

GUIDELINES FOR PLANNING & BUYING ADDRESSABLE TV ADVERTISING

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Summary

Introduction



Digital media has established targetability and measurability as critically important capabilities for advertisers. Addressable TV advertising also checks both boxes. Addressable TV ads deliver relevant messages in a brand-safe environment to receptive consumers on the big screen.

This guide sets out a range of best practices for planning and buying addressable TV advertising in the United States market. It is based on an extensive program of research, exploring the processes and best practices of leading industry participants across the addressable TV advertising ecosystem.

Introduction

The interviews were conducted in Q3 2023 by Janus Strategy and Insights and Sequent Partners. We would like to thank the participating companies:

APEX

Camelot

Canoe

Dentsu

Digitas

Disney

Effectv

Epsilon

GroupM

GSDM

Horizon Media

Leap Media

Magna

**Matter More
Media**

NBCU

Paramount

Publicis Media

TelevisaUnivision

**Warner Bros.
Discovery**



Introduction

The interviews were supplemented by analysis of various third-party research and data supplied across members of Go Addressable, including:

- An analysis of 145 recent addressable TV campaigns, which measured the reach and frequency of campaigns an MVPD ran, which included both linear TV and addressable TV.
- Norms used for our analysis of match rates on campaign reach over time.
- Ampersand provided case studies from their Addressable Reach Simulator, which is built using historical addressable campaigns analyzed in 2021 and 2022 in the Comcast and Charter/Spectrum footprint.
- TVision provided an analysis of Linear TV and Connected TV viewing from their US panel.



Addressable Television Advertising - Terms and Taxonomy



The terms people use for addressable TV advertising are surprisingly varied and slightly confusing. The same terms have different meanings and classifications in different organizations. To simplify this, we have used the following terms and titles consistently throughout this guide - and would recommend that the industry adopt a similar set of definitions to minimize confusion in the marketplace.

Addressable Television Advertising – Terms and Taxonomy

MVPD addressable inventory pools

Within the MVPD pool, addressable TV is available from:

- A single MVPD, cable or satellite service provider.
- Combinations of MVPDs.
- Via an addressable aggregator.

CTV addressable inventory pools

Within CTV, it is possible to buy addressable TV advertising from:

- New streaming platforms from programmers like Disney and Paramount.

- Independent services, not owned by programmers, like Netflix, Crackle or FAST channels.
- OEMs like Roku or Samsung, offering their own channels and inventory from third parties.
- Virtual MVPDs, like Sling TV, DIRECTV STREAM, YouTube, FUBO, or Hulu Live.

Another addressable inventory source is addressable TV ads delivered over programmers' legacy linear networks from providers like Paramount, which are delivered using both MVPD and CTV infrastructure.



Overview and Summary of Recommendations



Addressable is an increasingly important component of TV ad campaigns. It has the potential to be valuable for all brands, whether they are small and niche-targeted or large and broadly targeted. Addressable can deliver reach and add reach to base linear buys regardless of target size or linear reach levels.

Overview and Summary of Recommendations

- Both MVPD and CTV addressable offerings have important and sometimes complementary strengths:
 - Inventory quality - ads run in brand safe environments.
 - Ready data integration for targeting, with high match rates (MVPD).
 - Measurement, set-up/reporting speed (CTV), scale and national reach.
 - A clear ability to link addressable to linear for maximum incremental reach.
 - Strong frequency controls (MVPD).
 - Innovative ad products (CTV).
- There are four main use cases for addressable television advertising:
 1. Brands with low penetration target audiences.
 2. Brands with small television budgets.
 3. Brands whose linear television campaign reach curves have plateaued.
 4. Brands that need to frequency cap at the household or set level.
- Even with higher target audience penetrations, eCPMs for addressable campaigns (eCPMs - those associated with the *actual* target segment impressions) are more efficient than linear eCPMs.

Overview and Summary of Recommendations

- Regardless of target audience penetration, addressable generally delivers around 40 reach points.
 - Addressable delivers incremental reach to both small and large linear campaigns:
 - When linear reach is as much as 40%, addressable typically adds 20 to 40 more reach points. This is a 32% to 87% lift of reach, relative to linear.
 - When linear reach is higher than 40%, addressable still adds 5 to 10 more reach points, a 15% to 28% lift relative to linear.
 - Addressable's incremental reach is efficient. This is especially true when linear reach is plateauing on the curve. There's a material difference with MVPD addressable being between 20% and 30% more efficient in adding incremental reach than linear.
 - MVPD addressable is not just for older adults, nor is CTV just for younger adults. Despite the perceptions of some buyers:
 - CTV reaches 26% of adults 18-49 exclusively.
 - Linear TV, delivered principally by MVPDs, reaches 22% of adults 18-49 exclusively.
 - and the total reach of linear TV is 74% against adults 18-49.
 - Since household targeting is the cornerstone of addressable television advertising, identity resolution and ID graphs underpinning the match process really matter and create a significant difference between MVPD addressable and CTV. MVPD addressable is based on postal addresses; CTV addressable is based on IP addresses which are less stable and precise:
 - For example, by the end of a quarter, about 76% of CTV households initially available for ad exposure were either unmatchable to targeting data, or their IP addresses turned over (assigned to different households). This leaves only 24% of those initial households still accessible for campaign activation or measurement.
 - MVPD households have higher match rates and more stable match keys. As a result, by quarter's end, 61% of initial households were still accessible for campaign activation or measurement.
- In the following sections, each of these points will be explored in more detail.

Detailed Findings

1

Both MVPD and CTV Addressable Offerings Have Important and Sometimes Complementary Strengths

We are in a transitional period with buyers leveraging many forms of addressable television. While they remain open to experimenting, they tend to rely on the providers that best meet their needs. These include offering scale, access to target audience segments, operational ease-of-use, incrementality measurement, high-quality reporting, and competitive pricing. As one buyer put it:

We need more interoperability of content across platforms. We'll try every platform once. But we'll drop them if they're difficult to work with.

”

Buyers' evaluation of the eight pools of addressable television inventory is summarized in Figure 1.

Detailed Findings

Figure 1. Buyer Perceptions of Addressable Television Types

	MVPD Addressable from individual MVPD (e.g. Comcast, DIRECTV, DISH, Charter/Spectrum)	MVPD Addressable from multiple providers	MVPD Addressable from an addressable aggregator	vMVPD Addressable (e.g. DIRECTV STREAM, Fubo, YouTube TV, Sling TV)	Programmer Addressable	AVOD from major media companies (e.g. Disney, Paramount, WBD, NBCU)	AVOD from independent providers	CTV inventory from TV OEMs
Inventory Quality - Brand Safe, Viewability and Premium Content	Positively Associated	Positively Associated	Positively Associated	Positively Associated	Positively Associated	Positively Associated	Somewhat Associated	Somewhat Associated
Supply Trends - Inventory Growing	Not Widely Associated	Not Widely Associated	Not Widely Associated	Not Widely Associated	Somewhat Associated	Positively Associated	Somewhat Associated	Not Widely Associated
Programmatic	Not Widely Associated	Not Widely Associated	Somewhat Associated	Positively Associated	Positively Associated	Positively Associated	Positively Associated	Positively Associated
Set-Up and Post-Campaign Speed	Not Widely Associated	Not Widely Associated	Not Widely Associated	Positively Associated	Not Widely Associated	Positively Associated	Positively Associated	Positively Associated
Data Integrations for Targeting	Positively Associated	Positively Associated	Positively Associated	Positively Associated	Not Widely Associated	Not Widely Associated	Not Widely Associated	Not Widely Associated
Scale (Universe Size)	Positively Associated	Positively Associated	Positively Associated	Not Widely Associated	Somewhat Associated	Positively Associated	Positively Associated	Not Widely Associated
Ability to Provide National Reach	Somewhat Associated	Positively Associated	Positively Associated	Positively Associated	Not Widely Associated	Positively Associated	Not Widely Associated	Not Widely Associated
Strong Frequency Management Controls Available	Positively Associated	Positively Associated	Positively Associated	Positively Associated	Not Widely Associated	Not Widely Associated	Not Widely Associated	Not Widely Associated

