



FIVE

YEARS & FORWARD

AdSmart: Five Years & Forward

The following paper delivers insights collated from five years of learnings into the UK addressable TV market through Sky's AdSmart technology. Data is obtained through Sky Media and third-party research partners BDRC, Differentology and Affectiva including ground-breaking facial coding and emotion analytics.

The paper also looks at the wide range of categories and brands that have used AdSmart and celebrates passing 1000 businesses who have used TV for the first time because of AdSmart. The paper also covers the expansion onto the Virgin platform meaning a 40% reach of UK households and looks at opportunities and developments in the AdSmart proposition with Jamie West – Director of Strategy & Capability, Sky Media.



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The Power of TV for All

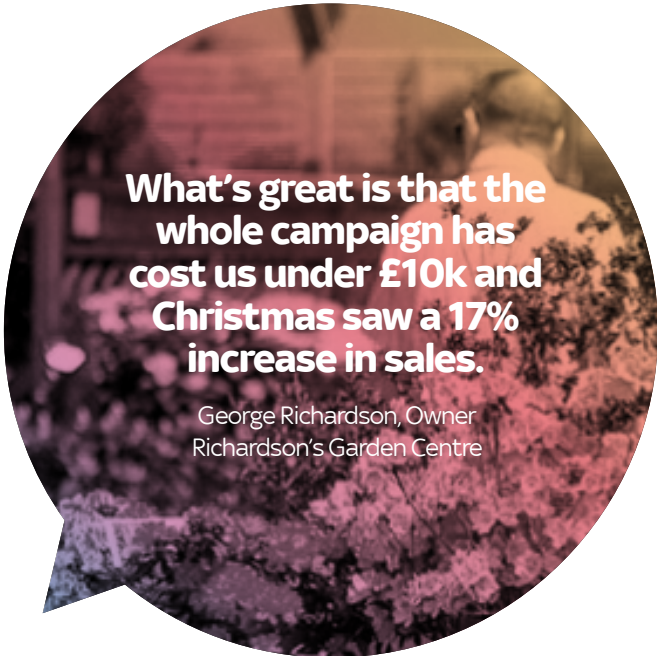
We all love TV. From Game of Thrones to the Great British Bake Off, TV never fails to grab the attention of friends and families who regularly get together to watch big events and everyday programmes on both linear and catch up.

TV is a tried and tested environment that builds brands and provides the safety and trust required in today's contentious media landscape.

Addressable TV technology gives brands and marketers the ability to reach audiences based on millions of different data points such as demographical, socio-economical, location and behavioural characteristics.

Addressable TV has democratised the TV advertising landscape, making TV available to business of all shapes and sizes – from McLaren Automotive reaching ultra-high-net-worth car lovers nationally to local car dealers engaging customers within a 3-mile radius of their showroom. This data driven technology also allows advertisers to use their own customer data meaning for more effective targeting and evaluation.

'As Seen on TV' is still a byword for credibility and trust that businesses aspire to but barriers like cost and lack of targeting have meant TV advertising was out of reach. Addressable TV has broken down these barriers. AdSmart gives businesses access to reap the rewards of the premium and trusted environment of TV with the confidence they only pay for advertising that has been seen in full and by the desired audience.



What's great is that the whole campaign has cost us under £10k and Christmas saw a 17% increase in sales.

George Richardson, Owner
Richardson's Garden Centre

AdSmart is effective at boosting ad recall because targeted audiences are more likely to remember TV ads

The AdSmart Journey



Jamie West
Director of Strategy & Capability, Sky Media



In the last five years, we have been on a journey to make TV advertising more relevant to more brands. Addressable TV has made huge strides in making it as easy as possible for brands to advertise on TV. There has been an explosion in targeting capabilities which enable businesses to focus on outcomes with an exceptional return rate. We are now able to prove the efficacy of campaigns in real time. Sky has learned from Google Analytics to prove efficacy, make transactions easy and enable the live reporting of results.

In the next five years, there is a massive opportunity for growth. Addressable is set to accelerate way beyond where it is today to be a regular and stable part of every planners' choice for marketing. At Sky Media, we are focused on building greater reach – we have a clear line of sight to reach in excess of 60% of UK households.

Addressable TV is set to make it even easier for brands to transact. The ambition is to provide a self-serve portal for local businesses and SME advertisers who may be new to TV. Moreover, advertisers can rest assured there is almost zero risk to TV advertising. Meanwhile digital platforms like YouTube and Facebook have proven in recent years that the brand values of advertisers on their platforms can be thoroughly undermined. Addressable combines the brand fame that TV advertising brings, as well as its safety and the ability to target with minute accuracy.

