

# A UK ADVERTISER'S GUIDE TO PROGRAMMATIC TV

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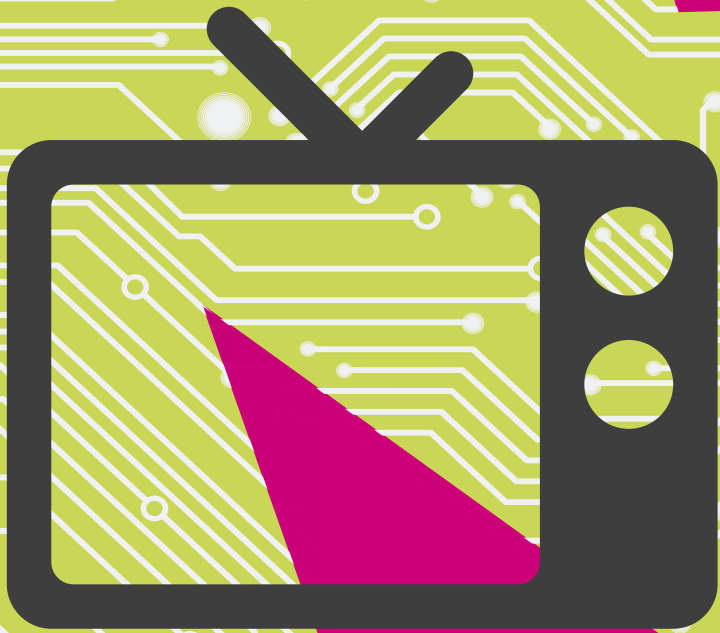
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# Television is many things...

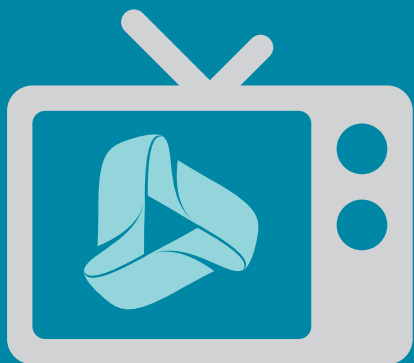
To brand marketers, TV is the original brand-building medium — the largest screen in the house that rightly commands the lion's share of their ad pounds and pence.

TV ad buying is also one of the last frontiers largely untouched by buying automation – where billions of pounds are spent largely based on methods that have changed little over the past 30 years and targeting that is limited to age, gender and socio-economic demographic classifications. But that is starting to change.

This introductory guide is designed to serve as a roadmap for marketers on TV's past, present and future.

At the outset, we should define what 'programmatic TV' means. In eMarketer's white paper on the subject, programmatic TV is defined as 'an automated, technology-driven method of buying and delivering linear TV ads.' This guide takes a broader definition by including video on demand (VOD) and addressable TV.

Of course, to consumers, all of these distinctions are nonsense – we live in a world where viewers move seamlessly between devices and platforms. The primary goal for any advertiser is to mimic this behaviour in their ad buying, moving toward a centralised approach that is agnostic about how or where an ad gets watched.



# TV is not Just a Box in Your House

It is worth pausing to ask: what does “TV” actually mean in today’s world? After all, viewing now takes place in many forms across many screens.

From a viewer’s perspective, this is the golden age of TV. Not only is the content better than ever, but viewers can now stream TV shows, live sports, movies and much more on nearly every screen.

## TERRESTRIAL TV

Over the air broadcast and broadcast networks



**BBC, ITV, Channel 4, Channel 5**

## PAY TV

Linear satellite and cable TV content



**Sky, Virgin Media, BT**

## VOD

via web



**4oD, SkyGo, Virgin TiVo, ITV Player, Demand5**

## CONNECTED TV

Internet-enabled TV and apps

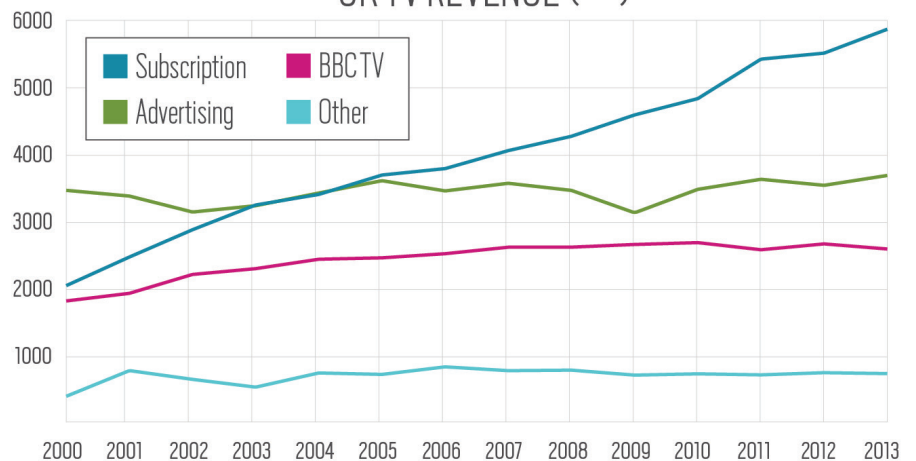


**Roku, Amazon Prime, AppleTV, Sony PlayStation, Xbox, Netflix**

For their part, terrestrial broadcasters and Pay TV providers continue to innovate their offerings. Most commercial TV companies enable viewers to watch both live TV and video on-demand on almost every device.

