

THE BVOD BLIND SPOT

FINDINGS FROM ADGILE'S AGGREGATED BVOD
ANALYSIS: UNCOVERED IN DETAIL ... AND WHAT
THAT MEANS FOR ADVERTISERS

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INTRODUCTION

In May 2022 IAB Australia released the latest Video State of the Nation industry survey, an annual report of the collective views from agencies, trading desks, and DSP's on everything video advertising.

One of the biggest issues highlighted in the report was the continued, and growing, disconnect between the role of TV/video advertising and the way it is bought and measured.

The overwhelming objective for TV advertising was said to be Brand Building, yet the metrics to determine success continue to be lower funnel 'performance' measures.

With daily connected TV audiences growing by 18% YOY (Nielsen) and BVOD advertising investment flooding in, the mismatch between what advertisers need, and what advertisers get, is becoming a major problem for the advertising industry.

Whilst the technology delivering TV content is changing, viewers continue to watch TV in much the same ways; collectively, on the big screen at home. Yet the decades of scientific research into how to best deliver a TV campaign are not being applied to BVOD.

THE BVOD BLINDSPOT

The reasons why 60 years of accumulated knowledge are absent from BVOD are largely down to two factors:

1. Technology: AdTech ecosystem powering BVOD provides limited visibility and data for analysis

The programmatic tech powering BVOD buying and selling was originally designed for static display, which typically plays the opposite role to TV. This means the core architecture of the systems, including the logic and algorithms that dictate everything from what advert to show, to what levers traders are allowed to pull, is geared towards immediately measurable outcomes that are at odds with 'Brand Building'.

The original purpose of this technology was to allow publishers to sell the left-over inventory that no-one wanted to buy. This was successfully achieved by genuinely adding value, via data overlays, but also by obscuring detail about the (unwanted) placements. Relative to Linear TV advertising, the technology operates with little transparency.

Not only are the levers required to apply TV best practice absent from most AdTech systems, the information required to inform these decisions is not readily available.

2. Teams: Structure and demands

BVOD teams are separate to Linear TV teams in 80% of agencies, based on this year's IAB findings.

The transparency of Linear TV means TV traders are being held accountable to empirical marketing learnings, and this shapes every aspect of the Linear campaign delivery. In addition many large Linear TV Advertisers pay for independent auditors who scrutinise the campaign.

On the opposing side, BVOD teams are mostly held account to, what many describe as, vanity efficiency metrics forced upon by the AdTech systems.

Simply put, the majority of BVOD activity is run like performance banner campaigns, producing significant wastage and not delivering on the brand building objectives.



THE BVOD WASTAGE PROBLEM

ADGILE analysed over 1 billion BVOD impressions, from 102 campaigns, run January 2021 to June 2022 by many of Australia's largest TV Advertisers.

Guided by well-known evidence-based marketing principles, an assessment of behavioural responsiveness and commercial impact enabled ADGILE to identify major gaps between TV 'Best Practice' and current BVOD delivery.



1 CREATIVE AND ROLE

BVOD IS BEING USED MORE FOR SALES ACTIVATION, BUT BRAND BUILDING ADS ON BVOD PERFORM BETTER

Vanity efficiency metrics are prioritising the use of 'performance' orientated creative, contrary to the stated role of the BVOD campaigns. Adgile's analysis supports landmark studies by Les Binet and Peter Field, proving that advertisers need to seek the right balance between brand building and sales activation creatives to deliver optimum BVOD outcomes.

The programmatic ecosystem promotes the use of data overlays and hyper-targeting, whilst seminal research conducted most notably by Andrew Ehrenberg and, in turn, Byron Sharp demonstrated why advertising delivers the best business outcomes when reaching the broader category, rather than when confined to tight audience targeting. Adgile's analysis shows that segment-based targeting performed worse than broader mass targeting.

2 TARGETING

BVOD CAMPAIGNS PERFORM BETTER WHEN TARGETED EN MASSE ... BUT SEGMENTED BASED TARGETING IS RIFE

Frequency caps, amplified by the desire to use BVOD principally for incremental reach, is delivering a huge number of impressions to users at a very low frequency.

