

MEDIA ECONOMY REPORT

CAPTURING CONSUMER ATTENTION IN AN ON DEMAND WORLD

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MAGNA GLOBAL

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THE AGE OF CONSUMER CONTROL

We are in the midst of an unprecedented era of consumer control. With every trip to the app store, consumers discover new ways to connect with friends, content, and services.

While these choices benefit individuals, they pose new challenges for marketers everywhere. Adding to this complexity is that for every new service that launches, we fragment the existing attention already in place. The fact remains that there are still only 24 hours in a day and nothing appears on the landscape that reduces our need for sleep or extends the length of the day (until self-driving cars are commonplace).

As a marketer, just getting your hands around today's emerging platforms can create a blind spot for what's right around the corner. Whether it's the early stages of the consumer VR era (now shipping!), the continued growth of messaging apps (here come the marketing bots!), smart devices in the home (cannibalizing traditional media habits), or even the promise of "live!" (get ready for it), the media landscape isn't going to slow down.

But that's ok. Really!



While the consumer space is exploding with choices, the same could be said for our industry. The good news is that these platforms exhaust data to power our next generation of planning and capability. While the tools are in place to discover the right audience in the right place and time, we are at a significant place at applying these insights to more personalized and addressable advertising.

With smaller windows of opportunity to reach our intended audiences, we need to increase the impact of each impression. Personalization and addressable media add relevance to this unprecedented reach capability.

Addressable communication is a natural fit in a world powered by recommendation algorithms, social feeds, and influencer endorsement. Consumers are leaning on tools to discover what to buy, what to read, and what to watch, so it's only natural for an advertiser to make a suggestion or meet an audience's interest.

While we can't guarantee where tomorrow's attention will be, we cannot disagree that a more relevant message appeals to the attention of an interested consumer.

Chad Stoller

*EVP, Global Innovation Director,
IPG Mediabrands*

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NEW VALUE DRIVERS

Consumers have made it clear that video is their social currency of choice, and there are number of tactics that can make it work harder for marketers.

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CONCLUSION

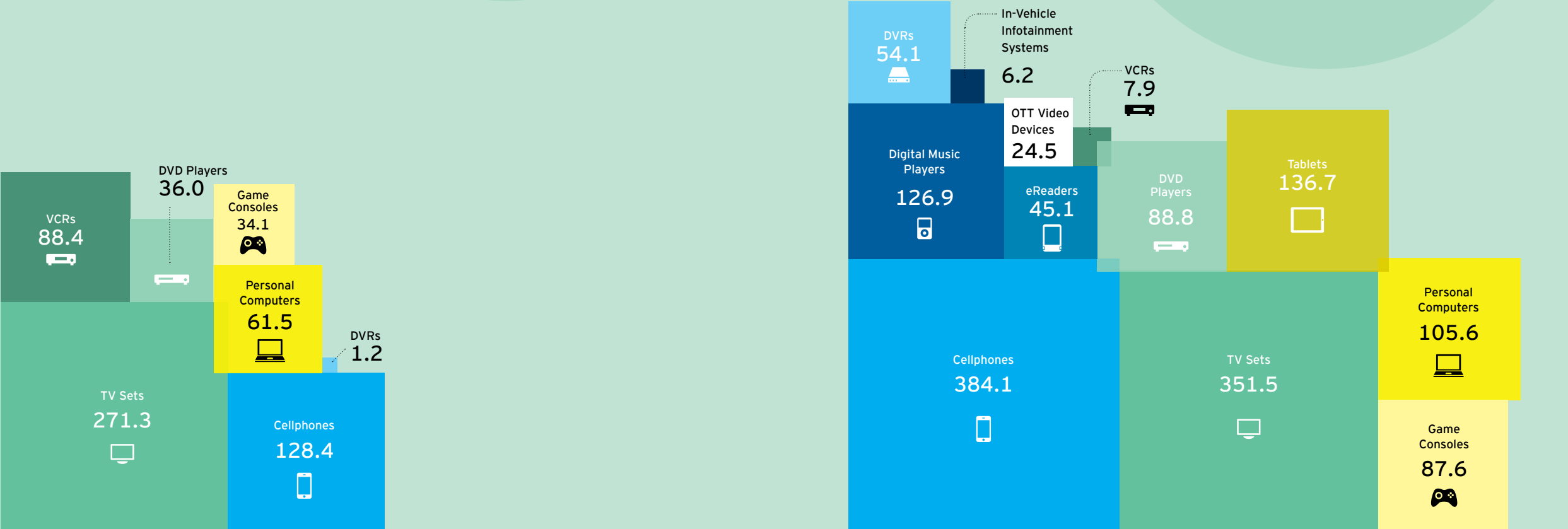
Insights for a competitive advantage.

38

MEDIA DEVICE OWNERSHIP

The pervasiveness of connected devices in the US has opened up a world of choice and put a wealth of information at consumers' fingertips. It also puts a tremendous stream of personal data out in the world, raising questions on how and when it should be used.

Millions of Units, U.S.



Source: MAGNA GLOBAL estimates based on syndicated and public sources

SUPPLY

Living in a fully mediated world has given consumers more control over their media experiences, and changed the rules of the game in terms of what they expect from advertisers. They seek more customized and personalized experiences, and will be the first to share the message if a brand wins them over.

1. The continued shift of traditional media like television, radio, and print to digital formats allows the consumers to access the content they want on demand.
2. When asked, the majority of consumers want content and ad experiences that are timely and relevant, and wish to have the ability to customize their experience to that end.
3. The recommendation engine has proven to be valuable resource for both consumers and sellers when it comes making relevant connections.
4. Consumers want to be involved in all aspects of the content cycle, from creation to circulation, and video is their preferred format for communication.
5. Ad blocking is a growing concern for advertisers, but customized ad experiences are a way to combat the trend.

KEY TAKEAWAYS



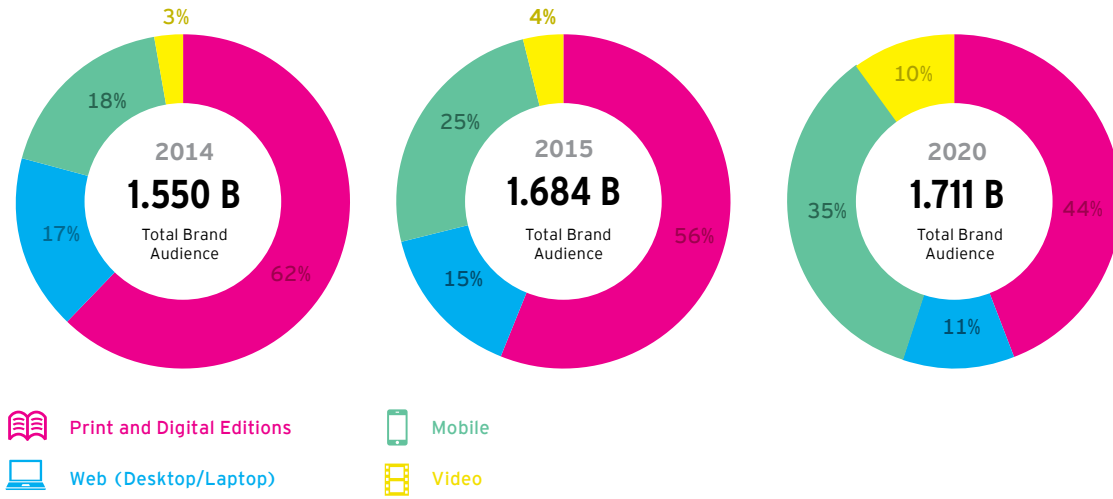
**THE WORLD
CONTINUES TO
GO DIGITAL,
AND DIGITAL
= ON DEMAND**

Pages 8-10

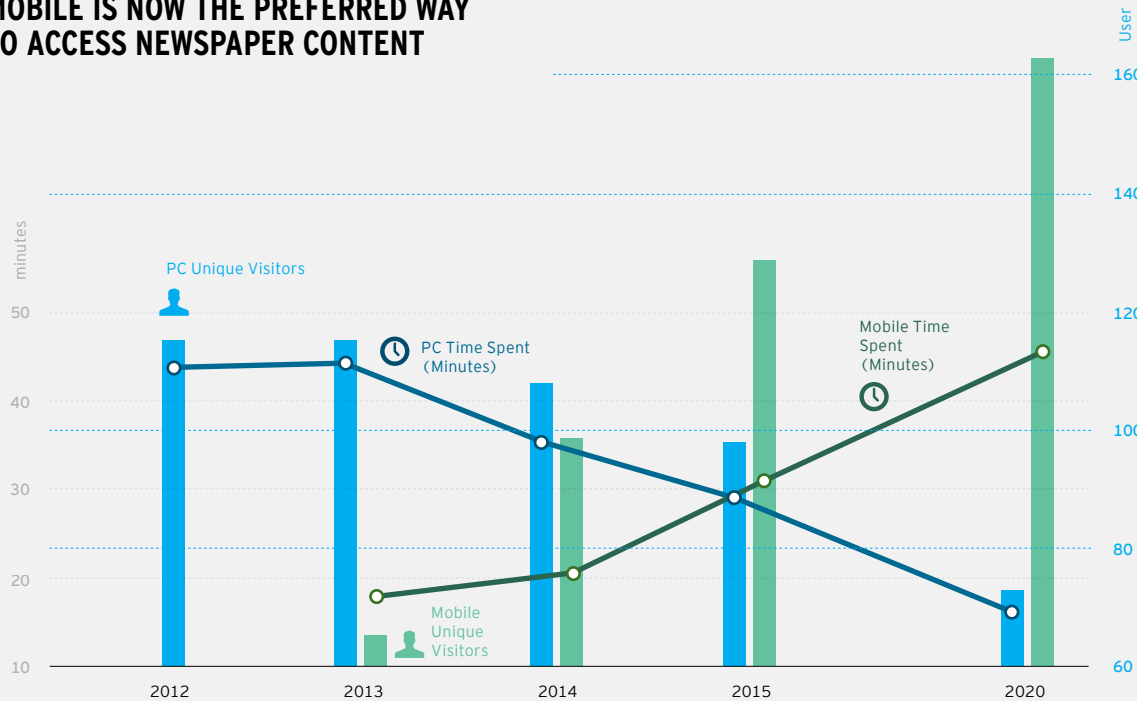
MAGAZINE BRANDS ARE EVOLVING

Average monthly audience
August - October

With print readership on the decline, digital outlets are becoming increasingly important.
We expect overall audience to remain stable, but with more than half coming from digital.



MOBILE IS NOW THE PREFERRED WAY TO ACCESS NEWSPAPER CONTENT

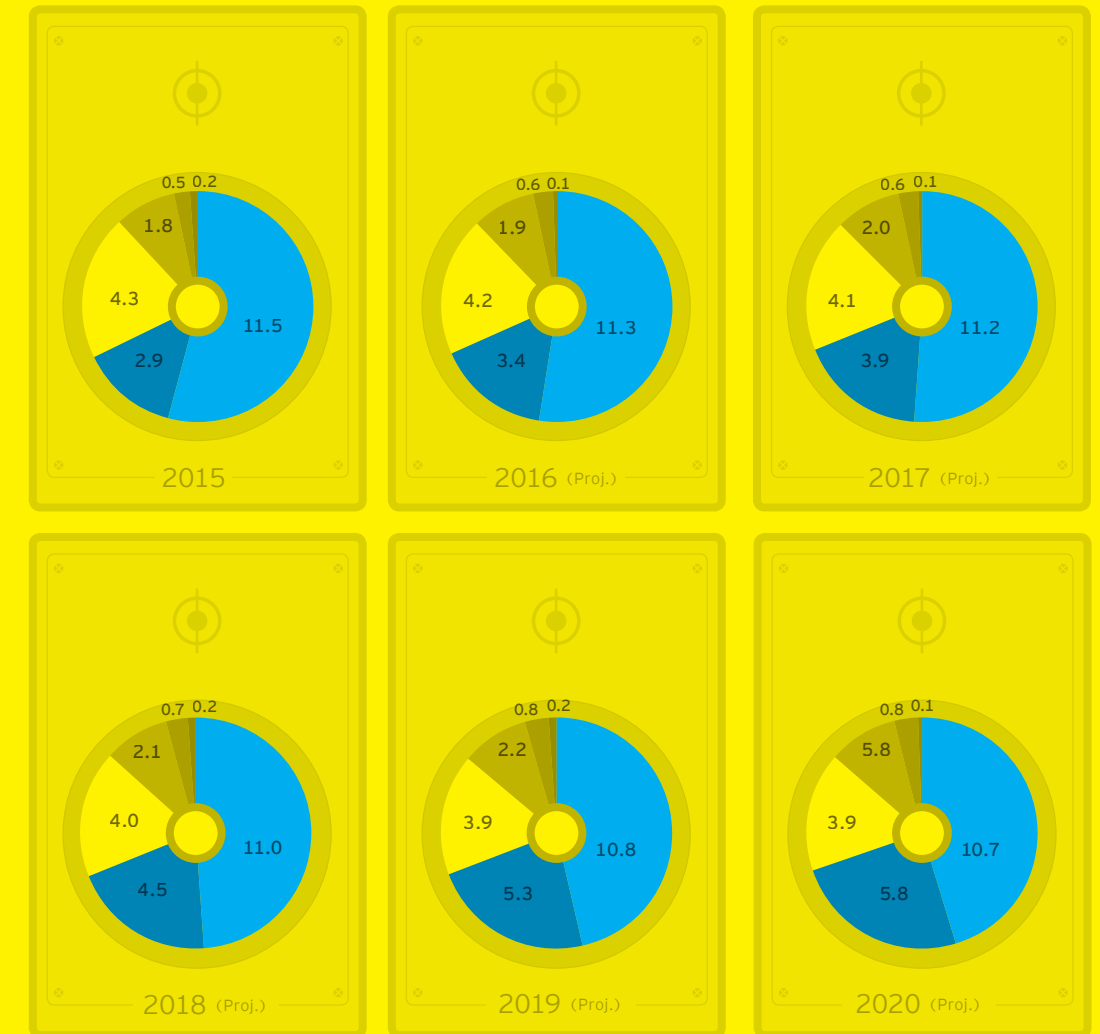


IT'S NO LONGER RADIO, IT'S AUDIO

An explosion of digital listening options has evolved how consumers interact with audio content.