The growth of video has not escaped the notice of advertisers, who are following viewers online. According to data from Ofcom and broadcasters that has been compiled by Thinkbox, the marketing body for commercial TV in the UK, the proportion of overall TV viewing accounted for by broadcaster VOD was 2.9% in 2014 – and growing. Sky reported similar numbers in an interview for this paper, stating that between 2-3% of catch-up viewing is done on their on-demand app, Sky Go. Today, 40% of the UK watches TV programmes using broadcaster catch-up services, such as ITV Player and 4oD, with an additional 16% using non-broadcaster services (such as Amazon Prime).

UK TV REVENUE (£M)



Source: Ofcom CMR 2013

# TV Ad Market Overview

In the UK, the sellers of television ad inventory can be divided into two categories: broadcasters (i.e. ITV, Channel 4, Channel 5), and Pay TV broadcasters (i.e. Sky).

The market is dominated by national advertising, but regional advertising is also possible. The UK is divided up into regions with some local programming tailored to specific regions. ITV offers advertisers the option to buy across 14 regions, while Channel 4 and Channel 5 offer six and four, respectively.

Some content, such as local news broadcasts and community lifestyle programmes, are tailored to the region covered – but this is limited. Unlike in the United States, where local TV stations can (and often do) target local car dealership and retailer advertisements to a specific town or city, British advertisers are unable to target regionalised audiences in this fashion.

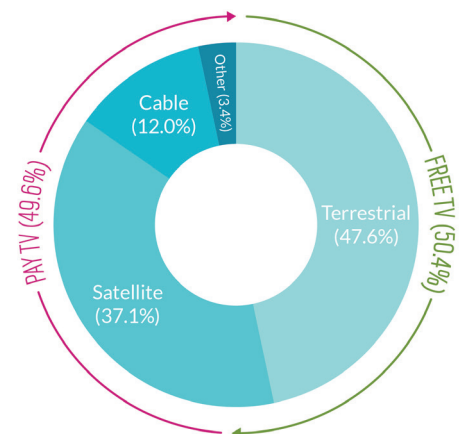
However, Sky's AdSmart, which allows advertisers to target Sky subscribers through their set-top boxes with tailored ads based on viewing habits, demographics, third-party data and geographic locations, is driving increased demand for local-level targeting capabilities.



## Who Owns TV Inventory?

The number of British households receiving free-to-air terrestrial broadcast programming versus Pay TV is roughly equal. Of Pay TV subscribers, the majority favor satellite over cable and other options.

### PAY TV VS NON PAID TV REVENUE



Source: Ofcom CMR 2013

# How Ads are Bought and Placed

“Brand advertisers make campaign decisions at the beginning of their financial year and then decide a full year of placements in consultation with their media agency,” says Gawain Owen, Digital Lead of Nestle UK.

“An ‘AB’ (advanced booking) deadline is then set approximately eight weeks before transmission. Penalties of varying degrees are placed on advertisers if they miss the AB deadline, change any aspect of the approved campaign laydown or cancel the campaign completely once the AB deadline has passed.”

The UK TV market works on a monthly Station Average Price (SAP) model across 14 traded audiences. A dynamic price for each traded audience is calculated by taking all broadcaster revenue and dividing it by the commercial impacts of each individual audience. The higher the revenue and the lower the audience, the higher the SAP, and vice versa.

In order to secure advantageous rates, brands will commit to a volume or share of TV investment with a broadcaster on an annual basis. The buy and trading negotiation is usually done by a media agency - working on behalf of the brand - that will typically negotiate a discount off the SAP and airtime quality parameters based on the share or volume offered by the advertiser. Higher levels of peak airtime, centre breaks and first or last in break ad placement all demand a higher premium. This benefits brands, as the rates they receive are often far lower than what others might pay on an ad-hoc or campaign-by-campaign basis.

It is common practice in the UK for media agencies to negotiate an agency deal directly with a broadcaster where the collective spend of numerous brands is pooled together - usually resulting in even more significant discounting.

The UK broadcast industry places strict regulations on creative approval, requiring clearance from Clearcast to ensure that all claims and statements can be verified and proven. Clearcast approval is a legal requirement as UK broadcasters are liable for any ads they broadcast.

In the US, TV content owners traditionally premiere their autumn show line-ups at the ‘upfronts’, where they sell the bulk of their inventory to advertisers for the entire programming year. The UK does not follow this pattern, primarily for two reasons:

- 1. UNLIKE IN THE US, PROGRAMME PREMIERES OCCUR THROUGHOUT THE YEAR AND ARE NOT LIMITED TO THE AUTUMN OR MID-SEASON (JANUARY) PERIODS.**
- 2. UK TELEVISION PROGRAMMES HAVE TRADITIONALLY BEEN MUCH SHORTER IN DURATION. TOP-RATED ITV PROGRAMME DOWNTON ABBEY HAD ONLY EIGHT EPISODES IN ITS FOURTH SEASON, WHILE THE FOURTH SEASON OF CBS’ THE GOOD WIFE BOASTED 22.**

TV ad spots are typically planned on a Television Rating (TVR) basis against age, gender and socio-economic demographics. Ratings measure the popularity of a programme by comparing the number of actual viewers of a programme against the total potential viewers as a whole. Buying one TVR is the equivalent to reaching 1% of the target audience once. The measurement methodology is explained in the next section.

# Measurement in the UK

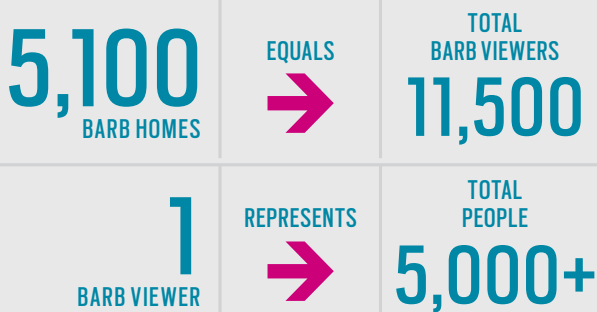
In the UK, television ratings are the responsibility of BARB.

