Surviving the Upfronts in a Cross-Media World:

An Actionable Guide for Success

comScore

JUDY BAHARY SVP, Marketing Solutions
STEPHANIE FLOSI Sr. Marketing Communications Analyst

Introduction

CALLING ALL ADVERTISERS, AGENCIES AND MEDIA BUYERS involved in this year's television upfronts. The critical upfront season is upon you, and the pressure is on to allocate coveted advertising dollars to the most effective combination of television ad spots. The upfronts take place every year, and it represents a familiar process for most players in the industry. Television networks reveal their future programming lineups and expected audiences; you strategically allocate sums of money on behalf of clients and brands against networks, programming and dayparts. The metrics and guarantees that drive your decisions are based on audience delivery and are well-established.

But the TV advertising landscape as we know it is changing, driven by the migration of consumer viewing habits to digital platforms. The combination of innovative upstarts in this space such as Apple, Netflix and Hulu, and the rapid adoption of smartphones, tablets and other connected devices, has brought to fruition an evolved consumer that values on-demand and on-the-go TV consumption. These tech-savvy consumers represent a rapidly growing segment of the population, who have converted some portion of their viewing time to a digital screen. Remaining are millions of consumers who still watch all of their content on a traditional TV, but for how much longer? This complex marketplace has posed new challenges for advertisers and agencies, whose overarching goals remain unchanged: maximize persuasive effectiveness and reach, and optimize frequency to garner the greatest ROI from their TV ad dollars.

Now in its second year, the **digital** upfronts, commonly referred to as the "Newfronts," are creating a splash as they try to make the case for online video in bringing ad dollars online. Opening your door to digital allocation is probably uncharted territory for many of you, but it may be just what's needed in order to ensure you're not missing a critical, tech-savvy segment of your target audience. Whether you're ready to dedicate a significant portion of your budget to digital formats, or just a sliver, this comScore guide can be leveraged to help you effectively navigate this evolving landscape. From editing creative to media placement, these actionable insights can help you make smart decisions in determining whether the time is right for you to go digital in this year's upfronts.

FOR FURTHER INFORMATION, PLEASE CONTACT:

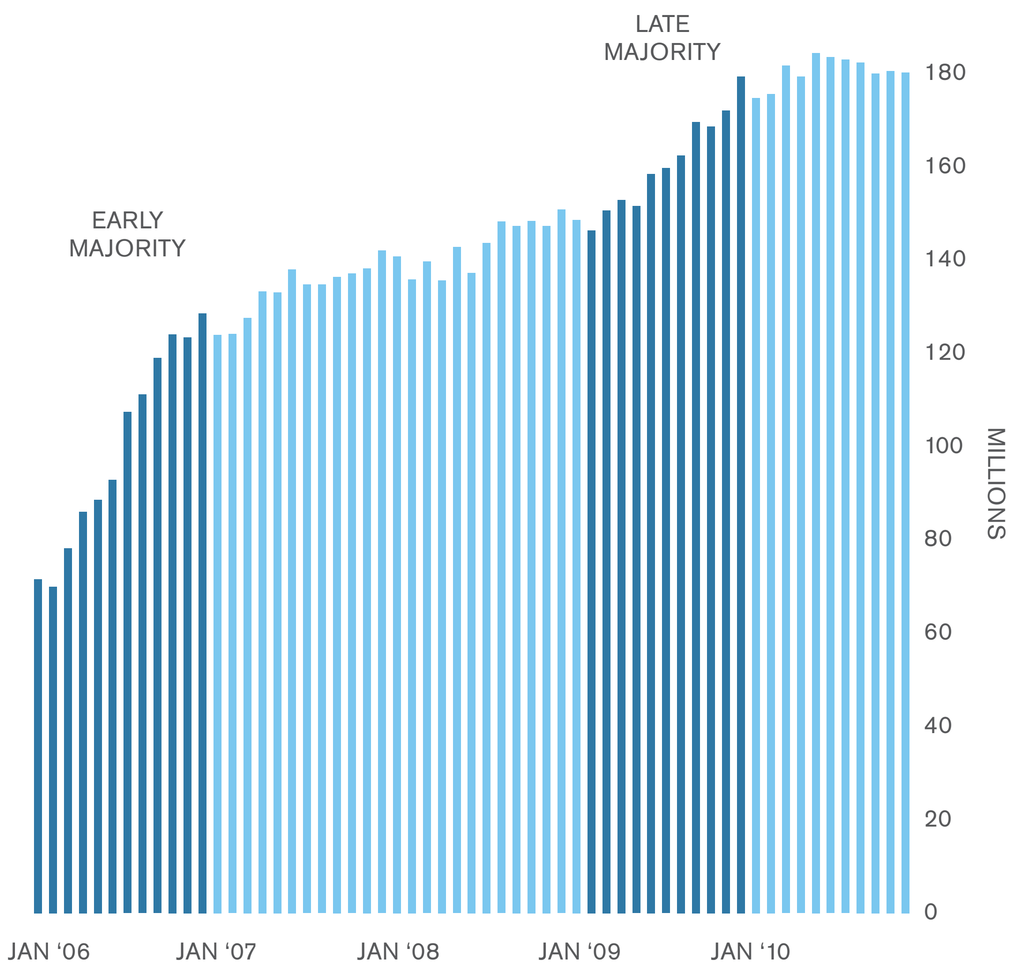
Stephanie Flosi
comScore, Inc.
+1 312 777 8801
press@comscore.com

The late majority online video audience took hold in 2009, growing 20 percent to reach 180 million viewers.

The Rise of Online Video

In the United States (U.S.), online video began gaining real traction and attention in 2006, growing by 73 percent from 71 million to 123 million monthly unique viewers in one year. Using Geoffrey Moore's "Crossing the Chasm" model of technology adoption, this "early majority" group paved the path for others to follow in incorporating video into their online experience. The "late majority" audience took hold around 2009 as another group of newcomers entered the online video market, which grew 20 percent over the next year to reach 180 million viewers.

Figure 1 Total Unique Video Viewers (MM)
Source: comScore Video Metrix, U.S., 2006-2011



YouTube is the clear leader in the online video market today, easily drawing more than 140 million viewers each month.

To no surprise, YouTube is the clear leader in the online video market today, easily drawing more than 140 million viewers each month. Other leading publishers of video content include Yahoo! (61 million viewers in March 2012), VEVO (51 million) and Facebook (45 million). Many of these properties fluctuate within the top 10 ranking from month to month, but their audiences are consistently strong.

