Have Confidence in Every Business Decision You Make

September 2020

ADVERTISING EFFECTIVENESS SIGNALS AND MEASUREMENT SOLUTIONS

Contact us for more information regarding access to our full 2020 Measurement Report

Featuring NEW REPORT HIGHLIGHTS

Have Confidence in Every Business Decision You Make
TODAY’S HOSTS

Justin Fromm
EVP Business Intelligence

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VP Business Intelligence
METHODOLOGY

INTERVIEWS CONDUCTED: 200

SURVEYFIELDED: July 6 to July 14, 2020

SAMPLE: Marketer and Agency contacts from The Advertiser Perceptions Ad Pros proprietary community and trusted third-party partners as needed.

Our Ad Pros Community represents the brands and agencies that are spending the most on advertising and marketing in the U.S. We continuously update, supplement, and refine the community based on movement in the market.

RESPONDENT QUALIFICATIONS:
- Involved in decision-making for paid advertising
- Total ad spend next 12 months minimum: $5MM
- Very or somewhat involved in and used measurement/analytics or ad effectiveness research in past 6 months
- Used specific measurement or research tools to optimize media campaigns in past 6 months
**RESPONDENT PROFILE**

### Job Title/Level

- C-Level: 24%
- VP, SVP, EVP, President: 22%
- Director: 30%
- Supervisor, Dept Head, Grp Mgr: 11%
- Manager: 12%

### Advertising Spend

- Total Ad Spend (next 12 months): $148 M
- % Ads Purchased Programmatically (past 12 months): 38%

### Revenue by Channels (means)

- Direct-to-Consumer: 41%
- Traditional Online: 27%
- Traditional Brick and Mortar: 32%

### Media Type Advertising Involvement

- Digital Video: 86%
- Linear TV (broadcast, cable): 82%
- CTV/OTT: 92%

### Brand vs. Performance Advertising

- Brand-Focused: 51%
- Performance-Focused: 49%

### Agency vs. Marketer

- 50% Agency
- 50% Marketer

### Top 10 Market Sectors

- Automotive
- Financial Services
- B2B
- CPG – Food/Household Products
- Technology
- Health/Healthcare
- Retail – Brick and Mortar
- Apparel/Fashion
- Consumer Electronics
- Apparel/Fashion
FIND THINGS TO KNOW MOVING FORWARD

1. Cross-screen measurement is critical for a converged video world, but advertisers are still struggling to make it work.

2. Advertisers aren’t consistent in holding partners to measurement standards, which may disadvantage smaller partners.

3. Measurement convos will morph to convos of identity as the cookieless future nears.

4. In preparation for a cookieless future, advertisers are increasingly looking toward more aggregated—and meaningful—methods of measurement.
MEASUREMENT DRIVES DECISIONS

- All Advertisers
- Considering
- Intending
- Must Buy
### WHICH ASPECTS OF COMPREHENSION DRIVE CONSIDERATION?

<table>
<thead>
<tr>
<th>COMPREHENSION CRITERIA:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benefits of Advertising</td>
</tr>
</tbody>
</table>

**GREATEST IMPACT ON CONSIDERATION**

Source: AIR 1H 2020. Based on regression analysis: Comprehension criteria regressed to consideration, ranked left to right in order of importance.
Which platform/product criteria drive intention?

