CPEV, WHAT'S IN A NAME ?

On 22 September 2016 Space launched an entirely new indicator: **CPEV,** which stands for **« Cost Per Efficient View »**. Amidst the many diverse business measurement units and standards for online video reporting, our aim is to give advertisers the possibility for a « like for like » comparison between all the existing offers on this market. The CPEV is based on a series of common criteria, is able to adapt to the different formats and target groups and is modular. This new indicator is both synthetic and adaptable: anything new in the offer of formats or rates can be immediately integrated and reported.

1 CPEV: how do you calculate it?

The process that leads to the CPEV starts with the homogeneous representation of the basic costs: the cost per thousand contacts (CPM) at the start of the campaigns is therefore, if necessary, converted to the « net ratecard cost», and thus shown without the margins for intermediaries (commissions). For order form purchases (« ordering »), we also deducted an average commercial discount of 15% to determine the basic cost. This means we bring the purchase method through « ordering » in line with the other purchase method, i.e. «programmatic buying », which is without price negotiations.

The net CPM is then progressively weighed on the 6 variables below according to the formula:

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Net CPM
/Completion %
/Viewability %
/Targeting %
/Human rate %
/Management %
/Quality uplift %
= CPEV
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These 6 variables are sometimes the result of calculations based on sub-criteria. Below, you will find the necessary explanation in detail:
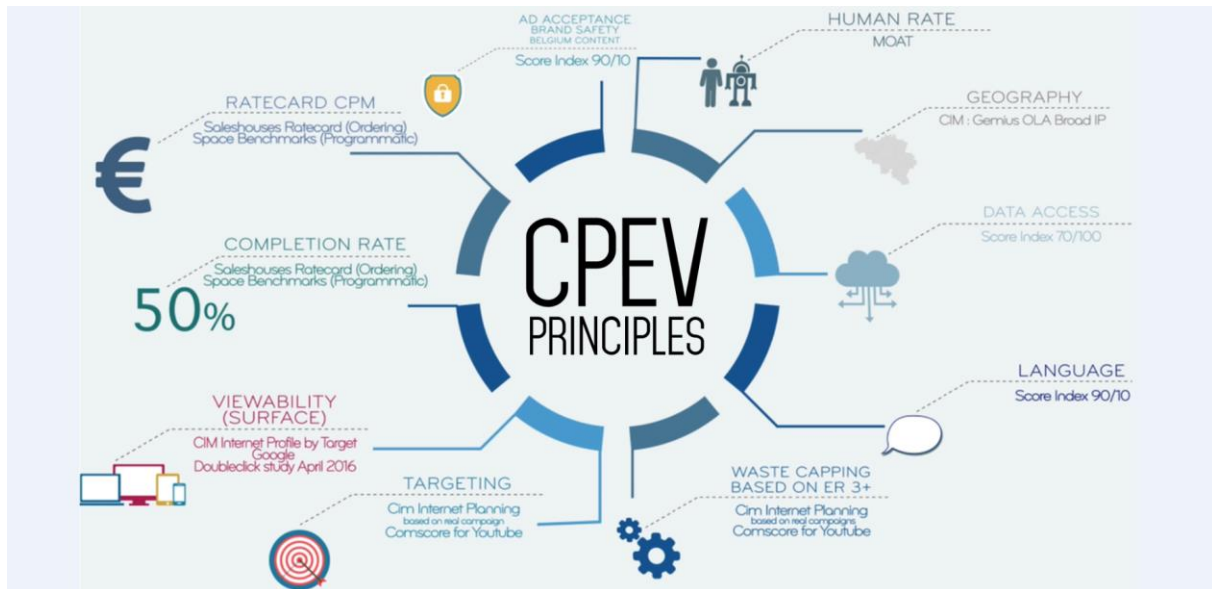

This analysis of the Cost Per Efficient View comprises 21 options from the offer of advertising messages, one « skippable » and twenty different « unskippable » formats. Below are 8 propositions via « programmatic buying » and 12 via « ordering ». The indicator is currently available for 4 target groups and 2 time units.

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Completion rates

The general philosophy is to put the standards for online video in line with television. For the calculation of the net contacts for TV, CIM has applied a simple rule since 1997: if at least 50% of the total length of a commercial is viewed, it counts as 1 contact (1); if the viewing time of a spot is less long, no contact is charged (0). The use of ad servers means it is possible for every form of online video advertising and for every proposition on every platform to calculate an **average ratio of spots viewed for 50%.** We use this proportion of "viewed spots" to weigh the basic cost for a thousand contacts.

