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Maximize ROI: Problems with Measuring Addressable Advertising

The addressable ad space is hot, hot, hot, but brands are often left scratching their heads when it comes to maximizing ROI. "Where television sits right now, addressable is at the precipice of bringing together everything in the entire media mix," said *Katie Gerlach*, vp of business development for **Cadent**. "Everything from where we sit [from] an addressable perspective starts with the measurement. Our conversation with any brand or any agency is going to begin with what are you trying to achieve?" Gerlach and host of ad experts gave their perspective of the current environment at **LiveRamp**'s RampUp 2019 event in NYC on Wednesday. **Discovery**'s vp, data strategy and advanced audience platforms *Sam Garfield* said a major problem in the space is that technology, data and infrastructure have not yet caught up to connected TVs. It's important to remember that addressable advertising isn't only applicable to linear TV, but is also used widely across OTT and DTC platforms. "Looking at our ecosystem we have a huge growing business on our Discovery GO apps and the scale is just growing exponentially. The world wasn't built for the connected TV ecosystem," said Garfield. "We can't really do measurement and scale on connected TVs and it continues to be a growing part of our business." Right now, the only unique identifiers in that world are IP addresses, which, according to Garfield, only have around a 50% match rate, making the data very difficult to measure. "There's got to be a better solution out there," he said. *Justin Rosen*, **NCC Media**'s vp, advanced TV data and research, said the main issue with maximizing ROI right now is speed. "It takes a little bit too long for all of this to happen. It takes a little too long to activate, a little too long to get results, and what you really want to do is get results and optimize and improve performance. I think the ceiling will only be as high as how quickly these activation and use cases get data," he said. Brands are increasingly utilizing first-party data. When Discovery's advanced TV product first launched, it utilized primarily third-party. Now Garfield estimates that among Discovery's partnerships, it's around a 50-50 split between first and third-party data. "I think that the desire for brands to activate against their own first party data is increasing exponentially. It's borderline obsessive. What that leads to is the brands that are ahead of the game are the ones that are looking to be bold, to innovate and to partner," said Rosen. Gerlach added that traditional gross rating points (GRP) aren't effective in the addressable space, and that measurement should move to an impression-based model. "I would never say that addressable needs to

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replace what's happening across the linear side. It's very much a supplement and a complement to what's being done," she said. "A part of that conversation needs to stem around the fact that from an upfront side of things we're taking in a GRP basis. It's not that same currency in any stretch of the means."

Comcast Takes Flex to the Max: With a growing segment of **Comcast**'s broadband base being internet-only customers, the company's hoping to be their top choice for streaming video. That's why it's ditching the $5/month price tag for Flex. Flex launched in March as a 4K HDR-capable streaming device with easy access to streaming subscriptions as well as thousands of hours of free content and a voice remote. It also can serve as hub for Comcast WiFi, mobile, security and home automation services. It currently integrates apps such as **Netflix**, **YouTube**, **Amazon Prime**, **Spotify** and **Pandora** with **Hulu** and **Peacock** on deck for next year. The idea is to take the award-winning X1 platform to internet-only subs, who eventually will be able to upgrade to the full X1 offering through the service (or downgrade back to Flex). "One of the things we said years ago when streaming started to look more technically viable is that video over the internet is more friend than foe to Comcast," Comcast chmn/CEO *Brian Roberts* said at a **Goldman Sachs** conference Wednesday. "This is an example of it. People are consuming more video than ever before, but they want to do it differently. And we want to have the best product for our customers in each category." For now, Flex users will need to connect via a Comcast gateway, but in the coming weeks customer-owned broadband devices will be able to use the service, Xfinity Services evp *Matt Strauss* told reporters. "We think streamers really want very personalized experiences. They know what they want, when they want it or they know what they like," Roberts said. Flex has sections such as "free to me," which includes free content as well as services such as Netflix that customers have subscribed to. Other options include new content and live TV, which includes **ESPN3**, **Cheddar** and **Sky News**. Strauss said more live, linear channels are expected to be added. He identified music as another popular category for Flex, saying few people have large stereo setups today. Instead, they are turning to the TV, particularly when a group of people are listening. Is Comcast going to make Flex available nationwide? Strauss said for now, Comcast is focused on working with its X1 syndicated partners (**Cox**, **Rogers**, **Shaw**). *Light Reading* spotted a Flex-like advertisement by Cox for a $5/month Contour Stream Player. Comcast's move to broaden Flex's reach comes as management acknowledges that not all video customers are profitable for it any more. Comcast's EBITDA per customer relationship was up 5% in the first half of the year and customer relationships were up 3%. "I think that's what we're driving our operators to focus on," Roberts said. "How can you continue that growth? For some, it's video broadband double play. And for others, it will be broadband Flex." Roku stock took a major blow with Flex prepared to threaten its position as the leader in streaming devices, dropping 13.71% Wednesday ($20.64) to close at $129.88. Roku announced it had passed 30mln users in 2Q19, rising past its 1Q number of 29.1mln.

