BREAKING THROUGH
Moving Beyond the Commercial Break on CTV
Advertisers are still using the same video ads as linear TV, with very little innovation.

Attention fatigue for pre-roll is a real concern for advertisers.
HOW CAN ADVERTISERS INNOVATE TO STAND OUT ON CONNECTED TV?
WE TESTED OVERLAY ADS TO SEE HOW THEY STACK-UP TO TRADITIONAL VIDEO ADS

THE PROMISE OF OVERLAY ADS

• Offers more inventory
• Doesn’t disrupt playback
• Can be delivered in a contextually relevant environment
Recruited Connected TV Viewers
Participants recruited from at-home panel
Adults 18-54
Sample size = 807
Total Exposure Points = 1,614

Randomization
Participants randomized into exposed and control groups

Natural Connected TV Viewing
Participants watch a TV show of their choice. Appropriate ads served based on exposed or control assignment
All participants watch half hour streaming TV show of choice

Measurement
Final survey to measure impact on traditional branding metrics and obtain feedback on ad frequency
AD FORMATS TESTED

<table>
<thead>
<tr>
<th>TRADITIONAL VIDEO ADS</th>
<th>OVERLAY ADS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appearance</td>
<td>During content</td>
</tr>
<tr>
<td>Ad Length</td>
<td>:06 second overlay ads</td>
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<tr>
<td>:15 and :30 second ads</td>
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</table>
BRANDS TESTED

VIACOM

MINI

TRACFONE wireless, inc.

new balance
CAPTURING ATTENTION
WITH FEWER COMMERCIALS
PEOPLE FEEL THE FREQUENCY OF ADS ON CONNECTED TV CREEPING UP

Perceived Increase In Connected TV Ads

“I feel that the number of ads per show increased recently”

N=1,247
Q: How much do you agree or disagree with the following statements about ads on streaming video platforms?

Agree (Strongly/Somewhat): 65%
Neutral: 20%
Disagree (Strongly/Somewhat): 15%

People feel the frequency of ads on connected TV is creeping up.
HIGHER FREQUENCY OF CONNECTED TV ADS IS ESPECIALLY APPARENT TO YOUNGER GENERATIONS

Age trend is an indicator that the perception of high ad frequency isn't going away

Perceived Increased in Connected TV Ads
- % Strongly/Somewhat Agree

A18-24 (A) - n=90, A25-34 (B) - n=663, A35-55 (C) - n=1248

Q: How much do you agree or disagree with the following statements about ads on streaming video platforms?
A/B/C: Statistically significant difference greater than or equal to 90% confidence level

71% C
69%
62%
CONNECTED TV ISN’T IMMUNE TO AD ATTENTION CHALLENGES

At least half report almost always avoiding video ads on Connected TV

Level of Ad Avoidance During Ad Breaks on Connected TV - Delta (Exposed – Control)

**Avoid Ads “Most of the Time” or “Always”**

- **70%** BC
  - A18-24 (A)
- **54%** C
  - A25-34 (B)
- **51%** C
  - A35-55 (C)

**Q:** How much do you agree or disagree with the following statements about ads on streaming video platforms?

Ad avoidance may include leaving the room, doing something on another device, muting the show, etc., during ad breaks.

A/B/C: Statistically significant difference greater than or equal to 90% confidence level
OVERLAY ADS HELP PEOPLE FEEL LESS BOMBARDED BY ADS

Overlay ads allow for a perceived lower ad frequency, which people take notice of.

Exposed Only, Overlay Ads n=500, Video Ads n=500
Q: Please enter your estimate for the number of ads that played during the episode you watched today.
OVERLAY ADS ARE 4X MORE MEMORABLE THAN VIDEO ADS

Because Overlay ads become a part of the content, people naturally are more attentive.

**TOP-OF-MIND AD RECALL**
- Delta (Exposed – Control)

**Impact of Ad Type**

- Overlay Ads: Exposed n=500, Control n=500
- Video Ads: Exposed n=500, Control n=500

Q: You may or may not have seen ads during your experience. If you recall seeing ad(s), please write the brand name on a separate line. If you're not sure, you may guess or leave it blank.

