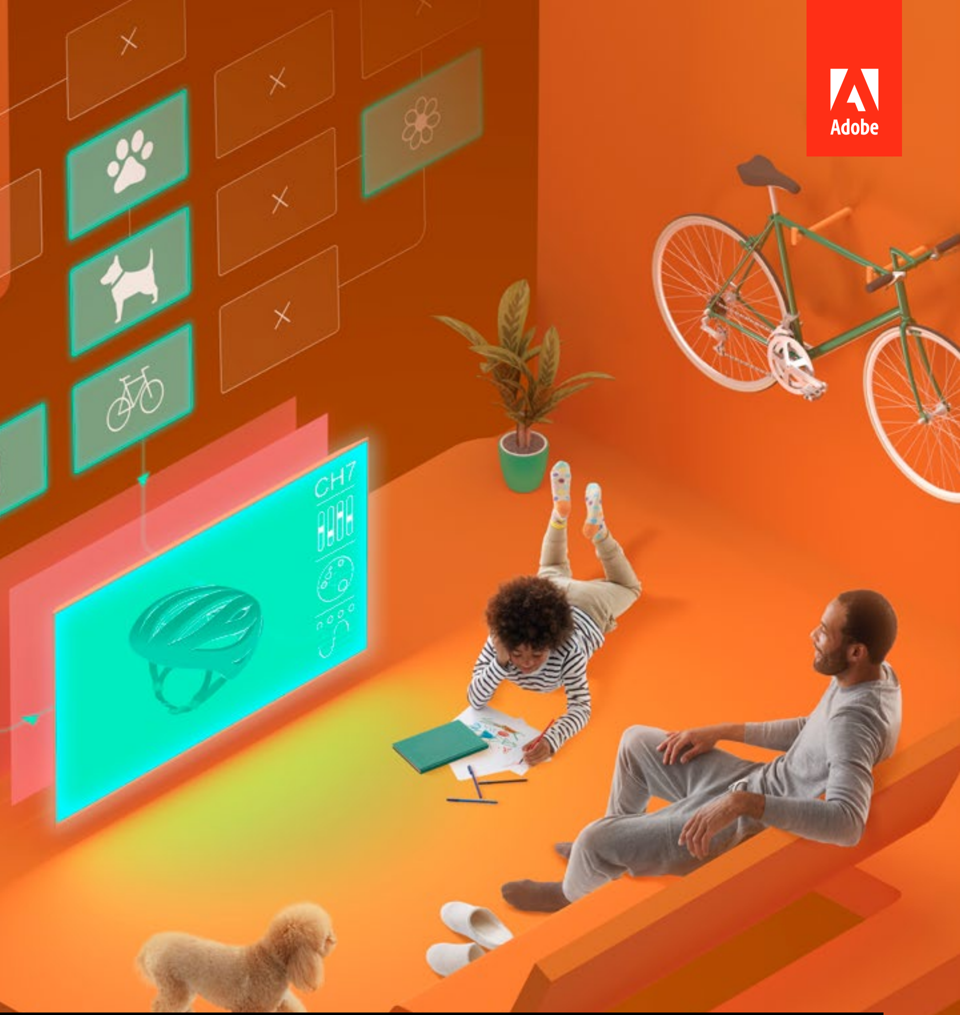

An advertiser's guide to *data-driven, advanced TV.*

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Reports of TV's death have been *greatly exaggerated.*

Every few years, a tweet or Facebook post will proclaim the death of a once-beloved celebrity—only for that celebrity to pop up and dispel rumors of their passing. In the world of advertising, linear television, like these celebs, has been prematurely given its last rites by industry experts.

TV is far from dead. It's quite the opposite as it's experiencing renewed youth—so it's brimming with confidence and embracing a new chapter in its development. It's all coming from the influence of the digital world. There are seismic changes transforming the TV sector, but those changes are also causing many challenges.

There's confusion over which solutions can offer the most effective audience reach. "There are threats to all sectors of traditional advertising as new forms of media consumption spring up in lock step with emerging technologies." Meanwhile, opportunists try to cash in on their backgrounds in programmatic and ad tech by pitching their wares as "advanced" or "data-driven" in a bid to take advantage during this next great revolution in the media industry.

