Dynamic Ad Insertion: Unlocking the Value of Video On Demand
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BEFORE DAI - Ads are hardcoded into the VOD asset
  • Limits attractiveness of VOD advertising
  • Some categories require more frequent ad changes (i.e. movies)
  • Changing ads requires re-pitch
Dynamic Ad Insertion (DAI) enhances advertising on the On Demand platform, allowing ads to be dynamically inserted into a VOD program at the beginning and the end of program segments.

- DAI currently available in 17.4M homes.
- 100% of Comcast VOD footprint deployed by Q312, ~19M homes
- Targeting by day-part, genre, rating and more
- Pre, Mid and post Roll deployed Nationally

WITH DAI – Ads are separated from the asset and inserted “on the fly” at the ad trigger – like web video ads.

- Increases the value of an ad spot
  - Ad campaigns can be more flexible
  - Ads can be triggered by various criteria
**VOD Ad Maps and Ad Products**

- Ad Maps largely driven by length of asset
  - Music Video Sample

<table>
<thead>
<tr>
<th>Pre</th>
<th>Music Video</th>
<th>Post</th>
</tr>
</thead>
</table>

- Full Length Feature Sample (current capabilities is ONLY pre and post roll insertion)
  - Ad placement opportunities will vary by type, length and frequency
  - Content owners can potentially blend pre-stitched and dynamic ad placements within the same content until scale is achieved across cable operators

| Pre | Bumper | <-Content -> | Mid | Mid | <-Content -> | Mid | Mid | <-Content -> | Bumper | Post |
The Impact of VOD

Comcast Customers Have Hit Play Almost

25 Billion Times
Since VOD Launch

~370 Million Views Each Month

Almost 25 Billion Views since 2003

- 140x the number of ‘tweets’ per day
- 1.7x the number of movie tickets sold in the U.S. since 2003
- 64x the U.S. population
- 2x the number of songs sold on the iTunes Store
- 4.4x the number of McDonald’s Big Macs sold since 2003
- 50x the number of Harry Potter books sold

Back-of-the-Envelope monthly Nielsen HH Rating:
1.37²
Within its universe, On Demand has a total day HH Nielsen rating of 1.37, ranking it ahead of networks such as TNT, USA, and ESPN for Dec 2011

Comcast Customers Watch Over
197 Million VOD Hours
Each Month

More than 197 Million Hours of Content Watched

- More than 4.3 million trips around the world on a commercial jet
- 22,474 years of being a couch potato!
- 50x the number of ‘tweets’ per day
- 64x the U.S. population
- 4.4x the number of McDonald’s Big Macs sold since 2003
- 50x the number of Harry Potter books sold

140x the number of ‘tweets’ per day
1.7x the number of movie tickets sold in the U.S. since 2003
64x the U.S. population
**Time Shifted TV is growing**

### TABLE 3. Monthly Time Spent in Hours:Minutes – Per User 2+ of Each Medium

<table>
<thead>
<tr>
<th>Media Description</th>
<th>Q3 11</th>
<th>Q2 11</th>
<th>Q3 10</th>
<th>% Diff Yr to Yr</th>
<th>Hrs:Min Diff Yr to Yr</th>
</tr>
</thead>
<tbody>
<tr>
<td>Watching TV in the Home*</td>
<td>146:45</td>
<td>146:20</td>
<td>145:28</td>
<td>0.9%</td>
<td>1:17</td>
</tr>
<tr>
<td>Watching Timeshifted TV* (all TV homes)</td>
<td>10:51</td>
<td>10:30</td>
<td>9:32</td>
<td>13.8%</td>
<td>1:19</td>
</tr>
<tr>
<td>DVR Playback (only in homes with DVRs)</td>
<td>24:27</td>
<td>24:29</td>
<td>23:58</td>
<td>2.0%</td>
<td>0:29</td>
</tr>
<tr>
<td>Using the Internet on a Computer***</td>
<td>24:59</td>
<td>24:25</td>
<td>27:00</td>
<td>-7.5%</td>
<td>-2.01</td>
</tr>
<tr>
<td>Watching Video on Internet***</td>
<td>4:31</td>
<td>4:26</td>
<td>4:13</td>
<td>7.1%</td>
<td>0:18</td>
</tr>
<tr>
<td>Mobile Subscribers Watching Video on a Mobile Phone^</td>
<td>4:20</td>
<td>4:20</td>
<td>4:20</td>
<td>0%</td>
<td>0:00</td>
</tr>
</tbody>
</table>

Source: Nielsen. Unlike Table 1, this table is based on total users of each medium. Additional Note: TV viewing patterns in the US tend to be seasonal, with usage patterns different in winter months than summer months—sometimes leading to declines/increases in quarter to quarter usage.
Time Shifted TV is growing

VOD Growth - Annual Totals (MIL)

<table>
<thead>
<tr>
<th>YEAR</th>
<th>TXNS</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>7,185.5</td>
</tr>
<tr>
<td>2010</td>
<td>7,786.6</td>
</tr>
<tr>
<td>2011</td>
<td>8,827.7</td>
</tr>
</tbody>
</table>

