rain the growth agency

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MEDIA IMPACT REPORT

Upfronts Update

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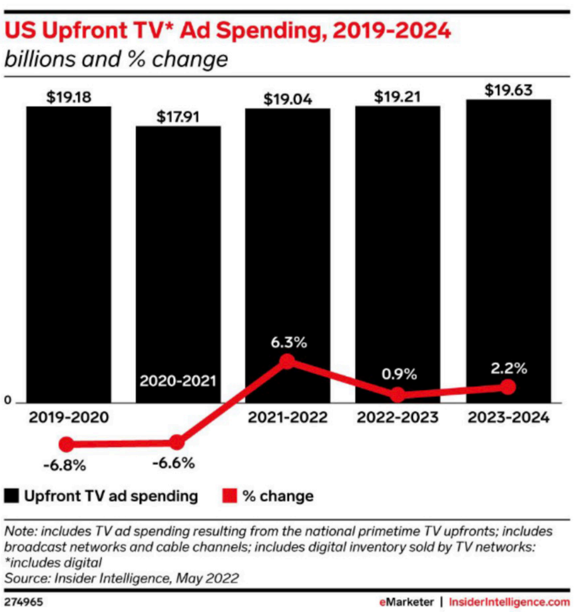
MARKETPLACE NOTES

Upfronts Update

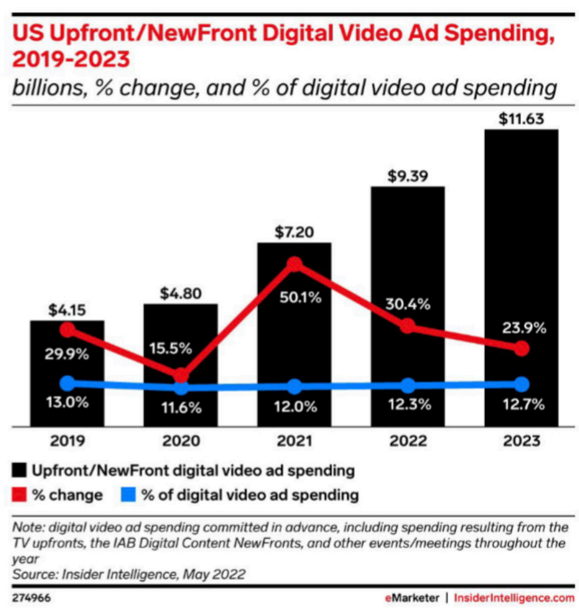
By Robin Cohen, EVP Integrated Media Investment and Planning and Staci Otterson, VP Integrated Media Investment

After a correction year in 2021-2022, the upfront TV marketplace began to stabilize as we approached the 2022-2023 upfront year. Overall, the networks went out pushing for volume this year, and early reports show that they have not gotten as much volume as they were after, which is supported by eMarketer's predictions.



A few themes emerged:

- Digital video spend in the upfronts (and newfronts) continues to grow, and is projected to reach over $9 billion in 2022, an increase of over 30% versus the previous year.
- Advertisers were looking to maximize flexibility. With signs of a potential recession, the upfront market was impacted. As reported in *Forbes,* "The inflation rate is at a 40-year high, the price of gas has reached an all-time high and the stock market has dropped significantly since January. Other contributing factors have been Russia's invasion of Ukraine, continued supply chain issues and the Fed raising interest rates."
- Despite the current marketplace, several network groups have reported increases in the mid to high single-digit ranges YoY.
- The cable networks are continuing to work through their upfront deals, following the broadcast upfront marketplace.
- While the industry has called for new measurement sources, the majority of deals continue to run through Nielsen at this time. However, partnerships with companies such as iSpot.tv, Comscore, 605 and VideoAmp have created opportunities for testing into new types of guarantees to inform future upfront approaches.



While the upfronts continue, we are seeing opportunistic inventory coming in this quarter as we round the corner of the end of the 2021-2022 upfront year.

