

AdAge

**Over-the-Top TV
Offers Marketers
Unique Opportunities
to Reach Cord-Cutters,
Cord-Nevers and
Cord-Shavers**

THE MARKETER'S GUIDE TO OTT

Sponsor Content



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As viewers of all ages turn to over-the-top TV services, marketers are discovering new opportunities to target and align with key audiences.

Over-the-top television—known as OTT—is growing rapidly as traditional TV falls victim to increasing numbers of cord-cutters, cord-nevers and cord-shavers. Consumers, lured by OTT's more flexible options such as “skinny bundles” that offer fewer channels for less money than traditional pay TV options, as well as live programming and specific OTT-only video, are eager to try these new TV services that offer them content where and when they want it.

While still a relatively small segment of the market, this form of viewing is catching on quickly—giving marketers new opportunities to target and align with key audiences, with more than 58% of the U.S. population using an OTT device at least once a month, according to eMarketer. Along with offering advertisers the ability to reach consumers who may not be accessible via traditional TV, OTT, with its over-the-internet digital advantage, also gives marketers the ability to pinpoint specific audiences for select brand messaging.

How OTT Is Changing the Media Landscape

TV remains a powerhouse medium, with 304.5 million viewers in the U.S. However, today's viewers are increasingly turning to diverse viewing options that don't necessarily involve a TV set. They're watching on laptops, tablets, smartphones, game consoles and other connected devices such as Apple TV and Roku.

It is estimated that there will be 193.1 million U.S. OTT users in 2017, with 76.2% of total OTT video service viewers paying for a subscription-based OTT service.

What's driving this change in viewing? OTT, which uses the internet for transmission, gives viewers more flexibility. “We look at it as reaching the hard-to-reach consumers, the folks who can watch content anytime, anywhere, on any device,” says Adam Lowy, director of Advanced TV and Digital Sales for DISH Media Sales and Sling TV.

OTT also gives marketers a way to reach audiences at a time when traditional viewing is declining. “With people who are not necessarily a cord-cutter or a cord-never, but let's say a cord-shaver or people who have both pay TV and connected TV, their viewing on traditional linear TV is going down,” says Jonathan Bokor, president of Precision Video of Publicis Media. “So your opportunity to reach them is reduced. If you want to find those people, then connected TV is one of the primary places where you're going to find them.”

Birth of Live OTT

OTT has been around for about a decade with services such as Netflix and Hulu offering streaming series, movies and other programming over internet-connected devices. But TV executives saw the need—and the opportunity—for more options. In early 2015, DISH launched Sling TV as the first OTT service to offer live and on-demand programming, giving consumers the ability to stream their favorite live sports or premium content on any device.

This gives marketers the ability to serve ads to hard-to-reach viewers—cord-cutters,

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Brian Norris, vice president of DISH Media Sales

cord-shavers and cord-nevers—in top-tier live programming.

“Consumers have already moved over to streaming content like this in large numbers, but the media dollars are just starting to follow,” says Brian Stempeck, chief client officer of The Trade Desk. “It’s not dissimilar from where smartphones were a few years back, where consumers had already moved over to smartphones but the media dollars hadn’t yet followed. We’re at the tipping point of that same transition in connected TV right now.”

While marketers have been turning to digital channels such as Facebook, Google or YouTube to find these audiences, they have been met with complications. Viewability, low completion rates, ad fraud and brand safety, among other issues, have caused brands to rethink their digital strategies.

Live OTT premium streaming services, on the other hand, can combat the problems plaguing the digital TV ecosystem by offering:

- **100% viewability:** All ads run full-screen so 100% of pixels are in view, eliminating below-the-fold concerns of other digital media.
- **Near-perfect ad completion:** Viewers are watching the ads all the way through, with an average completion rate of 98%, according to Sling.
- **Freedom from ad fraud or bots:** Because viewers need to sign in each time they want to use the system, advertisers know who’s watching the content. In addition,

the majority of viewing is done through the cookie-less app environment, significantly decreasing risk of ad fraud and bots.

- **Brand safety:** With ads delivered during live TV or on-demand, viewers are reached across top-tier networks and popular content.

DISH Media Sales has also expanded its addressable ad offerings to Sling TV, giving advertisers cross-platform targeting capabilities across DISH and Sling TV homes.

“What’s really fascinating about this is we use the digital ecosystem, the tech stack, to deliver and target advertising,” Lowy says. “Through OTT, you have dynamic ad insertion. That allows for one-to-one targeting for every single relationship.” Bokor agrees: “On linear TV, the vast majority of the inventory is bought on a demo basis. There’s certainly a place for that—that’s not going away anytime soon. [But] connected TV represents the opportunity to buy on a more granular, targeted basis.”

Adding in Programmatic

Critically, on the heels of addressability came programmatic—real-time purchasing of live TV inventory. When the two are combined, OTT services can truly target viewers immediately and across platforms.

