

# The Value Exchange

**A study of video advertising  
across 4 media platforms –  
a New Zealand context.**



**Forecast Series**



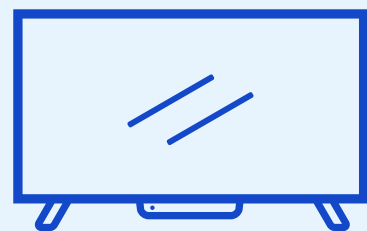




**The value exchange:  
how we trade our time  
or money to watch – or  
not watch – advertising.**



# We looked at video advertising across these four platforms.



**Broadcast TV**



**Recorded TV**






**TVNZ OnDemand**



**YouTube**

# **We wanted to find out how a particular viewing context impacts a viewer's level of engagement and attentiveness when watching an ad.**

-  Further to this, does a specific viewing platform make it easier or harder to capture the viewer's attention?
-  Is there a difference in recall across the different viewing platforms?
-  What is happening with the value exchange between time and money?

# The methodology

We reviewed behaviour through both qualitative and quantitative studies.



## 1 Qualitative

**Recorded natural in-home, in-context viewing across key platforms.**

Watched viewing habits of four groups of participants over a week, and then reviewed moments and behaviours to understand context and emotions.



## 2 Quantitative

**Measured one campaign across four different viewing platforms.**

Multi-cell case-study approach including survey of behavioural metrics, facial coding (to measure emotional impact), and response to the same content across four platforms.



# 1 Qualitative methodology

We gave spy glasses to participants so we could see what they were watching across four platforms.



**3 households asked to record behaviour and then interviewed one on one.**

- > Traditional nuclear family with teens
- > Mixed family including mixed age children
- > Younger flatting adults

## 1. Scheduled or Broadcast TV

(as it is broadcast live).  
Eg news, latest episode of a series, live sport.

## 2. OnDemand Content

Anything available on OnDemand.

## 3. Recorded Content

Any content recorded on a set top box or similar (Freeview or SKY TV).

## 4. YouTube

Eg music videos, vloggers, tutorials, comedy – anything goes!

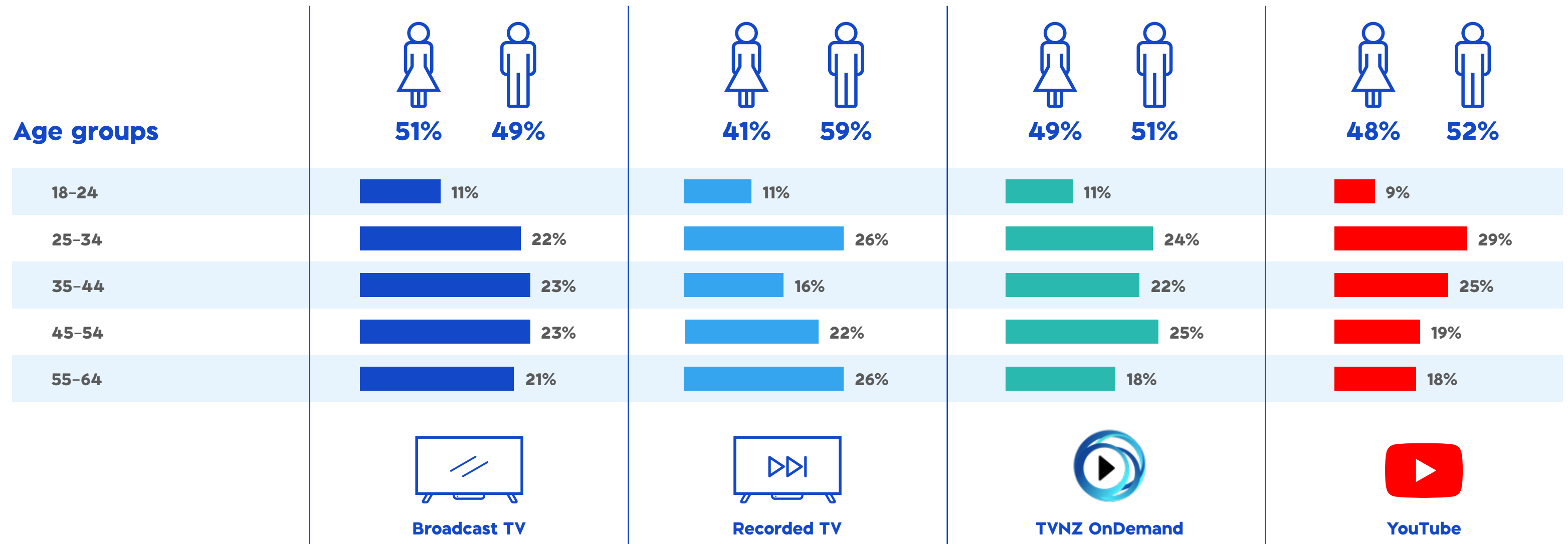
## 2 Quantitative methodology

### Who we talked to

**599**  
Interviews  
Split equally  
across platforms



13<sup>th</sup>–26<sup>th</sup> 2018



Base: Live TV (n=150), OnDemand (n=150), Recorded TV (n=148), YouTube (n=151).

**We used a Sainbury's ad.**



**The ad was placed  
as it would appear  
naturally within the  
four platforms.**



# We simulated real-world environments for the four platforms explored.



**Broadcast TV**



**Recorded TV**

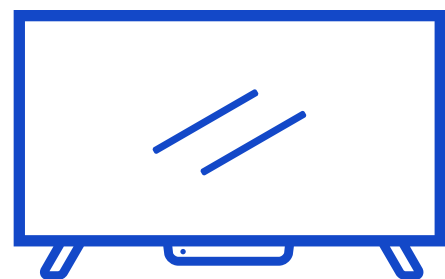


**TVNZ OnDemand**

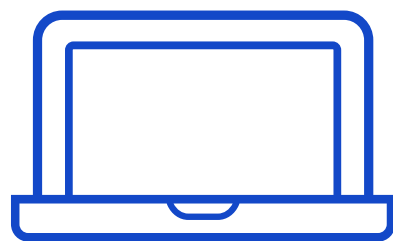


**YouTube**

# On two of the platforms ads can be skipped.



TV



Online



Broadcast TV



Recorded TV



TVNZ OnDemand



YouTube

No fast forward possible

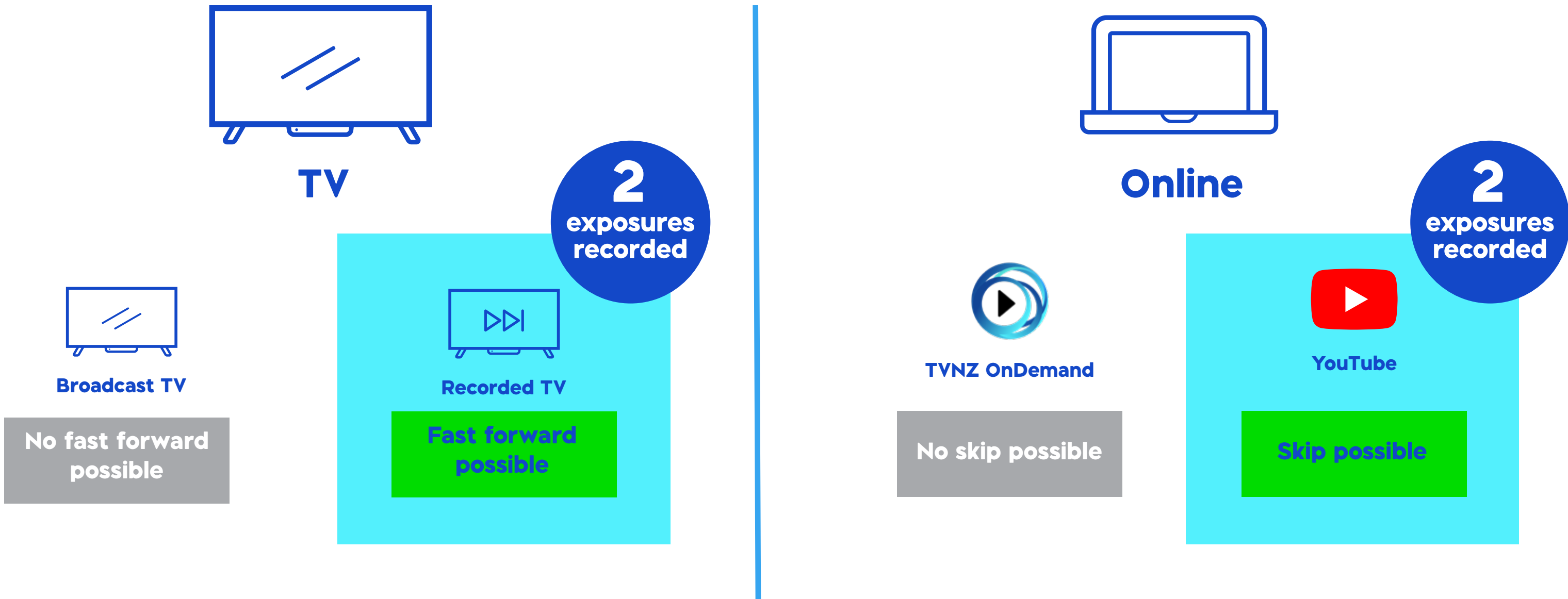
Fast forward possible

No skip possible

Skip possible

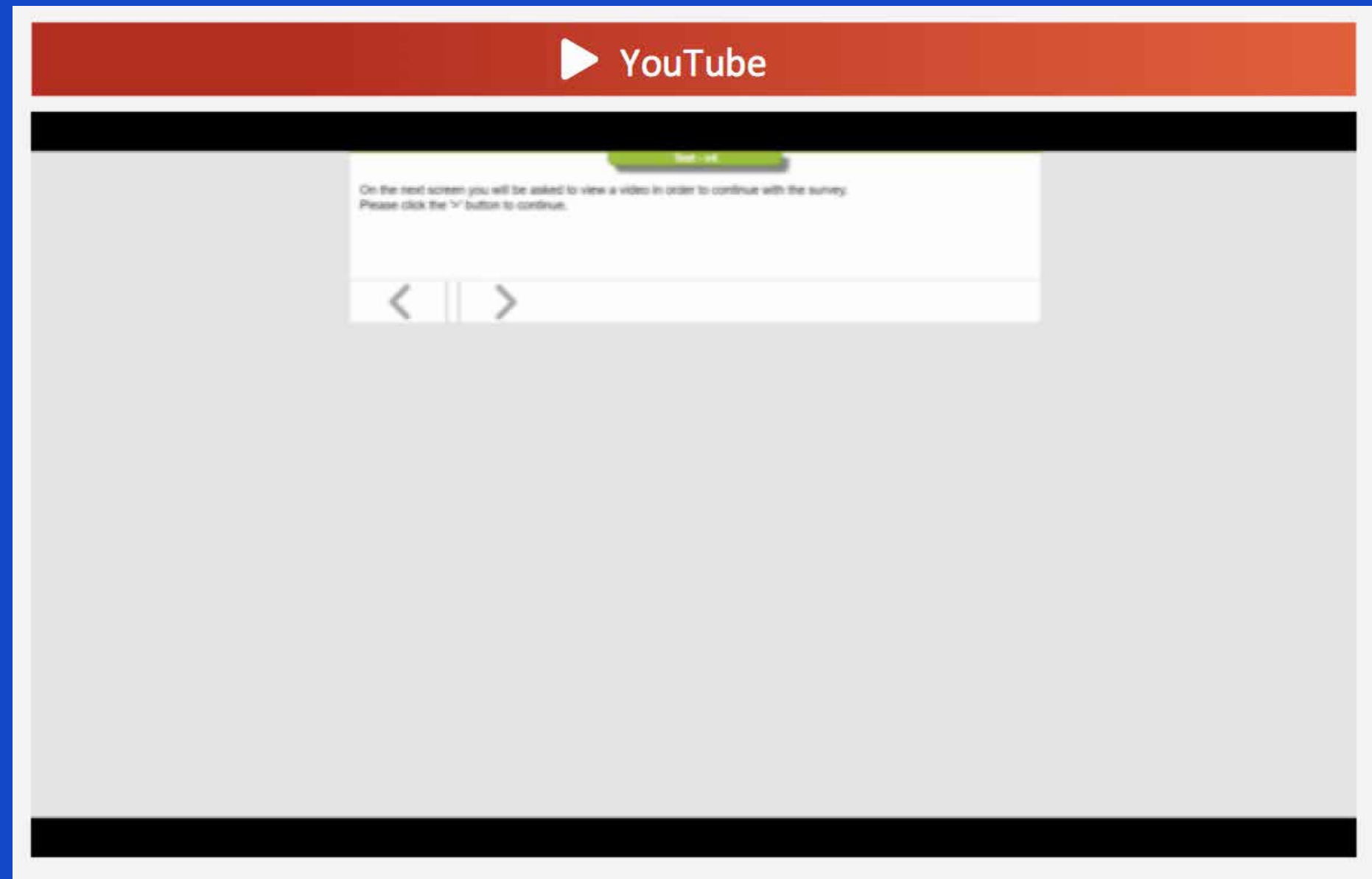


Because participants could skip the ad on Recorded TV & YouTube, we forced them to watch the ad on a second viewing where they couldn't skip.



# On first exposure we used a 'look-alike' YouTube site, along with measurement software, to evaluate the behavioural response to advertising.

- Participants were directed to the 'look-alike' YouTube site and asked to select a video to watch.
- Software in the survey measured whether respondents skipped and hence how much of the ad they actually saw.

