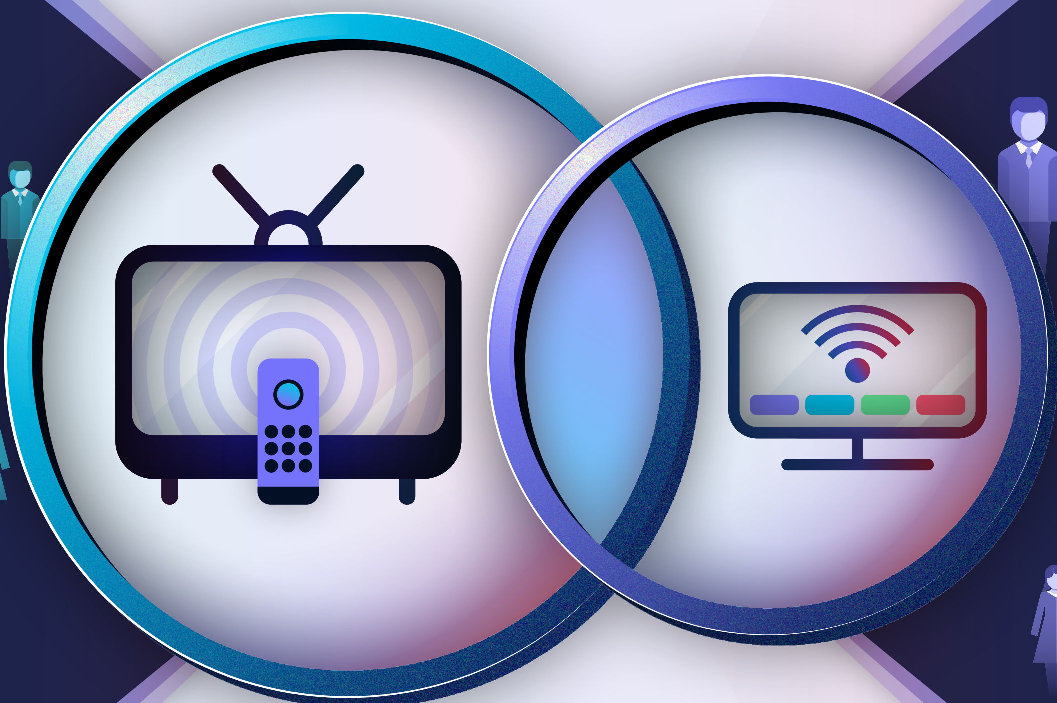
SIMULMEDIA®

TV or CTV... That Is Not the Question

The Simulmedia Cross-Channel TV Playbook



Everything You Need to Know About Advertising on TV, from Running Your Very First Campaign to Scaling Nationwide

Introduction

WHY ADD CROSS-CHANNEL TV AND VIDEO TO YOUR MEDIA PLAN?

Video is everywhere and it's easy to see why. Combining sight, sound and motion creates compelling consumer experiences that have built brands, sold products and helped elect presidents for eight decades and counting. Of course, since the very first TV commercial (for Bulova watches) aired on July 1, 1941, the medium has evolved with the rise of premium cable, the creation of DVRs and time-shifting, the spread of social networks, the advent of subscription-based streaming and, most recently, the changes in consumer behavior caused by the COVID-19 pandemic.

But through all this, what hasn't changed is the fact that TV advertising is still the most viable, effective and cost-efficient means for brands to tell their story, demonstrate their value and elicit a response from their target audience at massive national scale.

Yet many marketers still feel that TV is not appropriate for them, or is just not part of their toolkit. They may think it's too expensive, not measurable enough, too difficult to execute successfully or completely unnecessary in light of the digital channels available now. At the same time, established TV advertisers with experience on linear TV (such as traditional broadcast and cable) question whether they should move their budgets away from linear to the growing world of connected TV (CTV).

This playbook will dispel the myths holding back brands from moving into TV, while making clear the tremendous value of both linear and CTV, preferably in combination. So whether you're a direct-to-consumer brand accustomed to digital or a traditional TV marketer confused about streaming, read on to learn how best to get started, navigate and scale across today's multichannel, multiplatform and multiplying TV ecosystem.

By the time you've finished reading this playbook, you'll understand the following:

SIMULMEDIA®

Linear and CTV: A Quick Primer

Exploring a new approach usually comes with excitement and anxiety about the unknown, so let's demystify some terminology right away. Most importantly, advertisers want to know: *What's the difference between linear TV and connected TV? And what does OTT have to do with it?*

Let's start with *linear TV*. Linear TV refers to traditional television viewing that is accessed through a cable company or satellite service. To watch a show on linear TV, the viewer must select a specific channel at a specific time that the service provider has "lined up" with programming.

OTT is short for Over-the-Top delivery of video content via the internet that does not require the user to subscribe to a cable company or satellite service. Connected TV or CTV refers to the apps and devices that stream the content. This means that **OTT** is the method for delivering video content, and **CTV** is the device on which a viewer sees that content.

In the past, it has been difficult for marketers to target audiences, find new customers and measure performance by launching advertising campaigns on linear TV. Many advertisers have just accepted that TV is great for awareness but not conversion and have subsequently turned to purely digital channels to grow their audiences. But fortunately, Simulmedia has brought digital advertising techniques to television. By gathering anonymous viewership data from millions of set-top boxes and combining it with our proprietary algorithms, we can optimize campaigns across both linear and CTV and determine how to most efficiently and effectively allocate budgets across channels to reach untapped audiences.

Marketers who never imagined they could get the reach and performance they see on their social media campaigns can now realize the full potential of data-driven TV/video by engaging high-intent audiences (i.e., those most likely to convert) across platforms. Our cross-channel linear and CTV solution gives these advertisers massive scale, guaranteed impressions against high-intent audiences, digital measurement, tracking and complete transparency.

CTV affords the promise of a rapidly expanding audience, cumulative cross-channel impressions, digital measurement and tracking and access to younger demographics who are harder to reach on other platforms.

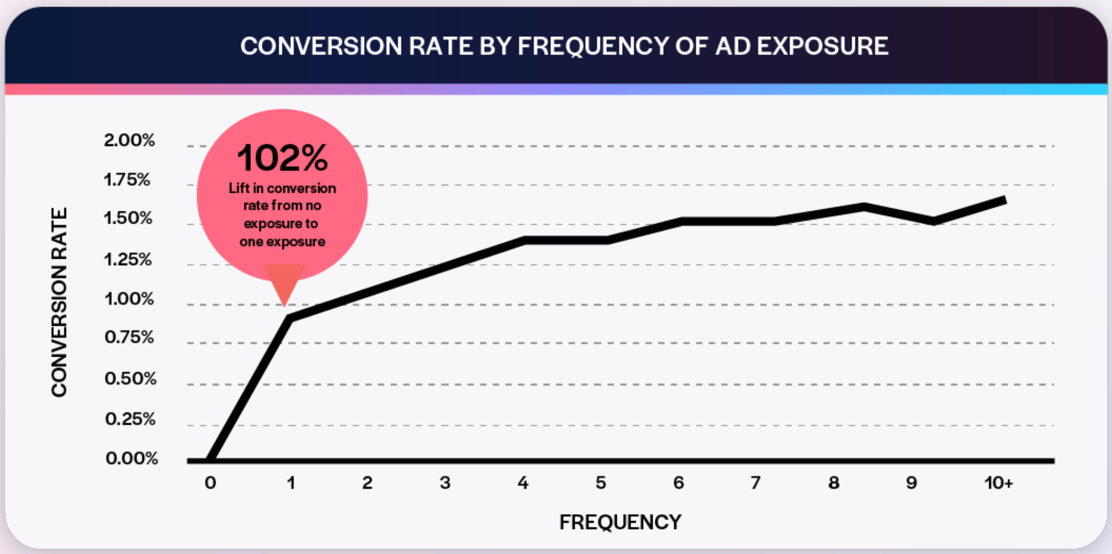
SIMULMEDIA®

The Cost of Reach and Frequency

The first thing TV advertisers should know about TV is that the more people your campaign reaches, the more expensive incremental reach will become. Advertisers must also consider frequency, or the number of times each person sees an ad.

The relationship between frequency and reach demonstrates that by far, reach has a bigger impact on conversion. Adding more frequency beyond the first exposure produces a smaller and smaller effect on conversion rate, which is why performance-oriented advertisers should direct incremental media dollars to reaching additional customers rather than increasing frequency.

