

TURBO CHARGING

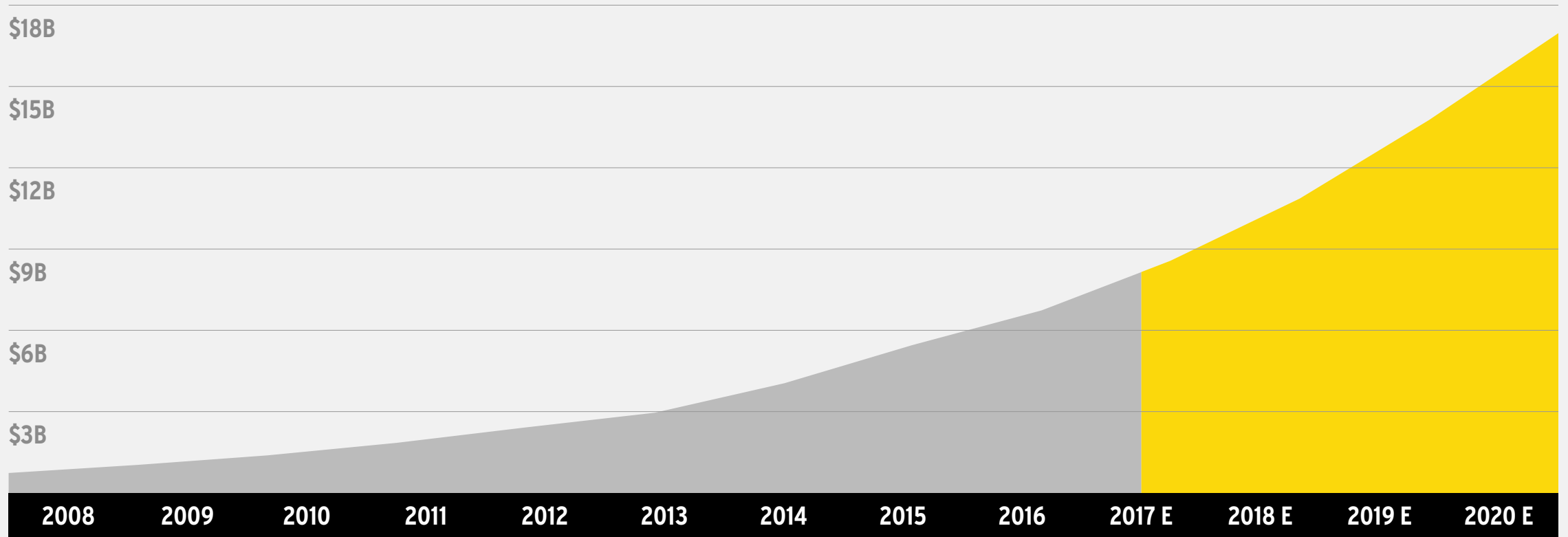
YOUR SKIPPABLE PRE-ROLL CAMPAIGN

MAGNA

IPG MEDIA LAB

SPEND ON DIGITAL VIDEO EXPECTED TO DOUBLE OVER THE NEXT FEW YEARS!

Digital Video Spend



Source: MAGNA GLOBAL December 2016 US forecast

AND IPG MEDIABRANDS IS LEADING THAT CHARGE

MAGNA GLOBAL ALONE SHIFTING \$250 MILLION FROM TV TO YOUTUBE

Magna Global Pours \$250 Million Into YouTube Ads as TV Audiences Drop

By Lauren Johnson | May 4, 2016



Interpublic Group's Magna Global has struck a multi-year deal with YouTube to invest \$250 million into digital video.

It's YouTube's largest upfront deal ever for its premium

Over the next three years, Magna Global will get "competitive rates" on Google Preferred's unskippable ad inventory as well as access to measurement tools and top creators. In the second and third year of the deal, the media-buying firm specifically plans to address an "innovative learning and measurement partnership" that will examine how to balance digital and traditional ad budgets. Magna Global buys media on behalf of big brands like Coke and Johnson & Johnson.

Unlike other splashy digital deals that typically take the money from other parts of a digital budget, Magna Global's \$250 million investment in YouTube advertising will come straight from its TV budget. The \$250 million investment is four to five times Magna Global's typical YouTube budget. As a result, the firm will spend less on traditional marketing overall this year as TV ratings dip.

According to Magna Global, 18- to 49-year-olds watch an average 26 hours of linear TV per week, down from 32 hours in 2009. The firm estimates that global ad spend overall grew 3.2 percent in

U.S. Ad Spending Growing at Best Pace in Six Years, New Magna Global Forecast Says

Magna expects 2016 to see the largest increase in United States ad spending in six years. The IPG Mediabrands' agency revised its forecast for the year on Wednesday, predicting ad revenue in the U.S. will grow to \$179 billion, a 6.3% increase. In June, Magna had predicted a 6.2% jump in ad revenue.

A Huge Ad Company Just Shifted \$200 Million Of Its TV Money To Youtube – And The Reason Why Ought To Terrify TV Execs



**SO WE DID SOME
RESEARCH TO MAXIMIZE
THOSE INVESTMENTS**

WE SET OUT TO

2



1

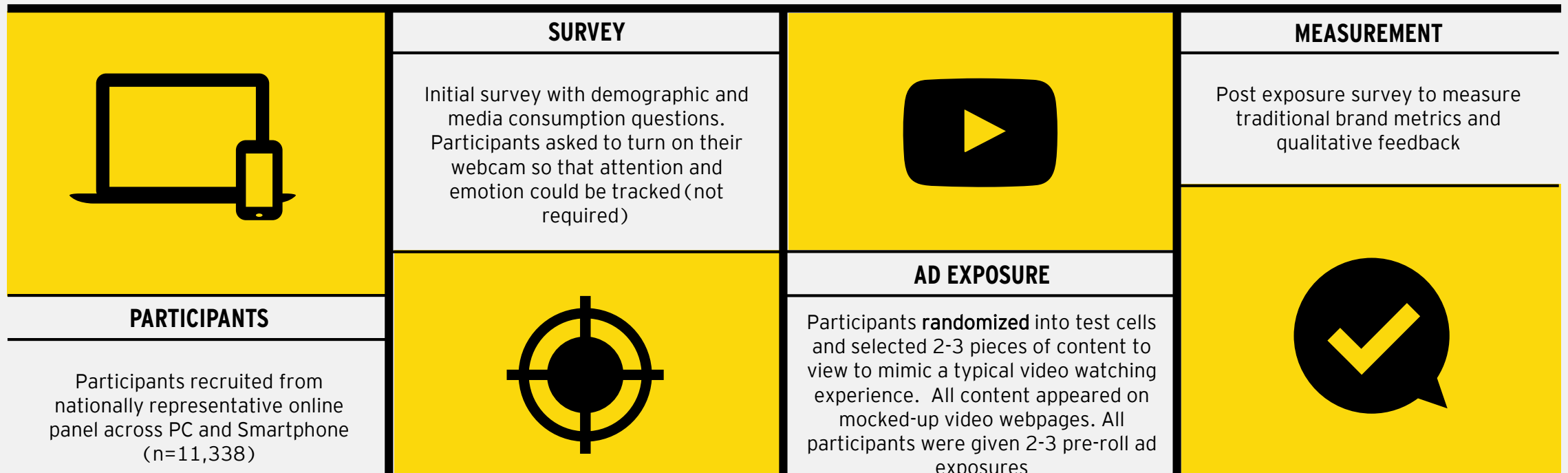
1

Learn more about ad skipping behaviors

2

Determine what, if anything, advertisers can do to maximize the impact of their skippable pre-roll campaigns

WE USED EXPERIMENTAL DESIGN



THE SCOPE WAS ROBUST

2

DEVICES

8

INDUSTRY VERTICALS

11

BRANDS

23

TYPES OF ADS

108

TEST CELLS

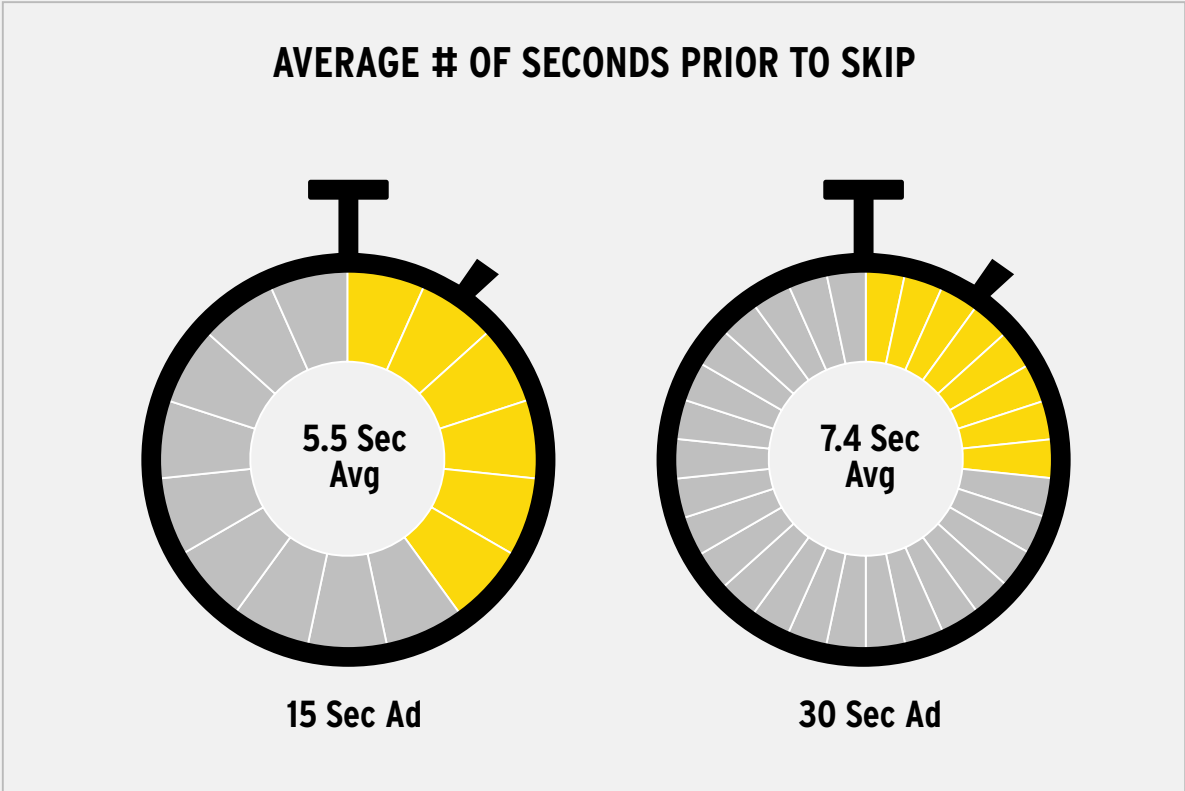
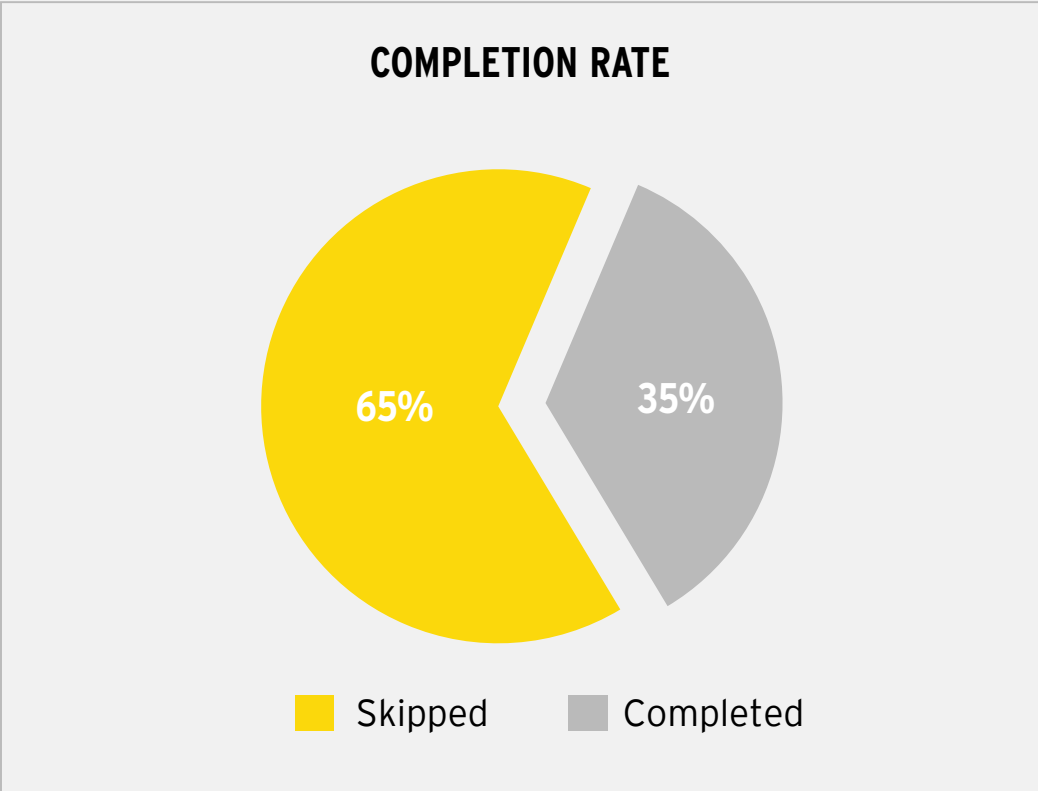
11,338

