

REACHING THE "UN-REACHABLE"

5 MYTHS ABOUT THOSE WHO WATCH LITTLE TO NO TV

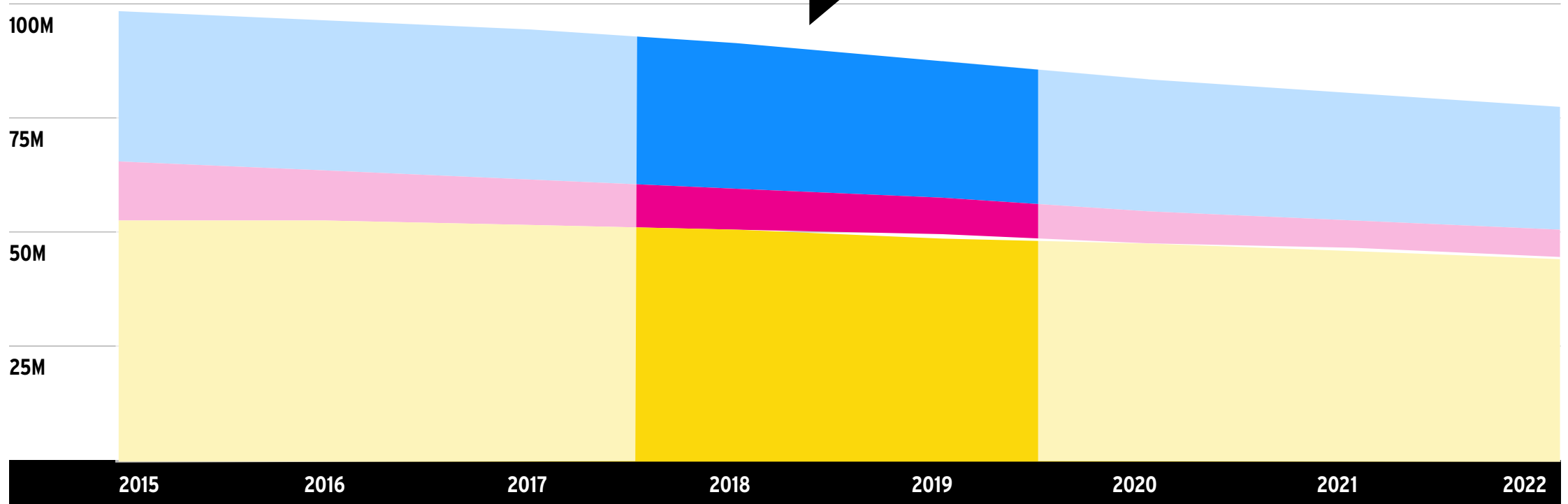
M/GNA

IPG MEDIA LAB

SHIFT HAPPENS. IT'S WELL DOCUMENTED.

U.S. HOMES IN MILLIONS

■ Cable ■ Telco ■ Satellite

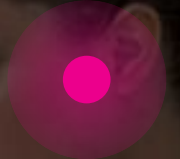


**BUT, THERE ARE
ASSUMPTIONS ABOUT
THE SHIFT THAT
AREN'T VALIDATED.**

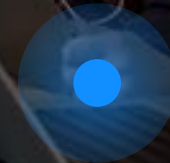


3. THEIR RESPONSIVENESS TO ADS

1. WHO THEY ARE



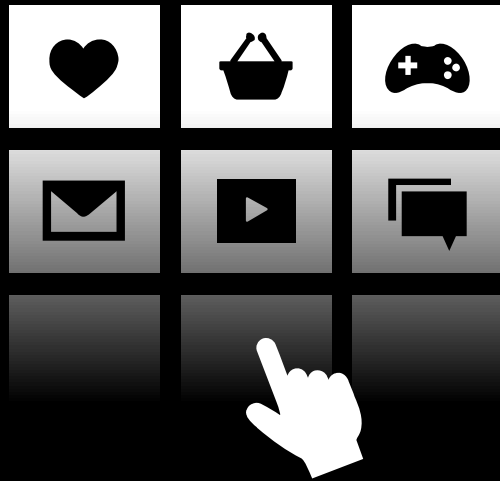
2. THEIR MEDIA BEHAVIORS



OUR GOAL

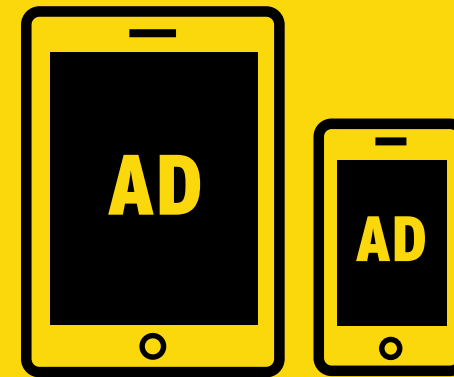
**TO LEARN MORE
ABOUT THOSE WHO
WATCH LITTLE OR
NO LINEAR TV**

2 PRONGED APPROACH



MEDIA USAGE

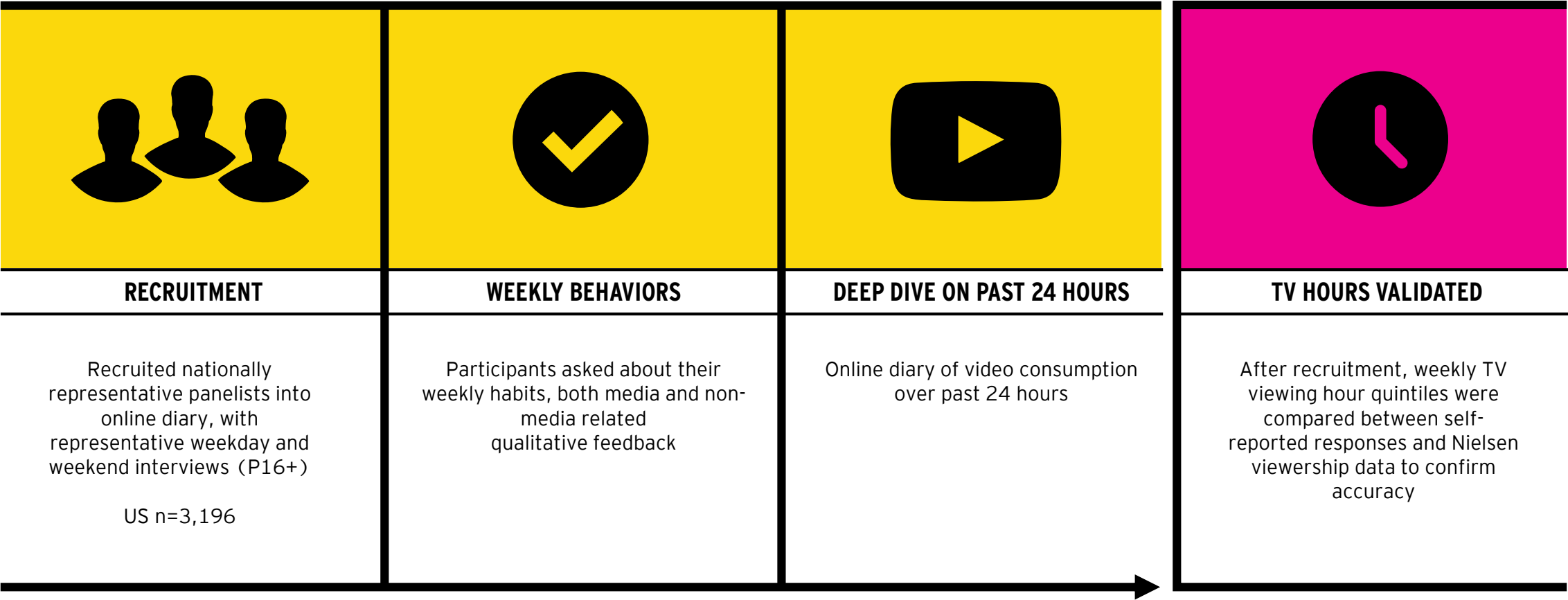
GOAL: Understand media and non-media habits among 4 groups: Heavy, moderate, light, and non-weekly linear TV consumers







AD EFFECTIVENESS

GOAL: Understand the effectiveness of PC and Mobile pre-roll ads among 4 groups: Heavy, moderate, light, and non-weekly linear TV consumers

MEDIA USAGE METHODOLOGY



AD EFFECTIVENESS METHODOLOGY

			
RECRUITMENT	BEHAVIORAL DEEP DIVE	MEDIA EXPERIENCE	MEASURE
<p>Recruited nationally representative panelists into online survey on PC and Smartphone (P16+)</p> <p>US n=2,573</p>	<p>Panelists were given initial survey, including demographic and media consumption questions</p>	<p>Consumers selected content based on interest and randomized to see control or test pre-roll ad. Test ads were comprised of 5 industry verticals and either :15 second or :06 second versions</p>	<p>Measured ad effectiveness with post-exposure survey</p>

WHAT IS LINEAR TELEVISION? A REFRESHER...

LINEAR TELEVISION INCLUDES...

Broadcast Networks



CBS

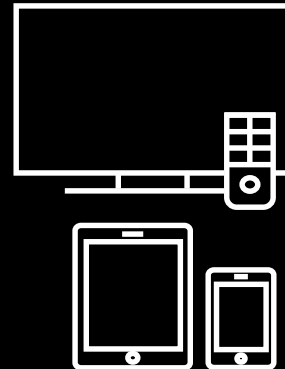
etc...

Cable/satellite



etc...

Viewed on any device



LINEAR TELEVISION DOES NOT INCLUDE...

