The Convergence of TV, OTT & Digital Video

5 Factors Disrupting the Media Buying Landscape

The advertising landscape is forever changed by the emergence and steady rise of OTT.

TV, OTT, and digital video were once clearly defined as separate entities, but the lines between them are blurred, thanks to the wide variety of streaming services and devices now in play.

And with so many competing messages about impressions vs. ratings, cord cutting vs. cord stacking, and even TV vs. digital in the marketplace, this fragmentation makes it challenging to efficiently place media buys.

This doesn't have to stop your advertising from meeting – and exceeding – benchmarks. Audiences are still watching TV and video in droves; in fact, with the explosion of OTT viewing, TV and digital have truly converged. For advertisers, the opportunities to reach customers on the #1 brand-builder keep growing no matter how viewers are watching. The right advertising strategy backed by in-depth audience data will ensure you are reaching them.

> **63% of households in America have a cable or satellite subscription as well as some type of OTT service.**

Here are the **top five facts** to know about the convergence of TV and digital and how to meet the evolving media landscape head on.

Sources: comScore OTT Intelligence, US, May 2019.

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The industry is moving to one currency: impressions.

A major outcome of the convergence of TV and digital is the shift to impression-based buying. With the increase in online viewing across device, traditional TV advertising strategies have adapted. Marketers should approach TV and OTT advertising with a digital mindset. Rating points that estimated a broad demo are no longer the end-all-be-all: brands would rather count the number of impressions of an audience its campaign can deliver.

Impression-Based Buying & Selling is the Future

By changing the standard currency to impressions, we can use any source of measurement, including Nielsen, set-top-box data, comScore, and more.

This levels the playing field, simplifying the buying process across platforms. However, all impressions are not created equal: Television offers a lean-in experience to an engaged and vast audience.

What makes an impression?

The definition varies by platform.

- **Linear TV:**
  The estimated number of viewers exposed to a video message of an intended target expressed in units, via OTA (over-the-air) or wired cable/satellite/telco provider set-top-box.
- **Addressable Linear TV Impressions:**
  The estimated number of an "addressed" target audience exposed to an advertiser's video.
- **OTT Impressions:**
  The estimated number of viewers exposed to a video message of an intended target.
- **Digital Impressions:**
  Counted as the measurement of responses from an ad delivery system to an ad request from the user's browser.

Not all Impressions are created equal

	Non-Premium ←			→	Premium
Definition	User-generated	High-quality UGC	Live	Scripted & Unscripted	Tent Pole Events
Example	Cat Video	Pew De Pie	CNN	American Horror Story	NFL Football, Season Finales
Format	Short-form	Short-form	Live Programming	Long-form episode	Live events
Distribution	YouTube	Snapchat	Spectrum & Network Apps	Spectrum & Network Apps	Spectrum & Network Apps

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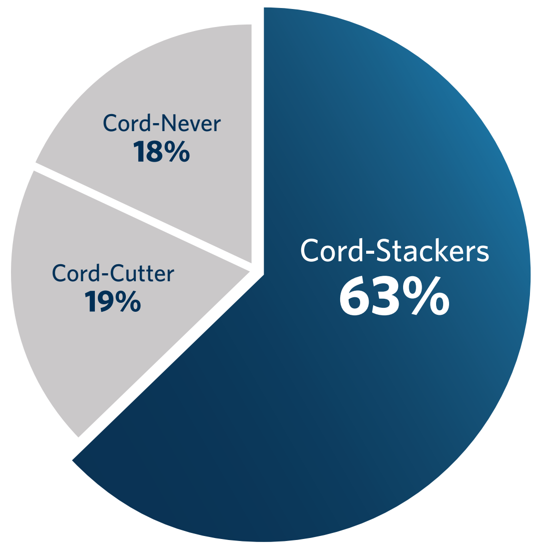
Cordstacking *is in.*

As access to streaming video grows alongside the rise of cord cutting, attention in the industry quickly shifted to the question of Pay TV's fate. But the trend we've seen more recently is that cord cutting is less of a phenomenon than had been originally anticipated. In fact, consumers are still happy to pay for traditional TV, and are more likely to stack their streaming subscriptions on top of their cable or satellite service.

The Facts on Cord-Cutting



"Streamers" aren't de facto cord cutters. Even viewers are changing their definition of "TV." **63%** of people think of streaming as "in addition to watching traditional TV," not as a "replacement."

58%

of the population are Cord-Loyalists, meaning they never plan to cut the cord.

Multichannel homes represent 80% of US TV households.

- The average US HH has 11 connected devices.
- The average US HH watches 4 OTT services.

Sources: comScore OTT Intelligence, US, May 2019. Gfk 2017 – Cord Evolution February 2017. VAB Left to Your Own Devices report vis S&P Global; February 2019. Nielson Total Audience Report, Q3 2018

Video is everywhere – including the big screen.

