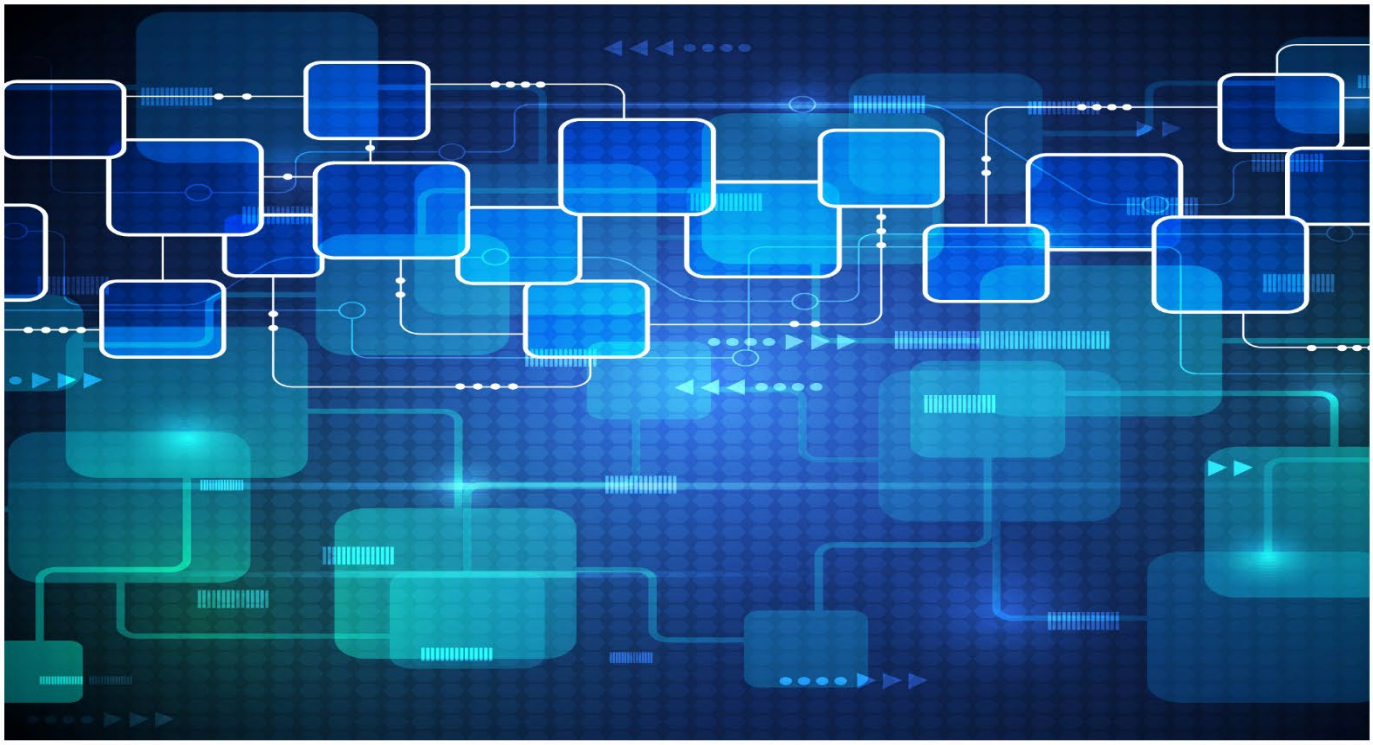
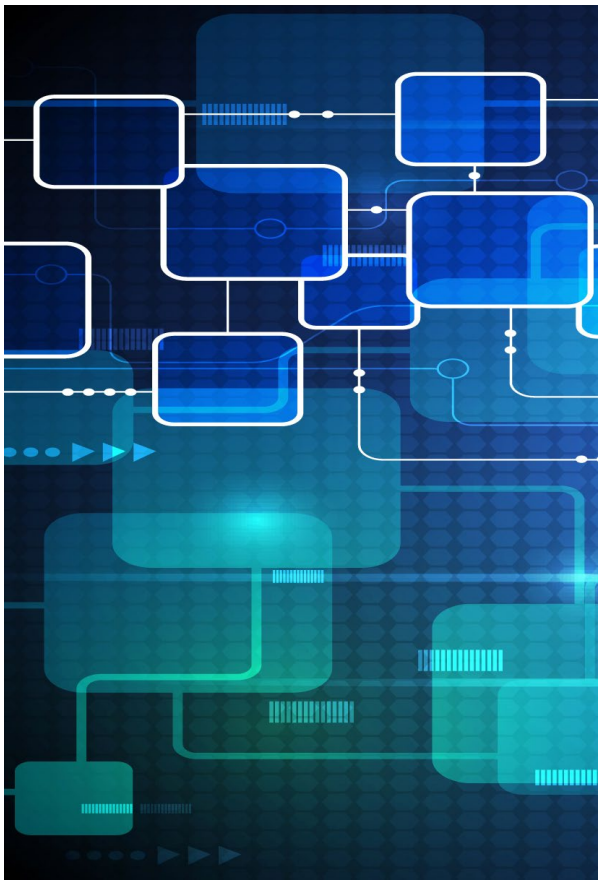
The ABCs of OTT



TVB Local Media Marketing Solutions



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Introduction

The first time I heard the acronym was at a digital media conference in New York City in 2017. The speaker outlined some of the new digital technology that broadcasters should monitor. One of them was called "OTT."

I leaned over to my conference neighbor and asked the only question I had about the three-letter acronym, "What the hell is OTT?"

"Over the top," he whispered, looking up briefly from scribbling his notes.

It was a good time to take my own note. So, I wrote in my notepad, "*What's over the top*?"

