

TELEVISION UPDATE, SPRING 2020

The Outlook for Data-Driven Linear TV

MAY 2020

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TELEVISION UPDATE, SPRING 2020: THE OUTLOOK FOR DATA-DRIVEN LINEAR TV

Data-driven linear (DDL) TV advertising is looking to hold steady during the COVID-19 pandemic, while addressable TV test initiatives portend expansion of ad inventory to be realized in 2021.

How is the coronavirus pandemic affecting DDL TV advertising?

COVID-19 has softened advertising demand, including for TV. Earlier this year, there was strong evidence that the volume of DDL TV ads would dramatically increase as marketers pursue more ways to bolster advertising effectiveness. At least two scenarios will be at play: Advertisers will bargain-hunt standard linear ad inventory in lieu of paying DDL premiums; and those who have reduced budgets may deploy DDL to spend more selectively.

How will DDL TV advertising achieve future scale?

Future scaling of DDL TV advertising requires more standardization of executional processes across buyers, sellers and data firms. OpenAP, a consortium of four TV network groups, has streamlined the processes for media agencies to simultaneously execute these types of campaigns across multiple networks.

What progress is being made on testing sources of expanded addressable TV ad inventory?

Two initiatives, Nielsen and Project OAR, have been launched to test commercial overlays on smart TVs during the 14 to 15 hourly minutes of national ad inventory.

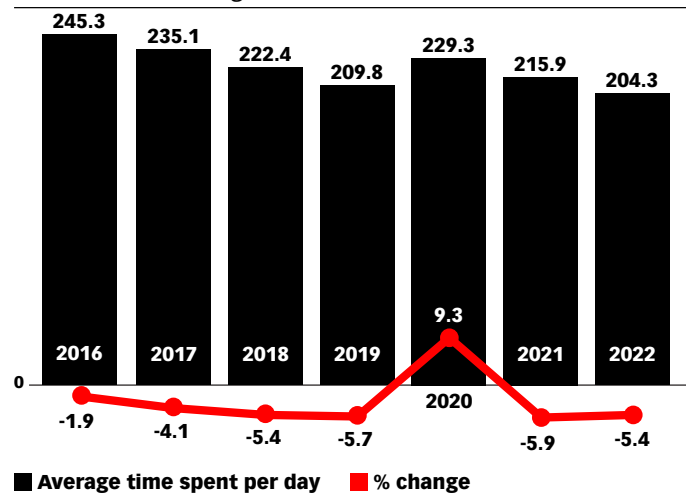
Live campaign testing will involve monitoring the rate of successful on-screen rendering of addressable ads as well as workflow processes such as target selection, trafficking and creative optimization.

The COVID-19 lockdown has delayed in-market testing until the latter part of 2020.

WHAT'S IN THIS REPORT? This report covers the most recent outlook for DDL TV advertising and updates on testing of new addressable advertising sources.

Average Time Spent per Day with TV by US Adults, 2016-2022

minutes and % change



■ Average time spent per day ■ % change

Note: ages 18+; includes live, DVR, and other prerecorded video (such as video downloaded from the internet but saved locally); includes all time spent watching TV, regardless of multitasking
Source: eMarketer, April 2020

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KEY STAT: After shelter-in-place orders were enacted, US consumers increased their time spent with TV in 2020. We have revised our forecast for time spent per day with TV upward to 229 minutes, a 9.3% rise over 2019.

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AN OVERVIEW OF DATA-DRIVEN LINEAR TV ADVERTISING

Normally, the month of May signals the start of the TV upfront marketplace, where advertisers place advance orders for 12 months of TV commercial inventory to lay a foundation for achieving target audience reach goals. Live upfront presentations in the US have been canceled due to COVID-19. It is unclear what lower demand for TV advertising means for the volume of DDL deals in this year's remote upfronts. While there is likely to be some softness for DDL, the state and sophistication of the offerings continues to advance.

During the past several years, advanced targeting capabilities on TV have proliferated, spurred by marketers' relentless quest to improve return on investment (ROI) and buoyed by an abundance of data that links what people watch on TV to what they consume. The increasing number of ad dollars migrating to highly targetable digital media also motivated TV networks to develop advanced targeting offerings.

DDL TV is the terminology for traditional linear TV viewing data when it's combined with descriptively rich consumer data to form advanced targets. TV networks are now making audience delivery guarantees on DDL targets in addition to standard age and gender metrics. For example, a standard homeowner insurance target for a TV buy may be adults ages 25 to 54, whereas the DDL target might also include household income of \$100K or more, married, presence of children, or regional targets such as East or West Coast households.