For most brands, moving a previously unreached prospect in your target audience from zero to one impression will be a more efficient use of spend than moving an existing prospect from two impressions to three.



With linear TV, advertisers who want more reach need to buy more ads, which typically increases the cost of the campaign:

For example, the first $100,000 that you spend to reach a given audience may deliver a close 1:1 balance of reach and frequency, but as you increase your campaign spend, the balance will tilt more towards increased frequency as it becomes harder to find net new audiences to achieve incremental reach.

For an advertiser to reach the first 10% of their target audience, each point of reach will likely cost anywhere between $10,000-20,000 depending on the audience.

WHILE THESE ARE ESTIMATES, THE RELATIONSHIP IS WHAT IS IMPORTANT TO UNDERSTAND

Once you reach 30% of your target audience, each point of reach between 30-40% may cost anywhere between $50,000-75,000.

And once you've reached 50% of your target audience, each point of reach between 50-60% may cost about $300,000-500,000.

HOW TO MITIGATE THESE COST RISKS:

Test and learn. We'll cover testing later in this playbook, where we'll explain how to determine which combinations of creative, TV network, publisher and program placement across linear and CTV to produce the best outcomes before you ramp up your spending.

Buy ads across a wider variety of networks/publishers and counter-intuitive timeframes. This can enable you to reach more new people with each spot and mitigate some of that cost escalation. Additionally, some of the lower-rated networks with non-prime dayparts, as well as long-tail CTV publishers, are often cheaper because they often don't index as highly for the target. Think of it as being network-agnostic but religious about reach. What is most valuable is efficiently finding the audiences that matter most to your brand wherever they are consuming TV content -- "premium" programming is redefined as where your target audiences' eyeballs are.

Favor reach over frequency. When it comes to conversion (sales, site visits, app downloads, television premiere tune-in, etc.) on TV, reaching even one new person is often better than reaching the same person twice. On linear TV, if you can buy spots that are the most likely to reach new potential customers — even if that reach doesn't come at the lowest possible cost per thousand impressions (CPM) — your CPM will increase, but you're also likely to achieve campaign results that out-pace the higher costs.

It is essential to diversify your campaigns between linear and connected TV. Linear TV is generally less expensive than CTV, but at the point you start hitting diminishing returns against your audience target, it makes more sense to distribute your budget to maximize your reach across both. We can identify unduplicated reach on CTV and leverage it for reach extension once additional reach on linear becomes more costly.

It is also important to note that some audiences can only be reached through linear or CTV so a cross-channel strategy will often make sense for brands focused on reach. We have developed a budget recommender tool to help brands understand how to maximize reach against their target audience in the most cost-effective manner across linear and CTV inventory.

Conversely, relying solely on the cheapest CPMs beyond an initial test to find signal can be very risky. It may seem that by merely buying a lot of impressions and/or GRPs you'll inherently deliver more audience. That's not necessarily the case, since buying impressions just because they're cheaper can result in wasted spend by not controlling frequency and oversaturating an audience or by engaging people who aren't in your target audience. In other words, you get what you pay for!

As many brands first enter into television advertising, they will likely see some strong spot-level performance metrics correlate with lower CPMs. This can lead advertisers to chase the lowest possible CPMs across their

TV buys, thinking that they are the leading indicator of good performance. This, in turn, can lead to quickly exhausting pockets of low-CPM inventory and audiences, driving up frequency to the point of inefficiency.

For example, the CPM to advertise to a broad 18+ audience on digital might be ~$9, compared to a purchaser lookalike audience's CPM of $18. Optimizing only for lowest CPM would tell us to go broad every time, but then we would miss the fact that the lookalike audience shows an 80% higher click-through rate (CTR), a $0.20 lower cost per click (CPC), and ultimately a better return on ad spend (ROAS).

It's all about balancing the Gross Rating Points (GRPs) against reach, specifically buying the GRPs that reach your audience. And with people watching about the same number of networks as they have for several years, even as their options have expanded dramatically, the best way to scale performance is to reach your audience by accumulating GRPs from an expanded inventory pool and network set.

SIMULMEDIA®

Inventory and Pricing Options for TV Advertisers

There are many different flavors of TV advertising, each with its own benefits and trade-offs. Here are just some of the most popular options.

NATIONAL OR LOCAL

National inventory lets you reach people in all U.S. markets via the same program and to target based on age, gender, household income and other key demographics, while local inventory only reaches an audience within a specific region or market. Local inventory has a lower barrier to entry and can be useful for testing, but it does not support advanced targeting. Neither option presents a clear pricing advantage, since some local advertising is more expensive than some national, and vice versa. For CTV campaigns, we can geotarget with extreme precision, which allows advertisers to serve specific creative to different localities. And the CTV barrier to entry is comparatively low since it's CPM-based, so you don't need a huge budget in order to test and learn.

Many advertisers new to TV will begin with a straightforward lift test approach in mind. The methodology may look something like this:

1. Target three designated market areas, or DMAs, to receive TV ads bought locally, at premium CPMs.
2. Identify three comparable DMAs to observe as control markets.
3. Observe the impact of TV advertising in test DMAs during the campaign flight.
4. Apply a "national CPM discount" when evaluating results to estimate the cost of media bought nationally.
5. Build a national campaign plan based on learnings from the local DMA test.

This approach will not be right for every brand. It requires national distribution/shipping (or at least a significant majority of coverage), normalized demand across demographically disparate DMAs, and more. If your brand is highly regional, subject to local regulations, etc., it might not make sense to structure a campaign with the ultimate goal of national scale.

There's also a chance that you're sufficiently well distributed to make national TV a better buy. Typically, CPMs for local TV campaigns are five times higher than national. They often can be as much as 20 times higher. So from a CPM efficiency perspective, we recommend switching to national inventory if your brand has presence in the top DMAs (like Chicago, New York, etc.) as well as in 10-20% of the remaining DMAs.

For CTV campaigns, we can control the bids we place and geotargeted CPMs aren't necessarily any higher than non-targeted ones, though it may be harder to find your audience at scale only within a specific region.

CPMs on CTV are generally more expensive than linear CPMs, but there is far less waste. (This is due, in part, to a scarcity of inventory and a premium charged by publishers to reach more elusive audiences). We recommend taking a data-driven approach to budget allocation across national linear and CTV that is based on where your target audience is watching TV. We have developed a budget recommendation tool within our platform to help clients optimize their budget to deliver against their audience.

DIRECT RESPONSE OR GENERAL MARKET

As the name suggests, direct response TV (DR for short) generally requires an offer and call-to-action in the creative itself. DR inventory is sold alongside general market inventory but typically includes a cancellation option that either the broadcaster or the advertiser can exercise. Because DR spots are pre-emptible (meaning not guaranteed to air), DR TV budgets often don't "clear" (meaning they don't actually air even though they were booked).

On average, less than 70% of traditional DR budgets clear. This means that even when a marketer wants to spend on TV media, they may not be able to, making plan delivery unpredictable. In addition, advertisers generally don't get transparency into where their spots are placed and will be airing in advance of a campaign launching. Finally, since not all networks offer much, if any, DR inventory, it can be difficult to expand into new networks, even if your target audience is watching those other networks.

General market is guaranteed to air. That can make it more expensive (though not always), but it gives advertisers certainty that their spots will run as planned.

AD LENGTH: 60, 30 OR 15 SECONDS?

Longer spots tend to have a higher conversion rate. Longer ad lengths also are more expensive, so you may want to prepare 60-second, 30-second and 15-second ads to determine the optimal trade off of conversion and cost. Recognizing this dynamic, many advertisers will start their campaigns with a 60- or 30-second ad to build awareness, and then transition to a 15-second ad, which serves as a reminder of your longer spot that consumers have seen before.

SIMULMEDIA®

Creative That Performs and Builds Brands

Few factors impact campaign performance more than the creative you run. Here's why:

1. ALONG WITH MEDIA SELECTION, CREATIVE IS A KEY DRIVER OF ADVERTISING OUTCOMES

This is why it's so important to get the creative right.

Source: Nielsen/Catalina Survey of 500 Brands

2. TV CAN BUILD BRANDS, DRIVE PERFORMANCE AND APPEAL TO EMOTIONS

Brands preparing to advertise on TV understandably can get nervous about the creative. There's a lot riding on getting it right, given the campaign's potential to perform, the premium content that's on-air, and the need for brands to show their best selves. But that pressure does not have to mean brands must sacrifice performance for brand building, or vice versa.

