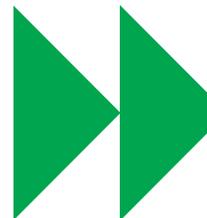




FORWARD



DRIVING INDUSTRY THOUGHT LEADERSHIP FOR MARKETERS

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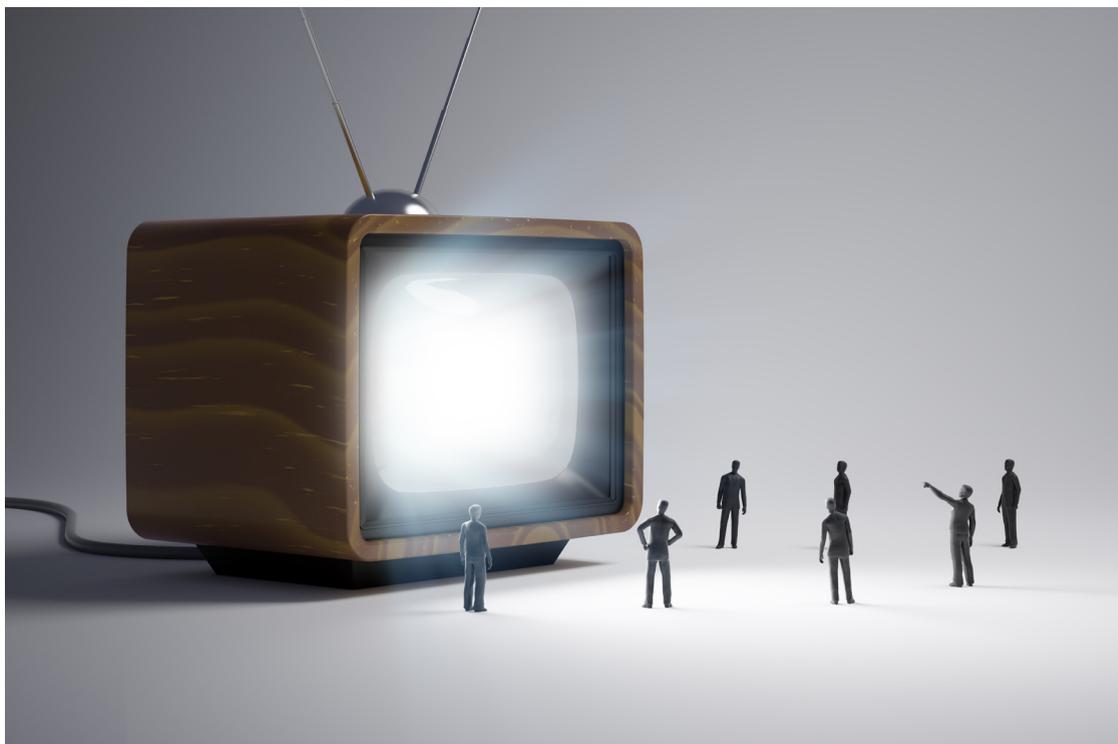
Study after study proves it: TV is the most effective advertising medium. According to a 2017 Video Advertising Bureau report, TV drives stronger ad recall than tablets, computers, or smartphones.

That's why the programmatic TV opportunity is so exciting. Programmatic makes it easier to access ad inventory and reach target audiences in a way that was never before possible — with the aid of data from digital marketing activities.

Programmatic TV also benefits everyone in the buying chain by simplifying planning and providing total pricing transparency for every transaction.

Marketers and their partners will find that programmatic TV vastly improves campaign effectiveness and efficiency. It's time to start exploring what programmatic TV can do for your brand.

— ERIC R. MATHEWSON,
founder and CEO of
WideOrbit



THE PROGRAMMATIC TV OPPORTUNITY

HOW AUTOMATING TV AD TRANSACTIONS MAKES THE WORLD'S MOST EFFECTIVE MEDIUM MORE ACCESSIBLE AND TARGETED THAN EVER **CONTRIBUTED BY MICKEY WILSON**

Programmatic has grown to become the dominant way to buy digital advertising. According to *eMarketer*, as much as 83 percent of display ad spending will be traded programmatically by 2019. Its importance is only growing as programmatic platforms take the lion's share of sales activity on closely related formats like mobile and digital video.

The television industry has been slow to adopt programmatic, but that is changing. Local TV broadcasters, which have a far more fragmented inventory pool than national networks, are now offering access through programmatic TV platforms to inventory that was previously too cumbersome to secure, even for experienced media agencies.

