



# Advanced TV advertising

— a discussion

The recent Future TV Advertising Forum in Toronto saw representation from agencies, broadcasters and vendors with perspectives on TV and digital.

To set the stage, it's important to understand the terminology:

TV = also known as *Broadcast TV, Linear TV, Pay per View (PPV), Video on Demand (VOD)*

Programmatic TV = also known as *Programmatic Ad Buying and Selling*

Addressable TV = also known as *Data Driven Ads, Addressable Ads, Dynamic Ad Insertion (DAI)*

Audience Reach = *potential vs. measurable*

Set Top Box (STB) Return Path Data = *accessible and measurable*

BDU = *Broadcast Distribution Undertakings*

by Laurie Kennedy

## TV's New Promise

Bob Reaume, the vice-president policy and research at the Association of Canadian Advertisers (ACA) spoke about the shift of ad spend from TV to digital. But, he said, while digital continues to see growth there appear to be fraudulent practices slowing the shift. Reaume believes there is great promise in ensuring transparency, enabling interactivity, engagement, target ability (geographic and demographic splits) and measurability with addressable TV and programmatic TV.

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## World Class Playing Field

In the keynote address, Tom Pentefountas, the vice chairman broadcasting at the CRTC, said TV is going through a profound shift led by the viewer. Providers, advertisers and the CRTC, he said, need to remain relevant. Content remains king and the viewer is emperor.

Pentefountas stressed the need to challenge conventional thinking and develop a forward framework. The CRTC itself, he said, is beginning to tear down barriers to enable a level playing field. This includes reducing and moving away from (content) quotas and relaxing the rules on what can be aired. Pentefountas believes Canada needs to invest in compelling content attractive to audiences in an open and competitive world TV market. The era of tonnage is over, he said. Renting from Hollywood will get tougher with more vying for the same inventory, inevitably raising prices.

Pentefountas urged the industry to invest in new ways of measuring. Measurement => monetization => revenue. How much longer can a fragmented 500-channel universe continue to be sold? The use of Set Top Box (STB) return path data is an opportunity being used south of the border but not in Canada.

## Definition of TV?

Time Warner Cable's Sean Coar, group VP, strategy and business decisions media, said we are in the golden age of TV. But the question arose: What is the definition of TV?

Paula Festas, the senior VP global advertising sales, Pelmorex Media, believes linear TV is in a crisis but that TV viewing is not. Live TV doesn't need to be linear TV and could be digital streaming (on demand).

Coar agreed saying TV needs to be looked at beyond linear; that it's about great content.

## Programmatic TV

Programmatic TV can mean different things to different people. Digital has infinite inventory and Linear TV has finite.

Catherine Malo, directrice principale, stratégie monétisation, recherche, Quebecor, says programmatic is the automation of the buying and selling process which has an additional layer of data added to allow for optimization. Addressable TV is an enabler to specific targeting based on data (direct vs. mass).

Matt Bayer, VP advanced TV, MagnaGlobal,

says programmatic TV is using data and technology to deliver advertising messaging in more precise (granular) and automated ways. It is not the same as a real-time biddable auction; a similar model to the airline industry. Bayer believes programmatic TV will be a win-win-win; consumers will receive more relevant ads, less over-exposed; media owners will have an overall increase in revenue, along with streamlining ad operations; and for advertisers, there will be less waste, more granular target definition and more precise inventory selection.

## Addressable TV

Addressable TV is also known as Dynamic Ad Insertion (DAI), Addressable Ads and Data Driven Ads. Data is used to support ad targeting to specific audiences.

Keith Kryszczun, senior VP sales, BlackArrow, a provider of multiscreen DAI technology, has worked with several pay TV providers including Comcast and Time Warner (U.S.), Rogers (Canada, since 2011), and, currently, Liberty Global (Europe). He says DAI is being used in one form or another by Tier 1+2 BDUs in the U.S. Their technology can target at different levels (e.g. household, device, geographic). He has noticed cable (vs. digital) is under more scrutiny regarding privacy concerns which affects the level of targeting allowed in each country.