Figure 2 Top Online Video Content Properties Ranked by Unique Video Viewers for March 2012
Source: comScore Video Metrix, U.S., Mar-2012

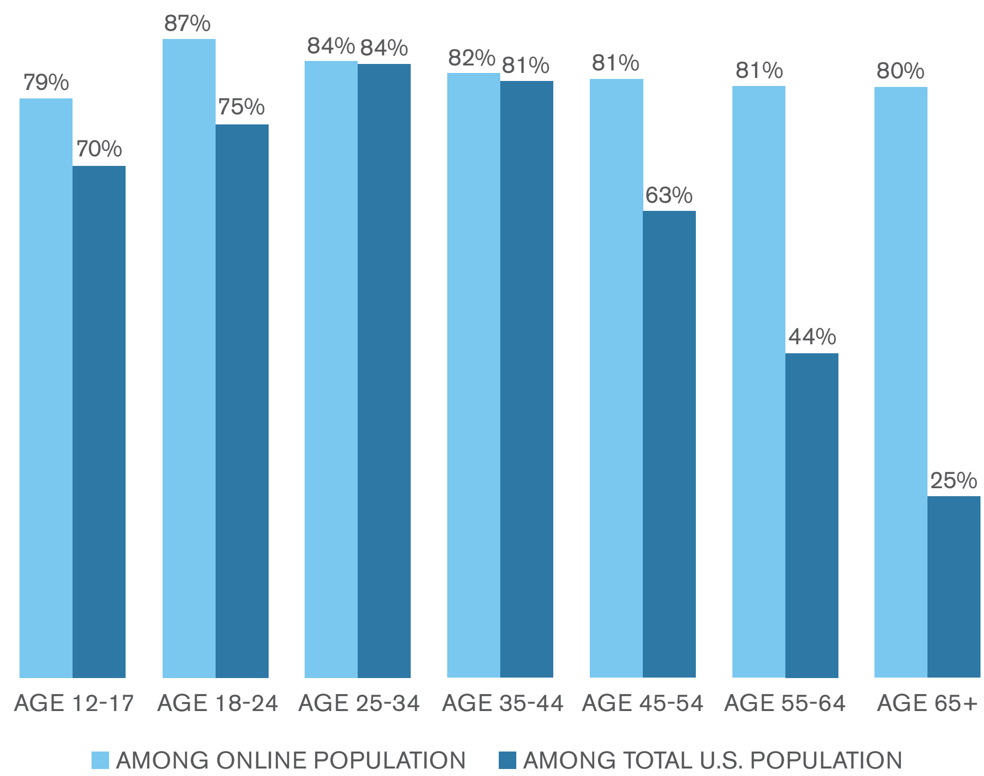
1	YouTube	146M	6	Aol.	44M
2	YAHOO!	61M	7	Turner	43M
3	VEVO	51M	8	msn Video	41M
4	facebook	45M	9	NBCUniversal	32M
5	viacom	44M	10	hulu	31M

Nearly 100 percent of people ages 25-34 and 35-44 in the U.S. are Internet users.

To get a true sense of how widespread online video content is in the U.S., we examined its reach within the online population as well as among the total U.S. population, and segmented it by age group. Overall, more than 4 in 5 Internet users are consuming online video content in a given month. The 18-24 age segment showed the highest penetration of its online population at 87 percent.

An interesting finding, shown below, is that for ages 25-34 and 35-44, there is virtually no difference between online video's reach among the web population and the total U.S. population, which suggests that nearly 100 percent of people ages 25-34 and 35-44 in the U.S. are Internet users. This gap was also minimal for the 12-17 and 18-24 age segments, making a strong case for the potential value of online video advertising for marketers interested in reaching these audience segments.

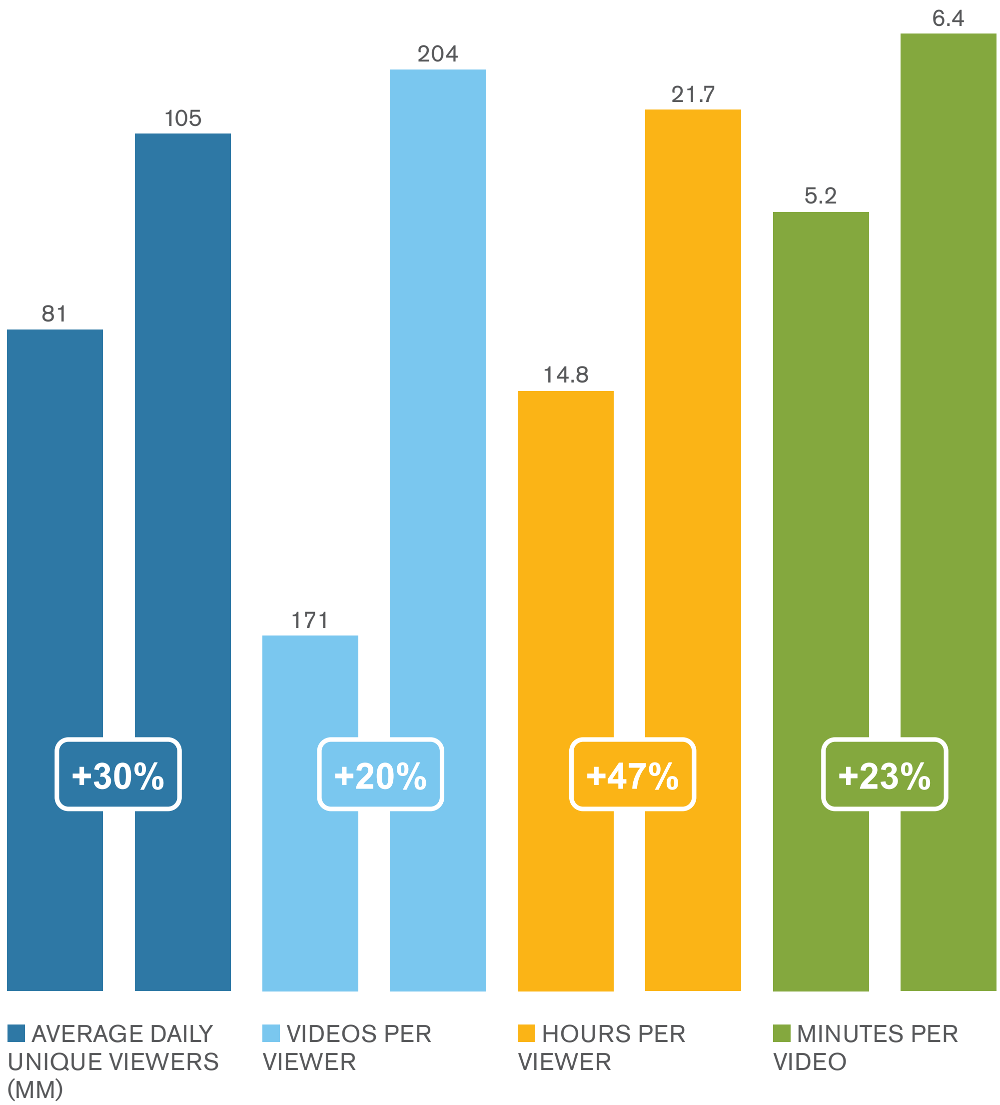
Figure 3 Online Video's Reach
Source: comScore Video Metrix, U.S., Mar-2012



30 percent more Americans watch online video content on an average day than they did a year ago.

While the monthly audience for online video content is steady at around 180 million people, the degree to which users engage with online video has increased dramatically in the past year. In fact, 30 percent more Americans now watch online video content on an average day than they did a year ago. The average user spends more than 21 hours per month (up 47 percent) watching more than 200 content videos (up 20 percent). Americans' growing interest in long-form video content is evident from the growth in the average time spent watching a video, which has jumped 23 percent in the last year to 6.4 minutes.

