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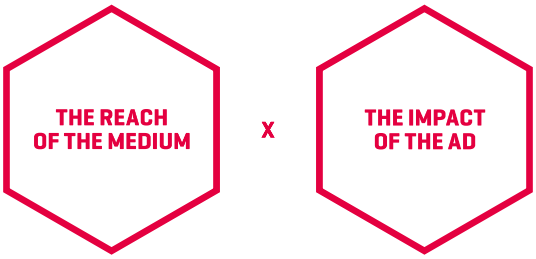
IN A NUTSHELL: VIDEO IMPACT – FUNDAMENTAL MECHANICS OF TV AND VIDEO ADVERTISING

A medium's advertising value is the product of its reach and the impact of the carried ad. Reach is the key to commercial success but reach must be evaluated with advertising effectiveness, which can vary from one platform to the next.

The goal of the VIDEO IMPACT publication is to examine fundamental questions regarding the impact and perception of TV and video advertising based on a set of interlinked research experiments. We put the main findings of our latest research projects into a marketing and media-planning context, hoping they might provide valuable insights for daily work in media and marketing and, furthermore, directions for new research.



HOW VIDEO WORKS

The Media Equivalence Study was awarded the 2019 Innovation Award of the Professional Association of German Market and Social Researchers (BVM) and is a winning paper at the AUDIENCE x SCIENCE Conference 2020 of the Advertising Research Foundation (ARF)

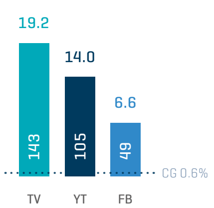
Google Germany, Mediaplus and SevenOne Media jointly conducted the Media Equivalence Study, which examines the impact of advertising on different video platforms. By means of a complex experimental design, the study shows the effectiveness of TV, YouTube, and Facebook under identical conditions.

The findings provide evidence of the power of video across all channels.[1)] Video advertising has stronger effects on TV than on YouTube and Facebook. On all platforms, two consecutive contacts within a short time window double unaided ad recall.[2)]

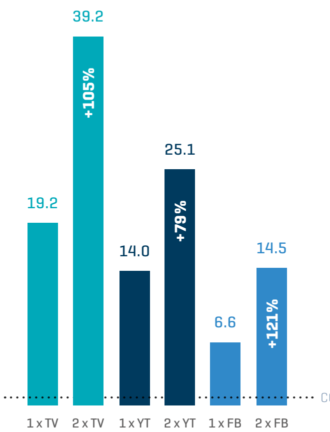
Moreover, online video platforms benefit from the combination with TV. Mixed contacts with TV have stronger impacts than two contacts on YouTube or Facebook.[3)]

The strength of television is not only reflected in unaided ad recall, but also in detail recall,[4)] which might give a better picture of how strongly TV advertising influences memory structures.

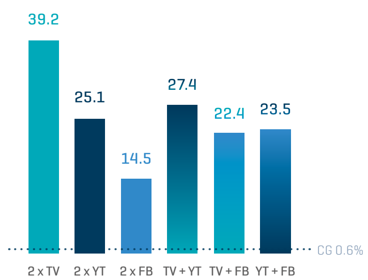
UNAIDED ADVERTISING RECALL AFTER SINGLE EXPOSURE [1)]
in % and index



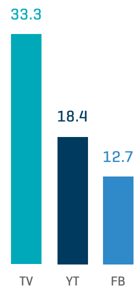
UNAIDED ADVERTISING RECALL AFTER SINGLE AND DOUBLE EXPOSURES [2)]
in % and uplift



UNAIDED ADVERTISING RECALL AFTER DOUBLE EXPOSURES [3)]
in %



UNAIDED DETAIL RECALL [4)]
in %



Source: Media Equivalence Study: Video, Facit Research

HOW VIDEO IS PERCEIVED

The In-Home Video Study was a winning paper at the AUDIENCE X SCIENCE Conference 2019 of the Advertising Research Foundation (ARF)

The In-Home Video Study gives a conclusive explanation why advertising effectiveness differs so strongly between the different video platforms. It examines whether the specific reception situations (lean-back / lean forward) influence how content and how advertising are perceived.

Visual attention, activation and emotional response were measured with biometric methods. To conduct the experiment under conditions as realistic and natural as possible, measurements took place in the homes of a hundred test subjects while they were viewing video on their own devices and in familiar environment.

