WHAT'S NEXT

UNLEASHING THE POWER OF CROSS-PLATFORM ADVERTISING

BY RANDALL BEARD AND CHRIS LOUIE

Advertisers say that having an integrated multi-screen campaign is important and getting more so, but their "integrated" campaigns are not achieving better results than if the TV and online advertising were each being planned completely separately. This does not need to be the case. With proper measurement and management, our research shows that a campaign can get you, on average, 8 percent greater reach or significantly higher frequency without any additional expenditure. As digital video grows, the stakes will get higher, so companies should move quickly to master the ability to claim the full synergies available between media.

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Some years ago, one of this paper's authors worked at a company that was launching a gift card business. Because most gift cards are sold in December, and the launch was in November, it was essential for the campaign to achieve maximum reach as quickly as possible. So the company, which was willing to make a large investment, told its agency it needed a plan that would generate "reach" of over 90 percent almost immediately. The agency came back with a TV plan that would generate 80 percent reach, along with an online plan for 60 million impressions across various sites. Because the company wanted 90+ percent reach, the author asked what the *incremental* reach was of the online plan: that is, what percentage of the desired audience would be reached online who had not already been reached on TV. The agency said they had no idea.

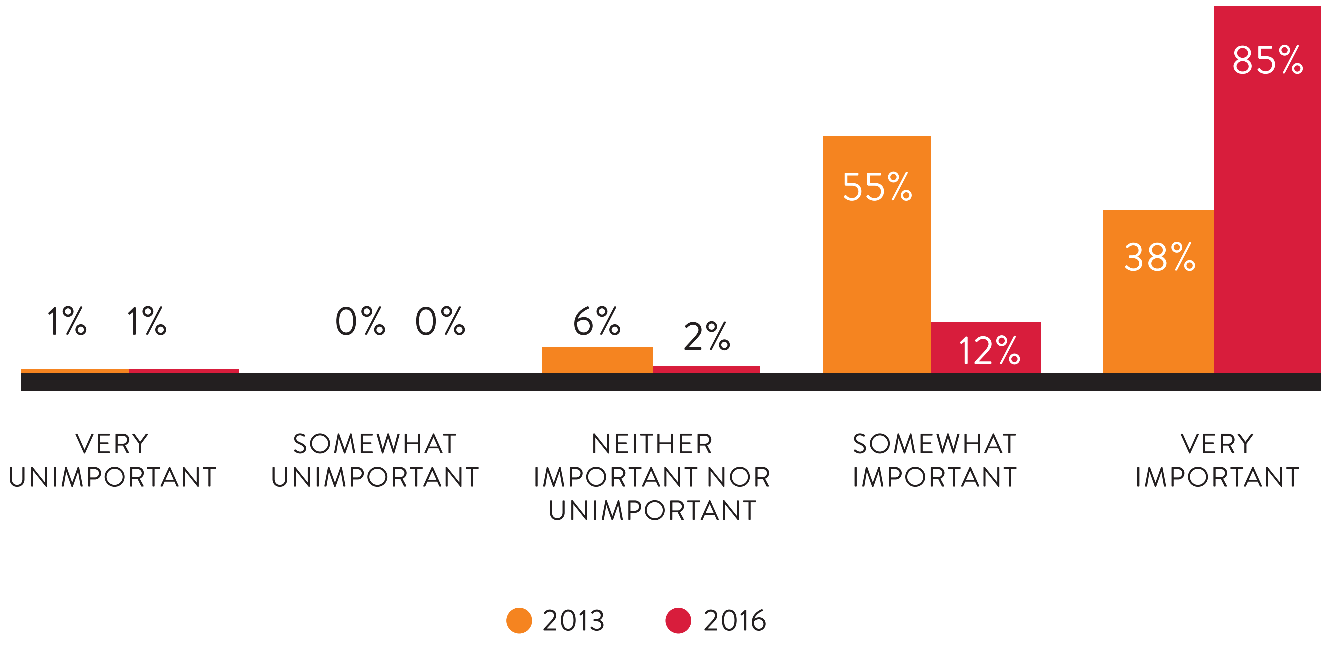
As media continue to proliferate, advertisers are coming to understand that this will no longer do: they must understand what part of their desired audience is seeing ads on which medium. This is most important now with TV and online -- mobile is growing rapidly, but still claims a very modest portion of people's screen time. Accordingly, advertisers are becoming more invested in understanding the "cross-platform" status of their TV and online advertising in particular.

