ENGAGING THE MIND

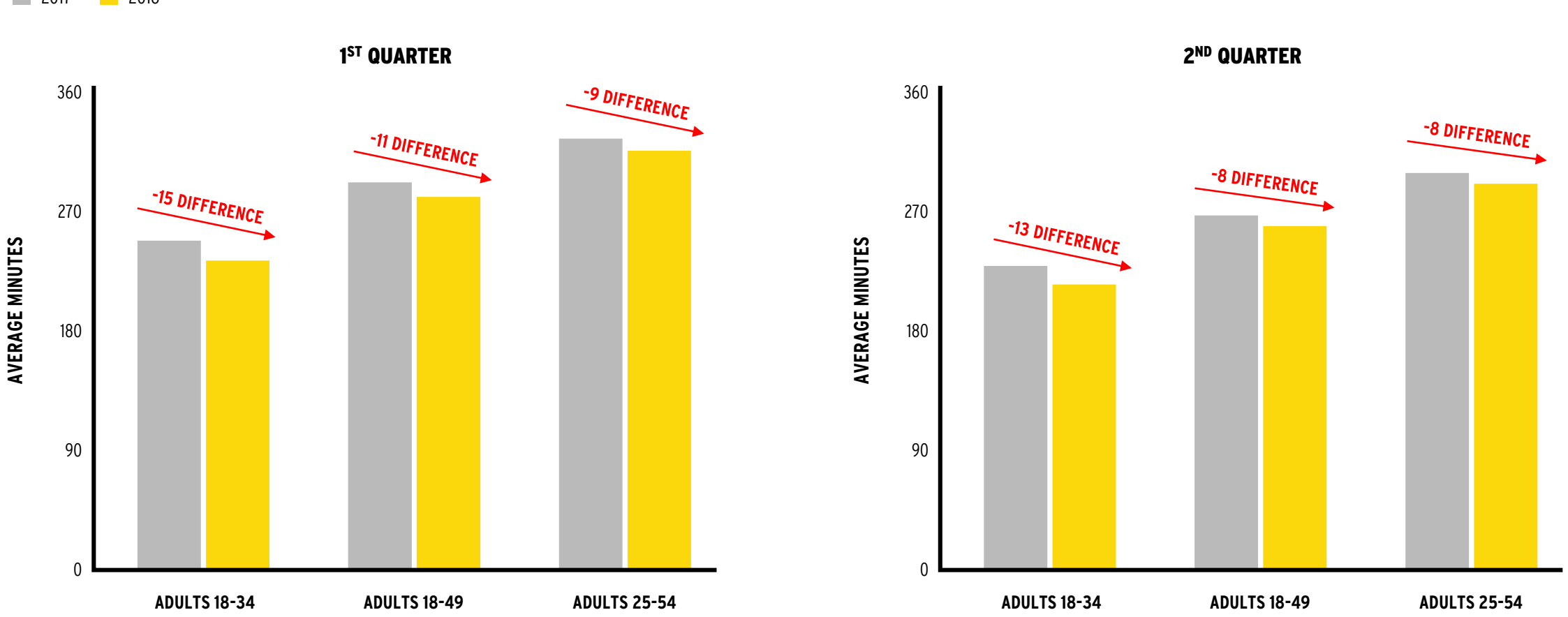
HOW CONSUMERS REALLY RESPOND TO CONNECTED & LINEAR TV ADS

MAGNA

IPG MEDIA LAB

SHORTER VIEWING SESSIONS CONTINUE TO DRIVE THE TV RATINGS DECLINE

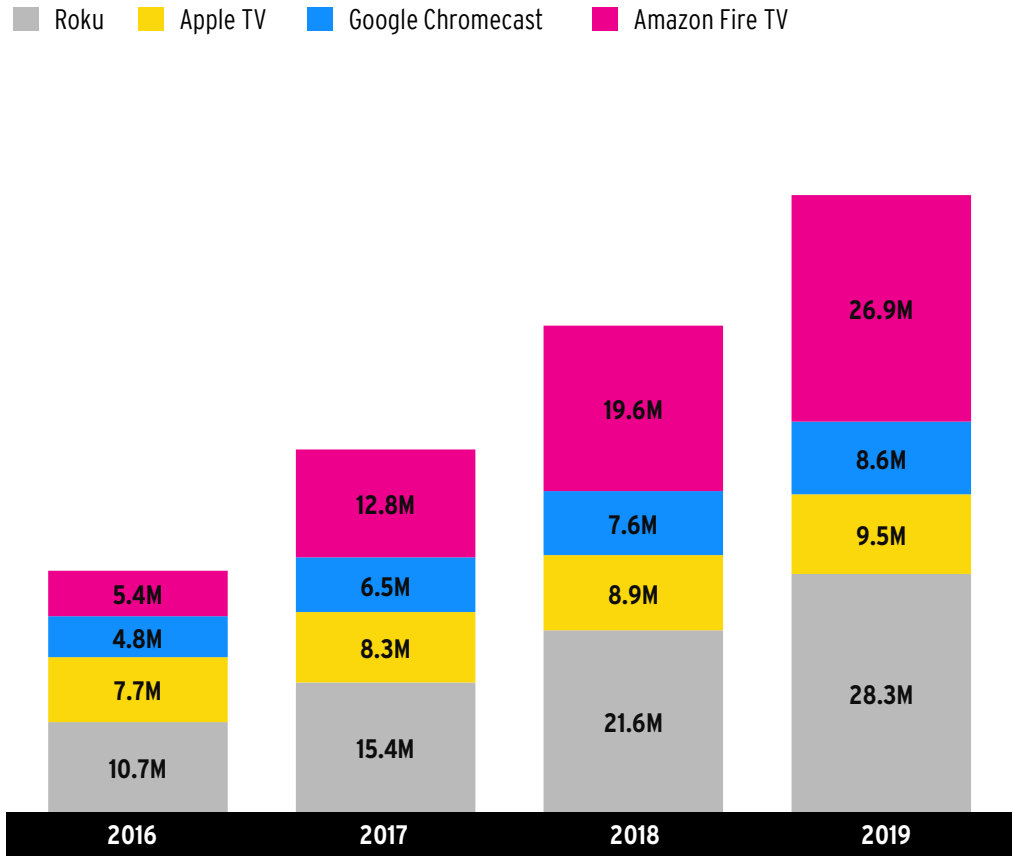
Average Minutes Per Day Tuning In



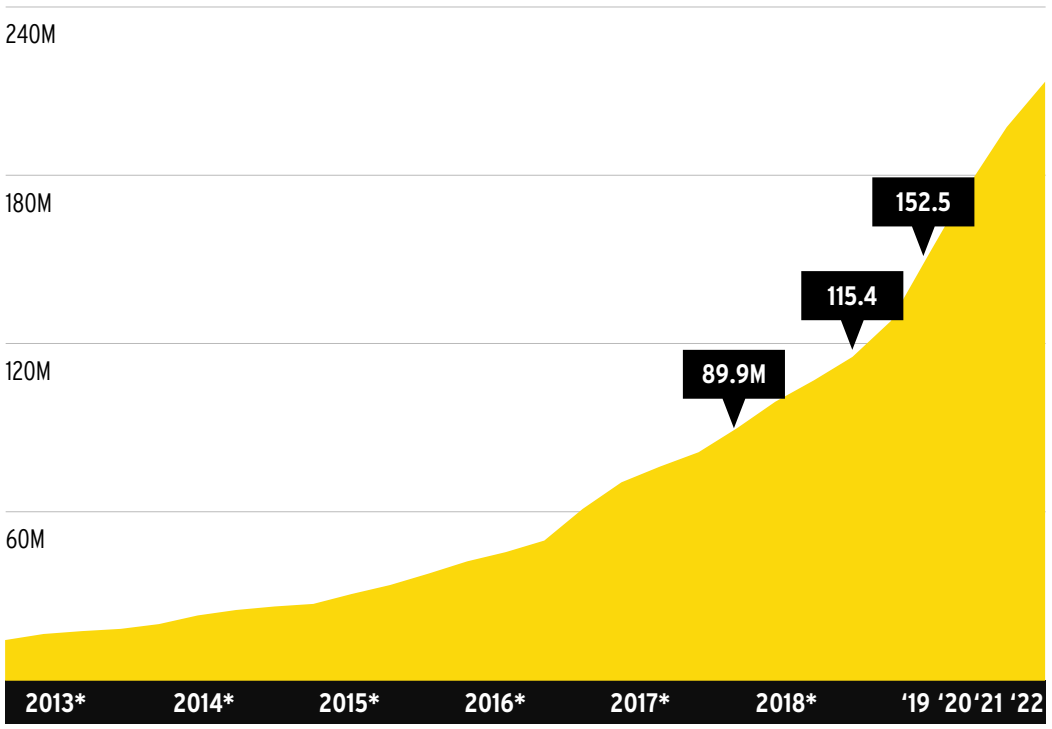
Source: Nielsen

CONSUMERS ARE STILL HUNGRY FOR VIDEO. THEY JUST WANT IT ON THEIR OWN TERMS - CHEAPER AND ON-DEMAND

Standalone OTT Devices (Millions)



Smart TVs (Millions)



*Q1,Q2,Q3, Q4
Source: Nielsen, MAGNA estimates

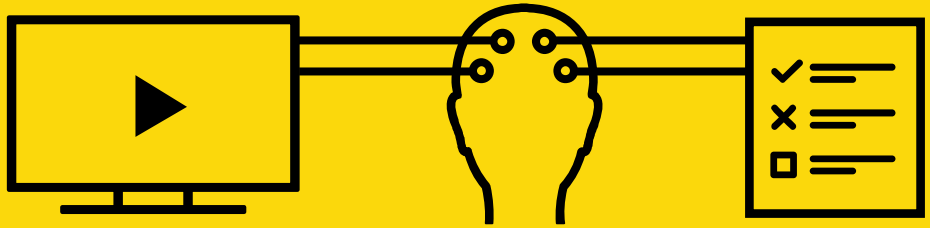
OUR RESEARCH OBJECTIVE

Determine whether consumers are more engaged with ads in short-form video content on connected TV compared to traditional content on linear TV through a typical DVR style experience

HOW WE CONDUCTED THE EXPERIMENT

METRICS

We measured eyes looking at the screen, as well as emotional and cognitive responses to ads on connected TV (Chromecasted YouTube) vs. the same ads on linear TV. We used brain pulses from Electroencephalography (EEG) and eye-tracking glasses for measurement.



