IMPROVING THE QUALITY OF AD EXPERIENCES

THE FREEWHEEL VIEWER EXPERIENCE LAB PRESENTS:





Great Experiences Can Help Drive the TV Advertising Industry Forward

Dear Friends and Partners.

In today's unbundled world of TV programming, audiences are viewing countless hours of premium video content across platforms and devices. But, as content continues to shift across endpoints, consumers are finding that the ad experience isn't transitioning as seamlessly. Issues like disruptions and downtimes can ultimately affect the viewer experience and in turn the content owners and brands trying to connect with audiences.

New research from the FreeWheel Viewer Experience Lab revealed that while consumers are not opposed to ads themselves, the environment and quality of the ad experience can impact the overall viewing experience.

As programmers and advertisers seek to create the best environments to engage and connect with viewers, it's increasingly important that they understand how to provide a consistent, high-quality ad experience.

This report, based on industry-first research with MediaScience, and the third report from the FreeWheel Viewer Experience Lab, is aimed at exploring what contributes to a low-quality ad experience, determining how publishers can improve, and providing brands with the best results.

Mark McKee

General Manager, FreeWheel



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Introduction

Purpose of the Research

The Viewer Experience Lab is committed to helping the industry understand how to create a great viewing experience for audiences. The previous report, **Designing a** Better Ad Pod, provided considerations for how publishers could improve the impact of ad pods in terms of length, architecture, and frequency.

This research shares insights to understand what contributes to a lower-quality experience, the impact that it has on viewers, and how publishers can improve the experience for their audiences and ultimately brands. Our research is ongoing; the next study will analyze ad relevance.

Study Design

In this study, 420 viewers participated in an in-lab viewing session conducted in partnership with MediaScience. They were shown 30-minute programming on a blinded streaming service with varied ad experiences including no ads, latency, slate, and unnatural ad breaks, compared to a control cell with limited ad breaks in a seamless viewing experience.

The findings in this report represent their responses to real-time questions regarding their experiences, as well as their physiological responses to the ads and content to uncover the impact of low-quality ad experiences. The metrics shown in this report are statistically significant (p<0.05), or marginally significant (p<0.1), indicating that the observed differences are likely not due to chance but are meaningful and reliable.

Summary of Findings



Latency

Latency bothers nearly 80% of viewers and negatively impacts the perceived quality of the program, ads, and brands.



Unnatural Ad Breaks

71% of viewers are bothered by unnatural ad breaks, which lead to more intrusiveness (+16%) and decreased brand recall (-14%).



Slate

While viewers are less bothered by slates (33%), their physiological response to the content indicates they experience less joy compared to a program with no slates. In addition, slates negatively impact perceived quality of surrounding ads (-3%).

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Ads Don't Necessarily **Bother Viewers, but Low-**Quality Ad Experiences Do

ADS DO NOT HARM PROGRAM ENJOYMENT FOR VIEWERS



AD BREAKS CAN GIVE VIEWERS A RESET

Viewers were:

-59%

less likely to express negative emotions



more likely to pay cognitive attention

BAD AD EXPERIENCES BOTHER VIEWERS

Viewers were bothered by low-quality ad experiences (percentage of respondents).



78%



71%



33%



say slow or buffering ads bother them



say ads that unnaturally interrupt the show bothers them

say a screen displaying "We'll be right back" bothers them

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A Seamless Ad **Experience Can Lead to Higher Perceived Quality**

Latency and buffering negatively impact the viewing experience. Viewers rated programs with latency lower-quality than those with no latency present. This sentiment also carried over to how the respondents felt about the ads - meaning latency can impact brand perceptions.

Latency Frustrates a Majority of Viewers

Nearly 80% of respondents said that latency, or slow and buffering ads, bothers them moderately or a lot.

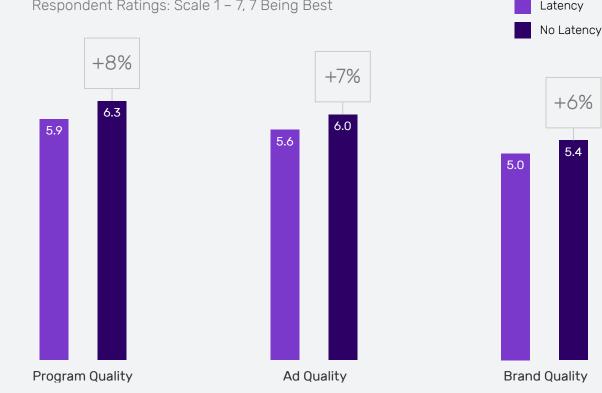


What is Latency?

When ad decisioning doesn't happen quickly enough, it delays the ad load time, resulting in slow and buffering ads, or latency. This is something to be especially mindful of for live streaming events where there is even more complexity in the ad decisioning process.

AD BREAKS WITHOUT LATENCY CAN LEAD TO HIGHER **RATINGS OF THE PROGRAM, AD, AND BRAND QUALITY**

Respondent Ratings: Scale 1 – 7, 7 Being Best



RECOMMENDATION:

Solving for Latency

Buy from suppliers that have the technology in place to optimize delivering video content with minimal delay. Examples of this include: the use of ad servers located closely to the end user, buying directly from preferred partners to minimize additional hops in media supply chain, and ensuring partners have unified decisioning capabilities across all demand to enable faster ad decisioning.

