



**AUDIENCE 2017
MEASUREMENT**

ARF Original Research: How Advertising Works 2016-2017

Unveiling The ARF Context Effects Models & ROI



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Why Study Context Effects Today

- ✓ Growth of Programmatic with strong emphasis on targeting, little interest in ad environment
- ✓ 50+ years of research shows impact of ad environment factors on ad performance
 - ✓ Some contradictory findings, no data on ROI, most studies about TV, very little on new platforms

Need to establish value of ad environment factors under today's conditions

ARF Context Effect Project



Positive Impact of Context

Identify Opportunities to take Advantage of Contexts to Increase Ad Impact, Maximize ROI



Negative Impact of Context

Brand Safety, Fraud

ARF Context Effect Project

**LITERATURE
SYNTHESIS**

**NEW STUDIES
FROM MEMBERS/
SPONSORS**

**ORIGINAL ARF
STUDIES**

Many Different Kinds of Contexts can Impact Ad Performance

Time Place Seasons

Economy Culture Politics

MEDIUM

DEVICE

PLATFORM

MEDIA BRAND

CONTENT

*AD
Environment*

Context effect

ATTENTION TRANSFER

- Strong research evidence that more attention to Context is likely to transfer to ad, can improve ad performance

Opportunity: Place ads in content, medium, platform, etc. that your target pays attention to

Context effect

PRIMING / HALO EFFECTS

- Many studies show that Context generates “Priming” or “Halo” effects that can influence ad performance
- **Alignment/Congruence** between context and ad can amplify Halo Effects, improve ad impact, lessen ad avoidance

Opportunity: Explore Alignments between Context and Ad

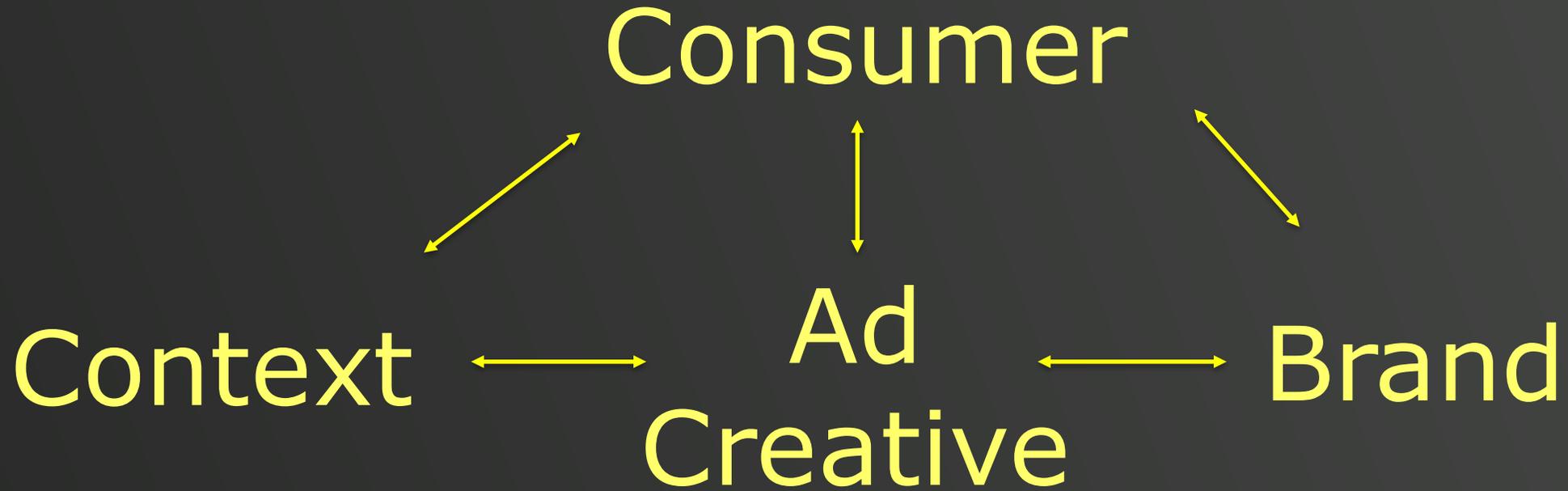
Different kinds of **ALIGNMENT**

- Endemic, thematic alignment
 - Sports – Sports, Food - Food
- Cognitive alignment: Both context and ad focus on information
- Emotional alignment: Emotional appeal of context matches emotional appeal of ad and brand

Which kinds of alignment work best for my ad and my brand?

