

# Roku At Risk of Getting Steamrolled by Amazon and Comcast

Companies: AAPL, AMZN, CHTR, CMCSA, DIS, DISH, EXPGY, FB, GOOG/GOOGL, KRX:005930, KRX:034220, NFLX, RAMP, ROKU, T, TIVO, TRU, VIAC

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## Research Question:

**Will competition from Apple, Comcast, and others drive down Roku's device prices and ad revenue growth?**

## Summary of Findings

- [Roku Inc.](#) (ROKU) has only a short-term firewall against the changing landscape of the streaming video market and faces severe tests in the years ahead, according to interviews with 13 content developers, distributors, ad agencies, ad technology developers, and other industry specialists.
- Roku will continue to benefit in the near term as ad dollars shift from traditional to streaming TV based on rising online viewership and more precise targeting capabilities. But [Amazon.com Inc.](#) (AMZN), pay TV operators, and smart TV makers all have their eyes on the streaming TV ad market, now core to Roku's strategy.
- Amazon and [Comcast Corp.](#) (CMCSA) can replicate key parts of Roku's model, while adding pieces that are attractive to advertisers, such as richer founts of consumer data and original content spread over a broad spectrum of properties. More holistic audience measurement systems will only exacerbate the challenge for Roku, as advertisers get a clearer view to make cross-platform purchases from the likes of Comcast's [NBCUniversal](#) and its upcoming [Peacock](#) streaming service.
- On the hardware side, Roku's external streaming boxes and sticks are headed toward irrelevance. The key battleground will be in smart TV operating systems, where Roku has a strong—but not insurmountable—lead as [Samsung Electronics Co. Ltd.](#) (KRX:005930), [LG Display Co. Ltd.](#) (KRX:034220), and [Vizio Inc.](#) ramp up their connected TV investments.
- One source said Roku will probably remain dominant among cord cutters but will struggle in the other segments that make up 70% of the market: households with traditional pay TV set-ups and those who have both a pay TV package and a streaming device, as the [pay TV operators are making a play](#) to offer streaming access to those customers.
- Six sources praised Roku's acquisition of [demand-side platform Dataxu](#) as a smart move toward giving advertisers more data and an easier way to buy streaming inventory, as well as giving consumers a cleaner ad experience. The lack of standardized audience measurements, Roku's lack of transparency with ad placements, and the inability of advertisers to use independent performance tools on Roku's platform were all cited as obstacles to Roku's ad revenue growth.

## Silo Summaries

### 1) Content Developers and Distributors

**Amazon and Comcast are the biggest threats to Roku's ad business** as ad-supported platforms gain steam. Amazon's backing of a new ad-supported service could be troublesome for Roku when combined with Amazon's other strengths. Comcast's ability to sell ads across both traditional and streaming platforms is also a big threat. **Amazon, Comcast, and Disney all have the potential to offer advertisers more precise targeting because of their broader relationships with customers.** Roku's Q4 sales were likely strong, but its external devices face obsolescence as connected TVs improve.

### 2) Streaming Video Technology Developers

**Roku has put itself in a good spot in the streaming video market, allowing it to benefit as ad dollars move from traditional to streaming TV platforms.** Ad-supported streaming services are starting to gain traction over subscription-based platforms. **Roku's ad targeting capabilities are excellent and lag behind only digital giants like Facebook, Google, and Amazon.** The future of streaming will be based around smart TVs, not external devices, an area where Roku has jumped out to a big lead with its TV manufacturing partnerships.

### 3) Ad Agency

Roku's platform is attractive to advertisers at the moment as they follow audiences away from traditional TV. **Roku could be hurt, however, as audience measurement becomes more sophisticated and is able to capture viewership across traditional and streaming TV.** Such measurements will make it easier for advertisers to find cross-platform audiences with sellers that have a broad offering of content, such as Comcast's NBCUniversal.

### 4) Industry Specialists

**Competitive pressure on Roku's ad business is ramping up, which could lead to market share losses and slowing revenue growth rates.** Pay TV operators like Comcast and AT&T are the biggest threat. Smart TV manufacturers also have an opening to become big players in the streaming video ad market. Ad-supported as opposed to subscription-based streaming is growing in popularity as advertisers are starting to see proof of higher ROI compared to traditional TV ads. **Roku needs to figure a way to connect its viewer data with other consumer data** to give advertisers a fuller and more precise picture of who is watching.

	Roku's Ad Sales Outlook	Roku's Hardware Sales Outlook
Content Developers and Distributors	↓	↓
Streaming Video Technology Developers	↑	↓
Ad Agencies	→	↓
Industry Specialists	↓	↓

## Background

Roku continued its [string of impressive performances in Q3](#) as revenue grew 50% year to year, its number of user accounts rose 36% to 32.3 million, and the number of streaming hours on Roku devices surpassed 10 billion. The company's top-line growth was driven by its advertising business, as platform revenues were up 79% compared to an 11% increase in hardware revenues. Wall Street's initial reaction to the Nov. 6 earnings report was negative; however, as Roku's operating expenses were up 60% in the quarter, the company [reduced its adjusted-EBITDA forecast](#) for the full year, and executives said streaming-hour growth could slow in 2020.

Shares of Roku, which hit a record high in early September, suffered one of their biggest single-day drops since their 2017 debut after a Sept. 20 analyst report highlighted [concerns about emerging competition](#). The report suggested device prices could be on a race to zero because of Comcast's decision to give away its Xfinity Flex streaming media player to its internet customers, along with [Apple Inc.'s \(AAPL\) launch](#) of its new streaming service, potentially boosting demand for Apple TVs. Already, average selling prices for Roku's streaming media players and sticks are on the decline, falling 9% in Q3 compared to a year earlier. The competition could also pressure Roku's ad inventory splits—the share of ad spots it negotiates with services that have a channel on Roku's devices.

Roku is hoping that the launch of a series of highly anticipated new streaming services—The Walt Disney Co.'s (DIS) [Disney+](#) and Apple TV+ this fall, along with AT&T Inc.'s (T) [HBO Max](#) next spring—will continue to drive the shift from traditional linear TV to over-the-top (OTT) services, boosting demand for its streaming media devices and smart TVs with the Roku operating system built in. But the company is also increasingly focused on its advertising business. An April report from Magna Global said [OTT accounts for 29% of TV viewing](#), but so far has only captured 3% of TV ad budgets. Roku, which serves up ads on its Roku Channel and its media player home page, said its monetized video ad impressions more than doubled in Q3. Executives hope their \$150 million acquisition of demand-side platform Dataxu will help advertisers plan and buy video campaigns across both traditional and OTT media.

Roku is also working to [capture international market share](#) as it has done in the United States. TV manufacturer Hisense (SSE:600060) is expected to ship the first TV models equipped with the Roku operating system in the United Kingdom before the end of the year, with more devices and European markets planned for 2020. In addition, the company's domestic plans include branching out into new devices like [soundbars and speakers](#) that lock users into the Roku ecosystem.

The CEO of a connected TV ad marketplace told Blueshift Research for its [Sept. 12 Netflix report](#) that Disney is going to be “heavily dependent” on Roku for the success of its new streaming service, given Roku's market penetration. A business development executive at a major U.S. broadcast studio called Roku “a very smart company” with its business model that combines channel aggregation with advertising.

### Current Research

Blueshift Research assessed the outlook for Roku's advertising and hardware revenues. We employed our pattern mining approach to establish five independent silos, comprising 13 primary sources (including four repeat sources) and two secondary sources focused on the streaming video market. Interviews were conducted Dec. 16, 2019–Jan. 10, 2020.

- 1) Content developers and distributors (4)
- 2) Streaming video technology developers (2)
- 3) Ad agencies (1)
- 4) Industry specialists (6)
- 5) Secondary sources (2)

## Next Steps

Blueshift Research will solicit feedback on what steps Roku can take to fend off the emerging challenges from Amazon, Comcast, Samsung, and others.

## Silos

### 1) Content Developers and Distributors

Amazon and Comcast are among the biggest threats to Roku's ad business as ad-supported platforms gain steam within the streaming video market, according to three of the four sources in this silo. Amazon's backing of a new ad-supported service, IMDb TV, could be troublesome for Roku when combined with Amazon's other strengths. Comcast's ability to sell ads across both traditional and streaming platforms, including NBCUniversal's soon-to-launch Peacock streaming channel, is also a big threat. One source, however, said the plethora of new services, such as Peacock and Disney+, will boost Roku's ad business by giving it more ad inventory as part of carriage deals and because those services are going to want to promote their content by advertising on Roku. Another source said Roku does not have the leverage to get ad inventory from the biggest streaming players, such as Disney and Hulu, while Amazon most likely does. Roku's display ads are expensive while its video ads are often more valuable than traditional TV because of better targeting. Amazon, Comcast, and Disney all have the potential to offer advertisers more precise targeting because of their broader relationships with customers. Two sources said the acquisition of Dataxu will help Roku with device mapping and possibly with access to inventory on other devices. On the hardware side, Roku's Q4 sales were likely strong, one source said, but its external devices face obsolescence as connected TVs improve their user interfaces.

