



egta insight

ADVANCES IN AUDIENCE BUYING:
OVERVIEW OF AN INDUSTRY TREND

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The background of the entire page is an abstract digital composition. It features a dense field of magenta and cyan lines that curve and flow across the frame, creating a sense of motion and depth. In the lower right foreground, there is a black silhouette of a person walking towards the left. The overall aesthetic is futuristic and high-tech.

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INTRODUCTION

It can be hard for companies to know which technologies to look into and invest in when it comes to buzzwords such as Blockchain, ACR, programmatic, OTT/VOD and more. But it may not be a change in technology that the industry needs. It could be a change in the way that advertising campaigns are sold and bought.

For the past few decades, the process of buying TV ads has very much remained the same. In the US, companies buy most of their ads at the upfronts, when the networks announce their new line-ups and sell their inventory, as far as one and a half years in advance of when programmes air.

Buying decisions by advertisers and agencies are traditionally made on the premise that they have access to basic audience characteristics from TAM (*Television Audience Measurement* – such as age, gender, household income, ...) and predictions of TV channels performance (content plans, GRPs forecasts, affinities with key audiences) to estimate the volume of inventory they will need to book in order to achieve their media targets within selected audiences.

Recently, however, there has been increased pressure on the TV industry to introduce solutions to plan and report TV campaigns based on enriched TAM data and advanced audiences, both pre-defined and customised.

In short, audience-based buying can be defined as an approach to the linear TV planning and buying of customised target audience segments, which are based on additional data sets compared to standard TAM-based audience profiles.

Audience-based campaigns are optimised for audience attributes which are wider than (though may include) age, gender, income and geography. Such additional attributes are typically consumption habits, purchase history and intentions, ownership of specific goods (e.g. car), affiliation to specific

customer group (e.g. Walmart shoppers).

Advertisers are keen to align their video advertising buying practices across all key platforms, including TV. They want: a holistic view of audiences with data-driven targeting, easy buying and swift detailed post-reports as well as near real-time campaign management.

However, there are several important barriers to overcome and tech challenges to solve on the way. Among the main business barriers for advanced audience buying are the industry's inertia, lack of standards and reluctance among advertising agencies to refine the existing business processes and trading practices. Among the major tech challenges are existing audience measurement systems, data enrichment techniques and ad attribution models.

As it is ega's role to lead the way through the collection, analysis and dissemination of know-how, innovation and best practice among member companies, we set out to provide an overview of advanced audience-based buying of TV inventory.

This includes its potential advantages, barriers to implementation and the current state of the topic with a strong focus on the US market where this practice is currently more developed and more European examples.

The main objectives of this publication are first to clearly define what advanced audience buying in the context of TV is, and secondly, to outline potential directions for the future development of audience buying with regards to building a business case and overcoming barriers.

The introduction addresses the expectations of advertisers with regards to TV and video buying. More specifically, their outlook on better targeting, audience segmentation and ad effectiveness tracking. Next to this, it outlines the current definitions in the various markets when it comes to addressable and audience buying.

Part 1 digs deeper into how the current TV buying model works and how adding additional layers of data to audience planning will impact this process.

Part 2 addresses the advantages and pitfalls of audience-based buying for each party involved – advertisers, agencies and broadcasters.

The **third part** examines in detail *OpenAP*, the television industry's first open platform for cross-publisher audience targeting and independent posting, outlining the advantages and future roadmap.

Part 4 deals with building a business case and selling advanced audience buying to the market, the barriers which need to be addressed.

The main strategies and tactics to overcome these barriers are addressed in **Part 5**.

The **final part** outlines three subsequent practices/ examples showcasing where advancements on audience targeting and buying have been made in Canada and Europe.

We hope egta's examination and analysis, combined with various insightful cases, will offer inspiration to readers and support sales houses in their audience buying endeavours.

The egta team



SIMPLICITY
IS THE KEY TO
BRILLIANCE

SETTING THE STAGE

a. The expectations of advertisers with regards to audience buying

For an advertiser, reaching the right audience can be a daunting task. In today's fast-paced society, consumers are constantly connected and inundated with commercial messages. To reach the consumers that matter most, brands need to look beyond what content consumers are watching and pinpoint with needle precision the relevant audience.

Advertisers can get inventory anywhere, but now, it is really about the quality of the audience and the value that the inventory can provide.

Several elements have acted as a catalyst for the advancement of audience buying: the industry's acknowledgement that the old model of using the age/gender attributes is not optimal, and the growing pressure to align with digital advertising, matching their targeting and tracking capabilities.

Now the data exists to fuel audience buying (e.g. data fusion, single source), as does the data science to produce more granular estimates and scale against audiences.

Likewise, agencies and media companies are well along in terms of building data stacks and the systems for inventory management have become more sophisticated.

The expectations of advertisers with regards to TV and video buying are therefore high, but clear: they seek a more holistic approach with better targeting, audience segmentation, tracking of effectiveness and the means to make it happen: sales tools to plan, buy, book and measure all video formats in a comparable way.

b. Addressable vs audience buying

With the advancement of advertising technology and the rapid succession of innovations in our industry comes the introduction of new vocabulary and terminology to aptly describe these evolutions. While some concepts and terminology may be widely accepted in certain markets, the challenge remains to have clear definitions adopted not only by select markets but by the entire industry, leaving no room for confusion.

The concept of audience-based buying is tightly linked with that of addressable TV, at least in Europe, where commercial offers defined by sales houses as being audience-based are very limited.

With rare exceptions (such as TF1's One Data in France), most European broadcasters would only be discussing the idea of segmenting audiences and using new data sets to define specific groups in the context of addressable TV or targeted TV. SBS in Belgium and Mediaset in Italy for example already apply audience segmentation for their addressable campaigns.

The challenging part, however, is that even the concept of addressable TV is not yet clearly defined. Different markets interpret it differently according to the reality they operate in. This is also the case for OTT and VOD (see egta's publication [*VOD & OTT services Part 01: Maximising the monetisation opportunities for broadcasters*](#) for more information on this topic).

The most encompassing definition is likely the one adopted by the Video Advertising Bureau in the US as it doesn't differentiate devices:

Addressable TV Advertising refers to the use of technologies to enable advertisers to selectively deliver ads to individual households via cable, satellite, and Internet Protocol television (IPTV) delivery systems and set-top boxes (STBs). Delivery is based on a defined audience-target developed through first-, second-, and/or third-party data. Segmentation can

occur at geographic, demographic, behavioural and data-matched household levels. Under this method, the advertiser buys a specific audience, not individual networks or programs, and ads can be delivered in either live, linear TV or VOD environments. In summary, Addressable TV is a means of delivering the right ad to the right person by combining the scale of television with the targeting precision and measurement capabilities of 'one-to-one' marketing.¹

In Europe, it is still unclear whether the stamp addressable TV (or ATV) can only be applied to systems such as AdSmart in the UK², where the ad is replaced in a linear broadcast. Thanks to a set-top box, a given group can be shown creative ad A, while another group sees ad B, seamlessly on linear TV.

