

AdAge

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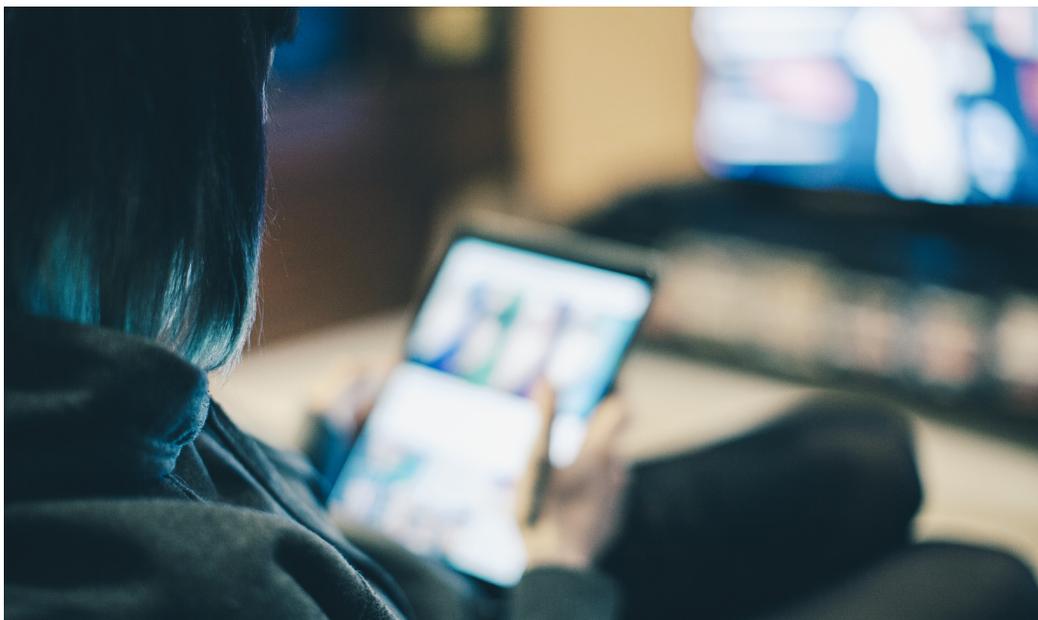
ADDRESSABLE TV: WHY ADVERTISERS NEED IT NOW

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As consumers adopt a growing number of TV viewing options—and continue to opt out of commercial viewing and traditional linear TV—advertisers face an uphill battle to reach the audiences that matter most to them. Traditional broadcast and cable buys often miss up to 40 percent of demo targets, plus the inventory pool is declining, the quality of data is under attack and attribution continues to be an issue.

Marketers are increasingly turning to addressable advertising to find elusive viewers and gain control of reach and frequency. Addressable is becoming an accessible, flexible way for advertisers of all sizes to reach the audiences they want to connect with.

“Those who have been working in addressable see the benefits, and the market reception is very strong,” says Kevin Arrix, senior vice president of DISH Media, responsible for advertising revenue and operations for DISH and its OTT service, Sling TV. “We’re seeing return clients and new categories embrace addressable, which is exciting. There’s wider adoption across the space and advertisers are beginning to see the opportunities that addressable presents.”

What is addressable?

While it’s still only a small part of the overall TV marketplace ad spend (estimated at 2 to 3 percent), addressable offers benefits that

other forms of advertising can't. Addressable technology serves advertising to engaged, relevant viewers through cable, satellite, internet protocol delivery systems and set-top boxes, regardless of what program or time of day they are watching. This means that consumers are seeing ads that address their purchase interests, whether they're in the market for a new SUV or are thinking about getting a mortgage. Also, the ad only delivers when the set-top box or connected device is turned on, so marketers are only paying for impressions served.

Linear TV campaign planning involves looking at dayparts, networks and programming that have performed well in the past toward a particular demographic. The ads are then deployed nationally across every household—meaning everyone who is tuned in to that channel at that particular time will see the ad regardless of who they are. Then eventually, Nielsen data will show how the campaign performed based on ratings.

With addressable, there is a one-to-one connection with the subscriber. Marketers lay out their specific goals or KPIs for the campaign. This involves determining what audience they want to target and what they want to measure on the back end, such as sales or website visitation. The addressable partner then selects the right data source to identify the exact homes the ads will reach. Households are targeted based on deterministic first-party subscriber data and third-party attributes such as geography, purchasing behaviors, income and even a brand's customer lists. From there, the ads are served to the designated households when the set-top box or devices are on, and frequency and reach can be adjusted according to campaign goals. Following the campaign and attribution period, the client receives extensive data detailing performance, such as website traffic, in-store visitation, brand awareness and true sales.

