

Understanding the Smart TV User



Background

- As Smart TV usage grows, understanding viewer behavior and trends becomes vital to monetizing the platform
- YuMe partnered with LG to commission a unique global study from Nielsen to gain insights into Smart TV usage
- The research was conducted in the following countries:
 - **USA**
 - **UK**
 - **Australia**
 - **Russia**
 - **Germany**
 - **Spain**

To learn more about the Smart TV: users, usage and effectiveness as an advertising medium

Is Smart TV advertising effective?

- Attitudes and behaviors towards advertising on the Smart TV platform
- Impact of Smart TV Ads on key brand and campaign metrics

Smart TV usage

- Smart TV Usage
 - TV content consumption
 - Features and application usage
- Perception of traditional ad vs. Smart TV ad

Smart TV user profile

- Demographic
 - Gender, age, income, marital status ...
- Lifestyle
 - Attitudes, values, etc.

Research Design

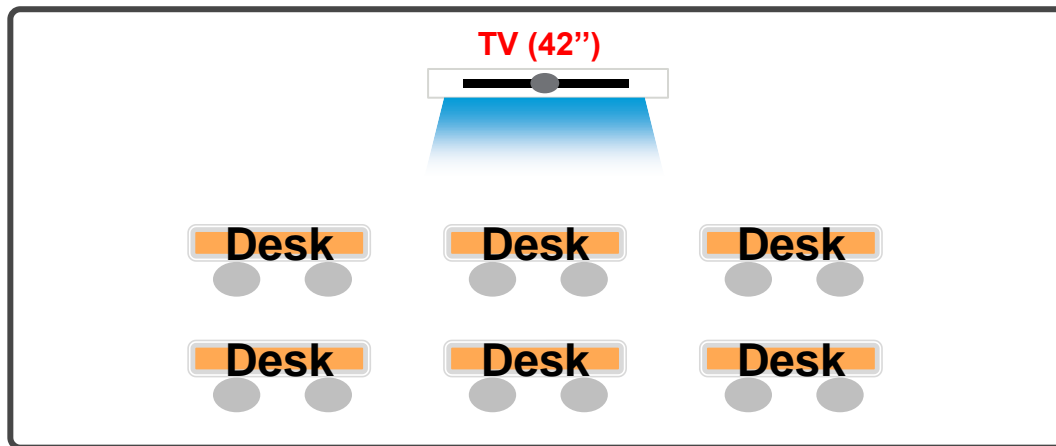
Methodology	Gang Survey (90 min)		Phone Interview (Follow-up call) (5 min)	Online Survey (25 min)																
Purpose	In-lab exposure to TV and Smart TV ads Survey to understand usage and attitudes towards Smart TVs		Evaluate effectiveness of ads on Smart TV platform Gauge campaign effectiveness for ads seen during Gang Survey	Profile Smart TV Users Understand Smart TV Usage and Attitudes																
Location	New York			U.S. Nationwide																
Sample Size	110	100 (**conduct follow up call after Gang survey)		400 Respondents																
Survey Composition	<div>● 10 ~ 12 Respondents per Group * 10 Sessions</div> <table><tr><th>#</th><th>Gang Session group type</th><th># of groups</th><th># of respondents</th></tr><tr><td>1</td><td>TV Control Group</td><td>5</td><td>At least 50</td></tr><tr><td>2</td><td>Smart Task Group</td><td>5</td><td>At least 50</td></tr><tr><td colspan="3">Total</td><td>100</td></tr></table>				#	Gang Session group type	# of groups	# of respondents	1	TV Control Group	5	At least 50	2	Smart Task Group	5	At least 50	Total			100
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1	TV Control Group	5	At least 50																	
2	Smart Task Group	5	At least 50																	
Total			100																	

Gang Survey Process (Facility Floor Plan)

- Respondents watched TV programs and self completed the questionnaire in Space A
- In Space B, 2 respondents at a time conducted tasks on Smart TV

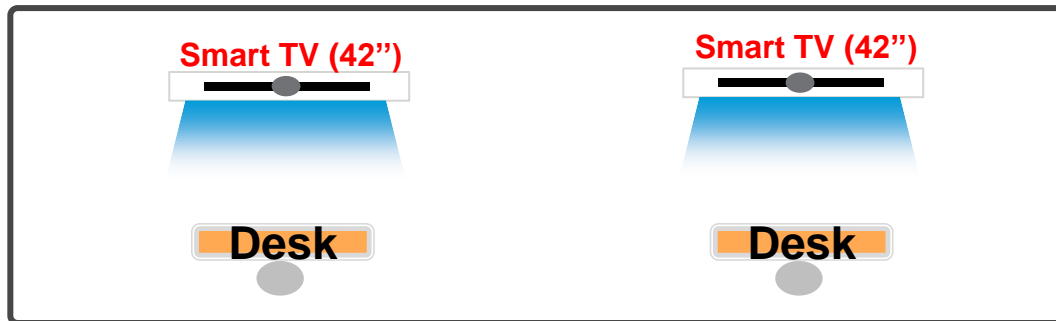
Space A

- Respondents watch TV programs and then fill in a questionnaire
- 'Traditional TV Groups' need this Space only