Our long-term ambition is mass household reach across multiple countries. With the current rate of change, a world where we have a fully automated system where agencies and advertisers can book from their systems and measure on an ongoing and live basis, is within reach.

The Key themes for Addressable TV in the future are:

1. Something for everyone
2. Addressable now in the mainstream
3. Absolute brand safety
4. Gold standard of addressable
5. Opportunities for media agencies and SME's

#1 SOMETHING FOR EVERYONE

- There's an incredible depth to the targeting that you can utilise via AdSmart – making TV advertising accessible for everyone from premium car manufacturers to local boiler makers.
- What businesses really care about is what's right for them and their customers. Addressable TV allows brands to focus on business outcomes.
- Historically, TV advertising has been about brand awareness and brand fame. Now we are able to compete with all areas in the marketing mix including..

#2 ADDRESSABLE NOW IN THE MAINSTREAM

- AdSmart has now delivered over 17,000 campaigns – it's no longer a niche product.
- What sets Sky Media apart is our ability to prove ROI from addressable TV.
- Through Sky Analytics we can prove effectiveness – we are able to transact, interact and understand campaigns.
- We have learned from the pioneering work of Google Analytics.

#3 ABSOLUTE BRAND SAFETY

- Sky is a compliant, regulated platform and a brand safe environment. A broadcaster can lose its licence if it doesn't comply with the strict broadcasting code.
- YouTube has proven it can flout the rules. The level of decency that applies in everyday life does not seem to apply to YouTube, to the cost of many.
- In a world of TV an advertiser's brand values will never be put in jeopardy.

#4 GOLD STANDARD OF ADDRESSABLE

- Our ambition is for AdSmart to be adopted as a gold standard metric of addressable TV across the globe. You either meet the AdSmart standard, or you don't.
- In a major step forward, NBC Universal has adopted AdSmart branding and the ambition is to adopt capabilities in the US using Sky's protocols.

#5 OPPORTUNITIES FOR MEDIA AGENCIES AND SMEs

- For media agencies, whether small or large, addressable TV helps them to solve the business challenges of their clients. Sky Analytics reduces the complexity for agencies and allow them to more effectively service advertisers across multiple media.
- SMEs have had limited choice dealing with traditional local media – local press, radio and search. They can now use TV instead. This applies to small businesses across multiple industries where brands have relationships with their customers.



We saw 61% more sign-ups – 32% above the national average growth. Given the positive results we are now live with a second campaign

Now Pensions



The research and Insight

Revealed in this paper is **the most comprehensive research into addressable TV in the UK market**. Sky Media is currently the only existing proposition widely used by brands in the UK and as such this whitepaper leverages data and insights from the business in order to formulate findings. Data was verified by BDRC. The research includes findings from 130 campaign effectiveness projects across 5 years which has seen 300,000 Sky subscribers interviewed across 350 different target audiences.

Adding a new perspective to the research, Sky Media worked with research specialist Differentology and emotional measurement company Affectiva, deploying a ground-breaking methodology to measure the emotional reactions of AdSmart viewers using state-of-the-art facial coding and emotion analytics software.

This research combines to show that campaigns using addressable TV can considerably improve ad impact and effectiveness, regardless of the type of brand and for both established and new to tv advertisers.

Key improvements to campaign effectiveness include a reduction in channel switching, higher resonance of brand messaging, greater recall and higher purchase intent.

d.fferentology



:) Affectiva

The Story so Far...



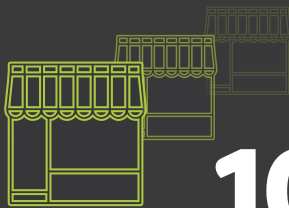
Campaigns delivered



Of UK's top 100 advertisers



Addressable
channels enabled



More than
1000

Companies have used TV
for the first time



Are new to TV or Sky



Advertiser return rate



Individuals following Virgin expansion



1/3

Of all campaigns
use Geo-targeting



Able to reach
40%

Of UK TV population

1,000 businesses have used TV for the first time because of AdSmart

The AdSmart Impact

Since AdSmart launched in 2014, more than **17,000** campaigns from more than **1,800** different brands have been run. **75%** of the UK's biggest brands have used AdSmart from ASDA to Zap – brands have found exciting and engaging ways to use the 1,000s of data points to target their audiences. Across AdSmart there is a **70%** advertiser return rate meaning it's working, and they are coming back again and again.

