



The Advertising  
Research **Foundation**

PRESENTS

# RE!THINK2016

## How Advertising Works, Today



**Jasper Snyder**

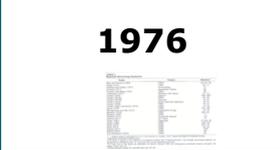
EVP, Research & Innovation, Cross-Platform



@The\_ARF

# We Know Advertising Works

# Advertising Works: Extensive Scientific and Academic Proof



**1976**

Lambin



**1980**

Leone, Schultz



**1982**

Aaker, Carman



**1984**

Assmus, Farley,  
Lehmann



**1989**

Eastlack, Rao



**1991**

Sethuraman,  
Tellis



**1995**

Lodish et al



**1995**

Jones



**2007**

Hu, Lodish,  
Krieger



**2009**

Rubinson



**2010**

Fischer, Albers



**2010**

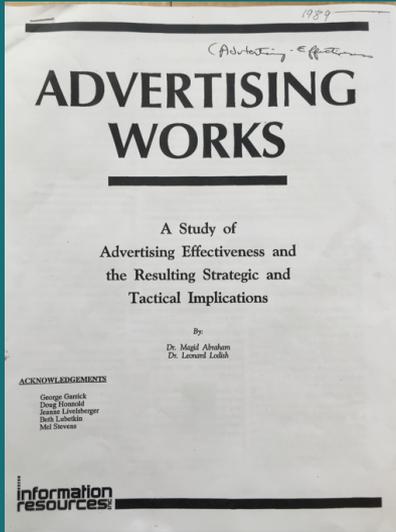
Lewis, Reiley



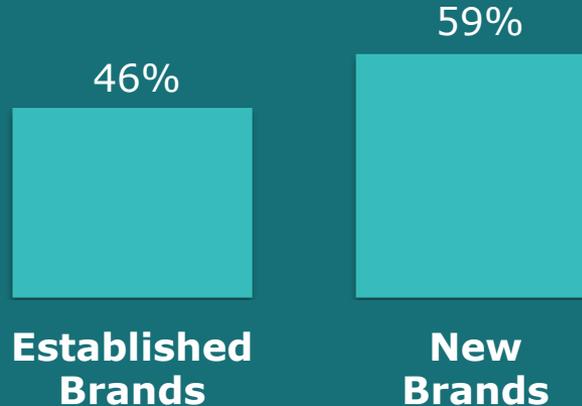
**2011**

Sethuraman,  
Tellis, Briesch

# How Advertising Works: 1989



## Percent of Advertising Weight Tests Showing a Significant Increase in Sales



- Long-term Ad Impact = 2x

Source: Abraham and Lodish, 1989

# How Does Advertising Work in Today's Cross-Platform World?

# The C-Suite Questions

- Do my marketing \$ drive growth and sales?
- Where do I spend my next marketing \$?

