

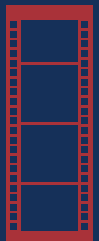
thinking

2016 Issue 1



No spoilers.

TV



YouTube



NEXT

NOT YOUR DADDY'S TV.

A LOOK INTO THE PAST, PRESENT AND FUTURE OF TELEVISION.



→ Hey, stop watching TV and read this.

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From viewership to terminology, here's how to keep up.
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Take a glimpse into how different generations use TV.

“That good ol’ boob tube.”



Once upon a time that phrase conjured up a universal image of that box in your living room where you watched your favorite shows on a specific day at a specific time. We spent hours in front of that box. We shared our excitement over the latest Tuesday night episode of that great show the next day with all of our friends.

TV watching has been a big part of our daily lives for decades. And despite all the press about cord cutters, the drop in TV viewership and the rise of time spent with digital media, TV watching is still a huge part of our daily lives. It comprises 35 percent of all the time we spend with media.

THE DIFFERENCE?

Our watching is no longer relegated to just that box in the living room. Nor are we constrained by time. We can watch whatever we want, whenever we want. We can (and do) even binge watch that series we missed — for days on end if we choose.

TODAY'S TV IS TIME AND SCREEN AGNOSTIC.

That's great news for us as watchers. We have more choices. We can watch anywhere. Anytime. And it's only going to get better.

But as advertisers, things are getting real. Really complicated. Really exciting. Really fast.

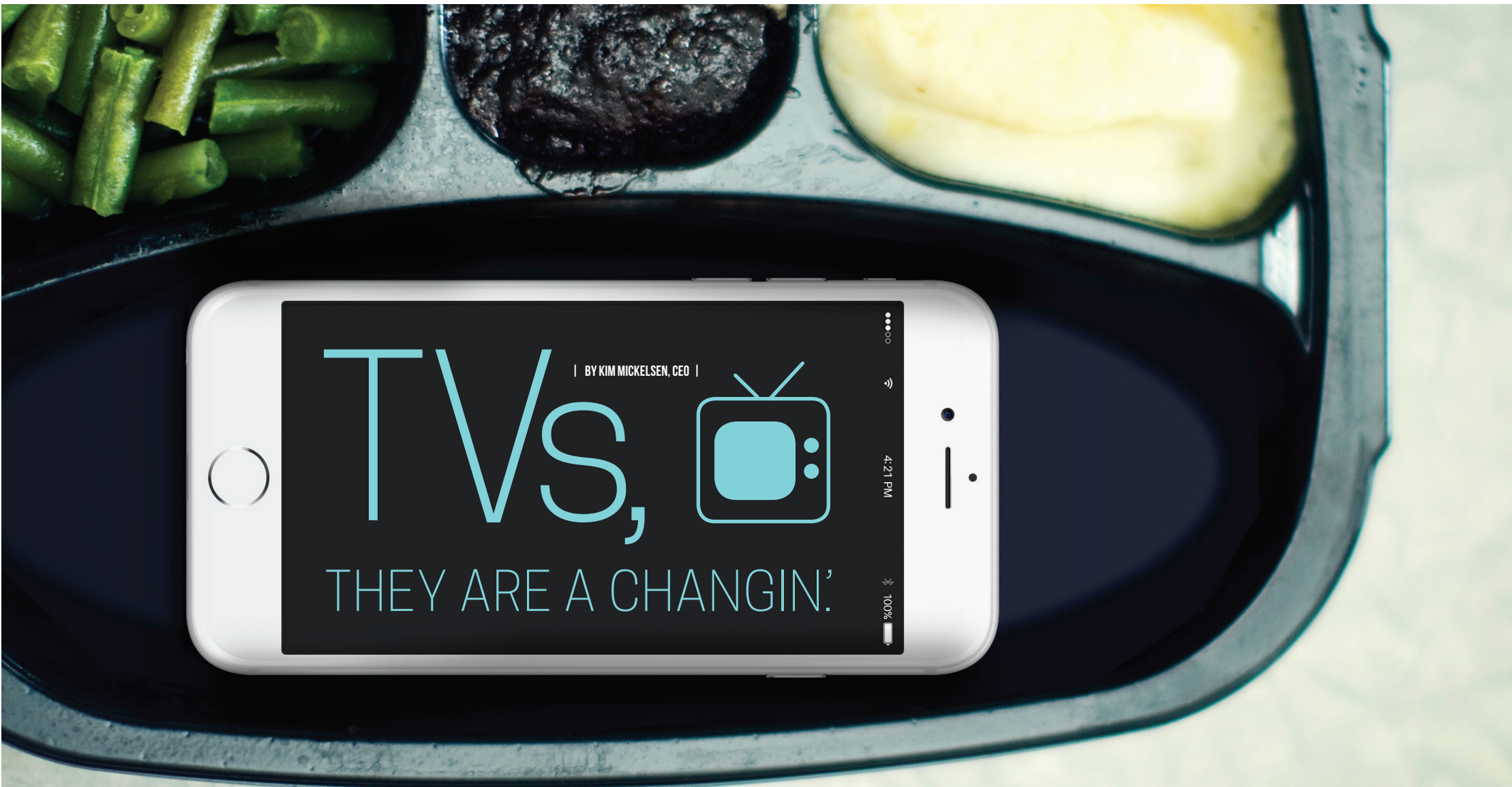
Fragmentation is crazy high. But advances in TV planning and buying methods are getting better and smarter everyday. Where once we could only target through programming that appealed to a specific demo, today with things like connected TV, addressable TV and programmatic media buying, we are getting ever closer to the kind of super smart targeting we've now become accustomed to in digital media buying.

