Ebiquity Report

A closer look at video advertising reach in the age of increasing media fragmentation

Mind the Gap

ebiquity

Executive summary

Last year, our report ***TV at the Tipping Point*** highlighted how fragmentation in viewership, rising prices, and declining reach will potentially erode TV's long-established ROI advantage.

Many people – particularly younger viewers – are replacing linear TV with online video, broadcaster and subscription video-on-demand services. Yet TV remains the go-to medium to deliver mass audiences at scale **and quickly.**

One year on, TV audiences have shrunk more quickly than predicted and the coverage gap compared to previous years has increased further. Meanwhile, TV prices are inflating. This makes reaching and engaging mass audiences with powerful brand messages more expensive and more challenging.

In theory, brands can achieve incremental reach using digital video channels. But there is evidence to suggest that once quality of engagement is factored in, online video may not be enough to close the coverage gap. Brands must also approach online video differently.

We worked with five leading UK advertisers to measure cross-media reach across 15 campaigns, fusing BARB and AudienceProject panel data. In this report we review the data and findings, as well as implications and recommendations.

Transparent, cross-media measurement has never been more important for brands, many of whom need to upgrade their measurement methodologies to better understand their own coverage gap in the evolving media ecosystem. This is becoming increasingly important as the nature of video advertising changes and as this pace of change accelerates.

Published February 2020

Introduction

Following the advent of commercial TV last century, the medium quickly became the most efficient and cost-effective way for advertisers to reach mass audiences at scale. In February 2019, Ebiquity published a study into the present and future of advertising on TV[1]. Our ***TV at the Tipping Point*** report showed that, while TV still commanded an ROI advantage of approximately 40% over other media lines in 2018, the market was approaching a tipping point to threaten the primacy of linear live TV. It showed that linear TV viewing is declining, and therefore commercial advertising is becoming more expensive. Advertisers are effectively able to achieve less while having to spend more.

Industry orthodoxy suggests that brands must look elsewhere if they are to build the levels of reach that linear TV provided in past decades, and if they're to successfully bridge the coverage gap that TV's evolution demands. "Elsewhere" means broadcaster video-on-demand (B-VOD) and digital video ads on YouTube, Facebook, Twitter, Snap, and Unruly.

Our new report from 2020 – **Mind the Gap** – is focused in three areas:

1. **We revisit our 2019 predictions on shrinking linear TV audiences** and map them against actual commercial impacts recorded for the year, by age group. We also project these figures out to 2025.

2. **We report the findings of our new video-focused cross-media measurement study,** which we've run by fusing data from audience measurement providers AudienceProject and BARB. Our analysis examines whether digital video channels can help to close the coverage gap caused by the decline of linear TV, again for different age groups.

3. **We outline what marketers should do** to address their own coverage gap.

[1] TV at the Tipping Point (February 2019), http://bit.ly/2BscR7v

2019 revisited: linear TV audiences in retreat

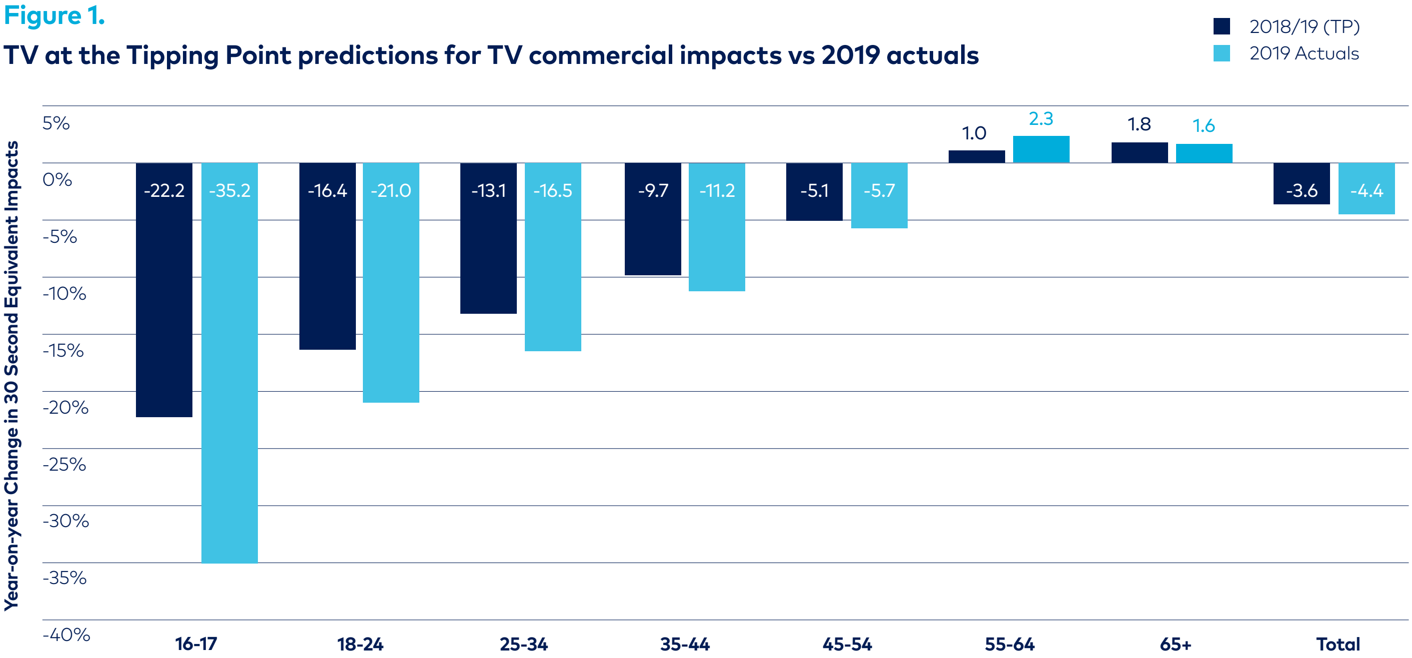
TV at the Tipping Point stimulated significant debate in the media and marketing communities, in the national news and media/marketing trade press. It was Ebiquity's most-downloaded report of 2019 and the starting point of more conversations with clients, prospects, and partner organisations than anything else we published last year. ***TV at the Tipping Point*** hit a nerve because it articulated a very real challenge to advertisers and broadcasters from an objective position.

Some commentators argued that we had gone too far, too soon; that we had been "running amok with a ruler". So we went back to our predictions and compared these with actual linear TV delivery in 2019. As shown in **Figure 1** below, our estimates were, if anything, slightly too optimistic. Total commercial impacts from TV were down -4.4% in 2019 against our prediction of -3.6%.

Digging deeper, we were in fact too conservative with how fast younger viewers would leave TV in 2019. For 16-17s, we predicted -22% whereas the actual figures came in at -35%. For 18-24s, we predicted -16% against the reality of -21%. Indeed, for all demographics up to 45-54s, our predictions were too conservative.

Viewers older than 65 came in on prediction (+1.6% vs our projection of +1.8%). We also predicted that linear TV audiences for 55-64s would grow +1.0%, when in fact they grew by +2.3%. This stronger-than-anticipated growth is attributed to population growth in this demographic band, combined with flat per capita commercial impacts.

