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Tele://Vision

Aligning the Brand, Media, and Technology Ecosystem to the New World of Consumers and Video

<u>Executive Summary</u>: Tele://Vision is a cross-industry campaign to align the companies and leaders whose products, services, and relationships define the current advertising marketplace around a consistent set of principles, standards, practices, and – where applicable – products and technologies. The goal is to ensure that brands and their partners across the video ecosystem can work together efficiently and profitably in an increasingly complex market. As we emerge from the current crisis, we see an opportunity to not only restart but reset the industry and fix some things that have been broken for a long time.

The Tele://Vision campaign is modeled after several successful, continuing cross-industry consensus campaigns, including OpenAP, the Digital Advertising Alliance, the Global Alliance for Responsible Media, and the CCPA Compliance Framework. Covering, respectively, television audience-buying, behavioral advertising practices, brand safety and consumer privacy, these efforts share several common characteristics: they were launched by a set of committed partners, they began by forging agreement around principles, they then tackled achievable milestones with demonstrably positive impact, and then evolved toward a governance and management framework. They also worked through funding models and ultimately more ambitious objectives, including the development of legal contracts, common technology standards, and openly adoptable software products.

With historically successful collaborations as the model, Tele://Vision is designed to be an ongoing initiative that knits together brand marketers, advertising agencies, cross-platform publishers, digitally-native publishers, technology platforms, and the media-marketing support infrastructure in a common understanding of evolving consumer behaviors. **The initial goal of the campaign is to forge broad, cross-industry agreement around unifying principles.** These principles would outline a new way of working and would bring advertising sellers, buyers, and their value chain partners together in a way that introduces more flexibility into their relationships, reduces transactional friction and makes it easier to leverage the full range of assets across the video ecosystem.

Tele://Vision is not meant to be a "boil the ocean" initiative, nor a one-and-done effort. Ultimately, we hope it will create systems, structures, and an organizing environment by which best practices can be uncovered and formal agreements drafted in the following areas critical to the conduct of business in an increasingly complex video ecosystem:

- The consumer advertising experience
- Currency
- Contractual terms and conditions
- Sales Practices
- Technical standards and their productization
- Measurement best practices and standards
- Training
- Data integration and management
- Executional platforms

The Problem: The first television upfront presentation took place in 1962. By the late Sixties, the concept was baked into industry custom. A short, Spring selling window during which the three broadcast networks unveiled their programs for the coming fall season and sold the substantial portion of their advertising inventory in those shows became the standard by which TV companies, ad agencies, and (more rarely) large brands buying commercials directly did business with each other. These practices successfully grew television into a $100 billion industry in the U.S., and perhaps the most sustainably influential entertainment and news medium in history. Many, if not most, of the components of modern video selling evolved from the upfront marketplace of the 1960s, and have remained staples of the business ever since:

- Audiences were measured by – and guarantees premised on - Nielsen ratings
- Befitting a mass medium, broad demographics – fundamentally, adults aged 18-49 or 25-54 – were the dominant standard by which audiences were gathered, and served as proxies for brands' existing and potential customers
- Pricing was premised on the understanding that inventory was very limited, constrained largely by prime-time (and other daypart) hours on three networks – with the dayparts and programs also serving as proxies for the characteristics of existing and potential customers
- Pricing was managed through verbal negotiations during a limited time period

- Television programs and advertising content adhered to small set of formats and were introduced seasonally, to serve seasonal brand introductions; for example, it is widely believed that the fall television season itself was timed to serve the Detroit car companies' autumn auto introductions.

The challenge to these standards today is, of course, clear. Even as cable television evolved, eventually penetrating 87 percent of U.S. households by 2008 and segmenting audiences more finely than broadcasting could; even with the Internet now reaching more than 90 percent of the U.S. population across millions of independent channels, apps, and sites; even as it became possible for 22-year-old influencers to amass 10 million followers on YouTube, with monthly ratings rivaling those of some cable networks, the methods by which brands, agencies, and publishers transact business remain rooted in constructs that originated with broadcast television 60 years ago. Consider:

In **measurement**, Nielsen ratings are no longer a standard for all video, let alone all advertising; census-based standards, down to the individual impression, dominate among digital platforms, and many of those digital standards are held privately by the individual platforms.