# Many Studies: Still Need Definitive Proof across All Platforms at Scale

**2012**

**2012 - 2015**



**2013**

**2013**

**2013**

**2014**



**2014**

**2014**

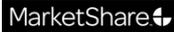
**2014**



**2014**

**2015**



**2015**

# How Advertising Works Today



COLLABORATE

40 Industry Leaders



INVEST

\$1m



DO

3 Experiments



# Ground Truth at Scale

**5000**

Campaigns

**\$375B**

Advertising  
Dollars

**45**

Countries

**1000**

Brands

**100**

Categories

# Ground Truth at Scale

**5000**

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**\$375B**

Advertising  
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**3**

Ground Truth  
Experiments

# Ground Truth at Scale

## 3

Ground Truth  
Experiments

**Cross-Platform  
ROI**

**Better Creative  
through  
Neuroscience**

**Mobile  
Mastery**

# Definitive Answers

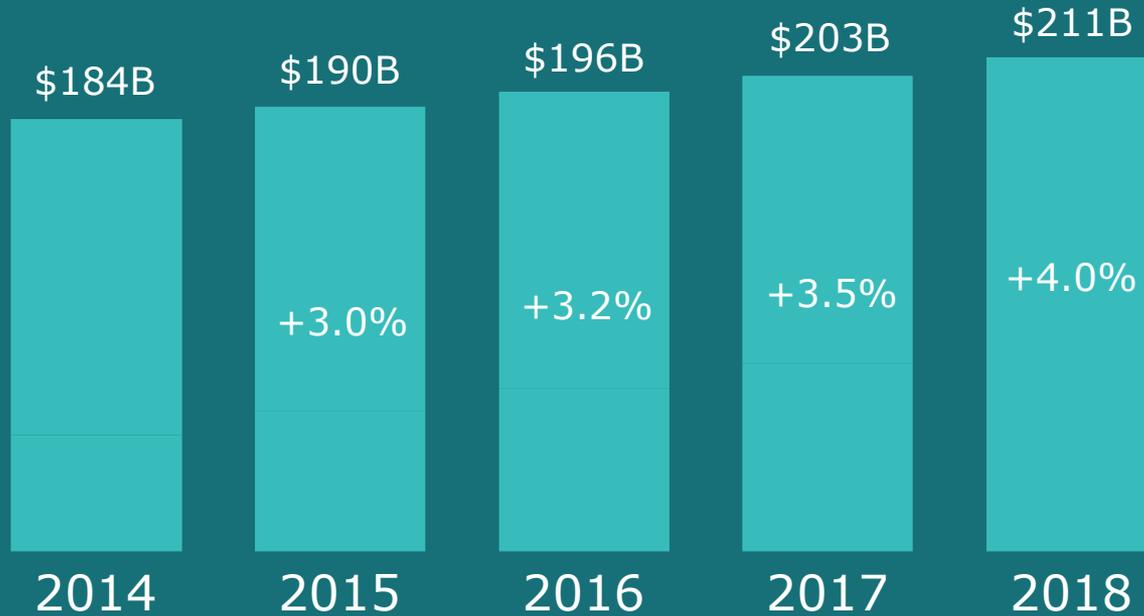
1. How Should I Invest Across Platforms?
2. Which Platforms Are Most Effective Together?
3. Does This Differ By Demographic?
4. How Can I Optimize My Digital Spend?
5. What's the Most Effective Cross-Platform Creative Strategy?

# 24/7 Media + Mobility → Smarter Spending Needed



# Ad Spending Growth Doesn't Reflect this Massive Change in Consumer Behavior

## US Total Ad Spending, 2014-2018



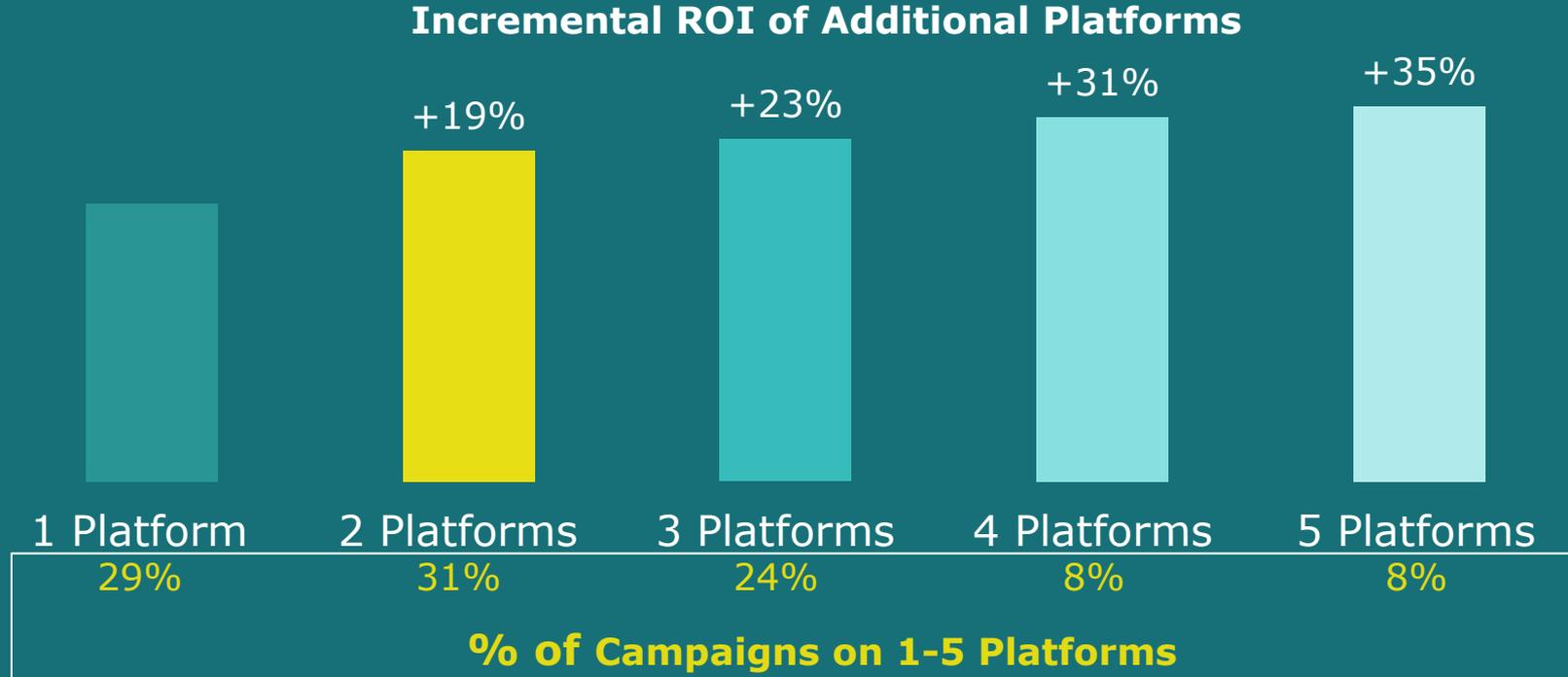
# Advertisers Are Spending More and More on Digital Platforms

