

Making TV great again

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Accenture Strategy

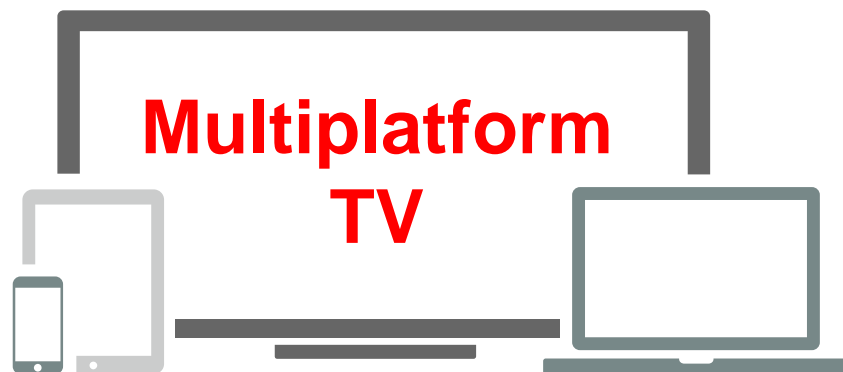
A VIEW INTO THE CHANGING ECONOMICS OF TV

MARCH 2018

RETHINKING “TV AND DIGITAL”

The core premise of our study centered on redefining “TV and Digital”:

Aggregate long-form video experiences



Live, DVR, VOD, Online, App,
OTT

Long-form video entertainment
experience on any screen, at any time

Break down “digital” into its constituent parts

Digital



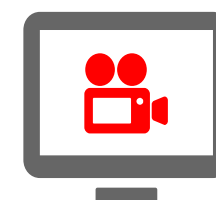
Search

Transactional
experience



Display

Informational
experience



Short-form
video

Snacking
experience

THE HALO EFFECT

**Multiplatform TV Advertising Amplifies Search, Display,
and Short-form Video Ad Performance**

MULTIPLATFORM TV'S HALO EFFECT ON ROI

Multiplatform TV's halo drives a portion of short-term ROI usually attributed to Digital advertising, which also undervalues ROI attributed to Multiplatform TV



Standalone *Digital* ROI

-18%



Without Multiplatform TV's halo,
Digital's average ROI would decline

Multiplatform TV's
Halo On *Digital* Advertising

Impact of Multiplatform TV
advertising on *Digital*
within integrated
advertising campaigns



