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Yariv Erel, co-founder and CEO of JustAd.TV, reports on the challenges of attracting and delivering advertising in the new TV world.

Harnessing ad-skipping behaviour in a Connected TV world

When NBC and CBS in the US first pioneered the idea of funding television channels with advertising in the 1940s it marked the start of a highly influential - and profitable - new advertising medium that ultimately



spread right across the globe.

Despite concerns among the great and the good that ad breaks would trivialise the previously formal and authoritative tone of broadcasting in Europe, Scottish Television boss Roy Thomson famously went on to describe the awarding of an independent television (ITV) franchise as 'a licence to print money'. However the revenue prognosis for ads-supported linear television looks very different today, as the biggest shift in media consumption patterns in the history of television takes hold - a migration to online viewing, poised to accelerate rapidly as the number of connected screens increases.

According to Kurt Scherf, vice president & principal analyst at Parks Associates, 23% of all HDTV receivers sold last year could be connected to

the Internet, and this figure is set to rise to 76% in 2015.

It's not just TV sets either - an army of Internet-connectable Blu-ray disc players, game consoles and digital video players are joining the battle for eyeballs in the biggest confrontation to the media status quo since the invention of television itself.

A host of Internet assisted or delivered programme services are either at or near deployment in the US and Europe, including the much-vaunted YouView service (formerly 'Project Canvas'), backed by all of the UK's terrestrial broadcasters plus major telecoms and infrastructure partners slated for launch this year. Scherf also predicts that transactional revenues from online video consumed via connected TV devices will grow to some US\$8 billion by 2015.

All of which presents a clear and present danger to the revenue printing press of conventional TV, because viewers can simply hit fast forward on the remote control to skip the ads. This is already a problem with



programming captured by a PVR and when watching VoD content. Research suggests that the current methods employed to combat this are either ineffective or actually have a negative impact on media consumption.

One of these is to insert a sequence of advertising ('pre-roll') at the start of each piece of on-demand content selected by the consumer, typically with fast forward disabled to prevent skipping. Viewers tend to take evasive action to miss the ads - and even if they didn't, no pre-roll can compete with the 15-20 ads typically contained within each hour of linear TV. Industry research indicates that some 86% of adverts shown within on-demand content are skipped.

Another is to give up on advertising altogether, and charge for content instead - but this is likely to reduce consumption by viewers, who may turn to piracy to get what they want.

Clearly both approaches are likely to deprive the service operator of ad revenue, viewers, or both. The real tragedy is that from an advertising point of view, online viewers are the most measurable and targetable consumers in the media universe.

At JustAd.TV we decided to take a dramatically different angle, starting with the realisation that if a consumer has selected PVR or network VoD content to escape the tyranny of broadcast schedules, they will naturally want to use the pause, fast forward, rewind and other navigational controls available to them.

With the introduction of these new technologies, the seemingly negative action of ad-skipping has been transformed into a positive advertising opportunity. It does this by harnessing creative ways of capturing viewers' attention during their self-imposed interlude, with the presentation of interactive banner-style ads during fast-forward for example.

The key starting point is to respect consumers' wishes to skip advertising in non-linear content. It's equally important to respect the decision of consumers to cancel banner messages of no interest - which is analogous to a web surfer closing a dialogue box, using a designated button on the remote control instead of a mouse.

But, you may be thinking, won't viewers simply say no to all the ads? Actually our experience shows that only 4% of viewers do this, once you get the format right. A key factor here is getting the size of the ad right in proportion to the content, which is resized in a window alongside. For example during fast forward or rewind, only a small part of the screen should be taken up by the ad, as users want to keep an eye on whereabouts they are in the programme - if the ad is too big the cancellation rate can be up to four times higher.

In essence, rather than lamenting the disruptive technology of the Internet, we have set about adapting some of its most compelling attributes to enable TV service providers to tackle two of the biggest problems facing the industry - to monetise content located in VoD libraries, and compensate for PVR ad-skipping.

Comprising thin client STB Virtual Machine software that operates within a digital STB, plus a TV advert server at the headend, our technology allows ads to be carefully targeted to the consumer, who is also given the opportunity to click through to an advertiser's landing page from the remote handset. Crucially, the viewer remains in control at all times.

Just as viewers have responded well to the insertion of ads, feedback so far suggests an impressive rate of conversion. A campaign to promote movies that are available on demand from the service operator, for



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example, will typically yield a take-up rate of some 15 to 25%.

Every programme has a beginning and an end which, coupled with user interventions such as winding, pausing or stopping, gives service operators several opportunities to monetise the content - and all with the consent of the viewer.

The fact is that today's TV consumers want to exercise more control over their viewing by using technologies that deliver a wide range of content on-demand. By serving ads when viewers are engaged and can interact, we are far more effective than the legacy 30 second spot.

Rather than resist inevitable changes in viewing behaviour, we believe service operators should turn the shift from linear to non-linear TV to their advantage by allowing advertising to integrate with the TV show in a way that does not adversely impact on the viewing time of each programme.

The result is an effective monetisation of valuable archive content, a powerful antidote to the ad-skipping phenomenon, and a non-intrusive viewing experience for the consumer without the unpopular imposition of additional charges.

Case study

Italian cable and IPTV operator Fastweb became the first customer of the justAd.TV on-demand advertising system last summer, and has already registered strong support both from its viewers and advertisers.

Officially unveiled at last year's IBC, the justAd.TV non-linear TV advertising system applies Internet-style advertising to the environment of non-linear TV entertainment, and works with any cable, IPTV, satellite, Connected TV and HbbTV (Hybrid broadcast broadband) pay-TV network.

"These communication tools are introduced in accordance with the priorities that Fastweb has always given to innovation and customer care," said Giorgio Tacchia, head of TV at Fastweb. "Using this new technology we can provide advertisers with effective means for communication of their brands and their products, without interrupting the viewing of content, thus ensuring a unique experience to our viewers."

The justAd.TV technology deployed at Fastweb borrows from the Internet model of ads co-existing with content and is nowhere near as intrusive for two reasons. First, ads only appear when the consumer has already decided to impose a break in viewing. Second, no Internet-style programme loading delay occurs, as the ads fit perfectly within the time slot created by the user.

Brands running advertising campaigns on Fastweb's on-demand service include Audi, Volkswagen, Samsung, Casio and more.