

# TV NOW

A Special Report from THE MEDIACENTER

## A Medium in Motion

**Where is TV?** Like so much of our 21st-century world, it is constantly in motion –evolving, metamorphosing, mutating.

As Tom Goodwin, EVP, head of innovation at Zenith, a part of Publicis Media, succinctly described it in a March 2017 opinion piece on Digiday:

*“Twitter is now broadcasting live sports. Apple has a radio station; YouTube has 2,000 channels with more than a million subscribers; Facebook is undoubtedly about to become the largest TV channel ever known overnight. Amazon’s Echo is a whole new media channel, while print publishers are heavily into Snapchat. Change is everywhere.”*

Despite the toppling of the traditional silos of media, TV is and will be the winner. According to MyersBizNet’s 29th Annual Marketing & Advertising Data and Spending Forecast, TV will be the fastest growing media category for the 2016–2020 period. Conversely, online originated desktop display (banner) advertising will be the medium that will experience the greatest decline during the same period!

Part of TV’s transformation is that the advertising it delivers is now described as “interactive, VOD & addressable TV.” The MyersBizNet’s report estimates a 12% increase in broadcast network television ad spending and a 9.3% increase for cable network TV, but “interactive, VOD & addressable TV” will increase 65%, from \$624 million for 2016 to \$7.72 billion by 2020.

It’s true that the content available to viewers comes from many sources, but that’s because the TV itself has evolved. Approximately 50% of all US TV households either have a smart TV or are connected to the Web via Roku, Chromecast, Apple TV, Amazon Fire TV or a similar device.

These devices and services only enhance the television-viewing experience, which makes the TV itself essentially irreplaceable and puts the medium of TV in an envious position to which all other media wish they could ascend.

## An Expanded Perspective

As much as we all rely on Nielsen data for ratings and viewership, GfK's 2016 Media Comparison Study (commissioned by TVB) provides a different and broader perspective. As the following table shows, TV (broadcast/cable) ***“has the highest reach among all ad-supported platforms, both traditional and digital.”***

### Reach of Ad-Supported Platforms, 2016

Platform	Percent
TV (broadcast/cable)	75.7%
Email	62.5%
Radio	54.1%
Smartphone	49.5%
Social media	45.7%
Search	43.9%
Newspapers	33.1%
Tablet	21.9%
Magazines	21.7%
Broadcast TV news Websites	16.4%
Internet – radio	16.3%
Internet – print	13.8%
Cable news channels Websites	11.1%

*Business Marketing Association (GfK), January 2017*

The GfK study also found that people spend more daily time with TV programming – 4 hours, 54 minutes – than all the other 12 platforms listed above – 4 hours, 14 minutes.

Even among the so-called “non-TV-viewing” adults, 18–34, TV’s reach was still #1, at 58.8%, with email second, at 56%; social media third, at 53.4%; and radio fourth, at 47.3%. Daily time spent by Millennials was even more impressive, at 3 hours, 9 minutes, compared to the next closest, social media, at 1 hour, 9 minutes.

Of the greatest significance for you, as an advertising account executive who must compete in your market, the GfK study revealed that local broadcast TV is the primary source of news for adults, 18+ – and by more than 50% of second-place network broadcast TV news.



### Primary News Source for Adults 18+, 2016

Source	Percent
Local broadcast TV news	22%
Network broadcast TV news	14%
Cable news channels	13%
Websites/apps of broadcast TV news	10%
Public TV news	10%
Newspapers	8%
All other Internet news	8%
Social media	7%
Websites/apps of national TV news	7%
Radio stations	7%
Websites/apps of local TV news	3%

*Business Marketing Association (GfK), January 2017*



## Deeper Dives into the Data

Broadcasters, advertisers and advertising account executives look to Nielsen for important viewership numbers, but it also provides other interesting data that reveals more about TV as a medium.

For example, television distribution sources by ethnicity from the Q3 2016 Total Audience Report shows that cable plus or multichannel (inclusive of wired cable, telco and satellite) is the top source, essentially double the percentages of wired cable.

