# CYNOPSIS PROGRAMMATIC TV SUMMIT

Thursday, March 24 | Yale Club NYC

Cynopsis Media's Programmatic TV Summit, held Thursday, March 24th at the Yale Club in New York City, focused on the burgeoning programmatic marketplace. Experts in the field discussed what exactly programmatic TV is (no simple answer), where the opportunities in programmatic advertising are, the upsides and the risks, how to improve effectiveness and the efficiency, and how to leverage it for maximum return on investment.

*Download special presentations: http://www.cynopsis.com/2016-programmatic*

## INTRODUCTION: THE STATE OF PLAY IN PROGRAMMATIC TV

**Speaker:**
James Shears, GM Advanced TV - **The Trade Desk, Inc.**

"Programmatic TV is a technology-automated and data-driven method of buying and delivering ads against TV content," explained James Shears in his presentation on the evolving platform. There are five inventory blocks within the programmatic blueprint: national, VOD, addressable, local and connected TV. Each offers a distinct opportunity. While the current method of TV buying and selling has its advantages, it could also be better, simpler, and faster with programmatic TV, said Shears, who at Advanced TV is bringing programmatic TV to the market for the buying side.

Shears set the tone of his presentation by suggesting there are 14 ways, at present, to watch The Walking Dead. This consists of, in no particular order, AMC (pay TV), AMC.com, Google Play, Vudu, Sony Playstation Vue, Amazon Prime, iTunes, Xbox, TV Everywhere, Cable VOD, Sling TV, Netflix, M-Go and Xfinity Stream. But, noted Shears, of the 14 options only about seven are ad-supported. "I use this example because this is incredibly confusing for consumers," said Shears. "There are just too many options. And it only makes it more complex for marketers. Sometimes less is more."

Shears cited the multiple viewing scenario of The Walking Dead as an example of the need for programmatic TV, which he explained will help figure out exactly where the audience is. "Programmatic should be equated to technology; just another ad tech channel," he said. "It should never get in the way of the relationship between the buyer and the seller. Instead, it is an added bonus with its own distinct opportunities."

## FROM ONE-TO-MANY: HOW PROGRAMMATIC IS PROGRAMMATIC TV?

**Speaker:**
Nicolle Pangis, Global Chief Operating Officer - **Xaxis**

"A couple of years ago there would have been no chance for an event like this," began Nicolle Pangis. "The programmatic industry today is substantial; it is a billion dollar industry. And we are not in our first year, as many of the media outlets report."

By 2019, U.S. programmatic TV ad spending is expected to reach $11.48 billion. That will be 13% of the total US TV ad market.  But the question is…how do you define programmatic TV? "People often think of The Super Bowl when the term programmatic TV arises, and they equate it to where you live and who is in your household," said Pangis. "But it is really much different because only a small portion of the ads showing against TV content are bought programmatically. There is much more to it."

Pangis said it was a "surprise" that there was no difference in the category of TV in the percent of respondents asked where US marketers see the most opportunity for programmatic advertising.  A total of 8% was given for TV in both Feb. 2015 and Feb, 2016.  The variation between the options of mobile (Feb. 2015: 33%; Feb. 2016: 31%), video (Feb. 2015: 20%, Feb. 2016: 30%), display (Feb. 2015: 16%; Feb. 2016: 18%) and native (Feb. 2015: 10%; Feb. 2016: 11%) did not deviate all that much, either, though social media plummeted from 14% to 1%.

Yet, when asked about channels/formats for which US marketers buy ads programmatically from 2016, TV rises from 13% in 2014 to 32% in 2016. The biggest increase is digital video, from 41% to 81%.

Noted Pangis, "This is the real deal and the wave of the future."

"Programmatic TV very much feels like a revolution, as opposed to an evolution," noted Pangis.  "Specifically in national TV, I think it will be a very slow revolution." But any way you look at it, "This is the real deal and the wave of the future."

## WHERE'S THE INVENTORY & HOW DO YOU SCALE IT?

**Speakers:**
Patrick Rubin, Director, Advanced TV Strategy & Investment - **Dentsu Aegis Network**
Adam Lowy, GM, Advanced TV - **DISH Media Sales & Sling TV**

**Moderator:**
Gavin Dunaway, Senior Editor - **AdMonsters**

"Is the programmatic marketplace really just a hip term for the scatter market?," opened Gavin Dunaway, in this session focused on what parts of a linear inventory are available to be sold programmatically.

"I don't think so," responded Patrick Rubin.  "One of the benefits of the programmatic marketplace is that it has flexibility.  You are not necessary committed to any specific time periods and you can go in and out of the market and have access to the volume at any time."

"I have worked with programmatic on a TV space and it is in its pilot phase now for us, which is pretty exciting," noted Adam Lowy.  "In addition, we just brought it to the digital side and I am watching programmatic over there as well. This is another opportunity. How can we work with brands; how can we work with agencies to get their spots? These are the questions. And this is not scatter."

"Programmatic a like a shiny new object and this thing of terror that people do not quite know how to define," added Dunaway.

One option for the inventory is to encourage the channels of the content producers to put up inventory on programmatic channels.

“I would not say we encourage, but we would probably have more traction, particularly in the TV side,” said Rubin. “Over time the plan is that we would only need to have one buy across all the platforms, at least in the data set. The encouraging part is there are a lot of discussions going on right now.”