Under this definition, only a few European broadcasters would currently be capable of addressable TV: Sky in the UK and SBS in Belgium³ – two markets where the set-top box penetration is high – and United Group, a leading multi-play telecoms and media provider in South East Europe.

United Media, the content division of the Pan-European *United Group* launched the VIDA platform (Video Dynamic Advertising) in September 2019 making addressable advertising available via its EON platform on the United Media portfolio channels: Idj, Cinemania, Sport Club, Nova S and more.⁴

For other markets, where set-top boxes play a less important role, such as Italy, Austria or Germany, broadcasters define addressable TV as a connected TV ecosystem – usually HbbTV. HbbTV is both an industry standard and promotional initiative for hybrid digital TV to harmonise the broadcast, IPTV,

and broadband delivery of entertainment to the end consumer through connected TVs (smart TVs) and set-top boxes.

That is how sales houses in these three markets (RTL, Publitalia, SevenOne Media) sell their addressable TV offer, which mostly consists of L-shaped overlays both on linear and non-linear content.

Similarly, some markets, such as Denmark, consider Dynamic Ad Insertion (DAI) on their VOD platforms as addressable TV too, while it can be argued that targeting audiences on online video platforms has always been possible and easy to do.

While the landscape evolves and the industry slowly moves towards a clearer definition, the concepts of addressable TV or targeted TV are likely to be used in a broad sense to define this innovation of going beyond age and gender, which is also true for the concept of audience-based buying.

Industry experts see an evolution where eventually networks will be managing 4 different types of inventory:

1. Traditional linear TV sold and planned on age/gender.
2. Traditional linear TV sold and planned on audience. Still one-to-many delivery, using data to optimise against the audience target. Spots are sold to an advertiser.
3. Addressable TV to the set top box, using MVPD systems.⁵ One-to-one delivery, impressions are sold to an advertiser.
4. Connected TV/OTT/Digital Video to the device

1 *How Addressable TV Delivers Full-Funnel Outcome*, VAB, <https://thevab.com/storage/app/media/insights/reports/Address-For-Success/Address-For-Success.pdf>.

2 *AdSmart website*, Sky, <https://www.adsmartfromsky.co.uk/>.

3 *Smart AD website*, SBS, <https://www.sbsbelgium.be/adverteren/sbs-smart-ad>.

4 *United Media presents VIDA – addressable advertising project*, Sept 2019, <http://www.unitedmedia.net/united-media-presents-vida-addressable-advertising-project/>.

5 *MVPD stands for multichannel video programming distributor – a service that provides multiple television channels.*

(TV, PC, phone), using digital systems. This will include addressability through the TV manufacturers, network apps on a smart TV or internet connected device. One-to-one delivery, impressions are sold to an advertiser.

The distinction between #3 and #4 is the device and the data matching (i.e. names and addresses used for #3, Device IDs or Router IDs used for #4).

PART 1: THE CONCEPT OF ADVANCED AUDIENCE BUYING

a. A brief overview of how most of the TV inventory is sold today

Historically, TV advertising planning, buying and reporting practices were developed with TAM data at their core and therefore the only audience attributes available from TAMs were (and still are) part of TV currencies. Due to the sample-based nature of all existing TAM panels and strict requirements of representativeness and stability of data, only fundamental, unified and verifiable demographic characteristics of TV viewers are available for campaign management – age, gender, type of household, income, and in some markets also basic location data (zip code, region, type of city, etc).

For decades, the TV advertising ecosystem has been dealing with a stable, standard and transparent set of audience attributes and has based its inventory forecasts, pricing and post reports on metrics of GRPs or TRPs for a specific set of narrow audiences. In any case, all audience buying has been based on a combination of data available from TAM – dayparts, timeslots, ratings, age, gender and affinity indexes.

While the sell-side is operating mainly with age/gender-based audiences, due to the limitations of existing TAMs, the buy-side usually has a richer

view of its target audience. For years, marketers have been building profiles of their existing and potential customers using various combinations of retail consumers data, quantitative and qualitative marketing research, consumer panels, first- and third-party online data, statistical analysis and business intelligence analytics.

As a result of such disproportion in terms of available attributes, the planning, analysis and optimising of a TV campaign has always been a process of zooming out in terms of the audience's profiles and a reduction with regards to the targeting attributes (see illustration on the next page).

However, until recently, the TV age/gender audience buying model worked quite well. It still does for most traditional TV advertisers and their agencies, who have developed sophisticated TV planning and forecasting models to effectively plan campaigns based on available data and a rich historical basis of GRPs, TRPs, affinity indexes and Share of Voice delivered in combination with their own ROI data and modelling.

The majority of legacy TV advertisers advertise mass-market products and services using targeting criteria based on age/gender/income and context (sports, TV dramas, talent shows etc), which has proven to be effective for both brand building and sales driving campaigns.

b. If the model works and is stable – why change?

The practice of advanced audience-based buying is not new for advertisers, especially in the US. In fact, this practice has existed for many years now and a significant volume of video campaigns have already been booked and optimised against audience attributes beyond age and gender.

While pitching the advantages of online video to traditional TV buyers' companies, Google and Facebook put forward their ability to precisely

- Historically, richly formed customer profiles used in planning inevitably morphed to simple agen-and-gender proxies to execute TV buy transactions
- Missing connection: single-data source for consumer activity and TV viewing

Advertiser Target



Source: egta Audience Buying Masterclass, Jan 2019, Howard Shimmel/Gerard Broussard

target those consumers who matter the most - based on the data collected on consumers' characteristics, behaviour, interests and intents.

The main differentiation point between video ads and TV ads is that data and impression level targeting, even within a mass reach ad campaign, reduce the waste and redundant impressions significantly, increasing the ROI.

This new type of competition puts significant pressure on the TV industry to introduce some form of advanced audience-based buying for TV inventory in order to align with online video and

digital marketing approaches. The appearance and rapid development of IT giants such as Google and its YouTube, Facebook and its Instagram, Amazon, Tencent and others have changed the game for many industries and areas of people's life from the obvious entertainment, media, news, and politics.

Of course, marketing communication, advertising and video advertising in particular, did not escape this fate of being transformed by IT.

This was also the case for at least two out of the top 5 IT giants when it comes to advertising as a main source of revenue.

In the context of audience-based buying, the most important advertising product introduced by companies such as Google and Facebook is the ability to identify, build and reach custom target audiences at scale, and in most cases to track instant feedback to inform campaign optimisation, in near real-time if needed.

