



FUTURE OF TV ADVERTISING U.S.

THE BUSINESS OF AD-SUPPORTED STREAMING/OTT

Presented by Ben Tatta

President, Standard Media Index

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BACKGROUND

Standard Media Index (SMI) is the trusted source for global ad spend and pricing intelligence, capturing **\$90B in actual U.S. ad spend** from the world's largest media buying groups and leading independents.



Real Spend

We source invoice-level data from leading agency holding groups: representing over 90% of national brand spend.



Real Pricing

Our precise media costs and cross-screen CPM data is based on actual billings.



Real Insights

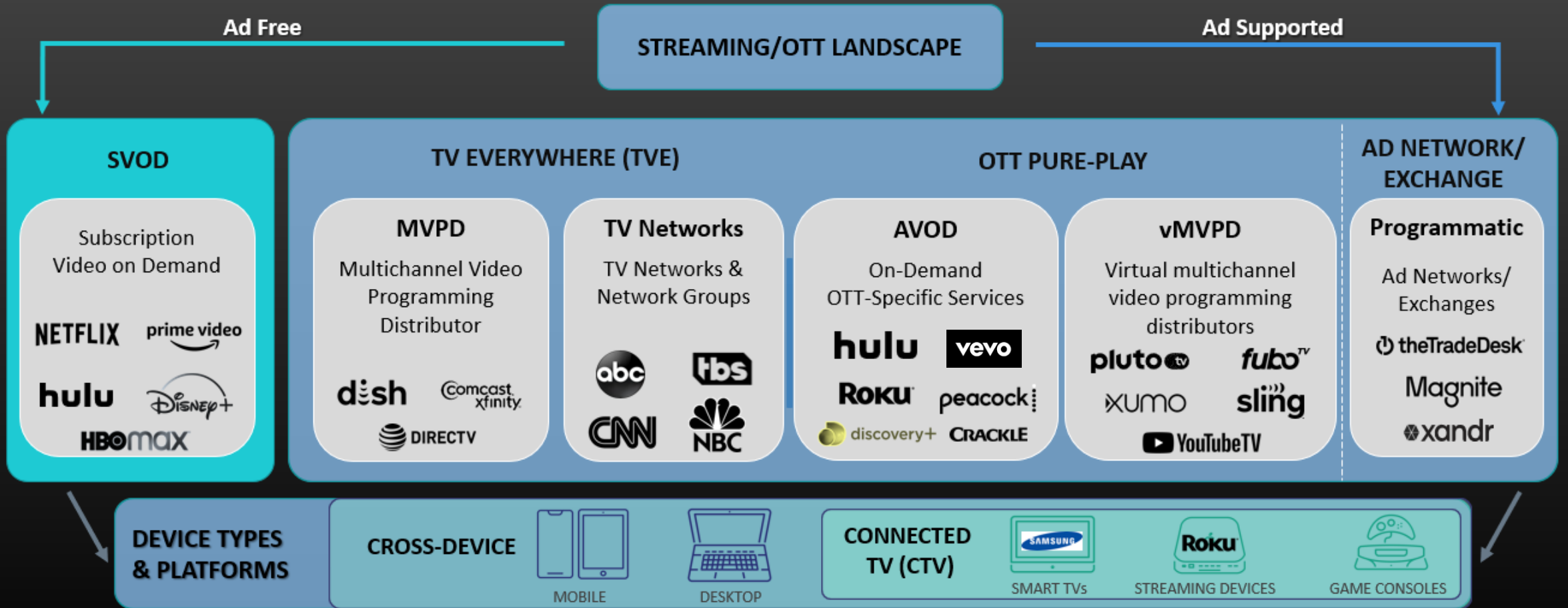
Dozens of ad dimensions to derive granular insights across all media types, networks and publishers.