### Key Silo Findings

#### Roku Advertising

- 3 of 4 said Roku's ad sales are going to be pressured by new ad-supported services.
  - o 1 cited Amazon's investment in IMDb TV as a worrisome development for Roku.
  - o 2 said Comcast is a big threat because of its ability to sell ads across multiple platforms, including NBCUniversal's upcoming Peacock streaming service.
- 1 said new streaming services like Disney+ and Peacock will boost Roku's ad sales, both in terms of new ad inventory on the new platforms and when those services spend money to market their launches.
- 1 said that while Roku is able to demand ad inventory from smaller streaming services—as much as 30% in some cases—bigger players like Disney and Hulu have enough leverage to resist.
  - o Amazon, on the other hand, is likely to get such inventory shares from the big players for Fire TV because it is also providing valuable shopping data and cloud services.
- 1 said Roku's display ads are very expensive because of their high visibility, so most marketers will opt for less expensive options.
- 1 said Roku's video ad inventory is comparable to or more valuable than traditional TV because of better measurement capabilities.
- 1 said Roku does not allow advertisers to use third-party tracking or other types of independent measurement, forcing advertisers to rely on Roku's internal metrics.
- 1 said Roku's targeting capabilities are the best in connected TV, but Amazon is closing the gap and has more upside because of its consumer data. Similarly, Comcast and Disney have the potential for better targeting because of their broader relationships with customers.

- 1 said the big players like Amazon, Comcast, Apple, and Disney are a big threat to Roku because they do not need to make money directly from streaming services and can, instead, use such efforts to improve sales in other areas.
- 1 said Roku is going to get less unique content for its Roku Channel.
- 2 said [Samsung TV Plus](#) is a rapidly growing competitor, including 1 who said his company's online content gets most of its views from it.
- 2 said Roku's acquisition of Dataxu was smart.
  - o 1 said Dataxu may be able to plug into certain streaming apps' platforms so that it can buy and sell inventory on other devices besides Roku.
  - o 1 said Dataxu's strength is in device mapping, allowing advertisers to connect users' phones, tablets, and connected TVs.

## Roku Hardware

- 1 said Roku's Q4 device sales should be strong as viewership continues to shift to streaming.
- 1 said connected TVs are going to eat into the market share of Roku and Amazon's Fire TV as they improve.
  - o External streaming devices will eventually become obsolete, making Roku's deals with TV manufacturers critical to its future.
- 1 said Amazon may start to sell its own TVs with its Fire TV operating system.
- 1 said Roku does not have a strong international strategy, partly because success overseas is highly dependent on local content, an area where Roku has no play.

## 1) Top ad sales executive for a major Hollywood studio's digital TV networks

Roku should have robust hardware sales from the most recent quarter, but will struggle longer term as both hardware and content become commoditized. Roku should be part of the marketing mix for advertisers with deep pockets, especially for those promoting apps. Roku's ad inventory is not cheap, but its targeting and performance is high quality. The lack of original content against which the company can advertise will increasingly make competing against Comcast, Disney, and others more difficult, especially as less content becomes available for Roku.

### Roku Advertising

- "Roku has critical content discovery display [advertising] inventory on the main menu and subsequent pages in the guide. They also have inventory on their Roku Channel app and take up to 30% of ad-supported apps' [inventory] on Roku through distribution agreements."
- "They take 20% of smaller player video ad inventory in return for allowing them on the device. Inventory share can be as high as 30%, depending on the deal. [However], Roku has caved on this requirement for big players like Hulu, Disney, ESPN. They can say no to this requirement because not having this content on Roku will create problems for [Roku]."
- "I think Amazon is offering data value to big players around shopping behavior and also cloud services, so the big players may concede this [ad inventory share to get on Amazon Fire TV] in some cases."
- "[Roku's] display ads are very expensive because of the prime real estate, and most marketers will spend more on desktop and mobile for cheaper performance-based marketing to drive awareness and interest in watching content."
- "If you have deep marketing budgets, [Roku] should absolutely be a part of your mix, especially if you are marketing [streaming video] apps. If you are not marketing apps, there is no reason to buy the 'content discovery' display inventory."
- "[Roku's] video ad inventory is valuable and comparable to or better than traditional TV because of better measurement and the customer is in a 'lean back,' more engaged state in [a streaming] experience. Live sports and live events on TV are more comparable [between traditional and streaming ad inventory] and also drive the highest CPMs for traditional TV."
- "Roku actually has a 'walled garden' approach similar to Google's [Alphabet Inc./GOOG/GOOGL] [YouTube](#) in its earlier days, and only shares the performance of the campaign using their first-party tracking. They do not allow any

[Roku's] video ad inventory is valuable and comparable to or better than traditional TV because of better measurement and the customer is in a 'lean back,' more engaged state in [a streaming] experience.

*Top ad sales executive for a major Hollywood studio's digital TV networks*

third-party tracking or advertisers to do their preferred measurement. So if you want audience targeting or addressable targeting, you rely completely on Roku and you have to trust them.”

- “[Roku’s] targeting ability is more advanced than nearly everyone in [connected TV] because they spent years building their tech stack. However, Amazon is catching up quickly and has far more upside tied to purchase behavior. Also, big players like Comcast and Disney have a stronger and larger relationship with consumers across many verticals and there is also more upside long term.”
- “Yes, [competition from other hardware makers will hurt Roku’s ad revenue splits]. The biggest issue for Roku is that they are essentially reliant on one revenue stream, and that is advertising. Hardware is becoming commoditized and so is video, to a degree.”
- “Thus, the biggest players use streaming video to make money through other verticals, i.e. Amazon Prime, internet services, theme parks, or consumer product sales, etc. A rising tide raises all ships for diversified companies with streaming video as a critical direct-to-consumer channel. Of course, ad revenue and SVOD [subscription video on demand] fees are important, but relying [solely] on just these makes it harder to compete long term.”
- “A major shift is happening [from traditional to streaming TV], but the full value of the linear TV ad market will not be replaced equally through streaming TV when streaming video is being commoditized through SVOD and AVOD [ad-supported video on demand]. Linear TV [ad spending] has roughly been flat for the last five to six years and has done a good job of keeping the overall value, despite declining ratings. [Linear TV ad spending] is sure to decline, but the decline in value will not be replaced in streaming video.”
- “Big players like Comcast that can extract value out of linear TV through its transformation, while also riding the increase in value of streaming video, will be able to reap the most out of the changing marketplace.”
- “The biggest long-term threats to Roku are big players like Amazon, Comcast, and Apple, which can afford to have video as a loss leader so they can make money on their other divisions, i.e. Prime, internet services, etc.”
- “Roku has no original content strategy and they are going to increasingly get less unique licensed content for the Roku Channel, and it will not be as differentiated.”
- “Dataxu has a strong reputation in the industry. The purchase probably signifies that Roku building their own ad tech stack probably was not realistic to compete against the big players, and they needed more talent and better tech.”
- “They have plans to sell [ad] inventory with their partner apps off of Roku. For example, [Tubi](#) is distributed on lots of apps like Roku, Amazon, PlayStation [Sony Corp./SNE], Samsung, etc. I could see Roku using Dataxu to plug into Tubi’s SSP [supply side platform] and buy and sell inventory on other devices to expand their reach footprint for advertisers that they are already working with on Roku.”

## Roku Hardware

- “I expect Roku to have robust holiday sales from this past quarter as result of streaming interest. However, long term, they are facing some major threats, since they depend on ad revenue as their primary driver and growth engine.”
- “Amazon and Roku currently represent two-thirds of the CTV [connected TV] market. I expect, though, that TV makers—Samsung, Vizio, and LG—will eat some of this share, based on creating plug-and-play units that the consumer can keep for years and feel up to date with regular software updates, high performance, etc.”
- “Smart TV players will emerge again as devices update software regularly to stay current and quality hits peak, and consumers will enjoy not having streaming boxes.”
- “[Roku’s latest announcement about [new partnerships with TV manufacturers](#)] proves my point about streaming boxes going away, and it shows you Roku’s biggest distribution play is deals with small TV OEMs.”
- “I also think Comcast, with its Flex unit and hybrid linear TV/streaming box, will grow rapidly, since they are tied to internet services and Comcast can afford to provide the hardware as a built-in cost.”
- “[Comcast giving its Flex device away for free] will eat into Roku sales long term. Comcast is in 22 million households and can grow this number through Flex, an internet/hardware package designed for cord cutters. It’s plug-and-play with a subscription, and it will just work without any headaches or additional set-up and offer everything you need.”

**The biggest long-term threats to Roku are big players like Amazon, Comcast, and Apple, which can afford to have video as a loss leader so they can make money on their other divisions...**

*Top ad sales executive for a major Hollywood studio’s digital TV networks*



- “[The race to zero on the price of hardware devices] is happening. Hardware will be a loss leader. Flex is free with your [Comcast] internet service. Apple offers Apple TV+ for free with your Apple TV device.”
- “A big challenge for Roku is its global strategy, which is practically nonexistent compared to the big players. Content development at global and local levels is critical for this because business models vary greatly outside of the U.S.”
- “Comcast/Sky dominates the UK and several other markets. Disney, [Netflix \[Inc./NFLX\]](#), and Apple are massive global brands with distribution everywhere. They also have the ability and cash to develop content globally or at a local level, market it, and distribute it. Roku has no engine for content development and is solely reliant on its hardware beachhead in the U.S.”
- “This beachhead in the U.S. will weaken and they are dependent on studio licensing, but licensing content will increasingly become more limited and unpredictable to build an audience. Thus, owning exclusive content will become more valuable. The future success for Roku is likely through a merger or acquisition. Either someone like Netflix buys them or they buy a smaller studio to create a pipeline.”
- “It’s going to be very difficult for Roku to grow at the pace it has, and it will begin to decline with these threats.”

## 2) Senior ad sales executive with a large TV network

Roku faces strong headwinds as more ad-supported streaming services launch. NBCUniversal’s new service, in particular, is expected to be a big draw for advertisers, and potentially direct competition for Roku’s ad dollars if NBC makes it easy to buy inventory across its properties.