3 FREQUENCY

BVOD FREQUENCY IS TOO LOW ... BUT IT IS ALSO TOO HIGH

Adgile's analysis shows that low frequencies drove lower responsiveness, whilst on the other hand Adgile's analysis also shows rapidly diminishing returns from too high frequency. Linear TV is planned with a minimum frequency target and a least wastage goal, something our data shows that BVOD traders should be better enabled to adopt..

1 CREATIVE AND ROLE



BRAND BUILDING VS SALES ACTIVATION

What marketing science has taught us

Since 2007, effectiveness experts Les Binet and Peter Field have published a number of landmark studies based upon thousands of ad campaigns submitted to the UK's IPA Effectiveness Awards over the years.

Binet and Field observe that for years ad effectiveness has been in decline, and one of the biggest reasons is an increased focus on "Sales Activation" at the expense of "Brand Building".

- "Sales Activation" is activity that, among other qualifiers, aims to generate sales now.
- "Brand Building" on the other hand, is activity that aims to influence future sales.

Whilst sales activation was found to deliver more short-term effects, favouring this form of advertising over brand building ultimately stunted the growth opportunity in the longer term.

Binet and Field observed that in recent years, brand building has been under-utilised in favour of sales activation.

SALES ACTIVATION DOMINATES BVOD

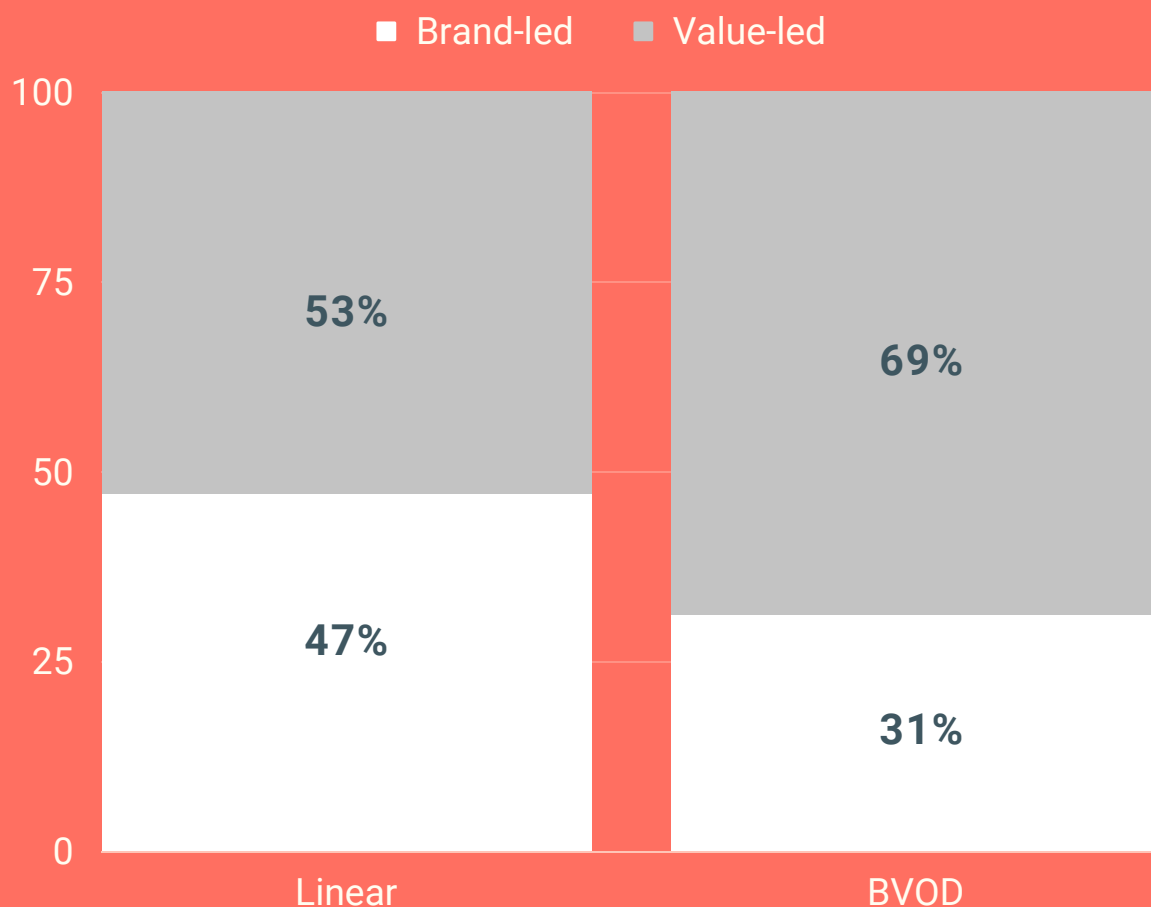
ADGILE wanted to understand whether the lower funnel delivery 'performance' measures used to determine BVOD success, as identified by the IAB Australia 'Video State of the Nation' industry survey, were influencing BVOD campaigns and prioritising short term 'sales activation' over long term 'brand building'.

