

CONNECTED TV: **THE NEW ERA OF TELEVISION** IAB WHITE PAPER

AUGUST 2017 VERSION 1.0

CARAT
REDEFINING
MEDIA



INTRODUCTION

The reality is that video is experiencing truly exponential growth: 82 percent of Australians consuming digital video each month and the video market was worth \$788 million in 2016. The year-over-year growth rate was 58 percent. Within that we have seen significant growth in the OTT/ connected TV space, and anecdotally we are hearing from publishers with longer-form content that about a third of their consumption is now coming from connected TV/ OTT.

We're pleased to have pulled together some of the smartest minds in Australia's digital video space (from the IAB Video Advertising Council) to produce this white paper. Thanks to the Council co-chair Nathan Powell and the whole team who created this, especially to Juliette Stead of Tremor Video for driving the program. This paper simplifies connected TV and provides inspiration to advertisers on how best to use it. Enjoy.



VIJAY SOLANKI
CHIEF EXECUTIVE OFFICER
IAB AUSTRALIA

TV is not dead. Australian audiences love watching great TV programming. They also love convenience and choice. This is why we've seen the rapid growth of on-demand video consumption over recent years – initially across desktop, followed by mobile, and most recently connected TV (CTV). Australian audiences have lapped up CTV – whether that has been through a smart TV with in-built internet functionality, or through an OTT device such as Telstra TV (Roku), Fetch TV, Apple TV, game consoles such as Xbox, PS or a good number of other facilitating devices.

Audiences are leading the change. They are watching plenty of TV and the lines distinguishing linear and streaming are becoming increasingly blurred, especially among Millennials and GenZ. Younger generations are indifferent to the source of programming: It's all just 'watching TV' (source: Hulu/Tremor Video GenZ study 2017). For audiences, connected TV brings together the main screen in the household with the flexibility and freedom of choice of the internet. For advertisers, this main TV screen brings with it engagement and an opportunity for communal viewing, and the 'connected' part brings the digital benefits of targeting and fully considered screen planning.

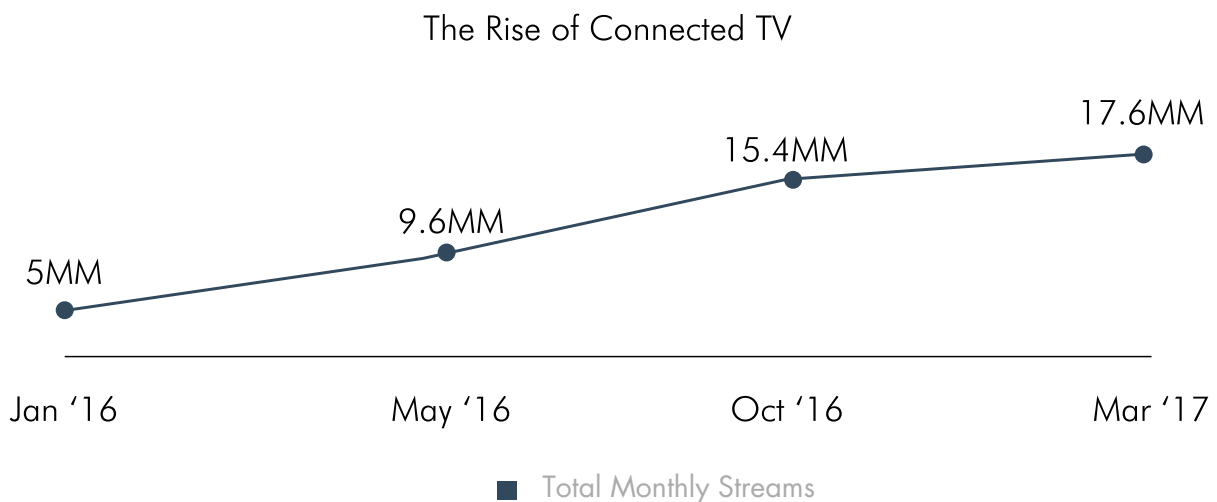
Sounds great huh? So when CTV is accounting for up to 35% of a broadcaster's online video supply, why are advertisers reluctant to get on board? The IAB wanted to explore this issue from all angles to uncover both the opportunities and the challenges of CTV in the Australian market.

In this white paper we'll take you through the growth of CTV using first party CTV data from Nine, Yahoo!7, MCN and SBS. We'll also give you insights into these free to air broadcasters' strategies around this revolutionary consumption model, some of the technical and measurement challenges, insights from Telstra TV – one of the leaders from a device point of view, and perspective from the buy side - both agency and DSP (Demand Side Platform).

We'll show you why you should be getting involved right now, and help you think differently about this new era of television.

