Context Effects: Updates from the Front Lines

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Introduction: **Context** Effects

- All advertisements are seen in “Context”
  - Context: primarily media space - TV program, website, radio/music stream, magazine story
  - Also other ads (e.g.: commercial pod on TV)
- Broader Context:
  - Medium, device, platform, media brands
  - Consumer attitudes/frame of mind, culture, economy
Context Effects

- 60 years of research: **Context is likely to affect ad performance – positively and negatively**
  - Most research: Effects of TV programs on commercials

- Marketers’ focus: How can I take advantage of Context to make my ad more effective?
  - Recent issues:
    - Avoid negative Context Effects (Brand Safety)
    - Programmatic strategies focused on targeting, not context
Two Key Processes that Trigger Context Effects

ATTENTION TRANSFER

PRIMING/HALO EFFECTS

AD IMPACT
Context Effects Triggers (1)

• **Attention Transfer**
  - Well established
  - More attention to content - more attention to ad likely
  - Highly valued content, media brand etc. – ad/advertiser usually seen more positively
Context Effects Triggers (2)

- **Priming/Halo Effects**
  - Most research shows “Alignment”/“Congruence” between context and ad likely to improve ad performance
    - Most marketers apply alignment strategies: Endemic, Native, Product Placement

- Open questions
  - How to optimize “alignment”
  - Why have studies shown lack of alignment did not have a negative impact on ad performance?
Context Alignment Now Has Been Third Party Validated Against Business Outcomes

Bill Harvey
Chairman
RMT
Alignment Supported by Kwon *Journal of Advertising Research* April, 2018 Meta-Analysis of 70 Studies

70 studies on Context Effects in which Ads and Contexts were coded in various ways, to determine in which cases there was greater alignment between the ad and the context, show average lifts in communications measures of 15-20% in the alignment cases vs. all observations.
MULTI-DIMENSIONAL EMPIRICALLY DERIVED CONTENT CODES GENERATE 2X AVERAGE ALIGNMENT LiftS

AI PERSONALIZED PROGRAM RECOMMENDER DRIVEN BY SET TOP BOX DATA AND PSYCHOLOGICAL METADATA

EVERY WORD IN ENGLISH LANGUAGE

13,000+ PSYCHOLOGICAL WORDS

ATTITUDE SCALING AND FACTOR ANALYSIS

1562 PSYCHOLOGICAL VARIABLES

18% CONVERSION TO LOYAL VIEWERSHIP OF A RECOMMENDED SERIES NEVER WATCHED BEFORE

265 VARIABLES ACCOUNT FOR 76% OF TV RATING VARIANCE

15 MOTIVATIONAL TYPES

86 NEED STATES

265 DRIVERTAGS™

MOTIVATIONAL TYPES
Alignment Proven Against Sales

Nielsen NC Solutions Study for Turner Showed that Incorporating DriverTag™ Resonance In Media Selection Generates +36% Sales Lift

See complete ARF RMT Turner white paper at https://www.rmt.solutions/sales-lift.html

NCS tabulated that the actual Resonance lifts enjoyed by these schedules (that were NOT optimized for Resonance) was +23%. Numbers shown above reflect what the lifts would have been if GRPs had been equally distributed by Resonance rather than skewed to low Resonance as they actually had been.
Alignment Proven Against Branding Measures

605 Study for Major CPG Brand

- Unaided Resonance Lift %: Low = 2.9, High = +62%
- Purchase Intent Lift %: Low = 5.4, High = +37%

RESONANCE:
Low = <=10.0% (Avg. 7.9%)
High = 15.0%+ (Avg. 17.7%)
Alignment Can Overcome Low Frequency

Low frequency without at least 1 30%+ Resonant Exposure has little effect

Low frequency with 1 30%+ Resonant Exposure has 5X positive effect

See complete ARF RMT 605 white paper at https://www.rmt.solutions/branding-lift.html
Diet Dr. Pepper – Estimating the Sales Effect Lift of Freewheel Resonance Optimized Buy

Note that this curve addresses Horst’s open question about “Why no studies have shown lack of alignment having a negative outcome effect?”

