

Featured Article

TV Ad Viewing Rewards System Reduces Ad Skipping While Increasing Commercial Recall

By: Ross Cooper, Channel Islands



More customers are skipping over ads because of recording systems and ad skipping services. As ad skipping continues to increase, advertisers are seeing declining results from TV commercials. According to Cowan & Company research of the top 50 TV advertising buyers, the television ad spending dropped from 41.4% to 39.3% in 2012. The report cites the shift in ad spending to digital media [1]. If nothing changes, advertisers will want to pay reduced advertising rates, reduce ad ployout frequency, or even pull their commercials from broadcast-ers. To solve this challenge, Channel Islands created a TV reward system that motivates viewers to watch and remember ads.

What Causes Ad-Skipping?

Part of the ad-skipping challenge is the availability of new tools that make it simple for viewers to skip ads, such as DVRs and ad skipping services. However, the key cause of ad skipping is more likely to be low ad viewing value.

Ad skipping can be a process where viewers fast forward through ads or have services that automatically skip over ads. Viewers have discovered that they can record their shows on DVR players and rapid-

ly fast forward through the ads. Some DVR players have skip time period buttons - 60 seconds. Some companies, such as Dish Network, are providing ad skipping services where customers are charged extra for ad free services.

A hard to measure form of ad skipping is ad blindness. With almost 20% of program time dedicated to ads, viewers are getting better at ignoring ads. Viewers may be distracted by other devices, such as smartphones and tablets, during the ployout of TV ads.

The Impact of Ad Skipping on the TV Industry

Ad skipping challenges include reduced ad value for the advertiser, declining advertising cpm rates, reduced ad frequency, and ad campaign cancellations.

If viewers don't watch the ads, they don't perform desired actions. This results in lower revenues for the advertisers. Less advertising results prompts advertisers to ask for reduced advertising cpm rates.

Highly ineffective ads may result in advertisers reducing their ad frequency, which is twice as bad because ad frequency is very important for TV ad recall and action.

When TV ad campaign results don't produce enough value over the long term, TV advertisers will likely cancel their TV ad campaigns.

The Solution: Motivate People to Watch TV Commercials

One of the best solutions to stop TV ad skipping is to create a TV advertising rewards system. This provides value to viewers for watching and remembering commercials.

The first part is to generate ad viewing desire by providing incentives for viewing commercials for their entire time slot. This can be combined with additional activities such as contests that ask questions about commercial content to increase ad recall.



An additional benefit of a rewards system is conversion tracking. The rewards can be tied to rewards tracked to specific viewer profiles. In addition to proving TV advertising campaigns that are effective, it can provide profile characteristic information on their customers.

A key benefit to the broadcaster is increased customer loyalty. Customers who receive rewards become sticky TV service subscribers who want use and continue to receive coupons and rewards.

Tracking TV Commercial Viewing

A key part to the TV ad rewards system is tracking the viewing of the ad. The TV commercial is identified by a hidden code (watermark) which can be detected by the viewing device (set top box). Automatic Content Recognition (ACR) technology is used to discover hidden codes (watermarks) that are contained in commercials.

One way to accomplish this is to install a small viewing detector monitoring program (software client) into the receiving device (set top box). The software identifies when a commercial code is partially or completely viewed.

Delivering Rewards to Second Screen Mobile Devices

The viewing rewards can be made directly available on mobile devices including iPhones, tablets and laptops. This second screen reward delivery process allows viewers to receive and use their rewards on mobile devices.

Viewers can use their mobile devices at standard point of sale locations (retail stores) by displaying as scannable coupons.

The rewards system developed by Channel Islands is cloud based. This allows for the setup and management of TV rewards systems on many types of networks without significant system changes.

The delivery of reward to mobile devices also has very low fulfillment cost because rewards can be delivered in ready to use electronic form, reducing or almost eliminating collection and processing costs.

The Types of TV Ad Viewing Rewards

TV ad viewing reward types can range from first look movie trailer releases to contests with cash prizes. When commercials are completely viewed, coupons can automatically become available in the viewer's account reward area.

Broadcasters may let the advertisers select or provide their own rewards. This allows the advertiser to determine the budget or reward value. Advertisers are sensitive to even minor changes in cpm advertising rates.

Typical TV Ad Reward Viewing Response Rates

Our preliminary testing has shown that over 34% of viewers are enthusiastic about the rewards. An additional 31% were interested in the rewards. Less than 4% said they would dislike the reward system.

References:

1. "TV's Share Of Ad Pie Will Decline Next Year As Buyers Flock To Digital Media: Study" <http://www.deadline.com/2012/11/advertising-forecast-tv-digital-mobile/>

Ross Cooper is the founder and Chief Executive Officer of Channel Islands. He is also the founder of Verimatrix and is an expert in Watermarking technology and systems.



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