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Verklin Sizes Up Ad Futures For Web, Television

Gavin O'Malley, Apr 28, 2009 03:21 PM



Contrary to popular belief, the Web's overthrow of TV and the demise of the 30-second national spot are far from certain, according to David Verklin, the former head of agency Carat, and now CEO of cable consortium Canoe Ventures.

"Search is a fantastic application, but is display (advertising) on the Internet up to the same standard?" Verklin asked attendees of *Media Magazine's* 2009 Upfront Conference on Tuesday. "No."

"I get calls from Web guys about how they can be more like TV," Verklin said, regarding the myriad challenges still facing Web media and marketing. For instance, he added, "ad networks have

driven CPMs down to a terrible level."

Verklin, who joined Canoe less than a year ago, even took a shot at Hulu, which is arguably the greatest online threat to TV. "The user experience is fantastic, but there's isn't a business model," he said. "It's not an effective business model at four minutes (of advertising) an hour."

However, he is the first to admit that TV has some major obstacles to overcome in order to remain relevant in an increasingly interactive, Web-centric world.

"TV has got to get back in the game in terms of measurability and targetability," he said. "We've got to deliver addressable advertising."

That is the uniting principal behind Canoe -- a partnership of the six largest cable operators, which reportedly invested more than \$125 million in seed money to establish a standardized national addressable ad platform.

The company is also developing interactive ad systems that can be deployed across its footprint, while exploring ways to harness data from millions of set-top boxes -- perhaps up to 30 million -- which can provide insight into consumer-viewing patterns.

According to Verklin, the consortium is less than three weeks away from debuting its first addressable ad product -- a Community Addressable Messaging program that will allow advertisers and national cable networks to deliver targeted ads simultaneously in different markets.

Verklin said he has had conversations with up to five cable networks that are interested in the opportunity, and expects to announce partnerships shortly.

Canoe has built a national footprint of some 2,400 geographies, or cable zones, where different ads can be delivered. The footprint reaches 60 million homes. Under the addressable CAM system, one piece of creative would run in about 42 million homes and the other in the remaining 18 million.

Later in the year, Canoe plans to launch its first interactive advertising application for viewers to click through to a "Web-like page" to watch videos or gain access to coupons.

Canoe also intends to target ads down to a household level -- with relevant creative running in different homes based on factors like income level. To achieve that goal, Verklin conceded that he still has to "convince the programming community that it will offer a series of 'enablements.' "

Last month, Canoe, in conjunction with CableLabs, announced it had developed standards for the six MSOs that will allow advertisers to seamlessly run addressable and interactive ads across them. As for interactive advertising, Canoe expects to launch a national platform later this year that will allow a viewer to make a "request for information."

Within two years, Verklin predicted that consumers will be able to participate in polling and vote on various subjects through their set-top boxes. "Interactive TV is going to allow you to have a much more engaging experience with your TV," he said.

In addition, Canoe is expected to usher in an age of "t-commerce," in which consumers can browse and shop for products and services by clicking their remote controls.

Within 10 years, Verklin predicted that about half of all ad inventory on TV will remain 30-second national spots, while the other half will be made up of highly addressable, local "enabled" ads.

While it is not Canoe's role to create such a system, Verklin said TV planners and buyers will eventually require some sort of electronic trading platform, making media planning a critical part of the agency business.

"The past few years have been a buying upfront," he said. "This year will be a planning year."

To educate consumers on the untapped power of their set-top boxes, Canoe is readying a national ad campaign, said Verklin. "We're doing an ad campaign using our local avails showing people how to use their remote controls."