



FURIOUS

TV 101

A DICTIONARY

The Business of TV & Video
Advertising, Explained

Beet TV 

TV & Video Terms: A Dictionary

Rife with jargon, hard-to-remember acronyms and new digital terminology, the lexicon of television is becoming harder and harder to master. To help you stay on top of all the ways people are consuming video content in 2019– and the technologies advertisers are using to reach them –we’ve put together this dictionary of key terms.

This handy guide to the jargon of TV is grouped thematically, providing context on areas like traditional and data-driven ad products, measurement (and the impact of streaming behavior on how it’s approached), and the proliferating supply-side ecosystem.

The power of TV to reach large, engaged audiences is still unmatched, but the toolkit is rapidly changing. You need to understand both the traditional and digital landscapes to succeed as a buyer. To continue building your expertise, we invite you to access our syllabus and other “TV & Video 101: The Business of TV Advertising, Explained” content at furiouscorp.com/TV101 or join the conversations with #TV101.

–The Furious Team

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In the beginning, there was "TV": Broadcast & Cable

Between 1950 and 1970, the Big Three networks (CBS, NBC and ABC) accounted for 95% of primetime viewing, and TV buying was relatively simple (at least compared to now). Though the initial technology behind cable was first invented in 1948 to bring over-the-air TV signals to remote parts of the U.S., cable as a delivery system for TV didn't start to become mainstream until the 1970s. HBO was the first cable network to be delivered nationally in 1975. The rest is history.

Broadcast television: TV delivered via the network-affiliate model, over the public airwaves. The major broadcast networks are CBS, NBC, ABC, Fox and the CW.

National broadcast: Bought directly from networks to reach massive audiences. This includes the most expensive inventory there is, such as during the Super Bowl, Oscars, March Madness and other tentpole events, where pricing can be in the seven figures.

Local broadcast: Bought from local stations to reach entire DMAs. It can be more expensive than national broadcast in some cases.

Cable television: TV delivered via radio frequency signals through coaxial cables or light pulses through fiber-optic cables. Popular cable networks include ESPN, Fox News, MSNBC, USA and TBS.

National cable: As with broadcast, cable networks sell national packages to advertisers that want to increase brand awareness or launch a new product.

Local cable: Cable networks give several minutes per hour of local ad time to their distributors (e.g., Comcast, DirecTV) to sell. Unlike with local broadcast, advertisers can slice and dice their local cable buys to reach smaller geographic zones, which is why it's popular for retailers and small businesses.

Interconnect: A flavor of local cable, it's a means of buying a collection of zones within a DMA without buying the entire DMA.

Traditional TV: A "lean back" viewing experience with a certain number of commercial breaks per hour. Each hour's ads are divided up for original programmers (i.e., national broadcasters and cable programmers), distributors (i.e., MVPDs), and local broadcasters (e.g., your local ABC affiliate) to sell.

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How we watch TV now: The rise of digital video

In the past decade, what it means to “watch TV” has been totally redefined. The paradigm of sitting down to watch a show at the time it airs is fading fast – with the exception of sports and other tentpole events, like the “Game of Thrones” finale. Now we watch TV whenever we want to across our connected devices, provided we have a good internet connection.

Connected TV: Video content accessed via a streaming internet connection – either via applications on Smart TVs or external OTT devices, such as Roku and Apple TV.

Linear: The scheduled way that TV historically was – and still is – watched. To watch a show, people would tune in at a specified time and flip to a particular channel. See Traditional TV for context on how advertising works within traditional linear television.

OTT: Over-the-top, or the paradigm of people accessing streaming video without having a set-top box. The content is sent in compressed form over the internet, allowing people to view it in real time without needing to download a file.

VOD: Video On Demand, or the paradigm of people watching video content whenever they want, regardless of when it originally aired. Flavors of it include subscription video on demand (e.g., Netflix, Prime Video); ad-supported video on demand (e.g., YouTube); and transactional video on demand (e.g., iTunes.) See Section 7 for more detail.

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Currencies of Measurement & Sale, Today & Tomorrow

A decade ago, the Gross Rating Point (GRP) was still the unchallenged king, but buyers are no longer satisfied with metrics that only tell a story about reach. They want to buy TV the way they buy digital and measure ROI in terms of sales and conversions, which is still aspirational.

