



Advancing the Future of Trusted Content

DIGITAL CONTENT NEXT **STUDY & SPECIAL REPORT**

OCTOBER 2014

HOW TIME-BASED MEASUREMENT IS GRABBING DIGITAL PUBLISHERS' ATTENTION

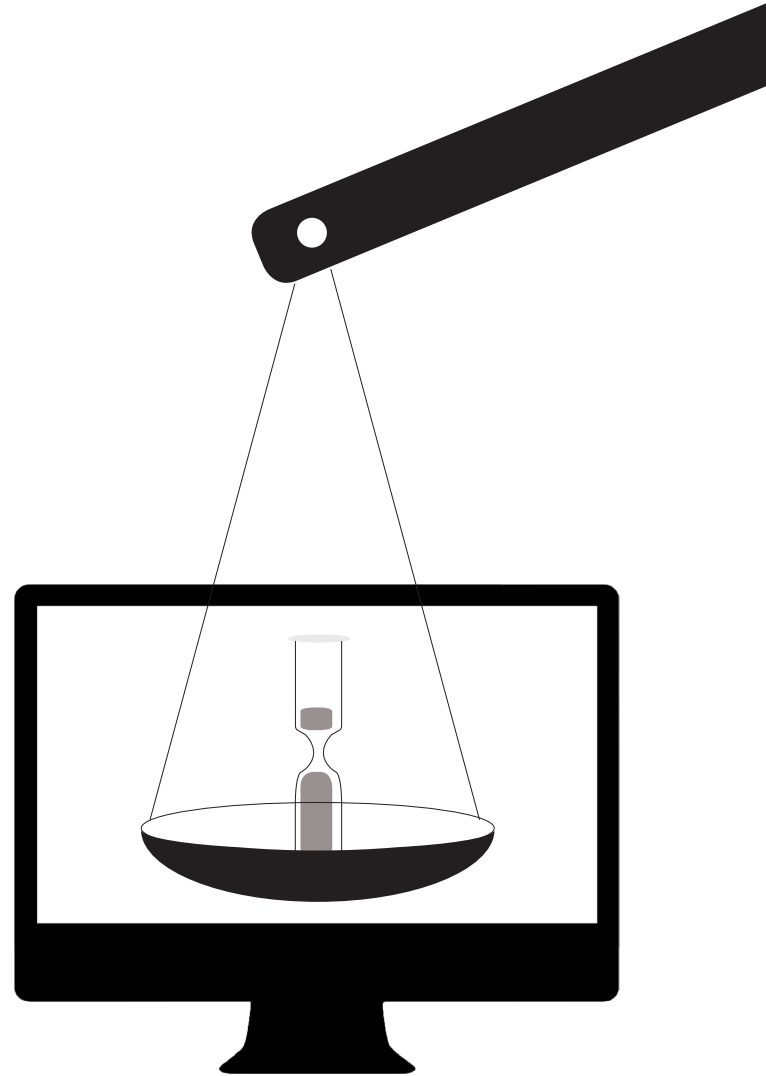
Insights and Best Practices for an Emerging Standard

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As digital content measurement continues to develop, growing more focused and refined, time-based metrics, which attempt to measure the total time and attention a user spends with digital content — and, by extension, the brand it's associated with — have the attention of the digital content ecosystem. Publishers, advertisers and industry experts are asking whether they offer a more accurate and effective way to gauge the value of content and advertising programs.



Technical innovation, and in particular the ability to measure the time spent with content of an active browser window, has accelerated the discussion around attention metrics. Until 2013, the most common way the industry measured time was to approximate the duration of a user visit using server logs; now it can be done in real-time, down to every pixel on the screen.

And premium publishers have responded, with many looking to time-based attention metrics as a powerful measurement resource. The *Financial Times*, a bellwether for innovative publishing practices, recently announced its commitment to sell online advertising on a cost-per-hour (CPH) basis. As this Digital Content Next (DCN) report shows, more publishers are set to follow suit.

Valuing content based on the amount of time consumers spend with it provides a meaningful, cross-platform metric that adds deeper understanding of consumer engagement, beyond the click.

The current model of using click-based metrics has resulted in the industry justifying the value of metrics, rather than the metrics proving the value of products. Moving to a measurement framework that incorporates time-based metrics aligns valuation of content and advertising with time and attention – finite and fragmented resources – instead of arbitrary standards, and offers solutions to significant industry challenges, which are highlighted below.

Time-based metrics enforce the need for viewability. In her State of the Internet report, Mary Meeker states that the annual share of brand advertising for online (and now mobile) significantly trails the share of time spent online¹. Viewability was a first step in the industry's attempt to solve this problem by requiring ads actually appear onscreen and for a minimum of one second. Viewability continues to create unrest because publishers are realizing they're losing a percentage of impressions but not getting paid a higher rate for guaranteeing viewability. However, this is a transition issue, which will get fixed if more brand money enters the marketplace.

Time-based metrics create an inventory constraint that will reintroduce scarcity into the market. The MRC viewability standard, which requires ads to be viewable in order to be considered measurable, laid the groundwork for limiting inventory. Pricing impressions against time will serve as a finer filter to weed out "false" impressions that a consumer doesn't see and therefore won't produce results for marketers. Time cannot be manufactured and provides a zero sum game in which quality ultimately garners repeat attention and loyalty.