Since then (and for some, *before* then), TV companies have been embracing this segment of digital video advertising, eventually developing fully loaded and branded OTT platforms. For the last couple years, OTT has been the fastest growing segment of the industry's digital revenue.

In a digital world with the recurring theme of bright shiny objects, OTT has been a blazing sun at high noon over Death Valley.

During the pandemic streaming video surged, new streaming apps rolled out and the race shifted into high gear. At that point, TVB saw the need to provide more support in this emerging digital segment.

TVB conducted a survey among the industry's digital leadership to identify possible themes. By far, the number one topic respondents wanted was *basic selling information about OTT*, the foundation of knowledge that would allow any TV seller to feel confident selling this new product to advertisers. They also wanted to get this knowledge from thought leaders experienced in selling OTT.

Thanks to Gamut for its sponsorship of this whitepaper revision.

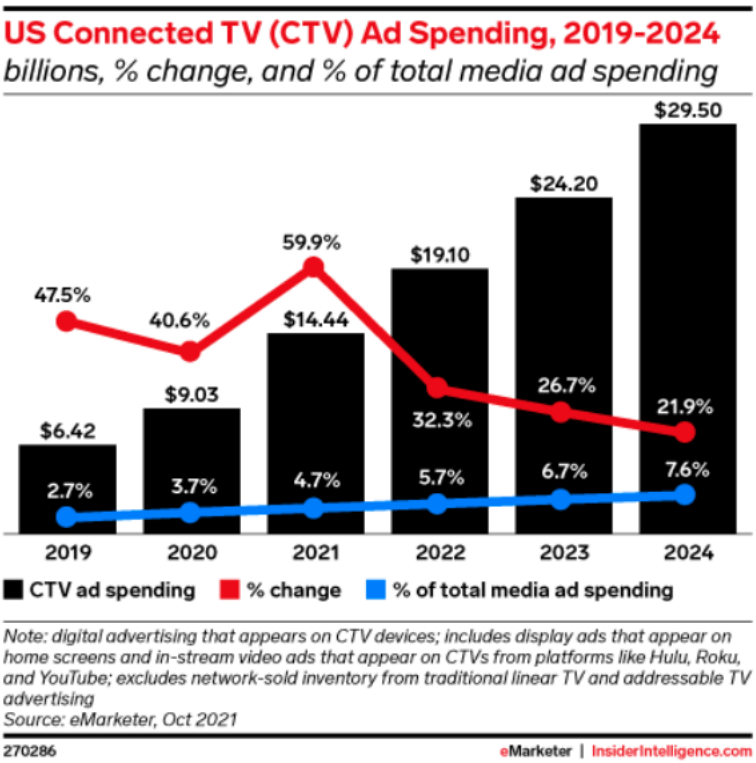
The OTT Landscape

Back in 2020, streaming advertising got on its feet and started walking. Through the pandemic and beyond, ad tech and publishers alike have continued to grow their streaming capabilities. As a result, streaming ad impressions continue to grow. With your help, local advertisers have grabbed hold of this new way to connect with audiences.

"The amount of inventory available in core connected TV advertising has skyrocketed," said Frost Prioleau, Chief Executive Officer of Simpli.fi. Inventory will continue to expand as streaming viewership increases and services like Netflix move toward a lower-priced ad-supported tier.

It's been proven time and again. Where eyeballs go, advertiser spending follows. With digital media and then mobile, we've seen this action and reaction, albeit with some lag time.

According to eMarketer, OTT spending is expected to grow 32.3% in 2022 to $19.1B and 26.7% in 2023 to $24.2B



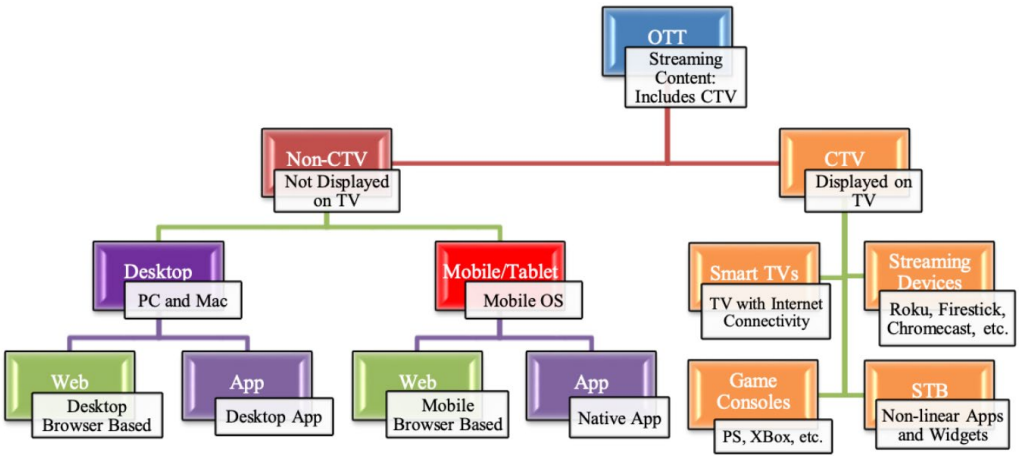
With all the energy and growth around streaming video, it's easy to get distracted from the fact that OTT is still relatively new. For those of us in broadcast TV, it's critical to understand what OTT is not. According to Nielsen, about 31% of TV viewing is streamed content. But of that 31% slice of the pie, TVB estimates that only 33% of streaming viewing actually have ads. Linear TV still represents 85% of total TV ad-viewing time with ads.

OTT Lexicon

An understanding of OTT definitions and vocabulary is critical for building a solid foundation of knowledge.