Attribution modeling: An increasingly common practice of data-driven buyers to estimate how much credit should be assigned to TV and other touchpoints for sales and conversions. With deeper insight into how their TV campaigns are performing, they can reallocate spend to optimize outcomes.

Audience-based buying metrics: The way TV has traditionally been bought and sold, optimizing for reach.

Automated content recognition (ACR): Technology that reads pixels on smart, internet-connected device screens, which can be used to identify what content and ads people are watching. It has the potential to make TV advertising less of a black box by showing the true reach of ads, but it requires opt-in by consumers, which has made adoption slow.

C3 and C7: Metrics launched by Nielsen to measure the average viewership of commercial time within TV shows. They count live viewership as well as delayed viewing via DVR three and seven days after the original air date. As AdAge recently reported, C3 ratings have dropped precipitously as millennials continue to abandon ad-supported TV programming.

Comscore: A major measurement provider with roots in digital. Comscore is currently duking it out with Nielsen to be perceived as the leader in cross-platform measurement, but there's no clear winner yet.

CPCV: Cost-per-completed-view. A bidding method where advertisers pay for each time their ad is viewed in its entirety. This is established in digital but still aspirational in TV.

CPM: Cost per one thousand impressions. Per campaign, it's calculated by dividing the total cost by the total number of impressions and multiplying that number by 1,000.

CPP: Cost-per-point. Per campaign, it's calculated by dividing the total cost by the number of GRPs.

CPV: Cost-per-view. A bidding method where advertisers pay for each time their ad is viewed. Video ads on YouTube, Facebook and Instagram are often bought this way.

Cross-platform measurement: The ability to measure reach, frequency, impressions and other data points across platforms where a video campaign was delivered (e.g., TV, mobile and desktop.) Progress has been made, but technical limitations and privacy concerns still hold this back.

Demo impression guarantee: Guarantee from the seller that the campaign must hit a certain number of impressions within the target demographic for the price paid. If this threshold isn't reached, the buyer is due a make-good (See Section IX) to ensure all guaranteed impressions have been delivered.

Frequency: Number of times a viewer sees an ad during a fixed period of time.

Frequency capping: A restriction imposed by advertisers on the number of times an ad can be shown to ensure that impressions aren't wasted.

GRP: The dominant traditional metric for TV advertising impact, Gross Ratings Points (GRPs) are tallied by finding the percentage of the target market reached and multiplying that by exposure frequency. For example, if you advertised to 25% of the target market and gave them 3 exposures, you would have 75 GRPs.

Impressions: Number of total ad views during a campaign.

Nielsen: The dominant provider of TV measurement for the entire history of the medium. Nielsen is now competing against Comscore to crack cross-platform measurement.

Reach: Number of different people or households exposed to an ad during its run at least once, i.e., how far the ad "reaches."

Spot rate: A flat rate for a single spot in a program, not tied to any type of measurement.

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Video Advertising Products

The growth of online video has introduced a whole new suite of video ad products to the market, while the lion's share of linear TV continues to be packaged and sold in the traditional way—upfront and scatter buys.

:06/:07/:10/:15/:30/:60: The spectrum of lengths for TV and video ads, with 15 and 30 seconds being the most common. Deep-pocketed advertisers may cut three different versions and use the 60-second one for national TV, the 30-second one for local TV, and the 15-second one for digital and social. Six-, seven- and 10-second spots are also commonplace for video ads on digital platforms, and in 2017, Fox brought six-second commercials to linear TV during N.F.L. games.

"A" Position: The first ad position in the commercial break after programming.

Interstitial: Full-screen ads in mobile apps that normally show up during natural transitions in the user experience (e.g., between levels in games.) It's one of the most effective ways to deliver video ads on mobile.

Pod: The group of ads that form the content during an advertising break.

Pre-roll, Mid-roll, Post-roll: Pre-roll ads play automatically before online videos (such as YouTube content) and are usually 15 or 30 seconds long. 60-second pre-roll is unusual but not unheard of; most consumers find it intolerable.

Sandwiched in the middle of video content and loathed by consumers, mid-roll ads are a minimum of 12 seconds.

Post-roll ads play automatically after videos and are typically 10 to 15 seconds.

Upfront buy vs. Scatter buy: Upfront buys are commitments for an entire TV season, where advertisers seek to lock in pricing and secure sought-after slots, and are still how the majority of commercial airtime is bought and sold. They're typically negotiated during and after the annual "Upfronts" in New York City, where networks and OTT content distributors (such as Hulu) present their slate of programming for the upcoming year to advertisers. Scatter buys are made on a month-to-month or quarter-by-quarter basis.