With this backdrop, join us as we take a look at both technology and emerging audience behaviors with first-hand insights from top media professionals. And explore the fast-developing data-driven, advanced TV media practice—a discipline borne out of the fusion of traditional TV media planning and buying with advancements in audience targeting and campaign measurement.

Glossary of modern TV terms.

Addressable TV advertising: *The ability to target households with different ads across linear TV by leveraging data from set-top boxes.*

Connected TV: *Any TV that can be connected to the internet and access content beyond what is available via the normal offering from a cable provider. .*

GRP (gross rating point): *The standard currency employed since the 1950s by broadcast TV to plan, trade, and measure ads. GRPs are calculated as a percentage of the target market reached multiplied by the exposure frequency.*

Linear TV: *Live television that broadcasts programs, conventionally over the air, or through satellite/cable. Nearly all broadcast television services count as linear TV.*

MVPD (multi-channel video programming distributor): *A content supplier who makes multiple channels of video programming (e.g., Verizon, AT&T) available for purchase by subscribers or customers.*

OTT (over-the-top): *Any app or website that provides streaming broadcast or full episode player video content over the internet and bypasses traditional distribution, regardless of screen. Examples include Netflix, Hulu, and Amazon Prime Video.*

VOD (video on demand): *Instant access to TV content via on-demand TV offerings from a pay TV provider. Often available either through a set-top-box or desktop and mobile devices. Examples include Sling TV, CBS All Access, and DirecTV Now.*

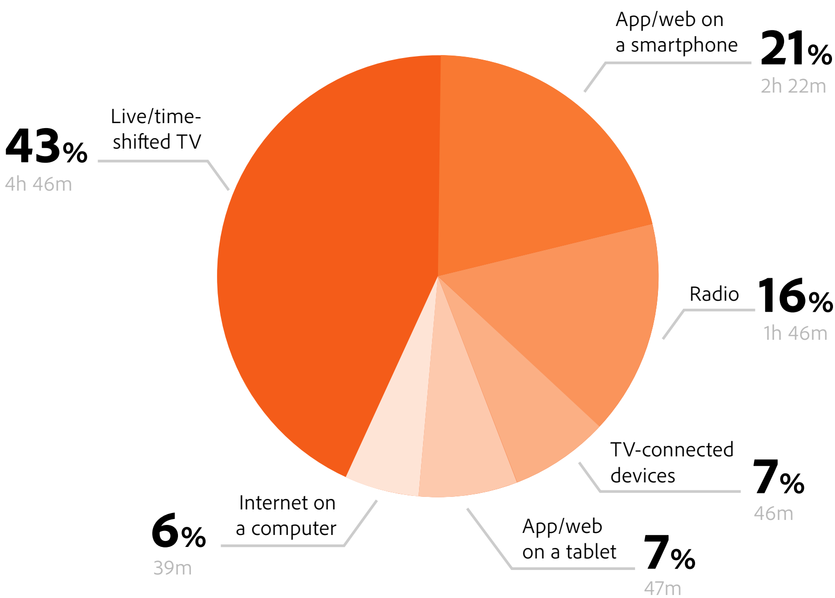
TV advertising is at a *crossroads.*

Since its inception in the 1940s, TV has enjoyed a long period as *the* premium environment for advertisers to reach audiences at scale—a place where companies can impact culture, build their brand, and influence consumer purchase behavior.

A 2018 report by Nielsen indicates that traditional forms of media are still popular with U.S. audiences, despite the increased popularity of non-ad supported content platforms like Netflix. According to a 2018 report by Nielsen, live and time-shifted TV viewing still form a significant percentage of time spent consuming video or TV-like content.

Based on Nielsen's findings, such cornerstone media platforms continue to reach 88 percent of U.S. audiences, **with live and time-shifted television** accounting for a majority of media consumption for adults (aged 18 years old and above). On average, **4 hours and 46 minutes** of time was being spent on these platforms daily during Q1 2018, solidifying TV's position as the leading media platform in the U.S.

Share of daily time spent by platform.
Adults aged 18+, Q1 2018.



