

A WIDEORBIT REPORT / JULY 2016

Programmatic TV Insights Survey

WIDEORBIT

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Executive summary

In March 2016, WideOrbit fielded an anonymous survey of United States advertising buyers to understand the factors driving adoption of programmatic TV, a method for purchasing advertising in which data is applied to optimize placements via automated transactions with media sellers.

The report measures media buyers' understanding and adoption of programmatic TV, how they will use it, the functionality needed to spur adoption and how it will impact media budget allocations. The majority of respondents set media strategies and make media buying recommendations.

- ✓ **Programmatic is a mainstream ad buying discipline, but still nascent in TV.** Although 89% of respondents use programmatic to purchase digital display advertising, less than half use it for TV. Those engaging in programmatic TV use it for only small portions of their current TV budgets.
- ✓ **Programmatic spending will be additive to TV spending.** Most said that programmatic will trigger a re-allocation of TV spending and expect substantial portions of their ad budgets to shift to programmatic TV from other media, including digital video.
- ✓ **Better targeting will be the prime driver of programmatic TV adoption.** This was by far the most popular reason among buyers to engage in programmatic TV.
- ✓ **Respondents plan to use digital video metrics to evaluate programmatic TV ad performance.** While there is near-unanimity that TV and digital video advertising are converging, there is little agreement on how to measure success.
- ✓ **There is confusion over which teams will own programmatic TV buying.** Digital and TV teams at agencies and brands are responsible for programmatic TV buying today. Over the next 12 months, respondents believe this will change, but are unsure which groups will take ownership.
- ✓ **A variety of digital data providers will be important to TV buying.** Most TV ad buyers that rely on Nielsen and Rentrak/comScore anticipate using more sophisticated data sets in the future.



Comfort with programmatic

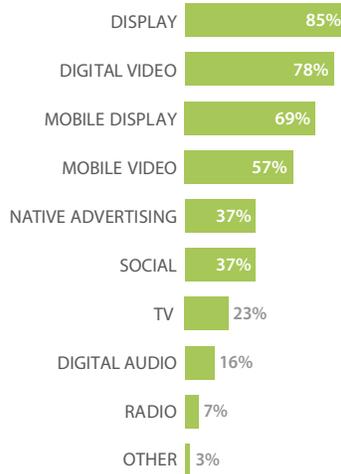
Are you currently buying any media programmatically?

Programmatic ad tech is now mainstream. **Fully two-thirds of ad buyers are using it to purchase some form of media.**



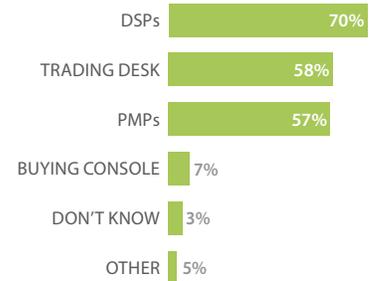
What kinds of advertising do you buy programmatically?

Our respondents' comfort with programmatic also shows in the **range of digital advertising** they purchase with it, including mobile, video and native executions. Traditional media like TV and radio are newest to programmatic trading and have the least adoption to date.



How do you currently buy programmatic advertising?

Demand-side platforms (DSPs) (70%), agency trading desks (58%) and private marketplaces (PMPs) (57%) are the leading market mechanisms fueling the growth of programmatic. Proprietary buying consoles (7%) lag behind.

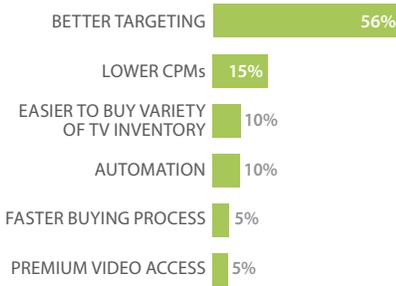




Hopes and dreams for programmatic TV

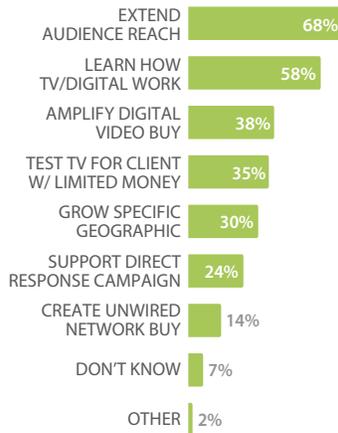
What will be the most important benefit of programmatic TV?

