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THE EVOLUTION OF TV

Addressable Advertising:
Creating a Better, More Personal
TV & Video Experience

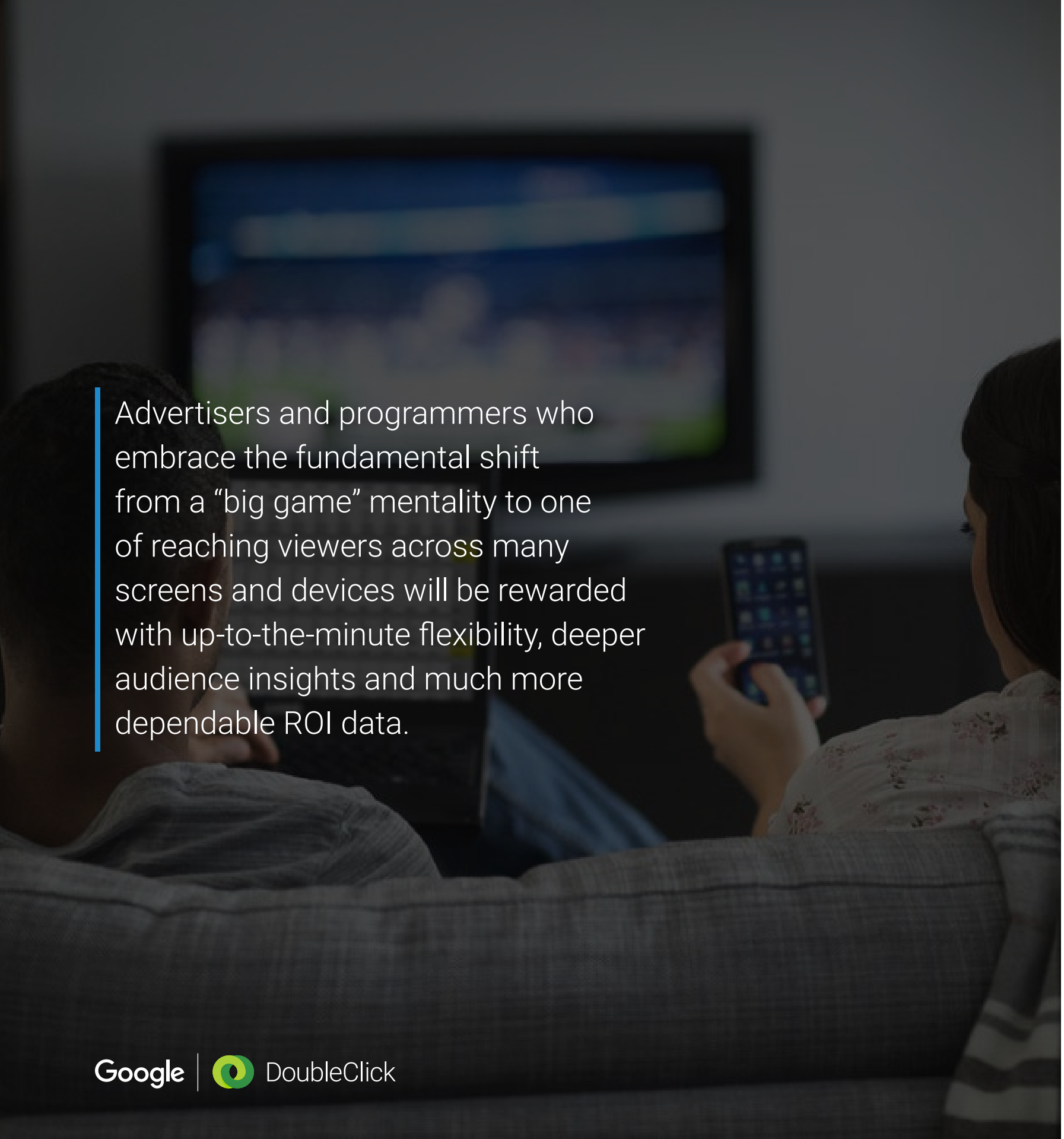
The TV that many of us grew up with was a box in our parent's living room around which we gathered after dinner for must-watch TV, broadcast over the airwaves on a handful of networks. But today, that definition of TV is changing dramatically. Nielsen ratings in the 30s—the norm for top primetime shows in decades past—are about as uncommon now as the rotary-tuned TVs on which they aired (a recent check of Nielsen's weekly top primetime performers shows none achieving a rating greater than 9)¹. Viewing is now dictated by our personal calendars, not by a network programmer. The term “broadcast” doesn't even really apply anymore, as most viewership has gone from a communal experience to a solitary affair. Why, even the tube itself has changed—and not just because it's no longer a tube. My Sony TV now has Android built in where you can play games, check the news and stream YouTube. Is that a TV? Or is it a computer?

