

IPTV-TV and broadband, engaged at last

Guy Phillipson Internet Advertising Bureau, argues that IPTV will be the key to genuinely interactive TV, and explains the key possibilities

FOR THOSE WHO work in digital media, it has been 12 months of very good news. Online is reaping the revenue rewards that strong consumer take-up demands.

Advertisers are flocking to the multi-channel digital world and independent research is proving what has always been claimed - that brands can generate engagement through online.

The first six months of 2006 saw UK internet advertising grow by 40% year on year, reaching a total of £917.21[^] Confidence is so high that the medium is expected to surpass £2 billion for the full year, and joint research by the IAB and Carat Insight (in the small car market) found that the internet had a greater impact on brand engagement than any other medium.

The bad news for traditional media is that online advertising is nowhere near reaching its potential, and one of the many drivers of future growth is internet protocol TV, or IPTV to use its short-form name.

The opportunities for advertisers will be huge: personalised data, unlimited choice for viewers and hence more niche targeting. All the analysis and functionality of the internet combined with all the emotional pull of the television: a killer application for commercial messages.

Two business models

IPTV can be confusing, partly because it means different things to different people. It certainly means a lot more than just sitting at your desk watching TV shows during your lunch hour.

In essence there are two types of IPTV and both involve delivery of television content via high-speed broadband connections.

The two business models that have been developed are: the supply of programming over a closed network to a TV set-top box or the viewing of programming content accessed via the web, at the PC or home media centre.

The former offers a vision of a walled-garden future for IPTV, while the latter offers consumers unrestricted access to programming from wherever they can find it. As expected, most consumers will

probably source their viewing from both streams.

What they both have in common is that they allow us to redefine radically the way that advertising works on TV. Each delivery mechanism will offer a mix of streamed-live, video-on-demand (VOD) or time-shifted viewing and each will generate different consumer behaviour.

Planners who want to exploit IPTV to the full will need to understand how each of these business models changes the way consumers view the content. However, the most important fact to consider is that both will enable advertisers to mix the traditional 'sit-back' entertainment model of TV advertising with the 'lean-forward' interaction approach taken by online.

And with IPTV the opportunity to watch extended commercial content or purchase direct from the ad is also possible, crucially without missing any of the programme - removing one of the main barriers that has limited the success of existing red-button technology.

Interruption versus permission

Such functionality enables brands to move away from the interruption model of current TV spots into a permission-based world where it is the consumer who chooses to delay rather than interrupt the flow of the programme.

The key benefit for the advertiser is that transmitting programming via the internet rather than the dish or the aerial brings with it to TV the benefits of targeted messages based on demographics, location and behaviour.

And on IPTV every viewer can be tracked, segmented and their response monitored, every household will generate data, even if it is just to say no response, thank you.

There are essentially six key possibilities for advertising in this brave new world.

1. The first is of greater targeting. IPTV is much more sophisticated than the old TV station macros. Audiences can be targeted with different creative for a single product or even different products, based on their demographics, viewing behaviour or purchasing patterns.

Direct-response campaigns with calls to action could have their activity tied to call-centre capacity or predetermined response rates - to ensure that the resource always exists to respond to consumer demand.

2. The second opportunity is for advertising to be delivered in a time-sensitive manner. Within the IPTV environment, a host of viewing will be time-shifted or on-demand, rather than being based on what the schedulers think you want to watch.

It could be damaging to the brands involved if the same ads were seen weeks after the original show went out, particularly if they included offers that have since expired. With IPTV, current ads can be placed within breaks, no matter when the show is watched.

3. The third possibility is for ads to be targeted much more closely through different creative executions. Although there is clearly a cost issue for some advertisers, many will find that knowing more about the audience and being able to target distinct groups is immensely valuable.

As the medium develops, advertisers and agencies will have to work out which models for managing the extra cost of multiple creative executions are most effective at generating return on investment.

The direct mail and online advertising industries have already had to undertake similar calculations and it may be that some of these models can be applied to IPTV.

One scenario that illustrates the potential of multiple creative is for a car ad to be made up of different segments that are seamlessly stitched together. For a young male audience one of these might highlight the manoeuvrability of the car, while a family audience might be told all about the safety benefits of the vehicle. The final few seconds of the ad could also use locational information to give every home the address of their nearest dealer.

A second scenario is much like online creative. TV creative messages could be varied and tested so that in the case of the car brand above, for example, the same ^

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audience might be randomly served a different creative. Use of special offers or an offer code tied to the dealer's address would enable the advertiser to know which messages were most effective in delivering on campaign objectives.

The end result is that while a single brand might have advertised in a given 'slot' to a national audience, there would be multiple permutations of the creative, all served and seen at the time of transmission as well as at different times for VOD and time-shifted viewers.

4. The fourth opportunity that IPTV will offer is that consumers could experience longer commercial messages without missing any of the programme they were watching.

In essence, they will be able to click through from a standard 30-second ad to a longer or 'telescoped' film and gain more information on price or product features, for example. They will then be able to return to the programme whenever they have sated their thirst for knowledge.

