



PROGRAMMATIC AND THE CORD

REACHING CORD CUTTERS, CORD TRIMMERS,
AND CORD NEVERS WITH PROGRAMMATIC



WHAT YOU'RE GOING TO LEARN:

- ✓ Who cord cutters are, and how they are different from linear TV viewers with a cable subscription.
- ✓ How viewing and browsing habits differ between traditional TV viewers and the digitally-inclined.
- ✓ How to identify and target cord-cutters and cord trimmers.
- ✓ How news consumption varies between different TV audiences.
- ✓ How viewers watched the 2019 Democratic Primary debates, and what to know about people who watched one, two, or all three of the debates so far.
- ✓ Strategies for building political campaigns that reach consumers across multiple platforms.

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THE CHANGING TV LANDSCAPE

The TV landscape is changing. Live content once thought to be the last bulwark against the digital shift has now made the jump to digital, and consumers are turning to OTT and digital video services en masse. The proliferation of connected TVs in U.S. households has further accelerated this process, making it easier than ever for consumers to cut the cord and move from linear cable TV to subscription-based and ad-supported apps that allow them to watch when and how they please. **In July, eMarketer estimated that 21.9 million U.S. households (17.3%) had cut the cord, and projected that percentage to increase to 31.8 million (25%) by 2022.**

Source: eMarketer Cord Cutter Forecast, July 2019 <https://forecasts-na1.emarketer.com/584b26021403070290f93a70/5b61fe108ba72b0ab813c816>

July 2019



Projected 2022



But far from being a problem for advertisers, cord cutting is a boon - the explosion of connected TVs and OTT services give advertisers more data than ever and access to new inventory sources that allow them to reach cord cutters on the same screens, but with better targeting and measurement than ever before.

In this study, we'll examine the cord cutting audience, how they consume media, the methods for reaching them, and look at how political advertisers can build better campaigns for reaching them and driving donations and voting intent.



OTT

Over the Top (OTT) media services are streaming media services offered directly to viewers through an internet connection. OTT media typically refers to full-episode, long-form content (22+ minutes).

WHO ARE CORD CUTTERS?

Cord cutters tend to be Millennials (ages 23 to 40) and subscribe to an average of 3.2 streaming services, but the trend is spreading to older demographics as well. In contrast, younger members of the Gen Z demographic are more likely to be cord-nevers.

Although cord cutters tend to be heavier consumers of digital, actually identifying them has historically been a challenge: How do you tell if someone doesn't have cable if you don't have access to their account data?

IDENTIFYING CORD CUTTERS USING CONNECTED TV DATA

Using our integration with Vizio's connected TV data, MiQ built a methodology for identifying cord cutters and sizing the audience. We started by identifying 7.35 million distinct active households in the U.S. over the course of a one-month period. Among these, 1.45 million households (about 1 in 5) were identified to have an active OTT device. Of those, one fourth had completely migrated to OTT services for their content consumption. Another 3 million households

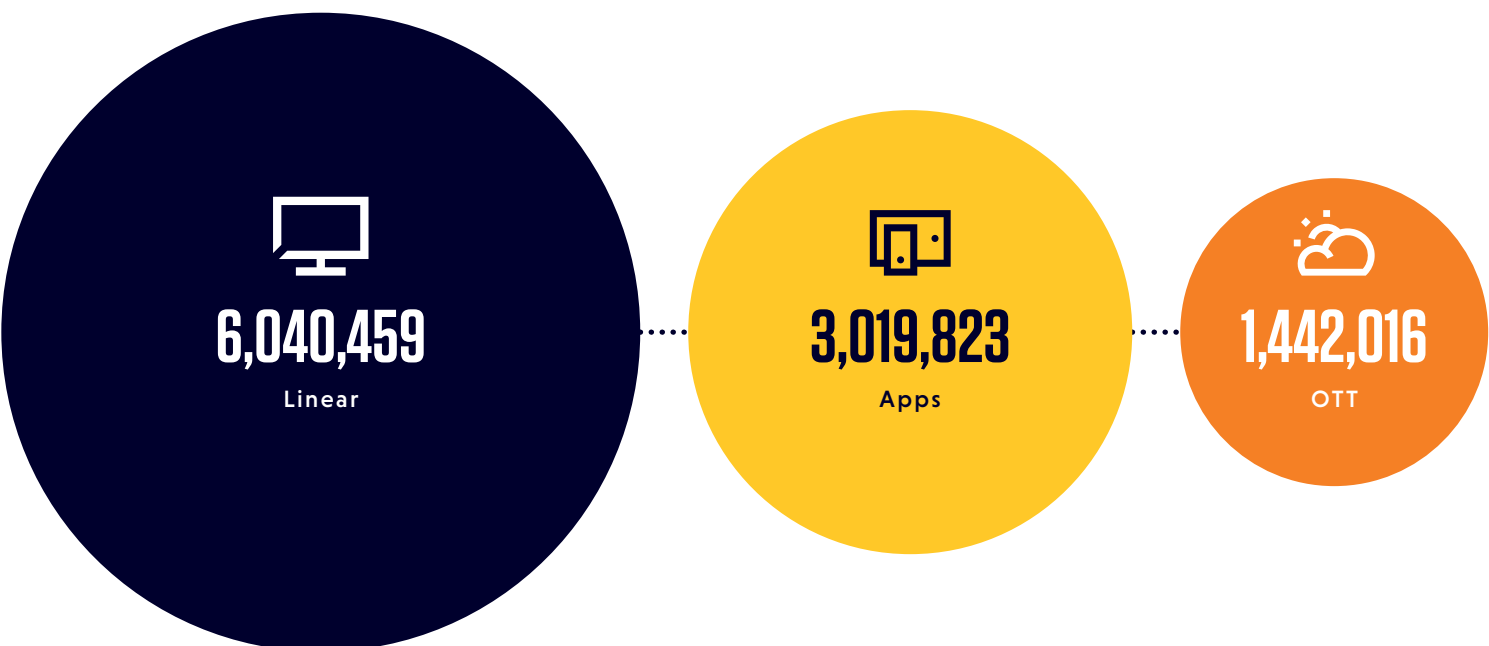
in the sample used in-built apps for content consumption, with a similarly-sized audience relying solely on them for content.