BARB (The Broadcasters' Audience Research Board) is an organisation joint-owned and funded by the BBC, ITV, Channel 4, Channel 5, BSkyB and the Institute of Practitioners in Advertising, is responsible for measuring TV ratings.

There are around 5,100 households (approximately 11,500 individuals) across the UK that make up the BARB panel via special set-top boxes that record and track their viewing habits. Each panel member represents approximately 5,000 people in the UK. Using a special remote control issued by BARB, panel members are able to record minute-by-minute television viewing behaviours of all household members. The information is then collated and published the following morning as ratings.

Few changes have been made to BARB's ratings system since it was introduced in 1981. However, BARB is working on a new system called 'Project Dovetail' that will combine panel data and device-based data to create a hybrid measurement system solely across the broadcast market. The goal is to bridge broadcasters' digital viewership information with BARB's TV panel data, creating a more holistic measurement solution across traditional TV and digital video

Sky's AdSmart offering differs from BARB's standard by drawing its ratings data from a household panel of over 500,000 subscribers who provide viewing habits via their set-top boxes. This data is cross-referenced with regional and lifestyle attributes, household composition and socio-demographic information to inform ad buys.



## UK TV AD CONSUMPTION:

2013  
**38**  
ADS PER DAY  
PER PERSON

VS

2014  
**45**  
ADS PER DAY  
PER VIEWER

THE UK  
COLLECTIVELY  
WATCHED AN  
AVERAGE OF 2.65  
BILLION ADS PER  
DAY IN 2014.

Source: BARB, ThinkBox

# Measurement Challenges

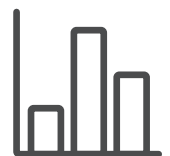
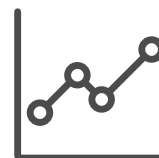
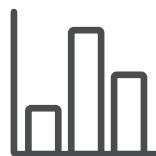
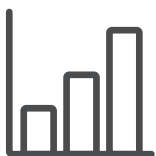
Perspectives on measurement challenges in the UK vary.

Concerns typically surround the statistical accuracy of ratings on single TV programmes. The reason for this is that much of the TV advertising bought today is done programme-by-programme, meaning that a dreaded 'zero rating' suggests that the programme garners no value.

TubeMogul's perspective is that programmatic buys can supplement panel statistics with big data to provide better combined value measurement for advertisers across a campaign plan. In programmatic buys, the buying platform can evaluate viewing events holistically, judging the confidence level with regards to the audience reached on the buy.

The larger the campaign, the more programme-level fluctuations become irrelevant to the index of the entire buy, which is what an advertiser ultimately cares about.

The result is that statistical panels are still be used, but the perspective shifts to looking at the entire campaign rather than the programme to judge overall delivery.





# Addressability vs. Contextual Targeting

Advertisers now have two ways to reach beyond basic age and gender when targeting TV audiences:

1. USING DATA TO BUY SPECIFIC CONTEXTS, PROGRAMMES, NETWORKS AND REGIONS THAT INDEX HIGHER TOWARD A SPECIFIC AUDIENCE.
2. ADDRESSABILITY

Addressability was introduced to the UK by BSkyB in 2014 with AdSmart, which draws data from the digital set-top boxes of subscribers. To date, BSkyB is the only UK broadcaster to develop this technology.

The promise of addressable TV is that it enables advertisers use subscriber data from BSkyB (i.e. postcode, age, gender) linked to third-party data (i.e. Experian credit data) to target different ads to specific households.

While the next section talks about the scale of addressability versus contextual targeting, it is clear that both approaches will be used in conjunction to reach deeper audiences in the coming years. .

## Availability of Addressable TV

At present, BSkyB is the sole broadcaster allowing brands to purchase addressable TV, via their AdSmart technology.

BSkyB's introduction of AdSmart was partly an attempt to deal with problematic 'zero ratings,' as it allowed them to draw data from a sample of over 500,000 set-top boxes. This allows BSkyB to measure viewership data on traditionally zero-rated spots and provides potential advertisers with incredibly granular audience targeting - and herein lies the opportunity for programmatic to complement large audience broadcast spots. Zero or low-rated programming is seen as the probable 'first-step' for programmatic TV as it provides broadcasters an opportunity to monetise inventory that currently offers no commercial benefit.



Given that Pay TV providers own the set-top boxes in their customers' households, it is likely they will be the only companies that can enable addressable TV in the short-term.

# Why Programmatic?

TV is one of the most powerful brand advertising mediums ever created. Designed to sway the hearts and minds of a large audience in one efficient, high-impact message, its continued dominance as a branding medium is undeniable.

Accordingly, the TV ad buying model is not likely to change soon. That said, the demand from brands to plan and buy video holistically across screens and the unstoppable shift to audience-based buying are preparing the market for key advancements in certain aspects of the traditional planning and buying process.

## TRADITIONAL PLANNING & BUYING PROCESS FOR LINEAR TV

### PLAN

TV buyers use price, historical demographic data and inventory trends to calculate the most efficient channel mix and best programming to deliver to their target audience. They then take branding and sales goals into account and set reach and frequency targets.

### BUY

Advertisers negotiate with broadcasters via their media agencies to buy against one of the 14 traded audiences, often targeting a more specific sub-audience. If there are any ratings over- or under-deliveries, airtime reconciliation takes place and make-goods are made on the next TV burst.

### MONITOR/ADJUST

Continued measurement of cost and performance. Adjustment of media mix as needed.