Time-based metrics realign pricing with quality and reinvigorate context. These metrics will naturally divert revenue to higher valued content – the content consumers really want to see and engage with. Content providers can then invest in future content and sell on this value, rather than a placement. For example, there are instances where homepage stories are priced much higher than lower article pages, even though those article pages tend to get more engagement through other channels, like social media (which is why *The New York Times* expressed a particular concern with the decline in their home-page visitation)². Time-based metrics would effectively re-balance value attribution in such instances from advertising placement to advertising context. The result is that content

most valued by consumers will bring in the most revenue, whether it appears on the landing page or hidden deep in the archives.

Time-based metrics provide a better measure of advertising success than click-through rate. A growing body of evidence suggests a strong correlation between exposure and advertising effectiveness metrics, including a study by Moat and BrightRoll which found that viewability alone provides a 104 percent lift to brand recall³. But this brand boost is further amplified by time spent with the ad, according to a study by the *Financial Times* using Chartbeat data, which concluded that ad recall increases by 79 percent when an ad is seen for more than five seconds compared to an ad seen for less than five seconds⁴. Lastly, with length of exposure by definition serving as a more encompassing metric (e.g. one that captures all users), time is a significantly more accurate and robust metric than direct response, which measures behavior of only a fraction of a percent of users⁵. Brand advertising has been constrained by an ad ecosystem built and optimized to measure clicks and actions rather than exposure and engagement.

Time-based metrics work across platforms. As a universally-accepted standard, time measurement serves as an easily comparable metric that captures consumption and ad performance across a variety of digital platforms and traditional television. Additionally, for certain types of content, time-based measurement presents an effective solution to the challenge of duplicating cross-platform audiences.



It's about time we stopped counting quantity and looked instead at quality — specifically for brand campaigns. Attention is what matters, not pings from an ad server. Let's look at outcomes that matter!

Jon Slade, Commercial Director, Global Digital Advertising & Insight, *The Financial Times*

SOURCES

¹Mary Meeker, "Internet Trends 2014", May 2014, <http://www.kpcb.com/internet-trends>

²*The New York Times* "Innovation", March 2014

³Moat and BrightRoll, Presented at BrightRoll Video Summit, October 1, 2014

⁴*Financial Times* and Chartbeat, "Financial Times Digital Attention Economy Study: How Does Time an Ad Is Seen For Affect Brand Perceptions?", October 2014

⁵DoubleClick Benchmarks Report 2010, <http://www.google.com/doubleclick/insights/research.html>

Research & Methodology

In order to assess how premium publishers currently view and use time-based metrics, and what their expectations are for the future, DCN surveyed a number of members with in-depth qualitative interviews in July and August 2014. The expert sample came from interviews with nine leading publishers, across a mix of content verticals. The interviews were supplemented by a quantitative survey with 25 DCN member publishers fielded in September 2014.

Interview Participants:

CNBC Digital
Condé Nast
ESPN
Financial Times
Forbes Media
Gannett Co., Inc.
The New York Times
Univision Communications, Inc.
Wall Street Journal

Questionnaire Participants:

AccuWeather
BBC Worldwide Americas
CBS Interactive
Condé Nast
Consumer Reports
Digital First Media
Discovery Communications
Edmunds.com
ESPN
Financial Times
Gannett Co., Inc.
Hearst
NBC Universal
New York Media
The New York Times
Newsday
Scripps Networks Interactive
Slate
Spanfeller Media Group
The Daily Caller
Time, Inc.
Turner Broadcasting,
Univision Communications, Inc.
Viacom
Vox Media

DCN recommends publishers use the following forward-looking best practices as a guide for integrating time measurement into their metrics suite:



Industry perspective

Moving to time-based media currency is the smartest move that digital publishers can make. There is a reason that the foundation of the TV ad business is time-based. It equates to the amount of attention that audiences give their ads. If digital publishers want to be comparable to TV dollars, particularly as they develop more robust sight, sound and motion content, they will need time-based packaging of their ad product.

Dave Morgan, CEO and Founder,
Simulmedia

Reassess measurement capabilities so you know who your most engaged users are, how they arrive at your site, how and where they are spending their time on your site, and what drives their attention, frequency and engagement.

Implement viewability, which is the first step to bringing the time dimension to ad unit measurement, as well as a natural way to start talking about the larger topic of time with the buy side.

Report the total attention time on campaigns whether advertisers ask for it or not. It will initiate conversations with agencies and marketers and demonstrate how time spent differentiates high-quality content. Although brand marketers interested in sponsorship and native advertising opportunities are likely to be more receptive to these metrics, it is important to communicate the value of time to a wider range of ad buyers.

Equip your ad ops and yield management teams with the tools to understand the value of the time your audience spends with your content. They need to know how your ad units and placements perform in terms of time beyond the current viewability standard of one second. This will allow your ad ops and yield management teams to evaluate scenarios of monetizing that time with different ad products and/or different pricing structures that best reflect the value of user engagement with each specific piece of content. Consider the time-based measurement version of “frequency-capping” by not counting time beyond a certain duration with individual users. For example, measure total attention with a campaign by counting all time in the active window greater than one second but no more than five minutes with an individual user.