This sample of consumers - more than 362 thousand households - is more than enough to start developing insights off of. The next step is identifying viewing habits. Not just among full cord cutters, but also OTT viewers in the sample. By looking at time spent, we can see that the top 10 percent of the TV

audience is responsible for nearly half of all TV viewing across the U.S. in a given month. This further underlines the frequency problem inherent to linear TV campaigns: In a typical campaign, 20 percent of your audience will likely see more than half of the impressions in your TV buy, while nearly half may not see more than a single impression.

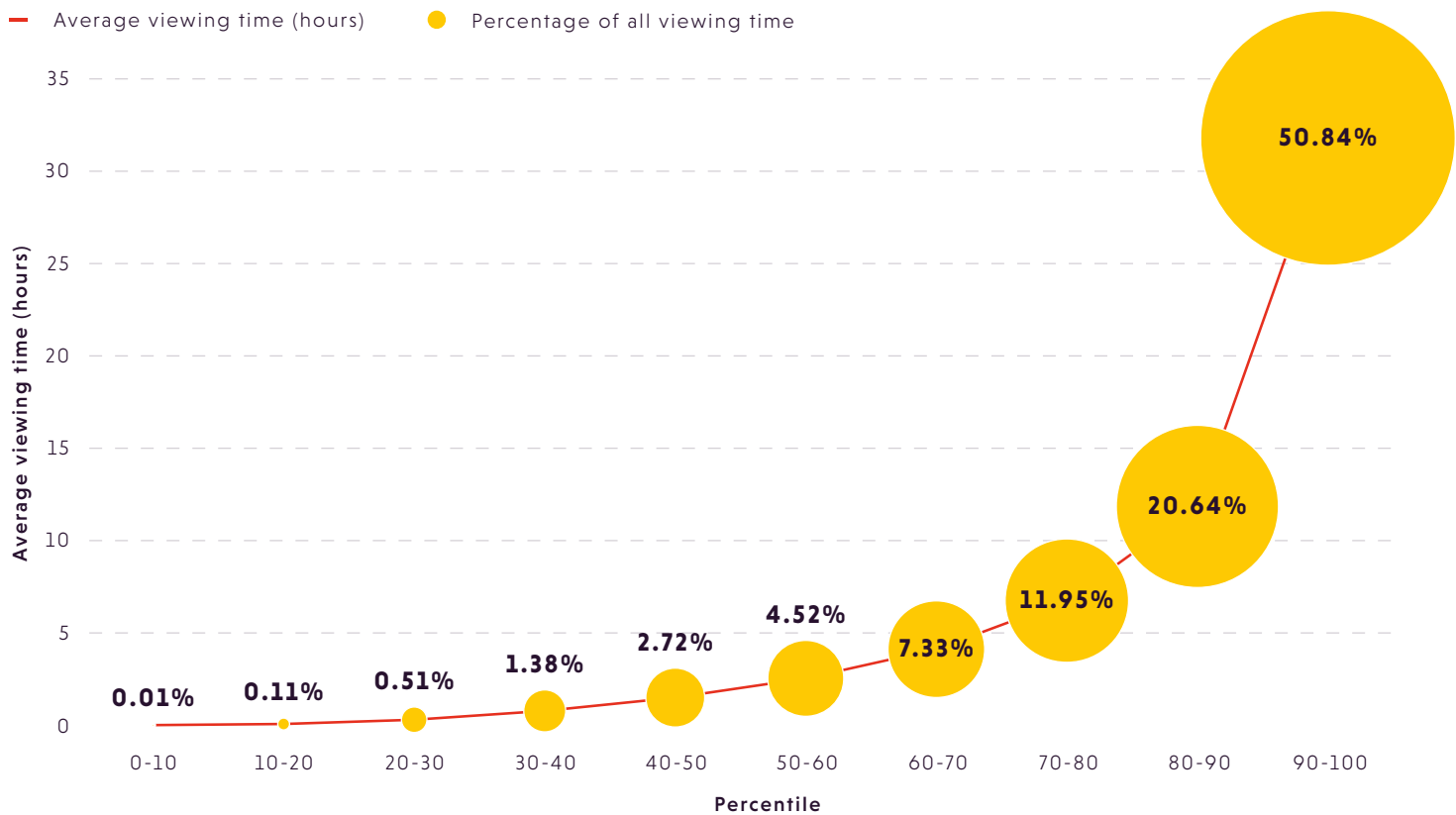
THE CONTENT CONSUMPTION

Vizio data,
26th August - 15th October 2019





TOTAL TV CONTENT CONSUMPTION BY PERCENTILE

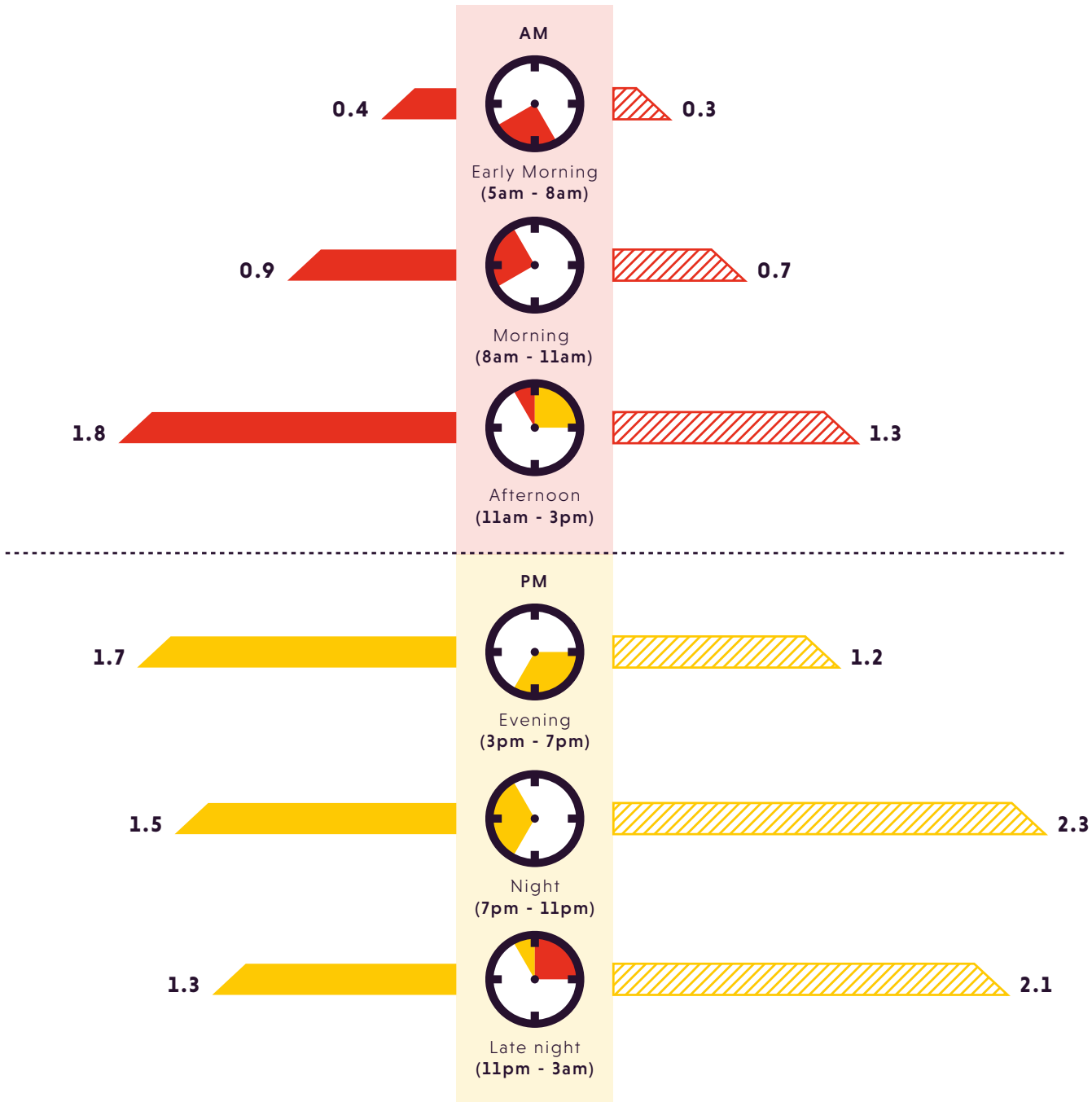


In households with both linear and OTT viewing, time spent on linear TV content tends to be higher - as much as 5x - than the time spent on OTT programming, though on a per-session basis, households tended to spend longer with OTT. That is, each time they sit down to watch OTT, they watch for longer (an average of 13 minutes compared to 8 for linear), but they log many more sessions for linear TV in an average month.