First, **Over the Top** refers to accessing video content through an internet connection without the use of a hard-wired cable or satellite. **Connected TV** (CTV) is sometimes used interchangeably with OTT, but that's not quite right. Normally, CTV refers to the device (smart TVs or Roku-enabled TVs, for example) on which the OTT video content and commercials are watched.

Here's a graphic from the Media Rating Council detailing the relationship among all these concepts:



Streaming apps are classified by their revenue model. Here's an overview:

Classification	Revenue Model	Examples
Subscription Video on Demand (SVOD)	No advertising, monthly fee	Netflix, HBO+, Disney+
Subscription Video on Demand (SVOD)	Ad supported and monthly fee	Sling, AT&T Now, Fubo, Philo
Advertising Video on Demand (AVOD) also known as Free Ad-Supported TV (FAST)	Ad supported, no monthly fee	YouTube, Tubi, Pluto

For local sellers, the ability to understand and differentiate between AVOD and SVOD is key for effective selling.

Another issue of classification that comes up frequently in OTT is: Is it TV or digital? Streaming type/classification and the location being watched play a role in the answer. Still, the question is confounding because experts agree it's both. For local advertisers, the

distinction is irrelevant. Within many ad agencies, a turf war continues to rage between traditional media and digital buyers. From our standpoint, the conflict is solved (and advertisers are best served) **when OTT and linear are bought together**.

Where's the Inventory?

Sellers must understand the destination content - the actual programming in which the ads will appear. This is basic knowledge for every seller of OTT inventory, according to Joe Marino, Managing Partner and Head of Sales for Madhive: "One of the biggest gaps we've seen in the industry today is that a lot of folks don't really know exactly where OTT content comes from and what it is." Although recently, the general knowledge of OTT basics is improving among local marketers.

Some guidelines have emerged around how to classify streaming content. They include content length, production quality and the device type it's viewed on. Here are the basic types:

Full episode player (FEP) - Refers to professional, TV-like content that's highly produced, mostly scripted, and 30-60 minutes in duration with commercial breaks in between. It's assumed that this content is watched on larger TV screens in a home, but inventory can appear on any device type, across both apps and web browsers. FEP content includes familiar programming such as news, movies, cooking shows, etc.

Long Form Video - Video with a longer duration than is typical for its distribution channel. Some standards place the cut-off at 8 to 10 minutes, but there is no universal rule for exactly how long a video has to be. Think clips on smaller devices like tablets and laptops.

Short Form Video - Videos up to 2 minutes and 30 seconds in length are considered short-form, but there's no universal number that everyone has agreed to. Think YouTube watched on smart phones.

Owned and Operated Inventory - Efforts among many TV ownership groups continue to create apps to stream their local content. This effort extends local TV brands into the streaming space, creates more streaming inventory and offers a significantly more profitable OTT business model mirroring what happens on broadcast airwaves. These local streaming initiatives are growing quickly, and it's important to maintain the growth, said David Francois, Product Lead for the E.W. Scripps Company local media division: "It's scaled infrastructure. That's the critical component."

Technology

Among TV sellers, there's still confusion about the underlying tech that delivers streaming video ads. Sellers want to differentiate their OTT platforms as "best of breed." But realistically, how much OTT technology do local sellers really need to know?

At its basic level, platforms access OTT inventory in two ways: direct access or through intermediaries.

Direct access means the OTT platform has a server-to-server integration with the publisher, sharing the same ad server accessing the inventory directly. As Adam Gaynor, Chief Revenue Officer & Interim President of Gamut says, OTT ad platforms should be "an extension of those direct sales teams."

Intermediaries take a couple steps, connecting buyers and sellers through automation. Programmatic does this by going through SSPs (Supply Side Platforms) and DSPs (Demand Side Platforms). Aggregators can buy up inventory from publishers and sell it with a mark-up.

OTT platforms can employ both approaches, delivering some ads through direct access and the rest through intermediaries. Generally, direct access is preferred because it allows "cherry picking" the best impressions before they get passed on to programmatic channels. Some platforms sell their direct inventory avails as "premium" OTT product. That approach allows for more accurate and detailed post-campaign reports. Intermediaries offer a broader look at the consumer journey across many publishers and content providers.

Another best practice around tech discussions with advertisers is to **bring in platform specialists when needed**. "If the seller is a good seller, and they have trust with the client and can answer questions using a specialist, you're good," said Shawn Makhijani, SVP of Business Development and head of NBCUniversal's *SpotOn* OTT platform. "When a seller goes down the rabbit hole of answering very technical questions, it's hard to undo sometimes."

Selling Propositions

OTT is TV

Make no mistake about it. First and foremost, independent of any acronyms we may want to apply, OTT should be considered TV. The more sellers can remember that, the better.

"When you show OTT to a customer, it looks like TV, smells like TV. It's TV," said David Francois of Scripps Local Media. "The secret sauce of OTT is that it's TV."

The bulk of internet-delivered long-form premium video is being watched "on the glass," large-screen TV sets in people's homes. "The digital ecosystem commoditized video so much that advertisers started to gravitate to the premium end of it," said NBCU's Shawn Makhijani. "And that wasn't a cat stuck in a tree on YouTube. It was TV content."

Trust

For the foreseeable future, another ingredient in TV sellers' advantage against other media is trust. NBC's Makhijani said in his view, "the trust that a sales force already has with local clients" is key.

If a seller has owned-and-operated content as part of OTT inventory, then you have another advantage. That content (usually news) carries with it the trust that both viewers and advertisers appreciate.

Prime Time 24/7

Streaming advertising eliminates the need for "time periods." Each ad is delivered to a viewer who is in control of their viewing experience. Joe Marino of Madhive calls OTT viewing **primetime all the time**. "You're hitting someone watching **what** they want to watch, **where** they want to watch, **how** they want to watch it and **when** they want to watch," he said. "It replaces the old idea that overnights are bad or that no one watches daytime."