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TIME-SPENT AS THE NEXT STEP IN VIEWABILITY

Publisher use of time-based metrics

Q. "Does your company use time-based metrics?" If not: "Are you planning to start using time-based metrics internally?"

All of the publishers surveyed indicate that they already use time-based metrics or plan to do so in the future. While 80 percent are already tracking attention, 16 percent plan to start in the next six months, and 4 percent intend to start at a later date.

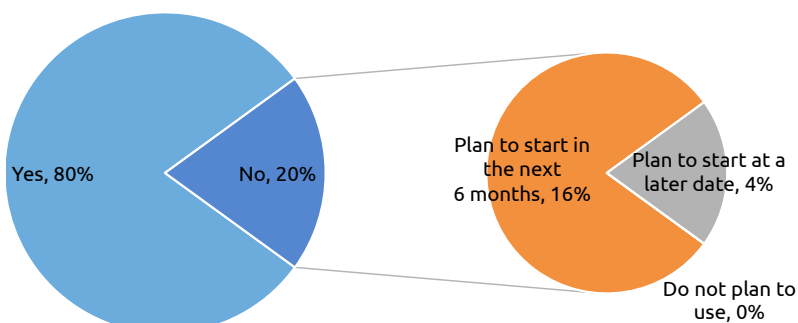


Fig. 1
Percentage of respondents, N=25
Source: DCN

Potential of time-based metrics to replace other metrics

Q. "Can a time-in-view metric replace other metrics currently used in ad sales? (select all that apply)"

More than half of the respondents (52 percent) say time-based metrics could replace the standard impression as a universal currency for an ad unit. Forty-eight percent also say time-based metrics could replace click-through rate. However, 32 percent of respondents feel time-based metrics are not a replacement for any of the currently used metrics.

Industry perspective

I see potential in measuring based on time – essentially, it's measuring engagement with an ad. If it's presented as another option for transacting, I don't see any downside in doing it for publishers or marketers."

Wenda Harris Millard,
President and COO, Medialink

Industry perspective

Once we have the opportunity to see (viewability) nailed as a first step cross-platform currency, the sequential next step currency is engagement. Short of scalable, affordable neuro measures (of emotional response), time is the best surrogate to measure engagement.

Mike Donahue, EVP, 4A's

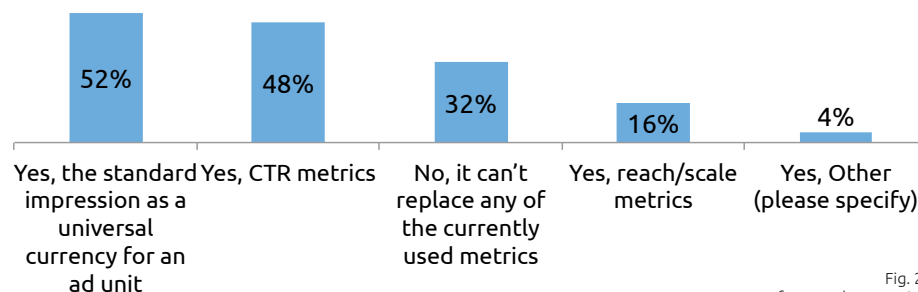


Fig. 2
Percentage of respondents, N=25
Source: DCN

FINDINGS

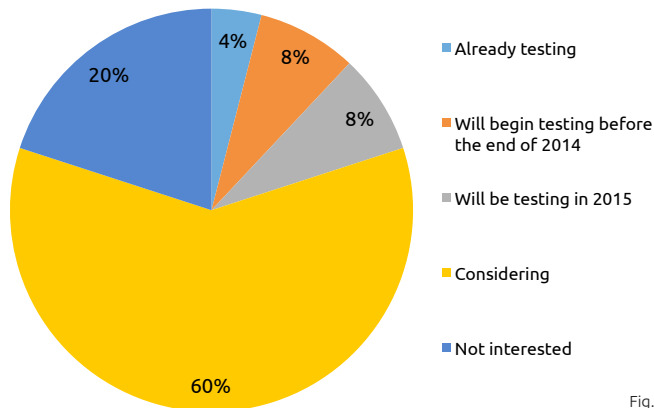


Fig.3
Percentage of respondents, N=25
Source: DCN

Publisher interest in transacting based on time

Q. "Are you interested in transacting (selling advertising) based on time?"

Overall, 80 percent of publishers surveyed are interested in using time-based metric to price and sell ads: 4 percent are already testing time-based transacting, 8 percent will begin testing before the end of 2014 and further 8 percent will begin testing in 2015, while 60 percent are considering transacting on time.

Hurdles to time as a currency

Q. "In your opinion, what are the three biggest hurdles to time-in-view as a currency? (Choose top 3)"

Publishers identify a lack of standard metrics and measurement as the main obstacle to adopting time as a currency, with 68 percent of respondents including it in their choice of top three hurdles. The second and third most commonly identified obstacles are lack of research demonstrating time is correlated to ad effectiveness (48 percent of respondents) and lack of marketer and ad agency education and interest (identified by 40 percent of respondents).

