

THE LOCAL PROGRAMMATIC MARKETPLACE:

OTT AND DIGITAL REACH EXTENSION
CHANNELS





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OTT AND DIGITAL REACH EXTENSION CHANNELS

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Executive Summary

Over-the-Top (OTT)¹ is one of the fastest-growing emerging platforms for local advertising, not just compared to digital but across all media that includes Cable TV, Direct Mail, Mobile, PC or Laptop, TV Over-the-Air, Radio Over-the-Air, TV Digital, Radio Digital, Email, Out-Of-Home, Mags Print, News Print, Mags Digital, News Digital, Directories.

This growth is mainly due to digital channels gaining traction in geotargeted ads, which was reinforced by the long pandemic.

From 2022 to 2026, OTT will grow at 14.3 percent CAGR and hold the second spot behind TV Digital (owned and operated streaming and website advertisements sold by local broadcast stations), bearing witness to the big investments on OTT video in various local markets.

This investment in OTT also emphasizes how competitive this media channel has become, as consumer behavior keeps on the same trend.

An increasing number of ad impressions are now on OTT, as this media channel went from being an audience reach

extension vehicle for linear TV to becoming a powerful marketing channel able to deliver considerable inventory in many local markets.

OTT also offers very attractive and lucrative features for advertisers and agencies using first- and third-party data, including brand-safe environment, attribution, optimization.

Programmatic deals are on the rise and are challenging direct sales, especially in bigger markets already familiar with the OTT ecosystem.

Madhive has been a leader in the programmatic space, providing an enterprise software solution to facilitate inventory exchanges between advertisers and publishers, both on the DSP and SSP.

Working in partnership with BIA, Madhive is pleased to offer this report that provides a current assessment of the immense opportunities around OTT and its adoption.

Read it to understand the challenges on a local level for media players leaning towards digital.

¹ BIA defines Over-the-Top (OTT) advertising as locally targeted advertising included on streaming video delivered to TV sets via Internet connections and includes both IP set top boxes that receive

signals from digital video ad servers (and widgets on them) as well as USB and HDMI multimedia devices.



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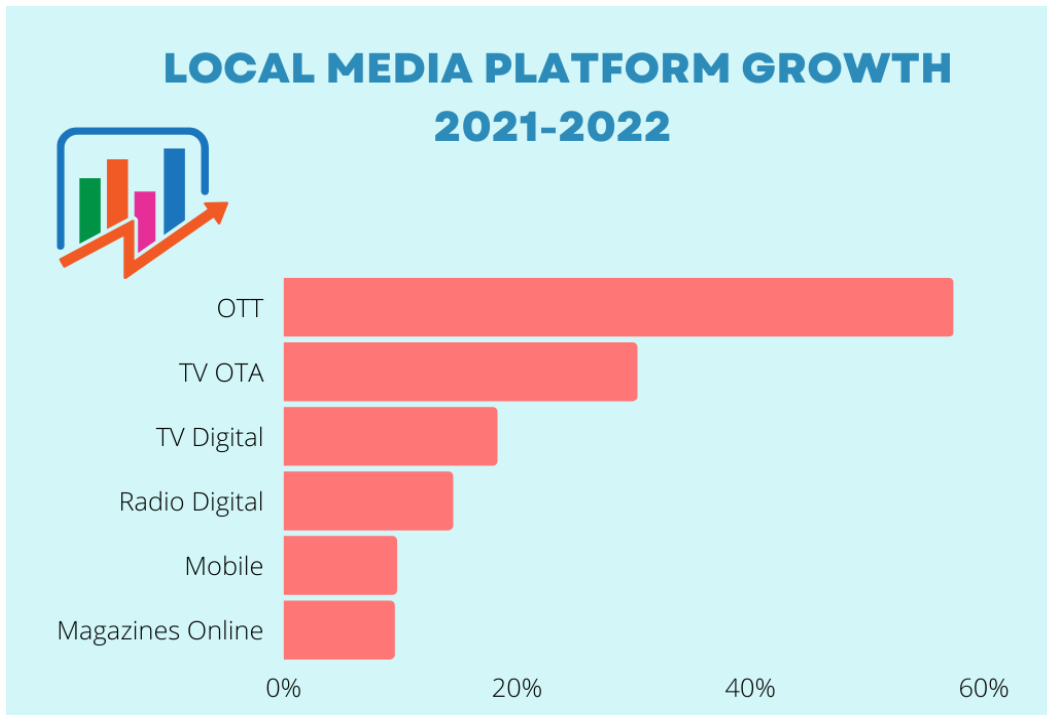
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Introduction

