

WHITEPAPER

Delivering Business Success Through the Evolution of TV





Television as we know it has evolved. The rise of streaming platforms, high-speed internet and international content providers has given consumers the ability to watch what they want, when they want, on whatever device they want. The empowered consumer is now in control of the experience and the entire industry of stakeholders must adapt and evolve.

In the Australian market, major broadcasters have largely been successful in navigating this evolution. According to recent Virtual Australia (VOZ) data, broadcaster video on demand (BVOD) in Australia is now watched by a quarter of the population every week, with Connected TV (CTV) being the primary device for this viewing.

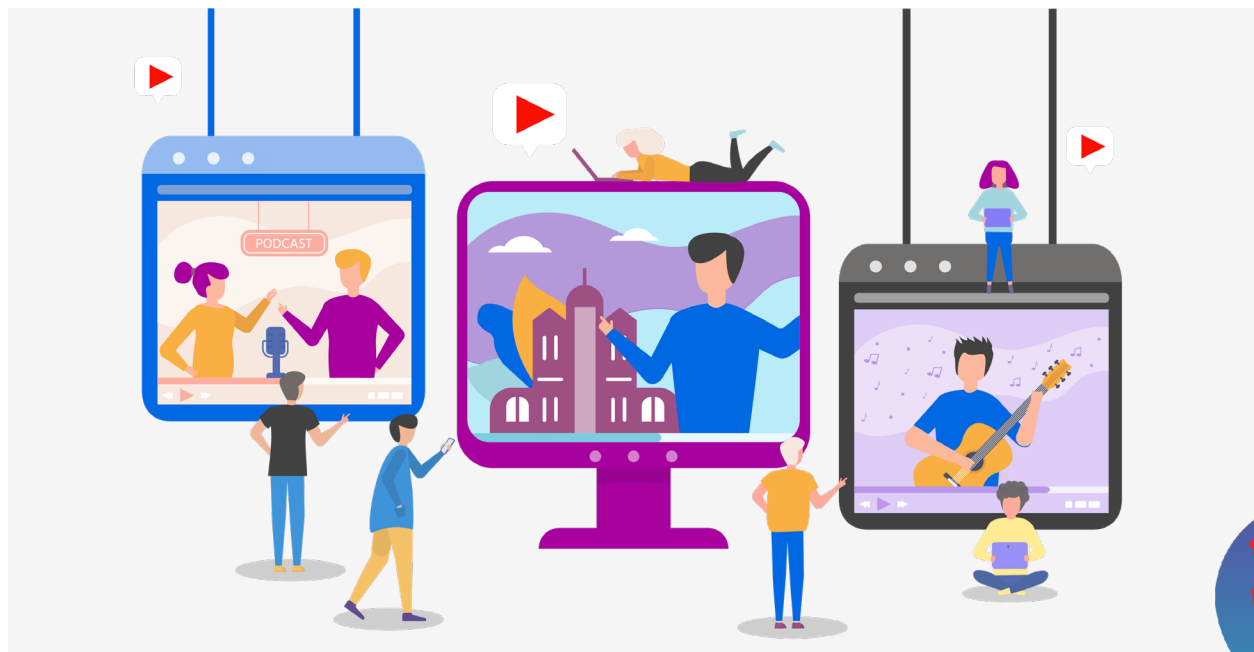
While this shift occurred gradually over the last decade, the effects of COVID-19 lockdowns have dramatically accelerated consumer adoption. According to Adobe's recent COVID-19 Whitepaper, Adobe Advertising Cloud saw a 23.2% global spike in Connected TV auctions over pre-lockdown levels and new daytime viewing peaks mid-week.

As audiences on these screens swell and the advertising experience continues to improve, brands are seriously evaluating CTV as an opportunity for them to build brand awareness and drive salience. Adobe recently partnered with Advanis, to survey brands and agencies around the world and found that 86% of advertisers in the Australian market now buy Connected TV.