Nevertheless, the four hurdles related to scope constraints, taken together, were mentioned by 84 percent of respondents. These include time metrics being better suited for non-standard units, only suitable for brand advertising, only suitable for the premium part of the market or only suitable for long-form content.

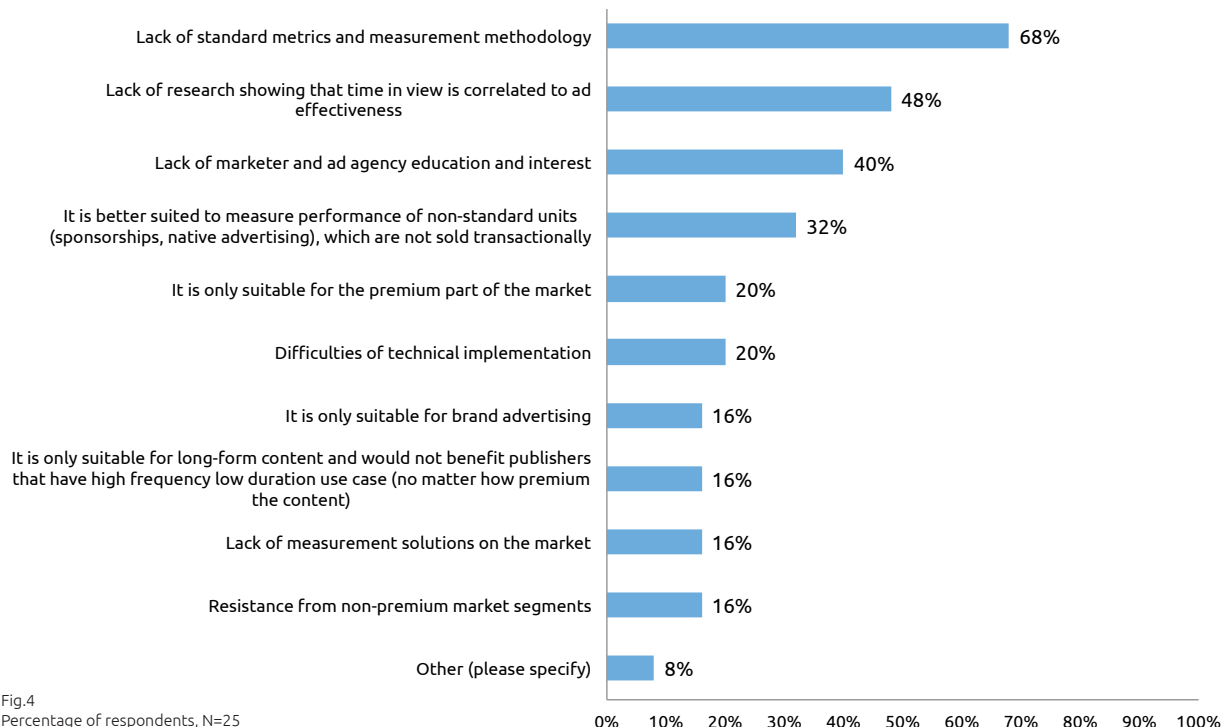


Fig.4
Percentage of respondents, N=25
Source: DCN

Attitudes on the future of time as a currency

Q. "Do you agree with the following statements about the potential of time as a 'currency' (a basis of transacting)?"

Half of the publishers surveyed (52 percent) agree or strongly agree that transacting on time is the next evolutionary step of the viewability implementation, versus 8 percent who disagree or strongly disagree. While they concur time transacting has the potential to become a currency for the premium segment of the market, the views on the potential of time to become a universal currency are much more divided, with 32 percent agreeing and 28 percent disagreeing.

In-depth interviews reveal that publishers believe time is best suited as a currency for the premium segment of the market in both the buy and sell side. Some noted that time is a suitable metric only for the most premium ad formats, such as native advertisement or sponsorships, rather than standard banner units. Even with a more expansive outlook on time as a currency, the majority of publishers do not think that it can or should be expected to penetrate all segments of the market, particularly the direct response buys.

While some publishers think time is a good way to showcase the value of their content and audience, they're also cautious about how to incorporate the measurement into regular transacting. Thirty-six percent of respondents agree that time can only be 'part of the sales story', but should not be a basis of transacting (32 percent disagree).

Additionally, 48 percent of publishers agree that a switch to transacting on time should be led by advertisers, not publishers. They emphasize we are in the early days of viewability implementation, and both sides of the market need to first clear that hurdle before moving on to time-based transacting.

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I think of engaged time as a differentiator, a competitive response to potential threats from low quality content that will allow us to stay premium.