### Roku Advertising

- “For our deal with Roku, they have the ability to sell some of the [ad] time for their whole platform, similar to the relationship we would have with a traditional [pay TV operator]. They carry our content, and we want our content up on our platform [too], because it’s been growing so rapidly. Our aim has always been to put our content in as many places as possible.”
- “[Roku] has been growing very fast from an ad revenue stance, and stepping up. A lot of ad sales are programmatic, so people are able to buy on [Roku’s] platform and get similar types of data points that they get from a [Facebook \[Inc./FB\]](#) or Google or YouTube. It’s very high-quality content. I feel it’s a really strong platform. But there’s not a barrier of entry there.”
- “I see the ad world really trying to move to programmatic in TV. You have [ad-supported streaming services] like [Pluto](#), which was bought by Viacom[CBS Inc./VIAC]. You have Tubi in that same world, which is still independent, and [both services] have a lot of library content that is finding new value, and advertisers are responding to that.”
- “These are examples of quality [offerings for advertisers], unlike programmatic websites, and I think it’s interesting that NBC looks like it will embrace an ad-supported model, so they will make the advertising as profitable and valuable as possible.”
- “I think [the increase in ad-supported streaming services] is probably not good for Roku, because it’s opening up other alternatives for advertisers. All these other streaming services that offer advertisers opportunities will, I think, chip away a little bit at the Roku dominance.”
- “I don’t know what sort of alternatives Roku can start offering to start differentiating themselves, but I think they are going to be facing greater competition. NBCU is going to enter the upfront, for example, and they’re going to be pretty focused on filling the Peacock bucket, just like Viacom was in filling the Pluto bucket. I hear Pluto’s ad inventory dollars grew over 40% last year—just being part of something like Viacom.”
- “If you have, [like NBCUniversal does], [This is Us](#), and the Olympics, and Sunday Night Football, and [Bravo...](#) and [advertisers] can get a better deal by packaging all that and spending more on Peacock, then that has to come at someone’s expense.”
- “As [audience measurement] moves towards creating one measurement across platforms, and if what [NBCUniversal head of advertising] Linda Yaccarino says is true—you can buy inventory across all their platforms, including Peacock when it launches—you’ll be able to tell the story of one viewer’s journey across all of that. Whereas, with Roku, you’re just buying a digital service, an over-the-top experience.”

A lot of ad sales are programmatic, so people are able to buy on [Roku’s] platform and get similar types of data points that they get from a Facebook or Google or YouTube.

*Senior ad sales executive with a large TV network*

- “You buy Roku and then you buy a lot of other cable networks whose content is also on Roku, and you start to think, ‘Am I stepping over myself? Am I getting the same person over and over again?’ I think that’s going to come into play.”

## Roku Hardware

- “[One thing to watch] is companies like Samsung, which is rolling out TV Plus, which is basically a competitor to Roku. Roku might be on a Samsung TV, but [Samsung] is also creating its own little housing for AVOD services, and they have an advantage.”
- “When you turn on a Samsung TV now, you get Samsung TV Plus pushed out, which is the first thing you see. So you may never go to Roku if you have a better, seamless interface with your Samsung TV. Apple is still aggressive in it, and Amazon, but now manufacturers are getting in, too.”

### 3) Media sales executive at a streaming service

Roku will gain ad revenue from new streaming services that want to promote their launches. Most streaming services will not take ads from competing platforms on their own channels—Disney+ will not run ads for [NBCUniversal’s Peacock](#), for example—but Roku benefits from being a neutral distributor that will take advertising from anyone. New entrants will be spending heavily at launch, so the impact on Roku’s ad revenues should be swift. Roku’s acquisition of Dataxu gives the company a lot of programmatic abilities and will make its ad inventory more attractive.

## Roku Advertising

- “About 80% of Roku’s revenue was from hardware sales until about one-and-a-half years ago. That’s being reversed now as they move to being an ad-supported model.”
- “The launch of Disney+ and NBC Peacock will help Roku grow ad sales revenue. They will get inventory [from those services]. Roku media sales will also make money in promoting the new services.”
- “For example, when new services launch, they will not be able to advertise on competitor media. Disney+ will not be able to advertise on NBC or [AT&T’s] Turner properties. If ESPN wanted to promote Monday Night Football on sports channels, NBC Sports would refuse.”
- “Generally, the way companies would get around that is by buying NBC Sports inventory from people like us. That’s how Roku will gain more inventory. Let’s say Disney+ wants to advertise their services and content. They can’t buy the ads directly on NBC, but they can run the ads on [platforms like] Roku.”
- “Their ad splits will, however, be up for negotiation. I believe they will be negotiating for more from new media advertisers, but they will be squeezed for less from the incumbents.”
- “Roku is not in the content business, so, in terms of ad revenue, they stand to gain as new streaming video services enter the marketplace.”
- “With new platforms, the media spend is generally heavy up front, when the product is first released and they want to gain subscribers. The positive impact on Roku’s ad revenue will be fairly quick.”
- “Roku’s scale allows for them to get advertising budget from general market advertisers who are blue chip brands. They’ve built out their media sales extensively. They’ve grown it significantly over the last year or so. It was in anticipation of more use of their platform.”
- “Dataxu was a strategic investment for Roku that they bought for \$150 million. Dataxu is a demand-side platform that aggregates inventory from the buy side. It will allow Roku to apply more data to the inventory that their advertisers can access. It will also allow for real-time bidding. They will be able to set up programmatic auctions for a lot of their inventory.”
- “I believe they will be able to map devices. Dataxu’s biggest value proposition was their device map—mapping devices at an IP address, so they’ll know a Roku device is at the same IP address as specific mobile phones or tablets or desktops. They can run advertising campaigns on the Roku device, but also on the mobile, tablet, and on the desktops in the same households.”
- “Dataxu gives them a lot of programmatic abilities. Roku got a good deal on that acquisition.”

**The launch of Disney+ and NBC Peacock will help Roku grow ad sales revenue. They will get inventory [from those services]. Roku media sales will also make money in promoting the new services.**

*Media sales executive at a streaming service*

- “Roku’s ad inventory, from what I see, is not as attractive as what I sell [on my streaming service]. Up until now, it ranged from mediocre to decent. With the introduction of new streaming platforms, it will become more attractive, but, for now, a lot of it is app-based inventory for the lower-end apps on their platform.”
- “In terms of the value proposition, their reach and their ad formats—and now their ability to plug it all in to the Dataxu platform with data—it is becoming very attractive.”
- “It’s not that their inventory is unattractive, but if an advertiser wants to know where their spots are running and they want to be brand safe, the fact that much of their inventory is not fully transparent could be a concern. However, in the connected TV space, people are more interested in the data, targeting, and measurement capabilities than in brand safety, [the content around which an ad is placed]. Overall, streaming is fairly brand safe and Roku will make it better with their new inventory.”
- “Dataxu will potentially give advertisers more insight into what they’re buying.”

#### Roku Hardware

- “There is going to be more competition from other devices like smart TVs, Apple TV, PlayStation, etc.”
- “They have the potential to grow significantly in media sales as long as they keep growing their scale. That would mean continuing to integrate into more devices, integrating more platforms into Roku, and growing their device sales.”

#### 4) Executive with an independent entertainment content publisher; repeat source

Roku’s ad revenues will suffer as Amazon aggressively expands its ad-supported streaming service. Samsung TV Plus continues to grow rapidly and is another threat to Roku.

#### Roku Advertising

- “Roku’s ad revenues will definitely be hurt. Amazon is expanding IMDb TV because they want to go after Roku in a big way. They want to eat Roku’s lunch. IMDb TV is similar to the Roku channel—free and ad-supported. IMDb will be part of a \$10 billion sales team across the Amazon network. Amazon is very serious about turning it into a cash cow.”
- “Between Amazon’s IMDb TV, Samsung TV Plus, which is massive—most of our views come from Samsung TV Plus—and growing by leaps and bounds, Roku will have to defend itself.”
- “We and other content providers are trying to get established on the OTT platforms, but it can be tenuous. We’re finding respectable audiences, but as the big guys start coming around and doing their deals with cable companies, we have very little control.”
- “We’re seeing it with Pluto already. The minute after Viacom bought them, they took over the first 25 channel positions with Viacom channels. We’re now getting repositioning emails, as used to happen with cable television. We’re literally reinventing what we spent five years taking apart.”

#### Roku Hardware

- “Roku is on TCL [Corp./SHE:000100] TVs and that might be Amazon’s next thing, too—to sell their own televisions. Both Amazon and Roku have inexpensive price points, but Amazon is such a big entity.”

Amazon is expanding IMDb TV because they want to go after Roku in a big way. They want to eat Roku’s lunch. ... Amazon is very serious about turning it into a cash cow.

*Executive with an independent entertainment content publisher*

## 2) Streaming Video Technology Developers

Both sources in this silo said Roku has put itself in a good spot in the streaming video market, allowing it to benefit as ad dollars move from traditional to streaming TV platforms. Ad-supported streaming services are starting to gain traction over subscription-based platforms, one source said. Both agreed that streaming ad data and technologies need to improve, with one noting that Roku does not offer transparency to advertisers about where and when ads will run. Roku’s ad targeting capabilities are excellent and lag behind only digital giants like Facebook, Google, and Amazon in that area. The cost of Roku’s video ad inventory tends to be in the mid-range of the streaming video market. The future of streaming will be based around smart TVs, not external devices, an area where Roku has jumped out to a big lead with its TV manufacturing partnerships.



