

**AUDIENCExSCIENCE 2019 Opening Comments**  
**ARF President & CEO Scott McDonald — Day 1: April 15, 2019**

Good morning. It is my pleasure to welcome you to AUDIENCExSCIENCE – the ARF’s largest free-standing conference of the year and the only one dedicated exclusively to audience measurement and advertising impact assessment topics.

We are gathering at a pivotal time for our industry. Fundamental change is underfoot. We are seeing reconsideration of many of the essential elements of advertising. What is an agency today and what is its role? How should advertising be bought and assessed – based upon reach or outcomes? What is a media company – is it a TV network or can it be a piece of connected fitness equipment with a screen? Are companies such as Amazon retailers or advertising platforms?

Really, if you think about it, there probably never has been such wholesale reconceptualization of the entire media and advertising ecosystem.

And I think that is great. That means we are a dynamic, responsive, innovative, radical, creative industry. We are about growth. We are about moving forward. We are about delivering real results for brands, while we deliver value and respect for the consumer. And even as so much change swirls about us, there is also a constant – the Advertising Research Foundation, convening a conference like this, ensuring that the views of all segments of our industry are heard. Only at the ARF are buyers, sellers, marketers, agencies, media and vendors given equal footing and support so that no one agenda skews or dominates. At the ARF our point of view and leadership are guided by evidence derived from the disciplined application of objective research and empirical tests, rather than unsupported opinion.

Over these next two days we will be focused on two inter-related critical issues facing our industry, issues that will drive our industry’s future direction. I refer to the problems and solutions surrounding cross-platform cross-device audience measurement and the fast-developing field of advertising impact assessment.

When we survey ARF members about their research priorities or when we ask them to allocate their dues contribution to areas for ARF original research, the two top priority areas remain (1) solving for complete unduplicated cross-platform audience measurement and (2) developing more robust and complete methods for measuring marketing ROI and attribution. These have always been challenging and they get even more difficult as the market becomes more fragmented and complex, as technologies accelerate and as changes in consumer behavior outpace our ability to measure. These are familiar problems to people in this room. Working together today and tomorrow, we will collectively get a chance to consider solutions that are available now, solutions that are being proposed for the next phase, and solutions that may be a bit farther out on the time horizon but still worth our attention.

Whenever we find ourselves banging our heads against difficult and perennial problems, it is easy to feel discouraged or to lose sight of tangible progress – but that is a big mistake. Most scientific progress happens in incremental steps that can be slow but that accrete and accumulate in ways that give us confidence that the progress is real and not hype.

So let me kick off our conference by outlining a few of the areas where I see noteworthy progress – and also some areas that give me ongoing concern.

For video, I see progress in coverage of all types of video consumption – whether linear, on-demand, ad-supported or subscription-based, delivered through cable or satellite or OTT. There still are some blind spots. There still are some uncooperative sellers who refuse to support the transparency afforded by independent third-party measurement, but there are fewer of them than there were at this time last year. And measurement companies have gotten better at using projectable random samples and panels to calibrate and correct for the known biases in the more granular viewing data available from set-top boxes, Smart TVs and streaming video providers. Progress is especially evident in ad campaign measurement, less so in content measurement because of the aforesaid non-cooperation of companies like Amazon and Netflix – both of which are conspicuously absent from the ARF. Here as in many areas in our field, the barriers are not so much technical as political and driven by parochial business concerns. If these big walled-garden players would, for the common good, support unified third-party measurement, the whole industry would benefit from much more comprehensive measurement of media and advertising exposures. This is a fundamental challenge to the advertisers who pour money into companies like Amazon but exert no pressure to cooperate in cross-platform measurement. I would encourage marketers to do more here, particularly in supporting open-standard SDKs and standardized identifiers such as those advanced by CIMM and the IAB Tech Lab. The measurement companies have shown leadership by striking deals with individual video distributors and devising workarounds to fill in the blind spots – but it need not be this hard. Advertiser pressure could be very useful in reducing the institutional barriers to good cross-platform measurement and getting us back to the more quotidian task of solving the technical problems.

