

YouTube argues fewer ads equal greater ROI as it launches ad frequency capping globally

Article

The news: YouTube is announcing the global launch of Target frequency for its advertising platform in order to help advertisers improve the accuracy and effectiveness of their

audience reach.

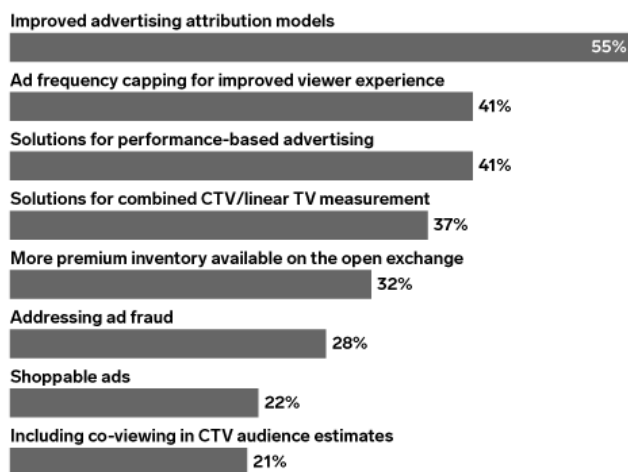
- In its announcement, YouTube cites the example of **Triscuit**, which achieved a 93% higher absolute recall lift on a campaign with a weekly frequency of two versus a non-frequency optimized campaign, all while saving 40% per lifted user.
- When set up using suggested best practices, more than 95% of Target frequency campaigns on the platform met their frequency goals, according to a YouTube meta analysis of 290 campaigns and 57 advertisers.

Zoom out: Repetitive ads are a well-known problem that has plagued the advertising industry for years, and it's been a balancing act to find the ideal video ad frequency for both viewers and advertisers.

- That difficulty has only grown as the number of US homes watching linear TV has decreased, and the number of cord-cutting households is expected to increase nearly 29% by 2026, according to our forecast.
- According to a Nielsen study commissioned by Google, TV marketers' ROI fell by 41% on average when frequency topped six-plus weekly impressions, which accounts for 46% of TV impressions given.
- Even with some tools available when it comes to frequency capping, improvements to that area were ranked as a high priority by 41% of marketers in one recent study.

Improvements in Connected TV (CTV) Advertising in Which US Agency/Marketing Professionals Are Most Interested, Dec 2021

% of respondents



Note: reflects total percentage of respondents who ranked each improvement listed between 1-3 on a five-point scale measuring interest
Source: Advertiser Perceptions and Hub Research, "CTV Landscape Study 1H 2022," June 29, 2022

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Why it matters: Ad-supported video on demand (AVOD) users often gripe about being bombarded with the same ads over and over again.

- Streaming ad overexposure also irritates advertisers, who want their campaigns to draw customers rather than tick them off. Getting frequency right helps advertisers achieve better ROI by ensuring that ads are landing with viewers at appropriate intervals.
- Frequency capping across platforms is an issue as well, given that consumers move seamlessly between linear and streamers. “Unless and until platforms talk to each other in real time, it will be impossible to limit frequency holistically,” said Insider Intelligence analyst **Evelyn Mitchell**. Advertisers can limit cross-platform frequency via DSPs, Mitchell explains, but if those same advertisers are also purchasing inventory directly with a platform, that can lead to over-frequency—even if there are frequency capping measures in place with both purchase paths.

Yes, but: Simply put, brands need to adhere to frequency caps firmly.

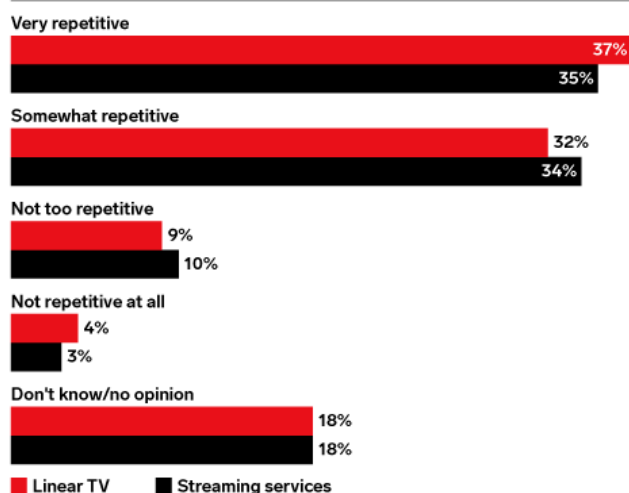
- When the programmatic era first began, advertisers often allowed their media agencies to remove frequency caps at the conclusion of a campaign in order to “deliver in full.” That increases impressions while diluting quality and annoying the prospect they’re trying to court.

- That thirst for impressions can even lead an agency to show ads to a low-quality audience or perhaps even to bots, who have no disposable income.

Our take: Advertisers and consumers are both in a tough position: The frequency of TV spots being seen by the audience is rising, while reach is simultaneously dropping. Repeatedly seeing the same ad is annoying for viewers and wasteful for advertisers.

To What Extent Do US Adults Find Ads on Linear TV vs. Streaming Services to Be Repetitive?

% of respondents, Sep 2021



Note: ages 18+

Source: Morning Consult, "National Tracking Poll #2109041," Oct 18, 2021

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- As some platforms (notably **Netflix** and **Disney+**) begin to deploy ads, they need to think about the frequency issue. Netflix COO Greg Peters recently emphasized that the company's ad platform has launched with four to five minutes of ads per hour max, with "tight frequency caps." That's easy to do at a platform's outset, but harder to control as one scales up.

*This article originally appeared in **Insider Intelligence's Marketing & Advertising Briefing**—a daily recap of top stories reshaping the advertising industry. Subscribe to have more hard-hitting takeaways delivered to your inbox daily.*

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