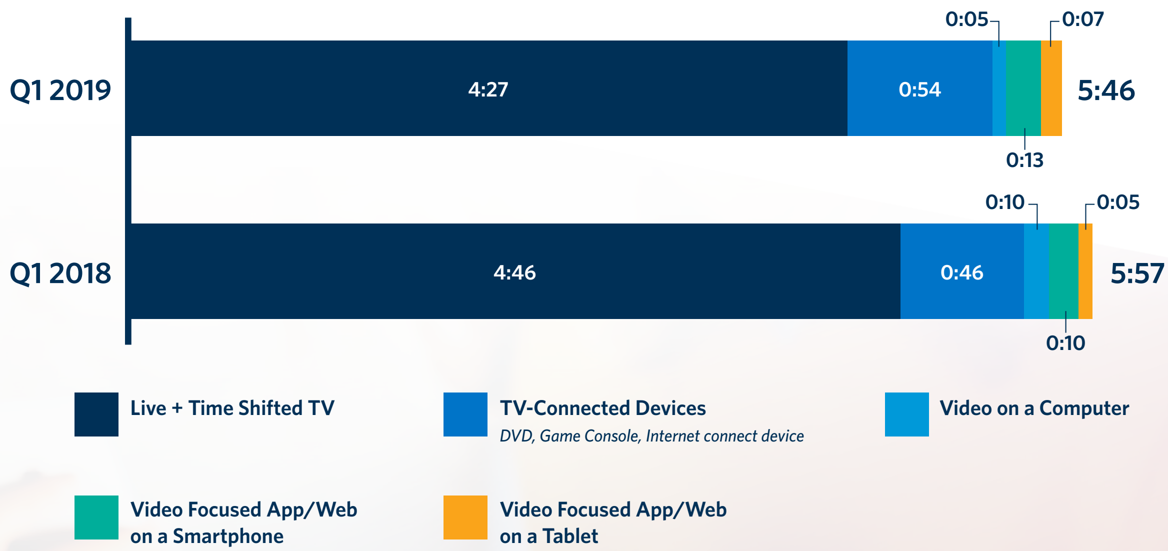
With all of the emphasis placed on premium OTT content today, the truth is that audiences are still watching TV content at about the same rate. The way they're accessing it is just different.

Whether it's a 20-minute sitcom or a 40-minute drama, consumers are still watching their favorite live and on-demand content, on big screens or small, by any means necessary.

Adults 18+ continue to spend the most time with video on the large screen at almost five hours per day.

Average Time Spent Per Adult 18+ Per Day on Video

Based on Total U.S. Population



Source: Nielson Total Audience Report, Q4 2018

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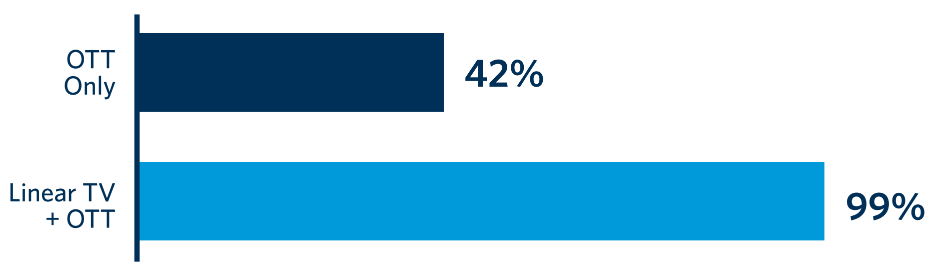
Spectrum TV App viewers are using the “Big Screen” to watch premium content.

In the last year, the number of hours consumed on Spectrum TV (Spectrum’s proprietary OTT product) increased by 63% and 92% of the content consumed was live.

The combination of Linear TV and OTT provides an incremental reach opportunity that increases consumer interaction, message reinforcement, and ad recall.