Uniquely this multi-dimensional method does show negative outcome (everything below the 100 line)

Curve derived from Nielsen Catalina Turner study by RMT
Ease of Context Optimization is Here Today for OTT, CTV, Digital Tagging of Scenes within Ad for Dynamic Content Optimization (DCO)

Ad broken into Motivational Components, out-takes put back into Component Pools

Component Pools

ACHIEVEMENT  LEADERSHIP  PRESTIGE  SELF-KNOWLEDGE + Other 11 Motivations

BIDDER

Sees Human Being with RMT Metadata In Ad Resonant Context

Optimal Creative for that Individual and that Context

Tracks & reports the real world business outcomes

Feeds Back changes in Business Rules to Maximize Value

BIDDER

RESET DIGITAL

$ € £ ¥
Conclusion

• Context Alignment works, that has been amply proven

• The really strong boost comes when you align on more than one dimension – the more dimensions the better – at 265 dimensions the lifts are >double the average for single-dimension Context Alignment

• Context alignment **adds no work** when buying digital, OTT, CTV

• By April 2021 a TV optimizer plug-in to existing agency optimizers will be available which enables Context Alignment yet adds no work
Recommendations

• Follow ARF Best Practices*, use Context Alignment today:
  ◦ In OTT
  ◦ In CTV
  ◦ In Programmatic/Digital
  ◦ In Linear TV
  ◦ In MVPD Addressable TV – Linear
  ◦ In MVPD Addressable TV – VOD

• Be prepared for future findings which may lead to some exception-case optimizer adjustments as additional rules are validated i.e. when to buy low alignment contexts

*“Best Practice: How Context Effect Can Make Advertising More Effective”, Horst Stipp, ARF Journal of Advertising Research, June 2018 and ARF August 2018 Context Effects CMO Brief “The ARF has concluded that marketers should not ignore context”
Economic Framing for Better Tuning of Media: Ad Context Alignment at Auction

Kimberly Rose Clark, Ph.D.

*Dartmouth College, Department of Psychological & Brain Sciences*

*Merchant Mechanics, Inc.*
Metamerism
Programmatic Auctions Can be Better Tuned for ROAS

Illustration credit The Wall Street Journal
Economic Classification of Emotions as a first order rule of context alignment
In-Moment Measures Using Applied Neuroscience

Gain:Gain  Gain:Loss  Loss:Gain  Loss:Loss
Study Design

- 1 Trial = 30s content followed by 30s ad
- Trials in each condition contain a fixed content:ad pairing
- Trials randomized
- 24 subjects
- 24 trials for each subject
- 6 trials per congruence condition
- 12 trials of positively framed content
- 12 trials of negatively framed content
Congruence and Change in Visual Attention to From Show to Advertisement

N = 24 F(1,20) = 18.51, p < .001
“Kicker effect” for positive emotions in congruent gain condition
Incongruent Alignments yield the highest self-reported brand recall following task.
EEG Audience “neural synchrony” greatest in Loss:Gain condition

Δ in ISFC in Alpha Band During Advertisement by Congruence Condition

N = 24 FXX
EEG Audience “neural synchrony” greatest in Loss:Gain condition
Recommendations

• Ads that are focused on benefits or future gains of product maintain strong audience engagement when presented after show content that is focused on loss (e.g. negative news).

• Positive emotions are strongest during gain-framed ads when the follow gain-oriented, or positively focused, content.

• Misalignment is not necessarily a bad thing – increases in brand recall and memory encoding were greatest in misaligned conditions.

• Understand main goal of ad’s performance with audience: To increase brand engagement, to increase positive emotions for brand, to increase brand recall.
THE VALUE OF ADVERTISING IN NEWS

Robin Garfield
EVP, CNN Research & Scheduling

August 10, 2020
Cable News Viewing Is Higher Than It’s Ever Been

**Cable News Total Day**

P2+ Average Audience (000)

News Consumers Are Information Seekers—They Want To Be Educated And Feel Empowered; They Watch By Choice

“I have to keep up with what's going on.”

Nola F.
57, White
Pembroke Pines, FL
Liberal

“The best thing about watching the news is that I am always in the know. If there is something going on that's important, I am aware of it.”

Adam P.
55, Black
Beverly Hills, CA
Conservative

“[The news] really keeps you informed and aware of what’s going on around you so that you can make informed decisions about your life.”

Shashank K.
28, Asian
Gainsville, FL
Moderate

Source: The News Frontier / Kresnicka Research & CNN, 11/14/18-12/7/2018
News Consumers Are Extremely Attentive

“When I watch the news, I feel a little more attentive than I might when I'm watching any other kind of programming.”

Pamela B.
61, White
Sacramento, CA
Slightly Conservative

“When I watch the news, I watch with a keen eye to what's being said, what's not being said, what's between the lines, and why.”

Ed C.
59, Black
Medford, NY
Liberal

“[When watching the news I have a] very open mindset, very vigilant, very aware.”

Patrick K.
37, White
Chicago, IL
Libertarian

“I basically have to become my own investigative journalist.”

Tanika B.
37, “Other”
Elizabethtown, KY
Liberal

“I want to feel connected and that's what news does for me. I also want to hear different viewpoints. So I am definitely much more focused and serious when I watch news.”