SAMPLE SIZE



SKIPPING
IS A REALITY

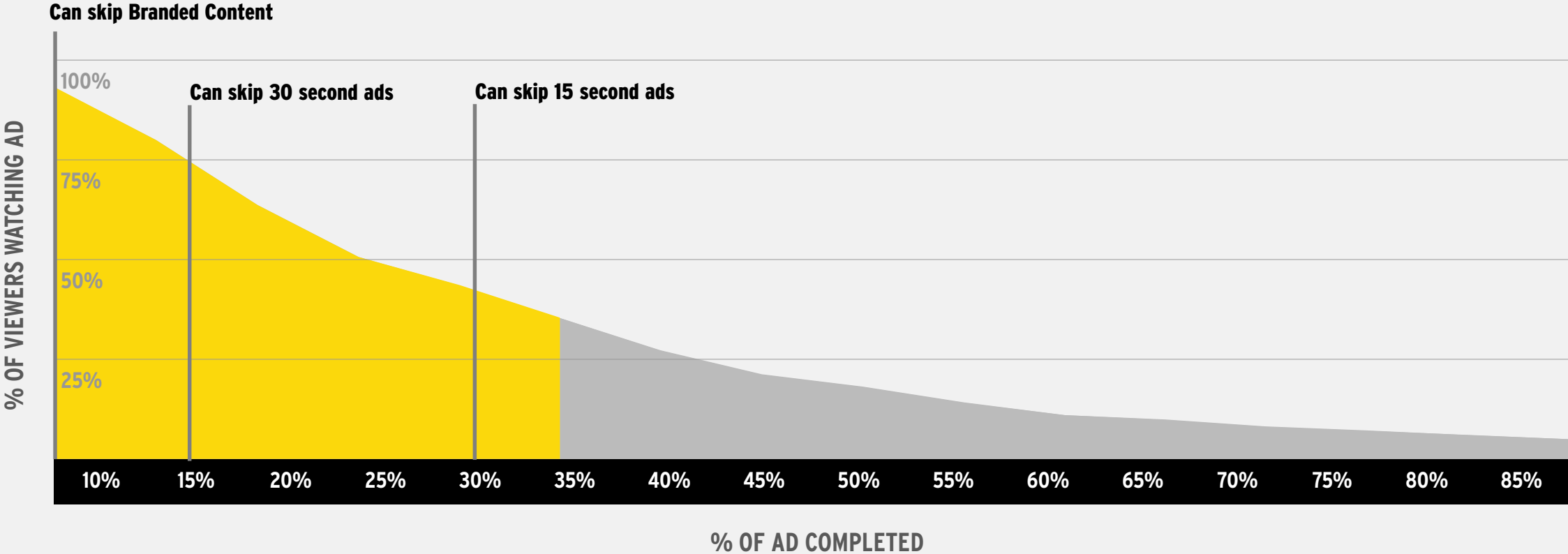
MOST PEOPLE SKIP, BUT THEY DO STICK AROUND SLIGHTLY LONGER FOR 30 SECOND ADS



(Mobile/PC, skippable) Overall (15/30 sec) N = 1444, Skipped 15 sec N = 389, Skipped 30 sec N = 544

IN GENERAL, IF PEOPLE ARE GOING TO SKIP, THEY DO SO RIGHT AWAY

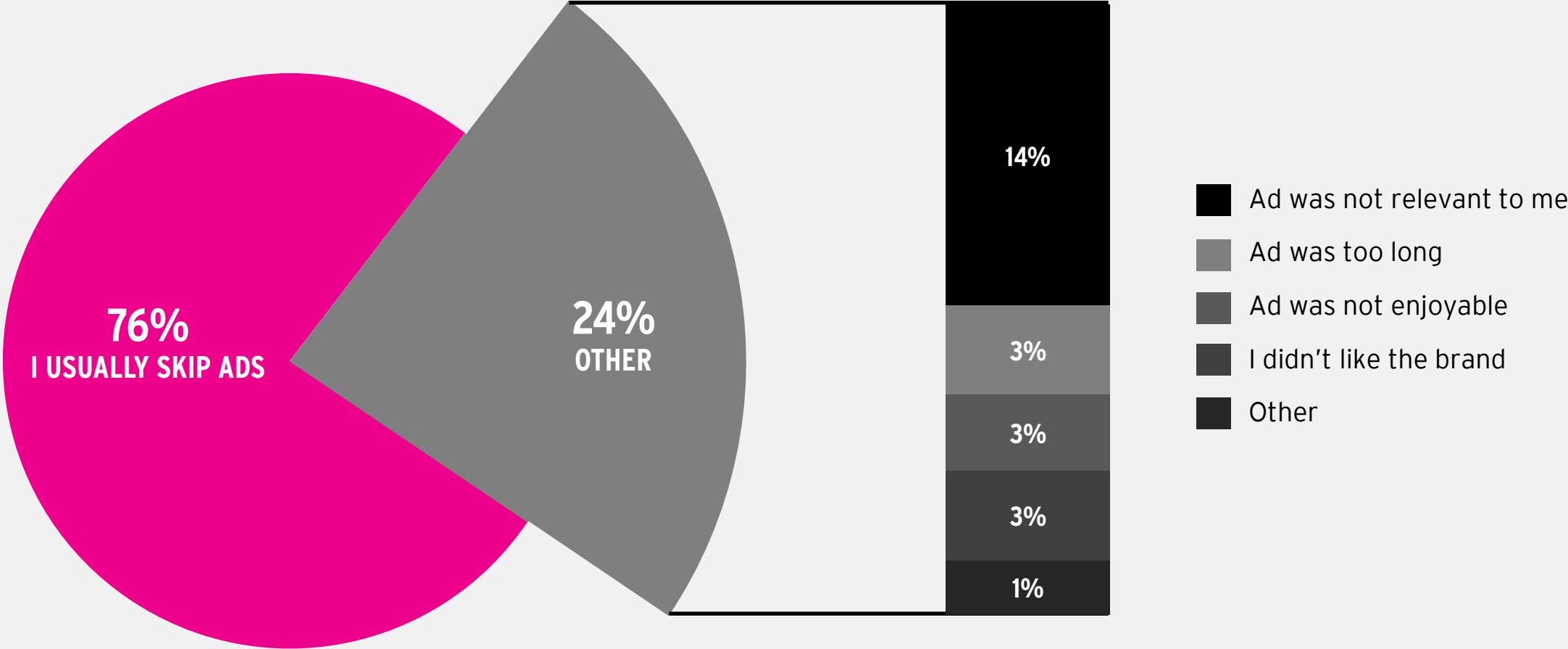
Percent of Ad Viewed Over Time Among Skippers



(Mobile/PC, 15/30/60+ sec skippable) Skipped ads N = 1641

OVERWHELMINGLY, PEOPLE SKIP BECAUSE IT'S ENGRAINED BEHAVIOR

Primary Reason for Skipping

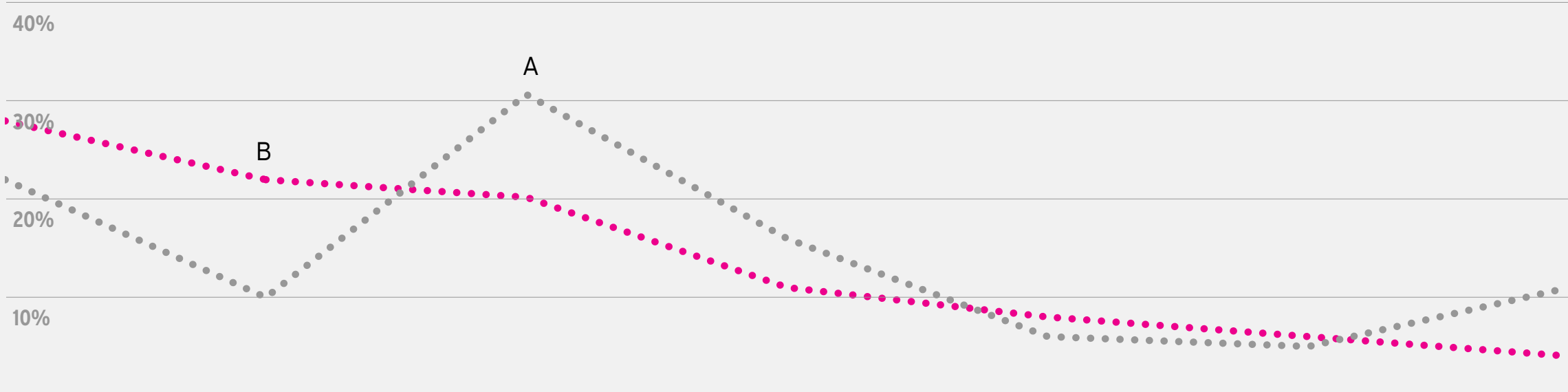


(Mobile/PC, 15/30 sec skippable) Skipped ads N = 767

PEOPLE IN MARKET MORE LIKELY TO STICK AROUND BASED ON LIKEABILITY

Primary Reason for Not Skipping

●●●● In Market For Product (A) ●●●● Not In Market For Product (B)



Ad was enjoyable

I liked the brand

The ad was short enough to wait

I didn't know I could skip

The ad was relevant to me

Other

I "tuned out"

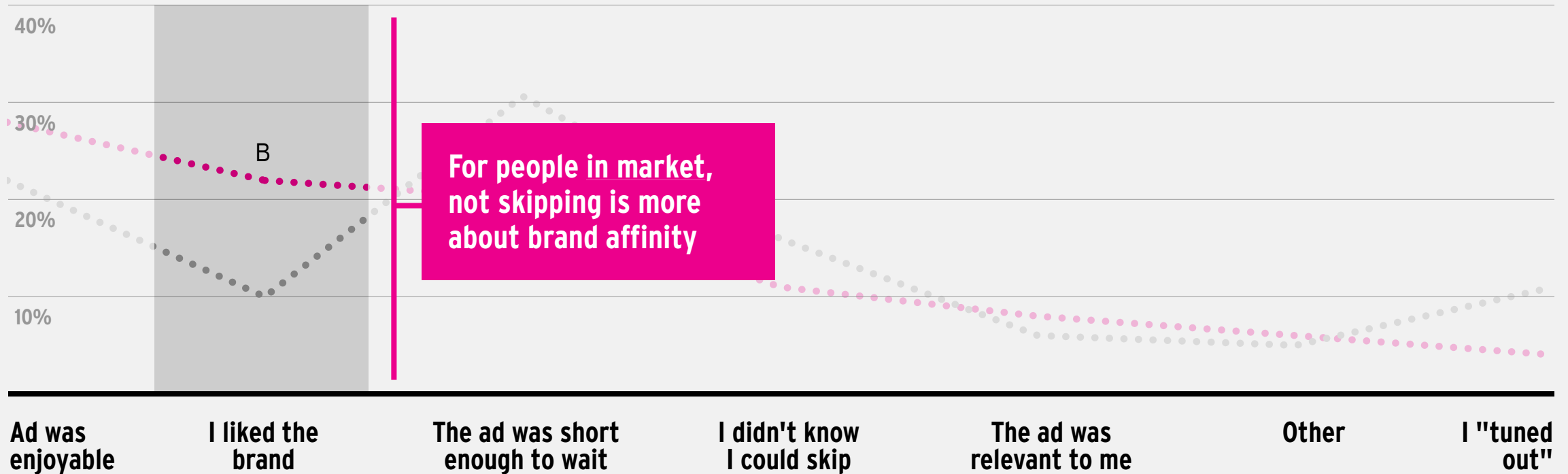
(Mobile/PC, 15/30 sec skippable) In Market N = 151, Not in Market N = 293
A/B = Statistically significant difference between test groups at >= 90% confidence

PEOPLE IN MARKET MORE LIKELY TO STICK AROUND BASED ON LIKEABILITY

Primary Reason for Not Skipping

●●●● In Market For Product (A)

●●●● Not In Market For Product (B)

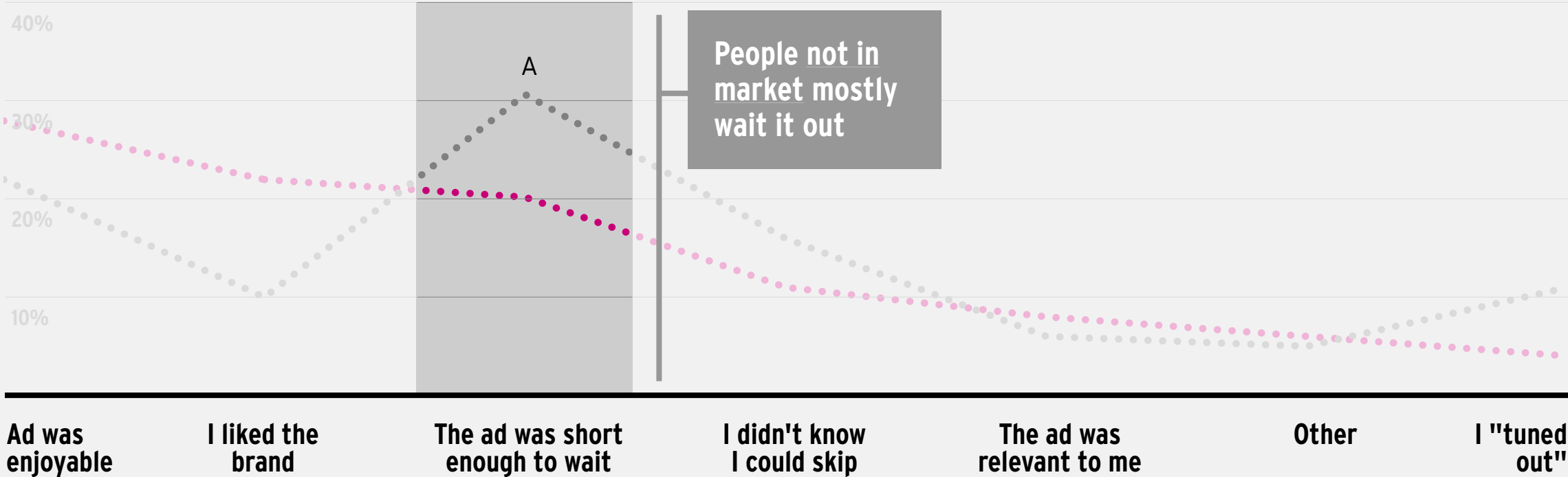


(Mobile/PC, 15/30 sec skippable) In Market N = 151, Not in Market N = 293
A/B = Statistically significant difference between test groups at >= 90% confidence

EVERYONE ELSE TENDS TO JUST STICK IT OUT

Primary Reason for Not Skipping

●●●● In Market For Product (A) ●●●● Not In Market For Product (B)



(Mobile/PC, 15/30 sec skippable) In Market N = 151, Not in Market N = 293
 A/B = Statistically significant difference between test groups at >= 90% confidence



SO...
CAN ADVERTISERS
DO ANYTHING TO
HELP LOWER SKIP
RATES?