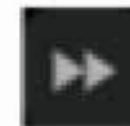




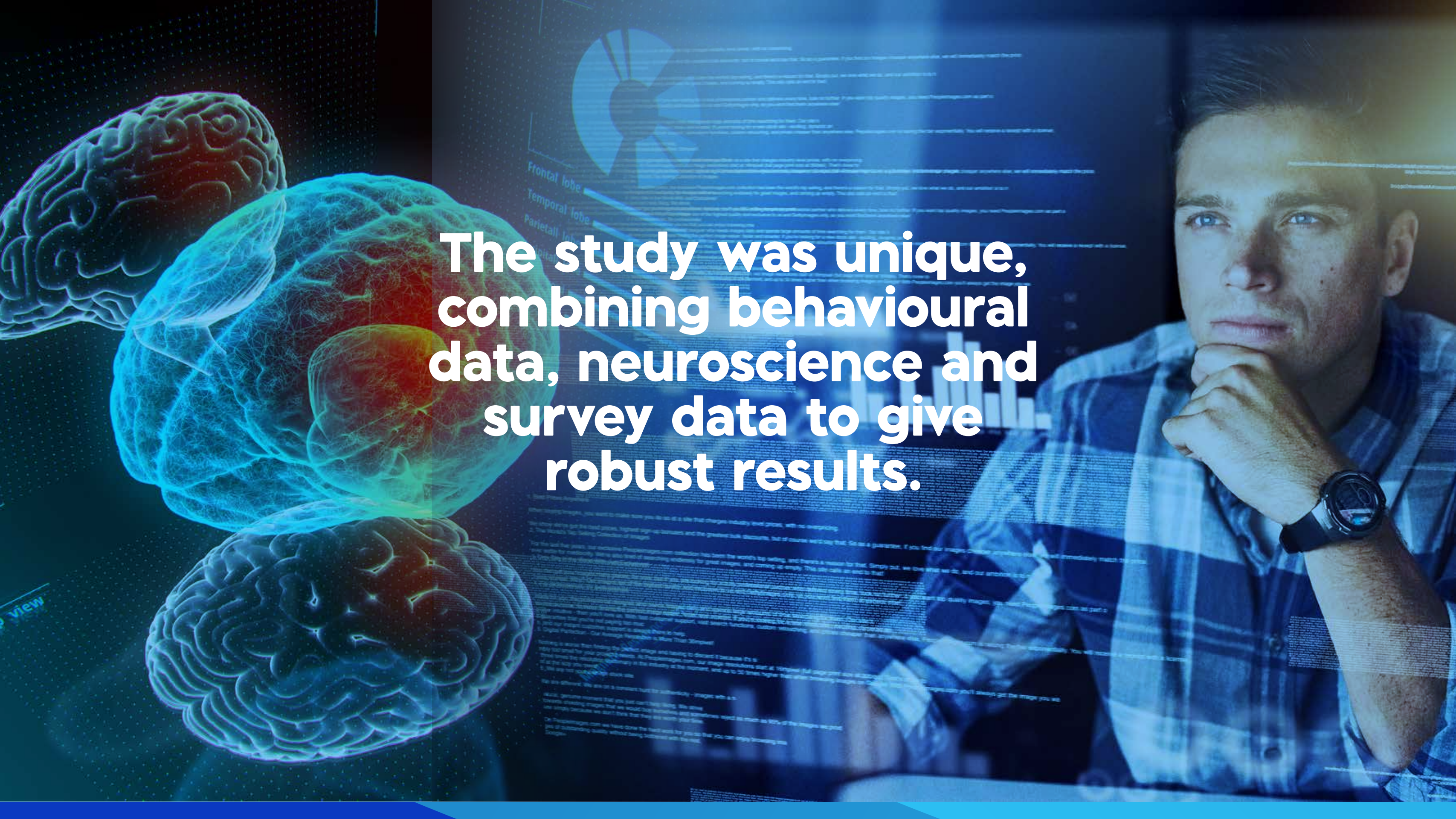
**On the first exposure for Recorded TV, we gave participants an option to fast forward through the ad, and measured how many did, and how much of the ad they actually saw at full speed.**



**Buttons giving participants  
the option to FF**







**The study was unique,  
combining behavioural  
data, neuroscience and  
survey data to give  
robust results.**



# The three types of responses to the ad that we tested:

## Behavioural Response



## Behavioural Response

### How do people engage with the ad

- > How much do they see of the ad?
- > Do they skip or fast forward or get distracted?

## Intuitive/Emotional Response



## Intuitive/Emotional Response

### Facial Coding

- > How do viewers respond to the transition from content to ad and back?
- > Is the ad emotionally engaging people?

### Intuitive Associations

- > Are the key messages able to be accessed quickly and strongly for the brand?

## Rational Response



## Survey Data

- > To understand their response to the video creative – how much have they taken in?
- > Has it influenced how people feel about the brand?
- > How do people feel about advertising in different contexts?

# Insights:

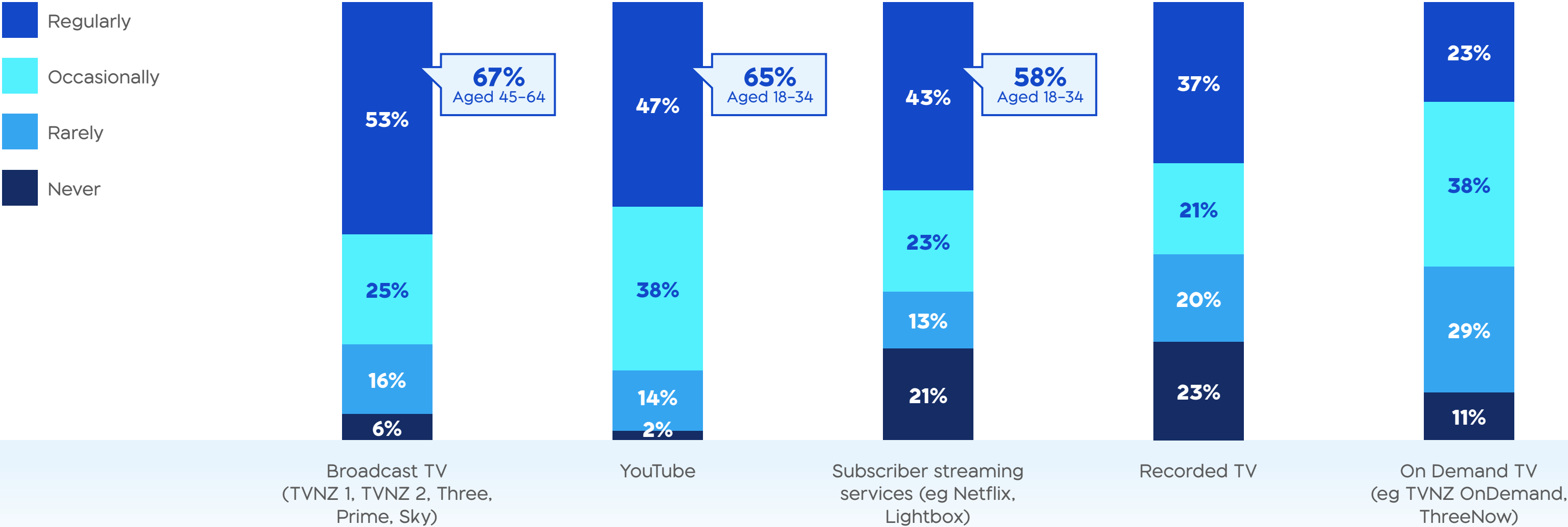
**So how do consumers feel about advertising across the four platforms?**





# We looked at the frequency of using different viewing methods across 599 participants.

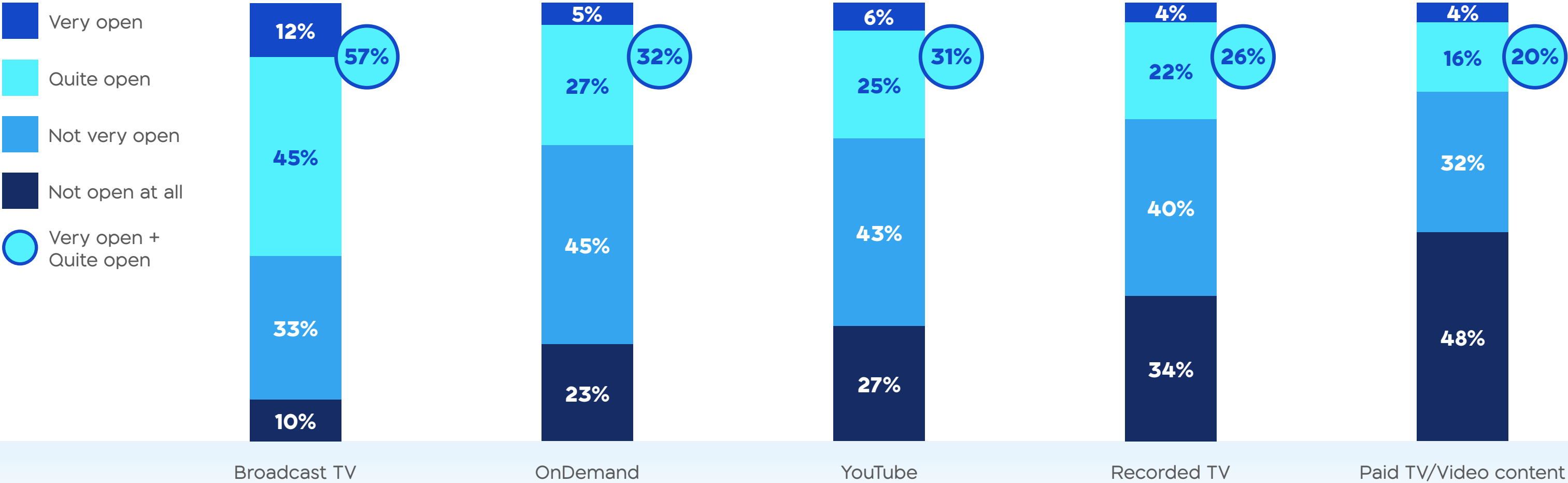
> Broadcast TV and YouTube are the most frequently viewed media channels



Firstly, how often do you watch different types of video content (either on your TV, laptop or other devices)? Base: Total (n=599).

# Consumers are much more receptive to seeing advertising on Broadcast TV compared to all other platforms.

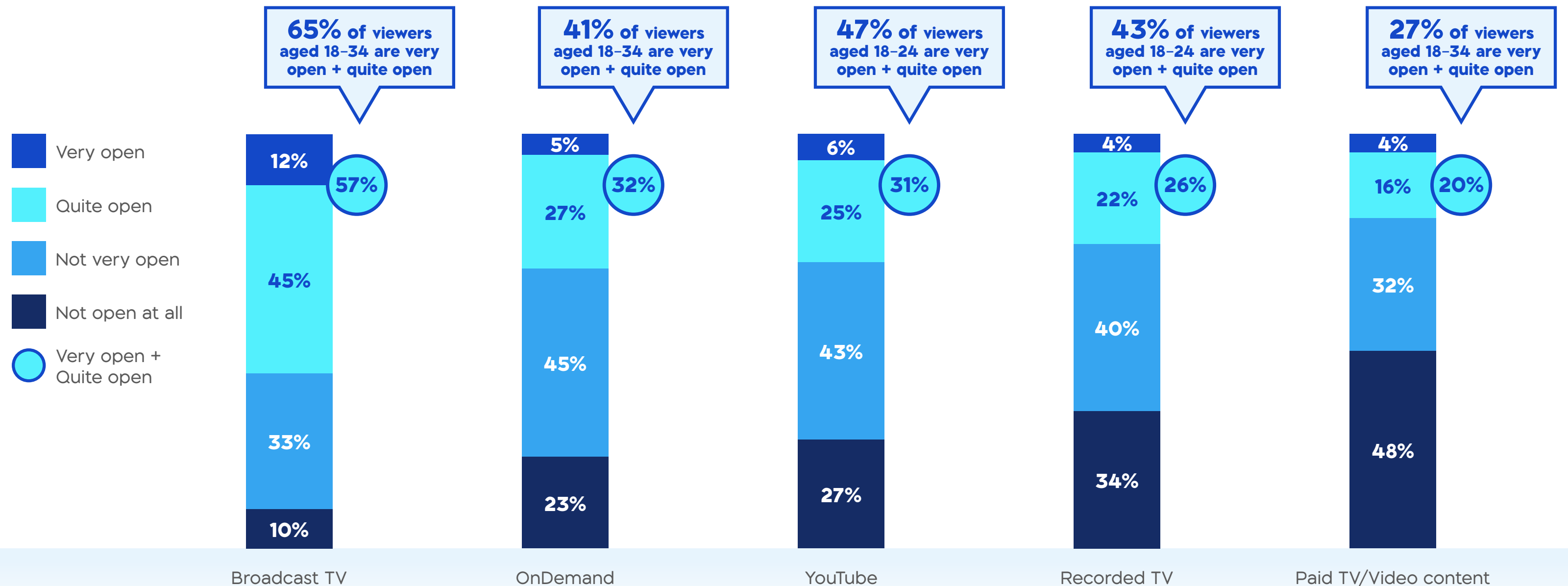
> Receptivity/openness to advertising by channel



How open are you to seeing advertising when you are watching.... Base: watch broadcast TV (n=562), watch paid TV (n=476), watch OnDemand (n=532), watch recorded TV (n=462), watch YouTube (n=589).

# We found younger viewers are generally more open to ads on Broadcast TV.

## > Receptivity/openness to advertising by channel



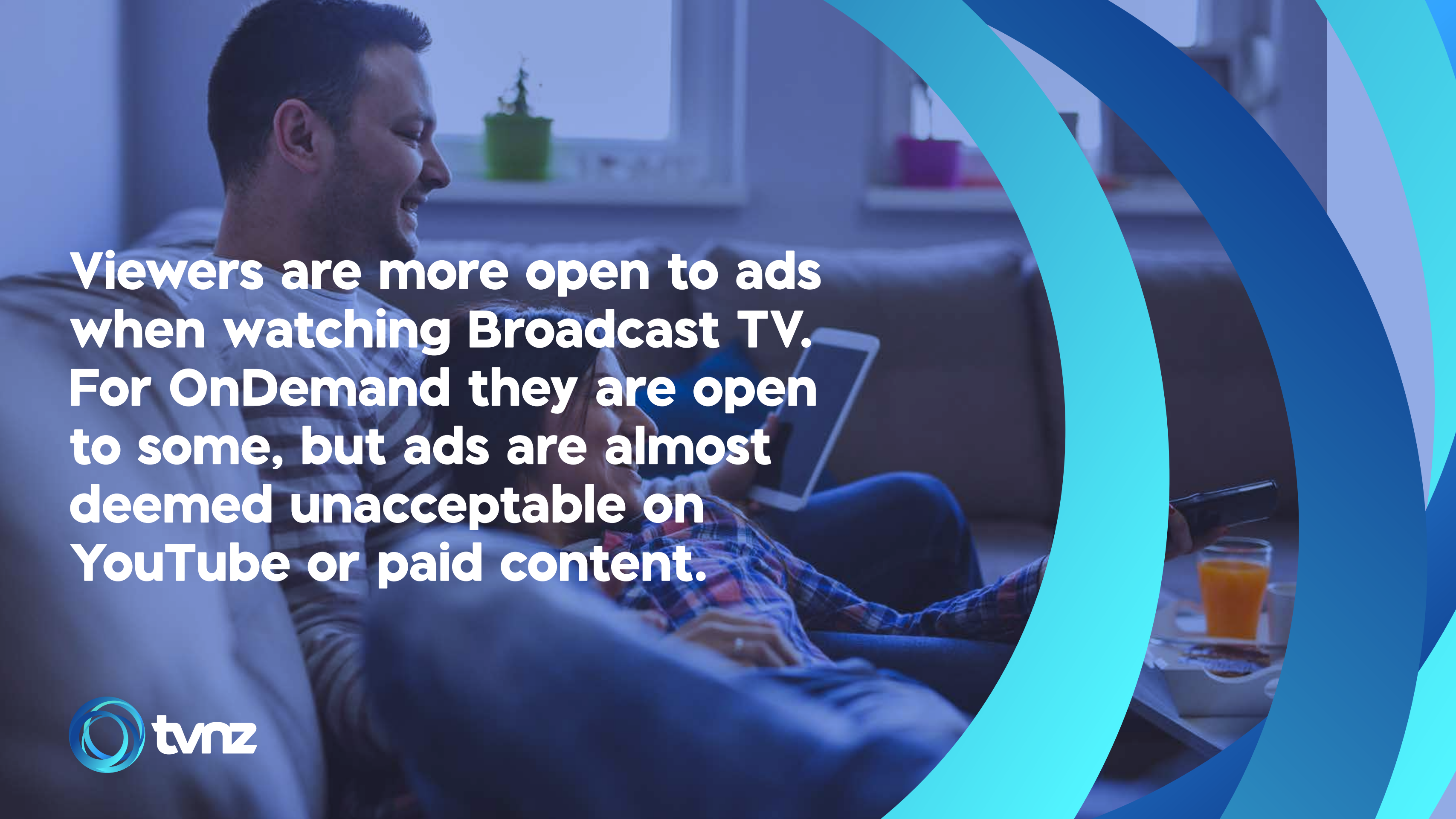
How open are you to seeing advertising when you are watching.... Base: watch broadcast TV (n=562), watch paid TV (n=476), watch OnDemand (n=532), watch recorded TV (n=462), watch YouTube (n=589).