Real Results

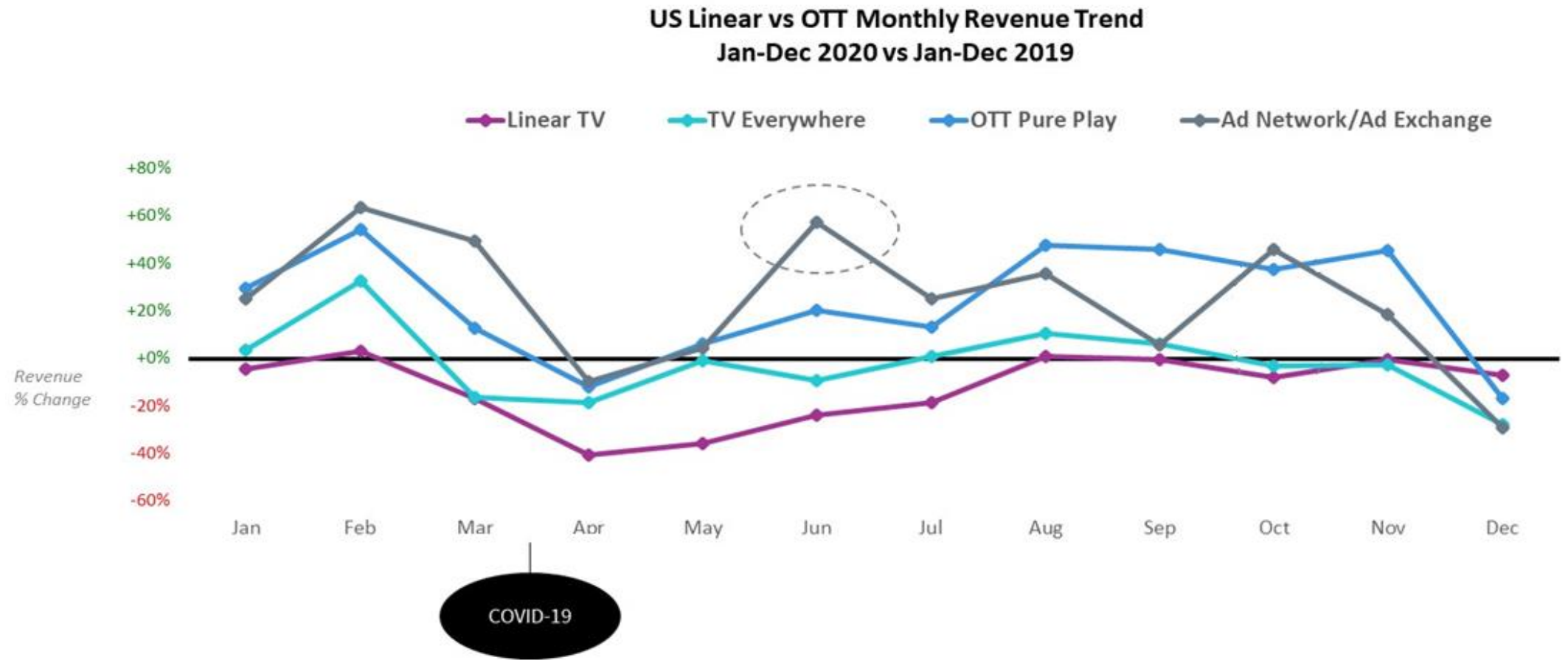
SMI data is actionable, with cross-media ad intelligence that is unprecedented in the marketplace.

