



Why the TV ad industry is unlikely to settle on new measurement in 2022

Next in Marketing – Season 3, Episode 02

Welcome to Next Day Marketing. My guest this week is Scott Schiller. He's global chief commercial officer at Engine Group, and he's also an adjunct assistant professor at Stern NYU. Hey Scott. Thanks for being here.

Scott:

Hello, Mike. It's so fun to be on this. I love the people you talk to and I have always found you to be one of the most curious reporters in this business back from your days at media week in the beginning of this all.

Mike:

Thank you, Scott. Well, I've wanted you to, to have you on the show for a long time because I know you're going to have a great perspective. I've known you for a long time and companies like NBCU. Now you're on the different side of things. So I can't wait to get into this conversation.

Scott:

Yeah. The world is so interesting right now. And there's so much to learn from it.

Mike:

And it's funny, your timing is great because a few weeks back I had Jim Keller from his discovery who had the state of television buying from the media company point of view. And I've coming at this, you were a long time sales executive. You're now in programmatic buying area. Explain to me what you're doing. Explain to the folks what Engine is and what your job is all about.

Scott:

So Engine is a digital media services business built around the EMX programmatic exchange. And EMX has been around for a while, but what makes it so great is that in the last two years it's been completely rebuilt. We haven't just added new features to an existing entity, but we literally rebuilt it. We have an incredible technology team. And what we do is we have EMX is the exchange. We also operate a fully fledged primary research company, Engine Insights. And that allows us a window to the world of audiences and consumer behavior. And so I operate a group within Engine called



Engine media solutions. And what we do is we create what I would call end-to-end digital media solutions with a strong focus on measurement and results. And it would come as no surprise to you that our focus is on CTV and video. And from my background and from the very beginning of the internet as a commercial vehicle, video was going to be the destination and it is now.

Mike:

Right. Yes. Yeah, that has been a long time to coming and now it is obviously all coming to fruition. So fair to say do you guys, or your group at least, focus on advertisers in the buying side or not necessarily?

Scott:

Yeah. We have a group on the demand side that calls on mostly mid-size agencies, but we work with all agencies and we have an agency and brand partnership group which works with the larger holding companies and brands. And we do this by the way, across the world. So we've got a unit in Australia, we've got a unit in Europe and we have a good purview into what's going on in the world.

Mike:

Right. You have a good sense of what clients are thinking about, where the money's going, what the challenges are, stuff like that.

Scott:

Well, and we also have a CEO, Kasha Casy, who came from the agency business, was a consultant before that, and she knows exactly what agencies and clients want because she did it for a million years prior to this.

Mike:

Okay, cool. So that's a great point of view to bring to the table here. Okay. You and I were talking about this stuff a lot anyway, but then you were quoted in a piece in ad week right after new year's about the year that's coming up in CTV. And I thought some of your comments were really interesting because you were very Frank right now, CTV is booming and it's hot and viewership's up and money's up, it looks great but there are some real challenges underneath the surface. And a couple, you really talked about how difficult it is to measure across CTV platforms and across all of television and just to figure out your spending and your reach. And so talk to me about what the big challenges are as you see them right now.

Scott:



Yeah. By the way, I love that we're not even five minutes into this and we got right to measurement, which is everyone's favorite topic.

Mike:

Right. What's the problem? Why is this all messed up? Tell me. That's all-

Scott:

Yeah. Well, I actually don't think it's messed up. I think that for a million years the world went about its business in a very logical in my professorial voice, I would say Newtonian way, right? It was you had a medium, the medium did this thing, people bought it, people are heavy users of it and they were probably didn't use other things because they were heavy users of the medium. And then there were other mediums like radio and they were heavy users of that, but they maybe didn't watch TV. And then technology came along and blew it all up and made it more like an Einstein view, which is the world is chaos, technology brings chaos, it's messy. And in that disruption, consumers were democratized with the media and we're speaking over the last 20 years.

Scott:

And so today you have a world that operated for 60, 70 years linear TV and you have a new world of watching video over IP. And measurement is the common thread because measurement is the basis of what becomes pricing and negotiation in the industry. And so my point of view is that everyone's looking for Nirvana here and everyone's really smart in this industry. There's no question that they're going to be a hundred solutions for this. My point of view is just given that there's public markets and public and private companies, you're not just going to get one solution for everyone from the days of when it was very simple, there were three networks and all that.