**How do people feel about  
the value exchange across  
the four platforms?**



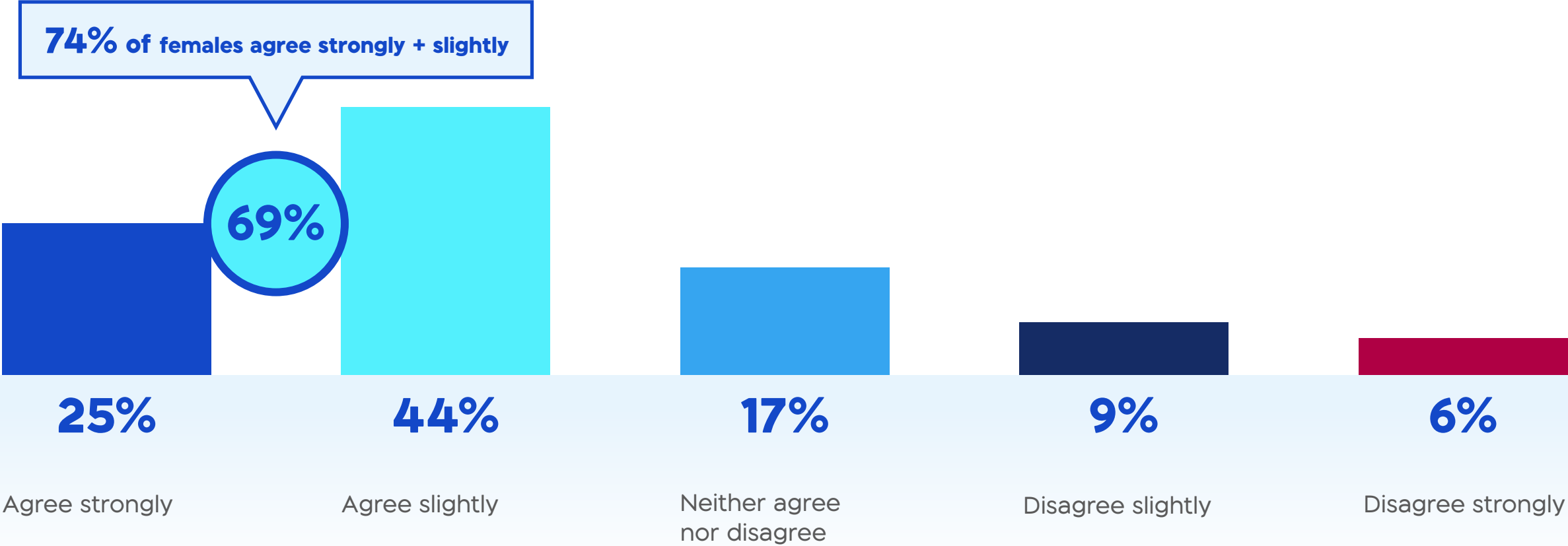


**Viewers are more open to ads  
when watching Broadcast TV.  
For OnDemand they are open  
to some, but ads are almost  
deemed unacceptable on  
YouTube or paid content.**



# When watching Broadcast TV, I expect advertising to be shown.

> Perceptions of the value exchange across platforms



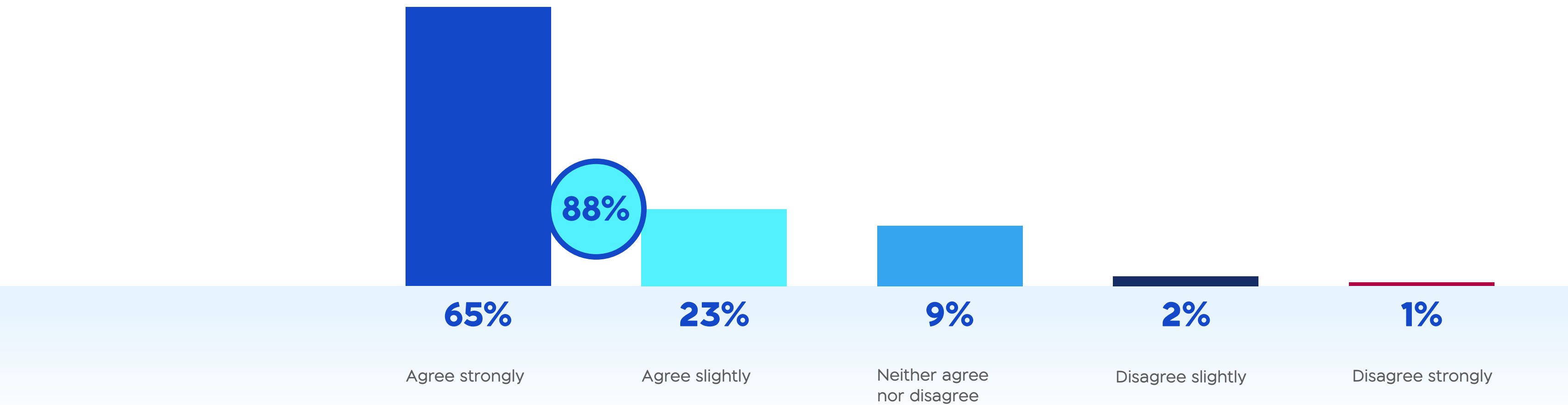
Agree strongly + slightly

How strongly do you agree or disagree with the following statements? Base: Total (n=599), watch paid TV (n=476), watch YouTube (n=589), watch OnDemand (n=532).



# When I am paying for video/TV content, I don't expect to see advertising.

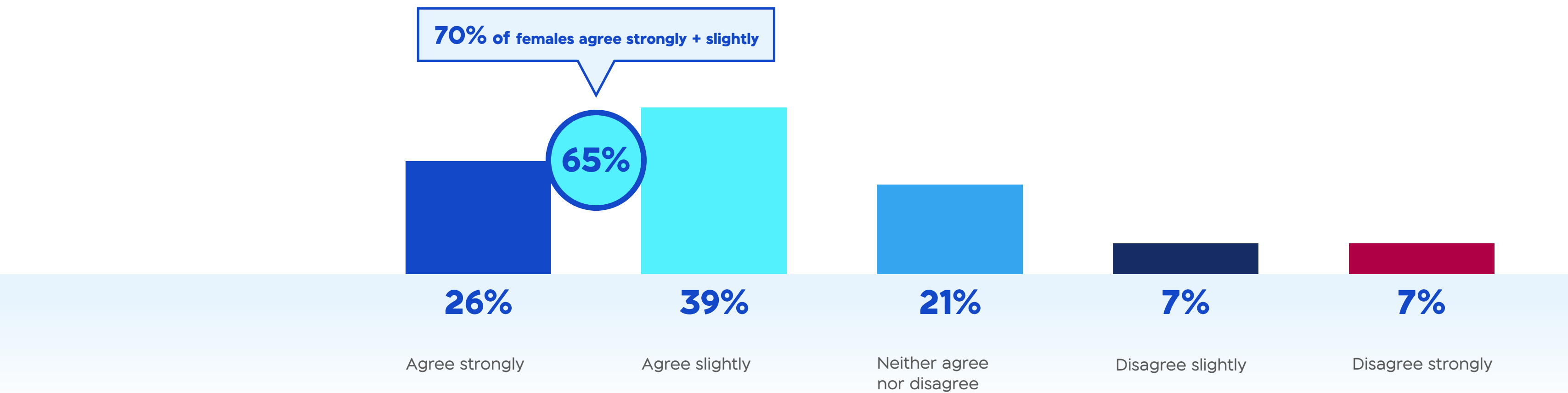
> Perceptions of the value exchange across platforms



Agree strongly + slightly

# I like that I am only shown a couple of ads at a time when I'm watching OnDemand.

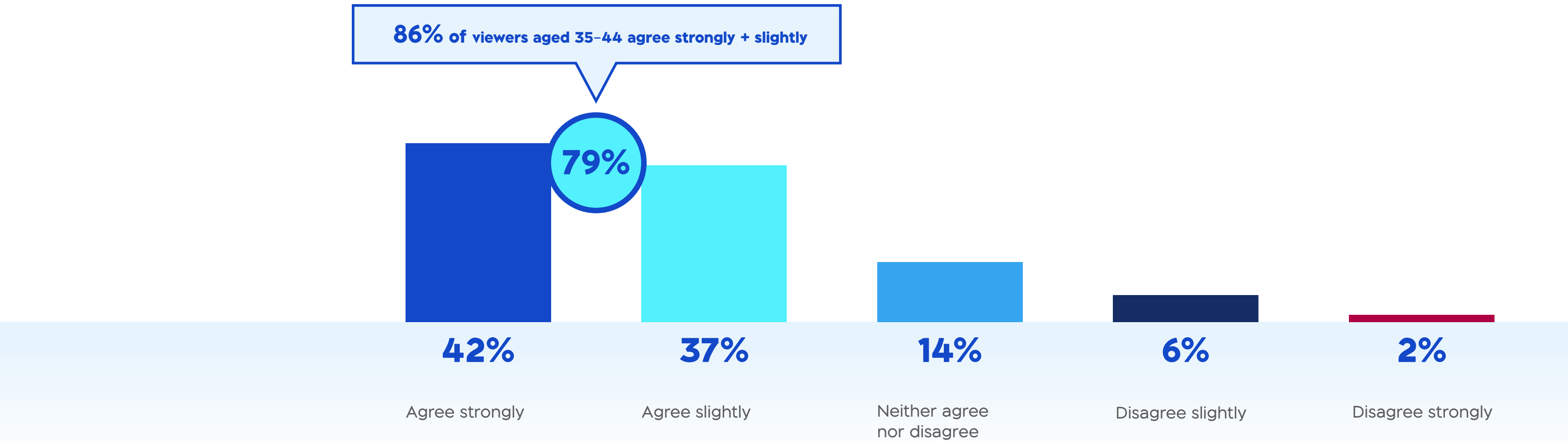
> Perceptions of the value exchange across platforms



Agree strongly + slightly

# I get annoyed when I'm not able to skip the ads on YouTube.

## > Perceptions of the value exchange across platforms

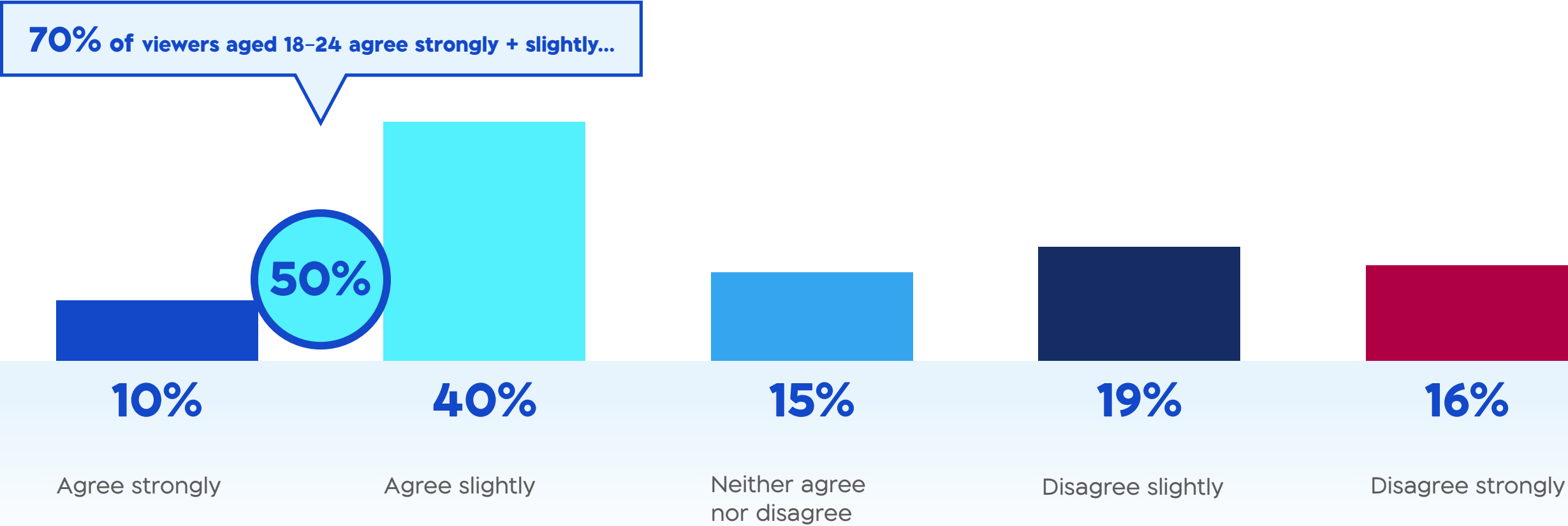


○ Agree strongly + slightly



# I don't mind watching the short ads on YouTube (eg 6 sec ads).

> Perceptions of the value exchange across platforms

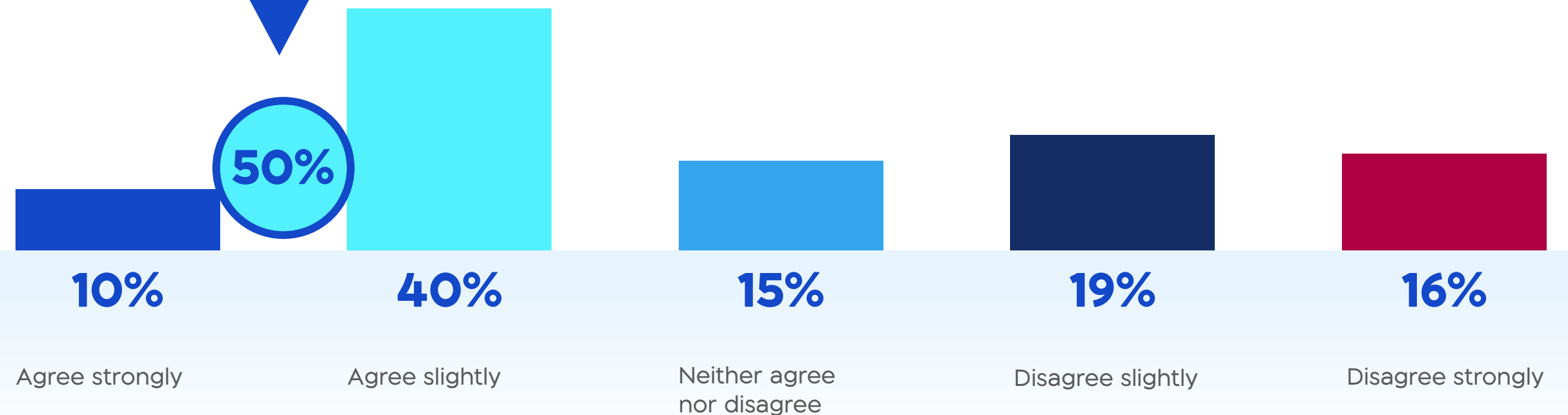


Agree strongly + slightly

# I don't mind watching the short ads on YouTube (eg 6 sec ads).

## > Perceptions of the value exchange across platforms

**So, your advertising needs to be adapted to fully utilise the 6 seconds you have to convey your message.**



 Agree strongly + slightly

# There is a clear value exchange taking place that is pre-set based on conditioning:

- > Both a viewer's attentiveness and receptiveness to advertising varies depending on experience. This experience sets an expectation and attitude towards advertising for a particular viewing platform.
- > If I expect to see an ad, I'm more likely to accept it, view it and respond to it. This is seen in Broadcast TV and OnDemand settings where most people understand that you are exposed to ads so you don't have to pay for content.
- > Conversely, if my learned experience is that I can avoid an ad on a particular platform, I will. And if I do see the ad in that viewing context, I'm more likely to have negative feelings about it.