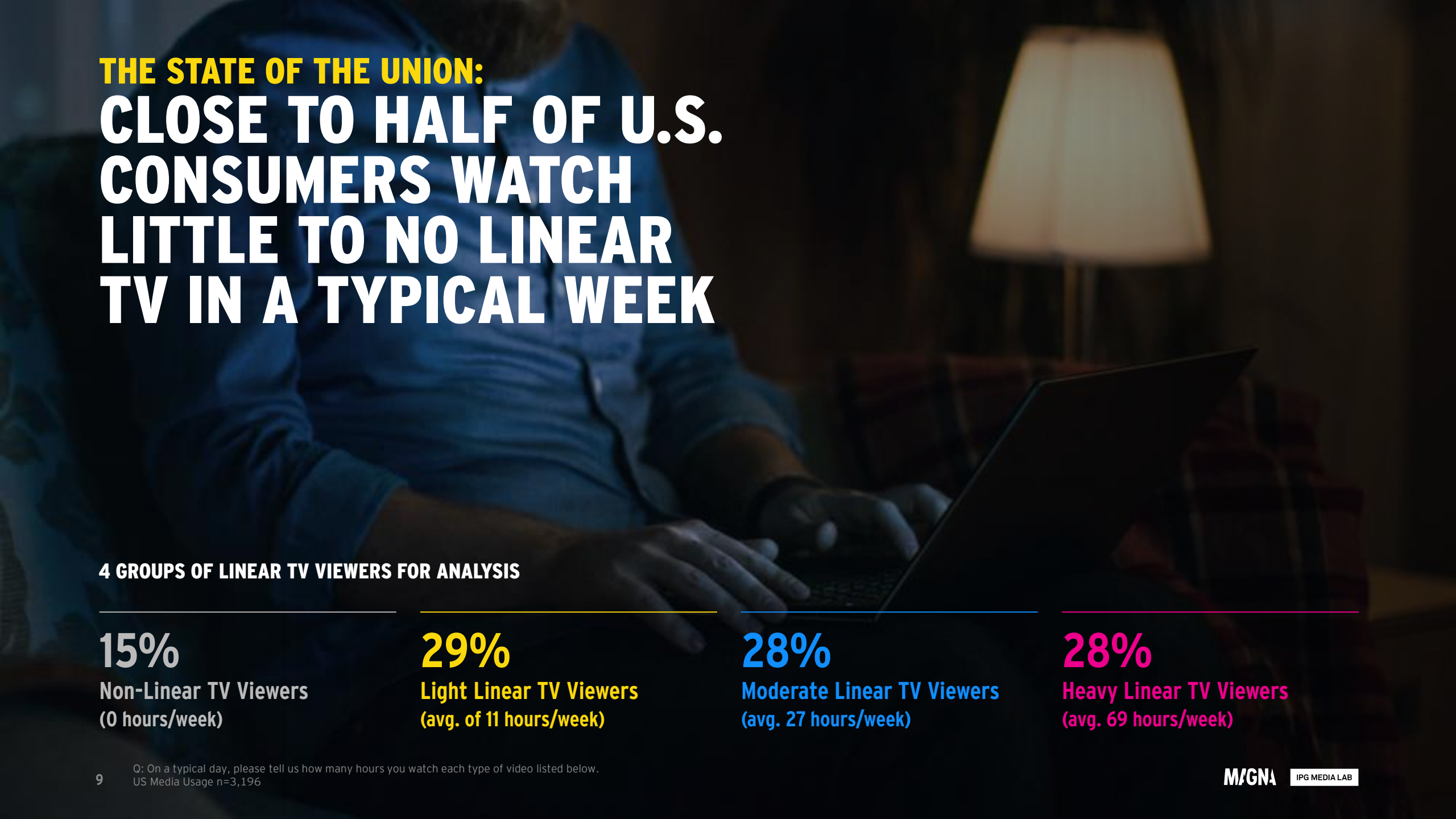
Streaming content

ROKU

NETFLIX

YouTube on  chromecast

etc...



THE STATE OF THE UNION: **CLOSE TO HALF OF U.S.** **CONSUMERS WATCH** **LITTLE TO NO LINEAR** **TV IN A TYPICAL WEEK**

4 GROUPS OF LINEAR TV VIEWERS FOR ANALYSIS

15%

Non-Linear TV Viewers
(0 hours/week)

29%

Light Linear TV Viewers
(avg. of 11 hours/week)

28%

Moderate Linear TV Viewers
(avg. 27 hours/week)

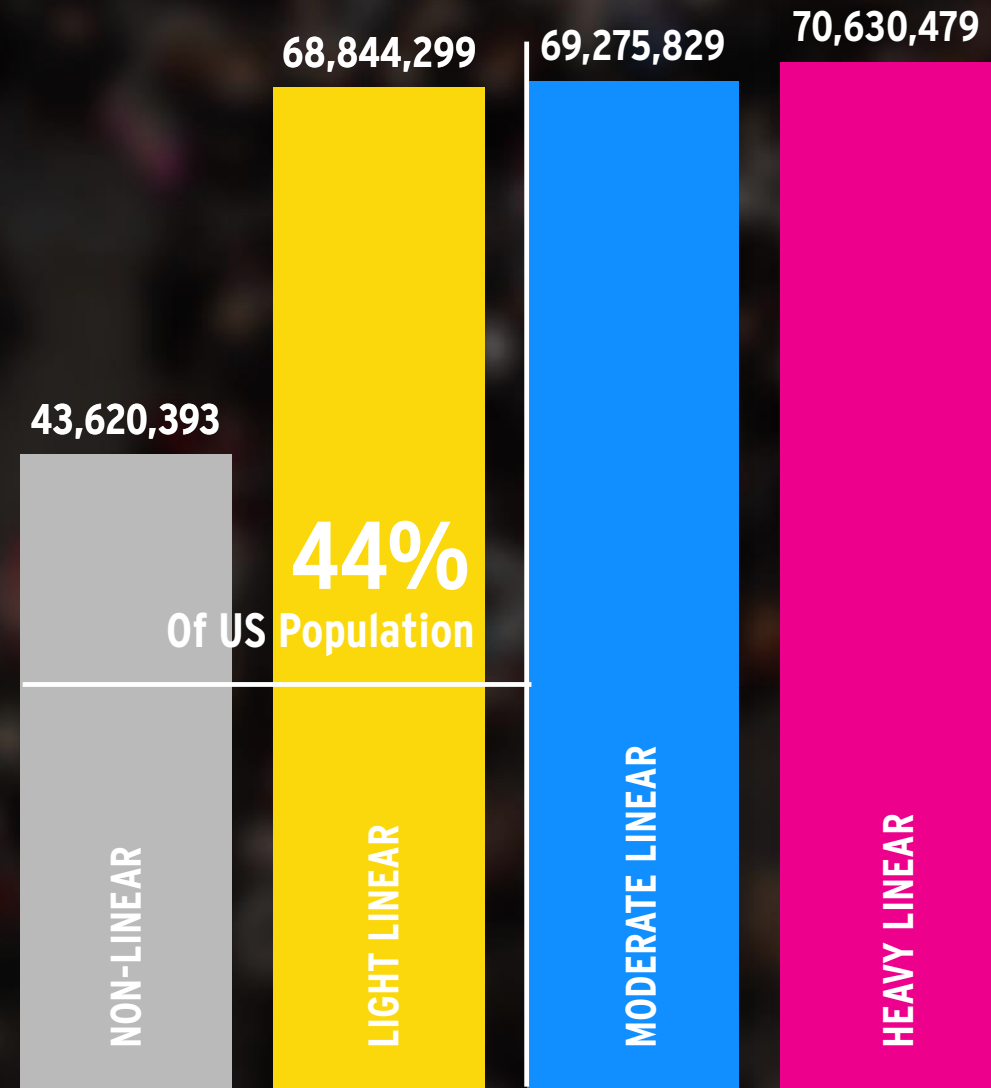
28%

Heavy Linear TV Viewers
(avg. 69 hours/week)

OUR FOCUS:

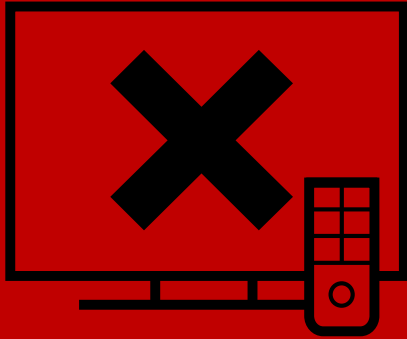
THE 44% OF U.S. CONSUMERS WHO ARE LIGHT OR NON-LINEAR TV VIEWERS

PROJECTION OF TV VIEWERSHIP GROUPS
TO U.S. CENSUS DATA



SOURCE: U.S. Census Bureau, Current Population Survey, Annual Social and Economic Supplement, 2014.
(Census data based on people age 15+; survey data based on people 16+)

Q: On a typical day, please tell us how many hours you watch each type of video listed below.



