

Tuning in to video on demand

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As more people watch their favorite shows through video on demand, advertisers must shift their strategies for getting in front of them, particularly when it comes to attracting viewers to upcoming shows.

In this post, we talk with Chris Pizzurro, head of business development, sales and marketing at Canoe, an advertising technology company focused on helping TV networks leverage their VOD platforms, about shifts in advertising and ways to take advantage of new technologies.

What changes are you seeing in the video on demand (VOD) advertising space?

The biggest change is that cable VOD is now mainstream, meaning that there are more networks using the technology. We have more than 85 TV networks on our platform from ABC to Viacom and everyone in between. The **brand** ads come from all categories -- from financial to movie studios -- and make up 78% of the business.

We've seen more **brands** and campaigns and industry categories come into the market. We can quantify all that activity by the end result -- more ad impressions. We did more than 11 billion ad impressions in 2015. At end of second quarter this year, we had 9 billion, so by middle of the year we were already fast approaching what we did last year.

And now we are seeing OTT and mobile following cable VOD's lead, with viewership and ads starting to migrate to VOD on those platforms as well.

What differences are you seeing in VOD advertising when it comes to tune-in ads?

Tune-in ads are those we define as a network placing a promotional **advertisement** to drive traffic to a series or particular episode. It's basically **marketing** to get consumers to watch a program. Right now, that's 22% of our business and growing.

When you watch a linear TV network, you'll notice that they are great at cross-promoting their shows. Now they're getting more sophisticated and doing that on VOD. Before, these campaigns were generic and they were just using them as filler on the VOD platform because ad time wasn't sold out. Now they're getting sophisticated and doing specific tune-ins for specific programs and putting them in targeted ad positions.

For years on linear TV, tune-in ads would run as the first ad out of a program and the last one heading back into it. They're doing that more and more in VOD now —locking down first position and last position in the ad blocks. Networks are getting more sophisticated in designing their campaigns. That's causing a conflict between the marketing teams and the sales teams as they fight over inventory. Sell-out rates are extremely high and the ad team wants to bring in that revenue, but the marketing team wants the space for tune-in to drive traffic. So these ads are moving from being filler to being specific and important parts of **marketing** strategies for many networks.

You recently did some research on this area. Can you tell us about your findings and the effectiveness of these ads, especially with the conversion rates?

The extra benefit in what we're doing is that all our data is at the set-top-box level. It's not sampled, not riddled with fraud or bots. Some of our programmers have asked what we could do with that and specifically challenged us in the tune-in area to help them optimize their messages. They want help in making smarter decisions on where to place tune-in ads.

When you show a tune-in ad on VOD, it does drive people to watch programs. When you do it, it works -- consumers will go watch. What's interesting about some studies is that we've found it works for both on-network ads and off-networks ads. It will drive current customers to watch new shows and it also attracts new customers to networks. So if you buy VOD spots on another

network, that also works as well.

The third conclusion that is particularly interesting is that it has the greatest effect when you buy both. With VOD exposure for new program promotions off-network – which we define as people who have not watched your network in the last month – the conversion rate reached as high as six times in some instances.

When a network marketing person is looking for new audiences – then ads off-network drive greater traffic and create greater reach. If someone is already watching your network, you likely have gotten in front of them before. But a pure VOD buy on another network can deliver a new audience. Because it's often immediate, many will finish a show and then go check out another since they don't have to wait for a specific time to watch. If you're looking for more reach, this is a great opportunity.

What other benefits have you found in running VOD tune-in ads?

One of the greatest benefits is that tune-in ads create a consistent viewing experience for consumers. We're finding that viewers like a mix of ads and promos and they like consistency in the number of breaks and number of ads in those breaks.

We're seeing limited viewer drop-off when a programmer has a balance of four ads or promotions per break and that they don't see the same ad more than twice during a show.

Chris Pizzurro has more than 28 years experience in national media strategy, marketing, and implementation, with a focus on traditional TV and digital media advertising. He is currently Head of Business Development, Sales & Marketing at Canoe, an advertising technology company focused on stewarding dynamically inserted advertising to national TV network programs available on MVPDs' VOD platforms. Prior to Canoe, he was a Principal at Leap Media Group, an advertising consultancy specializing in advanced TV advertising. Before Leap, Pizzurro spent 13 years at Turner Broadcasting growing global digital revenue from advertising clients.

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