METHODOLOGY

Recruitment

Consumers were pre-recruited based on their media consumption habits and participated in an in-lab media experience.

Media Experience

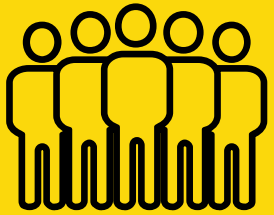
Participants viewed a single media experience: linear TV or Chromecasted YouTube. The order of all ads were randomly assigned.

EEG Testing

Participants were set up with neurometric equipment to measure eyes looking at the screen, emotion, arousal and cognitive load.

Survey

Post exposure survey to measure traditional brand metrics (ad recall, perceptions, etc.) and qualitative feedback.



SAMPLE

N=119 • Ages 18-65 • 51% Female / 49% Male

Connected TV

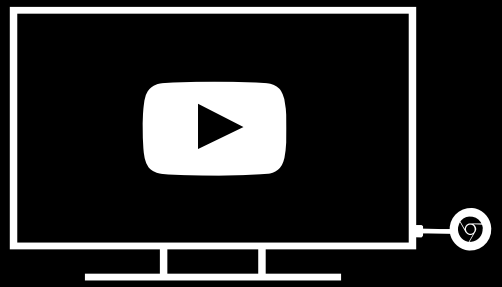
Heavy connected TV user, light linear TV user. Connected TV includes: Streamed video content (e.g. Netflix, Hulu, YouTube) on a television set

Linear TV

Heavy linear TV user, light connected TV user. Linear TV includes: Live TV, pre-recorded TV (e.g. using a DVR), VOD (video on demand) on a television set

TWO DISTINCT MEDIA EXPERIENCES

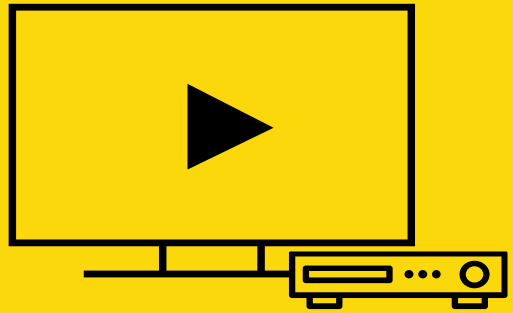
CONNECTED TV



Participants selected YouTube videos to watch based on their interests. After each video, they selected another to watch until they watched 6 in total. Chromecast was used to play all content on a living room television set.

THE TOTAL VIEWING EXPERIENCE:
~20 minutes, depending on the length of selected videos

LINEAR TV

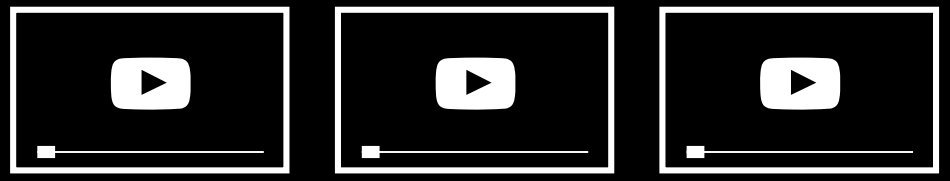


Participants, selected from pre-recorded DVR, arranged into a channel lineup. Once a selection was made, participants watched the 30 minute show until completion. All content appeared on a living room television set.

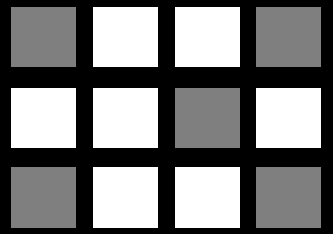
THE TOTAL VIEWING EXPERIENCE:
30 minutes

REALISTIC AD EXPERIENCES

CONNECTED TV

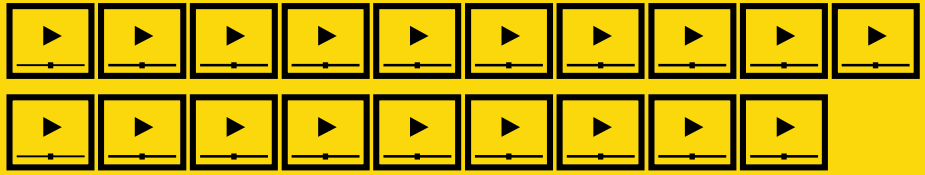


3 Pre-Roll Ads

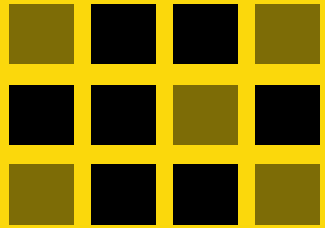


Order Of Ads Randomized

LINEAR TV



19 Mid-Roll Ads



Order Of Ads Randomized

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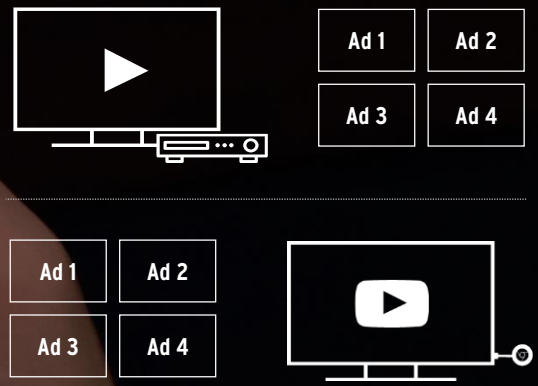
THE ADS WE MEASURED

