

Addressable TV

Harness the power of audience data for one-to-one targeting



Empowering
organizations to deliver
intelligent interactions
with their customers.

Every time.



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The Changing TV Landscape

Introduction

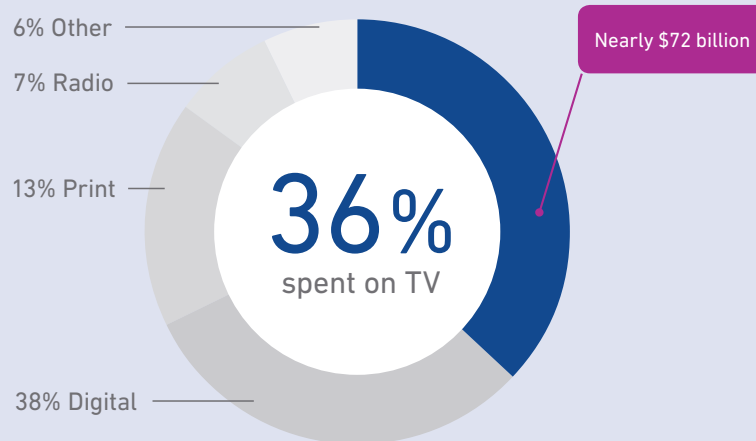
As an advertising cornerstone, TV is an effective medium that allows marketers to tell an engaging story. If done well, brands and their commercials can weave themselves into the social fabric of a generation. Have you ever been to a Halloween party with someone dressed as Flo from Progressive? Have you seen one of the thousands of “I don’t always…” memes inspired by the Dos Equis commercials? When Wednesday comes around, you’re bound to hear a coworker reference the Geico commercial, “Mike, Mike, Mike… What day is it?”

As a powerful channel with broad reach, it’s no surprise that TV currently accounts for \$70 billion in U.S. marketing spend. For nearly 70 years now, TV advertising practices have remained fairly unchanged — that is until now. A perfect storm of data proliferation, technology advancements and shifting consumer

behavior is upon us, which means marketers are entering the new age for how TV advertising is planned, targeted, purchased and measured. Brands can maximize the opportunity TV provides to connect with consumers.

This new era of TV advertising also ushers in hot, trending buzzwords like “addressable,” “programmatic” and “cord cutting.” This white paper serves as a guide to not only define current and emerging capabilities in the TV ecosystem, but also provide a tactical overview of how marketers can get started with an engaging, measurable, audience-fueled TV advertising strategy starting today.

Marketing Spend by channel in 2017

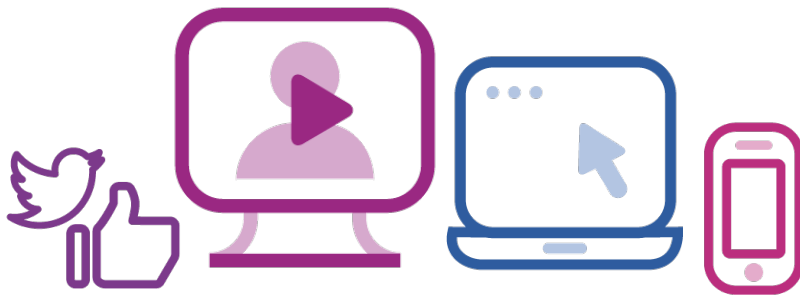


As the largest slice of most advertising budgets, it’s important for today’s marketers to be accountable for campaign performance and ensure a positive return on investment. By leveraging the targeting and measurement capabilities that addressable TV offers, marketers can optimize their TV advertising strategy starting now.

Trends in consumer behavior

On average, we each have at least three connected devices, and throughout the day, we are consuming content wherever and whenever we like. With a Hulu and Netflix mentality, it's no surprise that we are entering the era of "TV everywhere." We want our content on demand so much so that even channels such as

HBO, CBS and ESPN are creating TV anywhere experiences. Ten years ago phrases such as "cord cutter" and "binge watching" weren't part of a marketers' vocabulary. Today, the reality is that consumers are seamlessly switching between screens and channels around the clock.



It's time to go cross-channel

Networks such as **ESPN** are now urging advertisers to hit all devices.

ESPN Lab's research recently revealed that TV commercials combined with online video ads can drive powerful results. Instead of running only a TV ad, a cross-channel approach can drive:



It's an exciting time for marketers, with more ways than ever to reach and engage with their best customers and prospects. However, this rapid channel growth also means there are more ways than ever for marketers to drop the ball. They could waste dollars by targeting less valuable prospects, overexposing others, delivering a poor brand experience or failing to coordinate multitouch, "surround sound" campaigns effectively across

channels for maximum impact. For these reasons, it's important for marketers to leverage the addressability of both traditional and emerging channels, including addressable TV. Through addressable advertising, marketers can better use first-, second- and third-party data that, in the end, provides a better consumer experience and higher return on ad spend.

¹ <http://blogs.wsj.com/cmo/2015/03/24/espn-urges-advertisers-to-hit-all-devices/>

Based on Experian Marketing Services research, here are some of the top trends in shifting consumer behavior that marketers must take note of when thinking about how to devise their best TV strategy:

TV is still the king of video.

Combined, 87.1 percent of U.S. households subscribe to either cable or satellite TV. Ninety-four percent of U.S. adults watch at least some sort of video content on a TV. In fact, one in six adults watch 40 hours of TV a week.

Takeaway: TV is still the dominant channel when it comes to reaching your largest audience, which means addressable TV is a valuable opportunity to maximize the power of TV.

