

## New Best Practices 2016

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For the last two or three years in this session, we've talked about the disruptive changes facing our business: the relevance of channel brands in an on-demand world, competitive cross channel promotion, OTT cannibalization, the rise of Netflix marketing, TVE vs. SVOD. Today we're going to continue those conversations.

And thinking about all of it reminded me of something one of my producers used to say when she'd walk in to the office to face a bunch of problems. And it occurred to me that maybe we should change the name of this session accordingly.

From New Best Practices...

## What Fresh Hell is This? 2016

2

...to What Fresh Hell is This?

OK. I want to warn you I have a lot of charts and graphs this year, with a lot of detail. And I'll be going through it pretty quickly. But don't worry if you miss any of it. The entire presentation—charts, graphs, videos—it's all sitting on my website, just waiting to be downloaded.

Let's start with some numbers. The technology of viewing continues to change. We all know that. But here's a new one.

65% of TV households have a connected TV

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65% of TV households now have a TV connected to the Internet.

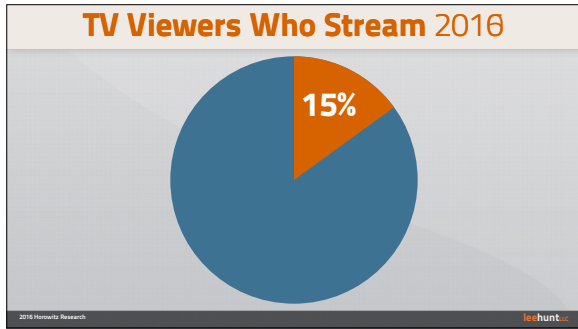
There are more connected TVs  
than set top boxes

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In fact, today there are more connected TV devices than set top boxes.

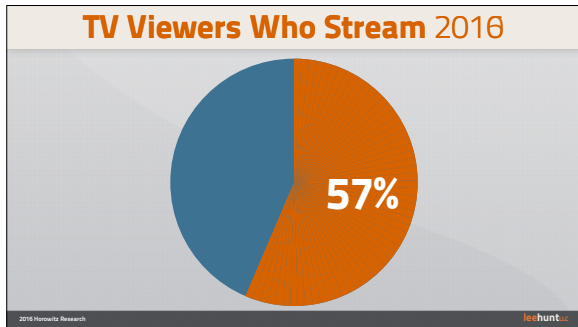
That means more televisions can access Internet-delivered content than cable, satellite, or Telco-delivered content.

So are people using these connected TVs?



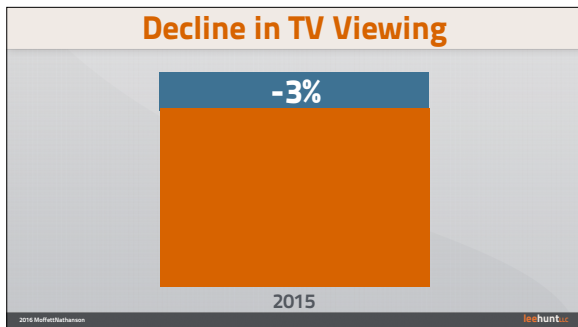
5

In 2010, 15% of TV viewers streamed at least some of their TV content.



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Today more than half of all TV viewers are now streaming content—57%.  
How does that affect linear viewing?



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Between 2014 and 2015, we saw a 3% decline in linear television viewing.



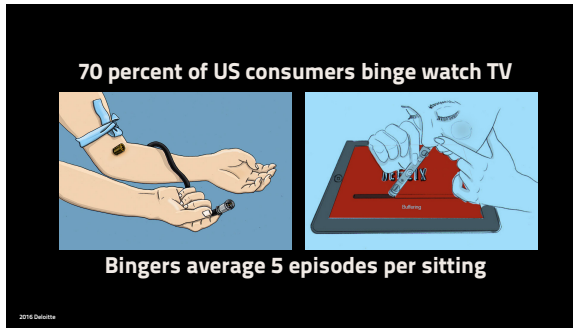
8

Of that 3%, half was attributed to Netflix.

Think about that. 50% of the decline in US TV viewing can be traced back to a single service, Netflix.

And as you know, Netflix changed the way we watch television.



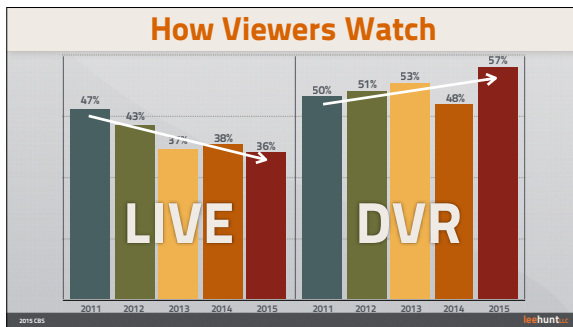


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According Deloitte, 70 percent of US consumers now binge watch TV, averaging 5 episodes per sitting.

Now hang on a second, with the exception of back-to-back episodes or marathons, that's not how linear TV works.

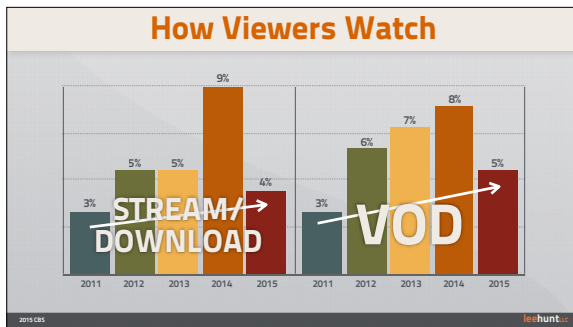
But it's not just happening on Netflix and other streaming services.



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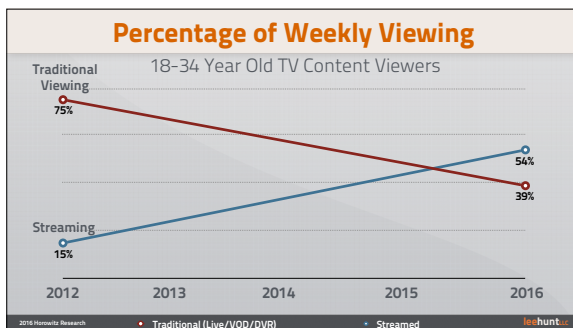
According to CBS' David Poltrack, viewers are more likely to watch a new series time-shifted than live and that trend is growing.