## HARNESS THAT DATA!

**Speakers:**
Dan Ackerman, Head of Programmatic TV - **AOL**
Paul Haddad, SVP & GM, Advanced Data Analytics - **Cablevision Media Sales**
Mitch Oscar, Director, Advanced Television - **U.S. International Media**

**Moderator:**
Mike Dean, VP, Programmatic & Data-Driven Sales - **ABC**

Segmentation across the array of markets and audiences, both linear and mobile, was the focus on this session and the question arose of what data matters most right now – and in the future – to buyers. “When we look at the data we are going to look at it from the perspective of a media seller, a buyer and a technology vendor,” opened Mike Dean. “When we talk about data in TV we are going to limit our discussion to data beyond age and gender in linear TV and in set-top box VOD, but not in IT-connected environments like over-the-top. This is the true data in television.”

So, what are the key elements in this true data in television? It must be reliable and actionable quality data that is secure. Once the data is available and understood, automation of the carefully designed processes will then take place. There are four variable that need to be addressed, according to Paul Haddad:

Audience data, which will transition from the old metric of age and gender to a more accurate definition of the audience based on demographics, geographic and propensity to watch a program or to buy a brand.

Viewership data to determine campaign benchmarks before analyzing inventory availability and optimal pricing as they evolve to programmatic buying.

Availability and accessibility. Are you asking for data in real time or old data?

Pricing, which will require access to the rate card.

## RESEARCH SPOTLIGHT FROM THE ANA

**Speaker:**
Bill Dugan, Group EVP - **ANA**

“ANA is a non-profit advertising and marketing trade association,” began Bill Dugan, who presented the results of a recent research study on the current state of programmatic among the client-side marketing community. “This survey was just fielded last month and 128 ANA members responded,” he explained. “This touches a bit on television, but it focuses on programmatic.” The specifics on the respondents:

-48% were from organizations whose U.S. media budgets were under $100 million dollars per year.

-52% were from organizations whose budgets are over $100 million.
-57% of the respondents were at the director level and above (vice presidents and other senior executives).
-The average respondent had 17 years of experience.

The results:
-66% understand programmatic buying and use it to execute campaigns (versus 23% from a study done in 2014).
-15% understand it but don't use it (versus 10% in 2014).
-11% percent understand the concept but need to learn more about how to apply it to campaigns (versus 26% in 2014).
-12% were unaware of this way of buying in 2014, compared to just 4% now.
-29% percent heard of it but did not understand it in 2014, compared to just 6% now.

"What was particularly interesting was when we asked what media do you use for programmatic, television is expected to double from 16% to 32%," noted Dugan.

Online display remains the most common use for programmatic at 95% this year (versus an estimated 92% next year). Next was online video at 81% (versus a planned 84% next year), followed by mobile display at 59% at present (versus 72%), mobile video at 51% (69% next year), social display at 33% (53% next year), online search at 28% (38% next year), social video at 25% (49% next year) and mobile at 20% (34% next year).

"Then we asked about benefits and challenges of programmatic buying," said Dugan. "Better targeting was at the top of the list this year as it was two years ago. "The headline with the challenges is issues like bots and transparencies. At the top of the list, higher bot fraud in programmatic buys is at 69%. Interestingly, that was not even an option two years ago."

Other findings in the survey by ANA included 68% of the respondents adapting to incorporating programmatic buying to develop closer collaboration between marketing and analytics.

## HOW TO MEASURE UP: EFFICIENTLY READING MARKETS & AUDIENCE SEGMENTS

**Speakers:**
Mark Risis, SVP & GM Content & Media Sales - **TiVo**
Michael Strober, EVP, Client Strategy & Ad Innovation - **Turner**

**Moderator:**
Zachary Soreff, President & Partner - **Sawyer Studios**

Programmatic means different things to different people, explained Zachary Soreff in this final session. "We are early movers in the world of programmatic. Our definition is coming more from the digital side, a highly targeted digital environment. Some of our media schedules are as high as 100% programmatic; others can be far less significant."

Other definitions of what programmatic is varied by individual.

"My mission is to help Turner and its clients reinvent advertising through both content and data solutions that empower the next generation," said Michael Strober. "It is everything from audience target solutions to content and social monetization. We know that progammatic TV is inevitable; we just want to be smart the way we go about it."

“Our definition of programmatic is short and sweet,” explained Mark Risis. “It is audience and its formation, and specifically how that looks depends on the platforms serving television automation. Our focus is on the audience side.”

Using engagement metrics in combination with a granular automated TV buy, advertisers can define and buy against their own success metrics. This concept is similar to online video advertising. Based on text analysis, you can also capture capture the general mood of the viewers, giving unprecedented insights into how the TV ad is perceived.

“We work with our partners,” explained Risis. “We supplement our data with a variety of other sources; other owners give us the rights to use their data to form a much more represented sample. No data comes to us modeled in any shape of form. We can connect our households to other data sources.”

The session ended with Soreff asking his panelists for their predictions. “Where is programmatic going? Three years from now; five years from now…is it becoming real time? Is it turning into digital? What is the deal with programmatic TV?”

“By 2020 our president, Donna Speciale, is targeting 50% of our inventory to be sold on audience based; some form of non-Nielsen,” said Strober. “We want to have a partnership with our agencies and our network friends. We want to share knowledge and to learn.”

“This year and next year will be more experimentation,” noted Risis. “More sellers and more buyers are going to ask for audience packages. In five to ten years at least 50% of linear television will be audience based, if not more. Addressable will merge, I think, into a single IT-based delivery of television. At that point, the actual reach of the audience by the numbers will be lower than what we are used to, but the quality of the audience will be higher. Planning and targeting media and measurement will cease to exist.”