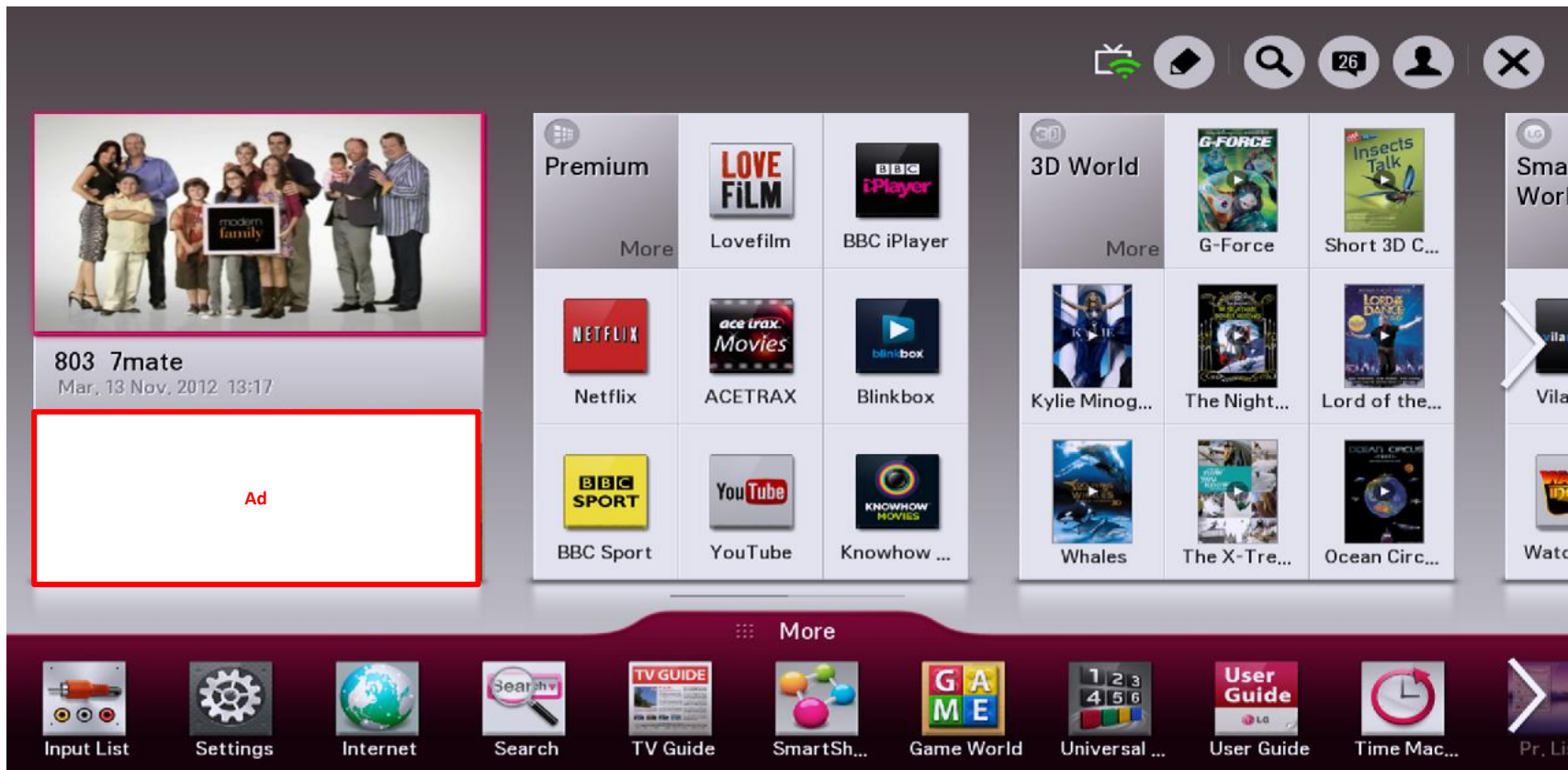
Space B

- 2 Respondents conduct Tasks with Smart TV at the same time while others complete a questionnaire.
- 'Smart TV Groups' need both Space A and B.



Smart TV Advertising Effectiveness

Ad types tested - Banner



Portal Banner

Social Center



211-1 MBC HD 11:00~12:10 PM Like

Ad

Popular Now

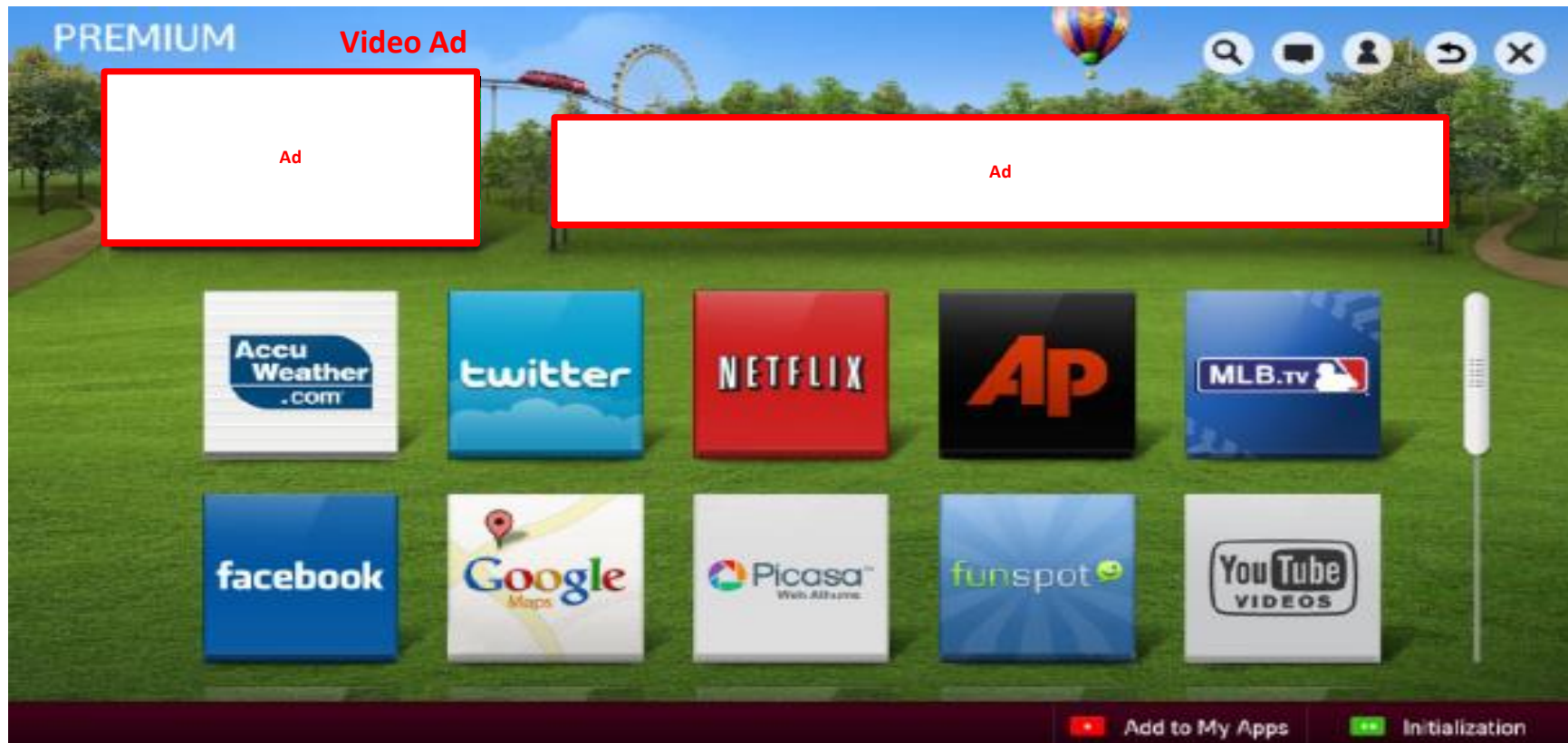
What's on your mind? Share

Sammy Photo Maniac
Now, spring comes and flowers blooms. It's spring!
Oct 24th 12:30:13 via LG TV
10 People 10 Comments

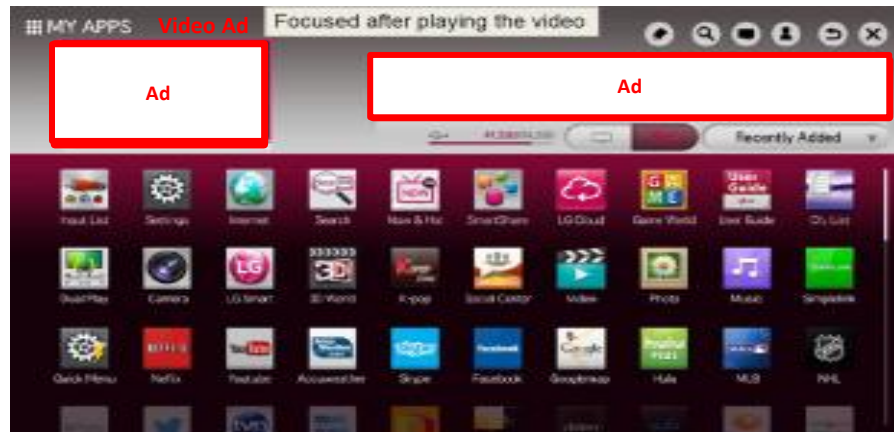
Merisa Photo Maniac
Wow! This really is good. Thank you^^
Oct 24th 12:30:13 via LG TV
10 People 10 Comments