Key

Positively Associated With Attribute

Somewhat Associated With Attribute

Not Widely Associated With Attribute

Detailed Findings

Figure 1. Buyer Perceptions of Addressable Television Types

	MVPD Addressable from individual MVPD (e.g. Comcast, DIRECTV, DISH, Charter/Spectrum)	MVPD Addressable from multiple providers	MVPD Addressable from an addressable aggregator	vMVPD Addressable (e.g. DIRECTV STREAM, Fubo, YouTube TV, Sling TV)	Programmer Addressable	AVOD from major media companies (e.g. Disney, Paramount, WBD, NBCU)	AVOD from independent providers	CTV inventory from TV OEMs
Ad Products: Incremental Reach, Interactive ads, TV commerce	Not Widely Associated With Attribute	Not Widely Associated With Attribute	Not Widely Associated With Attribute	Somewhat Associated With Attribute	Not Widely Associated With Attribute	Positively Associated With Attribute	Positively Associated With Attribute	Positively Associated With Attribute
Measurement	Somewhat Associated With Attribute	Somewhat Associated With Attribute	Somewhat Associated With Attribute	Positively Associated With Attribute	Somewhat Associated With Attribute	Positively Associated With Attribute	Positively Associated With Attribute	Positively Associated With Attribute
TV viewing data linkable to Linear Campaigns	Positively Associated With Attribute	Positively Associated With Attribute	Positively Associated With Attribute	Positively Associated With Attribute	Somewhat Associated With Attribute	Not Widely Associated With Attribute	Not Widely Associated With Attribute	Positively Associated With Attribute
Overall Market Momentum: Trending upwards or downwards	Not Widely Associated With Attribute	Not Widely Associated With Attribute	Not Widely Associated With Attribute	Positively Associated With Attribute	Not Widely Associated With Attribute	Positively Associated With Attribute	Positively Associated With Attribute	Positively Associated With Attribute

Key

- Positively Associated With Attribute
- Somewhat Associated With Attribute
- Not Widely Associated With Attribute

Note: Figure 1 is based on an analysis of agency buyer and planner interviews. When an attribute was mentioned *often* with respect to a specific type of addressable television, the relationship is rated *positively associated with the attribute*. When it was mentioned *occasionally*, it was rated “*somewhat associated*” and when it was *rarely/never* mentioned, it’s rated “*not widely associated.*”

Detailed Findings

Figure 1 shows:

- Where MVPD and CTV addressable pools differ most in the minds of buyers is in inventory growth (impressions available), the ability to buy programmatically, set-up and post-campaign speed, quality of data integrations, frequency management controls, ad products, market momentum and the ability to link addressable to linear campaigns.
- Speed of execution and measurement are widely believed to be distinguishing characteristics across the different inventory pools. CTV plans can be executed in days and reporting can be almost real

time, whereas MVPD addressable can take 2-3 weeks. Additionally, the quality of identity data used in data integrations is not the same. MVPDs' postal address matching is stronger and more accurate than CTV's IP-address based matching. Buyers believe both MVPDs and CTV deliver considerable scale. They are aware that MVPD subscriber numbers are declining, but national scale can be delivered through the use of DISH/DIRECTV as well as by combining multiple addressable providers. They are also aware that CTV AVOD apps and OEM subscriber numbers vary considerably and can be elusive.



2

There are Four Main Use Cases for Addressable Television Advertising

The Agencies' View -
Addressable Television's
Four Key Use Cases



Brands with low penetration
target audiences



Brands with small
television budgets



Brands whose linear
television plans' reach
curves have plateaued



Brands that need to
frequency cap at the
household or set level

Detailed Findings

These four use cases of addressable TV are applicable for almost all advertisers - large budgets and small, high penetration targets and low penetration targets, and younger targets too.

Agencies often find that addressable TV is valuable for effectively and efficiently reaching low penetration targets. Penetration refers to the size of the target audience as a percentage of the total population.

5%-30% target audience penetration is the sweet spot - that makes the math work.

It's all about reaching the target efficiently.

This is especially true if the target is a hard-to-reach audience that resides in a light or medium viewing home - the two-thirds of households with the lowest television viewing hours, which are obviously harder to reach with a traditional non-addressable linear campaign.

A second, broadly accepted addressable use case is for brands with modest TV advertising budgets that

cannot afford the high out-of-pocket expense and out-of-target waste of linear television but want to advertise on the big screen. Addressable enables smaller-scale campaigns, delivered to precisely defined addressable audience segments.

The third important use case is delivering incremental reach beyond a brand's linear TV campaign. This is true for brands of any size:

For a traditional client, start with linear, layer on targeting tactics, add MVPD inventory leveraging viewership data for linear incremental reach.

Finally, addressable enables frequency capping at either the household or TV set level, avoiding over-frequency by suppressing delivery to households that have already seen the campaign many times.



3

Even with Higher Target Audience Penetrations, eCPMs for Addressable Campaigns are More Efficient Than Linear eCPMs

Even though the price escalation in this year's upfront was less than in previous years, the eCPM of linear TV is generally much higher than the eCPM for an addressable campaign. This difference is extreme for targets with small penetration and less for targets with greater penetration. eCPM is *effective* CPM, that is, the cost per thousand actual target audience impressions versus traditional age/gender audience impressions.

The mistaken perception that 30% target audience penetration is the maximum for leveraging addressable appears to be driven primarily by a misguided eCPM calculation. The thinking goes, for larger target audience segments, the eCPM of a linear campaign will generally be lower than the eCPM of an addressable campaign that is targeting the same audience.

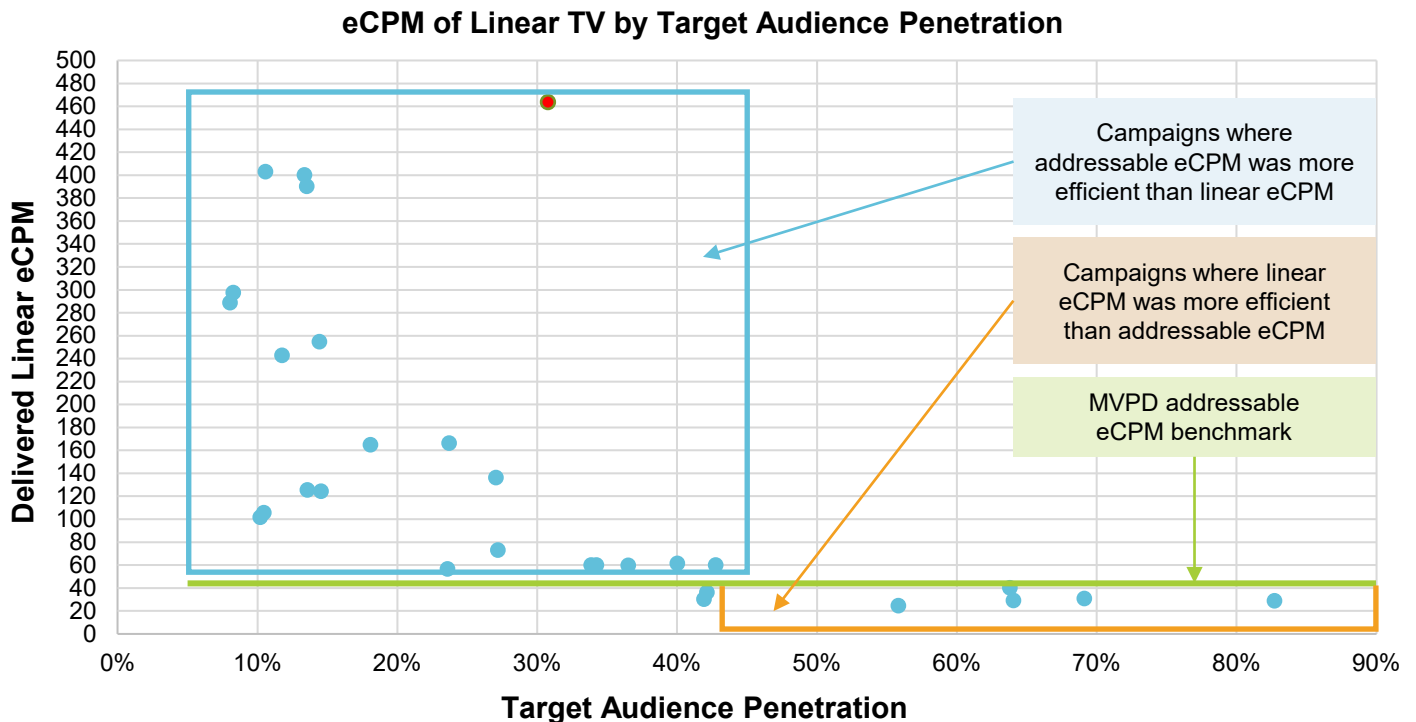
Detailed Findings

However, it's important to understand that the eCPM is impacted both by the target audience's penetration and their linear television viewing behaviors. We had access to details associated with reflecting MVPD addressable advertising. One campaign, designated by the red dot in the chart below, had a target audience penetration of just over 30% and an eCPM of \$464, suggesting it is with a target audience comprised of extremely light linear television

viewers. Maximizing reach against light viewers requires a lot of incremental spend, which leads to heavy out-of-target impressions waste and excessive frequency with medium/light viewers. The eCPM only includes the in-target impressions, resulting in a very high eCPM for the campaign. While the analysis depicted in Figure 2 is based on an MVPD's data, CTV offers the same types of benefits.