In addition to the proliferation of advanced targeting and DDL, TV advertising has morphed into several ad inventory platforms. Beyond linear TV exists video-on-demand (VOD), addressable TV, connected TV (CTV) and digital video ad inventory. All of these nonlinear ad sources offer sharper targetability than linear does. Addressable and VOD target individual homes, while CTV and digital video can pinpoint homes, devices and potentially individuals.

For more in-depth coverage, see our report ["TV and Digital Video Measurement 2020: Addressing Cross-Platform Challenges."](#)

And marketers are highly interested in messaging their consumer targets on whatever screen they're watching, especially since viewers are spending more time with nonlinear TV fare. Despite the dramatic drop-off in viewing time, linear TV still attracts the majority share of viewers and commands available ad inventory that is dramatically higher than all other TV viewing sources combined. And since every linear TV advertising campaign can be DDL-enhanced, the potential ad volume deploying DDL targeting is poised to grow.

Nearly every major TV network group offers advanced targeting products that combine consumer data from first- and third-party sources with viewing information supplied by firms such as Nielsen, Comscore, Inscope, iSpot.tv and other TV data providers. In some cases, deals are tied to outcomes such as sales, website traffic or (in normal times) store traffic.

About half of the major network TV groups independently go to market with their offerings. Meanwhile, the OpenAP consortium of TV networks that includes NBCUniversal, Fox, Viacom and Univision was formed to create a one-stop shop for advertisers and media agencies to evaluate DDL advertising opportunities across TV networks. (Details of the OpenAP operation will be discussed later in this report.) A newly created rival consortium of TV networks goes by the name of Xandr Invest and includes AMC Networks, Disney and WarnerMedia.

Major TV Network's Advanced Targeting Programs

Network	Advanced Targeting Program
A+E Networks	A+E Precision
AMC Networks	AMCN Agility
CBS	DnA
Discovery	Discovery Engage
Disney	Luminate
Fox*	Audience Insights Manager
NBCUniversal*	AdSmart
Univision*	Aperture
Viacom*	Viacom Vantage
WarnerMedia	Audience Now

*OpenAP members

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2020/2021 TV UPFRONT: DDL OUTLOOK

Past TV upfronts witnessed the release of advertisers' and media agencies' animal spirits as they contemplated expected CPM increases paid for dwindling linear audiences. Last year's upfronts saw the national TV networks command a 15% CPM boost vs. the prior year. This year's upfront, which cover a window of time that includes September 2020 through August 2021, will be permeated by the dampening effects of COVID-19 on advertising spend.

Media agency Magna Global is forecasting a 13% drop in national TV during 2020, punctuated by deep cuts in travel, restaurant and theatrical movie ad dollars. According to Magna, retail, finance and automotive ad categories are under considerable pressure as well.

We anticipate that the pandemic will impact both national and local TV ad spending in the US and expect a decline of between 22.3% and 29.3% in H1 2020—about \$10 billion to \$12 billion less than expected.

For more on our view of TV ad spending, see [“Analyst Take: How the Coronavirus Will Change Our US TV Ad Spending Forecast.”](#)

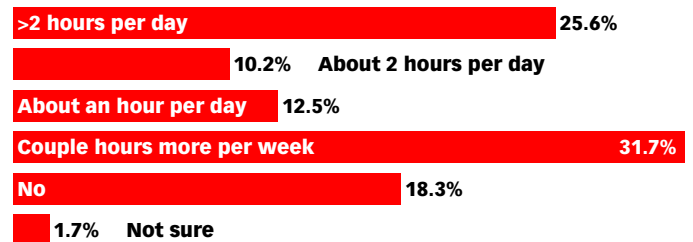
The disappearance of live sports telecasts, including NCAA and NBA basketball and the 2020 Summer Olympics, further exacerbates COVID-19's impact as TV networks scramble to offer advertisers replacement ad inventory. Finally, production of next season's programming has halted due to quarantines.

Coming into 2020, the networks' held a leveraged position, predicated on the notion that C3/C7 linear ad inventory remains the foundational element of video advertising plans by offering the quickest means to build target audience reach. (C3/C7 ratings refer to measurement of the number of viewers for commercials three days and seven days past the date that they first were aired.)

As advertisers work their way through the COVID-19 shutdown, the fundamentals for building video advertising reach on national TV remain in play. In fact, TV viewing surged during quarantines, as consumers committed to being housebound.

How Much More Have US Adults Been Watching TV/Streaming Video During the Coronavirus Pandemic?

