The New ARF: Back to the Future

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Advertising Research Foundation
Ad Spending Growing Slowly
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.

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

Digital Footprints: More Marketing Touchpoints

• Cross-platform measurement challenges
• Less reliance on media
• Rise of 1st party and 3rd party data
• IOT
• Data quality issues
  o Shelf life of variables
  o 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
  o Original multi-party primary research
  o Meta-analyses & educational reviews
  o 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
  o Leadership Labs
  o Women in Analytics
  o 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