



AT&T
AdWorks



ADDRESSABLE TELEVISION BEST PRACTICES

*How to optimize results on this
groundbreaking platform*

Published by: Tom Hagopian
VP Data Strategy & Analytics

AT&T AdWorks
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Advertisers have long sought to couple the emotional impact and reach of television with the precision of direct marketing.

ADDRESSABLE TV CAN BE THAT PERFECT HYBRID SOLUTION, ALLOWING ADVERTISERS THE BEST OF BOTH WORLDS

Addressable TV: Delivering household-specific TV advertising based on an advertiser defined target – regardless of programming or time of day in both live and playback modes.

Addressable TV was launched in 2012 by DIRECTV. Multi Video Program Distributors (MVPDs), such as DIRECTV, are currently the only entities offering true Addressable TV due to required access of both the video distribution system and data center. MVPDs offer Addressable TV in the ad breaks they receive from program networks, such as ESPN and CNN, as part of their carriage agreements. Currently, four MVPDs (DIRECTV, DISH, Comcast, and Cablevision) offer Addressable TV and that footprint is set to grow to 40 million households by end of year¹.

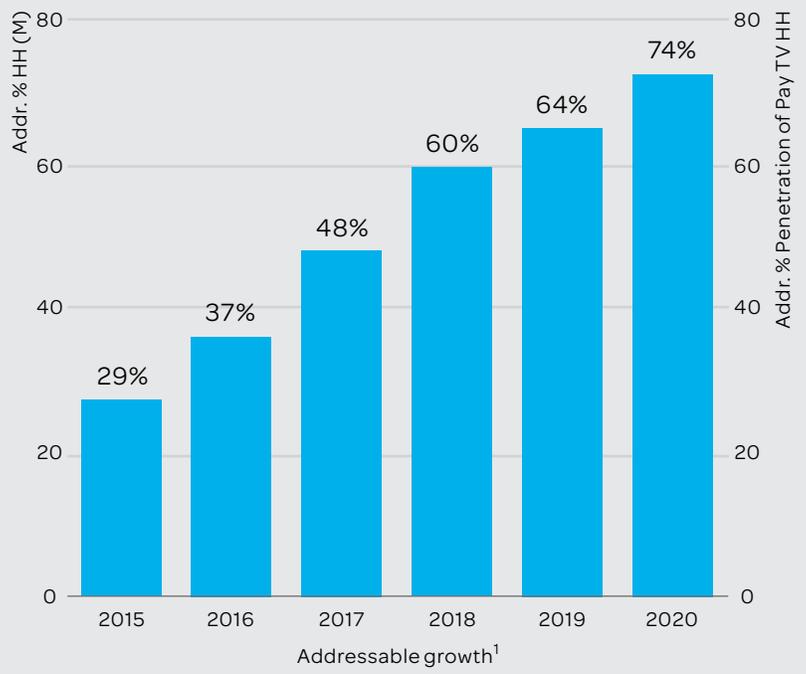
With AT&T's acquisition of DIRECTV in 2015, AT&T AdWorks now has the largest national addressable platform, offering Addressable TV advertising across nearly 13 million DIRECTV households out of the 26 million combined DIRECTV and U-verse TV households.

In a recent study conducted by *Adweek* and AT&T AdWorks, a survey of leading marketers indicated that current TV buying (without addressability) isn't meeting marketing needs and there is both frustration and a desire to reach relevant audiences more effectively. Nearly all respondents agree that there is too much waste associated with TV and that traditional methods of measurement are outdated. As a result, over 80% are shifting TV dollars into digital for greater accountability and effectiveness. However, nearly all agree that TV would be more attractive if they "could target more finely."



Addressable TV penetration is expected to double over the next several years, and AT&T AdWorks is poised to continue pioneering the space.

As the leader in Addressable TV, AT&T AdWorks has run hundreds of campaigns across a wide array of advertisers and verticals. The purpose of this white paper is to share the learnings from those experiences to inform future campaigns and advertisers – and to demonstrate that TV still remains the most impactful advertising medium made even more effective by addressability.



¹Source: Internal AT&T Estimates.



Addressable TV campaigns should always start with a precise target audience definition.

PRE-CAMPAIGN

Advertisers have different marketing objectives, which means different types of data fuel different analytics. Unlike traditional TV that falls back on basic age and gender segments, Addressable TV allows advertisers an almost endless choice of targeting options – AT&T AdWorks has over 2,000 different attributes to choose from, as well as the ability to anonymously target based on an advertiser’s existing CRM database. Advertisers should also evaluate targeting data within their own organization such as prospect or customer lists; this data can be used to power an addressable campaign as it can be matched by a third-party safe haven that provides both data security and privacy compliance.

