

# TV NewsCheck

THE BUSINESS OF BROADCASTING

ADVERTISING

## Big Data Remakes Campaign Ad Spend In Texas



MENGWEN CAO

Governor-elect Greg Abbott's winning strategy included more for digital, less for TV.

By Carl Lindemann

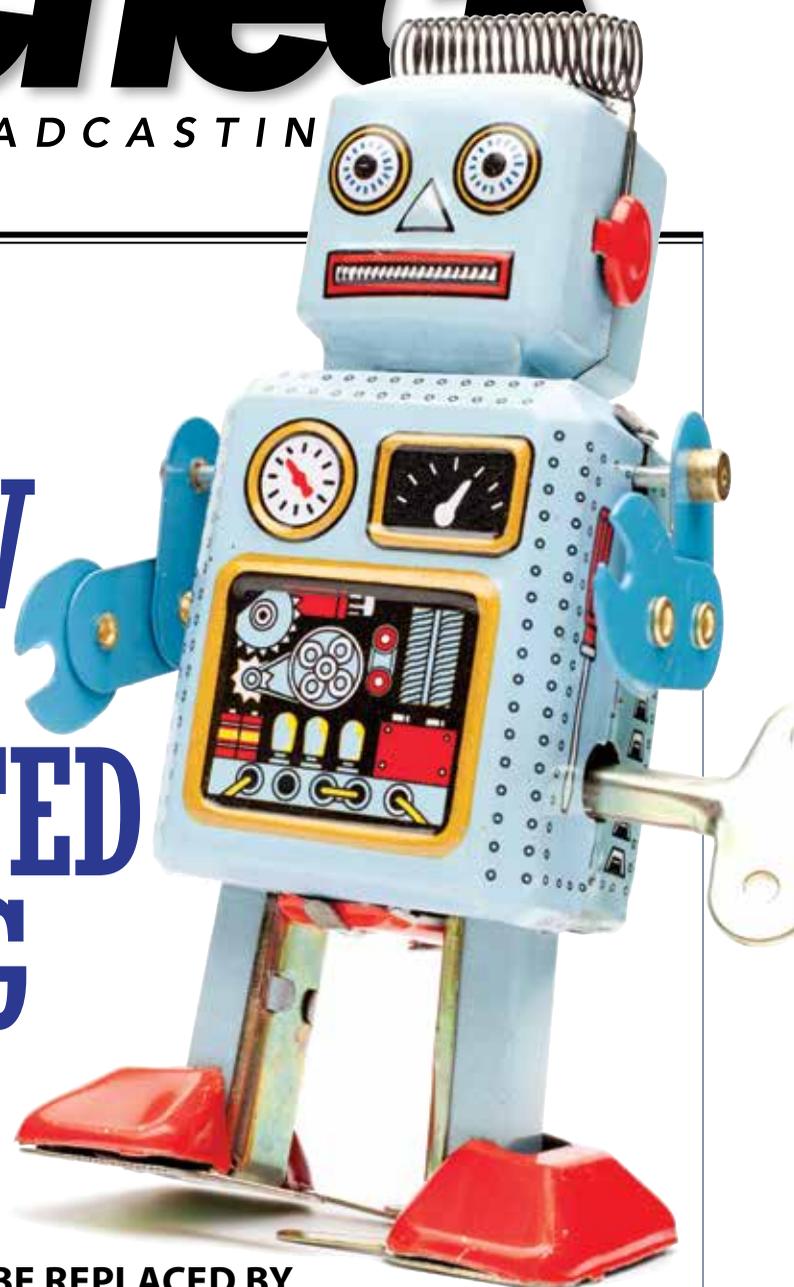
**WHEN REPUBLICAN** Greg Abbott took to the stage last November to claim his resounding 20-point win over Wendy Davis to become governor-elect of Texas, his victory was also a decisive win for Big Data campaigning.