**Figure 2. 145 Addressable Campaigns:
Linear eCPM by Penetration of Target Audience**



Source: MVPD data

- Each dot in Figure 2 represents an actual campaign and its target audience penetration, on the horizontal axis, and its linear eCPM, on the vertical axis.
- The heavy, green, horizontal line near the bottom shows the MVPD addressable eCPM benchmark of \$46, according to research from an MVPD.
- The campaigns in the blue box all have target audiences below 43% penetration. Their linear eCPMs all exceed the MVPD addressable benchmark.
 - For these campaigns, MVPD addressable television was more efficient, based on eCPM, than linear television.
- The cases in the orange box, all have target audiences above 43% penetration. Their linear eCPMs all fall below the MVPD addressable benchmark of \$46.
 - For these campaigns, linear television was more efficient, based on eCPM, than MVPD addressable television.
- The dividing line, where MVPD addressable is more efficient than linear, is 43% target audience penetration - almost half as high as the marketplace perception of 30%.

4

Regardless of Target Audience Penetration, Addressable Generally Delivers Around 40 Reach Points

TV is clearly experiencing a period of change and transformation. Linear TV still provides substantial reach potential, but linear campaign reach tends to plateau faster than ever before, as viewing migrates away to other viewing platforms. Because of these faster reach plateaus, nearly every brand's television schedule both fails to deliver sufficient reach against some audience segments (not only cord-cutters) and delivers excessive frequency against others, especially heavier linear TV viewers.

As linear spend approaches this plateau, incremental reach and cost-per-reach point become very inefficient, compared to addressable. Once linear spend reaches this plateau, further linear spend cannot deliver meaningful incremental reach. Addressable TV can.

Detailed Findings

As more and more TV impressions become addressable-enabled, advertisers need to change their planning focus from optimizing against broad demographic targets (age and gender) to optimizing target audience reach. In general, campaigns that optimize reach against a purchase target tend to drive the highest returns because they engage and convert more likely purchasers.

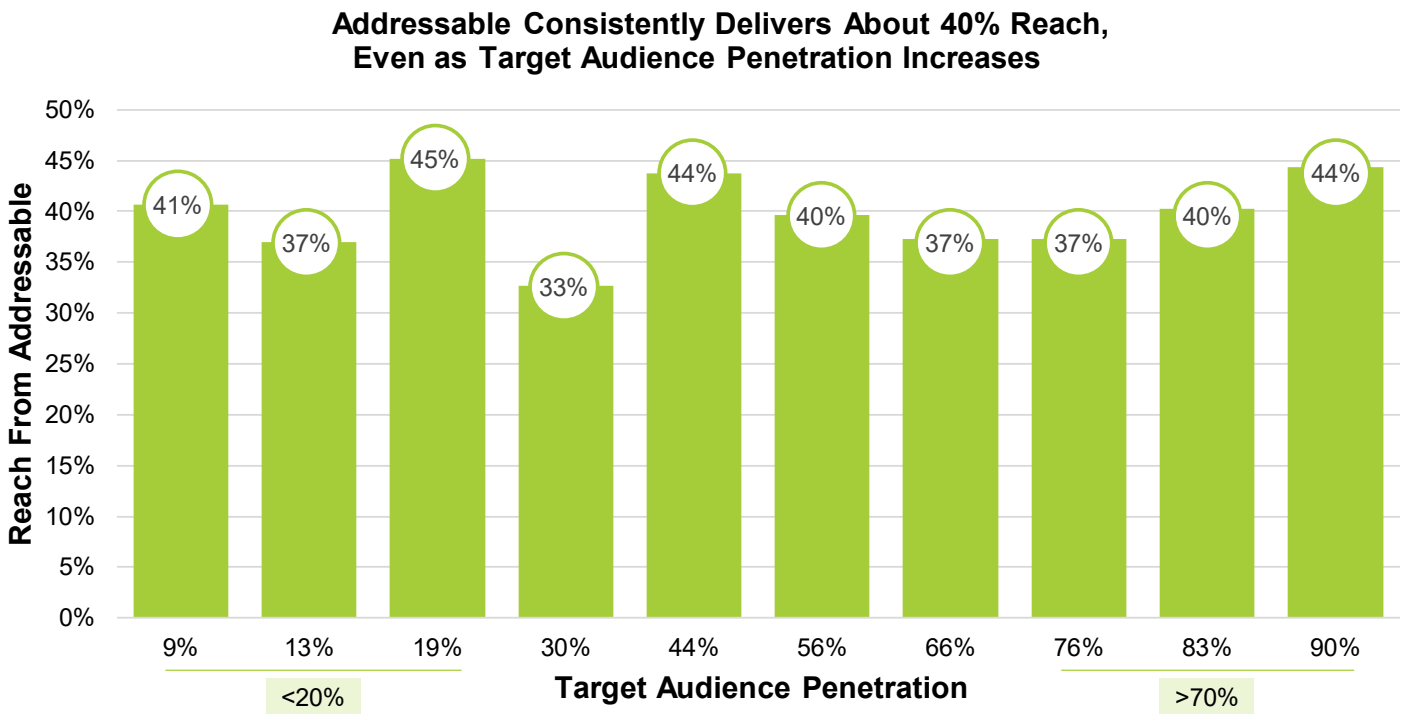
Let's look at the data supporting these observations. The following three key findings start with addressable TV's

ability to deliver reach, regardless of target audience penetration, then addressable's ability to deliver reach incremental to linear, and finally addressable's ability to do so efficiently.

As we've said, regardless of target penetration, addressable TV has the potential to deliver high levels of campaign reach against an audience target. Addressable TV is not limited to delivering high reach for narrow targets.



Figure 3. MVPD Addressable Television Reach Achieved by Target Penetration



Source: MVPD data

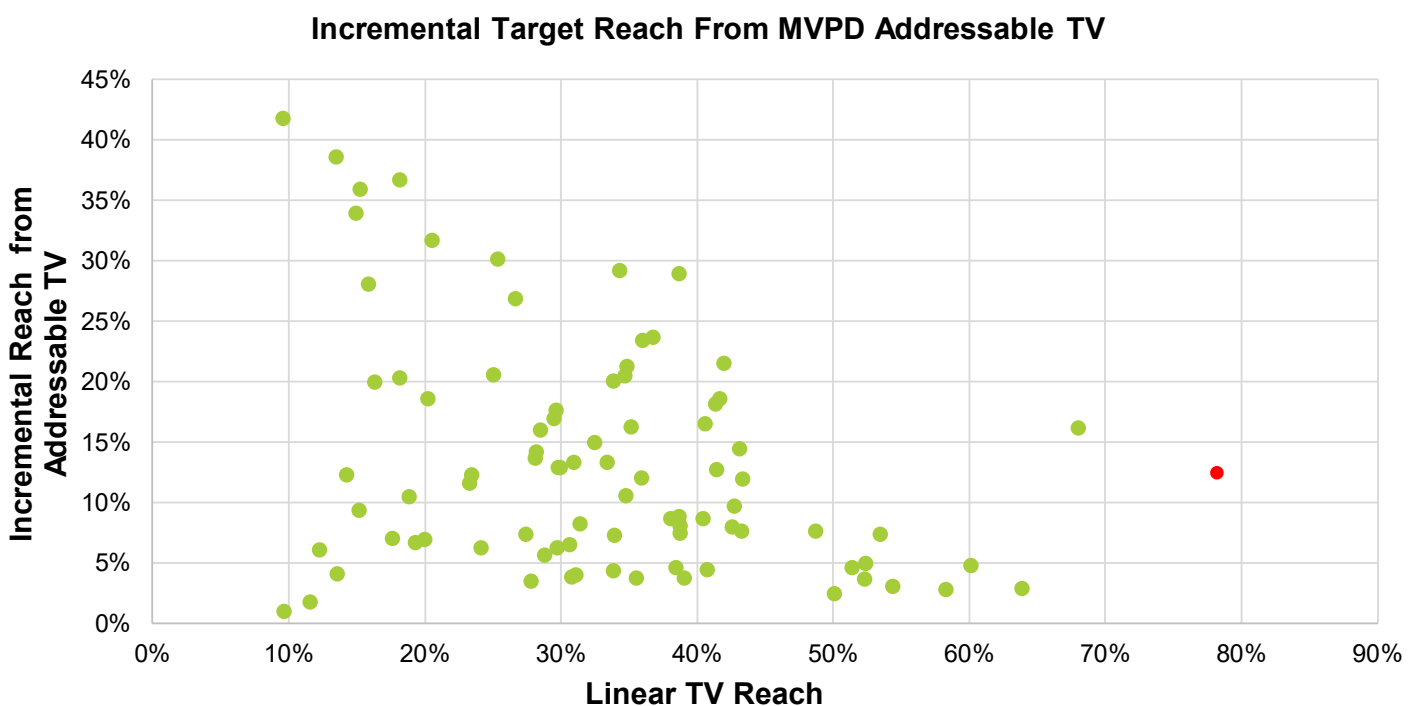
- Figure 3 illustrates that addressable campaigns delivered reach levels around 40%, regardless of target audience penetration.
- Low-penetration brands, those with penetrations under 20%, achieved target audience reach between 37% and 45%, on average.
- High-penetration brands, those with penetrations over 70% achieved target audience reach between 37% and 44%, on average.
- The point is, addressable can achieve material reach regardless of target audience penetration.
- Buyers point to the scale that each addressable pool can provide.

