Trends in TV

2022–23

thinkbox

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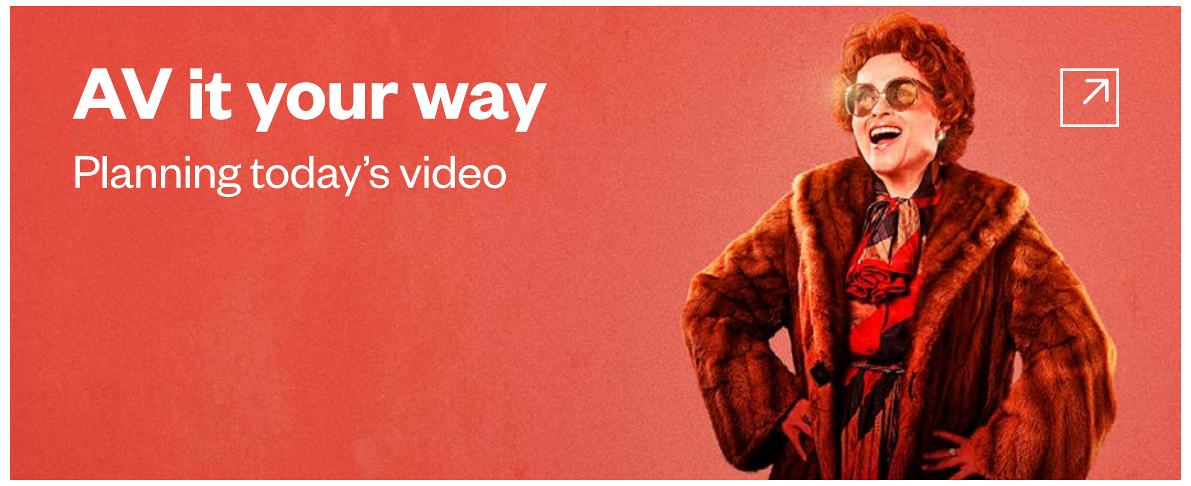
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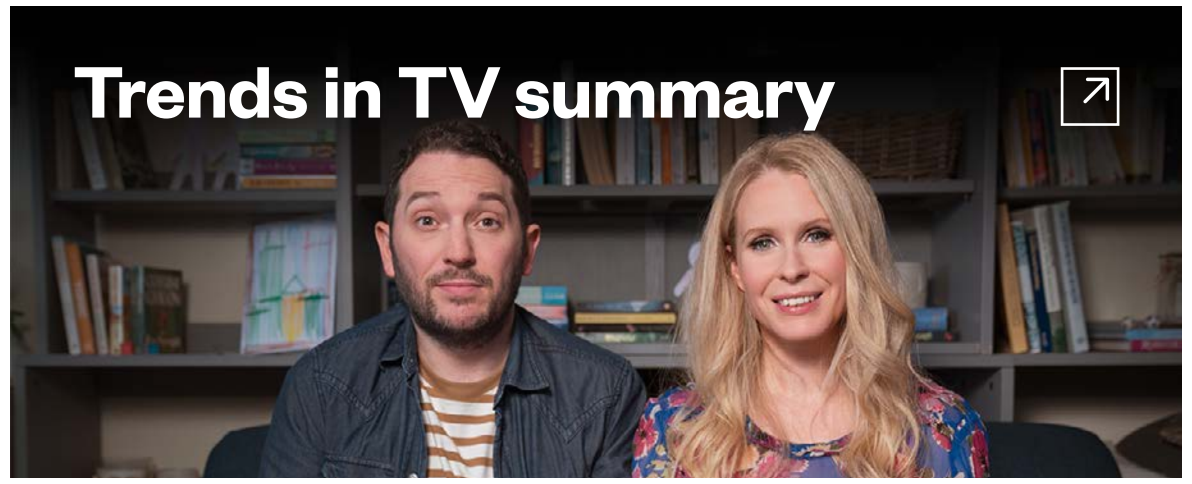

Trends in TV summary

Cover image: 'Why walk when you can ride?' VCCP for Virgin Media

Foreword

From Lindsey Clay,
Chief Executive

In the coming pages, we'll explore what's been happening to TV viewing over the last year, why it happened, and what it means – for the future of viewing, the future of advertising, and the value of TV to advertisers.

From what's looking to be a much more stable period of time in terms of shifting viewing patterns to the rise of a vital group of viewers known as the 'reach extenders', we have used the best data available to reveal the forces shaping TV – and to offer insights and guidance to help optimise how TV is planned.

We also have guest articles by adam&eveDDB's Les Binet, who looks at how marketers can navigate tough economic times, and Tom Harrington from Enders Analysis, who examines why FAST services are having less of an impact in the UK than they are in the US.

Before we get into it, though, it's important to highlight some changes Thinkbox has made to the data we have used to examine 2022.

In previous years, as there was no single source of data for video consumption, we used a variety of sources to build as accurate a picture possible of how much time people in the UK spend with different types of video content. It was the best estimate we could model.

Thankfully, we don't need to do that anymore. Barb has cracked it. We now have a single source panel measurement solution that covers in-home viewing of TV – in broadcaster delivered, but also the SVOD and AVOD players – and the major video-sharing platforms like YouTube, TikTok and Twitch.

This means that, for the first time, we have had a whole year of granular, minute-by-minute data spanning all the major video players across a nationally representative panel of 5,100 homes. Barb's data also shows that the estimates we made in previous years were accurate.

With £5.38 billion invested in TV advertising in the UK in 2022 (making it the second-highest spending year on record after 2021), advertiser-funded TV in the UK continues to thrive. Nothing works harder than TV advertising. There are many reasons for this – its audience reach, the breadth of its programming, its value for money, its reliablility – so please read on to discover them and hopefully gain a clearer picture of why TV advertising continues to be one of the most influential investments a business can make.

The revolution is being televised

The Last Of Us, Sky Atlantic

The revolution is being televised

It's been a rollercoaster few years for TV viewing as new services have jockeyed for our attention. But the white-knuckle ride is showing signs of coming to an end. Let's look at what we're watching and how we got here...

Download all charts from this section

Key points

- Access to broadband speeds required to support streaming TV have peaked. Over 80% of homes have access to over 30 Mbps and only 4% are below the minimum streaming requirement of 10 Mbps.
- Viewing to SVOD services declined in 2022, coming off the back of a pandemic-induced high and hit by the cost of living crisis.
- Following years of SVOD-induced decline in broadcaster TV viewing time, Barb data suggests we've entered a period of stability, with less SVOD growth and lower levels of decline in broadcaster viewing.

Joanna Lumley's Great Cities of the World, ITV1

Sky Arts Book Club, Sky Arts

The 30 megabit per second TV revolution

The last decade has borne witness to the most disruptive period in the history of TV. For a long time, the internet promised a new delivery mechanic for TV. The future would see a breakaway from the constraints of traditional terrestrial, cable and satellite broadcast delivery, democratising the ability for any business to play in the TV arena without the need for expensive spectrum on a limited broadcast platform.

But the promise was a long time coming. Video content is broadband hungry and the infrastructure simply wasn't in place.

Since 2013, the story has been slowly changing. Streaming really requires a connection speed of at least 30Mbps for a decent experience and the number of homes that were passing this threshold started to climb from 2013 onwards (as the chart shows).

This was the TV revolution that everyone had been waiting for and in 2022 we approached, if not hit, the ceiling. Over 80% of the population has reached the sweet spot of 30Mbps and only 4% are sitting below the minimum of 10Mbps.

Internet-delivered TV is now mainstream

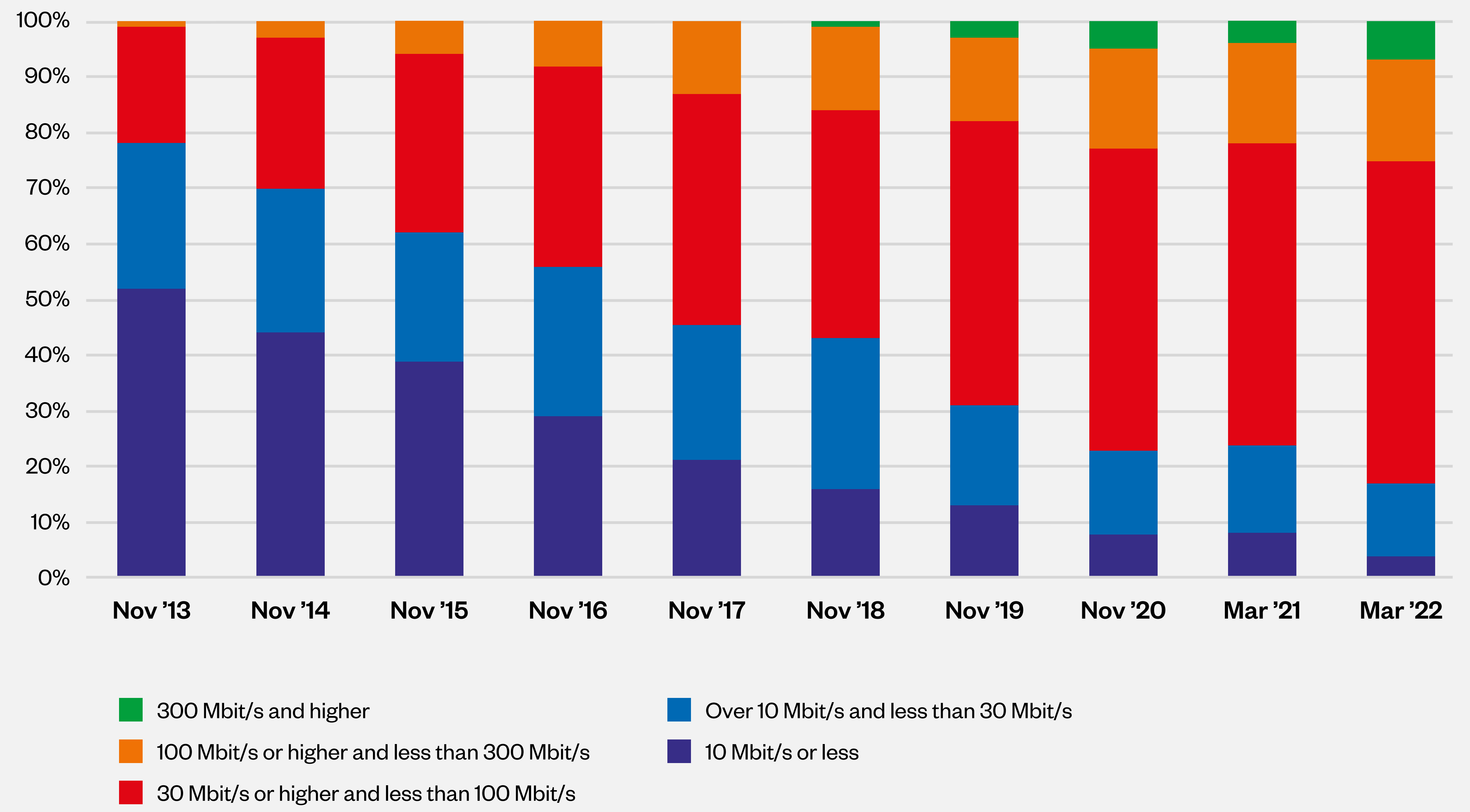
With internet-delivered TV now mainstream, we're seeing innovations like Sky Glass, which launched at the end of 2021. Like the iPhone back in 2007, Sky Glass signals a new model for its industry: no more set-top box, no satellite dish, no jumping from app to app to find the new drama you heard about down the pub.

The transformed distribution model for TV content made possible the rise of the streaming giants. Netflix, Amazon and Disney have ridden the wave, bringing new competition to the well-established broadcasters and, mainly through high-end drama, have entered the viewing routines of the population.

Supercharged by the pandemic, we saw a surge in SVOD growth among the laggards (mostly 65+ audiences), and by the end of 2022 just over 75% of the UK population had access to at least one of the major streaming services.

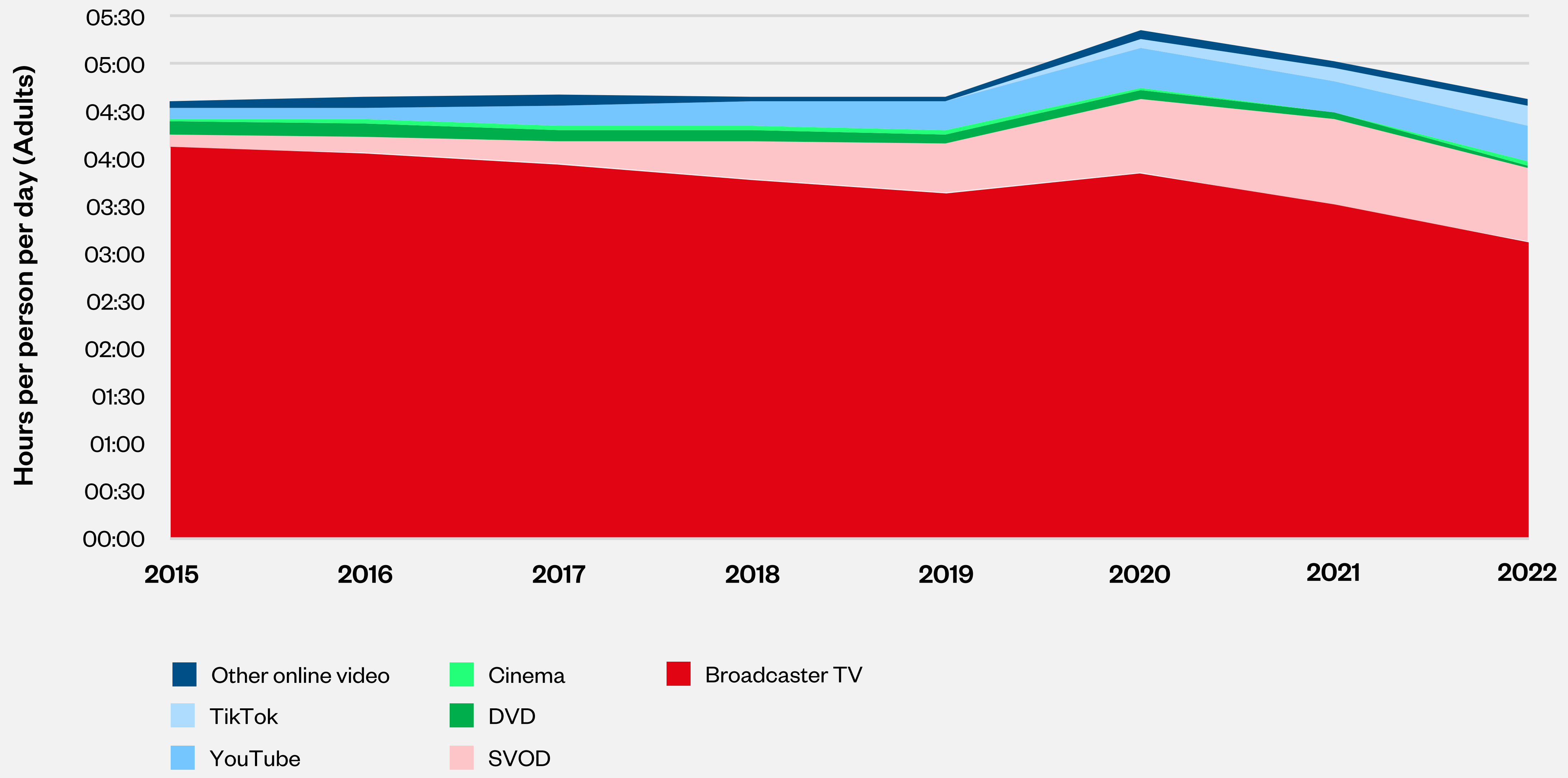
Although video is not a zero sum game, the growth of SVOD viewing has had an impact on the UK broadcasters, which TouchPoints and Barb data shows. In 2015, broadcaster TV accounted for 4 hrs, 5 mins of viewing per Adult, per day. In 2022 this had reduced to 3 hrs, 6 mins and the SVOD players collectively were claiming 46 minutes per person per day.

We are almost at universal capability for IP-delivered TV



Source: OFCOM.

Video viewing is declining post-pandemic



Source: IPA TouchPoints, Adults, Average of Wave 1 and Wave 2 2022, Barb and Broadcaster data.

SVOD viewing drops for the first time

As the TouchPoints/Barb data on the previous page shows, the impact of the pandemic-induced lockdowns has influenced the viewing patterns across 2020 and 2021, making it harder to unearth the nature of the changes taking place.

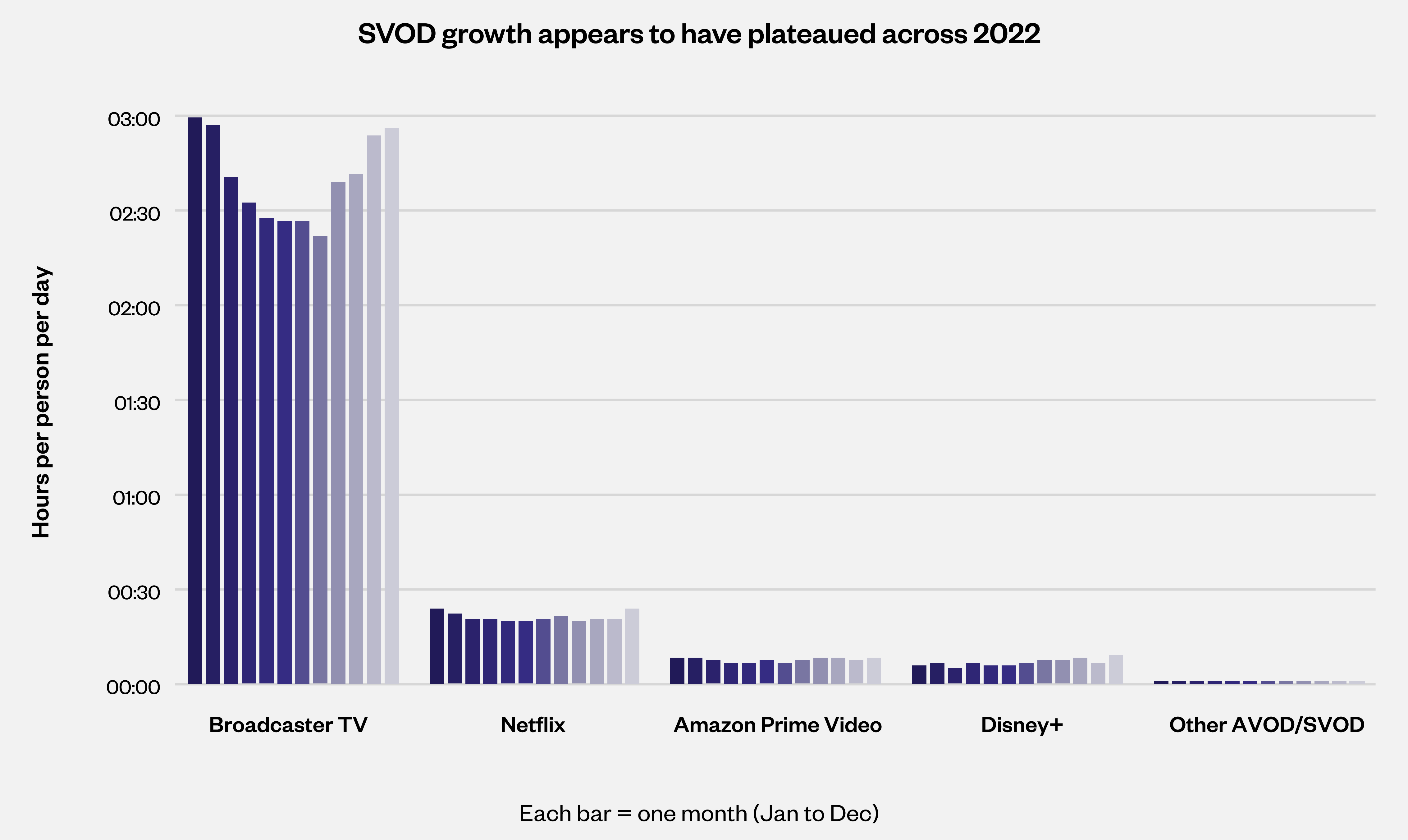
What the TouchPoints data shows is that viewing to the SVOD services declined for the first time, dropping from 54 minutes in 2021 to 46 minutes in 2022. The impact of unnaturally high TV viewing in lockdown, coupled with a cost of living crisis where SVOD subscriptions are under pressure, is likely responsible, yet there's more evidence now to suggest that we're entering a period of stability in terms of viewing patterns.

The new data from Barb's Focal meter, which began at the end of 2021, allows us to examine SVOD viewing patterns in more granularity than with TouchPoints data. Looking at monthly viewing levels to broadcaster content and the major SVOD players in 2022 reveals a very consistent picture.

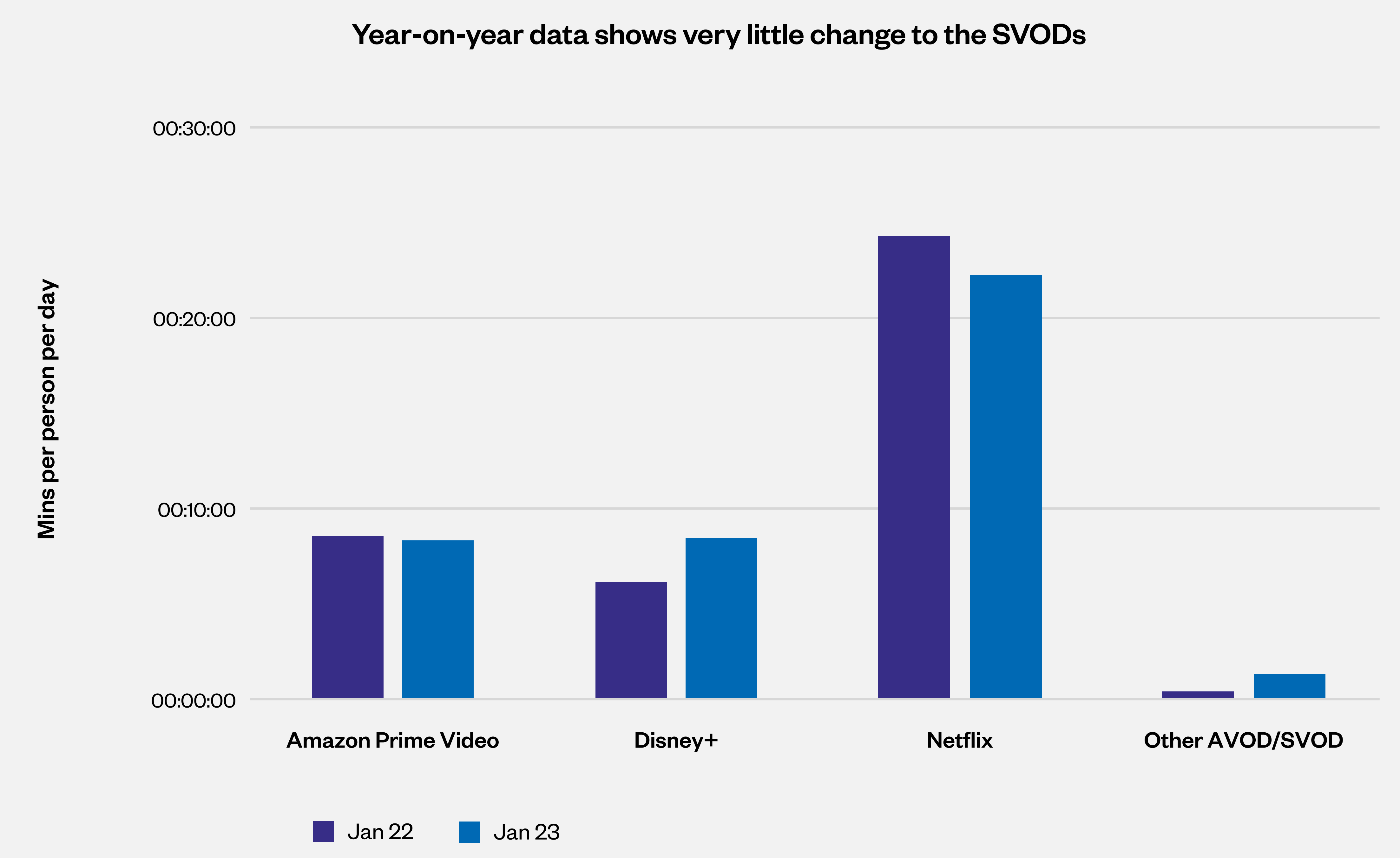
Seasonality causes the U-shaped pattern for broadcasters (we watch more TV when it's cold, less when it's warmer – and, to a degree, schedules are stronger towards the beginning and end of the year). Netflix viewing is flat, with the exception of December, which benefited from strong audiences to the Harry & Meghan documentary and Addams Family drama Wednesday. Amazon Prime Video is equally static, whilst Disney+ appears to have made slight gains as the year progressed.

Given the remarkable amount of hype about them, it is important to note that all other SVOD/AVOD combined (which includes Apple TV, Paramount+, Rakuten and Samsung TV Plus) did increase, but only by 1 minute per person per day. As a group of channels, they're yet to make a meaningful impact on viewing patterns. You can **read Tom Harrington from Enders Analysis** explain why this is and why their growth potential in the UK in particular is constrained.

Year-on-year Barb data comparing January 2022 with January 2023, also reveals very little change.



Source: Barb: 2022.



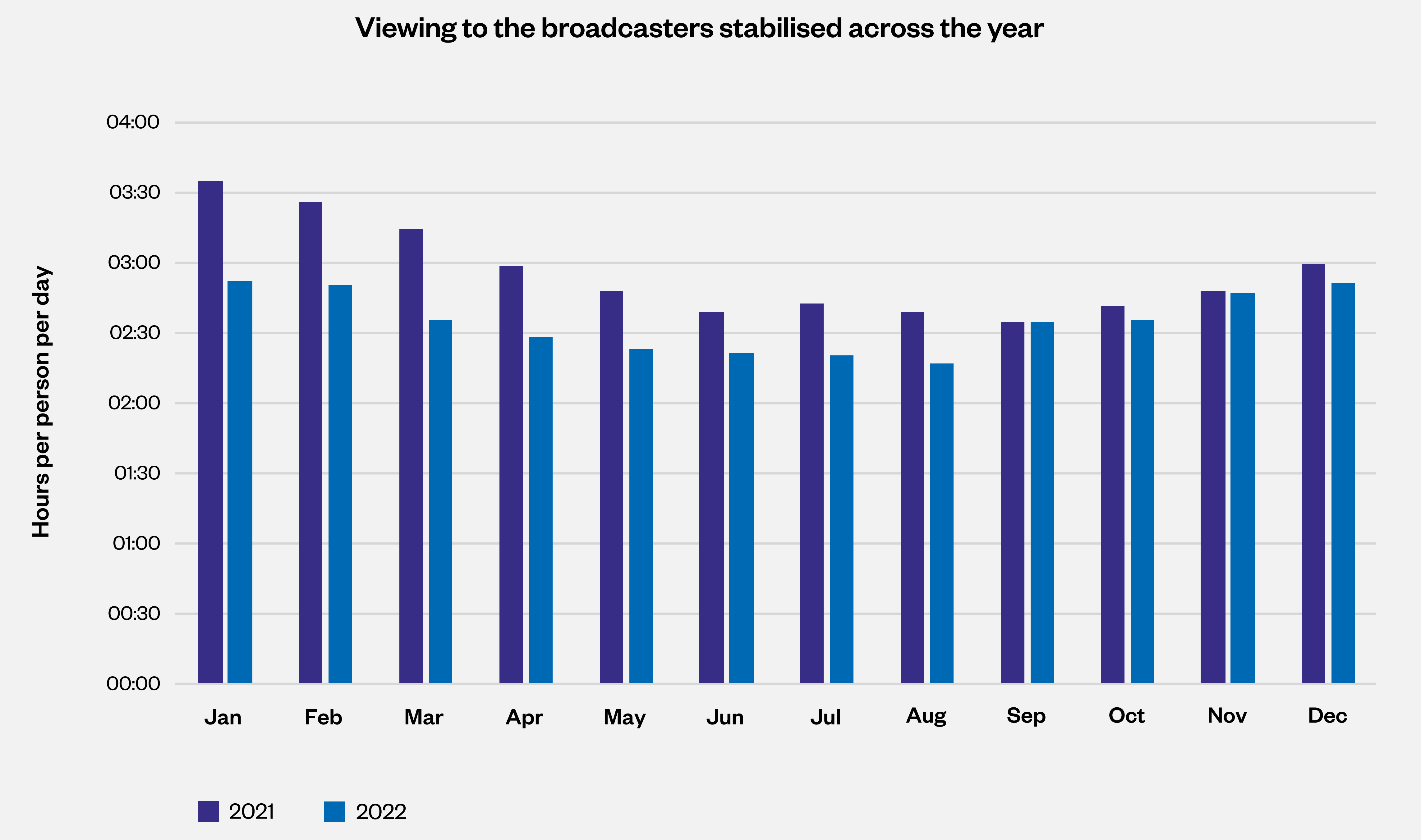
Source: Barb, Jan 2022, Jan 2023.