Goei's Goals for Altice Mobile: While it's too early to determine whether Altice Mobile is a success or just another mobile launch from a cable operator, **Altice USA** CEO **Dexter Goei** did reveal how the company is looking at it internally at an investor conference Wednesday. The near-term goal is to reach 36mln subscribers. Altice can get its footprint of 8.5mln homes passed up to about 12mln homes when Optimum's footprint is expanded to include a radius 20 miles outside its service area. With an estimated 3 SIM cards per home, that can get Altice Mobile to potentially 36mln subs. The next goal would be to widen the Suddenlink reach to 20 miles outside of its footprint, allowing the company to double its numbers and reach 75mln customers on mobile. Goei is waiting for mobile to hit that mark before worrying about expansion on the edge of Altice's network. So far, the biggest cost on the mobile launch is the marketing surrounding it, adding that he only has 35 employees working in mobile at the moment. He also revealed that if someone approached him about buying Altice, he'd most certainly lend them an ear. "I think we're open to creating a lot of shareholder value," Goei said. "So if somebody comes and wants to have a discussion about buying us, we are absolutely open to having that discussion." Paging Mr Rutledge...

Peacock—a Feather in Comcast-NBCU's Cap?: **Comcast** chief *Brian Roberts* is positioning upcoming OTT offering **Peacock** as something different than the crowded direct-to-consumer field out there. Peacock, set to launch in 2Q20, is primarily a free, ad-driven service available to existing pay TV customers, but there will be a subscription model for those who don't take a video package. "We're pretty excited about how the whole company has come together to make this possible," he said at Goldman Sachs' conference Wednesday. "The whole company, including Comcast Cable and Sky, are all engaged in the conversation on how to get this to as many people as quickly as possible with a very light ad load." Roberts declined to delve into the financial impact of Peacock right now. "I think this investment can be significant, but not in a way that's going to retard but NBC and the overall company from the historic kind of growth that we've been able to enjoy," he said, adding that the $24bln being spent already on content can be repurposed. One example is repurposing some of the money Sky is spending on Sky Studios, which should have some production end up on Peacock. (**HBO**'s "Chernobyl" is a Sky production).

Surviving Peak TV: Don't expect the glut of video content to subside any time soon, especially as major companies pull back content they own to create exclusivity on their streaming services, said panelists at a **NAMIC** session on Tuesday. The ironic result may be even more original shows hitting the market to fill the vacuum. "We're looking to ramp up and get more original content into the house," noted *Brigitte McCray*, **TV One**'s svp, original programming & production. *Mark Kang*, **INSP**'s svp, worldwide distribution, said a renewed focus on originals also helps nets strengthen connections with audiences that increasingly feel overwhelmed. "I feel like with these big companies battling, there's going to be a backlash," he said, noting that at the same time "no one really knows where it's going to go." That can be a confusing environment for rising execs managing their careers, but panelists advised taking the long view. "Don't believe the hype," said McCray. "Linear TV is not dead. There are still deals being made every day… My advice is be ready for change. Be flexible." *Meeka Bondy*, **HBO**'s svp, legal affairs, said "massive consolidation" also challenges large companies, noting that data analytics will take on even more importance in the future as everyone tries to better organize and market content. And with so much out there, panelists noted that people are quick to ditch shows that don't hit the mark. As *Lauren Gellert*, **WE tv**'s evp, development & original programming, put it: "We can spend all this money on original programming, but you have to put the effort and time into crafting that storytelling and making sure you're finding the viewer for it."