MEDIA CONSUMPTION TRENDS

OTT Growth Shifts to Older Consumers

By Nora Cortez, Director of Media Planning and Robin Cohen, EVP Integrated Media Investment and Planning

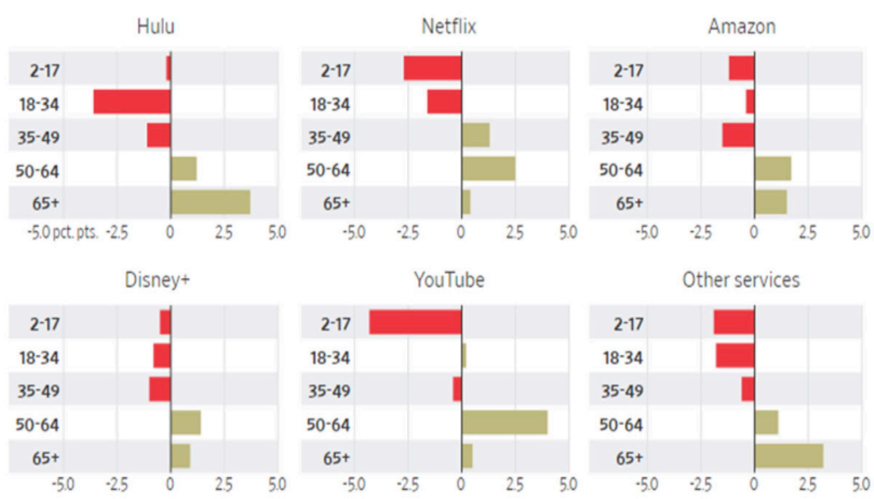
OTT and streaming video consumption continues to grow as consumers across age groups shift their video viewing habits. While that may not surprise you, who is driving that growth might.

Early Growth Spurred by Young Consumers

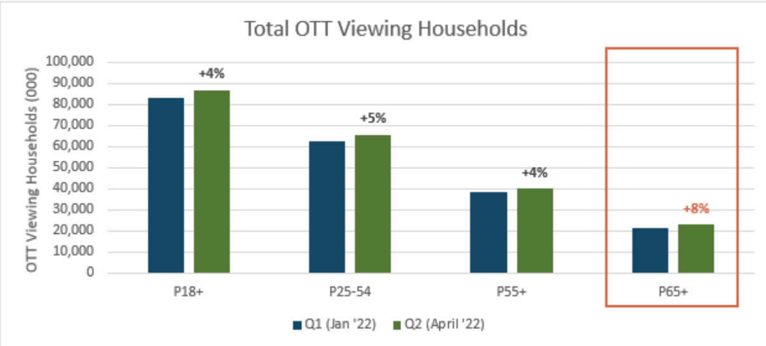
In the early days of OTT, younger consumers were the first to sign on – tech enthusiasts and early adopters flocked to OTT platforms as a supplement to, or in lieu of, traditional linear TV. As a result, these younger demographics now account for the largest share of time spent with OTT. As of April 2022, P25-54 consumed an average of 136 hours of OTT per month, compared to P55+ at 114 and P65+ at 107 (Comscore OTT Intelligence). While overall streaming usage continues to grow and those young early adopters were responsible for early streaming growth, younger demographic groups have recently started to see a decline in share of audience as older audiences have started to embrace streaming.

Aging Up

Share of audience in May 2022 by age group, change from a year earlier



Notes: Share of audience is measured in terms of time spent watching. Hulu includes Hulu Live and YouTube includes YouTubeTV.
Source: Nielsen NPOWER, National Panel and Streaming Platform Ratings for Streaming Data
Adrienne Tong/THE WALL STREET JOURNAL



Powerhouse Potential of Older Consumers

With younger demographics already having high levels of OTT adoption and consumption, their continued growth potential becomes more limited. Although older audiences don't currently account for the largest share of time spent with OTT, they are driving the most growth and represent an emerging and largely untapped audience in the OTT space. The P50+ audience is expected be a predominant source of growth in the OTT and streaming landscape in the future, a trend that is already evident in the marketplace – key publishers and smaller players alike have seen evolutions in their user base, with the 50+ audience accounting for an increasing share of users year over year.