IN SOME INSTANCES, WE CAN IMPACT SKIP RATES THROUGH TARGETING

Impact Skip Rate?

PAST PURCHASE OF BRAND	PRE-EXISTING BRAND OPINION	AGE	IN-MARKET FOR PRODUCT	FREQUENCY OF ONLINE VIDEO VIEWERSHIP	GENDER	INCOME
Yes	Yes	Yes	No difference	No difference	No difference	No difference
Skip less if purchased in past	Skip less if higher brand opinion	Skip less if older				

(Mobile/PC, 15/30 sec skippable) Overall N = 1444

■ = Statistically significant difference between test groups at >= 90% confidence

HOWEVER, IT'S HARD TO MOVE THE DIAL ON SKIP RATES BY CHANGING THE AD OR WHERE IT'S RUN

Impact Skip Rate?

CREATIVE STRATEGIES						CONTENT STRATEGIES		DEVICE	AD LENGTH
EMOTION	HUMAN PRESENCE	STORY ARC	BRANDING BY SKIP BUTTON	STORY VS. PRODUCT FOCUS	COLOR SATURATION	CONTENT TYPE	CONTENT LENGTH	PC/ MOBILE	15 SEC/ 30 SEC/ 60+ SEC
No difference	No difference	No difference	No difference	No difference	No difference	No difference	No difference	No difference	<p>Yes</p> <hr/> <p>Skip less if shorter ad</p>

People do stick around longest for branded content, however

(PC only, 15 sec skippable) Emotion N = 536, Human Presence N = 522, Story Arc N = 537, Branding by Skip Button N = 504, Story vs. Product Focus N = 196, Color Saturation N = 220, Content Type N = 1618, Content Length N = 846, (Overall) PC N = 910, Mobile N = 534, (PC/Mobile) 15 sec N = 685, 30 sec N = 759, Branded Content (60+ sec) ad = 838

■ = Statistically significant difference between test groups at >= 90% confidence

**BUT
THAT'S
OKAY....**

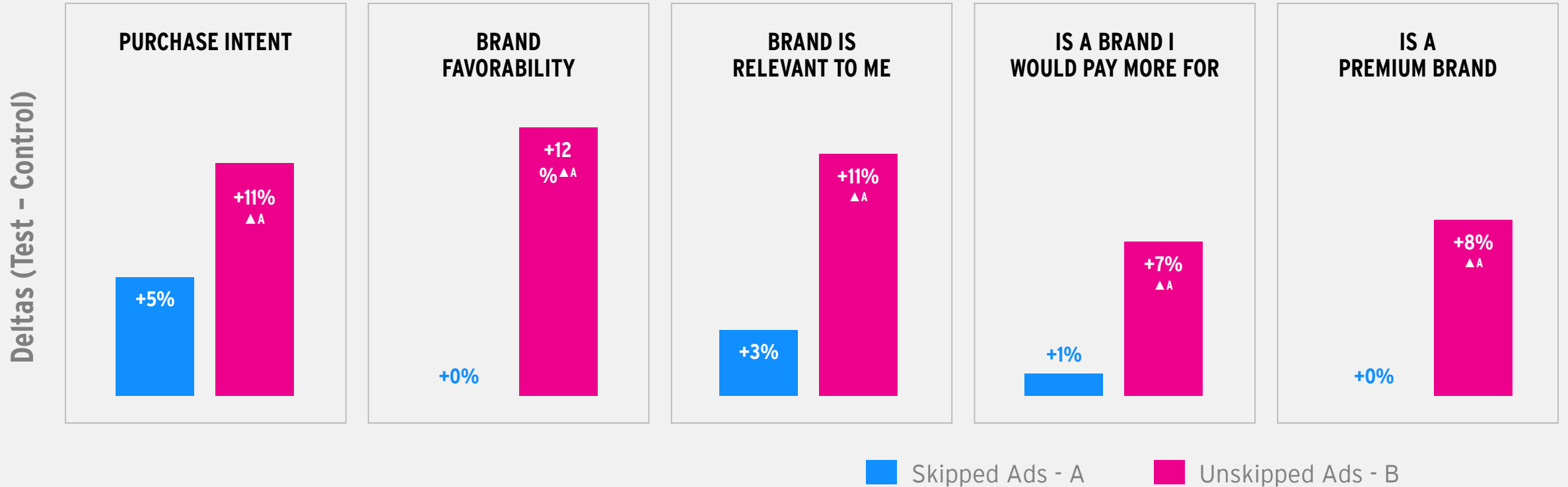
EVEN

SKIPPED ADS

HAVE VALUE

WHILE THOSE WHO COMPLETE ARE MORE LIKELY TO BE PERSUADED...

Impact of Skipped Ads on Persuasion Metrics and Brand Attributes



(Mobile/PC, 15/30 sec skippable) Skipped ads N = 933, Completed ads N = 511
▲ = Statistically significant difference between test and control at >= 90% confidence
A/B = Statistically significant difference between test groups at >= 90% confidence