ADGILE looked to its proprietary and patented Intelligent Content Recognition (ICR) technology for the solution. ICR is an AI-based system that watches and processes all the visual components of a TV advert into meaningful data dimensions for analysis. This includes a determination of whether the ad is a brand-led ad or a value-led ad – Adgile calls that dimension Version Strategy – based on the following criteria:

Version Strategy	Intelligent Content Recognition Logic
Brand-led Ad (Brand Building)	Is more focused on the brand than the product and does not contain a price or percentage point
Value-led Ad (Sales Activation)	Is more focused on the product than the brand and contains a price or percentage point (such as an interest rate)

Adgile ICR categorises adverts into 1 of 12 Version Strategies, including industry specific categories for Wagering, Politics, Sponsorships and Charities. For the purpose of this analysis only adverts that are either Brand or Value focused have been included.

Share of Audience Brand-led Creative vs Value-led Creative



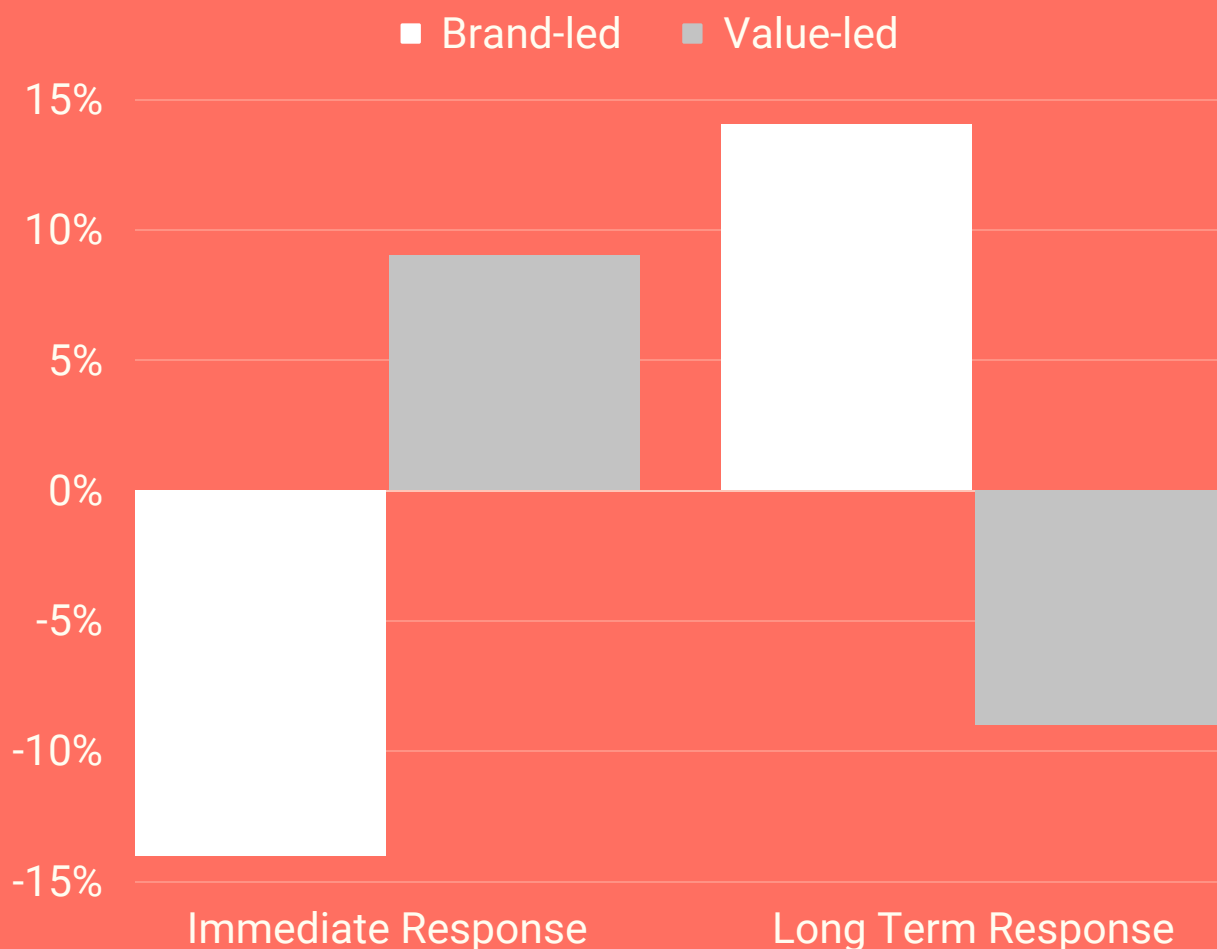
SALES ACTIVATION DOMINATES BVOD

To determine whether BVOD campaigns were run differently to Linear, **ADGILE** collated the BVOD impressions each creative received alongside the corresponding OzTam linear audience. By grouping creatives together in campaigns, we could measure the percentage of audience allocated to Brand-led creatives v Value-led creative.

SALES ACTIVATION DOMINATES BVOD

Adgile's deterministic conversion tracking also allowed us to measure campaign response rates over time. We looked at the difference in response rates for each creative using a short window, and a long window – indexing the results so that results from all campaigns could be aggregated.

Response Rate
Indexed RR% based on Response Window





SALES ACTIVATION ADVERTISING DOMINATED BVOD

1. Value-led advertising enjoyed a 53% Share of Audience overall on Linear TV.

2. Value-led advertising enjoyed a 69% Share of Impressions overall on BVOD.