3. COST CONTAINMENT: TV CREATIVE DOESN'T NECESSARILY REQUIRE A HUGE BUDGET

When it comes to budgeting overall, consider following the 20/80 rule: spend 20% of your total budget on production and 80% on TV media costs. So, for a $1 million budget, we'd recommend $200K on production and $800K for media.

Your production budget tells the creative team the box they need to work within, but it does not define the quality of an idea. You can draw them a $10,000 production box and they'll work with that. If it's a $50,000 production budget, they'll work with that. Same with $150,000 and on up. The larger the production budget, the more expansive the creative thinking can be.

Just remember, it's a lot harder to produce a great TV spot for $10,000. It can be done, but you need to accept an extreme level of simplicity. It's a bit like having $10 and wanting a steak. You can do it, but the steak you get may be really small. Or, you can get something else that's really awesome to eat for $10, but it won't be a steak.

We asked Meryl Draper, CEO and founder of award-winning creative agency Quirk, to share a rough ballpark of various creative and production budgets. Here's what we learned:

Tier 1: Under $50,000

For this budget, the most realistic type of spot is a fully animated spot. Animated spots can be produced with smaller budgets because, naturally, you're not paying for crew or equipment. Focus on making the spot(s) modular and set up strategic A/B/C/D tests. This will enable you to walk away with learnings around messaging and more, which can be applied to future spots, even if they're live action instead of animated.

Tier 2: $80,000-$120,000

At this spend level, you're likely looking at a one-day shoot with a small-to-moderate crew. A one-day shoot will allow you to capture a relatively straightforward concept with a few variations. You'll likely be shooting locally to save on budgets and tighter on bells and whistles that determine how much you can flex creatively. (For example, don't expect to create explosions or to build an entire set).

Tier 3: $150,000+

For this budget, you can expect a bigger production with the ability to flex more, creatively speaking. This is a worthwhile spend for brands who know they want to go big, or brands who want to test a lot, since this budget range can typically afford a two-day shoot or more.

In any budget range, these are the elements that have the greatest impact on production budgets: Number of shoot days, talent, and music licensing.

4. MATCH YOUR CREATIVE TO YOUR CAMPAIGN OBJECTIVES

No matter the budget, it's so important to know your creative goal. Draper had this to say about balancing creative with campaign objectives: "Marketers go wrong when they don't grasp that video is nuanced, and that those nuances are creative levers that will impact the campaign's outcome. So, aligning about goals and KPIs upfront — before a shoot, before production, and before any money is spent — is critical to ensuring the success of any video project."

For example, if your goal is to drive conversions, we recommend that your ad creative include a call-to-action (CTA). If that CTA directs customers to your website or app, make sure you're prepared to measure the impact on your website or app. That way, you'll be able to assess the campaign's impact on driving these behaviors. Simulmedia (and other providers) offers our own measurement pixels and partners with leading measurement providers to make this easier.

WHAT IS A "TRACKING PIXEL"?

Most digital advertisers know that a tracking pixel is a tiny, transparent image that's embedded on a website or an ad to measure how many people have visited a page or seen their ad. We utilize pixels to determine how website purchases are influenced by exposure to their TV campaigns. For example, once an advertiser has the proper pixels on their website, we can match those visits to exposed visitors through household IP address matching.

5. SPOT LENGTH AND QUALITY IMPACTS RESULTS AND COSTS

If your brand is new to the market, you may want to create a 30-second ad. This way, the ad will have more time to explain the brand and its value. The longer the ad, though, the higher the media cost. For this reason, 15-second versions may out-perform longer ad formats. The best way to find the right approach for your campaign is to create multiple versions of your ad, including both 30 and 15 second versions, and test which ones drive the best results. (We'll explain how to test and measure results later in this playbook). Technical quality also matters. Different publishers may require different creative specifications so we can help guide you to ensure your creative can run across all publishers as we build your plan.

6. DON'T FOLLOW THE HERD — TELL YOUR BRAND'S UNIQUE STORY AND EMOTIONAL APPEAL

While it may be tempting to recreate an idea you've seen play out in another ad, resist the urge to do so. Chances are, your brand's best opportunity to perform will depend on the creative's ability to tell your brand's unique story, not someone else's. Put another way, there are plenty of ads featuring founder stories, which go something like, "I'm so-and-so. I grew tired of products that suck, so I started my company to fix it." Carefully consider whether that's the best way to represent your brand.

SIMULMEDIA®

Audience Targeting and Planning

TV advertisers today have more targeting options than ever before on both linear and CTV. While Nielsen has been the gold standard for defining TV audiences for decades, new players have entered the market. Data providers like Experian, and even advertisers' own first-party customer data, make it easy to reach your strategic marketing targets across TV. Simulmedia partners with companies like LiveRamp and TransUnion/Tru Optik for CTV targeting, allowing us to leverage third-party audience segments and ingest advertisers' first-party audiences, and eventually to generate lookalikes when planning a campaign. As you think about your targeting strategy, keep in mind that adding more targeting criteria can significantly decrease your audience size and increase campaign costs, so be mindful of the balance as you seek to scale.

TV advertisers today have more targeting options than ever before on both linear and CTV. While Nielsen has been the gold standard for defining TV audiences for decades, new players have entered the market. Data providers like Experian, and even advertisers' own first-party customer data, make it easy to reach your strategic marketing targets across TV. Simulmedia partners with companies like LiveRamp and TransUnion/Tru Optik for CTV targeting, allowing us to leverage third-party audience segments and ingest advertisers' first-party audiences, and eventually to generate lookalikes when planning a campaign. As you think about your targeting strategy, keep in mind that adding more targeting criteria can significantly decrease your audience size and increase campaign costs, so be mindful of the balance as you seek to scale.

HERE'S AN OVERVIEW OF SOME OF THE MOST POPULAR DATA COMPANIES WE WORK WITH TO MEET YOUR TARGETING NEEDS:

nielsen

Nielsen provides demographic data that enables the creation of audiences based on age, gender, presence of children, household income, pet ownership, and more.

MRI | SIMMONS

MRI-Simmons is a panel of over 26,000 US adults that is run by research agency GfK and fused to Nielsen. This panel works through a bi-annual interview survey, (i.e., reported data, not observed), that captures attributes related to measuring media use, product consumption, lifestyles and attitudes.

experian

Experian has demographic data on nearly all people and households in the US, with attributes similar to that of the Nielsen panel. Experian also offers Mosaic segments, which define households based on lifestyle segmentation.

KOCHAVA★

Kochava is a leading mobile measurement partner, or MMP, that has integrated Simulmedia's viewing data. This means that Kochava enterprise clients see the TV-viewing preferences of mobile app users, e.g., the people who have downloaded an app or have bought something in an app. It's then possible to buy a TV campaign that runs on the programs these mobile users prefer.

LiveRamp

LiveRamp is a data platform that allows Simulmedia to safely ingest and target audiences using advertisers' first party data, as well as third party audiences from LiveRamp's Data Marketplace.

TransUnion TRUOPTIK

TransUnion is a global information and insights company. In 2020, it purchased Tru Optik, a data marketplace and data management platform whose patented Household Graph™ of more than 80 million U.S. homes provides TV demographic data and behavioral insights for targeting and measurement across television (as well as streaming audio and gaming).

How You Can Build Interested Audiences

STEP 1
Add the Pixel on client site

STEP 2
Capture website activity and users' IP addresses based on overall visits or specific events (e.g. purchases)

STEP 3
Match IP address to active devices in Gracenote sample (in use within 24 hrs & anonymized + PII stripped out) to get list of devices

STEP 4
Insert corresponding household IDs into our look-ali model and filter by demographics (partial household view). Then match them to the Nielsen panel based on viewing behavior

STEP 5
Once we've identified matched households, we can drill back down to person-level Nielsen data. Obtain final set of Nielsen respondents that make up look-alike audience

STEP 6
Use our patented technology to maximize the reach of this look- alike audience cost-effectively

OUR PUBLISHERS

Simulmedia provides access to more than 130 linear TV networks and more than 200 premium CTV media properties. We are constantly adding high-quality CTV publishers to our roster, but, for example, here are just some of the networks and streaming platforms with whom we're integrated:

Discovery, Disney, NBCU, hulu, ESPN+

Paramount+, pluto tv, VIACOMCBS, sling, WarnerMedia

HOW MEDIA PLANNING FOR LINEAR AND CTV DIFFERS FROM TRADITIONAL PLANNING APPROACHES

The TV media planning process is unique to each marketer and their individual brand goals. Some brands just want to test and learn as they dip their toes in the water for the first time. Others may want to focus on cost efficiency while those with bigger budgets may choose to sponsor big "tentpole" events (such as major sporting events, awards shows, etc.) to maximize reach.