Mobile is the first screen for online video.

Forty-two percent of smartphone owners watch video on their phones during a typical week, making it the number one device for consuming streaming or downloaded video content.

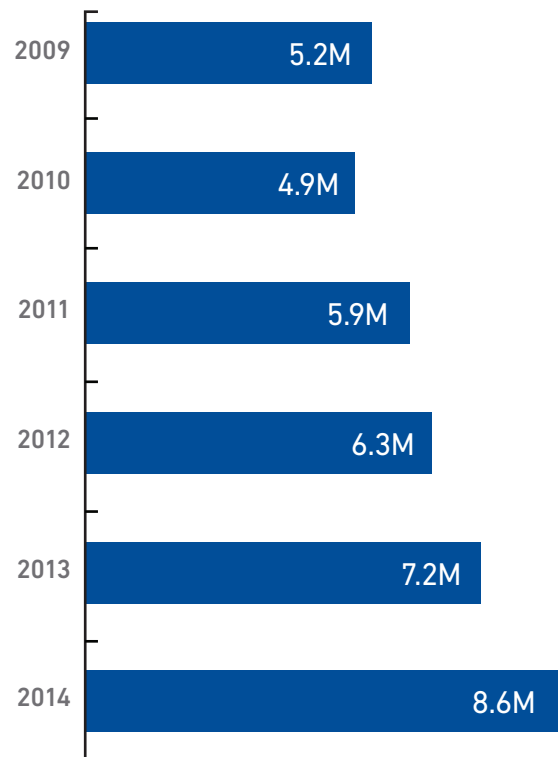
Takeaway: Consider a surround-sound approach where your addressable TV strategy is paired with an addressable mobile video campaign targeted to the same audience. You will be able to reach people regardless of the screen they are viewing.

Cord cutting is on the rise.

The number of households that are cord-cutters today is 20 percent higher than it was a year ago with approximately 8.6 million people moving away from traditional pay TV. Technological and demographic trends virtually guarantee that cord cutting will continue to rise as smartphone and tablet ownership increases and millennials become a greater share of the U.S. adult population.

Takeaway: Identify those among your target set who have cut the cord. While you can still leverage addressable TV to reach those who haven't done so, you'll have to rely on other channels such as email, mobile, online and over-the-top (OTT) options such as Sling TV, Hulu, and Roku to reach cord cutters.

U.S. households that are cord-cutters (millions)

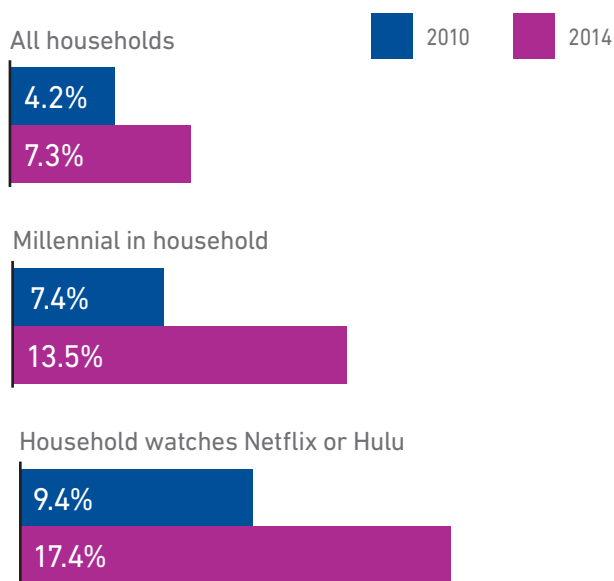


You might be a cord cutter if:

You use your TV to stream video. In fact, an adult who watches online video on their TV is 3.2 times more likely than the average adult to be a cord cutter. As OTT options such as Roku, Apple TV, Chromecast and Amazon Fire are upgraded, consumers will have more and more options to consume online video without sacrificing quality or screen size. As a result, more consumers will be reconsidering whether they need to continue paying for traditional TV.

Takeaway: Use additional audience insights, such as consumer survey data, to build a robust profile of your current customers and then understand whether or not they fall into this cord-cutting trend. Finally, optimize your cross-channel media strategy based on the results.

Percent of U.S. households that are cord-cutters



By understanding this shift in consumer behavior, marketers can devise a strong addressable media strategy that leverages the opportunity addressable TV provides, both on its own and also when it's coordinated with additional channels such as mobile and online.

You better add video or OTT options if you want to reach millennials.

Millennials are the most device agnostic, with more than one-third saying they don't mind watching video on a portable device even if it means a smaller screen. That's more than double the rate of those age 35 and older.

This decentralized viewing can create headaches for marketers who need to start a relationship with millennials during this stage of their lives when they are most open to trying out new brands and have yet to settle down.

Takeaway: On the plus side, marketers who do manage to reach this audience will find them much more open to advertising than the average individual. In fact, millennials are more than four times more likely to say video ads they view on their cell phone are useful. While the challenge is great, so is the potential reward. Including online and mobile video into your strategy is key.

Online video has its perks.

The growth in online video viewing creates many opportunities for marketers. Online audiences can be targeted more easily and served advertising that is relevant, responsive and measurable. While CPM for online video ads generally are lower than those for TV, marketers can use that savings to negotiate costs based on clicks, completed views or transactions. From a creative perspective, online video also gives advertisers the opportunity to develop interactive creative and even make some elements of the creative dynamic.