On the ROI and attribution front, I again see some progress in that various vendors and media sellers have demonstrated ways of integrating granular but non-random video consumption data with market outcome data. And companies like Meredith and Nielsen Catalina have led the way in applying similar integrative techniques to documenting the impact of print and digital advertising on product sales – with Meredith even offering a sales lift guarantee to its largest advertisers. But the field is still riddled with problems of transparency – a black box inheritance from the earlier generation of market mix modelers. At ARF forums over the past year, some attribution modelers have begun to subject their equations to informed, critical discussion. And last

January we hosted a (nearly) daylong session on how more rigorous randomized control trials could be used to nail down causal claims about attribution more exactly – not just within the confines of one closed system, but across a complex marketing campaign. So this to me is good solid scientific progress – accretive and accumulative, but solid and encouraging. Here I call for more transparency, more experimentation, and more effort to account for the impact of the experiences that are more difficult to measure – the in-store experiences, the branded content experiences, and the experiences of seeing out-of-home advertising or hearing ads through our ever-increasing audio channels.

On the core and critical question of whether we should adopt a new currency that can apply to all forms of video and bridge the TV/Digital divide, we do not have consensus yet – but we do have a very specific proposal issued a few weeks ago by the MRC that surely will be a hot topic of discussion at this meeting. Later today you will hear George Ivie summarize the proposed metric, the duration-weighted viewable video impression. This proposed metric is controversial. Some object that its time parameters are wrong – that advertising impact begins sooner or extends longer than the proposed metric allows and that, therefore, some media or delivery devices would be systematically disadvantaged were this to become a trading currency. Others argue that the time dimension of the duration-weighted impression is conceptually fair, but imprecise because ad impact is not linear – that 4 seconds of exposure is not twice as valuable as 2 seconds – just as 30 second TV ads were not twice as effective as 15 second TV ads. At this conference you will see empirical evidence bearing on these questions and you will have a chance to form your own informed opinion on the case for or against the proposed standard. Since it is currently open for public comment, this timing is propitious. In my own tally of areas of progress versus areas of concern, I treat the arrival of this proposal as an unambiguous sign of progress simply because it has been brought forward, after much internal discussion at the MRC, as a very specific and detailed proposal to address a well-articulated industry need. At the same time, I worry that there has not been enough disclosure of the empirical research behind the proposed standard to allow fair-minded observers to decide on its efficacy. Surely all of the media sellers can do analyses that simulate what would happen to their business if the new standard were to become a currency – and they can game out whether they win or lose under different scenarios. But that is not what I mean by empirical research. Real empirical research would look at evidence of cognitive impact under different exposure durations, of ad recall and memory trace, of brand attitude and sales. These are the impacts that will matter to marketers both in the long run and in the short run – and evidence on these questions should be the basis of the industry decision about which metric, if any, to enshrine as a trading currency. The marketers' interests in this should be paramount, not the parochial concerns of individual sellers.

This gets to the core of the *raison d'être* for the ARF. Founded by the ANA and the 4As in 1936 – two associations representing the buy side – the ARF exists to apply the rigor and objectivity of scientific methods to solving key questions about how to measure and value advertising and marketing activities. This conference is unique in that it is, among our various gatherings, the most sharply focused on that original 1936 goal. It also is unique in that it is a convening of the research and analytics practitioners – the people who actually sweat the details of audience measurement because it is their specialized job to do that. I love the ANA and the 4As and many other organizations as well, but there are no others that represent this very specific **community of practice**, where wonkiness is encouraged and skeptical questioning is not regarded as impolite, but rather as the way for all of us to become better **professionals**. So as Jimi Hendrix put it, let your freak flag fly. Foment empiricism and dare to be wonky.

And now on to the program!