sky|ADSMART

Addressing new opportunities
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asi Madrid 2014

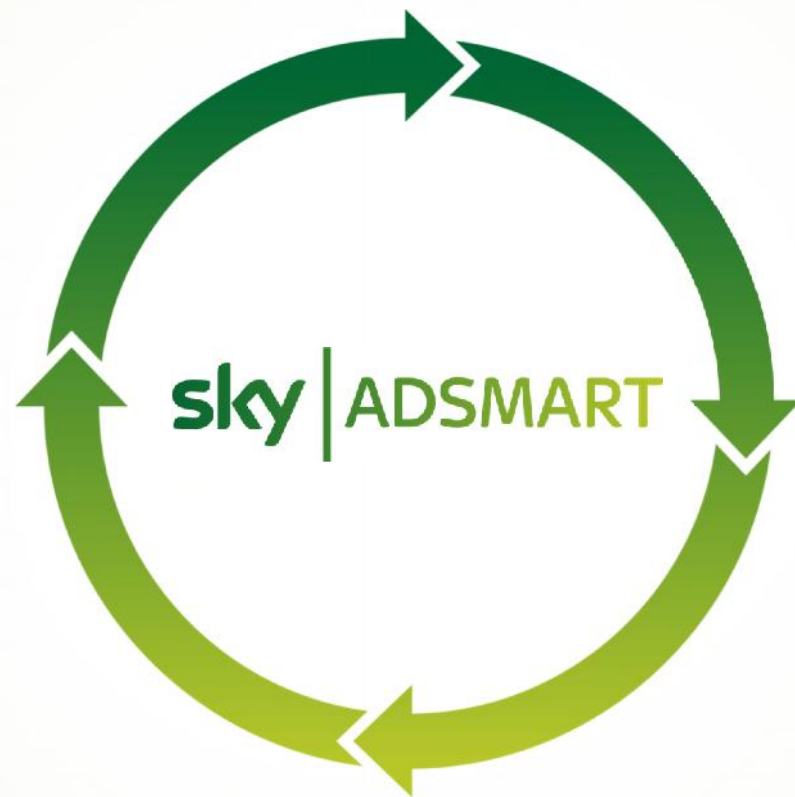# Agenda

sky|ADSMART

What it is

The measurement challenge

Effectiveness

Sky AdSmart gives advertisers the flexibility to:

- Select the specific audience they want to reach

- Restrict who sees the advert to a specific region or city

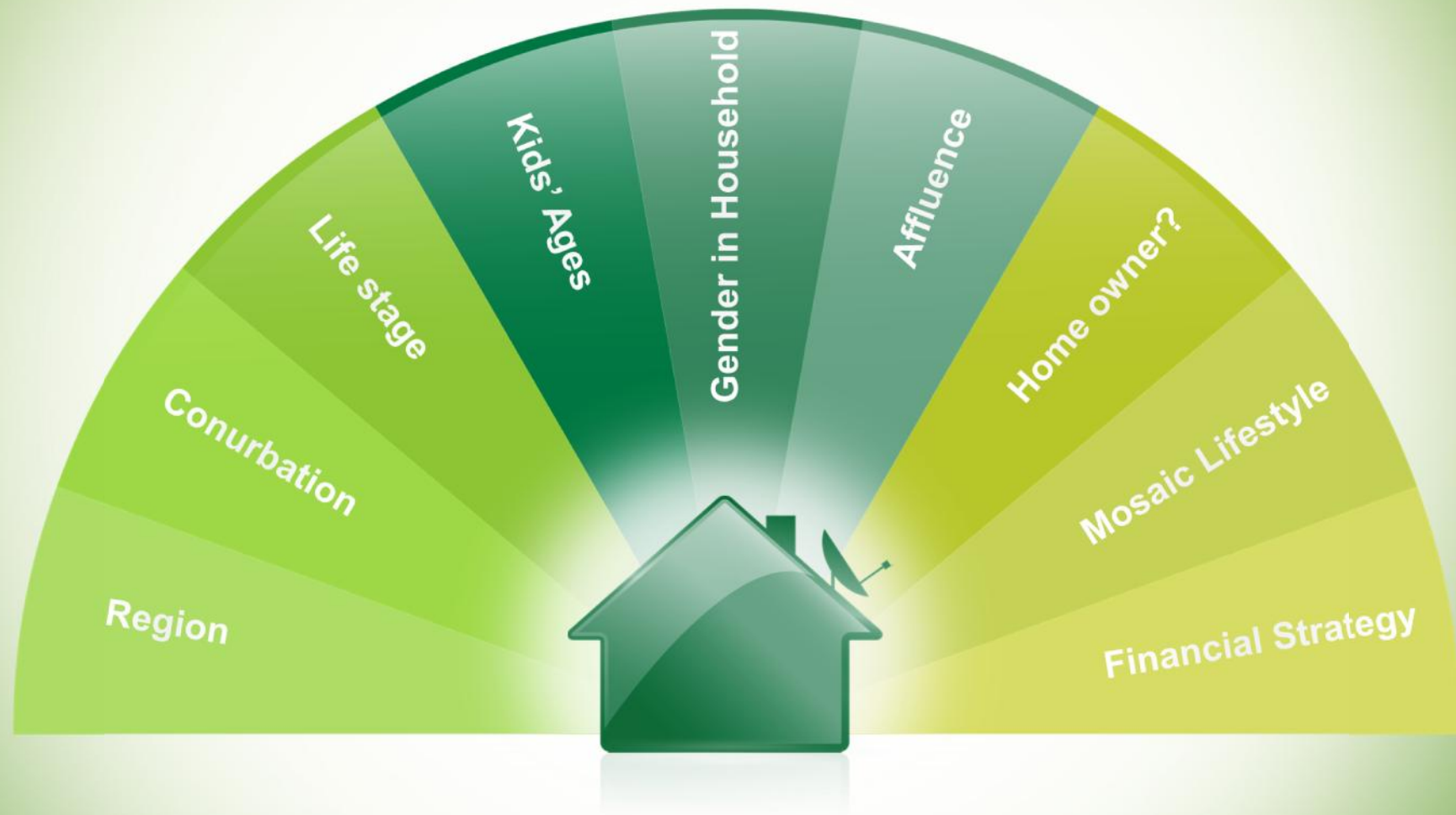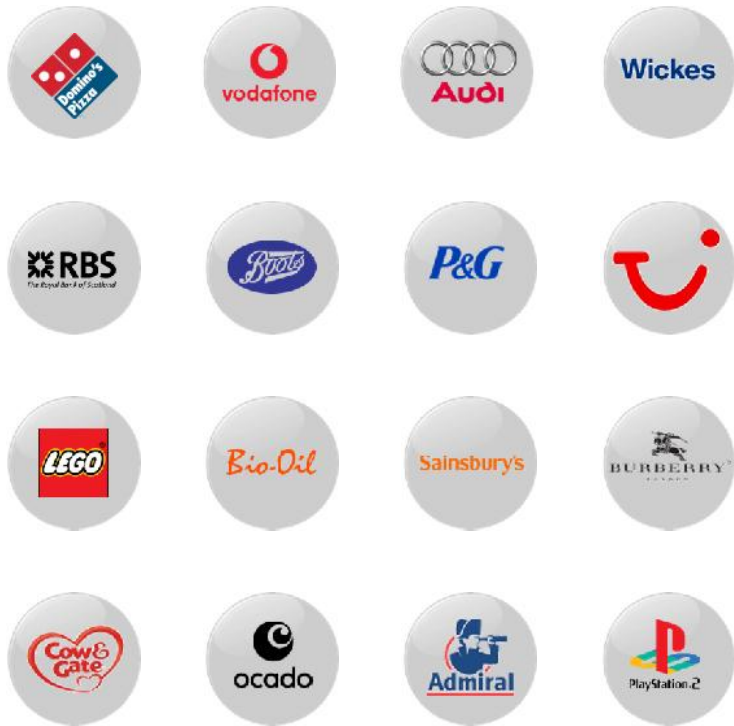- Show an advert only when the defined audience is watching

Game of Thrones - Season 4

sky ATLANTIC HD

1 Attributes
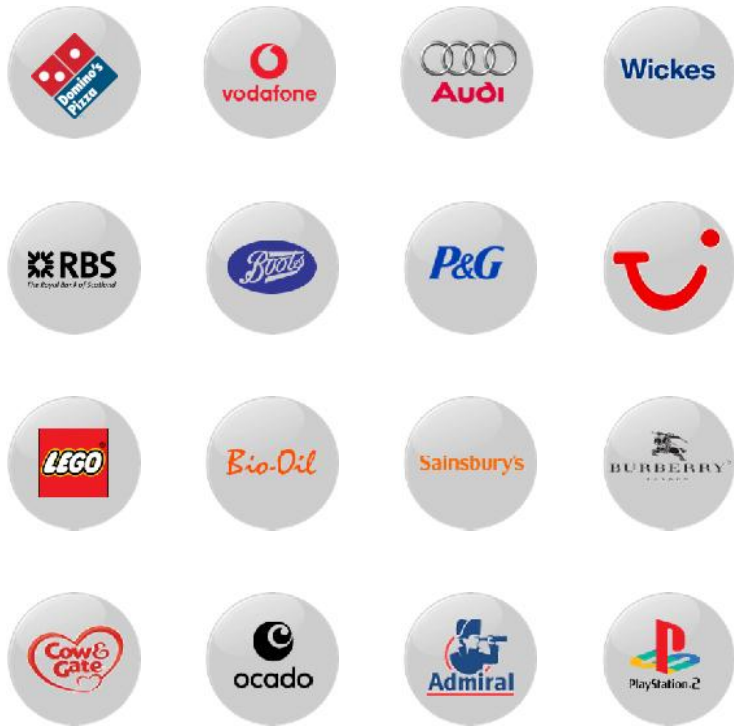
1 Attributes

2 Sky AdSmart ads

1 Attributes

2 Sky AdSmart ads

3 Hint code

The Measurement Challenge

Measurement challenges

BARB cannot be used for trading Sky AdSmart because:

- Niche audiences

- Sample size

- multiple advertisers in one spot

- Sub minute audiences

AdSmart needed its own trading currency

But also need to ensure accuracy of BARB linear currency data

Ensuring BARB currency data remains accurate

Removing Sky Adsmart impacts from linear reporting

– STB software and BARB meter changed to identify Adsmart activity

– Commercial logs changed to identify Adsmart spots

	Spot 1	Spot 2	Spot 3
Total Minute Audience		100	
Admart Audience		20	
Linear only		80	
Adsmart Spot?	N	Y	N
Reported Audience	100	80	100

Adsmart Trading Currency

Household panel

500k households whose boxes are connected to a phone line and who dial back viewing information on a daily basis

Impressions

where the target household saw at least 75% of the advert

Charged at cost per Impression

Cost per impression varies by audience selected

Audit

Independent verification of the data

The VESPA Panel

- Operated by Sky IQ

- Representative sample of 500,000 Sky Subscriber homes

- Demographics for each household

- Set-top-box return path data:

    - continuous record of "viewing" to Sky channels, programmes and commercials

    - identifies each AdSmart commercial

Machine Data Challenges

STB session   x-------------------------x   Known

TV set on   x----------------------x   Unknown

TV tuned to STB   x--------------------x   Unknown

People viewing   x-----------------x   Unknown

- Capping algorithm:
    - predicts periods of non-viewing during longer viewing sessions
    - intelligent software driven by analysis of distributions of viewing duration
    - calibrated against BARB panel data

Terms of Reference

- Audit statistical aspects of the design and operation of the Vespa panel

NOT

- Accuracy of the data provided by each set-top-box

First Audit - 2013

- Demographic information

- Sample representation

- Panel maintenance and quality control

- Rim-weighting

- Capping algorithm

- Comparisons with BARB data

Demographic Information

- Passive Panel
  - permission required
  - no opportunity for demographic survey
  - large, cost-effective sample

- Existing demographics
  - available for whole Sky universe
  - sufficient for panel control

- Homes audiences only (HUTs)
  - no requirement for individuals' target audiences

Sample Representation

- Stratified random sampling:

  - initial sample

  - churn and panel turnover

- Panel controls

  - viewing discriminators

  - reporting demographics

- Some sample imbalances

  - swallowed by large sample size

  - corrected by weighting

Panel maintenance and Quality Control

- Proper panel management operation

- Quality control system enables analysis of potential correlation between viewing behaviour and non-reporting

Rim-Weighting

- Corrects imbalances in reporting sample
    - viewing discriminators
    - reporting demographics

- Specification is comprehensive but
    - large and unnecessary loss in effective sample size
    - a better trade-off is achievable

Auditing the Capping Algorithm

- Capping model parameters

  - derived from past behaviour
  - some calibration to TAM panel

- Principle

  - Identify outliers In the distribution of viewing durations
  - cap to likely session end times from the normal part of the distribution
  - respects junctions between programmes and commercial breaks

- For each component

  - understand its objective
  - design an analysis to check success

- Compare capped distributions with TAM panel

Comparisons With BARB

- The only benchmark for assessing the representativeness of the Vespa audience estimates

- For small channels and niche audiences statistical power is low
  - high sampling error on BARB
  - even large differences not significant

- Increase statistical power

  - top-line audiences

  - logical groupings of channels, time segments, events

- No evidence of systematic differences between BARB and Vespa

The Working Relationship

- Transparency is key
    - Sky IQ provided full specifications of operations and algorithms to RSMB

- RSMB resources
    - relevant experience
    - statistical resources
    - IT capacity to process large datasets for an independent check

- Co-operation
    - development of an effective interface between Sky IQ and RSMB

Audit Statement Extract

- The full audit is extensive and includes:

  - studies of viewing data

  - studies of panel management data

  - rim-weighting analysis

  - sampling error analysis

  - focused study on campaign audiences

- An acceptable base for the measurement of AdSmart audiences

- RSMB would have no fundamental concerns

Does It Work?

325 Brands

720 Campaigns

77% new to Sky

Hendy Ford

Lapsed TV advertiser

Objectives
Increase sales

Target
Portsmouth-Southampton metropolitan area.