“The majority of TV in the UK is traded on a station price model. Programmatic TV works differently because it looks at historical data and uses that data to potentially increase the value of the TV spot. Take the example of Channel 5 content like Gotham. We might know that Gotham viewers are more likely to be in the market for a brand new car in the next six months. That has value. How do you sell that? TV works on selling traded audiences, but this has potential for brands to get even more granular, which may release different budgets to TV.”

-Gareth Vaughan Jones, Head of Digital Sales, Channel 5

# TV Ad Market: Inefficiencies

While TV continues to attract more ad pounds than any other medium, there are several pain points for advertisers that are fuelling calls for innovation.

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**+ Targeting is limited to age, gender and social demographic class whilst buying niche interest-based or behavioural audiences is difficult.** While the move toward audience-based buying was spearheaded in TV with age, gender and socio-economic guarantees, there have been limited advances into more specific, niche audiences.

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**+ Niche TV shows are undervalued.** Currently, 30% of all broadcast programmes register a 0.0 rating - in part, because national panels do not represent smaller populations with statistical significance.

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**+ Cross-screen planning is extremely difficult.** To consumers, video is video regardless of whether they are watching on a TV or a tablet. But for advertisers, planning that way is challenging in a market where ads, people and management exist in silos.

“I see programmatic TV maximised around unsold inventory on channels that do not work to a station price mechanic and would potentially increase the value of the TV spot. There are many smaller channels that have no one watching them according to BARB figures and I believe programmatic TV can enable them to increase their value.”

-Gareth Vaughan Jones, Head of Digital Sales, Channel 5

# How Does It Work?

There are two key components enabling advertisers to buy and target TV through software:

**Integration of a buying platform into the content provider's TV inventory management and ad insertion systems.** This allows a buy-side platform like TubeMogul to obtain inventory forecasts and execute buys for advertisers using more sophisticated targeting and optimisation tactics than manual processes typically allow.

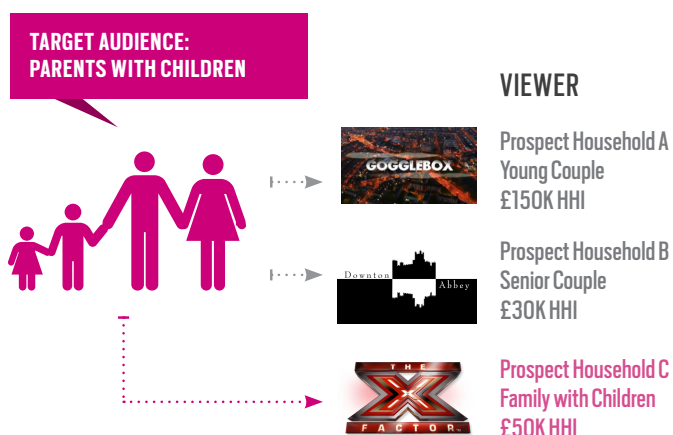
**Marrying audience data with inventory for richer targeting insights.**

1. *Context-based audience targeting.* This approach to contextual buying moves beyond what is possible through manual planning and execution by leveraging software to achieve complex mixes of networks, dayparts, geographies, etc. that index high against a target

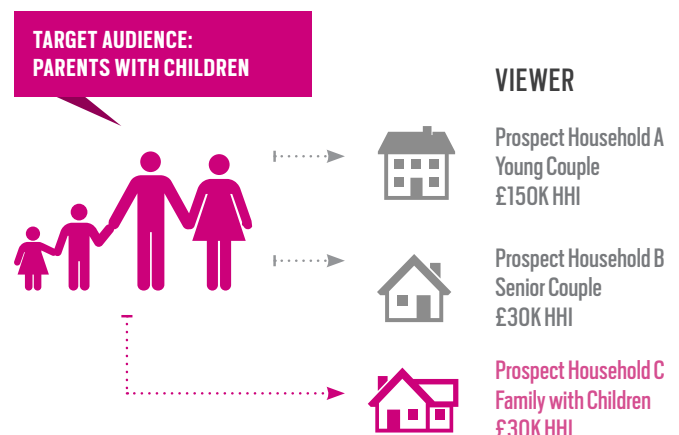
audience. The buying platform integrates data from sources like Nielsen to inform decisioning that occurs at a contextual level (typically show-based). To enable this, the ad insertion integration must allow the buying platform to buy groups of shows.

2. *Addressable based audience targeting.* This requires a link between a third-party audience data provider, such as Experian, and the household TV ad insertion system. A buying platform like TubeMogul can then push audience targets into the ad insertion system. Sky's AdSmart operates on a similar level by securing audience data via subscriber set-top boxes. Allowing TubeMogul to programmatically buy ads from Sky based on AdSmart information would be an example of addressable audience targeting through a DSP.

## CONTEXT-BASED BUYING



## ADDRESSABLE HOUSEHOLD BUYING



# Programmatic TV: The Promise

The growth of automated buying in video advertising is well documented. According to eMarketer, video advertising in the UK is expected to be a £1.7 billion market in 2019, up from £505 million in 2014.

For a growing chorus of brands, data-driven marketing and programmatic buying are delivering quantifiable results in terms of cost savings, reduced complexity, ownership of customer data and, ultimately, better results. Unfortunately, these benefits are meticulously absent on the biggest screen in the house: TV.

Not only does programmatic TV extend these benefits to television advertising, but it enables holistic planning across every screen.

TV bought through software provides brand advertisers more flexibility to shift traditional ad spend and optimise on reach and frequency regardless of where a viewer is watching.

## PROGRAMMATIC TV

The use of software-based systems to plan, buy, measure and optimise television advertising.

