NOVEMBER 2009

The Shifting Media Landscape:

Integrated Measurement in a Multi-Screen World

Special Report for ad:tech New York Attendees

INSIDE:

- Three-Screen Measurement: Cross-media consumption on the rise
- Budgeting and ROI across Internet and TV
- Defining the new metrics: GRPs for multi-media planning
- Understanding reach and frequency in a cross-media world
- When volume is not enough: An analysis of cross-platform engagement

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ABOUT THIS REPORT

The data and insights in this report are compiled from a range of Nielsen resources.
About fusion data included in this report: Fusion is a statistical process where panelists from two discrete groups are joined or "fused" together based on common attributes, such as demographics, media consumption or buying habits.
Editor's note: Please source all data in this report to The Nielsen Company.
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EXECUTIVE SUMMARY

Welcome to the Grown-Ups' Table

As with many of us who have spent our entire careers on the Internet, I have a bit of media establishment envy. Don't get me wrong, I love the Internet; I've spent the past 10 years analyzing the Web and continue to believe the future is in truly interactive media. Sentiment aside, for the most part Internet professionals have spent much of our careers at the proverbial kids' table. For far too long the Internet has been relegated to the "experimental" or "emerging media" categories.

Recent developments indicate the Internet is being taken more seriously. Case in point: NBC and Fox joining forces to create Hulu, if for no other reason than to solidify their participation in the increasingly important and transformative online video market. Google reaping ad-driven revenues that were once reserved only for the wilder fantasies of those working in print classifieds. Apple reshaping the entire music industry through innovation of the playback device, distribution and consumer experience. And the latest example of Facebook, transforming the way people congregate, communicate and navigate the Web today.

If the Internet has truly "arrived" and is being taken seriously, why have we not yet seen significant brand advertising dollars follow? Maybe it's because we're in the midst of one of the worst global recessions in history. Perhaps it's because online creative units tend to replicate the print experience instead of redefining the consumer experience. Most likely is that the online ad industry has decided to remain independent—we speak our own, at times arcane, language; we use our own effectiveness measures reinforcing the belief that the Internet is a direct response media; and, we have yet to provide easy methods to help advertisers understand the role of the Internet in the entire marketing mix. In effect, we have made our lives, and potential livelihoods, very difficult.

The good news is there is hope. As a medium the Internet is quite the contender (and brand dollars are beginning to shift its way). To continue growing, the online ad world must take a hard look at itself as part of a broader, media industry-wide context and, as one prominent TV client put to me, "grow up." The Internet does not exist in a vacuum and we've moved past the days when it is practical to operate like it does. Leading marketers look at media from a holistic perspective to reach today's increasingly connected consumers. So too must anyone participating in the ad industry.

In the next 15 pages, Nielsen outlines a path to better integrate the Internet with the broader media landscape. We offer insight and analysis from across Nielsen, including mobile, TV and Internet traffic and advertising data. We dissect the implications of audience and results of cross-media advertising—and propose measurement solutions that not only align more closely with other media, they might help attract more brand advertising dollars online.

Today's media multiple personality disorder of fragmentation and integration is further driving the critical imperatives for those of us in the Internet business. We can no longer think of ourselves as an Internet company, Internet planner or Internet advertiser. We are buyers, sellers and enablers of media. As the Internet continues to grow in prominence and other media become more interactive, lines will continue to blur. Those that continue to limit their purview to the computer screen alone will be drinking juice at the card table while the adults are in the other room, sipping wine.

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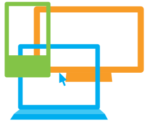

THREE SCREEN MEASUREMENT

Viewership on the Rise as More Video Content Spans All Three Screens

57% of Internet Consumers Use TV and Internet Simultaneously at Home

Before we start a deep discussion around multi-platform media measurement, we need to get a base-level understanding of three screens—TV, Internet and mobile—usage across the board. American video consumption continues to rise, and in fact, during Q2 '09, online and mobile video consumption were up considerably year-over-year in terms of time spent and audience size. The mobile video audience increased 70% and time spent watching online video increased 46% from a year prior **(Exhibits 1 and 2)**. While the role of online and mobile is increasing in the U.S., traditional TV consumption remains at a seasonal all-time high (141 hours a month in Q2 '09).

U.S. consumers appear to be adding video consumption platforms—not replacing them—and media multi-tasking is part of the equation. Today, more than half of Americans (57%) who have Internet access at home use television and the Internet simultaneously at least once a month—spending on average 2 hours and 39 minutes at each sitting. The average consumer's online experience at home is in front of the television almost a third of the time—28% of consumer's time using the Internet at home is also spent simultaneously watching TV, while only 3% of consumer's time watching TV at home is spent simultaneously using the Internet **(Exhibit 3)**. This simultaneous activity is one reason we see continued growth of both Internet and TV consumption in the U.S.

Exhibit 1: Overall Usage Number of Users 2+ (in 000's) – Monthly Reach

	2Q09	1Q09	2Q08	% Diff Yr to Yr
Watching TV in the home°	284,396	284,574	281,746	0.9%
Watching Timeshifted TV°	82,297	79,533	62,240	32.2%
Using the Internet**	191,035	163,110	159,986	19.4%
Watching Video on Internet**	133,962	131,102	119,164	12.4%
Using a Mobile Phone^	233,722	230,436	221,651	0.5%
Mobile Subscribers Watching Video on a Mobile Phone^	15,267	13,419	9,004	70.0%

Source: The Nielsen Company

Exhibit 2: Monthly Time Spent in Hours:Minutes Per User 2+

	2Q09	1Q09	2Q08	% Diff Yr to Yr (2Q09 to 2Q08)	Absolute Diff Yr to Yr (2Q09 to 2Q08)
Watching TV in the home*	141:03	153:27	139:00	1.5%	2:02
Watching Timeshifted TV*	7:16	8:13	6:05	19.5%	1:11
Using the Internet**	26:15	29:15	26:29	-0.9%	0:14
Watching Video on Internet**	3:11	3:00	2:12	45.5%	0:59
Mobile Subscribers Watching Video on a Mobile Phone^	3:15	3:37	3:37	-10.0%	0:22

Source: The Nielsen Company
Editor's Note: TV viewing patterns in the U.S. tend to be seasonal, with TV usage higher in the winter months and lower in the summer months leading to a decline in quarter to quarter usage, yet increasing from 2Q 08 to 2Q 09.