▲ Statistically significant difference between exposed and control at >=90% confidence
OVERLAY ADS DRIVE 72% MORE SAVINGS FOR ADVERTISERS THAN VIDEO ADS

TOP-OF-MIND AD RECALL
Cost Efficiency - Cost Per Person

Overlay Ads, Exposed n=500, Control n=500; Video Ads, Exposed n=500, Control n=500
Q: You may or may not have seen ads during your experience, if you recall seeing ad(s), please write the brand name on a separate line. If you’re not sure, you may guess or leave it blank.
**OVERLAYS ALSO HAVE A LOWER AVERAGE PRODUCTION COST AND TIME**

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<th>COST</th>
</tr>
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- Overlay Ads: Avg production time: ~10 days
- Video Ads

![Overlay Ads Example]

![Video Ads Example]
BETTER BREAK THROUGH WITH OVERLAY ADS + THE BENEFITS OF VIDEO ADS

Brand Metrics - Deltas (Exposed – Control)

- Overlay Ads
- Video Ads

Total Audience: Overlay Ads: Exposed n= 500, Control n=500; Video Ads: Exposed n=500, Control n=500
▲ Statistically significant difference between exposed and control at >=90% confidence
BUT ARE OVERLAY ADS DISRUPTIVE?
ONLY 17% FOUND OVERLAY ADS “DISTRACTING”

Perceived Level Of Distraction Of Overlay Ads - % Agree

- 83% Neither Agree nor Disagree/ Somewhat Disagree/Strongly Disagree
- 17% Strongly agree/Somewhat agree

Heavy, medium and light CTV viewers all felt the same low level of distraction during overlay ads.
IN FACT, APPEARING DURING CONTENT FEELS NO MORE DISTRACTING THAN BREAKING IT UP

Perceived Level Of Distraction - % Strongly/Somewhat Agree

Video Ads: 17%
Overlay Ads: 17%

Exposed Only, Overlay Ads n=500; Video Ads n=500
Q: This is an ad that appeared during your experience. How much do you agree or disagree with the following statements about the ad?
THE NATURE OF OVERLAY ADS RESULTS IN A MORE ENJOYABLE VIEWING EXPERIENCE

While most people enjoyed the Connected TV content, enjoyment gets an uptick among heavy and medium Connected TV viewers.

Content Enjoyment For Heavy & Medium Connected TV Viewers

- % Strongly/Somewhat Agree

Enjoyable Connected TV Experience with...

- 97% Overlay Ads
- 93% Video Ads

Heavy & Medium Connected TV Users: Overlay Ads n=321; Video Ads n=325

▲ Statistically significant difference between Overlay ads and Video ads at >=90% confidence
QUICK TIPS FOR MARKETERS
Making The Most Of Overlay Ads
REACHING THE RIGHT AUDIENCE CAN MAXIMIZE PEOPLE’S EXPERIENCE WITH OVERLAY ADS

Opinions of Overlay Ad | Among Those Recalled Among Those In-Market for Advertised Product - % Strongly / Somewhat Agree

- Ad was interesting
- Ad was context-appropriate for the show
- Ad was delightful
- Ad was distracting

- People In-market for Product Advertised
- People Not In-market for Product Advertised

Whether in-market for the product or not, few found overlay ads distracting.
WHEN CONTEXTUALLY MATCHED WITH CONTENT, OVERLAY ADS ARE PARTICULARLY WELCOMED

Opinion of Overlay Ads Based on Contextual Match with Connected TV Content | Deltas (Contextual Match – No Contextual Match)

Overlay Ads: Contextual Match n=83, Not Contextual Match n=416

▲ Statistically significant difference between exposed and control at >=90% confidence

Note: Contextual intelligence engine not used in testing
ADS FORMATS TESTED

Overlay Ad – Corner

Corner unit set to seamlessly fade in and fade out in a corner of the screen without human interaction.

Overlay Ad – Snipe Static

Animates display assets along the entire bottom of the video without human interaction.

Overlay Ad – Snipe Video

Animates a video asset along the entire bottom of the video without human interaction.
HIGH AD RECALL IS CONSISTENT ACROSS BOTH OVERLAY AD FORMATS

Brand Metrics by Overlay Ad Format - Deltas (Exposed – Control)

- Snipe Ad
- Corner Ad

Overlay Ads: Snipe, Test n=242, Control n=235; Corner, Test n=205, Control n=213
▲ Statistically significant difference between test and control at >=90% confidence
LEVERAGING MORE VIDEO WITH SNIPE OVERLAY ADS LEADS TO MORE PERSUASION

Brand Metrics by Ad Format - Deltas (Exposed – Control)

- Snipe Video Ad
- Snipe Static Ad

Brand Favorability:
- 35% increase
- 1% decrease

Search Intent:
- 22% increase
- 6% increase

Purchase Intent:
- 22% increase
- 1% increase

Overlay Ads: New Balance Only; Snipe Video, Exposed n=53, Control n=52; Snipe Static, Exposed n=47, Control n=48

▲ Statistically significant difference between exposed and control at >=90% confidence
RECOMMENDATIONS

1. Leverage Overlay Ads as an Additional Touchpoint
   Overlay ads capture the attention of audiences, making for memorable ad experiences with a lower fiscal and time investment

2. Continue Innovating to Battle the Attention Deficit
   The industry should continue to push for new ad formats on Connected TV, as concerns about video wear out and increasing ad frequency mount