SKIPPING
AROUND
THE WORLD

OPTIMIZING SKIPPABLE VIDEO

MAGNA

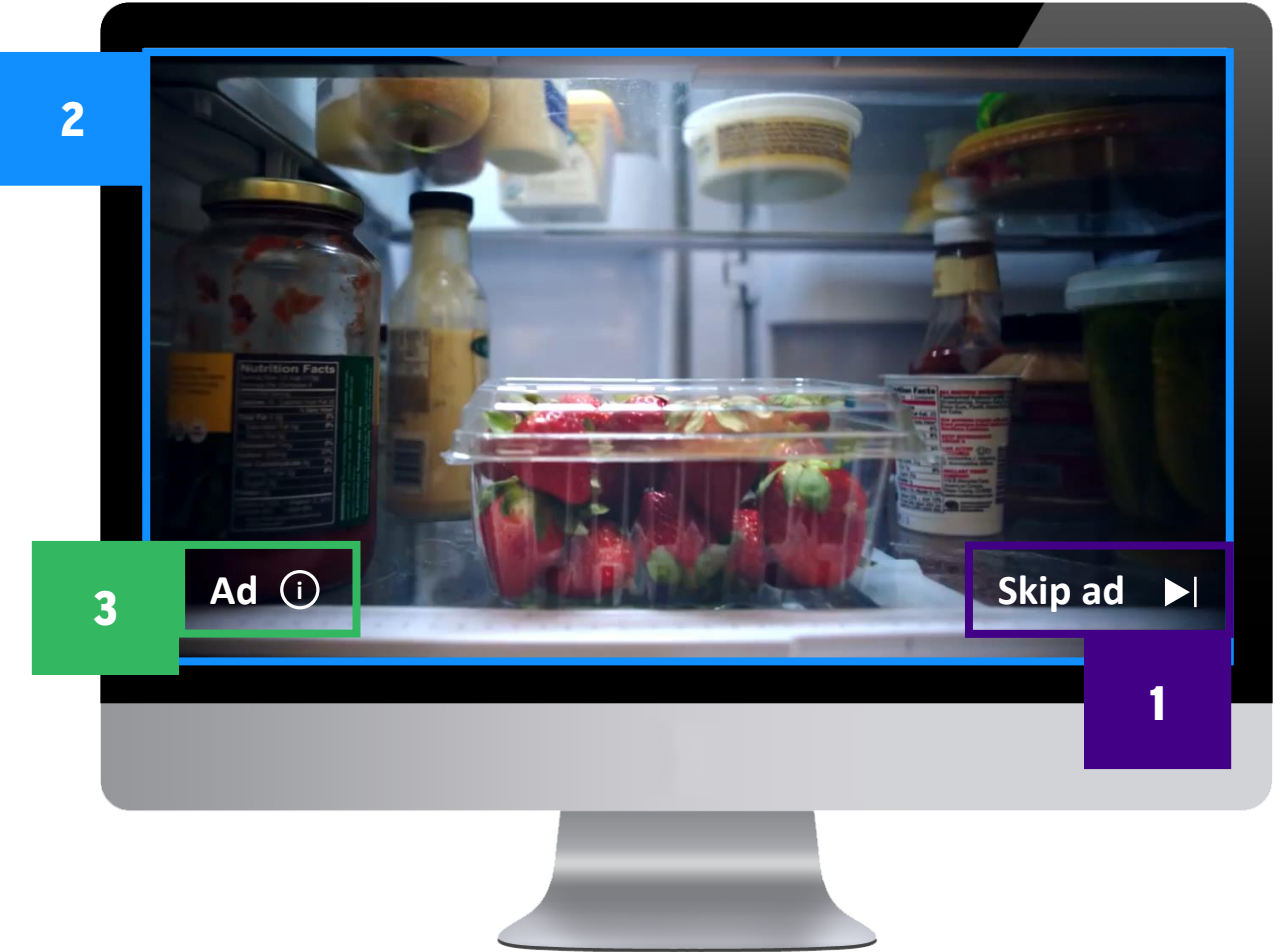IPG MEDIA LAB

GLOBAL DIGITAL SPEND IS ON THE RISE

Global Digital Video Spend

$90B	
$60B	
$30B	

| 2014 | 2015 | 2016 | 2017 | 2018 E | 2019 E | 2020 E | 2021 E | 2022 E |
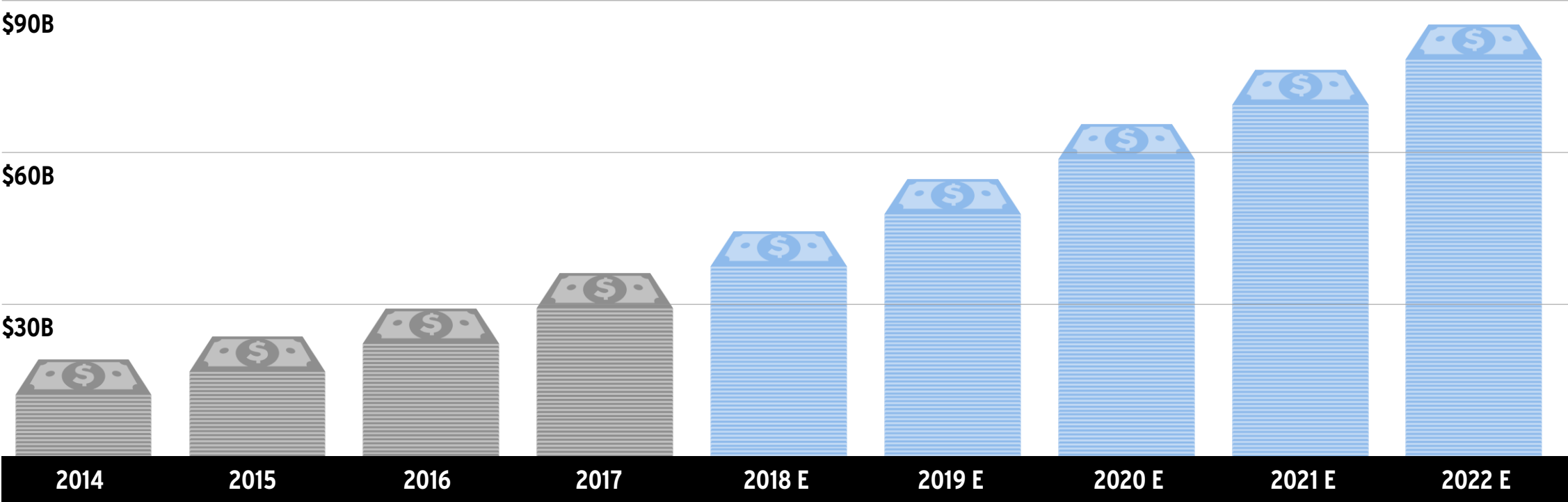
IN THIS MEDIA TRIAL WE WANTED TO KNOW:

Skip ad ▶|

Ad ⓘ

1

Are there differences in skipping behavior between global markets?

2

How do consumers around the globe respond to skippable and non-skippable ads?

3

What can we do to optimize our digital video buys?

GLOBAL REACH

ASIA PACIFIC
Australia
India
Malaysia
Thailand

LATIN AMERICA
Chile
Colombia
Mexico

EUROPE
Germany
UK

N. AMERICA
Canada

METHODOLOGY

RECRUIT PARTICIPANTS

Participants recruited globally from nationally representative online panel across **PC** and **Smartphone** devices

- n=21,056
- (PC=12,837, Smartphone=8,219)

DEMOGRAPHIC + MEDIA QUESTIONS

Initial survey with demographic and media consumption questions

1

2

4

3

Survey to measure traditional brand metrics and gather qualitative feedback
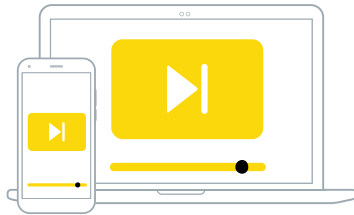
SURVEY + MEASUREMENT

Participants randomized into two test cells and selected YouTube content to view. Passive metrics tracked to gauge pre-roll ad viewing behaviors
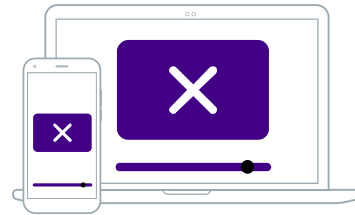
MEDIA EXPOSURE

WHAT WE TESTED

CONTROL

AD DESCRIPTION
Skippable pre-roll PSA (Public Service Announcement) ads followed by video content

TIME
:15 sec ads | :30 sec ads*
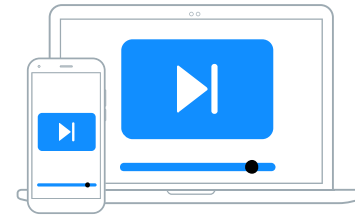
NON-SKIPPABLE VIDEO

AD DESCRIPTION
Non-skippable pre-roll ad for test brand followed by video content

TIME
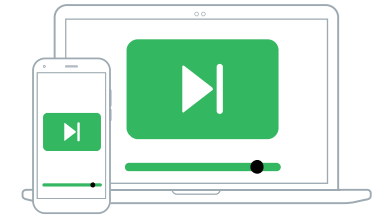:6 sec ads | :15 sec ads | :30 sec ads*

SKIPPABLE VIDEO

AD DESCRIPTION
Skippable pre-roll ad for test brand followed by video content

TIME
:15 sec ads | :30 sec ads*

CREATIVE STRATEGY VIDEO

AD DESCRIPTION
Skippable pre-roll ad for test brand followed by video content

TIME
:15 sec ads | :30 sec ads*

CREATIVES
- Emotional vs Non-Emotional
- Story vs Product
- Organic vs Forced Branding
- Branding Present in 1st :05 Seconds

Skippable Video Ads can be skipped after 5 seconds of viewing time
*In Malaysia, :30 sec ads were tested instead of :15 sec ads

EXTENSIVE PROJECT SCOPE

2
DEVICES

10
COUNTRIES

15
INDUSTRY VERTICALS

47
BRANDS

440
TEST CELLS

21,056
CONSUMERS

15 INDUSTRIES TESTED

VERTICALS	ASIA PACIFIC				LATIN AMERICA			EUROPE		N. AMERICA
	INDIA	MALAYSIA	THAILAND	AUSTRALIA	MEXICO	CHILE	COLOMBIA	GERMANY	UK	CANADA
Alcohol			●							●
Automotive					●			●		
Beauty Products	●		●				●		●	
Beverage				●						
E-Commerce	●							●		
Electronics				●	●			●	●	
Finance		●	●		●					●
Food			●		●	●				
OTC Medicine			●							
Personal Care				●	●	●	●			
Quick Service Restaurants		●								●
Retail						●				
Telecommunications	●	●					●			●
Toys			●							
Travel							●		●	●