Takeaway: As with all addressable channels, be sure to use a data-fueled strategy when implementing a video campaign. In 2015, standardized practices for targeting, measurement and Key Performance Indicators (KPIs) are taking place, which means more brands than ever are considering adding this strategy to their media plans. In terms of creative approach, it is important also to understand that commercials that may be effective for traditional TV may not necessarily work for online use. Ensure that you are sharing a message length, creative approach and call to action that is consistent with the medium.



The importance and power of addressable TV

Defining addressable TV

While cord cutting may be on the rise appealing to today's digital youth, TV is still the medium that provides brands with massive reach. TV commercials are effective at grabbing attention, telling a story and connecting with consumers unlike other advertising mediums. Now, with advancements in TV technology, savvy marketers have addressable targeting options that have typically only been possible through other channels such as direct mail, email and digital.

So what exactly is addressable TV? How can it maximize a brand's TV investment in TV-measurable results?

Addressable TV

The ability for an advertiser to define an audience based on first, second and/or third-party data and serve different ads or ad pods (groups of ads) to this audience within a common program or navigation screen. Ads typically are delivered at the individual household level, through cable, satellite and Internet Protocol TV (IPTV) delivery systems and set-top boxes. Segmentation and delivery also may take place at the geographic, demographic and behavioral level.

The concept of addressable TV is simple: deliver TV advertising like one targets email or direct mail, using household-level audience data such as income, lifestyle interests, shopping behavior and family composition.

Like a piece of mail that arrives in your mailbox, the TV ad can be tailored to the household, with different ads delivered to different households simultaneously across the same ad unit. This means the art and science of traditional addressable advertising channels now is possible through TV.

Traditional Television Ad Buying 101

Who

Agencies buy 95 percent to 98 percent of all TV advertising for advertisers, typically defining who they want to target based on age and gender

What

Buying TV commercial spots a typical length of 15, 30 or 60 seconds based on GRP (Gross Ratings Points) goals.

GRP: Reach × Frequency of Target Audience

When

National commercial time is sold at two times.

Upfronts: Spring and Summer. 70 percent to 85 percent of inventory is sold

Scatter: Remaining inventory and make goods, sold year round for a premium

Where

National TV: Upfront and scatter bought through broadcast networks, cable networks and syndicators

Local TV: Sold through local broadcast stations and cable operators, can be bought and sold at the Nielsen DMA (Designated Marketing Area) level

Addressable

To target at the household level via addressable TV, one must buy from TV operator (Cablevision, Comcast, Dish Network, DIRECTV) who has set-top box technology to target and deliver the one-to-one ads.

Addressable TV: Reach the right audience at the household level

Deliver custom ads to the household or zone level based on:

- Your brand's customer database
- Your brand's custom models
- Experian demographic and behavioral data



Let's bring this concept to life. Imagine that you and your next-door neighbor are both watching the latest episode of The Voice. As a person with a heap of frequent-flier miles who loves to travel, you are shown an ad for Travelocity. At the same time, your neighbor next door who loves to clip coupons and shop online is shown a commercial for the upcoming Macy's One Day Sale with a call to action to text in for a 20 percent-off mobile coupon. Because

addressable TV really is about the person and not the program, this means you may see the Travelocity ad whether you are watching a prime time show such as Shark Tank or a campy cult hit such as Sharknado. How is this perfect marriage of audience data and brand messaging made possible through addressable TV? Let's take a look.

Addressable TV is about the person and not the program. You and your next door neighbor may be watching the same show, but through the power of Addressable TV, end up viewing different ads.