In its June 2022 version of its U.S. Local Advertising Forecast, BIA estimates the local advertising marketplace will reach \$167.4 billion in 2022 as local, regional, and national buyers compete to bring their messages to local audiences across 16 major traditional and digital paid media platforms.² Within the forecast, the fastest-growing media segment is OTT with an annual growth rate of +57.4 percent in 2022. Local TV's 2022 growth is fueled in large part by political spending, winning \$3.8 billion of the total \$8.6 billion forecast to be spent in this mid-term election cycle. OTT spending will exceed \$2.0 billion, drawing strength from multiple business verticals, not just political.

BIA uses the terms "OTT" and "CTV" interchangeably. However, CTV is a subset of OTT video impressions that come specifically from Connected TVs. CTV impressions typically account for 90 percent or more of OTT viewing and ad buying.

Figure 1. Fastest Growing Local Ad Media Channels: 2021-2022



Source: BIA Advisory Services, Local Market Ad Forecast, Issued June 2022

² Digital: PC/Laptop, Mobile, Email, Radio Digital, TV Digital, OTT/CTV, Newspaper Digital, Magazines Digital. Traditional: TV OTA, Radio OTA, Cable/MVPD, Newspaper, Magazine, Direct Mail, OOH. Directories.



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Marketers and agencies invest heavily in this high growth video ad platform because of the broad market reach and the engagement of full-length premium content these platforms provide. Increasingly, video ad campaigns leverage the relative strengths of local TV and OTT to extend audience reach beyond what just traditional TV can provide as audiences, particularly in the younger demos, shift their viewing to ad-supported streaming video sources among the hundreds of options in the OTT space.

In this report, we explore the status and future of programmatic trading in the local ad market. Our methodology and data sources include primary interviews with industry experts, BIA's proprietary forecast data, third-party data sources and publicly available information from companies and trade press.

For this project we interviewed executives from local TV groups, agencies, technology solution providers, along with OTT platforms and aggregators.

The areas we investigated are:

- How media budget advertisers are shifting from traditional into digital (and what digital forms).
- Programmatic evolution: Pros and cons of programmatic, how it is defined, direct vs platform buying, programmatic workflow?
- Programmatic workflow: What tools, data, measurement/analytics are important?
- Programmatic transactions - where do clients make their buys? Directly from the Hulu, Roku, publisher, or programmatic partners?

The Market is Shifting to Digital Ad Platforms

BIA forecasts that in 2022 we will see digital ad investments reaching parity with traditional media spending and then move to quickly overtake traditional starting in 2023. This varies by client and business vertical. Generally, it's headed toward a 50/50 split with digital growing at traditional media's expense.

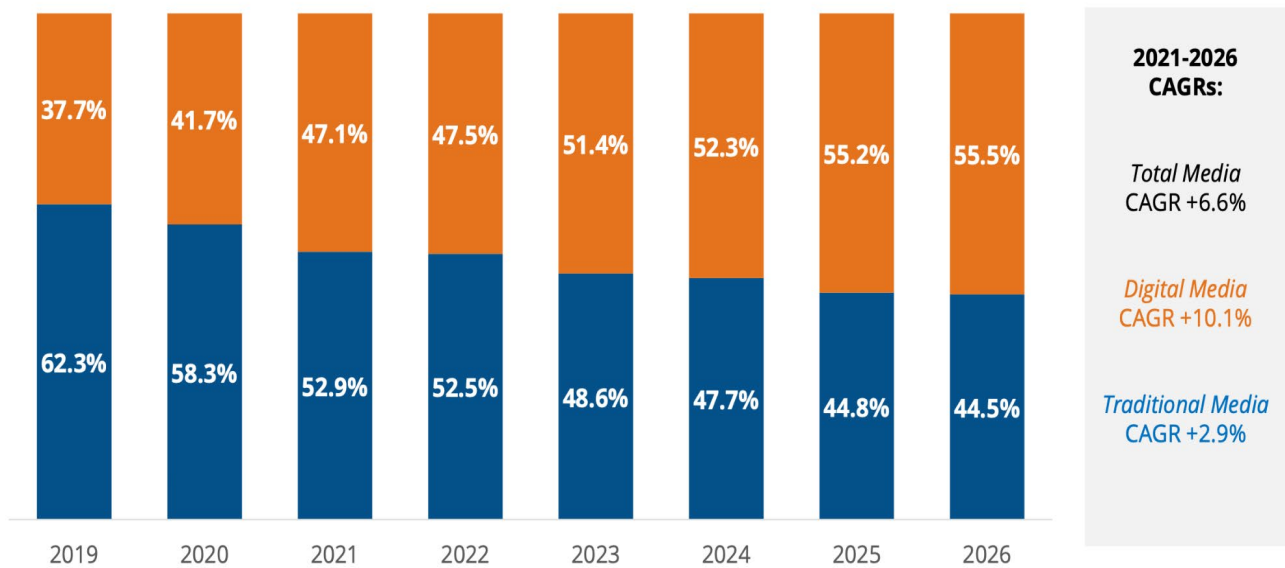
The following chart offers a view of BIA's local advertising forecast for five years. As the chart indicates, video advertising is very compelling to local ad buyers. At present, two traditional local video ad channels, local TV and local cable, still earn the lion's share of local video ad spending. However, the momentum is shifting to digital video ad formats.