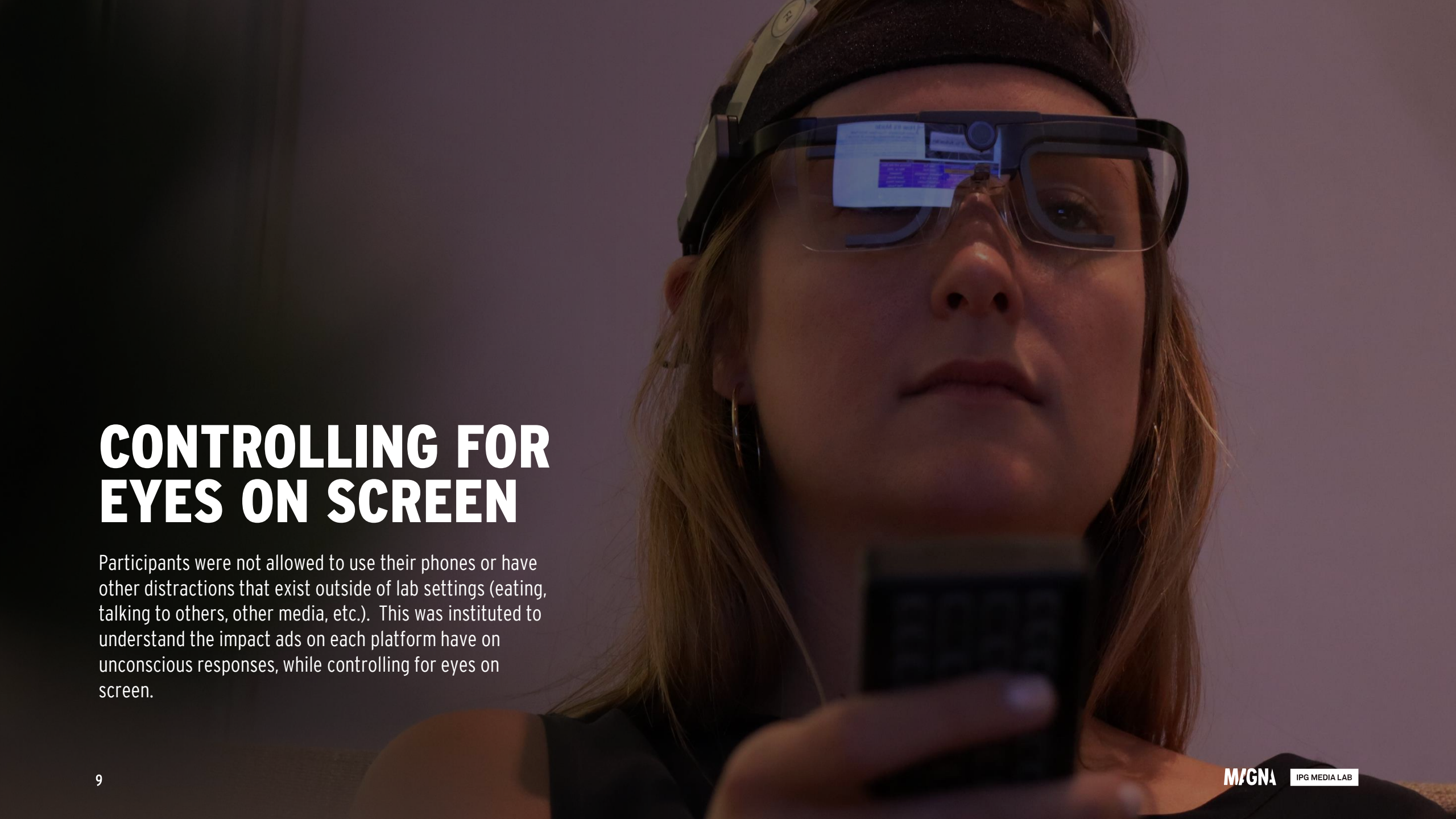
ACROSS ALL USERS, 4 DISTINCT ADS WERE MEASURED ON BOTH PLATFORMS



SAME ADS MEASURED IN EACH EXPERIENCE TO CONTROL FOR THE EFFECTS OF CREATIVE

INDUSTRY VERTICALS INCLUDE

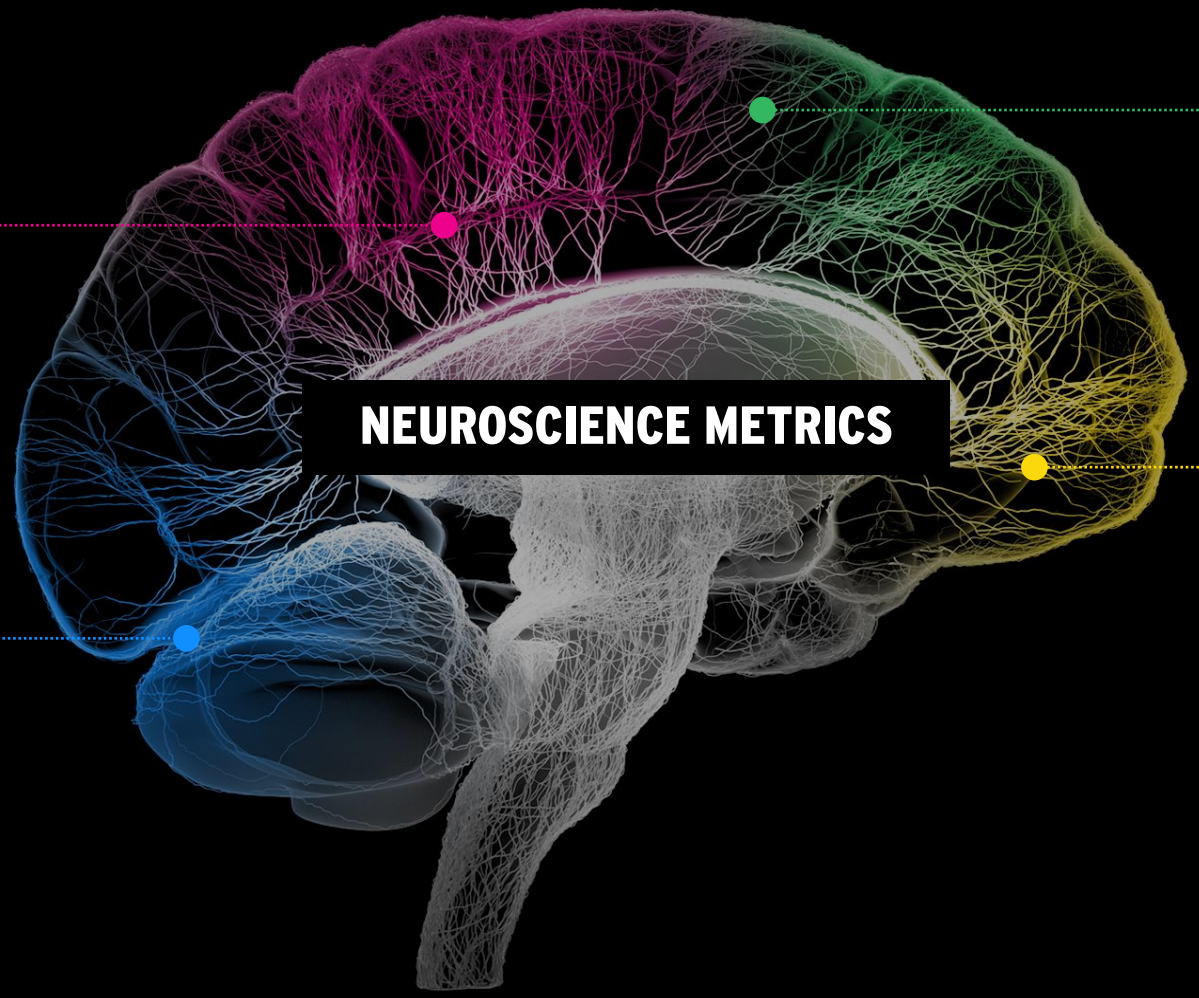
- Travel
- CPG Health & Beauty
- CPG Consumables
- OTC Pharma



CONTROLLING FOR EYES ON SCREEN

Participants were not allowed to use their phones or have other distractions that exist outside of lab settings (eating, talking to others, other media, etc.). This was instituted to understand the impact ads on each platform have on unconscious responses, while controlling for eyes on screen.

MEASURING THE MIND WITH NEUROSCIENCE – A CONSUMER'S UNCONSCIOUS RESPONSE TO BRANDS



COGNITIVE ACTIVITY

Are consumers processing the information given? Are they experiencing information overload and stress? This is a brain derived score predicting comprehension and learning.

AROUSAL

Are consumers engaged in their experiences? This is also a brain derived score that measures engagement.

EMOTION

What is the emotional intensity that customers are experiencing? This is a brain derived score.

EYES ON SCREEN

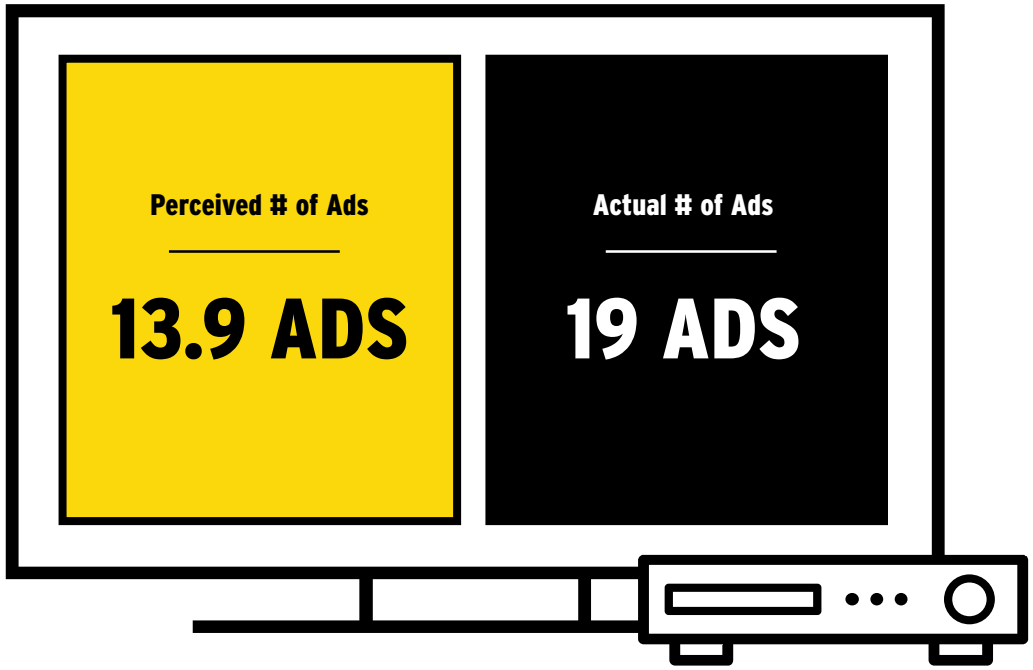
What are consumers seeing, and what are they missing? Are they distracted or focused? This is extracted from the eye-tracker.