These safe havens act as neutral vendors that conduct matching services in a privacy-compliant manner. They identify the synergies between client-provided data and AT&T subscriber data in order to aggregate insights for targeting, execution and measurement of addressable campaigns. This anonymous approach helps assure advertisers and providers like AT&T AdWorks that information is shared in a safe environment and neither side has the ability to re-identify individuals. This process also guarantees the legitimacy of the source data as well as providing both data security and privacy compliance.

In the digital age, predictive modeling has become a valuable tool in targeting high-value consumers. AT&T AdWorks teams up with advertisers to score predictive models on a likelihood scale and to understand what the appropriate cut-off lines and sweet spots are within the source data.

One myth that we can dispel is that Addressable TV works best for stimulating very targeted direct sales campaigns and not as well for more general branding campaigns. Indeed, we have had considerable success with industry verticals such as Auto and Financial Services that are both data-rich and sell a high-consideration product. However, Addressable TV has also been used very successfully in broader brand campaigns where we can measure the lift in key brand metrics such as awareness and intent.

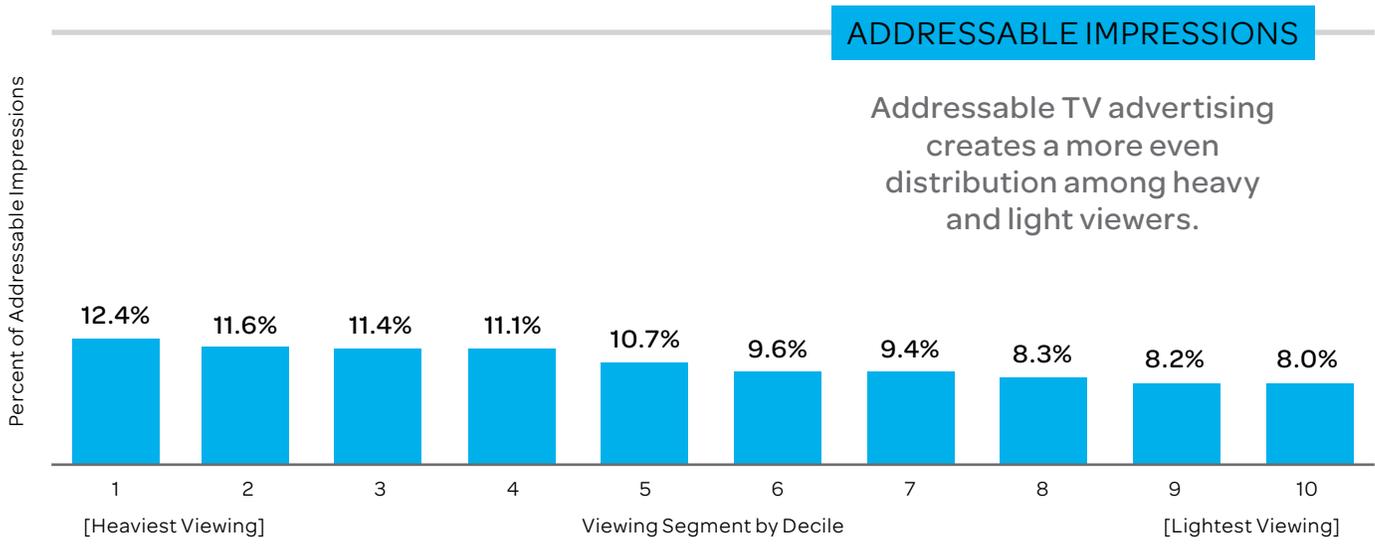
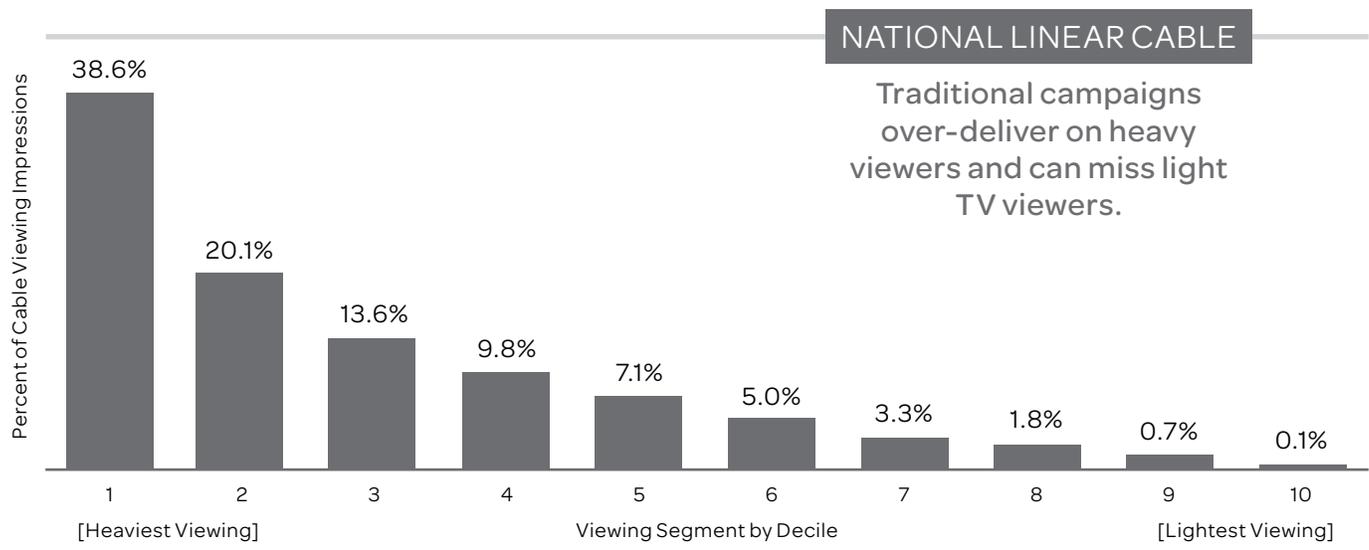
A critical advantage that Addressable TV has over traditional TV advertising is the ability to reach light TV viewers within the target audience due to the fact that the ad is waiting for the viewer and not dependent on viewing a particular program or network. Because the ad finds the viewer, as opposed to the opposite in traditional TV, reach against the target audience for an addressable campaign on our platform is very high – typically 75%-100%. This higher reach creates a bigger impact of the desired action, whether it is purchase or increase in brand intent.