This is reflected in a recent Nielsen/ANA (Association of National Advertisers) cross-platform survey: almost all advertisers already consider integrated multi-screen advertising at least "somewhat important," and believe it will be overwhelmingly important in a few years' time (Exhibit 1).

However, what is interesting in today's environment, when the technologies for cross-platform advertising are available, is how modestly many companies are making progress. Most advertisers running "integrated" cross-platform campaigns get results that are little better than if they had just run separate campaigns on TV and online. This is true even though our ability to measure what is happening on TV is significantly more sophisticated than at the time

EXHIBIT 1: INTEGRATED MULTI-SCREEN ADVERTISING WILL GET MORE IMPORTANT

SURVEY STATEMENT: THINKING OF TODAY AND THREE YEARS FROM NOW, INDICATE THE IMPORTANCE OF INTEGRATED MULTI-SCREEN CAMPAIGNS IN EFFECTIVELY DELIVERING A MARKETING MESSAGE.



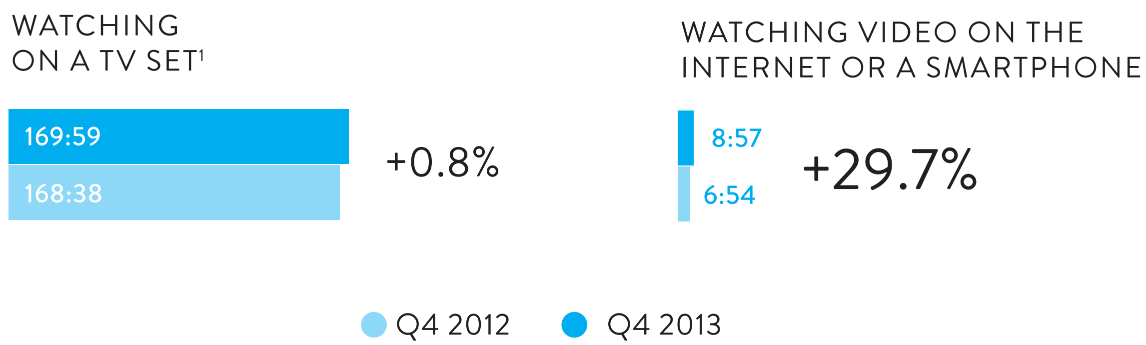
Source: Nielsen / ANA Cross Platform Survey 2013 of the gift card example with which we began – and our ability to measure what is going on online is light years beyond what it was then.

The stakes for getting this right are high. As we will show, a typical campaign using today's cross-platform planning, buying, measurement and optimization tools can drive up the reach of a campaign by 8 percent without changing either its total spend or its mix of spend – without, that is, changing anything beyond how carefully it identifies its desired audience on TV and online.

So companies are achieving a lower return on their investment than they should. For now, the relative amount of money poorly invested is small – but it's only a matter of time before the stakes are higher yet. As Exhibit 2 shows, online and mobile are where the growth is – 30 percent growth in hours watched per month from Q4 2012 to Q4 2013, compared with less than 1 percent growth for viewing activity on TV. Because the absolute numbers are low – online and mobile video remain a small fraction of TV video – companies have a window of opportunity to get this right. The higher the online video numbers rise, however, the more quickly companies that "crack" cross-platform advertising will gain a significant competitive edge.

In what follows, we talk about the situation in cross-platform advertising today, about what gets in the way of advertisers' achieving their cross-platform goals, and explain how companies can claim the full synergies available between these two media. We close with some brief case studies.