A better version of TV is emerging as video consumption shifts from primetime to all-the-time—one that blurs the lines between online and off. Viewers increasingly watch what they want, when they want – whether it's time-shifted American Idol on a tablet or looking for a video on how to change a car battery using a smartphone.

Mass-scale TV buys—the centerpiece of advertising campaigns since the dawn of television—can lead to a lot of wasted impressions. Imagine a family of four watching a football game, with parents watching on the living room TV, college-aged son in the basement watching with friends over a game platform, and little sister keeping an eye on the game on her phone while getting her book report done. When a traditional, demo-targeted ad comes on during the game, there's a high probability that it won't be relevant to everyone in this household—the Baby Boomer, Millennial and Tween.

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A person is sitting on a couch in a dimly lit room, watching a television. The person is holding a smartphone in their right hand. The television screen shows a blurred image of a landscape. The overall atmosphere is relaxed and modern.

Advertisers and programmers who embrace the fundamental shift from a “big game” mentality to one of reaching viewers across many screens and devices will be rewarded with up-to-the-minute flexibility, deeper audience insights and much more dependable ROI data.

Uniquely addressable TV advertising (addressable advertising, for short) is evolving as a tremendous opportunity for advertisers to eliminate this kind of waste by delivering the right ad to the right person on the right device—all at the same time. While it’s true that nothing delivers more eyeballs today than an ad during a hit TV show finale or the Super Bowl, addressable advertising can support advertisers’ large-scale campaigns. Even as audience segments become more fragmented, scale can be reached thanks to more sophisticated set-top boxes, and the fact that so much video is delivered now by over-the-top (OTT) apps and devices to TVs, smartphones, tablets and PCs.

Advertisers and programmers who embrace the fundamental shift from a “big game” mentality to one of reaching viewers across many screens and devices will be rewarded with up-to-the-minute flexibility, deeper audience insights and much more dependable ROI data. With much more granular attribution and measurement, advertisers can now understand the true performance of their ad—including engagement, brand lift, and conversions.

Addressable advertising creates value for everyone in the advertising chain. This lets marketers reach and attribute highly specific targets, and helps broadcasters and distributors better value their content and monetize multiple audiences at the same time. It also gives the viewers themselves a better experience, with ads that are more interesting and relevant to them.

Better viewer experiences can build dramatically stronger relationships between viewers and brands, too. Addressable advertising does a better job of attracting and keeping the attention of TV viewers through greater relevance and engagement, plus less ad burnout thanks to better frequency management and creative sequencing capabilities. In response, viewers are less likely to mute ads, change the channel, turn their attention to other activities or even leave the room.

Let’s take a closer look at some of the key benefits of addressable advertising:

Improved relevance

Addressable advertising can improve the relevance of ads at both household and individual levels. Ads inserted during shows being watched by the whole family on a big screen can be customized to the household using such attributes as family composition, household income, or known buying patterns. When TV streams are being consumed on personal devices, like smartphones, tablets or laptops, ads can be personalized to the individual viewer/device owner.

Targeting solely by age, gender, and geography can still lead to mismatches that one-to-one addressable advertising can overcome. Consider a woman who lives happily without a car in New York City and follows a strict Paleo diet. She most likely tunes out every ad that comes her way for cars, pizza, and candy. There's little likelihood that any ad would persuade her to make changes away from her lifestyle choices.

One-to-one addressable advertising can also deliver very valuable results in an opposite scenario, where people who don't match age and gender demographics for a campaign may, in fact, be the perfect fit. Think of a dad who's the primary caretaker for his young infant. The dad is going to be very receptive to ads for diapers and baby toys, but may be getting overexposed to ads for shaving cream and technology gadgets based on generic demo targeting.