# Our expectation matches our experience. This is what we base the value exchange on for accepting advertising.



**Broadcast TV**

Free-to-air content is by definition 'free' – most viewers understand that and to retain it, they acknowledge that they will be presented with ads.



**Recorded TV**

We expect to be presented with advertising, but we also expect to be able to easily avoid it.



**TVNZ OnDemand**

Like Broadcast TV, when we are watching OnDemand content, advertising is expected.



**YouTube**

We expect to be able to skip ads as soon as the option is presented to us. When we are 'forced' to 'sit through' ads we tend to react negatively.

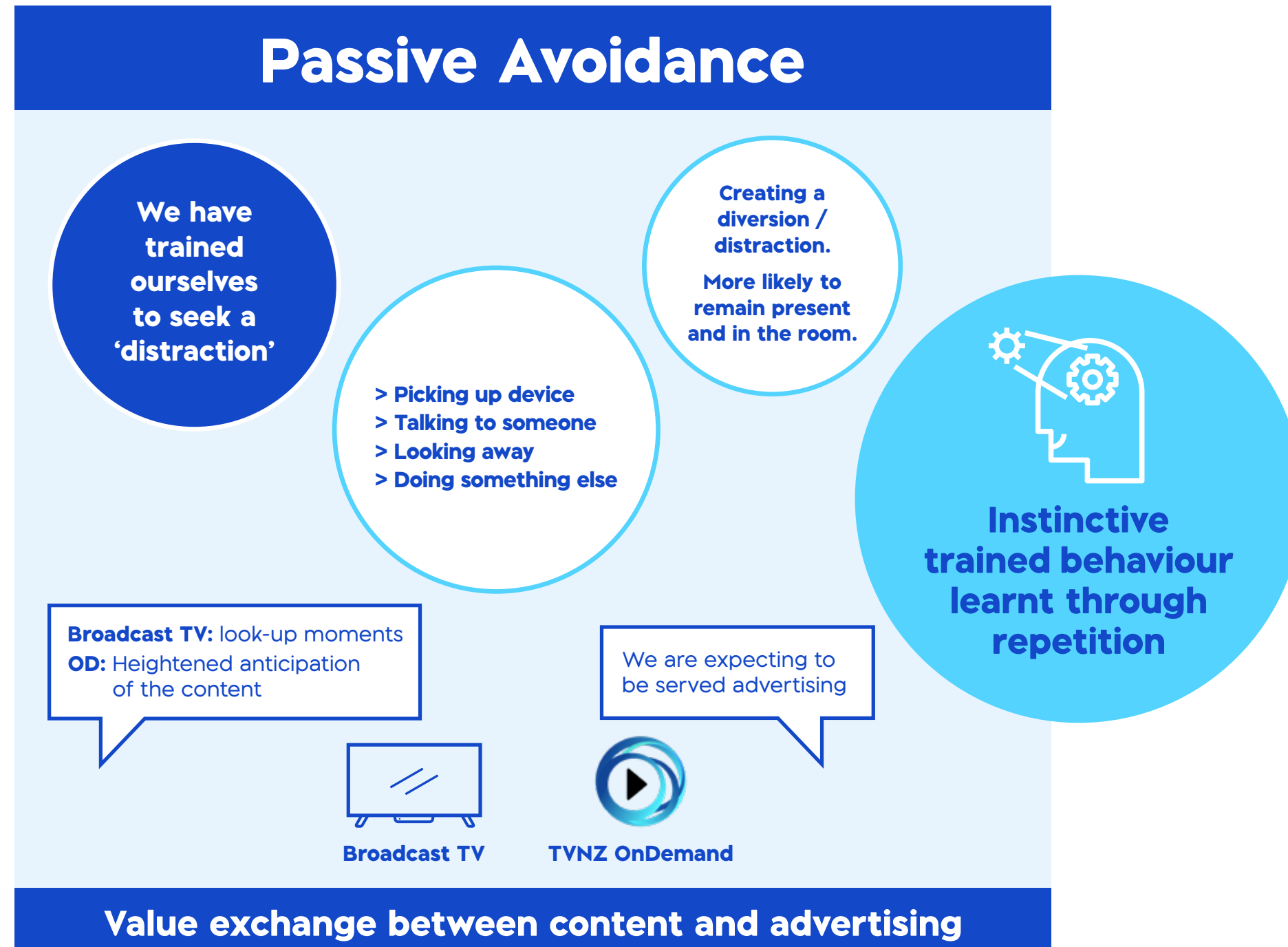
A person is lying on a brown leather couch in a dimly lit room. They are holding a smartphone in their hands, which is illuminated. In the background, a television is on, showing a bright image. A warm, glowing light source, possibly a lamp, is visible in the upper left. The right side of the image is partially obscured by large, overlapping circular shapes in shades of blue and cyan.

**The strategies we use to  
avoid ads also differ from  
platform to platform.**

**Let's take a look...**

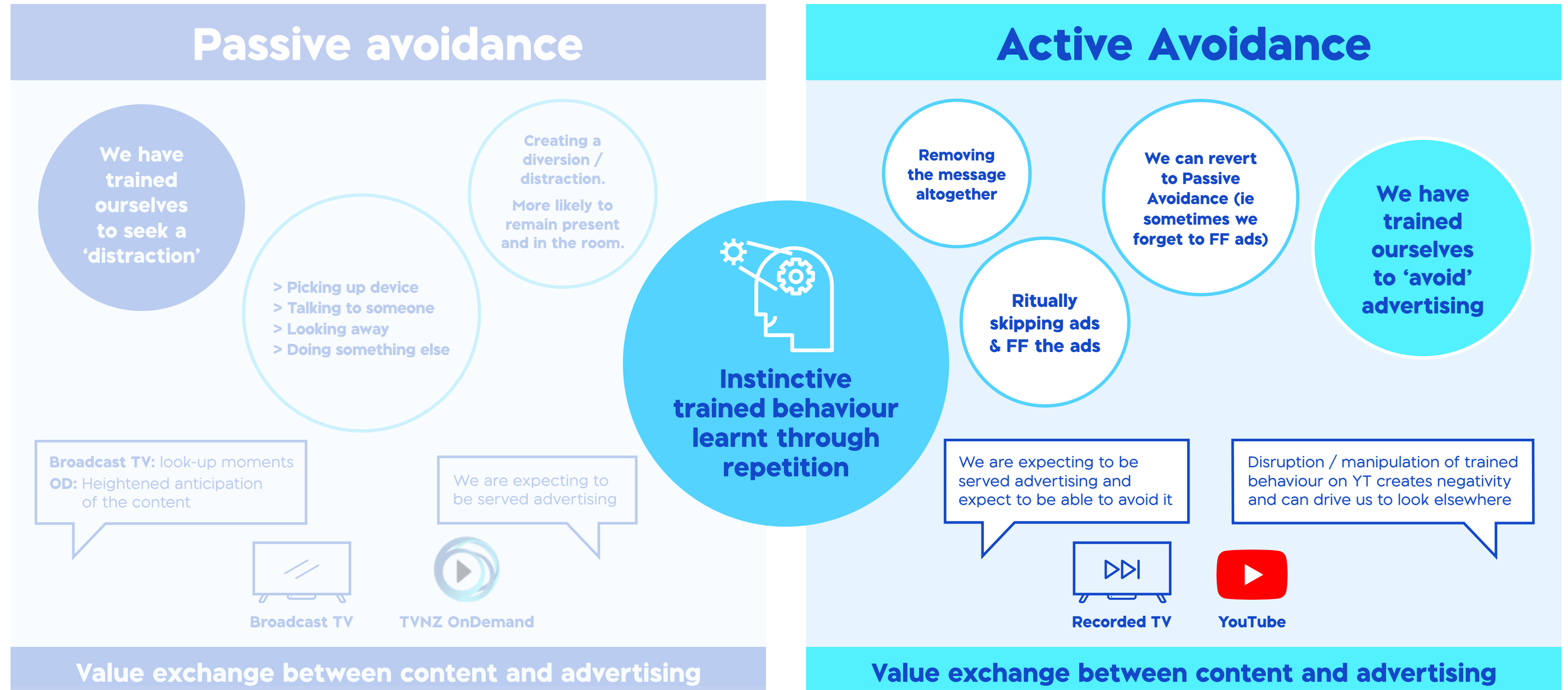


# We found that in Broadcast TV and OnDemand viewers use 'Passive Avoidance' tactics...





# While YouTube and Recorded TV viewers use 'Active Avoidance' tactics...



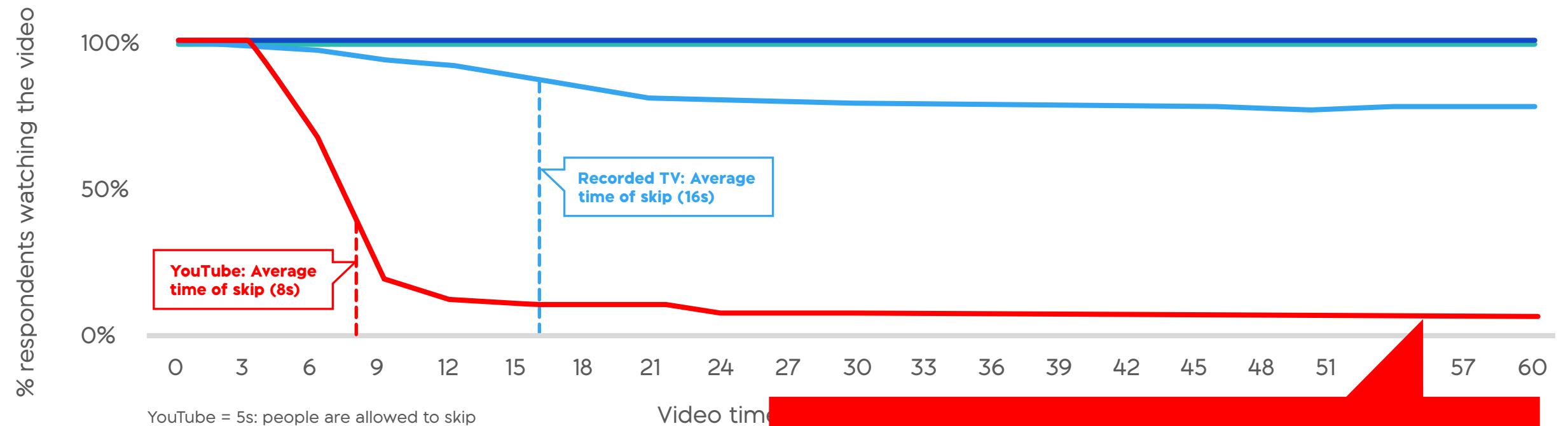
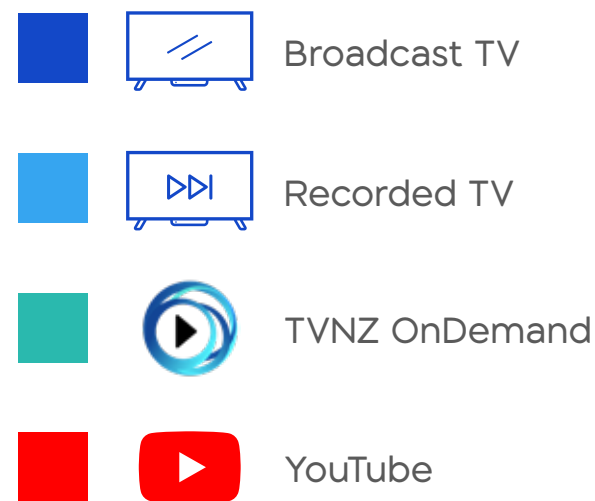
**How much attention did  
the advertising get across  
the four platforms?**





# Only 6% of participants watched the whole ad on YouTube, while it was much higher for Recorded TV.

## > Attention



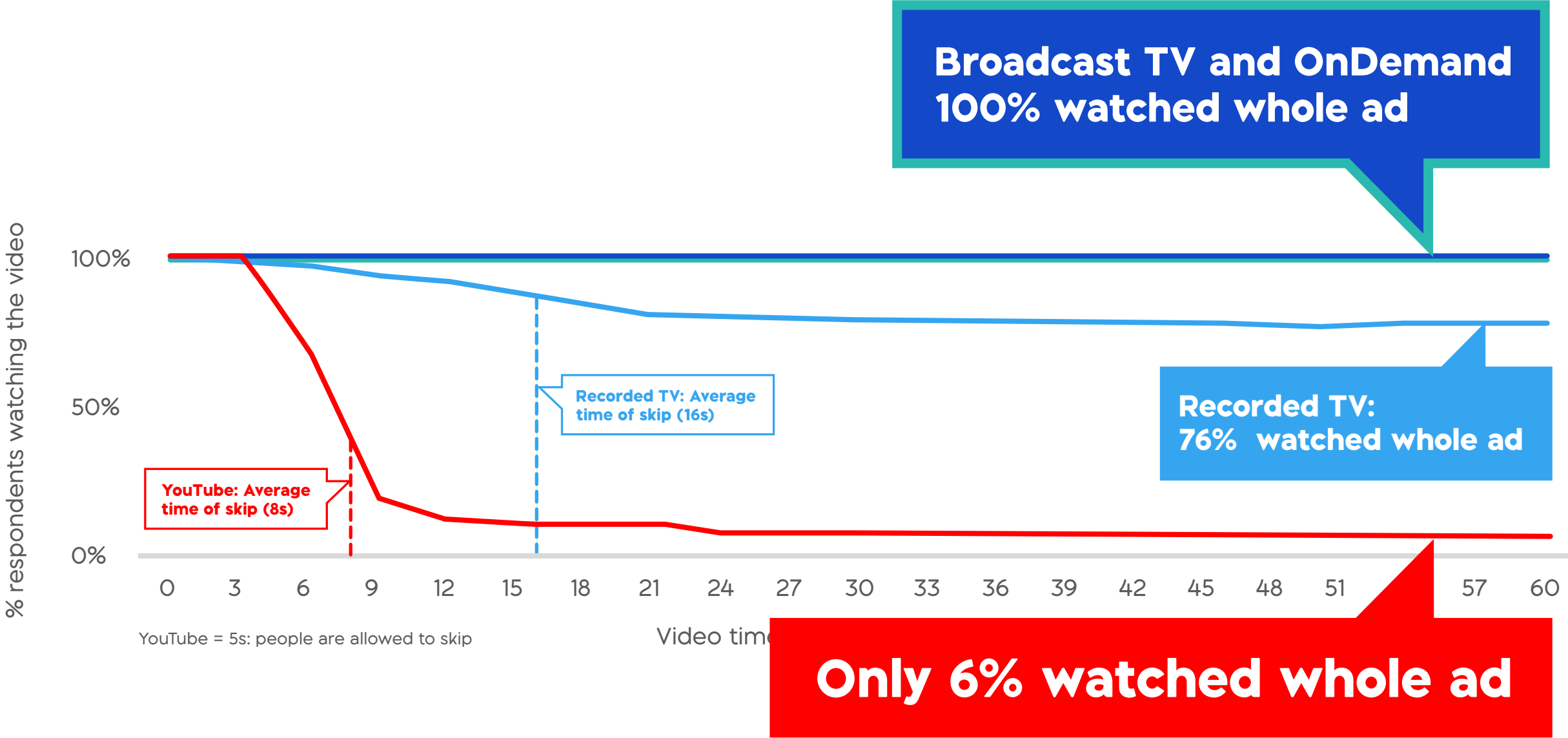
**Only 6% watched whole ad**



# Only 6% of participants watched the whole ad on YouTube, while it was much higher for Recorded TV.

> Attention

- Broadcast TV
- Recorded TV
- TVNZ OnDemand
- YouTube



# YouTube's lack of attention has a dramatic affect on brand impact, with just 3% of viewers recalling the Sainsbury's brand.