STREAMING VIDEO LANDSCAPE



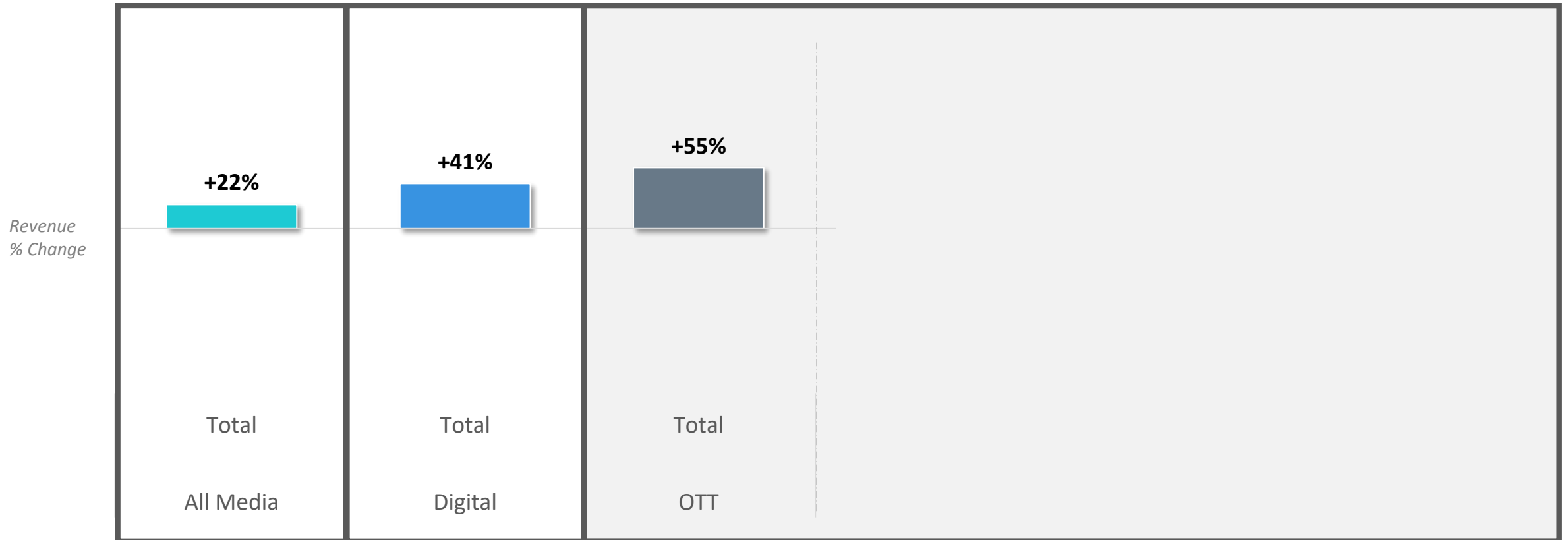
SMI Taxonomy – Streaming Video & OTT

Despite COVID impact in Q2, OTT ad spend grew substantially in 2020



The trend continues in 2021 with OTT ad spend up 55% thru May

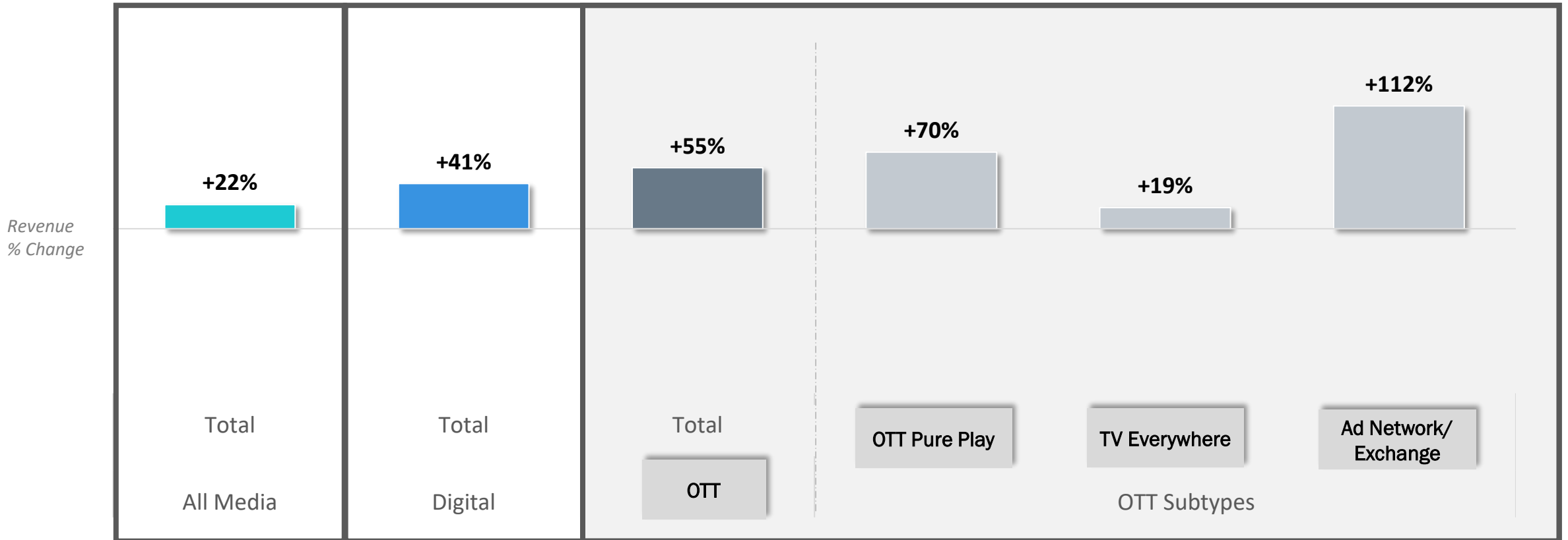
**US Media Revenue Trend
Jan-May 2021 vs Jan-May 2020**