NATIONAL LINEAR CABLE

VS. ADDRESSABLE IMPRESSIONS

ADDRESSABLE TV ADVERTISING ENSURES A MORE EQUAL DISTRIBUTION OF IMPRESSIONS ACROSS HEAVY & LIGHT TV VIEWERS

Using frequency thresholds, Addressable TV limits impressions against the heaviest viewers. Because addressable commercials are only triggered when the advertiser's target is actually watching TV, we can dramatically improve reach.



Important factors to consider when creating the Addressable TV media plan.

PRE-CAMPAIGN

CREATIVE

The campaign creative is an important and often overlooked variable in Addressable TV.



Are the measurement objectives aligned with the creative messaging?



Is there a specific call-to-action or memorable brand-reinforcement message that can be measured as part of the post-campaign analytics?



Is the messaging aligned with the target audience segment? Addressable TV allows advertisers to tailor their creative to specific audience segments, but many times they end up using spots from their broad-based traditional campaigns.

IMPRESSION BASIS

Addressable TV is sold on an impression (not ad unit) basis, and 100% of the impressions are within a defined target.

This distinction is important when considering pricing. Addressable TV pricing is centered around the concept of Effective CPM (eCPM). eCPM can be calculated by taking a traditional CPM and dividing it by the portion of the audience that is within the defined target audience. For example, a traditional CPM of \$10 where only 25% of the audience was within the target group would yield an eCPM of $(\$10/.25=\$40)$. In this example, the advertiser could pay a \$30 CPM for an Addressable TV buy that would initially sound high but still have significant efficiency since all of the impressions that are paid for are within the advertiser target and the waste would be cut to zero.

A critical factor in creating an effective Addressable TV media plan is to order enough frequency to move the needle on the back-end metrics. Our experience has shown that a minimum frequency of 3 impressions per week is typically needed to show an impact for sales lift and other ROI metrics.

DETERMINING THE TEST PLAN

The final essential element of the pre-campaign process is determining the test plan. The test plan involves determining the size and makeup of the control group (typically set at 10% of the target audience), which will be held out of the Addressable TV campaign to provide a true comparison for all metrics. This is also the time to select the key performance indicators (KPIs) for the campaign and ensure there is a viable source to measure them. Standard KPIs include sales, brand lift, website and store visits. It is also important to agree on the post-campaign analytic deliverables as part of the test plan – both formats and due dates. A solid test plan can ensure that an Addressable TV campaign will yield both the accountability and insight that is a critical part of its unique value.

