

What Is...

Clarifying marketing topics and terms



What is TV?

A Modern Look At How
Consumers Define TV



What is TV?

Untangling and simplifying marketing topics and terms

TV Defined:

Professionally-produced, long-form content (i.e., longer than 20 minutes¹) with high emotional engagement found in a brand-safe environment regardless of platform or device

TV, and its definition, has evolved considerably in recent years. Audiences consume video content across an array of platforms and devices today, **and what they call TV has expanded alongside the number of ways to watch**. For most viewers, TV can refer to watching their favorite drama on a broadcast or cable network, streaming an original series, binging an older season on demand, catching the big game live on their mobile device and more.

While the term TV is often tied to the device itself, as audiences seamlessly watch video across screens, TV differentiates itself from user-generated / digital video through **professionally produced, long-form, highly engaging and emotional content**.

It is important for marketers to have a **clear understanding of what TV means to consumers** amidst an increasingly fragmented ecosystem.

What is included within TV:

TV encompasses many premium video platforms including:

- ▶ **Linear TV** (cable, broadcast)
- ▶ **Video-on-demand via cable provider** (Set-top-box VOD)
- ▶ **TV network app** (TV Everywhere)
- ▶ **Connected TV** (CTV)
- ▶ **Subscription Video-on-Demand** (SVOD)
- ▶ **Ad-Supported Video-on-Demand** (AVOD)
- ▶ **Free Ad-Supported Streaming TV** (FAST)
- ▶ **Streaming TV Service** (vMVPDs)

TV is also watched across multiple devices, including:

- ▶ **TV / Smart TV / Connected TV**
- ▶ **Streaming device** (e.g., Roku, Amazon Fire TV, etc.)
- ▶ **Game console** (e.g., Xbox, PlayStation, etc.)
- ▶ **Blu-ray player with built-in streaming apps**
- ▶ **Desktop / laptop**
- ▶ **Mobile phones**

Why a modern look at how TV is defined is important:

- For consumers, the lines between platforms have blurred, with **75%** of adults 18+ defining TV as anything they can watch on their TV set or on any device - **whether it's via streaming or cable, satellite or fiber optic.**² Professionally-produced TV content plays an important role in their lives, and they don't particularly care (or even realize) how they access it.
- Even as audiences themselves have adopted a more modern and unbiased definition of TV, many in the industry continue to see, and speak in, silos – often drawing ratings and revenue comparisons between 'traditional / linear' TV and streaming / CTV (i.e., 'digital' video) – despite the fact **each has the same, or similar, programming but are just accessed through different connection points**.

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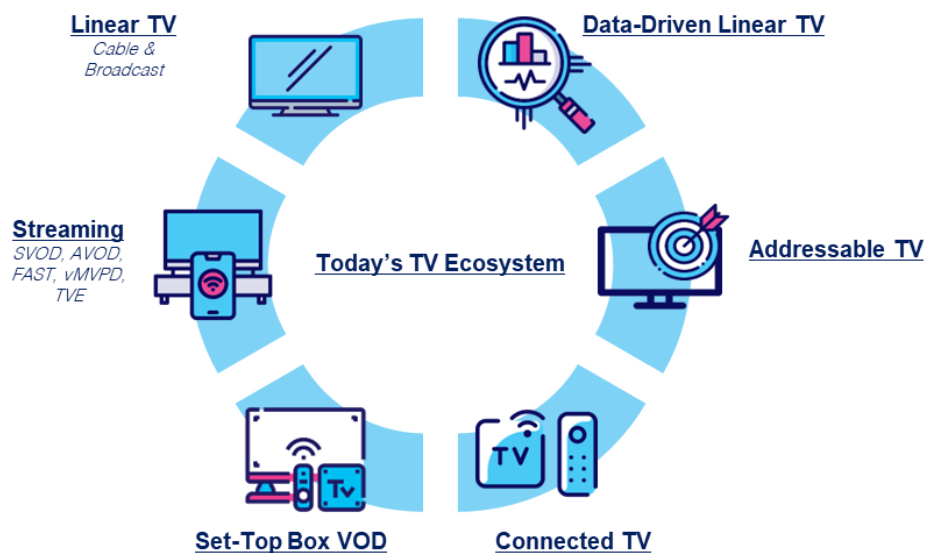