Source: SMI Core & SMI OTT Beta

The story gets even more interesting when examining OTT sub-types

US Media Revenue Trend
Jan-May 2021 vs Jan-May 2020

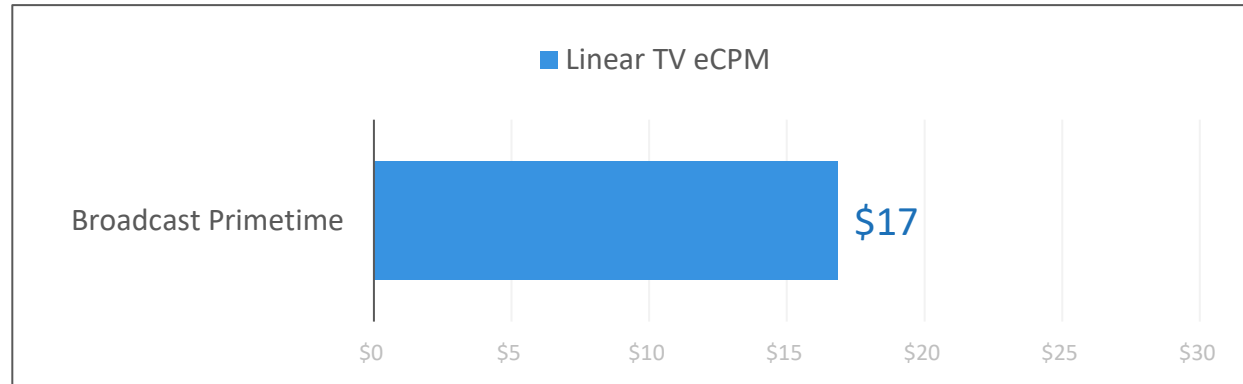


Source: SMI Core & SMI OTT Beta

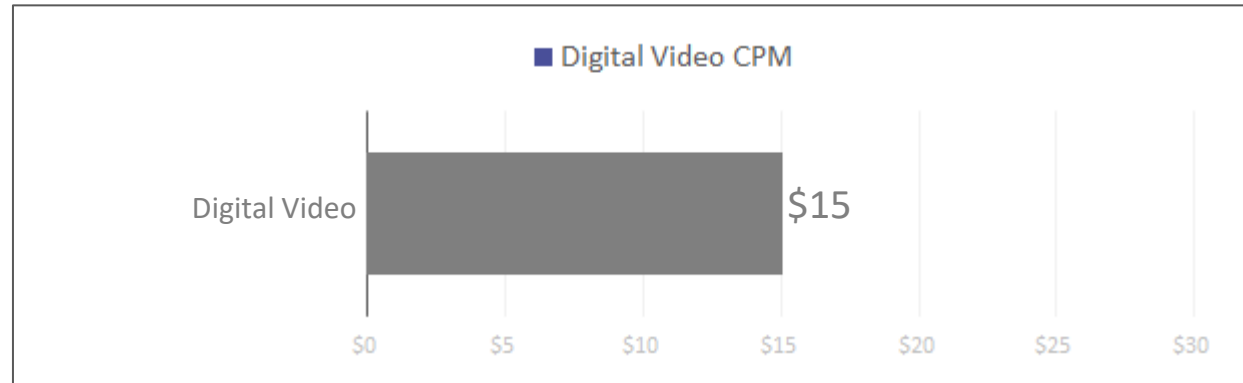
CPM Analysis – Comparison of Linear TV vs Digital Video Ad Rates

Season-to-Date:
Oct 2020 – Apr 2021

Linear TV eCPM
Primetime, Non-Sports
(C3 Ratings, Persons 2-99)



Digital Video CPM

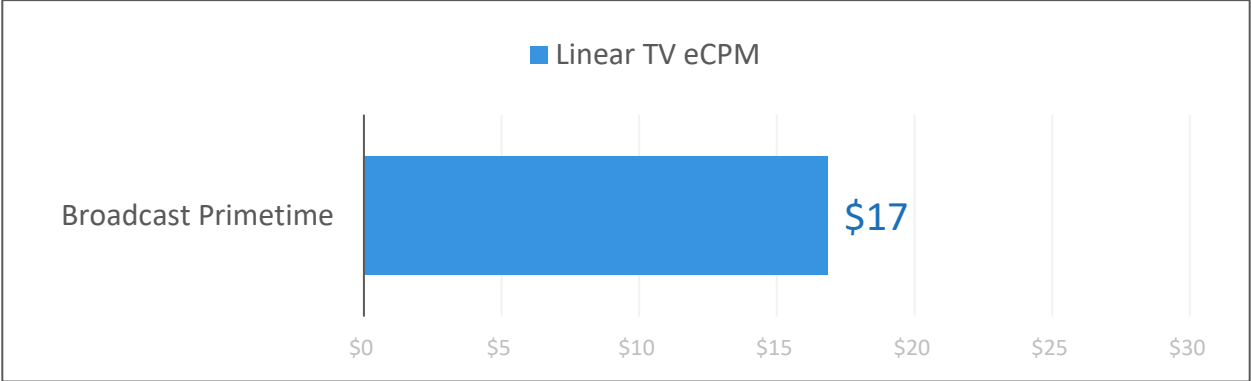


OTT CPMs
30% higher
than linear TV

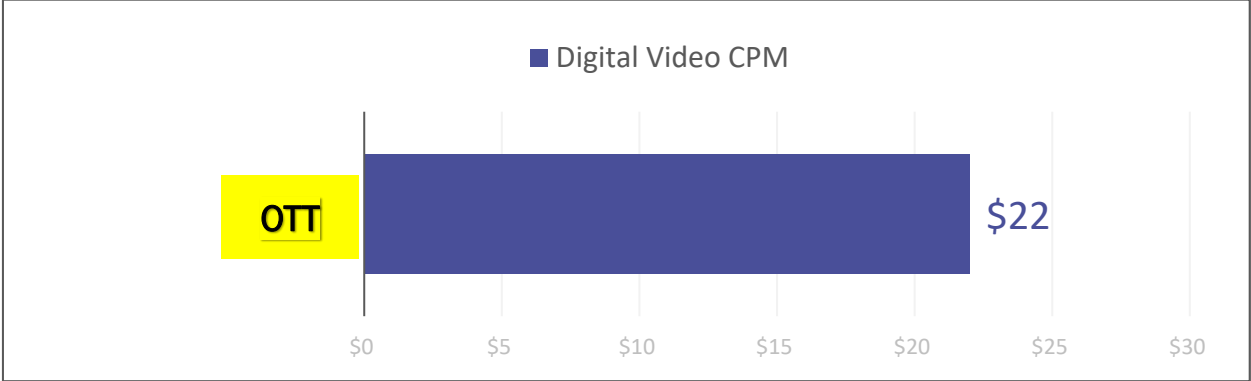
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Source: SMI Pricing Intelligence
Linear eCPM filters = Upfront + Scatter, Paid, Primetime, Excl. Sports, C3
Broadcast = ABC, CBS, FOX, NBC
SMI Client Report | Cannot be Distributed Without SMI's Consent