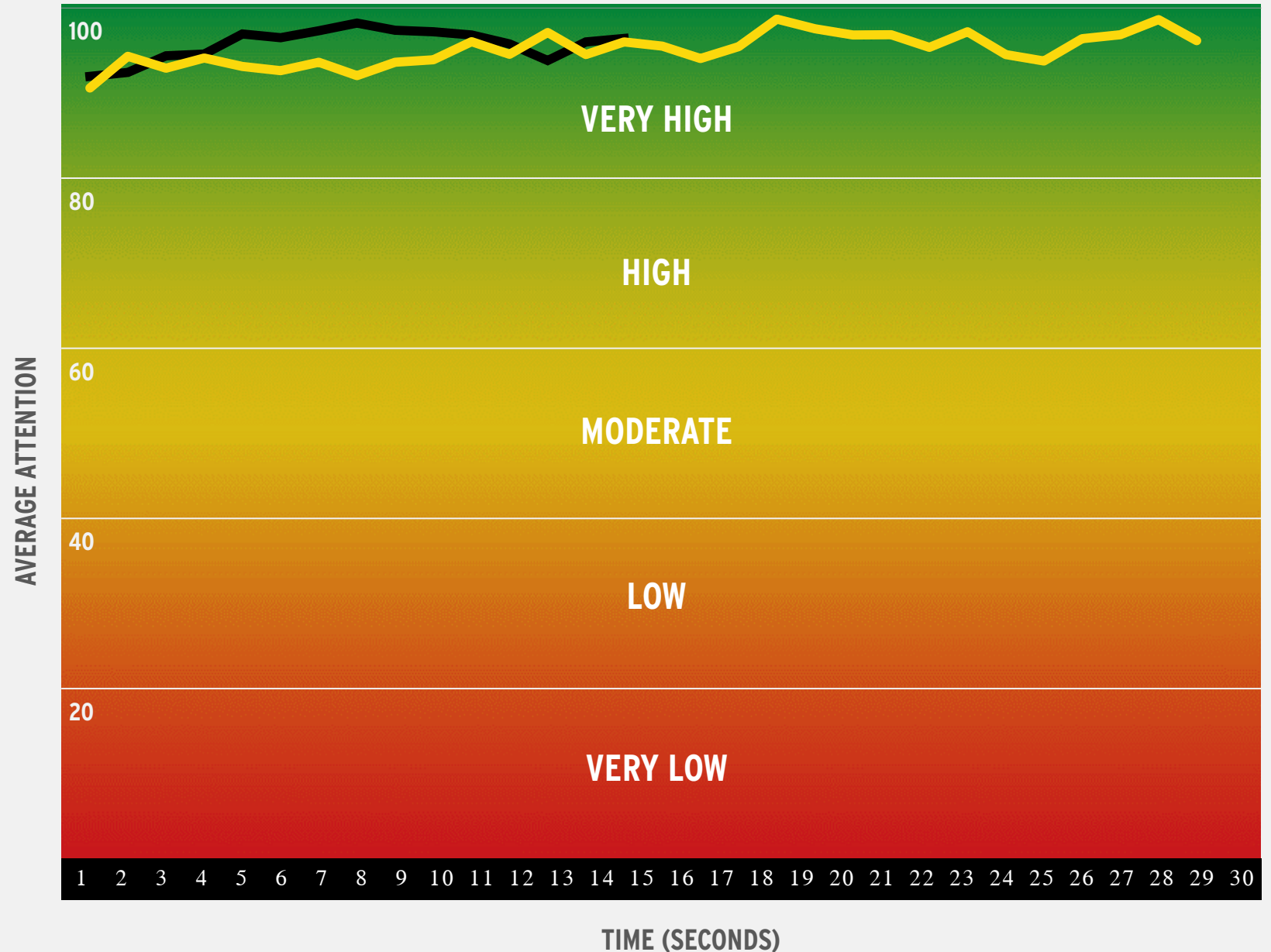
ATTENTION TO PRE-ROLL ADS IS VERY HIGH REGARDLESS OF AD LENGTH

Average Attention Over Time For 15 and 30 Second Ads

- 15 Second Ad
- 30 Second Ad



Based on eye tracking data



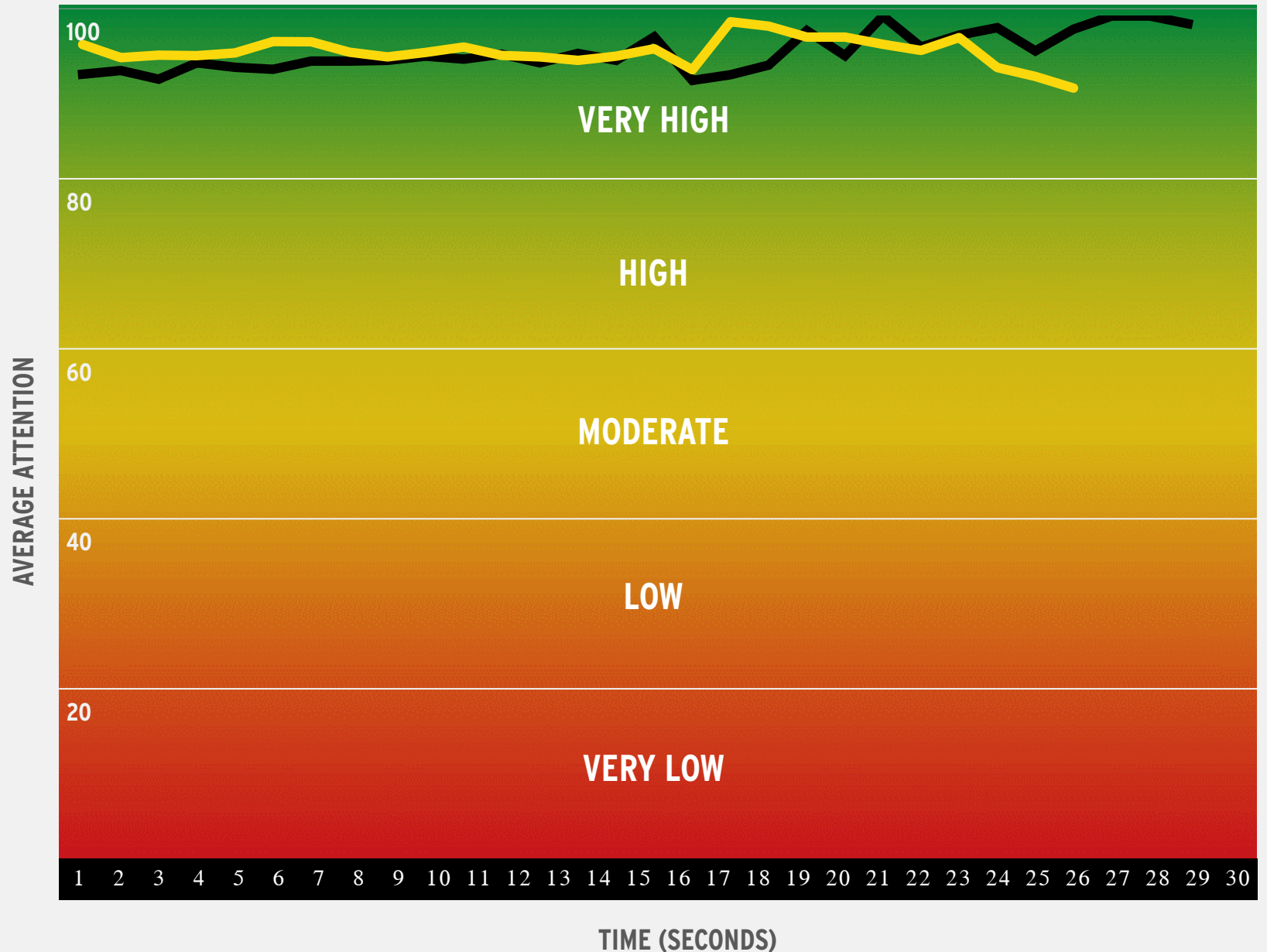
AND CONSUMERS ARE PAYING ATTENTION EVEN IF THEY EVENTUALLY SKIP

Average Attention Over Time For Skipped and Completed Ads

— Not Skipped
— Skipped



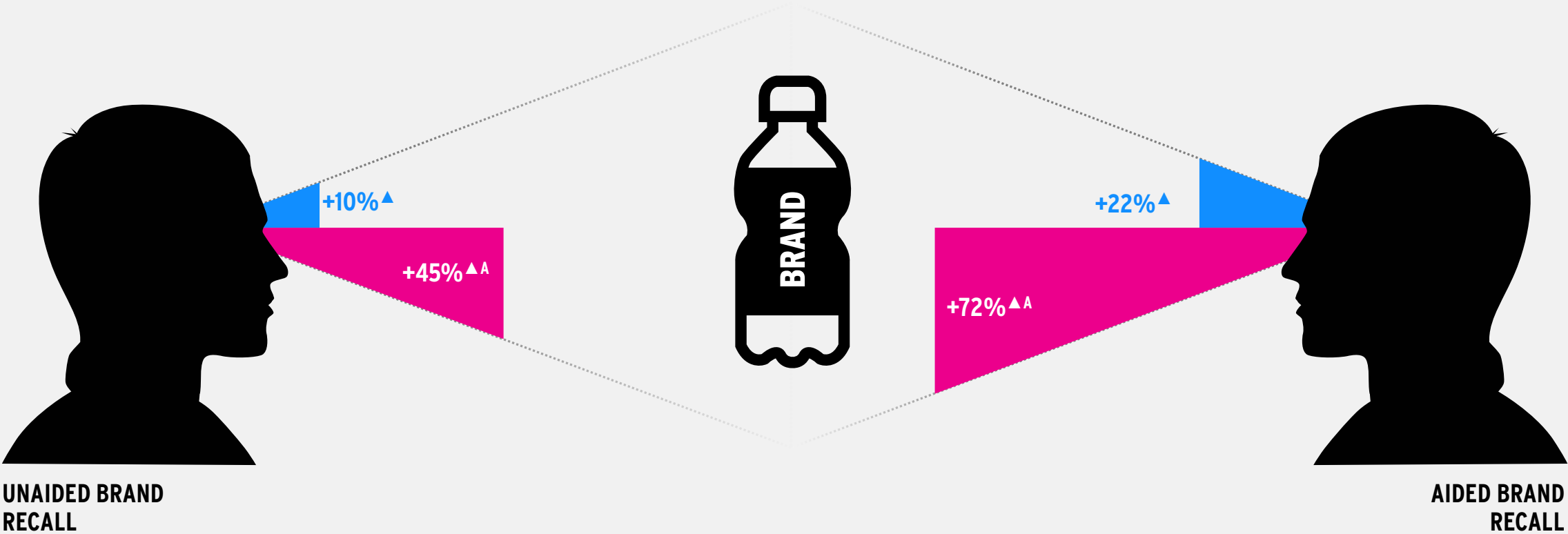
Based on eye tracking data



WHICH LEADS PEOPLE TO REMEMBER THE BRAND EVEN WHEN THEY SKIP

Impact of Skipped Ads on Brand Recall: Deltas (Test - Control)

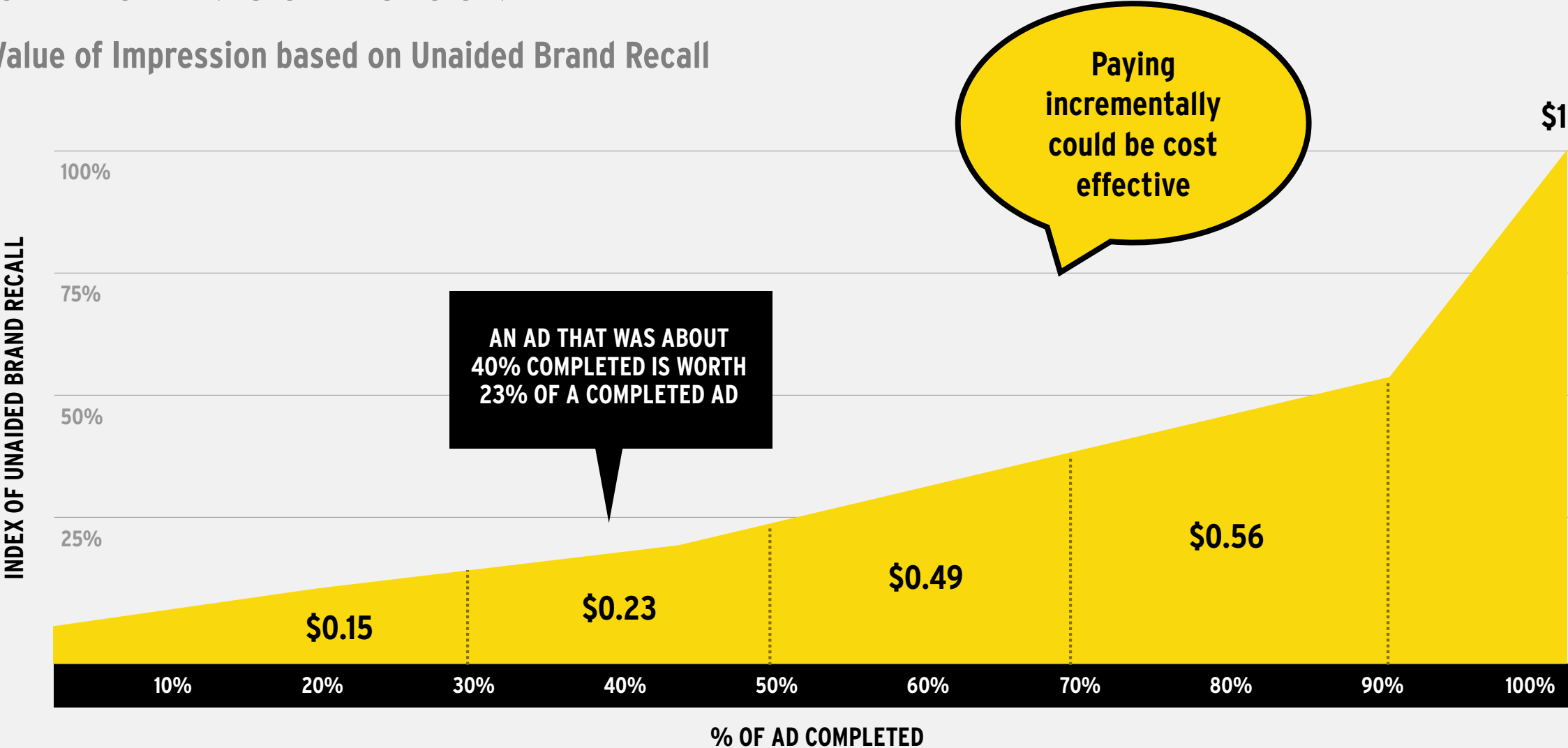
Skipped Ads - A Unskipped Ads - B



(Mobile/PC, 15/30 sec skippable) Skipped ads N = 933, Completed ads N = 511
▲ = Statistically significant difference between test and control at >= 90% confidence | A/B = Statistically significant difference between test groups at >= 90% confidence

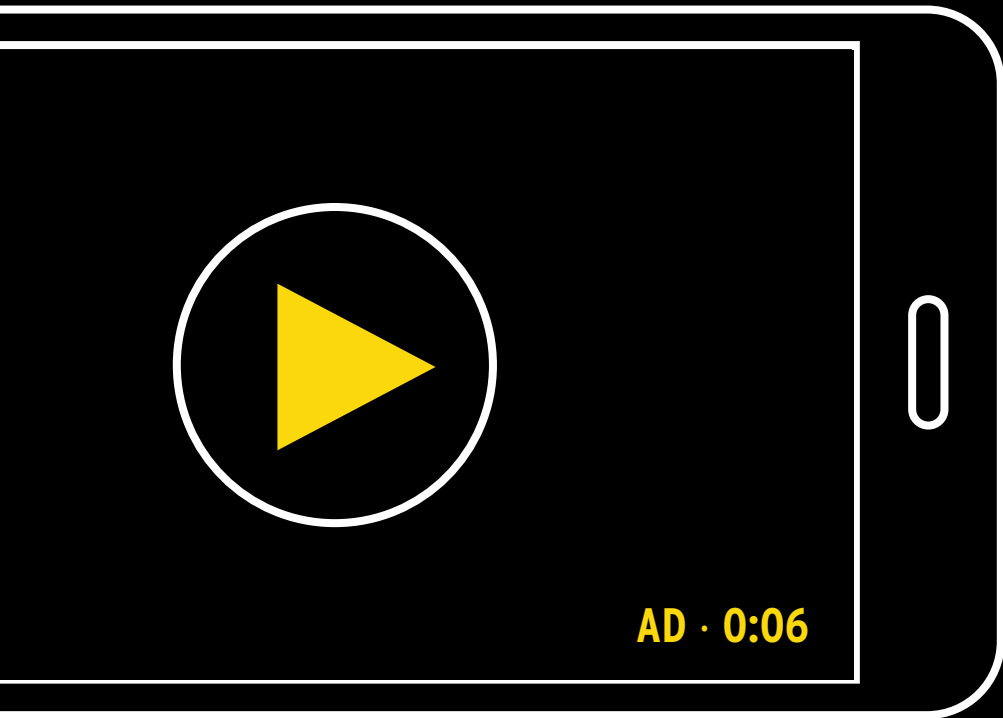
THE VALUE OF THE AD VARIES BASED ON HOW MUCH IS COMPLETED

Value of Impression based on Unaided Brand Recall



A close-up, slightly blurred photograph of a person's hands holding a gold smartphone over a laptop keyboard. The background is a wooden desk. The text is overlaid on the lower half of the image.

SKIPPING IS A REALITY,
BUT THERE ARE STILL
WAYS TO OPTIMIZE ≡≡≡

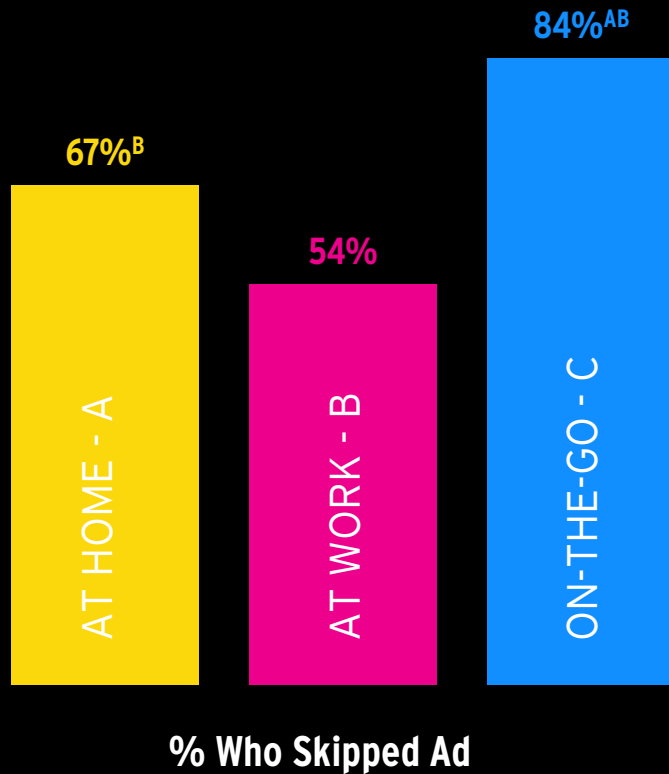


RECOMMENDATION #1

SUPPLEMENT WITH 6 SECOND NON-SKIPPABLE ADS

UNSURPRISINGLY, PEOPLE ON THEIR PHONE SKIP MOST ON-THE-GO

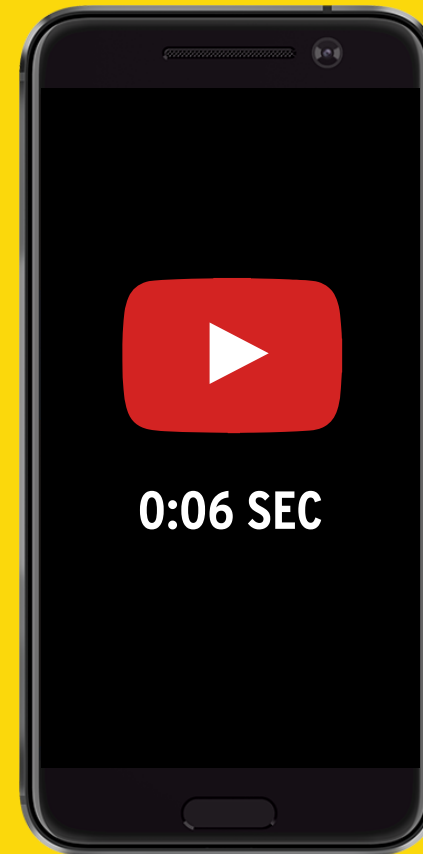
Impact of Location on Skip Rates for Smartphone Users



(Mobile only, 15/30 sec skippable) At home N = 447, At work N = 43, On-the-go N = 43
A/B = Statistically significant difference between test groups at >= 90% confidence