The future is exciting. And based on everything that is happening right now. The future is here.

TODAY, WITH THINGS LIKE CONNECTED TV, ADDRESSABLE TV AND PROGRAMMATIC MEDIA BUYING, WE ARE GETTING EVER CLOSER TO THE KIND OF SUPER SMART TARGETING WE'VE NOW BECOME ACCUSTOMED TO IN DIGITAL MEDIA BUYING.



FEB 2016



Watching TV used to be so simple. First there were just a handful of networks. Then broadcast TV gave way to cable. But even as the number of channels multiplied exponentially, it was all still easy to understand. And buying it as advertisers was fairly straightforward. You called your network or cable rep for a national buy, or your local station rep for a local buy. Yes, it took smart planning and skills, but it was a straightforward proposition.

That was then. This is now.

Here are three things you should know about how it's all changing.

1. While today, the television set is still the dominant mode for watching TV content, new viewing patterns are growing rapidly, fed by three factors. First is the growing usage of connected TVs. Second is the increasing availability of original content from

78% of us use another device while simultaneously watching TV.

nontraditional sources, such as Netflix or Amazon. Third is the binge-watching phenomenon – the clearest expression of audience desire to control how and when they watch content. And to make it even more complex, for the majority of us, watching TV is no longer a standalone experience. 78 percent of us use another device while simultaneously watching TV. (Right now, I'm watching HGTV while writing this on my laptop and checking email on my phone.) And it's evolving to a more unified TV-digital platform, as evidenced by the fact that several small-pay TV providers (cable companies) have already announced that they will carry Netflix as a station. Eventually, it will become simpler for viewers and advertisers.

2. What's happening in the TV ecosystem right now is an interesting twist. Think about this – traditional advertising has always been the driver. It has driven digital. For all the so-called innovation in the industry, all “new” ad units are merely re-appropriated old media. Native ads are simply advertorials, Instagram ads are merely print ads with shorter headlines, and TV ads have formed the backbone for every pre-roll video. But now, for the first time ever, we will soon see digital techniques shaping TV advertising. The upside of that is the heightened ability to target specific and/or narrow segments.

3. A lot of the words we currently use to describe media and devices are no longer appropriate. Over the next decade, we expect the vocabulary that has been commonplace in advertising will begin to change. In fact, it's already starting. So familiarize yourself with these ecosystems terms to the right. Learn them. Use them.

TV Terms

Linear TV – Television service where the viewer has to watch a scheduled TV program at a particular time and on a particular channel.

OTT (Over The Top) – The delivery of video/programming over the Internet without a multiple-system operator (think cable company) in control of or distributing the content.

Smart TV – Internet is built into the TV itself. It includes a Web browser and keyboard, so you can browse the net.

Connected TV – A device connected to the TV that allows it to stream content over the Internet. Think Roku, Chromecast, Apple TV. (Note: 49 percent of U.S. homes have at least one connected TV set.)