Exhibit 3: Persons 2+ Watching TV and Using the Internet Simultaneously At Least Once Per Month — June 2009 °°°

	P2+
% of Persons Using TV/Internet Simultaneously	56.9%
Estimated Number of Persons Using TV/Internet Simultaneously (000)	128,047
Time Spent Simultaneousely Using TV/Internet Per Person in Hours:Minutes	2:39
Average % of TV time Panelists spent also using the Internet	2.7%
Average % of Internet time Panelists spent also using TV	27.9%

Source: The Nielsen Company

The TV and Internet figures in this report are calculated using Nielsen's National TV and Internet panels, which are measured electronically and reported on a regular basis. The Mobile Phone figures are collected by Nielsen via a quarterly survey and give a firsthand look at how early adopters self-report their usage of mobile video.

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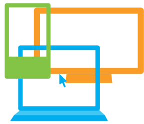


MEDIA BUDGETS ACROSS TWO SCREENS

The Internet's Place in the Advertising Ecosystem

Since the early commercialization of the Internet more than 15 years ago, the online advertising industry has worked hard to get its "fair share" of the advertising pie. As with any new medium, moving the needle from "non-existent" to "significant" takes time. It also takes a ton of effort to prove a new medium's efficacy, make the case for how much market share it deserves, and change ingrained media buying habits. That said, Internet advertising has made great strides in each of these areas. With continued innovation and industry education the online portion will certainly grow its share.

Where Are We Now?

The most recent data from Nielsen Monitor Plus (Q2 '09) shows that Internet advertising* accounts for 7%, or $2.1 billion, of the overall $32.2 billion market for the quarter. This is pretty impressive—and a testament to the Internet's "arrival"—considering established media such as newspapers ($2.9 billion / 9% share), and the combined total for other media such as radio, outdoor and free standings inserts (FSI) are in the same ballpark ($2.5 billion / 8%). Magazines, despite recent challenges, have held on to a distant second place ranking ($4.3 billion /13%), although they trail the dominant TV ad market by a wide margin ($20.3 billion / 63%) **(Exhibit 4).**

How Did We Get Here?

It's no secret the current economic environment continues to apply tremendous pressure to the entire ad industry. Compare Q2 '09 to Q2 '07: Overall ad expenditures are down 10%, with the distribution across media reshuffled in the process. Those feeling the most pain include traditional print-based media outlets such as magazines (losing more than 27% of their ad dollars over the same period) and newspapers (-22%), as well as other media (-10%). The Internet and TV have weathered the storm much better, each down only 3%.

From a share perspective, TV picked up 4 share points (from 59% to 63%), and now accounts for nearly two-thirds of all ad dollars spent. The Internet also benefitted, adding a point and growing share to 7%. Print media has seen its share of advertising dollars shrink from 28% to 22%, with magazines losing four share points (from 17% to 13%) and newspapers contracting by two points (11% to 9%). Other media maintains a solid 8% share **(Exhibit 5).**

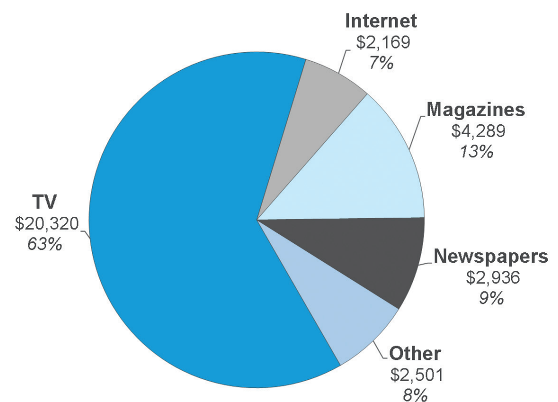
**Display advertising only.*

As the U.S. economy continues to recover, we expect these share-shifts to also persist, with the Internet and TV benefiting from the ability to deliver more impactful ads via more technologically relevant mediums.

Have Top Advertisers Committed to the Internet?

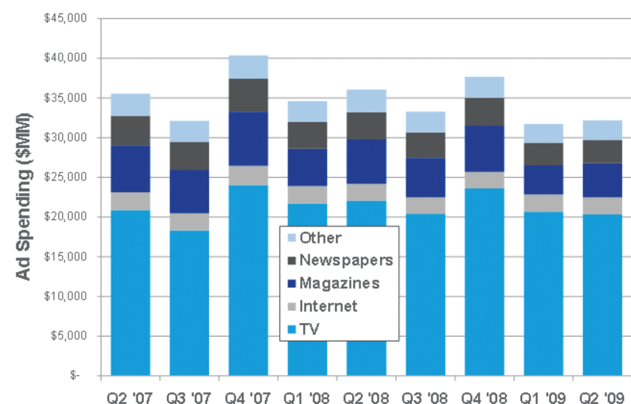
Commitment to incorporating online into the marketing mix varies by industry. Looking at the top 10 advertisers in Q2 '09, we see encouraging results with seven of the top 10 spending more than the 7% average for the medium.

Exhibit 4: Ad Expenditures by Media ($MM) - Q2 '09



Source: Nielsen Monitor Plus

Exhibit 5: Ad Expenditures by Media - Quarterly Trend



Source: Nielsen Monitor Plus

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The more technology and media-oriented advertisers, such as Verizon (10%), AT&T (17%), Time Warner (9%) and especially Sprint (21%), are shifting a greater proportion of their share online than the average U.S. advertiser. Ford made a strong showing online (15%), spending at more than twice the rate of other U.S. advertisers. Also spending at a greater clip is the U.S. government (8%), with military recruiting efforts targeted to young men who spend a good portion of their time online **(Exhibit 6)**.

McDonalds (6%) is about on par with the overall ad market, while CPG advertisers have taken a more measured approach. Both Procter & Gamble and Johnson & Johnson have committed only 1% of their ad budgets to the online space, although they continually work to better understand the medium through testing and research, and are expected to increase their commitments with their comfort level.

What is the Internet's Fair Share of Ad Spend?