## US Total Ad Spending by Media Type, 2014-2018



Source: eMarketer, 2016; Traditional represents TV, Print, Radio, Direct Mail, Out-of-Home and Other; Digital represents Desktop and Mobile

# Advertising across Platforms Delivers Higher ROI



Source: Analytic Partners, 2016; Analysis based on over 3,200 campaigns from 2010-2015; Platforms include TV, Print, Radio, Display, Paid Search, Online Video, PR, Out-of-Home and Cinema



**Jon Moeller,  
CFO, P&G**

"We're shifting more advertising to digital media, search, social, video and mobile as consumers spend more time there.

In general, digital media delivers a higher return on investment than TV or print."

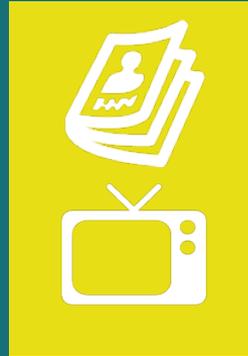
# There is a "Kicker Effect" When TV is Added Back to Digital Spending

## ROI Increase by Platform / Combination



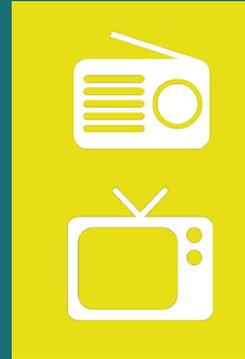
**TV**

+19%



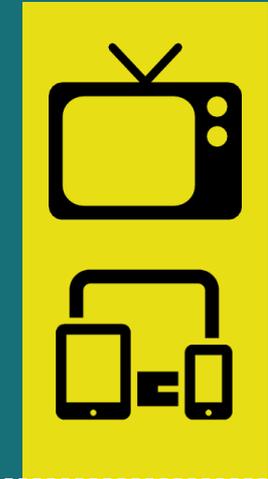
**Print + TV**

+20%



**Radio + TV**

**+60%**



**Digital + TV**

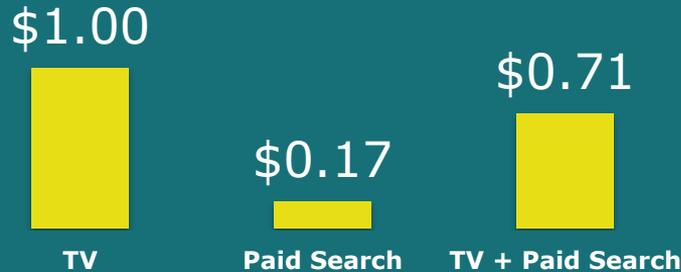
Source: Analytic Partners, 2016; Analysis based on over 3,200 campaigns from 2010-2015. Digital includes video and display advertising on desktop and mobile devices. Results are indexed to TV

