



It's About Time

Relevance Report 2019

 xandr

The challenge of capturing consumers' time and attention continues to grow every day.

Consumers are likely to tune out a brand's message if it's not relevant to them. Overexposure of irrelevant and repetitive ads has driven some to avoid advertising all together.

In our second annual Relevance Report, Xandr surveyed 2,000 consumers to understand their media consumption and ad engagement. To understand both sides of the advertising value exchange we spoke with 500 influential marketing decision makers.

Relevance is the currency of consumer attention. Success is found, for both marketers and consumers, when advertisements focus on people and emotion, not just placements.

This year's survey findings show that with the proliferation of high-quality content, available at any time, consumers have freedom of choice — not just what they watch, read, listen to but where, and when.

We invite you to read our second installment of the Relevance Report, and to further the conversation with us as we seek to Make Advertising Matter.

With Purpose,



Kirk McDonald

CBO, Xandr



The Setting

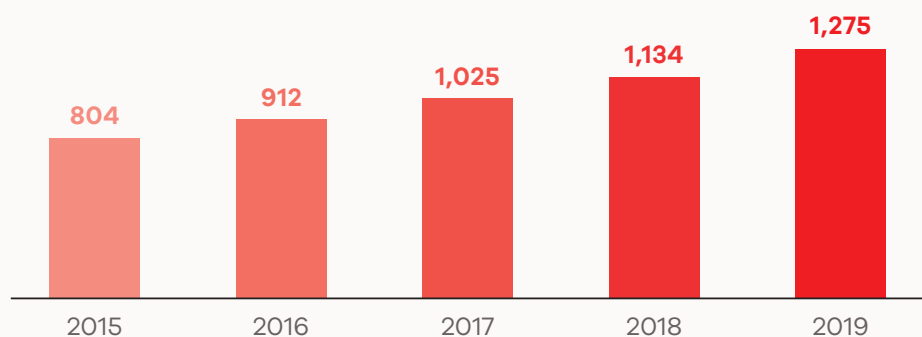
Consumers are following content.

They are accustomed to watching, reading, listening to what they want when they want it. According to Magna Global: **2019 marks the first year that the majority of video viewing will occur on demand.**

The Average U.S. Home Owns 10 Connected Devices

Connected Devices (000s)

Source: Magna Global



With the proliferation of high-quality content, available at any time, consumers have freedom of choice — not just what they watch, read, and listen to but where, and when.



Nearly 7 out of 10 acknowledge content is a part of their everyday routine. They're dedicating whatever free time they have toward engaging with content and, on average, that's about 4 hours a day.

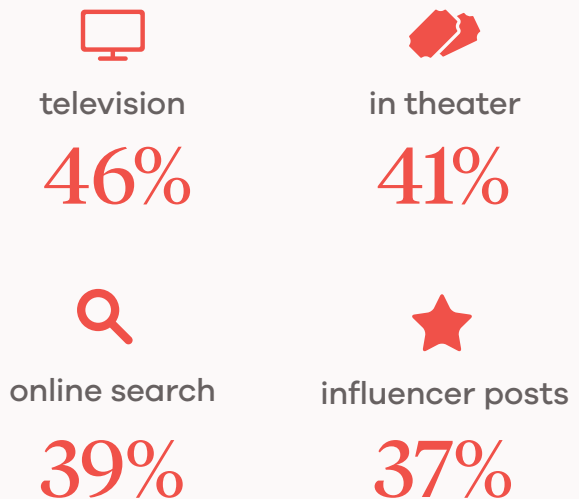
When it comes to "where," today's busy consumers are getting their content on smaller screens. Eighty percent are using their smartphones daily for the purpose of engaging with all types of video, audio, or written media. Fifty-six percent are using their phones to stream content daily. If it didn't affect their mobile data plans, they would increase the rate at which they stream.

While many users are mobile-first in consumption, television is the medium most likely to get their attention. Fifty-four percent of consumers surveyed say they'll watch a television ad compared to forty percent that will watch a video ad on mobile. Ad engagement is closely linked to purchase behavior with television and cinema being the top platforms for getting consumers to watch an ad and buy a product.

Consumers may first reach for their phones, but it's larger screen content that's winning their consideration.



% likely to purchase after seeing a product or service advertised on...



Ultimately, according to consumers, the platform on which an ad is served is the least contributing factor to an ad's relevance.

For consumers to consider an ad relevant, it must fulfill a current need. As consumers move seamlessly across channels, it's not about "where" but "when" they are most likely to engage with an ad.

For marketers, it's not quite as seamless. To make their cross-channel plans more effective, they're looking for solutions in aligning target audiences, performance metrics, and showing ROI. Over half rely on social media advertising above all others to improve ROI.

