

## Chapter 8

### *TV Everywhere*

#### *Watching TV Content Whenever and Wherever*

Twenty-eight-year-old Chris Brum is a third-grade special education teacher as well as a full-time PhD student at Boston College. His 32-year-old partner, Chris Polous, is the director of sales for a Boston residential real estate agency. The two live together in Dorchester, Massachusetts, and though they each have very different TV watching habits, they do have one important element in common: half of their total TV viewing happens on mobile devices.

Chris Brum watches only about five hours of television per week, well below the US average. Because of his work and school schedule, Chris is often on the go. However, the one device he carries with him at all times no matter where he goes is his iPad. He will take time during study breaks at the library to launch either the ABC, HBO, HGTV, or Netflix applications to catch an episode of one of his favorite shows—including popular programs *True Blood*, *Modern Family*, and *Mad Men*. Chris favors the 30-minute sitcom versus a more immersive and longer drama during these times; it gives him just enough of a mental cool down so that he feels ready to resume hitting the books.

Chris tends to watch television later at night when he is at home. If he happens to be in his living room—or if the couple wants to watch television together (or with friends)—they will turn on their traditional TV set connected to a TiVo box using a DirectTV satellite feed. But being in his living room is not the sole deciding factor whether or not to watch TV on the big screen. There are times when Chris is laying on the couch and decides to watch TV but because he is already using his iPad for Facebook or to check e-mail, he opts to keep his tablet device resting comfortably on his chest to stream a TV episode instead of having to find the remote or get up to turn on the television set.

Of the four streaming apps Chris uses, he frequents HBO Go and Netflix due to the content that they have available at the time he wants to watch. But his favorite application is the ABC Player; it is, as he claims, “very clear and organized.” Chris also enjoys using his iPad to watch television in bed by propping it up on a pillow next to him. The device has enabled watching

television to be a solitary, portable, and on demand experience for him.

Chris Polous, on the other hand, rarely watches live television. About 20 percent of his TV viewing is recorded on the living room TiVo, and he gets the other 80 percent exclusively from Netflix streaming video. Chris uses an Apple TV device that is connected to his living room television set to watch about half of his Netflix content. Just about all of the video that Chris streams from Netflix is comprised of TV shows—not movies. Chris finds that he watches a total of about 14 hours of television content per week across multiple devices and platforms.

As a realtor, Chris's work schedule is nothing close to ordinary. He is on the road a lot and will often fill any downtime he has by watching TV shows like *Battlestar Galactica*, *Stargate*, and *The Wire* using his mobile device's Netflix. Chris has not used any other full episode player apps; he finds that Netflix meets all of his on-demand needs. He also owns an iPad and prefers watching TV on its bigger screen, but he rarely has it with him on the road, and therefore defaults to next best screen available: his iPhone.

Chris uses the urge to watch “catch-up” TV as an incentive to work out. He actually saves certain TV series that he desperately wants to watch for only those times when he is burning calories on the elliptical machine. This approach has helped Chris to increase the frequency of his cardio routine through his motivation to watch the next episode of his favorite TV show.

Despite their frequent solitary television experiences, Chris and Chris do, indeed, watch their living room TV together; however, they tend to focus on the latest episodes of television series they both enjoy, like *True Blood*. There have been moments, however, where they are both in bed each with their own iPad watching a different TV show and using a different full episode application to do so.

Chris and Chris epitomize the notion of “TV everywhere”—a scenario where television is no longer relegated to a box in one's living room. Television is instead becoming device agnostic and an extremely portable medium that is always accessible at will.

## **Portable Television Actually Dates Back to Over 50 Years Ago**

While the 1960s and 1970s saw a number of smaller and more portable television sets hit the marketplace,<sup>1</sup> it was not until 1982 that people were able to hold and watch TV in the palms of their hands. The Sony Watchman™, powered by a mere set of four AA batteries, weighed just shy of one pound and seven ounces. Its two-inch beveled glass screen was, by all accounts, the very first flat screen television.<sup>2</sup>

Featured in the November 1982 issue of *Popular Science* magazine,<sup>3</sup> the Watchman, as the article depicted, stood out among its “Go-Anywhere TV” competitors. With a sleek aluminum casing and compact design at only one and a quarter inches thick, it fit easily into its owners’ pockets.

In addition to the black and white LCD screen, the Watchman’s front face included a narrow yet elongated speaker. The upper right corner housed the channel dial with its corresponding tuner display directly to the right of the screen. The back of the device featured a fold-out stand that allowed it to rest atop a horizontal surface like a desk or nightstand. The television’s power button, located on the upper right-hand side, included a setting for sound in order to help conserve battery life if the device was not plugged in.