Figure 1.
TV at the Tipping Point predictions for TV commercial impacts vs 2019 actuals



But if younger viewers are the lead indicator of TV consumption and those at the older end of the spectrum are seen as the faithful, we see the 45-54s as the bellwether segment for TV ROI. It was an indexed decline in this key audience that originally alerted us to a tipping point, as they are economically powerful and critical to many brands' commercial success; this age group saw a -5.7% decline in 2019 versus a prediction of -5.1%.

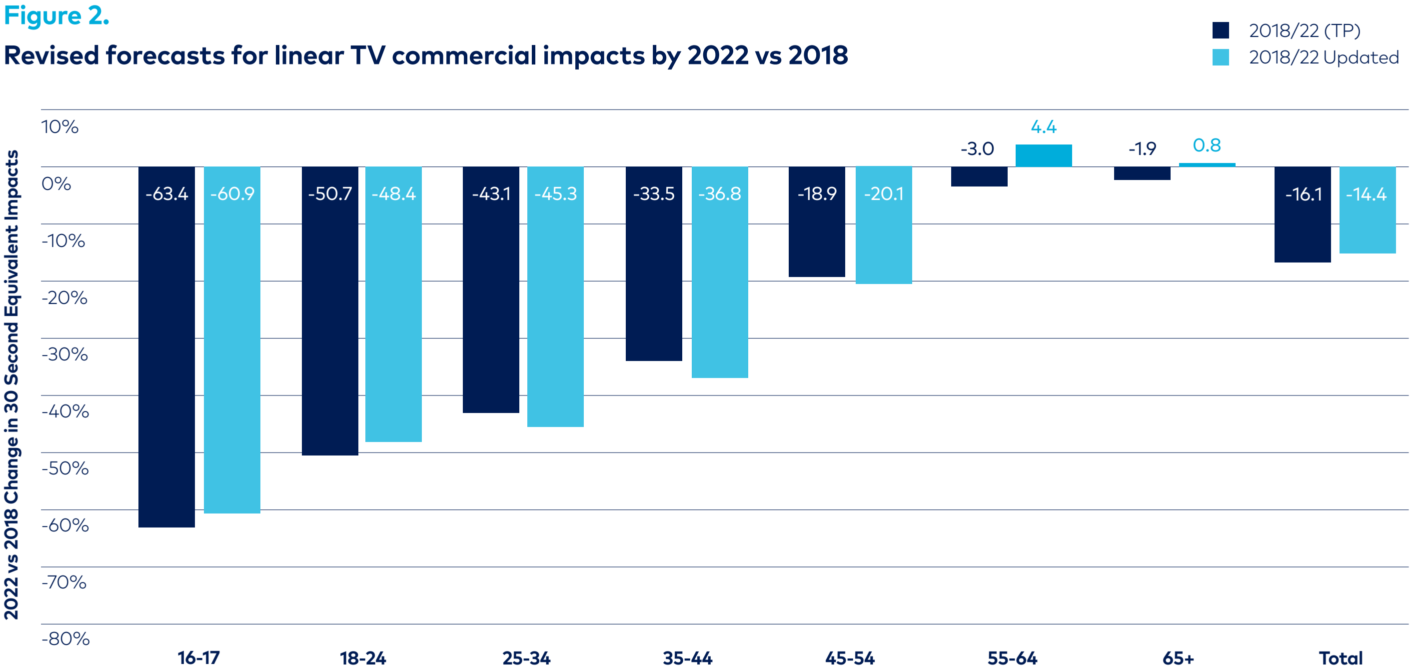
A revised view of linear TV audiences

Based on 2019 actuals, we have now revised our projections for shrinkage in TV audiences up to 2022. This is shown in **Figure 2** below. In most cases, our predictions remain consistent. We now suggest that there will be ~61% fewer 16-17 year-olds reachable by linear TV by 2022 compared with 2018, ~48% fewer 18-24s, and ~45% fewer 25-34s. 35-44s will have shrunk by ~37% and even 45-54s will be down by ~20%.

Overall, the 2019 actual data means we've revised our 2022 audience shrinkage figure to -14.4%, compared with -16.1% in last year's report. The magnitude and direction of travel are the same as in ***TV at the Tipping Point***, with the only upside being the larger-than-expected growth in 55+ viewers, and particularly 55-64s. But by any analysis, **our revised projections show the coverage gap for linear TV remains a challenge for advertisers and broadcasters.**

Figure 2.

Revised forecasts for linear TV commercial impacts by 2022 vs 2018



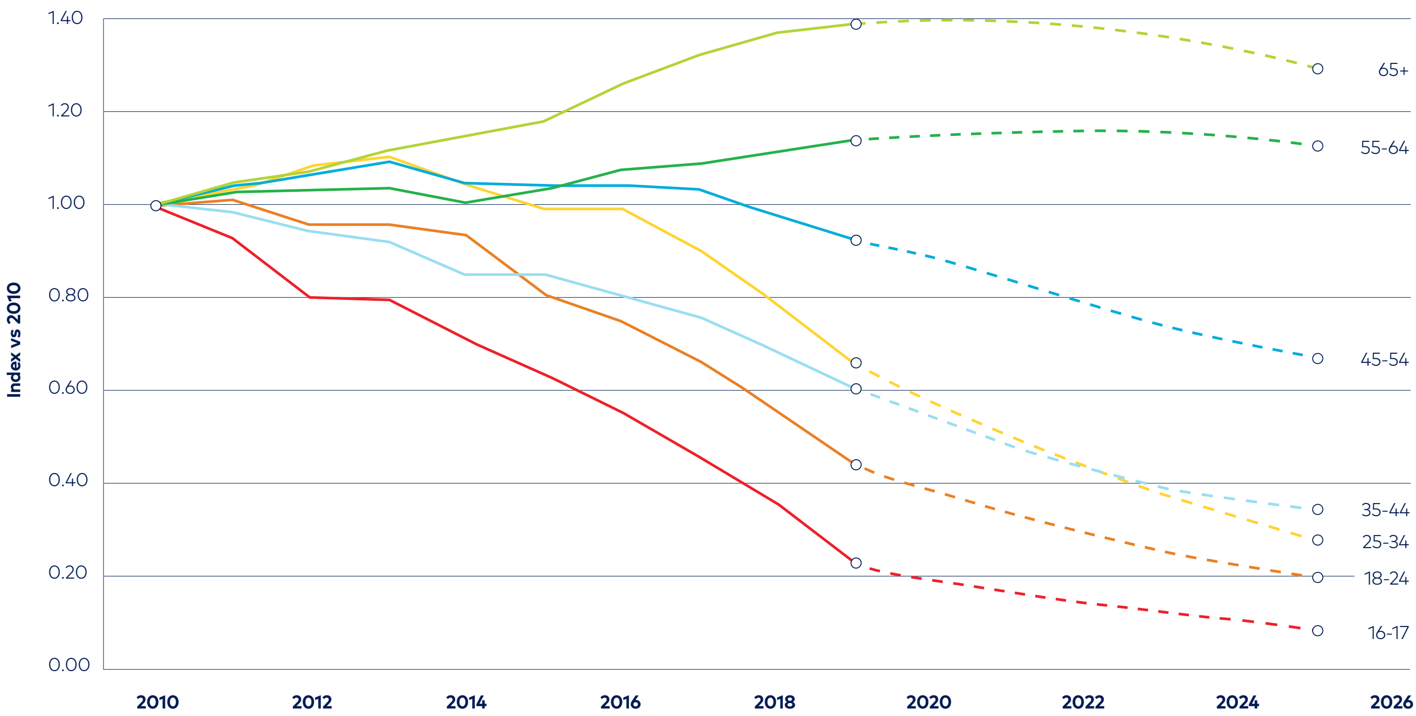
Looking further ahead

Projecting forecasts further into the future is a risky business. As the statistician and author of *The Black Swan* Nassim Nicholas Taleb has said: "If you ever do have to heed a forecast, keep in mind that its accuracy degrades rapidly as you extend it through time." Scepticism of forecasts is a healthy starting point, yet we also believe in their value when planning for the future.