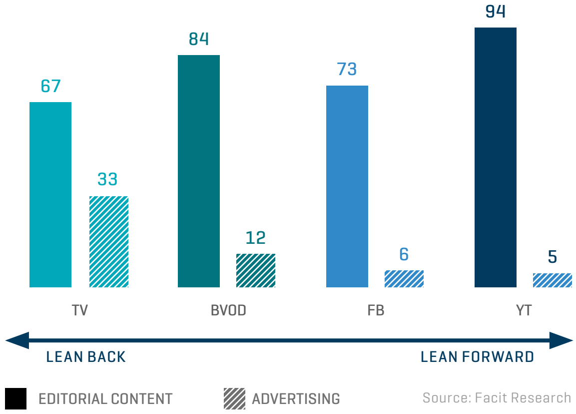
Advertising achieves the highest visual attention in lean-back mode.[5)] In lean-forward mode, users are less likely to pay attention and more frequently skip ads or scroll them away.

TV watching takes place in a relaxed atmosphere. Advertising is part of the TV experience. Content and advertising achieve similar levels of activation.[6)] This facilitates advertising effectiveness.

On the other hand, while using editorial content in lean-forward mode, high levels of activation are attained. Advertising, however, can impair the usage experience. This may impose a high risk that it will be actively avoided. Activation falls off abruptly, and this has an adverse effect on its processing.

MORE VISUAL ATTENTION TO ADVERTISING IN LEAN-BACK MODE [5)]

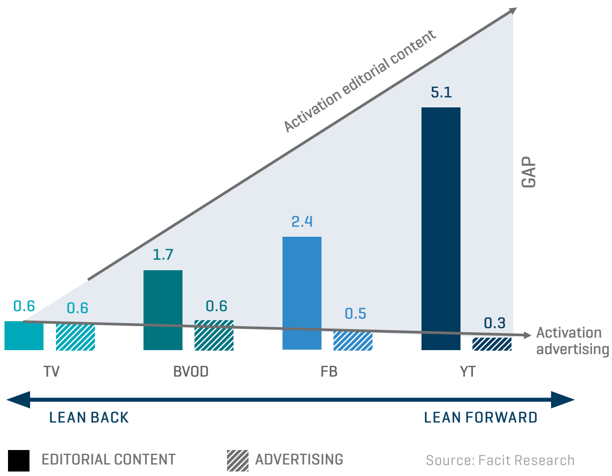
Visual focus on the screen in %



Source: Facit Research

TV ADVERTISING DOESN'T DISTURB THE VIEWING EXPERIENCE [6)]

Activation in microsiemens (μS)



Source: Facit Research

LEAN-FORWARD AND LEAN-BACK MODE

LEAN-FORWARD	Activation	High involvement	Large discrepancy in activation between editorial content and advertising	Advertising is perceived as an interruption: higher risk of avoidance
LEAN-BACK	Relaxation	Low involvement	Low discrepancy in activation between editorial content and advertising	Advertising flows along with the program: lower risk of avoidance

HOW VIDEO IS SEEN

The depth-psychological Deep Insights Study builds on the findings of the In-Home Video Study. Based on a combination of different qualitative methods, different mental states formed by the different personal motives while using TV and video platforms were identified. The influence of mental states and personal motives on content and advertising perception was analyzed.

The results show that people watch TV mainly for three reasons. It is a motivator when dealing with tiresome obligations, it provides big and exciting TV events and it is a reward and a way to relax in lean-back mode after the work is done. In these moods, those surveyed accepted TV advertising to a great extent. Advertising flows along with the program and is an integral part of the TV experience.[7)]
YouTube users on the other hand are looking for everyday help or emotional relief. They want to find a quick explanation of how something works or they want to briefly escape their current situation, for instance by watching a funny video.

They are looking for a cognitive or emotional shortcut. When viewers are taking a shortcut, advertising forces them to take a detour. In these usage states, YouTube users consider advertising to be disruptive.[8)]
This reinforces the findings of the In-Home Video Study, which showed an abrupt loss of activation as soon as advertising started.

MEDIA USAGE STATES – TV[7)]

GET THINGS DONE	HAVE THINGS DONE	SEE THINGS HAPPEN
• Productive secondary activity • Function: companionship, community; motivating, supportive, participating in life • Advertising: open to product information, interesting and new products	• Lean-back state: deliberate setup, downtime, movie theatre atmosphere, relaxation • Function: reward after activities, ritualization in daily life • Advertising: open to brand messages, storytelling	• Central, very emotional state of mind; original time and livewatching are important • Function: enjoying the excitement, immediacy, being there • Advertising: openness for breaks of the events; sponsoring accepted

Source: Rheingold Salon

MEDIA USAGE STATES – YOUTUBE[8)]

HOW TO DO THINGS	HOW TO FEEL SOMETHING	THINGS TO LISTEN TO	WHAT THINGS TO SEE
• Tutorials, assistance • Cognitive shortcuts • Advertising: often annoying, should match the specific content	• Emotional short videos, memes • Emotional shortcuts • Advertising: open to brand messages, storytelling	• Music and concerts • Background use, watching music videos, concerts and events	• Trailers/ films • Advertising: trailers themselves are perceived as advertising