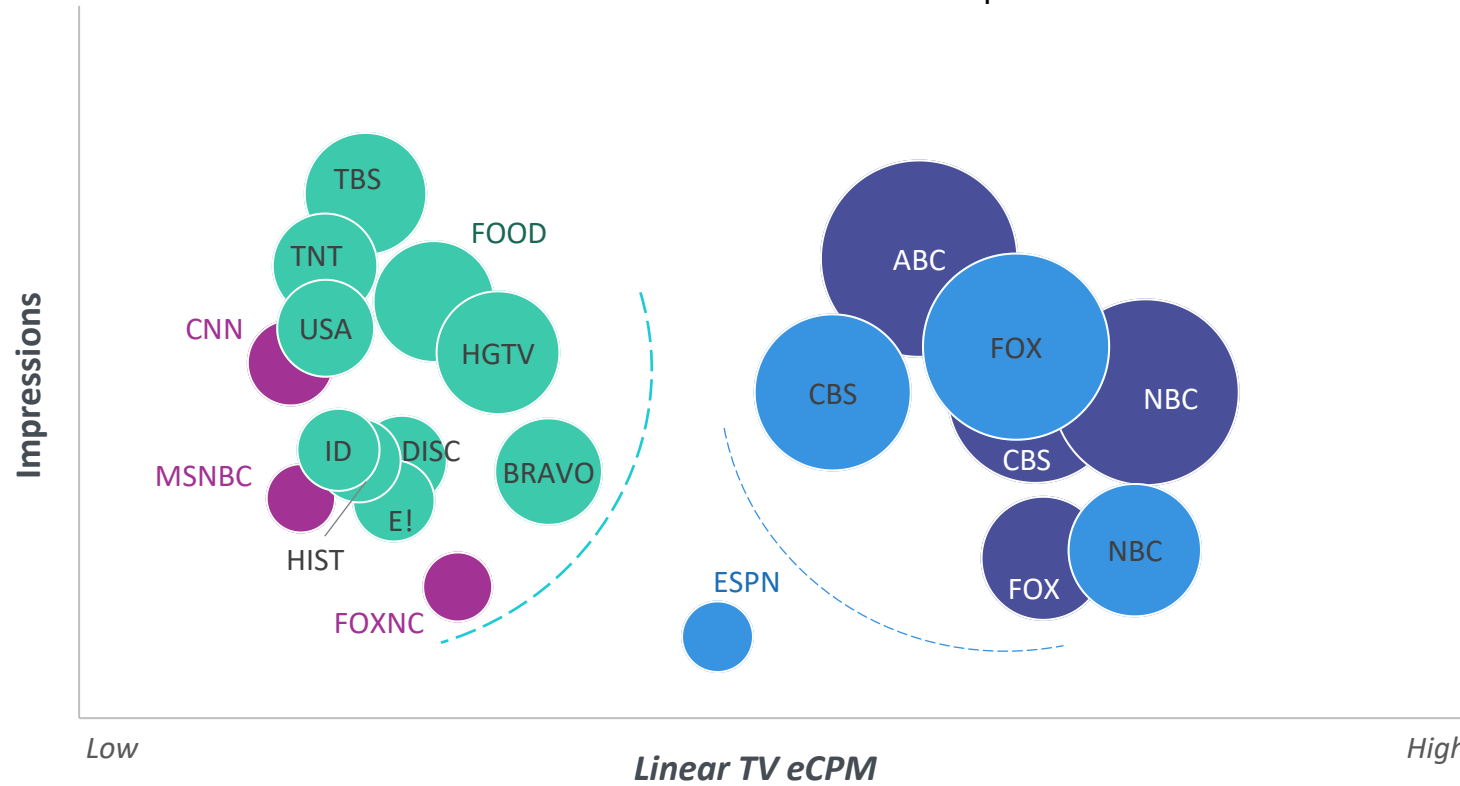


In Television – Reach Drives Rates

Paid Linear TV eCPM Matrix (C3 Stream, Adults 18-49)
Season-to-Date: Oct 2020 – Apr 2021

- TV Network Sub-Types
- Broadcast Primetime
 - NFL Regular Season
 - Top 10 Cable Entertainment
 - Top 3 Cable News

TV's ability to build reach is apparent in the pricing.