When asked to select a single top benefit of programmatic TV, respondents most cited its potential for better targeting (56%). An aggregated 25% voted for benefits that provide greater operational ease: automation of the TV buying process (10%), easier access to different kinds of TV inventory (10%), and less time spent on buying (5%).



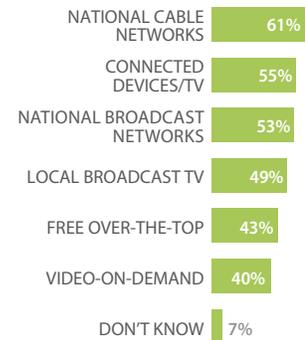
How will you use programmatic TV in your media strategy?

Over two-thirds of ad buyers (68%) are looking to extend the reach of campaigns. Ad buyers are also most interested in learning how TV and digital video campaigns work together (58%) and amplifying digital campaigns with TV (38%).



What kinds of TV inventory are you most interested in purchasing programmatically?

The short answer is "all types." Every category received votes from more than 40% of respondents. Traditional TV sources like national broadcast networks, cable networks and local broadcasters are desired by more than 48% of voters.



Programmatic TV performance

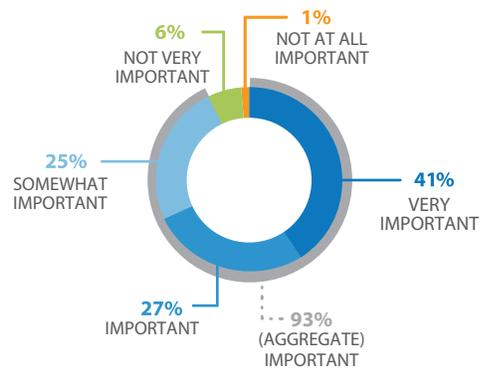


93%

of respondents said it's important to buy TV and digital video together

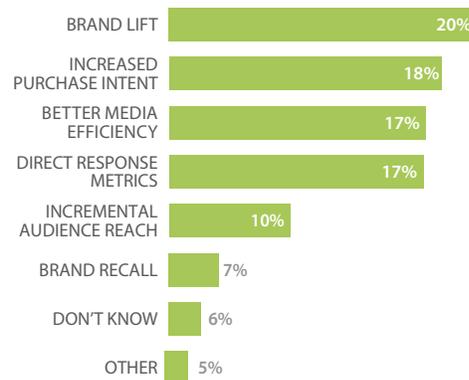
How important is it to buy TV and digital video together?

Marketers are in near-full agreement that digital video and TV should be purchased together. In aggregate, 93% said that it's important to buy these media in tandem; nearly half of those say it's "Very Important." This is a notable increase since a 2015 Digiday and The Trade Desk study that found 83% agreeing that this is important.



What is the most important metric for determining how programmatic TV performs?

Marketers have not yet reached a consensus on performance measures for programmatic TV campaigns. Respondents were almost evenly split between the top four answers: brand lift, increased purchase intent, better media efficiency and improved direct response metrics.



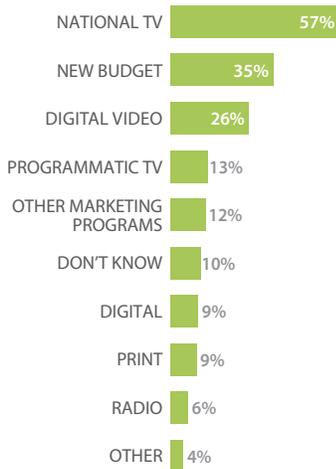


Programmatic TV spending

Where will budget come from for programmatic TV buys?