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Figure 2. Comparison of Traditional and Digital Media Share



Source: BIA Advisory Services, Local Market Ad Forecast, Issued June 2022

From 2022 to 2026, local TV spending will decrease from 51.2 percent to 41.7 percent of local video ad spending and local cable will decline from 16.2 percent to 12.5 percent. **On the other hand, all digital video ad platforms are in growth mode.** Video display ad spend on laptops/PC will nearly double in this period from 13.7 percent to 22.6 percent of local video spending.

Digital media spending will rise to 55 percent of total local ad spending by 2026 as marketers and agencies continue to find value in these channels.

From 2019 to 2022, locally targeted digital sales rose from \$55.9 billion to \$79.5 billion, while traditional sales declined from \$92.5 billion to \$87.9 billion. With the lockdown, alongside consumers using online platforms more often, 9.8 percent of traditional sales shifted towards digital across all TV markets.

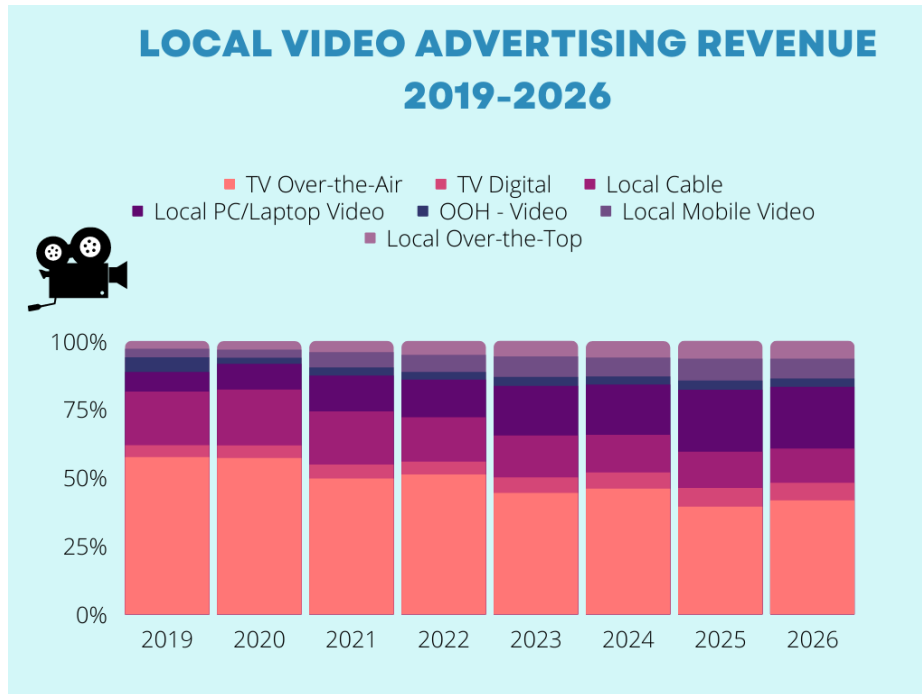
From 2021 to 2022, we can witness a slowdown with only 0.4 percent of traditional sales shifting towards digital.



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Figure 3. Total Local Video Ad Revenue by Media Platforms



Source: BIA Advisory Services, Local Market Ad Forecast, Issued June 2022

By 2026, BIA is forecasting that digital spending will grow to \$116.6 billion while traditional spending will only rise to \$93.6 billion, having digital sales expand by 8.0 percent from 2022 to 2026, bearing witness to the declining trend in traditional media advertisement. Hence, media sellers need to remain competitive as well as develop and execute strategies to win additional spending in these digital increases.