Multiplatform TV's Adjusted ROI

+10%

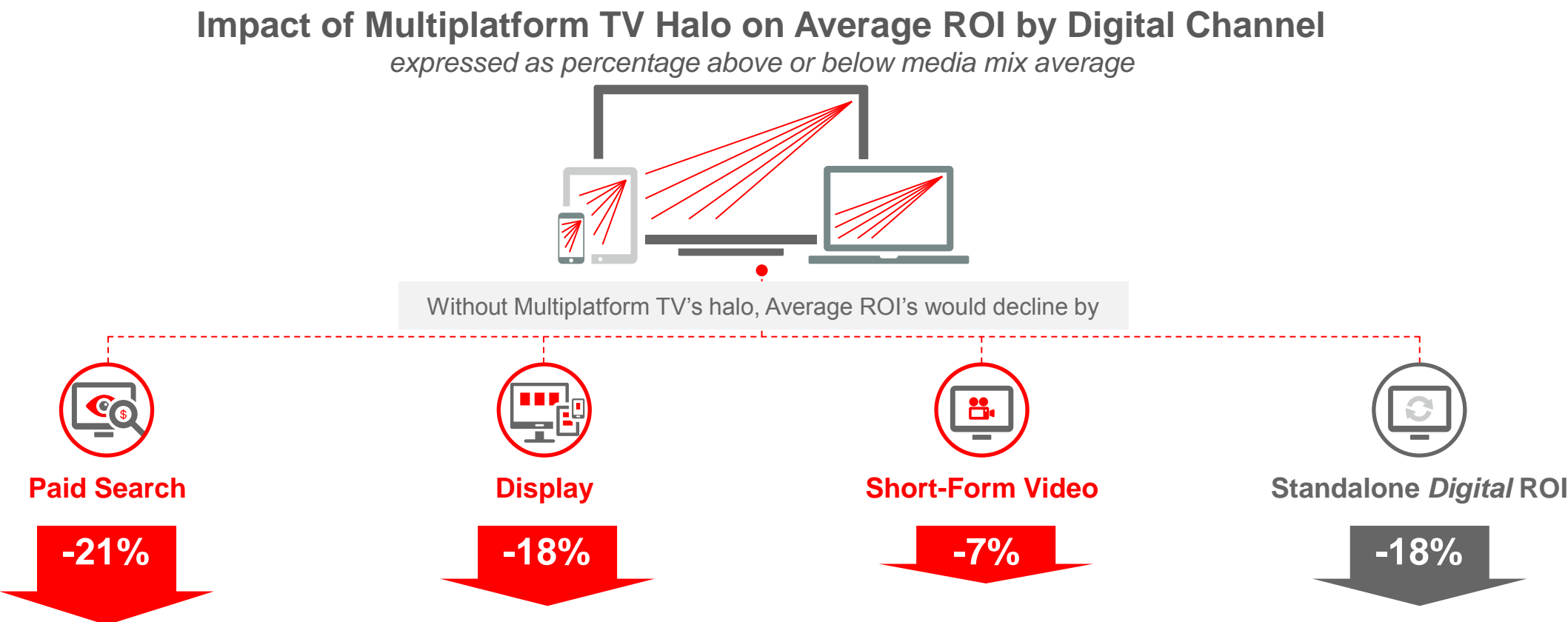


Due to Multiplatform TV's halo,
Multiplatform TV's average ROI
is understated

Note: Standalone *Digital* includes Paid Search, Display, and Short-Form Video advertising
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HALO EFFECT BY TYPE OF DIGITAL CHANNEL

If we consider the halo effect by type of digital channel, **Multiplatform TV's halo effect is most significant for paid search and display advertising**