% of respondents, April 2020



Note: ages 18+

Source: FreeWheel, "TV Advertising: The Right Moves, Right Now.," April 28, 2020

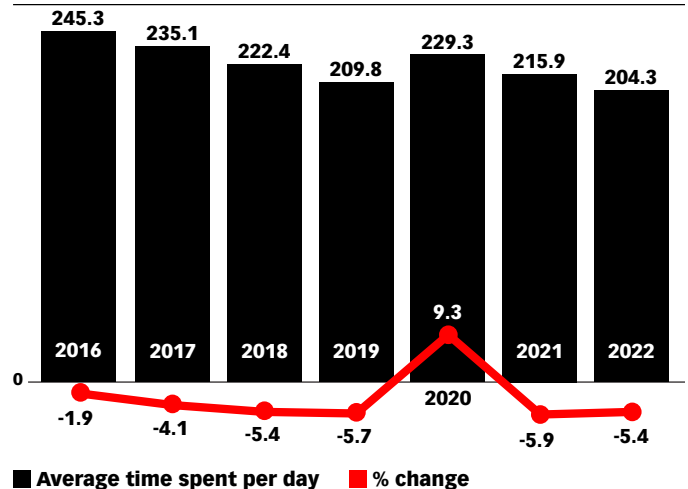
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We have adjusted our forecast for US adult time spent with TV to reflect this year's increase due to the shelter-in-place orders that were enacted in March. Time spent per day will reach 229 mins, a 9.3% rise over 2019.

Average Time Spent per Day with TV by US Adults, 2016-2022

minutes and % change



Note: ages 18+; includes live, DVR, and other prerecorded video (such as video downloaded from the internet but saved locally); includes all time spent watching TV, regardless of multitasking

Source: eMarketer, April 2020

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Most video advertisers start with a base linear TV ad plan and then extend reach by adding other video options that can include CTV, addressable, VOD and digital video. It's a given that marketers are interested in uncovering ways to smartly invest national linear TV ad spend to compensate for price inflation, although 2020 CPMs have dramatically declined. According Philip Inghelbrecht, CEO and co-founder of TV ad agency Tatari, there was about a 40% drop in CPMs among the networks it bought inventory from.

When thinking about the impact of COVID-19 on DDL deal volume, two compelling scenarios come to mind. The first is one that depicts general softness in the TV ad market that drives down age and gender CPMs, making it less attractive to pay premiums for DDL buys. According to Tracey Scheppach, CEO and co-founder of media consultancy Matter More Media, “Programmers are not going to be able to charge a premium for DDL when the whole supply and demand just flipped upside down.”

Another situation is marketers who pare back TV ad spend become more interested in investing dollars more selectively through DDL and potentially addressable video options. The likelihood is that both of these scenarios will be at play, and it remains to be seen which one will win out. By most accounts, COVID-19’s negative effects on the economy will be felt at least until Q1 2021. Many brands’ market shares could be compromised as consumers veer from their usual buying habits.

According to Numerator, a firm that tracks consumer purchases at retail and online outlets, recent shifts in consumer behavior include fewer shopping trips and higher-volume purchases, more online shopping, buying brands that wouldn’t otherwise be purchased, and shopping at stores not normally visited. NCSolutions, another firm collecting consumer purchase data, released a [study](#) this month revealing that major brands who maintained advertising during the pandemic benefitted by increasing their market share during a 34% growth spurt in consumer packaged goods (CPG) category sales since March 22 of this year.

This disruption in consumer buying habits suggests that marketers deploy some maintenance level of advertising to retain their current marketplace positions. In this situation, reducing advertising waste is key, and targeting techniques such as DDL and addressable advertising could take on a more prominent role.

INDUSTRY ECOSYSTEM CONFIRMS DDL’S CONTINUED VITALITY

Sellers position. No official industry ad spend estimates currently exist for DDL audience guarantee deals offered by the TV networks. However, conversations with both the buy and sell sides have revealed a steep and steady growth rate during the past five years, as cited in our report [“Advanced Targeting on TV 2019: An Update Ahead of the Upfronts.”](#)

“We’ll probably double our DDL business in this year’s upfront,” said Ethan Heftman, senior vice president of precision and performance advertising sales at A+E Networks. Heftman tempered his bullishness by offering that DDL is still a relatively small portion of A+E’s overall business, and that advanced targeting on TV is currently in its nascent stages with lots of interest and a slow build toward critical mass.

From the buy side, including media agencies and demand-side platforms (DSPs), the outlook for advanced target or DDL deals for this year’s upfront is generally bullish. Although the transactions will likely command a relatively small share of dollars, the magnitude of growth is expected to be robust. According to Lyle Schwartz, former chief integration officer at GroupM, “Share of ad dollars for advanced targeting products will likely grow two to three times in the 2020 upfront vs. last year.”