### Television Distribution Sources by Ethnicity, Q3 2016

Source	All	Caucasian Americans	African Americans	Hispanic Americans	Asian Americans
Broadcast only	12%	11%	16%	18%	16%
Cable plus	84%	85%	82%	78%	74%
Wired cable (no telco)	45%	45%	44%	38%	41%
Telco	9%	9%	12%	8%	12%
Satellite	30%	31%	26%	33%	22%
Broadband only	4%	4%	2%	3%	9%

Nielsen, 2016



A comparison of the penetration of devices in TV households from Q3 2015 to Q3 2016 reveals that although subscription video on demand (Roku, Apple TV, Amazon Fire Stick, etc.) increased 17.4%, enabled smart TV (+31.6%) and a multimedia device (+27.3%) had the largest increases.

GEICO led the top 10 broadcast primetime advertisers with the most total ad minutes during January 2017; however, H&R Block had the largest monthly change, as it started its annual targeting of consumers for income tax services.

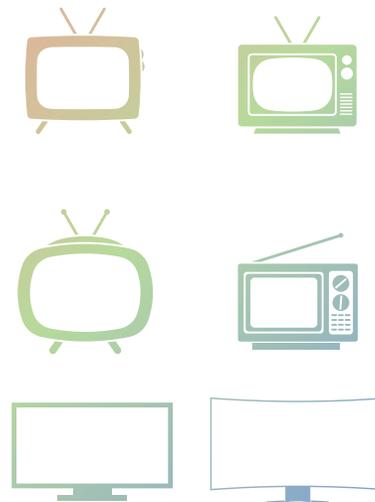
### Percentages of Devices in TV Households, Q3 2015 vs. Q3 2016

Source	Q3 2015	Q3 2016	% Change
DVD/Blu-Ray player	78%	75%	-3.8%
DVR	49%	52%	+6.1%
Enabled smart TV	19%	25%	+31.6%
High-definition TV	92%	95%	+3.1%
Multimedia device	22%	28%	+27.3%
Any smartphone	78%	84%	+7.7%
Subscription video on demand	46%	54%	+17.4%
Any tablet	54%	61%	+13.0%
Video game console	45%	43%	-4.4%

Nielsen, 2016

### Top 10 Broadcast Primetime Advertisers, January 2017

Advertiser	Total Minutes	Number of Spots	Month's Change
GEICO	217	444	+57%
Ford	194	396	+14%
Chevrolet	167	338	-9%
Lyrica	158	175	+169%
Nissan	146	293	+46%
AT&T	142	279	+8%
Toyota	139	302	-10%
H&R Block	133	372	+774%
Progressive	90	180	+156%
Humira	87	87	+6%



# TV Now

4C, February 2017

## Inside the Business

The RBC Capital Markets Broadcasting 2017 Outlook identified a number of trends that suggest a positive 2017 for broadcasters.

- Cash flow will be strong despite less political ad spending than anticipated for a number of broadcast groups, including Sinclair, Gray Television and Townsquare Media. RBC Capital estimates an approximately 20% equity accretion for Sinclair and Gray, and 25% for Townsquare.
- With a Republican administration and Congress, regulatory and legislative changes are likely to relax TV ownership rules: national ownership cap, duopoly ownership and TV/newspaper cross-ownership.
- An increase in overall business sentiment, including small businesses, is driving expectations for greater ad spending, or a low single-digit increase for 2017. The National Federation of Independent Business (NFIB) Index of Small Business Optimism increased 0.1 point for January, to 105.9, the highest since 2004.

### Local TV Broadcast Groups' Net Revenues, 2015–2018

Broadcast Group	2016	2017	2018	2016–2018 CAGR*
Sinclair	\$2.75 B	\$2.81 B	\$3.09 B	+6.0%
Gray Television	\$810 M	\$798 M	\$924 M	+6.9%
Nexstar	\$1.11 B	\$1.13 B	\$1.28 B	+7.2%
Tegna	\$3.35 B	\$3.46 B	\$3.85 B	+7.3%
E.W. Scripps	\$941 M	\$920 M	\$1.07 B	+6.8%
Tribune	\$2.17 B	\$2.14 B	\$2.33 B	+3.6%

*RBC Capital Markets, January 2017*  
\*Compounded Annual Growth Rate

### NFIB Small Business Optimism Index Components, January 2017

Component	Net %	Change from Dec.
Plans to increase employment	18%	+2
Plans to make capital outlays	27%	-2
Plans to increase inventories	2%	-2
Expect economy to improve	48%	-2
Expect real sales higher	29%	-2
Current inventory	-5%	-2
Current job openings	31%	+2
Expected credit conditions	-3%	+3
Now a good time to expand	25%	+2
Earnings trends	-12%	+2

*National Federation of Independent Business, February 2017*

### Sinclair Expands Its Multicast Channel Lineup

As the largest TV station group in the US, Sinclair continues to expand its exposure. It has already introduced Comet TV, the science fiction network, in conjunction with MGM TV. Throughout spring 2017, TBD, a collection of short- and long-form Web series from various digital content makers will debut in markets with a Sinclair TV station.