TREMOR VIDEO  **JULIETTE STEAD**
VP APAC
TREMOR VIDEO

Over a 15-month period, connected TV streams have experienced explosive growth: increasing by 351% in total (January 2016 - March 2017) across the four major FTA broadcasters in Australia. This shows a rapid growth in consumption, with no signs of slowing down. This growth in CTV viewing is contrasted by media reports of 'declining viewership' on Linear TV of key FTA tentpoles, where there are instances of decreased linear viewership alongside significantly increased digital viewership.

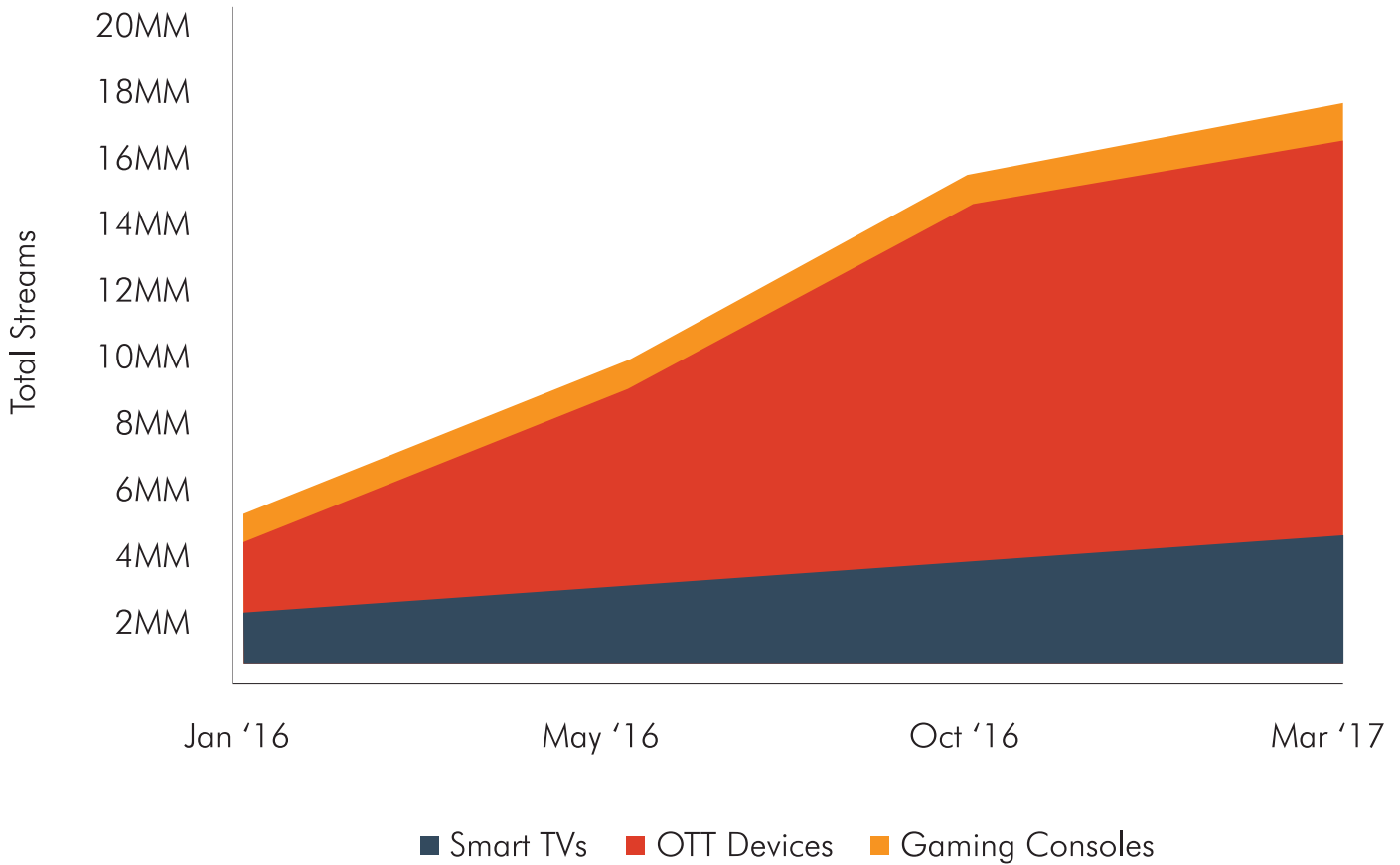


Source: Aggregated data from Nine, Yahoo!7, MCN, and SBS - Jan. 2016–March 2017

What is driving this growth?

The chart below illustrates the devices that are driving growth. Beginning in January 2016, smart TVs made up 42% of CTV supply, OTT devices 48% and gaming consoles 10%. By March 2017, this had shifted, with smart TVs comprising 26%, OTT devices 68%, and gaming consoles at 6%.

