SPECIAL SECTION

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TELEVISION'S HOLY GRAIL MOMENT

CLOSING THE LOOP ON LINEAR TELEVISION ADVERTISING, FROM IMPRESSION TO IMPACT

BY PETER GIORDANO

TO SET THE STAGE,

some facts and figures about television: Kantar Media puts 2015 television ad spend at $70 billion. According to Nielsen, the average adult watches 36 hours of TV per week, and Millennials spend as much time watching television as they do using all digital devices combined. Still, when one starts entering the phrase "Is TV advertising …" into a Google search, the suggested autocompletes are "still effective," "dead," and "dying."

Why are the prevailing opinions of television and the reality of TV advertising and TV consumption so at odds with each other? Sure, there is chatter about cord-cutters, with Netflix, Amazon, and Hulu disrupting the ecosystem that has been a walled garden for decades, but television also has never been so popular, and the medium is arguably having a Golden Age.

While providers of on-demand streaming grow in usage, they are not entirely ad supported, and that's an important consideration for marketers. The consumer may be winning, but the marketer cannot take advantage of this growth. As with anything, innovation must come to linear — traditional time- and channel-based — television for it to stay relevant and competitive. Television advertising needs to evolve and take a page from the digital playbook by adapting to new technology, using data, and finding the right consumers.

If television content is experiencing a Golden Age, then the advertising medium is ready for its Holy Grail moment as well. The data and technology are here, and it is finally time to make them work for marketers.

TV ADVERTISING THEN AND NOW

TV viewers are out there, but they are no longer all in the same place. The days of the big three networks are long gone.

Twenty-five years ago, the balance between a given TV advertising campaign's reach and frequency was fairly equal, ensuring wide reach without oversaturating any particular segment. Today, most campaigns tip heavily toward frequency, leaving many brands' potential consumers on the table because their TV viewing habits have eclipsed the status quo buying methods. According to Nielsen data, to deliver 100 gross rating points (GRPs) in 1991 to 1992, the four major broadcast networks combined needed to serve 58 ads. In 2013 to 2014, those networks had to serve 170 ads to deliver the same 100 GRPs. The top-rated show 20 years ago was *Seinfeld*, averaging a 15.7 rating among 18- to 49-year-olds in 1995. For the 2014/2015 season, *Sunday Night Football* ruled with only a 7.3 rating in the same age group.

In 2014, according to data from Nielsen and Kantar Media, 50 percent of all TV ad dollars were spent on 11 networks. Those 11 networks delivered 27 percent of TV viewers, meaning half of all TV ad spend — $35 billion — delivered less than one-third of all available viewers. And in general, according to Simulmedia's VAMOS platform, 75 percent of a given advertiser's impressions only reach 40 percent of the target audience.

In the age of digital accountability, it seems strange that the behemoth of advertising spend is still governed by GRPs, the most archaic of metrics. It's time for that to change, especially since the advantages of television are alive and well. For example, *The Big Bang Theory* generates 66 million ad minutes per first-run episode, while all the content on YouTube combined yields only 28 million premium ad minutes per week, according to a 2014 report by RBC Capital Markets.

DIGITAL APPROACH TO TELEVISION PLANNING

For quite some time digital advertising has, by and large, abandoned homepage takeovers and contextual buying in favor of audience targeting. Now that television has an abundance of channels, viewers are equally as fragmented and scattered as they are on the web.

Sophisticated data methods can now tie set-top-box viewing data to Nielsen data, panel data, survey data, and other behavioral and psychographic data sets. Granular audience profiles can be constructed, and most importantly, their behaviors can be tracked, analyzed, and predicted. This means that advertisers can make better, more informed assumptions than they previously could about where viewers are, and ads might be more effective outside of the contextual environments that have historically ruled the TV roost.

Advertisers have invested heavily in building up robust CRM databases for all other channels; if that data can be matched to television data, then it can be used for TV planning as well. Modeling the behaviors of all these segments can steer future placements to reach current and potential customers through television. Whether an advertiser's objective is new customer acquisition or increased engagement from existing customers, these segments can all be activated on linear television by using data.

PROVING TV'S SALES IMPACT

Many TV marketers know the number of GRPs they need to run every week, and they know their sales will dip if they pull back. But do they really know exactly what television is doing for them? The challenge has been matching a TV exposure to a sale on another platform. Until recently the link between TV and offline sales remained elusive. It's now possible to directly match what a consumer sees with what he or she buys. Through set-top-box data, viewing behavior can be matched — in a privacy-compliant way — to an advertiser's first-party CRM data, or third-party credit card and transaction data to see if the person who saw an ad subsequently took an action. The ability to do a direct match — not with fusions or lookalike models of the past — can disclose whether someone saw a TV ad and then made a transaction during whatever time period the advertiser identifies as the window of attribution. Therefore, the total revenue attributed to television can be compared to the TV budget in order to establish a true return on ad spend.