Why do people DVR shows? To collect multiple episodes and binge watch, and to skip breaks. Both powerful incentives.



11

Now his numbers for streaming, downloading and VOD aren't nearly as significant, and as you can see, there seems to be an aberration in 2015, but nevertheless, the trend is obvious.



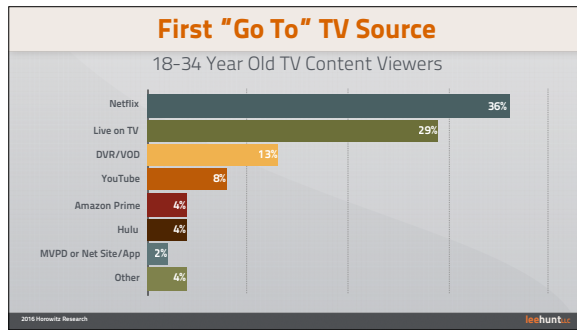
12

But let's break it down to Millennials—that audience we all seem to be chasing after these days.

According to Horowitz Research, since 2012, the weekly share of traditional viewing among millennials has dropped from 75% to 39%.

The share of viewing that is streamed, though, has risen from 15% to 54%.

Streaming is the new normal for Millennials.

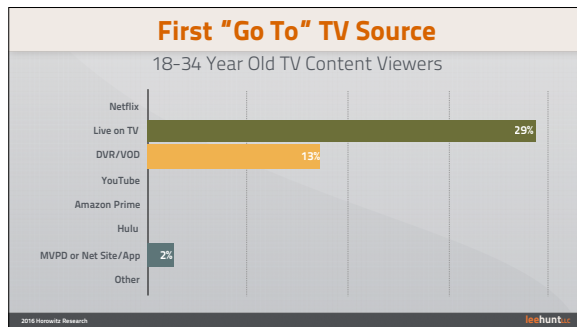


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And what do they stream?

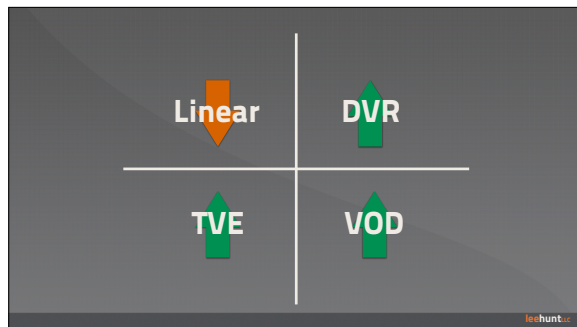
Netflix is the "go-to" source for TV content, followed by live, DVR, VOD, YouTube, Amazon Prime, Hulu, MVPD or Network Apps—which would be TVE, and Other.

My guess is that "Other" is illegal streaming services.



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So what do we control in this equation? About 44%.  
Less than half.

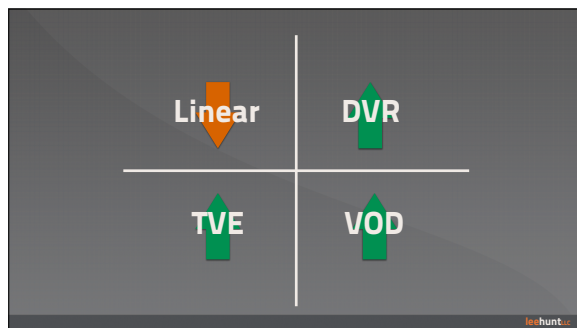


15

Let's think of it this way: here are the platforms that most of us use to compete against each other and streaming services like Netflix.

Of course, HBO, Showtime, Starz, CBS and Lifetime's Movie Club have their own SVOD services, but let's put those aside for a moment.

Here's what we have to work with: linear, which is falling off. DVR, which is growing, TVE—TV Everywhere, which is authenticated desktop players that you access through apps like FX Now or Watch ABC; and VOD—programming from our networks that is available on-demand on set top boxes. Both of those continue to grow.



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So let me ask you this—how many of your marketing plans, particularly your on-air marketing, is based on DVR behavior? TVE behavior? Set top box VOD behavior? Do you even understand that behavior?

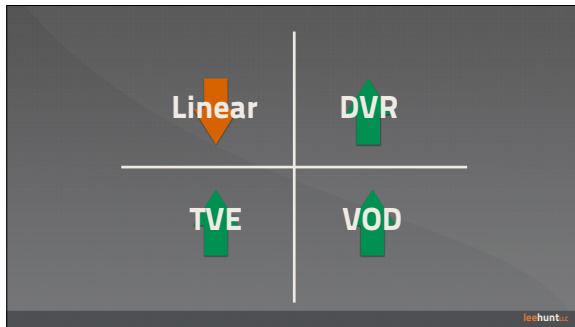
Because you're very good at getting them there.



17

(1:24 Cross Platforms montage)

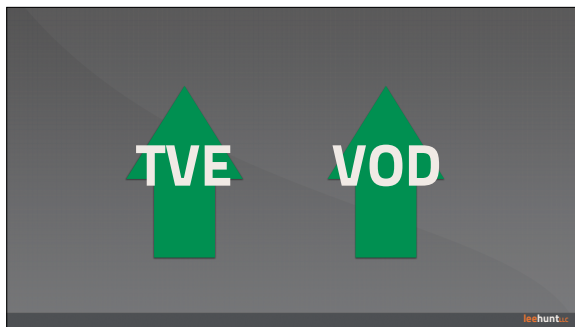
So we do a good job of using our linear air to send viewers to our other platforms.



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But, let's go back to our own platforms. Do we know what happens when they get there?

That's a question asked this last year.



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A network group wanted to better understand what the viewer experience was like for both TV Everywhere and Video on Demand. They recognized that their viewers were shifting platforms, and they realized that if they want to compete with Netflix or other streaming services they had better understand the viewer experience on their streaming platforms.