The Growth of CTV by Device Type

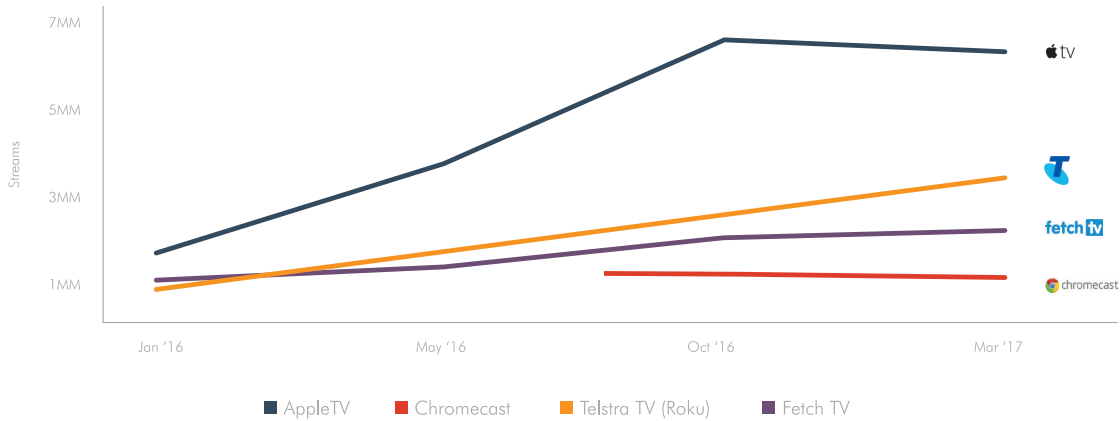


Source: Aggregated data from Nine, Yahoo!7, MCN, and SBS - Jan. 2016–March 2017

All devices had impressive growth rates between January 2016 – March 2017. OTT was the strongest, with a 400% increase; smart TVs grew 119%; and gaming consoles grew an equally impressive 111%.

OTT Device Viewership

We can see through this breakdown of FTA broadcaster streams watched through OTT devices that Apple TV gains the greatest volumes across Australia, and also the most pronounced spikes. This could indicate more consistent and steady viewers across the other OTT devices, versus more event based or program-specific viewing across Apple TV.

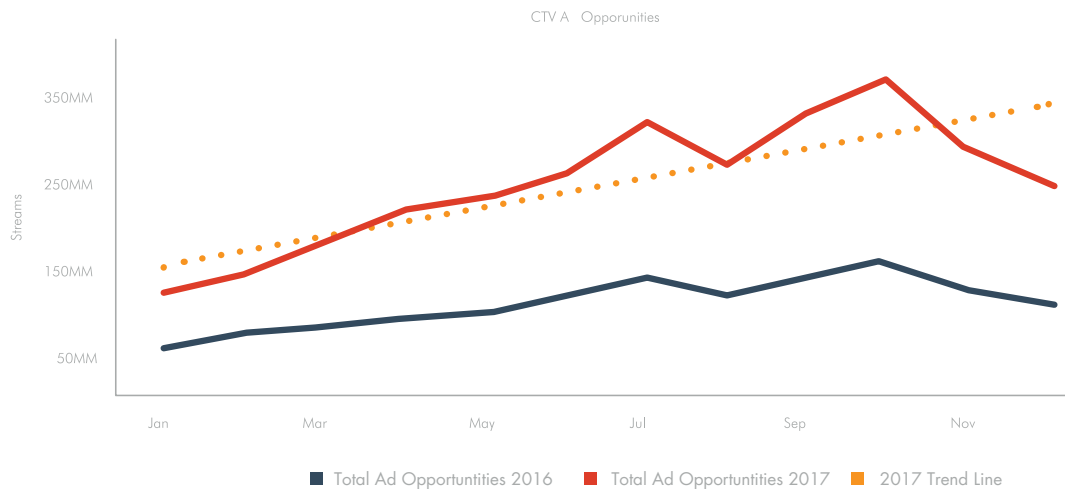


Source: Aggregated data from Nine, Yahoo!7, MCN, and SBS - Jan. 2016–March 2017

Some devices, such as Fetch TV and Chromecast, are relatively new to some of Australia’s FTA broadcasters, showing scope for further increases in consumption as broadcasters and audiences alike adopt new devices.

Implications for Advertisers

So what does this mean for advertisers? Ever increasing audiences are watching more and more programs via CTV, and the data show this growth is set to continue on a steady incline. 2017 should provide 2.9 billion ad opportunities across Australia’s main four free to air broadcasters’ CTV streams.



Source: First party stream data and assumption of average 10 ads per stream

And this trend is sure to continue: Advances in server side ad insertion, improved user experience across devices and increased adoption amongst audiences will mean an even greater increase in 2018. CTV does indeed represent a highly scalable opportunity.

Please note: All first party data was provided to the IAB directly by Yahoo!7, SBS, MCN and Nine. All has been aggregated and anonymised for an overall industry rather than broadcaster specific view.

