



Creating a Single-Source Media Currency in a Divided Media Market

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REINVENTING VIDEO ADVERTISING



Consumers have become screen-agnostic

The era when families gathered in front of just one screen with undivided attention is over. Cross-screen content consumption has diversified, driven by availability on any screen, at any time, in any place. Still, compared to other video platforms, TV continues to command the most user attention.

Consumers in the U.S. spend an average of 4.15 hours per day watching television. This compares to the 1.16 hours spent watching video on a digital device (24 of those minutes being dedicated to mobile). The aggregated time spent on digital, including both video and non-video content, surpassed TV in 2013 and now accounts for 5.38 hours of consumption time per day.¹

For the consumer, content is now screen-agnostic; TV content is consumed on digital devices, and digital content can be distributed on a TV screen. Even though consumers are driving this media convergence, media buyers and planners are holding steadfast to a buying model that keeps TV and digital segregated.

¹ eMarketer, April 2015.

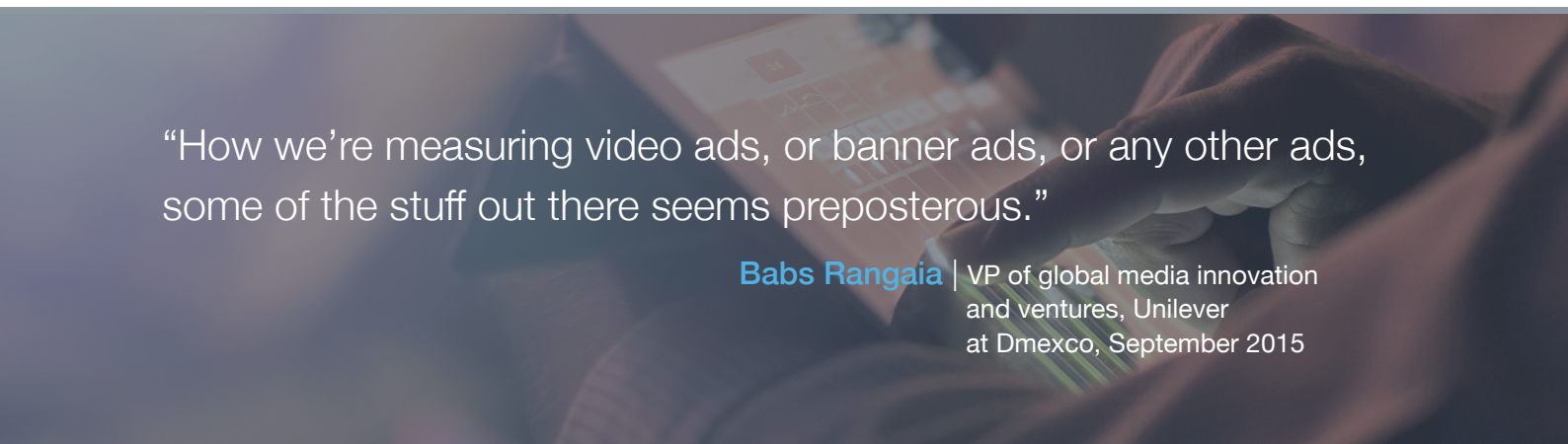
Media buyers see a divided world

Ever since the 1950s, TV has been monetized and measured through a relatively unchanged process. TV viewership observation across multiple regions is conducted by information and measurement company, Nielsen, through a system of ratings which quantify the number of viewers watching a program, channel or commercial. Taking frequency into account, these ratings can be converted and sold as Gross Ratings Points (GRPs). GRPs are the unit of measurement used to quantify the total weight of a TV campaign.

Here is where we introduce the wild west of digital measurement, where monetization is wholly dependent on device, technology, publisher, advertiser, and campaign objective. Composed of brand new emerging players that offer innovative technology solutions, tech giants such as Google and Facebook in addition to legacy media companies including NBC Universal, The Walt Disney Company, and Viacom, are building an incredibly fragmented digital marketplace.

Comparable to its ecosystem, online video ad formats are as diverse as the advertisers that leverage them. New formats which natively integrate video ads within articles, coupled with increasing programmatic options are creating further opportunities for advertisers. While the proliferation of options within a web of campaign KPIs and formats is certainly exciting, it makes the task of measurement much more complex.