“ We have seen a 37% increase in efficiencies when using addressable advertising for client campaigns. ”

Tracey Scheppach – Executive Vice President,
Starcom Mediavest Group



“ Here’s what I learned about addressability. Get the segment right, do the math to determine the appropriate price point, and figure out beforehand how to properly measure the campaign. Do those three things and addressability will work for you. ”

Mike Bologna – President, MODI Media

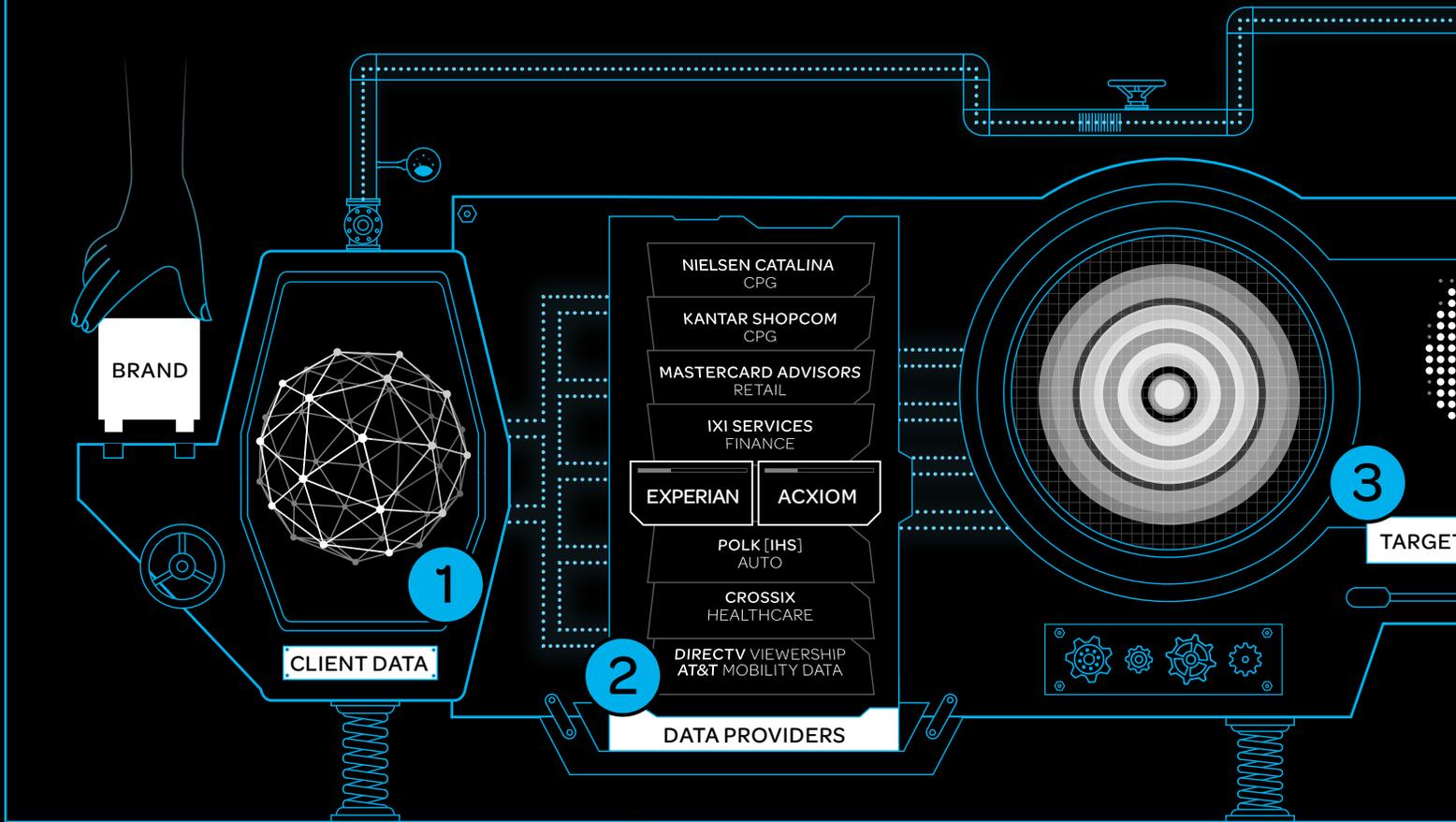
DURING THE CAMPAIGN



AT&T ADWORKS CLOSELY MONITORS DELIVERY AND TRIES TO ENSURE EVEN PACING

Best practices include weekly reports on the target impression delivery so that the advertiser can judge the overall pacing of the campaign. Advertisers can also change creative during the campaign, although this might complicate some of the analytics by introducing another variable.

As advertisers place a higher value on audience targeting and campaign effectiveness, the importance of validation grows. Another best practice we have introduced is the notion of a Target Validation Sample, which is a random sample across the entire addressable footprint that is exposed to the ad messaging. This process enables us to confirm whether the target audience is accurate or whether there is a need to further refine for future campaigns.



