

A BEST PRACTICE GUIDE TO INTERACTIVE TV ADVERTISING



Produced by;

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1 Executive Summary

1.1 Introduction

Since the DMA published its first guide to interactive television advertising the market has experienced exponential growth as more brands and direct response advertisers invite the viewer to press the red button and move beyond the conventional broadcast commercial. The market while small compared to that for all commercial air-time is already worth between £10m and £14m but growing rapidly with some agencies predicting year on year growth of 40%. Sky is even more upbeat, pointing out an increase in revenues of 65% in the last quarter of 2004 and a 40% lift in iAd campaigns place in January 2005 alone. To date over 610 campaigns have run, with many advertisers now running their 3rd even 4th campaign. In fact over 60% of all first time interactive advertisers have now run more than one campaign).

What's fuelling this growth? Firstly costs of running interactive campaigns have fallen as Sky reduced the cost of bandwidth for iAds and the cost of iAd applications. Secondly, there are now more channels able to offer iAds including, significantly, ITV and Five, besides Channel 4 and the multi-channel broadcasters represented by Sky Media and IDS. This has given the medium a critical mass. There is also far greater standardisation and a wider choice of iAd formats to suit the needs and budgets of each client.

Interactivity is also something which millions of viewers now better understand and value, making iAds appreciated and more widely used. Interestingly, interactivity is making TV more measurable and so justifiable, for advertisers who have not used TV before precisely because it lacked a degree of accountability. So interactivity is growing the medium as well.

But while 7.7 million subscriber households can access iAds on Sky and multi-channel TV viewing is the norm for most households, most TV advertising lacks an interactive dimension. This Guide has been produced to help fill the 'knowledge gap' and asks practising agencies to share what they learnt from their experience of iTV, to help others and benefit an industry where the UK has an international lead.

1.2 Aim of this Guide

This Guide has been produced to provide advertising practitioners with a practical guide to using interactive TV to achieve their advertising objectives, whether this is to generate response, communicate brand messages or, as is now often the case, both.

It seeks to propose 'best practice' in iTV by making recommendations for its successful application based on the experiences of other practitioners.

1.3 The DMA iTV Council

The Guide has been developed through consultation with broadcasters, sales houses, platform operators, advertisers and their agencies. Many of these businesses are represented on the DMA's iTV Council which has provided a working forum to further the development of the medium and which produced an initial guide in 2003. The Council also runs 'showcase' events to explain new developments and share knowledge of successful campaigns.

The DMA is grateful to those companies that have contributed to these events and to the production of this Guide. In particular the author and the DMA would like to thank Adam Shoefield, Natalie Rees and Dominic Cohen of Smarter Communications, who advised on Best Practice for direct response advertising and Charlotte Harrison of Starcom who advised on Brand advertising using iAds.

1.4 Document Structure

This Guide is designed to help you quickly understand the digital TV landscape, the interactive TV advertising opportunity and the most effective ways of exploiting this according to your campaign requirement.

The following sections should help you to quickly understand what iTV offers and how to use it

- The iTV Advertising Market – platforms, channels, ad formats
- Best Practice – Direct Response advertising
- Best Practice - Brand advertising
- Data Issues

There is also a short section on future developments which are likely to warrant further analysis.

2 The iTV Advertising Market – platforms, channels & formats

Digital television (DTV) is in use by 55.9% of UK households (13.9 million) and growing. Alongside DTV is a small volume of analogue cable households which, when included, gives a total penetration for multi-channel TV of 59.4% (14.7 million).

2.1 Platforms

The DTV platforms are Sky (satellite), Freeview (terrestrial) and NTL: and Telewest (cable).

Sky subscriber households totalled 7.7m (end Q1, 2005) account for 51% of the multi-channel home total and Sky has a 54% share of the DTV market. Sky, besides having the largest share of households, also has the most sophisticated interactive TV advertising proposition. Sky increased its total subscribers by 95,000 on the previous quarter to March 31, 2005 and the number using a Sky+ personal video recorder has now reached over 800,000, representing over 10% of the total. The impact of digital video recorders or PVRs is discussed in section 6, Market Developments and Future Trends.

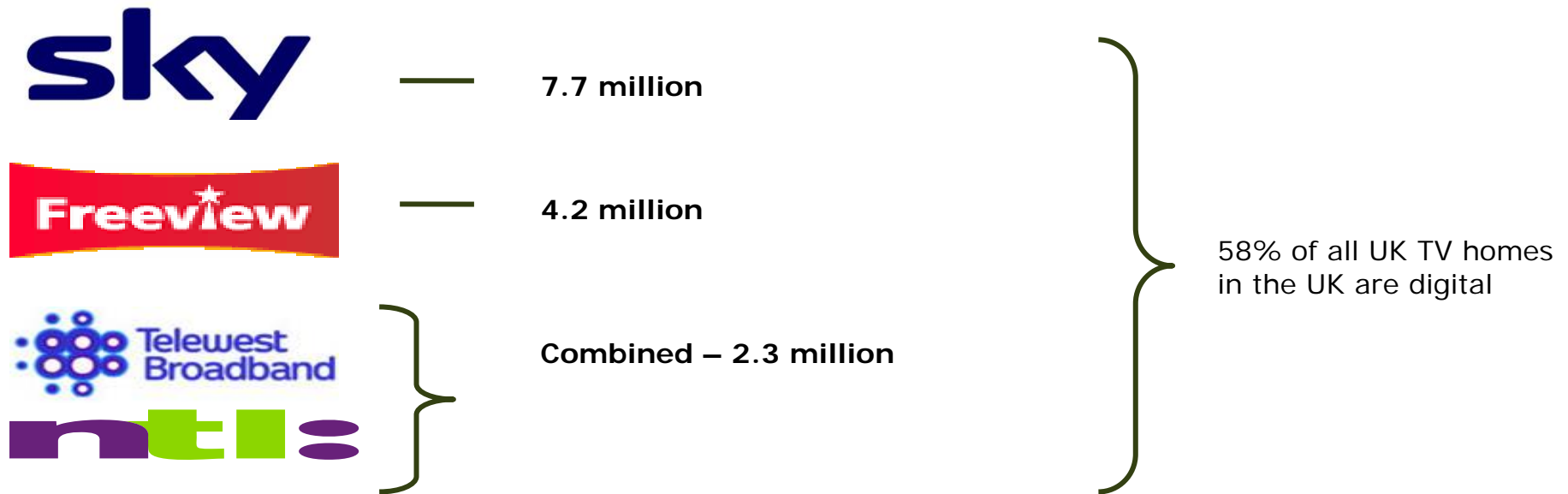
According to OFCOM there are now 345,000 UK homes receiving free-to-air TV via digital satellite, including lapsed Sky subscribers.

NTL: and Telewest have between them 3.36 million subscribers which amount to 22.8% of multi-channel homes. Of this total 2.5m are digital cable subscribers giving this platform an 18% share of DTV households.

The most significant development since the first iTV Guide was published by the DMA in 2003 has been the growth of the digital terrestrial platform (DTT) and the popularity of Freeview. DTT then accounted for just 12.4% of multi-channel homes and now it is 26.6% while its share of DTV households has increased from 13.7% to 28.2%.

OFCOM is keen to isolate from the total Freeview number (5,016,200) the large volume of households that use it for a second set (1,101,280) alongside a pay-TV cable or satellite service.

UK DTV – Market Composition by Households



2.2 iAd Functionality by Platforms

Freeview currently offers 30 free-to-air channels including the BBC's 1,2,3 and 4 and the main commercial channels as well as a selection of most popular channels available on cable or satellite.

Freeview uses a simple set top box (STB) which uses MHeg4 as an operating system or middleware, has limited interactive functionality and there is no built in return path, an important consideration for advertisers. ITV has announced (March 2005) that it plans to enable iAds on Freeview boxes. but has yet to launch such a service.

Digital Cable from NTL: and Telewest offers a much larger choice of channels depending on the pay TV package chosen. Its two way interactive capability is limited to advertising placements within their Electronic Programme Guide (EPG) and at this time digital cable cannot offer the degree of interactivity available on digital satellite. Broadband delivered (TV over IP) services such as Video Network's Homechoice and others planned for launch in the next 12 months are set to provide exciting interactive TV platforms in the future.

So the rest of this guide is going to concentrate on the main DTV platform in terms of market share and audience size, Sky Digital and use the experience of practitioners in the business to explain how to use it effectively

2.3 Interactive TV advertising

Interactive TV advertising is no longer new and nor is it some niche business now that 62% of adults aged 16+ have Sky digital TV at home. Interacting with the TV, whether it's with the programme, interactive services or advertising is now familiar to most viewers with 81% having pressed the interactive button. 47% of adults 16+ claim to have seen an iAd and of these 40% have pressed a red button to interact (1).