Demographics as a form of currency were largely superseded by psychographics during the cable era, more recently by behaviors – and even more recently by attributable outcomes. Yet demographics still dominate linear television ad buying, even though approximately 50 percent of total purchasing power lies outside the 18-49 demographic.

Inventory, while still limited in such major programming segments as live sports, in practice is nearly unlimited in other segments, as video programming types have exploded to include user-generated content, influencer programming, SVOD, AVOD, and other forms of streaming.

Ad pricing, clearing, placement, and optimization are done by automated systems collectively referred to as "programmatic advertising" – and these programmatic placements are managed impression-by-impression at scale, not by broad demographics.

Brand and product introductions are no longer seasonal (except in clearly seasonal categories, such as fashion) and new video programming also is introduced promiscuously across the calendar

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Programming and advertising formats have exploded and, in some cases, overlap, as social media, user-generated content, influencer marketing, eSports, and their platforms have proliferated.

These disconnections have been widely acknowledged in our industry, but our attempts to resolve them have been crippled by a lack of collective commitment. We have multiple trade associations serving slices of the media and marketing industry, which themselves are artifacts of mid-20th Century industrial segmentation, and don't represent the hybridization that characterizes the large media, marketing, technology, and agency organizations of 2020.

Some of those bodies – such as the Media Ratings Council and the World Federation of Advertisers – have advanced industry thinking in discrete areas such as measurement, but their time horizons are long and their solutions frequently too complex to be deployed in the field by practitioners who need to solve vexing business problems now.

We have private efforts launched by individual companies which have generated striking thought leadership and practice leadership – such as NBCU's C-Flight and One Platform initiatives, and EY's cross-platform video and data measurement initiative. While advancing the agenda, they haven't received the ongoing cross-industry embrace necessary to simplify transactional activities for most of the participants most of the time.

Adding more urgency and complexity to the problem is the press of public policy. Even as television viewership migrates with increasing rapidity to IP-based platforms, the European Union, the State of California, and the U.S. Federal Government have enacted or are contemplating new regulations that will make the targeting of programming and of advertising more difficult, on the argument that the technologies involved inherently compromise user privacy.

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Toward a Unified Solution: The first step in resolving the challenges of video advertising today is to simplify the statement of the problem. As complex as the technology may be, as contradictory as the measurement structures are, as incomprehensibly broad as the programming formats and advertising types and behavioral segmentation seem, the essential contradiction in video advertising is the conflict between television transaction tactics forged in the 20th Century and digital transaction tactics that continue to evolve – neither of which on their own can capture the breadth and diversity of consumer behavior and marketer need today:

- **Linear television** advertiser-publisher upfront transactions have been premised on an inviolable commitment by the publisher to offer specific inventory with delivery guarantees, with an equally firm counter-commitment by the buyer to reserve that inventory at a specific price. Underpinning these transactions have been stable relationships and explicit agreements among large networks, agencies, and advertisers on advertising formats, measurement standards, guarantees, make-goods, flexibility/cancellation options, payment terms and compensation.

- **Digital video** advertiser-publisher transactions, following the IAB terms and conditions, offer both parties more flexibility to meet impressions-delivery requirements across different programming types and even distribution platforms, but oftentimes without a fixed-price counter-commitment from the buyer. These transactions frequently involve multiple third parties, and there is little if any industry-wide agreement on metrics, delivery standards, guarantees, or make-goods.

Because of the lack of standards across traditional and digital media, these tactical relationships often create conflict, and the companies best positioned to match brands to consumers – large, multi-platform publishers, especially those with powerful "legacy" and digital assets – are left least able to bring their full range of products to bear on behalf of their marketing and agency clients.

What is needed is a reset of brand-agency-platform-publisher relationships, by which the best of both linear transaction and digital transaction tactics can be deployed, enabling today's brands and publishers to create mutual value for each other, thus preserving and enhancing the diversity of programming for consumers.