Mike:

Right. So is that are we just in a period of major acceleration and transition and you just can't expect there to be simplicity in solutions that will, or is it never going to be the same? Because I think people are wondering, okay, well either Nielsen will figure it out or will have a new company that will be at emerges the new Nielsen and we'll just nail this thing. Is that just not likely? Are we going through growing pains or is this going to be just completely different dynamic altogether?

Scott:

So I think the world of simple is over. I mean, if we don't live that every day now. I mean the world is not going back to what it was. That being said, here's what I do



think will happen. I think that in the next few years, especially this coming year, there will be standards and frameworks and you are already seeing companies bring different frameworks and standards out there and large players will use these standard to direct their decisions, but they still will have a couple of issues that they may or may not ever be able to solve. The question of cross media measurement has been around since the beginning of time for media. And I'm not sure we're ever going to have one answer to it, but there different marketplaces exist, different technologies exists and different modalities exist of consuming media.

Scott:

And so what you're getting is in acceptance, a slow acceptance and consumers are way ahead, agencies are in the middle and market are coming along. And that is acceptance that there's one consumer and there's a lot of ways to communicate with that. It used to be that you'd pay one price for network television, pay one price for radio and all that stuff. And so we are now faced with a very fragmented world that's never going to be unfragmented, many consumers and a different way of consuming media. It's not what it used to be. And so all those things are not going to make it easy to have a unified solution. So I think there'll be frameworks and I think there'll be foundations and organizations like the ANA and the IAB will help create frameworks. But I don't think that there will be one solution, like there used to be. And by the way, everyone forgets when there was one solution, everyone said, Ugh, I wish there was another solution. This is terrible.

Mike:

Right. Nelson, I can't stand them, but now it's, Hey, one thing sounds pretty simple and good when you think back.

Scott:

Correct.

Mike:

I like your honesty. So this is going to be a problem that maybe never gets perfectly solved. I want to come back to that, but we're talking very high level. What problem do you... Specifically, are we talking about, is it hard for you to just figure out how to, am I reaching the right consumers across five different platforms and how do I make them numbers make sense together? What's the big challenge right now? Is it reach frequency thing? What's the headache, if there is one?

Scott:



Well, I think you have to start with what's the marketer's objectives. So the marketer wants to move its products and by category that the different products evolve and one product could be a subscription another product could be a tube of toothpaste. And so they want to find the consumer that is likely to buy that product. So that speaks to the idea of how do I find the exact target consumer and how do I eliminate any waste from my plan.

Mike:

Right. They've got way more accustomed to this precision or perceived precision and the ability to track outcomes from all the work they've done in digital media, they want that everywhere if they can get it.

Scott:

Well, if you think about the history of the media world, first there was television, linear television and cable came along and cable became the great targeted solution without even trying to. And all of a sudden you had 500 channels and the-

Mike:

Nickelodeon and sports fans and ESPN.

Scott:

Correct. And so marketers are after a specific audience and there are a lot of different ways to get that audience. And then what the agencies and the marketers want to do is make sure they're not reaching much or too little and that they're, they're reaching the precise audience. But by the way, and then they look at the results of their campaigns and they figured out we did the right thing, we didn't do the right thing.

Mike:

Right. Okay. So let's talk about where this is headed because I was talking, I mentioned I had Jim Keller from discovery. And he said he's their advanced advertising expert. And he was saying, he's already having conversation, it's January. I was talking him in December, he's already having upfront conversations because the measurements questions are so up in the air and everyone wants these custom solutions. And what struck me is it seemed like cross platform television was going to be inherently customized. He was talking about, everybody wants a bespoke thing, which is great, but not simple at all. This is a market that historically moves really fast in big chunks. Does that where you see the market going, where every client has a totally custom package and measurement solution and it's just that much more difficult to execute or is it going to change?