With the ability to see all TV viewing data, and all transaction data, this type of

Q&A

with **Alexander Hooshmand**, vice president of product for the Data Management Platform at the Oracle Marketing Cloud

Q. How has the connection of online and offline data evolved in the past few years?
A. The initial scenarios were mostly about connecting third-party offline data to the desktop display ad channel. More recently, there has been an explosion of both offline data sources (such as CRM data and purchase data), and destination channels, where the data is used (such as social, mobile, and search).

Once the connection is made, the data is used not only for targeting but also for closing the loop between advertising and results in different channels. For example, did my online ads increase my store sales? Did my TV ads increase my e-commerce revenues? We believe that making this connection is a core part of how we add value for our clients.

Q. What are your clients looking for in terms of accountability in their overall marketing spend?
A. Prior to the last three to four years, most clients were focused on the challenge of tracking marketing ROI across a single channel. In the last few years, the focus has squarely shifted to tracking results over multiple, if not all, marketing channels. Additionally, interim metrics (such as viewership and clicks) have been de-emphasized in favor of direct ROI and sales metrics.

Q. How do you see data integrations entering the TV advertising ecosystem?
A. What may be the most interesting and immediate opportunity is closing the loop on the ROI impact of TV advertising. Other opportunities include using online and offline data for targeting of TV ads, or using TV data for targeting in digital.

Q. Is this data-driven, targeted approach to television here to stay?
A. Absolutely. The long-term trend in advertising has been toward more data, targeting, and accountability. Recent developments in TV are inline with overall marketing trends and should only accelerate as the worlds of linear and digital TV start to merge. Scaling all of this will be the next challenge.

Q. What excites you about the ability to connect digital metrics with linear TV advertising?
A. What is most exciting is the sheer magnitude of the opportunity for clients to improve their marketing results. We are just starting to scratch the surface in terms of bringing some of the capabilities discussed above to bear on the TV advertising market. In a way, it's like creating a whole new ad channel the size of the entire digital ad market today.

— P.G.

analysis is not limited to only those customers who made transactions. It's possible to discern who saw an ad, who did not, who made a purchase, and who did not. By comparing those four groups, one can determine who made a purchase without seeing an ad and find the true incremental lift of TV advertising.

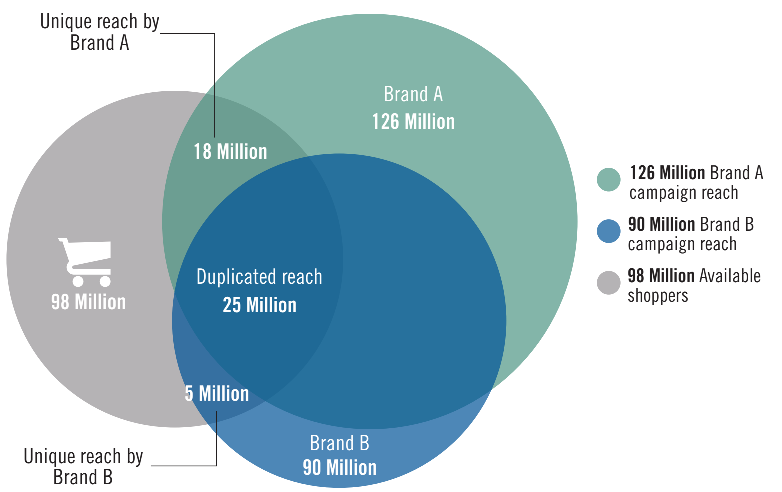
This type of insight begets a fundamental shift in how marketers think about their TV spend, transforming it from a necessary evil into a proven profit center.

There are three significant implications that come from television's closed loop reporting:

1. Competitive Market Intelligence

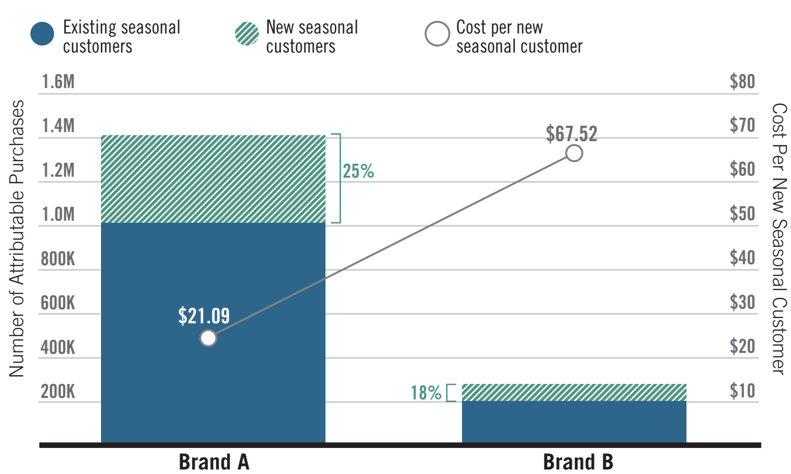
Every brand's campaign can be evaluated by matching television viewing data with third-party credit and debit card data. Advertisers can see how they are stacking up against the competition, and who is stealing more share.

