Real-time monitoring of TV advertising performance

Charlie Horrell, PacketVision, explores the implications of IPTV for broadcasters, advertisers and the 30-second spot

VISIONS OF THE future are most compelling when rooted in the present, when they reflect the concerns of the here and now. That is why I prefer the immediacy of George Orwell's *Nineteen Eighty-Four* to H. G. Wells' more alien *War of the Worlds*- even if the future hasn't turned out quite how Orwell imagined, and we are actually watching *Big Brother* more than Big Brother watches us. When it comes to the future of TV advertising I feel the same. So rather than look to a far horizon where convergence is prophesied to have happened, this article will discuss what is possible in TV today, and how it affects broadcasters, advertisers and agencies.

In any discussion of TV advertising and the revenues the industry commands, you have also to consider the internet. From a TV advertising perspective the internet is a double-edged sword. The levels of accountability made possible through the AdWords pay-per-click business model and more traditional display advertising, as employed by Yahoo! for example, have caused significant problems for traditional media. GroupM predicts that UK adspend on the internet (the figures combine search and display advertising) will overtake TV adspend during 2009. Yet at the same time, the internet has set a general - one might argue, irreversible - expectation among consumers that content is free. With the exception of movies, sport and a few specialist genres, these expectations also apply to TV. The recent launch of Qtrax - a legal music-download website funded entirely by advertising - is a good example of how much faith content owners are prepared to place in advertising. The utility of the business model is clear. What is less certain is how TV might deal with the challenges of accountability and efficiency that have driven advertising spend on the internet.

Challenges of TV advertising today

Despite a forecast of doom and gloom for TV advertising from certain sectors of the media, with some calling time on the 30-second ad spot, TV advertising is actually doing very well. Tess Alps, CEO of Thinkbox, recently responded to the general noise emanating from the nay-sayers by describing it as 'ill-informed rubbish'. She pointed out that UK TV impacts reached an all-time high, with a 3.9% increase, in 2007.

According to Thinkbox, 2.25 billion TV ads are watched every day and individuals watch II minutes more commercial TV than they did ten years ago (I). That isn't quite the funereal performance some industry experts have been suggesting.

But there is a challenge for advertisers using TV, and it is wrapped up in that extra II minutes of commercial TV viewing. Multi-channel television has driven that growth, but it is growth that comes at a price. The rapid increase in the number of channels has resulted in greater fragmentation, which in turn has made audiences more difficult to reach. We've gone from I to 400 commercial TV channels in just over 25 years, and current net TV advertising revenues describe a market in which ITVI commands the lion's share, followed by Channel 4 and Five respectively. Yet ITVi's year-on-year share has fallen and multi-channel television's share has increased, so that the two are now roughly equal in size.

What is interesting about this landscape is that it looks broadly similar to the internet. Under the 'old' TV model, advertising airtime supply was finite and small, and the cost of opportunity was high. The proliferation of multi-channel TV was predicted to pull eyeballs away from the popular towards the niche.

As new advertisers came to TV to take advantage of greater segmentation, adspend would follow eyeballs, providing niches with greater revenue, financing greater production of niche and thus levelling the playing field.

But, as we all know, that hasn't happened. Instead we observe a pond populated by many minnows and a few very big fish. Advertisers find most TV viewers clustered in large numbers around a few channels, but a significant remainder spread thinly across the multi-channel universe. The same is true of the internet - although that admittedly is a much bigger pond. For advertisers and

their media planners, the challenge is how to make best use of the high-cost opportunity available on terrestrial TV, and overcome the difficulty of reaching fragmented audiences across multi-channel channels.

Enter IPTV and targeted TV advertising

While visions of the future of TV buzz excitedly around programming - either streamed over the internet or shared through social networks - they have largely overlooked the quiet but radical changes taking place in other video delivery platforms. Internet Protocol Television - IPTV for short - has become a mainstream video delivery platform.

IPTV means the delivery of TV, typically to a standard television set (whether SD or HD), over a fixed-line network (whether DSL or fibre) using Internet Protocol (IP). It does not include TV made available over the open internet (which is also known as web TV).

Two of the key features that make IPTV so exciting are:

1. The technology allows return-path data to be received from a TV household, providing an accurate real-time audience measurement opportunity,
2. Broadcasters can divide audiences between advertisers on the basis of demographic, geographic, socio-economic and behavioural profiles.

IPTV offers a level of accountability and control previously associated only with the internet.

Imagine a network where we watch linear television on the standard TV set in our living room, and receive commercial breaks constituted so that they are relevant to our individual lifestyles and locations. Broadcasters sell the same ad spot to different advertisers, who can then send their commercial messages to different audiences simultaneously. This is advertising over IPTV And it is available right now.

The uptake of IPTV in the UK has been slow. BT Vision and Tiscali TV use IPTV, although BT Vision offers a hybrid service in which it uses IP for the VoD (Video on Demand) sport and other premium content, and DTT (Digital Terrestrial Television) for the delivery of standard broadcast channels.

The story in mainland Europe is slightly different. IPTV reaches 2 million people in France (2). Spain, Italy and Sweden are catching up quickly. Russia, China and India all have early-stage IPTV deployments. At the same time, cable systems across all territories are being upgraded to Switched Digital Video, which essentially means they are being retro-fitted with an IP management layer.

IP will become the backbone of the network of all video delivery platforms. So those who take the opportunity to master the features and benefits IP currently offers will be well placed to conquer a TV landscape on the near horizon that is dominated by IP.