AD *SKIPPING*
IS A GLOBAL
PHENOMENON ❯❯❯❘

SKIPPING IS A UNIVERSAL BEHAVIOR…

■ Skipped ■ Completed

48%
COMPLETED

52%
SKIPPED
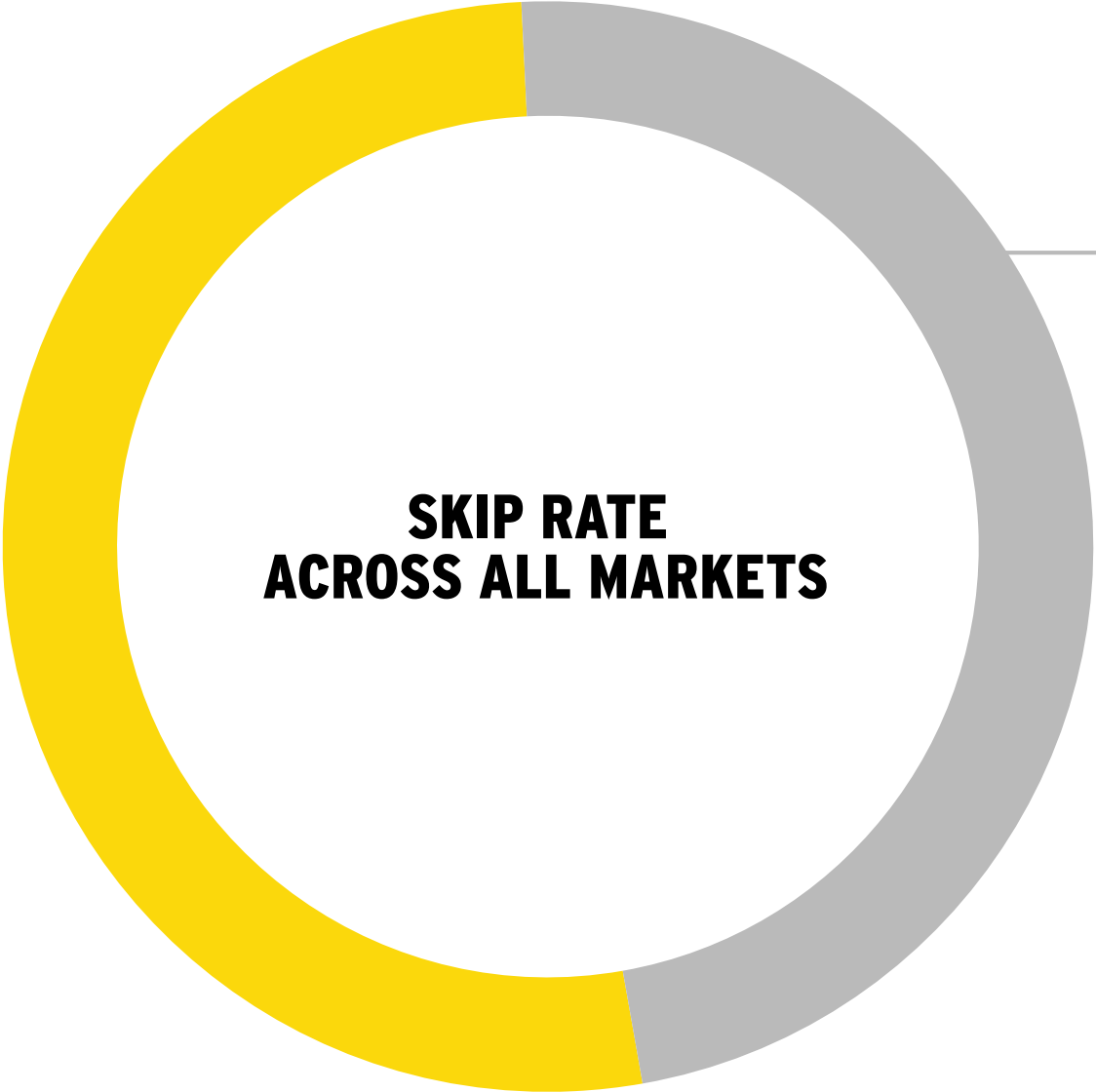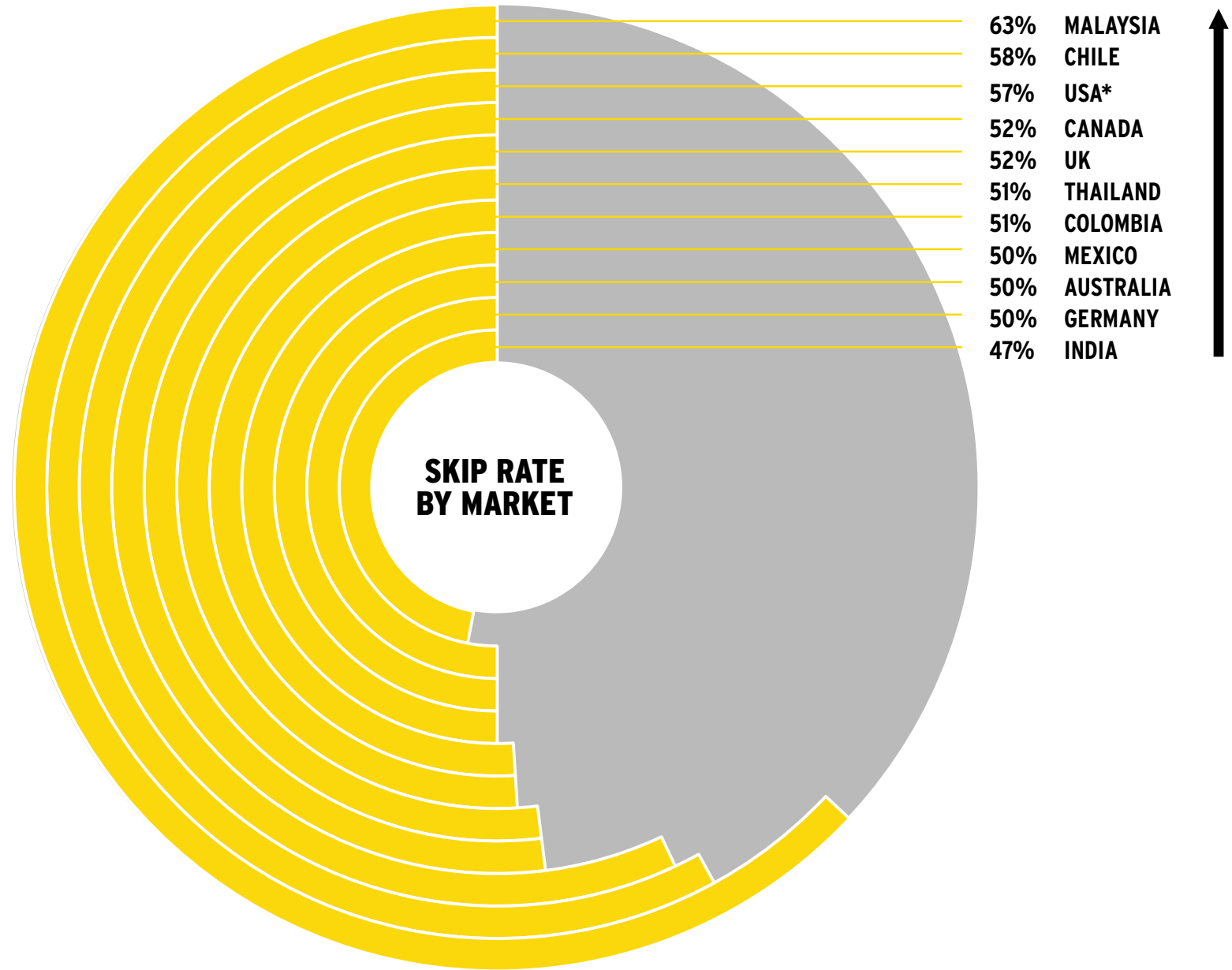
**SKIP RATE
ACROSS ALL MARKETS**

WITH SOME VARIATION BY COUNTRY

■ Skipped ■ Completed

SKIP RATE BY MARKET

63% MALAYSIA
58% CHILE
57% USA*
52% CANADA
52% UK
51% THAILAND
51% COLOMBIA
50% MEXICO
50% AUSTRALIA
50% GERMANY
47% INDIA

MAGNA IPG MEDIA LAB 11 /

WITH SOME VARIATION BY COUNTRY

■ Skipped   ■ Completed

SKIP RATE BY MARKET

63%	MALAYSIA
58%	CHILE
57%	USA*
52%	CANADA
52%	UK
51%	THAILAND
51%	COLOMBIA
50%	MEXICO
50%	AUSTRALIA
50%	GERMANY
47%	INDIA
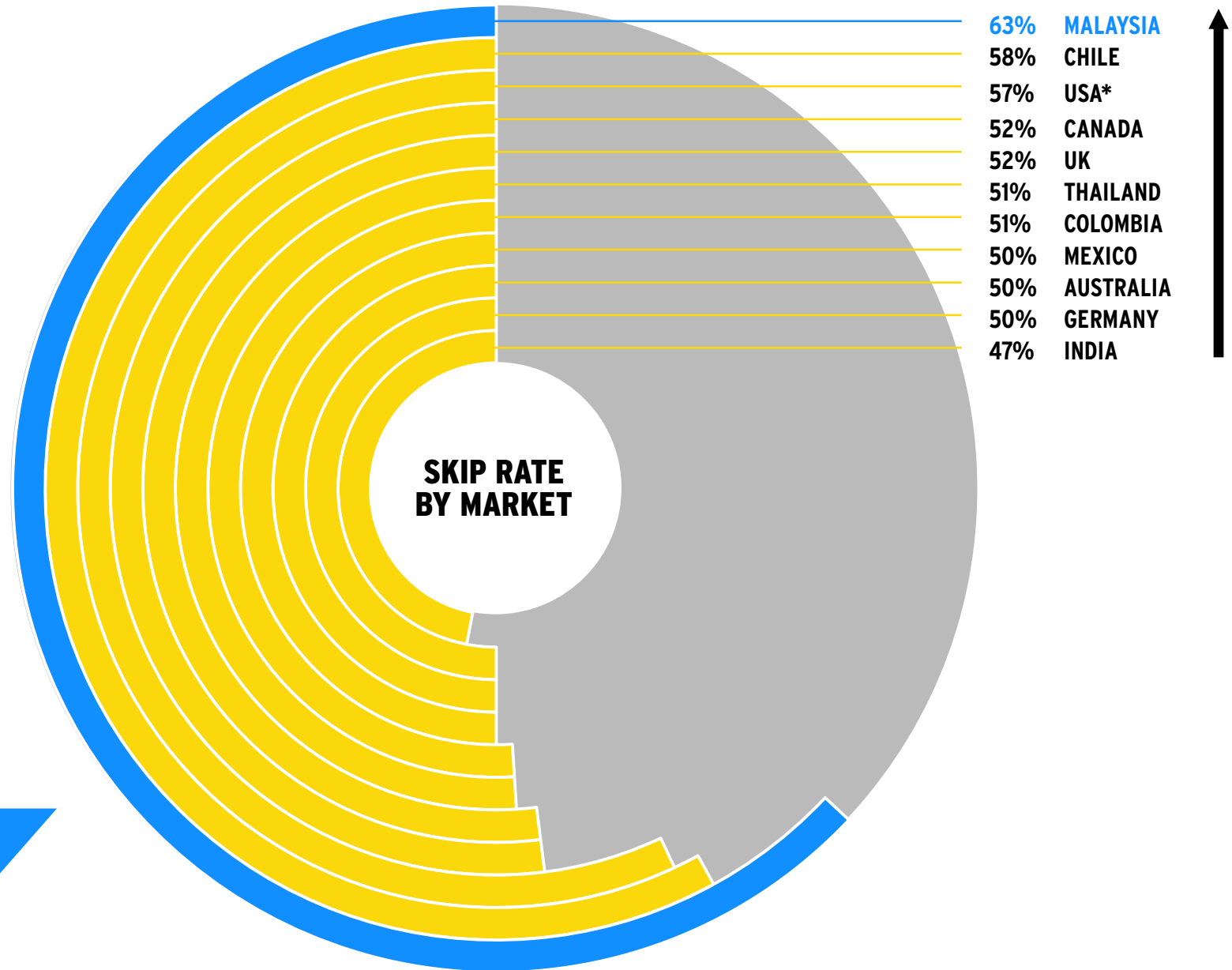
MALAYSIA
Skip rates highest in Malaysia, likely because longer ads (:30 sec) may be more typical