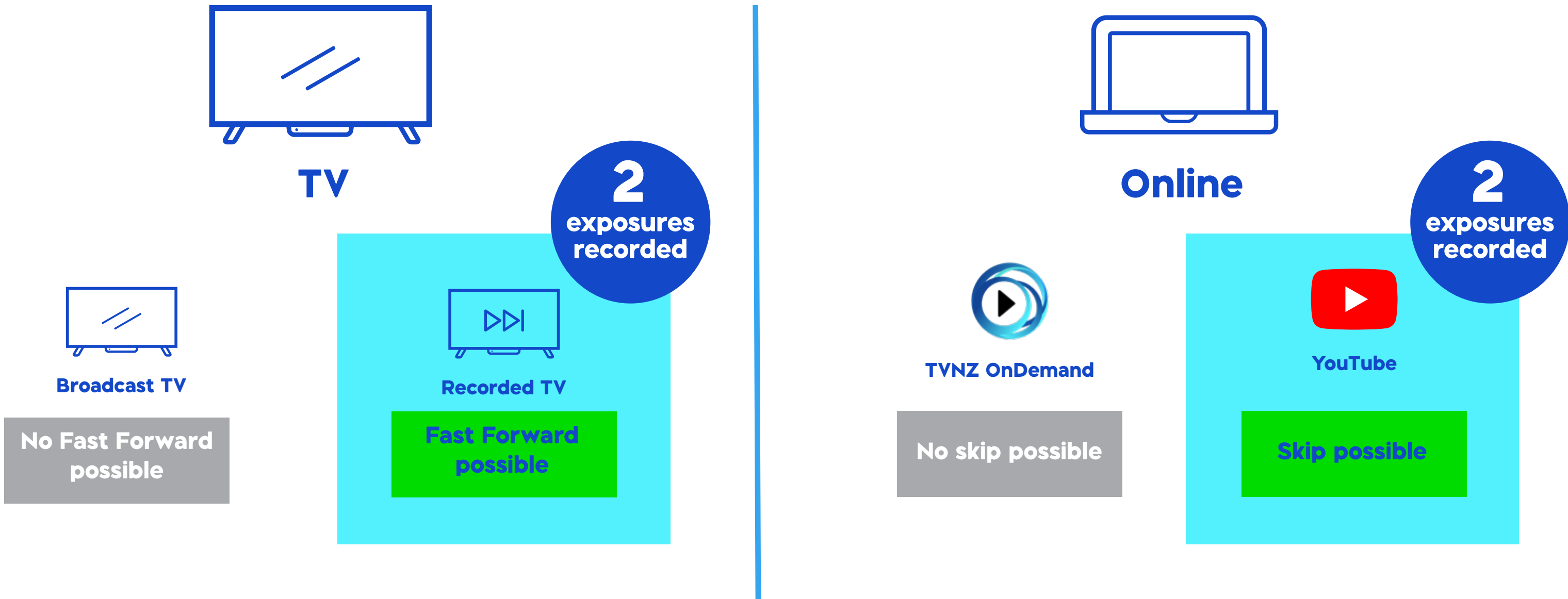


**A quick  
reminder...**





Because participants could skip the ad on Recorded TV & YouTube, we forced them to watch the ad where they couldn't skip on a second viewing.



**Our hypothesis was that YouTube would have low attention to the ad. But, because it was so much lower than anticipated, the only way we could compare emotional resonance across all four platforms was through using our forced second viewing.**

**Skip Ad »**

# Attention and expressiveness are key drivers of engagement and are the two facial coding metrics we recorded.



**Attention**

**Attention** is measured by understanding how much time is spent looking at versus looking away from the video on screen.

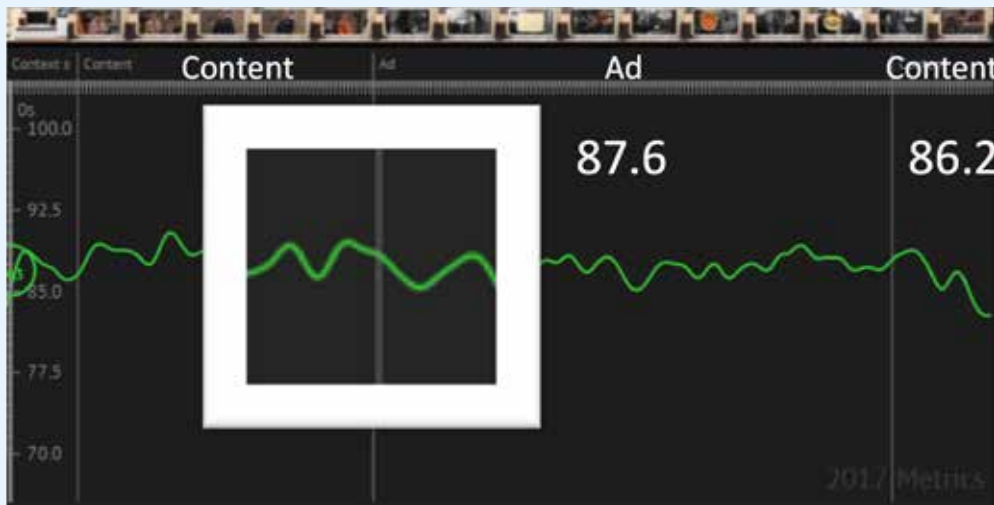


**Expressiveness**

The more the face reacts to the advertising, the more engaged someone is. This is reflected in the Expressiveness measure – an overall measure of **emotional engagement**.

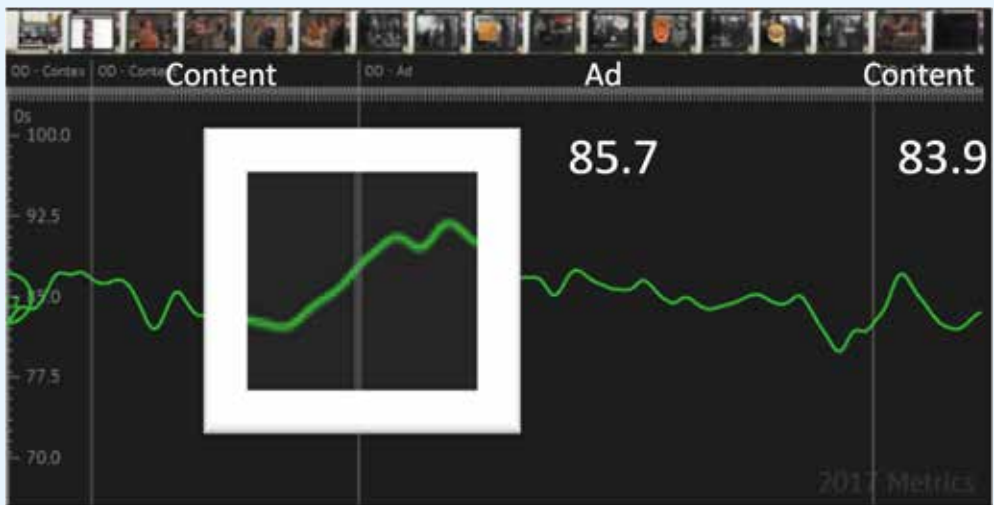


# When we look at the transition of attention from the show content to ad, Broadcast TV holds attention fairly steady, while YouTube loses attention.

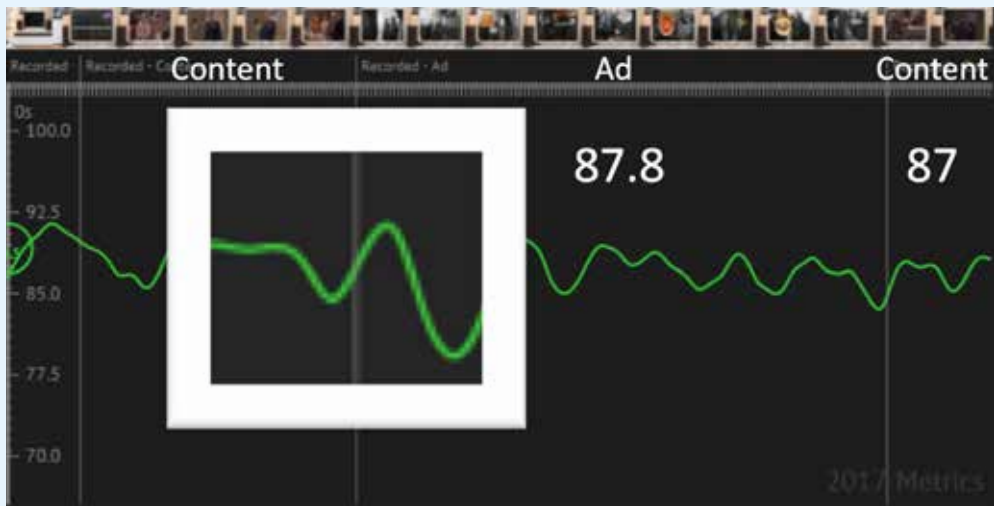


Broadcast TV

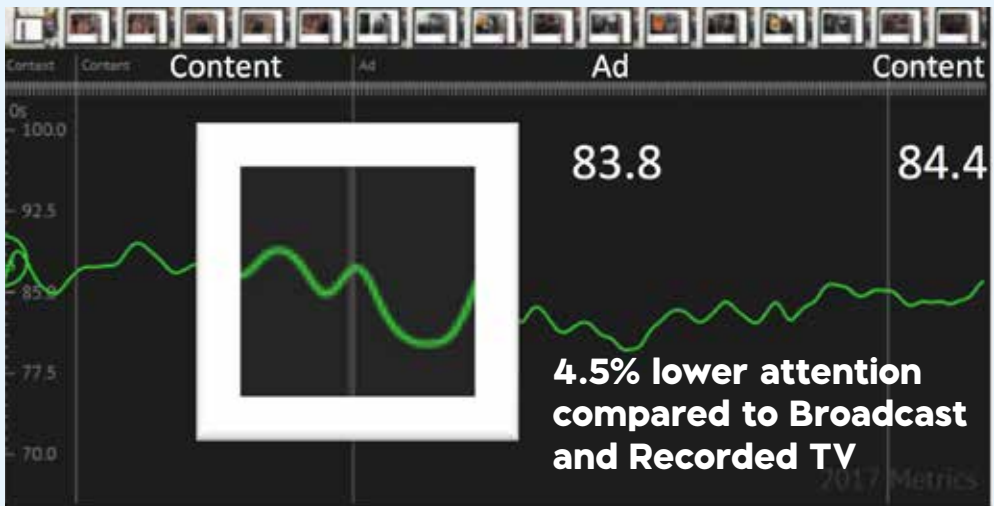
**Note: Broadcast TV was used as the control**



TVNZ OnDemand



Recorded TV



YouTube

**4.5% lower attention compared to Broadcast and Recorded TV**



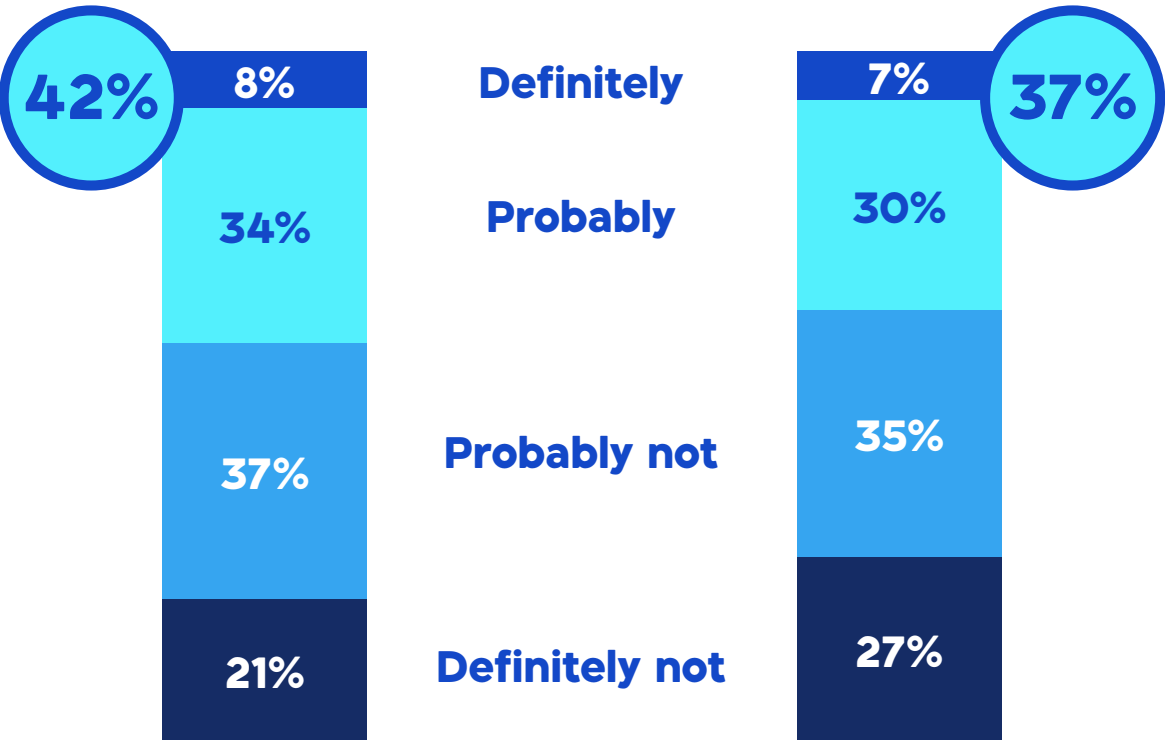
**In Forecast IV we found both audio and visual elements are key in capturing viewers' attention.**

**This proved to be the case here in Broadcast TV and OnDemand platforms, however it wasn't the case for YouTube.**



# If the same ad appears in different environments, viewers are more likely to stop and watch on Broadcast TV than online.