At a yet unannounced date during 2017, Sinclair will launch Charge, a channel similar to Comet TV, but offering action-adventure and mystery movies and TV series. Eventually, all three channels will be available via mobile, tablets, smart TVs and smart TV-making devices.



**TV  
Now**

## The Race to Revolutionize Ratings

All players and participants in the TV industry have been waiting (and often impatiently) for years for a new and more precise method to measure viewership, especially now that there are so many new platforms: VOD, SVOD and OTT, etc.

As one of the major purveyors of ratings data, Nielsen has been hard at work to evolve its Total Audience methodology. To accommodate the call for cross-platform ratings, however, has required significant technological breakthroughs, which haven't developed as fast as Nielsen and the industry would prefer.

Nielsen's new system, Total Content Ratings (TCR), was delayed again during 2016, and the new March 1, 2017 launch date was to be a "limited commercial release." Nielsen has yet to indicate when a complete commercial version will be available.

Nielsen has made some progress with its Digital in TV Ratings (DTRV), which launched during 2015, as the Media Rating Council has accredited it. DTRV measures linear TV viewing occurring on desktop and mobile devices for participating programming sources.

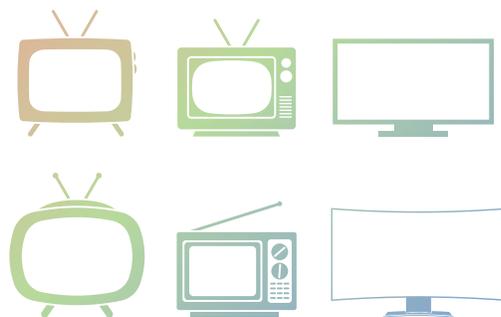
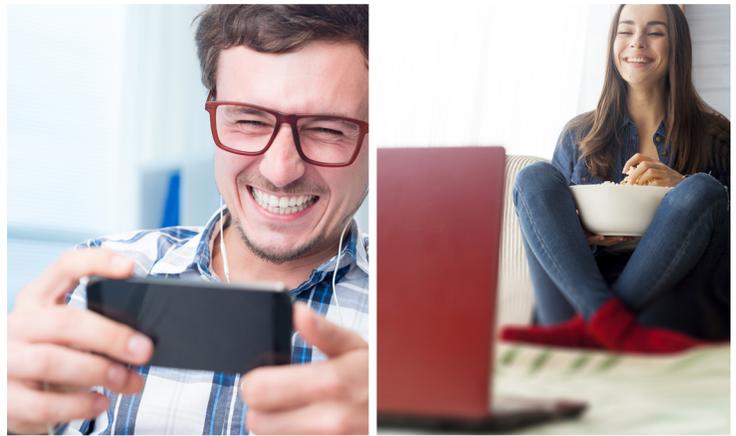
comScore/Rentrak anticipates the launch of its Extended TV during the latter part of 2017. It provides person-level show ratings data across linear and time-shifted TV and digital platforms.

### Ratings with an App

Challenging Nielsen, comScore/Rentrak and all other expanding TV ratings services is Symphony Advanced Media's VideoPulse. Currently, a group of 17,000 people, who represent nine different demographics, have the VideoPulse app installed on mobile devices, TVs or laptops.

Every program the app passively tracks has an audio fingerprint. It creates an audio signal, which the app matches to a database of content on networks and streaming channels. In addition, the VideoPulse app recognizes and follows a viewer when he or she starts viewing content on one device or channel and moves to another. It also has GPS capabilities, indicating where viewers are watching programs.

