

User Data Is Key to Digital Delivery Success

DELIVERING A SUCCESSFUL OTT SERVICE STARTS WITH UNDERSTANDING USER CONSUMPTION.

By LARRY JAFFEE

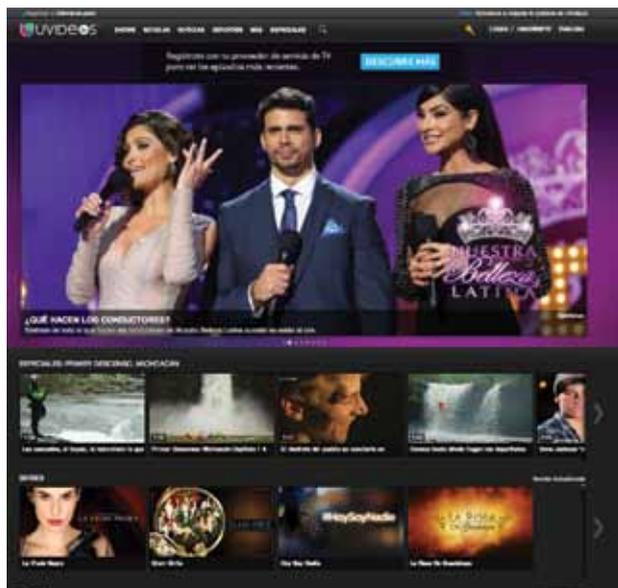
To stay competitive in today's video distribution landscape, broadcasters and corporations that use video to communicate with their employees and the public at large need to embrace the seismic shift of TV Everywhere (and other forms of multiplatform delivery) by leveraging the inherent value of media consumption analysis and what is known as "user data" captured from smartphones, tablets, laptops and game consoles.

Indeed, eyeballs are still eyeballs, and today's 3.0 digital consumer is far more engaged with video content than the couch potato of yesteryear. Keeping them engaged is the secret to business success because it means more user data is available to work with. Recent studies have shown that so-called "digital carnivores"—those who possess a laptop, tablet and a smartphone—watch their favorite primetime shows on their 52-inch flat screens while simultaneously using their phone or tablet to tweet commentary about what's unfolding on the TV. According to research firm Deloitte, an estimated 37 percent of U.S. consumers are digital carnivores, representing an increase of 42 percent over 2012.

Reality and sports are two genres especially friendly to social media and viewer engagement, but online chatter theoretically can occur with any program with a hashtag.

Old-school broadcasters and cable companies now realize they have no choice but adapt: the genie can't be put back into the bottle. "If you asked the question two years ago [regarding whether user data was worth mining], most media outlets would be reluctant at best to say they understood and embraced it," says Simon Jones, director of product marketing for Ooyala, which is working with a number of TV companies on digital data strategies. "But at this point they're doing probably some of the most innovative work in the space."

A good example is Comcast, which was supposed to be losing customers at an alarming rate due to "cord cutters" (those who cancel their pay TV subscriptions in favor of an over-the-top solution where programs can be viewed à la carte). It instead reported a net increase in subscriptions toward the end of last year, soon after it started delivering a useful OTT offering (Xfinity) to its subscribers, Jones says of Comcast, which is not one of his clients.



Spanish-language broadcaster Univision has moved all of its long-form programming behind a TV Everywhere (authenticated streaming) wall, requiring consumers to log into their cable or satellite provider and authenticate themselves before they can view it.

"Using user data allowed Comcast to get a better understanding of its subscriber base," he says. "People who want to watch television don't just want to sit on the couch and watch on the big square box in the corner of the room anymore. So the goal is to deliver that entertainment to the devices in the places where subscribers want to be."

Jones says Ooyala helps its clients by automatically transcoding video content "in lots of different versions so it looks splendid on every possible device," and then delivers it across all desired platforms via a cloud-based platform. "We track everything that's happening and then provide the insights that tell our clients the things they need to know—things that are frankly very different today than they were a year and a half ago."

Initially most media distributors wanted to know how many people were watching a particular show. That evolved

to "What's my impression rate?" and other metrics that delve a lot deeper. Jones says clients now want to know what types of shows are being watched, what devices viewers are consuming media on, what times of day shows are being watched, and which shows can be supported with targeted ads.

"They have to make interesting decisions that they weren't previously thinking about," he says. "There's a lot more depth to the revenue oppor-

tunities now, and more creative marketing that goes well beyond ‘Can I get people to watch?’”

Jones cites Ooyala client Univision, which recently made a series of strategic decisions about the best way to monetize their content. The Spanish-language broadcaster has moved all of its long-form programming behind a TV Everywhere (authenticated streaming) wall, requiring consumers to log into their cable or satellite provider and authenticate themselves before they can view it. The authentication process provides a virtual focus group that can be leveraged in many ways.