The goal was to replicate a "binge" viewing experience—continuous, sequential viewing of a series' episodes. This included auditing a full season of episodes when available or the five rolling episodes offered on most desktop players.

**STB & TVE Audit**

- › Repetitive commercials
- › Very little or no promo time
- › Interactive commercials that took viewers away from the content
- › Long pre-rolls with too many elements
- › Pre-rolls with competitive cross channel promotion
- › Long, poorly designed auto-play transitions between episodes

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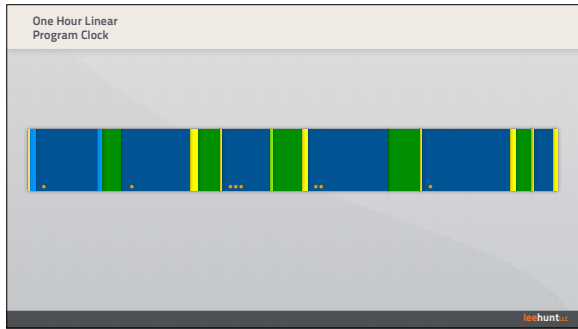
The study found that among all the shows and networks audited there were a significant number of repeating commercials in every episode.

There was often little or no promo time scheduled, and no promo time at all in pre-rolls.

Pre-rolls were often very long or contained too many elements.

Some pre-rolls included competitive cross-channel promotion.

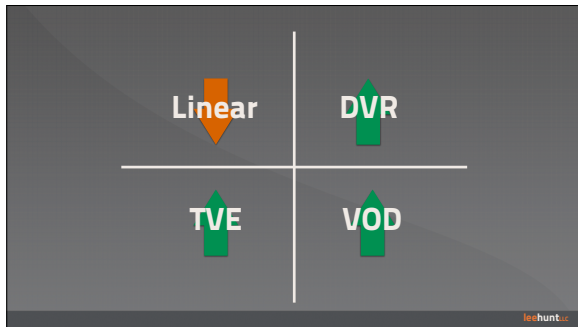
The auto-play feature between continuous episodes was poorly designed, and



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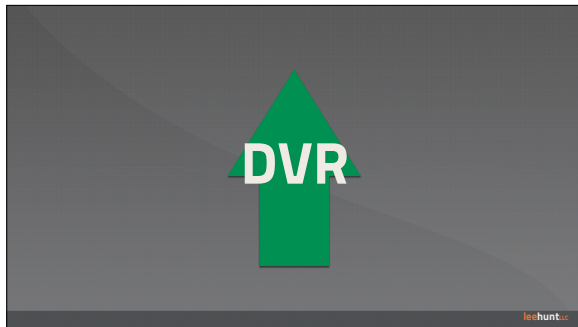
When linear television moved to C3 ratings in 2007, networks developed sophisticated break retention strategies to keep viewers watching for longer periods of time, and returning more often.

Those strategies do not exist in the on-demand model, even though more and more of our content is being consumed this way. And if we expect our promos to do the heavy lifting they do in the linear world, we have to make some changes.



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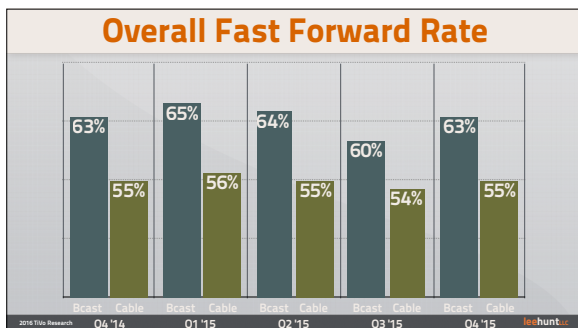
So we know that the TVE and VOD viewing experience sucks. What's the opportunity with DVRs?



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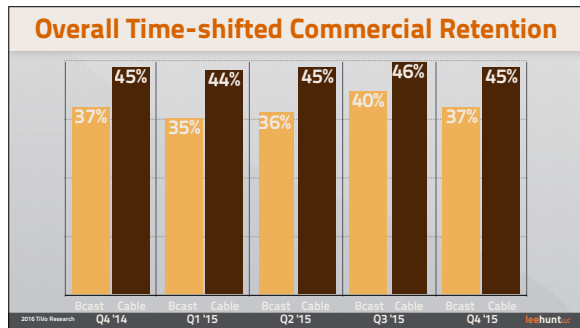
A few months ago I was talking with a Comcast executive who told me they've found that many viewers use VOD and TVE to sample new shows, but if they like those new shows they start recording them on their DVRs.

That makes sense. Most VOD and TVE content is fast-forward disabled. Obviously, DVRs are not. You can binge watch over time and fast forward through commercial breaks.



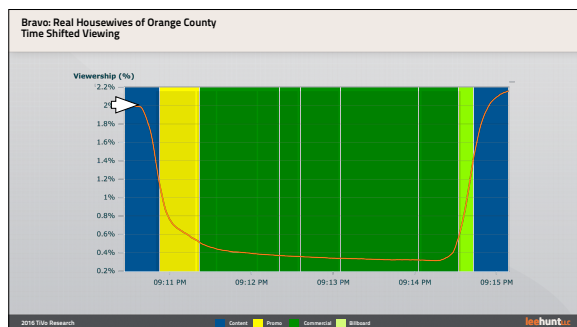
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According to TiVo Research, between the fourth quarter of 2014 and 2015, an average of 63% of broadcast primetime shows experienced some form of fast-forwarding. Cable didn't fair much better with an average of 55%.



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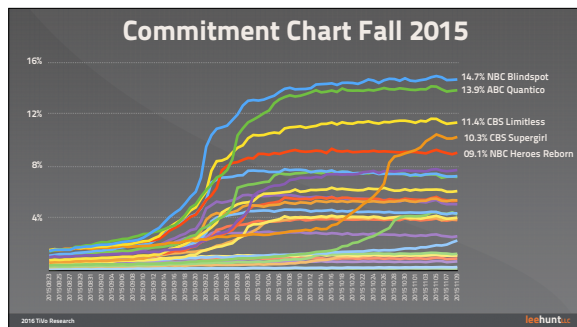
And commercial retention, the percentage of primetime time-shifters who sat through commercial breaks in real time averaged 37% for broadcasters and 45% for cablers.



