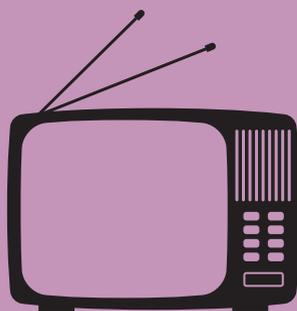
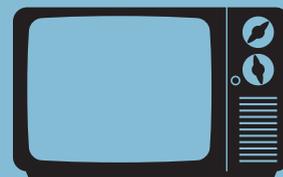
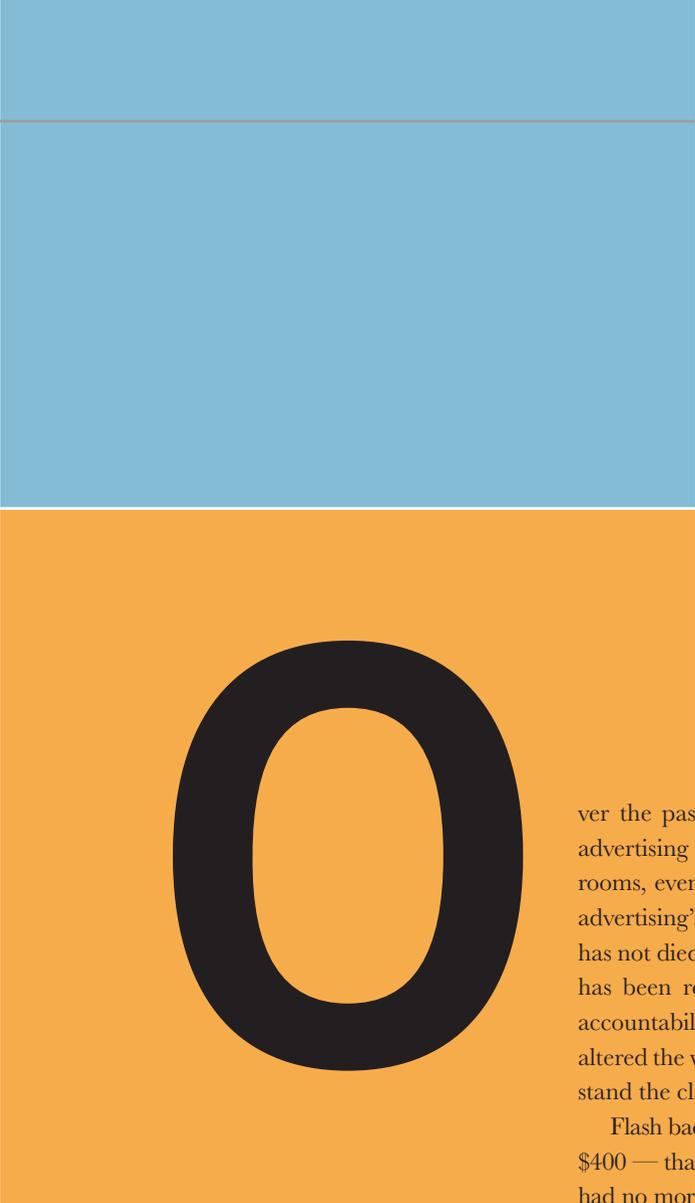


THE EVOLUTION WILL BE ADDRESSED

Advances in technology mean addressable TV advertising is the next step in mass marketing to consumers. Here's what it means for finding the right audience, measurability, and finally proving ROI

CONTRIBUTED BY ADAM S. GAYNOR



A decorative graphic on the left side of the page. It consists of a light blue rectangular block at the top, an orange rectangular block below it, and a large, bold, black letter 'O' centered within the orange block.

O

ver the past few years, claims pertaining to the demise of television advertising have intensified. Read in headlines, heard in conference rooms, even seen in the shift of marketing dollars, the portents of TV advertising's death are supposedly all around. But television advertising has not died, its definition has merely changed. In 2016, TV advertising has been reinvented as addressable TV. Precise targeting, data, and accountability, merged with the unparalleled reach of television, have altered the way marketers, trade magazines, and industry experts understand the classic media platform.

