

Operator Invents New Way of Advertising

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Tricolor TV and Agency 2 may get \$24 million in 2012 from their ad project.

Channel flippers, beware. From now on, the more channels you flip, the more ads you will see — at least if you're a subscriber of Russia's largest satellite television operator Tricolor TV, which has launched the world's first attempt to make advertising a regular attribute of channel surfing sessions.

The television operator and Agency 2, which provides advertising services to the former, have started to show two to three second ads in the time that a channel flipper waits for a new screen to upload.

This new advertising structure effectively makes the television operator, rather than the channel, the carrier of advertising material.

"It's a unique situation," said Ilya Sorokin, general director of Agency 2. "The operator has become a player on the advertising market. This never happened before. Actually, before digital technology, this wasn't even possible."

The new advertising mechanism, Operator A-services, is currently in its test phase on Tricolor TV's channels. It includes two services, A-Zapper and Operator A-pack.

A-Zapper intends for the placement of static or dynamic full-screen banners that television viewers will see as they flip from one channel to the next. The sale of these banners will be based not on the length of the ad, but on how many times it is shown.

The average Russian who lives in a city of 100,000 people changes the channel 24.5 times each day, according to a recent study by TNS Russia. Tricolor TV currently has over 10 million subscribing households in the country. With this in mind, the operator's daily net of channel flips — and consequently, exposure to ad banners — could reach 655 million.

The Operator A-pack service allows the television operator to cut in a block of its own advertising across its 40 channels. The platform is marketed as a way for advertisers to reach a variety of audiences simultaneously.

Sorokin said that the companies expect to get 800 million rubles (\$24 million) in advertising revenue through Operator A-services in 2012, with the number increasing to 2.6 billion rubles in 2017.

Some advertisers, including automobile companies Chery and GAZ, have already signed up for the service. However, it is not yet known how many will choose to stay onboard once the price of the platform goes up.

Agency 2 currently offers the opportunity to advertise through Operator A-services at a discount, but Sorokin doesn't rule out increasing their prices if the elusive channel flippers prove to be a good advertising audience.

"In the future, due to the increasing demand for the service and possible macroeconomic changes, we will of course reconsider our prices," Sorokin said.

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