KEY STAKEHOLDER PERSPECTIVES

Growing a medium from upstream to mainstream is not without its challenges. Despite strong evidence of scalability and consumer adoption, there are some technical hurdles to overcome. There is also a bit of scepticism from the buying community on the ability to measure the impact that CTV may have on a campaign.

CTV IN THE MEDIA ECOSYSTEM

We begin by first understanding where CTV fits in both the consumer and advertiser media ecosystem from the vantage point of Paul Sigaloff (Yahoo!7) and Hayley Cameron (SBS).

Is connected TV Digital or Broadcast?

“By definition, connected TV is digital, delivering video content to users via an internet enabled device. However, we are currently living in a unique state of media convergence where we are seeing traditional media channels blend with digital to create unique opportunities for both the user and advertiser. Connected TV is a prime example of this.

For the user, the connected TV experience is a replica of traditional Broadcast viewing. It enables long form content consumption in a big screen environment with the added benefit of giving the user more control over the content they are watching. When consuming in this fashion users are more receptive to longer format ads that replicate a TV-like experience.

As such, connected TV has the ability to complement both Broadcast and Digital advertising strategies. connected TV is one of the many platforms in our distribution strategy, enabling advertisers to capitalise on this growing consumer trend which allows advertisers to reach audiences at scale in high impact environments.”

“Connected TV has the ability to complement both Broadcast and Digital advertising strategies.”



PAUL SIGALOFF
CHIEF REVENUE OFFICER
YAHOO!7

“What are you aiming for when it comes to the user’s experience around your CTV presence?”

The TV landscape is constantly evolving. With more connected devices than ever before consumer behaviour is shifting from linear consumption to non-linear patterns.

For this reason, the growth of the SBS On-Demand service across these new platforms is tantamount to the future of SBS as a creator and distributor of content. SBS On Demand will increasingly act as a front door to SBS by matching our product to prevailing consumer trends.

Providing a more personalised, consistent, seamless TV-like user experience across the 22 platforms on which the SBS On Demand service is currently available is an ongoing mission at SBS. Our service also allows users to easily discover curated and personalised content from an extensive library of over 6,000 hours of programming, including exclusive drama, documentaries and movies.

This user focused approach enables viewers to access premium, free content anytime and anywhere on the device of their choice. This customer oriented approach is integral to the success and ease of how these services are adopted, and to the evolution of SBS as a content platform.

Further to this, registration technology, data management platforms (DMPs) and cross-device targeting will create an improved understanding of audience behaviour while also enabling advertising and content to be tailored to the viewer’s profile. However, to maximise this opportunity, the industry must address the lack of benchmarks and measurement for tracking consumption across devices, which makes it difficult for marketers to achieve this or quantify their investment.

Connected devices also offer more scope for advertising around long-form “TV like” online video content, and broadcasters are investing in their platforms as audience usage grows exponentially in this space. The emergence of server-side ad insertion technology will improve user experience to a TV like state, enabling seamless transitions between content and advertising with no latency, variance in audio or compromise on ad quality.

Continuous platform development and stabilisation, innovation, content renewal and consistent branding across all platforms are the ongoing focuses for SBS On Demand. All of these will provide an enhanced user experience as the TV landscape continues to evolve.

“The emergence of server-side ad insertion technology will improve user experience to a TV like state, enabling seamless transitions between content and advertising with no latency, variance in audio or compromise on ad quality”



HAYLEY CAMERON

DIGITAL COMMERCIAL MANAGER

SBS

VIEWER ADOPTION AND AUDIENCE BEHAVIOUR IN THE CTV LANDSCAPE

CTV may not yet have the vast reach of television, but it has the ability to reach and engage a highly targeted audience. Nev Hasan (MCN), Sean Tham (Telstra), Nathan Powell (Nine), and Gai Le Roy (IAB) offer their unique perspectives on CTV's impact on audience behaviour.

"How have you seen CTV audiences and consumption grow versus other platforms?"

Connected TV (CTV) audience and stream numbers are without question outpacing growth across all broadcast devices at MCN. While we understand that these numbers are starting from a lower base, connected TV is seeing faster adoption rates than desktop and mobile saw during their emergence.

A key factor driving this rapid adoption is the content that audiences are accessing across the platform. Key Network Ten long-form tentpoles such as MasterChef, I'm A Celebrity and The Bachelor have driven growth, as audiences who want to catch up on these programs are now doing so on their big screen - HD connected TVs, rather than on desktop or mobile. These habits have also seen a new digital primetime forming, with CTV seeing the largest audience spikes from 8pm – 10pm Monday to Friday.

MCN is gaining YoY overall stream growth across all other platforms, however we're finding that screen size is directly related to content length. The growth on mobile is primarily relevant to short form content, while long form audiences are flocking back to the familiar living room experience - this time through apps on their internet connected TVs.