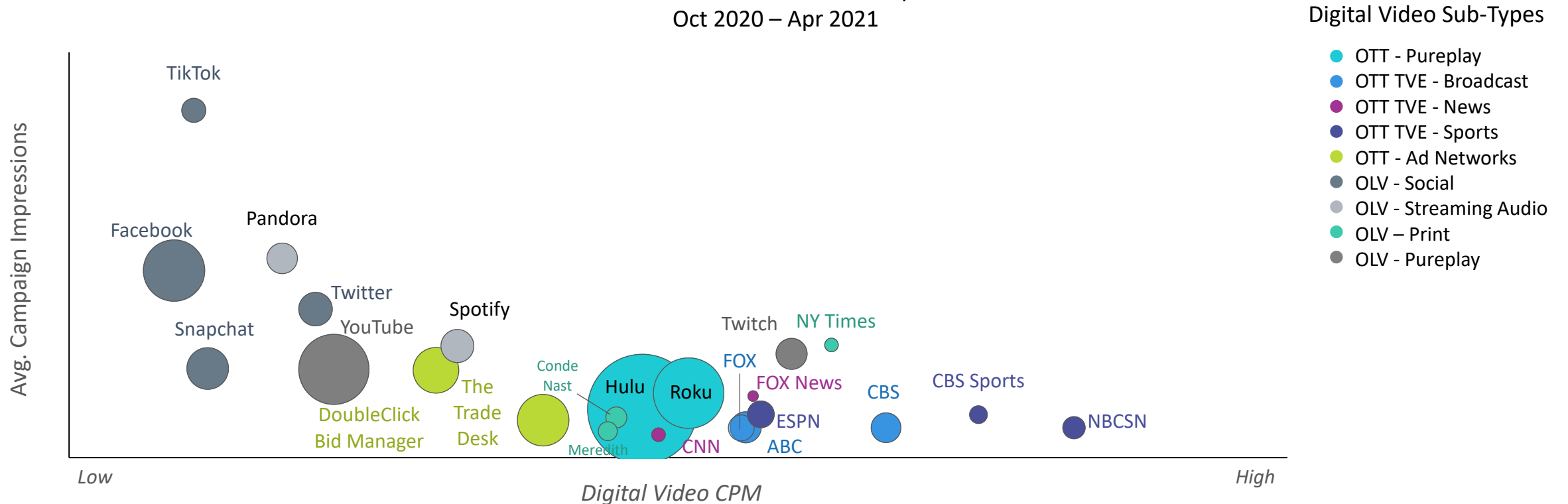


* Bubbles scaled to revenue



In Digital Video – OTT and Targeted Video Drives Rates

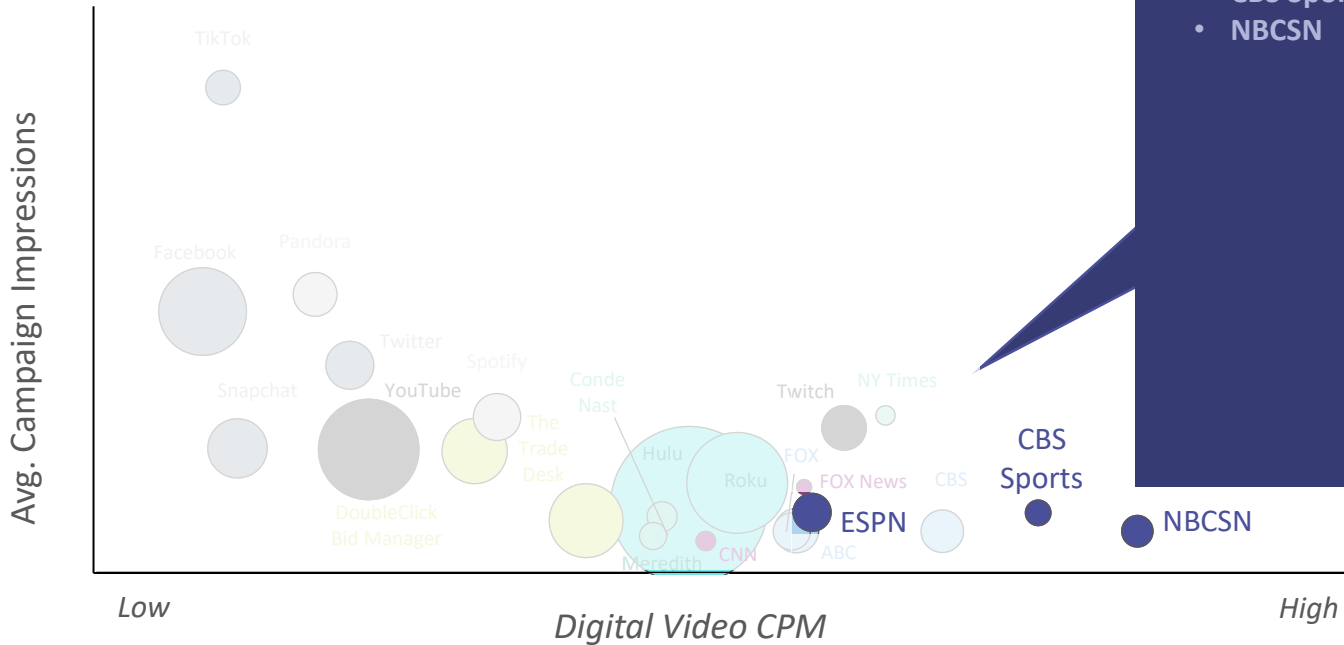
Digital Video CPM
OTT & OLV Content Placement Sample Matrix
Oct 2020 – Apr 2021