"We work very closely with both the client and data vendors," says Arrix. "Our Advanced TV Analytics team's core focus is to provide a dedicated service on both the front end of campaigns, and then on the back end in order to truly capture that full-circle campaign

evaluation. The goal is to dig into the data sources, targeting and results on all campaigns to determine what made them successful and what learnings we can take away in order to improve upon the next campaign in an informed, strategic way."

Addressable is fully transparent in reporting and measurement, reaching even those 49 percent of viewers watching ad-supported cable TV outside of the Top 20 networks, according to Nielsen.

"If you look at the tiers [of advertising]—traditional linear TV, data-driven linear, where you're still buying shows—then take it one step further, you have addressable. Addressable is true, one-to-one targeting at the household level. It is the only way you get back-end attribution in television," says Jim D'Antoni, director of sales for DISH Media. "You can surmise that X amount of people saw this ad and then took this action."

The growth of addressable

Addressable has grown quickly in the last six years, since it was first introduced. Today, advertisers, including direct-to-consumer brands that previously considered addressable to be too pricey for their limited budgets, view it as a flexible, efficient way to target audiences. By the end of this year, almost every major TV provider will have introduced a version of addressable advertising.

According to eMarketer, the number of addressable TV households increased by 30 percent between 2016 and 2018, to 54 percent of total TV households. That's a total of 64 million households, or equivalent to 162 million people, according to Nielsen.

Ad spending on addressable is also growing. In 2016, addressable drew \$760 million in ad spending, according to eMarketer. It's projected to reach \$2.5 billion in 2019 and \$3.4 billion by 2020, a 32.7 percent increase in just one year. And while only 15 percent of advertisers currently buy addressable on a regular basis, according to an ANA/Forrester report, advertisers are beginning to adopt the solution as a complement to their current mix.

"Five years ago, addressable was definitely not a high priority—not a part of the strategic planning process," says D'Antoni. "Now, I see

more and more agencies with an addressable line item in the media plan.”

The benefits of addressable

For marketers, addressable is growing because it offers a wide range of benefits, including:

- **Great accessibility for advertisers.**

In its early years, addressable represented an expensive experiment for most marketers. But today, technologies and data have improved so that a larger number of viewers can be reached through addressable via set-top boxes and digital devices. At the same time, marketers are becoming more educated in the space and utilizing the technology in more advanced, strategic ways.

Adding addressable to a linear TV marketing buy means advertisers can reach viewers that linear misses while helping marketers spend their TV ad dollars more efficiently (see “Traditional and Addressable: The Perfect Match,” page 6).

“It’s a no-brainer as far as I’m concerned,” says D’Antoni. “There’s waste in national linear television. If you take a percentage of that spend and put it on addressable, the ROI is much better, and it’s completely measurable.”

Plus, addressable now makes sense for more than just the huge national marketers. Regional marketers can also find benefits in buying addressable campaigns targeted at specific customers in their territories.

- **It reaches core audiences watching content in a measurable way at a time when traditional ratings are declining.** The traditional Big Four networks have been undergoing declines in Nielsen’s C3 ratings, losing 27 percent of their 18-49 demographic in fourth quarter 2018 compared with the same period in 2016, according to an Ad Age report. For advertisers, this means a steady increase in ad unit costs.

Addressable has been experiencing double-digit percentage increases in ad spending as advertisers reap actual, measurable results for their specific KPIs. This comes with the cross-platform advantage of addressable, which also reaches viewers on desktop computers, laptops and mobile devices via over-the-top (OTT) services like Sling TV.

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**Jim D’Antoni, director of sales,
DISH Media**

“While the large majority of Sling ads air on the big screen, our campaigns run across all different device types,” says Dave Antonelli, director, ad revenue and strategy for Sling TV, which was a pioneer in addressable advertising across live OTT services. “We provide rich post-campaign reporting about the audience, where the ads ran, and what happened after the campaign.”

At the same time, it doesn’t matter when or where the ads run—because it’s a premium environment.

“Live OTT is ultimately television, just over the internet. When you access inventory directly through a secured app, you aren’t faced with brand safety or context issues that often plague the digital space. When it comes to restrictions for certain brands, the conversation is around blacklisting networks, the same as traditional television,” Antonelli says.

