



Enabling new advertising currencies

As the lines blur between linear and digital media, advertisers are developing new currencies to better understand and target consumers. Audiences are fragmenting across video platforms – from live TV to time-shifted and connected TV (over-the-top video, streaming media players, connected digital video recorders), and from desktop to mobile and immersive videos (augmented reality (AR), virtual reality (VR) and wearables). With this fragmentation, advertising models are also evolving new forms, including programmatic, native, vertical, 360 degree and addressable ads. Audience measurement – the key piece in the puzzle and critical to understanding consumers – has become more complex and continues to lag.

Measuring the pixels

Global digital advertising is expected to add over US\$150 billion in the next five years but billions of dollars could be left on the table.¹ The multiplicity of technologies, formats, vendors and standards add complexity and confusion to the marketplace; there is further cause for concern in relation to click fraud, invalid traffic, transparency, brand safety and even ad blocking.

Given this backdrop, what is the best way to accurately track audience viewership patterns? The answer lies in capturing the unprecedented amount of audience data across digital touch points. To make the leap in audience measurement, different products and methodologies must converge to provide consistent, comparable and scalable measurement avenues. Of late, there have been concrete developments to measure audience behavior. Access to viewership patterns from set-top box data, online shopping behavior and mobile tracking have enabled TV networks to create unique audience personas and roll out their own measurement products. Other encouraging developments include the pooling of TV inventory across networks and efforts by measurement companies to track cross-platform audiences.

Will TV networks be able to bring efficiencies of digital to linear, at scale?

Although almost all growth in advertising is accruing to the dominant digital advertising duopoly, linear television still absolutely matters. To move the TV industry beyond planning and buying based on conventional demographics, bold, industry-wide partnering (informal arrangements or perhaps via a structured approach underpinned by formal agreements) on both the buy and sell side is required. A single, unified currency across digital and linear is not feasible but it is important for the cross-platform metrics to be closer substitutes and comparable. It will also require a willingness to contemplate more dramatic options, such as blockchain.

Over the next year, we expect more advances in the standardization of metrics, cross-device video consumption tracking and more accurate linking of offline behavior to digital activity. These need to be balanced with growing concerns for consumer privacy. The end goal is to provide advertising experiences that are non-intrusive, measurable and relevant, yet do not spook consumers.

Collaborate to dominate?

Share of technology companies in US digital advertising is over 80%, excluding traffic acquisition costs and partner payments.² Media and entertainment (M&E) companies need to strike partnerships, not just with technology companies but with telecom firms (with access to first-party subscriber data) to unlock hidden value in audience data. Broad collaboration is needed to iron out measurement deficiencies. Even brands are willing to pool in their data from digital and in-store behavior to glean rich insights and target granularly on linear TV. Similarly, data vendors and technology companies are best positioned to offer advanced probabilistic models leveraging their analytic capabilities to improve online-to-offline attribution.

Without progress in audience measurement, the advertising side of the M&E value chain will remain under-exploited.

¹ "Digital Ad Spending Worldwide," eMarketer, September 2018.

² "Rethinking antitrust's role in digital advertising competition," SNL Financial, 28 November 2017.



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