One catalyst for accelerating DDL activity during the upfronts is the leveraging of marketers’ first-party data for optimizing linear TV planning, as advertisers seek to jolt linear TV, the largest chunk of their video budgets, according to Philip Smolin, chief strategy and revenue officer at DSP Amobee. The company often partners with media agencies, providing them with front-end systems for planning advanced, data-driven targeting on linear TV as well as CTV and digital video. “There’s an urgency among media agencies to get their tech stacks in order to accommodate a surge in data-driven linear transactions, substantially scaling the activity that we’ve witnessed during the past several years,” Smolin said.

Third-party firms that provide the consumer data that’s blended with TV metrics can be a barometer of sorts for gauging the demand for DDL advertising. IRI, for example, makes available consumer purchase data for CPG and over-the-counter healthcare products, sourced mainly from consumer loyalty cards. According to David Wyler, vice president of advanced TV and digital video at IRI, advertisers’ 2020 demand (vs. last year) for more precise targeting on TV is being reflected in TV sellers’ requests for more data. Wyler said, “The number of [media] companies we’re partnering with is greater than last year and the year before, but the reason they want to partner with us is because we’re getting demand from advertisers.”

Cross-platform. As consumers continue to divide their viewing time across TV, smartphones, tablets, laptops and PCs, cross-platform ad offerings are expected to command a significant presence during this year's upfront negotiations. NBCUniversal, for example, is emphasizing One Platform, a cross-platform video approach that integrates linear TV with other video elements that include VOD, digital video and CTV. AdSmart is a system designed for planning and scheduling advanced targeting of viewers across different screens, while CFlight provides cross-screen measurement and reporting.

Video ad-serving platform FreeWheel plays a key role in enabling One Platform by integrating ad serving and reporting across digital video and CTV with plans for including VOD, according to Geoff Wolinetz, FreeWheel's head of sell-side revenue. FreeWheel, like NBCUniversal, is owned by Comcast. Other TV networks are busy putting together cross-platform systems as well. According to Jane Clarke, CEO and managing director of the Coalition for Innovative Media Measurement (CIMM), "All the networks are now creating these kinds of tools that enable cross-platform execution within their own portfolio of networks and digital properties."

HARMONIZING DDL OFFERINGS FOR ADVERTISERS AND MEDIA AGENCIES

Long before the TV networks offered DDL target deals, media agencies were creating advanced consumer targets to formulate their media plans while executing TV ad transactions based on standard age and gender targets. "We've got to keep in mind what we refer to as 'data-driven,' because although media agencies have traditionally negotiated on demographics, the target selection process, the identification process, has always been on advanced metrics," Schwartz said.

The agencies constructed advanced targets from advertiser clients' customer (first-party) data and from syndicated research, such as MRI's Survey of the American Consumer, which currently provides self-reported product usage statistics among 25,000 adults in the US.

The advertising industry recognizes the TV networks' foray into advanced targeting as a step forward. TV purveyors have beefed up their internal data science and analytic capabilities. They are now better equipped to work with advertisers and media agencies regarding targeting and measurement. DDL offerings can pose

complexity, however, for media agencies to holistically plan and execute advertising across TV networks.

Media agencies must evaluate advanced target estimates provided by each TV network group against the numbers within their own internal and often proprietary planning systems. For example, each network group may provide DDL audience reach estimates for its own ad schedule submission, and viewers are likely to overlap with those of competing networks. What's more, DDL consumer data sources may vary by network—and so might the consumer target definitions, making it challenging for the media agency to make like comparisons of advanced target audience delivery across competing network TV ad schedules.

In order to achieve brand reach goals and control for excessive ad frequency, the media agency must calibrate and reconcile any differences in target audience definition and then input each TV network's schedule into its own system to estimate reach for entire national TV plans. Postcampaign evaluation across TV network groups may also present challenges. For example, if a performance measurement component accompanies a network's DDL plan, the techniques for capturing the TV campaign impact on outcomes will vary across TV network groups, as each may work with their own preferred third-party measurement partner.

OpenAP is one example where the sell side has made a concerted effort to standardize operational processes for media agencies and advertisers by centralizing workflow for audience-based DDL and digital buys made across its member TV networks. Based on feedback from advertiser and media agency clients, OpenAP streamlined its platform so that media strategists can evaluate advanced target audience delivery on an apples-to-apples basis among OpenAP TV networks.

OpenAP's CEO David Levy said, "After the media strategist selects the target and CPM requirements, the OpenAP system generates and sends back a standardized proposal with the exact same audience definition, the exact same dayparts, and all the same report formats for each network. Anticipated delivery for those plans is then forecast, including unduplicated reach across all the networks in one place."

Media strategists have the option to specify investment levels for each network and daypart during their initial input or to tweak proposed plans that come back from OpenAP.