Try as it might, the ad industry has not come up with a good way to compare the relative value of impressions from medium to medium beyond the gross-ratings point (GRP). Various measures have been considered, including a protracted attempt to nail down a cross-media definition of consumer engagement to no avail. Since each medium has its own innate strengths and weaknesses, as well as a vocal group of supporters focusing only on the positives, no consensus has ever been reached. We looked at the amount of time spent by consumers with a medium.

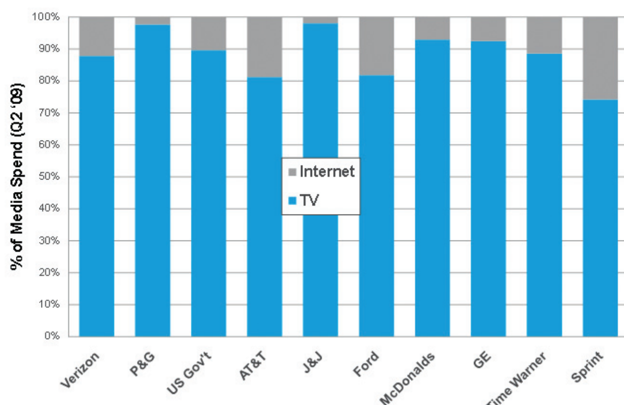
Isolating ad expenditures and time spent for TV and the Internet, there is a definite inequity between dollars committed to a medium by advertisers and time spent with a medium by consumers. For TV, time spent has accounted for 87% to 90% of consumers' time over the last eight quarters—quite substantial. Comparing ad expenditures, TV has garnered between 89% and 92% of the ad dollars over the same time period. This is not a major inequity when viewed as a percentage point, but it's a lot of money when each percentage point represents more than $2.2 billion (Q2 '09).

As for the Internet, time spent ranged from between 10% and 13%, while ad dollars accounted for between 8% and 11% of the combined TV/Internet total **(Exhibit 7)**. In other words, if advertisers—especially those who are significantly under-utilizing the medium and sticking with what is in their comfort zone—dedicated a "fair share" of ad expenditures based on this simple share-of-mind analysis, Internet ad revenues should be roughly 20%—or $4.4 billion—greater!

Where We're Headed

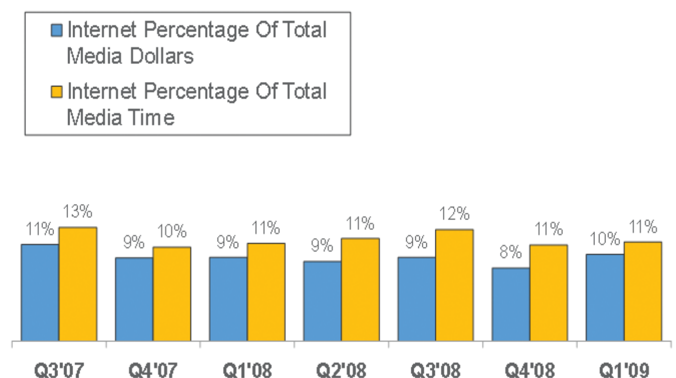
The Internet has made significant ad revenue strides during its short history, so much so that we can kick the "new" media moniker to the curb. Ultimately, as media technologies advance and video, audio, and text converge on digitally-based networked delivery systems—including devices like the iPhone, Kindle, Xbox, Roku and others—we'll care less about media share and more about all media, anytime, anywhere—all ad supported. The Internet is an established advertising platform that will keep evolving and improving upon its value to consumers and advertisers alike. Consumers have locked in the Internet as an essential part of their daily media consumption. Now it's up to advertisers to get more aggressive and commit the appropriate online budgets to their brands.

Exhibit 6: Top 10 Ad Spenders - % of Spend on TV, Internet



Source: Nielsen Monitor Plus

Exhibit 7: Time Online Versus Dollars Online



Source: Nielsen Monitor Plus, NMR, NetView

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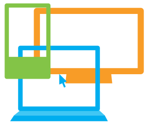

BRAND ADVERTISING ONLINE

Using Measurement to Unlock Brand Dollars

Developing a Core Metric for Media Measurement and proving CPMs in the Process

The Internet advertising industry today is confronted with two key questions: How do we save toppling CPM rates, and how do we compare the Internet to television in a way that will be accepted by TV ad buyers?

The answers to both of these lie in how online media buyers and sellers think about online inventory. Traditionally, the Internet has cared about a very different set of metrics (impressions and clicks) than TV (gross-ratings points and television rating points). In many ways these differences come from the historic emphasis of the two media. Traditionally, TV has primarily cared about ad delivery rather than effectiveness—although this has changed somewhat over the past 5 years with the advent of IAG research—while the Internet has its roots in direct response. Therefore, we tend to care about the percent of the total impressions served that have an action taken on them (a click) rather than the total number of people that actually saw the ad, or who those people were.

To better understand how we arrived where we are, let's look at a brief history of online effectiveness metrics.

With the Web's direct response roots, all forms of effectiveness have basically reverted to one type or another of direct response. When the Internet began to take off in 1993, the click-through rate was the metric of choice. By 1999 the industry realized that this form of direct response limited the publisher's ability to sell to brand advertisers, so another form of effectiveness was born in the form of branding studies. In their own way, these studies are still a form of direct response, although rather than holding publishers accountable for customer acquisition, they were being held accountable for brand lift acquisition.

By 2003, the Web moved closer to a cost-per-acquisition (CPA) model, where online ad exposure was linked directly to offline sales. To a great degree, the CPA model still saddles the publishers with managing and proving ROI of a given campaign.

Today, the industry seeks to equalize the Internet with other media by demonstrating delivery over impact. Audience delivery—the promise of TV, print and radio—enables marketers to buy a specific media outlet because it is a cost effective way to reach a specific audience. The new push to post-buy and audience delivery begs the question of what delivery metric the Internet should provide, as simple impressions clearly have not been enough.

There are two potential solutions to our industry's addiction to direct response and by extension, develop a standard for cross-media ad delivery and increased CPMs—with both solutions moving away from an impressions-based basic unit of Internet inventory. The first solution looks ahead to a more fragmented media market and moves to a time-based currency. The other solution reverts to the standard currency of most other media: the gross-ratings point. Both of these measures shift advertiser attention from the delivery of the specific unit to the quality of the overall campaign delivery.