BUT DON'T FEAR: THAT'S WHERE 6 SECOND ADS COME IN

6 second ads are a new shorter ad product that isn't skippable



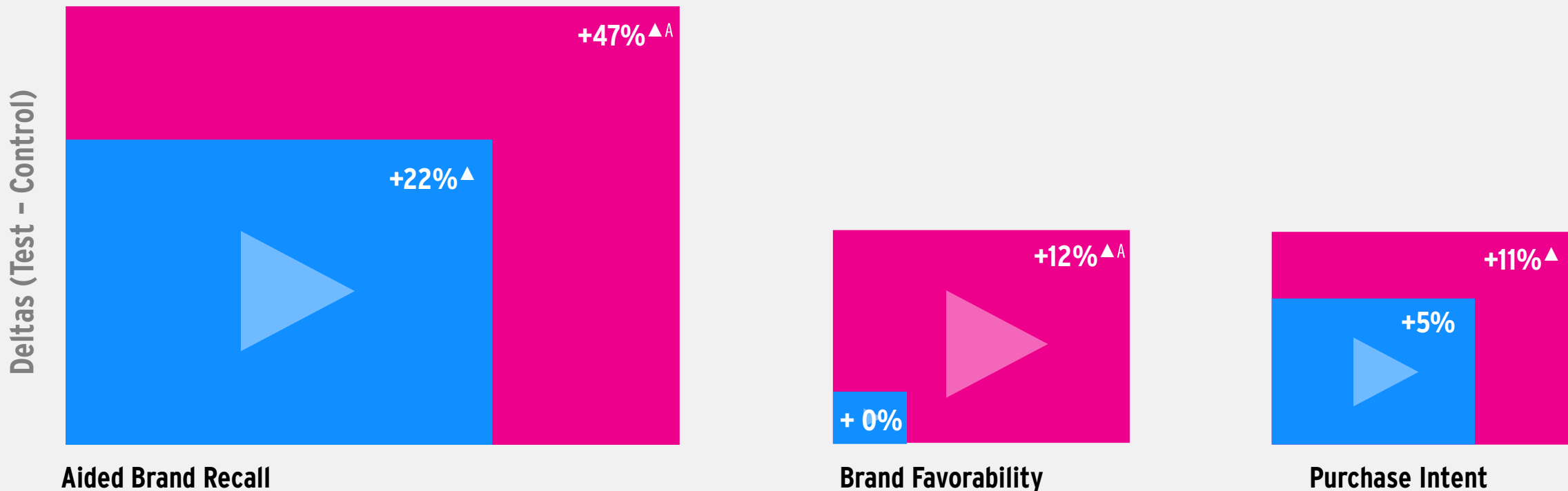
MOBILE OPTIMIZED

6 second non-skippable ads are already targeted towards people on smartphones and on-the-go

A 6 SECOND AD ON ITS OWN HAS IMPRESSIVE VALUE COMPARED TO A SKIPPED AD

Impact of 6 Second Ads on Brand Metrics

■ Skipped Ad - A ■ 6 Sec Non-Skippable Ad - B



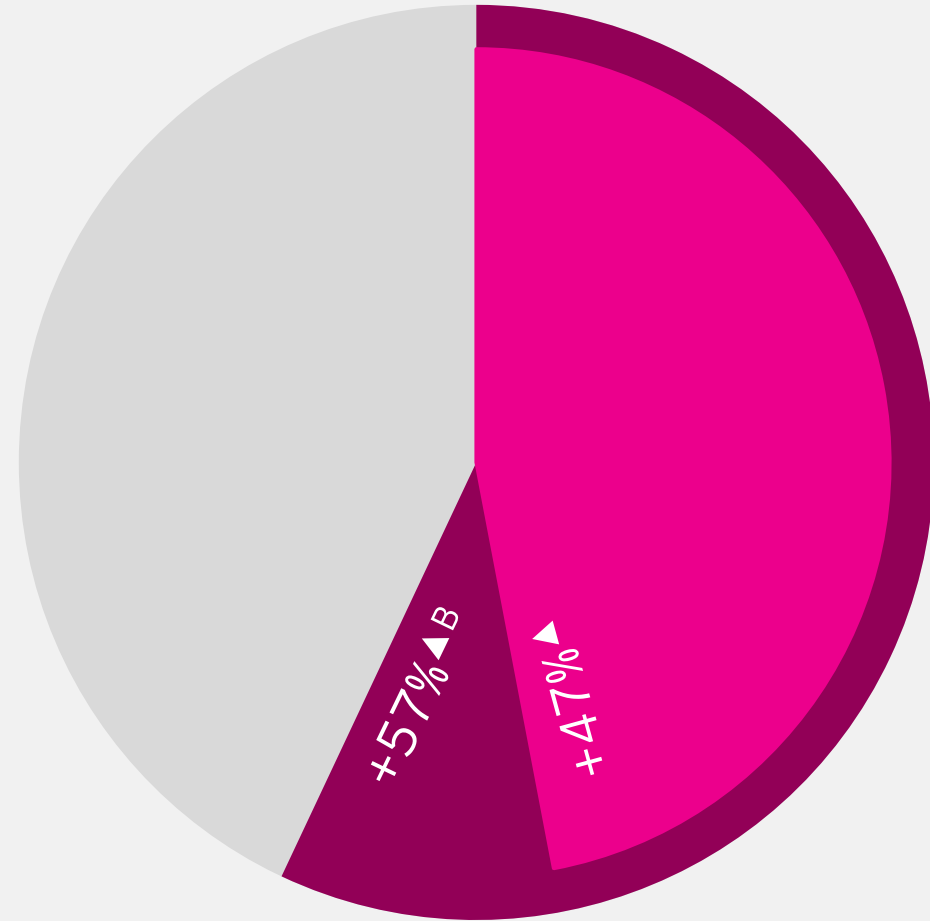
(Mobile/PC) 6 second non-skippable ad N = 493, Skipped 15 and 30 second ads N = 933

▲ = Statistically significant difference between test and control at >= 90% confidence / A/B = Statistically significant difference between test groups at >= 90% confidence

AND THEY EVEN PERFORM WELL COMPARED TO 15 SECOND NON-SKIPPABLE ADS

Impact of Ad Length on Brand Recall Deltas (Test - Control)

- 6 Sec Non-Skippable Ad - A
- 15 Sec Non-Skippable Ad - B



(Mobile/PC, non-skippable) 6 second ad N = 493, 15 second ads N = 497

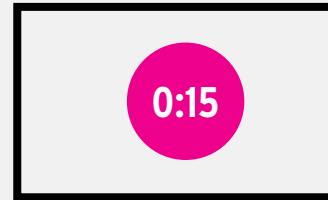
▲ = Statistically significant difference between test and control at >= 90% confidence / A/B = Statistically significant difference between test groups at >= 90% confidence

**WE
TESTED...**

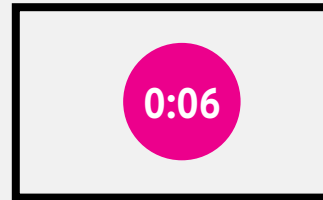
MANY OPTIONS FOR USING 6 SEC ADS TO ENHANCE YOUR CAMPAIGN

**USE 6 SEC ADS
AS AN ECHO**

GO DEEP WITH YOUR MESSAGING



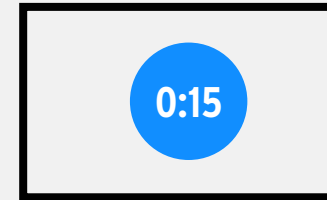
+



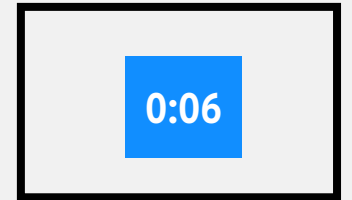
A regular 15 second
skippable ad from the
same brand

6 second ad from the
same brand that looks
similar to the next ad,
but is 6 seconds

GO WIDE WITH YOUR MESSAGING



+

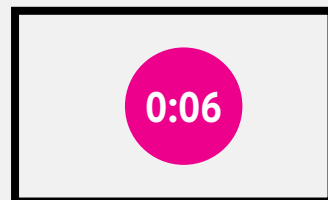


A regular 15 second
skippable ad from the
same brand

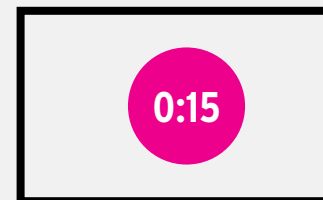
6 second ad from the
same brand that looks
different to the next ad,
but is 6 seconds

**USE 6 SEC ADS
AS A TEASER**

REVERSED...

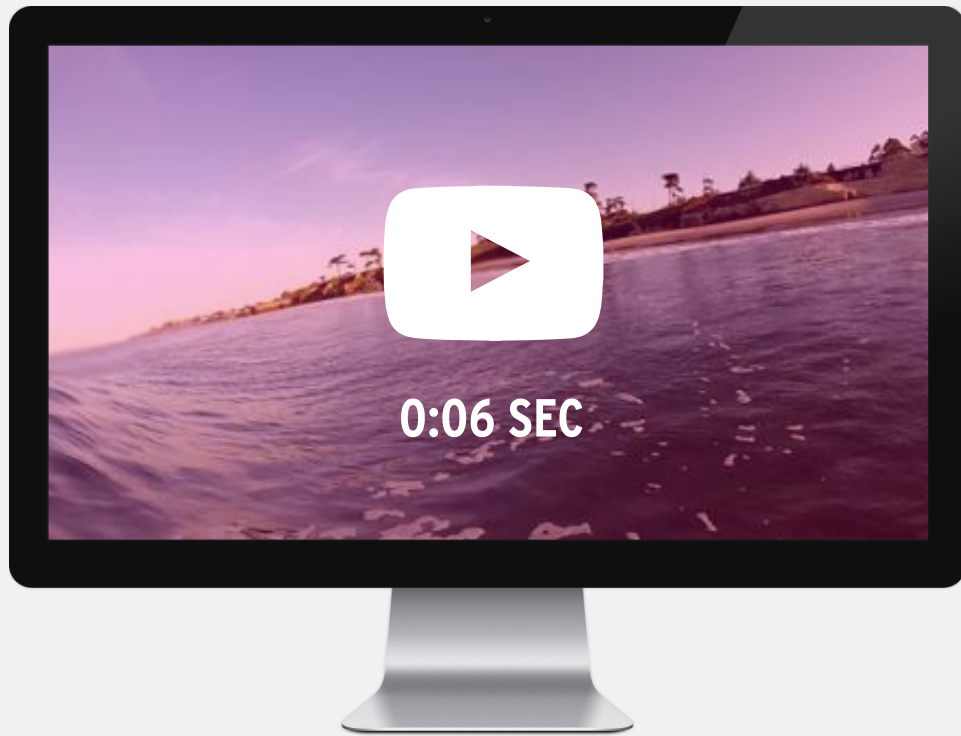


+



GOING WIDE OR GOING DEEP WITH YOUR MESSAGE IS EFFECTIVE

Impact of 6 Second Ads on Brand Recall
Deltas (Test - Control)



UNAIDED BRAND RECALL



AIDED BRAND RECALL

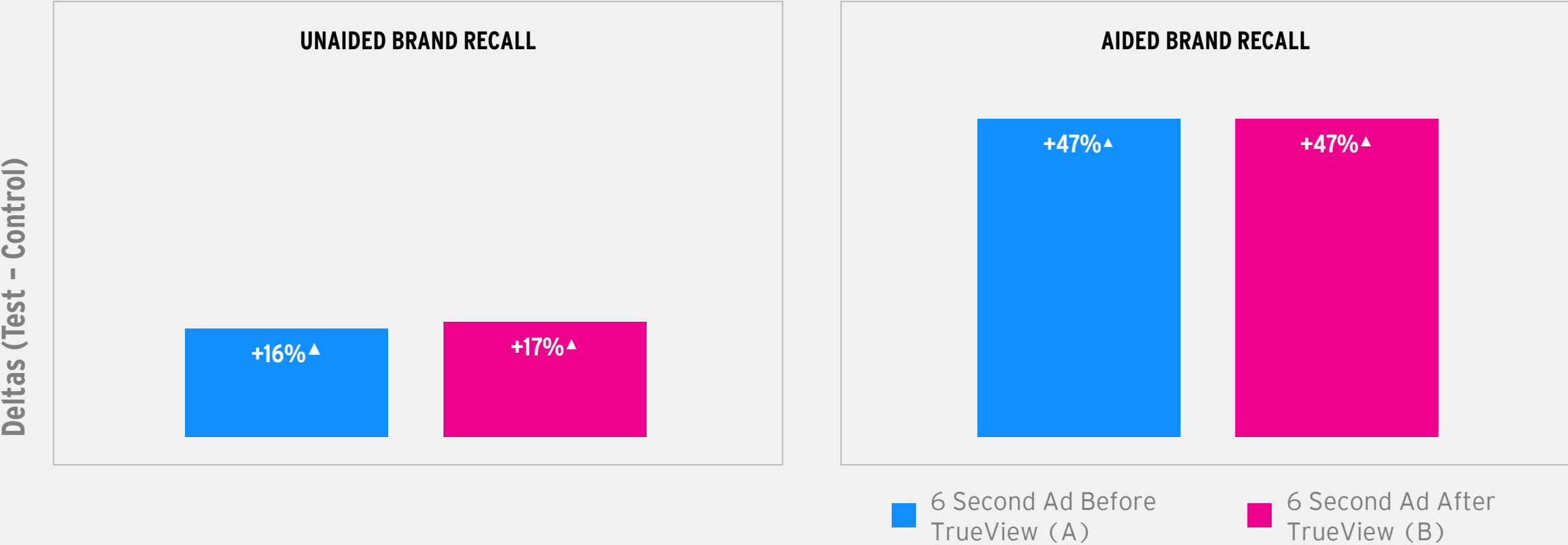


- 6 Sec Ad Same Message - A
- 6 Sec Ad Different Message - B

(Mobile only) TrueView + 6 Second Ad Same Message N=692, TrueView + 6 Second Ad Different Message N=683
▲ = Statistically significant difference between test and control at >= 90% confidence
A/B = Statistically significant difference between test groups at >= 90% confidence