1. For the same campaigns, BVOD audiences are 1/3 more likely to see a value-led creative than a brand-led creative.

VOD CAMPAIGN DELIVERY SKEWED 30% MORE TO SALES ACTIVATION

BRAND-LED ADS ON BVOD PERFORMED BETTER, VALUE- LED ADS ARE EASIER TO TRACK

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2 TARGETING



DOES TARGETING WORK?

All advertising should be considered as being 'targeted' to an audience, with a broad distinction being made between 'Mass Targeting' and 'Segmented Targeting'.

Segmented Targeting has been the foundation of direct response campaigns for many decades, mostly as part of a controlled test between different segments and suppliers. Mass Targeting has a broader reach and has been the principal method applied to broadcast mediums, such as TV and Radio.

However, the digital age now offers up Segmented Targeting to broadcast mediums like never before – now accounting for more than 25% of all BVOD Impressions.

Instinctively it makes sense, if I target someone resembling my typical customer then I'll drive a better result. This intuition has led to thousands of 'personas', many more acronyms, and more dollars spent per impression.

But do the results back this up?

ON THE SHOULDERS OF GIANTS

There are 4 key learnings championed by Professor Byron Sharp and Andrew Ehrenberg (supported with research by Les Binet and Peter Field), that Brand's should pay attention to when considering Targeting techniques:

1. Customer retention is difficult to control. Therefore, brands should focus their efforts on **acquiring new customers**.
2. 82% of growth comes from penetration amongst infrequent buyers while only 2% of growth comes from loyalty.
3. Almost half a company's sales come from light buyers who continuously change their minds about what they purchase.
4. A brand's heaviest buyers in one period are often found to be light buyers in another period, and vice versa. Consequently, advertising should be targeted to reach a **broader segment** of buyers.