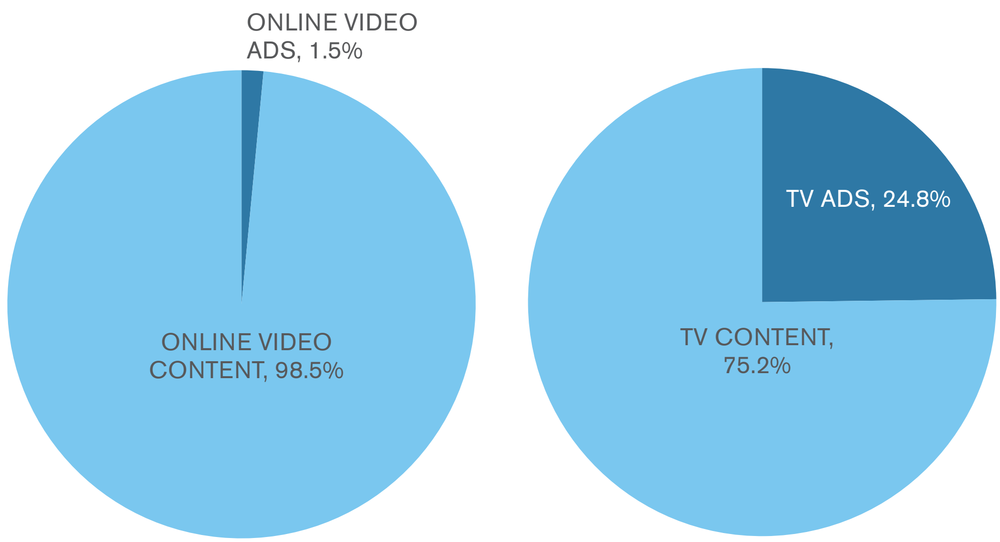
Figure 4 Year Over Year Change in Engagement Levels With Online Video Content
Source: comScore Video Metrix, U.S., Mar-2012 vs. Mar-2011



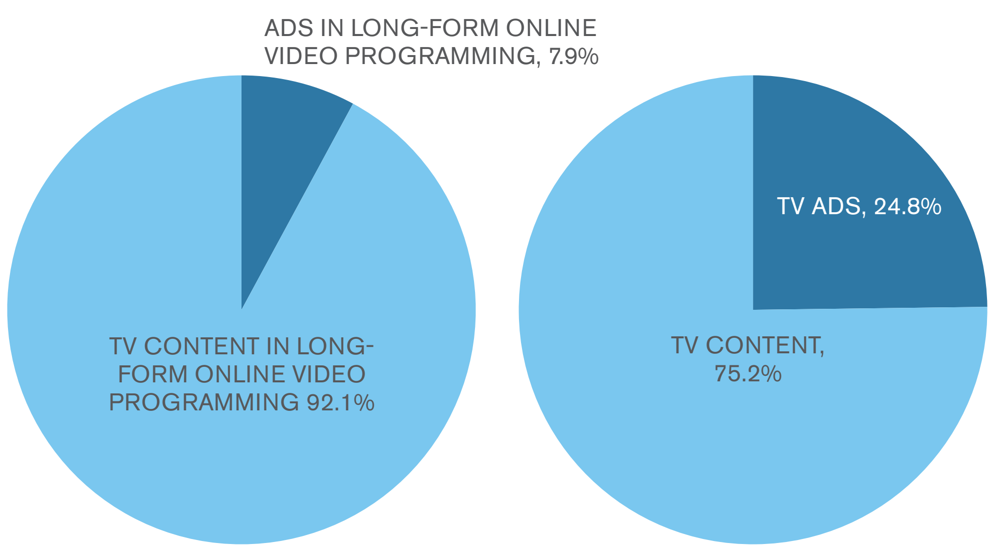
In March 2012, 98.5 percent of time spent watching online video was spent with content, leaving ads as the remaining 1.5 percent.

But despite the high reach and growing engagement for online video, there is a surprisingly large disparity in the number of ads running within the format when compared to TV. In March 2012, 98.5 percent of time spent watching online video was spent with content, leaving ads as the remaining 1.5 percent. The average viewer could watch more than an hour of online video content and see only one minute of ads. Compare this to TV, where content makes up approximately 75 percent of programming content, with the remaining 25 percent allotted for advertisements.

Figure 5 Content and Ad Composition Across Media Types
Source: Online Video - comScore Video Metrix, U.S., Mar-2012 | TV - Media Dynamics Inc TV Dimensions, 2010



Long-form premium TV content in the online video space shows a slightly more robust scenario when comparing content to ad minutes. With long-form online video viewing, time spent watching ads represents approximately 8 percent of all minutes. But this still lags significantly compared to TV ad loads.

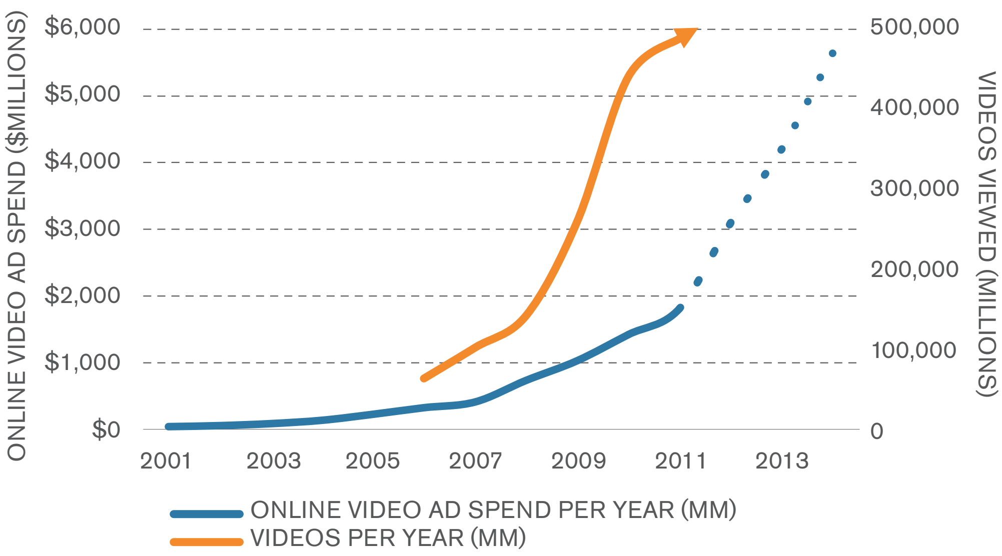


The growth in online video viewing has far outpaced the growth in annual video ad spend.

Still, there remains immense opportunity for online video advertising to increase its ad load. Ad spend with online video is not proportionate to the engagement levels or the ad load expectations that viewers might have when compared to TV. The chart below illustrates that the growth in online video viewing has far outpaced the growth in annual video ad spend, which totaled $1.8 billion in 2011 (up 38 percent versus 2010).

Figure 6 Long Term Trend for Annual Online Video Ad Spend vs. Videos Viewed

Source: Online Video Viewing – comScore Video Metrix, U.S., 2006-2011 | Online Video Ad Spend – IAB/PWC Internet Advertising Revenue Reports, 2001- 2011 | Online Video Ad Spend Forecast – eMarketer, Nov-2011



Ads that work well in TV are also likely to work well in digital video format.

Digital Video Advertising Myths Put to the Test

There are many questions that arise as media buyers consider digital video formats. And there may be some skepticism as to whether digital video is finally worthy of a greater portion of marketers' advertising budgets. For example, can online video advertising be as effective as advertising on TV? Has the online video market matured enough? How safe of an investment is it at this point? We've taken a quantitative approach to analyzing the conventional wisdom around digital video advertising to separate myth from reality in order to prepare you for smart decision-making in this year's upfronts.