Growing TV and small businesses – a milestone

The Power of addressable TV means that businesses of all shapes and sizes can now access TV – whether that's national and niche or smaller and local, the cost of entry to TV has never been this accessible. **75%** of our advertisers are either completely new to TV or new to working with Sky. 1/3 of all our campaigns use geographic attributes that aren't possible on other platforms, with post code area, county council and 'drivetime' being the most popular. In fact, there has now been more than **1,000** businesses that have used TV advertising for the first time because of AdSmart.

More homes and channels

From 1st of July, AdSmart will be expanding onto another platform for the first time. With the inclusion of Virgin Media homes, around **40%** of UK households will be addressable – approximately **30 million** individuals making it comparable to the reach of leading social media networks. Since launching on only Sky Channels there are now over **100** AdSmartable channels (3) including the UK's 3rd largest commercial station Channel 5 and a whole host of famous brands from partners including Viacom, NBC Universal, Discovery, A+E Networks and Fox.



The Research...

1



48%

Reduction in
channel switching

2



10%

Increase in addressable
homes liking TV advertising

3



13%

Higher emotional
response to TV ads

4

21%



Ad engagement
increase

5



10%

Spontaneous ad
recall increases

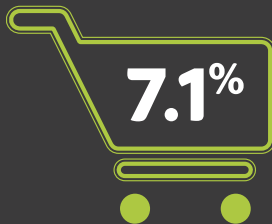
6



4%

Spontaneous brand
awareness increase

7



7.1%

Increase in purchase
likelihood

8



20%

Increase on purchase metrics
for new to TV brands

9



22%

Increase in ad awareness
when combined

10



14%

More likely for brands
to be talked-about

Key Research Findings

1. Channel switching reduces by 48%

Analysing tens of thousands of ad breaks featuring our 500,000-strong viewing panel, the research found there is 48% less channel switching during addressable ads compared to standard ads in the first three positions of a commercial break.

2. Enjoyment of TV advertising is more - + 10% more

AdSmart viewers are also starting to like TV adverts more (+10% appeal vs linear audiences). And why wouldn't they? They've seen brands and companies that they never normally would have seen on TV, from exclusive high-end brands to small local companies advertising in their local area, all specifically targeted to their own lives and interests.

3. 13% higher emotional response

Using advanced facial decoding, AdSmart audiences had up to a 22% higher emotional response when viewing TV adverts compared to linear audiences. This is key for advertisers because emotion creates memories, drives recognition and ultimately translates into positive ROI. The average increase across all campaigns is 13%, a significant uplift for the same creative.

4. Ad Engagement grows by up to 35%

As well as measuring emotional response, the methodology measured engagement – in this case defined by how attentive the viewer was to the advert whilst on screen. Amongst AdSmart viewers, engagement levels were as high as 35% higher with an average of 21% higher than for linear audiences.

5. Spontaneous recall increases by 10%

It makes perfect sense - if an ad is more relevant to you, then you are more likely to remember it. Addressable viewers are 10% more likely to spontaneously recall TV ads compared to linear TV viewers. Targeted viewers are more likely to find the ad message relevant so it is more likely to 'stick'.

6. Average spontaneous brand awareness increase by 4%

Brand awareness is something all brands strive to achieve. This is something that takes time and companies spend millions on and years to build up their brand awareness and equity. Spontaneous brand awareness increases on average by 4% and in certain categories can be as high as 13%.



**AdSmart
breaks
down the
barriers
for new to
TV brands
and has big
impact**



Combining linear and addressable drives even greater campaign impact

7. Purchase likelihood increases by 7.1%

Higher engagement and relevance have actual business results, increasing the likelihood for consumers to actually purchase a product. Addressable only campaigns likelihood to purchase increases by more than 7% vs linear audiences.

8. New to TV brands experience the biggest boost +20% on purchase metrics

New to TV brands really perform well and benefit from the brand building power and exposure TV provides. Against all brands measured 'New to TV', brands can expect a 20%+ boost in purchase metrics.

9. Combining linear with addressable sees 22% increase in awareness

Adding addressable technology to linear TV plans increases campaign cut through amongst core target audiences. The frequency is ramped up, but the platform also allows the super-serving of highly targeted impressions against a tightly defined audience. On average, campaigns which include hyper-targeting alongside the traditional linear TV activity see a 22% increase in prompted creative ad awareness.