For example – for video campaigns, Google currently offers the following advanced audience-based targeting options:⁶

- *Affinity audiences*: TV-like broad audiences which were built for businesses currently running TV ads and which want to expand their reach with online video.
- *Custom affinity audiences*: for advertisers who want to target even more narrow and specific audiences, on top of the 133 available general affinity audiences. For instance, if an advertiser wants to specifically reach Avid Marathon Runners instead of the general Sports Fans category.
- *Custom intent, Life events, In-market*: based on information about recent searches and user's behaviour, it is possible to identify and target users at special moments in their life (e.g. moving, graduating from college, getting married), customers who are researching products and actively considering buying a service or product, and those who are about to make a purchase decision already.
- *Remarketing*: based on past behaviour and interactions with an advertiser's content, including the analysis of their ad viewing behaviour.
- *Customer Match*: based on a match with advertisers' data to target specific users.
- *Similar audiences*: based on machine learning algorithm systems consistently searching for

and updating the list of audiences similar to selected criteria by the advertiser, enabling campaign reach extension and the acquisition of new customers.

These companies are offering marketers exactly what is missing in the TV TAM: a single-source link between the picture marketers have of their target audience and the audience reachable via Facebook and Google platforms. Furthermore, companies like Google and Facebook have become extremely valuable sources of new data and attributes for marketers about their consumers and prospects.

Such targeting and attribution practices influence the expectations and demands of advertisers, which they are starting to project beyond online advertising. Inevitably, they compare campaign planning management tools and targeting options for online video with TV advertising. Due to TV advertising still being an incredibly important and significant part of advertisers' media plans, the demand for TV to move towards audience-based buying is becoming louder.

Naturally, linear TV which represents the lion's share of TV video inventory and revenues is technologically different from OTT platforms such as YouTube or social media like Facebook. This makes the process of adopting or finding a relevant TV equivalent to existing online video audience-based buying practices extremely challenging. But the potential benefits of such a transfer and the alternative cost of doing nothing are so significant that it incites the TV industry to better understand how advanced audience buying works with online video and develop solutions to bring it to TV.

⁶ About audience targeting, Google, <https://support.google.com/google-ads/answer/2497941?hl=en>.

PART 2: THE VALUE OF AUDIENCE BUYING FOR ADVERTISERS, AGENCIES AND BROADCASTERS

The advances in audience buying hold a number of concrete promises for advertisers, agencies and networks alike. The implementation would however not be without its pitfalls and challenges for each of those parties. This chapter provides a brief overview of the advantages and disadvantages of switching to audience-based buying.

a. Advertisers

The main **advantage** to advertisers is the fact that they can use their own data to make smarter decisions when it comes to TV buying, create synergies with other ad channels they might have and optimise the return on their investment.

If targeting assumptions made right and media planning tools enable better placement towards selected audiences, then spending the same or even a smaller budget will provide the same or an even higher return compared to basic age/gender planning. This is due to the fact that different audience segments respond differently to advertising. Optimisations delivered by audience buying will materially impact the amount of impressions delivered against key target segments. In many instances, optimisation against audience targets points to a greater use of lower CPM inventory.

Additional advantages are the elimination of the so-called waste that exists in the linear TV ecosystem and the ability to activate for linear TV audience targets that are similar to those currently in use for digital markets.

However, audience buying also has a clear **disadvantage** for advertisers: this type of advanced campaigns can prove to be more expensive in

regards to CPM and volume invested, although a higher ROI is not guaranteed as it depends on several factors: quality of data, validity of targeting assumptions and attribution modelling, effectiveness of planning, ad delivery, etc. Audience-based buying is relatively new for linear TV and lacks historical data for planning, especially in cases where there is no direct feedback from the audience to measure the performance of an audience-based buying campaign.

b. Agencies

Agencies, always at the vanguard of the latest technological developments, though also eager to monetise their investments in linear TV data stacks, likewise have both to gain and lose with the implementation of this new approach to buying.

Advantageously, advanced audience buying brings a new way to buy TV for agencies, which could be on potentially better terms, with a more flexible approach to planning and buying.

The **downside**, however, is a new approach would signify an erosion of value for the agency's current proprietary planning and data tools.

c. Broadcasters

Audience buying allows broadcasters to bring some of the **advantages** of online video to television, when it comes to targetability, driving business performance and bringing in data, new clients and revenue with higher CPM.

The **disadvantage** would however be that TV broadcasters would have smaller yield, increasing costs and investments in data, software and processing.



OPEN A.P.

CASE STUDY: OPENAP

a. About the solution

Founded by Viacom, Fox Network Groups and Turner in September 2017, *OpenAP* is the TV industry's first open platform for cross-publisher audience targeting and independent measurement.

While the demand for audience targeting in the US has grown significantly since 2017, adoption has been limited by the industry's failure to make audience buying as transparent and easy as originally announced. The launch of *OpenAP* was a response to a clear industry need that required collective action, and as such, the platform is open to all television publishers with the intent to make it an industry standard.

The aim of *OpenAP* is to standardize audience-buying on TV in an effort to better compete with digital behemoths, and to help advertisers move well beyond basic demographics and into advanced audience targeting. The marketplace was developed in conjunction with Accenture, which serves as the group's third-party administrator, and Comcast's FreeWheel.

OpenAP is available to use at no fee for agencies and advertisers and delivers a solution that is a step change for the industry, supporting sophisticated

data-driven marketing, while preserving the transparency and integrity of television buying and measurement. It is open to all qualifying premium television publishers and the open model encourages broad adoption.

Since its foundation, the consortium has undergone structural changes with Turner (WarnerMedia) opting out in April 2019 due to a changing advertising strategy and a focus on the development of their advanced advertising unit, AT&T's *Xandr*.⁷

Taking a wait-and-see attitude when the consortium was originally created, NBCUniversal has since joined *OpenAP* in April 2018, to help the industry start coalescing around a scalable way of doing business.

Spanish-language broadcaster Univision joined the service in May 2018. Univision's move makes the bulk of Spanish-language broadcasting in the U.S. available to marketers who wish to use the service. NBCUniversal owns Telemundo, Univision's primary TV rival.⁸

OpenAP offers its users two pathways to audience segment creation and reporting:

- A dedicated website, where ad buyers can log in and use a centralised interface to compose specific audience segments and download campaign posts.
- APIs for integration into agencies and advertisers' own planning and reporting systems.

Currently, *OpenAP* is working with two major data-source ecosystems: Comscore (for all of the set-top-box data and the associated third-party syndicated datasets) and Nielsen. The system will progressively expand to support any additional

⁷ WarnerMedia Pulls Out of Audience-Targeting Alliance Open A.P., April 2019, <https://variety.com/2019/tv/news/warnermedia-pulls-audience-targeting-open-ap-advertising-1203193598/>.

⁸ Univision Joins 'Open A.P.' Audience-Targeting Alliance, May 2018, <https://variety.com/2018/tv/news/univision-joins-open-a-p-audience-targeting-advertising-1202809310/>.



data sources that are required to do advanced targeting across all the platforms where television content resides.