Flash back to the 1950s when the average television set cost upwards of \$400 — that's around a \$2,000 value today. TVs were expensive. A family had no more than one and sat down together to watch the same show. At this point in time, there were three broadcast networks and they all made similar content; there were no age-specific, demographically targeted programs. There was just television, and it had to be suitable for everyone. Advertising was straightforward and measurement was minimal. Parallel to how television programs were positioned, ads were designed for the mass market. The key question for marketers, "Did my ad lead to brand awareness?" could be answered with a small panel of 20,000 consumers. Only a few dimensions defined a consumer: age, gender, and number of kids would cover the majority of all U.S. viewers.

Fast-forward to today and the world is significantly more complex, with video on-demand, digital video recorders, and more than 200 networks to choose from — not to mention a plethora of devices that offer content beyond the big screen. As a result, media consumption grows ever more fragmented as new platforms, devices, and programs enter the scene at a rising rate. The same is true for advertising.

Gone are the days when all ads were created for all audiences. Today, commercials are uniquely designed to captivate viewers of a certain age, gender, race, location — the list goes on. Consider ads for Old Spice or L'Oreal. If these ads were played to a household back in the 1950s, they probably wouldn't resonate with more than half the audience. With the evolution in viewing behavior and consumer-focused technology, those ads can be shown to the exact target audience every time. The challenge

has become how to determine where, how, and when to best spend advertising dollars.

Amid the chaos, one thing remains true: Television continues to be the single most important platform for marketers. Just look at the numbers. According to Nielsen estimates published earlier this year, more than 96 percent of Americans live in a household with a television, and many of these households have more than one TV set. This translates to 118 million homes. Not only is the audience massive — compare TV's more than 300 million U.S. viewers, ages two and up, to Facebook's reported 167.2 million U.S. users — but it is also diverse. TV attracts a wide range of viewers; from the young to the elderly, it is the only platform that extends to all corners of the market.

Not only does television capture a large viewership, but it also grabs viewers' attention and keeps them engaged. According to a separate 2016 Nielsen study, the average American watches 4.5 hours of live TV each day, plus time-shifted viewing. Compare that to the 1.36 hours a day the average American spends browsing the internet and it's plain to see that TV is the more dominant medium.

The increased engagement is due to one fundamental reason: television provides premium content to the viewer. Research conducted by Innerscope shows that traditional TV commercials are four times more engaging than advertising on Facebook and that consumers are more likely to say they would try or buy target brands after watching ads for them on TV. Full screen, professionally produced videos with dynamic narratives (i.e., television programs) create experiences that capture audiences. When ads are inserted into this content at full screen, with the same level of production quality, it is not surprising that viewers are more likely to remain engaged.

NOT ALL IMPRESSIONS ARE EQUAL

When marketers deploy a budget for advertising, they have a clear goal in mind: to effectively reach their target consumer. Whether serving it via digital, radio, print, or TV, brands and marketers want their target consumer to see the ad and, most importantly, take action.

That the media marketplace is cluttered is a cliché, but also a reality. With so much advertising saturating the airwaves, brands are constantly competing for attention. To accurately measure downstream ad effectiveness, a marketer must first ensure that ads are viewable, and that the entity on the other side is a live human. In digital advertising, viewability and bot traffic have been major concerns, and have given rise to various solutions that try to identify truly viewable impressions and price them as such.

In addition to airing on premium content, TV advertising has always had the advantage of not having any bot traffic. With addressable TV advertising, not only is 100 percent of the TV ad in view at all times, but an ad is only served if the set-top box itself is on. Still, many advertisers argue that just because a set-top box is turned on doesn't mean the viewer is in front of the television and paying attention to the ad.

Multichannel video programming distributors, like DISH, can work with third-party verification providers to ensure accurate measurement that actively accounts for such impressions and remove from the final data those ads that were not actively viewed by the end user. This means that an advertiser only pays for impressions from viewers who are actively engaged in the content. DISH, for instance, does this in partnership with comScore, a cross-platform measurement company. comScore's TV-off methodology measures accurate viewing behavior using a patented algorithm that knows when the set-top box is on and the television is off.

As more advertisers begin to use addressable TV advertising to make TV more effective and efficient, it is imperative that impressions be measured by third parties that account for active viewing. That is the only way to ensure that ads getting in front of their targeted consumers are truly viewable.