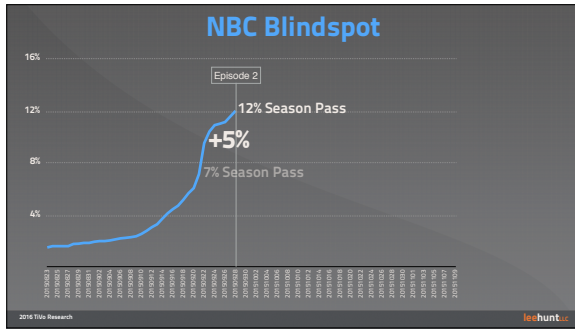
26

The behavior tends to look like this: viewers get to a commercial break, they fast forward until they see content, hit play, there is a slight rollback, and they are back into real-time content.

So we're definitely at a disadvantage when people watch our shows on their DVRs. But there is also an opportunity.

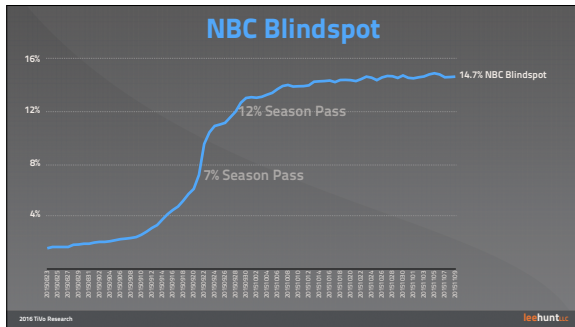






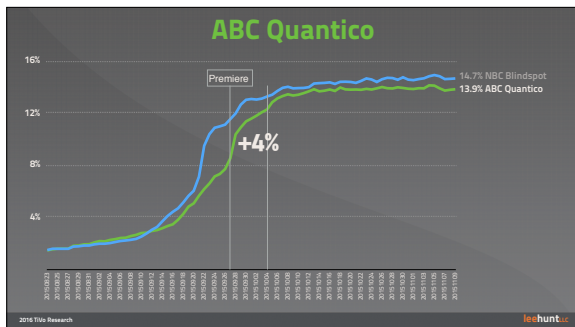
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In 7 days, the number of season passes jumps 5 percentage points.



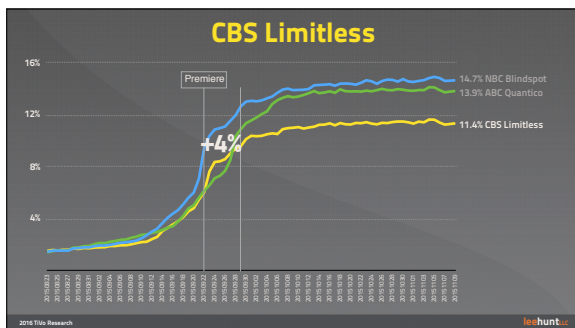
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It then continues a slow steady climb to 14.7%.



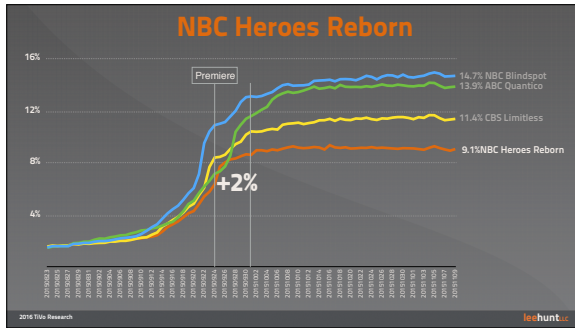
31

ABC's Quantico has a similar jump between week 1 and 2 with a 4% growth.



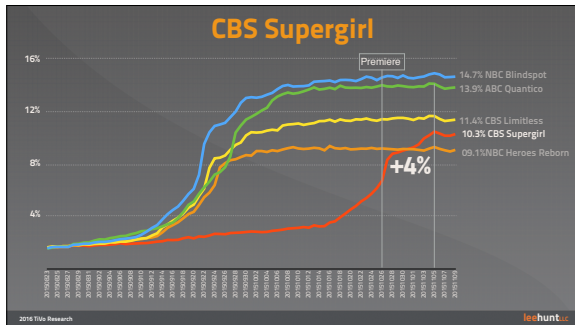
32

The same with CBS' Limitless.



33

NBC's Heroes Reborn has a smaller jump, only 2%, and as we know, it didn't survive.

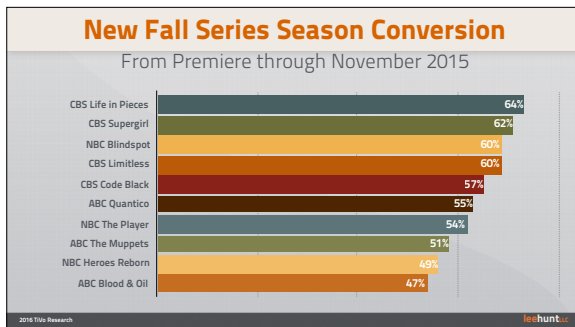


34

And Supergirl, who's premiere was nearly a month later, needed about a week and a half to hit it's stride of 4%.

What's the point? In the DVR world while the lead-up to the premiere is obviously important, it's the week after the premiere where we can have a significant impact on the number of people who make an entire season's commitment to a show.

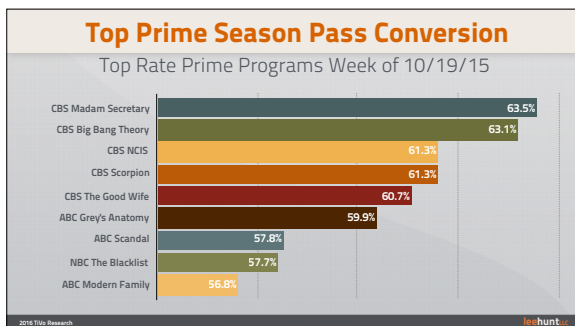
But do they stick with that commitment?