# The TV + Paid Search Synergy Is Most Impactful in High-Involvement Categories

## TV + Paid Search ROI

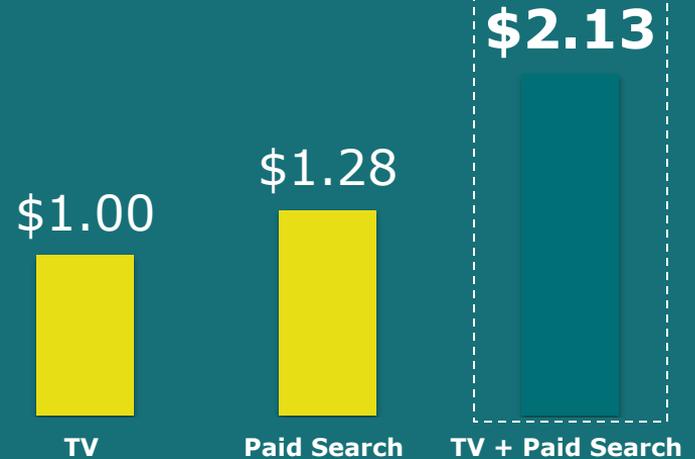
### Low-Involvement Categories

(e.g., Food & Bev, Household)



### High-Involvement Categories

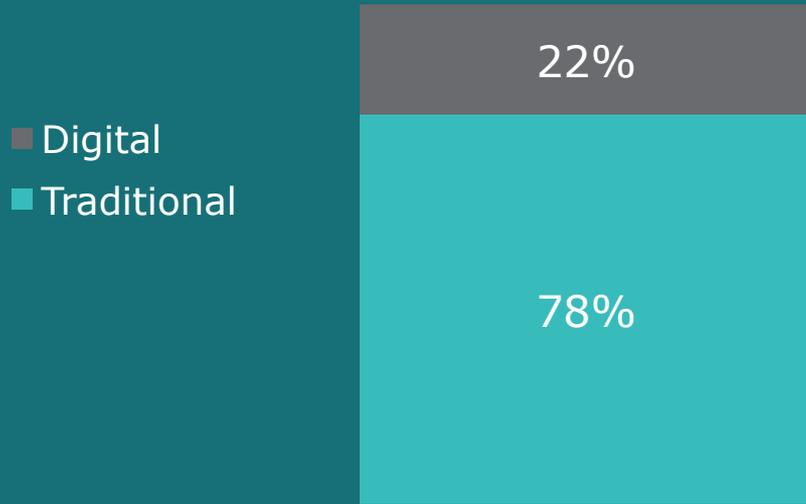
(e.g., Pharma, Travel)



