



How NextGen TV Is Powering the Future of Local TV Advertising

Explore New Opportunities
and How It's Shaping the
Industry's Outlook



The Next Generation of TV Viewing Is Here

NextGen TV delivers the modern TV experience, allowing viewers to watch local TV from any device, anywhere. With the proliferation of streaming, NextGen TV is consumer demand-driven. While that's good news for the viewer, TV stations also have new opportunities for monetizing their viewing audiences. As a result, you'll be able to position it to your advertisers in a way that offers them many benefits and allows them to better reach their customers.

It's a new ad channel that offers the best of linear with digital targeting.

NextGen TV is a complex topic, and this white paper aims to clarify points by delivering information on:

The current state of local TV advertising

What is NextGen TV?

How NextGen TV will evolve broadcast advertising

Positioning the opportunity to advertisers

Answers to burning NextGen TV questions

ATSC 3.0 or NextGen TV is the latest version of the Advanced Television Systems Committee (ATSC) standards, defining how television signals are broadcast and interpreted. It comprises around 20 standards covering different aspects of the system.



The Current State of Local TV Advertising

TV commercials will experience a [9.6% decline between 2021 and 2025](#). This segment includes ad spending for cable, satellite and linear TV delivered over Internet Protocol networks (IPTV). It does not include online TV advertising, delivered by traditional broadcasters via their websites.

For 2021, the projections from the Pew Research Center report TV advertising [revenue falling in 2021 but rebounding in 2022](#). That increase is likely due to 2022 being an election year, as that's always a significant factor in ad spending.

While TV advertising is fluctuating, there is substantial growth in over-the-top (OTT) advertising, according to BIA's local ad forecast revision. Its growth is up 16% for the year. This growth shows that viewers are consuming more media through streaming. That has not been a space where local TV could play until now, except for those few broadcasters that launched their own local station branded direct-to-consumer apps. This allowed some to play in this space, but it was a lot of work, so many didn't.

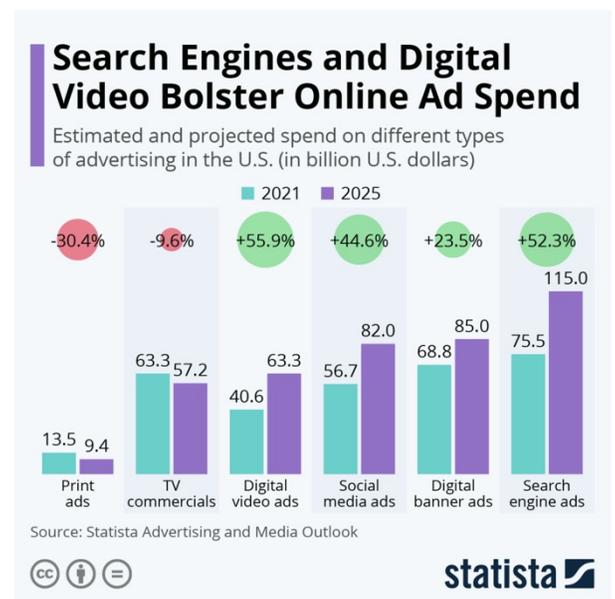


Image: [statista](#)

TV Offers Reach but Not Targeting

While TV does an excellent job on reach, it cannot compete with digital advertising in its ability to target, nor has it been able to capitalize on mobile. Further, attribution is difficult. NextGen TV levels the playing field, allowing TV salespeople to meet their advertisers' changing needs.



