ADVANCED TV:

Industry Views on Progress & New Directions

September 2017

Contents
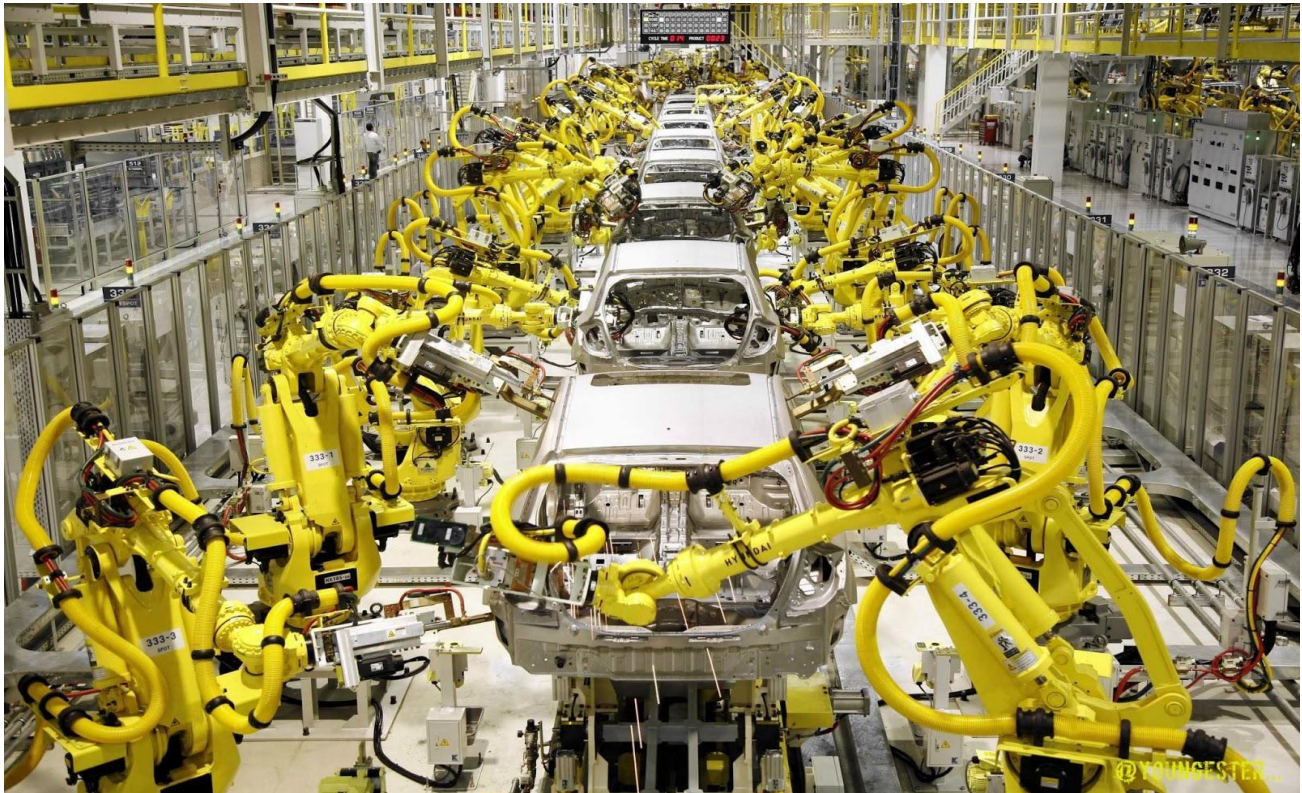
Tables

Figures

Executive Summary

Advanced TV, comprising the domains of data-enhanced audience targeting via addressable, contextual audience networks, OTT, Connected TV and programmatic TV platforms, continues to innovate, and bring change in the national and local TV markets through technology, data, and new forms of automation and efficiency. The key components of Advanced TV include Platforms, Workflow, and Data. In this report, we share views from top executives at some of the leading companies to get a sense of the progress we've made to date and how the new directions are evolving.

Here are some of the highlights we present in this report:

- **AudienceExpress** finds that Advanced TV is often a "managed service" or largely manual service, even though it benefits from more automated workflows.