Scott:

Well, I think every marketer has different objectives. So I think that you have that as the landscape and you have agencies and buying arms, advisors, consultants who are trying to figure out how do you buy media and contract with the publishers and the media organizations at scale. And so they've got to figure out a way to be able to do this in larger groupings to, to achieve scale. But I think the idea of the television front, I think it's important to understand that's just to futures market. That's one segment, it's a view in time of what people think the worth of committing and by the way, committing to only 60 or 70% at the worst case committing to a media schedule for the year. So I think there's one thing that is true, which is that there is not enough of the great content for marketers. And the big discussion is what does it mean to be great or premium content, but there isn't enough of it. And as long as there is a shortage or perceived shortage of finding the right content, there's always going to be marketplaces and advanced buying and all that stuff.

Mike:

When you say, that's interesting, that there's not enough content, because you would think, okay, we're talking brands are much more hung up on audiences and outcomes than I need to be in this great show. But I'm assuming that still there's still that mentality that I want the major advertisers want to be associated with great shows. So is that true and why is it so hard? Is it just because there's only so much ad supported great content out there or what's what's causing that deficit?

Scott:

Well, let's be clear. There's more content than ever. I think the issue is the context. Remember context is always mattered to advertisers and with all the talk on identity management and privacy and all this stuff, context will continue to matter more and more across the ecosystem regards to what it is. So an advertiser wants to associate in the content that will make their message make more sense/.

Mike:

That is always been a particular thing about television, right? The halo effect the environment really does matter to certain brands.

Scott:

Yeah. But I don't think it's just television. I think when you listen to radio, the read has to fit the program. And I think in magazines, it has to be the right context. But in the world that we're mostly living in today with over 200 streaming services, there's an opportunity to marry context and audiences in a way that's never been the case before. And our own Engine research shows that the people that are watching CTV,



we do this study throughout the year. And we're always asking questions of consumers and understanding their habits, that the people who are watching IPTV, it suggests it might be different than the people who watch linear TV. So there's an audience of people that you want to reach that you may not be reaching. And that's back to your original challenge, which is the marketer wants to find all the people that are going to buy their widget and they got to go find them in all the different places.

Mike:

So, all right. Let's talk about some of your research and more in depth if we can. What are some interesting things you're seeing? I mean, we all know that CTV consumption has been up and for a long time it was primarily Netflix and Amazon and the ad free stuff was dominant. Now that's really changing. Is it that CTV is simply younger or it's core never people are you seeing? Is it just a income disparity? What are you seeing in that are in your research, the differences between these audiences and these consumption patterns?

Scott:

Well, I think the first thing is that I think almost 80%, we found in 2021, almost 80% of Americans are watching what we call connected TV. So they're watching it, it's some digital device and half of the TV consumption are on connected TV. So that means-

Mike:

That's pretty significant.

Scott:

Yeah. Well, think about your own life. You sit down on a weekend or at night and you sit there and today apps are the new cable bundles and you sit there and you go, what's on Netflix, what's on Peacock, what's on Hulu.

Mike:

Your first stop is probably an app where it was not. I mean, certainly if you're younger, it's probably always it's been like that for a long time, but that's really a dramatic change.

Scott:

Right. Now, that doesn't mean there's no good TV on linear because besides sports and news, there's plenty of good TV. It just means that there are more choices available. And as I said, if they're over 200 streaming services today, that means there's at least 200 ways to find different shows and old shows and new shows and international shows that were never available because the playing field is level. So a



consumer experience, one of my big observations is that we, as an industry spend too much time looking at it inside out versus outside in, and we should start with, and that's one of the things that we do here, you should start with how are consumers looking at television and video and what... I teach this class at NYU, there are 50, 60 students a semester.

Scott:

And I asked them recently, how many of you pay for your own subscriptions? And only one of them raise their hands and think about that. What that means is they're sharing their parents or their friends' subscriptions. And so while the bulk of the industry is then using measurement solutions that come from the apps that don't really know exactly who's watching. Now, we have our own technology, we can do it through the households and through IP addresses. But as an industry, we need to really understand how are consumers viewing television today and how does that differ? I just don't think we've done a great job of it.

Mike:

Right. And you're increasingly seeing this as every media company and streaming service and delivery mechanism is doing their own wall garden thing where they're controlling the identity and targeting, which is great, but then they're telling you how big the audiences are who's watching, which is not ideal given what you're describing.

Scott:

No, and this comes back to my belief that there will be standards and frameworks to deal with this. And I think I agree with the industry that 2022 is going to be a year that there are a lot of, for lack of a better word, unconventional solutions or solutions other than Nielsen, whether they be video amp or SOMBA or whatever it is.

