



Sept 24, 2020



eMarketer Big Picture View: Where TV and OTT/Streaming Worlds Collide



Presented by
Geoffrey Ramsey
Chief Content Officer,
Co-Founder
@geofframsey

NETFLIX



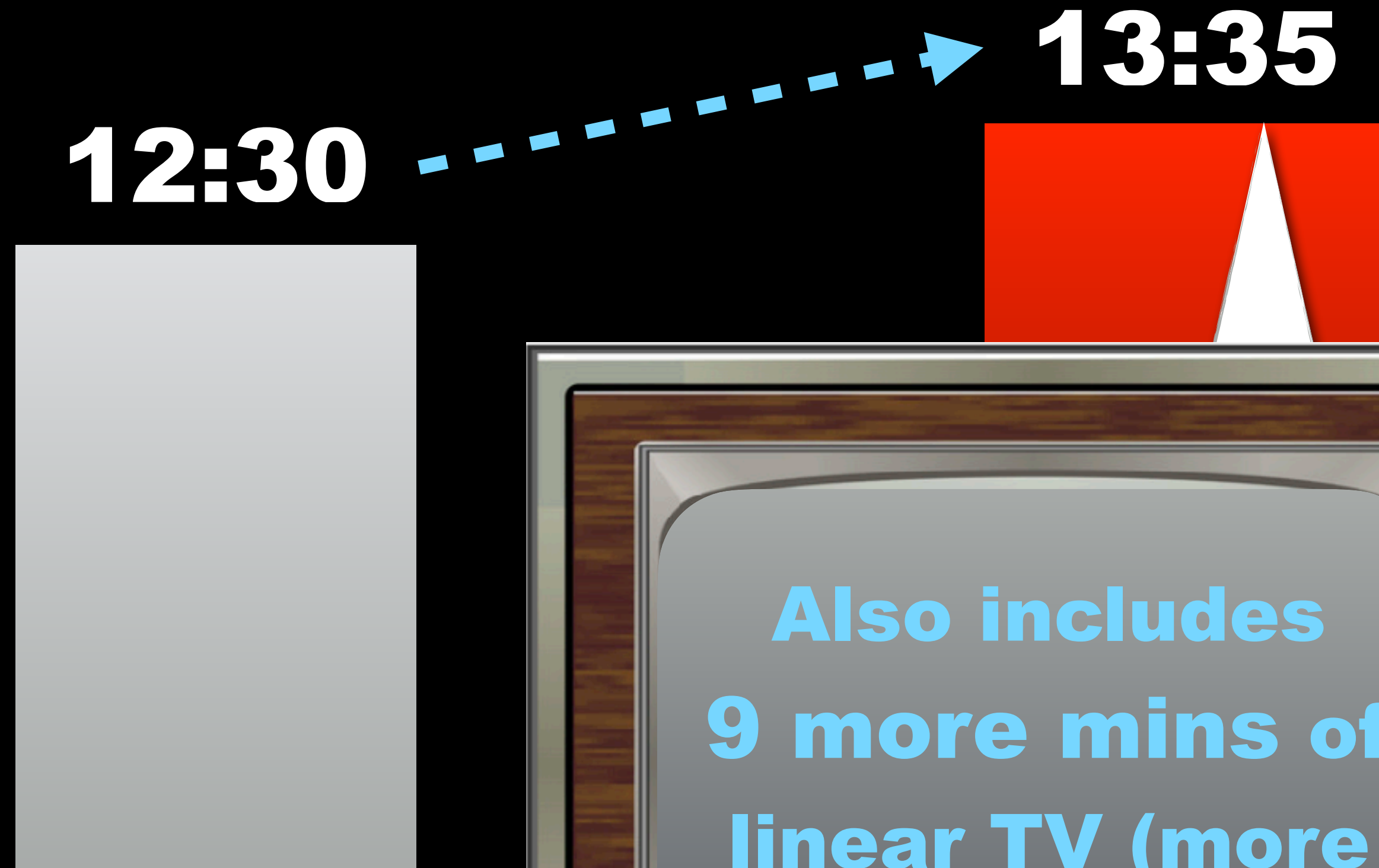
Planet Earth 4 - Chris Kenworthy



Forced isolation is adding **one full hour to our average time spent with media each day**



Based on an analysis of 3,223 metrics from 158 sources

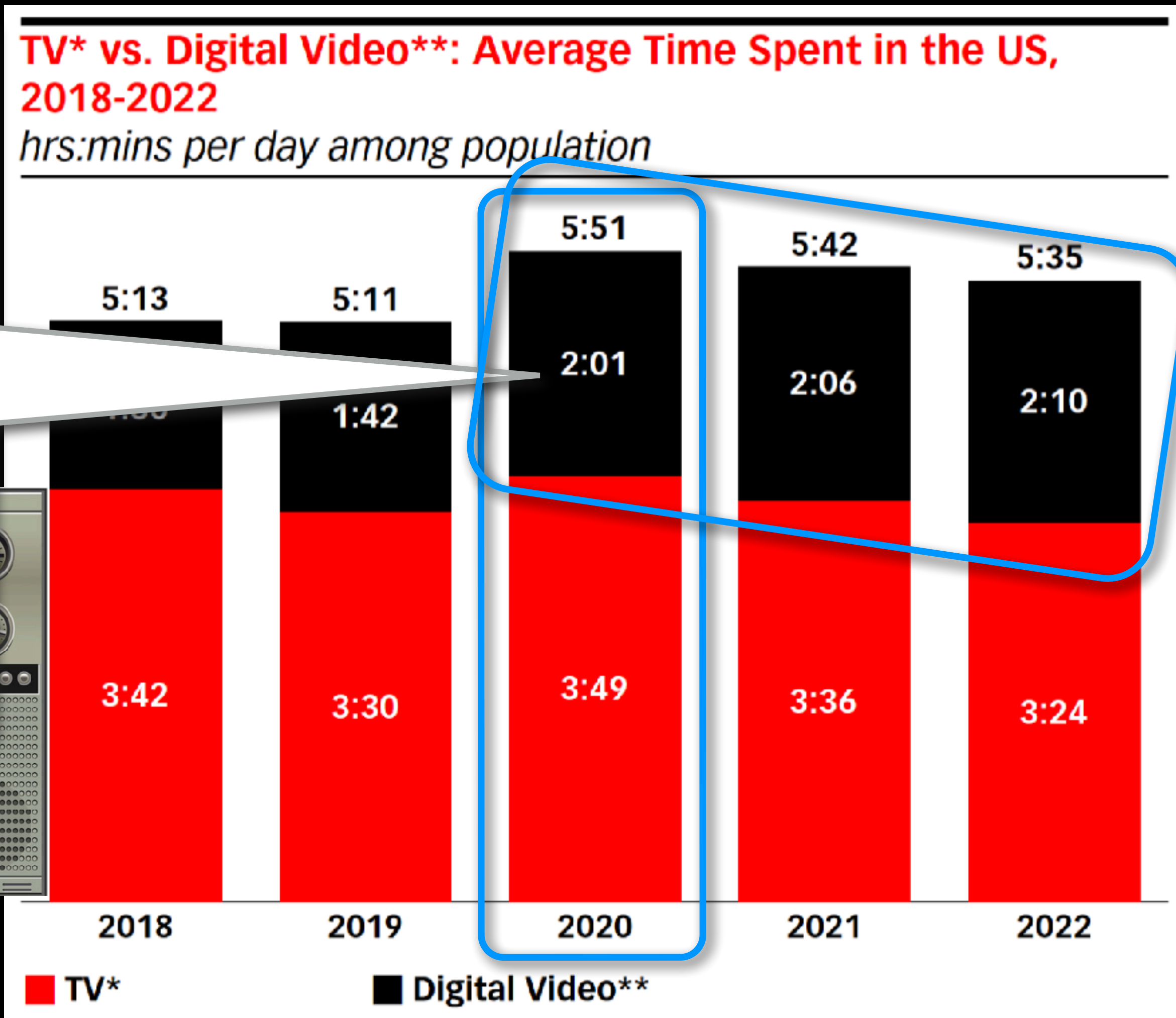


Nov 2019 Forecast

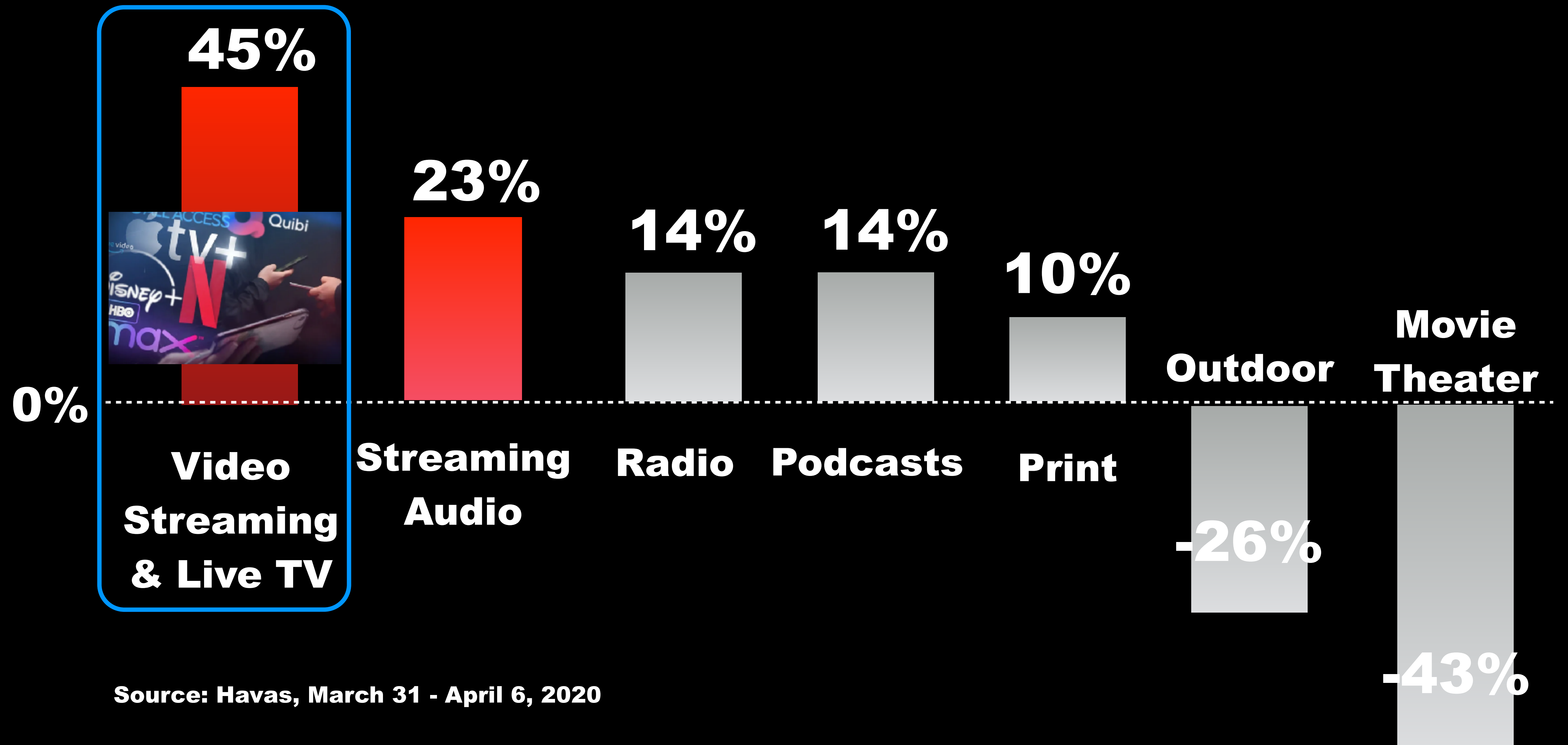


Out of total daily time spent watching video content, **traditional TV** still gets the lion's share at **65%** in the US

But digital video will increase by **19 minutes** this year; and **OTT subscription video** time spent will rise by **11 mins** to **62 mins**, with Netflix alone taking 30+ mins



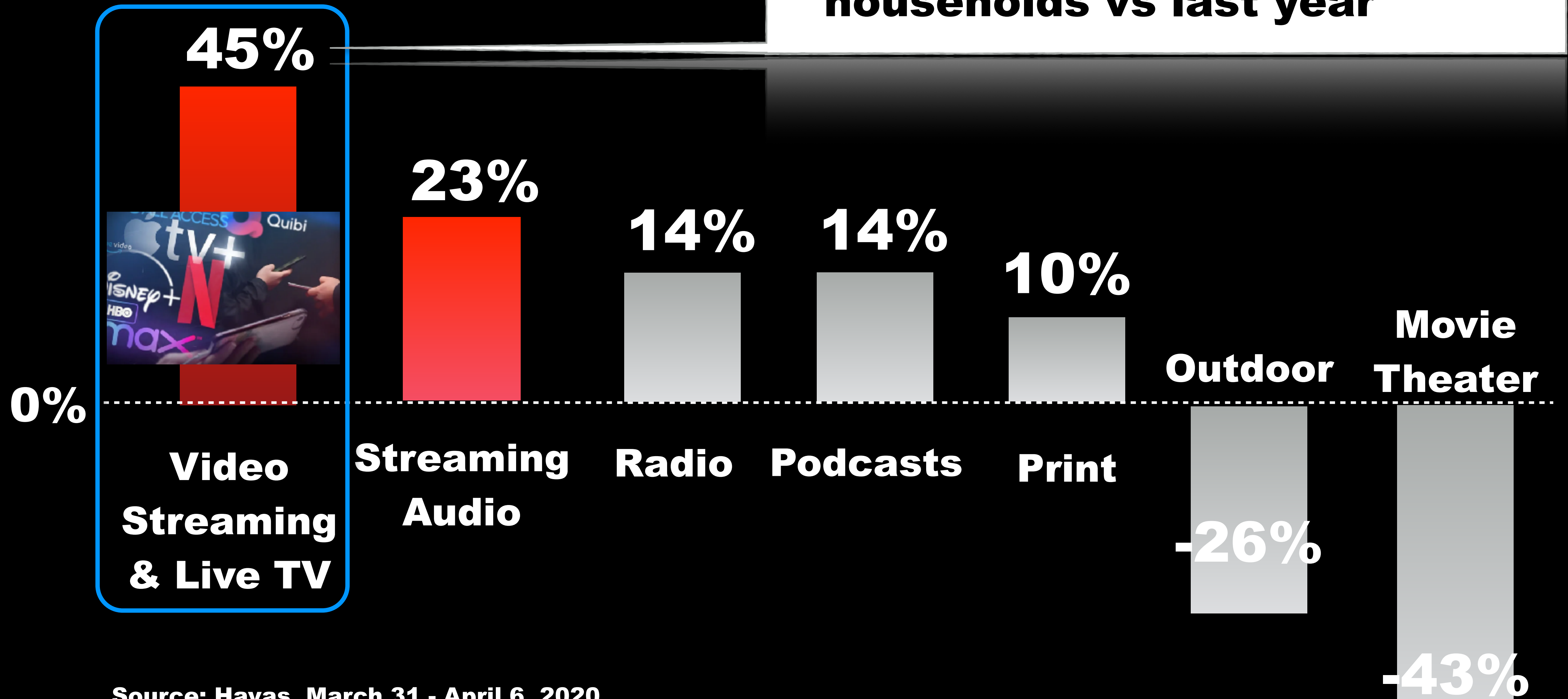
COVID impact: Net difference between people using medium more or less