The platform is data agnostic, meaning it can accommodate additional data sets that advertisers and agencies want to use. *OpenAP* was built with the intended purpose of maximising the investments and learnings that marketers have already made. The solution allows its users to onboard custom-fused data segments created outside *OpenAP* (e.g. survey data gathered by ad buyers). Furthermore, it enables marketers to use, activate and add scale to their first-party data (DMP- or CRM-based) by consistently adding them to existing data sets available within the product.⁹

b. Advantages

The *OpenAP* platform helps American advertisers and agencies optimise TV advertising and is

designed from the ground up with security and rights management as fundamental requirements.

This means that agencies and advertisers maintain absolute control over which partners can review and analyse their target segments.

It also means that segment definitions that are securely shared with publishers are blind by default; this means that publishers cannot see the specific construction or data source combinations included in a segment but instead only the specific viewing source IDs that comprise the segment.

OpenAP yields various benefits for agencies and clients:

- Consistently defined audience targets can be activated across any *OpenAP* member publisher.
- Truly independent measurement and reporting by design, not reactive 3rd-party verification.

⁹ *Collaborations & Alliances in the TV/Video ecosystem*, egta, May 2018 http://www.egta.com/documents/2018_egta_collections_tv_alliances_spreads.pdf.

- Support for open, industry-standard measurement sources and data, not just proprietary, self-governed, walled gardens.
- Cross-publisher activation of agency and client-defined, 1st-party or proprietary audiences.
- APIs for integration into agency and advertiser planning and reporting systems.
- Activation of advanced targets on *OpenAP* publishers within premium content
- Secure infrastructure for sensitive advertiser segments managed by world-class auditor.
- Agencies and advertisers get direct access to the platform at no charge by *OpenAP*.¹⁰

c. OpenAP 2.0

The biggest criticism of version 1.0 of *OpenAP* has been that while agencies are utilising the tool for planning purposes, there is a broader need to be able to use it to buy inventory across networks.

OpenAP 2.0 – launched on 1 October 2019 – provides a solution to this issue, allowing buyers to not only build consistent audience segments across publishers for both linear and digital video, but also submit orders to activate these segments through a centralised marketplace.¹¹

OpenAP 2.0 is accessible at OpenAP.tv and via APIs for agency planning systems and approved DSPs. In addition, *OpenAP 2.0* provides cross-publisher analytics for a unified view of advanced audience campaigns, with comprehensive pre-campaign performance projections and post-campaign

delivery metrics, including total unduplicated reach, overall CPM and total audience impressions.¹²

In June 2019, the consortium announced a partnership with Ampersand (former NCC Media), the national TV advertising sales and data-driven technology company, to further standardise audience-based TV buying across a greater share of the television ecosystem through the use of *OpenAP*'s advanced audience segment definitions. This agreement simplifies and improves advertiser's ability to reach unified audiences across broadcast, cable and digital TV.

The agreement will allow national TV advertisers to utilise *OpenAP*'s advanced audience segment definitions to seamlessly extend their campaigns to now include Ampersand's footprint of 85 million households through its full range of linear, VOD and addressable inventory.¹³

In July 2019, the consortium announced that it selected DataXu as its partner to provide technology and services for advertisers to create audience segments for use in targeted digital campaigns.

The integration with DataXu's OneView software will enable advertisers to work with *OpenAP* to create and distribute precision audience segments across the forthcoming digital marketplace.¹⁴

Specifically, OneView will power the platform's ability to construct digital audience segments from thousands of audience attributes, including consumer behaviour, demographics, shopping habits and location.

¹⁰ FAQ, OpenAP; <http://www.openap.tv/help-center>.

¹¹ TV consortium OpenAP introduces new automated ad marketplace, April 2019, <https://adage.com/article/media/tv-consortium-openap-introduces-new-automated-ad-marketplace/2165796>.

¹² FOX, NBCUniversal, and Viacom Unveil OpenAP 2.0, April 2019 <https://www.businesswire.com/news/home/20190425005245/en/FOX-NBCUniversal-Viacom-Unveil-OpenAP-2.0>.

¹³ NCC Media and OpenAP Announce Advanced TV Partnership, June 2019, <https://www.prnewswire.com/news-releases/ncc-media-and-openap-announce-advanced-tv-partnership-300870035.html>.

¹⁴ OpenAP Partners with dataxu to Power Digital Audience Creation in Next Phase of its Marketplace Rollout, June 2019, <https://www.globenewswire.com/news-release/2019/07/11/1881667/0/en/OpenAP-Partners-with-dataxu-to-Power-Digital-Audience-Creation-in-Next-Phase-of-its-Marketplace-Rollout.html>.

OneView allows users to understand all the different devices that are in the household. While currently all the devices are viewed as unified – such as a household that has four devices in it, the solution will enable them to distinguish a tablet, a desktop and two TV sets.

The future roadmap for *OpenAP* will focus on building out the platform and making it more versatile for the industry, including planned cross-platform capabilities. The consortium anticipates more publishers to join and will continue to develop greater integration with agency and advertiser planning and reporting systems, preserving the integrity and openness of television buying and posting that has made TV and its premium content such a trusted platform.

OpenAP took another major step in 2019 to assure the industry that the audience targeting platform remains stable in the wake of Turner's exit, by naming David Levy as its first CEO.

Levy was the co-founder and COO of TrueX Media, and after Fox bought the platform in 2015, he became EVP of non-linear revenue for Fox Networks Group.

"OpenAP was formed to rise above competition and create solutions that will change the way our entire industry functions. There's so much work to be done, but we've made incredible strides and we're going to continue to develop the transparent audience-based cross-platform buying solutions that we need to operate," said Levy in a statement. *"I've been deeply involved with OpenAP since its inception, and I'm thrilled to now be taking on a larger role within the organisation leading OpenAP's efforts to revolutionise the advertising ecosystem."*¹⁵

Since his start as Chief Executive Officer, Levy assembled an executive leadership team: Ed Davis (*former Executive Vice President and Chief Product Officer for Advertising at Fox Networks Groups*) joined as Chief Product Officer and is based in the organisation's Los Angeles office.

Brittany Slattery (*former Head of Marketing at Comscore*) joined *OpenAP* as Senior Vice President, Head of Marketing & Communications and is based in New York City.¹⁶

"OpenAP is the catalyst helping publishers and advertisers reach their consumers with premium content in a way that will ultimately help transform the viewing experience by delivering ads that are relevant, engaging and valuable to an audience's unique needs and preferences," said Slattery in a recent interview.

"We're reaching an inflection point for advanced TV, and under David's leadership and the ongoing partnership of our members, significant gains continue to be made in audience-based advertising. I'm humbled to be joining the company as steward of the OpenAP brand and culture during such a pivotal time for our industry."

¹⁵ David Levy Named CEO of Open AP Audience-Targeting Alliance, May 2019, <https://variety.com/2019/tv/news/david-levy-named-ceo-open-ap-audience-targeting-alliance-1203209714/>.