MYTH #1

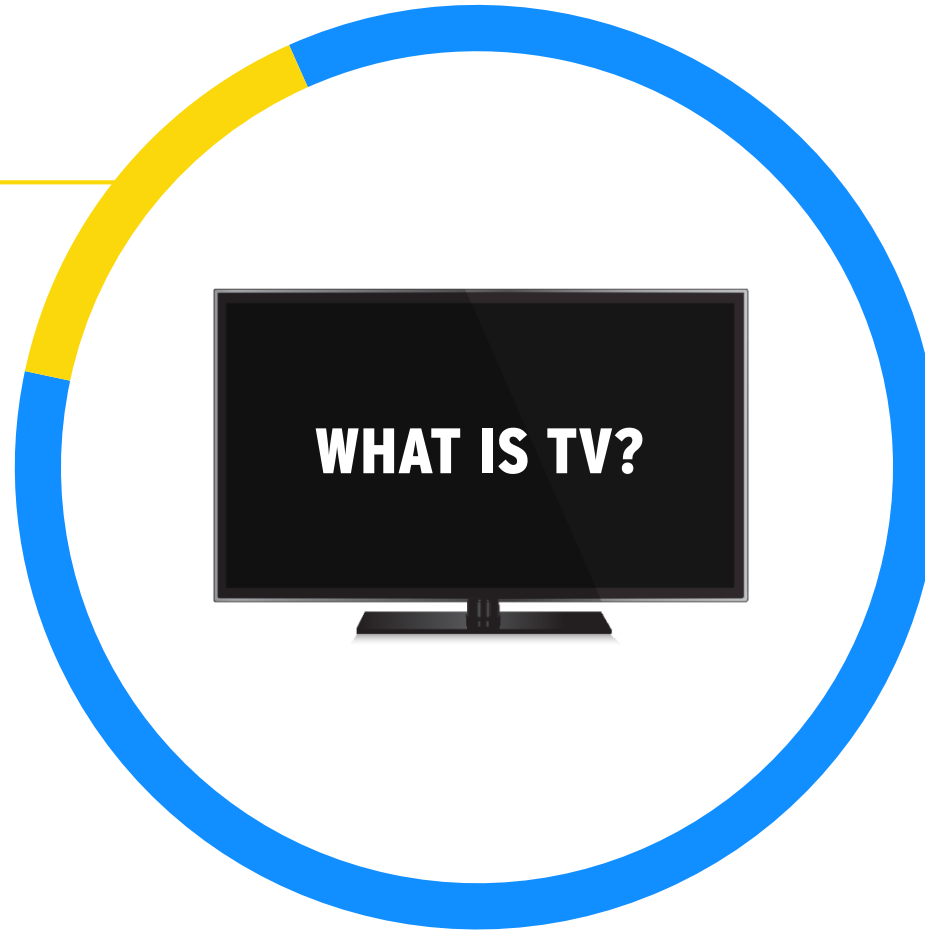
“WATCHING TELEVISION” IS BROADCAST OR CABLE ON A TELEVISION SET

TV HAS CHANGED. IT'S MORE THAN TRADITIONAL CONTENT ON A TV SCREEN.

15%

BROADCAST/CABLE
OR SATELLITE ON TV

The old-school
definition of TV
only accounts for
15% of
consumers'
perception of
watching



85%
ANY OTHER
DEFINITION

IN FACT, EVEN INCLUDING STREAMING ON A TELEVISION SET, MOST STILL DEFINE “WATCHING TV” AS SOMETHING ELSE

21%

STREAMING,
BROADCAST/CABLE,
OR SATELLITE ON TV

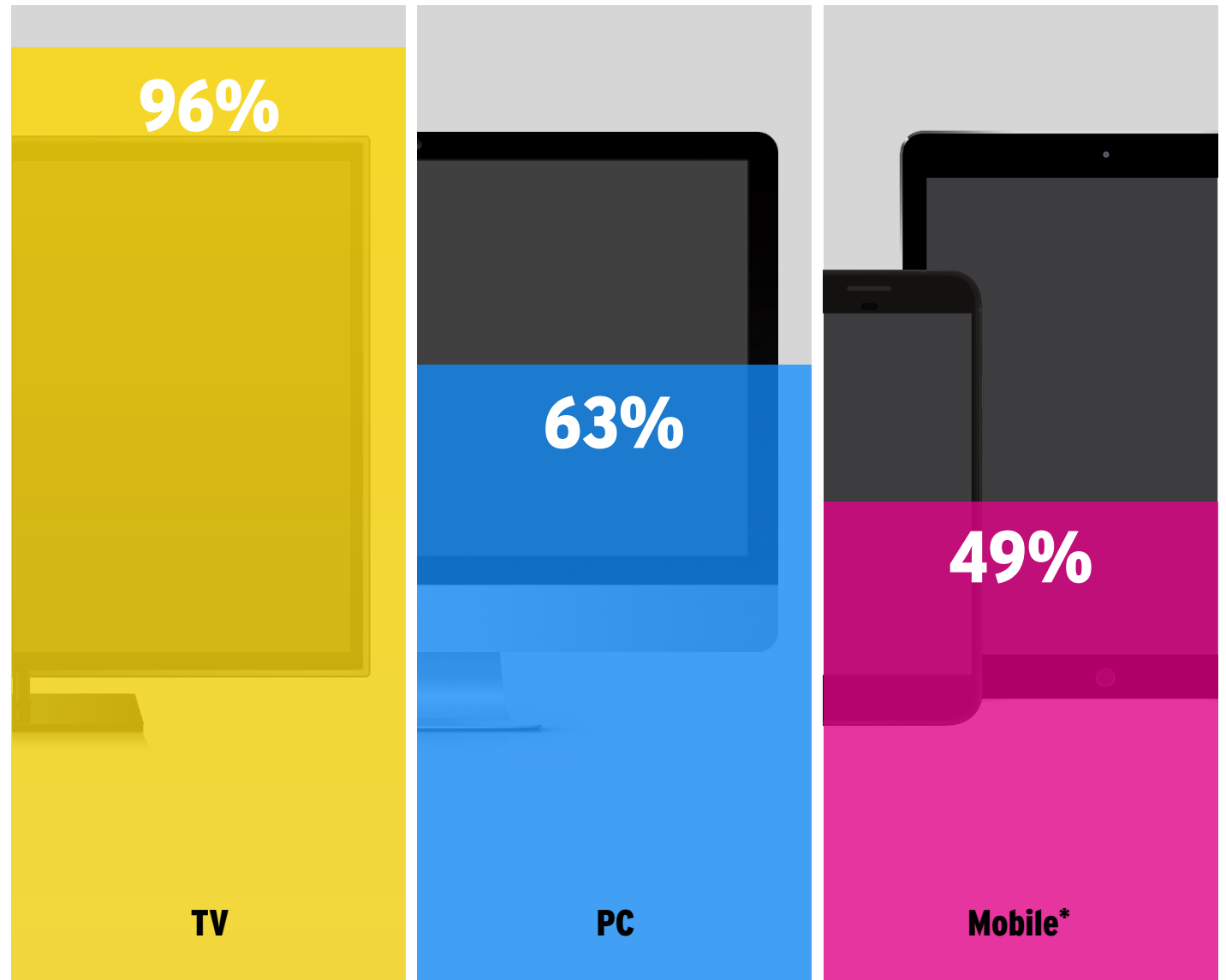
Even a more modern definition accounts for only 20% of opinions. Clearly, TV is much more than just a device.