Mike Bologna, president, MODI, has firsthand U.S. experience using household addressable ads with 77 advertisers and 140 campaigns (\$60 million), with a 93% return business rate. Effective targeting plus measurement is key to success. Linking ads with direct or third party sales data will provide closed loop ROI (return on investment) analysis. Bologna believes addressable ads are not always the right approach and recommended only when the audience size is 5-35%; if greater, use mass targeting.

## Business Case for Canada

While change will require leadership and vision across the industry there is much hesitation. Is scale the only issue? In the U.S., DAI is only at the cable BDU level. In Canada there would be an extra network layer for linear TV.

Catherine Malo of Quebecor said addressable ads are a great concept but, in terms of infrastructure, costs and profitability, it didn't make sense (for them). It's a question of scale; the massive U.S. market compared to the much smaller French Canadian market in Quebec. Malo has reservations about doing what is done on digital also being done with linear TV (i.e. linear addressable).

Geoff Thrasher, the general sales manager at CHCH-TV Hamilton, says his station did an ad insertion test with COGECO (using Invidi) on a byelection campaign in Niagara Falls. To be clear, this test—in conjunction with the cable company—targeted commercials only for the riding. Thrasher said the test was



successful and he now has agency interest in the concept. The big problem is scale.

Bruce Anderson, COO/CTO, Invidi said that the consumer, ultimately, will pay (through advertisers and product costs). He mentioned the Belgian market which found justification in being able to target local areas and keep ad dollars within the country.

Brad Hayden, director media operations, Bell Media, said his company needs to minimize the number of platforms and vendors to keep operational and infrastructure costs low. Alan Dark, the senior VP media sales at Rogers, believes it is too expensive to start focusing on existing linear TV. It would be better, he said, to aim where the industry will be in the long term. The first priority will be moving to IP-based TV delivery.

## Measurement

Potential Audience Reach has been and continues to be the key performance indicator (KPI) within TV even when commercial avoidance of 60-70% has been known since the beginning. Set Top Box return path data can add huge value if transparent and properly cleansed/managed. STB return path data is not the same as data-driven advertising. The panelists believe, though, that it would be good to have as another tool, especially for long tail inventory. The belief is viewer tracking and unified measurement across all platforms is needed.

Annette Warring, CEO, Dentsu Aegis Network Canada, believes in STB return path data, depending on how it's applied. Warring said the root is addressing the topic of reach, what it means and determining if it is still effective.

Chris Herlihey, VP research, IPG Mediabrands, said data is important to help improve campaign ROI, including demographic, exposure and attitudinal.

David Philips, president and COO, nLogic, said we tend to look at a solution rather than understand and solve the problem. Instead, he said, we need to define the problem, including the purpose of STB return data.

## Organizational Challenges

Tessa Ohlendorf, managing director, Cadreon, says those in digital don't understand TV and vice versa. They need to understand each other's business models, practices and pain points. This is true for both the agencies and TV providers. Christine Beaumier, VP product development, Xaxis, agreed. She said dedicated cross-functional teams are needed to make this happen.

Amy Korosi, director product planning and analytics, Rogers, said utopia is running one campaign over all platforms. The reality is a fractured environment with multiple teams, different ways

of targeting and operating platforms. Rogers established a cross-functional team to develop a sales strategy and a roadmap. Korosi believes the biggest challenges are people and process, and how we align as an industry.

## Sense of Urgency

Alex Glinka, head of digital innovation at DISRUPT.TO, says we are in the second digital revolution and changes will happen in exponential steps, not linear steps. The concern is that conversations are happening at the pace of linear steps. He quoted a Harvard study on disruption. On average, companies founded in 1959 would expect a 61-year tenure. This narrowed to 25 years in 1980 and 18 years in 2012. At the current churn rate, 75% of the Standard & Poor's 500 will be replaced by 2027. Glinka said that this doesn't necessarily mean a company will no longer exist, but that its core products and services will go through significant change.

Going forward a company will need to balance three management imperatives:

1. Run the operations effectively;
2. Create new businesses which meet customers' needs;
3. Shed businesses that once were core, but no longer meet objectives.

Accelerated change, he said, opens an unprecedented opportunity for accelerated gains.

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