Mike:

Different currencies, whatever.

Scott:

Yeah. And what will ultimately happen is one of the major players, buyers will decide to use a methodology and that could or could not get adopted. And I think that this year in particular will be a year there's much more of it. I think the other observation I have is that change is generally slow until it isn't. And so it was last year into this year that we realized that connected TV, CTV, all that was really where the action is. Unfortunately as an industry, the industry hasn't valued CTV due to the measurement issues and due to the quantity of what's out there. They haven't really valued it the same as the tried and true linear. And I think this is the year that, that changes.



Mike:

Okay. So on that note, you brought up I like this idea of we think the industry needs to think more from the consumer point of view instead of the outside in. I bet your students, I bet you they don't make a distinction or you tell me. Do they see premium streaming as one thing and YouTube and Instagram and TikTok as totally least something else, or is it all video to them and they're just as engaged and enjoying those platforms as they would be on Paramount+ or something?

Scott:

Well, let's first establish something. Everyone is a media company today. Every single person. I usually have three to five students in my class every year who are paid influencers. They're actually going out and they're doing deals and all that kind of stuff. And so I like to say that if, I'll use my favorite example I always use, right? If you are a cat lover, cats on skateboards are the super bowl. Forget LA this year, cats on skateboards are the super bowl. And so that's great content to you.

Mike:

Yeah. If you're a creator yourself, you don't think it's subpar, right? You don't think that watching your favorite YouTuber or whatever, Twitch guy is less than.

Scott:

Correct. So I think the answer is premium is in the eyes of the beholder.

Mike:

But what about the brands? It's hard to answer the whole industry, but do they make the mistake or maybe you don't agree, is it a mistake to view television as totally separate? Should this all be one market to measure it together? Is that possible?

Scott:

Well, I think it's going to head that way. I think the econometric models that have existed for a million years haven't caught up yet. So I think it will. And I think that savvy brands know that, especially in this world of direct to consumer, savvy brands know that content comes in all shapes and forms.

Mike:

Right. I guess the complication would be if you're already challenging for a brand to say, okay, do we put more money into linear or CTV? And now you're going to say, well, should last a hundred million go to television, CTV, Twitch, YouTube, something else? That that gets even more complicated.



Scott:

Yeah. And I think the world's going to get turned upside down again when all the sports rights go through their next iteration. And you see, I mean, one of the big question marks that's out there in live sports will be, how does Amazon cover football? Because they are intending to not cover it the way we've known it to be. And I think experiments like that will tell us a lot about the future.

Mike:

Yeah. That hasn't gotten as much attention. I thought of this recently when John Madden died and they were talking about when Fox got the NFL, it was such a game changer. And this is not Amazon just getting a feed of games. They're going to produce it, they're going to have an opportunity to do it differently from programming, advertising, everything, which will be really interesting.

Scott:

Well, and remember they have a flywheel and ecosystem that allows them to promote it and embrace it in a very different way. Commerce, Twitch, and gaming, all this will play into how they present it. And I think that will shake it up for sports going forward.

Mike:

Yeah. And the assumption is they're not going to stop with that. There's a night package, they're going to try and get more sports. And who knows what else the other digital properties were going to go for. What about you hinted that the Amazon seems to believe eventually they'll be able to prove or to directly connect sales that happened through television through the exposure to TV ads. And they're uniquely positioned to do that probably today and where you were talking about this middle of this big transition, how would you grade? People want television to be like digital and be as attributable. It's not the same because you don't shop on TV and there's all kinds of disconnects that can happen. What's the state of TV attribution, if you can sum it up, and what do we need to focus on going forward?

Scott:

Well, I think the evolution of linear to digital is forcing the best of each world. And I think that people are still evolving from legacy systems. And I would say the state is evolutionary. I would say that we know more than we used to, but we don't know as much as anyone wants to. I think that forms of attribution, forms of identity, forms of tracking, all these things are being tackled by some of the smartest minds in technology and business. But my personal belief is that the victor is always in the



simplicity of things. And I think that we are getting so micro on so much of this because when you think about what a purchase funnel is, you have everything from brand awareness to purchase and closing the sale. No one can do everything. So you want to do elements of everything. So when you ask me what's the grade, I think the answer is, it depends what you're grading on. If you're grading on, did this media do a good job in getting the message out that might be a different grade than did they reach the purchaser because getting the message out by definition, there's going to be waste.