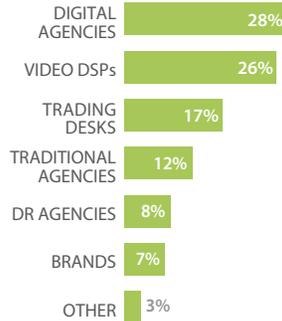
More than half (57%) expect to fund programmatic TV purchases with budget re-allocated from national TV.

Many believe that programmatic TV buying will generate more overall spending on TV; more than one-third (35%) believe that dollars earmarked for programmatic TV will add to total TV ad budgets.



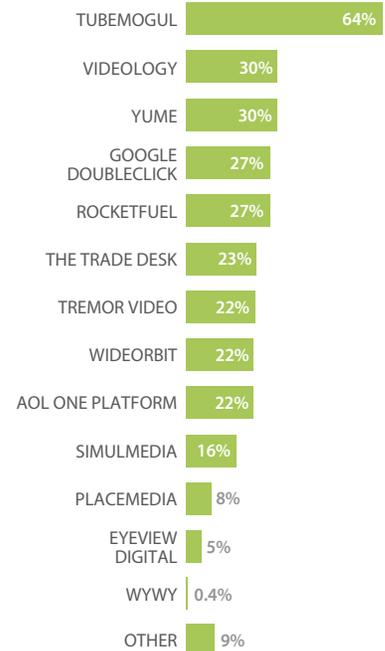
Who will be programmatic TV's biggest supporters in 2016?

Respondents believe that digital agencies and video DSPs will be programmatic TV's biggest advocates. Brands buying direct are thought to be the least likely to buy TV with programmatic this year.



Which of the following companies do you consider "serious players" in programmatic TV?

Buyers are still learning about and testing programmatic TV solutions, and there is little consensus on who the 'big players' are. There is also confusion about vendor offerings; several companies that received a substantial number of votes do not claim on their web sites to offer programmatic TV solutions (as of June 2016).



Programmatic TV buying responsibility

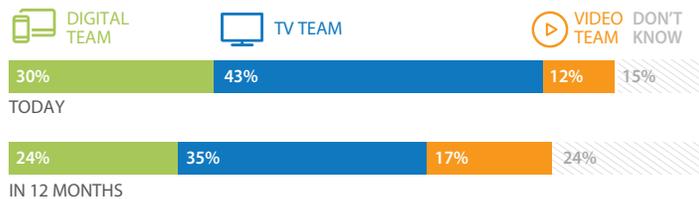


"It's not a matter of will it be programmatic or not. Two or three years from now, it will be how people transact in all media on a global scale."

Mike Racic
President, Media Operations,
iCrossing

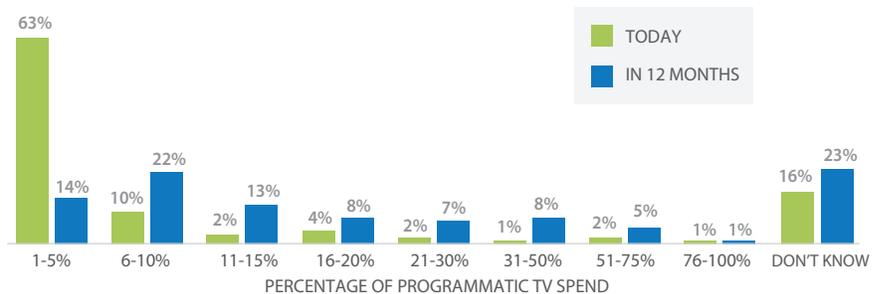
In your organization, which team is responsible for buying programmatic TV? Which will be responsible in 12 months?

The cross-media nature of video buying cuts across media teams, too. **In our study, most of today's programmatic TV spending comes from TV teams.** When respondents were asked who will be responsible for programmatic TV next year, "Don't Know" was the answer that grew most.