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Based on TiVo's numbers, the majority do. CBS' Life in Pieces had the highest conversion rate. 64% of households that recorded a season pass watched every episode through November.

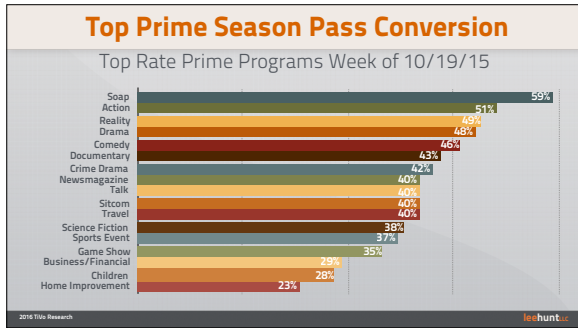
You'll also notice that all the shows with a conversion of less than 55% didn't even make it through the season.



36

And its not just new series. Even shows deep into multiple seasons often have high conversion rates.

But of course not all shows are converted equally.



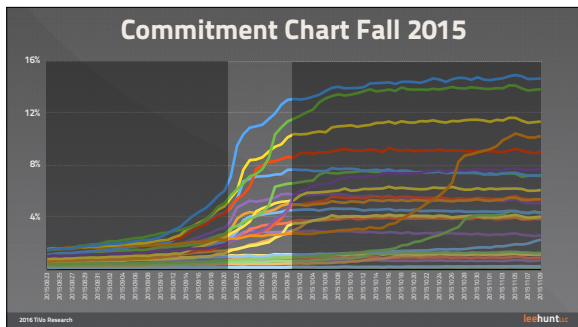
37

Some categories of programming, not surprisingly, command greater commitment. My point is that as DVR viewership continues to grow, we need to better manage that viewership. Right now we primarily use it for catch-up marathons or to get viewers to record single episodes.



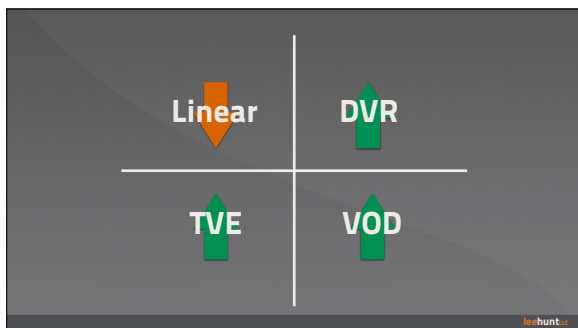
38

(:30 DVR montage)



39

Maybe it's time we rethink the opportunity with DVR promos, use them stimulate seasonal commitment to a show, and focus placement in that week after a show's premiere.



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What do we have left? Linear.

## Campaign Duration? Creative Executions?

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Two questions I often hear on the linear side are, "how long should a campaign run?" and "how many creative executions should we make?" Technically the answers are statistical.

A campaign should run long enough to hit effective reach and frequency for your targeted audience—usually not your core audience, but your "occasionals"—viewers who don't come to the channel often, but when they do tend to stay for a while, and those who visit the channel fairly often, but don't stay for long periods of time.

Those are the two audiences you have the best chance of converting to loyal viewers.

## Campaign Duration? Creative Executions?

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As for creative executions, you want to build enough different pieces of creative to handle high frequency scheduling. We know that there is a threshold of effective frequency—how many times a viewer needs to see a spot for it to be impactful. But we also know that viewed too many times a spot "burns out"—becomes ineffective and potentially creates a negative impression.

A campaign should have enough varied creative executions to avoid "burn out," but also to allow different creative points of entry to build intent to view.

Those are the text book answers. What about the reality? We decided to find out.

### Launch Campaigns Q1 2016



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Using CMO Intelligence data, we tracked campaigns for new shows and new seasons that launched in the first quarter of 2016 across 13 general entertainment cable networks.

For campaign duration we measured from the first occurrence of a campaign promo until the premiere date of the new show or season, and plotted that time in number of days.

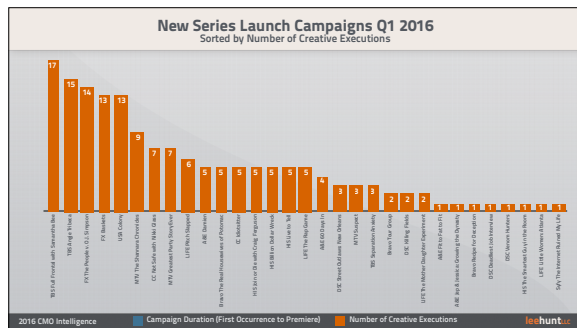
For the number of creative executions we counted each of the unique creative approaches we found on-air, but no cut-downs or re-versioning.

### Launch Campaigns Q1 2016

Network	Launches
A&E	ABE 60 Days In, ABE Dorian, ABE Fit to Fat in Fit, ABE Jay & Jessica: Growing the Dynasty, Bravo Recipe for Deception, Bravo The Real Housewives of Putnam, Bravo Tour Group, CC Midwinter, CC Not Safe with Nikki Glass, DSC Deadliest Job Interview, DSC Wildfire Friends, DSC Street Outlaws: New Orleans, DSC Vanishing Hunters, FX Baskets, FX The People v. O.J. Simpson
AMC	ABE Billion Dollar Wreck, ABE Bill & Ted with Craig Ferguson, ABE Duck Dynasty, ABE How to Tell, ABE Intermarsion, ABE Wankburgers, AMC Better Call Saul, AMC Comic Book Men, AMC The Walking Dead, Bravo Newswatch: The First Year, Bravo Thicker Than Water, CC Andy Dwyer's House Party, CC Broad City, CC Workaholics, DSC Boring Sea Gold, DSC Overlaid Catch, DSC Dual Survivor, DSC Mythbusters, DSC Ruled and Abused, DSC Yukon Men, FX Archer, FX The Assassination
Bravo	HIS Counting Cars, HIS Forget to Fire, HIS Swamp People, HIS Vikings, LIFE Atlanta Plastic, LIFE Bring It!, LIFE Child Genius, LIFE Dance Moms, LIFE Little Women: Tami's Little Family, MTV Punk'd, MTV Catfish, MTV Faking It, MTV Teen Mom 2, MTV Teen Wolf, MTV The Real World, Syfy Eternals, Syfy Lost Girl, TNT Major Crimes, TNT Rizzoli & Isles, USA Chrissy Rimes Best, USA State
Comedy Central	LIFE Little Women: Atlanta
FX	LIFE Pitch Slapped, LIFE The Mother Daughter Experiment, LIFE The Rap Game, MTV Greatest Party Story Ever, MTV Suspect, MTV The Shannara Chronicles, MTV The Internet: Tired My Life, TBS Angie Tribeca, TBS Full Frontal with Samantha Bee, TBS Separation Anxiety, USA Colony
History	
Lifetime	
MTV	
Syfy	
TBS	
TNT	
USA Network	