79%
ANY OTHER
DEFINITION

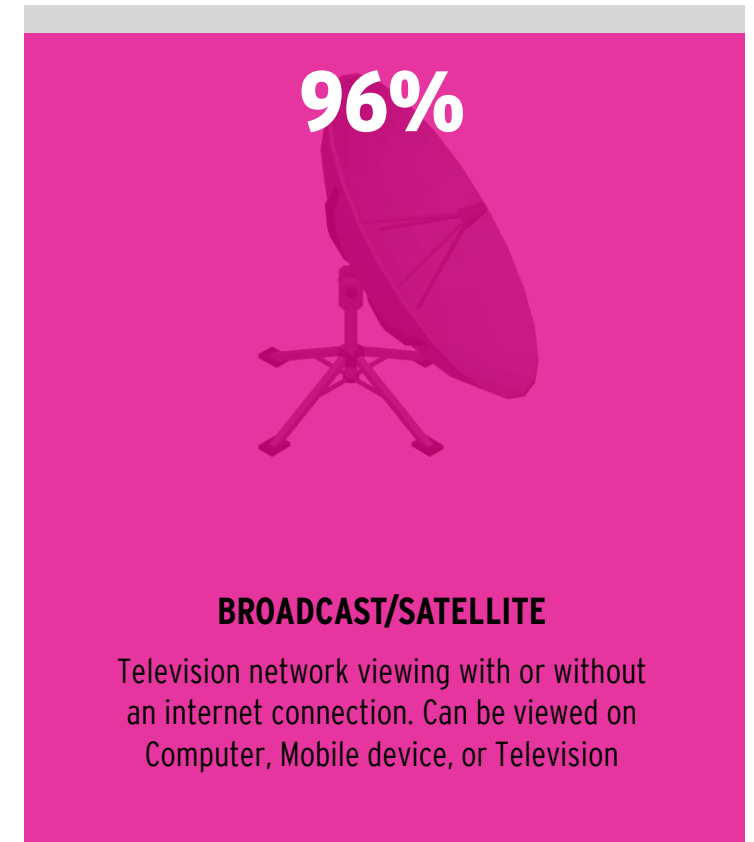
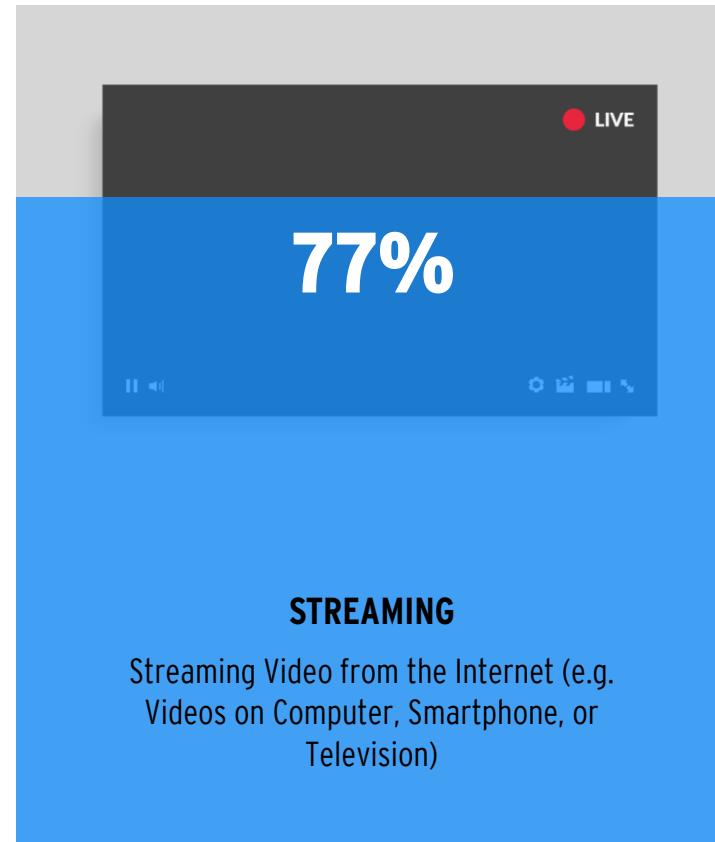
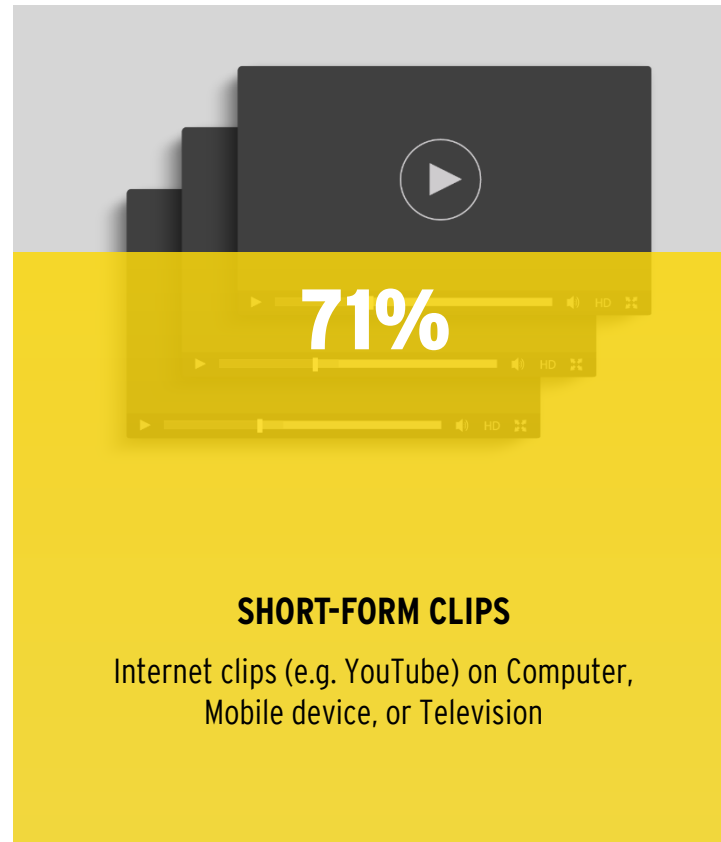
FOR MOST, “WATCHING TELEVISION” INCLUDES CONTENT ON A COMPUTER. HALF INCLUDE MOBILE

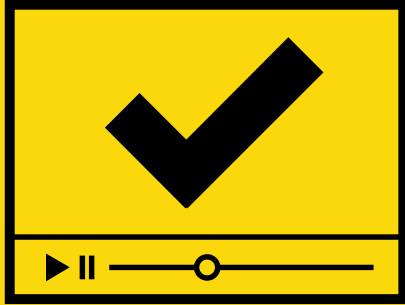
WHAT IS TV?
(ANY VIDEO FORMAT)



“WATCHING TELEVISION” EVEN INCLUDES SHORT-FORM VIDEO

WHAT IS TV? (ANY DEVICE)





TRUTH #1
**“TELEVISION” IS NO
LONGER A DEVICE.
IT’S VIDEO CONTENT.**



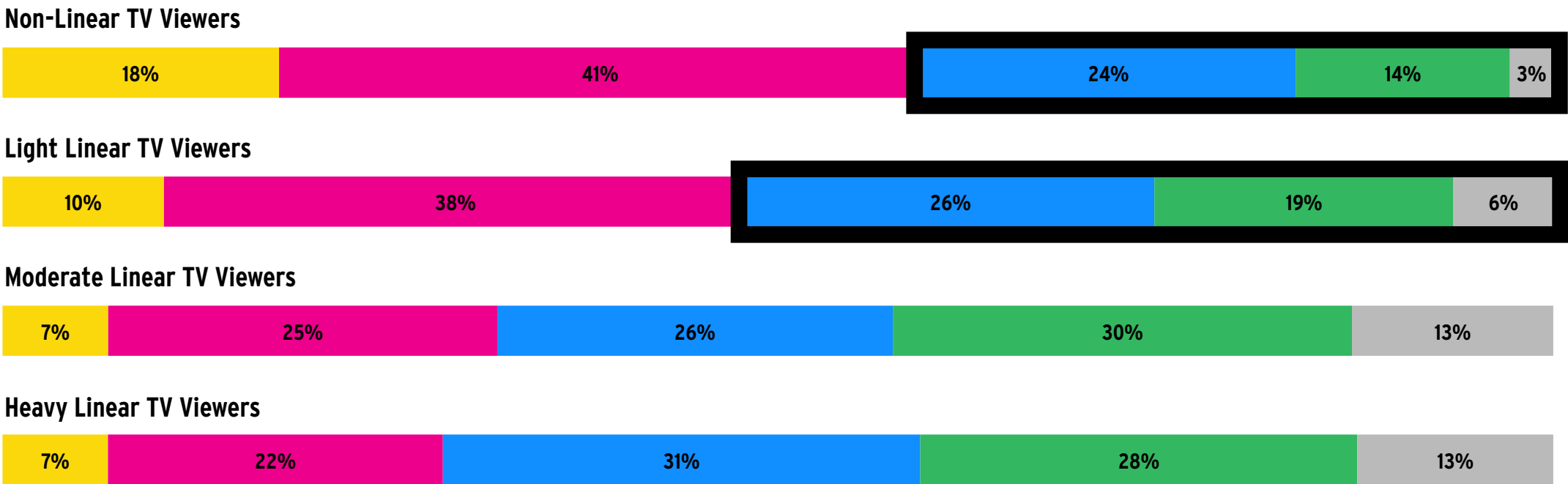
MYTH #2

**THOSE SHIFTING AWAY
FROM LINEAR TV ARE
MOSTLY THE YOUNG -
WITHOUT PURCHASING
POWER**

HALF OF LIGHT LINEAR TV VIEWERS AND 40% OF NON-LTV VIEWERS ARE GEN X OR OLDER

GENERATIONS OF TV VIEWERS

Gen Z (16-21) Millennials (22-37) Gen X (38-53) Boomers (54-72) Silent (73+)



LIGHT TV VIEWERS HAVE THE HIGHEST PROPORTION OF THE MOST AFFLUENT

INCOME OF TV VIEWERS

■ Less than \$25,000 ■ \$25,000 to \$49,999 ■ \$50,000 to \$99,999 ■ \$100,000 or More