Alignment Opportunities

Develop Ad Creative that aligns with Consumer Needs, perceptions of Context and Brand image



Alignment Opportunities

Understanding the true emotional drivers of content for your target



Alignment Opportunities

Exploring the meaning of “Holidays” for my consumer target?



Summary

- Compelling evidence for context effects
 - Ignoring context is risky
 - Benefits from understanding consumers' emotional connections to ad context
- No simple one-size-fits-all rules
- More research needed to
 - Assess ROI of contextually relevant advertising
 - Understand exactly how effects come about



ew Original ARF Studies

New Original ARF Studies

- **What are the Halo Effects of video content on advertising and is there an Alignment bonus?**
 - **MediaScience Neuro experiments**
- What is the ROI of contextually relevant advertising?
 - IRI Digital Lift
 - Pinterest On-Line Conversion Lift – July 13
- Are the context effects found in video advertising also present in audio?
 - Nielsen Consumer NeuroScience experiments – August 1

Program-Ad Context Effects

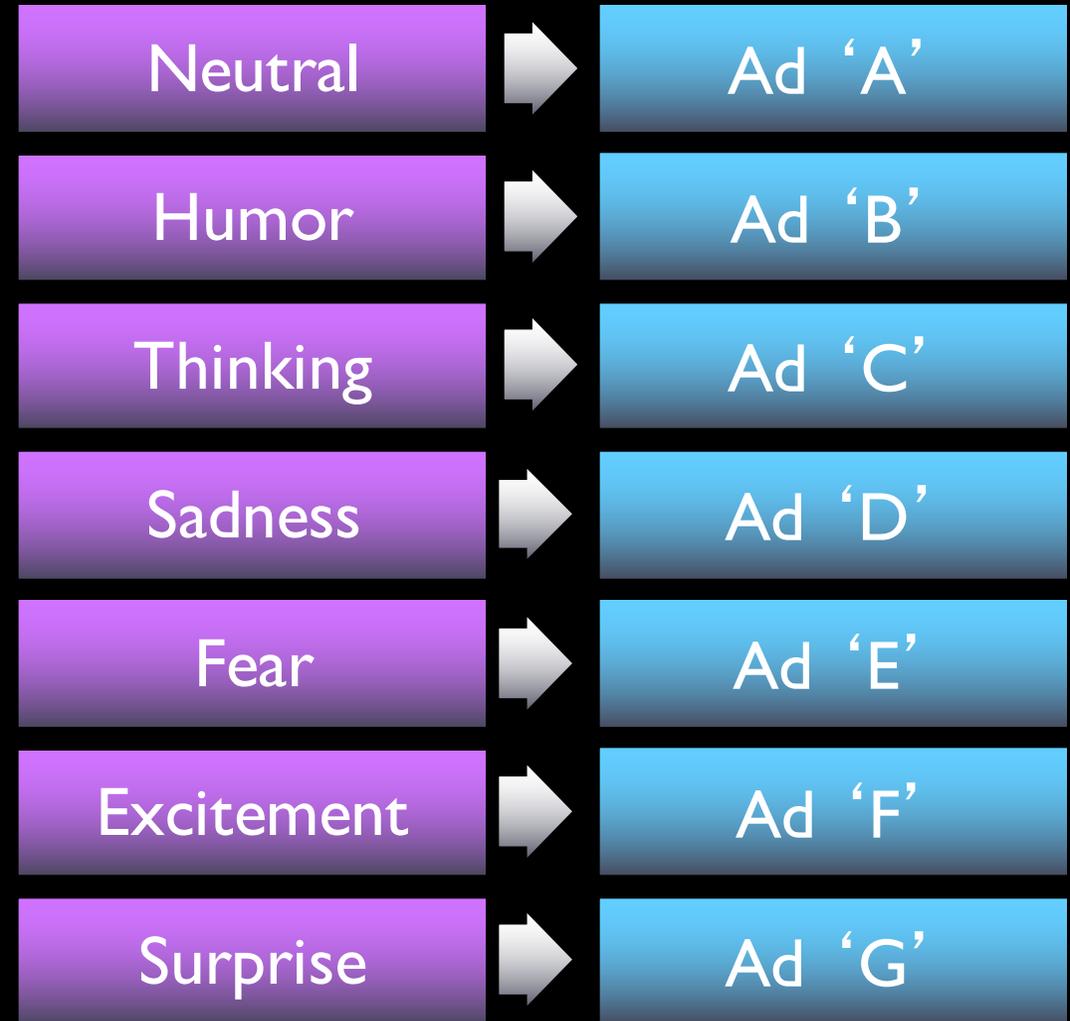
Dr. Duane Varan, CEO

Dr. Amy Rask, EVP



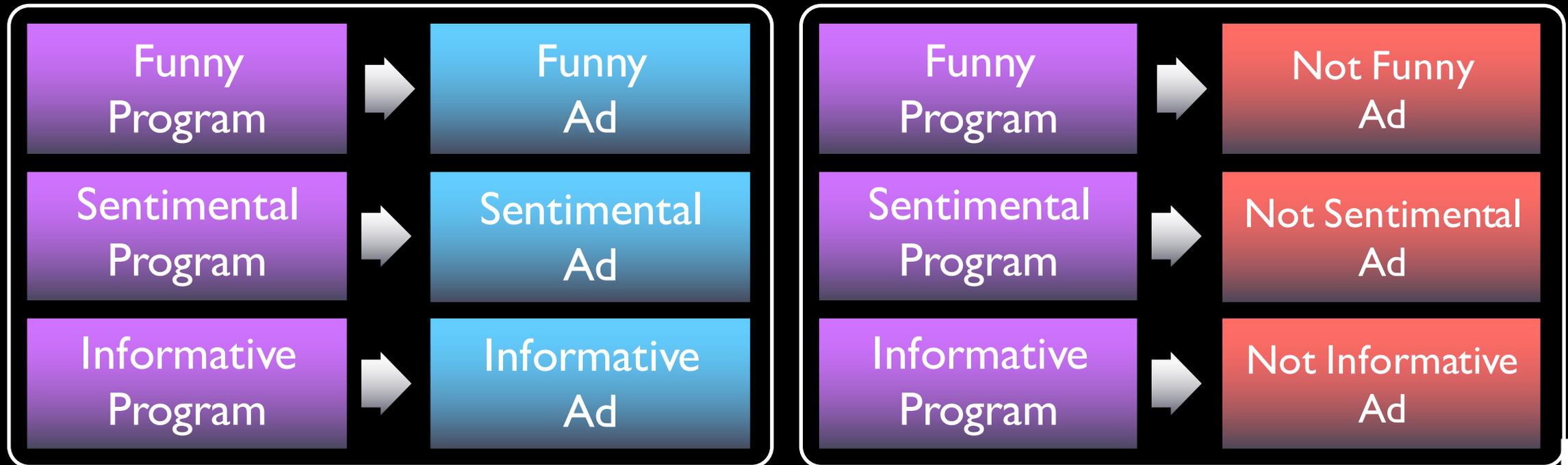
Phase One: Emotional Transfer Effects Study

Within-subject design whereby participants were exposed to seven clips eliciting specific emotions (pre-tested). Each clip was then followed by one of seven rotated ads.



Phase Two: Alignment Effects Study

Within-subject design whereby participants were exposed to either an emotionally aligned cell or an emotionally misaligned cell.



Key Learnings Examples

What is the impact of different video contents on the ad that follows?
Which metrics are affected – positively or negatively?

Does Alignment provide benefits? If so, which content offers the best effects: humor, sentimental or informative?

Do context effects in a video environment impact the ad in the first position more than the ads that follow?



New Original ARF Studies

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What is the ROI of
contextually relevant
digital advertising?