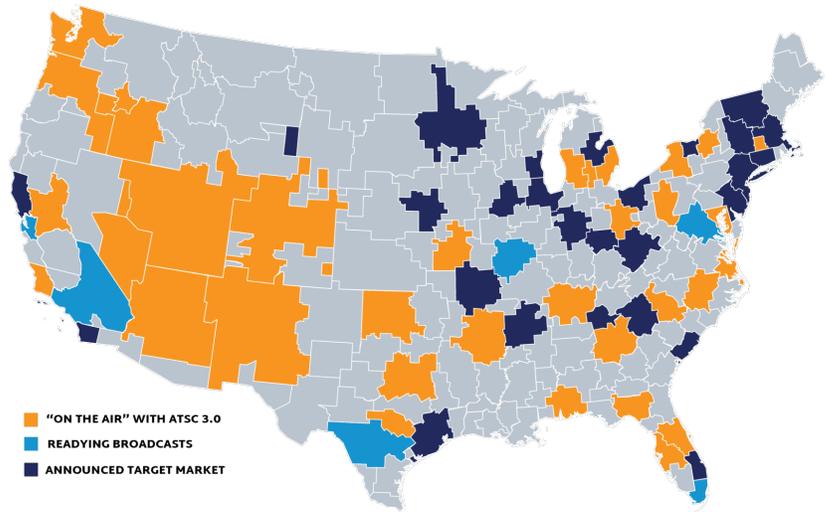
What Is NextGen TV?

NextGen TV, also known as **ATSC 3.0**, is a technology that delivers critical features to enhance the broad viewing experience, including:

- ✓ 4K ultra-high-definition video quality
- ✓ Theater-like audio
- ✓ Content consumption on mobile devices
- ✓ Video on demand
- ✓ Interactive features

The basis of NextGen TV is Internet Protocol (IP), which means it can carry internet content and services along the traditional over-the-air broadcast signal. It's like combining online and broadcast TV. It also enables advanced emergency alerting and informing. The technology strives to be future-proof and adaptable to what's next.

Deployment in the U.S. has been slow because of the cost involved to upgrade. ATSC is tracking this, with 62 markets in the U.S. already using it or in the planning stages. You can follow [here](#).





The NextGen TV Opportunity: How It Will Evolve and Change Local Advertising

The technology upgrade delivers many benefits for consumers. The viewer experience is important in any situation, and the update was consumer-driven. Many are “cutting the cord” on traditional TV, choosing to stream. However, many of these people still want to watch local stations.

There are some options here for streaming like Hulu + Live TV or YouTube TV, but they’re not available for every market. Audiences can also view local programming on the station’s website or through an app if they have one. Alternatively, they can use a digital antenna, but that only works on TVs, not mobile devices.

While there are options, it’s a fragmented ecosystem, and NextGen TV can deliver a more consistent experience across devices. It enables broadcasters to deliver free, over-the-air access to 4K Ultra HD programming. That’s programming with high-dynamic range (HDR), enhanced color and immersive surround sound.

It brings the viewers back to local TV but delivers new options on how to consume content.

Along with the positives for consumers, the new capabilities of NextGen TV also create new ad products for your advertisers. Basically, you are expanding your available inventory and offering new ways to reach local audiences. For advertisers that don’t currently buy TV spots, this is a new way to bring them back to the table.

No matter where your station is on its journey to adopt ATSC 3.0, educating and informing your customers can start now.





Positioning the Value of NextGen TV to Advertisers

Each of these components should be part of your value proposition to advertisers.

Capture First-Party Data More Easily

First-party data is very valuable. With NextGen TV, you have an easier path to do this since it's based upon IP.

First-party data is information you collect through your owned and operated properties. Third-party cookies, something digital advertising has been dependent on for years, help to identify and serve the right audience. These won't be available much longer.



In 2021, Google announced it would eliminate third-party cookies. This was supposed to happen by 2022, but [Google put the brakes on implementation until 2023](#). Regardless, it's still coming.



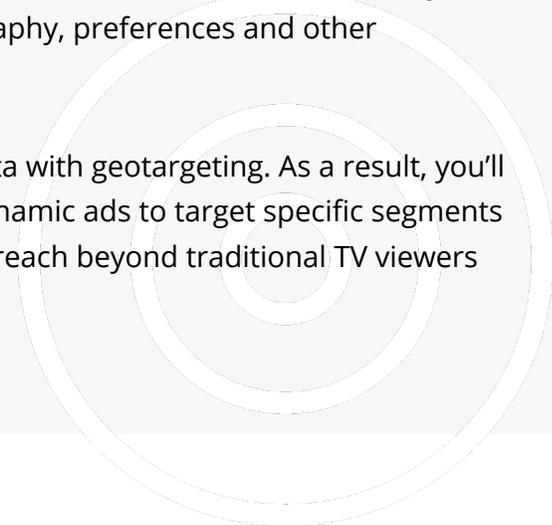
NextGen TV offers a new route to compensate for this by capturing first-party data. Having this capability leads to the next benefit: **better targeting**.

