

# The New ARF: Back to the Future

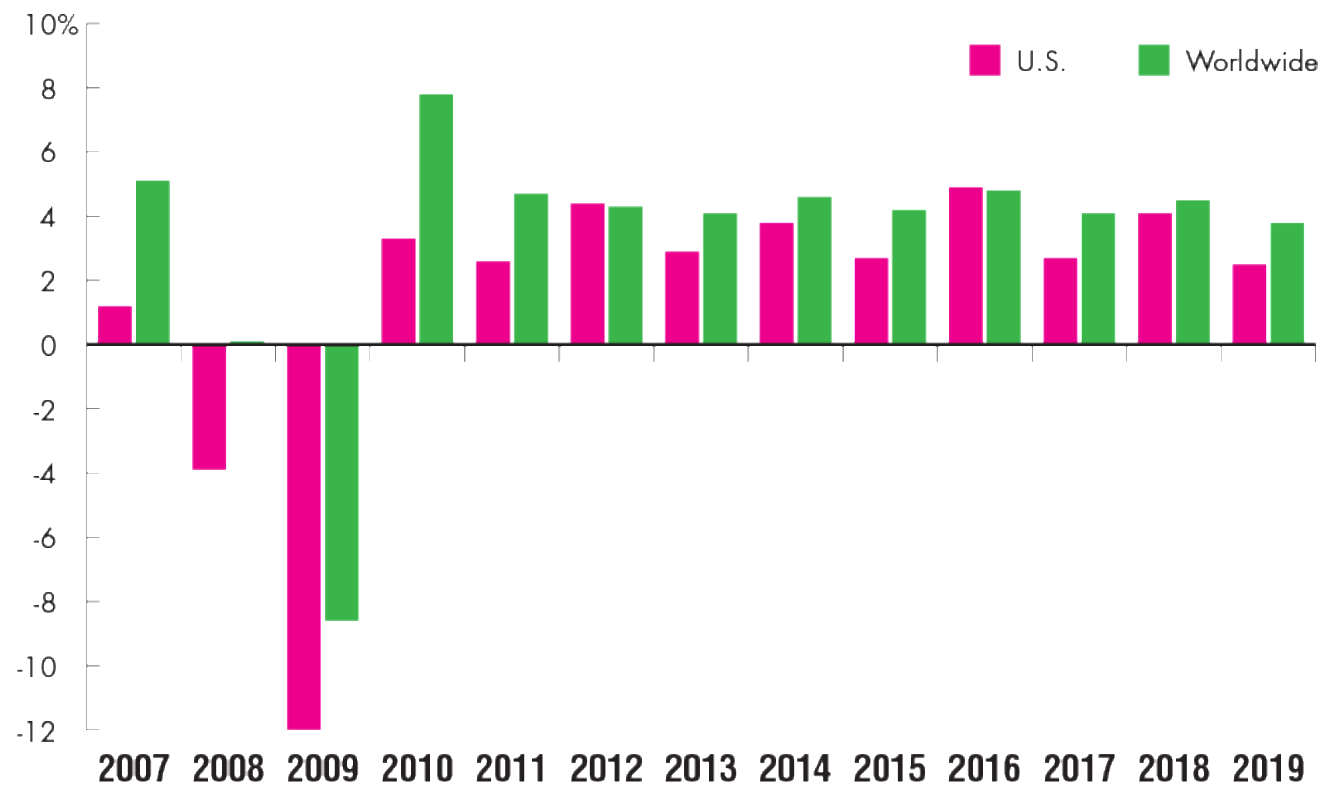
Scott McDonald Ph.D.

Advertising Research Foundation

# Ad Spending Growing Slowly

## AD SPENDING GROWTH IN U.S. AND WORLDWIDE

Average of GroupM, Magna and Zenith forecasts, 2007-2019.



Source: December 2016 advertising forecasts of WPP's GroupM (This Year, Next Year), Interpublic Group of Cos.' Magna (Global Advertising Forecast-Winter Update) and Publicis Groupe's Zenith (Advertising Expenditure Forecasts). Numbers rounded. Figures include internet, TV, radio, newspaper, magazine and out of home. Averages for 2018 and 2019 based on average of Magna and Zenith. More info: [groupm.com](http://groupm.com), [magnaglobal.com](http://magnaglobal.com), [zenithmedia.com](http://zenithmedia.com).