The key reasons advertisers are turning to software to manage their TV buys include:

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**+ Audience Efficiency:** Data-driven software provides sophisticated, granular targeting of audiences beyond basic age, gender, socio-economic divisions. The improved ability to reach more granular audiences results in lower overall on-target cost.

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**+ Operational Efficiency:** Automating manual processes with software eases the operational and overhead burden on brand teams.

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**+ Flexibility:** Software gives advertisers access to faster planning, execution and measurement.

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**+ Cross-Screen:** The emergence of platforms that can plan and measure brand campaigns across screens, devices and mediums provides a seamless experience for advertisers to execute holistic strategies.

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**+ Administrative Ease:** One invoice to cover all your programmatic buys, including video, mobile and TV.

While programmatic TV is unlikely to change the current process involving AB deadlines and media agency bulk buys, it will likely play a key role in targeting audiences across screens and provide more deeply integrated planning options.

# What Should Be the Transaction Currency for Programmatic TV?

The way programmatic TV is bought should not be a significant departure from the way TV is bought today, yet should allow greater flexibility in a world of more targeted audiences.

The following transaction types allow for a bridge between the worlds:

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**+ On-target CPM for a specific age, gender or socio-economic group (i.e. ABC1).**

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**+ On-target CPM for a strategic target.** This is the same principle applied to a deeper audience target beyond age, gender or socio-economic band - for example, purchase affinity or ABC1 females aged 18-30.

An on-target CPM with age, gender and socio-economic status allows for an exact comparison against TV currencies used today but has limitations if TV moves toward a fully addressable model. In the addressable world, an on-target CPM for strategic targets will be used to reach views at a household level, and the demographic target will have no transactional meaning. Supporting both in the interim allows the shift from a purely demographic-based currency to a world where the currency will be addressable audiences.

The TubeMogul approach allows buying and reporting on both currencies, giving advertisers more flexibility to choose on a campaign-by-campaign basis. Results are verified by a third-party data provider.



# Programmatic TV: Making it a Reality

Currently, Sky and Virgin Media are the only providers that use set-top boxes to transmit to its subscriber base, making them the only two companies that have the ability to provide any form of addressable TV. This limits the number of available houses for dynamic ad insertion on linear TV to just over 14M households out of the 25M total TV license holders nationwide.

In order to make Linear TV work with the national broadcasters, there are a few integrations and digital evolutions that need to occur on both sides. Programmatic companies will need to ensure that all creative meets TV industry standards. It is essential that all linear ads are approved by Clearcast to ensure they adhere to requirements involving taste, decency and authenticity. All claims within an ad must be verifiable and all legal terms must be made clear (such as for a competition or rebate offer).

Additionally, all ads must be cleared against the Broadcast Committee of Advertising Practices codes prior to transmission. To solve this issue, an integration between a programmatic platform and CARIA, a web-based platform which streamlines the process of airtime booking, copy scheduling, and campaign administration, could be implemented.

Once the ad has been submitted and approved, the ad needs to be sent to each broadcaster's delivery system and have a rotation and schedule assigned to it. Theoretically, a broadcaster using Landmark or a proprietary delivery system like Channel 4 (Stella) and Channel 5 (Oasis), could create an API integration in which schedules highlighting undersold or undervalued inventory after the AB phase can be passed to programmatic platforms for bidding. Within the integration, the platform would then return a bid for a spot along with the Clearcast approved copy, clock number, restrictions and rotation instructions. The broadcaster can then input that information into their delivery system for distribution across their Linear TV platform.

TubeMogul has already seen a similar system that puts a hold on advertisements pending station or broadcaster approval using technology from WideOrbit.



# Barriers to Programmatic TV

Despite its promising future, the programmatic TV ecosystem is still emerging. Many TV buyers aren't familiar with the benefits programmatic buying brought to digital advertising, let alone the value it can offer television.

As a result, there is a mix of real and misperceived barriers impacting programmatic TV's development and adoption.

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**+ Programmatic is perceived by some as a threat to the current way of transacting rather than an additive approach to TV.** Television advertising has been around since 1955, when a 60-second ad spot ran for Gibbs S.R. toothpaste on ITV. Since then, the television industry has grown into a reliable advertising medium that has remained largely unchanged. Hesitancy to introduce new variables into an established system with a lot of pounds transacting, then, is expected. That said, a new way of buying that allows advertisers to target audiences at a deeper level and gain more flexibility is essential for TV to remain king of advertising mediums. Programmatic TV will not replace the mass reach that reserve deals and pre-planned campaigns allow, but it can be an additive way to complement the traditional model.

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**+ Regulations ensuring television advert compliance is difficult to automate.** Current legislation requires Clearcast approval for all television ads. No ad can broadcast without this approval, and broadcasters are liable for every ad that is shown on their channel. An RTB system where ads are uploaded and instantly transmitted – as we currently have the ability to do in online video – would need to find a way to ensure broadcasters are aware that the ad has been given the green light by Clearcast. In the US, WideOrbit has developed a process that allows broadcasters to 'pre-approve' a video to run under specified parameters before actual booking. If the advertiser wins the ad slot they bid on, the compliance approval process is streamlined. A similar system could be implemented on a programmatic platform in the UK to combat this issue.

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**+ Lack of infrastructure.** The technology needed is developing, but there is work to be done before perfectly seamless, automated TV and ad delivery is realised. Today's programmatic TV buyers must utilise a patchwork of solutions if they want to both buy and target audiences effectively and figure out how to make it work with legacy systems. There does not yet exist an easy way for buyers to select inventory they want, apply audience targeting, then flip the switch to activate a campaign.