Status of Local Programmatic

Local TV is more heavily viewed and largely trades in gender and age currency in a legacy culture. OTT viewing has now risen to 36 percent of total video time spent with only 18 percent of the total video ad spending in 2022, according to an IAB study.³ OTT's share of ad spending

³ CTV Will Command 36% Of Total Video Time Spent In 2022, 18% Of Video Ad Dollars: IAB, Television News Daily, May 2, 2022. <https://www.mediapost.com/publications/article/373490/ctv-will-command-36-of-total-video-time-spent-in.html>



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will continue to grow. The IAB study indicated that 73 percent of buyers are expected to shift their media spending from linear TV to OTT.

With over 2 million cord cutters in the first quarter of 2022,⁴ local TV's reach, while still huge, is declining as audiences shift to OTT especially among younger demos. Advertisers will follow these audiences. **OTT is becoming a must have in cross-platform video campaigns in offering many of local TV's advertising strengths and as a digital platform bringing deep capabilities in data-driven targeting, attribution and campaign optimization.**

Publishers are developing more ways to aggregate audiences across more types of content across local TV and OTT distribution platforms. Audiences themselves are faced with thousands of viewing choices. This leads to a market where data, technology, and new workflows are in heavy use to power a more efficient market.

Local TV and OTT have operated in silos, each with its own culture, workflow, and different levels of automation. This is changing as marketplace trading moves to a much faster pace of innovation than any period in the past. For example, TEGNA is deploying OTT streaming apps for its 64 local TV stations in 51 markets to bring both linear and digital premium video ad inventory to cross-platform buyers.⁵

Two Primary Trading Models: Direct and Programmatic

The marketplace operates with two primary trading models: *Direct* and *Programmatic*.

"Direct" refers to primarily human facilitated trading and processing where client buys are activated by media sellers using "Insertion Orders" (IOs) in a largely manual process often relying on several software workflow systems. For sellers activating media buys across platforms, the Direct selling method often involves separate manual processes for each platform.

⁴ TV Cord-Cutting Hits Record as Coronavirus Shuts Businesses, Wall Street Journal, May 9, 2022.

https://www.wsj.com/articles/businesses-join-tv-cord-cutting-frenzy-amid-coronavirus-11589036400?mod=article_inline

⁵ TEGNA Stations to Debut New Local Streaming Apps and Channels, TV Technology, May 3, 2022.

https://www.tvtechnology.com/news/teгна-stations-to-debut-new-local-streaming-apps-and-channels?utm_source=SmartBrief&utm_medium=email&utm_campaign=241BFF69-1938-421F-A5A7-DCA24C4C53CF&utm_content=94C2A197-4AE1-4150-A01D-EC810D33A50A&utm_term=f88dfda1-7a59-448e-8430-8913f586e1b7



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“Programmatic” selling refers to automated media buying systems where clients use a Demand-Side Platform (DSP) to plan, price and bid in real time (RTB or Real Time Bidding) on publisher inventory offered through an automated Sell-Side Platform (SSP). In fact, these days many Direct sales transactions are processed using programmatic tech stacks. By 2023 digital video programmatic trading will nearly triple from 2019 to reach more than half of all digital display programmatic trading.

Programmatic trading, fast becoming the new norm, empowers data-driven automated platforms to manage real-time bidding matching publisher inventory with ad buyer targeted consumer segments at sufficient scale and at price points that meet both buyer and seller expectations.

The local advertising marketplace is dynamic and becoming more infused with data-driven audience segmentation and media activation via high tech programmatic trading platforms. These programmatic platforms provide more control over premium inventory value-based pricing serving both buyer and seller goals, help buyers identify and activate target segments at scale across publisher platforms, offer critical fraud protection and provide campaign optimization, analytics, and performance metrics.

Premium publishers provide access to buyers targeting audiences over both their owned and operated platforms but often run into situations where the audiences they generate do not offer sufficient scale to achieve buyer objectives. To satisfy this client requirement, publishers provide audience reach extension services to activate the same target audience segments in third-party inventory through partnerships. This requires a complicated and time sensitive workflow that is much more effectively achieved programmatically versus direct publisher trading.