David K.
49, White
Lincoln Park, NJ
Moderate

Source: The News Frontier / Kresnicka Research & CNN, 11/14/18-12/7/2018
Attention To News Programming >
Drives Attention To Advertising >
Which Yields Higher Brand Recall

Ads In Serious News Have At Least As Much Positive Brand Impact As Ads In Entertainment

- Ad Liking
  - Hard News: 5.09
  - Political News: 5.14
  - Entertainment: 5.13
  (7 point Scale: 4.5-7.0=Positive)

- Brand Recognition
  - Hard News: 51%
  - Political News: 52%
  - Entertainment: 49%
  (% who recognized the brand)

- Brand Favorability
  - Hard News: 5.48
  - Political News: 5.60
  - Entertainment: 5.53
  (7 point Scale: 4.5-7.0=Positive)

How Does It Work?
Values Explain How People Engage with Brands, Advertising and Content

Source: The News Frontier / Kresnicka Research & CNN, 12/15/17-1/12/18, n=2,002
12 Key Cognitive Frames Help Us Make Sense of the World

Source: The News Frontier / Kresnicka Research & CNN, 11/14/18-12/7/2018
Example Frame: If We’re Not Winning, We’re Losing

Reflects:
The belief that life is a zero-sum game, and that someone else’s win or gain automatically engenders a loss to others

Examples:
Rejecting globalization as a loss of jobs to other countries
Condemning only one party’s scandals

How it can be misunderstood:
As unnecessary competitiveness, lack of empathy for other groups

Source: The News Frontier / Kresnicka Research & CNN, 11/14/18-12/7/2018
Brands Manifest Values and Consumers Follow Them Closely

- 76% Say They Care About Brand Values

Factors in Evaluating Brand Values

- Treatment of Employees: 75%
- Ethics of leadership: 65%
- Business transparency: 63%
- Environmental sustainability: 58%
- Diversity of leadership: 47%
- Types of charities they support: 46%
- Types of political causes they support: 41%

Source: The News Frontier / Kresnicka Research & CNN, 12/15/17-1/12/18, n=2,002, Q: “To what extent do you care whether a company's values align with your own?” Q: “On a scale of 1 to 5 please rate how important each of the following business practices is to your evaluation of a brand/company's values.”
Ads That Reflect Consumer Values Are Well Liked

Source: The News Frontier / Kresnicka Research & CNN, 12/15/17-1/12/18, n=2,002. "Q. Reflecting on the content of the ad you just watched, please rate the degree to which you agree or disagree with the following statements. 'The message of the ad reflects my personal beliefs and/or values.'

Q. Please indicate your feeling about the ad.
Ads that Reflect Consumer Values Generate More Impact for Brands

Source: The News Frontier/ Kresnicka Research & CNN, 12/15/17-1/12/18, n=2,002. "Q. Reflecting on the content of the ad you just watched, please rate the degree to which you agree or disagree with the following statements. 'The message of the ad reflects my personal beliefs and/or values.'

Q. Please indicate if your opinion of this brand changed based on watching the ad."
Ads That Reflect Diverse Values, Consistent With The Brand, Have Wide Impact

Brand Values
- Variation Has Value
- You Get What You Earn
- Traditions Matter
- It's Your Responsibility
- All One

Ad Values
- Variation Has Value
- You Get What You Earn
- Traditions Matter
- It's Your Responsibility
- All One

Ad Appeal
- Overall: 76%
- Liberal: 74%
- Conservative: 81%

Brand Perception
- Overall: +29%
- Liberal: +33%
- Conservative: +31%

SEE BRAND/AD CONSISTENCY
- 60%

Source: The News Frontier/ Kresnicka Research & CNN, 12/15/17-1/12/18, n=2,002
News Viewing Piques Awareness Of Consumer Values, More Than Any Other Content Type

75%

News makes them most aware of their beliefs and values among all the content they watch.

Farah N.
41, White
Atlanta, GA
Conservative

“News definitely makes me aware of my personal beliefs and values. It is the one outlet that makes me really question what I believe in and try to see different angles and different viewpoints.”

David K.
49, White
Lincoln Park, NJ
Moderate

By far, news makes me much more aware of my own personal beliefs and values than any other TV content. I feel very connected when I watch the news.”

Source: The News Frontier / Kresnicka Research & CNN, 11/14/18-12/7/18, n = 2,002. Of all the types of content you watch (news, sports, comedy, drama, reality, etc.), which ones make you most aware of your personal beliefs and values? Why? Unaided response.
News Has A Magnifying Effect On Advertising, Especially When Brand Values Are Featured Prominently And Positively

72% Noticed ads more while watching the news when ads expressed values in some way.

87% Wanted ads to evoke positive emotions while watching the news.