Advertising for the product played up its portability, flat screen, and thin design. “The Skinny Sony” was the bold headline of a print ad that appeared in the June 1983 issue of *Black Enterprise*.<sup>4</sup> The advertisement’s copy went on to read:

*Other “small” TVs would love to have a body like that, but their picture tubes are just too chubby. On the other hand, Sony’s new flat display picture tube is as flat as a pancake (literally), making Watchman extremely easy to hold when you’re watching it. And extremely easy to slip into your pocket when you’re not. Watch what you want, whenever you want to watch it, because Watchman is the first really personal TV.*

Children were clearly a target for the product, and Sony partnered with General Mills in 1983 for a “Watch ‘n Play” Watchman giveaway contest.<sup>5</sup> Game cards were placed inside packages of “Big G” cereals like Lucky Charms, Trix, Cocoa Puffs, and Boo Berry. A weekly 60-second TV spot aired during Saturday morning cartoons; it featured two kids at a breaking news desk explaining the contest and announcing the week’s featured picture. If the picture shown matched one’s Watch ‘n Play cards, they would win one of 1,000 Sony Watchmans.

Over the course of nearly two decades, there were 65 models of the Watchman created until it was discontinued in the year 2000.<sup>6</sup> The national cut-over from over-the-air to digital TV transmissions made receiving a signal on the Watchman impossible without a digital converter box.<sup>7</sup>

## **As TV Becomes Increasingly Digital, Time-Shifted Viewing Has Increased**

The idea of recording television shows is certainly not a new one. People had the ability to delay watching their favorite programs when Video Cassette Recorders (VCRs) started to gain mainstream adoption in the late 1970s.<sup>8</sup> Yet it

was not until two decades after that a TV recording device was introduced to the world that would forever alter the face of linear television.

At the Computer Electronics Show (CES) in Las Vegas in January 1999, a little-known company called TiVo unveiled its prototype for a Digital Video Recorder (DVR).<sup>9</sup> But this was by no means a mere antianalog VCR. The company touted the device's ability to pause, rewind, and replay live television, thus empowering TV viewers with a new level of content control.

A rival company called Replay TV came out with a similar announcement at CES; however, TiVo beat them to them to market and shipped its very first production box on Friday, March 31, 1999.<sup>10</sup> Eager consumers could purchase the TiVo set-top box at just under \$500 (in addition to a monthly subscription) for its bottom-tier model that stored 14 hours of TV recordings.

An article in the October 2, 1999 edition of the *New York Times* said about TiVo, "Analysts predict that its personal video recorder technology will be part of a new, fast-growing sector of the consumer electronics market."<sup>11</sup> And so it happened. Suddenly, the device that was designed to make TV more interactive also armed millions of Americans with the ability to skip TV commercials.

These days, 40 percent of US households use DVRs—almost triple the penetration from just four years prior.<sup>12</sup> While DVR adoption will continue to grow, there is good news for advertisers. Not only do households with DVRs watch more primetime television than their nonDVR counterparts; they are also not skipping as many commercials as once feared.<sup>13</sup> In fact, according to Nielsen, DVR playback of TV shows within three days of their original airing actually ends up increasing TV commercial ratings by 44 percent.<sup>14</sup>

## Video on Demand Lightens the Load on the DVR

Shortly after TiVo went into mass production, Time Warner engaged in a pilot program across three US cities to test a service that would allow cable subscribers the ability to browse and watch a library of video content at will.<sup>15</sup> For the first time since the foreshadowed promises describing the "information super highway" in the early to mid-1990s, it seemed that the ability to rent movies from the couch was about to come to fruition. The July 29 issue of *Forbes* pontificated, "Yet there remains that dream that someday, somehow, video-on-demand will catch on with cable customers."<sup>16</sup>

Thanks to the proliferation of high-speed digital networks, video on demand (VOD) services began rolling out to cable subscribers starting in early 2001.<sup>17</sup> According to media analyst firm MAGNAGLOBAL's VOD Forecast Chart, just over 3,000 homes had video on demand access in 2001. Projections for 2012 are 20 times that. The company predicts that VOD will penetrate about 58

percent of US television households by 2016.

While the availability of television content during the early days of video on demand left a lot to be desired, recent years have told a very different story. On April 27, 2011, Comcast became the first VOD provider to offer on demand content from all four major TV networks. The cable company announced the addition of many popular ABC and Fox TV shows the day after their first-run broadcast airing. As a Comcast spokesperson said in their press release, “Our goal is to deliver customers the best and most-current entertainment choices anytime, anywhere so they can catch up and keep up with their favorite TV shows.”<sup>18</sup>

On May 25, 2011, Comcast celebrated another major milestone—it reached 20 billion views of its on demand video content since it launched the service in 2003.<sup>19</sup> Back then, there were only 740 videos compared to the 25,000 video choices Comcast offers in 2011. The most popular on demand TV shows include *South Park*, *Entourage*, and *Sex and the City*.<sup>20</sup> As Comcast put it, “Today, time-shifted viewing is part of everyday mainstream life for most Americans.”