THE CONSUMER PERSPECTIVE

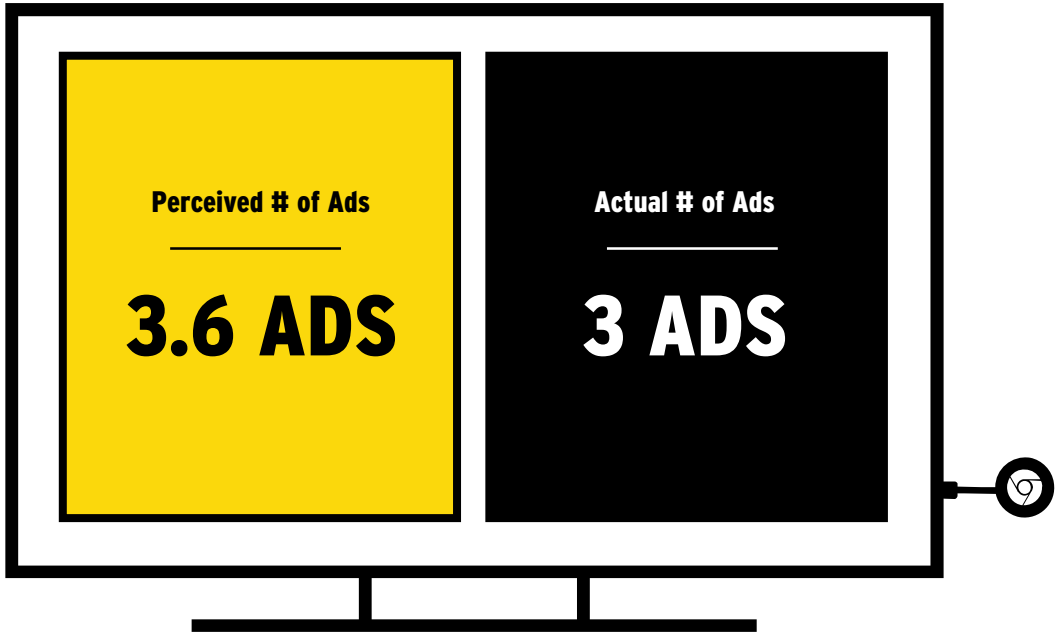
ONE SCREEN, TWO EXPERIENCES

CONSUMERS ARE PAINFULLY AWARE OF HIGHER AD LOAD ON LINEAR TV

Perception of Ad Load During Media Experience



LINEAR TV

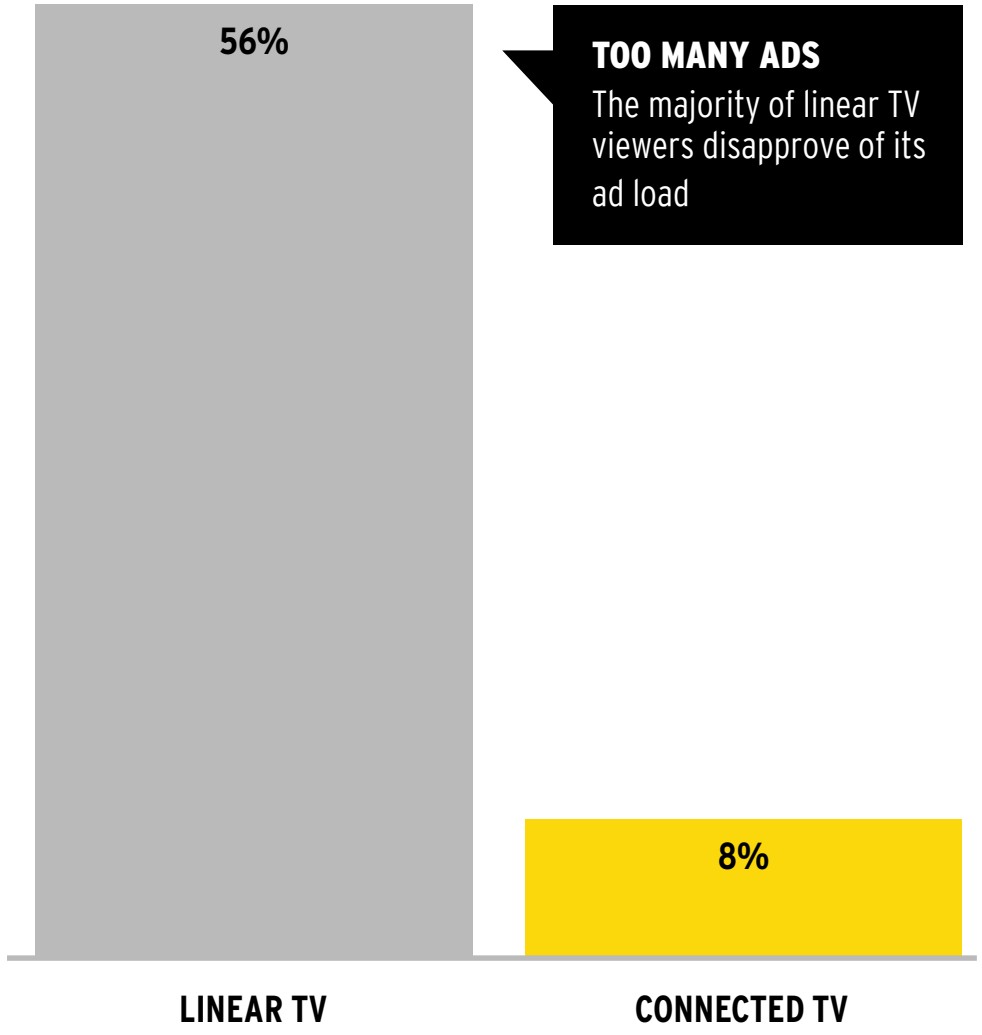


CONNECTED TV

Q: If you were to guess, how many ads played as you watched the ___?
Linear TV n= 59; Connected TV n= 60

NUMBER OF ADS ON LINEAR TV CROSSES THE LINE, BUT NOT ON CONNECTED TV

Perception Of Ad Load - "Too Much Advertising" | % Agree



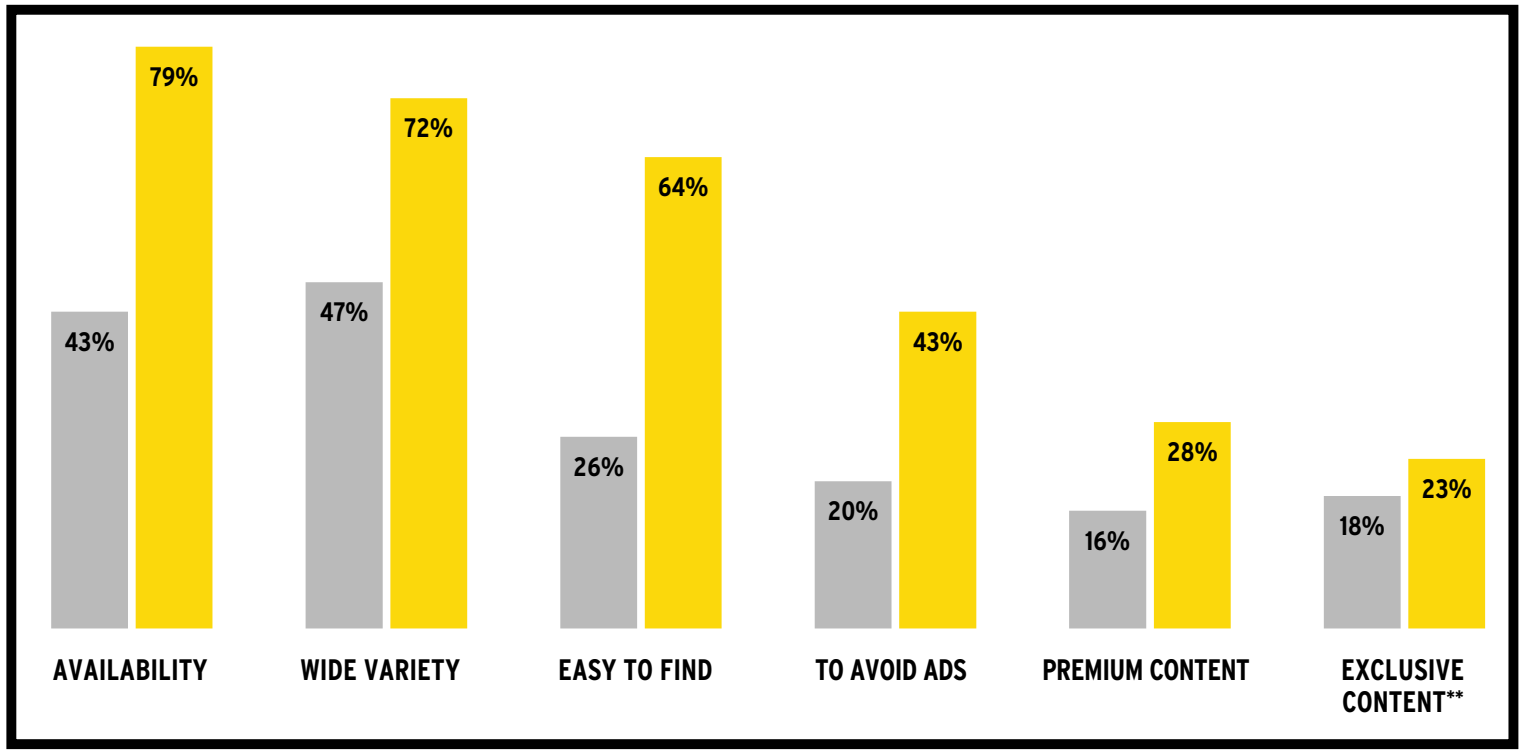
Q: During your experience today watching ___, what did you think about the level of advertising?
▲ = statistically significant difference between linear TV and Connected TV at p<0.05
Linear TV n= 59; Connected TV n= 60