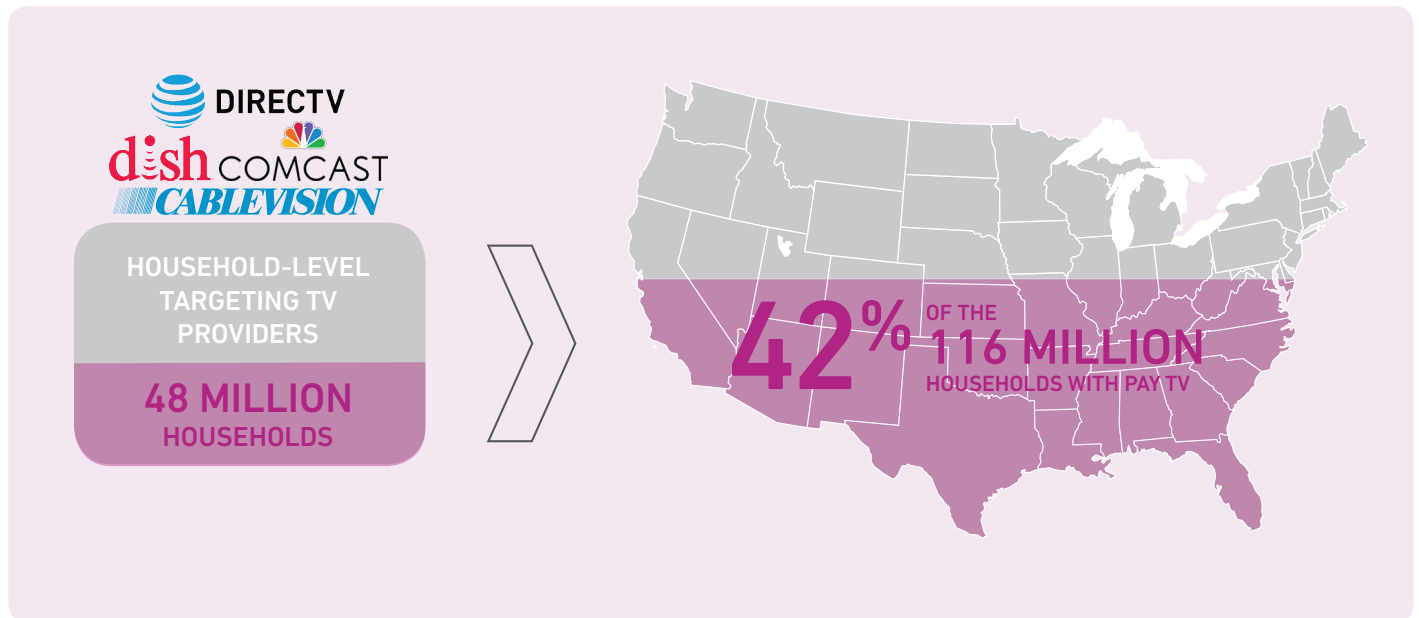
Addressable TV

How it works

Today, in an hour of programming, roughly 14 to 17 minutes are made available for commercials, more than ever before. Out of that time, approximately two minutes each hour are made available to the cable or satellite operator to sell. Since it is the TV operators that currently have the technology in place to enable household-level targeting via the set-top box, it is essential to work with those operators for an addressable TV media buy.

Today, Experian® works directly with 100 percent of the companies that offer household-level addressable TV, including Cablevision, DIRECTV, Dish Network, and Comcast (VOD). If you don't see your TV provider on this list, it is because they have yet to fully implement the digital set-top box that makes household addressable TV possible. Most TV providers are working to get there, however. For example, additional providers such as AT&T, Verizon and Charter allow household-level matching but deploy the campaign at the zone or segment level in order to hit the areas with the most target audience saturation. Across the four household-level targeting TV providers, advertisers currently can reach an estimated 56 million households via addressable TV campaigns. This equates to roughly 48 percent of the 116 million estimated households with pay TV.

In one hour of TV programming...



Let's take a general look at the process for making an addressable TV campaign come to life.

1 Build your audience:

The advertiser determines the target audience based on first-, second- or third-party data.

First Party Data

Advertiser's data about its own customers, prospects and website users

Potentially made of purchase history, registered profiles, email subscribers

Can be completed and enriched by third party data

Second Party Data

Data elements from partners or affiliates that a brand works with

Advertiser may share a customer who they would like to co-market to

Example: Credit card company wants to target individuals who frequently travel on a specific airline

Third Party Data

Data an advertiser purchases from other companies such as Experian

Important to vet that third party data has both scale and accuracy

Can be used on its own, or with first and second party data to enrich targeting and segmentation

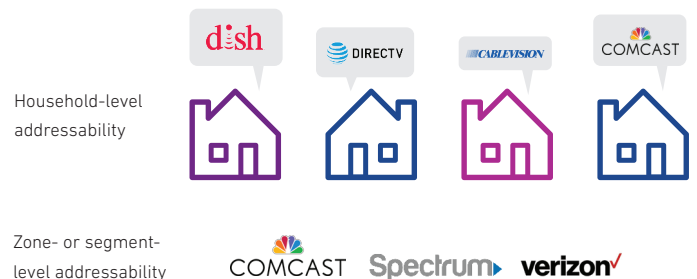
2 Match your audience:

A neutral third-party matching partner, such as Experian, anonymizes and matches the target audience to the TV operator's subscriber universe in a privacy-compliant manner.



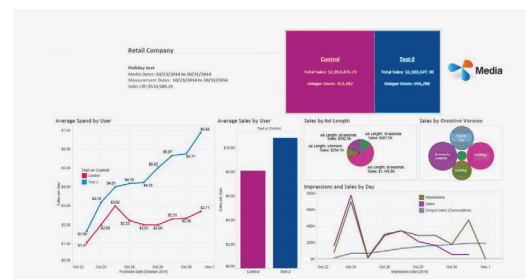
3 Launch your campaign:

A neutral third-party matching partner, such as Experian, anonymizes and matches the target audience to the TV operator's subscriber universe in a privacy-compliant manner.



4 Measure the results:

At the end of the campaign, the TV operator sends ad exposure data back to the neutral third party. The advertiser provides cross-channel sales data and the third party creates campaign closed-loop analytics that show how the campaign drove sales both in-store and online.



Addressable TV

Advertisers are continuing to embrace the power of addressable TV. Although the offering still accounts for less than 3 percent of the current dollars being spent on TV, approximately \$890 million, the dollars pumped into addressable TV are continuing to rise. From 2015 to 2016, spend doubled. And the same is expected for 2017 bringing estimated spend in at over \$1.5 billion.

“I see a marketplace that essentially has gone from zero to \$300 million of spend. Starcom MediaVest Group is aggressively spending. We’ve done more than 70 campaigns with 30 clients. We’re seeing amazing results in terms of efficiency.”

Tracey Sheppach
Former Executive Vice President of Precision Video
Starcom MediaVest Group



Starcom^{SMG}

According to one of the addressable TV providers, they also see the maturity of the addressable TV offering coming to a tipping point. Jennifer Koester, Senior Vice President of Advanced Advertising Products and Data Analytics at Cablevision, believes that although the technology for addressable TV was deployed in 2008, the market is finally ready to fully embrace the offering. “We all need to recognize that we’re at a point where addressable advertising is not something new. It’s matured and proven, and in a place where there is a meaningful combination of data and technology,” says Koester. By focusing on targeting individual households rather than specific programs, addressable advertising is opening new doors. “Outside of the top 20 prime-time spots, there is a lot of viewing going on. There are many audiences on the long-term networks – some networks which have not been measured by traditional TV measurement. Through addressable TV, we’ve shown advertisers that there is an affordable way to still reach your specific audience wherever they are.”