5

Addressable Delivers Incremental Reach to Both Large and Small Linear Campaigns

Beyond simply delivering substantial reach levels on their own, MVPD and CTV addressable campaigns can deliver material, incremental target audience reach for campaigns with very small or large linear TV reach. The chart below, utilizing MVPD data, makes the point that addressable adds incremental reach.

Figure 4. Incremental Reach Points Added by Addressable Beyond Linear TV’s Reach Base



Detailed Findings

- Figure 4 compares the incremental reach delivered by MVPD addressable, on the vertical axis, at different levels of linear TV reach, on the horizontal axis.
- The red dot represents an insurance campaign that achieved nearly 80% target reach from linear. Addressable TV was still able to add another 12 target audience reach points.
- The chart shows that addressable television can deliver substantial incremental reach to linear TV reach, especially for campaigns with lower penetration target audiences, but also for campaigns with higher penetration target audiences.

Figure 4 is summarized here:

Linear TV Reach	Incremental Reach from Addressable TV as a % of Linear Reach
Under 10%	87%
Between 10% and 20%	57%
Between 20% and 30%	41%
Between 30% and 40%	32%
Between 40% and 50%	28%
Over 50%	15%



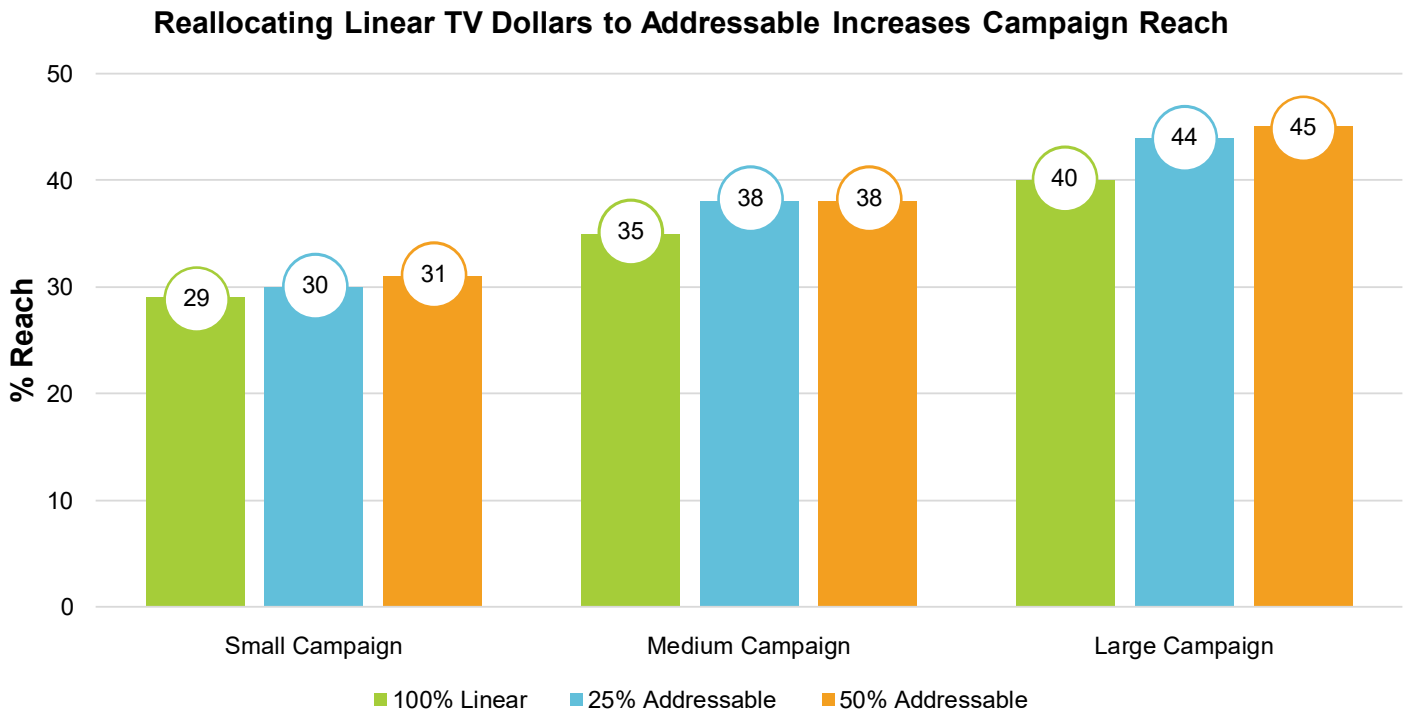
6

Addressable's Incremental Reach is Efficient

Advertisers and their agencies are constantly rethinking their optimal media mix, in a fast-changing TV marketplace. Using MVPD provided schedules and reach and frequency data, we analyzed the campaigns and developed individual reach and frequency estimation curves for linear TV and addressable. While this analysis is based on MVPD addressable TV, CTV would provide similar benefits. This enabled us to conduct two real-world allocation scenarios for small, medium and large campaigns. In this exercise, we re-allocated linear dollars to addressable in order to see the incremental target reach addressable delivered for the same dollars.

These scenarios assume that the CPMs are comparable. Since these rates are negotiable, individual cases may vary to some extent.

Figure 5. Case Studies: Reallocating Linear TV Dollars to Addressable TV For Incremental Reach



Source: MVPD data

- Figure 5 shows that reallocating 25% of linear TV spend to addressable always adds campaign reach.
- For the two small campaigns (around 100 GRPs), the impact is small, but evident - only one or two incremental reach points.
- For the two medium-sized campaigns (250 GRPs) an allocation of 25% to addressable adds 3 percentage points of incremental reach for the same dollars. But any further allocation has no additional impact on reach.
- With the two large campaigns (500 GRPs), reallocating 25% of linear dollars to addressable adds 4 reach points for the same money. An allocation of 50% to addressable adds another reach point.
- For these case studies, reach is built most efficiently by allocating 25% of the budget to addressable.

Detailed Findings

Another way to think about the value of addressable is to specifically consider its ability to add incremental reach once linear TV's reach build plateaus (i.e. flattens out). Planners should identify that point in a campaign and move the remainder of the budget to MVPD addressable. The result will be greater total campaign reach for the same expenditure.

Ampersand has created a tool called the Addressable Reach Simulator. This tool measures the actual reach build by day of a campaign in linear TV and then simulates how the total reach of

the campaign would be impacted by moving dollars to MVPD addressable. We evaluated three national campaigns with large linear TV budgets, and found very similar results across all three.

Moving budget to MVPD addressable, at the point where linear TV's reach build plateaus, generates between 5% and 6% more total reach for the campaign than spending the remaining budget in linear. Another benefit of moving budget to MVPD addressable is mitigating additional excessive frequency.



Detailed Findings

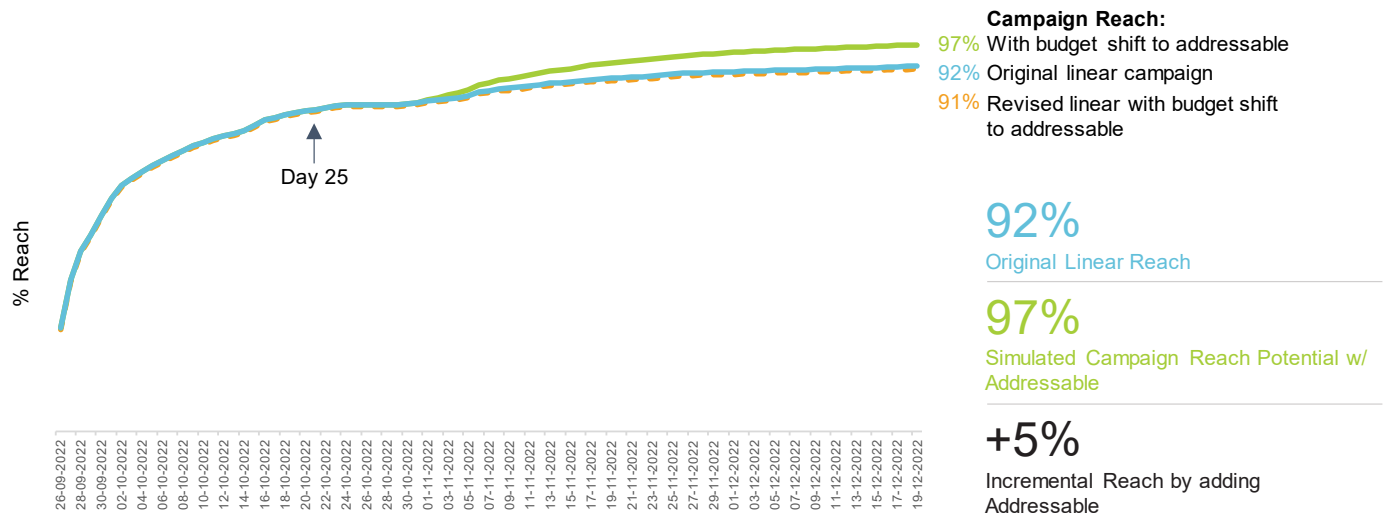
Figure 6. Shifting Spend to Addressable When Linear TV Curve Flattens Fast Food Case Study 1

Addressable Reach Simulator

Reach more of your audience with the same budget

Fast Food 1: National Campaign Reach
With Simulated Allocation to Addressable

Shift in final X days	Budget Shift	Share National's Budget	National CPM	Addressable CPM
49	\$7,500,000	2%	\$30	\$64



Source: Simulation results are based off Ampersand historical addressable campaigns analyzed 2021-2022 in Comcast and Spectrum footprints in aggregate. Reporting is simulated based on user-defined CPMs. Reporting is not necessarily guaranteed, but rather indicative of prior historical performance of addressable campaigns.

