

# EGTA 2002 8th july



# AGENDA

- Peaktime in the Media industry
- The 5 steps towards Yield paradigm
- Yield concepts
- Know / Forecast / Optimise
- How to start Yield ?
- Allocating initial demand



With demos !

130 people

London

Media experts  
Yield experts  
Statisticians  
Developers

BSkyB  
GMTV  
Channel 4  
Channel 5  
Carlton  
Granada  
City Gate  
Euronews  
CNN  
CNBC  
BBC  
Discovery ...

Bruxelles  
(Benelux)

Mc Cann / UM  
Space  
Optimedia  
RTL TVI  
RTL 4  
Veronica  
RMB  
VTM  
VT4  
Carat ...

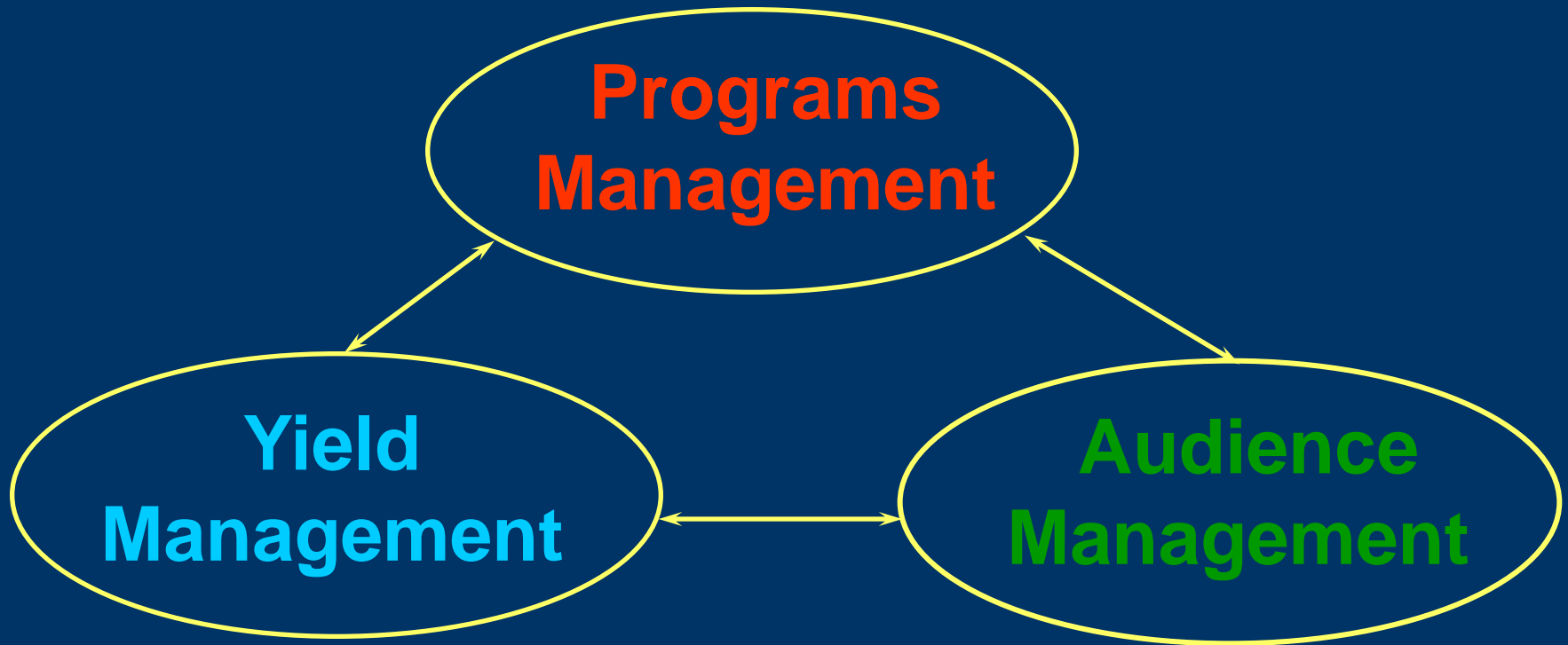
Paris

RTL FUN    Canal +  
NRJ Group    FTP  
France 2 et 3    Carat  
TV5    Thématiques  
M6    Eurosport ...

Berlin

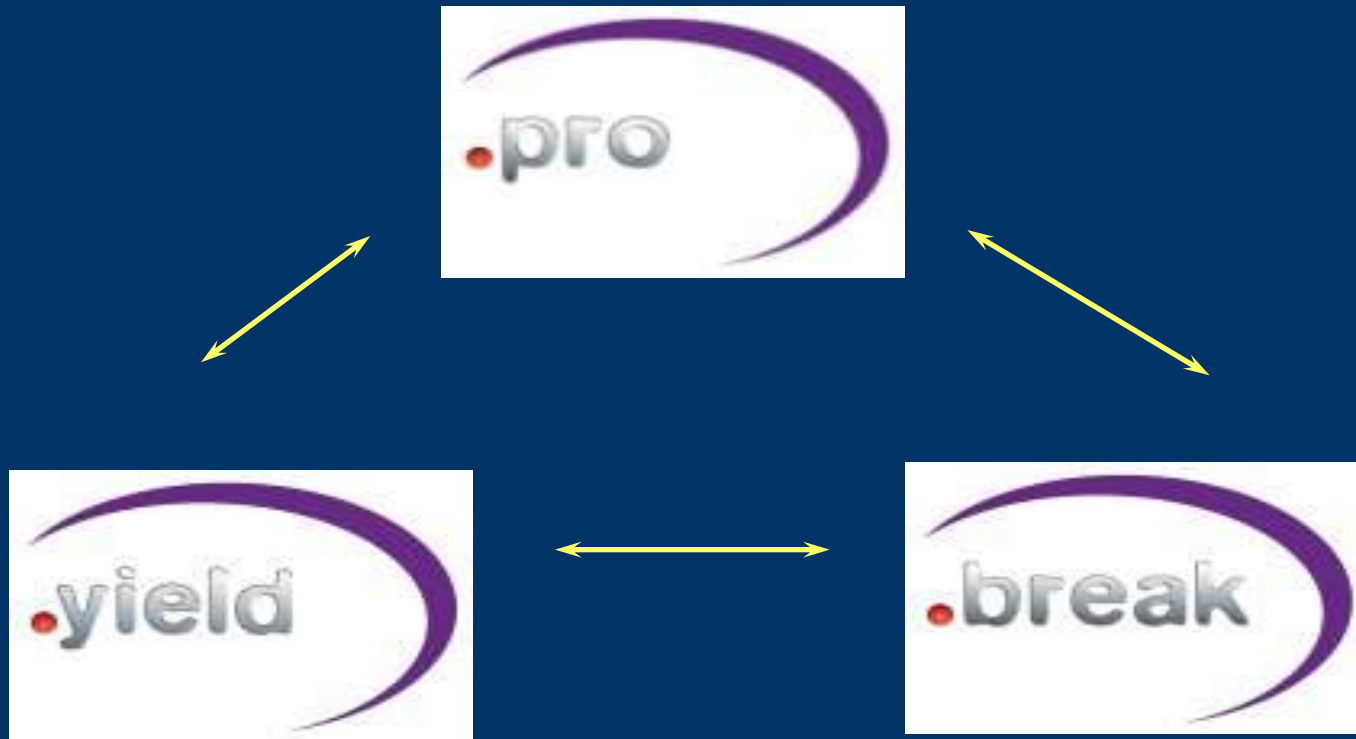
ZDF - ARD - SAT 1  
RTL - PRO7  
OMD  
Carat

# Peaktime focuses on...



Services...