Interestingly, within the broader senior audience, older age segments within that are seeing the most pronounced growth. In Q1 2022, P65+ saw double the growth rate of P55+ demographic—from January to April, P55+ saw a 4% growth in OTT viewing households, compared to P65+ with an 8% growth (Comscore OTT Intelligence).

Growth of older audiences in the OTT space creates a unique opportunity—for advertisers looking to reach senior demographics, it demands diversification of their video portfolio to effectively reach consumers. These older audiences will not only drive OTT growth in the coming months and year, but they historically spend more time with TV than younger demographics. This trend will likely translate to OTT, particularly because of the bingeable nature of OTT and because streaming platforms will continue to develop more content that appeals to older viewers.

Increasing Importance of Unified Measurement

With the continued diversification in video viewing, the importance of looking at performance holistically cannot be emphasized enough. As an agency, that is why we have developed a partnership with iSpot.tv, while also partnering with leading marketing measurement technology company Leavened on marketing mix modeling approaches for all-in views of performance across the video ecosystem. We leverage this data via an integrated scorecard, which combines the deterministic methodology of our platform data with iSpot and our proprietary latent response optimization tool, WaveCast™.

/QUICK HITS

Americans Age 50 and Up Are Powering Streaming Growth [Wall Street Journal]

Why Netflix Chose Microsoft for an 'Upset' Ad Tech Win [Ad Age]

Ad Economy Recedes For First Time in 16 Months in June [MediaPost]

/BRIEFING ROOM

DTC

Rain the Growth Agency Strikes Deal with iSpot.tv

By Beatrice Livioco, Director of Marketing

Rain the Growth Agency is proud to announce our strategic partnership with iSpot.tv, the real-time TV measurement company.

The agreement allows Rain the Growth Agency's roster of advertisers efficient and standardized access to iSpot.tv's full-funnel approach to measurement. From media measurement and competitive tracking to conversion analytics and TV/OTT cross-platform verification—the agency is equipped to prescribe the capabilities of the iSpot.tv platform based on a brand's unique KPIs and integrate third-party verification into customized dashboards.

As DTC advertisers continue to recognize TV and OTT as performance vehicles, Rain the Growth Agency can now optimize media using iSpot.tv's business outcome metrics. This includes deterministic full-funnel TV and OTT ad conversion analytics such as web visits, web engagement, offline point-of-sale (POS) metrics, store foot traffic, app installs and app engagement. These metrics are combined with the power of Rain the Growth Agency's full suite of proprietary video measurement tools including marketing mix modeling and custom dashboards.

"iSpot is the preeminent leader in video audience measurement and emerging currencies," said Kyle Eckhart, Senior Vice President of Client Strategy at Rain the Growth Agency. "We are delighted to be partnering with iSpot to offer comprehensive measurement solutions that will empower informed audience-first strategy and campaign optimization."

The deal comes on the heels of iSpot.tv's acquisition of DRMetrix, a real-time measurement offering optimized for DTC and performance marketers and marks an expansion of iSpot.tv's efforts to offer premium tools to all segments of the video marketplace.

"We're delighted to launch a strategic partnership with Rain the Growth Agency to provide best-in-class measurement, attribution and insights that can optimize investments wherever their clients need a deep understanding of their video performance, competitive context and how to deliver for performance brands," said Rob McCave, Head of Agency Development, iSpot.tv.

A total of 309 DTC brands advertised on TV in the first half of 2022. That's up from 166 in the first half of 2019 and 254 in the first half of 2021, according to iSpot.tv's recent report on DTC TV advertising.