SEGMENTED TARGETING REACHES THE WRONG AUDIENCE

ADGILE analysed their databank of over 100 BVOD campaigns and identified those employing both Mass Targeting and Segment Targeting, classifying data overlays based on the following principle:

Mass Targeting Examples	Segmented Targeting Examples
Age and Gender	Persona or Segment
Broader Age Range	Narrower Age Range
Programme Genre	Individual Programme

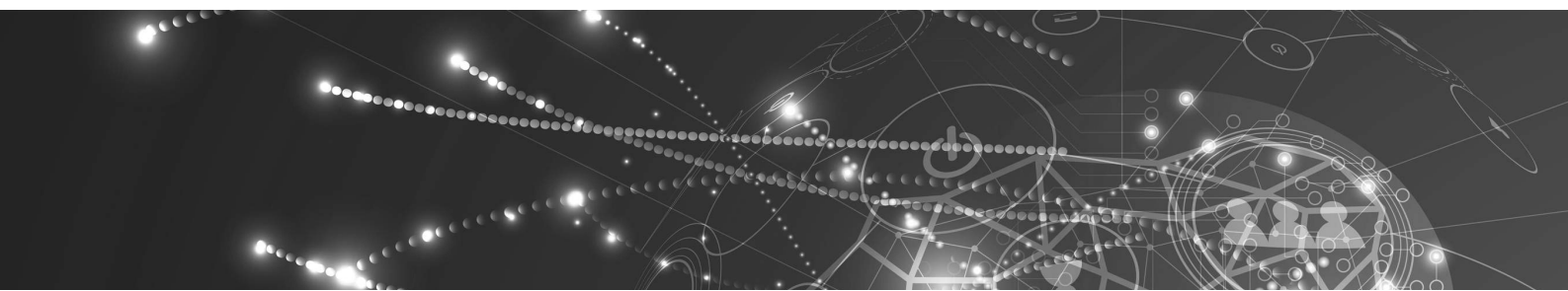
When contrasting Brands with Segmented Targeting to those with Mass Targeting, we found that the Segmented Targeting group were 4.5 x more likely to have visited the Advertisers website before the exposure – i.e. they were much more likely to be existing customers.

Further, the Segmented Targeted viewers were much less responsive to advertising. Mass Targeted viewers were 20% more responsive to BVOD advertising than Segmented Targeted viewers.

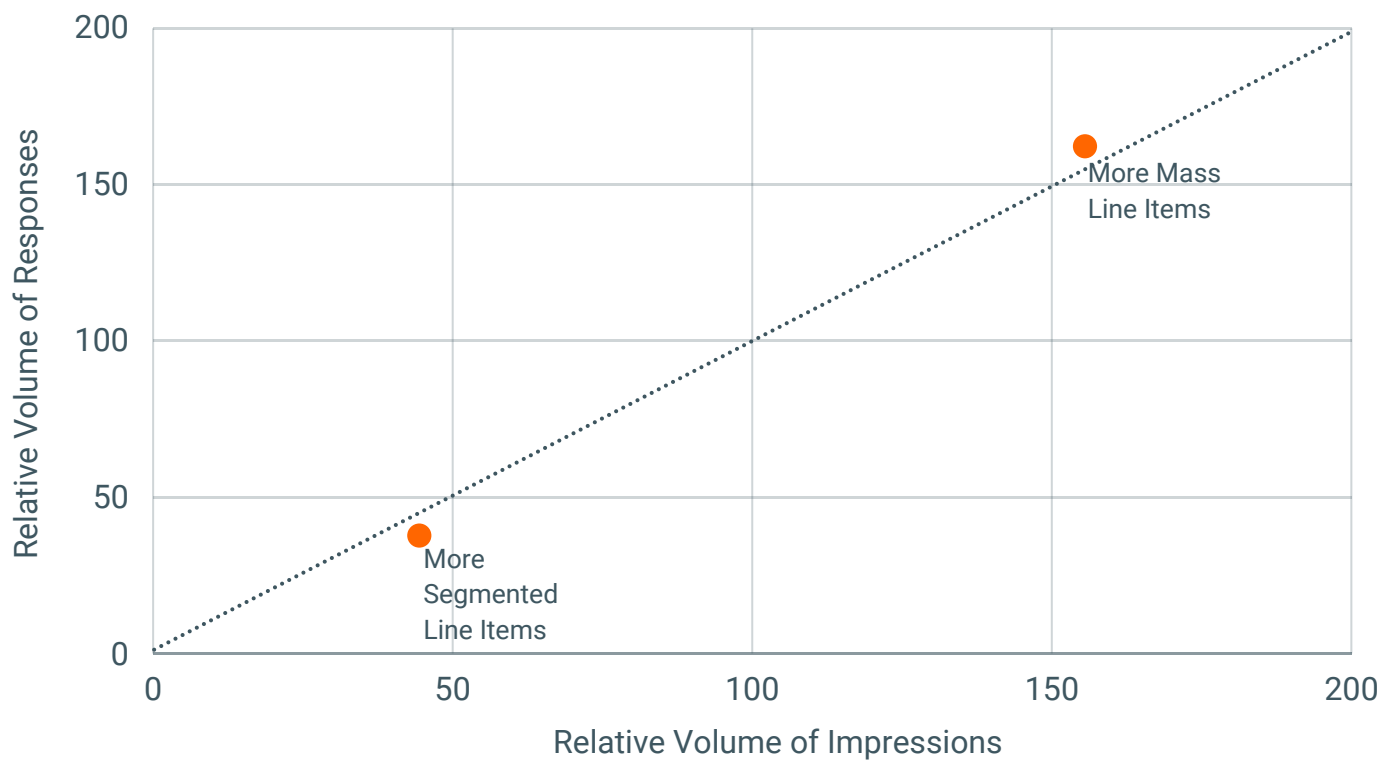
When considering marketing science:

Segmented Targeting appears to reach the wrong audience – either existing customers or heavy buyers loyal to other brands.

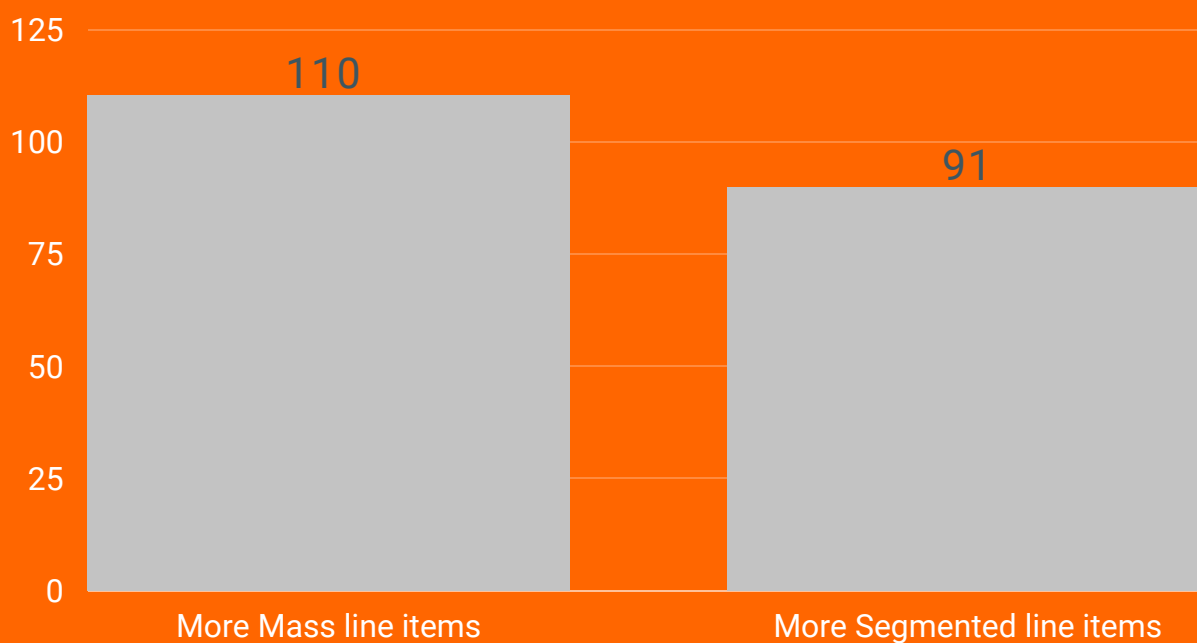
Mass Targeting appears to more effectively reach the right audience –lapsed customers and lighter category buyers.



Relative Volume of Impressions and Responses, Adgile BVOD Attribution Databank



Relative Response Rate, Adgile BVOD Attribution Databank





SOPHISTICATED TARGETING REQUIRES SOPHISTICATED MEASUREMENT

Segmented Targeting on BVOD, like all forms of targeting, offers brands huge opportunities to refine and improve their advertising results. However, with greater opportunity comes greater risk. If advertisers reach the wrong audience, then results can go the wrong way.