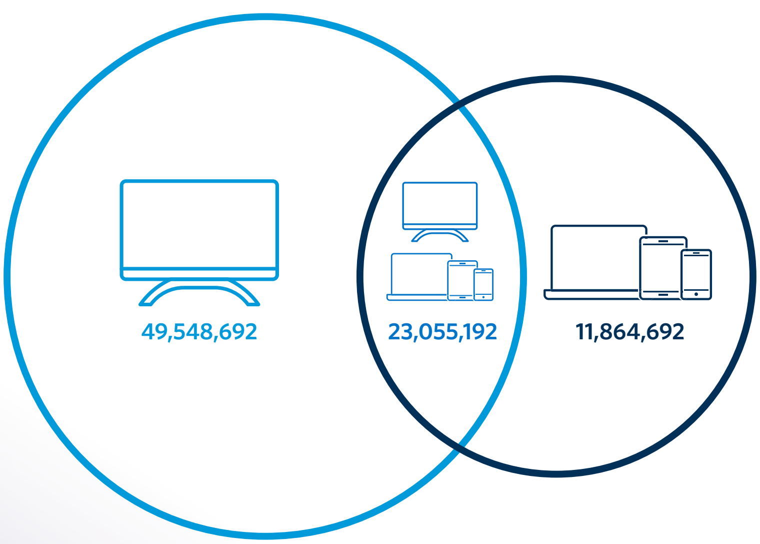
Brand Favorability Lift

Exposure to Ad in OTT-Only and Linear TV + OTT



Linear TV + digital = exponential reach.

Average Unique Audience Per P18-49 Campaigns



“Traditional” TV remains the primary driver of audience reach in cross-platform ad campaigns, but digital ads bring an incremental +16% to the total reach of campaigns targeted to adults 18-49.

Sources: Spectrum/Charter Internal Reporting. CRE and Hub Research custom study. “New study finds that TV outperforms Digital Platforms in viewer ad attention and recall 6/2016 (latest available data). VAB Linear TV & OTT; Living Together in Harmony Report P19; 2018. Neilsen Total Ad Ratings campaigns, inclusive of mobile data, from October 2016 through December 2018

4 Data will deliver your audience.

The more fragmented consumer viewing habits have become, the more complicated it became for marketers to connect with their audience on every screen. Relying mainly on demographics proved to be ineffective, as it wasn't telling the full story about who was consuming what content and when.

Across the board, data is the new demand. And the industry is now leveraging first-party data with third-party data to optimize buys. Internet service providers – also known as the pipeline into the home – give advertisers unparalleled access to specific audience insights.

Relationships with first- and third-party data providers create unique audience profiles that drive better campaign results. First-party subscriber data is invaluable. And third-party data enriches those insights with even more information about who your consumers are. It can be as specific as which type of bar soap a subscriber purchases, to their hopes and wishes on their next destination to travel.*

Third-Party Data is category-specific

Automotive	experian, IHS Markit	HHs in market for specific vehicle makes and models
CPG	Nielsen Catalina Solutions, KANTAR, IRi Growth delivered	Purchase history and brand affinities
Pharmaceutical	CROSSIX	Medical Information
Retail	LiveRamp, nielsen, Mastercard, VISA	Shopping habits
Travel	LiveRamp, ADARA	Frequent travelers or in-market to travel to a certain city
General	LiveRamp, experian, acxiom, EPSILON, neustar, ORACLE	Behavioral, demographic, psychological, etc.

This proprietary first-party data combined with partnerships with third-party data providers gives television advertisers the greatest opportunity ever to target beyond age and gender demographics, with better audience estimates and stability.

** Spectrum first-party data is aggregated and anonymized to ensure no personally identifiable information is disclosed.*

Campaign measurement matters.

With the convergence of TV and digital comes the biggest piece of all: measurement. For the first time, the industry is innovating at a rapid pace, working to enable measurement of attribution, website traffic, sales lift, foot traffic and even brand health.

The days of having to fragment client reporting, piece together a story of success, and struggle to understand what really contributed to a sale are coming to a close. With the ability to tell one cohesive client story, thanks to this marketplace converging, it's a win for both digital and TV buyers. And it's a win for their clients.

Goal-Orientated Campaign Intelligence

Unprecedented campaign intelligence has paved the way for in-depth analytics and measurements, driving betters results for any advertiser's bottom line and helping to judiciously inform future marketing decisions.

Benchmarks for success now go way beyond overall impressions or vague numbers of website traffic, and the convergence of TV and digital allows for a microscopic look at the varying gauges of campaign effectiveness.

The Results

Awareness
(Brand Health)

- Ad awareness
- Ad preference
- Perception by demo and competitive purchasers

Engagement
(Web Traffic)

- Lift in site visitors
- Total visits
- Page views
- Site conversions
- Days to first visit from exposure

Foot Traffic
(Customer Visits)

- Lift in location visits
- Incremental visits
- Total visits by exposed households

Purchase Metrics
(Sales Lift)

- Total buy rate
- Days to purchase
- Optimal frequency

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YOUR AUDIENCE DELIVERED

NEXT GEN TV: ANY AUDIENCE, ANY PLATFORM

Spectrum Reach offers advertising solutions for agencies of all sizes. Our suite of products includes premium linear television and over-the-top video, along with digital offerings that can target your ideal audience with precision. Our seasoned media professionals can consult on a variety of offerings, aligning your clients' brand with content that can reach any audience on any platform.

Visit www.spectrumreach.com/agency-solutions
or call 1-844-TO-REACH to learn more.