EXHIBIT 2: MONTHLY TIME SPENT IN HOURS: MINUTES



Source: Nielsen Cross-Platform Report, Q4 2013

[1]Includes viewing traditional TV and viewing using a dvd/blu ray device, game console or multimedia device

CROSS-PLATFORM TODAY

Not all advertisers want to do what the gift card company wanted. The card company wanted maximum reach for its advertising dollars, which means the least possible overlap in people seeing their ads on both TV and online. Others want to reach the *same* people on TV and online to strengthen recall. Nielsen research shows that ads with both TV and online consumer exposure generally achieve higher levels of next-day recall than ads with TV-only exposure or online-only exposure, even at the same frequency of exposure.

So, in order to gauge the value of online advertising, it is essential to be able to measure all three results: *duplicated reach, unduplicated reach, and incremental reach*. In what follows, we use duplicated reach to mean duplicating the TV audience online, and unduplicated reach to mean reaching people only online or only on TV. Incremental reach represents the audience reached online who have not seen the campaign on TV.

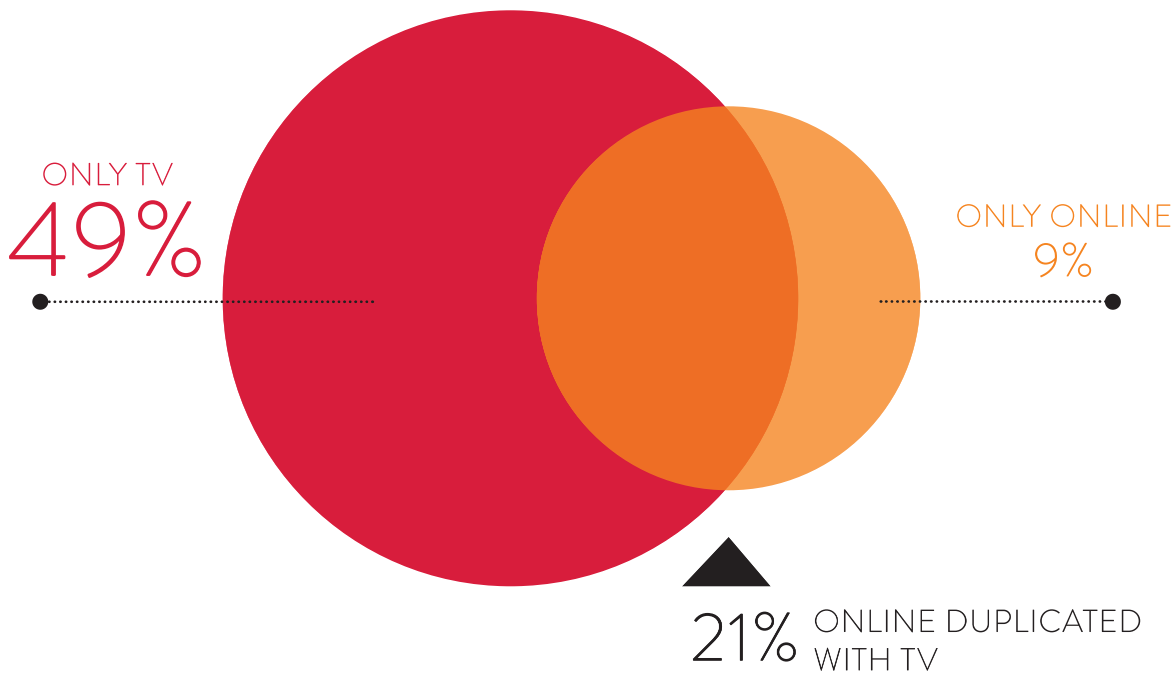
We looked at 45 cross-platform campaigns. The average TV reach of these campaigns was 61.2 percent (i.e., 61.2 percent of the intended audience was exposed once or more to the campaign on TV) and the average online reach was 11.4 percent. The average duplication was 7.6 percent: 7.6 percent of the intended audience saw ads on both TV and online.

Let's put that 7.6 percent number in context. Suppose you had two agencies that worked independently to achieve exactly these results: 61.2 percent TV reach and 11.4 percent online. Because the campaigns were created independently, that online 11.4 percent is going to overlap randomly with the TV audience – which would yield *duplicated reach* of 7.0 percent (61.2 percent x 11.4 percent).