Addressable TV – Enables advertisers to selectively segment TV audiences and serve different ads or ad pods (groups of ads) within a common program or navigation screen. Segmentation can occur at geographic, demographic, behavioral and, in some cases, self-selected individual household levels, through cable, satellite and Internet Protocol television (IPTV) delivery systems and set-top boxes (STBs). (Note: Currently available in about 50 million households.)

Linear to On Demand – TV links are made available for the viewer to activate via their remote control device. They can access on-demand content, often in the form of advertisements or merchandise for sale.

SVOD (Subscription Video On Demand) – Streaming service that allows subscribers to watch as much content as they want in exchange for a recurring fee, typically monthly and/or annually. Think Hulu, Netflix, Amazon Prime.

AVOD (Advertising Video On Demand) – Consumers can watch free-to-access content in exchange for viewing ads. Think YouTube.

TV Everywhere — Customers can access content from a network through Internet-based services (either live or on demand) as an aspect of their subscription to the service.



Follow the Measurement Road

| BY ROBIN DONOVAN, PRESIDENT |

We've got quite a ways to go to catch up with TV's evolution.

It can take months, even years to gather enough data for truly meaningful measurement as we've come to know it.



Technology has dramatically altered the landscape of media for all time. We thought it was a big deal when network TV became broadcast vs. cable. That was nothing compared to the viewer fragmentation resulting from connected TV or streaming video on demand. We're not in Kansas anymore, Dorothy.

Why is the evolution of TV viewing a good thing for marketers? Because it enables us to keep up with the viewers' diversified lifestyles, target more narrowly and efficiently, and ultimately improve our ROI. Marketers are thrilled by the prospect of being able to closely track these metrics.

But how long will their exuberance last if the ability to measure viewership is, at best, suspect and, at worst, missing altogether? Take care not to

make the mistake of being overly trusting when it comes to measurement claims.

We have seen fairly sophisticated marketers (hungry for measurement in this era of accountability) put far too much stock in unsubstantiated data when it would have been just as productive to throw all the data down the steps and see what lands closest!

The first step in a reasonable approach to measurement is to take a close look at the existing landscape.

For years, TV has relied on Nielsen data (and years before that it was both Nielsen and Arbitron data) to measure its viewing audience. Today, Nielsen is still the pre-eminent source of TV measurement, with upstarts moving in, attempting to snag the

title. Nielsen openly admits that they can't measure connected TV and streaming video on demand. As they state on their measurement Cheat Sheet, "Nielsen can measure a very small amount of content (mostly Hulu) that's delivered via so-called over-the-top web-connected devices that include a Nielsen code." It goes on to state that "in most cases" it can't measure OTT devices like Roku or Apple TV and is just beginning to test measurement of video streaming services like Amazon Prime and Netflix.

This would be no problem if other data services were competently filling the gap, but here's where it gets tricky. Media measurement is not something that can be created out of nothing overnight. It can take months, even years, to gather enough data for truly meaningful measurement as we've come to know it.

But fear not; help may be closer than you think. In 2009, leading television content providers, some media agencies and a group of leading TV advertisers formed an organization to promote innovation in audience measurement for television and cross-media platforms. The organization is known as CIMM, or Coalition for Innovative Media Measurement.

CIMM explores and identifies new methodologies and approaches to audience measurement through proof-of-concept pilot studies with independent measurement companies.

In June of 2015, CIMM published a research document entitled: Enriching Media Data: Quality is Key Requisite for Maximizing ROI. The primary purpose of this document is to educate the buyer on quality guidelines and standards by which to evaluate richer sets of audience metrics created by integrating audience data and TV viewership from multiple sources with a focus on quality, recency and consistency.

CIMM HAS MADE SOME IMPORTANT STRIDES IN THEIR QUEST.

But what about now? What can you do as a marketer until trustworthy data exists? First and foremost – don't be fooled by fancy numbers disguised in high-tech graphics. What's out there now has the proverbial "sound and fury signifying nothing."

Take a close look at the methodology behind the data. Scrutinize quality and make them vet their process to your satisfaction. If it seems lacking, odds are, the data will be flawed. And if they can't explain it, you should be seeing flashing red lights and hearing sirens. Understand that just because new technologies seem to crop up overnight that doesn't mean accompanying measurement will appear as quickly.