Hours per Week
Adults 18+

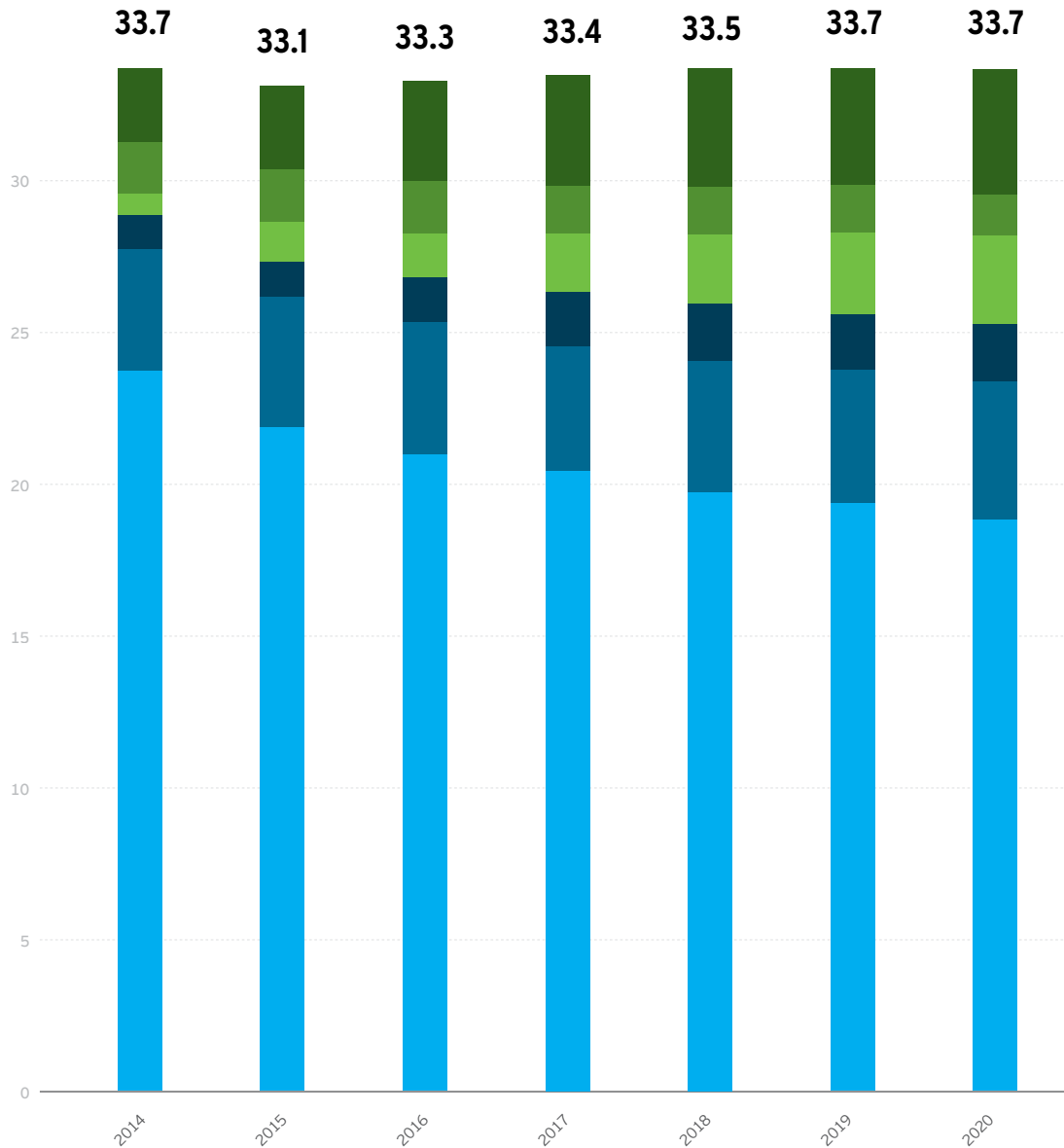


Sources: GfK, Nielsen, ComScore, MAGNA GLOBAL Estimates

Sources: GfK, Nielsen, ComScore, MAGNA GLOBAL Estimates

OVERALL VIDEO TIME WILL HOLD STEADY, BUT STREAMING PLATFORMS WILL MAKE UP NEARLY A THIRD OF IT BY 2020

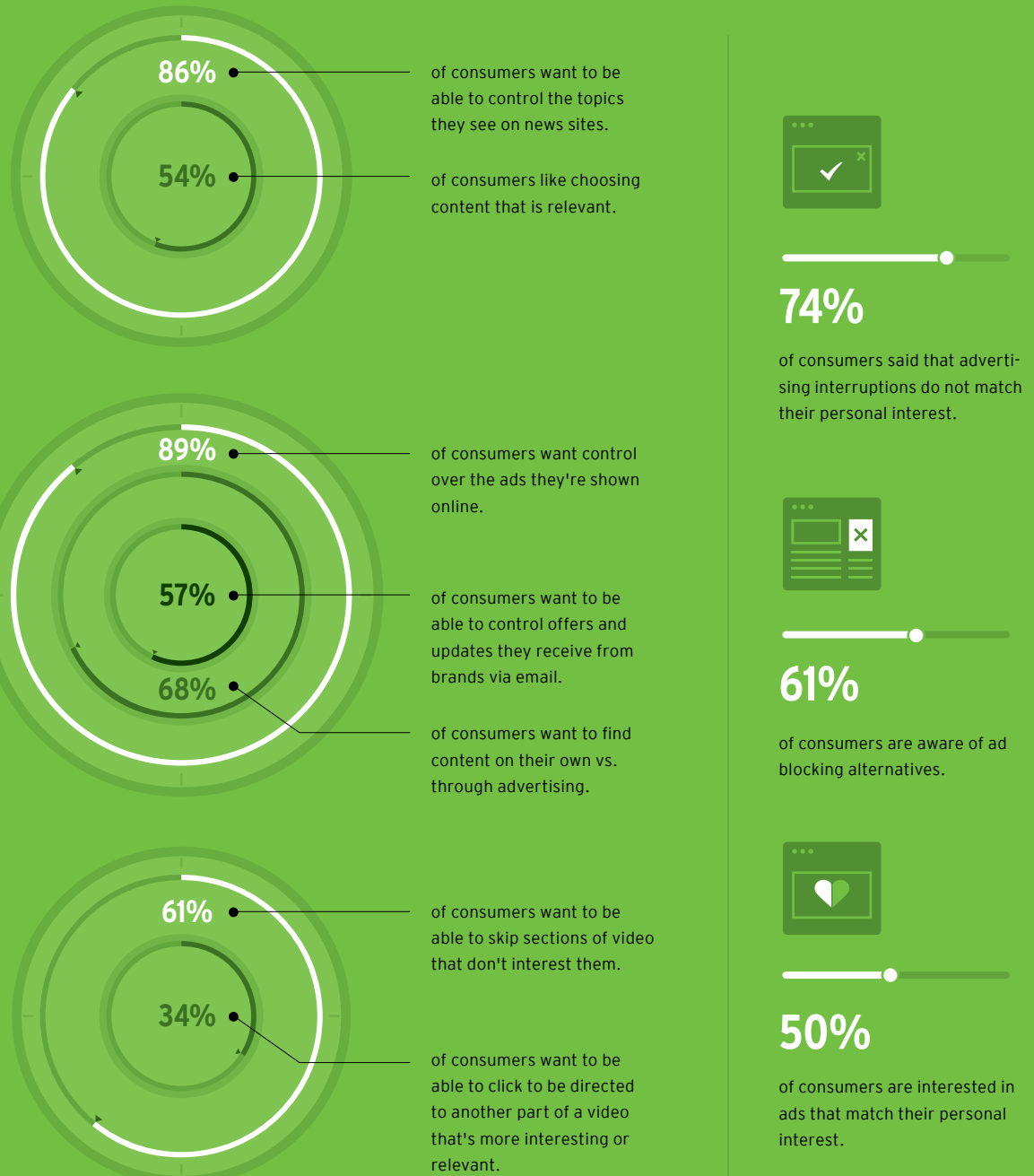
Adults 18-49
Hours per week



- Mobile Streaming
- PC Streaming
- OTT Device
- Video Game Console (video only)
- DVR/VOD Playback*
- Live TV

Source: MAGNA GLOBAL estimates

RELEVANCY AND CUSTOMIZATION ARE KEY



Source: Rapt Media survey, July 2015
2,000 adults 18-60 in the US and UK

Source: 2016 Accenture Digital Consumer Survey

THE HISTORY OF THE RECOMMENDATION ENGINE

While sophisticated recommendation engines have become the norm when seeking out products, services, and content online, there were many iterations and a lot of trial and error to get them where they are today.

At the heart of it though, it's about connecting the consumer with what they want, and at the most basic level, involves using one or both of the below approaches:

01

Content Based System - this uses past behaviors and expressed opinions (in the form of "ratings") to recommend similar items.

02

Collaborative Filtering - here you are matched to similar users and get recommendations for things that they have liked but you may not yet be aware of. Tagging is a form of collaborative filtering.

1992



A system called Tapestry, designed to filter email newsgroups based on user reactions, is created at Xerox's Palo Alto Research Center.

1996



Amazon's earliest recommendation system, Bookmatch, goes live. It was slow and cumbersome, requiring users to rate 20+ books to start getting recommendations. It quickly gives way to Similarities, which grouped together shoppers based on purchase history. This was the beginning of the company's recommendations driving sales.

1999



Reel.com's "Movie Matches" feature recommends films based on the users favorite titles—a forerunner to Netflix's more complex CineMatch algorithm.

2006



Netflix offers a \$1 million prize to any team of programmers that can improve its CineMatch recommendation system by 10 percent. It has since gone through a number of improvements based on the results.

1994



Paul Resnick of MIT and John Reidl of the University of Minnesota expand on the design of Tapestry and create GroupLens, a recommender system for online articles that worked across sites and aggregated ratings, eliminating the need for individual users to be explicitly identified.

1998



Google launches using its Page-Rank system to surface websites based on "link popularity," i.e. the number of times it has been linked to.

2000



Will Glaser, Tim Westgren, and Jon Kraft join forces to create the Music Genome Project, designed to break down songs into their very core components and classify them. This is the engine that will ultimately fuel Pandora Radio.

1990

1995

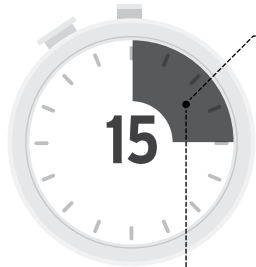
2000

2005

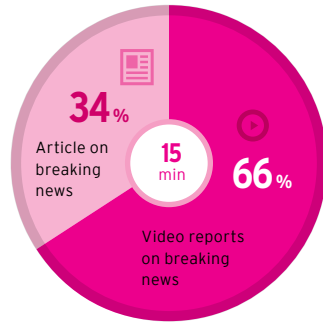
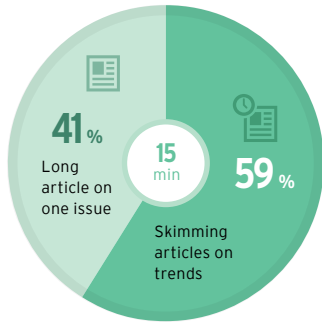
CONTENT: CURATION, CIRCULATION, AND CREATION

When presented with the idea of having only a short time each day to consume content, consumers prefer videos and short bursts of information, presumably to absorb as much as they can in a short period.

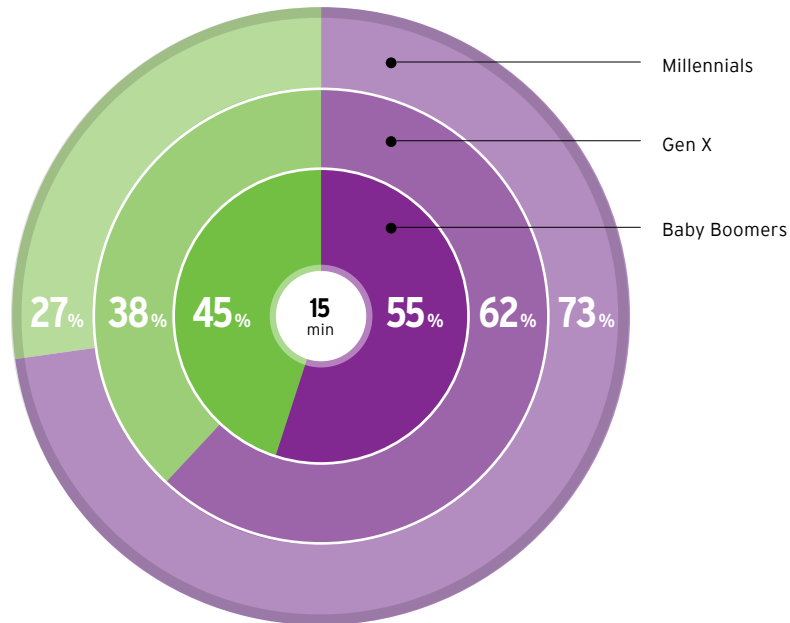
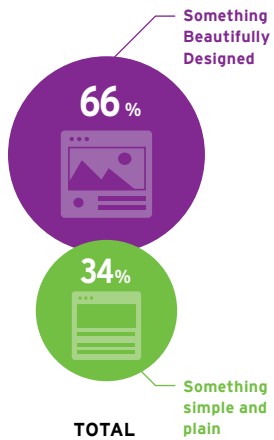
And appearances matter, particularly to Millennials, who are more likely to be attracted to eye-catching content.