A year of two halves for commercial broadcasters

In the first quarter of 2022, the broadcasters were up against a period in the previous year where the country was in lockdown so the comparison makes viewing declines look starker than they would otherwise have been.

But as the year moved on and the year-on-year data moved to times of more reasonable comparability, the picture changed. There was still decline, but across the last four months, the average viewing time was only down 2%. The FIFA Men's World Cup will have certainly helped, but the indicators are pointing towards a period of increased stability in terms of viewing to broadcaster TV.

Download all charts from this section



Update to Source: Barb, 2021, 2022.

A League of Their Own, Sky Max

The content wars

Hypothetical, Dave

The content wars

Barb's new data can now help us dive into the detail of SVOD viewing at a programme level, and this is where the most insight can be found. By looking at viewing at genre level, both the appeal of SVOD and its limitations become clear – and we can see why the broadcasters are well placed to thrive in the future.

Download all charts from this section

Key points

- SVODs excel at drawing audiences for drama and film in particular, but have made minimal impact in many other genres.
- The UK broadcasters continue to deliver the most hits, accounting for 26 of the top 30 series in 2022.
- Despite increased competition from new AVOD services, the limitations to these new services' growth potential and the broadcasters' pedigree and expertise ensures the broadcasters are well placed to thrive in the future.

Note on methodology

Not all viewing to individual SVOD titles is collected by Barb. Firstly, Barb only measure SVOD programme audiences for TV set viewing, they can monitor viewing time spent to SVOD on devices, but not individual programmes due to the walled garden nature of mobile apps.

Secondly, because Barb use audio matching to identify what people are watching, they need a library of the audio files for every single piece of content available across the SVOD platforms. Due to the SVOD's incredibly long tail of content, it isn't cost-effectively feasible to hold a library of every title.

So each week Barb chooses the titles that are likely to generate the majority of viewing and add these to its audio-matching library. The end result is that 70% of viewing is matched to individual programmes, whilst 30% is to unknown content (the unknown viewing will be lower than this, as it includes browsing time and SVOD choice paralysis will no doubt be known to you). To be clear, when it comes to time spent with a SVOD platform as a whole, Barb is capturing all in-home viewing (including device viewing) to the SVODs as they can see when the router is accessing a service.

The Voice UK, ITV1

87%
Broadcasters accounted for 87% of the top 30 series

60%
of drama is still viewed via the broadcasters

SVODs particularly excel at drama

Comparing the time spent viewing by genre in 2015 (prior to the SVOD players gaining a meaningful volume of viewing) and 2022, it's clear where the SVOD players have and haven't impacted on broadcaster viewing patterns.

Most obvious is their impact on drama. The SVODs have marginally increased the total amount of drama we watch in the UK, with the SVODs now accounting for 40% of drama viewing.

With eye-watering production and marketing budgets, drama has been the hero product of the SVOD players, so it's unsurprising that this is where they prove most popular and rival the broadcasters.

There is a debate to be had about whether the SVODs are unintentionally training UK audiences to prefer big budget American dramas to the detriment of other genres and what this means, but there's no doubting its importance to them. In 2022, drama accounted for 20% of all TV viewing (i.e. SVODs and broadcasters combined) but some 43% of all SVOD viewing.

The SVOD impact on drama viewing has coincided with a drop in the popularity of soaps, whose viewing is included within the drama genre. The majority of the drop in viewing to drama on broadcaster TV is a result of less soap viewing, which has reduced by 38% since 2015.

After drama, it's films where the SVODs perform best and again have helped increase the total amount we watch. SVODs attracted 43% of all film viewing in 2022.

Entertainment follows that, which for SVODs almost entirely consists of sit-coms and cartoons.

The SVODs also account for a large proportion of viewing to children's content – what's most notable here is the gap in viewing relative to 2015 that's not accounted for by either broadcaster or SVOD content. YouTube is the most likely place where this viewing has moved to.

Where don't the SVODs compete?

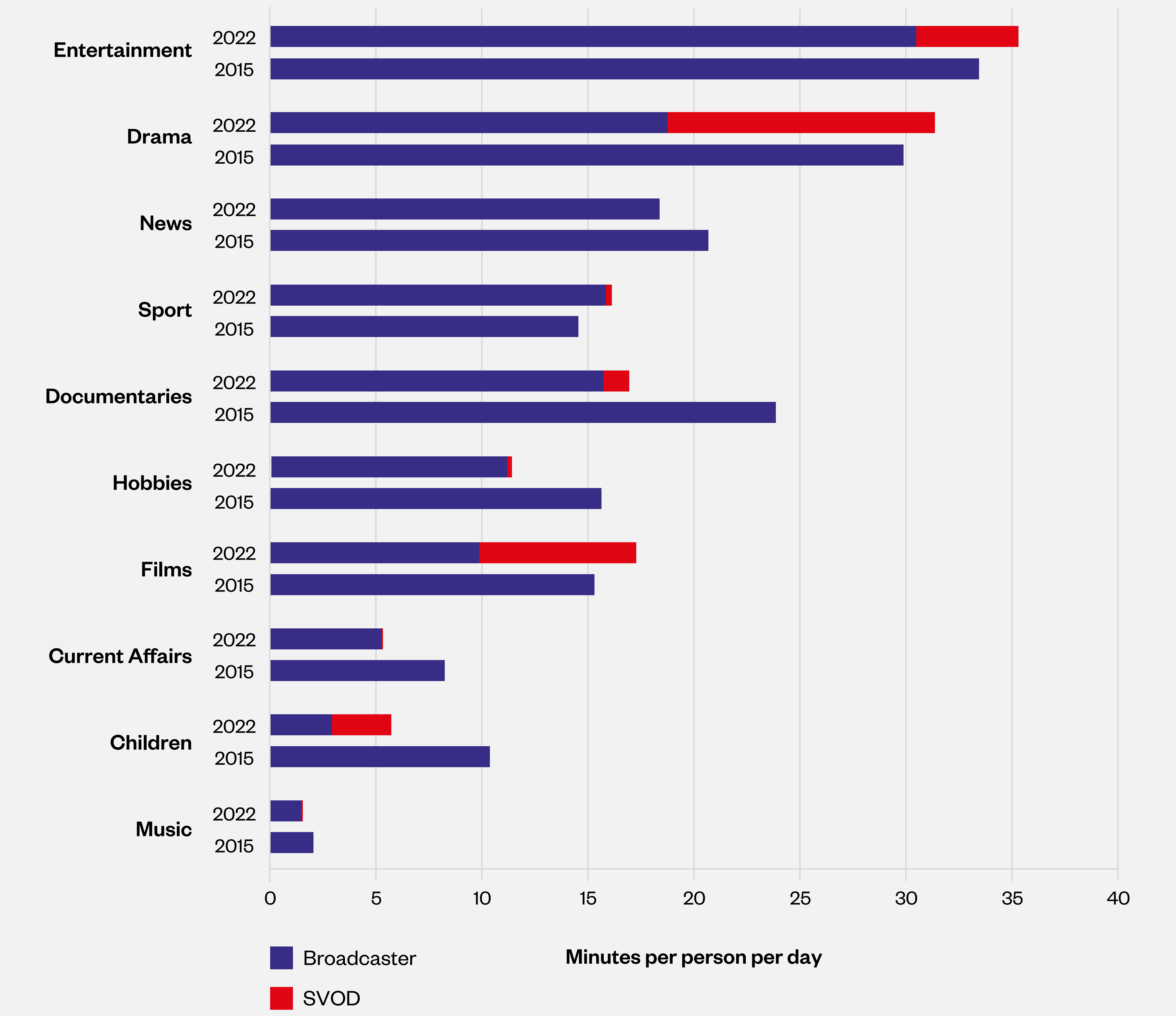
News, sport, documentaries, current affairs, hobbies and leisure, and music all remain largely unscathed by the SVODs. UK-originated content generates the vast majority of viewing across these genres, and is an area where the SVODs struggle to compete.

Sport is the one area that will likely come under increased competition in the future, potentially offering a compelling penetration driver and churn buster for the SVODs, with Amazon having already made a foray into sports content on a global basis.

But – and it is an important but – let's not forget that Sky invests £1.2 billion a year for the Premier League rights alone whilst Netflix makes around £2 billion a year in UK subscriptions. Clearly there would need to be a major step change in their business model for Netflix to aggressively move into the sports rights market.

I Am Ruth, Channel 4

The SVOD impact is predominantly to drama and films



Source: Barb – TV set only – viewing to unknown genres apportioned to known viewing. (NB: Unknown viewing has been pro-rated into the data in-line with the known viewing. So, if drama accounts for 43% of all known viewing to Netflix, we've modelled that it also accounts for 43% of all unknown viewing).

Broadcasters deliver the biggest hits

Looking at the top series for 2022 (which excludes one-off drama, documentaries, events and sporting programmes) shows that the UK broadcasters continue to deliver the most hits, with the commercial broadcasters accounting for just under half of the top 30, the BBC accounting for 12, and Netflix four (two of which are UK produced, with UK talent).

I'm A Celebrity...Get Me Out of Here!, ITV1

Top 30 series on UK Television 2022 (All Inds 4+, TV set viewing only)

Rank	Channel	Title	Series	Ave aud (m)	Episodes
1	ITV	I'm A Celebrity...Get Me Out of Here!	22	11.4	22
2	ITV	Trigger Point	1	9.3	6
3	CH4	The Great British Bake Off	6	9.1	10
4	BBC	Strictly Come Dancing	20	9.0	26
5	Netflix	Stranger Things	4	8.8	9
6	ITV	The Thief, His Wife and The Canoe	1	8.7	4
7	BBC	Call the Midwife	11	8.4	8
8	BBC	Death in Paradise	11	8.3	8
9	Netflix	Wednesday	1	8.2	8
10	BBC	Frozen Planet II	1	7.5	6
11	BBC	The Green Planet	1	7.5	5
12	Netflix	Stay Close	1	7.4	8
13	CH4	Gogglebox	19	7.4	16
14	BBC	Strike	6	7.3	4
15	BBC	Silent Witness	25	7.2	6
16	BBC	Sherwood	1	7.0	6
17	ITV	Our House	1	6.9	4
18	Netflix	After Life	3	6.9	6
19	BBC	Shetland	7	6.8	6
20	ITV	Britain's Got Talent	15	6.8	14
21	BBC	The Apprentice	16	6.7	14
22	ITV	The Masked Singer	3	6.7	8
23	ITV	Grace	2	6.6	4
24	BBC	Peaky Blinders	6	6.6	6
25	ITV	The Club	1	6.4	8
26	BBC	The Tourist	1	6.4	6
27	ITV	Bradley Walsh & Son: Breaking Dad	4	6.3	6
28	ITV	Ant & Dec's Saturday Night Takeaway	18	6.3	7
29	ITV	Ridley	1	6.3	4
30	ITV	McDonald and Dodds	3	6.0	4

Source: Barb 2022, excludes one-offs, films and sports , consolidated 1–28 days.

Netflix has less 16–34 viewing than the broadcasters, but more one-off hits

Looking at the same data but for 16–34s, the broadcasters also deliver consistently with ITV, Channel 4 and Sky all featuring in the top 30 series. But Netflix excels for this audience in terms of the performance of individual series.

However – as we'll come on to – the picture dramatically changes when you look at the total viewing of 16–34s. Netflix has more massive hits, but the broadcasters attract more viewing overall.

CoComelon on Netflix, for those wondering, are hour-long shows of toddler singalongs (think Baby Shark on a loop). So rather than 16–34s avidly watching these shows, this is probably the electronic babysitter in action.


The Great British Bake Off, Channel 4

Top 30 series on UK Television 2022 (16–34s, TV set viewing only)

Rank	Channel	Title	Series	Ave aud (m)	Episodes
1	Netflix	Stranger Things	4	3.1	9
2	Netflix	Wednesday	1	2.8	8
3	ITV	I'm A Celebrity...Get Me Out of Here!	22	2.4	22
4	Netflix	After Life	3	2.3	6
5	Netflix	Stay Close	1	2.0	8
6	Netflix	Dahmer	1	2.0	10
7	Netflix	Bridgerton	2	2.0	8
8	CH4	The Great British Bake Off	6	1.9	10
9	Netflix	Jimmy Saville: A British Horror Story	1	1.6	2
10	Netflix	The Watcher	1	1.5	7
11	BBC	The Apprentice	16	1.5	14
12	Disney+	Obi-Wan Kenobi	1	1.5	6
13	Netflix	CoComelon	1	1.4	3
14	Netflix	CoComelon	4	1.4	3
15	ITV	Love Island	8	1.4	57
16	BBC	Peaky Blinders	6	1.3	6
17	CH4	Derry Girls	3	1.3	7
18	Netflix	CoComelon	3	1.3	3
19	Amazon	The Lord of the Rings: The Rings of Power	1	1.3	8
20	Netflix	CoComelon	5	1.3	3
21	Netflix	Inventing Anna	1	1.3	9
22	Netflix	The Umbrella Academy	3	1.3	10
23	Netflix	Harry and Meghan	1	1.2	6
24	Disney+	Moon Knight	1	1.2	6
25	Netflix	Man vs Bee	1	1.2	9
26	Netflix	CoComelon	2	1.2	3
27	Netflix	The Woman in the House Across the St.	1	1.2	8
28	Netflix	Stranger Things	3	1.1	8
29	Netflix	Stranger Things	1	1.1	8
30	Sky Atlantic	House of the Dragon	1	1.1	10

Source: Barb 2022, excludes one-offs, films and sports, 16–34s, consolidated 1–28 days.

BBC dominates the top list for 'one-off' programming

The BBC dominates the top list for 'one-off' programming (excluding sports), with the Queen featuring heavily throughout. Christmas specials also make a regular appearance, benefiting from large audiences due to the special occasion and the return of well-known favourites. Interestingly, the SVODs don't make an appearance at all in the top 30 one-off programmes, suggesting a continuing, key role for the live 'event' programming that the broadcasters are seasoned in gaining traction for.


The Queen's Platinum Jubilee, ITV1

Top 30 one-offs on UK Television 2022 (All Inds 4+, TV set viewing only)

Rank	Channel	Title	Ave aud (m)
1	Various channels	The State Funeral of HM Queen Elizabeth II	26.5
2	BBC	The Queen's Platinum Jubilee	13.2
3	BBC	Happy New Year Live	12.1
4	BBC	The King	10.2
5	BBC	Elizabeth The Unseen Queen	10.0
6	BBC	Eurovision Song Contest	9.4
7	BBC	Antiques Roadshow (Queen & Britannia)	8.8
8	BBC	Death in Paradise (Xmas special)	8.3
9	ITV	The Chase The Bloopers	8.2
10	BBC	Call the Midwife (Xmas special)	8.2
11	BBC	The Queen Glorious Years	7.7
12	BBC	Dinosaurs The Final Day with David Attenborough	6.5
13	BBC	Ghosts (Xmas special)	6.4
14	ITV	Doc Martin (Xmas special)	6.3
15	BBC	Sam Ryder Rocks New Year's Eve	6.1
16	ITV	The Thief, His Wife and the Canoe The Real Story	5.8
17	CH4	The Snowman	5.8
18	ITV	The Queen's Platinum Jubilee Celebration	5.6
19	BBC	Attenborough's Wonder of Song	5.6
20	BBC	The Real Mo Farah	5.5
21	ITV	Ghislaine, Prince Andrew and the Paedophile	5.4
22	BBC	Mrs Brown's Boys (Xmas special)	5.4
23	Channel 5	Ben Fogle's Lost Worlds	5.1
24	CH4	The Great British Bake Off Festive Specials	4.9
25	BBC	Motherland (Xmas special)	4.9
26	Sky Max	Harry Potter 20th Anniversary Return to Hogwarts	4.7
27	BBC	Jay Blades Learning to Read at 51	4.6
28	BBC	A Tribute to Her Majesty the Queen	4.5
29	CH4	The Snowman and The Snowdog	4.5
30	ITV	The Masked Singer (I'm a Celebrity Special)	4.4

Source: Barb 2022, consolidated 1–28 days.

Specifically looking at the top one-off programmes amongst 16-34s, whilst five SVOD shows make the top 30 list, a broad mix of the broadcasters still account for the majority of viewing.

Top 30 one-offs on UK Television 2022 (16–34s, TV set viewing only)

Rank	Channel	Title	Ave aud (m)
1	Various channels	The State Funeral of HM Queen Elizabeth II	4.1
2	BBC	Happy New Year Live	2.5
3	BBC	Eurovision Song Contest	2.0
4	BBC	The King	1.9
5	Sky Max	Harry Potter 20th Anniversary Return to Hogwarts	1.5
6	BBC	The Queen's Platinum Jubilee	1.5
7	Amazon	The Grand Tour: A Scandi Flick	1.4
8	Netflix	Ricky Gervais: SuperNature	1.3
9	CH4	Big Fat Quiz	1.2
10	BBC	Ghosts (Xmas special)	0.9
11	ITV	Love Island The Reunion	0.9
12	CH4	The Great British Bake Off Festive Specials	0.9
13	CH4	The Snowman	0.9
14	BBC	Call the Midwife (Xmas special)	0.8
15	ITV	Ant and Dec's Limitless Win (Xmas special)	0.8
16	CH4	Taskmaster's New Year Treat	0.8
17	ITV	The BRIT Awards	0.8
18	ITV	The Masked Singer (I'm a Celeb special)	0.8
19	BBC	Motherland (Xmas special)	0.8
20	CH4	The Snowman and The Snowdog	0.7
21	BBC	Death in Paradise (Xmas special)	0.7
22	Netflix	Minions & More Volume 2	0.7
23	ITV	The Chase The Bloopers	0.7
24	BBC	Mrs Brown's Boys (Xmas special)	0.7
25	Netflix	Inside the Mind of a Cat	0.6
26	Sky Max	Rob & Romesh Vs	0.6
27	Netflix	CoComelon (Special)	0.6
28	BBC	The Cleaner (Xmas special)	0.6
29	BBC	Elizabeth The Unseen Queen	0.6
30	CH4	Taskmaster Champion of Champions	0.6

Source: Barb 2022, consolidated 1–28 days.

Broadcasters well placed for the future

The UK has an incredible wealth of TV content for viewers to choose from. This is why it is such a challenging market to enter – as we're seeing with the small impact that new AVOD services are making.

With a world-beating free-to-air offering and SVOD's augmentation, there is little left to play for. Entering the UK market without deep pockets to spend on programmes and, crucially, marketing those programmes is a very tough task.

For example, NBCUniversal's Peacock launched in the UK through Sky and Now TV who are owned by Comcast, the same parent company as NBCUniversal. As such it will benefit from cross-promotion on the Sky/Now TV platforms. Likewise, Paramount-owned Pluto will benefit from the cross-promotional power of their UK channels like Channel 5, Comedy Central or MTV.

But, beyond cross-promotional advantages, most of all the future will be determined by those who make the best content for a UK audience and those who have the marketing skill to cut through the noise and the choice paralysis to get viewers to give their shows a go.

With guaranteed prominence and 60 years of expertise in understanding UK markets and developing content strands, the UK broadcasters remain in a prime position.

Download all charts from this section

We Hunt Together, Alibi

The video galaxy

You & Me, ITVX

The video galaxy

We used to call it the video world but, from TikTok to TV and everything in between, its much more complicated than that. Let's see what the data tells us about today's video habits...

Download all charts from this section

Key points

- The UK's commercial broadcasters together reach just over 33 million viewers every day, with each viewer on average watching for 3 hrs, 25 mins a day – collectively some 113 million hours a day.
- 4.9 million 16–34s watch commercial TV a day in the UK, spending an average of 2 hrs, 18 mins demonstrating the continued importance of the broadcasters to this audience.
- The daily reach of Netflix, Disney+ and Amazon Prime Video is hampered by their pay walls.

4.9m

16–34s watch commercial TV a day in the UK

We Are Not Alone, Dave

Commercial broadcasters are five times the size of Netflix

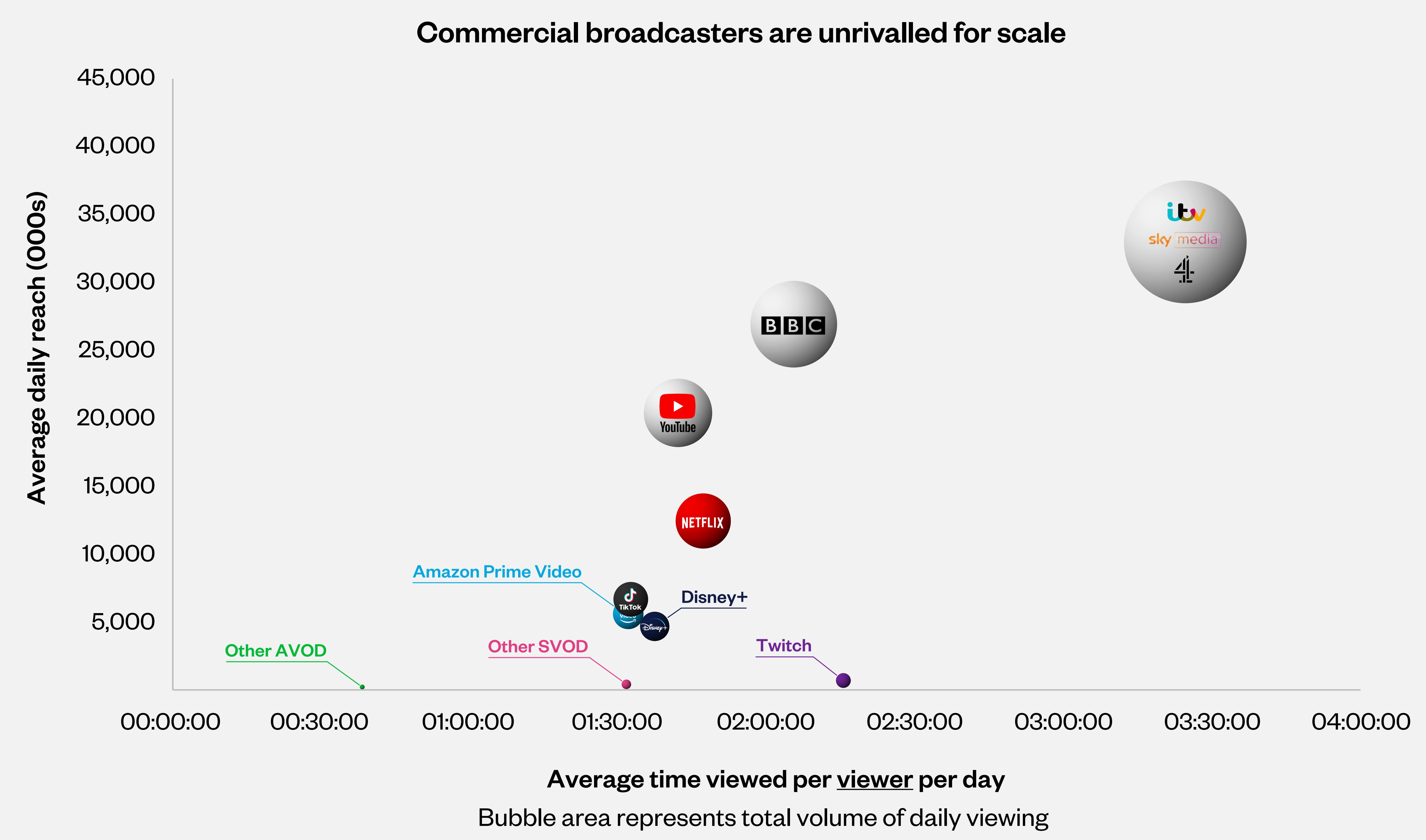
The new Barb data allows us to dive into the detail of viewing patterns with much greater granularity, so we now have a much more comprehensive picture of viewing behaviours beyond the single dimension of time spent across the whole year.

For example, as the chart below shows, we can now break down viewing to the various platforms in terms of the average number of people watching per day (for at least 3 minutes) compared with the average time spent watching per viewer (i.e. only counting those who watched on that day).

This is useful context. For example, Barb data tells us that the average time spent with Netflix per day across the whole UK population is 21 mins, yet we can see here that when people do watch Netflix they spend on average 1 hr and 47 mins (because not everyone subscribes to Netflix, and those who do subscribe don't watch it every day).

The commercial broadcasters (linear and on demand) collectively reach just over 33 million viewers every day, with each of those viewers watching for an average of 3 hrs, 25 mins a day – collectively some 113 million hours of viewing per day (that's 41 billion hours per year, if you want some numberwang ammunition). That's 5.1 times the volume of viewing Netflix receives.

After the commercial broadcasters, the combined portfolio of BBC channels (linear and on demand) attracts the second-largest volume of viewing, with 27 million daily reach and an average view time of just over 2 hours (a total of 56 million hours a day). YouTube is next, with a daily reach of 20 million people and a view time of 1 hr 42 mins (35 million hours a day).



Source: Barb/All individuals, all devices 2022.

Why group the commercial broadcasters?

The commercial broadcasters are bought and planned together by the advertiser/agency community. They all offer the same high-quality environment, they jointly fund Clearcast to ensure advertising upholds their high standards, they're jointly regulated by OFCOM and adhere to the BCAP code, they have a uniform break structure that takes the same ad formats in ad breaks that are clearly separated and distinct from the content and they share a joint buying portal in the form of Caria. Their linear advertising opportunity is measured by Barb and they've collaborated on CFlight to measure total campaign reach across all forms of broadcaster TV. Because of this, it's important from an advertising perspective that they are thought of as one and that their joint reach and volume credentials can be understood.

