

AUDIENCExSCIENCE 2019 Opening Comments **ARF President & CEO Scott McDonald — Day 2: April 16, 2019**

Good morning and welcome to Day 2 of AUDIENCExSCIENCE 2019. We have quite an exciting day lined up for you – starting with the first US presentation of longitudinal analysis of optimal marketing allocations done on behalf of Britain’s IPA (Institute of Practitioners of Advertising) based on an extraordinary 20-year database of marketing campaigns in that country. As you listen to Les Binet make his presentation of this work, ask yourself whether a similar database in the US would be beneficial in answering the most fundamental questions that CMOs and CEOs face as they try to grow brands in a highly competitive and increasingly complex environment. One of the research initiatives being considered now at the ARF could lead to the establishment of just such a database – an asset that could provide very unique value for ARF members in the future.

Questions about the future were central to many of the presentations and discussions yesterday – the media company of the future, the future of cross-platform measurement, the future of advertising currencies, the impact of AI, of 5G, and of ATSC3 on audience measurement and media planning – and today’s program will return again and again to considerations of how we can shape that future for the benefit of our companies, our customers and our society. It can be very difficult for parties with conflicting interests to come to consensus – especially amidst conditions of rapid change that make it more difficult for those parties to agree on the fundamental facts. We sometimes hear claims that consensus can be forced by one or a few of the more powerful players, but a forced consensus that lacks legitimacy will prove to be illusory and short-lived. And how do we get legitimacy? Not from coercion or by fiat – or as Mao Tse Tung once claimed, from the barrel of a gun. In our fields, we earn legitimacy from the presentation and critical evaluation of **evidence** drawn from transparent, replicable, and objective research

Among the controversial presentations you will see today is a study on speed of ad message cognition that was conducted by a consortium of companies under the aegis of the Mobile Marketing Association. When evaluated by the ARF member jury, this paper got the top score among all submissions and thus earned a spot on the mainstage. The study was also the first to earn the distinction of passing the rigors of the ARF certification process. This process requires what I call “radical transparency” on the part of the applicant, working through three steps. In step 1, the research team has to submit for ARF review

a detailed statement of the research problem, hypotheses, and proposed research design – all embedded in and justified by an exhaustive review of the relevant literature. In step 2, they have to submit their raw data to the ARF for us to check their work – to make sure that they have used the appropriate statistics, that they have not ignored inconvenient patterns in the data, that they have not cherry picked or p-hacked to support their going-in hypotheses, that the inferences and arguments that they make can be supported by the data, that they have not in any way cheated. The output from steps 1 and 2 are also submitted for blind review by two independent academic scholars with expertise in the specific area of research – in this instance in neuroscience and cognitive psychology. So by the end of Step 2, the researchers have gone very far to provide reassurance of their legitimacy. But there is still a third step. In step 3, the researchers have to make their anonymized data available to be hosted at the ARF and offered up for reanalysis and/or replication to any interested party. That means that if you don't like the findings of this study and you want to challenge it, you can have access to their data to do that. This is similar to the arrangements you find in the physical sciences where a controversial finding at MIT can be challenged or cross-checked by a competing team at Cal Tech. So this study from the MMA is the first to pass through all three stages of this "radical transparency" and thus to earn certification from the ARF. This doesn't mean that its findings are true. But it does mean that the researchers have observed the highest standards of scientific probity and thus the findings can't be casually discarded as partisan.

For any of you who want to bring evidence forward that might bear on questions of measurement standards – or any other way bring forth a study that you want to be considered in the public square – then I commend you to this work and encourage you to consider taking advantage of the ARF certification program yourself.

Ultimately however, decisions about measurement standards also involve subjective judgments. To have proof of some measurable cognitive activity after 1 second of ad exposure is not itself proof that an advertiser need pay for that. The present study looks only at cognition and not at any market impact that would bear more directly on the question of advertiser value of short-duration exposures. So the discussion about when to start the meter running will inevitably involve arguments that go beyond the available evidence. But future studies will build on this and lay groundwork for a more empirical justification for arguments about compensation. This is how real legitimacy is built, brick by brick.

At last year's conference I talked at length about facts versus values and about our industry's need to address not just questions of fact, but also to debate and ultimately arrive at value judgments about what we think is right, at least with regard to research ethics. In the wake of the Cambridge Analytica scandal of just about one year ago, we organized an open forum or Town Hall to discuss matters of data ethics, privacy and security, and then the ARF organized a working committee to draft a set of principles – a Code of Ethics – to recommend to the research, insights and analytics functions at ARF member companies. Paul Donato, our Chief Research Officer, will discuss this Code in a session this afternoon and all members are encouraged to review the Code and affirm the principles that it articulates.

There is one other piece of unfinished business related to the adoption of the Code of Conduct that I can announce today. At the same time that it adopted the proposed Code of Conduct, the ARF Board officially rescinded the 2017 David Ogilvy Award made to Cambridge Analytica in the "big data" category. This was not taken lightly and was the product of deep and careful consideration of the evidence revealed in multiple official investigations in the US and the UK. In the judgment of the ARF Board, the preponderance of evidence indicates that Cambridge Analytica was not fully transparent in its Ogilvy application and that it behaved in ways that are inconsistent with – even antithetical to – the ethics enshrined in the new Code, as such, the Board exercised its right to withdraw the award.

So we go into Day 2 of AUDIENCExSCIENCE with our eyes wide open – alert to both the empirical foundation of factual claims that are made, but also to the value judgments that our enterprise requires. As I said earlier, legitimacy can't be coerced. It comes from candor and transparency and probity – from a willingness to change in the face of new evidence. Rather than Mao's invocation of legitimacy coming from the barrel of a gun, we subscribe to the sentiments offered by Abraham Lincoln at his famous address at the Cooper Union, February 27, 1860: "Let us have faith that **right makes might**, and in that faith, let us, to the end, dare to do our duty as we understand it."

Thank you.

