Intelligent Advertising: Monetizing Media in a Digital Age

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Reader ROI

• Rising consumer expectations and advances in telecom and media technologies are driving new business models.

• Service providers are uniquely positioned to capture advertising dollars as consumers move to Internet content.

The paradigm shifts

For centuries, producers and marketers have relied heavily on advertising to sell products and services. They found willing partners in the media industry where newspaper and magazine publishers and later, radio and television broadcasters, used advertising dollars to fund content for readers, listeners, and viewers. Recently, however, the partnership has begun to change as advertisers follow the consumer to the newest content channel—the Internet.

The Internet has presented a paradigm shift for the media industry for several reasons:

• Consumers have far more choice in deciding when, where, and how to access content. They are able to download news and entertainment to computers, televisions, and mobile devices. And, they can skip the ads.

• Consumers are using mobile devices to search for information about products and services in which they are interested. At the same time, they are wary of information in the form of advertising, especially when they do not find it relevant.

• Consumers expect to pay nominal subscription rates for Internet access. Although some will pay for specific content, on the whole, there is a presumption that someone else (i.e., the advertisers) continues to bear that cost.

• Some content producers and aggregators are able to deliver content to consumers using their websites. They can bypass the broadcasters and can compete with them for advertising revenues.

• Advertisers have realized that they need to target their messages more carefully to reach the intended audience and get the highest return on investment.

Meanwhile, in the communications industry, the convergence of voice, data, and video—which has provided so much choice to consumers—has cost the industry billions in acquisitions and technology investments. To realize return on their investments, companies must find new revenue sources. And a new approach to advertising can offer the revenue they need.

A new advertising model

Advanced technology allows marketers and publishers to develop and serve more relevant content and advertising to consumers. By collecting information about consumers' prior behavior (e.g., searches, sites visited, locations, etc.), marketers can now target individuals or groups of individuals, creating increased value in ad units and publisher run rates. Of course, companies must ensure privacy, protect personal information, and allow the consumer to "opt-out" of these services.

Service providers have a unique opportunity to build upon traditional advertising practices to deliver targeted advertising to subscribers. Their delivery platforms, billing infrastructures, and wealth of customer data enable service providers to develop new, intelligent advertising services. A new approach would change the current broadcast advertising model to a targeted model based on customer data and verifiable results. Advertisers would have a higher probability of reaching target customers and would do so at less cost. Targeted advertising would have more value for the subscriber who would receive information based on preferences and lifestyle choices. And advertising billing statements would be generated easily on the basis of ads delivered. The entire industry would benefit.

By enhancing existing infrastructures to manage petabytes of content and media across the entire ecosystem, service providers, content providers, and media firms can capitalize on available opportunities to monetize their content. Providing that consumers' "opt in," a single cross-platform view of each subscriber, enhanced with third-party market intelligence, enables an organization to deliver the right ad to the right person at the right time.

The Advanced Advertising Model (Figure 1) identifies key players and system components of the ecosystem. The model provides a framework for addressing strategic business challenges such as campaign management or billing. Using the model, companies can determine what technical components are needed and what partnerships may need to be forged.
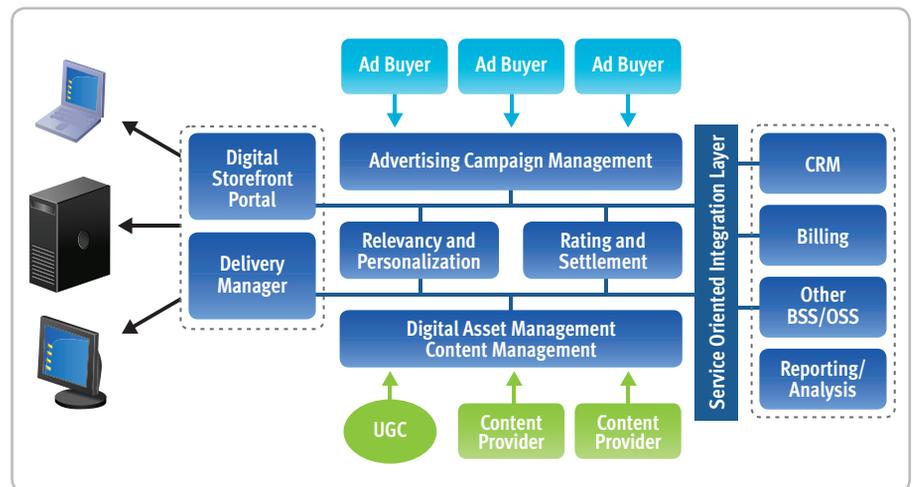

Figure 1. Advanced Advertising Model

The Advanced Advertising Model extends the current advertising business models to the next logical step, allowing cross-channel marketing campaigns to be crafted from more-informed data and executed with levels of targeting accuracy, relevance, and verifiability that are orders of magnitude better than was possible earlier.