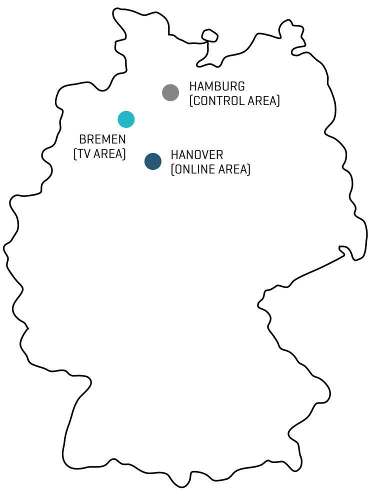
Source: Rheingold Salon

HOW VIDEO SELLS

The Field Test was a winning paper at the AUDIENCE X SCIENCE Conference 2018 of the Advertising Research Foundation (ARF)

The Field Test complements the findings of the studies above with the factor reach and determines sales and brand effects. Above all, in this controlled experiment, the impact of TV and online video was examined under real-life conditions.

With an A/B test design, two real campaigns in real markets were evaluated to see what impact online video and TV as advertising platforms have on sales and branding under identical conditions. The campaigns were either played out exclusively via TV or via online video in different test areas.



The results show that both media strategies have strong branding effects. However, the TV campaign is more successful than online video in all surveyed branding indicators.[9)]

Moreover, the study reveals the strong sales effects of TV and proves a fundamental advantage of mass marketing compared to targeting. While the selective playout of advertising in the online campaign focuses on a previously defined target group, advertising in the high-reach medium TV generates many additional exposures outside the core target group which obviously generates incremental sales.[10)]

Since most brands have a broad base of potential buyers, overly narrow targeting can be a disadvantage.

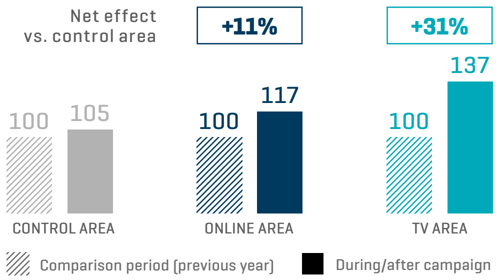
BRANDING AND SALES BENEFIT MOSTLY FROM TV

Emmi Caffè Latte: Post-Phase vs. Pre-Phase[9)]

	ONLINE	TV
Top-of-mind brand awareness	+ 21%	+ 67%
Unaided brand awareness	+ 4%	+ 71%
Aided brand awareness	+ 13%	+ 35%
Aided advertising recall	+ 20%	+ 167%
Image to be the market leader	+ 7%	+ 24%

Source: Kantar TNS

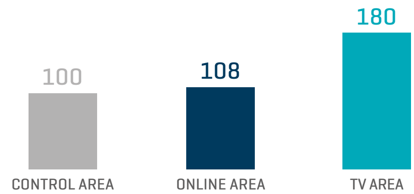
Emmi Caffè Latte: Ø sales per week, Index[10)]



Basis: 20 retail shops per area
Comparison period: Week 20-27 2015
During/after campaign: Week 20-27 2016

Source: Kantar TNS

Newly launched yoghurt brand: Ø sales per week, Index



Basis: 14 retail shops per test area,
12 retail shops in the control area
Source: Kantar TNS

WHY BRANDS NEED REACH

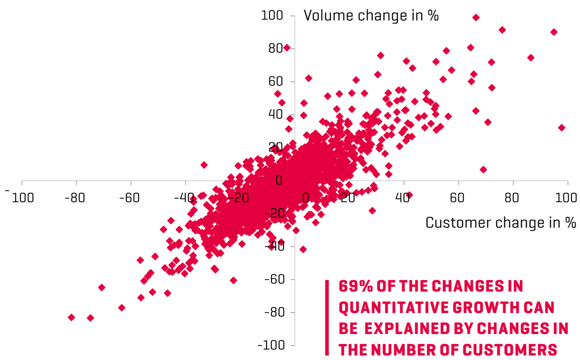
The ROI Analyzer was a winning paper at the 2013 Audience Measurement 8.0 Conference of the Advertising Research Foundation (ARF)

Many empirical studies have investigated the relationship between buyer penetration, loyalty and market success. It has been proved that addressing a broad audience can stimulate brand growth much more effectively than concentrating on a narrowly defined customer segment. There is a strong correlation between a brand's market success and its buyer base.[11)]

Buyer penetration offers a much stronger explanation for brand strength than purchase frequency because most brands are bought only occasionally. Many potential customers do not buy them at all.[12)] To grow a brand, it is more promising to aim for more sales in the large group of non-customers and occasional buyers rather than trying to encourage the smaller

BRANDS GROW WITH THE ACQUISITION OF NEW CUSTOMERS[11)]

Changes in sales volumes and customer numbers are closely related



Basis: 2,205 brands; 12 brands saw an increase in sales quantities and/or customers of more than 100% and have been hidden.