Audiences love TV, and in their minds, it is simply any **professionally produced, long-form, emotionally engaging** content, regardless of platform or device



From a marketer's perspective, this translates to many **opportunities to reach consumers across TV** in all its forms

Today's TV Ecosystem



Industry Perspectives:

During recent earnings calls, major video programmers discussed their commitment to creating more content to further engage passionate viewers

1. “We are focused on **developing, expanding, and exploiting the premium content franchises fans love**, an approach we'll lean into more and more.” – *Bob Bakish, President and CEO, Paramount Global (Q4 2022 Earnings Call)*³
2. “We are delivering **more content... with greater quality... in more ways... in more places... and to larger audiences.**” – *Bob Iger, CEO, The Walt Disney Company (Q1 FY23 Earnings Call)*⁴
3. “We believe that **when you have content that is so good that it hits the zeitgeist**, the best way to **drive interest and engagement** is not by dropping the entire season on a platform all at once, but by allowing the buzz and anticipation to build over time. **People want to be part of something. And when you tell them a great story and they get to experience it with others... it really is magic.**” – *David Zaslav, President & CEO, Warner Bros. Discovery, Inc (Q4 2022 Earnings Call)*⁵
4. “We are staying true to our mission of super serving our **passionate audiences by creating highly compelling content** that breaks through in a crowded marketplace.” – *Patrick O'Connell, EVP & CFO, AMC Networks (Q4 2022 Earnings Call)*⁶

TV Ecosystem - Related Terms:

- **Addressable Advertising:** A form of audience-based buying that gives marketers the ability to target specific households and serve different relevant ads to different viewers within the same program.
 - **Associated Terms:** Addressable TV, Household Addressable, Video-on-Demand Addressable
- **Ad-Supported Video-on-Demand (AVOD):** A free streaming service that gives users access to a variety of premium content in exchange for watching ads (e.g., Pluto TV, Tubi).
 - **Associated Terms:** Advertising Video on Demand, Ad-based Video on Demand, Pure AVOD
- **Advanced TV:** Any TV advertising that goes beyond traditional buying practices to deliver more efficiency and measurability. 'Advanced TV' is often used as an umbrella term when talking about the data-driven TV landscape, encompassing Connected TV, OTT / Streaming, Addressable TV, and Programmatic TV.
 - **Associated Terms:** Addressable TV, Over-the-Top (OTT), Connected TV (CTV), Programmatic TV
- **Audience-Based TV Buying:** Segmenting viewers beyond traditional demographics to target a group of consumers based on behavioral, attitudinal, lifestyle and/or transactional data.
- **Connected TV (CTV):** A television set that has built-in Internet capabilities (e.g., Smart TV) or is connected to the Internet via a streaming device such as a streaming box/stick, gaming console or Blu-ray player; all of which can access a variety of long-form and short-form content.
 - **Associated Terms:** Internet enabled TV-Connected Device
- **Convergent TV:** The combination of linear TV and streaming. From a viewer's perspective, refers to the idea that people seamlessly watch linear TV and various forms of digital/ streaming TV. From the marketplace perspective, it refers to the idea of selling and buying video holistically through an interoperable way of executing and measuring linear + digital buys.
- **Data-Driven Linear TV:** Targeted linear TV advertising that is based on consumer data beyond just age and gender. By combining demographic data with viewing behaviors and consumer interests, marketers can target specific networks and dayparts to enhance their ability to reach a specific audience segment.
 - **Associated Terms:** Data-enabled linear TV, Programmatic TV
- **Free Ad-Supported Streaming TV (FAST):** Services that enable audiences to stream video content via a broadband connection in a linear TV-like environment without needing a subscription. As the name implies, the content is free to watch because it is ad-supported. FAST platforms' defining feature is an "unplanned channel surfing" viewing experience via live scheduled programming delivered to viewers across designated channels.
- **Hybrid AVOD/SVOD (HVD):** A streaming service that offers multiple subscription levels with commercial options (e.g., Peacock, Hulu). There are typically up to 3 tiers for consumers:
 - (1) Paid - For a monthly fee, users can stream content commercial-free
 - (2) Limited Commercials – For a lower fee, users can stream content with limited ad breaks
 - (3) Ad-Supported – For free, users can watch certain content in exchange for a higher hourly ad load
- **Linear TV:** Live and time-shifted TV programming that has scheduled ads. Every household that watches the show at the same time sees the same ad.