OTT CONTENT CONSUMPTION INDEX

Weekend Weekday

OTT households in our sample are more likely to be tech adopters, averaging 5+ connected devices per household compared to linear-only households. They're also 1.6x more likely to own a gaming console. In practice, this means that they generate many more digital footprints online - nearly twice as many, in fact.

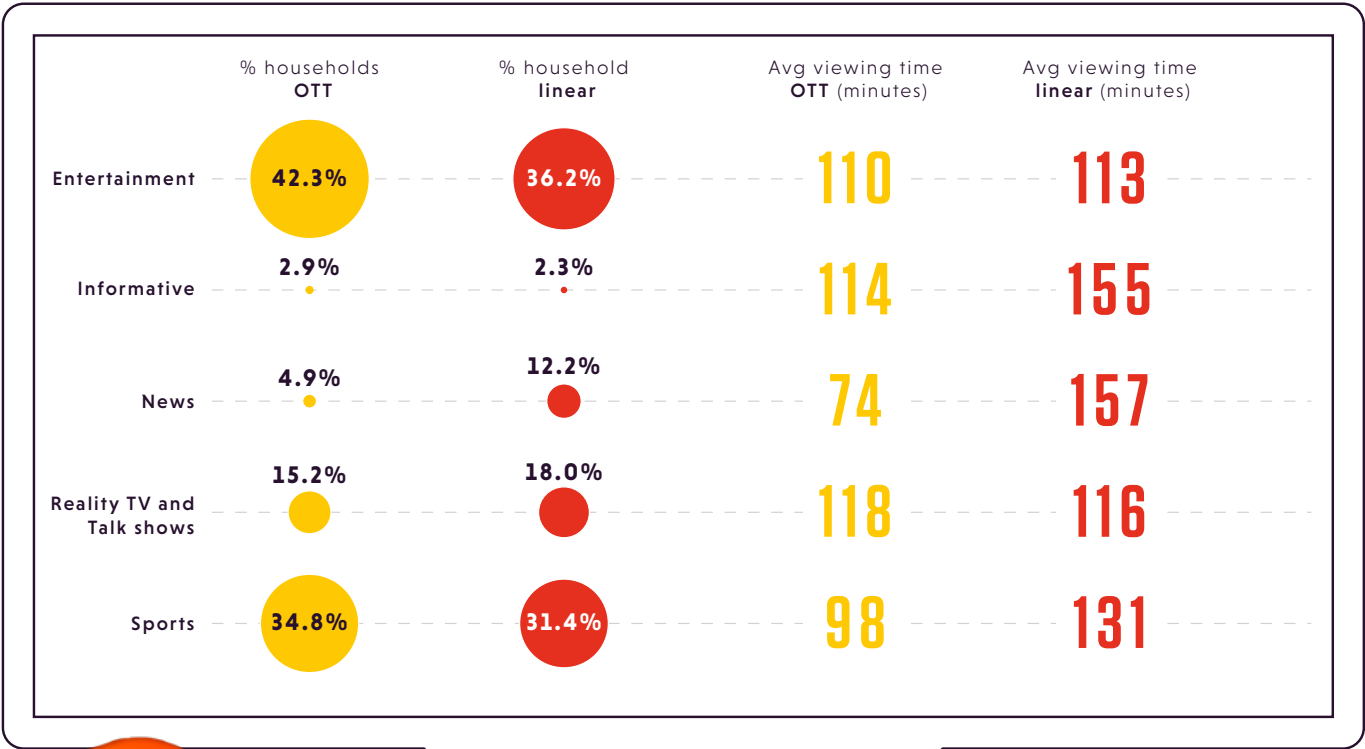


CONTENT PREFERENCES

In terms of the content they watch, cord cutter and OTT households look similar to linear TV households with two major differences: More OTT households watch sports content (but for shorter periods of time, on average), and linear TV households are significantly more likely to watch news content, and spend much more time watching it. On average, linear households spend roughly 40 to 50 hours per month

watching news programming, compared to only 10 to 13 hours for OTT-heavy households. For OTT households, news content is more likely to be consumed through apps like Newsy, the ABC and CNN apps, or even YouTube.

TYPE OF PROGRAMMING AND AVERAGE VIEWING TIMES



REACHING DIGITAL-FIRST HOUSEHOLDS

The good news for advertisers is that while it's much more difficult to reach OTT-heavy households using linear TV ad buys, they can be reached digitally and programmatically through the apps and services they use and through display media on their computers and mobile devices. In an average day, OTT-enabled households create an average of nearly twice as many (1.9x) desktop

impression opportunities than those without, and 2.7x more mobile opportunities.

