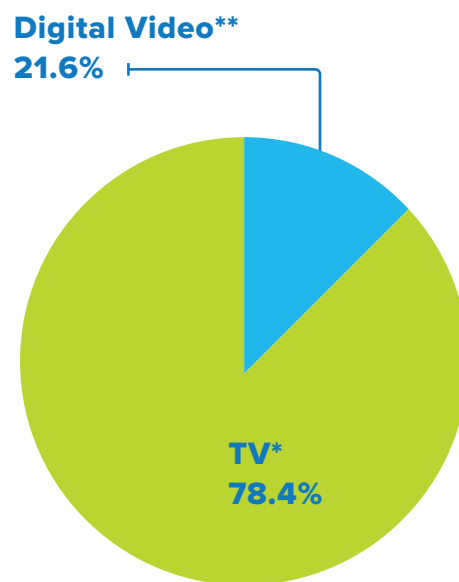
Marketers are adopting programmatic TV to get what they cannot achieve with digital video. According to a survey of senior media decision makers conducted by WideOrbit in March, extending audience reach is the most popular use case for programmatic TV.

Despite the encroachment of digital video, TV is considered the medium that sells goods at the right CPM. "Television drives volume of product," says Brian Leder, SVP, Head of North America Media at Razorfish. "You can still buy TV more efficiently than digital."

Vic Walia, Senior Director of Brand Marketing at Expedia, concurs: "Television is an incredibly efficient market not in ROI but CPM. The downside is spill: we reach people who are not interested in the product. Digital is much more interesting from a targeting perspective, but it's hard to scale from a reach perspective and it's expensive. We want to optimize cost and reach. Programmatic TV bridges that divide."

## Share of Average Time Spent per Day with Video by US Adults

TV vs. Digital Video\*\*, 2016  
% of total



Note: ages 18+, time spent with each medium includes all time spent with that medium, regardless of multitasking; for example, 1 hour of multitasking with digital video while watching TV is counted as 1 hour for digital video and 1 hour for TV, \*excludes digital; \*\*includes time spent watching digital video via game console, connected TV or OTT device. **Source: eMarketer, April 2016**

## WHERE IS PROGRAMMATIC TV NOW?

### SUPPLY

In February 2016, NBCUniversal announced that it would be the first broadcast network to make its fall inventory accessible through automated systems to upfront buyers. It joined Hearst, AMC, AT&T and Dish and a growing number of local affiliates that have said they are open for programmatic business. Many of the MVPDs have launched private marketplaces.

### SPEND

Magna Global, in its annual forecast, pegged 2015 spend at 4% of US TV budgets in the US or \$2.5 billion. Industry analyst Karsten Weide of IDC projects that programmatic TV's ad spend growth will grow so fast that within three years spending on traditional TV advertising will decline for the first time (August 2015).

### HOW WIDESPREAD IS BUYING?

A Cowen & Company survey released in January 2016 showed that 29% of ad buyers used programmatic for traditional TV advertising in 2015 and 22% expected to start in 2016. The MediaLink WideOrbit survey found similar results: while 50% of senior executives were not yet buying TV programmatically, 26% had been doing so for more than a year through a DSP or video network.

# Programmatic Makes TV More Like Digital

## BIG DATA COMES TO LINEAR TV

With advertisers focusing on specific audience targeting in all other media, buyers want the same capabilities for linear TV. The WideOrbit survey showed that precise audience targeting was the number one benefit in buying programmatic TV – chosen by 58%.

Lou Paskalis, SVP, Enterprise Media Executive at Bank of America, notes an overall shift in buying patterns: “The most responsive part of the media world continues to be TV. People still like the curated experience in the living room. That said, I want to find those households and quintiles of interest in the markets that matter to me. I'm going to pay a premium versus YouTube provided I have enough behavioral and context level data to make a good decision.”

With a programmatic platform like WideOrbit's, advertiser data can be layered on to Nielsen to reach niche targets such as allergy sufferers or recent purchasers of electronics in key markets. Advertisers can also select time periods that their data shows will be the most likely to reach the target efficiently.

## PROGRAMMATIC TV BRINGS THE ABILITY TO BID AND PURCHASE AGAINST PROGRAMMING IN A VERY “DIGITAL-FIRST” WAY

A generation of digital-first media planners has been trained to buy audiences by impression and to bid before they buy. Programmatic TV brings solutions for buying TV that match well against these practices. WideOrbit's system enables users to place bids electronically that are then transmitted directly to the station and accepted within a few hours.