NO DEVICE IS IMMUNE TO SKIPPING

SKIP RATE ACROSS ALL MARKETS BY DEVICE

46%
COMPLETED

54%
SKIPPED

PC

49%
COMPLETED

51%
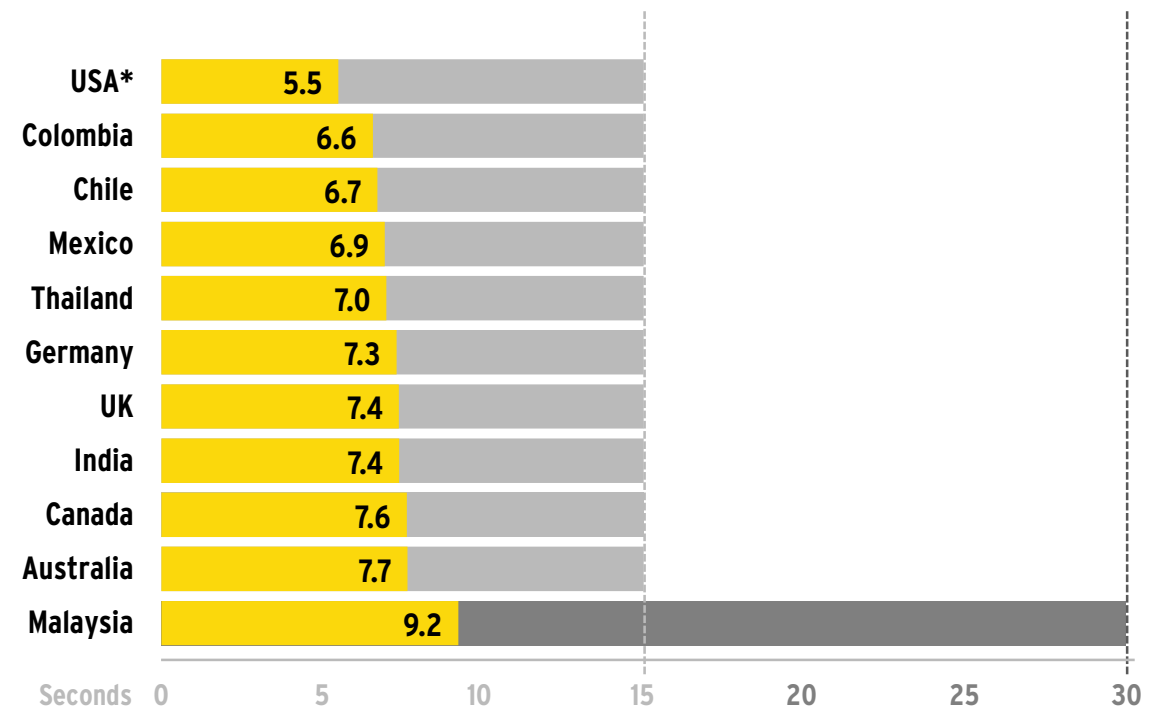SKIPPED
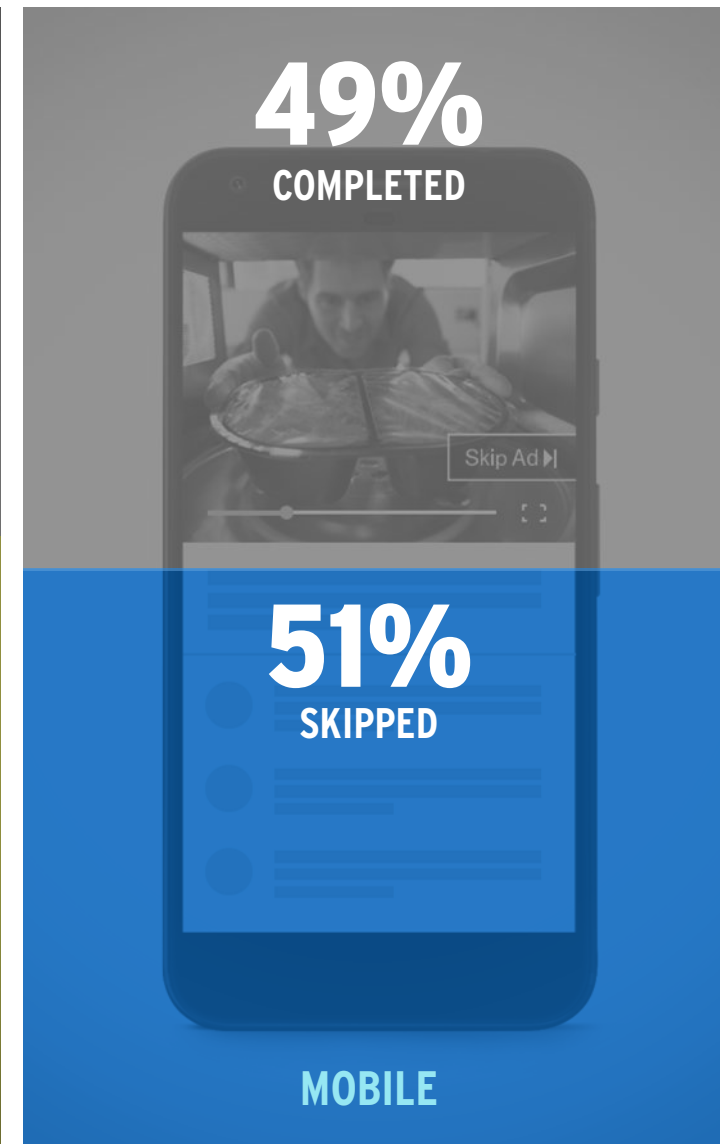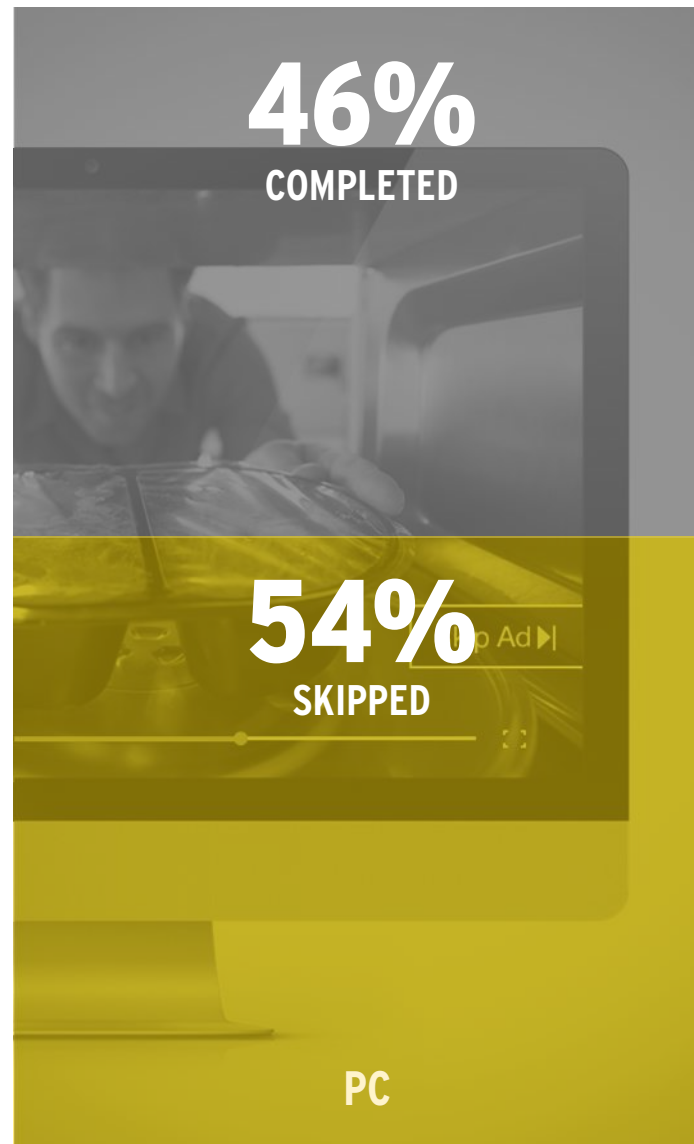
MOBILE

ADS DON'T MAKE IT MORE THAN A FEW SECONDS ONCE THE SKIP BUTTON APPEARS

AVERAGE # OF SECONDS PRIOR TO SKIP ACROSS ALL MARKETS

7.2 sec avg.

:15 SKIPPABLE PRE-ROLL
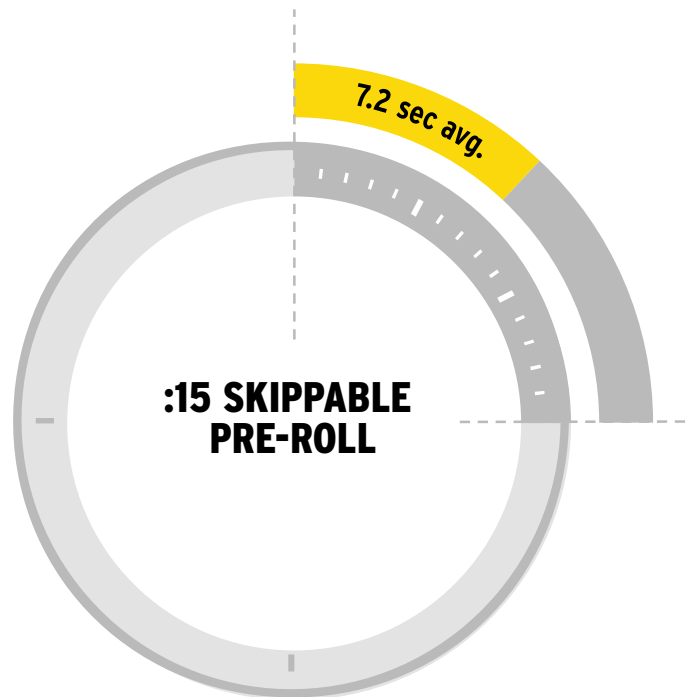
AVERAGE # OF SECONDS PRIOR TO SKIP BY MARKET (15 SEC + 30 SEC)

Market	Seconds
USA*	5.5
Colombia	6.6
Chile	6.7
Mexico	6.9
Thailand	7.0
Germany	7.3
UK	7.4
India	7.4
Canada	7.6
Australia	7.7
Malaysia	9.2

Seconds   0   5   10   15   20   25   30

WHILE SKIPPING COMES AS SECOND NATURE TO MOST, SKIPPING IN ASIA IS IN PART MOTIVATED BY AD LENGTH

Top Two Reasons For Skipping By Market

- **Usually skip**
- **The ad was too long**
- **Ad was not relevant**

ASIA PACIFIC

In Asian countries, advertisers should pay close attention to ad length

- India: 20%, 48%
- Malaysia*: 23%, 45%
- Thailand: 31%, 29%
- Australia: 19%, 70%

LATIN AMERICA

- Mexico: 23%, 50%
- Chile: 17%, 61%
- Colombia: 17%, 61%

EUROPE

- Germany: 23%, 60%
- UK: 16%, 72%

N. AMERICA

In most countries, skipping is ingrained behavior

- Canada: 12%, 74%
- USA**: 14%, 76%
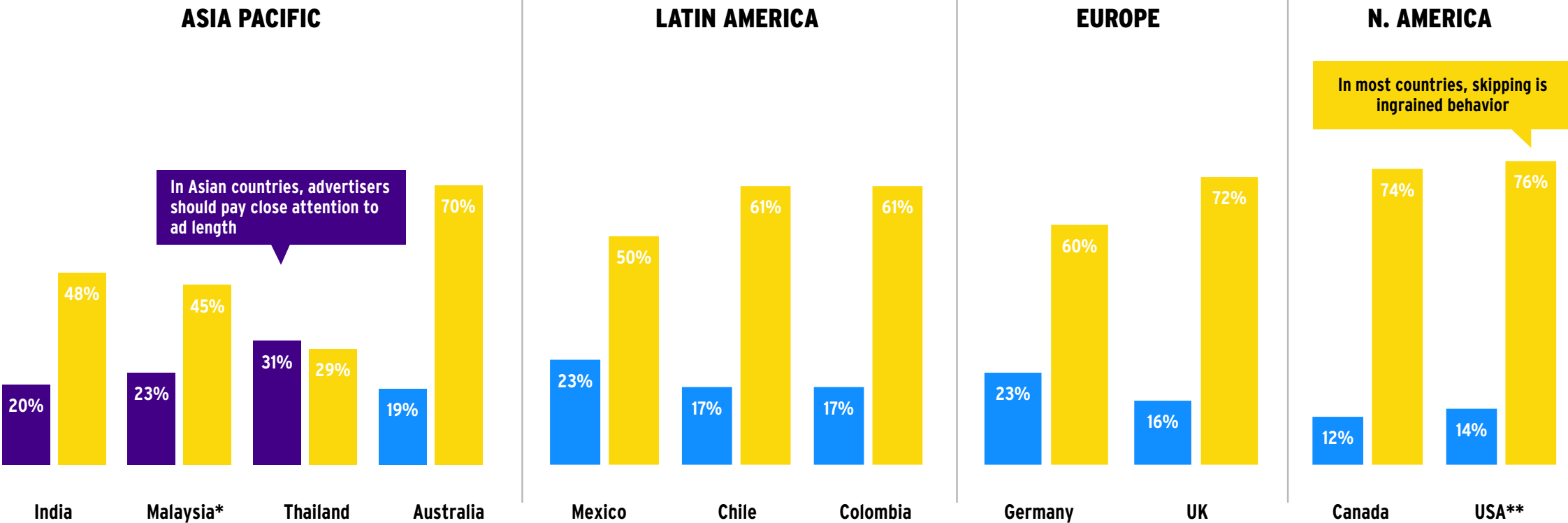
(PC/Mobile, Skippable Pre-Roll Ad) Skipped n=6,097
*Malaysian ads are :30 sec | **Source: Turbocharging Your Skippable Pre-Roll Campaign 2016 - MAGNA Global and IPG Media Lab

MAGNA   IPG MEDIA LAB   **15 /**

31%
THE AD WAS SHORT ENOUGH TO WAIT

25%
THE AD WAS ENJOYABLE

15%
I LIKED THE BRAND

9%
I DID NOT KNOW I COULD SKIP

6%
I JUST "TUNED" OUT

11%
THE AD WAS RELEVANT TO ME

3% OTHER

KEEP ADS SHORT AND FUN TO KEEP CONSUMERS ENGAGED

Reasons for not skipping across all markets
Q: What is the primary reason you did not skip the ad?

(PC/Mobile, Skippable Pre-Roll Ad)
Not Skipped n= 2,994
(rebased sample size)

IN MOST MARKETS, AD LENGTH IS THE TOP REASON CONSUMERS CHOOSE NOT TO SKIP

TOP REASON FOR NOT SKIPPING

REGION/COUNTRY	TOP REASON FOR NOT SKIPPING
ASIA PACIFIC	
INDIA	Enjoyable Ad
MALAYSIA*	Enjoyable Ad
THAILAND	Ad Length Was Short
AUSTRALIA	Ad Length Was Short
LATIN AMERICA	
COLOMBIA	Enjoyable Ad
CHILE	Ad Length Was Short
MEXICO	Ad Length Was Short
EUROPE	
GERMANY	Ad Length Was Short
UK	Ad Length Was Short
N. AMERICA	
CANADA	Ad Length Was Short
USA**	Ad Length Was Short

> Utilizing even shorter ads in India & Malaysia could prompt people to watch them in full

> Short ad length was a close contender in Colombia

(PC/Mobile, :15/:30 sec Skippable Pre-Roll Ad) Not Skipped n= 2,994 (rebased sample size)
*Malaysian ads are :30 sec | **Source: Turbocharging Your Skippable Pre-Roll Campaign 2016 - MAGNA Global and IPG Media Lab

CAN ADVERTISERS DEFEND AGAINST SKIPPING? 》》❯I

IN SOME INSTANCES, WE CAN IMPACT SKIP RATES THROUGH TARGETING

Can targeting impact skip rates?

AGE	PRE-EXISTING BRAND OPINION	PAST PURCHASER OF BRAND	IN-MARKET FOR PRODUCT	GENDER
Yes Skip less if older	**Yes** Skip less if higher brand opinion	No difference	No difference	No difference

(PC/Mobile, :15/:30 sec Skippable Pre-Roll Ad) n=13,606

■ = Statistically significant difference between test groups at >= 90% confidence

HOWEVER, BETTER AD TARGETING DOESN'T TYPICALLY DO THE TRICK

Can targeting consumers who are in-market for the product impact skip rates?