This is great news for marketers looking for new ways to reach target audiences with TV. Programmatic TV makes ad campaigns more efficient and transparent and creates opportunities to use data for audience targeting.

TOGETHER AT LAST: TV REACH, DIGITAL PRECISION

TV is the most effective ad medium for engaging target audiences. According to the Video Advertising Bureau, TV beats all other media formats on the crucial measures of reach, time spent, and impact — even with millennials. →

Per Nielsen, TVs are in 95 percent of U.S. homes. The average American spends more than 40 hours a week watching TV. In 2015, MarketShare concluded that TV delivers more sales lift than any other ad-supported medium at similar spending levels.

Still, TV is not always a go-to channel for consumer marketers. Some say that its reach is wasteful compared to digital's granular targeting capabilities. Furthermore, the most commonly used data for targeting TV audiences is relatively unsophisticated. Programmatic TV responds directly to those objections. It opens access to fragmented pools of inventory, and it can infuse any data set to ensure the right spots are selected to reach the right audiences.

Because of these benefits many analysts predict programmatic will become a major share of TV spend. SNL Kagan estimates between 6 percent and 15 percent of TV ads will be purchased programmatically by 2020. Similarly, PwC predicts one-third of global TV ad revenue will come from programmatic TV by 2021.

Anecdotal evidence is surfacing that programmatic TV's early adopters are getting strong results. On a recent episode of *AdExchanger Talks*, Denise Colella, SVP of advanced advertising products at NBCUniversal, said her company's Audience Targeting Platform has renewal rates upward of 70 percent, with many returning buyers doubling and tripling their spending.

PROGRAMMATIC TV'S LOW-HANGING FRUIT: LOCAL TV

By making it easy to evaluate and reach fragmented audiences online, programmatic has quickly grown to be the top buying method for display and video advertising. But is there an equivalent

in the TV world of hard-to-buy audiences? Is there a "low hanging fruit" of inventory and audiences that programmatic platforms can help brand marketers to access? In fact there is: local TV.

Local broadcasters offer the same great audiences as national networks. Marketers can run ads on the most prestigious programming while associating their brands with local programming, news, weather, and sports. Programmatic TV makes it possible — and painless — for brands to geo-target audiences of local news (the most trusted TV news source, according to the Television Bureau of Advertising), syndicated hits, daytime talk, live sports events, and primetime programming.

Local TV campaigns can target regions where brands have high penetration or audiences that index highly on specific attributes. "[With programmatic TV], I can engage Merrill Lynch high net worth customers on a household level across 15 markets. [Fifteen] markets is probably 70 percent of Merrill Lynch customers," said Lou Paskalis, SVP of enterprise media planning at Bank of America Merrill Lynch, in a recent WideOrbit white paper.

Local station groups are enthusiastic participants in the new programmatic TV ecosystem, making their stations' inventory more accessible than ever. In fact, at this writing, programmatic TV platform WideOrbit offers inventory from stations that reach more than 95 percent of U.S. households. That's more than 110 million homes — scale and then some!

Until now, it was relatively complex to purchase spots quickly and efficiently from local TV broadcasters at scale. Every media market has a different combination of station ownership, national

ADVANCED TV TYPES

Sometimes it can seem like there are dozens of different definitions of "advanced TV." Here's a quick look at the two major branches of its family tree.

PROGRAMMATIC TV

Programmatic TV helps marketers run campaigns as a one-to-many medium. Buyers can use first- or third-party data to zero in on the programming, markets, and dayparts most likely to be viewed by their target audience. It also speeds up transactions by automating administrative tasks. There are two buying models:

- **Open marketplaces** open access to inventory from many TV stations and networks. Marketers can apply data to find the right audience, assess inventory value, and make offers. Media owners can then approve or deny offers, so they need to be commensurate with generally accepted rates. Spots aren't guaranteed until an offer is accepted.

- **Programmatic direct** is growing in popularity because the platform can be configured to accept or reject offers based on existing negotiated terms. Buyers love this because it's effectively a guaranteed purchase; there should be no doubt that an offer will be accepted if it meets the terms of its standing relationship with the media company.

ADDRESSABLE TV

Addressable TV helps marketers target viewers watching internet-connected devices. This creates potential for household-level targeting (i.e., when multiple households watching the same program are served different ads).

Addressable TV is usually offered by

companies with set-top boxes in viewers' homes, like cable companies or satellite TV providers. It is also associated with on-demand formats and video-on-demand or over-the-top.