• With only **15 Minutes** to Consume Content
(% Selecting)



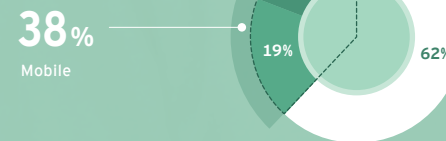
• With only **15 Minutes** to Consume Content
(% Selecting)



Almost two-thirds of social sharing is done via mobile device, while PCs are still used primarily for browsing.

Activity (as a % of total activity)	Browsing (page views)	Engagement (social activity)
Personal Computer	77%	6.7%
Smartphone	62%	20.2%
Tablet	71%	13.3%

Browsing by device



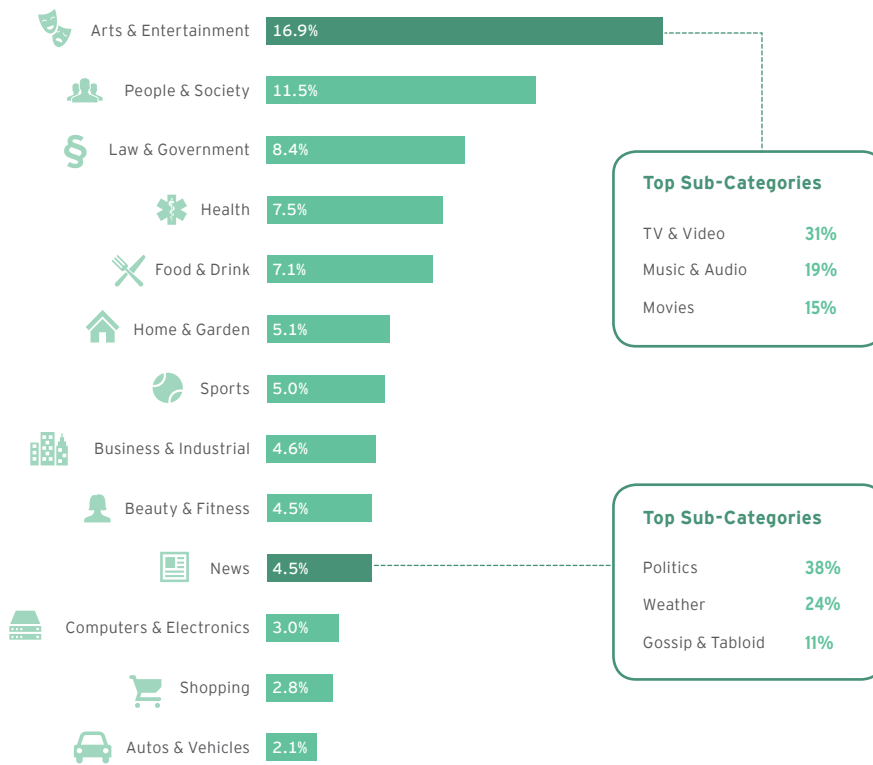
Sharing by device



■ Personal Computer ■ Smartphone ■ Tablet



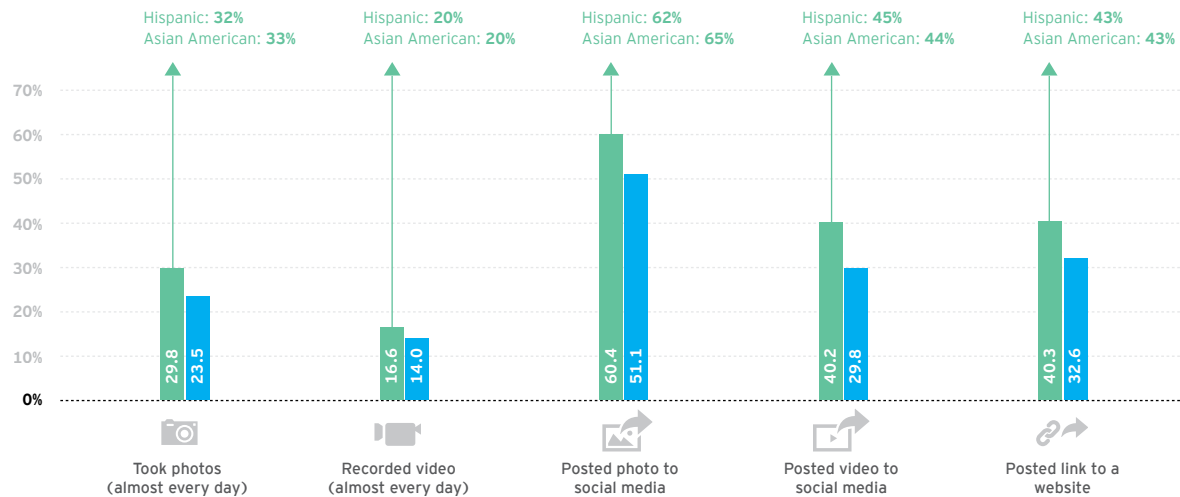
Arts and entertainment, and particularly audio and video, are the most shared types of content online. This creates a curated environment for consumers and their immediate circle.



MILLENNIALS ARE LEADERS IN CONTENT CREATION

■ Age 18-34
■ Age 35-44

They use their mobile devices to take photos and videos and share media more often than their older counterparts, with young Hispanics and Asian Americans leading the way. With that in mind, some brands are partnering with these consumers and allowing them to create content to help boost recognition and positive perception.



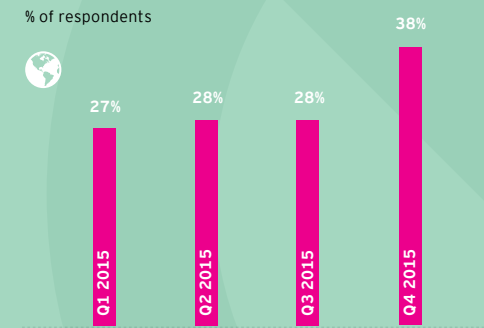
Source: ComScore Mobilens 1Q16

THE SPECTER OF AD BLOCKING

The use of ad-blocking software on PCs has become a growing concern among advertisers over the past year as more users are adopting them globally, and at about the same rate in all regions of the world. Software maker Adblock Plus recently announced it had reached 100 million installations globally. While

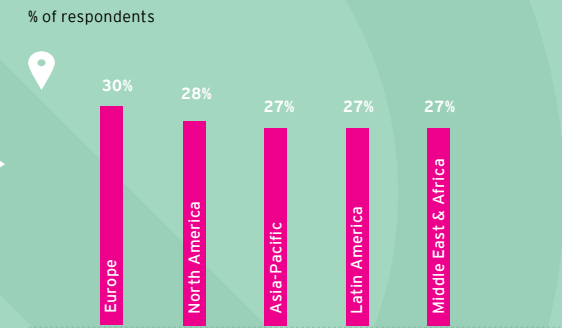
mobile ad blocking is far less prevalent, major smart-phone players like Apple and Samsung have made it easier to install blocking apps on their operating systems, opening the door for rapid growth. Adobe and PageFair estimate blocked ads will cost the ad industry more than \$40 billion globally this year.

Internet users worldwide who have blocked an ad, Q1-Q4 2015



Note: ages 16-64; in the past month on their main computer
Source: GlobalWebIndex as cited in company blog, Jan 22, 2016

Internet users worldwide who use ad-blocking software, by region, Q1-Q4 2015

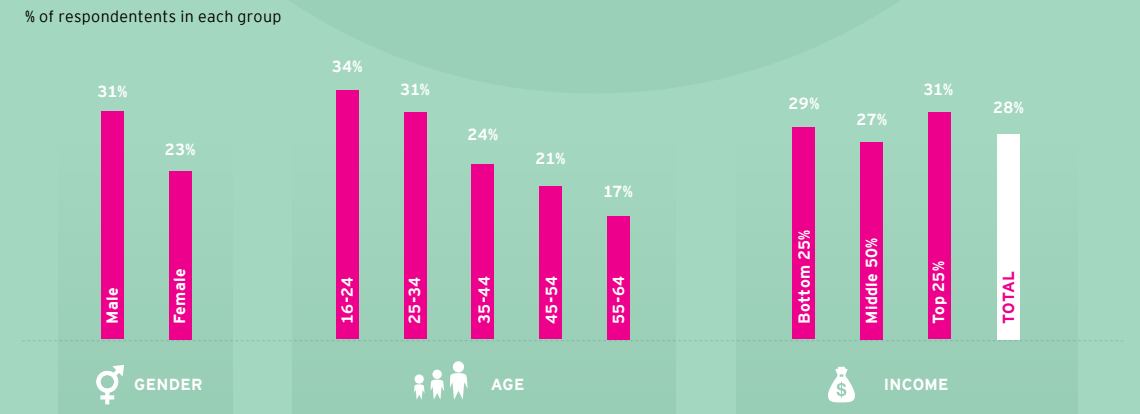


Note: ages 16-64; in the past month on their main computer
Source: GlobalWebIndex as cited in company blog, Sep 29, 2015

Not surprisingly, teens and young adults are the most likely ones to install ad-blocking software. Conversely, however, they are also the most

receptive to personalized and relevant ad experiences, making the case for using customization to combat ad-blocking.

Demographic profile of internet users worldwide who use ad-blocking software, Q2 2015



Note: ages 16-64; in the past month via their main PC
Source: GlobalWebIndex, "GWI Entertainment Summary: Q2 2015," Aug 19, 2015

CLIENT PERSPECTIVE



Brian Hughes
SVP, Audience Analysis
Practice Lead
MAGNA GLOBAL



Scott Russell
Media Director
Hotwire

TV has traditionally been a mass reach medium, but addressable capabilities are changing the game. How are you thinking about that kind of targeting in the context of your media strategy?

In a time of constantly increasing media fragmentation and distracted audiences, data is a marketer's best tool to find and reach the highest value audiences when they are most receptive across all of their devices.

If approached properly, addressable can represent a landmark shift in how the industry thinks about the business value of brand marketing. Rather than buying linear TV

content and hoping to intercept a demographic audience, we can have a laser focus on the audiences that represent the highest possible value for our business. Within those high value segments, we can also create sub-segments and design specific messaging that truly enables us to connect on a deeper level and drive brand metrics and business outcomes.

Naturally, digital offers many more targeting options. What kind of criteria do you find beneficial when communicating with potential custo-

mers online? How do TV and online work together?

We use a range of data signals to identify what messages our target audiences will be most receptive to. Those include both first-party and third-party data that we can access within our DMP. We can then pull the insights we gain from our digital interactions to inform how we present our brand on a broader medium like TV.

Have you found personalization of messages to be a useful tactic in general?

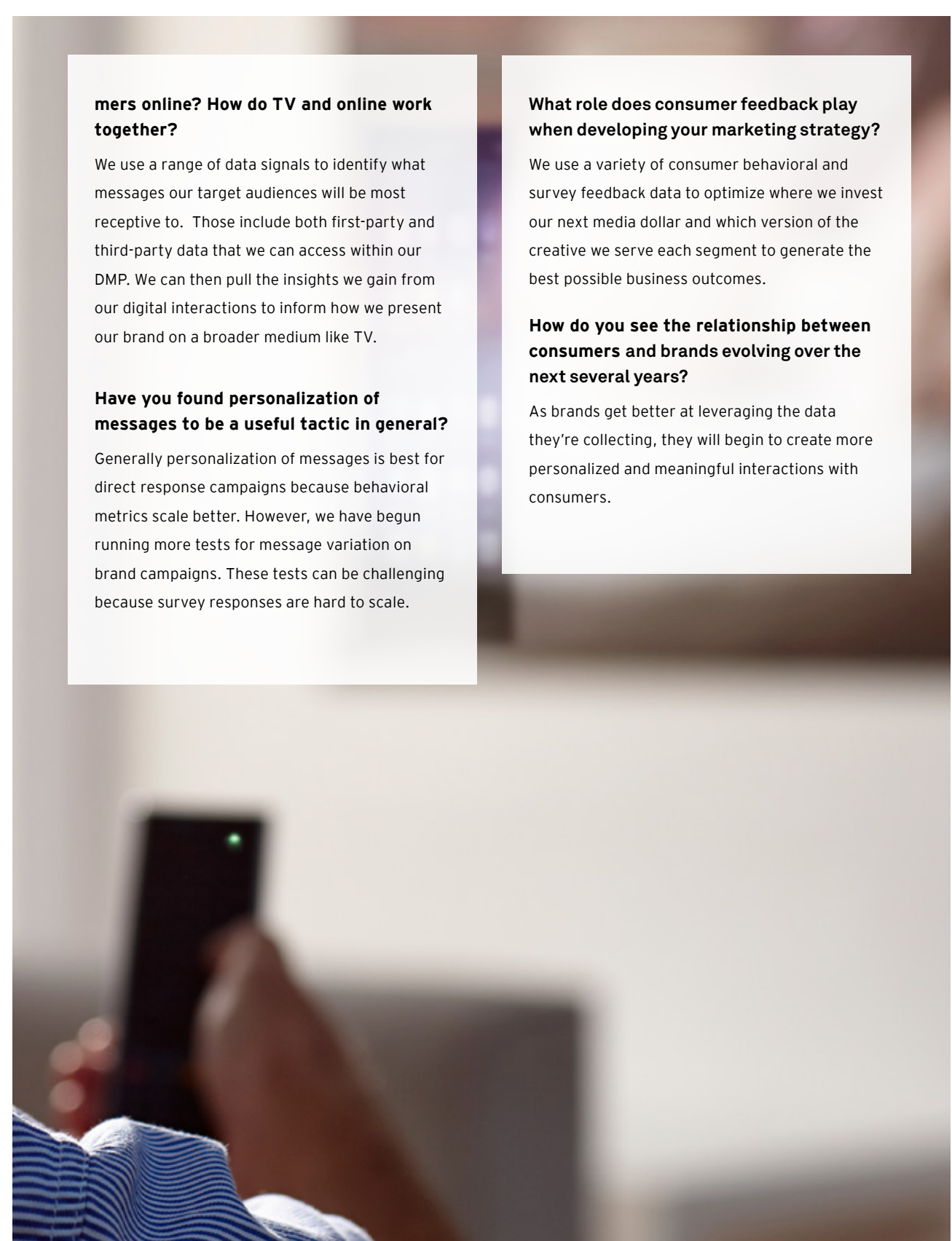
Generally personalization of messages is best for direct response campaigns because behavioral metrics scale better. However, we have begun running more tests for message variation on brand campaigns. These tests can be challenging because survey responses are hard to scale.