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- **Multichannel Video Programming Distributor (MVPD):** Provides pay TV services delivered either through cable TV, satellite or telco (e.g., Comcast, DirecTV, Verizon Fios).
- **Set-Top Box:** A device that allows programming to be shown on a TV through a cable or satellite signal. Moment-by-moment viewership information from STBs is gathered by cable operators.
- **Subscription Video-on-Demand (SVOD):** A subscription-based streaming service that gives users access to a wide range of premium, usually ad-free, video content for a monthly or annual fee (e.g., Disney+, Netflix).
- **TV Everywhere (TVE):** The ability for a viewer to watch TV and film content whenever and wherever across devices (Smart TV, Connected Device, Tablet, Mobile Device or PC) and accessed through either a broadcast or cable programmer (via MVPD authentication/user log-in) or an MVPD app (like Comcast Xfinity & Spectrum TV).
- **Video-on-Demand (VOD):** Enables users to select and watch video content whenever they choose to, rather than at a specific broadcast time.
- **Virtual Multichannel Video Programming Distributor (vMVPD):** Digital-only cable alternatives that offer access to both live and on demand premium video content for a subscription fee (e.g., Sling TV, fuboTV).
 - **Related Term:** Streaming TV Service

Future Outlook:

Audiences' appetite for premium video will continue to grow, fueled by their love of emotionally engaging content, and their desire for flexibility in accessing an array of content more easily will likely continue to reshape the TV ecosystem

- ▶ The **demand for bundling services** has already been rising as audiences **navigate multiple video subscriptions**, which are often being accessed across several devices, each with different interfaces

In order to meet audiences' increasing demand for content, U.S.-based TV networks and streaming services are collectively investing significantly in programming content production

- ▶ Total programming content investment across linear and streaming is expected to reach **nearly \$113 billion in 2023** (+8% YoY) and **exceed \$122B in 2024** (+9% YoY) ^{7, 8}

To reach audiences in the content they love, advertisers are expected to invest more dollars on professionally-produced, premium video

- ▶ 2023 U.S. ad spend on **TV / professional video**: \$72 billion (+2% YoY) ⁹

TV viewership will migrate further across services and platforms as consumers continue to follow the content they love to streaming services via connected TVs and other devices like mobile

- ▶ These shifts are contributing to increased ad investment across video platforms, with estimates predicting **CTV will account for 30% of U.S. TV spend** in 2023 ¹⁰

Marketers looking to reach audiences in this fragmented video landscape are investing more in data-driven TV solutions which enable them to target their best prospects across devices and a growing number of ad-based platforms

- ▶ 2023 estimated **U.S. Addressable TV spend**: \$4 billion (+12% YoY) ¹¹

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About VAB

VAB is an insights-driven organization that inspires marketers to reimagine their media strategies resulting in fully informed decisions.

Drawing on our marketing expertise, we **simplify** the complexities in our industry and **discover** new insights that **transform** the way marketers look at their media strategy.

We are committed to your business growth and proud to offer VAB members, brand marketers and agencies **complimentary access** to our continuously-growing Insights library. **Get immediate access** at theVAB.com.

Sources

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9. GroupM, *This Year: 2022 Mid-Year Advertising Forecast*, June 2022.
10. eMarketer Insider Intelligence, *Combined U.S. Linear and Connected TV Ad Spending, 2020-2026*, October 2022. Note: linear TV includes broadcast (network, spot, and syndication) and cable TV; excludes digital; connected TV (CTV) includes digital advertising that appears on CTV devices; examples include display ads that appear on home screens and in-stream video ads that appear on CTVs from platforms like Hulu, Roku, and YouTube; excludes network-sold inventory from traditional linear TV and addressable TV advertising.
11. eMarketer Insider Intelligence, *US Linear Addressable TV Ad Spending 2020-2024*, May 2022. Note: targeted TV ads delivered on a home-by-home basis via cable and satellite boxes; includes video-on-demand (VOD) and ads delivered by dynamic ad insertion (DAI) technology from smart TVs connected to set-top boxes; excludes connected TV, internet only connected smart TVs and over-the-top (OTT).