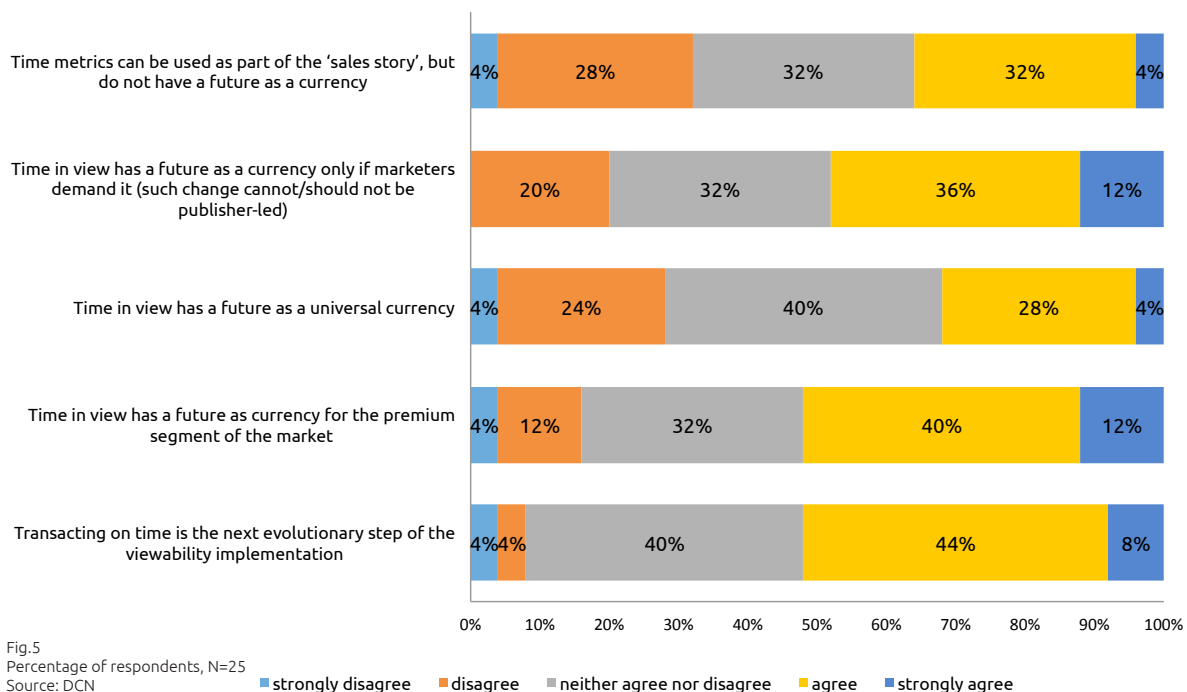
I don't think time is likely to be a universal currency; such inventory would be a fairly small part of total inventory, but it could be a major part of the total revenue mix.

Kevin Krim, SVP and General Manager, CNBC Digital

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Time metrics are a way to justify moving from standard transaction based units to high-impact units and something other than click-through rate to measure the success.

Steve Ahlberg, VP, Advertising Solutions & Product Management, Gannett



TIME METRICS AS AN INTERNAL PERFORMANCE EVALUATION TOOL

Publisher use of time-based metrics

Q. "How does your organization use time-based metrics internally? (select all that apply)"

Currently, 90 percent of members surveyed indicate they use time metrics to internally evaluate performance of their sites and content among their editorial and/or sales and ad operations teams. Eighty percent are actively using time-based metrics to enhance their offerings, either for the consumer or for the advertisers.

On the consumer side, time metrics provide valuable insights into the differences in consumption patterns between platforms, daytimes, specific types of content or sections of a publisher site that would not be obvious from metrics such as unique users or page views alone. Leveraging these insights allows publishers to adjust their editorial cycle and develop consumer propositions that serve the consumers the type of content they would be most interested in at a given moment in time, in a format and on a platform best suited for that moment (e.g. publishing long-form articles around noon or lunchtime on the desktop site to capture lunchtime break consumption.)

On the advertiser side, grasping the time dimension of consumption offers publishers an edge in ad inventory forecasting. Furthermore, understanding what types of advertising units are in view longer can help publishers optimize the types of inventory and placements they offer as well as improve their ability to develop new types of ad products.



At Condé Nast we strive to attract high quality audiences and focus less on driving scale. Our data and analytics efforts are focused on helping the organization understand how we can optimize quality and build sites that will attract high value audiences, who repeatedly come to our sites and spend a lot of time there. The time component is big part of the equation here.

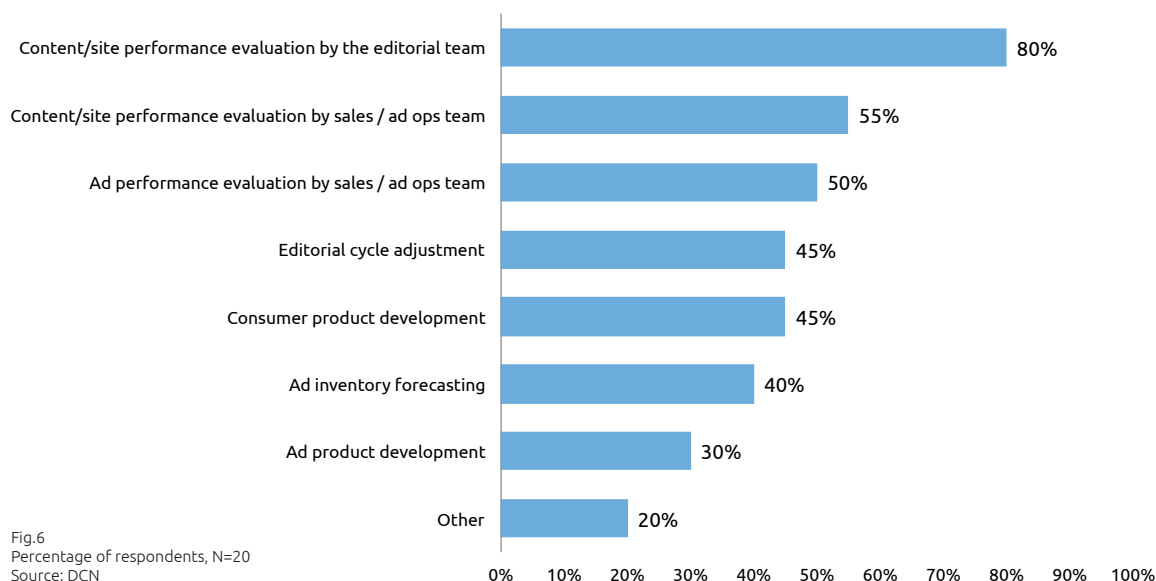
Christopher Reynolds, VP, Data & Marketing Analytics, Condé Nast