# 3 product families

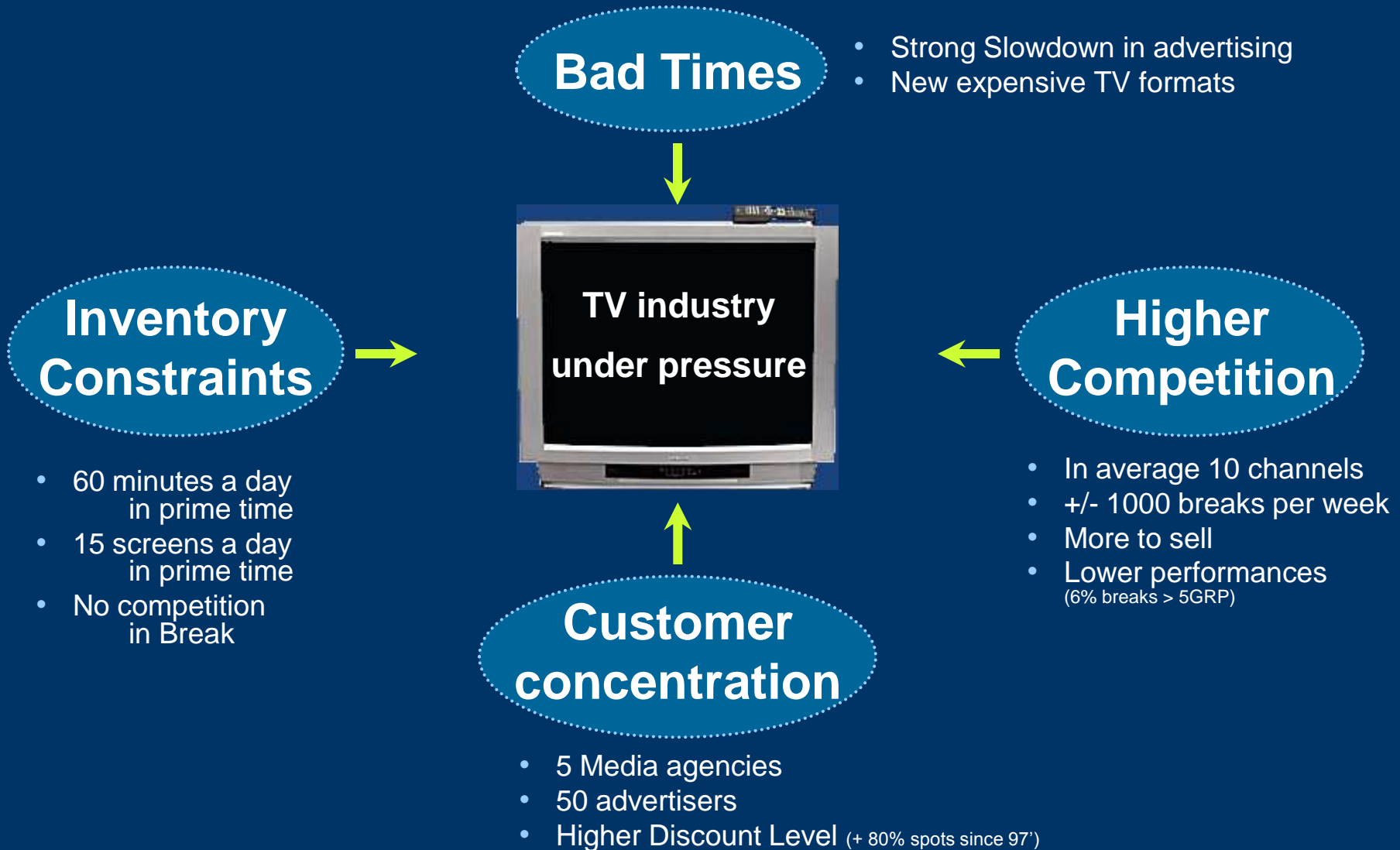


...and Tools to optimise TV business management



# THE 5 STEPS TOWARDS YIELD PARADIGM

# TV industry under pressure



**Bad Times**

**Higher  
Competition**

**Customer  
concentration**

**Inventory  
Constraints**



- Sales house **must be better**  
**must know more**  
**must be quicker**  
**must be more creative**

**Have a Yield focus  
at each step of the  
TV Business Process !**

# What “ Yield ” really means ?

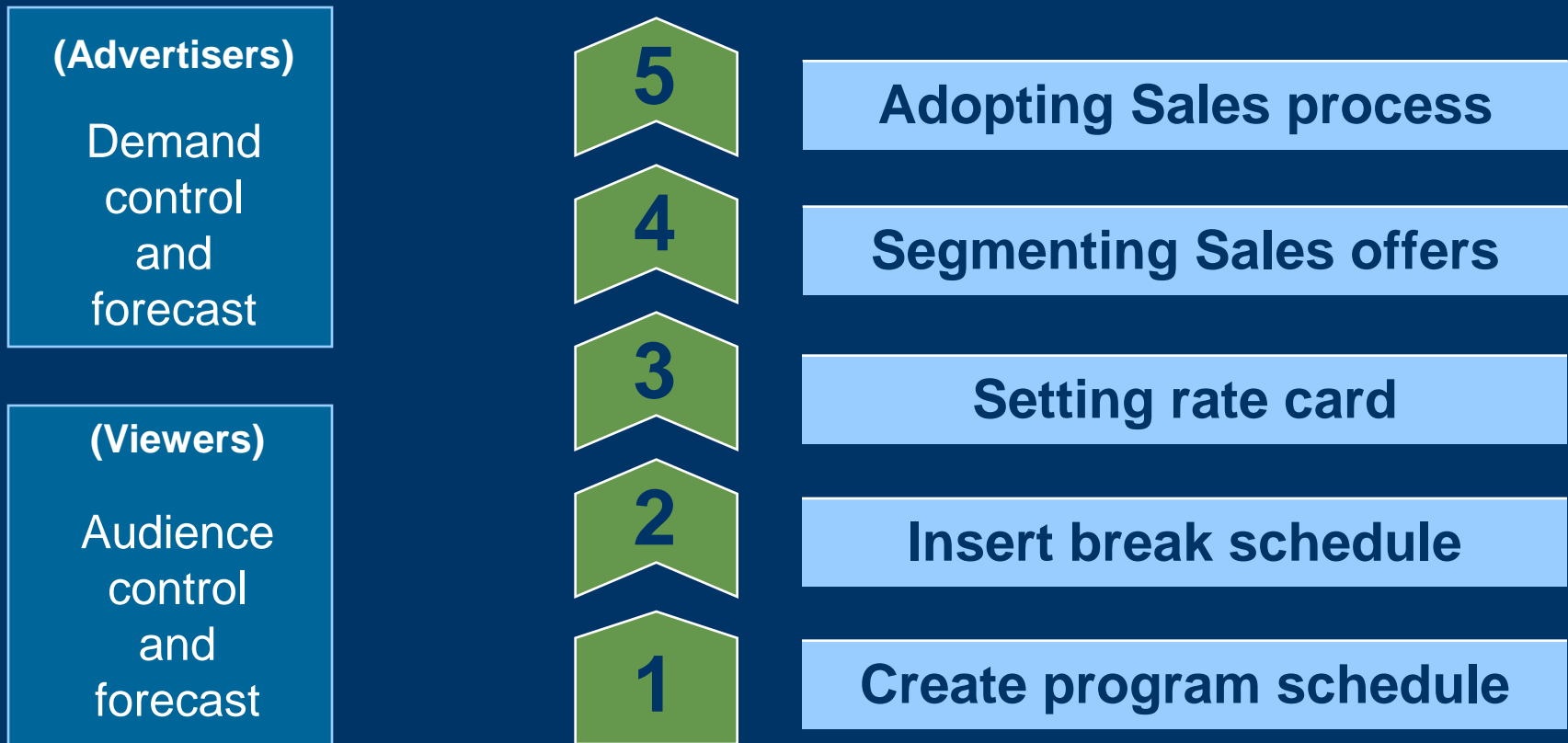
**YIELD ?**



(Synonym : Productivity - Efficiency - Return)

# Yield focus at each step of TV process

## Yield Focus



# Yield focuses

1

- Guts feeling assisted with...
- Internat. Program knowledge
- Viewers behaviour analysis
- Program Audience forecast

2

- Break Audience Forecast
- Competition Analysis
- Viewers behaviour analysis
- System Flexibility

3

- Audience Forecast per Target
- Market Demand Analysis
- Environment factors

4

- Customer behaviour Analysis
- Product historical trends
- Demand forecast per offer

5

- From fair share to best share
- To sell even within less seconds
- Productivity (Time & people)

Knowledge - Brain - Software - Willingness

Productivity - Efficiency - Return



# YIELD CONCEPTS

# Revenue Management was invented in a “deregulated environment”

## Objective

**Better match supply with demand in order to**

- Optimise Net Revenue
- Broaden Customer Choice

# Revenue Management relies on 4 principles

## Principles

- Product segmentation
- Demand forecast
- Inventory Management
- Company strategy

# Principle 1

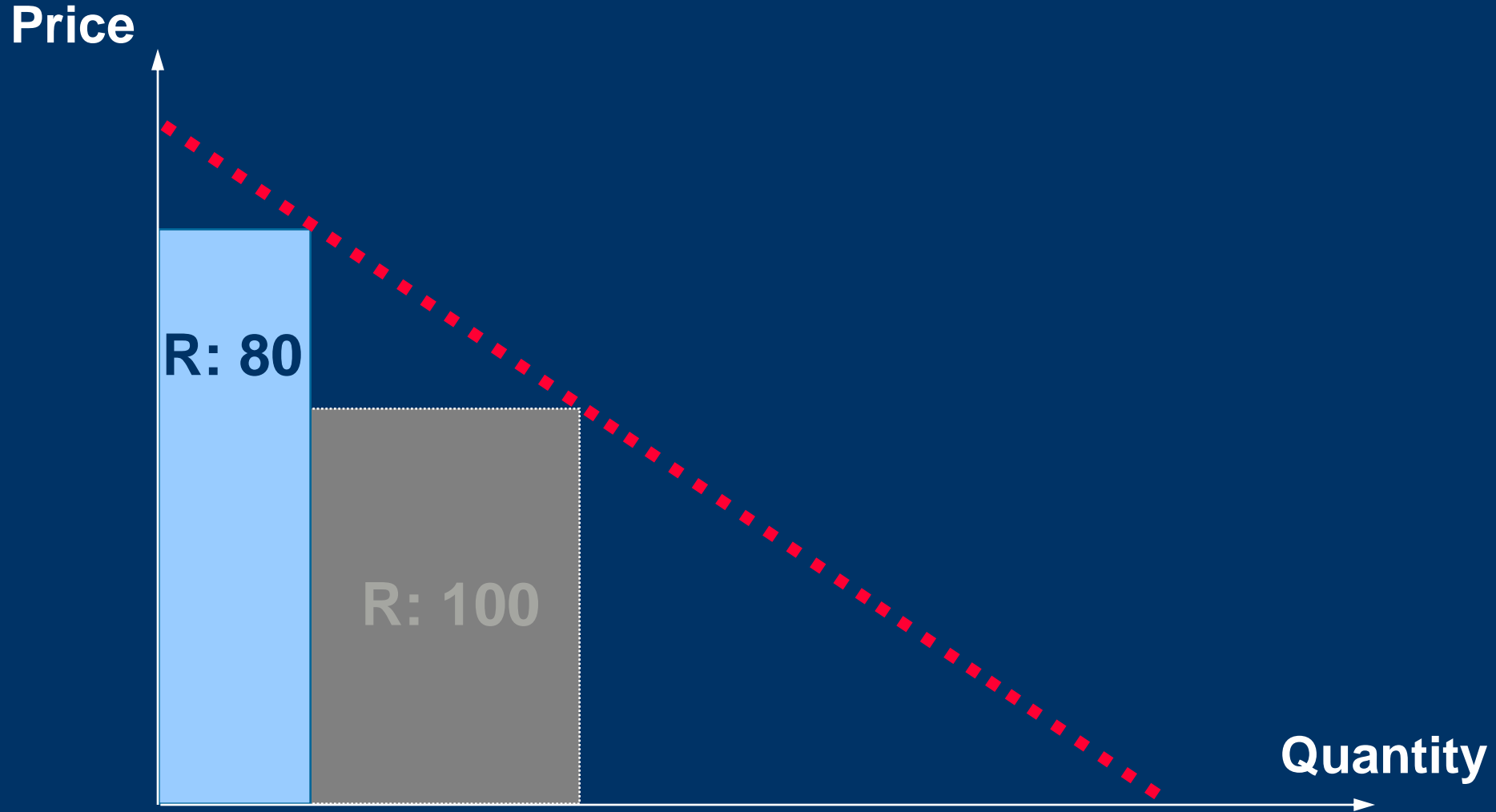
Product segmentation  
Demand forecast  
Inventory Management  
Company strategy