What role does consumer feedback play when developing your marketing strategy?

We use a variety of consumer behavioral and survey feedback data to optimize where we invest our next media dollar and which version of the creative we serve each segment to generate the best possible business outcomes.

How do you see the relationship between consumers and brands evolving over the next several years?

As brands get better at leveraging the data they're collecting, they will begin to create more personalized and meaningful interactions with consumers.



DEMAND

The increasingly connected and savvy consumer has changed the dynamics of marketing by requiring a host of different tactics to truly break through. What works for one medium, device, location, or vertical may not be right for another, and the right combination can make all the difference.

1. Consumers expect personalized messaging on their mobile devices, but the best targeting variables are different depending on the category.
2. Branded content works when the experience is different from a standard video ad and educates, informs, or entertains the viewer.
3. While brand websites are still considered largely trustworthy by consumers, recommendations from friends, family, and colleagues are still considered the most trustworthy endorsements.
4. On average, word of mouth drives 13 percent of brand KPIs in a given campaign, and offline word-of-mouth is responsible for two-thirds of that impact.
5. Television's burgeoning addressable market is offering a way to make a mass reach medium more personal.

KEY TAKEAWAYS



CONSUMERS EXPECT PERSONALIZED AD EXPERIENCES ON THEIR MOBILE DEVICES

In a recent media trial with Yahoo, the IPG Media Lab found that consumers expect interactions with their mobile devices to be more customized and seamless.

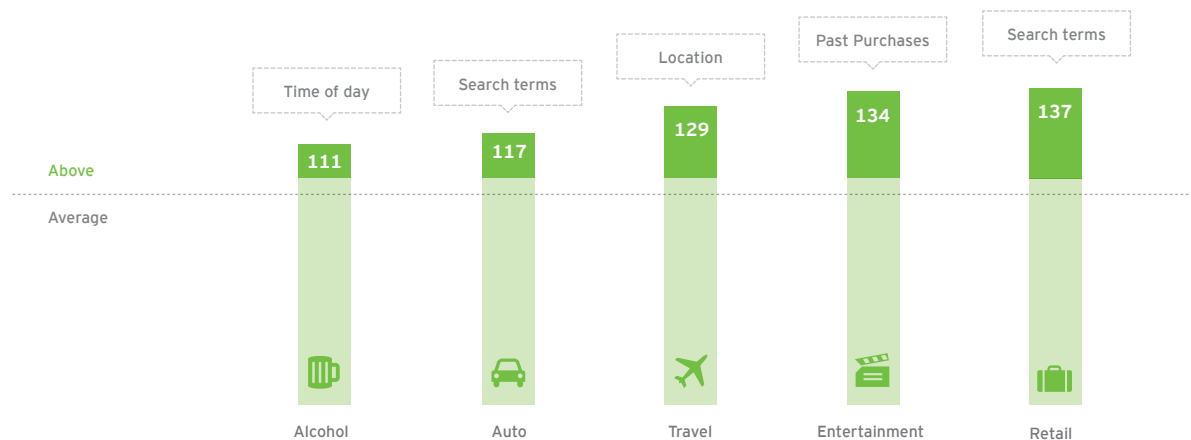
Thus advertisers that personalize ads based on the consumer's social media usage, past purchases, search terms, and location see increases in overall favorability and purchase intent

Overall Favorability
Purchase Intent



Different levels and types of personalization are required depending on the device, user, and product category.

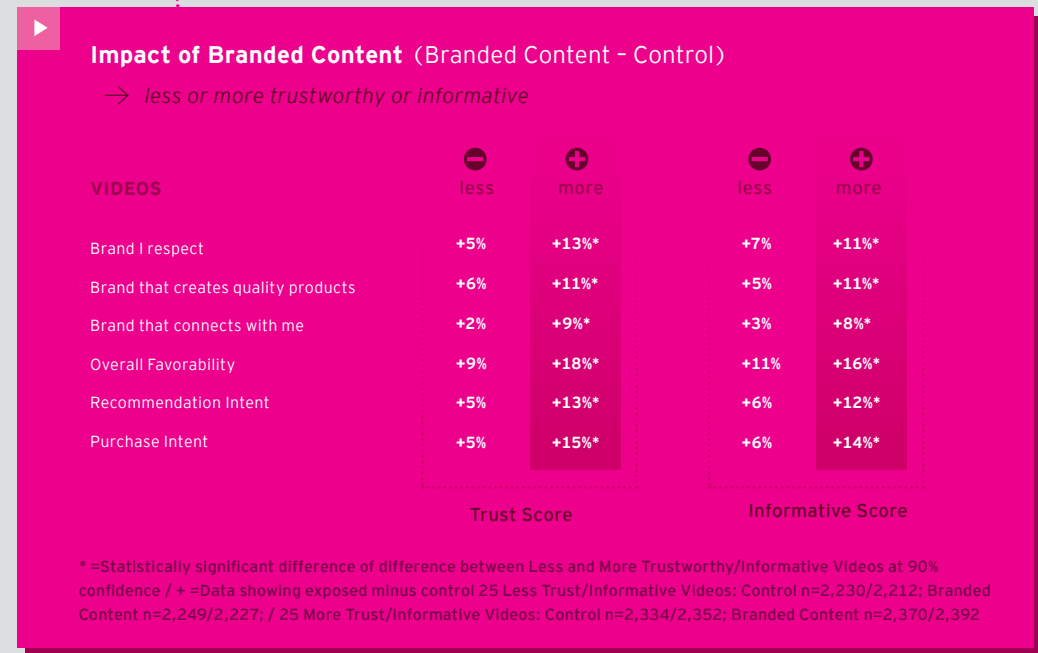
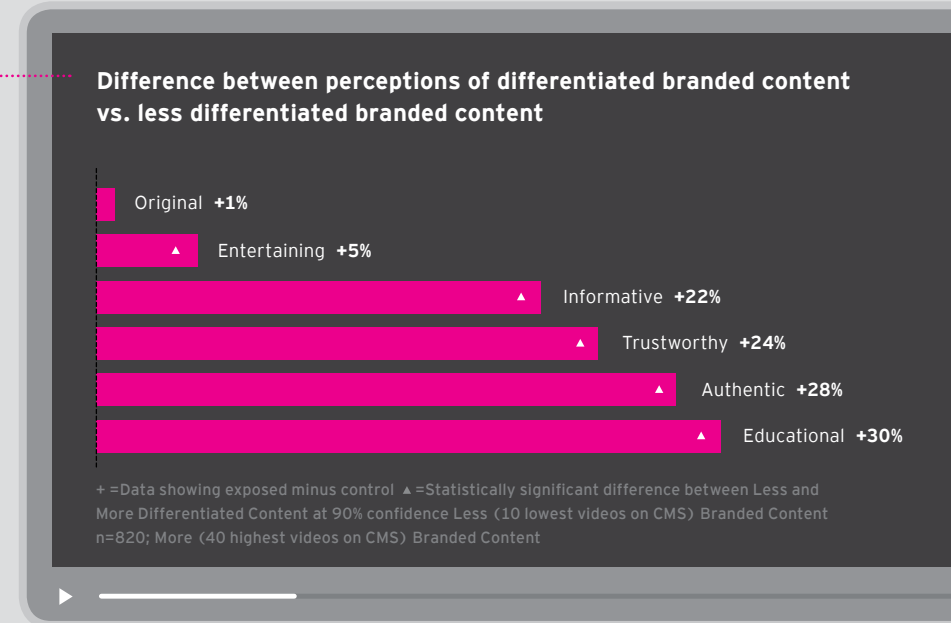
Overall Effectiveness Score



BRANDED CONTENT WORKS, IF DONE RIGHT

Indeed, our global media trial with Google demonstrated that the more differentiated branded content is from traditional video advertising, the more it resonates with viewers, and the more favorably they

view the brand that created the content. While they still identify it as marketing, they appreciate the effort on the part of the advertiser to bring more value to the table.



"EARNED" CONTENT TENDS TO EARN MORE TRUST

Percent of global respondents who completely or somewhat trust advertising format

EARNED

2015

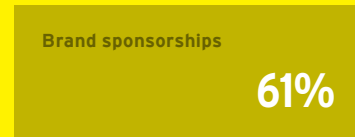
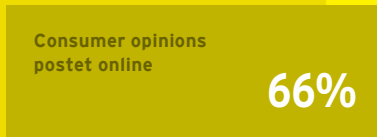
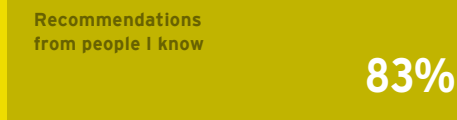


OWNED

2015



While brand websites are still highly trusted, earned formats like recommendations from friends and family, or customer reviews make up three of the four most trusted content types.

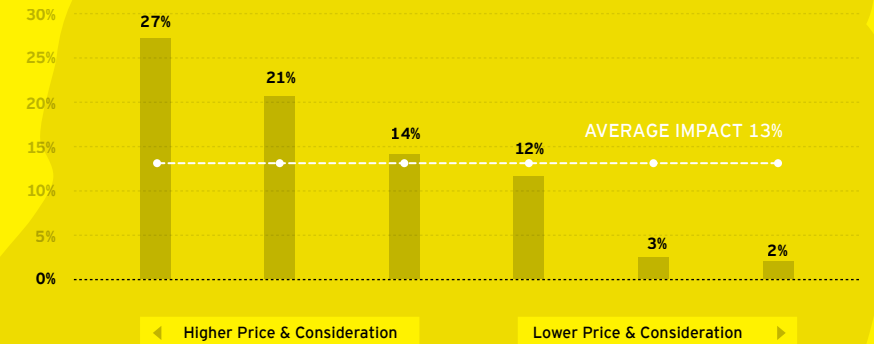


Source: Nielsen Global Trust in Advertising Survey, Q1 2015 and Q1 2013

AND GOOD OLD FASHIONED WORD-OF-MOUTH IS STILL A MAJOR DRIVER OF BRAND GOALS

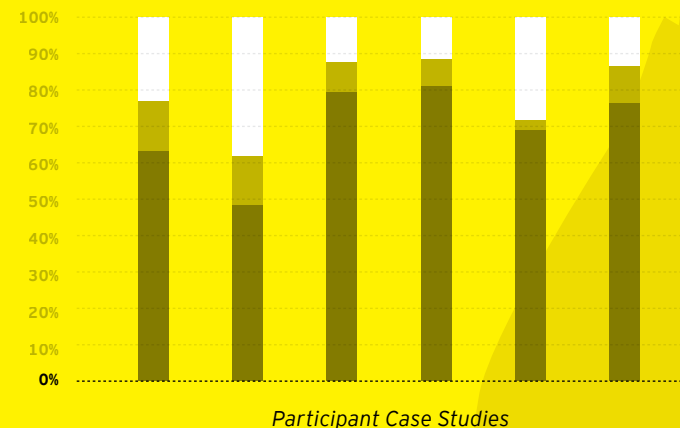
While media certainly impacts consumer perception and activity related to brands, word-of-mouth is still a very powerful factor in driving sales and other key performance indicators, and can work hand-in-hand with paid engagements. This has given birth to the world of "influencer marketing."

Percentage of KPI Driven by WOM (including amplification of Paid Media)

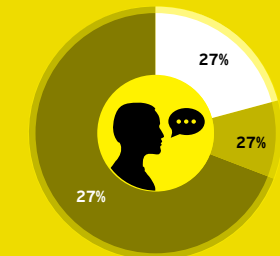


A study by the Word of Mouth Marketing Association demonstrated that word-of-mouth amplified paid media by 15%, but that while on-line interactions had a role to play, conversations taking place offline drove the bulk of results for participating advertisers.

Legend: WOM (White), WOM Amplifier (Light Green), Paid Media (Dark Green)



Percent of Impact Average Across Studies



Offline WOM produces... **2/3** of measured Business impact

Online WOM drives... **1/3** of measured Business impact

Results of 2014 market mix modeling project by Analytic Partners for the Word of Mouth Marketing Association. Sponsors included: AT&T, Discovery, Intuit, PepsiCo, Weight Watchers.