The impact of pay walls is clear to see

The daily reach of Netflix, Disney+ and Amazon Prime Video is hampered by their pay walls. Netflix has a total potential reach of 45.6 million, but it isn't watched by every subscriber every day and averages out at 12.4 million viewers per day.

TikTok, the fastest-growing platform, is being viewed by just over 6 million people per day for 1 hr, 32 mins per viewer – that's a lot of scrolling.

Those familiar with Ehrenberg Bass's 'double jeopardy' principle will spot it at play here. With the exception of Twitch (which has a small but enthusiastic viewer base) there's an obvious relationship between reach (penetration) and time spent – the higher the reach, the more time viewers spend (loyalty).

The challenge for new entrants

This data shows that the primary challenge facing 'other AVOD' is attracting viewers to their services. They are currently almost immeasurably small.

Covering Chili, Rakuten TV, Samsung TV Plus, Red Bull TV, TVPlayer, Vevo, W4FREE and YuppTV, the collective average daily reach for 'other AVOD' is 83,000 viewers. Those that do watch spend 38 mins a day.

Competition is clearly fierce. In the face of the options on offer from the commercial broadcasters, the BBC and the established SVOD players, the challenge of attracting viewers to other content is huge. Tom Harrington from Enders Analysis has pointed to this issue – if anything, the bewildering array of choice now available is causing viewers to coalesce around fewer programmes.


Hobby Man, Channel 4

Commercial broadcasters remain important to 16–34s

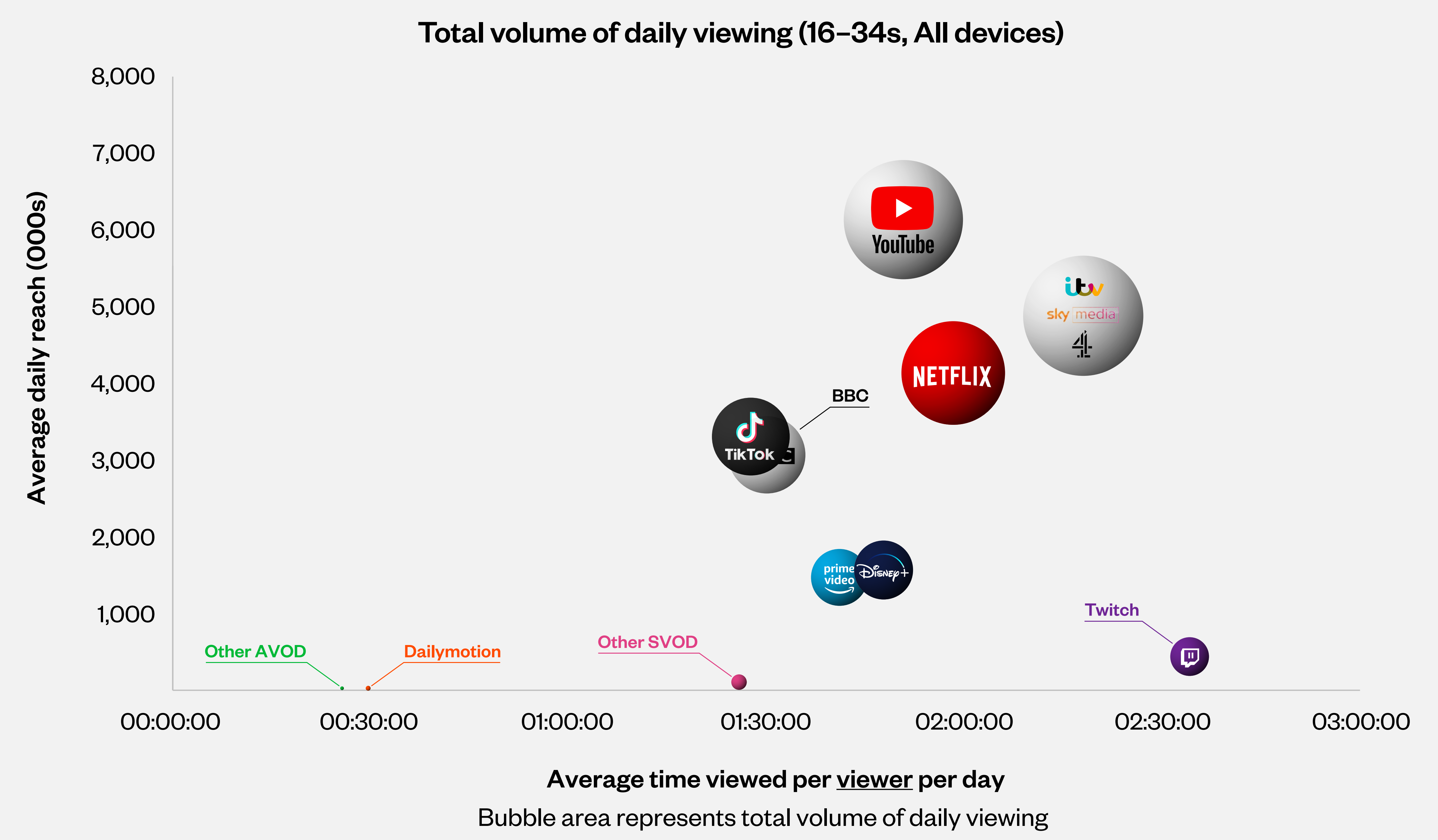
The picture below shows the same data but for 16–34s. As you'd expect, YouTube, Netflix and TikTok all significantly increase in relative reach and volume to the commercial broadcasters. But it clearly demonstrates the continued importance of commercial television to this audience, with an average of 4.9 million 16–34s watching commercial TV a day, spending on average 2 hrs, 18 mins.

If we narrow the analysis to viewing on the TV screen only – thus focusing on the high-quality, high-impact environment that is known to deliver effective advertising – the story is even stronger for the commercial broadcasters, who deliver unparalleled scale in terms of both daily reach and time spent.

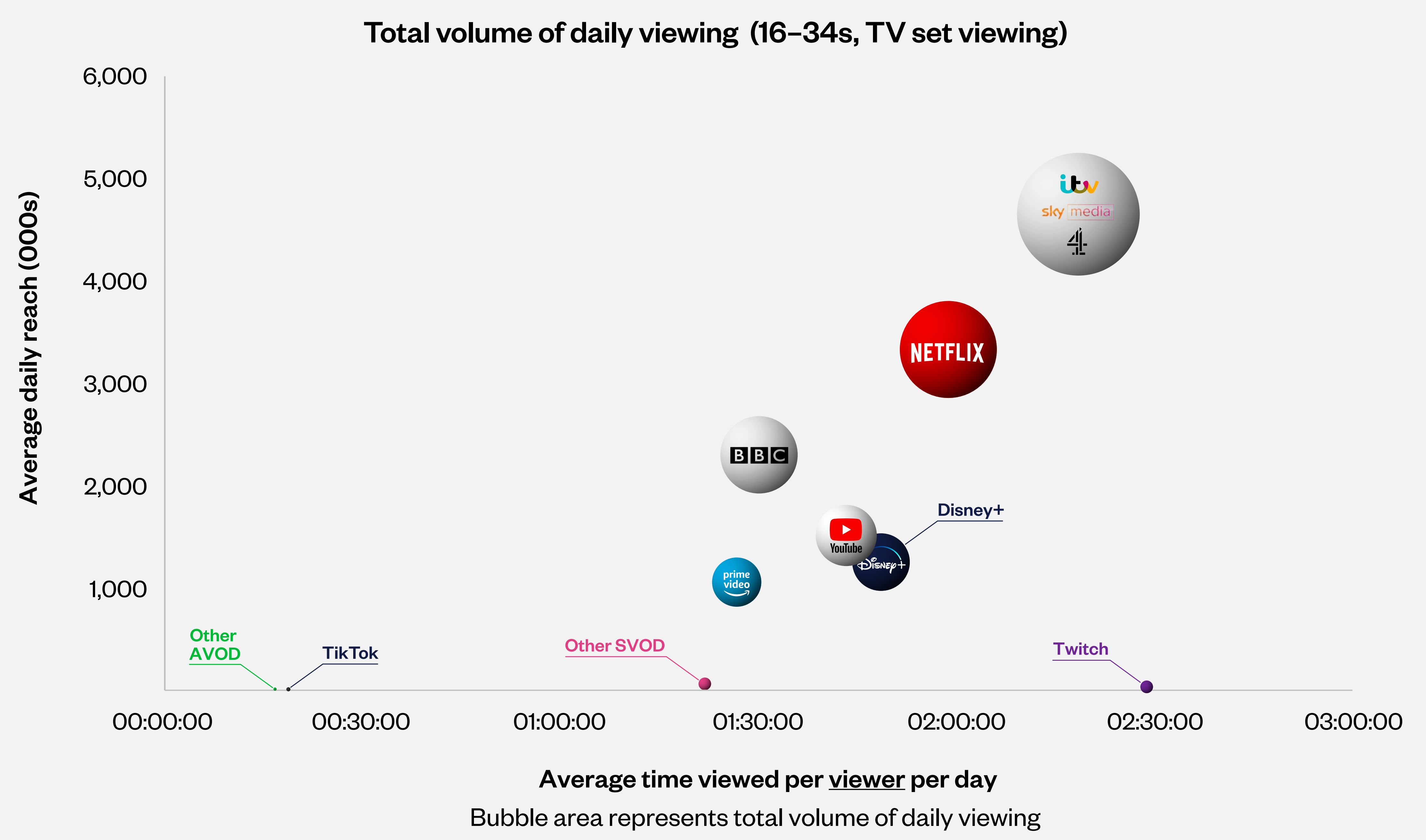
The story is even stronger for the commercial broadcasters, who deliver unparalleled scale in terms of both daily reach and time spent.

Download all charts from this section


Big Boys, Channel 4



Source: Barb/All devices – 2022.



Source: Barb/TV sets – 2022.

AV it your way

Planning today's video

Nolly, ITVX

AV it your way: planning today's video

With fragmenting video viewing, AV advertising opportunities are now found across a multitude of platforms – offering varying levels of quality context and viewing experience. The analysis in this section provides a macro view of the time spent watching AV advertising across 2022 as a whole for the principal AV platforms, and explores what this means for planning advertising.

Download all charts from this section

Key points

- Broadcasters account for over 80% of AV advertising time.
- The middle tier of viewers – the 'reach extenders' – are vital. They can make the difference between a high- or mid-level reaching campaign. The odds of reaching them are much higher in BVOD.
- Thinkbox estimate that Disney+ and Netflix will account for under 1% of AV advertising viewing in the UK among all individuals.
- TV's hidden value – qualities like high attention, trust, regulation and signalling powers – isn't obvious on reach curves but makes a huge difference to the effectiveness of its reach.

Breeders, Sky Comedy

80%

Broadcasters account for over 80% of AV advertising time

Olivia Attwood: Getting Filthy Rich, ITV2

Methodology

Without a single source data provider on time spent watching AV advertising, this analysis takes a jigsaw approach, using a variety of data sources to build the most accurate picture of AV viewing time possible. Below we detail the data approach used to build the estimate for each platform:

- Broadcaster TV: Barb data for linear and playback advertising time and the broadcasters' own census data for BVOD advertising viewing time.
- Cinema: The UK Cinema Association provides total box office seats sold. We've estimated 15 minutes of advertising per seat.
- YouTube: Barb data for time spent viewing content in home, ViewersLogic panel data to estimate out-of-home viewing not measured by Barb (73.5% in home, 26.5% out of home), broadcasters' own data of ad load per hour of YouTube viewing, and agency data for average duration of ad view.
- TikTok: Barb data for time spent viewing content in home, ViewersLogic panel data to estimate out-of-home viewing not measured by Barb (77.5% in home, 22.5% out of home), Thinkbox estimates for ad load per hour of TikTok viewing, and agency data for average duration of view.
- Other online video: IPA TouchPoints data for % of other online video viewing relative to all video viewing, Thinkbox estimate of % ad time to content time (based on YouTube/TikTok).

Bloods, Sky Comedy

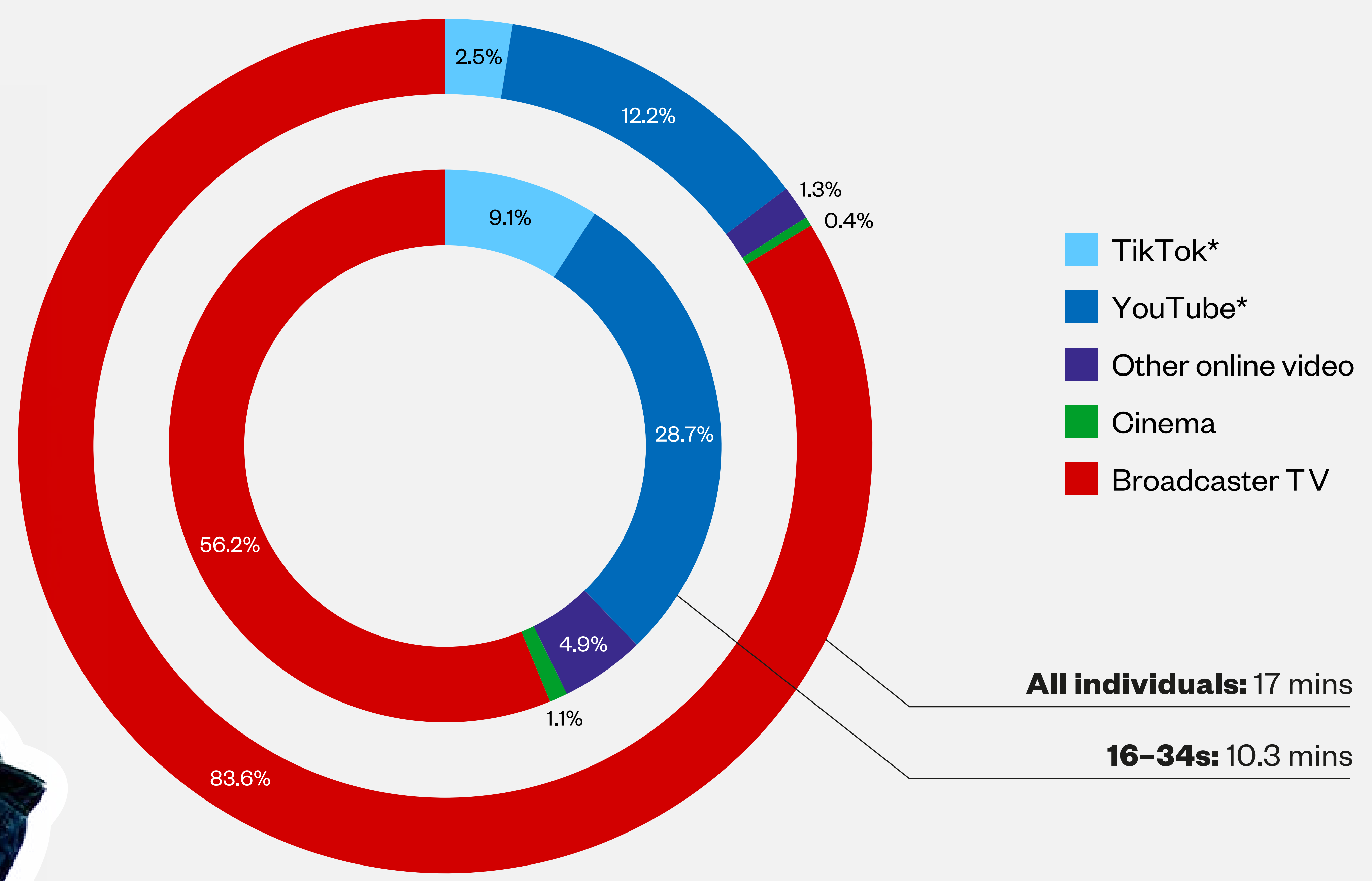
Broadcasters account for over 80% of AV advertising time

AV advertising time is dominated by the broadcasters followed by YouTube – combined they account for over 95% of individuals' AV time. TikTok is the third largest player.

Cinema offers the highest-quality ad environment, with its massive screens, booming surround sound, and very high visual attention. But with audiences only going to the cinema every now and then, it's limited in the scale it can offer.

This top level survey of the playing field for video advertising is a good starting point for planning and channel optimisation.

Average video advertising time per day



Source: 2022, Barb/Broadcaster stream data/IPA TouchPoints 2022/UK Cinema Association/ViewersLogic to model OOH viewing time * YouTube ad time modelled at 4.1% of content time, *TikTok ad time modelled at 3.4% of content time using agency and broadcaster data, Other online modelled at 4% of content time).

Secrets to cost-effective reach

From an advertising point of view, averages across the population are helpful to give the totality of viewing across the population as a whole. But one of the huge benefits of the granularity and transparency of the new data supplied by Barb is that we can cut viewers into segments based on their weight of viewing. When your advertising objective is reach, this is a crucial measure to explore.

Using October 2022 as an example month, we've split into deciles all viewers of any Barb-measured platform (broadcasters, SVOD/AVOD players, video-sharing platforms) by the weight of their viewing. The total combined reach was 98% out of 63.5 million people in the UK, so pretty much everyone watched 3 minutes of some type of video.

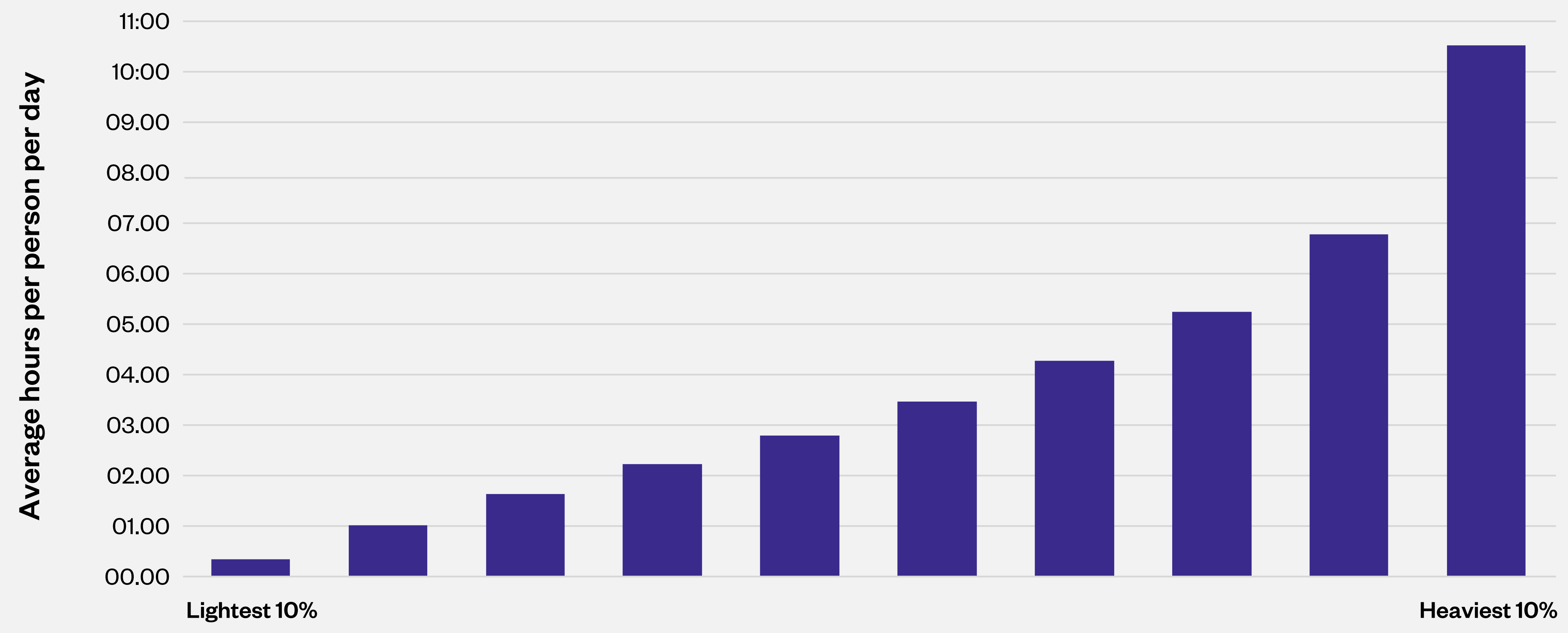
What's obvious is that time spent viewing isn't consistent across all viewers. Some people watch A LOT of video and some don't watch much at all, so within these deciles lie the secrets to cost-effective reach.

Splitting the data by the commercial broadcasters, SVOD players, and video-sharing platforms, shows a similar pattern. In fact, if you performed this type of analysis for almost any sector, you'd see the same pattern. This is Pareto's principle at work, which states that 80% of consequences come from 20% of causes (otherwise known as the 80/20 rule).

In the case of the commercial broadcasters, the 20% of heaviest viewers (the two bars on the right) account for 60% of all viewing to commercial TV. For the SVOD players, the heaviest 20% account for 59% of their viewing, and for the video-sharing platforms they account for 73% of their viewing. So, more like 60/20 for the TV businesses and 75/20 for the video-sharing platforms who are more reliant on heavy viewers for their total volume of viewing.

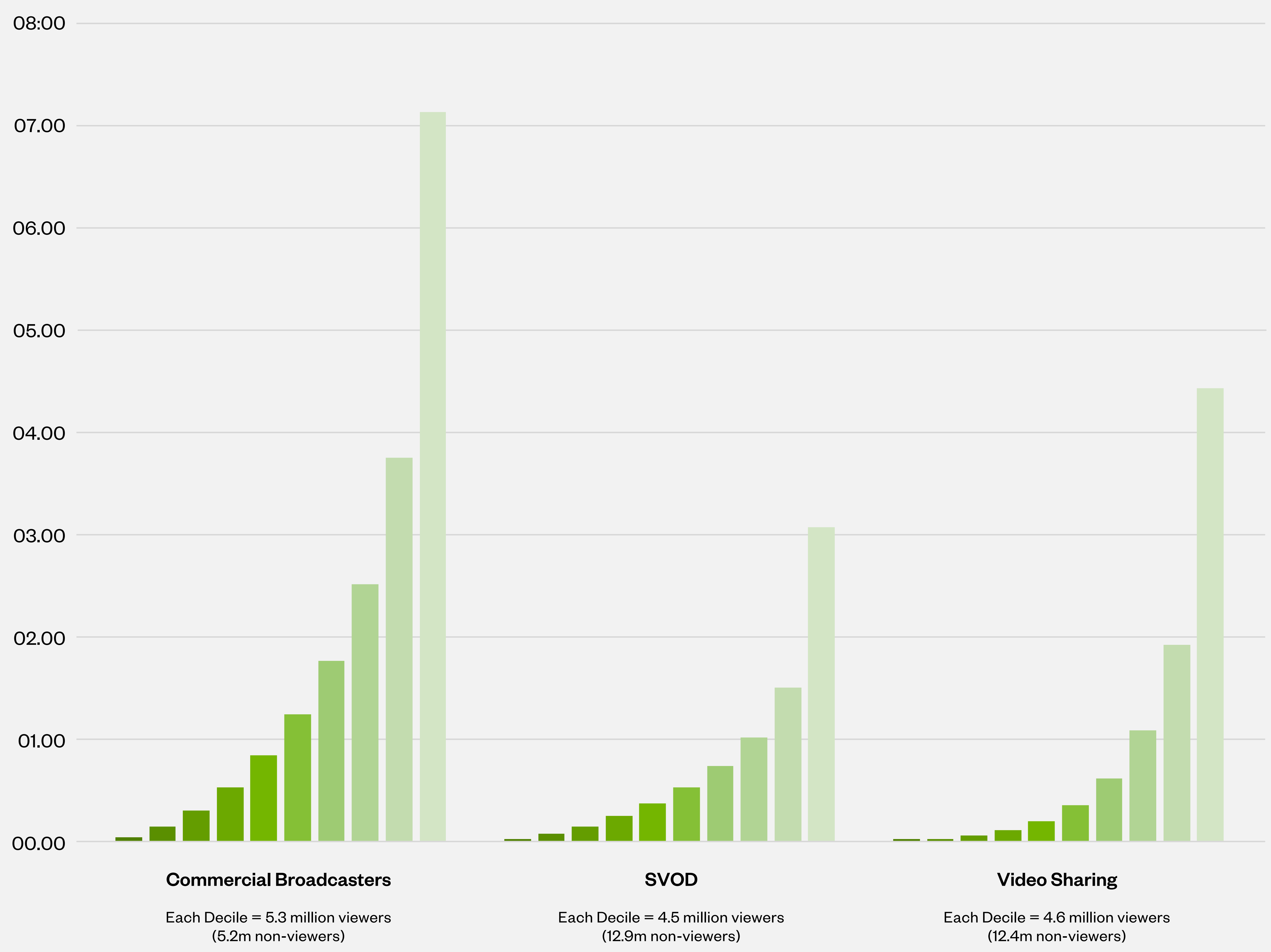
There are other differences between the groups. As we saw earlier, the commercial broadcasters have very high reach – only 5.2 million people in the UK **didn't** watch any commercial broadcaster TV in October 2022. For the SVODs and video-sharing platforms the number of people who didn't watch them is 12.9 million and 12.4 million respectively.

Weight of viewing matters for reach planning



Source: Barb, October 2022 – All viewers to any type of video on any device split into tenths.

Weight of viewing varies between platform



Source: Barb, October 2022 – All devices.

Why does looking at the deciles matter?

Platform reach is an indicator of the total number of viewers who access a platform in a given period. But generally the longer the period of time, the less useful it is as an indicator of reach potential in terms of advertising. By breaking the data into deciles, you get the granularity you need.

Doing this shows that, among the lighter viewing deciles for the commercial broadcasters, viewing time is still at a high enough level to deliver reach. This shows that the commercial broadcasters remain well placed to drive mass campaign reach. For the commercial broadcasters, the heaviest 10% watch 7 hrs, 8 mins a day, whilst the middle group (decile number 5) watch 50 mins a day. For the video -sharing platforms the heaviest 10% watch 4 hrs 26 mins per day, but the middle decile only watch 11 mins per day.

Because commercial TV's huge total volume of viewing is spread more widely, it can deliver the greatest volume and variety of advertising solutions to the largest number of advertisers. And, as we saw earlier, not just in terms of time, but in terms of the spread of genres.

The reach extenders

In 'BVOD Almighty' (a study released in November 2022 commissioned by Thinkbox, ITV, Channel 4 and Sky), PwC shared an eye-opening analysis that employed deciles to demonstrate the role that broadcaster VOD plays in driving incremental reach.

PwC's analysis split viewers to linear TV into deciles and coded them into three groups...

On the right of the chart to the right, in red, are the heaviest 50%. They watch at least 115 minutes of TV on average per day and as a result are easy to reach through linear TV advertising.

On the left, in blue, are the lightest 20%, they're viewing less than 12 mins on average per day (just over an hour a week), so they're difficult to reach through linear TV.

