How the Media JV OpenAP is looking to help TV advertising work faster and smarter by helping to break down data silos

Next in Marketing – Season 3, Episode 04

Mike:
Hi, everybody. Welcome to Next in Marketing. My guest this week is Dave Levy. He's the CEO of OpenAP. Hey, Dave. Thanks for being here. How you doing?

David:
Hey, Mike. Good to be here. Thanks for having me. And yeah, I'm excited to do this.

Mike:
I'm excited as well. Because you are at the center of tons of huge trends and an intersection of different competing forces in the industry. And you guys have been ahead of it a lot. I was trying to think of when... It's probably helpful to give people... There's lots of things to update on what OpenAP is all about.

Mike:
But I was trying to think of when the joint venture started. I think I covered it when I was probably at the journal back then, but it was... Tell me if I'm wrong, David, it was primarily focused on common audience definitions for classic, addressable television advertising. Less... I feel like we weren't talking about the craziness that is CTV now, as as much at all then. But maybe you could, tell me if I'm right, give people the history of the players. And I know there's been multiple new products, announcements, we can get into that, but what's the origin story for OpenAP?

David:
Yeah, so I mean, I was at Fox at the time when we started it. Look, we were really focused on trying to bring new ad formats into the space, whether that be shorter ad time, interactive ads, highly targeted ads. And I think what we found was the ones that were most successful were the ones that clients could buy across as much inventory as possible. And what that really opened us up to is, listen, if we could start collaborating more with the rest of the networks to make it easier for advertisers to buy advance advertising at scale, that was going to be the key to really accelerating the growth of the advanced market. And so we start OpenAP with the premise of,

"Hey, let's start to build some standards around all these new ad formats that we're collectively selling.

David:
Let's compromise a little bit and make it easier for the buyers to execute and then scale their buy across everyone." The focus... We looked around the table, and the biggest bucket by far was this advanced advertising. Mainly was what you would call DDL, and essentially that's taking a digital audience and bringing it to linear, and actually having your linear buy be transacted off of a guaranteed, off of this advanced or digital audience. So could be auto-intenders, or moms with three kids, et cetera. So not just being able to buy off a Nielsen age and gender demo, but actually being able to buy off of a digital audience segment.

Mike:
And this was when, Dave? This was 2015-ish, I'm going to say?

David:
I want to say 2017 was really when we were building the organization itself, but it was more of a board-led consortium at the time, where we were really focused on setting standards. Because previously, when you think about taking these digital audiences, the networks were doing this all individually.

David:
So if you wanted to take an advanced audience as a brand and go to Warner, and then you wanted to go to Disney or NBC, everybody would be onboarding those audiences in their own way. And the result would be a different audience segment that you would target with. So OpenAP gets started, it's just basically, "Let's make it easier for advertisers. They only have to onboard an audience once, we'll make it consistent across all the publishers." So they can actually see the deduplicated reach across publishers. And that was how this thing got going. [crosstalk 00:04:01]

Mike:
Right, "We know we need to change, but if everyone does their own thing, it's not going to get the brands. It's not going to work and we're going to be..."

David:
That's right.

Mike:
"Fighting each other."

David:
That's right.

Mike:
And then you forget that it wasn't a company yet, really. It was consortium. And then when does it start changing?

David:
Yeah, we were just getting together once every other week. So it was probably 15% of all of our collective times. And these are pretty senior folks. So we weren't able to get too far from a product and engineering perspective, but there was a lot of like consensus around the table. You could see that working together was going to be actually pretty easy. We just needed to have an infrastructure in place that we could actually move quickly and build product.

David:
And so what happened was, we realized that if we build a central organization that could execute more of a traditional company and move the board towards more of a traditional setup where there's more board advisory and guidance, but the company was being managed centrally, and all the operational aspects of it was managed centrally.

David:
So we started building out a team and really, then, focusing on this notion of building technology and platform to make it as easy as possible to buy digital audiences and linear. And then what we realized was that all we were setting up all these pipes to make it as quick and easy as possible for you to take a digital audience and transact across linear. And those pipes are exactly what you need to make sure you have a consistent audience across linear and digital. Because essentially we were, since we're taking a digital audience, bringing it to linear, of course that digital audience will work in a digital environment.

David:
And so really what we've been now focused on is making sure that if you have a consistent audience up front, and the ID resolution, as you match the viewership data throughout the process is consistent, then not only can you get consistency and targeting across all the publishers, but you can actually bring back all those, all that measurement together in a cross-platform way. And so that's how this has transitioned over time.