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Agencies and advertisers have a huge opportunity now to reach, engage and connect with incremental audiences outside of desktop, mobile and linear TV environments. As a publisher we are working hard to further enhance our targeting capabilities across this platform to drive greater uptake and addressability. The challenge ahead is that as an industry mobile is only now catching up with investment and creative executions so we cannot allow for connected TV to take as long.



NEV HASAN

NATIONAL DIGITAL SALES DIRECTOR

MULTI CHANNEL NETWORK

“How do you see audience behaviour evolving in the future, and what role will CTV play in the longterm?”

Since the launch of Telstra TV on the 27th October 2015 we have learned a lot about the ways in which Australians enjoy streaming entertainment through Telstra. It's becoming clear that the demand for entertainment from media streaming services is in for more growth in the years to come.

Strategic partnerships with Roku Inc. as the device and platform partner, and Australian and international content providers have kick-started Telstra's vision to become the region's leading aggregator and provider of entertainment content and services by differentiating Telstra's core product offerings from local competitors.

In 2016, Telstra TV established itself as the first media streaming device in market to provide customers with access to local TVOD (transactional video on demand) and SVOD (subscription video on demand) providers (BigPond Movies, Stan, Presto), all Catch-up TV services (ABC iView, SBS On Demand, PLUS7, 9Now and tenplay), popular Australian sport (Fox Sports Now, AFL, NRL and 7Tennis) and renowned international brands (Netflix, NBA, Red Bull TV etc.) in a single TV experience. With a clear customer value proposition and strong channel for distribution, Telstra TV has delivered enormous growth in the entertainment content streaming space. To date over 650,000 Telstra TV streaming players have been shipped and engage a monthly active user base who have consumed over 100 million hours of streaming content since launch.

With close to half a million active Telstra TV customers engaging with various content providers across TVOD, SVOD and Catch-Up TV, we can start to provide insight into some of the streaming behaviours, content preferences and variation in demand of streaming Australians.

We've found that SVOD services see the highest consumption, accounting for about 60% of total entertainment streamed. Meanwhile consumption of TV On Demand content generally spikes in line with linear TV, conveying that these programs have engaged viewers across multiple devices and platforms. The demographic profile of the Telstra TV user base is also highly aligned with the fixed broadband network, with users skewing towards the Gen X Baby Boomer market segments. This suggests that it's not just young people who are tapping into this new way of viewing.

ROKU is a registered trademark of Roku, Inc. in Australia, the United States and other countries.

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SEAN THAM

GROUP MANAGER – PRODUCTS AND INTEGRATION IN TELSTRA MEDIA

TELSTRA

**“What audience behaviour have you seen develop in the TV Everywhere landscape?
How does connected TV fit into this?”**

As an industry we spend a lot of time worrying if the growth in mobile is changing the viewing experience.

The truthful answer is that it is, but if we broadcasters prioritise the consumer experience then we have little to worry about.

The demand for great, quality content is reflected across the spectrum of television broadcasting. In our case we have seen 9Now grow into a single platform gateway for consumers favourite content - in just over 18 months more than 4m Australians have signed up to the platform. This is a reflection of the fact that the audience sees the content as valuable and their platform of choice for consumption – be television, mobile, tablet or desktop - is then prioritized by the available screen size that they have on hand.

In Nine’s case around half our traffic on 9Now comes from mobile and tablet devices and we see this as a reflection of why ensuring a good consumer experience is key to our future.

Consumers want and expect to be able to pick up and move their viewing experience as they go throughout the day. With 9Now’s single sign on feature we can see that users are following their favourite programs, but also using different touchpoints throughout the season.

When it comes to CTVs apps they have been designed to prioritize quality of experience and have been optimised so that it is simpler to find content. As of today, CTV only makes up approximately 30% of our audience, but this segment is the most engaged. While all of our catch up content is ‘lean back’ in nature – the connected TV experience can best be described as ‘lean WAY back’.

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Now that consumers have almost an unlimited choice on how they access our content, who they watch with and what device they watch on is increasingly dictated by the nature of programming. For example, The Block and The Voice are family shows appealing to everyone in the house, so they are most likely to be watched together. Hyde and Seek and Love Child may appeal more to the individual or a more mature audience, and based on usage statistics these are being watched on devices later in the night (post primetime).



NATHAN POWELL

DIRECTOR OF SALES – DIGITAL PRODUCT

NINE

OPPORTUNITIES FOR ADVERTISERS

Despite the impressive CTV growth numbers, some Australian marketers have been reluctant to adopt a CTV advertising strategy. Sarah James (Carat) and Sam Smith (Adobe) weigh in from a buyer's perspective on the value CTV delivers for advertisers. Gai Le Roy (IAB) and Courtney Rogers (Tremor Video) outline some of the technical considerations around ad measurement tracking and programmatic buying.