Encouraging Brand Advertising with Time-Based Measurement

The first solution is to move away from an impression-based currency. When a site can theoretically serve unlimited impressions per page and chop pages into ever shrinking pieces, CPM's shrink due to a glut in inventory. To make up for these low rates, sites create cluttered environments where a

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consumer is moved quickly from one ad unit to another so that the consumer can be exposed to as many ads as possible. With so many ads delivered in short periods of time it is very difficult for any given ad to produce a brand narrative that connects with a target consumer.

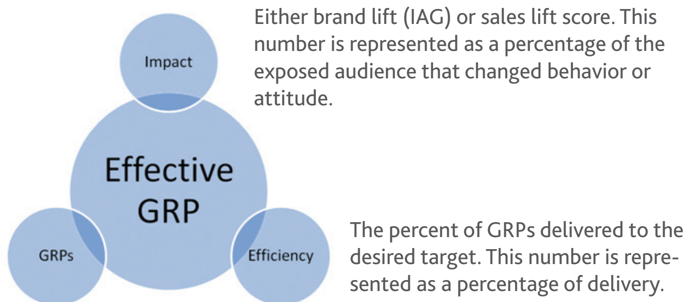
The solution is to measure the overall time a consumer is exposed to a given brand's ads on a site, rather than the individual impression itself. It stands to reason that the longer a person is exposed to a good creative unit the more effective the unit itself will be.

In practice, sites should begin by guaranteeing "dwell time" or the seconds a person is exposed to a given brand during a given flight. Eventually, these guarantees could take the place of currency. In this future world, a site would be paid by total time of unique exposure (time of advertiser brand exposure/ time of other advertiser brand exposure) rather than how many impressions were served. This measure would mitigate clutter, increase time, reduce the need to create extra page views in order to generate more inventory—and reduce actual inventory levels, which in turn should increase average CPM.

This would also create an equalizing metric between TV and the Internet. Analyzing the total time of exposure per person to both online units and TV units allow us to use seconds of delivery (something that all media have in common) rather than impressions.

Developing a Cross-Media GRP

The other solution is to provide online gross-ratings points. GRPs are critical to increasing investment in Internet advertising because they are the core media buying unit used by offline marketers. Without this basic unit, Internet advertising requires a different planning process than the rest of media. The quest for the online GRP has been a long one—



Equation: GRP x Impact x Waste = Effective GRP
Example: 10.3 GRPs x 74% in 18-49 target = 7.6 Effective GRPs

with many objections raised about this metric: **1)** the GRP is too blunt and is roughly an impression-based metric anyway; and **2)** it undervalues the Internet, since other media can consistently deliver a higher number of GRPs due to their reach.

Equation: GRP x Impact x Waste = Effective GRP
Example: 45.2 GRPs x 46% message recall x 74% in 18-49 target = 15.4 Effective GRPs

Nielsen believes that the online GRP metric is not only within reach, but it is a relatively easy calculation:

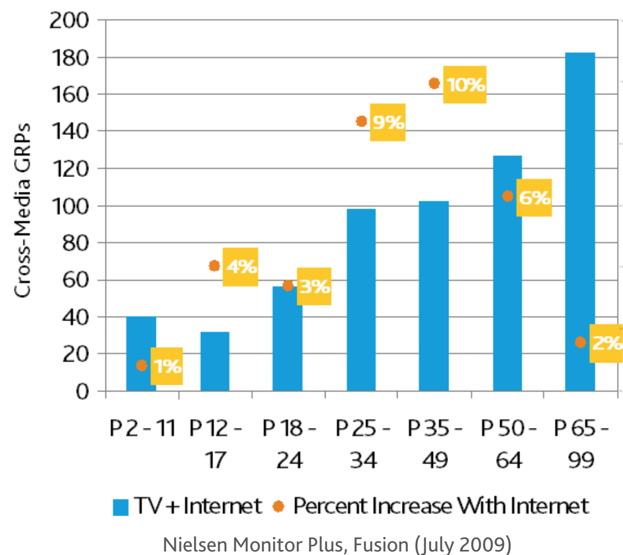
Online GRP Calculation
GRP = Percent Total TV Population Reached x Average Frequency of Exposure per Person ...or...
GRP = Ad Impression / Total Population

Essentially, there is no mystery in GRPs: they measure advertising delivery relative to the size of the overall population.

A GRP that accounts for differences across media can be calculated using either brand lift (IAG) or sales lift score. This number is represented as a percentage of the exposed audience that changed behavior or attitude. Also the efficiency of each media can be captured by using the percent of GRPs delivered to the desired target. This number is represented as a percentage of delivery.

GRPs allow us to show equivalent delivery across TV and the Internet. Since the GRP is the metric used by traditional marketers in market mix models and other investment allocation tools, the Internet's ability to accurately show accumulated GRPs across media provide marketers with the data they need to judge where dollars should be spent **(Exhibit 8)**.

Exhibit 8: Cross-Media GRPs For "Tide" Simulation



Nielsen Monitor Plus, Fusion (July 2009)

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To best demonstrate the importance of using a GRP in cross-media measurement, we have taken Tide's TV and Internet campaigns for May 2009 and simulated how the campaign was delivered across multiple demographics **(Exhibit 9)**.

In all cases, the Internet demonstrated an increase in GRPs. In the core demographics ages 25-to-49 they demonstrated a 9-to-10 percent increase in the total campaign GRPs.

These numbers themselves are impressive, however, this campaign was bought in women-oriented sites. What would happen if Tide branched out its buy to more cutting-edge online media? **(Exhibit 10)**

Simulated Campaign Adding Five Million Hulu Impressions

By adding five million impressions of Hulu video inventory, we see an even more impressive increase. The green triangles represent the incremental GRPs provided by a relatively modest increase in impressions. Among the core demographics we see an incremental 3-to-4 percent increase in buying Hulu inventory alone. Clearly, if this were more aggressively expanded, more GRPs would follow.