## The Web Puts a Different Spin on Television

In May of 2006—as a growing number of people tossed their dial-up modems in favor of broadband Internet access—ABC did something unexpected. After striking a deal with iTunes the prior year to make its content available for download and purchase, the television network began to offer full episodes of its popular shows on its website—for free. For the first time, watching TV was no longer an activity that was confined to a physical television set. Millions of Americans could now enjoy their favorite TV shows by streaming them onto their computer screens the day after their original broadcast airing.

The network’s online move was met with countless accolades from consumers who felt that ABC truly had their best interests at heart.<sup>21</sup> And in 2007, the network’s full episode player was enhanced to allow users to expand it into a full-screen view that made streaming high-definition (HD) TV shows (which ABC added later that same year) easier,<sup>22</sup> thereby providing a far richer “television” experience.

All four major broadcast networks had gotten into the website streaming business by the fall of 2006, although [ABC.com](http://ABC.com) remained the most popular at the time.<sup>23</sup> Today, over three-quarters of US adults have watched a TV show online versus their television sets.<sup>24</sup> Loyal fans who cannot watch during the original airtime and forget to set their DVRs have another option to stay current with the series. And watching TV online is the only option for some—a notion of “cord-cutting” that we address in detail in Chapter 9.

## TV Networks Band Together to Form Hulu

The advent of premium video service Hulu was announced on March 22, 2007 as a joint venture between NBC Universal and News Corporation<sup>25</sup> (and was additionally joined by Disney/ABC in 2009). Hulu was described at the time as “the largest Internet video distribution network ever assembled with the most sought-after content from television and film.” The highly anticipated streaming website launched on March 12, 2008—just shy of the anniversary of its announcement.

Hulu’s library boasted full episodes of over 250 television series across 50 broadcast and cable networks at the time of its inception. Nielsen rated it number eight among the top 10 video streaming sites within four months of its launch—a point at which it was generating more than 105 video streams in July of 2008.<sup>26</sup> Two years later, Hulu users were producing two and a half times that amount of streams.<sup>27</sup>

Hulu is able to stream content for free using an ad-supported model that is lighter than the typical television broadcast commercial load. Based on data from Nielsen/IAG, the company has stated that its advertising effectiveness is twice that of broadcast television commercials.<sup>28</sup> Hulu purports the fact that it generates more ad revenue per half hour TV episode than cable and DVR (but not yet broadcast), and that its ability to better target audiences increases relevancy and eliminates wasted impressions.

Members of the industry continue to ponder the amount of advertising available within online television streams. Content providers want to ensure maximum monetization potential, while streaming sites need to grow their engaged users, and therefore remain especially sensitive to drop-off. And while it may seem that the viewers themselves are turned off by heavier ad loads, two different studies toward the end of 2010 actually found that this is not the case.<sup>29</sup>

One study conducted by Turner Broadcasting streamed the same 30-minute sitcom with two different advertising loads. One version had only 90 seconds of ads, while the other had 16 minutes. The network found nominal drop-off with the latter. They repeated the experiment with an hour-long drama and found similar results.<sup>30</sup>

## Streaming Content Aggregators Expand On Demand Options (for a Price)

*The growth of Netflix and what they did to extend viewership to connected and mobile platforms caused cable operators, satellite providers, and telecommunications companies to realize that tethering their*

*programming to the set-top box in the living room was starting to feel archaic relative to consumer expectations. That's what helped give birth to the idea of TV Everywhere.*

—Will Richmond, Editor and Publisher of VideoNuzé

Netflix became a household name beginning in 1997 when it launched its DVD rental mail-in service.<sup>31</sup> As the company grew and technology matured, Netflix began to turn some of its attention online by kicking off a rollout of “instant viewing” for a subset of its video content library beginning in 2007.<sup>32</sup>

At first, Netflix’s streaming content was limited to only 1,000 movies and TV shows, versus its DVD library of over 70,000 titles. Today, the company offers over fifty times the amount of streaming content. It revealed in November of 2010 that half of all of its video streams are television shows.<sup>33</sup> Shortly thereafter, news broke about Netflix plans to invest in more TV content deals.<sup>34</sup> The company announced a deal with CBS in February of 2011, which rounded its library to include content from all four major television networks.<sup>35</sup>

According to Knowledge Network’s “Over-the-Top” TV report published in August of 2011, “The average person age 13–54 is watching about two TV episodes and one movie per week via Netflix.”<sup>36</sup> Their study also found that regular Netflix users also watch more television content when measured by unique video streams and not necessarily total duration. These users average about five TV programs per week versus three and a half movies.