**Products segmentation** increase revenue if you provide different types of customers with different products / prices

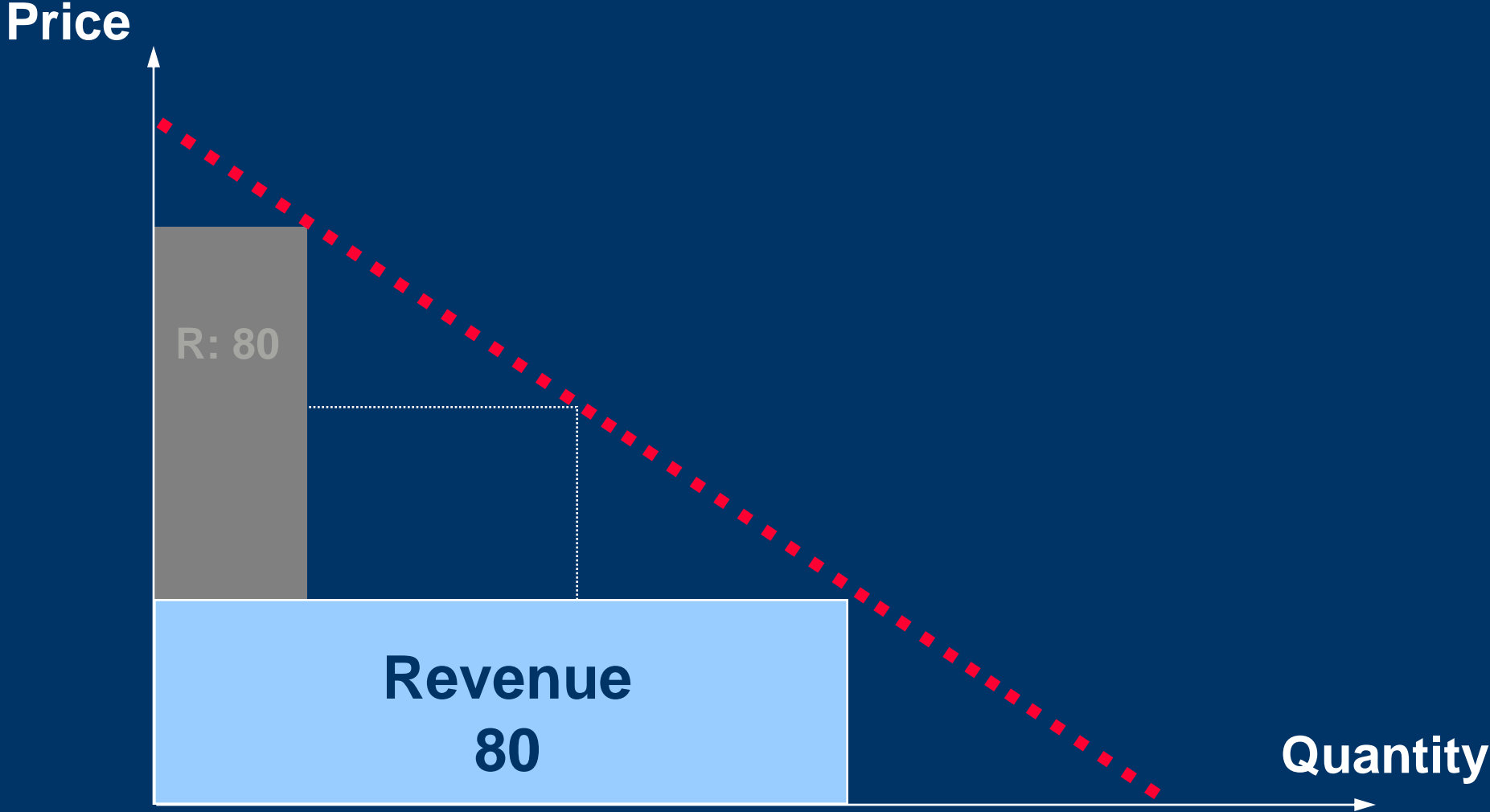
# Media usually sell airtime at "the optimal price"



