Reach Your Consumer Using Video on Demand (VOD) Dynamic Ad Insertion (DAI)

Chris Pizzurro
Head of Sales & Marketing
VOD DAI Is

National TV Networks inserting advertising into their Video on Demand programming on MVPDs’ VOD platforms

consumer picks TV program from MVPDs’ VOD service

consumer watches TV program

consumer watches ads inserted as ad breaks occur before, during, and after the program

MVPD is a cable, telco, or satellite company
VOD Dai Is

[Logos of various television channels and networks]
VOD DAI Is About

• Scale
• Quality Programming
• Desirable Viewers
• Fraud-less Accountability
• Moving Key Performance Indicators
VOD DAI via Canoe

• Canoe provides a quality controlled platform for National TV Networks to plug into
  – Ad campaigns route through Canoe
  – Campaigns are monitored by Canoe
  – Accurate, verified reporting returns
VOD DAI via Canoe

- Ad agencies
- National TV networks
- Canoe hub (campaigns in, reporting out)
- Local ad sales
- Advertisers
- Consumers
- MGPDs

Canoe quality assurance
35+M Households; Coverage in 130+ DMAs; 50 of the top 50 DMAs

Additional Households may be available from select Programmers in addition to the Canoe quality controlled Footprint. 57M in total.
Why You Should Care
MVPD VOD Viewing Is Now Part of the TV Viewing Experience


Gross Avg. Audience Projection (000)

- Live + C3/C7: 45%
- DVR (1-35): 34%
- VOD (1-35): 7%
- Connected: 6%
- Mobile/Computer: 8%

Why You Should Care
Desirable Viewers Watch MVPD VOD

Skew Younger

Source: Nielsen, Recently Telecast (C3) VOD, 3Q 2015
Why You Should Care
Desirable Viewers Watch MVPD VOD

Source: Nielsen, Recently Telecast (C3) VOD, 3Q 2015
Why You Should Care

Desirable Viewers Watch MVPD VOD

**Age**

- 18-24: 14%
- 25-34: 20%
- 35-44: 14%
- 45-54: 21%
- 55-64: 11%
- 65+: 14%

**HHI**

- Less Than $30K: 11%
- $30K-$50K: 13%
- $50K-$75K: 17%
- $75K+$100K: 15%
- $100K-$200K: 34%
- $200K+: 10%

**Education**

- Didn't Graduate High School: 14%
- High School Graduate: 25%
- Some College: 11%
- Associate Degree: 19%
- Bachelor’s Degree: 25%
- Post-Graduate Degree: 6%

Source: 2016 GfK MRI Spring, “Video-On-Demand # of Times Watched Past 30 days-TV/Shows (Any)”
Why You Should Care
Millennials Watch MVPD VOD

TV Viewing Distribution in Total Day
Avg Mins Per Person with Viewing, Total Day

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Live + Timeshifted Viewing</th>
<th>Recently Telecast VOD Viewing</th>
</tr>
</thead>
<tbody>
<tr>
<td>P2-11</td>
<td>95%</td>
<td>5%</td>
</tr>
<tr>
<td>P12-17</td>
<td>94%</td>
<td>6%</td>
</tr>
<tr>
<td>P18-34</td>
<td>94%</td>
<td>6%</td>
</tr>
<tr>
<td>P35-49</td>
<td>96%</td>
<td>4%</td>
</tr>
<tr>
<td>P50-64</td>
<td>97%</td>
<td>3%</td>
</tr>
<tr>
<td>P65+</td>
<td>98%</td>
<td>2%</td>
</tr>
</tbody>
</table>

TV Viewing Distribution in Primetime
Avg Mins Per Person with Viewing, Primetime

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Live + Timeshifted Viewing</th>
<th>Recently Telecast VOD Viewing</th>
</tr>
</thead>
<tbody>
<tr>
<td>P2-11</td>
<td>91%</td>
<td>8%</td>
</tr>
<tr>
<td>P12-17</td>
<td>91%</td>
<td>9%</td>
</tr>
<tr>
<td>P18-34</td>
<td>91%</td>
<td>9%</td>
</tr>
<tr>
<td>P35-49</td>
<td>93%</td>
<td>7%</td>
</tr>
<tr>
<td>P50-64</td>
<td>95%</td>
<td>5%</td>
</tr>
<tr>
<td>P65+</td>
<td>96%</td>
<td>4%</td>
</tr>
</tbody>
</table>

Source: May 2016, Nielsen National People Meter Data, All Originators
Why You Should Care