Source: Havas, March 31 - April 6, 2020

COVID impact: Net dif people using medium

Nielsen: **74%** increase in streaming among N. American households vs last year

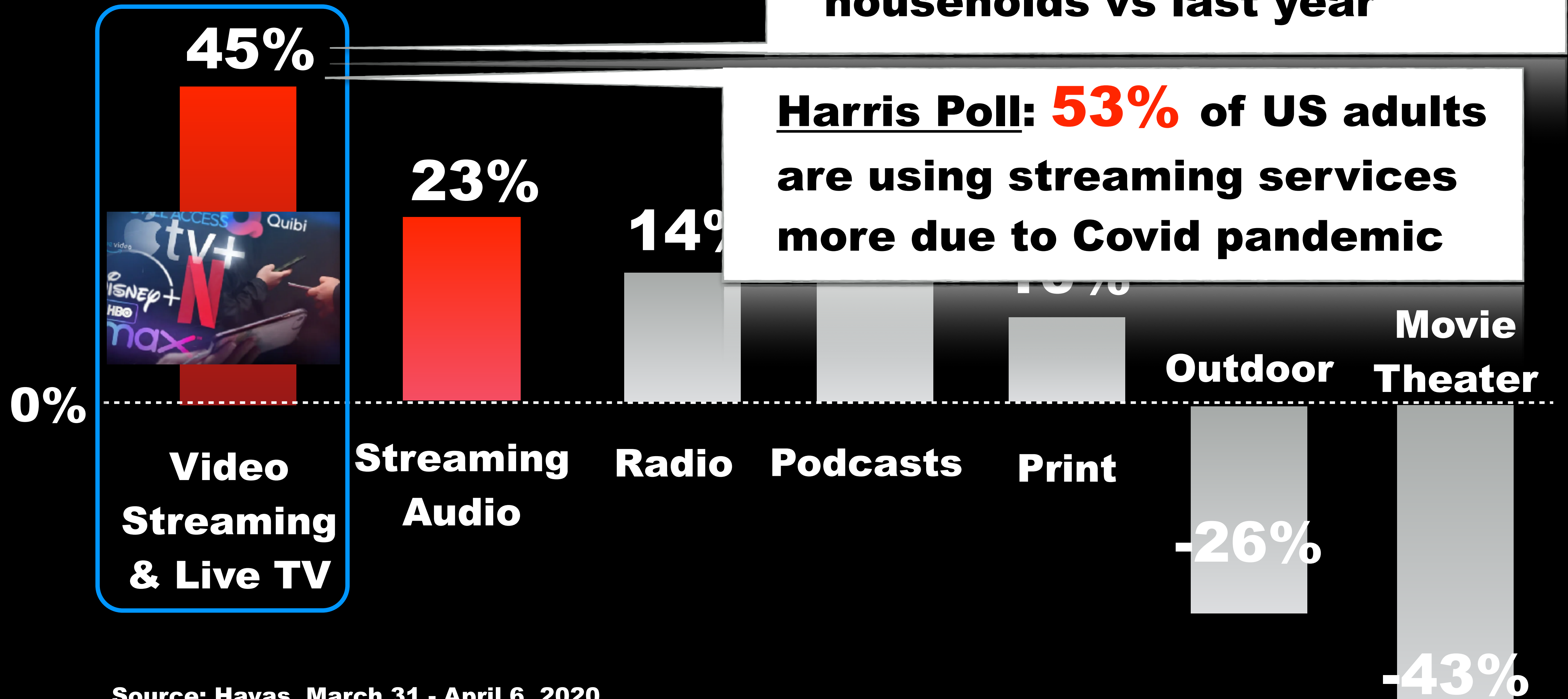


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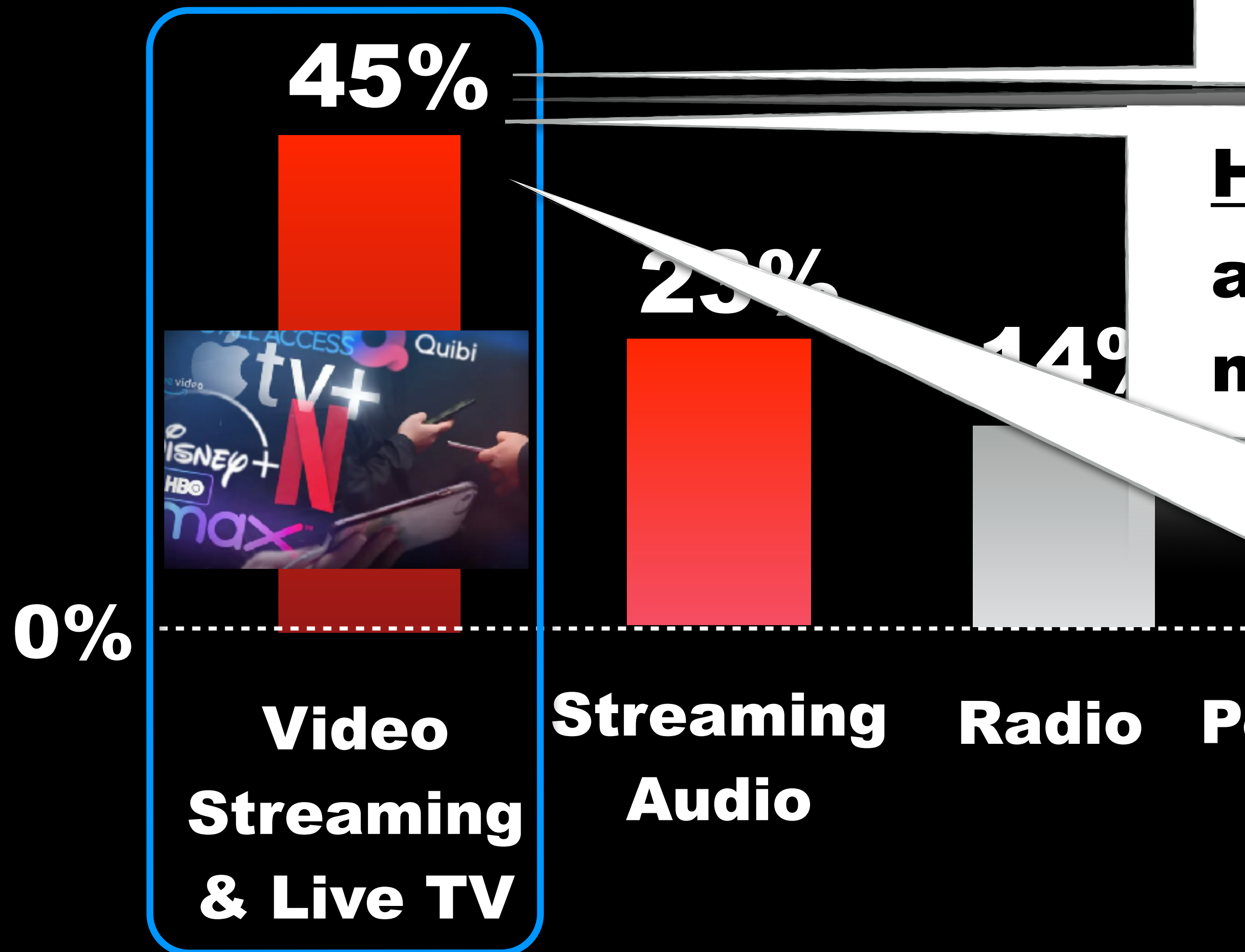
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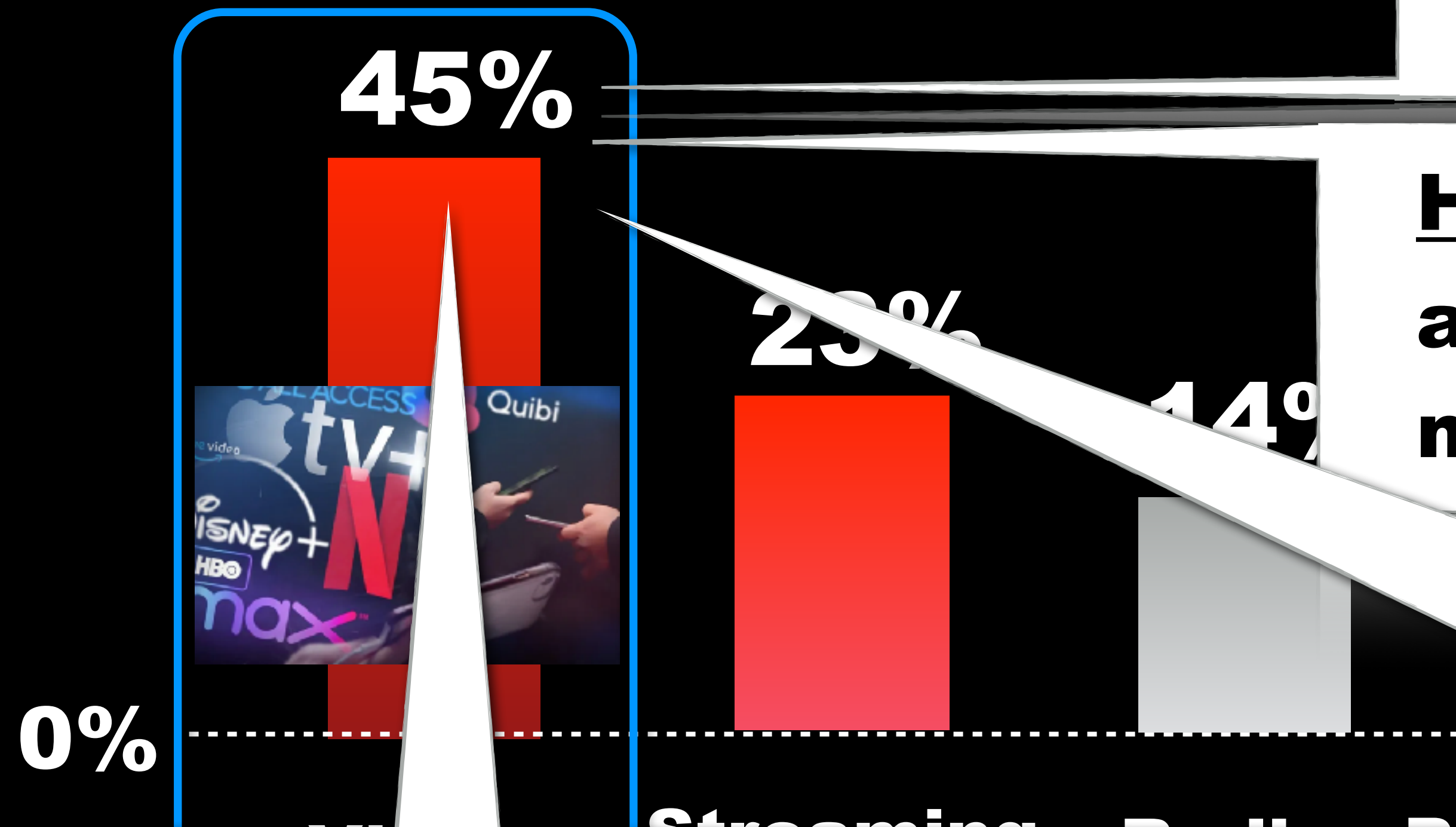
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Myers Report: **45%** increase in streaming (**25%** watching **5+** more hours each week)

-43%

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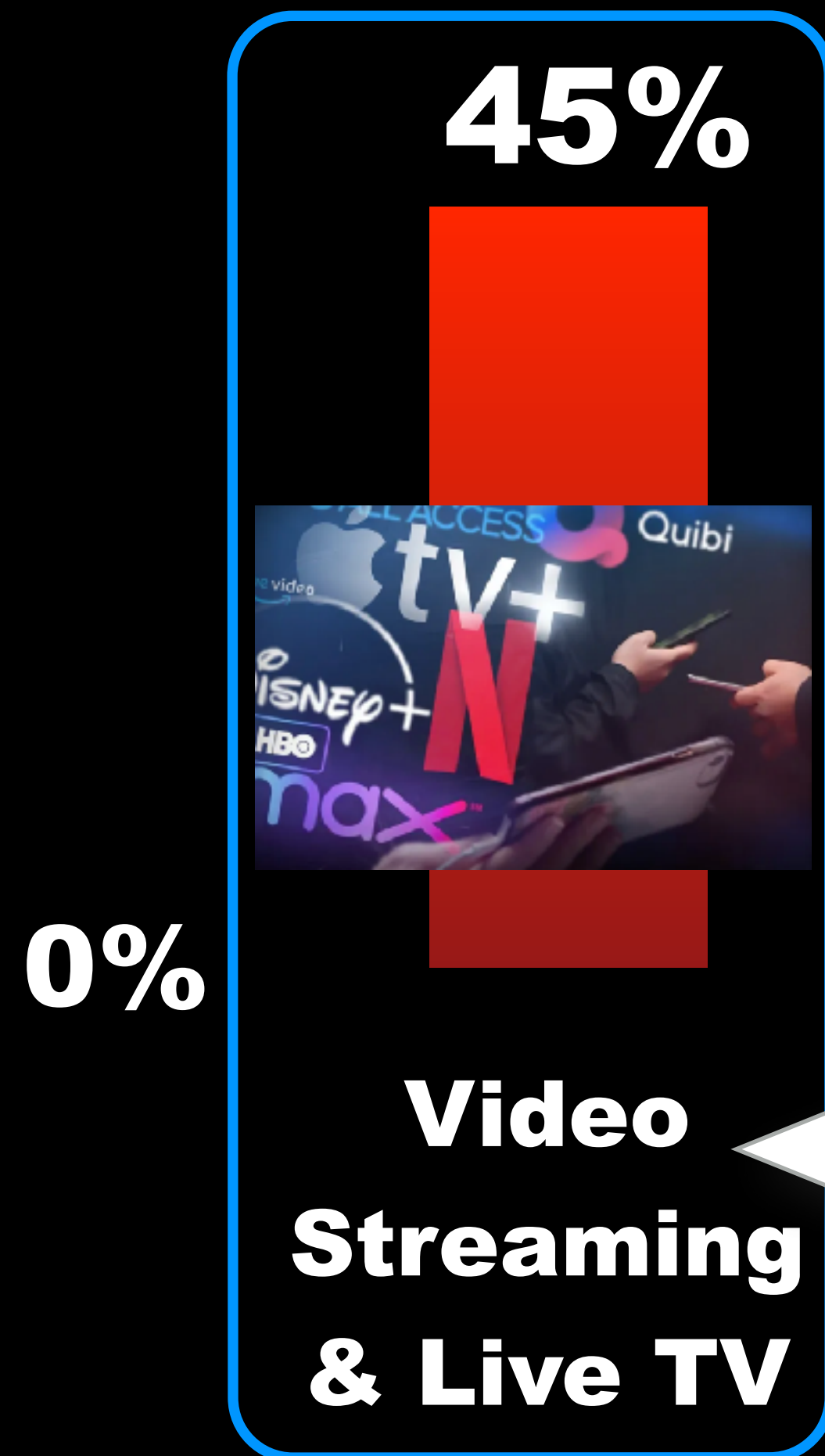
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Coniva: **57%** increase in streaming activity during Q2 (YOY)

-43%

COVID impact: Net difference between people using medium more or less



“The increased streaming video consumption trend will continue beyond the pandemic as people become more habitualized to streaming and new streamers enter the market.”

TV time spent varies hugely by generation

Average Time Spent Watching Linear TV
(in hrs:mins per day)

5:34



Boomers

3:48



Gen X

TV time spent varies hugely by generation

Average Time Spent Watching Linear TV
(in hrs:mins per day)

5:34



Boomers

3:48



Gen X

2:15



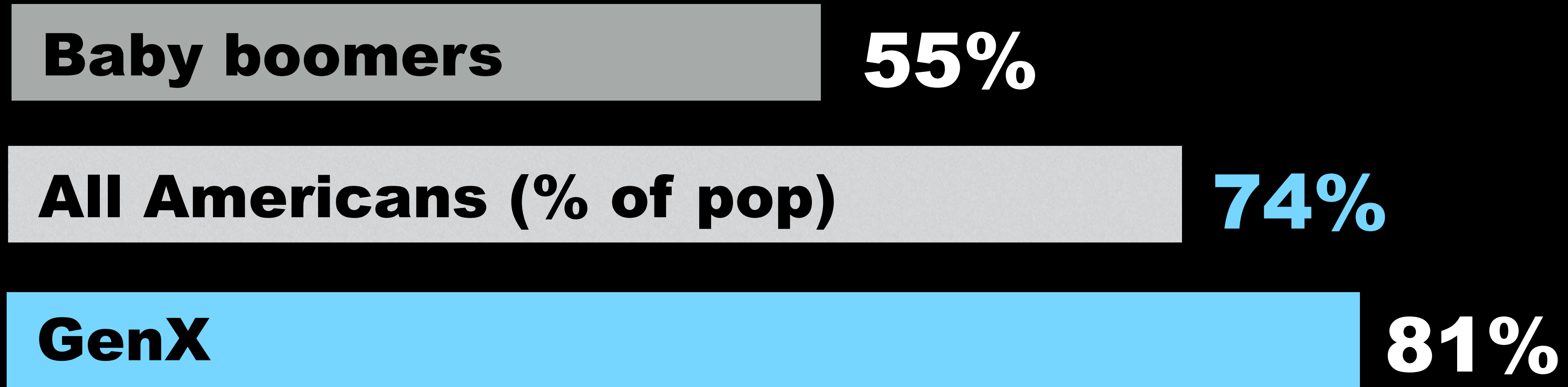
Millennials

1:36

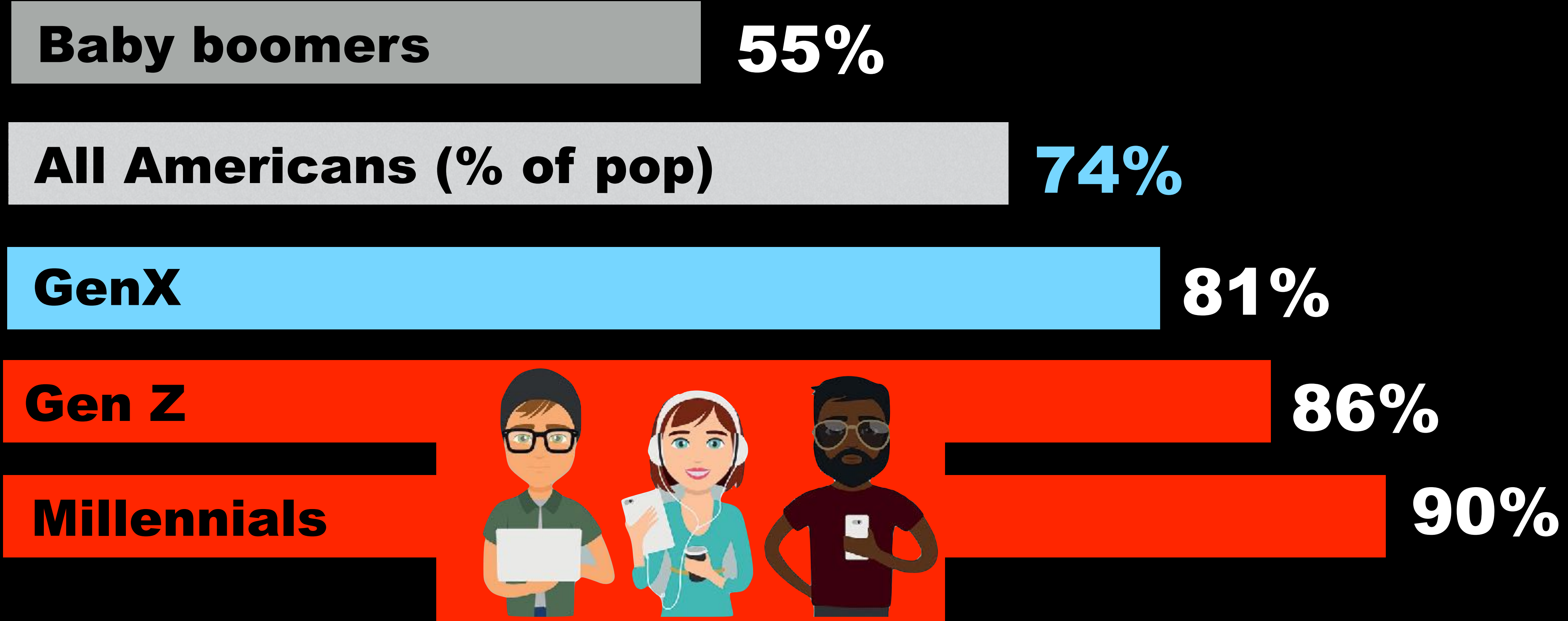


GenZ

There's a generational divide with **digital video** as well (% using on at least a monthly basis)