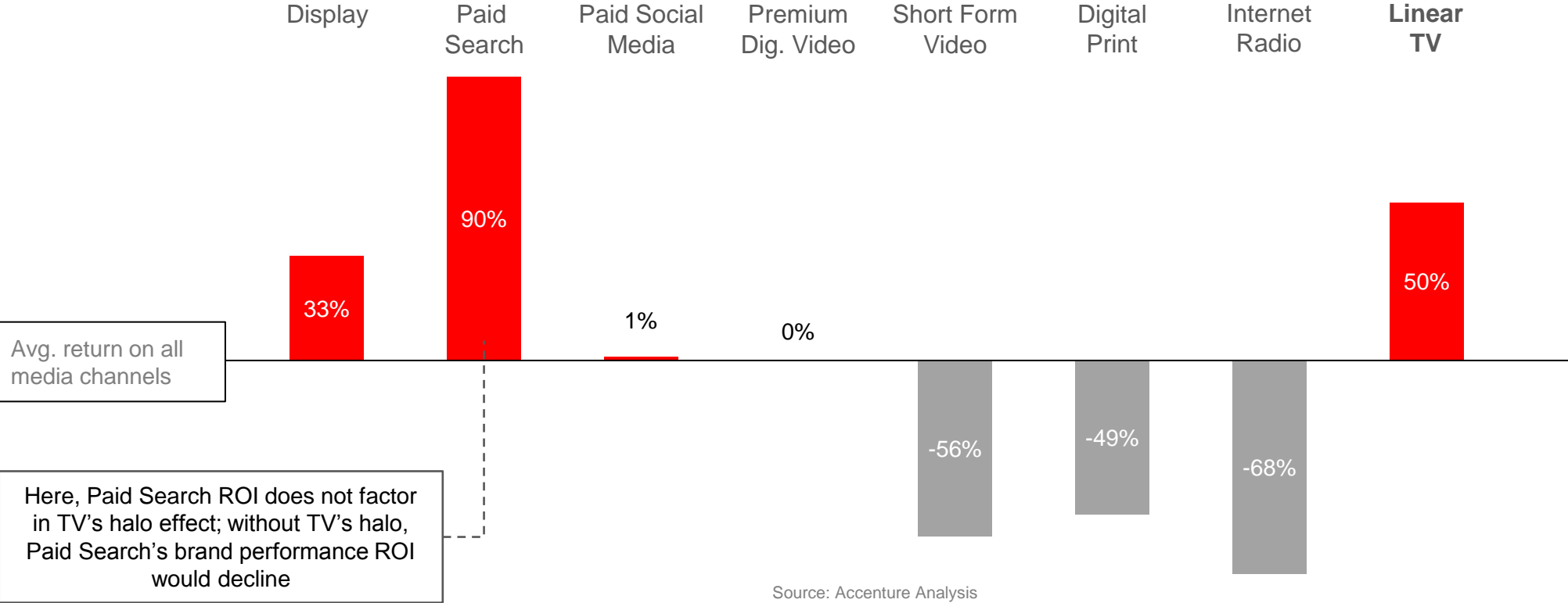


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LINEAR TV'S EFFECT ON BRAND PERFORMANCE

Linear TV drives strong Brand Performance ROI relative to other media channels

Brand Performance ROI
expressed as percentage above or below media mix average



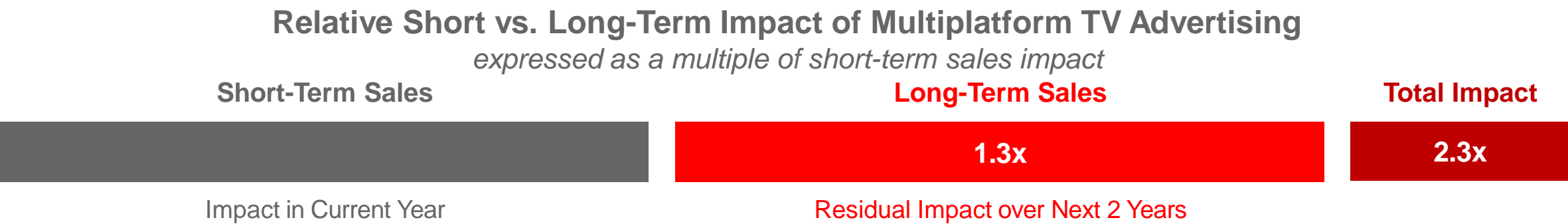
Source: Accenture Analysis

LONG-TERM IMPACT

**Multiplatform TV Advertising Drives Significant Returns
Beyond Year 1**

MULTIPLATFORM TV'S IMPACT IN DRIVING INCREMENTAL SALES

Impact in driving incremental sales goes far beyond what is measured in the short-term, as total impact is equal to 2.3x short-term sales



Example Read As: If running Multiplatform TV advertising results in incremental sales equal to **\$1 in the current year (Year 1)**, then that same advertising will drive residual impact of **\$1.30 over the next 2 years**. Thus, a total impact of \$2.30 over the full 3 years.