Jina Photo Maniac
Mine looked really bad~

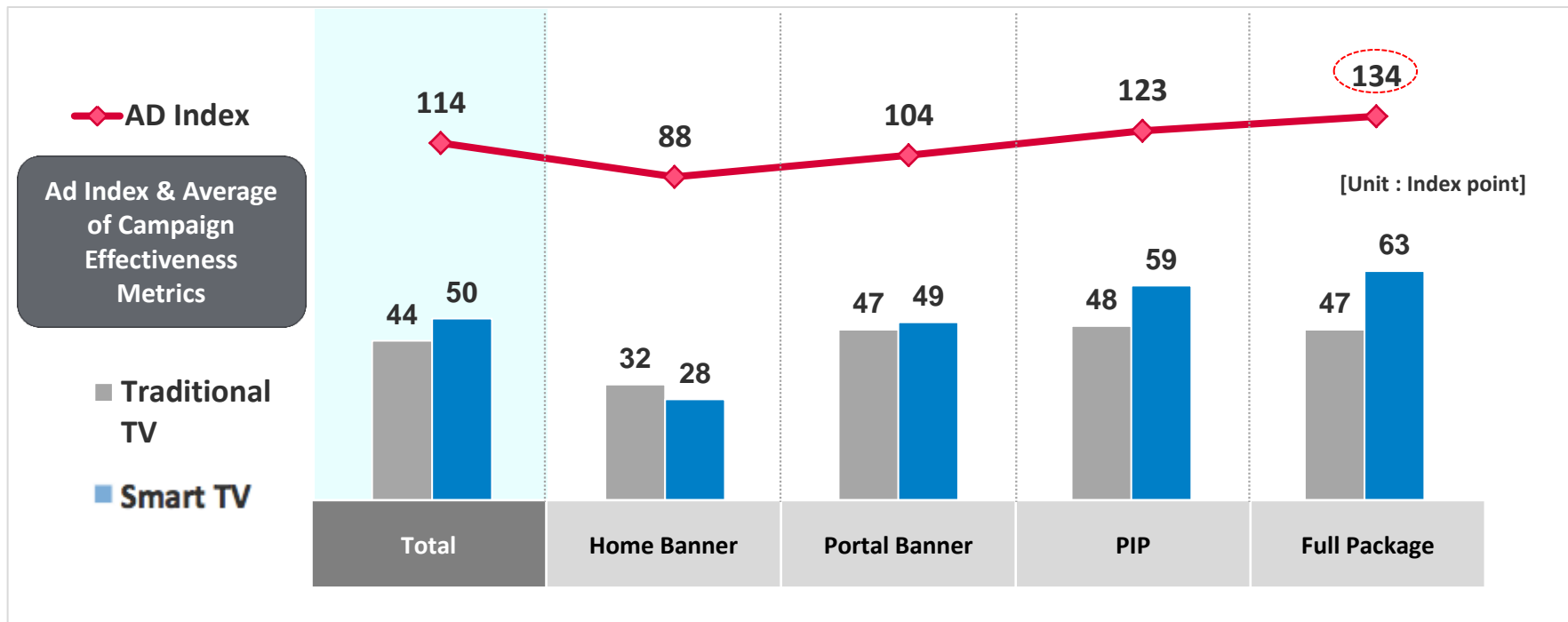
Like Comment



Full Package



Ads viewed on a Smart TV Platform have a positive impact on Brand metrics

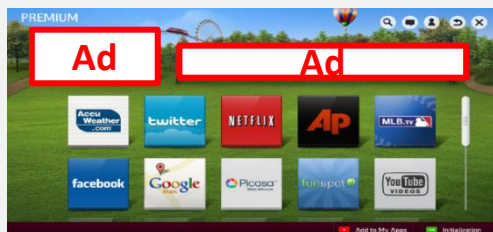


PIP Performs Well - Leads to an Increase in Most Campaign Metrics

Ad Index

123

Ads on Smart TV Platform



- **Type of Ads : PIP**
- **Contents of Ads : Finance**
- **Applications: Premium**

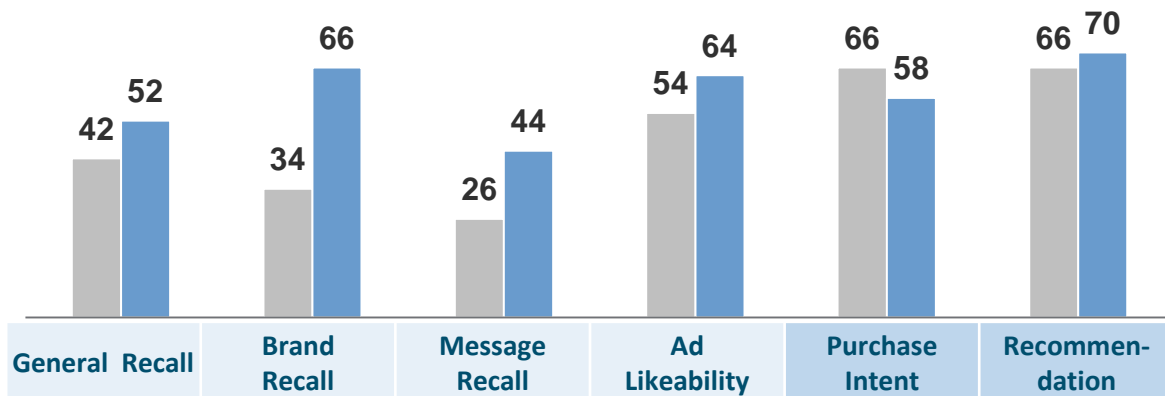
Key Metrics

■ Traditional TV

■ Smart TV

Gap (Smart – Traditional)

10	32	18	10	-8	4
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* Gap in the red circle : 3% or more higher than 'Traditional TV group'

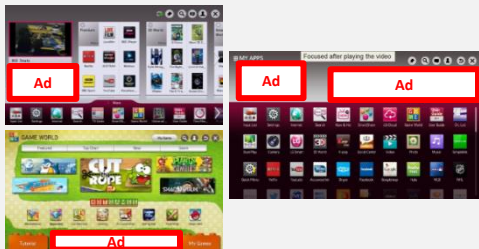
[Base: 'Traditional TV Gr.' n = 50 / Smart TV Gr. n = 50 , Unit: %]

Full Package Ad Most Effective - Outperforms Traditional TV Group on *all* Ad and Brand Metrics

Ad Index

134

Ads on Smart TV Platform



- *Type of Ads : Full Package*
- *Contents of Ads : Automotive*
- *Applications: Home , Game World, My Apps(More)*