It's important to deeply understand how users are spending their time on each device they are using. Understanding this helps us architect our products better and make smarter editorial decisions for each particular device use case. It also helps us more accurately forecast ad impression potential by platform.

David Coletti, VP, Digital Media Research & Analytics, ESPN

Our ad operations and analytics teams use time-based metrics to get insight and intelligence on how our site works and understand how different ad placements and ad creatives perform.

Mark Howard, CRO, Forbes

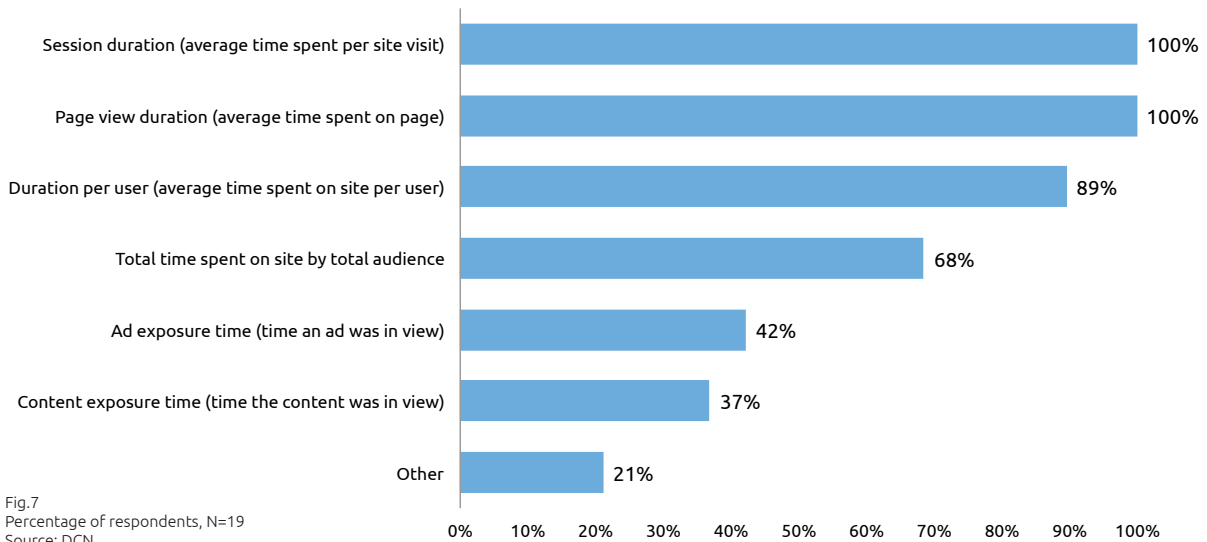


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Metrics Publishers Use Internally

Q. "What time-based metrics do you use? Which of these do you share with agencies/marketers?"

A little over half of DCN members in the survey, 53 percent, said they use the new generation of time-based metrics – content and/or ad time-in-view. However, the primary time-based metrics universally used internally by publishers are time spent per visit and time spent per page, closely followed by time spent per user.