Source: Ampersand

- Figure 6 displays a reallocated simulation of an actual, quarterly national, fast food brand schedule shows:
 - The original campaign built to a total reach of 92% over the course of the fourth quarter of 2022, as seen with the solid blue line.
 - The green line shows the potential total campaign reach resulting from shifting \$1M from linear to addressable, during the last 49 days of the campaign once linear's reach growth has slowed - 97%, a five-reach point improvement.
 - The orange line shows the linear reach remaining after the reallocation to addressable, the decline is negligible.

Detailed Findings

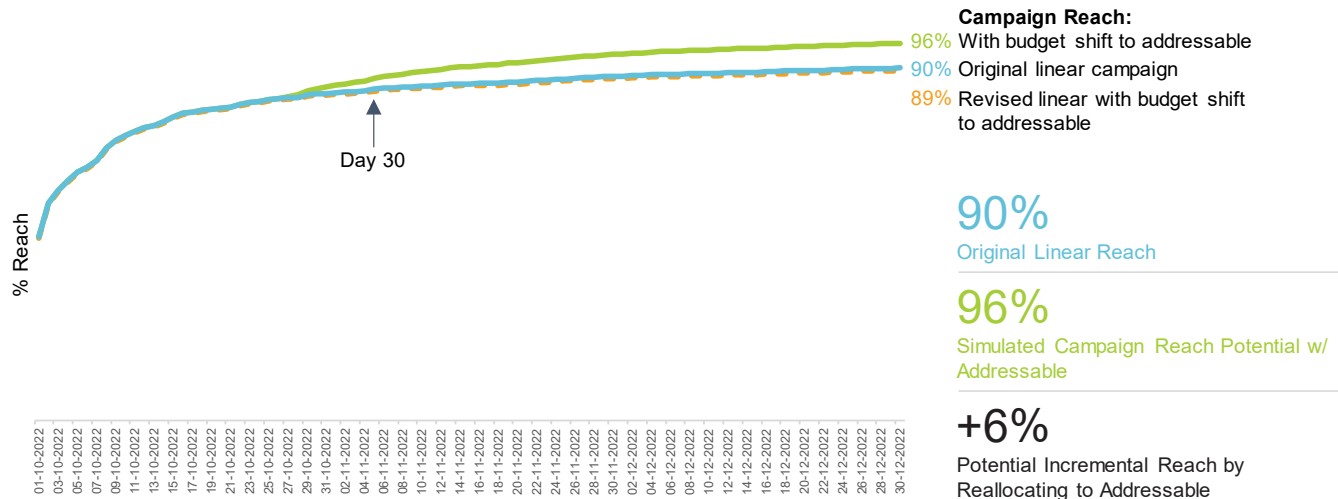
Figure 7. Shifting Spend to Addressable When Linear TV Curve Flattens Fast Food Case Study 2

Addressable Reach Simulator

Reach more of your audience with the same budget

Fast Food 2: National Campaign Reach
With Simulated Allocation to Addressable

Shift in final X days	Budget Shift	Share National's Budget	National CPM	Addressable CPM
65	\$1,000,000	3%	\$ 20	\$ 41



Source: Simulation results are based off Ampersand historical addressable campaigns analyzed 2021-2022 in Comcast and Spectrum footprints in aggregate. Reporting is simulated based on user-defined CPMs. Reporting is not necessarily guaranteed, but rather indicative of prior historical performance of addressable campaigns.

Source: Ampersand

- In Figure 7 we have a reallocated simulation of an actual, quarterly national, Fast Food brand schedule shows:
 - The original campaign built to a total reach of 90% over the course of the fourth quarter of 2022, as seen with the blue line.
 - The green line shows the potential total campaign reach resulting from shifting \$1M from linear to addressable, during the last 65 days of the campaign once linear's reach growth has slowed - 96%, a six-reach point improvement.
 - The orange line shows the linear reach remaining after the reallocation to addressable, the decline is negligible.

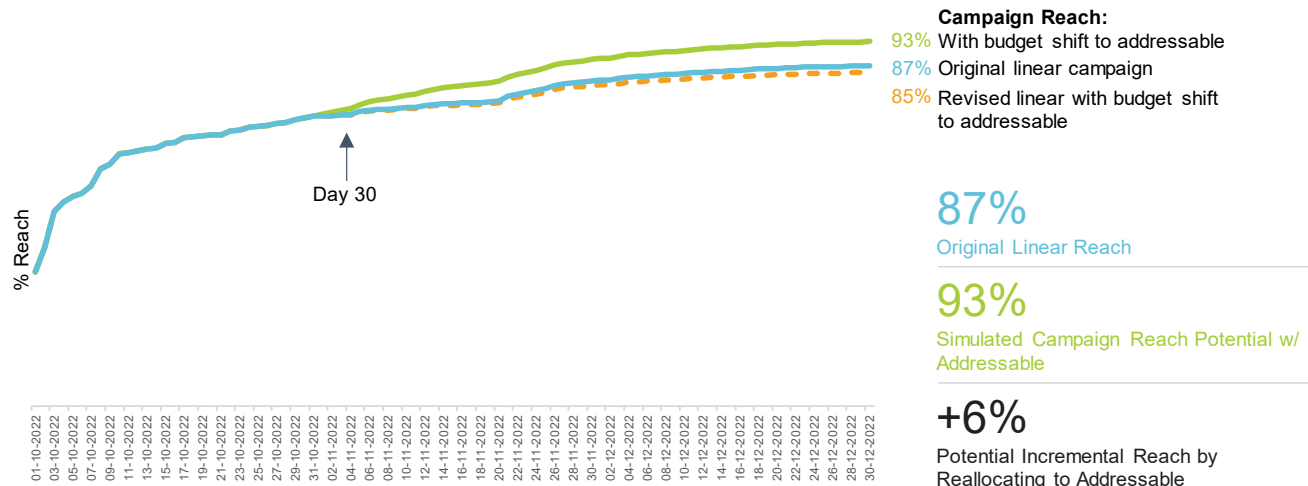
Figure 8. Shifting Spend to Addressable When Linear TV Curve Flattens Financial Service Study

Addressable Reach Simulator

Reach more of your audience with the same budget

Financial Services: National Campaign Reach
With Simulated Allocation to Addressable

Shift in final X days	Budget Shift	Share National's Budget	National CPM	Addressable CPM
60	\$1,000,000	9%	\$ 20	\$ 41



Source: Simulation results are based off Ampersand historical addressable campaigns analyzed 2021-2022 in Comcast and Spectrum footprints in aggregate. Reporting is simulated based on user-defined CPMs. Reporting is not necessarily guaranteed, but rather indicative of prior historical performance of addressable campaigns.

Source: Ampersand

- Figure 8 depicts the reallocated simulation of an actual, quarterly national, Financial Services brand schedule shows:
 - The original campaign built to a total reach of 87% over the course of the fourth quarter of 2022, as seen with the blue line.
 - The green line shows the potential total campaign reach resulting from shifting \$1M from linear to addressable, during the last 60 days of the campaign once linear’s reach growth has slowed - 93%, a six-reach point improvement.
 - The orange line shows the linear reach remaining after the reallocation to addressable, the decline is negligible.

Detailed Findings

Another way to summarize the value of this strategy is by considering the cost per incremental reach point, that is, comparing the addition of more linear to a schedule versus adding MVPD addressable at the point where linear begins to plateau. There's a material difference with MVPD addressable being between 20% and 30% more efficient in adding incremental reach than linear.

		Cost per Incremental Reach Point		
Brand Category	Days Into Flight for Shift to Addressable	Linear	MVPD Addressable	% Difference
Fast Food 1	41	\$4,276,607	\$2,952,226	-31%
Fast Food 2	25	\$4,699,822	\$3,456,548	-26%
Financial Services	30	\$939,544	\$749,667	-20%



7

Addressable Reaches Young and Older Viewers

Many buyers believe that CTV addressable is best used to target younger audiences and MVPD addressable is best used to target older audiences. It sounds simple, but it is not.