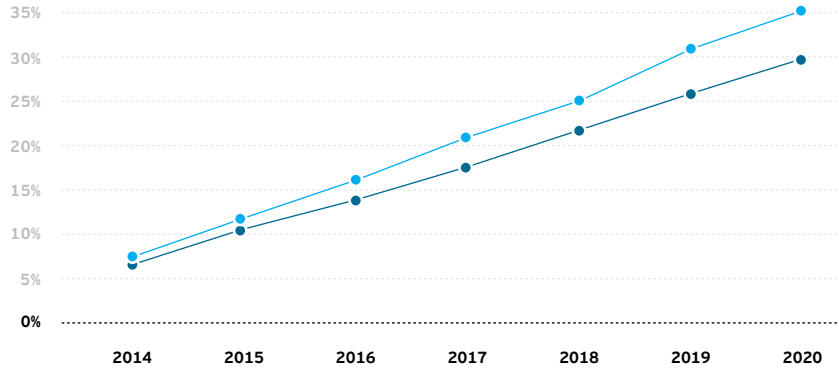
DIGITAL SPEND SHIFTING QUICKLY TO THE MOST PERSONAL DEVICES

It may be no surprise that digital ad spend is shifting toward mobile given the growing amount of time consumers spend with them, but the rate of growth may indeed be surprising. With a forecasted compound growth rate of 28 percent globally through 2020, mobile will account for nearly 30 percent of ad spend in four years. In the US, it will be 36 percent.



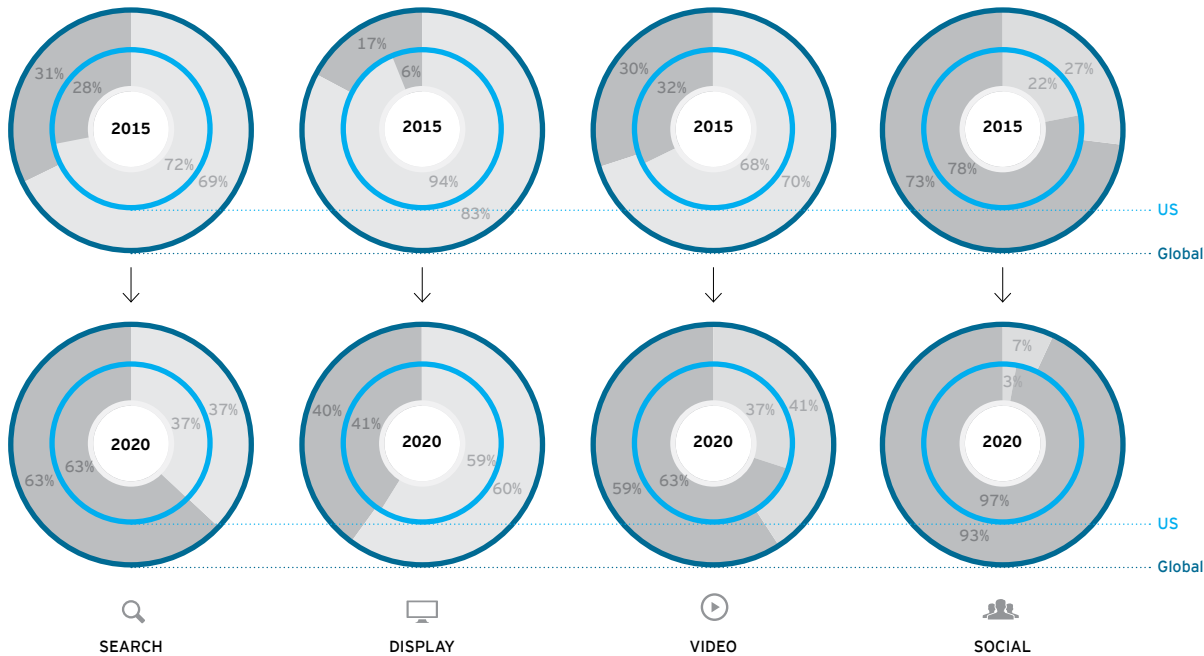
Mobile Share of Total Ad Spend

- US
- Global



Over the next few years, mobile is set to gain significant share in all digital ad formats, taking over social ad spend almost entirely.

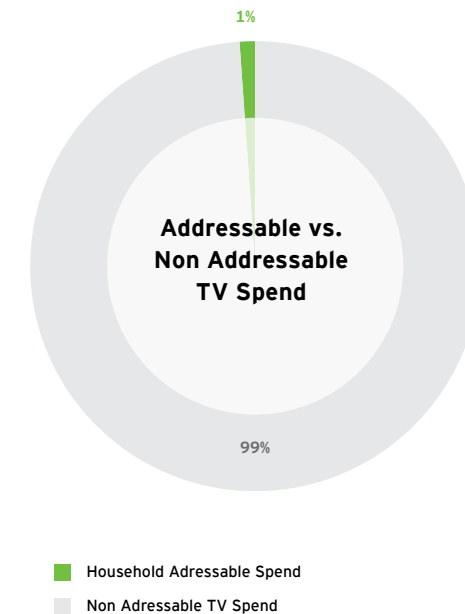
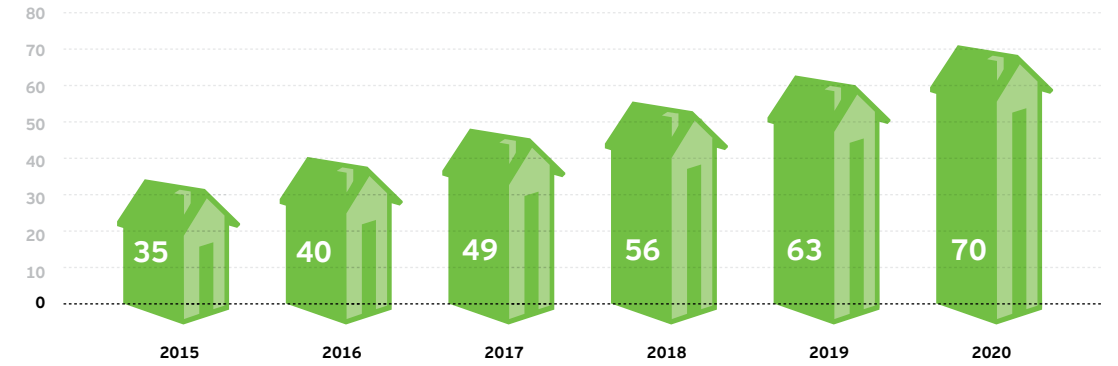
- US
- Global
- Desktop
- Mobile



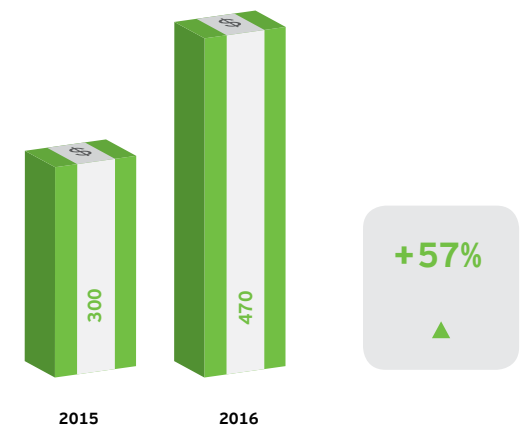
ADDRESSABLE TV: PERSONALIZING A MASS MEDIUM

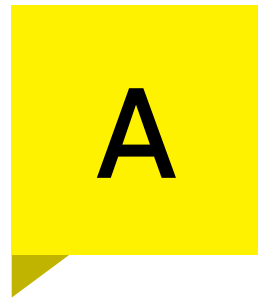
While it still represents only a fraction of total TV spend, addressable TV campaigns (in which different ads can be delivered to specific households) is set to continue growing as the capabilities extend to more homes in the US. By 2020, available addressable capability to be present in 70 million homes, or 77 percent of all MVPD households.

Total Addressable Homes Available (Millions)



Total Household Addressable Spend (\$mm)





Jonathan Jusczyk
Manager, Research
and Operations
IPG Media Lab



Jay Stocki
SVP, Data and Product
Experian

From what we've seen, consumers are interested in more personalized ad experiences. How do you strike a balance between giving them what they want and violating their privacy?

Our experience and data at Experian has demonstrated that personalization does in fact increase the ROI of a campaign but it also goes beyond that. According to a recent article in Harvard Business Review, personalized communication also has unique psychological consequences that help make it more effective than ads that rely on traditional demographic or psychographic targeting. At Experian, we adhere to transparent and accountable data practices, with consumer choice at the forefront. Allowing customers to choose their preferred path is a smart and tangible way to increase engagement and ultimately their return on marketing investment.

A number of surveys have shown that consumers are willing to trade information

about themselves in exchange for benefits from brands. Have you seen that as well? If so, what do you feel Experian's role is in that data economy?

We have definitely seen the same trend. Consumers are getting really smart about understanding the benefit and trade off of getting information. Experian is working with our clients to make sure first party data is linked with detailed third party data in order to create a single person view and a consistent personalized message. Our role in the industry is to provide legitimately obtained valued consumer data where the consumer had notice and choice. We always go through a very stringent data evaluation process. If we are bringing in data that has been obtained from a third party we will walk away if the consumer has not had adequate notice and choice.

Aligning disparate data sources is one of the biggest challenges of cross platform advertising

today. How are you enabling that?

With more than three decades of experience compiling data from thousands of sources, we are experts at ingesting and linking big data with accuracy. The explosion of devices simply means we need to translate our big data expertise to these additional channels. And we've successfully done that, helping our clients get to a single view of their customer. We then make that data accessible via our own marketing platforms for brands to act on and activate people based campaigns - meeting customers and prospects wherever they may be.

What are some of the more unique data sets you've been asked to match for targeting purposes?

Years ago everything was matched up to a postal address, then when online came around everything was matched to a cookie. Now with the onset of mobile, everything is an attempt to match to a mobile ID. This makes data sets a lot more complex in today's environment. There are tons of unique data sets, but again, what is most important is that they meet privacy standards and consumer choices. We do get some really fantastic unique data sets but unfortunately we can't address these specific data sets due to confidentiality agreements with our partners.

Are there key trends you are seeing today that will continue to change the relationship between consumers and brands?

Mobile is going to continue impacting the relationship between consumers and brands. The ability to selectively share where we are, what we are interested in, where we go, what we want, etc. is

going to change the way the data industry works.

One popular trend we see are flash sales for shoppers who are in-store and have opted in to receive discounts and promotions to their mobile device just because they are in or around the store. The brick and mortar shopping experience is being enhanced by mobile devices creating a truly personalized experience.

Our recently published annual Digital Marketer Report, which surveys more than 1,000 marketers worldwide, found that the top challenge and priority for marketers is knowing their customers. 38 percent of marketers cited knowing their customers as their top challenge in 2016, and 52 percent named enhancing their customer knowledge as one of their top three priorities.

NEW VALUE DRIVERS

As consumers take a more active role in their relationship with marketers, new technology, tactics, and value exchanges are coming to the forefront.

1. Consumers are willing to exchange their personal data for discounts, coupons, and special offers, though their comfort level varies depending on the type of data at play.
2. 2016 is set to be a big year for virtual and augmented reality devices in the marketplace, though consumer interest does not seem commensurate with industry buzz.
3. "Micro" ads (of five seconds) can be effective for established brands provided they are paired with short content viewed on smartphones.
4. Viewers respond best to video ads that are relevant to their interests, and contextual targeting outperforms both channel and audience-based targeting when seeking to achieve that relevance.
5. Identical video ads see significant lifts in purchase and recommendation intent versus channel-based placements when contextual targeting is used.



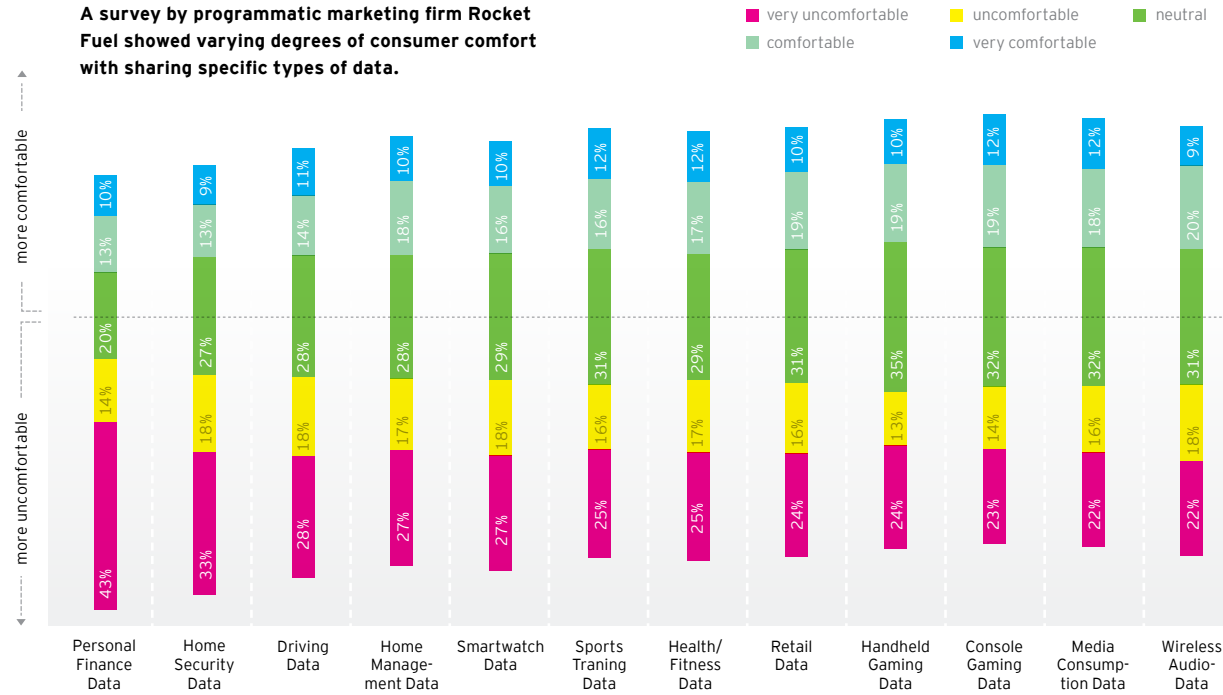
KEY TAKEAWAYS

THE CONSUMER DATA ECONOMY

Consumer data is valuable - otherwise, advertisers wouldn't be spending so much time and effort collecting it. It can help brands gain valuable insights into consumer behavior and customize their offers. Personal data then becomes a bargaining chip that consumers use to

negotiate with brands in exchange for some added value, instead of paying for access to media with attention or currency. For brands, this means finding new ways to provide consumers with extra utility, convenience, and personalization enabled by their data.