With that in mind, we now expect the commercial impacts of linear TV to decline by between 3.8% and 4.0% per year between 2020 and 2025. Our projections for the next five years are shown in **Figure 3** below.

This increasing shrinkage of linear TV audiences – creating an increasing coverage gap that advertisers need to close – will compound to around a 21% fall in overall adult commercial impacts between 2019 and 2025. For 18-24s, even with a predicted slowdown in the rate of decline more than half (56%) of the impacts will have disappeared. For 55+s the fall will be -4.6%, assuming they eventually adopt some of the behaviours we are now seeing in 45-54 year old age band.

Figure 3.
Total 30-second TV impacts over time, indexed to 2010



By the time we get to 2025, these predictions might not be particularly relevant. Viewers, advertisers, and agencies will no longer distinguish between linear TV and streaming TV in the way we do today. The market will have fragmented and evolved beyond this distinction. Nevertheless, **until the costs of linear TV and VOD advertising are harmonised and equally transparent, this information remains crucial for advertisers,** and indeed anyone who is responsible for an advertising budget. It is no longer possible to ignore what's happening to audiences in the TV marketplace. Subscription streaming services clearly pose existential threat to the traditional broadcasting and advertising model as we've known since the mid-1950s.

> *Viewers, advertisers, and agencies will no longer distinguish between linear TV and streaming TV in the way we do today.*

Bridging the coverage gap with digital video

With the cross-generational migration from linear TV to digital video now well under way – faster for younger audiences but observed across most of the population – logic suggests that brands should be able to secure incremental reach beyond TV by advertising in the environments to which consumers have moved their attention. And while subscription video-on-demand (S-VOD) platforms carry no advertising, YouTube, Facebook, Broadcaster Video on Demand (B-VOD), and other digital formats all do.

To investigate the potential of digital video to help brands close the coverage gap, we have conducted an analysis of the reach achievable using digital audiovisual (AV) channels compared with linear TV, working with AudienceProject and BARB data.

Our analysis covers 15 campaigns that were live during the second half of 2019 for five different brands, including leading advertisers in the financial services, entertainment, retail, and FMCG sectors, with their full consent and involvement.

Our methodology fuses digital video advertising delivery data from AudienceProject – which has a panel of more than 360,000 U.K.-based internet users – with BARB audience data for TV, to give a consistent estimate of coverage, primarily across three key channels: TV, YouTube, and Facebook. We investigated total potential reach of these channels, as well as how the channels perform on an engaged basis by looking at a 50% completion rate.

We have only minimal B-VOD data – STV was the only B-VOD provider willing to share the necessary data – and we did not have a sufficiently large sample covering Twitter or other online video channels to include in this report.

Including B-VOD data in our campaign analysis would be an obvious next step. Lack of access to B-VOD data is one of the things that must change in 2020 if the measurement challenge is to be addressed in a satisfactorily transparent manner for brand advertisers.

Furthermore, we did not include cost data at this stage in our research, another logical next step to give a more complete picture of the choices and trade-offs that brand advertisers can make in reaching engaged audiences at scale. We explain this in more detail in our sidebar (see below), labelled: *Costs, completion rates, and targeting*.

Filling the coverage gap at an impression level

The analysis in this section – together with the six charts that follow – compares coverage builds for each age group at a served-impression level for YouTube and Facebook compared with ratings for linear TV. The assumptions underpinning this analysis are detailed in the accompanying sidebar on our methodology.

In each chart, the X-axis represents ratings (weight of advertising, or effectively the number of people who have seen the campaign), while the Y-axis represents coverage, or reach (the proportion of the audience reached). Our analysis does not take into account differences in how brands may be targeted or which buy-type they may have chosen and the consequences of different buy-type strategies (e.g., brand vs response as an objective). Because of the myriad of ways in which digital can be bought, bringing everything back to the most common denominator gave us the clearest read of the data.

Digging into the results, for the youngest 16-24s age band, **Figure 4.1** shows that both YouTube and Facebook can match the speed of reach that TV delivers, at a served-impression level. YouTube builds coverage the fastest.

Figure 4.1.

Coverage builds for 16-24s on TV, YouTube, and Facebook

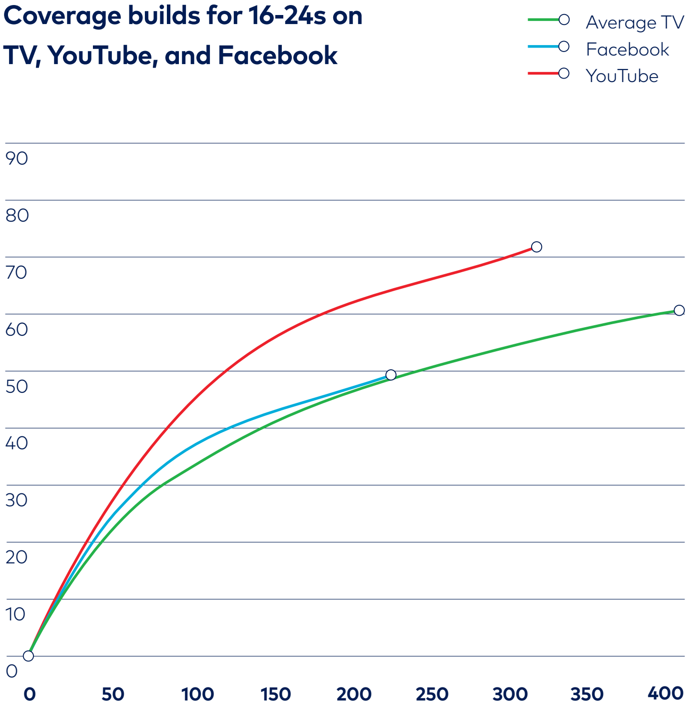
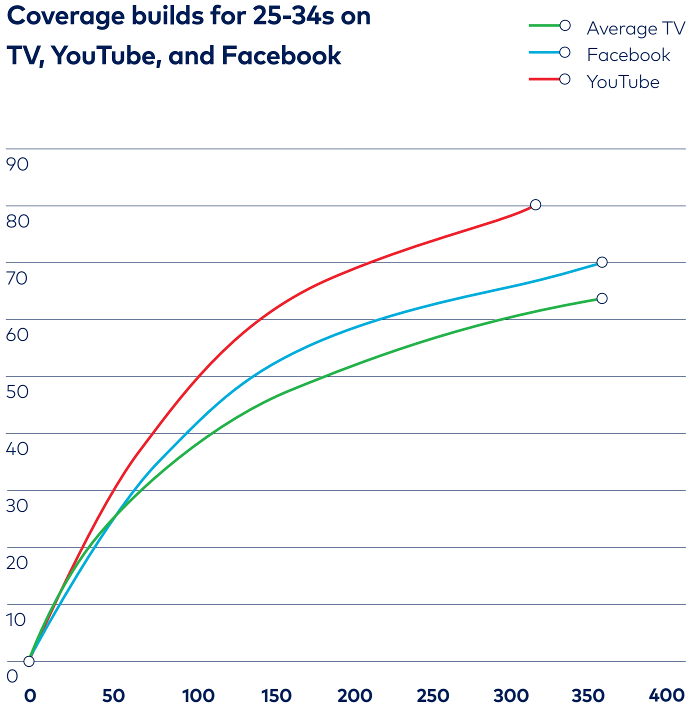


Figure 4.2.