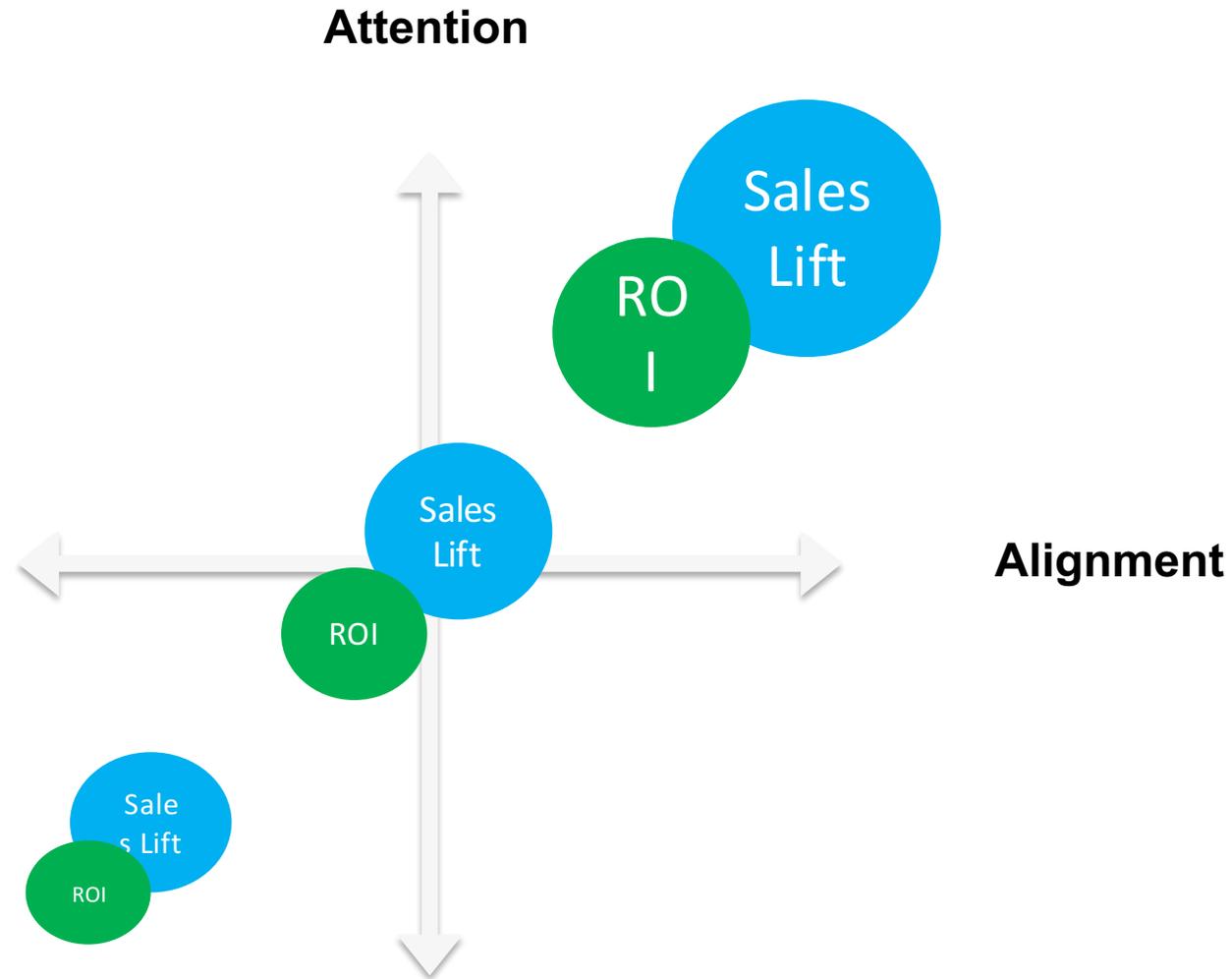
Hypothesis: Ads placed on sites with:

1) higher thematic alignment with the brand and

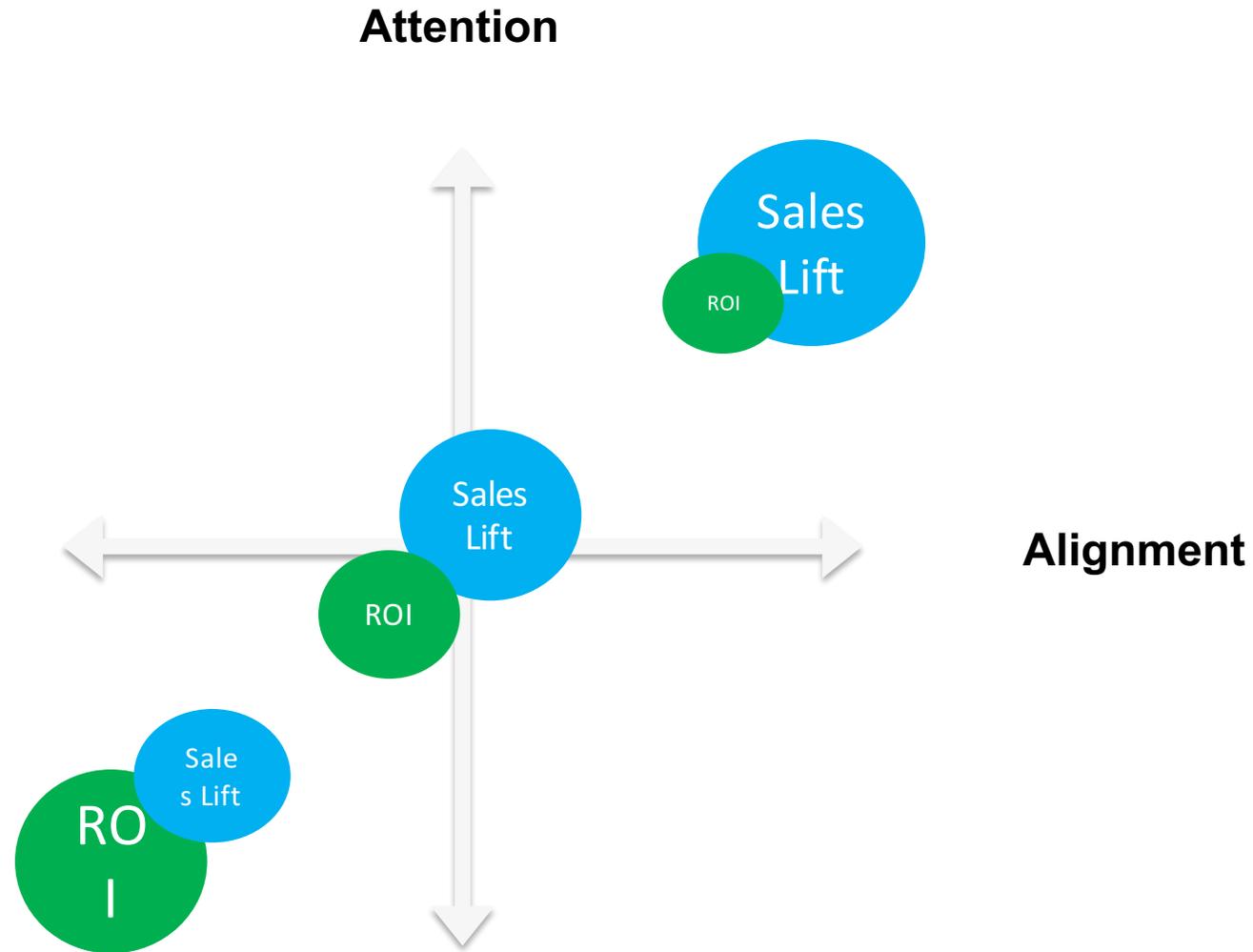
2) high consumer attention

will have higher ROI than less aligned ad buys

If the theory holds, then Sales Lift and ROI should increase with greater alignment and attention



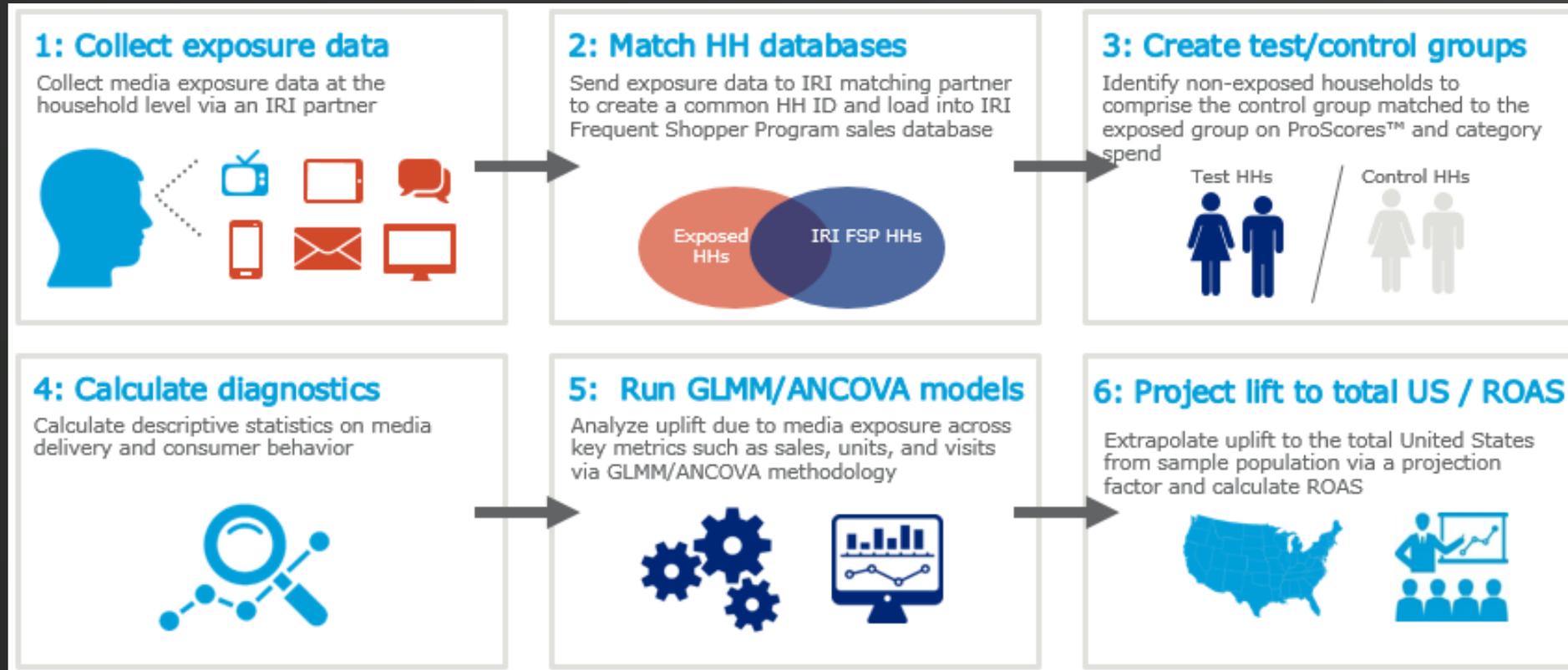
But does the price spread between more and less aligned ads deliver a higher ROI?



