



# COMPETITION

By Peter D. Shapiro. Peter is a 30-year industry veteran and principal at PDS Consulting, a cable and telecoms consultancy ([www.pdsconsulting.net](http://www.pdsconsulting.net)). He can be reached at: [peter@pdsconsulting.net](mailto:peter@pdsconsulting.net).

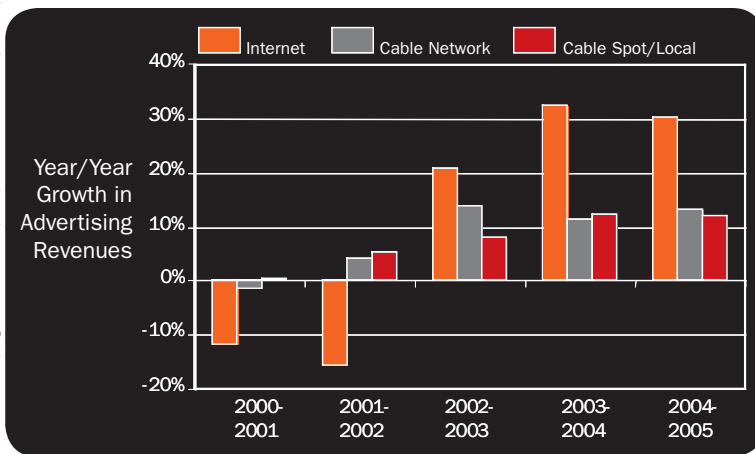
## THE INTERNET AD BOOM

CABLE OPERATORS ARE 'UNIQUELY SITUATED' TO MANAGE CROSS-PLATFORM VIDEO ADVERTISING, SAYS COMCAST'S PAUL WOIDKE.

Internet advertising is growing more rapidly than other ad channels, including cable. Although Internet ad spending was much less than on cable TV in 2005, at \$12.5 billion (Internet) versus \$21.3 billion (cable), its recent growth rates exceeding 30% year on year (see chart) suggest that the Internet is on track to overtake cable as an advertising medium within the next two to three years.

**Woidke:** VOD and Internet TV both present a single viewer with a single stream of video that is precisely controlled by that viewer. The tools we use to manage advertising in the VOD space will be almost identical to those that will be required in the Internet TV space. We are uniquely situated to manage cross-platform video advertising, since as a distributor of both high-speed Internet and traditional TV video, we are able to provide advertisers with localized opportunities.

Sources: NCTA (Kagan Research LLC); IAB/PricewaterhouseCoopers, Sept06



### What is needed for cross-platform management of advertising spots?

**Woidke:** We need to integrate inventory management, research and traffic and billing systems in order to optimize the business use of this new programming/ad sales space. Additionally, content and advertising need to be encoded for all delivery platforms.

Our interconnects are the basis on which we have been integrating linear advertising management with the nonlinear (VOD) space, providing advertisers with a simple buy. Extending these capabilities to the Internet TV space is a relatively straightforward exercise.

### What measures might be provided to advertisers that reflect both cable and online services viewership and usage?

**Woidke:** The metrics which cable is implementing in the VOD space are the same as [those the] industry has found useful in the Internet space. Standardized data measuring total streams by title by month, aggregate time spent viewing by title by month, etc., are criteria being used to evaluate on-demand advertising. Cable is in the unique position to be able to translate this to the Internet and vice versa, since we operate our own portal for subscribers. We're working with other MSOs to standardize these metrics and more, including reports by household, daypart and ZIP code so they're most meaningful to advertisers. ■■■

One of the ways that cable operators can respond to this challenge will be to develop or acquire their own ad-supported websites. By focusing on providing Internet TV—the fastest growing category of Internet advertising, albeit still quite small at only \$400 million per year—cable can exploit its relationships with content providers. Then, by selling cross-platform advertising avails, cable could get on the online bandwagon while continuing to exploit cable's core strengths.

Paul Woidke, VP, technology advertising sales, at Comcast, provided his thoughts on what this might involve.

**Is it technically feasible for cable to manage cross-platform advertising spots that exploit the strengths of both the Internet and cable TV?**