A survey by programmatic marketing firm Rocket Fuel showed varying degrees of consumer comfort with sharing specific types of data.

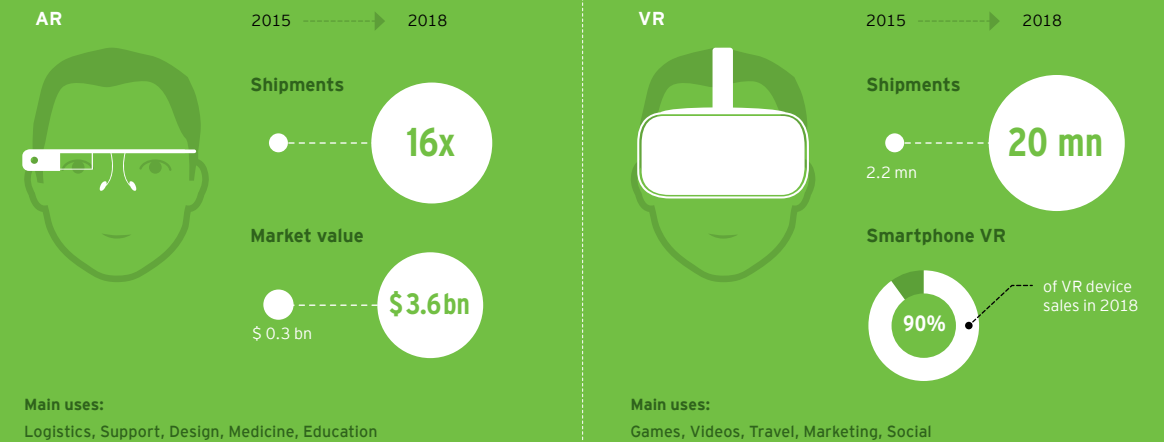


VIRTUAL AND AUGMENTED REALITY: WILL IT LIVE UP TO THE HYPE?

Consumer electronics manufacturers and content producers are making big bets on virtual and augmented reality experiences, something that could bring consumer interactions to a new level. CCS Insight predicts exponential growth in both device shipments and revenues. Smartphone VR devices are expected to comprise the bulk of sales initially, due to relatively low price

points and ease of use. Still, more expensive devices like the Samsung Gear VR and Facebook's Oculus are already available in market, and more consumer-facing VR headsets from Sony and HTC scheduled to ship later this year, making it a pivotal time for the technology. The question is, will consumers embrace it?

Augmented and Virtual Reality Device Forecast, 2015-2018



Consumer awareness of VR and AR technology does not seem commensurate with the predicted size of the market. A survey by SuperData showed that more than half of the US population was either unaware of or uninterested in virtual reality. Even among video gamers—one of the most natural audiences for these products—anticipation seems tepid. Gamer Network, owner

of a number of popular gaming sites, surveyed a large panel of its users and found that only 15 percent intended to purchase a headset this year. It seems it may be a few years before we see mass adoption, though less expensive options like Google Cardboard could serve as a gateway to more high-end gear in the future.



Digging a little deeper, a survey by SAS examined the types of benefits users would be willing to trade certain data for.

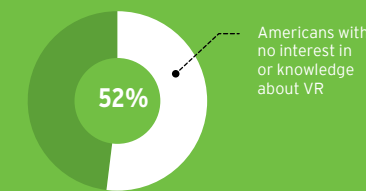
Types of Personal Information that Internet Users Worldwide Are Willing to Provide in Exchange for Select Discounts/Offer, Oct. 2015

% of respondents

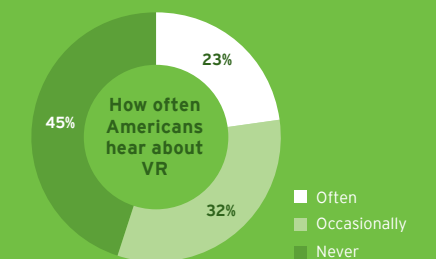
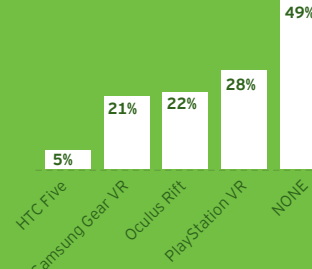
Note: ages 18+

Source: SAS, "Mobility, vulnerability and the state of data privacy," March 9, 2016

	Email address	Name	Birth month	Birth year	Address	Phone number	Credit card/ Financial Data
Personalized discounts and coupons on a regular basis	72%	60%	30%	28%	28%	25%	5%
Special offers at certain times of the year (holidays, birthday, etc.)	70%	60%	31%	30%	27%	29%	7%
Store credit/coupons to be used on a single future visit	68%	58%	25%	24%	19%	21%	4%
A one-time discount at time of purchase	64%	61%	30%	28%	19%	20%	7%



Brand Awareness

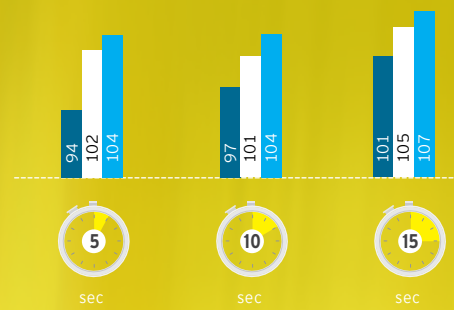


IF VIDEO IS EVERYWHERE, HOW DO WE BREAK THROUGH?

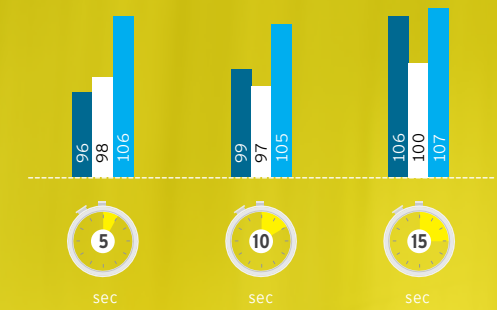
Video content is now table stakes in the content world. Consumers have made their affinity for sight, sound, and motion clear, which is why we've seen traditional print publishers invest so heavily in making it part of their online presence. With viewers now given virtually infinite choice of what to watch, it's important to understand which advertising tactics work best, and when. One key component of that is the length of the message.

Our recent study with YuMe found that "Micro" ads (five seconds in length), can be effective given the right circumstances. First, they work best on small screens, where video takes up 100 percent of the real estate:

Brand Favorability (Indexed Impact)

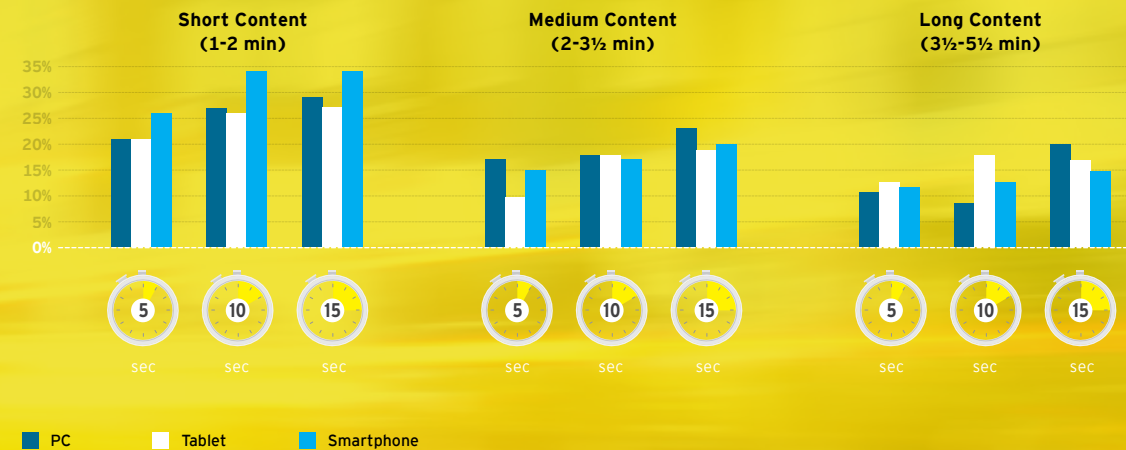


Purchase Intent (Indexed Impact)



Unaided Ad Recall %

Short ads with short content perform especially well on smartphone



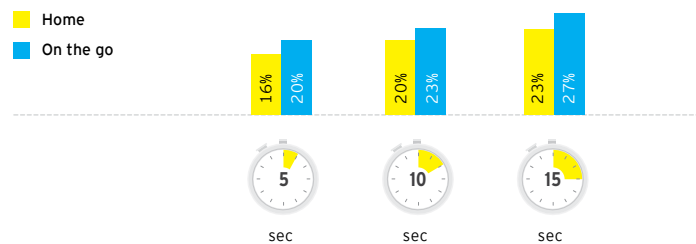
Micro ads work harder when the consumer is "on the go."



Unaided Ad Recall %

%

Home (Yellow)
On the go (Blue)

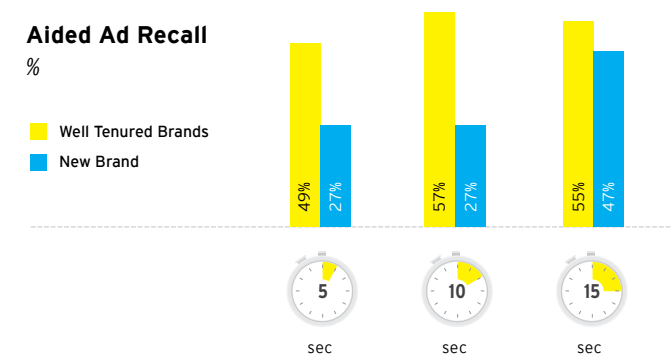


And finally, they work best for established brands. When it comes to longer ad lengths, we found that 15 seconds was the minimum length for an ad to be truly persuasive, and 30 seconds struck a good balance between persuasion metrics and completion rates.

Aided Ad Recall %

%

Well Tenured Brands (Yellow)
New Brand (Blue)



Source: IPG Media Lab/YuMe media trial, 2016

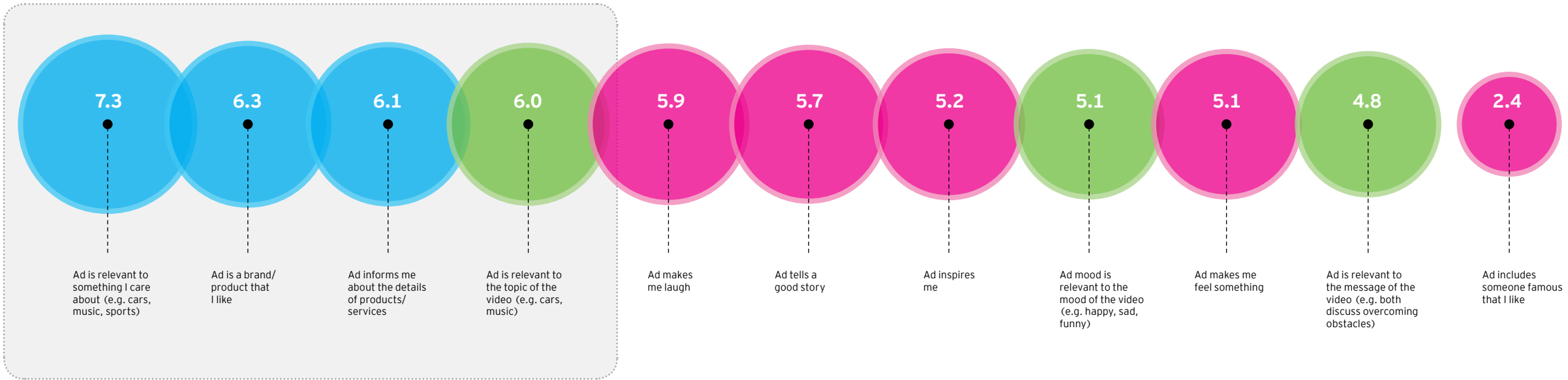
THE IMPORTANCE OF CONTEXT



Importance of Various Features of Ad

Level of preference (0-10)

People want ads that are relevant



n=8,680

We know that length and the viewer's location have an impact on how well video ads break through, but what about the creative itself? Our recent work with Zefr indicated that relevance, to both the content and the consumers' own preferences, can give brands a huge boost. In fact, it matters more than commonly accepted tactics like celebrity endorsers or appealing to their emotions.

- Ad is relevant to them
- Ad is relevant to the content
- Ad is engaging



Impact of Targeting Types on Perceptions of Ad

Perceptions of Ad %

- Channel
- Demo
- Content



* Signifies value is significantly higher than cell of that color at ≥ 90% confidence

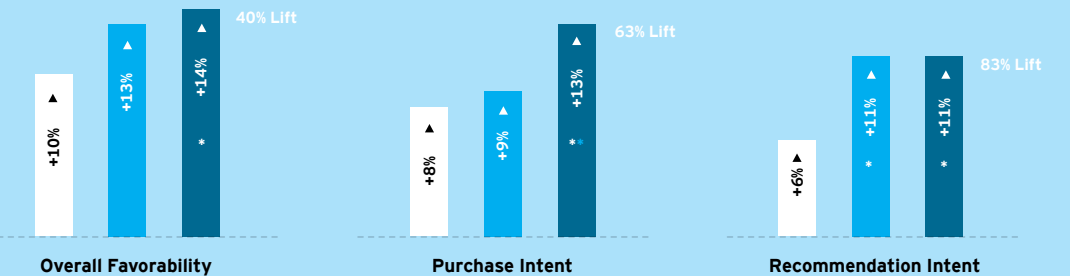
Channel n=1,035; Demo n=1,039; Content n=2,076



Impact of Targeting Types on Persuasion Metrics

Brand Metrics (Test-Control)

When aligning the ad with contextually relevant content (content targeting), the same exact ad saw a 63 percent lift in purchase intent, and an 83 percent lift in recommendation intent compared to targeting by channel.