— Prasad Joglekar, GM of data and analytics at DISH Media Sales

And smart marketers have taken notice. Drew Slaven, VP of marketing at Mercedes-Benz USA, acknowledged the power of television's premium inventory in a recent *Forbes Insights* report: "TV is the single most important medium in which we work. ... It is an awareness machine. Despite digital and social media, TV is the medium that gets people to understand our brand."

With the immense scale and unmatched engagement that television offers, marketers using the platform undoubtedly get in front of consumers and drive brand awareness. However, many question if they are reaching the right consumers and if awareness is enough. Rising complexities driven by the ever-increasing entrance of new media and devices have

made finding the right audiences with sufficient reach and frequency — and influencing them to take action — challenging. Throughout this commotion, a brand's objective remains the same. It needs to reach target consumers wherever and whenever they are viewing. Addressable TV solves this problem.

Addressable TV is precise, data-driven technology that puts the focus on the audience. Addressable means delivering the right ad to the right target at the right moment, with measurable results and minimal waste. Combining the power of television with the targeting accuracy and measurement capabilities of digital advertising, this unique advertising tool allows marketers to add a layer of accountability to their media buy.

Addressable advertising's moment has arrived. Some of the savviest people in the

business believe 2016 will prove to be the year addressable TV took flight and soared. Michael Bologna, president at MODI Media, a Group M agency dedicated to addressable advertising, is one. “Addressable television has proven to be an effective method of reaching a core audience and delivering true attribution,” Bologna says. “With 50 million households and growing, we expect the market to continue to grow at a significant pace.” The data and forecasts back this up. In a recent report from eMarketer, the number of addressable homes is confirmed at nearly 50 million, making 2016 the first year that 40 percent of all homes have this status, and this growth is not slowing down. By 2020, Magna Global predicts that nearly 60 percent of all U.S. homes will be addressable. With this scale will come an influx of ad spending. Addressable TV spend is expected to swell by 144 percent in 2018, climbing to an eye-catching \$2.17 billion, according to eMarketer.

For brands, addressable TV is revolutionizing advertising. Freed from the burden of preselecting inventory and forecasting who will see their ads, advertisers instead deliver one-to-one ads to intended households and have access to robust in-depth reporting extensively detailing their campaign performance. Addressable TV gives marketers in a wide range of verticals the means to reach an audience in a deliberate and impactful way.

The platform has five key advantages.

1. Timing and Relevance. Addressable ads are heat seeking, meaning they reach the target audience wherever they are and whenever they are watching content. Advertisers need not worry about whether their ads will be shown on widely viewed programs, such as *Monday Night Football* on ESPN or *Duck Dynasty* on A&E. Instead, they focus simply on reaching their desired audience.

REDUCED WASTE ZONE

National TV advertisers traditionally use popular shows and Nielsen targets, like men ages 25 to 54, to reach their target consumers, but a lot can differ between a 25-year-old and a 54-year-old.

Here’s a look at how three men in the 25- to 54-year-old demographic watching the same popular show with their families can receive separate, relevant ads when brands use addressable TV ads.



MATTHEW MILLER

AGE 28

STATUS A new dad researching reliable cars for his new family

ADDRESSABLE TARGET

- Current car lease expires in three months
- Household income over \$60,000



JEFF SMITH

AGE 39

STATUS A father of two ensuring that his family has nutritious snack options

ADDRESSABLE TARGET

- Shops two times per week in an organic health food store
- Loyalty card holder at sporting goods store



SAM GARCIA

AGE 53

STATUS A recent empty-nester, planning a surprise anniversary trip for his wife

ADDRESSABLE TARGET

- Redeemed travel points on previous credit card within the past 12 months
- Recently joined a new bank



Without the high-ticket price that comes with popular programming, the ad is served to the target regardless of what show is on. Furthermore, an ad is served to the targeted household only when the set-top box is active, meaning there is no room for below-the-fold or viewability

issues that currently plague the digital advertising space. Marketers only pay for the ads that are served to active devices.