10. 14% more likely to be talked-about

Because generating word of mouth can lead to brand advocacy – the holy grail of effective advertising. Our campaign data tells us that campaigns including AdSmart alongside linear spot activity are +14% more likely to be discussed with friends and peers.

We chose AdSmart because it allows us to deliver a high impact, dynamic, and engaging execution, in a very tightly geo-demographically targeted manner

MaClaren Automotive

Different challenges, same 'Smart' thinking

With more and more brands using AdSmart – businesses of all shapes and sizes are harnessing Addressable TV to deliver on their business goals.

'As Seen on TV' is still a byword for credibility and trust that businesses aspire to, but barriers like cost and lack of targeting have meant TV was often out of reach. Addressable TV has broken down these barriers. AdSmart gives new businesses access to reap the rewards of the premium and trusted environment of TV and established brands exciting data-led executions to engage current and future customers in a new way.

With the flexibility it brings here are three examples of how brands are using TV in a new way:

The Local Hero



Gasway was established in 1982 and is now East Anglia's largest heating installation and servicing company. Gasway had never considered using TV advertising before they ran its first ever AdSmart campaign. Working with Sky's local sales team Gasway targeted 32,000 homeowners with specific attributes that matched the company's ideal customer in its specific business footprint. Creating a compelling ad was a lot quicker and cheaper than the company imagined and as a direct result of the campaign the business hit some major milestones including an 18% uplift in sales leads, the highest amount of installs sold in a month and business revenue growth of 35% year on year.

Why yes, it's Sparkling Water!



The Comeback Kid



sodastream®

SodaStream is an iconic brand with very modern technology – it substantially reduces single-use plastic bottles and offers a cost-effective source of sparkling water. But in the eyes of the general public, the brand was linked to the past. On top of this, the brand was struggling to get significant high-street distribution. Pre-Christmas 2018, a valuable opportunity arose to test the product in 80 Boots stores. SodaStream's agency Pintarget recommended hyper-local TV, using AdSmart to target high-opportunity audiences close to specific stores. This would give the brand stature, sending the message to potential customers that SodaStream was a major national advertiser, for a locally available product. The TV campaign created brand awareness and purchase intent that didn't previously exist, helping an iconic brand to overdeliver on sales targets. SodaStream rediscovered its fizz and is now a committed TV advertiser.



We can see from traffic to our site and traffic to Boots, the impact this advertising had. The AdSmart campaign was paramount in creating brand awareness that didn't previously exist, generating additional exposure and driving incremental sales and purchasing intent

**Michael Laws,
UK Trade Marketing Manager
SodaStream**



The Brand Builder



This campaign really broke the mould, together with OMD and Sky this collaboration using AdSmart has delivered something completely new and bespoke. It's created a hugely effective addressable solution to a problem that all brands are facing.

**Thomas Green,
Head of Media Marketing
Communications,
Barclays**



BARCLAYS

Linear TV has been fundamental in maintaining Barclays' brand consideration and market position over the years. However, with changing consumption habits, reach is harder to build using broadcast alone. With a cluttered finance category, coupled with new challenger entrants to the market, it was clear that the bank's AV strategy had to evolve too. OMD brought together Barclays and Sky to help connect with these evasive light TV viewers, cleverly identifying the ideal Barclays audience and combining a linear and AdSmart execution to reach them. After a six-week test, Barclays saw the addition of between 7 and 11% incremental cover for 'light viewing' ABC1 Adults. This approach – blending broadcast TV with a data-fuelled addressable solution was not only more cost effective, it saw Barclays sky rocket in spontaneous consideration within its category ending the year on top.

Case Studies

With TV being more accessible than ever before, the breadth of categories and businesses now able to harness television advertising is wider than ever before. Here we bring some of those stories to life – from massive well known brands to small and niche businesses.

RETAIL

MR PORTER

Able to target an audience more likely to buy luxury fashion, 1000s of incremental orders delivering a ROI of 3.4 and doubling purchase consideration amongst viewers.

NISBITS

The UK's largest supplier of catering equipment had never actively advertised the B2C side of their business.

AdSmart was the main component of Nisbits first ever retail campaign which saw a 9% increase in retail revenue in the first month of its campaign.



What is great is that the whole campaign for the year has cost us under £10k and Christmas saw a 17% increase in sales

**George Richardson
Owner, Richardson's
Garden Centre**

FINANCE & BANKING



We found that the quality of the traffic from the meridian region was much higher than the national average. We saw an immediate impact on the performance. We saw 61% more sign-ups – 32% above the national average growth

Now Pensions



BeWiser are a motor insurance specialist that booked its first custom monthly campaign in June 2015 and have remained on air ever since running 47 campaigns to date.