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ADEXCHANGER'S Programmatic IO

May 23-25, 2022 | MGM Grand Las Vegas

CONFERENCE TAKEAWAYS

Programmatic I/O Las Vegas

By Kendra Tang, Programmatic Supervisor

Programmatic I/O brings the digital marketing industry together for updates and/or actionable insights for the programmatic ecosystem. Below are the main takeaways from the 2022 conference hosted in Las Vegas, Nevada.

Streaming/OTT/CTV

The streaming war continues. Even market leaders like Netflix are pivoting their "no advertising [is] coming onto Netflix" (statement by CEO Reed Hastings) strategy and the company is now expecting to launch an ad-supported tier by the end of 2022. Amid consumer demand for more choices, fragmentation of revenue models, and more accessible data analysis tools, content providers are also dealing with record high subscriber churn rates (44% in 2022) and political season on the horizon. To stay relevant and capture disloyal subscribers, advertisers should prioritize content ROI, meet customers where they are, know where they are going, and "drive the data, steer with technology."

ID Deprecation

Laura Martin, a media and tech analyst at investment bank Needham & Company, spoke at Programmatic I/O with an optimistic perspective and believes that the advertising revenue pendulum will swing back in favor of the open internet and the programmatic ecosystem (opposed to the walled gardens). Her predictions are rooted in privacy changes and the current weaknesses of the open internet.

The strongest programmatic companies such as The Trade Desk and Criteo are clearing the billion dollar mark in ad revenue, compared to the multi billions in ad revenue generated by Alphabet (Google, YouTube), Meta, Amazon, and Disney. Martin forecasted that a "tiny" 1% or 2% shift in budgets from the big platforms could double or even triple the ad revenue for open programmatic. In a consumer privacy-centric environment, these shifts are looking more and more like a reality.

Martin also predicts that Google will continue to delay the cookie deprecation until an open industry solution, such as Unified ID 2.0, reaches scale. Google will likely opt to join that program rather than constructing their own solution. The thought here is that anything Google develops related to tracking and measurement alternatives would inevitably face lawsuits by regulators.

Ultimately, marketers should continue to collect and leverage first-party data to be prepared as the open internet grows, with or without ID deprecation from the walled gardens. If the open internet catches up to the walled gardens with measurable scale, it will be interesting to see which way the big platforms will pivot - will they join the industry solution or develop their own? In either reality, the walled gardens will likely continue to dominate mobile advertising, but CTV is still up for grabs and is another significant driver of programmatic growth year over year.

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Clean Rooms

It was one of the conference's favorite buzzwords. To put it simply, clean rooms are a technological solution that allows advertisers, publishers, and platforms the ability to securely share their own aggregated user-level data without actually sharing any PII/raw data with each other.

Currently, there are two different classes of clean rooms: (1) the walled gardens-operated clean rooms that give brands a look inside their own ecosystem, and (2) an option operated by software companies, acting as a conduit between parties that want to share their data.

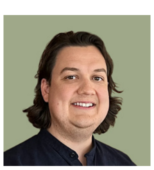
Clean rooms allow for a safe environment where all sides can set parameters to what is actually seen. The data stored in clean rooms can be used to gain first-party insights into audiences and measure campaign performance, depending on which partners are participating all while being privacy compliant.

Though clean rooms may seem like a privacy-friendly solution to rich data, they aren't quite as ready as we would like them to be. Some challenges are that consumers still need to give consent to advertisers before brands share their data, along with issues scaling because most clean rooms are operated one-to-one (partner-to-partner). Essentially, clean rooms take a lot of legwork that does not

currently exist—because rather than doing that leg work "we've used legacy technology that's been somewhat abusive to the perception of consumer privacy," according to Nancy Marzouk, CEO of MediaWallah.

In summary, there are still many unknowns ahead for our industry. One thing everyone can agree on is that you need an identity solution, period. To stay competitive, advertisers need targeted strategies backed by big data. Make the most of your data in a user privacy-centric world to stay ahead.

Need More Guidance?



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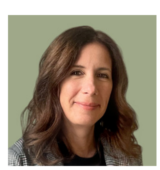

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