While Netflix streaming was technologically limited only to PCs in its early days, the service was made available to Mac users in 2008.<sup>37</sup> The company has always been very clear about its strategy to be on every Internet connected device possible. And as of August of 2011, Netflix videos can be streamed on over 450 different devices. Three devices make up 45 percent of all Netflix streaming: the Sony PlayStation 3, Microsoft’s Xbox, and the PC.<sup>38</sup>

Over the years, Netflix began to distance its brand identity as a DVD rental company in favor of an Internet video subscription service. In the second quarter of 2011, the company announced that 75 percent of new subscribers signed up for its streaming-only service.<sup>39</sup> With over 25 million subscribers in North America, some pointed out that its size—in terms of numbers of users—had reached that of cable giant Comcast.<sup>40</sup>

## **Hulu Plus Emerges As a Competitor to Netflix**

On June 29, 2010, Hulu launched a preview of its premium subscription video service called Hulu Plus as a complement to its existing [Hulu.com](http://Hulu.com) platform.<sup>41</sup> While Hulu Plus was also ad-supported, the biggest difference from “regular Hulu” is that it offers the complete current seasons of TV shows within its

library as well as past seasons for select shows.

The service came out of beta in November of 2010 and was offered at a monthly subscription rate of \$7.99. The company's goal was to reach one million subscribers by the end of 2011, which it exceeded ahead of schedule.<sup>42</sup>

In the second quarter of 2011, the company looked back on the growth of Hulu Plus since its launch eight months earlier. In addition to the fact that the number of full episodes had more than doubled, the amount of television series grew from 950 to over 2,100.<sup>43</sup> And like Netflix, Hulu Plus had made a big push to get itself onto connected devices, ranging from smartphones and tablets to DVRs and gaming consoles.

Yet Netflix remains the dominant force in terms of subscriber size at over 25 times that of Hulu Plus. And now that other players such as Amazon Prime and Vudu have entered the market, content availability and accessibility are becoming key differentiators.<sup>44</sup>

## Television Gets Truly Portable Thanks to the iPad

The Apple iPad went on sale in the United States on April 3, 2010, and sold 300,000 units on its first day.<sup>45</sup> Nearly 15 million were sold within eight months of its first year, and 2011 estimates call for an additional 40 million units to be sold.<sup>46</sup> While deemed for a short while as the fastest selling consumer electronics device ever (only to be outdone by Xbox Kinect),<sup>47</sup> there is no doubt that the tablet device is having a major and permanent effect on the way people watch television.

Netflix was of course available for the iPad at its initial launch, as was ABC, who once again pioneered the notion of easy access to its full episodes. The iPad's ABC Player was heralded as one of the better designed apps during the device's early days; it gives users access to all of the same content that is available on [ABC.com](http://ABC.com) while taking advantage of the iPad's high-definition display.

The app's home screen is divided into two main areas. The top carousel rotates through seven different featured TV shows, displaying strikingly vivid episode artwork tiles. In the lower-third of each of the episode tiles, the program's name is displayed, along with the day and time it airs on broadcast. A large red "Watch the Latest Episode" button serves as a simple call to action.

The bottom of the screen defaults to the six most popular episodes across ABC programs between which users can alternatively toggle to view the latest episodes. Among the navigation commands at the very bottom of the application is a "Schedule" button that displays shows in a helpful program guide format. The "All Shows" option visually lays out each of the TV series

available for streaming in alphabetical order. Selecting one prompts its latest episodes to pop up. ABC's data conveys that females comprise close to 60 percent of the ABC iPad Player's user base; the most popular streamed TV series is currently *Modern Family*. The app has over two million downloads and accounts for upwards of 10 percent of all ABC full episode online streaming.

Many other networks have since followed suit by launching full episode streaming iPad apps. One of these was NBC, who updated its iPad app to include full episodes from 28,000 of its television series using an ad-supported delivery model similar to ABC's approach in September of 2011.<sup>48</sup>

## **HBO Makes Streaming Content Available Immediately After Its Broadcast**

The HBO Go iPad app launched in early May of 2011 and had over 2.5 million downloads within six weeks.<sup>49</sup> But there was a bit of a twist to accessing its content; the cable network required users to authenticate themselves to prove that they are indeed HBO subscribers. Once they've done so, a user unlocks access to over 1,400 HBO shows, movies, and specials. The app, which is also available for the iPhone and Android devices, includes HBO original programming as well as behind the scenes extras. Customers are able to stream previous seasons of HBO TV series—including those that are no longer in production.

New episodes of HBO original series that are currently on-air become available to watch via HBO Go immediately after their first-run broadcast airing. After a given episode's closing credits, an art card appears onscreen displaying the following in bold block letters: "ALL CURRENT EPISODES OF THIS PROGRAM ARE NOW AVAILABLE ON HBO GO." This not only creates awareness of HBO's TV everywhere offering; it also helps underscore the recency of its content library.