So the companies mounting "integrated" cross-platform campaigns are getting average duplicated reach of 7.6 percent – and companies running campaigns planned separately are getting 7.0 percent! It's alarming that the average *overlap for planned campaigns is hardly different from – and in fact marginally worse than – the random result.*

How bad is this from a financial point of view? Consider a campaign that achieves 70 percent TV reach and 30 percent online reach. The random overlap of online with TV will be 21 percent, which means that, for every 30 members of the desired audience reached online, *just 9 will see it only online* (Exhibit 3). Now, no one ever gets the full 30 percent. But paying to get 30 of anything and getting 9 is pretty poor.

EXHIBIT 3: RANDOM DUPLICATION FOR A 70/30 TV/ONLINE CAMPAIGN



WHY ARE THE RESULTS SO POOR?

There are a number of perfectly understandable reasons "integrated" plans generate such poor results. First of all, agencies built TV businesses long ago, so when online came along, they opened a new department. It may be that the "right" thing to do is to think about how to integrate decisions about the new medium with decisions across other media – but the incumbents from an existing division or divisions are almost never up to speed about the new medium, whatever it is.

In addition, while TV has long-established and actionable measures of reach and frequency, online measurement has been a mélange of click-throughs, impressions, page views, server log counts, and so on. You can't meaningfully do cross-platform measurement unless you use common metrics across platforms. The use of different metrics also slows the integration of teams trying to plan TV and online advertising placement. What's the point of struggling to integrate if inconsistent measurement compromises the value of doing so?

There are other problems. The most common way of measuring audience exposure is to use panels and to extrapolate to the larger population. TV panels work well, but online panels suffer from limitations, because the sheer number of sites on the Internet leads to enormous error rates when you extrapolate the results to the larger population.

On top of all these problems of measurement and measurement mismatch, companies also struggle with the fact that they lack good tools to optimize cross-platform performance. Put all this together and it's not really surprising that people aren't getting much from their cross-platform planning.

HOW TO GET CROSS-PLATFORM RIGHT

The way through this morass starts with *accurate measurement* across TV and online, which then can feed high-quality cross-platform planning, buying, and optimization tools. Without accurate measurement, planning and buying verge on guesswork and there can be no optimization. Look at it this way: You plan and buy using the best metrics available to all. Then you measure and optimize for your specific campaign by adjusting your planning and buying in line with the results you got so that, the next time you measure, the results are better – and so on.

What does accurate and actionable measurement mean for online advertising? First, obtaining accurate measurement in itself, which is not so easy to do. Second, having measurement comparable to TV, so you can make meaningful comparisons between the two media, and therefore meaningful choices between them.

We ourselves offer measures of online reach and frequency through our Nielsen Online Campaign Ratings™ , which leverages third-party data from providers such as Facebook and Experian for audience demographics. With over 180 million registered Facebook users in the US alone, we are able to match demos to a unique Facebook ID for, on average, 40 to 60 percent of online ad views. Then, we can incorporate this data into an analysis using Nielsen's TV ratings panel to project reliable ratings for the entire campaign. Besides allowing us to provide reach and frequency metrics (and therefore GRPs consistent with TV measurement), this also makes it possible to deliver results overnight by site, which is comparable with TV measurement

The reason access to a service with 180 million registered US users matters so much is the error-rate problem. This vast number approaches a census type of measure which has familiar and manageable margins of error. Our analysis suggests that, for a campaign with 100,000 daily impressions, the error rate using Facebook's user base is plus or minus three percentage points. If, instead, one were using a panel of only 1 million people, measurements would suffer from an error rate of plus or minus 17 percentage points. A number like that can play havoc with your ability to optimize an ad campaign. Take Exhibit 4, which shows data from a campaign for a women's personal care product, aimed at the female 18-34 demographic. The exhibit shows that of the impressions delivered by the campaign, approximately 23 percent were to the desired demographic group – and that nearly half were viewed by men. That would seem to offer pretty clear guidance on optimizing the sites selected for the campaign's advertising. But if your error rate is 17 percentage points, that 23 percent success figure could actually be as high as 40 percent or as low as 6 percent. You simply can't do much with that information.

