

The Importance of Ad Relevancy and the Viewer Experience

Dear Friends and Partners,

Since the onset of advertising, brands have been looking for ways to improve the effectiveness of their ads to make them more impactful. A key aspect of impact is ensuring that ads are relevant to the intended audience to create a meaningful connection between a brand and viewer.

Today, as new technical capabilities create opportunities for more relevant advertising, we wanted to understand how relevancy impacts the viewer experience.

We started the FreeWheel Viewer Experience Lab to help the industry understand the importance and necessity of a great viewing experience for audiences, and how that ultimately benefits both advertisers and publishers. This latest research, conducted with **MediaScience**, investigates the role that tailored, relevant ads play in enhancing the viewer's connection to the content and ads they are watching, and how that can lead to better brand outcomes. It also provides a framework for developing relevant ads and suggests ways that buyers and sellers can come together to take advantage of these opportunities.

With more choice of where and when to watch premium content, audiences remain in control. Understanding how ad experiences can impact their overall viewing, engagement, and enjoyment is crucial to succeeding in a multiscreen TV landscape.

Mark McKee

General Manager, FreeWheel



Purpose of the Research

The <u>Viewer Experience Lab</u> is committed to helping the industry understand how to create a great viewing experience for audiences. Previous reports included <u>Designing a Better Ad Pod</u> and <u>Improving the Quality of Ad Experiences</u>.

This latest report, Making the Ad Experience More Relevant, shares insights into how relevant ads can have a positive impact on brand outcomes. It will also lay out the steps that buyers and sellers need to consider when developing more relevant ad experiences for their audiences.

This data is primarily from an at-home study conducted in partnership with MediaScience, where viewers were shown TV ads and their responses and experiences examined. Additionally, the report also includes eye tracking data from TVision to understand visual attention to ads in relevant program categories.

Summary of Key Findings



Viewers

Viewers have a more complementary viewing experience when ads are relevant, reporting 2X more liking and over 2X more engagement.



Buyers

Advertisers benefit from the increased attention and the 2X higher recall that occurs when their ads relate to the audience or content.



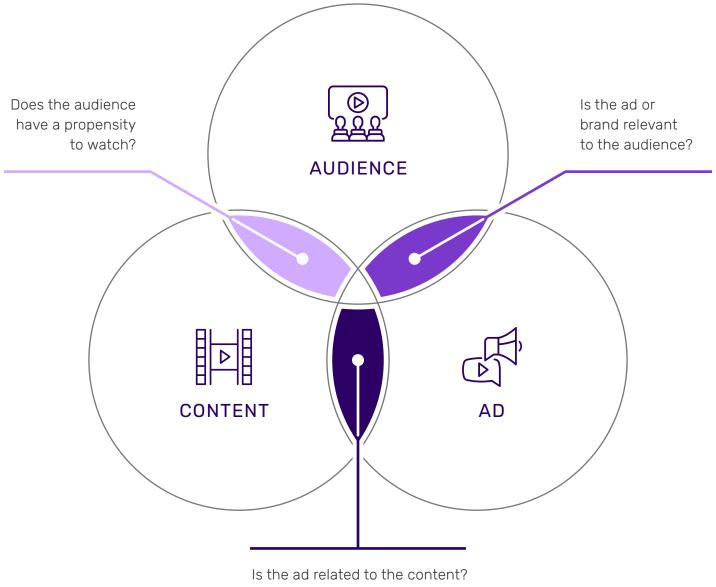
Sellers

Publishers hold the key to enabling relevancy in advertising.

Relevancy in **Advertising Takes Many Forms**

Relevancy in advertising is about the audience, content, and ad - and their relation to one another.

Relevancy can be defined as contextual (based on the content) and behavioral (based on the viewer).



(Tone, scene, product, or topic)

Viewers Are Twice as Engaged When Ads Are Relevant

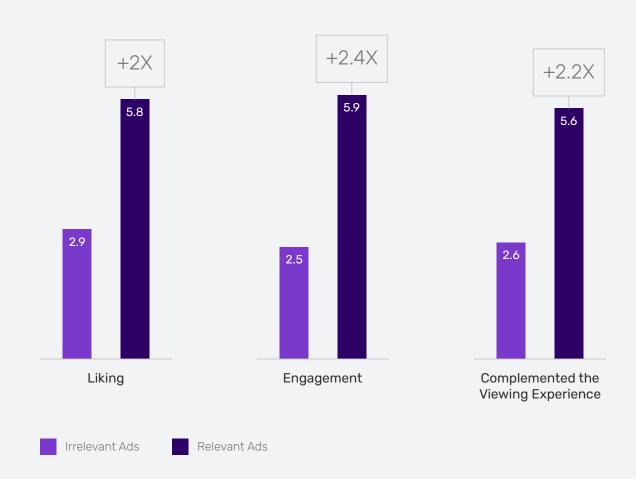
TV ads can best be described as entertaining and informative but only 13% of people would best describe them as relevant.¹ Developing ads that are relevant has important benefits.