Power of the OTT Impression

OTT has reimagined the video ad impression. The ad breaks are shorter and usually reflected in an ad "countdown." Ads are non-skippable, and therefore have an exceptionally high completion and performance rate. "Full episodic content on the big screen has about a 98% completion rate, because people are leaned in," said Adam Gaynor, Chief Revenue Officer & Interim President of Gamut. He emphasizes that long form and short form video might be viewed by people multitasking or just on the go. For that viewing, completion rate is typically around 50% to 75%. "As a marketer, you want someone to see and complete the ads. So, there's a big disparity around performance, and thus, pricing," said Gaynor.

Engagement and ROI of streaming impressions compare competitively to other digital tactics. When measured against a search or a social media campaign, said Peter Jones, Head of Local

Sales and Senior Director of Strategic Partners at Premion, “The KPIs from OTT (such as driving website traffic) are rivaling some of the best digital campaigns that I've seen.”

The newest ad serving technology has also moved toward personalizing video ads. Now, according to Gamut’s Gaynor, targeting data can be leveraged to manage thousands of different ad creatives and deliver the right ads in a scalable way with a higher level of personalization. This allows for sequential ad delivery as well.

It’s like using TV to deliver a piece of direct mail to a household, said Adam Gaynor, Chief Revenue Officer & Interim President for Gamut. “Now you’re actually connecting with those consumers. They’re leaning in and ready to absorb that information.”

That ability to personalize will open the door for more A/B testing, an optimization tactic effectively impossible to employ in any other TV environment.

Complements Linear

OTT complements a linear broadcast TV campaign in a number of ways. If there are gaps in a linear buy because of cost, avails, or ratings, advertisers can supplement that or enhance it with OTT.

Broadcast linear TV delivers wide reach, high impact video advertising. It’s like screaming from the top of a mountain. OTT advertising complements that with targeted advertising directed at cord cutters. It’s like finding individuals in a crowd and whispering in their ear.

Important Factors

OTT allows the ability to target audiences through data. I like to call OTT inventory **TV with Benefits.**

Here are some standard targeting parameters, or filters, most OTT platforms deliver:

Age	
Starting Age	Ending Age
18	20
21	24
25	29
30	34
35	39
40	44
45	49
50	54
55	59
60	64
65+	

Gender		
Adults	Men	Women

Geography		
DMA	State	Zip Code

Behavior/Lifestyle/Intenders

- Children (or not) in Household
- Credit Score
- Education Level Enthusiast
  - Arts & Entertainment
  - Country Music
  - Environmentally Conscious
  - Foodie
  - Gambler
  - News
  - Outdoor
  - Sports
  - Theme Park
  - Travel
- Ethnicity
- Homeowner
- Household Income
- Intender
  - Alcohol
  - Appliance
  - Automotive Purchase (Domestic) (Import) (Luxury) Repair
  - Furniture
  - Healthcare consumer
  - Mattress
  - QSR
  - Real Estate
  - Education
- Likely Voter
  - Democrat
  - Democrat/Ind
  - Republican
  - Republican/Ind
- Recently Engaged/ Married

Targeted video advertising attracts a lot of attention from sellers and buyers. Ad targeting has been the promise of digital advertising since it was created. Additionally, the ability to target means advertisers large and small can find value in it.

Targeting means "pre-vetted," according to Maggie Drake, Senior Director of OTT Revenue for Scripps Local Media. "You can narrow it down to 25,000 people versus 250,000 people and weed out 90% of the waste."

"OTT is the democratization of TV," said Frost Prioleau of Simpli.fi. Local advertisers now have the ability to "target just the zip codes where their stores are, or pick out the households they want to target within those zip codes that meet their demographic or other requirements."

Reality Check

Targeted streaming video ads are still a relatively new technology. OTT platforms are honing their accuracy continuously, but there are limitations. "We don't actually know everything about every household," said NBCU's Makhijani. "And that could get worse because of the way people are opting out and blocking."

Some see digital targeting as a problem generally. "I found targeting across digital to be murky, at best. The desire for it far exceeds the ability of anyone to prove that it works," said Francois of Scripps.

But everyone I spoke with says that OTT targeting will improve over time. "You're going to see multiple iterations of this over the next 12 to 24 months," said Peter Jones of Premion. "I don't think there's a silver bullet yet."

Examples of Smart OTT Targeting

(Courtesy of Maggie Drake, Scripps)

Roofers after a hailstorm: Chances are they don't need the whole DMA. They need to hit the zip codes that were hit by hail. But it doesn't help them to hit an apartment. So, we want to target homeowners in those zip codes.

Lenders to college students: If you're trying to position supplemental money loans for college students, you don't necessarily want to go to parents. You want to go to students streaming on their laptops. Knowing your audience and drilling down to where they're watching makes a lot of sense.

Tow Truck company: Target relatively high household incomes, those who have the means to pay for a tow truck. Then, target owners of cars past their manufacturer warranty. So, target six- to 10-year-old cars with a certain household income.

Ad Frequency

We've all had the experience. We watch our favorite show through a streaming service and see Jake from State Farm every commercial break. Sometimes twice in a break. This issue has been somewhat mitigated recently with advances in technology, but it can still happen. The reason this happens connects to both targeting and scale.

Each targeting filter added to a campaign shrinks the available audience. If a media buyer needs to spend a budget allocation while keeping multiple targeting filters in place, then short-term ad frequency can happen. Direct buying relationships with publishers can alleviate this problem. Device and publisher capping can also be employed to alleviate heavy frequency.