¹⁶ *OpenAP Assembles Executive Leadership Team, Signals New Organizational Model Ahead Of Its Marketplace Launch*, Sept 2019, <https://www.prnewswire.com/news-releases/openap-assembles-executive-leadership-team-signals-new-organizational-model-ahead-of-its-marketplace-launch-300923576.html>.

PART 3: BARRIERS TO AUDIENCE BUYING

While the attention in the press indicates that advanced audience buying is becoming more commonplace, it can be argued that much of the process is still trial-and-error when it comes to rolling out these capabilities and finding out the correct approach in doing so.

What are the barriers currently for broadcasters and advertisers which are currently impeding the further advancement of audience buying in the US market?

A brief overview of the main barriers:

a. Infrastructural barriers

- **The technological challenges** – tools are different on each side (advertiser, agency, TV) for holistic campaign planning, execution, optimisation and reporting (and how to combine with *normal* TV campaigns which run in parallel). Should the ad tech stack be bought or developed? There is also at the moment no centralised, unified transactional/buying system in place, just upfront and scatter planning.
 - The lack of volume and consistency of extended affinity-based TV audience's data and lack of scale of addressable TV inventory.
 - The lack of **real-time dynamic TV ad insertion** to truly optimise inventory yield against audiences.
 - The issue of **syndicated data** and the **lack of accreditation**. Contrary to custom data sets – unique to either media companies or advertisers – syndicated datasets are not accredited by the MRC (Media Ratings Council), meaning that advertisers have no guarantee when using those data sets with regards to quality.
- ### b. Business barriers
- There are no clear economics of advanced TV buying – all else being equal, would advanced audience buying bring higher yield to TV than a similar *traditional* campaign? How can you make a business case for TV to justify investments in audience-based buying development?
 - There is no consensus on how to sell and buy advanced audiences – how to incorporate the approach within existing TV advertising practices.
 - There is a significant lack of advertiser awareness when it comes to these capabilities.
 - Next to **awareness**, there is also a lack of clarity with advertisers on what the added-value of audience buying is or what the return on investment is, when investing in this new approach.
 - The issue of **role clarity** with regards to agencies and media companies. Advanced audience buying will drive the most yield for media companies when they are handed a budget and target and can optimise across all inventory. The more restrictions are imposed by agencies with regards to budget spend, the less yield (potential) for broadcasters. A way needs to be found as to allow agencies to gain from the media planning component of audience buying and create role clarity where everyone feels that they win.
 - **Lack of historical CPM benchmarks**. As some of the audience data has not yet penetrated the media agency's financial systems, it is still unclear what valid benchmarks exist for audience-based CPM.
 - **Transparency**. Advertisers and agencies hold back information on target definition as they feel it gives them leverage in the negotiation process.

- **Market size:** a minimal market size is needed to build relevant segments such as households, sample size or viewership. As market size is a driver in terms of scalability, costs and ROI, this has a significant impact on the possibility to implement advanced audience buying.
- Finding the right place in the **value chain:** there are various elements which you can influence or own (as data provider, broadcaster, distributor/STB owner, etc.) but the competition in technology and data as well as the lack of standardisation have a negative impact.
- **Cultural elements:** with a 30 year history of traditional media buying to overcome, agencies are not eager to share the core competences of their planning with networks and broadcasters.
- **Advertising spend:** while advanced audience buying can help advertisers reach their ad objectives with a lower TV budget, there remains the question of who will foot the bill for the investments in this emerging technology, certainly in light of the fact that broadcasters have to share revenues with telco, data and tech providers involved in this process.
- **The window of opportunity:** what is the right time to launch advanced audience buying, as classical TV sales are decreasing?
- **Legal challenges:** the implementation of audience buying also requires that broadcasters, agencies and advertisers adhere to all legal requirements and legislation with regards to consumer protection: GDPR, privacy regulation, opt-ins and regulations for (public) broadcasters to start with.
- **The reporting lag:** while swift reporting on age/gender is possible, obtaining results on consumer/transactional data is much slower or not even possible at all in most cases.

The list of barriers to advanced audience buying indicates that challenges are not limited to

technological development, but also include adherence to legal policies as well as changes needed in the way agencies, broadcasters and advertisers work together in the prevailing ecosystem, which has held an unchanged view on media buying and planning for the previous decades.

Challenges, however, also entail solutions.

PART 4: IDEAS TO ADDRESS BARRIERS

As stated above, the implementation of advanced audience buying requires overcoming various barriers, with regards to technical development, legal issues and the restructuring of the ecosystem. This chapter addresses how to tackle these barriers and provide insights on how to start the implementation.

First and foremost, the importance of not developing this product in a vacuum should not be understated. When starting with advanced audience buying as a sales house and broadcaster, it is important to first develop specifications for the product one has in mind, then talk to agency people and clients to gain feedback with the aim to refine products specs and finally – to start building.

But before going to market and talking about the capabilities, it is vital for broadcasters to have internal support and alignment. Top management should be clear on the value that both addressable and audience buying are going to provide and where it is going to help with competitive threats in the market and what success metrics are.



a. Collecting insights from agencies

What are the requirements that agencies, advertisers and broadcasters have in order to do their jobs in the best possible way? When reaching out to the marketplace, there are certain potential bottlenecks which can be uncovered. What are the insights to gather from agencies?

- Their current in-house advanced target practices, including proprietary and third-party systems.
- Targeting metrics – the desired level of description, granularity for those targets on the agency side.
- Data source quality – What are the minimum acceptable standards? What is the source of the data? How do they model it and how do they validate those models?
- Data format and nomenclature – the more the advanced audience buying ecosystem evolves, the more there is a need for a common terminology and standardisation on what to call things.
- Data flow overview – the path of the data going from the advertiser's budget setting to post campaign measurement.
- People resources – as the current systems are not built to activate advanced targets, agencies currently work with spreadsheets requiring internal people resources for handling advanced TV transactions. Further implementation means all those systems need to be recalibrated while things are done manually - meaning heavy lifting on the sales side and the buy side.
- Audience guarantee terms: how do broadcasters guarantee the demo target, get a premium for it and what should they be charging for the advanced audience?

- What is the time window? Monthly, quarterly?
- What are acceptable audience delivery thresholds (e.g. large targets $\pm 5\%$, smaller targets $\pm 15\%$)?
- Post-evaluation reporting – What is the allowable time to create advanced target delivery estimates?

and significantly upgrading the current inventory management tools.