% Change

<table>
<thead>
<tr>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009-2010</td>
</tr>
<tr>
<td>2010-2011</td>
</tr>
</tbody>
</table>

HD VOD Growth - Annual Totals (MIL)

<table>
<thead>
<tr>
<th>YEAR</th>
<th>TXNS</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>200</td>
</tr>
<tr>
<td>2010</td>
<td>414.1</td>
</tr>
<tr>
<td>2011</td>
<td>786.2</td>
</tr>
</tbody>
</table>

% Change

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>2009-2010</td>
</tr>
<tr>
<td>2010-2011</td>
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2011 Rentrak State of VOD Report
**FOD dominates VOD growth**

**Three-year growth by content type**

<table>
<thead>
<tr>
<th>Year</th>
<th>FOD</th>
<th>SVOD</th>
<th>TOD</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>5,211.1</td>
<td>1,713.7</td>
<td>256.5</td>
</tr>
<tr>
<td>2010</td>
<td>5,740.1</td>
<td>1,765.8</td>
<td>276.4</td>
</tr>
<tr>
<td>2011</td>
<td>6,780.1</td>
<td>1,767.1</td>
<td>278.4</td>
</tr>
</tbody>
</table>

- % Change 2009-2010: 10.2%, 3.0%, 7.8%
- % Change 2010-2011: 18.1%, 0.1%, 0.7%

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<tr>
<th>Year</th>
<th>FOD</th>
<th>SVOD</th>
<th>TOD</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>1,609.0</td>
<td>1,195.7</td>
<td>421.2</td>
</tr>
<tr>
<td>2010</td>
<td>1,845.4</td>
<td>1,272.6</td>
<td>478.4</td>
</tr>
<tr>
<td>2011</td>
<td>2,221.8</td>
<td>1,239.5</td>
<td>461.8</td>
</tr>
</tbody>
</table>

- % Change 2009-2010: 14.7%, 6.5%, 13.6%
- % Change 2010-2011: 20.4%, -2.6%, -3.5%

<table>
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<tr>
<th>Year</th>
<th>FOD</th>
<th>SVOD</th>
<th>TOD</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>26.8</td>
<td>15.8</td>
<td>9.7</td>
</tr>
<tr>
<td>2010</td>
<td>30.1</td>
<td>16.7</td>
<td>10.7</td>
</tr>
<tr>
<td>2011</td>
<td>33.8</td>
<td>17.5</td>
<td>10.8</td>
</tr>
</tbody>
</table>

- % Change 2009-2010: 12.2%, 5.2%, 10.5%
- % Change 2010-2011: 12.3%, 4.9%, 0.8%

<table>
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<tr>
<th>Year</th>
<th>FOD</th>
<th>SVOD</th>
<th>TOD</th>
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</thead>
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<tr>
<td>2009</td>
<td>16.2</td>
<td>9.0</td>
<td>2.21</td>
</tr>
<tr>
<td>2010</td>
<td>15.9</td>
<td>8.8</td>
<td>2.15</td>
</tr>
<tr>
<td>2011</td>
<td>16.7</td>
<td>8.4</td>
<td>2.15</td>
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</table>

- % Change 2009-2010: -1.8%, -2.1%, -2.5%
- % Change 2010-2011: 5.2%, -4.6%, -0.2%

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- FOD is the fastest growing method of all types of VOD viewing.
- Out of the three types of on demand viewing, FOD had the largest percent growth at a 18.1% increase in total number of transactions.
- FOD monthly average transactions per active STB increased slightly in 2011 to 16.7 orders per month, and unique settops increased to 33.8M.
VOD is a powerful ad platform

• Findings from the recent Advanced Advertising Media Project (AAMP) identified key insights for the future of VOD:
  • “‘One of the most fundamental questions in the VOD industry has been’ ‘Will consumers accept advertising on the VOD platform like they do on linear TV?’ The AAMP Phase II research indicates the answer is a resounding ‘yes.’”
  • VOD viewers must actively seek out their content and so are more engaged than other viewers
  • Commercials loads in VOD programs can be adjusted from linear; potential for less cluttered environment.
  • VOD viewers live within digital homes which boast a more desirable consumption profile than the average U.S. home.
What’s unique about DAI for advertisers?

• Big screen, premium content, highly engaged viewers, TV audiences that skew towards younger, “affluent, confident and extraverted”

• “A higher percentage of TV time was spent as sole medium compared to computers, print or audio.

  – A “Prime Time” audience any time of day
Poll Question:

“How many hours of content have consumers watched on the Comcast VOD platform since 2003?”

- Ten Million
- Two Hundred Million
- One Billion
- Ten Billion
What do you believe will be the major benefits of Dynamic Ad Insertion?
How does DAI change the process and lead time for ads within VOD content?
Are VOD impressions more valuable than impressions in linear programming?
How does DAI change audience measurement of ads on VOD?

