



THE EVOLUTION OF TV

Reaching Audiences Across Screens





Part one of our Evolution of TV series, 7 Dynamics Transforming TV, introduced the increasing shift of TV to delivery over the internet. Here we dig into the first dynamic—reaching fragmented audiences spread across hundreds of screens and devices—and discuss the challenges and opportunities for distributors, programmers, and advertisers.

Reaching Audiences Across Screens

As we transition to the delivery of content over the internet, the line between traditional linear TV and online TV programming continues to blur. For viewers it's a win-win situation as they increasingly watch the content they like on their own terms. Increased access and an almost unlimited supply of programming means viewers are no longer slaves to their TV sets or what's slated in the *TV Guide* at a given hour (for example, *Modern Family* on Wednesdays at 9:00 p.m.). And not only are they watching what they want, they're watching where they want—from the 70-inch 4K OLED TV in their living room to their smartphones' 5-inch screens while riding the train to work.

Demand for anywhere, anytime programming is growing, and programmers (the owners of one or more television channels such as Scripps Networks, which owns HGTV, Food Network, and Travel Channel, among others) and distributors (service providers that deliver television channels such as Google Fiber or DirecTV to viewers) are stepping up their game to offer TV content across screens and devices. It's a fast-growing market with an ever-expanding roster of players and services.

Ubiquitous TV programming across screens and devices is great for viewers, but results in audience fragmentation for advertisers and major complexities for programmers and distributors. Right now, reaching audiences is no easy task for programmers and distributors that deliver the content and hope to monetize it, and will become even more difficult as they try to scale. And it's no picnic for advertisers, either, as they try to keep pace with how to reach their audience.

The first article in our Evolution of TV series, "[7 Dynamics of Transforming TV.](#)" introduced us to the transformation that we're seeing in the delivery of television content over the internet. Here we'll dig into the first of these dynamics—delivering content to a fragmented audience—and discuss the challenges and complexities facing distributors, programmers, and advertisers as well as the opportunities available to all involved.

In order for TV over the internet to become ubiquitous, monetization is key. Programmers and distributors will need to have a sustainable business model, and one of the primary models requires satisfying advertisers.



Keep advertiser needs in mind

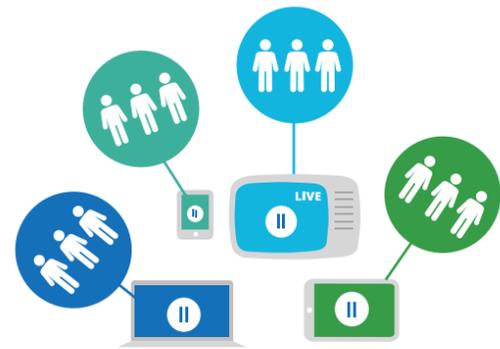
A few short years ago, no one would have imagined the TV industry would explore making programming available on every device. Yet programmers and distributors have taken large strides to answer the demand for TV online and give viewers lots of choices. Now, viewers can use a TV Everywhere service (such as Comcast's TV Everywhere service, XFINITY TV Go, for example), a standalone streaming service (think: CBS All Access), a subscription model (such as Netflix or Hulu Plus), or a digital media store (such as Google Play, for instance).

But all of these choices make an advertiser's job that much more difficult. Think about it. An advertiser used to be able to buy placement in a certain program, such as *The Mindy Project*, for instance, that guaranteed access to a particular audience at scale, such as 18–34 year-olds. But now, because people can catch *The Mindy Project* live on Fox or later on Hulu or Google Play, it's much harder for that advertiser to reach that 18–34-year-old audience the way it always did via traditional linear TV.

The key to successful monetization is giving advertisers what they need—scale with a common currency and brand safety. Easier said than done. This is, in part, because the technology associated with internet-based TV is nascent and rapidly evolving. Consider this: With the web's global footprint and myriad of devices that can now access programming through it, Netflix supplies content to 50 countries on over 1,000 types of devices, and YouTube serves 61 countries in as many languages. These are only two of the players involved in the market.