Comparative CPMs

For as long as digital media has existed, the CPM has been the currency of record. As broadcasters move TV buying into the world of impressions, CPMs will be the currency there, too. Eventually, buyers will want to pit different media CPMs against each other, **assuming wrongly that all impressions are equal**.

Media buyers and agencies, always sensitive to price, are inclined to attempt an apples-to-apples comparison of impressions from OTT, cable and broadcast. We'll need to fight against this natural inclination. It could degrade the value of both our linear and OTT inventory. "Buyers are not caught up to sellers," said Jake Richardson, the Director of Strategic Partnerships and Development at The Trade Desk, a global technology platform for digital buyers to purchase advertising campaigns.

Selling Mistakes

"What's the most common mistake you see when selling OTT to local advertisers?"

I posed this question to every expert interviewed for this report. Their answers provide sellers with strategic guardrails when selling streaming ads.

Over Targeting

There's no shortage of enthusiasm for targeting among sellers and buyers. New OTT sellers salivate at the promise of targeting the right message to the right audience. As a result, sellers' enthusiasm leads to adding too many targeting filters to a campaign and severely limiting market reach. Too much targeting can limit the scale in a local market. Ultimately, expectations may be set too high and sellers don't deliver what they sold.

Chris Martinez, OTT Director of Sales for Hearst Television, notes that over-targeting can decrease the overall accuracy of a campaign. "All probabilistic data comes with a margin of error," said Martinez. "That margin can grow exponentially when you string multiple targets together."

One way to combat that scale issue, says Shalyn O'Malley, Vice President of Marketing for Gamut, is through having more direct access to local inventory. "Having access to top-of-the-funnel inventory can mean using data to target without the concern for that audience dwindling."

But sellers are showing improvement at audience targeting, says Madhive's Marino, "Awareness of how to do it or adopt it is getting better."

Timid Selling

Without a solid foundation of knowledge, sellers lack confidence in the product. Lack of confidence leads to timid selling, and that leads to under-funded and ultimately failed campaigns. Selling OTT is not for the meek or ill-informed. Like any other advertising, insufficient budgets will never work: "You're never going to hit expectations, even if those expectations were realistic," said Scripps' Drake.

Calling it "OTT"

Once again, we've made the mistake of allowing technologists to name our products. "OTT is the worst possible phrase the industry could have picked to rally around. It doesn't make any sense," said Francois of Scripps. The acronym requires translation centered around technology, the death knell for sellers. He suggests a phrase like "streaming TV ads" when talking to advertisers.

Selling Price

In the end, local broadcasters are unlikely to win by selling OTT on price. In local, sellers are much more likely to succeed with **capabilities** and **outcomes**.

"If you want the cheapest CPM, and you're in the OTT space, you're going after it wrong," said Jones of Premion. He challenges advertisers and sellers to get beyond price. "Don't just shop the cheapest price, because then you're just throwing spaghetti at the wall to see what sticks."

Common Misunderstandings

It is highly unlikely that ads sold by one station in a market will end up on another station's streaming content. Sellers cannot target competitors' local content. The only way that it might happen is if local ads get pushed into programmatic and then get dropped into the other station's content. But filters and inventory checks exist to stop this from happening.

Sellers often ask about what gets "covered" when streaming ads are delivered. Asked another way, are ads being blocked that would otherwise be seen?

First, all **non-live** streaming content is segmented, eliminating the linear ad breaks and replacing it with digitally served ads. So, for non-live content, nothing is being "covered."

Some **live** streaming content such as local news or a cable channel viewing on a virtual MVPD (YouTube TV, Sling, AT&T TV, for example) offers local inventory that "covers" the ads running on live linear programming. For example, ads that run on live local linear content (news) do **not** appear on streaming platforms. Those ads are trafficked separately from linear. Streaming ads seen there will be a combination of locally sold ads and programmatic.

For live vMVPD viewing, streaming ads are inserted much like they are by cable companies. When cable companies deliver their local inventory, streaming companies serve their programmatic ads at the same time.

Promoting Advertiser Acceptance

There's a wide range of knowledge and acceptance of OTT among advertisers and agencies, but that range continues to shrink as buyers get more comfortable with streaming media. Madhive's Marino believes that just a year or two ago, 50% of local advertisers didn't really know what it was. He says that's improving.

Gamut's Gaynor agrees with that assessment. "The capabilities and the acumen that everyone has to play in has leveled up in ways we've never seen before in digital."

Marketers and advertisers are asking for more data and more capabilities, says Gamut's Gaynor. "They're getting more sophisticated now that they're becoming more comfortable with OTT."

Inventory Forecasting

Tech companies have seen steady improvements in this area. Just a couple years ago, sellers could establish credibility in an OTT platform with accurate inventory forecasting. But that's become a more level playing field. Gamut's Adam Gaynor says all sellers should be able to provide that kind of data before the sale, "I think of it as standard and table stakes here," he said.

Reporting/Transparency

Many local sellers aren't bringing enough data transparency into the conversation. Buyers may not see the device distribution, actual publishers or even geography. So, examples of data transparency can raise advertiser confidence. Some important metrics now considered table stakes include video completion rate (VCR), reach, frequency, daily delivery, delivery based upon data segment, network breakout and daypart break out.

But more and more, sellers should be able to sell based upon business outcomes and return on investment (ROI).

Martinez of Heart Television adds that local advertisers are accustomed to having linear spots and digital ads fully accounted for, "As the two converge in OTT, clients have the same expectation of full transparency for every delivered impression."

Data Privacy

Third party data cookies are being phased out by Google. Apple has put limits on mobile identifiers. But for now, OTT advertising has fewer targeting limitations. "We're really focused on household level targeting," said Simpli.fi's Prioleau. "It's a good place, both from a privacy perspective and from what TV advertisers are used to."

