

'Smarter' Ads on Digital TV

Delivering tailored advertising via television

Bite Sized Thought Piece

2009



Within an ever-evolving digital market, coupled with a state of recession, the television industry faces greater competition, challenges and opportunities than ever before. Advertisers continue to seek the most effective means of maximising ROI, prompting development of new innovations to further engage and more successfully target consumers via TV. We are committed to assisting the industry in understanding market changes and measuring the effectiveness of these innovations.

As the UK digital switchover continues to gather pace, September 2009 saw the landmark one-millionth home switched to digital-only TV services. Ofcom have reported that 23 million UK homes (90%) now access digital television at home, while 7 in 10 of all (primary and secondary) television sets are digitally enabled¹.

The popularity and accessibility of Freeview has been a key driver in the growth of digital TV ownership and has enabled large sections of the population to access digital television for a one-off fee. The successful launch of Freesat in May 2008 has now boosted free-to-view digital TV ownership to 40% of all UK households¹.



In April 2009, Sky launched its green button innovation, enabling advertisers to further engage with consumers by offering additional ad features on demand. However, perhaps the most exciting development in TV advertising at this time is the progress currently being made in the provision of targeted and **tailored ad systems**. Last week, Sky announced plans to launch AdSmart, a behavioural targeting tool for TV audiences. Initially, AdSmart will be launched online via SkyPlayer, however plans are in place to roll-out the system on digital TV, through Sky HD boxes, in early 2011.

It is widely accepted that advertising is most effective and more preferential to consumers when it is relevant to them and their needs. Whilst television advertising is extremely effective and far-reaching, it is often accused of being inefficient, reaching vast numbers who have no interest in the products or services featured, whilst targeting those who do. Behavioural targeting will help to ensure television advertising is more likely to be relevant to those who consume it. Behaviour will be tracked (e.g. through a set-top box) and combined with demographic and potentially attitudinal data (e.g. obtained through subscription agreements and surveys). This information will then be used to match campaigns to their specific profile and direct tailored advertising to their household. In this way, brand owners will have much greater confidence that their advertising is being viewed by those most likely to be interested in their product.



Of course, behavioural targeting of advertising is not new and is commonly utilised by online advertisers to increase the efficiency of campaigns. However, the introduction of such a system to the medium of television and the prospect that people watching the same programme at the same time, but in different households, will receive totally different brand communications depending on their demographics and tracked behaviour, is undoubtedly a revolutionary concept. It is also one that further highlights the power of digital TV, in comparison to its analogue predecessor, and arguably the ability of digital TV to keep pace with the internet as an advertising platform.

The prospective launch of tailored TV advertising brings with it a plethora of opportunities, as well as an element of uncertainty, not least for TV audiences. Referring back to online advertising, the infamous 'Phorm storm' has highlighted the important issues surrounding ethics and the protection of privacy when tracking behaviour and sharing data with advertisers. Research conducted in the US has also highlighted that inhibitions of audiences may also prove a barrier to effective tailored advertising; 66% of American internet users do not want marketers to tailor advertising to this interest and this proportion increases once they are informed of how such tailoring would be achieved². However, by joining the movement towards tailored advertising at a later stage, the TV industry finds itself in a favourable position for acting upon the previous learnings of its online competitor.





The future, spurred on by the growth of digital TV, is an exciting and multi-faceted one. Of particular interest to Ipsos MediaCT is the challenge of adapting to such changes in the market place, from a research point of view. It is essential to embrace this challenge and mirror the creative drive of TV platform operators, in devising innovative and effective ways of accurately researching the effectiveness of these new advertising tools. In doing so, we can continue to assist brand owners and advertisers in successfully communicating with consumers and maximising ROI.

⁽¹⁾ Ofcom Digital Television Update, Q2 2009)

⁽²⁾ Universities of Pennsylvania and Berkeley, 2009).

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