## > Stop & Look

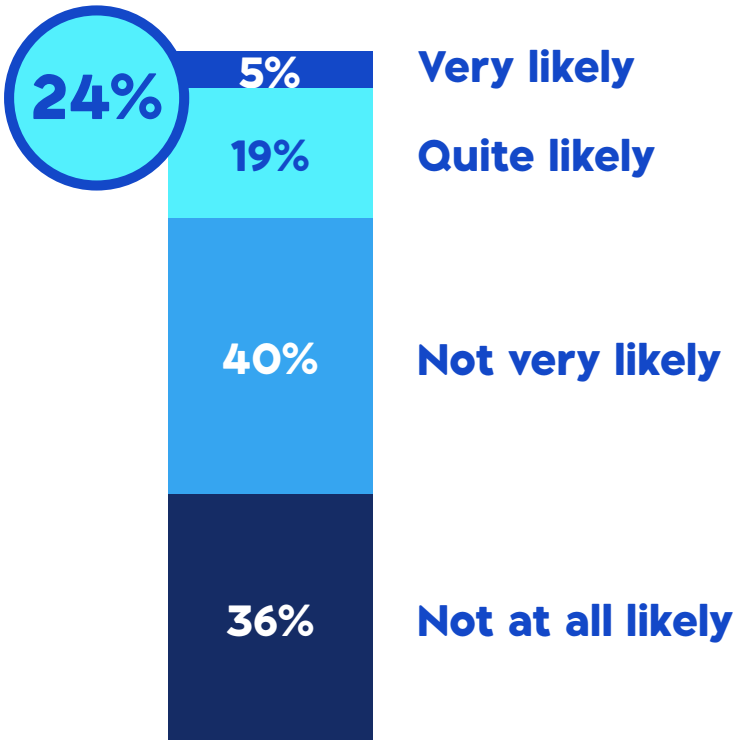


Broadcast TV

If you came across this ad while watching a video or TV programme, would it make you want to stop what you're doing and watch it?

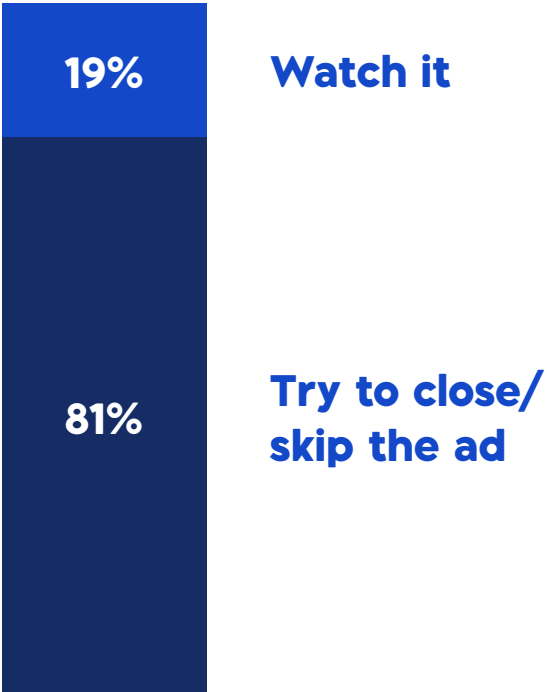


TVNZ OnDemand



Recorded TV

Imagine you are fast-forwarding through an ad break using your digital TV recorder or DVD recorder, how likely would you be to stop and play the ad at normal speed?



YouTube

If you were to see this ad on a website, do you think you would watch it or try to close or skip the ad?





**Emotional  
resonance**

**All of the platforms have the  
opportunity to perform equally:**

**They are all video.**

**They all have audio.**

**They are all in colour.**

**But...**



**...they don't.**

**The way these platforms have taught viewers to engage has a big impact on how emotionally engaged viewers are to advertising.**

**Here are a few examples...**

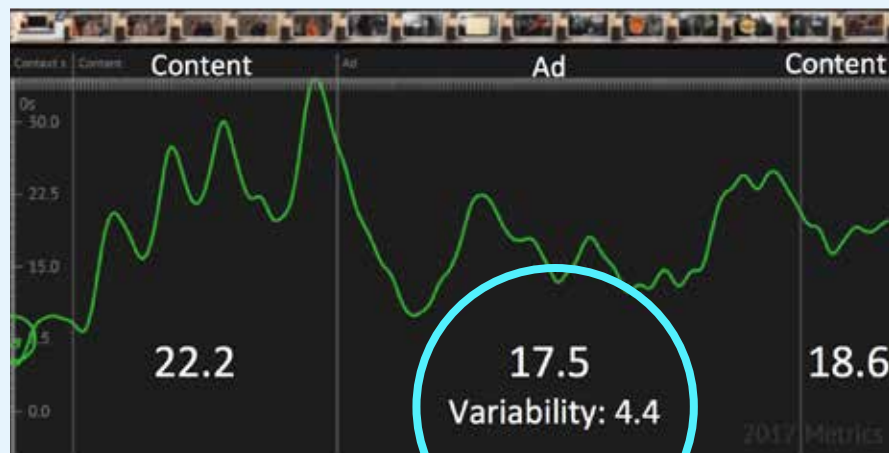




# 1 Expressiveness

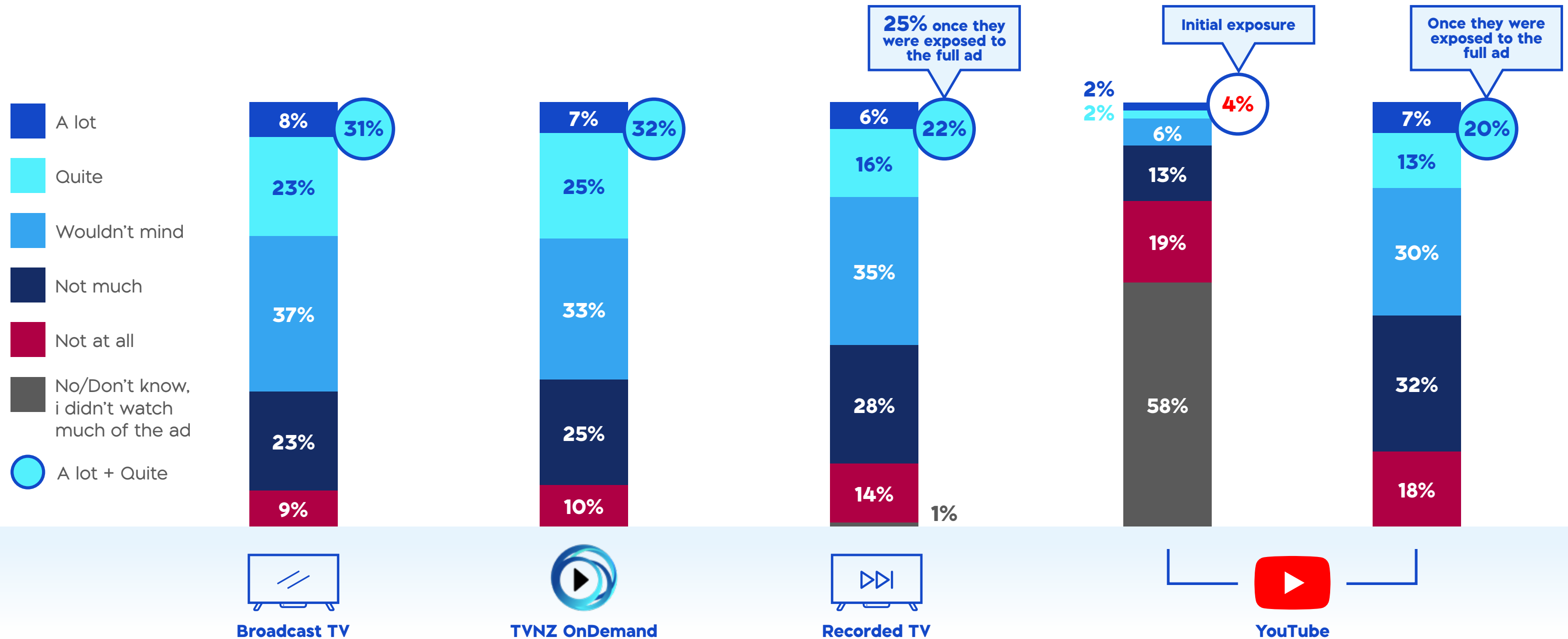
While Broadcast TV has an overall lower level of expressiveness, there is greater variability in emotional response, ie viewers show more peaks and troughs of emotion across the different scenes. For YouTube, viewers are not as attentive even when viewing the same content.

The more the face reacts to the advertising, the more engaged someone is. This is reflected in the Expressiveness measure – an overall measure of emotional engagement.



## 2 Enjoyment

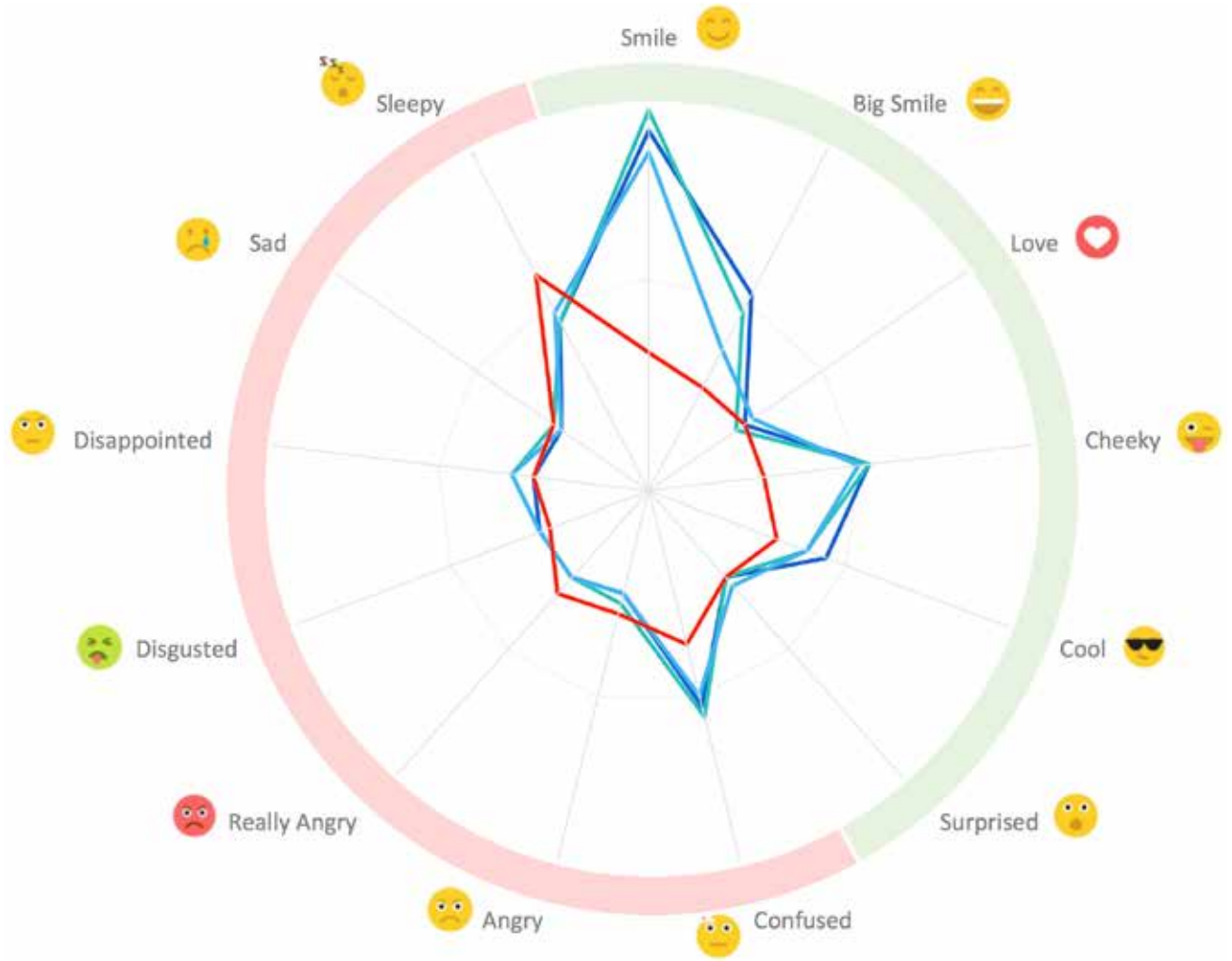
Enjoyment is particularly low for YouTube (based on first exposure), but even with full forced viewing, the YouTube context results in somewhat lower enjoyment (and Recorded TV to a lesser extent).







# 3 Emoticon

YouTube viewers are much less likely to feel any positive emotion to the ad; a large proportion of ‘no emotions’ reflect a large number not having seen the ad in detail.

	Broadcast	OnDemand	Recorded	YouTube
Any positive emotion	46%	47%	43%	9%
Indifferent	37%	31%	28%	46%
Any negative emotion	21%	23%	24%	24%
None of these express how I felt about the ad	2%	2%	7%	23%



-  Broadcast TV
-  TVNZ OnDemand
-  Recorded TV
-  YouTube

Base: Live TV (n=150), OnDemand (n=150), Recorded TV (n=148), YouTube (n=151). NB. Respondents could select more than one emoticon.