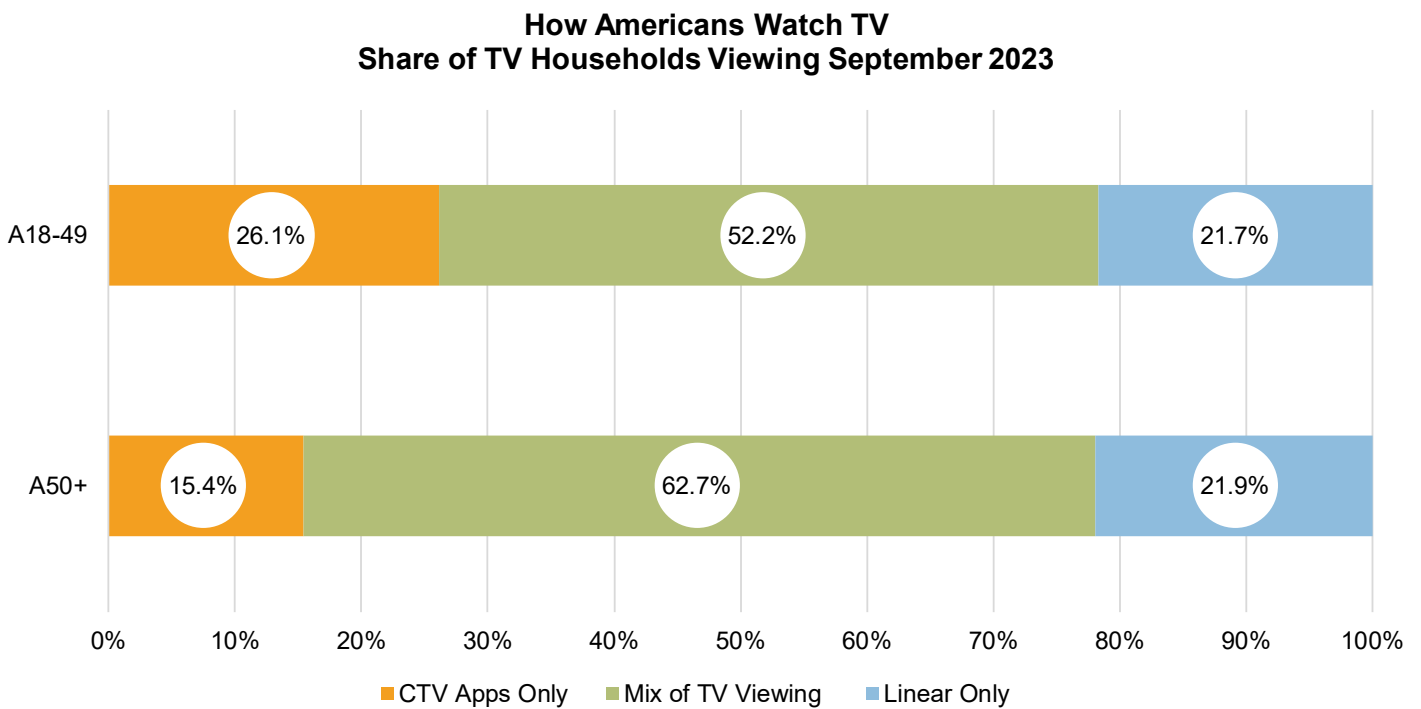
You reach older viewers on MVPD, younger on CTV.

The CTV audience is less linear centric, from a usage and demo standpoint, and it's getting less and less like that.

Figure 9 displays data from TVision that compares the source of television signal for adults 18-49 versus adults 50+.



Figure 9. Source Of Television Signal by Age Segment



Source: TVision, September 2023

- The TVision data shows that the great majority (74%) of A18-49 can be reached by linear TV, which is delivered principally by MVPDs.
- Both CTV and linear TV have exclusive users: 26% of adults 18-49 can only be reached on CTV while 22% of adults 18-49 can only be reached on linear TV.

This data shows that CTV addressable and MVPD addressable play complementary roles in reaching adults 18-49.

8

Identity Matching Building Blocks Really Matter

CIMM has conducted several recent studies exploring data matching and identity resolution; the process of matching an advertiser's target audience to media exposure data for measurement or activation. CIMM's 2023 Truthset Household Identity Accuracy Project and the 2023 Television Data Match Rate & Match Bias Study shine a light on match coverage and accuracy; are all the households being linked accurately and does the matching process skew the TV data sets being matched? The matching process inevitably results in the loss of some households from the measurement or activation process and sometimes results in the targeting of the wrong households. Minimizing the loss and inaccuracy is of material importance to achieving reach goals efficiently.

Detailed Findings

Agency buyers are aware of this concern.

Linear and VOD addressable from the MVPDs and OEMs is about a \$45 CPM for auto intenders. You can use CTV streaming/FAST- IPTV on a Comscore or Transunion auto intender segment for \$12, but the post-match yield is lower and less accurate. Accuracy all depends on quality of ID data and data integrations.

”

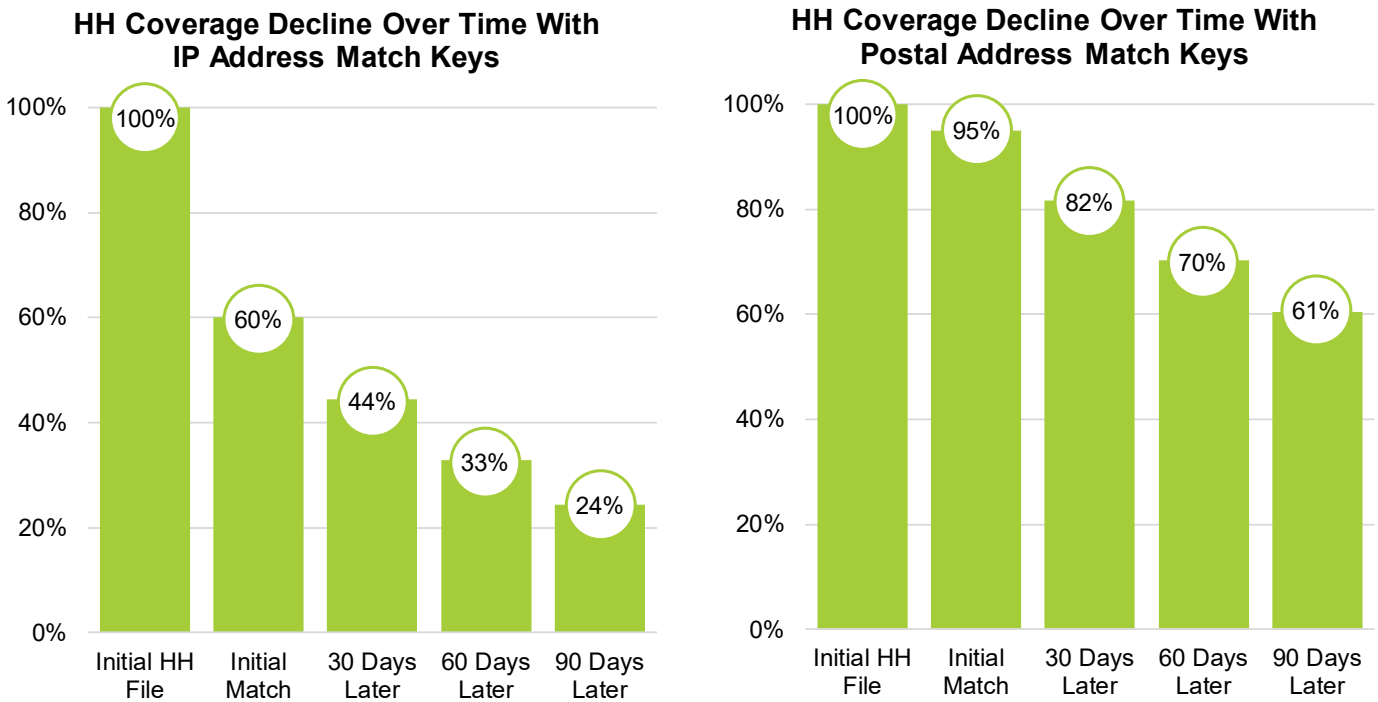
When considering which forms of addressable TV to include in a campaign, buyers should evaluate the scale that each addressable inventory pool can provide.

Scale is defined as homes within a target that have accurately been matched to the activation data set. It is synonymous with the reach potential. In this respect, there are material differences between CTV addressable (including OEM and AVOD streaming channels) and MVPD addressable. CTV addressable generally leverages IP address and/or email address as the matching agent, whereas MVPD addressable typically leverages postal address as the matching agent.

These differences have an impact on both the initial match of viewing and target audience data for each household and later through churn. This is graphically illustrated in Figure 10.



Figure 10. Match Rate Waterfall by Match Key: IP Versus Postal Address



Source: Analysis based on MVPD data

This analysis shows a dramatically higher initial match rate for MVPD addressable - 95% versus 60% - and substantial erosion after the initial match for the IP address match: 1% of residential broadband IP addresses are rotated daily versus a .5% churn rate for MVPD addressable, which only occurs when people move or cancel their MVPD subscription.

These figures were provided by an MVPD based on analysis of data across various identity graph providers as compared to a truth set of anonymized IP addresses of an internet service provider's internet subscribers.

This analysis demonstrates:

- 30 days into the campaign only 44% of CTV homes are accurately

matched, compared to 82% of MVPD addressable homes.