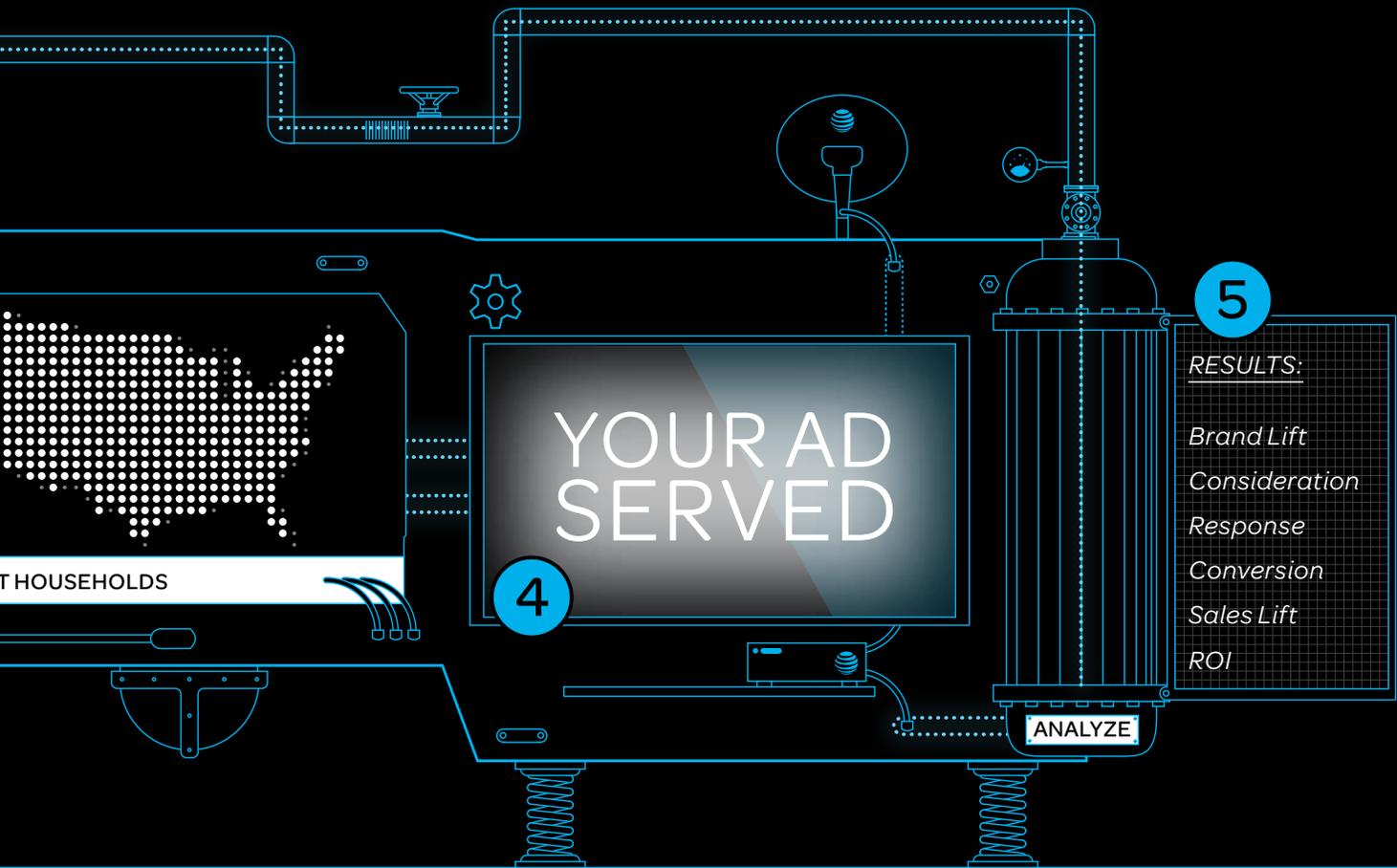
- 1

Congratulations! You've decided to begin an Addressable campaign. AT&T AdWorks will work with you to decide the objectives of the campaign.
- 2

The brand information you bring to the table is matched with the relevant third-party data provider. These data providers offer in-depth, vertical-specific knowledge.
- 3

Based on our discoveries, we find the specific households you want to reach. Then we pinpoint and identify those households within the national Addressable TV footprint.





- 4
 Your ad is delivered only to the households in your target segment, with zero waste!

- 5
 Your Addressable campaign might be over but the fun has just begun! We then analyze the results of your campaign and provide you with valuable insights such as impact on brand awareness, purchase consideration, and even sales conversion.





POST-CAMPAIGN



DETAILED DELIVERY REPORT

Advertisers receive a detailed delivery report that calculates reach and frequency, and categorizes impressions by various groupings, including network, daypart and live vs. playback mode. The delivery report provides insight into how and when the target audience viewed the spot across nearly 60 of the top-rated cable networks within which AT&T AdWorks offers addressable advertising. The breadth of the network offering is a key element of Addressable TV and provides the widest opportunity for the ad to reach its target audience. Advertisers can restrict their ad from airing on certain networks, if desired, due to content concerns; however, this restriction could have a negative impact on the overall reach of the campaign.