<table>
<thead>
<tr>
<th>PLATFORM/PRODUCT CRITERIA</th>
<th>GREATEST IMPACT ON BUYING INTENTION</th>
<th>IMPACT ON BUYING INTENTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROI/ROAS</td>
<td>Attractive Costs/CPMs</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Branded Content Opportunities</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Performance Marketing Opportunities</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Quality of Content</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Podcast Ad Offerings</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Trusted Brand-Safe Environment</td>
<td></td>
</tr>
</tbody>
</table>

Source: AIR 1H 2020. Based on regression analysis: Comprehension criteria regressed to consideration, ranked left to right in order of importance.
1. HOLISTIC MEASUREMENT MATTERS GREATLY, BUT MARKETERS ARE STILL STRUGGLING TO MAKE IT WORK
### MEASUREMENT IS STILL A TOP CHALLENGE TO CROSS-SCREEN SUCCESS

#### Challenges to Cross-screen Video Advertising

Summary of Respondents Ranking 1-3

<table>
<thead>
<tr>
<th>Rank 1-3</th>
<th>Challenge</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Lack of standard measurement</td>
<td>57%</td>
</tr>
<tr>
<td>2</td>
<td>Managing audience de-duplication</td>
<td>55%</td>
</tr>
<tr>
<td>3</td>
<td>Managing ad frequency capping</td>
<td>49%</td>
</tr>
<tr>
<td>4</td>
<td>Managing creative executions, format standardization</td>
<td>46%</td>
</tr>
<tr>
<td>5</td>
<td>Inability to execute a cross-screen data-targeted buy</td>
<td>43%</td>
</tr>
<tr>
<td>6</td>
<td>Inability to plan media buys seamlessly</td>
<td>40%</td>
</tr>
</tbody>
</table>

Source: Video Advertising Convergence Report. H2 2019. Q Which of the following do you consider to be the biggest challenges to running video advertising campaigns across screens? Base: Total Respondents
**SALES AND BRAND LIFT ARE AMONG THE MOST IMPORTANT SIGNALS FOR MEASURING THE SUCCESS OF ALL FORMS OF VIDEO ADS**

Top Advertising KPIs by Media Type | Rank 1

<table>
<thead>
<tr>
<th>DIGITAL VIDEO</th>
<th>CTV/OTT</th>
<th>LINEAR TV</th>
<th>(PAID) SOCIAL</th>
<th>GAMING</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Sales lift</td>
<td>1 Audience delivery</td>
<td>1 Sales lift</td>
<td>1 Action</td>
<td>1 Brand lift</td>
</tr>
<tr>
<td>2 Action</td>
<td>2 Sales lift</td>
<td>2 Audience delivery</td>
<td>2 Sales lift</td>
<td>2 Engagement</td>
</tr>
<tr>
<td>3 Audience delivery</td>
<td>3 Brand lift</td>
<td>3 Campaign Reach &amp; Frequency</td>
<td>3 Brand lift</td>
<td>3 Audience delivery</td>
</tr>
<tr>
<td>4 Brand lift</td>
<td>4 Completed view</td>
<td>4 Brand lift</td>
<td>4 Engagement</td>
<td>4 Completed view</td>
</tr>
<tr>
<td>5 Engagement</td>
<td>5 Engagement</td>
<td>5 Action</td>
<td>5 Audience delivery</td>
<td>5 Action</td>
</tr>
<tr>
<td>6 Completed view</td>
<td>6 Viewability</td>
<td>6 Offline location</td>
<td>6 Offline location</td>
<td>6 Viewability</td>
</tr>
<tr>
<td>7 Campaign Reach &amp; Frequency</td>
<td>7 Campaign Reach &amp; Frequency</td>
<td>7 Completed view</td>
<td>7 Viewability</td>
<td>7 Campaign Reach &amp; Frequency</td>
</tr>
<tr>
<td>8 Viewability</td>
<td>8 Action</td>
<td>8 Completed view</td>
<td>8 Sales lift</td>
<td>8 Sales lift</td>
</tr>
<tr>
<td>9 Offline location</td>
<td>9 Offline location</td>
<td>9 Campaign Reach &amp; Frequency</td>
<td>9 Offline location</td>
<td>9 Offline location</td>
</tr>
</tbody>
</table>