Rapid growth and opportunity has, however, sparked more questions than answers. This white paper is an attempt to address the queries brand marketers have when entering or expanding into the Connected TV space. Tips, information and recommendations have been compiled through a robust collection of analysis and information gathering:

- Working collaboratively with publishers, technology partners, agencies and brands alongside Adobe Advertising Cloud's in-house Advertising Measurement & Strategy team to create tests that would uncover insights and outcomes towards the brands' individual goals.
- Commissioning two studies with Advanis, the leading market research company, covering:
 - The impacts of COVID-19 on buying and advertising habits, found in "The Marketer's Guide to Navigating A Rapidly Changing World".
 - A survey of over 500 marketers in the US, UK and Australia across brands and agencies on their priorities in the Connected TV and Linear TV space.
- Analyzing auction volumes and insights as a participant in the advertising technology ecosystem.

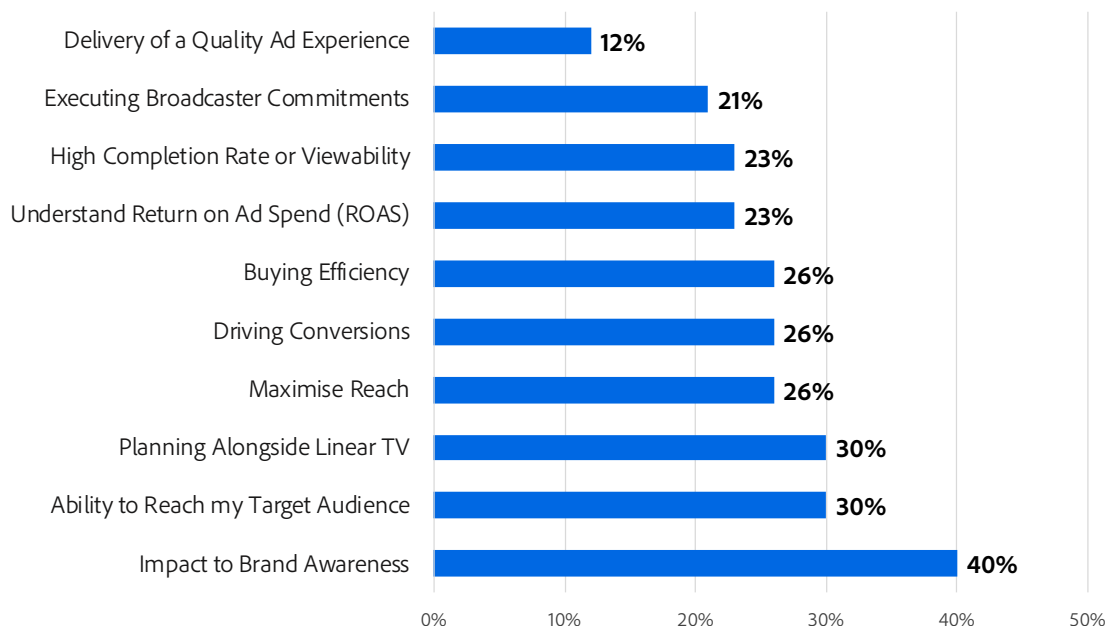
Through conducting this research and working collaboratively with publishers, technology, agency and brand partners, the industry can begin asking the right questions when evaluating major emerging channels such as Connected TV to help brands create success.



In the era of performance marketing, a digital, top-of-the-funnel channel brings a lot of challenges to brands evaluating CTV as part of their strategies. In a recent study, eMarketer found that 57% of marketers think a lack of standard measurement is the biggest issue facing cross-channel video advertising today.

Different brands have different goals for the same channel, which is why technology must empower marketers to create successful strategies that deliver positive outcomes, not just cookie-cutter proxies. This view is backed up by the survey we conducted with Advanis, which found that 33% of respondents see Connected TV as a performance channel, while 33% of see it as a branding channel. We also found vast disparities in what was ranked as important when buying or evaluating Connected TV.

What Is Important to You When Buying Connected TV?