MYTH: VIDEO ADVERTISING IN SHORT-FORM ONLINE CONTENT IS NOT AS EFFECTIVE AS TV

The first commonly held myth is that advertising in short-form online content is not as effective as advertising on TV. This thinking may derive partly from advertisers' comfort level with the TV medium, and uncertainty about whether or not the smaller screen can deliver the same impact. comScore wanted to understand the relative impact of the same ads delivered both as pre-rolls in short-form online content and TV.

FACT: VIDEO ADS ARE EFFECTIVE WHETHER THEY APPEAR ONLINE OR IN TV PROGRAMMING

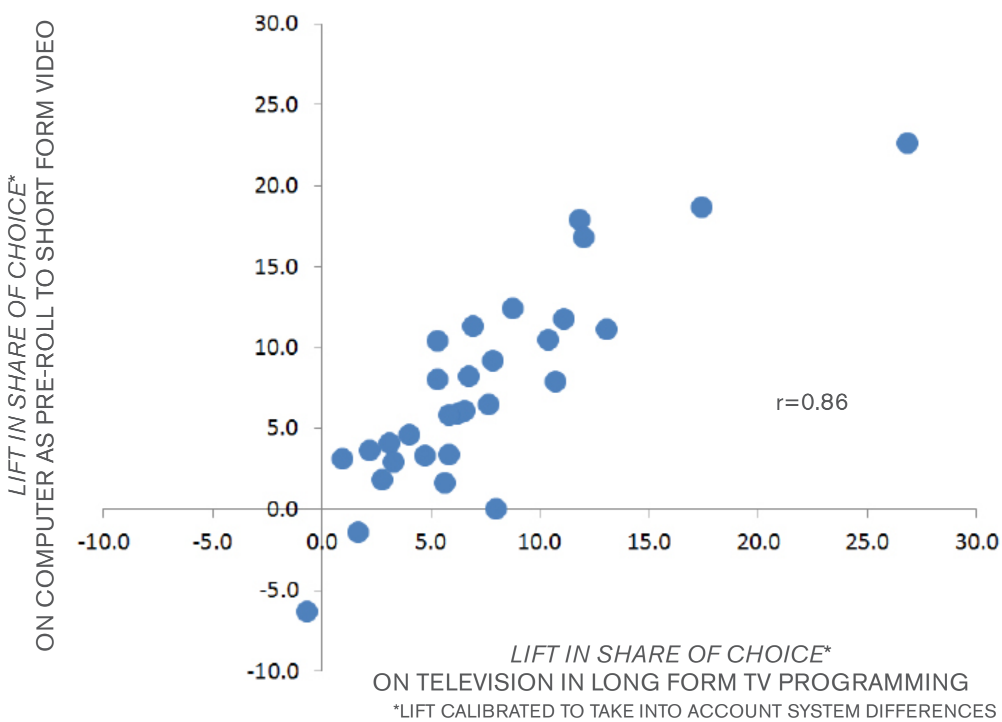
comScore tested the myth's validity using our Share of Choice™ metric, which gauges consumer preference for a brand among its relevant competitive set following exposure to an ad. Lifts in Share of Choice have been proven to strongly correlate with in-market sales lifts, providing a strong indication of the campaign's likely success. The analysis was based on comparing the lift in Share of Choice for 30 different advertisements (15 brands) that were tested in both short-form video as pre-rolls and traditional TV formats. The plots in the graph below represent the relative lifts for a single ad tested in both formats.

The analysis determined that the correlation between the lift in Share of Choice following exposure to pre-roll advertising in short-form online content and the lift in Share of Choice following exposure to advertising on TV is 0.86. This strong correlation suggests that ads that work well on TV also have a high likelihood of working well in digital video format. It also means that the reverse is true. If the creative message is not strong enough on the TV platform, it's not likely to "work" online either. In other words, creative messages perform similarly across these two platforms, and video advertising on digital platforms can be just as effective as advertising on TV.

Digital ad formats are very effective at driving short-term sales, and are on a par with the impact of television advertising over one full year.

Figure 7 Regression Analysis on Lifts in Share of Choice for Pre-Rolls and Television Ads

Source: comScore Internal Methodology Research, 2009

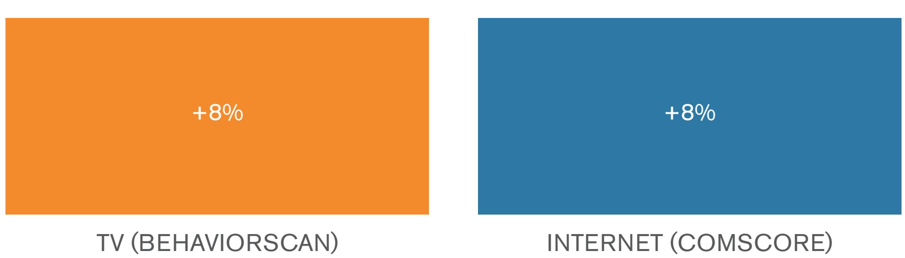


To further confirm the effectiveness of advertising in all online formats, we performed an analysis that compared the lifts in CPG brand sales in retail stores following exposure to TV ads and, separately, following exposure to online ads (including banner and rich media in addition to video). For the television ad exposure measurement, we used IRI's BehaviorScan® results, which showed an 8-percent lift in sales due to exposure to TV advertising over the course of one year. For the online ad exposure, we used comScore's Offline Sales Lift™ capability to measure sales lifts following online ad exposure over the course of three months. We found that the short-term offline lift in CPG brand sales from online advertising matches the longer-term impact of TV advertising (8 percent). These results indicate that digital ad formats are very effective at driving short-term sales, and are on a par with the impact of television advertising over one full year.

Figure 8 Lift in CPG Brand Sales in Retail Stores

*Source: BehaviorScan – 1 year period, comScore – 3 months**

**Assumes 40% HH Internet Reach Against Target*



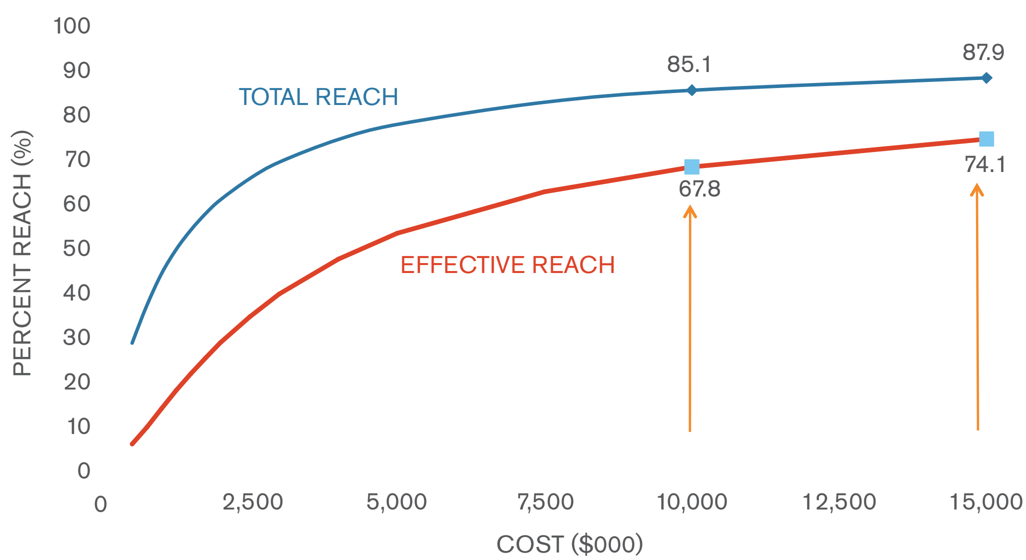
Television advertising reaches a point of diminishing returns, where it becomes more and more expensive to build incremental reach.