DDL ADOPTION DRIVERS: PIPES, PROCESSES AND STANDARDIZATION

Adoption of the networks' DDL offerings has been gradual, as the systems and processes for implementing DDL planning and buying are more complex than for executing standard deals benchmarked on guaranteed delivery of age and gender ad impressions. The DDL process starts by combining large TV data sets with richly descriptive consumer transactions and behaviors. This union of data becomes the source that feeds systems for estimating and reporting advanced target ad impressions, many of which are handled through spreadsheets.

DDL ad impressions for the advanced target (for example, home insurance prospects) must be tracked and stewarded in tandem with standard demographics (adults 25 to 54), so TV networks, advertisers and media agencies must perform double duty. And the sheer number and variations of advanced target data sources and target definitions can be overwhelming.

Wylar of IRI, a third-party data provider, observes the data integration process unfold across advertisers, TV networks and media agencies and acknowledges that while things are getting done, execution is not without challenges.

Wylar said, "A lot of targeting approaches are really doable, really viable, but there's still more friction than is ideal. For example, advanced audience targets may be defined differently depending on whether one is executing a DDL campaign or activating an addressable program on linear, CTV or VOD from different sellers. And paperwork can be a mess since contractual agreement terms between media sellers, agencies, advertisers, onboarders and data providers can vary. Then there's the coordination of the different functional groups within each of these organizations who are responsible for selecting, pushing, tracking and paying for these audiences."

DDL STANDARDIZATION

Processes, procedures and data-quality standards must be put in place to accelerate the growth of DDL advertising volume. The Advanced Target Standards Group (ATSG) is a central point of industry contact and standards of development for buyers and sellers of DDL. ATSG members include major TV networks and media agencies that meet several times a year to discuss standardization of data sources, audience metrics and best practices.

There is still a fair amount of education necessary to bring buyers and sellers up to speed on best practices for planning and executing DDL, and the ATSG has produced several documents to help advance the DDL learning curve.

"Primer for Advanced Targeting on TV," for example, covers the underlying concepts of advanced targeting, how to choose viewing and consumer data sets, and the steps for establishing deal parameters, campaign execution and postevaluation. This document also includes "Guidelines for Advanced Target Linear TV Deals," which details specification of calculation methodologies for managing advanced audience segments to ensure marketplace consistency for buyers across media owners.

According to Pete Doe, ATSG chair and chief research officer at Xandr's clypd division, "For data-driven linear to work, buyers and sellers need to understand and trust not only the data being used, but also the way the data is manipulated to calculate audience metrics. We set up the ATSG to bring consensus and transparency to the DDL market, bringing in buyers, sellers and industry experts to contribute their knowledge and perspectives. ATSG principles now underpin a large proportion of data-driven linear deals in the US."

ADDRESSABLE TV: IN SEARCH OF MORE INVENTORY

During the past decade, hundreds of addressable TV tests have demonstrated a higher lift of sales, store traffic and website visits, for example, vs. standard TV targeting, according to media agency and sell-side participants at last year's CIMM Addressable TV workshop. Addressable ad inventory, however, has been in short supply. New sources of addressable ad supply, including national TV inventory and potentially CTV, are being explored and tested. This section provides an addressable TV spending outlook and a current view of where things stand with testing the new addressable solutions.

CURRENT ADDRESSABLE SPEND OUTLOOK

Initially, we were expecting addressable TV advertising spend to increase more than 40% in 2020, given the presidential election year, increasing number of D2C advertisers, and the growing need for brand marketers to more selectively spend TV budgets. As with most 2020 prognostications, addressable TV's outlook is heavily tied to the trajectory and eventual leveling of the pandemic. We plan to issue addressable TV projections in Q3, after observing additional data about COVID-19 and its impact on advertising and addressable TV.

TESTING NEW SOURCES OF ADDRESSABLE TV INVENTORY

Household-level addressable TV offers more finely targeted means to reach marketers' key consumers than does DDL. However, addressable ad inventory is scarce, capping out at 4% of total TV advertising spend. Historically, national addressable TV inventory has been sourced from the 2 minutes per hour of local ad time that multichannel video programming distributors (MVPDs) make available. And within this 2-minute window, local advertisers command a dominant share of ads, thereby providing MVPDs with a steady stream of revenues. Meanwhile, national advertisers are looking to expand their search for addressable TV, exploring options outside the crowded 2-minute local TV window.