We've provided an overview of multiple approaches so that you can select the strategy that's best for your marketing goals. Please note that "agency" refers to the internal or external team you've chosen to manage your media buying.

STRATEGY #1: MORE AUDIENCE, LESS INDEX

An audience-based approach seeks to maximize targeted audience delivery (impressions or reach) with respect to cost, while an index-based approach looks at target audience concentration within a particular program and its contextual relevance to a brand without respect to the cost of advertising on that program.

STRATEGY #2: MORE ADS AND NETWORKS PER BUY

Maximizing the reach of your target audiences in a hyper-fragmented market — the typical cable subscriber now receives about 200 channels — often means having to buy more than 1,000 spots on as many as 50 networks in a single campaign. When most traditional agencies try to buy this way, they often encounter sellers at broadcasters who aren't willing or able to sell ads this way.

STRATEGY #3: MORE BUYING PRECISION

More advanced approaches involve buying day-specific inventory because the audience often varies by day or time of week. Traditional planning doesn't tend to differentiate too much by day, often using weekly rotators, which will air an ad within a designated daypart only. For example, if a late-night rotator is included in a media plan, the only thing a marketer knows is that their ad will air sometime between midnight and 6am.

STRATEGY #4: CHOICE OF CAMPAIGN OPTIMIZATION

Audience-based, data-optimized TV often gives growth-minded advertisers different optimization alternatives. They can maximize for a specific performance goal, such as acquisition, unique reach of a target audience, or a hybrid of the two. These optimization types will produce very different plans, so choose your optimization path carefully. Here's an overview of plan options that Simulmedia presented to a client. It shows the tradeoffs associated with optimizing for these different outcomes.

SIMULMEDIA®

Creating a Holistic Cross-Channel Approach: Inventory, Activation and Insights

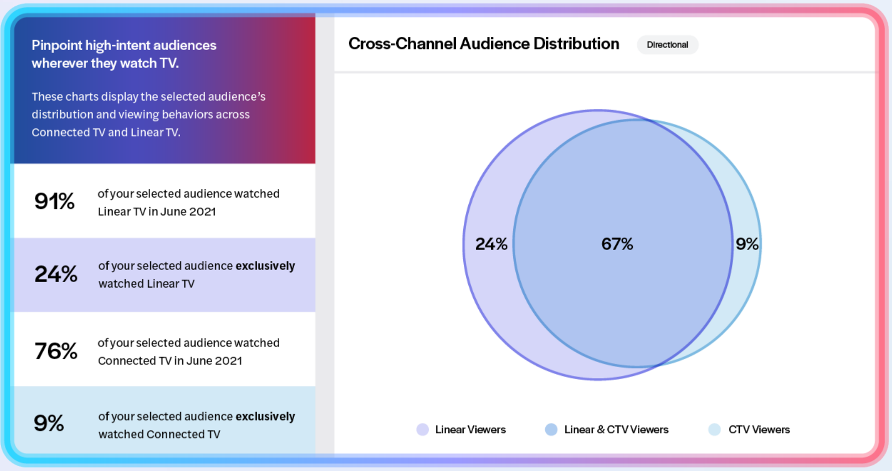
THE PROMISE OF CTV

Customer-acquisition strategies often rely on a media plan that combines digital channels and tactics. Comparing TV advertising's performance to that of digital advertising can be challenging, but Simulmedia's solutions bring the two channels closer together by taking a digital approach to TV. This is where the industry is headed and CTV has accelerated that evolution. To help advertisers think more holistically about incorporating cross-channel TV into their media plans, we've developed some frameworks we've found useful for setting expectations about TV's performance potential.

CTV takes the best features of digital advertising and combines them with linear TV, offering marketers a premium environment with high performance, accountability and measurement. While CTV is still at an early stage, the technology has seen explosive growth. eMarketer forecasts that 213.7 million people in the U.S. will use the internet through a CTV device at least monthly in 2021. They also predict that growth will accelerate as CTV ad spending reaches $13.41 billion in 2021 — and that figure will likely expand to an incredible $100 billion by 2030 (with an additional $30 billion still in linear TV ad spend), according to Simulmedia CEO and founder Dave Morgan.

The adtech infrastructure is shifting to monetize this trend. CTV has made TV advertising accessible to brands of any size. And the audience-targeting capabilities, from first-party to third-party data targeting, allow CTV campaigns to cover the entire marketing funnel, from awareness to performance.

A big driver of CTV adoption is the ability to create a personalized ad experience that is also measurable. As any digital marketer knows, personalized ads are more effective and both CTV and linear TV are moving in this direction. We've helped our clients develop unique audiences on CTV and linear and can target these users wherever they are across linear and streaming inventory to ensure you're optimizing for maximum reach.



With our Cross Channel Insights Dashboard, you can pinpoint exactly how your target audience is distributed across linear and streaming TV, and what their viewing behaviors are, including how many are watching both linear and CTV or exclusively one or the other. We also provide insights into exactly what networks, programs, and dayparts your audiences are most likely to view across linear and streaming TV to help inform your TV strategy.

SIMULMEDIA®

Measurement and Attribution

As the saying (often misattributed to business guru and educator Peter Drucker) goes, “if you can’t measure it, you can’t manage it.” Fortunately, marketers today have more ways than ever to measure TV advertising’s effectiveness, going way beyond traditional media metrics to help prove TV’s impact on business outcomes. This includes matching purchase data from either first or third-party data sets with viewing data that’s sourced from set top boxes, automatic content recognition (ACR), and even mobile usage. In addition to Simulmedia’s native measurement capabilities, we also partner closely with third parties such as TVSquared, iSpot, Data+Math, Nielsen Catalina, IRI, and others to provide our clients with third-party measurement of TV advertising’s impact.

Simulmedia also partners with brand study partners like Kantar Millward Brown to help our customers measure the impact that TV drives on key brand metrics.

When it comes to optimized linear TV and CTV, it’s crucial to be able to access holistic measurement across channels and through the entire sales funnel. We help our clients measure incremental reach delivered across linear and CTV and cross-channel audience distribution across linear and CTV as well as lower funnel metrics like branded search queries, site visits, and digital conversions.

REGARDLESS OF HOW YOU TACKLE ATTRIBUTION AND MEASUREMENT, YOU’LL NEED TO ACCOUNT FOR SOME CORE INPUTS FIRST:

ESTABLISH A BASELINE FOR YOUR MARKETING METRICS

To ensure you have a confident read on the impact of your marketing, we recommend establishing a baseline that shows what “normal” looks like at any given point in time for whatever metric you use to track media performance. Baselines should include a confidence interval -- a statistical measure that indicates a range likely to encompass the true value. This will help you understand how many events are likely caused by random variation as opposed to something as potentially powerful as a TV campaign. For instance, by establishing a 68% confidence level, one can expect 32% of events will be outside of the range of confidence just by chance, meaning that they’re much more likely caused by something else, such as the media you’ve run.