When we asked brands about their **primary** reason for buying Connected TV, we found three primary goals among Australian advertisers:

- 33% said it was because it **delivers reach to their target audience**
- 23% said it was because it was **effective at driving short-term sales**
- 21% said it was a **long-term brand building tool**, like Linear TV

Several of Australia's leading brands across multiple industries (Kayo Sports, South Australia Tourism Commission, HESTA & UBank), are deeply invested in the power of branding activity, the effectiveness of creative impact and the accountability of data. Three primary goals they consistently look to address are:

- **Reach & Frequency:** How much opportunity is there in Connected TV? How much should I be spending? How can I ensure I am effectively optimizing across broadcasters?
- **Short-Term Activation:** Where does Connected TV sit in my prospect's customer journey and how does it contribute to sales, site visits or conversions?
- **Long Term Brand Building Effects:** How is Connected TV assisting longer-term metrics such as brand awareness and brand equity?

The Evolution of Content



Our approach has always been to hero Connected TV. As we are a catalogue-based platform showcasing global content, we understand that viewing that content on the largest screen in the home is paramount to our audience. Our UX and design teams are constantly evolving our CTV experience to ensure that audiences get the content they want to watch quickly and efficiently while also ensuring that our platform UI is set up to recommend our audiences' next favourite show."

Brett Islaub

NSW Digital Sales Manager,
SBS



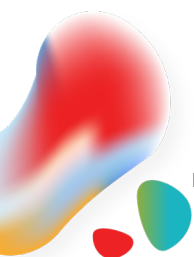
Why We Did This



Connected TV is becoming an important channel for many brand marketers. With increasing levels of investment on the channel, it's become imperative for brands to demonstrate the role CTV plays in driving real business outcomes. Adobe Advertising Cloud has always made it a priority to help brands better understand how their media activity ties in with their business objectives."

Phil Cowlshaw

Head of Advertising Cloud APAC,
Adobe



Reach and Frequency

Activation: Reach and Frequency

Reach and Frequency is a staple of any TV buyers' goals. If a marketer's campaign doesn't reach the desired amount of people, frequently enough, they are not going to create the awareness or drive required in order to deliver success.

The first questions for many brands commencing or increasing investment on Connected TV often focus on reach and frequency. In the Adobe Advertising Cloud survey with Advanis, delivering reach to a brand's target audience was the most important priority for Australian marketers.

How Many People Can I Reach?

According to the IAB Digital Device and Usage Report from January 2020, there are now 6.1 Million households in Australia with a Connected TV, which makes up just under two thirds of the population. The demographic profile of these viewers skews approximately 15 years younger than the Linear TV consumer in the Australian market.

These numbers have been increasing at a steady rate for a few years now and consumption was up 35.2% YoY from 2018. Since the COVID-19 lockdown, this has increased by another 34%, according to Think TV.

Advertising-supported Connected TV consumption in the Australian market is still largely driven by tentpole programming from the major broadcasters (SBS, Seven, Nine and Ten), which means that supply volumes are often dynamic and subject to change across channels and content.

Brands investing in Connected TV must continue to assess both the macro market trends of overall consumption increases, while also understanding granular audience shifts between programming. Think TV now provides incredibly useful weekly tracking reports on TV and BVOD consumption, while Adobe Advertising Cloud customers can leverage frequency and reach reports and our close relationships with premium publisher partners to adapt to market changes and quickly solve challenges.

What is the Optimal Frequency?