Diversity Week Notebook: Diversity Week attendees, be grateful. **NAMIC** and ***Cablefax*** changed things up this year, hosting a cocktail reception Tuesday night to celebrate the 2019 Diversity List instead of the annual 7am breakfast. Taking place at the **Viacom** building in NYC, NAMIC pres/CEO *Shuanise Washington*, **NCTA** svp, industry & association affairs *Rob Stoddard* and BET's pres of broadcast media sales *Louis Carr* all took the stage to congratulate the honorees. There was even a signature drink, the "diversit-i-ni." -- Even without traditional cable, there's a more-than-likely chance consumers have at least one streamer and broadband, and MSOs are taking advantage of that. Research from **Cox** shows the average consumer has 4.5 different video content sources. "The challenge for us is how to we go back to making it as simple and integrated as possible, so you're not burdening the customer with trying to figure out how to use all the different interfaces," *Tony Maldonado*, Cox retention and base management vp, said at a NAMIC panel. "Two-thirds of customers say they want to have all of their content through a common interface, and when you do that it adds value." Sounds like good news for **Comcast**'s Flex model… **Charter** programming acquisition vp *Alexis Johnson* said her company could embrace some of these DTC and OTT options, but "the tension that's obvious that we see is the when you keep trying to cobble your interests together at $4.99, $9.99, $14.99, at the end of the day you're coming back home. You've got a bundle."

ESPN, Food Still King with Consumers: **ESPN** and **Food Network** rose above the rest to become the top-ranked networks for men (47%) and women over 18 (36%), respectively, in the latest from **Beta Research**. ESPN tied with **Nick Jr** for the highest average value among its viewers, according to Beta's 2019 basic network evaluation study, coming in at $1.74. **Discovery** rose above the sports net as a fan favorite channel with 19% of adults saying they would definitely switch their cable provider should it be dropped.

RampUp Notebook: Political ad spend projections for 2020 are up $2bln over 2018, reaching $5.8bln according to Cr**oss Screen Media**'s CEO **Michael Beach**. Speaking at LiveRamp's RampUp summit in NYC Wednesday, Beach said political advertising will hit 4-5% of the entire US video ad market, and 17% of all video ad growth. "Taking your targets and really optimizing your spend, there's a lot of things that can be gained from that," said Beach. "Prices move so fast in politics, that a plan you set a month before could end up pretty much worthless." -- **Viacom** evp, audience science *Julian Zilberbrand* said that while he doesn't use the term "omnichannel" all that often, it doesn't mean the company isn't focused on a holistic approach. He also says that overall there's an education problem when it comes to advertising. "You have such experts at all parts and varying degrees in every organization. But to scale that is a daunting task. There needs to be a little more consideration on how you get people to understand," said Zilberbrand. "Part of the problem is the complexity is outpacing our capabilities to understand it, we need to slow down a little bit and think about how do we turn around and educate the people that we're dealing with and bring everyone in together?"

FCC Creates Innovation Zones: The **FCC** revealed NYC and Salt Lake City as its first "Innovation Zones," city-scale test beds for advanced wireless communications and network research, including 5G networks. These zones extend access to a broader geographical area, allowing researchers to experiment in multiple locations and frequencies under a single license award. The **National Science Foundation**'s Platform for Advanced Wireless Research formally proposed these particular Innovation Zones.