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Principles to Debate: As a first step, we propose a cross-industry assembly of the most senior executives at the most involved stakeholder groups, to debate and agree on a set of principles that can guide us through stages of the reset. We propose the following principles as a strawman:

First, both **advertisers and publishers need flexibility**. They must be able to find the consumers they want to do business with, wherever they may be in or among the publisher's properties. The consumer landscape is more fluid than ever, media companies are operating in more environments than they ever did historically, so bringing digital-style adaptability to cross-platform media buys is the only way to take full advantage of modern consumer behaviors.

Second**, the consumer experience must be factored into the way major industry participants do business with each other**. The Internet is a vast medium encompassing millions of sites, apps, advertisers, and intermediaries – and it's simply impossible for any industry agreement to encompass them all and control consumers' experiences with advertising *in total*. However, it is entirely possible and certainly beneficial for the publishers, platforms, agencies, and brands that comprise the majority of cross-platform video advertising to agree on hygiene standards for consumer experience – such things as advertising load, ad-to-edit ratio, dynamic ad insertion, personalization, and versioning. Indeed, such hygiene standards will reinforce consumer trust in the large brands, publishers, and distributors that "follow the unwritten rules" on consumers' behalf.

Third, **the selling "season" must be replaced with a year-round calendar of transaction optimization**. As terrifying as the COVID-19 pandemic is, the marketing and media industries ought to look at it as an opportunity. The live broadcast and cable upfront presentations will be largely impossible this year. Brands, agencies, publishers, and their support infrastructure now have an opportunity to reinvent the way they sell; minimize expensive live, superficial presentations; and use streaming technologies, virtual meetings, and other means to present the full depth and breadth of their offerings to their complete marketplace. To be sure, leaders can still convene at Cannes – but wouldn't it be great to convene the entirety of Conagra's marketing team or all of RPA's creative corps by Zoom or Bluejeans to dive deep into specific advertising technology or programming formats just right for a specific campaign or client? While 2020 will be atypical – and as industry principals, we must grapple with interim fixes for our crisis-driven sector – in the medium term, complementing, even replacing, the Upfronts, the Newfronts, the Thisfronts and the Thatfronts with a continuous "Upfronts in the Cloud" will benefit all participants.

Fourth, **technology and terminology must be standardized – together**. Standards are vital to the conduct of an efficient advertising industry. But the most important standards are not the ones you see – like the 30-second television spot or the 728x90 IAB leaderboard – but the ones you don't see, such as the taxonomies that underlie advertising subcategories, and the IAB Tech Lab ads.txt protocol that assures publishers' ad inventory cannot be fraudulently spoofed. Without standards, there is chaos. A cross-industry reset of video buyer-seller relationships can assure that necessary standards undergird the safety, security, efficiency, and effectiveness of the video advertising ecosystem. We'll be able to automate to reduce transaction costs where it makes sense, and redirect investment to cross-platform strategy, creativity, and consumer connectedness that will only become more exciting and laden with potential as 5G penetration grows.

Fifth, **the industry must agree on a universal and standard definition of an advertising impression**. The IAB definition – an "impression" is a measurement of responses from a Web server to a page request from the user browser – has been subject to so many multiple interpretations and disagreements regarding viewability, bot traffic, deliberate fraud, delivery, and counting as to be unusable in practice. Like any measurement standard in any commercial application – from miles-per-gallon to ounces-in-a-box – advertising impressions are not a Platonic ideal, but a political agreement among parties, and the time is long past due for the primary parties simply to agree on the definition, settle on the technical standards and applications that will allow for counterparties to transact business with stability and predictability, and move forward.

Sixth, **metrics must be harmonized**. The recurring motif of the digital era - "I don't know how to measure it!" – is actually a misdirection away from an uncomfortable historical anomaly: In the era of broadcast and cable dominance, no one knew how to measure audiences, either – but everyone agreed on the shared degree of error inherent in any sampling methodology, in order to get on with doing business. Even as technology allows for ever more refined uses of data, such measurement agreements remain possible.