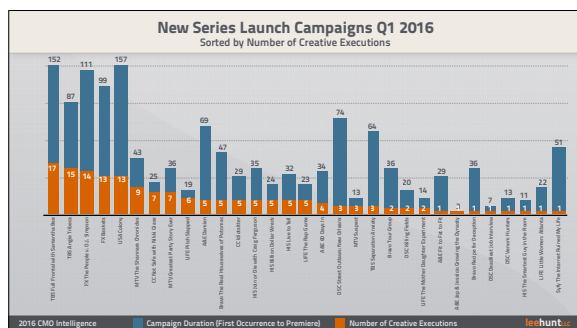
44

What we found was that on these 13 channels during the first quarter of 2016, January 1st through March 31st, there were 31 new series launches and 43 new season launches.



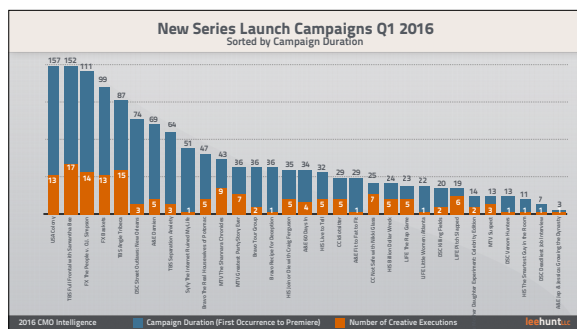
45

First we sorted new series launches by the number of creative executions. They ranged from a high of 17 down to a single execution, with 5 being the average. I know this is a lot of detail, but we'll zoom in in a minute.



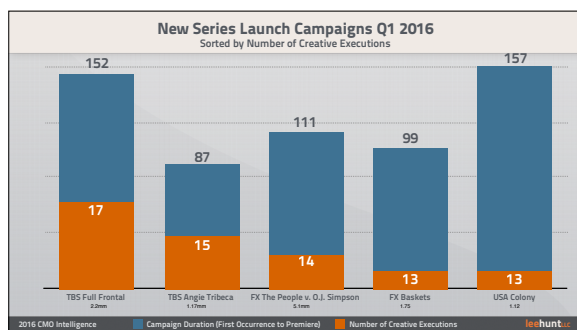
46

Next we overlaid the campaign duration in days. There are some trends, particularly among the top 5. But as you can see, there are a lot of outliers as well.



47

So we resorted by campaign duration, just to see if we were missing any patterns.

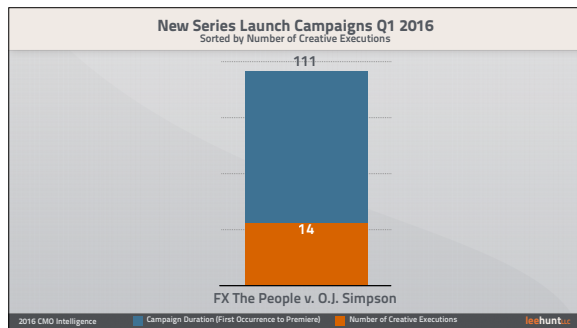


48

Now let's zoom in on the top five of both creative executions and campaign duration. You can see that TBS's Full Frontal with Samantha Bee and USA's Colony had the longest campaigns. But we need to point out that both these series had their launch dates pushed after the campaigns had already begun. Colony from Fall 2015 to January 2016 and Full Frontal from January to February.

Nevertheless, all 5 of these had successful premieres, and with the exception of The People v. O.J. Simpson—which was a one-off series, they have all been renewed for a second season.





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But let's take a closer look at The People v. O.J. Simpson. There were 14 different creative executions in the launch campaign spread out over 16 weeks.



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And as we all know, the series became cable's most-watched new series of 2016 and the FX's top-rated first-year series ever.

So we thought it would interesting to watch the creative progression of the on-air campaign, from the first teasers through to the proof of performance spot that aired the night of the premiere.

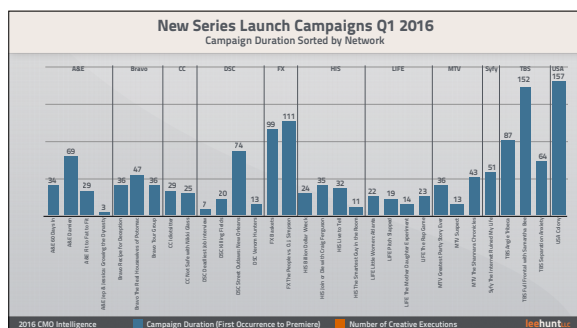


51

We assembled the 14 pieces of unique creative we captured, and placed them on a timeline starting 16 weeks before the launch, and roughly which week each new piece of creative premiered.

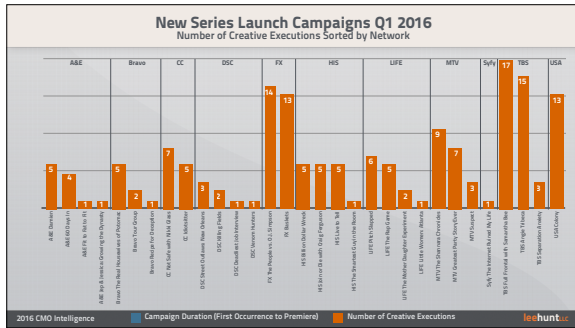
Take a look.

