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Talking to Hulu's Jean-Paul Colaco: A passion for serving video-hungry consumers and the advertisers who want to reach them

Now just barely two years old, Hulu has become synonymous with the morphing of Internet and TV, as well as the revolution in consumer control of media. Co-owned by NBC Universal, News Corp. and Providence Equity Partners, it is independently operated – offering TV shows, movies, and other video clips for free, on demand. It also is at the cutting edge of finding ways to monetize the online video experience, seeking to provide a combination of consumer engagement and defined ROI for advertisers. The company also made an old-school media splash when its ads featuring Alec Baldwin appeared multiple times during the Super Bowl.

As Senior Vice President of Advertising for Hulu, Jean-Paul Colaco is responsible for all advertising sales and operations, as well as innovating on advertising products and services. Before joining Hulu, JP spent over 12 years at the Walt Disney Company, where he last served as Senior Vice President, Business Development reporting directly to CEO, Bob Iger. Previously, JP was President and General Manager of Radio Disney worldwide, a music intensive radio network for kids and families.

A:|R recently had a chance to catch up with JP to talk about Hulu's heady success, the task of measuring online video and advertising, and how Hulu plans to keep consumers coming back.



How can Hulu help marketers and advertisers get full value out of the consumers they attract?

There are several ways Hulu helps marketers get the most impact on Hulu's customers. First, we ask clients for very specific objectives for the campaigns. Next, we use this input to build an advertising plan that maximizes effectiveness against the objectives. In addition, we provide a clean, clutter free environment that allows their brand messaging to stand out. We also use innovative ad formats and sponsorships that create an extremely high level of engagement. Finally, we measure the results using internal and third-party data. For example, an auto manufacturer wanted to enhance the perception that it makes

fuel efficient vehicles, and do so among a very specific target audience: adults ages 25-49 who were in the market to purchase a new vehicle in the next 12 months. Knowing the manufacturer's objective, we were able to set up the proper design to measure the impact of advertising on Hulu. The payout was that exposure on Hulu led to a significant increase on this attribute for their target – an increase in excess of 12%. We were also able to show them the specific level of frequency at which the highest level of impact was achieved.

At this stage of the on-line video marketplace, how important is it to start to understand online video from the audience's point of view – as opposed to simply ratings data?

The audience is our most important customer. Everything we do at Hulu is centered around the user and providing the optimal user experience. We leverage their continuous feedback from emails, blogs, Twitter and internal statistics to continue to enhance the service and provide more and relevant content and advertising.

For example, we are able to target a message to a specific audience. We can serve a video ad for an energy drink to a teenage boy in Des Moines while we simultaneously serve another video ad for a beauty product to an affluent mom in Tampa. We use server data to deliver the messages, but we use people-based audience data to determine if they should be reached with that specific message. Keeping things relevant to the Hulu audience not only improves the user experience, but also provides great results for our advertising clients.

We also leverage the audience point of view in a qualitative fashion, to understand how we're doing in terms of the usability of our products and leveraging the online space – be it email, the blogosphere, the twitter-sphere – for feedback about the service we provide and the wants and needs of our customers to improve that service.

Do you sell Hulu as a complement to regular TV or as a substitute?

We see online video as an opportunity to significantly enhance a TV buy. Online video can be a more impactful advertising experience and provides an incremental audience. Online video combines the sight, sound and motion of television with the interactivity and accountability of Internet advertising.

How do Hulu users differ from other online video users?

Hulu's user base encompasses men and women of all ages – early adopters, technology enthusiasts, and others. The median age of a Hulu user is 35, and median income is \$90k. Our users are affluent, and 64% are in the key 18-49 marketing target. Additionally, many of our users are highly engaged with the service, spending almost 3 hours a month watching Hulu videos (According to comScore Video Metrix February 2009).

As Boomers and others become more open to the idea of watching TV online, are you changing your marketing of Hulu? Is it complicating the way you position your product?

Our goal has always been to provide access to premium content anywhere, anytime, and for free. To that degree, we

are focused on targeting a broad audience that decides that they want to watch premium online video and making them aware that an online video service like Hulu exists and to encourage trial.

What is Hulu's brand identity? How do consumers see it? How do you see yourselves expanding or capitalizing upon that identity?

From the beginning, we've focused on helping people find and enjoy the world's premium content when, where, and how they want it. We think that users want to consume media on their terms, because it's ultimately very much an impulse business. If you can make online video easy-to-use and consume, people will watch more, and that's what we see as our brand and our mission – expanding the audience for great content, particularly for viewers who wouldn't have connected with that content otherwise. As we continue to innovate and improve the Hulu service, our goal will remain the same: to deliver a service that users, content owners and advertisers unabashedly love.

Hulu recently invested in a high-profile campaign in "traditional" media. Do you have any thoughts about the pros and cons of that investment?

We are excited by the overwhelmingly positive user response to our recent advertising campaign. We were able to grow our user base by 50% from 24 million unique viewers in January to more than 35 million in February. We continue to see an increase in viewership and are sustaining our marketing campaign.

We know that there are a variety of measures of online video use out there. What types of measures are you looking for that aren't being provided?

Currently, granular, quality measures of time by demographic aren't being provided, but fortunately our registered users provide a lot of insight into what third party measurement currently cannot provide. As online video measurement improves the status quo, and we look to measure and compare exposure across multiple media, we have to remember that most methodologies, for better or worse, count differently. We are also working with our clients and measurement services alike not only to demonstrate measurement in terms of "potential exposure," as with the case of TV, but also to quantify the "quality of exposure." For example, we have seen that an ad execution on Hulu can have two to three times the ad effectiveness as the same execution in the same program on standard television, according to Nielsen IAG ad effectiveness data we have been using to illustrate this point. That should be a factor in media planning metrics and the subsequent tools that leverage them.

Aside from the various ratings, what other types of research do you utilize to sell Hulu?

As a premium advertising vehicle, it is important for us to measure success for our advertising partners. Our mission is to provide the most effective video advertising platform for our advertisers. We use reputable, syndicated products that measure important things like engagement and ad effectiveness. We also perform a lot of controlled experiments, work with marketing mix modeling researchers, and tie exposure back to sales when possible.

In addition, we provide standard backend metrics such as campaign delivery and click-thru performance.

Is there enough "behind the ratings" research being done?

We believe that we can build a better advertising experience for the user, and many of the metrics we are using are helping us continue to evolve that experience. Now we are doing research in partnership with our advertising clients to measure why and how things are playing out the way they are.

You were also involved in Radio Disney, which launched without a currency measure for childrens' and moms' radio. (Coincidentally, it was KN that ended up providing RD with a currency to sell on.) Do you see Hulu as a somewhat similar situation, and how do you address the challenge of selling when you may not have the depth of audience insights that traditional media may have?

Fortunately for Hulu, third-party measurement providers are measuring online video, and helping to provide us with currency measures for the industry. It's challenging that there are multiple companies with very different counting methodologies, which creates confusion for advertisers. There is also limited cross media measurement available that allows advertisers to measure reach and effectiveness across television and online video. That said, having competing and viable measurement services out there only helps to improve the quality, speed to market, and context of the data. We continue to push what is possible in online video measurement and work closely with third parties to improve the types of data that are available for us and our clients.

What is your sense about how consumers approach viewing TV shows online as opposed to on TV? Is the experience more similar or more different than we would typically suspect?

Audiences are passionate about their shows, no matter what screen they are watching on. Through the online experience, however, Hulu can provide more of an active and engaged experience, as viewers are "leaning forward." That experience includes convenience and control over what they watch and when and where they watch it.