- **Discovery Engage** uses two types of data: Off-the-Shelf and Custom. "With "off the shelf" data, the data segments are readily available and can be created on demand through an advertiser's preferred Boolean logic. "Custom" data is data ingested from outside sources as requested from advertiser or agency. This class of data consists of first party data or advertiser CRM data segments, digital/DMP segments, mobile ID data (location-based) and or Agency custom proprietary data sets."

- **FreeWheel** sees a market where, "Workflow is fragmented across the screens. Steps being taken to make the process more holistic. The silos and technology stacks that exist between linear TV and digital video means that we have some time to go before we can fully operationalize, execute, and optimize single buys across all video environments."

- **Sinclair Broadcast Group** argues that, "Local television faces an impediment of being very difficult to buy versus other (often inferior) media options. We need to become easier to buy. Local TV systems and buying protocols were designed for simple local sales around single stations – the ecosystem has evolved far beyond the traditional spot based, single station sales paradigm, as consolidation has spawned larger broadcast groups. Furthermore, the ATSC 3.0 landscape will spur added complexity and opportunity that will need its own automation."

- **TiVo** looks to data evolution. "The industry is evolving; from using data sets just for planning to now executing TV campaigns against them to great success. Furthermore, the data is now used more frequently to measure business outcomes from TV campaigns. It's becoming foundational throughout the end-end workflow of advanced TV, as well as creating a strong connectivity for targeting across screens

- **Tremor Video** lives in the OTT world." [Editor's Note: On September 26, 2017 Tremor Video [renamed itself to Telaria](.)] **"**Compared with traditional, digital video advertising, Over-the-Top (OTT) lacks formalized industry wide standards to support mobile video buying and selling. However, with that said, enhanced targeting is being introduced by progressive DMPs and the adoption by an increasing number of brands, based on the wave of consumption is growing in advance of more formal and traditional measurement."

Advanced TV and Innovation in the Local TV Market
Rick Ducey, Managing Director, BIA/Kelsey

Advanced TV has tech stacks and business processes that evolved separately to serve the needs, characteristics, and capabilities of the linear TV (e.g., broadcast and MVPD) and digital video (e.g., OTT, AVOD). As marketers and agencies want more cross-platform campaign planning, activation and evaluation, these stacks and business processes must work better together. Capital investment, innovation and change is coming to the local TV marketplace and trading in data-driven audience targeting, or Advanced TV, solutions.

The core elements where the most work is happening and where more yet is needed in local Advanced TV includes: **Platforms, Workflow**, and **Data**. In our series to date, we've brought to light the views of leading executives in these areas as part of our overall discussions. For example, from our May 2016 report, The Rise of Advanced TV Platforms, we examined three different parts of the advanced TV ecosystem: *Addressable TV, Programmatic TV* and a grouping that report defined as, *Contextual Audience Networks (*"CANs"*).*

Table 1 - Participants in May 2017 Advanced TV Report

Company	Name	Title
A&E Networks	Santosh Mathai	VP, Data Analytics & Strategic Sales Partnerships
AMC Networks	Tom Ziangas	SVP, Research & Insights
FOX Networks	Audrey Steele	EVP, Sales Research Insights & Strategy
Simulmedia	Dave Morgan	CEO
SintecMedia	Lorne Brown	CEO
SwellShark	David Tucker	Head, Strategy
Verizon (AOL Platforms)	Brett Hurwitz	Business Lead, Advanced TV

We've also addressed other core topics including Advanced TV (which BIA/Kelsey defines to include Addressable TV, OTT, Connected TV, Programmatic TV, Automated TV, and eventually, ATSC 3.0 or Next Gen TV), reviewed the current status of local programmatic and examined where we see the trends for data

infusion in audience campaigns. In future work, we will get deeper into each of these areas as they continue to evolve. In the Appendix we list our work to date.

The reason Advanced TV is so significant to the local TV market is that while it has yet to feel much impact, more certainty is coming. And depending on how the local TV market innovates, or not, the flow of ad spending into digital platforms can be challenged by more competitive local TV offerings.

Let's run some numbers here to set the broader context. BIA/Kelsey's updated (July 2017) local video forecast shows that linear TV and digital video platforms will grow from $31.9 billion in 2017 to $37.3 billion by 2021. Linear television (broadcast TV and MVPD) will account for 82% of overall local video spend. Linear TV will account for just over half (54%) of this growth. Broadcast TV will grow $2.7 billion and Cable/MVPD will grow by $200 million.