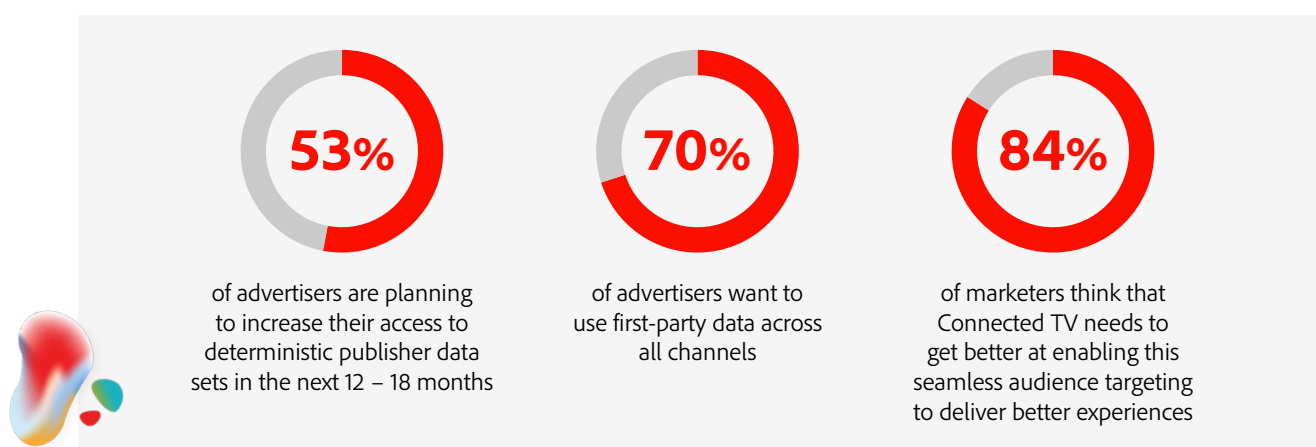
In the first few years of Connected TV in the Australian market, the entire advertising ecosystem was cognisant that the advertising experience was below par. Creatives built for smaller screens were often delivered onto larger TVs and the volume of ads weren't normalized, causing a clunky and, at times, unwatchable format.

Perhaps the most pervasive issue was the prevalence of back-to-back or high-frequency ad experiences, often occurring upwards of 10 times within a single episode of content. As with any new technology that is rapidly adopted, the demand from consumers to watch their favourite programming on the big screen, on-demand, outpaced the ecosystems' ability to understand and build specific solutions for it.



The industry has worked hard and collaboratively to improve the user experience in order to help unlock investment, with new ad formats being developed to improve this even further. For example, PubMatic have worked closely with Australian broadcasters and buyers to build out products that work for the market.

Despite evolution, 70% of advertisers surveyed by Adobe Advertising Cloud in Australia still say that the Connected TV advertising experience needs to be improved to help marketers hit their outcomes. It's integral that the industry provide buyers with the tools and transparency required to deliver on desired frequency goals, which can vary from advertiser to advertiser. A lack of standardized ID means that a user can have multiple identifiers across TV, streaming devices or gaming consoles in a way that simply doesn't occur on mobile, while more needs to be done about shifting from probabilistic frequency capping and audience targeting towards a more deterministic method, as pioneered by Adobe Advertising Cloud and Roku in the US in 2019.



How Much Should I Spend and Where Should I Spend It?

The question of how many dollars to allocate to Connected TV can be an arbitrary one for brands that invest because they know audiences are shifting from linear to digital formats. With limited existing performance metrics (completion rate and viewability regularly clock 100%), brands must first understand their audience, the market and their strategic goals for the channel before making a commitment.

Once a brand understands reach and optimal frequency, as well as their target audience, they can then gain estimates based off market prices. The next question is, how to allocate this across the content available in the market?

With the Australian market seeing audiences on Connected TV built around popular, tentpole programming from the four broadcasters, brands need to be flexible and have metrics that can respond to market dynamics.

Increasingly, brands are working towards a cost per unique household metric in order to understand the efficiency and incrementality of different channels. However, this is yet to gain broader adoption, with 35% of marketers still relying on less advanced proxy metrics of success such as completion rate, CPM or viewability to measure outcomes.

Measurement

Measurement Success in Connected TV

While TV has evolved for the consumer and can now be consumed anywhere at any time, advertiser's goals haven't changed. Brands still seek to use the channel to drive awareness or sales as effectively as possible by reaching their prospects and customers where they are consuming content.

According to Adobe and Advanis, over half of Australian advertisers and agencies are now focussing on driving measurement towards business outcomes, rather than media metrics. This shift is being enabled by data and technology, which is allowing marketers to understand the correlation and causation of their digital marketing efforts. This is largely occurring as marketers consolidate their tools and ensure that they integrate with each other, so that their digital media buying isn't disconnected from their analytics and data management software.