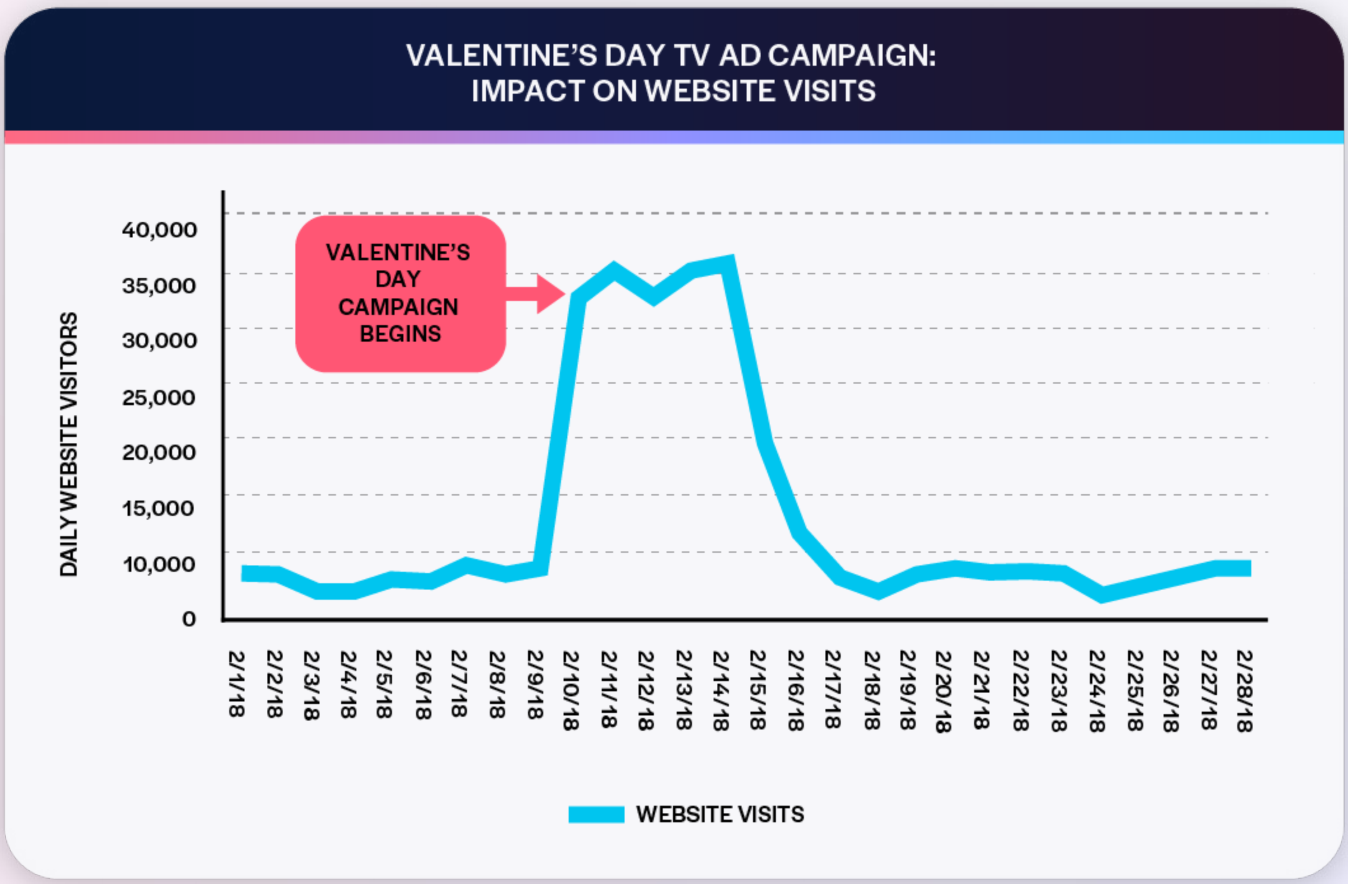
WHAT IS “NORMAL”?

If your brand is younger and in a high-growth stage, or if your brand is seasonal, a data analysis or data science team can help you identify baseline models to determine what “normal” traffic to a website or app looks like at any given point in time. Data Scientists can help you understand trends, the impact of seasonality, and establish statistically significant baselines.

Measurement and Attribution Techniques Utilized by TV Advertisers

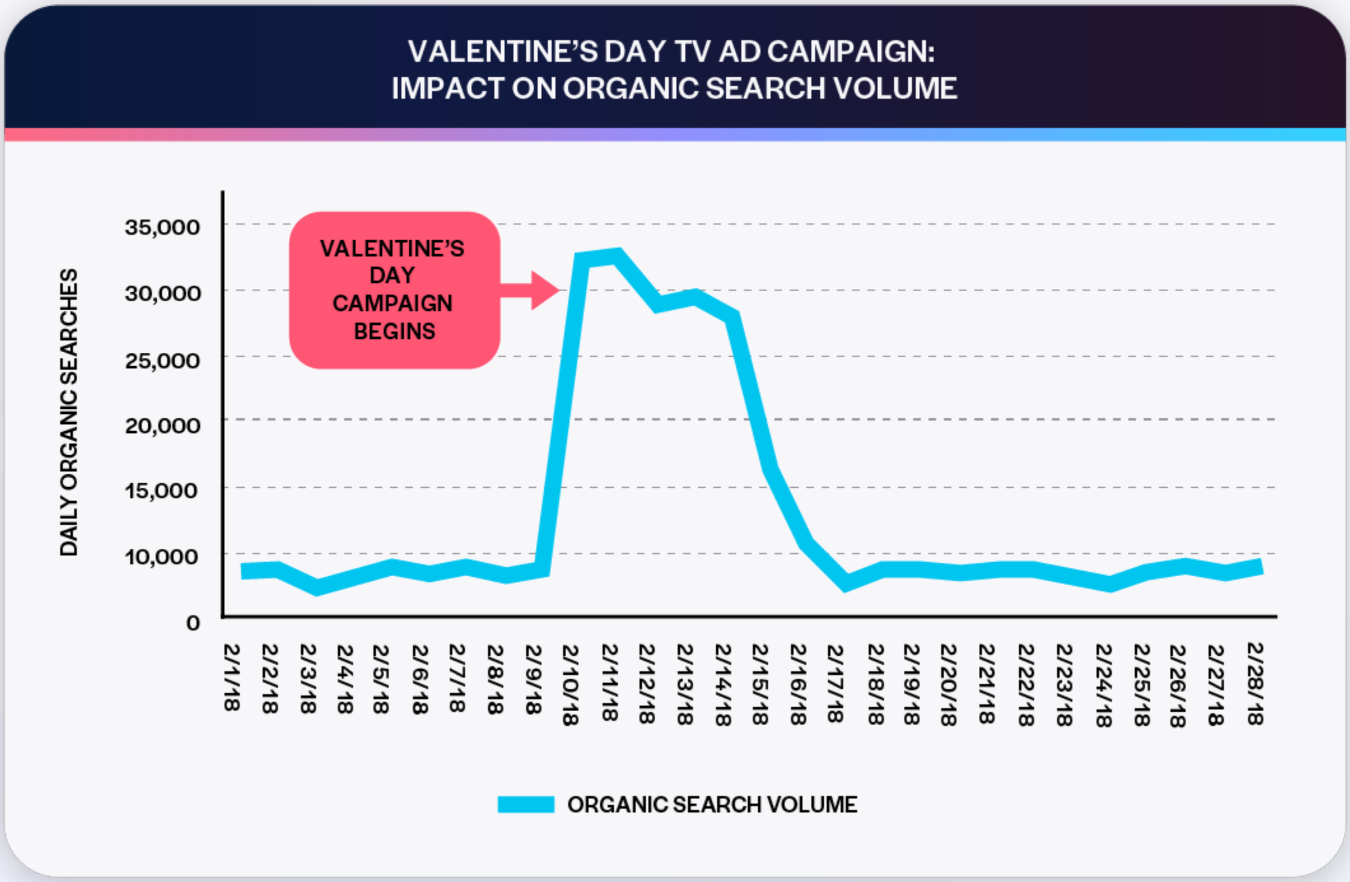
Today's most innovative brand marketers are measuring TV in ways that prove TV's impact and accountability. In addition to capturing changes in aided and unaided awareness, two metrics brand marketers have measured for decades, today's brand-focused marketers also want to measure TV's ability to drive customers to a website or application and understand the halo effect of TV on all of their other marketing channels.

Here's an example that illustrates this approach in action. Imagine a TV campaign promoting a company's Valentine's Day products. Let's say the creative for this fictitious campaign included a CTA to visit the company's website in order to access a special offer. This advertiser reasonably would expect to see a spike in website visits that corresponds with the airing of the TV spot, followed by a return to the company's normal baseline. The relationship between the ad campaign and website visits might look something like this:



Similarly, this campaign also might impact organic search volume. Its chart could look a lot like the one showing website visits. We partner with companies like EDO to help brands understand how TV boosts organic search volume.

Investing in a top-of-funnel channel like television returns compound interest if your brand's "conversion machine" is ready for it. There will be some number of purchasers that come to your site or app ready to buy as a result of seeing your TV ads. It's important to make sure your brand is built to both take advantage of and reliably measure these ancillary benefits of TV's top-of-funnel placement.



If you have a data science team, they should be able to help you develop a sophisticated method to gain an even deeper understanding of the impact of TV advertising on sales and the other channels you operate. They also can help you assess the impact of individual creatives, dayparts, networks and even programs on business metrics that matter to you. The key is to acquire sufficient volume of data over time to build and test a model, and then collect enough data to pave the way to optimization.