2. Data Expansion. Addressable TV gives brands the opportunity to use a rich set of demographic descriptors provided by a multichannel video programming

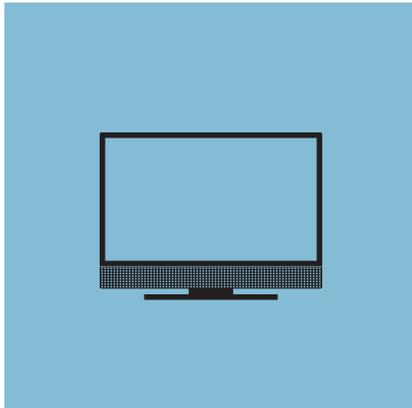
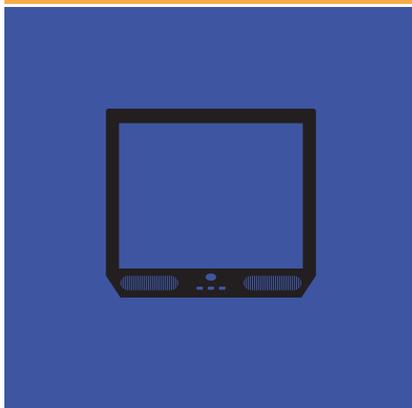
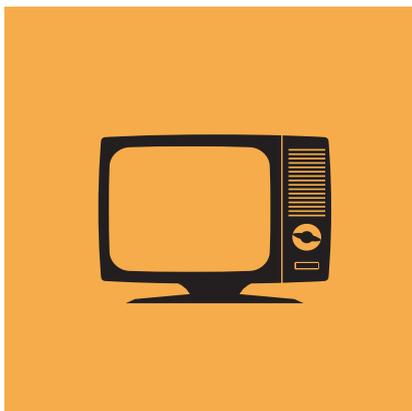
distributor, like DISH, cross-tabbed with third-party data analytics to home in on the specific households that meet their target attributes and are most apt to respond to their ad. The entire targeting process is anonymized and released in a controlled fashion.

“Television has always been data driven,” says Prasad Joglekar, GM of data and analytics at DISH Media Sales. “But now we’re working with different — and better — kinds of data.” Moving away from traditional targeting methods, such as using the demographic of men ages 25 to 54 years old, addressable TV provides an expansive option for all brands to enhance their own data sets and identify the exact households that are most likely to respond to their ad.

New data providers are continually entering the addressable space, while others who have been active from the very beginning are constantly strengthening their targeting capabilities, expanding the means by which marketers can target audiences and get even closer to their customers.

3. Frequency Management. Marketers using traditional methods of advertising are frequently faced with the problem of either over- or under-delivering their message to consumers. With addressable TV, a brand has the ability to manage the frequency of its ads in order to achieve optimal exposure. Not only are marketers reaching the right target, they are also ensuring that their message is served in a deliberate and efficient manner.

4. Waste Reduction. Addressable TV solves one of the oldest problems in advertising — waste. Advertisers using traditional methods of TV advertising, such as linear, generally cast a wide net in the hopes of getting in front of their desired audience. In best cases, the ad reaches about half of the consumers that fit an advertiser’s criteria and, many times, at a very low frequency. Addressable advertising significantly reduces



this wasted reach by only delivering ads to targeted households, minimizing the weight placed on spot counts, and increasing the value of the eyeballs actually seeing the ad.

5. Measurement. Addressable TV takes the guesswork out of media buying and offers a new level of transparency and attribution. Advertisers see exactly how their campaign tracked with in-depth post-campaign reporting that goes beyond the standard reach and frequency metrics. The reports outline delivery by week, day, hour, campaign and network performance, and even results by designated market area and state.

Advertisers can also access custom ROI reporting, which measures sales lifts and survey data directly tied to the campaign. The robust metrics give brands an inside look into the effectiveness of their ads and arm them with the tools to refine and perfect future campaigns.

Television is changing every day. The movement of viewers from one program, medium, or device to the next is stirring chaos in the advertising world as marketers scramble to determine how to effectively and efficiently reach the right consumers. For those using addressable advertising, finding the audience wherever and whenever they are viewing is not left to chance, it is embedded in the technology. Addressable TV’s metrics allow them to refine target lists, track results, inform their media buys, and ultimately make their advertising dollars work harder.

In advertising, every advantage matters. Addressable TV arms marketers with the means to reach their desired audience and the measurement to fully understand the proof behind their profit. ■

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