The typical ad 'interactors' are more likely to be male (58%), under 55 (96%), social grade AB (31%) and programme 'interactors' too (86%). Interactive TV advertising is viewed positively, with 60% of Sky digital viewers who have interacted rating the experience as 'very' or 'fairly good'. 52% agreed that interactive advertising is a convenient way to get information about a product or service (1).

Interestingly, while a quarter of viewers interacted to get more information, or because the product advertised was of interest, 45% pressed the red button simply out of curiosity (2).

Interactive TV introduces a new degree of control, choice and convenience for viewers. It allows them to find out more about a product, gather more information or simply spend more time with a brand. Not surprisingly, the viewer doing this is invariably the type of consumer the advertiser is trying to reach in the first place.

This type of functionality, that allows the spontaneous involvement of relevant, self-selecting target viewers to respond right then, or take the time to find out more, is creating unique opportunities for the advertiser.

(1) Source: BMRB AIM Survey October 2004, Base: Sky Digital Viewers

(2) Source: TNS Interactive TV Tracker – Dec 03/Nov04, Base: All Adults in digital satellite homes who have ever pressed the red button on a TV ad

2.3.1 Benefits to Direct Response Advertisers

The iAd can offer a simple DR mechanic that allows the viewer to, on impulse, request more information by post, by email or through a return call from a customer adviser. In fact, the fulfilment can be whatever the advertiser requires, including sms and now by mobile, an area yet to be fully exploited by advertisers. This can be presented within a TV commercial as a simple brochure request, or through a more detailed response allowing the advertiser to pose specific questions for the viewer to answer to reduce overall response volume but increase quality. Like any response medium the economics of using iTV has to stack up against other DR media. In addition the Sky subscriber data base means that form filling can be minimal and very quick easy to use

2.3.2 Benefits for Brand Advertisers

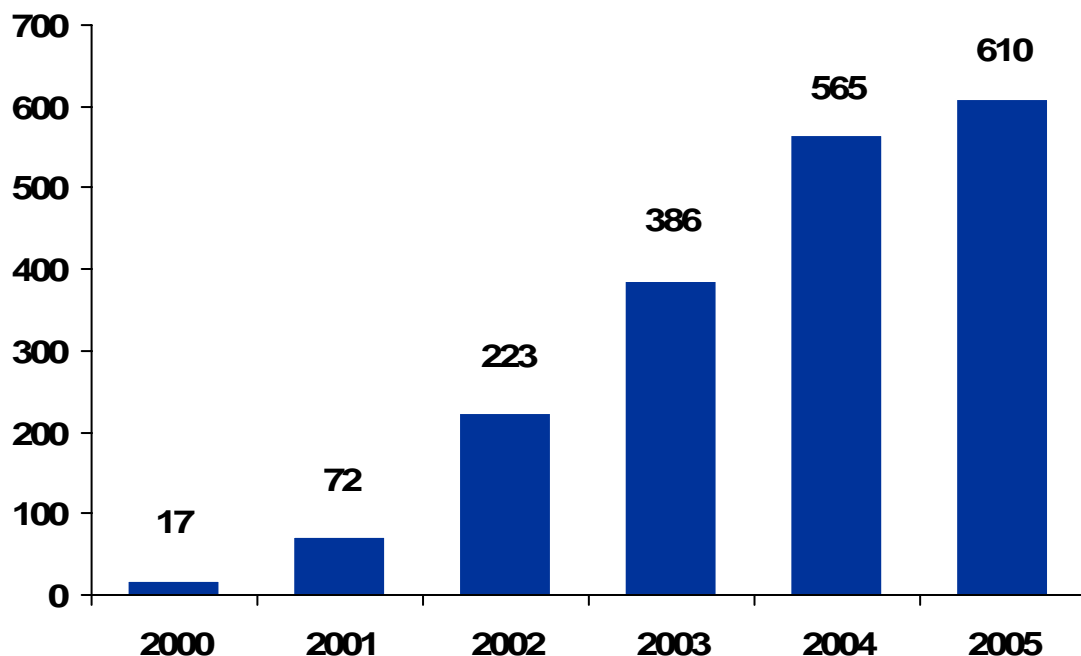
The iAd allows the advertiser to extend brand communication beyond the limitations of a 30 second spot. Stronger brand and advertising recall is possible through providing the viewer with the means to engage with the brand and explore more informative or more entertaining televisual experiences which they can control. This can lead to more memorable messaging, more positive associations and improved purchase intent. There are many examples of a 30" ad turning into a 2+ minute interaction with the brand.

The Best Practice sections of this Guide reveal how both brand and response agencies are using iAds successfully and it offers learnings on what seems to work best. These are typical examples of how iTV is being used today;

- Brochure and sample requests for holidays, cars, etc
- Direct viewers to websites & showrooms
- Create or enhance customer database
- Show film trailers, game demos
- Stimulate interest & trial
- Preview album tracks
- Purchase & donation
- Consumer research
- Increase awareness
- Enter a competition

The market for interactive TV campaigns is growing exponentially as the value of medium is better understood and its potential is being exploited

Cumulative Interactive Campaigns by Year



Overview

- 610 Campaigns (by Feb 2005)
- For 190 clients
- 70% have repeat booked
- ¾ of the top 50 advertisers have used IA
- As many as 60% of LIB spots were sold as interactive on Sky in 2004
- Widening the audience – more channels able to offer iAds, Sky Sales's IDS' ITV, Five and C4

2.4 iAd Providers

2.4.1 Sky

Depending upon the objectives of the campaign, there are many different creative and build techniques that are used to create an interactive ad. This can range from a simple, highly template driven DRTV type application, to a bespoke, interactive, branded experience that may last many minutes, requiring unique creative and build treatments. For the simpler applications Sky introduced template driven iAd formats that allow an advertiser to populate fields with text and requests, as well as customise backgrounds with brand designs, colours, logos and images. To accelerate the take up of iAds, Sky has encouraged a development partner programme, approving 3rd party iAd tools alongside its own. These use Sky's own WML based programming code and are available from Press Red, Emuse, Tamblin and A2A. These tools are now being licensed to creative agencies, increasing their core capabilities. (See Appendixes)

As these are template driven, they do not require SSSL testing and can so be developed and broadcast more quickly. The exception is the Dedicated Advertiser Location (DAL) which requires testing and this must be understood within the planning process. It's also important to remember, that from a viewer's perspective, a consumer will not know which application they are being taken to after pressing the red button.

2.4.2 Zip TV

Launched in July 2004, Zip operates an independent, alternative interactive service to Sky for jump to or DAL campaigns on the digital satellite platform. The iAds use bandwidth procured by ZipTV direct from the satellite service providers, as opposed to being provided by Sky.

A viewer, accessing a ZipTV ad, is effectively 'jumped' to this bandwidth as if it was a separate channel. The application that loads in the set top box is also independent of Sky. However, the viewer experience is exactly the same as if the application was hosted on Sky's bandwidth.

Zip's client's originally formed as a consortium of advertisers keen to exploit iAds potential. In return for an annual fee (currently £25,000) Zip's clients have access to shared learning, syndicated research, ad tracking, research tools, database analysis and shared case studies at the 'cutting edge' of iTV advertising.

Zip's iAds are designed to use an alternative return path to Sky, operated by iTV company Yoomea. This allows Zip to capture data, independently of Sky and also aggregate this across multiple campaigns to develop a view of advertising 'interactors'.

Zip's clients therefore can get a broader view beyond their own campaign and viewer data. However ZipTV format ads cannot be carried on ITV Network channels.

2.5 iAd Formats

2.5.1 Impulse Response

These provide an immediate call to action with the viewer interacting via banner on the screen. The broadcast commercial and subsequent programme remains full screen and the viewer remains 'in channel'. These are used solely as a direct response mechanic and can be highly effective for simple data gathering with up to nine questions are allowed .

2.5.2 Microsite

The Microsite is the next step up from impulse response allows up to $\frac{3}{4}$ of the screen to be taken up by a static interactive property. So more information can be presented as well as requested through data capture with up to nine questions allowed.

2.5.3 Enhanced Microsite

An Enhanced Microsite allows a Picture in Picture (PiP) function so the broadcast stream can be reduced to $\frac{1}{4}$ screen with up to $\frac{3}{4}$ allowed for the screen graphic. Advertisers can use up to four menu options and present up to nine different screens. While this format can be used for data capture as a Microsite, the option to include more pages and more information makes it suitable for brand campaigns as well as response generation. Its also cost effective as it does not incur bandwidth charges and it is commonly used as a test prior to the use of a DAL. This effectively allows the advertiser to create their own moving image brochure enhanced using the power of moving image and sound.