While it may appear that more consumption equals more opportunities, today's success is tethered more to quality than quantity. A third of marketers cite consumer ad fatigue as a major challenge. Consumers confirm that, yes, they are tired of seeing so many and so frequent ads.

Some of the largest obstacles marketers currently face:



38%

budget limitations



32%

balancing accurate target
vs. maximizing reach



33%

consumer ad fatigue



27%

inconsistent standards of
measurement across channels

These issues contribute to marketers' confidence in making advertising relevant to consumers.

Only 19% of marketers are very satisfied with their ability to deliver the right message at the right time to the right target.

Marketers know that content comes first and 9 out of 10 believe that TV and digital are converging. The primary implications of convergence will be:

1. More integrated media strategies
2. More data-enabled media buying
3. Measurement optimization across all channels

As we look to the future of a converged ecosystem, what holds true to consumers across screens? In this report, you'll learn what consumers expect from advertising today and what they say will improve their experience with it.

The Atmosphere

Consumers value their content and they value their time. They also value advertising.



56% of consumers prefer to access content for free even if it means viewing ads, 70% have accepted ads as a part of their media-viewing experience.

50%

of consumers have a positive attitude towards advertising

33%

are neutral

Most people recognize the service that advertising provides and agree that it is both good for consumers (51%) and needs to exist (75%). Consumers genuinely enjoy ads that are for something they're interested in (74%), make them laugh (72%), and provide some sort of new information (70%).

When asked about their overall view towards advertising, the majority are positive or neutral, presenting an opportunity for conversion. The third of consumers that have neither a negative nor positive opinion need to be met with more meaningful ads.

Consumers are clear about the type of ad they dislike. They are aggravated by ads that intrude on the time spent with the content they enjoy. Ultimately, consumers aren't anti-advertising, they're pro-content.

75%

of consumers feel advertising has become more frequent lately

63%

think advertising makes media consumption less enjoyable

In order to get to their content quicker and to move past interruptive advertising, **3 in 5 will skip or block any ad they can.**

A negative advertising experience sometimes translates to a more negative view of the brand and content provider. Forty-one percent of consumers feel a negative ad experience impacts their view of the brand, while 27% of consumers indicate that it detracts from their opinion of the content provider. Nearly all marketers (91%) believe that an ad experience has a direct influence on a consumer's relationship with the brand.

Advertising is a necessary part of the equation, both in terms of the media that people choose to consume and the products that they choose to buy. Most consumers, however, say that the ads they've seen in the past year have had little or no long-lasting effect. The challenge is not to correct negative perceptions about advertising but to make ads more meaningful.

There are no more “traditional means of shopping.” There used to be a clear division between the in-store and online shopper. With this, how you reach those shoppers is also vastly different... getting on the list or event in the consideration set is one of the biggest hurdles.

— Marketing Manager

Effective and Affective

Last year, we set out to understand the state of consumer attention. We discovered that for an ad to matter, it needs to be relevant.



Here's what it means to achieve relevance:

1. Meet a consumer need.
2. Meet a moment in time.
3. Evoke an emotion.

This year, we looked to learn more. How can relevance go beyond the ability to engage but also to inspire?

We evaluated the success of Xandr campaigns considered relevant by consumers. Results proved that relevant campaigns are more memorable, exceeding norms for ad recall. They are also 130% more believable.

The most relevant campaign creatives effectively evoked an emotion reinforced

by 169% higher ad appeal than less relevant ads that shared information about the product or service. Eighty percent of the most relevant campaigns included music, showcasing a prominent soundtrack.

Campaigns defined as “Relevant:”

 **148%**

Exceeded norms for ad recall

 **130%**

Exceeded norms for believability

(29% and 64% are the norm campaign agreement percentages)

Historical data revealed that campaigns with 1-2 creative executions drove greater relevance and stronger reactions to the creative. The analysis also showed that while higher weekly frequency targets were effective at improving recall, they did not necessarily drive purchase intent or brand favorability.



In order to drive purchase intent, creatives must go beyond basic relevancy to evoke emotional resonance and influence the audience to take action. This was most effectively achieved by campaigns with a longer 10+ week duration, higher levels of exposure, and lower average weekly frequencies to spread out repeat exposure over time.

Consumers say the top ways to improve advertising are to eliminate invasive ads that take over their screens or block content and reduce ad frequency.

People are hyperaware these days of being advertised to — and brands are aware of that.

Advertisers are learning new ways for brands to connect with consumers and create experiences for them, rather than just advertising to them.