“[Originally] many people consumed Netflix and watched Hulu, but at that time there was no live television option open,” says Brian Norris, vice president of DISH

THE POWER OF ADDRESSABLE

Too often mass media fail to give marketers more than a blanket message to their audience. For those looking to pinpoint their target audiences while reducing waste and ad fatigue, addressable campaigns offer several advantages:

1. Timing and relevance: Addressable TV ensures that the right ads reach the right audience at the right moment. Ads are only served when the viewer is tuned in.

2. Data expansion: Using a rich set of demographic descriptors combined with third-party data analytics, addressable ads target viewers beyond traditional demographics so brands are buying audiences, not programs.

3. Waste reduction: Addressable advertising only serves ads to the target audience so advertisers aren't spending money to send brand messages to viewers who are unlikely to ever purchase the advertiser's product or service. "[Advertisers] have moved beyond buying a program to reach an audience," says Brian

Norris, vice president of DISH Media Sales. "They want to reach a targeted audience that will ultimately relate to the brand message they're being exposed to."

4. Frequency management: Addressable allows marketers to optimize the exposure of their ads to specific audiences, reducing ad fatigue. That means viewers will not see the same message over and over, effectively tuning it out.

5. Measurement: Addressable allows for in-depth post-campaign reporting, providing transparency and attribution. "With addressable, we can close the loop on the backend," Norris says. "We're actually able to tie sales back to the campaign on our platform and get the advertiser a sales lift story on how their campaign performed on our platform."



Media Sales. “Being able to innovate and to give a live TV offering to a portion of the audience that has decided to move away from traditional television ... that’s a huge advantage for an advertiser. That’s a game-changing innovation, because not only are we able to reach consumers with live television over-the-top, now we can deliver a relevant message in real time.”

Sling TV says this combination has given OTT the ability to more deeply target specific audiences in real time by setting up private, brand-safe auctions for advertisers interested in top-tier live linear TV content. To do this, Sling started grouping its subscribers—for example, auto intenders, vacationers and households with kids—then gave advertisers the option of bidding for those audiences, impression by impression. “The goal here is to look at our subscribers, find out what fits best with advertisers,” Lowy says. “We want to set up programmatic addressable auctions, private auctions, for every category out there. That is real-time buying.”

Sling is also offering contextual auctions around real-time live television such as the NBA, NCAA and “The Walking Dead,” and the marketplace is responding, with increases in volume of both advertisers and revenue. “We see this as a key driver of the future of buying television,” Lowy says. “It’s something that no one has done before in live premium television, and we know that bidding on every impression certainly helps to find the real value of an impression.”

Bokor says that auctions are a departure from traditional TV buying, which is based on negotiated rates and agreed-upon yearly percentage increases. “Historically in TV there has been no bidding, and bidding will help bring greater accountability to the value of ads,” he says.

OTT’s Pain Points

While OTT is gaining ground, both for advertisers and for viewers, especially younger viewers and cord-cutters who have dropped traditional TV, it still faces some hurdles, such as advertiser misperceptions and technical issues.

As with any new technology, a big concern centers on education—in this case, educating

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advertisers as they move from a traditional broadcast model to one-to-one targeting and delivery and how to optimize it to meet their objectives. Says Norris: “Nobody comes into [this] space already fully educated. They need to understand what the process is and, more importantly, what the benefits are.”

The nuances and processes of an OTT buy, whether it’s addressable, programmatic or linear, need explanation. A marketer and its agency team must figure out how they want to buy OTT, and who in the agency is going to do that buying, whether it’s the digital, TV, programmatic or advanced TV team. It also means working out what the agency and marketer expect to gain from the campaign, who they want to reach and what metrics they will be looking at.

“Step No. 1 is helping the marketer and the agency understand, if they don’t already, that this has become mainstream, this is a channel that they need to buy,” Stempeck says. Especially when it comes to younger viewers, he adds, “if your sales are dependent on reaching that audience, it’s no longer a nice thing to have, it’s a place you have to be.”

Another major concern is the technology—getting things right on the backend as more companies enter the market. Using broadband for transmission, for example, can create programming quality and speed issues, which require a lot of work behind the scenes. At the same time, demands for different data and measurement that require new tags can cause issues, especially as more and more companies enter the OTT space.

“We’ve had in-depth conversations with our programming partners and our advertising partners along with vendors specializing in the space to get this right and ensure top-tier quality content is delivered seamlessly,” Lowy says. “Everything has to be up to snuff—that same content, that same quality, that same viewer experience that consumers are used to through cable or satellite.

“With today’s social environment, consumers are reacting to technical issues in real time. This is an opportunity. It allows us to react quicker and to hear directly and quickly from our subscribers,” he says.

Measurement can be another issue. Marketers often use older measurement metrics to prove ROI. With addressable, OTT services can tie resulting sales directly to the campaign on the service platform by using first-party data combined with third-party and sales data provided by the marketer.

“The one place where it’s a game-changer, but people don’t always understand this, is the fact that when you see a TV ad now on connected TV, [you’re] able to measure another behavior that happens because of that,” Stempeck says. “You can see in real time that this campaign drove people online and got them to buy things, so you can see that it’s working. That’s something brand new for television.”