🟨 Skip less if in-market for product

⬜ No difference

Map labels: CANADA, US*, MEXICO, COLOMBIA, CHILE, UK, GERMANY, INDIA, THAILAND, MALAYSIA, AUSTRALIA
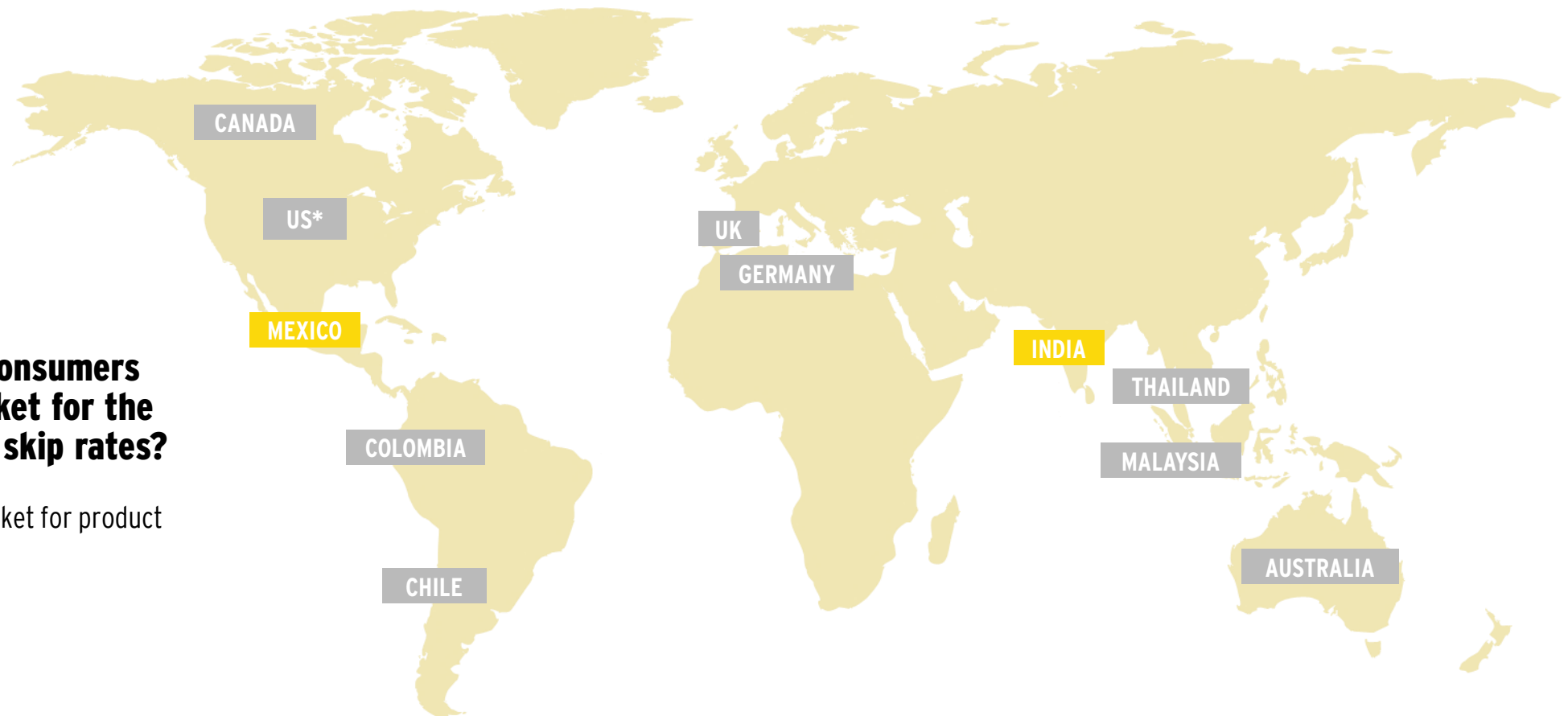
PC/Mobile, :15/:30 sec Skippable Pre-Roll) n=13,606

🟨= Statistically significant difference between test groups at >= 90% confidence
*Source: Turbocharging Your Skippable Pre-Roll Campaign 2016 - MAGNA Global and IPG Media Lab

RECALL //

CREATIVE //

BRAND //

SHORTER //

SLEEP A LITTLE EARLY TONIGHT

TryNapsy.com

Ad 0:06

BUT, OPTIMIZATION IS POSSIBLE

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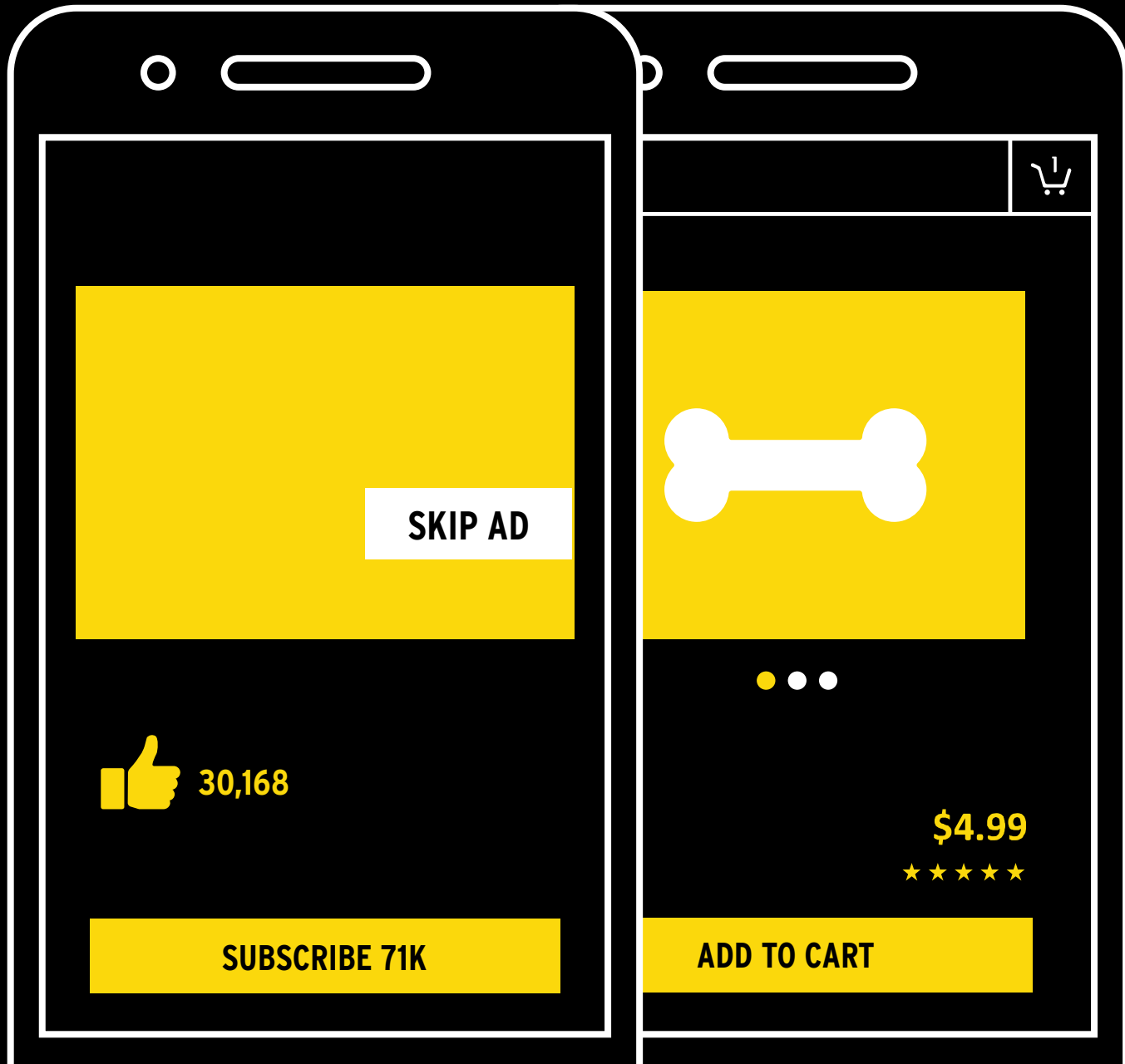
RECOMMENDATION #1

BYPASS THE UNCERTAINTY OF SKIPPING

SKIP AD

30,168

SUBSCRIBE 71K

$4.99

ADD TO CART

UNSKIPPED ADS ARE MOST MEMORABLE

Impact of Skippable and Non-Skippable Ads on Brand Recall | Deltas (Test – Control)

UNAIDED BRAND RECALL

- ● Skippable Ad – Consumers who skipped (A)
- ● Skippable Ad – Consumers who completed (B)
- ● Non-Skippable Ad (C)

+61% ▲ AC

Skip Ad ▶|

No Skipping ✕

Skip Ad ▶|

+27% ▲

+41% ▲ A

UNSKIPPED ADS ARE WORTH A PREMIUM

Impact of Skippable and Non-Skippable Ads on Brand Favorability | Deltas (Test – Control)

■ Skippable Ad – Consumers who skipped (A)

■ Skippable Ad – Consumers who completed (B)

■ Non-Skippable Ad (C)

+6% ▲

+8% ▲ AC

+5% ▲
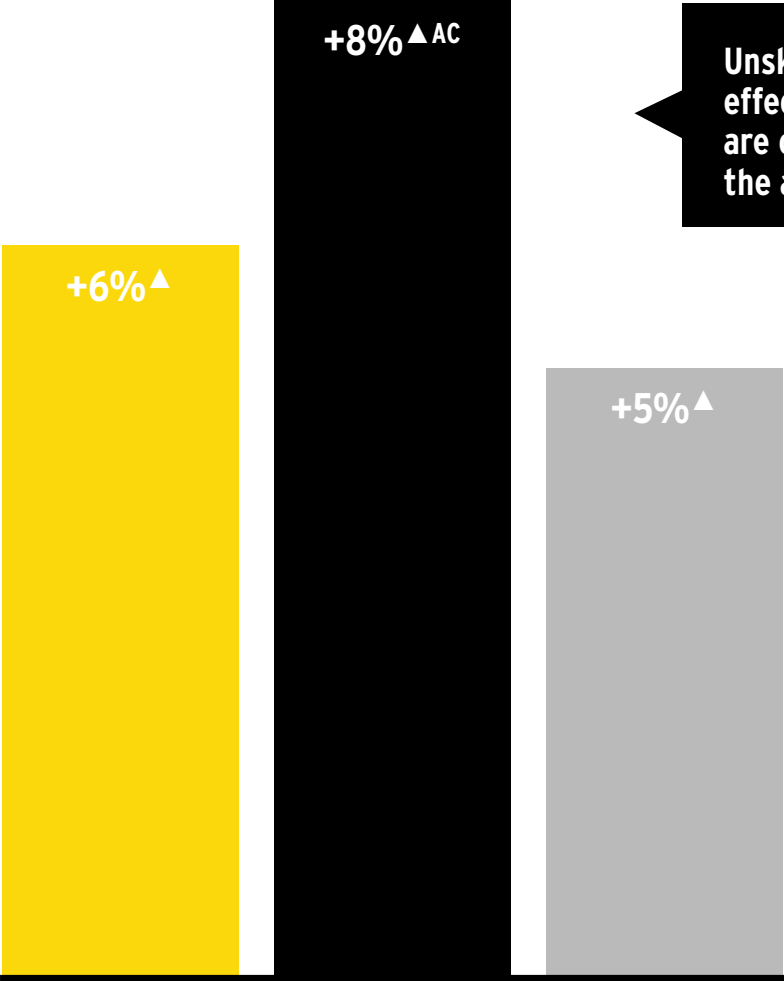
Unskipped ads are more effective because people are choosing to watch the ad

BRAND FAVORABILITY

CONSUMERS THAT STICK IT OUT HAVE A BETTER AD EXPERIENCE

Impact of Skipped Ads on Ad Opinions | **% Who Agree**

■ Skippable Ad – Consumers who skipped (A)　■ Skippable Ad – Consumers who completed (B)　■ Non-Skippable Ad (C)

RELEVANT

- 40%
- 50%[AC]
- 47%[A]

TRUSTWORTHY

- 44%
- 62%[AC]
- 56%[A]

INFORMATIVE

- 46%
- 60%[AC]
- 55%[A]
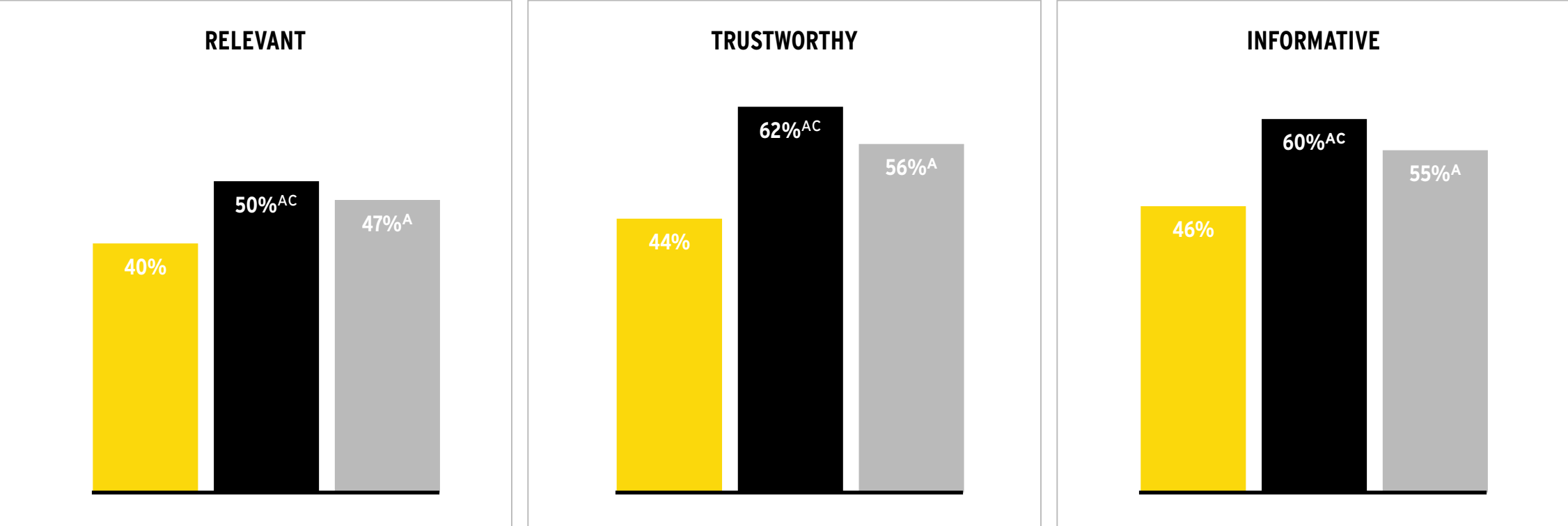
(PC/Mobile, :15/:30 sec) Skipped n=7,140, Completed n=6,466, Non-Skippable Ad n=5,016
A/B/C = Statistically significant difference between test groups at >=90% confidence
*Common control group used for skipping analysis. Effect of skipping modeled to control for brand predisposition, typical skipping behaviors, and other factors
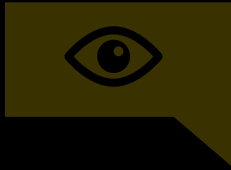
RECOMMENDATION #2

