Programmatic is Coming to Local TV in 2016: Mid-Year Update

August 2016
# Contents

Executive Summary........................................................................................................................................... 1  
Quotes............................................................................................................................................................. 2  
Introduction .................................................................................................................................................. 4  
Programmatic TV: Is this the Best of All Possible Worlds?................................................................. 5  
The Local Conundrum: Cable versus Broadcast .................................................................................. 6  
Contextual Audience Networks (CANs) ................................................................................................. 8  
Current State of Programmatic TV....................................................................................................... 10  
Programmatic Experts – An Industry Panel......................................................................................... 11  
  Question 1: Do you have any key partnerships or initiatives in the programmatic TV realm that you could share? .................................................................................................................................................................................. 14  
  Question 2: Have you been involved in the purchase of programmatic TV campaigns for your clients: local and/or national? If so, what clients or marketing verticals were involved? ....... 16  
  Question 3: Have you been involved in utilizing programmatic TV technology to sell TV inventory? Why or why not? ........................................................................................................................................................................... 17  
  Question 4: What are the opportunities you are seeing in the programmatic TV realm for companies that manage workflow? ........................................................................................................................................................................... 17  
  Question 5: How do you view programmatic TV sales in terms of compatibility with the existing approaches of traditional buying and selling? ........................................................................................................... 18  
  Question 6: What is your opinion on programmatic TV’s acceptance at advertising agencies? ........................................................................................................................................................................... 20  
  Question 7: What motivated you to include programmatic TV strategies as part of your media campaigns? ........................................................................................................................................................................... 23  
  Question 8: How soon do you think programmatic TV buying will have an impact on TV commercial inventory purchasing? ........................................................................................................................................................................... 24  
  Question 9: How do you view the usage of your tools in terms of complementing your existing business with advertising agencies, distribution platforms and content providers? ? 26  
  Question 10: What are the opportunities you are seeing in the programmatic TV realm for data companies? ........................................................................................................................................................................... 27  
  Question 11: What do you think could be done to improve the programmatic TV deliverable in the future? ........................................................................................................................................................................... 28  
Conclusion .................................................................................................................................................... 29  
About the Authors ...................................................................................................................................... 30  
About the Participants ............................................................................................................................... 31  
About BIA/Kelsey .................................................................................................................................... 40
Executive Summary

- In this report we focus on the area of programmatic advertising in local television by incorporating information about national TV, where there currently is much more activity. TV is a relatively new part of the programmatic marketplace. Our method is to pose key questions to a panel of industry experts representing media and advertising agencies, TV station groups, data providers, and technology platforms.

- The local TV industry is developing a new personality based on an emerging set of solutions and initiatives around data-driven audience targeting advertising. This includes programmatic TV, addressable and ad-supported video on demand television platforms.

- The core value proposition of programmatic TV is that it can add efficiency and accuracy to the buying and selling of TV inventory. Programmatic TV supports more precise audience targeting beyond the traditional age and gender.

- We analyze four impediments to the success of programmatic TV: lack of transparency, potential for sales channel conflicts, concerns about reach and frequency unduplicated across channels, and data and universe standardized definitions.

- After a brief historical perspective of programmatic TV, we highlight some of the active platforms and services, including 4C, Axiom, AdMore, AudienceXpress, Cadent Network, Clypd, comScore (Rentrek), Epsilon, Experian, Mediaocean, NCC's Audience Plus, Nielsen, One by AOL (formerly AdapTV), placemedia, Rocket Fuel, Sinclair Broadcast Group, TiVo/TRA, The Trade Desk, TubeMogul, Videa, Videology and WideOrbit.

- We present some highlights from our panel of experts next to give the flavor of what is on the minds of these executives.
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Quotes

Ryan McArthur
Quantum 11
Programmatic TV can enhance a campaign, be complementary or even replace other strategies. It really depends on the goals of the client. However, there is tremendous opportunity to more effectively target the advertiser’s audience cross channel and measure the outcomes via cross attribution.

Russell Zingale
U.S. International Media
Programmatic, while still in its early stages, is a step forward for traditional media to deliver more accountability and ROI metrics that are similar to digital executions. For me, programmatic TV has been either a supplement to a traditional media buy or an addition where TV was not previously part of the media mix.

Chris Raleigh
placemedia
Agencies’ acceptance varies dramatically by agency and holding company. Most large clients spend the bulk of their media dollars in linear TV. With clients increasingly pushing them toward the targeting, optimization, reporting and attribution models that digital/mobile advertising provides, agencies need to evolve their legacy TV media buying.

Rob Weisbord
Sinclair Broadcast Group
From a local perspective, I believe it will start with addressable delivery to TV stations sometime in 2016, and we are at least 18 to 24 months away from a full-blown solution. In addition, the transformation will begin with national advertisers prior to it reaching the local level.

Eric Mathewson
WideOrbit
A true programmatic system will have no manual steps or data re-entry at any step of the transaction. It should let stations avail spots, approve credit, accept bids, receive the creative, air the ad, reconcile and invoice. Buyers should be able to select programs, place bids, send creative, receive proof the ad ran and be invoiced. Anything less than this isn’t programmatic.

Patrick Rubin
Dentsu Aegis Network
I was for some time managing TV, online video and display all in one, and it created an opportunity here [at Dentsu] to shape a greater role for advanced TV. We saw the market was moving toward a structure which favored data and technology that drove better business results for clients.
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