- 90 days into the campaign only 24% of CTV homes remain accurately matched, compared to 61% of MVPD addressable homes - 2.5 times the reach.

This difference needs to be considered in planning and especially pricing; eCPMs should reflect accurately matched impressions - those actually delivered to the target audience. It's important to remember that this matching issue not only impacts the scale of activation, but also post campaign reporting including reach and frequency against the target and attribution.

Conclusion



Addressable TV is no longer a niche or experimental media product. As linear television continues to decline, it has come of age.

Addressable can benefit all players in the advertising ecosystem. It benefits consumers who see more ads that are relevant to them, and less excessive ads. It benefits the advertising platforms like CTV and MVPDs, enabling them to increase their revenues and deploy technology to help scale. It benefits linear and streaming networks who can leverage addressable to drive additional yield. Finally, and most importantly, it benefits advertisers and their agency partners by enabling higher reach, less wasteful ad schedules and higher campaign ROI. We hope this guide helps the industry move to greater use of addressable TV.

Best Practices in Addressable TV Planning



A Step-by-Step Approach

Step 01

Develop Detailed Audience Target Profile.

Step 02

Benchmark Linear TV Effective Cost.

Step 03

Determine Reach Scale and eCPM for Various Addressable Pools.

Step 04

Determine the point Where the Linear TV Reach Curve Flattens out.

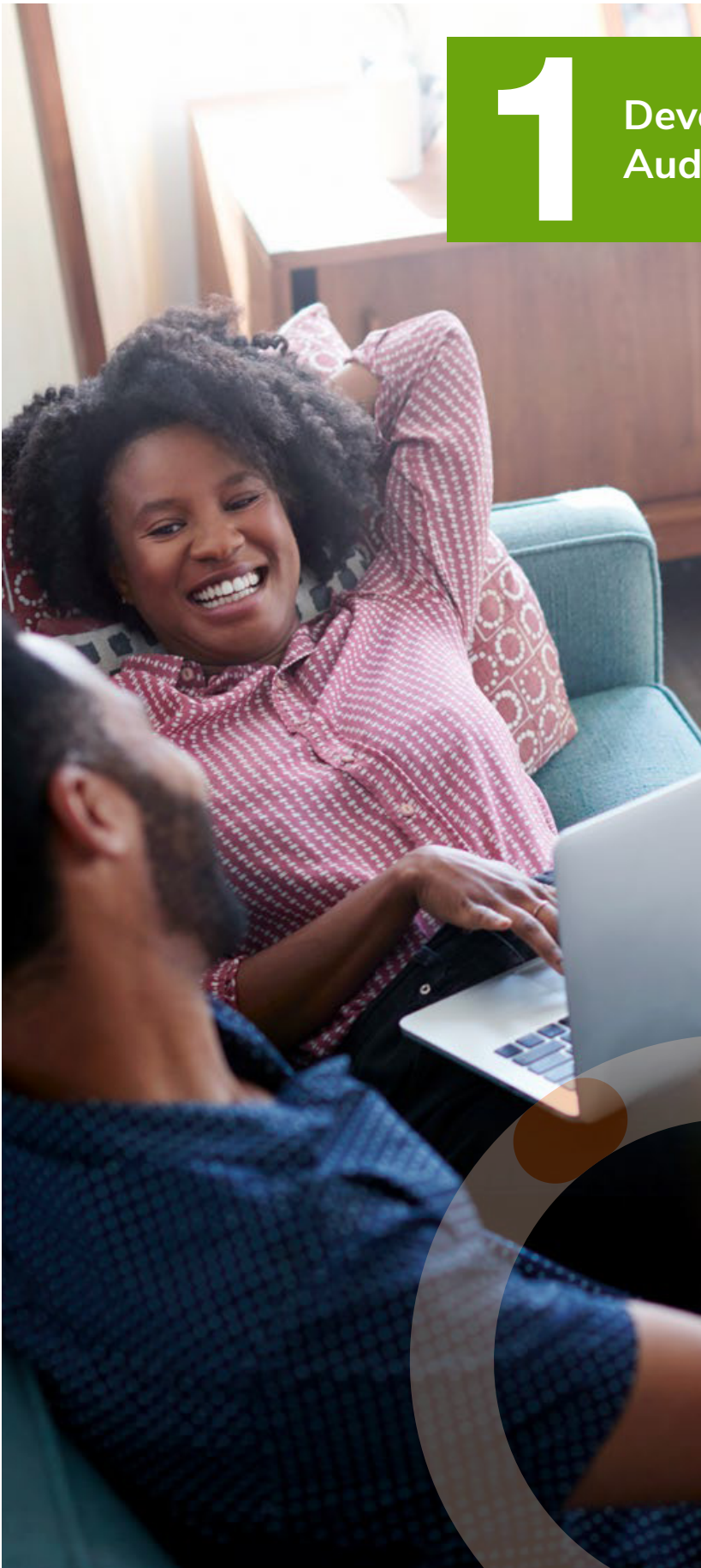
Step 05

Leverage all Data, Simulate the Reach of the Combined Linear and Addressable TV Schedules.

1

Develop Detailed Audience Target Profile

- Develop audience profile, including the target penetration among cord-cutters, MVPD subscribers, OTA subscribers, heavy/medium versus light linear viewers.



Best Practices in Addressable TV Planning

While optimizing national reach is important, it is also important to optimize reach among viewership segments that align with the advertiser's target. Step 1 establishes the framework to evaluate different budget allocations, in terms of national reach and reach by segment.

Step 1 Illustration: Viewing Segment Analysis.

Target Audience Viewing Segment Analysis	
	% Penetration
Target US	35.0%
Linear TV Total	30.2%
MVPD Subs	30.4%
OTA	29.8%
Broadband Only	36.0%
Heavy / Medium Linear	31.0%
Light Linear	36.5%
AVOD	37.0%
CTV from OEMs	37.5%

In this example, you can see that the target penetration is highest for streaming-centric segments and light linear viewers.



2

Benchmark Linear TV Effective Cost

- Determine target size and target penetration (%).
- Using historical TV viewing data, evaluate how target views linear TV.
- Using historical R&F data, estimate the number of linear TV impressions before frequency grows beyond the effective level. For campaigns focused on monthly/quarterly reach, frequency beyond 10 may be wasteful. For campaigns focused on weekly reach, frequency beyond 3 may be wasteful. These are meant as guidelines; each brand's planning strategy should reflect their experiences. Use these to estimate eCPM for linear TV (reflecting excessive frequency waste).

Best Practices in Addressable TV Planning

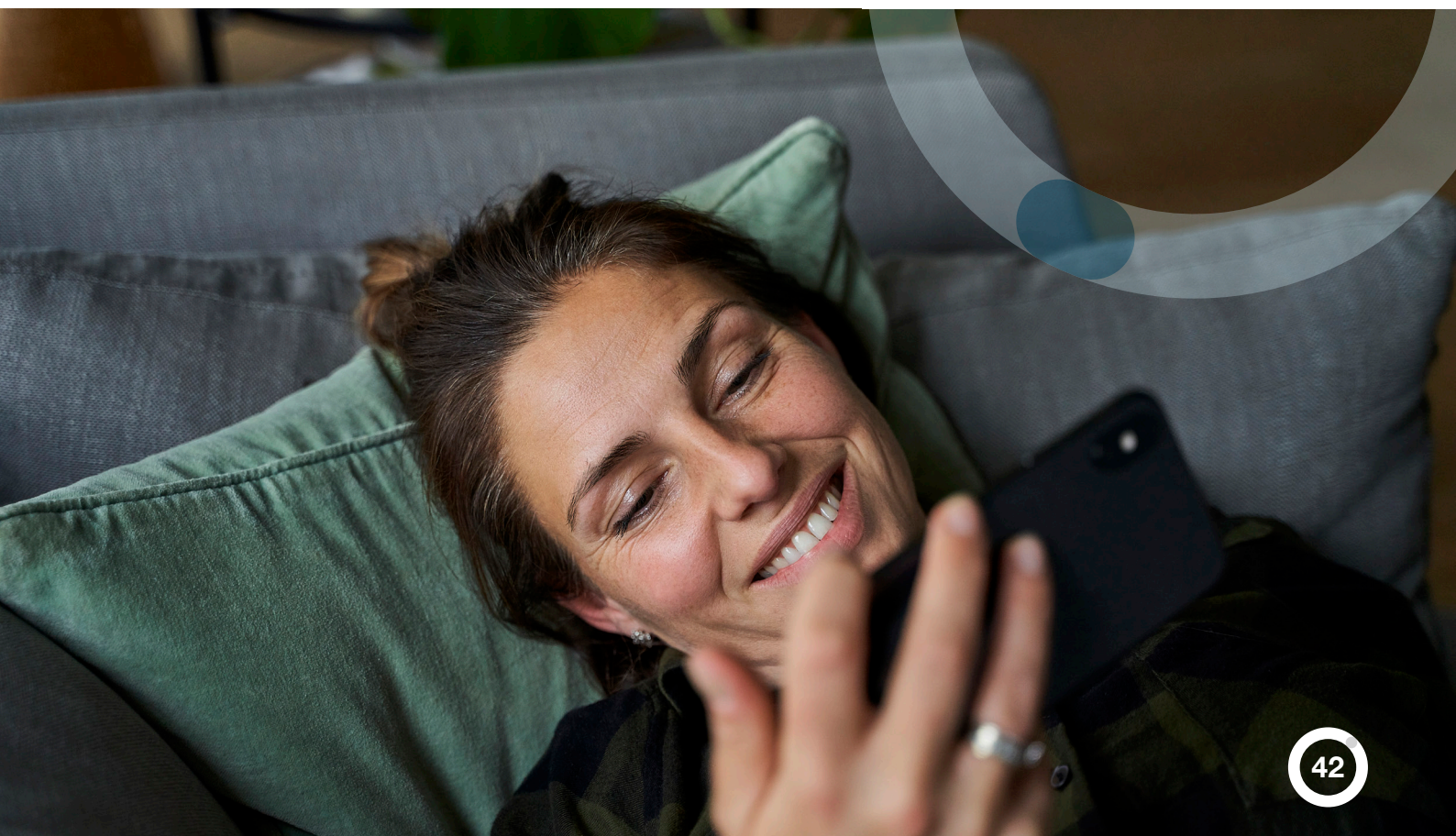
If eCPM is calculated for linear TV, that calculation is typically one-dimensional, reflecting only the target penetration. There are two other factors that impact the true cost of linear TV - whether the audience target is a heavy or light linear viewer, how much waste there is with linear's spend due to excessive