Technology has dramatically altered the landscape of media for all time. We're not in Kansas anymore, Dorothy.



THEIR INITIAL FOCUS IS ON TWO KEY QUESTIONS:

WHAT ARE THE OPPORTUNITIES AND CHALLENGES OF USING RETURN-PATH DATA FROM SET-TOP BOXES AND SMART TVs TO MEASURE VIEWING OF TELEVISION?

WHAT SOLUTIONS CAN BE DEVELOPED TO MEASURE USE OF MEDIA ACROSS PLATFORMS?

LASER FOCUSED

| NATHAN ANDERSON, PARTNER IN CHARGE OF DIGITAL SERVICES |

DELIVERING CONTENT THAT'S IN CONTEXT IS KEY TO GETTING A USER'S ATTENTION.

THE CREATIVE EMBRACE OF PROGRAMMATIC

Programmatic Media, or simply programmatic, is heralded as a sea of change in how we will market, not just in the future, but now. Narrowly focused, programmatic refers to the automation of media buys and placements, and one could simply think of this as a logistics improvement. If you've used Facebook's or Google's advertising tools, you are already familiar with the surgical precision that such a toolset can afford you.

Programmatic takes targeting and content customization precision and breaks it from any specific platform, extending it to the entirety of your advertising campaign. We're used to using data to smartly place an ad. What if we used that same data to dynamically deliver an ad that is customized to the viewer? In a world where ads can be tailored to demographics in real time (and across screens) the creative possibilities are endless.

I don't blame you if your head is spinning with possibilities

surrounding these emerging capabilities. As we move into the era of programmatic media, here are three key areas to focus your creativity on as we enter a new age of advertising:

1. AGILITY

Real time works both ways – with easy placement comes easy feedback. Traditionally, one might wait for a month of results and react accordingly. Programmatic offers us the luxury of seeing how individual ads are performing, as well as

the ability to adjust copy and imagery to alternate content immediately. We can even run it alongside the existing media to assess the impact on results.

2. CONTEXT

Storytelling is a key element of advertising campaigns and works great in traditional media. In the digital world, a user's focus is often divided, and you usually won't have their captive attention for more than 15 seconds or so. Designing and delivering content that's in context is key to getting a user's attention. Rather than trying to tell the whole story in one place, embrace the idea that your audience will see your message on many mediums and focus on being relevant to the user at that in-context moment.

3. TARGETING

Advertising to the broad 18-49 demographic is a thing of the past, but only if you're willing for it to be (as are straightforward notions like re-targeting a user who previously viewed your content). Programmatic offers nuanced potentials, such as targeting a competitor's customers or even

targeting your existing customers for a cross-sell opportunity. An agile and context-aware approach to your marketing will work especially well as programmatic assists you in honing your existing markets and showing you new opportunities.

Because the modern person consumes content across many screens, and often in tandem, our marketing will benefit by adapting to this reality with an omni-channel experience throughout campaigns. Programmatic is a quickly growing tool we can use to unify consumer experiences and unleash new data-powered engagements that previously were never possible.

PROGRAMMATIC ASSISTS YOU IN HONING YOUR EXISTING MARKETS AND SHOWING YOU NEW OPPORTUNITIES.

DATA-POWERED ENGAGEMENTS ACTIVATED.

HOW GENERATIONS VIEW TV DIFFERENTLY

| BY KERREY BRENNAN, COPYWRITER |



"I spend a lot less time watching TV and more time watching via another screen."

60-YEAR-OLDS WATCH TWICE AS MUCH TV AS 20-YEAR-OLDS

20-year-olds: They all said they watch about 2 hours per day.

40-year-olds: They all said they watch between 2-4 hours per day.

60-year-olds: They all said they watch between 6-8 hours per day.

WHILE 20-YEAR-OLDS DON'T OFTEN WATCH TV, WHEN THEY DO, THEY DO SO ONLINE.

Melanie: "I spend a lot less time watching TV and more time watching via another screen, whether it's my laptop or my iPad or even my phone."

Taylor: "I have friends who are not even purchasing cable for their apartments."

Collin: "TV is something that can be done without. I mainly would just watch TV for the news and then everything else I can get off of Netflix or something else."