“What unique benefits does an advertiser gain from the full screen, broadcast-like experience of CTV?”

Whilst there has been a huge shift toward 'on demand' viewing for the younger demographic – seeking content on any device at any time – the TV still remains the dominant device for viewing broadcast.

The TV offers a unique, cinema-like viewing experience that cannot be delivered through smaller devices such as tablets and phones. As TV screens get larger, and extras like high definition viewing and surround sound are increasingly included as standard, the result is a highly engaging way to deliver content.

Connected TV capitalises on the engagement of the full screen experience with the advantage of being in control of your content journey when you want to watch. The rise of time-shifted viewing, where consumers are tapping into the connected capability of the TV to watch the likes of Netflix and catch up TV services, has driven the increase of the CTV penetration.

This is evolving the full screen experience beyond linear content delivery and opening up the opportunity for advertisers. We now operate in an 'attention economy'; if we have a captive audience consuming content that they want, when they want it, on the BIG screen, the opportunity for engagement is high.

Due to the digital capability on offer through CTV, what it provides at its core is another avenue to reach the consumer as part of a holistic screen strategy. Now that we have started to see CTV devices 'switched on', there is a real opportunity to capitalize.

“Due to the digital capability on offer through CTV, what it provides at its core is another avenue to reach the consumer as part of a holistic screen strategy. The medium term benefit will be addressability. Alongside scale and sound, we have the benefit of all TVs having an IP address. This means the targeting capabilities of digital can now be applied to the TV set in the lounge room.”

The medium term benefit will be addressability. Alongside scale and sound, we have the benefit of all TVs having an IP address. This means the targeting capabilities of digital can now be applied to the TV set in the lounge room. This, in effect, is already happening with the viewing of digital in those homes, but will continue to grow in scale.

Currently the advertising experience is simple and much the same as the broadcast experience. The traditional TVC has been delivered on broadcast for over 60 years and is still a highly effective way of communicating a message to consumers. With time, further technology advancements and scale, there will be many more opportunities to inject increased interactivity and data driven targeting into the advertising experience, much like we would currently experience now on desktop or mobile.

CARAT
REDEFINING
MEDIA



SARAH JAMES

CHIEF DIGITAL OFFICER

CARAT AUSTRALIA AND NEW ZEALAND

“What are the barriers to advertisers buying into CTV, and how would you suggest they address these concerns?”

Connected TV is experiencing similar challenges that mobile encountered 18 months ago. Like mobile, user behaviour is driving the change, as consumption of television content shifts from fixed scheduling to on-demand. Advertisers recognise Connected TV as an emerging channel but there is a lack of understanding about the value it is adding to a media plan.

In the case of connected TV, the device is not new – TV has been around for 60 years. But the formats, infrastructure and trading discipline are vastly different.

When talking to advertisers, there tends to be two types of barriers preventing them from buying into connected TV: perceived challenges and real ones.

Initial questions focus around whether there is adequate scale and the type of inventory available. In the Adobe AdCloud, we have seen available auctions increase over 300% from January to May this year, with more than 75 million available impressions per month and growing at an average rate of 36% month on month. As with all “TV like” advertising formats, we see the major broadcasters continuing to put significant investment behind their on-demand offerings, providing an engaged audience with a large-format and quality broadcast experience. For broadcast media strategies, we see CTV being an important part of the mix.

The more challenging CTV barriers arise for advertisers when trying to measure the effectiveness. While it is a TV-like user experience, the disciplines around planning, buying, execution and measurement are more akin to digital – but without the rigor and 3rd party verification that has been developed over time.

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The limitations with measurement are a hurdle for the industry, not just advertisers. Connected TV can't be verified using TARPS like linear TV, but it is also missing some vital digital metrics like audience verification and 3rd party viewability. These growing pains are reminiscent of mobile, but like mobile there is light at the end of the tunnel. Savvy advertisers are already tapping into Connected TV and taking advantage of the high supply and low demand to deliver large format, broadcast experiences to their audience.

Over time we are likely to see subscription data (from audiences logging into CTV apps) and TV manufacturer data become available, along with broadcast traffic figures, for targeting and measurement verification purposes. Like other channels, an accredited industry body will need to prove out the volume of usage, verify the numbers and report back post view in order to truly tip advertisers in.



SAM SMITH

MANAGING DIRECTOR ANZ, ADVERTISING CLOUD

ADOBE

“Measurement and audience data are hot topics – how should advertisers look at CTV in this respect?”

Total video consumption continues to increase with a broader range of devices and delivery options available. Video consumption across desktops, smartphones and tablets on browsers was just over thirteen and a half hours per person (aged 2+) 1 in March 2017. The launch of the Nielsen Digital Content Ratings in late July will see a more accurate & much larger number, in market with more accurate mobile video reporting and the ability to include mobile app video activity.