MYTH: DIGITAL VIDEO ADS SHOULD BE USED ONLY AFTER OPTIMIZING REACH AND FREQUENCY ON TV

Our second myth is that digital video ads should only be used after reach and frequency have been optimized through TV ads. To evaluate this thinking, below is a campaign case example illustrating the classic principle of diminishing returns.

The chart shows that television advertising reaches a point of diminishing returns, where it becomes more and more expensive to build incremental reach. This is true for total reach and effective reach (which is defined here as 4+ exposures). A brand trying to reach its target audience through TV alone will eventually hit this plateau, where investing more dollars mainly increases frequency of exposure rather than builds incremental reach.

Figure 9 Total Reach and Effective Reach for a TV Campaign as a Function of Cost
Source: comScore Campaign Case Example



The use of online video can effectively build reach without increasing overall spend.

FACT #1: ALLOCATE BUDGET TO TV AND ONLINE VIDEO TO BUILD REACH AND EFFECTIVE REACH

In a simulation conducted using comScore's cross-media databases, which contain media usage from multiple platforms for the same households, we showed that the use of online video can build reach and effective reach when advertising dollars are invested in the TV and digital platforms. In the below case example, we see that continuing to allocate the bulk (i.e., 90 percent) of the advertising to budget to TV and allocating a portion (i.e. 10 percent) to a digital component increases the campaign's reach by 5 percentage points over what could be achieved without the allocation to digital in the media plan. Effective reach is increased by a whopping 16 percentage points. Importantly, this was achieved by allocating dollars across TV and digital platforms.

Figure 10 Impact of Budget Allocation for TV + Non-Digital vs. TV + Digital
*Source: comScore Case Example**

**TV viewing geographic coverage includes metropolitan areas in 22 states.*

Media Plan	GRPs	Cost	Total Reach	Effective Reach
TV + Non-Digital Media	1,000	$10,000	85.1%	67.8%
TV + Digital Media				
TV	900	$9,000	83.7%	65.8%
Digital	500	$1,000	63.8%	44.0%
TV+Digital	1,400	$10,000	90.2%	83.7%
TV + Non-Digital vs. TV + Digital	400	$0	5.1%	15.9%

FACT #2: ADDING DIGITAL TO A TV PLAN INCREASES CAMPAIGN IMPACT

So what is the impact when digital is added to a TV plan? comScore measured the consumer response (in this case, a visit to the advertised brand's website) following exposure to ads on TV only and on both the TV and digital platforms, and indexed the results to TV. We investigated exposures that occurred within three days prior to the website visit. By adding a digital exposure to a TV exposure, we found that there was an increase in persuasion. Consumers who were exposed to one ad on TV and one ad online were 28 percent more likely to visit the brand's website than those exposed to one ad on TV alone. In fact, the impact of two exposures – one on TV and one in digital – was almost as high as the impact of two exposures, both on the TV platform. This reinforces the wisdom of overlaying a digital plan on a TV campaign to boost reach without sacrificing persuasion -- especially when one considers that digital is generally less costly than TV.

Figure 11 Index of Behavior Probability with 3-Day Exposure Window
Source: comScore Multi-Screen Measurement, 2011*

**TV viewing geographic coverage includes metropolitan areas in 22 states.*

TV ads are delivered more broadly, but online can be targeted based on several factors, meaning less waste from impressions delivered outside of target.

Actionable Insights for the Upfronts

Now that you're aware of some key facts about online video and cross-media advertising, let's take a look at some of the most appropriate uses of digital campaigns. For example, how can online advertising be used to reach your target audience? What do you need to consider when editing a TV commercial for digital? The following tips will help.

While it may be true that the use of online and cross-media campaigns require an added level of planning sophistication compared to TV only, there are some important benefits. First, let's investigate the ability of online campaigns to reach your target demographic segments.

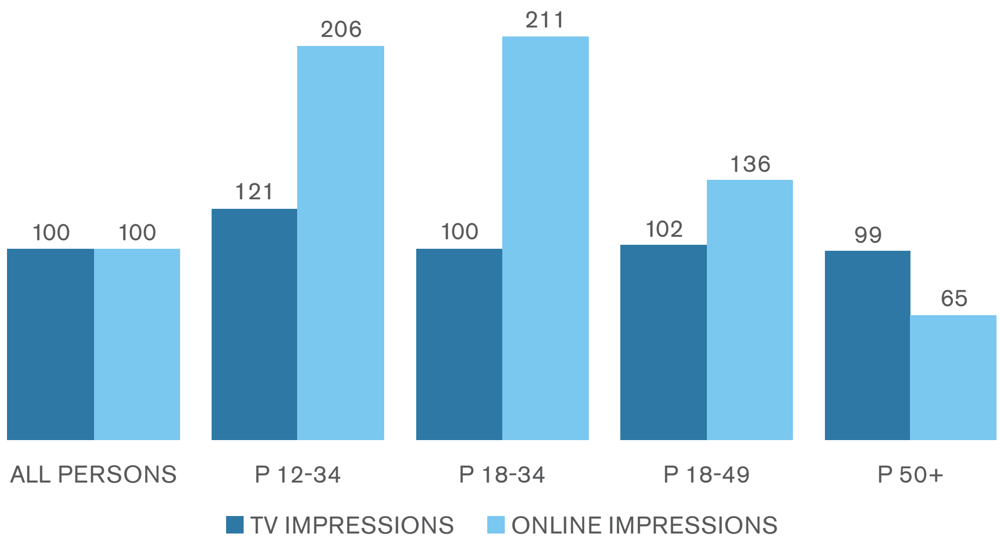
DIGITAL AND CROSS-MEDIA CAMPAIGNS RESULT IN IMPROVED TARGETING

To better understand the precision of cross-media campaign targeting, we aggregated the delivery of TV and online ad impressions across several campaigns and segmented them by age group. The results showed that advertisers can use online to more efficiently reach their desired demographic target. For the campaigns in the study, indices were created by comparing the percent of impressions delivered to the demographic target to the percent that demographic target comprises in the population. (For example, if 10 percent of impressions are delivered to a demographic target that comprises 10 percent of the population, the index would be 100.) Persons 12-34 and 18-34 were twice as likely to have received an online impression compared to other demographic segments that received online impressions. These demographic segments received TV impressions in proportion to their population. To the extent that the campaigns in this study targeted younger demographic segments, online advertising was effective.

This data demonstrates digital's unique ability to reach target audiences online, whether behaviorally or demographically targeted. TV ads are delivered more broadly, but online can be targeted based on several factors, meaning less waste from impressions delivered outside of target.