For example, a local TV station can provide access to its audiences in over-the-air and owned and operated digital platforms (e.g., web sites, mobile apps, podcasts, CTV, or streaming), but even the audience impressions delivered across these platforms may not deliver the impression loads required by client campaigns. Local TV station sellers will often extend the audience reach they can deliver by bundling in similar audiences in CTV, audio, or even Digital Out of Home (DOOH) platforms.

The value and impact of OTT for audience reach extension is being much better recognized and quantified. For example, to best reach target audiences in cross-platform video campaigns, a study conducted by NBCU and iSpot concluded that, “30 percent to 40 percent of TV ad



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campaign's impressions should come from over-the-top streaming in order to optimize results.”⁶

These reach extension platforms both help scale the audience served by advertiser messaging but also play distinct roles in the consumer's journey to purchase to further amplify the value of audience extension strategies. Direct trading requires buyer and seller to create and process multiple insertion orders and attempt to steward campaigns activated across multiple media platforms.

The challenge for buyers and sellers is that it can be complicated and time-consuming to trade inventory in one ad channel let alone adopting audience reach extension strategies where each additional channel uses a manual I/O sales process.

Programmatic trading allows the marketplace to scale efficiently, use sophisticated artificial intelligence and machine learning to optimize value-based inventory pricing, and to activate, optimize, provide analytics and reporting, and show campaign performance metrics. Therefore, so much local advertising across media channels is moving toward programmatic trading.

Programmatic trading has introduced new buying options to brands, which can now turn to local media vs agency or self-served solutions.

Programmatic advertising has given media companies an opportunity to successfully innovate their business models. These media establishments can bundle in other assets (sponsorships, private market trading for premium inventory, cross-platform activation, etc.) that media agencies may not have access to.

Brands are using fewer solution providers and if these media sellers can provide adequate agency services, that likely reduces the demand for them. In high spend-specialty verticals like Automotive, media sellers find it hard to compete with Automotive-specific agencies. Hence, depending on the size of the brand, self-served solutions may be out of reach in terms of staffing resources and expertise. SMBs classically need catering and self-serve solutions are difficult to get adopted.

⁶ NBCU Says 30%-40% of Campaigns Should Be OTT, Based on iSpot Test Data, Broadcasting + Cable, June 17, 2022. <https://www.nexttv.com/news/nbcu-says-30-40-of-campaigns-should-be-ott-based-on-ispot-test-data/>.



Views from the Field: Executive Interviews

For this report, we pursued insights into the programmatic marketplace in a series of executive interviews including publisher, agency, and solution provider participants.

Across our industry executive interviews, we repeatedly heard variations of “it’s the Wild West out there” referring to programmatic versus direct selling and more specifically with OTT/CTV video inventory. The marketplace is still learning about programmatic trading and how to be successful with CTV.

A local TV group executive bemoaned to us that *“while local sales teams are most familiar with selling their linear TV broadcast inventory, the CTV and programmatic channels offer more upside opportunities and accountability.”*

While the station’s owned and operated digital assets are prioritized in the selling process because of the higher margins earned, going to programmatic and real-time bidding is where revenue scale can be achieved. Local sellers bring everything – linear TV, search, social, audio, video display – to their buyers to make the most compelling offers.

The current marketplace status for programmatic trading is improving but still characterized by a need for more buyer and seller education to understand and make good decisions about how to best plan, activate and manage programmatic campaigns. Programmatic offers benefits to buyers including fraud protection, frequency capping, ad verification, and campaign performance and attribution

Some local media groups such as Sinclair, TEGNA, Cox, and Gray have dedicated CTV offers and sales forces. Other local media sellers provide their clients access to CTV and other digital ad inventory by going to the programmatic market and act as their agencies placing media buys on their behalf to simplify the process. In both models, local publishers rarely rely on their own tech stacks, except for Sinclair, and will direct towards a full stack cloud solution such as Madhive.

Madhive provides broadcast stations with additional publishers for when impressions are not sufficient, leveraging their proprietary blockchain technology that is supported by fraud protection and security.

Furthermore, industry executives we spoke to on both the buy and sell sides shared how they must spend precious time educating their teams to unscramble misinformation and disinformation. For example, there is a major difference between OTT (Over-the-Top) and CTV



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(Connected TV) video inventory in terms of value and pricing.⁷ Some agencies and media sell clients what they call CTV video but rather than the rich and engaging full screen experience of a large TV set, as much as 90 percent or even more of the video impressions might be delivered to much smaller mobile phone, PC/laptop or tablet screens.