Non-Linear TV Viewers



Light Linear TV Viewers



Moderate Linear TV Viewers

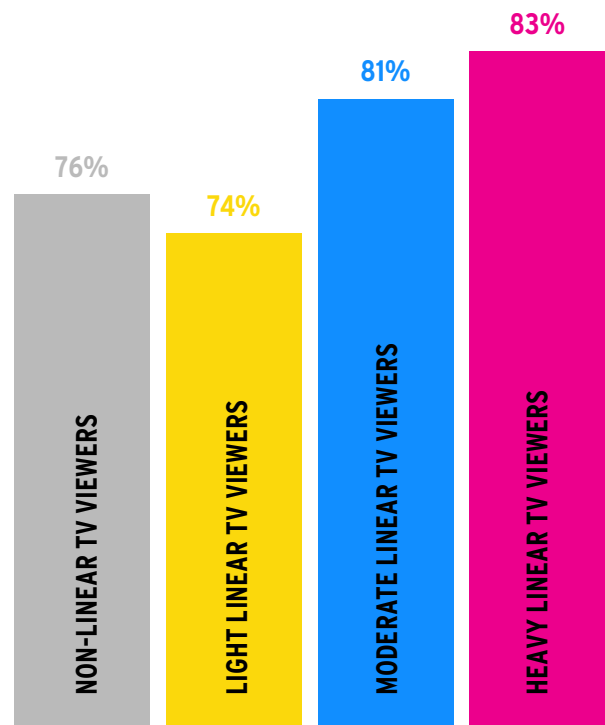


Heavy Linear TV Viewers

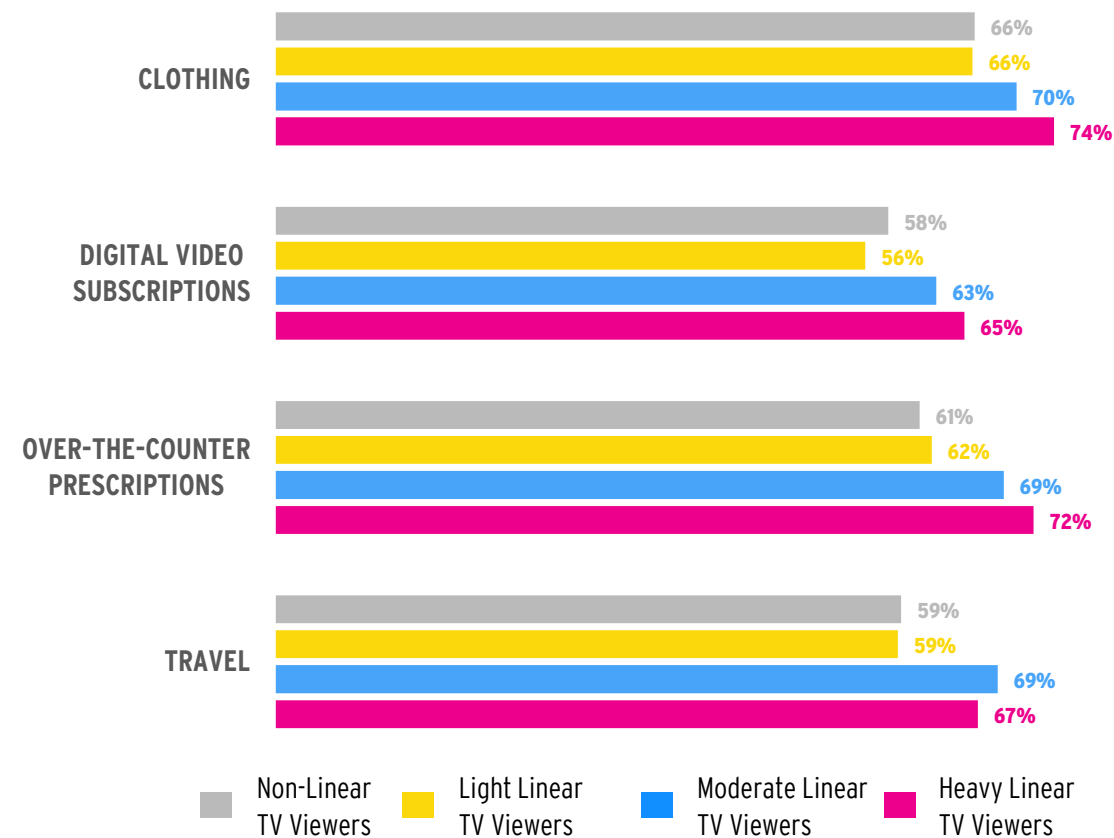


MOST LIGHT & NON-LINEAR TV VIEWERS ARE DECISION MAKERS FOR THE HOME

HOUSEHOLD GROCERY SHOPPING
% WHO DO AT LEAST HALF THE GROCERY SHOPPING FOR HOUSEHOLD



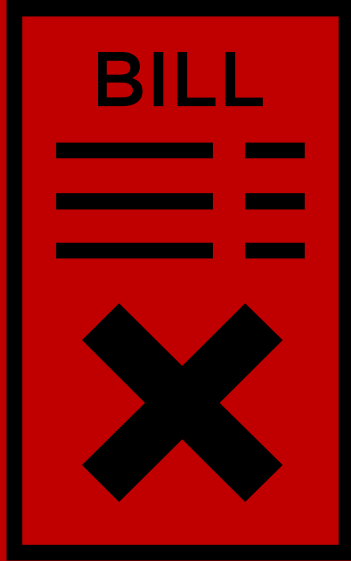
HOUSEHOLD DECISION MAKER BY PRODUCT TYPE
% WHO ARE PRIMARY OR SHARED DECISION-MAKER FOR HOUSEHOLD





TRUTH #2

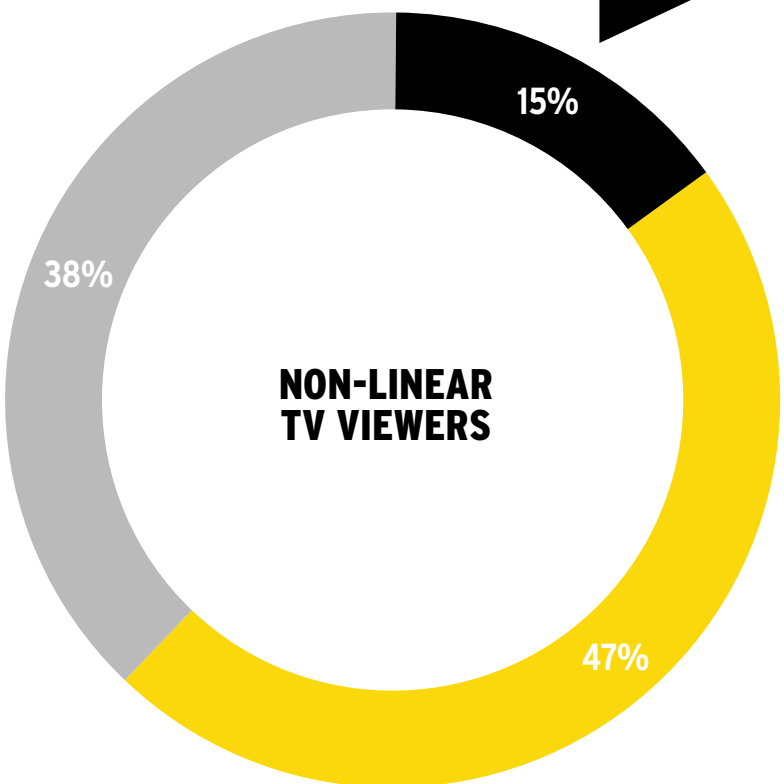
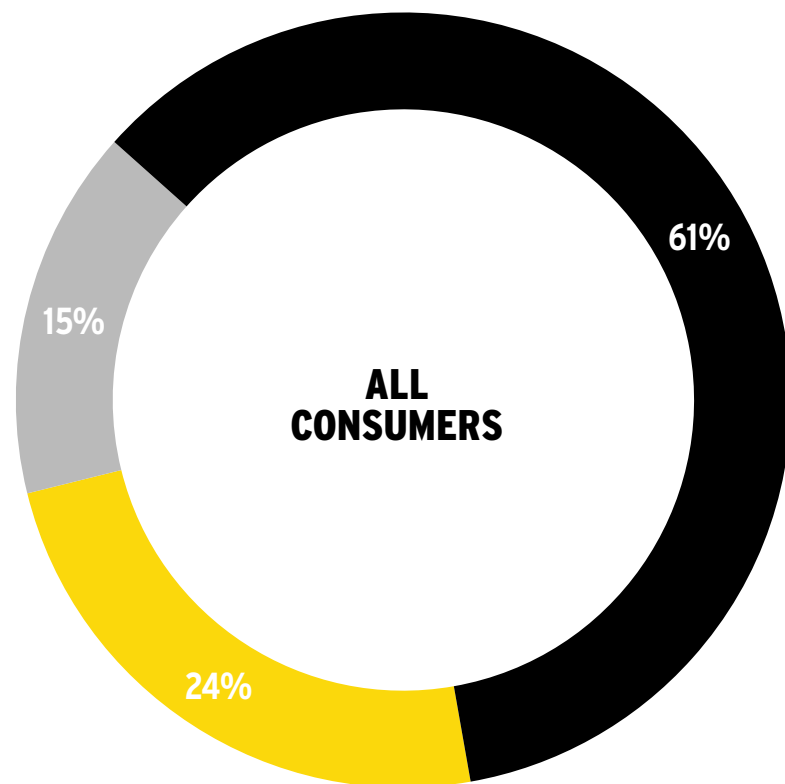
**LIGHT & NON-LINEAR
TV VIEWERS ARE
AUDIENCES MARKETERS
CAN'T IGNORE**



MYTH #3

**CONSUMERS ARE
SIMPLY OPTING OUT
OF TRADITIONAL TV
SUBSCRIPTIONS
BECAUSE IT'S
"TOO EXPENSIVE"**

MANY NEVER HAD A SUBSCRIPTION TO BEGIN WITH



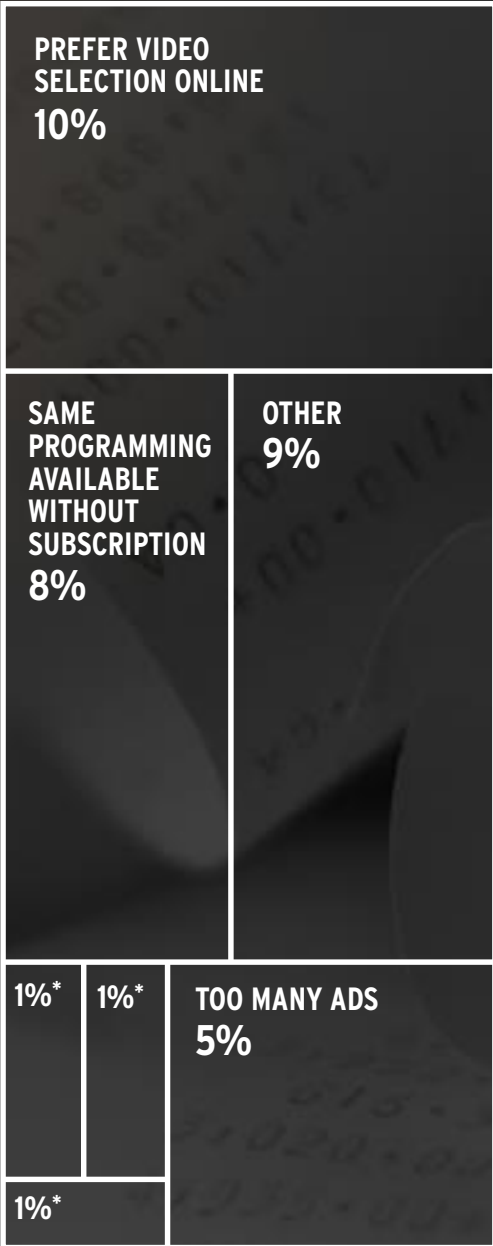
CABLE/SATELLITE SUBSCRIBER
Interestingly, 15% have cable or satellite, but simply don't watch on a weekly basis

■ Cord-Cutter ■ Cord-Never ■ Cable/Satellite Subscriber

WHILE MOTIVATION OF “CORD OPT-OUTS” APPEARS TO COME DOWN TO COST...