frequency. All three factors should be included to determine the true baseline cost of linear.

In the example below, while the typical eCPM calculation for linear would net an eCPM of \$61, because of the amount of excess frequency from the linear plan the true eCPM is \$91.

Step 2 Illustration - Benchmarking Linear Televisions eCPMs.

Linear TV Effective CPM Analysis	
Linear TV Demo CPM- A18-49	\$20.00
% of A18-49 Delivery within Target	33%
Linear TV Target eCPM	\$60.98
% of Linear TV Delivery - Frequency over 10	33%
Linear TV Effective eCPM	\$91.01



3

Determine Reach Scale and eCPM for Various Addressable Pools

- Capture R&F forecasts from the individual publishers within each addressable pool.
- Capture R&F forecasts for the target audience by viewer segments - cord-cutters, heavy/medium versus light linear viewers, etc.
- Leverage norms from select matching company to insure that reach scale and eCPM reflect the match rate/match accuracy that each publisher will experience with live campaigns.



Best Practices in Addressable TV Planning

It's important to be tactical in determining which addressable pools of inventory to leverage. That includes evaluating scale by segment knowing that different segments will require support beyond heavy/medium linear TV viewers, and truly evaluating available scale once data integration has occurred.

Step 3 Illustration: Determining Reach Scale and eCPM for Various Addressable Pools.

Reach/Scale/eCPM of Addressable TV Pools				
	Total Monthly Reach Potential (Mill)	Target Monthly Reach Potential (Mill)	% Effective Match Rate- 30 Days	Effective Monthly Target Potential (Mill)
MVPD Addressable	60.0	18.2	82%	15.0
AVOD	75.0	27.8	44%	12.2
CTV from OEMs	70.0	26.3	44%	11.6

In this example, while MVPD has a lower target audience composition and lower overall reach, it actually provides more target audience scale due to the higher match accuracy.



4

Determining the Point Where the Linear TV Reach Curve Flattens Out

- Using historical reach and frequency data, evaluate how linear TV reach builds in increments of 10% of the budget, e.g., first 10%, first 20%, first 30%, etc.
- Also evaluate where the point of frequency saturation (waste) occurs.
 - Evaluate for all relevant viewership segments.



Best Practices in Addressable TV Planning

While linear TV reach is lower now due to cord cutting and viewership fragmentation, linear TV is still the medium with the greatest reach potential. In most instances, national campaign reach is optimized by using linear TV until the point where reach curve flattens, then leveraging the appropriate addressable pools to build reach beyond linear.

Step 4 Illustration: Determining where linear TV reach flattens out.

Linear TV Reach/Frequency Build						
Budget Allocation	Total US		MVPD Subs		Heavy/Medium Linear	
	Reach	Frequency	Reach	Frequency	Reach	Frequency
100% Linear	32.1%	11.3	36.8%	14.1	50.0%	15.0
90% Linear	31.4%	10.2	36.1%	13.4	49.5%	14.2
80% Linear	28.1%	8.6	32.2%	12.5	46.3%	12.7
70% Linear	23.2%	7.3	26.7%	11.6	40.1%	11.4
60% Linear	15.8%	6.5	18.1%	12.4	31.7%	10.4
50% Linear	7.1%	5.5	8.2%	17.3	22.3%	9.4
% Change- 100% Linear vs. 80% Linear	14%	30%	14%	13%	8%	18%

In this example, the last 20% of the linear budget only increased total reach by 14%, and reach among heavy/medium linear viewers by 8%, while frequency among heavy/medium linear viewers increased by 18%.

5

Leverage all Data, Simulate the Reach of the Combined Linear and Addressable TV Schedules

- Adjust both the mix of linear versus addressable as well as the mix across addressable pools.
- Determine what mix of linear versus addressable, and what mix within addressable pools, maximizes audience target effective reach.



Best Practices in Addressable TV Planning

Whether by leveraging existing planning systems or more simplistic methods like random duplication, optimizing reach is done by evaluating the reach build and reach overlap by viewership segment, with the understanding of what segments are most important to optimize.

Step 5 Illustration: Leveraging All Data & Simulating Combined Schedule Reach.

Linear / Addressable RF Estimation						
	Total US- A18-49		Cable TV Subs- A18-49		Broadband Only Subs- A18-49	
Budget Allocation	Reach	Frequency	Reach	Frequency	Reach	Frequency
Option 1: 100% Linear	33.1%	14.4	36.8%	14.1	5.0%	4.0
Option 2: 80% Linear/10% MVPD Addressable/ 10% AVOD	34.8%	10.5	37.0%	10.9	20.0%	3.4

In this example, Option 1 delivers 33.1% national reach against TV US Adults 18-49, 36.8% against Adults 18-49 in Cable TV homes, and only 5% against Adults 18-49 in Broadband Only homes.

However, moving 10% of the budget from linear to MVPD addressable and 10% to AVOD significantly improves the results:

- National Adult 18-49 reach increases from 33.1% to 34.8% while bringing average frequency down from 14.5 to 10.5.
- Reach across Adults 18-49 in Cable TV homes increases from 36.8% to 37%, a small improvement, but reach across Adults 18-49 in Broadband Only Homes increases from 5% to 20%, an improvement of 400% versus the linear-only plan.

Summary



Use Cases for Addressable TV Advertising

There are four optimal use cases for addressable TV advertising:

1. Brands with low penetration target audiences.
2. Brands with limited television budgets or multiple audience targets/ creatives to maximize impact and effectiveness.
3. Brands whose linear television plans' reach curves have plateaued and desire more efficient incremental reach.
4. Brands that want to frequency cap high-volume, oversaturated TV viewers at the household level.

Summary

Addressable planning requires a strategic step-by-step approach. Using historical data to create the target profile for viewer segments allows you to understand the viewing habits of the segment in greater detail and to begin seeing where additional weight is required for optimized reach. From there, the evaluation of true eCPM sheds light on the cost of incremental linear or addressable television.

Comparing the eCPM and reach of different addressable inventory pools as well as individual publishers within each pool helps the plan begin to take shape, and shows how each addressable option can contribute the most cost-effectively. Understanding where the linear television reach curve flattens out - or reaches saturation, is another best practice. This is done by looking at reach resulting from specific portions of the budget - and helps determine how much addressable television is needed. With all the data, it's possible to estimate combined linear and addressable reach and frequencies.

By incorporating these best practices, advertisers and agencies can unlock the full potential of addressable television, delivering relevant messages to the right audiences at the right time, ultimately maximizing the impact of their advertising initiatives.

CHEAT SHEET: Proven Strategies for Optimizing Addressable TV Advertising

1. **Addressable consistently delivers ~40% reach** regardless of whether the brand has a high or low target audience penetration.



Summary

2. **Addressable delivers incremental reach to both large and small linear campaigns:**
 - When linear reach begins to plateau, addressable TV is found to be between 20% and 30% more efficient in adding incremental reach than linear.
3. eCPMs for addressable campaigns (those associated with the actual target segment impressions) are **more efficient than linear eCPMs** when it comes to light linear TV viewing audiences.
4. Addressable TV is **more precise than IP address matching.**
 - An analysis found that 95% of addressable HHs were matched via postal address compared to 60% via IP address. After 30 days, 82% of addressable homes remained accurately matched compared to 44% of CTV homes.
5. **Addressable TV is not just for older adults.** Data shows that CTV addressable and MVPD addressable play complementary roles in reaching adults 18-49. *(Source: TVision, September 2023.)*



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