Why is this important? Because media metrics do not make perfect proxies of the success of campaigns. This is especially prescient in Connected TV, where previous benchmarks of video success are largely irrelevant. Premium Connected TV inventory in Australia is full-screen and non-skippable, while also only available from a handful of key publishers. This means that in most cases, metrics such as completion rate or viewability are 100% and do not tell us anything about the effectiveness of the media within the channel, or in comparison to other channels. If there is no variance, we must look for other indicators of success.

The proxies above may be at the heart of some of the points that many in the industry have long been trying to prove around the effectiveness of "premium" media over user-generated content. In a study Adobe conducted with YouGov earlier this year, consumers were found to be more likely to purchase goods and services via ads on premium content channels. In short, quality matters. Premium video ads rated higher across all seven KPIs (appealing, believable, credible, trustworthy, relevant to me, makes me want to learn more, makes me want to purchase) than other channels or user-generated content. So, why aren't advertisers buying more of it? And why do they often say "it's too expensive" in comparison to other channels?

The challenge is that the value is hard to define in an industry that loves performance metrics and prefers "show us" rather than "trust us". As referenced earlier, the Adobe/Advanis marketer survey found that 35% of brands still focus on completion rate, viewability or CPM when assessing the success of a Connected TV campaign. If premium media has value that isn't being highlighted by current measurement tactics, we have to create tests and measurement that evens the playing field.



Mastering Connected TV is the biggest challenge for advertisers in Australia today. We typically use the channel (CTV) for branding activities, but we wanted to find out how effective it could be for driving customer acquisition."

John Matthews

Director of Media & Partnerships,
Kayo Sports



Short-Term Sales and Conversions

When looking at short-term sales and conversions, brands need to understand whether Connected TV advertising helps drive the call-to-action that was intended when the ad was served, and how effective Connected TV is at delivering that, in comparison to other channels.

What is also important to understand is how Connected TV fits in to the holistic customer journey. Understanding this element allows marketers to get more strategic about audience targeting, best next message, frequency and optimization tactics. An example would be driving Connected TV viewers to seek information on a brand's site, which would allow segmentation and retargeting with a relevant message in another channel, based on past consumer behaviours.

In order to enable this, brands must analyze vast swathes of data to understand how viewing an ad on a TV, even digitally, connects with actions taken on a user's desktop or mobile. Brands should also take stock of whether an ad is intended to drive towards individual or household purchasing decisions, which can lead to different measurement approaches

Long-Term Brand Building and Awareness

As more media is consumed digitally, it is crucial to balance demand for short-term success indicators with an understanding of how this media is driving long-term value for a brand. In Mi3 last year, Gai Le Roy referenced a report from Kantar, which found digital advertising excels when working in tandem with other channels, online and offline and that channels like online video could drive brand motivation with a 30% greater impact than the investment.



The narrative that digital advertising is purely performance media with little long-term brand impact has become particularly loud over the last couple of years. It's a complete fallacy...a wide range of respected independent research companies have been able to demonstrate that digital does have strong brand building ability over many years."

Gai Le Roy

CEO,
IAB Australia



The challenge, just like short-term sales and lift metrics, lies in moving brands and agencies past the traditional proxies currently used and shifting them into a longer-term measurement strategy, outside of standard campaign by campaign reviews.

In a longer-term play, technology solutions and advertising channels should be accountable for driving uplift over longer periods of time. Brands should build methodologies and testing frameworks to understand the impact alterations to budgets have, as well as comprehension of the dynamics of the market to take advantage of periods of high reach or supply, which may present opportunities stronger ROI.



Conclusion and Recommendations

Connected TV is a rapidly growing channel. Brands should demand measurement and insights that help them connect the channel to their business objectives and outcomes, not just media metrics.

Reach and Frequency is an important benchmark for this. Brands need to look at metrics such as Cost per Unique Household to understand how effectively each channel is at driving this for them.

Optimal Frequency varies from brand to brand, but a brand must demand the experience they would like to deliver in Connected TV, and work with competent technology partners and publishers to help deliver this.

Short-term site leads or sales are a great way of understanding if Connected TV drove the desired action after showing them an engaging, full-screen TV creative and brands should work with partners that can help them understand how Connected TV is helping drive the rest of their customer journey.

