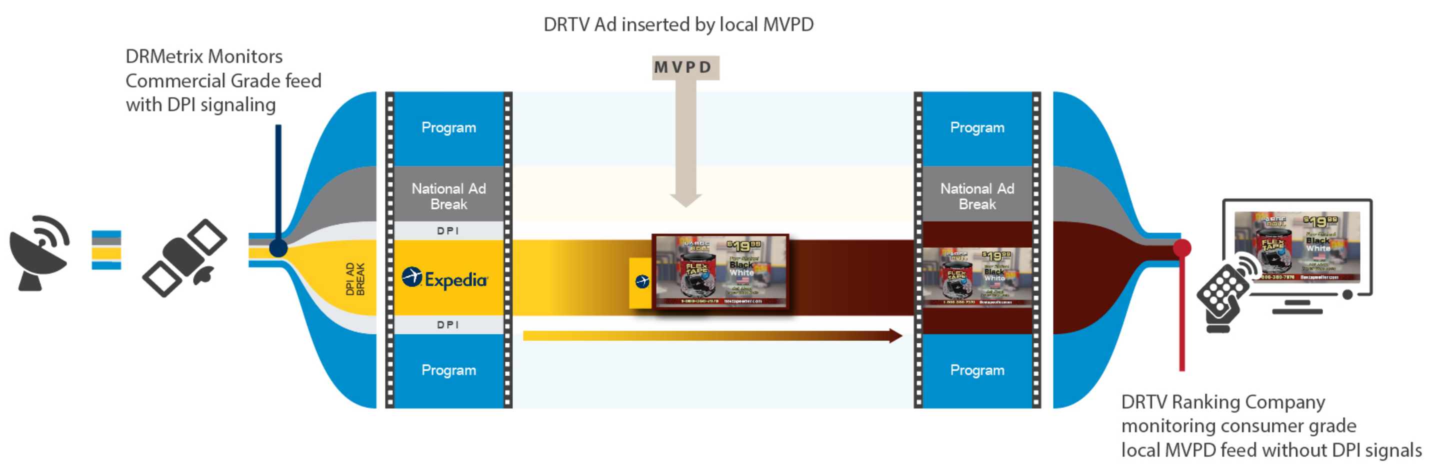
SOLVING THE GREAT 'AS SEEN ON TV' MYSTERY

How can an AS SEEN ON TV product be ranked #1 when neither AdSphere™, Kantar, or Nielsen report seeing the commercial on TV? Whether you are a marketer, retailer, or a member of the international electronic retailing industry, this white paper is for you. While there are many products that claim to be 'As Seen On TV', very few have had real success. Consumers calling in to order are voting for the most popular products with their wallets. The more revenue marketers generate, the more TV time they can afford to buy. So, it makes sense that the most popular products are the ones being advertised the most. For successful products, 9 out of 10 sales are made in retail. If retailers pick the right products, the category can be incredibly lucrative. However, determining which products are being advertised the most can be challenging.

National cable networks provide a way for TV marketers to reach the largest audience. Unfortunately, many third-party TV research companies have failed the industry by providing inaccurate and often misleading national cable research. It's time to learn why most television research can't be trusted due to two common exploits.

2 types of **DRTV ads**

First, it's important to understand that there are two different types of national cable ad inventory that can be purchased by advertisers. The graphic below will help explain



On the left side of the graphic, a cable network is shown sending its signal via satellite to a local MVPD. MVPD stands for "Multichannel video programming distributor" and describes companies that sell consumers access to cable programming. This includes companies that make television programming available via cable, satellite, fiber, or via internet.

The majority of cable networks have national ad breaks, in which commercials are seen by all viewers nationwide, and also DPI ad breaks which have a much smaller viewership. The cable network above is airing an Expedia spot in their DPI ad break which is preceded by a Digital Program Insertion (DPI) signal. As soon as the DPI signal is detected, the MVPD can replace the Expedia spot with a commercial sold by the MVPD. You can see in our example, the MVPD has inserted a Flex Tape commercial effectively covering up the Expedia commercial.

In most markets, including the vast majority of urban markets, the MVPDs aggressively sell local advertising covering up most, if not all, of the ads inserted by the cable networks in the DPI breaks. However, in smaller rural markets, the MVPDs may not sell local advertising allowing spots like Expedia to be seen by viewers.

If you've ever wondered why 'AS SEEN ON TV' ranking reports have been historically inaccurate, it is because most research companies monitor 'consumer grade' feeds. In other words, they monitor the consumer grade signal coming out of an MVPD, as shown on the right side of the above graphic. DPI signals are not available in consumer grade feeds and, without DPI signals, these research companies have a hard time distinguishing between national and local ads. They will often report local airings, like Flex Tape, as national airings creating a dynamic that many marketers and agencies have taken advantage of.

Now that you understand the difference between commercials running in national and DPI ad breaks on the networks, as well as commercials being inserted at the MVPD level, let's look at the two most common exploits that have been used historically to manipulate 'As Seen on TV' rankings.

Exploit #1

The first exploit takes advantage of the fact that mainstream television research companies are not using DPI signals to properly differentiate between national and DPI ad breaks on the networks. They are improperly giving DPI ads the same valuation as national ads although they are often worth 10 cents on the dollar. In addition, mainstream research companies project ad valuation based on what brand advertisers are paying. Brand advertisers pay a premium to purchase inventory in specific shows while 'As Seen On TV' marketers buy media on a "run of schedule" basis, typically paying 1/2 or even 1/3 of the brand rate.

Accordingly, if a marketer purchased a $20K schedule, comprised of inexpensive local break network spots, mainstream research companies may incorrectly report the schedule valuation as $400-$600K!

Retailers and international companies are cautioned not to rely upon television research that doesn't leverage DPI signaling to properly differentiate between national and DPI ad breaks on the networks.

Exploit #2

Research provided by specialized 'As Seen On TV' research companies is really no better. The vast majority monitor consumer grade signals through an MVPD, such as a local cable system or satellite provider. Agencies and marketers have long discovered which MVPDs these research companies are monitoring. By purchasing cheap MVPD spots, they can easily fool the research company into providing a high ranking for their product. While such ads are only seen by a small number of viewers in the local market served by the MVPD, the research companies will often treat these as national airings inflating their value hundreds of times over.

> One prominent advertiser, who admitted to using this exploit, commented, *"I once had my agency purchase a $10,000 a week schedule on a local cable system in Tustin CA. The first week my product was ranked #4 in the industry by the research company that gets their feed from that system. I called my buyer in a panic and told her to cut the buy down to $5,000 a week as I felt it was too obvious and I didn't want to get caught."*

A prominent agency buyer, who admits to frequently using this exploit commented, *"We can get any of our clients high in the ranking reports for short dollars"*

conclusion

When data provided by television research companies can be easily manipulated by the marketplace, it ceases to have value. It's time for third party television research companies to solve these problems and deliver accurate data. Marketers with successful TV products should get proper recognition from retailers. Further, retailers should give preferential placement to the most successful 'As Seen On TV' products in order to maximize sales.

The author of this white paper, Joseph Gray, is the founder of DRMetrix, a television research company that monitors commercial grade network feeds in a DPI compliant manner. DRMetrix is an official research partner of the Perfomance-Driven Marketing Institute