Mike:

Right. And it's why you see so much money going into e-commerce, advertising now and historically search. It's whether you believe all those vehicles totally created demand or not, they're connected to the transaction. It's very simple to just keep putting more money into that. You've seen it with retail media exploding in this past year or so.

Scott:

Yes. Oh well listen, retail media is just what happens when you marry eCommerce scale and first party data. And I think people are obsessed with building out all their revenue models in this period of turmoil. One of the big areas that evolves is economics. And I think that if you are a retailer with a large audience and you have a relationship with this audience, you have another product sitting in front of you if you can... Right. Now, history has told us that it's hard for companies that aren't media companies to be media companies. I think you are seeing a lot of attempts at companies that have unique audiences. And by the way, Amazon was the first one to really do it at scale. And now everyone sees that it works. So I think if you have an audience and you have a way of communicating with them and you know what they like, there's a value in that to other marketers and then you just have to figure how that fits, but it's yet another revenue stream for you.

Mike:

You make a good point though. There are a lot of companies out there whether it's Walgreens and CVS getting into advertising or the TV manufacturers getting into advertising. These are companies that are not historically in the media and ad sales business. And you wonder, is everybody going to have the stomach for this or realize how challenging it is long term? They've got a lot of valuable data and, and access right now, but you wonder if it's going to shake out at some point.

Scott:



Yeah. I mean, I think it always shakes out, but I think the large players. Again, you asked me in the beginning of this discussion about Walled Gardens. The flip side of Walled Gardens is there's lots of different communication vehicles and retail media in a way is a slightly different media than just entertainment television.

Mike:

Right. We're drifting away from the CTV conversation, getting into what's going on with the open web, from your point of view, a couple things I want to ask you about is you're seeing at the end of the year, all the digital forecast got up, spending is booming, it seems great, e-commerce is hot, streaming, but the dominance of the big three is even more glaring. Amazon, Google and Facebook. The open web is going through this big transition where cookies are ending, they're trying to come up with alternatives, whether it's contextual advertising or some cookie replacement. What are you seeing among your clients? Are they anxious for some kind of cookie replacement, something like the UI, the trade desk initiative or something else, they're looking at contextual, what's going on?

Scott:

Well, let's just say in our business we're not relying on, on, on cookies and we you've already moved beyond that. And I think that it's fair to say that this will evolve. There's a lot of people that believe that IP addresses are the next solution and a lot of people who don't believe that. And I think at that from our perspective, we're ID agnostic and we will work with the advertiser, clients, media company's idea of choice. But what I'll say is we're evolving, it's no longer... It's just like back in the original old days, you bought adults 18 to 24, and that was it. Then you bought adults 18 to 24 who were going to buy a car. And then you bought adults 18 to 24 who were going to buy a car in the next 30 days.

Scott:

And so I think that we're going through this period of experimentation. And again, it comes back to what is the marketer trying to achieve. But I think the answer to your question is, there will be an evolution from cookies and some of it will get forced by the larger players and some of it will get forced and perfected through all the conversations about regulation and society's view on all this stuff. And I don't think we know the exact answer but it's definitely happening.

Mike:

When you talked to brands, do they want some new solution to be the standard? Are they rooting for the trade desk initiative for example? Are they rooting for something else to emerge as the new cookie? Or is it all over the map?



Scott:

Well, I don't think anyone has picked a winner yet. I think that everyone sees the benefits of the different the different tools and you see adoption and you see what works and what doesn't, and then in the United States completely different than Europe. And so one question is, is there a universal thing that works around the world or is it regional per se in US and Europe? So again, I don't think the world of one solution is going to exist again. I just don't.

Mike:

Coming back to that thought. I want to just circle this back to broader CTV and measurements. It struck me last week during CES, you saw a couple of announcements like Nielsen and Comscore were coming out with new products. They're getting pressure to compete and they want to have some cross platform solution out there. And then NBCU, your old company, much like Disney has done, they announce we're going to have our own platform for identity and we're have this clean room thing. You're going to be able to match up our audiences with your audiences. And it almost seemed like the media companies are going their own way to a certain extent. And I wonder if that struck you at all matters long term.