Don't forget the long-term metrics. Brand awareness, uplift and salience are crucial for any brands and as a digital advertising community, we must get better at valuing this and incorporating these measurements into our long-term reporting and benchmarking.

Investment in Connected TV delivers results, but it needs a groundwork of understanding new ways to measure success, integrate ad buys into existing campaigns and clear focus on target markets, reach and short- vs long-term goal-setting to be truly effective. By partnering with a software solution that can help navigate brands through the minefield of challenges and opportunities, marketers can take advantage of this growing platform to thrive and survive in this new normal of copious content.

Adobe Advertising Cloud - In Action

Kayo - Rugby World Cup 2019



The Rugby World Cup was a crucial event for us to drive awareness over a short time period. We needed to reach younger audiences and understand how much we needed to invest in order to do this. Investment in Connected TV helped us hit over 165,000 households across the campaign in our target audience. We also understand that we had a significant opportunity to reach more potential customers with incremental budget, which helps inform us for future events"

John Matthews

Director of Media & Partnerships,
Kayo Sports

Sporting tournaments are defined their short windows, unpredictable match ups and must-see moments. Kayo is Australia's first total sports streaming platform, launched in 2018 to reach the streaming generation. When they wanted to create awareness before and throughout the Rugby World Cup, they knew that they needed to use Connected TV to reach audiences that would prefer to stream the matches in an app, rather than watch via TV. They also would be creating a variety of creatives to create awareness of different matches, which would change throughout the tournament.

Kayo leveraged Adobe Advertising Cloud's Reach & Frequency report to help them understand the dynamics in the Connected TV supply market to know how many people were watching across the Australian broadcasters, in order to help them start to get an understanding of the reach they could deliver. They also collaborated actively with the publishers to deliver this through a mixture of guaranteed and non-guaranteed deals, to secure the inventory where their audience was scarce, and drive efficiency with flexible buying methods.

Leveraging Adobe's Audience Libraries functionality helped forecast the scale of their first and third party data across the Connected TV channel in order to suppress current subscribers, to ensure that the campaign was solely customer acquisition focussed.

The results? Kayo reached 167K unique households at a frequency of 4.6 throughout the tournament, and drove significant business outcomes for their platform.



UBank - Reaching Young Home Buyers



Our target audience are those that have largely shifted to Connected TV, so investing in the channel was a no brainer for us. When figuring out where to start however, it was important to have a technology partner who could help us navigate the space to understand how much to spend, where and why.”

Alex Crompton

Head of Marketing & Customer Experience,
UBank

UBank, an agile division of NAB, prides itself on being digital first. The bank wanted to create a wide awareness of their offerings and understand how much they needed to spend and where to spend it.

Working with Adobe Advertising Cloud, UBank reached over 11K households in four months, at an average frequency of just 10 per household. They did this even while limiting their buying across SBS and Nine and used demographic overlays from publishers to ensure they reached younger consumers.

HESTA - Efficient Reach

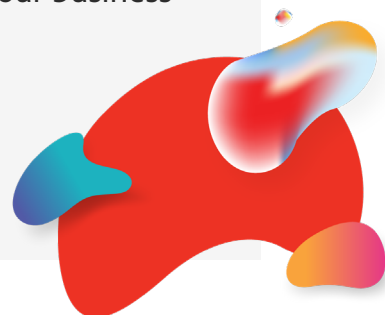
HESTA, an industry superannuation fund for workers in the Health and Community Service sectors, have traditionally used Connected TV as a channel to supplement their linear TV buys. With this study they wanted to find out if Connected TV was as efficient and comparable to their Linear TV buys in driving reach and awareness.



We wanted to see the potential of Connected TV, but didn't have a huge amount of budget to test out and needed to prove that it was a reach driving channel. Therefore, we kept frequency as low as possible and tried to drive maximum reach out of our investment. The results were great, we hit over 350K households at a frequency of just over 1, which proved to our business that this was a channel with huge potential.”