By leveraging set-top-box data and an array of consumer marketing information, Abbott's campaign team assembled a tightly integrated media marketing machine that hammered the appropriate message at the appropriate time to the appropriate audience with exceptional

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## MOVING SPOT TV TOWARD AUTOMATED SELLING

By Janet Stilson



**SALES PEOPLE WON'T BE REPLACED BY ROBOTS ANYTIME SOON, BUT AUTOMATION COULD LEAD TO MASSIVE CHANGE AT STATIONS AND REP FIRMS.**

**G**ANNETT BROADCASTING President Dave Lougee caught the attention of broadcasters at the TVB Forward conference last September when he urged the industry to adopt the automated buying and selling of spot TV.

"Let's embrace automation and take ownership of making smart business rules around it for all involved," he told the assembled. "To be relevant to our local and national clients, we have to make it easy for them to buy and activate across platforms."

Lougee's comments reflected a growing interest among broadcasters in automated selling that has evolved from wary to cautiously optimistic over the past year.

Just don't call it "programmatic selling." That term

scares the heck out of spot sellers because it's often associated with real-time bidding or auction platforms that are commonplace in the online world and that tend to commodify advertising and drive down prices.

That's not a something that Lougee — or any of his peers — wants anything to do with. Rather, he told *Executive Outlook*, what they want is to make "clients' [spot] buying experience easier. We're overdue as an industry to do that."

Leading broadcasters are now willing to give automated selling a try, despite concerns by some that it may drive down pricing and force stations to sell based on data they deem inappropriate. And it could decimate the ranks of account executives and sales reps. In essence, the automated spot services now be-

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**SALES**

EVOLVING TO EXCEL



Led by Paul McTear, Raycom Media's innovative spirit is driving it to new heights in TV, digital and more.

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**AUTOMATION***Continued from page 1*

ing developed are soup-to-nuts transactional tools, handling everything from the sale to backend trafficking and accounting functions. Some earlier efforts to automate sales like ePort handled only the backend after the deal had already taken place.

**HOW DOES IT WORK?**

In simple terms, the automated selling systems are similar to those used to buy airline tickets on websites like Expedia. But there's a difference: stations can set different prices for different buyers on two automated platforms that have been under development for the spot market, Videa and WO Programmatic-TV, as well as the established AdMore system.

For instance, stations can charge movie distributors more on Thursday night than they do advertisers of packaged goods — in keeping with established selling practices. Videa, WO Programmatic-TV and AdMore have made it clear that they have no intention of following an auction model.

Videa is from Cox Media Group. Three buying agencies and five broadcast groups are involved, including Gannett, Cox Media, Raycom Media, Carat and Starcom MediaVest. (The others choose to remain anonymous.)

WO Programmatic-TV is a joint venture among WideOrbit, Tribune Me-

dia and IPG MediaBrand's Magna Global unit. The Hearst, Meredith, Raycom, Scripps and Sinclair station groups are all participating in WO Programmatic-TV's tests.

AdMore has been up and running since 2013. "We're showing that the rates that we deliver for spot are competitive with what stations are selling on a direct basis," says Brendan Condon, CEO. AdMore counts individual stations within the Tribune, Sinclair and Gannett groups among its clients.

At least three companies currently engaged in providing automated services to other media sectors are expected to move into spot: Simulmedia, AudienceXpress and the Rubicon Project. (See sidebar, below, for more information about the various platforms and their partners.)

Broadcasters' interest in automation comes from concern that spot is losing business, particularly to network and digital, because of the difficulty of buying it.

"You can execute a network buy with a couple of people. To execute that same money for spot, you might need 20 or 30 or 40 people," says one broadcast sales executive. "For the most part, really big companies are investing in other media because we don't make it easy."

Network and online aren't the only sectors siphoning off spot dollars. "It's drifted into local cable, and we really want to bring that back," says Keith Bowen, chief revenue officer of Tribune Media, not-



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— Kevin Gallagher,  
Starcom MediaVest Group

ing that Comcast does \$3 billion in local cable ad sales a year, capitalizing on the two minutes of avails an hour that cable networks traditionally give cable operators as part of their affiliation deals.