Mike:
So let's remind people, you were at Fox at the time where this starts, like you said, it was a consortium that becomes a joint venture. The players have changed, but originally I believe it was Fox, Viacom, and Turner? Pre... This is so many mergers ago with so many different companies, but...

David:
That's right.

Mike:
Catch us up on who's who now, in terms of OpenAP. How's it working?

David:
So, like I said, once we moved away from that consortium-led model, we took a different approach where, instead of having consortium dues or anything like that, we basically just have transaction fees now, anytime we work on a campaign. And we don't just work with the equity owners of the company, we work with every national television programmer today. So we work with about 13 different publishers. As an advertiser, you can work with us to onboard an audience segment. So you can take your first-party data. You can onboard that with us, and you can work with us to make sure that every single publisher across the TV ecosystem can receive that audience and transact on that audience consistently. So we work with everybody.

Mike:
You don't have to be an owner to participate.

David:
You do not, but our board is made up of, as well, and the company is owned by, four major media companies today. And that is Fox, NBCU, ViacomCBS, and now Discovery with this new investment that we just announced a few weeks ago.

Mike:
And discovery just came on board. How did that come about? Obviously they're going through monster changes. They're going to be assuming control of WarnerMedia in, we think, the near future, that was part of AT&T. It's all changing. They're obviously doubling down on streaming. How did they become part of the package here?

David:

I mean, we've been really close with the Discovery team for a while now, and working with them on campaigns. They've had a lot going on, from the Scripps acquisition to a lot of other changes. So I think as we've gone, we've always been talking about "How could we get Discovery more involved?"

David:
And not just participating in OpenAP campaigns, but actually involved on a strategic level and helping drive our product roadmap. So we picked up that conversation again over the summer, and that's led us to quality conversation about how they can get more involved from an equity owner perspective, and having them on the board is crucial.

David:
It's a big thing for us, because as we go, one of the competitive advantages that we have is, if we can get more publisher alignment, as we do our product innovation and product roadmap, we can be a lot more efficient with our resources because we're building to spec with the TV publishers heavily involved.

David:
And so the more folks that are around the table, it just makes the future product roadmap and innovation stuff easier because we need everyone to align. And so the more folks that are around the table, the easier it is.

Mike:
Okay, a couple questions coming out of what you just said, because it's super interesting.

Mike:
So a couple years ago, you're starting to build this. There was lots of talk in the market of, could television need some kind of central hub where everybody comes together, and maybe this will operate more like digital, and whether that's an exchange or of SSP or some JV, and then one of the bigger... You guys and Xandr, for fair, better or worse were put up against other. Xandr coming out of AT&T, their idea was to get a lot of publisher unity. I don't know if everybody... People were skeptical about the concept overall, I think.

David:
Yeah, that's fair.

Mike:

And maybe wouldn't have bet on, "Oh, AT&T's got the muscle, they're going to make this work." You guys might not, it's too complicated. What do you make of that, of where this has gone over the past few years and how this held together?

David:
I think what we realized early on, we did announce a marketplace initially. And so did... That was more of Xandr's strategy initially as well. We quickly pivoted away from a marketplace narrative and focus and really laser-focused on identity resolution consistently across publishers and being able to leverage that ID consistency into cross-platform measurement.

David:
And so I think what I make of all this is that, we ended up having a very different focus than the Xandr folks. And in fact, that actually led us to more partnership than anything. Xandr was really focused on marketplace and on publisher optimization with their Clypd acquisition. And we're really focused more on the ID resolution and the consistency around measurement. And so we actually ended up partnering with them quite a bit, but I think overall what I take from it is, and the reason why we pivoted away from the marketplace approach was, we have a unique challenge.

David:
We need to make it easier, just like it is with the big walled gardens like Facebook or Google, et cetera, for advertisers to take one audience segment and buy across all television. However, what the publishers don't want is to relinquish that control over that client relationship. So, moving away from that marketplace approach more towards making it easy for you to onboard an audience and then use that audience easily with every single publisher, but still have that direct relationship with the publisher, I think is important because it's not just the media buy that you get as a client.

David:
There's lots of other aspects and values that you get when you work directly with a publisher that aren't directly tied. So you still need that direct connection. So I think having an organization like ours that can make the audience consistency piece work and the operational efficiency work, but you still have that partnership in the middle that's really important, I think is key for the TV space.