Most digital video inventory is bought on a CPM (Cost Per Mille) or impression basis; however, digital video can also be transacted via other business models such as CPCV (Cost Per Completed View), CPV (Cost Per Visible Impression), (CPA) Cost Per Action, CPE (Cost Per Engagement) and so on.



“How we’re measuring video ads, or banner ads, or any other ads, some of the stuff out there seems preposterous.”

Babs Rangaia | VP of global media innovation and ventures, Unilever
at Dmexco, September 2015

The complexity of digital measurement has created an environment where planners have to become experts in the full range of digital media buying metrics. This has made it difficult for the publisher to monetize across platforms, the advertiser to develop fully-integrated campaigns and industry professionals to settle upon a common measurement language.

It's becoming a real challenge for the digital industry. According to a research study commissioned by Teads and conducted by Forrester, for agencies and clients, the main factors that hold back growth in digital video advertising is the lack of verification that ads were delivered to the intended audience in addition to the lack of established standards for measurement and viewability.



Bridging the gap between TV and digital

Ironically, the GRP (the original unit of TV monetization) may provide the answer to finding one, single currency.

The GRP has been used by generations of marketers. Linear planners and buyers are already well-versed with the metric. In the U.S. the digital advertising market will be worth over \$70 billion in 2015 and is projected to surpass TV by the end of 2018.² Leveraging the GRP as a common currency could accelerate the rate at which video advertising dollars shift from TV to digital platforms.

Digital GRP has been available on the market for a few years, since comScore and Nielsen launched their campaign verification tools: DAR (ex OCR) and vCE. By using a percentage of the campaign impressions on target, the frequency of exposure and the size of the demographic universe, digital campaigns can in fact be measured with GRPs.

Combined reporting with TV is also available with Nielsen DAR or XCR, yet TV buyers continue to complain that digital GRPs can not be compared to TV GRPs as they are based on a definition of an opportunity to see (an impression) that is not comparable to TV. Given that more than half of digital video ads globally are unseen and 10% are delivered to robots, this sounds like a fair objection.

From a digital GRP to a video GRP

In order to be comparable to TV standard, 3MS and MRC are working towards introducing an online GRP metric, providing reach and frequency reporting of viewable impressions.

Some digital companies, such as Teads, believe that the digital GRP has to evolve towards a video GRP metric but also has to be cleaned of non-human traffic. A viewable and human GRP initiative (as per the MRC's definition) could help solve the problems surrounding audience quality which have plagued digital ad campaigns from the start.

For now, France is the first market in the world that has agreed upon a definition for a video GRP. Not only is 'share of time played' accounted for but additional metrics such as visible surface area will be included. For example, a 30 second video ad viewed for only 15 seconds at 50% visibility will be factored at 25% (50% played x 50% visible area).

² eMarketer, March 2015.



Due to the efforts of legacy TV media companies, this definition is much more restrictive than traditional approaches to establishing a digital GRP. It also creates higher expectations for viewability, extending beyond the MRC standard of 2 seconds at 50% visibility. As a result, the video GRP will reduce the usage of impressions as a buying model and increase costs. This provides an inherent advantage to TV companies. Consequently, pure-play digital firms such as Google and Facebook have refused to participate in the French initiative.

Even the video GRP is limited

This conversion towards a single-currency measurement will forever alter the way buyers and sellers purchase media on both linear and digital platforms.

It's important to bear in mind that this is not a magic metric that will resolve all concerns around digital valuation. Most of a digital campaign strength extends beyond audience reach and exposure. Digital drives interactions, engagements and social sharing in a way linear TV cannot. These elements are not adequately expressed through a single-source GRP.

Another issue the GRP cannot resolve independently is differentiating between exposure that is forced and not forced. According to the most recent Millward Brown Digital Ad Reaction Study, the largest factor in consumer ad receptivity is control.

Despite granular analytics being a competitive advantage for digital media competitors, they also serve as a drawback. Advertisers expect a higher level of targeting, reporting and accountability as a result of more sophisticated measurement. These expectations are not reserved for digital alone. Advertisers are also demanding that TV campaigns provide similar metrics to drive companies such as NBC Universal to increase the level of targeting and reporting they provide to clients through internal data.