— Agency Account Executive

It is a delicate balance — consumers want to see an ad at the right time but not the same ad all the time. Seventy-three percent of consumers say seeing an ad too many times makes them dislike it.

They also have high expectations for advertising that tells a story and goes beyond just selling a product. They anticipate ads that are personalized to them and their interests. After eliminating intrusive ads and minimizing frequency, 16% of consumers said the best way to improve the ad experience is to see only ads that are relevant to them.





Getting Personal

Behavioral targeting is not an industry secret.

Nearly all consumers (94%) know their data is being shared in some form or another. They're most convinced that social media platforms, mobile apps, online retailers and Internet providers are tracking their activity. They're less convinced that media outlets and TV providers are doing so. Six in 10 believe

their data is being used to get them to purchase goods or services, and yet they continue to watch, browse, shop and post at an ever-growing rate.

It's a complex relationship between consumers and marketers on either end of the value exchange.

The majority of marketers (57%) assume consumers are less likely to engage with ads that they know have targeted them. Consumers have a different view. When asked how likely they are to engage with ads based on their past hour of online activity, they were decidedly split — 39% were likely, 33% were unlikely, 29% were neutral.

Consumers, with their taste for personalized experiences, do not reject targeted ads. They generally have a positive or neutral view of an ad that's custom to their search history, life stage, or location.

	It does not impact my feelings	I like that the ad is tailored to me	It makes me uncomfortable	It's an invasion of privacy
Topic discussed, but not searched online	34%	19%	22%	25%
Something searched or shopped online earlier	39%	28%	19%	14%
Your lifestage (e.g. wedding planning)	42%	26%	18%	15%
Where you live (e.g. weather or local events)	43%	30%	15%	12%

49%

Forty-nine percent of consumers report that they are comfortable with their digital footprint being used by companies that provide them a service — so long as their identities are protected

41%

Forty-one percent of marketers say that behavioral data is the best way to identify where consumers are at the point of their purchase journey

There is a consensus for responsible data policies and practices with 88% of marketers believing it is necessary to share transparency about targeting techniques with consumers. About half think doing so will increase consumer trust. Not only will transparency impart trust and confidence in the advertiser, it will also help alleviate privacy concerns.

Consumers, who operate in an environment of endless decision making, want the freedom to make the choice when it comes to targeting. Opt-out ability is the leading factor that would make them more trusting of targeted ads.

43%

of consumers want
opt-out tracking options

33%

say content providers
should be transparent

31%

want to give feedback if
an ad is not relevant to them

Conclusion

As we enter a new decade, we're looking at empowered consumers that are armed with the ability to choose what they want, where they want it, and when. They recognize that both their attention and information are commodities. They are willing to dedicate some of their time to ads in order to get access to the content they want. Because of this, consumers' expectations are higher than ever. They don't want to be sold to. Ads must go beyond conveying a message to conveying a meaning and the roadmap for that is relevance.

It's clear that two elements of the relevance recipe — meeting the right need at the right moment in time — benefit from ad targeting. It explains why 4 in 5 marketers say audience-based targeting improves ad effectiveness. Still, they are most dissatisfied in the ability of their media strategy to deliver hard to reach audiences.

Consumers see the lines across screens becoming increasingly blurred and the industry is shifting to accommodate. Of

Marketers are finding that the best way to send the right message to the right person at the right time has become more challenging than ever and must rethink their media strategies, adopting numerous nontraditional media methods.

— C-Level Marketing Executive

those marketers that said TV and Digital are converging, 38% said they are already operating in a converged way while 30% said they will be in the next year or two. It makes sense then that 68% of marketers are currently satisfied in their ability to reach consumers across screens and platforms.



Looking ahead, we're left with several questions for achieving converged business practices in 2020 and beyond:

1. How will measurement solutions evolve to align target audiences across channels most successfully?
2. How will performance metrics evolve to measure ad effectiveness and show ROI most successfully?
3. How will responsible and transparent data practices emerge to help alleviate privacy concerns?
4. How will consumers respond to the growing number of SVOD services available at a price with no commercial interruptions?

The first three questions rely on some answer for standardization, while the last seeks to understand how consumers will follow the content that is important to them.

One thing we know for sure, there has never been a more important time for more impactful advertising.

Methodology

Consumers

Consumer survey measured 2,004 general population respondents.

Marketers

Marketer survey measured 501 senior marketers who are responsible for over \$1MM in both TV and Digital advertising spend. The survey was conducted via phone to web recruitment.

The meta-analysis was conducted looking at aggregate results for 92 campaigns that Xandr has measured.

Surveys and meta-analysis conducted by Kantar.

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