There's a generational divide with **digital video** as well (% using on at least a monthly basis)



96% of 18 - 34 year olds
subscribe to an SVOD service

—Nielsen, 2019

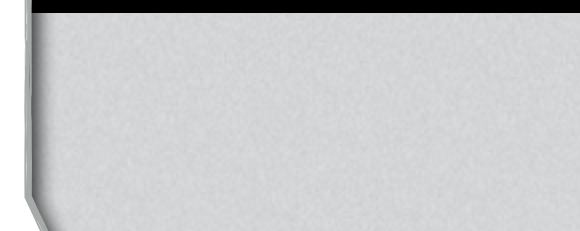
56% of weekly time spent
watching video among those
18 - 34 is streaming

—Horowitz Research, 2020

Divide with digital
(at least a monthly basis)



5%



74%

Gen X

81%

Gen Z

86%

Millennials

90%



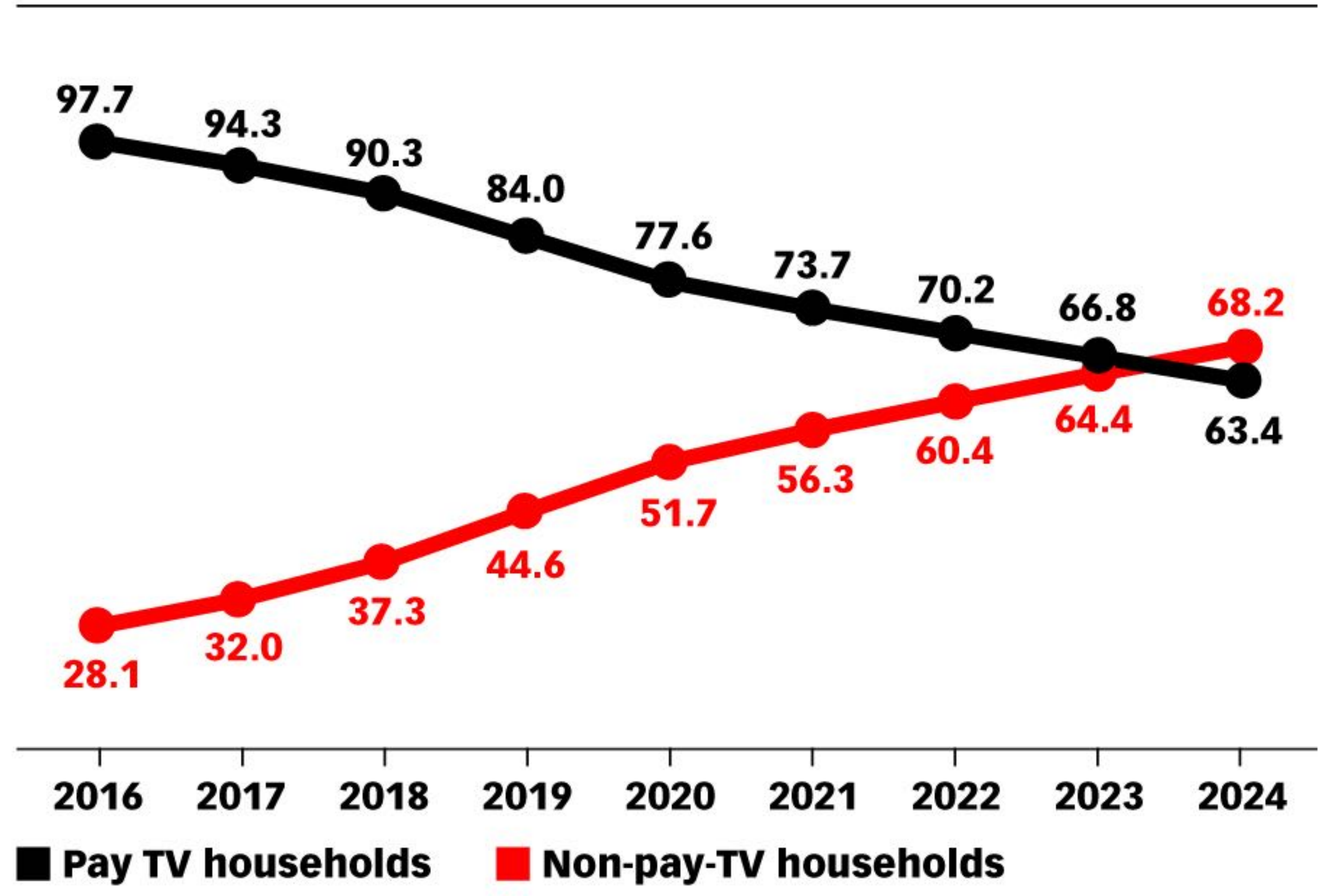


II. Deep Dive into the Streaming Trend

The US Pay TV universe is shrinking, while Non-Pay TV HHs continue to explode

US Pay TV vs. Non-Pay-TV Households, 2016-2024

millions

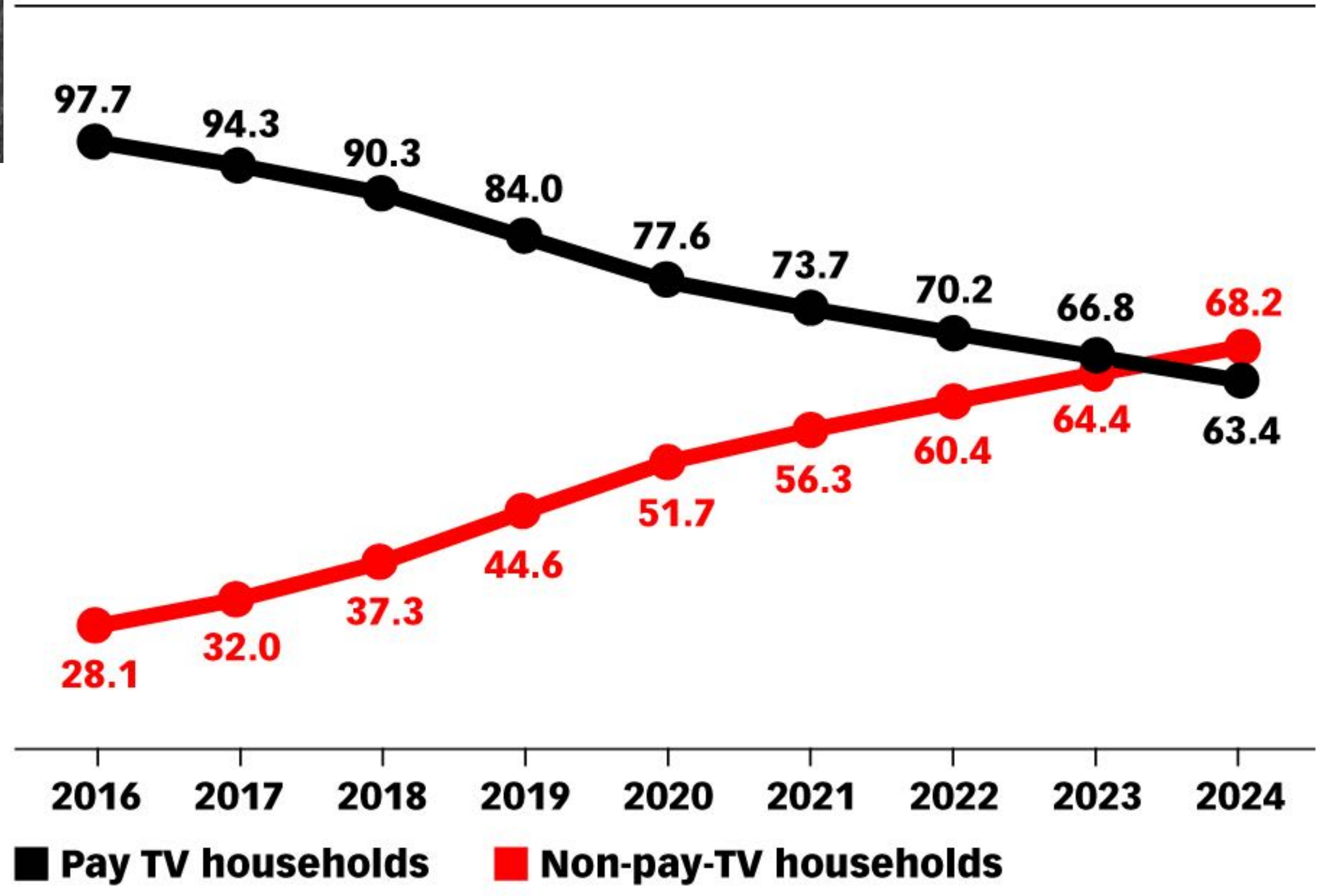


Source: eMarketer, Sept, 2020



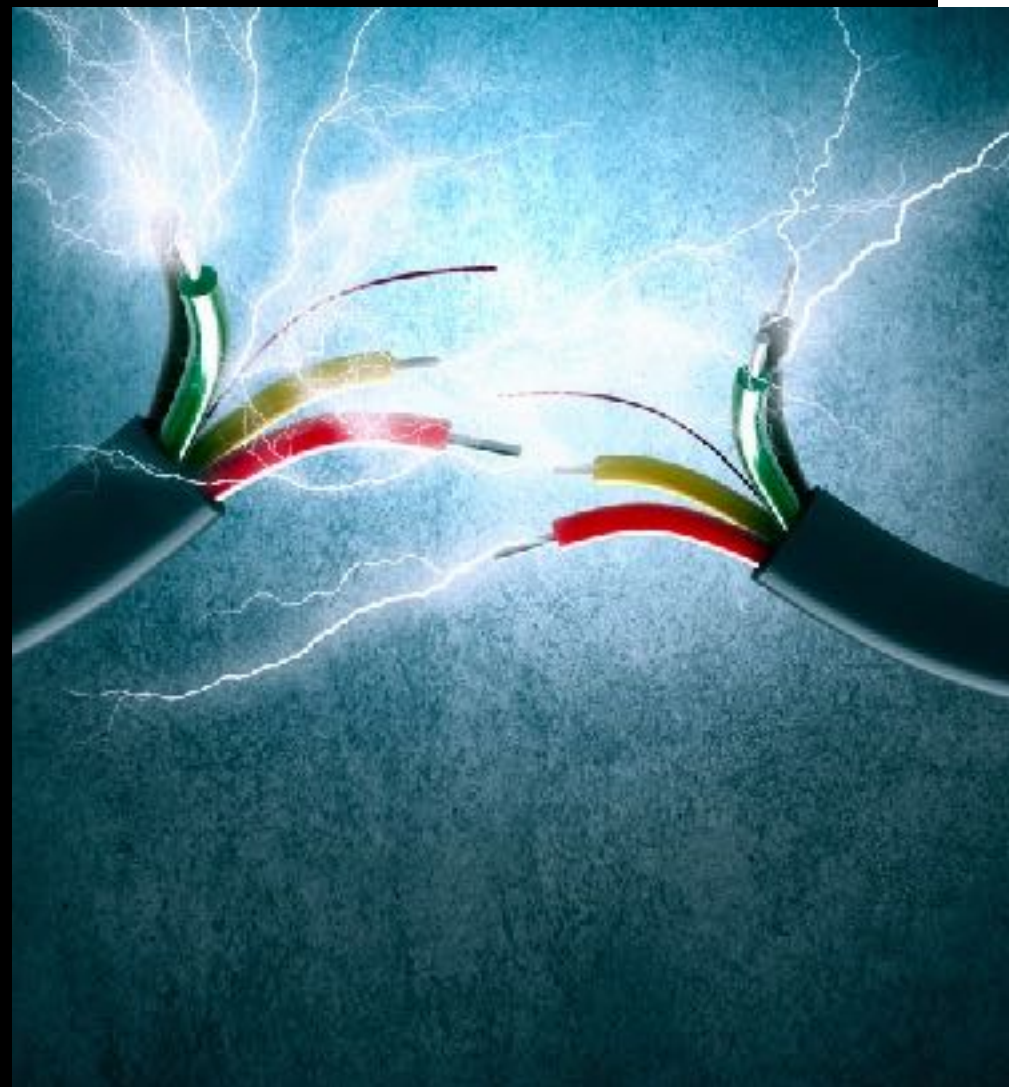
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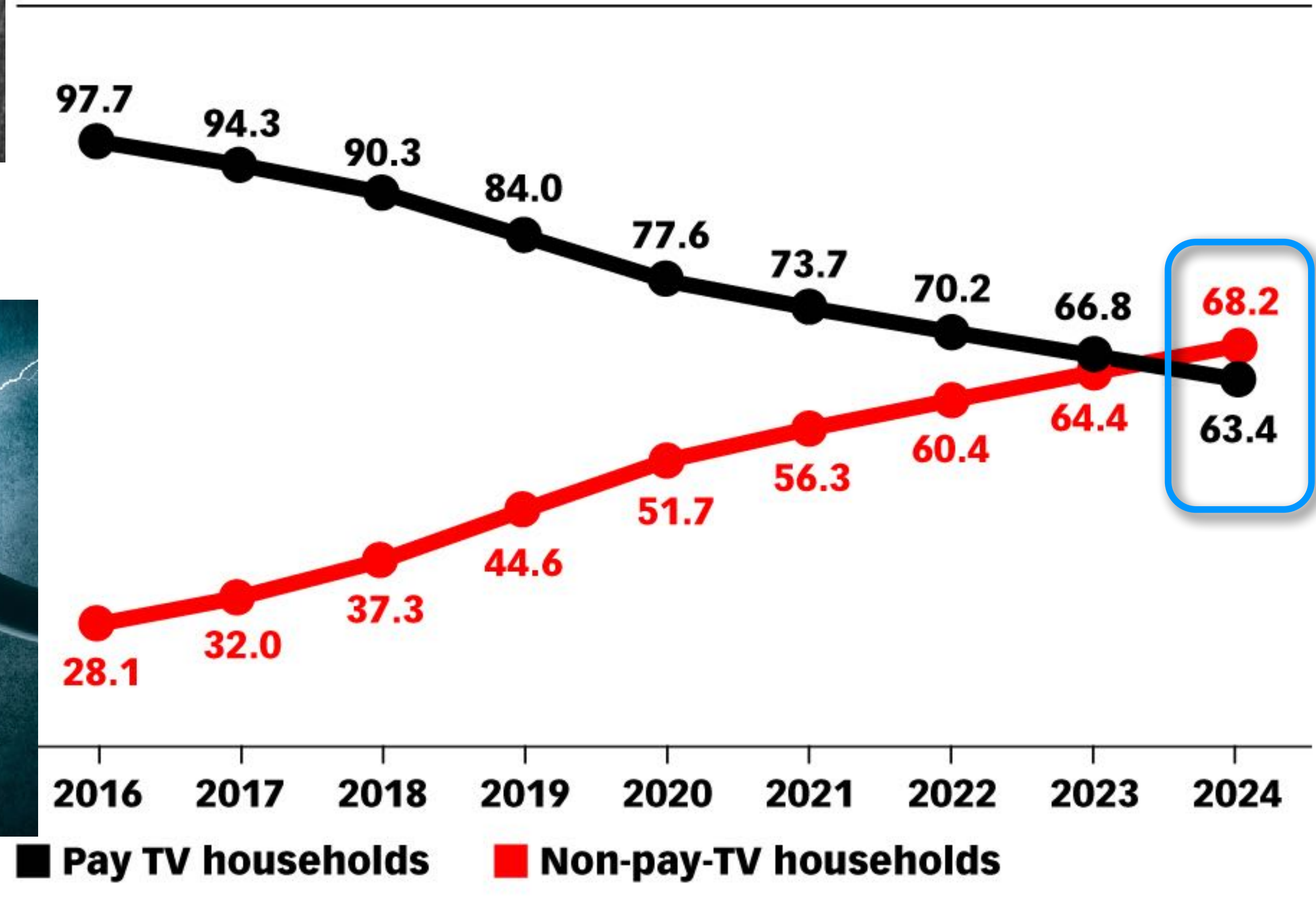




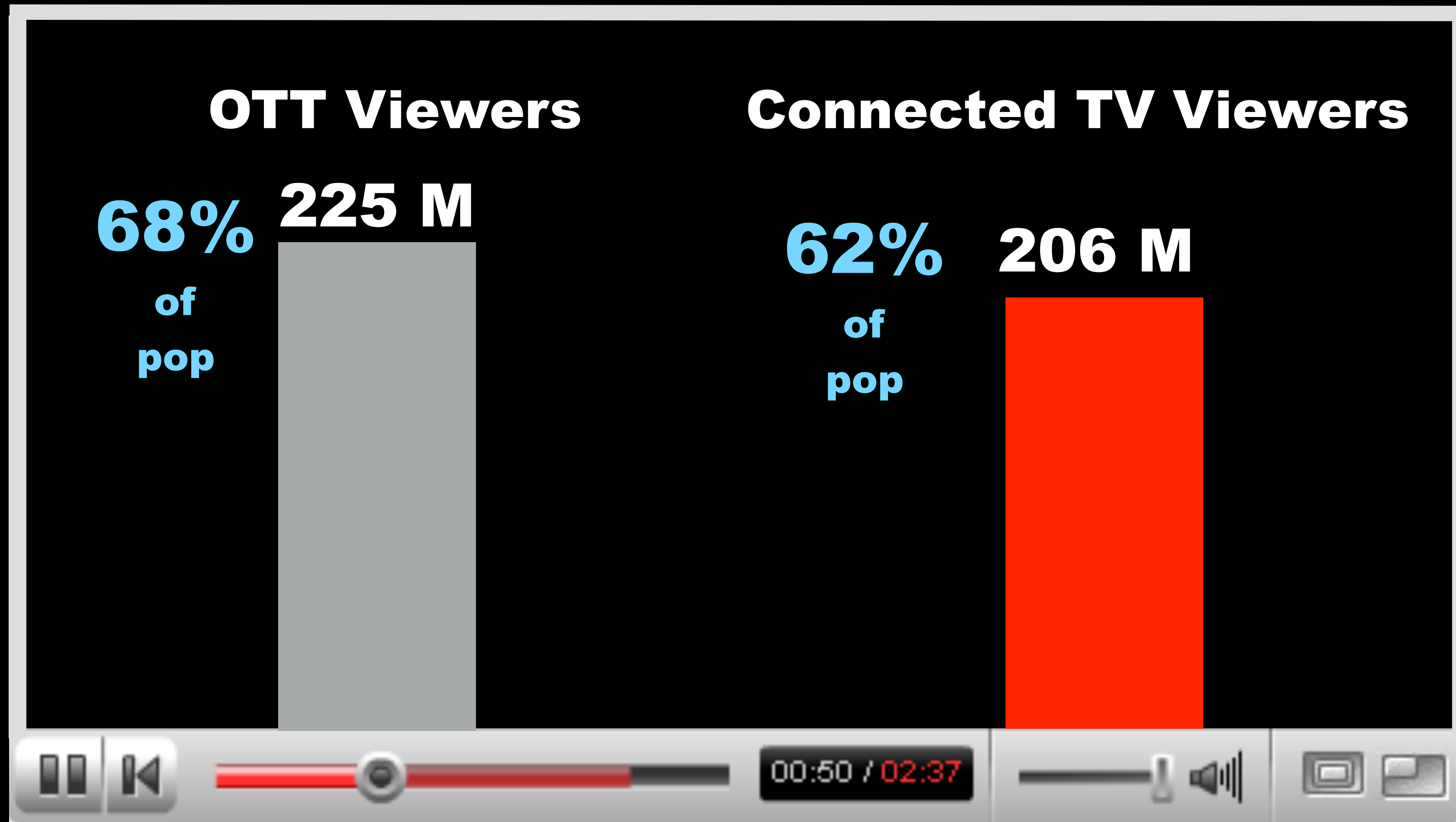
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OTT and Connected TV (CTV) are not mutually exclusive (and have reached critical mass)