USING 6 SEC ADS AS A TEASER FOR A CAMPAIGN OR TO ECHO IT ARE ALSO EQUALLY VALID STRATEGIES

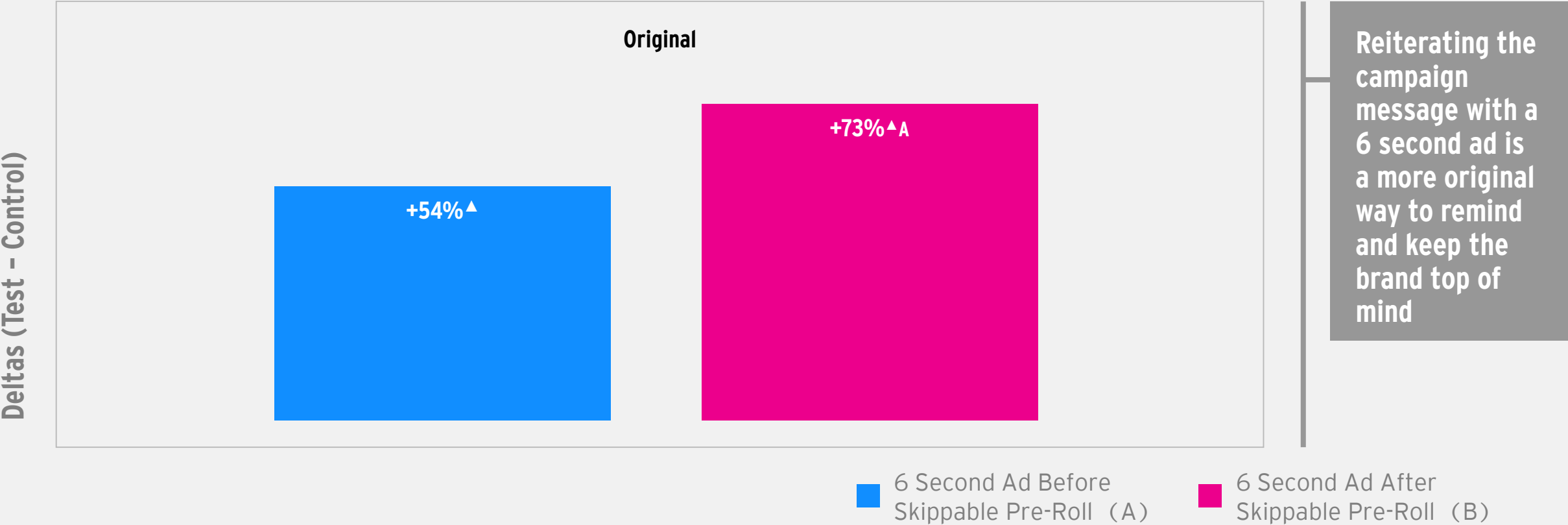
Impact of 6 Second Ads on Brand Recall



(Mobile only) 6 Second Ad Before TrueView N=674, 6 Second Ad After TrueView N=692
▲ = Statistically significant difference between test and control at >= 90% confidence
A/B = Statistically significant difference between test groups at >= 90% confidence

ALTHOUGH, USING 6 SEC ADS TO ECHO YOUR MESSAGE CONVEYS ORIGINALITY

Impact of 6 Second Ads on Ad Perception of "Original"
(Among Those In Market for Product)



(Mobile only) 6 Second Ad Before Skippable Pre-Roll N=189, 6 Second Ad After Skippable Pre-Roll N=201
▲ = Statistically significant difference between test and control at >= 90% confidence
A/B = Statistically significant difference between test groups at >= 90% confidence

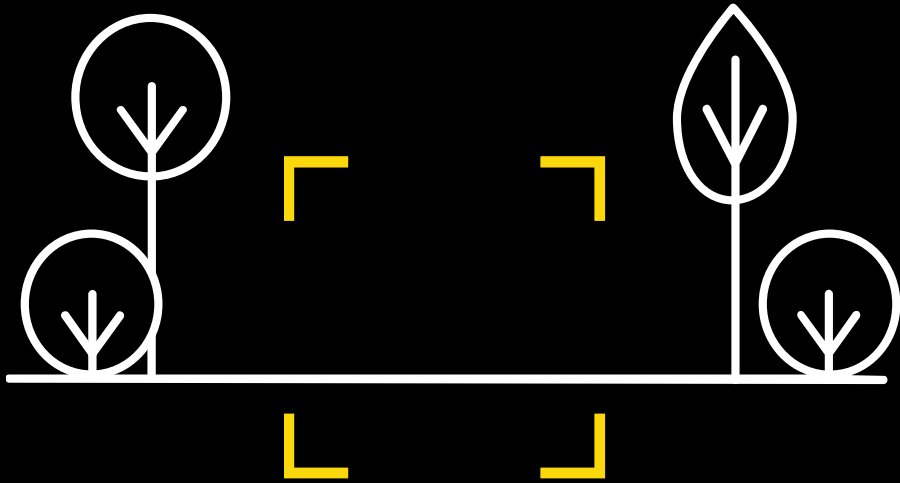
A woman with long dark hair is sitting on a grey couch, looking down at a tablet computer she is holding. She is wearing a light blue button-down shirt. The background is slightly blurred, showing a window with blinds. The overall lighting is soft and indoor.

ON AVERAGE...

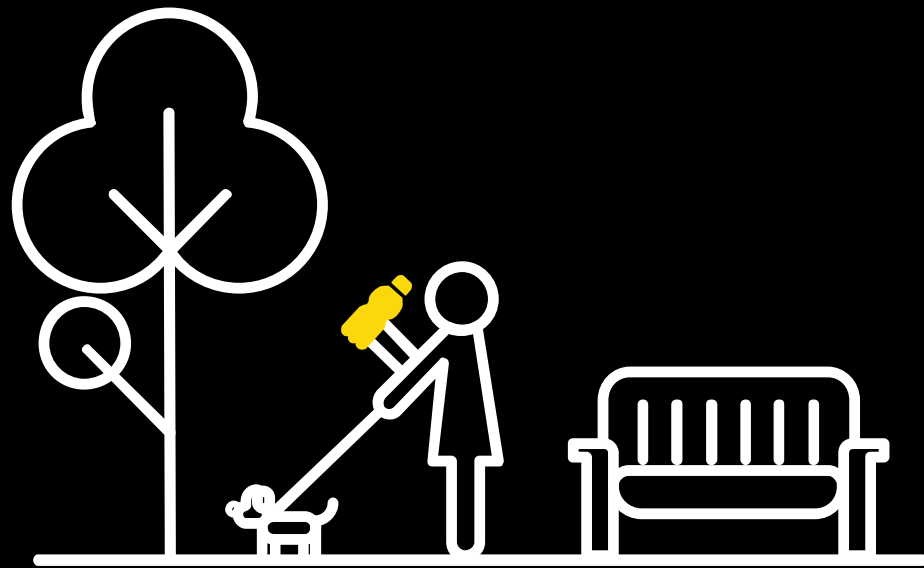
**6 SECOND ADS TEND TO BE
MORE **COST EFFICIENT** IN
AUCTION THAN TRADITIONAL
SKIPPABLE VIDEO
OR LONG-FORM ADS**

RECOMMENDATION #2

**FOCUS ON
STORYTELLING**



STORY FOCUSED



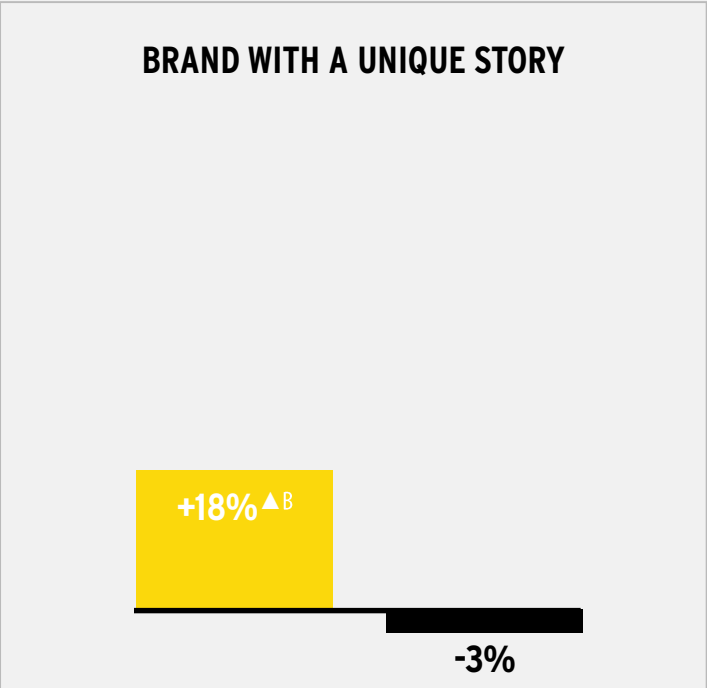
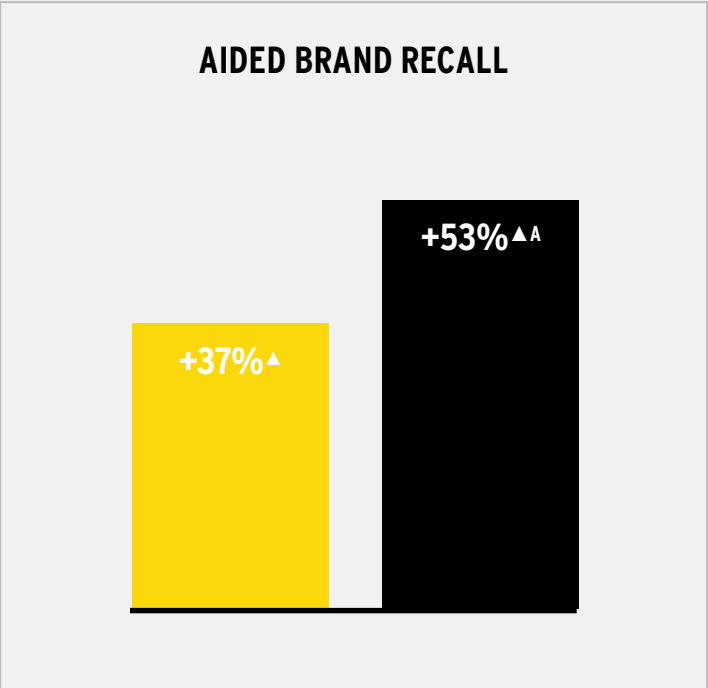
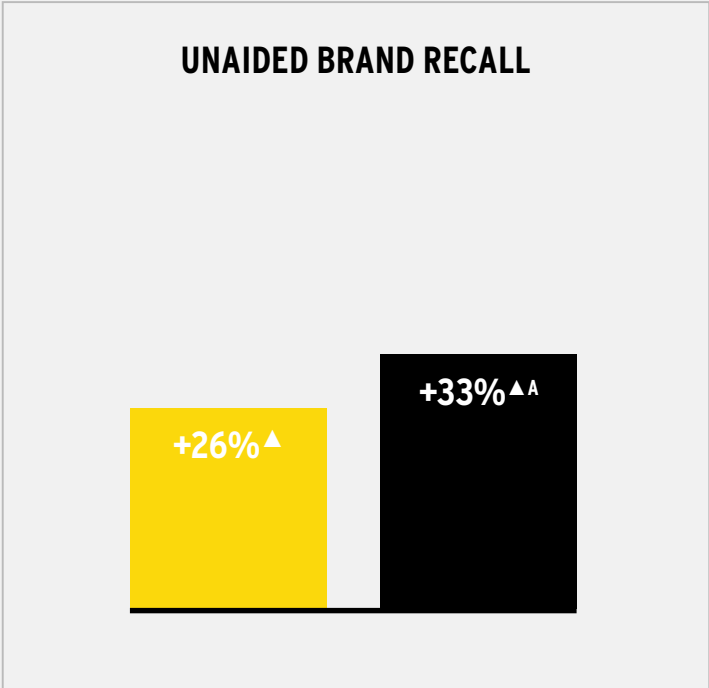
PRODUCT FOCUSED



ALTHOUGH FOCUS ON THE PRODUCT HELPS RECALL, CONSUMERS RECOGNIZE A GOOD STORY...