Source: Nielsen

TV ad targeting is still miles behind digital media.

Even with TV as the premium environment, TV advertisers in 2019 still employ the same planning and buying tactics they have used for decades:

- Relying on spreadsheets, phone calls, and emails to make purchases.
- Buying inventory they don't need or want.
- Working without tools to control or manage frequency capping.

From the other side, the TV viewing experience also lags behind. Ad-supported TV experiences in 2019 is not very different than 2009 or 1989. There's little effort to improve the viewing experience as networks deliver these less-than-optimal experiences:

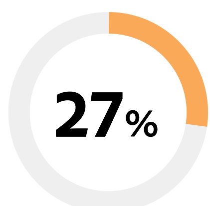
1. Heavy ad loads
2. Countless irrelevant ads

As seen with digital platforms and devices, a poor consumer experience results in audiences turning away—with the rise of ad blockers being a clear sign. If TV advertisers continue to pollute the ad-supported TV experience at a time when ad-free options abound, viewers will find alternative ways to consume TV content.

The problem is getting worse, not better.

2018–19 TV ratings are sliding down.

Source: [Rich Greenfield]



27% of demographically desirable viewers are disappearing.

Source: [AdAge]

Modern ad-supported TV is facing steep competition from the alternatives—and those alternatives will continue to be more attractive unless ad-supported TV makes some changes. Media giants like NBCUniversal and Fox seem to recognize a problem as they pledge to reduce ad load on linear TV and video on demand.

These are steps in the right direction, but overall change is happening far too slowly. Practice is not matching rhetoric. In fact, MediaPost, citing UBS, reported back in December that ad clutter had reached an all-time high.

Former Fox executive David Levy put it this way during a recent Advertising Week panel: "When you go home at night, I want to make sure that the Netflix show and the Fox show are comparable to you [the viewer], and that advertising isn't changing your mind one way or another."

The streaming and linear TV experiences are not even close to comparable today. Simply chasing gross rating points (GRPs) in this age of increased competition for audience viewership is a costly mistake that can lead to wasted budget that also risks brand equity. That's why it's so urgent for us to change the TV ad model.

"When you look at the amount of people that are turning to non-ad supported services such as Netflix, it's evidence that the industry is not paying enough attention to the viewer experience when it comes to ads," says Todd Gordon, director of TV for Adobe Advertising Cloud. Now that brands know more about their customers than ever before, the level of precision marketers attain with digital can now apply to the evaluation and purchasing of TV.

Data-driven, advanced TV is the *key*.

Marketing has been transformed by data and technology over the past decade and according to Martech Today, this trend is amplifying. In 2018, billions of dollars were spent on merger and acquisition deals in the martech sector. And eMarketer reports that the majority of CMOs say they plan to spend more on marketing technology in the coming years.

Meanwhile, data privacy regulations and risk concerns are growing, which in turn is causing brands to truly understand and own responsibility for their data usage. They're becoming obsessed with getting, owning, and using first-party data. And hundreds of direct-to-consumer startups have built their business by employing "closed-loop" marketing primarily on social media platforms.

Digital marketers know more about their target audiences than ever before. They're tracking real-time responses to your ads across digital media. And they don't need to guess who their customers are—they see them visit their websites, peruse digital storefronts, and respond to their emails. Because of this information, they can adjust as fast as media targets change.

But historically, when it comes to TV ad targeting, the data you use to reach these audiences represents a given moment in time—and it's stale almost right away.

It doesn't need to be this way.

TV advertising can be automated and precise right now. But first, brands must overcome antiquated data and legacy processes. Let's think for a minute about the data sources most brands use when they plan and buy TV. For example, you might use media planning software that employs a mix of average viewership for a demographic on various networks over a certain period of time. That gets crunched together to calculate an estimated reach and frequency.

Not only is that data estimated, it often comes from a mix of panels and diaries. Plus, these TV ad tactics are essentially buying ads in a vacuum. They end up disregarding the interconnections between other advertising and marketing efforts. They act as if TV is the only medium on which a brand is running an ad at a given time.

That's not how modern marketing works.

By embracing data-driven practices, the TV industry can maintain relevance and reinforce its position as the number-one brand-building tool in an advertiser's arsenal.