It also requires internal education and bringing people up to speed on audience buying with regards to topics such as advanced targeting definitions, data sources, execution processes, technology, platform concepts and more.

b. Informing product development with the marketplace feedback

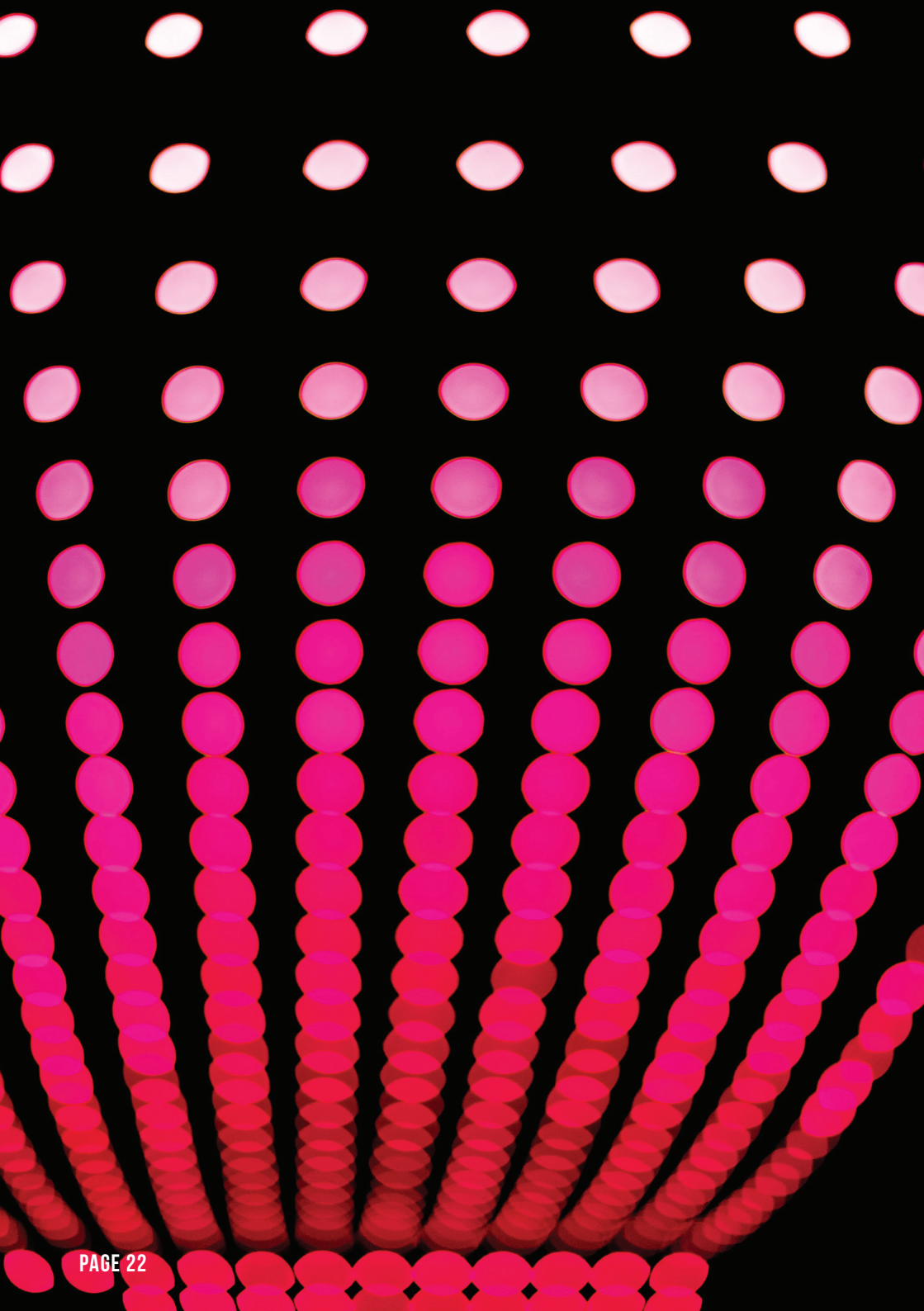
How does one go about using the collected data from the marketplace to inform product development? A possible approach would be to gather information through in-depth interviews. Gathering buy-side experts on the topic from around 15 media agencies and 5 advertisers, and getting feedback through structured, in-depth interviews (30-45 min), would be a solid approach to obtaining advanced target product feedback. Creating a hypothetical advanced target product and sending this in advance to the experts would allow them to provide more directed feedback. Potentially from there, you can follow up with a wider survey, to help understand how to overcome the barriers.

In order to avoid that the agency experts are consulted multiple times on the same subject, it would be advisable to take a joint-industry approach, gathering feedback simultaneously.

c. Promoting internal alignment

Another vital area to focus on when addressing the barriers to implementing advanced audience buying is the importance of getting internal alignment within your company, and convincing top management and Chief Financial Officer alike that the investments are well worth the return.

The investments required include providing proper staffing, including significant data science support,





AN INTERVIEW WITH HOWARD SHIMMEL



Following the workshop on Audience Buying in January 2019, egta reached out to Howard Shimmel, President of Janus Strategy & Insights and mentor of the workshop for a brief interview on the state of audience buying and a few recommendations.

Howard has been active in the space of integrated data and advanced targeting since the late '90s. His initial work at Symmetrical Resources with Transactional Data Services (TDS) linked credit card spending data from MasterCard with Simmons Market Research service, through matched shopper clusters.

He then was active in Nielsen's data fusion efforts, followed by his steering of Turner's initial efforts to bring audience buying to national TV as well as the launch of the OpenAP advanced targeting consortium of TV networks described before.

egta: *What are the recent changes you've seen in the market with regards to audience buying, a few months down the road after egta's workshop?*

HS: This year's upfront continued to show the incredible market demand for audience buying. All of the major media companies highlighted the growth in dollars for audience buying in their upfront recaps. At the same time, the market continues to see movement in outcomes based guarantees from companies like A&E Networks, as well as other capabilities beyond audience buying that will drive higher ROI for advertisers, like NBC's AdSmart Context, their contextual alignment platform for linear TV which uses proprietary artificial intelligence to identify all of the contextual moments that match a brand's message.

egta: *Which evolution do you see for audience-based buying in the near future?*

HS: I think we'll continue to see audience-based buying grow in scale across national TV in the US. At the same time, we're witnessing increased interest among sellers and buyers in addressable TV.

In the US today, addressable TV is available from the various cable providers for the local minutes of advertising they sell, also available nationally either through virtual MPVDs like Hulu+ Live TV and YouTube TV, finally also available on OTT inventory where consumers are viewing a network through a smart TV app. T

here are two paths to being able to run addressable ads in national inventory- either through cable providers or through smart TVs. Project OAR is an important initiative trying to create a tech stack to accurately deliver an addressable ad through a smart TV. Nielsen is also leveraging their purchase of Sorenson and Gracenote to build a similar tech stack.

Audience-based buying will continue to grow while OTT continues to emerge and national addressable becomes available. At that time, both sellers and buyers will need insights on how to integrate together age/gender buys, audience buys and addressable, based on the needs of the client.



egta: *What advice and recommendations can you give to egta member sales houses when it comes to tackling audience buying?*

HS: As we discussed in the workshop, I think it's important to gain the voice of the customer- both the advertiser and their agency- as a part of building plans to bring Audience Buying to a market. Those conversations will allow you to make sure that your plans will scale quickly; for example, making sure that the integrated media consumption/consumer target database plugs into agency planning and buying systems. They will also allow you to clearly establish how you will monetize the investment in audience buying - regaining share from digital, higher yield on inventory and greater sellout of typically unsold inventory.