Scope of the Study

- 3 major CPG brands and 20 breaks
- Desktop and mobile ad placements
- Display and video ads
- Time period varied by brand, but generally between Q3'16 and Q1'17
- Number of matched and modeled data breaks varied by brand + campaign

IRI Lift assesses media performance by linking ad exposure to **offline sales** at the household level – our focus is on digital spend

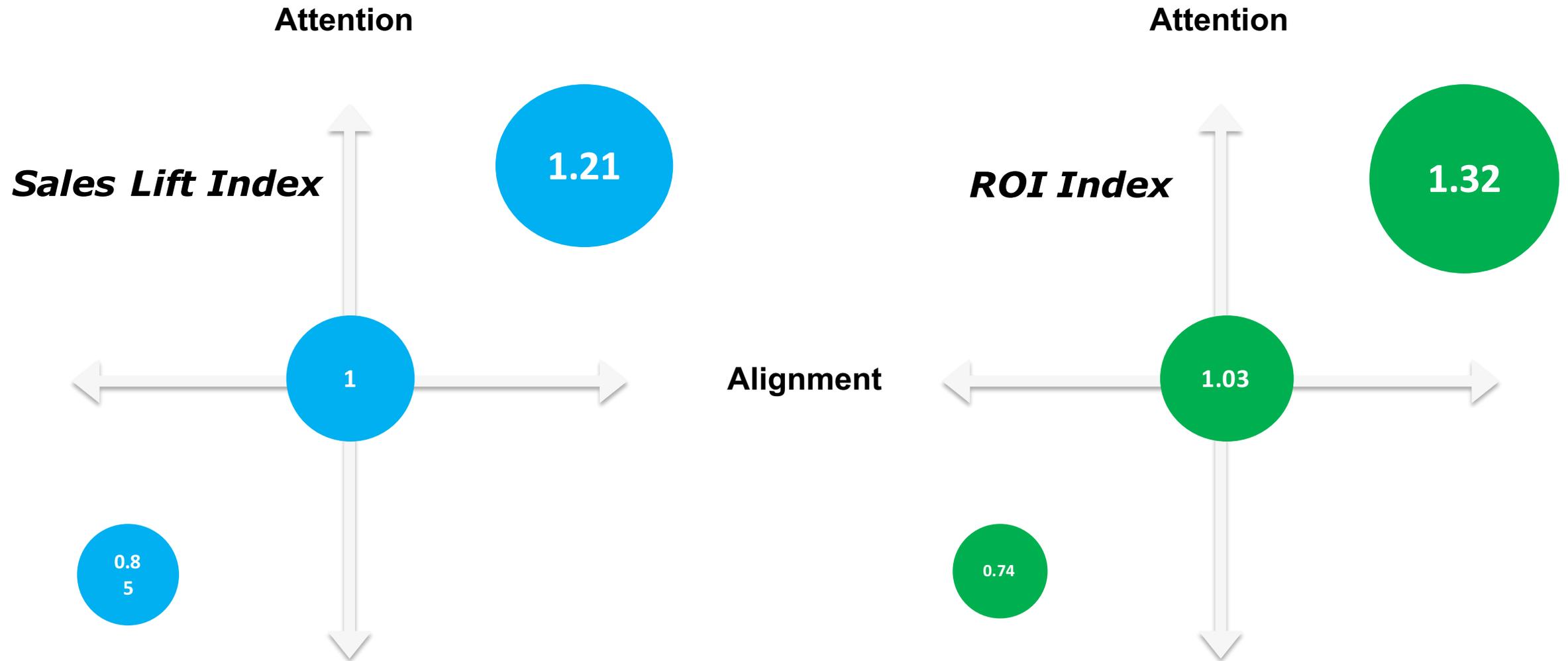


Approach to the Study

- For the included campaigns, publishers were grouped as H-M-L* based on alignment and attention using alignment of publisher to brand and average time spent on publisher site, respectively