In more advanced TV campaigns, a brand might employ richer sources of data, like their first-party data, in order to run targeted campaigns to go beyond reaching women 18–49, for instance, to reaching women who have interacted with your brand online, purchased a product, or even interacted with a competitor. All data that is available to a brand and gets in digital campaigns on a daily basis has yet to make the transition into TV.

Personalizing TV ad experiences through data.

"Protecting user privacy is vital," says Sean Robertson, GM of programmatic and addressable at DISH. "At DISH Media, we use trusted third parties to aggregate and anonymize audience data, before the buy-side of the industry can utilize it for targeted advertising. We use Adobe's data management platform to help organize and prioritize the audience data. When you use the right software platforms and have a wealth of first-party data to offer, you find that it's much easier for the buy-side to execute against."

"Media owners will always need great content but what makes the upfront different now compared to years ago is that programmers have to show that they have unique audience data to execute upon," adds Gordon.

In practical terms, it also means that delivering value to audiences can take center stage of discussions when media owners and buyers meet to negotiate trading deals.

Such developments let TV buyers move beyond previous targeting restrictions. Now, they can automate media plans in premium environments using attributes like credit card and footfall data—so buying teams can now offer advertisers opportunities on par with traditional digital media providers.

"The world has become a very complicated place, but as long as content still appeals to large amounts of people there is a chance for ad supported TV," concludes Gordon. "There are a lot of people and companies out there that have the vision for a better TV experience."

Embracing automation.

As the TV media industry lags behind online media trading, there are moves to modernize how ad spots on TV are targeted, delivered, and measured. In early 2017, a consortium of television publishers consisting of Fox, Viacom, and Turner launched the first broadcaster-led initiative for cross-publisher audience targeting and independent measurement. They became known as

"I think TV is getting better and better and closer to becoming even more nimble, just like digital. Collaborations such as this can break down the barriers between TV and digital and help media buyers more consistently analyze the effectiveness of their brand and performance campaigns."

Todd Gordon
Director of TV, Adobe Advertising Cloud

OpenAP. Today, buyers can onboard their data to the OpenAP system, define audience viewership against the audience graph that the respective participants have, and subsequently measure performance.

NBCUniversal is a pioneer in this area and took it a step further by offering advertisers the ability to programmatically access their inventory via software. This gave advertisers more control than ever before and removed the need to settle for less-desirable ad packages. You can actually buy the ad inventory you want, as needed without having to take any ad inventory you don't as part of "just doing business" in TV.

Companies like Clypd and Cadent give media owners like Fox and A&E APIs to integrate their systems in order to offer advertisers a live view of their inventory, transaction of orders, and receipt of reporting data. For TV advertising, that level of control is revolutionary. And as an industry we're just scratching the surface.

The new age of data-driven, advanced TV is one of the cornerstones of Adobe Advertising Cloud TV. Since the launch of the product in late 2014, we've been focused on using data and automation to bring greater precision and accountability to TV advertising. As one of the first partners to launch with NBCUniversal, we have been on the forefront of integrating data and automated inventory partnerships.

Last year, we announced a series of integrations with planning and measurement providers to help media buyers measure the effectiveness of TV advertising purchases. This includes the integration of Nielsen Nation TV Ratings, which means that advertisers can use the software platform to better inform the planning and measurement of their TV ad purchases.

Q&A: Ben Jankowski

Group Head, Global Media, Mastercard

Q: What is the current state of TV advertising?

A: We still need scale and more adoption of connected TV on the part of the general consumer before we can embrace advanced or connected TV in its entirety. As smart TVs and non-linear viewing solutions become more prevalent in American households, so too will the inclusion of connected TV ad buys become more common in advertiser's campaigns.

Q: What's the most important thing about addressable TV?

A: The most important thing about understanding addressable TV is understanding how adoption of the format differs so vastly country-by-country, market-by-market. You can't just take a one-size-fits-all approach globally as technology adoption and capabilities vary so much depending on where you are and who you are marketing to. Depending upon the country I am marketing in, it's a case of matching ad buys to mirror consumer behavior.