Source: The News Frontier / Kresnicka Research & CNN, 11/14/18-12/7/18, n = 60. Q: Which of the following seem to enhance your AWARENESS of commercials when watching the news? Complete the following sentence: "When watching the news, I notice commercials more when commercials and news..." Select all that apply. Q: What emotions do you most want commercials to evoke when you're watching the news? Why those?
News Viewers Are Especially Motivated To Take Action

Erik P.
38, White
White Plains, NY
Moderate

“"The most recent episode of Frontline… it makes you wonder, what can you do?""

Kelly P.
22, White
Westwood, MA
Conservative

“The California wildfires, that really… opens my eyes as to how it could be connected to global warming and what I personally can do more to help reduce global warming.”

Source: The News Frontier /Kresnicka Research & CNN, 11/14/18-12/7/18, Q: “Which of the following do you do in response to a brand’s values, whether those values align with your own or not?” N=2,002
### Cause-Related Campaigns In News Drive Especially Strong Results

#### Cause-Related Video Campaigns (11)

<table>
<thead>
<tr>
<th>Engagement</th>
<th>Attention</th>
<th>76%</th>
<th>(74%)</th>
<th>Memorability</th>
<th>90%</th>
<th>(83%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(% who paid attention to creative)</td>
<td></td>
<td></td>
<td>(top 2 box in agreement on remember the video)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Norms:</td>
<td>74%</td>
<td></td>
<td></td>
<td>83%</td>
<td></td>
<td></td>
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</table>

<table>
<thead>
<tr>
<th>Brand Impact</th>
<th>Brand Awareness</th>
<th>81%</th>
<th>(51%)</th>
<th>Brand Favorability</th>
<th>+13</th>
<th>(+8%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(aided awareness)</td>
<td></td>
<td></td>
<td>(pre/post lift)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Norms:</td>
<td>51%</td>
<td></td>
<td></td>
<td>+8%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Source: Realeyes and CNN, 2019; Norms based on Realeyes 2019.*
How News Advertising Works

• Consumers choose news—it’s essential and empowering

• Engagement in news content promotes attention to ads

• Heightened values awareness in news magnifies audience connections with ad campaigns and brands

• Purpose-driven advertising is especially impactful, resonating with consumer desire to “do something”

• The news content itself drives the lift in ad effects!
  • Comfort in knowledge, not collateral “mood repair”
  • Amplification of brands, not need for brand safety

It’s All About Values
Thank You!
APPENDIX
## Methodology

<table>
<thead>
<tr>
<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Sample Size:</td>
<td>69</td>
<td>2,002</td>
<td>60</td>
</tr>
<tr>
<td>Sample Age:</td>
<td>18-70</td>
<td>18-64</td>
<td>18-64</td>
</tr>
<tr>
<td>Sample Format:</td>
<td>Mobile Ethnography</td>
<td>Quantitative survey</td>
<td>Mobile Ethnography</td>
</tr>
<tr>
<td>Additional Format Info:</td>
<td>Participants submitted videos &amp; answered closed- &amp; open-ended questions on advertising, morality, &amp; politics (200+ ads submitted &amp; discussed)</td>
<td>Respondents answered questions about the values depicted in ads and their impact on brand perception</td>
<td>Participants submitted videos &amp; answered closed- &amp; open-ended questions on their mindsets while watching the news</td>
</tr>
</tbody>
</table>
## Methodology (Continued)

<table>
<thead>
<tr>
<th>Methodology</th>
<th>The Power of News-Wave 1</th>
<th>The Power of News-Wave 2</th>
<th>CNN Ad Effectiveness Campaigns</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Vendor:</strong></td>
<td>MediaScience</td>
<td>MediaScience</td>
<td>Realeyes</td>
</tr>
<tr>
<td><strong>Field Dates:</strong></td>
<td>Nov 26, 2018-Dec 20, 2018</td>
<td>May 7 2020-June 1, 2020</td>
<td>2018-2019</td>
</tr>
<tr>
<td><strong>Sample Size:</strong></td>
<td>305</td>
<td>1096</td>
<td>Varies</td>
</tr>
<tr>
<td><strong>Sample Age:</strong></td>
<td>25-54</td>
<td>25-54</td>
<td>Varies</td>
</tr>
<tr>
<td><strong>Sample Format:</strong></td>
<td>Eye tracking + online survey across linear, desktop, and mobile formats</td>
<td>OTT panel + online survey across linear and mobile formats</td>
<td>Pre/post survey with emotional mapping</td>
</tr>
<tr>
<td><strong>Additional Format Info:</strong></td>
<td>Eye-tracked participants viewed ads embedded in CNN and entertainment content, then engaged with a post-exposure survey.</td>
<td>Conducted at respondents homes using Roku sample (lab was closed due to Covid-19). Included news content from CNN, MSNBC and FOX News.</td>
<td>Cause related video campaigns compared to all campaigns</td>
</tr>
</tbody>
</table>