HYPOTHETICAL EXAMPLE

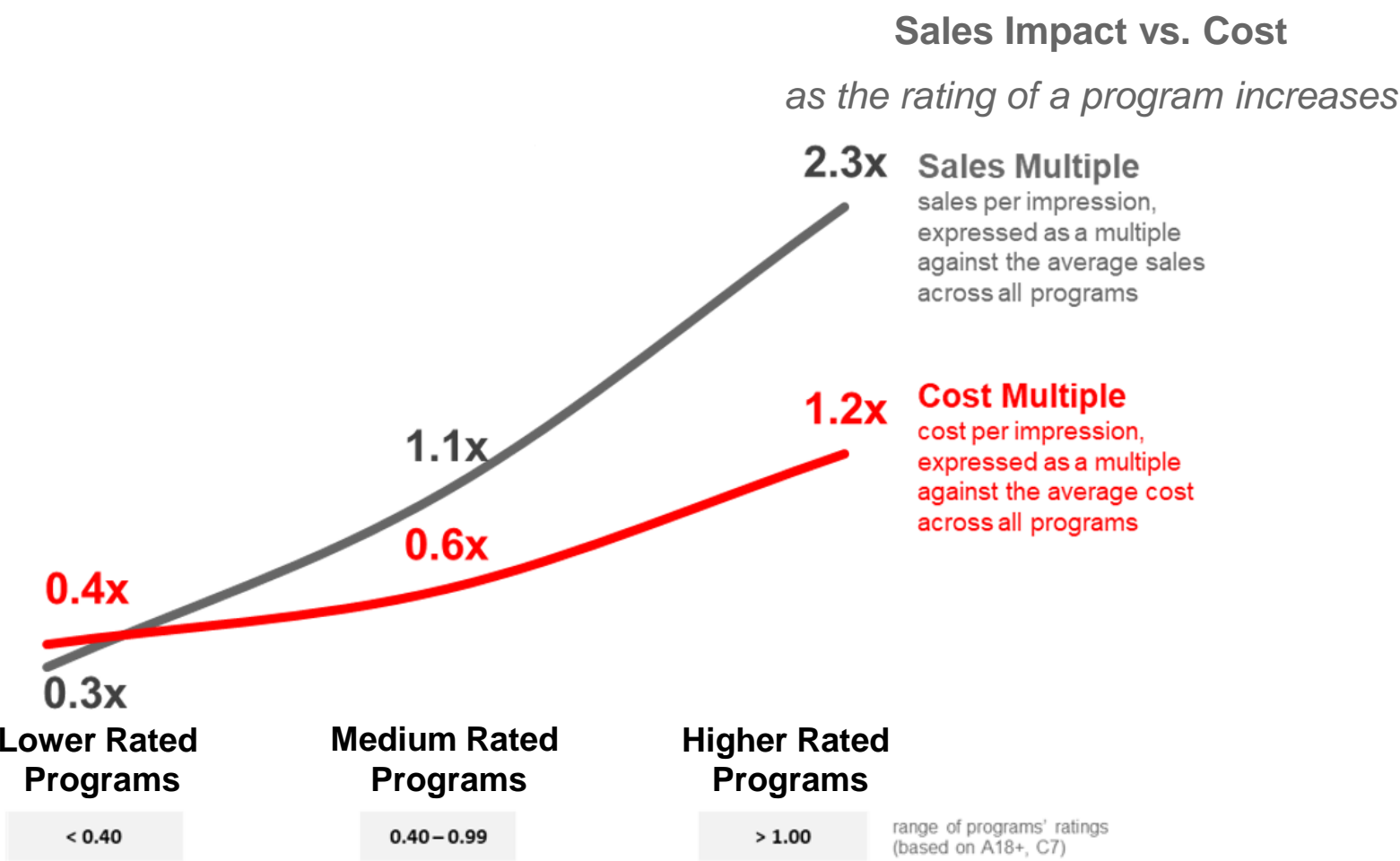


VALUE OUTPACES COST

There are fundamental discontinuities in the way TV is priced when ROI of the media is taken into account

COST PER IMPRESSION VS SALES IMPACT

Cost per impression increased with audience size while sales impact increases at a faster rate.



Additional Context & Insights

We believe that this differential may be due to:

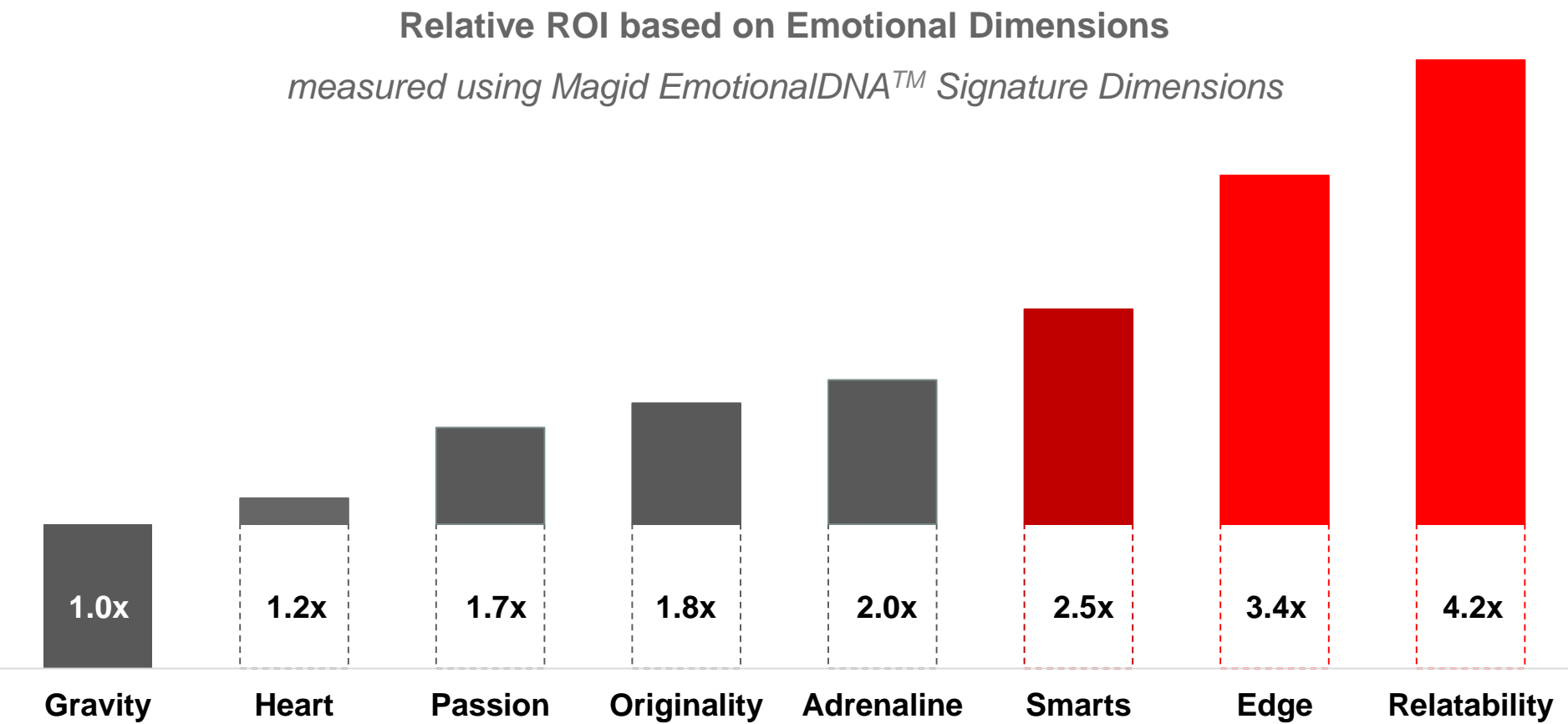
- **Social amplification**
buzz generated by larger and more unique „events”
- **Audience „spill over”**
benefits from viewing outside the target demographic the advertiser is paying to reach
- **Limited audience overlap**
by acquiring audience size through a single program

CONTEXT MATTERS

The context of content has a major impact on ROI – something that is often not factored into pricing