CUSTOMIZED BACK-END ANALYSIS

In addition to the delivery report, most Addressable TV campaigns have a customized back-end analysis as determined during the Test Plan portion of the pre-campaign process described earlier. Most analyses that measure sales or other response metrics include a sales attribution window after the campaign ends (typically 30 days) to allow for the target viewers to complete the purchase or desired action. After the sales attribution window closes, analyses take several weeks to complete depending on the source of the sales data. In Auto, where sales data is provided by vendors with access to DMV registrations, the typical time period is 75 days to receive all sales data and complete the analysis. Advertisers that have their own source of sales data supply it to a third-party safe haven to be anonymously matched to the target audience impression file in a privacy-compliant manner – no individual sales data is ever shared with the TV provider.



ADDRESSABLE TV CAMPAIGN IMPACT

When completed, the post-campaign analysis reports on lift of the test group versus control group as the best metric for the impact of the Addressable TV campaign. Because the control group is comprised of a random selection of the target group that does NOT see the ad, the only difference in their buy rate compared to the test group is the commercial exposure. Best practices for analyses should also include providing detailed statistics on the sizes of all metrics as well as the statistical significance of the comparative lift calculation. Other useful analyses include plotting the buys against ad frequency to determine the optimal frequency for the campaign as well as brand halo reports that measure sales lift of associated products (i.e., other car models from the manufacturer beyond the model advertised).

“ With addressable, we’re far more precise on who we want to target, and what behaviors we expect on our website. It has been revolutionary. ”

Vic Walia – Senior Director Brand Marketing, Expedia



STRENGTH OF TARGETING CRITERIA

Advertisers can also analyze the sales results to work backwards to evaluate the strength of their targeting criteria. Decision tree techniques can be applied to the buying group to determine their prime characteristics, which then can be used to better inform and modify future target audiences. This iterative nature is a key element of best practices in Addressable TV advertising. We have consistently seen that advertisers get more efficient and better results over time by applying their experiences from prior addressable campaigns.

 364% LIFT

COMPLEMENTING ADDRESSABLE WITH iTV DELIVERS HIGHER ENGAGEMENT

An iTV buy allows advertisers to engage with their audience beyond traditional TV spots with unique branded experiences. When combined with iTV, Addressable TV ensures that the most qualified households are directed to those experiences. Last year, DIRECTV ran an integrated Addressable/iTV campaign for a renowned automaker and the results showed that viewers of the Addressable TV ad visited the interactive content at a staggering 364%¹ higher rate than the control group.



EXTENDING ADDRESSABLE ADVERTISING ACROSS SCREENS

There is tremendous power in being able to reach the same audience across platforms and measure cross-screen advertising more accurately. AT&T AdWorks and Opera Mediaworks are working together to deliver cross-screen addressable TV and mobile advertising. This is not just look-alike modeling – which is what most cross-screen offerings are – but the ability to reach the same consumer with messaging on their TV at home and on their phone while on the go. Advertisers can offer complementary messaging between TV and mobile channels. Additionally, the mobile experience offers features like the ability to click-to-call, add-to-calendar, mobile coupons, etc. Advertisers can measure campaigns across platforms and through the marketing funnel.

The cross-screen advertising experience now has the potential to become seamless, scalable, and measurable.

¹Addressable Campaign based on demonstration data. Case study results are based on individual campaign factors; AT&T makes no performance warranties. Results may vary.



“ Addressable TV can be a very efficient buy when you evaluate the eCPM. You can’t judge success by media cost alone, but rather does it impact your target, does it drive sales. ”

Amanda Richman – President, Starcom USA

SUMMARY



ZERO WASTE

Addressable TV has proven itself as a superior ad delivery system over the last four years and hundreds of successful campaigns. Advertisers are quick to grasp the benefits of zero waste, more precise anonymous targeting using a wide array of data and the wealth of insight that this platform offers. As opposed to the traditional method of projecting what programs an audience will be watching, Addressable TV finds the target, turning the business model upside down to enable truer audience buying on television. Addressable TV solves the problem of audience fragmentation caused by a proliferation of viewing options and light television viewers by aggregating the target audience wherever they view.



EFFECTIVENESS, EFFICIENCY AND ACCOUNTABILITY

The three pillars of value for Addressable TV are: Effectiveness, Efficiency, and Accountability. At AT&T AdWorks, we have compiled dozens of case studies that substantiate that value.

Top advertisers across major categories are using Addressable TV advertising because it works.



AUTO

Target Audience:

Custom model for those looking to buy a new pickup truck.

Results:

Over \$1 million incremental dollars earned, with a return on ad spend of over \$900K.



CPG

Target Audience:

Consumers who previously purchased advertised product.