Results
Increase in sales of more than **double the national performance**.

East Coast Trains
New to Sky

Objectives
Drive online ticket sales

Target

- Newcastle, Sunderland and Edinburgh
- Mid to high affluence

Results
26% higher volume of online sales

"We're a big fan of TV and any development which allows us to complement our linear activity at a regional level has to be a good thing"
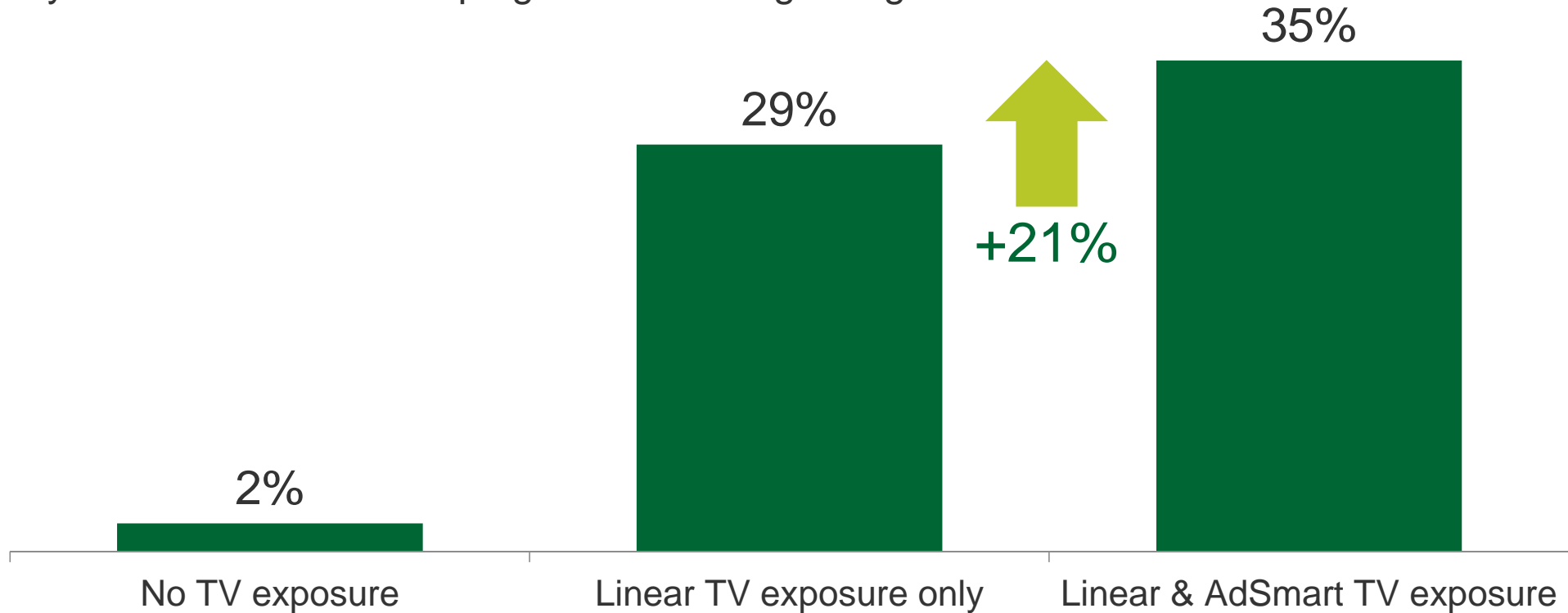
East Coast Main Line Company Limited

Measuring Brand Effects

Sky AdSmart brand effectiveness evaluations

Linear audience	Targeted Audience	Targeted Audience
('linear comparison')	('AdSmart control')	('AdSmart test')

Evidence of Sky AdSmart increasing campaign recall for active TV brands

Sky AdSmart norms: Campaign recall amongst targeted audiences

Source: BDRC Continental Sky AdSmart effectiveness

Audi – A6/RS6

Existing Sky Advertiser, trialling Sky AdSmart

Objectives
Reach highly affluent core Audi prospects.

Target
Very High Affluent viewers.

Results
Those seeing the Sky AdSmart ads were **twice as likely** to be buying a new car within the next year.

"The technology enabled us to adopt an unprecedented approach, resulting in increased top of mind awareness amongst a premium target audience." **Mediacom**

Lego
Existing Sky Advertiser, trialling Sky AdSmart

Objectives
Target a more affluent audience. Connect with Dads.

Target

- Kids 5-11

- Presence of a male adult.

Results
Those who recalled seeing the ad were **+62%** more likely to have actually purchased LEGO.

What's Next ?

- **More Channels**

- **More Platforms**

- **More targeting**
  - ➤ Customer data
  - ➤ Postcode