Still, some think regulatory headaches are coming. Europe's new privacy laws could be a bellwether sign. Privacy laws are already in play in California (CCPA). Other states are moving in that direction.

"Attribution and targeting are running headlong into privacy," said Scripps' Francois.

Political Advertising

The most recent category to enter into streaming ads is political advertising. According to AdImpact, about $1.5B of political ad spending went to OTT in 2022. And that's expected to increase significantly moving forward. When campaigns combine their own first-party data with the data targeting that OTT provides, the combination can serve as a powerful digital component to any campaign, large or small. Political advertising is the ultimate local marketing challenge where geography is everything and there is no second place. "When I say CTV demand outstrips supply," says Scripps Francois, "multiply that by 10 or 20 when political hits."

Non-Video Companies Selling OTT

Radio, newspaper, and even billboard companies have entered the OTT space, adding to the competitive landscape. And some are finding success. "Some radio companies are doing really well," said Marino of Madhive. But he goes on to explain that we as TV broadcasters have an innate advantage; we think, sell and execute in video content.

Reminder

An advertiser who sampled OTT advertising before the pandemic didn't experience the results that advertisers do today. The amount of high-quality inventory has expanded. Many buyers may be living a few years in the past.

Pricing

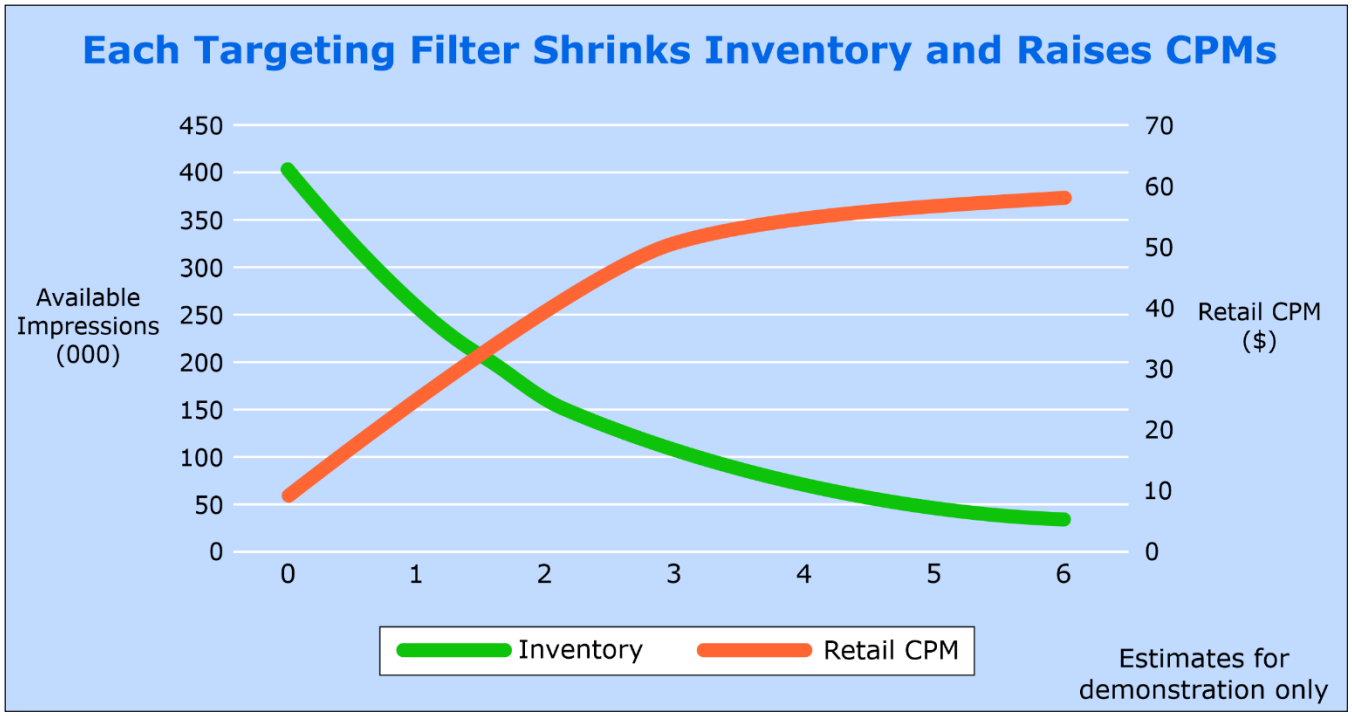
Generally, retail pricing starts at around $20 CPM for non-targeted, randomly placed inventory. Those prices rise to $25 - $40 CPM as you target more quality content. CPMs rise as data and geo targets get layered in.

According to the eMarketer graph on page (4), OTT spending is about 5.7% of total advertising spending in 2022. That's expected to rise to 6.7% in 2023. When it comes to budget allocation, NBCU's Makhijani offers this: "I think 20% of a TV budget is really where it should be. But certain clients can go more than that; it depends what they're looking to accomplish."