# Internet Continues to Grow – Concentration Benefits the Duopoly

## ZENITH'S 2017 U.S. SPENDING FORECAST: \$435B

*Estimated spending in major media and marketing services. Zenith expects U.S. internet ad spending to pass TV in 2017, making internet the biggest ad medium. Zenith forecasts media spending to grow 3.8% to \$198 billion in 2017. It expects 2017 total media and marketing-services spending to reach a record \$435 billion—\$1,333 per person in the U.S.*

MAJOR MEDIA				MARKETING SERVICES			
Sector	2017 spending (\$ billions)	2017 vs. 2016 % chg	2016 vs. 2015 % chg	Sector	2017 spending (\$ billions)	2017 vs. 2016 % chg	2016 vs. 2015 % chg
Internet	\$69.2	14.6%	16.9%	Sales promotion	\$79.9	3.5%	3.5%
TV	68.6	0.6	2.1	Telemarketing	57.9	3.0	3.0
Radio	17.6	0.0	0.0	Direct mail	48.8	-1.2	-0.8
Newspaper	16.6	-9.0	-8.0	Event sponsorship	37.4	6.8	7.4
Magazine	15.9	-4.5	-4.5	Directories	8.0	-0.4	-0.6
Outdoor and cinema	10.2	4.1	4.1	Public relations	5.3	7.0	7.4
<b>Total: major media</b>	<b>\$198.1</b>	<b>3.8%</b>	<b>4.5%</b>	<b>Total: marketing services</b>	<b>\$237.3</b>	<b>2.8%</b>	<b>2.9%</b>
<b>Total: major media and marketing services</b>					<b>\$435.4</b>	<b>3.3%</b>	<b>3.6%</b>

Source: Publicis Groupe's Zenith (Advertising Expenditure Forecasts, December 2016). Numbers rounded. More info: [zenithmedia.com](http://zenithmedia.com).

# Digital Footprints: More Marketing Touchpoints



- Cross-platform measurement challenges
- Less reliance on media
- Rise of 1<sup>st</sup> party and 3<sup>rd</sup> party data
- IOT
- Data quality issues
  - Shelf life of variables
  - Deterministic vs. Probabilistic

# Growth of Programmatic Buying

- RTB drives down media costs
- Favors targeting over contextual placements
- Algorithmic aggregation of audiences
- Complexity and opacity undermines advertiser trust
  - Fraud & bots
  - Viewability
  - Transparency issues
- Brand safety

# Consumer Resistance

- Targeting? Surveillance? Stalking?
- Advertising as a hostile act
- Ad blocking and avoidance
- Privacy backlash
- EU GDPR and e-Privacy
- Cord cutting, PPV
- What's free? What's worth paying for? Skinny bundles?

# Attention Disorders



- Phone compulsions
- Multi-tasking
- Message fragmentation
- Filter bubbles

# Advertising As Cultural Connection



- End of one-way advertising
- Tribes and affiliations
- Shared values
- Social media amplification
- Non-interruptive advertising
  - Native advertising
  - Sponsorships
  - Events



# Why Do We Need an ARF?

- Unique position at the center of the advertising/media/consumer ecosystem
- Independent and objective
- Focused on solving advertising problems through research
  - Cutting edge issues
  - Foundational knowledge
- Power to convene & elevate
- To clarify & demystify

# ARF Mission (from 1936)

- To further, through research, the scientific practice of advertising and marketing
- To collect and disseminate advertising and marketing research data and information
- To analyze and evaluate existing research methods and to define their proper applications and limits of usefulness
- To develop new research techniques
- To establish criteria for the evaluation of research and for the reporting of research studies
- To recommend research standards
- To encourage the highest levels of honesty and professional responsibility in the practice of research
- To provide ways for interested parties to work together for the solution of common research problems

# | Now More Than Ever: Difficulty

- Media landscape more fragmented, complex, opaque
  - Proliferating marketing touchpoints/empowered consumers
- Lack of consensus on standards
  - Unduplicated reach & frequency, currencies
  - Attribution and ROI
  - Attention, engagement, emotional attachment
- Awash in data but how do we
  - Integrate disparate types?
  - Extract insights?
  - Use for economic benefit?

# Now More Than Ever: Defeat Cynicism



- Too much sales research
- Addiction to large numbers
- Ubiquitous pay-to-play
- Black boxes

leading to

**CYNICISM ABOUT FACTS**

# Our Mission: Restore Focus on Original Mission of the ARF

- Create & propagate top-caliber research on key issues
  - Original multi-party primary research
  - Meta-analyses & educational reviews
  - Validity research for MRC audit standards
- Reduce dependence on conferences – more on-site delivery of content
- Knowledge Center
- Convert website to content focus – integration with WARC and JAR
- Member education
  - Leadership Labs
  - Women in Analytics
  - Young Pros

# ARF Certificate of Research Quality

- Raise the standard for research transparency
- Full methodological disclosure
- Both null & significant results reported
- Open to replication
- Certify good actors
- Host a public repository



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