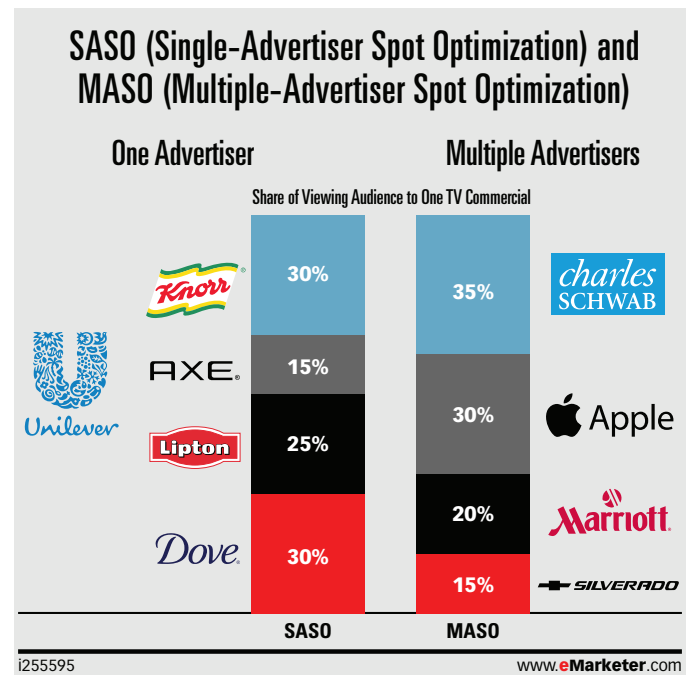
The notion of tapping the 15 hourly minutes of national TV inventory for addressable TV advertising has been in play for a number of years. More recently, concrete steps have been taken to crystallize this vision, mainly with the deployment of smart TV technology, whereby advertisers' commercials can be overlaid on top of ad inventory that has already been paid for.

There are two front-and-center industry initiatives for testing and enabling household-level addressability within national TV inventory: Project OAR (Open, Addressable, Ready) and Nielsen. Both organizations are partnering with smart TV manufacturers to develop systems for executing addressable across multiple TV networks. Both initiatives must ensure that TV ads are inserted with zero (or at least minimal) technological hiccups. Ideally, they must also plug into or create executional workflows that encompass target audience definitions, scheduling and trafficking of ads, and developing feedback systems for audience delivery and performance evaluation.

PRESSURE-TESTING THE TECHNOLOGY

Thorough testing of overlaid commercial insertions is critical prior to serving addressable ads "in the wild" and at scale. If the ads don't render properly, then all the sophisticated planning and optimization procedures leading up to the point of execution become moot. Technological requirements for inserting an ad within a microsecond timeframe without it overlapping or "bumping into" adjacent commercials are not trivial.

Ideally, ad-serving trigger signals must be sufficiently sensitive to the variations in different types of TV sets, for example. Ad decisioning systems must also identify which homes and what creative should be served to a brand's consumer target. The single-advertiser spot optimization (SASO) ad-serving model, for example, decides which brand of creative should be served within a specific commercial for one advertiser only. This approach is practical for marketers with a large portfolio of brands, such as Unilever. The MASO (multiple-advertiser spot optimization) capability can handle different advertisers within a single commercial execution.



Initial laboratory test results for both solutions have been kept confidential. However, the marketplace chatter is that the technology has been working and should not present a barrier for moving forward. Testing to date has been largely confined to TV sets in broadcast and cable engineering facilities where the results can be observed firsthand and where any necessary corrective modifications to the ad-serving solution can be made.

DEVELOPING THE WORKFLOW

If proper rendering of ads is table stakes for a successful addressable test, then developing streamlined workflow processes is the key to scaling the initiative beyond the testing phase and into the marketplace. Building platforms from scratch for buying and placing addressable ads sourced from national inventory presents an opportunity to harmonize and automate many end-to-end processes.

Traditionally, transacting addressable buys across multiple MVPDs has largely been a manual endeavor, although more recently Xandr and Ampersand have begun consolidating the sales process by creating a central point of coordination that spans distributors. One of Nielsen's test goals is to trial run an end-to-end solution that can be integrated with all the different role players within the addressable ecosystem.

According to Kelly Abcarian, general manager of advanced video advertising at Nielsen, "Every broadcaster, programmer or cable network, for example, has its own unique broadcasting workflow that we need in order to ensure how Nielsen can more seamlessly plug and play into that world. It could be their ad trafficking systems, program schedule creation, accessing creatives, etc. The same is true for media agencies when it comes to selecting first- or third-party targets, ad decisioning and ad replacement, for example." Nielsen's 2019 acquisition of Sorenson Media and its understanding of the linear addressable TV space are resources to be tapped into to support a smooth workflow.