The future for content delivery

The content delivery networks of the future will require a dynamic service infrastructure to provide the needed functionality. The infrastructure must ensure that:

- Content providers will be able to "self-serve" by pushing content while ensuring that correct rights/ownership metadata is in place.

- Content can be managed securely for revision control, metadata review, disaster recovery, and archiving.

- Content value is enhanced through intelligent review and automated transformation to fit delivery formats.

- Content is distributed on schedule, in the correct format, to the correct location, with correct metadata.

- Consistent branding and messaging via multiple delivery channels is enabled.

Figure 2 depicts the functions needed to control the lifecycle of rich media (e.g., advertising clips, interactive spots) as it moves through the delivery network. Content, media, and ad files from all sources are ingested at a service provider's data center, catalogued with descriptive information (e.g., ownership, distribution rights, intended audiences), and then transcoded for compatibility with the network and an array of end-user devices. These files are then distributed to the data centers, central offices, and head-end servers—basically various channel-specific file stores—located across the communications networks closest to the consumers of the content.
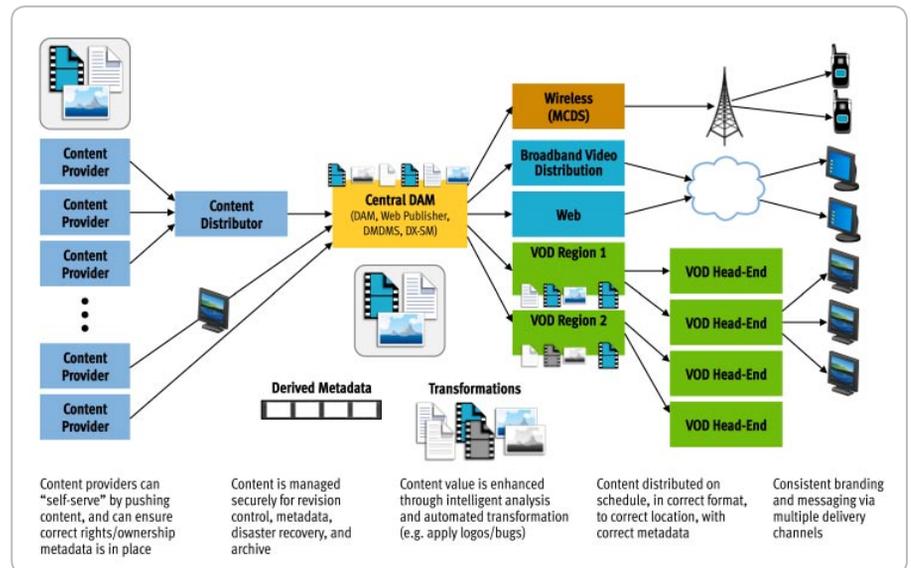

Figure 2. Content Lifecycle Management

A sustainable and increasingly enriched single view of each subscriber includes behavioral, demographic, geographic, and psychographic information gathered from each platform and is supplemented with third-party market intelligence. This enhanced subscriber view is achieved with master data management (MDM), which enables highly granular, configurable, and scalable ad campaign management (ACM) capabilities within and across channels and platforms.

Of course, moving into the future requires comprehensive planning. The plan should address:

• Advertising campaign management strategy and revenue optimization

• Advertising content and data workflow

• Analytics dashboard and reporting (including billing and invoicing) and workflow

• Information management

• Customer relationship management

• Content lifecycle workflow

• Personalization and master data management

Bringing it all together will require careful analysis of business requirements and technology options in order to design the optimum architecture. It will take time. But, in the end, the new model, because it provides consumers with more relevant information, is likely to result in a much higher yield on advertising spend. Advertisers will continue to follow the consumer, in this case, into a mutually beneficial partnership.

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