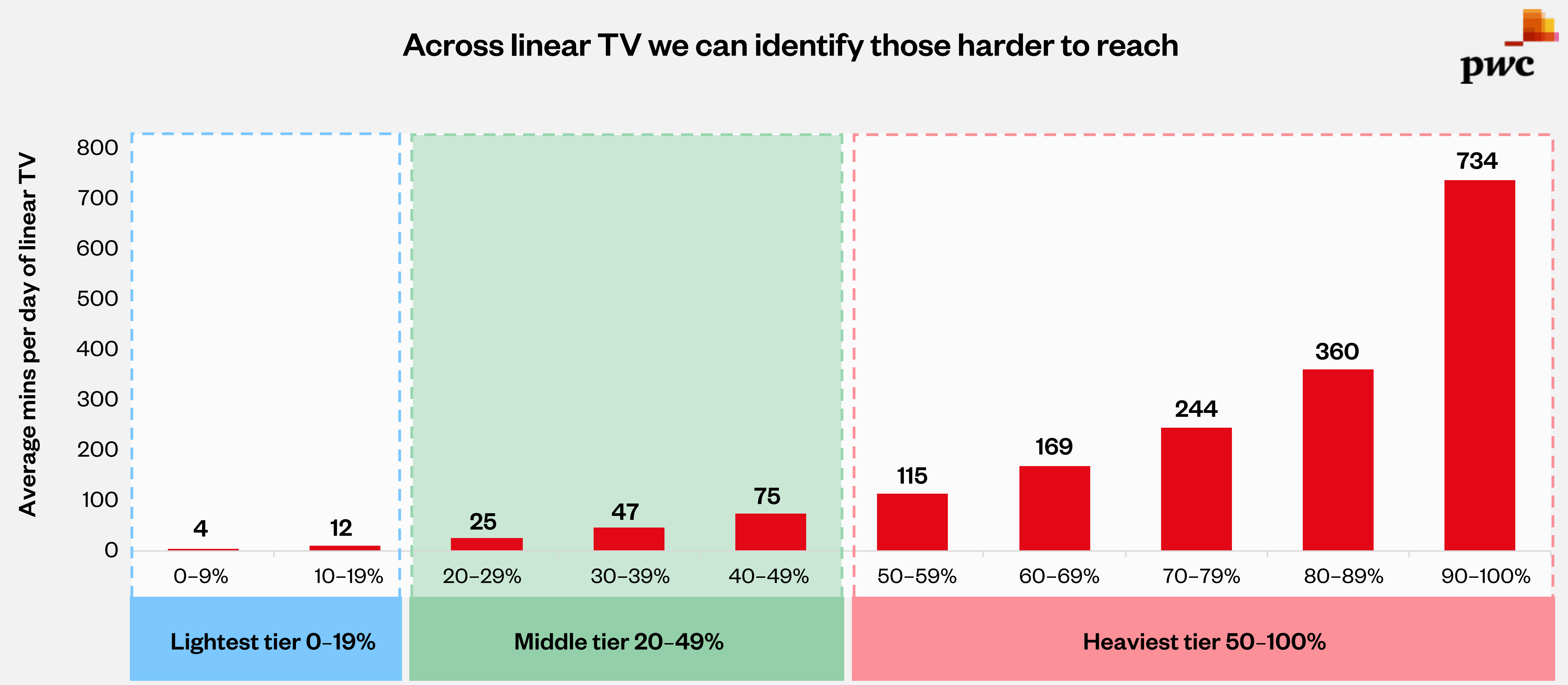
The middle group, in green, are the most interesting group from a TV planning perspective. They're the group that can make the difference between a high- or mid-level reaching campaign. As such PwC called this group 'the reach extenders'.

The Midwich Cuckoos, Sky Max

28%

of viewing to BVOD is from 'the reach extender' group

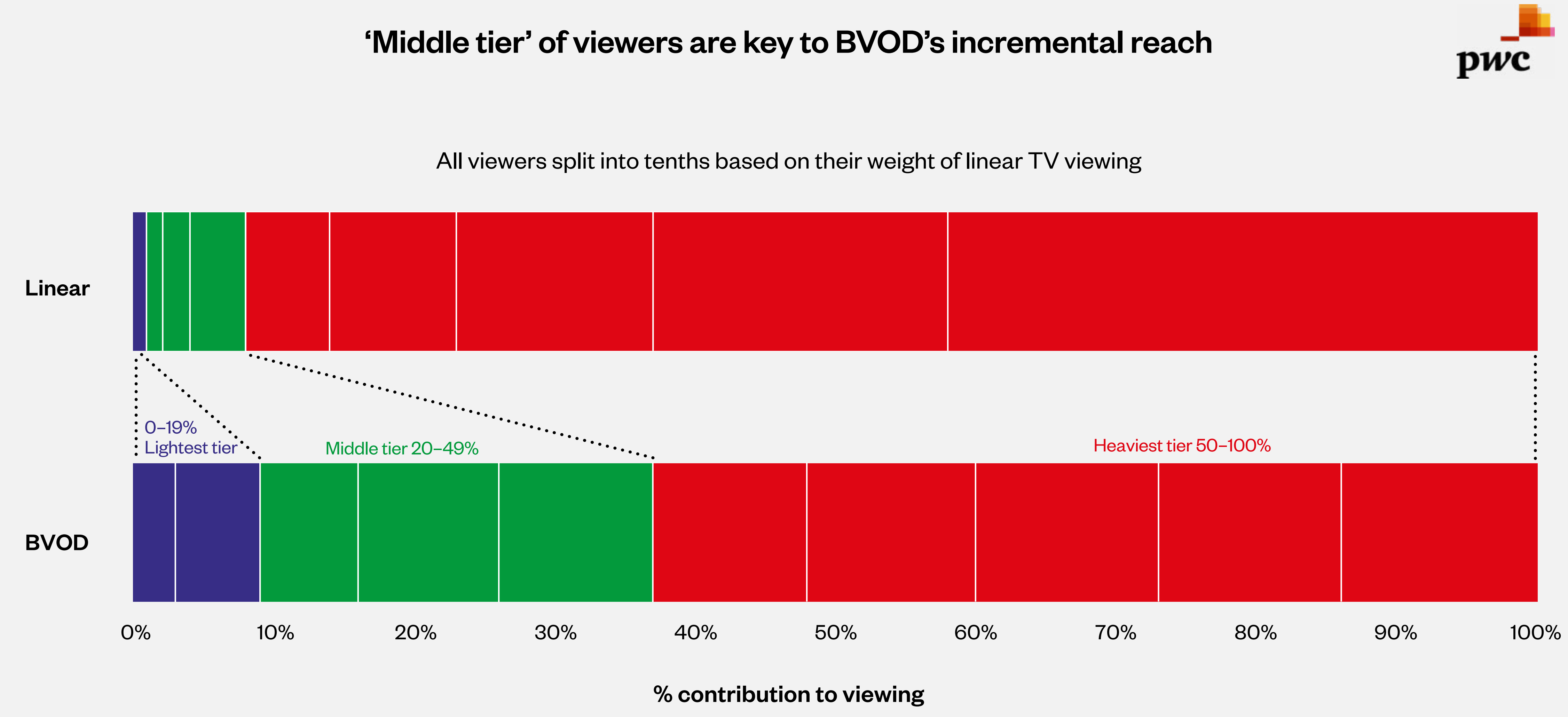
Across linear TV we can identify those harder to reach



Source: PwC UK, Barb, all viewers split into tenths based upon their weight of linear TV viewing.

'Middle tier' of viewers are key to BVOD's incremental reach

All viewers split into tenths based on their weight of linear TV viewing



Source: PwC UK, Barb, all viewers split into tenths based upon their weight of linear TV viewing.

BVOD is home to the reach extenders

As shown on the chart at the bottom of the previous page, PwC then looked at this data through the lens of how much viewing to linear TV and BVOD is generated by each group. They found that the heaviest 50% of linear viewers account for 92% of all linear TV viewing, but only 64% of viewing to BVOD.

Crucially, the all-important group of 'reach extenders' accounted for 28% of all viewing to BVOD. This means that the chance of reaching these viewers is much higher in BVOD than it is in linear TV.

The Island, Dave

BVOD puts the odds in your favour

Planning, in a sense, is akin to gambling. Not roulette or taking a punt on a horse because you like its name, but the calculated, well-researched approach – the art of using the odds in your favour.

The planner's job is to find the right number of viewers the right number of times, in the environment that's most likely to deliver the intended impact of the ad. And all for the lowest possible cost. Thinking about the reach potential in terms of odds can be a simple way of starting this process.

The chart below shows the odds of reaching the three groups previously outlined, for linear TV and for BVOD.

The heaviest tier of linear viewers are, as you would expect, very easy to reach through linear TV. One out of every 1.1 linear exposures (or 9 out of every 10), and 1 in 2 exposures for BVOD will be to this group of viewers.

For the middle tier of 'reach extenders' this changes. For linear TV only 1 in 14 exposures are to this group, whereas the odds for BVOD drop down to a much more favourable 1 in 4.

For the very lightest group the odds of reaching them in linear TV are 1 in 185, but for BVOD they are 1 in 12.

This shows the reach case for BVOD. In order to get your ad seen by the reach extender group – or even the lightest tier – the odds are much more in your favour in the BVOD environment.

BVOD weighs the odds in your favour for high reach

	Lightest tier 0–19%	Middle tier 20–49%	Heaviest tier 50–100%
	Hard to reach via TV	**TV reach extenders**	**Easily reachable via linear TV**
Average odds of reaching segment per exposure	Linear: 1 in 185 BVOD: 1 in 12	Linear: 1 in 14 BVOD: 1 in 4	Linear: 1 in 1.1 BVOD: 1 in 2
Average linear TV viewing per day	**8 minutes**	**49 minutes**	**5 hours and 24 minutes**
		skews towards: ABC1 adults (71%) and 16–34 adults (42%)	

Source: PwC UK, Barb, all viewers split into tenths based upon their weight of linear TV viewing

The complementarity of video

We can broaden this thinking out to the wider video world and look at how complementary other video platforms are in the high-quality, big screen environment of the TV set.

The chart below shows how SVOD/AVOD is a good partner to the commercial broadcasters in terms of maximising reach across the population. There's almost an inverse relationship between heavier viewers of commercial TV and lighter viewers of SVOD/AVOD – and vice versa.

On the face of it, this suggests that the SVOD/AVOD potential for driving incremental campaign reach is high. But there are two problems...

1. The limitations of non-broadcaster AVOD

First, non-broadcaster AVOD (services like Samsung TV Plus and Rakuten), as shown earlier, is yet to deliver any meaningful scale, which means 98% of the pink SVOD/AVOD section is SVOD.

The second problem is that we don't know how much SVOD viewing is coming from viewers who subscribe to the forms of the services that carry advertising. At the time of writing, Disney+ is yet to launch its ad tier in the UK, which leaves Netflix as the only SVOD provider with an active UK ad tier. The vital questions are: how many people have opted for this option and, from a planning point of view, what type of viewer are they?

Logic would suggest that they're more likely to be C2DE than ABC1, and they're also more likely to be lighter viewers of Netflix than heavier viewers. In time it will hopefully be possible to split the ad tier viewers from the pay-only tier within the Barb data and all will be revealed.

If we model the impact of the SVOD ad tiers into the 2022 video time chart, what's clear is that they'll have relatively low scale. This is our estimate.

2. Disney+ and Netflix will account for under 1% of AV advertising viewing in the UK among all individuals

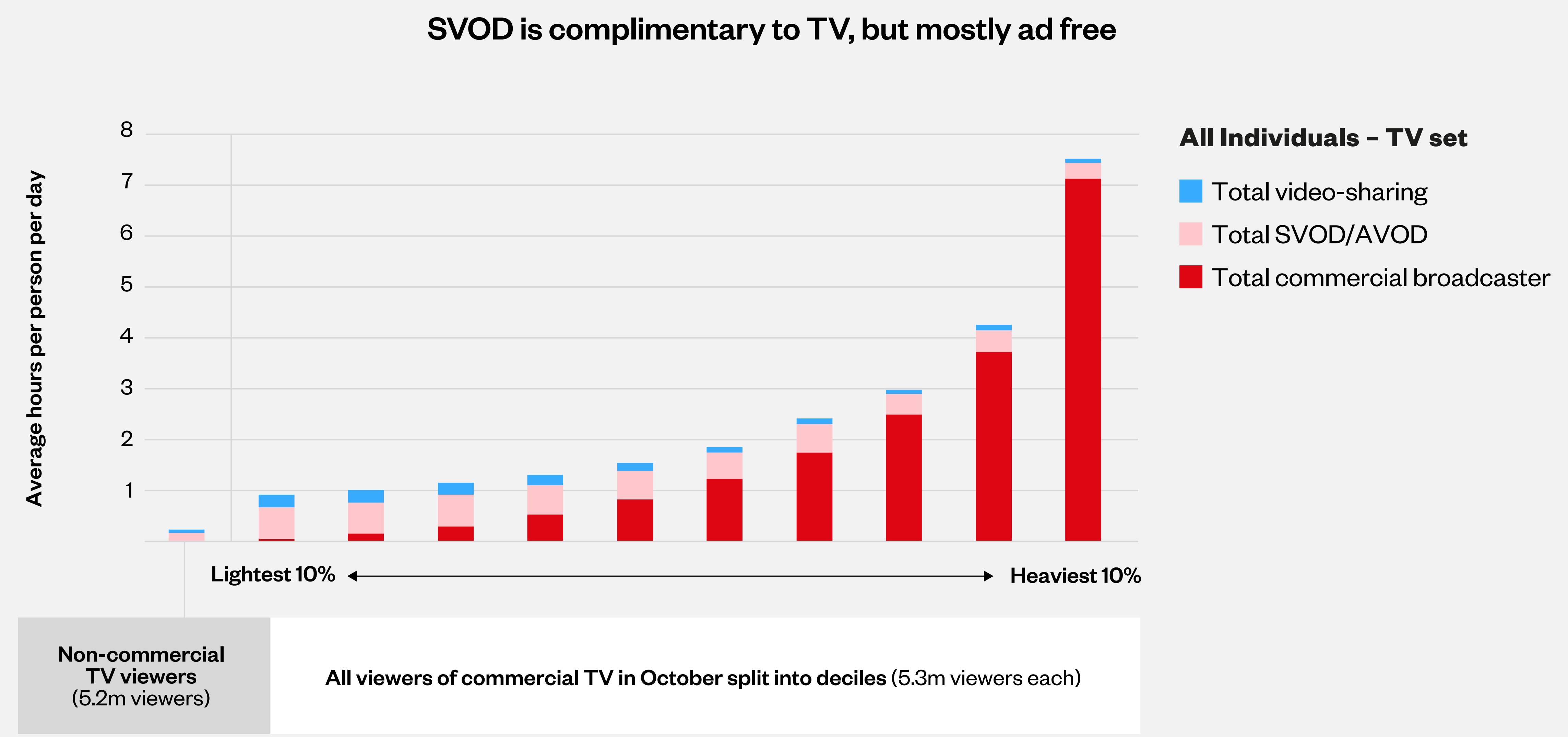
Netflix's scale is limited because we're estimating only 5% of Netflix subscribers taking the ad-tier (at a saving of only £2 per month, we don't believe there will be a significant volume of take-up). Disney+'s scale is limited as they've suggested a very low ad load.

Unlike Netflix though, the majority of Disney+ subscribers look likely to sit on their ad tier, as they're opting for this as the default, with a pretty significant premium for the ad-free version. Clearly in time, things will change and their tiering and ad offerings will evolve. For the time being, though, it looks like they'll likely offer a good (albeit high price point) environment for extending linear TV reach, but the scale will be limited.

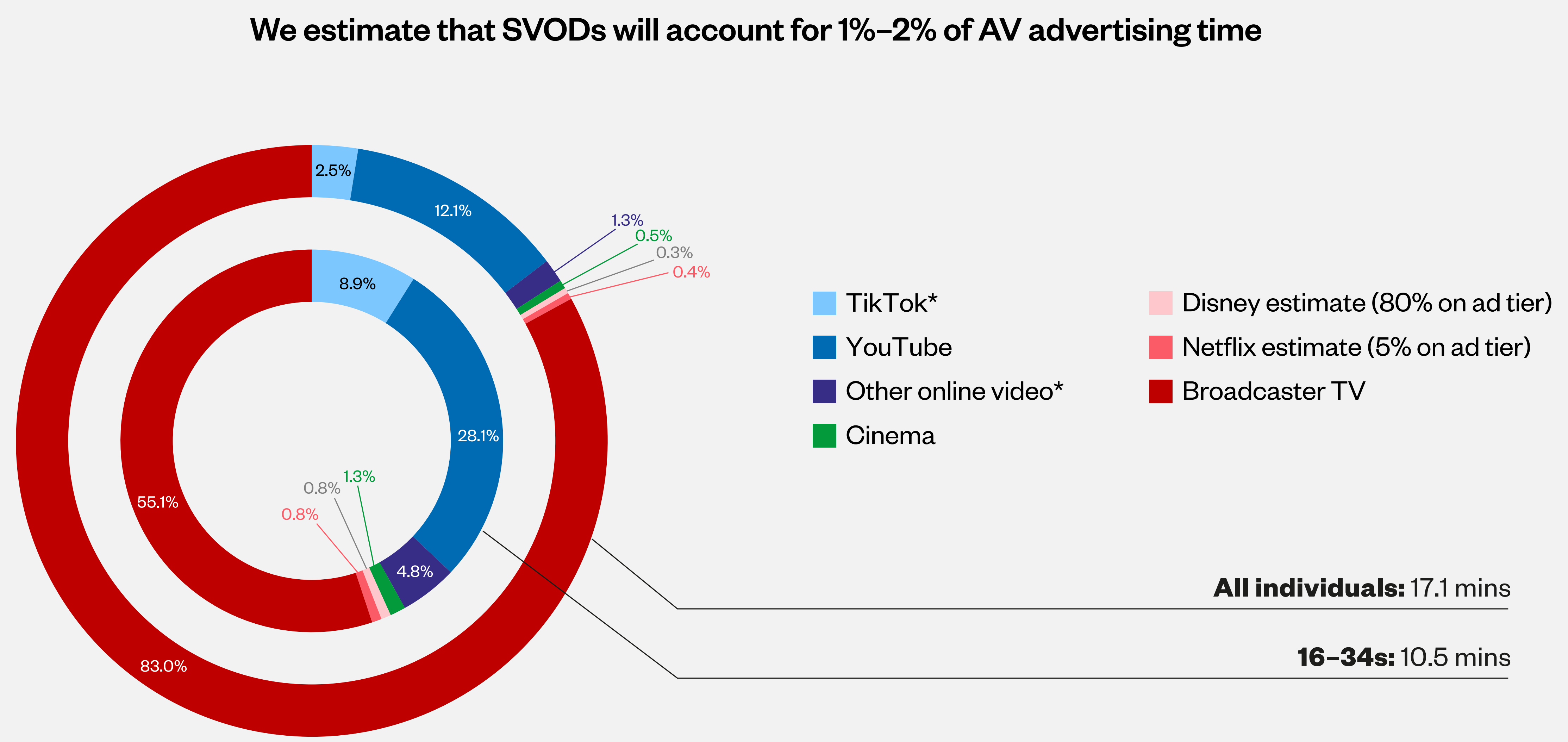
Limited but tangible potential for YouTube to drive incremental campaign reach

As well as SVOD/AVOD, there's also a clear complementarity between commercial TV and the video sharing platforms. As we're looking at the potential to drive reach on the TV set here (see chart on bottom left page), this means that 99.9% of the video-sharing is YouTube. Accounting for between 10–15 minutes of viewing per day for the lightest 50% of TV viewers, there is a limited but tangible potential for YouTube to drive incremental campaign reach on the TV-set, especially if advertisers opt for the unskippable option.

It's worth noting that the group of 5.2 million viewers who didn't watch any commercial TV in October didn't watch much of anything else on their TVs either. Some viewers are almost impossible to reach via the big screen.



Source: Barb, October 2022.



Source: 2022, Barb/Broadcaster stream data/IPA TouchPoints 2022/UK Cinema Association/ViewersLogic to model OOH viewing time * YouTube ad time modelled at 4.1% of content time, TikTok ad time modelled at 3.4% of content time using agency and broadcaster data, Other online modelled at 4% of content time).

TV's hidden value

With reach planning, we must of course take account of context and quality. Richard Kirk, who recently left his role as CSO at Zenith to join EssenceMediacom, makes this point well in the development of Zenith's 'Right Reach' planning methodology.

Not all reach is born equal and the differences are hidden within the confines of a one-dimensional reach curve. Cheap reach can be easily bought, and without the guidance of a seasoned planner, it's easy to find yourself in an efficiency spiral – by focusing on the wrong metrics, such as low CPT, you can wind up buying the lowest-quality ad exposures. The theoretical reach may look good value for money, but the actual effectiveness of the reach is going to be limited.

TV in particular has many hidden qualities that aren't obvious when looking at reach curves, yet make a huge difference to the effectiveness of the reach itself. Things like being watched on a big screen in a living room, not peered at on a phone at a bus stop, or the fact that TV ads are not perceived to be targeted or tracking you. Others include:

High-value exchange

Viewers see TV ads in exchange for the high-quality, free shows they want to watch. Advertising is more acceptable when its relationship with content is reasonable and balanced.

Shared viewing

TV is a shared experience, and watching TV and its adverts in company creates opportunities for personal recommendations, generates conversation, increases memory and intensifies emotions.

Strong costly signals

In advertising it's not just what you say, it's where you say it that counts, and TV is the medium that drives the strongest fitness, social, popularity and success signals. It also outperforms other media at suggesting brand quality, self-confidence and strength.

Trusted

TV is regularly cited as the most trusted form of advertising. And this trust rubs off: being seen on TV gives brands a stamp of quality and credibility. This is one of the reasons why online brands flock to TV. TV denotes quality and assurance like nothing else.

High attention levels

TV advertising grabs attention for a number of reasons – from the fact that it is more welcome/less unwelcome than other forms of interruptive advertising, to the fact that it appears seamlessly in a high-quality environment. Data from TVision/Lumen has shown that ads are watched for a much longer period of time on TV than they are on social media – the big screen experience and long-established value exchange is conducive to high levels of visual attention.

High completion rates

View-through rates (the % of ads played from start to finish) in online video are very low. In broadcaster VOD, for example, it's 97%. The other challenge for online video is that much of it is in-feed advertising, so there's no reason why people have to watch them – they can simply scroll past the advertising.

Highly regulated

TV is a highly regulated medium, it is held to the highest standards and viewers know it. All broadcasters have to comply with the Ofcom broadcasting code – a 156-page document that sets out the legislative standards, rules and principles of operating as a TV broadcaster.

Ads are pre-cleared

Both TV's shows and the advertising it carries are subject to stringent regulation. Everything is pre-vetted by a human before it reaches the screen (at a significant cost to the broadcasters).

If you take into account the context and quality of the reach you're buying, the solution for planners is to start with the highest-quality reach environment and max that out before searching for incrementality in lower-quality environments. Race to the top planning rather than race-to-the-bottom planning. High-level, cost-effective reach can remain as the priority target, yet this approach ensures that misleading metrics such as cost per start don't cloud judgement.

Upright, Sky Atlantic

Download all charts from this section

Inflation in context

Taskmaster, Channel 4

Inflation in context

In 2022, inflation became national news and pub conversation as consumer price inflation averaged 7.9% across the year. Inflation has always been there though, just more of a slow-creeping beast, than the in-your-face monster it is currently. So, as we now move to examine the changing price of TV advertising, let's start by looking at how inflation has impacted life in general.

Until last year, the only regular recent mention of the word inflation occurred in adland and its trade press, as SVOD viewing took away some of the time viewers spent with the commercial broadcasters. This meant that the volume of impacts available was constrained causing average CPTs to rise, especially amongst young audiences. That changed last year when inflation was everywhere.

Download all charts from this section

Raised by Wolves, Sky Atlantic

Key points

- Except for younger audiences, TV advertising's price inflation is well below that of CPI inflation.
- BVOD advertising has largely been immune to price inflation.
- TV advertising in the UK is a bargain relative to the rest of the world – half the price of the global average.
- TV advertising (linear + BVOD) averages £8 per thousand exposures. YouTube is £12. Other online video is £130.

Big Zuu's Big Eats, Dave

Inflation by sector

Education is the sector that has inflated the most over the last 12 years, indexing at 202 vs 2010. This means the cost of education is twice the price it was in 2010. This will come as no surprise to any recent graduate saddled with the debt their higher education has left them with.

Alcohol is next highest in terms of the increase compared with 2010 prices. And no surprises in the increased cost of housing and fuel. We're all painfully familiar with that by now.

The only respite comes through the low inflation in the cost of clothing, yet even this one is tough to feel happy about, as with it comes the harsh reality of fast-fashion and its environmental impact.

Food has remained pretty well priced – heavy competition amongst the supermarkets has ensured that inflation has remained in check in this sector.

TV advertising's relative cost

Probably one of the most famous measures for demonstrating relative cost is the Big Mac index. This is a measure invented by The Economist magazine in 1986 as a lighthearted way to gauge if currencies were at their 'correct' level.

The idea was that the price of a Big Mac should, in theory, be the same in the US as it is in the UK once the difference in exchange rates is taken into account.

However, it isn't. A Big Mac costs £3.79 in the UK and $5.36 in the US, suggesting the exchange rate should be 0.71 when it's actually 0.81. This implies that sterling is currently undervalued by some 12.9%.

Anyway, using the Big Mac index can provide a useful indicator for the changing cost of goods over time.

The chart below plots the changing price of linear TV advertising in the UK over time for three buying audiences (all Adults, ABC1 Adults, and 16–34s) alongside consumer price inflation (CPI) and the average price of a Big Mac.

Linear TV's price has inflated over time, yet compared to the rest of the economy, its value has remained extremely competitive. Although the average cost of buying 1,000 Adult impacts was 26% higher in 2022 than it was in 2010, and for ABC1 Adults it was 16% higher, both these are well behind the overall CPI inflation – the cost of goods has risen by 36% and the cost of a Big Mac has gone up by 59%.

For younger audiences, it's well documented that the price of linear TV has increased considerably in recent years. This is because 16–34s are much more avid adopters of video on demand. So here the linear TV price has outstripped both CPI inflation and the increased cost of a Big Mac; it's now three times its 2010 price.

BVOD prices have largely been immune to inflation

It's worth looking at the line for broadcaster VOD, which now accounts for 28% of 16–34s' TV viewing. It's pretty flat. BVOD prices haven't changed over time; they started out at around the £25–30 CPM mark and haven't significantly increased over the years.