David:
So, that's how I think about it.

Mike:
It's interesting you say that, because I think if you talk to certain buyers, there was a fantasy at one point, like, "Wouldn't it be great if you could buy all the TV networks in this one exchange like I do with Google or Amazon?" And that would be awesome. But TV is just inherently a different universe, and the players are, the stakes are extremely high, there's not that many of them, and they're not going to want to give up their unique competitive advantage in terms of audience or relationships or anything like that. So that is, at least for now, that's just probably not realistic [crosstalk 00:13:56] that you're going to...

David:
Look, I would argue that commoditizing all the inventory is not really a great thing for consumers, either. I think that the more differentiated, sometimes, that the product can be, then it actually leads towards a better product output because if it doesn't really matter the quality of the content, you go to the lowest common denominator. So I think having a differentiation between publishers and having them be able to talk about the value of their content versus another player's is important to the whole competitive landscape.

Mike:
Sure.

Mike:
How do you, because you made me think of this... Just in following digital advertising for many years, there have been lots of attempts. I know it's a very different market at consortiums that would be a bunch of premium publishers, "Let's band together," and have either a full-on exchange or some kind of separate ad network for the good guys, or something to that effect.

Mike:
And they inevitably don't work. Not that the intentions aren't good, but it's hard for companies to prioritize them, put resources towards them. How did you not let this thing? You guys are hiring, you've built a company where you could have easily been at something that's lower on the list of everybody involved. How did you hold this thing together?

David:
Yeah, it definitely wasn't the easiest thing to do. I think we've, at every turn, tried to make sure that we were setting things up so that we actually did operate like a traditional company. Now, in some cases, that wasn't possible. But I think we're

actually... We've tried to find where the advantages are of our ownership while taking away some of the potential negative aspects of a consortium.

David:
So we're able to operate pretty freely from an execution perspective, but having our publishers so involved, and we meet with the board on a weekly basis, actually just helps us with our product roadmap and adoption of new services that we're putting out there because we just don't have to go sell those things to the publishers. Like, at my previous...

Mike:
They're invested. [crosstalk 00:16:21] They're moving with you.

David:
We spent so much time at my previous company, at TrueX. We would spend so much time doing product innovation, and then you'd have to go spend multiple cycles and years trying to get all the publishers on board. It would take, a couple, five years to get every single publisher on board, where we can develop a product and immediately get publisher [inaudible 00:16:48] because we're developing it with them.

David:
And so part is helpful. Now, other parts of a consortium sometimes aren't helpful, and so we've tried to eliminate as many of those as possible, and we're just really relentless around creating very streamlined, clear goals for our board, for our employees, and executing towards those goals. And so I think we try to take the best of both worlds and make it as efficient as possible.

Mike:
You kind of hinted at, the reason the marketplace thing was never going to, you went away from that direction because that was going to, because publishers, the big media companies, are not going to necessarily want to give up what they know about their customers, or they don't want to have... They want to make sure that their media space is valued and doesn't get devalued in any way. So what do you make of that?

Mike:
On the flip side of that, there is a movement towards a bunch of other walled gardens in television, as much as we can play in digital, you're seeing, for better or worse, starting with probably Roku and I guess some of the other device guys, Amazon, but then the bigger networks are coming up with their own identifier or their own...

Mike:
They're kind of building their own ecosystem, which makes things harder for brands that want to manage across different companies and keep track of reach and frequency and get rates, all that stuff. What do you make of that? Like, are those two things in conflict, what you're trying to do and what they're trying to do? And is that a challenge for the industry right now?

David:
You know, I think it certainly would be a conflict if the result is a bunch of different walled gardens and that's not going to be good for advertisers. The idea that I do think, what's likely going to happen, is a lot of these bigger companies are going to use some of the data privacy legislation that's upcoming as an excuse to keep their data within, inside of their walls.

Mike:
Interesting.

David:
And not really try to adhere to some of the legislation in a safe way. I think they're going to probably try to use that as a bludgeon to keep data within their walls, but that's actually bad for advertisers and for programmers who are trying to program in a multiscreen, to a multiscreen consumer. And so, as a consumer, you don't really care about all that. All you want to make sure is that you're not seeing the same app every single time you log in, that your privacy is being handled consistently across all your different experiences.