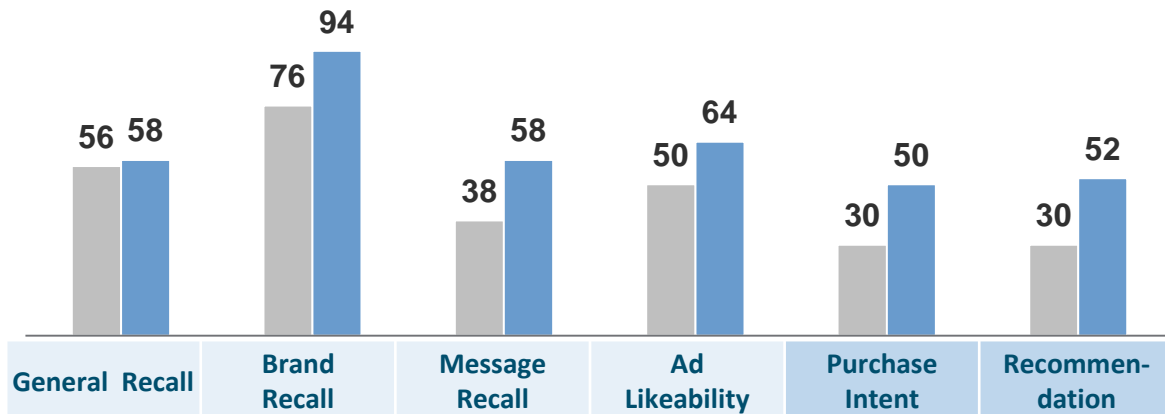
Key Metrics

Traditional TV

Smart TV

Gap (Smart – Traditional)

2	18	20	14	20	22
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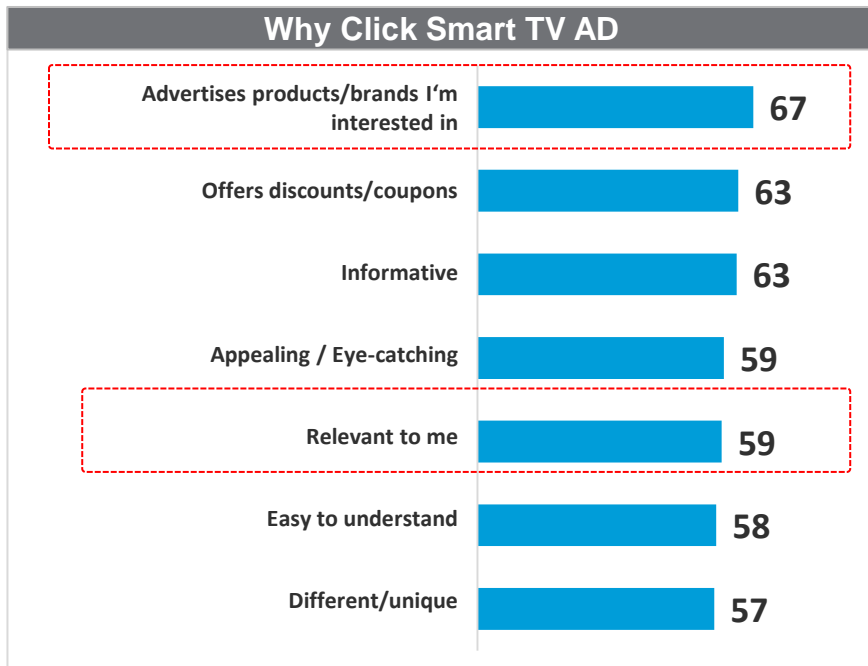


* Gap in the red circle : 3% or more higher than 'Traditional TV group'

[Base: 'Traditional TV Gr.' n = 50 / Smart TV Gr. n = 50 , Unit: %]

Attitudes toward Smart TV Advertising

Smart TV viewers are more accepting of and responsive to ads when they are relevant to them



[Base: Respondents who have clicked on a Smart TV AD(n=224),
Unit: % of Top 3 Scales (in 7 Scales)]

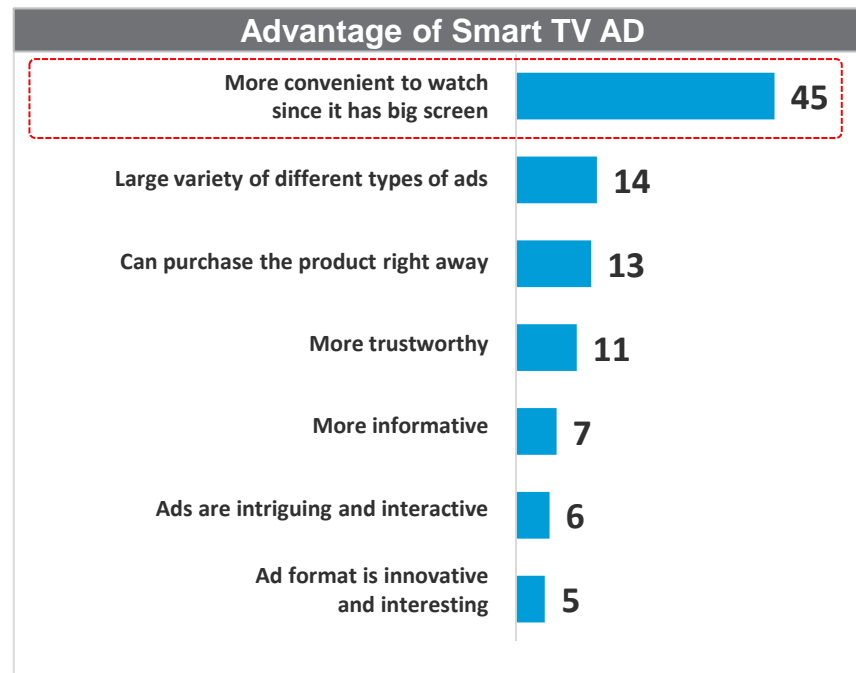
17%

Have *not clicked* on Smart TV ads because they advertise products that are “*not relevant to me*”

42%

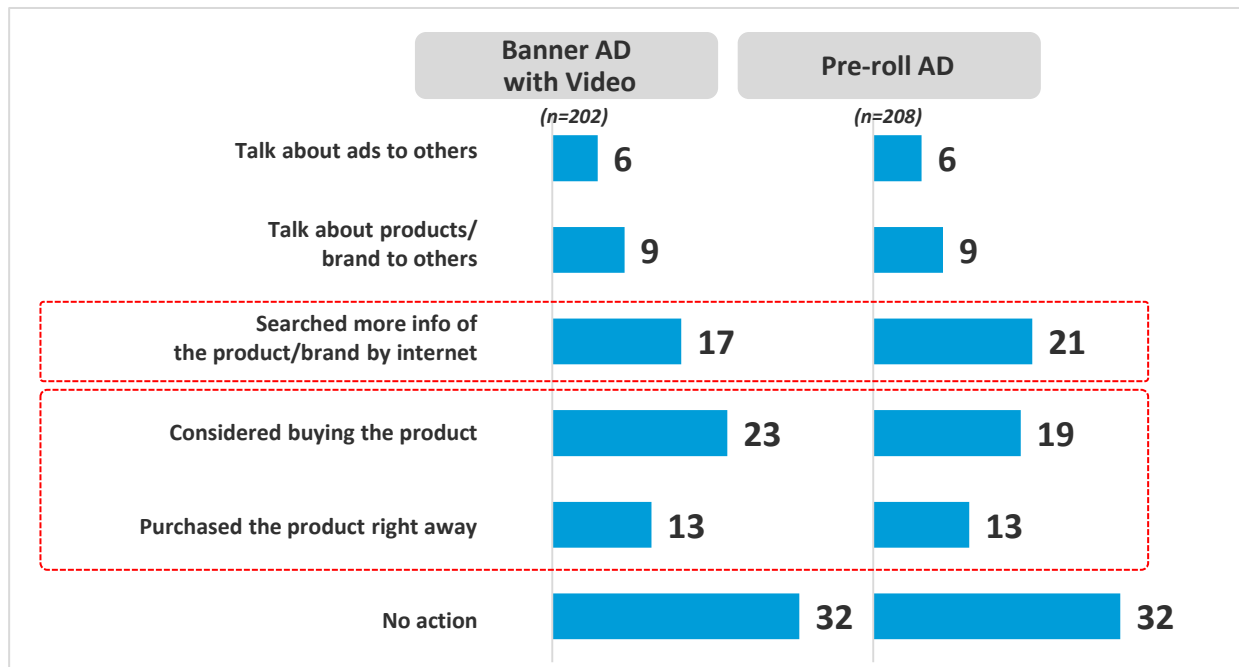
Are “much more accepting of ads on my Smart TV when they are relevant to me”.