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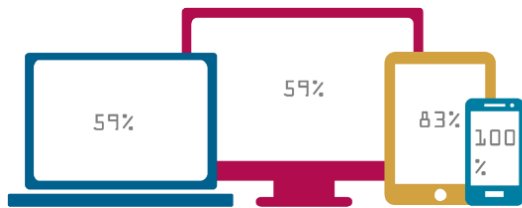
Viewability

According to international standards, the minimum viewability corresponds with the chance to observe the video message during 2 consecutive seconds on 50% of the surface.

The definition of viewability we apply goes further than this: it is related to the platform (PC, tablet or smartphone) and only retains the spots viewed completely (100%). For each website, we take into account the share of the realised contacts via each of the platforms to arrive at an average ratio of « viewability ». The table below shows an example in which the average viewability score is obtained for all platforms by awarding the weight of the share in the total of 100% viewed videos to the values of each separate platform:

	Smartphone	Tablet	PC	Total	Weighted average
% views	27%	28%	45%	100%	
% on view 100%	95%	95%	87%		91%

Targeting

« Targeting » comprises 3 variables:

a. The possibility to determine target groups: demographics are the simplest option, (men from different age categories, active women, etc.), but targets can also be groups with certain interests (fashion, smartphones, cars, etc.).
b. Geolocation: this criterion is based on the proportion of Belgian IP addresses within the total traffic.
c. Language: in Belgium, it is important to send messages in Dutch to Dutch speakers and in French to French speakers. In accordance with the greater or smaller capacity of an advertising offer to meet this basic requirement, the score will be lower or higher.

These 3 scores are multiplied with each other to come to an average targeting score.

« Human rate »

Obviously, digital advertising is meant to be seen… by human eyes. You understand that this is why we must exclude crawlers and robots. According to the MOAT institute, which is specialised in this matter, non-human traffic

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in Belgium only represents 4 to 5% of the total. Due to a lack of more accurate information per website, this weight percentage is evenly applied to all studied websites and all advertising formats.

Campaign management

This indicator also comprises 3 criteria:

a. An advertiser's possibility to control the « capping », so that the maximum number of exposures to a digital campaign of a particular individual in the target group can be determined. Ideally, the maximum repetition can be programmed over the course of the total campaign, regardless of the websites and platforms that are part of it.

b. The accessibility in « real time » to the campaign results for the advertisers and their intermediaries. The highest points are of course awarded to the forms of media planning which allow immediate monitoring and adjustment. In practice, this value is at 100% for the possibilities of all programmatic purchase methods (automated purchase) or at 70% for the purchases via order form.

c. « Brand safety » indicates the possibility to avoid certain websites or contexts that are not desirable for certain brands (traditional example: messages about traffic accidents are not popular with car brands, etc.). In the current market situation, this variable poses few problems in our country.

These three scores are also multiplied with each other.

Quality uplift

This is a quality variable which is related to what is known about avoiding irritations related to advertising, the dissemination of local content which is usually appreciated more and the presence of « long form videos ».

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Short summary

The table below shows the mean scores with the minimum and maximum values for each separate level in general and for the two big purchase methods separately, via « programmatic » and via « ordering ».

	Completion	Viewability	Targeting	Human rate	Management	Quality uplift
Average	**77%**	**68%**	**87%**	**95%**	**95%**	**81%**
Min	23%	53%	62%	95%	80%	61%
Max	100%	100%	100%	100%	100%	100%
Average Programmatic	74%	65%	88%	95%	94%	98%
Average Ordering	79%	71%	86%	95%	96%	68%