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Data-Driven TV Products

The promise of one-to-one targeting at scale still hasn't been realized for TV to nearly the extent it has for digital advertising. But investment in systems that can target specific households is growing, with addressable TV ad spend projected to reach \$3.37 billion in 2020, according to eMarketer.

Advanced: Umbrella term referring to innovations in TV delivery models beyond linear. It encompasses VOD, OTT and Connected TV as well as new advertising models like addressable (see below).

Advanced for linear TV: A probabilistic indexed bundle of programs to reach target audiences, which may or may not be sold against a demo impression guarantee. See Section 6 for more information on probabilistic modeling.

Addressable TV: The ability to deliver TV ads to specific households. It's available in about 64 million homes in the U.S., according to recent data from the Video Advertising Bureau.

Linear insertion: Administered by cable and satellite providers for the two minutes per hour of inventory per channel they're allowed to sell, the scale is still limited. For targeting, advertisers can utilize their first- and third-party data, which is then blind-matched with the content distributor's PII subscriber data in order to reach relevant households.

Dynamic insertion: The ability within VOD to swap out ads in a given TV show to avoid showing an outdated spot to viewers who watch the content days or weeks after its original air date.

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Targeting

Though advertisers still view TV as a medium with unmatched reach, new technologies have given rise to increasingly sophisticated targeting using demographic and psychographic attributes. The challenge that publishers and advertisers are still trying to crack is figuring out how many individuals are really exposed to content – or ads – in the context of viewing behavior that’s spread over multiple devices per household.

Deterministic modeling: A methodology for mapping devices to audience segments that prioritizes accuracy, usually by leveraging logged in or known user data. It blind-matches advertiser first- and third-party data with personally identifiable information (PII), such as names, emails and phone numbers, held by content distributors to deliver the right ad to the right person.

Probabilistic modeling: A methodology for mapping devices to audience segments that relies on consumer panels assembled by Nielsen, Comscore and other data providers; it can say that the audience viewing your ad is *probably* heavily comprised of working mothers in their forties living in the Midwest, for example. This is still how most TV is measured. Statistical modeling and predictive algorithms, which are populated via device fingerprinting, IP matching, operating systems, locations and other data points, may also be leveraged.

Device graph: A method of attribution that attempts to link an individual to all the devices they use (e.g., phones, tablets, desktop computers, Smart TVs) – enabling advertisers to view behavior holistically instead of counting each device as a separate person. A key indicator of a single user or household is when devices have the same public IP address; however, there are limitations to this approach.

Unique identifiers (UIDs): Unique identifiers assigned to devices that enable ad targeting. They’re relevant for Smart TVs as well as phones (due to advertising-specific device IDs on mobile devices that run Android and iOS).



Distribution and Commercial Models

Ten years ago, if you wanted to get TV programming onto your screen, your options were pretty limited. You would call your local cable or satellite provider to install a set-top box and figure out how large of a bundle you were willing to pay for. Now the options have proliferated, and 71% of internet users use an OTT service at least once a month, according to the Video Advertising Bureau.

Broadcasters/Networks: The traditional purveyors of TV programming, supplying content to groups or chains of TV stations via a centralized operation.

MVPD: Multichannel video programming distributors, or the traditional way of getting programming onto your actual TV. MVPDs deliver video content via satellite, cable or linear broadcast and include companies like Comcast, Dish, DirecTV and Cox. These are the parties that are being squeezed out of the equation by cord-cutters.

OTT video services: The business models of over-the-top video content, including:

AVOD: Ad-supported video on demand. The best example is YouTube.

SVOD: Subscription video on demand. Think Netflix, Prime Video, HBO Go and now Disney+. Other services are coming from the likes of NBCUniversal and WarnerMedia, which are looking for better ways to monetize their content than licensing it to Netflix.

TVOD: Transactional video on demand, which is an a la carte model where users pay for the TV shows and movies they want to see. Think iTunes (though Apple has also recently launched an SVOD, Apple TV+).

Programmatic TV: Automated ways of buying and selling ads, leveraging SSPs and DSPs:

Supply Side Platforms (SSPs): Well known in the digital ecosystem, publishers use SSPs to sell their inventory (including video) in an automated manner to ad exchanges and demand-side platforms (DSPs). Major SSPs include Rubicon Project, BrightRoll, PubMatic and AppNexus.