Ad liking and engagement are significantly higher for ads that viewers feel are relevant to them. Most importantly, relevant ads complement the viewing experience, which can result in greater attention during ad breaks.

AD RATINGS BY AD RELEVANCY (AS DEFINED BY VIEWER)

Respondent Ratings: Scale 1 - 7, 7 Being Best²

Relevant ads determined by viewer response to post exposure survey question.



GWI, Oct 2023.

^{2.} FreeWheel Viewer Experience Lab study conducted by MediaScience, Nov 2023. For data shown, n=461.

Relevant Ads Lead to Better Outcomes for Brands

Content relevancy paves the way for greater attention during ad breaks. 46% of people say they are likely to pay attention when the ad relates to the content they are viewing. Eyes on screen data showcases examples of the increased attention garnered by advertiser categories relevant to the content genre. Brands benefit from this increased attention with greater recall and a lift in purchase intent.

2X

higher unaided recall for relevant ads²

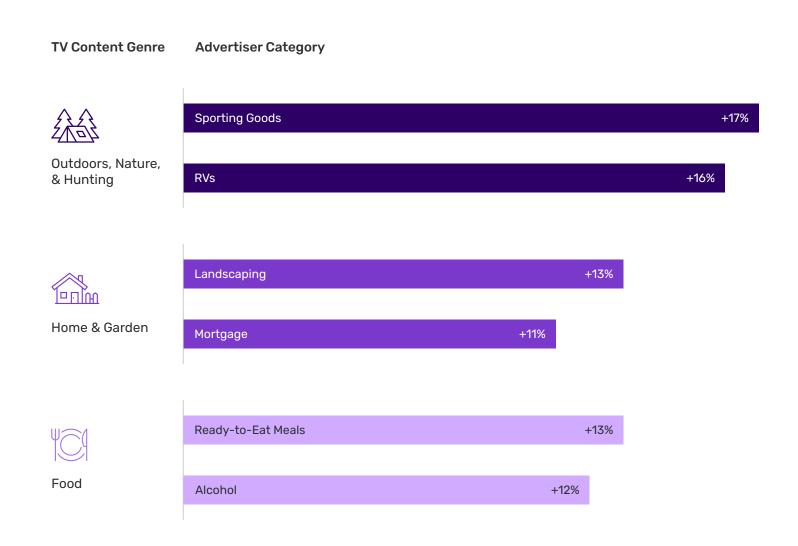
5.2X

higher brand purchase intent²

- 1. Comcast Advertising consumer survey conducted by CINT, n=1789, Dec 2023.
- FreeWheel Viewer Experience Lab study conducted by MediaScience, Nov 2023.
 For data shown, n=461. Compared to ads viewers rated as irrelevant to them.
- 3. TVision, 1H 2024. Attention to Duration Index. Programs aggregated across networks and grouped into categories based on genre of content (n=736).

ATTENTION LIFT BY CATEGORY FOR RELEVANT ADVERTISERS³

Attention lift: lift in visual attention to ads for that category compared to all categories within genre.



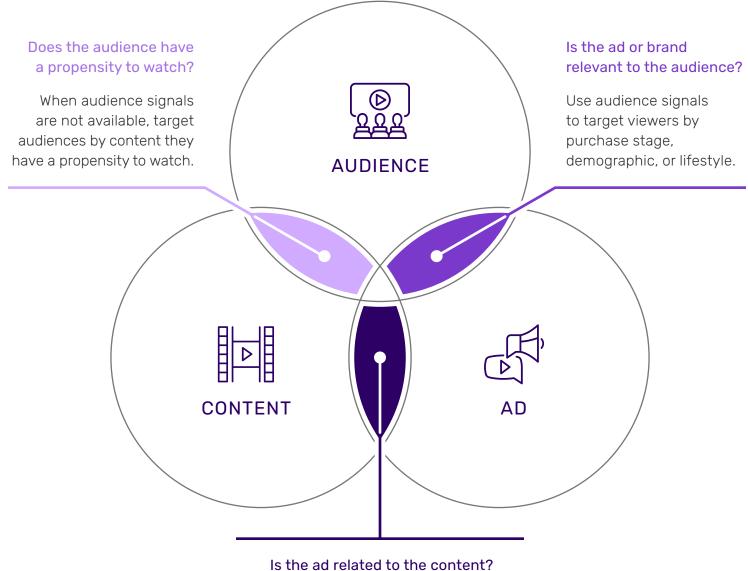
How to Make Advertising More Relevant

Advertisers Should Consider Targeting From All Angles

Today, advertisers can leverage publisher first-party data and identity graphs for behavioral audiences. These are enabled within demand-side platforms and activated via direct deals.