Generally, three variables have a major impact on the CPEV.
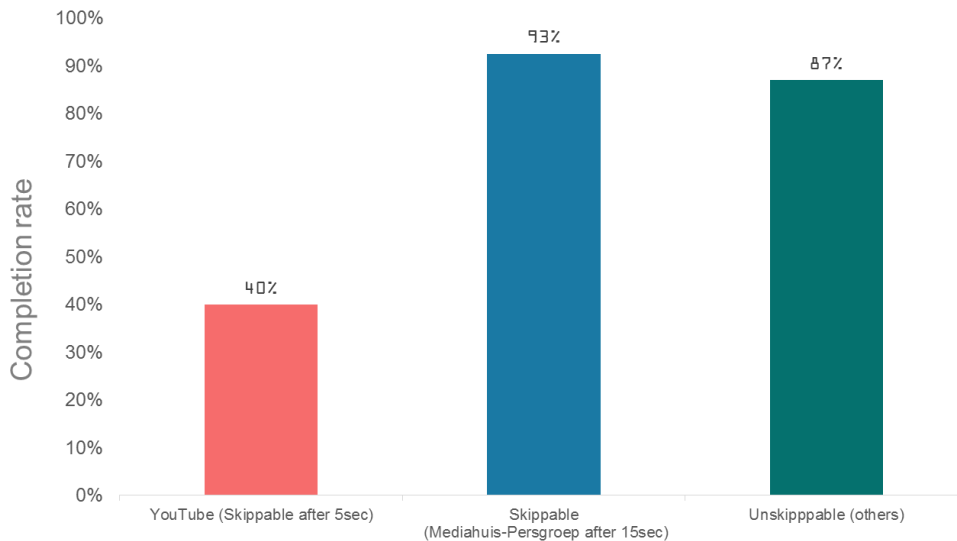
The **type of purchase**: « programmatic » or « ordering » (below, we show the comparison of the values for the total population of 18 and older):
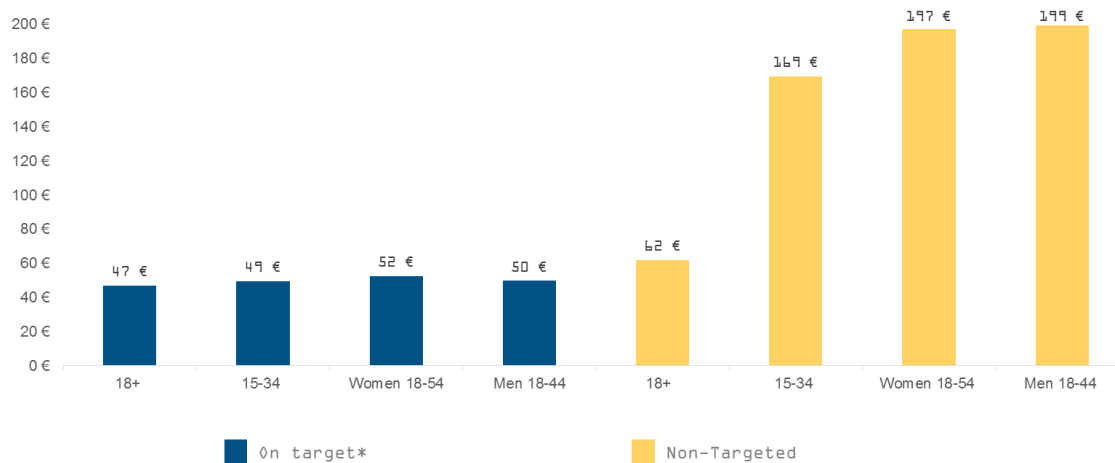
CPEV average

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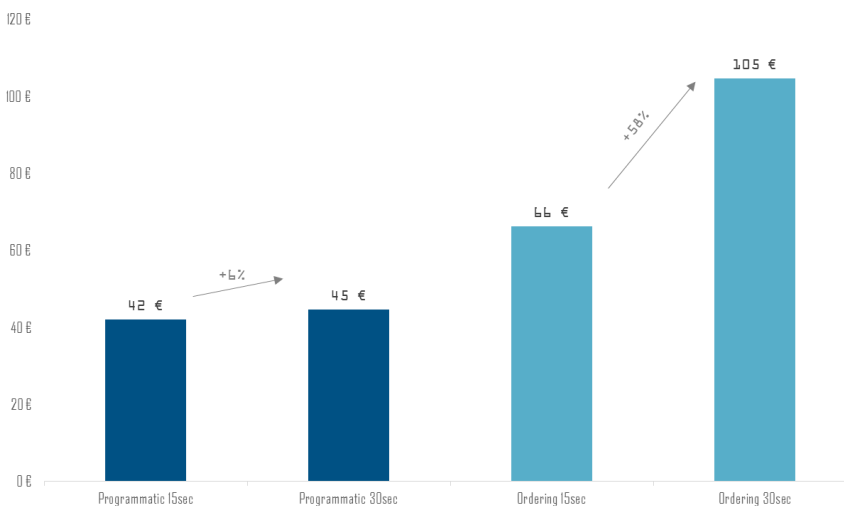
The ratio of **« completion of the viewing »**, which varies strongly of course depending on the type of exposure to the messages, « un-skippable » or not:

And finally, the **demographic targeting**: depending on whether accurate targeting is technically feasible or not, the prices can be multiplied by a factor between 1 and 4.

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We can thus conclude that the **Cost Per Efficient View** is a handy tool to rank the advertising possibilities and offers: every player in the « online video » market can be strictly and transparently evaluated.

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