OTT and Connected TV (CTV) are not

Any **app** or **website** that provides streaming video over the internet and bypasses traditional TV distribution

Disruptive (and have reached critical mass)

OTT Viewers

225 M

Connected TV Viewers

62% 206 M

of pop



OTT and Connected TV sets mutually exclusive (a

TV sets connected to the internet, either through built-in capability (e.g., via SmartTV) or through another device like Roku, Apple TV, etc.

ot
l mass)

OTT Viewers

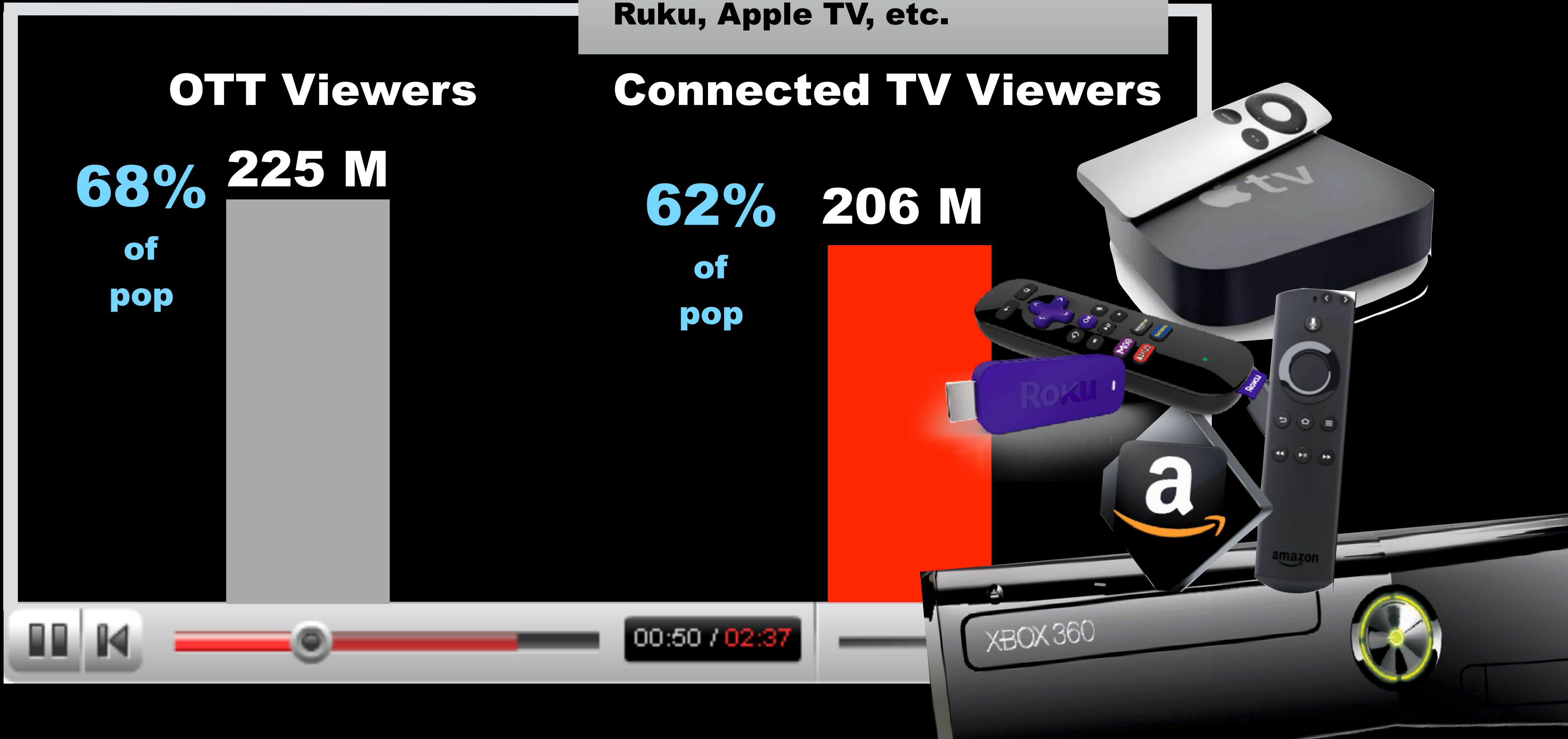
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Connected TV Viewers

62%
of
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206 M

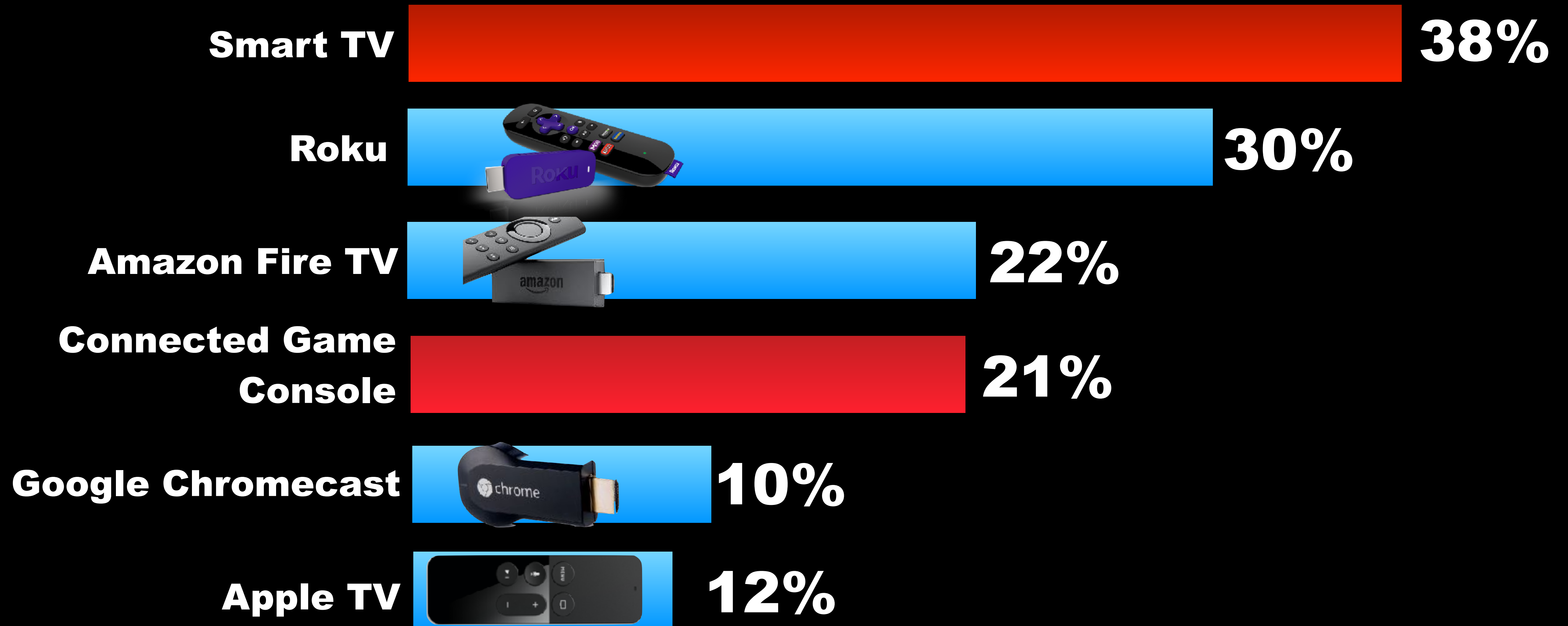


OTT and Connected TV (CTV) are not mutually exclusive (and have reached critical mass)



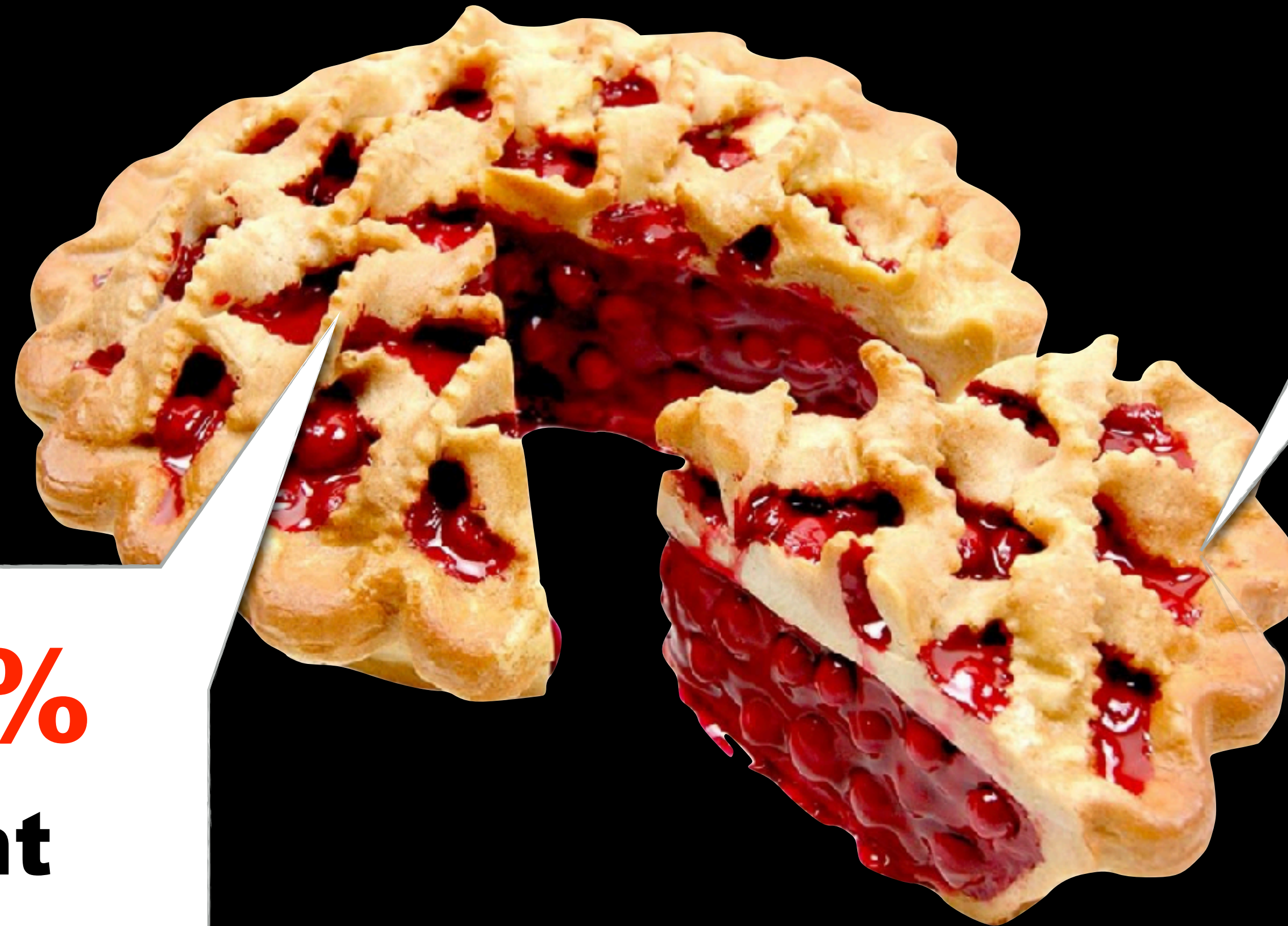
Connected TV is a highly fragmented space (62% penetration)

% of Pop



Source: eMarketer, Sept, 2020

When it comes to **time spent with streaming —
paid/SVOD services trump ad-supported free
content (US)**



SVOD = 71%
of time spent
with streaming

Free, ad
supported =
29%

Deloitte.

2019 survey of 2,003 internet users

When it comes to **time spent with streaming** — paid/SVOD services trump ad-supported free content (US)

80% in SVOD trumps
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—*Tivo, 2019

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Ads

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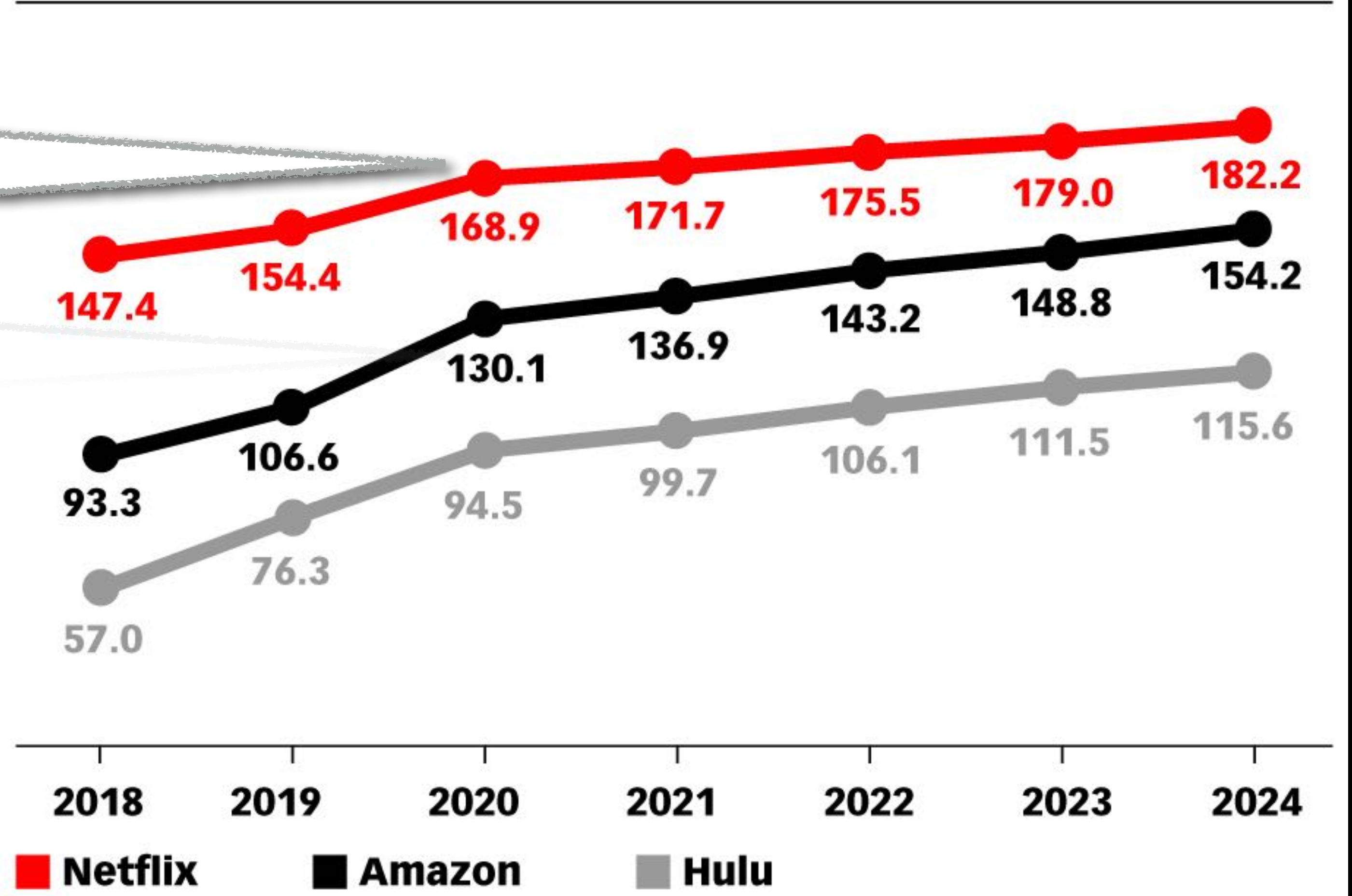
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NETFLIX is the king of SVOD