- **It’s not just reaching target audiences—addressable is also revealing true attribution and ROI.** Unlike traditional linear advertising, addressable can reach audiences who are already in the purchase cycle and then follow up to find out if the advertising motivated them.

“It’s a way to very efficiently access people who are ready to make a purchase,” says Tim

Myers, general manager, addressable operations and strategic partnerships for DISH Media. “Instead of having all that extra reach and frequency for people who are outside of your target, you’re able to get the right message in front of the specific audience. We’re going to find those people no matter where they’re watching.”

From there, the DISH Media’s Advanced TV Analytics team works with its data partners to measure consumer action after exposure to the ad. The team focuses more on measuring actual actions rather than just reach and frequency in order to gain a true ROI for optimizing targeting to manage the campaign’s KPIs.

“Addressable technologies give you the ability to understand consumer action like no other vehicle on TV,” says D’Antoni.

• **Quality data boosts targeting and reach.** Once a marketer has determined its campaign goals and what KPIs it wants to achieve, first- and third-party data come into play. An advertiser’s campaign goals determine which of 20-plus data partners DISH and Sling turn to for audience segments. Companies can also benefit by tapping into their own first-party data.

“There are certain data vendors that have different capabilities when it comes to actual post-campaign ROI and attribution,” D’Antoni says. “We also try to see if they have their [own] data. We are data-agnostic so we try to utilize what’s best for the client or agency. We’ll see where we have the best match [for] reaching that target audience with the most household counts.”

“Access to a variety of attribution metrics is one of addressable’s benefits,” says Arrix. “You can align ROI analysis to whichever KPIs matter most to that particular advertiser.”

• **Addressable offers opportunities to improve advertising.** Marketers that use addressable have the advantage of running multiple campaigns to see what works based on reporting and metrics. Then they can make changes for the next addressable campaign.

For example, one major automotive advertiser has been using addressable to run always-on campaigns to test its messaging. This advertiser runs up to four campaigns a year to support its major launch efforts and

see what works best.

“By moving copy in and out, they’re getting insights. They’re always testing it,” D’Antoni says. “Addressable was very one-dimensional three, four, five years ago. People were still learning. But today there are a lot of ways you can use it. You could use it to optimize reach and frequency. You could use it to pinpoint your targeting. [Advertisers are] using it in more sophisticated ways every day.”

DISH Media’s new analytics team is responsible for wrapping up campaign information to educate advertisers on what worked and what didn’t, and offering insights on how to optimize campaigns for better results in the future as they test different versions, or versioning.

“Our customers are very savvy, and they know what they’re looking for,” D’Antoni says. “Most of our clients are repeat customers because ... they just get smarter after every campaign. Their initial campaign may be very broad. Then the next time we’re going to be a lot more specific down to the audience segment they want to target.”

Best practices for addressable

As addressable grows in scale and popularity, it also offers advertisers better ways to reach more of the audiences they want to target. Here are the five best practices for marketers looking to take advantage of addressable advertising’s opportunities:

1. Know your goals. In order to get the most success from an addressable campaign, marketers need to understand what they want to achieve. “You really need to define your KPIs before you think about your targeting parameters,” Arrix says.

For example, if an automotive marketer wants to create wide-scale awareness, targeting in-market auto intenders may not get that brand to its actual goals.

“You’ll drive sales results, but are you getting brand awareness?” Arrix says. “We want to make sure the front-end targeting aligns with how the campaign will be measured on the back-end. This way our clients get an accurate understanding of how their ads performed.”

2. Don’t impose a lot of limitations on the campaign. One problem that DISH and Sling

TRADITIONAL AND ADDRESSABLE: THE PERFECT MATCH

Traditional and addressable: The perfect match

Traditional TV is facing problems. Yet despite the consistent decline in TV ratings, traditional linear ad spending, while holding steady, is still estimated to hit \$70.8 billion in 2019, according to eMarketer.

Advertisers generally depend on national linear buys to reach their core audiences—but they can do more. Addressable advertising can help advertisers close the reach gap with traditional national linear buys.

For traditional linear TV buys, the reach curve at the beginning of a campaign is fairly steep as they first reach viewers. As weeks go on, the frequency increases as more viewers are exposed to the ad. However, once the reach curve plateaus the ad only reaches a small number of new viewers while those already exposed become oversaturated with the repetition. The addressable cost per point becomes much more efficient than linear at this stage.