CAPITALIZE ON THE SKIPPABLE LANDSCAPE

Skip Ad ▶|

EVEN SKIPPED ADS HAVE VALUE

Impact of Skipped Ads on Brand Recall | **Deltas (Test – Control)**

🟡 Skippable Ad – Consumers who skipped (A)　　⚫ Skippable Ad – Consumers who completed (B)

UNAIDED BRAND RECALL

+27% ▲

+61% ▲ A

AIDED BRAND RECALL

+40% ▲

+87% ▲ A

AND THEIR WORTH INCREASES ALL THE WAY UP THE CHAIN

Value of Impression Based on Unaided Brand Recall
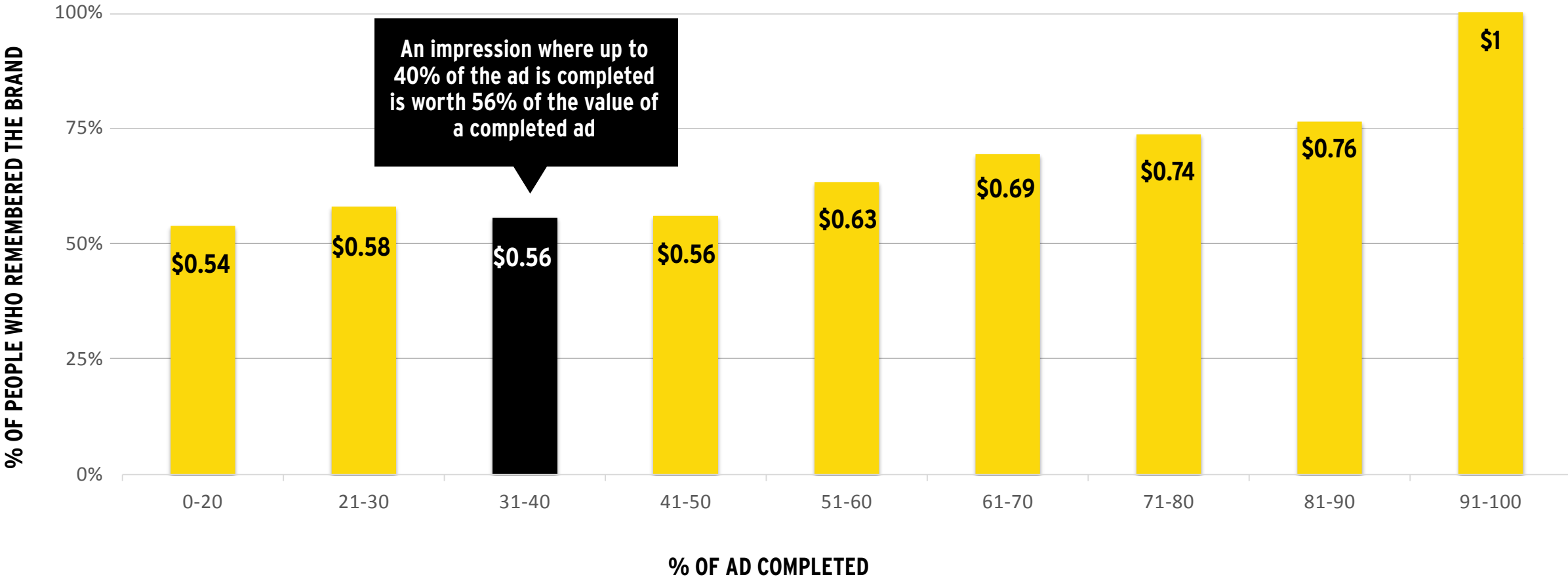
An impression where up to 40% of the ad is completed is worth 56% of the value of a completed ad

% OF PEOPLE WHO REMEMBERED THE BRAND

0-20	21-30	31-40	41-50	51-60	61-70	71-80	81-90	91-100
$0.54	$0.58	$0.56	$0.56	$0.63	$0.69	$0.74	$0.76	$1

% OF AD COMPLETED

TAILOR TO THE SHORT ATTENTION SPAN WITH :06 SEC ADS

AD · 0:06 ⓘ

6 SEC ADS ARE AN IMPACTFUL WAY TO EXPAND REACH SINCE THEY ARE MEANT FOR SHORTER ATTENTION SPANS

Impact of Non-Skippable and Skipped Ads on Brand Metrics | Deltas (Test – Control)

■ :06 Non-Skippable Ad (A)   ■ Skippable Ad – Consumers who skipped (B)

UNAIDED BRAND RECALL

+34%▲B

+27%▲

AIDED BRAND RECALL

+52%▲B

+40%▲

BRAND FAVORABILITY

+3%▲

+6%▲
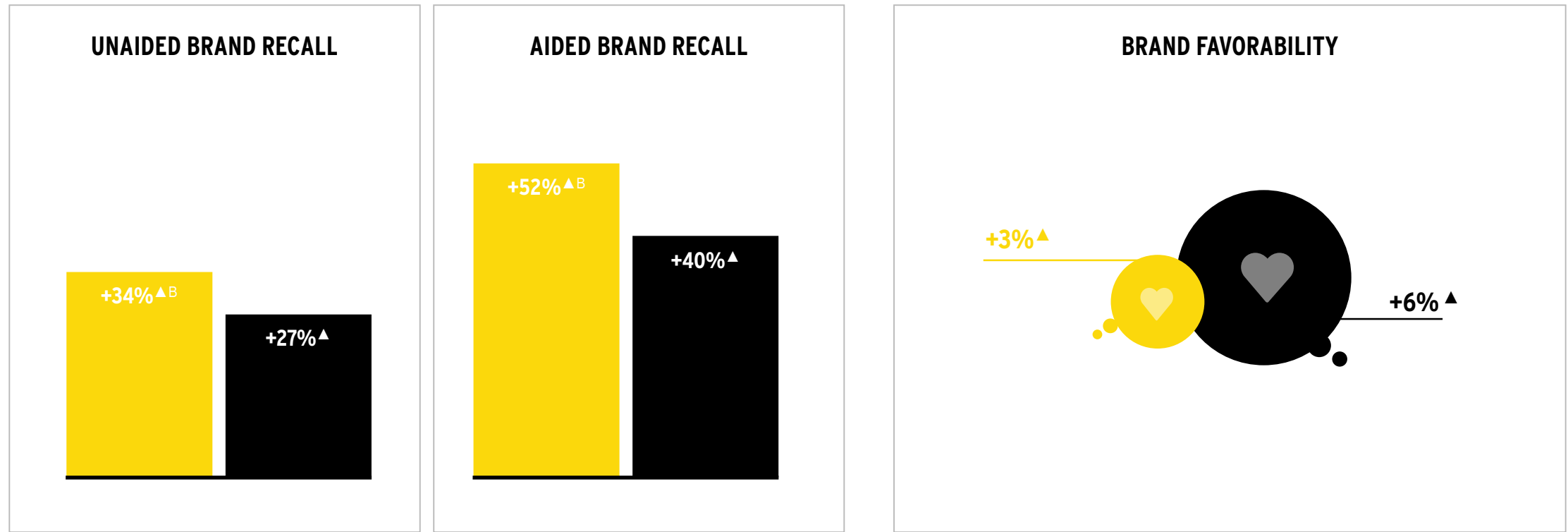
（PC/Mobile） :06 Non-Skippable Ad Control n= 5, 378 Test n=5,081; Skipped Ad Control n= 2,396 Skipped Ad Test: n=7,140
Skippable Ads are :15 and :30 sec | ▲ = Statistically significant difference between test and control at >= 90% confidence
A/B = Statistically significant difference between test groups at >=90% confidence
*Common control group used for skipping analysis. Effect of skipping modeled to control for brand predisposition, typical skipping behaviors, and other factors