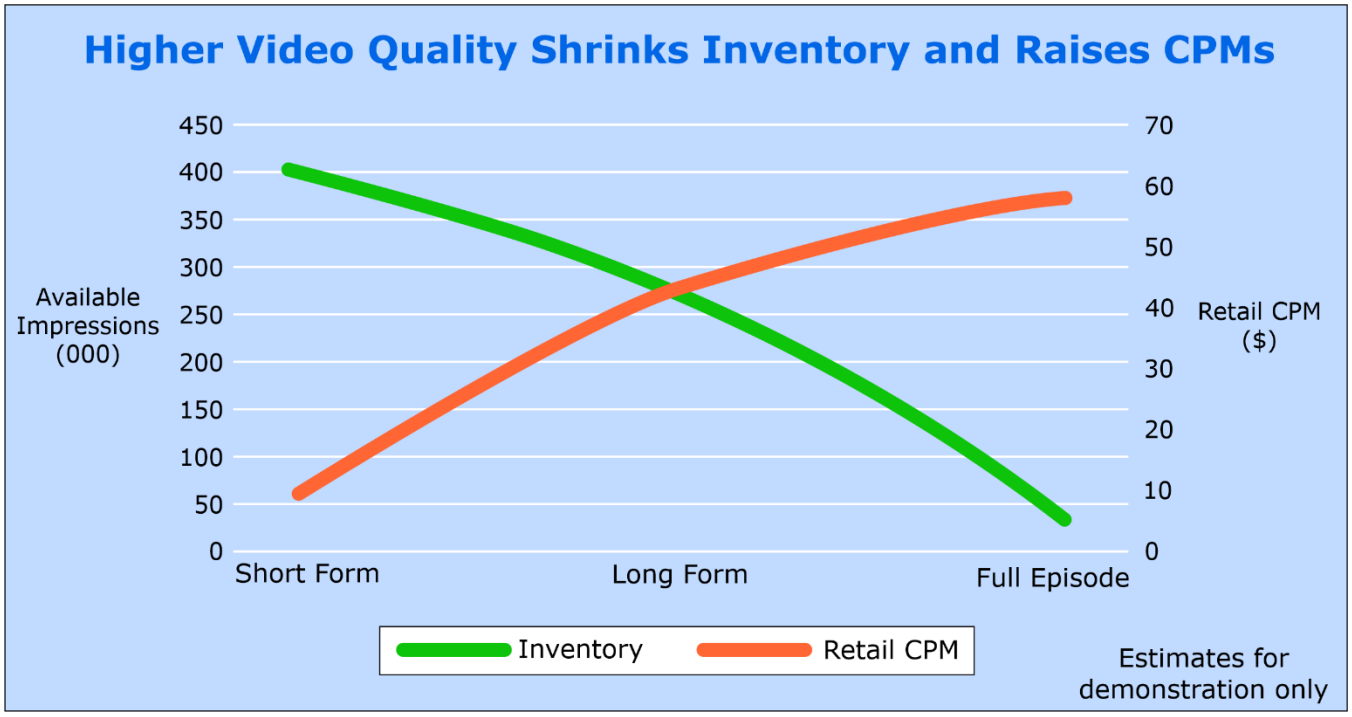
Consider acquisition costs. That is, what's an advertiser willing to pay to win a new customer. The Trade Desk's Richardson thinks that for local advertisers, the goal of the campaign can also dictate allocation. "If it's intended to grab new customers and explain to them what my offering is, then I think you've got to pour a lot more money into OTT."

Clients and sellers need to be able to talk through the issue of budgets in a reasonable way. "Clients may be better off just buying more less-targeted impressions on lesser name-brand inventory at a lower price," said Simpli.fi's Prioleau. "Or they may want to spend the money for the extra data and targeting."

The graphs below show the relationship, in theory, between CPM pricing, inventory and quality content. As sellers add targeting filters, the available inventory decreases and the corresponding CPM rate increases.



As the demand for higher quality inventory increases, so does the corresponding CPM. Again, the available inventory shrinks.



Differentiating OTT Platforms

How do I position my OTT platform against others in the market?

That's the question TV sellers ask most often. Let's begin answering that question with a useful metaphor, courtesy of Adam Gaynor of Gamut.

Consider the category we all know well, automotive. All cars have shared features: a body, wheels and engine, for example. But there are significant differences between a Tesla, Ford and Lamborghini.

Likewise, OTT platforms have three shared features: **content, data and measurement**. If you want to compare OTT platforms and determine points of differentiation, you want to compare and contrast these three offerings.

Content

Networks promised vs. delivered

Gamut's Gaynor suggests you help advertisers compare *actual delivery* from a real campaign to the networks the OTT platform *says it delivers*. "It can be a problem if they're not delivering across FOX, CBS, A&E and AMC, the ones they claim to deliver through direct access."

Exclusive or owned-and-operated content

Exploit, whenever possible, your platform's ability to deliver your own streaming content to a local audience. In the hierarchy of quality content, your streamed local news is at the top. Also, you may have access to streaming content not available to others in your market.

Content engagement

Measuring video engagement is typically done by average length of time viewing. In other words, advertisers want placements in content that people watch for a long time. There's a qualitative difference between content that keeps people watching for 10 minutes or for two hours, said Premion's Jones.

Jones remembers pre-pandemic when he and his wife turned on the dog relaxation channel for their family pet before heading to work. "The channel is an ad supported network," he said. "But as a marketer, I wouldn't want to see my ad running on that network. That person, or that pet, is not engaged."

Data/Dashboards

Data sources

There are many of them, maybe hundreds. Experian, MRI Simmons, Equifax, Dun & Bradstreet, Cortera, Infogroup, FICO, and Neustar are a few. And there's lots of data available about households. "The postal service doesn't make all its money from stamps," said Premion's Jones. Number of data sources and depth of data by business category can provide a competitive advantage.

Dashboards

Sellers and buyers can expect automated, web-based access to campaign data. They should be delivered in real time or near real time. The industry has moved past PDFs or other forms of static reporting.

Depth of reported data

Some of the basic data typically available on dashboards are:

- Impressions delivered
- Reach
- Frequency
- Video Completion Rate (VCR)
- Network Placement
- Impressions by geography

OTT platforms providing deeper data such as audience extension beyond a linear TV campaign can be considered more competitive.