With the entire advertising industry struggling with transitioning from third-party to first-party data collection, NextGen TV is poised to alleviate the difficulties by offering meaningful audience segmentation capabilities.

Target Smarter

Ad targeting is becoming more relevant for advertisers. With traditional TV, ads are one to many. Digital advertising, including OTT, allows you to target by geography, preferences and other demographic attributes.

NextGen TV drives smarter targeting. It combines first-party data with geotargeting. As a result, you'll know who watches what. With this information, you can use dynamic ads to target specific segments better. Additionally, you'll have the opportunity to extend your reach beyond traditional TV viewers who subscribe to cable or internet or use an antenna.



How Targeting Changes with NextGen TV

To dive deeper into targeting capabilities, let's look at some examples and use cases:



Nearby targeting:

When consumers enable location services on mobile devices, and you combine it with first-party demographic data, NextGen TV technology allows you to serve relevant ads for nearby retailers or businesses.



Real-time information:

Geotargeting drives the ability to serve up information regarding emergency situations, weather, road conditions and other local content that's practical and useful for the audience.



Previous clicks drive relevant ads:

To target with relevancy, you have to know about earlier interactions. You're collecting this information on a household basis. If someone in that household previously clicked on new car ads, you know this is a possible interest. Next time they are consuming content, you serve them local dealership or insurance broker ads.



Viewing habits aren't abstract:

When you look at general ratings metrics, the picture of who is watching what is murky. Since you're able to collect first-party data through NextGen TV, the precision of target audiences is data-focused, not ambiguous.

Frequency Capping Also Supports Targeting

You're shifting into a performance-based marketing realm. There are more ways that it improves targeting, including frequency capping. Playing the same ad to the same audience causes fatigue and could lead to negative brand reactions.

Oversaturation turns good targeting into bad reach. You can now explain to advertisers that they can optimize the value of the reach without the fear of repetitiveness.



Advertisers Can Hypertarget and Still Play on the Big Screen

Another point on targeting is that most channels that allow you to do this are small screens. There is differentiated value in ads that play over big screens. The audience is more captive compared to viewing on mobile devices, which often experience disruptions from notifications.

Many advertisers will appreciate that hypertargeting their defined segment will be possible on the big screen. It's an important point to make in your elevator pitch.

This new approach to targeting is a huge selling point for advertisers. You're not selling ad units based solely on less impactful metrics like impressions. It's opening the possibility of personalized TV experiences.

Achieving Addressable Advertising

Addressable advertising, the ability to show different ads to different households watching the same program, is more accessible with NextGen TV. What changes with NextGen TV is that you can approach your advertisers with this new targeting. They can "buy" audiences in aggregate. That's different than traditional TV spots where your advertiser wants a specific spot — during sports, morning news, etc. There is an assumption about who watches those spots and what products or services they would want.

With NextGen TV, it's not a specific spot. You now have the capability to say that you'll find the advertiser the audience they want. This mind shift is critical for your station's opportunity with the technology. Current TV ad buyers are comfortable with spots. However, it doesn't have to be one or the other. Traditional TV ad messages and NextGen TV ads can work together.

Achieve In-Market Validation

Ad fraud, the practice of misrepresenting online advertisement impressions, clicks, conversion or data events, is part of the ecosystem. Combatting it can be a challenge in digital mediums. Here are some numbers:

-\$11.4B

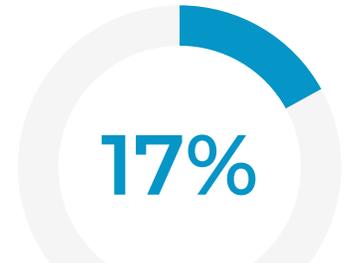
The U.S. lost \$11.4 billion due to digital ad fraud in 2020

[\(Source\)](#)



of clicks on display ads are fraudulent

[\(Source\)](#)



of CTV impressions are fraudulent

[\(Source\)](#)

To achieve in-market advertising validation, avoiding fraud is vital within your NextGen TV system. You can offer a new level of transparency and visibility for advertisers in this model. They will be able to access how viewers see their ads across multiple screens.