It is a functionality that overcomes the negative aspects of current red-button technology, as clicking away from the linear TV show can mean missing part of the programme. The IAB believes this means interaction will be significantly above the levels attracted by today's technology. Searching the Sky Active index for advertiser information is only for the truly committed and makes a mockery of the phrase 'impulse response'.

Another potential creative solution is where brands wish to highlight a range of product benefits in a particular order, or where only some are applicable to all households.

Not only does targeting enable the right ads to be shown to an individual home, but where it is important for the messages to be seen in a particular order, they can be served in sequence.

The possibilities for 'advertainment' with a narrative that extends across a series of different ads are huge for brands with the budget and the wit to exploit this opportunity. Imagine watching the entire Gold Blend sequence in a matter of weeks rather than years.

The added control brought by IP technology also adds another weapon to the advertiser's armoury: frequency capping.

Because each ad is served to an individual household, the system will know how many times it has been viewed in each dwelling. The system can ensure that no one sees the ad more times than they should, helping to improve campaign efficiency and reduce wastage.

5. Anyone who's ever worked on an internet campaign knows that whatever else the activity achieves, it generates lots of data. Data capture via IPTV will be a step-change from what the current interactive TV systems can do.

Options to request product samples, play games or enter competitions will become much easier for consumers, and hence more effective for advertisers as a means of capturing personal information.

And, unlike interactive TV, selecting these options will not be a clunky, freeze-frame operation as high-speed broadband connections will ensure it is a seamless experience. Again another deterrent to consumer interaction with brands will be removed, boosting participation rates.

6. The final IPTV application that could be highly impactful is the arrival of banner-type advertising on programme listings or EPGs. While this format already exists on some programme guides, what it lacks is a local element.

Because IPTV 'broadcasts' can be split by location this could offer a micro-targeted, low-cost opportunity for local businesses.

All this sounds wonderful, but as with any new technology there are challenges to be overcome and significant investments to be made.

Voyage into the unknown?

For many advertisers this will be something of a voyage into the unknown. They may be confident investors in online through search and pay-per-click, for example, but IPTV is a very different ball game.

It will take time for advertisers, agencies and media owners to work out what formats and approaches work best for each sector.

Consumers will also need educating. Just as the first online banners and buttons needed a 'click here' message to tell users what to do, so the language and conventions of IPTV may take time to seep into consumer consciousness.

The other point worth remembering about this new technology is that not everyone will take advantage of its full potential. In the online market many advertisers do not use targeting, although the technology has existed for some time.

Education and experimentation will be the order of the day until the number of regular viewers of IPTV services increases.

However, advertisers should not sit back and put this off for a few years. IPTV is already with us, around the world and in the UK, in a limited form.

YouTube, the world's most expensive internet start-up, is in effect providing short-form IPTV viewing to millions, and progressive brands, such as Dove, have exploited the channel in very clear ways.

Disney has offered episodes of *Desperate Housewives* and *Lost* online following their network premieres, complete with short ads that cannot be skipped. The trial has seen interest from P&G, Unilever, Toyota and Universal Pictures.

Pay, or see the ads

In another innovative approach to advertising ABC sold downloads of 24 for \$1.99 a pop, with the first two available free thanks to sponsorship from Burger King. US research indicates that 62% of consumers would rather watch the ads than pay for programming; a heart-warming proportion for any marketer.

Closer to home, MSN in the UK has recently launched a Video Player Service that offers general entertainment and comedy clips complete with streamed adverts.

Sky Anytime - viewers can buy or rent a limited number of shows such as *Lost* and *Stargate* or *Champions League*

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matches and the Ryder Cup. Some programmes are available on a 'Buy to Keep' basis, priced at £2.50, other programmes are available on a 'Pay Per View' basis priced at £1.50.

Channel 4 is also leapfrogging ahead with a broadband simulcast for the majority of its schedule, while the recent 4oD launch open up the Channel 4 archive with a full video on demand service.

ITV has finally revealed the look of its new service, launching on itv.com in March, which enables video on demand and simulcasts from your PC.

Meanwhile, non traditional broadcaster BT is in the throes of launching BT Vision, a hybrid Freeview/video-on-demand service, and Google has a video site that enables small production companies to house their content and generate an income from downloads or streaming.

Other brands, such as Land Rover, have grasped the opportunities of IPTV to put their own branded content online. *Go BeyondTV* is a community-based internet TV site with content that celebrates 'the spirit of adventure'.

IPTV represents a step-change in the possibilities of TV. It allows advertisers to do more with their messaging, and learn far more about the people they are addressing and hence adjust their message accordingly. The potential for response is huge for the brands that truly understand the medium.

However, it will be a success not just because it benefits advertisers but also because it enables consumers to have much more control over their viewing. They can decide what they watch and when they want to do so.

They can scour the globe for content or they can tune in closer to home through a subscription gateway to a walled garden.

However they choose to access this brave new world, the added information available to media owners, agencies and brands means the advertising they see will be more relevant and much more targeted.

The magic combination of TV and broadband internet is a marriage made in heaven - and the honeymoon is about to begin. •

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