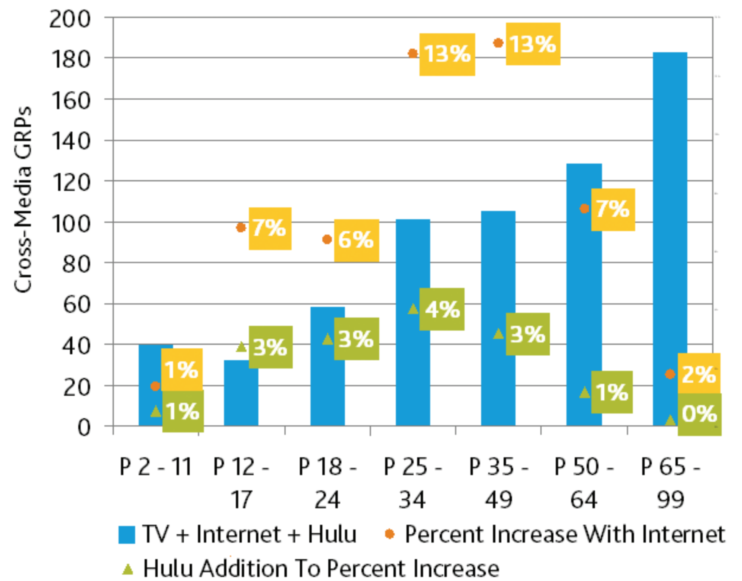
A Way Forward for All Media

In an ideal world, time-based measurement and GRPs would become part of the same solution. This approach would also allow us to better differentiate the value of ad formats within each media. For example, it would place a different weight on a "button" versus a video pre-roll online. It would also correct for similar time constraints with TV, allowing marketers on TV to better weigh .15 second spots against .30 second spots and bumpers.

By marrying these approaches we will truly have a cross-media and planning metric that takes into account the different levels of interaction with each media, while also taking into account the different types of ad formats that are native to each media. Indeed, when analyzed by market, it may well allow CPG companies to provide a more equalized input for market mix models.

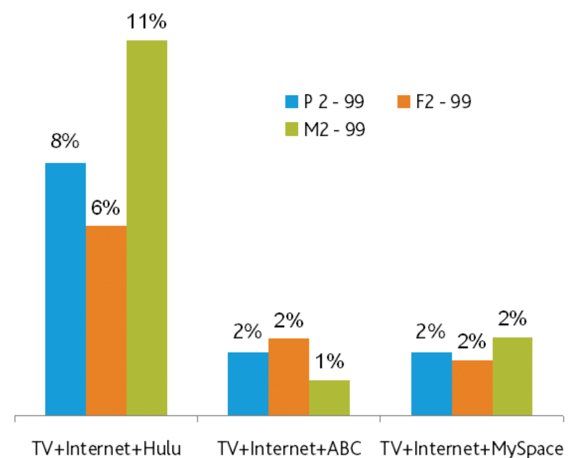
The way forward is to advance measurement and planning to capitalize on the unique benefits of each media while also showing how individual media combine to provide broad based delivery. Time based measurement will do just this.

Exhibit 9: Cross-Media GRPs For "Tide" Simulation Plus Hulu Simulation



Source: Nielsen Monitor Plus, Fusion (July 2009)

Exhibit 10: Incremental Reach By Web Property



Source: Nielsen Monitor Plus, Fusion (July 2009)

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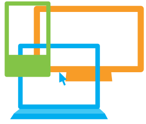


CROSS MEDIA REACH/FREQUENCY

How Do Your TV and Online Schedules Work Together? Understanding Reach and Frequency in a Cross-Media World

In the previous chapter we described the importance of developing a cross-media GRP. Nielsen believes that developing a common metric between TV and the Internet will lead to greater understanding of the online medium, and therefore encourage traditional offline advertisers to look more closely at the Internet as a brand advertising platform.

We believe that Internet properties should view cross-media measurement from two core areas: cross-media post-buy analysis and "Share Shift." This chapter reviews both of these analyses and explains how they can be used to better state the case for online advertising.

About Share Shift

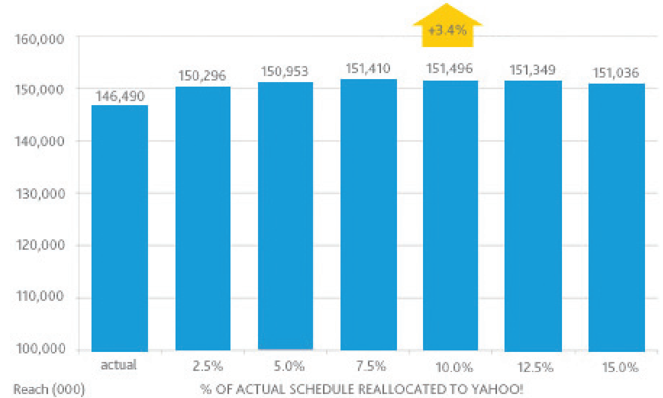
The concept behind share shift is a time-tested method in media sales. In the early days of cable TV, it was called the "Switch Pitch." The basic idea is to answer the question, "what happens to the reach, frequency and GRPs of a campaign if I move X% of the dollars from TV to the Internet?" In the past, individual media companies developed their own models using a mix of Nielsen TV data and various assumptions. Now, with Nielsen's fusion data and Campaign RF tools, we've standardized this popular analysis to make it scalable and repeatable on both the client and agency side of the business, rather than just from media sales organizations.

For this specific analysis we took the TV schedule of Budweiser for January 2009 and reapplied different levels of their budget to Yahoo!—a method a bit like the media planning version of fantasy sports.

Exhibit 11 represents the change in total audience reached. The X-axis above shows the shift from TV to Yahoo!, and the first bar represents the actual audience that Budweiser reached on TV in the month of January—some 146 million people. Moving from left to right, the percentages represent the percent of dollars moved from the January TV schedule to Yahoo!. For example, if Budweiser were to move 10 percent of its TV spend to the Internet, it would increase its exposed audience from 146 million to 151 million, an increase in reach of 3.4%. Any concerns that advertisers and their planning agencies might have about loss of reach as budget share is moved online seem to be allayed by these analyses.