Demand Side Platforms (DSPs): Software that allows buyers to purchase display, video, mobile and search ads in an automated manner across a variety of inventory sources (including SSPs). Major DSPs include Media-Math, DoubleClick and Facebook Ads Manager.

vMVPD: Virtual multichannel video programming distributors that distribute live and on-demand linear TV over the internet, not to be confused with the non-virtual ones mentioned above (some of which have launched vMVPDs of their own so as not to be made obsolete by streaming behavior). Examples include Dish Network's Sling, PlayStation Vue, AT&T TV NOW and YouTube Live.

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Advertising Technology Stack

As TV becomes more digital, platforms and tools that are familiar from the digital and programmatic ad-tech stack will become more widely used in the TV industry.

Ad server: A web-based tool to enable the management, display and tracking of ads on digital properties. Ad servers also collect and report on data so that advertisers can monitor campaign performance.

Billing system: System of record for what actually ran. This system reconciles the orders from the order management system (see below) to the actuals from the trafficking system (see below) to generate bills for advertisers to pay.

Data management platform (DMP): Software system used by marketers and agencies to house and manage various types of customer information, including cookie IDs, campaign data, audience data and purchase data. It can be used to optimize audience segments for targeting across digital and addressable TV. Examples of DMPs include Lotame, Salesforce DMP and Oracle DMP.

Order management system (OMS): Tool to help buyers and sellers track and manage linear TV contracts and orders as well as digital video insertion orders. Separate OMS systems are normally used for linear TV and digital.

Proposal system: Tool to help create, store and manage RFP responses and final proposals that will, in turn, become "orders."

Trafficking system: Tool that ingests orders from the OMS and is used to schedule ad campaigns, along with their associated creative elements, for delivery on air or across digital platforms. For linear TV, these campaigns are technically set up to run in the trafficking system; for digital, they're set up to run in the ad server.

Yield optimization system: Platform that sits atop operational systems to automate sales planning and pricing workflows. It also allocates inventory and manages makegoods.

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Traditional TV Systems & Workflows

Amid all the sea changes in TV advertising, the process of buying linear TV is in some ways fundamentally unchanged from the 1960s. Below are the tools used to facilitate the traditional transactions of buying TV advertising.

Billing and Reconciliation: The process media buyers undertake to compare contracts or orders with statements of what was actually delivered. When there are shortfalls, they seek out makegoods (see below).

Inventory carve-outs: Buckets of inventory made unavailable to the general advertising pool in an effort to ensure certain business needs can be met (e.g., marketing, makegoods).

Makegoods: Additional ad impressions delivered by the seller in cases where the number of impressions they've delivered falls short of the number agreed to in the contract or order.

Rate cards: A seller document containing prices and descriptions of available ad inventory.

Scheduling: The specifications buyers put around TV campaigns on when (i.e., days and times) their ads should be delivered. The schedule will vary depending on which audiences they're targeting.

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Job Functions in TV Buying & Selling

Here are some of the key functions and roles you may encounter on either side of the table in a TV advertising transaction:

Ad product development: On the sell side, responsible for developing new products and packages.

Audience development: A function within digital publishers focused on building and scaling audience through social and other tactics.

CFO: Responsible for critical functions such as overall yield optimization, budget approval, earnings per share and profit margin for the company.

Inventory management: On the sell side, responsible for maintaining and managing inventory. The function is concerned with sell-out and clearance and not focused on revenue impact (making it distinct from yield optimization, see below).

Invoicing/Credit & Collections: On the sell side, responsible for billing customers, collecting funds, dealing with bank transactions and applying funds to proper campaigns.

Marketing/Brand Advertiser: On the buy side, D2C brands are increasingly large buyers of media, and some brands – such as Procter & Gamble – are bringing more of their media buying in-house.

Marketing/Promotions: On the sell side, responsible for collaborating with advertisers to build partnerships and programs that are a win/win for both the advertiser and publisher/media company. Also responsible for in-house promotion as well as buying advertising on behalf of the publisher/media company.

Media agency: Agency dedicated to media buying and planning. Much of the buying power in the industry is concentrated in the hands of the largest ones, such as GroupM, Carat and OMD.