Results:

+28% lift in sales rate, +20% lift in percent of households buying the advertised product.



FINANCE

Target Audience:

Client-supplied custom list.

Results:

51% lift in accounts opened, 108% lift in median assets in account.



TRAVEL

Target Audience:

Travel enthusiasts, A26-55, HHI \$75K+.

Results:

23% lift in booking rate, 25% lift on multiple bookings.



TUNE-IN

Target Audience:

A18-49 combined with contextual target viewer profile of similar programming.

Results:

39% higher conversion rate to the selected episode vs. all homes, and 20% higher conversion rate vs. control group.



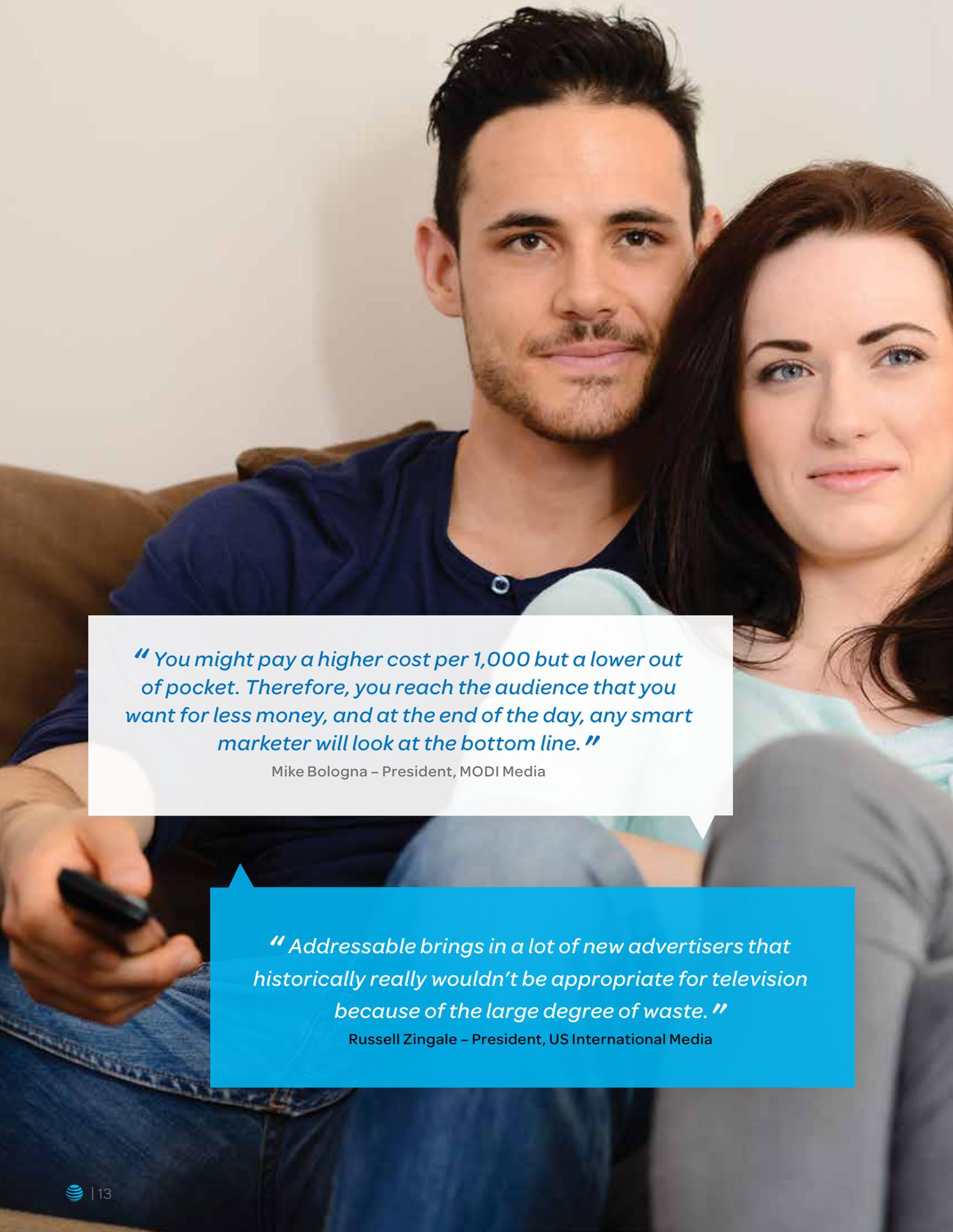
INSURANCE

Target Audience:

Custom model: Based on client-provided CRM target.

Results:

New members up nearly 5%, 18% lift in actions amongst prospects, and 5% lift in total gross product.