When first launching the HBO Go app, new users are taken through a simple authentication process and asked to choose their television provider from a number of button-like options presented. After they select these, users need only enter their username and password for their TV provider account, and the app will keep the user authenticated for 14 days. One issue with this kind of authentication—which has become increasingly popular across TV everywhere—is that many people never or rarely use their pay TV broadband credentials, and must therefore undergo a somewhat cumbersome process to retrieve them.

The application's home screen automatically pans through video content art cards in an almost screensaver-like way. Each art card is clickable to its respective content. If a user wants to watch a specific TV series or movie, a navigation bar along the bottom of the application itemizes content by genre.

Clicking the “Series” button lists all of the HBO originals through series screen art. Clicking *Entourage*, for example, will display all episodes for (current and final) season eight, and provide a drop-down menu to navigate to any of the past seven seasons of episodes as well.

The app also includes a number of extras, such as embedded Facebook “like” buttons and tweet prompts to encourage social media sharing. It integrates an HBO Go “Watchlist” that allows users to mark content they would like to save for later, or automatically add in new episodes to their queue as they become released for viewing.

There have been over four million downloads of the HBO Go app as of August 2011, and the company announced plans to distribute the application on game consoles as well as connected TVs.<sup>50</sup> This, after all, is “TV everywhere” in its truest sense: the ability to access consistent and reliable premium on demand content wherever and whenever one wants, regardless of the device they use to obtain it.

The iPad makes television viewing a truly portable yet still traditional “TV-like” experience. TV everywhere provides a great deal of incremental value to paying subscribers of HBO by providing countless ways for them to watch and experience the content they love—without charging them any additional cost. And the strategy may just be paying off; Time Warner reports that HBO Go users are watching more HBO programs than nonHBO go users.<sup>51</sup>

## First on the iPad and *Then* on Broadcast TV?

While it has become commonplace for full episodes to be made available for online viewing *after* their broadcast airings, some television networks have experimented with the opposite.

On September 23, 2011, PBS released the first episode of its three-part Ken Burns documentary, *Prohibition*, to its iPad and iPhone streaming apps. This allowed audiences to experience the show 10 days before its official October 2 broadcast TV premiere. As a bit of a bridge content adaptation, PBS’s strategy was of course to generate buzz about the documentary by a set of connected “early adopters” in order to drive broadcast tune-in.<sup>52</sup>

Fox used a similar approach for its *New Girl* series premiere by making it available as a free iTunes download over 20 days before its broadcast debut on September 28, 2011.<sup>53</sup> While some were concerned that this move might affect the show’s TV ratings, *New Girl*’s premiere episode garnered over 10 million viewers. As a result of equally impressive second episode ratings, Fox picked up *New Girl* for a full 24 episode season.<sup>54</sup>

## **The Xfinity TV iPad Application Blends Content and Utility**

Though most major television networks now have their own versions of iOS and Android applications, they are not the only ones to offer TV everywhere solutions. In fact, pay TV providers like Verizon FiOS, DISH, and Comcast were some of the first groups to roll out streaming mobile apps.

The initial phase of Comcast's Xfinity TV app launched on November 10, 2010, and brought a new level of utility to the second screen.<sup>55</sup> Users are able to easily browse TV listings through an interactive television guide that leverages the iPad's unique features. Not only can users change their TV's channel from their iPad screen; they are also able to set and manage their DVR from any place that has an Internet connection.

Having this level and ease of remote access is perfect for those many serendipitous moments involving "watercooler" chatter about a TV show that frequently take place when people aren't physically near their cable box. People can use their iPad, iPhone, or Android device from anywhere in the world to instantly set up recording a TV show that they just heard about while it is still on their minds.

The Xfinity TV app also introduced a much more streamlined way to browse for video on demand content. Instead of the traditional VOD menu taking over the TV screen and exiting the program, the iPad application leverages the "second screen" to browse and choose content that piques interest. When ready, one needs only to click the "WATCH ON" button, which loads the requested content onto the big screen.

On February 1, 2011, Comcast rolled out the second phase of its TV everywhere app to include a highly anticipated "Play Now" feature. This tool gives users instant on demand streaming access to over 3,000 hours of television and movie content.<sup>56</sup> Users can filter the content by movies, TV series, or specific networks; or they can simply browse the entire library, which also includes HBO Go content for Xfinity TV subscribers who also have HBO as part of their premium cable package.

## **From On Demand to Live Streaming TV, the iPad Becomes a TV Set**

At the Elevate Online Video Advertising Summit in June of 2011, industry executives estimated that 75 percent of television cable programming would be available on connected and mobile devices within two years.<sup>57</sup> And the portable content to which they're referring is not just limited to pre-recorded on demand video.