Bringing back competition and innovation to media measurement is leadership

TV measurement has been shaken up by the convergence of media and evolution towards digital.

For a period of time it appeared that Nielsen would own the linear space and comScore therefore would own digital. However, Nielsen has been aggressively attacking the digital market through a series of acquisitions and product releases, such as XCR and TAR, which measure audiences across platforms.

Recently, comScore merged with Rentrak, a longtime competitor of Nielsen, to launch a syndicated cross-platform measurement tool that provides metrics on combined linear and digital audiences. Nielsen's historical dominance in the linear measurement market is not only threatened by other competitors, but is also being questioned by clients. Lately, TV networks have begun to actively seek alternatives to Nielsen's model. At the beginning of this year, CNBC announced it would no longer rely on Nielsen's ratings and would join forces with Cogent Reports as a measurement partner instead.

TV companies have begun to look internally at their own data to provide even more advanced planning, targeting and reporting solutions to their clients. Cable companies which own many TV networks have access to vast stockpiles of cable set-top box data. When it comes to the degree of accuracy in measuring household demographic, this data has the potential to be stronger than what Nielsen obtains from its People Meter. One day these capabilities may allow TV to deliver a similar type of dynamic targeting that digital currently holds.

This breakdown of the measurement market has resulted in a new wave of innovation from measurement companies and clients alike. Additionally, this gap can be fortified by powerful firms that leverage measurement techniques. In France, Google funded a cross-screen measurement panel of 2,900 households, meaning one of the largest stakeholders in digital media is becoming a measurement provider in its own right. At best, this blurs the line between what is defined as unbiased measurement and what looks to be more like a strategic business decision.

To be qualified as legitimate, audience measurement must be provided by an independent third party. However competition is essential because it powers innovation. Global industry governing bodies, such as BARB and UKOM in the UK, may provide the best solution guaranteeing impartial measurement, while enticing competition by vetting research partners. There is a drawback to this approach, however, in that shifting providers may make measurement less stable.

Still, the future of measurement looks bright. BARB recently released a report on cross-platform viewing behavior that includes desktop, laptop, smartphone, and tablet devices. This initiative called Project Dovetail is projected to be completed by 2017 and will be one of the most advanced measurement initiatives of all time.

Solving the single currency dilemma in a multi-market, multi-platform, multi-source industry

The task of establishing a common measurement framework for digital and TV, amidst a multi-market, multi-platform, multi-source industry, is challenging to say the least, but it's mandatory. For global brands investing in digital, having a definition of the GRP that differs depending on the country or the media sellers, will add to the complexity of buying and might deter them from investing in digital video.

Unlike TV, digital is global by nature and requires global governance upon a standardization model. The U.S. digital market being the largest and the most advanced in the world means that IAB USA together with IAB Europe should take full responsibility for this universal video GRP.

As mobile adoption accelerates, platform diversification and measurement must follow suit. As a result, companies such as Nielsen, are ramping up their measurement capabilities in global markets that have been traditionally underserved.

Lastly, given the nature of digital measurement, a universal standard cannot come from a single source. Expecting all players to use one provider, when they already have established partners, is unrealistic. The key element is to set a video GRP standard through impartial 3rd-parties that use the same definitions and are audited by a legitimate certification body. This ensures a competitive environment and provides the benefits of a common currency.



A SUCCESSFUL DIGITAL VIDEO ADVERTISING FUTURE IN A CROSS-MEDIA WORLD WILL DEPEND ON...

- The concentration and simplification of the digital measurement eco-system, to consolidate the number of providers for audience and viewability verification
- The capability of measurement firms across markets to integrate new devices and technologies into their platforms, while bridging the gap between TV and digital
- The ability of digital players to defend their interests against legacy TV media companies, who would prefer to maintain the status quo
- A strong, international governing force to help guide the market towards healthy measurement convergence, as well as establish a universal definition for standards
- The shift from a single-source approach to a multi-source approach that is more relevant to a digital world
- Strong local certification bodies that will define standards and regulate how audience data is properly measured
- The ability for TV and digital players to break the silos and shape a common framework for video planning, integrating engagement and interactivity with the audience



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