David:
So I think within the TV space, what we're doing is, while others might have, NBC's going to have their own identity strategy, ViacomCBS will have their own identity strategy. Publishers can all have, and probably should have, their own identity spine. But as long as that's interoperable with a central spine on a particular campaign, then that's fine. There's no problem with that.

David:
In fact, that actually all fits with our strategy of a brand being able to create one consistent audience across all publishers and resolve that from a measurement perspective. The challenge gets to be when you have a walled garden approach where data is never allowed to leave, or even be resolved, even within a platform. And in that case, that's where we're going to start to have some issues and it's going to be

an arms race of figuring out, "How do we capture insights across consumers, across every single platform as we go?"

Mike:
Yeah, that's interesting. I hadn't thought about that, but that makes a lot of sense. You'll see companies say, "Look, I don't want be a walled garden, but the feds man, they're on me. I have to do it this way." It's that very Facebook, Google-y kind of thinking.

David:
Yeah, that's right. And I expect that to persist, and I think the pitch there, or the strategy there is then, "Oh, you just have to buy my platform only." And that's where I think we end up in a worse environment. So I think it's incumbent on us and what we're trying to do, and all the TV publishers, for the most part, I think are pretty aligned on this idea, is that we all might have ID strategies. They all need to be interoperable with each other. And then we need to be building, aggressively, privacy-safe environments and opt-in rules for consumers so that we are transparent with consumers that we're handling their data with extreme care.

David:
But at the same time, that we're able to have a consistent view of the consumer across every single device so that we can provide better consumer experiences. Because ultimately, I think the big competitive advantage or disadvantage in the streaming space comes down to ad experience. And the way that you can get better ad experiences to consumers and have lower ad load is by having less waste. And more targeted advertising that is appropriate for the consumer.

Mike:
Yeah, we're in this weird moment with, CTV has taken off and then everyone's excited and it's growing like crazy, but there is probably an awful lot of waste in the market right now that is being... "Covered up"'s not the right word, but it's like, you're not thinking about it right now because the growth is so strong and everyone's just happy to be, have some kind of ability to target, but it's probably not going to be sustainable over time.

David:
That's right.

Mike:

Oh, okay. So we talk about this walled garden thing that's happening. Are you guys... Let me just make sure I can explain or understand. When you guys talk about your identifier, are you the means that of this? Do you create the interoperability? Are you the key that kind of translates? What's the best way to think about what your identifier does or doesn't do?

David:
On the campaigns that we work on, we are that key to making sure that ID resolution is happening consistently throughout the entire campaign, but we've made the choice to be interoperable with all data providers, measurement providers, ID solutions. So, the role that we play is, if you have one campaign, let's say you start with auto intenders.

David:
First, you need to take the list of IDs that make up your auto intender audience, and you need to match it to a common identity spine. And that is open IDs today. So it's now reflected as a list of open IDs. Once it's a list of open IDs, we have crosswalks in place with all the viewership data providers across the TV landscape. So in linear, that is Nielsen, Comscore, VideoAmp, 605, iSpot, et cetera, in addressable that's Comcast, Charter, Dish, et cetera.

David:
And then in digital that's every digital endpoint that you could possibly want to send your audience to. And so what you need to do is have that one list of IDs be consistently matched to all those viewership environments. And then what you get is a list of viewership IDs for each of those environments. Those set of viewership IDs go to the publishers and the publishers then have systems to build plans against those viewership IDs.

David:
But every publisher needs to have the same list of viewership IDs. Otherwise, you can't compare Discovery's campaign to Fox's campaign. And so the role that we play is making sure that every step of the process, as we take that initial audience and match it to a central identity spine, then we match it to viewership data, and then post-campaign, we match it back to a central ID spine. All of that is done consistently. And when you do that consistently, that's how you unlock cross-publisher deduplicated reach, and ultimately cross-platform deduplicated reach.

Mike:

So I won't belabor this point. I want to make sure, so you have the thousand auto intenders and you go, and that advertiser matches it up with your product and you go out to all the different places you're going to buy ads for Viacom or Discovery. You can make sure that you're defining that audience the same way. You're finding them the matches consistently. But I'm assuming you can't pull out data from those different partners and make sure that you're not reaching... Can you completely make sure you're not, you're managing reach and frequency across all those vendors if you're doing that? Or is that still going to be...

David:
We just report on reach and frequency, we don't manage reach and frequency.