While the concept of audience-based buying and the subsequent ad tech solutions are more prevalent in the US, some Canadian and European advances are worth mentioning in our publication, as they clearly show the commitment of these markets to advance in this field.



CASE STUDY: THE CYNCH PLATFORM

In 2018, the Canadian broadcaster Corus launched *Cynch*, an automated audience-based buying, self-serve platform which provides live access to TV inventory to advertisers. *Cynch* was created for the purpose of making audience buying as easy and transparent as possible, giving advertisers access to the very same inventory that Corus sales reps have access to. The platform went into soft launch in May 2018, just prior to the Upfronts.

Cynch allows for a real-time campaign roll-out and Corus is working with Canada's audience measurement body Numeris to bring in a full report 10 days after campaign completion (while the market average is 4 months in Canada).

Advertisers pay only for delivered impressions and there is no extra cost for over-delivery, though it rarely happens, as *Cynch* employs tools for the overnight re-optimisation of campaigns. *Cynch* was developed with the aim of delivering at least 100% of impressions for every single campaign.

The usage of the platform is very user-friendly and

optimised to adjust to client's needs: they can log into it from any computer and get instantaneous access to the broadcaster's inventory and to their ongoing campaign. When planning a campaign, they can select a given budget as well as the desired data segmentation and plan based on GRPs, as well as on impressions. There are now only five steps required from end-to-end, allowing for quicker campaign planning.

The platform is currently running across 24 speciality channels, and more are expected to be added. Corus has been a strong advocate for industry standards around segmentation and automated buying and is very open to conversations about licensing *Cynch* to other broadcasters.¹⁷

¹⁷ Corus' *Cynch*: an audience-based buying platform to fuel advertisers' campaigns through innovation and simplification, egta, June 2019 http://www.egta.com/egta_bites/egta_bites_266_21062019/index.html.



CASE STUDY: ONE DATA

One Data, an initiative by the French sales house TF1 Publicité, takes an innovative approach to analysing and using information about consumers and their TV viewing.

One Data was launched in 2015 both to reinforce the message that TV can take its rightful place in the world of data as a precise and efficient medium and to help TF1 Publicité speak the same language as today's increasingly data-focused advertisers. The initiative focusses on two key aspects: targeting and efficiency.

Targeting – By merging data from two measurement panels – Médiamétrie for TV audience figures and Kantar's Worldpanel for consumer purchases – TF1 Publicité can identify not only who is watching a particular spot on its channels, but also what make of car they own or what brands of shampoo they buy, for example.

This allows the sales house to offer GRPs based on product sectors and market share data, rather than on simple demographics, creating for example, a "cheese or a shampoo GRP."

This technique has been used to analyse post-campaign impact, but it has now been integrated as an option into the media planning tools, covering 44 FMCG sectors.

The enhanced targeting capabilities of *One Data* also allow TF1 Publicité to use third-party profiling or behavioural data to improve the targeting of digital campaigns.

Efficiency – By using data to compare the purchasing behaviour of viewers who were exposed to a particular TV ad to those who were not, *One Data* offers compelling post campaign analysis.

TF1 Publicité worked with the data and statistics experts at Ekimetrics on a Big Data modelling project to identify the contribution and impact of different marketing mix components on sales, using historical purchasing data from Nielsen for more than 2,000 brands. The analysis proved that TV contributes 80% to incremental sales, giving a new and powerful narrative to take to advertisers when discussing their own brands.

One Data was also able to prove the effectiveness of TV in driving traffic to a brand's website, which it can increase by 31%. This effect extends beyond the short-term impact of a spot, as it reinforces branding over the longer-term as well.

One Data also revolutionises the marketing of digital advertising spaces. The Custom Data solution is the key to a perfect digital targeting and to get closer to the strategies and data of its partners.

TF1 Publicité is able to define an extremely accurate profile of visitors to each brand's websites. The sales house thus allows its customers to benefit from maximum affinity by targeting the same audience through all of its digital inventories.¹⁸

In October 2018, FranceTV Publicité and TF1 Publicité joined forces for the creation of the target groups "Shoppers". These are medium and large buyers of national brands of a fast moving consumer goods category.

¹⁸ *One Data: improving targeting, proving efficiency and preparing for the data opportunities of the future*, egta, Oct 2015
http://www.egta.com/egta_bites/egta_bites_108_23102015/index.html.



The joint project came to fruition after the completion of an econometric study entrusted to Kantar Worldpanel, to compare the impact of both types of campaigns – those based on behavioural targeting and on traditional socio-demographics – on advertisers' sales. Following the analysis of in-store sales after nearly 1,100 TV campaigns broadcast over the past two years, for 150 brands in the consumer goods universe, the study found that data targeting is in average 2.1 times more effective in terms of sales per contact point than sociodemographic targeting.

These new targets were made available to the advertising market by Kantar Worldpanel in early 2019 to feed media planning. They represent 36% of homes, but 83% of the impact value of a campaign, reveal the advertising agencies. Ultimately, these buyer targets will cover more

than 70 different categories of consumer products, for greater efficiency of multi-buyer targeting.¹⁹

¹⁹ TF1 Publicité et FranceTV Publicité créent les cibles "Shoppers", TF1 Publicité, <https://www.tf1pub.fr/actualites/tf1-publicite-et-francetv-publicite-creent-les-cibles-shoppers>.



CASE STUDY: ATRESDATA

Launched in April 2016 by Spanish sales house Atresmedia, *AtresData* made a big leap forward by adding purchase and behaviour variables to the already available sociodemographic targets.

Up until then, television offered data on large generic targets and sociodemographic segments (age profiles, gender, ...) because it was inferred that these groups meant a greater buying capacity and a better attitude towards advertising.

Based on the same concepts as TF1's *One Data* and thanks to a collaboration with Kantar Worldpanel, *AtresData* offers a 360-degree picture of the viewer by combining the television audience, product consumption, attitudes and lifestyles in a single source database through a process of statistical fusion between the Kantar Media audience panel and the Kantar Worldpanel consumer panel.

In addition to the vast amount of consumption data of the Kantar Worldpanel panel, thanks to the inclusion of a questionnaire filled out by panellists, the information is extended to other targets of different sectors with a large advertising presence (finance, automotive, travel, telecommunications ...). In this way *AtresData* offers advertisers a most complete market database (with information of at least 95% of the market).

Since the launch of *Atresdata*, brands have been able to plan based on the actual purchase or attitudes of viewers.²⁰

In 2018 *AtresMedia* decided to advance the concept, by launching the *AtresMedia Cluster*. The *AtresMedia Cluster* offers the possibility of focusing the advertising campaign and brand strategy, using five groups based on their purchases and their attitude towards consumption and advertising.