PRIMARY REASON FOR NO
CABLE/SATELLITE SUBSCRIPTION
(NON-LINEAR TV VIEWERS)

* DIFFICULT TO SUBSCRIBE
* UNAVAILABLE IN AREA
* NOT OFFERED IN BUNDLE



EXPENSIVE
65%

“Don't need it to watch the shows I want”

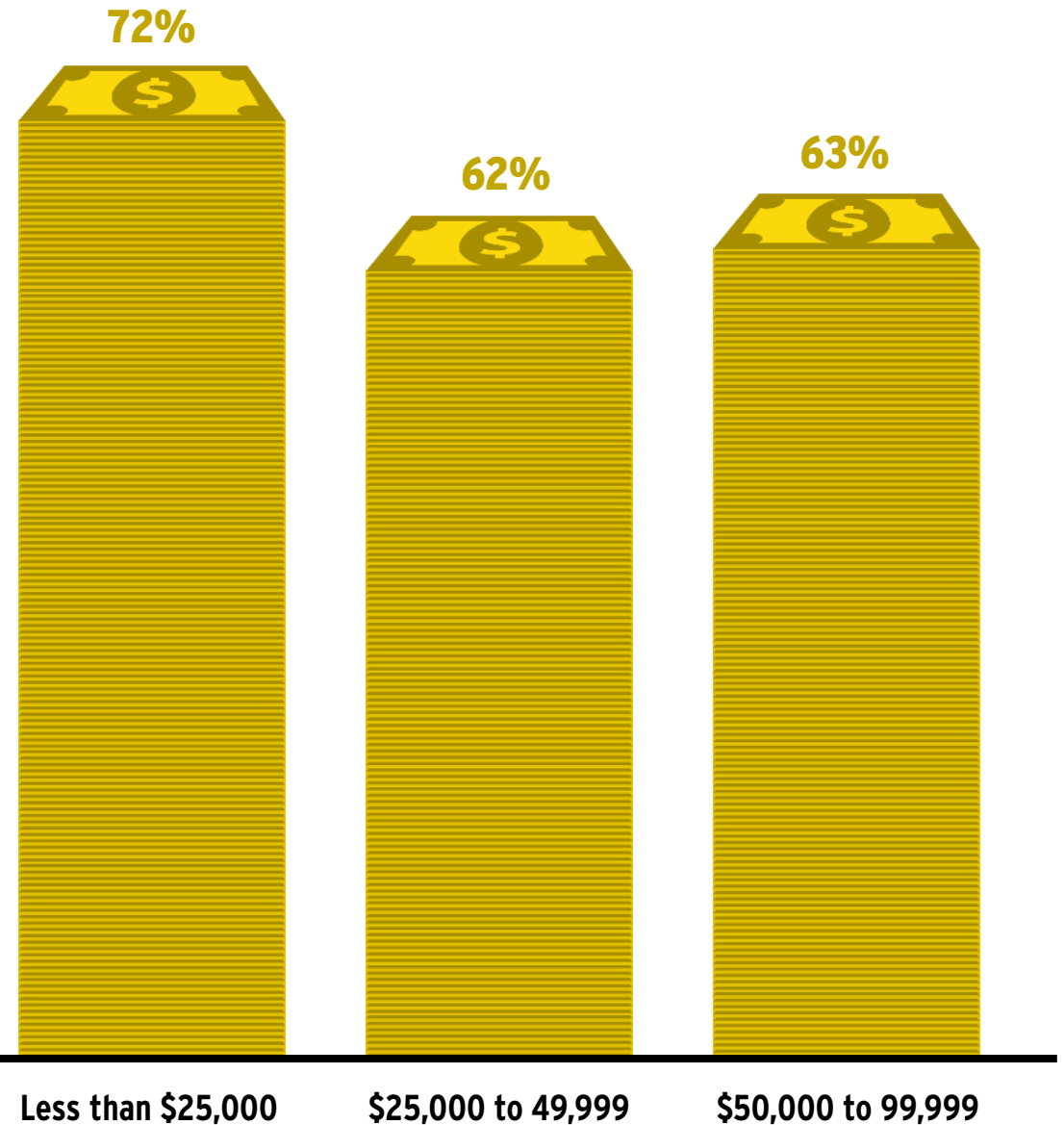
“American television is a vast, intellectual wasteland. Nothing worth wasting my money on.”

“I don't want to support the company offering cable TV as they are not customer friendly or competitive.”

“Thousands of channels and nothing to watch for a price.”

...MAJORITY OF AFFLUENT CONSUMERS CLAIM COST AS AN ISSUE, INDICATING POOR VALUE EXCHANGE

**% WHO SAY COST IS GREATEST REASON
FOR NO CABLE/SATELLITE SUBSCRIPTION
(NON-LINEAR TV VIEWERS)**



NETFLIX IS SATISFYING WHERE CABLE/SATELLITE IS NOT – GOOD VALUE

PRIMARY REASON FOR NETFLIX SUBSCRIPTION

GOOD PRICE
39%

"It has shows I can't get elsewhere"

"It had the programs I wanted to watch and others didn't"

PREFER VIDEO SELECTION
21%

NO ADS
11%

EASY TO SUBSCRIBE
7%

CAN GET LTV PROGRAMMING
6%

EVERYONE HAS IT
5%

NOT MY DECISION
6%

OTHER
4%

YOUTUBE'S CONSTANTLY EVOLVING CONTENT IS BIGGEST DRAW FOR ALL VIEWERS

REASONS FOR WATCHING YOUTUBE FOR
ALL USERS (BOTH FREE/SUBSCRIPTION
YOUTUBE SERVICES)

"It has the programs I wanted to
watch and others didn't"

"There are people on
YouTube that I like that
are not on television"

"Love certain people on
there and watching
their videos."

THERE'S ALWAYS
SOMETHING NEW
52%

LARGEST VARIETY
OF CONTENT
50%

IS THE "GO TO" PLACE
FOR WATCHING VIDEO
44%

KNOW I'LL FIND THE
VIDEO I'M LOOKING FOR
50%

NEWEST CONTENT
25%

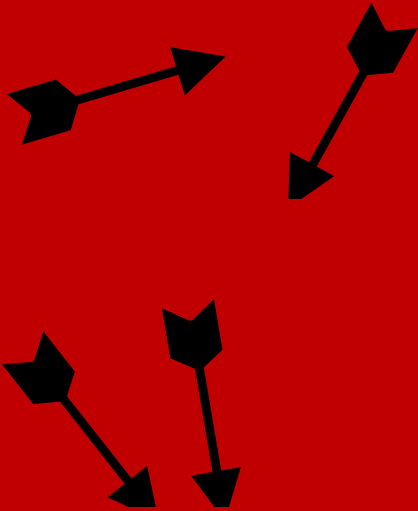
HIGHEST QUALITY
CONTENT
18%

IT'S WHERE
ALL OF MY FRIENDS/
FAMILY GO
13%



TRUTH #3

**PERCEIVED VALUE
EXCHANGE IS THE MOST
LIKELY CULPRIT OF THE
EROSION OF CABLE &
SATELLITE**



MYTH #4

**IT CAN BE DIFFICULT
FOR MARKETERS TO
REACH THOSE WHO
WATCH LITTLE TO NO
LINEAR TV**

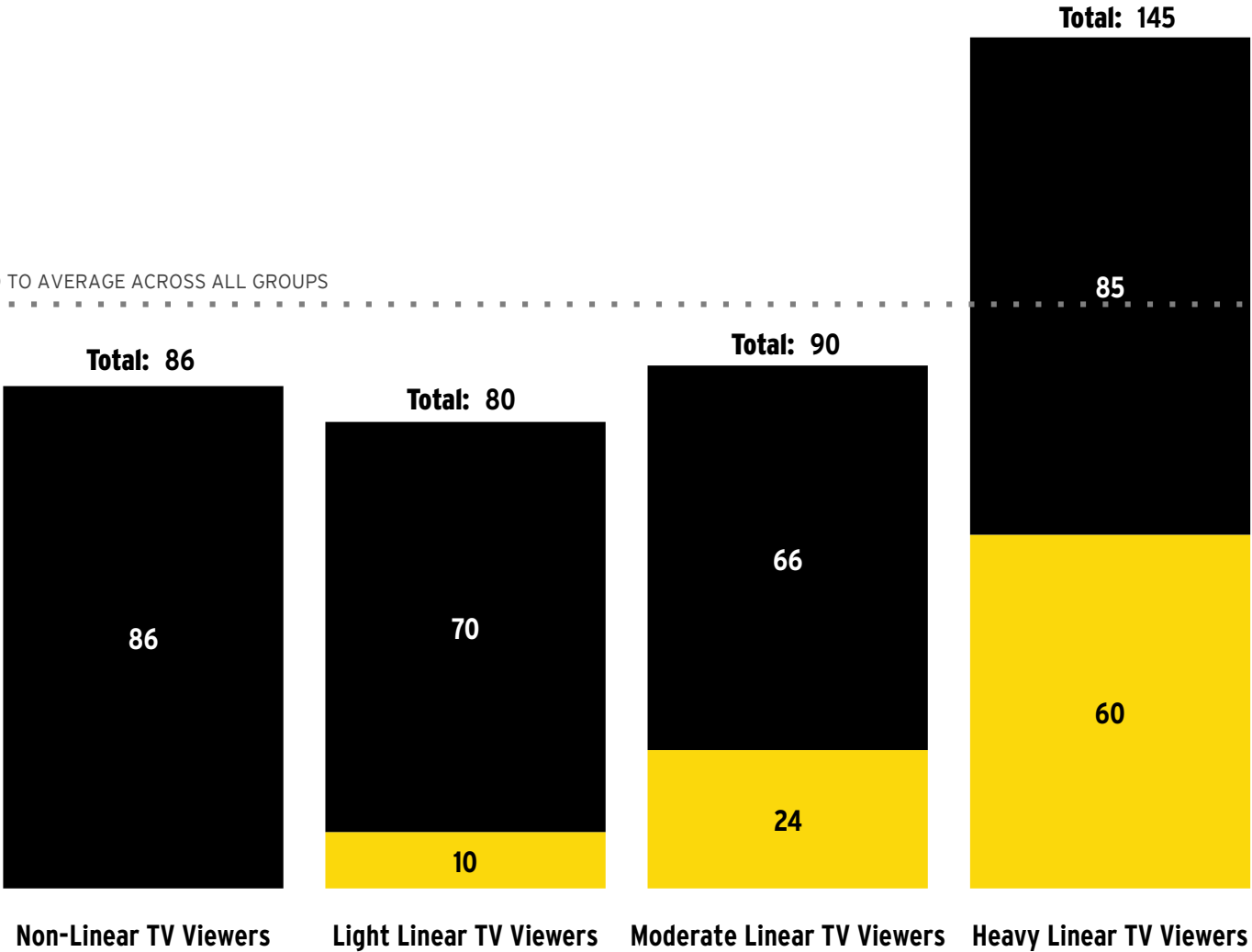
MOST PEOPLE CONSUME SIMILAR LEVELS OF MEDIA, EVEN IF IT DOESN'T INCLUDE LINEAR TV