An agency executive told us, *“Our clients really don’t know the difference between OTT and CTV, and whether they are getting mobile, desktop or TV screens. We just buy OTT inventory on the exchanges for our clients and don’t worry about what screens the impressions come from as long as we meet CPM targets.”*

Of course, CTV ad impressions properly earn a much higher CPM given the richer ad environment and audience experience. For example, while OTT ad delivered to a mobile screen might sell for a \$10 CPM, that same ad placed into a CTV platform to reach a TV set might sell for a \$25 CPM because of its greater audience impact relative to campaign goals.

Some media sellers offered a more balanced viewpoint to us saying they provide both *transparency* and *lower CPMs* by offering different OTT mixes combining across CTV, PC and mobiles screens. For example, one sales leader told us her station will offer different CPM price points based on an “80/20 mix” with 80 percent of the OTT ad impressions coming from CTV and the other 20 percent from the other video platforms. More price sensitive clients opt for other mixes like 65/35, etc.

Spending Increases Planned for OTT, Programmatic

Advertiser Perceptions⁸ reported that 53 percent of marketers and agencies planned to increase spending on OTT/CTV in the coming year versus 28 percent planning increases for traditional linear TV.

Respondents reported programmatic versus direct sold OTT provided key benefits such as, 43 percent saying programmatic OTT provided, “easier targeting and optimization” while 36 percent cited better pricing in programmatic OTT. Programmatic platforms also provide “more unified campaign activation across multiple sellers... compared to direct sold OTT.”

Advertiser Perceptions also reported that even with strong perceived benefits, only about half of OTT/CTV buying currently is done programmatically. There are pros and cons that buyers

⁷ BIA defines “OTT video inventory” as ads targeting any screen including mobile, tablets, PCs or TVs. “CTV video inventory” specifically refers to ad impressions delivered to smart TVs that are connected to the Internet either directly or via some console, media stick or other device, to receive premium, full-length video.

⁸ <https://view.ceros.com/hb/xandr-2021-relevance-report/p/2>



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consider when it comes to programmatic. Buyers have relationships with publishers that they rely on to help deal with less familiar workflow in programmatic. On the other hand, programmatic can help buyers find targeted inventory across publishers at scale more efficiently.

A local TV group executive sings the praises of OTT and programmatic trading to better serve his clients and grow beyond his broadcast sales. His station aggressively markets audience extension over OTT using programmatic buys. With this strategy, his station has grown its digital revenue to 25 percent of total revenue, and this has been growing up to 20 percent annually. Programmatic video display also is growing fast.

Programmatic Deals and Impression reselling On the Rise on CTV

eMarketer reports that programmatic video spending is on pace to nearly triple from \$26.24 billion in 2019 to \$74.88 billion in 2023 rising to more than half (52.7 percent) of total digital display ad spending.⁹

A local TV group digital sales head emphasized to us that owned and operated inventory sales is a priority with an audience first approach along with a brand safety guarantee. Even so to meet demand, particularly from bigger and more demanding clients in the top 20 markets, CTV programmatic ad sales are booming.

Impression reselling in the marketplace has also become a need as the media group leans on buying inventory from The Trade Desk, RTB platforms (Beeswax), or directly from other publishers. Increasingly, programmatic is slowly gaining shares from direct sales, partly as the station group must resell its inventory, and now reaching almost 50 percent of their total sales on OTT.

Another local TV group executive indicated that while linear TV still represents the main bread and butter for local stations, digital and programmatic revenues are on the rise.

He strongly advocates that streaming will eventually replace Cable TV, as cord cutting continues to rise.

Local stations also feel more secure having a third-party auditor in the space, including for attribution models and transparency purposes. Their digital sales (CTV/OTT + Online video) roughly account for 25 percent of their local revenue, stressing digital opportunities will continue to grow by almost 20 percent in the foreseeable future. The station also highlighted

⁹ US Programmatic Video Ad Spending, 2019-2023, eMarketer, November 2021.



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that 100 percent of their CTV/OTT sales were done programmatically as it represents a better option for the client overall. Hence, margins are essential but more importantly volume is also key for revenue when reselling audiences.

Video in Digital Display Ad Gaining Traction, Especially on Mobile

eMarketer data show that digital display ad spending in the programmatic space is dominant and growing steadily, giving businesses better targeting and attribution in comparison to other digital means or traditional channels.