Minimize Ad Waste

Ad waste occurs when you cast a vast net. Campaigns focusing solely on maximum reach and frequency may touch beyond their target audience or objectives, leading to waste in the overall ad spend. Impressions aren't worth much if they reach an uninterested consumer base. A report from Marketing Evolution and Forrester found that [35% of ad waste was due to inaccurate targeting](#).

The best way to avoid ad waste is by combining broadcast plus narrowcast. You'll be able to do both with traditional TV ads and hypertargeting with NextGen TV.



Capitalize on the Trust Factor

Although traditional media consumption is waning, consumers still trust it the most. A [YouGov survey](#) found that 46% of consumers trust TV ads, whereas digital and social media ads were at 38% and 19%, respectively.

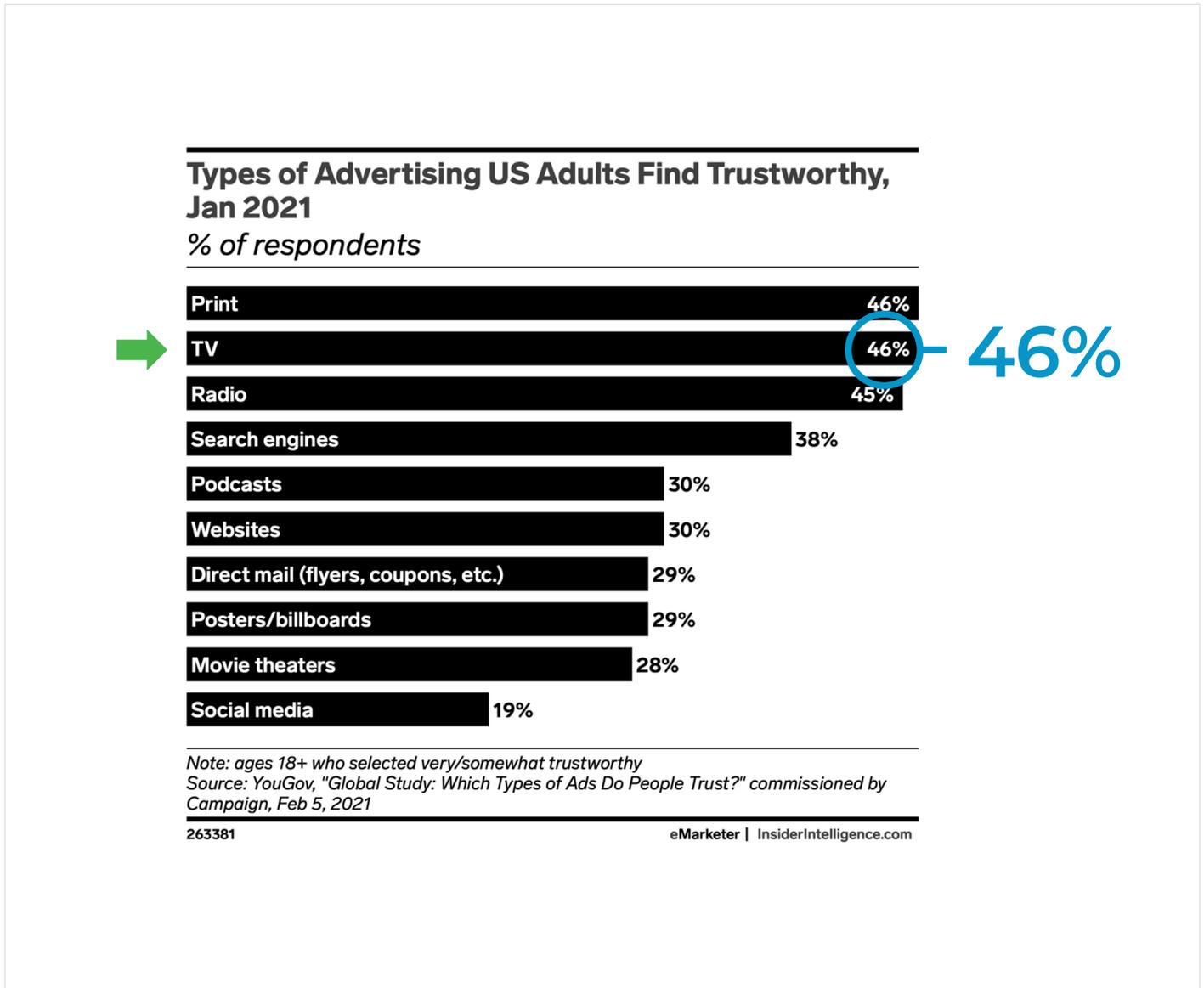


Image: [eMarketer](#)

Young Americans also trust local news the most, according to a poll from [Harvard University](#). It included responses from those aged 18 to 29. While this is good news for local TV stations, it also poses the quandary of that generation being cord-cutters. If you provide the opportunity to stream local news on mobile devices, you can have better access to this niche. Advertisers will appreciate this opportunity to market to Gen Z and get a greater share of their wallet.

Preserve the Relationship

In other forms of digital advertising, including OTT, you don't control the relationship because it's not your owned and operated property. Everything in the third-party digital realm comes with the caveat of not having a direct relationship. While you certainly want to continue to provide digital advertising through these platforms, NextGen TV enables you to directly own part of the relationship.

When you use **O&O with NextGen TV**, you collect first-party data on the viewers interacting with ads. The more you learn, the more you can derive actionable insights that advertisers will find attractive. Owning this relationship with the viewer enables you to personalize and target better for your advertisers. It's a competitive advantage that most other ad sources can't deliver.