TWO OF THE 20-YEAR-OLDS THINK THAT THE NEXT GENERATION DOESN'T HAVE THE SAME SENSE OF FAMILY BONDING.

Melanie: "Many of the kids I babysit prefer to watch shows and movies on their iPads. They don't have to compromise on a movie. I hate this and love that TVs can be family bonding, like watching a movie together."

Taylor: "Before we had DVR, I remember my parents planning dinner and other things around TV, like having to eat and clean the kitchen before West Wing or Survivor came on. It was so important to them that we spent that time watching together as a family."

WHEN ASKING THE QUESTION, "WHERE DO YOU SEE TV IN THE NEXT 10 YEARS?", I GOT SIMILAR ANSWERS ACROSS THE BOARD.

20-YEAR-OLDS

Melanie: "People will move toward transportable means, such as a tablet or a laptop."

Taylor: "Traditional TV will be gone."

Collin: "I think they're going to do away with cable providers and it'll be more or less like a subscription service, like on Apple TV. And I can pretty much buy just certain channels."

40-YEAR-OLDS

Jeremy: "Sports programming is going to continue to change the landscape of TV. That's the only thing people want to watch live. The rest of our programming is going to have to adapt to a-la-carte watching."

Eric: "Hopefully we'll have something more affordable for people other than dish or cable – like a pay-by-channel system. I see more people going away from TV and onto other things like Netflix, etc."

Stacy: "I think it's going to go to more streaming. More and more people are getting rid of contracts. You can go onto Amazon, Netflix, Hulu. It's more affordable."

60-YEAR-OLDS

Dennis: "There are going to be more channels catered to what you want. And you can get the price down based on what you want to watch."

Sue: "Everything will be combined – Internet, TV and telephone. I anticipate that TV will become more interactive with the viewer."

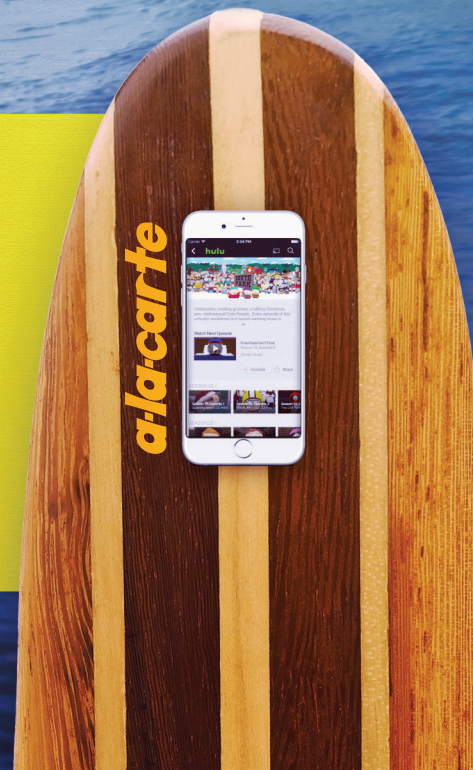
Carolyn: "It'll all go to paid-for channels."

All in all, I think it's safe to say that TV is changing with every new generation. Obviously. But just this tiny glimpse into the opinions of these generations tells me that a big shift in the way people buy and watch television is probably coming sooner than later. Question now is, how will marketers adapt?

TV IS CURRENTLY THE LEADER IN TRADITIONAL ADVERTISING – that's no secret. But just what do consumers think is in store for television and TV advertising? Will TV remain the leader? Is it already losing ground?

To try and gain a broader perspective on the topic, I interviewed a range of generations. I asked three 20-year-olds, three 40-year-olds and three 60-year-olds questions. What I hoped to find was some deeper insight into each individual demographic (as much as one can when interviewing three people to represent an entire generation), but what I ended up getting was more of a unique view on the psyche and watching-habits of the average 20-year-old. As well as where the entire group thinks TV will be in 10 years.

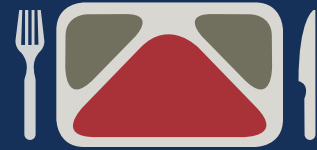
Here are a few of the more interesting things I discovered. →



"It'll all go to paid-for channels."



VHS



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NETFLIX



Beam me up, Scotty.



hulu