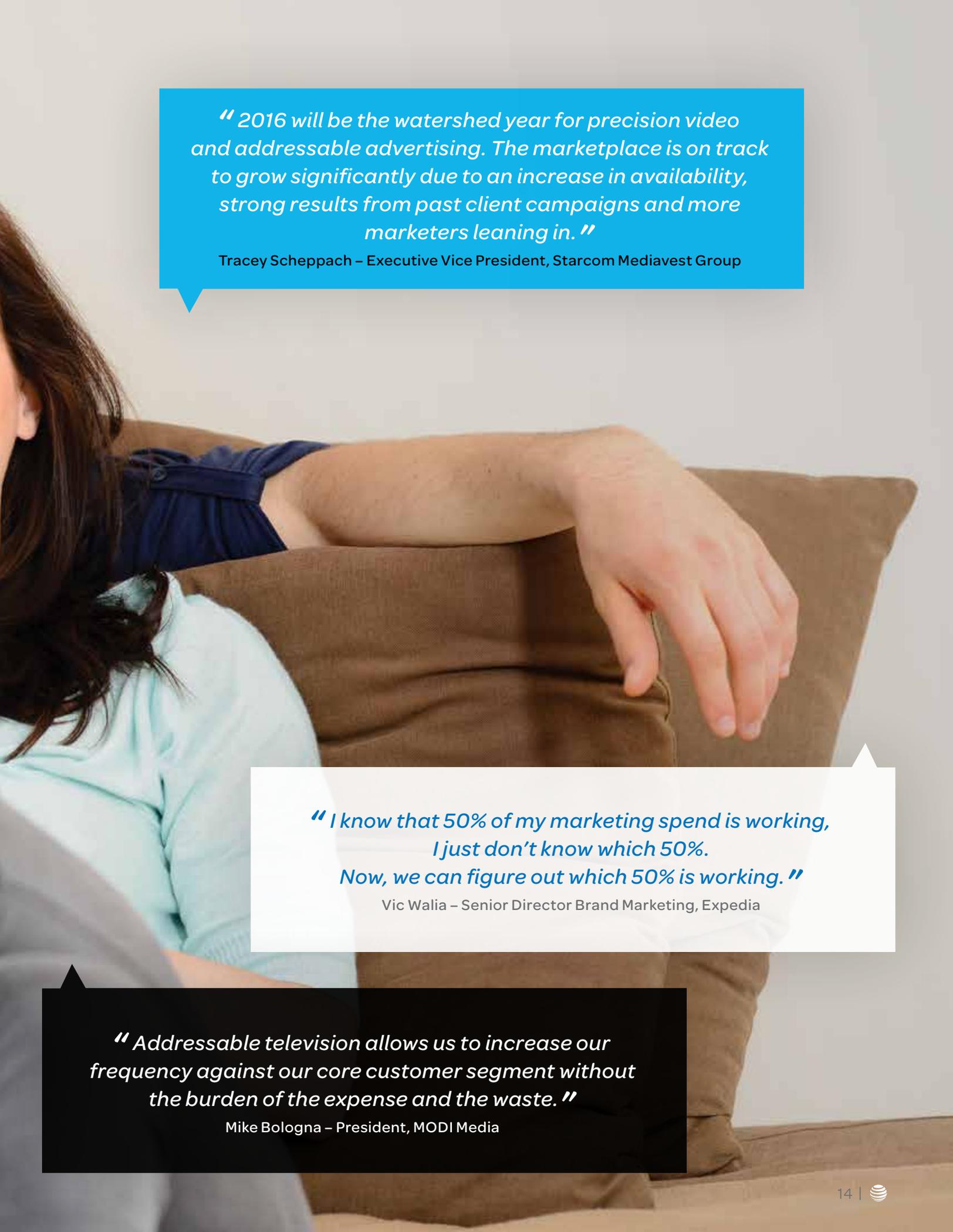


“ You might pay a higher cost per 1,000 but a lower out of pocket. Therefore, you reach the audience that you want for less money, and at the end of the day, any smart marketer will look at the bottom line. ”

Mike Bologna – President, MODI Media

“ Addressable brings in a lot of new advertisers that historically really wouldn’t be appropriate for television because of the large degree of waste. ”

Russell Zingale – President, US International Media



“ 2016 will be the watershed year for precision video and addressable advertising. The marketplace is on track to grow significantly due to an increase in availability, strong results from past client campaigns and more marketers leaning in. ”

Tracey Scheppach – Executive Vice President, Starcom Mediavest Group

*“ I know that 50% of my marketing spend is working, I just don't know which 50%.
Now, we can figure out which 50% is working. ”*

Vic Walia – Senior Director Brand Marketing, Expedia

“ Addressable television allows us to increase our frequency against our core customer segment without the burden of the expense and the waste. ”

Mike Bologna – President, MODI Media



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The Point Of More Return.

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