"Procter & Gamble used to place

around 16% of its business in local spot television. And right now I believe that number is under 1%," says Jim Beloyianis, a media consultant and former president of the rep firm Katz Television Group. "Local broadcast's potential has been unnecessarily held down by the inefficient trading processes and complacency on the buy and sell side."

IPG, and by extension its Magna Global unit, has a mandate to transact 50% of its buys through automated systems by 2015. Janice Finkel-Greene, Magna's EVP of buying analytics, says they're almost at that milestone now.

There's another impetus as well: If station groups don't engage in the development of automated platforms, they run the risk of allowing media buying agencies to configure them in ways that may not be beneficial to broadcasters. "Stations don't want the oil to control the pipeline — the oil being the advertiser. They want the pipeline to be flexible," says another broadcast sales executive.

**WHAT ABOUT BUYING?**

The big concern surrounding automated is buying. "They have to be managed in a way that you give agencies what they want as it relates to a more efficient process, but it's not necessarily going to be realized in cheaper rates. It'll be realized in lower expense," adds Jim Hughes, president of Telerep.

Other aspects may also change, Hughes adds, like guaranteeing a flight's performance, something that's been more commonplace in network television than spot. "Business rules will have to get reviewed," he says.

And even when stations are fully on board the automation bus, issues are likely to surface concerning data, notes Tim Hanlon, founder and CEO of the consultancy The Vertere Group and a long-time veteran of the ad business.

Today, automated services for spot are primarily focused on the selling process, but eventually the platforms will overlay data on their systems as a means of determining a spot's value and performance. Hanlon questions how receptive stations will be to the use of data that marketers have collected themselves or from third-party sources that is far more granular than traditional Nielsen demos. Such data can slice audiences by narrower age groups, purchasing tendencies, voting records and all kinds of other behavior.

"Political advertisers have a substantial amount of data from third- and first-party sources that they are using to divine more insight within advertising avails," Hanlon says. "And the [spot TV] sellers aren't necessarily aware and accepting of them. No seller wants to be judged on

## THE AUTOMATED SELLING CONTENDERS

**AdMore**, launched in 2013, is an outgrowth of RevShare, which specializes in direct response sales. Individual stations within the Tribune, Sinclair and Gannett groups are among AdMore's clients.

**AudienceXpress**, owned by Visible World, has largely been involved with avails on cable networks and online since its founding in 2013. Backers include WPP along with Time Warner, Comcast and Viacom. In early 2014, its officials said they expected to enter the spot TV space by year's end. They did not respond to an interview request for this story.

**Clypd** has been in business since 2012 and focuses on automating TV in general, both broadcast and cable. Investors include Tribeca Venture Partners, Transmedia Capital and Boston Seed Capital. Its executives did not respond to requests for interviews.

**Simulmedia** was founded in 2009 and is primarily involved with using automated systems to identify undervalued avails on cable networks. Its CEO, Dave Morgan, says he expects the company will start serving the spot TV market in early 2015. Investors include Avalon Ventures, Time Warner Investments and Allen & Co.

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**Rubicon Project** is publically traded on the New York Stock Exchange and is largely devoted to online automated sales today, but is expected to join the spot fray. Its executives remain vague on when that's likely to occur.

**Videa** is owned by Cox Media Group and is designed to serve the spot TV marketplace. It began beta tests with three buying agencies and five broadcast groups in late 2014. Among them are Starcom MediaVest, Carat, Cox's station group, Raycom and Gannett. It intends to officially launch in mid 2015.

**WO Programmatic-TV** is a partnership between ad traffic and revenue management company WideOrbit, Tribune Media Co. and IPG Mediabrands' Magna Global media agency. Raycom, Hearst, Scripps and Sinclair are participating in tests, and the system is expected to launch around the end of first quarter 2015. Recently, WO Programmatic-TV announced a partnership with TubeMogul, whereby WO will help meet the digital video demands of advertisers on the TubeMogul programmatic platform, which is specific to the buy side. — J.S.

that data. No seller is saying: 'You can buy based on that information.'