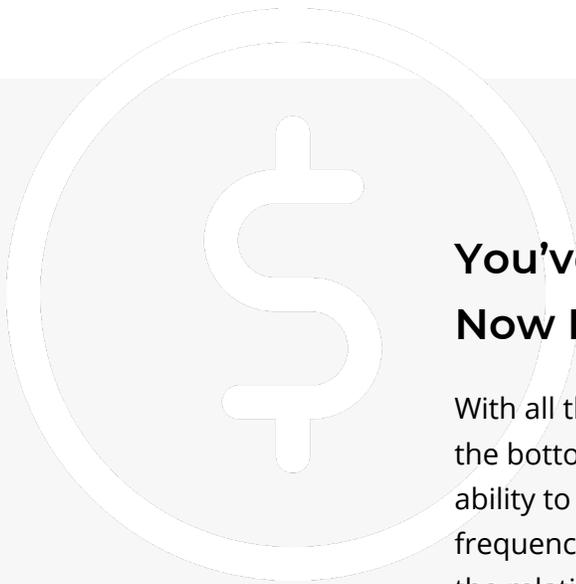
How Do Broadcast TV Stations Capture First-Party Data as Audiences View Programs?

TV broadcasters can collect viewing data from ATSC 3.0 compatible devices and services under the right conditions. For it to work, it requires using an ATSC 3.0 supported dedicated return channel (DRC). The DRC sends data back to the TV broadcaster, indicating the content displayed during specific times on an ATSC 3.0 device. That serves as the collection of first-party data of what is broadcast, when and to which devices.

The ability to do this provides significant advantages to local TV broadcasters.



Here's an example. An ATSC 3.0 compatible device tunes to a local TV station's news. The home's Wi-Fi network can then relay the TV set tuning information back to the TV broadcaster via the DRC. Additionally, if the live broadcast is stored via a DVR or other media server and then watched, the broadcaster can gather a census-level view of content delivered to these devices.



You've Made the Case; Now Reap the Dollars

With all these compelling benefits of NextGen TV, the bottom line is the top line of revenue. With the ability to target smarter, reduce waste, control frequency, advertise across devices and preserve the relationship, you can charge a premium for this ad unit. Presenting the story of NextGen TV addresses almost every advertiser's concern when it comes to spending ad dollars.



Answering Burning Questions about NextGen TV

You'll likely have these questions about the new technology. We've sourced expert opinions and researched these to deliver answers.

What is the projected revenue impact for broadcasters?

According to experts at BIA Advisory Services, the revenue opportunity for broadcasters with ATSC 3.0 is a bump of [3.8% for TV alone](#). Looking at the entire spectrum, it can grow to 8%.