 - Alignment was given more weight and sorted first based on past learnings and as data was available at HH level, followed by attention which was at publisher level
- IRI Lift measured sales impact and return on ad spend (ROAS) by publisher
- For each brand and publisher, sales lift impact and ROAS were indexed to the average for each campaign
- Cross brand campaign index was determined across H-M-L groups

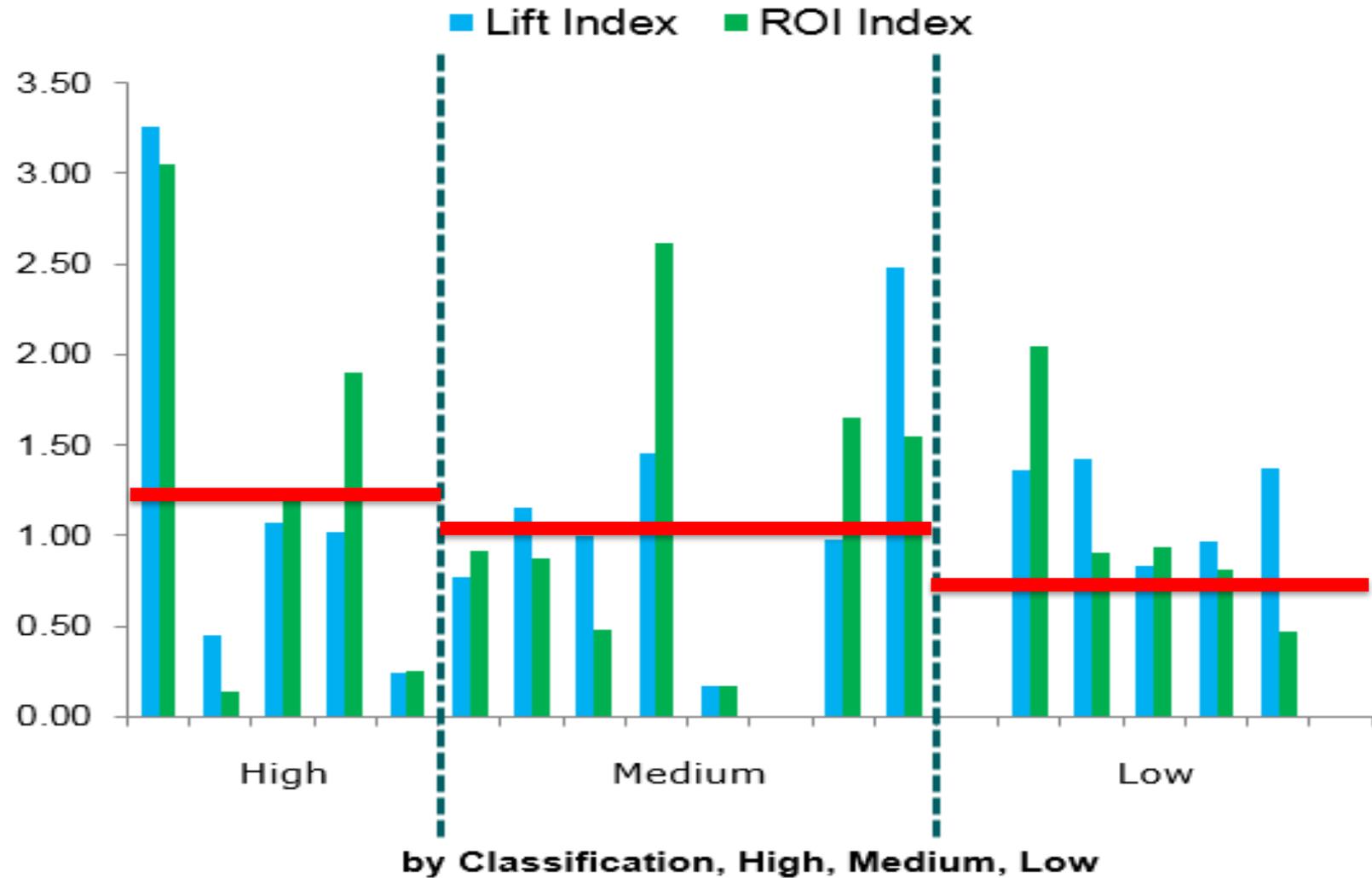
*H= High; M=Medium; L=Low

Aggregating across campaigns – the hypothesis appears to hold...