WE ASKED CONSUMERS WHY THEY WATCH EACH TYPE OF VIDEO

CONNECTED TV PREFERRED FOR ITS VARIETY, USER CONTROL, AND AS A WAY TO AVOID OVER EXPOSURE TO ADS

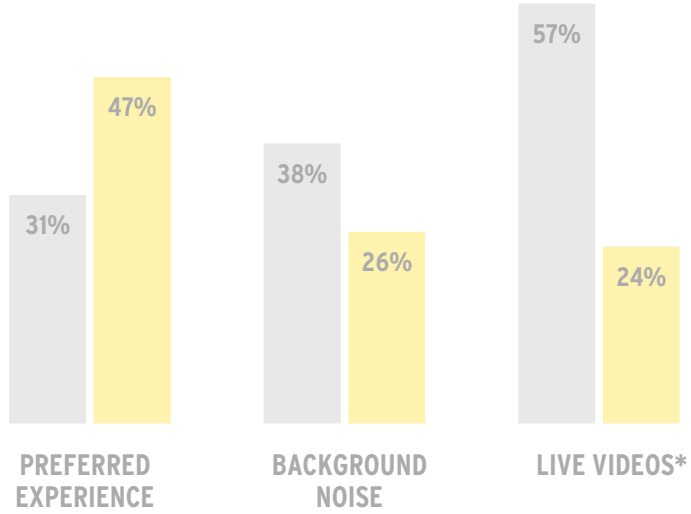
Reason(s) For Watching | % Agree

Linear TV Connected TV



MANY BENEFITS

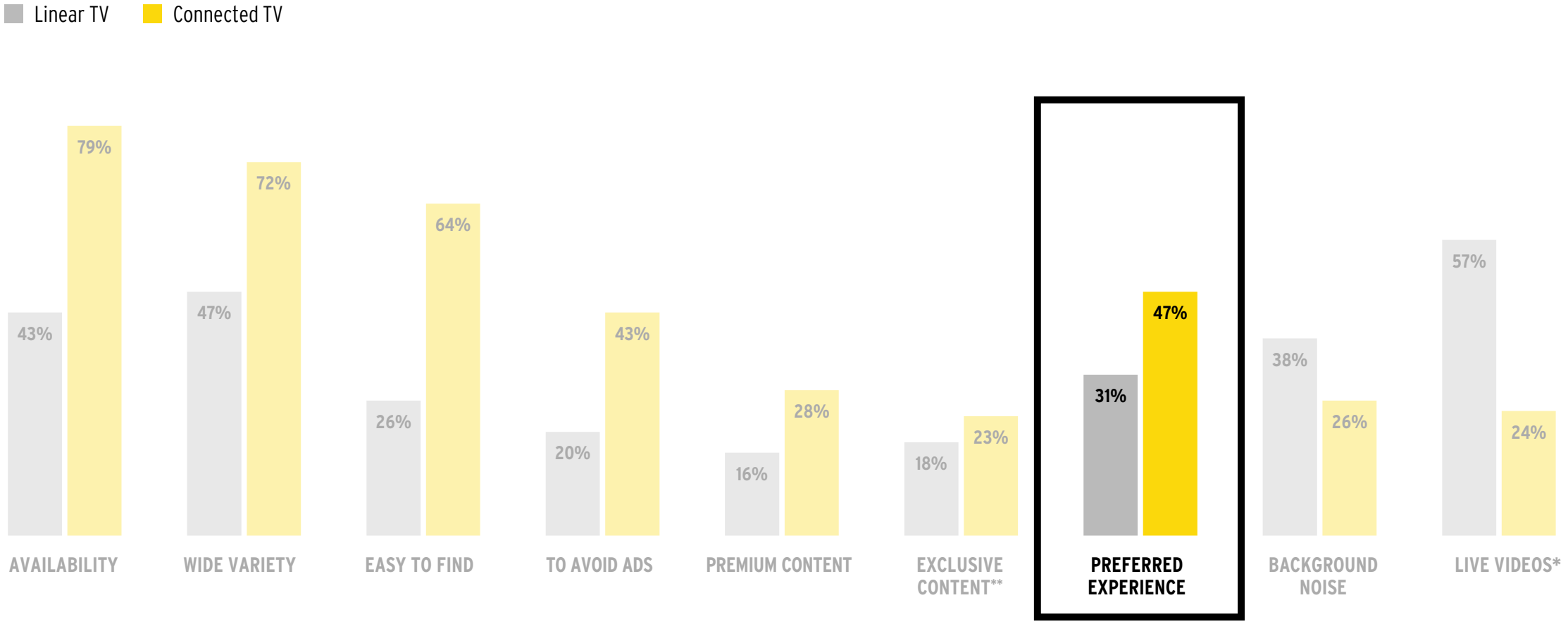
Despite the perception of "too many" ads, convenience and variety are stronger motivations for using connected TV



*Live Videos: e.g. Sports, News | **It's the only place to find what I want to watch
Q: Why do you stream video content on your TV? (Select all that apply)
Q: Why do you watch TV (e.g. Live TV, VOD, Pre-recorded)? (Select all that apply)
Linear TV N=95, Connected TVN=92

CONNECTED TV VIEWERS LIKE CONNECTED TV MORE THAN LINEAR TV VIEWERS LIKE LINEAR TV

Reason(s) For Watching | % Agree



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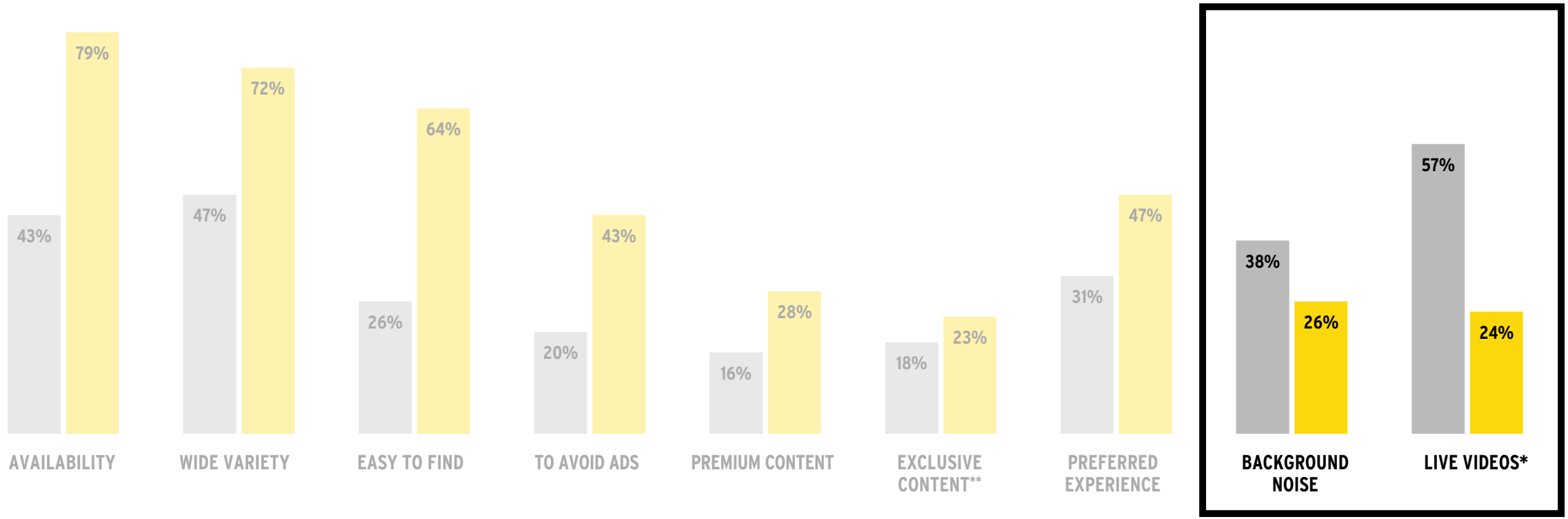
Linear TV N=95, Connected TVN=92

LINEAR TV ONLY EXCEEDS CONNECTED TV AS A SCREEN FOR BACKGROUND NOISE OR WATCHING LIVE CONTENT

Reason(s) For Watching | % Agree



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Linear TV N=95, Connected TVN=92