Impact of Ad Focus on Brand Metrics

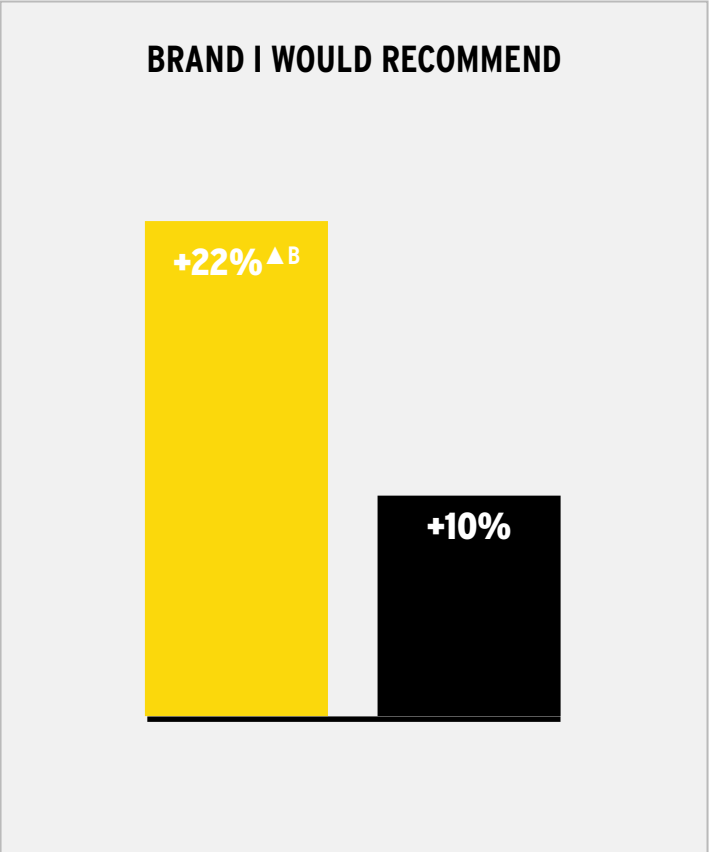
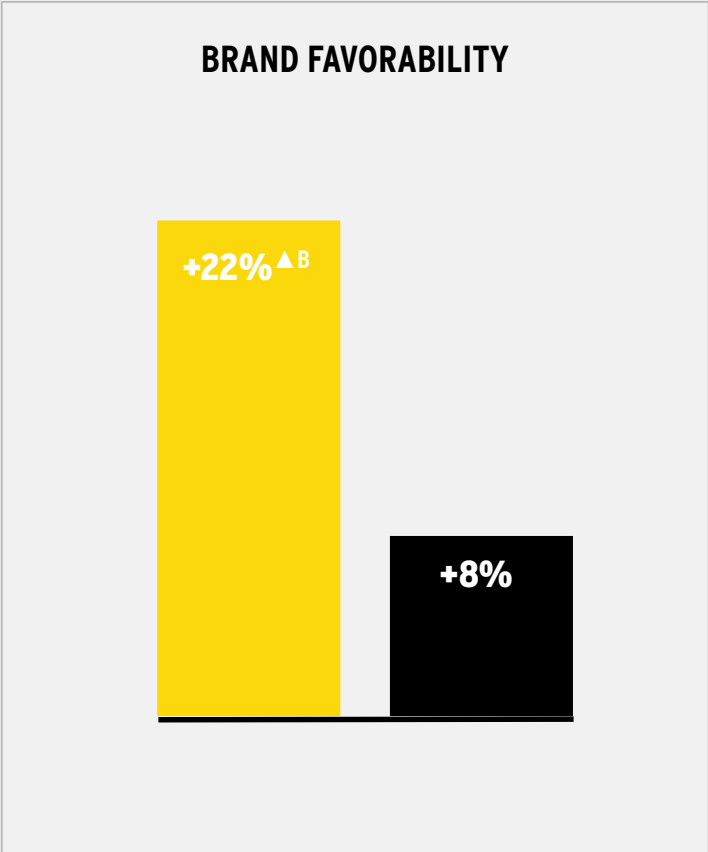
Deltas (Test - Control)



■ Story Focused - A ■ Product Focused - B

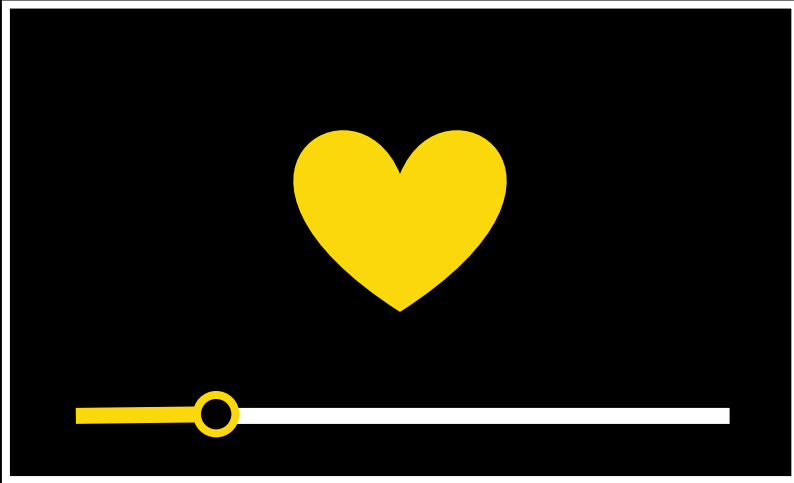
(PC only, 15 sec skippable) Story Focused N = 102, Product Focused N = 94
▲ = Statistically significant difference between test and control at >= 90% confidence
A/B = Statistically significant difference between test groups at >= 90% confidence

WHICH IN TURN INCREASES BRAND FAVORABILITY AND LIKELIHOOD TO RECOMMEND



■ Story Focused - A ■ Product Focused - B

(PC only, 15 sec skippable) Story Focused N = 102, Product Focused N = 94
▲ = Statistically significant difference between test and control at >= 90% confidence
A/B = Statistically significant difference between test groups at >= 90% confidence



RECOMMENDATION #3

HUMANIZE THE AD

JUST ADDING MORE HUMAN PRESENCE ISN'T ENOUGH TO MAKE A DIFFERENCE

Impact of Human Presence on Brand Metrics



(PC only, 15 sec skippable - 2 brands, 30 sec skippable 1 brand) High Human Presence N = 253, Low Human Presence N = 269

▲ = Statistically significant difference between test and control at $\geq 90\%$ confidence

A/B = Statistically significant difference between test groups at $\geq 90\%$ confidence

HIGH EMOTION

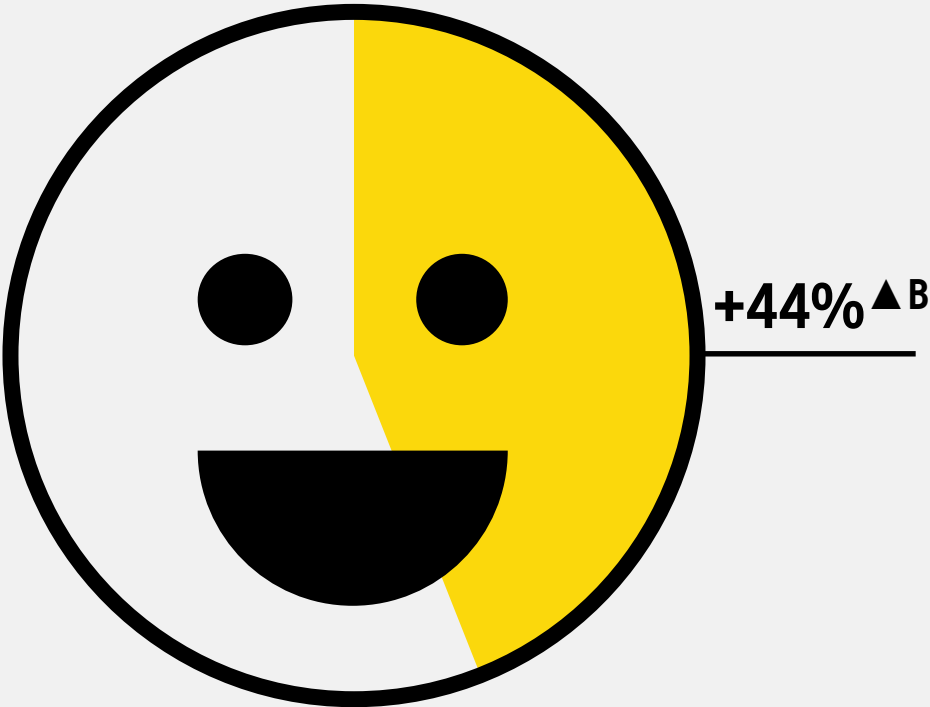


LOW EMOTION

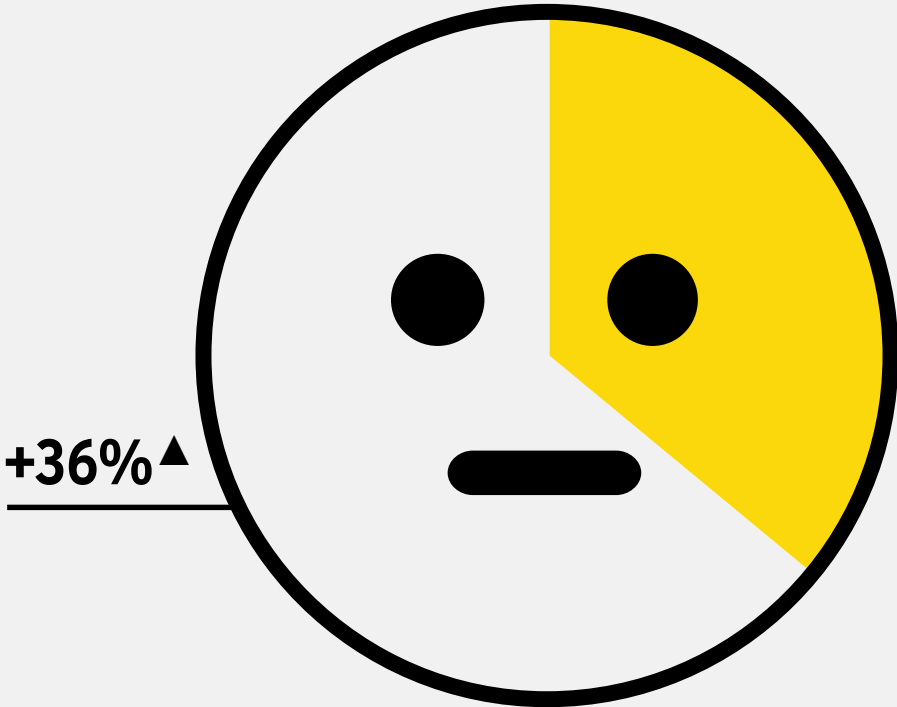


IT'S ALL ABOUT INVOKING AN EMOTIONAL CONNECTION

Impact of Emotional Ads on Brand Recall: Deltas (Test - Control)



HIGH EMOTION - A

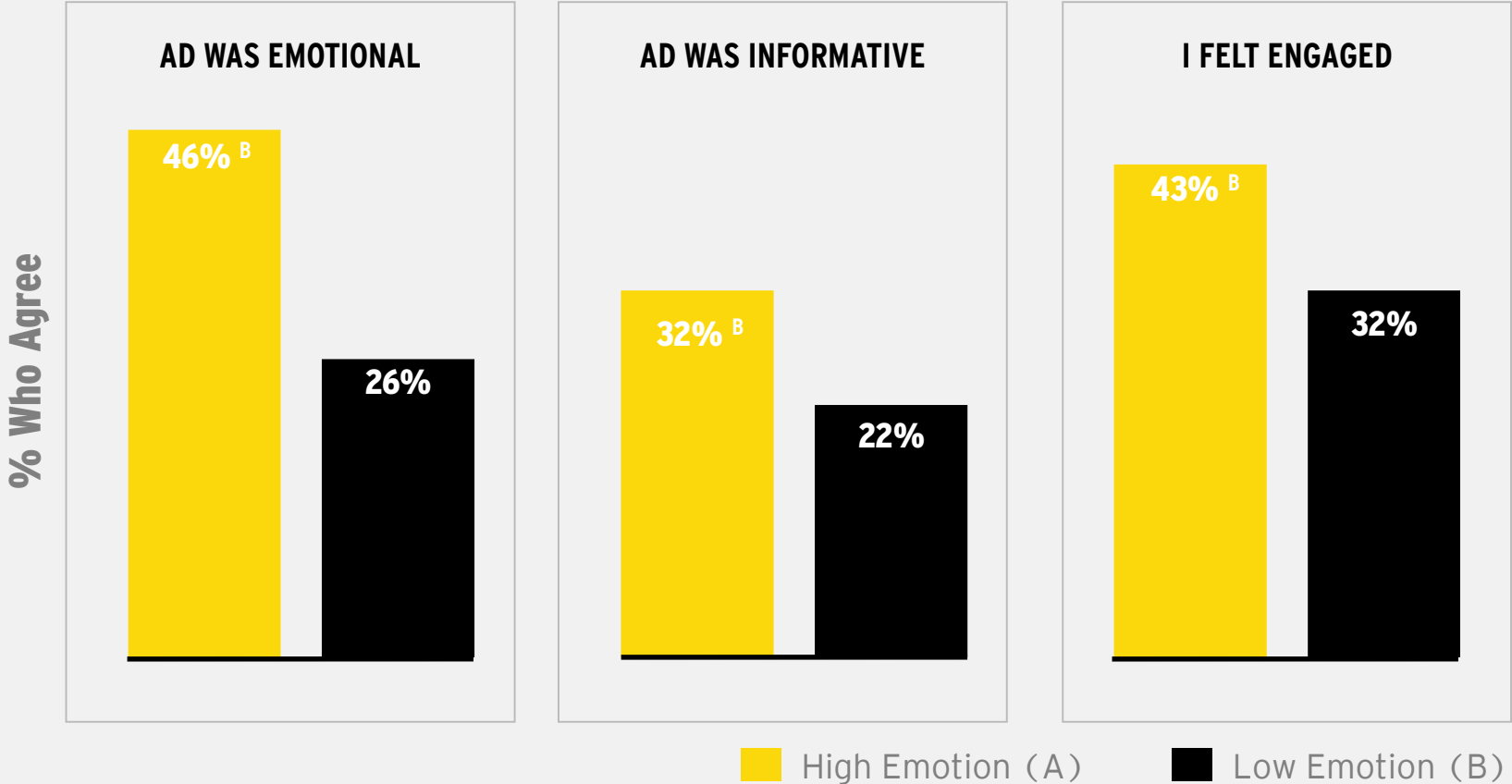


LOW EMOTION - B

(PC only, 15 sec skippable) High Emotion N = 279, Low Emotion N = 257
▲ = Statistically significant difference between test and control at >= 90% confidence
A/B = Statistically significant difference between test groups at >= 90% confidence