Source: Analytic Partners, 2015; ROI shown relative to index of \$1.00 for TV

# Smart Spending: Digital + Traditional

Optimized Mix per Target – \$15m Budget / Average Verticals

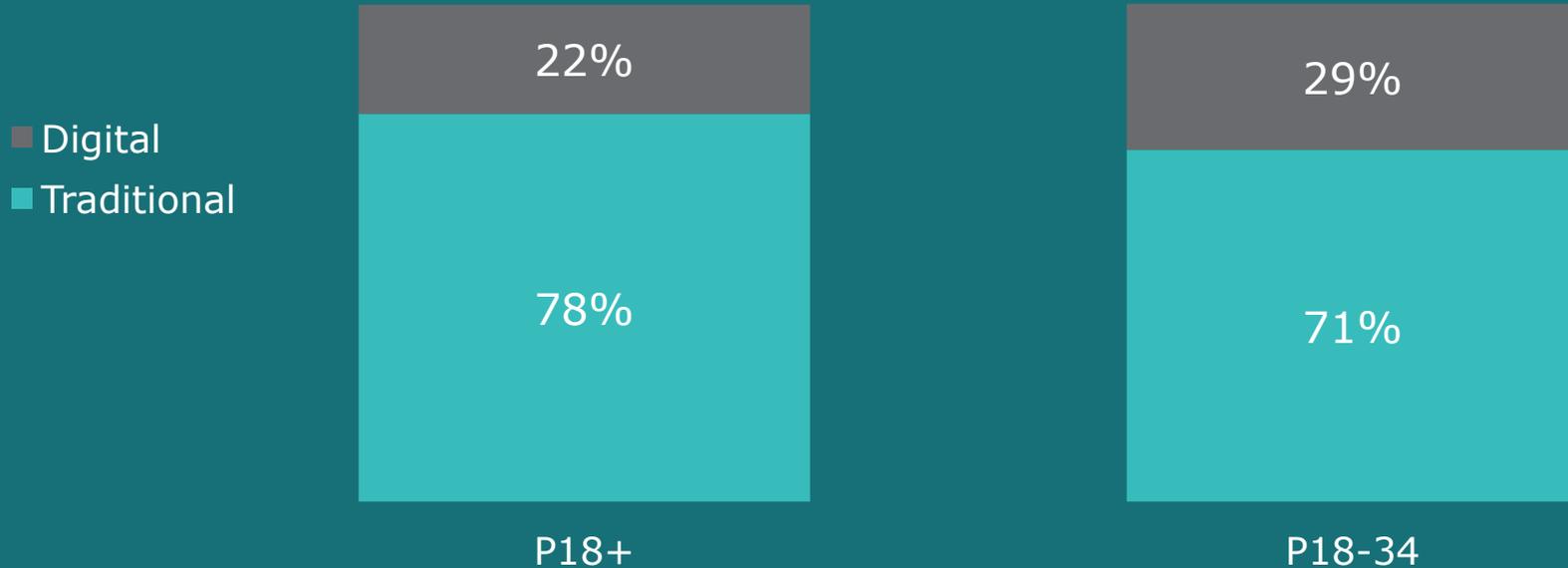


P18+

Source: Marketing Evolution, 2016; Analysis based on campaigns representing \$100B in advertising spend from 2010-2015; Digital comprises all advertising including video, display and paid search advertising on desktop and mobile devices

# Smart Spending: Digital + Traditional ...Even for Millennials

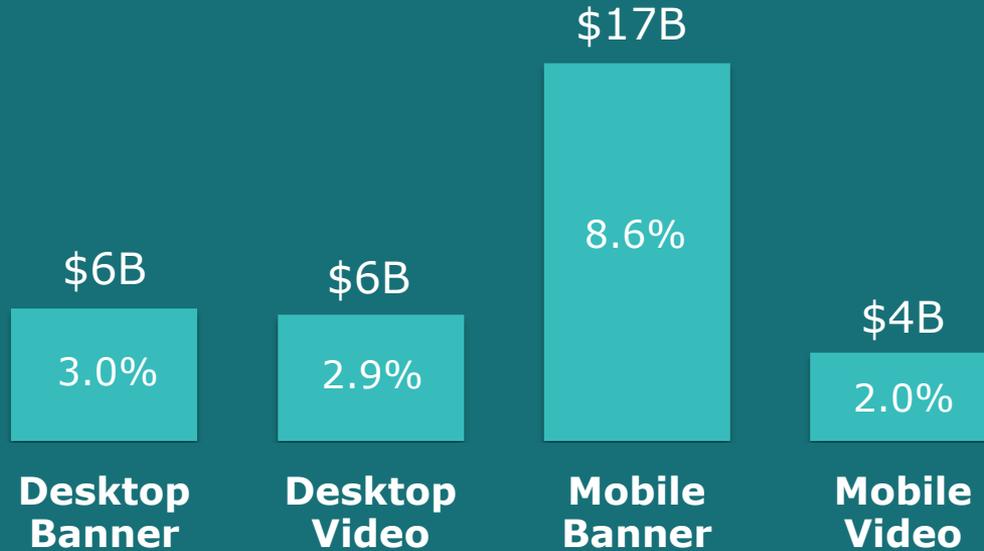
## Optimized Mix per Target – \$15m Budget / Average Verticals



Source: Marketing Evolution, 2016; Analysis based on campaigns representing \$100B in advertising spend from 2010-2015; Digital comprises all advertising including video, display and paid search advertising on desktop and mobile devices