Mike:
Because that's on the individual media companies still? [crosstalk 00:26:12]

David:
Publishers, media companies, manage their campaigns. But the first piece is really understanding the measurement part. and then what we start to do is automate the reporting, make that more realtime. So as the campaign's going, we're going to be feeding more and more data, realtime data, to the publishers. And then their systems over time, this won't be immediate, but over time we'll be able to better optimize the campaigns for reach and frequency across multiple environments.

David:
And is that going to happen day one? No. But at least starting with the knowledge of being able to understand how your campaign performed from a reach and frequency perspective across multiple publishers and platforms has been the holy grail for a while.

David:
So the exciting thing is that this is the first year that you're going to get the deduplicated reach and frequency across screen. So across linear and CTV mobile desktop on hundreds of millions of dollars of television advertising.

Mike:
Do you think we almost underplay the... CTV is so hyped, and I'm as guilty as anybody about talking about the potential of, "It's going to be just like digital. You can optimize like crazy." How much there is a market for, and a need for, right now, to do this cross-platform thing that you're describing?

Mike:
Is there a lot more action, in terms of trying to deduplicate reach or really manage your television budget strategically across all the platforms, than we talk about?

David:
There is a lot of effort right now going into how to reduce waste as much as possible and how systems that are all, that have the publisher systems that are actually talking to each other across all the different viewership environments. Look, as it relates to CTV, yes. That is exploding, 100%.

David:
But I think the more important piece for the television industry is ensuring that you can now start creating audience targets... Instead of creating an audience target that only works in linear, which is the majority of what we've done historically, just starting with an audience that could be used in any viewership environment is the most important thing. Because CTV's growing today, but it's a shift of viewership into CTV. Tomorrow, who knows where that viewership will be? Maybe it's in the Metaverse [crosstalk 00:28:48] or different devices.

David:
So as things shift to different devices, the important thing is that audience targeting starts with a definition that can be then resolved or translated to any viewership environment. Once that's done, if you start your audiences like that, and that's what the big shift is happening, then you can make sure to measure the delivery across all your devices consistently. And that's the important thing.

David:
So whether it's CTV the next few years, and then it's a new device the next few years, we need to set ourselves up for wherever the consumer goes in their journey, we're able to consistently target them, but also measure the delivery across all devices.

Mike:
We're mostly talking about television here, but you keep mentioning digital video and other places, how many brands are truly ready to, and are thinking about, "My budget as a whole, some of it's going to go to linear televisions, lots, probably more to CTV, but I also want to manage this spending across Twitch and TikTok and Instagram and everything else."

Mike:

I think it's probably inherently complicated, really different currencies, ad vehicles. I don't know, is that something that is mostly chatter right now? How many brands are really able to do that, want to do that, should do that?

David:
How many brands are able to do measurement across not just television? [crosstalk 00:30:19]

Mike:
I guess, thinking about their video spending across all these different platforms and reach and frequency and how best to optimize. That's the real, the dream-dream.

David:
Yeah, brands have been doing that for years now with MMM models. Now, it's not the most sophisticated, but it is basically telling you at the beginning of the campaign, based off of what our MMM model says, here's how much we should be spending in television. Here's how much we should be spending in digital, social, et cetera. That stuff's advancing, though. Right? So, I think where we're going to start to see a lot of innovation is in that measurement and attribution space, as we have way richer data on all of this, on all these campaigns, and that data being more interoperable.

David:
And so what I do see happening is, right now, marketers are still reliant on these more legacy MMA or MTA systems. And I think those systems are going to continue to evolve as more rich campaign data is available so that buyers can have a much more realtime view of what's happening across their campaign and how to best spend their dollars. But that's still in the nascent stages, I would say, outside of DSPs.

Mike:
We keep kind of flicking at what's going on with measurement, obviously tons of change. I wonder if you could, imagine putting your Fox hat back on, the Nielsen's sort of been wounded the last couple of years, or people are pouncing on Nielsen, because they the lost their accreditation. They had some not great things happen during the pandemic. They're trying to catch up. I wonder how much of this is piling on, or is there a real quote unquote "crisis in TV measurement"? If you're at your old job, how worrisome is this? Is it just overdue that we look at things completely differently? What would your point of view be if you could think that way?