US Subscription Over-the-Top (OTT) Video Users, by Service Provider, 2018-2024

millions



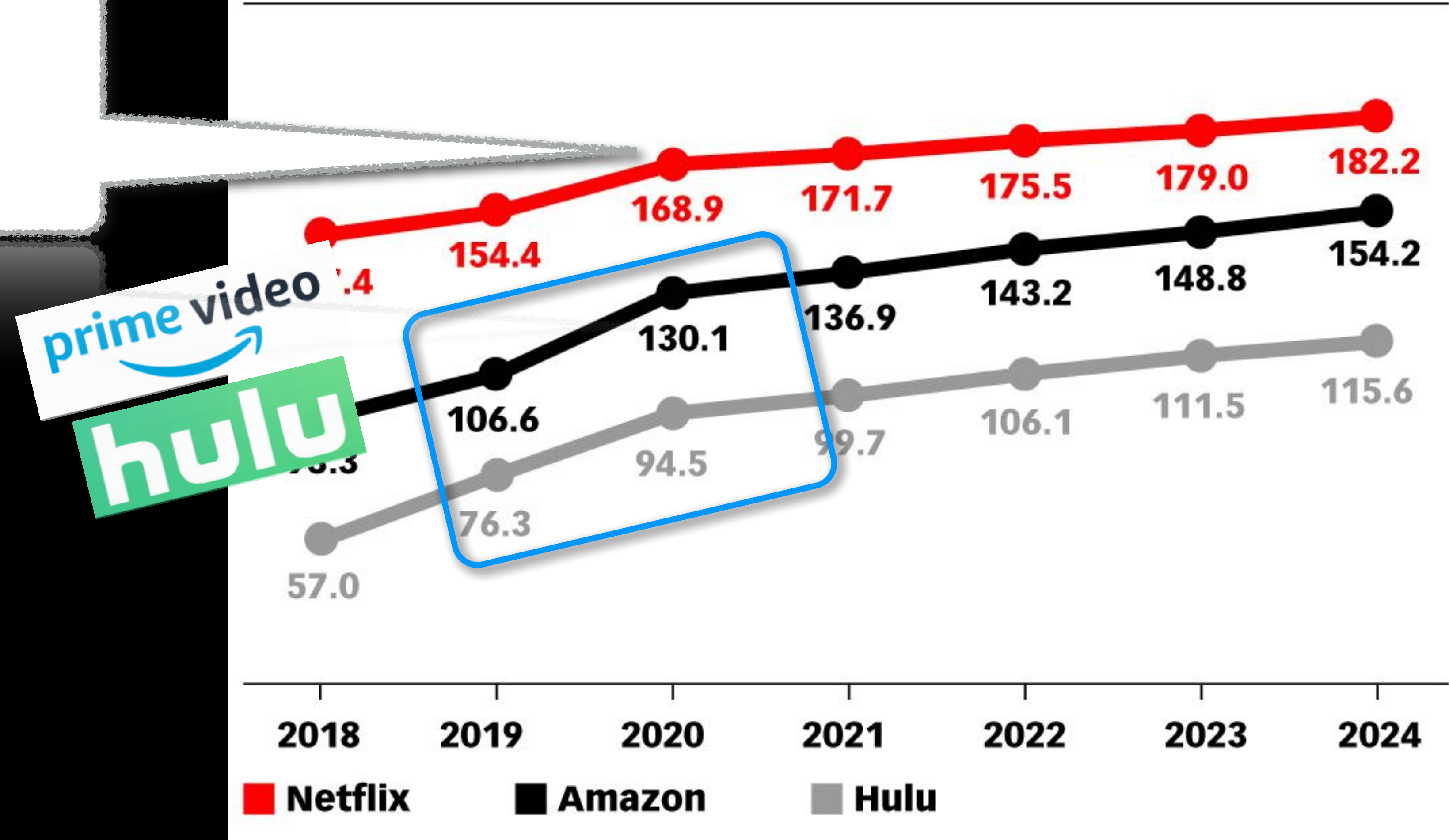
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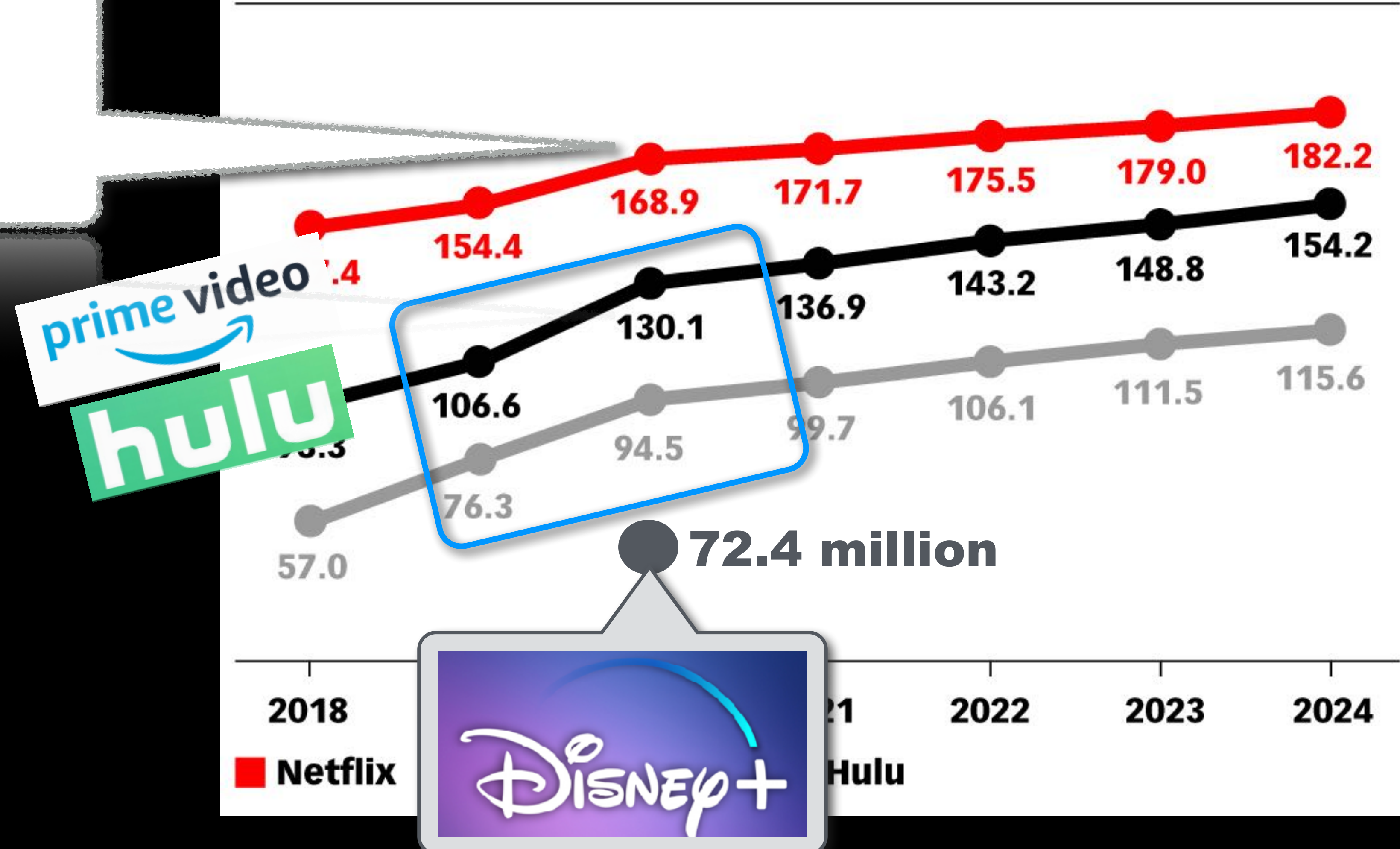
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prime video
hulu



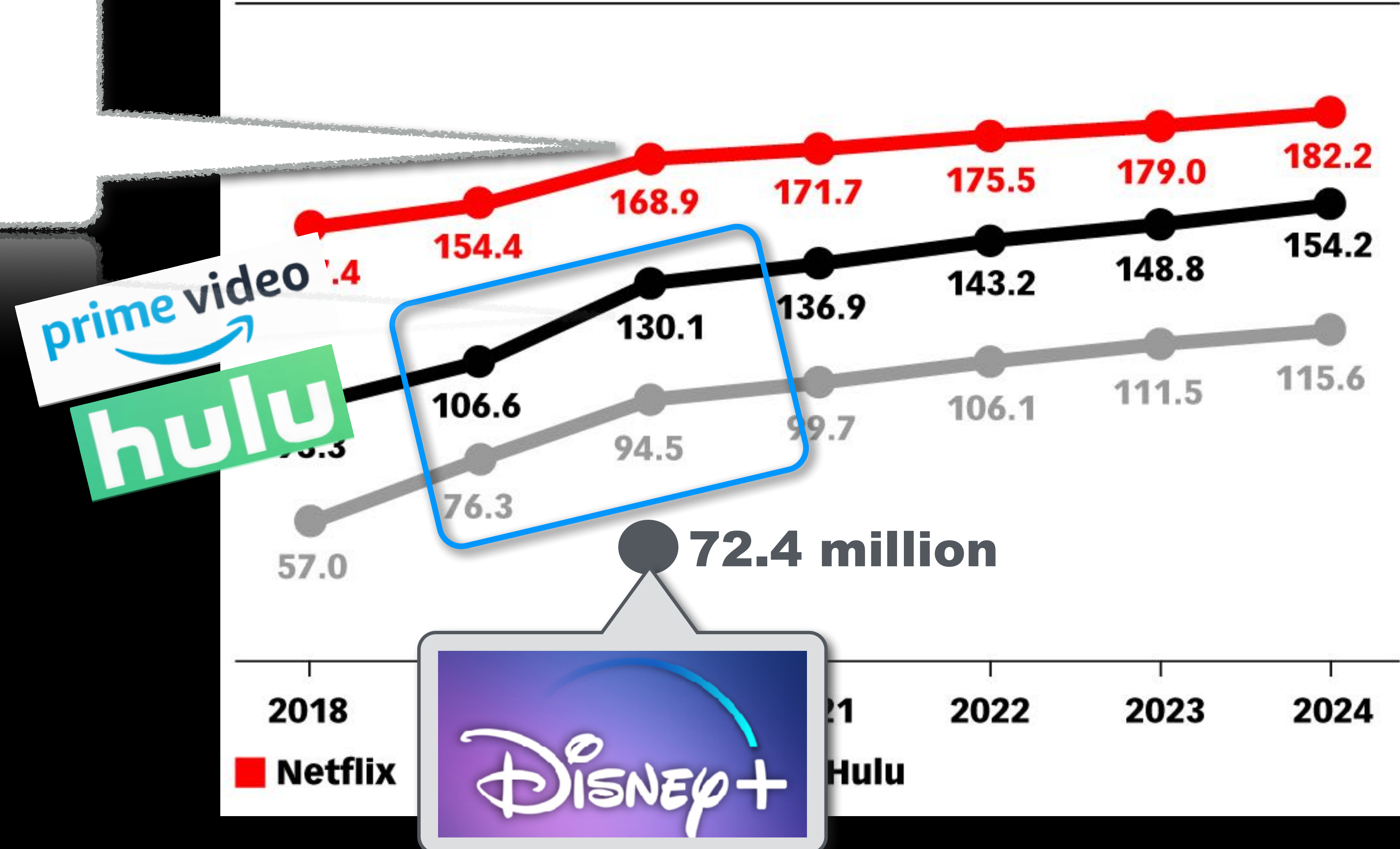
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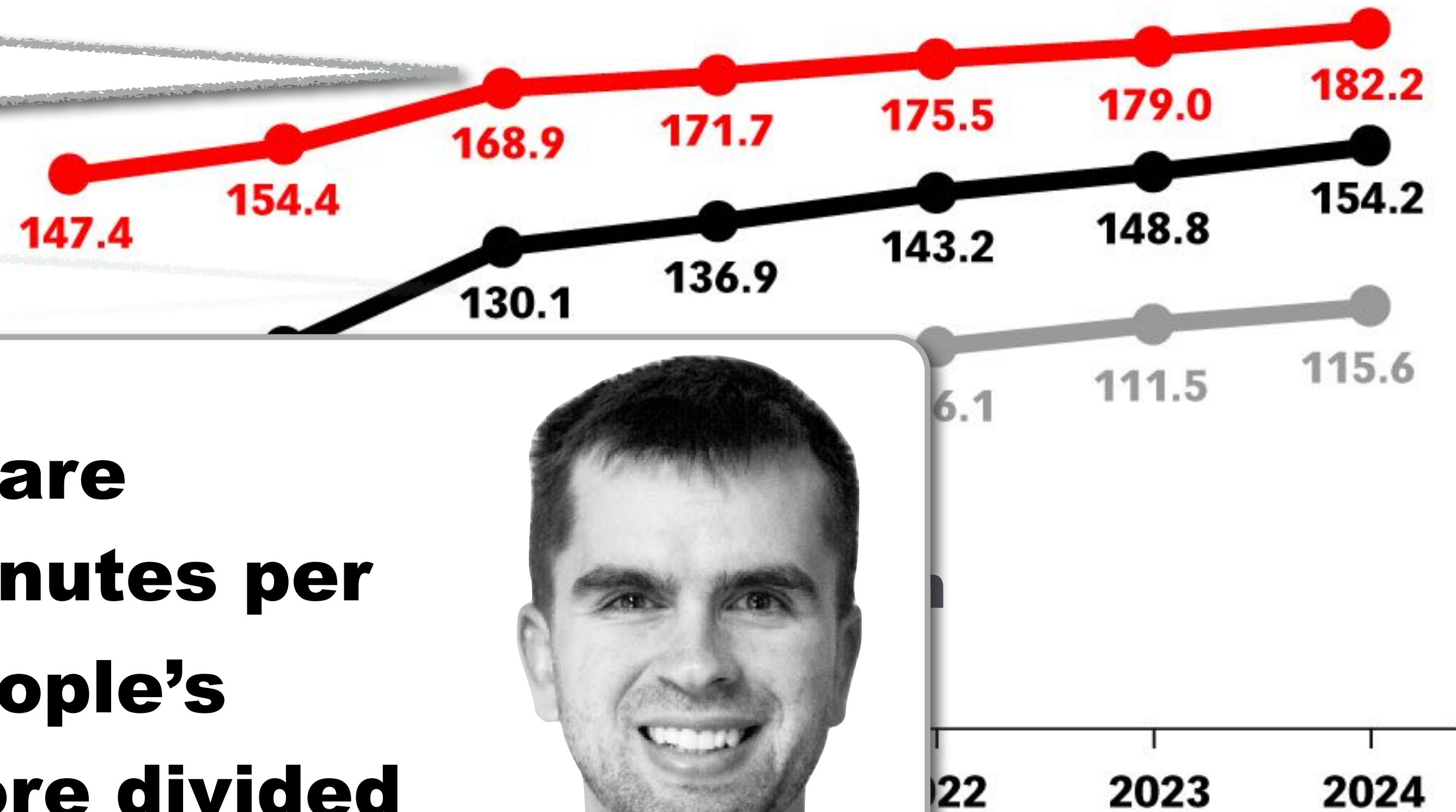
Source: eMarketer, September, 2020

NETFLIX is the king of SVOD



US Subscription Over-the-Top (OTT) Video Users, by Service Provider, 2018-2024

millions



“Even though Americans are spending more overall minutes per day watching **Netflix**, people’s attention will become more divided as new streaming services emerge.”