In order to increase the overall flow of TV advertising dollars by expanding traditional linear TV's reach to TV over the internet, programmers and distributors will need to address specific advertiser concerns, including:



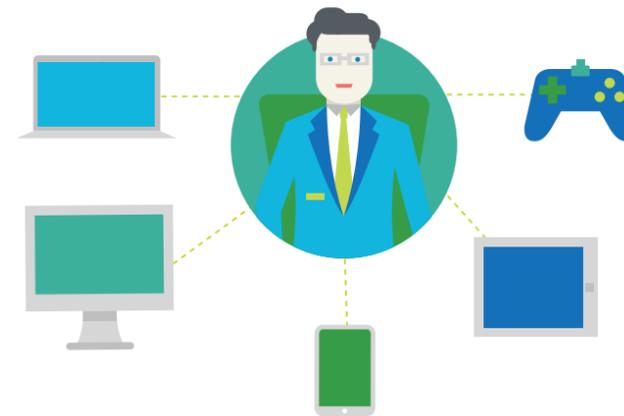
Scale

The beauty of buying traditional TV time for advertisers was the relative simplicity. They'd choose a show at a predefined time slot and then (hopefully) reach millions of viewers in their desired audience. But now, as more and more television content is delivered on the internet across devices and screens, advertisers can't as easily reach large portions of their selected audiences.



Currency and measurement

Advertisers have grown accustomed to [buying and measuring TV ad placements](#) using the gross rating point (GRP) metric, calculated by the percent of a target audience reached multiplied by exposure frequency. Given the many different platforms and devices associated with internet TV, new measurement standards will evolve and likely add complexity to the buying equation. A common measurement standard that acts as a currency could enable buying and selling of all TV content, wherever and whenever it is watched.



Technology

The promise of ubiquitous TV programming is almost entirely dependent on the technology to reach and deliver a user's preferred content. Current technologies aren't really designed to reach a single user across multiple screens, and many tech providers are working toward solutions that provide a cross-screen view of consumer activity through log-ins, publisher IDs and other methods. This will allow programmers to offer advertisers the ability to better tailor the ads they run to their audiences. For a viewer, this means having the ability to start a show on her smartphone and seamlessly switch to her big screen via her Nexus Player.



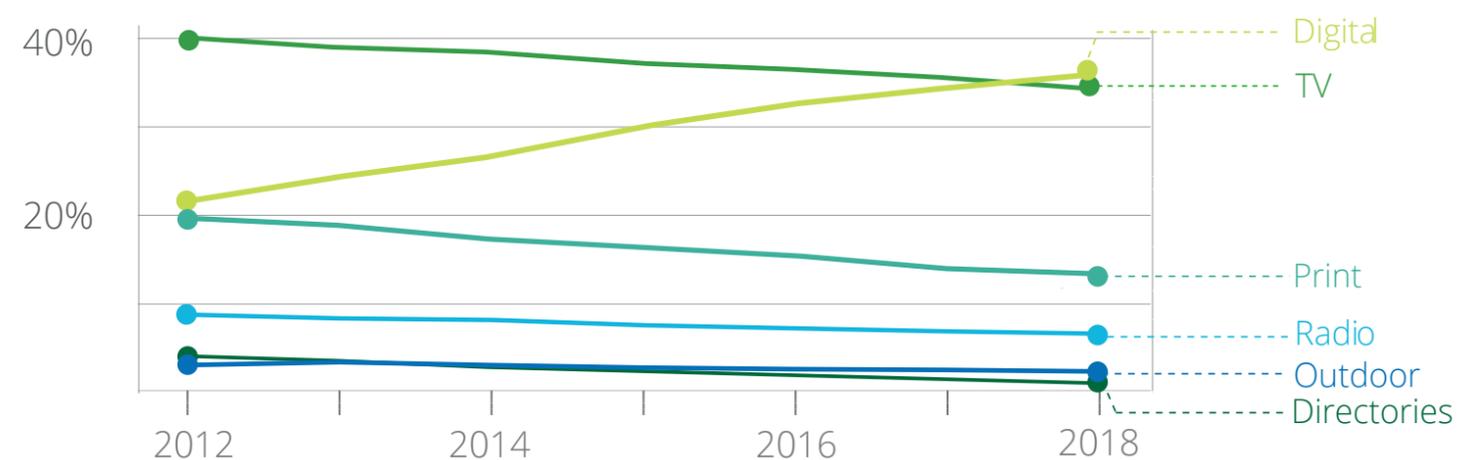
Brand safety

Context is also critical for advertisers. They want a say in where their ads are placed so they can ensure they're not aligned with any inappropriate content. With traditional TV buying, it's as simple as a "yes" or "no" to a show. Given the amount of content available with internet-based TV, programmers and distributors will have to devise new ways to provide context and ensure brand safety controls such as content labels and age ratings.