2.5.4 Mini DAL (Dedicated Advertiser Location)

The Mini DAL, while still a template application, has moved on leaps and bounds since the first Mini-DAL campaigns a few years back. To reach a mini-DAL the viewer is 'jumped' to a separate broadcast channel after pressing the interactive icon (red button), effectively giving the advertiser their own TV channel PB As with the DAL below, when the viewer leaves the application, they return to the channel they came into it from. Mini-DALs are now much more flexible, offering a range of options including full screen with bespoke audio, $\frac{1}{4}$ screen with looped video, $\frac{1}{4}$ screen with TV.. In addition to this, the advertiser can create depth within a mini-DAL by extending the site to additional pages beyond the one-page template. It functions as a 'moving image' brochure and can combine strong branding elements with valuable data capture functions over a number of pages.

2.5.5 DAL (Dedicated Advertiser Location)

In a DAL the viewer is also 'jumped' to a separate broadcast channel, returning back to the TV channel of origin once they have completed their interactions. The dedicated advertiser location features full screen graphics, more menu options and flexible data collection. More importantly it also allows the use of different video and audio tracks making it ideal for film trailers, music samples, car road-test videos. Interactive TV games, quizzes and competitions can also be featured. The DALs are fully bespoke and require a heavy input both from Sky and an advertiser's creative agency / specialist agency. Due to the larger up-front costs, DAL's are used most by brand advertisers. DAL or jump to applications, are generally not template driven, but built on a bespoke basis.

2.5.6 Enhance Programme Sponsorship

Brands can extend their presence beyond TV commercials and programme sponsor 'bumpers', by sponsoring interactive programme features. These are typically bespoke in design and bring a brand into the interactive programme content in way that would not be allowed for the broadcast programme itself. Currently, there are many interactive programme sponsorships available, such as ITV's 'I'm a Celebrity...' and 'Who Wants to be a Millionaire', where the red icon is on throughout the duration of the programme in Sky households.

2.5.7 T Commerce – Charity Donation (available on Channel 4)

This uses impulse response, microsite or enhanced microsite formats with an additional function for charity donations by credit of debit cards. Viewers' financial data is not stored and transaction details are handled by a fulfilment house, which undertakes credit checks and authorisation.

2.5.8 T Commerce – Purchase Functionality (available on Channel 4)

This option provides a transactional function that can be used to making direct purchases such as a magazine subscription, a DVD or book, cinema or theatre tickets or gifts such as flowers or chocolates. It can use overlays like an Impulse Response, Microsite or Enhanced Microsite.

2.6 iTV Enabled Channels

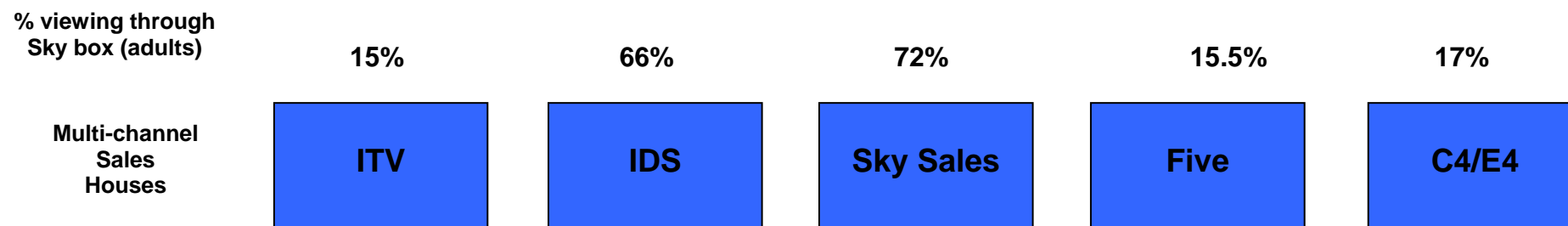
An important issue for an advertiser to understand is the share of audience of any channel that can be access the interactive TV commercial. Over the last two years the number of channels carrying iAds has increased. This means the potential reach for an interactive campaign has increased.

Broadcast channels available

Sky	ITV	Five	IDS	Channel 4
Sky One Sky Travel Sky Sports 1 Sky Sports 2 Sky Sports 3 Sky Sports Extra Sky Sports News Sky News Sky News Active Movie Premier x 5 Movie Max x 5 Sky Cinema x 2	ITV ITV2	Five	LivingTV LivingTV2 Bravo Challenge Trouble UKTV Gold UKTV G2 UKTV Food UKTV Style UKTV Documentaries UKTV Drama UKTV People UKTV History UKTV Bright Ideas UKTV Style Gardens	Channel 4 E4

However, while some channels are only available via a subscription to the Sky Digital platform, other channels can still be viewed via a terrestrial signal, even though the viewer may be in a Sky household, so share of viewing through the Sky platform need to be taken into account.

Share of Viewing through Sky Set-top Box, by within Sky Subscriber Households



Source: Sky/BARB 2004

2.7 Formats available by Channel / Sales House

2.7.1 Channel 4

Channel	Sales House	Format	Period (28 days)	Extra days	Amend Fee	'Jump to' Fee	iAd airtime premium	Notes	
Channel 4	Own	Impulse Response	£15000	£150	£2500	N/A	None	Agency commission payable	
		Microsite	£17500	£175	£3500	N/A		Agency commission payable	
		Enhanced Microsite	£20000	£200	£5000	N/A		Agency commission payable	
		Mini-DAL or DAL (Sky or ZipTV) 'Jump-To' fee	-	-	-	£18000, plus £180 per extra day		Agency commission payable	
		T Commerce Charity Donation	One off – 65p per donation Direct debit – 75p response						Lead Fees No agency fee payable on lead fees
		T Commerce Purchase Facility	One off - 10% of product price inc P&P Subscription (see donation costs)						Cost per response is 50p excluding t-commerce
		Mobile	Channel 4 can offer the use of mobile as a return path, POA						

- NOTE
1. Channel 4 do not automatically schedule interactive commercials last-in-break
 2. Channel 4 will broadcast more than one interactive commercial per ad break

2.7.2 ITV

Channel	Sales House	Format	Period (28 Days)			Extra Days		iAd airtime premium	Notes	
ITV	Own		Network		Regional / Channel			Regional – 1+ region outside London Channels – ITV2 + ITN only		
		Impulse Response	ITV only	£4500	£4000	Pro rata	Varied according to TVRs required, Agency commission payable	ITV application costs are net, no agency commission payable.		
			Cross B/C	£4000	£3500	Pro rata		Cross B/C – campaign includes ITV and other channels from Sky or Flextech		
		Microsite	ITV only	£6000	£5000	Pro rata		<p style="text-align: center;">Lead fees</p> <p style="text-align: center;">No agency fee payable on lead fees</p>		
			Cross B/C	£5000	£3000	Pro rata			Subscriber info plus name and address	50p
		Mini DAL / DALs (not ZIP TV)	ITV only	£3000	£3000	Pro rata			No subscriber details	25p
			Cross B/C	£3000	£3000	Pro rata			Anonymous (such as votes)	20p

2.7.3 Five

	Sales House	Format	Period (28 days)	Extra Days	iAd airtime premium			Notes	
								All application costs subject to agency commission	
								Lead fees	
								No agency fee payable on lead fees	
Flve	Own	Impulse Response	£9500 if airtime <£100k £11000 if airtime >£100k	Pro-rata Pro-rata	n/a			Subscriber info plus name and address	50p
		Mini-DAL or DAL (Sky or ZipTV) 'Jump-To' fee	£11000 if airtime <£100k £12500 if airtime >£100k	Pro-rata Pro-rata	n/a			No subscriber details	25p
								Anonymous (such as votes)	20p

2.7.4 IDS

Channels	Sales House	Format	Period (28 days)	Extra Days	iAd airtime premium			Notes	
								All application costs subject to agency commission	
								Lead fees	
								No agency fee payable on lead fees	
IDS	IDS	Impulse Response	£4450	£58	Negotiated at agency level. Agency commission payable			Subscriber info plus name and address	50p
		Microsite	£6075	£81	Negotiated at agency level. Agency commission payable			No subscriber details	25p
		Mini-DAL or DAL (Sky or ZipTV) 'Jump-To' fee	£2000	£48	Negotiated at agency level. Agency commission payable			Anonymous (such as votes)	20p

- NOTE
1. All interactive commercials on all IDS channels are guaranteed last-in-break position
 2. IDS only broadcasts one interactive ad per break