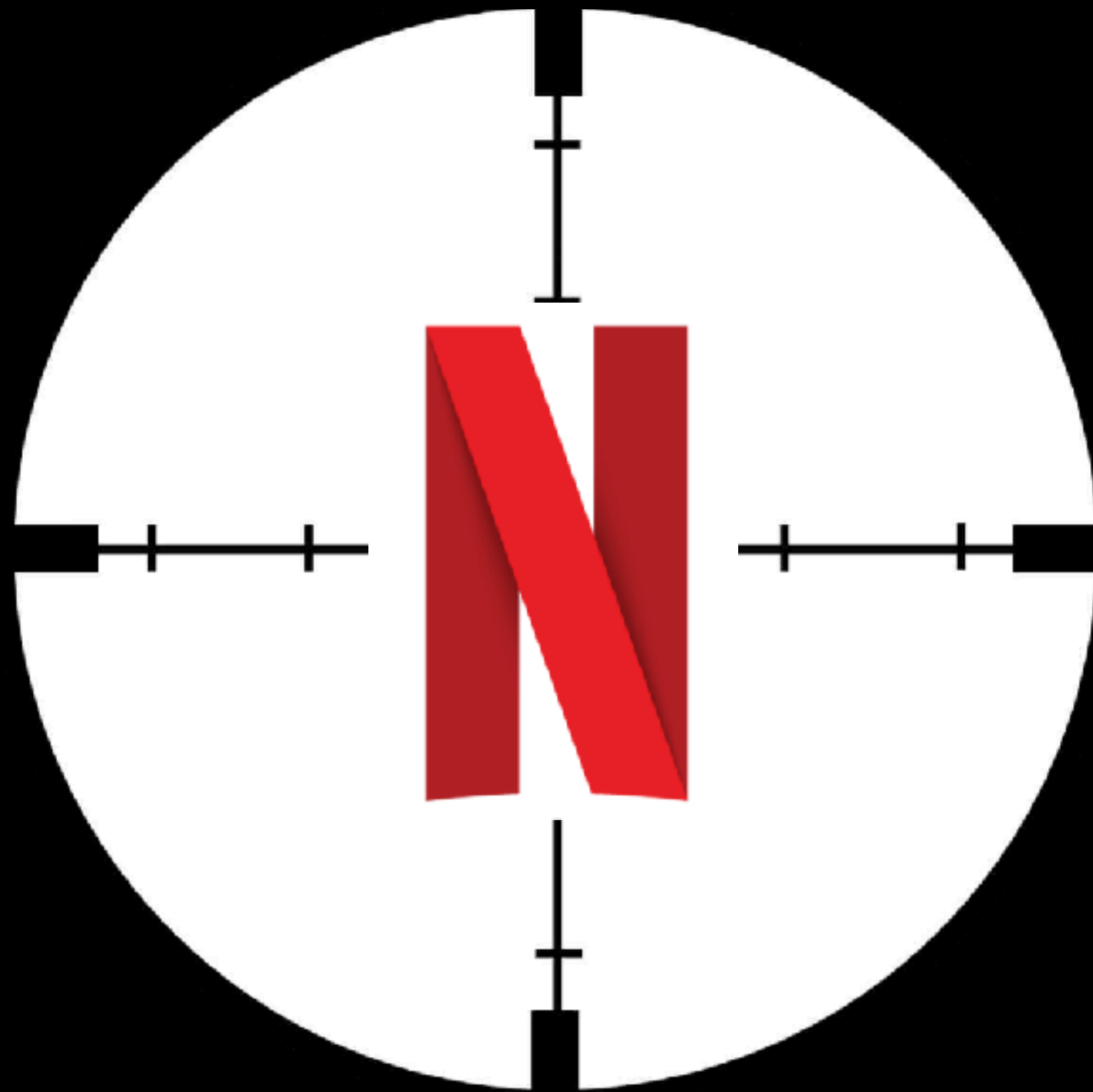


—Ross Benes

McKinsey & Company, September, 2020

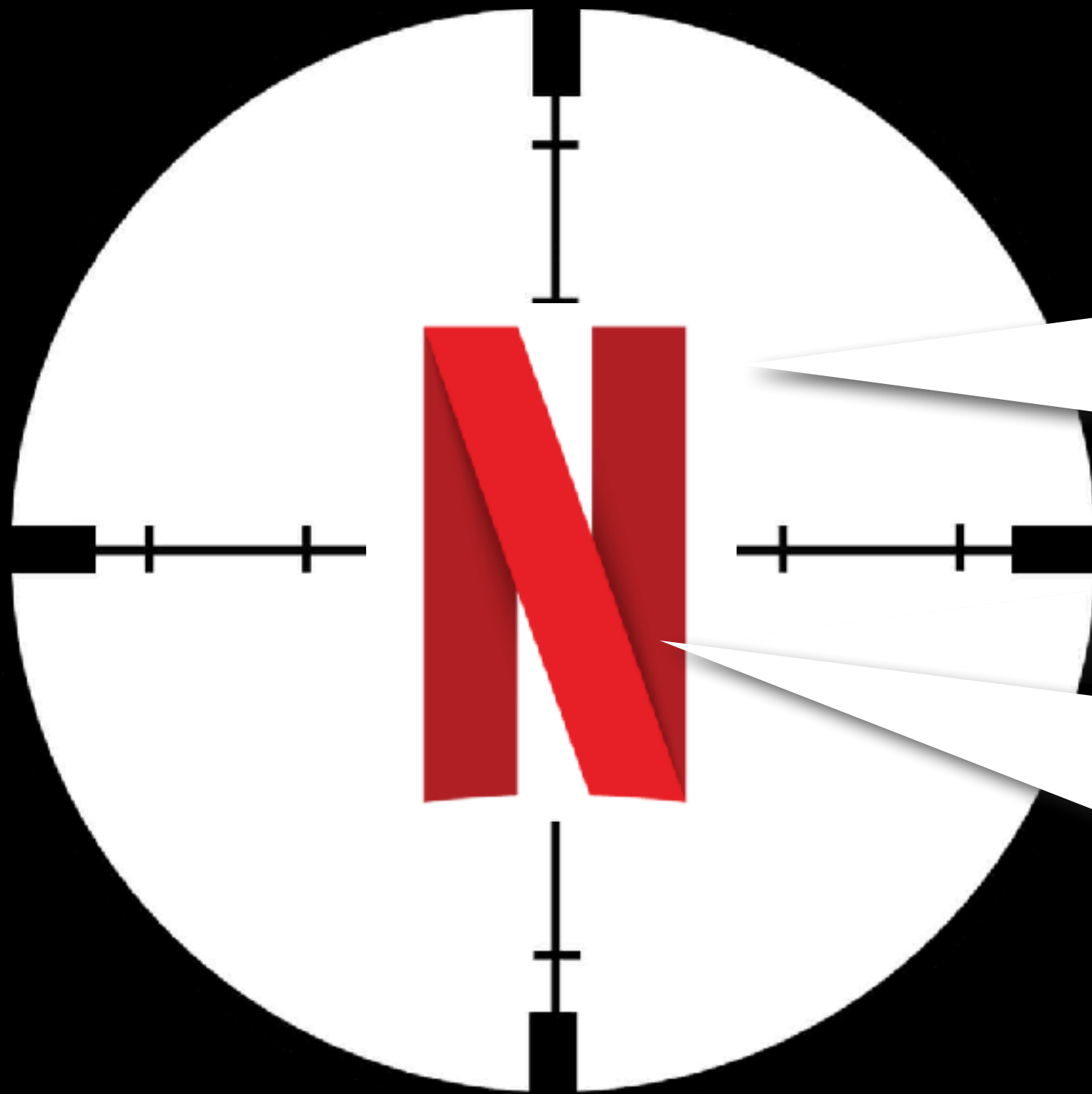
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already has lots of company...



NETFLIX

already has lots of company...



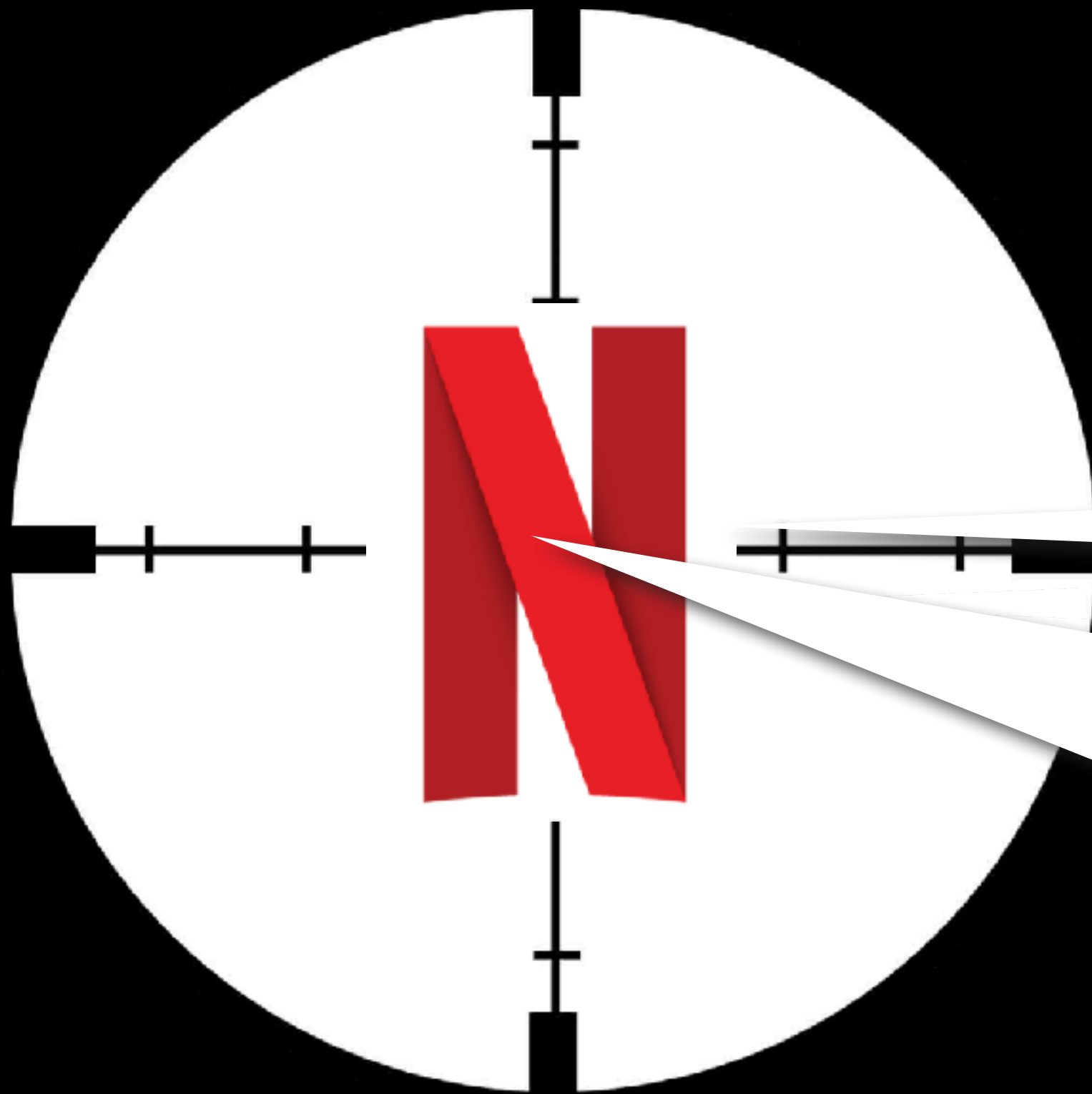
**Launched an
SVOD service in
Nov 2019**



**launched its SVOD streaming service
in Nov, 2019 and now has >60M subs**

NETFLIX

already has lots of company...



at&t



**SVOD combo with WarnerMedia
launched in May, with heavy
focus on **mobile** content**



Launched **mostly free, ad-supported
service in July with multiple tiers**

NETFLIX

already has lots of company...



Quibi

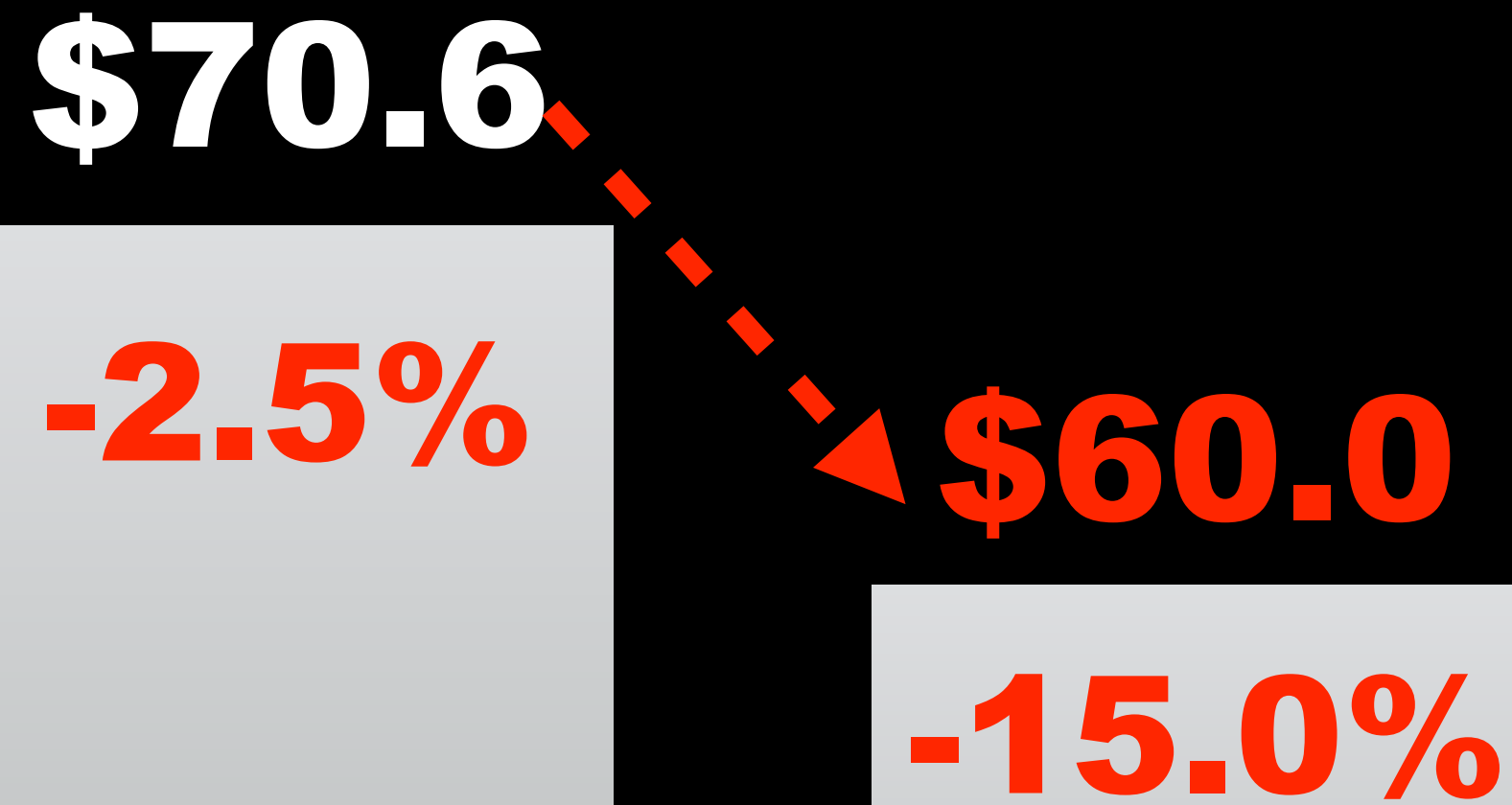


Launched in April with a hybrid
service focused **100%** on mobile



III. Spending Trends for Digital Video Advertising

Linear TV spending (US) will take a big hit this year, but rebound in 2021 (\$B)