Of particular significance is VideoPulse's capability to track viewing habits 35 days after the first live viewing, compared to Nielsen's standard 7 days. Networks, advertisers and others who subscribe to the service will have much better data for adults younger than 35, as Symphony has determined that almost 30% of Millennials' TV viewing habits occur after 7 days from the original broadcast.



# TV Now

# The Evolution of TV Advertising

According to the GfK study cited on page 2 of this Special Report, the consumers surveyed ranked TV first – and by more than 2.5 times – as the advertising medium that most influences their purchase decision.

## Influence of Advertising Media on Purchase Decisions, 2016

Medium	Percent
TV	36.5%
Newspapers	13.8%
Email	7.4%
Social media	6.1%
Magazines	5.7%
Direct mail	5.4%
Broadcast TV news Websites	4.1%
Radio	3.8%
Search	3.3%
Smartphones/mobile devices	1.5%
Internet – print	1.5%
Out-of-home	1.3%
Video ads on computers	1.0%

*Business Marketing Association (GfK), January 2017*



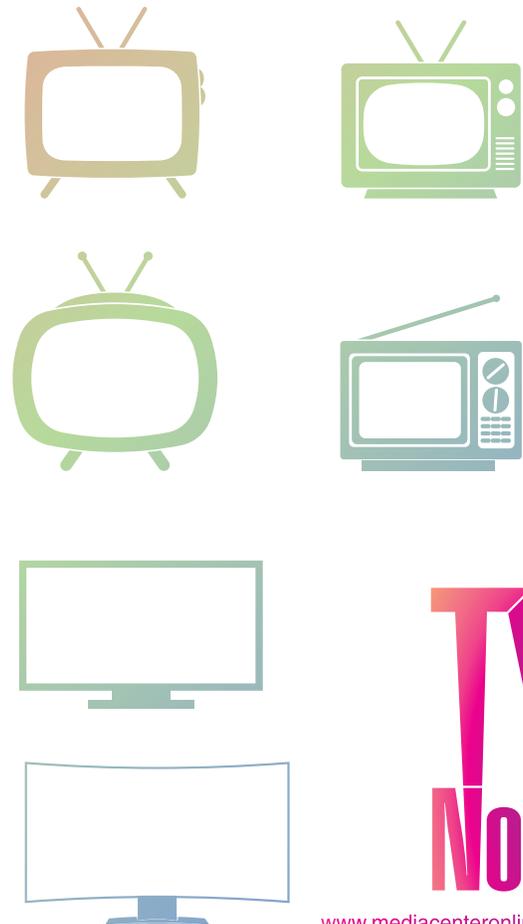
It's certainly an advantage for TV stations' sales team to show these numbers to advertisers to "prove" their advertising dollars will generate the most return on TV. Brand marketers and advertising agencies, however, are looking for specific data (or justification) for buying a particular program.

Their traditional method is to use research to determine the target audience for their clients' product, service or store, and then match the research to TV ratings. In today's consumer marketplace, however, this method is losing credibility because the natural biases of researchers and marketers may skew their interpretation of the results and fail to understand the meaningful relationship of consumers and products and/or stores.

Viacom Data Strategy has addressed the shortfalls of this traditional method by developing an algorithm that creates a custom content score of a target audience. It expands the research of a target audience to include genre preferences, celebrity affinity and general interests.

The algorithm doesn't make a decision for a brand, advertiser or agency, but presents an easier and quicker method to evaluate the expanded research, finding "the compromise between share and index, maximizing both."

The application of this and similar data tools is the future of TV advertising, as brands and advertisers want to know more about viewing audiences: who's binge watching a show, searching for actors' other shows and understanding how audiences view programming on multiple platforms.



# TV Now

## TV Is a Social Medium

Nielsen's 2016 Social Media Report provides a wealth of data about the intersection of TV viewing and social media use.

Not surprisingly, during fall 2016, Sunday had the largest average share of weekly activity on Facebook and Twitter, at 43% and 33%, respectively, as fans of the NFL and Sunday evening primetime series used social media to share their thoughts.

What may be a surprise is that the smaller generation stuck in the middle – Generation X – actually had the largest average share of daily Facebook TV uniques, at 42%, compared to 40% for Millennials and 18% for Baby Boomers. During the weekend, however, Millennials exceeded Gen Xers.

In terms of tweeting activity before, during and after specific types of TV programming, the Nielsen data reveals that the most engagement in comedy series occurs 60–45 minutes before the program starts and 30–45 minutes after the program.