David:

Well, I think there's a lot of benefits of having a really large market share and a space, but sometimes there's also the opposite side of that, which is in an environment where massive change is happening and the measurement systems need to adapt to an ever-changing consumer. If you are the dominant player, you're going to get a lot of pressure to adapt and adapt faster. Look, it's been a definitely a tough year for Nielsen, no doubt, but I do think the increased competition and pressure that they're feeling is actually likely going to be good for them and the industry. I think it will lead to faster innovation for them and for the rest of the industry too. We, as a television industry, we have to get out of thinking about our campaigns in these silos. It's going to kill the business if we keep doing that.

David:
We need to be thinking about... We have to move towards a measurement system that's capable of measuring consumers wherever they view content, because clearly that divergent path for consumers on different devices is not going to slow down at any point. It's just going to continue to speed up.

David:
So I think the pressure is actually a good thing, I think for Nielsen and for the industry. And ultimately, I think it's going to force them and other competitors of theirs to really invest this year in making sure that they can measure delivery wherever it happens.

Mike:
Yeah. And I was just reading, it seems like it's going to be, with the upfront, it's already in serious conversations. You're going to see a lot of brands having a... Maybe they'll still buy on Nielsen primarily, but lots of backup currencies or alternative currencies being tested for X campaign or just a secondary scorecard. I wonder if you have any sense of how that might shake out.

Mike:
There's a lot of new entrants coming out at a different angles and there's companies that are plugged into the television set or trying different vehicles to pull data directly from viewership. I don't know if you have any sense early on... Is that going to be a messy upfront, is it going to be a lot of customization, where is that going to go for the short term?

David:
I think there's definitely a desire for most agencies and brands, similar to what you know on the sell side, to be measuring their campaign effectiveness and media effectiveness on a cross-platform basis. And I think there are newer solutions that are

coming up that are enabling them to do that. And so having a secondary, I guess I would call it measurement provider, makes some sense.

David:
However, here's the challenge. If the audience that you create is actually a different one, the starting point is different for what you're doing with billing and measurement, then that's actually not going to be great for the brand. I think what you need as a brand is you need consistency in the audience target that you create, and you need to use one consistent cross-platform measurement provider. But, what we're doing is, we're working to ensure that you can have publishers use multiple viewership data in linear for billing purposes. Because what that means is, if you, as Dentsu wants to use VideoAmp and Delta to do measurement on your campaigns, you aren't limited to only transacting on publishers that...

Mike:
That are also part of that.

David:
That can actually build a plan off of VideoAmp, right? Because some publishers can't. What I think is important, though, is that what we're working with them on is, "Okay, as long as you start by creating your audience as a set of open IDs, we'll use that same set of open IDs to create your VideoAmp audience and your Nielsen audience. And then you can actually measure everything across VideoAmp, even if some of the publishers are still guaranteeing you that campaign off of Nielsen, because everything will be based off the exact same open ID audience."

Mike:
I mean, a lot of what you're describing... What's playing out is the reason your company exists, the need for consistency will emerge. Seemingly that's what makes markets over time. You can experiment with a lot of different vendors and currencies for now, I wonder, but long term, it seems like you're going to have to have some kind of winners emerge or a few standards.

David:
But this is going to be an important thing, right? Because I think the ability to have one consistent measurement provider that is measuring the campaign off the exact same audience, that all the viewership data is matched to, while allowing publishers to maybe guarantee or bill off of different viewership data, is really key, because what that opens up... And that means that the buy side doesn't have to select the lowest common denominator of viewership data, because otherwise that means they really

only have one option, because that's who everyone can use. So I think having more flexibility is going to be important to increase competition.

Mike:
Right. You don't want to trade off sophistication for consistency. [crosstalk 00:38:27]

David:
That's right. Otherwise you're always only working with the lowest common denominator across publishers and that's not ideal.

Mike:
A few more questions, David, and then I want to leave you alone here. This is terrific, but I'm just wondering... Big picture, you kind of hinted at this, "How are we doing as an industry?" As CTV has become much bigger and more and more players are coming on that are ad-supported that everyone's sort of preaching, "We need to have lighter ad loads, more respect for consumer."

Mike:
The ad experiences are kind of all over the place, which is understandable in this early stage. But you were an advocate early on of "We, in linear television, experiment with shorter units" or really varied units and just the old-fashioned 30. How are we doing as industry right now as we try figure out the right mix and balance and make consumers happy, make brands happy?