In some countries, linear TV viewing figures are still high. There is a misconception that absolute ratings are down and that the absolute amount of time that people are viewing TV is also down in every country globally, but this very much differs depending on where you are. It's not like linear TV viewing figures have fallen off a cliff—even in the U.S. the format remains important and can't just be abandoned overnight.

Linear TV hasn't completely been replaced by advanced or connected TV. In fact, we often see that households with advanced or connected TV access maintain linear TV viewing habits in order to maintain access to things such as live sporting events or time-specific broadcasts and event viewing. In the United States, there's a seemingly infinite amount of video supply from a supplier standpoint. As marketers, we have to figure out how to find the best partners—and that can be on linear TV, via connected TV, or a combination of the two. It shouldn't be an either/or decision—especially in global campaign planning where some markets may not have the technology in place to allow for secure and effective connected TV ad buying.

Q: What are your thoughts on TV measurement?

A: Everybody's got different standards and different measurements. The challenge for me is wading through each platform's points of differentiation and cutting through their language to create the common currency that I am basing my campaign activity on.

But when it comes time for me and my team to make ad buy decisions, it's a challenge. We need to bring everything together into a common currency. We desperately need that and we're not there yet—which I find completely frustrating as the solutions should be easy to implement.

The obstacles ahead for *data-driven, advanced* TV.

A tough transition.

For practitioners entrenched in day-to-day operations of TV ad buying, the possibilities posed by data-driven, advanced TV advertising may seem unfathomable. “There are always going to be skeptics in any industry going through change,” says Jes Santoro, head of sales for Adobe Advertising Cloud TV. “And the hardest sell is often convincing the industry that opportunities are actually there.”

Many in the industry acknowledge a historic complacency among executives in the industry. Today, the majority of TV media planning and buying is still performed on a manual basis. This means that planning teams operate separately from buying teams. Despite widespread awareness of the inevitable need for cross-platform campaigns, digital practitioners are far removed from their peers in planning teams. This is largely a result of people following traditional ways of working, as well as the not always justifiable concerns of certain parties about the potential commoditization of their business.

Another barrier is that the buy-side of the sector also has fewer progressive elements. The fact is, the core of many holding group companies’ business models rests on the traditional bulk-buying model and its collective bargaining power. Any deviation from such a model requires companies to rethink their entire operational model.

Besides this, the likely price inflation involved with infusing media with data-led audience insights and the pain points involved with such a transition are clear. According to Patrick Rubin, head of TV partnerships at Adobe, this could potentially prove disruptive to the upfront cycle that has been at the center of how TV ads have been bought and sold on a national level.

The question of associated start-up costs when it comes to the shift to internet-based ad delivery requires support from the upper echelons of an organization on both the buy and sell side of the market. Even with the backing of senior management there are difficulties in sourcing, training, and budgeting for the staff with the necessary skillset to start up and maintain a data-led practice.

Both sides of the industry find themselves in competition with the scaled multinational players of Silicon Valley. Sourcing the trained and educated staff needed to develop data-driven software is an expensive task, especially when battling the lucrative packages offered by technology players both inside and outside the industry.

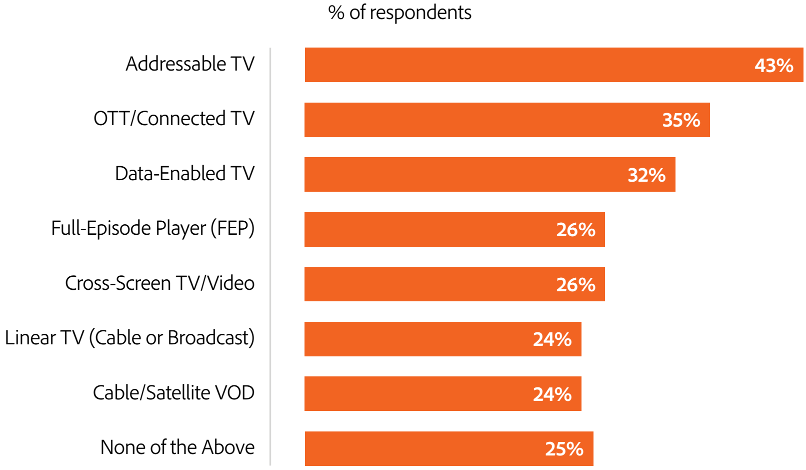
“While I do think we are at a tipping point in our industry, I understand why there are elements of hesitancy,” claims Gordon.