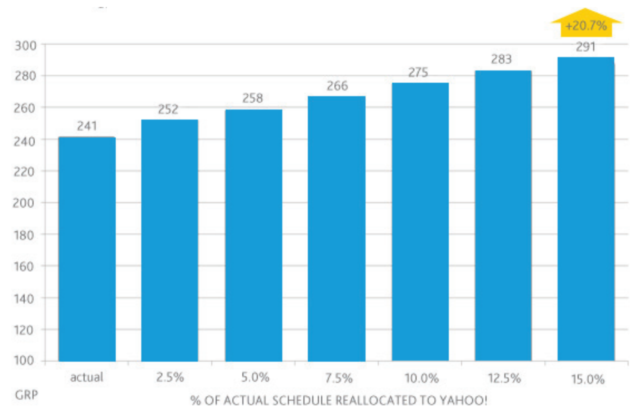
Reach is one thing, but as we discussed in the previous chapter, GRPs are the currency used by offline marketers. So, let's look at the same analysis by GRPs.

Exhibit 11: REACH: By moving 10.0% of TV $'s to Yahoo!, Overall Audience Reach Grows by 3.4%



Source: Nielsen Monitor Plus, Nielsen IMS campaign, R/F

Exhibit 12: GRP: Shifting 15% of TV Dollars to Yahoo! Produces 21% More Gross Rating Points



Source: Nielsen Monitor Plus, Nielsen IMS campaign, R/F

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Exhibit 12 is read similarly to the one above. The percentages along the X-axis represent the percent shift of dollars from TV to the Web and the bars represent the number of GRPs (Impressions/US population) generated by the shifted campaign. Because the Internet tends to generate frequency at a higher level than TV, there is a steeper curve to this chart than the reach analysis. In this case, the TV campaign generated 241 GRPs. When 15 percent of the dollars are allocated to the Internet we see an increase of 20.7%, to 291 GRPs.

If we integrate this view with that of the previous chapter we begin to see the Internet as an audience delivery vehicle rather than just a means for direct response. The Internet should be evaluated as a national medium and the tools to determine the optimal mix of Internet, relative to TV and other media, exist now. The question, though, always remains, "How can any given site prove its strength delivering a core audience?" This is where cross-media post buy becomes so important.

About Cross-Media Post-Buy Analysis

Once an online GRP is established it's important to evaluate the overall cross-media reach and frequency of the campaign to appraise how the online campaign interacted with the TV campaign.

From a media planning perspective, there are many different reasons to employ the Internet relative to TV. In some instances advertisers may be using an Internet campaign to expand on the reach of the TV campaign, while in other instances advertisers may want to execute an Internet campaign that does not add incremental reach but provides frequency against lighter TV viewers and drives consumers to a specific action online.

Post-campaign reporting allows the industry to be accountable for executing schedules that deliver on the communications strategy/media planning goals. This capability now exists, and what follows are examples for an upscale automotive brand.

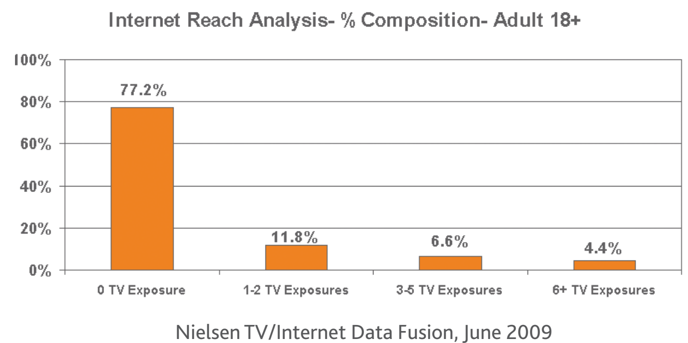
Upscale Auto Reach Frequency

In this instance, the advertiser spend online was a small proportion of TV, which resulted in a relatively low reach for the Internet schedule. But, despite the low reach, the Internet campaign added .3 reach points to the TV schedule—so Internet did drive incremental reach **(Exhibit 13)**.

Beyond documenting the amount of incremental reach that the Internet schedule provided, it's also important to evaluate overall how the reach of the Internet campaign intersected with the TV campaign. While the prior analysis illustrated that much of the reach of the Internet campaign was incremental to TV, further analysis illustrates that is nearly 90% of the Internet campaign's reach was among people either not reached by the TV campaign, or reached less than 3 times.

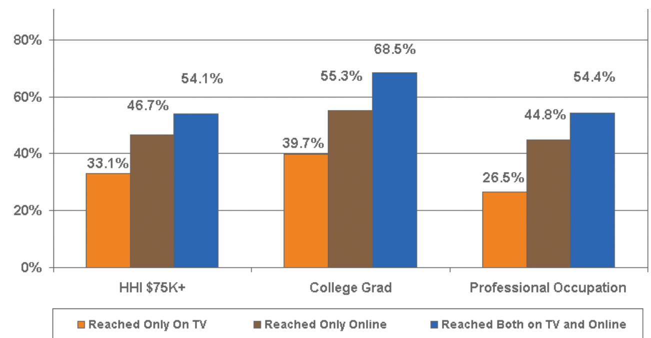
Getting TV advertisers to change their strategy can be a difficult one. As the saying goes, no one gets fired for buying television. With that said, taking the approach of creating a share shift simulation, then demonstrating delivery value with a post buy analysis can indeed sway even the most adamant TV buyer. Using these analyses together creates a two-part analysis: the first part will tell the client how the Internet can help them—and the second clearly demonstrating how it does.

Exhibit 13: Auto RF, Internet Composition by TV Schedule Frequency



Nielsen TV/Internet Data Fusion, June 2009

Exhibit 14: Upscale Auto R&F- % Composition of Only/Only/Both Segments



Nielsen TV/Internet Data Fusion, June 2009

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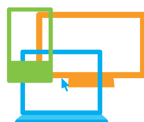

CROSS-MEDIA EFFECTIVENESS

Volume is Not Enough: An Analysis of Cross-Platform Engagement

So far, we've focused on two core issues in cross media advertising: how many ads are served and who sees them. While these both remain critical elements, one final question remains: what actually works?

This question, of course, is not inconsequential. One can make long and detailed arguments about the strength of the Internet to deliver additional audience or to reach a specific segment more efficiently, but if online advertising doesn't produce similar results to TV, then the delivery itself needs to be discounted, because TV ads would produce greater results at a lower inventory level (see Section II).

This question of "what works?" is at the core of Nielsen IAG—which has traditionally focused on television engagement and ad effectiveness measurement for nearly a decade. Over the past several years, as more clients have pondered the merits of shifting additional dollars to the Web, Nielsen IAG has extended its model to include brand impact measurement for most types of online advertising. For more information, visit www.nielsen.com.