In a strange coincidence of art imitating life, a major news story broke on Twitter as I was writing this section. Without easy access to a television set, I immediately launched the CNN app on my iPad to verify the truth about the initial tweets, and was able to watch the story unfold streaming live on *The Situation Room* from my iPad as if I was in front of my TV.

I could do this because CNN updated its existing iPad application on July 18, 2011 to include a feature that streams its actual live television broadcast (including commercials) for both CNN and Headline News.<sup>58</sup> The application employs a similar authentication mechanism as HBO Go does for users who wish to “unlock” the CNN live stream. For those who cannot or wish not to authenticate, the CNN iPad app, by default, contains a lot of relevant and timely nontelevision content available outside of its “paywall.”

CNN was certainly not the first TV network to offer its live television stream via the iPad. ESPN was out with the WatchESPN app across Apple iOS devices over three months prior to the CNN application upgrade. While similar in design, WatchESPN is limited to subscribers of only certain pay TV companies (Comcast is not one of them).<sup>59</sup> The app includes a helpful program guide that simplifies finding what is on and what is upcoming across ESPN, ESPN2, ESPN3, and ESPNU.

Cablevision managed to beat ESPN by just five days when it launched its contentious “Optimum” iPad application on April 2, 2011, giving its subscriber base access to over 300 live streaming television channels.<sup>60</sup> Some TV networks were not pleased with the move; media conglomerate Viacom even went so far as to take legal action (which was fortunately amicably resolved<sup>61</sup>). Time Warner Cable also caused a stir by launching the very first live television streaming iPad app with 32 channels on March 15, 2011.<sup>62</sup>

We would be remiss if we failed to acknowledge one of the original TV everywhere solutions: Slingbox debuted in June of 2005 and allowed users to watch their home televisions over the Web on a PC. Today’s much smaller set-top Slingbox works with a companion SlingPlayer that is available on a number of mobile devices—including the iPad.<sup>63</sup> And on November 10, 2011, the company announced “SlingPlayer for Facebook,” an app that allows Facebook users to watch and share TV directly from within the popular social network.<sup>64</sup>

## **Old Business Models Are Not in Synch with Today’s Technology**

The traditional TV set and the iPad have had an opposite evolution in regards to TV everywhere. Television, of course, started out with only live broadcasts, and eventually evolved to include video on demand. The iPad, on the other hand, launched with access to on demand episodes and is now starting to stream

live television.

The technology to truly meet the promise of “anywhere/anytime” television content has been in place for some time now; however, the Viacom/Cablevision lawsuit is just one example that begins to highlight the fear that exists of cannibalizing tried and true revenue streams. Networks are becoming a lot more cautious; ABC’s Vice President of Digital Media Rick Mandler puts it best:

*We’ve been very careful about what to do next; on one hand, we don’t want to be in a position where we’re actually providing the catalyst for cord cutting. On the other hand, we really want to keep moving forward. So we’ve come to a middle ground where we want to move forward with distribution partners. We want to get our stuff out there and be as forward looking as possible; but we also want to try to preserve the existing distribution system by requiring people to authenticate themselves as bona fide pay TV subscribers. It’s a good middle ground: The consumer’s going to get their TV anywhere; wherever they are, their TV is going to be with them. At some point they’re going to have to recognize that they can’t get something for nothing, and we can’t be in a position where we completely disrupt the existing ecosystem.*

Another network, Fox, made headlines on July 27, 2011 when it announced that it would only offer next day online streaming of full episodes to those who authenticated as pay TV subscribers. The rest of the public would now need to wait a full eight days from a given TV episode’s first run broadcast until it was available to watch online.<sup>65</sup>

While this model theoretically seemed like the best possible compromise, its execution at rollout was lacking since only one pay TV provider (DISH Network) had partnered with Fox to be included in the authentication.<sup>66</sup> Pay TV subscribers from Comcast, for instance, were not able to authenticate—and were therefore technically forced to wait eight days before they could access new Fox TV shows online. This caused video sharing sites to see large spikes in pirated Fox TV show downloads.<sup>67</sup>

When someone really wants to watch a piece of content at a given moment, they will find ways of accessing it. While we hope that they do so legally, many will rationalize the path of least resistance if it is easier to get that content in other—not always legal—ways. The onus, then, rests with the television networks and pay TV providers to smooth out any barriers to access content while still growing revenue.

The pullback of network TV content along with the need for greater monetization put Hulu out to bid for potential buyers during the summer of 2011.<sup>68</sup> On October 13, 2011, Hulu announced its decision to take itself off of the “for sale” market and instead focus on the company’s strategic road map.<sup>69</sup> Hulu continues to show growth in ad revenue as well as paying Hulu Plus subscribers.