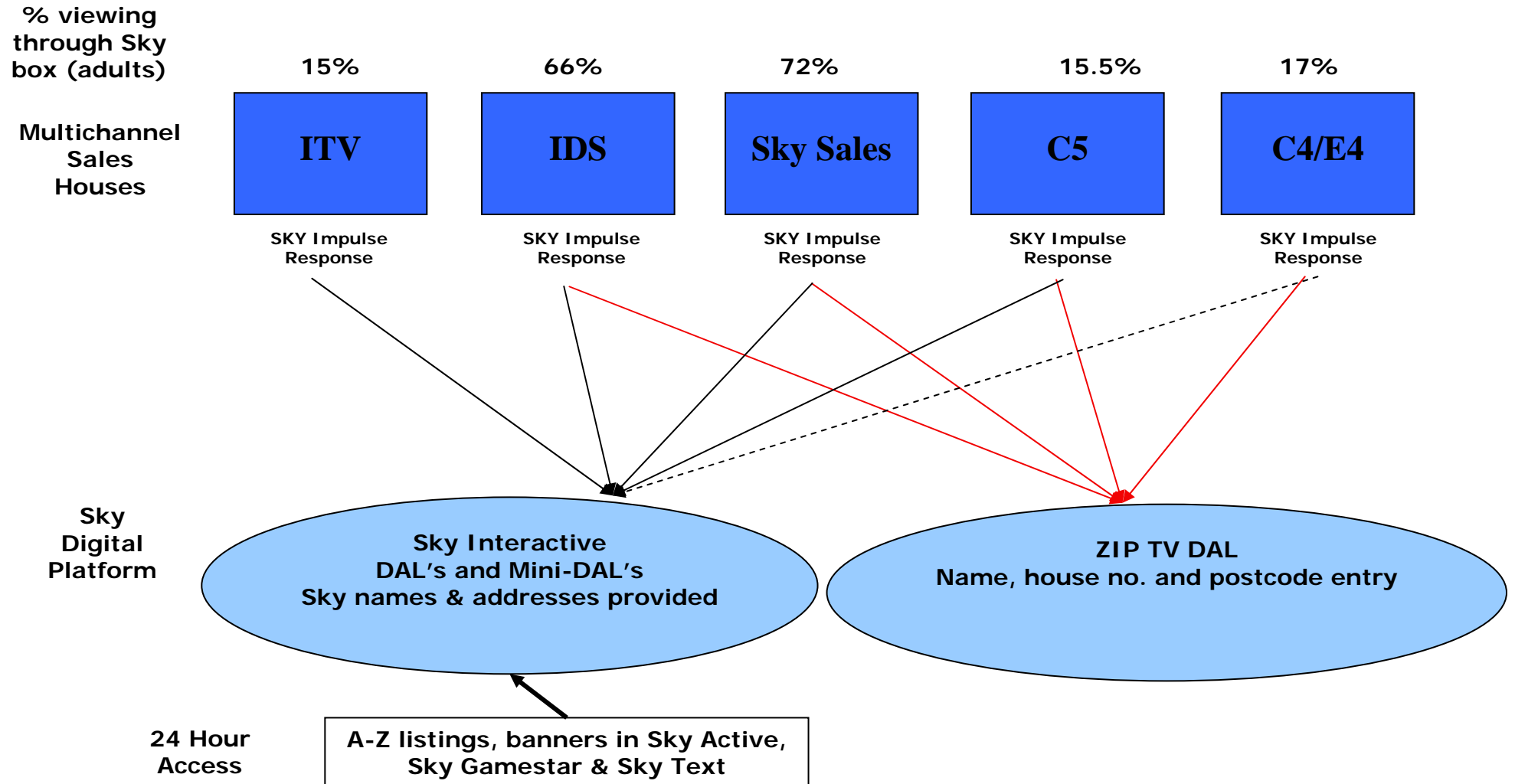
2.7.5 Sky

Channel	Sales House	Format	Build	Transmit	Extra Days	Reporting	Stop-Start	Additional scene (Page)	Notes	
									Airtime premium is 20% on Sky DTH homes, varying according to TVRs required, audience and channel mix. Agency commission payable	
	Sky	Impulse Response	£882	£4318	£85	n/a	n/a	n/a	Lead fees No agency fee payable on lead fees	
		Microsite	£1324	£5876	£120	n/a	n/a	n/a	Subscriber info plus name and address	50p
		Mini DAL							No subscriber details	25p
		TV ¼ screen	£5700	£8000	£257	£800, £25 per extra day	£2400	£2500, £71 per extra day		
		full screen with audio	£5700	£10500	£328					
		¼ screen with video	£5700	£28000	£828					
		DALs							Anonymous (such as votes)	20p
		Transmission per MB (pro-rata per additional 0.2 MB)	£15000	£25000	£715 per MB	£800, £25 per extra day	£3000	n/a		

NOTE

1. All ads broadcast on wholly owned Sky channels go last in break with a red button icon. Sky calculates that , as Sky Digital has a 60% share of all multi-channel homes, its 20% premium equates to just 12% on all Sky owned channels (20 x .06 = 12%).
2. Sky Sales can also offer advertising banner placement within Sky Active, Sky Gamestar, Sky Text and A-Z listing in Sky Active for Mini DALs and DALs only, to increase access to the ad formats from within the Sky Digital service

iAd Formats by Sales and Platform



3 Best Practice – Response Advertising using iTV

3.1 Overview

iAds versus other media

There is a growing amount of evidence that iTV advertising is proving more effective than press, which accounts for a growing number of new TV advertisers entering the market. In many cases TV has the added advantage of reaching a new audience who may not have been accessible by press and TV also allows a direct response advertiser to develop a brand presence too.

3.2 Setting Objectives and Strategy

A direct response campaign's primary aim is often to generate leads so an agency needs to decide whether volume is more important than quality, which depends on conversion costs and the business model employed.

The agency will need to take into account the likely costs for running iAds, as well as known response rates from direct response and previous iAd campaigns, to generate a business model to establish an overall cost per response.

The client will typically have a maximum Cost Per Response (CPR) in mind and from this the agency should determine which channels to use and whether TV is appropriate. In addition, a client will have to commit to capping responses to the estimate or making available a contingency fund for responses over and above the estimate. In the first case, a campaign which reaches its cap will be pulled (all interactivity will be removed from the spot ads). This is important to consider up-front as a client pays for each respondent and in the case of sampling, the cost to fulfil may become too costly.

So, before making any commitment to iAds, an agency will want to assess whether it is appropriate and if it fits within the client's business model.

3.3 Planning

As part of the planning process for any a direct response campaign the agency will want to answer the following;

- Is a response necessary to this campaign? If not, how are we to measure engagement?
- Is the response to be done through the iTV application, or fulfilled another way? (i.e. are we pointing viewers to a website, a call centre or other way to respond?)
- Who do we want to respond – what audience are we buying our TV against?
- Where are we likely to find them – what mix of interactive channels will deliver the most viewers with potential to respond?
- What is the best way to get them to respond – the right call to action?
- Is the cost of acquiring the response economical?
- What is the likely conversion to subsequent action and sales?

3.3.1 The Target Audience

Defining and understanding the target audience and knowing how to access them efficiently, is the key to successful direct response advertising and these same disciplines can be applied to iTV advertising. Planning agencies should have details of previous work indicating responsiveness of each audience and application.

3.3.2 Channel selection

Understanding the target well allows you to identify the right channels to use. In multi-channel TV many of these can be regarded like magazines – addressing distinct lifestyle, leisure or life-stage, interests. Knowing the target audience will also help you decide whether they are likely to be ‘interactors’. Getting a viewer to press red in each different genre of programming can be covered off by using multiple press red icons to ensure the most relevant call to action. It is worth bearing in mind that although planning agencies have learnings based on channel and broadcaster selection and their responsiveness to iAds, campaigns are still bought for TV, not iTV.

For example viewers have a propensity to react across the various day-parts and to longer commercial time lengths. Sixty second commercials perform 57% above an average for thirty second ads. So, it may be worth discarding the assumed wisdom that evening peak is the best time for a TV commercial, since these are the most expensive slots and broadcast when fewer viewers are inclined to change activity from watching TV to interacting with your commercial.

3.3.3 Prime Leads

A common strategy is to initially go for volume and then agree on a 'prime lead' which has higher quality and conversion potential. The remaining proportion of the campaign will involve optimising the efficient delivery of ad exposures at times and within channels and even programmes that have yielded a higher proportional response from 'prime leads'.

With iAd formats that invite viewer data entry, such as Impulse Response, Microsites and Mini-DALs, it is possible to use leading questions to help 'prime leads' reveal themselves. A simple impulse response application, with no data entry beyond a 'simple press red for a brochure' will not allow for this degree of precision. This requires an open dialogue between fulfilment house, planning and buying agencies and the client, in order to fully optimise.

3.3.4 Calls to Action

Firstly, it should be considered whether a call to action is relevant for the client – can they cope with fulfilling responses? What will they use the leads for? Any creative agency ought to look at all possible mechanisms to illicit a response – inviting viewers to use the phone or text, access the web site, or press red and keep these options visible on screen as long as possible. With iAds the actual time required to spend responding should be kept as short as possible, with IR ads taking under 2 minutes. But to increase quality more detailed data requests can be effective as self selecting 'prime leads' with real interest will be willing to take longer to provide data. While it is possible to ask for up to 9 separate questions, 5 is regarded as the optimum by many agencies. As mentioned earlier, it is also possible to use multiple calls to action dependent on channel or broadcaster. Calls to action can be more implicit than explicit as viewers become more used to seeing calls to action.