This section evaluates high-level findings of campaigns running across network and cable TV and TV content sites. This analysis builds upon benchmarks across many campaigns for hundreds of advertisers and looks at the relative levels of impact between TV and the Internet, different levels of advertising decay, and online video creative strategy. Additionally, it explores what may be the most critical topic of all—the potential synergies offered by a cross-platform campaign that a consumer sees on both TV and online.

The three core metrics employed in this analysis are:

- Brand recall: Did those exposed to the ad remember the brand the day after exposure?
- Message recall: Did those exposed to the ad remember the primary message of the ad the day after exposure?
- Likeability: Did those exposed to the ad remember the brand the day after exposure and report to like the ad "a lot" or "somewhat"?

Exhibit 15: Ad Performance: On-Air TV vs. Online Full-Length TV Episodes on Video Site

Category	Platform	Brand Recall	Message Recall	Likeability
Automotive	Online Full-Length TV Episodes	40%	30%	25%
	On-Air TV (Broadcast + Cable)	20%	14%	11%
	Index	**200**	**214**	**227**
Beverages	Online Full-Length TV Episodes	55%	44%	26%
	On-Air TV (Broadcast + Cable)	27%	18%	16%
	Index	**204**	**244**	**163**
Household Products	Online Full-Length TV Episodes	44%	30%	25%
	On-Air TV (Broadcast + Cable)	37%	26%	21%
	Index	**119**	**115**	**119**
Restaurants	Online Full-Length TV Episodes	50%	46%	23%
	On-Air TV (Broadcast + Cable)	29%	25%	16%
	Index	**172**	**184**	**144**

Source: Nielsen IAG, P13+, Online Full Episode data based on survey responses from 11/25/08 – 8/1/09; Television norms inclusive of Primetime programming only and based on survey responses from 11/1/08 - 8/1/09; Note: TV norms above are based on all ads for those Brand/Products which ran on both Website & TV during the same time period; Shading indicates significant difference at 90% confidence; Significantly higher indicated in green, significantly lower indicated in orange

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Exhibit 15 on the preceding page examines IAG's core metrics across multiple industries, comparing TV and Internet ad effectiveness for a particular Web site which streams full-length TV episodes. The green cells represent areas where the Online video significantly over-indexes against TV in the specific metric being reported.

While a variety of different industries and measures are represented in this chart, one pattern is consistent: Internet video impressions on this full-length TV episode Web site are materially stronger than their on-air TV counterparts in terms of core brand impact. Like any emerging form of advertising, the novelty of online video impressions likely adds to their effectiveness, along with a variety of factors including the inability to easily skip online video ad units, considerably reduced ad clutter, content sponsorships, as well as greater engagement levels from viewers seeking content online. The degree to which this platform can continue to deliver this level of performance remains to be seen, but it's likely that it will sustain its relative effectiveness for some time to come.

Note that the analyses were based on measurement within 24 hours after ad exposure. While day-after recall is an accepted standard for effectiveness research, most advertisers certainly hope that the impact persists for much longer than one day. IAG has the ability to measure audience response to online advertising up to a week after exposure to quantify the more enduring brand effects.

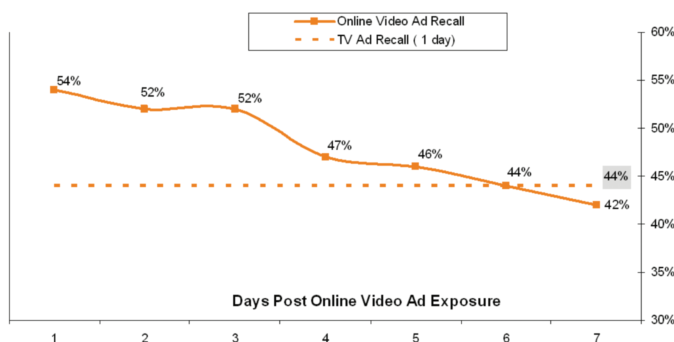
In **Exhibit 16**, the solid orange line represents the ad recall over the number of days following an online video ad exposure. For example, three days after exposure, the online video impression showed little decay and still had a 52% recall. The orange dotted-line represents the level of ad recall for TV one day after exposure (44%). So, while TV exposure tended to have a 44% recall after one day, online recall did not decline to that level for six days. Even after a week, the online recall levels only dipped mildly below TV's 24-hour recall—indicating the lasting impact of exposure in this medium.

However, this outright performance level for online video alone does not tell the whole story of advertising effectiveness. Campaigns after all are often created, planned and targeted with the expectation that impressions will build across multiple platforms and that many consumers who view online ads will also have the opportunity to see related advertising on television. Thus to understand the full impact of the Web, it's important to understand the combination effects—specifically, is the TV message amplified by the corresponding online ad units? **(Exhibit 17)**

In this case the significant lift between viewers exposed to the brand's advertising on both TV and Web vs. only TV is expressed by a red arrow. TV impact tends, as one would expect, to diminish as you move down the branding funnel from general ad recall (37%) to purchase intent (8%). We see the largest impact of online ads on the TV audience in the mid-funnel metrics, brand recall and message recall, which achieved a nine-point and seven-point increase respectively.

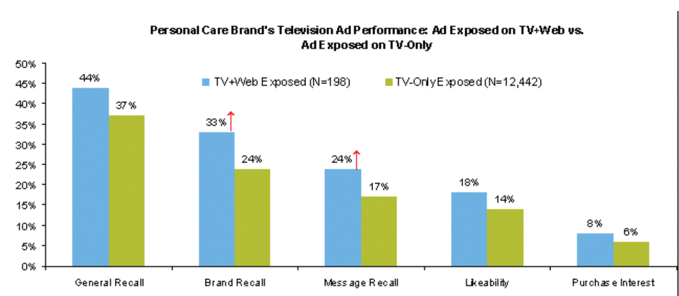
These patterns are consistently seen whether the online campaign is display- or video-based or some combination of formats. In other words, Web advertising helps a TV campaign to work harder, demonstrating the value of reaching a set of viewers in more than one place.