+3.8%

These numbers are generalities. The impact on your organization will depend on implementing the technology and positioning it to your advertisers. It's worth noting that because this ad inventory delivers more data-driven audience targeting, advertisers may be more willing to pay a premium for it.

What advertiser industries are the best for NextGen TV?

NextGen TV can apply across many verticals. Any advertiser that wants to target specific audiences can benefit from this. In fact, it really expands your prospect pool to include those that don't currently buy TV ads. It's new inventory that can appeal to many business types, from retail to professional services to health care to automotive.

What are the biggest challenges for NextGen TV implementation?

Cost is the most significant barrier for TV stations for the upgrades necessary. Also, there are limitations on available spectrum. On the viewer side, there are currently just 20 TV models from LG, Samsung and Sony with built-in tuners, or they will need to buy a standalone tuner. Either way, they have to upgrade. Certain carriers are making it available on smartphones, but not all.



What's the difference between OTT and NextGen TV?

The ad experience isn't different for the consumer; the back end is. OTT video can target audiences based on demographics, location, device, interests and behavior. Additionally, unless you've launched your own OTT product, you don't own the properties where OTT ads play. NextGen TV ads allow you to target across location, demographics and preferences. Further, advertiser ads run on your properties across devices, allowing you to sell cross-channel advertising campaigns, increasing your share of the advertising budget.

How can technology support selling NextGen TV ads?

Ad tech currently allows you to sell third-party digital advertising, and traffic systems enable you to manage TV spots. Thus, adding a new piece to your tech stack for NextGen TV advertising will be necessary to streamline the process.

First, you'll need to ensure your order management system can integrate with an ad server that can serve ads in your NextGen TV feed. Next, you'll need a way to collect and manage your first party data so that it can be used for targeting the ads. Finally, you will need to be able to gather campaign performance reports that you can send to your advertisers.

How will tracking performance work?

Your platform will determine your reporting capabilities. Ideally, you'll want to deliver reports to your advertisers in an easy-to-understand format. That data will also be helpful to transfer to your CRM and business intelligence tools.



Quick Review: The Selling Points of NextGen TV

The wide adoption of this new technology is slow but steady. Even if your market has the capability, you're likely still developing your monetization strategy. Lots of pieces have to be in consideration on pricing such spots. However, you can begin the conversation by focusing on these points:

- ✓ Place value based on its targeting capabilities versus just impressions. Highlight the first-party data capture.
- ✓ Note that it's a complement to linear and digital.
- ✓ Overcome current objections to video ads by providing information and resources.
- ✓ Talk about how it works to prevent ad fraud, saturation and ad waste.



Everything Starts with Opportunity

In envisioning the future of TV advertising, NextGen TV will play a considerable role. It will soon become the standard once implementation is widespread. Now is the time to determine how you'll position it to advertisers and to research the technology that will enable you to scale it.

The conversation on this technology is just starting, and the most important part is setting expectations for advertisers around cost, value and results. With NextGen TV, you're adding a unique and new revenue stream. While it's not perfect or a guarantee, it's an opportunity you and your advertisers don't want to miss.

NextGen TV is an emerging advertising stream that will soon become a large part of your advertising footprint. Incorporating it into your advertisers' campaigns can drive success for all stakeholders. It's also soon to be one of the most valuable O&O opportunities for broadcasters. With this ripe opportunity, you'll want to be ready for the future of broadcast advertising.

About Marketron

Marketron empowers innovators in the broadcast and media industry to strengthen their market leadership by delivering more scalable, predictable and reliable revenue. With our products and services, you can successfully propose, price and execute multimedia advertising campaigns across all revenue streams, including television, radio, O&O and digital media. With expertise built on 50 years of industry leadership, Marketron serves more than 6,000 media organizations globally and manages \$5 billion in annual U.S. advertising revenue representing more than 1 million advertisers. Marketron is owned by Diversis Capital.

Learn more at marketron.com

hello@marketron.com | 800-476-7226



6,000

Broadcast companies
rely on Marketron

\$5B

In advertising
revenue managed

1M+

Advertisers