We also know that people are using their TV screens for a broader range of activities, Oztam's Multi-Screen Report tracks both the consumption of catch-up TV services as well as other non-live TV activities including OTT internet-delivered video services, internet browsing; streaming music, gaming and watching DVDs. The household penetration of internet capable television sets has gone from 29% to 37% in the last two years.

As with the migration of audiences to any new device or delivery method, the consumer movement often leads the monetisation while the industry works out a robust and fair way to measure this activity. Connected TV has the ability to provide

data on behaviour as well as a range of targeting opportunities. This provides a big screen experience with the added benefits that are linked to a digital experience. However consumer behaviour to date has been technically difficult to quantify. Emarketer estimates that time spent with connected TV Devices in the US ranges from 1hr22mins to 46mins a day depending on age.

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For Connected TV, as has been the case historically with the roll out of most new digital offerings, initial analysis of consumption is analytics driven data via various platforms and analytics systems. This gives detailed volumetric data information but can lack the depth and “people-centric” information and market level comparable data to support significant advertising media investment. To be able to report on people centric measures, an underlying audience panel or large representative sample is still needed to report behaviour and demographics.

The data collated by the IAB Video Council for this publication brings together some of the traditionally silo-ed CTV analytics data from key players to help the industry assess the scale of the market with comparable numbers reported in one report.

This initial step is key to developing more sophisticated data sets useful for the buying community and provide input to future audience measurement solutions and products. Australia has been a leader in hybrid panel & census based digital media measurement for many years and this approach would provide both the detail on “how many” and “who” needed for a robust audience measurement system.

Trying to measure behaviour across a range of different OTT devices (such as Apple TV and Chromecast), gaming consoles and smart TVs that all work in different and often proprietary ways is technically difficult and expensive to implement a market level solution. Both Nielsen and Comscore in the US have been developing their services to help provide more granular report of OTT consumption. Nielsen-measured TV content on over-the-top devices is already included in the company’s C3 and C7 television ratings in the US and Nielsen have worked with Roku for two years to measure their activity and provide demographics.

Comscore in the US have just announced their new offering, that measures U.S. household viewing of over-the-top (OTT) content on television screens. This new service is based on the company’s proprietary Total Home Panel – a breakthrough research platform that measures consumer behavior across home network-connected devices. The Australian market will be looking carefully at the offerings and data coming out of the US to help develop and assess the best approach for the local market.

Although the technical challenges are significant in creating a measurement system that works across a complex environment, a data supported big screen experience with killer creative that can be measured and assessed alongside other media offerings is an extremely attractive marketing proposition.



GAI LE ROY
DIRECTOR OF RESEARCH
IAB AUSTRALIA

“What technical considerations should a buyer be aware of around CTV?”

Connected TV has many similarities to mobile in-app; both support buying across all programmatic deal types, delivery of in-stream creative via VAST, and provide similar ad tracking capabilities. Both platforms also have challenges related to measurement (i.e. frequency, audience, viewability), and audience targeting. Mobile in-app supply has gone a long way to address these hurdles, and while CTV supply is rapidly growing, it has some work to do to catch up in these areas.

This is in part due to the fractured nature of CTV supply. While mobile in-app consists mainly of two main platforms (iOS and Android), CTV has a myriad of platforms and devices (Samsung, LG, Sony, Telstra, Fetch TV, Roku, Apple TV, Amazon Fire TV, Xbox, PlayStation just to name a few!) These diverse platforms often require their own custom integrations, have their own technical limitations, and may or may not provide conveniences for advertisers (such as a consistent ID for advertising).

Challenges related to frequency management, audience targeting and reporting stem from a common source; the lack of a consistent ID for advertisers. Mobile in-app has already addressed this, via a standardised advertising identifier (IDFA for iOS, Advertising ID for Android). Support for a similar standardised ID is spotty at best, with some CTV devices offering similar IDs, while the majority do not.

Server Side Ad Insertion (SSAI) is also another factor to consider when buying CTV. SSAI addresses a number of challenges related to the fractured CTV device landscape, offering publishers a simpler, unified way to on-board CTV supply while providing a superior user experience (no more buffering while waiting for ads to load!). Today, there are some trade-offs, such as pre-fetching; where ads are called well ahead of when they may play – which may lead to pacing and frequency challenges on the buy side. Depending on the SSAI vendor, there may also be limitations on the ability to run interactive ads, or viewability measurement. The good news is that industry is taking note of SSAI and incorporating features into the standards to help address these specific edge cases.

From a creative perspective, CTV supply typically supports traditional linear in-stream creative types (pre/mid/post roll). With the rise of server-side ad insertion, publishers are often looking for very high quality mezzanine assets, which are transcoded to match the content stream. This approach optimises the user experience, providing consistent quality between content and commercial. Interactive ads are also possible on CTV devices, though may be limited to certain platforms as they generally require custom integrations or 3rd party SDKs. As such, it should be understood that they’re not as widely available as VPAID based interactive ads are on desktop and mobile web.