The good news is that most of the TV ecosystem is not a walled garden like the major digital marketing channels. With the right approach and enough data, though, you can learn a lot about TV's impact on your business.

SIMULMEDIA®

Case Studies in Scaling: The Steps and Stages of Growth

Let's look at three different actual scenarios involving advertisers who used the techniques outlined in this playbook. They differ in important ways, though they all found success once they followed this approach to scaling performance.

CASE STUDY 1:

An Experienced TV Advertiser Shifts from DR to Simulmedia's Cross-Channel Approach

CASE STUDY 2:

A Popular Over-the-Counter Medication Brand Switches from Upfronts and Context-Based Planning and Buying to Simulmedia

CASE STUDY 3:

A New D2C E-Commerce Company Rapidly Gets on Air and Generates Performance at Low Campaign Spend Levels

CASE STUDY 1

An Experienced TV Advertiser Shifts Away from DR to Simulmedia's Cross-Channel Approach
About This Advertiser: This advertiser offers a free service that helps users increase their credit scores. Because it is free, the potential market for this service is massive.

Campaign Goal: Drive engagement with the company's credit score service, as measured by Simulmedia's pixel. This enables Simulmedia to track the relationship between media campaigns and digital behaviors, including website and app usage.

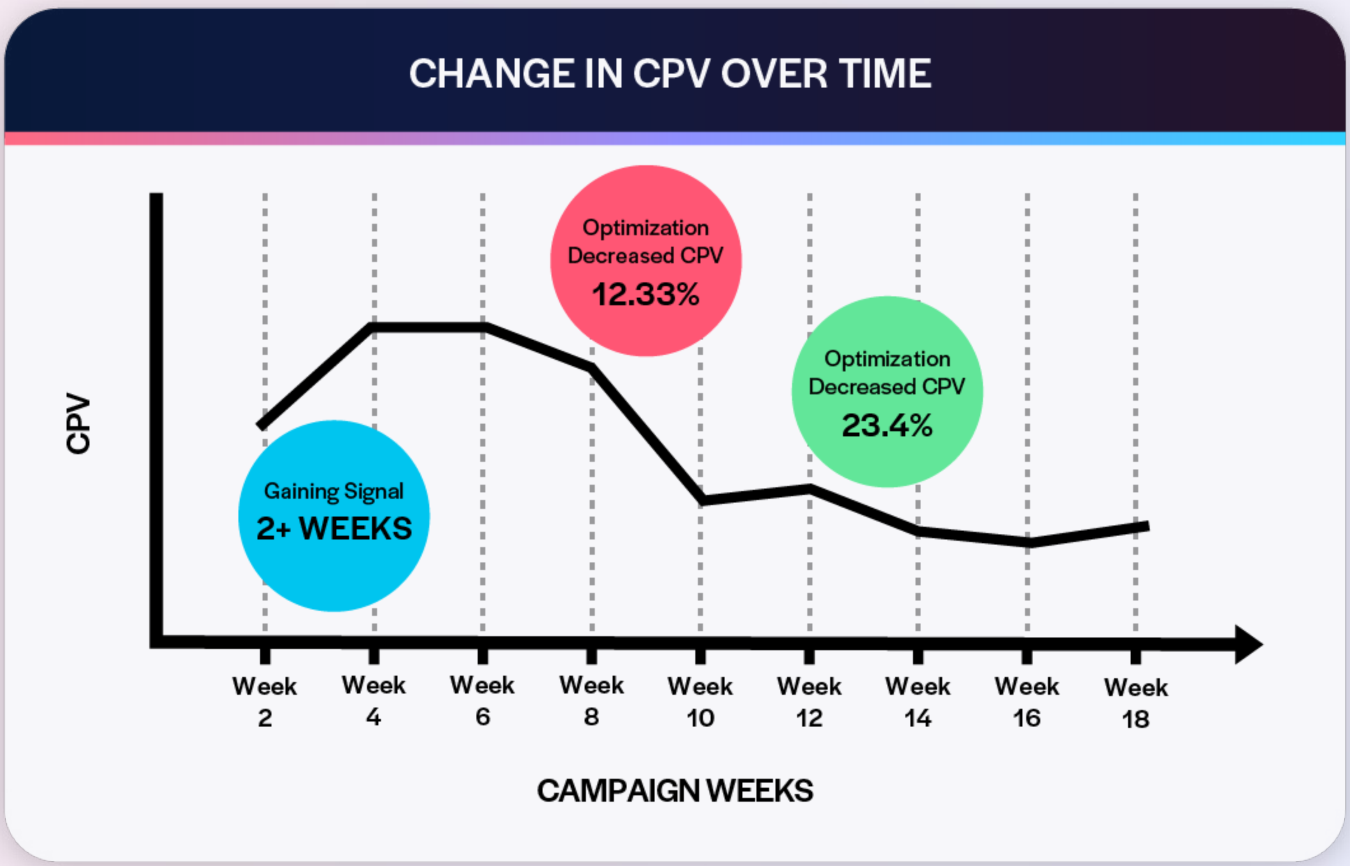
Why They Needed to Change: Prior to Simulmedia, this advertiser had relied heavily on preemptible (i.e., cancellable) DR inventory. They appreciated the flexibility DR provided and the opportunity to try and buy programs that performed well. The method had flaws, however. Reliance on DR, while effective when ads aired, couldn't scale because their access to inventory was not guaranteed. That meant that during some months, they weren't able to buy the spots they needed in order to hit their business goals. DR also prioritized day-to-day performance, cutting into the time and resources they had available to devote to long-term growth.

Simulmedia's Approach: The client summed it up this way: "You're buying TV like digital. That's pretty f***ing cool." This digital-esque approach manifests in several ways, including: Simulmedia has used its pixel to identify the top networks and programs favored by this client's actual users, and then builds and activates plans that include more of these networks.

Simulmedia also has used planning and buying automation to buy more spots that are 100% guaranteed to air on more networks than the client's previous provider. This approach to planning and buying is necessary to combat an increasingly fragmented audience. In the absence of automation, vendors must rely on people to match Simulmedia's planning and buying.

Using the same software platform that enables rapid, on-target planning and buying, Simulmedia also has optimized this client's campaigns every two weeks. This has enabled the client to shift more of its media budget into the highest-performing inventory at a much faster pace than other providers can offer.

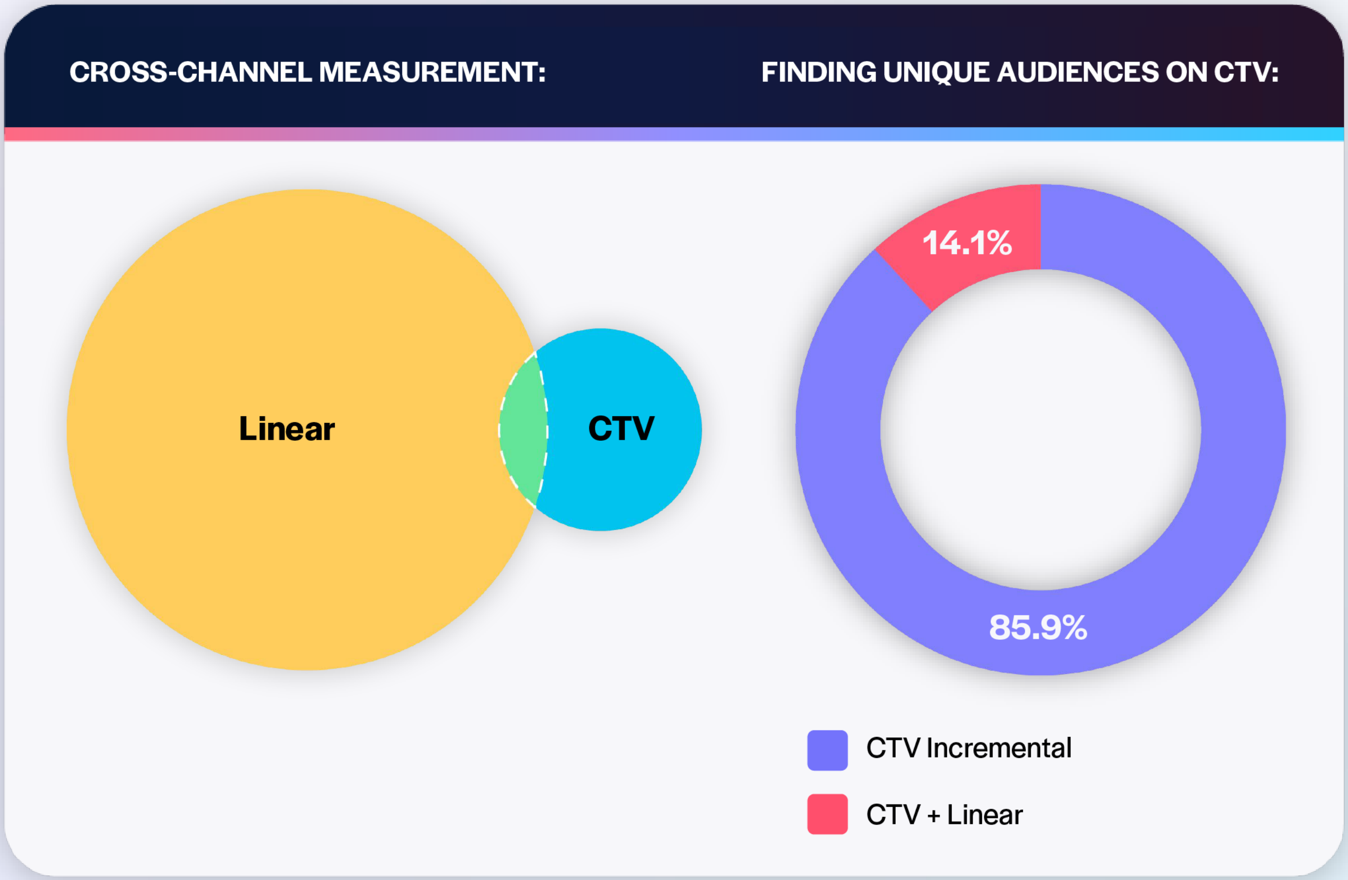
The Results: Over time, Simulmedia has increased digital engagement with this client's credit score service while decreasing the cost per site visitor. Here's a graph that shows how these results improved over the campaign's first 16 weeks.