# A higher price could mean a different level of revenue...

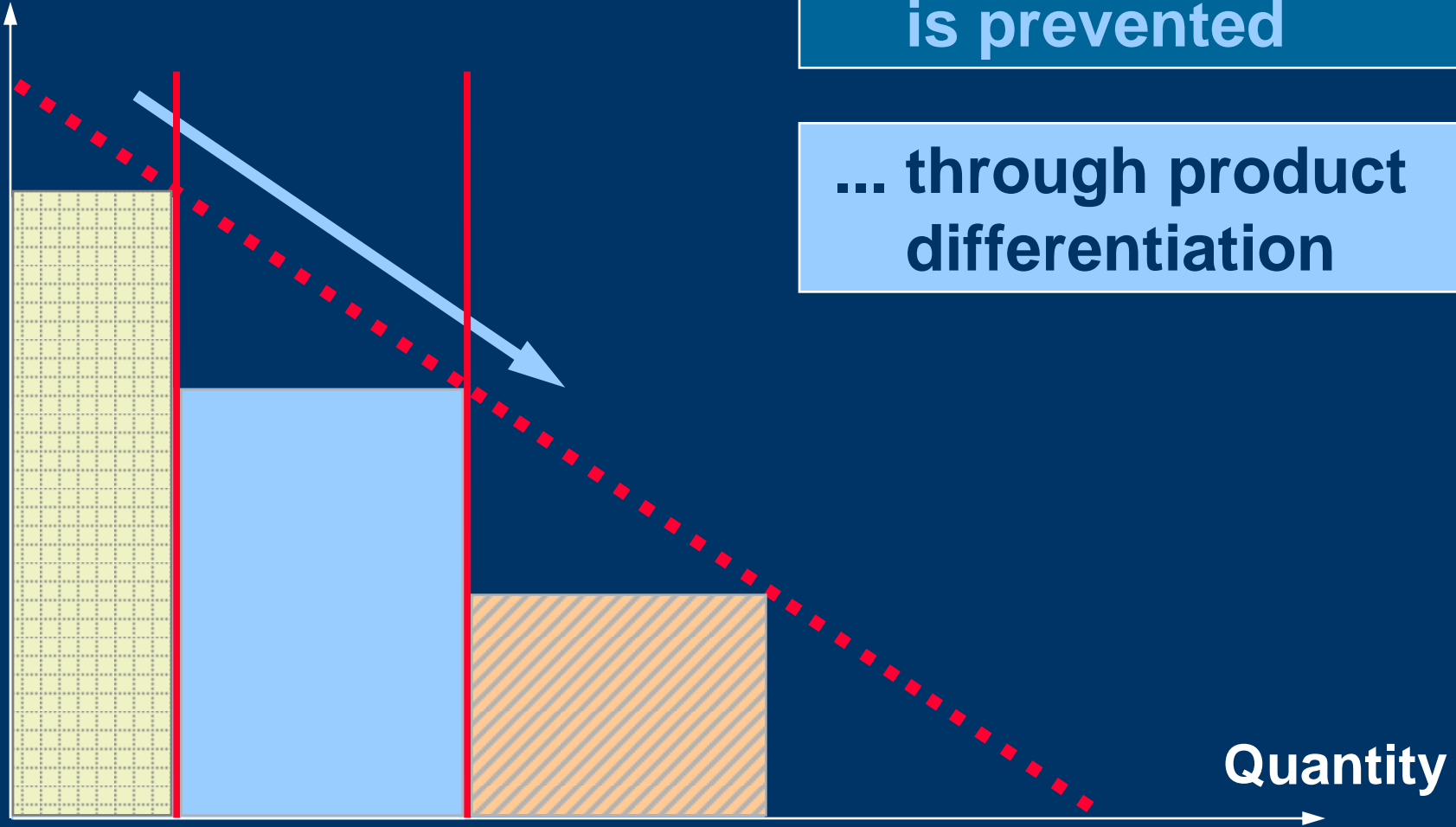


# ... as well as a lower price



# Different price levels for different customers should increase revenue...only if...

Price



... Revenue dilution is prevented

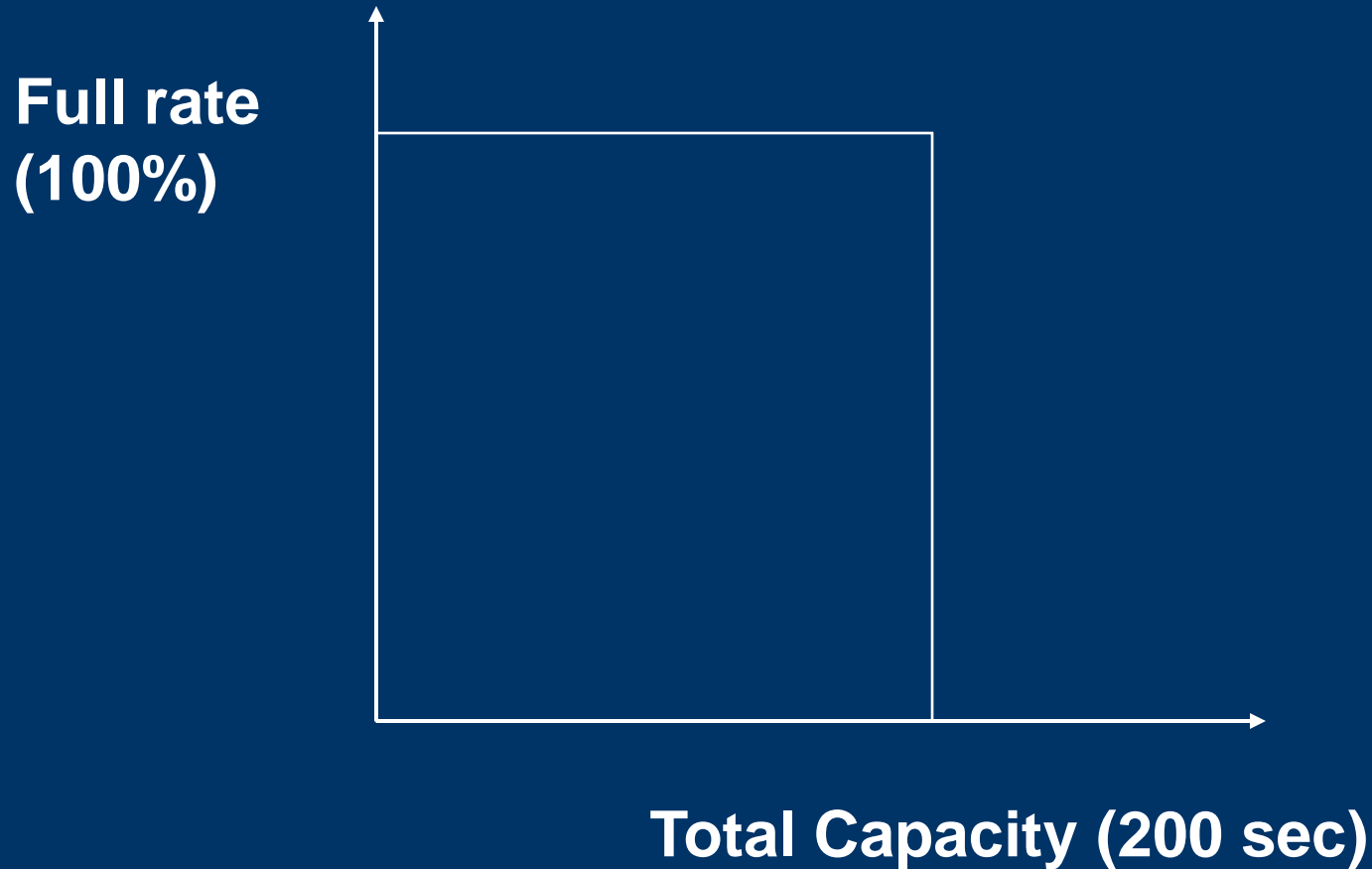
... through product differentiation

# Principles 2 and 3

Product segmentation  
Demand forecast  
Inventory Management  
Company strategy

**Demand Forecast and Inventory  
Management** optimise revenue  
within capacity constraints

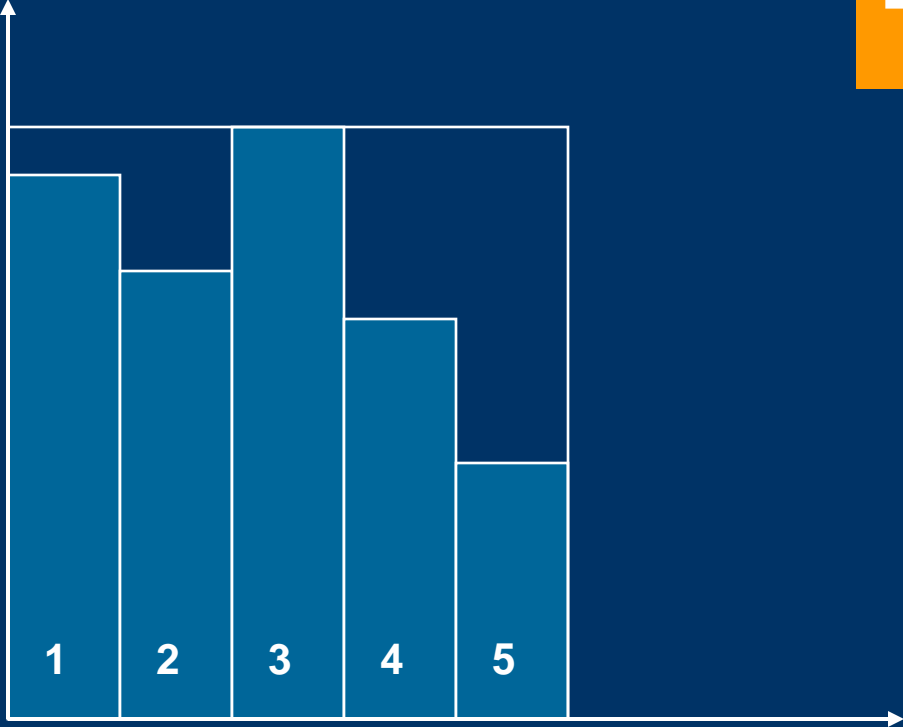
# Allocating capacity is no longer a "back-office" service



# “First in, first served” rule creates random revenue...

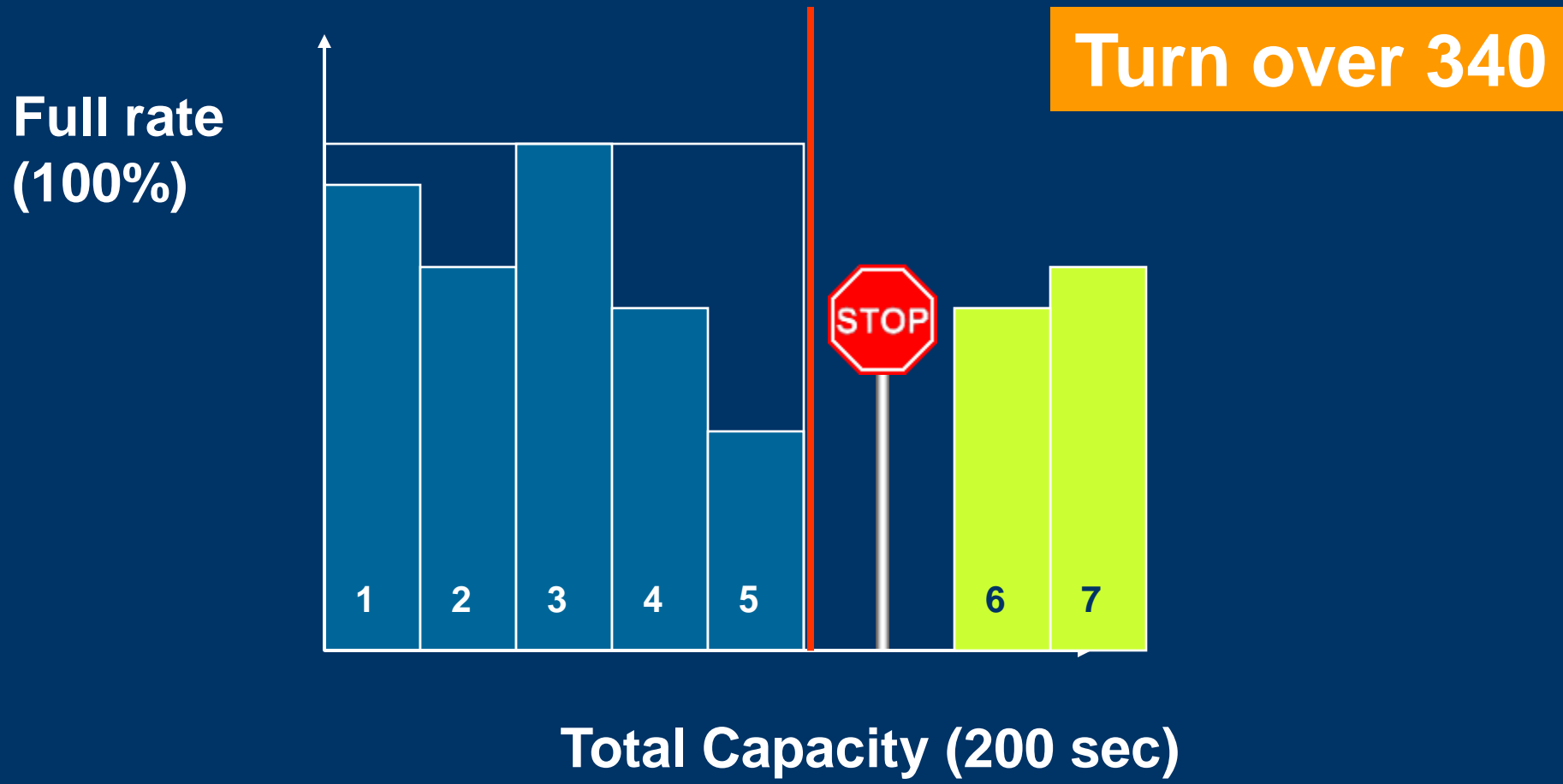
Turn over 340

Full rate  
(100%)