Viewers Watch Commercials on MVPD VOD Shows

Average Minutes Viewed Per Telecast Tuned 30 Min Primetime Programs, on P2+

- Live: 16 Mins
- Time Shifted: 18 Mins
- VOD: 24 Mins

**Consumers are engaged in the program**

- Tune-away takes work
- Fast Forward disabled in many cases

Source: Nielsen People meter data, only networks who encode RTVOD; 5/16; primetime, May 2016
Why You Should Care

MVPD VOD Viewing In The C3 Window

23% of all free VOD viewing occurs within the C3 window and may be captured in your C3 rating

Source: Rentrak 2016 report
Why You Should Care
MVPD VOD Viewing In The D4+ Window

77% of all free VOD viewing occurs outside the C3 window

% of Transactions Occurring By Day

Day 1  Day 2  Day 3  Day 4  Day 5  Day 6  Day 7, ETC...

Source: Rentrak 2016 report
Benefits of VOD DAI
Familiar Business Model

• Sold by National Programmer Sales Teams
• % of Inventory goes to MVPD for Local sales
• Sold on CPM
Benefits of VOD DAI

Familiar Targeting Capabilities

• Network(s)
• Time (Month/Week/Day)
• Target Break (Pre/Each Mid/Post)
• Break Position (1\textsuperscript{st}, 2\textsuperscript{nd}, 3\textsuperscript{rd}…)
• Series
• Program Metadata (Rating/Genre)
• National Exclusivity
• Category Separation by Break or Episode
• Frequency Cap by Break or Episode
Benefits of VOD DAI
New Targeting Capabilities

• Advanced / Data Driven / Addressable TV
  • Data sets that influence Index % targeting on National Inventory
  • Data sets that influence DMA targeting on Local Inventory
Benefits of VOD DAI
Timely & Reliable Measurement

• Pay only on actual ad impressions
• Stable, accurate, measurement
• DAI reporting compliments Nielsen VOD in C3/C7 rating
• No Fraud, No Bots, All Viewable
• Accredited in 2016
Ad Impressions

2016 Total

Source: Canoe, Jan. 2017
Ad Impressions
2016 Break Type

<table>
<thead>
<tr>
<th>Break Type</th>
<th>Impressions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-Roll</td>
<td>2,373,294,208</td>
</tr>
<tr>
<td>Mid-Roll</td>
<td>15,167,204,929</td>
</tr>
<tr>
<td>Post-Roll</td>
<td>362,778,773</td>
</tr>
</tbody>
</table>

Source: Canoe, Jan. 2017

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Ad Impressions
2016 Day of Week

Source: Canoe, Jan. 2017

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Ad Impressions
2014 Through 2016

2016: 17.9B Ad Impressions
2015: 11.8B Ad Impressions
2014: 6.3B Ad Impressions

Campaigns

2016 Total

Source: Canoe, Jan. 2017
Campaign Types

2016

- **77%** External client ad campaigns
- **23%** Network Tune-In ads

**{ Category Types Include }**


Source: Canoe, Jan. 2017
Campaign Types

2016

Average Ad Opportunities per Break

<table>
<thead>
<tr>
<th>Break</th>
<th>Pre-Roll</th>
<th>Mid-Roll</th>
<th>Post-Roll</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1.11</td>
<td>4.27</td>
<td>1.09</td>
</tr>
</tbody>
</table>

For campaigns that utilize {Frequency Capping} the average campaign caps at 2 Impressions per episode.

Source: Canoe, Jan. 2017
Moving Key Performance Indicators

Engagement

BIGGEST SCREEN WINS IN MANY RESPECTS

VOD viewers: best overall viewing experience; Computer viewers: lowest overall

HOW DOES PLATFORM AFFECT THE VIEWING EXPERIENCE AND AD ENGAGEMENT?

Viewing Experience (% 8-10) | Attention to Ads (% 8-10) | % Identifying at Least One Brand (Nielsen Brand Effects)
---|---|---
VOD | 87%* | 75% | 75%
Computer | 58%* | 66%* | 72%
Mobile | 72% | 23% | 75%

Moving Key Performance Indicators

Brand Lift

The ad on VOD D4+ yields a greater lift on key brand metrics including: brand opinion, intent to recommend, and intent to purchase than general TV advertising (Linear, DVR, all VOD).

- **Brand Opinion**: 35% lift with VOD D4+ compared to general TV.
- **Intent to Recommend**: 49% lift with VOD D4+.
- **Intent to Purchase**: 21% lift with general TV.

**Source:** Frank N. Magid Assoc., VOD Ad Study, April 2015
Moving Key Performance Indicators

Tune-In

Network tune-in promo placed on their own VOD networks (On Network) and on other VOD networks (Off Network) drove significant viewing to the promoted VOD program.