Connected TV is essentially a subset of addressable TV. It refers to specific internet-connected devices and their user bases, including smart TVs, gaming consoles such as the PlayStation 4, and streaming devices like Roku, Apple TV, Google Chromecast, and Amazon Fire TV.

Addressable TV's precision comes with an opportunity cost: since no addressable TV platform or provider reaches every U.S. household, an advertiser can't reach its entire qualified audience. — M.W.

network affiliations, and which station runs certain syndicated programs.

For agencies, the complexity of buying local TV is increasing as their clients demand more sophisticated campaigns and less waste. In addition, they are burdened with complicated administrative tasks like reconciliation and assuring fulfillment of audience delivery goals.

These circumstances conspire to make local TV a lost opportunity for brand marketers. Even though it offers unparalleled reach and impact, some agencies won't recommend local TV because they can't execute at margins sustainable to their business.

Programmatic TV dramatically reduces the transactional frictions of buying local TV. "[L]ocal buys become very cumbersome when you start to scale them out, and take a lot of preplanning," said Vic Walia, senior director of brand marketing at Expedia, in WideOrbit's white paper. "Programmatic gives me a lever to investigate these options."

AUDIENCE TARGETING AND PROGRAMMATIC TV

The most exciting aspect of programmatic TV is the newfound ability to combine TV's undisputed reach and impact with digital media's precise targeting practices.

"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," Walia said. "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."

The vast majority of TV buying is still based on two blunt audience measurements — gender and age. For the most potentially impactful media buy, brand marketers have been forced to disregard the consumer preferences, demographics, and psychographics that they normally use to determine their marketing mix.

Programmatic TV lets marketers target TV audiences with the audience profiles from their digital activities. This has the knock-on effect of eliminating waste and driving down TV's overall eCPM (effective cost per mille).

The programmatic TV success stories to date are from direct response brands with the "test, learn, optimize" discipline in their marketing DNA. For example, earlier this year dataxu collaborated with DWA and WideOrbit on a local TV campaign for a telecommunications company. Using website activity as a proxy for attribution, dataxu found that programmatic drove 11 times more engagement than a control campaign planned with traditional agency processes.

OTHER PROGRAMMATIC TV BENEFITS: SERVICE, FLEXIBILITY, TRANSPARENCY

Programmatic TV brings many other new benefits to TV ad campaigns. Because of its transactional efficiency, agencies can divert their resources to higher-value client services. Instead of spending time on administrative tasks, they will be freed to invest in data science and other services for optimizing media budgets.

PROGRAMMATIC TV PLATFORMS

There are several major players in programmatic TV today. Each has very different capabilities and access to ad inventory based on their relationships with media companies. Some even offer "self-serve" consoles for brands that may want to bring their TV buying in-house.

Before taking the plunge or speaking with your agency about programmatic TV, take time to assess your requirements and understand which platform might be best for achieving your goals. — M.W.

Programmatic TV also offers greater planning flexibility in tighter time frames. One agency told WideOrbit about an advertiser that wanted to "heavy up" on TV in 10 local markets. When spots could not be secured quickly enough, the ads ran instead on a national cable network — a wasteful solution when the goal was to reach just 10 markets. If this advertiser had used a programmatic platform, its time to buy spots in 10 markets would have been reduced from days to a few hours.

Additionally, programmatic TV delivers greater price transparency. Not all programmatic platforms offer the same levels of accountability. This is no small thing at a time of deep concern among marketers about improving oversight of ad pricing and placements. Programmatic TV platforms can give agencies and marketers a full accounting of how the budget was spent, exactly where ads ran, and what fees were charged along the way. Marketers should make sure their programmatic TV solution supports full transparency and does not add any "ad tech taxes."

PROGRAMMATIC TV TODAY

It's obvious why marketers should be excited about programmatic TV: they know TV works, and they now have new access to inventory from local broadcasters that's proven efficient and effective. They should also love the greater transactional transparency and the ability to target the right audiences and reduce waste.

The best programmatic TV platforms are also starting to offer other linear ad inventory sources, like cable networks and radio stations. Marketers using these platforms can be among the first to run true cross-platform campaigns across linear and digital media.

The rise of programmatic TV means that the digital marketing discipline of "test, learn, optimize" can now be applied to all media buying. The next step will be campaigns where linear TV and radio spots are planned, targeted, and purchased alongside all other media. Marketers who engage with programmatic TV today will be in the vanguard of the next evolution of media planning.

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