## Key Silo Findings

### Roku Advertising

- 2 of 2 said Roku has carved out a strong position in the streaming video ecosystem.
- 2 said Roku will benefit from so much new money flowing into streaming video advertising.
  - o 1 noted that the ad dollar shift from traditional to streaming TV is not happening nearly as fast as the shift in viewing hours.
- 1 said ad-supported streaming services are gaining in popularity over subscription-based platforms.
- 2 said better data is needed in the OTT ad market, including 1 who said Roku offers little transparency about where ads will run.
- 2 said Roku's ad targeting capabilities are strong, based on its user viewing data.
  - o 1 said its data lags behind only Google, Amazon, and Facebook.
- 1 said Roku's ad business benefits from the company's positive brand perception, making it a safe play for advertisers.
- 1 said the cost of Roku advertising is somewhere in the middle of the pack for streaming video options, where CPMs can range from \$10 to \$65.

### Roku Hardware

- 1 said the key battleground will be in smart TVs, not external streaming devices.
  - o Roku has a massive lead in getting its operating system embedded in TVs.
- 1 said Roku's user interface (UI) is significantly better than what smart TV operators offer on their own.
- 1 said Comcast's Flex streaming is not going to have any appeal to consumers who have already cut the cord.

## 1) Senior executive for an OTT service

Roku's ecosystem gives it a massive lead over other streaming distributors like Apple, Amazon, and Comcast. Roku's presence in TV operating systems is an advantage, as consumers will not swap TVs as easily as they will an inexpensive streaming box. Advertising spending on streaming video is lagging behind linear TV—but catching up. Dataxu will be useful to Roku.

### Roku Advertising

- "The strength of the Roku ecosystem really trumps other third-party services like Apple, Amazon, or Comcast."
- "Two things to note here are that the pie is growing massively and OTT services are not interchangeable. I see when Amazon launches an AVOD service and Roku stock dips down, investors are apparently unaware of the non-zero-sum nature of the market as it stands now. Every new streaming service—and they are still coming—means more inventory for Roku and others in the industry."
- "The trend away from linear [TV viewing] towards OTT is established, and we're seeing advertising spend lagging but catching up. I find the increasing popularity of AVOD services to be very interesting—with hybrid models like Hulu and the popularity of the Roku Channel really pointing to the demand for AVOD. I mainly have my eye on how the cable operators are reacting to this once-in-a-generation change in how people consume entertainment."
- "Dataxu will be useful to Roku, certainly, as no one likes to pay the 'ad tech tax.' Roku is just doing what [Amazon and others are doing](#) [in taking a cut of ad inventory]."
- "More broadly, there is a need for better data in OTT advertising and OTT is playing catchup with mobile here, so the template is fairly well established. I'm sure it will also help advertisers."
- "On Roku's ad inventory: If you figure that Roku is pulling in 33% of inventory on most AVOD services on their application, and abstracting this across the entirety of their audience, the perspective is massive and more informed than any outside Google, Amazon, and Facebook."
- "Roku's ad business ... is largely a function of viewing hours on Roku AVOD services, Roku DAU [daily active users]. Popular services like Disney+ will not contribute to ad revenue directly, but will drive engagement on the platform."

**The pie is growing massively. ... Every new streaming service—and they are still coming—means more inventory for Roku and others in the industry.**

*Senior executive for an OTT service*

## Roku Hardware

- “While we tend to look at OTT through the lens of streaming boxes, the outcome here will almost be exclusively in the smart TV space, where Roku has a massive lead over others.”
- “Roku is so well established in TV operating systems that it does not get shifted out, in contrast to a \$40 to \$99 set-top box. I think Roku’s TV [operating system] game is a massive strategic winner because it ensures a long-term embedding of the product for a five-plus-year timeframe.”
- “You can get identical services on streaming boxes like Comcast or Verizon [Communications Inc./VZ] boxes, so the differentiation is on system services and integration—e.g. voice, universal search, and integrated billing. Performance is critical—how much time to launch an app and time-to-first-frame—as well as the UI. Performance issues drive the lack of OTT uptake on smart TVs, while the Roku UI is second-to-none.”

## 2) Executive at a video advertising platform

Roku may lose market share due to new competition, but its total ad dollars should continue to grow as advertising budgets shift to online video. Roku is in a good position because its technology is embedded on many smart TVs. Roku’s ad inventory is attractive because it has a trusted brand name. Roku does not provide transparency to advertisers about where and how ads will run, though that may change as advertisers push for it. Ad performance data on Roku is fairly good. Roku’s targeting is robust because it is based on its user data. The CPM costs for Roku ads are comparable to other digital options.

## Roku Advertising

- “Roku has a good position in the ecosystem, as well as good market share.”
- “Roku has been in the advertising space for a long time. They’re a big player in the space. When TVs need the technology to allow them to become smart TVs, Roku is the back-end technology that people don’t even hear about. Smart TVs are monetizing their own ad inventory through the Roku technology. Roku is getting a piece of the pie, even if we don’t see it.”
- “The OTT system is very murky because there are many players at every level.”
- “Besides advertising inventory on the Roku Channel, their technology is embedded in so many smart TVs, [so] they get a portion of the carriage rate. Even if it’s not their inventory, they’re getting a piece of that revenue.”
- “There is definitely a shift of ad money from traditional TV to OTT, but it’s not happening as fast as consumption is shifting. According to Magna Global, 29% of all audiences are now viewing OTT, but only 3% of TV ad budgets have shifted. There’s a major discrepancy between the consumption shift and the ad budget shift.”
- “Roku’s ad inventory is attractive in the sense that Roku is a household name, like Hulu or Samsung TV. Advertisers are comfortable with it whether they know the inventory or not. Roku has that distinction within the OTT ad space. Advertisers believe it is brand safe and they believe the inventory to be of quality.”
- “When you run a campaign on Roku, there’s no actual transparency. There’s no way for an advertiser to prove it out because Roku doesn’t give transparency.”
- “Dataxu could possibly change the transparency issue. With all the DSPs [demand-side platforms], there is a big push by advertisers and programmatic advertising for transparency. We’re still waiting to see how the acquisition of Dataxu is going to impact anything, if at all. [Amazon has already cut off Dataxu.](#)”
- “Ad performance data on Roku is pretty good. I believe they provide all the standard metrics.”
- “Their targeting ability is very robust because it is based on their user data. That’s what they can sell.”
- “The cost [of Roku advertising] is comparable to other digital options. The OTT ecosystem is all over the place. You can find inventory from \$10 to \$65. Roku is in the middle of that. In traditional TV, the comparison is tougher because there’s a wide range depending on demographics and markets, from \$8 to \$150 CPM.”
- “Even if Roku’s percentage of market share decreases, the overall shift in budgets offsets that. Overall, I don’t think their ad revenue will decrease. I think there’s going to be enough money going around, even with additional players in the space.”

When you run a campaign on Roku, there’s no actual transparency. There’s no way for an advertiser to prove it out because Roku doesn’t give transparency.

*Executive at a video advertising platform*

- “Additionally, the barriers to entry in the OTT space are now very high. Companies who want to get in now would have to play a major catch-up game. The players in the space who have a foothold have a very large foothold and it’s going to be very hard to take market share from them.”
- “Anybody coming in and trying to compete with huge behemoths like Roku, Hulu, Disney+, and Comcast in connected and streaming TV is probably not going to win the race.”

#### Roku Hardware

- “For people who’ve cut the cord or who are cord nevers, Comcast Flex is never going to interest them. They’re already outside the Comcast ecosystem.”

### 3) Ad Agency

Roku’s platform is attractive to advertisers at the moment as they follow audiences away from traditional TV, according to a senior ad agency research executive. Roku could be hurt, however, as audience measurement becomes more sophisticated and is able to capture viewership across traditional and streaming TV. Such measurements will make it easier for advertisers to find cross-platform audiences with sellers that have a broad offering of content, such as Comcast’s NBCUniversal. High-quality, holistic audience measurements will take at least two years to emerge.

#### Key Silo Findings

##### Roku Advertising

- 1 of 1 said Roku’s ad inventory is appealing because it allows marketers to reach viewers who are no longer watching traditional TV.
- 1 said such value, however, may decline as systems are developed to better measure audiences across various platforms.
  - o Right now, such measurements are done in a very piecemeal fashion.
  - o A comprehensive measurement system would allow advertisers to buy video spots across traditional and streaming media, reducing demand for buying directly from Roku.
  - o It will take at least another two years before such holistic measurements emerge.

##### Roku Hardware

- 1 said sales of Roku’s streaming devices are going to decline as streaming capabilities are built into smart TVs.
- 1 said younger viewers are not watching shows on TVs at all, preferring mobile devices, making Roku’s hardware and operating system irrelevant.

### 1) Senior research executive at a large global ad agency; repeat source

#### Roku Advertising

- “I think Roku is attractive now to advertisers because it’s allowing them to reach viewers who are being lost from traditional linear TV. So there’s a scramble to try to find those viewers, to target viewers in other places.”
- “Roku’s offering right now is one of those places. In that sense, it has an appeal. But as the industry gets better at measuring more holistically video viewing, then the value proposition potentially goes down.”
- “If [ad] buyers can get consolidated and holistic measurement from, say, NBC or WarnerMedia—linear, [mobile], connected TV, etc.—then there might be less reason to go buy anything from Roku, since part of their current value proposition is that they are helping to ‘fill in’ the viewers that are missed by current audience measurement.”
- “This isn’t going to be solved in the next couple of months; an optimistic guess would be [that more comprehensive measurement systems will emerge] in the next two years. For now, we’re doing what we’ve always done, which is piece it together.”
- “[Advertisers want to] buy audiences across channels and platforms if we’re using video messaging. We could do it across a broadcast network or the best streaming service or connected TV viewership—any or all addressably. If that was somehow magically all together, then I think the value of Roku network and what it can offer goes down—at least without them changing their offering, which I presume they will.”
- “Recent [steps toward holistic TV measurement] include the [Project OAR](#) initiative and Nielsen’s [announcement](#). Nielsen is trying to propose a method that preserves the linear TV currency. The Project OAR initiative is more

squarely in addressable, not connecting it directly with linear currency, because I think there's a feeling that you don't need linear currency if you're buying audiences and impressions."