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**+ Fear of commoditisation.** One of the biggest challenges is convincing broadcasters to make more inventory available for automated delivery and, ultimately, purchasing. Broadcasters fear losing control over the value of their ad inventory. They witnessed the downward pricing pressures some online publishers experienced with online banner display advertising and fear the same fate for television. However, premium digital video remains immune to this dynamic because premium supply is constrained. Accordingly, premium digital video prices' continued stability creates incentives for programmers to consider applying programmatic to the TV ecosystem for certain inventory and buyers.

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**+ Programmatic: one word, multiple meanings.** At its core, 'programmatic' simply means bringing some level of data-driven automation to the process. However, the term is often associated with specific buying models, strategies and technologies commonplace in the digital advertising realm. In fact, most of the interview subjects for this white paper defined Programmatic TV as the ability to do real-time buying of advertising using software – not just automation.



# A Look Ahead

Most agree that programmatic TV has the potential to benefit everybody through automated buying, selling, delivery and measurement. There is no doubt that television will embrace programmatic methods – the metamorphosis is already underway. The question that remains: In what ways will programmatic transform television advertising?

There are a few ways TV could be bought and sold that have direct parallels to the digital world:

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#### + **Automated ad delivery and measurement.**

Automating creative delivery and measurement would make the process more efficient for both sides of the business. Software can facilitate handoffs, watermarking, measurement, etc. – enabling a more agile system that can accommodate changes without significant delays.

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#### + **Data-driven planning coupled with manual buying.**

The ability to leverage data with automation will increase the value of each ad slot. Inventory owners can maximise the quality of the spot they are selling and marketers can reach their desired audience in the right context.

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#### + **Programmatic reservations.**

Advertisers can automate the process of booking inventory for campaigns in advance and also take advantage of zero-rating opportunities. Rather than manually reaching out to each inventory source, buyers could log into a centralised system to immediately confirm availability and place reservations.

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#### + **Guaranteed programmatic direct deals.**

These mimic the manual deal in economic terms, but the targeting, optimisation and delivery of the ad is automated. The result is the same relationship between broadcaster and advertiser, but the value extracted from the deal is far greater.

Stakeholders across the media landscape – from data providers to SSPs and, most importantly, advertisers – are converging to drive innovation into this new frontier. The journey is complex, and relies upon the willingness of broadcasters and networks to test and adapt new ideas that will move the industry forward.

# In Conclusion

In Digital TV Europe's recent report on the future of TV advertising, programmatic buying was cited as 'likely to become ever more prominent' with almost 90% of surveyed video industry experts agreeing that programmatic buying will 'either determine the future of TV advertising', or that it will 'play an increasingly significant role.'

However, elements of programmatic TV are already available in the UK through Sky's AdSmart technology, which has successfully introduced addressable TV to the UK marketplace.

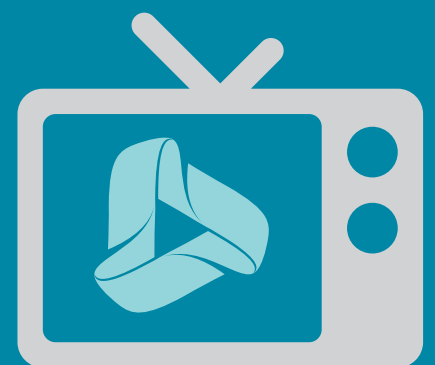
While companies like Mondelez have embraced programmatic TV to execute premium ad buys in the US, differences in how the UK TV industry operates – specifically in terms of a lack of local channels and increased legal regulation – mean that adjustments will need to be made to fully capitalise on opportunities.

4oD has already started to trade VOD inventory programmatically this year and broadcasters stated that programmatic TV could offer potential benefits to shows that have low or zero-ratings based on BARB panel figures. By focusing on specific niche audiences, marketers can take advantage of zero-rating opportunities in order to stitch together a TV campaign that is both cost-effective and highly targeted. Programmatic TV would also provide broadcasters additional revenue opportunities.

TubeMogul does not see Programmatic TV as a replacement for the traditional ad buying and selling models currently employed for premium television inventory. Instead, we believe it adds significant value as a complementary marketing tool to supplement premium ad buys. Additionally, the benefits of planning and managing programmatic TV ad buys alongside other programmatic video campaigns (such as mobile and desktop video) on a single centralised platform allows brands to fully integrate their branding strategy to better target key audiences and control spend.

**Programmatic TV isn't on its way - it's already here. The only remaining question is how quickly it will be integrated and how much inventory will be made available.**

Perspectives from  
the industry.



# INTERVIEW: Ownership & Education



Gawain Owen  
*Digital Lead*  
NESTLÉ



Good Food, Good Life

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**What do you think is the main barrier to programmatic TV in the UK?**

I think there are barriers around the trading model. Decisions will need to be made over who takes ownership over programmatic television. Do you give it to the programmatic specialists or AV team in your media agency? Media agencies that have existing relationships with the major broadcasters should be able to create the deal structures, but might not have the technical knowledge to take advantage of the efficiencies that programmatic offers.

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**Nestlé is a massive brand. How much of an impact will programmatic TV have for smaller companies or brands with less cash to spend?**

I believe there is massive opportunity. If I put myself in the position of a smaller-scale brand that relies on paid search and programmatic display, I'd be very intrigued by the possibility of adding TV to the mix. Maybe I don't have an agency. Maybe I don't have great TV bandwidth. Programmatic TV would allow me to make purchases, despite these obstacles, either by using an in-house platform or via a programmatic specialist agency.

