

AUDIENCE MEDIA CONSUMPTION MODELS



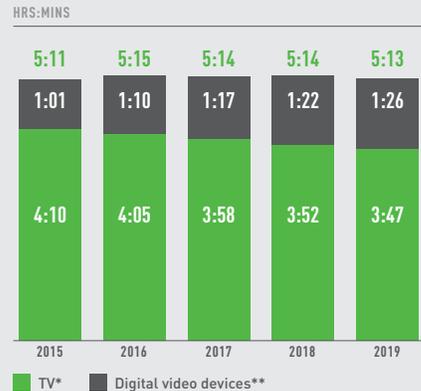
INTRODUCTION

As the definition of “television” continues to evolve and the advertising landscape becomes increasingly fractured, Deep Root Analytics has identified the need to better understand how media consumption habits of key target audiences are evolving. To help clients efficiently reach these audiences, we have created new media consumption models centered upon this rapidly changing landscape. This memo outlines the information we have available, as well as some applications for these models.

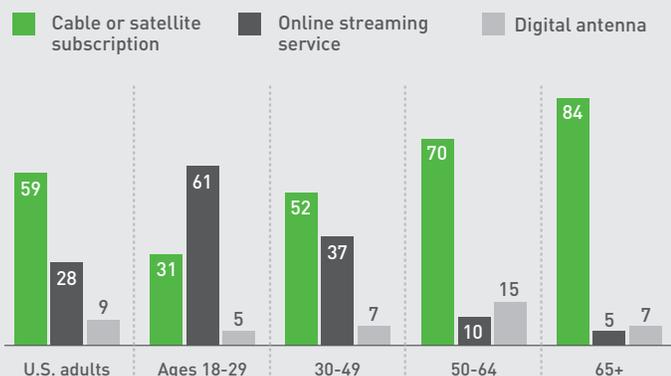
Over the past several years, there has been a marked increase in the number of people who are using Connected TV or Over The Top (OTT) devices to stream television content, as well as an increase in cord cutters who do not have access to traditional television. According to [NCTA research](#), the majority of households now use at least one streaming television service.

While access to streaming has grown, television is still a powerful medium. People spend almost three times as much time per day with video on traditional television as on digital video.

Average Time Spent per Day with Video by US Adults by Device, 2015-2019



Note: ages 18+; time spent with each medium includes all time spent with that medium, regardless of multitasking; for example, 1 hour of multitasking with digital video while watching TV is counted as 1 hour for TV and 1 hour for digital video; numbers may not add up to total due to rounding; *excludes digital; **includes time spent watching digital video via game console, connected TV or over-the-top (OTT) device, as well as via desktop/laptop or mobile device; excludes time spent with video via social networks.
Source: eMarketer, Sep 2017



Source: IAB Video Landscape Report, May 2018

According to IAB, older audiences, who tend to be more politically active, are especially likely to report watching a majority of their video on television. And, there are new advertising options within traditional television, such as satellite addressable, that allow you to become even more targeted with your buy.

As viewership becomes increasingly varied, it becomes increasingly important to know the media consumption habits of your audience to deliver your ads in the most effective way possible. **Our new media consumption models aim to arm you with the intelligence to shape your buy in a way that hits all of your targets across platforms.**

METHODOLOGY

To build these models, Deep Root started with a large-scale microtargeting survey of over 7,500 registered voters across the United States. In addition to a wide variety of questions on political and social issues, we asked these respondents about their media habits; specifically, how they receive television programming, how many hours of television they watch each week, and how many hours they spend online each day.

We then joined these responses to a robust consumer data file, adding a large number of predictor variables to the analysis. Using these variables, Deep Root built generalized linear regression models for five outcomes:

1. Count of hours spent watching television each week
2. Count of hours spent online each day

3. Whether or not the individual has access to a streaming television source such as Netflix, Hulu, or Amazon TV
4. Whether or not the individual is a “cord-cutter” – i.e., they have access to a streaming source, but no paid television source
5. The most likely paid television source (cable/fiber vs. satellite)

Television hours, online hours, streaming status, and cord-cutter status are reported as probability deciles ranging from 0-9. Those with low scores watch less television, spend less time online, are less likely to stream, and less likely to be cord-cutters, respectively; high scores indicate the opposite. Likely paid TV source is reported as either “Likely cable / fiber” or “Likely satellite.”

Below we have provided brief profiles of key media consumption groups built from this analysis, detailing their age and their political leanings.



STREAMERS

Streaming households – those with access to at least one streaming television platform such as Netflix or Hulu – represent a large and growing segment of consumers.