Natural Ad Breaks Contribute to a **Higher-Quality** Experience

Unnatural or Disruptive Ad Breaks Can Increase Intrusiveness and Harm Brand Recall

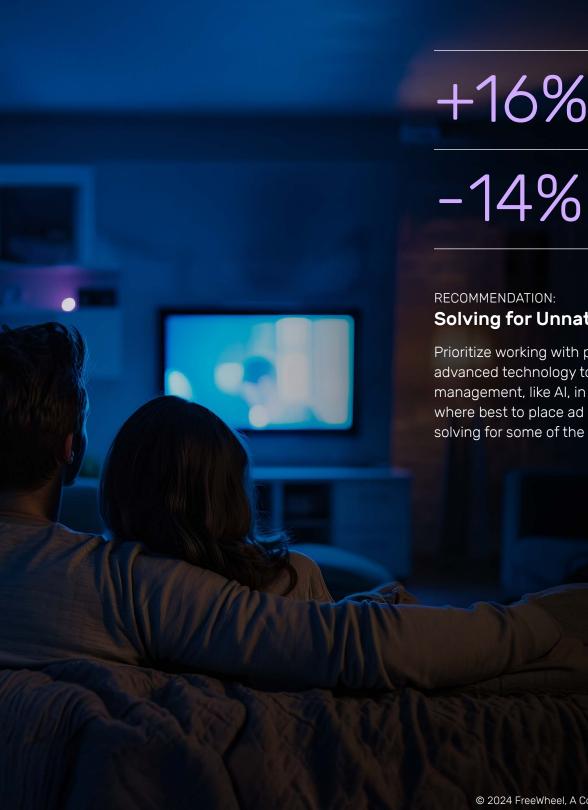
Ad breaks that feel out of place - for example, coming in the middle of a scene - can throw off the natural flow of the content for a viewer. Respondents rated ad breaks +16% more intrusive when they appeared at unexpected moments. In addition, they were -14% less likely to recall ads delivered in a disruptive ad break.

What is an Unnatural Ad Break?

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An unnatural ad break occurs when ad appears at a time in the content that feels disruptive, cutting in the middle of a scene, and interrupting the viewing experience. In fact, 71% of viewers say they are bothered moderately or a lot by disruptive ad breaks.

This has become a more frequent issue due to the fact that more streaming services embrace ad-supported offerings, and in doing so, begin inserting ads into content that was originally designed to be free of ads, resulting in unnatural ad placement.



6%	Disrupt are +16 intrusiv
	Intrush

Disruptive ad breaks lead to -14% lower ad recall

ive ad breaks

% more ve to viewers

RECOMMENDATION: Solving for Unnatural Ad Breaks

Prioritize working with publishers who use advanced technology tools for advertising management, like AI, in order to better understand where best to place ad breaks within the content, solving for some of the unnatural breaks.

Avoiding Slate Within Ad Breaks Can Make for a **Better Viewer Experience**

Consumers have a more positive physiological response to content when they view a program without slates. In fact, viewers were +31% more likely to experience joy (as measured by facial coding) during a program with no slates.

Slate Can Lead to Lower-Quality Perceptions of Adjacent Ads

Viewers rated ads surrounding slate as 3% lower-quality (versus ads with no slate), demonstrating the negative brand perceptions that can result when ads do not appear as intended.

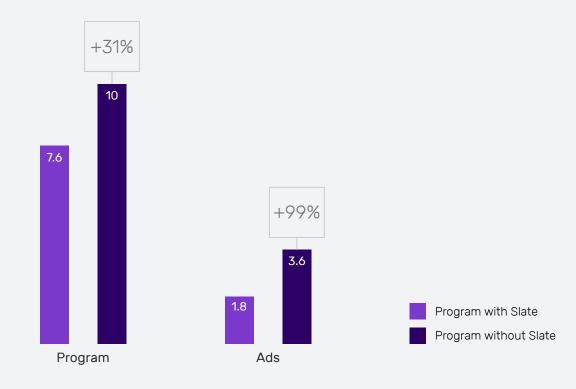


What is a Slate?

When an ad call is made and an exchange doesn't reply in time, or provides an empty VAST response, this leads to an ad "timeout" and a slate -or essentially a blank screen or screensaver (i.e., "we'll be right back," countdown clocks, etc.). Up to 25% of ad avails are not filled on FAST channels, adding a lot of downtime for viewers and underutilized inventory for FAST programmers

THE PRESENCE OF SLATE CAN RESULT IN VIEWERS HAVING LESS POSITIVE REACTIONS

Measure of Joy: Measured by Facial Coding



RECOMMENDATION: Solving for Slate

Focus on supply path optimization and direct connections to publishers and their inventory to limit slate. Additionally, ad servers that leverage advanced auction capabilities, full pod bidding, and a creative pre-approval processes, will limit latency and slate while improving advertiser fill rates.

Improving the Viewer **Experience** is a Priority

Today's TV industry is constantly changing and evolving. Both buyers and sellers must understand how different ad experiences can impact viewers and brand performance in order to continue to drive innovation in content and advertising.

With the growing amount of content being made available in ad-supported streaming environments, it is more important than ever that the industry prioritize the viewer experience.

High-quality experiences are better for consumers and the brands that are trying to connect with them in these premium video environments. Content owners should understand what contributes to a sub-optimal ad experience and how that impacts viewing, and consider these recommendations for how to improve it.

Recommendations



Latency

Buy from suppliers that have the technology in place to optimize delivering video content with minimal delay. Examples of this include: the use of ad servers located closely to the end user, buying directly from preferred partners to minimize additional hops in the media supply chain, and ensuring partners have unified decisioning capabilities across all demand to enable faster ad decisioning.



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VIEWER EXPERIENCE LAB

About the FreeWheel Viewer Experience Lab

The FreeWheel Viewer Experience Lab is designed to help media companies improve the quality, quantity, and relevance of TV advertising through quantifiable research, solutions, and technology. To learn more, visit freewheel.com/viewerexperiencelab.