Chris Falkner
NBC Universal
What similarities do you see between the online ad model and DAI on VOD?

Rob Klippel
Comcast Spotlight
What research exists on ad impact within VOD content?
VOD & THE CONSUMER AD EXPERIENCE
AAMP MEMBERS

A+E Networks
AMC Networks
CBS
Comcast
CTAM
DIGITAS
Discovery Communications
horizonmedia
Intel
NBCUniversal
NDS
THREE PHASES OF AAMP

1. Media Industry Insights
   qualitative analysis
   In-depth study establishing a baseline understanding of current industry perceptions of the challenges, opportunities and expectations for advertising on free VOD (status: completed)

2. VOD Consumer Video Lab
   quantitative analysis
   Laboratory consumer research to explore and measure viewers’ experiences when engaging with advertising in simulated VOD and linear TV environments (status: completed)

3. Live Test
   market trial
   In-market test using insight and data gathered in the first two phases as a basis for a practical, live consumer trial of VOD advertising (status: 2012)
CONSUMERS ACCEPT ADVERTISING ON VOD
WHAT DO CONSUMERS SAY AFTER WATCHING VOD CONTAINING ADVERTISING?

"Too many ads" 9%

"Not too many ads" 10%
VIEWERS’ ENJOYMENT OF THE SHOW ON VOD IS UNAFFECTED BY ADVERTISING
AD LOAD ON VOD DOES NOT IMPACT AD EFFICACY
ENGAGEMENT WITH A SHOW BUILDS REGARDLESS OF AD LOAD

For all three ad loads, engagement with the show is **11% higher** during segment 4 versus segment 1.
Aided recall of advertised brands

<table>
<thead>
<tr>
<th>VOD (Light ad load)</th>
<th>VOD (Moderate ad load)</th>
<th>VOD (Linear ad load)</th>
</tr>
</thead>
<tbody>
<tr>
<td>63%</td>
<td>58%</td>
<td>59%</td>
</tr>
</tbody>
</table>

Based on 600 consumers who were allocated to a VOD cell in Phase II
VOD: FUNDAMENTALLY TV, BUT DIFFERENT.
VOD IS FUNDAMENTALLY A TV EXPERIENCE, BUT IT IS DIFFERENT THAN LINEAR TV

Consumers tend to watch VOD differently than linear TV:

• They feel more in control
• They really want to watch this TV show
Linear TV for this study was defined as 50% DVR and 50% ‘live’
VOD Rewards Different Ad Formats
Consumers expect advertisers to take advantage of their **heightened engagement** by doing something different to surprise or interest them.

"YOU’VE GOT ME, NOW IMPRESS ME"

I expect to see different ads [on VOD]...do something a little different as they know people don’t want to watch ads.

- FEMALE, VOD LINEAR AD LOAD

That one [:90 branded content] had me riveted.

FEMALE, VOD LINEAR AD LOAD
LONGER FORM BRANDED CONTENT IS ONE WAY OF TAPPING INTO THIS HEIGHTENED ENGAGEMENT

Percent of viewers “very interested” in finding out more about the advertised brand.

Vs. :30 Spot on VOD

- :30 TV spot on VOD: 14%
- :90 Branded Content on VOD: 28%

Vs. Linear TV

- :90 Branded Content on Linear: 14%
- 0 Branded Content on VOD: 23%

On Light VOD ad load (3 mins per 30)

On Linear ad load (8 mins per 30)

Both tested among unique samples of people among a ‘light’ ad load on VOD among women
FOUR KEY FINDINGS FROM PHASE II

1. Consumers accept advertising on VOD; its presence on VOD is neither a surprise nor a barrier to their viewing experience.

2. Ad load on VOD does not affect key measures, such as viewer enjoyment of the show, engagement with advertising, brand recall, interest and purchase intent.

3. VOD is fundamentally a TV experience, but with heightened attention and engagement compared to linear TV.

4. VOD creates opportunities for different ad formats. Consumers respond positively to longer-form, branded content that recognize their heightened level of attention.
Poll Results:

“How many hours of content have consumers watched on the Comcast VOD platform since 2003?”

- Ten Million
- Two Hundred Million
- One Billion
- Ten Billion
“Will Dynamic Ad Insertion increase usage of VOD as an advertising vehicle?”

- Yes
- No
How can networks benefit from making content available for DAI?
Does DAI open the door to new types of advertisers?

Chris Falkner
NBC Universal
What has advertiser reaction to DAI been?

Chad Urice
Media Storm
In the future, will we see DAI in other platforms?

Nick Troiano
Black Arrow
If an advertiser is interested in DAI, who should they contact?

Rob Klippel
Comcast Spotlight
To inquire about Dynamic Ad Insertion on Comcast VOD, contact:

Chip Meehan
310.996.8222
Chip_Meehan@cable.comcast.com
Will Dynamic Ad Insertion increase usage of VOD as an advertising vehicle?

- Yes
- No
Dynamic Ad Insertion: Unlocking the Value of Video On Demand
www.comcastspotlight.com/takefive