▲ Indicates statistically significant difference between control + test at ≥ 90% confidence

* Signifies value is significantly higher than cell of that color at ≥ 90% confidence

Control n=1,048; Channel n=1,035;

Demo n=1,039; Content n=2,076

START-UPS TO WATCH

Burgeoning technologies are offering new ways for consumers to get tailored information and have more intimate interactions with media.



What It Does - msg.ai builds chatbots with personality that exist in messaging platforms.

Experience - through natural language processing, users interact with these chatbots the same way they would with their friends. Users initiate and control the conversation.

Platform - Messaging platforms

Web - msg.ai



What It Does - Layer enables brands to integrate Facebook Messenger-like features into their app without having to build their own infrastructure.

Experience - Users can use text, photos, video, GIFs, maps, music, and content cards to connect with a brand across devices and OS platforms. Brands are able to have one-on-one conversations with users that can involve notifications, text, photos, video, GIFs, maps, music, and content cards

Platform - Mobile, Web

Web - layer.com



What It Does - Rival Theory creates artificially-intelligent, conversational avatars that exist in virtual reality.

Experience - Users interact with virtual characters through a voice interface and the characters remember the users across multiple sessions and devices.

Platform - VR

Web - rivaltheory.com



What It Does - Emotive builds dynamic, interactive video displays on refrigerator doors at C-stores

Experience - An interactive display is triggered by users in proximity then turns transparent to reveal products in fridge.

Platform - OOH

Web - emotivev.com/



What It Does - Tulip synchronizes cross-channel retail data to enable store associates to engage shoppers with update-to-date information.

Experience - When a shopper enters a retail store, store associates have access to that specific customer profile to deliver white glove service.

Platform - Mobile

Web - tulip.io



What It Does - Pulpix helps media owners engage their audience with unobtrusive content recommendations inside videos.

Experience - Allows viewers to navigate through video content with a picture-in-picture view.

Platform - Web

Web - pulpix.com





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We've seen some predictions that wearables and sensor-based technology show that consumers are giving up control and becoming more passive again. However, it seems to me you could also argue the opposite, as they can enable deeper interactions and give users more control over their personal data. What are your thoughts on this?

Consumers are definitely gaining more control and having deeper interactions with their personal data. That trend is surging for a number of reasons, including incentives to use the wearables and sensor-based technology, a generational readiness to adapt to new devices, fashion appetites, and perhaps most importantly, the declining cost of new devices. Athletes, fashion trendsetters and tech lovers are the current targets of these devices, yet the base of the target is likely to expand as new devices become a necessity. For example, a device offering around-the-clock convenient control over personal wellness could be a great incentive for senior citizens to adapt to the cutting edge technology. A new gadget featuring both functional (e.g. travel) and entertaining (e.g. gaming) benefits could potentially transform a younger audience into fans. These new adopters will interact with the device and share information with other members in

their "tribe." The control of personal data is entering a critical phase which involves an "intelligent relationship" connected with technology. Consumers recognize the convenience and power of new technology with the control of personal data. This area is continuously evolving and raising different concerns as more gadgets are made available to the marketplace.

As someone who works with young adults on a daily basis, do you have a sense of what they expect from advertising?

Generation Z and young Millennials are the first generations who were born with the Internet, branding concepts, and the green movement. Advertising is perceived to be an integrated part of the culture they live in. They have been fully exposed to fragmented media and enjoyed the instant gratifications of "moment marketing." As a result, young adults seem to be more receptive to advertising than any other cohort, yet advertisers should not take their views for granted. As young adults are more open to advertising, they expect more from brands than any other group. Brands are just starting to pick up on these expectations, one of which is the mission of branding. Can the brand make the world

better? Can an ad campaign representing the brand fully accomplish the mission? These fundamental questions and values are not new. Previous generations practiced the same standard when examining advertisers' performance. However, the young generations have the sophisticated power and skill of new media to check the social and cultural operations of companies and share their feedback on different media platforms. These behaviors have increased the generational demand that every company shift their focus from products to people and most importantly, learn how to build an efficient two-way communication model with young consumers.

One of the topics we've covered in this report is the idea of the "data economy," in which consumers are willing to trade certain information about themselves in exchange for some kind of value. How do you see this evolving over the next several years?

A few years ago, Clive Humby, the cofounder of Dunnhumby announced that "data is new oil." Every person living in the information era has become an analyst of some type of data. Personal data are the most basic level of information that can be easily identified, collected and used (or misused). Edward Snowden's leak of CIA documents in 2013 was a turning point that triggered public attention to the safety of private data. The fact is that consumers are understanding the value of their data more and more, and they expect to be rewarded for sharing it. At the core of this issue is that consumer confidence in company management of their private data has been on the decline. People are willing to give up personal data in exchange for the right reward, but brands need to do a much better job of keeping data in a completely insulated system. If companies cannot deliver on that promise, consumers will choose other brands for the same return on promotional investment.

The advertising and media world is in a time of rapid change. How have your courses evolved over the last few years to keep students up to speed?

This is probably the question I get asked most frequently. Updating our curriculum has been an ongoing process to keep up with the evolution of the industry. One of the

recent changes in the advertising curriculum at Syracuse was to enhance our social media content. The changes are focused on three pillars: social media research, social media strategy, and data analytics. It includes new courses in digital media and offers students a flexibility to freely develop their own emphasis based on their career interests. The Interactive Advertising Bureau (IAB) selected us as one of top five Digital Advertising Programs in the country. We've seen interest in digital advertising, account management, copywriting, art directing, video productions, communication planning, and many other options. In addition, we have developed a premier speaker event, The Eric Mower Advertising Forum, which invites many distinguished speakers and outstanding leaders from the industry to share their wisdom with students. We also partner with top ad agencies that offer assignments to different classes—this helps students build real world experience with a high industry standard. In brief, we want our students to be well rounded and fully ready before they join the advertising business.

What advice do you give to graduating students getting ready to pursue a career in advertising?

I advise graduating seniors to be open-minded when pursuing a career in advertising. It's an interdisciplinary business. One should always keep their career choices open and be willing to take on something outside of their comfort zone. Advertising is a challenging, fun business and it needs an adventuresome and risk-taking character to enjoy the profession. Graduating seniors should accelerate their learning speed on different skills that could come in handy to meet the instant demands. Choose a job position based on the potential of career growth rather than salary. Being able to build a professional network and develop different skill sets are far more important than a minimal difference in salary figures between two job offers. Lastly, advertising is always a team process. There is an African proverb that says "if you want to go fast, go alone. If you want to go far, go together."

SUMMARY CHEAT SHEET

SUPPLY

1. The continued shift of traditional media like television, radio, and print to digital formats allows the consumers to access the content they want on demand.

New Finding: Mobile devices are now the preferred way to access newspaper content online, and print readers will account for less than half of the audience of magazine brands by 2020.

2. When asked, the majority of consumers want content and ad experiences that are timely and relevant, and wish to have the ability to customize their experience to that end.

New Finding: According to an Accenture survey, 74 percent of consumers say that ad interruptions don't match their personal lifestyle.

3. The recommendation engine has proven to be valuable resource for both consumers and sellers when it comes making relevant connections.

New Finding: Companies like Amazon and Netflix have used recommender systems with great success to match consumers with products and content they want.

4. Consumers want to be involved in all aspects of the content cycle, from creation to circulation, and video is their preferred format for communication.

New Finding: Millennials are leaders in content creation, with Hispanics and Asian Americans in particular leading the charge.

5. Ad blocking is a growing concern for advertisers, but customized ad experiences are a way to combat the trend.

New Finding: AdBlock Plus recently announced it had passed the 100 million installation mark globally.

DEMAND

1. Consumers expect personalized messaging on their mobile devices, but the best targeting variables are different depending on the category.

New Finding: Millennials are more open to having their data used for relevant targeting than older adults.

2. Branded content works when the experience is different from a standard video ad and educates, informs, or entertains the viewer.

New Finding: Entertainment is the minimum requirement to reel in the viewer, but content that is educational and authentic does more to build trust.

3. While brand websites are still considered largely trustworthy by consumers, recommendations from friends, family, and colleagues are still considered the most trustworthy endorsements.

New Finding: Consumer reviews and opinions posted online are just behind brand websites when it comes to trust, making two of the three most trustworthy touchpoints "earned."

4. On average, word of mouth drives 13 percent of brand KPIs in a given campaign, and offline word-of-mouth is responsible for two-thirds of that impact.

New Finding: Word-of-mouth also amplifies paid media by 15 percent.

5. Television's burgeoning addressable market is offering a way to make a mass reach medium more personal.

New Finding: Addressable TV ad spend is set to grow by 57 percent this year.

NEW VALUE DRIVERS

1. Consumers are willing to exchange their personal data for discounts, coupons, and special offers, though their comfort level varies depending on the type of data at play.

New Finding: Media consumption and console gaming data are among the types that consumers are most comfortable sharing.

2. 2016 is set to be a big year for virtual and augmented reality devices in the marketplace, though consumer interest does not seem commensurate with industry buzz.

New Finding: CCS Insight projects shipments of 20 million VR devices in 2018, though more than half of consumers currently report having no interest in the medium.

3. "Micro" ads (of five seconds) can be effective for established brands provided they are paired with short content viewed on smartphones.

New Finding: Micro ads also work harder when the viewer is on-the-go.

4. Viewers respond best to video ads that are relevant to their interests, and contextual targeting outperforms both channel and demo-based targeting when seeking to achieve that relevance.

New Finding: Viewers consider contextually targeted ads more relevant and complementary to the content.

5. Identical video ads see significant lifts in purchase and recommendation intent versus channel-based placements when contextual targeting is used.

New Finding: Overall favorability also increases with contextual targeting.

CONCLUDING TWEET



Brian Hughes @bhughes_magna

The only way to combat fragmentation and ad avoidance is with relevant brand experiences that exchange value for consumer attention.

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THE GLOBAL PROGRAMMATIC MARKET 2015 - 2019

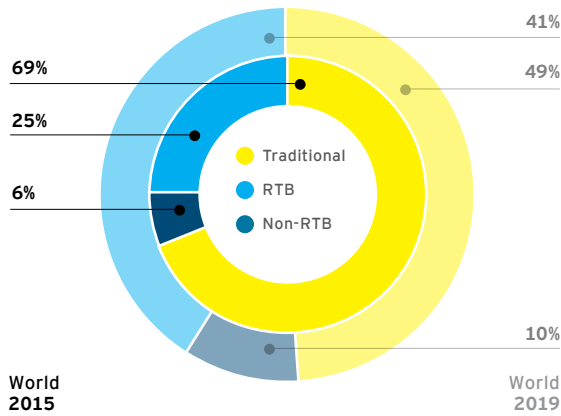
The global programmatic market will grow from \$14.2 billion in 2015, to \$36.8 billion in 2019. By 2019, programmatic transaction methods will represent more than half of spend in the Programmatic Universe (banner display and video) for the first time, up from 2015's 31% share. The largest share of programmatic spend comes from desktop banner display inventory today, but by 2019 video will represent over half of all programmatic spend.

The United States remains the largest programmatic market by spend in the world by far, representing over half of all global programmatic spend. It is followed by the UK, Japan, China and Germany. Together, these largest five markets

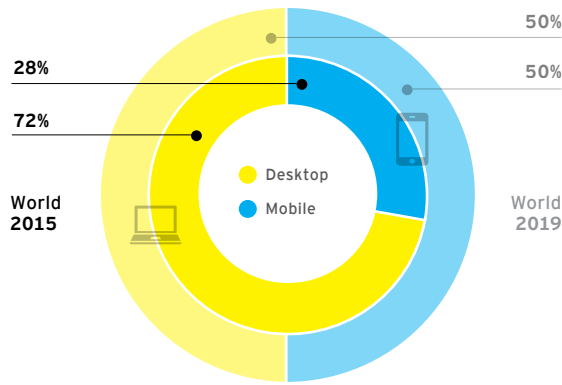
represent just over three quarters of global programmatic spend.

Programmatic trading is also driving almost all global growth in banner display and video formats. Non-programmatic transactions are expected to grow at compound rates of just single digit percentages through 2019. In EMEA, non-programmatic spend in display and video will actually shrink through 2019. Over the next five years, targeting individual consumers in real time with the help of technology will shift from being a growing minority of spend, to being the de facto way of executing a campaign.