Operations: An umbrella term describing the function responsible for managing the ordering, maintenance, execution and delivery of advertising campaigns and elements sold for both linear TV and digital platforms. Encompasses the processes and systems to manage sales and orders and to traffic, deliver, invoice and reconcile ads.

Revenue management/Pricing: On the sell side, responsible for setting prices based on demand and market trends.

Sales/Sales Planning: On the sell side, responsible for developing relationships with buyers and growing revenue. Also responsible for schedules to meet advertiser needs, which can be high-level overviews or detailed plans based on campaign KPIs.

Trafficking: On both the buy and sell side, trafficking is responsible for scheduling campaigns and their associated creative assets for delivery either on linear TV or across digital platforms.

Yield optimization: On the sell side, responsible for data analysis to determine which inventory and products are performing well; they make optimizations to improve performance and grow revenue.

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Digital Standards

A lack of standards for the delivery and measurement of online video has created confusion in the marketplace and imposed challenges on advertisers, which may have the effect of curtailing spend. The Interactive Advertising Bureau (IAB) has made an effort to impose standards, but they're still a work in progress.

VAST: Video Ad Serving Template, or a spec originally released by the IAB in 2008 to standardize communication requirements between ad servers and video players and ensure they can talk to one another. The intent was to protect publishers from having to continually update their video stack in order to receive ads from servers using a wide range of communication protocols.

VPAID: Video Player Ad-serving Interface Definition, or a follow-on spec released by the IAB in 2009 that also allowed ad servers and video players to talk to each other – but was meant to better support rich media (such as overlays that people could click on to learn more about a product or brand). In practice, it was mainly used for measurement and verification and became overloaded, which resulted in broken user experiences, especially on mobile. It's currently being phased out and replaced by SIMID (see below).

SIMID: Secure Interactive Media Interface Definition, or a spec to support interactive video ads, released in 2019. It's designed to be functional on mobile and within OTT environments, unlike VPAID.

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Toward the Future

Targeting will only become more sophisticated as technology advances, and simplification of legacy systems and standards will ease some of the pain points buyers and sellers currently suffer through. Here are some areas to watch for:

Consolidated measurement: As digital metrics have pervaded – and complicated – the TV landscape, calls for simplification will become more acute. Over time, expect to see a more whole-hearted embrace of the CPM, gradually phasing out the GRP, CPV, CPP and a host of others. It simply doesn't make sense to sell using other currencies and then back into a CPM for reporting purposes, which is happening today.

Performance-based buying metrics: Brands and agencies are eager for TV-buying metrics that are closer to what they've come to expect from digital, but this is still a future prospect for TV and online video. Specifically, cost-per-visit is highly aspirational. It would entail people seeing a commercial on their smart TVs, which are associated with their phones via the device graph; then, the phones would be "seen" inside a Target or Walmart using Beacon technology or via Wireless/Bluetooth IP signals to close the loop and link ad views to store visits.

Unduplicated reach: The holy grail of targeting, representing the ability to measure reach without the noise of people being exposed to ads on various devices (and appearing to be different people). This is still aspirational; privacy considerations make it extremely difficult to enable.

Vendor systems talking to one another: As the ad tech stack continues to make analog processes obsolete, the resulting systems on the buy and sell side haven't always complemented each other. Be on the watch for more integrations between vendor systems, such as the partnership announced last year between Mediaocean, which automates ad buying, and Operative, which automates processes for sellers. It promised to streamline negotiation processes through the electronic delivery of RFPs, proposals and orders; remove double entry from using disconnected systems; and increase accountability with paperless audit trail tracking.

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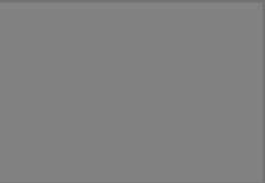
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About Furious

Furious is a cross-platform, enterprise yield optimization solution for media companies and distributors. Consistently, our experience shows that significantly higher yield can be achieved when combining human expertise with established techniques from AI, data science, machine learning, and operational research. Furious's platform, PROPHET™, does just that, leveraging the world's leading data science and machine learning to unify and automate campaign and portfolio reporting, forecasting and planning. A horizontal SaaS platform that sits atop and connects a variety of advertising systems and data sets, PROPHET is custom-configured to help media companies automate the key workflows of running an advertising business, resulting in higher yield, lower operational costs, and increased profitability.

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