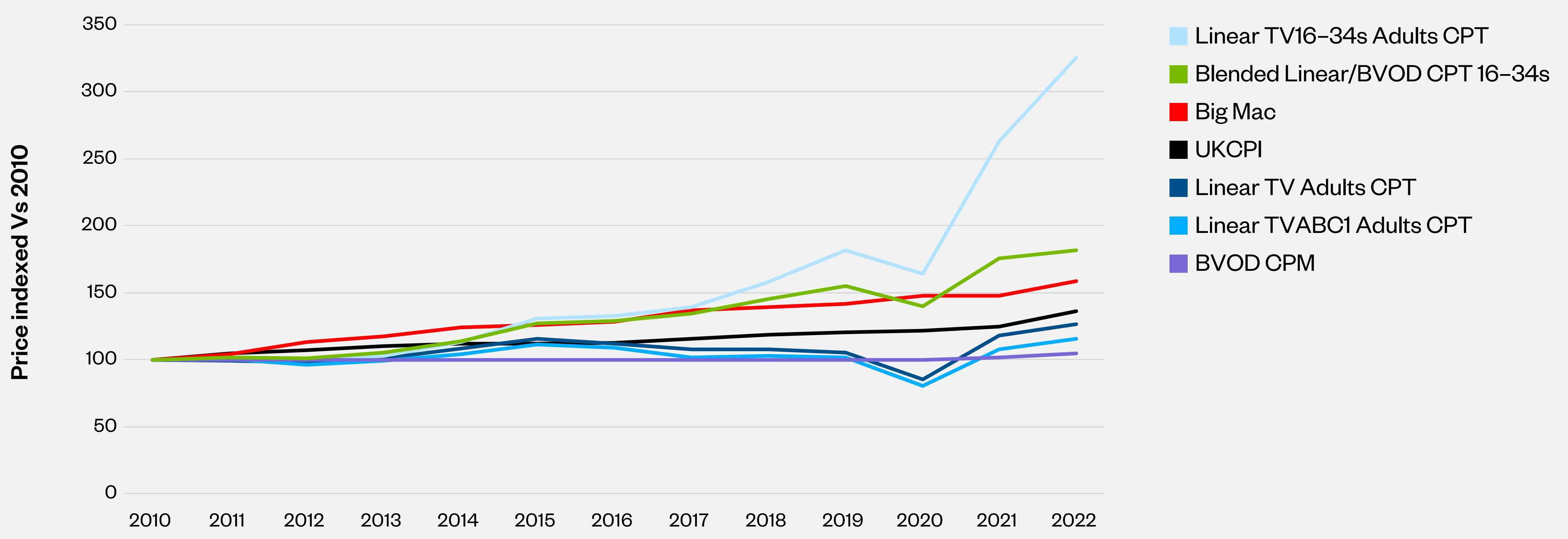
As a result, Barb's BVOD planner can help us understand the most cost-effective way to reach audiences across both linear TV and BVOD. Thinkbox analysis suggests that the optimal blend of BVOD and linear TV for maximum cost-effective reach is 70% BVOD: 30% Linear TV. The green line shows how the optimal 'blended' cost per thousand for 16–34s has changed over time. It's still increased above that of CPI inflation (and the Big Mac), but provides a more realistic picture of the changing price of reaching 16–34s through TV advertising.

Consumer price inflation indexed Vs 2010

Category	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Food and non-alcoholic beverages	100	106	109	113	113	110	107	110	112	113	114	114	**127**
Alcoholic beverages and tobacco	100	109	115	122	128	131	132	138	144	149	152	157	**164**
Clothing and footwear	100	102	103	104	105	105	105	108	109	108	106	106	**114**
Housing, water, electricity, gas and other fuels	100	106	111	115	119	119	120	122	125	127	126	129	**153**
Furniture, household equipment and maintenance	100	105	108	108	109	109	109	112	114	115	115	119	**131**
Health	100	103	106	109	112	114	117	120	123	126	128	130	**134**
Transport	100	108	110	111	112	109	110	115	120	123	123	132	**147**
Communication	100	104	108	111	113	114	118	120	121	126	130	133	**136**
Recreation and culture	100	100	100	101	102	102	102	104	107	109	112	114	**120**
Education	100	105	114	134	148	160	168	174	179	185	189	194	**202**
Restaurants and hotels	100	105	108	111	113	115	118	122	125	129	130	134	**145**
All sectors average	**100**	**105**	**107**	**110**	**112**	**112**	**113**	**116**	**119**	**121**	**122**	**125**	**136**

Source: ONS

ABC1 and Adult CPTs are well behind CPI inflation



Source: Barb, AA/WARC/The Economist/ONS/Thinkbox optimal Linear:BVOD split over time.

TV in the UK is a bargain

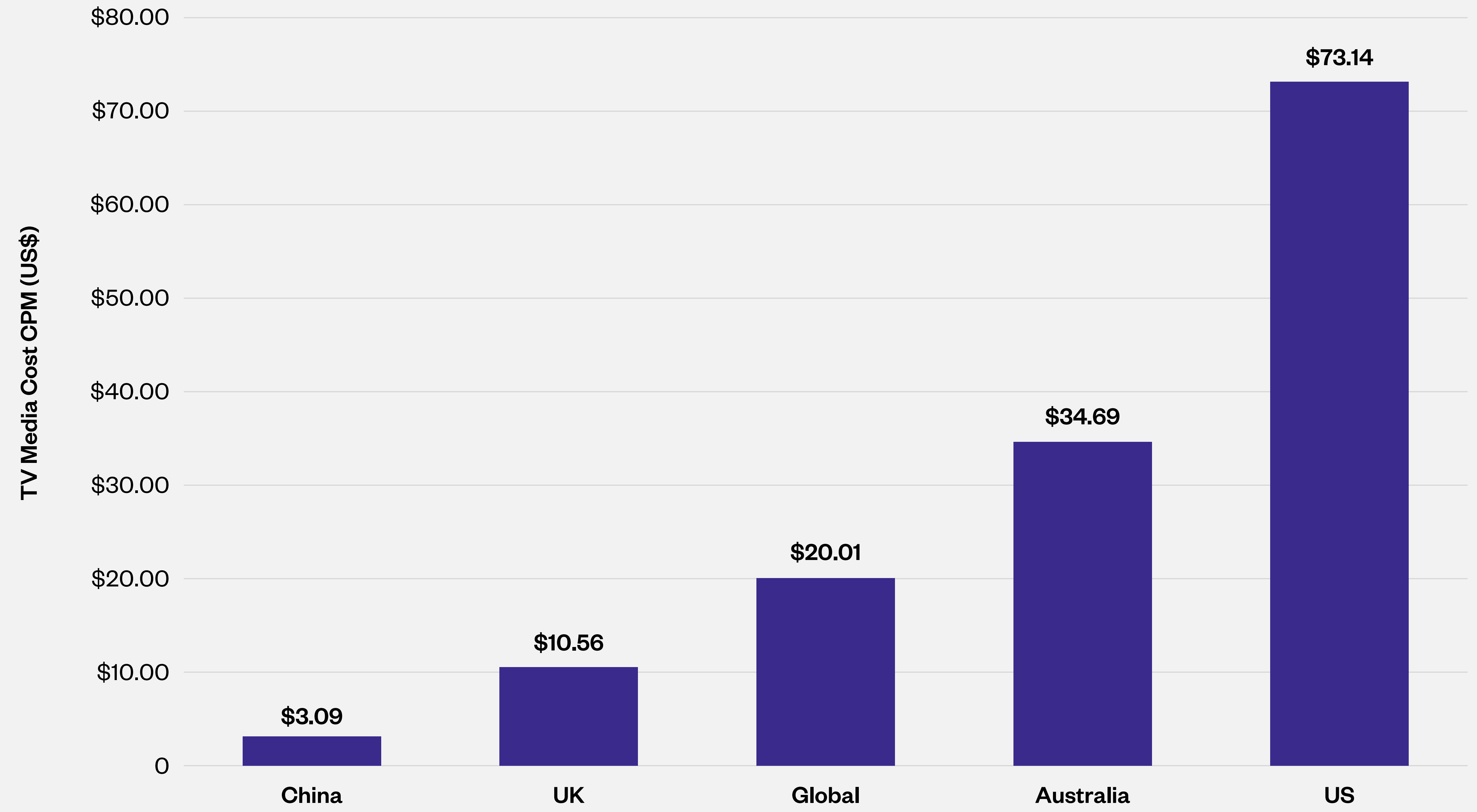
Another useful comparison to benchmark the cost of advertising on TV is WARC's data on the relative cost of TV advertising by country.

TV advertising in the UK is a bargain relative to the rest of the world. Put this alongside the Big Mac index suggesting that sterling is currently undervalued compared to the US dollar by 12.9% and it sends a compelling message to global advertisers who could take advantage of the incredible value on offer in the UK.

A recent analysis by Les Binet – Group Head of Effectiveness at adam&eveDDB – reinforces the point. Using long-term trend data comparing the total spending on goods over time with the average price for TV advertising in the UK, Binet has shown how the average price of TV advertising tends to drop at a steeper rate during recessions than consumer spending. The advice is that, in times of uncertainty, rather than cut your TV investment, it's actually the best time to increase it and take advantage of the value on offer.


Agatha Raisin, Sky Max

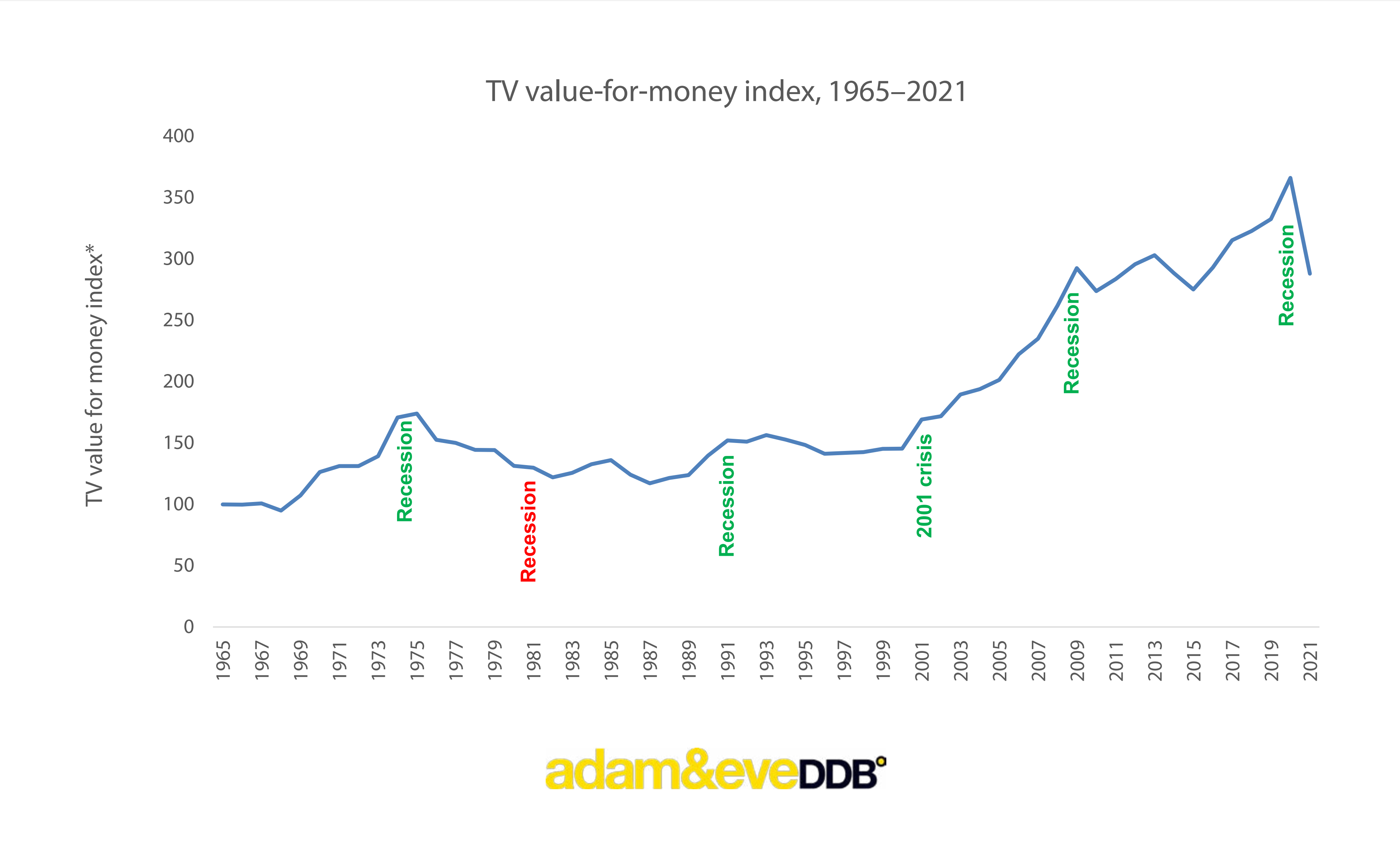
UK linear TV is great value



Source: WARC estimates 2022, calculated by applying the WFA's media inflation figures – drawn from a panel of agencies and consultancies – to historic data.

The value of TV increases during downturns

A high TV value-for-money index means that the price of TV is low, relative to total consumer spend levels



Source: Les Binet, 'Marketing in the post-covid economy: A planning framework for turbulent times'. ONS, Advertising Association, WARC. *TV value for money index = consumer spending/TV CPT indexed from 1965.

Why online video is so expensive

Download all charts from this section

The other vital data point to assess the continued value of TV is its cost relative to other video channels.

The chart below combines AA/WARC revenue estimates, with the video advertising time data to create a relative cost per 30 seconds of AV ad exposure.

Spot TV advertising (linear and BVOD) averages £7.78 per thousand exposures. YouTube is pretty close at £11.63. Other online video, however, is £129.98, yes – the decimal point is in the right place!

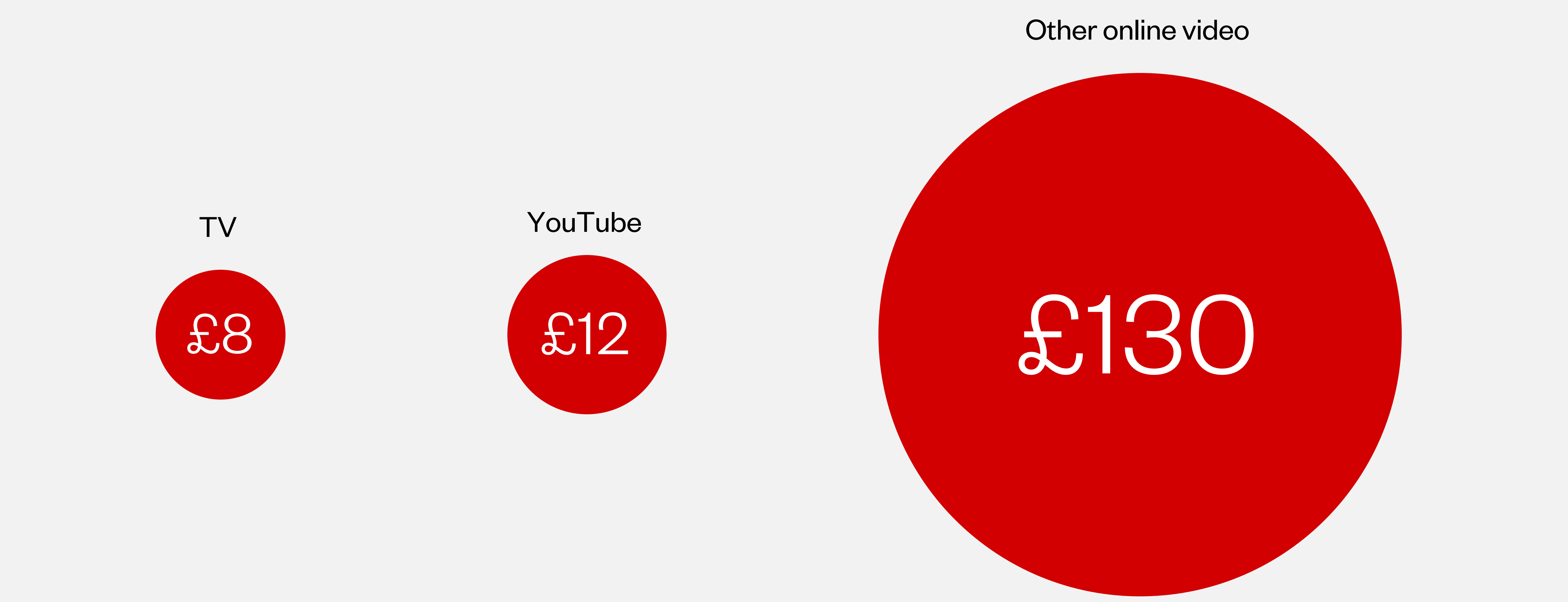
The challenge for other online video is that even though the CPM for a start is pretty low, ad avoidance is easy and is very high (for example, the average in-view time for TikTok is about 3 seconds). As a result the equivalent cost for 30 seconds of viewing time goes through the roof.

This finding is mirrored in Lumen/TVision's analysis of the different cost per second of attention by media channel – see chart below.

By combining cost data from Ebiquity with 'eyes on' attention data from the Lumen and TVision attention panels, it's possible to work back to a cost per second of visual attention. A 30-second TV spot comes out as the lowest cost, YouTube is second, and Facebook video is around eight times the cost.

We'd argue that TV is actually even more of an attention bargain (and have done) – but the essence of the point stands; TV advertising is remarkable value.

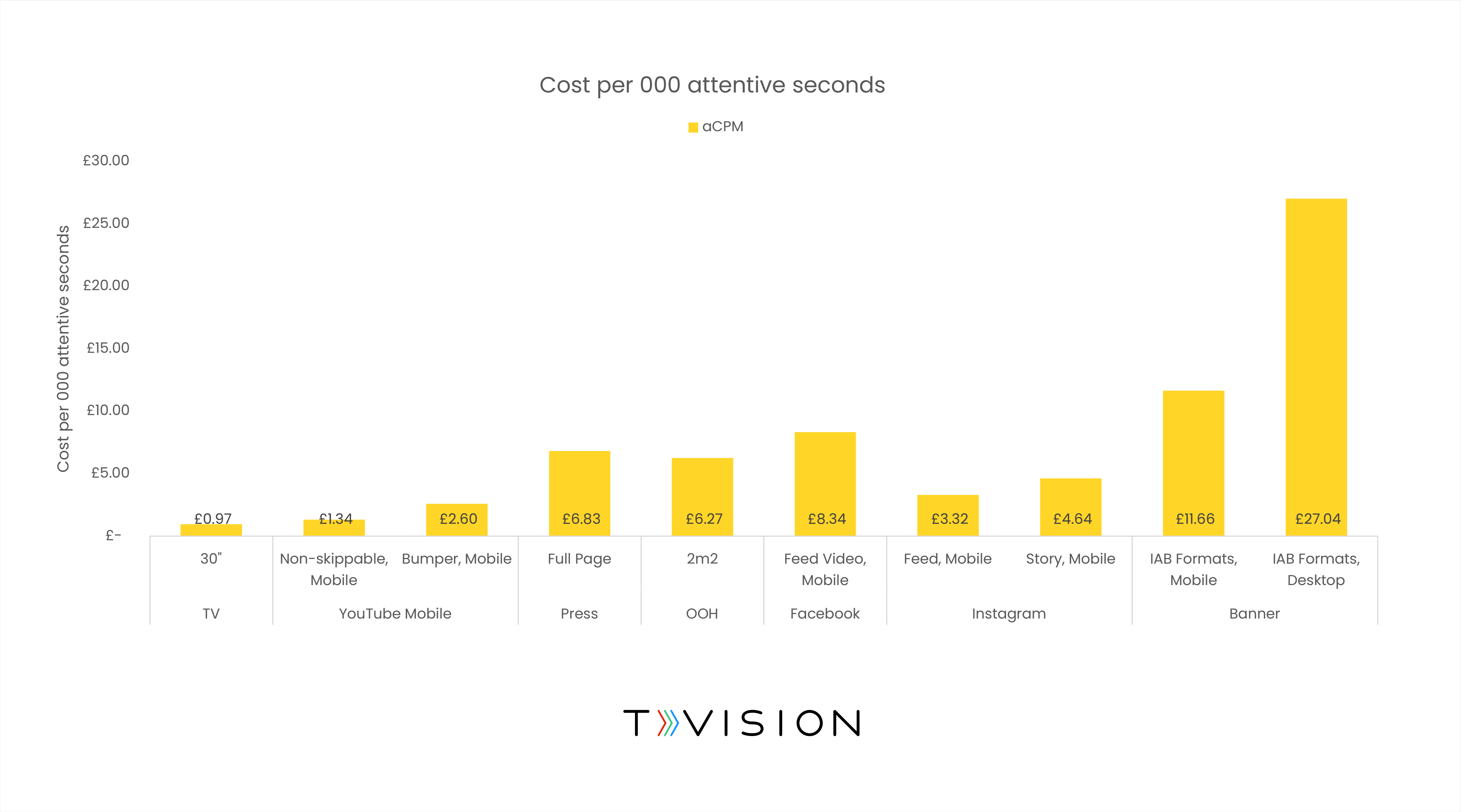
TV remains the lowest-priced video channel



Average cost per 30 second (000s)

Source: 2022, Thinkbox estimates using AA/WARC, Barb, ViewersLogic, IPA TouchPoints 2022

TV appears to be an 'attention bargain'



Source: TV: Tvision/Lumen UK TV Panel. YT, Instream, Teads, Facebook Feed, Banners: Lumen digital panels. Press: Lumen Omnibus. OOH: AM4DOOH project. IG, FB Watch, TikTok: Lumen studies (weighted to be consistent with passive panel). CPM sources: Ebiquity/Fou Analytics (taken from The Challenge of Attention, 2020)

Resilience and opportunity

TV advertising investment

The Great, Channel 4

Resilience and opportunity

TV advertising investment

There was £5.38 billion invested in TV advertising in 2022. This was 1.43% less than in 2021, but 2021 was a record year for TV advertising so it was always going to be a tough act to follow. In fact, 2022 was the second-highest spending year for TV advertising in the UK

Download all charts from this section


House of the Dragon, Sky Atlantic

Key points

- £5.38 billion was invested in TV advertising in 2022. This was 1.43% less than in 2021, but was the second highest spending year for TV advertising in the UK.
- Online-born businesses remain the highest spending category. They have increased their TV investment by 37% since 2019.
- Many categories rebounded from the pandemic to increase their TV investment in 2022, most notably Travel, Cosmetics and Personal Care, and Telecoms
- B2B investment in TV advertising has doubled since 2018, driven by the democratisation of software for small businesses
- With more stability in TV viewing and what looks to be a deflationary TV market, there's a big share of voice opportunity to be seized – and more share of voice leads to market share growth and, crucially in the wider inflationary environment, reduced price sensitivity.

£5.38bn
was invested in TV advertising in 2022


Married at First Sight UK, E4

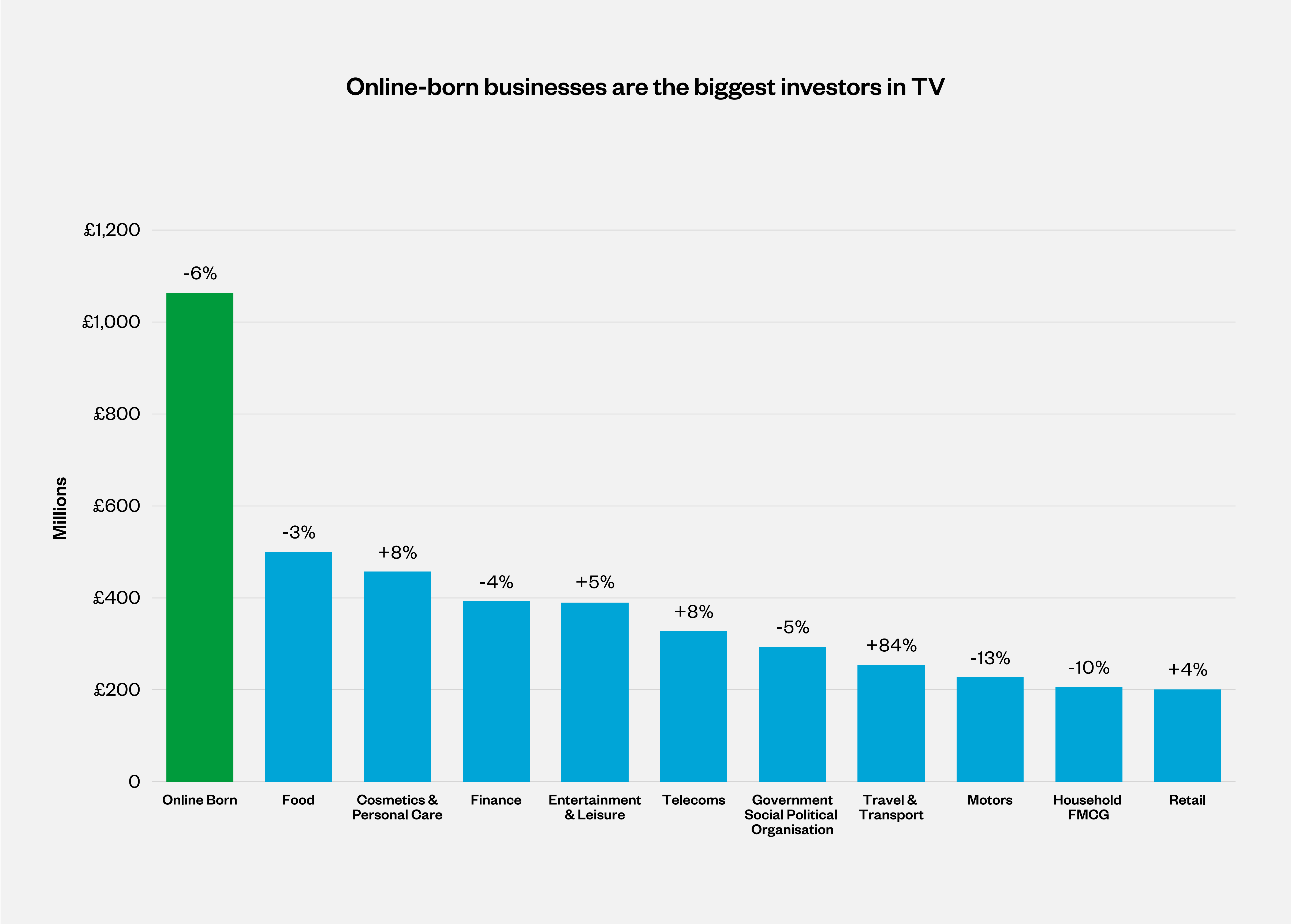
Online-born businesses remain the biggest category

Although their TV investment was down by 6% year-on-year, due to a rebalancing following the post-pandemic e-commerce boom and VC money dropping back due to uncertainty, online-born businesses are still lead the way in terms of TV advertising spend. That said, the longer-term view is important, and online-born businesses have increased their TV investment by 37% since 2019.

Category movement

According to Nielsen, Travel rebounded following the pandemic, increasing its spend on TV advertising by 84%. Cosmetics and personal care also increased investment in TV, with P&G and Unilever up 21% and 29% respectively. And telecoms also saw impressive growth, with EE TV spend up 111%, Vodafone up 24%, and BT up 28%.

Motors was the only category to notably decrease its TV advertising investment – down 13%. This was a result of the global microchip shortage and the effect it had on limiting the supply of new cars to sell.



Suspect, Channel 4

Source: Nielsen Ad Intel, 2022, Thinkbox-created category of online-born businesses (YoY category % change).