Measurement/Attribution

Methods of attribution

Most platforms can now access data coming from what's called Automatic Content Recognition (ACR) to match mobile phone IDs to OTT viewership and web traffic in a household. This is now the standard tech for OTT platform attribution in a linear environment. With ACR, OTT platforms can identify people who've seen ads and then researched online or visited the advertiser website. They can also track "geo-conversions," users who see an ad then visit a retail location. There are an increasing number of attribution models being tested and they all provide some value to advertisers, said Madhive's Marino.

It's important to recognize that some attribution tools may work better for larger businesses. "Smaller businesses may not have the locations, uniques, or overall volume of ads for an attribution campaign to be statistically significant," said Hearst's Martinez.

QR codes embedded in TV ads are now mainstream, adding one more data point for broader attribution reporting. "It's nice to see people testing new ways of engaging the customer journey," said Gamut's Gaynor.

Connection to Linear

An increasing number of OTT platforms have the ability to measure audience reach beyond a traditional TV linear campaign. Other platforms have partnerships that tap into data extracted from the smart TVs themselves. So, once you identify that a spot ran, the technology matches the IP address and the connected devices.

Some platforms can also measure the duplication happening between broadcast and OTT. Pre-pandemic duplication could be high, up to 60% or 70%. Now, duplication in many cases has decreased to 10% - 20%.

Here's another way to analyze duplication: Premion's Jones says his research shows that as many as 81% of streamers will only see ads on streaming services even while advertisers run simultaneously on linear TV.

These types of analyses around duplication can set your platform apart from others in the market.

Other Opportunities for Platform Differentiation

Anti-Fraud Measures

OTT platforms can earn anti-fraud certifications. The Trustworthy Accountability Group (TAG) is a leading initiative to fight ad fraud and bolster trust in digital advertising. TAG was created by the American Association of Advertising Agencies (4A's), Association of National Advertisers (ANA), and Interactive Advertising Bureau (IAB) and works collaboratively with companies throughout the digital ad space. Agencies or buyers might look for that kind of seal of approval to avoid issues of fraud.

But the fraudsters are in hot pursuit. The comparatively high CPMs associated with streaming ads is the real attraction to those looking to scam publishers and advertisers. Where there's digital revenue, there will be bad guys, so there continues to be a need to improve technology to avoid ad fraud.

Two Final Thoughts on Differentiation

First, the effort to set your platform apart from others misses an important point. At the national level, buyers understand that most providers offer similar capabilities. But locally, there's more jockeying for position.

Rather than positioning yours against other platforms, simply align your OTT selling style with your linear selling. Your OTT selling can mimic your go-to-market approach for the core linear product, focusing on local news, quality content or sports, for example.

"The differentiation is mostly in your strategy," said Madhive's Marino.

Second, depending upon your position with local advertisers, you may want to advise them to sample all OTT platforms. No single platform has cornered the market. Encourage clients to

take yours (and others) for a test drive. Local advertisers can see which platforms offer the right combination of speed, reliability, economy, transparency and data.

"Advertisers need to be constantly testing and be very objective about looking at the facts and looking at the results," said Gamut's Gaynor.

Conclusions

Streaming advertising puts a fresh coat of paint on local advertising because it's a video platform that can be done locally at scale. "We're able to see a resurgence of local when it comes to delivering in a defined local region," says Gamut's Gaynor.

OTT is the "renaissance of local television," said NBCU's Makhijani.

"I think it's a gold rush right now," said Scripps' Francois.

I like to say OTT allows TV sellers to play both offense and defense. We play offense with the added data targeting and attribution. We play a little defense when clients wrongly object, "No one's watching broadcast now. They're all streaming." Selling OTT effectively means selling it holistically with broadcast TV. It's a problem when they're separated.

OTT is forcing TV sellers to learn the new language of performance and measurement. "You can't be a brand marketer and not think about performance, and you can't be a performance marketer and not think about OTT and premium screen inventory," said The Trade Desk's Richardson. OTT technology has allowed TV sellers to focus as much on audience as on content.

As we move ahead in OTT selling, TV sellers need to assume the responsibility of getting it right early and often. Understand the underlying value now and take advantage of your perceived position as a video advertising expert.

The three most important qualities for a sales person, according to Maggie Drake of Scripps, is enthusiasm, energy and creativity: "Those who understand the benefit of reaching the right audience are going to be your best sellers."

TV salespeople simply have to be able to speak intelligently about both broadcast and digital. OTT has served as a final catalyst to break down the wall between the two. NBCU's Makhijani feels strongly that salespeople have to embrace and commit to both because it's entirely within reach. "It's not that complicated."

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Adam Gaynor is Chief Revenue Officer & Interim President at *Gamut*.

Shalyn O'Malley is the Vice President of Marketing at *Gamut.*

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Shawn Makhijani is SVP Business Development & Strategy, TV & Streaming at NBCUniversal, Inc. He also heads up NBC's *SpotOn* OTT platform.

Joe Marino is Managing Partner and Head of Sales for *Madhive*, an end-to-end solution for OTT advertising serving TV and radio groups.

Frost Prioleau is CEO of *Simpli.fi*, a leader in localized programmatic advertising solutions for media companies and agencies.

Maggie Drake is Senior Director of OTT & Digital Media Solutions for *Scripps Local Media*.

David Francois is Product Lead for the *E.W. Scripps Company*'s local media division.

Peter Jones is Head of Local Sales/Senior Director of Strategic Partners at *Premion*.

Jake Richardson is the former Director, Strategic Partnerships and Development at *The Trade Desk*.

Chris Martinez is OTT/Director of Sales for *Hearst Television.*