The five targets are the following: brand lovers, hedonist / healthy, online buyer, early adopter and saver.

Atresmedia offers information of its *AtresData* tool to advertisers who invest in special forms of advertising in their programmes (mentions, telepromotions, sponsorships ...)

In this way, brands will have the possibility to plan this type of actions seeking to impact their target more effectively based on purchase or behaviour criteria and not only on sociodemographic variables.

The *AtresData* tool, launched in early 2016, allows a 360° representation of the viewer by bringing together the television audience, consumption and purchase of products, attitudes and lifestyles.

AtresData information can be seen from two perspectives:

- Programme approach: buyers' targets with the greatest affinity with certain programmes.
- Target approach: the programs with the greatest affinity with specific buying or behavioural targets.

All this information will be accessible to the agencies and advertisers that demand it through the special advertising sales team of *Atresmedia Publicidad*.

20 *Atresmedia lanza ATRESDATA*, *AtresMedia Publicidad*, March 2016, https://www.atresmediapublicidad.com/television/noticias/atresmedia-lanza-atresdata_20160310598c21f10cf236090030503a.html.

Facilitating the use of these tools is another step in Atresmedia Publicidad's commitment to offer the best service to advertisers and to deepen their understanding of online advertising effectiveness. There have already been several studies such as Econometric Model of Effective Frequency, the first study on the global effectiveness in sales of TV advertising carried out together with Kantar Worldpanel or the ROIMAP econometric model, which explains the return on investment in different media to maximise advertising notoriety, or Metrac that explains the relationship between car advertising and traffic to the car dealership.²¹

21 *Atresmedia Publicidad ofrecerá información del target comprador a las marcas que hagan publicidad especial*, AtresMedia Publicidad, Sep 2018, https://www.atresmediapublicidad.com/television/noticias/atresmedia-publicidad-ofrecera-informacion-target-comprador-marcas-que-hagan-publicidad-especial_201809205ba35c970cf2178900bb315b.html.

MORE ON THIS TOPIC

Editorial Committee:

Alain Beerens

Marketing & Communication Manager

E: alain.beerens@egta.com

Yuri Loburets

Director Radio

E: yuri.loburets@egta.com

Graphic Design

Paulina Kott

Head of IT

E: paulina.kott@egta.com

MORE ON EGTA

egta - association of television and radio sales houses

egta is the Brussels-based trade association of more than 150 television and radio advertising sales houses. egta's members are spread across 40 countries, mainly in Europe. Together, egta's TV members represent over 80% of the European television advertising market, whilst egta radio members collect 60% of radio advertising revenues in countries where they are active.

As sales houses of both public and private broadcasters, egta members commercialise the advertising space around audiovisual content available on platforms such as traditional television and radio sets, tablets, smartphones, PCs, Smart TVs and other Internet-connected devices.



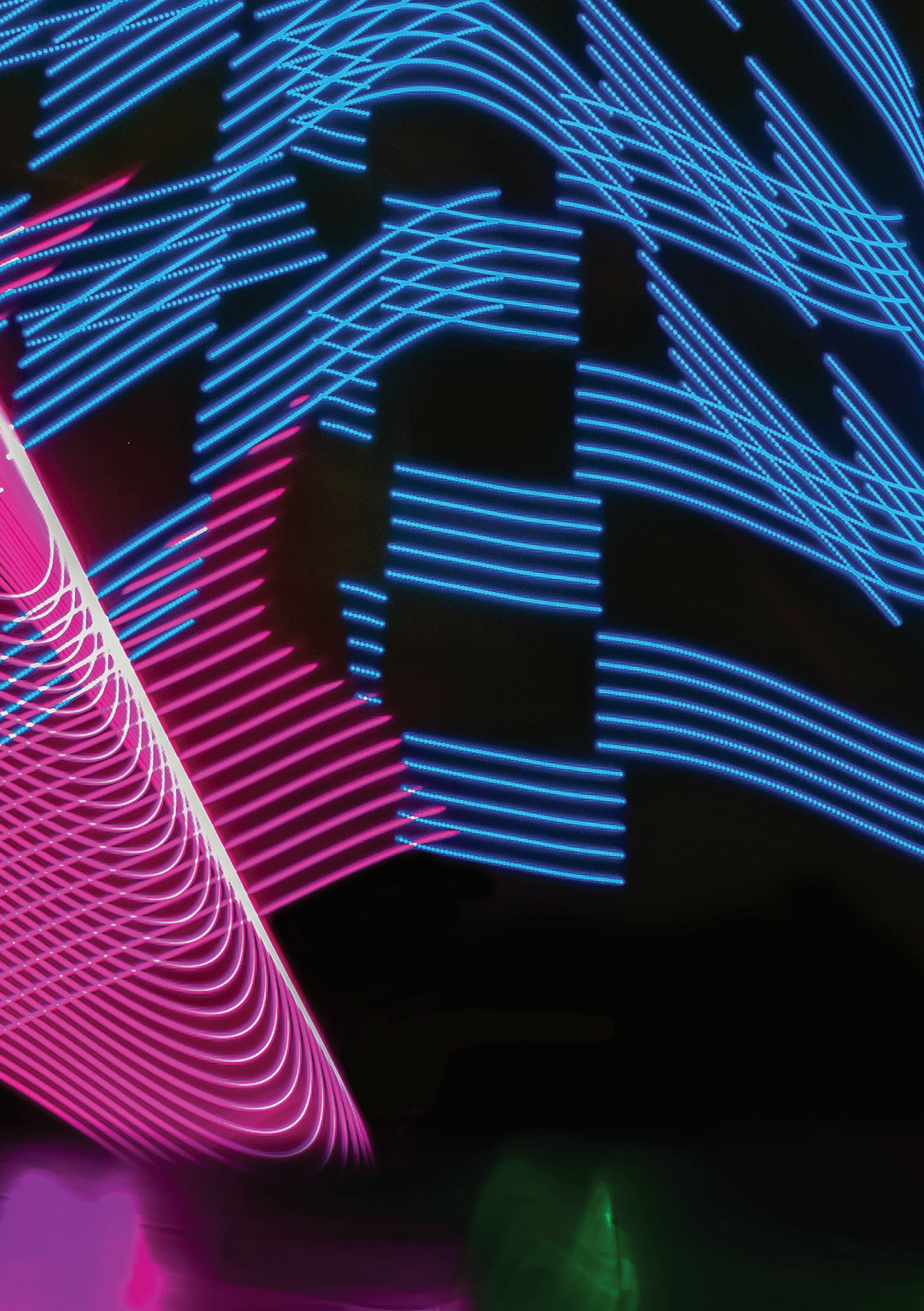
22, Rue des Comédiens, boîte 4

1000 Brussels - Belgium

T: + 32 2 290 31 31

www.egta.com

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