“[Addressable TV] is not new. This has been around for a very, very long time. What is new is that it is completely in practice right now. There are well over 100 advertisers and well over 350 campaigns running right now where advertisers take data, match it against subscriber files, identify households that are the real people they want to reach. And they send commercials to the households of only the homes that they want, ignore the balance, and on the back end, we return to the advertisers, “Here’s how many cars you sold. Here’s how many cans of soup you sold.” That’s the part that’s new. That’s the part that’s exciting.”

Michael Bologna
President of GroupM’s Modi Media



Real success stories

With the ability to reach nearly half of the country through addressable TV, and even more importantly, the ability to measure its effect, brands across verticals are launching and refining addressable TV campaigns with the help of Experian. Let's take a look at a few examples of advertisers who have seen firsthand the results that addressable TV promises.

Automotive advertiser

Auto advertisers spend a majority of their budgets across TV. In fact, the top 10 auto advertisers alone account for an estimated \$6.4 billion in spend on TV, nearly 800 percent more than their digital budgets. For that reason, they know it's a necessity to see if their dollars are actually driving sales for their big-ticket items. Addressable TV solves that problem for auto advertisers. In a DIRECTV campaign leveraging Experian's automotive data for audience targeting and post-campaign sales reporting, one major auto original equipment manufacturer saw the following results in its truck-launch campaign.

Target Audience: Individuals in the market for a domestic pickup truck

Campaign Duration: 1 month

Results: A lift in sales of 26.2 percent for the model truck targeted and a 20.9 percent lift in sales for the brand overall versus the control groups

CPG advertiser

CPG advertisers have long been some of the world's top advertisers, spending a sizeable sum on TV advertising upwards of an estimated \$7 billion. After executing a quarter-long campaign to drive in-store sales, Experian was able to measure the impact of purchase behaviors for a major CPG brand.

Target Audience: Segment defined by historical purchase behavior

Campaign Duration: 3 months

Results: The target audience was 50 percent more likely to purchase the product group, and when they did, they spent 62 percent more on the brand's products than the campaign's control group

Retail advertiser

Retailers are often faced with stiff competition and also have the highest level of transactions taking place both online and offline. This vertical has recognized the value of marrying together sales that take place across both of those channels with addressable TV campaign viewing data to answer the question, "Does my advertising drive in-store sales or online sales?" One retailer saw the following results when targeting valuable prospects.

Target Audience: A custom model layered with geo data targeting households with kids zero to six years old

Campaign Duration: 2 months

Results: A higher percentage of the targeted audience purchased the advertised product resulting in a sales lift of 62.6 percent versus control

Travel advertiser

Travel advertisers also are challenged with measuring the impact of their campaigns and, more importantly, understanding the types of people who are responding best to their campaigns, such as loyal rewards points members, and why they are responding (business versus pleasure). A recent addressable campaign drove these results.

Target Audience: Loyal customers across multiple consumer brands

Campaign Duration: 1 month

Results: The exposed audience not only booked travel more often, but also stayed longer per booking

Audience Insights: Those booking were also twice as likely to be in Experian's "Power Elite" Mosaic segment



Getting started with your addressable TV strategy

Your addressable TV plan and action items

Are you unsure of whether or not addressable TV is a good fit for your brand? Take a look at the points below that you should consider when devising your media strategy.

Should addressable TV be part of your plan?

Scale

How many individuals in your target audience can you reach through addressable TV? As an Experian best practice, it is unlikely that a target should be more than 4 to 6 MM consumers in total. Once you get an audience size larger than that, it is no longer targeted; it's just a group of people. In this case, a traditional linear TV buy would be more sensible. On the other hand, if your target audience number is significantly smaller, create additional audience segments or look-alike models to expand your reach.

Creative

Do you want to understand which creative is resonating with particular audience segments? If so, addressable TV is a great option as the campaign reporting can give you insights into the impact of your creative. You can parlay these learnings into your creative strategy across other channels as well.

Pricing

The more precise an audience becomes, it is likely that the initial CPM pricing to reach them will rise as well. Don't let this deter you from implementing a test-and-learn strategy. Through the post-campaign analysis, you may realize that the initial CPM appeared higher than normal. However, the cost to acquire a customer is actually very low because the campaign performed so well.

Frequency

Traditional linear TV buying is based on a network or program that provides a general target that ultimately can lead to some wasted impressions. Addressable TV, on the other hand, is about targeting the right people and hitting them with impressions regardless of the show they are watching. This HH-level targeting ensures all impressions, set at the advertiser's threshold, are not wasted. More importantly closed-loop post-campaign reporting also can illustrate the optimal frequency of ads that can drive incremental sales lift.

Value of Measurement

Addressable TV enables advertisers to set test, control and random segments. Not only can you do closed-loop analytics that show the true return on ad spend (ROAS), but by setting test and control groups, you can also test, test and test again. This is the same methodology that direct mail, for example, has perfected over decades. closed-loop post-campaign reporting also can illustrate the optimal frequency of ads that can drive incremental sales lift.

Cross-Channel Marketing

To get the most bang for your buck with addressable TV, consider coordinating your audience with at least one additional channel. This surround-sound effect will improve the likelihood that your message not only sticks with your target audience, but also drives better overall performance. In cross-channel addressable campaigns, it often turns out to be a scenario where $1 + 1 = 3$. According to Experian Marketing Services research, multichannel customers can be three to four times more profitable for a company.