“What happens is a lot of advertisers end up running these campaigns a lot longer than necessary. They’re chasing that last part of the reach curve to try and hit their remaining



targets,” says Tim Myers, general manager of addressable operations and strategic partnerships for DISH Media.

Addressable can change that equation by offering a hybrid solution.

“When you get to the end [of the campaign], you start to chase those people you haven’t reached and you’re now spending a lot of money on, while actually making it a bad experience for the people who were exposed earlier in the campaign,” Myers says. Instead, with addressable, “you just target the people who have never been exposed or are lightly exposed.”

Jim D’Antoni, director of sales for DISH Media, says that this kind of targeting in

conjunction with traditional linear is an optimal use for addressable. By adding addressable to their models, he says, DISH was able to reach upwards of 95 percent of the target.

“People talk about the death of traditional TV,” D’Antoni says. “It’s like an iceberg that’s melting, but it’s still the largest platform for scale and awareness. Now, you have this growing ecosystem of OTT, data-driven linear, addressable, that has targetability and will serve as a complement to the larger, more reach-driven prime time, sports or whatever you’re using to establish your initial reach.”

often encounter is that clients want to set narrow parameters on their campaigns rather than working with them to figure out what will work best.

“They should tell us what their overall campaign goals and KPIs are and what they’re trying to achieve, then let us help them find the best ways to accomplish [that],” Myers says. “Sometimes buyers approach us with an exact data vendor and target. But it might not be the best way for them to achieve their campaign goals on our platform. If we work closely together, we can find the right targeting and measurement that will optimize results.”

Myers adds: “You don’t want to put constraints on your execution because you’re trying to find the people wherever they’re watching. So if you work with us to build a good target ... you just let the system do what it needs to do to reach them.”

3. Keep trying—addressable isn’t a one-shot proposition. As a relatively new format for many advertisers, addressable offers a lot of benefits, but may also require refinements to achieve the exact goals marketers want.

“You’re not trying to boil the ocean overnight,” D’Antoni says. “Some people run a campaign for six weeks. [If] they don’t see immediate results, they just move on. You want to test and you want to optimize, and then you want to buy again. The people who stick it out for two or three efforts, that’s when you start to really get the learnings.”

4. Spend for results, not demographics. Traditionally, marketers look at an ad buy in terms of CPMs, however, for addressable a shift in mindset is required.

“The question we get a lot is, ‘What’s the minimum spend?’” D’Antoni says. “That comes from things they might hear in the marketplace, like thinking about addressable as reaching individual households rather than as a budget number—how much is it going to cost me rather than saying, ‘I have \$250,000 to spend, how can I spend it?’”

D’Antoni recommends being more flexible when it comes to spending on addressable, focusing on hitting the target audience—the people valuable to your campaign—when and where they’re watching.

5. Work with partners you trust. A lot of companies say they offer addressable, but not everyone does. Until standards are adopted for addressable, advertisers need to demand transparency and premium supply from providers.

“In order to protect the credibility and quality of our addressable product, we make a point to identify the right data providers. We need to ensure that the proper audience data is passed through a safe environment and we can back up campaigns with true measurement and attribution,” says Arrix.

“Privacy and brand safety are of the utmost importance,” Arrix adds. “We work with providers that have a clear process in place for how they collect data and are protecting our clients and subscribers.”

The future of addressable

Addressable is growing, and DISH executives expect that to continue, even as the format faces some challenges, such as the need for increased inventory and overall standardization.

“TV has proven its effectiveness for years,” Myers says. “Now we’re just putting technology to work to make sure advertisers have more efficient ways to reach their intended consumers than they’ve ever had before. That’s what we’ve done with addressable.”

Plus, as more players enter the addressable arena, the market will eventually demand more uniformity in terms of standards, measurement, technology across companies and the overall buying process to make it easier for advertisers and agencies to use the full addressable footprint.

“There will be evolving technologies that will make addressable more turnkey,” Arrix says. “Down the road, we will see technology evolve that makes it very easy for addressable to be executed, both on the front end, for planning, and on the back end, for reporting and measurement.

“There will be significant growth for addressable going forward.” **AA**

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About DISH Media

DISH Media provides advertisers with intelligent solutions to efficiently maximize exposure to desired audiences across DISH and Sling TV. Through innovative platforms, viewer measurement tools and access to custom audiences on DISH and Sling TV via addressable and programmatic, advertisers employ strategically positioned, demographically targeted buys that enhance their national media campaigns.

Learn more

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