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### TECHNOLOGY

# CMO Today: News Digest

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## New Standard Shakes Up the Digital-Ad Industry

Across the media landscape, high-stakes battles are raging over measurement.

In the online world, there's controversy over how to measure the "viewability" of ads—or proof that a person is actually able to see them. In the TV world, networks say traditional ratings aren't adequately measuring viewing on digital platforms.

At the center of the storm is a body to which few in the media industry pay attention: the Media Rating Council.

The little-known New York-based outfit, a nonprofit founded in the 1960s, is the lone organization setting the rules for how media consumption is tracked. It is charged with accrediting and auditing the Niensens and Rentraks of the world, putting it in position to influence the flows of billions of ad dollars in television and online in coming years.

"People don't even know we exist," said George Ivie, the MRC's chief executive.

In the digital advertising world, though, MRC has lately entered the spotlight as the debate heats up over viewability. For years, media companies charged advertisers every time an ad was "served" on a Web page. But there are many occasions when users can't possibly see those ads, because they scroll past them or because they're on part of a page that isn't visible.

About four years ago, several of the ad industry's largest trade organizations launched an initiative to move the industry toward a viewability model, in which marketers pay for ads that are viewed, not just served. The MRC was tapped to serve as the standard setter and quasi-referee.

After an exhaustive process, last year the MRC, in conjunction with the Association of National Advertisers, the American Association of Advertising Agencies and the Interactive Advertising Bureau, released its standard: an ad is viewable as long as 50% of it appears on a person's screen for one second—and two seconds for video ads. The organization has accredited 16 different companies to track viewability for display ads, and six for video ads, for a total of 18 companies.

The early reviews of MRC's work are harsh in some corners of the digital advertising industry. Publishers say complying with the viewability standard is a nightmare, because all of the accredited companies have different methods and technologies to measure viewability and arrive at conflicting results. That has caused messy and heated negotiations between advertisers and publishers.

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“We're in a transitional phase, and there's extreme disruption,” said Mr. Ivie.

As for the array of accredited viewability companies, Mr. Ivie said it isn't the company's job to “weed out the marketplace.”

“We have a standard, and we see if you comply or not,” he said. “There are natural marketplace forces.” Mr. Ivie said MRC would come under scrutiny from government regulators if it didn't consider the application of a company seeking accreditation.

The organization, which currently consists of five full time employees, was founded in 1963 at the request of Congress. It has over 150 members, ranging from CBS Corp. to Walt Disney Co.'s ESPN, to Twitter, Pandora and Vevo.

The MRC commissions accounting firms like Ernst & Young to conduct audits of measurement specialists like Nielsen, comScore, Arbitron and others. Twenty years ago, the MRC conducted just a handful of audits. This year it expects to conduct 115.

—Mike Shields

## Simulmedia Offers Guarantee on TV Ads

There is a lot of interest in bringing online-advertising-like targeting to TV. But skeptics wonder whether trying to cherry-pick the right mix of TV shows to reach specific target audiences is worth all the trouble.

Simulmedia, one of the companies looking to disrupt TV advertising by employing Weblike data targeting, is so confident that its techniques work that it is making advertisers promises in writing.

Marketers who agree to spend \$1 million with Simulmedia for a one-month period will get a guarantee that the campaign will deliver better business results than their existing TV-ad efforts.

How is Simulmedia going to prove this?

The company says it will work with advertisers to figure out what results they want to track—for example, the number of people who go to a retailer's store and buy something. Simulmedia is able to match up TV ad delivery with credit-card data for over 60 million households in the U.S.

For this new guarantee, the company will be able to look at whether households that were exposed to a brand's "regular" ad campaign bought as much of that retailer's products as those that were exposed to the more sophisticated ad-targeting plan.

"We realized that the best and easiest way to shift the conversation with TV buyers and advertisers from [ratings and demographic buys] to business outcomes, was to guarantee the outcome," said Dave Morgan, Simulmedia's chief executive.

If Simulmedia can't deliver on its guarantee, it promises to provide advertisers with "make good" ad inventory based on the percentage of the advertiser's business goal by which it falls short.

This may be the nudge the TV ad industry needs to change its ways. “They know they are up against this titanic in the TV-ad industry in terms of getting people to change the way they do things,” said Tim Sullivan, vice president of media for Wendy’s Co. o much of what Wendy’s plans and buys when it comes to TV advertising is based on classic media benchmarks, like ratings and reach, and “not business results,” he said. Wendy’s has tested Simulmedia’s services in the past, and is considering a buy using the guarantee option. “I like it,” said Mr. Sullivan. “We plan on exploring this more. They must be pretty confident it will work if they are offering these kinds of terms.”

— Mike Shields

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