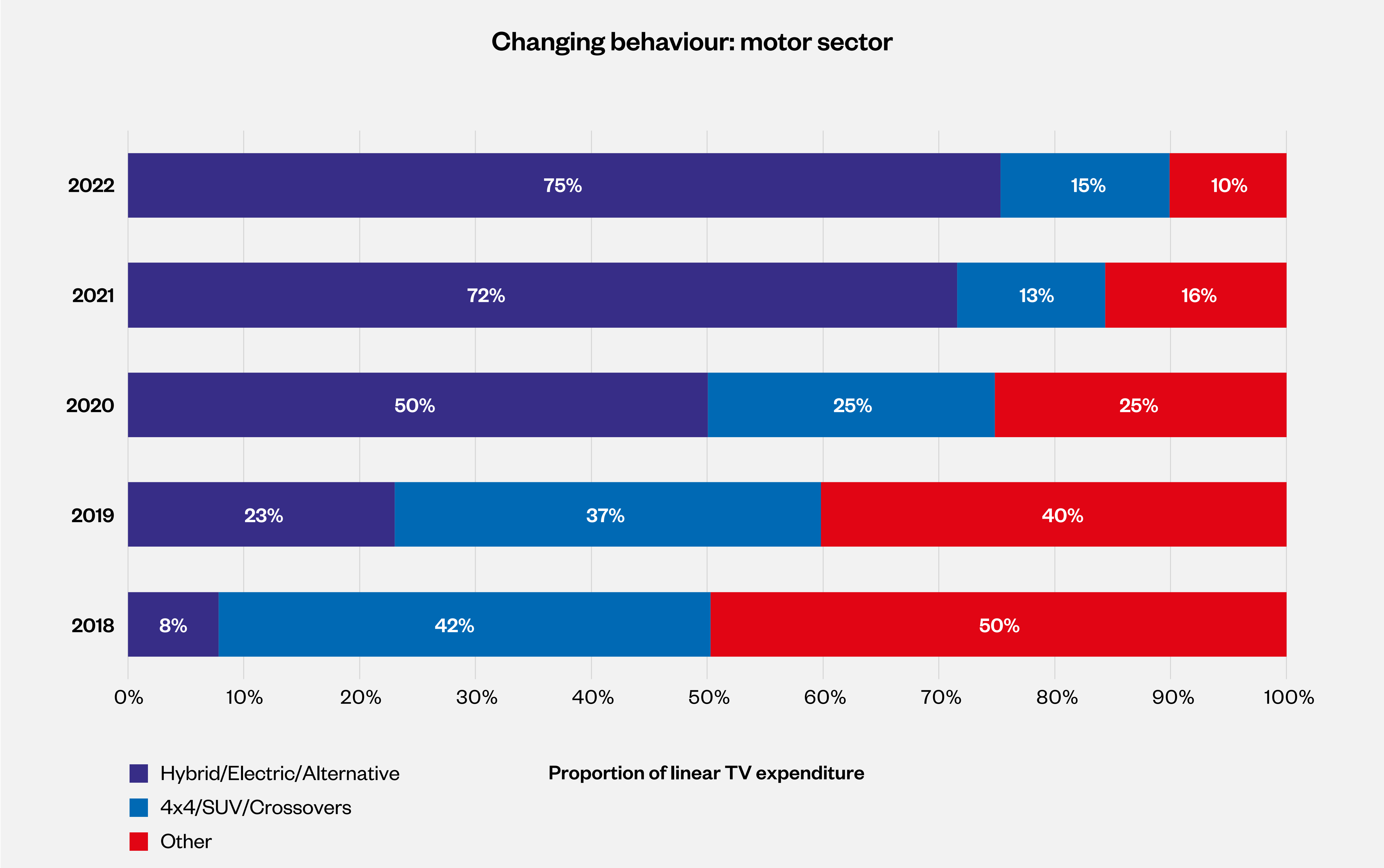
Driving societal change

Within the motors category lies a key story about the role advertising – and TV in particular – now has to play. With ambitious plans in place to reduce environmental impact there's been a huge swing towards the promotion of electric vehicle/hybrids and away from SUV (sports utility vehicle). In 2022, electric vehicle/hybrid advertising was three quarters of the motors category's linear TV investment, compared to 8% five years before.

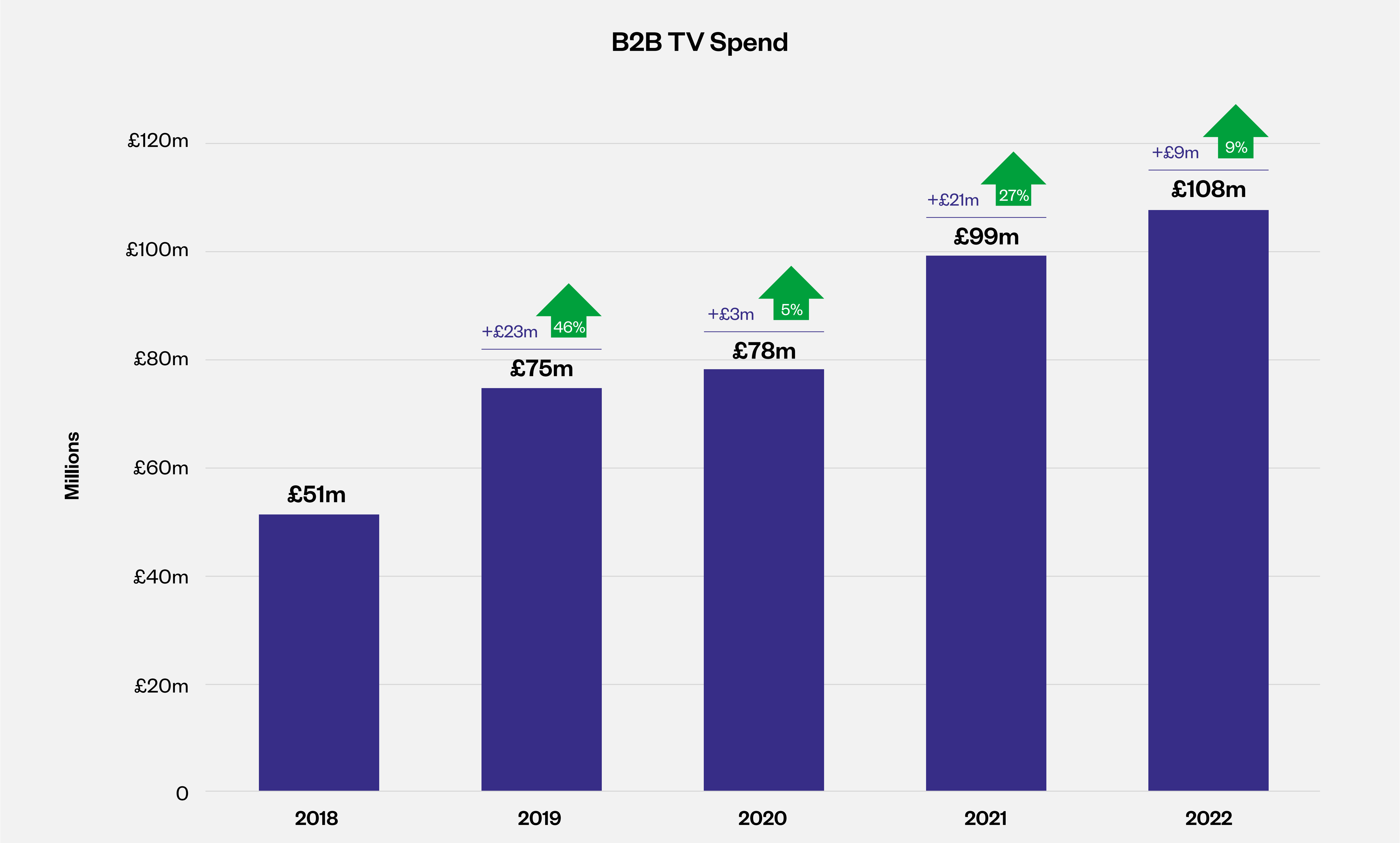
The growth of B2B TV

An interesting trend in TV advertising is the growth of the B2B sector. It is growing steadily every year, according to Nielsen's data. Since 2018 it has more than doubled to reach £108 million in 2022.

Much of this is down to the democratisation of software for small businesses – accounting software (e.g. Sage, Intuit), website design (e.g. GoDaddy, Ionos, Squarespace), contactless payment devices (e.g. Squareup, Sumup), as well as more traditional B2B TV advertisers (e.g. vans, broadband/telecoms), have all contributed to this growth.



Source: Nielsen Ad Intel, linear TV expenditure, advertisers and brands included in this analysis are a Thinkbox created category specifically in relation to cars (and includes brand building), and does not include other vehicles, car dealers or motor accessories etc. 'Other' includes all other categories in product /advertiser mid category.



Source: Nielsen Ad Intel, 2018–2022, TV Spend, %s show YoY Increase, Thinkbox-created category of B2B businesses

New blood

The volume of new-to-TV advertisers in 2022 dropped compared to the record-breaking year of 2021. There were 959 new-to-TV advertisers (or returning after five-plus years away) in 2022 compared with 1,286 in 2021.

Travel's return to business was reflected in the new-to-TV advertisers, with travel businesses such as North Cyprus, Flight Centre and Virgin Voyages all turning to TV to capitalise on the post-pandemic desire to get away.

959 advertisers used TV for the first time in 2022

The 2023 outlook: seizing opportunity

Only a brave fool makes predictions these days. With war in Europe, the pandemic hangover, the Brexit aftermath and the economic effects of Liz Truss's short but influential premiership, there is still much uncertainty to navigate.

But, with more stability in viewing patterns and what looks to be a deflationary TV market, early data from January 2023 suggests there is a big share-of-voice opportunity to be seized.

The chart below plots the ranked order of food advertisers in terms of their share of voice, for Jan 2019 and Jan 2023. Because of uncertainty there are fewer brands advertising (blue bars) and the long tail of advertisers are spending less than they did previously. The knock-on effect is that those who have maintained spend are suddenly seeing a big share-of-voice impact. The pattern it reveals also holds true for many other sectors.

Some advertisers are grabbing this opportunity to their advantage by increasing share of voice. The top three food sector advertisers in January 2023 were Aldi, Gousto and Lidl.

We know that there's a relationship between 'excess share of voice' (eSOV) and market share gains (the rule of thumb is 0.5% market share gain for 10% of excess share of voice).

Whilst linear TV isn't the whole market, we know that TV accounts for 83.6% of AV advertising viewing time. So if you're outperforming competitors in linear TV and spending appropriately in other channels, you can be confident that you're winning the share-of-voice battle and the market gains that will follow.

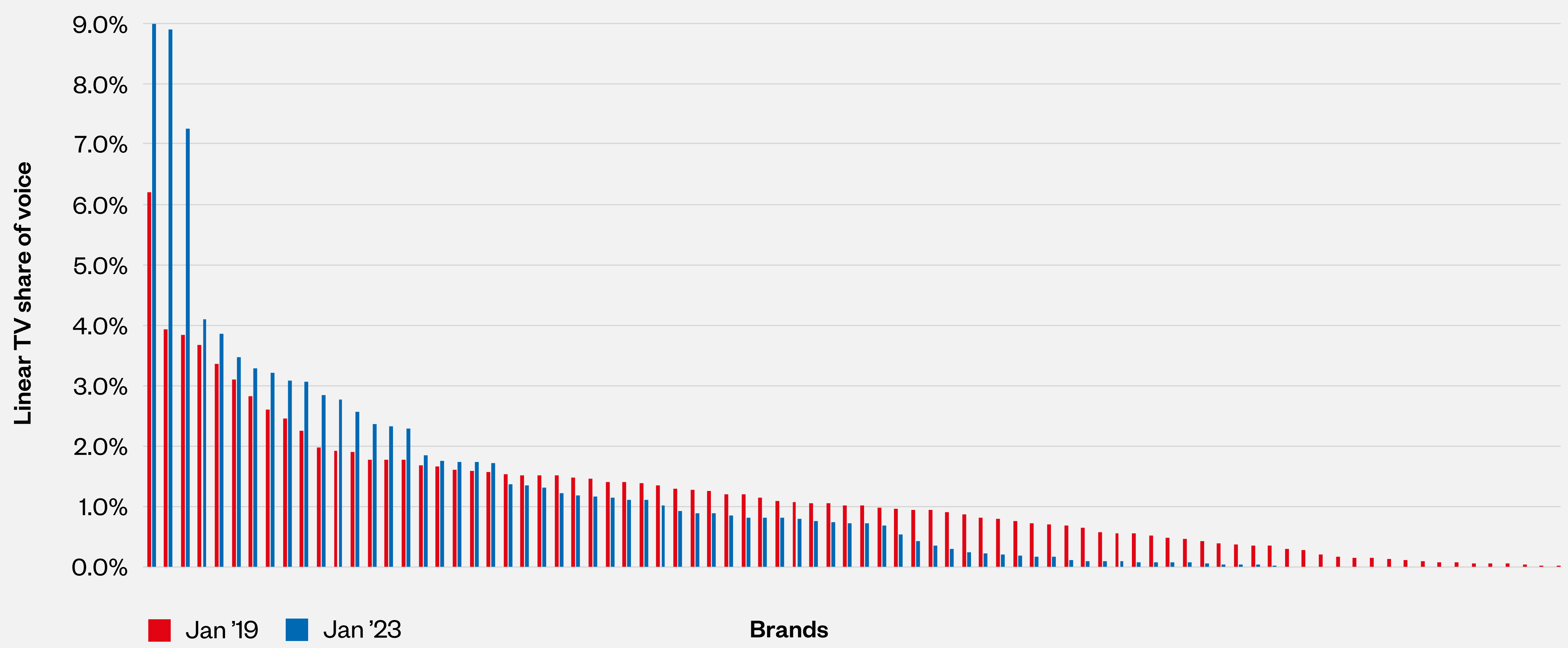
Enabling price increases

2023 is still an inflationary environment, and in that environment brands need to be able to raise their prices without haemorrhaging sales. This is another reason that share of voice is going to be important, because increases in share of voice help reduce consumer price sensitivity. Advertisers that can take advantage of this situation should.

Download all charts from this section

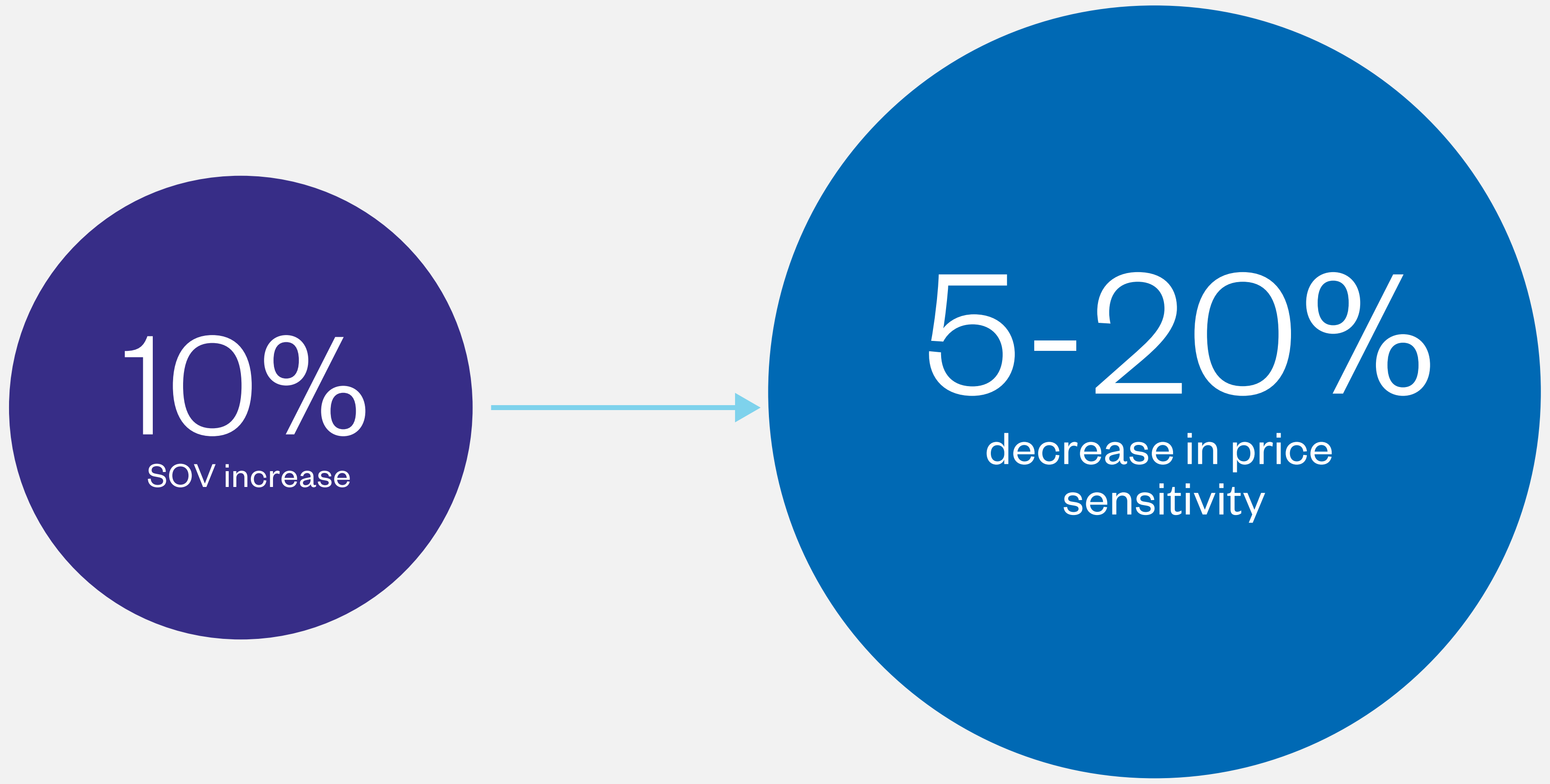
The Diplomat, Alibi

Brands are already taking advantage of the eSOV opportunity



Source: Barb.

Share of voice also decreases price sensitivity



Source: Ebiquity/Gain Theory (Profit Ability).

Guest articles

Dreamland, Sky Comedy

The potential of FAST

Tom Harrington
Head of Television
Enders Analysis

The metaverse aside, there is probably nothing more buzzy in UK media than FAST (free ad-supported streaming TV) channels.

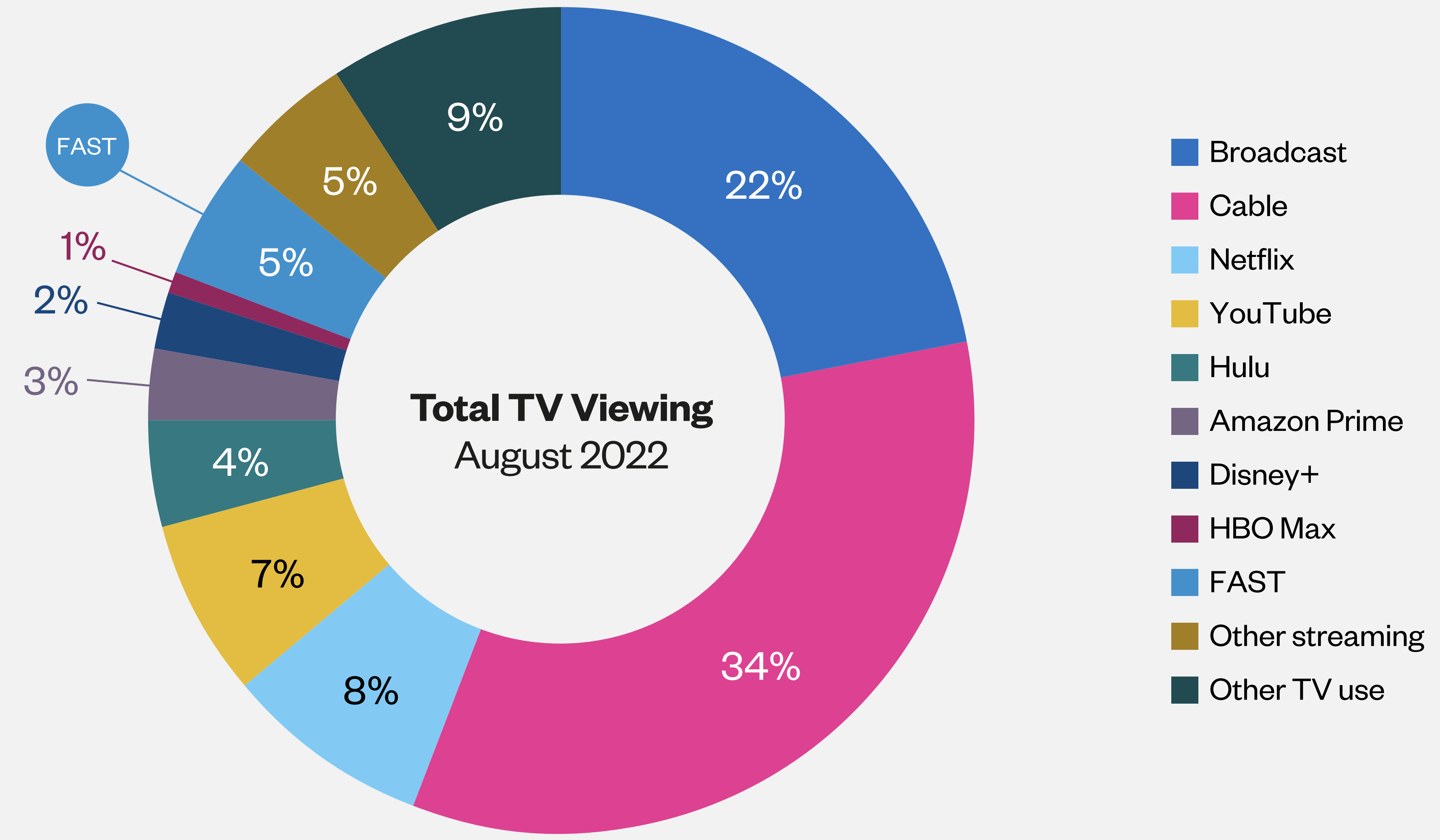
Cheap to run – no great scheduling or transmission costs, while often leveraging third-party or older programming – they are envisaged as an extension of broadcast linear. They satiate similar 'lean back' need states and provide an important weapon in the reallocation scramble of viewing minutes amongst video suppliers as consumption continues on the path from broadcast to online.

Placed on free services alongside ad-supported on-demand video content, the growth of these properties in the US has been noteworthy, both as tools of the TV networks to transition linear viewing to online (Xumo/Peacock (Comcast/NBCU), Tubi (Fox) and Pluto (Paramount Global)) and to bolster the user interfaces of connected TVs and devices for video gatekeepers (Roku Channel, Amazon Freevee, Samsung TV Plus, LG Channels Plus and VIZIO's WatchFree).

However, in the UK, viewing of these products is immeasurably small and we generally see the potential for these types of services to be constrained. The continuing strength of the UK broadcasters in the free space, the relative stability of pay-TV/SVOD ecosystems, and looming prominence legislation place new services at a disadvantage.

Furthermore, the room for long-form video viewing to grow is being challenged, making competition even more intense, as short-form services such as YouTube grow viewing on the TV set.

US total TV viewing



Source: Nielsen, Enders Analysis.

FAST growth in the US

It is important to understand the terminology here, as the usage of it is loose, meaning that data can be attributed incorrectly.

In the US, the emergence of free, standalone streaming services saw the creation of a new acronym, FAST – free advertising-supported streaming TV – to distinguish these offerings from others that might have an ad-supported tier that also would require a subscription as well as from predominantly short-form video platforms such as YouTube.

These FAST services have generally included both ad-supported video on demand (AVOD) libraries, alongside online linear channels (FAST channels) usually based around specific genres or even specific shows (e.g. the Romance or Baywatch channels on Pluto US) that can be constantly refreshed and calibrated for demand. Confusingly, the FAST acronym is often used to represent the online linear channels only.

This is only important because of the growth of FAST in the US – which we might assume is largely, but not solely down to the AVOD component of the services – having been misinterpreted as growth in FAST channels, which is likely occurring from a low base but not to the extent of FAST services as a whole.

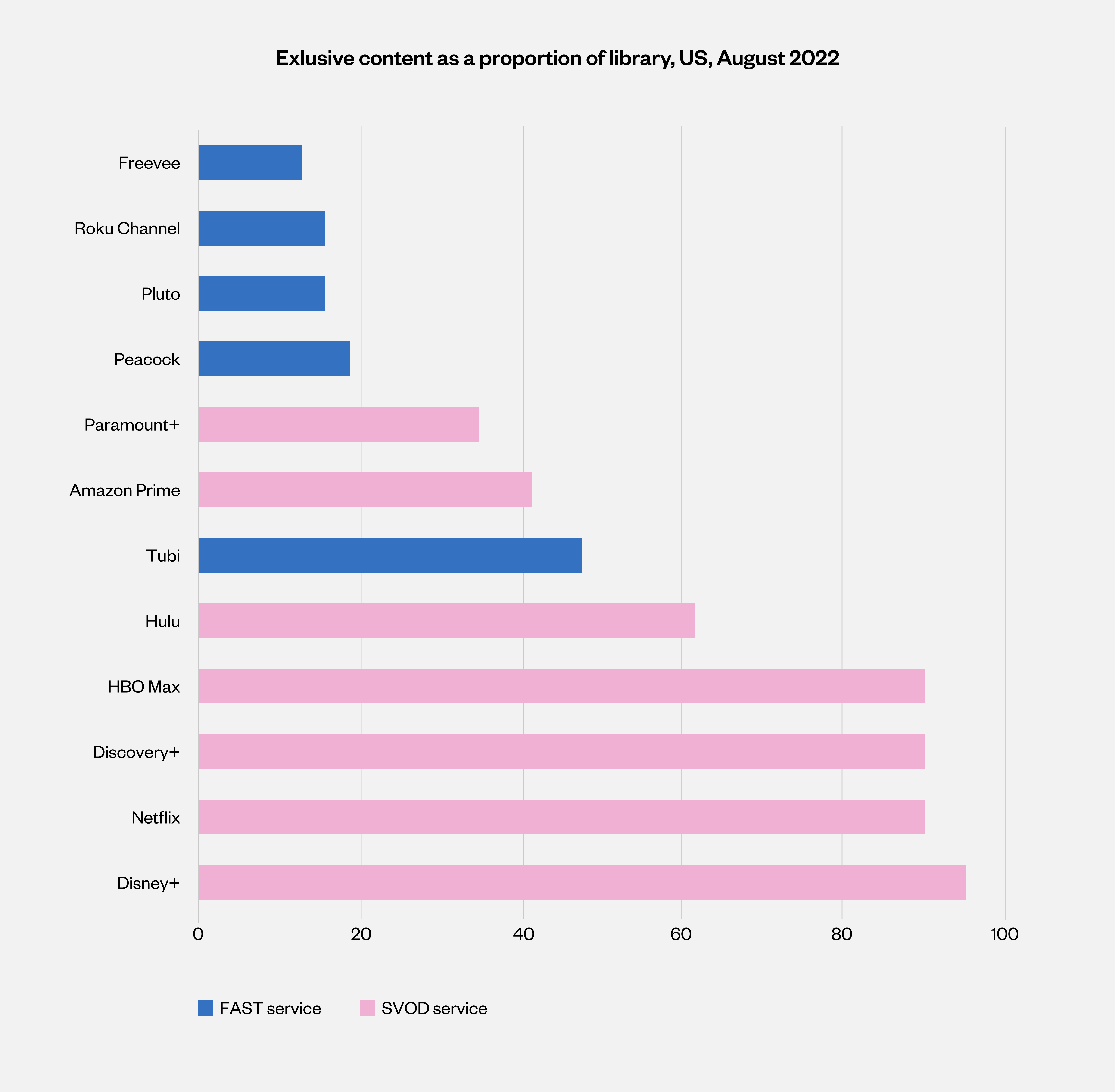
The US market has traditionally been underserved with free video. Combined with the high volumes of households leaving cable opening up available viewing time, content value being moved from the networks and cable channels to subscription streaming services, and a strong educational mission on the ease of streaming by the likes of Netflix, there was a sizeable opportunity for freely available, long-form content distributed online.