The importance of getting the right kind of data can't be underestimated, adds Kevin Gallagher, EVP, director of local markets at Starcom MediaVest Group. "I don't think it's the automation that continues to bring the dollars to spot TV. I think it's being able to use data and do behavioral targeting like we do in other media."

"We're all about adding additional data," counters Shereta Williams, president of Videa. "The key is to make sure the inventory is priced correctly given that we both understand [what target audience is] being sold." But it remains to be seen whether the data Videa and other platforms use to measure performance will satisfy advertisers.

#### THE AFFECT ON REPS

Another question mark concerns how automated services will affect local account executives and the national TV rep firms. Will sales departments shrink? Will rep firms disappear?

WideOrbit's CEO, Eric Mathewson, predicts that automated selling is not

going to happen overnight. He believes it won't hit 30% of total spot buys until 2020 and will never exceed 50%. It follows that sales people will still be a vital part of the ecosystem — although there may not be as many.

"One of the rep firms' most important contributions has been their relation-

example, how does a station group calculate what an optimal cost is? How do you find all the qualitative aspects that drive the decisions?"

The benefits of automated selling are likely to far outweigh the difficulties. "For smaller markets it could be a real game changer, because they are especial-



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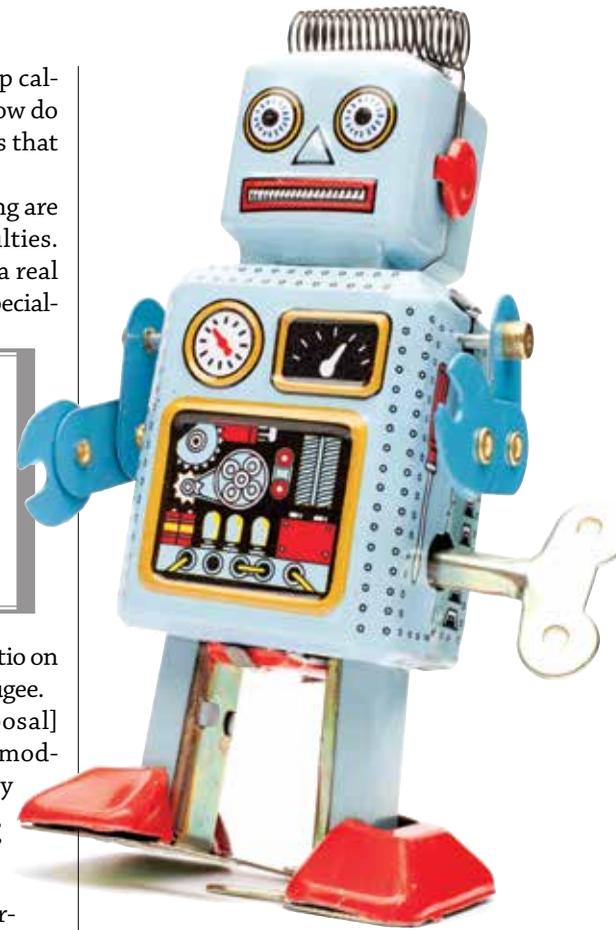
— Shereta Williams, Videa

ships with key decision makers at agencies and clients. If they're able to maintain and grow those relationships in the future — and develop more robust and creative client solutions as a result — then they'll be as important as ever," says Wayne Freedman, vice president of sales at Raycom Media.

"I think it's a perfect opportunity for [rep firms] to reinvent the entire process," adds Magna's Finkel-Greene. "For

ly challenged by the cost-benefit ratio on the buying side, says Gannett's Lougee.

"As the RFP [request for proposal] business has become more commoditized, arguably we as an industry are focusing too many resources, time and compensation on that," Lougee adds. "Automated also allows us to reallocate resources internally and put them into more meaningful local client opportunities." ■



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