Figure 12 Index of Impressions Delivered Via TV and Online
Source: comScore Multi-Screen Measurement, 2011*

**TV viewing geographic coverage includes metropolitan areas in 22 states.*



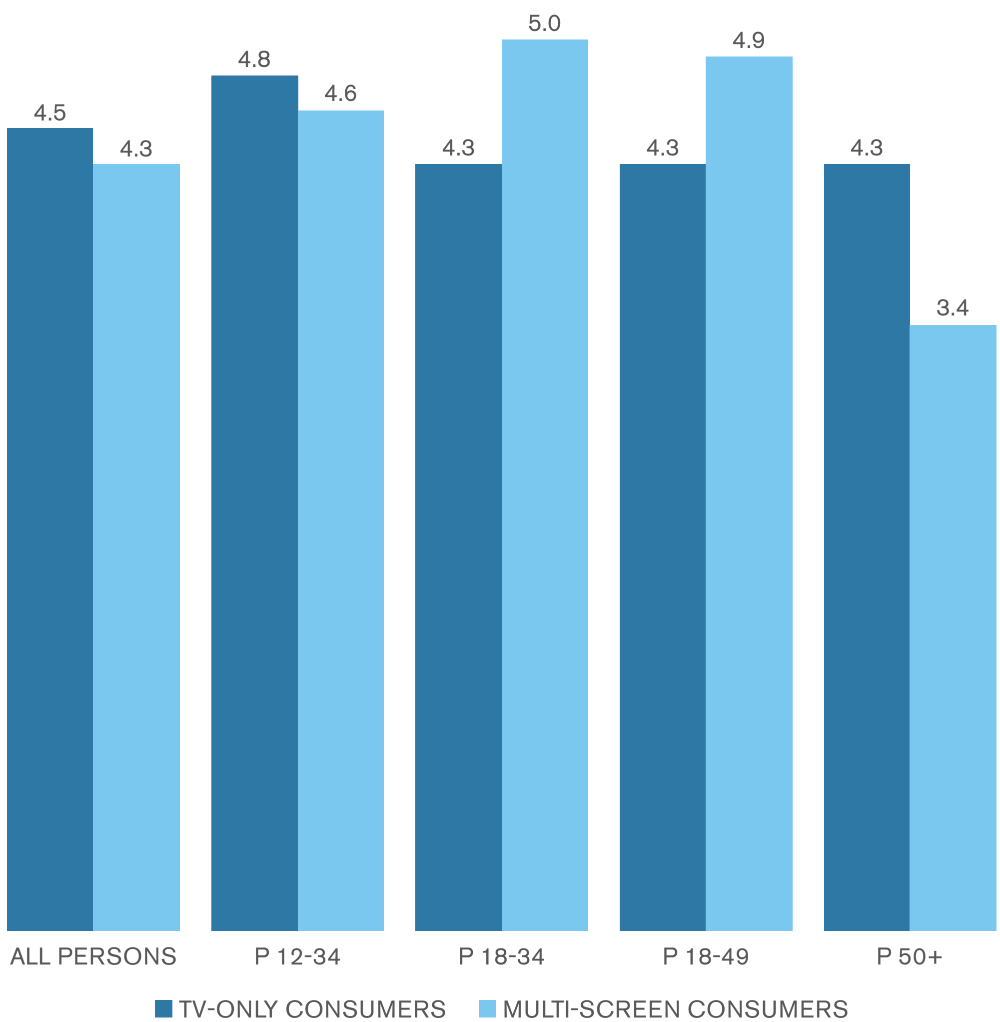
For Multi-Screen consumers, exposure frequency was about half from TV and half from the Internet.

Brands may also be concerned about the frequency of exposures for cross-media campaigns, unsure of whether or not the mix of offline and online exposures can deliver sufficient campaign frequency to all of their target consumers. The question remains: are all consumers receiving sufficient frequency? To investigate this, we aggregated the results of several campaigns to derive the chart below. This frequency distribution shows that Multi-Screen consumers are exposed with approximately the same frequency overall, with marginally higher frequency among Multi-Screen consumers for persons 18-34 and persons 18-49. TV-Only consumers are obviously getting their exposure frequency from TV. Where are Multi-Screen consumers getting their frequency? Exposure frequency for Multi-Screen consumers comes from both TV and Internet. For the campaigns in this study, exposure frequency for Multi-Screen consumers was about half from TV and half from the Internet.

Figure 13 Frequency of Exposure to TV-Only vs. Multi-Screen Consumers

Source: comScore Multi-Screen Measurement, 2011*

**TV viewing geographic coverage includes metropolitan areas in 22 states.*



Approximately 20 percent of a major TV network's digital audience is now viewing content exclusively on the web.

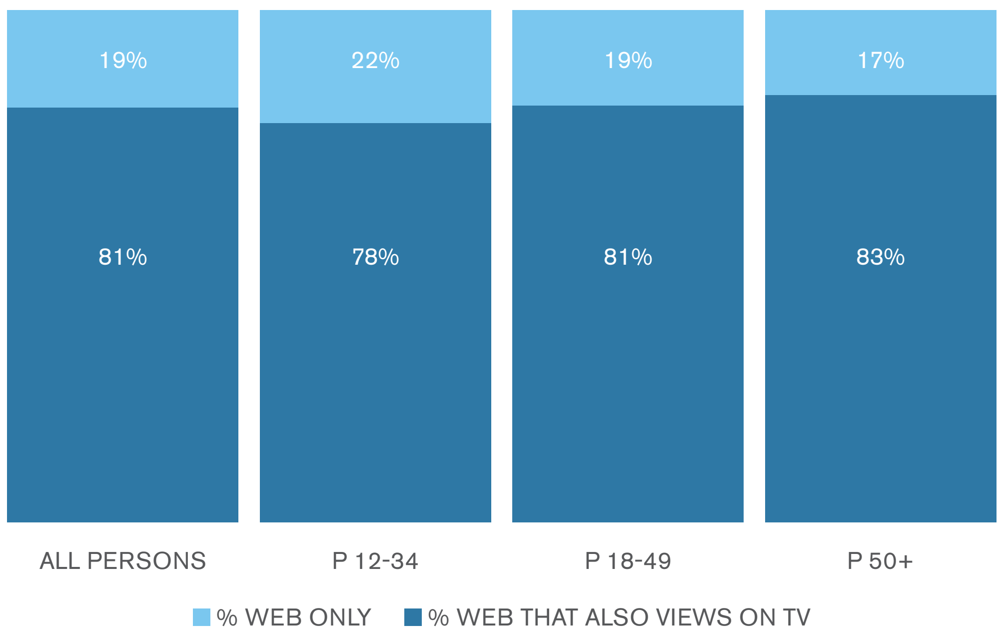
DIGITAL ADVERTISING HELPS ENSURE YOU'RE NOT MISSING A KEY SEGMENT OF YOUR AUDIENCE

As more of a TV network's audience moves online, it will become more difficult to reach them with the desired frequency via traditional television only. The case example below illustrates how approximately 20 percent of a major TV network's digital audience is now viewing content exclusively on the web, which means that an important part of this media company's overall audience can only be reached online. Since this means that the target audience for many brands has moved partly online, it's important for the advertising to follow.