## TV Everywhere or TV on Facebook?

On September 22, 2011, Facebook announced details of a major platform upgrade at its annual f8 developer conference in San Francisco. Among the many new features and changes were a number of deep media partner integrations. Facebook users can now watch TV shows from Hulu and Netflix without ever leaving Facebook. Using the Hulu “canvas app” as an example,<sup>70</sup> a person can watch videos that are instantly shared with their Facebook friends. That person can also see what their friends are watching and tune-in directly from the Facebook ticker or newsfeed post.

The ability to comment allows for real-time discussions and further amplifies the content people are watching—therefore increasing the chance that others will discover it. This kind of “frictionless sharing,” as Facebook refers to it, will not only increase the amount of data about Facebook’s users but also make them much more micro-targetable to advertisers.

While Facebook is making it very easy to consume media within its platform, questions remain as to when, how, and to what extent audiences prefer to watch TV on Facebook (or other websites) versus the big screen.

## Consumers Will Use the Best Screen Available

Content distribution deals are constantly being negotiated and renegotiated as the landscape unfolds. From a consumer’s point of view, it is a bit like the Wild West when it comes to finding content. While the ability to watch “TV” whenever and wherever one desires has taken many steps forward, it is far from being an absolutely seamless experience today. Will Richmond, who is the editor and publisher of online publication that specializes in online video, *VideoNuze*, paints an accurate picture:

*If you think out to the nirvana end state, if there is such a thing, it would be a pretty cool world. You subscribe to pay TV, and all of a sudden, all of that programming that’s available on your set-top is now also available on your connected device in another room in your house; it’s available on your smartphone, and on your tablet. It’s available whether you’re in or outside the house. It’s available on linear as well as on-demand. That’s a pretty great future for consumers—but getting there is very complicated, and going to take a lot of work.*

A few years ago, Nielsen stated that Americans will watch TV on the best screen available.<sup>71</sup> At the time, the living room television set was still their

preference. But as technology and content accessibility continue to mature, so will consumer preferences for experiencing TV.

## TV Everywhere Opens up New Opportunities for Advertisers

*Leverage the power of the platform. We get TV creative for digital platforms all the time. Each platform has unique capabilities and the creative should leverage the power of those capabilities.*

—Rick Mandler, Vice President of Digital Media at ABC

While there are many similarities in features, functions, and user experience across various full episode applications, one fairly inconsistent element is each of these platform's respective advertising opportunities.

On one side, you have Netflix and HBO GO; neither of which have any advertising. On the other side of the spectrum are live streaming apps—including CNN, ESPN, and Cablevision—which directly mirror their TV broadcasts and hence, the TV commercials therein. Somewhere in the middle lies Hulu and Hulu Plus, the ABC Player, and other broadcast network full episode players. These tend to offer very customizable and platform-specific opportunities for advertising.

The ABC Player for the iPad serves in-stream ads at each regular commercial break in addition to a preroll before the episode starts. The number of ads served per break depends on advertising demand, which changes over the course of a year.

During the video ad's playback, a narrow banner along the bottom of the player counts down until the episode starts (or resumes) and includes a button in the lower right corner to "Visit Sponsor Website." Clicking the button expands the bottom banner into a frame that loads the respective website. A button in the upper left corner allows the viewer to return to watching the remaining video commercial.

Brands have the opportunity to submit advertising creative built-in HTML5 that opens up many new interactive possibilities versus a simple (and all too typical) video commercial. Instead, the ad could be a full-blown interactive experience, such as a game or tab-based user-interface. It could also include direct marketing acquisition from within the ad itself. The benefit in designing the creative for the tablet (or PC) medium is the ability it provides to contain the entire brand experience within the advertising unit itself. This increases the chances for a user to interact since they do not have to disengage from their intended content to a new window that loads a separate website.

Advertisers have the option to buy for just the ABC Player on the iPad.

However, full episode media buys generally tend to include the player on [ABC.com](http://ABC.com) as well. This makes sense from an advertiser's perspective, since one is looking to align their brand to ABC programming wherever people are watching it.

Brands are not able to demo target their ads or insert them into a specific ABC show. Instead, they buy a bundle of impressions that are dynamically ad served across all shows over the course of their campaign flight. An advertiser will never know when or during what shows or episodes their ad will run. However, they can ask to be omitted from certain shows that may not align to their brand.

## **Hulu's Sweet Spot Is in Its Choice-Based Advertising Executions**

Hulu offers a broad range of advertising formats at a load that is currently 25 percent that of normal television. There are, of course, the standard in-stream video ads that also include a clickable companion banner. For an added cost, the entire area around the Hulu video player can be branded while the video ad is playing to include a high-impact banner and color background.

Hulu's branded slate unit is an option for advertisers who want to make a first impression before a TV show begins to play. An art card with the sponsor's logo appears along with the copy, "THE FOLLOWING PROGRAM IS BROUGHT TO YOU WITH LIMITED COMMERCIAL INTERRUPTION BY" and includes a voiceover that reads the copy and calls out the sponsoring brand.