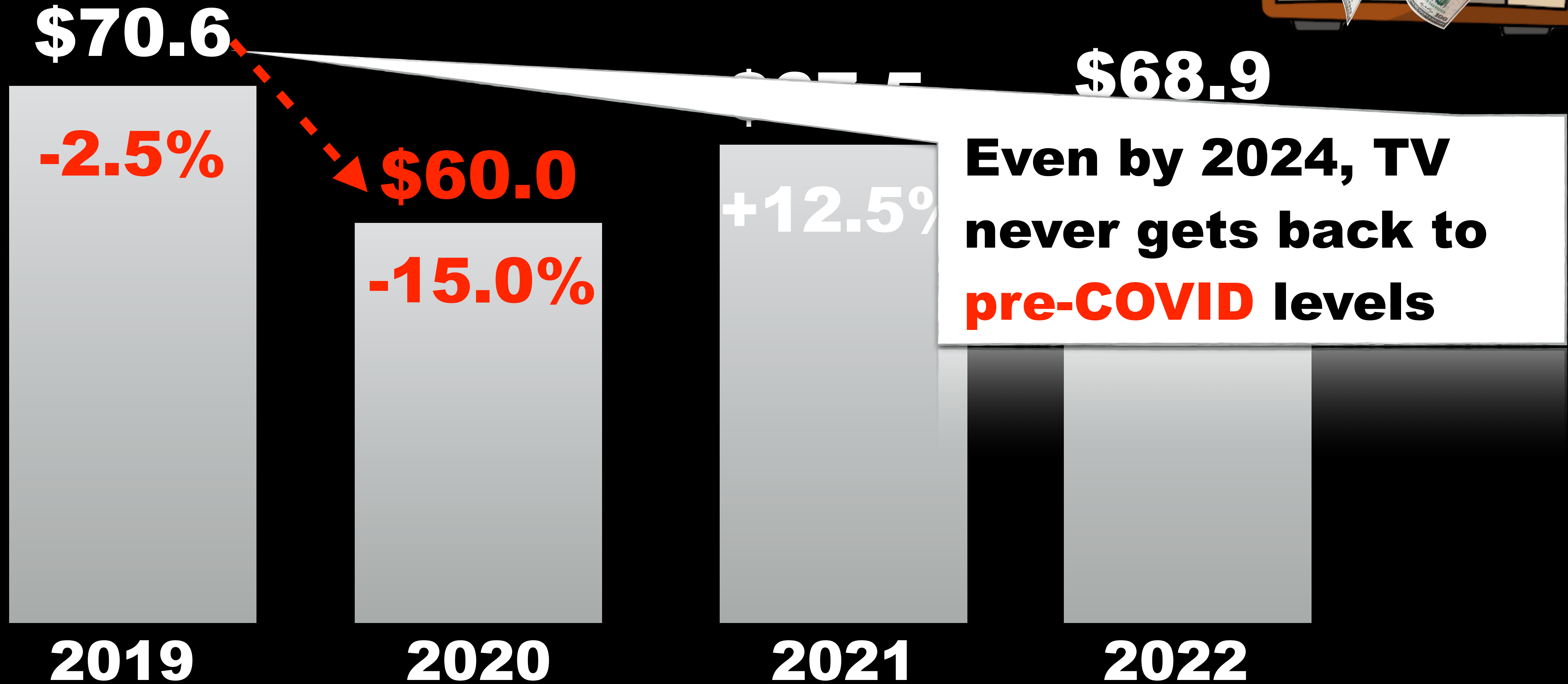


Globally, TV will shrink by 12%

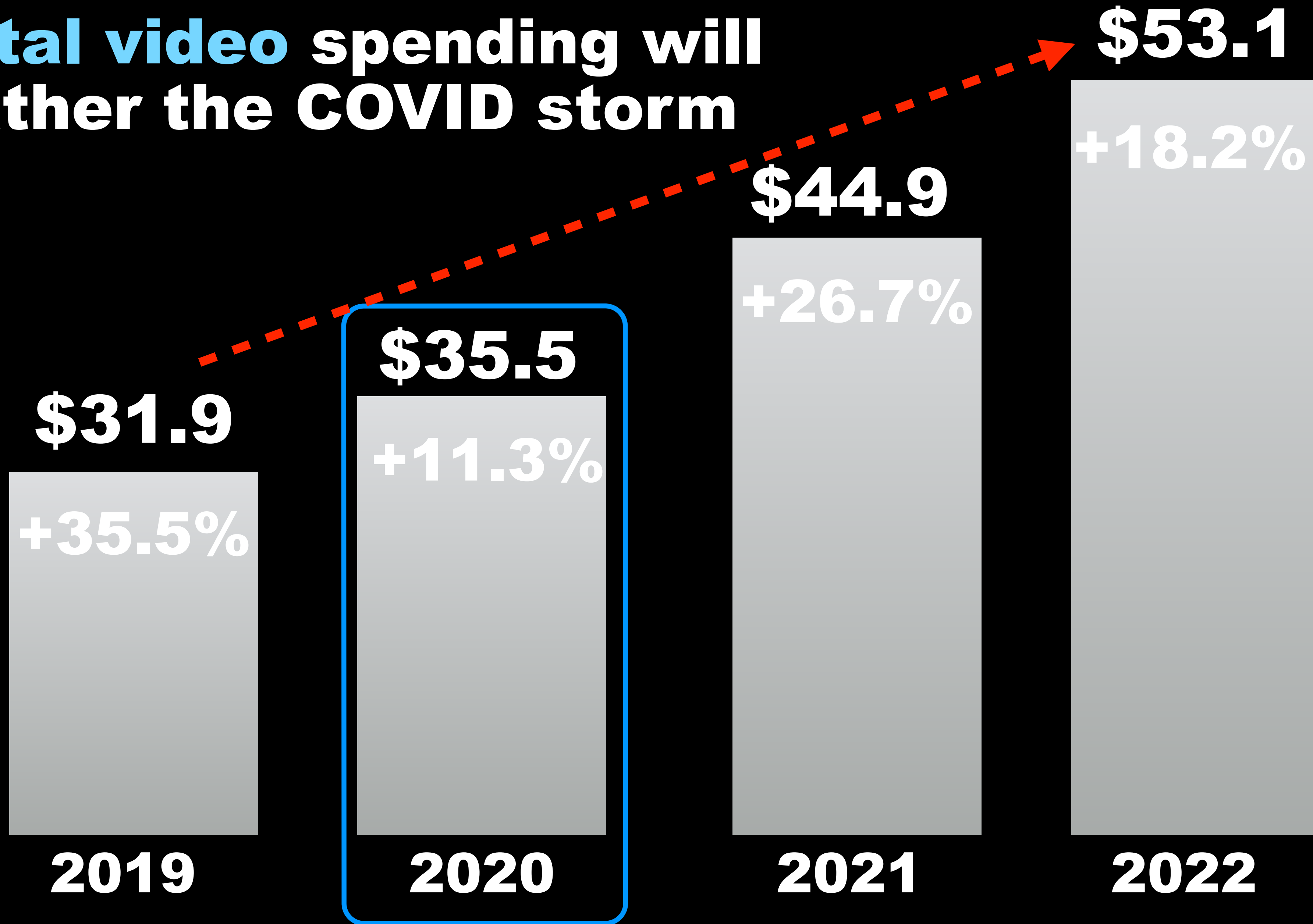
Source: Omdia, May, 2020

2020

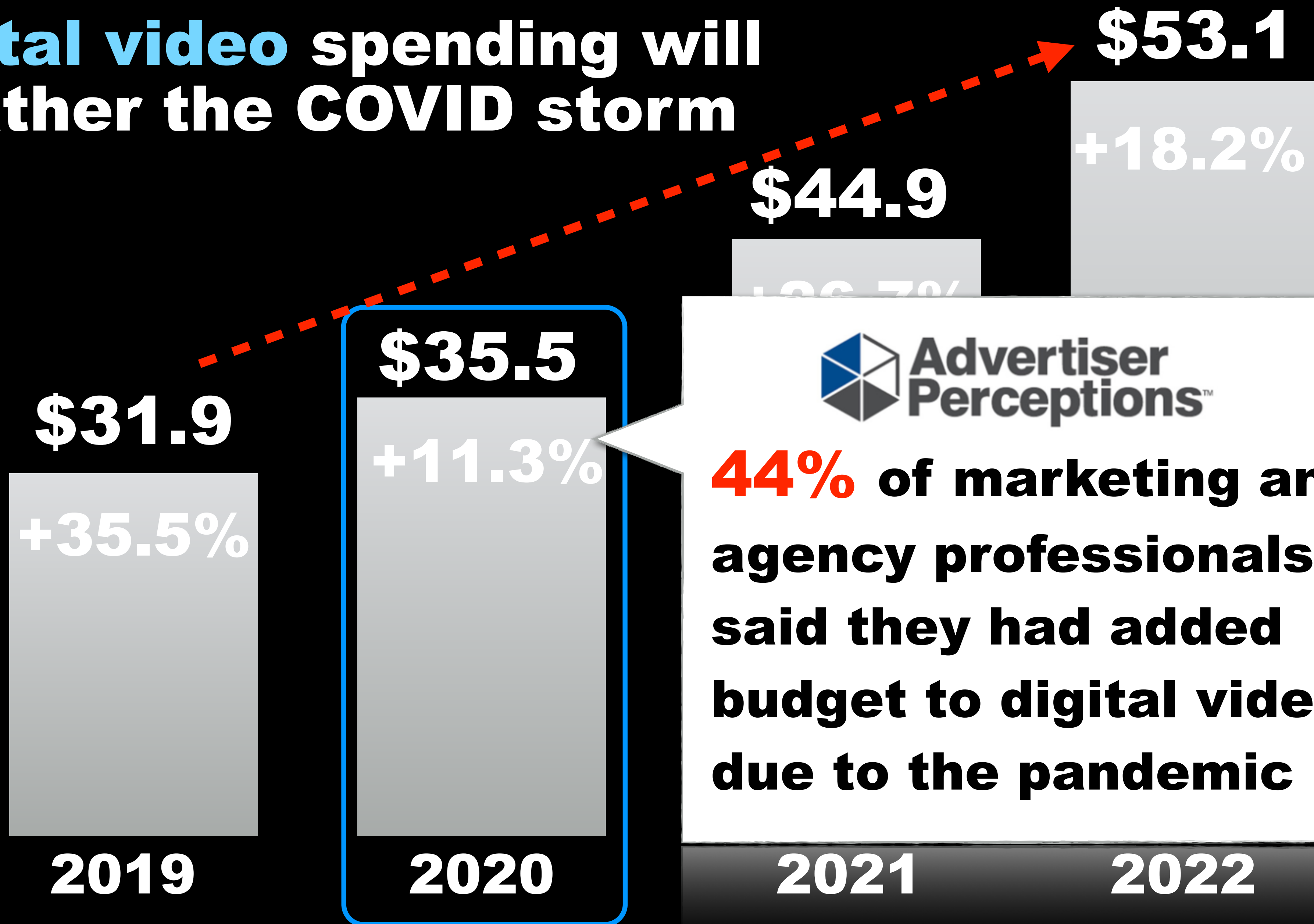
Linear TV spending (US) will take a big hit this year, but rebound in 2021 (\$B)



Digital video spending will weather the COVID storm



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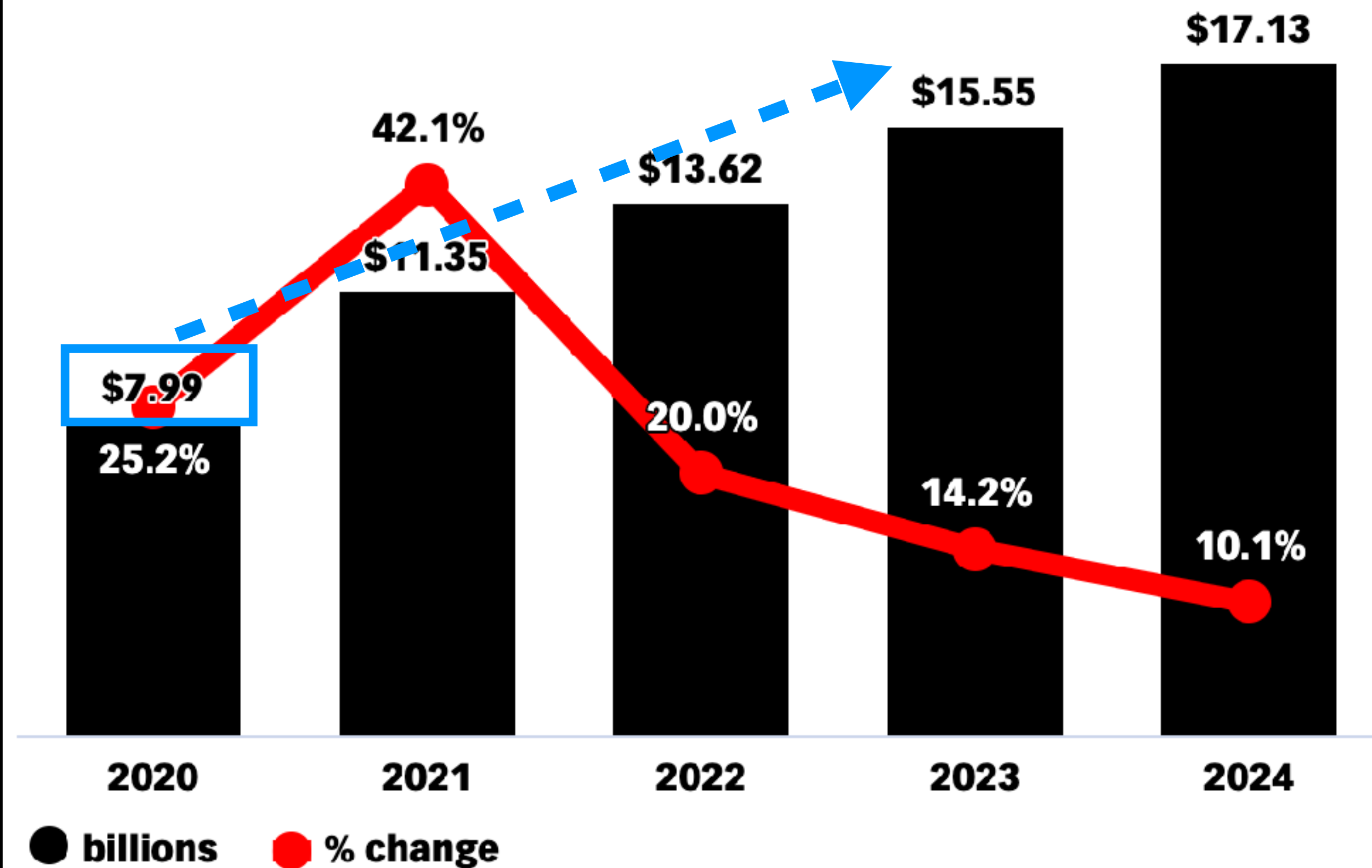


44% of marketing and agency professionals said they had added budget to digital video due to the pandemic

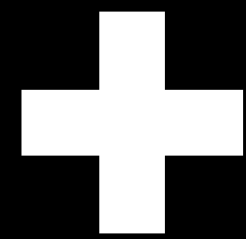
CTV ad spending will increase 25% to reach \$8B in 2020 and double to ~\$16B by 2023

Connected TV Ad Spending

US, 2020-2024



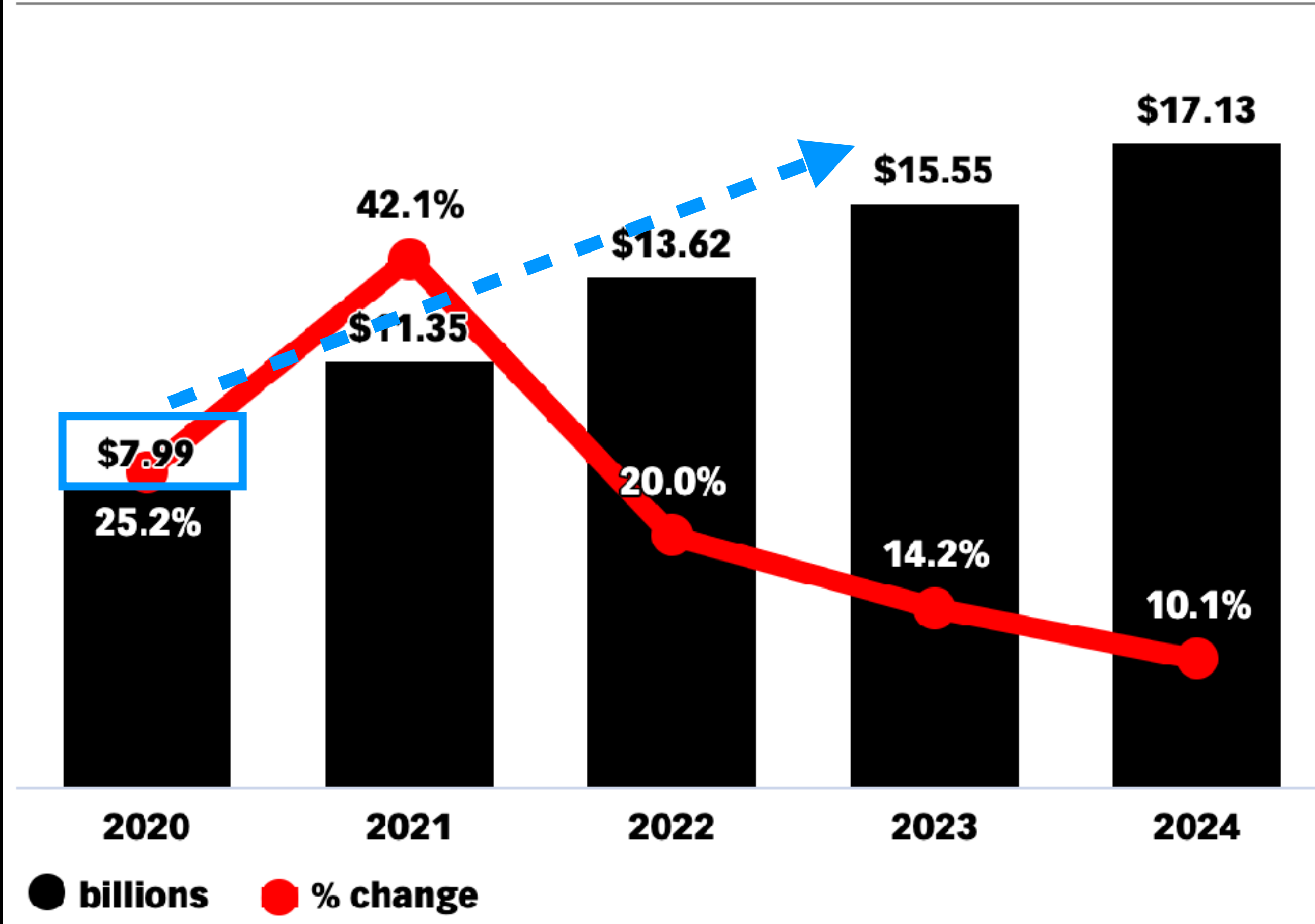
CTV ad spending will increase 25% to reach \$8B in 2020 and double to ~\$16B by 2023



= 30%

Connected TV Ad Spending

US, 2020-2024



\$8B in CTV ad spend = only 23% of digital video spending

Source: eMarketer, June 15, 2020;

***Advertiser Perceptions, April 13, 2020**

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**Still lacks the mass scale (time consumption)
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Fragmentation of ad inventory—plus, only 56% of CTV inventory is bought programmatically (vs. 80% of all digital video ad spending)

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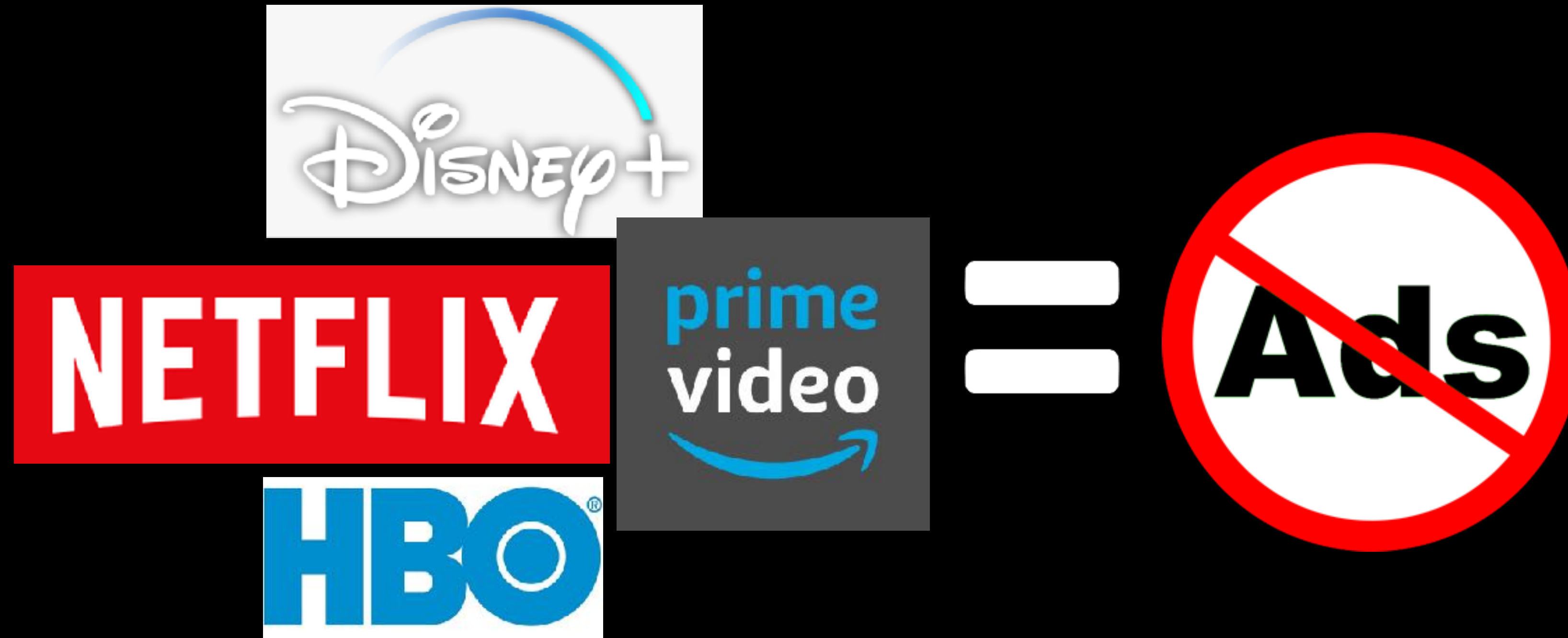
Still lacks the mass scale (time consumption) of traditional pay TV

Fragmentation of ad inventory—plus, only 56% of CTV inventory is bought programmatically (vs. 80% of all digital video ad spending)

Integration, technology, and measurement issues across the many different devices and OTT channels (most inventory still lacks a unifying device ID, like a cookie)

**Source: eMarketer, June 15, 2020;
*Advertiser Perceptions, April 13, 2020**

\$8B in CTV ad spend = only 23% of digital video spending



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4 Best Practices for Marketers



—Beth Weeks,
VP, Media Director



Digitas

“Cord-cutting will continue to accelerate, requiring advertisers to have a robust online video strategy to capture consumers as they continue shifting away from traditional means of watching video.”