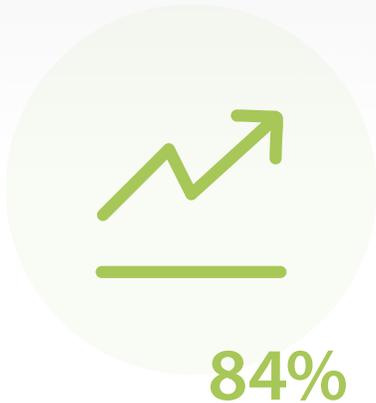


What percentage of your TV spend is programmatic today? In 12 months, what percentage will be programmatic?

Programmatic TV evidently has a bright future. 72% say they will spend up to half of their TV budgets with programmatic in 2017. The percentage that plan to spend less than 10% of their TV budgets with programmatic this year will drop from 73% to 36% next year.



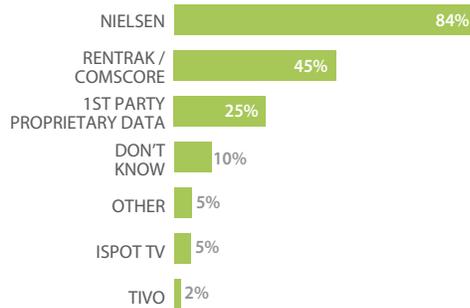
Data sources and programmatic TV



use Nielsen data to inform TV buying decisions today

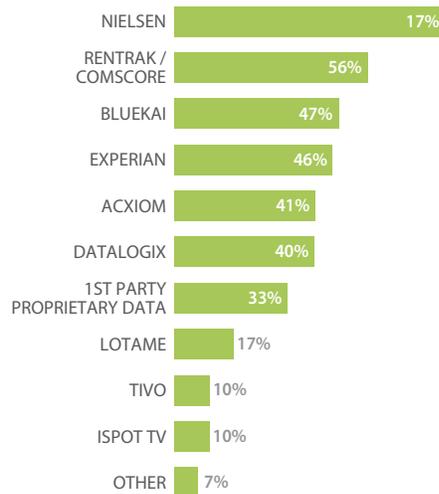
What data sources inform your television buying today?

Nielsen, the longtime leader in television data, remains the measurement standard for TV ad buying. Rentrak/comScore is used by about half of buyers. One-fourth of ad buyers use proprietary data to support purchasing decisions.



Which data sources do you use now or would like to use in the future to inform programmatic TV buying?

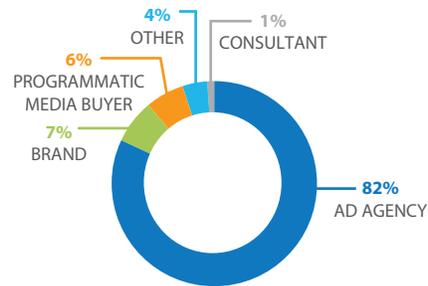
Nielsen and Rentrak/comScore still have strong support but **buyers plan to use many other data sources in future buys.** BlueKai (now part of Oracle), Experian, Acxiom and Datalogix received votes from between 40% and 50% of respondents.



Respondent composition

What best describes your business?

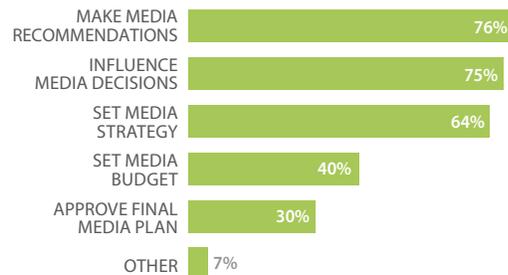
Most of the survey respondents work for advertising agencies.



What role do you play in media buying?

98% of respondents said they are involved in the buying process.

About three-quarters said they make media recommendations, directly influence buying decisions and/or set media strategy.



Methodology

In March 2016, WideOrbit conducted an online survey of more than 7000 professionals involved in purchases of advertising in the United States. Surveys were sent anonymously without disclosing who was fielding the survey. SurveyGizmo was used to field the survey and collect data. Respondents were offered the opportunity to win one of five \$100 Amazon gift certificates and to be among the first to review the results of the survey. We received 215 responses, a 3.06% response rate. Results were tabulated in April 2016.

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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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