While programmatic TV does not yet afford the real time buying of search or digital, it's getting closer.

### Some platforms can now deliver inventory as little as a week in advance.

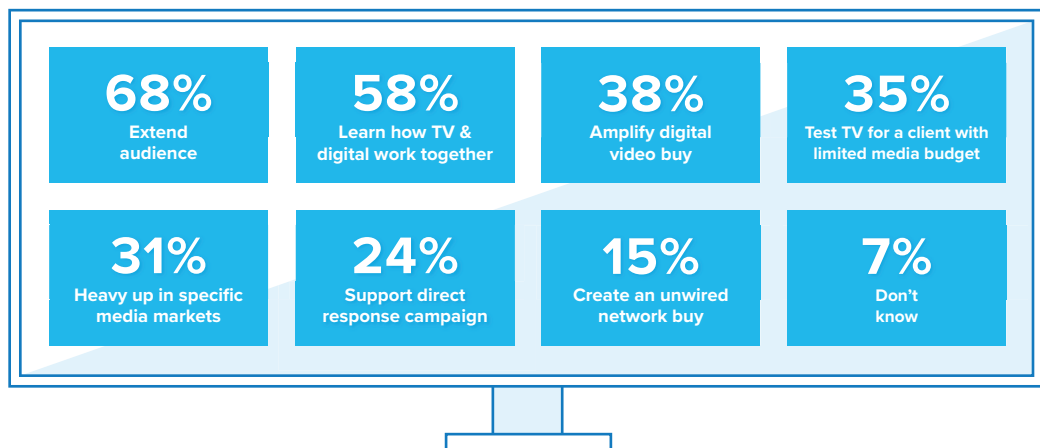
Expect the 7-day window to shorten as advertisers call for it and stations become more comfortable with the process and the technology.

“All digital media is transacted, particularly in the programmatic world, off an audience, and the audience is always transacted off of data insights...The ability to use both, Nielsen and data I can export is the Holy Grail...I can buy TV off of actionable insights.”



**Mike Racic**  
President, Media Operations,  
iCrossing

## Programmatic TV Use Cases



# Programmatic Solves The Supply and Quality Problem of Digital Video

Some brands have tried to use digital video in place of TV because of its data capabilities and the familiar ad format. It has proven to be an imperfect substitute. Advertisers simply cannot amass enough inventory to influence their targets at a price in line with other media.

While there is an endless supply of low value, user-generated digital video for sale, there is limited availability for the premium high-quality, brand-safe inventory advertisers want most.

And then there's the outright fraud that's epidemic in the medium. "There is a significant threat to video holistically around fraud," says Brian Leder of Razorfish. "Companies have become good at developing fake pages that can trick even the leading verification services. Very few are catching it."

Linear TV advertising by comparison is a format that avoids these pitfalls. It's transparently bought and proven to be fraud-free. And ads are always 100% viewable, which is no small matter. By industry standards, a digital video ad is credited as a "view" when only two seconds are shown on 50% of the screen.

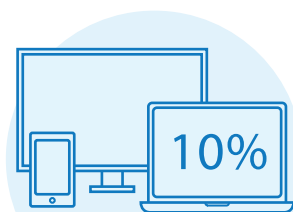
Imagine watching two seconds of a 30 second ad on TV with only half the image shown. Would you consider that a worthwhile investment for your brand?

Due to restrictions implemented by the major video suppliers designed to stem digital video fraud – as well as pressure on inventory brought by the election season – 2016 is proving to be a tough year for brands looking for premium digital video

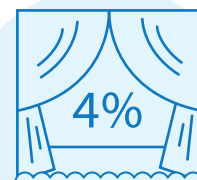
inventory. Marketers are facing situations where desirable online video is frequently sold out. For instance, according to [The New York Times](#), in the days leading up to

the Nevada and South Carolina primaries, all of the premium YouTube inventory was sold out in both states.\*

## Benefits of Programmatic TV



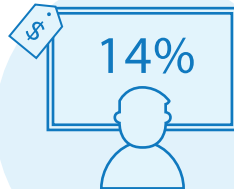
Easier to Buy a Variety of TV Inventory



Access to More Premium Video



58%  
More Precise Audience Targeting



Lower Cost Per Thousand Impressions



11%  
Automated Transaction Process

## DOES IT WORK?

CrossChannel, a mobile ad network, used WideOrbit's programmatic TV solution to drive installs for a mobile games publisher. Informed by first-party data, CrossChannel targeted specific media markets with ad spots on premium programming like live NFL games and Major League Baseball postseason telecasts. Over a three month period, CrossChannel's client drove an incremental 40,000 game installs and improved its overall effective cost per install (eCPI). Not only was TV its most efficient medium (even surpassing mobile), it was able to assess the additive impact of cross-media buys.