EXHIBIT 4: ONLINE CAMPAIGN RATINGS HELP ADVERTISERS ASSESS CAMPAIGN PERFORMANCE AND MAKE CRITICAL ADJUSTMENTS

WOMEN'S PERSONAL CARE PRODUCT CAMPAIGN

DEMO GROUP	US POP (2+)	UNIQUE AUDIENCE	AUDIENCE % SHARE	IMPRESSIONS	IMPR % SHARE	AUDIENCE REACH (%)	AVERAGE FREQUENCY	GRP
F 2-14	26,300,000	172,904	5.48%	283,777	3.98%	.66%	1.64	1.08
F 15-17	6,260,000	110,673	3.51%	177,337	2.49%	1.77%	1.60	2.83
F 18-20	6,350,000	205,557	6.51%	478,145	6.70%	3.24%	2.33	7.53
F 21-24	8,110,000	230,868	7.32%	530,099	7.43%	2.85%	2.30	6.54
F 25-29	10,080,000	169,079	5.36%	408,095	5.72%	1.68%	2.41	4.05
F 30-34	9,940,000	102,129	3.24%	231,001	3.24%	1.03%	2.26	2.32
F 35-39	10,160,000	77,107	2.44%	199,916	2.80%	.76%	2.59	1.97
F 40-44	10,590,000	91,868	2.91%	268,043	3.76%	.87%	2.92	2.53
F45-49	11,230,000	78,066	2.47%	220,092	3.09%	.70%	2.82	1.96
F50-54	11,180,000	80,557	2.55%	328,846	4.61%	.72%	4.08	2.94
F55-64	18,730,000	114,284	3.62%	364,489	5.11%	.61%	3.19	1.95
F 65+	22,440,000	90,705	2.87%	267,287	3.75%	.40%	2.95	1.19
FEMALE	151,370,000	1,523,798	48.29%	3,757,126	52.68%	1.01%	2.47	2.48
M 2-14	27,540,000	164,948	5.23%	164,351	2.30%	.60%	1.00	.60
M 15-17	6,510,000	111,266	3.53%	169,801	2.38%	1.71%	1.53	2.61
M 18-20	6,450,000	180,738	5.73%	397,725	5.58%	2.80%	2.20	6.17
M 21-24	8,260,000	238,542	7.56%	362,241	5.08%	2.89%	1.52	4.39
M 25-29	10,210,000	226,389	7.17%	518,084	7.25%	2.22%	2.28	5.06
M 30-34	9,990,00	135,324	4.29%	288,089	4.04%	1.35%	2.13	2.88
M 35-39	10,070,000	96,134	3.05%	179,342	2.51%	.95%	1.87	1.78
M 40-44	10,350,000	101,509	3.22%	206,606	2.90%	.98%	2.04	2.00
M 45-49	10,840,000	77,094	2.44%	176,786	2.48%	.71%	2.29	1.63
M 50-54	10,650,000	65,991	2.09%	132,585	1.86%	.62%	2.01	1.24
M 55-64	17,370,000	118,537	3.76%	241,115	3.38%	.68%	2.03	1.39
M 65+	17,200,000	115,554	3.66%	539,452	7.56%	.67%	4.67	3.14
MALE	145,440,000	1,632,025	51.71%	3,375,177	47.32%	1.12%	2.07	2.32
TOTAL	296,810,000	3,155,823	100%	7,132,303	100%	1.06%	2.26	2.4

23% of delivery reached the desired audience

47% of delivery was to men

It really can't be overemphasized how crucial good reach measurement is, because without good measurement you cannot optimize. With good measurement, you can deploy a continuous-improvement cycle of measurement, optimization, planning and buying, using state-of-the-art cross-platform tools at each stage:

- **Measurement:** As noted above, one needs a cross-platform campaign ratings service that measures "only-only-both."
- **Optimization:** By seeing their scores, advertisers can "tune" the process they are using in an iterative cycle. The web allows for real-time refinement of the online portion of an ad campaign.
- **Planning:** We work with clients to plan digital reach incremental to TV (or duplicative with) by using TV viewing data with cross-channel planning tools and TV-online data fusion. This allows for the selected sites to deliver incremental reach, or maximum overlap to drive frequency.
- **Buying:** We see leading clients starting to use TV-viewing data to fuel real-time bidding for the ideal digital audience – whether that be those likely to have seen or likely not to have seen their TV ads.