Campaign Extension: Subsequently, the client wanted to understand the distribution of viewership for new potential customers across the entire TV landscape to ensure that it was maximizing the efficiency of its media buys. It was particularly important for the client to understand if there were any untapped audiences that they hadn't previously reached with their linear-only efforts.

Simulmedia's Approach: Simulmedia used its Cross-Channel Insights platform to identify the client's target on both CTV and linear, with an accurate sense of volume on each and overlap of audiences between the two. Simulmedia's access to premium CTV inventory allowed it to then pinpoint the most cost-effective impressions within its private marketplaces in order to boost overall reach and deliver incremental CTV-only audiences.

The Results: Simulmedia drove incremental reach for the client across streaming channels extremely efficiently: 86% of the audience reached by the CTV campaign were reached only on CTV. Less than 2% of exposed households were reached by both the linear and CTV campaigns. With just 3% of the overall spend, the CTV campaign drove nearly 10% in incremental reach.



CASE STUDY 2

A Popular Over-the-Counter Medication Brand Switches from Upfronts and Context-Based Planning and Buying to Simulmedia

About This Advertiser: This brand makes and markets one of the most popular cold and flu remedies in the market. Their make-or-break time of year: flu season.

Campaign Goal: Increase retail sales so they can sell-in to the likes of Walmart and Target, and then sell-through and get reorders without having to resort to discounting.

Why They Needed to Change: Prior to Simulmedia, this brand relied heavily on a more traditional approach to TV buying. Specifically, they bought inventory in the annual upfronts and relied on a contextual approach to network and program placement. This enabled them to lock in low prices, but it put a strain on campaign timing. That's because the annual cold and flu season does not begin or peak at the same time every year, and so there were times when the brand's upfront commitments forced them to go on-air when customers weren't getting sick.

Simulmedia's Approach: Simulmedia used its extensive network relationships and automation to rapidly get on air, breaking the brand's reliance on restrictive upfront buying. Working with the brand to track the onset of the cold season, Simulmedia activated a TV campaign on 59 different national networks to maximize the target-audience reach. We timed the campaign to begin at the peak of the cold season, when more customers were in market for remedies. To sharpen the target market focus, Simulmedia produced an overlay of TV viewing. This enabled our planners to identify the networks, dayparts and programs that buyers were most likely to watch, and then buy that inventory.

The Results: In a mild cold season in which category sales declined by 2%, this brand increased sales by 15%. That's nothing to sneeze at!

In Addition:

– Simulmedia's superior targeting resulted in a 267% conversion rate increase.
– The campaign produced a $4.53 incremental return on ad spend.
– The brand generated $23 million in incremental sales.

CASE STUDY 3

A New D2C E-Commerce Company Rapidly Gets on Air and Generates Performance at Low Campaign Spend Levels

About This Advertiser: The brand offers a mobile app that enables users to order products that can be used to beautify any room or office space.

Campaign Goal: They first must encourage consumers to download its app. Then, their marketing must encourage users to purchase items through that app.

Why They Needed to Change: Previous TV campaigns had fallen short on these two metrics. Complicating matters, the company's previous agency considered the campaign's overall cost-per-install (CPI) to be successful because it fell within a range of CPIs the agency had achieved for other clients. This approach to the analysis disregarded the brand's own, unique cost tolerances. In addition, the agency provided little guidance on how to parse the campaign data, and its performance measurement was a bit simplistic.

Simulmedia's Approach: Over the span of two campaigns, Simulmedia quickly isolated the best performing networks and programs, as measured by CPI and sales. As a result of our ability to acquire inventory that's guaranteed to air, as opposed to DR, Simulmedia then was able to procure much more high-performing inventory. In addition, campaign data showed that 15-second versions of the campaign creative drove 12% fewer app installs than the 30-second version of the ad, but 50% less than the media cost of the 30-second ad. That meant the 15-second version proved to be much more efficient, so the second phase of the campaign featured exclusively the 15-second version.

The Results: As a result of Simulmedia's approach to detecting signal quickly, optimizing the campaign to buy more high-performing inventory, and offering next-day reporting, this advertiser avoided wasteful spending, received reliable campaign data, and saw dramatic performance improvement.

Here are the highlights:

- Reduced CPIs by over 41%
- Increased estimated mobile commerce revenues by 67%

SIMULMEDIA®

Launching Your First Campaign

If your brand or company is new to TV, here is how we recommend you make the most important decisions impacting your plan and performance.

START WITH INSIGHTS ON YOUR AUDIENCE

We suggest starting your plan by looking at where your audience is viewing TV today across the fragmented linear and streaming landscape. We encourage you to start your targeting broad and refine as you gain more learnings on which days of week, times of day, creatives, publishers, and programs deliver the strongest performance.

RUN AN INITIAL TEST BEFORE COMMITTING TO A BIGGER BUDGET

As a rule of thumb, reaching 15 million people will enable you to simply determine if TV can work for your brand. According to our analysis, it's possible to get a Persons 2+ CPM that costs about $3.00. Spending $50,000 on a campaign that targets this audience would reach about 12 million people and deliver over 17 million impressions for an average frequency of 1.4.

If you run an initial test at this $50,000 spend level and see positive results, we recommend increasing spend to $100,000 in a week for a second stage of that test. At this spend level, you may be able to figure out which days of the week, dayparts and creatives — all of which are relatively inexpensive to adjust — are performing best. If you see, for example, that Sundays perform best, try moving more of your budget to that day. Because audience targeting is the most expensive variable, wait to adjust it until you have a read on the less expensive variables.

Your budgeting choice will inform the results you achieve, mainly the extent to which your campaign can deliver a significant signal. The overall test campaign could expose between 6 and 12 million W18- 49, given the $50,000 to $100,000 range. Assuming a conversion rate from TV of 0.1%, you would expect between 6K and 12K incremental sessions. This variation must be larger than the baseline assessment for the measurement time period in order to provide valid signal, which highlights the potential benefit of spending more and therefore reaching more of your target in that initial test. There are statistical tests that can help you practice experimental design such as this. Look to your partners or internal data science team for guidance.

EVALUATE IF THE TEST WORKED

To assess whether your test worked, you'll want to be ready to measure impact before you begin. For example, you should anticipate driving more traffic to your website or more downloads of your app. You also should expect some change in sales and the performance of your search and social campaigns. After the test has run, compare site traffic and sales to your pre-TV state, holding as many other marketing variables as possible constant to isolate the impact of TV. Then, track changes in these metrics over varying time periods to determine when your campaign's impact has peaked.