LLOYDS BANK

Lloyds reached an audience who were twice as likely to be in market for the advertised financial services compared to the linear traded ABC1s.

HOME IMPROVEMENT



Green Squares are a new to TV advertiser having only used digital marketing in the past. The product is all about transforming the garden space.

Green Squares selected geo targeting local authority areas that surrounded the branch that it felt had the best resource to deal with responses. Green Squares audiences were selected to target affluent homeowners with above average household incomes.



Zap premier garage doors used specific data to target households in the Yorkshire area that had garages.



Gasway are delighted with the results achieved from using the AdSmart platform. It has been a real success for our business, giving us our best performing month ever in the domestic sector. AdSmart has proved to us that we can now identify the most appropriate audience, in the right areas, and generate the very best return on our advertising

David Metcalf
Sales and Marketing Manager

AUTOMOTIVE

HENDY

The first company to test AdSmart, Hendy Group saw their sales double and continue to use it as a backbone to the company's marketing.

Hendy have built on its initial success with targeted TV, they are now driving incremental campaign performance through a data partnership.



Consideration for Citroën's C4 Picasso went up by a third amongst the target audience following the AdSmart activity.



We have looked at using tv in the past but it has not been viable as we fall between two tv regions making it wasteful and expensive for us to use. We have now been using Adsmart for the last 18 months and 2018 was our best year to date. It is a platform we intend to continue to use in 2019

Sims Suzuki - Darlington

HOLIDAY, TRAVEL & TOURISM



21% of the audience took some kind of action following the ad with 3% actually going on to book a holiday with BA.



Silversea Cruises chose AdSmart for its first ever TV campaign, targeting the East of England, Meridian and London BARB TV Regions, using Mastercard data that isolated homes interested in Cruises where the youngest Adult is 55+.



Teamsport indoor Karting are taking full advantage of single postcode area and Local Authority. It's running a 4th campaign currently reaching 18-34s in ST postcode.



AdSmart allowed us to communicate our marketing to a carefully selected group of key British Airways Holidays' prospects. Utilising the platform's regional and Mosaic targeting we were able to supplement our broader linear TV campaign by increasing ad exposure to frequent holiday goers in hubs such as London, the South and Manchester

Matt Armstrong, Head of Marketing & Distribution, British Airways Holidays

EDUCATION & CHARITY



Goldsmith University of London – first time on TV through AdSmart at the end of 2018 / early 2019, were looking to attract applications for the 2019 intake of undergraduates, using the university's new branding for the ad.

Goldsmiths University focused on geo catchment area of 2 hours from the Uni excluding the London area (which was serviced through existing media agreements) plus certain Experian types for the parents in the household plus Oldest Child 15-17 OR Adult 18-24. Therefore, covering off straight from school undergraduates as well as those starting after a break from education.



University of Suffolk had its biggest ever Open Day in November, increasing attendance year-on-year from the targeted age group (15-19) by +23%, those outside of East Anglia by +40% and total attendance by +8%.



Our very first addressable TV advertising campaign has proved a real success. AdSmart has given us a platform where we can target the right customers, in the right regions at a cost that has given us a fantastic return on our advertising

Elle Green, Lottery Marketing Manager, East Anglian Air Ambulance

GOVERNMENT



This was the first suicide prevention campaign on AdSmart, targeting low affluent men 45-55+ in the Doncaster Local Authority area. Doncaster Council are working in conjunction with the Samaritans to raise awareness, that men in need can speak to them directly to seek help.



The AdSmart campaign had a big impact on viewers, succeeding in influencing smoking behaviours.

The AdSmart exposed audience were more likely to have taken a quitting action as a result of seeing the ad. Whilst 5% actually quit while the ad was on air.



As a result of the campaign we had the highest number of enquiries about foster caring we have ever had – three times as many as we'd see in a normal month

**Anushka Desai, Senior Communications Officer
Buckinghamshire County Council**

LUXURY



Super Yacht builder Princess increased spontaneous brand mention by +129% amongst ultra high net worth individuals.



The Cayman Islands Tourism Board boosted booking consideration from 12% to 24% thanks to AdSmart – a +100% increase.



It delivered for us over 400,000 impressions into over 61,000 households and it gave us access to a new target market that literally walked into our dealerships literally to buy a car

McClaren Cars

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