Growth of these free services in the US has been reasonably strong, now making up a handy proportion of total video viewing, which we would estimate to be about ~5% of TV use. Total streaming volumes of the major FAST services, such as Pluto TV, Tubi, Roku Channel and Peacock, are now material as are the figures for monthly active users that are sporadically quoted by the various operators – Pluto TV, for example, quotes worldwide figures of 70 million, while Tubi with a smaller geographical footprint states 51 million. (We note that at least the Pluto TV numbers need to be contextualised given that the service has no login and therefore deduplication of users across multiple devices would be difficult.)

But whatever the viewing story, more pertinently, advertising revenues of these services are expanding year-on-year – for example, Paramount's Pluto TV now pulls in more than $1 billion/year (from mostly the US), while Fox's ad haul from Tubi is now over $350 million. This remains a very small component of total video ad revenue, however: we estimate that US advertising revenues from FAST services would be around $3 billion/year, dwarfed by revenues from linear and other video streamed on the TV set (including YouTube), estimated by eMarketer as $85 billion and ~$14 billion, respectively.

> In the US, FAST services are beginning to bridge the gap with SVOD, as increasing scale makes the case for increased tech investment and original or fresher content.

Major FAST services find themselves at an important juncture in the US: starting to garner a material share of the viewing pie, increasing advertising revenues and moving beyond negative perceptions of their content offerings with cautious and opportunistic slates of original content. Although initially riding the wave of desire for free content, and acting as an alternative to paid-for cable and SVOD services – with the requisite drop of quality in content and user experience – FAST services are beginning to bridge the gap with SVOD, as increasing scale makes the case for increased tech investment and original or fresher content. The arrival of ad-supported but paid-for tiers on Netflix and Disney+, which do not offer expected SVOD features such as downloads, will narrow this gap even further.



Source: Nielsen, Enders Analysis.

The UK: a different environment

Unlike the US, the UK appears to be already well catered for in free online video – a legacy of two public service broadcasters, the BBC and Channel 4, investing heavily in the space.

Some of the 'contestable' screen time that has been released by the decline in linear television has been transitioning to the online offerings of the broadcasters, some has headed to SVOD and YouTube. Exacerbated by lockdown, we estimate that over the past five years, only about one fifth of viewing lost by the broadcasters in linear has been regained by their owned VOD services.

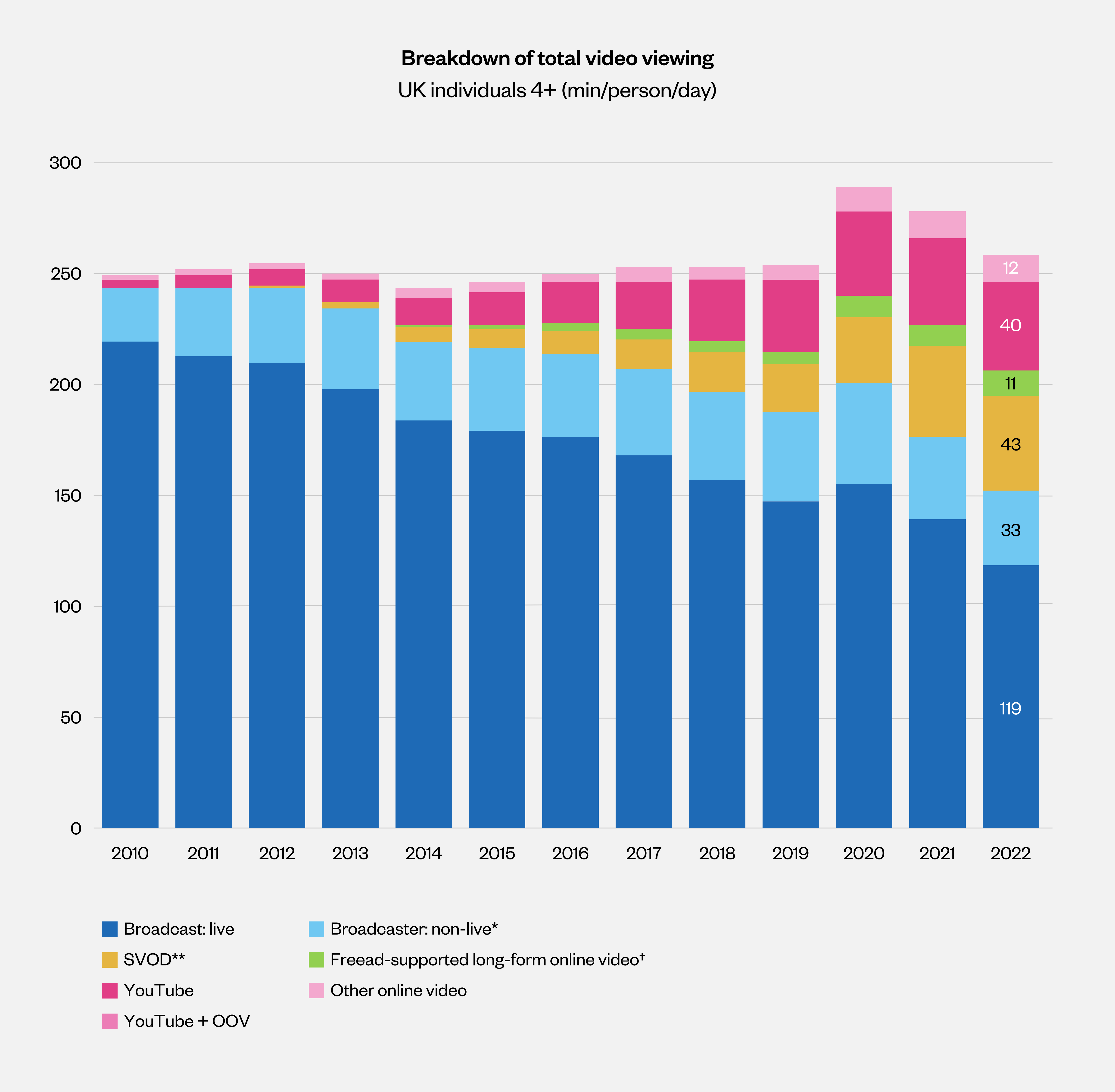
That doesn't necessarily mean that there is room for new free services to reach scale in the UK. Understandably, there is a connection between the UK market's propensity to pay for content and the levels of engagement with free content – although pay-TV's base in the UK is declining, due to SVOD the number of houses who do not directly pay for content has plummeted (from 36% in 2014 to 19% in 2022). This indicates lowering levels of engagement that are available for free services. It must also not be forgotten that this is set against a backdrop where a decline in the demand for long-form content (long-form viewing is down 15% in the last decade) has heightened competition, with the UK's lower linear ad loads more difficult to cut down to create a comparatively pleasurable viewing experience than is the case in the US.

Rob & Romesh Vs, Sky Max

> Long-form viewing is down 15% in the last decade.

In the US, the new ad tiers on SVOD will perceptually close the gap with FAST services – arguably increasing the perceptual value of the free offerings. But the disparity in content quality in the UK between SVOD and the non-broadcaster free services means that will not happen. Rather the opposite could occur, with the subscription component of the SVOD ad-tier appearing more reasonable, given the content that it allows access to.

Coupled with the continued investment from the UK broadcasters in their online libraries, and prominence legislation that could remove natural platform advantages, it is difficult to see a definitive use case for any other free services that suggests levels of growth outside of the small proportions of viewing time available in the reallocation scramble as linear viewing transitions online.



Excludes non-monetisable social video and online adult content. *Does not include ad-supported BVOD, but does include iPlayer. **Includes ad-supported tier viewing. †Includes BVOD (except iPlayer) and other free online video players. [Source: Enders Analysis, ONS, BARB/AdvantEdge, Comscore, industry research].

How to adapt your marketing strategy to tough times

Les Binet
Group Head of Effectiveness
adam&eveDDB

The world has been turned upside down in recent years. Pandemic, war, energy crises, labour markets in chaos, rising intertest rates, and the biggest rise in inflation for decades. It's a cocktail of economic instability and uncertainty. Here adam&eveDDB's Head of Effectiveness offers some guidance for advertising in tough times, starting with the need to recognise advertising as an investment...

Grace, ITV1

Across the globe, marketers are asking "Is it time to cut advertising costs?" This is understandable, given the pressures they are under.

There's no simple answer. In order to know whether you should cut, how much you should cut, and what you should cut, you need to think about advertising not just as a cost, but as an investment.

> In order to know whether you should cut, how much you should cut, and what you should cut, you need to think about advertising not just as a cost, but as an investment.

Think about how advertising benefits companies. Advertising is a cost in the short term, but it's a powerful way of generating extra sales and profit in the short, medium and long term. Just like any other financial investment, it's about putting money in now to create a flow of incremental profits in the future to maximise shareholder value.

It will be a tough year for many, but the following five considerations can help guide you through the troubled times that may lie ahead.

Key points

- Revenues will grow this year for most brands, especially FMCG brands and those in less discretionary categories. Think about what will happen to your revenues and tailor your strategy accordingly.
- Protect profit margins when costs are rising by shifting budgets from discounting and price promotions into the brand advertising that will reduce price sensitivity and support firmer pricing.
- For those brands that can afford it, this is a time to exploit cheap media. In real terms, advertising for fixed inventory media like TV will be amazing value. It's a cheap time to buy share of voice and market share.
- Strong brands that keep advertising through a recession find it easier and cheaper to borrow money. That makes capital investment more viable.
- Don't rely on simple attribution modelling, which gives wrong answers. Supplement digital metrics with controlled experiments and econometric modelling to measure true ROI.
- Optimise your effectiveness through good media planning, combining both new channels with established media like TV to get the broadest possible reach.
- Harness the magic of creativity. Create emotion to allow creativity to have its full effect in order to drive sales and profits. TV can unlock that magic.

1. What are your growth prospects?

When growth is rapid and strong, the case for advertising investment is easy. But if your brand is static or declining, it becomes much harder to justify investment in advertising or other marketing.

The last two recessions in the UK, in 2009 and 2020, saw sharp contractions in GDP of 11% and 4.5% respectively. But those were exceptional. The kind of contraction in GDP that we see for a 'normal' recession – like those in the 1970–1990s – is usually much milder, around 1–2%.

This is what we will likely see in the UK in 2023. In fact, the Bank of England is forecasting that GDP will probably grow slightly this year overall.

The 2009 and 2020 recessions also occurred during periods of very low inflation. We currently have the highest inflation rate for about 40 years. So, when thinking about what's going to happen in 2023, it's more realistic to look at what happened during high inflation recessions, like those in the 1970s, '80s and '90s.

So the good news is that, during all of those higher inflation recessions, consumer spending actually grew in top-line nominal terms (because things cost a bit more). So most firms can expect to see consumer spending and top-line revenue growing this year.

Grantchester, ITV1

Some sectors – and demographics – will do better than others

Transport, restaurants and hotels, tourism, recreation, culture... sectors that rely on our discretionary spending, our treating ourselves, those sectors tend to do badly when times are tough.

But there are lots of sectors that largely carry on as normal. Clothing, health, household equipment, durables... in recessions, these all sometimes perform a little worse than normal, sometimes a little better.

And some sectors – like FMCG – tend to do relatively well in a recession. These are the necessities, the very basic goods, and the smaller treats, so communication, education, food and drink, alcohol, and basic bills like utilities and mortgages.

As well as different sectors performing differently in recessions, some people do better than others too. With rising energy bills, mortgage rates and rents, younger and poorer families are going to be suffering more than most because those are bigger components of their household bills. Conversely, older and more affluent households will be much less affected.

So, this might be a point at which a brand considers switching its audience focus. And this has implications for media, since younger consumers tend to watch more online video – from YouTube to broadcaster VOD – and older audiences are the biggest viewers of linear TV.

Change in share of consumer spending

Sector	1991	2009	2020	Average
Transport	-0.6%	-0.6%	-3.7%	-1.6%
Restaurants & hotels	-0.2%	-0.3%	-3.3%	-1.3%
Tourism	+0.1%	-0.3%	-1.3%	-0.5%
Recreation & cultures	-0.2%	-0.1%	-0.2%	-0.2%
Clothing & footwear	-0.1%	+0.1%	-0.5%	-0.1%
Health	+0.2%	0.0%	-0.1%	0.0%
Household equipment, furnishing & maintenence	-0.1%	-0.1%	+0.8%	+0.2%
Communication	+0.1%	-0.0%	+0.3%	+0.1%
Education	+0.1%	0.0%	+0.3%	+0.1%
Alcohol, tobacco & narcotics	+0.3%	+0.4%	+0.9%	+0.5%
Food & drink	-0.1%	+0.4%	+1.8%	+0.7%
Housing, water & energy	+1.1%	+1.0%	+3.8%	+2.0%

Source: UK Office for Nation Statistics.

2. Maintaining profit margins

Costs are rising. We're seeing inflation in commodities, prices, input prices, wages and capital costs, and that's squeezing margins. In order to make your marketing payback, in order to make investment possible, you've got to maintain and restore those profit margins. That means passing costs on to consumers.

Price promotions are not the answer

When times are tough, many marketers reach for an obvious answer: price promotions. But, although top-line sales data can suggest that price promotions generate lots of incremental sales, econometrics shows that these are not actually incremental.

Price promotions subsidise sales; they sell to people who were going to buy your product already, but gives them a lower price. They give away money.

As well as subsidising, price promotions also time-shift sales. They bring sales forward. You're getting someone to buy two packs this week, rather than one pack this week, one pack next week. So you're not increasing the overall amount of sales, just getting them sooner.

And some sales are just relocated by price promotions. A promotion in Sainsbury's steals sales from Tesco. That's great news for Sainsbury's, but not necessarily good news for the brand owner.

The true incremental effect of price promotions is often much, much smaller than the top-line sales data reveals. Most volume is not incremental. Because most volume is not incremental, most promotions actually reduce profits for most brand owners. An analysis, a few years ago, by Nielsen, suggested that 84% of price promotions are actually unprofitable if you analyse them properly. Worse still, repeated price promotions increased price sensitivity. You're teaching people to buy on deal.

That reduces your pricing power, and therefore, erodes your margins – the opposite of what marketing should be doing, especially now. Price promotions don't make much sense for many brands in normal conditions, but when costs are rising, they are madness.

Use brand advertising to support firmer pricing

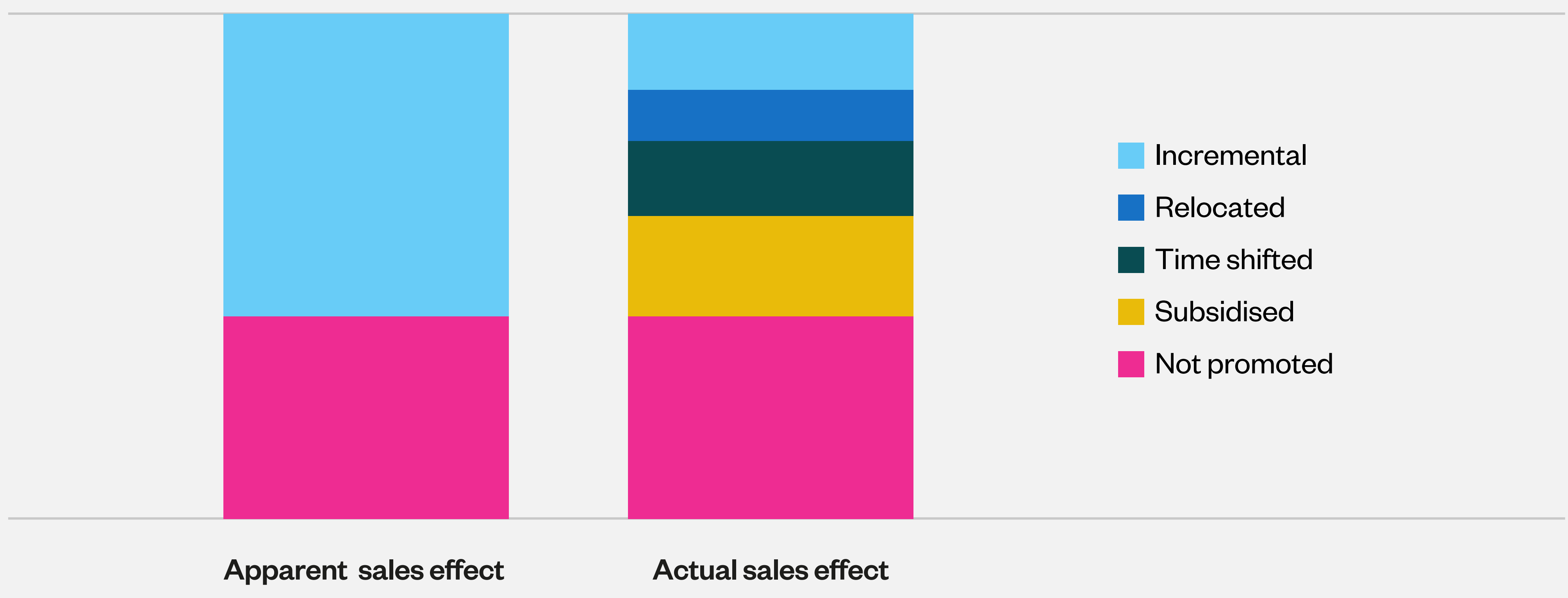
Brand advertising can make people less sensitive to price. The work that Peter Field and I have done with the IPA databank shows that the more that you strengthen brand metrics like awareness, salience, fame, mental availability, and emotional bonding with the brand, the bigger the reduction in price sensitivity, the bigger the reduction in the price elasticity, and the higher the price that you can charge for the product. Only brand advertising can do this.

We've not seen any examples in the data of performance marketing (i.e. sales activation) being used to reduce price sensitivity, increase margins, and support price. In fact, a great deal of performance marketing actually increases price sensitivity. At a time of high inflation and rising costs, a smart move for anyone who can do it would be to shift money from price promotions into brand advertising.

Within that, we find that video advertising, in all its forms, tends to be better than other forms of advertising at reducing price sensitivity and increasing margins. There is something about the emotional power of video that shifts the focus away from rational things, like price and product, to how one feels about a brand and makes price less important in the decision.

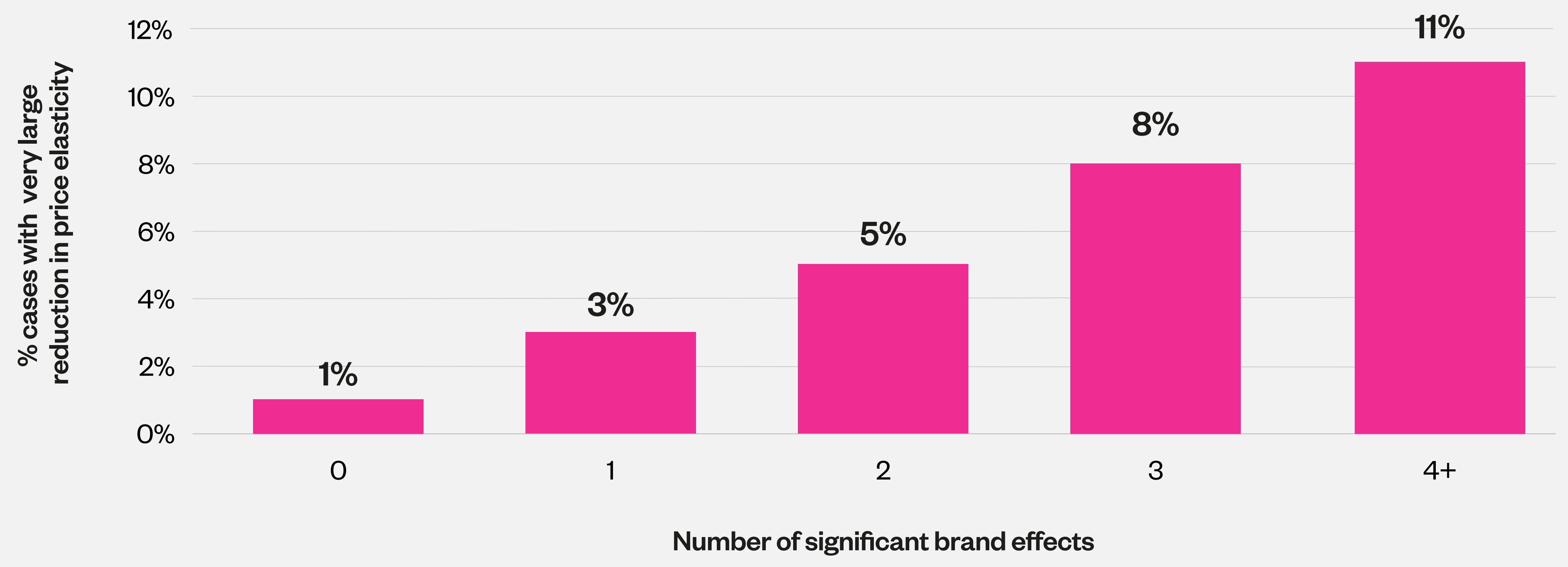
Obviously, TV is a very powerful medium for doing that. In fact, nearly all of the cases that we have in the IPA data bank that shows a reduction in price sensitivity involved TV advertising.

What econometrics reveals



Les Binet

UK individuals 4+ (min/person/day)



Kantar/Oxford 2022: emotional brand perceptions key to pricing power, financial performance & resilience

3. Understanding the true value of advertising

As well as costs rising generally and squeezing margins, you'll no doubt have heard that advertising costs are rising too. This is true, but we need to think about how those costs are changing in real terms to fully understand what's actually happening.

The cost of TV advertising has been falling

Taking TV as an example, for the last 20 years or so, its real cost per thousand has been steadily falling. In fact, the cost of reaching people with TV is now at more or less its lowest level since records began.

We're lucky to have such long-term data for TV, but it will be a similar story for other forms of advertising too – a consequence of the incredible increase in competition we've seen in the advertising marketplace.

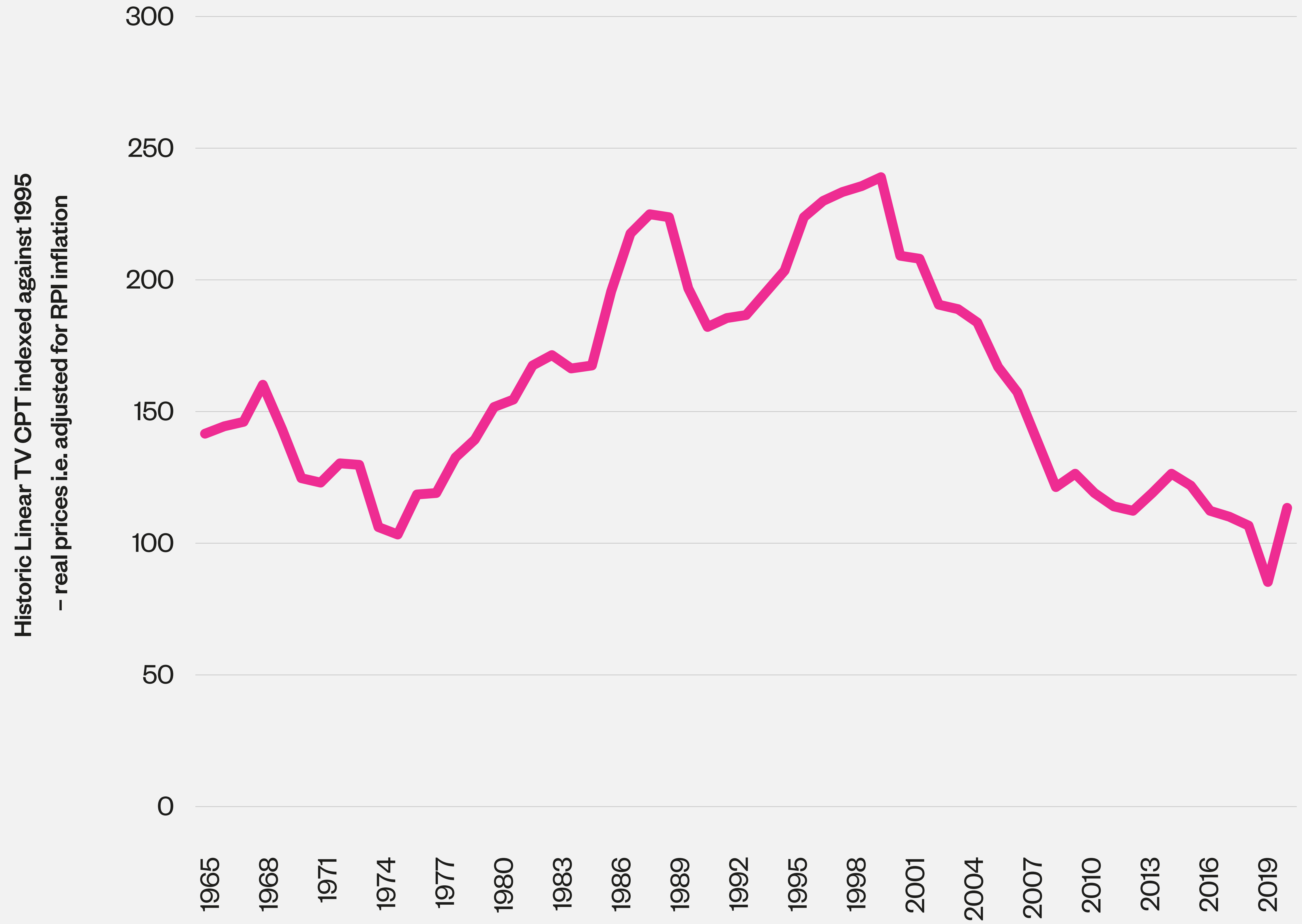
So while nominal costs have risen, the real cost of reaching people has been going down, particularly for fixed inventory media, like TV. The good news is that it tends to fall even faster during a recession. We can expect to see the real cost of TV, the real cost of buying eyeballs with TV, fall in 2023.

For those firms whose profit margins are robust and work in sectors that are relatively buoyant – like FMCG – there will be a buying opportunity this year. We saw this with Unilever during the pandemic when TV was incredibly good value for money. They took advantage of it. They piled in and they reaped the rewards. I think something similar is going to happen this year.

There's a chance to exploit TV's incredible value. Particularly if your competitors are foolish enough to cut their budgets sharply, a chance to buy share of voice and market share cheaply. If you can afford it, this might be the year to exploit cheap share of voice.

Ad costs are falling in real terms

Real TV CPTs falling for over 20 years...



...and about to fall further?

Economic Contraction	Real Change in TV CPT
1974 recession	-18%
1981 recession	+2%
1990/91 recession	-19%
2001 dotcom collapse	-13%
2008/09 recession	-25%
2020 Covid recession	-20%

Sources: Ad Association, Thinkbox, ONS.

4. Managing risk

Risk is an important factor determining the viability of any investment. If an investment is low risk and you know it's going to pay back, then it's a no-brainer. When investment returns are uncertain, then you have to really ask tough questions about whether it's a good time to invest. This is true of any investment, whether it's a new factory or a new advertising campaign.

Strong brands find it easier and cheaper to borrow in capital markets

You can do something about the risk involved in your advertising investment. First of all, you can use advertising directly to affect the risk premium that you pay in financial markets.

A study by Brand Finance compared the risk premium that companies pay when they borrow in financial markets with the strength of their brand. They found that the stronger a company's brand, the lower the risk premium they pay.

Again, we see the importance of brand advertising. Not just in order to attract consumers and to maintain your price premium and your margins, but to send a confident signal to investors that you are a strong company and a low-risk investment. The City sees advertising too.

This way, you can reduce your capital costs, which makes investing in marketing and other things, like new factories or new products, more viable.