Figure 14 Case Example: Major TV Network's Web Audience Composition

Source: comScore Multi-Screen Measurement, 2011*

**TV viewing data is sourced from a major communication company and covers the metropolitan areas in 22 states.*



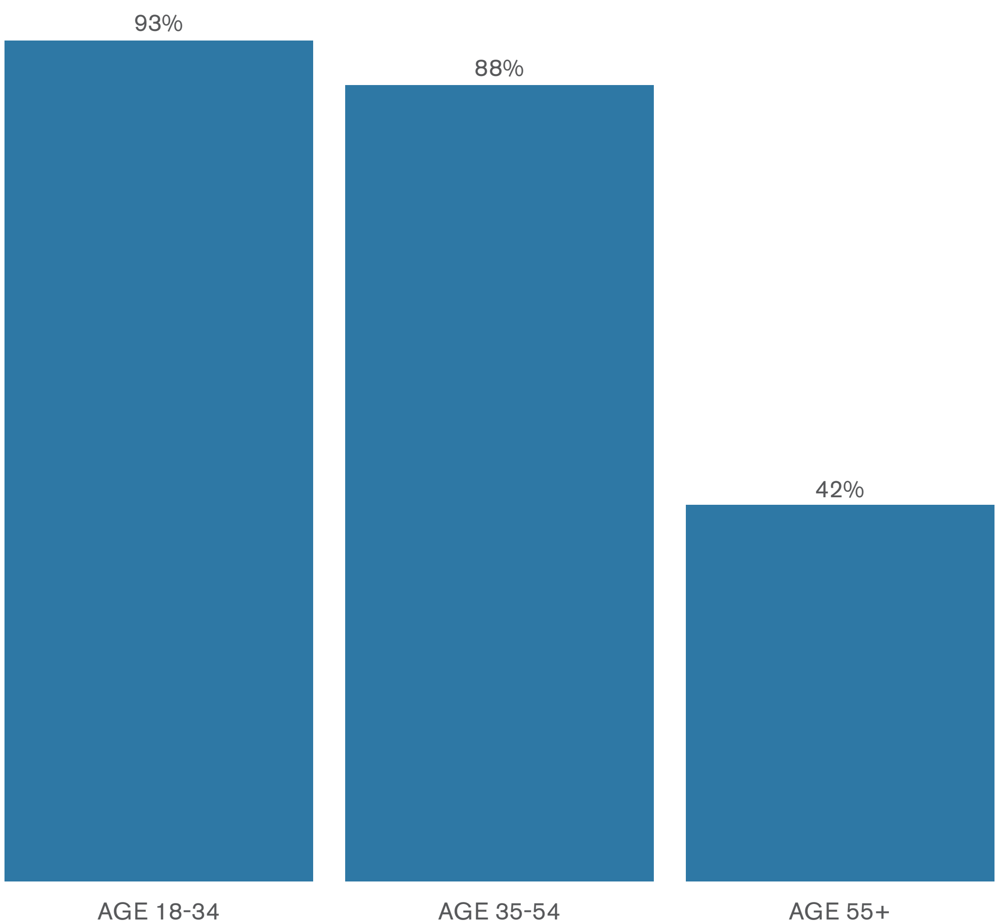
The Internet is used by the vast majority of Millennials ages 18-34.

DIGITAL ADVERTISING IS AN EFFECTIVE WAY TO REACH AND PERSUADE MILLENNIALS

As you consider moving dollars to digital, it's important to bear in mind the age of your target audience. If it happens to be the Millennial generation (currently between ages 18-34), you're in luck. Millennials are the next up-and-coming generation with rapidly increasing spending power, and they have already had a powerful influence on the adoption of new technologies.

The Internet provides a compelling way for advertising to reach younger audiences, whose media consumption patterns are changing to encompass a greater use of digital. The chart below shows that the Internet is used by the vast majority of Millennials ages 18-34.

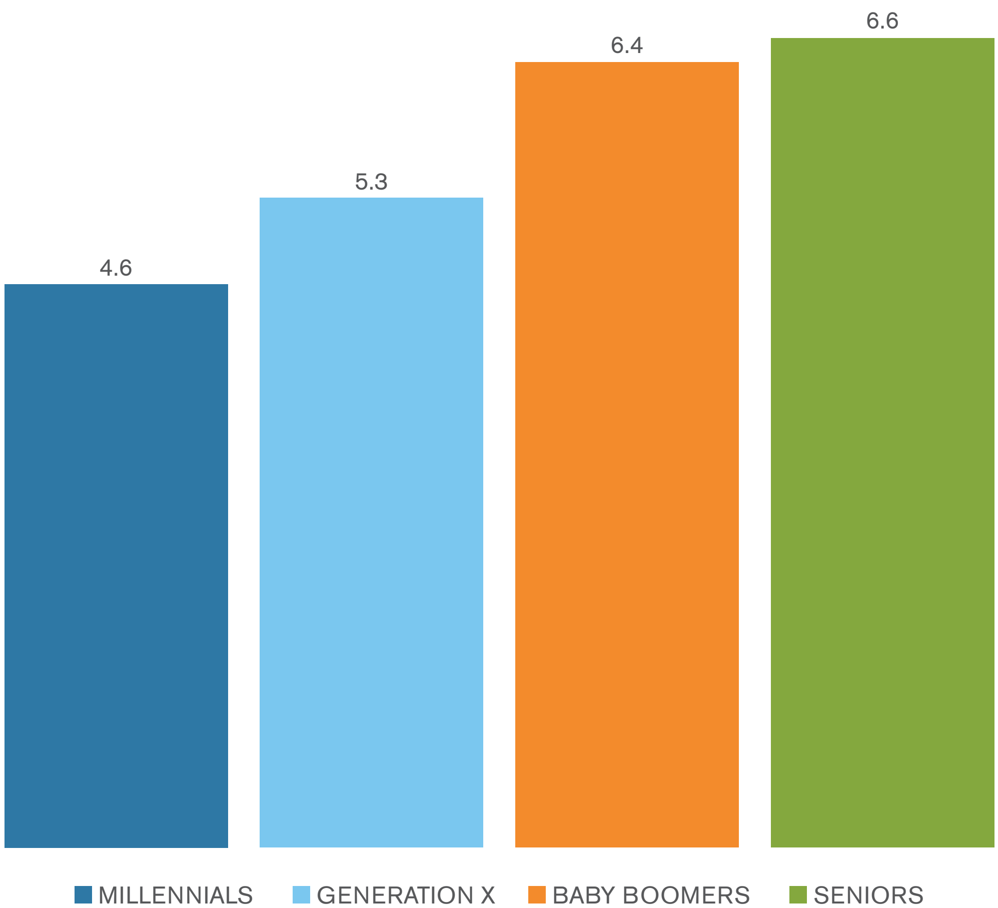
Figure 15 Percent of Consumers Using the Internet by Age
Source: comScore Millennials Research, 2011



Millennials are more difficult to persuade via television advertising when compared to older viewers.

For many years, comScore has been measuring the effectiveness of advertising in impacting brand preference, and we have consistently seen that TV advertising is more effective at changing behavior among older demographic segments compared to younger demographic segments. The results of our most recent study conducted in 2011 in the chart below clearly illustrate this point.