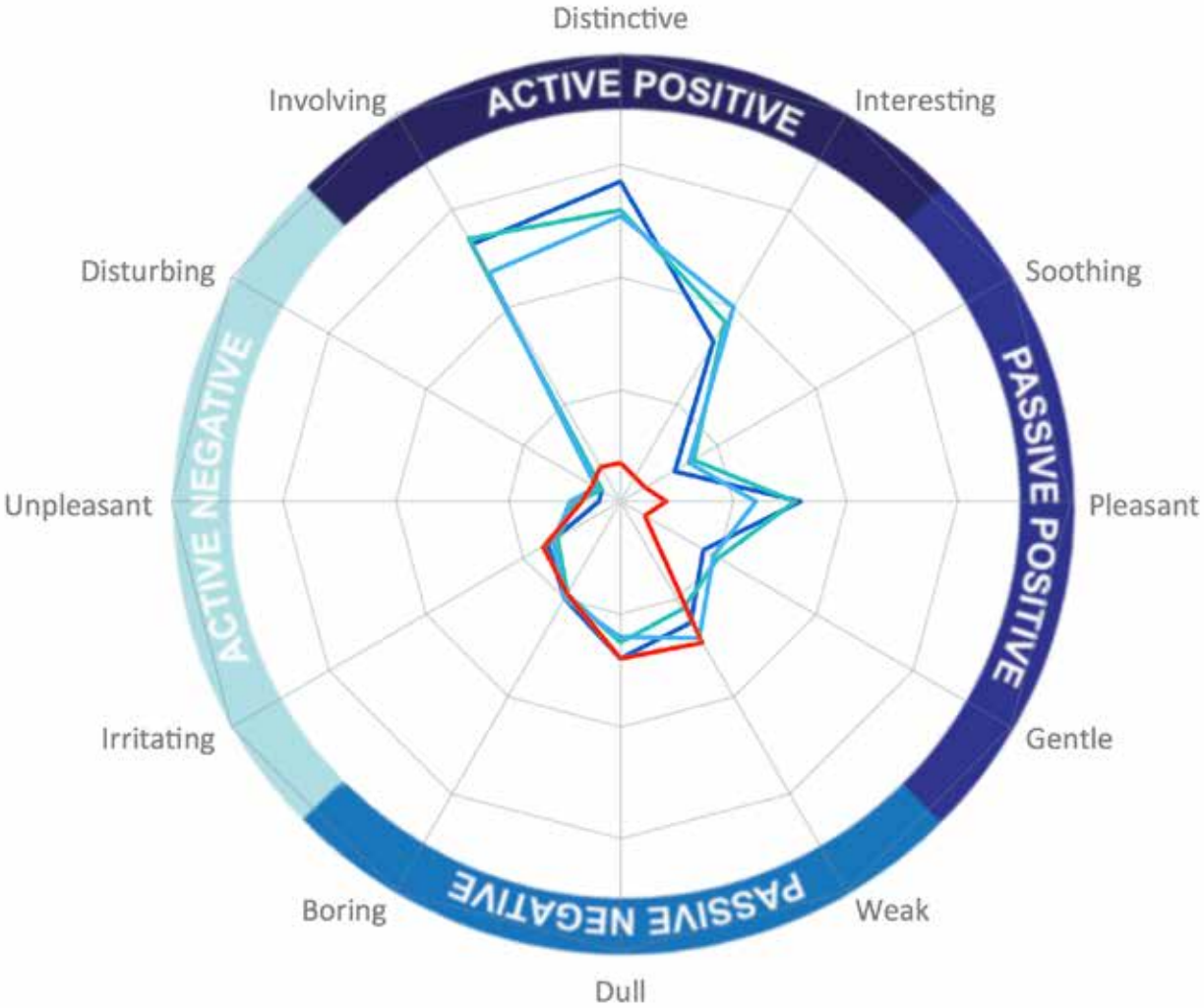
# 4 Active Involvement

On first viewing, YouTube ad viewers had very little positive involvement with the ad...

	Broadcast	OnDemand	Recorded	YouTube
Active positive	48%	48%	46%	6%
Active negative	8%	8%	9%	10%
Passive positive	20%	22%	19%	6%
Passive negative	24%	22%	24%	25%
Don't know/didn't watch/much of the ad			9%	63%

- Broadcast TV
- TVNZ OnDemand
- Recorded TV
- YouTube

Base: Live TV (n=150), OnDemand (n=150), Recorded TV (n=148), YouTube (n=151).



## 4 Active Involvement

...and even after 'full' viewing, YouTube viewers do not engage as positively with the ad.

	Broadcast	OnDemand	Recorded	YouTube
Active positive	48%	48%	47%	34%
Active negative	8%	8%	8%	11%
Passive positive	20%	22%	21%	21%
Passive negative	24%	22%	24%	34%

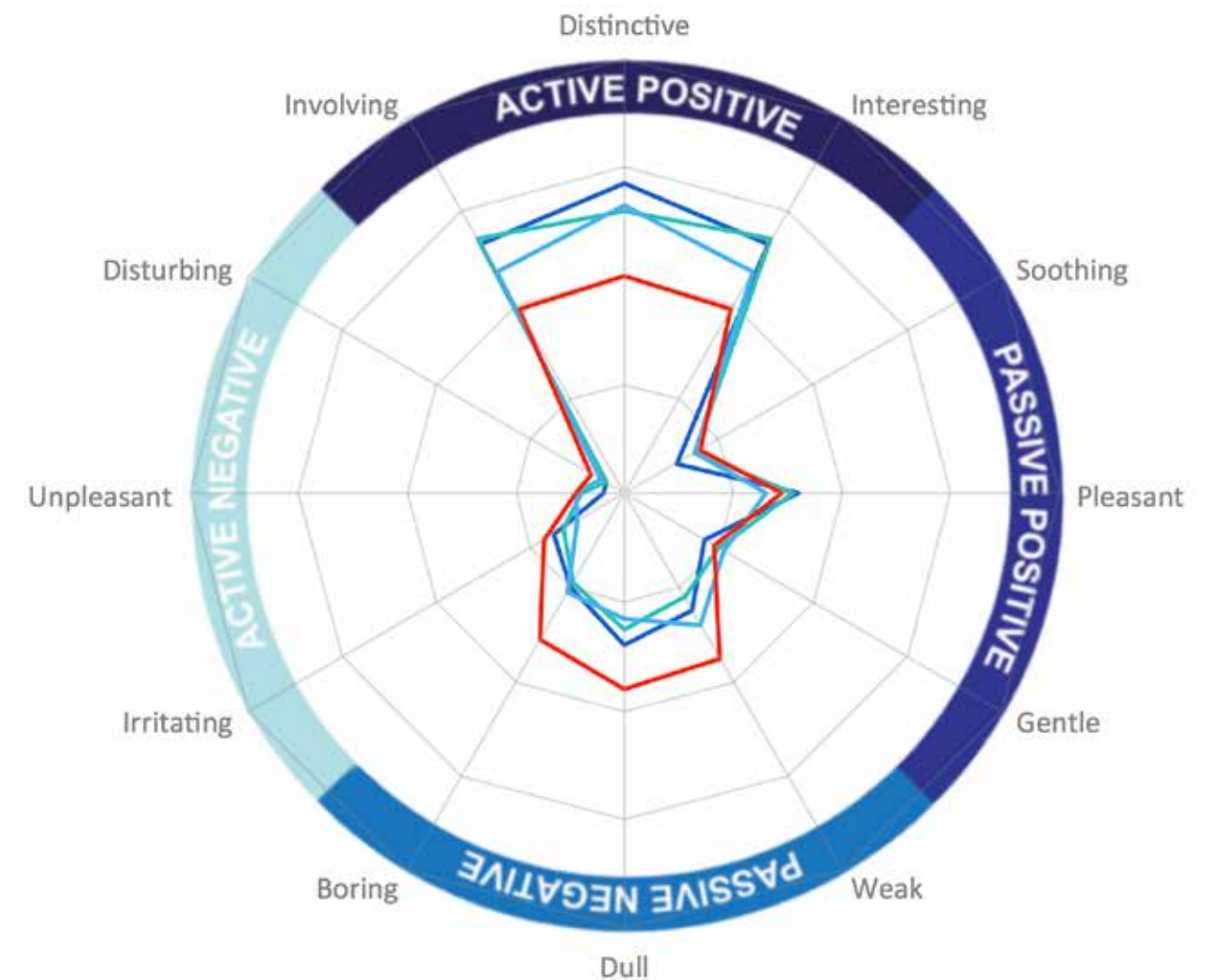
 Broadcast TV

 TVNZ OnDemand

 Recorded TV

 YouTube

Base: Live TV (n=150), OnDemand (n=150), Recorded TV (n=148), YouTube (n=151).





**Brand**

**impressions**

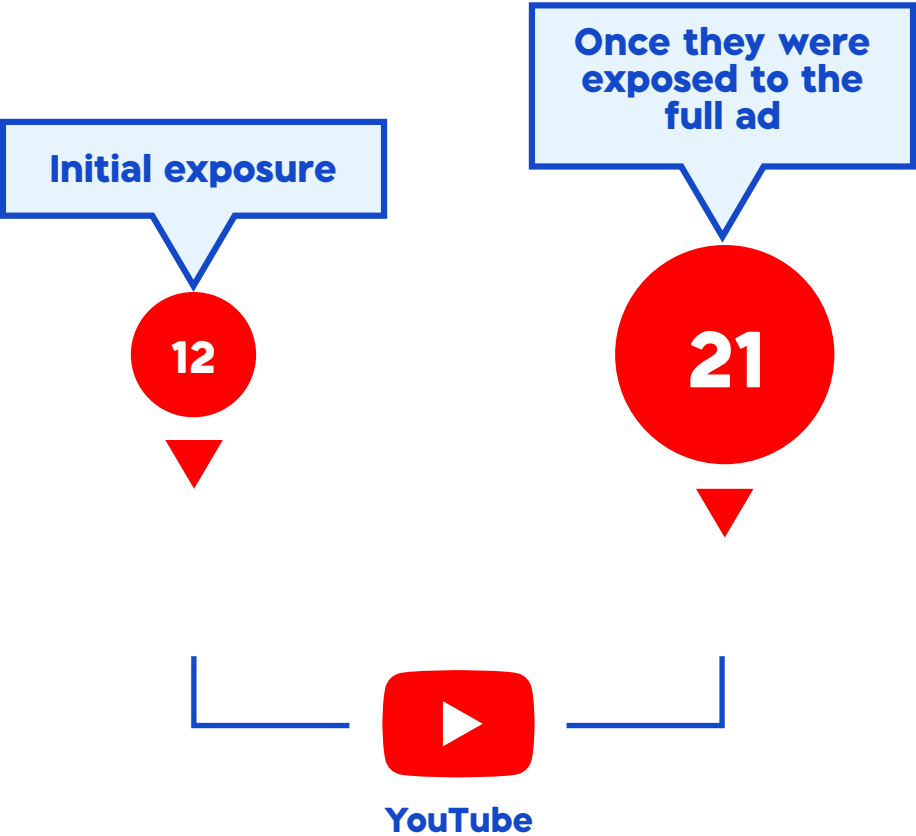
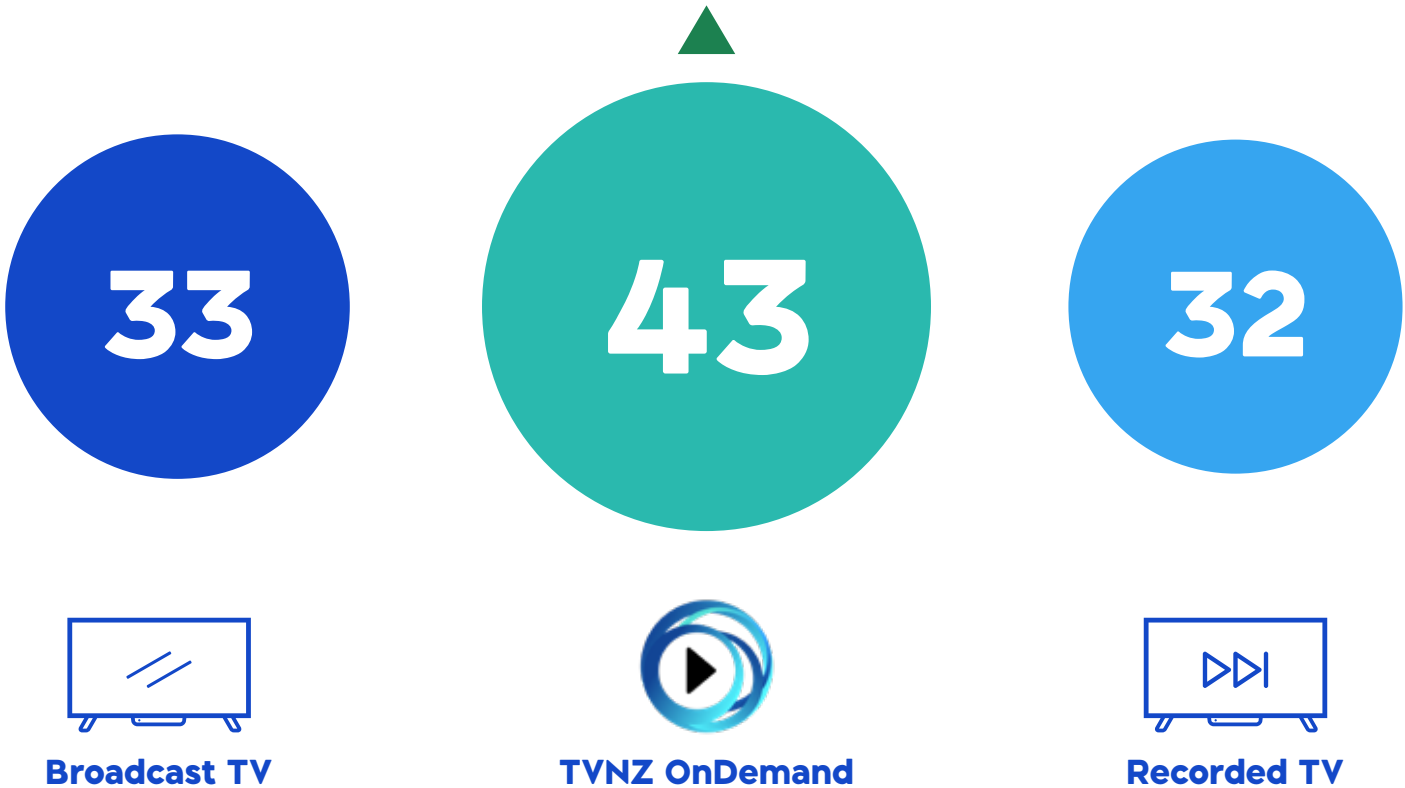




# Branding is clearest when viewing on OnDemand and is considerably lower on YouTube, even after full exposure to the ad.

## > Brand Clarity

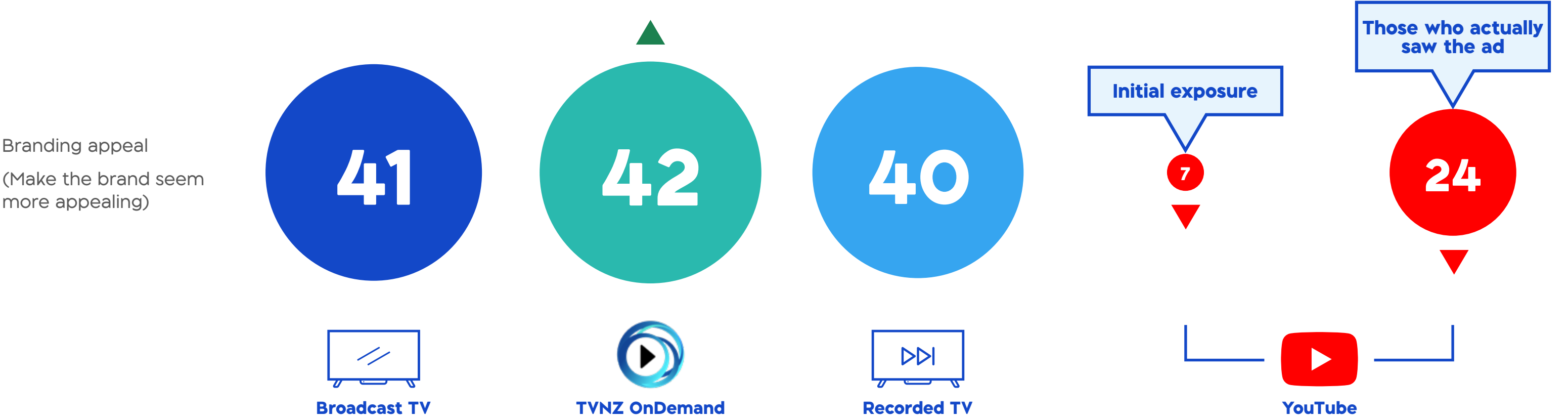
Branding clarity  
(Good at making you remember it was for 'brand')



X/X = Significantly higher/lower than Total

# Brand appeal is highest when viewing on OnDemand and, again, is considerably lower on YouTube, even after full exposure to the ad.