> The flexibility inherent in IPTV functionality will persuade new businesses to step up and participate in advertising's most powerful medium, while those already familiar with TV advertising will be able to try new techniques aimed at greater engagement with audiences and improved return on advertising investment'

The light viewer

As an example of the power of IPTV to help advertisers reach a specific audience, take the light viewer. Although not a demographic in or of themselves, light viewers provide a useful insight into the media consumption patterns of some more upscale demographics.

At a rudimentary level, there is a correlation between busy, successful lifestyles and consumers without enough time to watch T; 15% more predisposed than average to shop online, 43 % more likely to drive a luxury car and I8% more likely to spend more than £I00 per year on music, light viewers constitute a valuable audience (3). But they are also expensive to reach. Not only do they spend less time watching TV, but also they watch fewer channels and fewer different types of programming within those channels.

Trying to reach this audience through terrestrial commercial breaks simply isn't cost-effective. At the same time, the further the media planner moves from terrestrial commercial opportunities towards the lower-entry-cost domain of multi-channel TV, the less chance each placed spot has of being seen. The act becomes something like fishing for minnows with a trawler net.

A further consideration is that although multi-channel TV has proven effective in refining the composition of audience on a per-thousand basis, the current panel system can be a tricky measurement tool to use. Don't get me wreng: BARB is an incredibly sophisticated animal, capable of robust statistical analysis. But because it is geared towards the terrestrial and largest multi-channel channels, where viewing can be measured on a minute-by-minute basis, it has a much tougher time tracking the relatively small audience numbers across the myriad different channels that are the reality of TV today. There are two key problems here:

1. reaching the correct audience in order to deliver commercial messages
2. getting accurate feedback on how successful you have been in reaching your target audience.

The second point goes to the heart of advertisers' current concerns - namely, delivering a return on investment. When audience data are statistical and the sample size small, achieving accurate feedback becomes challenging, to say the least.

IPTV's virtuous advertising circle

The return path data provided by IPTV are actual rather than sample-based. This allows advertisers to target their messages on the basis of lifestyle and location, so that every I000 viewers reached are relevant to the tune of I000. In other words, there is no waste.

Relevance may not be an end in itself, but it is the first major step towards properly engaging with a viewer and thereby generating response. Current learning suggests that properly engaging the viewer is at least as important as reach and frequency.

The data returned through an IPTV network will inform the advertiser in real time exactly which profiles have seen their message, how often they have seen it and where they are located. Cross-tabbing against sales or measured response to direct marketing will allow advertisers to track the results of a campaign and then refine the messaging or targeting accordingly. Increased accountability results in increased efficiency, which in turn results in greater return on investment. It makes television a more attractive medium. The more money spent on advertising over IPTV, the more information the media planners gather for future campaigns, and the more sophisticated advertising using IP functionality becomes.

New business

Because IPTV allows advertisers to segment audiences within the same advertising avail, TV advertising is affordable for local and niche business. The cost of producing a TV commercial, which was previously a barrier to entry, is being dealt with by companies such as Spot Runner and Spotzer. They have pioneered a new type of plug-and-play production, building commercials for clients from pre-produced video components.

That is half of what these companies do. The other half is to aggregate niche opportunities across networks, and act as media planner on behalf of local and specialised business. As an example of long-tail economics within television, the business model is compelling.

Evolution not revolution

We know that TV advertising works. Years of IPA Award winners, research and brands sold as a result of advertising prove this point unequivocally. The increase in number of impacts noted recently by Thinkbox is buoyed by the fact that I6-2 4 year olds were finding enough time away from the web to consume an average of 3I impacts per day last year - an increase of I.5% on 2006. As a mass-media experience, television is currently without rival. A TV ad achieves impact. There's simply no question about it.

What is in question is how much 'waste' advertisers can countenance when looking to TV to deliver their messages. Waste is a tricky word and I use it hesitantly. There is a persuasive argument to the effect that waste builds brands. In other words, advertisers rely on an audience beyond their target market in order to instil their brands with the values they seek. If a brand is a statement about the consumer, it works only when a group beyond the consumer is able to acknowledge it. So 'waste' is not waste at all, but a powerful tool to achieve brand-building.

Another argument in favour of scattering commercial messages more widely is that there is always a chance of cross-pollination. Your audience may be wider than you thought. Of course there are some advertisers for whom such theory does not hold. A local business doesn't need the whole country to know that it has a special deal on weekend prices, for example. Similarly, niche and premium businesses that have not previously considered TV advertising because of concerns over cost-effectiveness may now also turn to IPTV to deliver targeted, addressable campaigns.

The message here is that targeted TV advertising over IPTV doesn't replace the existing regime; it integrates with the opportunities available to media planners and with the strategies they currently employ. For those advertisers, fmcg brands for example, that want to run traditional nationwide campaigns, nothing changes, but the range of tools available to media planners working for such brands increases.

The flexibility inherent in IPTV functionality will persuade new businesses to step up and participate in advertising's most powerful medium, while those already familiar with TV advertising will be able to try new techniques aimed at greater engagement with audiences and improved return on advertising investment.

IPTV not only allows TV to mitigate the influence of the internet, but also enables media planners to introduce a further layer of refinement to an old and trusted friend: the 30-second spot. •

Fonte: Admap, v. 43, n. 6, p. 54-56, june 2008.