If using highly targeted segments, it's imperative that brands exclude existing customers, a feature which most broadcasters and programmatic specialists offer.

But fundamentally if brands are using targeting techniques borrowed from direct response campaigns, they also need to borrow the rigour of test, measure and refine intrinsic to DR.

When approaching your next BVOD campaign question the role of targeting, how you will measure performance, and consider its balance with broader targeting.

AD TECH DRIVING SHORT TERMISM, OR VICE VERSA?

Sales activation creative is being prioritised over brand building creative in BVOD to a significant degree, and much more so than in linear TV. Whether the short-term response metrics favoured by programmatic tech is driving the sales activation bias, or whether advertisers are using programmatic's dynamic capabilities to chase short term goals, is a challenge for the industry to get to grips with.

Adgile's analysis supports landmark studies by Les Binet and Peter Field, identifying too much focus on sales

activation ultimately stunts the long-term growth opportunity. Advertisers that invested in Brand-led creative generated more responses over the longer term, making their Value-led creative work harder when in market.

Advertisers need to seek the right balance between brand building and sales activation creatives to deliver optimum BVOD outcomes. Benefit will be seen by adopting a longer term BVOD media strategy which seeks to build on marketing fundamentals honed through linear TV.

The dynamic nature of programmatic media is a huge advantage and a significant opportunity for advertisers to be much more responsive and effective. However, brands and agencies should be cautious over ensuring their decisions are based on matured performance metrics.

3 FREQUENCY



IS FREQUENCY TOO HIGH?

A brief history of frequency management on TV

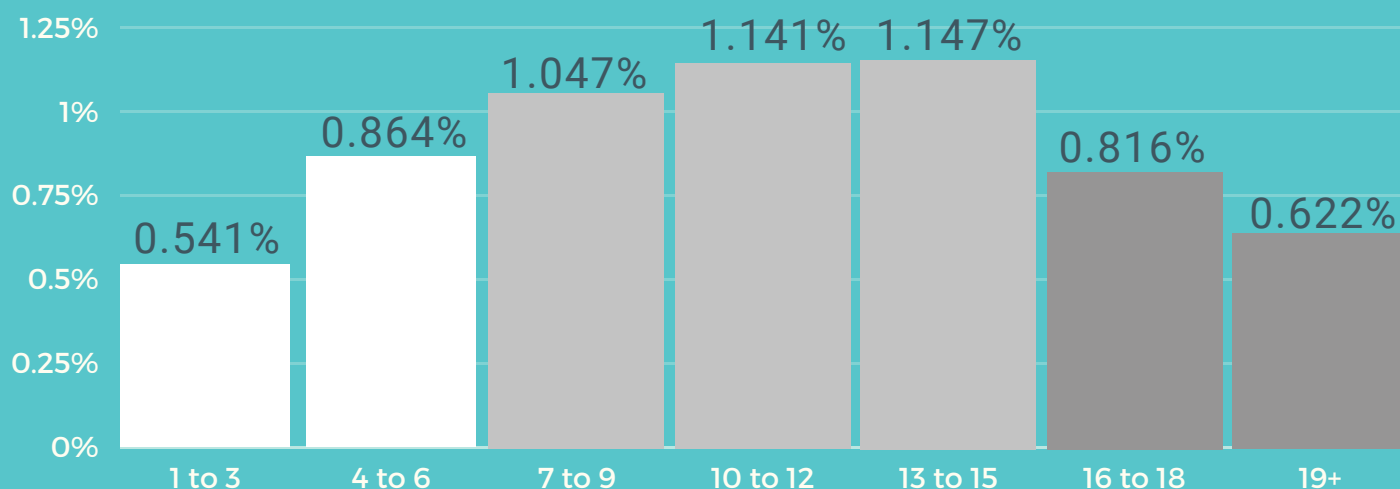
Frequency management has evolved over a number of waves ...

1. The psychology wave (1972) spawned the minimum 3+ weekly frequency goal as a result of the work by Herb Krugman (Head of Advertising Research at General Electric) determining that advertising requires three “psychological” exposures within close proximity to be effective.