RESULTS

The necessary tools, then, all exist. The natural question would be, once an advertiser and its agency or agencies have adopted those tools, what kind of improved return might it expect for a cross-platform campaign? We've put the numbers from Exhibit 3 into the top half of Exhibit 5, and contrasted the "Random overlap" and "Managed overlap" results beneath.

EXHIBIT 5: A WELL RUN INTEGRATED CAMPAIGN CAN SIGNIFICANTLY INCREASE REACH

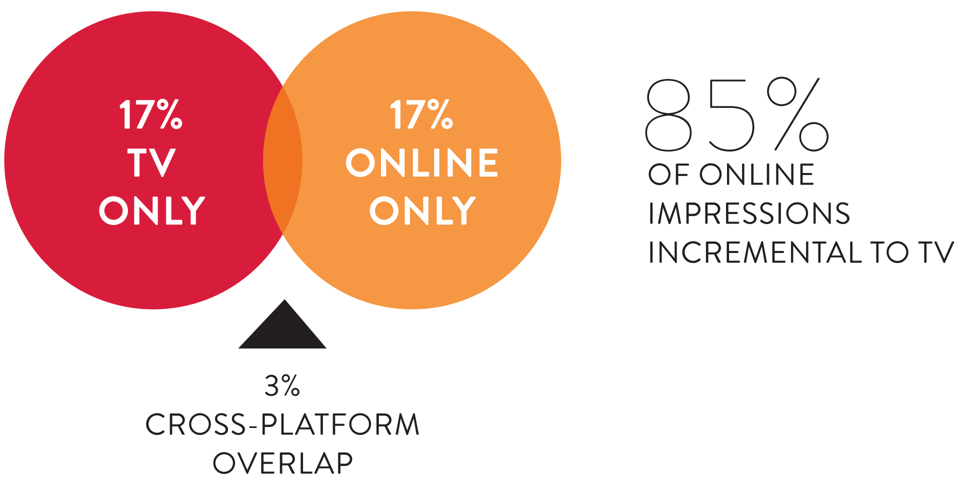
SCENARIO:	RANDOM OVERLAP	MANAGED OVERLAP
TV Reach	70%	70%
Online Reach	30%	30%
Random Duplication Index	100	71
Results		
TV + Online	21%	15%
TV Only	49%	55%
Online Only	9%	15%
Total Reach	79%	85%
% of online reach that is incremental	30%	50%

Here, then, is a company spending for 70 percent and 30 percent reach on TV and online respectively, with random duplication (hence the "Random Duplication Index" reading of 100). In the "random overlap" column, the duplicated reach will be 21 percent, leaving the TV-only reach at 49 percent, and the online-only reach at 9 percent. Total reach is 21+ 49 + 9, or 79 percent. As noted in Exhibit 3, that 30 percent online buy is getting you just 9 percent incremental reach.

Now consider the "Managed overlap" column on the right. We see that, through better site selection, duplicated reach has been driven down to just 15 percent. That means the TV-only number will rise to 55 percent, and the online-only number will rise to 15 percent, because the TV and online totals remain at 70 and 30 percent respectively. Total reach has increased from 79 percent of the desired audience to 85 percent – an increase of 6 percentage points, and an 8 percent improvement, for no increase in money spent and no change in the allocation of money between TV and online.

These are average figures. Two actual cases we worked on should be instructive. One beverage company we worked with was seeking to expand its reach with an integrated cross-platform campaign. The buy was for 20 percent TV reach and 20 percent online reach. The actual reach achieved for bothTV-only and online-only was 17 percent, with an overlap of 3 percent. That meant that 85 percent of the online impressions were incremental to the television audience (Exhibit 6). The random overlap would have been 20 percent of 20 percent, or 4 pecent. A 1 percentage point difference may not seem that large, but that's because the original buy was modest. An increase in incremental reach of 1 percent out of a theoretical maximum of 4 percent is about as good as the previous example – an increase of 6 percent out of a theoretical maximum of 21.