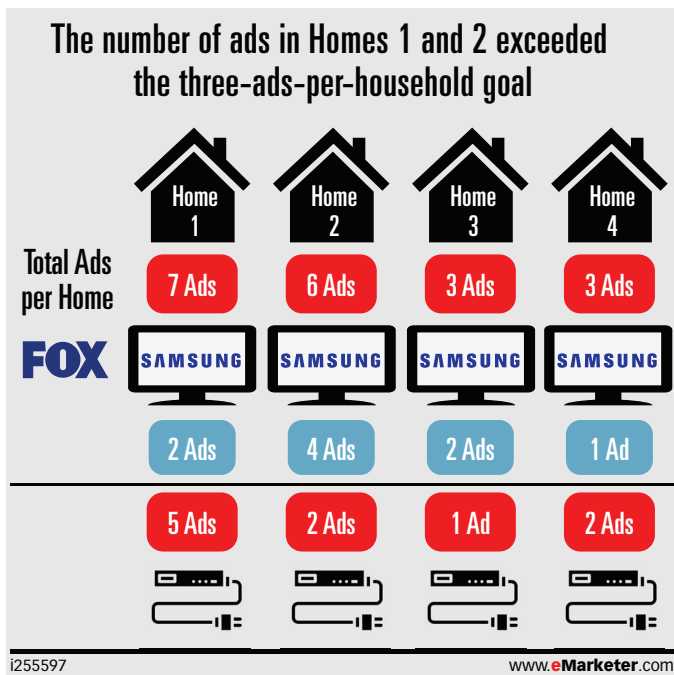
While Nielsen will offer its own version of intermediary software for enabling addressable TV buys, there are third-party options in the marketplace to supply such middleware across ecosystem members. Adcuratio is a technology firm that has emerged in the addressable space by developing end-to-end ad distribution enablement for MVPDs, TV networks and media agencies. Adcuratio's middleware works with both set-top box and smart TV devices and fits the bill of a universal-type platform for joining ecosystem members, irrespective of the technology setups they bring to the table.

Adcuratio founder and CEO Harish Narasimhan said, "A key barrier to unification across the addressable ecosystem is the desire for MVPDs and TV networks to have others conform to their own ad distribution technology, thereby gaining control of the central process. Adcuratio enables an open-sourced environment by harmonizing the ad transaction process across distribution points." Adcuratio's current clients include MVPD Dish Network and Fox TV network.

Audience Measurement: When Set-Top Boxes and Smart TVs Overlap

Sourcing addressable TV advertising from national commercial inventory holds the promise of more effective advertising but also introduces executional complexity. In the future, a media strategist might be called upon to coordinate two separate addressable buys, one with local (MVPD) ad inventory, the other tapping national (TV network) ad avails. Ideally, a mechanism for co-mingling viewing metrics from set-top boxes (MVPDs) and smart TVs (TV networks) would enable measurement and reporting of audience duplication across the two media outlets. Without this connection, an advertiser would be challenged to achieve ad frequency goals, for example.

Consider a hypothetical addressable buy made through Ampersand (local ad inventory via set-top boxes in Comcast, Charter and Cox homes) and Fox (ads appearing on Samsung TV sets). In this example, aired spots could overlap within Samsung set homes reached by the Ampersand buy. And let's assume that the media strategist sets a desired maximum goal of three ads per targeted home. In the following example, Homes 1 and 2 received double the frequency cap limit of 3, a scenario that could unfold without coordinated measurement and reporting capabilities across the Fox and Ampersand TV buys.



Industry oversight on minimizing the friction of implementing both traditional, locally sourced and nascent national addressable transactions appears to be a requisite path forward. The example above illustrates the issues encountered when combining local and future nationally sourced addressable buys. And it is currently unclear whether coordination or cooperation, for that matter, is even possible within network-only offerings, as the presence of two potential solutions (Project OAR and Nielsen) portends a divided industry.

Lack of coordination would further complicate advertisers' and media agencies' task of evaluating the burgeoning cacophony of addressable offerings, pricing dynamics, measurement and metrics. Clarke of CIMM said, "The whole ecosystem has to play together. You need some regulation here, some coordination, about how they're all going to make this happen—and not have it crash into each other."

From an audience measurement perspective, Nielsen is planning on offering a means to measure addressable advertising executed on both set-top boxes and smart TVs. According to Scott Brown, Nielsen's head of TV and audio products and overseer of addressable measurement, "We will be working with smart TV manufacturers as well as through set-top box providers or MVPDs who wish to not only continue to deliver what they're doing already in the 2 minutes of local avails, but ultimately get into the broader 14 minutes of landscape that could be available in the future." One outcome of this plan is to enable separate reporting of addressable advertising impressions, which heretofore have been available in minutes that do not contribute to the national TV currency.

This unified capability will become more important as the volume of addressable TV advertising increases during the years to come. Currently, MVPDs provide advertisers and media agencies separate addressable campaign impression estimates sourced from their set-top boxes. The notion of a single measurement sourced from one system holds appeal for simplifying future addressable ad transactions.