CUMULATIVE MEDIAN WEEKLY HOURS SPENT WITH MEDIA, INDEXED

Linear TV Other Media

CUMULATIVE HOURS
Cumulative hours means multiple media may be consumed at one time

INDEXED TO AVERAGE ACROSS ALL GROUPS

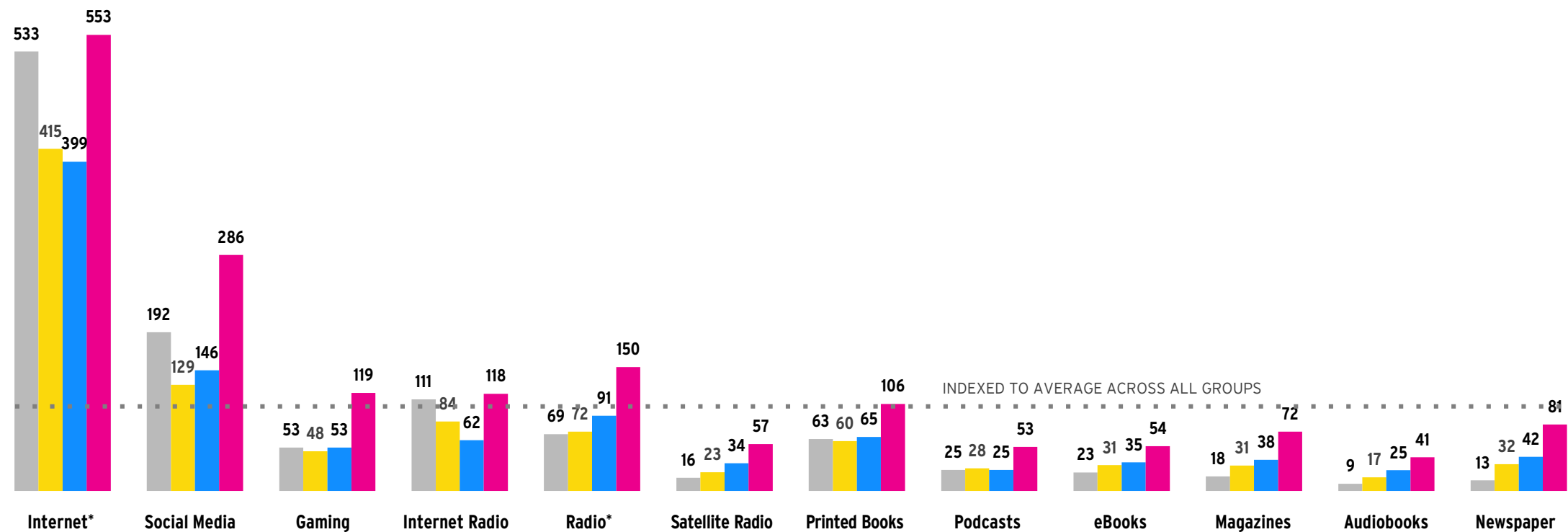


Other media includes audio (e.g. radio, podcasts), video, print (e.g. eBooks, newspapers, books), games (console, etc.).
Q: Please tell us how many hours you spend on a typical day:
US Media Usage n=3,196

INSTEAD OF HOURS IN FRONT OF THE TELEVISION, IT'S HOURS SPENT IN FRONT OF THE COMPUTER—OR PHONE

AVERAGE WEEKLY HOURS SPENT WITH EACH MEDIUM, INDEXED

Non-Linear TV Viewers Light Linear TV Viewers Moderate Linear TV Viewers Heavy Linear TV Viewers



31 **"Internet" is defined as "spending time online on any activity with any device and for any purpose", "Radio" is defined as terrestrial radio
Q: Please tell us how many hours you spend on a typical day:
US Media Usage n=3,196

THOSE WHO DON'T WATCH LINEAR TV WATCH JUST AS MUCH VIDEO. IT'S JUST DIGITAL.

MEDIAN WEEKLY HOURS SPENT WITH DIGITAL VIDEO, INDEXED



Non-Linear TV Viewers
152*



Light Linear TV Viewers
80*



Moderate Linear TV Viewers
60*



Heavy Linear TV Viewers
108*

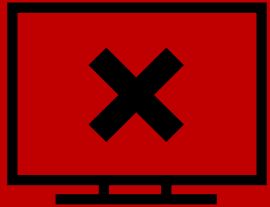
INDEXED TO
MEDIA ACROSS
ALL GROUPS

Digital video is defined as video content streamed from the internet, e.g. Netflix, YouTube or connected/Smart TV
Q: Please tell us how many hours you spend on a typical day:
US Media Usage n=3,196
*Indexed to average across all groups



TRUTH #4

**THERE'S NO
SUCH THING AS A
NON-VIDEO VIEWER**

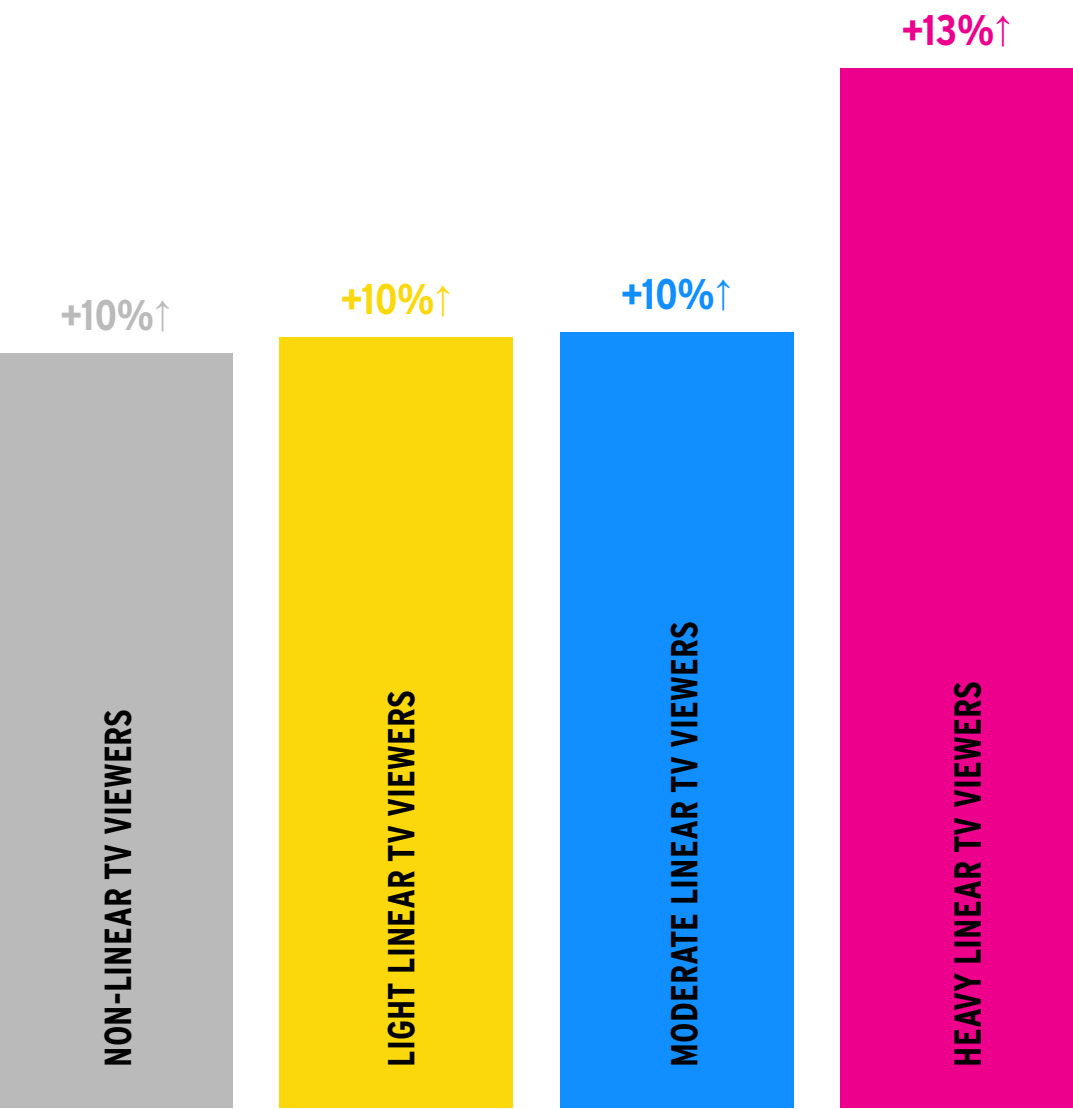


MYTH #5

**DIGITAL VIDEO IS
MORE EFFECTIVE
AMONG THOSE WHO
DON'T WATCH MUCH TV**

IT'S CLEAR THAT DIGITAL VIDEO IS PERSUASIVE FOR ALL TYPES OF VIEWERS

IMPACT OF DIGITAL VIDEO ON PURCHASE INTENT
DELTA: TEST-CONTROL



35 ↑↓ - Significant difference between test and control at >=90% confidence
Q: The next time you are looking to purchase [product] how likely are you to consider the following brands?
US Ad Effectiveness n=5,146 (Non n=1032, Light n=1330, Moderate n=1026, Heavy n=1758)