Source: Measurement Report 2020. Q. What are your company’s/main client’s top 3 advertising KPIs? Base: Total Respondents Involved in Media Type (variable base)
<table>
<thead>
<tr>
<th>DIGITAL VIDEO</th>
<th>CTV/OTT</th>
<th>LINEAR TV</th>
<th>(PAID) SOCIAL</th>
<th>GAMING</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Completed view</td>
<td>Audience delivery</td>
<td>Campaign Reach &amp; Frequency</td>
<td>Audience delivery</td>
</tr>
<tr>
<td>2</td>
<td>Viewability</td>
<td>Engagement</td>
<td>Brand lift</td>
<td>Engagement</td>
</tr>
<tr>
<td>3</td>
<td>Audience delivery</td>
<td>Campaign Reach &amp; Frequency</td>
<td>Sales lift</td>
<td>Action</td>
</tr>
<tr>
<td>4</td>
<td>Action</td>
<td>Completed view</td>
<td>Completed view</td>
<td>Sales lift</td>
</tr>
<tr>
<td>5</td>
<td>Campaign Reach &amp; Frequency</td>
<td>Viewability</td>
<td>Audience delivery</td>
<td>Brand lift</td>
</tr>
<tr>
<td>6</td>
<td>Brand lift</td>
<td>Brand lift</td>
<td>Action</td>
<td>Completed view</td>
</tr>
<tr>
<td>7</td>
<td>Engagement</td>
<td>Sales lift</td>
<td>Offline location</td>
<td>Campaign Reach &amp; Frequency</td>
</tr>
<tr>
<td>8</td>
<td>Sales lift</td>
<td>Action</td>
<td>Completion View</td>
<td>Viewability</td>
</tr>
<tr>
<td>9</td>
<td>Offline location</td>
<td>Offline location</td>
<td>Offline location</td>
<td>Offline location</td>
</tr>
</tbody>
</table>

Q. For each medium, which KPIs does your company or main client regularly use? Base: Total Respondents Involved in Media Type (variable base) | 90% Confidence Level
FOR MOST ADVERTISERS, ADDING TOGETHER “APPLES & ORANGES” LEAVES THEM WITH A “FRUIT SALAD” OF MEASUREMENT WOES

Q. How much do you agree with each of the following statements? Base: Total respondents

FOR MOST ADVERTISERS, ADDING TOGETHER “APPLES & ORANGES” LEAVES THEM WITH A “FRUIT SALAD” OF MEASUREMENT WOES

BY ADDING OTT AND DIGITAL VIDEO TO MY LINEAR BUY, I'M JUST BUYING IMPRESSIONS WITHOUT KNOWING THE REACH, FREQUENCY AND EFFECTIVENESS

DISAGREE
Completely/Somewhat
19%

NEUTRAL
22%

AGREE
Completely/Somewhat
59%
ADVERTISERS AREN’T CONSISTENT IN HOLDING PARTNERS TO MEASUREMENT STANDARDS, WHICH DISADVANTAGES SMALLER PARTNERS
# Failure to Meet Advertiser KPIs Has Significant Implications for Publishers and Tech Partners; Measurement Partners on the Other Hand, Get the Benefit of the Doubt

Actions Taken When Advertising Campaign Does not Meet KPIs

<table>
<thead>
<tr>
<th>Action</th>
<th>Rank 1</th>
<th>Rank 2</th>
<th>Rank 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduce investment with that media partner</td>
<td>22%</td>
<td>20%</td>
<td>16%</td>
</tr>
<tr>
<td>Ask for a make-good</td>
<td>25%</td>
<td>17%</td>
<td>14%</td>
</tr>
<tr>
<td>Stop advertising with that media partner</td>
<td>14%</td>
<td>13%</td>
<td>18%</td>
</tr>
<tr>
<td>Negotiate a lower rate</td>
<td>11%</td>
<td>17%</td>
<td>14%</td>
</tr>
<tr>
<td>Include guarantees in next buy with media partner</td>
<td>13%</td>
<td>13%</td>
<td>11%</td>
</tr>
<tr>
<td>Try new measurement solutions</td>
<td>13%</td>
<td>12%</td>
<td>10%</td>
</tr>
</tbody>
</table>