That means almost half of the growth in local video ad spend will go to digital platforms including local mobile video, local online video, and out-of-home video spending.
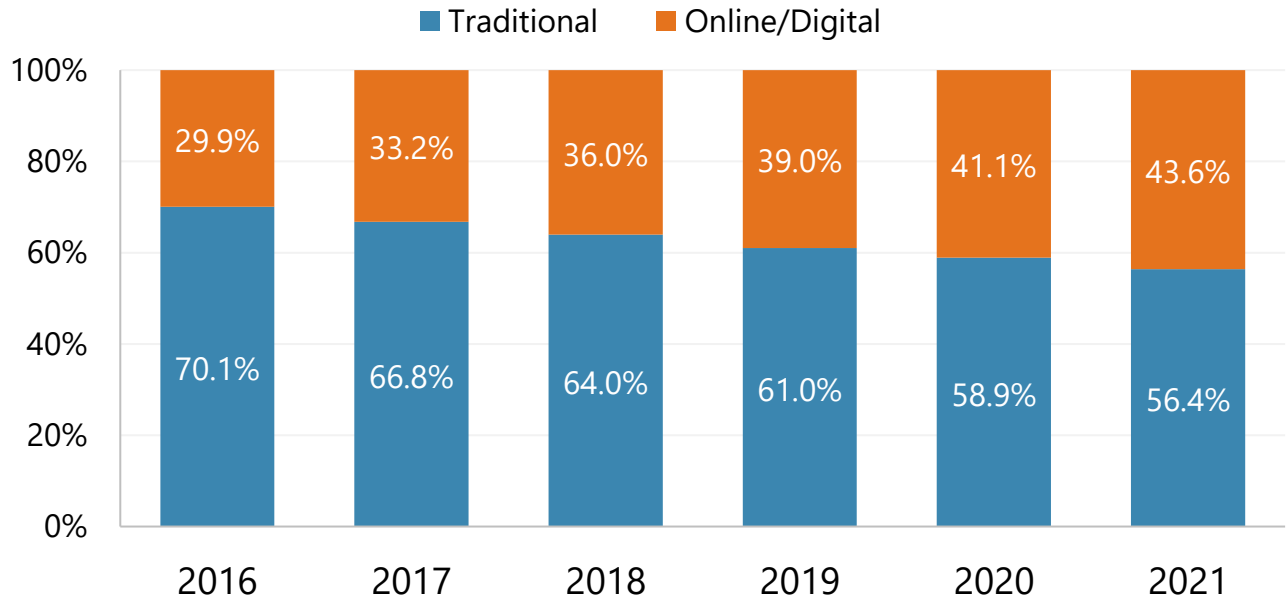
Agencies and marketers and their data scientists and planner are becoming more sophisticated in their matching and uses of disparate database to develop strategic profiles of their consumers. Having built data-driven strategic consumer profiles that extend far beyond gender and age, buyers want to bring that practice into the media domain. So far, digital has answered this call far more effectively than linear TV.

Between traditional media players as incumbent seeking to protect their role in the market and newer pure plays gaining increasing traction in local media budgets, we're expecting a relatively volatile future in the local video market as media companies, audiences and advertisers settle into a panoply of new options and start creating new habits.

