

# Aqua TV Demand Prediction

Advanced prediction of demand on advertising space allows identifying the best pricing strategy from a maximum profitability standpoint, as well as the best programming grid configuration, at each point in time.

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## Main benefits

### Forecasting demand on advertising space.

Advanced determination of advertising ratings for each viewing target, short, medium and long-term, both for the TV station and its competitors.

### Impact simulation for grid configuration and related program performance changes.

Anticipating impact on the ratings of the programming grids involved resulting from:

- Changes in program scheduling
- Inclusion of new programs
- Relocation and/or changes in duration of advertising segments
- Changes in station's internal regulation
- Changes in audience composition or size for a broadcast or all broadcasts of a specific program

### Estimation of bottom-line impact for all different commercial strategies.

Determination of optimal pricing and grid configuration at each point in time, from a perspective of economic contribution to the P&L account.

## The solution

In a highly competitive regulated market with changing rules, the ability to answer certain questions in advance, on the basis of anticipated information, yields significant competitive advantage.

Depending on a network's position in the market, the strategy to be developed, and therefore the questions to be answered, can vary substantially. In this regard, two radically different contexts can be defined:

**Leadership position:** The TV network dominates the market and there is a strong demand on its advertising space. In this case one may ask the following question: How much would network revenues increase by optimizing the location of purchase orders in the programming grid? And being more demanding yet on the improvement: What should be the optimal location for revenue maximization?

**Trailing position:** There is no predominance and therefore demand is far from the saturation point of advertising space. In this framework, the important question is the following: How much would revenues increase if pricing rates were improved for the different segments on the grid, lowering prices where there is no demand and raising them where demand is higher? In sum: What are the optimal rates for maximum market share?

The possibility of answering all these questions automatically and the ability to simulate profitability for various competing commercial strategies with updated market information, prior to launching the best option, provides companies with a tool that yields competitive advantage with positive impact on their bottom lines from the outset.

## The elements of the solution

In order to be able to simulate the economic impact of the different commercial strategies, without need for testing on the market, it becomes necessary to combine advanced information of various different types:

- Assessment the market will make of each programming grid
- Competitors offering and pricing rates
- Demand that will hit the market concurrently

all this in the short, medium and long run.

Although each of the elements described yields competitive advantage by itself, the integration of all elements allows building a solution capable of answering the questions posed above.

## Success story

# Leading Advertising Agency

In a dominant position regarding market share, improving the locations of purchase orders has allowed our client to free up advertising space worth one million euros monthly.

### The Challenge

Large audience sizes of the client TV network have placed our client, in turn, in a dominant position regarding market share among open broadcast networks. In this context, the strong demand serviced by our client had saturated occupation levels of several segments on the programming grid.

In this scenario, the issues to be solved were the following:

- How to configure the advertising grid to maximize revenue.
- Acquiring the capability to simulate the effect of different segment configurations and program performances on the forecasted audience.
- Determine optimal commercial ad placements.

In sum, the goal was not to attain a solution to find a good configuration by trial and error. On the other hand, it was intended to empower our client with a system capable of automatically recommending optimal ad placement to maximize economic profit.

### The Results

Neo Metrics' solution comprises three elements:

**Forecasting advertising ratings** short, medium and long-term for the different target of the various grid segments, both for our client and its competing networks. This forecast alone already allows significant pricing improvements for all advertising spaces.

**“What-if” scenario simulation** in order to determine:

- The effect on the audience of segment configuration changes
- The effect of own and competing program performance
- Economic impacts on the bottom line
- For a given grid configuration and expected audience, the expected revenues for the different possible locations of each purchase order.

Having an **environment to simulate profit contributed by each commercial strategy**, our client no longer needs to look for a good solution through trial and error. They can currently identify the most profitable solution in an automated fashion.

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The solution implemented allows our client to forecast audiences by broadcasting segment and for each target six months in advance, with an average error of a half GRP.

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The reductions achieved in average discount vary between 2% and 6%.

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