Coverage builds for 25-34s on TV, YouTube, and Facebook



For 16-24s, **Figure 4.1** shows that, at a served-impression level, both YouTube and Facebook can match the speed of reach that TV delivers. YouTube builds coverage fastest.

For the 25-34 age group **Figure 4.2**, the gap narrows and Facebook starts to move ahead of TV.

About our research methodology

We used AudienceProject to run the digital tracking of campaigns. Each ad had an identifying pixel tagged to it which in turn registered an exposure and the profile of the panel member who saw it, thus building up a complete picture of activity. At the end of the campaign, we fused their results with the BARB data for the relevant TV campaigns.

From there, we were able to conduct a full analysis of each campaign's reach and frequency against key age, class and gender profiles for TV and Digital campaigns. We were able to analyse digital activity not just by platform, but most importantly across platforms. This allowed us to identify which platforms were able to deliver incremental coverage – including how quickly and at what volumes.

Figure 4.3.

Coverage builds for 35-44s on TV, YouTube, and Facebook

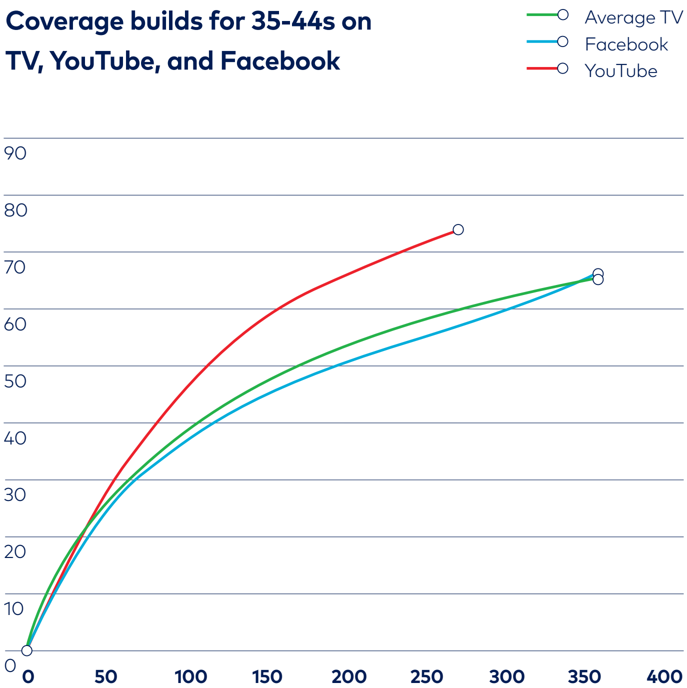
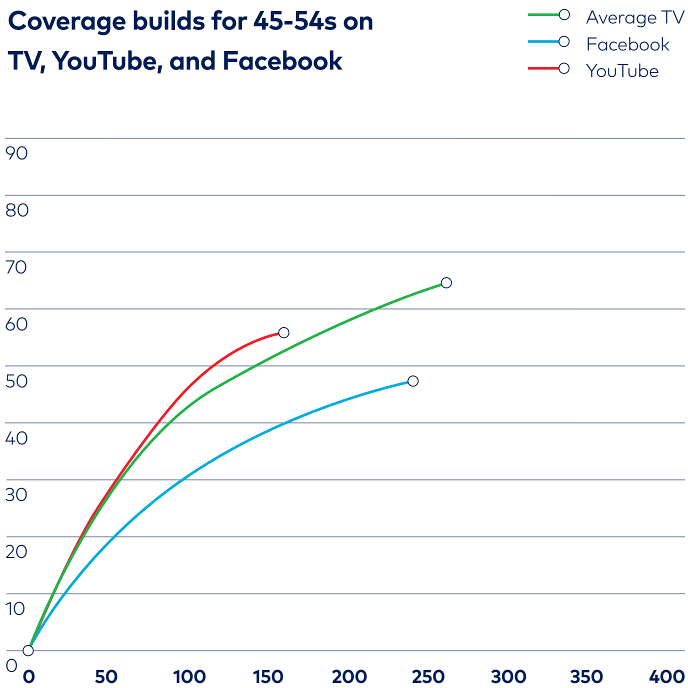


Figure 4.4.

Coverage builds for 45-54s on TV, YouTube, and Facebook



For 35-44s **Figure 4.3**, Facebook and TV are again broadly in line and YouTube continues to demonstrate a better ability to deliver reach.

Meantime, for 45-54s, we see TV start to assert its primacy over digital and social video in **Figure 4.4** Our 2019 report detailed how resolute the over 45s had been for TV. Indeed, over-45s account for more than three-quarters of all adult impacts. We believe that this audience is the beating heart of TV's ROI supremacy and it's where we see TV come into its own. This is not to say that the digital platforms cannot deliver this audience, but TV still is perfectly capable of delivering cost-efficient, rapid reach against this audience (and older).

Figure 4.5.

Coverage builds for 55-64s on TV, YouTube, and Facebook

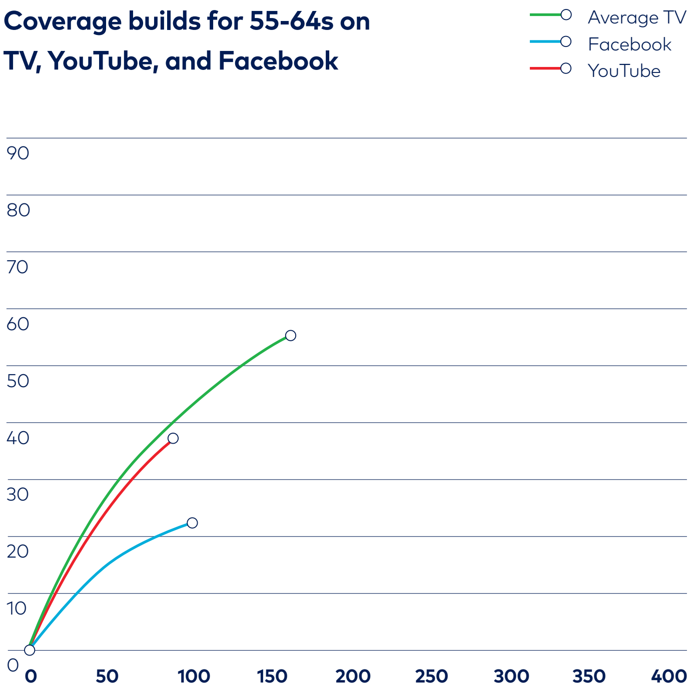
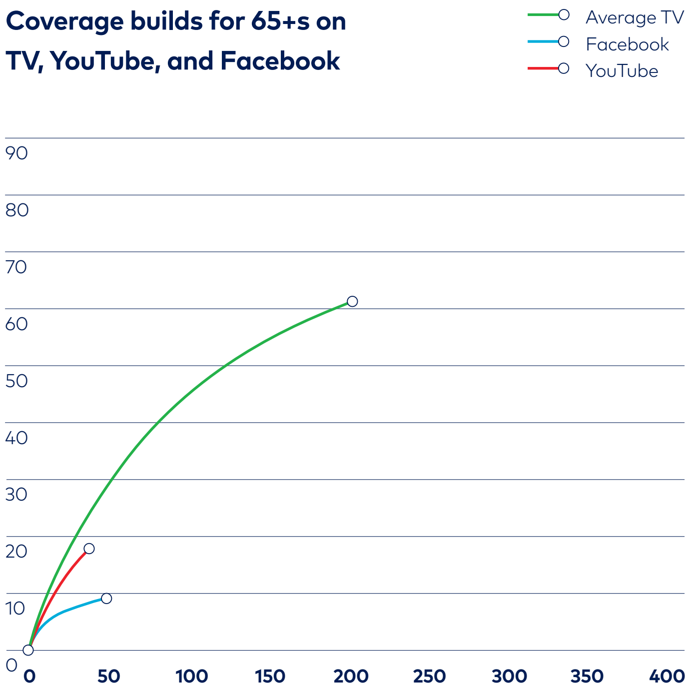