Big screen convenience is most common primary advantage



[Base: All Respondents (n=400), Unit: %]

Smart TV Ads inspire action

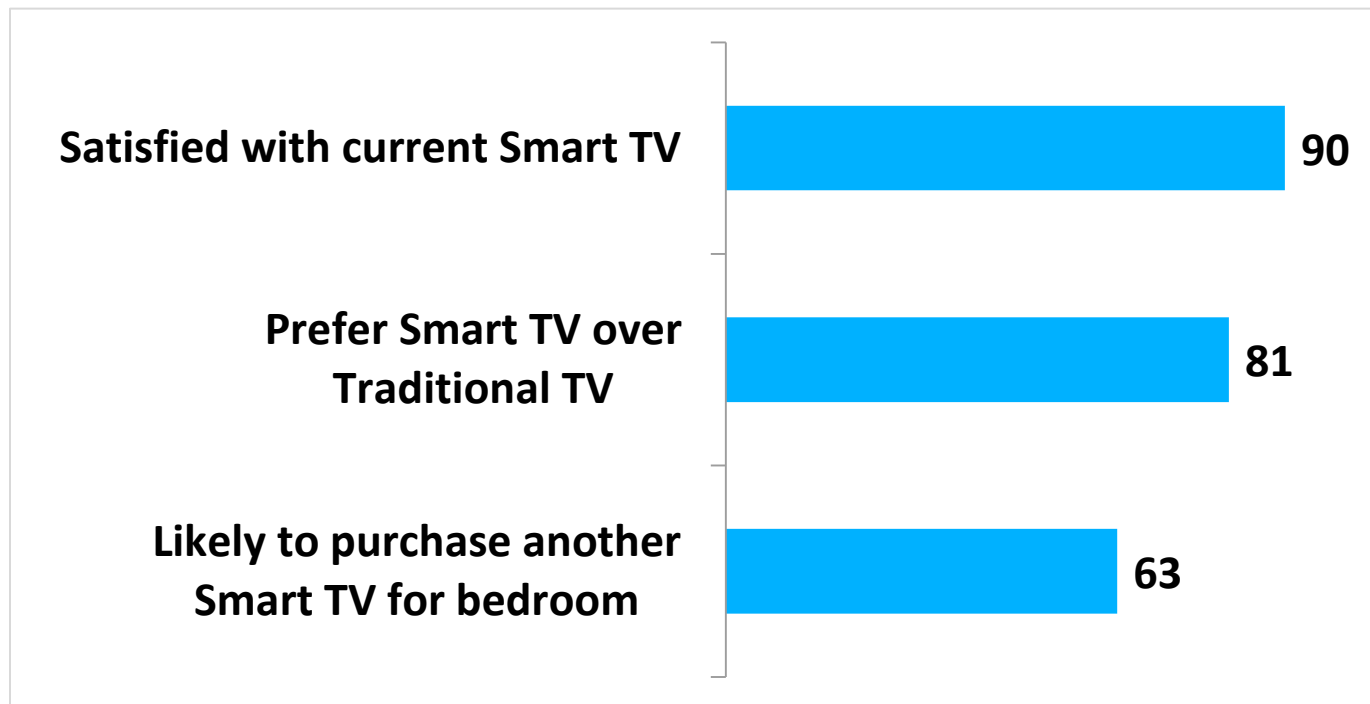


[Base: Respondents who have clicked on a Smart TV AD, Unit: %]

***More Than Just a TV...
Smart TV Ownership and Usage***

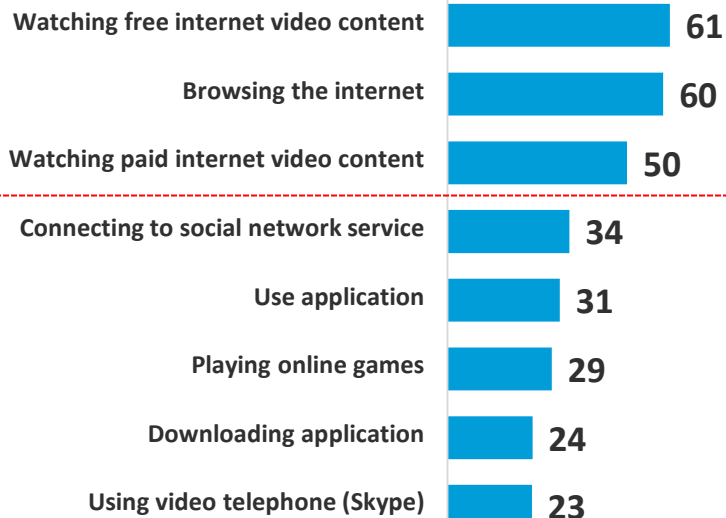
Smart TV Market Will Continue to Grow...

- Smart TV users satisfied with current Smart TV (90%) and much prefer it to their Traditional TV (81%)
- There is a demand for a 2nd Smart TV for bedroom (63%)



Smart TV being used for more than watching cable TV

Features used at least once a week



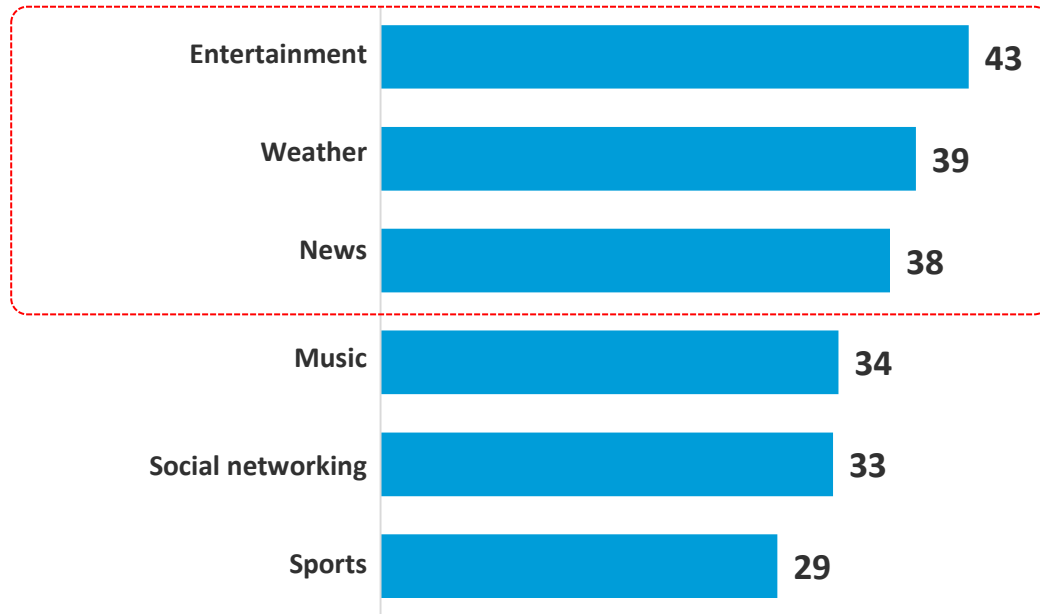
17%

Plan to decrease/cancel cable subscription in the upcoming year – up from 13% last year