# Advertisers Are Spending on A Range of Ad Formats to Reach Consumers on Desktop and Mobile Devices

## US Ad Spending (2016) on Selected Desktop and Mobile Ad Formats



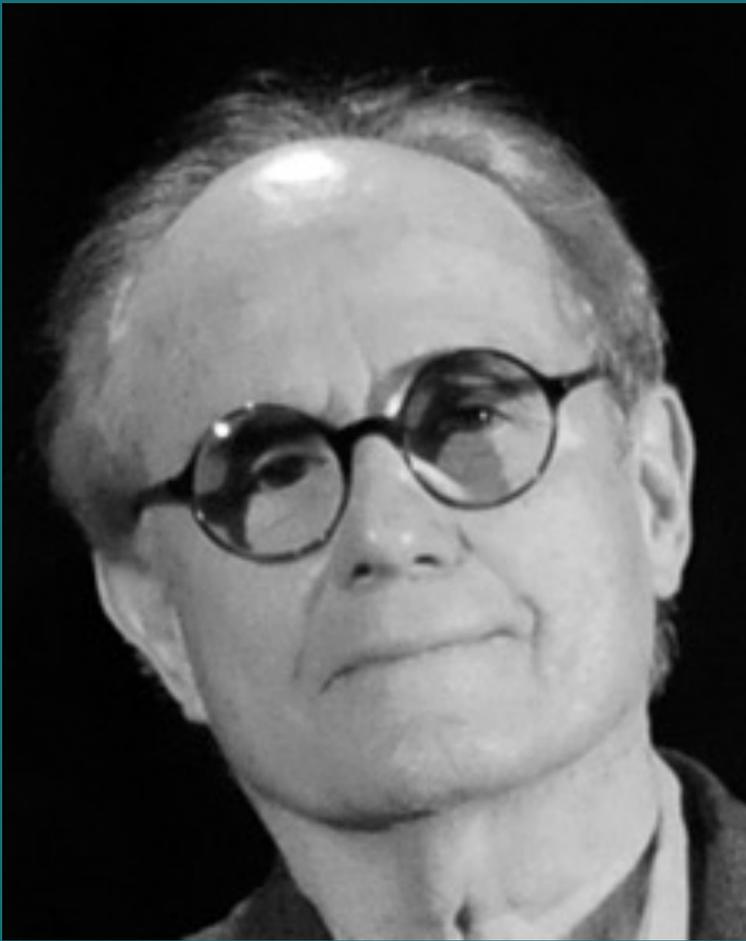
Source: eMarketer, 2016

# Over-Investing Can Have Diminishing Returns and Cause Sales to Decline

## Relative Effect of Banner Ad Impressions



Source: comScore, 2016; Analysis based on 7 desktop banner campaigns in Automotive, Pharmaceutical and Financial Services categories; 100% represents performance of 1<sup>st</sup> impression in driving consumers to landing page



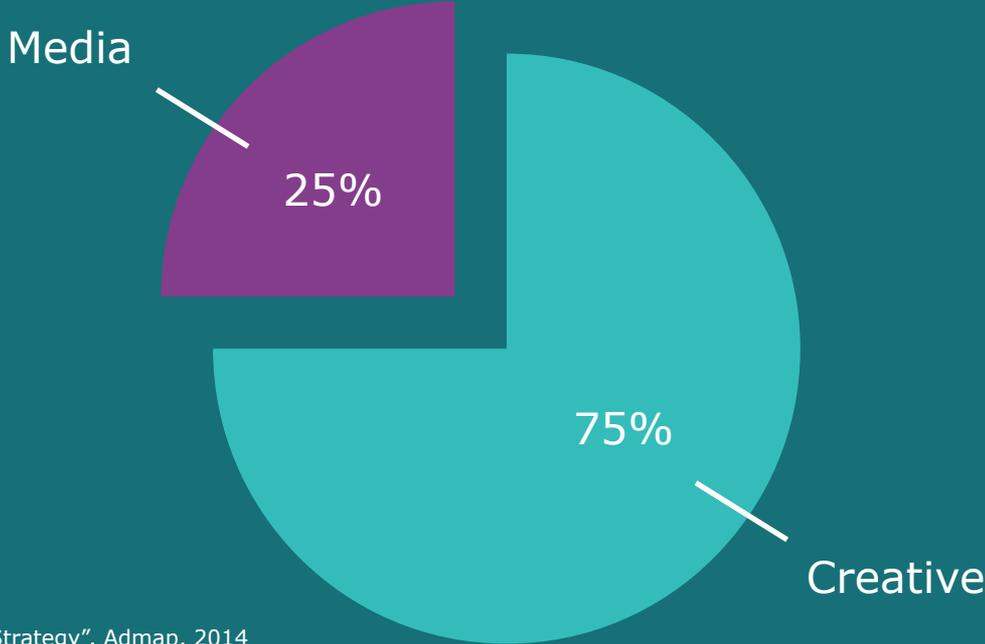
# Don't get Carried Away:

“Frequency is a  
kind of media  
crabgrass.”