CTV presents an exciting opportunity, merging the best of both worlds – an advertising experience resembling linear TV, and the potential of targeting and reporting capabilities enjoyed today in digital advertising. To make it fully accessible and measurable, the sell side, buy side, 3rd parties such as SSAI vendors and device manufacturers need to work together to create the best environment for advertisers, and the best experience for audiences.

“Challenges related to frequency management, audience targeting and reporting stem from a common source; the lack of a consistent ID for advertisers.”

TREMOR
VIDEO



COURTNEY ROGERS

PRODUCT MANAGER

TREMOR VIDEO

CONCLUSION

Connected TV is a new and exciting opportunity. It attracts engaged audiences at scale and it's growing quickly. There are certainly some challenges which mean that connected TV doesn't fit neatly into either a digital or TV pigeonhole, but equally it takes key elements from both, and that makes it an exciting proposition.

Third party measurement is becoming increasingly important for advertisers, as they look to verify the value of every dollar spent. The methodologies used to measure – both in terms of audience and viewability – are not yet suited to a connected TV environment, and will need to advance if they continue to be important to advertisers across all devices.

Broadcasters are working hard to ensure that their audiences have a strong viewing experience as they transition from desktop, mobile or traditional TV to connected TV. Advertisers are becoming increasingly interested in the proposition, many are already investing, and we undoubtedly see connected TV become one of the strongest opportunities for advertisers. The question isn't if, it's when.

GLOSSARY

We've put together this handy list of key terms:

CONNECTED TV
[CTV OR IPTV]

Video supply delivered in-app through internet connected televisions (Samsung, LG, Sony, etc.), Over The Top Devices (Apple TV, Fetch TV, Telstra TV) or gaming consoles (Xbox, PlayStation).

OVER-THE-TOP
[OTT]

Another term used to describe connected TV (primarily from the US). Used to describe the delivery of video content via the Internet, without the requirement to subscribe to traditional cable bundles.

PROGRAMMATIC TV

Refers to the automated buying and selling of linear TV, using new processes. While this is a more advanced way of trading, this is still using the Free to Air advertising model (i.e. all viewers see the same ad). Programmatic TV is not inherently digital and therefore is not referred to in the data or content of this piece.

DEVICE TYPES

OTT DEVICES

OTT devices, such as Fetch TV, Apple TV, Telstra TV and Chromecast, help facilitate the delivery of connected TV. These are specifically designed to house connected TV applications and enhance user experience.

SMART TV

A television set with built-in internet capability.

GAMING CONSOLE

Consoles primarily designed for gaming, but that can also be used for internet delivered TV content. Examples include Xbox and PlayStation.

BEHAVIOURAL

VIDEO ON DEMAND
[VOD]

The audience chooses when, where and how they can access their video content.

CATCH UP TV
[CUTV]

A viewing habit, where viewers 'catch up' on programming on a digital device (desktop, mobile, tablet and connected TV).

DELAYED VIEWING

A viewing habit, where the show is recorded via a set top box (such as Foxtel IQ) and replayed at a later date, with the ability to fast forward, pause and rewind.

TV DISTRIBUTION MODELS

LINEAR TV OR
FREE TO AIR [FTA] TV

The traditional method of broadcast.

SUBSCRIPTION VIDEO
ON DEMAND
[SVOD]

Video on Demand model where the users pay to access the content, ad-free. Vendors in Australia include Netflix, Foxtel Now, Stan and Amazon Prime.

ADVERTISING VIDEO
ON DEMAND
[AVOD]

Video on Demand model where the content is ad-funded. This model is used by all the Australian free-to-air broadcasters, SBS, Yahoo!7, Nine and Network 10.

TRANSACTIONAL VIDEO
ON DEMAND
[TVOD]

Video on Demand model where the user pays per episode or show. This model is used by Apple [iTunes].

HYBRID BROADCAST
BROADBAND TV
[HBBTV]

Television model where you can access both Free to Air and connected TV services in one place. Freeview Plus is based on this model.

OTHER TERMS

SERVER SIDE AD
INSERTION
[SSAI]

A new technology aiming to enhance the user experience of viewers. Server Side Ad Insertion calls all of the advertising slots at the commencement of the view, stitching the advertising in with the content to create one long stream. This practice seeks to reduce latency, variance in creative quality and audio between advert and content and reduce ad blocking. BrightCove, Switch and YoSpace are examples of SSAI providers in the AU market.

VIRTUAL MULTICHANNEL VIDEO
PROGRAMMING DISTRIBUTOR
[VMVPD]

A US centric acronym! A VMVPD is an OTT based service which can also offer the live streaming of linear channels alongside its VOD offerings. An example of this in the US is Sling TV, by Dish.