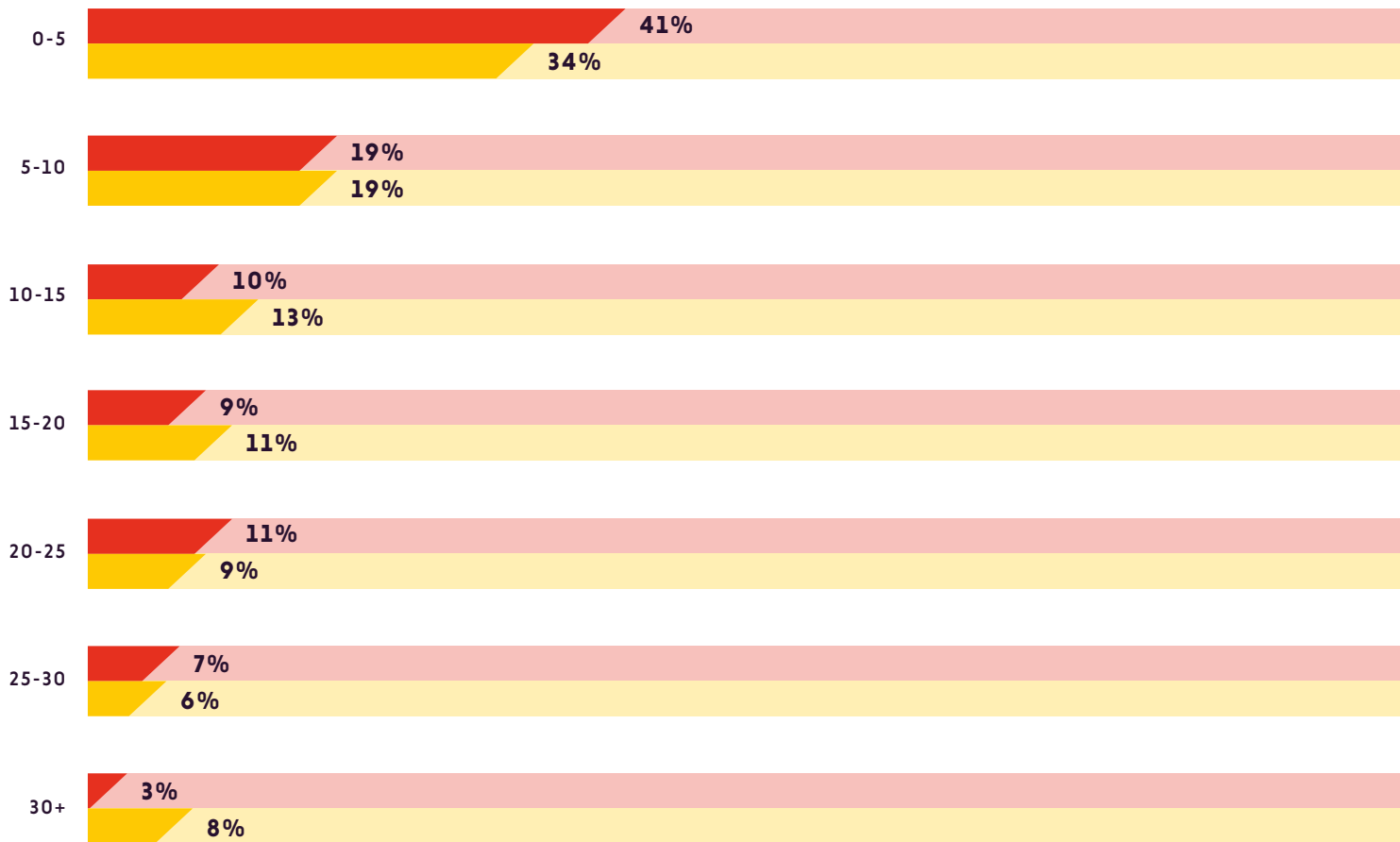
Identifying and connecting the devices in these households is key to building a strategy for reaching them effectively.

While the types of content that OTT and linear-first consumers browse online are largely the same, time spent tells a different