Lack of uniformity.

Historically, TV ad campaigns were planned, bought, and measured using Nielsen national panel ratings consisting of demographic age and gender data. When it came to evaluating ad campaigns, there used to be an accepted mystery to TV. As a marketer, you were pretty sure it worked, but you didn't know how.

To help remove that blind spot for advertisers, NBCUniversal created an open-source, unified advertising metric called CFlight to measure all live, on-demand, and time-shifted commercial impressions on every viewing platform. Similarly, companies like our partners TVSquared, Nielsen, Experian, Placed, and Cuebiq have also created their own measurement solutions for TV advertising.

Where lack of uniform measurement is holding back spending.



Source: eMarketer

The abundance of new measurement options comes with a host of challenges. The friction of multiple vendors, multiple types of attribution, and a lack of unified measurement model has, in turn, made advertisers less likely to invest in new types of TV advertising.

43%

Up to 43% of marketers and agencies say a **lack of uniform measurement** is keeping them from spending on addressable, OTT/connected, and data-enabled TV.

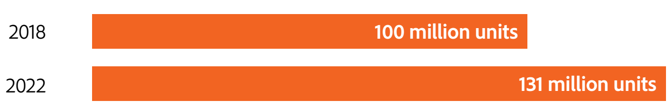
Source: eMarketer

Some may assert that an industry that moves from a single standardized currency to one of many will pose headaches. But according to Jodie McAfee, SVP of sales and marketing at Inscape, the concept of a primary currency is an outdated notion. “I don’t think we’re going to see one winner in ‘the currency wars’ per se,” he says. “What we’ll see is a number of options in the market and different buyers will use them for different types of guarantees.”

Measurement is speeding up—and getting *smarter*.

For decades, Nielsen's panel-based offering has been the basis of TV measurement. But with the demand for greater accountability in TV, the shift from demo-based guarantees to business outcomes has become a growing realization for TV broadcasters. As we mentioned earlier, NBCUniversal has begun to make the shift along with A&E. And while the industry has not completely moved away from Nielsen ratings, this shift highlights the growing demand for greater accountability in TV.

This trend can also be attributed to the increased penetration of smart TVs. According to Parks Associates, smart TVs are forecast to increase from 100 million unit sales in 2018 to 131 million globally by 2022.



Source: Parks Associates

Smart TVs, in partnership with data providers like Inscape, offer automatic content recognition—the ability to access and collect viewing data. Using that viewing data and smart TV identifiers, technology solutions like

Adobe Advertising Cloud TV can match viewership data to real measures of impact, like online conversions, brand lift, and in-store sales.

Developments like these represent a fundamental shift in philosophy that will help scale the process of turning data into actionable insights, according to Santoro. “Prior to this, when the industry was using panel data you wouldn’t get feedback until weeks later,” he says. “Now we are moving much faster as an industry.”

In addition to smart TV data, choosing a partner that has access and expertise across multiple attribution partners can help marketers move from “a single currency that rules all” mindset to a mindset that focuses on matching the right TV strategy to the right business objective. Shifting the complexity of measurement into an opportunity to get a holistic view of consumers and mirror the attribution tactics of digital.

According to Rubin, any such proliferation of standards underlines the need to work with open software providers that can help harness fragmentation. “Ultimately, all of these schemes are about reaching audiences effectively,” he says. “So, when you have multiple touchpoints, you need a holistic solution to actually help measure ROI.”

As measurement capabilities improve in the future, the media industry will look to prove to marketers that they are driving actual business results. This will require working with full-suite marketing platform providers that can offer measurement and analytics services that operate independently of partners whose own business models rely on the sale of media.

“The future of TV is going to be much different from the old, black-box service model,” says Gordon. “Marketers have been vocal about wanting more flexibility for years, and the future won't involve logging in to several platforms. It will all be about convenience, ease-of-use, flexibility, and targeting that drive measurable results."