This increase in programmatic spending is partly due to advertisers having increased cash flow post-covid as well as social media's digital display abundance. The fastest growth in programmatic was from 2020-2021 and a slowdown is anticipated from 2022-2023, with video format leading digital display. Most programmatic spending will be allocated to Mobile, followed by PC/Laptop and CTV/OTT.

Several TV group sales executives told us that digital programmatic is growing for broadcasters especially in video display, being an easier medium to transition to from linear TV. Video is expanding in digital channels as it represents most of their sales, almost reaching 30% of total digital inventory on CTV/OTT alone.

Challenges in Local Buying and Selling

A local TV group executive found that at a local level, selling additional owned and operated inventory seems to be the biggest challenge. Smaller markets are also harder to sell CTV/OTT, making it difficult for broadcast stations to have an impact in that space. Nonetheless, local TV groups are developing national news, sports and other channels that are all helping their OTT opportunities grow.

Controlling profit margins when buying inventory from partners can also be an obstacle at times. In addition, the lack of transparency from competitors when selling inventory bundles that includes CTV can also be problematic, so it is crucial to be transparent with clients and share success in real time.

According to another local TV group executive, selling inventory in several local stations and DMAs at a time is a challenge. Educating media buyers on where they can have a presence and what is available on the programmatic market is key, especially diffusing them away from the idea of buying a set accustomed spot (a specific program in a



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particular station) and routing them instead towards the target audiences they are acquiring.

Challenges Found Across Measurement, Attribution, and the Lack of the Industry Standards

This fragmentation in the space is also reflected in industry-wide definition of “impressions” across the platforms. Most companies rely on third party solutions including TVSquare, iSpot, Analytic Owl, Samba, Placed, etc.

Meantime MRC, IAB, and others are focusing on creating a more trustworthy CTV environment and are working on a limited set of universal IDs that are deterministic where possible or probabilistic. Moreover, creating identity graphing solutions for households and devices that are helpful to the limits of privacy and data governance policies are to be considered. Furthermore, some vendors do a lot of modeling with probabilistic data that users need to be diligent with in terms of understanding the applicability and limitations.

Verticals Leaning in on Programmatic Buying

According to a local TV group’s top digital executive, the automobile industry, especially Tier 1- Automotive Manufacturers and Tier 2- Local Automobile Dealers Associations, are the biggest investors in programmatic buys.

Most of these dollars are coming from Covid held opportunities. For some local stations, Automobile businesses would rather invest on OTT/CTV through an agency they are familiar with.

Healthcare Services and Legal Services are also on the rise in programmatic advertisements.

Nonetheless, most buys in this space are based on knowledge and practice, as it seems a bit early for some advertisers on the local side.

“

Legal Services and Home Improvements are big investors in Digital Media channels and are bringing the most revenue to the local stations across various DMAs. We are also trying to reach younger and more tech-savvy audiences through Digital/OTT channels. The Automobile industry is a bit of a struggle for local broadcast station groups as lots of Auto businesses will instead partner with their preferred agency to buy locally targeted digital inventory, especially on OTT/CTV.

A local market TV group Manager

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BIA Local Advertising Forecast 2022-2026

In BIA's June 2022 forecast we estimate OTT spending to exceed \$2 billion and this will increase to \$3.4 billion by 2026, a 14.3 percent CAGR.

Figure 4. 2022-2026 OTT Spending Forecast (000s)



Source: BIA Advisory Services, Local Market Ad Forecast, Issued June 2022

The five largest growing sub-verticals utilizing OTT advertising from 2022-2026 will be:

1. Tier 1 – Automotive Manufacturers (OEM) +\$139.4 M (+30 percent CAGR), as the Automobile industry will be slowly recovering from a global disruptive chip shortage.
2. Legal Services +\$130.1 M (+12 percent CAGR), as the need for Legal soliciting from lawyers/attorneys will pick up again after a long lockdown.
3. Hospitals +\$90.5 M (+22 percent CAGR) another big spender on OTT as the need for regular hospital visits will also increase post pandemic.
4. Tier 2- Local Automobile Dealers Associations +\$79.4 M (+21 percent CAGR).
5. Tier 3-New Car Dealers +\$63.6M (+16 percent CAGR).



Conclusion: Buyer and Seller Recommendations

Local OTT is increasingly becoming the go-to platform, especially for premium video streaming options, and has established itself as an important advertising platform that delivers locally targeted audience impressions across many geographies in the United States.

