MONETISATION OF 'TOTAL VIDEO'

With a healthy business in the bank, the prospects for players in the production, aggregation and monetisation of professionally produced video content remain favourable. People watch more video than ever – wherever they are, whenever they want, and on all kinds of devices. There's no doubt about it: video will continue to be the dominant advertising genre in the future. But trying to understand the new types of advertising sales in the 'total video' environment, can make your head spin. There are a lot of technical terms in the market – especially around advertising technology. What used to be a rather simple process in linear TV – a negotiation between the advertiser or media agency on the one hand and the advertising sales house on the other – can become surprisingly complicated in the world of tech and data-driven digital advertising sales.

The main reason: more and more players have established themselves in the value chain between media owners and advertisers – from trading desks and monetisation platforms to ad servers and companies specialising in data optimisation and targeting. As a consequence, RTL Group has made a series of investments into tech-driven advertising sales across all devices, from online via mobile and over-the-top devices[1] into linear TV. The key strategic goals: offering advertisers all solutions from within RTL Group, remaining independent from third-party platforms and thus being able to better monetise the Group's revenue potential in the rapidly growing markets for digital video advertising.

THE PERFECT MATCH

While linear television remains the only medium to reach mass audiences on a daily basis, digital video advertising enables advertisers to connect their message to an engaged audience, which can be enhanced by the use of technology and data. The main difference: targeting individual users or target groups instead of broad reach.
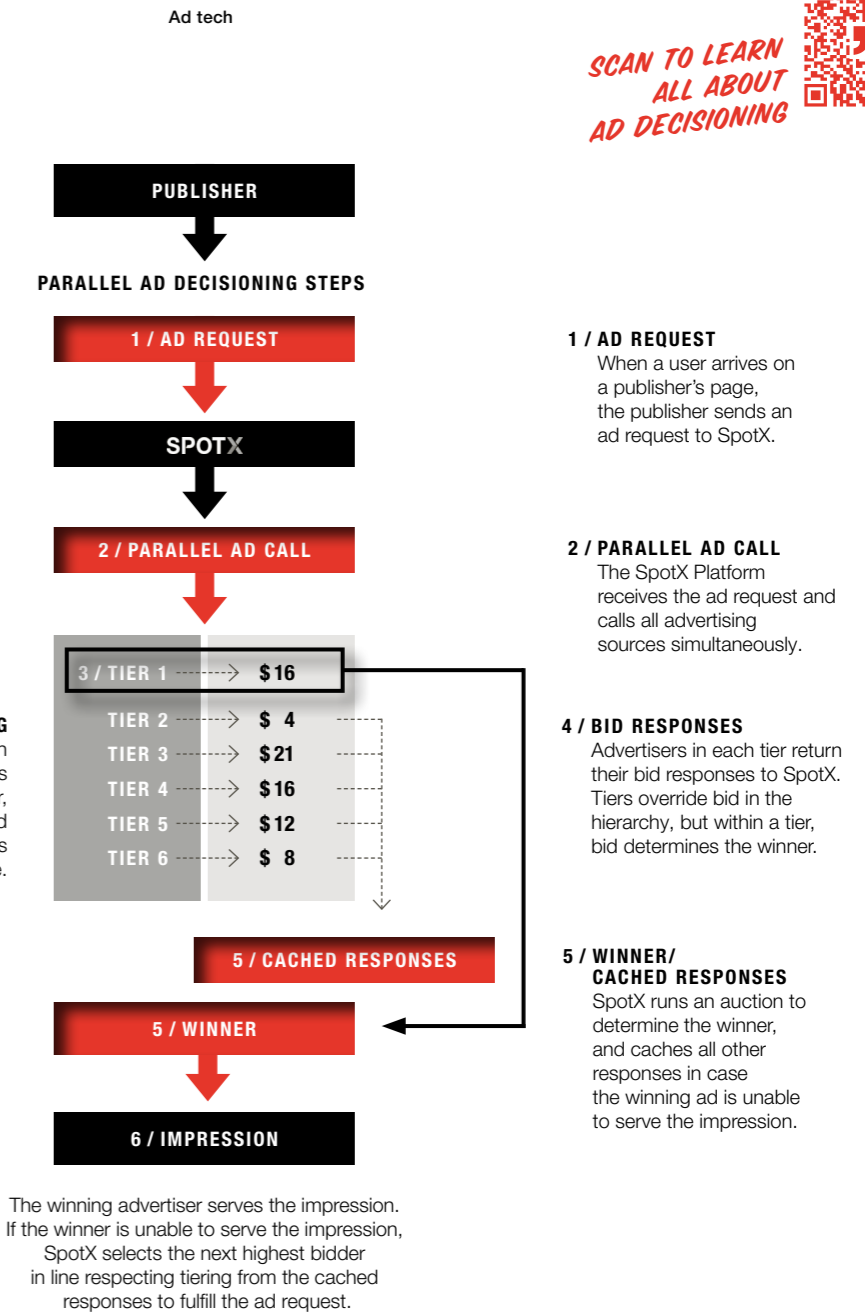
How does this work? An ad request to a holistic platform such as SpotX is initiated when the publisher's content is about to be displayed for a viewer. Advertisers have the opportunity to play their video ad to the user through the SpotX platform. If the initial ad call data matches with the parameters and price set up by the media owner and advertiser, SpotX delivers the ad. For a fully integrated publisher, this whole process ideally takes less than 500 milliseconds before the ad is played, so the user experience is unaffected.