TV can be just like digital. And much, much better.

The more steps the TV industry takes toward adopting data and software to improve buying, selling, and targeting, the more it can borrow the strengths of digital advertising. This will lead TV to delivering the right ad at the right time with tracking to see if that ad had a direct impact. Such capabilities become even more pronounced when TV is delivered over the internet.

And because of the nature of TV advertising, it can avoid so many of the ills that have befallen online advertising. For example, because TV is a more closed ecosystem, it can escape the assortment of problems that have befallen display advertising, from fraud to pop-ups to non-viewable experiences.

More importantly, TV has something that digital advertising can never replicate—it's TV.

There's still nothing as powerful as the full screen, sight, sound, and motion storytelling of a great TV ad. And that, coupled with the fact that TV can still deliver mass audiences in a timely fashion, often overnight, makes TV the most potent of ad vehicles. Combine these qualities with the precision and automation of digital media—and the potential of the medium skyrockets.

Take bold steps toward data-driven, advanced TV.

If nothing else, you should take the time needed to figure out how well your campaigns are doing in terms of reaching their desired audiences and how much of your data you actually use to plan, buy, and measure the impact. Too many brands don't take advantage of their most critical asset—their first-party data.

And while the TV ad industry's infrastructure needs a significant overhaul to reach its true potential, that doesn't mean you can't move fast now. The conventional wisdom is that TV continues to fall too far behind digital media when it comes to analytics and attribution. That's not true. TV is more digital than you think.

The future of ad-supported TV is hard to foretell and TV advertising as we know it could disappear. But the billion dollar-plus TV ad marketing isn't going to evaporate. It's going to transform and attract new ad customers. There's nothing like the power of TV advertising. For sheer branding and storytelling power, TV wins every time.

Working toward a *brighter future*.

To get to a brighter tomorrow, marketers need TV advertising to work. So do content producers. There is still a massive opportunity right in front of us. An opportunity to keep TV ads around—and make them better.

With [Adobe Advertising Cloud TV](), you can start taking steps toward automation and data-driven TV planning, buying, and measurement. It helps you make smarter TV buying decisions, deliver precision against your audiences, and increase the impact of your TV advertising cross-screen and cross-channel integrations, with unique differentiators in linear TV.

Using Adobe Advertising Cloud TV software, you have access to inventory on hundreds of channels. This includes everything from linear TV to addressable TV to connected TV. Our independent ad platform helps brands reach over 100 million U.S. households, allowing access to over 30,000 data attributes for targeting purposes. In short, your TV buying can become smarter instantly.

In a single dashboard, you can tap into all channels for holistic planning, buying, managing, and optimizing—including premium and private inventory deals across national, local, VOD, and addressable TV campaigns while leveraging deeper audience data to efficiently reach consumers.

It's time to create incredible, smarter TV ad experiences.

Learn more about Advertising Cloud TV

Contact us to learn more about Advertising Cloud TV

About Adobe Advertising Cloud

Part of Adobe Experience Cloud, Adobe Advertising Cloud is the industry's first end-to-end, independent platform for managing connected experiences in advertising across traditional TV and digital formats. By focusing on brand safety, improving transparency, and leveraging the full power of Adobe Creative Cloud and Adobe Experience Cloud, our platform enables advertisers to gain greater control of their global advertising spend and achieve their business objectives. The platform already manages over $3 billion in annualized ad spend on behalf of more than 1,000 global clients, including Allstate, Ford, Johnson & Johnson, Kraft, Liberty Mutual, L'Oréal, MGM, Nickelodeon, and Southwest Airlines.

Learn more about Adobe Advertising Cloud

About Adobe Experience Cloud

Adobe is reimagining customer experience management (CXM) with Adobe Experience Cloud, the industry's only comprehensive solution for experience creation, marketing, advertising, analytics, and commerce. Unlike legacy enterprise platforms with static, siloed customer profiles, Adobe Experience Cloud helps companies deliver consistent, continuous, and compelling experiences across customer touchpoints and channels—all while accelerating business growth. Industry analysts have named Adobe a Leader in over 20 major reports focused on experience—more than any other technology company.

Learn more about Adobe Experience Cloud

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