Enhanced engagement

Big screen or small, addressable advertising promises much higher engagement thanks to increased relevance and platform-tailored creative. With so much long-form programming being consumed on smaller screens (smartphones, laptops, tablets), through gaming consoles and connected TVs (which includes smart TVs with internet connectivity, and TVs with devices like Chromecast and Roku plugged in that enable internet connectivity), engagement with ads is becoming more commonplace and measurable for the advertiser plus useful (and even fun) for the viewer.

When it comes to viewing on smaller platforms, lean-forward internet behaviors are melding with the traditional, lean-back experience. Viewers give advertisers and publishers invaluable information when they "like" ads they enjoy, skip ads that aren't relevant, share instantly on social networks about what they're watching, research more information on a show or ad, and enter the sales funnel on the same screen.

While advertising on big screens may seem inherently more limited from an engagement perspective, second-screen activity during traditional TV viewing is on the rise as viewers reach for their phones or tablets to research an actor, find out more about an advertised offer, or post a comment on the show they're watching. We see this increasing every day in search. Searches for TV shows and films on mobile have grown over 55% in just the last year². Addressable advertising can make the leap across platforms with the viewer, meeting them at every digital touchpoint. A TV ad for take-out food can be reinforced – and acted upon – when the viewer next picks up their smartphone. An order can be placed in just a tap or two.

Less ad burnout

Casting a wide net can also run the risk of viewer burnout. Managing the frequency with which a viewer sees an ad across shows and channels is a guessing game, one that's managed manually. The ability to swap out creative on a dime is challenging, too. Addressable advertising, on the other hand, makes it possible to keep an exact tally of how many ad impressions are delivered to a unique viewer or household. When the advertiser defined limit for an individual or household is reached, the advertiser can use creative sequencing to usher in fresh creative or stop the ads altogether.

Better valuation of ad inventory

The traditional TV advertising industry has been honed over generations into a \$70-billion+ per year business. Systems and processes on the creative, buying, and selling sides are a well-oiled machine engineered for broad reach. However, with over two decades of internet technology in the hands of marketers, the TV advertising industry is being challenged to provide the exacting measurement, flexibility, and interactivity that digital platforms afford.

Along with the new ways to target and reach viewers, new monetization opportunities are arising for publishers. As programmatic advertising tools and techniques become more accepted and understood, advertisers will grow less apprehensive to invest in TV inventory that isn't measured primarily by traditional linear TV standards.

The value and revenue of inventory generated by the sophisticated targeting capabilities of set-top boxes and streaming video devices will continue to grow. Addressable advertising reflects the true value of a seller's premium TV content because signals are incorporated into the buying system that differentiate between broadcast-quality shows and homegrown videos.

Making addressable advertising work

Several programmers and marketers have deployed addressable TV advertising over the last few years, from which several key learnings have emerged:

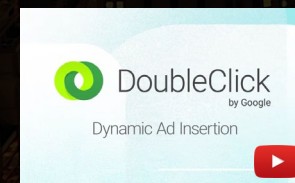
1. Server-side ad insertion

Addressable advertising was originally facilitated by TV-over-the-internet providers using a technique called player switching, which works by using two Flash video players—one for content and one for advertising. This approach, where the ad would play at a stopping point in the content, was not ideal because the transition from content to ad and back wasn't seamless; the problem was made worse on smaller devices like a smartphone or OTT devices with more limited computing power.

Server-side dynamic ad insertion is a smoother method for facilitating addressable advertising. It works by stitching TV ads directly into the stream of TV programming in the cloud, as opposed to the insertion happening on viewers' devices. Not only can programmers and distributors reach more devices with less work, server-side ad insertion can reach some devices that no other method can.