Figure 16 Average Lift in Share of Choice Following Exposure to TV Ads
Source: comScore Millennials Research, 2011

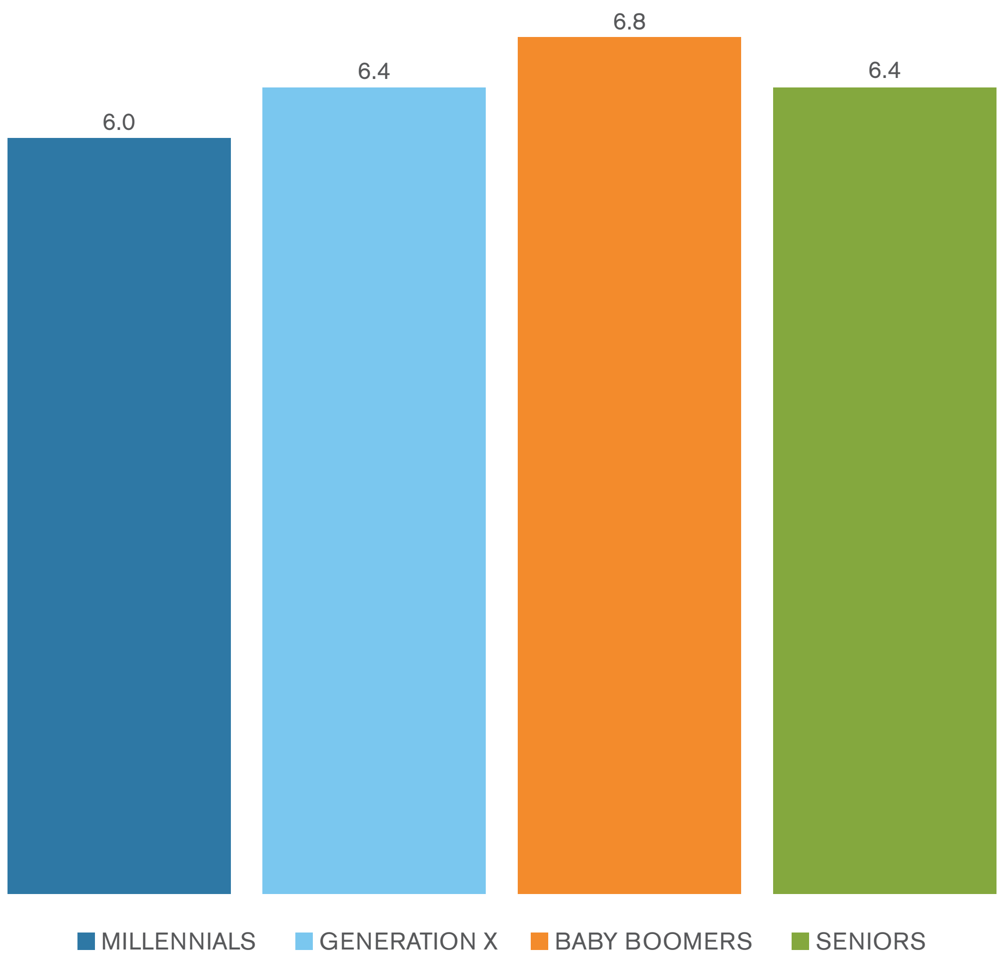


The 2011 study results shown above display a familiar stair-step pattern also seen in previous generational studies, with average TV ad effectiveness increasing with age. Baby Boomers and Seniors are less difficult to persuade via television advertising when compared to Millennials (the youngest generation), with an average lift in Share of Choice that is significantly higher than for Millennials.

It may be Millennials' comfort with technology and all things digital that makes them relatively more responsive to digital advertising versus television.

The same generational groups were also analyzed for digital ad effectiveness. The results suggest that digital advertising performs better in relative terms than does television advertising among Millennials. While Millennials do show the lowest average lift in Share of Choice from digital ads among the generations, the difference is smaller than seen in the case of television. It may be Millennials' comfort with technology and all things digital that makes them relatively more responsive to digital advertising versus television when comparing Millennials to Generation X, Baby Boomers and Seniors.

Figure 17 Average Lift in Share of Choice Following Exposure to Digital Ads
Source: comScore Millennials Research, 2011



EDIT TV ADS DOWN TO 15 SECONDS TO OPTIMIZE FOR DIGITAL PLATFORMS

Realistically, most ad budgets won't allow for completely new commercials to be developed for digital, and it turns out that it's really not necessary. There are a few steps you can take to tweak an ad made for television to optimize it for digital.

The key strategy we recommend is to employ shorter-form ads, which we define as 15 seconds or less. With the speed at which users are accustomed to navigating the Web, they are likely to resist watching a full 30-second ad. But reducing that spot to 15 seconds offers a happy medium with which consumers are more comfortable. Here's how to effectively cut a 30-60 second TV ad spot down to 15 seconds:

1. **Reduce communication to a single idea. Most TV ad spots are long enough to effectively communicate several key messages. But with 15-second ads, it's better to strongly convey a single message for the entire duration.**

2. **Use images and pictures instead of words. Leveraging the lean-forward environment of digital screens will more than compensate for the shortened air time.**

3. **Include 5 seconds of "product shots". These shots are really critical in making the most of the shortened duration. It's important to get to the point and show how the product is used or what it looks like.**

4. **Avoid "storyline" format. This is very difficult to do well in less than 60 seconds, much less 15.**

5. **Cut the correct content. If your ad is still too long, aim to cut scenes with little branding content, superfluous messaging or low interest.**

Concluding Thoughts

As we have shown, adding a digital video component to a brand's TV media plan offers a number of compelling advantages:

1. **It can increase the effective reach of the campaign in a very efficient manner.**

2. **It delivers increased reach and frequency, especially among the advertiser's target audience who are extending their TV consumption to include online video.**

3. **Digital is more effective in changing brand preferences among Millennials.**

4. **Ads can be delivered in 15-second commercials in either long-form or short-form video.**

We realize that the dynamics of the emerging digital and video landscapes may seem complex and overwhelming. And the pace at which things are changing in this multi-platform world can make smart decision-making seem daunting. Television is definitely not going away, and will remain a centerpiece of the media mix for many years to come. But clearly what has happened, through the development of new digital technologies and platforms, is that TV now lives and breathes in a multi-screen environment. Cross-Media consumers represent an emerging segment of the marketplace that must be marketed to in new and creative ways.

About comScore

comScore, Inc. (NASDAQ: SCOR) is a global leader in measuring the digital world and preferred source of digital business analytics. comScore helps its clients better understand, leverage and profit from the rapidly evolving digital marketing landscape by providing data, analytics and on-demand software solutions for the measurement of online ads and audiences, media planning, website analytics, advertising effectiveness, copy-testing, social media, search, video, mobile, cross-media, e-commerce, and a broad variety of emerging forms of digital consumer behavior.

comScore services, which now include the product suites of recent acquisitions AdXpose, Nedstat, Nexius XPLORE, ARSGroup and Certifica, are used by more than 1,800 clients around the world, including global leaders such as AOL, Baidu, BBC, Best Buy, Carat, Deutsche Bank, ESPN, France Telecom, Financial Times, Fox, Microsoft, MediaCorp, Nestle, Starcom, Terra Networks, Universal McCann, Verizon Services Group, ViaMichelin and Yahoo!.

For more information, please visit www.comscore.com

FOR FURTHER INFORMATION, PLEASE CONTACT:

Stephanie Flosi
comScore, Inc.
+1 312 777 8801
press@comscore.com

Stay Connected

Follow @comscore

Available on the App Store

comScore.