<table>
<thead>
<tr>
<th>Conversion Index</th>
<th>Control</th>
<th>Test Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Off Network</td>
<td>0.936%</td>
<td>3.407%</td>
</tr>
<tr>
<td>On Network</td>
<td>2.268%</td>
<td>6.427%</td>
</tr>
<tr>
<td>Combined Impact</td>
<td>2.834%</td>
<td>14.284%</td>
</tr>
</tbody>
</table>

Source: Canoe Analysis, Sept 2016
VOD DAI Is About

- Scale
- Quality Programming
- Desirable Viewers
- Fraud-less Accountability
- Moving Key Performance Indicators
Thanks

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APPENDIX – Magid Methodology

A recruit-to-view experimental design

**Control Survey** – Magid conducted a 15-minute online survey with 201 television viewers to get a baseline read on brand metrics and ad metrics for the brand as the general comparative.

**Recruit-to-View** – Magid recruited 400 participants using a 7-minute online survey to watch the program on the network Free On Demand between the 4th and 7th day after first airing.

**Post-View Survey** – Magid followed up with the recruit-to-view participants, confirmed assignment completion, and conducted a 15-minute post-view online survey to those who qualify. 150 final respondents completed the Post survey.

**Screening Criteria:**

- Age 18-49 years old
- Balance age and gender by census
- Must have pay TV service from Comcast or Time Warner Cable
- Must have digital TV service with access to On Demand
- Must have used Free VOD
- Must be non-rejecters of the network
- Must own/lease a car and/or be in market for a car
### APPENDIX – Magid Demographics

<table>
<thead>
<tr>
<th></th>
<th>General Viewing</th>
<th>VOD Viewing</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gender</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>49%</td>
<td>53%</td>
</tr>
<tr>
<td>Female</td>
<td>51%</td>
<td>47%</td>
</tr>
<tr>
<td><strong>Age</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>18-24</td>
<td>21%</td>
<td>21%</td>
</tr>
<tr>
<td>25-34</td>
<td>34%</td>
<td>35%</td>
</tr>
<tr>
<td>35-49</td>
<td>45%</td>
<td>44%</td>
</tr>
<tr>
<td><strong>Race/ethnicity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>White</td>
<td>69%</td>
<td>72%</td>
</tr>
<tr>
<td>Black</td>
<td>15%</td>
<td>8%</td>
</tr>
<tr>
<td>Hispanic</td>
<td>5%</td>
<td>11%</td>
</tr>
<tr>
<td>Asian</td>
<td>7%</td>
<td>6%</td>
</tr>
<tr>
<td><strong>Marital Status</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Married</td>
<td>50%</td>
<td>54%</td>
</tr>
<tr>
<td><strong>Education</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>College graduate</td>
<td>60%</td>
<td>59%</td>
</tr>
<tr>
<td><strong>Employment Status</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employed</td>
<td>67%</td>
<td>71%</td>
</tr>
<tr>
<td>Homemaker</td>
<td>13%</td>
<td>14%</td>
</tr>
<tr>
<td>Student</td>
<td>9%</td>
<td>8%</td>
</tr>
<tr>
<td><strong>Income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Under $50,000</td>
<td>34%</td>
<td>37%</td>
</tr>
<tr>
<td>$50,000-$99,999</td>
<td>42%</td>
<td>39%</td>
</tr>
<tr>
<td>$100,000+</td>
<td>22%</td>
<td>20%</td>
</tr>
</tbody>
</table>
We interviewed over 2,400 viewers, divided across platform and content type

<table>
<thead>
<tr>
<th></th>
<th>Live TV</th>
<th>VOD (STB)</th>
<th>Computer</th>
<th>Tablet</th>
<th>Phone</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>BONES</strong></td>
<td>129</td>
<td>170</td>
<td>171</td>
<td>180</td>
<td>164</td>
<td>814</td>
</tr>
<tr>
<td><strong>BIG BANG THEORY</strong></td>
<td>107</td>
<td>201</td>
<td>178</td>
<td>169</td>
<td>170</td>
<td>825</td>
</tr>
<tr>
<td><strong>ST. CROIX</strong> (short form)</td>
<td>N/A</td>
<td>N/A</td>
<td>280</td>
<td>267</td>
<td>273</td>
<td>820</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>236</td>
<td>371</td>
<td>629</td>
<td>616</td>
<td>607</td>
<td>2,459</td>
</tr>
</tbody>
</table>

Note: To ensure similar demographic representation across platforms, data were weighted by gender, age, ethnicity, geographic region, and income. (This chart shows sample sizes before weighting)