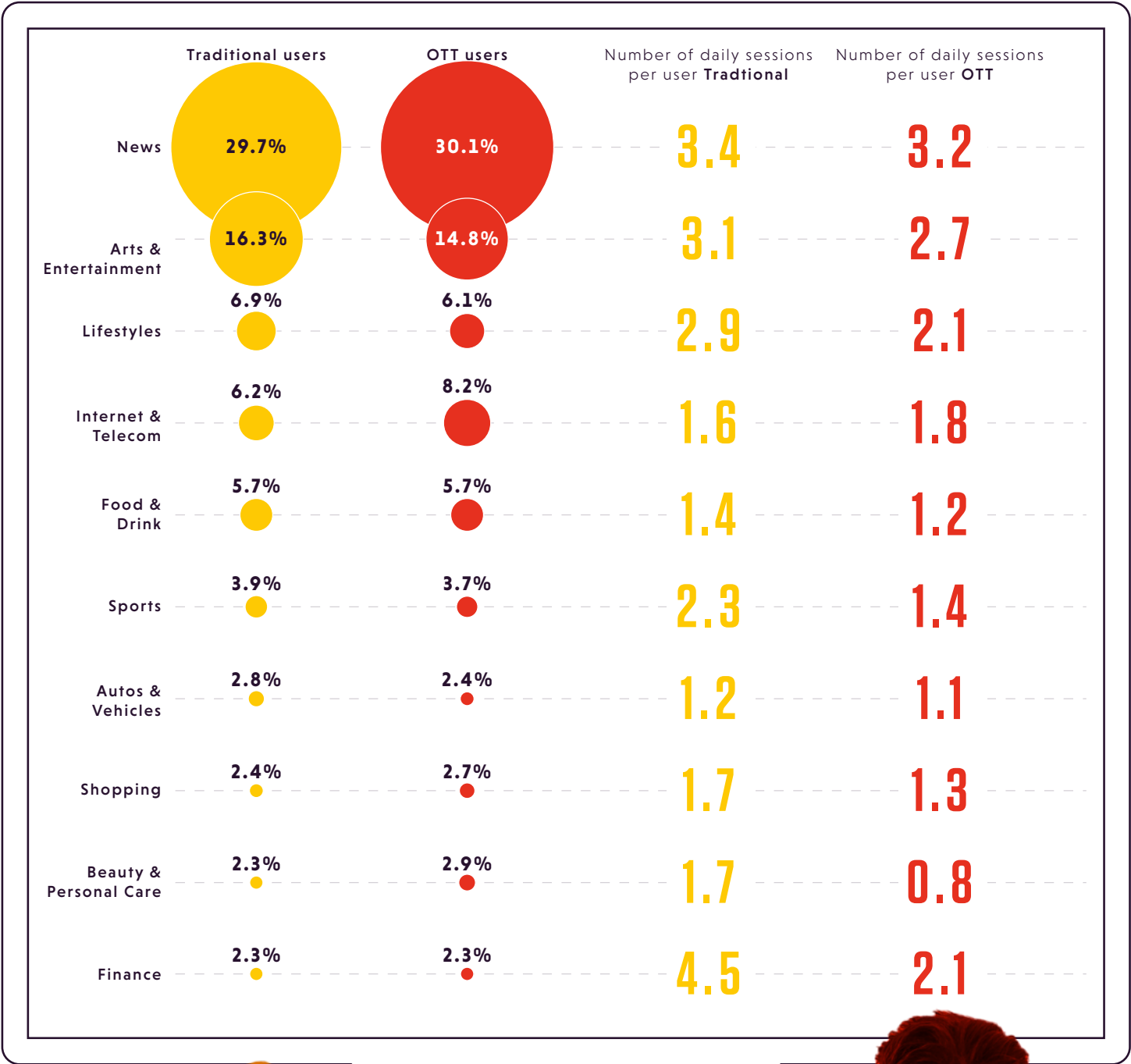
story: OTT-enabled consumers spend much more time with financial content, healthy & beauty content, and sports content online, making many more visits to their preferred sites in an average day.

IMPRESSION OPPORTUNITIES DURING A DAY

Traditional TV viewers OTT viewers



WEB CONTENT PREFERENCE



RUNNING POLITICAL CAMPAIGNS

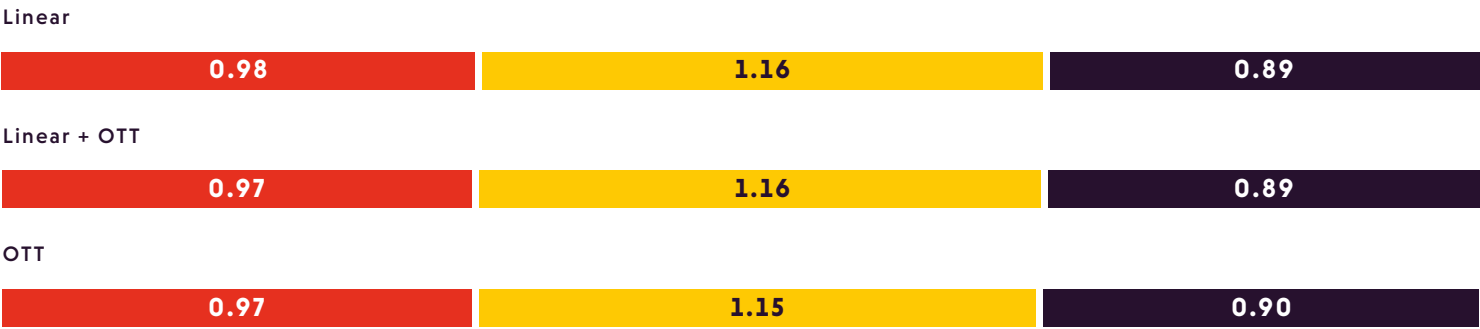
Using third-party voter registration data, we can map connected TV households to their voter file data to identify and map political affinity to TV viewing preferences. A cursory examination of this data shows... well, no real differences between viewing groups.