CHART 1 **September 2015 Total TV Campaign Reach for Competing Brands A and B**
Target: Adults 18-plus



source: 2015 Simulmedia's VAMOS Platform

CHART 2 **Attributable Purchases by Cost Per New Seasonal Customer**
Target: Adults 18-plus



note: rounded values displayed

source: 2015 Simulmedia's VAMOS Platform

For hyper-competitive categories, the majority of advertising spend goes toward keeping up with the competition and staying top of mind, and true sales are often impacted only at the margin. This type of granularity can allow advertisers to track their performance against the rest of their category, and ensure they are staying competitive. (See charts 1 and 2.)

2. Campaign Insights

On an individual campaign level, there are plenty of advertiser-specific insights that can enable future optimization toward the best business return. This reporting can include metrics like conversion rate, average basket size, frequency impact, lift from exposure, and cost-per-transaction. There are several significant applications of these learnings:

- **Targeting.** Because the nature of linear television is such that an ad reaches people both in and outside of a desired target, it's possible to measure the impact that it had on everyone. Marketers can discern which people are responding better than others. If an advertiser sees that custom segment X is generating twice the return for half the investment, compared to its primary target custom segment A, the next campaign can be better optimized toward those most responsive customers.
- **Creative effectiveness.** Major national advertisers are often running multiple creative pieces simultaneously, and the impact of each one can now be separated. Return on ad spend by creative and by customer type allows a marketer to see which creative piece is working and what message is driving business.
- **Flight optimization.** These insights can be drilled down to the spot level, so flight length and media weight by day and daypart can all be attributed back to sales.

Some advertisers have seen that daytime ads tend to drive the highest spend,

Q&A

with **Yin Rani**,
vice president of marketing activation at Campbell Soup Co.

Q. How would you describe your relationship with television advertising, and what's your opinion of it?
A. It's the Golden Age of TV content but not the Golden Age of TV advertising. The variety of screens that matter no longer resides in the living room only. Digital channels can now deliver sight-, sound-, and motion-driven content by repurposing TV conventions of brand benefits, emotional power, and reach, but also a wider variety of video-based content like instructional content, entertainment, and user-generated content — with many of the targeting and optimization capabilities that digital has taught the industry to expect.

At Campbell's, mass channels like TV play an important role in awareness for our brands, but not every campaign has it as the core or sole objective. The distinction between TV, digital, and not-digital will get increasingly blurry, so we continue to focus on the optimal touchpoints along a multichannel consumer journey.

Q. Is this data-driven, targeted approach to TV here to stay?
A. The data-driven targeted approach to TV is not only here to stay, but long overdue. Marketing investment is becoming increasingly data-driven and it's necessary to optimize every dollar spent — so given the magnitude of the TV marketplace, the channel needs to be at least as accountable, if not more so.

Q. How do you see television advertising and, more specifically, your TV strategy changing in the next year?
A. We are moving toward thinking about video across screens. TV is still critical to drive reach broadly, as we seek to reframe some of our core brands, and continue to launch new products and platforms. However, it is being complemented by video on other screens that is more targeted and adjusted to different lengths to fit the platforms. The company is significantly stepping up its investment in digital media this year, which will shift to be around 40 percent of the media buy, up from 22 percent last year — with a significant amount of video within digital channels.

Q. As a marketer, what excites you about the future of television?
A. I think TV is on the verge of a major marketplace disruption that will better mirror consumers' expectations and behaviors. TV content has never been more compelling and competitive, but there is also an insatiable appetite for other kinds of content that entertain, inform, and engage. The goal for TV advertising content is similar to all other kinds of marketing — to be useful and entertaining enough to earn attention and be shareable and "unskippable." The challenges for the industry are tremendous, but I believe we are ripe for the opportunities to raise the bar on creative content and customized targeting.

— P.G.

or that weekends perform twice as well as weekdays. These insights can inform future flighting, making television schedules responsive to real business outcomes.

3. Brand Impact

The benefit of robust customer and sales data is the ability to look beyond the aggregate transaction and actually see inside the consumer's basket, and see how its contents tie back to the television ad the consumer saw.

As an example, think about the implications for a big box retailer. A co-branded creative spot for a toothpaste brand can be tracked to not just the store's total sales, but also to the sales of that specific brand. The impact of the ad can also be tracked against sales of toothbrushes, floss, and sugar-free gum. The co-marketing insights give both brands and retailers valuable knowledge about the broader ripple effect their television ads have on sales.

Most marketers still agree on the power of television. However, they might be unclear on its evolution and its true impact on their company's bottom line. With data advancements and technology evolutions tying exposure and purchase data together, the gap between cause and effect is shrinking. Television is ready for its real Holy Grail moment — one where advertising on screens is understood as a truly predictable, powerful, and profitable marketing channel. ■

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