Though media buyers may have strong capabilities in data-driven audience planning and buying in digital media, most of their video spend goes into platforms without these capabilities. Buyers are looking for this to change and the industry has been struggling to roll-out compelling solutions. This trend toward data-driven audience buying, i.e., moving beyond gender/age, is transforming the local video industry.
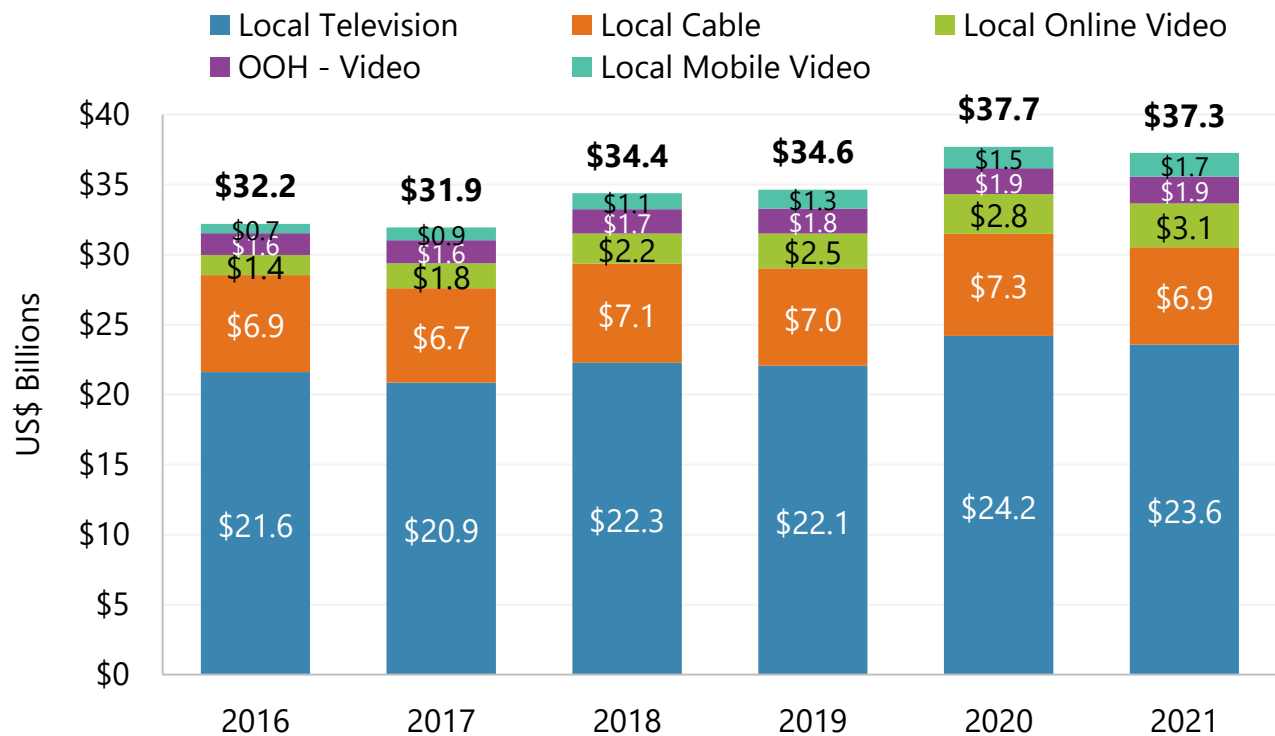
We are seeing very interesting innovation in cross-platform solutions, audience targeting, local data management platforms and a drive toward more accountability in media campaigns. These innovations may bend current trend lines in the media mix if linear video can become competitive.

Figure 1 – Local Ad Activation Continues Its Shift to Digital Spending

Legend: ■ Traditional ■ Online/Digital

Year	Online/Digital	Traditional
2016	29.9%	70.1%
2017	33.2%	66.8%
2018	36.0%	64.0%
2019	39.0%	61.0%
2020	41.1%	58.9%
2021	43.6%	56.4%

Source: BIA/Kelsey, July 2017. Numbers are rounded.

Figure 2 – Local Video Ad Spend Growing to $37.3B

Legend: ■ Local Television ■ Local Cable ■ Local Online Video ■ OOH - Video ■ Local Mobile Video

US$ Billions

	2016	2017	2018	2019	2020	2021
Total	$32.2	$31.9	$34.4	$34.6	$37.7	$37.3
Local Mobile Video	$0.7	$0.9	$1.1	$1.3	$1.5	$1.7
OOH - Video	$1.6	$1.6	$1.7	$1.8	$1.9	$1.9
Local Online Video	$1.4	$1.8	$2.2	$2.5	$2.8	$3.1
Local Cable	$6.9	$6.7	$7.1	$7.0	$7.3	$6.9
Local Television	$21.6	$20.9	$22.3	$22.1	$24.2	$23.6

Source: BIA/Kelsey, July 2017. Numbers are rounded.

Perspectives in National and Local Advanced TV
Mitch Oscar, Advanced TV Strategist, USIM

Up until a few years ago, the nomenclature "advanced TV" was defined primarily by two forms of activity that involved linear TV commercials: interactive TV applications appearing over portions of TV commercials or TV content in which TV viewers were offered the option of clicking on a banner for additional free content or product samples, or registering a vote for their favorite in a TV poll; and addressably-delivered TV advertising, in which a commercial is delivered to a pre-designated, targeted household – when the TV set is on – unbeknownst to the viewer of the TV program.