Linear TV viewers are equally likely to be conservative as OTT households. People in linear-only households are 1.37x more likely to vote however, which makes sense given that they skew older.

POLITICAL INCLINATION, BY HOUSEHOLD VIEWING TYPE

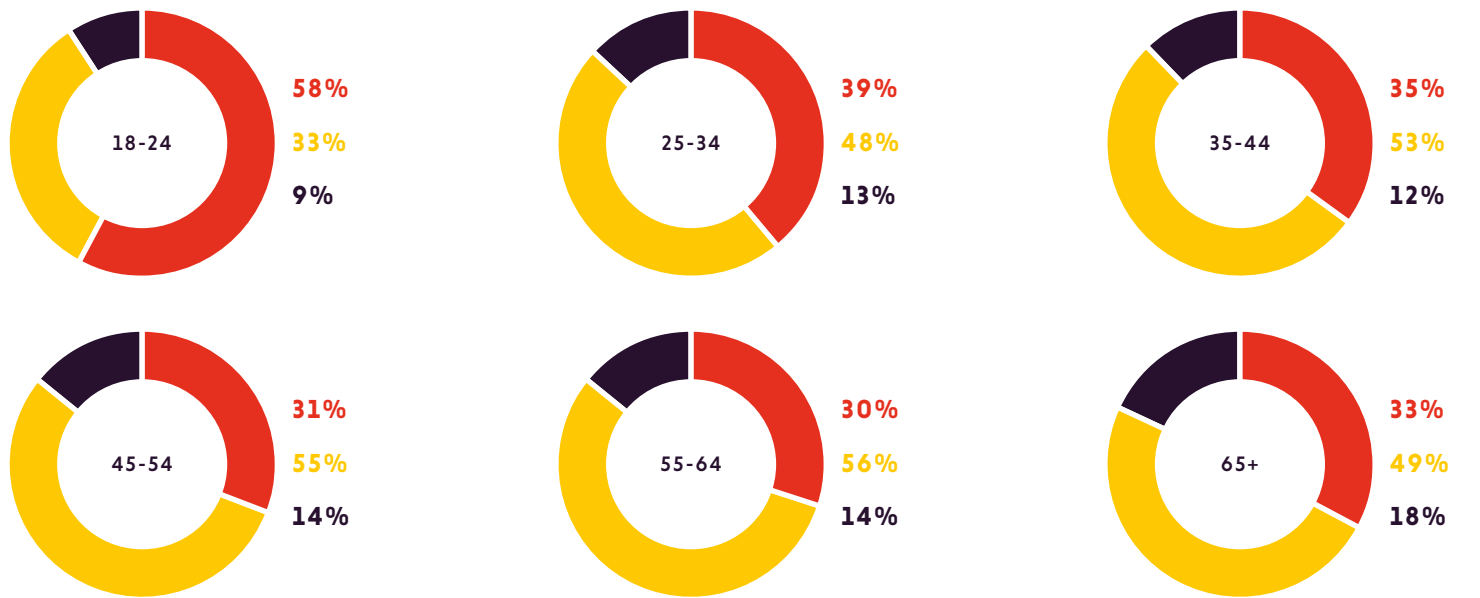
By likelihood index

Leans Conservative Moderate Leans Liberal



VIEWING HABITS BY AGE

OTT only % Linear audience % Linear + OTT



CORD CUTTERS AND THE DEMOCRATIC PRIMARY DEBATES

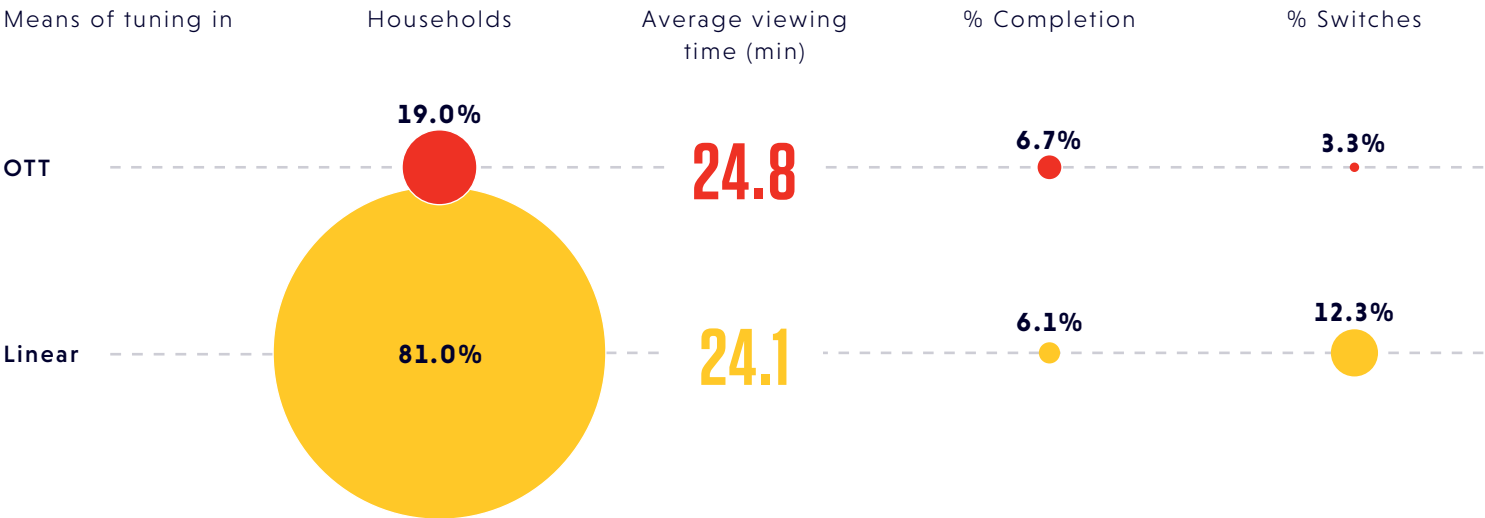
As the battle for the Democratic Presidential nomination has intensified, millions of Americans have tuned in to watch the debates and discussed and read about them online afterward. Just under one-fifth (19%) of Democratic debate viewers chose to watch one or more of the debates through streaming platforms. Of those tuning in on

OTT devices, 7% also watched post-debate analysis and highlights through apps on their connected TV, with YouTube being the most popular.

OTT viewers tuning into the debates have shown higher levels of engagement than linear TV viewers, with longer average

viewing times, fewer channel/stream switches, and a higher completion rate.

VIEWER ENGAGEMENT FOR THE DEMOCRATIC DEBATES, BY VIEWER TYPE



BUILDING BETTER POLITICAL CAMPAIGNS

As we inch closer to the 2020 elections, there are a few things we'd recommend to advertisers planning their political and advocacy campaigns:

You need a plan for reaching cord cutters and cord trimmers.

This audience is already too large to ignore, and it's projected to grow substantially over the next five years. You need to have a plan for identifying and reaching the 21.9 million American households that don't have access to linear TV.

Use Programmatic OTT as a way to reach cord cutters.

The best way to reach cord cutters is to hit them on the same screen, but through the content they're using to replace linear TV. Programmatic OTT is the perfect channel for this, offering massive reach and the ability to reach consumers on their TVs in a high-impact format with high complete rates. Partner with someone who can combine OTT and Connected TV data to identify households that have cut linear TV out of their lives so you can identify and target those voters.

Use programmatic OTT to reach the under-served and supplement TV buys.