* Bubbles scaled to revenue

"Sports" Genre OTT – Auto & Pharma Represent Almost 50% of Spend

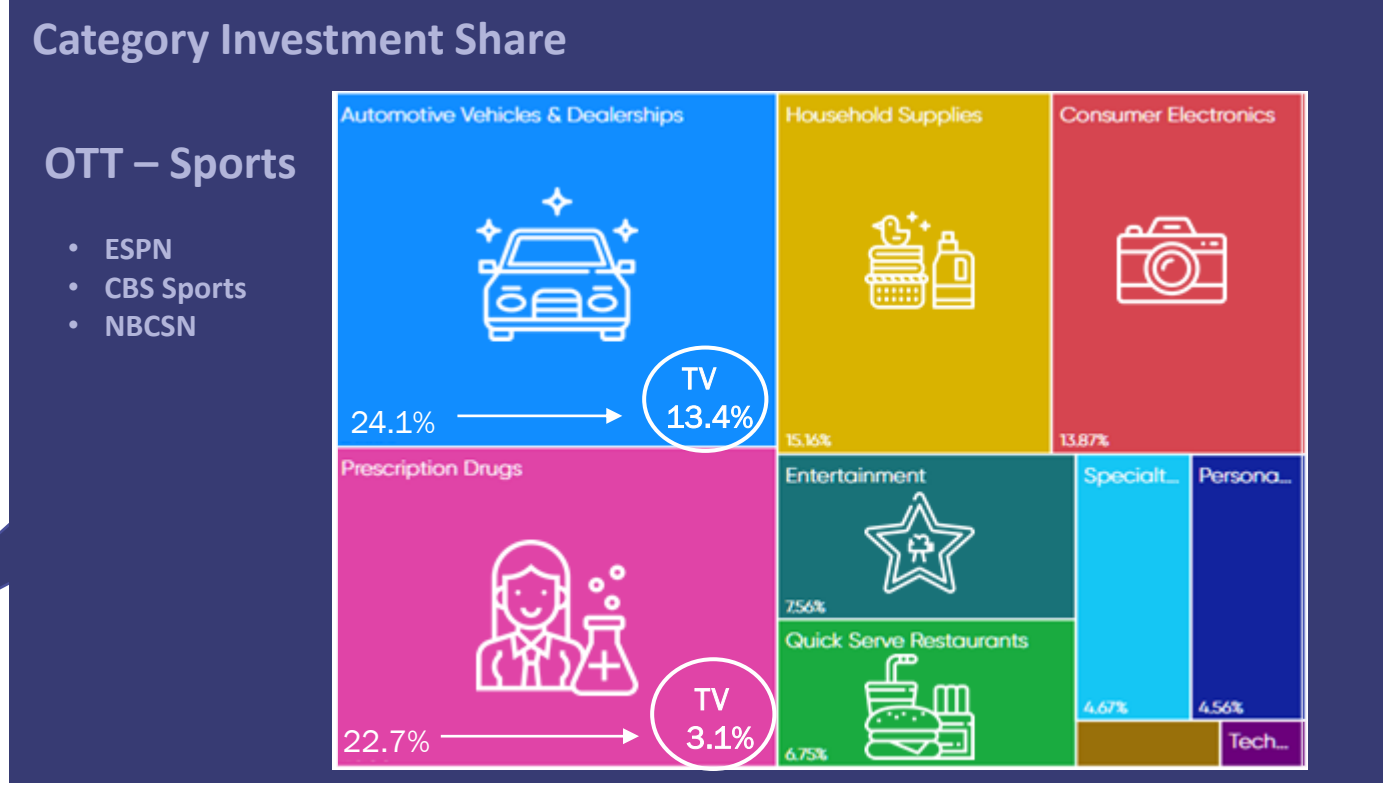
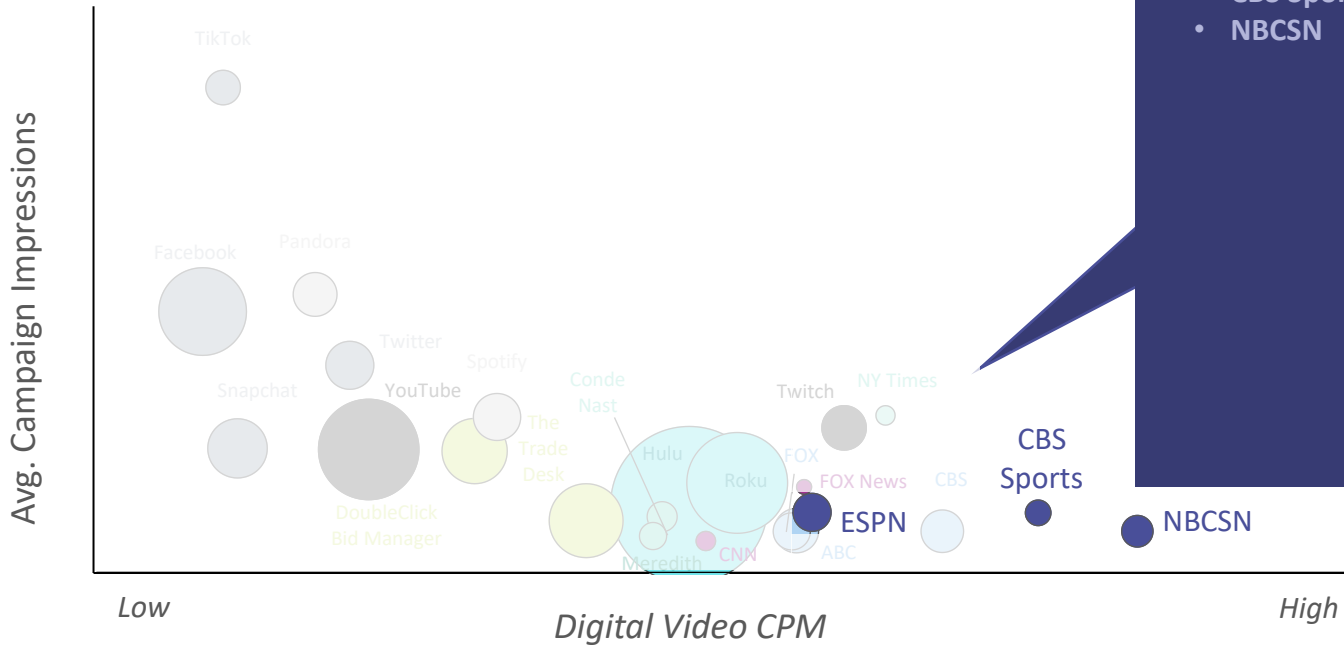
Digital Video CPM
OTT & OLV Content Placement Matrix
+ Category Investment Composition
Oct 2020 – Apr 2021