Source: Identity Resolution Report 2020. Q. Which of the following actions, if any, has your company/agency taken when an advertising campaign does not meet your KPIs? Base: Total Respondents
WHILE HALF OF ADVERTISERS ALWAYS REQUIRE MEDIA PARTNERS TO USE A PRE-APPROVED MEASUREMENT TOOL, SUBSTANTIAL PORTIONS OF ADVERTISERS FOREGO REQUIREMENTS FOR GOOGLE AND FACEBOOK

**Whether your company/agency Requires Media Partners to Use Pre-Approved Measurement Tools**

- 39% Yes, we require it from every media partner.
- 47% We request it from media partners but don’t require it.
- 11% We don’t request or require it.
- 4% Don’t know

**Media Partners That Are NOT Required to Use Company’s/Agency’s Pre-Approved Measurement Tools | Unaided**

- Google: 35%
- Facebook: 25%
- YouTube: 11%
- Amazon: 7%
- Twitter: 7%
- Hulu: 6%
- LinkedIn: 5%
- Yahoo!
- CNN
- Meredith
- NBC
- The Trade Desk
- Verizon

Source: Measurement Report 2020. Q. Does your company/agency require that your media partners use your pre-approved advertising measurement tools/partners? Base: Total Respondents. Q. With which media partners will your company/agency forgo its requirement to use one of their pre-approved advertising measurement tools and instead use a media partner’s tools? Base: Don’t Require Pre-Approved Advertising Measurement Tools/Partners.
GOOGLE AND FACEBOOK TOP ADVERTISERS’ MUST-BUY LIST

Buying Priority
(% Respondents $25MM+ Annual Ad Spending)

- **Must Buy**: 83%
- **Complementary Buy**: 11%
- **Discretionary Buy**: 3%
- **Would Not Use**: 3%

H1 2020 Must Buy Rank: #1
H2 2020 Must Buy Rank: #1

H1 2020 Must Buy Rank: #2
H2 2020 Must Buy Rank: #2

Source: Corporate Reputation Report 2020. Q. What priority do you place on each of these media companies when planning or buying for an ad campaign? Base: Total Respondents
3. MEASUREMENT CONVOS WILL MORPH TO IDENTITY CONVOS AS THE COOKIELESS FUTURE NEARS
We'll rely on our agencies and ad tech firms for a replacement solution.

- Marketer VP, Financial Services

Create a model that is privacy-friendly but capable of measuring performance, and that is capable of limiting the frequency and amount of advertising a user sees before consuming content.

- Agency Supervisor, B2B

More integration between 1st party and 3rd party measurement tools.

- Agency VP, Automotive

Increased reliance on internal metrics.

- C-Level, Financial Services

WHICH INSIGHTS AND TOOLS DRIVE INTENTION?

<table>
<thead>
<tr>
<th>DATA &amp; RESEARCH CRITERIA</th>
<th>GREATEST IMPACT ON BUYING INTENTION</th>
<th>IMPACT ON BUYING INTENTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proprietary Data Quality and Availability</td>
<td>Ease of Integrating My First-Party Data</td>
<td>Advanced Audience Insights</td>
</tr>
<tr>
<td></td>
<td>Post Campaign Reporting and Insights</td>
<td>Accurate Ad Performance Measurement</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Data Handling</td>
</tr>
</tbody>
</table>

*Based on regression analysis. See appendix for full explanation of approach*
MOVING FORWARD, EXPECT FIRST- AND SECOND-PARTY DATA TO BECOME KEY IDENTITY RESOLUTION TOOLS

Tactics for addressing identity resolution in the future:

- **65%** Relying more heavily on ID graphs built on first-party data
- **51%** Relying more heavily on second-party data built via data co-ops with other agencies and brands
- **48%** Relying more heavily on second-party data from publishing partners
- **31%** Still relying on 3rd-party-based identity resolution solutions, but ensuring they are built to last

Source: Identity Resolution Report. Q. As third-party cookies are being phased out, what are your [company’s/main client’s] tactics for addressing identity resolution in the future? Base: Total Respondents
Q84. How much do you agree with the following statement: The industry will work together to create a universal identifier that can replace third-party cookies. Base: Total Respondents

- Completely agree: 19%
- Somewhat agree: 49%
- Neither agree nor disagree: 22%
- Somewhat/Completely disagree: 10%

“The industry will work together to create a universal identifier that can replace third-party cookies”
NATURALLY, CAMPAIGN REPORTING AND OPTIMIZATION WILL BECOME MORE CHALLENGING

The 2 Campaign Phases That Will Become More Challenging With "Cookieless" Advertising
(Sorted by “Rank 1-2”)

<table>
<thead>
<tr>
<th>Campaign Phase</th>
<th>Rank 1</th>
<th>Rank 2</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Campaign reporting/insights</td>
<td>31%</td>
<td>35%</td>
<td>65%</td>
</tr>
<tr>
<td>Optimization</td>
<td>35%</td>
<td>29%</td>
<td>63%</td>
</tr>
<tr>
<td>Buying/Implementation</td>
<td>19%</td>
<td>11%</td>
<td>30%</td>
</tr>
<tr>
<td>Planning</td>
<td>13%</td>
<td>14%</td>
<td>26%</td>
</tr>
</tbody>
</table>
IN PREPARATION FOR A COOKIELESS FUTURE, ADVERTISERS ARE INCREASINGLY LOOKING TOWARD MORE AGGREGATED, AND MEANINGFUL, METHODS OF MEASUREMENT
PROPORTION OF ADVERTISERS USING & PERCENTAGE OF CAMPAIGNS USING MEASUREMENT/RESEARCH TYPE IN THE PAST 6 MONTHS

Source: Measurement Report 2020. Q Thinking about the entirety of your company’s/agency’s advertising efforts over the past 6 months, what proportion of ad campaigns used these types of measurement and/or research? Base: Used Measurement/Research Types (Variable base)
Q. There has been industry news and discussion around restricting or limiting the use of 3rd party cookies. Which type of advertising measurement and/or research will become more important in a "cookieless" world? Base: Total Respondents

<table>
<thead>
<tr>
<th>Measurement Tools</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales-Lift Research</td>
<td>44%</td>
</tr>
<tr>
<td>Ad Effectiveness Research</td>
<td>39%</td>
</tr>
<tr>
<td>Media Mix Modeling</td>
<td>38%</td>
</tr>
<tr>
<td>Cross-Platform Multi-Touch Attribution</td>
<td>36%</td>
</tr>
<tr>
<td>Internal analytics</td>
<td>35%</td>
</tr>
<tr>
<td>Verification Analytics</td>
<td>34%</td>
</tr>
<tr>
<td>Last-Click Attribution</td>
<td>33%</td>
</tr>
<tr>
<td>External analytics</td>
<td>31%</td>
</tr>
<tr>
<td>Location/Geo-Based Attribution</td>
<td>31%</td>
</tr>
</tbody>
</table>
KEY TAKEAWAYS

1. As cross-screen ad measurement matures, expect to see more advertisers move from more basic fulfillment metrics to ones that quantify true change and results.

2. Advertisers want all partners to play by their ad measurement rules, but they’re willing to make pardons for their must-buy partners.

3. The time to focus on identity—and its role in ad measurement—is now.

4. As user-level measurement becomes more difficult in a cookieless future, advertisers will look to more aggregated—and meaningful—measures of success.
THANK YOU

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Contact us at info@AdvertiserPerceptions.com for more information regarding access to our full 2020 Measurement Report.