# INTERVIEW: Measurement & Reporting



Sumit Khurana  
Head of Online Marketing (UK & IE)  
MATCH.COM

match.com<sup>®</sup>

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## **What is the biggest advantage offered by programmatic TV?**

The biggest advantage is having a common report - a common measurement across all your media. The most challenging issue for us is that we run so much media and have such a broad marketing mix. We have to justify every pound we spend in each particular channel. Running on a common platform would definitely help. Having a solution which is tailored to measure all media - online, offline, point of sale and more - would definitely help us make evaluations faster and more efficiently.

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## **What reporting would you need to see to make programmatic TV ad buys work for you?**

The most important information we would need is granular detail about the audience. Traditional TV reporting has always been in terms of GRP points because that's how TV has always been traded. What would intrigue me would be if programmatic TV allowed tagging on the side to help me marry up all my web analytics data. I'd love to use programmatic to determine whether the spot is influencing new users, whether it's influencing existing users to convert, whether it's influencing other media or impacting Generic Search. Traditional TV reporting is great, but I'd like to see some sort of a synergy with digital attribution or digital metrics

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## **Could the rapid reporting that programmatic TV offers benefit a brand like yours?**

Let me give you an example of a position we were in previously. Here at Match.com, we had six edits of a TV commercial ready to go. We ran the first two edits, and analysed the data over a two-week period. We saw that we weren't getting the same response as our old commercial and we knew that - according to our quality research - the other four edits were stronger. If we were running the campaign programmatically, it would have been an easy switch. When we eventually did have the chance to make the change, we saw an improved performance.

# INTERVIEW: The Value of Programmatic



Martin Galvin  
Digital Trading Director  
MEDIACOM

**MEDIACOM**

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## **What will need to change in the UK for programmatic TV to be embraced?**

When we see consistently better results for our clients in all aspects of programmatic media, we can expect a significant clamor – probably led by both clients and agencies in varying orders. We’ve already seen some broadcasters try and get ahead of the pack, specifically Sky through AdSmart. Channel Four have also made quite a lot of noise about programmatic, and are ready to roll on 4OD. I am surprised that we haven’t heard more about developments on linear TV though.

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## **What pitfalls should people avoid when embracing programmatic TV ad buying?**

Programmatic TV is less about traditional TV and operates more along the lines of how Programmatic video is purchased. Because everything will be measured or measurable, you don’t want to end up in a state of inertia where you get paralysed by statistics and don’t actually try new things.

Additionally, brands will need to be conscious that advertising rates will most likely increase, despite the decrease in viewership numbers. As brands get more targeted in their ad buys, they will begin fighting even more for key markets. Your cost per ad will increase, but the efficiency of that ad will improve.

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## **Is there a benefit to introducing programmatic TV to the UK?**

Definitely. From our experience, programmatically-traded media is more efficient. And as a media agency, we clearly want to eke out maximum efficiency on behalf of our clients. I don’t see what difference the medium makes as to whether we trade programmatically or classically? The goal is the same – the most targeted and effective brand exposure at the lowest cost.

# INTERVIEW: New Opportunities



Kevin Longhurst  
Head of Trading and Partnerships  
G14



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## **Do you think programmatic TV will bring new advertisers on board?**

Sky has seen this happen following the introduction of AdSmart. I believe over 78% of people using AdSmart are new-to-air TV advertisers for them. And Thinkbox revealed this year that over 800 advertisers were new to television or returned after a five-year absence in 2014. Programmatic unlocks the opportunity to have a TV presence for so many clients that wouldn't use TV before due to wastage. This ability to get more clients spending on TV is really exciting.

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## **Isn't reduced wastage one of the potential benefits of TV advertising?**

That really depends on the brand. FMCG brands probably aren't as worried and would be less inclined to pay increased costs for hyper targeting. But, if you have a specific product – like a car – you're marketing to a very specific person. And that's when wastage does become an issue.

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## **How could brands and broadcasters take advantage of programmatic TV?**

Brands marketing certain products could take advantage of zero-rated shows or less premium ad spots to put together a TV campaign. For example, if you switch on the television late at night, you often see gambling ads. I would argue that there are opportunities for gaming companies and men's lifestyle products because plenty of consumers playing things like Call of Duty are awake, potentially using the TV as a second screen.

Programmatic opens up a new revenue stream for the big broadcasters as they could market this air time to new advertisers and show them how easy it is to do.

# INTERVIEW: The Role of Programmatic



Simon DGLISH  
Group Commercial Director  
ITV



## □ Is there a role for Programmatic TV in the UK?

This depends on your definition of programmatic. I think there is a role, especially with regard to smaller channels. I believe we are already seeing Sky's Ad Smart perform this on zero-rating shows and I am sure other ways to target will develop. In the future, it may be the case that some of ITV's smaller shows, which carry direct-response ads, could be bought programmatically. But, this is some way off and faces many challenges.

## □ What changes would you, as the broadcaster, need to make internally?

There are many changes we would need to make, not only from a regulatory point of view but also from a technological one. TV is a format that is viewed by many people on the sofa – but how do you know who is on that sofa? TV by its very name is a 'broadcast' medium, not a 'narrowcast' medium. That is its very strength. Quality content; Mass reach; In a single hit.

Programmatic TV is reliant on information. To make it work, we would need to ensure that the data is correct and that it's being used effectively when advertisers are making their campaign purchases. If that can be conquered, then it could be useful in generating more revenue for low-value day advertising or zero-rated programmes

## □ What's your biggest concern or challenge relating to Programmatic TV?

In the UK, we are highly regulated. We, as the broadcaster are responsible for every message in every ad that goes to air. If we are seen as incorrect or noncompliant in any way, then we, as the broadcaster, are liable. We would need to find a way of ensuring ads were compliant before they ran if we introduced real-time, programmatic buying.