Activating your data for addressable TV

Are you ready to get started with your addressable TV campaign? Follow the checklist here, and you will be delivering a one-to-one campaign to your target audience in no time.

STEP:

1 Engage your agency

As agencies typically execute a majority of TV media buys, work closely with your own agency to understand where addressable advertising and advanced campaign analytics fit into your media mix.

2 Select your audience-matching partner

To execute addressable TV, you must leverage a trusted, media-agnostic third party who has the media partnerships in place in order to manage, deidentify, match and distribute your target audience across all major providers.

3 Build your audience

Decide whether you would like to leverage your own CRM data, a custom model, third-party data or a combination of these to define your perfect audience. Build a robust profile of these audience segments by appending additional transactional, demographic and behavioral data. This can inform your creative strategy better as well. No matter which combination of data sources you use to build your ideal target audience, be sure not to overlook the importance of data quality. In fact, independent studies that measure the accuracy of data from one company to the next can vary as much as 25 percent. This means poor data could cause you to waste up to one-fourth of your media budget targeting the wrong audience.

4 Conduct match

The scale and reach of an addressable audience is uncovered once the matching process takes place. In the TV space, it is extremely rare that an individual would subscribe to more than one pay-TV provider, and for that reason, many brands choose to maximize their efforts and work across multiple TV partners to execute their addressable TV strategy. By leveraging your audience-matching partner's network of media companies, you also can uncover opportunities to find your target audience across additional channels and media partners.

5 Finalize the media buy

You or your agency will work directly with household-level addressable advertising media providers, such as Cablevision, DIRECTV, Dish Network or Comcast to negotiate the media-buy details and purchase their allocated addressable media inventory.

6 Activate your data

Your audience partner will distribute the matched audience for campaign targeting. Work with your agency, your pay-TV provider and your audience-matching partner to execute an addressable advertising test for your brand and begin your addressable journey.

7 Measure results

"Write out KPIs from the beginning," recommends Adele Lassere, Vice President of Media at Burrell Communications. " Oftentimes, people want to spend money on TV because they know they should be there, but they aren't sure what their objectives are." By setting benchmarks for campaign performance and finalizing an attribution window, your TV audience-matching partner will be able to deliver you with closed-loop reporting that makes your TV spend accountable and insightful.

How to measure TV performance

One of the most notable advantages of addressable TV is the ability to measure the impact of the TV dollars being spent. Traditionally, TV audience measurement has focused simply on eyeballs and not media impact, with little insight into how TV advertising converts into sales. The primary source of audience measurement in the TV world responsible for program "ratings" numbers, still measures 150 of the 210 U.S. television markets using paper diaries that selected TV viewers complete with another 14 markets measured via electronic devices. With addressable TV, that story is changing. With companies that collect second-by-second viewership data linked to households, marketers now have the ability to tie this data back to their online and offline sales.

With TV's closed-loop reporting capabilities, advertisers can now understand:

- Online and offline sales impact of TV campaigns
- Lift in sales performance versus the control group
- Creative success among different audience segments
- Viewing habits of target audiences including day parts and channels
- Optimal frequency to drive incremental sales

In fact, many advertisers are going the addressable TV route purely for the true return on ad spend measurement, even if it is a portion of their typical linear spend.

"We've seen success with conversion analysis. Because you have an authenticated audience, you have the capability to analyze those who were exposed to that ad and see who took action," says Koester. This authenticated audience provides an additional level of accuracy as opposed to the digital world that often relies on third-party cookies as currency. "We also can do creative analysis and copy testing by running a campaign against two similar segments to see which one people are responding to."

Jennifer Koester
Former Senior Vice President of Advanced Advertising
Products and Data Analytics at Cablevision



Knowing which channel and execution strategy best engages a consumer is the age-old dilemma for all marketers. Today, however, there is really no reason that a brand has to rely on unproven marketing measurement techniques. Measuring effectiveness in a single channel, such as TV, is essentially solved.



Programmatic TV: What the future holds

Addressable TV offers powerful targeting and measurement advantages that are available today. However, if you are waiting to pull the trigger on addressable TV because you are holding out to see what programmatic TV has to offer, you may be waiting a while.

Defining programmatic TV

According to the Association of National Advertisers, “programmatic” was 2014’s marketing word of the year — and for good reason. The term is often associated with quick, efficient and automated media planning and buying, at least in the digital world. “Quick,” “efficient” and “automated” are not terms typically associated with TV media buying. For that reason, just as quickly as the term “programmatic” has skyrocketed in advertising circles, the concept of “programmatic TV” also has become a trending topic that marries well with addressable TV

“Forward-thinking agencies and clients are leaning into addressable TV since it represents the clearest path to programmatic TV at the household level.”



Mediavest^{SMG}

Jonathan Boker
Senior Vice President and Director of
Advanced Media MediaVest

In fact, depending on who you talk to, you will hear varying definitions of programmatic TV.

“Most people who use the word ‘programmatic’ haven’t the slightest idea of what it means. Combine that with every digital entrepreneur who has made money arbitraging digital media now wants to do it in TV. The automation of certain elements of the TV-trading process is very important. The union of the two is what people refer to as programmatic.”

— *Michael Bologna*
President of Modi Media

“Programmatic TV is simply the automated buying of audiences on TV. We work with several big agencies that are doing national addressable buying, but it is manual at this point. That’s where the programmatic play comes in. When everybody is talking the same talk and there is a standard set of data fields and a standard set of metrics, which probably won’t happen in the next one to two years, that is when there will be a full programmatic offering.”