For drama series, most of the tweeting activity occurs during the three thirds of the program, but the largest percentage is 15–30 minutes after the program.

Sports events are entirely different, as the largest shares occur 0–15 minutes, 15–30 minutes, 30–45 minutes and 45–60 minutes after the program.

At a more granular level, the Nielsen report found that *The Walking Dead* had the largest average interactions on Facebook and Twitter during the fall 2016 TV season.

### Average Share of People Interacting with Programming on Facebook, by Day and Generation, September–November 2016

Day	Millennials	Generation X	Baby Boomers
Monday	42%	41%	17%
Tuesday	39%	42%	19%
Wednesday	42%	41%	18%
Thursday	41%	42%	17%
Friday	36%	44%	20%
Saturday	38%	44%	18%
Sunday	41%	43%	16%

Nielsen, January 2017



### Top Ranked Fall 2016 Shows by Average Interactions on Facebook and Twitter

Program/Network	Total	Facebook	Twitter
<i>The Walking Dead</i> /AMC	3.16 M	2.68 M	480,000
<i>Empire</i> /Fox	1.10 M	903,000	198,000
<i>American Horror Story: 6</i> /FX	462,000	272,000	190,000
<i>The Voice</i> /NBC	441,000	290,000	151,000
<i>WWE Monday Night Raw</i> /USA Network	360,000	238,000	121,000
<i>Saturday Night Live</i> /NBC	344,000	262,000	82,000
<i>Grey's Anatomy</i> /ABC	293,000	194,000	99,000
<i>This is Us</i> /NBC	273,000	243,000	30,000
<i>Big Brother</i> /CBS	263,000	189,000	74,000
<i>Dancing with the Stars</i> /ABC	218,000	174,000	43,000

Nielsen, January 2017



## Why Digital Needs TV

For a significant period of time, THE MEDIACENTER has emphasized that TV and digital are today's best complementary advertising media mix. The relationship is more than complementary, however, digital actually needs TV to maximize reach and ROI.

The GfK study found that the combination of broadcast TV and broadcast TV Websites increases reach of car buyers and home buyers.

Accenture has provided an equally strong argument for digital's reliance on TV in an in-depth 2016 report. The first finding of the report is that **“on average, 18% of the ROI typically attributed by marketers to search, display and short-form video is actually driven by Multiplatform TV.”**

According to the Accenture data, TV has a halo effect that creates a significant sales lift to these digital advertising methods when they and TV are used in an integrated campaign.

### Decline of Digital Channels' ROI Without Multiplatform TV's Halo Effect, 2016

Digital Channels	ROI Decline
Paid search	-21%
Display	-18%
Short-form video	-7%
Standalone digital (combination of all three)	-18%

*Accenture, 2016*

Another example comes from the fast casual restaurant sector. An increasing number of consumers, especially Millennials, use their smartphones and the apps they have there to find restaurants nearby in real-time and order online for pickup or home delivery.

Proximity and immediacy are particularly crucial, as the majority of dining decisions are made within an hour of purchase. Searching with the term, “near me,” increased 200% during 2016.

As the Accenture study and others have found, TV generates Website traffic almost as much as any other medium, and is first in many studies. With apps so important to restaurants and food-ordering, TV is credited, according to one study, with generating app-install uplifts from 56% to 74%.

### Increased Reach with Combination of Broadcast TV and Broadcast TV Websites, 2016

Media Metric	Car Buyers	Home Buyers
Broadcast TV and Websites	83.5%	77.9%
Broadcast Websites' added reach	5.1%	9.7%
Total percent reached	88.6%	87.6%
Broadcast Websites' duplication with TV	20.7%	13.0%

*Business Marketing Association (GfK), January 2017*



*Sources: Digiday Website, 3/17; Media Village Website, 3/17; Business Marketing Association Website, 3/17; Nielsen Website, 3/17; 4C Website, 3/17; RBC Capital Markets Website, 3/17; National Federation of Independent Business Website, 3/17; MediaPost Website, 3/17; Fast Company Website, 3/17; Accenture Website, 3/17; Fast Casual Website, 3/17.*

*Updated: March 2017*

© 2017 THE MEDIACENTER. All rights reserved.

# TV Now