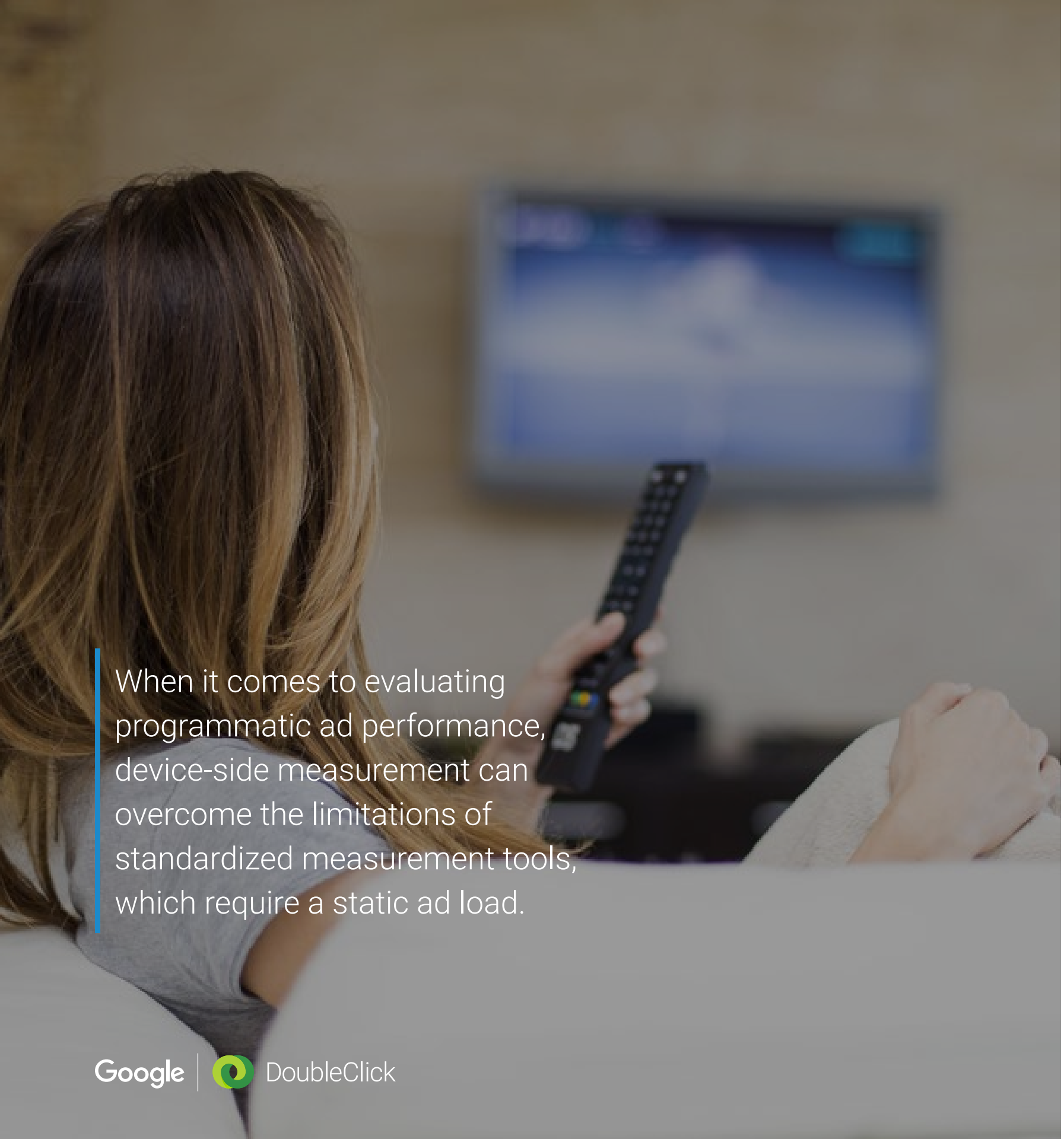
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DoubleClick's Dynamic Ad Insertion (DAI) meets the challenges of cross-screen ad insertion through the combination of technical expertise and proprietary IP in server side ad insertion from mDialog (a company Google acquired in 2014) with the scale and dependability of being rebuilt in the Google cloud. With DoubleClick's DAI, Broadcasters and distributors can traffic personalized ads across millions of concurrent streams with the reliability of traditional TV advertising.



With DoubleClick Dynamic Ad Insertion broadcasters and distributors can create individual streams using server-side ad insertion, which can then seamlessly deliver tailored TV ads, across both online screens and set-top box video on demand.

[Click to watch](#)



When it comes to evaluating programmatic ad performance, device-side measurement can overcome the limitations of standardized measurement tools, which require a static ad load.

2. Scale

As more viewers continue to consume premium content and large live events online, it is imperative that addressable advertising be able to deliver at the scale and with the same reliability of traditional TV. Tech providers need to ensure they can provide concurrent streams and ad serving capacity across multiple devices, in live and on-demand formats—at scale.