In addition, some marketers believe that addressable is too expensive and that they will pay higher CPMs by using this technology. However, while an advertiser might pay more per CPM to reach a target—say, an auto manufacturer selling to people who intend to buy a new vehicle—the overall cost will be lower because the marketer is only paying to reach a specific segment, such as prospective car buyers, rather than the total audience.

Best Practices for OTT Advertising

Even as they move through the medium’s initial pain points, marketers are reaping benefits with OTT. According to FreeWheel’s “The Power of OTT” summer 2017 report, OTT is drawing a younger and more affluent viewer than traditional TV—the median age for OTT audiences is 31, compared to 54 for traditional television—and their median household income was almost \$10,000 more per year.

For marketers looking to take advantage of OTT’s opportunities, here are five best practices for using the technology and its advertising capabilities:

1. Start with education. Buying OTT advertising requires education and learning—something the OTT provider should be willing to do. What are the benefits? How can you reach your core customers in a streaming environment? “We work with clients a lot on their objectives,” Lowy says. “This is just beginning. We are here to innovate, evolve the space together and uncover the opportunities available.”

2. Know how you want to buy. Once you understand the OTT space and what you want to achieve, you can then decide how you want to buy. For instance, do you want a programmatic buy, a linear buy or an audience-based addressable buy? Deciding this starts with figuring out what you want to accomplish with your campaign—what are your initiatives, your objectives as a marketer, and what kinds of results do you want? At the same time, you may learn that a certain solution, like addressable, is not right for you. “It’s not our first option to lead brands down a certain path when historical data will tell us that it may not work for them,” Norris says. “Since this is an education process, we’re also going to advise certain brands that for this type of advertiser, call it a toilet paper brand, which is something that is mass-marketed, they should probably stick with a linear solution. On the other hand, for something that is more targeted, addressable is absolutely the way to reach the right potential consumers.”

3. Define success. Understand what you want to achieve, whether that’s selling more

product, increasing viewership or creating a higher level of awareness with the audience. One-to-one advertising offers a tremendous opportunity—but only if you know what you want to use that opportunity to accomplish. A key part of this is defining your target and knowing what message is going to which audience.

4. Use what you learn to improve your next campaign. Addressable and programmatic can provide a wealth of data on specific audiences. What worked well? What didn't connect? "Part of our value proposition is to be able to close the loop and provide data results that are beyond your standard Nielsen guarantees, to be able to prove that we are ultimately helping them accomplish what they want and continuously optimizing future campaigns," Norris says.

5. Linear is still critical to your overall message. While addressable and programmatic offer incomparable opportunities for reaching specific viewers, advertisers still need to create an effective linear message. "Choosing to do addressable doesn't always mean you are abandoning a linear approach," Norris says. "Advertisers can use addressable as a supplement to their buy to achieve incremental reach to their desired target."

The Future of OTT

OTT is in its infancy and will only continue to grow as more consumers turn to services that allow them greater flexibility and choice. For marketers, this opens the way for more options and innovation when it comes to reaching potential buyers at the right time and with the right message. Most importantly, it benefits the viewer, Norris says. "The viewer wants a seamless, relevant viewing experience," he explains.

In large part, the next few years of OTT advertising growth will depend on cooperation among the various players—the backend and broadband companies, DSPs and SSPs, research companies, the programmers and the individual OTT providers. "You can't do this all by yourself," Lowy says. "We are recreating an entire industry, and you just can't do it on your own. It's been helping us to work together.

We're all innovating together. There are massive things at stake for all of us out there, and a rising tide will lift all boats."

One key to this is to develop a way to identify users across devices, including TV. "It's really important for us to find a new way to connect with audiences as they move across platforms—making sure we're providing relevant content at every step of the way," Bokor says. "If we have a unique identifier and ability to better understand the consumer's viewing habits across devices, we can more easily influence reach, frequency and attribution across all three—desktop, mobile and connected TV. That would be very powerful."

Eventually, Lowy expects OTT to be virtually ubiquitous. "Innovation is taking us to whole new levels, and we're moving so much faster," he says. "We always say a screen is a screen and don't just think that is television, mobile, PC and Mac. There's going to be screens on other devices. There's going to be all sorts of content delivery because now that it's IP or wireless, it can be fed any way."

He says top-tier content will be delivered to all sorts of devices. "If there's driverless cars, what are people to do in their driverless cars? They're going to watch TV," he says.

"There are all sorts of opportunities opening up out there for content and information to be delivered, and all sorts of data capture and use of that data," Lowy says. "I see a whole new world coming out of connectivity."

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DISH Media Sales provides advertisers with intelligent solutions to efficiently maximize exposure to desired audiences across DISH and Sling TV. Through innovative platforms, viewer measurement tools and access to custom audiences on DISH and Sling TV via addressable and programmatic, advertisers employ strategically positioned, demographically targeted buys that enhance their national media campaigns.

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