Figure 4.6.

Coverage builds for 65+s on TV, YouTube, and Facebook



For 55-64s, the pattern that first emerged for 45-54s is accentuated, with TV better able to deliver reach than either YouTube or Facebook, although it's notable that YouTube continues to offer greater potential than Facebook.

Finally, for 65+s TV reigns supreme, and is much better able to build reach than either YouTube or Facebook, though it's also possible that digital was not being used in the campaigns we analysed to target this demographic overtly.

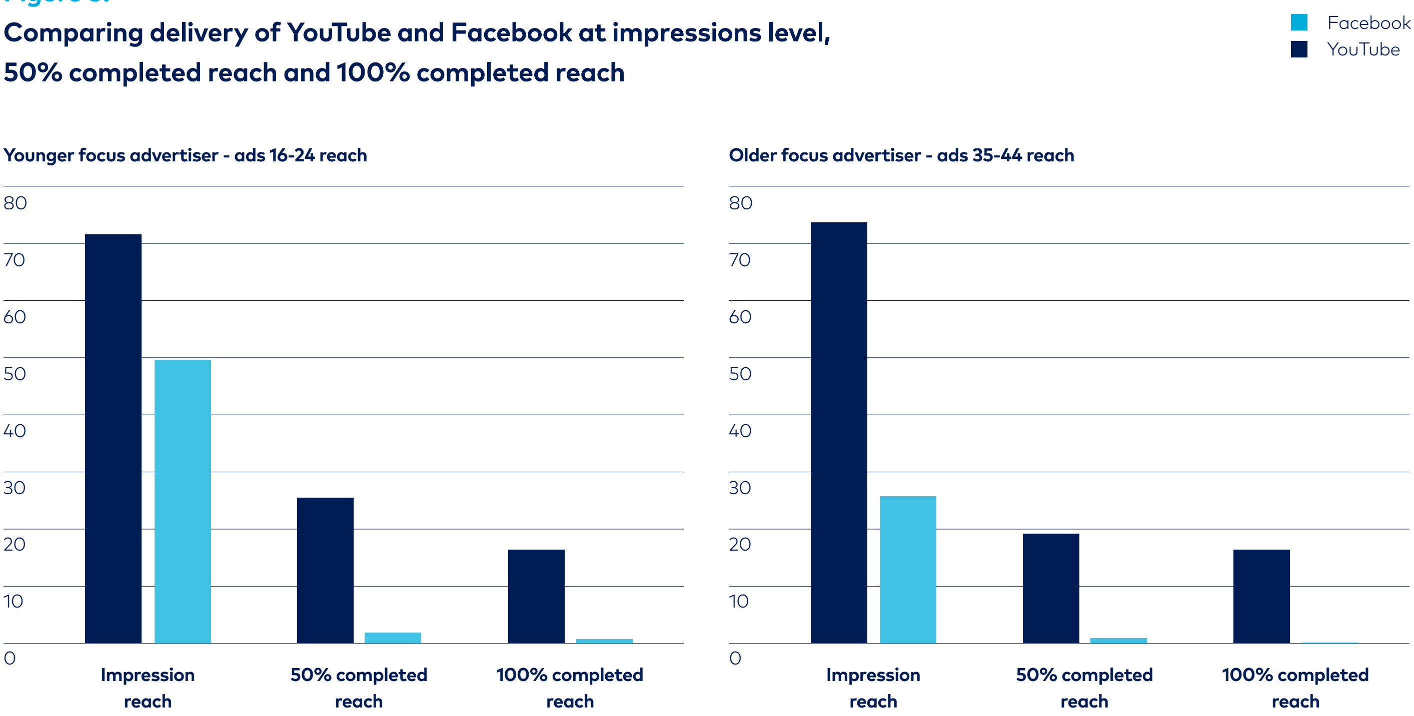
Further analysis: Coverage at 50% completion

We know from various sources that digital video is rarely viewed to 100% completion. The advertising manager tools that both Google and Facebook provide to brands and their agencies give counts of completion rates, and we have used this data in a further investigation to understand the reach that these channels deliver at the total potential impressions level as well as at 50% and 100% completion (or completed views).

In the investigation shown in **Figure 5** below, we analysed two campaigns, one targeting a young age group (16-24s) and one targeting an older age group (35-44s). We wanted to understand if there was a difference in the way that YouTube and Facebook campaigns delivered given their respective priorities.

Putting relative campaign weight to one side, we were focused particularly on the change from the least to the most exacting measurement. In both cases, both video campaigns delivered far more achieved reach on YouTube than on Facebook, at an impressions level, at 50% and 100% completed view. Clearly, the more stringent the delivery criteria, the bigger the drop in completed reach. In the case of Facebook, applying both 50% and 100% completed reach criteria, the platform delivered almost no reach, irrespective of demographic, while YouTube delivered some reach, with younger-focused campaigns outperforming those targeting older audience, not surprisingly. This is consistent with the average curves in 4.1-4.6, above, where we observed that YouTube has the potential to build reach with fewer rating points than Facebook.