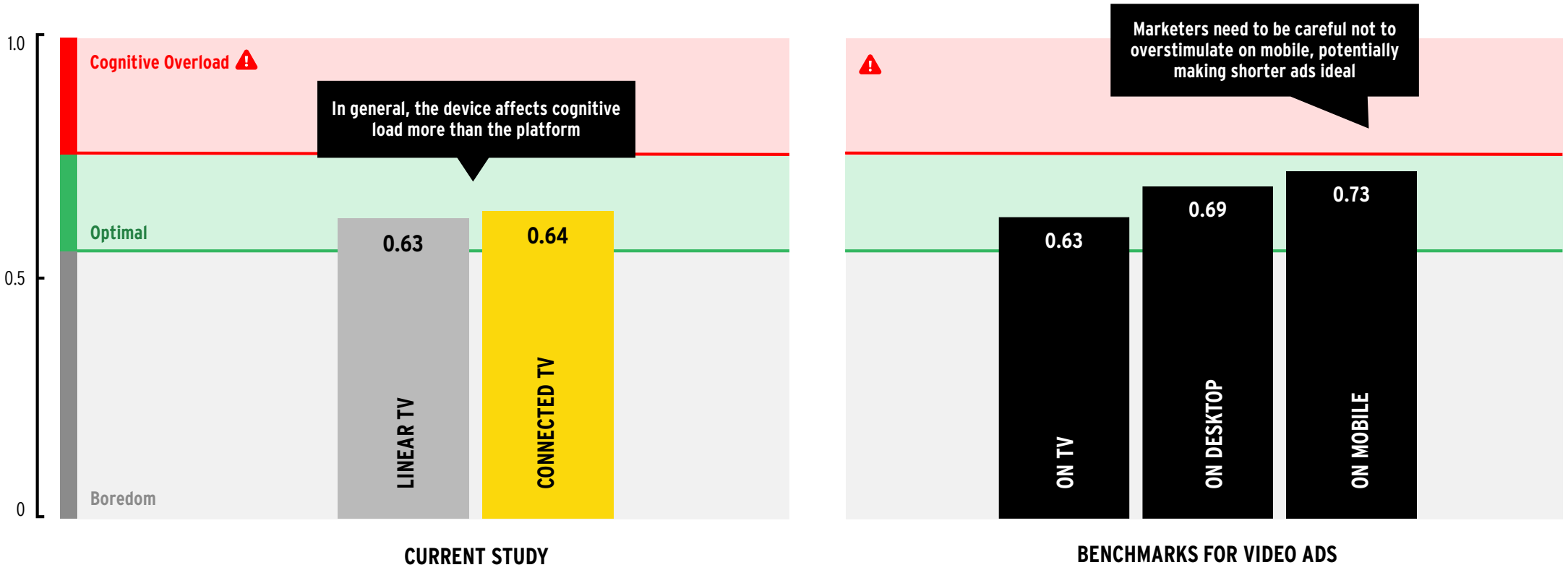
GOING DEEPER

UNCONSCIOUS RESPONSES TO PLATFORM

ADS ON A SMALL SCREEN CAN BE OVERWHELMING – TELEVISION CAPTURES ATTENTION WITHOUT OVERSTIMULATING

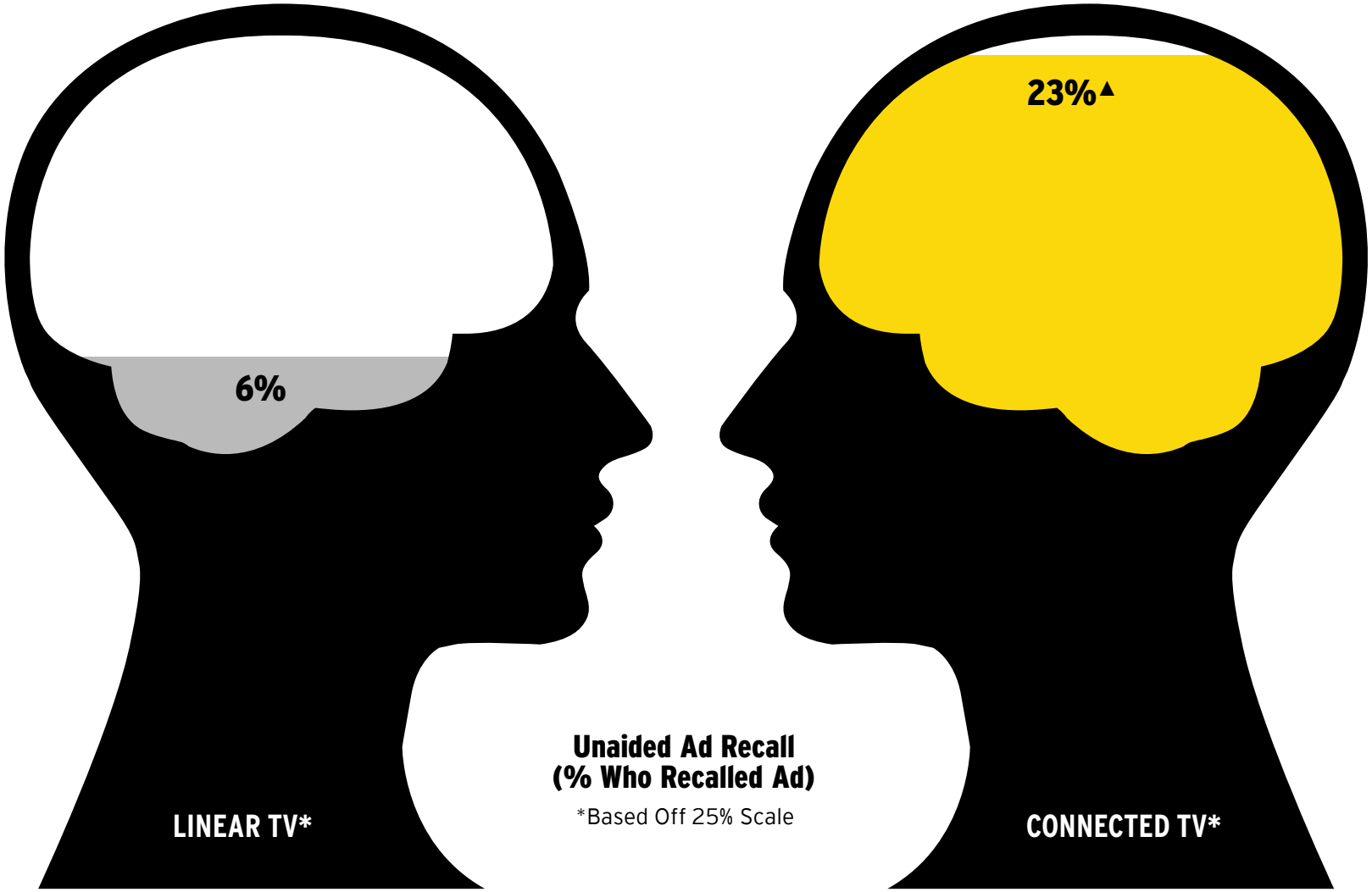
Cognitive Activity (Average EEG Score)

⚠ Risk Of Cognitive Overload



▲ = statistically significant difference between linear TV and connected TV at p<0.05
LTV N=59, CTV N=60

RETENTION OF ADS IS 3.8X HIGHER ON CONNECTED TV, EVEN WHEN CONTROLLING FOR ATTENTION

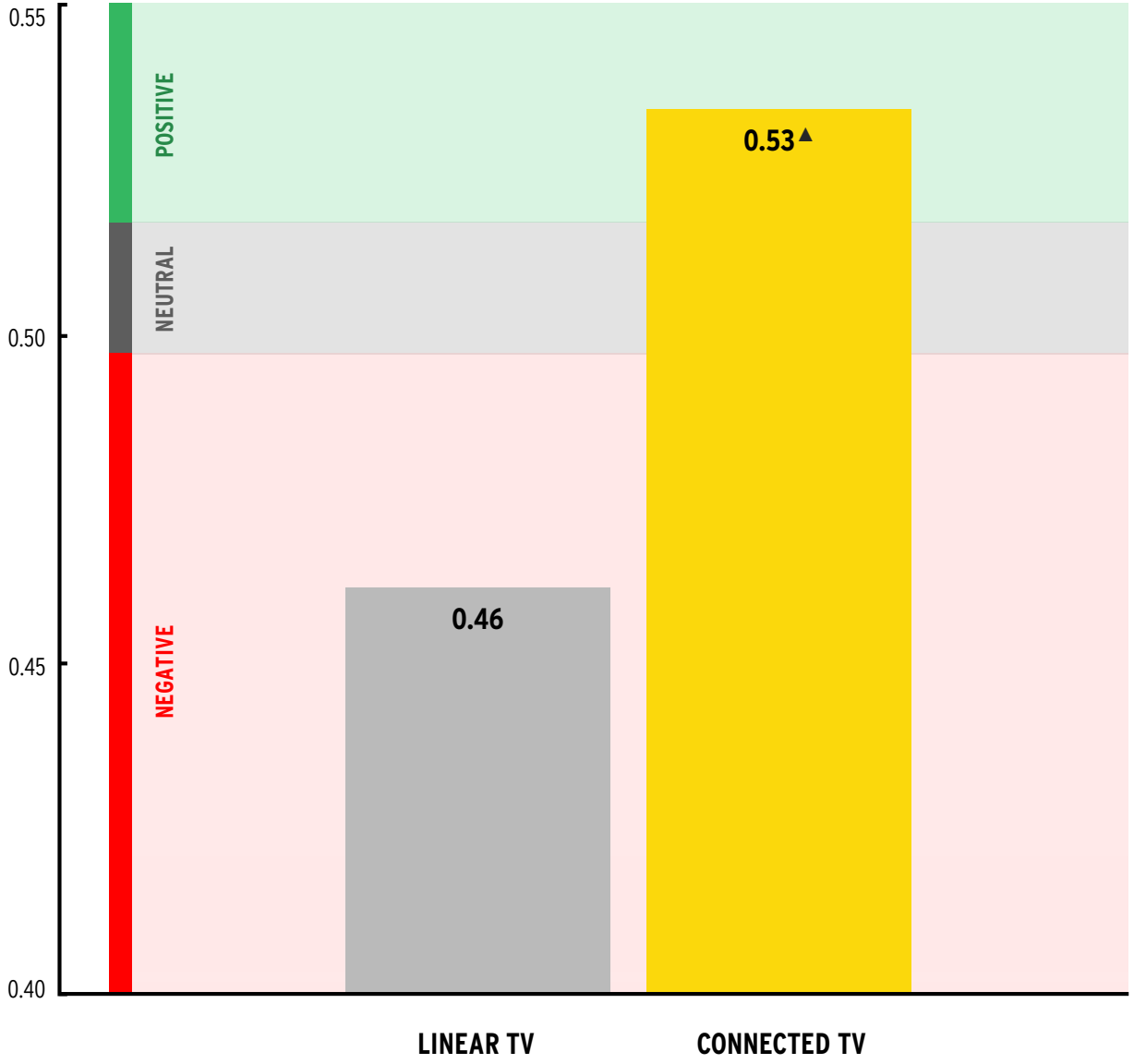


Q:You may or may not have been shown a message from a brand during your video experience today. If you can recall any brands being mentioned or shown, please write each brand on a separate line below.
▲ = statistically significant difference between linear TV and connected TV at p<0.05
Linear TV N=59, Connected TV N=60