Seventh, **all these agreements should be memorialized in a set of easy-to-follow cross-industry terms and conditions**. One of the older complaints in our 25-year-old digital advertising industry is, "I can do a $50 million TV buy with a handshake, but a $500,000 digital campaign requires a 30-page written contract with addenda." True… but irrelevant. The fact is, broadcast had nearly a century to find the simplicity on the other side of complexity, evolving the distribution systems, underlying technologies, pricing mechanics, buyer-seller relationships, and risk-management standards that are the foundation of its business. The mechanics of digital transactions, by contrast, have involved hundreds of companies, venture capital, and fast-changing technologies whose utility and risks often are difficult to comprehend in the moment. Because of the unending proliferation of technologies and companies, the digital industry and its clients were never able to adopt the "shared-risk" credo that bound television buyers and sellers together. The result is the "complexity conundrum" that hobbles our ability to do business. We are long past due for an industry-wide set of terms and conditions that will facilitate the flexibility, risk management, pricing guarantees, cross-platform audience development, and growth opportunities the entire video ecosystem desires. There has to be a happy medium between a handshake and a 30-page Ts&Cs that we can all align on.

Finally, **let's use our many industry associations to lead in parts, while benefitting the whole**. There is much work to be done, and many marketing, advertising, and media associations able to organize it and run it, with hundreds of our collective member companies taking part. Our industry has a history of working together for the collective good. The World Federation of Advertisers' Global Alliance for Responsible Media has done groundbreaking work on developing shared brand safety standards. The IAB Tech Lab has developed the standards and processes that underpin auction-based programmatic advertising. The IAB and the 4As together have been responsible for the baseline terms and conditions that bind digital sellers and buyers, while the 4As, the ANA, and the IAB created the TAG anti-fraud Digital Advertising Alliance pro-privacy self-regulatory mechanisms. For nearly 60 years, the Media Ratings Council has kept the entire media and marketing industry honest with its standards and audits of advertising technologies and protocols. Just this past month, scores of competitors assembled under the authority of the Ad Council to message the entire United States to #stayhome to stop the spread of coronavirus. Surely, in tandem with the Video Advertising Bureau, the National Association of Broadcasters, the Television Bureau of Advertising, the Coalition for Innovative Media Measurement, and others, our industry can manage a reset – and ongoing oversight of the standards and agreements we need to thrive.

Recommended Next Steps: We propose a series of quick-to-market, topical summit meetings for the express purpose of uncovering and exposing current practices in cross-platform video transactions, and determining whether any are so widely adopted and/or applicable that we can comfortably agree they constitute "best practice." Specifically, we recommend:

1. **Convene a Tele://Vision Leadership Summit** to expose successful case studies in media collaboration, to understand more concretely the conditions that led to their success. Ideally, we would look to have 30-minute presentations by each of the following: David Levy of OpenAP on the evolution of the OpenAP initiative; Dennis Buchheim of the IAB Tech Lab on the CCPA Compliance Framework; and John Montgomery of Group M on the GARM initiative. The second half of the Tele://Vision Leadership Summit will be used to debate and reach consensus on the principles outlined above.

2. **Convene a Tele://Vision Automation Summit** one week after the first gathering, for the purpose of understanding the immediate opportunities for automating the pre-market, in-market and post-market workflow. With an acute need to drive efficiency across the ecosystem and focus on strategic business needs, we will hear from leaders in the space and identify opportunities for collaboration and alignment. We would plan to organize 20-minute presentations from each of the following: JT Batson from HudsonMX on learnings from their local TV rollout, Manu Warikoo the Chief Product and Technical Officer at Mediaocean to discuss roadmap for 2020 and beyond, Jane Clark from CIMM and Harold Geller from Ad-ID to talk about cross-platform asset identification and tracking using Ad-ID and EIDR, and Carolina Abenante, Co-founder and Chief Strategy officer from NYIAX to talk about their smart contract management solution. A product of this meeting will be a short (3-5 pages) whitepaper identifying current best practices in workflow automation.