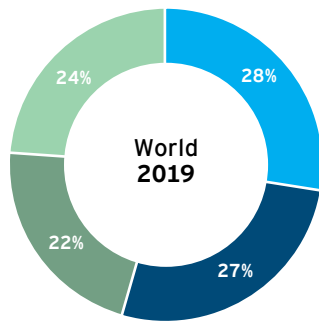
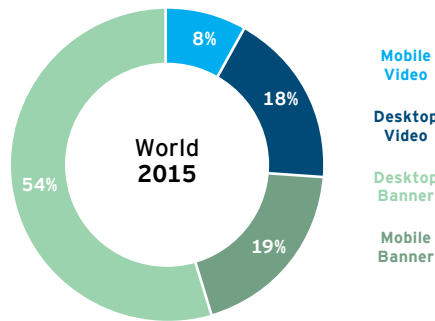
GLOBAL PROGRAMMATIC SPEND BY METHOD



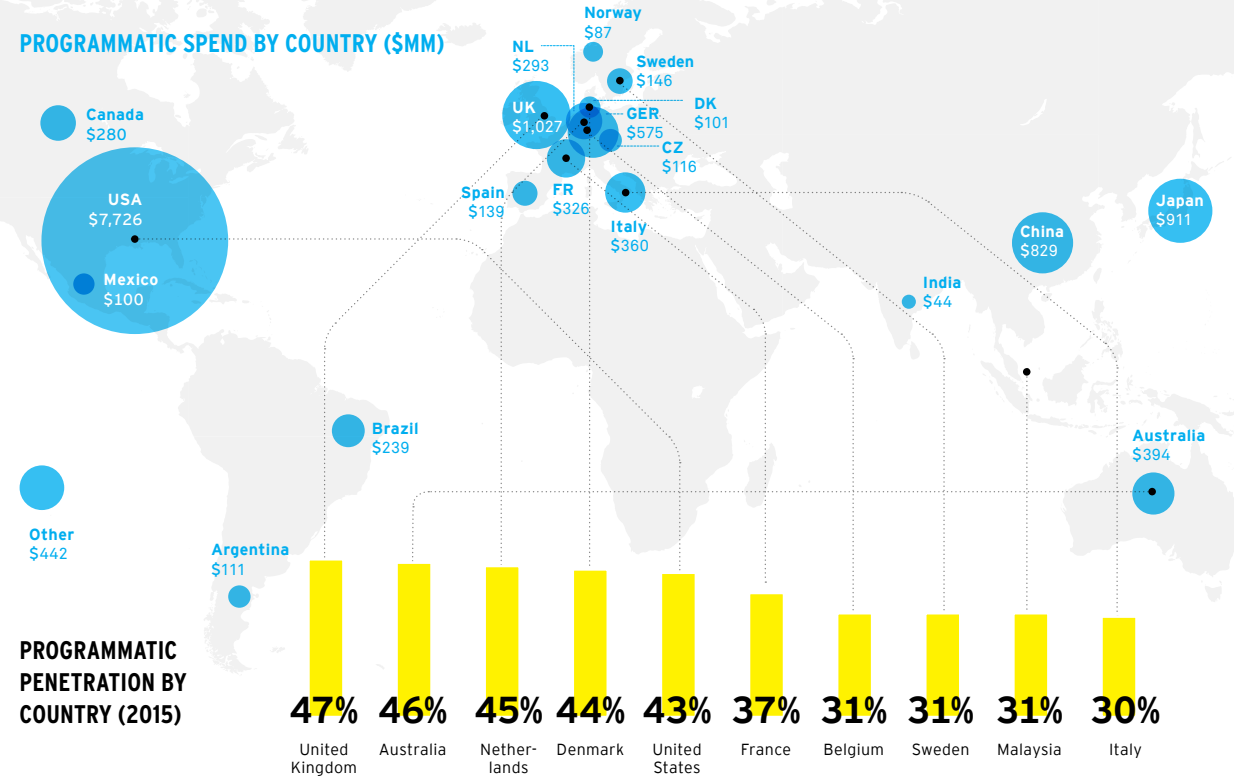
GLOBAL PROGRAMMATIC SPEND BY DEVICE



GLOBAL PROGRAMMATIC SPEND BY FORMAT

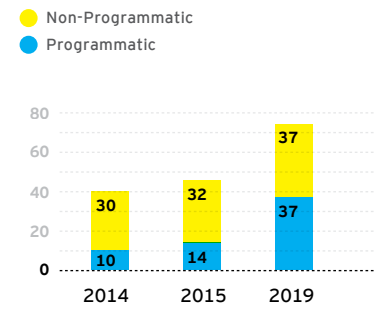


PROGRAMMATIC SPEND BY COUNTRY (\$MM)

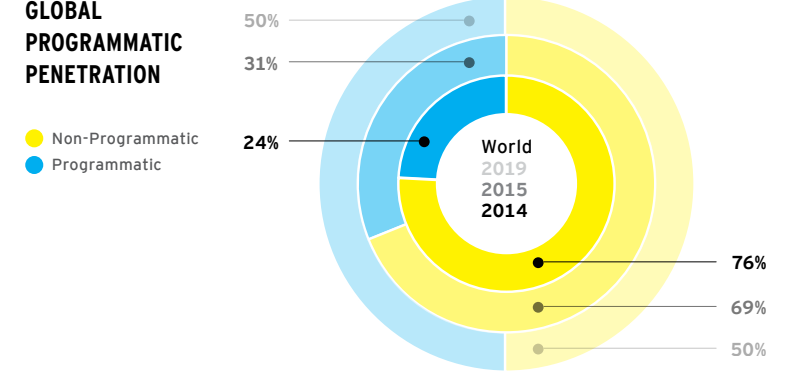


PROGRAMMATIC PENETRATION BY COUNTRY (2015)

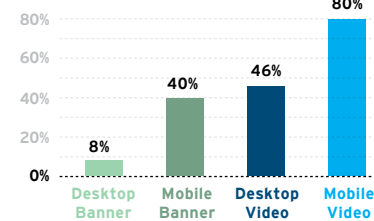
GLOBAL DISPLAY AND VIDEO SPEND (\$BN)



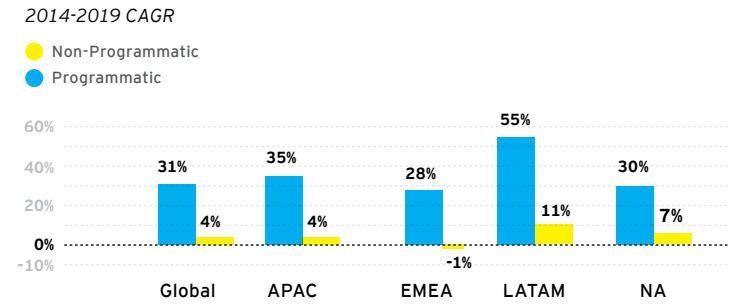
GLOBAL PROGRAMMATIC PENETRATION



PROGRAMMATIC 2014-2019 CAGR BY FORMAT / DEVICE



PROGRAMMATIC VS. TRADITIONAL GROWTH BY REGION



THE GLOBAL PROGRAMMATIC MARKET 2015 - 2019

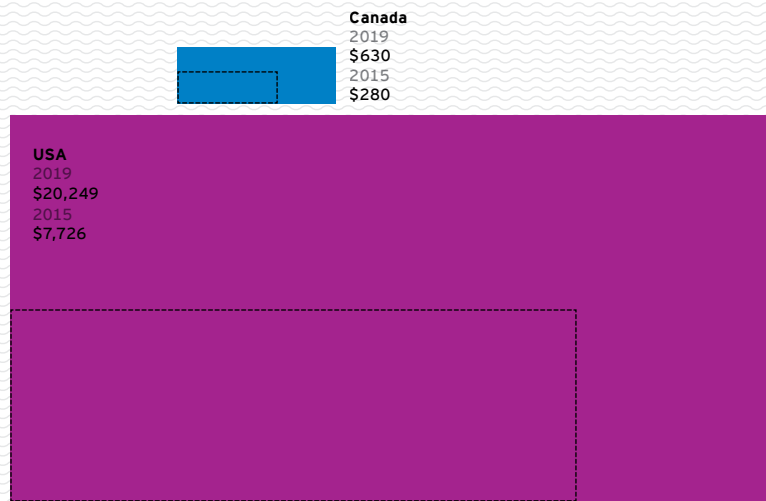
Million Dollars

14,200 → 36,800

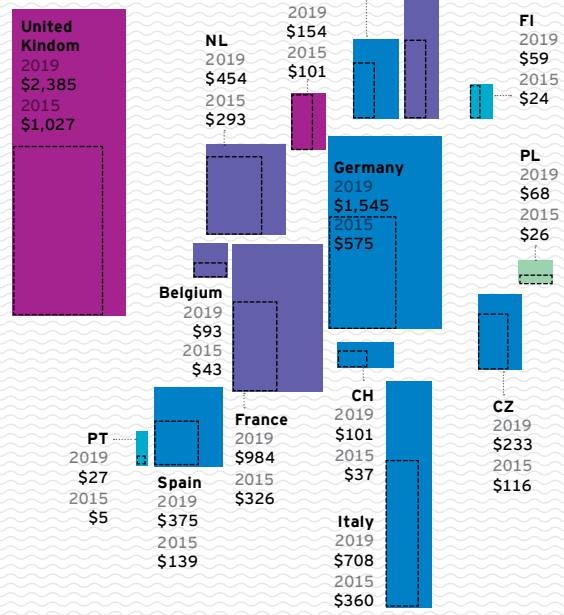
2015

2019

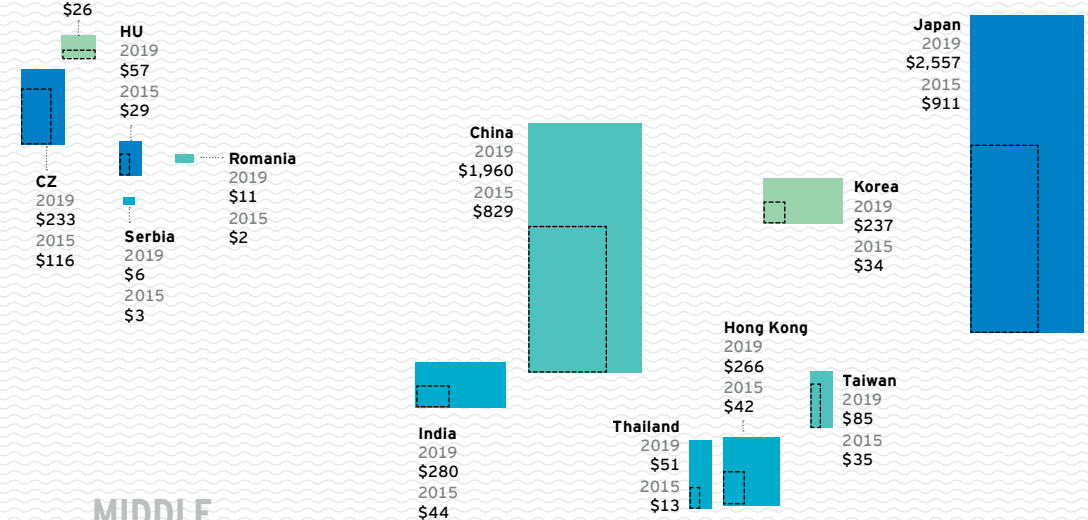
NORTH AMERICA



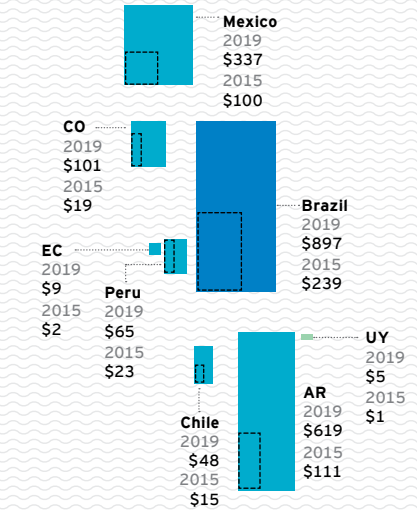
EUROPE



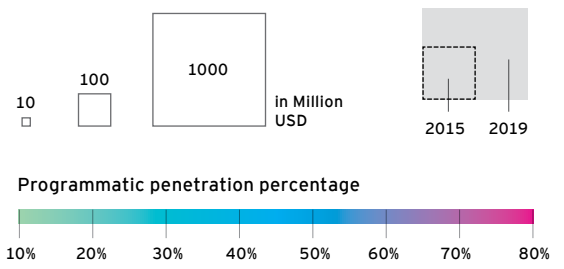
MIDDLE EAST



LATIN AMERICA



AFRICA



Reading this map: the size of each country is proportional to the total programmatic spend in billions of USD; the color reflects the penetration of programmatic spend: green is very low (less than 20%), pink is very high (60% or more). This map reveals that the US alone represents over half of global programmatic spend, and is larger than every other programmatic market combined.

ABOUT MAGNA GLOBAL



MAGNA Global is the centralized IPG Mediabrands resource that develops intelligence, investment, and innovation strategies for agency teams and clients. We utilize our insights, forecasts and strategic relationships to provide clients with a competitive marketplace advantage.

MAGNA Global harnesses the aggregate power of all IPG media investments to create leverage in the market, negotiate preferred pricing and secure premium inventory to drive maximum value for our clients. The MAGNA Global Investment and Innovation teams architect go to market investment strategies across all channels including linear television, print, digital, and programmatic on behalf of IPG clients. We focus on the use of emerging media opportunities, as well as data and technology-enabled solutions to drive optimal client performance and business results.

MAGNA Global Intelligence has set the industry standard for more than 60 years by predicting the future of media value. The MAGNA Global Intelligence team produces more than 40 annual reports on audience trends, media spend and market demand as well as ad effectiveness.

ABOUT IPG MEDIABRANDS



IPG Mediabrands was founded by Interpublic Group (NYSE: IPG) in 2007 to manage all of its global media related assets. Today, we manage over \$37 billion in marketing investment on behalf of our clients, employing over 8,500 marketing communication specialists in more than 130 countries.

IPG Mediabrands is a new world agency group designed with dynamic marketing at its core. Our speed, agility and data smarts ensure we continue to create growth for many of the world's biggest brands. IPG Mediabrands' network of agencies includes UM, Initiative, BPN and Orion Holdings as well specialty business units including Magna Global, Cadreon, Anisble, Society, Reprise, Rapport and the IPG Media Lab.

IPG Mediabrands. Dynamic by Design.