(5:19 FX The People v. O.J. Simpson montage)



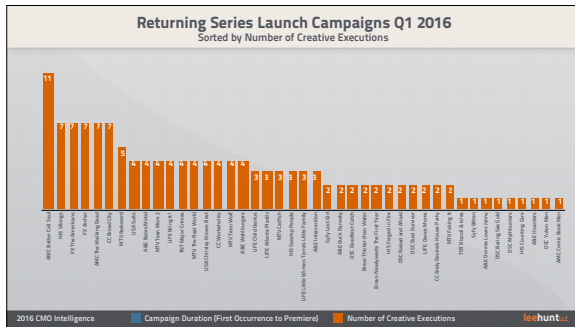
52

Here we've sorted by network, and as you'll see FX as a general rule likes long lead times in developing intent to view.



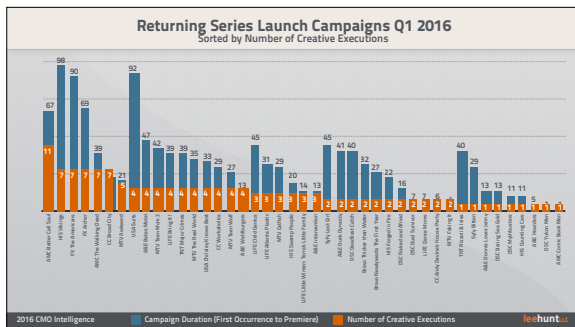
53

And as we've seen year after year at the PromaxBDA awards, they know how to make lots of great creative.



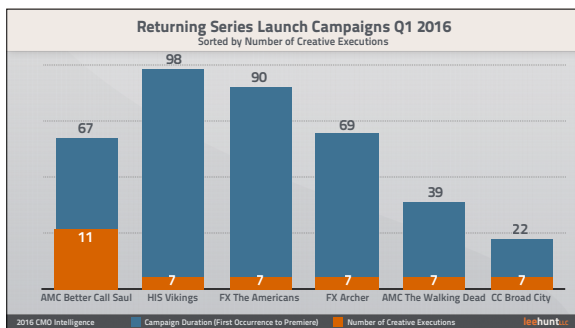
54

When we looked at returning series, the number of creative executions wasn't nearly as high. That makes sense; these are shows our viewers are already familiar with. We found the average number of creative executions this quarter to be a little over 3.



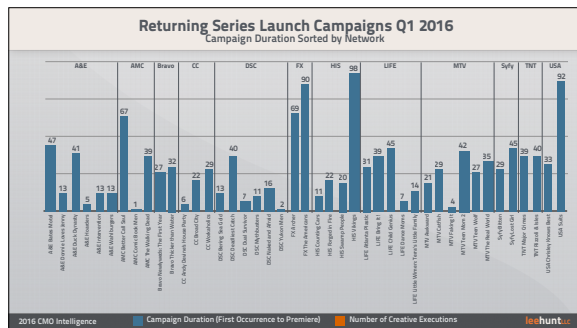
55

Paired with campaign duration, you see a cluster of long campaigns with a healthy amount of creative executions on the left.



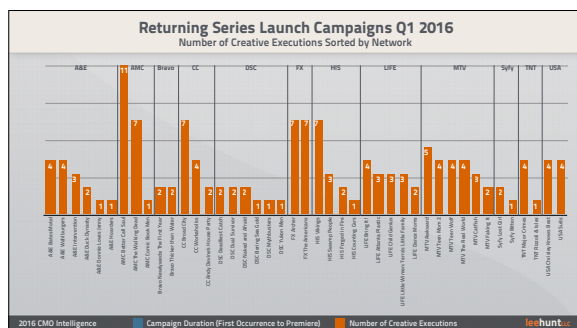
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Zooming in on the top 6, we see FX once again with long leads, as well as AMC, History and Comedy Central. And note, each of these shows has been very successful for its network.



57

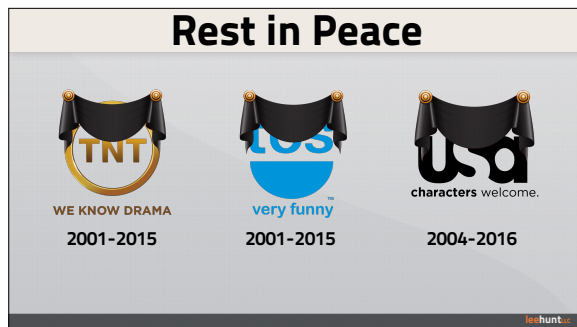
Sorting by network we see a range of lead times, but FX once again holding consistent in both campaign duration...



58

...and creative executions, with AMC's Better Call Saul being the outlier here.

So there does seem to be a correlation between longer campaigns, more creative, and ratings success. It certainly warrants more study.

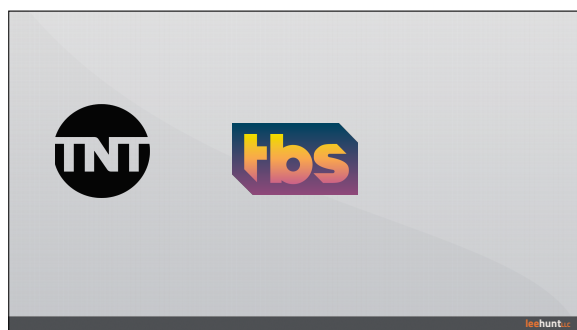


59

I think we should take a moment of silence to say goodbye to three brand positions that changed the face of television. TNT's We Know Drama, TBS' Very Funny, and USA's Character's Welcome.

They were the first general entertainment cable networks that tried to stand for one thing—not an easy task when you have lots of different content for different audiences.

TNT's drama positioning lasted the longest—14 years by my count—an incredible feat of brand discipline by any measure, but particularly in the ephemeral world of



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So what happened? Why did they change? And why all pretty much at the same time?