Lisa Samuels

Chief Experience Officer,
HESTA



Short-Term Sales and Conversions In Action

South Australian Tourism Commission – Driving Leads Through Connected TV

“

Connected TV is a key part of our media mix as it allows us to showcase everything the state has to offer on the big screen, however due to the cookie-less nature of the platform and inability to click through on ads we have found it very difficult to measure its impact. Now that we understand how effective Connected TV is at driving site visits and leads to SA tourism businesses, we can more clearly see the value of the channel and use it on an ongoing basis to achieve our objectives.”

Brent Hill

Executive Director of Marketing,
South Australia Tourism Commission

South Australia Tourism Commission (SATC) are responsible for helping the state create awareness for its variety of affiliates. With a variety of picturesque options available, Connected TV is a natural fit to showcase everything the state has to offer to Australian's of all ages, throughout the seasons. Being an organisation built around driving site leads means that traditional media metrics are not sufficient to measure the success of their campaigns.

SATC partnered with Adobe Advertising Cloud to get a deeper understanding of how their CTV campaigns were driving web conversions and found that across one of their 2019 campaigns, they were able to deliver over 3,000 site visits, reaching over 150,000 households, at a cost per site visit of just \$5. Such metrics provide the foundation for understanding effectiveness in line with other channels, but also as a case for future budgets.

Kayo Sports Scores Big With New Subscriptions

Kayo Sports has taken its customer experience management (CXM) strategy seriously from day one. Launched just over a year ago, the streaming service had 364,000 customers by the time of the 2019 Rugby World Cup. A big part of Kayo's success is its laser focus on customer acquisition and retention through its highly targeted advertising, with Adobe Advertising Cloud forming the central piece of this.

For the Rugby World Cup in 2019, Kayo wanted to turn many rugby fans into subscribers by running a video ad – a funny spot featuring a pet axolotl named Owen who predicts match winners. Of all the channels, from

YouTube and Facebook to the website, CTV performed best.

"During the Rugby World Cup, Adobe Advertising Cloud showed that CTV outperformed all other channels in post-view conversions," John Matthews says. "It generated the highest post-impression traffic volumes and moved 14% of visitors to sign up for a free Kayo trial".

Kayo Sports - Driving Subscribers to Watch the Cricket

Kayo also used Adobe Advertising Cloud to drive awareness for the Cricket World Cup, in what was a sport-heavy year. The campaign was able to hit over 300,000 households and drive an even more effective cost per trial than the Rugby World Cup at just \$40, which if they are able to convert the user, represents a huge win in customer acquisition costs.

Throughout the campaign, they were able to uncover that their Connected TV audience was younger, with 61% of those that saw an ad under the age of 34. They also were able to drive an increase in ad recall and familiarity among the older male demographic.

UBank – Using Connected TV to Power Home Loan Applications

UBank is a digital bank with a young audience and a digital-first strategy. They bet big on the use of Connected TV in order to reach their audience, using home loan applications as a key pay-off. Home loan applications are low volume, high-value purchases, so it's important to drive reach, but also understand how to drive a potential customer through to the application.

If UBank can drive more customers to its website to learn more, download a brochure, or explore the brand, that's a major step in both identifying a customer that is in market for a home loan, but also a big win in creating awareness of a brand that is smaller than some of the others in the market.

UBank's already mentioned campaign, which hit a huge 850,000 Australian households on Connected TV, drove over 11,000 site visits. UBank now believes that ROI on Connected TV is there, and that they can effectively use it as a tool to create more new potential customers for both deposits and home loans.

Long-Term Brand Building and Awareness in Action

UBank – Building a Modern Brand in a Modern Channel

Along with driving reach and frequency and site visits, UBank want to build a brand that lasts. With CTV as such a major advertising channel for the brand, they want to ensure that it is building the intended awareness. Partnering with Adobe Advertising Cloud and Lucid delivered some interesting insights.

According to the partnership, Connected TV was executing as an awareness channel effectively, driving uplift in brand recall, alongside UBank's OOH channel. Home loans were more successful than Deposits in raising awareness, while UBank also saw their advertising resonating with adults 35 – 44, indicating their brand may be able to move up the demographic bucket.



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