Figure 5.
Comparing delivery of YouTube and Facebook at impressions level, 50% completed reach and 100% completed reach



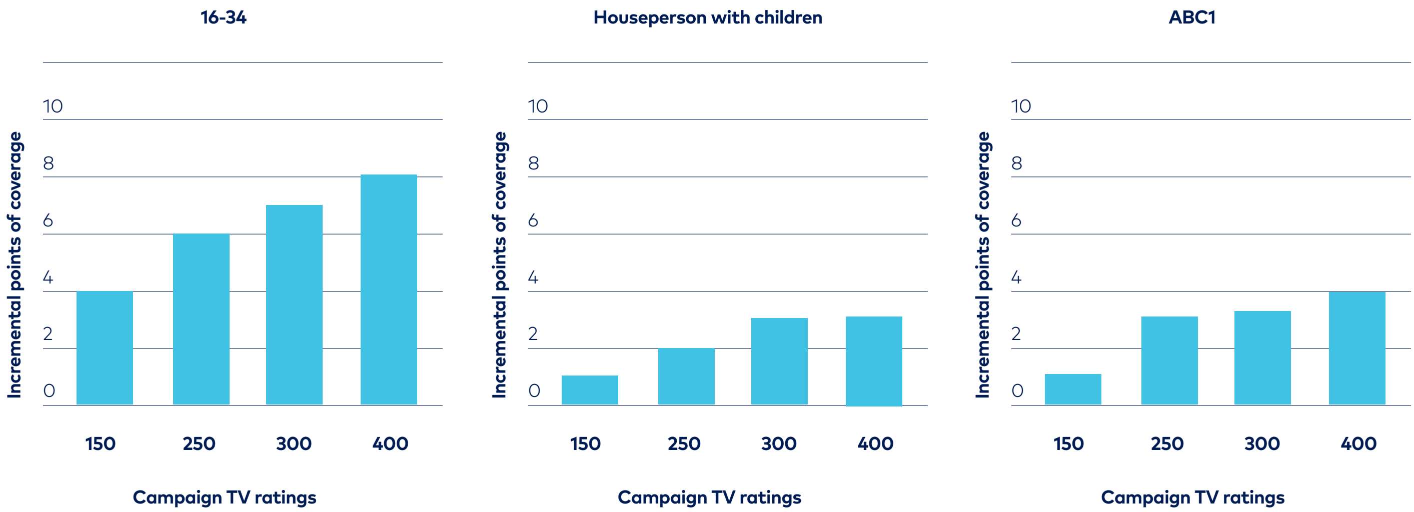
Further analysis: Core TV audiences

In the analysis so far, we've focused mainly on age ranges. But we also wanted to understand what happens to incremental reach when we look at curves for the core target TV audiences in which AV media is traded: 16-34s, House-persons with Children, and ABC1 adults.

In our analysis in **Figure 6** below, we can see that YouTube and Facebook can make a noticeable impact on the coverage builds at younger audiences in particular, with 2-3x the benefit for 16-34s as compared to Housepeople with Children and ABC1s. It is also true that there appears to be more benefit from digital video at higher TV weights. Obviously these results will differ as TV and digital ratios vary, but the trend holds true across all our observations.

YouTube and Facebook can make a noticeable impact on the coverage builds at younger audiences in particular

Figure 6.
Incremental reach to TV from YouTube and Facebook for core TV audiences at 50% completion



Further analysis: Incremental coverage of online video

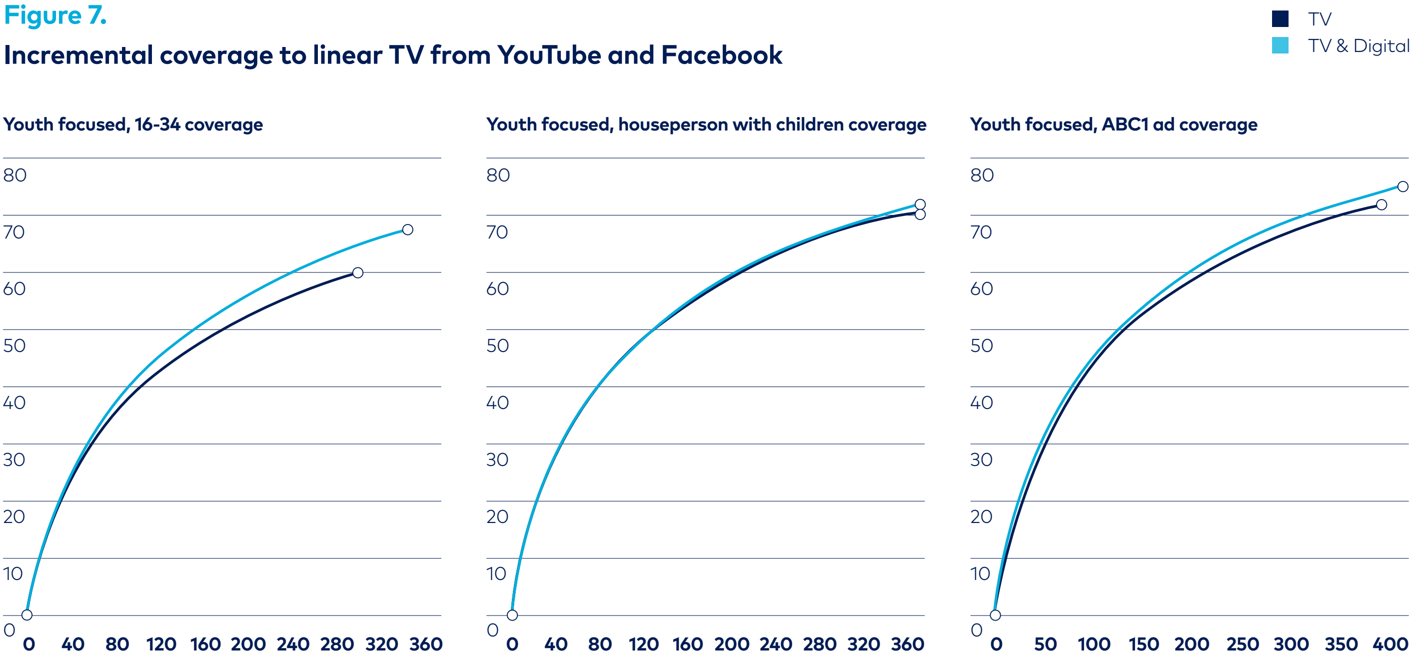
In our final analysis, we look at the ability of YouTube and Facebook to help brands close the coverage gap which, as discussed, has been caused by shifting audience behaviour and, in turn, TV's declining reach, particularly among younger audiences.

As detailed in our charts below, there is unique coverage that is delivered by combining TV and digital channels over just using TV alone. Unsurprisingly, this is found most strongly and often among younger audiences (in this case 16-34s) who are known to be much heavier users of digital media. To put the results in context, buying TV in combination with YouTube and Facebook for 16-34s moved the reach curve back up to a level we last observed for TV alone in 2013. For House-persons with Children and ABC1 audiences, incremental gains are lower as TV still delivers good reach to these audiences.

These results represent a market-level view across the sample of brands that we worked with, and we note that there is variation by brand and campaign. Advertisers now need to understand how their own campaigns perform, and should assess their own results, accounting for their unique buying preferences and campaign weightings.

Figure 7.

Incremental coverage to linear TV from YouTube and Facebook



In summary

We conclude the following from our study:

1. **Gains in incremental reach can be made using digital video,** depending on the channel used, the weight of TV and digital campaigns run, and the audiences targeted.

2. **Brands targeting younger consumers can potentially build the most incremental reach using YouTube.** Data suggests this holds for both in-channel only or combined with TV activity.

3. **When we move from a pure impression-level analysis to applying 50% or 100% completed reach criteria, both YouTube and Facebook deliver less reach.** Facebook added the least incremental reach achievable above linear TV. Formats and channels are evolving quickly; new platforms are constantly emerging and existing media owners and digital platforms launch new services and ad products on a regular basis. Inevitably we will need to revisit these results as the digital video and media landscape further evolves.