Scott:

Again, I think that if you're a public company and a large public company, you are going to want to do it a certain way that works for your business. And I think that what NBC did was smart and bold, which was, listen. They came out with a framework and they said, there isn't one solution, there's a lot of options. And if you look actually at their framework, you can see we're in a couple of those places by the way. If you look at the framework, there isn't one answer to everything. There's just, here's how we did it. And I think there's big gain in that. We have not seen a lot of people come out with the idea that this is a framework. And it's happening because there is a need a necessity to do this because one industry standard just doesn't exist anymore. And so I applaud the people that are bringing out the ideas. Again, think of it as a media plan as a meal and everyone has a different recipe and they're going to use the different elements. Some are going to have a little more tomato and some are going to have a little more pepper, but based on the meal they're trying to serve, right.

Mike:

Some brands are going to be vegan, but we'll see.

Scott:

Exactly. Not me though.



Mike:

Scott, a couple more things. Terrific conversation. I don't want to keep you here all day, although we could. I'm curious, what has it been like for you? I always thought of you as an ad sales guy, you were worked for media companies and digital media companies, and now you're on the other side of things or definitely at a different perspective. What's it been like to think about things from a totally different vantage point?

Scott:

Well, I think that change is good. And I think that when you really think about it, everyone is going through change in their personal lives, in their professional lives, the industries, the companies, everyone's going through change. From my perspective, I feel fortunate that I've been able to take the lessons I've learned because the lessons of marketing, the lessons of what makes a product interesting and what sells product and how to reach people, the main lessons are still there, is just the curriculum's a little different. And from my perspective, the reason that I love the NYU piece of what I do is every week I have a 50 person focus group about the media industry. And I think it's fascinating to... We were recently, I won't say who it was, we were recently talking about one of the very large players in the industry that is offering a TV package. And someone stopped us in the class and said, what is that? And I said, "Well, can someone else answer this?" And no one knew the answer.

Mike:

Meaning they didn't know what a bundle was, they didn't understand the concept?

Scott:

They didn't know what this particular bundle was. And I don't want to say what it was, but they didn't know it was... Let's put it this way. It was one of the main alternatives to cable at least as we see it, and they didn't know what it was because they-

Mike:

They don't even think that way.

Scott:

... because they don't think that way. Exactly. Because they can find any [crosstalk 00:38:34]

Mike:

... crap out of a lot of executives.



Scott:

Yeah. And the way 20 year olds pick shows today, I believe is they look in their social media feed and they learn about it. That's a very...

Mike:

Go ahead.

Scott:

That's a very different water cooler than it used to be.

Mike:

Yeah. That really affects discovery and marketing and buzz. You stole my last question. I was, I was going to say, is there anything else really surprising or illuminating from your class that you think it's worth sharing that people might not expect, or just something about the way that this generation thinks about media?

Scott:

Yeah. If we don't wake up and figure out how to program to them, they're going to go do it on their own. And I think that the idea of simplifying discovery is being missed right now and I know we're in an evolution. But I just know from our own personal experience, when you go to find a show, you have to go through 12 apps to figure out what you want to watch imagine. The difference to between a 20 year old and us is the 20 year old doesn't have the patience to go through the 12 apps. They just pick the show. Or they know about this actor, actress, whatever, and boom. I find it very interesting. If you want to know what the world is watching, at least from the perspective of US, on Friday and night, go on Netflix and go find the top 10 on Netflix. Because it's different during the week but on Friday night you will see what the popular shows are because all the young people are going and it's Netflix's own version of trending. But you can see, and it's shocking what you see there. It is really-

Mike:

Yeah. That's interesting.

Scott:

Yeah.

Mike:

And yeah, that's a really short term focus group of a younger generation's media consumption in real time. That's pretty cool way to look at it.



Scott:

Yeah. And I think we as an industry have the opportunity to get it right but everyone's looking for perfect and everyone's thinking about their business. And I get that they have to, but I think it's also important to think about what is the consumer really doing, not what do we think they're doing. What are they really doing.

Mike:

Or we're trying to steer them to do, yeah.

Scott:

Correct.

Mike:

Great stuff, Scott. This is an awesome conversation. And thank you so much for taking the time out and let's talk again soon.

Scott:

Mike, my pleasure. Thanks a lot.