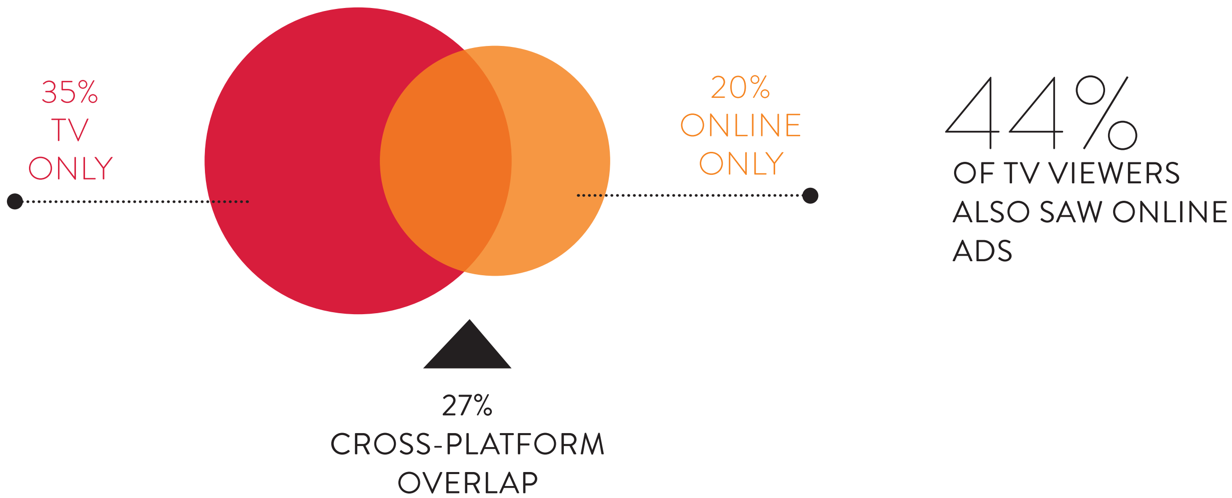
EXHIBIT 6 - BEVERAGE COMPANY USES DIGITAL TO REACH CONSUMERS TV DID NOT



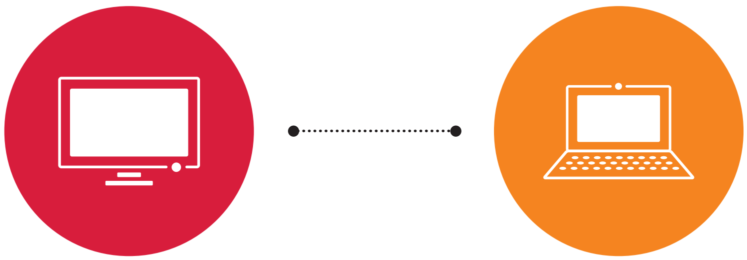
Source: Nielsen Cross-Platform Campaign Ratings

Another company was seeking to maximize overlap. It achieved TV reach of 62 percent and online reach of 47 percent, with an overlap of 27 percent – meaning 44 percent of the TV viewers saw the online ads (Exhibit 7). The random overlap would have been 29 percent. This is a terrific result.

EXHIBIT 7 - TELECOM COMPANY DRIVES TV / ONLINE OVERLAP



Source: Nielsen Cross-Platform Campaign Ratings



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This is what's next: The key to everything is measurement, because only what has been measured can be improved. So the most important thing is that measurement should be reliable, and its results statistically significant. This enables the integrated approach to planning, buying, measurement and optimization of cross-platform campaigns companies need to achieve. By getting away from TV and online results that cannot be compared or combined, you can determine a real understanding of your "only-only-both" numbers – your reach on TV, your reach online, and your overlap. Then you know whether you are getting what you are spending to get – and you can optimize everything around that knowledge for the best possible results.

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