4. **Digital options can build reach more quickly than TV.** The data shows it is close, yet there were instances that showed, at an impression level, digital platforms can reach 20-25% of younger audiences more quickly than TV can. This is before factoring in how much of those adverts are viewed.

5. **Other platforms** did form part of the study. Spotify, Twitter and B-VOD via STV Player were all featured on single campaigns. The linear TV campaigns were heavy and digital campaigns very light but in all instances, they did reach viewers who hadn't been exposed to the TV commercial, and not just at the younger ages.

Costs, completion rates, and targeting

This report focuses on the incremental reach of online video advertising, specifically comparing Facebook and YouTube with traditional linear TV.

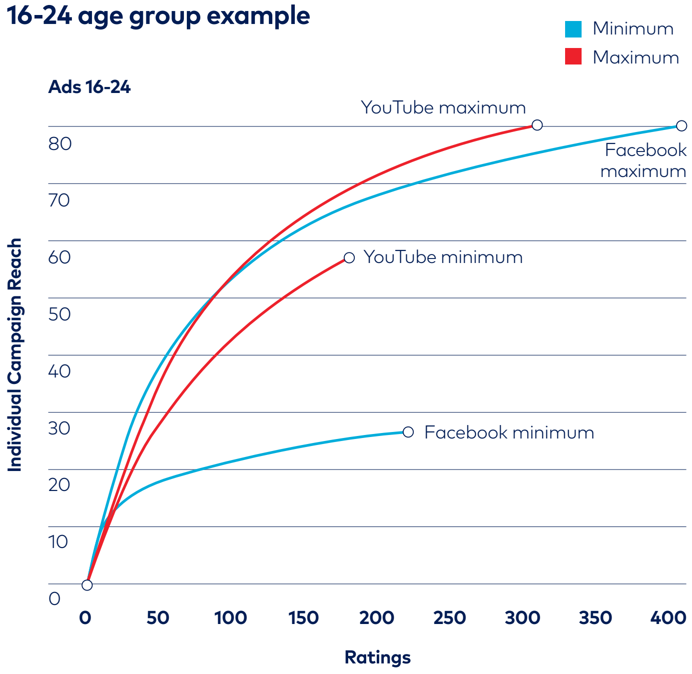
While costs are paramount from a commercial perspective, the focus of this report is to outline the coverage gap in real-world campaigns.

One of the features of online video is that target audiences can be bought by geography, catchment area, socioeconomic band, hobby, news topic, or retargeting. As such, the cost of 1,000 impacts between any two campaigns or media lines may not be comparable.

Crucially, online video can also often be bought by completion rate – including skippable and non-skippable ads – and this too has cost implications.

For the purposes of this study, reach figures shown include impression level, skippable adverts, that is ads that were served, but not necessarily viewed to completion. Within our study, there is considerable variation in the results between different campaigns when different buying strategies are used, as shown in **Figure 8.**

Figure 8.
Observed range of possible reach curves, 16-24 age group example



For direct comparison and cumulative reach build shown above, we've used the 50% completion rate as a common standard for online video.

Our aim with this study and report is to raise awareness of these issues and encourage advertisers not to take online video statistics at face value.

In our Media practice, we frequently see reach claims presented to clients without sufficient context on completion rates, viewability, and the quality of engagement.

Which buying strategy and what media mix works best for you will depend on the specific circumstances of your brand.

Making the case for "engaged, attentive advertising"

Advertisers and their representative organisations around the world are taking the issue of cross-media measurement seriously. We welcome the initiatives being taken by a number of different national and supranational bodies to address this issue, including ISBA in the U.K. and the global World Federation of Advertisers, along with several brands like Unilever. Our approach was to bring together data from BARB and audience measurement provider AudienceProject to measure the incremental reach of online video on TV ratings. As already discussed, the next stage would be to include cost to give a more complete picture.

To drive ROI in the age of media fragmentation, we believe advertisers – and the industry more broadly – need to work towards a new measurement paradigm, one that bridges both efficiency and effectiveness metrics. Two dimensions that are currently missing, but are crucial to tell a complete story, are attention and engagement metrics. These metrics are required to help marketers look beyond reach to understand the quality of creative execution, to assess the context in which creative is delivered, and to understand the relevance of creative messages to particular target audiences. We now turn to the Managing Director of Lumen Research and the Chief Innovation Officer of System1 to explain in more detail.

Mike Follett, Managing Director of Lumen Research: "It is a truth universally acknowledged that people are very good at ignoring things. One of the things that they are particularly good at ignoring is advertising. But this propensity to ignore stuff that is staring you right in the face differs from medium to medium. TV ads may sometimes play out to an empty room, but if someone is there to see it, it will probably get looked at. The same is not true for desktop display ads, which are frequently ignored even though they are, technically speaking, '100% viewable'. But it's not just how many people actually look at your ad, it's how long they look at it for.

"Data from TVision **Figure 9** suggests that around 20 seconds of an average 30 second TV spot will get attended to. This is the sort of split that we see for YouTube on desktop, but not on mobile. A full page print ad might get three seconds of attention in a newspaper, but more in a magazine. So advertisers should appreciate that not all media are created equal. Attention data demonstrates that the impressions you buy are not the same as the impression you make."

Orlando Wood, Chief Innovation Officer of System1: "After years of industry neglect, interest in creative is firmly back on the map. Advertising styles have changed markedly in the last fifteen years – and not for the better – with devastating implications for effectiveness. Happily, we know what we must do if we want ads to get noticed, watched and remembered: an emphasis on characters over things, dramas over lectures, entertainment over relevance. People, 'betweenness', humour, metaphor, place, the extraordinary: these are what attract and sustain viewers' attention; these are what elicit an emotional response. Important on TV, imperative online."

Figure 9.

Attention between different media types

(source: Lumen Research/TVision)