Source: Ephron on Media, 2005

# 75% of Advertising Impact Is Determined by Creative Quality

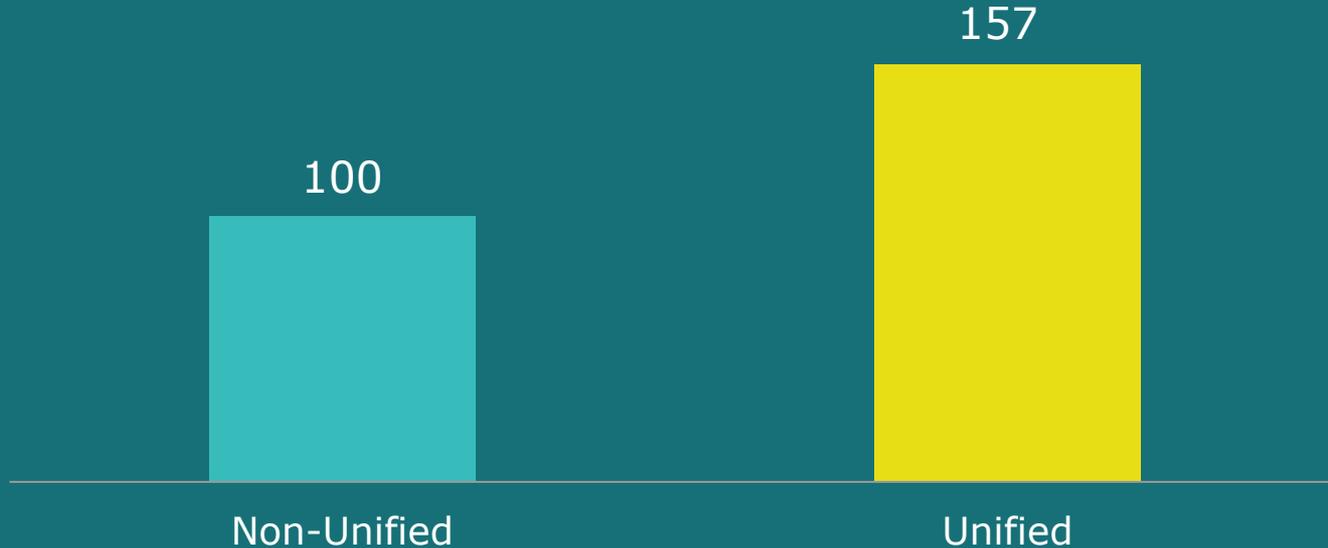
Relative Contribution Of Creative And Media to Ad / Brand Recall



Source: Ipsos, "10 Rules for TV Strategy", Admap, 2014

# A Consistent, Unified Creative Strategy Delivers the Strongest Results

## Indexed Impact of Different Types of Cross-Platform Creative Strategy on Equity Metrics



Source: Millward Brown, 2016; Analysis of 50 campaigns from 2011-2015; Impact shown is the aggregated effect on Association, Motivation and Salience metrics, established through online surveys of 1,400 consumers per campaign; Performance is shown relative to index of 100 for non-unified campaigns

# How Advertising Works Today: Smart Spending Action Steps

1. Invest in Multiple Platforms rather than Shifting Advertising Dollars from Platform to Platform
2. Spend Smart by Adding Back Traditional Media to Your Digital Investment to Maximize ROI
3. Spend Smart to Reach Millennials on Traditional and New Media - not just Mobile
4. Maximize the Return on Your Digital Advertising by Optimizing Frequency
5. Create a Unified Creative Strategy across Platforms

# Smart Spending Can Unlock \$30B

**Incremental Ad Spend Potential –  
Total US Ad Spend vs. Optimized US Ad Spend**