THE SAME ADS ARE GENERATING MORE POSITIVE EMOTION WHEN VIEWED A CONNECTED TV

Emotion (EEG Score)

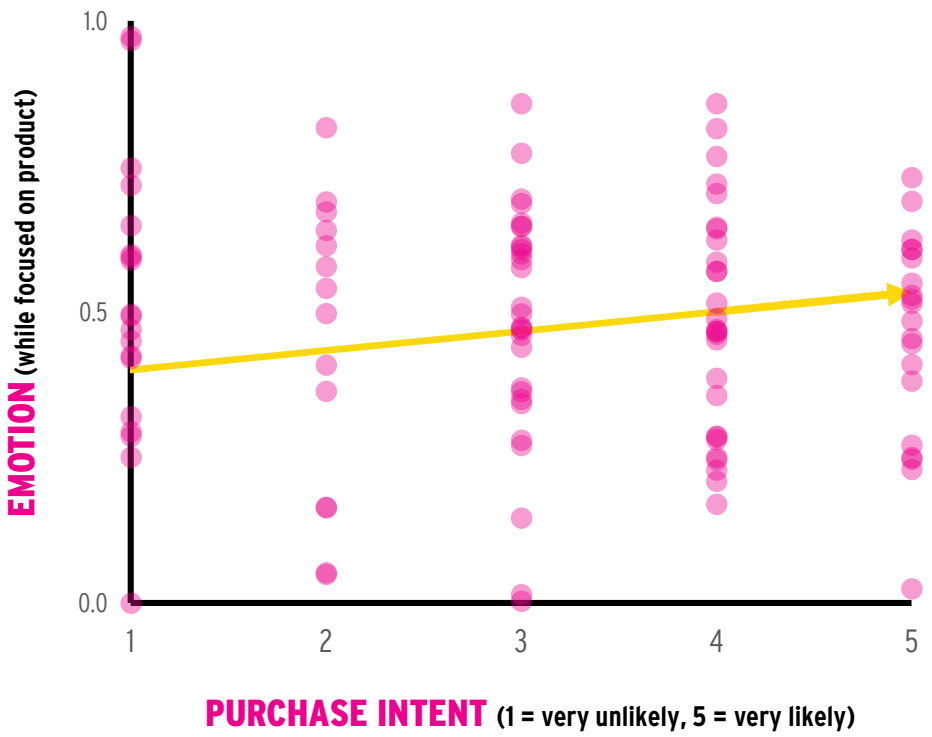
While similar levels of mental processing occur on each platform, the experience is very different (lean-forward, lower ad load, etc.), creating a different mindset while viewing the ad.



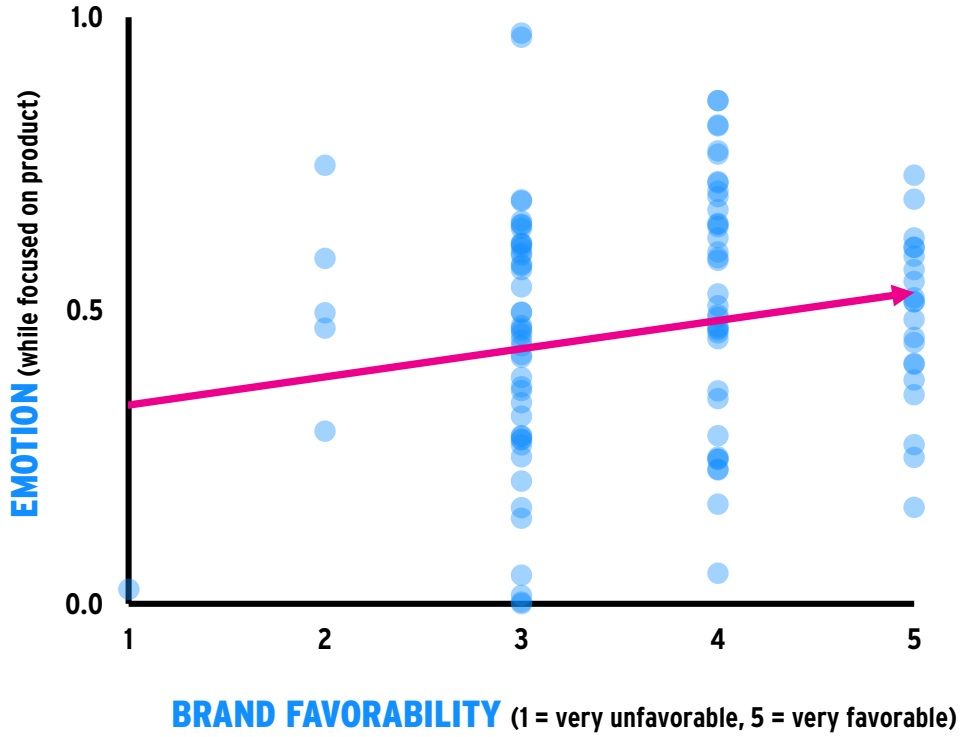
▲ = statistically significant difference between linear TV and connected TV at p<0.05
Linear TV N=59, Connected TV N=60

STRONGER EMOTIONS ARE PREDICTIVE OF PURCHASE INTENT

Positive Correlation Between Emotion (Motivation) And Purchase Intent▲



Positive Correlation Between Emotion (Motivation) And Brand Favorability▲



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Linear TV N=59, Connected TV N=60

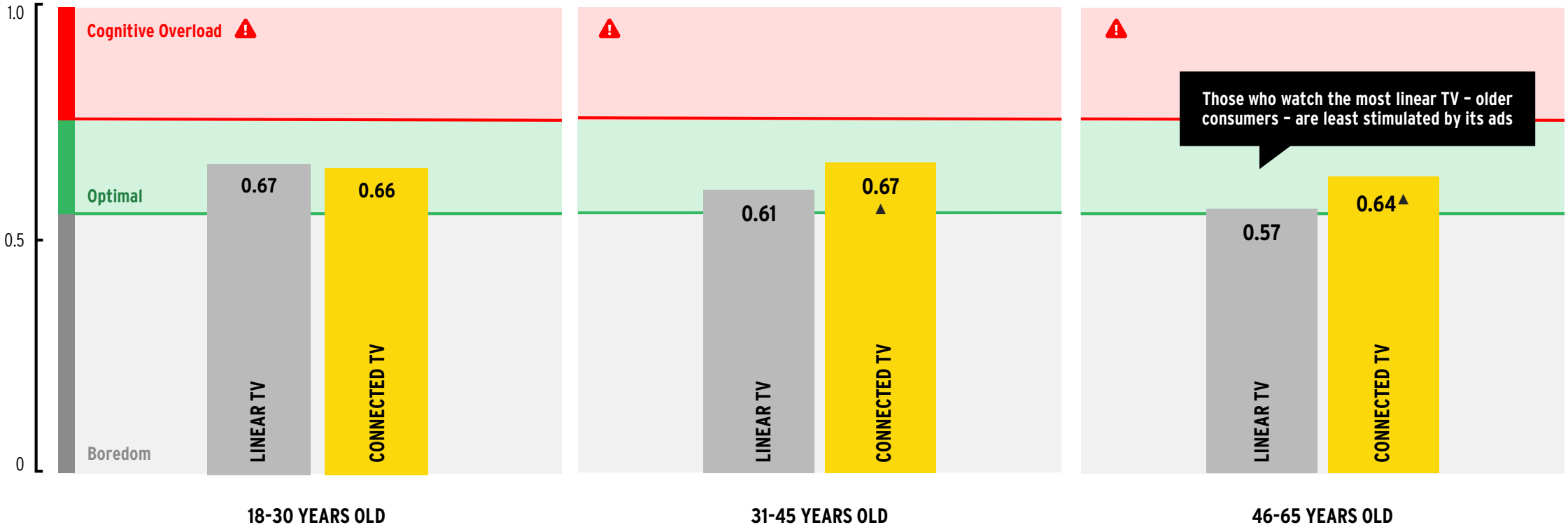
MULTI-GENERATIONAL PERSPECTIVE

PLATFORM RESPONSES BY AGE

LINEAR TV ADS RISK BOREDOM IN SOME AGE GROUPS – WHILE CONNECTED TV DOES NOT

Cognitive Activity (Average EEG Score)