THEY EVEN HAVE RESPECTABLE IMPACT COMPARED TO ADS NEARLY 3X AS LONG

Impact of Ad Length on Brand Metrics | Deltas (Test – Control)
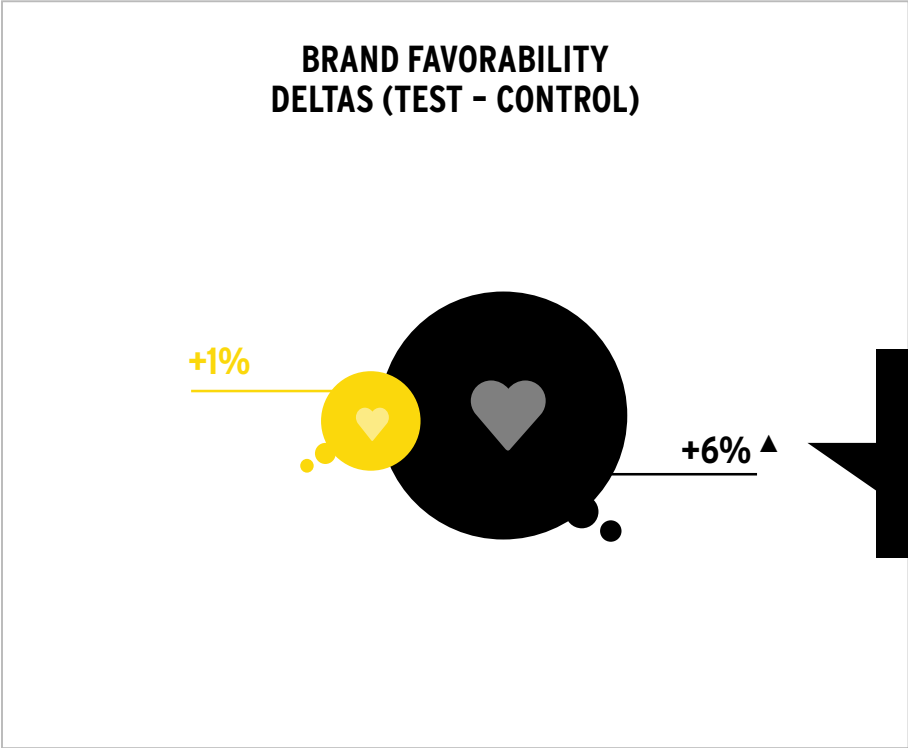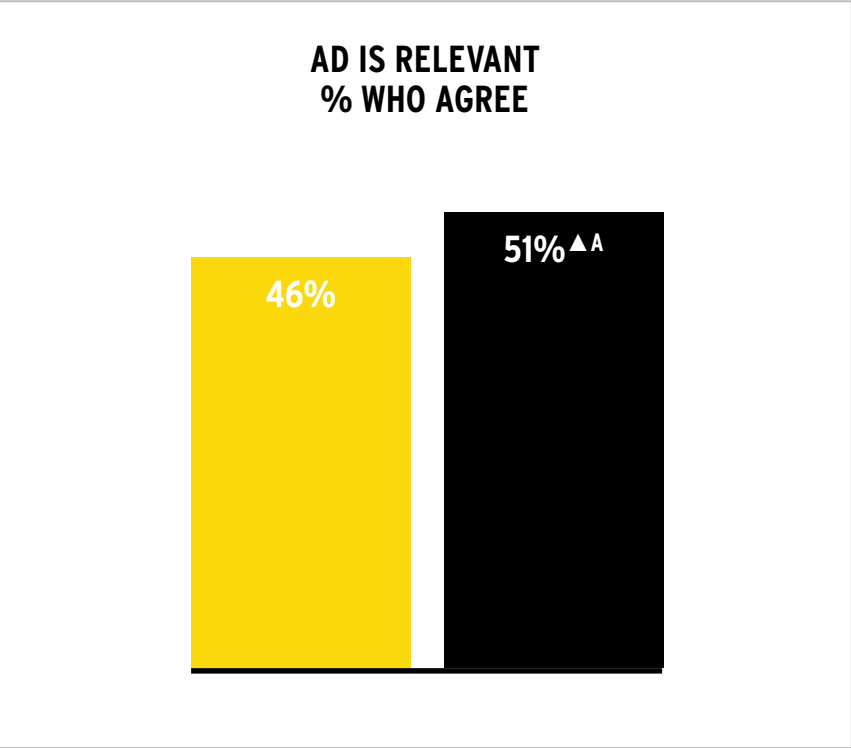
🟨 :06 Non-Skippable Ad (A)   ⬜ :15 Non-Skippable Ad (B)
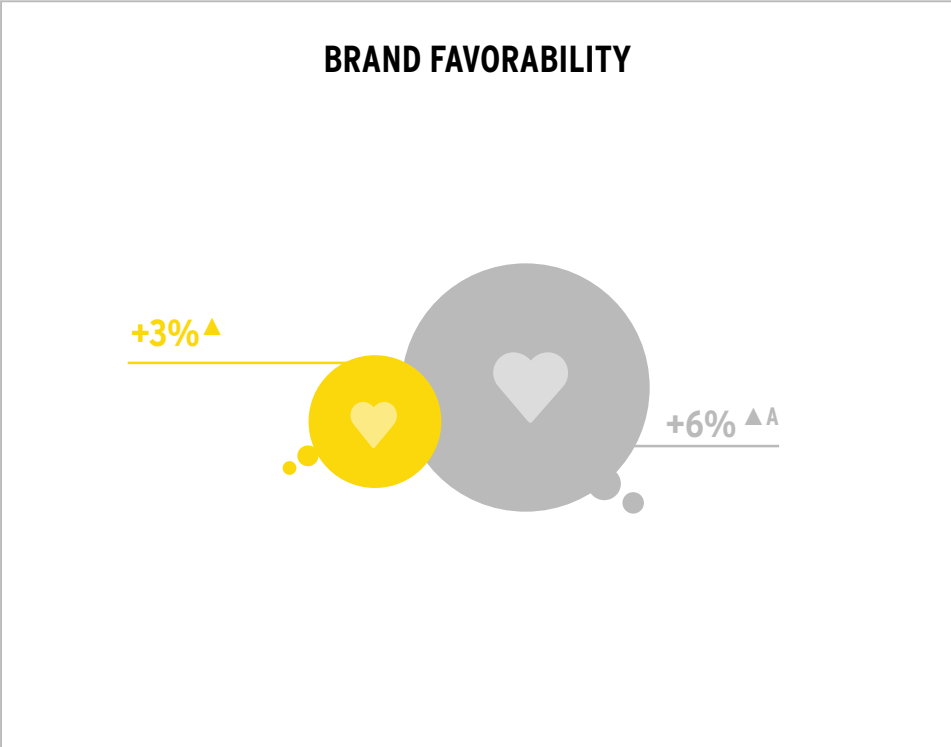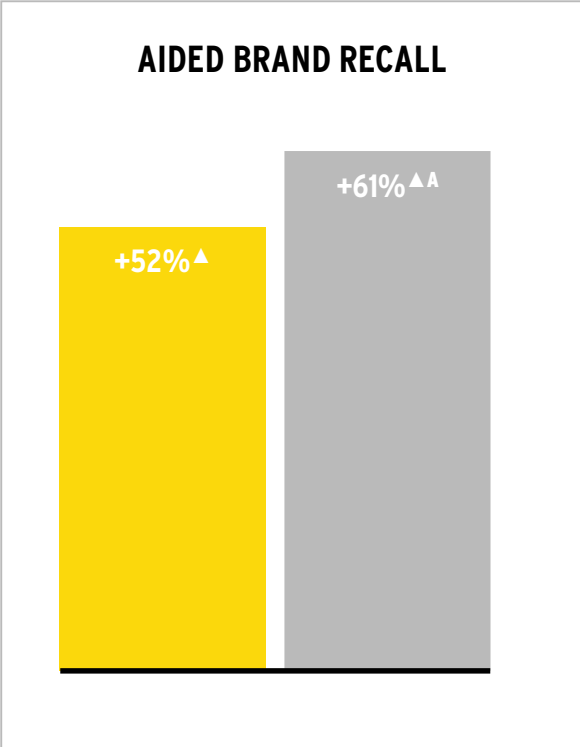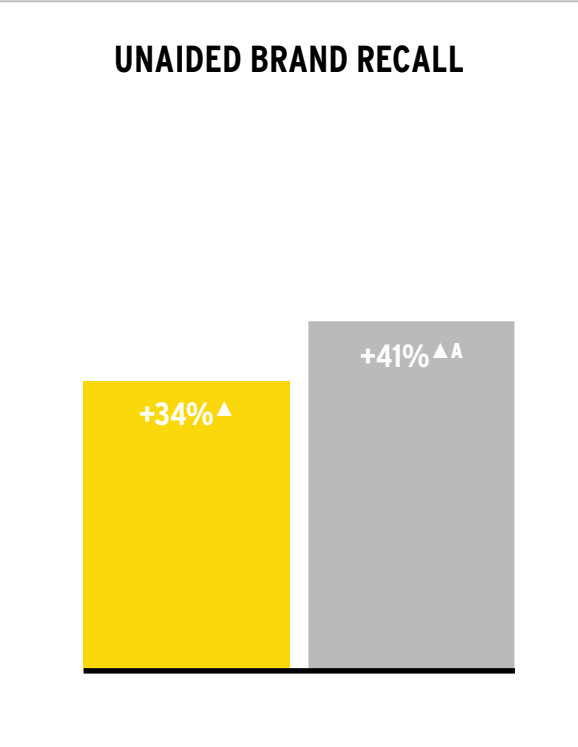
UNAIDED BRAND RECALL

+34%▲

+41%▲ A

AIDED BRAND RECALL

+52%▲

+61%▲ A

BRAND FAVORABILITY

+3%▲

+6% ▲ A

AND WHEN YOU USE :06 ADS, KEEP THEM ON MOBILE

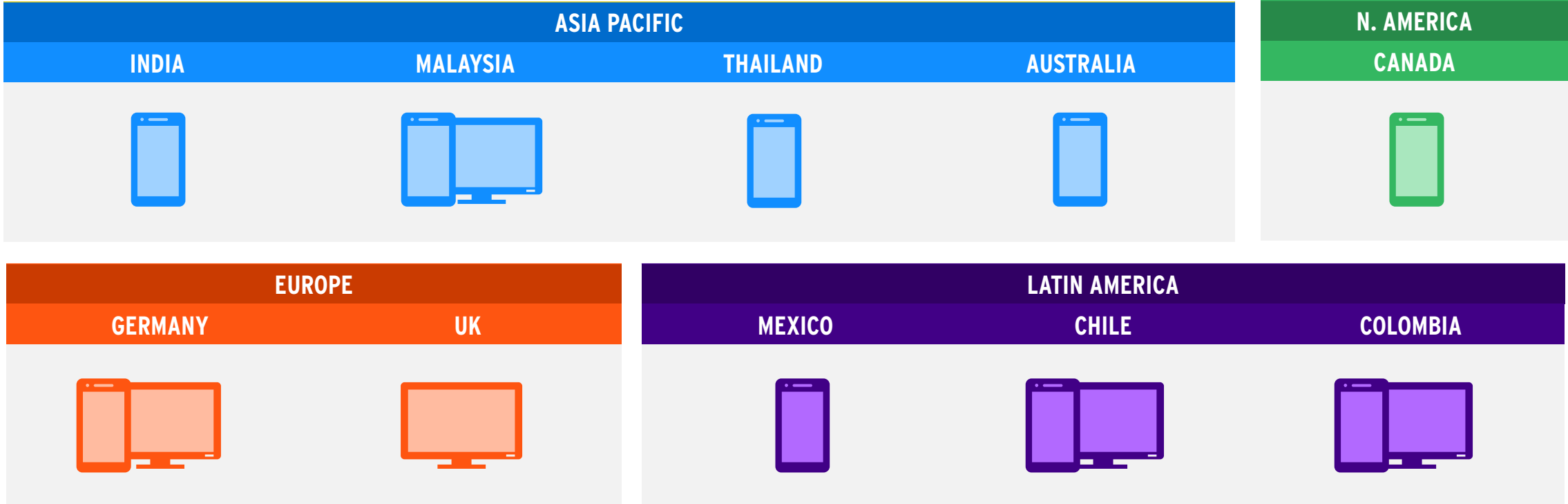## Impact of :06 Non-Skippable Ads on Ad Relevancy and Brand Favorability

■ PC (A)   ■ Mobile (B)

AD IS RELEVANT
% WHO AGREE

46%

51%▲ A

BRAND FAVORABILITY
DELTAS (TEST – CONTROL)

+1%

+6% ▲

The effects of shorter ads on mobile are passed on to the brand

IMPACT OF :06 SEC ADS ARE AMPLIFIED ON MOBILE IN MANY COUNTRIES

Impact of :06 Non-Skippable Ads on Brand Favorability

ASIA PACIFIC				N. AMERICA
INDIA	MALAYSIA	THAILAND	AUSTRALIA	CANADA

EUROPE		LATIN AMERICA		
GERMANY	UK	MEXICO	CHILE	COLOMBIA

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DESPITE SKIPPING, ALWAYS CRAFT CREATIVES TO OPTIMIZE BRAND KPI'S
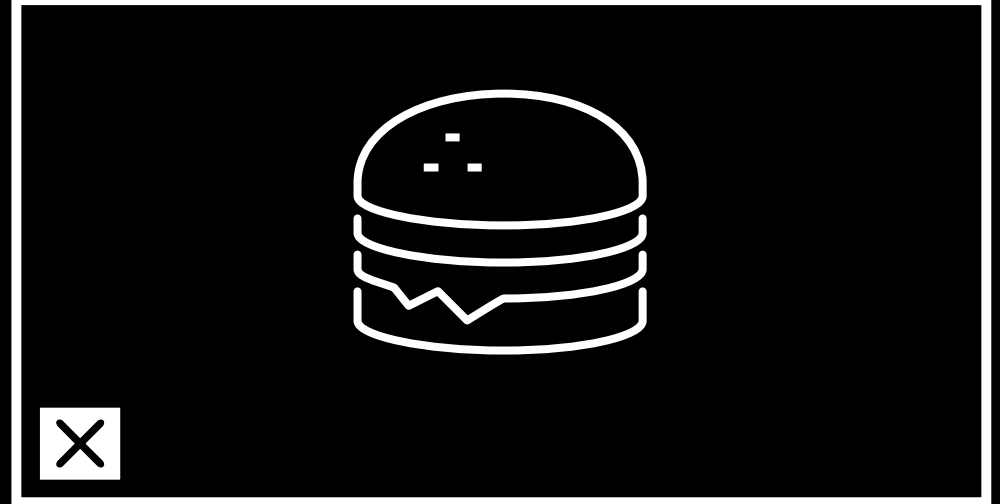
WE EXPLORED THE IMPACT OF 4 CREATIVE STRATEGIES ON KPI'S
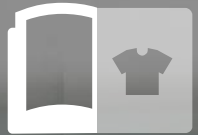
01   EMOTIONAL vs NON-EMOTIONAL

02   STORY vs PRODUCT

03   ORGANIC vs FORCED BRANDING

04   BRANDING PRESENT IN 1ST 5 SECONDS
- No Branding
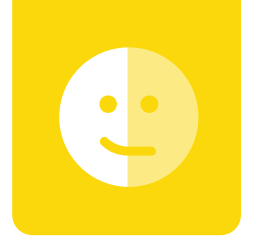- Visual Only Branding
- Visual + Audio
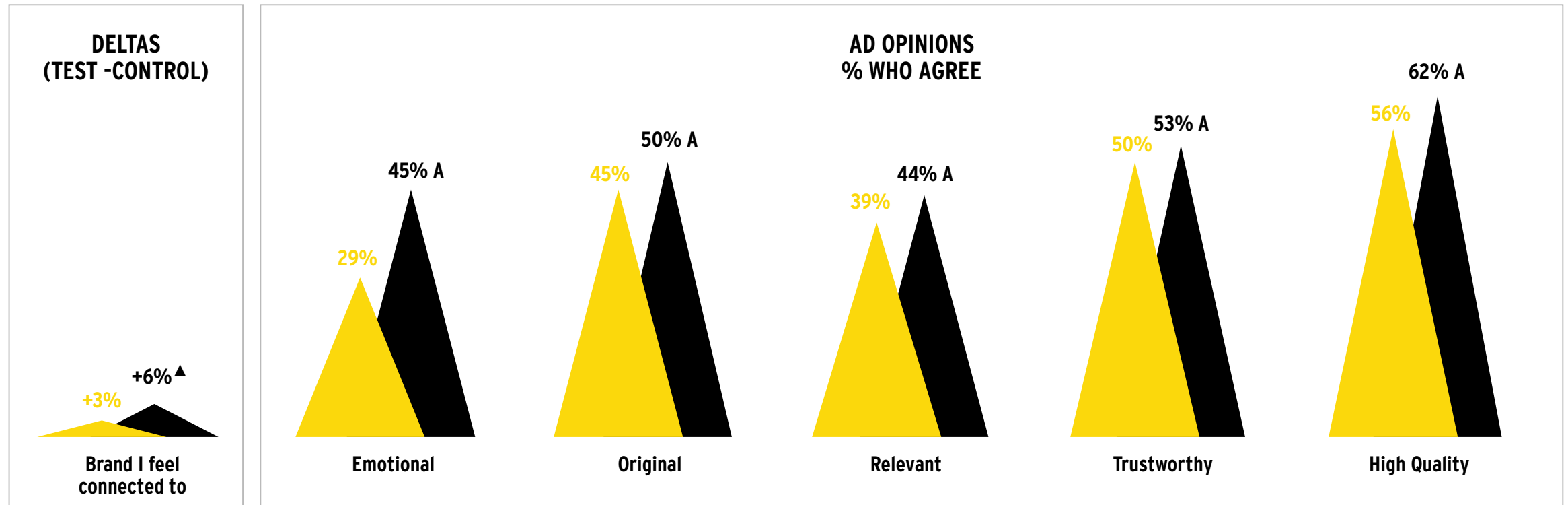
EMOTIONAL