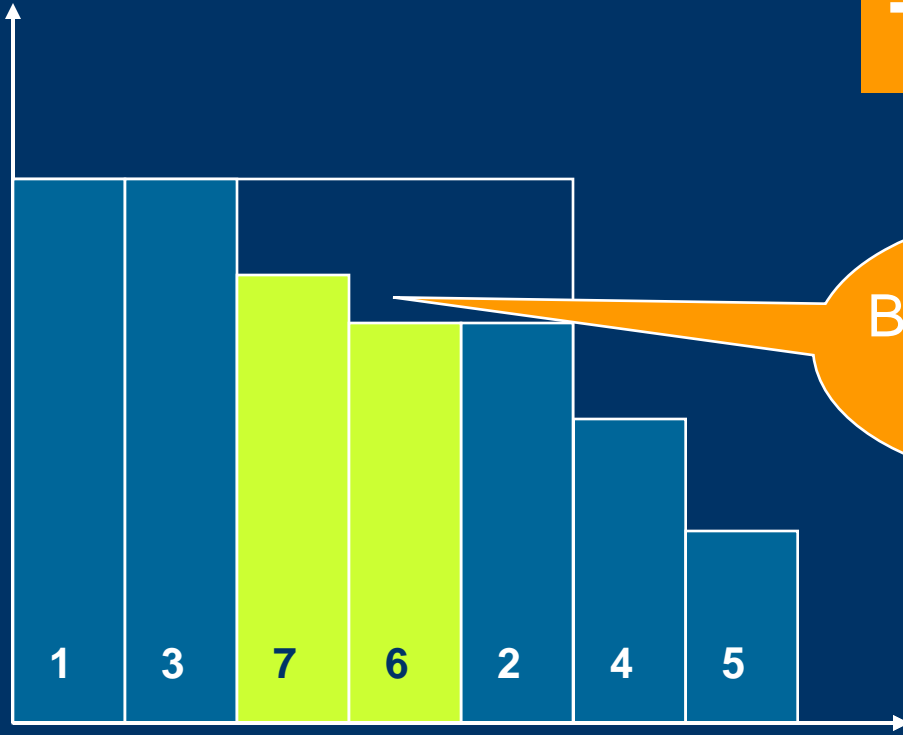
Total Capacity (200 sec)

# ... as there is no garanty that contributives advertisers are always accepted



# Forecast demand and management of inventory access creates more revenue

Full rate  
(100%)



Turn over 400

Best in,  
best served !

Total Capacity (200 sec)

# Principle 4

Product segmentation  
Demand forecast  
Inventory Management  
Company strategy

Revenue Management Techniques  
can answer  
different **Company Strategies**

# Different company strategies : example of the airline industry

Distance : 2100 Miles

Capacity : 200 Seats

FARE CLASS	AVERAGE REVENUE	TARIFF EMPHASIS	LOAD FACTOR EMPHASIS	REVENUE EMPHASIS
Y	420 (\$)	20	10	17
B	360	23	13	23
H	230	22	14	19
V	180	30	55	37
Q	120	15	68	40
Total PASSENGERS		110	160	136
Load FACTOR		55%	80%	68%
TOTAL REVENUE		28 940	30 160	31 250

# Different company strategies: example of the media industry

Capacity : 200 seconds max

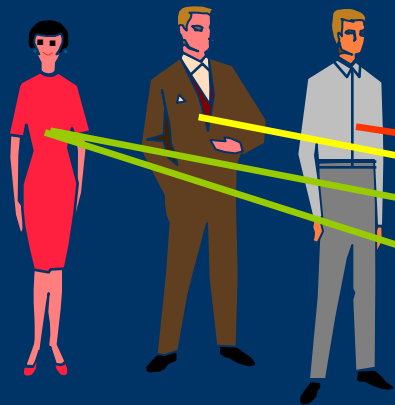
Kind of order	Average revenue	Tariff emphasis	Load factor emphasis	Revenue emphasis
Premium	100	<b>20</b>	10	17
Standard	60	<b>23</b>	13	23
Package	50	22	14	19
Barter	40	30	55	37
Bonus	20	15	68	40
Total Spots		110	160	136
Load FACTOR		55%	<b>80%</b>	68%
TOTAL REVENUE		5980	6040	<b>6310</b>



# Optimisation module : Adapt Yield to Company Strategy

Through Customer Value Adjustment Table

Customers



CLASSES

A

B

C

D

Spots

Late offers

Packages

Products

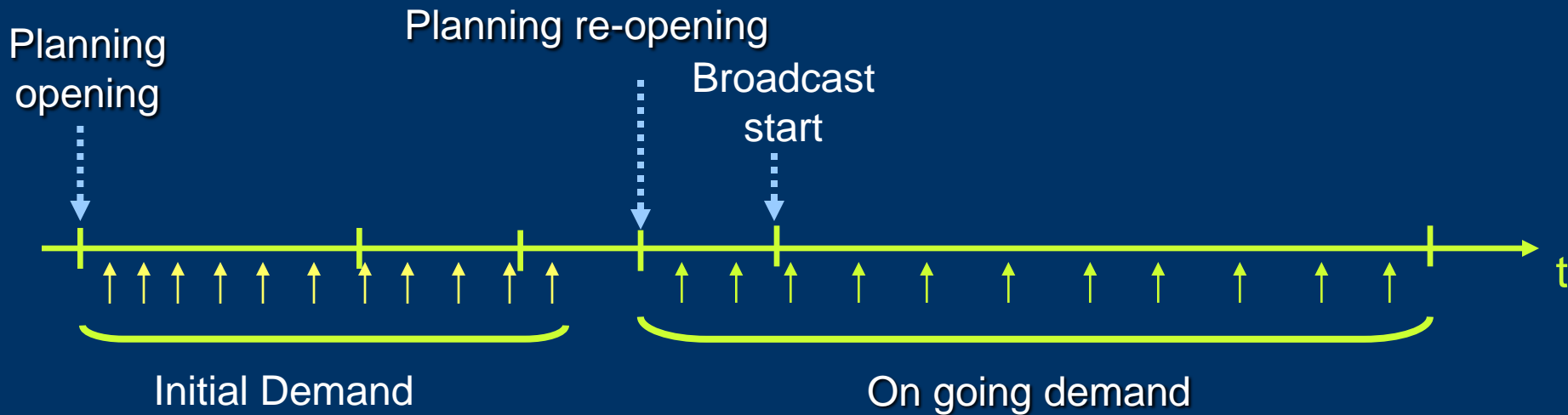
# In conclusion, Revenue Management

- Relies on Simple Ideas
- Is implemented through Sophisticated Process
- Was successfully developed in other industries
- Has been adapted by Peaktime to the TV and Radio markets



**KNOW / FORECAST / OPTIMISE**

# Two major phases in the Media cycle



Let's focus !

