

# JACK MYERS Media Business Report™



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## Google Success Drives Interest in New TV Buy/Sell/Navigate Models

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*RevShare, Backchannel, TiVo Among Companies Targeting Digital TV Universe*

By Jack Myers  
[Jack@Mediavillage.com](mailto:Jack@Mediavillage.com)

"In contrast to traditional media buying where consumer audience profiles and volume are the basis of decision making for pricing, the next decade of advertisers will instead target relevant programming through technology enabled systems and they will buy consumer responses," comments Joseph Gray, CEO of **RevShare** which he calls television's largest cost-per-action (CPA) advertising network.

Similarly, Michael Kokernak, co-CEO of seven-year old **Backchannelmedia**, advised members of the **Association of National Advertisers** at a presentation last month, "As more and more consumers continue to shop at home via the Internet, the need for coordinated, targeted marketing becomes more imperative. If you have a digital ad on television with data attached to it that tells you what time, channel, program content, genre, parental guidance rating, you can now encode that same ad with product details, offer, and more importantly a tracking mechanism.

And TiVo, next week, is having an Advertising Advisory Council meeting hosted by board member Chuck Fruit, where TiVo management will share its vision for TiVo as consumers' lead navigational resource in an increasingly fragmented and digital media landscape. The board members are a who's who of the ad industry. Former Discovery and Turner executive Karen Bresner last week joined TiVo to head the national advertising sales organization. TiVo has

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transformed its position in the advertising and media world by offering advertising solutions for the DVR world, working directly with advertising agencies and brands to deliver branded content and special offers to TiVo viewers through innovative advertising offering such as "Product Watch", which offers Google-like advertising search functions on the TiVo television platform.



Gray believes RevShare, which has relationships with more than 1,000 local market television stations, cable systems, syndicators and networks, "creates a fair balance between the interests of stations requiring a safe way to monetize their inventory, and the interests of advertisers wanting a media buy with price guarantees tied to ROI. Advertisers get their offers on the air quickly and easily, and pay only for consumer response. The model," he told *Jack Myers Media Business Report*, "is out of the box and with eBay and models like it there is no progress and a fear of commoditization." RevShare, he suggests, "could solve problems people are facing and allow the industry to continue to grow."

Similarly, Backchannelmedia co-CEO Dan Hassan sees "a television industry driven by addressable advertising. This means different messages for different people based on their purchase history and consumer behavior. A lot of these methods haven't been vetted out in the national press by other companies because they haven't been able to overcome their privacy hurdles. We have vetted out these privacy issues by making our system both opt-in and opt-out. This puts control in the hands of the consumer regarding what type of messaging they'd like to receive."

Gray explains "as you look at TV and how it's fragmenting, models are challenged. You still don't have measurement across all channels in all markets. Direct Response advertising has been popularized and if agencies and direct marketers are managing to cost-per-lead metrics, they need to look at flights every week. Can you do this against 30,000 media properties," he asks. He points out the Google model is able to package inventory that agencies can't separate individually, enabling models operating through the Internet to flourish based on consumer clicks or actions.

Kokernak believes television will remain the dominant medium and that the digital conversion scheduled for 2009 will both empower and require similar consumer action-based models. Gray adds, "As new channels of programming are rolled out by thousands of local broadcast stations across the U.S., the amount of television advertising inventory and competition for eyeballs will increase at an unprecedented level in the history of the medium. This technology showdown may very well represent a checkmate for today's two major television advertising models: Audience Reach Measurement and Direct Response Television.

The digital conversion, argues Gray, will enable "technology do some of the heavy lifting in the television advertising industry while at the same time providing media with real transparency in terms of how ad inventory is priced and sold. What agencies and advertisers need is an easier and automated way to distribute and manage television campaigns across thousands of cable systems and broadcast stations in a seamless, integrated way. [We require] an approach that would allow advertisers to define their demographic, or programming, choices and then easily execute the campaign across a vast universe of television channel opportunities. In an evolved

CPA Television model, TV stations...are not really selling advertising, they are in fact selling consumer response."

The fundamental paradigm shift that TiVo, RevShare and Backchannel envision is increasing dependence on automation with television retaining its position as advertisers' dominant medium of choice and media agencies continuing to dominate the processing of budgets. But, they agree, there is increased overhead inherent when managing thousands of media vendors, and navigational resources, new metrics, new systems and new business models will be required.

The key issue, Gray points out, is connecting the dots between the brand and thousands of media options. "You need to leverage technology and automate performance based advertising. We need to make it easy for stations and advertisers and their agencies to work together. The need has become more apparent as Google has succeeded. Stations need to evolve in the way they leverage technology."

At the ANA presentation, Kokernak added "Even though we're making very big claims about the future, it's about equipment out there right now that isn't effectively communicating. Hence the issues surrounding fragmentation, and hence the confusion in the marketplace."

Contact information: Joseph Gray [joseph@revshare.com](mailto:joseph@revshare.com)  
Michael Kokernak: [michaelk@backchannelmedia.com](mailto:michaelk@backchannelmedia.com)  
Davina Kent, TiVo: [davina@tivo.com](mailto:davina@tivo.com).

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