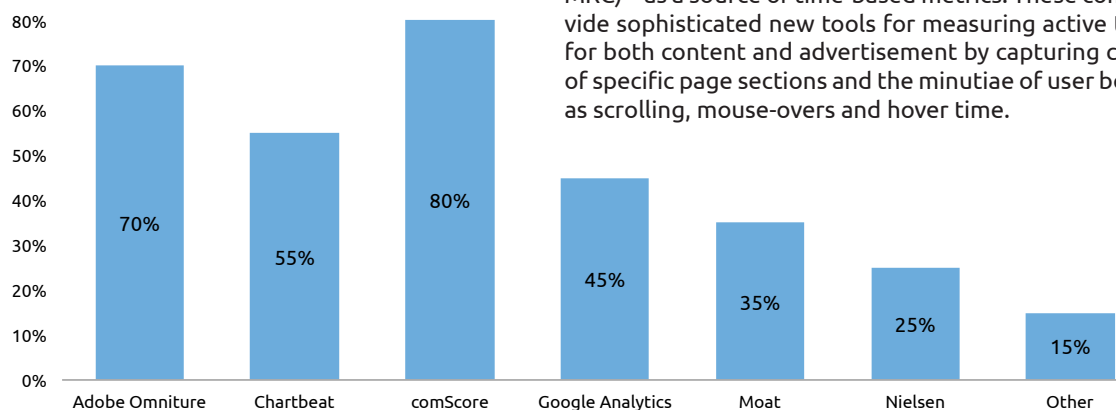


Vendor Popularity

Q. "What vendors do you use for time-based measurement? (please select all that apply)"

Ninety-five percent of publishers surveyed indicate they use more than one vendor for sourcing time-based metrics. ComScore is the most frequently mentioned vendor (80 percent), closely followed by Adobe Omniture. Seventy percent of publishers also reported using at least one of the new generation of analytics companies – Chartbeat or Moat (both accredited by MRC) – as a source of time-based metrics. These companies provide sophisticated new tools for measuring active time-in-view for both content and advertisement by capturing consumption of specific page sections and the minutiae of user behavior such as scrolling, mouse-overs and hover time.

Fig.8
Percentage of respondents, N=20
Source: DCN



TIME METRICS AS A POWERFUL SALES TOOL

Sharing Time-Based Metrics With Advertisers

Q. "Does your organization share time-based metrics with agencies/marketers?"

Among publishers currently using time-based metrics, 85 percent indicate they share these metrics with advertisers. With content and site performance evaluation by ad sales or ad ops team being the second most popular internal use-case of time-based metrics, it is only natural that these teams will pass on their insights onto the buy side.

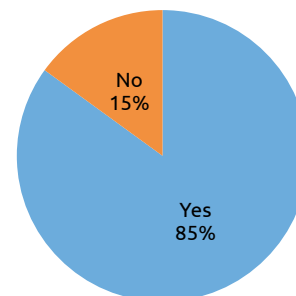


Fig.9
Percentage of respondents, N=25
Source: DCN

“Time is a very important metric when we evaluate our marketplace position. We use the total minutes metric extensively, which we then translate into an average minute audience level. Using time-based metrics allows us to better detail how our digital audiences are engaged, much more so than just looking at monthly unique visitors. It also allows us to make apple-to-apple comparisons of digital and TV audiences. For example, being able to quantify how our TV Everywhere product WatchESPN adds incremental audience to our linear TV ratings is a powerful indicator of the changing media landscape internally, and is a compelling story for ad sales.”

David Coletti, VP, Digital Media Research & Analytics, ESPN

Importance Of Time-Based Metrics To 'Sales Story'

Q. "On a scale of 1 to 5, how important are time-based metrics currently to your sales story as ... (1 = not important, 5= very important)"

When publishers were asked to rank the importance of time-based metrics to the different aspects of their sales story on a scale of 1 to 5, with 5 being most important, they attributed approximately 4.5 to using time-based metrics as proof of audience engagement / attention and proof of the quality of their content.

In-depth interviews reveal publishers believe there is a wide range of advertiser/agency interest in time-based metrics. In fact, some publishers note they often encounter varying degrees of receptivity even within the same client organization, with upper management being more understanding of the importance of time-based metrics but finding it difficult to translate into actionable insights for day-to-day campaign decisions.

It is also worth noting that the video advertisement ecosystem is significantly more receptive to time-based metrics than the display ecosystem. Not only does the digital video advertisement sale inherently include a time component, but time-based metrics also provide a convenient way to tie together and compare consumption on digital and traditional TV platforms. Several publishers have noted time metrics are the language of TV ad buyers and highlighted their use of such metrics for cross-platform sales stories.