NON-EMOTIONAL

# EMOTIONAL ADS CONNECT WITH CONSUMERS AND STRENGTHEN THE AD EXPERIENCE

Impact of Emotional Ads on Brand Connections and Ad Opinions

▲ Non-Emotional (A)   ▲ Emotional (B)

DELTAS (TEST - CONTROL)

AD OPINIONS % WHO AGREE

+3%   +6% ▲

Brand I feel connected to

Emotional	Original	Relevant	Trustworthy	High Quality
29% / 45% A	45% / 50% A	39% / 44% A	50% / 53% A	56% / 62% A

(PC, :15 sec Skippable Pre-Roll Ad) Control n=431 Emotional n=1,429 Non-Emotional n=1,600
▲ = Statistically significant difference between test and control at >= 90% confidence
A/B = Statistically significant difference between test groups at >=90% confidence
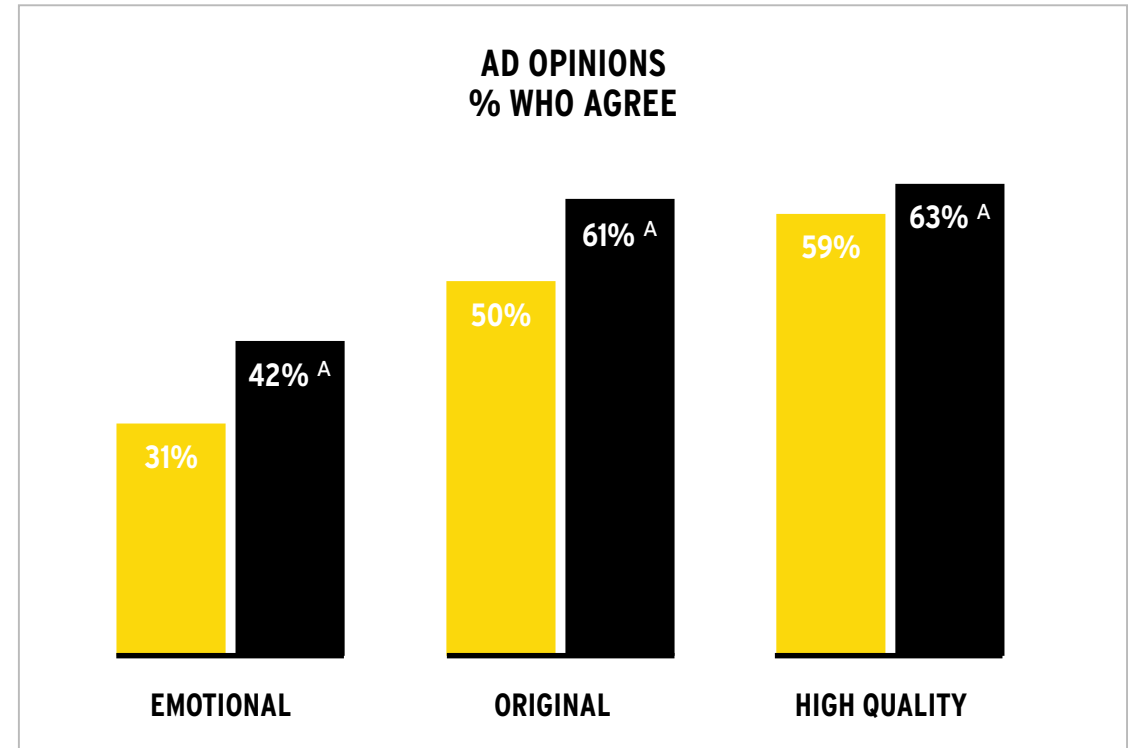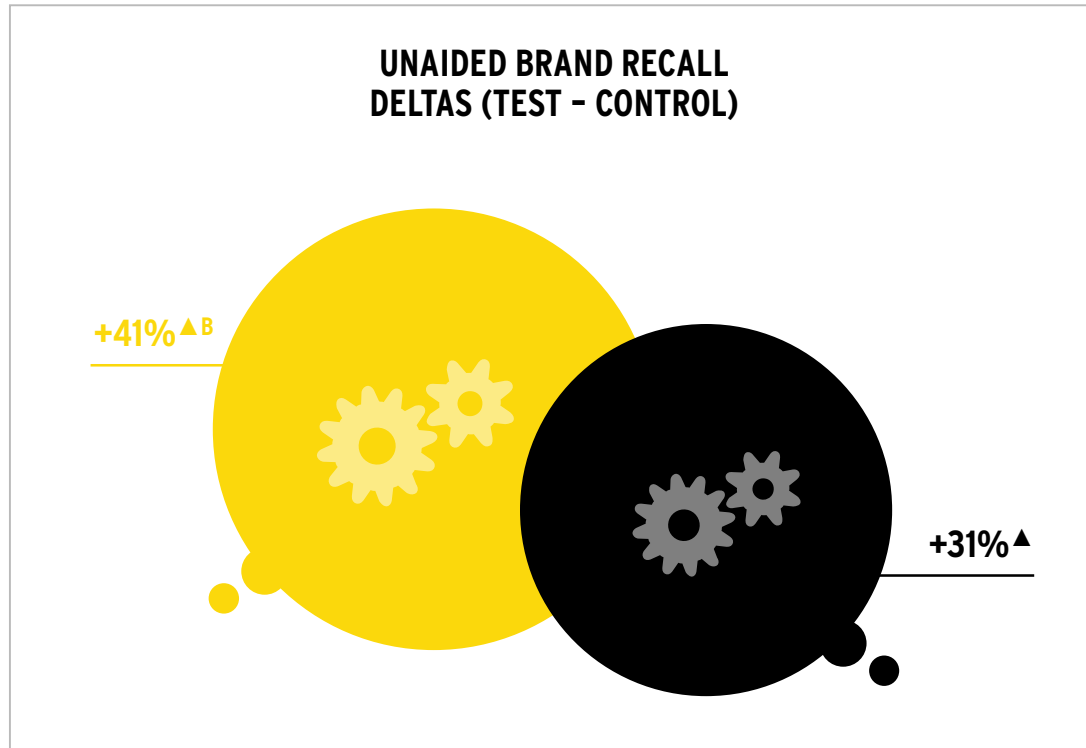
STORY FOCUSED
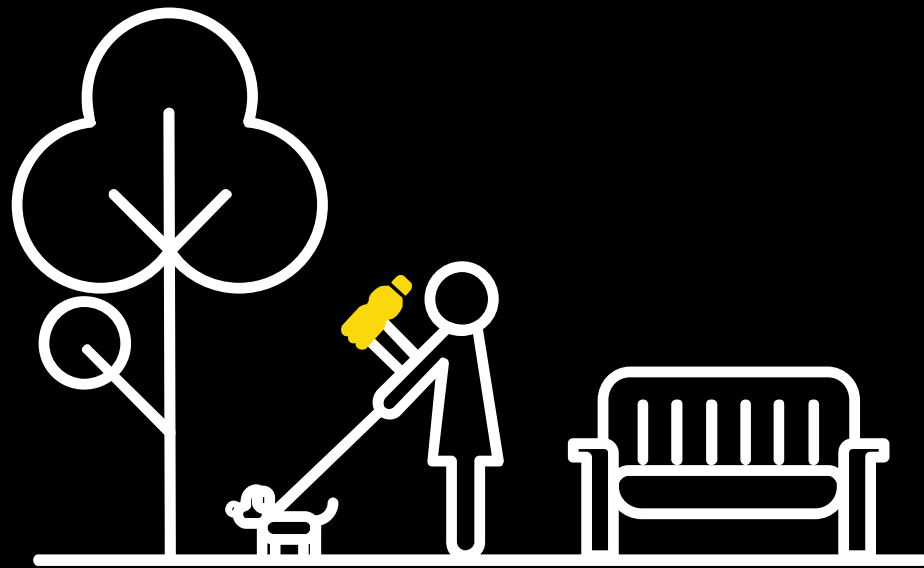
PRODUCT FOCUSED

WHILE FOCUSING ON THE PRODUCT IMPROVES RECALL, A STORY DELIVERS A BETTER AD EXPERIENCE

Impact of Ad Focus on Recall and Ad Opinions

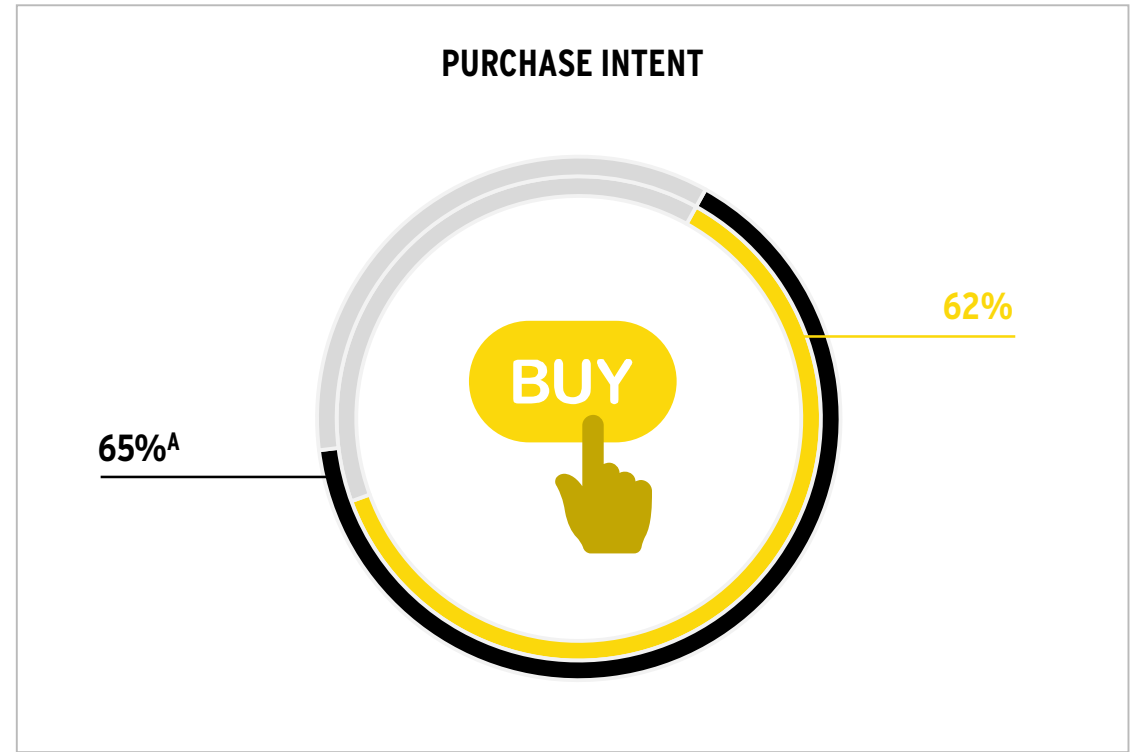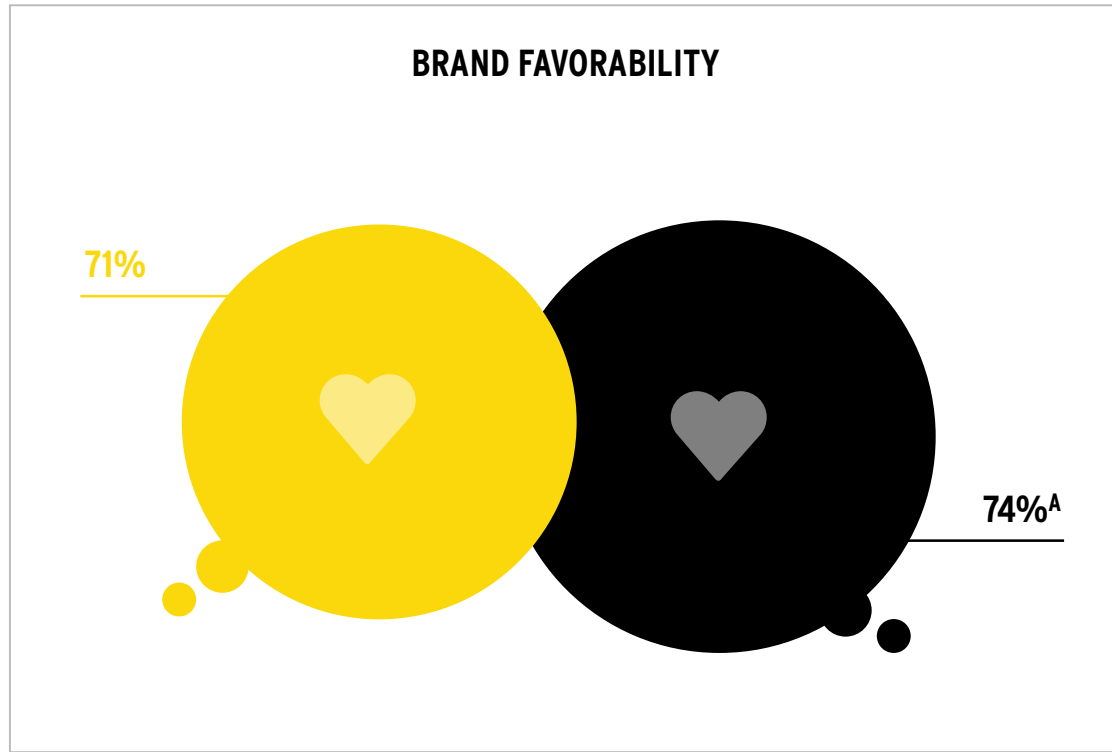● Product-Focused Ad (A)   ● Story-Focused Ad (B)