We put our DoubleClick Dynamic Ad Insertion addressable ad technology to the test in 2015 with two high profile TV events: the Rugby World Cup Finals on TF1, the leading network in France, and the Republican Presidential Debates on Fox News, the leading US cable news network. Politics and sports are pretty personal topics, TF1 and Fox News appropriately created a fully addressable viewing experience using Dynamic Ad Insertion for the millions of viewers that tuned in.

For advertisers, scale represents the ability to reach a significant population of their audience. A common criticism of addressability in TV advertising is the lack of inventory available at scale, though this is beginning to change. A leader in TV advertising, Cablevision, already sells 30 percent of its media on an addressable basis. Cablevision Chief Operating Officer Kristin Dolan³ said that the move is part of the operator's focus on "putting the customer first," adding that "we delivered over 1 billion addressable impressions this year."

3. Device-side measurement

While addressable TV ad inventory will take time to reach scale, we assume that a majority of TV inventory will eventually be addressable across linear TV and premium online video. Audience measurement will need to catch up from time-honored, panel-based GRP ratings toward a future where a more actionable hybrid panel plus census measurement model will exist.

Device-side measurement is coming into favor as a strong, interim step thanks to the granular, detailed metrics that are passed from the device back to advertisers. Smart set-top boxes and connected devices offer software development kits (SDKs) that enable gathering of precise metrics such as ad start times and video quartiles. These SDKs can also allow programmers to get more detailed data about the device and the video stream itself.

When it comes to evaluating programmatic ad performance, device-side measurement can overcome the limitations of standardized measurement tools, which require a static ad load. Buyers and sellers can gather and leverage viewability metrics, brand lift metrics and census-based impressions to make informed decisions, tweak campaigns on the fly and evaluate ROI.

4. Data management

Advertisers will continue to apply more data to their TV campaigns, going beyond age, gender and geography. Some will want to leverage their own data, and others will lean on media sellers to provide unique data, such as behavioral data to help target light vs. heavy viewers or movie watchers vs. sports watchers.

A programmer or advertiser can understand their audience like never before. Data is at the very core of the move to addressable advertising—from deciding which ad to serve and when to an individual, to giving real-time and actionable feedback to advertisers, to providing an absolute picture of the return on investment for an ad spend. It's conceivable that traditional TV demographics will be wiped out in the future as the transition is made to 1:1 selling.

Data will increasingly become a point of differentiation for programmers and distributors. Those who can provide their advertisers with the fastest and most accurate ROI picture, detailed audience profiles, actionable results, and trends analysis will have the competitive advantage.

¹ The Nielsen Company/nielsen.com, Top 10 List (Prime Broadcast Network – US), live viewing + same-day DVR playback, week of March 28, 2016

² Google Inside Search blog, “[Building the future of TV, with you,](#)” April 20, 2016

³ Bookman, Samantha: “Cablevision dives deeper into addressable TV ads and DAI with Google partnership,” [fiercecable.com](#), April 20, 2016



Brave new world

Advances in computing and internet connectivity, increasing reliance on mobile, changes in consumer behavior and the availability of top-quality content are happening at a head-spinning clip. While the target seems to be in constant motion, there's no question that addressable advertising is opening a whole new world of possibilities for advertisers, programmers and distributors.


Advertisers have always craved the detailed views of their audience and the 1:1 relationship that addressable advertising engenders. Innovations in addressable advertising will continue at lightning speed, and offer benefits that all stakeholders in the TV advertising ecosystem can get behind—even viewers, whose loyalty will be strengthened as brands reach them in just the right way.




Google's video solutions

For publishers, programmers and distributors


Ad server:

DoubleClick
for Publishers by Google


Supply side platform:

DoubleClick
Ad Exchange by Google


Ad network:

Google AdSense

Mobile apps monetization:

AdMob by Google


Ad exchange:

DoubleClick
Ad Exchange by Google

Premium programmatic video marketplace:


Google partner select

Content distribution partner:



YouTube

For advertisers & agencies


Digital marketing platform:

DoubleClick
Digital Marketing by Google


Ad creative:

DoubleClick
Studio by Google Google Web Designer


Demand side platform:

DoubleClick
Bid Manager by Google


Ad server:

DoubleClick
Campaign Manager by Google

Ad exchange:

DoubleClick
Ad Exchange by Google


Ad network:

Google Ads


Premium programmatic video marketplace:

Google partner select

Media partner:

YouTube

Attribution solution:

Google Attribution 360