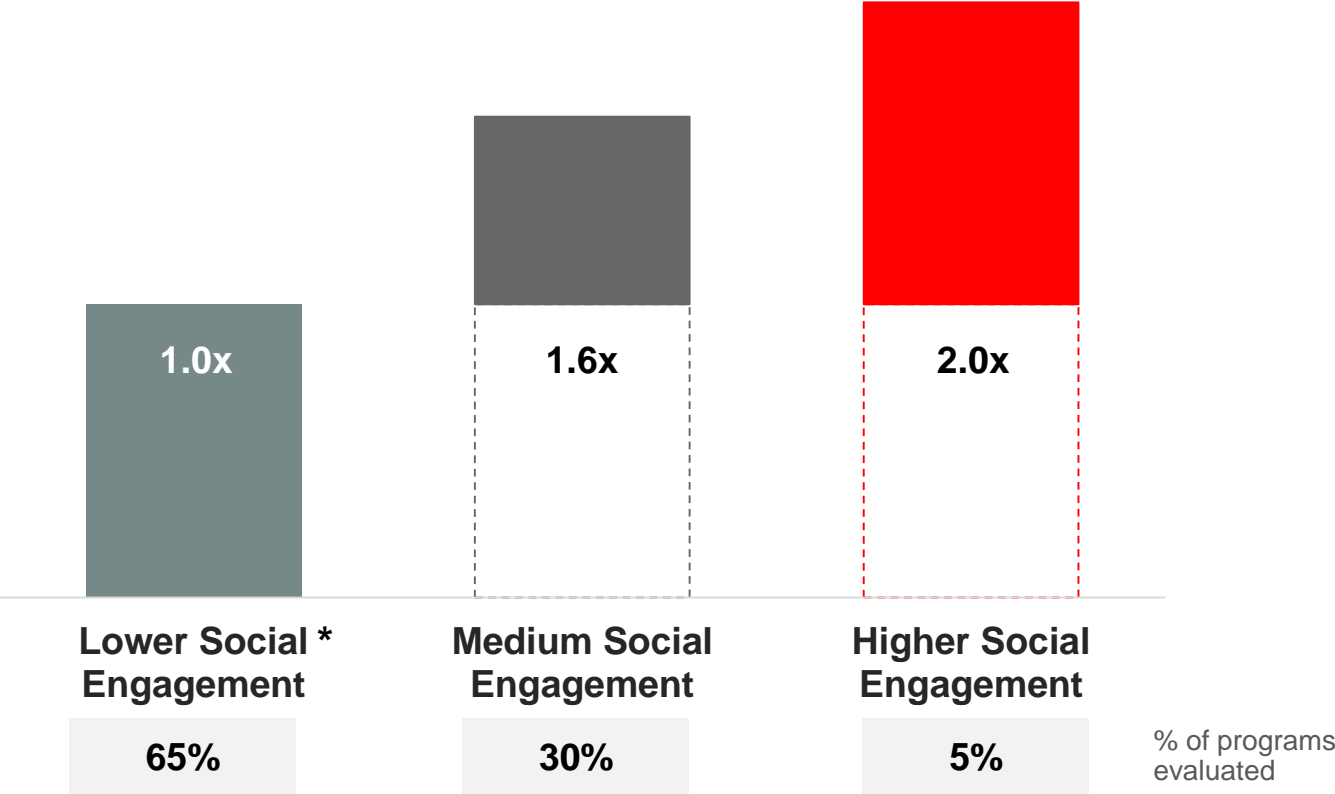
ROI VARIETY BASED ON CONTENT

ROI varies greatly based on viewers opinion - and emotional connection to – the underlying content



PROGRAMS THAT GARNER HIGH SOCIAL ENGAGEMENT DRIVE HIGHER ROI

Relative ROI based on Social Engagement Score
measured as volume of tweets normalized for audience scale



*Lower Social Engagement includes programs with no measured twitter activity

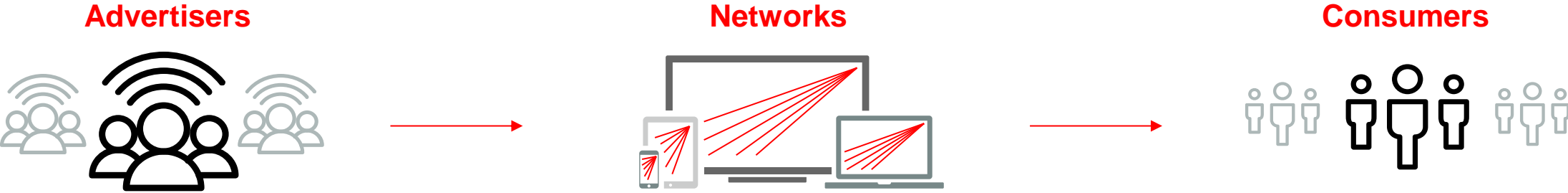


Additional Context

- Captures volume of tweets about a show, its characters, or cast / crew within a ± 3 hour window of airtime
- Analysis normalizes volume of tweets for audience scale to obtain an engagement score