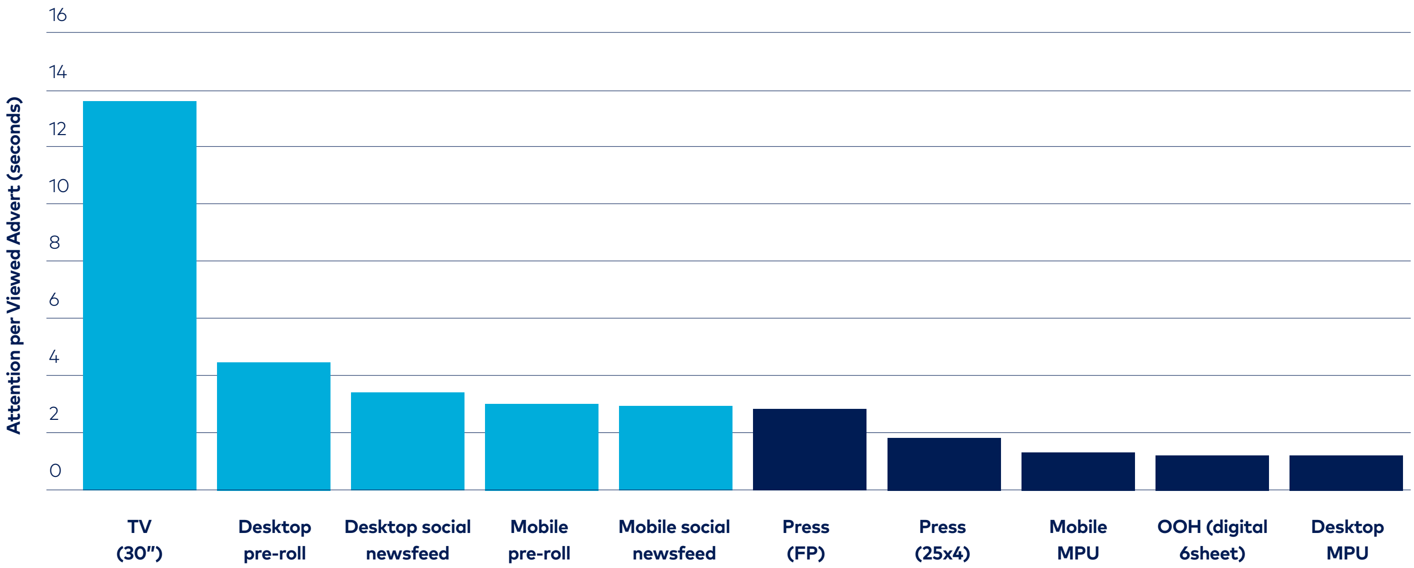
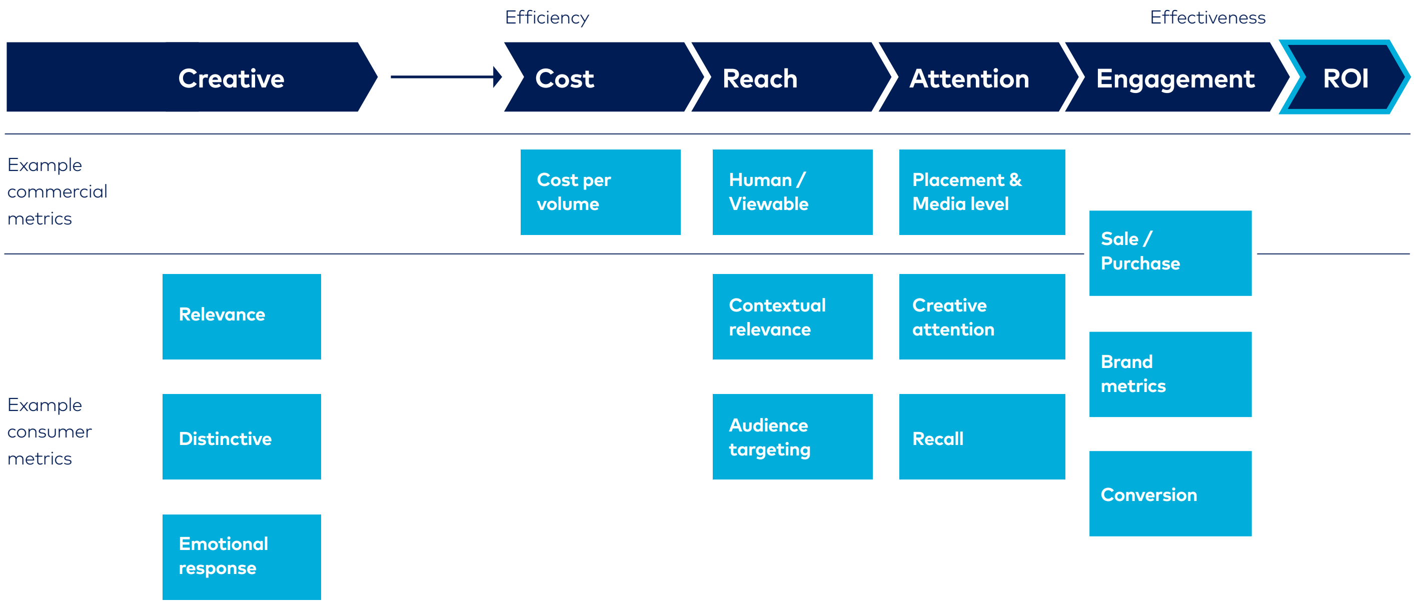


Figure 10.

Ebiquity's framework for driving marketing effectiveness in the age of media fragmentation



Actions for Advertisers

Following the findings of this study, we believe that there are four actions advertisers can and should take to address the growing coverage gap. These are:

1. **Understand what your coverage gap is and what the implications are for your business.** Marketers stand to benefit from finding out – through independent analysis – what proportion of their audience they can reach at what unit cost using linear TV, and the extent to which the coverage gap can be closed using digital AV advertising.

2. **Take a more granular approach to measurement.** Brands need to dig deep into the data that is provided by the channels they're using to fill the coverage gap. The fact that an ad has been served, x million times, is just table stakes. Marketers need to be fully conversant with the cost implications of their buying strategy, completion rates, sound, and viewability. Upgrading measurement demands deep access into Google Ads and Facebook Ads Manager accounts. Furthermore, expand the measurement tools you use to understand metrics that have become even more critical in the digital age, such as those for attention and engagement. All of these measures can be combined and ultimately related back to commercial impact (ROI).

3. **Make the right creative for the right channel or platform.** Given the fact that video works in different ways in different channels – and viewers interact with video ads differently, depending on the channel – brands need to become even more focused on creating the right video content for the right medium. Watching a TV ad is a very different experience from ads that feature in a scrolling Facebook newsfeed. And yet, currently 40% of video ads on Facebook are TV executions, copied and pasted. This is unlikely to be a strategy for driving engagement and attention.

4. **Use structured testing to evaluate and optimise the channels you use to fill the coverage gap.** Testing and learning remains the single most valuable approach advertisers can take in building a sustainable approach to advertising in the five years ahead. To thrive and survive, brands will need to refine their approach to different channels, and testing must underpin this.

In Conclusion

Despite the gloomy prognosis for linear TV – with audiences shrinking faster than predicted just 12 months ago – the medium nevertheless remains the best option for brands to build mass audiences at scale. TV continues to hold the crown as the primary driver of ROI.

Linear TV is measurably better than many existing digital video alternatives in several ways, which suffer from issues of quality, attention, and comparatively low levels of completed views. Of those we analysed, YouTube has the most appealing properties for building reach and closing the coverage gap. And while Facebook builds reach, low completion rates significantly compromise the quality of this reach today.

Broadcasters' reluctance to share performance metrics for B-VOD means we cannot yet assess its potential to help close the coverage gap in linear TV. This is a logical next step for our research.

This, along with looking further at costs and attention data, as well as key factors that drive channel performance, are the logical next steps for our research.

ebiquity

We are a leading independent marketing and media consultancy

We harness the power of data, analytics, and technology to improve marketing outcomes.

Our five core beliefs are:

1. We believe **marketing is as much a science as it is an art** and that brands enhance the business impact of marketing when they align it with business outcomes.

2. We believe that **CMOs should have a single view of total marketing performance,** treating the ecosystem as an integrated whole across the customer journey.

3. We believe that brands and their agency partners can achieve better marketing outcomes by **aligning all interests behind clear business objectives.**

4. We believe **brands should own and control the strategic elements of marketing,** including consumer data, parts of marketing technology, and measurement and analytics data.

5. We believe in the **power of independent analysis and advice** of marketing performance data, supported by best-in-class governance and conducted with high integrity.

We work with 70 of the world's leading 100 advertisers

We run 100+ strategic media management assignments each year

Ebiquity analyses $50bn of global media spend annually

To find out more please visit: https://ebq.news/ebiquity-manifesto ebiquity.com