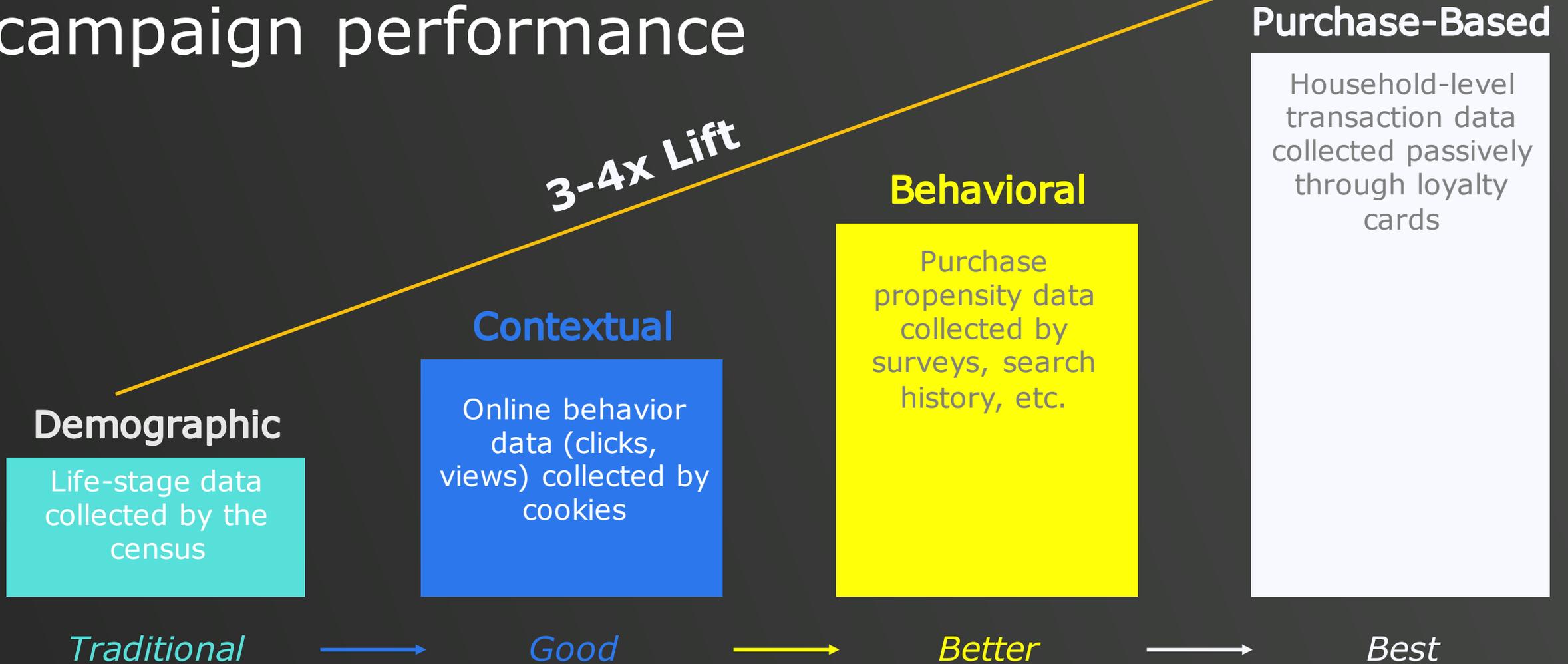


However, in looking at individual campaigns shows high variability of lift and ROI results

Aggregated Results



Based on historic benchmarks we know that adding insights from targeting can boost up campaign performance



What does it all mean?

- Context matters
 - Emotional and cognitive alignment shows promise
 - Greater ad-content alignment can bolster sales lift and ROAS in aggregate but...
 - Campaign and publisher/network level results show variability that require further exploration
- Fundamentals are still key:
 - Right message
 - Right target
 - Impactful creative

More Context Effects Research in 2017

- Pinterest On-Line Conversion Lift Study – July 13
- More insights from MediaScience Study
- Audio “Neuro” experiment – August 1
 - Do effects found in video studies also apply to audio?
- More data from ARF member research
 - Benefits from different kinds of Alignment
 - More on value of different “contexts”