— *Jennifer Koester*,
Former Senior Vice President
Advanced Advertising Products
Cablevision

“Programmatic TV means selling and buying ads on audience attributes rather than just a ratings basis.”

— *SpotXChange*
A Programmatic TV Guide for Sellers

“Programmatic TV is the union of audience data and tech automation. It differs starkly from digital in that it doesn’t include real-time bidding or auctions. It adopts many of the benefits of programmatic digital: targeting with audience data, daily reporting/optimization and precision delivery through advanced TV ad tech.”

— *Walt Horstman, President*
AudienceXpress

“Proponents of programmatic buying and selling envision it as the equivalent of commodities trading, where ad inventory is the commodity. No ad seller wants his wares commoditized if the result is much lower pricing and a cut of that smaller pie going to an exchange or other reseller. Though programmatic is often associated with real-time auctions that could raise as well as lower pricing, it’s also equated with remnant inventory.”

— *David Card, Vice President of Research*
Gigaom

Addressable TV

As you can see, definitions vary quite a bit. Many people recognize that, in the industry, there is an underlying current that many digital marketers and companies assume upon first hearing “programmatic TV” that the solution requires “real-time bidding.” Others see an actual software platform as key to delivering on the promise of programmatic TV. To add to the mix, many new technology companies include online video into their definition of TV. Despite these differences, the one common thread between all of these views, however, is the use of audience data that goes beyond simple age and gender for campaign targeting in an automated fashion.

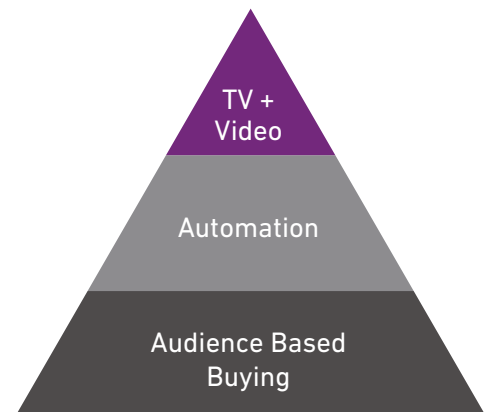
The big question is, “How is programmatic TV different than addressable TV?”

Programmatic TV

The use of first, second or third-party data, beyond basic demographics and ratings points, for automated, audience-based advertising transactions across TV or video.

Defining programmatic TV

If you look at the illustration here, you will notice that the foundation and building block for recognizing the full potential of programmatic TV, audience-based buying, is directly related to addressable TV. Clearly, this concept of choosing your best audience beyond someone’s age and gender is here to stay. Think of programmatic as the next generation of addressable TV; it’s really addressable plus! Programmatic layers in the capabilities that are lacking in addressable TV today, which includes planning, buying and measurement automation (not to be confused with real-time bidding). Finally, the pinnacle of the programmatic offering is reached with the inclusion of the ever-important second or even third screen via online and mobile video inventory, alongside what we consider traditional TV. When we become screen agnostic, planning and buying has become more efficient and automated, and our strategies are based on rich audience data and segmentation, this is when we will arrive at the true definition of programmatic TV.



Programmatic TV Pyramid

Programmatic TV landscape and future

Let's take a look at a few of the differences between the programmatic digital advertising ecosystem and why those same practices are not as easily applied to the definition of programmatic TV.

Campaign planning

- With programmatic digital campaigns, impressions literally are auctioned off, purchased and served in milliseconds. If an advertiser wants to ramp up spend for a well-performing campaign, it can do so overnight.
- In the TV world, 70 percent to 85 percent of the TV inventory is purchased months in advance, during the upfronts, which take place every spring and summer. The remaining market is referred to as scatter inventory where media buyers can make spot buys year round at premium pricing. With a limited supply of inventory and the largest reach of all channels, TV remains a seller's market.

Technology

- The digital space is an interconnected ecosystem with many standards and protocols in place that enable media companies, measurement platforms, site analytics and other tech companies to communicate with one another.
- For TV, satellite and cable operators have deployed various technologies in the past creating a somewhat siloed and disjointed technology foundation. Improvements are being made so that everyone can "talk to each other," but it is still lagging behind the current digital ecosystem.

Deliverability

- With the aid of device IDs, first- and third-party cookies, and registered users, digital campaigns easily can be made addressable impression by impression.
- As noted throughout this paper, addressable TV promises household-level targeting as well. Albeit an exciting opportunity that marketers should embrace, the reality is that not every household can be made addressable due to technological limitations. Furthermore, the supply of addressable inventory is relatively low compared to the overall ecosystem.