Beyond reaching cord cutters, the inability to control frequency in traditional TV formats means that a small percentage of heavy viewers will end up seeing more than half of the ad impressions you pay for with a linear TV buy. By combining digital targeting capabilities with connected TV data, you can build campaigns that build sequentially on the messaging a voter has seen, showing them a direct response ad calling for a donation or helping register someone to vote if they've seen your ad dozens of times, or hitting them with a video ad if they haven't seen your TV ad more than once or twice.

Personalized Content.

The "one-size-fits-all" concept has become way too obsolete in an era of personalization where audiences are expecting relevant content to be catered to them. Employ personalization techniques like dynamic creative optimization to optimize the features on the ad creative that supports the campaign objectives and fits the correct messaging to the voter.

METHODOLOGY

MiQ analyzed the TV viewing behavior of over 7 million active TV households in the U.S. over a month using the glass-level data obtained from Vizio. Vizio utilizes ACR technology to identify the type of programming being viewed along with input device that is being employed. The glass-level data was then mapped to our massive digital data lake and the online footprints of over 28 million distinct users in these households were analyzed for relevant findings.

ABOUT MiQ

MiQ is an independent marketing intelligence company with the people and technology that help businesses win. It is our vision to reimagine the value of marketing by connecting data and discovering insight to drive business outcomes.

Founded by Lee Puri and Gurman Hundal in 2010, MiQ currently employs over 550 people across 15 offices located in North America, Europe and APAC. The world's leading brands and media agencies such as American Express, Avis, Lenovo, Unilever, Microsoft, GroupM, Publicis and IPG work with MiQ. In the last year, MiQ has won various awards including Fastest Growing Tech Company of the Year at the Stevie Awards, Most Effective Use of Data at The Drum's Digital Trading Awards USA, and The Sunday Times International Track 200.

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