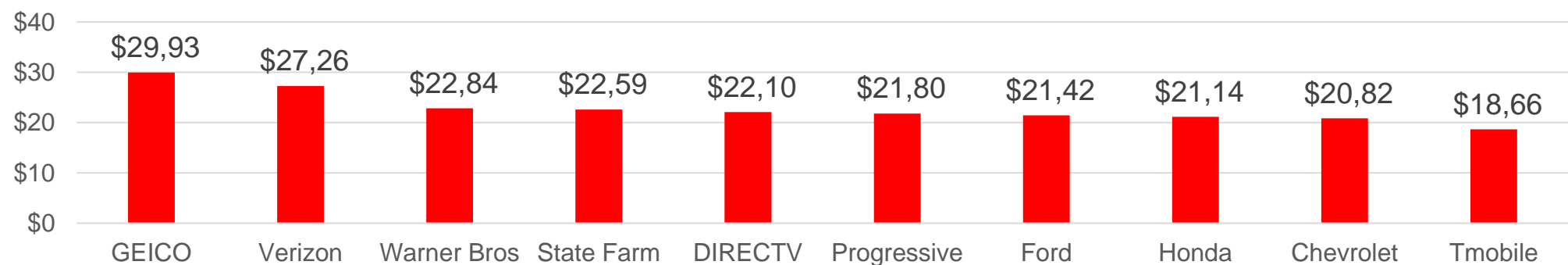
**ITS MORE THAN
DYNAMIC AD SERVING**

CURRENT MARKET DYNAMIC SETUP FOR DIRECT NEGOTIATED SELLING



- 100s/1000s of advertisers
 - Budgeting at \$5-10M min. for national campaigns
 - Local campaigns run through cable
- Insertion at program level
 - National ad campaigns
 - Local ads inserted by cable
 - Rates set by rating (reach)
 - Direct negotiated sales
- Targeting based on age/gender
 - W Open AP – based on program level indexing

Weekly TV Spend in US (\$M)



THE IMPACT OF DYNAMIC AD INSERTION

Dynamic of ad insertion has system-wide impact – **massively increasing value and complexity** for MPTV.

Advertisers



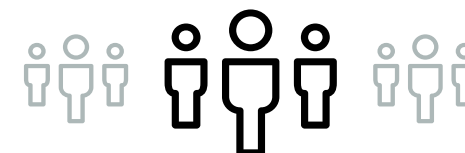
- Advertisers/Agencies look for addressability to reduce TV wastage
- Number of advertisers increases, however, due to lowered entry price

Networks

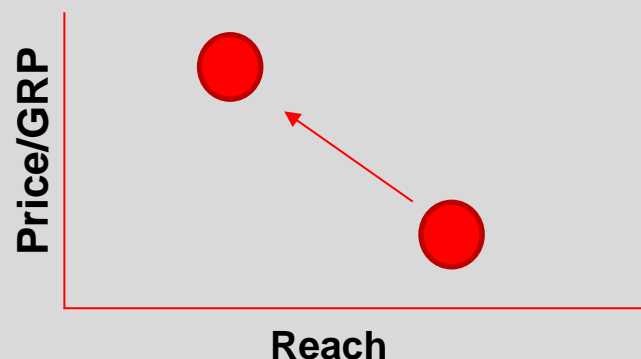


- Insertion at STB level
- National ad campaigns become highly targeted
- Number of advertisers increases to 104-105
- Pricing set by marketplace

Consumers



- Targeting at the household/user subscriber level – across device



Key Investments

- Automated ad insertion process
- Automated reporting and analytics platform
- Marketplace for pricing
- Testing for pricing and creative



**TO CAPTURE THE FUNDAMENTAL
UNDERVALUATION OF MULTI-
PLATFORM TV – A MULTI-STEP
SERIES OF INVESTMENTS NEED
TO BE MADE**

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