- "Those, to me, are current examples of steps that the industry is collectively trying to take, to move our audience measurement forward in terms of bringing together the different pieces of the video viewing ecosystem, so that we can get to traditional viewership plus [mobile] plus connected TV. And advertisers will keep demanding that."
- "We want delivery [of audiences] and we want validated delivery. And then it's good to have the outcomes—some kind of performance measure. We are getting that, but it's its own little ecosystem, and you have to add it to all the others."
- "You have to put the puzzle together. You have to put Roku's [data] together with what you're getting from traditional linear, plus connected, plus addressable, plus the limited information we have right now on streaming activity. We are doing that sort of puzzle making."
- "There are streaming services that don't take ad dollars, so we have to follow the ad dollars away from traditional linear TV to where we can buy ads, [such as through Roku]. There's been a huge increase in what our industry calls 'connected TV dollars,' which to a consumer is just, they're watching something streamed, with advertising. I think we'll see more of this. I've read that Peacock will be a mix of advertising-supported content."
- "I think the worst thing that Roku could do now is set itself up as some kind of streaming service. It's a very competitive field. I'm not sure where they're headed. It feels like they need to figure out where audiences are going next and get there before everybody else."
- "As eyeballs move more to a digital environment, the whole video business, from an ad buying perspective, becomes more digitally oriented, both in terms of buying the audience and in terms of buying impressions. It represents a huge but slow shift in how we buy video. In an ideal world, where you can as a buyer buy your target audiences across all these video channels and platforms and offerings—how big a piece of the pie will Roku represent?"

Roku is attractive now to advertisers because it's allowing them to reach viewers who are being lost from traditional linear TV. ... But as the industry gets better at measuring more holistically video viewing, then the value proposition potentially goes down.

*Senior research executive at a large global ad agency*

#### Roku Hardware

- "As [connected capabilities] get built into TV sets, Roku's hardware [will wane in relevance]. And if you look at the younger generation, they're not even viewing on a TV set, so it's sort of a moot point. You don't need a Roku device if everything you do is streamed on your laptop or phone."
- "I think it's going to be a challenge for them. It's always tough to be in any hardware business."

## 4) Industry Specialists

Competitive pressure on Roku's ad business is ramping up, which could lead to market share losses and slowing revenue growth rates. Pay TV operators like Comcast and AT&T are the biggest threat, two sources said, partly because they are still in millions of homes and partly because they have deeper relationships with customers than Roku does. Comcast giving away its streaming device to internet customers is a sign of its plans to aggressively court advertisers. Smart TV manufacturers also have an opening to become big players in the streaming video ad market. Ad-supported as opposed to subscription-based, streaming is growing in popularity as advertisers are starting to see proof of higher ROI compared to traditional TV ads. Still, ad dollars are shifting to streaming at a slower rate than viewership because of poor ad experiences for consumers and a lack of standardized methods for measuring audiences. Roku needs to figure out a way to connect its viewer data with other consumer data to give advertisers a fuller and more precise picture of who is watching. Amazon and pay TV platforms that have billing relationships with customers can provide better targeting data. Roku's acquisition of Dataxu was widely praised, with one source suggesting more acquisitions in the ad technology space would help Roku. Four sources agreed that streaming devices and sticks will go by the wayside as such functions are built into smart TVs, a trend that could really hurt Roku unless it can forge more partnerships with TV manufacturers. Roku has some valuable property with its set-top box data that it can use in multiple ways—selling it or making it the centerpiece of ad ROI measurements.

## Key Silo Findings

### Roku Advertising

- 4 of 6 said Roku's ad business will be under increasing competitive pressure.
  - o 1 said he expects Roku's ad revenue growth rate to slow and 1 other said Roku's share of connected TV advertising is going to decline.
- 2 said pay TV operators like Comcast are among the biggest threats because of their existing customer relationships.
- 3 said Comcast's decision to give away its streaming box to its internet customers is a potential problem for Roku.
  - o 1 noted that the situation could be similar to when pay TV operators quickly hobbled TiVo Corp. (TIVO) by providing their customers with DVRs.
- 2 said connected TV makers like Samsung and LG have a huge opportunity to take ad share from Roku.
- 2 said ad-supported streaming is growing as marketers become more comfortable with the medium and see higher ROI.
  - o 1 said he expects some subscription-based platforms to experiment over the next year or two with less expensive ad-supported tiers.
- 3 said spending on streaming ads lags behind the shift in viewership because of technical issues, such as poor ad experiences for viewers and lack of standardized audience measurements.
- 2 said Amazon has better data than Roku for ad targeting while 1 other said pay TV operators with billing relationships with customers are better able to connect viewer data to other forms of consumer information.
- 1 said Roku is likely to remain dominant with cord cutters but will have trouble winning over pay TV users and those who do a combination of streaming and traditional TV viewing.
- 4 said Roku's acquisition of Dataxu was a wise move.
  - o 2 said Roku may make further ad tech acquisitions, including 1 who suggested Roku needs to buy a video ad serving technology.

### Roku Hardware

- 4 expect connected TV sets, rather than external streaming devices, to become the standard method for accessing streaming content.
  - o 1 said that trend will hurt Roku unless it can expand its partnerships with TV makers.
  - o 1 said streaming box prices will continue to fall.
- 1 said Roku's international outlook is dependent on the partnerships it can forge outside the United States.
- 1 said Roku has a largely untapped opportunity with its set-top box data. It can sell the data, as well as use it to measure the ROI of ad campaigns.
- 1 said the streaming video interface that offers the best search function will be the winner.
- 1 said the highly publicized launch of new streaming services like Disney+ could give a short-term boost to Roku device sales.

## 1) [Michael Smith](#), digital strategy consultant

The rate of Roku's ad revenue growth could slow, due to competition from Amazon, smart TVs, and pay TV operators offering consumers an easy way to watch streaming video. Marketers are aware that eyeballs are shifting to streaming video from linear TV, but ad dollars are moving more slowly because there is no standardized measurement for OTT advertising, nor a standardized platform to serve the ads. Roku's acquisition of Dataxu will improve its ad capabilities on the Roku Channel and its other inventory.

### Roku Advertising

- "Roku, Amazon, and Apple, as well as smart TV makers, all have the opportunity to sell advertising in the same way that the cable [operators] did. ... The question is who will win that battle, or will the traditional set-top companies, the cable [operators], have a dominant place? I think they could."
- "They are already in a majority of homes with traditional set-top boxes. They are also already broadband providers for most of those homes. They could transition from the traditional pay TV bundle people get from the set-top box and instead present themselves as broadband companies who can provide access to the streaming services people want. They can say, 'Instead of using a Roku stick, use Flex, drop the pay TV bundle, and get streaming services instead.'"



- “I think this will happen a lot. It’s going to be huge because there are 80 or 90 million homes who still have a relationship with their cable company. Those people will be deciding if they should use Roku or one of the devices their cable company provides. Especially for people who primarily stream Netflix, Hulu, and Amazon, the [cable operator] product might be good enough. They’ll get a box that allows them to access those streaming services—and it’s free.”
- “Roku’s valuation is based on expectations of what they will do in advertising more than on their ad revenues now. Their ad revenue is under \$1 billion, but their market cap is based on what they could do—\$5 [billion] or \$10 billion.”
- “What would stop them from getting to \$10 billion [in ad revenue]? It would be competition from other pure-play OTT platforms like Amazon and Apple, and smart TVs like Samsung and Vizio. It’s a big headwind. The other headwind is people using their cable [operators] to access streaming video.”
- “There are three different kinds of buckets of households: traditional pay TV households that make up around 30% of the market, another 40% of the market are hybrids with traditional set-top boxes plus streaming devices like Roku or connected TVs, and then another 30% of the market are cord cutters/cord nevers—people who only get their video through connected devices.”
- “Most of the cord cutters have Rokus, Fire, or Apple devices. Roku will probably remain dominant in that segment because of their first-mover advantage and people’s familiarity with their product. There will be a challenge in the other two segments, however. People who have traditional cable and also use Rokus could easily switch [to a device offered by their cable provider]. For example, if Comcast offers the Flex device for free along with HBO for free for a time period, that could be convincing.”
- “I don’t think Roku’s ad revenue will start decreasing, but their rate of growth could slow. Cord cutters/cord nevers will continue to consume more video. The ad revenue there is going to grow incrementally. In the other two buckets, however, the revenue may not grow as quickly as everybody thinks.”
- “One of the two big problems in OTT advertising is that there is no standardized measurement, unlike with linear TV with its Nielsen-based measurement protocol. Advertisers take the data that the programmer provides on how many impressions they get. Advertisers have to trust them. There’s no way to audit them.”
- “A second problem is the technology for serving advertising across content is still not very effective. Many ads fail to start and there are a lot of repeated ads in breaks. Consumers watching have bad user experiences. Roku’s acquisition of Dataxu is going to improve their capabilities for their own products on the Roku Channel and the ads they serve across their devices. Dataxu will make that better.”
- “Eyeballs are shifting and marketers realize that. Traditional TV ratings are down and streaming ratings are up, so they realize they need to move their money to streaming. The logic is there but there are obstacles because of not having standardized measurements, nor a standardized way to buy. It’s a struggle, but it will get there.”
- “Hopefully, the different companies will be coming together to create a unified tech platform for connected TV. Apple, Google, and Amazon are going to come together for the smart home. For now, Roku runs its own software and so do Amazon and Apple. Buying ads and measuring data is very difficult across all three companies because each has its own proprietary system.”
- “Roku and Amazon are the two leaders in streaming advertising. The only difference is that Roku has more scale than Amazon, but Amazon has other advantages because they’re a bigger company with more resources. Roku started first and Amazon got in later, but they’re bigger.”
- “Amazon can offer targeting based on people’s shopping behavior, but Roku has more video usage, so they can offer targeting based on more contextual content—if they know someone watched Empire the day before, for example, or the Super Bowl. For advertisers, the platforms are about the same.”
- “Apple has not done that much in terms of advertising.”
- “Roku’s ad inventory is attractive because it has eyeballs advertisers cannot reach through regular TV. It’s just measurement and scale that are the issue. Scale is an issue because the smaller apps on Roku are lightly viewed compared to, for example, NBC, which is viewed by 30 million people.”