3.3.5 Getting the right information

As a basic step the iAd should ask for the viewer's first initial and surname or name, otherwise the requested information will be addressed to the name of the Sky account holder. Getting a viewer to opt-in and give permission for their data to be used again is vital

- Where the aim to is to invite a brochure request, request an opt-in so that viewer can receive future marketing information.
- Where it's a specialist product acquire re-contact information such as phone or email address.
- Note that the Sky remote control was not designed for inputting data and it does not function like a mobile phone.
- Viewers can be quickly put off if required to enter too much or complex information.
- Avoid making every field mandatory, if a viewer feels they are being asked too many questions they will leave the iAd

3.3.6 Forecasting

Direct response agencies using iTV have learnt the following approaches work well

- Tend towards being slightly cautious on response rates or cost per response estimates at the planning stage.
- Develop a database of response data from multiple campaigns, across a number of product categories
- This becomes a valuable asset in its own right but allows the agency to build projections on likely response rates from iTV.
- However, as with TV ads, there are a large number of variables to consider – category of advertiser, volume of TVRs bought, channel mix, broadcaster mix, application, audience and of course quality of the TV and iAd.
- So make sure all assumptions are stated and tested first.

3.3.7 What appears to work?

For direct response the continual challenge is to generate the right quality of response at or below the target cost.

- Trying to establish benchmarks is difficult, with many variables, both known and unknown, at work in each campaign.

- iTV is no different – be aware of all the variables at work and understand that iTV may stack up for some categories and not others
- CPRs can vary by product category making iAds more attractive to some clients / categories than others.
- A client marketing overseas property might be happy with a CPR of £50 - £70, while a travel company using a brochure request campaign might have a target of under £20.
- Agencies have access to BARB data and can report to the client on response rates (from viewer to actual response).
- This can give a better steer on CPR by channel and broadcaster and region (for ITV), whilst also providing valuable learnings based on day-part analysis and day of week.

3.4 Campaign Planning

As the process of producing interactive TV campaigns has been simplified, the amount of time taken to get them on air has been dramatically cut. One planning agency claims that, provided it has all the required information such as airtime laydowns, a plan can be developed in a day and, on approval, can start buying the interactive airtime.

Creative agencies can commence production of the simple iAd overlay to be broadcast within a matter of days, ready to be broadcast within a week.

However, for a direct response campaign allow one month before live date when planning approval is required. This ensures enough time to iron out any glitches before the iAd goes live. DAL's require 2 weeks of SSSL testing and therefore must be submitted further in advance. This year Sky has also announced that it may charge a penalty for approving interactive airtime after the AB deadline.

3.5 Budgeting

An agency that has run frequent iAds campaigns for direct response clients, recommends a client should allow a budget of at least £25,000 on top of the cost of a traditional TV campaign for adding interactivity. This must cover;

- Build or application charges,
- Airtime premiums if levied,
- Cost per leads
- The agency's fee.

The agency fee will cover all the planning and buying of the interactive ad, plus campaign management and regular response reporting to the client. It is usual for the planning agency to provide a full post campaign analysis as part of this fee. Some agencies will have access to bespoke reporting and analytics tools which will further enhance learnings.

3.6 Creativity and media placement

For many direct response campaigns it may not be necessary to produce a new TV commercial and the interactive call to action can be incorporated into it. This can dramatically reduce costs. Other formats may cost considerably more but can be more effective where more involved interactivity is envisaged.

As with brand advertising, response levels for direct response ads increase with the commercials time length. Longer ads provide a better opportunity the viewer has to take in what its about and then chose to act.

Besides the interactive icon, direct response advertisers ought to keep the phone number and website address, if used, on screen for as long as possible. Most broadcasters will not accept iAds of less than 20 seconds duration.

3.7 Fulfilment

Viewer responses should be processed speedily so decide who will be the recipient of viewer data and how often this will be collected and supplied to them. Sky and ZipTV will need the name, email and telephone number of the fulfilment contact. Both companies use encryption software to protect the contents of emailed data reports.

3.8 Campaign management and optimisation

Once the campaign is live it needs to be regularly checked to track delivery of the iAds exposures by channel and day- part.

- The objective - to optimise placement of TV impacts to generate the best response at the lowest possible cost
- But not at the cost of overall responses.
- Use of statistical tools by the agency to not only model the plan but analyse the live campaign 'on the fly' will help
- If a particular channel or day part is underperforming interactive TV exposures can be moved to better performing areas.
- Response data can be analysed, daily or at least weekly
- Optimisation should be undertaken by the buying agency who can then move the airtime 'buy' to best effect.
- However, this should not lead to an overall increase in the cost of the actual TV airtime.

Flexibility in this regard will vary according to the sales house in question, while changing the text of an Impulse Response overlay will take a couple of days before the new version is uploaded onto the Sky broadcast system.

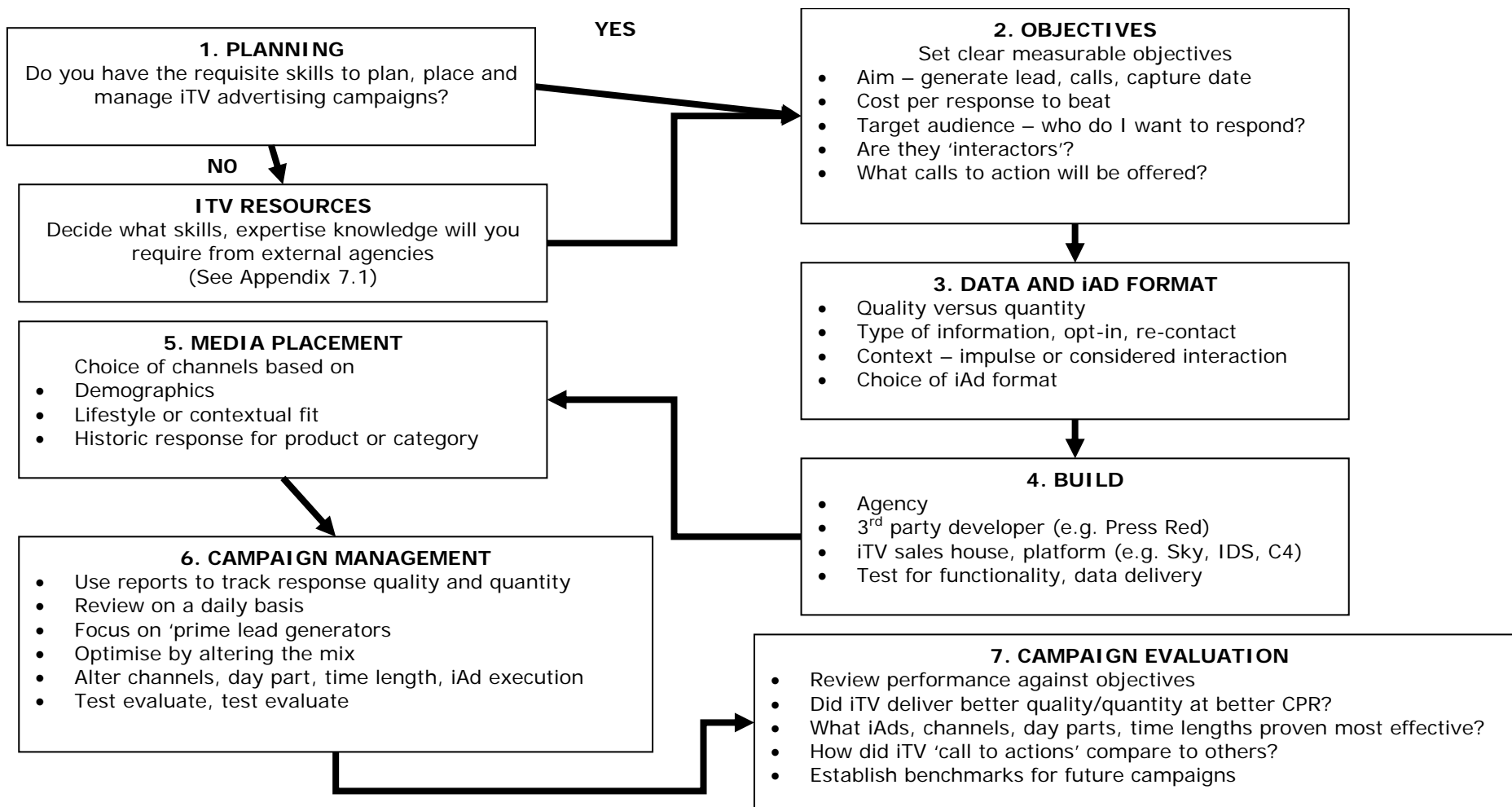
The golden rule is to test and evaluate, test and evaluate throughout the campaign.