Source: GfK household panel ConsumerScan 7/2012 to 6/2013 and 7/2013 to 6/2014 group of heavy buyers to make even more purchases. To reach non-buyers and light buyers with advertising, broad-scale media like TV are essential. Due to its high levels of reach, not just existing and regular purchasers can be addressed but also potential new customers and light buyers. If advertising exposure leads to a purchase, this can be the foundation for an increasing degree of brand loyalty.

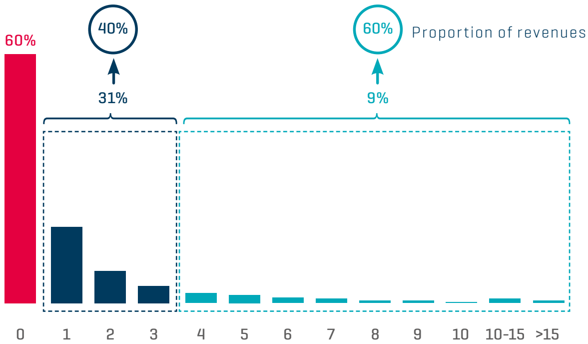
The inclusion of loyalty expressed as repeat purchase probability is a unique characteristic of the ROI Analyzer study, a modeling tool which determines the efficiency of TV advertising based on purchase figures and TV usage data. It reveals that TV not only has short-term effects by stimulating purchases immediately, but it also brings about changes in purchasing behaviour that generate substantial increases in revenues over the long term.

The study shows that a large proportion of buyers in a product category (55%) have not purchased the specific brand in their last three purchases within the category.[13)] The probability that these "non-buyers" will purchase the brand the next time they shop in that product category is only 5 percent. For "one-time buyers", the probability of a repeat purchase is already 28 percent, while for consumers who buy a brand on two consecutive occasions, the figure is 46 percent. For "multiple-time buyers", the probability of a subsequent purchase increases to 71 percent.

These results prove that brand growth is stimulated most strongly among new and occasional buyers. If a brand manages to acquire a non-buyer, the probability that that person will make a further purchase increases by a factor of more than five. Consequently, increasing buyer penetration delivers a strong lever for sales growth.

MOST BUYERS OF A BRAND ARE OCCASIONAL BUYERS[12)]

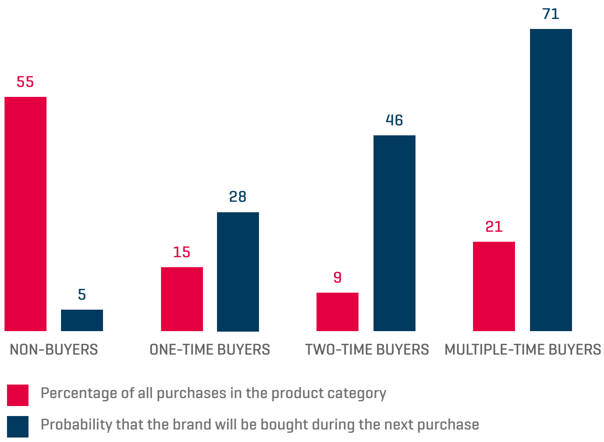
Number of buyers of a frozen pizza brand based on purchase frequency during one year



Basis: Buyers of frozen pizza
Source: GfK ConsumerScan 2016

SHORT-TERM EFFECTS DRIVE THE PROBABILITY OF REPEATED BUYING[13)]

Purchase frequency and probability of a subsequent purchase in %



Basis: FMCG brands, share of purchases (204 brands), purchase probability (318 brands). The last three purchases in the product category are included.

Levels of brand loyalty take into account current brand purchases on the basis of purchase history. A differentiation is made as to whether a brand was purchased not at all, once, twice or three times as part of the previous purchases in the product category.

Source: ROI Analyzer, GfK/Screenforce

The studies in VIDEO IMPACT demonstrate in particular the strong value of television advertising. Reach and impact of TV will continue to ensure its value for advertising in future.

Interested in a discussion? Contact the authors: Guido Modenbach (guido.modenbach@prosiebensat1.com) and Gerald Neumueller (gerald.neumueller@prosiebensat1.com)

"My description of this work is – fundamental, sound and important."

Karen Nelson-Field
Professor of Media Innovation, University of Adelaide

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