The validity of the data is also key. We're entering a revolution in understanding our audiences and we are targeting audiences that seems to want to be a part of that. But we need to determine a common understanding of what data set is the right set and how to use it. At the moment we have millions of people who have given us permission to generate first-party data that tells us when they sign on and programmes they watch. We cross-reference that information against other data sets to get deeper knowledge about them and understand them more in depth. Channel 4 does the same thing. But, we can't share our data as that would be illegal. And there is no common currency in how the broadcasters are using that information

Essentially, it's about understanding programmatic, regulating it, and making sure that everybody's buying the same understanding of the same sets of data.



# Glossary

## **AB DEADLINES:**

Advanced booking deadline. The date agreed between the advertiser or media agency and the broadcaster by which the advertiser or agency is required to confirm the booking. Changes to the booking made after the AB deadline often incur penalties.

## **AD SERVER:**

A computer server connected to a database that stores ads and delivers them to viewers.

## **AD SMART:**

A unique analysis system developed by Sky that takes data from set-top boxes used by Sky subscribers and integrates it with third-party data to develop unique, targeted customer profiles. This allows advertisers the opportunity to select audiences based on specific factors such as age, location or lifestyle rather than on general socio-economic brackets.

## **ADDRESSABLE TV ADVERTISING:**

Technology that allows advertisers to deliver different TV ads to individual households based on demographic, geographic or other factors.

## **BARB**

The Broadcasters' Audience Research Board, a joint industry committee responsible for TV audience measurement in the UK.

## **BROADCASTER:**

A company that transmits TV content via traditional over-the-airwaves broadcast (i.e. ITV, Channel 4, Channel 5)

## **CLEARCAST:**

UK organisation joint-owned by the major terrestrial and Pay TV broadcasters responsible for pre-approval of British TV ads before broadcast. Clearcast approval is legally required for all ads before they are broadcast on British television.

## **CONNECTED TV:**

TV content – either live or on-demand – available for online streaming by authenticated subscribers on 'one-off' basis.

## **CPM:**

Cost per thousand ads served to viewers.

## **CPP:**

Cost per point. The cost to reach 1% of the target audience within a specific geography.

## **CROSS-SCREEN:**

Running ad campaigns across multiple channels at the same time, such as mobile, desktop, in-app and TV.

## **DAYPART:**

A block of time that divides the TV day into segments for purchase, scheduling and delivery (i.e. primetime).

## **DSP:**

Demand-side platform. Software that is utilised to purchase advertising in an automated fashion.

## **FMCG:**

Fast-moving consumer good. Products that are sold quickly at relatively low cost. These items are typically the most advertised products on television today.

## **GRP:**

Gross rating point. A standard term used as a measure of the overall weight of an advertising campaign. One rating point is equal to one percent of the target audience.

## **LINEAR TV:**

Live television that is watched as scheduled; stands in contrast to pre-recorded or video on demand (VOD).

## **OFCOM:**

The communications regulator of the UK. Ofcom is responsible for the regulation of the TV and radio sectors, fixed-line telecoms, mobiles, postal services and the airwaves over which wireless devices operate. Ofcom is accountable to the UK Parliament for whom they set and enforce regulatory rules for each of the sectors they are responsible for.

## **PAY TV:**

A broadcaster or collection of television channels that can only be viewed by subscribers who pay a fee for the service. Access is usually provided through installation of a set-top box, cable or satellite system.

## **PROGRAMMATIC:**

The use of software to automate the purchase, delivery and optimisation of advertising. Magna Global defines it as "all spend transacted through a technology platform rather than a traditional I/O process."

## **PROJECT DOVETAIL**

A hybrid measurement system being developed by BARB that will integrate BARB's panel-based data with device-based data

in order to provide more precise ratings analysis. It is projected that the system will come into effect within 1-2 years.

## **REAL TIME BIDDING (RTB):**

Real-time bidding is the ability to purchase or sell ad inventory via programmatic instantaneous auction.

## **SAP:**

Station Average Price. The estimated cost of audience delivery on a TV station, based on advertising cost per thousand for a specific audience category.

## **SSP:**

Supply side platform. Software that is used to sell advertising in an automated fashion.

## **Terrestrial TV:**

A historic term that refers to TV broadcasting transmitted by radio waves to TV from a terrestrial television and received with an antenna. Today, terrestrial TV is a term commonly used to refer to the major non-pay TV broadcasters viewable in UK homes (i.e. BBC, ITV, Channel 4, Channel 5).

## **OFCOM:**

Television ratings. They are expressed as a percentage of the potential TV viewing audience at a given time.

## **TUBEMOGUL UNIVERSITY:**

Annual event hosted by TubeMogul in Europe, Australia and the United States that brings together industry leaders for a detailed conversation on programmatic and brand advertising.

## **UPFRONTS:**

Annual buying period in the United States where advertisers have a chance to purchase scarce premium inventory for guaranteed delivery with major content providers (i.e. ABC, NBC, Turner) for the year. Usually occurs in the spring after the new autumn schedules have been announced and presented to major advertisers.

## **VOD:**

Video on demand. Delivery of TV content at a time of a viewer's choosing. Often available either through a set-top box or on computers and mobile devices.

## **ZERO RATING:**

A rating given to a UK programme that registers no viewership from the 5,100 panel members that constitute the BARB ratings panel.



**TUBEMOGUL (NASDAQ: TUBE) IS AN ENTERPRISE SOFTWARE COMPANY FOR DIGITAL BRANDING.** By reducing complexity, improving transparency and leveraging real-time data, our platform enables advertisers to gain greater control of their digital video advertising spend and achieve their brand advertising objectives. TubeMogul was incorporated in 2007 and is based in Emeryville, California with operations in New York, London, Singapore, Tokyo, Sydney, Toronto and offices across the United States.

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