Why attribution modelling is dangerous

If you know with certainty what the payback and what the effect of your marketing and advertising will be, then investment in marketing and advertising becomes a lower risk. This is why good research is vital – understanding what is actually having an effect rather than what looks like it is.

Many marketers find direct attribution, particularly digital attribution, an attractive way to measure effectiveness. Digital attribution gives you an immediate reading on the response to your digital communications. It offers immediate feedback on whether it's working or not.

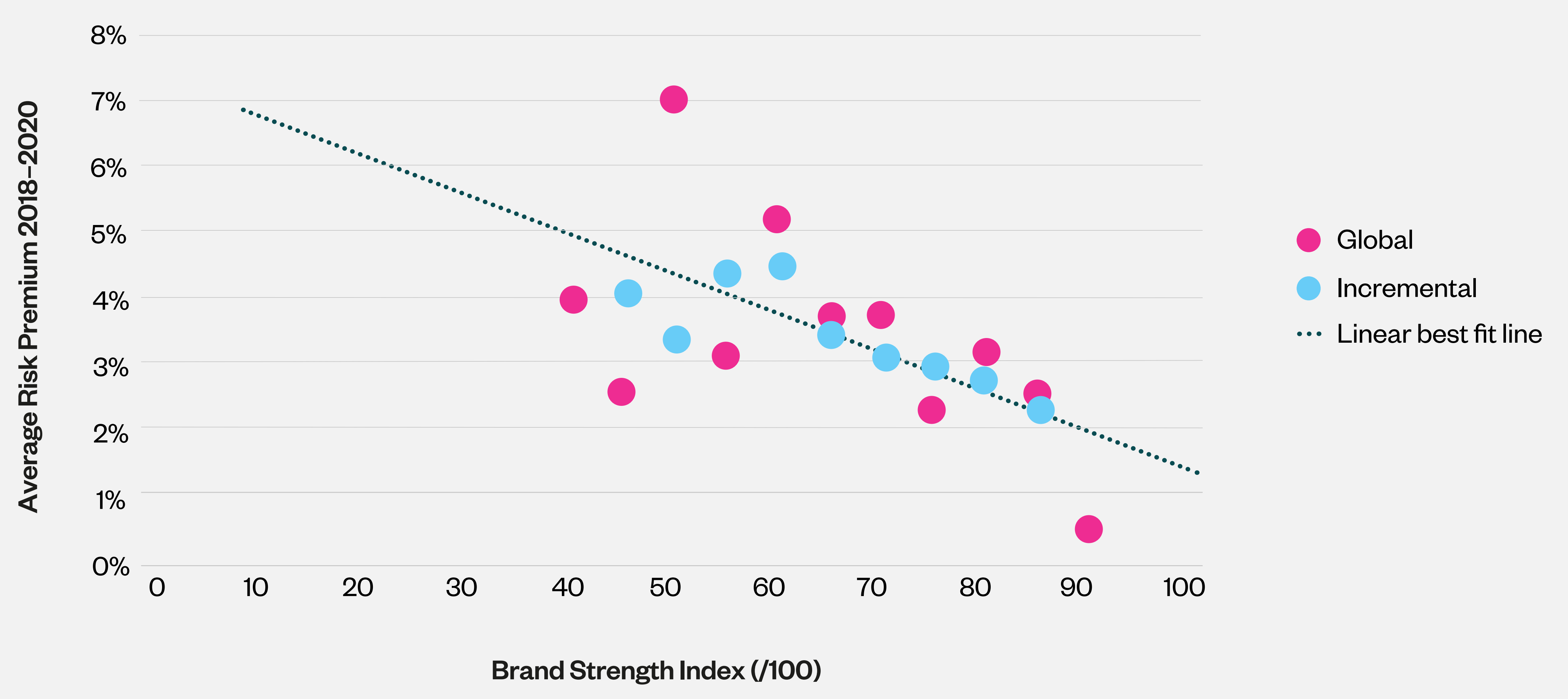
> Digital attribution is fast, direct, cheap, and wrong.

Digital attribution is fast, direct, cheap, and wrong. It assumes that every response to a piece of communication – a click on an online video for example – is a consequence of seeing that communication, and so every sale can be attributed to it.

This is wrong because some of these sales come from people who were on their way to buy the product anyway. Econometrics shows that a significant proportion of the sales attributed to online media are misattributed in this way. As a result, simple attribution wildly overestimates direct short-term ad effects.

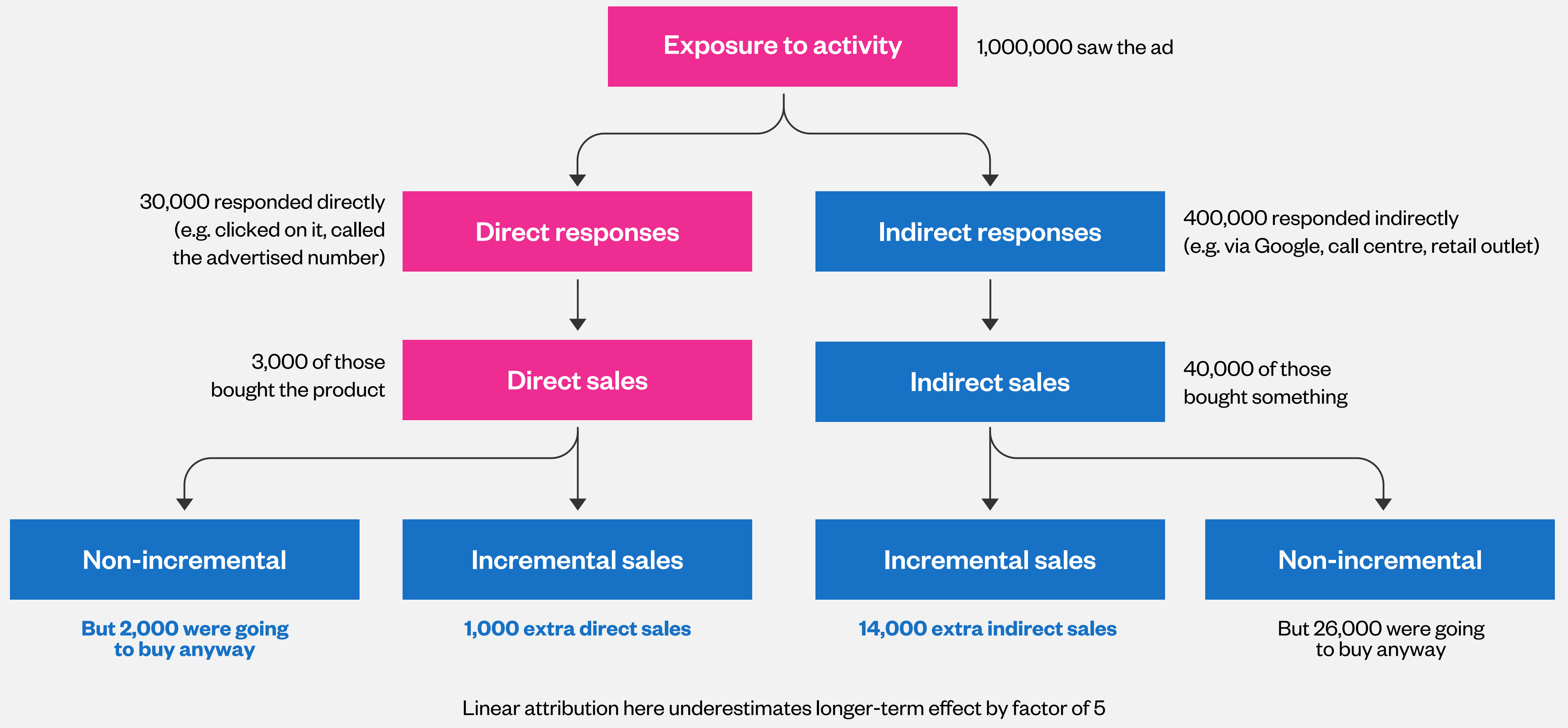
It also underestimates longer, indirect effects. We know that many people will respond indirectly – they will visit the website a couple of days later, go to a shop, or phone a call centre. They didn't click on the link, but they did respond at some point. This means attribution models tend to underestimate longer-term effects, especially for brand ads.

Strong brands pay a lower risk premium



Source: Brand Finance PLC 2022.

Why attribution is flawed



Source: Brand Finance PLC.

Attribution modelling directs money to the wrong places
How serious are these measurement errors? In some cases, they are very serious indeed.

Attribution for activities like paid search, direct marketing inserts – 'performance' channels in general – hugely overestimate short-term, directive effects. In the case of paid search, it overestimates by nearly 200%.

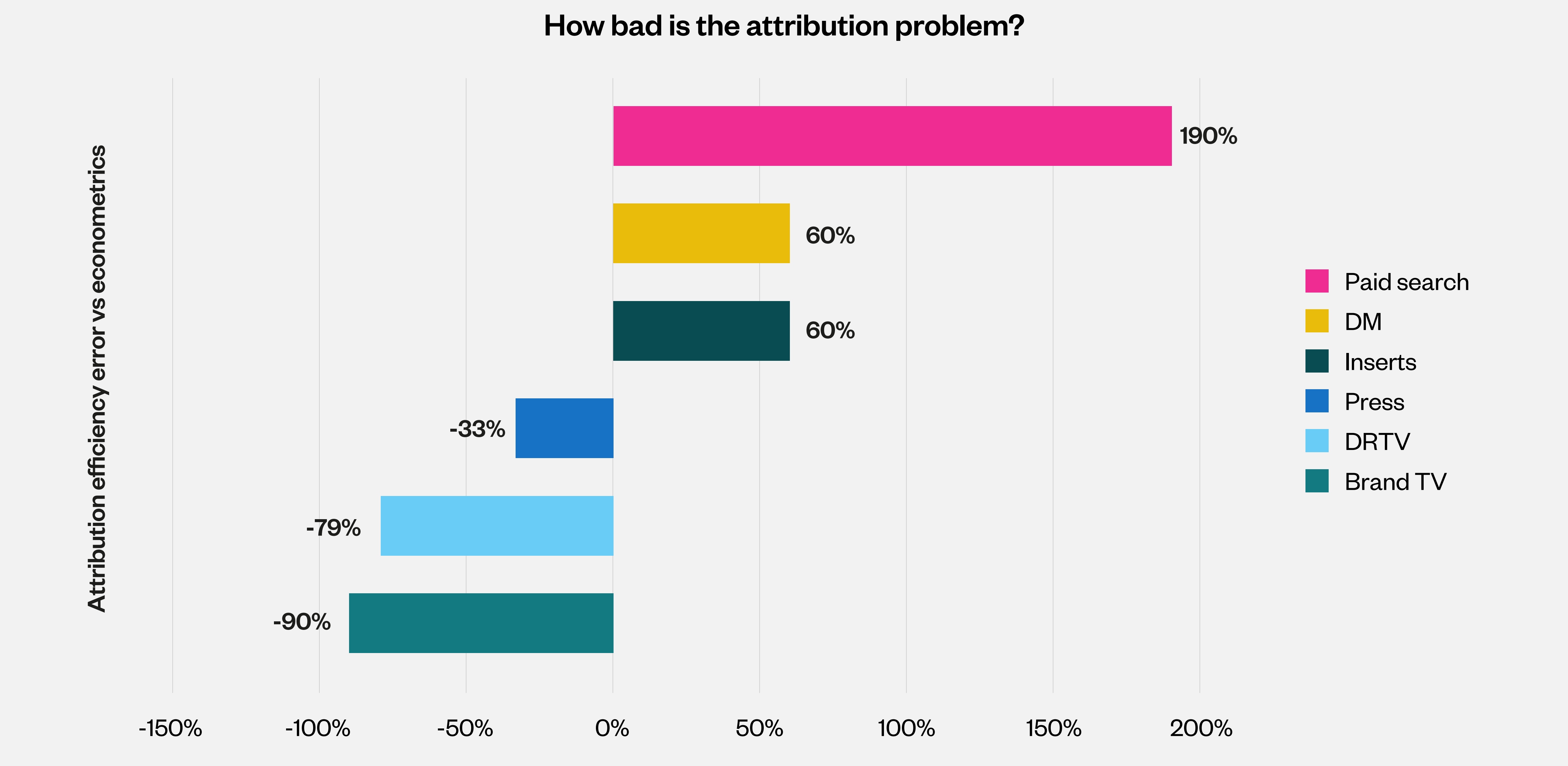
> Attribution modelling for brand TV advertising underestimates its effectiveness by 90%.

But for less direct channels – the more brand-oriented channels, more broadcast channels – attribution modelling underestimates their effects just as dramatically.

For example, attribution modelling for brand TV advertising underestimates its effectiveness by 90%.

So not only does attribution modelling give a very misleading overall ROI, it directs money to the wrong places. It forces marketers to do too much performance marketing, too much direct marketing, too much sales activation, and too little brand advertising.

Attribution has a role to play. It can tell you about the relative efficiency of two similar direct response channels, for example. But it gives you the wrong numbers when it comes to budget setting. Marketers must supplement attribution modelling with other forms of research, in particular, controlled experiments and market mix modelling (AKA econometrics). Those two approaches to measuring ROI are much more reliable for determining your optimum level of investment.



Sources: D2D, adam&eveDDB.

5. Invest in effectiveness

At a time when costs are rising and margins are under pressure, we're all being asked to do more with less. This is a challenging brief, but there are things you can do.

The first thing is good old-fashioned media planning. Learning to optimise the effectiveness and efficiency of the budget by distributing the money across the right channels and putting it against the right products in the right markets.

The first question you need to ask yourself is: which media are most effective and efficient today?

TV remains the most effective form of advertising
A recent piece of research from Meta looked at the effectiveness of different channels for 3,500 different advertising campaigns in different markets and categories around the world. It found that the most effective media today for short-term performance marketing tend to be digital media, in particular, online video and paid search.

> **40%**
> of the payback from advertising comes in the short term from such short-term direct effects.

But, crucially, what Meta's research shows is that only about 40% of the payback from advertising comes in the short term from such short-term direct effects. As Peter Field and I have argued for years, the big payback from marketing comes from the longer-term effect of brand advertising and its longer-term effects on sales and profit.

Meta's study found that 60% of the payback comes from these long-term effects. When you add the long-term effects in, you see that the most effective medium in the world today continues to be TV, closely followed by online video.

Video in all its forms tends to be highly effective, particularly if you want to do the brand building that maintains the price sensitivity that increases margins. After that, social media – especially social video – has an important role to play.

Get the creative right
Econometrics consultancy D2D showed that, if you optimise your marketing budget by geography, by product within your portfolio, by variant within your product range, and by advertising medium, you can increase the profit and the payback and the ROI from your advertising by a factor of 12. That's not a small increase.

However, there is one more thing that can give you almost as big a multiplier: getting the creative right. D2D estimate that breakthrough creative can increase ROI and profit by a factor of just under 12 – echoing previous findings by Peter Field and I.

At a time when costs are rising, margins are under pressure, and everyone's finding it so tough, it's never been more important to harness the power of creativity and its core emotional power.

Breakthrough creative is much more likely to produce an emotional response, which gets more attention, more eyeballs, stronger memories, and creates that emotional bonding with a brand which makes people more willing to pay a higher price.

Creativity is more likely to achieve fame, to get people talking about the brand (and talking about your advertising). It doubles the chance that you will get that fame effect which we know can quadruple the efficiency of your budget.

So, use the 'abacus economics' of allocating your budget carefully using econometric modelling, but also harness the power of creativity, emotion and fame. Get a great agency on your side and use that magic to balance the logic of econometrics, because magic plus logic means big profits.

The age of streaming

Bhavin Balvantrai,
Chief Market Analyst,
Omnicom Media Group UK

We are at the dawn of a new age of video consumption. More video is now streamed than it is watched via a linear broadcast. It is a time of disruption for all video platforms; early signals show that it is the UK broadcasters who well placed to win in this space, but the competition continues to grow.

To steal a quote from The Fault in Our Stars, the audience shift from linear to streaming has happened "slowly, then all at once". The industry has spoken about the rise of broadcaster VOD for the better part of the last decade, but in the last year as broadcasters have pivoted to a streaming future, we have reached a tipping point. For programmes such as Love Island, there is now a larger audience on ITV's streaming platform than their linear channel.

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The world of video planning and buying is becoming ever more complex. As broadcasters adapt their strategies to become streaming first, SVOD platforms have been launching their own ad-supported tiers. Meanwhile, video sharing platforms are moving towards big screen strategies. And digital social platforms are also pivoting from text to short form video. Rather than representing a changing of the guard in video, broadcasters, who benefit from quality content and regulatory support, will continue remain the bedrock of the video plan.

Faced with an uncertain future amidst a continual declining linear audience, the broadcasters have spent the last year embracing digital first streaming strategies. ITV introduced an overhaul of the ITV Hub with the launch of the ITVX at the back end of last year. It offers consumers content on the digital platform before linear broadcast in the shape of drama boxsets and exclusive commissions.

Love Island, ITV2

It has been an audience success on many measures. It hit a billion streams on Easter Sunday, achieving the milestone a full 3 months sooner in 2023 than in 2022. It has a profile richer in 16-34 viewers who represent a quarter of all audiences on the platform, and its awareness amongst light viewers, its current target audience, is 90%.

Channel 4 has rebranded All4 to Channel 4 to bring an element of platform neutrality to their offering and pursue their strategy for prioritising digital growth. April 2023 was its largest ever month, with viewers consuming over five billion minutes of content according to BARB data. Demand was driven not by one of their more established linear tentpoles, but by Married at First Sight Australia, which consistently topped Barb's weekly BVOD (broadcaster Video on Demand) charts for total minutes streamed. They have also launched Channel 4.0 which broadens their offering across the YouTube platform.

Sky have focussed on bringing down the barriers of entry to their platform. The launch of Sky Glass, and then Sky Stream untethers the service from the satellite network, making it far easier to get Sky, and making offerings far more flexible. Combined with Now TV, they hope to reverse the recent decline in household subscriptions. Digital delivery of the Sky platform also affords more opportunity in areas like addressable.

> Broadcaster VOD now accounts for approximately 25% of all broadcaster revenue .

These initiatives have resulted in commercial success for the broadcasters, with broadcaster VOD now accounting for approximately 25% of all broadcaster revenue. Streaming comes with some advantages over linear. You can watch programmes on linear television and not see an advertising break. All adverts on BVOD platforms are non-skippable, and there is a guaranteed break shown at the start of the programme content. Broadcasters are leveraging their experience from linear broadcasting, their understanding of advertiser preferences, and what works effectively in video to build their digital streaming commercial inventory.


Made in Chelsea, Channel 4

Through their work on CFlight they are answering questions on incremental reach and developing demographic reporting in VOD platforms quicker than their online video counterparts. They are working hard to replicate their strengths in linear and are pursuing content acquisition strategies that build incremental reach to their platforms, including previously untapped areas such as anime content and FAST (Free Ad-Supported Streaming TV) channels. The future looks bright and secure.

> Broadcasters are leveraging their experience from linear broadcasting, their understanding of advertiser preferences, and what works effectively in video to build their digital streaming commercial inventory.

Meanwhile, subscription video-on-demand (SVOD) platforms like Netflix, Disney+, and Amazon Prime are also exploring new revenue streams through advertising offerings. Netflix launched a basic with ads tier in December 2022. It began with a skeleton offering, high CPM, limited measurement and reporting and cannot yet claim to be a commercial success. The real struggle has been with scaling audiences; our OMG Media Intelligence Unit estimates they reached 350k households by the end of Q2 2023. However, there are early indications that the crackdown on password sharing is working, and sign ups in the US have doubled since the measures were introduced. This could see the ad tier begin to scale and bring about more advertising opportunities. Amazon Prime has signalled its long-term ambitions by buying the rights to broadcast Champions League football from next year and launching the Freevee channel as a free-to-air offering. It is also said to be exploring an ad tier for Prime Video. Disney+ has seen a more successful launch for its ad tier in the US than Netflix, and is anticipated to enter the UK market later this year.

The White Lotus, Sky Atlantic

Apple is rumoured to be interested in the next round of negotiations for Premier League rights, a move which could disrupt the entire sports ecosystem.

> AVOD viewing is currently dominated by YouTube with big screen adoption receiving a significant boost during the pandemic.

These ad-supported subscription models are a response to the slowdown in organic growth for fully paid subscriptions. The ad-supported subscriber base could be a core part of the strategies for SVOD platforms moving forward. This brings them in direct competition not just with the broadcasters, but also with AVOD platforms. AVOD viewing is currently dominated by YouTube with big screen adoption receiving a significant boost during the pandemic. Platforms such as Twitch and Samsung TV Plus are expected to scale as connected TV platforms grow penetration.

Away from streaming, video is also growing across other platforms. Audience consumption behaviours clearly indicate a preference for video and short form video rather than static content. We can see this in the movement of supply away from text-based Facebook news feed, and static Instagram photos to Facebook Reels.

> Audience consumption behaviours clearly indicate a preference for video and short form video rather than static content.

The autoplay short form content approach taken by TikTok is forcing others to embrace similar models (Reels, Shorts, Spotlight etc.). As an increasing amount of time is spent consuming video, advertising spend is also being diverted to support video creative assets, both in branding and performance.

This also means that the traditional network effects that power social platforms become redundant. On TikTok, the people you know has little influence on the content you are served. Instead, the power of content discovery lies in the power of the algorithm, and the importance of creators and influencers becomes key.

> The modern-day viewer just sees brands that offer TV-like content across all devices. Where we see complexity, they see opportunities for entertainment.

In a world of acronyms, AV, BVOD, SVOD, AVOD, FAST and CTV, the modern-day viewer just sees brands that offer TV-like content across all devices. Where we see complexity, they see opportunities for entertainment. At the OMG Media Intelligence Unit, we follow the themes that affect the supply and demand of media closely through our Media Theme-onomics work. There are several which pertain to video, including Streaming Economy, Broadcaster Data, Sports Rights in Streaming and Cross Media Measurement. In the second volume of our annual look at the broad thematic environment, we call out the need for a new approach to how we think about video advertising, and the shift to holistic video planning. Holistic video planning takes a consumer-centric approach to plan, buy and measure video media, with the goal of fueling growth in a new era of omnichannel video. It is characterized by taking a channel and platform-agnostic approach to video planning.

> Audiences are more connected, and we are focusing on cross-screen optimisation of a band's campaigns. Our proprietary Multi-Screen Optimiser allows us to plan media holistically across video platforms.

Audiences are more connected, and we are focusing on cross-screen optimisation of a band's campaigns. Our proprietary Multi-Screen Optimiser allows us to plan media holistically across video platforms. The industry will adapt over the coming years to help create industry standard measurement to improve the measurement of this. I sit on the BARB Board and we are working closely with the broadcasters to see what role we can play in CFlight. Progress is continuing to be made in Origin's unified measurement system, where OMG UK are stakeholders, working to deliver a complete view of a video campaign. Our agency teams are exploring the best structures to provide integrated teaming and consistent processes across video buying. New tools will be created to enable data-led decisions on the correct mix of campaign investment to deliver optimal outcomes.

There are further consequences for creative requirements. Advertisers should allow for bespoke video assets in their social strategy, and make sure there are multiple creative versions to align with the differing second length, size and audio formats required. Dynamic creative, powered by generative AI could offer a powerful, disruptive route to market.

> In this holistic video space broadcaster streaming platforms will offer powerful routes to market.

And it is in this holistic video space where broadcaster streaming platforms will offer powerful routes to market. They continue to provide high-quality content which is now accessible across linear streams, FAST channels and on demand, often before it's broadcast on linear.

The breadth of content is also no longer limited by the amount of transmission hours in a day offering something for everyone. High quality content continues to encourage co-viewing, and provide high attention, and safe environments for advertising. And all of this comes with better targeting and measurement opportunities, using first- and third-party data. The delivery mechanism for TV is changing, but for the better. Subscription VOD and video sharing platforms will not ease the pace of their own change, and the real winner in this space will be advertisers who will see a myriad of video advertising opportunities emerge. So grab some popcorn, sit back, and enjoy the show as the future of streaming unfolds before our very eyes.

Secrets of the London Underground, Yesterday

Trends in TV summary

Did you skip straight here or have you ploughed through everything in its glorious detail? Either way, here are the key points from 'Trends in TV' summarised for your ease and leisure. Plus contact details for the right people at Thinkbox to get in touch with if you want even more or have any questions.

The revolution is being televised

- Access to broadband speeds required to support streaming TV have peaked. Over 80% of homes have access to over 30 Mbps and only 4% are below the minimum streaming requirement of 10 Mbps.
- Viewing to SVOD services declined in 2022, coming off the back of a pandemic-induced high and hit by the cost of living crisis.
- Following years of SVOD-induced decline in broadcaster TV viewing time, Barb data suggests we've entered a period of stability, with less SVOD growth and lower levels of decline in broadcaster viewing.

The content wars

- SVODs excel at drawing audiences for drama and film in particular, but have made minimal impact in many other genres.
- The UK broadcasters continue to deliver the most hits, accounting for 26 of the top 30 series in 2022.
- Despite increased competition from new AVOD services, the limitations to these new services' growth potential and the broadcasters' pedigree and expertise ensures the broadcasters are well placed to thrive in the future.

The video galaxy

- The UK's commercial broadcasters together reach just over 33 million viewers every day, with each viewer on average watching for 3 hrs, 25 mins a day – collectively some 113 million hours a day.
- 4.9 million 16-34s watch commercial TV a day in the UK, spending an average of 2 hrs, 18 mins demonstrating the continued importance of the broadcasters to this audience.
- The daily reach of Netflix, Disney+ and Amazon Prime Video is hampered by their pay walls.

Planning today's video

- Broadcasters account for over 80% of AV advertising time.
- The middle tier of viewers – the 'reach extenders' – are vital. They can make the difference between a high- or mid-level reaching campaign. The odds of reaching them are much higher in BVOD.
- Thinkbox estimate that Disney+ and Netflix will account for under 1% of AV advertising viewing in the UK among all individuals.
- TV's hidden value - qualities like high attention, trust, regulation, and signalling powers – isn't obvious on reach curves but makes a huge difference to the effectiveness of its reach.

Inflation in context

- Except for younger audiences, TV advertising's price inflation is well below that of CPI inflation.
- BVOD advertising has been largely immune to price inflation.
- TV advertising in the UK is a bargain relative to the rest of the world – half the price of the global average.
- TV advertising (linear + BVOD) averages £8 per thousand exposures. YouTube is £12. Other online video is £130.

TV advertising investment

- £5.38 billion was invested in TV advertising in 2022. This was 1.43% less than in 2021, but was the second highest spending year for TV advertising in the UK.
- Online-born businesses remain the highest spending category. They have increased their TV investment by 37% since 2019.
- Many categories rebounded from the pandemic to increase their TV investment in 2022, most notably Travel, Cosmetics and Personal Care, and Telecoms
- B2B investment in TV advertising has doubled since 2018, driven by the democratisation of software for small businesses
- With more stability in TV viewing and what looks to be a deflationary TV market, there's a big share of voice opportunity to be seized – and more share of voiceleads to market share growth and, crucially in the wider inflationary environment, reduced price sensitivity.

Get in touch

If you're hungry for more insight or have any questions, we'd love you to get in touch.

Matt Hill
Research and Planning Director

Anthony Jones
Head of Research

Nailah Uddin
Research Manager

Harry Parker
Research and Planning Executive

Visit thinkbox.tv/about/contact