There are 80 or 90 million homes who still have a relationship with their cable company. Those people will be deciding if they should use Roku or one of the devices their cable company provides. Especially for people who primarily stream Netflix, Hulu, and Amazon, the [cable operator] product might be good enough.

*Michael Smith, digital strategy consultant*

## Roku Hardware

- Did not discuss.

## 2) Bill Harvey, founder of [Research Measurement Technologies](#), an ad optimization consulting firm; repeat source

Roku is in a great position in the short and medium term because advertising on streaming TV is proving to have multiple advantages over traditional TV. Roku's success may be short-lived, however, as its streaming devices could be redundant in the next generation of TVs. In the meantime, acquiring Dataxu was very smart and probably not Roku's last move into ad tech. Roku's set-top box data offers a big revenue opportunity that the company has yet to leverage with advertisers.

### Roku Advertising

- "Streaming viewing has higher advertising effectiveness; clients are testing and finding that to be the case. In some case, they expected the exact opposite, and in other cases they didn't know what to expect. But there's a pretty consistent pattern."
- "Addressable commercials have more return on ad spend. Commercials in the connected TV environment are addressable and they do have much more impact, in terms of advertising ROI."
- "The other two factors are, in general, there's a lot more ad load on regular TV than there is in these new connected forms and streaming forms of TV advertising, which has an [additional positive] effect on top of addressability."
- "Then, with time shifting, viewers can pick the perfect time for them to watch X program, and therefore are less distracted and they can really immerse themselves in the program."
- "These [factors] seem to be the reasons why the digital premium—the TV networks' own digital inventory—is so much more powerful than other forms of digital or television. It's probable that we'll continue to see a shift in the direction of more use of advertising in connected TV. So even though it's got a higher cost-per-thousand in general, it's more than worth it—you still end up with a higher ROI."
- "I'm sure Roku is doing a lot of tune-in advertising [aimed at promoting specific shows], but it's not limited to tune-in advertising. Other advertisers could want to test that advertising and see what results they get."
- "Roku, Hulu, and others currently have major franchises. But I'm reminded that back in the 1980s and into the 90s, the largest cable operator was TCI. When John Malone decided that content was going to be king and distribution was going to be commoditized—a price war—he sold TCI and it wound up in AT&T and then in Comcast. Nobody could ever imagine back then that TCI was going to go away, and right now that Hulu or Roku could ever go away. But it could turn out that it becomes a temporary phenomenon; I think it's going to be in flux for the next 10 years, and it's hard to predict the outcome."
- "Dataxu is a pretty strong identity graph digital player and DSP that sells audiences and has good integrations with many others in the ecology of internet advertising. What they do for Roku is they immediately transfer all of that capability natively into Roku."
- "[Acquiring Dataxu] is a very good move for Roku, and maybe not the last acquisition they're going to make in terms of ad tech. The more they can integrate those kinds of capabilities, the more effective they're going to be at maximizing their advertising potential. It makes them more of a power hitter, and they can get more of the digital agency money."
- "There's nothing stopping Roku from proposing revenue share deals for making owners of non-addressable ad inventory [such as cable operators] addressable. [The category of] addressable TV commercials is now up to \$3 billion-plus a year annually and growing really fast. It's something tangible."

### Roku Hardware

- "Comcast isn't going to give ground easily. They're going to do everything in their power to defend their franchise. They're, naturally, experimenting and pricing is, of course, one of the most important variables to cord cutting and cord nevers."

**Addressable commercials have more return on ad spend. Commercials in the connected TV environment are addressable and they do have much more impact, in terms of advertising ROI.**

*Bill Harvey, founder of Research Measurement Technologies, an ad optimization consulting firm*

- “Roku took away TiVo’s market; TiVo was offering similar devices but at twice the price. They hoped that the difference in quality and user experience and loyalty would make a difference, but price makes the most difference. Roku probably could have been stopped by TiVo changing its pricing years ago, but it didn’t.”
- “It’s hard to imagine [Roku’s hardware business] lasting forever, because it is a temporary solution, like a splint. All of that functionality will be included by TV set manufacturers, and there will be no reason to have another device to connect you.”
- “When the government mandates the cut-off deadline by which [new TV broadcasting standards] [ATSC 3.0](#) has to be implemented, like they did with digital television, that could be the death knell [for Roku’s external boxes and sticks]. It could be two or three years from now; nobody really knows how long it’s going to take.”
- “ATSC 3.0, when ultimately realized 100%, will make all of U.S. television addressable and interactive.”
- “If Roku has the right partners, they could grow outside of the U.S. They could partner in creative ways to make more progress outside the U.S. Roku has a big established franchise in the U.S and now they need to invest, or make good strategic partnerships, in the international world, and I think they can make good headway if they make the right partnerships.”
- “There’s another area Roku has been holding back in: they haven’t been doing much with their set-top box [STB] data. [Pay TV] operators like [Charter Communication Inc.’s/CHTR] [Spectrum](#), [Dish \[Network Corp./DISH\]](#), and some of the TV manufacturers like Vizio are selling their STB data—protecting privacy, doing it the right way—and making some money.”
- “The amount of money that can be made from the set-top box data is nice, but it’s not the main reason to do it. The main reason to do it is to get in bed with those advertisers. [They can] make deals with set-top box data as part of measuring the effects of the campaign, and sell a campaign with the built-in research being done by a trusted third-party research company and not Roku itself, and do ROI studies for Roku campaigns. I haven’t seen them doing as much of that as I expected.”

It’s hard to imagine [Roku’s hardware business] lasting forever, because it is a temporary solution, like a splint. All of that functionality will be included by TV set manufacturers, and there will be no reason to have another device to connect you.

*Bill Harvey, founder of Research Measurement Technologies, an ad optimization consulting firm*

### 3) [Frank Foster](#), EVP for the global media practice at Carlyle Partners, an ad consulting firm

Roku’s ad revenue should grow, as it is showing good results and getting repeat business, especially from those promoting specific shows. Advertisers seeking a broader audience, however, are watching to see what kinds of additional inventory will become available. Longer term, Roku needs to aggregate more specific data on its users, since this is what brand advertisers are increasingly demanding from second-tier ad inventory. As Comcast and others move into the space, Roku has to maintain its user interface advantage, perhaps by making more deals with device manufacturers. Search functions are becoming even more critical in the jumble of available content, and Roku has improvements it can make there.

#### Roku Advertising

- “On the connected TV side, I would guess Roku is \$600 [million] to \$650 million in [advertising] revenue in 2019, which would be very strong growth over what they had the year before. The advantage they have over some [competitors] is that [the Roku operating system] is included on a bunch of televisions, their device is relatively inexpensive, and what they do that nobody else does is they advertise on the home page.”
- “The problem they’re going to have is, long term, how are they going to own that interface? Because right now that’s really all they have.”
- “Between what Comcast is doing, what NBC is doing, and what some of the other OTT players are doing with their content, I think Roku is going to have a hard time long term, unless their relationships with some of the consumer device companies improves or they extend some of those.”
- “I was recently at a [presentation given by Roku] and the company shared that, for their 30-plus million active accounts, people spent a median of 3.5 hours a day on the platform. That’s significant and, as an advertiser, the question is, what are the opportunities? Do they plan on doing local insertion? National insertion? From an ad sales

perspective, where is their place in the flock? Are they going to be able to get big enough to block the sun from other potential users?"