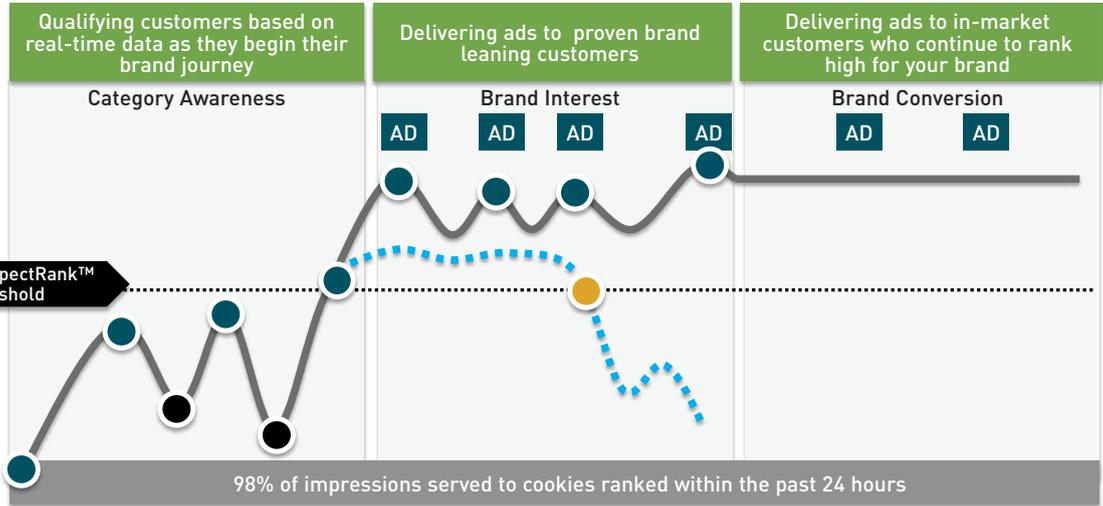
Today there’s no shortage of software solutions that help broadcasters and corporate video users glean viewer tastes and get a better understanding of their behavior. This provides substantial marketing opportunities for advertisers, including targeting specific potential buyers of their products or services.

Data mining also enables television companies to operate smarter. For example, Starz Encore, the largest provider of cable- and satellite-delivered movie channels in the United States, was missing subscription opportunities until Neustar’s On-Demand location analytics platform was installed. The service allows Starz to identify every caller and then route that call to the correct destination. As a result, Starz reduced its cost per call by 20 percent and increased sales on its channel significantly.

A marketing technology firm called Dstillery is helping TV clients such as Time Warner Cable, DirecTV, NBC and Charter stay one step ahead of customers or potential customers by building custom marketing programs based on web browsing histories, according to Brian d’Alessandro, Dstillery vice president of data science. Using predictive analysis of what web sites consumers are visiting, tracked by cookies and other analytics, Dstillery is able to establish “the propensity of specific users to be converted or interested in one of our brands,” d’Alessandro says. Those interested users are then targeted extensively.

A recent Dstillery program for DirecTV, for example, successfully targeted sports enthusiasts, people who had recently moved, and high-tech households. Creative pitches were tailored for these particular audiences. “We know that

How Dstillery’s Proprietary Scoring Works



people who are moving, for example, are shopping around for an ISP. That’s very helpful to our clients’ go-to-market strategies.”

Dstillery’s work for Time Warner Cable tracked the extent to which people take a desired action (e.g., buy a product) after seeing ads on different digital devices. The research found that prospects are twice as likely to convert after seeing an ad on a tablet (40 percent) than on a mobile phone (20 percent). Analysis suggests that “behavioral pinpointing” is a worthwhile endeavor. Preselected subjects are five times more likely to respond favorably than those randomly chosen to receive a message.

On the broadcast spectrum, FOX’s data mining activities have reinforced its use of the web as a market research tool. Recent research shows that 76 percent of television viewers who recall seeing tweets related to a specific program have searched for that show online; 78 percent have taken action on Twitter, such as clicking on the show’s hashtag; and 77 percent actually watched TV show content. That’s the type of viewer engagement FOX is hoping for.

Similarly, the Center for Research Excellence quotes Nielsen 360 research that suggests 90 percent of viewers of a TV-related tweet took immediate action based on it, and that one out of six viewers of primetime shows (about 17 percent) are simultaneously interacting with social media.

Last November NBC Universal and Comcast partnered with Twitter on the social media company’s See It technology, which gives Comcast Xfinity customers the ability to change the chan-

nel, set the DVR and play a show on demand directly from a tweet. It’s been used for NBC’s *The Voice*, whose #thevoice generates 350 million tweets in a typical week.

“My biggest interest is in using the data to make informed marketing decisions on customers’ propensities to buy different things,” says David McNaughton, senior vice president of marketing for Mediacom, a cable operator that serves more than 1,500 communities in 22 states.

“I can look at all the data from customers and see which customers are going to leave me, and then [I can] do proactive things to reach out to those customers before they call to disconnect,” says McNaughton. “It makes me smarter with respect to how I treat the customer; whether I make a phone call or send a flyer that says, ‘We’ve noticed you’re having service issues. Please call so we can help.’”

Mediacom also uses data analysis for its own online digital advertising, optimizing cost per click, cost per close and sales.

“What we know about customers [today] in the digital space and their behaviors is just the tip of the iceberg. With user data, we can learn a lot of unique things about customers. Is someone searching for a Ford car? Well, Chevy might want to put out an offer before they buy the Ford. There’s a lot of data out there that can be useful.”

With the Internet’s inherent ability to track every click, there’s a growing recognition across the media landscape that user data is key to being creative and, in some cases, reinventing your business model. **VE**