3.9 Campaign evaluation

At the end of the campaign the direct response agency will want to aggregate data over time to evaluate campaign performance and review this against the objectives set, the choice of channels, day-part and time lengths used.

This information can be used to decide how future campaigns can be bought, to increase response and/or reduce Cost Per Response by excluding inefficient channels and day parts. In addition to this, using research and their own reporting, agencies can analyse effectiveness and advise for future campaigns based on these learnings.

The iTV Advertising Process – Response Campaigns Summarised



4 Best Practice – Brand Advertising using iTV

4.1 Overview

For many advertising agencies charged with developing compelling TV advertising for brands, interactive TV has been viewed with some disdain, as something that might interfere with the creative narrative of the commercial. More recently attitudes have changed as better creative work has been produced and this is being recognised by the industry. The 2005 D&AD Awards include iTV award categories for the first time. Interactivity is increasingly planned from the outset and is seen less and less as a bolt on or afterthought PB

It is worth remembering that iTV advertising is a permission based medium – the user, not the advertiser or broadcaster, decides whether he or she interacts with the ad. This is not something TV advertisers have had to think about before since the medium has been one way and passive by its very nature. So adding interactivity requires a change of mentality, adopting the viewers perspective and asking just why he or she would decide to give that brand their attention and time when asked to 'press red'.

Unlike DRTV campaigns which are keen to solicit a response and capture data, many brands just want to get a little extra time from the viewer to present an engaging, informative or simply entertaining experience. But this means thinking through interactivity from the earliest stage of the planning process and getting everyone who has a part to play in it behind the idea. This ensures a linear viewer experience from TV ad through interactive application.

Successful iTV advertising required an understanding of what the technology can do and also what it cannot and an appreciation of the viewer as less of a passive recipient and more of an active participant. Today, everyone is talking about 'engagement marketing' and iAds offer a unique platform to combine the power of television, with the ability to allow the viewer to engage. The trick is to do it well which requires investment, planning, perseverance and excellent creativity.

4.2 Strategy

Before embarking on an iTV campaign then the brand advertiser should look to answer some fundamental questions

- Do I have a TV ad already?
- What do I want to achieve?
- How does incorporating interactivity help me accomplish this?
- What are the constraints – technical, logistical, regulatory, time, resources, available knowledge?
- How will I know if it has been successful? What reporting or research will be required?
- Will my current creative agency have the capabilities to produce an interactive ad?
- How many people will see my interactive application?
- ...at what cost?

Most agencies and clients accept 'retro-fitting' interactivity to TV commercials is not an effective use of the medium and carries inherent risks. While this may be possible for direct response advertising, smart interactive brand communications requires more planning.

If you accept that the aim of using interactivity is to make your TV advertising work harder, then it pays to plan on how to use it at the very start of the planning process.

4.3 Objectives

The should be clear and measurable and define precisely the following aspects of the campaign

- What is the purpose of the campaign and why, specifically, is interactivity being used?
- What is the desired consumer take out or action?

- Why should the consumer interact, what is in it for them?
- Why should the consumer be prepared to volunteer data?
- Is the call to action strong enough to prompt this behaviour?
- While it's a brand campaign, what will happen if I do invite viewers to interact
 - Is the business capable of fulfilling the promise (sample, call backs, brochures)?
 - What volume of responses is desirable?
 - What's my ideal cost per response – does this media stack up?
- What measures, apart from response, exist to allow me to measure campaign effectiveness?
 - Brand awareness, recall tracking, sales tracking (DunnHumby)

4.4 Creativity

- The design of the creative should be integrated with the TV commercial and other marketing activity to create a seamless experience
- The interactive icon needs to be clear and engaging, placed appropriately to be consistent with the commercial
- The iAd should fully support the brand and reflect its values and attributes
- The iTV application should be extremely easy to use and navigate
- Its should make for an enjoyable experience and avoid being too serious
- The use of audio tracks can create mood and help the viewer get the best from the site and guide them through the interactions
- Information should be clear and legible and kept to a minimum
- The chosen call to action should be simple and clear

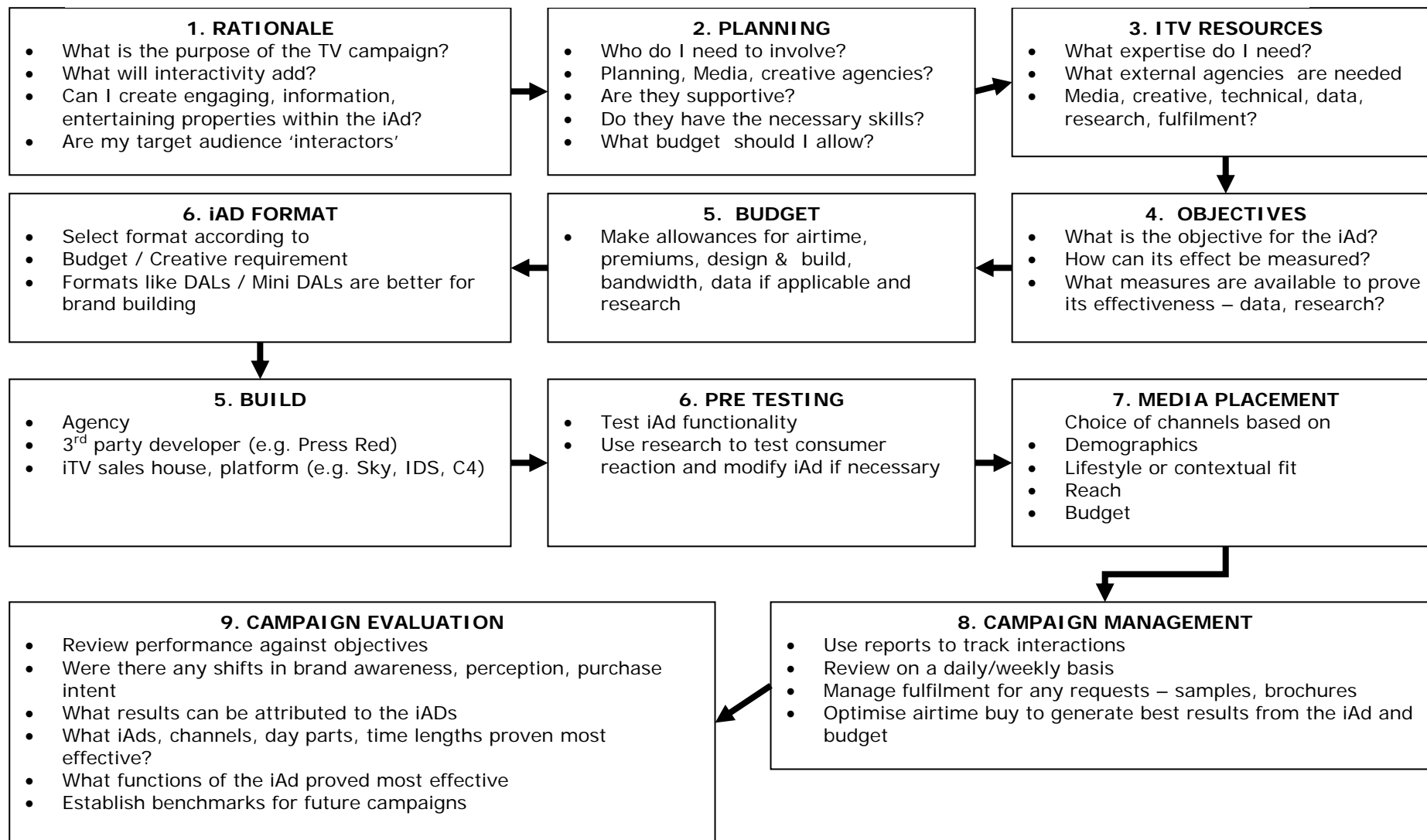
- The iAd should be adaptable and capable of being edited
- A good, strong iTV site need not be expensive
- The iTV application should not be considered a place for viewers to access the full TV ads – this is not the purpose of iTV ads.

4.5 The Campaign Process

- Make sure everyone involved is fully briefed –strategic planning agency, buying agency, creative agency(s), fulfilment house
- Check the iTV site is thoroughly checked and functions as expected
 - Do not assume the media owner is handling this
 - This can be outsourced to an iAds development business, or ‘test farm’ provider
- Use pre-test facilities to gain consumer insights before the campaign goes live (See Appendices)
- If the brand campaign features a response mechanic such as a sample
 - Check data transfer with Sky and fulfilment house, ensure they are in contact with each other
 - Is the required fulfilment in place?
 - Is it appropriately personalised and relevant?
 - Will it be able to be sent out within a reasonable timeframe (i.e. will a call-back be able to be done within hours of the request?)
 - Ensure there is a measurable follow-up process to track progress of viewers enquiries
 - Analyse campaign performance as frequently as possible daily or weekly based on responses and quality of responses

- Undertake a full review at the end of the campaign so benchmarks for future campaigns can be set.
 - Planning agencies will be able to give a campaign analysis based on response data,
 - Fulfilment houses will be able to advise on quality.
 - Audience research studies will reveal from a sample any shifts in brand awareness, perception and purchase intentions as a result of exposure and use of the iAd

The iTV Advertising Process – Brand Campaigns Summarised



5 Data Issues

Interactive TV advertising provides an exciting, new channel for database building and lead generating opportunities. Careful research and planning is a key element to enabling advertisers to maximise the benefit offered by the data.