- "Roku is very attractive to people who are trying to drive tune-in advertising—stand-up specials and that kind of thing. You know your impressions and how many people watched the show. Tune-in [advertising] works very well, and they've had very good re-ups with theatrical [advertisers]; attribution is difficult, but there have been some very happy advertisers on the theatrical side."
- "For people who are just looking for [media weight](#), it's really tough to justify [streaming TV advertising]. Advertisers who have a call to action or a very specific offer can get a feel for whether or not the advertising is working for them."
- "Long term, does Roku move into a more traditional ad insertion player? You look at what Comcast is doing with [FreeWheel](#) and, as many problems as FreeWheel's had over the last five years, it makes it easy [to buy advertising]—you just go to FreeWheel. From a connected TV standpoint, you can reach almost everybody who has connected TV on an ad-supported platform."
- "I've heard that Roku plans to do insertion on some of these channels, but I don't know how they're going to do that from a rights perspective because they're just an aggregator—but they'll cut some deals."
- "Roku has to figure out how to insert ads so they can sell them in a way that makes sense to advertisers, because that pressure is going to get much more intense over the next 18 months. Brands are pushing back on the agencies [by demanding more data on audiences]. They will no longer accept 25% of their budget on Facebook, 25% on Google, and 25% each on broadcast TV and mobile. They're demanding to know who they are reaching and whether they are reaching their target."
- "[Roku has] to decide how to connect their data on what is being viewed to some sort of reliable estimate of who is doing the viewing—a knowledge about who is watching. So it's a data piece and it's an inventory thing."
- "Roku's problem is that it doesn't have subscribers; it's not like Comcast, where it's a financial relationship with credit checks on people. Comcast has a really good idea who they're advertising to, which is a struggle for Roku. If Comcast makes their interface available, similar to what Google did in the mobile end of things, this will make things difficult for Roku."
- "How does Roku link their subscribers with [other consumer data] that's out there? How do you take these 30 million [Roku] users and identify them in a privacy-compliant way?"
- "[Whether] your 30 million are incremental to Hulu's 30 million, or maybe there's a 10% crossover, or a 90% crossover—that's what the advertiser wants to know. With a Nielsen rating, I knew if I was going to be advertising on NBC between 8 and 11, I would reach 25% of the U.S. population and a big chunk of my target population."
- "It's so much more complicated now. The data that links that together is much easier for people that have subscriber relationships [like] AT&T or Dish—the pay TV environment, where they know exactly who's paying the bill. And they have a much better idea than someone like Nielsen of who in the household is watching, based on the content that they watch."
- "That is the struggle that Roku is going to have. Companies like [Experian](#) [plc/EXPGY]; possibly [TransUnion](#) [TRU], though they're years behind in their relationships in the TV industry; Acxiom [now [LiveRamp Holdings Inc./RAMP](#)], though they don't have deterministic data—those are the relationships that are going to be important. We talk about the 'match rates'—if I have device IDs, which Roku does, what is my match rate with Experian? What percentage of my device IDs am I fairly certain are attached with a household that I know something about?"
- "Google has a cookie or ad insertion ID, but when you do it with Experian—who created systems for the financial environment—you can ask the question, 'I'm looking for households that make more than \$50,000 a year and are in the market for an entry-level automobile.' Then you have to figure out what media am I going to use to try to reach the biggest chunk of that."
- "[The key issues for advertising on Roku] are how is Roku's particular impression going to be delivered? Is it a pre-load? Is it a post-roll? A mid-roll? An ad that's stuck in between the channel—the nine-tile interface? Is it interfering with the viewing experience or improving the viewing experience?"
- "For someone like Roku, with a focus on advertising, the upside is significant. The problem is that if Comcast decides to really focus on advertising, especially local, and give away their interface for the advertising revenue—that's huge."

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*Frank Foster, EVP for the global media practice at Carlyle Partners, an ad consulting firm*

## Roku Hardware

- “Search is so important: how do people find content? Because it’s ugly now. [The interface with the best search function] is going to be the [winning] solution. If you’re looking for something, how do you find it? Do you jump into Netflix or is there a search function?”
- “Currently [Apple is better than Roku at search]. It will be interesting to see whether LG or Samsung picks up the Roku operating system.”
- “Roku is a whole lot better than it was a year and a half ago, but they need to improve quite a bit. It’s a content discovery platform; it’s an aggregator of services; it’s a three-by-three square of services—Netflix, Hulu, [Walmart Inc.’s/WMT] [Vudu](#) etc.—and then an ad space to the right that’s two-thirds the size.”

## 4) CEO of a consulting firm focused on media, advertising, and technology

Roku’s ad sales are benefitting as ad buyers become more comfortable with streaming video, but Roku will be facing increased competition. Streaming video business models will become more sophisticated, with more subscription-based services adding lower-priced, ad-supported tiers. Netflix could become one of these and would then benefit from acquiring Roku, which would provide ad technology infrastructure and a multichannel streaming platform. Roku’s acquisition of Dataxu will provide a better understanding of how advertisers buy inventory.

## Roku Advertising

- “In 2020 and 2021, for all those in streaming, the business process and model are going to become more sophisticated. Currently, there’s a tension between subscription VOD and ad-supported VOD. I think we’re going to be seeing hybrids, where services that are now fully subscription-based experiment with various tiers of lower pricing and/or ad support. Roku will have orders of magnitude more competition for ad-supported video in 2020.”
- “The Roku Channel, which is Roku’s ad revenue business stream, is not unique. What is unique is Roku’s outsized position in the platform space. A significant chunk of all streaming is facilitated by Roku.”
- “Otherwise, the Roku Channel concept is not a unique proposition versus other free, ad-supported offerings. For example, there is [Pluto TV](#). Another one is [Xumo](#). Vizio [just launched theirs](#). TiVo [has one, too](#). The only thing that puts Roku in a better position in advertising is its unique lever in the platform space. They are in a pole position. Roku enables streaming to consumers in a lot of different devices. Even if they are not selling advertising via the Roku Channel, they can still get their cut.”
- “Roku’s ad sales are benefitting from a rising tide—the increased comfort of linear television [ad] buyers to consider streaming advertising as an adjunct, addition, or even sometimes a replacement for linear TV ads. The trend is happening really fast or not fast enough, depending on who you ask. Most television ad buyers are warming to the fact that streaming viewing is larger in aggregate than linear television viewing. Sports and news are less part of that, but other genres are shifting to on-demand.”
- “Overall, this is positive and negative for Roku. It’s positive in that it’s a growing pie. Ad buyers who would traditionally buy linear TV are buying ad-supported streaming. It’s less positive for Roku because, as this realization increases, there is going to be a ferocious set of competitors. They will all want to jump into the pile of the new reality of ad-supported streaming.”
- “If TV [ad] buyers are comfortable with shifting a few billion dollars of their television spend to ad-supported streaming, we are going to see more ad-supported streaming services come up. For now, Roku is one of a small handful, but it’s not going to be a small number by the end of 2020.”
- “Peacock is an example of a platform that people don’t know yet how the model is going to look. It will probably be some level of hybrid—a premium service, but maybe with a Pluto-like ad-supported environment. NBCUniversal would be good at selling both sides—linear TV and streaming.”
- “Dataxu might not have been the biggest or strongest player in the DSP space but Roku was smart to get a relatively strong tech asset at a reasonable price. Roku should benefit from this type of technology. Dataxu provides them with

...we’re going to be seeing hybrids, where services that are now fully subscription-based experiment with various tiers of lower pricing and/or ad support. Roku will have orders of magnitude more competition for ad-supported video in 2020.

*CEO of a consulting firm focused on media, advertising, and technology*



the technology and an understanding of the space. It is designed to bring ad opportunities and inventory more closely to the buy side.”

- “That said, Dataxu is not [The Trade Desk](#) [Inc./TTD], the biggest publicly traded player in the space. Had they bought The Trade Desk, it would have been a master stroke. Dataxu is not nothing but it was an opportunistic buy.”
- “Generally, Roku does not stand out as being better or worse than any other ad-supported streaming service. The real capability of serving ads in streaming is really in the ad serving technology like [SpotX](#) or FreeWheel or proprietary ones like Google’s. If they want to be a future player as an advertising platform, Roku’s next acquisition should be a video ad server.”
- “[Roku] still has a long way to go [in improving the ad experience for viewers]. Ads are not very well timed, there are many repeat ads from the same advertisers, the same spots over and over again. For advertisers, [Roku offers] only incremental pockets of views compared to the wide viewership of linear television. Targeting is also somewhat haphazard, as you can realize when you watch an ad-supported movie. That’s why ad-serving technology would be strategically interesting for them.”

#### Roku Hardware

- Did not discuss.

## 5) Virginia Juliano, CEO of [CobbleCord](#), aimed at helping consumers navigate the streaming service market

Competition will not hurt Roku’s ad revenue splits in the next year to 18 months because it has such a solid head start. Roku can continue to divert ad dollars to connected TV and grow its share of the pie. Roku has good ad targeting capabilities because of its data on entertainment habits, but Amazon can provide a richer ecosystem of targeting data for advertisers because it also has consumer shopping data. That makes Amazon more of a threat to Roku than Apple or Comcast, which holds no appeal to cord cutters. Roku’s acquisition of Dataxu seems like it is intended to confront Amazon’s advantages.

#### Roku Advertising

- “Competition is growing with more devices. That means Roku’s share of connected TV advertising revenues is going to shrink. But Roku had a very good head start over the others. They’ve gotten into a lot of homes.”
- “Comcast is not getting a lot of traction with Flex. The cord cutting segment of the population doesn’t want anything to do with Comcast and their product.”
- “Apple doesn’t yet have the scale with their Apple TV platform. They are also not that focused on advertising. They were already cagey with their news product about sharing data with advertisers and publishers. Advertising is not Apple’s main focus at this time.”
- “Amazon has Fire TV, the box and stick, and an increasing focus on advertising both on their site and their partner sites. They have good targeting capabilities with their customer data, despite the backlash around privacy. They can do it better than Roku by layering in more relevant data.”
- “Roku has good targeting capabilities because of data around the entertainment habits of their user base, whereas Amazon has that plus they can also overlay it with shopping data from their site. That can provide a richer ecosystem of data, with more targeting capabilities for advertisers.”
- “Roku’s [targeting] capabilities are a million times better than traditional TV. It is one-to-one targeting and it’s IP-delivered on a household level and sometimes even on a profile level. They have behavioral data from people installing and uninstalling apps. Their targeting capabilities are much more granular than with traditional television, which is Nielsen-driven and not one-to-one.”
- “A potential dark horse [for advertising competition] is connected television sets like Samsung and LG, which are taking over the streaming device area. The next wave of cord cutters are less savvy and might not want to buy a Roku box or a stick. They will just be using their connected TVs.”