One of Hulu's ad formats that has received the most attention is their "Ad Selector" unit. This provides viewers with a choice from either two or three options of what kind of video ad experience they would like to have. In its advertising spec sheet,<sup>72</sup> Hulu gives the example that "an automotive company could offer the user a selection of SUV, Truck, or Coupe advertisements. If the user selects 'SUV', the remaining breaks will playback commercials from the sponsor related to just to their area of interest (SUVs)."

The ad selector is a great example of a choice-based impression. Those users who actively make a choice at the selector screen (instead of simply ignoring it) end up getting ads that are more relevant to them. They will also be more receptive to viewing the ads, since they have been empowered with a certain level of control over them. As a result, studies have shown much higher click-through rates and ad-recall scores for these types of "choice-based" advertising executions versus regular video preroll ads.<sup>73</sup>

On October 3, 2011, Hulu announced its next evolution in choice-based advertising: giving its users the ability to swap ads with a completely different

one. By clicking the “Ad Swap” icon when an ad begins to play, a user is presented with a choice of ads from various brands. These ads are displayed based on relevancy to the given user’s Hulu profile. Not only is there no charge for those ad impressions that are swapped out; since the user has actually *chosen* the new ad, they’re much more receptive to it. Hulu has conducted some early tests that show a 93 percent unaided brand recall on swapped ads with 35 percent of users reporting their intent to purchase the advertised product or service.[74](#)

## TAKE ACTION: TV EVERYWHERE

As more and more consumers watch “television” whenever and wherever they want to, brands need to ensure they follow their target audience across devices. Here are a few pointers to help get you started.

1. *Design for the medium.* The notion and practice of TV everywhere has allowed people to watch a television show on any number of devices and applications. However, while the TV show transcends screens, your 30- or 60-second TV commercial does not. So be sure to design and optimize your creative around the behaviors of the channel and device on which it is running. Take advantage of the Web’s interactivity.
2. *Follow the content.* It is hard to forget the episode of *Modern Family* featuring the iPad that Phil is hoping to get for his birthday. A surefire way to make your brand message portable across screens is to embed it into the content of the TV show itself. Integrating product placement as a nonblatant part of the storyline can generate a great deal of resonance. Look for branded entertainment partnerships with television series that are a natural fit for your brand.
3. *Give viewers a choice.* We have discussed at length that your message’s impact is vastly more powerful when users choose to engage with your brand than when your ads are simply forced onto them. Whenever you can, leverage features like Hulu’s ad selector/ad swap as a means to make your marketing dollars work most efficiently for your brand.

## Television Programming Has Become Screen Agnostic

The days of watching TV only in the living room are but a distant memory. As much as television has always been a big part of our lives, its increasing portability is making it readily and instantly accessible to us at will. TV everywhere is yet another opportunity for your brand to be ubiquitous—everywhere your target is consuming relevant content.

## Scan for More

Scan this QR code using your mobile device for videos and visuals of the examples and cases referenced throughout this chapter.



Don't have a smartphone with a QR reader app? No problem. You can access companion content directly by going to <http://www.socialtvbook.net/tagged/chapter8>.

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## ***Chapter 9***

### ***Connected TVs***

#### ***Blending Online Content with Television Content***

Ezra Englehardt lives with his girlfriend Wendy in the West End of Boston, Massachusetts. Although he works as an Account Planner at a cutting edge digital marketing agency, Ezra—at age 31—considers himself to be an early adopter of technology gadgets.

While reading *Wired* magazine about seven years ago, Ezra was struck by an article that featured a device from a company named Roku that could be connected to one's television to display photos and play MPEG videos. He had already been hard-wiring his laptop computer directly to his television set to watch online videos since 2003, and used this same setup in 2005 when he started buying TV shows from iTunes.

Thinking about upgrading his jury-rigged Internet-to-TV set-up, Ezra tried out the original Apple TV device in 2007 but was underwhelmed with its performance. Then, in the fall of 2010, a handful of Internet-connected TV devices started gaining a lot more attention—perhaps due in part to Apple's complete redesign and relaunch of its Apple TV product.

One of the connected TV devices (as they became known) garnering its share of the spotlight was a familiar name to Ezra. Roku had just announced a new lineup of devices with its high-end model; at \$99, it boasted full 1080p HD video streaming. A hint to his girlfriend's parents led to him unwrapping the top-of-the-line Roku XDIS beneath the Christmas tree in December of 2010.

Ezra and Wendy's Roku device is connected to their living room television, augmenting their existing premium cable package from Comcast. Sixty percent of their connected TV device's usage comes from watching movies and TV shows that the two of them enjoy together from Roku's Netflix app. Streaming television shows from monthly subscription service Hulu Plus makes up the next 30 percent. The final 10 percent of their Roku usage includes videos from Amazon Prime and a hodgepodge of other random content accessed through