The future is holistic campaign management

When it comes to thinking of satisfying advertisers, it's not just about **need**, though. It's also about giving them what they **want** (and might not even know they can eventually have): amazingly relevant ads, instant feedback on performance, and the ability to manage campaigns holistically across programs (whether they're digital or TV).

With TV moving to the internet, advertisers have the opportunity to combine the planning, management, and measurement of TV and digital ad budgets. This year, eMarketer forecasts that **31% of U.S. ad budgets will be spent in digital and 37% in TV**. These are large portions of advertising budgets that currently require management in silos. Technologies such as dynamic ad insertion (DAI), programmatic buying and selling, and cross-screen measurement will make it much easier for advertisers to manage these budgets holistically.



Campaigns managed holistically present three major opportunities to advertisers. By making the ads more relevant, advertisers will gain a better understanding of people's interests and behaviors across screens and devices. They'll also get instant feedback and the possibility of far deeper insights into TV ad performance by using digital metrics such as impressions, viewable impressions, video starts, video midpoints, video completes, and conversions. Imagine being able to see the direct impact of TV ads on online sales, for example. Such insights may become the new reality for advertisers. And lastly, advertisers can finally manage the frequency of their message by individual rather than media channel.





Settle on a monetization model for the long run

As programmers and distributors work to overcome the complexities and inconsistencies of different devices and screen sizes, multiple app requirements, connection speeds, localization requirements, and the validation of subscribers, the promise of true anytime, anywhere TV has the potential to become reality. But first they will have to do some thinking around a monetization strategy that will last into the future and create a path of least resistance.

Some businesses will choose to stay true to their current models while attempting to embrace changes to content delivery. Validated TV-over-the-internet services are an example of this approach. Here, the same live, linear, on-demand television is available through a distributor on the internet, and viewers are asked to validate that they are, in fact, subscribers.

Others will follow the traditional GRP model, which helps media buyers and sellers measure the success of ad campaigns on linear and on-demand TV. However, the industry must evolve beyond the traditional GRP metric to value internet-based inventory and leverage its unique capabilities. [Measurement](#) shouldn't be limited to a "reach times frequency" metric. The wealth of metrics available for video, such as impressions, viewable impressions, video starts, video completes, and brand awareness, among others, should be considered.

The option that is most future-forward looking is a monetization strategy based on dynamic ad insertion (DAI). This model presents opportunities for programmers, distributors, and advertisers. Not only does DAI technology have the potential to address the complexity of cross-screen, cross-device ad delivery, it can also increase the value of each ad spot since it allows each individual viewer to get his or her own unique and highly relevant stream of ads. The ability to use DAI in conjunction with contextual and audience targeting, as well as programmatic technology, to deliver uniquely addressable TV ad breaks will be game-changing.

Exploring the continuing evolution of TV

As TV over the internet continues to evolve, there's a huge opportunity for programmers, distributors, and advertisers to work together to deliver a rich TV experience for viewers—one that's better and unlike anything that's come before. Getting there, however, means overcoming the challenges associated with delivering so much content across so many screens and devices.

It's only when issues with audience fragmentation and monetization are addressed that streamlined budgets and a holistic view of all ad campaigns become realities. Advertisers will then be able to reach the same person across touchpoints—whether it's a text ad on a smartphone or a video ad on a connected TV. So, in addition to having access to the programs they want to see, viewers might just stay tuned for the ads, too, since they'll be relevant, contextual, and make for a better overall TV-watching experience. It's a win-win for everyone: a better and ubiquitous anytime, anywhere experience for users and more streamlined measurement and unlimited targeting capabilities for advertisers, which ultimately create richer monetization for programmers and distributors.

Next up in our Evolution of TV series: Programmatic TV



Google's video solutions

for Publishers, Programmers and Distributors

- Ad server:  doubleclick for publishers by Google
- Supply side platform:  doubleclick ad exchange by Google
- Ad network:  Google AdSense
- Mobile apps monetization:  AdMob by Google
- Ad exchange:  doubleclick ad exchange by Google
- Premium programmatic video marketplace:  Google partner select
- Content distribution partner:  YouTube

for Advertisers & Agencies

- Digital marketing platform:  doubleclick digital marketing by Google
- Ad creative:  doubleclick studio by Google  Google Web Designer
- Demand side platform:  doubleclick bid manager
- Ad server:  doubleclick campaign manager
- Ad exchange:  doubleclick ad exchange by Google
- Ad network:  Google Ads
- Premium programmatic video marketplace:  Google partner select
- Media partner:  YouTube