Smart TV feature usage most prevalent among those in their 20s

[Base: All Respondents (n=510), Unit: %]

Not only Smart TV *features*, but *apps* heavily used on Smart TVs as well...



* Data below 13% was removed

[Base: All Respondents (n=510), Unit: %]

Watching Smart TV while ... Smart TV and Multiscreen Use

Most respondents report using other devices while watching TV

Other devices commonly used while watching TV

Laptop/Netbook 59

Smartphone 51

Tablet 44

Desktop 29

Secondary devices being used for...

Searched or read additional info about program 44

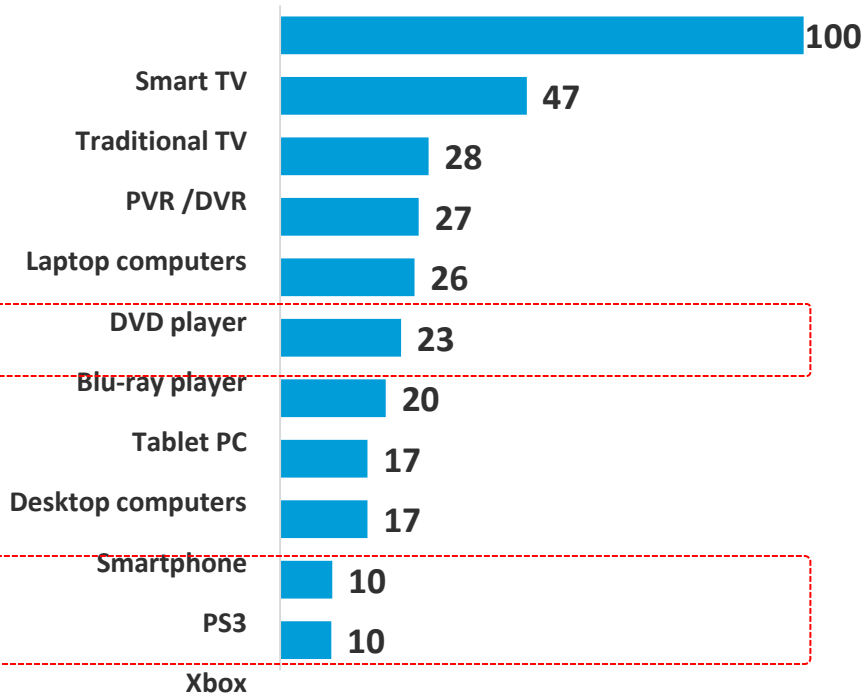
Sent e-mail regarding matters not related to program 35

Searched for or watched other Internet contents related with program 34

Shared my reaction about program by posting it on a SNS 31

[Base: All Respondents (n=510), Unit: %]

Smart TV users view TV content through a variety of other devices as well



Smart TV is a family entertainment device

- **87%** situated in living room
- **64%** watched with others

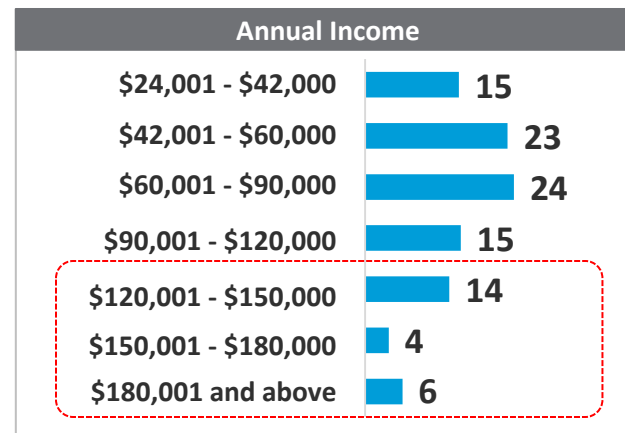
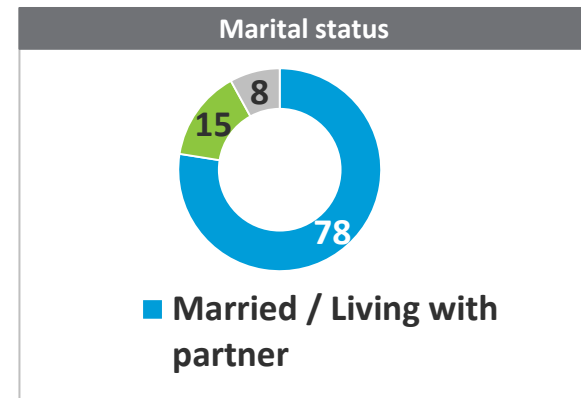
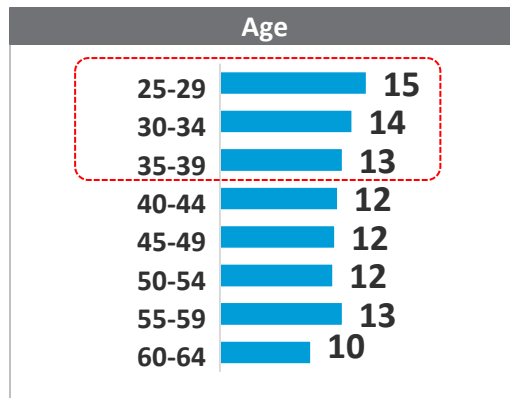
* Data below 9% was removed

[Base: All Respondents (n=510), Unit: %]

Smart TV User Profile

Respondent Profile

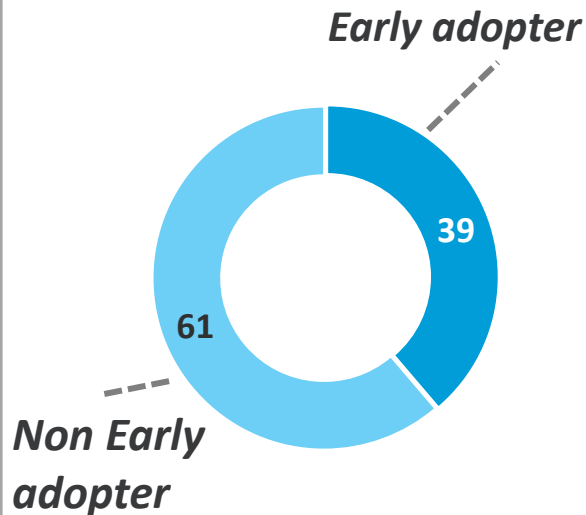
- Smart TV viewers are young,
 - higher income, professionals
 - 42% under 40 years old
 - 35% over \$120K HH Income
- Most Smart TV households are multiple person dwellings
- Smart TV purchasers have high purchase decision responsibility within their household across all product categories tested (e.g. electronics, technology, groceries, etc.)