# Programmatic TV Opens Up Local as a New Opportunity

Local TV is premium video. It offers the same buying opportunities as premium national TV: live sports, prime time programming, late night, and popular shows ranging from The Big Bang Theory to Empire. National advertisers have often stayed away from buying local broadcast due to the complexity of negotiating and reconciling transactions via traditional processes over phone or email. With programmatic TV, local can be used in ever more effective ways.

## 1 It increases media efficiency.

Lou Paskalis of Bank of America views programmatic buying as a way to make television work for advertisers for whom national was inefficient.

“[With programmatic], I can engage Merrill Lynch high net worth customers on a household level across 15 markets. 15 markets is probably 70 percent of Merrill Lynch customers. It’s really exciting. It’s almost opening a channel that’s been closed.”



**Lou Paskalis**  
SVP, Enterprise Media Executive,  
Bank of America

## 2 It provides greater flexibility.

Buying local broadcast TV programmatically gives much needed budget flexibility to marketers. Says Vic Wallia of Expedia: “We’ve got allocations in the upfront, which is an annual commitment that we make several months in advance. We’re also in the scatter marketplace where we’re buying things a quarter out and sometimes a month out. Programmatic TV allows me to act more ‘media real time.’”

## 3 It allows TV buying to be opportunistic.

Mike Racic of iCrossing sees local as a growing tactic for marketers: “Clients want us to be more opportunistic. There is intense competition in retail at the local level. We need to react to what is happening in the marketplace. When sales are down in a particular dealership. I’m going to heavy up in that market. You need to be looking at overnight sales data. Making the right offer. Local allows you to control your destiny.”

## 4 It’s a radical improvement in the local buying process.

The challenge for buyers and sellers of linear TV is that the process is not much more automated than it was 20 years ago. Plans are made in Excel, insertion orders faxed and key items like logs proving airing, invoices and ad creative are still sent physically. The problem gets multiplied when an advertiser wants to buy specific DMAs and local affiliates: the process of contacting stations individually and negotiating prices and airtimes can take weeks from first contact to the airing. With programmatic TV, this time can be

reduced to just 7 days from accepted bid to airing and reporting – even when multiple DMAs are on the plan. “Old tech” operations are automated through a system that archives creative for transmission to the stations that accept the bids. The systems also consolidate invoicing so that the client gets one invoice rather than many if they do a multi-affiliate buy.

“Programmatic gives me a lever to investigate these options. In the past, local buys become very cumbersome when you start to scale them out, and take a lot of preplanning.”



**Vic Wallia**  
Senior Director of Brand Marketing,  
Expedia

## 5 It’s an opportunity for smaller agencies and brands to make an impact on TV.

Though they may dream of placing their ads on TV, not every client has the budget for it. WideOrbit’s programmatic TV solution gives buyers the opportunity to easily pick key markets or local affiliates for testing or affordability. “Small agencies couldn’t get at it, so they were buying late night cable. No one could afford the buying arms to do local. Now they can,” says Racic.

# PROGRAMMATIC TV TECHNOLOGY

## WHAT BRANDS AND AGENCIES SHOULD LOOK FOR

With so many dollars at stake – and digital buyers seguing in to it as well as TV-focused buyers – it's important to find the right programmatic platform that can make possible the use cases we have discussed here.



### HIGH-QUALITY INVENTORY

Quality and reach are everything in television advertising. It's important to find platforms that have a strong national footprint, a legacy of working with TV sellers and access to quality inventory. Get a precise list of networks, affiliates and DMAs with which the platform connects. What programs can you get? What dayparts? Many solutions that call themselves programmatic are arbitraging remnant inventory, matching it with data and then selling it. There is no transparency of pricing and placements. And quality remains a big concern.