The data offers advertisers further possibilities for direct marketing and the opportunity to influence key marketing and channel management strategies. Capturing more specific viewer data (name, address, postcode, responses to additional questions) will allow TV marketers to analyse the audience far more intensively and successfully integrate it into traditional marketing and direct marketing strategies.

5.1 Gathering Data

On the Sky Digital Platform, data is gathered from the interactive ad via a return path connected from the Sky set top box to the telephone line.

Depending upon who hosts the interactive application, data will be gathered by different companies, as detailed below. Currently, adverts can be hosted either:

- in the main broadcast stream (i.e. on Sky, ITV, five, Channel 4 and IDS channels)
- alternatively, there are two companies who host DAL or jump to ads, whereby the viewer jumps out of the main broadcast stream into extended advertising content: Sky Interactive and Zip Television

If advertisements are hosted in the main broadcast stream, (impulse response, micro-sites or mini-DALs), data is gathered either by Sky Digital or Yoomedia, an alternative return path provider to Sky. Data is then forwarded by these organisations to the sales houses that will pass data on to agencies or clients.

If advertisers are running DAL or jump to ads, whereby viewers effectively jump to another channel/new bandwidth, data is gathered via one of the following two companies:

Sky Interactive

Through a series of questions asked of the viewer on screen, and through the use of software that tracks the interaction, the advertiser can acquire the following data from either the person interacting (if they have input their name) or the subscriber:

- ◆ Title
- ◆ Name
- ◆ Day and time of interaction
- ◆ Channel where interaction occurred
- ◆ Response to additional questions asked
 - Total data capture fields available:
 - Impulse response = 9
 - Mini DAL = 8
 - DAL = no restriction
- ◆ Using Sky's own return path, the address of the viewer is already known and does not need to be asked.

Zip Television Limited

Advertisers can also place their extended advertising content on the Sky Digital platform via Zip Television's bandwidth. Exactly the same data as above can be automatically acquired, apart from the address, which involves the input of the house number and postcode from those interacting for the first time on Zip's bandwidth. Repeat users just need to confirm they are the viewer who previously interacted. 12 names can be registered per household address.

As with the Sky service, there is no restriction on the number of questions that can be asked. However, advertisers do need to be mindful of viewers' time and the trade off that exists between motivation to enter details and outcome benefit for them. Through research already undertaken, Zip is able to offer advice as to the type, nature and number of questions.

Once the data is gathered either by Sky, Zip or Yoomedia, the data is then passed to the 4 airtime sales houses, the agencies and the clients.

5.2 Data Reporting and Analysis

5.2.1 Data Reporting

Sky Interactive, Zip Television and all the sales houses provide response reports within 24 hours enabling an advertiser to quickly evaluate and follow up. All three detail responses by channel, day-part and time.

Typically reports are compiled and supplied within 24 hours but for contacts requiring an immediate "call back", they are provided at 30 minute intervals.

5.2.2 Data Analysis

The analysis available is detailed and various. By using lifestyle database companies and specialist iTV agencies, advertisers can identify the profile of their iTV respondents, outlining the key demographic and lifestyle characteristics. Marrying results from both the linear and interactive element of iAd campaigns enables advertisers to fully understand the effectiveness of their iTV campaigns, assisting with future media planning and buying as well as informing advertisers of the value of having iTV on their media schedule.

One of the biggest opportunities available to marketers from interactive television is linking data gathered from this medium to database marketing, category management and customer relationship management (CRM). Examples of linking iTV data are provided below:

Category management

Linking iTV data can lead to improved decision making for channel and category management. Advertisers will have a better understanding of response behaviour by geographical area and will therefore be able to improve distribution to key sectors. Careful analysis of this data can also result in greater precision for localised sales promotion and regional marketing.

Identify cross-sell and up-sell opportunities

Advertisers can compare profiles of iTV respondents with those of buyers of other products in a range and so identify opportunities to cross-sell and up-sell.

Improve media planning

Using response data reports advertisers can identify what combination channels, day parts, day of week and even programming environments are best for their brand.

Different creative executions will also be used to deliver the optimal response.

Matching demographic profiles of responding viewers can be used to improve media planning for future campaigns.

Link to Point of Sale (POS) information

Using response data advertisers can match responders against POS data from the retail environment. This data is then used to analyse the correlation between interactivity and purchase, effectively closing the gap between brand interaction and brand adoption.

5.3 Data Usage

Viewers can be asked to *opt-in* for future contact by the advertiser. This means that once data has been acquired for that iAd campaign the advertiser is free to continue future contact.

5.3.1 Pricing the Data

All response data, acquired through the digital satellite platform, whether sold by Sky, Zip, IDS, ITV, Channel 4 or Channel 5 is charged for. This is typically on a cost per lead basis. This is an additional charge alongside the cost for airtime premium, build, creative and bandwidth.

5.3.2 Fulfilment

Interactive TV advertising provides an exciting, new channel for database building and lead generating opportunities. However, using iTV requires a disciplined, planned approach to acquiring data and then acting promptly once captured and analysed. The DMA has relevant best practice guidelines on its website.

Viewers may request information or a “call back”, through an iAd, but if it fails to materialise promptly the moment is lost. This will only serve to reduce the viewer’s confidence in the medium.

Using iTV for direct marketing and telemarketing will require a carefully co-ordinated approach.

5.3.3 Personalisation

In the future it is likely that profile data from previous interactive campaigns could be used to personalise the interactive experience of the user, perhaps by avoiding offers that have already been purchased or pre-populating data fields. This level of personalisation is not currently a common requirement.

5.4 Data Ownership

Interactive advertising campaign data, generated via Sky’s bandwidth remains the property of Sky but is licensed to the advertiser.

Zip’s policy is different – the data becomes the property of the advertiser, whilst Zip is the joint data controller.

5.4.1 Data Protection

When processing personal data collected via interactive television advertising, advertisers must comply with the requirements of the Data Protection Act 1998 and all related legislation. Members must also comply with the relevant sections of the DMA Code of Practice for Interactive Advertising, which includes detailed requirements on the processing of data for all direct marketing purposes.

Note that in the interactive arena it is reasonable to interpret passage from one screen to the next as a positive action, which means that a permissioning statement can be opt in based with a statement of intent. By progressing through the screen in question the subject can be deemed to have actively granted permission for subsequent suitable content.

5.5 Data Quick Reference Guide

Direct marketing – the means by which you can make planned personal contact with prospects or customers you have chosen to target to encourage response

Opt Out – this is when the a user is required to uncheck a box if they do not wish to receive further information and offers

Opt-In – this requires someone to actively check a box agreeing that they are happy to receive further communications

What is data? – Name, address, postcode, telephone number, e-mail address. A piece of information that allows the client to communicate with the consumer

Data Protection – when using the data you must comply with the eight Data Protection Principles of the 1998 Data Protection Act. Personal data must be:

- Processed fairly and lawfully
- Processed for lawful and specified purposes
- Adequate, relevant and not excessive
- Accurate
- Not kept longer than necessary
- Processed in accordance with the data subject's rights
- Secure
- Not transferred to a country that lacks adequate protection

6 Market Developments and Future trends

The market for digital TV in the UK is comparatively mature with 56% of households having access to it via satellite, cable or digital terrestrial. While this guide is aimed to help the practitioner use what is available today, the DMA is conscious that the TV medium is evolving at an increasing rate as more channels, more platforms, more access and storage devices find their way on to the market. The advertising industry needs to be ready to embrace these, as consumers do, to ensure they continue to have access to their markets.

6.1 Personal Video Recorders

Digital Video Recorders (also known as PVRs) such as Sky's Sky+ box, or TiVo in the USA, are gaining popularity with viewers through providing the means to have greater control over what they watch and when they watch it. For Sky, the PVR has shown itself to be so popular with subscribers that churn is reduced to near zero. A PVR really does change the way people watch TV – but also how they view advertising or not.

Sky+ boxes are in use in 800,000 households, over 10% of the total subscriber base. But in the USA PVRs penetration has reached 20% of households. Their appeal lies in easy time shifting with 42% of viewing hour spent watching time-shifted programmes, compared to 37% broadcast (Source: Lyra Research Mar-Apr 2004). Couple this with the fact that 80% or more of TV advertising is skipped and the problems for broadcast TV advertising in the future become apparent.