IV. Best Practices for Video Advertising

1

Embrace the combination of Connected TV and Linear ad buys—and figure out ways to measure across both



DIGITAL VIDEO ADVERTISING BEST PRACTICES 2019

Industry Experts Weigh in on
Privacy, Context, Formats
and Measurement

FEBRUARY 2019

Paul Verna

Contributors: Blake Drosch, Nicole Perrin, Sharon Tan



1

**Embrace the
TV and Linear
ways to meas**

“In order to do cross-channel attribution, you need to find a privacy-compliant way to identify resolution across Google, Facebook and all the other digital publishers and television ecosystems.”

—Jane Clarke, CEO, CIMM



DIGITAL VIDEO ADVERTISING BEST PRACTICES 2019

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Privacy, Context, Formats
and Measurement**

FEBRUARY 2019

Paul Verna

Contributors: Blake Drosch, Nicole Perrin, Sharon Tan



1

Embrace the convergence of TV and Linear with new ways to measure

“The big new thing in TV is the availability of data to do attribution research.”

—Jane Clarke, CEO, CIMM



DIGITAL VIDEO ADVERTISING BEST PRACTICES 2019

**Industry Experts Weigh in on
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FEBRUARY 2019

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Cross-platform video?



—Joe Barbagallo, CRM

“We think of video as **1** medium—it’s agnostic. Our video strategy includes television, digital platforms and even digital out-of-home.”



**Measurement can't get to the next realm
until it at least catches up with consumer
behavior**

**In a digital age where audiences and ads fly
across TVs, smartphones, tablets and
connected devices...**

Measurement can't get to the next realm until it at least catches up with consumer behavior

In a digital age where audiences and ads fly across TVs, smartphones, tablets and connected devices...

... in order to reach those audiences, brands have to work with makers of streaming devices, TV manufacturers, content aggregators, broadcast networks and sales teams from digital streaming services.

Measurement can't get to the next realm until it at least catches up with consumer behavior

“We have to move as quickly as possible to audience-based measurement across all screens.”

NBCUniversal

—Linda Yaccarino, Chairman, Ad Sales & Client Partnerships



Measurement can't get to the next realm until it at least catches up with consumer behavior

“A single-source measurement company (aka, Nielsen) is unlikely to be the dominant metric for the industry.”

NBCUniversal

—Linda Yaccarino, Chairman, Ad Sales & Client Partnerships



Measurement can't get to the next realm until it at least catches up with consumer behavior

“Individual **brands will have to work with the available data they have to create **proxy metrics** for brand awareness, brand consideration and purchase intent to see how their video ads are affecting their sales.”**



—Ross Benes

3

Shift focus from brand Safety to Suitability

3

Shift focus from brand Safety to Suitability

The same data science that enables you to AVOID negative or inappropriate content can be used to find environments you WANT to be in, which tends to be **relevant content that's suitable to the brand.**

3

Shift focus from brand Safety to Suitability

“Ads are often **irrelevant** and sometimes just silly, ridiculous or stupid.”



—Marc Pritchard,
Chief Brand Officer



% of consumers saying they are more likely to purchase from brands that provide consistent, **relevant content**



#1 type of digital ad most preferred by digital video viewers?

#1 type of digital ad most preferred by digital video viewers?

“Ads related to the video I’m watching” (56%)



4

Figure out how to reach viewers of SVOD, or **ad-free** services



—Ross Benes

“Consider striking deals with content producers to get products featured in Netflix, Amazon Prime Video and Hulu shows (however, opportunities are limited and more difficult to execute than a straightforward media buy).”

US SUBSCRIPTION
VIDEO
LANDSCAPE 202

Newcomers Challenge
Netflix's Throne

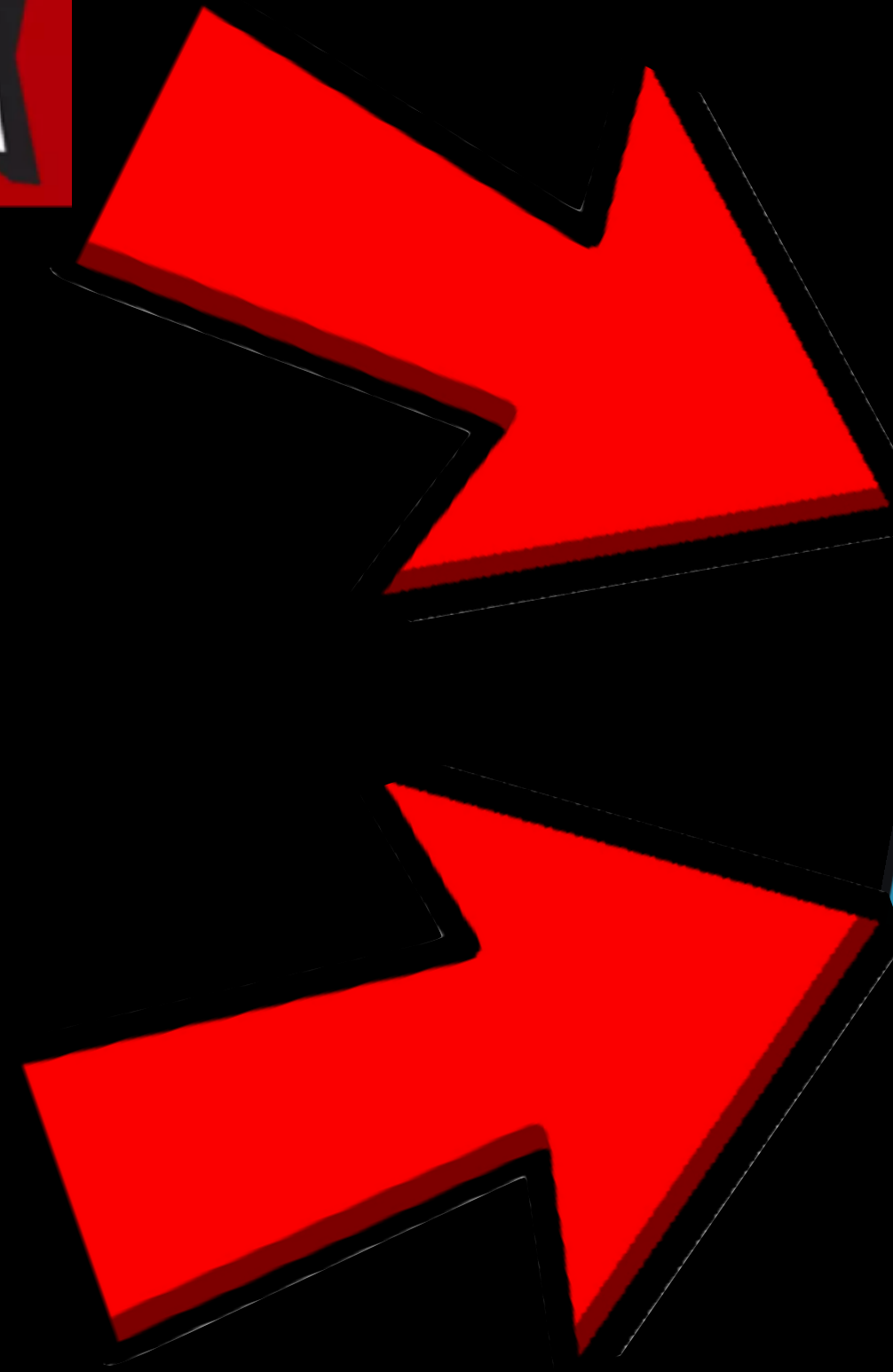
FEBRUARY 2020

Ross Benes

Contributors: Paul Briggs, Blake Droesch, Andrew Lipsman, Chuck Rawlings

Two big wild cards for streaming...

NETFLIX



Two big wild cards for streaming...

NETFLIX



Netflix has been increasingly open to lending its name to joint marketing campaigns and products based on its shows.


NETFLIX



NEW! ICE CREAM

ELEVENTH'S HEAVEN

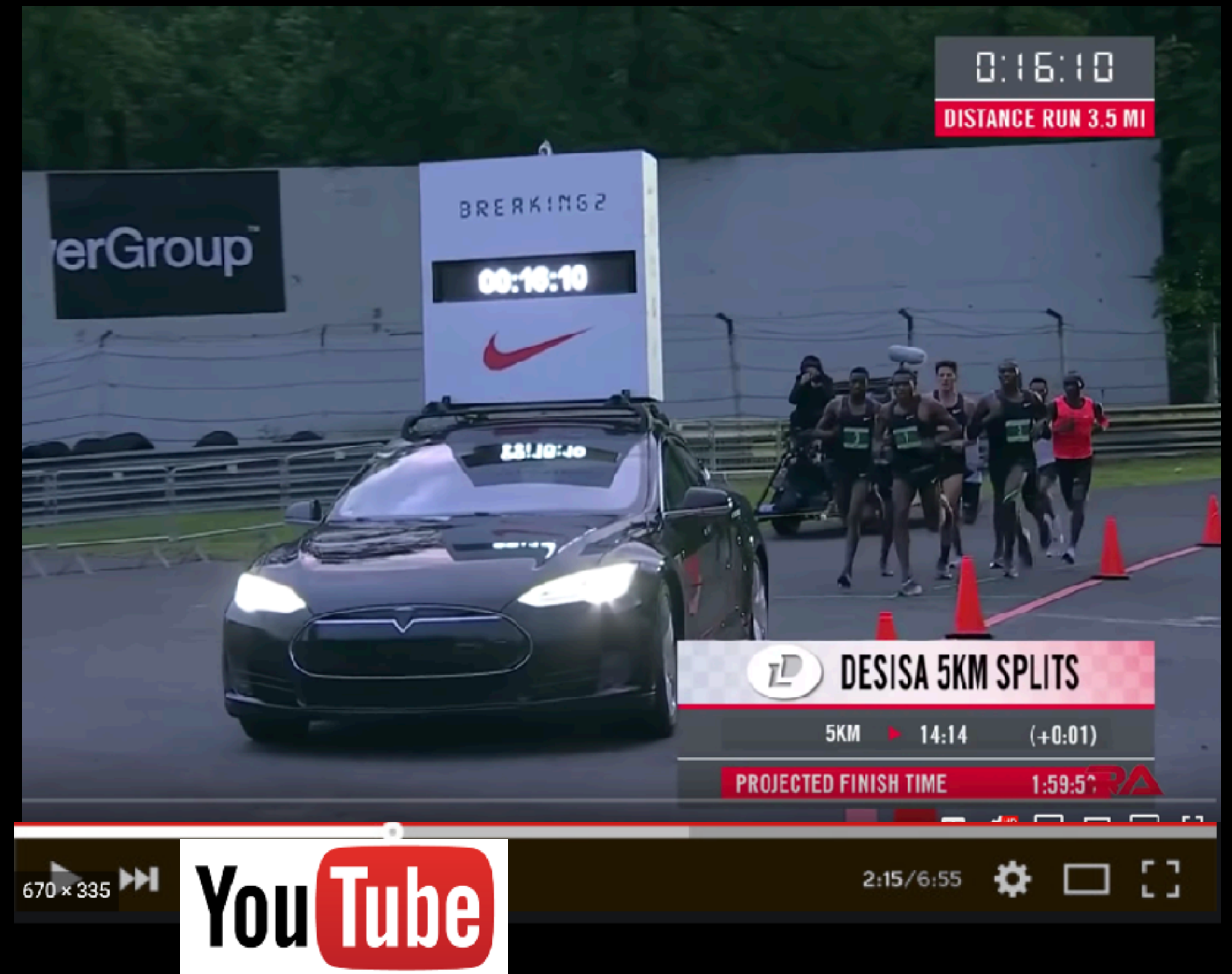
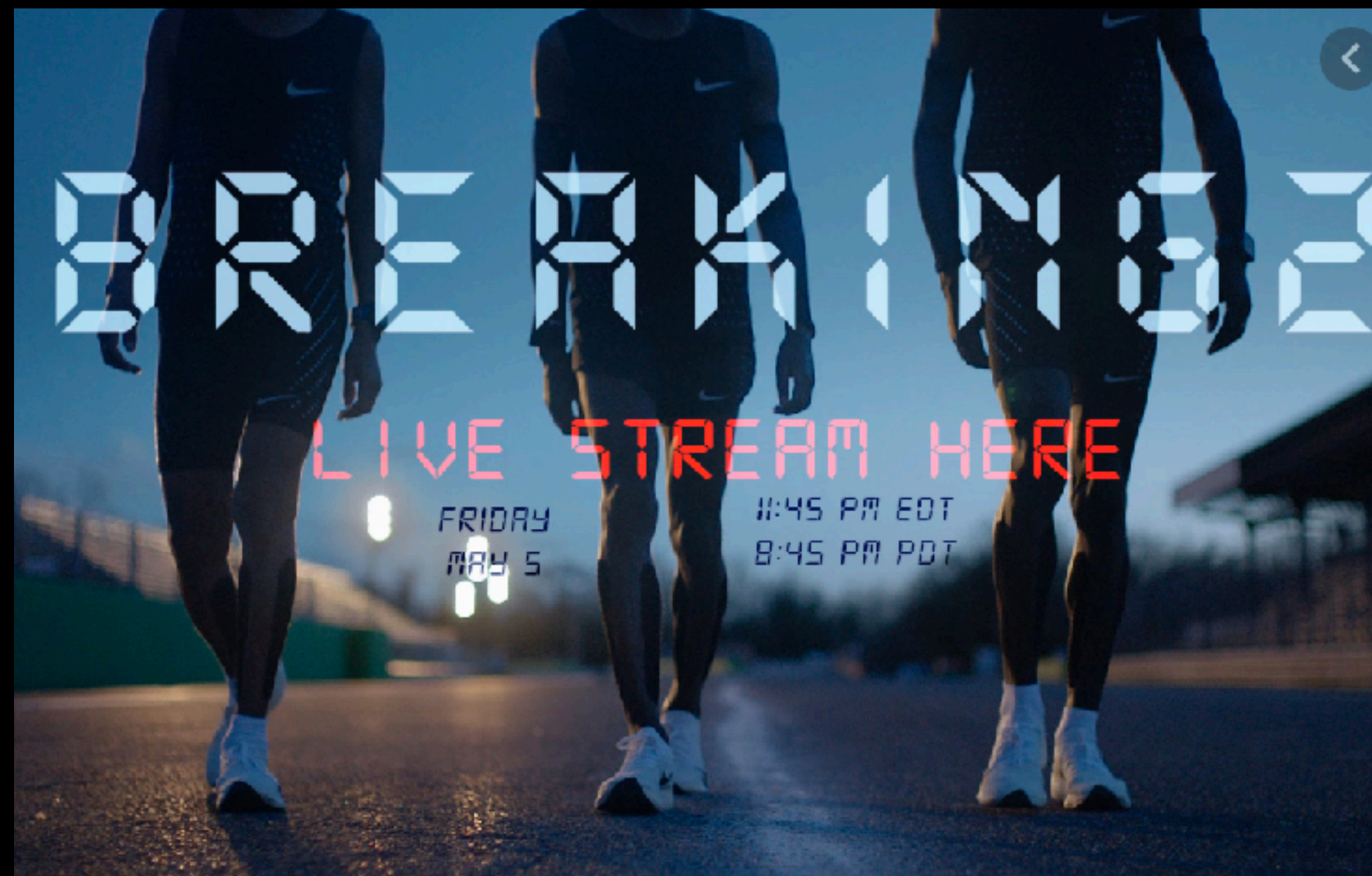
STRANGER THINGS
ARE HAPPENING AT
BASKIN-ROBBINS



STRANGER THINGS
WATCH JULY 4 ONLY ON NETFLIX



Or, consider co-creating your own content, partnering with other strong brands



Or, use **lookalike** modeling to target consumers who watch SVOD shows and then find them on other, **ad-enabled** platforms



Or, use **lookalike** modeling to target consumers who watch SVOD shows and then find them on other, **ad-enabled** platforms



A screenshot of a Facebook search results page for "mandalorian series". The search bar at the top shows the text "mandalorian series" and a magnifying glass icon. The user's name "Geoffrey" is visible in the top right corner. Below the search bar, there are tabs for "All", "Posts", "People", "Photos", "Videos", "Marketplace", "Pages", "Places", and "Groups". The main content area shows a video post titled "The Mandalorian Trailer 1 - Star Wars Series" with a thumbnail of the character in his helmet. Below this is a post from Marianne Pfeifer, a friend, dated August 21, 2019, mentioning the series' debut on Disney+. On the left side, there are filters for "POSTED IN GROUP", "TAGGED LOCATION", and "DATE POSTED". The "POSTED IN GROUP" filter is set to "Any Group". The "TAGGED LOCATION" filter is set to "Anywhere". The "DATE POSTED" filter is set to "Any Date". The "Links" section on the right shows two links: "Baby Yoda from the Mandalorian Series" from etsy.com and "The Mandalorian FINAL trailer 4k (Star Wars TV series)" from youtube.com.

Final thoughts for brands in 2020

–With cord-cutting accelerating and low-cost streaming services continually emerging, large linear TV ad buys are no longer enough

Final thoughts for brands in 2020

- With cord-cutting accelerating and low-cost streaming services continually emerging, large linear TV ad buys are no longer enough**
- Replicating that reach will be a challenge in 2020, as current OTT/CTV options are highly fragmented and many DON'T offer advertising opportunities (e.g., SVOD pure-plays)**

Final thoughts for brands in 2020

- With cord-cutting accelerating and low-cost streaming services continually emerging, large linear TV ad buys are no longer enough**
- Replicating that reach will be a challenge in 2020, as current OTT/CTV options are highly fragmented and many DON'T offer advertising opportunities (e.g., SVOD pure-plays)**
- The only way to achieve scale is through cross-media ad buys (combo of linear and streaming)**



Thank you



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Co-Founder

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