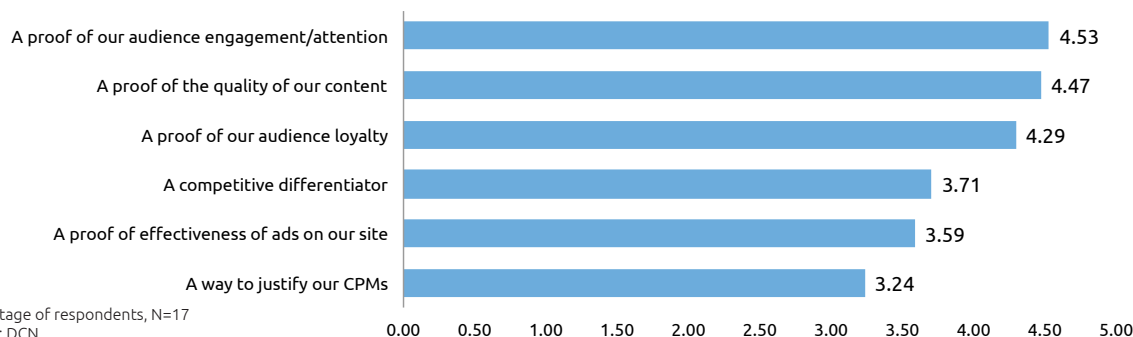


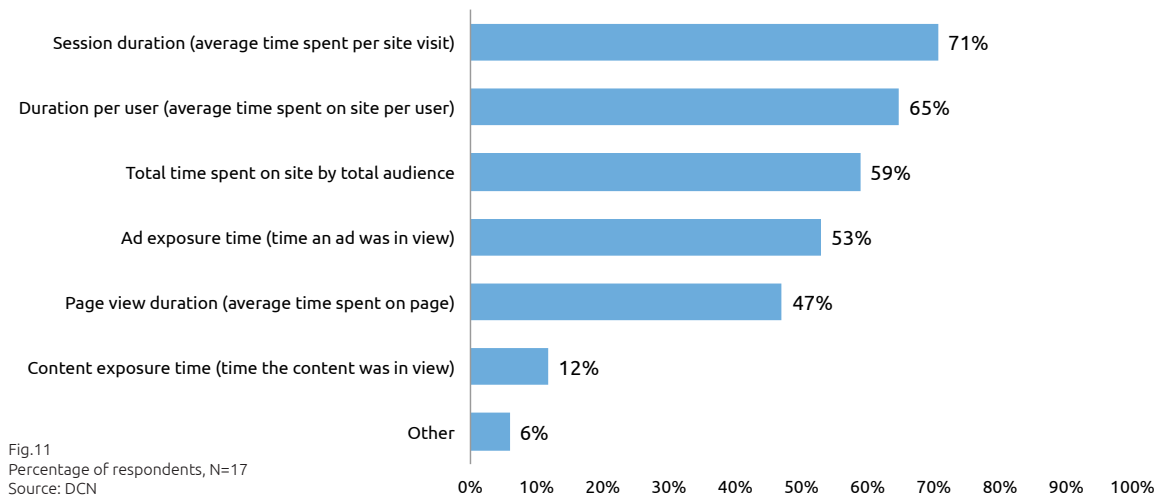
Fig.10
Percentage of respondents, N=17
Source: DCN

FINDINGS

Metrics Publishers Share With Advertisers

Q. "What time-based metrics do you use? Which of these do you share with agencies/marketers?"

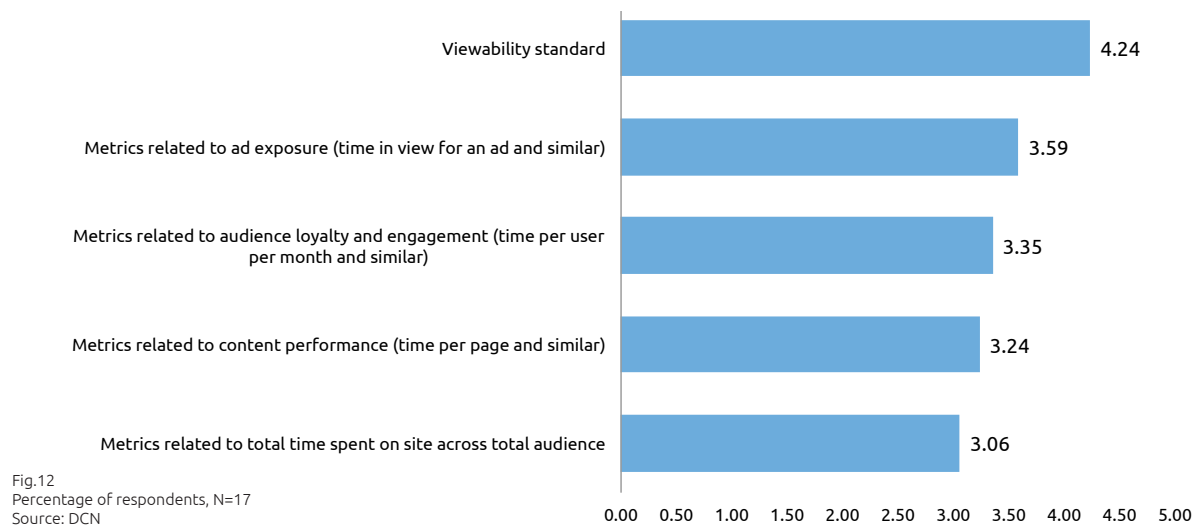
Similar to the metrics used internally, publishers most frequently share time-per-visit with advertisers. Together with other metrics related to content and site performance (duration per user, total time spent on site and similar measures), publishers use this metric to highlight the quality of their content and engagement of their audiences as part of their sales story.



Publisher Perception Of Advertiser Interest In Time-Based Metrics

Q. "In your experience, how interested, on average, are agencies/marketers in time-based metrics? (1 = not interested, 5 = very interested)"

Publishers believe advertiser interest in time-based metrics is lukewarm at best. When asked to evaluate how interested on average agencies and marketers are in time-based metrics on a scale of 1 to 5, publishers gave the highest score of 4.2 to the viewability standard, far above of all other time-based metrics. In the in-depth interviews publishers indicate that the buy side is still grappling with the concept of viewability and its associated metrics and is not yet ready for the next level of conversation. Publishers also mention that, typically, they are the ones initiating conversations around time-based metrics rather than being asked to provide these by the buy side.





Advancing the Future of Trusted Content

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ABOUT DIGITAL CONTENT NEXT

Founded in June 2001 as the Online Publishers Association, Digital Content Next is the only trade organization dedicated to serving the unique and diverse needs of high-quality digital content companies that manage trusted, direct relationships with consumers and marketers. Digital Content Next produces proprietary research for its members and the public, creates public and private forums to explore and advance key issues that impact digital content brands, and works to educate the public at large on the importance of quality content brands. More information about Digital Content Next is available at www.digitalcontentnext.org.