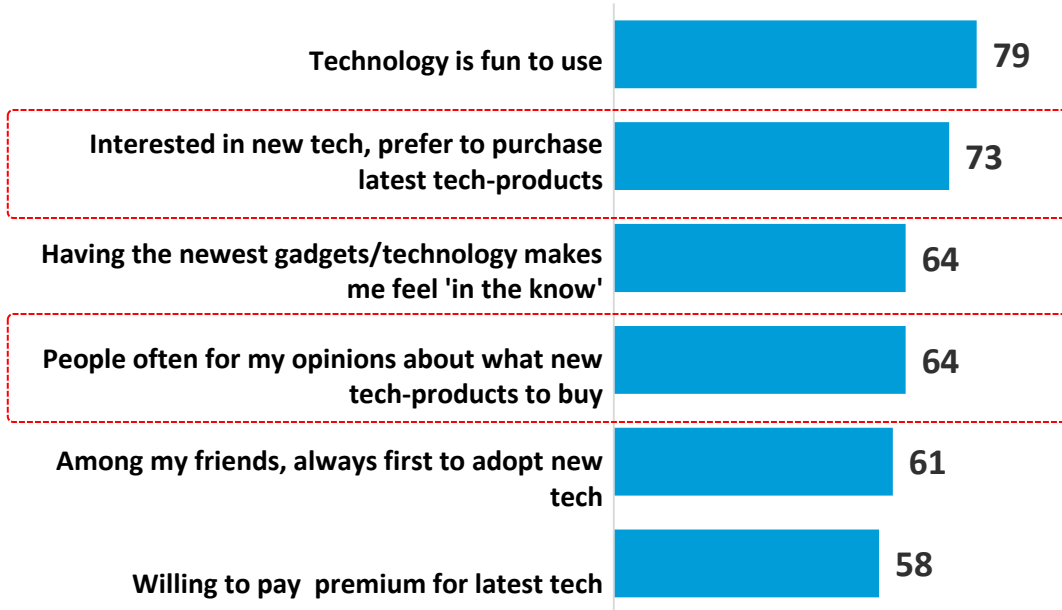
[Base: All Respondents (n=100), Unit: %]

Smart TV users are tech savvy, will pay a premium for latest technology, and are influential among friends in the consumer tech product category

- About 40% of users are Early adopters



* The rate of 'Early adopter' is the portion of those who answered positively to 5 or more technology related questions.

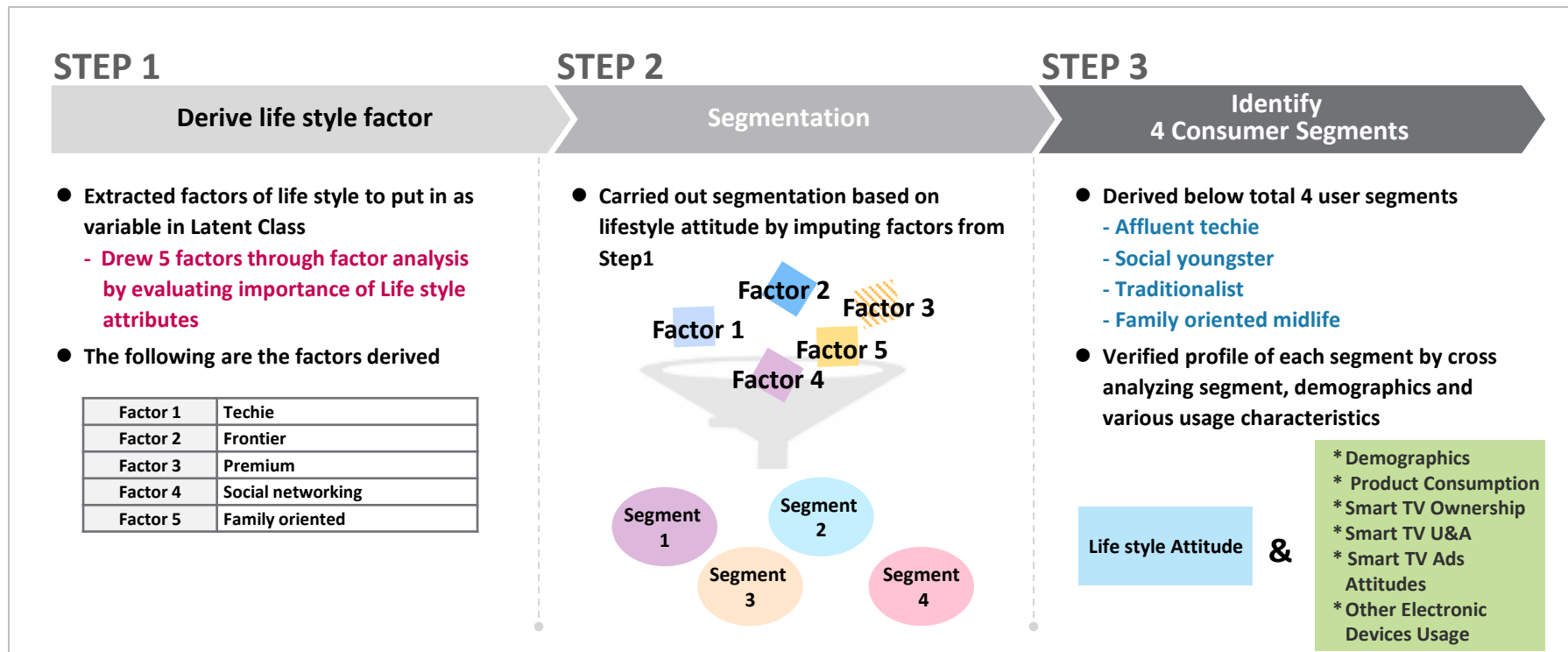


[Base: All Respondents (n=400), Unit: %]