## > Brand Appeal



X/X = Significantly higher/lower than Total

# Because very few viewers watched the ad on YouTube it couldn't drive strong responses.

## > Summary Indexed Performance (vs Broadcast TV)



Base: Live TV (n=150), OnDemand (n=150), Recorded TV (n=148), YouTube (n=151). Results indexed against Live TV result. Recorded TV results in brackets are based on results after forced exposure for all.



# And even once YouTube viewers were exposed to the full ad, emotional resonance and brand impressions were still more restrained.

## > Summary Indexed Performance (vs Broadcast TV)



Base: Live TV (n=150), OnDemand (n=150), Recorded TV (n=148), YouTube (n=151). Results indexed against Live TV result. Recorded TV results in brackets are based on results after forced exposure for all.

**We believe Broadcast TV should always  
be used as the control as it is the best  
platform for advertising... But...**





**...as some feel that YouTube is the  
best environment for advertising  
we flipped the control to YouTube...**





# Attention is 16 times stronger for Broadcast TV and OnDemand than YouTube's initial exposure.

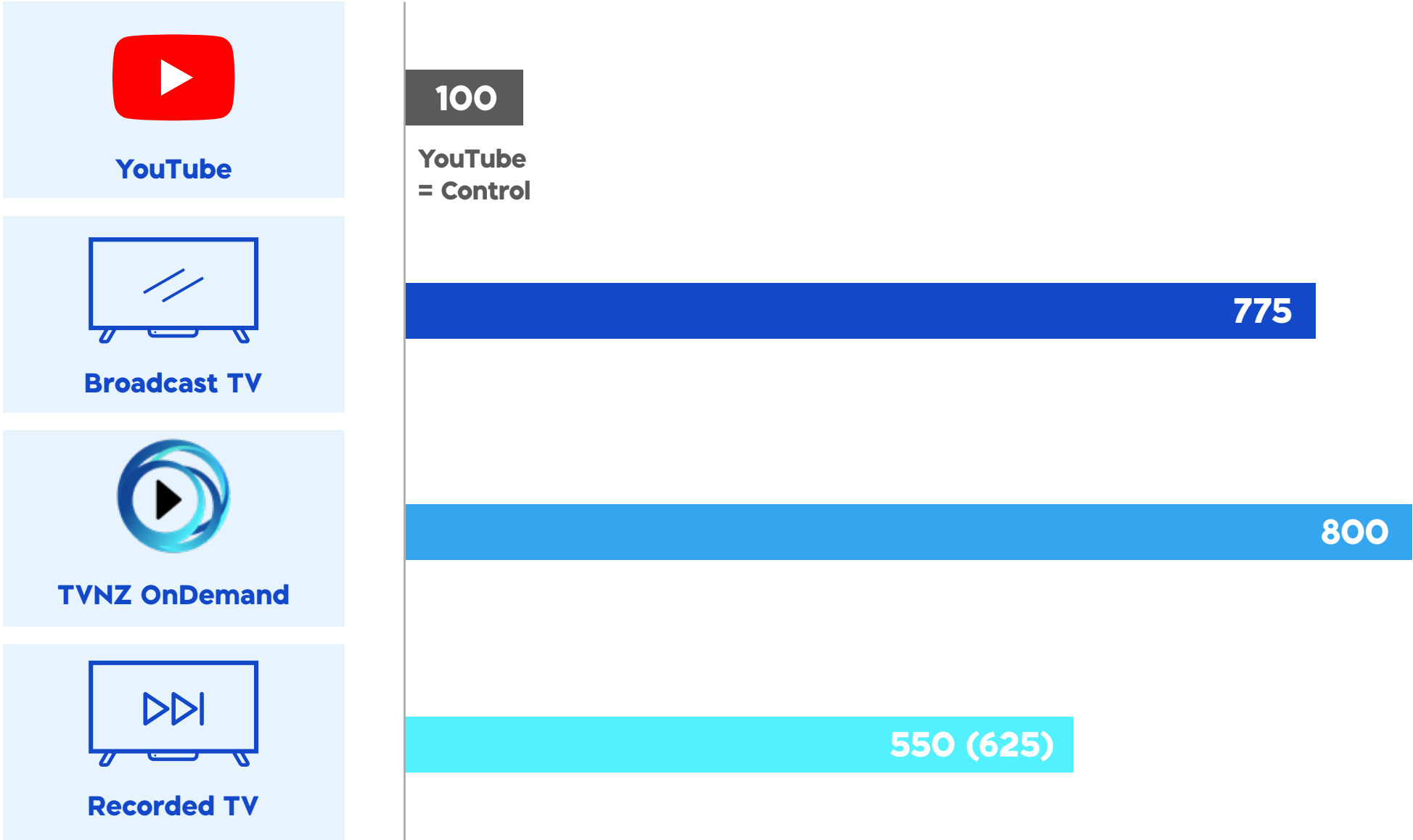
Attention/Impact: Viewed whole ad



Base: Live TV (n=150), OnDemand (n=150), Recorded TV (n=148), YouTube (n=151). Results indexed against You Tube initial exposure. Recorded TV results in brackets are based on results after forced exposure for all.

Viewers are **8 times more likely**  
to enjoy the ad when watching OnDemand.

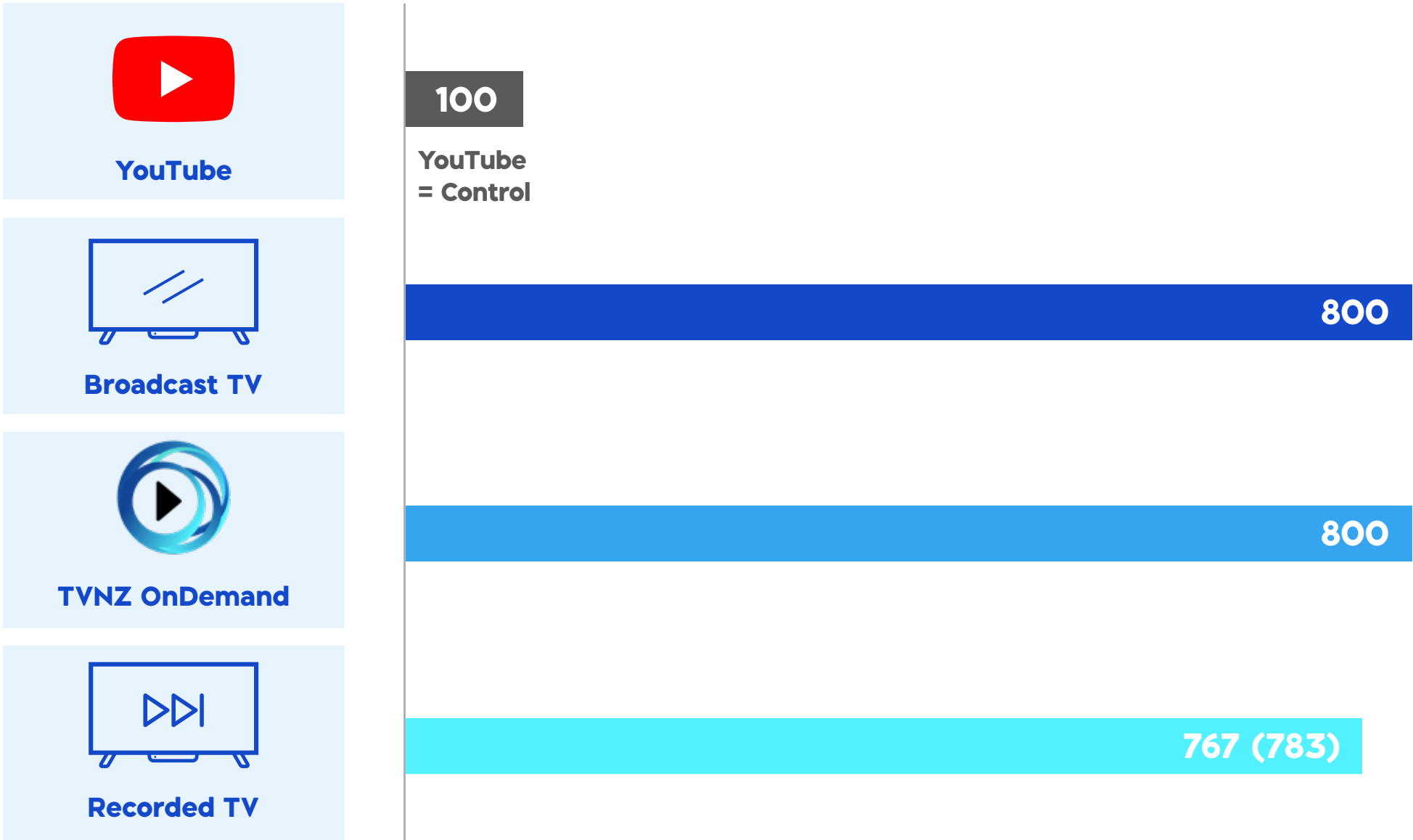
Emotional resonance: Enjoyment



Base: Live TV (n=150), OnDemand (n=150), Recorded TV (n=148), YouTube (n=151). Results indexed against You Tube initial exposure. Recorded TV results in brackets are based on results after forced exposure for all.

# Active positive involvment is 8 times higher for Broadcast TV and OnDemand.

## Emotional resonance: Active positive involvement

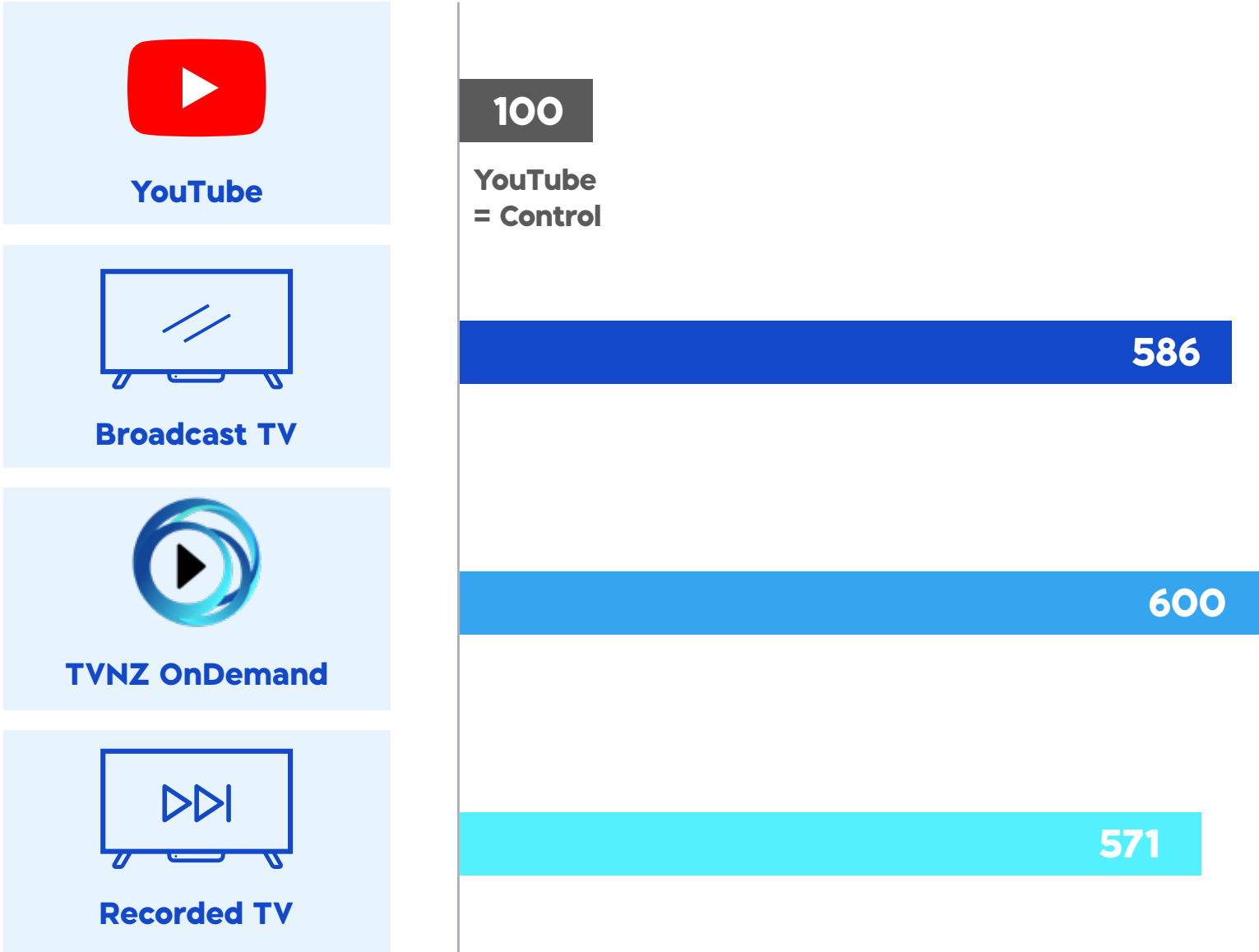


Base: Live TV (n=150), OnDemand (n=150), Recorded TV (n=148), YouTube (n=151). Results indexed against You Tube initial exposure. Recorded TV results in brackets are based on results after forced exposure for all.



And brand appeal is almost **6 times higher**  
on all platforms other than YouTube.

Brand impressions: Brand appeal



Base: Live TV (n=150), OnDemand (n=150), Recorded TV (n=148), YouTube (n=151). Results indexed against You Tube initial exposure. Recorded TV results in brackets are based on results after forced exposure for all.



# Conclusion





**Broadcast TV and  
OnDemand are the  
platforms that get the  
most active attention  
to advertising.**





Broadcast TV



TVNZ OnDemand

# 100%

**of participants watched the whole ad on Broadcast TV and OnDemand.**



YouTube

# Only 6%

**of YouTube participants watched the ad right through. 81% saw less than 9 seconds of the ad.**



**Our learned experience on how we feel about watching advertising within a particular context overrides everything else. Broadcast TV and OnDemand command more attention because we accept a value exchange of advertising for free programme content.**

**The value exchange doesn't exist on platforms where we've learned we can actively avoid advertising – ie, Recorded TV and YouTube – or pay for content.**



**YouTube is the world's greatest user  
generated video content platform...**





**...But, even if you can get (force) people to watch an ad on YouTube, the platform dampens a viewer's emotional response to the same creative viewed elsewhere. This limits the ability of advertising on the platform to impact behaviour and attitudes towards a brand.**



**This was clearly demonstrated by only 3% of YouTube participants correctly recalling the Sainsbury's brand, and recording 33% less emotional resonance and brand impact than Broadcast TV.**

**A final word...**





**“The platform that commands  
the greatest active attention  
gets the sale.”**

Professor Karen Nelson-Field  
The Benchmark Series

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# Thank you



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**Forecast Series**