Programming: Another day, another **HBO Max** programming announcement. Two new seasons of animated series "The Boondocks" will launch in fall 2020 with all existing 55 eps of the series available on the DTC service at launch. -- Emmy-winning writer and producer *Donick Cary* (co-ep "The Simpsons," former head writer "The Late Show with David Letterman") signed a first-look animation producing deal with **Comedy Central** that includes developing projects across all its platforms. -- **Katz Networks** is rebranding its **Escape** as **Court TV Mystery** come Sept 30. It will continue to be a destination for true crime, including series "Forensic Files" and "Unsolved Mysteries." The rebrand follows Katz's reboot of Court TV in May. -- **Fox News** has re-signed anchor and global markets editor *Maria Bartiromo* to a new multiyear deal.

People: *Julie Taylor* was promoted to group svp, US scheduling & program strategy for **HGTV**, **Food Network** and **Cooking Channel**. She'll lead the NY and Knoxville-based program planning/strategy teams that manage the networks' overall programming budgets as well as leverage content and programming line-ups to attract and retain viewers.

Think about that for a minute...

Show Your Colors

Commentary by Steve Effros

NBC has decided to name its new streaming service "Peacock." Really. The "in living color" Peacock label has been used by NBC since 1956 when the objective was to get folks to notice real, live, "color television" for the first time. I'm not quite sure what naming their streaming service the same thing is meant to convey, but that's what they've done.

The proliferation of streaming service announcements is coming so thick and fast that it's hard to keep up. NBC has yet to announce pricing, although word is that there will be two prices, one with commercials and one without like a lot of the other streaming services these days. You really need a chart to keep up with both the pricing and the "exclusive" products that have been snatched up at incredible cost by each of the new competitors trying to make themselves a "must buy."

NBC is touting 15,000 hours of programming and loads of "The Office," "Parks and Recreation," "Cheers" and the like. Securing The Office alone reportedly cost around $500 million for five years of exclusivity. That same number (or higher) is being bandied about for Netflix having tied up "Seinfeld." Whatever the original pricing of all of these services, given the amounts of money they are paying for "exclusive" product, the one thing you can be sure of is that the subscription price will go up! After all, look at Netflix today. Their "top" bundle now costs around $16 a month.

So in short, Hulu is now $6 with ads, $12 without, oh, wait, Hulu Live runs about $45 per month and then there are add-ons for things like sports! Amazon Prime costs $10 per month, CBS All Access is $6 with, $10 without, HBO Max will go for something like $15, Disney+ is starting out at $7, and Apple +, with virtually no programming, will cost $5. In other words, even without Peacock, someone who really wants to watch all the "must have" exclusive programs will have to pay over $75, and that's without delivery! Does this really sound like a winning formula to you?

I was wearing my DANIELS golf shirt the other day. I realized that few, if any folks seeing that shirt logo knew who Bill Daniels was, or what his company, one of the most influential cable brokers in the old days, did. I then checked out my closet, where all the old TCI, TCA (that's Texas Community Antenna), Roadrunner (the original Time Warner name for their broadband service), Cablevision, and others reside. The only two which folks still know and respect are CableLabs (they can figure that one out) and C-Span, which everyone honors and appreciates.

So now the average consumer is going to be inundated with Netflix, Prime, Peacock, Disney+, Apple+, ATT TV (or whatever they are going to call it next) DirecTV, Dish, Orby (a new satellite competitor), and the list goes on.

My advice; get some new shirts out there! XFinity, Spectrum, Contour, Optimum, Mediacom, MCTV and the like. Consumers are confused, and they are going to get more confused. The old-line, "traditional cable" companies are going to be proved right; aggregating the content and offering it at a delivered price is the best deal. Keep all your employees fully briefed on the competition, and how it all lines up. Then get them out there with your logo so that folks can ask a recognized "expert." It will prove the best "word of mouth" marketing you can get. Show your colors!

Steve

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(Steve Effros was President of CATA for 23 years and is now an advisor and consultant to the cable industry. His views do not necessarily reflect the views of Cablefax.)