Deep Root’s analysis of streaming households found that they tend to skew younger, with heads of households frequently in their 20s and 30s. They are generally tech savvy, with most paying their bills online and forgoing landline telephones. Streaming appears to be slightly more popular among women than men, but not by much. Likely a function of their youth, they are significantly more likely to live with partners to which they are not married.

Politically, we found the following Deep Root audiences to have a particularly high incidence of streaming:

- Self-Driving Cars Supporters and Persuadables
- Tax Reform Positive Impact
- Pelosi Detractors
- #MeToo Conservatives
- Democratic and Republican GOTV
- Corporate Social Responsibility

Senior Swing Voters, Democratic Control Concern, Self-Driving Cars Detractors, Anti-Terrorism, and Unfavorable to Media are audiences with the lowest incidence of streaming households.



CORD-CUTTERS

Cord-cutters are a unique subset of streamers – those streamers who do not have access to any paid television source. According to eMarketer, 56.6 million consumers in

the United States have no access to paid television.

Deep Root’s analysis of cord-cutting households found that the audience is similar to streamers overall, but significantly younger and more tech-savvy. They are very likely to have heads of households in their 20s, and are very likely to use social media and forgo landline telephones. Interestingly, they also are much less likely to be impulse buyers and more likely to have student loan debt; this suggests that the cord-cutting trend among younger people may be related to the burden of servicing this debt.

Cord-cutting is popular among a similar set of audiences as streaming, including:

- Self-Driving Cars Supporters and Persuadables
- Tax Reform Positive Impact
- Pelosi Detractors
- #MeToo Conservatives
- Democratic, Republican, and Early Vote GOTV
- Robots in Workplace Detractors

Senior Swing Voters, Democratic Control Concern, Self-Driving Cars Detractors, Anti-Terrorism, and Unfavorable to Media are audiences with the lowest incidence of cord-cutting households.



SATELLITE VIEWERS

Satellite TV households are of particular interest to campaigns and brands focusing on more exurban or rural audiences, in areas where wired cable service may be less

common. About 30 million Americans subscribe to satellite television.

Deep Root’s analysis of satellite TV households found that they are heavily concentrated in rural areas as well as western states such as Arizona, Idaho, Wyoming, and California.

They are less common in New England, where cable service is nearly ubiquitous. They are more likely to be conservative, more likely to have families, and less likely to buy organic food.

A household’s choice of cable or satellite is largely driven by the availability of cable, which is in turn driven by geography. Because of this, audiences that index highly for satellite usage are a bit of a mixed bag; they include traditional Democratic constituencies as well as the conservative-leaning groups you might expect.

Deep Root is ready to deploy these models in a variety of ways. There are some suggested applications below, and we are always open to partnering on specific use cases not included here.

OPTION 1: PROFILE YOUR AUDIENCES

Deep Root can provide profile information for either custom or standard audiences based on the models available. These profiles can show if your audience skews more heavily towards one specific media consumption preference, which can help with overall budgeting and media mix. If, for example, you see that your audience is more likely to stream, you can fold more OTT advertising into your plan. This allows you to be more efficient with your dollars by finding your audience where they are watching.

NEXT STEPS

- Decide which audience(s) you are interested in profiling.
- Work with your Deep Root client lead to identify that audience and process the profiles.
- Receive a report with the profile information and discuss the best applications with your Deep Root client lead and campaign team.

OPTION 2: ADDRESSABLE ADVERTISING

Addressable advertising offers the opportunity to target specific voters with specific messaging. Deep Root can send a list of voters to an addressable system to use for 1:1 TV targeting, and look at the satellite and cable index of your audiences for optimal targeting on each addressable system.

NEXT STEPS

- If there is an interest in addressable advertising, work with your client lead to identify an audience for targeting.
- We can then identify who is more likely to be in each addressable system and send the list to that provider to be matched.
- Once the match has occurred, you can activate that list through the provider for 1:1 addressable advertising.

OPTION 3: AUDIENCE SEGMENTATION

In addition to providing lists for addressable advertising, we can create segments of these audiences for other targeted advertising. For example, we can create a Cord Cutter segment that can be used for digital targeting, either as a stand-alone audience or as a segment that receives increased digital frequency. We can also create a TV Heavy segment for digital suppression or decreased frequency, since those targets are likely being exposed to your message on TV.

If you are working with an OTT provider that can accept targeting, we can create a Streaming segment for you to target there. If your OTT provider does not accept targeting, Deep Root can connect with the provider to see if other viewership data may be helpful to increase the buy efficiency.

NEXT STEPS

- Identify any additional advertising platforms where you'd like to use targeting.
- Work with your client lead to identify the best audience segments for your use case.
- Receive the segments of the audiences for targeting, either pushed through Data Trust or matched into your advertising system in a PII compliant way.