Measurement

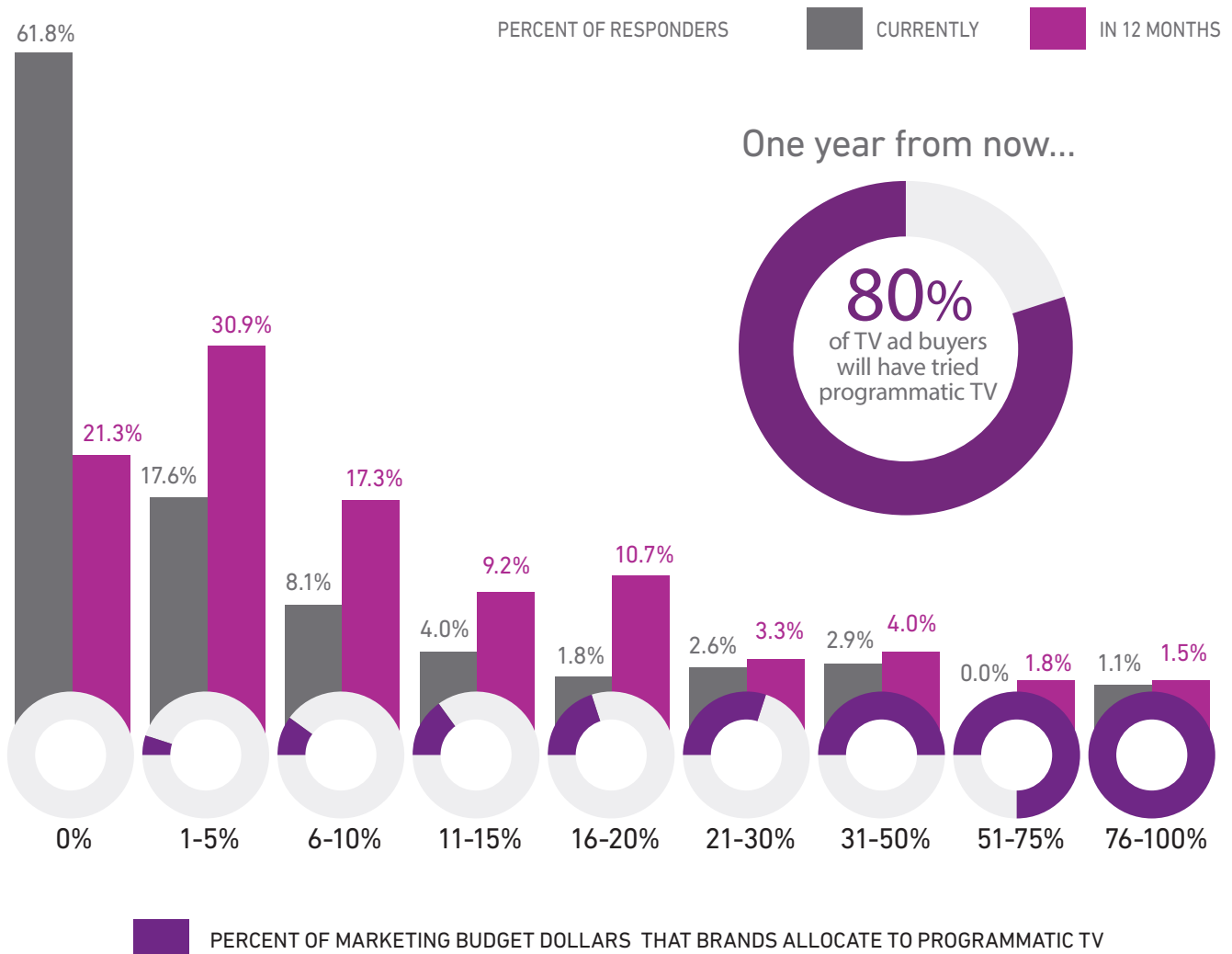
- Today's digital media buyers tag all of their campaign creative and landing pages with tracking pixels. This instantaneous tracking enables advertisers to monitor and adjust performance on the fly.
- In the TV world, limited metrics may be available the following day but a majority of the data comes weeks after the campaign has ended. The level of data granularity and insights provided also depends on the data source.

Addressable TV

Despite these differences, what does the emergence of the programmatic promise mean to marketers? It means exciting changes are on the horizon, and the value of your CRM data will be more important than ever as rich consumer data becomes the currency for audience-based TV transactions. As with any new industry changes, many advertisers currently are in the test-and-learn phase of both their addressable and programmatic TV strategies. The numbers show that although six out of 10 marketers currently are not leveraging some degree of programmatic TV, the next 12 months promises a significant shift. A year from now, nearly 80 percent of TV ad buyers will have dipped their toes in the programmatic water.

As stated by marketing expert Lassere, "We are in a very exciting age right now. We are almost at the point where you will start to see the foundation being laid about how we will do business for the coming years. We can be a part of this change, and long term, it will be good for the industry. It's not going to go away. The data, such as Experian's, is fueling a lot of the process. We are at a tipping point in the industry. From an agency standpoint, we can better show our accountability and what we bring. Humans are still needed, and we just need to be smarter about what we do." The best way to ensure your brand is ready to capitalize on the future promise of programmatic TV is to begin today by leveraging addressable TV. Those key learnings you develop today will be critical to your brand's success in the evolving TV landscape.

Percent of TV ad spending that US ad buyers and sellers conduct programmatically





Executive Summary

Historically, the TV advertising industry has accepted change at a somewhat glacial pace. For decades, marketers have been planning and buying their TV ads in a Don Draper fashion, basing their buys on basic demographics and negotiating billion-dollar deals over a handshake or phone call. The success of these TV campaigns has been measured loosely through tactics such as brand recall studies and simply monitoring sales revenue to see if there is an uptick in performance that can be correlated to TV media spend.

In a world that is growing ever more digital, connected, data driven and technology based, many marketers have started to ask themselves, "Can't we do better?" Fortunately, the answer is a resounding "Yes!"

New targeting and analytics capabilities are available today, right now, through addressable TV, with additional efficiencies to be gained in the future through programmatic TV offerings. By taking a data fueled strategy across channels, including TV, marketers put themselves in the driver's seat to deliver amazing, personalized and measurable brand experiences.

Ready to start talking one to one?

Connect with Experian Marketing Services today to strategize your next addressable TV campaign.

1

Build your audience

2

Pick your channels

3

Measure ROI



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