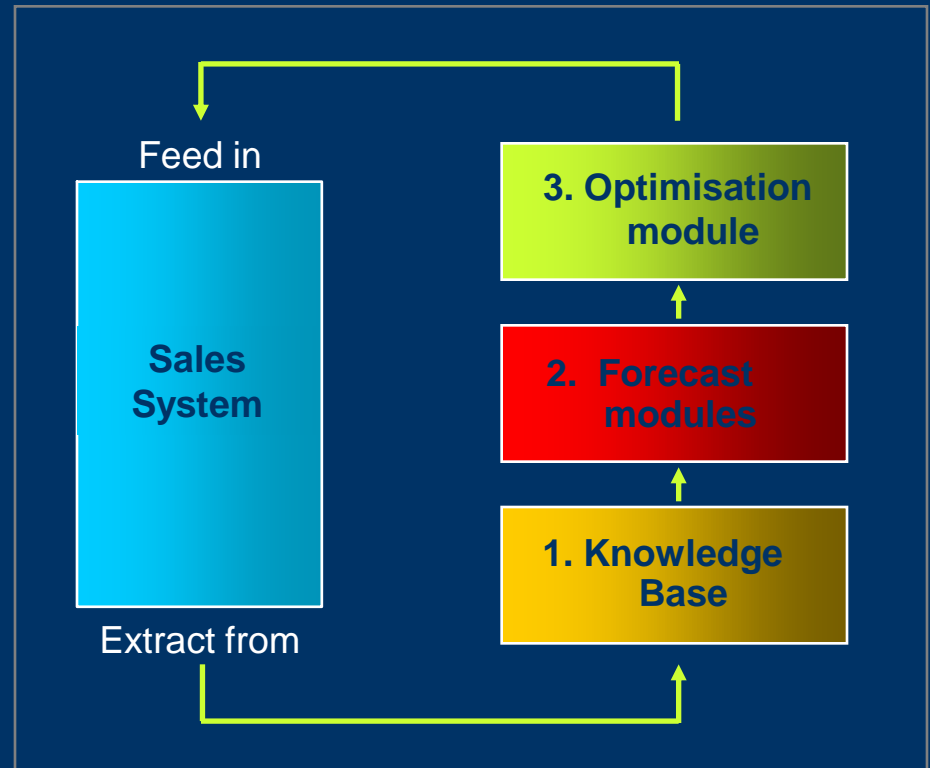
# Revenue Management in your company

- Is to be implemented with a step-wise approach

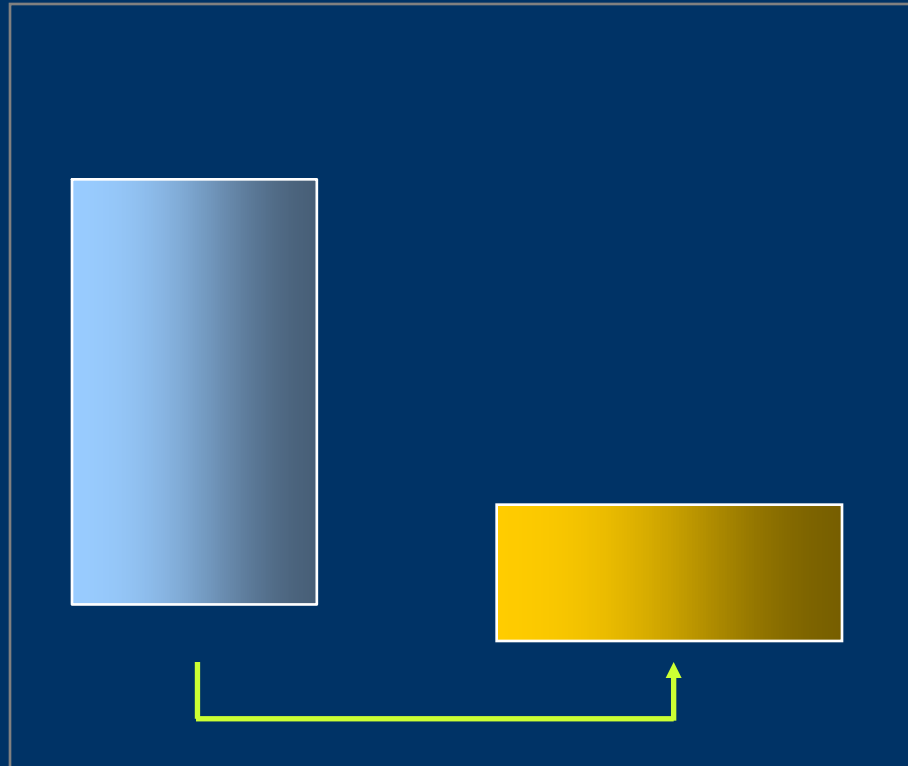
→ To optimise

→ To forecast

→ To know

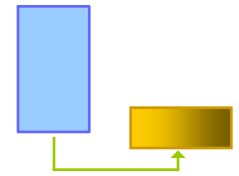


# TO KNOW



# Knowledge Base :

## “Understand past behaviour”



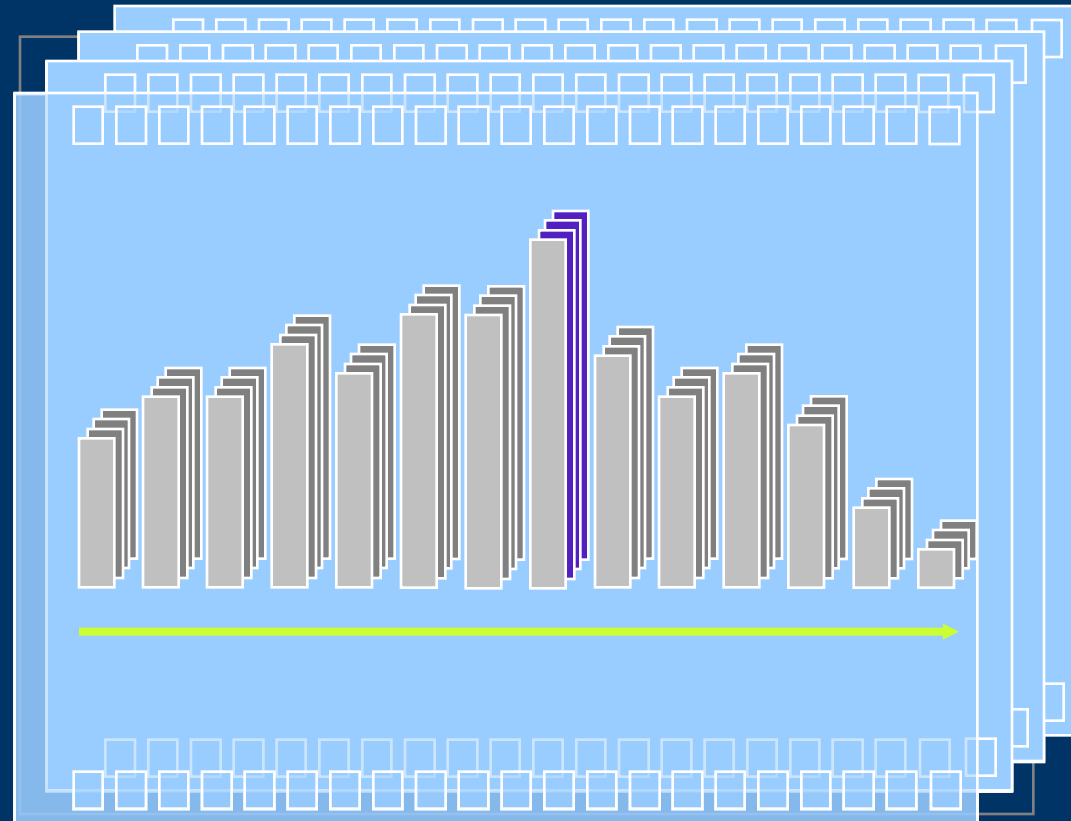
### • Sales information database

→ Long term objective

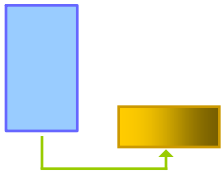
- Forecast demand

→ Short term value

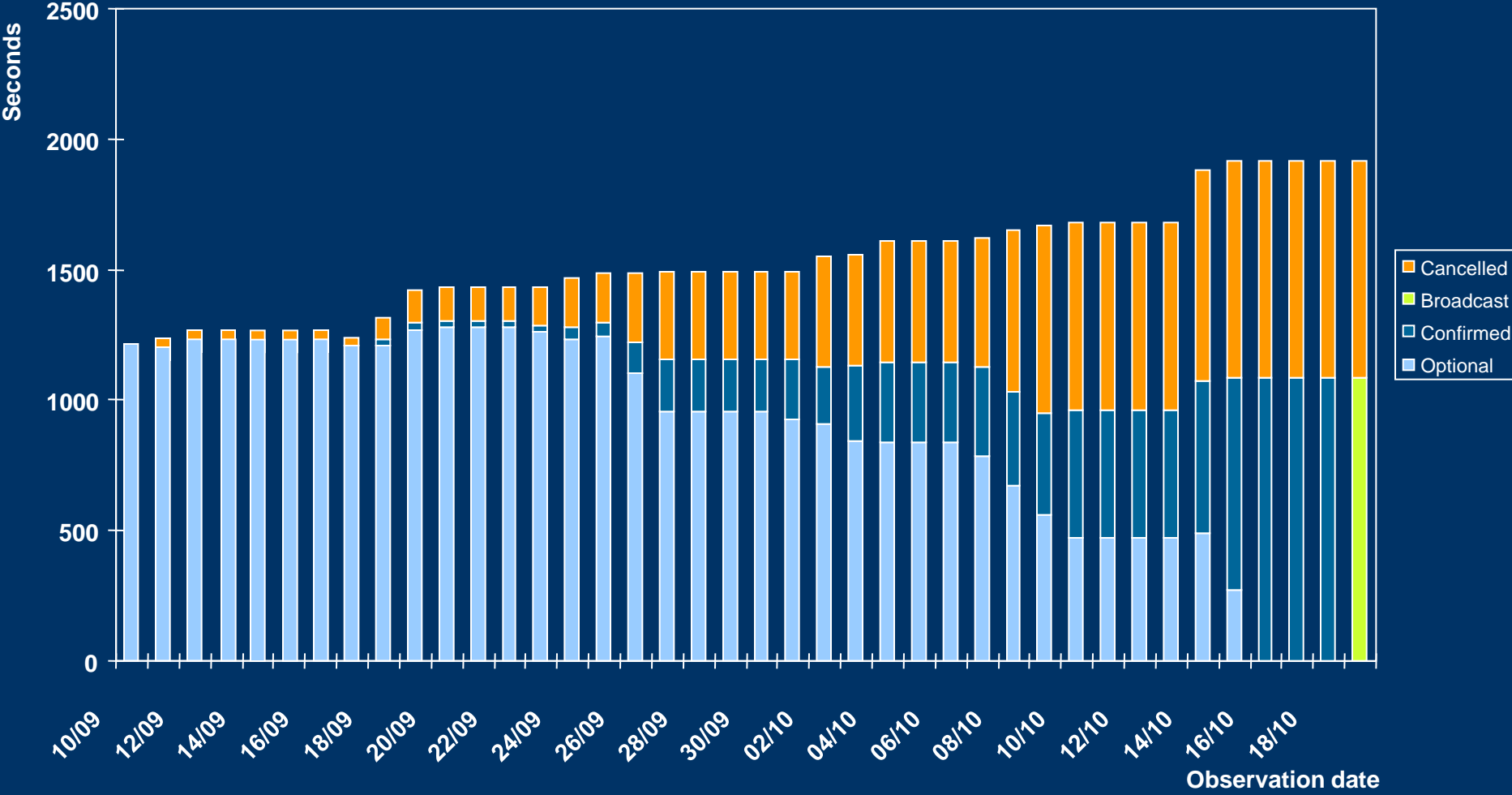
- Customer behaviour
- Cancellations patterns
- Etc.