DON'T GIVE UP TOO SOON

Once you're underway, don't end the test before you've spent your full budget. Understand that TV may have a longer attribution window, even if you include a compelling call-to-action in the creative. Also, don't rely on just one test to determine how you should optimize and scale. We'll talk about scaling in a separate section, but we recommend making gradual shifts in your approach to understand the impact of campaign changes on performance.

For CTV, we monitor campaigns in real time, so we can optimize bidding strategies as the campaign progresses. We think this is an excellent opportunity for advertisers to test CTV and apply the result to a holistic TV strategy that encompasses both linear and CTV buys.

BE STRATEGIC ABOUT SCALING

Again, we recommend a gradual, steady approach to scaling. Advertisers that have scaled on TV spend about $1 million every month (presuming they use only :30 spots) or $500,000 (if they use exclusively :15s). This enables them to reach about 30% of their audience every month, a number that grows to 45-50% when they spend at this level for two consecutive months.

We suggest viewing the scaling exercise as a gradual climb in which you test and learn at every stage. It's often helpful to hold other marketing investments steady and test only one change at a time. Aim for a minimum of five of these gradual changes as you strive to find the optimal combination of targeting, creative ad mix (e.g., :30s and :15s), and media plan.

GRADUAL SCALING FOLLOWING YOUR INITIAL TEST OF $50,000:

Consider repeating this phase of the test to see if you can replicate the results. Try doubling the total campaign spend to $100,000.

Make incremental changes in the plan, especially around the inventory you buy. If you see stronger results from a particular network, buy a bit more in a test, but don't abandon other networks altogether.

As long as you see positive signals and improvements in your testing, keep increasing spend. $1M a month in advertising to get 30% coverage of an audience is a big, healthy number.

SIMULMEDIA®

How to Select an Agency Or Vendor

At some point, you may want to explore agencies and tech providers. Here are some topics to explore with potential partners. We've broken this down into three sections: strategic audience targeting, media planning & buying, and campaign measurement.

STRATEGIC AUDIENCE TARGETING

Here we're referring to targeting strategic audiences using high quality first or third- party data sets based on observed behavior, as opposed to using traditional methods based on index and broad age/ gender demographics. For example, if you're Instant Pot (a home appliance brand), would you prefer to target a traditional, W25-54 audience, or find actual W25-54 who have kids and who are also cooking enthusiasts, and then target similar people through national TV?

QUESTIONS YOU SHOULD ASK PROVIDERS ABOUT TARGETING:

Can I Use My CRM Data for Targeting?

Targeting with first-party data may make it easier for you to reach people who are similar to your best customers. It requires that you match your data with a provider's viewing panel, so be sure to inquire about a prospective provider's data-matching process. Find out which safe havens (secure services for storing and sharing sensitive data under strict protocols) they regularly work with, if any, and how much experience they have in this area. If they've only been down that road with a handful of clients, completing the match could become a major obstacle.

How Can I Know That the Audience I Would Use for Targeting Is Composed of People in Market for My Products?

A viewing target is only as good as the panel it's based on, so it's essential to know whether the panel is nationally representative — and if not, where the gaps are. The sheer size of the panel only serves to ensure a higher level of statistical accuracy, but you'll want to feel comfortable with how a prospective vendor translates the people in their panel into your target audience.

MEDIA PLANNING AND BUYING

TV-viewing audiences are more fragmented than ever. What's not often spoken about, however, is that campaigns are still planned and bought the way they were back when there were only 30 television networks. This has led to today's campaigns being plagued by inflated frequency and decreased reach. Technology offers a solution. With the right platform, marketers almost instantly can evaluate available inventory across all of national TV (both linear and CTV) and create media plans that maximize the reach of a strategic target audience.

QUESTIONS YOU SHOULD ASK PROVIDERS ABOUT HOW THEY PLAN AND BUY:

How Do You Select Inventory?

It's important to note that while many TV providers claim to use granular audiences for planning, when it comes to actual inventory selection, they usually revert to the industry standard and rank spots based on how they index against standard age/gender demos. To truly take advantage of the efficiencies offered by advanced TV technology, look for vendors who are able to secure the inventory recommended to reach more of your actual strategic target audience.

What Inventory Sources are Available on Your Platform?

Many advanced TV providers offer household addressable advertising, which has a footprint approximately 60% of the size of linear TV. Other advanced TV providers have relationships with only local media owners and must stitch together multiple buys to give the impression of a national footprint. Look for vendors with network-direct relationships that enable them to reach the broadest array of customers across the national TV-viewing universe. (Simulmedia, for example, has direct relationships with over 120 networks). It's also important to make sure you understand if the inventory you're buying is preemptible or guaranteed to air.

The same goes for CTV. Be sure to ask about the type of CTV inventory the company is buying. Can they only do guaranteed/direct deals? If so, they lose the ability to cap frequency. You want to work with someone who has access to premium inventory from multiple publishers, so that you can reach your audience wherever they consume content, just like you would with channels on linear. Simulmedia has access to 130 CTV publishers and platforms with private marketplace deals, so we can add campaign-level frequency caps to ensure you aren't hitting the same person over and over with the same ad. Our long-term relationships with these publishers also give us the ability to buy guaranteed inventory for contextual buys.

How Does Your Solution Make My Planning and Buying More Efficient?

Allocating 35% of your TV ad dollars to primetime inventory may seem like a good move in theory, but even reducing that to 25%, given the cost of primetime advertising, would enable you to buy hundreds of other spots across multiple dayparts to reach even more people in your audience more efficiently. Ask prospective providers for their philosophy on how your ad dollars should be allocated — whether their answer is right for you will depend heavily on your brand's specific business goals.

MEASUREMENT

Historically, TV measurement has been based on impressions, rating points and, more recently, audience reach. It's one thing to know how many GRPs a campaign delivers or how many people you reach, but neither of those measurements provides the context needed to understand the impact of a campaign on business outcomes, nor are they enough to understand how marketers can optimize for the future. New technology can help marketers fill those gaps.

QUESTIONS YOU SHOULD ASK PROVIDERS ABOUT HOW THEY MEASURE:

Can I Use My Proprietary Data for Measurement?

By matching exposure data with transaction data from your CRM, you'll be able to know which viewers saw an ad and the action they subsequently took. This will yield powerful insights on which customer segments were most responsive to a campaign. Additionally, if you're using first-party data for targeting, using that same data for post-campaign outcomes measurement is invaluable for developing deeper analytics on customer behavior and media performance. Simulmedia can ingest first-party data through our LiveRamp integration and target those viewers directly or create lookalike audiences similar to them.

What Will You be Able to Tell Me About How My Campaigns Perform?

The key things to listen for in this answer are whether you'll be able to understand which days, dayparts and networks perform best in a campaign, and what kind of conversion-lift rate a campaign generates among different audience segments. This knowledge not only allows for the optimization of future media buys, it can also help you refine your target audience segments to improve the conversion rate over time.

What Sort of Attribution Options Do You Offer? Do You Have Flexibility in Terms of Customization?

There are a number of attribution models for advanced TV campaigns, from person-level matching of transaction and viewing data to the more general time-based correlation. If the prospective vendor doesn't have a model that enables you to measure your brand's KPIs or give you options in terms of attribution windows and reporting metrics, ask if they have preferred measurement partners who might. Look for best-in-class names so you can feel confident in the eventual results. For clients that are interested in CTV buys, we can easily integrate with your measurement/attribution partner of choice by including their VAST tag. (VAST is a Video Ad Serving Template for structuring ad tags that serve ads to video players. VAST transfers important metadata about an ad from the ad server to a video player. It was initially developed by the Interactive Advertising Bureau and launched in 2008.)

ABOUT SIMULMEDIA

Simulmedia is the leading cross-channel TV buying platform. It delivers unparalleled reach, results, and measurement wherever audiences watch, stream, or play. No one makes linear and connected TV advertising as simple, effective or transparent.

In 2008, Simulmedia pioneered a data-first approach to TV ad placement and optimization that made performance at scale possible and changed TV advertising forever. Having expanded to CTV and games as extensions of its linear TV expertise, Simulmedia has the capacity to help even more advertisers, agencies, entertainment marketers, game publishers and game developers reach the audiences that are most likely to take notice, tune in and transact.

Finally, what we have here won't tell you everything you need to know. If you want to go deeper or have questions, we're happy to help. Simply email advertise@simulmedia.com or call us at **(646) 201-5352** to get started.

SIMULMEDIA®

Got questions?

Visit www.simulmedia.com/contact