Why Video Advertising Works and How it Works

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What we did, and why we did it

1. Research shows that commercials on TV are particularly effective compared to other video platforms.

2. Hypothesis: different states of perception influence engagement and attention when content and ads are watched on different platforms.

3. Measurement of three biometric indicators while test participants used different video platforms, watching content and advertising.

4. Results explain differences of advertising effectiveness on lean-back and lean-forward platforms.
What we know: All video advertising works – but to varying degrees

Results from three experimental studies

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Unaided ad recall</td>
<td>Aided ad recall</td>
<td>Sales impact (STAS index)</td>
</tr>
<tr>
<td>TV</td>
<td>BVOD</td>
<td>YouTube PreRoll</td>
</tr>
<tr>
<td>28%</td>
<td>22%</td>
<td>16%</td>
</tr>
</tbody>
</table>

Basis: n=350. Source: eye square
Basis: n=3,700. Source: FACIT Research, Media Equivalence Study:Video
Basis: n=2,583. Source: Centre for Amplified Intelligence

„Not all reach is equal.“
Why is lean-back perception so successful in effectiveness studies?
Is low involvement a driver for advertising success?

Fundamental findings support this:

• TV is a **low involvement** medium – this is what makes it so effective for advertising. *(Krugman, Heath)*

• Low attention can be positive because it inhibits **counter-arguments**. *(Bornstein)*

• **Shallow processing** enhances affective responses and prevents wear-out effects. *(Lockhart, Nordheilm)*

Study to measure activation, emotion, and visual attention for content and advertising on TV, BVOD, Facebook and YouTube.
A comprehensive psychophysiological research approach

- Study in the homes of 100 test participants
- 180 min / session
- 90 min media
  - TV, BVOD, YouTube, Facebook
  - Editorial content and advertising
- Biometric measurements and survey

1. VISUAL ATTENTION
   - Eye-Tracking

2. ACTIVATION
   - Skin Conduction Response

3. EMOTION
   - Electro-myography
TV commercials generate highest recall

Unaided ad recall
At least one brand correctly remembered / in %

TV: 61%
BVOD: 16%
Facebook: 7%
YouTube: 3%

Source: In-home Video Study, Facit Research, 2018
Is attention the only key to success?

**Attention**

Visual focus on screen during content and advertising

- **Content:** 67%
  - Advertising: 33%
- **BVOD:** 84%
  - Advertising: 12%
- **Facebook:** 73%
  - Advertising: 6%
- **YouTube:** 94%
  - Advertising: 5%

Source: In-home Video Study, Facit Research, 2018
Activation gap between content and advertising differs strongly by platform

Activation
in microsiemens (µS)

Source: In-home Video Study, Facit Research, 2018
Emotional gaps vary significantly, too

Emotion
in microvolt (µV)

<table>
<thead>
<tr>
<th>Source: In-home Video Study, Facit Research, 2018</th>
<th>TV</th>
<th>BVOD</th>
<th>Facebook</th>
<th>YouTube</th>
</tr>
</thead>
<tbody>
<tr>
<td>Content</td>
<td>0.74</td>
<td>1.23</td>
<td>1.17</td>
<td>2.24</td>
</tr>
<tr>
<td>Advertising</td>
<td>0.22</td>
<td>0.19</td>
<td>0.07</td>
<td>0.08</td>
</tr>
</tbody>
</table>

Source: In-home Video Study, Facit Research, 2018
Content selection requires considerable activity

**Activation**
in microsiemens (µS)

<table>
<thead>
<tr>
<th></th>
<th>BVOD</th>
<th>YouTube</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entertainment</td>
<td>0.6</td>
<td>1.3</td>
</tr>
<tr>
<td>Information</td>
<td>1.6</td>
<td>5.5</td>
</tr>
<tr>
<td>Content selection</td>
<td>6.6</td>
<td>18.6</td>
</tr>
</tbody>
</table>

Source: In-home Video Study, Facit Research, 2018
Results and conclusions

• Viewers are engaged differently depending on platform and content type (editorial or advertising).

• **Lean-back:** viewers are relaxed on a **low level of involvement**. Engagement levels are very **close** for content and ads.

• **Lean-forward:** content is perceived at high levels of activation, emotion and attention. Advertising doesn’t benefit from this, as **engagement drops** massively when ads start.

• Impact is higher when the perceptual **gap** between content and ads is small.

• Visual **attention** is not necessarily the key factor to fully explain ad impact.

• Advertising must be **adjusted** to the specific **perception situation** by closing the perceptual gap and thus improve effectiveness.

• **TV** as a pure lean-back and low-involvement medium obviously supports the average ad.