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*Virginia Juliano, CEO of CobbleCord, aimed at helping consumers navigate the streaming service market*

- “There is a great deal of potential if the TV manufacturers can get their act together around advertising. For now, it is not their core competence. There is huge opportunity for them to take share away in advertising. There may be something happening behind the scenes, but I have not heard about strategic acquisitions in that regard.”
- “[TiVo just merged with Xperi \[Corp./XPER\]](#) and it’s related to advertising. It could touch off a changing of hands in the ad tech space, which might give the TV manufacturers more headway to compete with Roku.”
- “In the short term, I am bullish on Roku and their ad revenue. They started early and they invested in the space to create infrastructure because they saw all this coming. They’ve done a good job converting TV advertising dollars into connected television. They are still in the infancy of that. Before other things start panning out, they still have enough of a head start for a year to 18 months to stay on their trajectory and extract more value out of what they created.”
- “First, they can continue diverting TV ad dollars to connected TV and, secondly, they can grow the pie to get more ad share dollars from advertisers who are already in the space.”
- “The acquisition of Dataxu seems like a precautionary or defensive move to confront Amazon’s advantages over them. It could be a hedge to counter Amazon’s extra layer or dimensions of data.”
- “There is a lot of fuzziness around tracking on Roku or connected TV in general. Because advertisers are paying at a targeted layer, they are questioning if they can deliver everything as promised. Online advertising went through a few years of validation as well and now connected TV is being put through its paces.”
- “They do need to be audited stringently and it will become better in the next two years or so. Although the one-to-one targeting on Roku and connected TV is much better than traditional TV, it still has room for technical improvements and standardization.”
- “Roku’s ad performance data is more granular than linear TV in terms of measurability and can confirm if an impression has been served. Roku can measure engagement, for example with banner ads, and they’ve experimented with interactive ads with an overlay that calls to action. They might be expanding on that within their own ecosystem, the Roku Channel. They can use the Roku Channel to roll out experimental advertising formats and then expand them to their other streaming service inventory.”

## Roku Hardware

- “The amount of media attention being given to these new, high-profile OTT launches [like Disney+ and Apple TV+] are making the mainstream consumer more aware of the plethora of OTT options they now have. It is only a matter of time until people realize they are spending more and more time on OTT streaming services and less on traditional TV. This will translate into an increase in Roku [device] sales, at least in the short term.”
- “The cost of streaming devices will continue to go down, particularly as the connected TV app experience becomes improved. I also believe that later-adopter consumers will use the connected TV as their preferred entry point to OTT and stick with it—choosing to forgo streaming devices altogether.”
- “Roku has some operational experience internationally with licensing their tech to international TV manufacturers, so that is in their favor [for growing outside the United States].”

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## 6) David Tice, Senior Consultant to [Hub Entertainment Research](#); repeat source

Roku’s integration into TV sets is a big advantage, with one-third of new sets sold in 2019 having the Roku operating system. Comcast, Dish, and others will slow Roku’s growth but, for now, it has a big enough lead to take advantage of discovery, data, and advertising opportunities. Aside from its own Roku Channel, the company is seen as a neutral content distributor, and distinct from Apple and Amazon, which have an interest in the content as well as the hardware and software.

## Roku Advertising

- “Discovery is increasingly a big issue: How do you promote programs? If you’re linear, you always promoted stuff on your own network. But you can’t do that anymore if people aren’t watching your network. So how do you put yourself next to the streamers?”
- “Roku can sell-through other subscriptions, and that’s another place where [Roku can pick up revenue] because people are looking for a place to aggregate, a way to manage all the streaming services that are out now. Amazon is the 800-pound gorilla in the room for that, but Roku can be the independent side of that equation, if they can start selling consumers something to both manage [the streaming channels] and have search built in as well.”
- “We ask people [in surveys] their attitudes about advertising on streaming versus regular TV. It’s pretty equivalent. People don’t like advertising, but they prefer it if it’s relevant. The only difference is that you’re forced to watch it on streaming, whereas on linear you have multiple ways to get around it, especially if you have a DVR.”

## Roku Hardware

- “In the past year, we’ve added questions [in our survey] about not just whether people own the Roku devices, but whether they own TVs with Roku built into the operating system. That’s been very eye opening. As of fielding in April 2019, we showed 34% of TV homes have a Roku device or Roku OS TV set, and 24% of TV homes have a Fire TV device or Fire TV OS TV set.”
- “On a net basis, 49% of TV homes have one or the other—there is overlap, so it’s less than adding both together. That [data] is [from Evolution of the TV Set 2019](#).”
- “[Roku’s head of ad research] Dan Robbins said 29 million homes have a Roku device, which is about one in five U.S. homes. He also said [Roku is the No. 1 licensed TV operating system](#), being shipped in one-third of new TVs sold in the U.S. in 2019.”
- “So you’re talking a pretty big chunk of the TV universe [that is using Roku], and obviously this is good for them. But in one sense, it’s even better because they can get out of manufacturing [streaming] boxes and rely on having these [TV] set manufacturers build the Roku capabilities directly in. And one thing I’ve seen over the last couple of decades is that people want fewer boxes—not more, so the more you can make those boxes smaller or eventually build that software into TV sets directly, then people are happier.”
- “On the content delivery side of Roku, I think they’re pretty well positioned. They’re still regarded as a kind of neutral way to distribute things. They’re not like Amazon or [Google] Chromecast, where [the companies] have an interest in both the content [and hardware]. That kind of got muddled a little bit with the Roku Channel, but I don’t think so much so that [it affects that perception of neutrality].”
- “With the breadth of their presence now and their ability to sell advertising—or at least start selling the data that people can start advertising on—I think they’re migrating to be more of a software and data company rather than a hardware company. I think that’s a good thing for them.”
- “[Comcast giving away its streaming devices] is not great for Roku, but I think Roku has a big enough brand lead. But it’s a bit reminiscent of when TiVo came out. Once the cable companies started putting out their own DVRs, they were nowhere as sophisticated but quickly blew TiVo out of the water because it was all rolled up into the pay TV subscription.”
- “The fact that you can now get to Amazon and Netflix through Comcast or through Dish, that’s going to definitely cut into that space that Roku carved out for their hardware. I think almost all the pay TV services will probably go down that route because they want to keep you inside their system, so that even if you’re going to go watch Netflix, do it through our box.”
- “I was out at Dish a couple of weeks ago and it was a pretty neat integration. If you go search for something to watch, it will show up both on your linear network if you subscribe to Dish or it will also show search results from Netflix. And they’re doing it also with their [Amazon Prime integration](#) that they just announced.”
- “This was Roku’s thing, and so they’re definitely getting crowded in that sense. Roku’s ahead, but will the Roku stick and box eventually end up where TiVo was? If that happens, the fact that Roku is being built into TV sets becomes even more important.”

The fact that you can now get to Amazon and Netflix through Comcast or through Dish, that’s going to definitely cut into that space that Roku carved out for their hardware.

*David Tice, Senior Consultant to Hub Entertainment Research*

## Secondary Sources

These two secondary sources focused on key developments in the streaming video market, including Amazon's broadening efforts to sell ads and Roku's latest TV manufacturing partnerships.

### Jan. 9 *Wall Street Journal* [article](#)

Amazon is working on a plan to sell ads on streaming TV systems other than its own Fire TV platform. The partnerships would give programmers access to some of Amazon's trove of consumer shopping and browsing data.

- "Amazon.com Inc. has been building a business selling ads on its Fire streaming television platform. Now, it wants to sell some ads for the first time on other streaming TV systems such as Apple TV and Xbox, according to people familiar with the matter."
- "In a new initiative, Amazon is talking with TV app owners about integrating technology to let it sell some of their ad inventory on other streaming TV systems, which would also include PlayStation and Android TV, according to the people."
- "Amazon uses data on shopping and browsing behavior it collects from its own e-commerce websites and apps to target the ads it sells on Fire TV, and would do the same on other platforms, according to a person negotiating with the company. That targeting would only be available to advertisers who buy ads through Amazon's ad-buying tool."
- "Amazon has told publishers it can fill ads at higher prices—as much as \$40 per thousand impressions—than other third-party ad-selling platforms, the person said."
- "The advertising industry expects Amazon to become increasingly competitive with Alphabet Inc.'s Google and Facebook Inc., the dominant ad sellers in digital advertising. Amazon already controls an ad-buying platform used by media agencies and marketers to connect with ad-supply platforms."

### Jan. 7 *Zacks Equity Research* [article](#)

Roku announced a series of new partnerships with TV makers to include its operating system on smart TVs.

- "Roku Inc. continues to expand its reach. The company revealed that there will be at least 15 manufacturers making Roku TVs in 2020, including its own branded units, at CES 2020."
- Partners will include Walmart's WMT ATVIO, Element, Hisense, Hitachi, InFocus, JVC, Magnavox, onn., Philips, Polaroid, RCA, Sanyo, TCL, and Westinghouse. These brands will offer televisions across the United States, Canada, Mexico, and the UK."
- "Current partner Westinghouse will increase Roku TV offerings in Mexico while new partners Polaroid, InFocus and Walmart's ATVIO will sell Roku TV models in Mexico as well."
- "Roku already works closely with Walmart, offering the retailer exclusive devices like Roku media players that are only sold at Walmart, as well as smart audio devices including a soundbar and subwoofer sold under Walmart's own brand."
- "Moreover, Hisense and TCL will also extend their Roku TV options with new models later in 2020."

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Additional research by Eva Cahen and Emily Carr.

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