EMOTIONAL ADS ARE ALSO EXPERIENCED MORE POSITIVELY

Impact of Emotional Ads on Ad/Emotion Perceptions



(PC only, 15 sec skippable) High Emotion N = 279, Low Emotion N = 257
A/B = Statistically significant difference between test groups at >= 90% confidence

LOGO

RECOMMENDATION #4

**MAKE
BRANDING
ORGANIC**

BRANDING

BY SKIP BUTTON



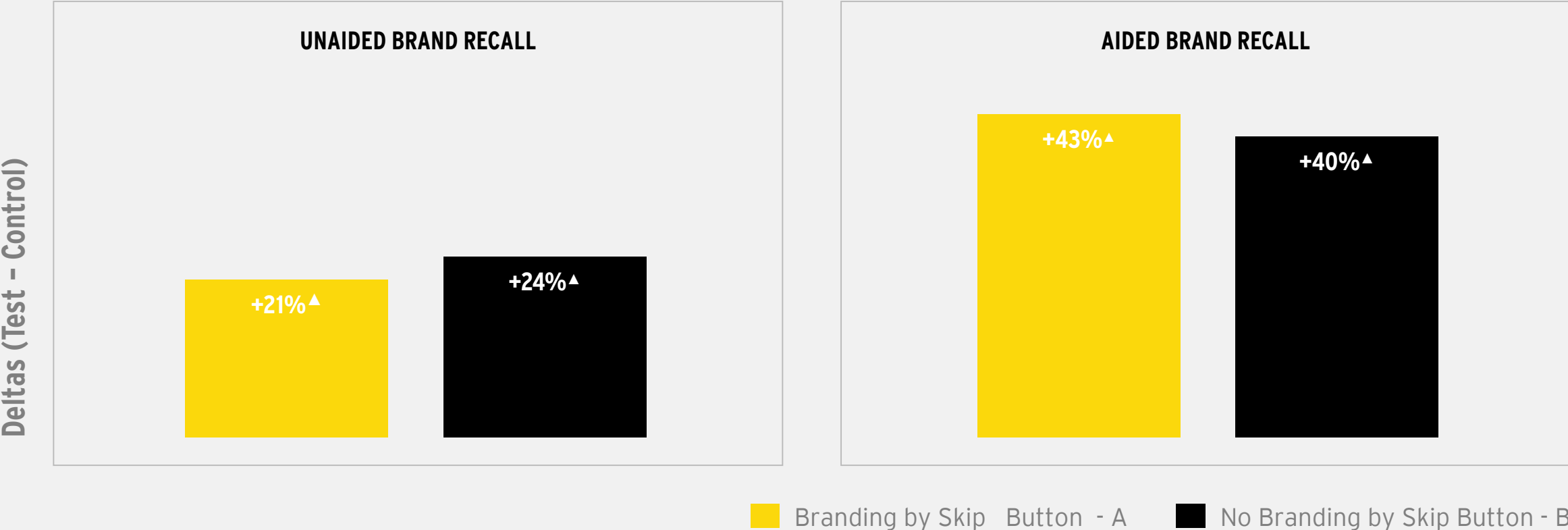
NO BRANDING

BY SKIP BUTTON



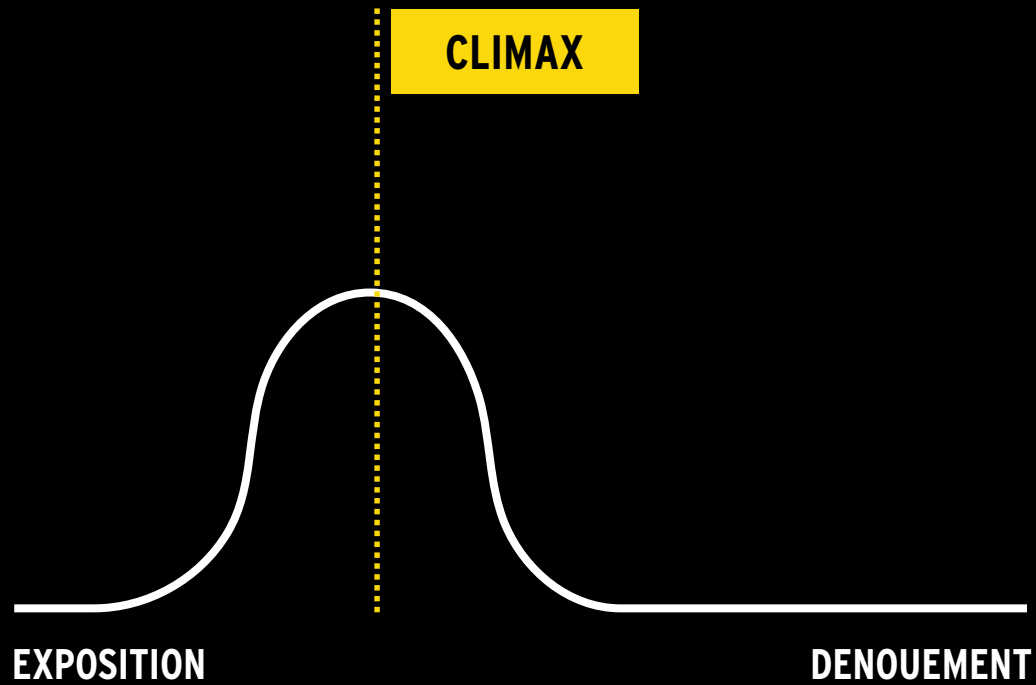
SIMPLY ADDING MORE BRANDING AROUND THE SKIP BUTTON DOESN'T WORK

Impact of Branding by the Skip Button on Brand Recall

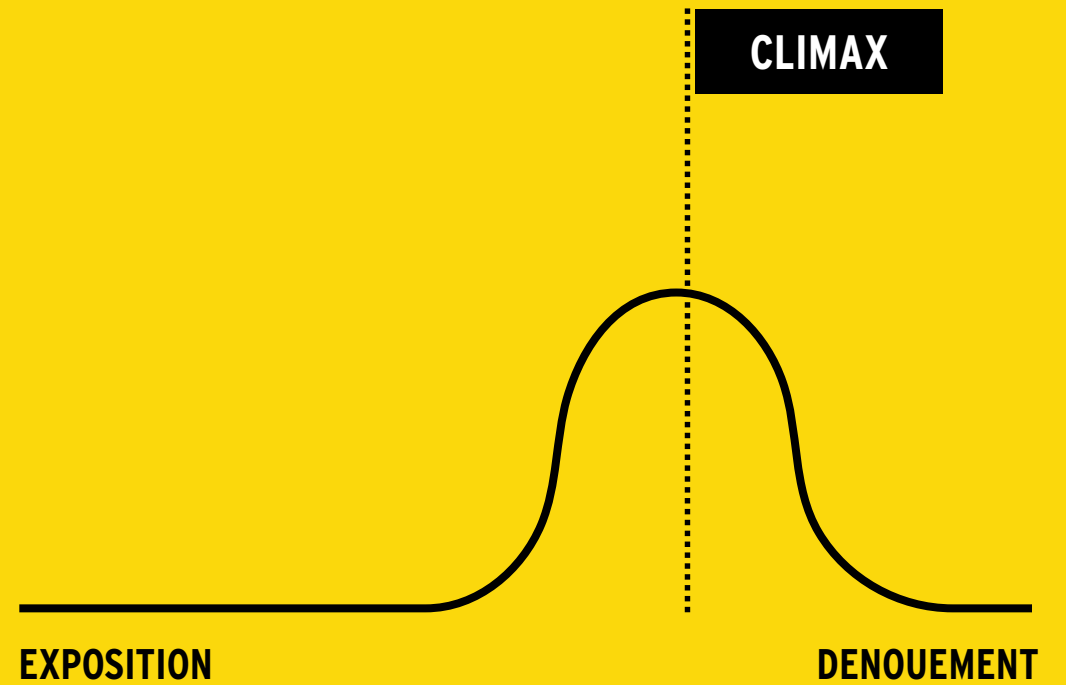


(PC only, 15 sec skippable) Branding N = 234, No Branding N = 270
▲ = Statistically significant difference between test and control at >= 90% confidence
A/B = Statistically significant difference between test groups at >= 90% confidence

EARLY STORY ARC

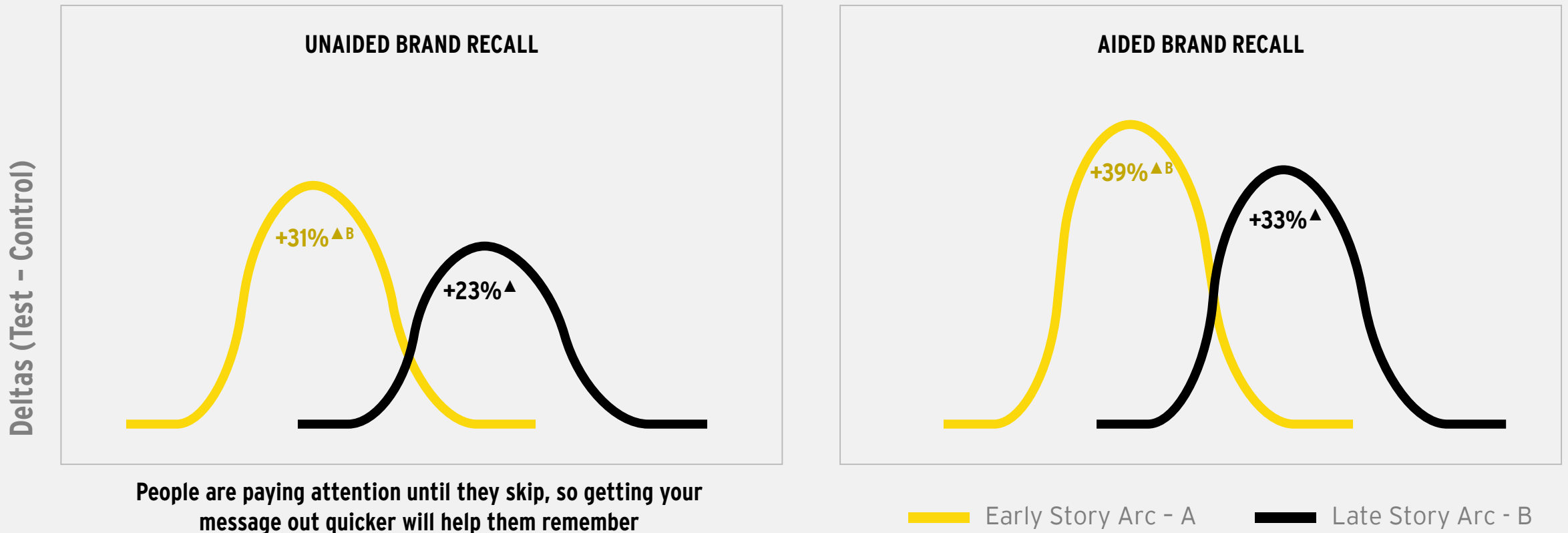


LATE STORY ARC



A BETTER WAY TO BRAND IS TO PUSH BRANDING EARLY IN THE AD'S STORY LINE

Impact of Story Arc on Brand Recall



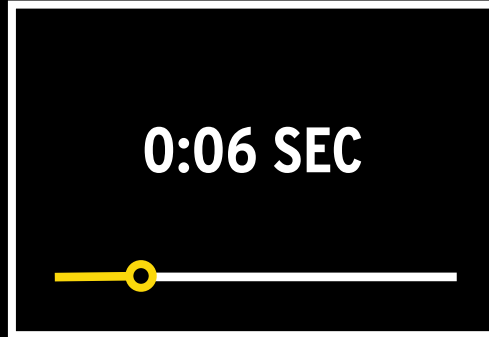
People are paying attention until they skip, so getting your message out quicker will help them remember

(PC only, 15 sec skippable) Early Story Arc N = 272, Late Story Arc N = 265
▲ = Statistically significant difference between test and control at >= 90% confidence
A/B = Statistically significant difference between test groups at >= 90% confidence

WE LEARNED...

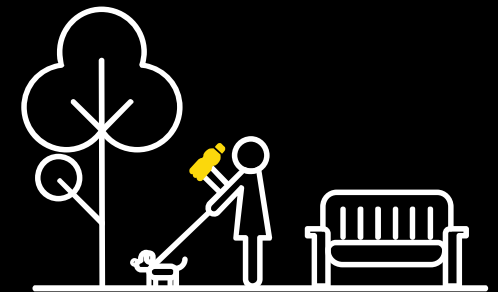
**THERE'S NO AVOIDING THE
FACT THAT PEOPLE WILL
SKIP ADS AND IT'S A HABIT
THAT'S DIFFICULT FOR
ADVERTISERS TO CURB.**

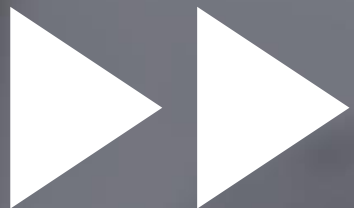
WE SHOULD OPTIMIZE USING BRAND KPIs.



Consider investing in **6 second ads to enhance your campaign**, as they offer good value for less. 6 second ads also offer the ability to impact consumers who would have otherwise skipped.

Ensure the creative connects to consumers through storytelling, emotion, and an early story arc to help increase the ad's value.





THANK YOU

For further questions, contact:
Kara Manatt, SVP Intelligence Solutions & Strategy
kara.manatt@magnaglobal.com