Exhibit 16: Online Ad Performance: Video Ad Recall by Number of Days Post Exposure



Source: Nielsen IAG, Network Web site full episode data based on survey responses responses from 11/19 - 12/5/08 and 1/7 – 4/6/09; Television norms inclusive of Primetime programming only and based on survey responses from 11/1/08 – 4/6/09

Exhibit 17: TV Ad Performance: Exposed to Both TV+Web Campaign vs. Exposed to Only TV Campaign



Source: Nielsen IAG Television Ad Performance and Internet/TV Exposure: 8/7 – 10/26/08. F35+; Prior Internet ad exposure defined as tagged ad(s) impression in two-day period before TV ad exposure; indicates significant difference at 90% confidence

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Creative Development

One of the most often asked question about Web video advertising is "Should I just use my TV creative online?" TV spots are expensive to create and clearly advertisers want to get as much use from those production dollars as possible. However, if this repurposed TV creative undermines the online campaign by not working, investing in new creative is worthwhile. At the same time, many praise the virtues of unique online creative elements, typically saying that the environment lends itself to more "interactive" ad formats, consumers are easily burned out from their TV exposures, and fresh creative adds fresh impact.

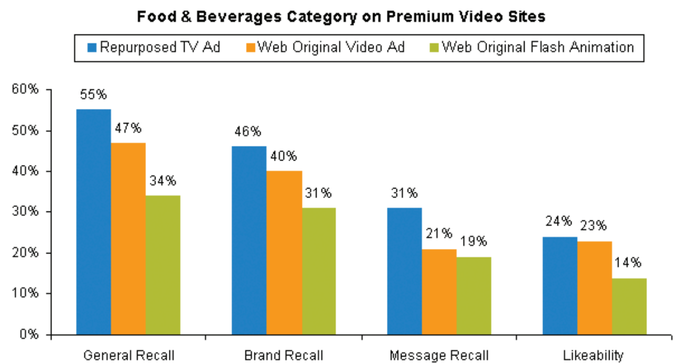
Exhibit 18 shows a much different story than this commonly held perspective would suggest, using the Food & Beverages category as an example. Across all key brand metrics, the repurposed TV ad units performed better on average than either the in-stream Web original video ads or original flash animation. Although prior on-air TV exposure was controlled for, there are several reasons why this could be the case. For instance, the repurposed TV units might have possessed higher production values or simply just been better creative, although hundreds of ad executions were evaluated as part of the larger analysis so those "quality" differences are likely minimized.

Or perhaps those who are looking to supplement their linear TV experience with online video prefer to keep the experience as consistent as possible from a viewing perspective—including the types of commercials they pay attention to during the ad breaks. Viewers lying in bed or on the couch watching their favorite programs on the Web may still enjoy the more "lean-back" and "absorptive" nature of traditional TV ad executions.

What Does This Mean for Advertisers?

Audience extension aside, should advertisers focus on online video campaigns? Clearly, we are not recommending shifting all ad dollars from TV to the Internet. TV advertising continues to be incredibly impactful and provides reach far beyond the capability of most online campaigns. Advertisers should, however, consider extending their TV campaigns to the online video platform. The same creative repurposed from TV can perform well in its own right, as well as adding incremental impact to the existing TV buy. As the networks and emerging video platforms like Hulu and YouTube continue to innovate on their delivery of long-form TV programming by building exciting interfaces and engaging creative formats, the trends described here will very likely continue in the future. Now, all we need is a few more viewers.

Exhibit 18: Food & Beverage Category on Premium Video Sites



Source: Nielsen IAG, P13+, Premium Online Video Measurement 2007-09; Includes only Food & Beverages category brands with both Repurposed TV and Web Original executions; Excludes viewers with prior on-air TV exposure to same brand/product in prior 15 days

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CONCLUSION / SUMMARY

It's All About the Connected Consumer

We began this paper discussing the shifting view of marketers and the growing prominence of the Internet in their plans. We know when it comes to advertising, it's never been more critical to be highly efficient and effective to reach consumers where they spend much of their time: online, on mobile devices, gaming and watching TV. Every moment of every day, consumers consciously and unconsciously make decisions to view content on, as we at Nielsen call it, "the best screen available."

While media fragmentation might be wreaking havoc with many of the principles on which relationships between brands and consumers were once built, effective brand building in this dynamic environment need not be out of reach. In fact, we think it's quite attainable and sustainable with a better understanding of consumers and their media and purchasing behavior.

The ability to have a holistic view of consumers, how they consume media, react to all forms of advertising, or what their brand preferences are, is essential for advertisers and the media industry alike. Incorporating a deep understanding of the extraordinarily complex dynamics of the marketplace, from the very start to the hopefully successful end of a marketing campaign, better equips advertisers to make decisions about how to connect with consumers across all the available platforms. In this way they can achieve the greatest results, better optimize their campaigns in-flight, and analyze the outcomes in qualitative and quantitative terms.

These evolving needs reassert the need for Nielsen's commitment to develop Anytime Anywhere Media Measurement (A2/M2), an initiative developed expressly for the purpose of delivering comprehensive cross-platform consumer-centric insight. Already dozens of our clients, including top advertiser brands in the CPG, Auto and Insurance industries as well as many of the leading global media companies, are better able to make the most of today's multi-screen environment.

It's sometimes easy to forget that consumers are actually people when we think about the advertising world. Instead, we focus on abstractions including effectiveness points, GRPs, page views or simply count impressions. We do this at our own risk.

To state the obvious, the goal of media is to deliver advertising to people not GRPs. They make decisions about what they want to watch and when they want to watch it. They decide what to buy, when and where. To reach them effectively in a fragmented, multi-screen world requires a keen understanding of the relationship between the multiple screens, the advertisements and the purchases that are results of cross-media advertising exposure. The good news is that we're already well on our way down this path. We hope you join us for the journey.

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About The Nielsen Company

The Nielsen Company is a global information and media company with leading market positions in marketing and consumer information, television and other media measurement, online intelligence, mobile measurement, trade shows and business publications (Billboard, The Hollywood Reporter, and Adweek). The privately held company is active in more than 100 countries, with headquarters in New York, USA.

The Nielsen Company's online and mobile solutions deliver comprehensive, independent measurement and analysis of digital audiences, advertising, video, consumer-generated media, word of mouth, commerce and consumer behavior. Nielsen enables clients to make informed business decisions about their digital and mobile strategies.

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