

Addressable media: A new science to marketing

Addressable media is changing the way consumers view information

By Kosta Skoulidakis



You stroll past Madison Square Garden while checking the score (in real-time) of the Knicks game going on inside on a Web-enabled cell phone. The hottest song of the day is from today's most popular video game and is being downloaded to MP3 players at a feverish rate. Waiting for the bus, a high school student views a podcast of her favorite TV show, while another is busy texting. The channels consumers are using to view information and receive marketing messages also is evolving. Addressable media is also evolving and is at the forefront of this changing landscape as consumers' ability to mine through the marketing melee for the messages that best speak to them continues to rise.

There is no doubt: Consumers are moving targets, and advertisers are constantly seeking new sources to find the messages that resonate best with them. Forrester Research reports that consumers are exposed to more than 3,500 marketing messages per day. The average shopper can look forward to choosing from 230 types of cookies, 175 kinds of salad dressing and 110 television models that open the window to more than 500 individual TV channels — 500 contact points that have only recently begun to be used to connect marketers with customers on a more individual basis.¹

Reaching consumers via traditional media such as broadcast TV, magazines and newspapers is becoming more fragmented. Forty years ago, an advertiser could reach 80 percent of the U.S. female population with a commercial that aired on CBS, NBC and ABC. Today, the same commercial would have to run three times a day on 100 TV channels to reach the same audience.

Today, more and more consumers are taking control of when and how they want to watch TV through new technologies such as digital video recorders, or DVRs, like TiVo.[®] Approximately 6.5 million households in the United States use a DVR, and analysts predict that number will rise to 20 percent of all households by 2008. Having even more impact on the advertising industry are estimates that put the percentage of people who skip TV commercials at more than 90 percent.

Now that consumers have both the technology and the authority to access and accept marketing messages as they see fit, the demands placed on marketers to communicate to consumers via these targeted touch-points are greater than ever. These demands have led marketers to turn to addressable media solutions to penetrate the attention of today's more-discerning consumers and garner predictable and measurable results.

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Applying traditional marketing and database principles to addressable media

Cable TV and the Internet are starting to adopt strategies similar to that of direct-to-consumer mail. Why direct mail? Because direct mail can be customized to the household and individual levels, mass-marketing media are taking note of this and have developed the technology to put one-to-one customizable marketing well within their reach. These technology companies, such as Visible World, are partnering with media-neutral marketing services firms, like Experian, to extract the value of consumer demographic,

¹All statistics are taken from “The Paradox of Choice: Why More is Less,” by Barry Schwartz.

psychographic and behavioral data to more precisely segment consumers at the neighborhood, ZIP Code™ and — in some instances — household levels, creating actionable insight with the utility of a data-driven supply chain. For example, a couple of neighbors on the same street are simultaneously watching *Survivor*. The household with children might see a commercial for a minivan, while the home of a retired couple may see a commercial for an ocean cruise. After all, if someone doesn't drink beer, why should he be bombarded with beer commercials? There is an opportunity cost to the misallocation of advertising dollars, and CMOs cannot afford to operate in this manner.

This new generation of marketing techniques, called "addressable media" and "advanced advertising solutions", are stepping to the forefront to combat these misdirected messages and ad dollars and playing an active role in integrated marketing communications. Advanced advertising solutions aid marketers in creating targeted audience definitions, customized behavioral segments and advertising insertions delivered to the smallest addressable geography: the household. The goal is to enable all current and future communications media to support more relevant messages to consumers so they can rely on and interact with ads to gather more information about a product or brand.

While addressability, or the ability to deliver customized marketing messages to the household level based on a household's demographics (age, income, media preferences, presence of children, etc.), once seemed out of reach for the advertising industry, precise targeting is feasible today and could mean greater customer relevance and significant audience retention.

Achieving predictable and measurable results to defend the marketing budget

Measuring results from mass-media campaigns has been an elusive endeavor for marketers. The days of the ever-flowing marketing budget are gone, with CFOs pressing marketers more than ever to prove the value of their marketing dollars and accurately measure its return on investment. This desire to track and prove results is the key proposition value and stability of addressable media strategies. This is because addressable media offers another dimension of incremental insight for a company to correlate their advertising and multichannel marketing spend to consumer purchases made in the ZIP Code of a store where the advertisements ran. Addressable media enables marketers to see their marketing dollars directly impact a consumer's purchase, thus substantiating the worth of their marketing budget.

Embracing addressable media

As addressable media has moved from the possible to the practical, it now poses a win-win solution for consumers, advertisers and agencies. While consumers continue to demand more relevant and engaging marketing, marketers continue to crave innovative targeting solutions, advanced customer analytical information, and reliable, measurable results. Communication channels, along with the consumers who rely on them, already have evolved. It is now up to the marketers to penetrate the consumer defense in this new game in marketing.

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