Since early 2016, the advanced TV category has been quietly re-baptized as "data driven solution TV." It now encompasses three distinct groupings and, as one would surmise, all driven by greater knowledge of the TV viewer – beyond age and gender – to include behavioral characteristics, such as shopping, car ownership, travel propensities.

The three data-driven solution TV categories that are currently in vogue are addressable TV, programmatic TV, and a grouping that for the purpose of this report is christened "Contextual Audience Networks" (CANs). CANs are defined as endeavors by the major TV network owned media companies – NBCU, Fox, Discovery, A&E, Viacom, and Turner – to utilize advanced data analytics to support the sale of their linear TV inventory across all of their portfolio TV networks in combination rather than individually as they have done in the past. As well as through a variety of ancillary platforms and devices including ad supported video on demand, TV Everywhere Apps, Full Episode Players, streaming video services and over-the-top (OTT) devices.

Just to provide some context for how well populated this space is, in Table 2, we delineate the major platforms involved in the advanced TV space (addressable, programmatic, and contextual audience networks). These are the players currently operating as advertising platforms in the national TV and/or local TV ad markets.

Table 2 - Advanced TV Platform Players

Addressable/Linear (National/Local)	Contextual Audience Networks (National)	Programmatic TV (National/Local)
Altice/Cablevision	A&E Precision	4C
Comcast**	Discovery Engage	AdMore*
Cox***	FOX AIM	AudienceXpress
DirecTV	NBCU Audience Studio	Cadent Network
Dish	Turner Ignite	Clypd
Sorenson*	Viacom Vantage	Continuum
Spectrum***	-	FOX Network
Verizon	-	One by AOL
-	-	Passport (NCC)****
-	-	Placemedia
-	-	Simulmedia
-	-	The Trade Desk
-	-	TubeMogul/ Adobe TV
-	-	Videa****
-	-	Videology
-	-	WideOrbit****

*Broadcast
**Comcast offers addressable TV inventory through linear and ad supported VOD inventory
***Launch of ad supported VOD. At present, does not offer linear addressability
****Only offers local programmatic TV inventory

About BIA/Kelsey

Local media is one of the fastest moving industries of our time. And BIA/Kelsey has been at the center of it for more than 30 years.

BIA/Kelsey is the leading research and advisory firm focused on the advertising and marketing marketplace. We have proven advisory services and consulting methods that put our clients in the best possible position to compete and stand out in today's multiplatform, interactive world.

Our research, forecasts, industry analysis, competitive intelligence and industry-leading analyst team propel our clients' success forward. Put yourself in the best possible position to compete and win — turn to BIA/Kelsey.

We are pleased to announce our new Programmatic Program that features a series of papers and webinars that will help our clients understand the potential of programmatic. Contact us today for more details: info@biakelsey.com.

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Appendix: BIA/Kelsey Advanced TV Report Series

Table 4 - BIA/Kelsey Advanced TV Reports (by Title)

Report	Date
Looking Ahead to Programmatic in Local TV in 2016	March 2016
Programmatic is Coming to Local TV in 2016: Mid-Year Update	August 2016
Programmatic is Coming to Local TV in 2017	January 2017
The Rise of Advanced TV Platforms: Programmatic TV, Addressable TV & Contextual Audience Networks	May 2017
Advanced TV: Industry Views on Progress and New Directions	September 2017

Table 5 - BIA/Kelsey Advanced TV Webinar Series (On-Demand)

Report	Date
Programmatic Comes to Local Television in 2016	February 17, 2016
Programmatic TV Comes to Local Television in 2016 – Current Status and What to Expect	June 1, 2016
Programmatic TV Comes to Local Television in 2016 Q3 Update – Current Status and What to Expect	October 26, 2016
Local TV Marketing and Programmatic – Advanced TV, and Contextual Audience Networks	April 13, 2017

Table 6 - BIA/Kelsey Advanced TV Report Series (by Company)

Company	Name	Title	Interviewed
4C Insights	Hamid Qayyum	SVP Sales	August 2016
A&E Networks	Santosh Mathai	VP, Data Analytics & Strategic Sales Partnerships	May 2017
AdMore	Brendan Condon	President	January 2017