Sky is already announcing new iAd formats which it will launch, giving advertisers the opportunity to have their iAds downloaded to the hard disc of the Sky+ box. This would allow a viewer to interact with an ad, even if they are watching it some hours even days after it was broadcast. The combination of having 'pause' and interactive functionality will allow a viewer to step out of a programme to interact with a TV ad, returning to the programme exactly at the point they left.

6.2 TV & Mobile

One issue that has dogged the iTV industry has been a lack of a single common interoperable platform for interaction. Historically, the viewer's ability to interact, through the TV with the ads or the programmes has been dependent on the platform infrastructure. Digital terrestrial (Freeview) and cable (NTL and Telewest) have lacked the functionality for full two-way interaction. The cost of building separate applications for each of the major platforms has also been a deterrent for broadcasters and advertisers.

Many broadcasters now see the ubiquitous mobile as a common return path and this is now frequently used for enhanced programming applications.

Channel 4 has recently announced that, through a partnership with BT they will be able to offer viewers the chance to respond to interactive TV commercials using this device, when they are unable to respond through the red button.

In April 2005 the first UK trials commence for broadcast to mobile using the DVB-H platform. Soon we will have access to TV programming and TV advertising in our handset.

6.3 Broadband and VOD

Just in case the world of TV was getting just a little too complicated for you, expect to see a battery of new service offering video on demand over broadband. NTL: has just launched their cable based service in parts of Wales and Scotland, while Homechoice, the original IP based VOD service from Video Networks, is being rolled out in London with a 'quadruple play' of broadband, VOD, TV and telephony. Broadband offers a new delivery channel for video content, to a TV through a set top box not a PC and combines convenience, control, choice and a low cost. BT is also outlining its plans to offer broadcast TV (using Freeview) coupled with VOD over broadband internet, through a single set top box.

6.4 Branded Content

Branded content is nothing new but has been restricted in the UK by OFCOM's rulings on keeping advertising out of the programmes. However, a surprising number of UK produced shows and many US imports have an element of client funding. Interactive branded entertainment is set to increase as brands seek new ways of engaging the viewer at home. A good example recently was the Weetos Spy School game, broadcast on Sky and developed by Ape TV. This allowed viewers to access a branded quiz application that allowed them to test their spying skills for fun and for free, courtesy of the advertiser brand. Information TV on Sky and the recently announced launch on Home2, also on Sky, Enteraction provide alternatives ways of using TV for businesses.

The DMA intends to track these and other developments over the coming months and report on their commercial viability for advertisers in the future.

7 Appendices

7.1 Choice of Agency

Running interactive TV campaigns will require a different set of skills to conventional TV advertising, for brand and response campaigns. To unlock its potential you need to draw on a range of disciplines; advertising and media planning, promotional marketing and also usability (Human Computer Interfacing or HCI), even game design and TV technology.

Fortunately planning, buying and managing iTV campaigns, especially for response campaigns has been considerably simplified in the last three years, through easy to use, template driven formats that can also introduce more compelling design features than a simple banner overlay.

But developing sophisticated campaigns is likely to stretch the in-house knowledge of most agencies, so building a team using specialist external contractors is likely to be necessary.

- Creative agencies – need to be aware of the creative possibilities and constraints of the medium. A number of specialist iTV agencies have emerged to provide this degree of expertise. It is important to note that most creative agencies don't have experience in interactive advertising. Despite this, it may not be necessary to use a specialist agency. It is becoming clear that despite their lack of experience, traditional advertising agencies do not want to be left behind and may take issue to a specialist agency being hired without prior discussion.
- Media agencies – given the high level of DTV penetration and sheer scale of Sky Digital audience, few media agencies can discount iTV as being a niche media, especially now all the main commercial channels can take iTV ads. The top 10 agencies in the country will have iTV experience, whilst some smaller more niche agencies that specialise in direct response advertising may also have good experience in this sector.

7.2 iAd Research

7.2.1 Pre-testing applications

Behavioural and attitudinal research can now be conducted using the live broadcasts of all major TV platforms. The purpose built iBurbia facility in West London, features the principal DTV platforms and can be used to understand how viewers use iTV and iAds.

Usability testing, in-depth one-on-one interviews and group research sessions can be carried out and be monitored and recorded in the client room at the same time. Given the investment at stake it is not surprising that more advertisers are recognising the value of pre-testing iAds before broadcast.

www.iburbia.co.uk

7.2.2 Ad Interactors

ZIP TV conducted research in 2004 to establish why some Sky viewers do not chose to interact. The study looked at viewing habits, attitudes to TV, advertisings, iAds and brands, audience demographics and interests.

The research concludes that a broad spectrum of interactor types exist, ranging from out-and-out rejectors to strong interactor acceptors. Some key clusters are ripe for exploitation given correct targeting and messaging. For instance, one cluster can be persuaded to interact if a celebrity endorses a product or actual interaction. For another education about what lies behind the red button will be fundamental to encouraging interaction. An intimate knowledge of the demographics, behaviour and attitudes of each interactive cluster will enable Zip, its partners and advertisers to maximise the response and return of interactive advertising as it evolves and grows.

In addition to this, Continental, with Sky, also regularly conducts research into the iAd marketplace. Continental research is also available on a campaign by campaign basis. The DMA and other industry bodies conduct regular seminars, offering insights into industry research and involving key players in the iTV marketplace.

7.2.3 Measuring effectiveness

Direct Response

Being able to judge whether your campaign has been successful will depend upon how it performed against forecast and against previous activity. Some agencies have been investing in developing sophisticated modelling and analysis tools to determine what a campaign can potentially deliver and then optimise the performance while its is broadcast.

Sky Media has developed an extensive database of interactive campaigns that it uses to establish norms for performance by product sector, campaign objective, target audience and station group. It can cross reference performance of iAd formats by product sector and for direct response it has generated benchmarks for iTV advertising compared to national press, magazines, inserts, normal TV, direct mail and radio. This analysis can also project likely response levels by iAd format or product sector, by day part, day of week and TV stations or station groups.

Brand Effects

Besides Taylor Nielsen Sofres (TNS) research is also regularly carried out to track reach and awareness of iAds on Sky, while Continental Research can be employed to assess the impact and effectiveness of campaigns. Through a relationship with Dunhumby, Sky can also provide sales tracking data to record any measurable uplift during and after campaigns

The dilemma for iTV advertisers is that it can be difficult to measure the proportion of viewers who view and ad and interact with it but do use any response mechanism. How are the TV impacts when this occurs valued? For brands turning a 30 second commercial into a 3 minute exposure is of immense value, but available metrics to measure this are flawed.

Sky and Zip TV are planning on launching new research methods to shed more light on what is going on. Skyview will be based on a panel of 20,000 homes and 60,000 individuals, including between 7000 and 9000 households already on the TNS panel. The panel would be weighted to account for demographics, regionality and subscriber profile. This is expected to launch towards the end of 2005.

By merging viewing data, subscriber data and purchasing data into a single source Sky plans to have the largest measurement panel of its kind in the UK. Sky has stressed this will not challenge the existing cross industry TV viewing research conducted by BARB which announced it also has plans to track viewer interactions with greater precision (April 2005).

Using a 'cookie' downloaded to the Sky set top box the research will be able to monitor each and every interaction – with ads, programmes and interactive services. Monitoring TV viewing in this way could be very revealing.

7.3 Regulatory issues

The UK TV advertising industry is regulated by OFCOM and through self regulation. The advent of interactive TV advertising breaks new ground as it challenges the traditional orthodoxy on how TV advertising is regulated.

Although the commercial is broadcast and hence must abide by the OFCOM rules, the iTV is an 'invited guest' that the viewer has asked to be shown. OFCOM's position to date has been to exercise a 'light touch'. In 2004 it published a Consultation Document on the future regulation of broadcast TV advertising which can be located on OFCOM's website http://www.ofcom.org.uk/consult/condocs/reg_broad_ad/

OFCOM's view is that an increasingly 'on-demand' future its ability to apply regulatory pressure will diminish and industry will increasingly rely on better self-regulation.

7.4 iAd Tools

In order to accelerate the take up of interactive TV advertising Sky has licensed the use of its WebTV WML software development language through a 'partners programme'. Approved members are able to offer content authoring tools that allows an advertising agency to develop simple iAds (impulse response, micro-sites) using templates.

A list of iAd tools providers is available on the DMA web site.

7.5 DMA iTV Council

The DMA iTV Council was established in 2002 to function as an industry forum to further the interest and use of interactive TV advertising. Its membership is drawn from advertising agencies, broadcasters and sales houses, platform operators and iAd services providers. The Council's two main activities are to promote iTV advertising through 'showcase' events and to encourage best practice, through publishing guides such as this.

7.6 Contacts Directory

Sky

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Interactive Digital Sales

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Manager of Interactivity
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Channel 4

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Five

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