In the absence of audience signals, audiences can be targeted where they have a propensity to watch, or ads can be served contextually within relevant content.

Targeting behaviorally or contextually is not an either-or approach, as advertisers can utilize different approaches based on desired outcomes.



Is the ad related to the content? (Tone, scene, product, or topic)

Target genres that relate to the ad, or contextually target content segments with elements or tone that align with the ad.

Publishers Hold the Key to Enabling Relevant Ads

Many publishers have audience targeting solutions in place to behaviorally target, but contextual signals are less common and require more effort. Unlike digital advertising, there is no page to crawl for content signals. Publishers should consider what types of contextual signals they can enable and how they will classify them.

RECOMMENDATIONS

Analyze Video at Scale

Contextual solution providers can analyze content at scale and be integrated within the ad server, giving buyers access to contextual signals to facilitate the delivery of more relevant ads to transact on directly or programmatically.

Classify Content

There are standard taxonomies used to classify content like the IAB's Content Taxonomy 3.0 that allow publishers to easily pass signals in programmatic bid streams.

Why Relevancy Matters to Publishers



Alternative Targeting Opportunities

Provides additional targeting options as privacy becomes more complex and signal loss continues.



Monetization Opportunities

Makes it easier to monetize supply that can be challenging to sell without more specific content signals (e.g., news, FAST content).



Inventory Insights

Contextual signals provide valuable details about inventory with little associated metadata.

Improving Ad Relevancy Is Essential

One thing remains clear: TV, in all its forms, is not going away and advertising will always play an important role in its evolution across traditional and streaming. However, we as an industry need to continue to improve the ad experience for audiences so their overall viewing experience is enhanced.

As access to audience signals continue to erode, alternative forms of ID-less targeting can help create a relevant viewing environment that benefits both viewers and brands.

Relevancy can take many forms including (but not limited to) targeting audiences by way of content they have a propensity to watch, targeting audiences based on who they are, and aligning advertiser creative with program content or content segments.

For these types of targeting to be enabled, it will take effort on both the buy and sell sides.

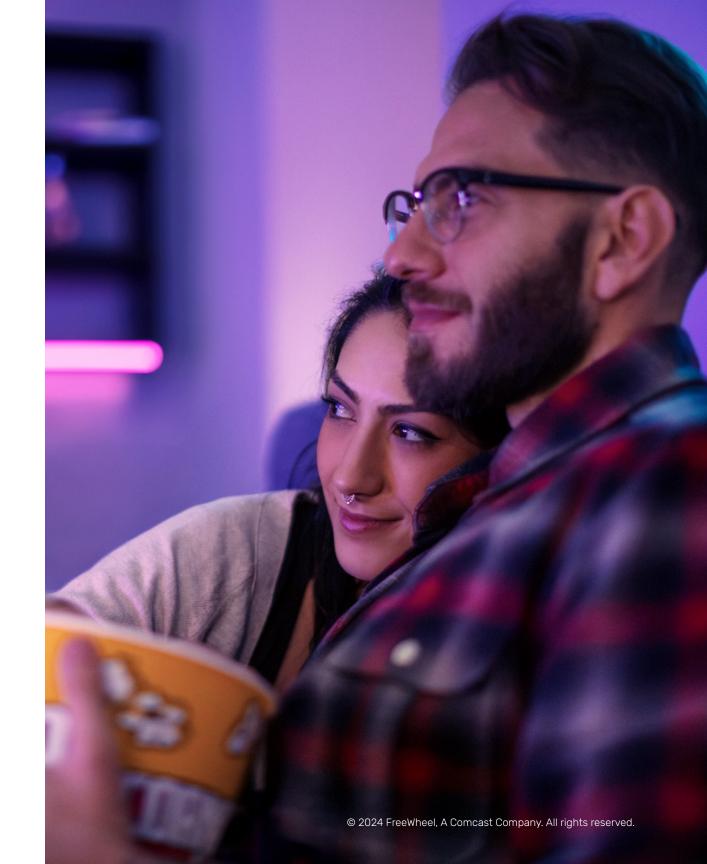
CONSIDERATIONS

Sell-Side

Work with a tech partner who can give optionality to work with many vendors, integrate an in-house solution, or provide the tools to help publishers classify content.

Buy-Side

Determine the relevant signals to transact on via direct partnerships or programmatically by considering the audience, ad/content creative and brand elements.





About the FreeWheel Viewer Experience Lab

The FreeWheel Viewer Experience Lab is designed to help media companies improve the quality, quantity, and relevance of TV advertising through quantifiable research, solutions, and technology. To learn more, visit freewheel.com/viewerexperiencelab.