3. **Convene a Tele://Vision Measurement Summit** one week after the Automation gathering, for the purpose of understanding both the core differences and overlaps between different systems and mechanisms of media measurement.

We would work to organize 20-minute presentations by each of the following: Angelina Eng, VP Measurement & Attribution, IAB, on best practices in cross-platform measurement today; Ben Jankowski, Co-Chair WFA Media Forum and SVP of Global Media at Mastercard, on the WFA Cross-Media Measurement Initiative; Brian Hughes, chief researcher at IPG's MAGNA, on how agencies currently organize to integrate metrics; Mike Dean, SVP, Advanced Advertising & Automation at ViacomCBS, on how multi-platform video companies currently integrate metrics; Vidhya Srinivasan, head of measurement, Google, on Google's philosophy of measurement and attribution; ANA CEO Bob Liodice on the applicability of AdID to cross-media measurement and other needs. A product of this meeting will be a short (3-5 pages) whitepaper identifying consensus practices and conflicts in existing measurement constructs.

4. **Convene a Tele://Vision Ts & Cs Summit** one week after the measurement gathering, for the purpose of identifying best practices in obstacles in existing tacit or explicit transaction agreements. Ideally, we would feature 20-minute presentations by each of the following: Alan Braverman, Chief Legal Officer, the Walt Disney Company, on the advantages and disadvantages of television's "transaction mechanics" as media companies evolve further into cross-platform operations; David Cohen, President, IAB, on the history and outcomes of the IAB Ts & Cs processes; Marla Kaplowitz, CEO, 4As, on the dilemmas of contracting around long-form video; Adam Gerber, Chief Media Officer, Essence, on a proposal for reconciling key elements of cross-platform Ts & Cs. A product of this gathering will be a short (3-5 pages) whitepaper identifying consensus practices and conflicts in current industry transaction practices and buyer-seller legal agreements.

5. **Convene a Tele://Vision Marketplace Summit** one week after the Ts & Cs Summit, for the purpose of identifying changes in the calendar and structure for major video marketplaces in the United States. We would look to secure the following content and speakers: David Poltrack, former Chief Research Officer, CBS, on the history and impact of the network upfronts; IAB CEO Randall Rothenberg on the history and evolution of the Digital Content Newfronts; Sean Cunningham, CEO, VAB, leading NBCU Advertising Sales Chair Linda Yaccarino; Disney Ad Sales President Rita Ferro, and ViacomCBS President Jo Ann Ross in a roundtable on evolving publisher needs in the video

marketplace; Michael Kassan, CEO, Medialink, leading GroupM CEO Christian Juhl, OMG CEO Scott Hagedorn, and IPG Mediabrands CEO Daryl Lee in a roundtable on evolving agency needs in the video marketplace. A product of this gathering will be a short (3-5 pages) whitepaper identifying consensus recommendations for a "future state" marketplace.

At the end of this first month, we will collect the working papers and their recommendations, and distribute to a wider set of stakeholders across the broader industry. We will then seek to convene a Leadership Board consisting of C-suite strategists and leaders from among the major stakeholder groups to develop an agenda and, if they decide, to nominate experts on their teams to broader working groups.

The working groups could include:

a. A **Technical Working Group** to work with the IAB Tech Lab on developing and/or instantiating necessary technical standards across the industry (e.g., for brand safety, consumer privacy, measurement, and attribution, OpenRTB, etc.)

b. A **Ts & Cs Working Group**, to develop a new model contract and/or contracting system to enable a more frictionless cross-platform transaction environment

c. A **Measurement Working Group**, to help coordinate and publicize, and help practitioners utilize, the output of the MRC, CIMM, and other measurement standards bodies.

d. A **Marketplace Working Group**, to make recommendations and help coordinate media marketplaces

The Leadership Board may also see fit to develop funding plans; integrate its work into one or more existing bodies (such as OpenAP) or develop a more comprehensive governance structure.