Source: SMI Pricing Intelligence
Bubbles scaled to revenue (video only)

“Sports” Programming Genre on TV – Auto & Pharma Represent Far Less

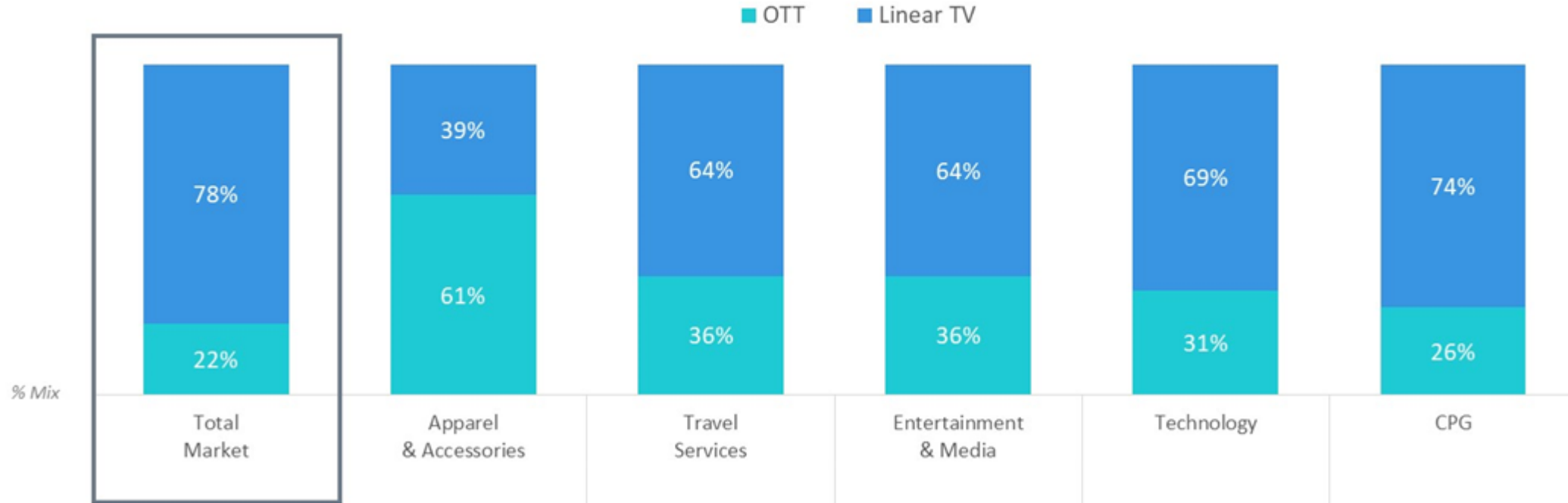
Digital Video CPM
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Oct 2020 – Apr 2021



Source: SMI Pricing Intelligence
Bubbles scaled to revenue (video only)

Major Ad Categories are Strengthening their OTT Mix

Product Category Group – Top 5 OTT Allocation
OTT vs Linear Mix
FY 2020



Source: SMI Core & OTT Ad Spend

Key Takeaways

- The shift of audiences (and dollars) from linear TV to OTT/streaming has accelerated
- Major advertisers & ad categories are strengthening their OTT mix
- TV-based OTT & streaming services are commanding unprecedented premiums
- Common ‘impressions-based’ metrics (CPM, eCPM) are essential in analyzing (and optimizing) cross-screen video ad investments...on a true apples-to-apples basis