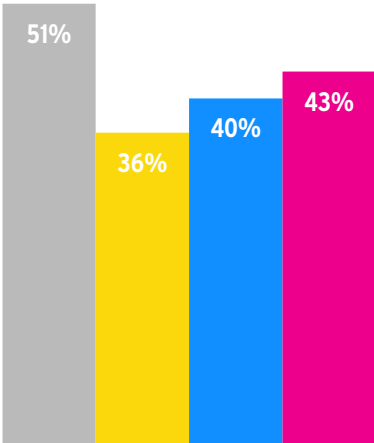
HOWEVER, THOSE WHO DON'T WATCH TV HAVE AD PREFERENCES MARKETERS SHOULD BE AWARE OF

PREFERRED AD ATTRIBUTES (% WHO RANKED ATTRIBUTE AS ONE OF TOP FIVE MOST IMPORTANT)

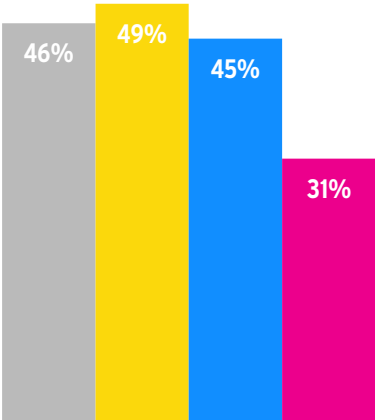
Non-Linear TV Viewers Light Linear TV Viewers Moderate Linear TV Viewers Heavy Linear TV Viewers

TELL ME A STORY
Non-linear TV viewers value short ads, but are also the most likely to want a story, creating a challenge for marketers

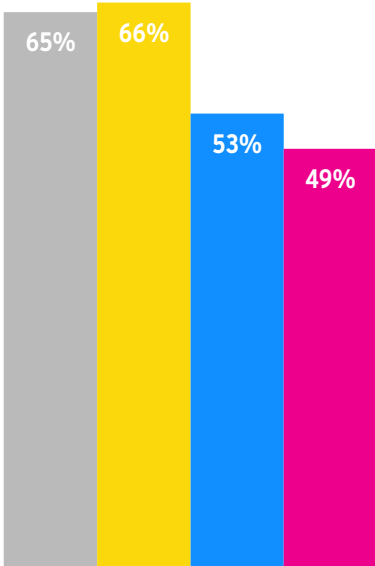
SHORTENED ADS
Light and non-linear TV viewers value short video ads the most



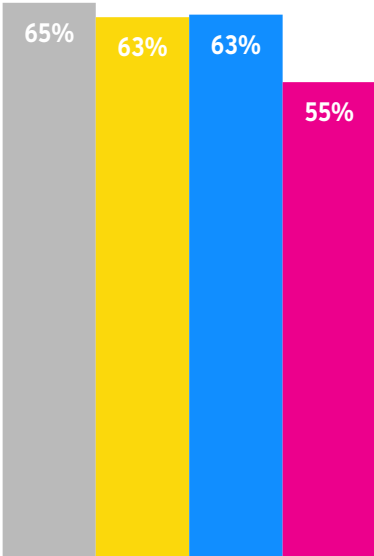
Ad Has A Good Story



Ad Does Not Interfere With Experience



Ad Is Short

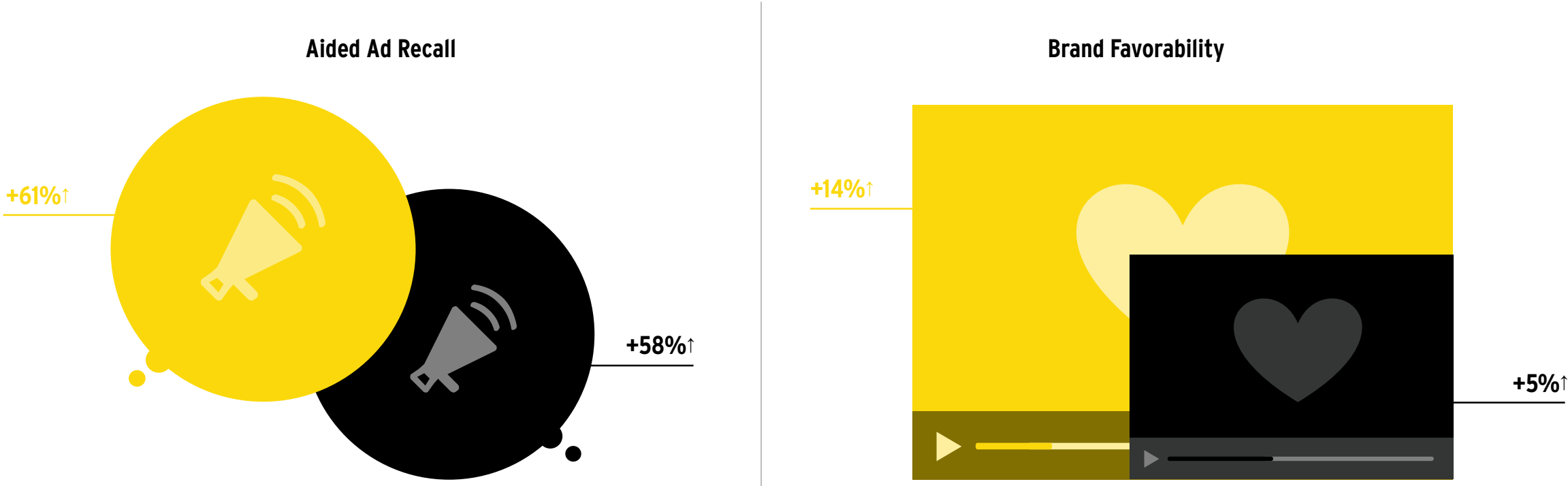


Ad Is Entertaining

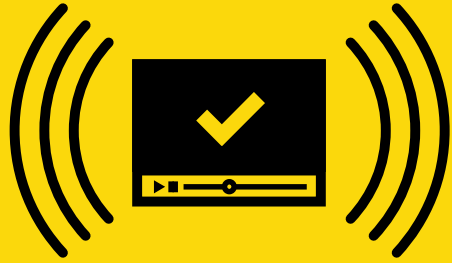
NON-LINEAR TV VIEWERS LIKE SHORT ADS AND THEY ARE EFFECTIVE

IMPACT OF AD LENGTH FOR NON-LINEAR TV VIEWERS - DELTA (TEST CONTROL)

■ 6 Sec Ad ■ 15 Sec Ad



37 ↑↓ - Significant difference between test and control at >=90% confidence
Q: Which of the following, if any, do you recall being mentioned or shown during your video experience? How would you describe your overall opinion of each of the following brands?
US Ad Effectiveness n=2,573 6 sec (Non n=268, Light n=321, Moderate n=265, Heavy n=433), 15 sec (Non n=246, Light n=344, Moderate n=246, Heavy n=451)



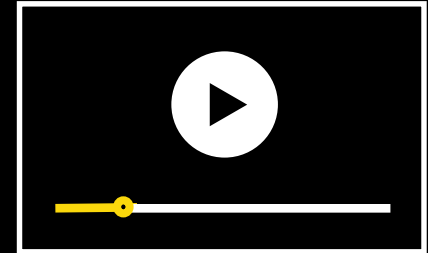
TRUTH #5

DIGITAL VIDEO RESONATES WITH ALL TYPES OF CONSUMERS

IN SUMMARY

01 TV HAS CHANGED

The consumer view on what television is has drastically changed because the way they are watching has changed -- lots of video, streamed, and device agnostic.



02 AN AUDIENCE MARKETERS CAN'T IGNORE

Digital video offers a better value for the \$\$, attracting consumers of all ages and pocket-book sizes to shift away from linear TV. This makes those who watch little to no linear TV a key audience for any marketer.



03 HOW TO SPEAK TO OPT-OUTS

The so-called "unreachable" can be reached through digital video. We know they are still watching video - it's just streamed.

While digital video can be effective for all TV segments, those opting out of linear TV have unique ad preferences, such as shorter ads. Advertisers should be sensitive to these preferences and continue to learn about motivations behind media usage shifts as they continue.



A woman and a man are sitting on a light blue couch in a dimly lit room. The woman, with curly hair, is holding a black remote control and both are laughing. A desk lamp is visible in the background.

THANK YOU

MAGNA

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