David:
Right. Look, I think this is going to be... This is an area of underinvestment today. We all need to do better here. But I think we need to continually put ourselves in the shoes of the consumer and think about if we are going to sit down and watch... And I'm [inaudible 00:39:37] going to ask you, "If you're going to sit down and watch an hour show today, what amount of advertising would you be willing to sit through per break?" What do you think is... I mean, that's the question we all need to ask ourselves, but from your personal experience, you're watching content, what's tolerable to you?

Mike:
It's funny, it's hard to put a number on it, but you know when it's bad. Like, you know when it's kind of pushing your... When either the interruptions are jarring or they feel longer when you get the repetitive thing too, I think, sometimes.

David:
For sure, for sure.

Mike:
But yeah, you expect, with these premium services... I don't know, a few times an hour kind of feels right, but I'm probably underselling it. You know when it's bad, it's hard to put a real... It's hard to quantify it completely.

David:
Yeah. I think it's like anything, though, where, when you have an internet connected device, you're expecting more efficiency and that includes your time during breaks. And I think that ultimately we need to continually try to reduce that ad time. I love what Peacock is doing and experimenting with ad times. But at the same time, we're going to have to figure out how to also increase the price of attention and brands are going to have to want to support that, because when you talk about 30-dollar CPM, what we're actually paying for someone's time, it's 30 cents.

David:
So 30 cents for 30 seconds is an interesting way to think about that. Is that what your consumer's time is worth? And so I think over time, we need to get better attention, lower ad load, but the prices are likely going to need to go up on the advertising side. And we have to have a better mechanism in digital overall to really suss out the value of quality, because that's one of the difficult things with commoditization of inventory and aggregating everything. But ultimately, for me, I think we need to get to a place, probably two ads per break at a maximum.

David:
And that's, I think, what we're all striving towards, but we'll see. It's going to... We need to kind of work towards that goal.

Mike:
Yeah. And you're going to have to guard against the marketer who just wants to... They're trained to think, give me the low, the CPM that's below the market, give me the cheap stuff, pushing the [inaudible 00:42:16] where this is really a different medium and with different requirements.

David:
I think as we get better at tracking performance, too, that'll change. Because right now, when you think about, "How do you track success as a marketer right now?" It's cost and reach, right? So if that's the high-level way you really think about success, then you're always going to try to get more reach for less cost.

David:
And that's going to lead us towards less quality and more ad load. So I think ultimately, as we adapt our models to give a better sense of the value that quality attention drives, and the value of marketing to people at all parts of the funnel, not just the bottom of the funnel, it's going to be a lot easier to justify why an ad in a two-ad ad break is more expensive than an ad in a four-ad ad break.

Mike:
Yeah, those are the kind of conversations we can have.

David:
Conceptually it makes sense, right? But we need to put numbers to it so that marketers really jump on board with that concept and start measuring their success in different ways.

Mike:
That's interesting. Last one for me, David.

Mike:
We're talking about the television market, and particularly CTV, it's growing, there's a lot of opportunity. So what's interesting is you're seeing, besides the big guys, besides the traditional TV networks, media companies, the number of companies that sell television advertising is kind of exploding. You've got the TV manufacturers, you've got the Rokus and Amazons, the streaming device guys are in this business now. You've got ad tech companies coming in and out. You've got different partnerships. Is this sustainable over time? Are we going to see a big coming consolidation or are we all along for this business? Or is it going to just continue to expand?

David:
I mean, it's a really good question. I think we're going to have to make it easier regardless of...

David:
I'm not the right person to probably comment on the M&A landscape per se, but I will say, from a buyer's perspective, given how complex it is, as you just described, to take an audience and actually execute that across all these different media buyers today, or media sellers today, it's going to have to get a lot easier.

David:

And so we're all going to benefit. Everyone who has long-form television content that we're looking to monetize from an advertising perspective, we need to make it a lot easier for marketers to take one consistent audience and be able to execute that seamlessly across all publishers.

David:
And we're definitely going to do that within the TV space. And I think we should, and we'll look at, how to open that up and work with Rokus and Amazons, et cetera, to try to make it easier to buy across them as well.

David:
I think the television industry is absolutely open to it and wants to partner there. Our whole ethos is going to be around being open and interoperable. So we want to make it easier for clients. I think collectively there's going to need to be enough pressure so that that actually happens. But we certainly want it to.

Mike:
Well, it will be fascinating to see it unfold. Dave, thank you so much for your time. Great conversation, and hopefully we'll chat again down the road here.

David:
Thanks for having me, Mike. Really appreciate it.