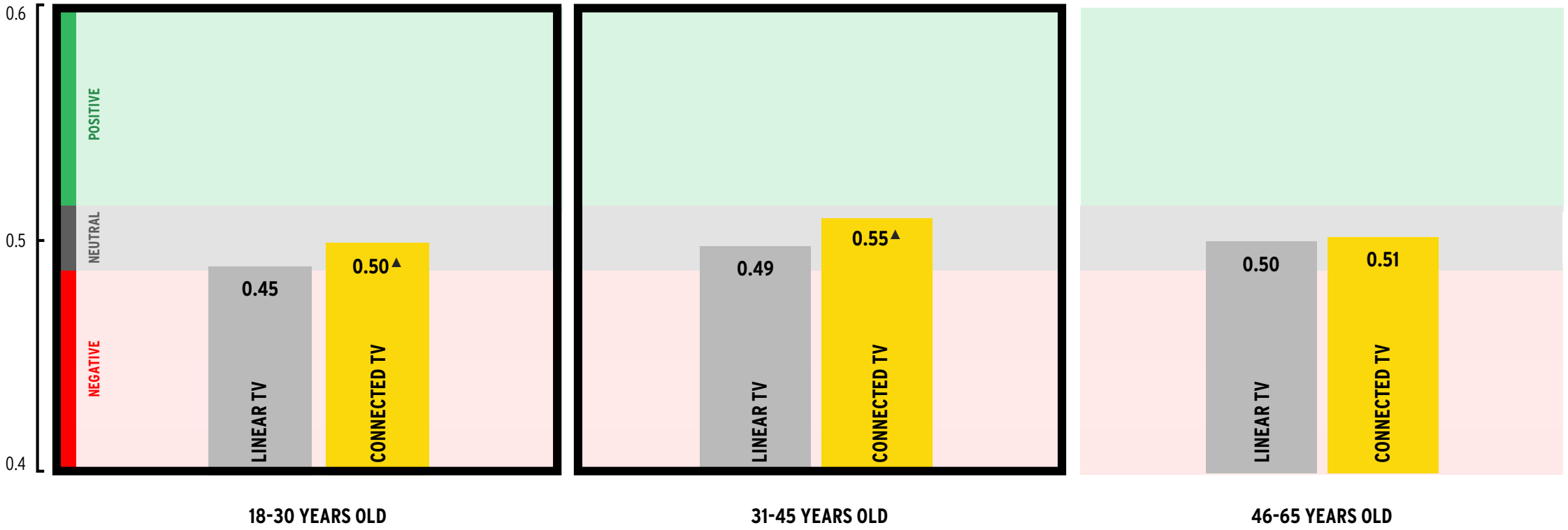
⚠ Risk Of Cognitive Overload



▲ = statistically significant difference between linear TV and connected TV at $p<0.05$
Linear TV N=59, Connected TV N=60

CONNECTED TV CREATES MORE EMOTIONAL AD EXPERIENCES THAN LINEAR TV AMONG YOUNGER AND MIDDLE AGED AUDIENCES

Emotion (EEG Score)



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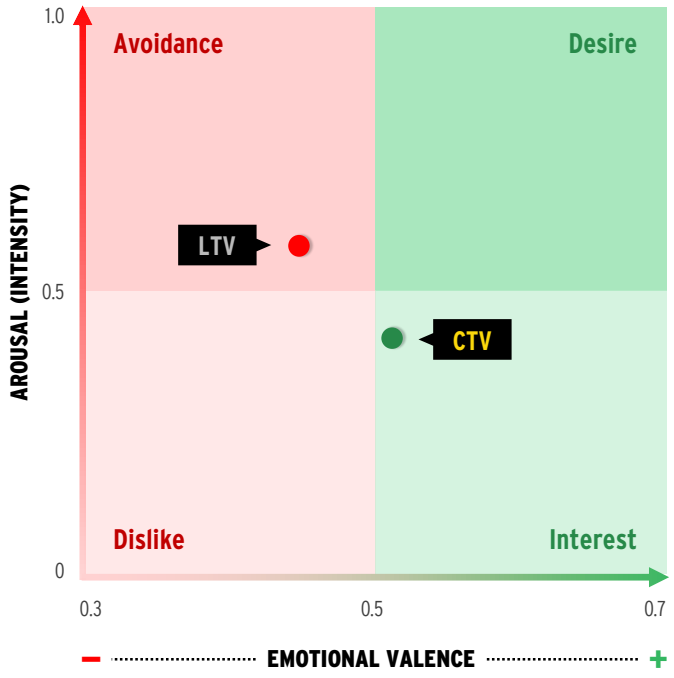
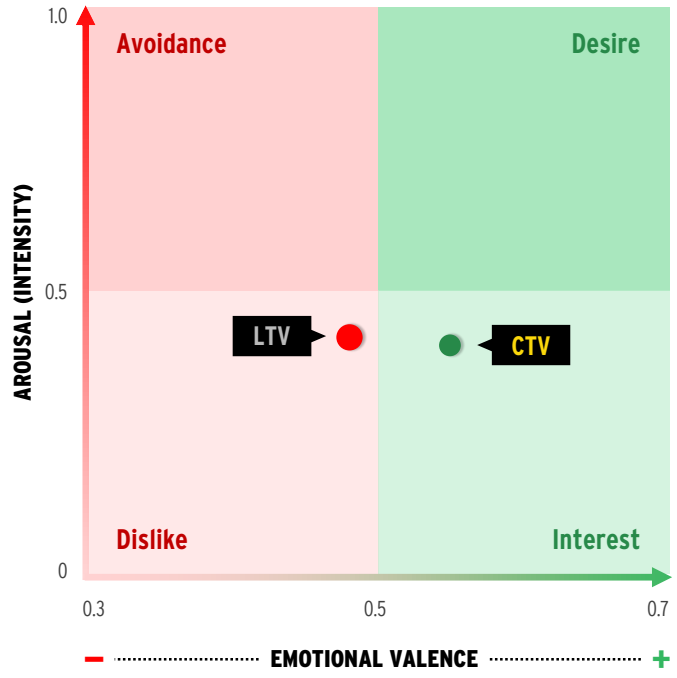
Linear TV N=59, Connected TV N=60

YOUNGEST CONSUMERS ALSO HAVE STRONG AVOIDANCE TOWARDS LINEAR TV ADS

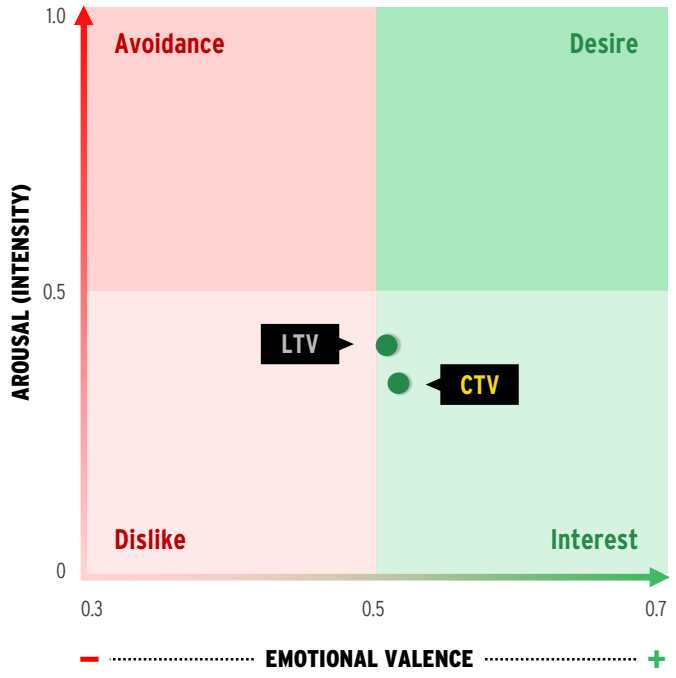
Younger consumers' response to connected TV is more neutral and less intense



18-30 YEARS OLD ↕



31-45 YEARS OLD ↔



46-65 YEARS OLD

↕ = statistically significant difference in arousal at $p<0.05$
↔ = statistically significant difference in emotional valence at $p<0.05$
Linear TV N=59, Connected TV N=60

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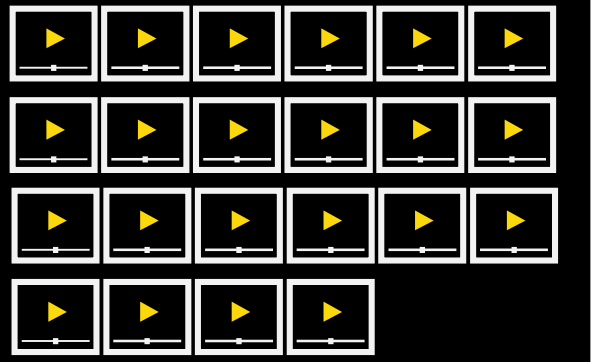
KEY FINDINGS

01 CONVENIENCE OUTWEIGHS AD LOAD

Connected TV is enticing consumers more by it's flexibility and variety of content than lower ad load.



02 SAME AD & SCREEN, DIFFERENT EMOTIONS

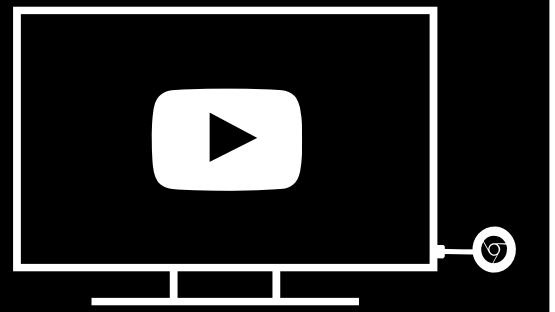
Even when controlling for attention to the screen, ads on connected TV create more positive emotions. This is likely related to:

- The lean-forward nature of connected TV - consumers are less likely to use it for background noise
- Drastically lower ad load - 6X less ads!

03 ENGAGEMENT FOR ALL AGES

Advertisers receive bigger benefit from the same ad on connected TV compared to linear TV.

- Younger consumers showed stronger emotional responses to connected TV and even annoyance to linear TV
- Older consumers did not process the information offered in linear TV ads - a sign of boredom



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