### INTUITIVE UI



The process must be familiar enough to digital video buyers that it's easy to adopt another buying platform. If the interface is either too complex or too simplistic to deliver precise audience buying, it won't deliver the benefits of programmatic TV.



### DATA-DRIVEN TARGETING CAPABILITIES

Stations can use Nielsen data for basic demos and CPMs on platforms like WideOrbit. In addition, the programmatic interface needs to make it simple to pull in other sources and match against Nielsen data.



### SIMPLE REPORTING AND RECONCILIATION

Knowing quickly whether an ad ran as planned is essential. How fast can your platform run comprehensive reports?

### MINIMAL UPFRONT INVESTMENT



Make sure the company makes it economical to get up and running. Time spent on learning a complex system is a waste of productivity and money.



### STRONG BIDDING MODEL AND TURN-AROUND TIMES

Programmatic TV platforms promise different lead times from plan to execution. With a bidding model that connects directly to the TV stations, WideOrbit has reduced the accepted bid to air time lead to 7 days, a window that's expected to grow shorter over time. Offers are usually accepted or denied within a few hours.

### CREATIVE MANAGEMENT AND VERIFICATION



The system needs to be able to transmit creative assets to every station in the buy for quick clearance.



# Programmatic TV: The Future of Cross-Platform Audience Buying

Since TV is now a multiplatform experience with consumers viewing on the nearest available screen, it begs the question of why the buying of video assets is often siloed. Digital video is bought by digital buyers and linear TV by TV buyers. There is clearly a desire for a better future with a more holistic approach.

The WideOrbit survey found that 93% of buyers and sellers of media said it was important or very important to buy programmatic TV alongside digital video. “Learning how TV and digital video work together” was the 2nd most popular use case cited in the survey, noted by 58% of respondents.

As the study also shows, TV, digital and video teams are all stepping in today to buy programmatic TV. At a digital-first agency like iCrossing, Mike Racic reports that the “investment team which buys all buckets is making the buys. It’s a lot easier for them to learn how to buy. The future will be that all media will be a programmatic world. It will take longer for those that divide buying by medium.”

The ultimate goal of these progressive programmatic TV buyers is to see TV content as one entity and not divide it by distribution channel.

“It’s not just about ‘TV is automated now and we can mold that onto our existing infrastructure.’ It is, ‘How do we seamlessly integrate it as part of delivering a holistic consumer experience to whomever our audience is.’”



**Brian Leder**  
SVP, Head of North America Media,  
Razorfish

## FIRST MOVER ADVANTAGE

In the late ‘90s, there was no such thing as a “best practice” for planning, buying and executing display or search. Agencies and advertisers stepped in to develop powerful expertise with ad servers and bidding processes and training for large pools of employees on how to use them well. Along came digital programmatic and the same process occurred. Those who started early were ready to create competitive advantage from their mastery of real time bidding and all of the complex integration of data that now is possible in digital buying.

As it was for digital, first movers in programmatic TV are developing a strategic asset in their knowledge of the platforms. They are now seeing how TV – like digital – can be an easy test-learn-optimize medium.

TV’s Big Bang of opportunities to view video content will continue to expand. Programmatic TV is a crucial step to bridge the worlds of digital and linear TV ad delivery. The learnings gained from programmatic TV now will influence how all TV is bought in the future. The opportunity to build a media plan where TV is planned, targeted and bought alongside all other video is the next step.

The day will arrive when TV has a true backchannel of data and all households are fully addressable. All media will likely be bought and sold on comprehensive parameters. Those who know programmatic TV as well as linear and digital video will become the leaders of this brave new space.

## Responsibility for Buying Programmatic TV



**Digital Team**



**TV Team**



**Video Team**



TODAY



IN 12 MONTHS



# WIDEORBIT

WideOrbit is the leading provider of advertising management technology for cable networks, local television stations and radio stations. More than 3,200 broadcasters and networks leverage WideOrbit solutions to streamline operations, maximize revenue from traditional, digital and programmatic channels, and extend their business across distribution platforms. Our clients include Entercom Communications, Entravision Communications Corporation, Gray Television, Inc., Meredith Corporation, NBCUniversal, The E.W. Scripps Co. and Tribune Media. WideOrbit is headquartered in San Francisco with offices across the United States as well as London, Paris and Gothenburg, Sweden.

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**Seattle**

**Dallas**

**Denver**

**London**

**Paris**

**Gothenburg**