

YouTube vs TV: where should advertisers stand in the 'battle of the boxes'?

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It's been an extraordinary couple of weeks on planet video. The TV industry body, Thinkbox, and **Google's YouTube** have been engaged in a full and frank exchange of views that, both are at pains to point out, is absolutely not a fight. The topic they are definitely-not-arguing about is a fundamental one: where advertisers should spend their video **advertising** budgets.

The totally-not-trouble began brewing back in October, with a punchy statement from **Google's** UK & Ireland **Managing Director, Eileen Naughton**, making the case the advertisers should shift 24% of their TV budgets into **YouTube**, especially if they're targeting 16-34 year olds.

Last week, Thinkbox came back swinging, calling the **Google** claim 'ill-founded and irresponsible'. In the intervening months they have been analysing viewing and **advertising** data, to find that while **YouTube** made up 10.3% of 16-24 year-old's video consumption (v.s TV's 43.5%), it made up just 1.4% of their video **advertising** consumption (with TV coming in at a whopping 77.5%).

Within a few days, **Google** wheeled out their econometric big guns and shot back with an even bigger claim: making the case for advertiser that **YouTube** offers a 50% better return on investment than that of television, and that 5-25% of video budgets should be spent on **YouTube**.

Now, it's definitely not a scrap, but it seems that marketers and agencies are stuck in the middle and in a Brexit kind of way, need to make up their minds where they stand. And worst of all, the kinds of spats that used to be conducted via general pronouncements about consumer trends and attitudes are now being toolled up with findings from data.

Or, should we say, "findings". From "data".

Thinkbox and **YouTube** have stood out in the industry over the years for their commitment to research and measurement. Yet, in the battle of the boxes it seems both have lost focus and the numbers used raise more questions than answers.

As the heads of effectiveness and futures at a media agency, we both spend a lot of our time

trying to find the balance between what's working today and what's changing tomorrow. This conversation about the impact of video channels matters. Because of the scale of the change we are already seeing in media consumption, and the greater scale of changes to come. Is the leapfrogging of linear TV by online video channels among the under-25s a temporary behaviour or a deeper generational shift? Will the box in the living room lose its next generation of viewers permanently, or will it welcome them back with open arms as a large generation, now house-sharing (or overstaying their welcome with their parents) find themselves with living rooms (and remote controls) of their own.

Either way, the world in which video **advertising** lives is changing. This stuff matters to all of us who use video to tell stories, make connections and grow our **brands**. That's why it's good to see media owners and industry bodies taking it seriously – but also why the use of data as weaponry has left something to be desired.

In the blue corner, ThinkBox. We're puzzled by their argument more than by their numbers. They seem to be saying the because more **advertising** is consumed on TV, clients should advertise on TV more. Yet this comes across as circular logic – saying we should put our ads on TV because that's where the ads are. If there is a 4:1 ratio of content consumption between TV and **YouTube**, but a 98:1 ratio of **advertising** consumption, surely that implies that **YouTube** has a lot more headroom? It's fair to say that as consumers we still accept a far higher payload of **advertising** per piece of content on TV than we do on **YouTube**, but that's as much to do with the vastly different buying models, available formats, and modes of consumption than ability of the platforms to deliver exposure.

In the red corner, **YouTube**, with its headline-grabbing claim of 50% higher ROI. The rationale for this is a study done with Data2Decisions, an econometrics and analytics consultancy. This is a good sign that there will be some robust measurement underpinning this, but more transparency is needed before this can be taken seriously.

The analysis uses a combination of market mix modelling (econometrics) to show the total contribution of TV vs. online video, and ecosystem modelling to dig down into the performance of different individual video channels. This is interesting stuff, and makes for good headlines, but it raises a *lot* of questions. We think there are three reasons to be cautious.

First, we don't know what the period of research was, or how many **brands**, campaigns and categories were included. We don't know what kind of campaigns they were. **Brand**-building vs. short-term sales-driving, for example. Like a clinical trial, we need to be confident that if we give you the same budgetary medicine, we know what the side effects might be.

Second, we've only seen the headline figures (mainly about ROI). This would be a misguided basis to start shifting huge chunks of budget around.

For example, if we spend £1 million on TV and drive £1.2 million in sales, we have an ROI of £1.20. If we spend £10,000 on **YouTube** and drive £18,000 of sales, we have an ROI of £1.80. This is 50% higher than TV, but is also delivering far less money. The research headlines don't tell you what would happen to the ROI if you put more money into **YouTube**. Would it stay at

50% better than TV or would it start to diminish?

Third, the headlines are only comparing TV and **YouTube**. To do this properly, we need to understand the relative impact of other video channels to. **YouTube**'s ROI might be higher than TV's, but how does it compare to the rest of the online pack?

We welcome the industry taking cross-platform video measurement seriously. At Maxus we have an 'Open Video' philosophy to setting video investment strategy, and we are developing tools and technology to plan, measure and optimise across different video channels efficiently and effectively. We use market mix modelling and attribution to identify the impact of different video channels, and advanced tracking to make sure that we have a common approach to measuring things like viewability, **brand** safety and inventory quality across video channels.

That's why we're asking both **YouTube** and ThinkBox to put down their sharpened spreadsheets and to back up the headlines with evidence. It's not a matter of suddenly shifting money from TV into **YouTube**, but of understanding what the right channel mix is for individual **brands** based on their needs, their priorities and their audiences.

Entertaining as the ringside seat has been, advertisers deserve a bit better. It's time for a grown-up conversation about what's working now, and what's changing next.

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