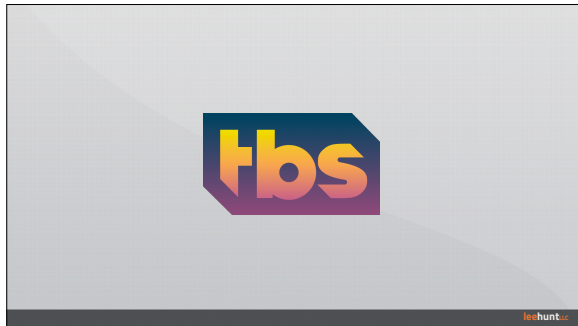
We know the Turner changes began when Kevin Reilly became Chief Creative Officer for Turner Entertainment Networks. And while we saw some really interesting TNT series at the upfront we're still waiting to see exactly what TNT becomes.



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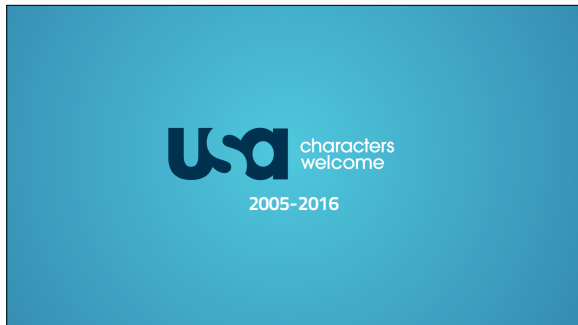
And while we don't yet know what TNT will become, we've seen a lot of changes at sister network TBS, and this is how they describe themselves.

(:30 TBS Is)



62

It will be interesting to see how that translates to a brand position.



63

But what about USA? Within 6 months of introducing Characters Welcome back in 2005, they became the number one general entertainment channel. A position they held for more than a decade. Why did they change?

Like other networks they realized that viewers tastes had changed, and it was time to change with them.

So USA put a toe in the water with a series that was purposely off-brand...



64

Mr. Robot. Programming that was brave, bold, daring. Everything USA wasn't.

And it worked.



65

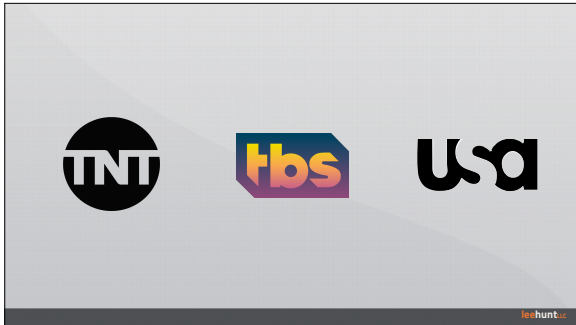
So they took their 'characters' and began to filter them through the values that would define their programming now, and going forward.

A brand position that allows them to connect all their disparate programming—series, wrestling, reality, special events—in the linear world, and act as a filter in the on demand world.



66

(2:20 USA We the Bold montage)



67

We'll check back in with all three of these brands next year, and see if they've found brand positions that can last another decade.



68

We're already near then end, so now it's time for the third annual Stickiest Promos of the Year awards. You may remember from previous years, we look for the stickiest promos on TV—the spots that retain the greatest percentage of audience coming out of content.



## Promo Retention Analysis

### 73 Broadcast & Cable Networks

April 2015-March 2016  
350,000 HH rotating sample  
Primetime  
"A" Position  
1 Rating or Better  
No Live Sports

TiVo Research

leshunt

69

Working with second by second ratings from TiVo Research that include TiVo, Charter and FourthWall Media set top boxes we looked at an entire year's worth of promos from 73 broadcast and cable networks in a daily rotating sample of 350,000 US households. To determine the stickiest promos, we only looked at spots that aired in that valuable 'A' position of a break. We didn't want commercial erosion to impact the results. We wanted to see which network's promos retained the most audience going directly from content to promo.

We set a threshold of a 1 rating to make sure we had a representative sample. And we eliminated live sports.



70

Coming in at #5, and a first entry into the sticky world, is truTV with a spot for The Carbonaro Effect. This spot ran in the first break of the 10pm airing of Impractical Jokers on September 3, 2015.  
(:30 truTV Carbonaro Effect)



71

Next up was Discovery Channel. This promo, an episodic for Bering Sea Gold, also aired in the first break, of Mythbusters, on September 5, 2015.  
(:30 DSC Bering Sea Gold)



72

Next we have CW's The Flash. Unlike the previous two promos, this spot aired in the squeeze credits of Arrow on November 18, 2015. It's for a special 2-episode cross over event with Arrow and the Flash, making it particularly sticky.  
(:30 CW The Flash)



73

Coming in at #2 is BBC America and their promo for Luther. It aired December 5, 2015 inside of Doctor Who.  
(:30 Luther)



74

And, for the second year running, the stickiest spot of the year was from NBC. This year it was for You, Me & the Apocalypse airing in the squeeze of Heroes Reborn on January 21, 2016. Ironically, as sticky as the spot was, neither of these shows are on air anymore.  
(:30 NBC You, Me & the Apocalypse)



75

There's one spot that didn't make it to this year's Stickiest promos. But it's one of the smartest spots I've ever seen.

As we saw, The People v. O.J. Simpson was a huge success for FX. So in the last episode, which was also the highest rated episode, in the last break, just after the jury has found O.J. not guilty, this is what FX scheduled in the 'A' position of the break.

We'll pick it up a couple of minutes before the break. I've condensed a bit of the content to give you a sense of the emotional peak going into the break.



76

(1:04 FX Atlanta)

That is promo genius!

That's it for this year, but before I go I want to leave you with a special spot.

You might remember a couple of years ago we talked about the brilliant Netflix marketing campaign around Netflix adultery—when your significant other watches ahead of you.

Well, it seems like someone came up with a solution.

77

(1:52 Commitment Rings)



78

Thanks again for spending the afternoon with me. And as always, you can find a pdf copy of this presentation with embedded video at my website. Enjoy the rest of the conference.