2. The recency wave (1995) resulted in the 1+ weekly frequency goal and ‘always-on’ flighting, aimed at being the last advert exposure before purchase. This was championed by Erwin Ephron as part of his Recency Planning approach built off of the work by John Philip Jones.

3. The (in)attention wave (2010 onwards) challenged the continued effectiveness of the 1+ approach, including by Erwin Ephron himself. A separate Sky UK study concluded that the optimum frequency sits in a range between 8 and 14 exposures.

Average Response Rate of Impressions by Frequency Band, Adgile BVOD Databank



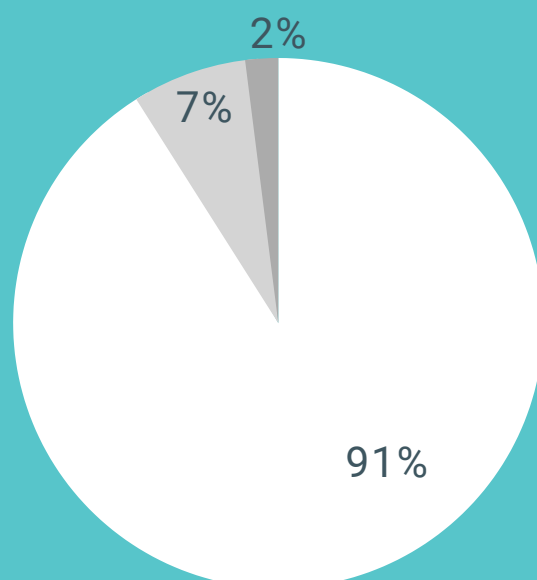
DETERMINING OPTIMUM FREQUENCY

To understand where the optimal BVOD frequency lay, we consulted Adgile's aggregated BVOD performance data bank consisting of over 1b impressions.

Adgile's deterministic conversion tracking allowed us to compare campaign response rates by weekly frequency, for each of the 102 campaigns in the databank.

Share of Impression Volume

- Under Optimal
- Optimal
- Over Optimal



DETERMINING YOUR OPTIMUM FREQUENCY

Based on response rate the optimal weekly frequency sits in the 7 to 15 range, with rates increasing dramatically as frequency grows between 1 and 6. Whilst not every campaign has a response objective, when looking at aggregated data on the scale of a billion impressions, potential inference can also be made regarding higher frequencies driving higher brand outcomes as well.

A common complaint with BVOD is excessive session frequency, yet when looking at excess frequency in general it only represents 2% of impressions served. However, a whopping 91% of impressions are served with frequencies under the optimal weekly frequency.

While the optimal frequency range varied by brand, the resounding theme was the same, frequency levels were too low rather than too high.

FREQUENCY IS NOT A ONE SIZE FITS ALL APPROACH

Every campaign and every brand will vary, with different objectives, durations and budgets.

What our analysis shows is that frequency has a huge effect on campaign outcomes, and advertisers could easily double their response volumes by optimising their weekly frequency.

The good news is that the optimal frequency range for brands can be quantified, activated upon and held to account. BVOD analytics data can in turn fuel Linear TV strategy, providing even great returns for Advertisers.

ABOUT ADGILE

THE LEADER IN REAL-TIME TV
PERFORMANCE REPORTING

PATENTED VISUAL CONTENT
RECOGNITION TECHNOLOGY
CONSOLIDATES ADVERTISER DATA
ACROSS LINEAR TV AND STREAMING
SERVICES, FOR TV COMMERCIALS
AND PRODUCT PLACEMENT.

ADGILE SIMPLIFIES THE
INCREASINGLY COMPLEX TV
LANDSCAPE BY AUTOMATICALLY
CONSOLIDATING ALL TV DELIVERY
AND AUDIENCE DATA.

BY REMOVING THE GROWING BURDEN
OF FRAGMENTED REPORTING AND
INCOMPATIBLE CURRENCIES OUR
CLIENTS ARE ABLE TO FOCUS ON
THEIR PROPRIETARY ADVANTAGE, ALL
WHILST LEVERAGING ADGILE'S
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HOLISTIC CAMPAIGN PERFORMANCE,
CREATIVE OPTIMISATIONS AND
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