SpotX is aligned closely with the media owner throughout the process, helping publishers, who seek to monetise their inventory. The company has to make sure that the platform is effectively integrated into the publisher's inventory as seamlessly as possible, because missed impressions also mean missed revenue.

In summary, programmatic advertising fulfills two main goals: a) find the perfect match between advertiser and user and b) find the perfect price for both advertiser and publisher. This process takes place behind every video screen – from desktop to mobile and increasingly to connected TV.

NON-LINEAR
PC/MOBILE

CONNECTED TV DEVICES

LINEAR
TV/SET TOP BOXES

RTL GROUP — SPOTX | PROGRAMMATIC VIDEO AD SERVING — videoamp | CROSS-SCREEN OPTIMISATION — smartclip | OTT ADDRESSABLE TV — clypd | PROGRAMMATIC LINEAR TV — HOUSEHOLD LEVEL TARGETING — STILL IN PILOT PHASE

[1] over-the-top devices represent all devices that can deliver video content from the internet for TV screens, for example a gaming console

AD DECISIONING

SpotX uses a parallel ad call to fulfill ad requests. Here's an explanation of how this works.

PUBLISHER

PARALLEL AD DECISIONING STEPS

1 / AD REQUEST

SPOTX

2 / PARALLEL AD CALL

3 / TIER 1	→	$ 16
TIER 2	→	$ 4
TIER 3	→	$ 21
TIER 4	→	$ 16
TIER 5	→	$ 12
TIER 6	→	$ 8

5 / CACHED RESPONSES

5 / WINNER

6 / IMPRESSION

3 / TIERING
SpotX allows publishers to assign priority to different advertisers through 6 tiers. Regardless of tier, SpotX presents the ad request to all tiers and advertisers at the same time.

The winning advertiser serves the impression. If the winner is unable to serve the impression, SpotX selects the next highest bidder in line respecting tiering from the cached responses to fulfill the ad request.

1 / AD REQUEST
When a user arrives on a publisher's page, the publisher sends an ad request to SpotX.

2 / PARALLEL AD CALL
The SpotX Platform receives the ad request and calls all advertising sources simultaneously.

4 / BID RESPONSES
Advertisers in each tier return their bid responses to SpotX. Tiers override bid in the hierarchy, but within a tier, bid determines the winner.

5 / WINNER/ CACHED RESPONSES
SpotX runs an auction to determine the winner, and caches all other responses in case the winning ad is unable to serve the impression.

THE CHALLENGE: MAKE EVERY IMPRESSION COUNT

■ **FRAUD**
Ad tech companies need to ensure that potentially fraudulent activity is reduced to a minimum. No advertiser wants to pay a premium for a non-existent audience, generated by bots

■ **BRAND SAFETY**
It's vital that ads are placed in the correct environment

■ **USER EXPERIENCE**
The implementation of advertising technology should not negatively impact the user experience, for example with extended buffering times

■ **CONVERGENT MEASUREMENT**
Total net reach of a video advertising campaign is still hard to quantify across all screens. Both Arbeitsgemeinschaft Fernsehforschung (Committee for TV Research) in Germany and Médiamétrie in France have developed hybrid systems that integrate catch-up TV and four-screen television measurement, based on both panels and big data