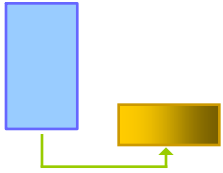
# Ex 1 : booking behaviour



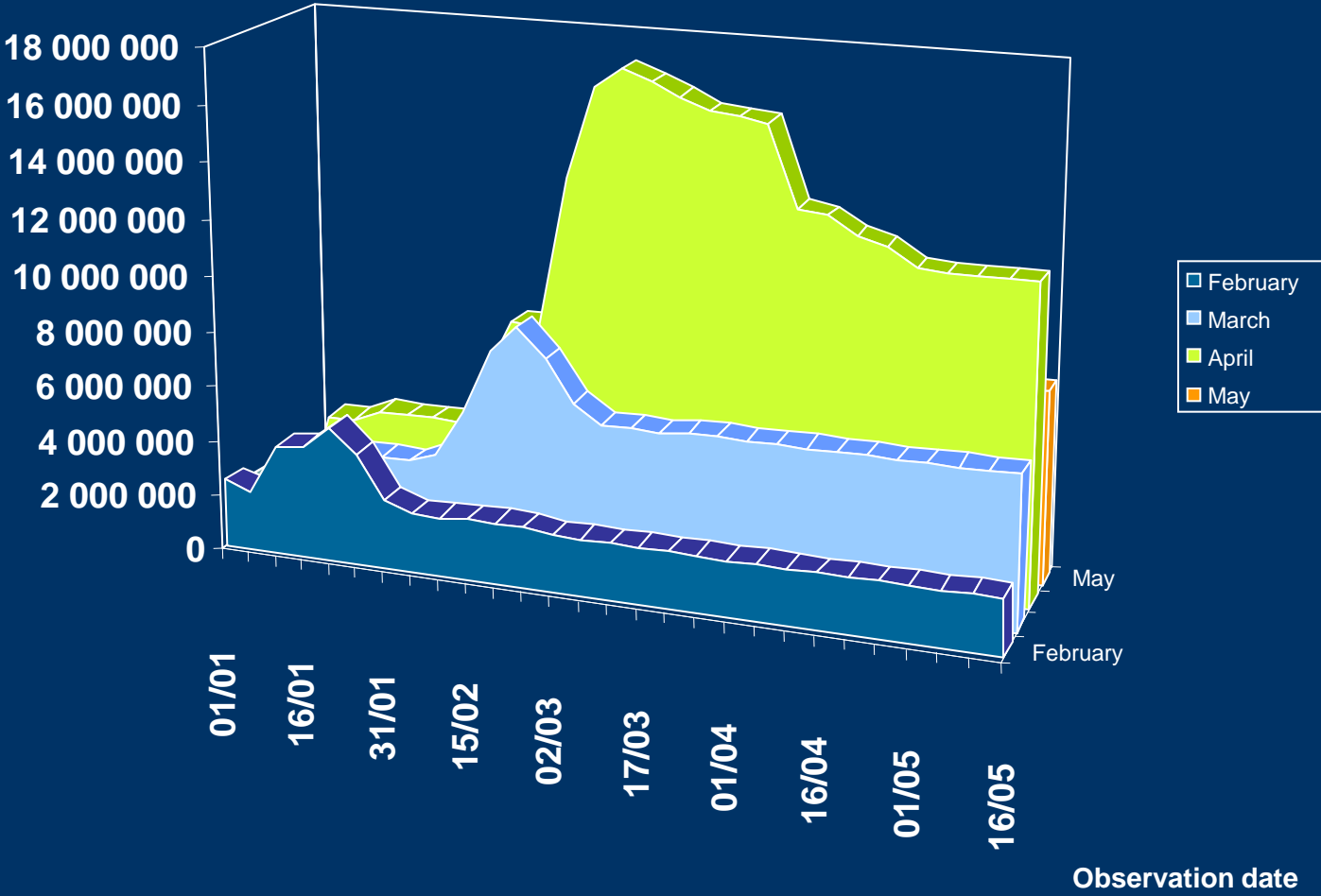
- Bookings on channel PEPS for broadcast Oct. 19 between 19:00 and 21:30



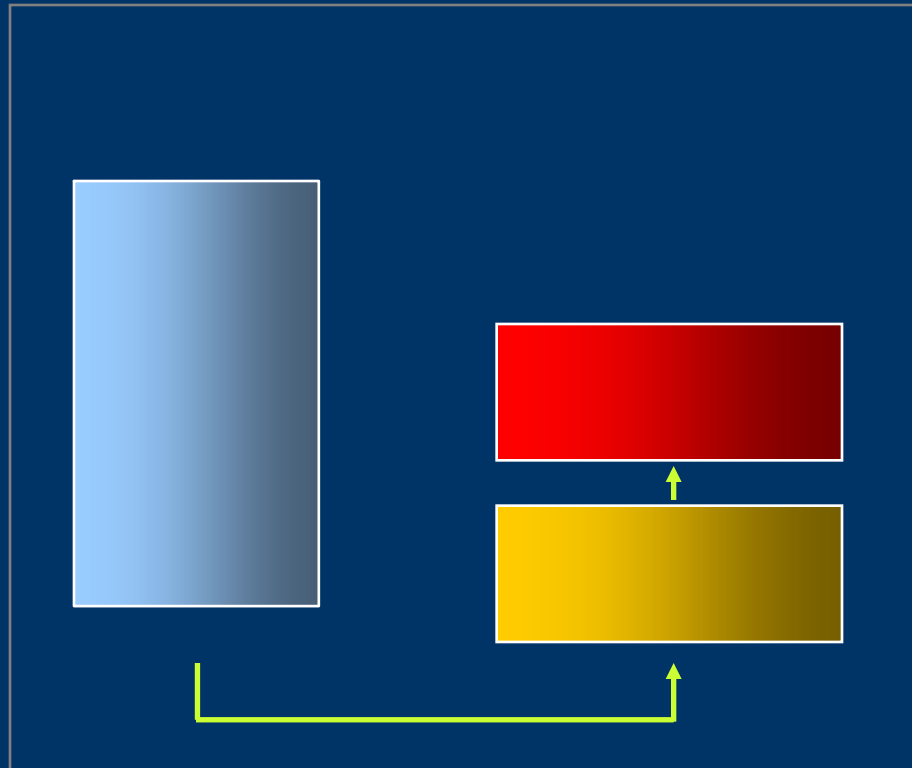
# Ex 2 : booking profile of an advertiser



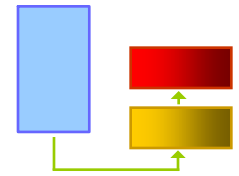
- Bookings and Cancellations nearer the broadcast dates



# TO FORECAST



# Forecast module (1) : “Set up yearly objectives”



## 1. Macro-Forecast

- **Objectives**

Set up & follow up yearly budget at a macro-level

- by station
- by sector
- by Top advertisers

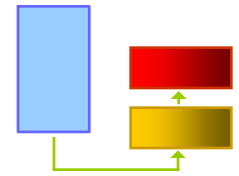
- **Impact**

Automatically propagate at a detailed level :

- by months
- by ...

**Manage  
multiple  
hypothesis**

# Forecast module (2) : Permanent calculation



## 2. Daily Forecast

- . Mixes Past Data + Yearly Objectives + Actuals
- . Forecast Future Demand (+15 days ... +60 days)

- Recommend Lowest Acceptable Price
- Recommend Overbooking Level
- Recommend Capacity Adjustment

- ▶ Bid Price
- ▶ Unconstrained demand
- ▶ Cancellation patterns
- ▶ Materialisation index

Moneytime replaces  
**Intuitive Planning Management** by  
**Company-wise Process** for opening and  
closing available breaks