**UNAIDED BRAND RECALL
DELTAS (TEST – CONTROL)**

+41% ▲ B

+31% ▲

**AD OPINIONS
% WHO AGREE**

EMOTIONAL	ORIGINAL	HIGH QUALITY
31% / 42% A	50% / 61% A	59% / 63% A

STORY FOCUSED ADS CAN BE MORE PERSUASIVE AS LONG AS THE AD GETS THE BRAND NAME ACROSS

Impact of Ad Focus on Brand Metrics Among Those That Recalled Ad | % Who Agree

● Product-Focused Ad (A)　　● Story-Focused Ad (B)

BRAND FAVORABILITY

71%

74%^A

PURCHASE INTENT

62%

65%^A

BUY

FORCED BRANDING
BY SKIP BUTTON

LOGO

SKIP AD

ORGANIC BRANDING
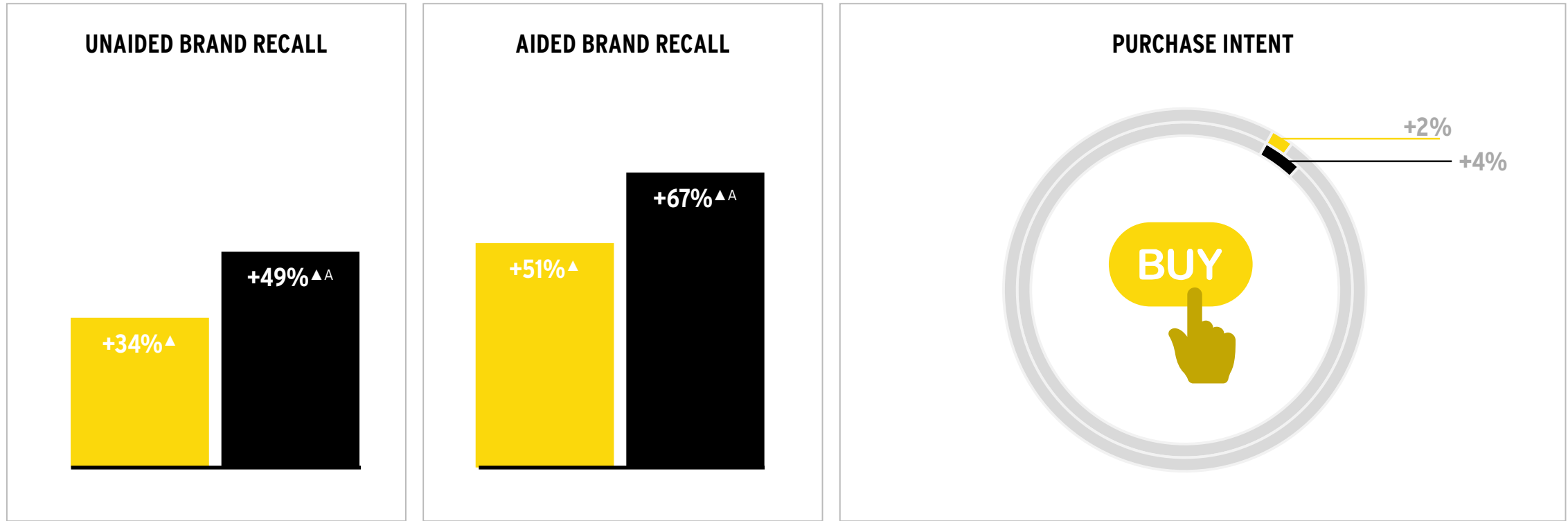## NATURALLY FOUND IN AD

SKIP AD

M/GNA

A CONSISTENT LOGO PRESENT BOOSTS RECALL, BUT IT DOESN'T HAVE ANY EXTRA EFFECT ON THE PURCHASE

Impact of Branding on Brand Metrics | Deltas (Test – Control)

■ Organic Branding (A)   ■ Forced Branding (B)

UNAIDED BRAND RECALL

+34%▲

+49%▲ A

AIDED BRAND RECALL

+51%▲

+67%▲ A

PURCHASE INTENT

+2%

+4%

BUY

(PC, :15/:30 sec Skippable Pre-Roll Ad) Control n=485 Forced Branding n=1,591 Organic Branding n=1,711
▲ = Statistically significant difference between test and control at >= 90% confidence
A/B = Statistically significant difference between test groups at >=90% confidence
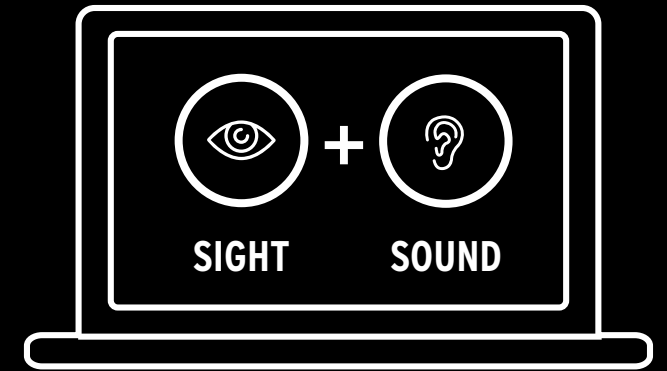
NO BRANDING
IN 1ST 5 SECONDS

NO BRANDING

VISUAL BRANDING
IN 1ST 5 SECONDS

SIGHT

VISUAL + AUDIO BRANDING
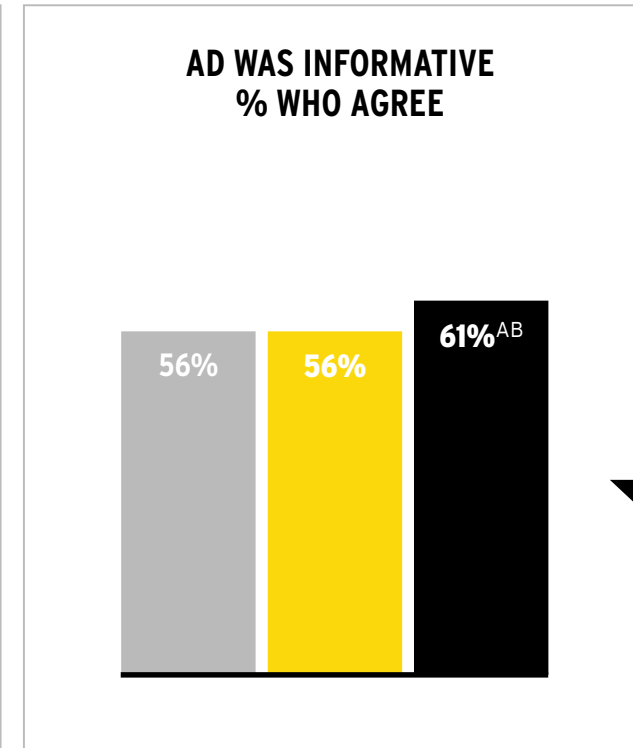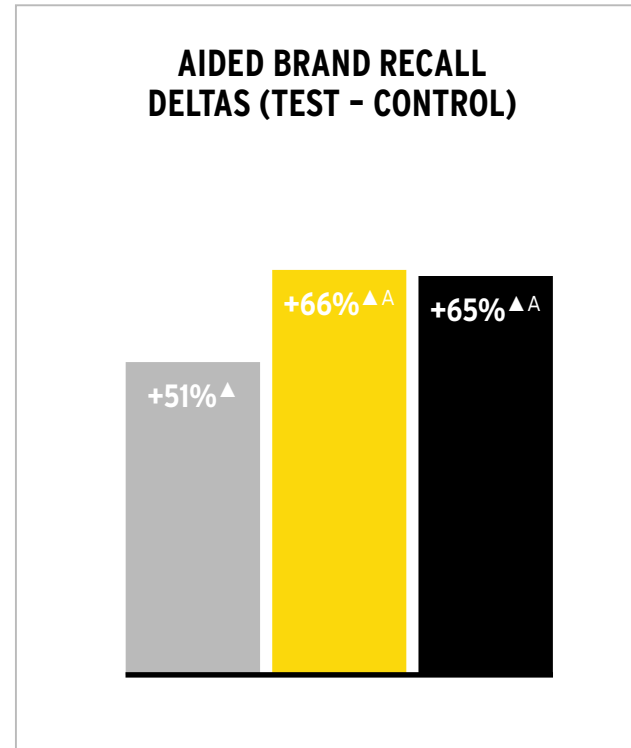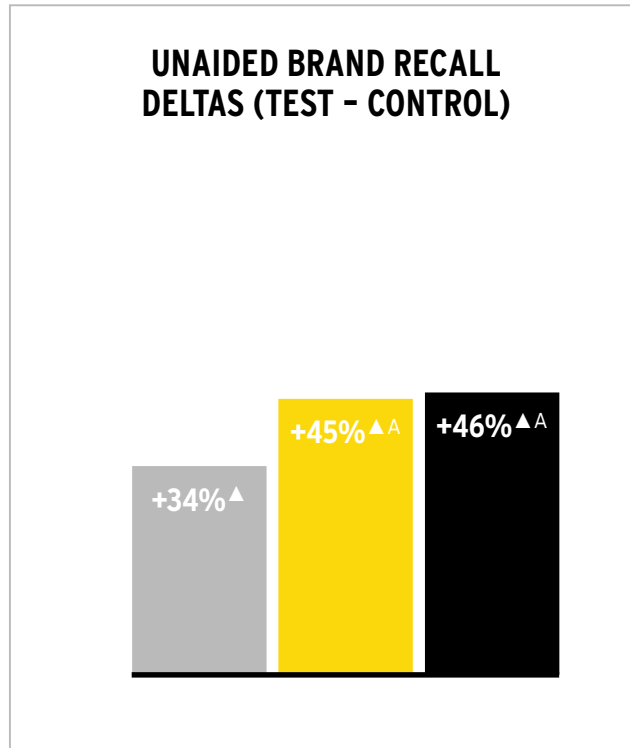IN 1ST 5 SECONDS

SIGHT + SOUND

THE 1ST 5 SECONDS MATTER!

Impact of Branding Present In The 1st 5 Seconds on Recall and Ad Opinions

■ No Branding 1st 5 Seconds (A)　　■ Visual Only Branding 1st 5 Seconds (B)　　■ Visual + Audio Branding 1st 5 Seconds (C)

UNAIDED BRAND RECALL DELTAS (TEST − CONTROL)	AIDED BRAND RECALL DELTAS (TEST − CONTROL)	AD WAS INFORMATIVE % WHO AGREE

UNAIDED BRAND RECALL DELTAS (TEST − CONTROL)
- +34% ▲
- +45% ▲ A
- +46% ▲ A

AIDED BRAND RECALL DELTAS (TEST − CONTROL)
- +51% ▲
- +66% ▲ A
- +65% ▲ A

**AD WAS INFORMATIVE % WHO AGREE**
- 56%
- 56%
- 61% AB

> Visual + Audio Branding echoes the brand message even more

(PC, :15/:30 sec Skippable Pre-Roll Ad) Control n=523 No Branding n=1,851 Visual Branding n=1,776 Audio + Visual Branding n= 1,763
▲ = Statistically significant difference between test and control at >= 90% confidence
A/B/C = Statistically significant difference between test groups at >=90% confidence
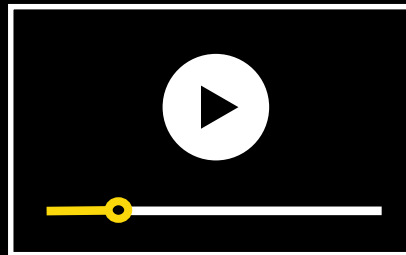
IMPLICATIONS

01 OPTIMIZE

Skipping is a global trait and it's out of our control. So focus on optimizing in other ways to maximize performance
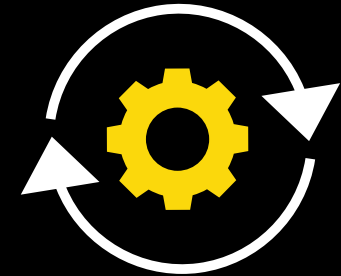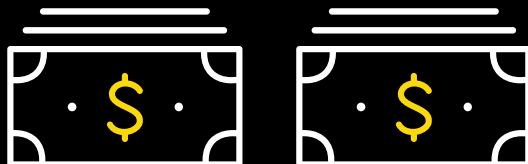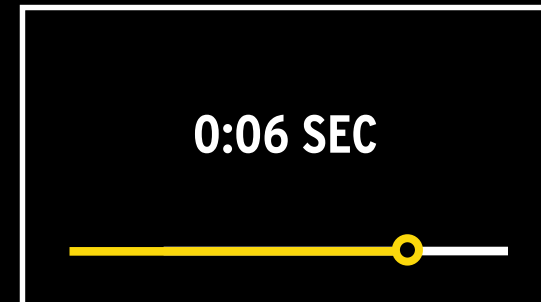
02 SHORTER ADS

Tolerance for ad length varies greatly around the world, so consider shorter ads, particularly in Asia, to keep skipping at bay

03 UNSKIPPED ADS

Ad buys based on unskipped views are worth a premium

04 EXTEND REACH

Extend the reach of your video campaign by:
- Not losing sight of skipped ads, they have value too. Just pay what their worth
- Supplement with :06 second ads

0:06 SEC

THANK YOU

MAGNA

IPG MEDIA LAB