AMC Networks	Tom Ziangas	SVP, Research & Insights	May 2017
AudienceXpress	Brian Wallach	SVP/Chief Revenue Officer	September 2017
Cadent	Nick Troiano	CEO	August 2016
comScore	Steve Walsh	EVP, Local Television	February 2016
Cox Media Group	Kim Guthrie	President	January 2017
Discovery	Steve Silvestri	VP, Advanced Advertising	September 2017
Empower Media Marketing	Michele Toller	VP, Offline Investment & Activation	January 2017
Epsilon	Kyle Fohlin	Director, Business Development, Publishing and Media	August 2016
Experian	Brad Danaher	Director, Television Partnership	February 2016
FOX Networks	Audrey Steele	EVP, Sales Research Insights & Strategy	May 2017
FreeWheel	James Rothwell	VP Global Agency, Brand and Industry Relations	September 2017
Hubbard Broadcasting	Val Napolitano	EVP, Programmatic	August 2016
Media Kitchen	Barry Lowenthal	President	August 2016
NCC Media	Nick Garramone	SVP of eBusiness Operations & Research	January 2017
Nielsen	Andrew Feigneson	Managing Director	January 2017
Placemedia	Chris Raleigh	Chief Commercial Officer	March 2016
Quantum 11	Ryan McArthur	EVP	August 2016

Simulmedia	Dave Morgan	CEO	May 2017
Sinclair Broadcast Group	Rob Weisbord Robert Malandra	COO, Sinclair Digital Group SVP, Advanced Revenue Development & Analytics	March 2016 September 2017
SintecMedia	Lorne Brown	CEO	May 2017
Strata	Judd Rubin	VP, Revenue Development	March 2016
SwellShark	David Tucker	Head, Strategy	May 2017
TiVo	Walt Horstman	SVP/GM Analytics and Advertising	September 2017
Tremor Video	Tim Ware	VP, Advanced TV	September 2017
TubeMogul	Jes Santoro	SVP Programmatic and Advanced TV Sales	January 2017
Turner	Larry Allen	VP, Ad Innovation and Programmatic Solutions	January 2017
U.S. International Media	Dot DiLorenzo Russell Zingale	EVP/Director, Planning President, Eastern Region	March 2016
Verizon (AOL Platforms)	Brett Hurwitz	Business Lead, Advanced TV	May 2017
Videa	Brett Adamczyk	VP Business Development and Strategy	March 2016
WideOrbit	Eric Mathewson	CEO	August 2016

Quick Takes on Terms and Acronyms

Addressable TV	TV targeted to households via STBs.
Advanced TV	Addressable TV, ATSC 3.0, OTT, Connected TV
ATSC 3.0	New over-the-air broadcast TV standard
Automated TV	Technology workflow added to TV buying/selling
AVOD	Ad-supported Video-On-Demand
Contextual Audience Network (CAN)	Networks using advanced data analytics to support the sale of their linear TV inventory across all of their portfolio of TV programming
Connected TV	TV set with an operating system and applications that is connected to the Internet via WiFi, Ethernet or some other interface.
CPG	Consumer Product Goods
DAI	Digital Ad Insertion
DMP	Data Management Platform
DSP	Demand-Side Platform
eCPM	Effective Cost Per Thousand (impressions)
KPI	Key Performance Indicator
Linear TV	Broadcast or MVPD TV programming that is distributed at a scheduled time.
Local Cable	Local provider of MVPD services – cable, telco, satellite operators
Martech	Marketing technology such as Customer Relationship Management (or Marketing) systems
Mobile	Feature or smart phone platforms
MVPD	Multichannel Video Program Distributor, includes cable, telco, or satellite operators.
Next Gen TV	See ATSC 3.0
Online/Digital	Desktop and tablet platforms
OOH	Out-Of-Home advertising displays
OTA	Over-the-Air local TV stations.

OTT	Over-The-Top TV
Programmatic TV	Combines features of demand-side, supply-side and data management platforms in advertising exchanges in fully or nearly fully automated workflow.
QSR	Quick Serve Restaurants
ROI	Return on Investment
Smart TV	See Connected TV
SSP	Supply-Side Platform
Stack	A technology stack refers to several types of independent but interoperable software such as network layer, operating system layer, applications layer, etc.
STB	Set Top Box devices used by MVPDs for television services.
SVOD	Subscription Video on Demand
TRP	Target Rating Point
VOD	Video on Demand
YOY	Year over Year