**How to start Yield ?**

**...let 's follow the guide !**

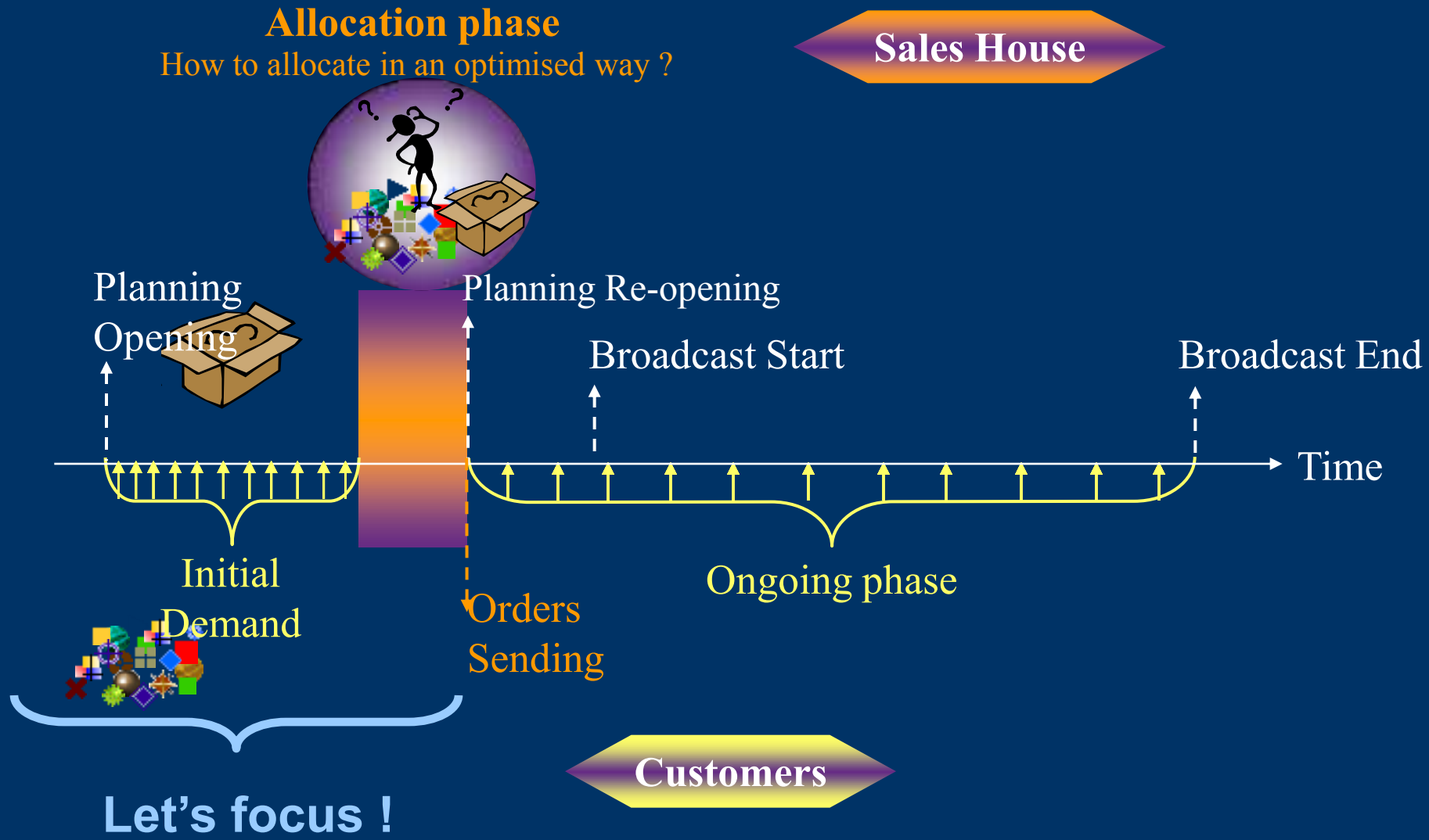
PEAKTIME



## Allocating Initial demand

# Context

Where does **Adloc Specific** take place ?



# Schematic

## • Objectives

### → Revenue Maximisation

YIELD MANAGEMENT

- Allocation Problem

### → Under constraints

MARKETING

- Offers giving priority to planning



- Capacity (legislative...)



- Advertisers, campaigns... satisfaction



- Respect of contractual agreement



- Sector-based competition

SALES

PLANNING

**Allowing simulation approach**  
**Improving decision process**

# Run

Allocation Problem



Optimisation Scenario

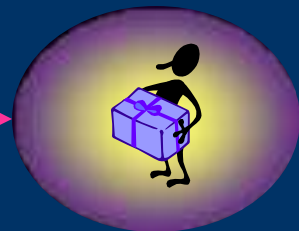


Represents the planning reservation corresponding to the :

- user objectives,
- user modifications : hand made allocation (forcing or rejection of spots).

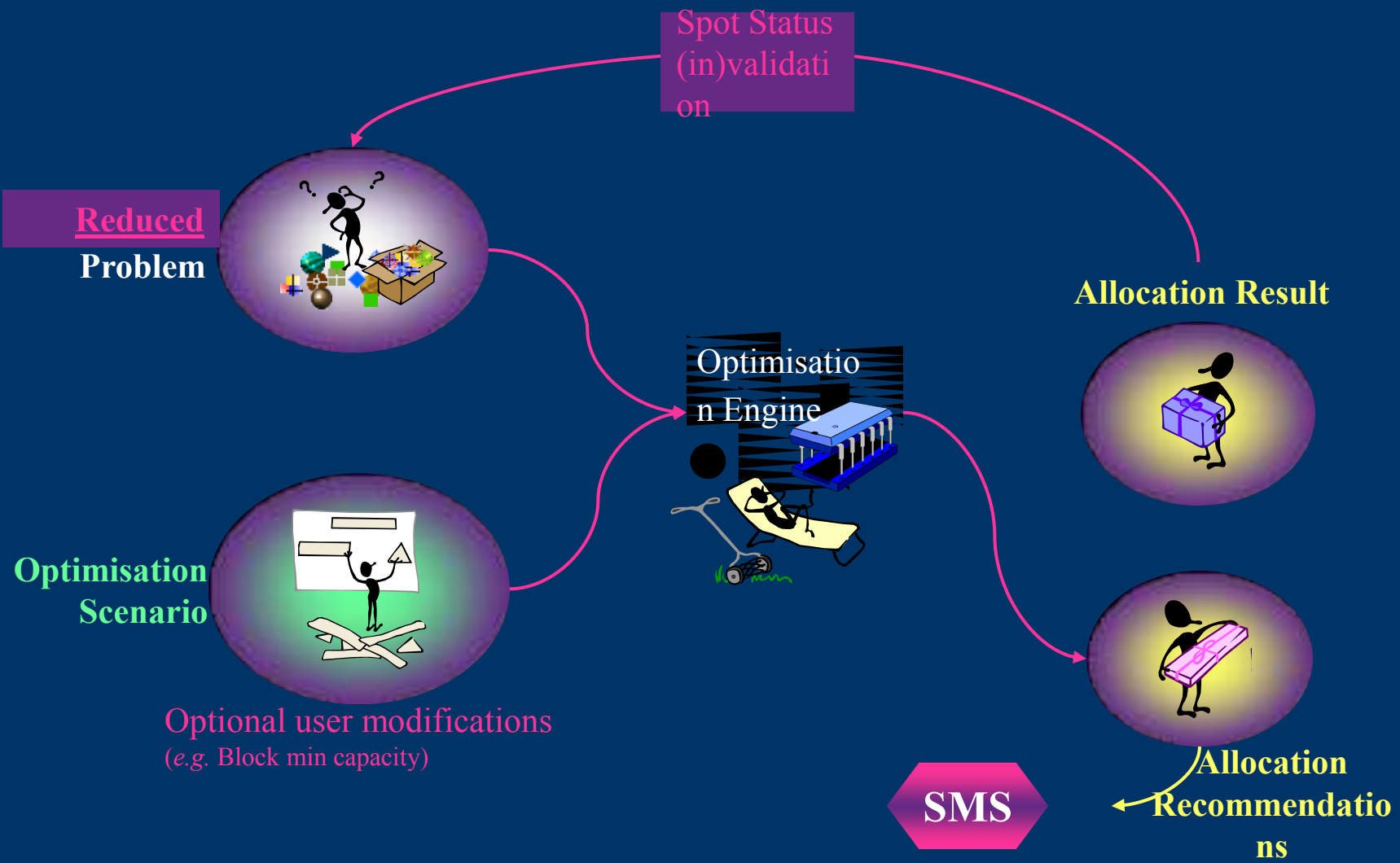


Allocation Result



- Sum up all the users objectives.
- Activation or not of various constraints (e.g. use of competition).

# Run



# Gain estimation : ADLOC Specific

- **In Revenue and Revenue per seconds**

Allocate as many seconds in less space

→ After Initial allocation

→ After Broadcast

- **In Productivity**

Allocate as many campaigns in less time

→ Adloc process : 10mn for 700 campaigns

→ Quality selling

# In Revenue

- **After Initial allocation**

- Compared to user input campaigns the gain is approximately **10%** in revenue/seconds (6% in Summer time).

- **After Broadcast**

- Taking into account counter proposals and available space at broadcast date the gain is at least of **1%** of the total turnover.

# Gain estimation : ADLOC Specific

- **In Revenue and Revenue per seconds**

Allocate as many seconds in less space

→ After Initial allocation

→ After Broadcast

- **In Productivity**

Allocate as many campaigns in less time

→ Adloc process : 10mn for 700 campaigns

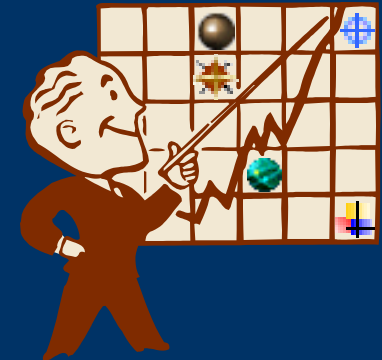
→ Quality selling

# In Productivity

- Before ADLOC

Input **①** Campaign :  
target audience, target  
Budget ,etc...

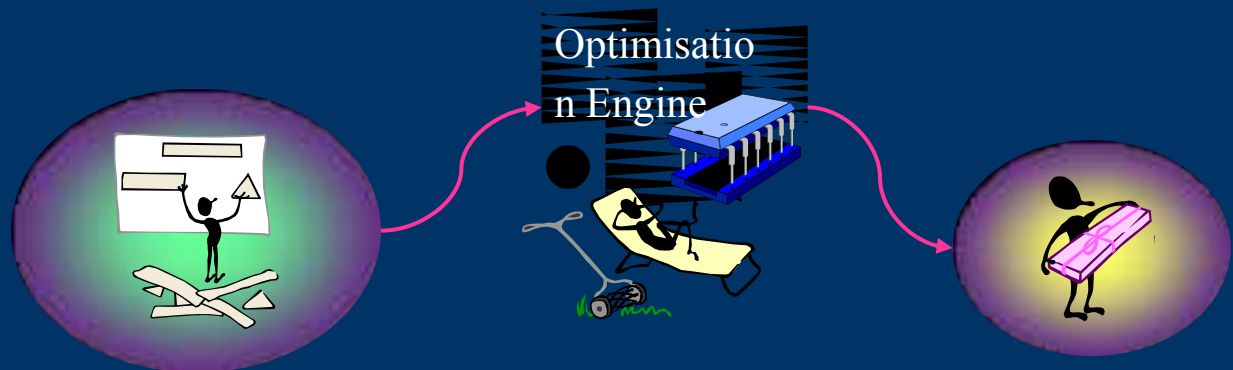
MANUAL INPUT  
OF SPOTS



- With ADLOC

Input **①** Campaigns :  
target audience, target  
Budget ,etc...

~~NO MANUAL  
INPUT OF SPOTS~~



# Quality Selling

- **Without ADLOC**

Planning enters and books the campaigns **one by one** following a **manual** pre-defined order.

- **With ADLOC**

Planning enters Target Budget and CPT Target for All campaigns and ADLOC treats them **all** at once with the idea of an **optimised revenue/ seconds**

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