Smart TV User Segmentation

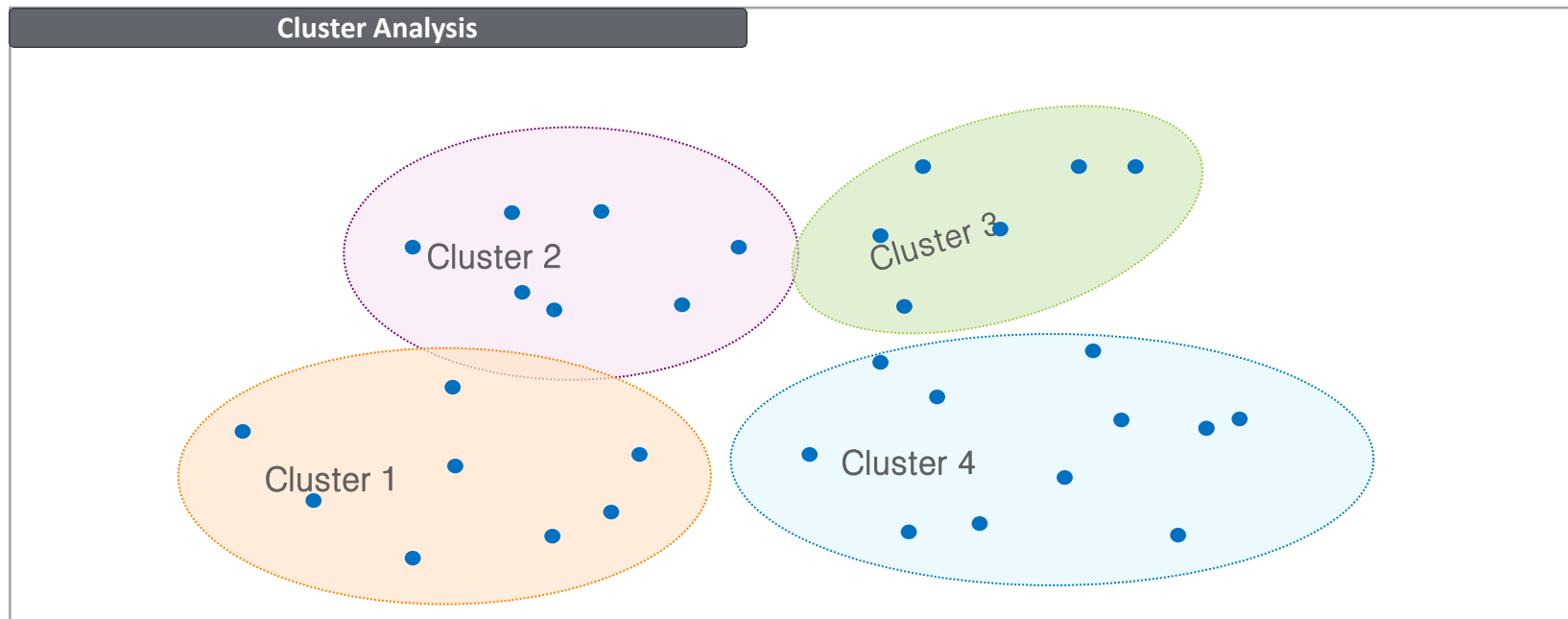
Segmentation Methodology

- Drew the 4 segments based on life style attitude by analyzing quantitative data



Cluster Analysis

- Goal is to discover natural groupings of users – interdependence technique
- Maximize the difference across clusters
- Minimize the variance within clusters



Segmentation Overview

Affluent techie (22 %)



- Enthusiastic about new technology and entertainment
- Willing to pay more money on new products and technology
- Younger and well educated
- Higher household income
- Have strong responsibility for supporting family
- Make good use of Smart TV features and react actively towards Smart TV ads
- Have purchased products advertised

Social youngster (25 %)



- Interested in new technology and entertainment
- Regard social bonding important and use social network service frequently
- Younger and well educated
- Medium household income
- Sometimes use Smart TV features
- Accept Smart TV ads by searching more info. of the products advertised

Traditionalist (19 %)



- Don't have a lot of interest in technology
- Less focus on family and social network
- Don't want to pay much additional money for new products
- Older and lower household income
- Sometimes watch TV alone
- Use Smart TV like traditional TV (concentrate more on only TV, don't use Smart features often)
- Rarely click on Smart TV ads

Family oriented midlife (35 %)



- My family is always first
- Don't have a lot of knowledge in technology
- Purchase goods for family
- Practical in spending
- Older and highest household income
- Spend more time watching TV and satisfied with current TV
- Don't use Smart TV features skillfully
- Rarely click on Smart TV ads

Summary

- **Smart TV is an effective medium for advertising**
 - **Video is a key component** in ads that increased **purchase intent** and **brand recommendation**
 - PIP and full-package ads recommended for Smart TV advertising - yield the best results
- **Putting the right ads in front of the viewer is important**
 - Smart TV viewers more receptive and likely to interact with ads that are relevant to them
- **Smart TV ads inspire action**
 - Considering advertised product for purchase, researching it, and actually purchasing it right away
- **Smart TV being used for more than watching cable TV**
 - Top uses are for streaming free or paid content and for browsing the internet.
 - Apps also heavily used
- **Smart TV users are tech savvy, professionals with an influential role on HH purchase decisions**

Impact

- Positive impact on brand metrics
- PIP and Full package ads most effective
- Ad relevance and targeting is key

Usage

- ✎ Used for more than just watching TV
- ✎ High App usage
- ✎ Multi-task using other devices
- ✎ Consume streaming video
- ✎ High intent to decrease cable subscription

Profile

- + Four core segments identified
 - + Affluent techie
 - + Social youngster
 - + Traditionalist
 - + Mid-life family
- + Willing to pay more for latest technology and brand names



THANK YOU

Appendix

6 Metrics for Ad Effectiveness Measurement

Key Ad Metrics

1 General recall

- Did those exposed to the Ad remember the overall creative concept of it?

2 Brand recall

- Did those exposed to the Ad remember the brand the day after exposure?

3 Message recall

- Did those exposed to the Ad remember the primary message of the Ad the day after exposure?

4 Likeability

- Did those exposed to the Ad remember the brand the day after exposure and report to like the Ad “Very favorable “ or “Very unfavorable “? (5 scale)

5 Purchase Intent

- Did those exposed to the Ad remember the brand the day after exposure and report to show purchase Intent “Definitely will purchase “ or “Definitely will not purchase”? (5 scale)

6 Recommendation

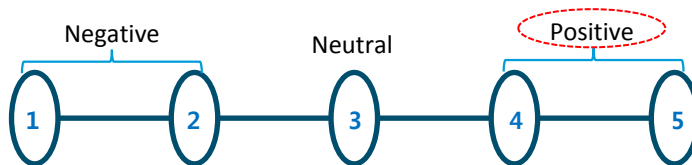
- Did those exposed to the Ad remember the brand the day after exposure and will recommend it to others “Definitely will recommend “ or “Definitely will not recommend”? (5 scale)

Brand Metrics

Score Calculation and Terminology

Score of Each Metrics

- Score for '**General recall, Brand recall, Message recall**'
= Percentage of respondents who choose the correct answer
- Score for '**Likability, Purchase intent and Recommendation**'
= Percentage of those who answered positively on a 5 point scale



AD Index

- **Concept of AD Index**
Smart TV group indexed to **traditional TV group (100)**
- **AD Index for each Ad type**

$$= \frac{\text{Average of all 6 metrics for Smart TV group}}{\text{Average of all 6 metrics for Traditional TV group}} \times 100$$

Smart TV users...

- **Comparison shop and research new purchases extensively**
 - 84%** Compare details when buying portable digital devices
 - 83%** Research extensively when purchasing a new product
- **Are brand conscious**
 - 57%** Willing to pay a premium price for well-known brands
- **Value family and staying connected with friends/family**
 - 85%** Put family first
 - 73%** Value feeling connected to family and friends
- **Value their work/career**
 - 61%** Work/career is an important part of my identity, priorities and values

[Base: All Respondents (n=400), Unit: % of Top 3 Scales (in 7 Scales)]