The Business of National Addressable

While initial laboratory tests indicate sound technology for successfully executing addressable overlays on smart TVs, much has to be ironed out on the business front. In addition to the presence of two potential national solutions (Project OAR and Nielsen), there must be some type of agreement on how all the ecosystem members benefit financially. At a high level, addressable revenues must provide the TV networks more revenues per advertising unit than they would normally receive selling standard linear spots. The networks will also need to hand over a portion of addressable revenues to TV manufacturers and data intermediaries (e.g., Adcuratio) that enable the ad-serving process.

Then there are the MVPDs to contend with. While the original equipment manufacturers (OEMs) own the TV glass, the MVPDs control the pipes and may make a play of their own for a cut of national addressable revenues. According to Matter More Media's Scheppach, the MVPDs are not likely to let opportunity slip through their fingers. The 15 minutes of national cable inventory is starting to be lit up through Invidi, which is a primary ad-serving technology deployed by MVPDs, she said. This means that the MVPDs could give the OEMs a run for their money.

Test Plan Timing

Testing for both Nielsen's and Project OAR's addressable solutions will likely be pushed back to the latter half of 2020, in sync with the hopeful lessening of the COVID-19 quarantine. In the meantime, Nielsen has created a virtual testing lab where it's seeking to maintain activity with the broadcasting partners while the COVID-19 lockdown ensues. Nielsen's Abcarian said, "We started those discussions with the networks around how we can still continue to make progress in the lab, knowing that probably, once we all get our normalcy back and are able to return to offices, they'll still want to execute a condensed test in their broadcast plant. Meanwhile, we are taking their live feeds into our virtual labs."

KEY TAKEAWAYS

- **Shelter-in-place orders have created opportunities for marketers to experiment with DDL.** Recent shifts in consumer behavior spurred by COVID-19 (e.g., buying brands that wouldn't otherwise be purchased and shopping at stores not normally visited) may leave some brands' market shares vulnerable. Marketers looking to maintain brand presence while conserving ad dollars during this period of consumer disruption should consider sharpening their targeting through techniques that include DDL and addressable ad placement.
- **Amid declining TV ad budgets, there is an opportunity for brands to improve market share by remaining active.** DDL and addressable TV may help to amplify this competitive edge during this time.
- **Marketers looking to expand their addressable TV activity can still participate in tests.** National addressable tests are being staged by Nielsen and Project OAR. The COVID-19 delay in live testing provides ground-floor opportunities for sourcing new addressable TV ad inventory later in 2020.

EMARKETER INTERVIEWS

eMarketer was founded on the idea that multiple sources and a variety of perspectives will lead to better analysis. Our interview outreach strategy for our reports is to target specific companies and roles within those companies in order to get a cross-section of businesses across sectors, size and legacy. We also look to interview sources from diverse backgrounds in order to reflect a mix of experiences and perspectives that help strengthen our analysis. The people we interview for our reports are asked because their expertise helps to clarify, illustrate or elaborate upon the data and assertions in a report. If you would like to be considered for an interview for one of our reports, please [fill out this form](#).



Kelly Abcarian
General Manager,
Nielsen Advanced Video Advertising
Nielsen

Interviewed March 25, 2020



Scott Brown
General Manager,
Nielsen TV and Audio Measurement Products
Nielsen

Interviewed March 25, 2020



Jane Clarke
CEO, Managing Director
CIMM

Interviewed February 21, 2020



Denise Colella
Senior Vice President, Advanced Advertising
Products and Strategy, Advertising Sales
NBCUniversal

Interviewed February 21, 2020



Pete Doe
Chief Research Officer
clypd

Interviewed May 5, 2020



Ethan Heftman
Senior Vice President,
Precision and Performance Advertising Sales
A+E Networks

Interviewed February 18, 2020



Bob Ivins
Chief Data Officer
Ampersand
Interviewed March 23, 2020



David Levy
CEO
OpenAP
Interviewed March 20, 2020



Harish Narasimhan
Founder and CEO
Adcuratio Media Inc.
Interviewed March 23, 2020



Jamie Power
Chief Operating Officer for Addressable,
Head of Analytics
Cadent

Interviewed March 23, 2020



Tracey Scheppach
CEO and Co-Founder
Matter More Media
Interviewed April 6, 2020



Aleck Schleider
Senior Vice President, Client and Data Strategy
Amobee
Interviewed February 18, 2020



Lyle Schwartz
Former Chief Integration Officer
GroupM
Interviewed March 13, 2020



Philip Smolin
Chief Strategy and Revenue Officer
Amobee
Interviewed March 9, 2020



Geoff Wolinetz
Head of Sell-Side Revenue
FreeWheel
Interviewed April 27, 2020



David Wyler

Vice President, Advanced TV and Digital Video

IRI

Interviewed March 11, 2020

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FreeWheel

Magna Global

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