OTT inventory is traded in Direct to Publisher deals and in Programmatic exchanges. Even Direct buying uses programmatic tech stacks. As publishers pool their inventory in collaborations such as the Madhiv/Katz and Scripps TV Consortium initiatives, programmatic trading adds a further layer of efficiency and effectiveness in this burgeoning part of the local media market.

Publishers and buyers are evolving their trading into cross-platform video campaigns to discover, target and activate data-driven audience targets at scale.

Based on our assessments of the OTT marketplace, both buyer and sellers need to consider these recommendations:

1. **Market Education:** The local ad marketplace comprises 16 local media platforms of which OTT arguably is the most complicated. OTT is the highest media growth segment in local advertising but still is underappreciated, misunderstood, and the industry suffers from misinformed and underinformed participants. The local ad market needs to up its game in OTT knowledge.
2. **Programmatic is On the Rise:** While publishers gravitate to Direct sold OTT deals prioritizing their Owned and Operated digital assets because of their higher margins with this inventory, they can be challenged to deliver impressions at a scale large enough to meet campaign goals. Going to programmatic trading is a critical part of the solution path to meet campaign goals and we see the pendulum clearing swinging to greater reliance on programmatic channels.
3. **Cross-Platform Video Campaigns:** Local TV stations provide highly prized ad inventory but with headwinds including loss of viewing on MVPD platforms from cord-cutters and a shift in audience behavior. More households are opting for ad-supported OTT services. OTT viewing minutes are on the rise particularly in younger demos and ad spending targeting these impressions is lagging the growth trend. To be effective at delivering ad messaging, buyers must utilize cross-platform TV and OTT activations to reach scale of



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video impressions required for campaign goals.

4. **OTT Has Broad Appeal to Business Verticals, Some more than Others:** Media sellers can feel confident that OTT inventory has great appeal across a breadth of business verticals. Still some verticals are particularly attracted to this platform and even more so as part of cross-platform campaign executions. In its most recent forecast, BIA forecasts that U.S. local OTT spending will increase from \$2.0 billion in 2022 to just over \$3.4 billion in 2026. Most of this growth from 2022 to 2026 is driven by top spending businesses in the Automotive, General Services, Healthcare, Retail and Restaurants sectors.
5. **Publishers Need to Embrace Programmatic to Drive Growth:** We get that publishers prioritize their Owned and Operated digital inventory in Direct sales to the marketplace since this is where they can achieve higher margins. Publishers in many cases are still “learning from the last war” in believing that programmatic trading necessarily commoditizes their pricing and drives down revenue. Programmatic platforms embrace yield management practices for pricing and releasing inventory to meet revenue maximization goals and help publishers get to the scale buyers require by extending the audience impressions they can deliver on their own. As we heard in our interviews, programmatic tech stacks provide other critical benefits that increase client value such as analytics, dashboards for campaign tracking and optimization, blockchain validation, fraud protection, attribution, performance and real time bidding for efficient trading.

The future of OTT in the local ad marketplace is inextricably bound to programmatic to leverage the value of tech, data, and efficiency to drive greater success in achieving campaign goals whether just in OTT buys or increasing in cross-platform buys as the local media industry collaborates bring innovation solutions to market.



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About BIA Advisory Services

BIA Advisory Services is at the forefront of local media analysis, creating and delivering unique data, insights and analysis to examine traditional and digital advertising, advertiser trends and activities, local market profiles and station ownership/operational details.

We offer comprehensive local and nationwide advertising research, competitive intelligence services and strategic and valuation consulting. Our advertising data platform - [BIA ADVantage](#) - provides direct access to our comprehensive industry intelligence and quarterly briefings.

For clients, our promise is to combine quality data with high-powered analytics to help them capitalize on new sources of revenue and make smart, better decisions. More information is available at www.bia.com. Also enjoy our [Leading Local Insights Podcast](#), and daily newsletter, [Local Media and Technology Daily](#).

About Madhive

Madhive is the leading technology company engineered for modern TV advertising. Through its self-service platform, advertisers can seamlessly customize and automate the buying process into one operating system. This allows advertisers to plan, target, activate, and measure their campaigns with greater simplicity, accountability, reach, and control. Powered by an industry-leading bidder and device graph that processes 260 billion available ad opportunities per day, Madhive delivers precise, brand-safe audience connections efficiently at scale.

The company is trusted by over 80% of local content owners, creators and distributors, including FOX, Scripps and TEGNA's Premion, as well as national agencies and brands, powering more than half a billion dollars in media across 12,000+ daily campaigns. To learn more, visit madhive.com.